

# Glendale Industrial Outdoor Storage Opportunity

11748 W Glendale Ave  
Glendale, Arizona

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## Opportunity Summary



This investment is a 39.26 acre heavy industrial zoned parcel that is in an excellent location for an industrial outdoor storage site which are in extremely high demand due to limited supply of properly zoned sites in the Phoenix Metro that have outdoor storage space. We are purchasing this property at an incredible basis of \$4.46/SF. The property has in place cash flow that is significantly below market rent and is currently not efficiently utilizing the gross leasable area. The combination of the incredible purchase basis, the supply/demand imbalance for industrial outdoor storage sites, below market rents, and inefficient use of the gross leasable area make this property a tremendous investment opportunity for us and our partners.

Minimum Investment \$50,000

## Key Information

<b>Purchase Price:</b>	\$7.6 Million
<b>TI/Leasing Budget:</b>	\$750,000
<b>Equity Required:</b>	\$4.0 Million
<b>Close of Escrow:</b>	2.22.2023
<b>Zoning:</b>	M-2 Heavy Industrial
<b>IRR:</b>	22.49%
<b>Year 1 Cash on Cash Return:</b>	0%
<b>Year 1 Return w/ Debt Pay Down:</b>	0%
<b>Purchase Cap Rate/Stabilized Cap Rate:</b>	3.1%/9.8%
<b>Est. Loan Term:</b>	3 YR, IO, Fixed
<b>LTV:</b>	65%
<b>Estimated Loan Rate:</b>	4.5%
<b>Deal Time:</b>	1 Year

Get Started

# Property Details



- ✓ Buildings – 0 (miscellaneous metal awnings)
- ✓ Building Size – 0 SF
- ✓ Lot Size – 39.26 Acres
- ✓ Zoning – M-2 Heavy Industrial
- ✓ Market – Glendale, AZ
- ✓ Major Cross Streets – Glendale Ave and El Mirage Rd
- ✓ Freeway Access – 101 Fwy approximately 3 miles, 303 Fwy approximately 8 miles, I-10 approximately 10 miles
- ✓ Year Built – N/A
- ✓ Highly desirable heavy industrial zoned industrial outdoor storage

## Business Plan

### Glendale Industrial Outdoor Storage Opportunity

11748 W. Glendale Ave. Glendale, AZ

The property currently has 19 tenants utilizing the site for parking and outdoor storage. The current setup of the site does not efficiently utilize the gross leasable square footage due to the logistics required to squeeze that many all 19 tenants into the property and provide proper ingress and egress for each tenant. This presents an opportunity to maximize the income of the leasable acreage by bringing in larger tenants that will allow for a more efficient use of the gross leasable land. Also, the owner currently has a stockpile of inert material that is covering approximately 3 acres of land that we are requiring him to bring back to flat/leasable space.

In addition to maximizing the efficiency of the leasable acreage, many of the existing tenants are paying below market rents. When bringing in the new larger tenants, we will be replacing the existing rents at a market rate. The property is currently generating approximately \$34,000/month in gross revenue. The market rate for industrial outdoor storage within this submarket is conservatively \$3,000/acre/month net. When we maximize the efficiency of the leasable land, we are looking at leasable acreage of 25 acres. Therefore, we will be able to increase the rents at the property to \$75,000/month (2.2X increase over current rents) by bringing the property to market rates and maximizing the efficiency of the leasable space.

The tenant demand for industrial outdoor storage throughout the Phoenix Metro greatly exceeds available supply. There is a huge need for additional truck parking and contractor yard space, especially given the new development of all the big box industrial and residential communities throughout the western portion of the metro and along the 303. We anticipate strong interest in lease up and renewals at the market rental rates.

The supply/demand imbalance coupled with the below market rents and inefficient use of the gross leasable area make this property a tremendous investment opportunity for us and our partners.



