

# RELIGIOUS FACILITIES

## Market Briefing

MARCH 2017





# *Executive Summary*

On the strength of raising land values, the trend of religious facilities being sold to real estate developers continued in 2016. Total sales volume for all religious facilities and schools in Southern California was \$277 million in 2016. Yet more than \$100 million of the total sales volume represented facilities purchased for their land value. As attendance and “giving” are generally in decline, at least 13 organizations sold their real estate to developers.

**One broker commented that many urban facilities should be renamed “Our Lady of Redevelopment”.**

Total sales volume was 38 % above the total of \$200 million seen in 2015 and 326% above the total volume of \$65 million experienced in 2010. Our data source for this briefing is Costar Group, Inc. and our region of study is Los Angeles, Orange, San Bernardino, Riverside and San Diego Counties.





The market was more active in 2016 with a total of 86 religious facility and school sales in Southern California over the \$500,000 threshold. There were 73 sales in 2014 and 79 in 2015. The average price per square foot of a religious facility in 2016 was \$235, 12 percent above the average price per square foot of \$209 in 2015. The low point was set in 2012 when the average price per square foot was \$148.

Market time to sell a property averaged 386 days in 2016, above the average of 264 days seen in 2015. Religious facilities typically take longer to sell as several figureheads in the organization might need to approve the sale. In addition, properties selling to developers often take one to two years to close escrow while the developer gains entitlements. One property in Whittier took over four years to sell while the buyer was seeking permits to operate a counseling center. Market time has historically been highest in the Inland Empire where it took 374 days to sell a property in 2015 and 373 days in 2016.

At the beginning of 2016, there were 98 religious facilities or schools for sale or in escrow in Southern California. The high watermark was set in 2010 when 188 properties were available for sale.

Naturally, some religious organizations are concerned that the market is near a peak. One broker we recently spoke with reported having several organizations “interested” in acquiring a facility, yet each is worried that any economic downturn would cause a drop off in donations. Another reported that church attendance is declining because the young people simply aren’t going.

Of the 86 sales in 2016, less than 20 were purchased by known religious organizations with the highest price paid being \$2.65 million in La Puente. The average price per square foot for these religious facility use (owner-user) buyers was \$152.

Multiple entities occupying one property is a trend that is gaining momentum as prices continue to increase. Not unlike having a room-mate to help make rent or mortgage payments, dual or multiple occupation of a religious facility lowers the cost of occupancy. Often a religious organization will occupy a property during Sunday with a private school occupying the property during the remainder of the week.

***Total sales volume for religious facilities and schools in Southern California in 2016 was \$277 million.***

# Market Overview

## 2016 STATISTICS

The highest sales price paid in Los Angeles County in 2016 was \$22.6 million for a vacant, former school in El Segundo. In Orange County, the highest price paid was \$19 million for the former Marywood Catholic Center. Each of these properties was purchased to be redeveloped with single family homes. In the Inland Empire, the highest price paid was ~\$28.3 million for the Emissaries of Divine Light facility (85 acres) in Corona. The property was purchased to be redeveloped with a world-class wellness resort.

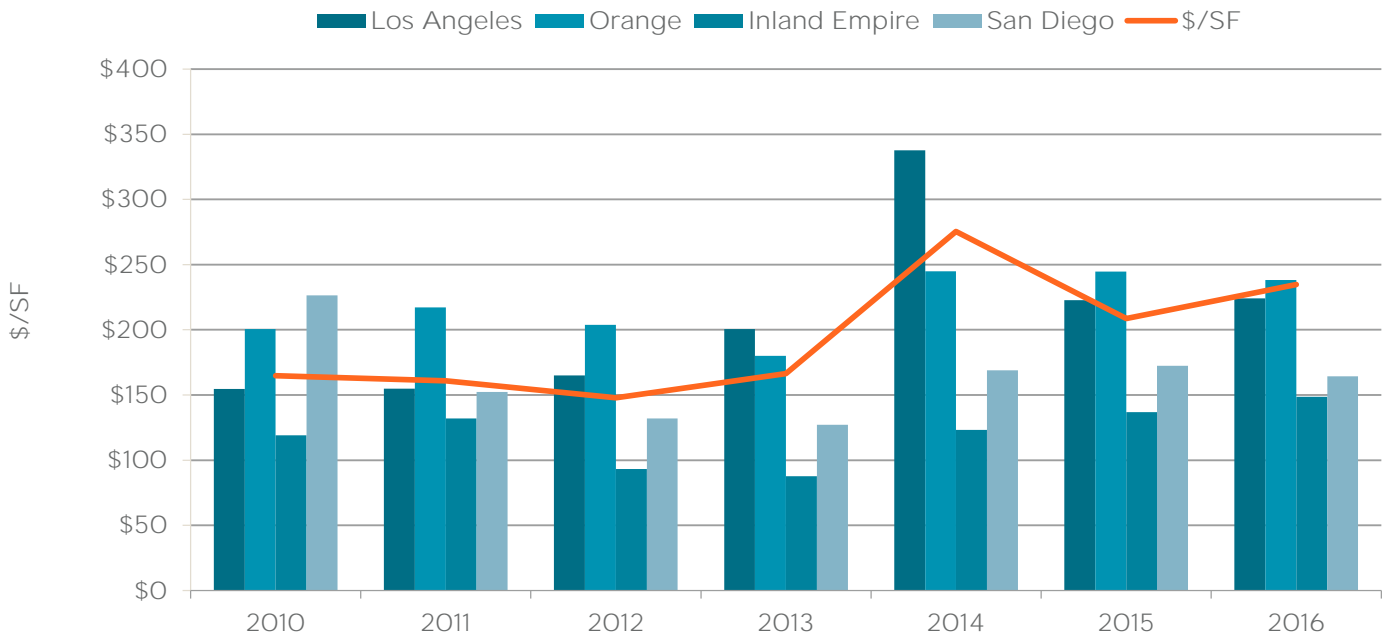
Clearly redevelopment activity is artificially forcing up the average price per square foot of a religious

