

Holladay Properties invests \$4M in second phase of AmeriPlex

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AmeriPlex at Elm Hill

Holladay Properties has begun construction on the second phase of the AmeriPlex industrial complex, with a 135,000-square-foot building. More than a third of the \$4 million building is already leased.



Although industrial properties took it on the chin in 2010, officials with Holladay Properties think they have found a sweet spot, investing another \$4 million into their AmeriPlex at Elm Hill development.

The developers have started work on the second phase of AmeriPlex, a 36-acre industrial development that launched on a speculative basis in 2009. Their vote of confidence shows that, even in a battered sector, opportunity can be had when the right location and other ingredients come together.

Two just-announced tenants have bolstered the development. Global logistics company DHL is taking 30,000 square feet in AmeriPlex's first and only building, joining [Lennox Hearth Products](#) and Holladay Properties in the 90,000-square-foot structure. Classic Party Rentals has signed on for 52,000 square feet in a new 135,000-square-foot building. Construction on the new building has just started and is on track for a summer completion, said **Allen Arender**, director of development for Holladay's Nashville office.

Holladay's move comes after a year of no new industrial construction, except for build-to-suit projects or expansions for existing companies.

According to the fourth quarter report from brokerage Cassidy Turley, vacancy among local industrial properties ended the year at nearly 12 percent — the first time in more than a decade that year-end vacancy stood at double digits.

The health of the industrial sector “is crazy bad,” said **Ronnie Wenzler**, a broker with Cassidy Turley who handles leasing space at AmeriPlex.

Wenzler notes the AmeriPlex project was looked at skeptically when construction began in 2009. Speculative construction already had ground to a halt, but Holladay was moving forward as the first building's only tenant, taking just 10,000 square feet of space.

“There was absolutely no indication that anyone with half-a-lick of sense should build a building,” Wenzler said.

That first building, thanks to the arrival of Lennox in fall 2009, and now DHL, has about 18,000 square feet of vacant space remaining for leasing.

Buist Richardson, an industrial broker with [Cushman & Wakefield](#)/Cornerstone Commercial Real Estate Services, was one of those scratching his head in 2009. Not only had speculative construction ground to a halt, but the AmeriPlex project is well off Elm Hill Pike, reducing the visibility for many prospective tenants.

However, Richardson said the area has proven resilient.

“For businesses that need to do business in Nashville ... Elm Hill Pike is just a prime location,” Richardson said.

According to a Cassidy Turley market report, the Inner-City Business District submarket in which the project sits ended 2010 with the area's second-best industrial vacancy rate, at 6.2 percent.

As a shipping company, DHL was attracted to the area's proximity to Nashville International Airport, while Classic Party Rentals liked the site's proximity to its downtown clients, said **Tom Gibson**, a partner in Holladay Properties. Both companies were attracted to the project's green components. Holladay has applied for LEED certification for the project and is adding a walking trail.

“They've got some bells and whistles over there that are a little more unique for the industrial market,” Richardson said.

Also working in Holladay's favor, he said, is that the space can be divided easily, making it appropriate for the mid-sized users of 25,000 to 100,000 square feet — the only industrial sector currently showing many signs of life.

Regardless of the head-scratching in 2009, Richardson said there'd be little such reaction this time.

"It's proven," he said.