

Demand remains high for industrial space in Beloit

By **ROBERT CROZIER** Staff writer | Posted: Monday, December 14, 2015 4:00 pm

BELOIT — Substantial pent up demand exists in Beloit for industrial space, both large and small.

Beloit Economic Development Director Andrew Janke said supply and demand in the industrial real estate market is “extraordinarily balanced,” and there’s very little space available.

“The marketplace is ripe for someone to come in and create a spec building to meet the unmet demand for industrial space, and I think something like that is going to happen very soon,” he said. “I wish we could accommodate more of those inquiries we get.”

Janke said Beloit is attractive to industry because of its location. Multiple interstates pass through easy access for transportation requirements, and there’s a strong labor pool that stretches from Madison to Belvidere, he said.

“If you locate here, you’re in good company,” Janke said. “It’s a community that has a rich industrial heritage but has also planned to accommodate contemporary industrial uses.”

Developers recently built a 150,000 square foot spec building in Janesville with a plan to lease it out in 25,000 - 50,000 square foot increments, but IPM Foods gobbled up the entire space to expand its soup and vegetable packaging enterprise. The move from Beloit to Janesville was announced Tuesday and will take place in mid-2016.

As IPM Foods moves, company leaders haven’t decided yet what to do with their Harvey Street location.

“We’re looking at a couple of business opportunities that we could run out of that facility,” IPM Foods Director of Finance Jim Carroll said.

Meanwhile, the warehouse that IPM Foods leased on Kennedy Drive already has a new tenant lined up, and it’s being converted into a refrigeration unit.

The old Southeastern Container building east of the interstate had been vacant since its closing in 2013, but it too now has a tenant. Ecolab is using it for warehousing and distribution, according to Janke.

The easternmost portion of One Reynolds Drive — the former Alcoa building, which has more than 140,000 square feet — has a tenant for now, but that lease will end in the next few weeks. A new tenant hasn’t yet been lined up.

Janke said he and the owner haven't yet found the right fit for an end user.

"The building has had lots of looks, and I'm sure it will continue to get attention, again owing to the limited availability of space in the market," Janke said.

The former Kerry manufacturing building on West Grand Avenue is owned by Hendricks Commercial Properties, and there are plans in the works to redevelop the site as a mixed use facility with residential, office and commercial spaces, according to Janke.

Also, there are plans in the works to convert the old Cub Foods building on 20 Park Ave. into a light industrial space. The owner is in the midst of petitioning the Beloit City Council to rezone the property from commercial to light industrial, and he's renovating it for the new use.

The city does own several shovel-ready sites in an industrial park southeast of the I-43 and I-90 interchange, for those investors who are in a position to build.

"We'll give them away for as little as a dollar for a project with significant capital investment and job creation," Janke said, adding that tax incentives are also available for development.

He said the land was mostly acquired in the early 2000s, and the city is angling for a long-term return on its investment with increased tax base and job creation instead of a short-term gain from the sale of the land.

The most recent enterprise to move in was Pratt Industries which announced its intent to build a year ago, according to Janke. Construction is now nearing completion.

"They anticipate full production by the end of the first quarter," Janke said.

Century 21-affiliated real estate broker Mike Marquette said there are plenty of avenues to accommodate incoming industries, and area leaders work well with developers.

"If you're looking at physical space currently available, there's not an abundance that people can retrofit to their needs, But there's so much build-to-suit space that this area could accommodate anybody," Marquette said. "Right now, there's a handful of spaces that could be used ... Some production of new space is probably going to be needed in the near future."

"We're doing a much better job selling the workforce and the workspace than we ever have before," Marquette said, attributing the success to synergy between recently-retired Beloit City Manager Larry Arft, the Greater Beloit Economic Development Corporation, and the several groups operating out of the Vision Center.