



CIRE EQUITY

# Houston Produce Center / Case Study





## Industrial Cold Storage / Behind the Deal

### Overview →

- Acquisition of multi-tenant cold storage asset
- Attractive going-in basis, well below replacement cost, with very durable cash flow
- Significant yield upside through numerous value-add and operational efficiency opportunities

### Market Positioning →

- Short term, broadly below market leases set by private owner
- Zero historical vacancy within last five years
- Clear shortage of Class-B cold storage product creating positive rent pressure and tenant retention
- Strong co-location demand driven by national and regional tenants

### Deal Source →

- Inside track through established relationship with list broker with whom CIRE has closed multiple transactions
- Sold and self-managed by unsophisticated, long-time private owner due to market volatility

### Active Management →

- Attractive NOI CAGR of 7.5% over hold period due to below market rents
- Significant cash flow upside through streamlining operations and maximizing ancillary revenue
- Monetization of excess land to capture strong tenant demand for additional space
- Potential for thematic physical plant upgrades to increase appeal to institutional buyers and lenders

**17.7%**  
Gross IRR<sup>1</sup> >

**4.8X**  
Gross IRR<sup>1</sup> >

**10.1%**  
FFO Yield<sup>1</sup> >

### Deal Drivers >



RELAT



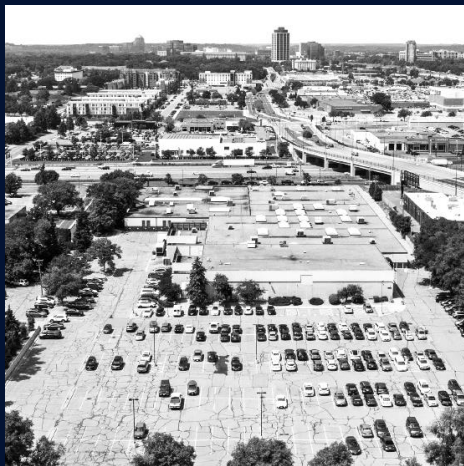
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VALUE



ALPHA



Location >

Houston, TX

Property Type >

Multi-Tenant Industrial

MSA >

Houston / The Woodlands / Sugarland

Building Size >

392,472 SF

Occ. (As-Is / Stabilized)

100% / 100%

In-Place Cap Rate >

7.6%

LTV >

65.0%

Close Date >

Q3 2023

### Underwritten Investment Performance >

Gross IRR >

17.7%

Equity Multiple >

4.8X

FFO Yield >

10.1%

Hold Period >

10 Years

#### Footnotes

<sup>1</sup> Displayed Gross IRR and FFO Yield is net of 1.85% fund management fee and G&A load







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