

CASE STUDY



CLIENT CONTACT

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LOCATION

Jeffersonville, IN

SIZE

450,000 square feet

SERVICES

Transaction Services

Regional Headquarters

Site Location

CLARCOR AIR FILTRATION PRODUCTS

Challenge

Clarcor Air Filtration Products (Clarcor) is one of the world's foremost manufacturers of air filtration products for the commercial, industrial and institutional markets. Clarcor is headquartered in Franklin, TN and has a worldwide distribution network.

Clarcor required a new regional headquarters and plant location in Southern Indiana to support the consolidation of four area facilities.

Site requirements included:

- 415,000 SF of production and warehouse space and 35,000 SF of office space.
- Located in Indiana (Louisville metropolitan area) with easy accessibility to interstate system and close proximity to major highways (1-65, 1-64, and 171).
- Proper zoning and permitting to perform manufacturing operations.
- Availability to begin full operations by February 1, 2009. Existing leases needed to be extended to properly align with new lease commencement.
- The owner of the two buildings Clarcor was leasing prior to the consolidation expressed strong desire for Clarcor to pay for restoration of the building to make the space more marketable to sell and lease (approximately \$100,000).

Solutions

Mike Cook and his team addressed Clarcor's requirements in 2008 by performing an intensive market survey of over 70 existing properties to determine the market's lowest cost alternatives for a single headquarters and plant location versus separate locations for the headquarters and the plant.

- The team established the baseline asset requirements related to geographic, operational and building parameters and metrics.
- Parameters were taken to the market to determine the feasibility of existing market alternatives.
- All results were compiled and reviewed.

Results

The recommended lowest cost and most operationally efficient options were determined to be a headquarters and plant located in the same building. Headquarters office space (35,000 SF) in the area were \$12/SF+.

- Considered costs, advantages and disadvantages of all other alternatives.

CASE STUDY

- Detailed schedule and plan of action to use in pursuit of the optimal real estate solution, including a full review of existing leases and building permits to address restoration concerns.
- Achieved occupancy by the February 2009 target date.
- Secured a \$2.87/SF NNN lease rate for year one and a \$3.76/SF NNN lease rate over the entire term (average cost per annum) for office (35,000 SF) and plant (415,000 SF) space.
- Combined headquarters/plant location saved Clarcor approximately \$3,000,000 in rental expense versus a separate headquarters office location.
- Landlord funded \$4,150,000 in turn-key non-amortized tenant-specific improvements.
- Negotiated \$3.587 million in incentives granted by the State of Indiana.
- Selected site located in an Urban Enterprise Zone (10-year tax abatement on personal property and real estate tax).

