

From the Houston Business Journal:

<https://www.bizjournals.com/houston/news/2022/01/27/recent-industrial-transactions.html>

## Spate of transactions show Houston's industrial market still hot

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Houston's surging industrial real estate market has seen a series of transactions in recent weeks, which might be viewed as a sign that demand for large warehouse and distribution center space isn't slowing down anytime soon.

Just last week, Calabasas, California-based Marcus & Millichap Capital Corp. arranged an \$18.5 million loan for the acquisition of a portfolio of industrial properties currently occupied by G&H Diversified Manufacturing, a metal manufacturing company servicing the oil and gas, architecture, technology, transportation and defense industries.

The portfolio consists of three buildings at 11660 Brittmore Park Drive, 11670 Brittmoore Park Drive and 11927 Tanner Road, all of which are in the Energy Corridor off Interstate 10/Katy Freeway.



COURTESY OF BV ARCHWAY REAL ESTATE  
INCOME FUND

Dallas-based BV Archway Real Estate Income Fund recently acquired 650 Gellhorn Drive in Houston. The industrial property consists of five buildings, totaling 161,626 square feet sitting on nearly 9 acres

Together, the three buildings comprise 250,000 square feet of industrial space. The development was completed in phases, with the most recent addition being completed in 2019.

The financing was arranged by Marcus & Millichap Capital Corp.'s Frank Montalto, first vice president, and Dean Giannakopoulos, senior vice president.

Elsewhere, Dallas-based BV Archway Real Estate Income Fund purchased two single-tenant properties in the Houston area.

The local transactions included the purchase of 650 Gellhorn Drive in Houston. The industrial property consists of five buildings, totaling 161,626 square feet sitting on nearly 9 acres. The property is rail-served and is located about 5 miles from the Port of Houston. It is currently leased to a third-party logistics firm, the company said.

BV Archway Real Estate Income Fund also acquired a retail property at 18780 U.S. 59 in Houston, which is currently occupied by a Northern Tool and Equipment store. The 22,016-square-foot building sits on 1.7 acres in Houston-based Archway Property's Park Air 59 development, a 111-acre mixed-use development in Humble.

Other recent BV Archway Real Estate Income Fund acquisitions also included properties in El Paso and Millsap, Texas.

BV Archway Real Estate Income Fund is a partnership Dallas-based between BV Capital and Archway Properties. The investment vehicle was launched eight months ago with the ability to raise \$50 million in equity to acquire net-leased industrial, retail and office assets in Texas and Sunbelt states. To date, the fund has raised more than \$20 million in equity, which was used to acquire the properties. The fund expects to be fully invested by the end of the year.

"Our fund has been popular within the registered investment advisors' space, which appreciates the 7% preferred return, which has been paid consistently since breaking escrow in February 2021," said Rob Anderson, president of BV Capital.

Finally, Houston-based Partners Capital, the investment management arm of Partners Real Estate Co., sold off Clear Lake Business Center, a 149,305-square-foot flex park in Webster. An

unnamed buyer paid an undisclosed amount to acquire the property, Partners Capital said in a news release.

Partners Capital, a sibling company of Houston-based NAI Partners, acquired the Clear Lake Business Center in February 2019 through one of its investment funds.

The one-story, multitenant building at 15502 Highway 3, near the intersection of Galveston Road and El Dorado Boulevard in Webster, was built in 1979 and sits on 10.35 acres.

Partners Capital was represented by [Cary Latham](#) and [Josh Lass-Sughrue](#) of NAI Partners.

“As a result of our hands-on ownership program and deliberate focus on enhancing the tenants’ overall experience, we substantially improved the cashflow and occupancy at Clear Lake,” said [Andrew Pappas](#), managing director of Partners Capital. “This represented an ideal exit opportunity and return for our Fund II investors.”

Partners Capital's current portfolio comprises more than 1 million square feet of retail, industrial and office properties.

The recent industrial transactions come at a time when demand for industrial space in and around Houston has been around near-record levels.

The overall vacancy among the Houston area’s industrial properties stood at just 7.9% in the third quarter of 2021 — the most recent period for which data were available — [according to a report by Toronto-based Colliers](#).

A separate report by NAI Partners found that Q3 marked the second consecutive quarter that demand for industrial space outpaced supply.

Industrial leasing was also once again robust, with Houston recording its fourth-straight quarter of activity of more than 9 million square feet. For context, the historical average quarterly tally of leasing activity going back to 2011 is 7.7 million square feet, NAI Partners said.

**Jeff Jeffrey**  
Reporter

