

Developers fill for central Ohio's need for warehouse space

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This might go down as the year of the warehouse, as 10 projects totaling 5.5 million square feet recently have been or soon will be completed.

"We're seeing historically low vacancy rates" for warehouses and distribution centers, said Rick Trott, a vice president with the Columbus office of commercial real-estate broker CBRE.

"This spurred a lot of developers to think about spec buildings, which we haven't seen since 2007," he said of an overall vacancy rate of 5.2 percent and a minuscule 2.2 percent vacancy rate for Class A warehouse space.

A spec — or speculative — project is one built without a specific tenant in mind. A build-to-suit project has less risk, as the developer lines up a tenant before construction begins.

Prologis recently completed a 410,000-square-foot spec project in southwestern Licking County's Etna Township, and Opus Development is nearing completion of a 484,000-square-foot center in Groveport.

Two other spec centers near Rickenbacker Airport are scheduled to be completed in December: the 717,000-square-foot VanTrust project and the 651,000-square-foot Pizzuti Creekside IX.

"By the end of the year, at least two of these will have some tenants," Trott said.

At least six build-to-suit warehouses are under construction, including a 304,000-square-foot center for auto-parts manufacturer American Showa at Rickenbacker.

"The area's centralized geography and interstate access is driving this," Trott said.

Another key factor, he said, is Rickenbacker's Norfolk Southern intermodal terminal that can handle double-stacked railroad containers.

"American Showa is a Honda supplier, and they need to be near the plant," he said of the automaker's Marysville site. But American Showa also receives "a large number of shipping containers from overseas that come in through the Rickenbacker intermodal."

The term *intermodal* refers to the multiple methods of transportation that can carry materials to the terminal. The Rickenbacker intermodal terminal opened in 2008.

"We expected to see a lot of companies like American Showa locating here, ones that receive a lot of international (shipping) containers," Trott said. "But the recession delayed it, and now we're finally starting to see it."

He believes new warehouse projects will be announced in 2015.

"Even with all the new additions, we calculate the vacancy rate will be about 8 percent," Trott

said. "We expect a few new projects next year, a spec build or two and some build-to-suits."

Whitehall project

Demolition of the former Oasis Corp. plant in Whitehall has begun, in preparation for the construction of a major addition to Whitehall's Airport South Commerce & Tech Park near Port Columbus.

Crews from Loewendick Demolition Contractors are expected to have the former water-cooler plant down in early December. The plant has been closed since 2006.

The Mark F. Taggart Co. then is to build a 140,000-square-foot manufacturing and distribution center that's expected to be completed in August 2015. The second phase is to include either an office campus with a 100,000-square-foot building or a 250,000-square-foot warehouse/distribution center.

Office space

The vacancy rate for central Ohio's offices also is declining, although not quite as dramatically as the rate for industrial space.

"It's the same old good news," said Mike Simpson, president of NAI Ohio Equities, regarding his company's third-quarter report. "It's slow and steady improvement in Columbus as we add to the population base and jobs."

The vacancy rate for offices in the quarter was 13.7 percent, down from 17 percent a year earlier.

There has been little office construction in recent years, but that could soon change.

"I think we'll hear about a few new office projects in the coming months," Simpson said.

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