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## WANTED: Industrial Space On LI

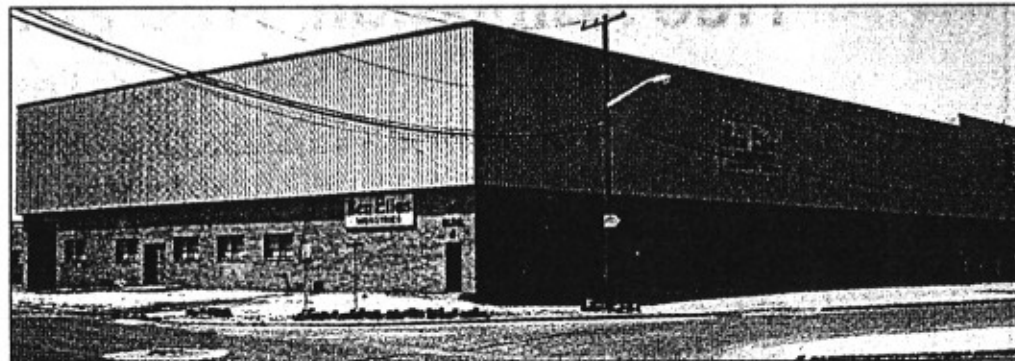
By Carol Goldberg

Industrial space availability in Nassau during the second quarter of this year was 7.55% overall, with a scant 12 units available in the 40,000 to 50,000-sq-ft range, and just two sites of over 150,000 sq ft, according to the Greiner-Maltz Co (Woodbury) report. In Suffolk, the overall rate was 7.39. *LIBNews* polled several major Suffolk brokers in search of 50,000 to 55,000 sq ft, with the standard ten percent office space, and a minimum 18-foot ceiling height. In all of Suffolk, there were a total of three units for rent and one for sale.

With industrial space practically gobbled up, brokers are complaining that while they finally have an abundance of customers after years of recession, they have no "product" to offer. "I had a client looking for 50,000 sq ft who was willing to go to Ronkonkoma, Holbrook or Bohemia, and I didn't have one listing for him," says commercial realtor Marie Zere, expressing concern that "the critical nature of the problem is that it may lead to another exodus of companies from LI."

Furthermore, the market has changed. With the Island's manufacturing base dwindling, those clamor-

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With "spec" building at a bare minimum, and industrial space virtually dried up, LI brokers need answers for building owners stuck with vacant, unrentable low-ceiling buildings; and for business owners (particularly when warehousing is needed) who seek to either condense facilities for cost-effectiveness or expand for growth. Shown is clothing importer Ben Elias Industries (Inwood) which, not needing planning board approval to increase height, was quickly converted without business interruption from 14 to 35 feet by Space Technology Inc (see story above).

# Lack Of Industrial Space Plagues LI

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ing for the space are largely importers, distributors and businesses in need of warehouse or other storage capacity. But these businesses require something most LI industrial buildings don't have — a height in excess of 14-16 feet. Most existing industrial buildings on LI were built in the 1970s and early '80s, when manufacturing was still dominant and a major concern was keeping heating and air-conditioning costs low, according to Zere. "Every building in Hauppauge, for example, has 16 feet or less ceiling height," she says.

Bill Greiner, principal of Greiner-Maltz Co, says distributors are doing well because their businesses are less cost-intensive — they have low power consumption, make better use of space, and have lower wage levels than manufacturers. The rule of thumb, he says, is between two and 2.5 employees per 1,000 sq ft of manufacturing space, but only one employee per 2,000 sq ft of warehousing space. "Importers and distributors are able to be more competitive, so they're taking space, but they want a height of at least 18 feet and preferably 22 to 28 feet," he says. "Manufacturers don't need more than 14 feet because they want to ship merchandise out, not store it."

## Efficient Use Of Space

The technology of today's warehousing operations, including computerized inventory control and high lifts, allows for total efficient use of the building cube. While a 14-foot ceiling can accom-

modate only two skids (the low mobile platforms on which goods are placed for ease in handling), 18 feet can take three skids; 22 ft, four skids; 28 feet, five skids, and so on. Stuart Goldring and Jeffrey Allen, principals of Space Technology Inc (Melville), a company that does industrial roof-lifting exclusively, say building owners, and even many brokers, don't realize how easy and inexpensive it can be to add space to an existing building.

The company is currently raising the roof on a former Filene's Basement in Copiague so that an OfficeMax can move in. Using a patented process which allows a business to continue to operate while the work is being done, they've raised the roof for numerous projects on LI including Nature's Bounty (Bohemia), Ruby's Costumes (Melville), Ben Elias (Inwood), and Nikon (Melville). Claiming its process is 1/4 to 1/3 the cost of other roof-lifting procedures because it keeps all utilities intact, the company maintains it can nearly double existing space in a single lift, but that any height is achievable and up to "38 feet clear" is becoming desirable on LI. Besides storage capacity, the added space can serve as a mezzanine level or an additional floor for office or other use.

## Raising The Roof: Fast, Easy

Since increasing height adds cubic feet but doesn't alter the "footprint" of the building, lifting the roof is considered a building adjustment and

as such falls into the purview of the building department, avoiding planning board or zoning board involvement. And it's fast, they say. In addition to preparation time, the roof is raised approximately a foot an hour.

Although the cost of raising a roof varies with the size of the building, the average price range of a single lift for a building of about 50,000 sq ft is \$8-\$12 per foot including the wall enclosure. In addition to planned-for expansions by companies, roof-raising has been undertaken by holders of buildings that have remained vacant for years, in an effort to meet the new market demands. And, according to Goldring, companies with multiple warehouses looking to do some cost-effective consolidation could benefit. Roof lifting is also a viable option for a company seeking to either relocate to LI or maintain a distribution center here. "This is crucial to keeping and bringing companies to LI," says Allen.

## No New Construction

Right now, according to Greiner, there is almost no building of new industrial space going on, though he says, "I hope developers will reach a point where they can get into new construction." One of the main reasons for lack of product is that banks are reluctant to lend, and most won't, unless either 40% to 60% of funding is in place from private sources, or at least 80% of the building is rented prior to construction.

But at least one builder, Jerry Wolkoff, owner of Heartland Business Center (Edgewood), is completing a 188,000-sq-ft, 22-foot high industrial building on speculation. It's on the business center grounds and he's doing it entirely with his own money. Currently in negotiations, he says he may have the building 100% rented to a single tenant. "I haven't built in three years. I believe most of the good buildings have been acquired or leased and there is a need. You can't get financing, so I'm using my own funds."

Although he feels buildings are not yet being built on spec because the rents they pull in don't offer enough of an incentive to builders, he expects rents to rise and is even preparing to embark on another of 60,000-sq-ft structure. "I'm bullish on LI," he says. "And I'm putting my money where my mouth is."