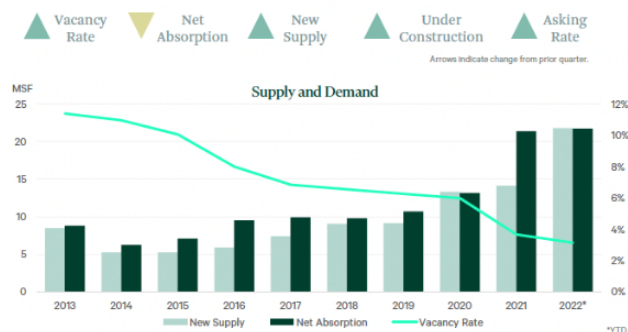
# Market Analysis

## Metro Phoenix at a Glance

Quarterly Statistics	3Q21	2Q22	3Q22	Y/Y Δ
Net Rentable Area	350,589,871	369,103,638	374,897,437	▲
Vacancy Rate	4.2%	2.8%	3.1%	▼
Gross Activity	5,052,167	8,147,527	7,256,863	▲
Net Absorption	3,206,023	6,881,113	5,885,976	▲
New Supply	2,115,521	6,363,726	7,356,882	▲
Under Construction	28,240,065	31,203,718	35,238,056	▲
Asking Rate (\$PSF/NNN)	\$0.79	\$1.13	\$1.22	▲
<b>YTD Statistics</b>				
Gross Activity	22,012,008	18,285,023	25,541,886	▲
Net Absorption	15,157,120	15,855,690	21,741,666	▲
New Supply	9,701,757	14,408,293	21,765,175	▲

The two transcontinental railroads and the 10 interstate railroads conveniently connecting Phoenix to the rest of the southwest –along with Phoenix’s proximity to the ports in Los Angeles, Long Beach, and Mexico continue to position Phoenix as an attractive, low-cost option for warehouse and distribution users. Large manufacturers, like TSMC, have further sparked tenant demand as more of their suppliers and vendors are choosing to relocate to Phoenix. Direct average asking rents grew by 9.4% quarter-over-quarter.

## Net Absorption of Industrial



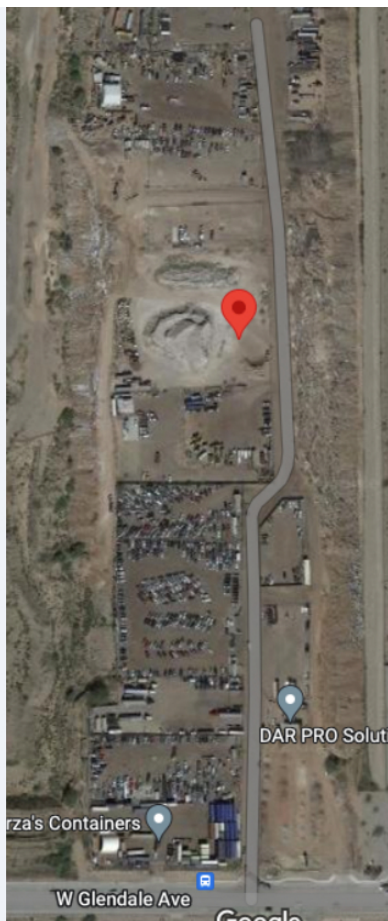
Vacancy continues to drop, despite a record-shattering year of new supply being introduced to the Phoenix industrial market. More than 64% of the speculative product that was delivered in the first half of the year was leased up prior to delivery, and an additional 19 million s.f. of the remaining development pipeline has already been preleased. In the long run, a slowdown in deliveries is probable as a shortage of material may hamper development timelines and dissuade construction starts. Leasing activity remains strong as nearly three million s.f. of space was leased in Q3 2022.

## Location

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### Why Glendale Ave. Makes Sense

- High demand industrial outdoor storage
- Low basis
- Under market rents
- Underutilized gross leasable area
- Heavy industrial zoning

## Returns Overview

### Summary of Projected Member Cash Flows and Returns

	1	Return \$	Return %
Beginning Member Capital Account Balance	\$4,000,000.00		
Member Cashflow	\$ -	\$ -	
Cash on Cash Return	0.00%		
Average Cash on Cash Return to Date	0.00%		
Net Proceeds/Profits from Refinance or Sale	\$ 902,261.90	\$ 902,261.90	
Member Portion of Principal Pay Down	\$ -	\$ -	
Cash on Cash w/ Principal Pay Down	0.00%		
Average Cash on Cash + Principal Paydown to Date	0.00%		
Return of Member Capital	\$4,000,000.00		
Ending Member Capital Account Balance	\$ -		
<b>Total Return on Investment</b>		<b>\$ 902,261.90</b>	<b>22.56%</b>
<b>Average Annual Return</b>			<b>22.56%</b>
<b>IRR</b>			<b>22.49%</b>
<b>Average Cash on Cash Return</b>			<b>0.00%</b>

### Underwriting Scenarios

We conservatively underwrite all of our projects in an attempt to under promise and overdeliver. We also compare our conservative underwriting to three different scenarios. The first scenario, the 20-

Year Avg. Growth model, incorporates the average annual rent growth and cap rate compression that has occurred over the last 20 years in Metro Phoenix for each year of the investment period.

