

Deep Dive with Austin White: Navigating Industrial Real Estate: Insights & Strategies for Small- and Shallow-Bay Assets



The Rectangle Team sat down with its newest team member, Austin White (Vice President – Investments), to discuss his experience in industrial real estate. We delved into market trends, investment strategies, and the strength of small- and shallow-bay assets amid the rise of e-commerce and need for last-mile logistics. Join us as we discuss emerging opportunities, essential market coverage, and practical insights on acquisitions and asset management.

Q: Can you share a bit about your background and how you started in the real estate industry?

A: I've always had an interest in real estate investing, although I didn't initially have a background in it. After starting my career in software sales in San Francisco, I decided I wanted to make a career change and switched into commercial real estate, but on the brokerage side of the business. I leveraged my sales experience to break into the industry and targeted HFF (now JLL) due to their stellar reputation. After some time, I landed a position as an analyst on their office investment sales team.

A key opportunity later came when a friend who was working at Terreno Realty—an industrial REIT in San Francisco—introduced me to the company and encouraged me to join. I was impressed by their track record and vision, and I knew it was the right long-term career move. After Terreno, I joined Rectangle, drawn to their vision and the chance to collaborate with a small, agile team with ambitious goals.

Q: What led you to specialize in the industrial real estate sector, and what drew you to the asset class?

A: After gaining experience in brokerage, I shifted my focus to working on the principal side. While my primary work was in office investment sales, I also had the opportunity to handle some industrial and retail

projects. This exposure highlighted the differences between asset types: office investments demanded a significant amount of recurring capital for equal or lower returns with higher risk, whereas industrial investments were much simpler in terms of capital requirements and lease structures.

Those differences between asset types really stood out to me, and my interest in industrial grew. This interest was further fueled by the clear trend of e-commerce expansion. It became evident industrial real estate had strong fundamentals and significant growth potential, making it an even more attractive asset class.

Q: Can you tell us about your experience with small- and shallow-bay industrial assets?

A: I find small- and shallow-bay industrial assets to be a dynamic and rewarding area within industrial real estate. At my previous company, the portfolio largely consisted of this product type, and my role involved both acquiring new assets and managing a portfolio of around 30 properties. It's a dynamic asset class within industrial encompassing the entire spectrum of industrial tenants. Interacting with tenants of various sizes across multiple industries helps shape your understanding of the industrial sector of real estate and deepens your understanding for why location matters and what the demand drivers are in specific submarkets.

Q: In your previous roles, you covered both acquisitions and asset management. Why is it important to wear both hats, and what value does that add?

A: Having a dual focus can enhance an overall understanding of investments. It makes you a better, more well-rounded investor and allows you to meet all players involved in all aspects of the business.

Managing properties helps you understand how industrial assets operate, the cost and time associated with capital projects, the amount of work involved with re-tenanting a space, and why tenants need a specific location to operate their business. All of this reinforces your ability to accurately underwrite a property and provide useful insight across an asset's full lifecycle.

Q: Which cities do you see as having strong growth potential in the small- and shallow-bay industrial sector?

A: I think our team here at Rectangle has done a good job narrowing down our target markets to really focus on the ones with great fundamentals positioned to grow in the space.

While I covered coastal industrial markets in my previous roles, my focus here will be on Denver, Salt Lake City, and Dallas. We want to be in markets where people want to live and work, employers want to be headquartered, and industrial supply/demand dynamics favor owners - these markets check all those boxes.

Q: What are the most important priorities as a buyer to ensure success in a given market?

A: In order to succeed, a buyer must be aggressive, decisive, and responsive when acquiring properties. This approach involves building strong relationships with everyone in our markets and maintaining an aggressive mindset when looking at new acquisitions.

I'd also say it's important to be extremely thorough and focus on the details, be decisive, quick, and responsive, and be nice. People like to do business with people they enjoy being around.

Q: What makes you optimistic about small- and shallow-bay industrial assets in the current market environment?

A: Small- and shallow-bay assets are a resilient product

type as they are insulated from oversupply issues due to their high cost to build. They also continue to draw strong tenant demand on a relative basis. By purchasing these assets below their replacement cost we can limit competition and possess an attractive cost basis.

Q: How do you see this asset class evolving in the next few years?

A: I believe demand for last-mile delivery locations driven by e-commerce will persist, pushing companies toward smaller, more centrally located facilities to meet consumer expectations for fast delivery. I also believe there will likely be increased demand for facilities with ample power as warehouse and distribution optimization progresses.

Q: Are there any emerging trends in industrial real estate that could positively impact small- and shallow-bay assets?

A: High construction costs and elevated interest rates are limiting new development, which bodes well for existing small- and shallow-bay assets. It remains to be seen how long these trends will persist, but it is positive in the near- to medium-term.

Q: How do you envision your role at Rectangle contributing to the firm's growth in the small- and shallow-bay industrial sector?

A: My role will involve expanding our portfolio by acquiring new properties and increasing brand visibility in our target markets. Rectangle aims to be recognized not just as a real estate investor, but as a firm with integrated industrial development, property management, and construction capabilities.

Q: What unique opportunities or challenges do you see ahead for Rectangle in this space?

A: Given our structure, we can be extremely nimble. I think we have built a fantastic team and infrastructure to enable us to grow quickly and take advantage of opportunities ahead of our competition.

Q: Putting work aside, what do you enjoy doing on the weekends?

A: Outside of work, I enjoy staying active, getting outside, and enjoying time with friends and family.