

McKemy Multi-Tenant Industrial

9365 S McKemy St., Tempe AZ 85284

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OPPORTUNITY SUMMARY



Situated in the south Tempe industrial corridor, 9365 S McKemy St. represents an excellent opportunity to acquire functional multi-tenant industrial real estate in a booming submarket of Phoenix, Arizona. McKemy, which totals 44,743

Key Information

Purchase Price:	\$8.43 Million
Trailering Budget:	\$570,000

submarket of Phoenix, Arizona, McKemy, which totals 44,743 SF on a 2.88 acre lot, has 5 bays with sizes ranging from 7,000/SF to 14,185/SF, each with varying office layouts providing flexibility for a multitude of tenant uses. Equipped with 18'-22' clear heights, 100% HVAC throughout, heavy power (6,000 Amps available), 5 grade level doors (one per bay), and a common truck well, McKemy is well situated to provide competitive advantages in the leasing market which will drive a rent premium and minimize downtime at the building.

McKemy is excellently located within Tempe, just five minutes of interstate 10 (I-10), seven minutes from the Chandler Intel campus, and is near 100,000 single family homes, which is ideal for last mile distribution, high tech manufacturing, and service style tenants.

McKemy's excellent combination of functionality, amenities and location makes it a very attractive investment opportunity.

MINIMUM INVESTMENT \$50,000

GET STARTED

11/Leasing Budget:	\$5/8,869
Equity Required:	\$3.74 Million
Close of Raise:	03/31/2025
Zoning:	GID, Tempe
Investor Class IRR:	25.10%
Institutional Class IRR:	25.28%
Investor Class Equity Multiple:	1.55
Institutional Class Equity Multiple:	1.55
Purchase Yield Stabilized Yield:	0.00 8.06
Estimated Loan Term:	5 Years
Fixed Variable Rate:	Fixed
LTC:	62.62%
Estimated Loan Rate:	7.00%
Estimated Hold Period:	2 Years

PROPERTY DETAILS



- ✓ Building Size: 44,743 SF
- ✓ Lot Size: 2.88 Acres

- ✓ Zoning: GID, City of Tempe
- ✓ Market: Phoenix, Arizona
- ✓ Major Cross Streets: Kyrene Road & Warner Road
- ✓ Freeway Access: I-10 – 5 Minutes
- ✓ Year Built: 1999
- ✓ Construction Type: Masonry

BUSINESS PLAN

McKemy Multi-Tenant Industrial

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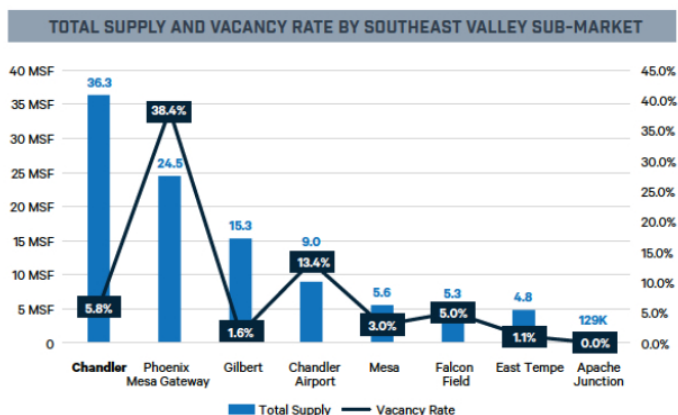
McKemy St. represents a unique lease up play, with the opportunity to make some minor and inexpensive improvements to a functional warehouse and drive yield quickly. McKemy was previously a single tenant building, with the previous tenant having slowly expanded through the entire building during their tenure. Due to the lack of supply in sub 10k SF spaces throughout the Valley, we see an opportunity to convert the building back to a multi-tenant building and then leasing the smaller spaces at a premium. By leasing the property as a multi-tenant building we will be able to drive higher rates than leasing to a single tenant.

Make ready improvements such as repaving the parking lot, interior and exterior paint, closing off the existing pass throughs between bays and refurbishing the office spaces will prime the spaces for tenants looking for space to move into immediately. We have contractor quotes for these improvements at approximately \$13/SF across the entire building and are very confident in our ability to execute the improvements quickly.

By leasing the smaller bays at \$1.40/SF NNN and the larger bay at \$1.20/SF NNN, we anticipate achieving an NOI close to \$766,474 resulting in a stabilized yield on cost of 8.06%. All in all McKemy represents an incredible opportunity to reposition a functional single tenant warehouse into a high yielding multi-tenant space with valuable differentiators in the market place.

