

REAL ESTATE INC.

Prospect of big leases drives construction

Oct 31, 2014



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Reporter-
Baltimore Business Journal

Speculative construction in Greater Baltimore since the recession has been rare, except when it comes to industrial real estate.

Ryan Commercial LLC showed developers it could be done, having leased a 692,000-square-foot warehouse to logistics firm Kenco Corp. in 2012 before the Perryman warehouse was complete. That building was followed by a 650,000-square-foot spec warehouse leased to French cosmetics manufacturer Sephora that opened in September. Liberty Property Trust this year completed a pair of Hanover warehouses spanning 243,500 square feet. Liberty recently signed an undisclosed logistics firm to one of the buildings, bringing the pair to 65 percent leased.

Of the 1.9 million square feet of industrial space now under development in the region, 66 percent of it is speculative, according to JLL. And most of it is being built by Chesapeake Real Estate Group LLC.

In October, Chesapeake Principal Jim Lighthizer pulled the trigger on a 100,685-square-foot building in White Marsh, and he has plans to build another 435,000-square-foot building nearby. Both are located in the Crossroads @95 business park.

Lighthizer this year also completed warehouses for Feld Entertainment in Howard County and liquor distributor Reliable Churchill near the new speculative warehouses in Baltimore County.

At the 100,000-square-foot property under construction, Lighthizer has inked a deal with one tenant, Carpet Consultants, taking about 20 percent the property. But he's confident the remainder will lease up quickly.

"All of the big retailers keep surfacing, and if you talk to the brokers, the biggest retailers have either done big build-to-suits or are constantly looking for facilities," Lighthizer said. "Market activity leads us to believe that we're going to be really successful with them."

While some of the big leases in the last year — such as Amazon.com Inc. and Clorox Co.'s new 1 million-square-foot warehouse in Harford County — have been the result of companies having a long-term plan for new space, there are other examples of warehouses snapped up by companies that don't have much time to spend scouting for real estate.

"Sephora, Kenco — all of those deals — what they had in common was an immediate need and an expansion need, and they were guys who couldn't wait around for build-to-suits," said Matt Laraway, a principal at Chesapeake.



Jim Lighthizer, left, and Matt Laraway of Chesapeake Real Estate Group are developing more than 500,000 square feet of space at Crossroads @95.