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This firm is capitalizing on gold rush into industrial outdoor storage

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Courtesy of Dallas Business Journal

"As we constantly received tenant inquiries, we saw an opportunity to aggregate IOS properties and create value through acquisitions," said Ryan Battistoni (right), co-founder of Timber Hill.

There's one Dallas-Fort Worth's asset that continues to show resilience, in addition to growing demand, in a tighter market industrial market: industrial outdoor storage.

These facilities provide outside storage for construction equipment, pipes, trucks, trailers and other building equipment.

Timber Hill Group, a company whose founders come from the industrial private equity value-add space, recently broke ground on a 36.9-acre yard in Hutchins, about 13 miles south of downtown Dallas.

"We're in 2010 of IOS right now, and it's growing fast," said Ryan Battistoni, co-founder of Chicago-based Timber Hill. "As we constantly received tenant inquiries, we saw an opportunity to aggregate IOS properties and create value through acquisitions."

The team, which focuses on acquiring and developing properties in DFW, Chicago, South Florida, Jacksonville, and Atlanta, raised a \$60 million fully discretionary fund and deployed those funds over 12 months last year, totaling \$150 million of assets.

Demand for this space has increased dramatically, thanks in part to Amazon and changing consumer mindsets regarding expectations for the delivery of consumables.

Consumers now want their products delivered the same or the next day, putting infill logistics property in higher demand as companies need to move freight faster.

Timber Hill's Class A site in Hutchins will hold container storage and truck and trailer parking for tenants such as Amazon and Home Depot.

"This product type always serves as a very valued amenity to industrial growth. I'll give Hutchins a lot of credit. They've identified this problem and are willing to work on solutions that will benefit future economic growth and their citizenry to get these

trucks off the streets," said JD Salazar, owner of Champion Realty Advisors, which partnered with Timber Hill on this development.

Timber Hill secured an \$18 million construction loan from Simmons Bank's Nancy Pozo and Stephen Maurin to fund the project, putting down approximately 55% of the total cost.

ACRO Murray has been tapped as the general contractor for the speculative development. Steve Hancock of Hancock & Associates brokered this site and is marketing the project to potential leases of the site.

Despite the growing demand, institutions have been slow to invest in the IOS market.

"Institutions haven't liked it – not because they don't think it's a legitimate piece of real estate they want to own, but it's very hard to find hundreds of millions or billions of dollars worth of this type of product," said Battistoni.

"Current owners of this product are a lot of mom-and-pop owners who maybe don't know the value of what they own," he added.

Timber Hill continues investing in this niche and is doing individual syndications where possible.

The firm currently has 50 acres in the Alliance submarket where it is doing a build-to-suit motor freight terminal, in addition to another 44 acres under contract where it is considering a container yard.



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