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# CEVA Freight leases free-standing building to replace facility destroyed by tornado

Memphis Business Journal - by [Andy Ashby](#)

[CEVA Freight LLC](#) signed a 60,000-square-foot lease in Southpoint Distribution Park, a move the company made after its original Memphis location was destroyed by a tornado.

The logistics company is leasing a free-standing building at 4800 Pleasant Hill which was developed by [Panattoni Development Co.](#) in 1998.

CEVA Freight opened its Memphis station in the mid 1990s and has been achieving double digit growth every year for the past five years, according to station manager Jimmy Garrison.

It was in a larger distribution building at 3937 Hickory Hill which was hit by a tornado Feb. 5.

"Since then, we have been in a temporary facility and searching for a facility that would meet our needs," Garrison says. "We needed a facility that was located within 10 miles of the airport, was in the 50,000-square-foot to 70,000-square-foot range, and had 25 to 30 trailer parking spots. This new facility is a perfect fit."

Hank Martin, vice president with [NAI Saig Co.](#), represented CEVA Freight in the lease negotiations.

"I think they liked the idea of being in a free-standing building," he says. "It gives them a little more flexibility for storing trailers and it can be secured by a fence."

The storm in February damaged more than 5 million square feet of leasable industrial space across the Southeast Memphis and DeSoto County submarkets.

"Most of these tenants have found temporary space until they've worked out what their needs are or they've moved into a new facility and are going forward," Martin says.

There is almost 1 million square feet of industrial space which hasn't been rebuilt yet, according to Martin.

"The tornado artificially increased the market during that quarter because not only did you have buildings taken out of the market, you had tenants that took space very quickly and needed existing space," he says. "For example, if a tenant loses a 400,000-square-foot space and they have to go into a 400,000-square-foot space, and the landlord doesn't build the space back, that's an 800,000-square-foot swing in the market."

[Commercial Alliance Management LLC](#) senior vice president Mark Jenkins and broker Phil Dagastino Jr. represented the landlord, [DCT Industrial Trust, Inc.](#), in the lease transaction.

The Denver-based real estate company currently owns 6.3 million square feet of Class A industrial space in the Memphis market. Its local portfolio is 91% occupied.

"Relative to the last few years' leasing activity, this year has been sluggish," Jenkins says. "Although I would say that despite the economic uncertainties and slowdown across the country, we've been reasonably encouraged that activity has been slow but steady."

The market was producing more big-box deals in 2004-2006, but now brokers are working on smaller deals with shorter lease terms.

"It's hard for a lot of younger brokers because they've never seen a down cycle," Jenkins says. "We're continuing to do deals, but brokers, owners and developers are a lot happier when we're doing lots of deals."

Lease transactions are also taking longer because of indecisiveness, as it is difficult for companies to project their earnings or sales in the current economic climate.

These numbers affect everything from staffing to inventory levels.

"It's just a lot more challenging in this market to get deals done," Jenkins says. "You've got to keep your head down and just hang on. You've got to work harder for your owners and that's what we've been doing."

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