

## Sierra Vista Mall sold in foreclosure proceeding

Published on 01/22/2015 - 1:52 pm

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Sierra Vista Mall has been sold in a foreclosure proceeding, according to The Business Journal sources. Photo via Sierra Vista Mall. Multiple sources have confirmed that Sierra Vista Mall in Clovis has changed ownership in a foreclosure sale that occurred on Tuesday.

Details surrounding the foreclosure action, including the sale price and identity of the new owners, have yet to be made public. A clerk in the Fresno County Assessor's Office said it usually takes a week or two for foreclosure sales to be recorded.

Miami, Florida-based LNR Partners, a so-called "special servicer" of distressed commercial properties, handled the foreclosure proceedings, and Kevin Coscia, an LNR employee who managed the case file, confirmed earlier this week the sale occurred.

"I am unable to release more specific information to third parties," Coscia said.

Contacted at his office on Wednesday, Gary S. Dunn, a Fresno CPA who serves as a trustee for the McGarry Property Trust, which owns the land upon which the mall is constructed, said, "I heard a sale took place but I have yet to receive anything official notifying me of who my new tenant is."

"We're all working on rumors right now," Dunn added. "There are going to be documents in process, but at the moment, everybody's going on hearsay."

LandValue 77 LLC, a group of local investors, purchased the mall in 2006 and the facility is operated by a sister

company, LandValue Management LLC.

Greg Newman, who works for LandValue and is Sierra Vista's general manager, was reportedly tied up in meetings this week and did not respond to multiple messages seeking comment.

Jim Huelskamp, LandValue's managing partner, also did not return messages left Thursday at his North Palm Avenue office in Fresno.

According to data provided by Trepp LLC, a New York City-based company that tracks commercial real estate information, the balance on the Sierra Vista note prior to the foreclosure sale was \$77.7 million.

Sean Barrie, an analyst for Trepp, said LNR had recently appraised the mall's value at \$39 million.

According to ratings agency Fitch, the Sierra Vista Mall foreclosure represents one of the three largest U.S. commercial defaults that have occurred over the past 12 months. The two others involved commercial properties in Long Island and Buffalo, New York.

Located on the southeast corner of Clovis and Shaw Avenues in Clovis, the 690,000-square-foot mall was built in 1988 and was expanded in 2007.

The single-story mall features a mix of retail stores, restaurants and a 16-screen movie theater.

In recent years, Sierra Vista has suffered from low occupancy rates and the loss of several major tenants, including Mervyns and Gottschalks, to bankruptcy.

Kohl's, Target and Sears are the mall's remaining anchor tenants.

On Sept. 13, 2013, the Sierra Vista Mall note went into default and the property "was reclassified as a 'severely distressed asset,'" Barrie said. "In October of 2014, LNR moved forward with foreclosure as a workout strategy."

According to Barrie, the Sierra Vista mortgage was held by a number of bond investors in an investment vehicle known as a Commercial Mortgage-Backed Security — or CMBS.

Barrie said CMBS tend to be "more complex and volatile" than residential mortgage-backed securities, which many have blamed for the financial crisis of 2007-08.

"The goal of the special servicer," Barrie said, "is to find a workout strategy that will return the most money back to the bond holders of the CMBS."

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