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## **Janesville City Council to consider approval of 100,000-square-foot building**

By Nick Crow

March 20, 2015

JANESVILLE — Developers are hopeful a new 100,000-square-foot industrial building on the city's east side will attract businesses looking for property that they say isn't readily available in the area.

William Mears of Coldwell Banker Commercial McGuire Mears & Associates in Janesville said the assumption is that the building could house multiple tenants and be split into 25,000- or 50,000-square-foot segments.

"What we've found is that ... in keeping an inventory of Rock County industrial space, we've seen vacant space getting absorbed," Mears said. "The availability of vacant space has really gotten to be in short supply."

Mears said the availability of buildings with 25,000-square-feet in the area is almost non-existent.

"The limited supply impacts you because opportunities go to other communities where space exists," Mears said.

Gale Price, economic development director for the city, said the project would be funded in part by the city through a forgivable tax increment financing loan of \$469,000 and \$280,617 in land value. The facility would be built on 12.7 acres at 4298 Capital Circle near Highway 14.

The project is projected to generate about \$3.6 million in taxable revenue. Under council policies, the city must recoup its investment within 10 years.

The acreage would allow for an expansion of 50,000-square-feet.

If the developer doesn't build the facility, the agreement would become void, and no incentives would be issued to the developer.

"Basically the market has absorbed the square footage we have," Price said. "Companies have moved in, companies have started up, and we've run out of space."

"It's a good problem to have, but the challenge is that companies are interested in the area, but interest is tempered because there's no space," he said.

The building would be for flexible warehouse or industrial production, Price said.

Upon approval, construction would begin in May. Construction doesn't have to be completed until 2016 but could be finished this year, Price said.

Mears said the building would be Class A, a designation preferred by tenants with national and international customer bases. Class B and Class C space isn't as desirable.

The building will be built entirely on speculation by Janesville/Beloit developers Tom Lasse and Terry McGuire. Jeff Hazekamp of Angus Young designed the building.

"This is totally built off spec, but we definitely have some leads we're following up on," Mears said. "I think the timing is good. Hopefully it's successful, we'll be marketing it."

"While we do have larger buildings that are vacant, there is virtually a zero-vacancy rate for space between 25,000 and 100,000 square feet," Lasse said in a written release.

The city has been in discussions about building the facility since November 2014.

In a letter to the council from Price, he says that the construction would improve the ability of the city to attract additional industrial prospects.

"Janesville is in great need of ready-to-occupy industrial space," Price wrote in the memo. "At this time, the city has nearly zero square feet of vacant Class A industrial space, and there is currently no space available of this size."

"As the market continues to improve, prospective companies are inquiring about space within the area but cannot secure space due to the lack of availability," he wrote.

The council will decide Monday whether to develop the property, amend the proposed agreement or not authorize the development.

"It's a handsome investment to see in Janesville," Mears said.

"This will be an addition that will meet a different niche," he said. "It's what we're missing in the market."