Eastern Plaza

100% Occupied | High-Yield | Retail Opportunity in Fajardo, Puerto Rico

EXECUTIVE **SUMMARY**

DEAL **OVERVIEW**

Andrew D Carlson, a Puerto Rico Brokers License C-17494 in the Commonwealth of Puerto Rico, has been retained as the exclusive sales representative for the sale of Eastern Plaza ("Property"), a retail center located in Fajardo, Puerto Rico. The property is a 100% occupied, 73,816 SF neighborhood retail center offering investors durable in-place cash flow with embedded long-term upside in a supply-constrained Puerto Rico retail market. The property features a diversified tenant base with a 3.2-year WALT (10.4-year option adjusted WALT), where the majority of tenants have renewal options - providing high income visibility and minimal near-term rollover risk. This structure positions the asset as a stable, bond-like investment, limiting downtime and re-leasing exposure. The opportunity is further enhanced by an attractive basis relative to replacement cost. Puerto Rico's favorable tax environment may offer additional benefits to eligible investors, further enhancing after-tax yield.

Eastern Plaza	
Building Address	Valero Ave. Fajardo, PR 00738
GPS	18.347272089873737, -65.67338295489313
Parcel Number(s)	121-083-394-01-000, 121-083-394-01-001, 121-083-394-01-003, 121-083-394-01-004
Net Rentable Area	73,816 SF
Land Area	32,258 SM (7.97 Acres)
Parking Spaces	393
# of Tenants	6
Tenants	Pep Boys, West Marine, Rooms To Go, Social Security Agency, Cenote Restaurant, Popeyes

