

Rexford Plans \$239M Industrial Refinancing

By Bob Howard of GlobeSt.com

Wednesday, June 04, 2008 - LOS ANGELES-Rexford Industrial LLC, a specialist in industrial investing and repositioning, plans to refinance 32 properties totaling 2.4 million sf for \$239 million, or more, in permanent financing. Michael Frankel, Rexford's chief financial officer and a partner in the firm, says that the properties are in three portfolios in Southern California infill markets. The portfolios are known as Rexford Industrial Fund II LLC, Rexford Industrial Fund III LLC and Rexford Industrial Fund IV LLC .

The Rexford portfolios are composed principally of multi-tenant industrial properties with low vacancies and a diversity of tenants, according to the L.A.-based firm. The tenants represent a wide range of businesses, from distribution, warehousing and light manufacturing, to media, food service, technology and wholesale services, among others.

Frankel explains that despite relative turmoil in the debt markets, Rexford sees this as a good time to refinance the properties "and to capitalize upon relatively low underlying interest rates." He describes the portfolios as "well-seasoned and are generally ahead of our repositioning and lease-up plans, so we are taking the opportunity to re-finance them well in advance of their in-place loan expirations."

Frankel says that Rexford is confident that it can negotiate favorable terms for a number of reasons. First, the properties are pools of smaller, diversified and flexible multi-tenant properties, meaning that lenders can underwrite against strong near-term and long-term tenant demand.

In addition, Frankel observes, lenders appreciate the scarcity of such assets and realize that the properties hold the potential for "numerous favorable disposition or exit strategies, ranging from sales to owner-users, to exchange buyers or to individual or institutional investors."

Rexford has retained Matt Henry of Chatham Financial as the exclusive agent for the refinancing, with Frankel responsible for structuring and overseeing the deal. The Los Angeles-based firm owns more than five million sf of properties and says that it "is targeting substantial growth through further acquisitions of industrial property."

The refinancing plan comes on the heels of one of the company's most recent acquisitions, its \$6.15 million purchase of a 57,900-sf industrial building at 700 Allen Ave. in Glendale that offers a number of options for Rexford. The company could do well with the property by re-tenanting the existing improvements when the existing tenant's lease expires or it could create more parking to render the building suitable for use by a creative office or media tenant, says Rexford managing partner Howard Schwimmer.