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Desire among Industrial Space Users to Move Closer to Urban Markets is Reshaping Industry, Explains Jim Lighthizer at Bisnow Conference

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“Times are changing as it relates to the locational requirements of industrial real estate users,” explained Jim Lighthizer, Principal, Managing Partner for Chesapeake Real Estate Group while addressing more than 250 real estate professionals at the recent Baltimore-Washington Industrial and Logistics seminar, sponsored by Bisnow. “Because of the demand and desire to move as close as possible to urban markets, some end-users are relaxing certain ‘must-haves’ including the length of the truck courts, ceiling heights, and parking requirements.” Lighthizer said. He also explained that this is translating to higher rental rates in some instances. “The barrier to entry for large industrial sites is increasing, which makes it even more critical for developers to pinpoint where supply and demand best meet. Because build-to-suit options are few and difficult to win, savvy developers are constructing speculative buildings so they can respond quickly to new requirements. We finished in second place, ten different times, for build-to-suit opportunities. Better to build ahead of the demand and react quickly. E-commerce requirements are accounting for many of the current opportunities, Lighthizer added, with some estimates suggesting this use accounts for up to 30% of all demand. “This is a highly-specialized use,” he said. “A building may get rejected because it has 36 foot ceiling heights, and the end-user needs 40 foot heights.”

The redevelopment or repositioning of outdated industrial assets is helping satisfy the current demand, explained Tim Madden, Principal of Morris & Ritchie Associates. “Redevelopment projects typically receive regulatory breaks and local municipalities work extra hard to make sure a project comes to fruition,” he said. “They have extra incentive to make the project work and help fill an empty building. The industry is also doing a much better job of figuring out how to fix contaminated sites including the stabilization of the ground. Re-development brings its own set of challenges but is a necessity due to the scarcity of land.”



Owen Rouse, Manekin; Michael Elardo, Cushman & Wakefield; Tim Madden, Morris & Ritchie Associates; Reid Townsend, MRP Industrial and Jim Lighthizer, Chesapeake Real Estate Group.