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Allen Arender and Tom Gibson of Holladay Properties at an industrial site being redeveloped for Standard Candy Co. Gibson says industrial reuse can be an affordable alternative to new construction.

Developers profit by finding modern uses for old spaces

Reuse also promotes sustainability, recycling

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The former Collins & Aikman Corp. manufacturing plant was on the market for more than two years with no buyer.

Potential owners viewed the building near the airport at 660 Massman Drive, but numerous columns in the

interior and awkward piping along the ceiling made it difficult to envision a new use.

Instead of becoming another symbol of the decline in U.S. manufacturing, the property got a new lease on life when the right buyer emerged.

The team at Holladay Properties — a developer with offices in Indiana, Tennessee, and Virginia — thought the structure was a good candidate for industrial reuse, a development niche

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where older properties are converted to something other than their original use to meet the demands of an existing market.

Tom Gibson, senior vice president and partner at Holladay, says industrial reuse is a growing redevelopment option and can be an affordable alternative to new construction.

"In the current economy it is met with a great deal of interest," he says. "It reduces overhead at time when a lot of people are fighting the cost of gas and shrinking margins."

Allan Arender, vice president of development for Holladay, says another advantage to industrial reuse is that it promotes sustainability and allows for the recycling of construction debris. More than 10,000 pounds of copper and 20 to 30 tons of steel will be recycled from the building.

Like Holladay Properties, Amerimar Enterprises is also in the redevelopment niche.

The company is converting a former office building at 1808 West End Ave. into a 248-room Hutton Hotel, slated to open in Tennessee. It is Amerimar's first project in Tennessee.

Steve Eckley, senior vice president of Amerimar, says the company looks

for buildings in good locations with good "bones" and then thinks of the best new use to meet market demand. Eckley says generally it's less expensive to convert a building than to build one from scratch.

Reuse can take on many different forms. Retail can be converted to office space, or apartments can be renovated into a hotel.

For the 60s-era Collins & Aikman building, it will mean converting 170,000 square feet of manufacturing space once used by the auto supplier into warehouse and office space.

Holladay bought the property for \$3.1 million. Its value after the rehab is estimated at \$6.6 million.

The warehouse portion of the property leases for \$3.75 per square foot. That's compared to around \$4.50 to \$5 per square foot for new-build warehouse space.

The office space leases for \$10 per square foot, while comparable space in a new building leases for \$11 or \$12 per square foot.

Standard Candy Co., the maker of Goo Goo Clusters, will be the anchor tenant for the building, taking up 100,000 square feet. The rehab is expected to be completed in January.

"It was a sound structure for food distribution," says Tom Drummond, president of Standard Candy. "The landlord was flexible to do some customization to meet our needs."

