

REAL ESTATE INC.

Building spec is a science – here’s the formula for it

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As long as you know what you’re looking for, finding new warehouse space for your company shouldn’t be too difficult. But before the leasing process ever begins, how do developers build flexible industrial space that a company will one day want to fill?

There’s a lot to consider when building warehouses on spec, but there are standards that help, said Matthew Laraway, partner at Chesapeake Real Estate Group. CREG is a development, management and brokerage company based out of Hanover that specializes in industrial real estate.

The firm currently has several major projects in the works, including over one million square feet of warehouse space at the Port 95 Industrial Park.

Two of the three buildings on the site are being built from scratch, and Laraway expects the shells of the 140,400-square-foot and 413,100-square-foot warehouses to be completed by November. The big-box structures are being built to spec, without a predetermined tenant.

It’s a little risky, betting millions of dollars on a site that doesn’t have a company lined up to move in, but Laraway isn’t worried. The Port 95 Park has immediate access to both Interstate 95 and the harbor.

“Location and road infrastructure is absolutely imperative when considering a site,” he said. “If employees and product can’t quickly and easily get in and out of the building, there will be no tenant demand.”



The Port 95 Industrial Park where Chesapeake Real Estate Group is developing to new buildings on spec.

CHESAPEAKE REAL ESTATE GROUP

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Parking must also be considered when building spec. A warehouse used for e-commerce requires significantly more room for employee parking than warehousing. Laraway said there must be enough space to accommodate a large e-commerce workforce, without wasting valuable storage space for warehousing, trucks and trailers.

While build-to-suit structures are preferred, Laraway said, spec is quickly rising in popularity due to the speed that companies can get into the space.

“We are seeing tenants who have needs that have to be met faster than you can design and permit something,” Laraway said.

Building from scratch requires more time, and not every company wants to commit to a space for that long.