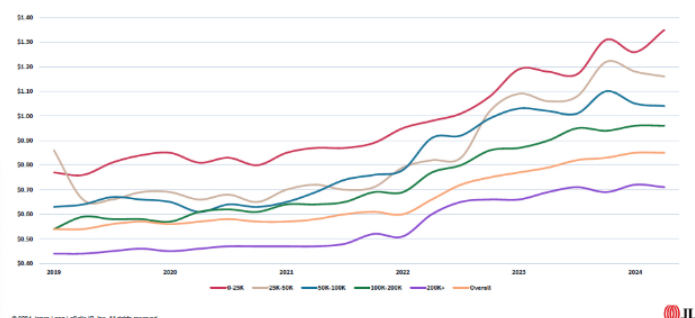
MARKET ANALYSIS

1% Vacancy Submarket



Small Bay Rents Continue Growing

Average asking rents
Phoenix Industrial



McKemy features five bays with an average size of +/- 8,900 SF. JLL

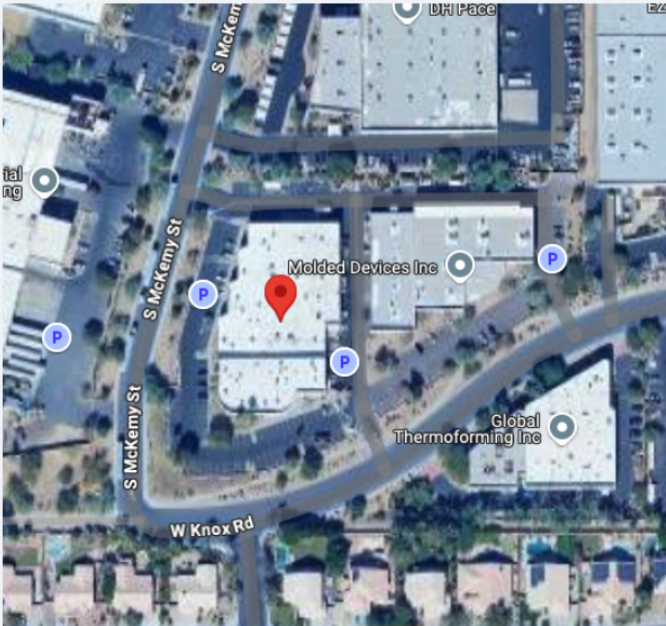
As of Q2 2024, CBRE is reporting that in the East Tempe submarket that McKemy is located in has vacancy sitting at 1.1% vacancy rate, the lowest rate in the valley among submarkets with over 1M SF of total supply. This vacancy rate is contributing to the sharp increase in rents in the submarket.

reports that through Q3 of 2024 rents in the sub 25K SF size range is the only segment of the market that has continued to see rent growth, compared to other sizes that are leveling off or experiencing a pull back valley wide.

LOCATION

McKemy St Multi-Tenant Industrial

9365 S McKemy St., Tempe AZ



Why McKemy St Multi-Tenant Industrial Makes Sense

- Infill location
- Close to major highway (Interstate 10)
- In demand bay sizes
- Heavy power
- 100% HVAC

RETURNS OVERVIEW

SUMMARY OF INVESTOR RETURNS	Year 2
Return of Equity	3,744,883
Preferred Return (portion)	0
Profits	2,066,562
TOTAL CASH FLOW	5,811,445

Institutional Class	25.28%
Investor Class	25.10%
Equity Multiple	1.55

UNDERWRITING ASSUMPTIONS

Replacement Rental Rate:	\$1.20 - \$1.40/SF
Vacancy Timing Upon Lease Expiration:	6 months
Exit Cap Rate:	6.00
Sale Price:	\$293/SF
Deal Time Horizon:	2 Year

