

Commercial Property/Warehouses

For Developers, It's Raise High the Roof Beams

Growing taller, rather than wider, helps deal with a scarcity of land.

By JOHN HOLUSHA

THE 1950's-era factory building on Andrews Road in Hicksville, L.I., is a curious sight: Its walls stop at a one-story height, but the roof, like a raised eyebrow, stands 11 feet higher with nothing but a network of steel columns attaching it to the structure below.

The building, owned by Reckson Associates Realty Company of nearby Melville, is an indication of a trend in industrial property: Warehouses are getting taller as operators push to handle more goods in the same place.

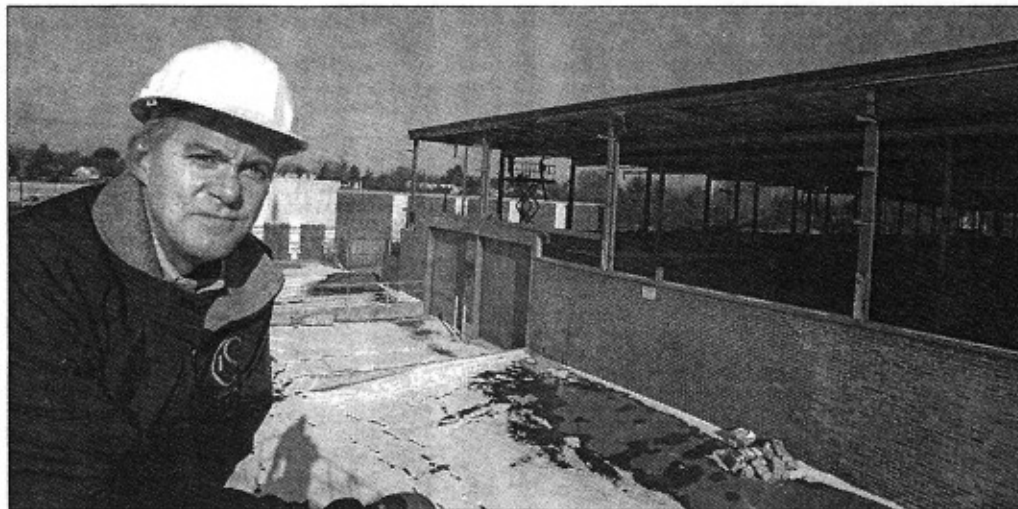
Warehouses occupy an important if seldom noticed place in the chain of commerce. They are the place where products are stored after being shipped from manufacturers and before being sorted for shipment to retailers for sale to customers.

"There has been a steady progression in warehouse height from under 20 feet in the 1960's to the mid- to high 30's currently," said William L. Mascharka, president of Frazier Industrial Company in Long Valley, N.J., which manufactures the racks used to hold material stored in the buildings. The racks make it possible to organize the inventory in a warehouse and to quickly load and remove containers — doing so would be a slower, more difficult process if pallets were stacked on top of each other.

Mr. Mascharka said improved lifting equipment, some of it developed in Europe, had made the more vertical operations practical in recent years.

Brokers said the scarcity of unoccupied land close to New York City and the consequent rising price had also induced warehouse operators to look upward. "As land costs get higher, you end up paying less for cubic feet than square feet," said Ronald Shalom, chairman of SBWE Inc., an industrial and retail brokerage in Hasbrouck Heights, N.J. "Existing buildings with 12 to 16 feet of clear space under the roof are obsolete."

Mr. Shalom said the lack of large tracts of space close to New York had also been driving distribution companies to locations farther from the city. "The Meadowlands are pretty well built up," he said. "So the new development is taking place in central New Jersey."



Don Rogan/Charles/The New York Times

Gregory Benson of Industrial Service Enterprises at warehouse roof-lifting project in Hicksville, L.I.

Another trend leading to the construction of bigger, higher warehouses is the desire of companies to reduce the number of separate locations they are operating. "There is a trend to fewer but larger warehouses," said Eugene A. Preston, director of marketing for the International Trade Center in Mount Olive, N.J., a project of Rockefeller Center Development Corporation.

He said newer warehouses were being constructed with 300,000 square feet of floor space or more, compared to the 100,000- to 200,000-square-foot facilities that were standard in the past. Mr. Preston said the center already contained 2 million square feet of warehouse space and was prepared to build more on a recently acquired 250-acre site adjacent to the existing property.

