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## Building Out of the Box

*Warehouse developers say improving aesthetics pays off; Warehouses getting a cool, new look*

By LESLEY MITCHELL

**WHEN DEVELOPER RANDY ABOOD** decided to build an industrial park in Salt Lake City, he knew what he didn't want: rows upon rows of identical gray box warehouses. He wanted something cool.

That's why the earth-toned industrial buildings in Abood's **Ninigret Park** have features such as towering pillars, huge glass windows and high ceilings that blend with the park's office buildings. Trees, flowers and landscaping break up a parking lot that otherwise would be a sea of asphalt. Even the tenants' cars look shiny and new: Abood pays to have a number of them washed weekly.

Abood's approach to building an industrial park is showcased in the new book *Exceptional Industrial Projects: Beyond the Box*. Published by the National Association of Industrial and Office Properties (NAIOP), the book, which chronicles efforts by developers to make warehouses less boxy and boring and more stylish includes one of Ninigret Park's warehouses. Other industrial buildings featured in the book -- none of which is in Utah -- include those owned by direct sales company Pampered Chef and upscale cooking and dinnerware products company Williams-Sonoma.

"There's a real trend toward making [industrial] buildings much more inviting," said Daniel DeMarco, a partner with Braintree, Mass.-based Campanelli Cos. and chairman of NAIOP.

He said employee recruitment and retention are one force driving the trend: No one really wants to work in a dark boxy building without any windows.

**Ninigret** does not have a corner on creativity along the Wasatch Front.

Other business parks, such as Landmark Industrial Park on the northeast corner of 5600 West and 2100 South in Salt Lake City and Crossroads Corporate Center on the northeast corner of California Avenue and Bangerter Highway, are building and marketing snazzy warehouses as well, said Rad Dye, an industrial broker with CB Richard Ellis in Salt Lake City.

Dye said newer buildings such as those at **Ninigret**, Landmark and Crossroads have a competitive advantage over the older more traditional warehouses in trying to attract tenants.

"The functionality of the building matters more than anything," he said. "But if you're looking at two pretty functional



buildings, aesthetics becomes an issue."

Abood said the cost of his warehouses in **Ninigret Park** -- designed by architect Dave Robinson -- is not driven up by the aesthetic elements.

"There's a marginal increase in costs but our feeling is that you get that investment back by the fact that aesthetics can help keep buildings more fully occupied," said Robinson, who said he strove for an "open and friendly" look in **Ninigret**. Originally from Chicago, he moved to Utah in 1993.

Abood, a New York tax attorney who bought 178 acres near Salt Lake City International Airport in 1994 and began building **Ninigret** in 1995, acknowledges some companies do not care at all about aesthetics.

Those that do care about how their warehouses look are those that have some or all of their office workers housed in their distribution and warehouse facilities.

Logistics company Salt Lake Air Cargo, for example, sought a warehouse with enough space to accommodate the company's office workers. But Dave Hagblom, president, didn't want his office workers to feel like they were jammed into a warehouse.

"I knew they didn't want to be stuck in a dingy and dirty place where they can't look out," Hagblom said.

In addition, he said, he wanted a building that projected a more upscale image when clients or other people visited.

He found that look at Ninigret, where the company occupies 44,000 square feet of space. Landscaped walkways lead to an entrance framed by tall white pillars. Once inside, offices with walls of windows are next to an airy warehouse with high ceilings.

"All the windows and the bright light make a big difference," Hagblom said.

Like other developers, however, Abood has lost tenants and revenue during the nationwide economic downturn. But he is bullish on Salt Lake City and the idea of a new look in warehouses. He

plans a more than **400-acre expansion of Ninigret** with more office buildings and warehouses.

Abood plans to retain ownership of the original park, bordered by 1300 South on the north, 2100 South on the South, 4800 West on the west and 4400 West on the east. The new development will be a mix of buildings he owns and those developed by other companies. He sold the first part of the new development -- 6 1/2 acres -- for a company planning to build a warehouse.

For some companies, aesthetics pays big dividends.

Black Diamond Equipment Ltd. in Salt Lake City, for example, passed on some older warehouses in favor of **Ninigret Park** three years ago when shopping for a new industrial building because of the cost savings associated with high ceilings and skylights, said Mark Ritchie, Black Diamond vice president of operations.

The high ceilings allow Black Diamond to stack boxes higher. And unlike old warehouses, there are few columns to eat up floor space. Plus, skylights that bring in more natural light cut utility bills.

Bill Martin of commercial real estate brokerage Colliers Commerce CRG in Salt Lake City, which handles some leasing work for **Ninigret**, said many warehouses built in past decades may face the same type of challenges that plague retail malls built in the 1970s and 1980s. Those malls, many of which have a fortress-like design, have struggled to keep tenants from flocking to the more aesthetically appealing open-air malls and other new types of shopping complexes.

Like the older malls, "the older warehouses are functionally OK, but they are becoming aesthetically obsolete," Martin said. "With warehouses, a lot of developers are realizing that it doesn't take a whole lot more money to make an attractive building, so why not do it?"