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Minneapolis-based real estate investment group purchases nine Northeast Ohio industrial properties for \$43 million



Photo credit: STAN BULLARD

Parma Commerce Center in Parma is one of the best-known properties in a Northeast Ohio portfolio that was sold to Minneapolis-based Bynah Industrial Partners LLC.

By STAN BULLARD
1:39 pm, May 2, 2014

A Minneapolis-based real estate investment group is the new owner of nine industrial properties in Northeast Ohio in a \$43 million transaction for more than 767,000 square feet of space.

Jeff Josephs, managing principal of Bynah Industrial Partners LLC, said Friday, May 2, that his group had acquired the properties from Cleveland Industrial Portfolio LLC in a transaction that closed late Thursday.

The seller is a joint venture formed by Norfolk, Va.-based real estate investment firm Harbor Group International and Solon-based realty investor Reuven Dessler, best known as a founder of Mazel Stores Inc. Josephs purchased nine of the 10 properties that the joint venture bought from Streetsboro-based Geis Cos. in 2008 for \$51 million.

Joseph Barna, a principal at the Independence-based Cresco real estate brokerage, said he marketed the properties for the seller and confirmed the transaction had closed.

Bynah, which controls a portfolio of more than 4 million square feet, bought the properties in a joint venture with Alex. Brown Realty Inc., a Baltimore-based asset manager for institutional investors.

"This is our first foray into the Cleveland market," Josephs said. "We bought it because we saw an opportunity to buy Class A industrial properties at a return that was attractive to us. There is a scarcity of class A industrial property in Northeast Ohio. There is little exposure to any single tenant."

With an industrial focus and a base in Minneapolis, Josephs said he is used to buying the type of manufacturing-oriented industrial property prevalent in Northeast Ohio. Typically, industrial investors nationally prize bulk warehouse space, which is a small part of Northeast Ohio's industrial market.

"Look at this roster of companies: a lot are specialty manufacturers, and we don't believe specialty manufacturing will be outsourced," Josephs said. "A majority of the companies are also heavily invested in their space. That reduces risk."

Bynah primarily invests in the Midwest, but it has some properties in other parts of the country, Josephs said.

Best known of the properties are buildings in Parma Commerce Center in Parma. Other buildings are in Oakwood Village, Twinsburg and Valley View. The oldest building dates from 1998. The newest dates from 2007.

A building in Streetsboro that Cleveland Industrial had acquired from Geis was not marketed

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for sale with the rest of the portfolio, Barna said. The Streetsboro building is less attractive to an investor because it is more suited to a company for its own operations, Barna said. He is continuing to try to sell that property for Cleveland Industrial.

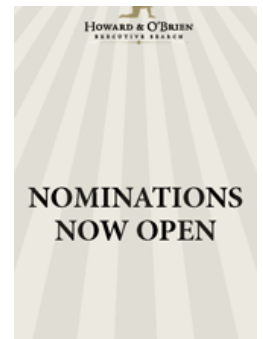
The properties Biynah purchased are 90% leased and have just three vacancies, all less than 25,000 square feet in size, Barna said.

Josephs said Barna and Cresco will lease and manage the Northeast Ohio properties for his company.

The sale is a sign of the industrial market's health, according to Terry Coyne, executive managing director of Newmark Grubb Knight Frank's Cleveland office.

"It's an indication of a strong investment market that has rebounded since the depths of the recession," Coyne said. "It's one of many examples of new sources of capital coming into a strong market."

Harbor Group spokesman Sid Bridge declined comment. Cuyahoga County computer records did not disclose a transaction by 12:30 p.m. on Friday.



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