

# \$8 million industrial project in the works for Elm Hill Pike

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Apparently not all speculative development has ground to a halt.

**Holladay Properties** is moving on an \$8 million plan to build a 90,000-square-foot industrial building at Elm Hill Pike near Spence Lane. The developers have begun site work, and construction is slated to start this summer with completion in the fourth quarter of 2009.

The only tenant already committed to the building is Holladay Properties itself, which will use about 10,000 square feet for its Nashville offices.

Despite the down market, the project has what it takes to succeed, says Tom Gibson, vice president of the Nashville office of Holladay, which is based in South Bend, Ind.

“Even with the volatile economy, tenants are moving. Maybe they have too much space and they’re shrinking. Maybe there’s an opening in the market,” he says.

Holladay is seeking bids for a general contractor and hopes to save some money on construction costs because of the troubled economy.

“We have been the beneficiaries of huge drops in oil, and the costs of paving, steel and labor,” Gibson says.

Holladay is developing the project, in part, with investments from insurance company **Ameritas Life Insurance**. Gibson says the loan from **Pinnacle Bank** was secured with a 25 percent equity of the \$8 million construction costs.

The building is the first of three planned phases for the 36-acre site dubbed Ameriplex. Start dates for the following phases, which include a possible build-to-suit industrial space and other smaller buildings, will “depend on the market,” Gibson says.

Ameriplex would be near the intersection of Interstates 24 and 40, which would give easy access to the highways and the Nashville airport. Holladay bought the property last year for \$887,000.

Allen Arender, vice president of development with Holladay, says the property had never been developed because of topographical challenges, including hills and a nearby creek.

The plot of land is connected to Elm Hill Pike by a quarter-mile strip of land. The site will allow for ample truck access and is buffered from the residential neighbors, Arender says.

The developers plan to make it the first green-certified industrial development in Nashville. Planned features include a reflective metal roof, use of natural sunlight, dimmable lighting and energy-efficient heating and cooling systems.

In marketing the property, Arender says the developer is focusing on the costs-saving benefits to tenants from the Leadership in Energy and Environmental Design classification – which certifies a level of environmental sustainability for a building.

He says the firm hopes to lease the space for about \$4.50 per square foot, which he says is competitive for the rates in the area.

The East Davidson County submarket, where the development is located, had a 4.5 percent vacancy rate at the end of 2008, in a market with about 16.7 million square feet of industrial space, according to the [W](#) **Nashville Commercial/Cushman & Wakefield Alliance**'s fourth quarter 2008 market report. Asking rents were \$4.01 per square foot for warehouse and distribution space and \$8.35 for flex/office space.

Chad Tuck, industrial broker with [W](#) **Colliers Turley Martin Tucker**, says speculative industrial construction has been in a holding pattern since the credit markets dried up last fall.

“It’s a good bet in this market,” because the building would fit an unfilled niche, he says. For companies who want an energy-efficient space in the area, “your options are zero.”

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