

# **Sun Belt Light Industrial Fund I**

\$150M Value-Add Investment Strategy | Q1 2025

# Investment Opportunity

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Target: \$150M equity fund focused on light industrial assets in high-growth Sun Belt markets

Strategy: Acquire small-bay warehouse and flex industrial properties with value-add potential

Target Returns: 15-18% Net IRR with 1.7-2.0x equity multiple over 5-year hold period

Markets: Dallas-Fort Worth, Phoenix, Nashville, Charlotte, Tampa, and Austin

Thesis: E-commerce growth and supply chain reshoring driving unprecedented demand for last-mile facilities

# Fund Overview

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**\$150M**

Target Fund Size

**15-18%**

Target IRR

**1.7-2.0x**

Equity Multiple

**5 Years**

Hold Period



# Light Industrial: The Strongest CRE Sector

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US industrial vacancy at historic low of 4.1% nationally, sub-3% in target markets

E-commerce penetration grew from 14% to 22% post-pandemic, driving 3x demand for warehouse space

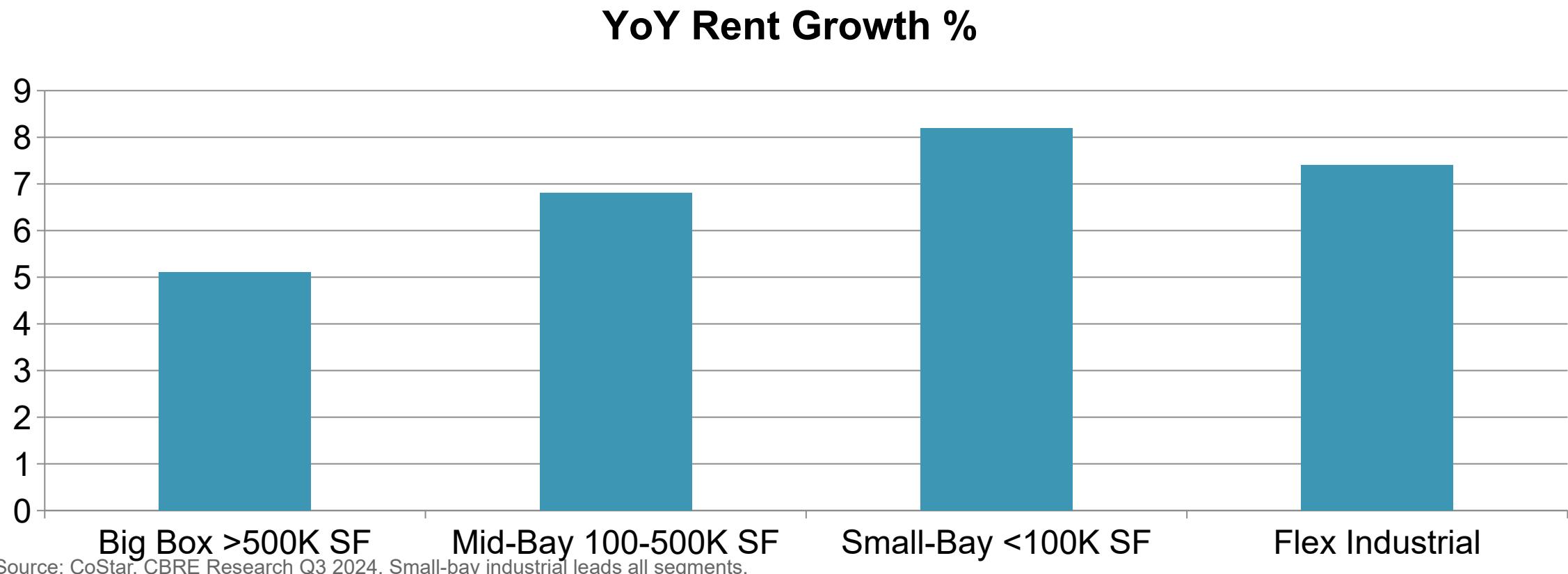
Small-bay segment (<100K SF) outperforming with 8.2% rent growth YoY vs 5.1% for big-box

Supply chain reshoring adding 350,000+ manufacturing jobs since 2021

Sun Belt population growth 2x national average, driving tenant demand

# Industrial Rent Growth by Segment

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# Target Market Fundamentals

