



## A CASE STUDY FAMILY KIG

### Family Office Client Needed Industrial Turn Around

#### BACKGROUND

A family office had sold its core business for a handsome sum and wanted to own real estate as a way to diversify from their stock and bond portfolio. They acquired several real estate investments on their own but soon realized they lacked any cohesive strategy. They were soon introduced to Trinity to complete a portfolio review and help the family come up with an investment strategy. One of their assets was a 95,000 sf industrial warehouse with a lease to a Fortune 500 company. When the tenant decided to move its operations, the family had a vacant building and was nervous having withstood a long-term vacancy in the past. The property had a significant amount of office space and relied on leased parking across the street to be able to accommodate the high number of employees.

#### SERVICES PERFORMED

Strategic Advisory | Transaction Services | Portfolio & Asset Management  
Investment Strategy | Acquisition Services | Portfolio Management  
Disposition Services

#### APPROACH

Trinity, understanding that leased parking was not an ideal situation, looked to find a tenant that would not require additional parking. The team hired a strong local leasing team that specialized in working with tech companies and before long had a proposal from a Fortune 100 tech firm to lease the entire property and not require any leased parking. Trinity also recognized that having a sizeable single tenant building was not ideal for KIG's portfolio and proposed selling the property and reinvesting through a 1031 exchange.

#### OUTCOME

Trinity was able to work with the tenant to significantly increase its rent in exchange for a tenant allowance. TRE then turned around and sold the asset for \$23 million based on the higher rent for a sizeable increase in value – over double the \$11 million internal valuation from a year earlier. With the sale, TRE acquired two primarily multifamily assets in core locations that significantly reduced the portfolio risk, by selling an asset with some structural deficiencies and acquiring high quality multi-tenant assets that better fit the portfolio strategy.