

# Manufacturing Sale Leaseback

## Stanley Tool Works

**STANLEY**

1 Property in suburban Portland  
125,000 Total Square Feet

## Challenge

Develop and implement a strategy for one of Stanley Tool Works' older manufacturing plants in a tertiary market:

- Stanley had an option to purchase the property but could not take title to the property due to environmental issues
- Strained relations with Stanley's landlord caused Stanley to seek alternatives
- Stanley had less than 9 months remaining on the existing lease with no renewal options

## Solution

Structure a sale and leaseback of the tertiary facility by selling Stanley's purchase option and entering in to a lease with the buyer:

- CBRE, as advisor to Stanley, structured the transaction as a sale of the purchase option with a 10-year lease
- Environmental insurance obtained to satisfy buyer's concern with environmental risks
- 1031 buyer ultimately the best type of buyer due to the tertiary location of an older and functionally obsolete manufacturing facility that had environmental challenges
- Structure allowed Stanley to maintain status quo with current operations and avoided a costly relocation of a heavy industrial operation
- Sale generated significant gain for Stanley