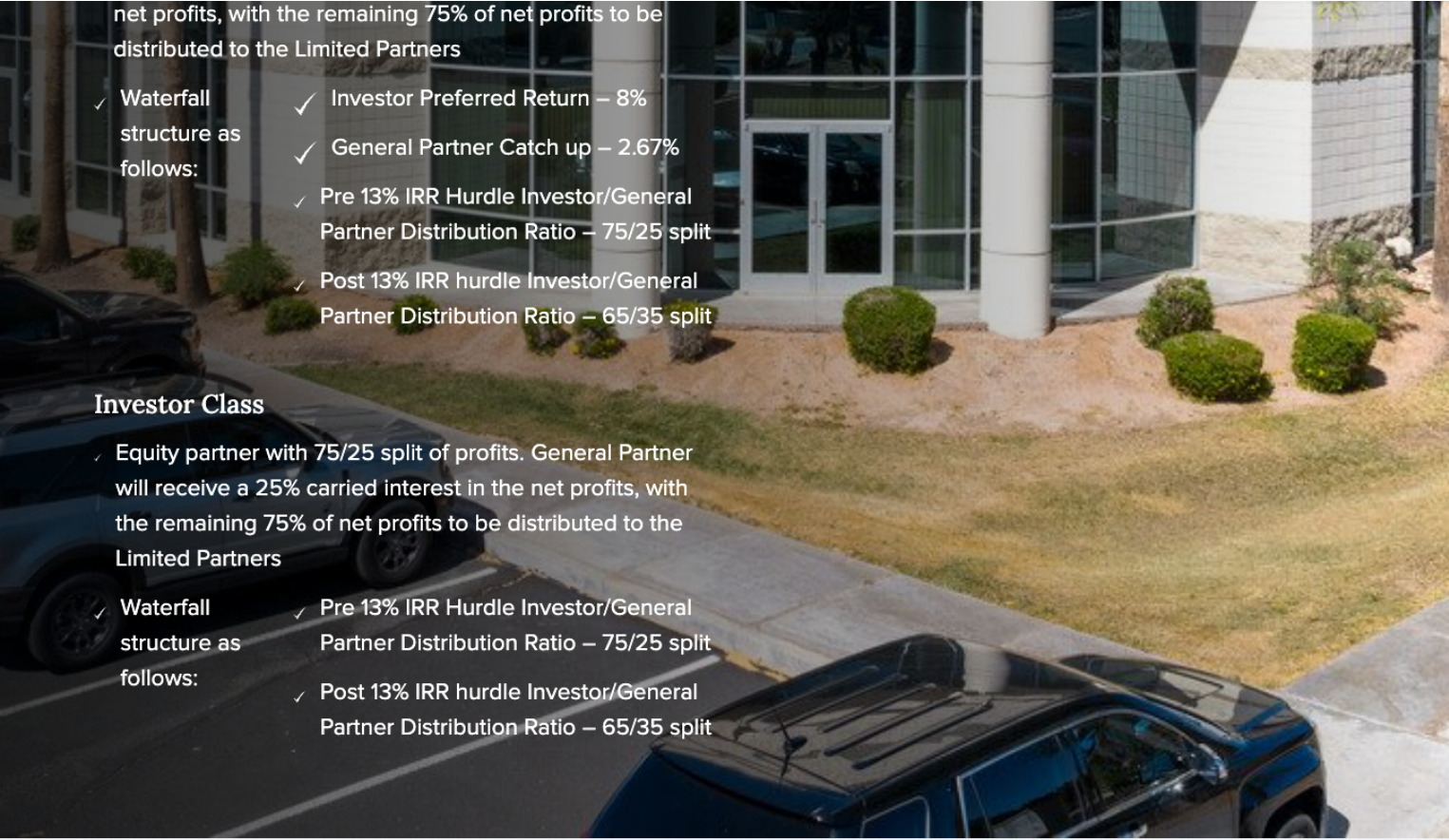
PARTNERSHIP STRUCTURE

Distributions and Fees

- ✓ Monthly distributions of operating profits
- ✓ 1.5-2.0% acquisition fee
- ✓ 1% asset management fee on Equity Raised
- ✓ 1% disposition fee

Institutional Class

- ✓ Preferred Return of 8% on all cash flow until 8% annualized return is realized.
- ✓ 100% of distributions following the satisfaction of the 8% preferred return will be paid to the General Partner as a "Catch Up" until the General Partner has received an amount equal 2.67% of the aggregate distributions.
- ✓ Equity partner with 75/25 split of profits beyond satisfying the 8% Preferred Return and General Partner Catch Up. General Partner will receive a 25% carried interest in the



net profits, with the remaining 75% of net profits to be distributed to the Limited Partners

✓ Waterfall structure as follows:

- ✓ Investor Preferred Return – 8%
- ✓ General Partner Catch up – 2.67%
- ✓ Pre 13% IRR Hurdle Investor/General Partner Distribution Ratio – 75/25 split
- ✓ Post 13% IRR hurdle Investor/General Partner Distribution Ratio – 65/35 split

Investor Class

- ✓ Equity partner with 75/25 split of profits. General Partner will receive a 25% carried interest in the net profits, with the remaining 75% of net profits to be distributed to the Limited Partners

✓ Waterfall structure as follows:

- ✓ Pre 13% IRR Hurdle Investor/General Partner Distribution Ratio – 75/25 split
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COMPANY OVERVIEW

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At Hanson Capital Group, experience is not just a metric—it's our foundation. Boasting over 100 years of combined expertise in real estate, we've cultivated a reputation for excellence and strategic insight in the market. Our formidable investments, nearing \$300,000,000 under management, are a testament to our sustained success. Driving our vision forward is a harmonized team of executives and directors. CEO Chris Hanson, COO Zach Price, Managing Director of Acquisitions Chris Pike, and Managing Director of Asset Management Jim Tainter lead the charge. Together, they craft the trajectory for Hanson Capital Group, ensuring we remain at the forefront of the real estate industry.

