



■ CASE STUDY

# Kimball Business Park

15640 Hellman Avenue | Chino, CA



## SHAW ASSET PROTECTION & LOGISTICS (SHAW APL)

*The Stream team secured a better option with improved terms, including free rent, significant building improvements, and phased occupancy for a larger space.*

### SITUATION

Shaw Asset Protection & Logistics (Shaw APL) is a third-party logistics provider that specializes in the storage and distribution of refrigeration equipment. The company occupied four facilities in the Midwest and was experiencing tremendous growth in the Southern California market. Its current facility in Chino was 42,000 SF, and the sublease expiration was on the horizon. To meet the demands of Shaw APL's current customers and allow ample room for future clients, they were interested in expanding their SoCal footprint. At the time Stream began evaluating operations, the West Inland Empire market had reached

### QUICK FACTS

- Industrial Property
- Tenant Representation
- Size: 94,057 SF
- Client: Shaw Asset Protection & Logistics (Shaw APL)
- Off-market expansion

#### Wes Hunnicutt

EXECUTIVE VICE PRESIDENT  
wes.hunnicutt@streamrealty.com

949.732.3767  
Lic. 01346131

#### Matt Moore

EXECUTIVE VICE PRESIDENT  
matt.moore@streamrealty.com

949.732.3766  
Lic. 01365424

PROVEN PERFORMANCE





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record high rental rates, and vacancies were at historic lows. This dynamic created reservations about executing a long-term lease commitment at the pinnacle of the market. Inventory for Class A space was extremely low, and multiple interested parties were pursuing numerous Class A facilities that were under construction or available for lease.

## STRATEGY

Stream and Shaw APL began the process of evaluating existing operations and the market approximately 12 months prior to sublease expiration. Initially, aggressively-priced sublease options were evaluated and compared against direct space. With 22 years' worth of expertise in evaluating operations, Wes & Matt identified efficiencies that could be realized by implementing a unique bulk material handling storage method. A majority of Shaw APL's product was oversized, making vertical storage methods challenging. Throughout this process, the Stream team reduced the footprint by 20% and maximized cubic capacity of 30+ ft. buildings. As Stream engaged the market, we witnessed a significant market shift where tenant activity diminished, and vacancies increased 200+ basis points. With market dynamics similar to those of 2011, we advised Shaw APL to wait as long as possible, anticipating that the market would continue to slide and economics would drastically improve.

## RESULTS

The decision to delay a new lease execution paid dividends. As the team was evaluating and negotiating on multiple options, an off-market option was uncovered within the same business park occupied by the client. The space was leased, but the current tenant was relocating at the end of their term. The new building offered 94,000 SF, 32 ft. ceilings, 12 dock high positions, a secure dual egress yard, and met the Class A standards of Shaw APL. Over the course of five months—which began as a landlord-dominated market and quickly turned into a tenant-favorable environment—the base rent economics improved by 30% from the initial proposal exchange. The Stream team successfully negotiated several months of free rent for the tenant, and the landlord contributed to significant building improvements. Since this was a much larger facility, a “phased” occupancy take-down of the premises was negotiated, where APL Shaw could pay rent on 60,000 SF for the initial year while utilizing the entire building.

**Wes Hunnicutt**  
EXECUTIVE VICE PRESIDENT  
wes.hunnicutt@streamrealty.com  
949.732.3767  
Lic. 01346131

**Matt Moore**  
EXECUTIVE VICE PRESIDENT  
matt.moore@streamrealty.com  
949.732.3766  
Lic. 01365424