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Kessinger Hunter Plans Three Spec Buildings

By *Katie Hinderer*

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Olathe Center

KANSAS CITY, MO-Kessinger Hunter & Co. executives are finding value in the local industrial market. The company, in conjunction with Sun Life of Canada, completed a 601,829-square-foot spec distribution facility at the end of 2008 and now is putting plans in place to construct three more.

Traditionally, the market has housed smaller industrial users with the sizable deals going elsewhere. "The coasts, Dallas and Chicago have always had these larger deals. For many years in Kansas City a large deal was 50,000 to 75,000 square feet. Now we have seen a paradigm shift to bigger deals in the area," principal Dan Jensen tells GlobeSt.com.

As proof, despite the current economic situation the first spec building, located at 167th and Lone Elm in Olathe, KS, is 58% occupied with two large users. "It has been received with a certain degree of success in a difficult economy," Jensen says.

Fed-Ex Smart Post leased 126,357 square feet while Bushnell Optics took 221,800 square feet. The asking lease rates are \$4.25 per square foot net and roughly 253,000 square feet remain vacant. The facility is located six miles from the 1,200-acre proposed Burlington Northern Santa Fe intermodal facility. Jensen, together with principal Joseph Accurso, worked on the development and leasing of the property.

The new facilities will be built on a 200-acre tract of land Kessinger Hunter purchased with equity partner Sun Life. The first building, which should receive city approval this week, will be an 823,000-square-foot distribution facility. If the city approves the plans construction should begin in 2010, with a 2011 completion date.

Following that facility, Kessinger Hunter is also looking to build two additional facilities, a 927,000-square-foot building and a 1,100,000-square-foot center. The timeline isn't set in stone at this point. Jensen says a seven-year timeline would be aggressive and is looking more at 10 years to have all the facilities completely built out. The construction costs of this project, as well as the completed distribution center, were not released.

Even with the sticky economic situation the market has seen in 2009, Jensen says he foresees a turn around in 2011, just as the second building is coming online. "I think everyone is optimistic that a lot that's wrong in the economy is going to fix itself by then," he says.

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