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KPR Pays \$47M for Cold Storage Industrial; Perishable Mgt Brokers 310,000-SF NH Deal

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LONDONDERRY NH — Active across New England for almost a decade, Gotham-based KPR Centers is moving beyond the grocery anchored shopping plazas focused on while assembling a seven-million-sf platform extending from Maine to Florida, yet Managing Partner Daniel Katz tells Real Reporter its just completed deal spending \$47 million on 310,000 sf of refrigerated industrial space here in southern New Hampshire does connect to the firm's real estate roots.

The off-market agreement arranged by Perishable Management Services is a short-term sale/leaseback where KPR bought 6 and 219 Rockingham Rd. from their longtime owner, a seafood distribution company filling all 190,000 sf in the latter facility. Six Rockingham Rd. is 100 percent occupied by a third-party logistics company. Perishable principals Joel Miller and Melissa Chaput represented the seller and procured KPR for its second acquisition in the food and retail distribution sectors to open 2021.

“We are excited to add these cold storage facilities to our growing portfolio of industrial assets and expect that our long-standing positive relationships with grocers in the retail space will enhance our ability to add value to these properties,” Katz says regarding the exchange which was leveraged with \$39.2 million from real estate finance concern RMR Mortgage Trust of Newton via Tremont Realty Capital. KPR now controls over two million sf of temperature-controlled CRE and continues to pursue more opportunities on a national scale.

According to Perishable, a specialist in refrigerated warehouse properties, the Londonderry buildings provide over 7.5-million cubic square feet of freezer storage and

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there is 80 acres of land for future expansion. “We would,” Katz says when asked whether his firm might consider developing the excess land, part of a broader strategy KPR is considering that would target build-to-suit cold-storage construction on top of buying existing product. The firm already has control of 70 acres near Manchester Boston Regional Airport that may some day generate such an endeavor, although Katz cautions details for that strategy have not been formulated.

Katz accedes the appetite for refrigerated industrial buildings has increased among investors due to increased demand from users competing for a limited inventory of facilities across the land, but says he believes KPR’s hands-on management of its retail empire will provide access to opportunities involving food distribution operations from a database of contacts and an understanding of the needs of those groups. Miller credits KPR for its knowledge of that realm and praises the investor in meeting the expectations of their Londonderry client. “They did a really nice job,” he says of the negotiations, adding there are many newcomers chasing such assets who are unfamiliar with the niche product that for decades has been controlled largely by owner/operators more so than traditional industrial buildings.

Katz says he was equally struck by Perishable’s performance culled from decades of representing the food distribution realm, a legacy which has put the independent Bay State shop in a favorable position as institutional investors and other capital groups embrace the cold storage field as evidenced in a busy 2020 despite—or perhaps because of—the Covid-19 pandemic which has seemingly enhanced the importance of temperature-controlled distribution buildings and warehouses on a national scale.

Meantime, the rise of e-commerce has lifted all industrial boats, cold-storage included, especially as an entire business of home-delivered meals continues to emerge. Perishable had a banner 2020 sufficient to be recipients of CoStar’s Powerbroker Top Firm award for the year, then opened 2021 on a tear where over \$60 million of sales were completed in the opening frame along with multiple lease contracts valued in excess of \$10 million. Perishable is a full-service operation covering all manner of the industrial universe

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including flex and warehouse logistics activities to go along with the specialization of food production and freezer warehouses.



219 Rockingham Rd., Londonderry NH

Although retail real estate has been battered in recent years, Katz reports KPR has withstood much of the carnage thanks to its preference for grocery anchored assets that were positioned to withstand a good deal of the pandemic's ill-effects on landlords. The vertically integrated firm whose in-house leasing, management and development operations tout "a pro-active approach" to the business is even seeing some construction activity in its portfolio such as a new Hannaford's Supermarket being built at a plaza in Maine in Brunswick's popular Cooks Corner district.

On the cold storage front, Katz says his firm is looking for both existing facilities and development opportunities which he explains would concentrate on customized facilities for a specific client or function. "We are actively looking, yes," he says, with New England expected to remain on KPR's radar screen going forward.

The Londonderry properties were developed between 1998 and 2002, with 219 Rockingham Rd. first to arrive on the scene, it built on 14.1 acres acquired in September 1997 for \$450,000 whereas \$625,000 was dispensed in August 2002 for a dozen acres to host 6 Rockingham Rd.