"We can put up one as big as 1 million square feet, or several at 300,000 square feet," he said.

He said new technology was helping to make the new buildings more economical. "There have been tremendous developments in sprinkler technology," Mr. Preston said. "The new, high-efficiency sprinkler heads can dump an enormous amount of water."

This means a warehouse only needs one set of sprinkler pipes installed near the roof to suppress fires. The alternative is putting sprinklers at each level of a rack system,

which could involve four or five times as much piping.

Taller buildings also demand more precision in construction. If, for example, floors are not all but perfectly flat, at 45 feet high, the forks of a lift truck could be several inches out of alignment with the pallet it is attempting to remove.

Industrial real estate specialists caution that very high warehouses need costly automated equipment. "If you have a 40 or 50 foot building, you are going to need a robotic system that follows guidewires in the floor and ceiling while somebody works a computer," said Ben Katz, a managing director of Insignia/ESG, the new name for the former Edward S. Gordon Company.

HE said most existing warehouses in the heavily industrialized areas between Exits 8A and 10 along the New Jersey Turnpike are of a medium height, although he acknowledges pressure to build new buildings taller. "For now, the Turnpike crowd will accept 24 feet," he said.

But that leaves a lot of buildings erected as manufacturing plants in the early post-World War II era, with single-story horizontal layout, languishing on the market.

The building on Andrews Road was built to house a factory producing aluminum storm doors and windows. In the fashion of

the time, the 175,000-square-foot structure was built with a clear height of just 14 feet and a band of windows around the top to admit some natural light for factory workers.

It was acquired in foreclosure by a bank and sat empty for about six years until it was bought by Reckson last year. "Buildings like this were typical of the early industrial market in the Hicksville area," said Gregg Rechler, an executive vice president of Reckson.

Mr. Rechler said the company decided to buy the building and reposition it by raising the roof so it could function as a modern warehouse. "We were able to buy it at a pretty good discount to replacement value," he said. "We are raising the roof and going to put on a new skin, new mechanicals and modern lighting."

He said the location close to the Long Island Expressway, the Cross Island Parkway and other roads should make the structure attractive to distributors. "There is not a lot of this type of product in this location," he said.

The roof lift is being managed by another Melville-based company, Space Technology, which markets a technology developed by Industrial Service Enterprises of Dover, N.J.

To do the lift, the existing columns are cut

at the floor level and then encased in a sturdy steel sleeve. Hydraulic jacks at the top of the sleeves then lift the old columns at the rate of a foot an hour. The roof goes up intact, with its structure, lighting, piping and rooftop equipment undisturbed.

The roof on Andrews Road was lifted 11 feet, from 14 feet of clear space to 25 feet, because of the need to keep about three feet of old column within the sleeve, so the two can be securely bolted together. The new upper area will be sheathed with insulated steel panels, to keep out the weather and to give the building an attractive appearance. The band of windows, which would be of no value to a warehouse operation, will be eliminated.

Roof raising is becoming increasingly popular as a way of recycling old buildings, said Gregory Benson, a vice president of Industrial Service Enterprises. "It was pretty spotty in the past, but for the last three or four years we have had a steady flow of work."

Brokers specializing in industrial properties said that roof-raising costs from \$6 to \$10 a square foot, far less than it would cost to demolish an old structure and build a new one. Nevertheless, they say, the economics work best on larger properties because the return on a 20,000- or 30,000-square-foot building usually does not justify a renovation project.

GOING up rather than out, as had been the practice in the past, avoids a host of problems, said Jeffrey R. Allen, a partner in Space Technologies. No new land needs to be purchased, and the often-contentious process of getting government approvals is truncated.

"If you do not build out, you do not have to worry about zoning changes," Mr. Allen said. "That means it is a building permit issue, not a planning board issue."

Raising an existing roof means a building can be quickly back into operation, said Stuart I. Goldring, another official of Space Technologies. "With electricity, you can splice a loop into existing cable that unfolds as the lift proceeds. With the sprinklers, you turn them off during the lift, put in a new section of vertical pipe afterward, and you are back in business."

Mr. Rechler said Reckson decided to rehabilitate the building on a speculative basis because "it is pretty hard to get across to the user what it will be without doing the work." He said he started hearing from brokers after the first of four sections of the roof was hoisted.