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## Olathe will get big new spec facility in I-35 Logistics Park

Work on distribution site will start in 2010

Kansas City Business Journal - by [Rob Roberts](#) Staff Writer

**Kessinger/Hunter & Co. LC** and **Sun Life Financial Inc.** are getting ready to speculate on the local big-box industrial market again.

Dan Jensen, a principal of Kansas City-based Kessinger/Hunter, said the partners will break ground this year on an 824,000-square-foot bulk distribution facility in their new I-35 Logistics Park at 155th Street and Old U.S. Highway 56 in Olathe.

The decision to start was triggered by a recent decision to expand by one of the tenants in a 602,000-square-foot spec building that Kessinger/Hunter and Sun Life built in 2008 at 167th Street and Lone Elm Road in Olathe.

“That expansion will take us to about 75 percent occupancy in that building,” Jensen said. “So we think it’s time to build another big building.”

Mark Fountain, who leads the industrial brokerage team in **Jones Lang LaSalle’s** Kansas City office, said he is glad to see it.

“We and some other brokers I’ve talked to are out with large tenants looking for space, and there’s really nowhere to put them,” Fountain said. “Personally, I think the velocity is there to make (the I-35 Logistics Park spec) successful. And maybe that’s what it will take, somebody building a building, to kind of kick things off again.”

Although the local industrial market remains sluggish after the recession, Jensen said the supply of space is tight.

“We’ve got a 7 percent industrial vacancy rate in the Kansas City area and about 6 percent for warehouse space,” Jensen said. “When you go to Johnson County, we’ve got about 4 percent vacancy, and if you’re looking for a big box with at least a 30-foot clear height, we’ve got nothing.”

The planned spec big box, the first of three buildings that will cover 2.9 million square feet in the 200-acre industrial park, will feature concrete-and-steel construction, 32- to 36-foot ceilings, 169 dock-high doors and four drive-in doors.

“There’s a shortage of Class A distribution space like that today,” said Ed Elder, president of **Grubb & Ellis|The Winbury Group**. “The big question is how deep the market is going to be for the types of deals they’re going after. They’re chasing 150,000- to 200,000-square-foot minimum deals.”

One thing going for Jensen’s partnership is a soon-to-open interchange at 159th Street and Interstate 35, Elder said. Another is the recent announcement that the Kansas Legislature has approved a \$35 million grant to jump-start the planned \$750 million intermodal complex in Edgerton, which is within five miles of I-35 Logistics Park. The intermodal park will strengthen the area’s status as a leading transportation hub along main east-west and north-south rail and highway corridors.

Elder helped bring the first big-box industrial deal to Southern Johnson County, representing **Pacific Sunwear of California** in its selection of a site for a new 440,000-square-foot distribution center at 167th Street and Lone Elm, immediately north of the Kessinger/Hunter and Sun Life partnership’s first spec big box.

Since the Pac Sun facility opened in 2007, it has been joined in the area by a 450,000-square-foot **Kimberly-Clark distribution center** at New Century AirCenter and the 1.1 million-square-foot **Coleman Co. Inc.** distribution center, which opened in April near 175th Street and Interstate 35 in Gardner.

Those tenants, along with **FedEx SmartPost** and **Bushnell Outdoor Products** in Kessinger/Hunter and Sun Life’s first spec building, will attract similar big players to the market, Jensen said.

“These corporations spend a lot of time and money doing their supply-chain analyses and figuring out the best place to be,” Jensen said, “and they love nothing more than to look up and see that other companies, like FedEx, who are known for their analyses have chosen the same place.”

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### MEDIA



**A WALK THROUGH THE PARK**  
**THE TEAM** developing the 200-acre I-35 Logistics Park is offering prospective tenants a chance to walk through the project via YouTube.  
**GOING TO** [www.youtube.com](http://www.youtube.com) and searching for “Kessinger Hunter I-35 Logistics Park” will take Web users to a 3-minute, 50-second video highlighting the project, which will include buildings of 524,000, 566,000 and 1.1 million square feet.