

CASE STUDY



Mercedes-Benz

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LOCATION

Cranbury, NJ

SIZE

612,000 square feet

SERVICES

Industrial Lease Relocation

MERCEDES-BENZ

Challenge

Mercedes Benz Global Service Parts organization was battling its ability to import parts from Germany and effectively distribute them throughout the domestic 48 states. The existing Baltimore Parts Center was serving as the main point of distribution for incoming parts. However, logistics determined that due to the high volume of dealers and buyers in the Northeastern United States, a facility would provide substantial transportation savings.

In addition, the Mercedes Benz parts division was beginning to consolidate its operations in Mopar facilities throughout three (3) regions and this provided an opportunity for a single point of distribution of Mercedes parts. One of the most imperative components of the transaction was the facility itself. Thirty- two foot clear in approximately 612,000 square feet (in a square configuration 750 feet by 750 feet) and approximately 25,000 square feet of office space. In addition, the site had to be able to accommodate future expansion of 700,000 square feet of additional warehouse space, while maintaining the same ratio of dimensions.

Solutions

Mike Cook and his team began the search in Philadelphia and New Jersey markets. Eventually, it was determined that the New Jersey Turnpike was the ideal highway for logistical metrics to be at their highest return. Mercedes Benz wanted to maintain complete anonymity throughout the search, as well as during the maturation period of the economic incentives. Mike provided them with that ability, as he had not performed a transaction for Mercedes Benz in the past.

In general, New Jersey is the most developed State in the United States. Therefore, most of the land was controlled by developers that would not allow any other general contractor to build a facility on their parcel. However, upon further negotiation, two (2) owners of finalist properties were willing to allow Mercedes Benz to purchase the land and provide for construction by others.

Cook utilized four (4) different transaction managers from four (4) dedicated offices to gain access to real time data throughout the course of the fifteen (15) months.

Results

Consequently, Mike's team was able to procure seventy-eight (78) acres and produce:

- \$189,000 of savings through owner provided infrastructure requirements on the site
- \$1.8 million in land not purchased through negotiations of wetlands
- \$1.15 million below market cost of the land site
- Above average economic incentives by Cranbury, NJ municipality
- Absolute anonymity for the period of eighteen (18) months prior to procurement of the property.