$8,650,000
Purchase Price

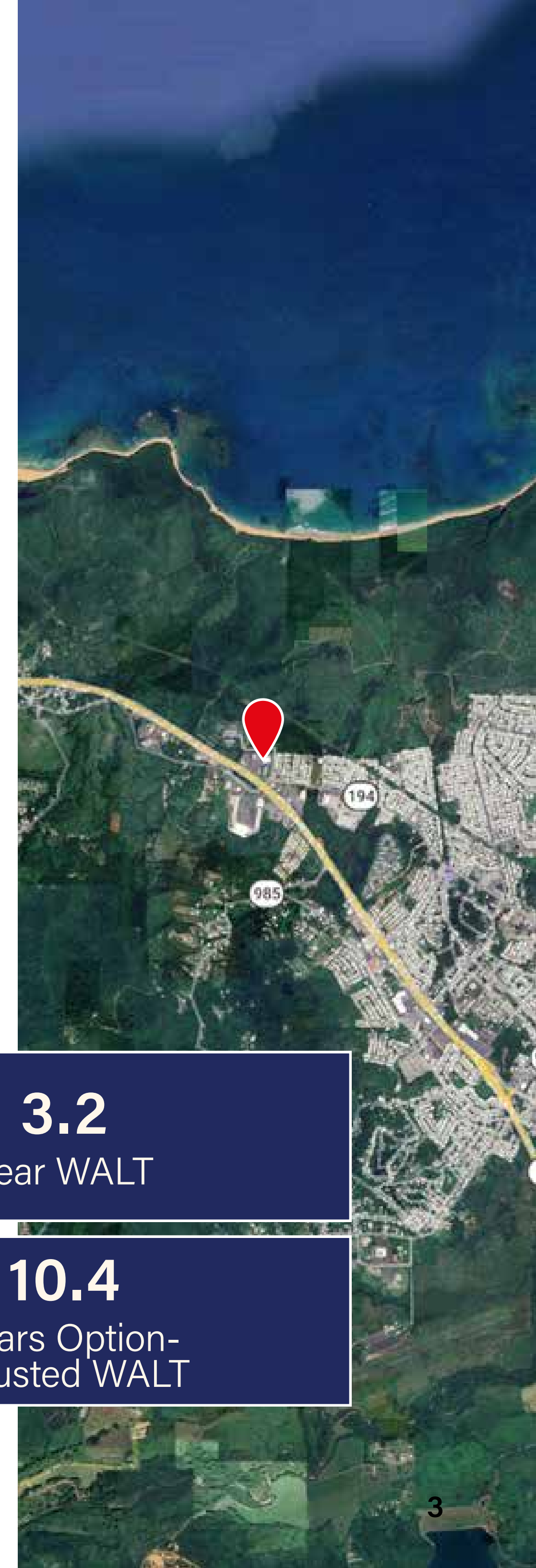
9.5%
Cap Rate

3.2
Year WALT

$117/SF
Asking Price

15%
10-yr Unlevered IRR

10.4
Years Option-Adjusted WALT



100% Leased - Day 1 Cash Flowing

Favorable Puerto Rico Tax Advantages under Act 60

Stable, High-yield Investment (15% Unlevered IRR)

Attractive Basis ($117/SF) compared to Replacement Cost (~$300/SF)

