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INSIDE THE ISSUE

Partnership Has Developer Shifting from Multifamily to Warehouse Flex

BY MIKE HOBAN

Franklin — When Peter Genta, managing partner at MPG Capital, first visited the shop of his builder and now partner Bill Hommel of Hopedale-based A&H Building Partners, it opened his eyes to new investment/development possibilities. A graduate of MIT's real estate development program and a successful devel-



Peter Genta

oper of condominiums and apartments in the Boston and Los Angeles markets for decades, the headaches associated with multifamily construction [permits and delays] coupled with the shrinking margins had him investigating other options.

While waiting for Hommel to arrive at the contractors space, Genta toured the perim-

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Warehouse Flex

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eter, snapping pictures of the six-bay, 10,000-square-foot flex building that housed the contractor's business. When the flex building owner approached Genta, the two began a conversation. "I can't build these things fast enough," the facility head explained. "I'm building them all over the place, and they lease right up."

“

The majority of the clientele that has been contacting me has been owners of businesses that are starting to grow, either operating out of their homes or from smaller locations and are looking to expand

”

DAVID RESTIC,
*exclusive leasing agent for
PSN Realty*

Genta examined Hommel's lease, crunched numbers, and the pair determined what it would cost to build flex warehouse space for themselves with the investment opportunity to rent out the bays. "We ran the numbers, reverse-engineered it, and determined that the rent for a 1,800-square-foot bay in a quality flex warehouse facility was roughly the same as a two-bedroom apartment (\$2600) – but would cost approximately two-thirds as much to build," says Genta. "The numbers looked good, certainly better than building apartments."

In 2022, Genta and Hommel purchased a five-acre parcel just off I-495 in Franklin to construct three 16,000-square-foot flex buildings, each with nine bays. Located at 275 Washington Street, the 1,680-square-foot units include office space and private bathrooms geared toward smaller commercial users (contractors, distribu-



Franklin Flex Space



Clean Bay

tors, light manufacturing, etc.). Genta learned from past development projects that instead of raising equity up front and building the project, he could reduce the risk for outside investors by buying the land, partnering with a commercial builder/partner (A&H), lining up a local lender, and starting construction before raising funds. This also enabled MPG to lock in the project's construction costs. Sponsors and early investors contributed \$1.2 million in equity for the first two phases, and Genta is accepting opportunities for additional equity in the third phase.

Genta says the first facility was completed in early 2024, and all units are occupied (A&H retained two of the bays for themselves). The second facility is complete and nearly fully leased, with tenants set for November occupancy. Phase three broke ground in August. David Restic of PSN Realty, the exclusive leasing agent for the property, says he receives three calls a week on average for the spaces, primarily from contractors looking for warehouse space.

"The majority of the clientele that has been contacting me has been owners of
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Warehouse Flex

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businesses that are starting to grow, either operating out of their homes or from smaller locations and are looking to expand,” says Restic. “This property is a niche that really has not been filled yet,” He adds one of the selling points of the units is that they are far more energy efficient than other flex spaces in the region – typically sheet metal buildings – many of which were constructed 40 or 50 years ago.

Eric May, managing director at OneStop Computer and Audio Visual Rentals, is a tenant in the initial Building. He leased two units after operating from his home and augmenting his storage space with four units at CubeSmart. “I was trying to outgrow that space, and that’s when I started looking for something bigger,” says May. “I took two units, and now I’m in talks with them for their third building. I might upgrade to four or five units.”

Genta is pursuing other sites to replicate the success of 275 Washington St., but skyrocketing land prices have made it more difficult. Nonetheless, the model is working. “The tenants are all NNN, so they pay the expenses; I can collect the rents and pay the bills online, and A&H is on the property to do snow removal and the nuts and bolts of the operation,” says Genta, “so I’m looking at this as a kind of retirement plan.” ■



Interior Flex Space



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