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Industrial

NexGen Properties acquires 40,000-sf Racine Industrial Park

by Avalon Jacka

CENTENNIAL – A local family-owned real estate acquisition, development and investment firm acquired a four-unit industrial building off South Peoria Street.

NexGen Properties LLC bought Racine Industrial Park, situated on 6.16 acres at 6281 S. Racine St., in an all-cash transaction in September. **South Racine Ind Park One LLC** sold the property for \$8.5 million, according to SKLD Information Services.

“As our first flex industrial acquisition, Racine provides some needed diversification to our portfolio,” said NexGen President **Travis McNeil**. “We look forward to benefiting from the strong cash-flow generated by the product type, which is highly desirable in today’s marketplace. I see this as a legacy acquisition for our company.”

Built in 2019, the 40,000-square-foot flex industrial building features a secured, fenced yard and four units measuring approximately 10,000 sf. NexGen hired **Oak Creek Property Management** as property manager for the asset, which was previously



The 40,000-square-foot Racine Industrial Park, located at 6281 S. Racine St., includes four units and a secured, fenced yard.

self-managed.

“In today’s market, it’s really hard to get 10,000-sf units in a new construction property because of the cost of construction,” said NexGen Vice President **Matt Bernstein**. “Developers are being forced to build bigger and bigger buildings to make the economics work. Since this was one of the last buildings constructed pre-COVID, it has a unique offering. It’s on an island in terms of availability in the market in this size range. We felt like was unique about this property was that it had a very functional building with these 10,000-sf units that are hard to find and can command premium rental rates according-



Matt Bernstein

ly.”

Racine Industrial Park also includes excess land that could address underserved parking needs in the business park, according to Bernstein. NexGen was attracted to the property due to the combination of the building’s location, smaller unit sizes and excess land, Bernstein said.

Nick Jurgens of **Madison Commercial Properties LLC** represented NexGen in the off-market transaction, while Madison Commercial’s **Jessica Smith** represented the seller.

“Racine is well located in the



Nick Jurgens



Jessica Smith

high-demand area of southeast Denver, and the building features hard-to-find characteristics such as a secured, fenced yard and additional land to support the changing needs of tenants that will provide a hedge against any future changes in market,” Jurgens said.

NexGen purchased the property from the original developer, who built the building to serve as a home for his company, Emergency Power Services Company Inc. The seller plans to retire and vacate the property at the end of the year. NexGen aims to stabilize the asset with the lease-up of the seller’s unit and another vacant unit. **T.J. Smith** and **Nick Rice** of **Colliers** are the leasing agents for the property.

“Racine benefits from modern functionality and building attributes in the small-bay tenant

sizes,” Rice said. “This rare combination will represent a shrewd acquisition by NexGen Properties to meet the demand profile we have seen in the Southeast sub-market. As the flight to quality intensifies for 20-foot-plus clear [height], LED lighting, flexible loading, and high image construction, this asset will differentiate itself in its ability to attract a diverse roster of tenants.”

NexGen’s business strategy is to seek value creation opportunities in various asset types in commercial real estate.

“While this deal strays a little from our typical distressed value-add play, we think there is immense value add in providing a paved, secured, fenced overflow storage/parking option to tenants in the land constrained business park,” Bernstein said.

Headquartered in Greenwood Village, NexGen Properties focuses on the acquisition and repositioning of underperforming commercial real estate assets and debt instruments across all asset types. The firm’s current portfolio includes numerous investments along the Front Range, as well as two retail assets in Minnesota. NexGen’s most recent acquisition in Colorado was an office property at 384 Inverness Parkway in July 2023. ▲