

## Flexible Financing Keeps a Much-Needed Development on Track

A mix of build-to-suit, rental and immediate-sale pads made obtaining financing a challenge for a sought-after Fresno shopping center development – until Sterling Pacific made it possible.

Few areas have experienced more growth in residential real estate in the last decade than the Central Valley of California. Yet in many Central Valley communities, vital commercial services haven't grown apace – depriving communities of jobs and dollars that could fuel their economies and provide stability and convenience for residents.

That's why there was much to celebrate when Valley Partners acquired a 14-acre parcel in the Fresno area with plans to develop it into a big-box regional shopping center. And all systems were go – until they tried to obtain financing.

It wasn't that local banks didn't want to make the deal happen – on the contrary, the benefits of the project for the community were obvious. However, commercial banks depend on standardized processes – so, it's not often possible for them to evaluate and manage deals involving multiple, varied dispositions of commercial pad space.

Fortunately, Sterling Pacific's more customized approach to financing was able to fill the gap. The firm was able to evaluate the project in component parts, and customize a short-term financing option for each. The final financing mix included development loans for infrastructure construction, pre-qualified construction financing for build-to-suit pads, and a partial release clause permitting Valley Partners to sell some pads outright. And, it was all done within 30 days.

Using the construction financing Sterling Pacific provided, Valley Partners constructed two buildings that were promptly refinanced. Valley Partners also sold several improved pads – then paid down the build-to-suit loans. And, within three months, Valley Partners acquired a national pharmacy chain as its anchor tenant, selling its last pad – and completely retiring its obligations to Sterling Pacific by refinancing.

The end result: a much-needed retail development for the Fresno area, a successful project for Valley Partners, and an excellent return for the Sterling Pacific investors providing the financing.

