

ARTICLE: by Brian Brown

## Buckhorn moves into Solo Cup

### A 120,000-square-foot lease helps drop the 3Q industrial vacancy rate

Big moves during the third quarter are dropping area vacancy rates across the board. Chief among them is a move by plastic packaging systems manufacturer Buckhorn Inc. to fill 120,000 square feet of industrial space at the former Solo Cup plant. The long-term lease represents the first tenant in the main building at 1100 N. Glenstone Ave. since the plant closed in March 2011.

The action highlights a significant decline in the area's industrial vacancy rate to 4.7 percent in the quarter, after registering at 6.9 percent in the same period a year ago, according to commercial real estate tracker Xceligent's latest Market Trends report. Other moves in the industrial sector include a Convoy of Hope lease for 50,000 square feet of warehouse space at 444 W. Tampa St. and Christian County Nursing Home Inc. buying a 44,000-square-foot light industrial building on Highway 60 in Republic.

#### Going solo

After sitting vacant roughly 30 months, Buckhorn quietly stepped into the former Solo Cup plant on Sept. 1 – leaving property owner Warren Davis Properties with some 600,000 square feet left to fill.

Larry Spilker, Buckhorn plant manager at 2727 N. Partnership Blvd., said the real estate move consolidated two 50,000-square-foot warehouses in north Springfield.

"Leases were up on those, so we went out and searched and ended up doing 120,000 square feet," Spilker said, adding the facilities were located within a block of each other on North Oak Grove and East Jean streets. "That saves us from having people in two different locations."

Spilker said Buckhorn is not planning to move from its Springfield operations facility in the Partnership Industrial Center.

While Buckhorn is the first tenant to fill a portion of the 720,000-square-foot building that faces Glenstone Avenue since the plant closed, Davis Properties listing agent Patrick Harrington said there are two tenants that fill a substantial portion of the 1.35 million-square-foot Solo Cup complex. Harrington said 230,000 square feet has been leased by Springfield-based NewStream Enterprises, a division of SRC Holdings Corp., since May 2012. That building, which was once used by Solo, can be accessed from Chestnut Expressway. SRC also has leased a 410,000-square-foot facility southeast of the main building on East Pythian Street since 2007.

"A lot of people talk about this big, old empty building, but everything Solo used there when it was at full capacity was 1.35 million square feet, and out of that space, there is 760,000 [square feet] that is currently occupied," said Harrington, declining to disclose the terms of Buckhorn's long-term lease.

He said construction is in the works at the main Solo facility to add dock space to the building to make it more attractive to potential tenants.

"I suspect that by spring you'll see some work on the front side of the building as far as some parking lots and docks there, too," Harrington said.

According to WarrenDavisProperties.com, lease space available at the facility ranges from 68,700 square feet to 597,450 square feet at rates ranging from \$2.75 per square foot to \$10 per square foot.

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In March 2011, Solo Cup ceased operations at the plant that had employed 1,200 at its peak. Davis Properties purchased the building in August 2010, two months after Solo announced plans to close its doors.

**Planet Fitness activity**

Another big move for the quarter is a 30,000-square-foot lease by Planet Fitness at a former Price Cutter grocery store at 2851 W. Republic Road.

Rick Kueber, CEO of Planet PF Arkansas LLC, the franchisee with rights to bring three Planet Fitness centers to town, said the company is investing more than \$2 million to renovate, equip and open on Republic Road. He said a deal was tentatively in place for a second site.

The Northeastern-based company sells \$10 monthly memberships transferable at some 600 clubs nationwide. Kueber said the brand emphasizes "judgment-free zones" for those looking to get into shape.

Kueber, whose franchise footprint covers Arkansas, Memphis, Tenn., Louisville, Ky., and Columbia, said the southwest Springfield site is expected to open in late February.

The real estate moves represent a release of pent-up demand, said R.B. Murray Co. Vice President Ross Murray.

"The fog has lifted. Now, people are back to doing more deals," Murray said.

According to Xceligent's examination of the commercial real estate market in Springfield, Nixa, Ozark, Republic, Rogersville, Strafford and Willard, the office and retail vacancy rates both shrunk last quarter. Office vacancies were 10 percent, down from 10.7 percent a year ago, and retail came in at 4.8 percent, an improvement from 5.2 percent in third-quarter 2012.

Among recent notable transactions, Murray said this summer R.B. Murray Co. sold the 40,000-square-foot former Lincoln Mercury dealership on South Glenstone Avenue for an undisclosed amount to a new automotive dealer. He said Carmel, Ind.-based J.D. Byrider is currently renovating the 5-acre lot. Pointing to industrial demand, he said the company leased 56,000 square feet of space at Springfield Underground to an undisclosed tenant.

Murray said he expects area builders to meet demand by constructing warehouse and/or flex properties in the next 12 months.

"There is a significant amount of space that has been absorbed in the last 24 months," Murray said. "I think next year we'll see some new construction."

Through the first three quarters of 2013, Xceligent reported more than 593,000 square feet of industrial space had been absorbed. On the retail side, the central business district in Springfield has recorded the most absorption this year with 37,000 square feet occupied.

While the office vacancies across the Springfield area are relatively high at 10 percent, the national average is 15.7 percent, according to Xceligent. Class A office properties have experienced the most positive net absorption this year with more than 33,000 square feet occupied locally.