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MDH Wraps Debut Industrial Fund

Industrial specialist **MDH Partners** has raised \$350 million of equity for its debut fund.

The Atlanta shop wrapped up its marketing campaign last month, exceeding its \$300 million goal. The vehicle, MDH Fund 1, has roughly \$1 billion of buying power, including leverage.

The fund will invest in value-added "last mile" properties and build traditional single- and multi-tenant warehouses. The sponsor has historically been active across the Southeast, but is also expanding its footprint in Mid-Atlantic states and Texas.

MDH will typically invest up to \$70 million in single properties and \$200 million in portfolios. It may take on joint-venture partners for relatively large transactions. The fund has already acquired two small buildings in the Louisville, Ky., and Memphis markets, and has an active development pipeline.

MDH solicited capital from university endowments and private foundations, without using a placement agent.

The shop was founded in 2005 by chief executive **Jeff Small**, who sold his previous company, **M.D. Hodges**, to **Blackstone** in 1999. MDH cashed out of its holdings in 2008, before the worst of the crash, and sat on the sidelines for a few years before becoming active again.

Last year, MDH cashed out for a second time. The firm and **Harvard University's** endowment sold a 14 million-square-foot industrial portfolio to Blackstone for \$951.6 million. The sale represented all of MDH's holdings at the time. Now the company is ready to start investing again.

Managing director **Joe DeHaven** heads acquisitions, and chief financial officer **Mike Herman** oversees investor relations and lender relationships. ♦

Suburban Seattle Apartments on Block

Fund shop **Kennedy Wilson** is marketing a suburban Seattle apartment property with the potential for rent growth.

The 383-unit Tivalli, in Lynnwood, Wash., is being pitched to core-plus buyers. Market pros said it could be worth \$310,000 to \$320,000 per unit, or up to \$123 million. **JLL** has the listing.

The complex, at 15631 Ash Way, was built in 2014. It encompasses five mid-rise residential buildings and a clubhouse. Beverly Hills-based Kennedy Wilson acquired it in 2016 for \$94.3 million, or \$246,000/unit, via its Kennedy Wilson Real Estate Fund 5.

Recent upgrades to kitchens and bathrooms in nine units paved the way for rent increases. The marketing pitch is that a buyer could continue the renovation program and raise rents by an average of \$158, while still undercutting comparable properties in Seattle and Bellevue.

Asking rents start at around \$1,755 for one-bedroom units and range up to \$4,185 for three bedrooms. The units average 870 square feet and have vaulted ceilings, large patios and washer/dryers. Amenities include a pool, a fitness center, sports courts, playgrounds, pet parks and 497 parking spaces.

The property is within 20 miles of the downtown areas of Seattle, Bellevue, Everett, and Redmond. ♦