



TRIAD
COMMERCIAL
PROPERTIES

R E L A T E D N E W S A R T I C L E

DISTRIBUTION WILL CONTINUE TO DRIVE TRIAD REAL ESTATE MARKET

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Distribution and advanced manufacturing will continue to drive the Triad commercial real estate market, and developers and brokers should prepare for larger deals -- up to 800,000 square feet -- in the future.

That was the message from panelists at the 2005 Triad Commercial Real Estate Market Forecast, held Wednesday at the Greensboro Downtown Marriott.

Tom Townes, a principal with Triad Commercial Properties, said that though it's tough to track he believes only 8 percent to 10 percent of what he calls "modern, relevant" industrial space sits vacant now.

He said he's most confident about growth in large deals, including those related to what he called "high-velocity distribution centers."

"What we're seeing is bigger and bigger buildings in (FedEx) hub cities" like Indianapolis and Louisville, he said. More deals in the Triad are starting to be around 400,000 square feet for industrial and distribution space as companies gear up for FedEx's arrival in June 2009.

"If you don't build it, someone else is going to," he said, pointing to the recent announcement by Johnson Development Associates Inc. of South Carolina that it would build two speculative warehouses at Union Cross Business Park in Winston-Salem totaling over 500,000 square feet of space.

Don Kirkman, president of the Piedmont Triad Partnership, echoed Townes' statements, saying that his organization is seeing the most activity from advanced manufacturing, manufacturing and distribution clients. The Partnership has also seen an increased interest in the region from national real estate developers since the announcement that Dell would build a facility in the Triad.

"To maximize the opportunities that will follow (Dell and FedEx), we need more product development," he said. "One of our negatives is a lack of product."

He said that the region didn't really have an ideal site for Dell, one where infrastructure was already extended and land was already graded, and encouraged developers to get ready for new activity.

"The clients are coming," he said.

While panelists were optimistic about the industrial and distribution future of the region, things are less rosy on the office side, said Robbie Perkins, of NAI Maxwell in Greensboro. He said the Triad had an office vacancy rate of about 21 percent as of the fourth quarter of 2004, with any activity coming from expansion of existing businesses.

"We have opportunities, and we have challenges," he said of the region. "But we are poised for growth."

Other speakers included Wachovia economist Mark Vitner, who said the Triad was expected to create about 16,000 net new jobs in 2005, and Steven Bell, chairman of Steven D. Bell & Co., who said that the potential for rising interest rates in the near future makes now the best time to invest in real estate.

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