PROPERTY **OVERVIEW**

SITE **PLAN**


ROOMS TO GO
3
West Marine
4
5
Pep Boys
1
FSU-1
CENOTE
2
NOT INCLUDED

PROPERTY **LOCATION**

PHOTO **GALLERY**


ROOMS TO GO & OUTLET






Eastern
PLAZA
Pep Boys
AutoZone
ROOMS TO GO
& OUTLET
West Marine

West Marine

POPEYES

MARKET & AREA **OVERVIEW**

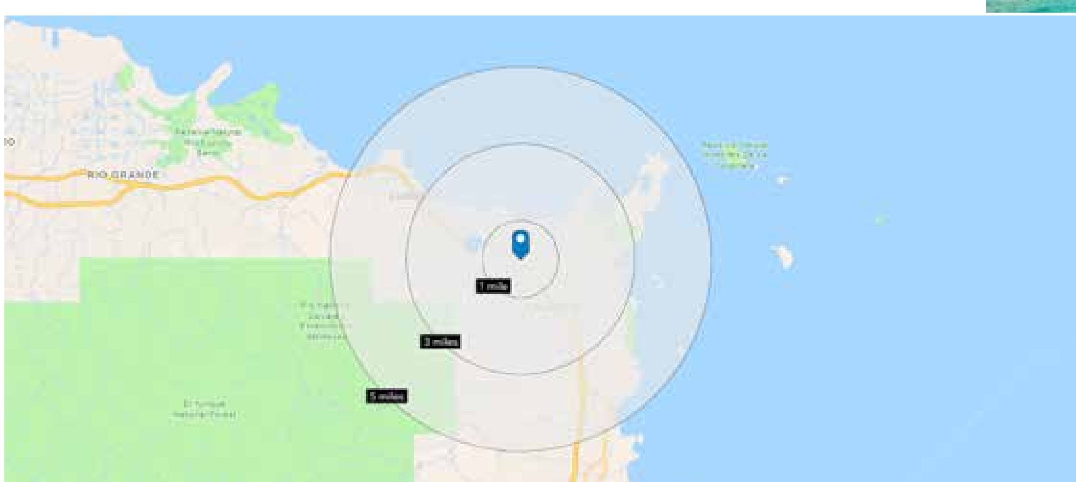
FAJARDO **MARKET**

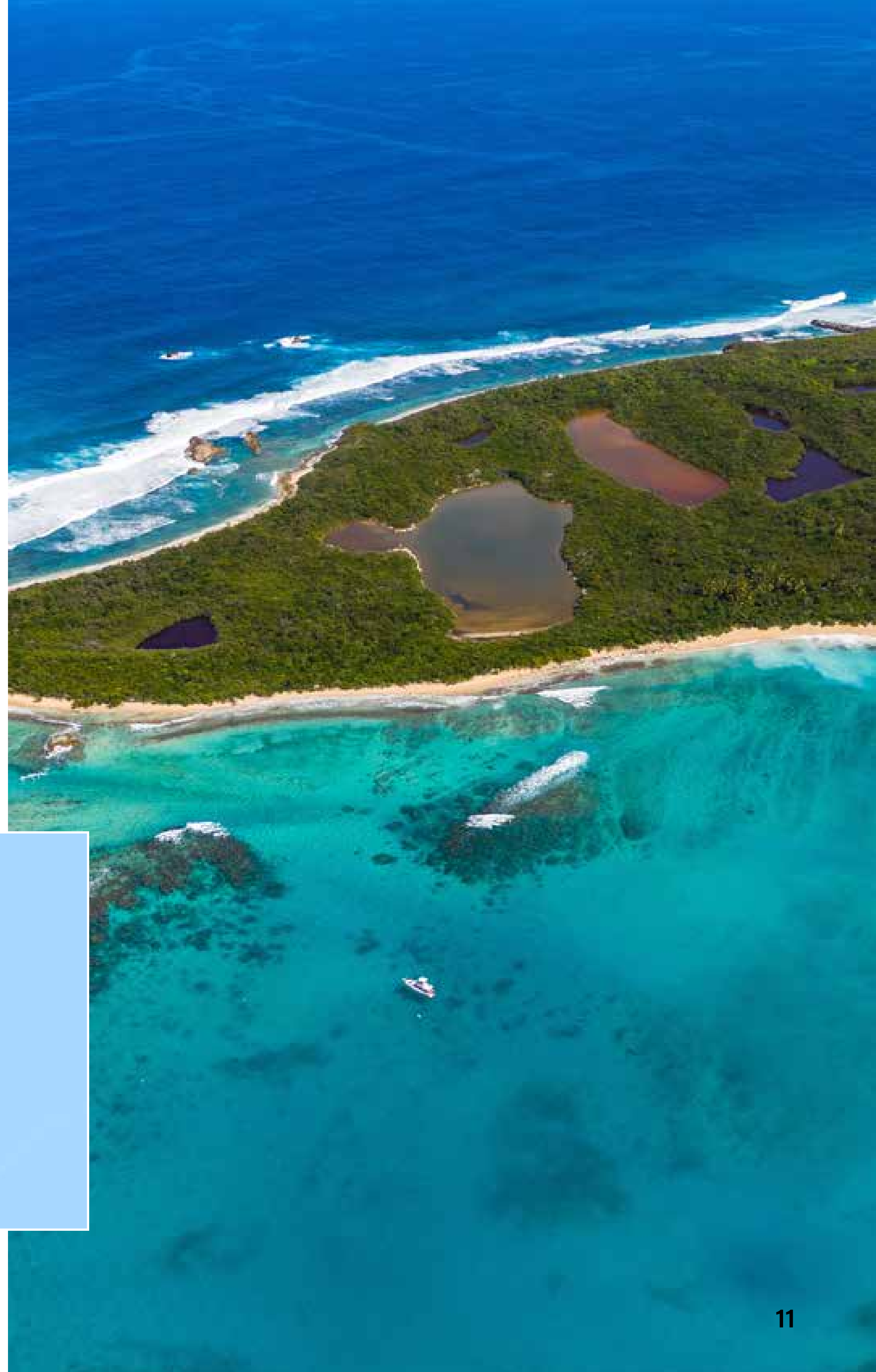
Fajardo stands out as one of the island's most dynamic coastal destinations, offering a unique blend of strong local demand and thriving tourism activity, supported by a population of 32,124. Widely recognized as the gateway to Vieques and Culebra, the area benefits from consistent visitor traffic through its high-volume ferry terminal and proximity to world-renowned natural attractions such as El Yunque National Forest and Las Cabezas de San Juan Nature Reserve. Its established residential base, premier marinas, and growing hospitality presence create a vibrant, year-round economic environment that supports strong consumer activity. With its strategic coastal location, natural beauty, and diversified demand drivers, Fajardo offers an exceptional setting for retail investment and long-term value creation.