Established in 2008, Hanson Capital Group embarked on its mission to become a trusted auction bidding service provider and create a lasting enterprise focused on creating wealth for ourselves and our partners. Aligning with prominent institutions, our dedication and energy quickly became evident, resulting in the acquisition of over 1,500 single-family homes out of foreclosure within an impressive six-year span. However, our sights were set higher. Identifying a unique opportunity to elevate our bidding pursuits, Hanson Capital, LLC was established in 2010 as a state-licensed mortgage bank. Today, Hanson Capital thrives as a leading hard money and bridge debt lender, and, to date, has overseen transactions exceeding \$500 million, while consistently maintaining an equity portfolio averaging \$40 million.

While our initial investments were rooted in real estate backed lending, in 2010 we began our pursuit of direct investment in value-add multifamily assets. After nearly a decade of that value-add multifamily strategy, and after buying and selling a few thousand apartment doors, our focus shifted in 2018 towards industrial real estate, which continues to be the focus today.

We are now deeply entrenched in industrial real estate within the so-called "Sun Belt", with a notable presence in strategic areas like California, Arizona, and Texas. The result of this commitment is over \$250,000,000 in industrial real estate and 1.27 million square feet of current assets under management.

Our process is invaluable to our success. All investment decisions are made by our investment committee in accordance with our Investment Policy Statement (IPS). Strategically crafted, the IPS emphasizes our central mission: capitalizing on inefficiencies in real estate to provide sustainable returns through proven and disciplined investment and management strategies. Every facet of the IPS has been intricately designed to demystify our methodology, underscoring our commitment to transparency, accountability, and the responsible management of entrusted capital. The IPS also

methodologies, underscoring our commitment to transparency, accountability, and the responsible management of entrusted capital. The IPS also guides us in making informed, consistent decisions, helping to mitigate risks, and optimize returns, while ensuring that our actions align with our long-term investment objectives.



SPONSOR OVERVIEW

McKemy St Multi-Tenant Industrial

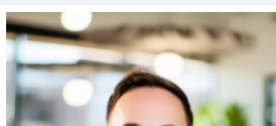
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Chris Hanson, the Principal of Hanson Capital Group (HCG), is renowned for his strategic foresight in the real estate sector. Starting with the acquisition of single-family homes for institutions during the Great Recession and a mortgage banking operation, Chris has adeptly navigated market trends, transitioning into multifamily and subsequently industrial real estate. His unique ability to identify lucrative opportunities has been pivotal to HCG's success. Under Chris's leadership, HCG has thrived in real estate and finance, showcasing his profound insight into both sectors. His dynamic approach and unparalleled experience fuel HCG's ongoing growth and success.



Zach brings a unique blend of operational acumen and legal expertise to the real estate investment sector. As COO, he integrates strategic operational management, focusing on process streamlining and enhancing operational efficiency. Zach's role involves a wide range of responsibilities, including team leadership, property oversight, investor relations, and ensuring compliance. His analytical approach and ability to handle challenges demonstrate his adaptability and dedication to the company's success in the dynamic real estate market.



Chris has been a driving force in the company's growth and profitability. In his role, Chris leads the development and execution of acquisition strategies, combining his deep understanding of real estate trends and financial modeling to secure profitable investments. He manages both the internal team and external relationships, including brokers and



financial partners, fostering a results-driven environment. His commitment to continuous learning and active industry engagement ensures Hanson Capital Group's agility and success in the dynamic real estate market.



Jim's extensive thirty-year career in the real estate sector is marked by his expertise in a wide array of areas. Known for his exceptional service and an owner-centric approach, Jim has a proven track record of handling diverse commercial, industrial, retail, and multi-family properties. Jim excels in recruiting and motivating top talent, fostering team engagement, and implementing best practices from an owner's perspective. This approach not only enhances the value for clients and their properties but also supports the leasing, accounting, and management teams under his guidance.

READY TO INVEST?

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