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Diversifying Locations is Harder Than Diversifying Sectors

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LAGUNA HILLS, CA—When branching out, setting up boots on the ground is a greater challenge than investing in different property types, **Heslin Holdings**' VP of acquisitions **Casey McKeon** tells GlobeSt.com. The firm recently announced a series of recent transactions including the **acquisition** of a **retail** center in Tigard, OR; the **acquisition** of a **multi-tenant industrial** property in Fontana, CA; the **redevelopment** of a retail **shopping center** in Albuquerque, NM; the acquisition of a 434-unit **apartment** complex in Denver; and the **lease-up** of **West Central Plaza** in Albuquerque. In addition, Heslin announced plans to invest up to $150 million in new acquisitions in all sectors during 2016. We spoke exclusively with McKeon about the challenges of investing in so many different property sectors and the thought process behind its **investment** strategy.

GlobeSt.com: Your firm is involved in a variety of property sectors. Why does this strategy work for you?

McKeon: We're just trying to diversify. We definitely started out primarily as retail **developers**/investors, and it's still our primary core business. But now we're applying the same business plan of buying a C asset in a B market and applying **capital** to improve it. We had success at this at the retail level and then dabbled in **multifamily** and found we had the same success achieving market rents after renovating units. The same held true in industrial, and when we found the Fontana property, it met our criteria so we played off of our experience. **Office** is probably the least favorable asset class we look at because it's a little more volatile and there's so much turnover with tenants. A lot of people are successful with quick turnaround in office, but we think there's too much volatility there, particularly with incubator space, so we steer clear of that asset class.

GlobeSt.com: What are the challenges to remaining a strong owner and operator of such a variety of property types?

McKeon: The main challenge is more one of location. We're based in Southern California, and we spend a lot of time going out of state and getting boots on the ground in the different markets. We leverage local consultants, brokerage teams and property managers, making sure we have local representation of the property in that market that can address emergencies and day-to-day issues. But, as far as asset classes, retail is a little more stabilized, with longer leases; industrial is shorter term and has more turnover; and then multifamily you get used to after that machine is in place.

GlobeSt.com: Which property sectors do you see your firm evolving into over time?

McKeon: We're open to anything, but for now we're focusing on retail, followed by equal shares of multifamily and industrial. **Hospitality** is very opportunistic, so it's a matter of whatever we can execute with our business plan.

GlobeSt.com: What else should our readers know about your 2016 investment strategy?

McKeon: We have that goal of placing about $150 million this year, and we're looking to expand our pool of **family-office** and **high-net-worth investors** who are looking for opportunities to invest that capital in strong markets. We're very opportunistic, looking for value-add in those sectors in strong markets throughout the country.