facility or school sale. In San Diego, one smaller facility sold for \$752 per square foot (the site will soon be built with apartments). In Pasadena, a former Church of Religious Science Center sold for \$870 per square foot (also apartments).

Charter schools accounted for at least five transactions in 2016, four of the five being in Los Angeles County. Two of these charter schools sold above the \$9 million threshold, both in the City of Los Angeles. Religious schools or foreign language schools accounted for at least four transactions. The highest sale in Orange County involved the Camden Academy (K-7) in Mission Viejo at \$5 million.



## SOUTHERN CALIFORNIA AVERAGE PRICE PER SQUARE FOOT



Source: Costar  
 \*Data based on transactions \$500,000 and greater

## STATISTICS BY COUNTY

The average price per square foot of a religious facility or school was \$235 in 2016, 12 percent above \$209 per square foot seen in 2015. The low end of the range was seen in the Inland Empire at \$149 per square foot, the high end was in Orange County at \$245 per square foot.

There were 47 sales of religious facilities in Los Angeles County in 2016, and only 11 in San Diego County. The average age of a religious facility selling in Southern California in 2015 was 58 years old.

Smaller facilities tend to sell at a higher price per square foot and vice versa for larger facilities (a phenomenon that is typical to real estate). Land to building ratio is often recognized in transaction price per square foot, as properties with larger land areas have room for additional parking, or expansion. Location remains to be among the primary drivers of value for religious properties. Congregations are commonly regional in nature and a facility will benefit from a location near freeways, off-ramps and main traffic arteries. The number of households near a facility, and average household income, typically also effect value.



## RELIGIOUS FACILITY SALES

### SILVER LAKE



Location:	2828 Glendale blvd	Sale Price	\$4,250,000
Sale Date	December-16	Building Size (SF)	10,000
Seller	Hallelujah Prayer Center	Price Per SF	\$425
Buyer	Play Silver Lake	Site Size (Acres)	0.70
Year Built	1971	Days on Market	730

### LA PUENTE



Location:	400 N. Sunset Ave	Sale Price	\$2,650,000
Sale Date	April-16	Building Size (SF)	19,055
Seller	Pacific SW District of Lutheran Ch	Price Per SF	\$139
Buyer	Hillside Bible Baptist Church	Site Size (Acres)	1.40
Year Built	1962	Days on Market	Ukn

### ANAHEIM



Location:	2641 W. La Palma Ave	Sale Price	\$2,595,000
Sale Date	February-16	Building Size (SF)	12,692
Seller	Gregory & Monika Malone	Price Per SF	\$204
Buyer	Korean Gospel Broadcasting	Site Size (Acres)	0.78
Year Built	1979	Days on Market	Ukn

### SAN BERNARDINO



Location:	17977 Merrill Ave	Sale Price	\$2,975,000
Sale Date	June-16	Building Size (SF)	21,844
Seller	Principles of Faith Christian Ctr.	Price Per SF	\$136
Buyer	Loveland Church	Site Size (Acres)	1.83
Year Built	2002	Days on Market	710

### GRAND TERRACE



Location:	12408 S. Mt. Vernon Ave	Sale Price	\$2,300,000
Sale Date	August-16	Building Size (SF)	24,500
Seller	SE California Conf. 7th Day Adv.	Price Per SF	\$94
Buyer	the Foursquare Church	Site Size (Acres)	3.64
Year Built	1960s	Days on Market	Ukn

### SAN FERNANDO



Location:	768 N. Alexander ST	Sale Price	\$2,000,000
Sale Date	June-16	Building Size (SF)	13,178
Seller	North Oaks Church of Christ	Price Per SF	\$152
Buyer	Ministros En Su Presencia	Site Size (Acres)	0.72
Year Built	1960	Days on Market	N/A

### LOS ANGELES



Location:	731 West 80th St	Sale Price	\$1,600,000
Sale Date	February-16	Building Size (SF)	12,107
Seller	Amazing Grace Outreach	Price Per SF	\$132
Buyer	Mission Evangelica Siloe	Site Size (Acres)	0.51
Year Built	1923	Days on Market	N/A

## SCHOOL SALES

According to Costar, there were 35 sales of schools in Southern California in 2016. The highest price paid for a charter school was ~\$9.5 in Los Angeles.