EASTERN PLAZA TRAFFIC COUNT: 36,133 (PR-3)

EASTERN PLAZA DEMOGRAPHICS:

2023 (ACS 5-YR)	1 Mile	3 Mile	5 Mile
Total Population	3,369	29,707	47,353
Total Households	1,375	11,808	18,730





PUERTO RICO RETAIL **MARKET**

- Vacancy improved to 5.7% from 6.5%, driven by aggressive expansion from Ross, Burlington, and Planet Fitness, with international brands conducting feasibility studies for potential mid-to-late 2026 market entries.
- Major leasing activity is robust, with USPS securing 135,000 s.f. at the former Kmart adjacent to Plaza Las Americas, Ross adding 120,000 s.f. across six new locations, and Burlington opening 75,000 s.f. of new space island-wide.
- Big box redevelopment is transforming the market, led by Plaza del Atlántico's conversion to an open-air power center opening spring 2026, while rising rental rates approach levels that could unlock new ground-up development opportunities.

Vacancy has improved since last year's report, with current vacancy at 5.7% down from 6.5%. This tightening market reflects robust retailer expansion coupled with minimal new construction. Established retailers are driving activity through aggressive growth strategies, including Ross, Foot Locker, Burlington, and Planet Fitness, while specialty concepts like Sephora, Bath & Body Works, JD Sports, and Old Navy continue expanding across prime commercial centers. Market momentum is expected to strengthen further, as several international brands are currently conducting market feasibility studies with potential Puerto Rico entries anticipated in mid-to-late 2026.

Rental Rates remain competitive with big box space pushing the top end of the range higher, commanding $14-$28 p.s.f. (NNN), in-line space at $18-$55 p.s.f. (NNN), and outparcel ground lease rates ranging from $80k-$300k per acre on an annual basis, highly dependent on market and location.

Retail Sales over the past four years, as reported and revised by DDEC, have steadily increased, reaching $36.96 billion in FY2022, $44.61 billion in FY2023, $51.37 billion in FY2024, and $51.92 billion in FY2025, resulting in an 8.86% CAGR. Consistent sales and financial gains highlight Puerto Rico's stability and potential, making it a reliable market for future opportunities and partnerships.

Economic Indicators reflect a contained market with inflation remaining moderate at 2.0% and wages growing 3.2% YoY, while unemployment edged up modestly to 5.7%. (1,2)

Major Openings & Expansions activity spans both established and emerging brands across Puerto Rico's commercial centers. Sephora has doubled its presence with new stores at Shops at Caguas and Plaza del Caribe in Ponce, now operating four island locations. Fitness and value concepts are also expanding, with Planet Fitness reaching 20 locations through their Plaza Cayey opening and Goodwill adding a third store in Carolina's Los Colobos Shopping Center.

Significant Leasing Transactions this year spans multiple retail categories. The largest single transaction involved USPS securing 135,000 s.f. at former Kmart adjacent to Plaza Las Americas, marking their largest location to date. Ross demonstrates continued expansion momentum with six new leases totaling 120,000 s.f. Burlington maintains strong growth as well, opening 75,000 s.f. of new retail space across the island.

Fundamentals	
Total Inventory	50 million s.f.
Total Vacancy	5.70%
Planned Ground Up Development	3 million s.f.
Big Box Rental Range	$12- $28 p.s.f. (NNN)
In-Line Rental Range	$18 - $55 p.s.f. (NNN)
Ground Lease Rental Range	$80k - $300k p/y
Stage in rental cycle	Rents rising
Concessions	Negotiation

Sources: 1) https://www.bls.gov/ 2) https://www.tradingeconomics.com/puerto-rico/inflation-cpi