## Underwriting Assumptions

<b>Replacement Rental Rate:</b>	\$3,000/Acre/Month Net
<b>Vacancy at Turnover:</b>	4 months
<b>Exit Cap Rate:</b>	7.50
<b>Sale \$/SF:</b>	\$6.43
<b>Deal Time Horizon:</b>	1 Year

## Partnership Structure

### Distributions and Fees

- ✓ Monthly distributions of operating profits
- ✓ 2% acquisition fee
- ✓ 1% asset management fee
- ✓ 1% disposition fee

### Class A Partner

- ✓ Simple annualized preferred return of 7% only. No participation in profits beyond preferred 7% return.

### Class B Partner

- ✓ Equity partner with 70/30 split of profits. General Partner will receive a 30% carried interest in the net profits, with the remaining 70% of net profits to be distributed to the Limited Partners
- ✓ Waterfall structure as follows:
  - ✓ 0-15% IRR to LP – 70/30 split
  - ✓ 15-20% IRR to LP – 60/40 split
  - ✓ 20%+ IRR to LP – 50/50 split

## Company Overview

# Glendale Industrial Outdoor Storage Opportunity

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Hanson Capital Group is a team of commercial real estate experts with a combined 50+ years of experience in the industry, offering a unique approach to investing in commercial real estate. We manage over \$75mm in equity and oversee over \$250mm in assets. We specialize in value-add industrial and multifamily product types as well as horizontal multifamily development, opportunistically shifting our focus from one specialty to another to capitalize on market inefficiencies as they present themselves. This diversified approach to investing provides the flexibility necessary to navigate complex and evolving market conditions and cycles, and affords us with the ability to stay several steps ahead of trends and potential headwinds.

We are on the path to building a portfolio of industrial investment product that will be securitized or sold to either an institution or REIT in \$50-\$100mm tranches. We have developed a proprietary system for sourcing and securing off-market industrial investment product (including establishing programmatic broker agreements to ensure that we are the broker's first call on deals that meet our investment criteria) which provides unprecedented access to deal flow. Our primary focus is on the Phoenix and Dallas-Fort Worth metropolitan statistical areas which have become the shining stars in industrial real estate.

In 2021, we launched Hanson Capital Industrial Fund I, which is a \$100M private equity fund dedicated exclusively to acquiring industrial investment product. Our affiliate, HC Industrial Fund I GP, LLC acts as the general partner and has full discretionary authority to deploy the capital raised into the fund as opportunities present themselves, which allows the fund to act quickly and provide assurance of closing, which further enhances our ability to secure the very best opportunities.

In addition, as an affiliate of Hanson Capital, LLC, a state licensed bank that originates hard money and bridge loans and which manages in excess of \$40mm, we are uniquely prepared to work with our lending partners to secure the very best terms and to make their review and underwriting process as easy as possible.

Lastly, our organization's core principals are to always remain relationship minded and not transactional, and always do what we say we will do. With this focus, we look to develop strategic alliances that produce mutually beneficial results for all involved for years to come.



## Sponsor Overview

### 29th Drive Multi-Tenant Industrial

2901 N 29th Dr. Phoenix, AZ



Originally from Lake Oswego, Oregon, Chris settled in Scottsdale, Arizona after graduating from the University of Arizona in 2005. Chris originally spent 3 years in the mortgage business before recognizing an opportunity in real estate during the Great Recession. Chris entered the real estate market as an individual investor before forming Hanson Capital Group, LLC as an auction bidding service provider for many of the industry's most recognizable institutions. Hanson Capital Group was credited with having acquired over 1,500 single family homes out of foreclosure on his own behalf and assisting these institutions in under 6 years.

While Chris was acquiring single family homes on behalf of institutions, he discovered that he could dramatically increase bidding business through the facilitation of acquisition funding, and in 2010 Chris established Hanson Capital, LLC as a state licensed mortgage bank. Hanson Capital continues to operate today as a hard money and bridge debt provider and is licensed in multiple states across the country. Hanson Capital is responsible for well over \$500mm in transactions since its inception and maintains an average portfolio of \$40mm in equity.

Although Chris, through his affiliated entities, continues to opportunistically acquire portfolios of single-family homes on behalf of institutions, Chris' primary focus has been on value-add multifamily, value-add industrial investment product, and horizontal multifamily since 2016. Chris' affiliated entities manage over \$75mm in equity and oversee a portfolio of over \$250mm in assets.

In 2021, Chris received the Phoenix Business Journal's 40 under 40 award. The annual award program recognizes leaders in the region who are making major strides in their careers while leaving positive impacts on communities in the region. In addition, Chris and his affiliated companies have been recognized and featured by Business Insider, Fox News, People and CNBC to name a few.

Ready to invest?

Invest Now



Hanson Capital handles everything for you step by step, making your investment completely passive. We find the deal. We underwrite the deal thoroughly to ensure it provides safe and suitable returns.



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Saturday & Sunday: Closed