### LOS ANGELES



Location:	3200 W. Adams Blvd	Sale Price	\$9,478,500
Sale Date	May-16	Building Size (SF)	37,250
Seller	Pacific Charter School Develop	Price Per SF	\$254
Buyer	Math & Science College Prepat	Site Size (Acres)	1.78
Year Built	1997	Days on Market	N/A

### LOS ANGELES



Location:	10000 S. Western Ave	Sale Price	\$9,043,316
Sale Date	November-16	Building Size (SF)	22,326
Seller	Charter School Solutions TA, L	Price Per SF	\$405
Buyer	Alta Public Charter School	Site Size (Acres)	1.05
Year Built	1999	Days on Market	N/A

### SYLMAR



Location:	13570 Eldridge Ave	Sale Price	\$6,400,000
Sale Date	December-16	Building Size (SF)	28,706
Seller	Concordia Jr High School	Price Per SF	\$223
Buyer	Discovery Charter Prepaptory	Site Size (Acres)	3.87
Year Built	1962	Days on Market	N/A

### SOLANA BEACH



Location:	1010 Solana Dr	Sale Price	\$6,250,000
Sale Date	May-16	Building Size (SF)	15,881
Seller	Leport Real Estate LLC	Price Per SF	\$394
Buyer	SDORI Charter School Propert	Site Size (Acres)	2.13
Year Built	1983	Days on Market	Ukn

### MISSION VIEJO



Location:	24741 s. Chrisanta Dr	Sale Price	\$5,000,000
Sale Date	September-16	Building Size (SF)	22,000
Seller	Margaret Heimer	Price Per SF	\$227
Buyer	EPR Properties REIT	Site Size (Acres)	2.81
Year Built	1980	Days on Market	Ukn

### INDIO



Location:	40700 Yucca Ln	Sale Price	\$3,990,000
Sale Date	October-16	Building Size (SF)	39,000
Seller	County of Riverside	Price Per SF	\$102
Buyer	Christian School of the Desert	Site Size (Acres)	26,207.00
Year Built	1925	Days on Market	Ukn

## ACTIVE LISTINGS



10455 Pomerado Rd

Los Angeles

\$36,000,000

277,919 SF

\$130 Per SF



3464 W. 1st St

Los Angeles

\$13,000,000

21,935 SF

\$593 Per SF



26800 Newport Rd

Menifee

\$8,750,000

44,667 SF

\$196 Per SF



507 Pacific Ave

Long Beach

\$6,000,000

31,654 SF

\$190 Per SF



42655 State Hwy 74

Hemet

\$6,150,000

27,000 SF

\$228 Per SF



305 Rose Ave

Venice

\$5,600,000

6,802 SF

\$823 Per SF



44130 20th St West

Lancaster

\$4,950,000

20,060 SF

\$247 Per SF



22230 Meyler St

Torrance

\$4,950,000

21,814 SF

\$227 Per SF



17244 Randall Ave

Fontana

\$4,750,000

33,000 SF

\$144 Per SF



1617 W. La Palma Ave

Anaheim

\$4,500,000

13,192 SF

\$341 Per SF



5401 Fairmont Blvd

Yorba Linda

\$4,495,000

14,000 SF

\$321 Per SF



12612 Buaro St

Garden Grove

\$4,490,000

10,566 SF

\$425 Per SF



6030 El Rancho Dr

Whittier

\$4,250,000

34,628 SF

\$123 Per SF



1518 Brookhollow Dr

Santa Ana

\$4,200,000

20,000 SF

\$210 Per SF



1249 E. Carson St

Carson

\$4,100,000

21,472 SF

\$191 Per SF



1306 W. 2nd St

Santa Ana

\$4,000,000

7,628 SF

\$524 Per SF



1282 N. Fairfax Ave

West Hollywood

\$4,000,000

15,524 SF

\$258 Per SF



7764 McGroarty St

Tujunga

\$3,500,000

17,784 SF

\$197 Per SF



1820 S. Del Mar Ave

San Gabriel

\$3,498,000

5,437 SF

\$643 Per SF



350 N. Garey Ave

Pomona

\$3,100,000

78,058 SF

\$40 Per SF



## REDEVELOPMENT OF RELIGIOUS FACILITIES

Benefitting from high land values, there were several sales of older religious facilities in 2016 where the buyer will redevelop the property (often as apartments). Infill properties with medium or high-density residential zoning tend to be in greatest demand by developers.