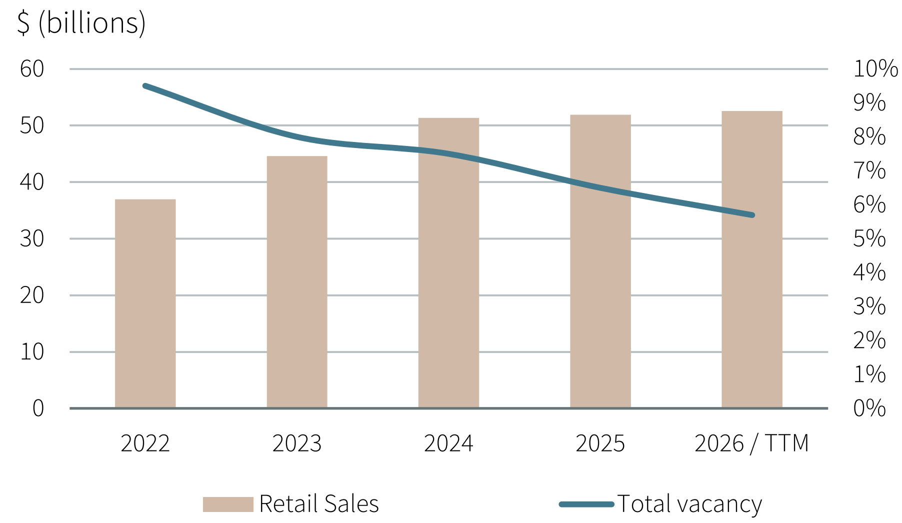
Market Entries & Strategic Moves demonstrate the market's evolving composition, with new concepts entering as others consolidate operations. First-time entries include Slim Chickens' debut in Puerto Rico, with Dave's Hot Chicken and 5 Below in active lease negotiations for their initial locations. Meanwhile, aggressive expansion strategies are reshaping the competitive landscape—Bonchon is pursuing six Korean fried-chicken locations for late 2026, while emerging concepts like Chillbox, New East Asian Bistro, and Mattress Depot continue securing additional space island-wide. Established brands including Coach, Skechers, O'Reilly Auto Parts, AutoZone, and Flamers are executing strategic growth plans with new locations that strengthen market depth and category representation.

Market Turnover includes Sears' final closure at Plaza Las Americas and Arby's exit from four locations across Guaynabo, Fajardo, Cayey, and Santa Isabel. However, the modest vacancy decline understates actual leasing velocity, as underperforming locations returned by retailers like Grand Store have been rapidly re-tenanted by Ross, Burlington, and Planet Fitness. From our research of public records, we may see some additional QSR vacancies, but we expect the market to absorb those spaces quickly with the new market entrants mentioned above, along with others.

Big Box Redevelopment Progress continues attracting significant tenant interest and repositioning investment. Former Sears' locations across the island remain in active negotiations with multiple prospective tenants. Plaza del Atlántico in Arecibo represents the market's most ambitious repositioning project, undergoing a major transformation from its traditional enclosed mall format to an open-air power center. Construction commenced in 2024-2025, with tenant openings expected to begin in spring and summer 2026. At Plaza del Este, leasing is on-going; Planet Fitness has signed a lease, and three discount/off-price junior department stores are in position to backfill the Kmart space.

Development & Challenges related to construction costs and permitting timelines, including delays in utility connections, importing materials, and limited employment in trades, remain key factors influencing project feasibility. With 3 million s.f. of possible new inventory, developers continue working to align project costs with achievable rental rates. Strong interest from tenants on future development projects demonstrates market confidence; however, rents will need to rise, and costs will need to come down for new retail development to be realized.

HISTORICAL RETAIL SALES AND VACANCY TRENDS



Notable Sales included the 209,394 s.f. retail center Plaza Juncos, which sold for $31.5 million, representing a 9.3% cap rate.

Properties For Sale include Plaza Centro I – 280,279 s.f. in Caguas – $50M (asking). Dorado Del Mar – 137,944 s.f. in Dorado – $36M (asking).

Market Pricing reflects steady buyer confidence, with cap rates ranging from 7%-10% depending on location, size, tenant credit, and lease terms.

Market Outlook for Puerto Rico remains positive with a strong pipeline of prospective national and regional tenants in various stages of site selection, particularly showing interest in established shopping centers and high-traffic corridors with anchor opportunities. Emerging opportunities in specialty dining, fitness concepts, and former anchor redevelopment present attractive prospects as national brands seek proven locations and established centers undergo strategic repositioning, with the market demonstrating significant potential for big box redevelopment projects and specialty concept expansion in secondary markets. As rental rates continue strengthening, the market is approaching a tipping point where rents may surpass construction costs, potentially unlocking new ground-up development opportunities in key submarkets.

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