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Construction set for massive warehouse at former Sun Products site

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Workers are preparing to launch construction of a 413,000-square-foot commercial warehouse on Holabird Avenue near the massive Amazon.com Inc. distribution center as the buzz of activity on the city's southeastern rim near Interstate 95 continues.

The facility is part of the budding Port 95 Industrial Park where close to 1 million square feet of new commercial and warehouse space is coming online beginning this quarter, said Matthew Laraway, principal at Chesapeake Real Estate Group, developer of the project.

The construction at the former Sun Products manufacturing center will officially start late this year when CREG is scheduled to settle on the sale of a renovated 500 square foot warehouse there to investors. He declined to name the buyer or the sales price.

"They are talking to some folks about leasing," Laraway said, of potential tenants.

Meanwhile, the area continues to get its close up as a new urban industrial hub. Not that long ago, it was dormant as a former General Motors plant there rendered the strip inactive.

But no more.

"There is a lot of business," Laraway said, of the rebirth of industrial activity at the Port 95 park and other industrial corridors in the state as far north as Cecil County. "We are seeing a good influx of traditional commerce users and a lot of third party logistic providers are coming into the market. They work for smaller retailers."

To Laraway, the growth in industrial demand is part of the e-commerce revolution going on in retail. It also reflects a lack of available space to develop large and even mid-sized industrial sites for commercial use in the mid-Atlantic.



The grading and pad site are being set now for construction of a 413,100-square-foot industrial warehouse at Port 95 Industrial Park on Holabird Ave to begin early next year.

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"I think there's no space," he said. "When you look at stuff from the Port of Baltimore north all the way to Harford County, it's gone. Square footage demand is gobbling up space."

To developers like CREG, it often feels like they can't develop the new commercial space fast enough.

"It's all about speed...I met with a prospect recently and they had a pretty tight time frame," Laraway said. "If you're not under construction or already building, you really could miss out."

That sentiment is echoed by James V. Caronna, a principal in the Towson office of NAI KLN B who specializes in office and commercial leasing.

"I think we all are seeing the sudden emergence of big deals," Caronna said. "And they are happening in places that we haven't necessarily been used to seeing them like Cecil and Harford County."

Those two suburban areas "have not had the velocity for deals that the Baltimore-Washington corridor have had," Caronna said. Many of the spaces online or in planning could hold up to 700,000 square feet.

"Suddenly, Cecil has become very busy and why is that? Land is relatively inexpensive and it's available," he said. "If you are in the Philadelphia and New York marketplaces, certainly it's a great location to be in without paying New Jersey or New York (leasing) prices. And it's on the side of the Baltimore-Washington corridor where you don't have to go thru the tunnel."

Caronna said that e-commerce is having a big effect on the local industrial leasing market.

"There is no question. Amazon is the biggest, and also Wal-Mart and Home Depot are setting up distribution points. This is the fourth largest market in the U.S. and we're seeing the effects of this in all sides of Baltimore."

He cited the 800 square-foot distribution center soon to open in Cecil County's Principio Business Park by German grocer Lidl. Nearby, a 1.15 million square foot distribution center is under construction by Trammell Crow Co. and Diamond Realty Investments Inc.

South of Baltimore, a former Giant Food warehouse site in Jessup is under conversion to a 1-million-square-foot industrial complex by new owners Manekin LLC and AEW Capital Management. They bought the site in May 2015 for \$45.25 million and rebranded the 60-acre park as the Baltimore Washington Logistics Center.

In April 2015, CREG bought the property off Holabird Avenue — a total of 47 acres — for \$20.5 million to construct the Port 95 Industrial Park. That was one of the last remaining large parcels of industrial land in the city, Laraway said.

The proximity to the Amazon distribution center was a definite plus in the Sun Products transaction, he added. The online retail giant, he said, is scouting out several other locations in the area to expand its distribution center.

"We have a building permit in hand," Laraway said, of the new construction planned for the Sun Products site that will be complete in mid to late 2017. "It could be a grocer or another traditional fulfillment center."

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