

BTS users find deals

Lower land prices, construction costs prompt some BTS buyers to act.



By Paula Widholm

Nearly all of the build-to-suit industrial deals announced in the first quarter of 2010 were sale transactions. However, CenterPoint Properties announced signing a build-to-suit lease for a 217,712-square-foot building on a 16.48-acre site in Joliet with Stepan Co., a manufacturer of chemicals for consumer and industrial products. Also, USAA reportedly will be developing a large warehouse for Clorox Co. in south suburban University Park.

But typically, with such an abundance of spec industrial space available, users looking to lease rarely don't need to do a BTS. Instead they often look to retrofit existing space. In addition, tighter credit markets make it tougher for developers to make the financial commitment for BTS for lease structures, according to George Cutro, vice president of market research for Colliers Bennett & Kahnweiler.

Perhaps the highest-profile BTS sale was to Testa

Produce Inc. The company will build its 91,000-square-foot headquarters/distribution facility at 4500 S. Halsted St., Chicago, in the Stockyards Industrial Park. It will include 18,000 square feet of office space. The firm is relocating from 1501 S. Blue Island. Summit Design + Build LLC is the contractor for the project. Designed to be LEED Platinum, sustainable features include a 167-foot-tall wind turbine that will provide power to the facility, and a variety of landscape, solar and water conservation features.

Another large BTS was the purchase of 165 W. Lake St. in Northlake site by Go To Logistics for nearly \$3.1 million. The family owned firm plans to raze an existing building there and build a 100,000-square-foot facility, which is nearly triple the leased space that the firm will be exiting at 2001 Cornell Ave. in Melrose Park.

Land values fell about 60-70 percent in the past 18

BTS to page 16

BTS from page 1

months in the O'Hare market. Go To Logistics bought their site at \$5.80 per square foot, according to Brian Carroll, a senior vice president with Grubb & Ellis Co. and the buyer's broker in the sales transaction that closed Jan. 15.

In addition to the benefit of lower land prices, construction prices are also lower as more firms compete to build these facilities because of the slowdown in that industry.

BTS users often must spend a lot of money on interior processes, and if they're going to make that kind of investment they usually want to own the building. "When times are tough, BTS sales are the only prominent type of construction we have," Cutro said.

Another major BTS underway is an 84,000-square-foot addition for Kerry Ingredients & Flavours in Melrose Park. The addition will expand Kerry's existing 113,000-square-foot manufacturing facility at 3141 W. North Ave. to approximately 197,000 square feet.

Meridian Design Build will complete the redevelopment project on a design/build basis including demolition of an outdated 130,000-square-foot two-story structure.

ESI is also building a 46,968-square-foot building in the Meridian Business Campus in Aurora. It will include 24,875 square feet of office space. REM Builders is constructing the facility. Traci Buckingham of CB Richard Ellis represented ESI in the transaction.

Gordon Food Service began shipping products to customers in Greater Illinois and Wisconsin on March 15 from its new 450,000-square-foot distribution center in Kenosha, Wis., at County Highway North and 88th Avenue. This \$50 million BTS sale was signed in June 2008.