SpanVor

A SPANVOR POINT OF VIEW

SMALL-BAY IS NOT MINIATURE BIG-BOX

Why the segment needs its own operating system

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The spreadsheet sees a 75,000-square-foot industrial building.

The operator sees thirty suites, thirty front doors, thirty parking patterns, thirty power questions and thirty businesses sharing one site.

That is the difference.

Small-bay industrial is still routinely evaluated with tools built for bulk warehouses, apartment communities and office buildings. Those tools are not wrong. They were designed to answer different questions.

A distribution warehouse can often be understood through building-wide facts: clear height, dock count, trailer storage, column spacing, highway access and the credit and lease of one or a few tenants. An apartment community is built around repeatable residential units. An office building is usually discussed through finish, density, amenities and the quality of its common areas.

Small-bay properties do not behave like smaller versions of any of them.

They are collections of operating spaces used by contractors, fabricators, service businesses, makers, distributors, gyms, auto specialists, churches, recreation users and dozens of other local businesses. What happens at one bay can affect the parking, loading, noise, access and risk of every bay around it.

The building matters. But the building is only the container.

> THE THESIS: Small-bay is not a miniature warehouse. It is a local business ecosystem, and it should be evaluated as one.

Building averages hide suite reality

The suite is the actual unit of usefulness

A building can have an impressive clear height and still contain a suite where ductwork, lights or a mezzanine reduce the usable height. It can have ample electrical service while the available bay has a small panel. It can have twenty loading doors while the suite being leased has none that a truck can reach.

Building-wide specifications are useful orientation. They are not a substitute for understanding each suite.

For every bay, ask:

- How large is it, and how much is office?
- Which loading door belongs to it, and can that door actually be used?
- What is the controlling clear height inside the suite?
- What power, gas, HVAC, plumbing and ventilation serve it?
- Can it combine with the neighboring bay or divide cleanly later?
- Does its frontage help a customer find it?
- What would the next likely tenant have to change before opening?

Averages become dangerous when the units are not interchangeable

An apartment building may contain standardized floor plans. Small-bay suites that look identical on a rent roll can have very different functional value. One has a drive-in door and three-phase power. Another has heavy office and no practical loading. A third has the best frontage but shares its parking with a customer-intensive use next door.

If the suites are not interchangeable, an average rent, average size or average occupancy figure can hide more than it explains.

> BETTER QUESTION: Not “What does the building have?” but “Which suites have it, which tenants need it and what must be verified?”

Thirty tenants are not one tenant divided by thirty

The rent roll is an operating map

In a large warehouse, tenant analysis may center on a small number of leases, credit profiles and rollover dates. In small-bay, the rent roll also describes how the property functions hour by hour.

A plumbing contractor may dispatch a fleet before sunrise. A gymnastics facility may fill the parking lot after school. A custom-car shop may need ventilation, power and outdoor staging. A cabinet maker may receive bulky deliveries. A church may create a weekend peak that barely appears during a weekday tour.

Those businesses can all be good occupants. They are simply not operationally interchangeable.

Tenant mix is physical, not just financial

The traditional rent roll tells you rent, term, escalations and deposits. A small-bay operating map should also tell you:

- What the tenant actually does inside and outside the suite
- When employees, customers, fleets and deliveries arrive
- Which parking spaces, doors and yard areas the business depends on
- Whether noise, odor, dust, waste or outdoor storage affects its neighbors
- Whether the use appears compatible with the lease, zoning and life-safety requirements
- Which improvements belong to the building and which were built by a tenant

This is not about excluding interesting users. Quite the opposite. A varied tenant base is one of small-bay's great strengths. The goal is to understand the activity well enough to manage the mix intentionally.

> THE PRACTICAL POINT: Underwrite the businesses as occupants, not merely as names beside monthly rent.

Parking, yards and access are shared systems

A parking ratio does not show the parking problem

Two properties can report the same number of spaces and operate very differently. Striping does not tell you whether work vans remain overnight, trailers occupy corners, customers arrive in waves or delivery trucks borrow the fire lane.

Parking should be mapped by user and time, not just counted.

The same is true of yards. Open ground is not automatically a functional yard. Useful yard space needs the right surface, access, gates, drainage, security and legal permission. It also needs to work without trapping another tenant's truck or consuming the circulation the property depends on.

Local access can matter more than regional access

Proximity to an interstate is helpful. It does not tell a plumber whether a truck can turn into the property, a customer whether the address is visible or a delivery driver whether a median forces a two-mile detour.

Small-bay users live in the local road network:

- Curb cuts and turning movements
- Medians, grades and rail crossings
- School, retail and neighborhood traffic
- Gate stacking and internal circulation
- The path from entrance to loading door and back out again

These details look small on a regional map. They are experienced every day by the tenants who pay the rent.

> A SITE IS A SYSTEM: Parking, loading, yards and access cannot be underwritten independently when every tenant shares them.

Power, permission and management live at the bay level

Capability is not evenly distributed

The building may have three-phase power. Does the suite? The property may have gas. Is it connected to the bay that needs it? A roof plan may show HVAC units. Which tenant do they serve, who maintains them and can the next use rely on them?

In small-bay, infrastructure often accumulates one tenant improvement at a time. Panels, meters, compressed-air lines, exhaust, plumbing, mezzanines and office buildouts may reflect years of practical adaptation. That history can create useful capability, hidden cost or both.

Existing use is not the same as permitted use

A business operating today is evidence of activity, not proof that every part of the activity is approved. Zoning labels alone rarely answer the full question. Certificates of occupancy, permits, fire requirements, outdoor storage rules, private restrictions and lease provisions can all matter.

The right response is not to assume the worst. It is to separate what is known:

- Confirmed: supported by the appropriate document or professional review
- Observed: visible at the property but not yet documented
- Unverified: reported, inferred or still unanswered

Management creates value in the spaces between the leases

Shared parking rules, signage, yard boundaries, maintenance response, tenant communication and consistent enforcement determine whether thirty independent businesses behave like a durable property or a daily negotiation.

Small-bay management is not simply collecting smaller checks. It is operating a shared platform for local businesses.

A different asset deserves a different system

Small-bay can be evaluated clearly. It simply needs the right hierarchy.

1. Building

Structure, roof, fire protection, utilities, drainage and the systems shared across the property.

2. Suite

Size, office, loading, clear height, power, HVAC, plumbing, frontage and the ability to combine or divide.

3. Tenant activity

What the business receives, stores, builds, repairs, sells and sends back out; its employees, customers, fleets, deliveries and operating hours.

4. Site

Parking by user and time, truck paths, loading conflicts, yard utility, security, drainage and circulation.

5. Permission

Lease rights, zoning, permits, occupancy, life safety, outdoor storage and the difference between observed activity and verified approval.

6. Local market

The businesses the property can realistically serve, nearby alternatives, local road access and the friction tenants experience every day.

This is not a request for a more complicated model. It is a request for a more accurate one.

Use building totals to understand the shell. Use suite, tenant, site, use and local-market facts to understand the investment.

> SMALL-BAY IS NOT MINIATURE BIG-BOX INDUSTRIAL. Underwrite the operating system, not just the container.