



TRIAD
COMMERCIAL
PROPERTIES

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

CHEMICAL COMPANY EXPANDS INTO STROH PLANT

May 12, 2000

By Lloyd Whittington, The Business Journal

WINSTON-SALEM -- A Greensboro-based company specializing in cleaning products has expanded into Forsyth County by taking 325,000 square feet of the massive Stroh Brewery that closed last year.

The lease by Kay Chemical Co., a wholly owned subsidiary of Ecolab Inc., will more than double the 200,000 square feet it occupies at its Capital Drive campus in Greensboro. The company expects to add about 45 employees in the coming year across the Triad, with roughly 20 of those being warehouse and distribution jobs at the Stroh site, said General Manager and Vice President Doug Baker.

Kay Chemical, whose lease exceeds five years, was drawn to the facility by the rare availability of spaces that large, and by its proximity to the interstate and to Greensboro. The company moved into temporary space there earlier this year until this lease was secured.

"We don't plan to vacate this facility," Baker said of the company's Greensboro site. "We've had raw and finished goods warehousing here, but we can no longer accommodate both. So we're moving finished goods off site (to Winston-Salem)."

The lease comes only five months after Stroh Brewery Co. sold the 1 million-square-foot facility and 146 acres to AG/GFI Winston-Salem LLC, a venture between New York's Angelo Gordon & Co. and Boston's Goodman Industrial Equities. The owners specialize in redeveloping large facilities like the brewery into multitenant buildings.

The lease is quite a step for a building that could have become a white elephant when Stroh closed it last year and laid off about 200 employees, said Winston-Salem Business Inc. President Bob Leak.

"We're excited to have the opportunity, first, to put the building back in a position for economic use," Leak said. "The good news is this is an expansion and not a relocation, so it's a net positive gain for the region as well as Winston-Salem and Forsyth County."

Hap Royster, the partner at Triad Commercial Properties who represents the owners, said he is close to leasing another 300,000 to 400,000 square feet of 675,000 square feet still available in the massive building.

The owners are seeking \$2.75 per square foot. Royster said he's had roughly 30 inquiries for more than 100,000 square feet, and serious interest from other tenants looking for 300,000 to 700,000 square feet.

"I would characterize our response on it to date as phenomenal," Royster said. "I'd say 90 percent of the interest has been from outside the area. By the end of summer, if all goes well, we should be full. We have very good momentum."

The building's owners are spending "several million dollars" renovating the facility off U.S. 52 into Piedmont Triad Industrial Center, including adding loading docks, installing new floors and upgrading internal systems, said principal Hank Suominen.

With this Kay Chemical lease, the project and the tenant are both on target for the partners, Suominen said.

"We're excited about Kay because they exhibit all the traits of being a responsible company that is growing at a fairly rapid rate," he said.

Kay Chemical, which Minnesota-based Ecolab purchased from the Kaplan family of Greensboro in late 1994, now employs about 575 worldwide, including about 375 in the Triad. The division's growth results from international sales, continued success with grocery store chains and recent acquisitions, including February's purchase of Dallas-based SSDC, Baker said. That operation will continue to operate, he said.

According to Ecolab's financial reports, the Kay Chemical division achieved record results in 1999 and represented about 5 percent of the parent company's overall business mix.

Ecolab's U.S. Cleaning and Sanitizing operations, led by the Kay and institutional operations, experienced a 7 percent increase in sales to \$360 million in the first quarter of this year compared to the first quarter of 1999.

© 2000 American City Business Journals Inc