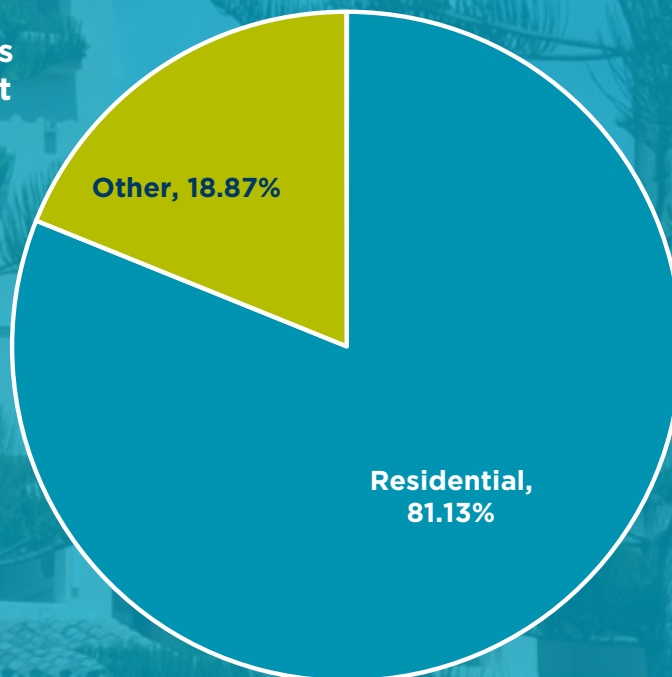
Because these properties sold for land value, the prices per square foot indicated below would not represent normal market metrics for religious facilities or schools selling to another owner-user. Ultimately, the zoning of the underlying land is critical to the value of a religious facility or school.

### RELIGIOUS FACILITIES SOLD FOR REDEVELOPMENT

Organization	City	Year Blt.	Bldg SF:	Sale Date:	Price:	Redevelopment Plan:
Roman Catholic (Marywood Center)	Orange	1964	100,000	2/9/2016	\$19,000,000	Residential
LA Korean Methodist Church	Los Angeles	1925	25,201	7/1/2016	\$16,774,500	Residential
University Religious Conference	Los Angeles	1951	17,930	6/29/2016	\$10,300,000	Residential
Family Resource Ministries	La Mirada	1961	35,560	1/21/2016	\$5,285,000	SFRs
Pasadena Church of Religious Science	Pasadena	1946	5,751	5/31/2016	\$5,000,000	Residential
Emissaries of Divine Light	Glen Ivy	1984	4,943	1/13/2016	\$28,273,500	Wellness Resort
Balboa City School	San Diego	1963	25,264	3/13/2016	\$3,790,000	Condominiums

Source: Costar

### Redevelopment Plan for Religious Facilities Sold for Redevelopment



## ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 43,000 employees in more than 60 countries help investors and occupiers optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$5 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

## ABOUT DAN GABAY

Dan Gabay is a Senior Director at Cushman & Wakefield and specializes in the valuation and advisory of institutional use properties (religious facilities, public assembly facilities and schools). With a career in appraisal spanning 30 years, Dan has also appraised numerous multifamily and commercial properties, and proposed developments. Dan's experience renders him uniquely qualified to appraise religious facilities, many of which are situated on land zoned for residential uses. Clients served include:

- Alliance Bank of Arizona
- Bank of Oklahoma
- Bank of Hope
- California Bank & Trust
- Comerica Bank
- Community Bank
- East West Bank
- Farmers & Merchants Bank
- Orange County Museum of Art
- Orange County High School of the Arts
- The Bishop of the Protestant Episcopal Church LA
- Wells Fargo



**Dan Gabay, MAI**  
Senior Director | Valuation & Advisory  
D: +1 949 930 9230  
M: +1 714 614 1540  
[dan.gabay@cushwake.com](mailto:dan.gabay@cushwake.com)  
CA License AG003405

2020 Main Street, Suite 1000  
Irvine, CA 92614 | USA  
[cushmanwakefield.com](http://cushmanwakefield.com)



## DISCLAIMER

©2017 Cushman & Wakefield. This report has been prepared solely for information purposes. It does not purport to be a complete description of the markets or developments contained in this material. The information on which this report is based has been obtained from sources we believe to be reliable, but we have not independently verified such information and we do not guarantee that the information is accurate or complete.

No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.

Times on the market statistics have been corrected eliminating outliers that would skew the data. This analysis excludes properties under \$500,000 and that were non arm's length transactions.