

COMMERCIAL PROPERTY CONTINUES TO SNAP, CRACKLE AND POP

Kellogg plans to move into new warehouse

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Kellogg Co., the cereal giant, is going against the grain with a new warehouse in north Oklahoma City.

Most users of industrial space here are staying put to sit out the national recession. Kellogg is headed for a 60,000-square-foot space at Interstate 35 and Hefner Road.

Kellogg, makers of Kellogg's Corn Flakes, Rice Krispies, Froot Loops and scores of other breakfast and snack foods, is moving into Hefner Commerce Park amid a cluster of industrial buildings developed by Gardner-Tanenbaum Group. Capstone Construction Services is the builder.

Developer Richard Tanenbaum said the area's attractive features have kept his projects in demand since he started building them 10 years ago:

Easy access to major crossroads — I-35, Interstate 44 and Interstate 40 — in the center of the country. He still wonders why no one developed the 90 acres before he got to it.

Stephen Tanenbaum was the lead negotiator in the transaction, which also involved broker Gerald Gamble of Gerald L. Gamble Co. and Newport Real Estate Service in Newport Beach, Calif.

The location "will complement our distribution network by serving Oklahoma and four surrounding states," Kellogg Co. spokesman Adaire Putnam said from company headquarters in Battle Creek, Mich.

The contract allowed Gardner-Tanenbaum to get financing to build a 100,000-square-foot building, which means 40,000 square feet will remain open when Kellogg moves, probably this summer.

The deal came with most of Oklahoma City's industrial property market — sales and construction — in the doldrums, according to Grubb & Ellis-Levy Beffort.

The first quarter saw almost no activity by either owners or tenants, Grubb & Ellis said in a market report.

"The market appears to be in a state of suspended animation," market analyst Douglas Opp wrote, with most owners focusing on renewing existing tenants.

Tight credit has stopped most investment sales, and with virtually no speculative construction, vacancies remain stable, Opp wrote.

"Oklahoma City is fortunate in that it has not seen the mass exodus of industrial users causing increasing vacancies and decreasing rents. Owners are using other incentives instead of dropping rents," he wrote.

Gardner-Tanenbaum's asking rent for the 40,000 square feet next door to the Kellogg's space is \$5 per square foot per year, which puts it at the top end of the market. But its new space, in a desirable location, and Richard Tanenbaum said he was close to having it leased, as well.



Gardner-Tanenbaum Group is developing Hefner Commerce Park on the north side of Hefner Road east of Interstate 35, where Capstone Construction Services is building a 100,000-square-foot warehouse-distribution center to be used partly by Kellogg Co. PHOTO BY PAUL B. SOUTHERLAND, THE OKLAHOMAN