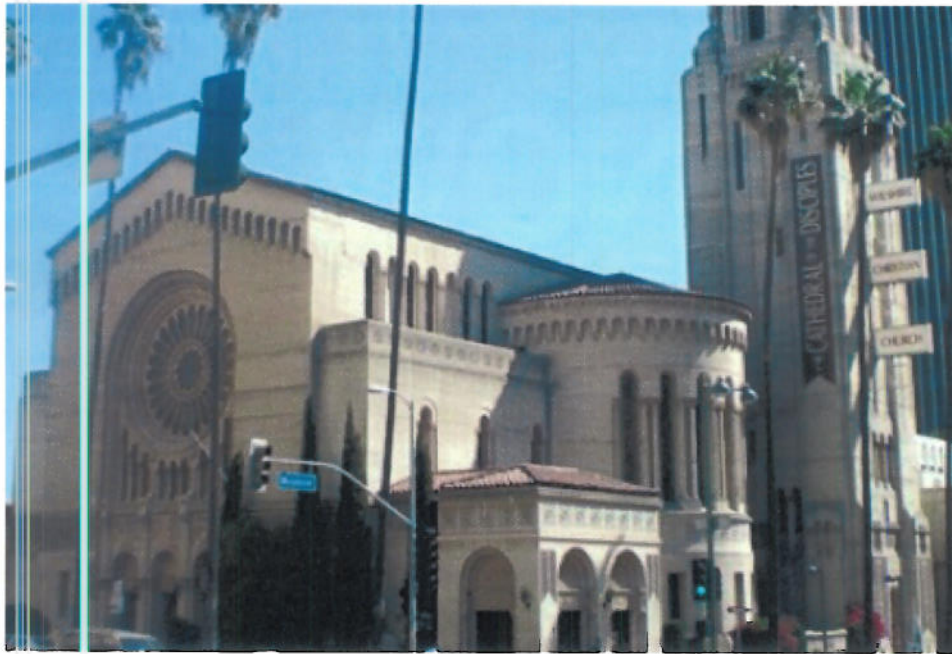


## Unlikely Expertise: Flipping, Holding, Building a Church

There's a **niche group** for just about everything in brokerage—even churches. (That'll keep you honest.) But the experts at **church realty solutions**, a specialty group within Lee & Associates, tell us their practice **involves more** than just one church selling a property to another.



On Tuesday, we spoke with the CRS team: principals **Tom Morgan** and **Thomas Smith**, brokers with more than 30 years of experience, flanking senior associate **Gary Friesen** (an ordained minister who spent nearly 30 years running a ministry for inner-city families in San Diego and LA). One of their deals, currently in escrow, is the sale of nearly six acres in Redlands to a **residential developer** who plans to subdivide the land and build housing. Thomas notes that, based on location, some church properties are more valuable today as **multifamily or mixed-use sites**. "Our client base is not just churches in terms of the buy or sale side," he says. There's **lots of ways** to do commercial real estate deals through a church practice. (Just make sure you're giving them a fair deal because someone else might be reading over those leases.)



CRS sold the historic **Wilshire Christian Church** in LA for \$9M. Many recent sales have involved traditional church buildings **with parking** in existing neighborhoods. But in the last 15 years or so, there's been a **migration** from neighborhoods into more **regional locations**. CRS is working on deals now for churches that have grown large enough to lease in industrial parks, **converting concrete tilt-ups** with high clear heights to create a sanctuary and classrooms. In some cases, the facilities are going into the **second-generation**—CRS sold two industrial condos in Escondido from one church to another. They're also transforming **vacant big boxes** or **bank buildings** in shopping centers that they believe can fit a church's demographics.



CRS estimates it has closed **40%** of the church transactions in San Diego County since 2010, including schools, daycare centers, event halls, and other church-related properties. They see their practice as part ministry and part business enterprise. Beyond transactions, the team says they're trying to use an **asset-management model** to help churches create value from their real estate via additional revenue sources such as an ex-minister's **catering** business—a real-life example—or prepare it for the next use. Another deal they're working on: the sale of an existing church in LA that will be redeveloped into **Class-A apartments** (haven't you always wanted a stained-glass window in your bedroom?). They predict the project will see **significant rents** because it's well-located with free-way access.