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Market	Vacancy %	Rent Growth	Population Growth	Job Growth
Dallas-Fort Worth	3.8%	9.2%	2.1%	3.4%
Phoenix	3.2%	11.4%	2.8%	4.1%
Nashville	2.9%	8.7%	2.3%	3.8%
Charlotte	3.5%	7.9%	2.0%	3.2%
Tampa	3.1%	10.2%	2.4%	3.5%
Austin	4.2%	8.1%	3.1%	4.5%



# Value-Add Approach

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Target: Small-bay warehouse (20K-100K SF) and flex industrial properties

Acquisition criteria: 70-85% occupied, below-market rents, deferred maintenance

Value creation: Lease-up to 95%+, mark-to-market rents, light capex improvements

Hold period: 3-5 years with exit to institutional buyers or 1031 exchange buyers

Leverage: 55-65% LTV with fixed-rate debt to protect against rate volatility

# Investment Criteria

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## Target Profile

Asset size: 20,000 - 100,000 SF

Multi-tenant small-bay format

1990+ construction or renovated

Clear height: 18-24 feet

Truck court and loading

## Value-Add Drivers

Below-market in-place rents

Lease-up from 70% to 95%+

Deferred maintenance cure

Tenant improvement allowances

Energy efficiency upgrades

# Target Acquisition Metrics

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**6.0-6.5%**

Going-In Cap Rate

**7.5-8.0%**

Stabilized Yield

**5.75-  
6.25%**

Exit Cap Rate

**\$8-15M**

Avg Deal Size



# Proven Industrial Investment Experience

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Management team has deployed \$420M+ across 45 industrial transactions since 2015

Realized gross IRR of 22.4% and 2.1x equity multiple on exited deals

Zero principal losses across all investments

Deep relationships with regional brokers, lenders, and tenants

Vertically integrated platform with in-house property management

# Representative Realized Investments

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Property	Market	Size (SF)	Hold Period	Equity Multiple	IRR
Southport Business Park	Nashville	68,000	3.2 years	2.4x	28.5%
Mesa Industrial Center	Phoenix	92,000	4.1 years	2.1x	21.2%
DFW Flex Portfolio	Dallas	145,000	3.8 years	1.9x	19.8%
Charlotte Commerce	Charlotte	54,000	2.9 years	2.2x	26.1%
Tampa Bay Logistics	Tampa	78,000	4.5 years	1.8x	17.4%

# Firm-Wide Performance Summary

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**\$420M+**

Total Deployed

**45**

Transactions

**22.4%**

Avg Gross IRR

**0%**

Loss Ratio



# Identified Investment Opportunities

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Property	Market	Size (SF)	Price	Cap Rate	Status
Metroplex Industrial Park	Dallas-Fort Worth	85,000	\$12.8M	6.2%	LOI Submitted
Camelback Flex Center	Phoenix	62,000	\$9.4M	6.4%	Due Diligence
Music City Warehouse	Nashville	48,000	\$7.2M	6.1%	Under Contract
I-485 Business Center	Charlotte	71,000	\$10.5M	6.3%	LOI Submitted
Tampa Gateway	Tampa	55,000	\$8.1M	6.5%	Preliminary Review

# Pipeline Summary

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5 properties totaling 321,000 SF and \$48M in potential acquisitions

Weighted average going-in cap rate of 6.3%

All properties meet core investment criteria with clear value-add path

Expect to deploy 30-40% of fund within first 12 months

Robust deal flow from established broker relationships in target markets



# Key Risks and Mitigants

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## Risk Factors

- Interest rate volatility
- Economic recession impact
- New supply in target markets
- Tenant credit risk
- Execution risk on renovations

## Mitigating Strategies

- Fixed-rate debt, conservative LTV
- Essential-use tenants, diverse base
- Focus on infill locations
- Credit underwriting, security deposits
- Experienced in-house team



# Summary of Terms

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Term	Details
Fund Size	\$150 million target (\$175M hard cap)
Minimum Commitment	\$1 million
Management Fee	1.5% on committed capital (investment period), 1.25% on invested capital (thereafter)
Carried Interest	20% over 8% preferred return
Preferred Return	8% compounded annually
Investment Period	3 years
Fund Term	7 years (2 one-year extensions)
GP Commitment	2% of fund size (\$3M)



# Experienced Leadership

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John Smith, Managing Partner - 20+ years industrial RE experience, former CBRE Industrial

Sarah Johnson, Partner - 15 years acquisitions, \$2B+ transaction experience

Michael Chen, VP Acquisitions - 10 years underwriting and deal execution

Lisa Rodriguez, VP Asset Management - 12 years property management and leasing

David Park, CFO - 18 years fund administration and investor relations

# **Thank You**

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