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## Hager Moves East with \$90M Industrial Buy

By Marita Thomas



CAMP HILL, PA-Newport Beach, CA-based Hager Pacific Properties has acquired the 2.2-million-sf Arnold Logistics portfolio for \$90 million, or nearly \$41 per sf. The portfolio consists of 11 buildings on 109 acres.

The seller is a venture between Chicago-based Blue Vista Sponsor Equity Fund LLC and an affiliate of Walton Street Real Estate Fund IV LP, which acquired the property in a sale/leaseback agreement with Arnold several years ago for an

undisclosed price. Jim Vesey, senior director of the Philadelphia office of Cushman & Wakefield, represented the seller and there was no other broker involved in the transaction with Hager Pacific, Vesey tells GlobeSt.com. The purchase price included assumption of a \$55-million mortgage “at a very good rate,” Rob Neal, a Hager managing partner, tells GlobeSt.com.

The entire portfolio is 100% leased to Arnold, a third-party logistics supplier for numerous major companies. Neal says Hager worked with the seller to extend Arnold’s lease for 20 years.

According to GlobeSt.com research, the market rate for second-generation distribution space in this market is in the range of \$3.75 per sf. Without disclosing the rate for Arnold, Neal says, “we don’t mind taking a lower initial rate. We were very sensitive about getting in at a good price per sf. We think this area of Central Pennsylvania has great infrastructure and easy access to a massive population.”

This is Hager’s first acquisition in Pennsylvania, and Neal says, “this location reminded us of the Inland Empire,” referring to the larger California industrial area. “We see this location along the I-81/78 corridor as a slightly newer, slightly smaller phenomenon in the world of logistics and distribution that represents a lower-price, competitive alternative to New Jersey in the same way the Inland Empire did to Los Angeles.”

A few of the buildings were completed in the 1960s, according to Neal, with the others phased in between the late 1980s and mid-1960s. “We could do some expansion,” he says, “but that would erode yard space, which Arnold is currently using. We are talking with them, however, about potential expansion down the road.”

Hager owns properties in California and the Midwest and is currently investing between \$300 million and \$400 million in commercial real estate throughout major metropolitan markets nationwide.