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HARRISBURG COMMERCIAL

real estate REPORT

Teaching an Old Box New Tricks

Two Stories of Big-Box Adaptive Reuse Demonstrate its Growing Appeal

By Michele Wood



Big Box and Adaptive Reuse

Big-box properties generally are identified as large, single-tenant, warehouse-style retailers such as Walmart, Target, and Costco. They often are freestanding buildings over 80,000 square feet, constructed on eight to 12 acres or more to accommodate outsized parking demands. For maximum visibility and connectivity, most are along major arterial roadways or highways.

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Adapting a big-box structure can help mitigate sprawl and provide an attractive location for many users because of its superior location close to roads and distribution networks. Complicated assemblage or right-of-way is not necessary when a big-box site is used; access points already are constructed from the roads, and traffic patterns have adjusted to the access characteristics of the site.

Structurally, big-box buildings provide a blank slate to architects. Since these properties are never designated as historic buildings, no special restrictions apply to modifications, and they don't have to preserve facades (although occasionally some are within shopping centers with rigorous covenants, conditions, and restrictions, including façade requirements.) Additionally,

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Most parents are familiar with the experience of purchasing an expensive gift for their young child, only to find that he or she would rather play with the empty box than the toy inside. It can take a child's imagination to see the potential of what isn't there. Similarly, vacant big-box stores offer communities the opportunity to reimagine and repurpose empty space to fill needs that are going unmet or to create a more dynamic presence in the existing environment. This trend, known as adaptive reuse, or AdRu, has enjoyed particular success when applied to abandoned big-box buildings.

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Audi Kimmel, center right, is not a licensed REALTOR.

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Industrial Listings



Sale - 638 & 651 Alricks Street, Harrisburg

- Freestanding warehouse along the 6th Street industrial corridor
- Clean, well-maintained, functional, and offers convenient access to I-81, Route 22/322 and the City
- Additional land across the street (638 Alricks Street) is also available for sale, all as one parcel including the street between them (Alricks Street, which has been vacated, paved, and fenced)
- Opportunity for additional car parking, truck parking or outside storage



Lease - 151 Allendale Road, Mechanicsburg

- Hard to find, completely updated warehouse space available
- Tenant's suite features frontage along Simpson Ferry Road, vanilla shell office space, ready to be built-out and a warehouse with 14'6" clear ceilings, two drive-in's (12' x 12'), sprinklers, and new LED lighting
- Convenient access to Route 15, Route 581, and I-81



Sale - 700 Angenese Street, Harrisburg

- Functional warehouse property for sale along the 6th Street industrial corridor
- Convenient access to I-81, Route 22/322 and the City
- This property can be purchased in conjunction with 638 and 651 Alricks Street
- A 5,500 SF temporary canvas building has been setup at this location, which can also be purchased for an additional cost

New Listings



Sale - 3200 N. 3rd Street, Harrisburg

- All brick church with great potential for multiple uses
- Chapel, several classrooms, and offices on the main level
- Exposed lower level includes a variety of classrooms, fellowship hall, and kitchen area



Sale - 25 S. 28th Street, Harrisburg

- Beautiful stone church in the heart of Penbrook Borough with 30' chapel ceilings, stain glass windows, and a large organ
- Features multiple chapels, classrooms, offices, and a large social hall with adjoining kitchen
- Property conveys with a large parking area

Commercial Listing



Sale - 2801 North Third Street, Harrisburg

- Stunning landmark in the City of Harrisburg available for sale
- The Zembo Shrine Center was beautifully constructed with the Moorish Revival style architecture and has been well-maintained throughout its years
- Over 300 lined parking spaces



neighbors generally do not object to a developer changing the character of the building. As most big-boxes were constructed in the past 30 years and are simple designs, structural flaws or layers of old build-outs to correct are rare. Accommodating for Americans with Disabilities Act compliance is much easier, too. There are no narrow corridors to widen, no second or third stories that necessitate elevators, and doorways are at street-grade, making ramps generally unnecessary.

On the flip side, one challenge in re-tenanting a vacant big box is that former users often impose restrictions in the deeds against similar use. For example, Lowe's Home Improvement regularly prevents other similar retail users from operating at any store that the company sells. Grocers often use similar deed restrictions to prevent competition from occupying their sites. Fortunately, because AdRu implies a change in use, deed restrictions are less likely to impact value.

Two recent success stories illustrate some of the attractive features that vacant big boxes offer.

Adapting a big-box structure can help mitigate sprawl and provide an attractive location for many users because of its superior location close to roads and distribution networks.

From Big Box to Megacenter

A current project in Houston is transforming a vacant Walmart Supercenter, purchased for about \$7 million, into a mixed-use megacenter. Once the estimated \$6 million renovation is

"A current project in Houston is transforming a vacant Walmart Supercenter, purchased for about \$7 million, into a mixed-use megacenter."

completed, the property will feature a gym, self-storage units, office/warehouse units, and an auto repair center. The site was attractive to the buyer, Chile-based company Red Megacentro, because of the sound structure, some arterial frontage, and proximity to a major highway. Simply replacing the retail tenant wasn't a suitable solution for the vacant building as it was set back considerably from the road, and mature landscaping and pad sites obscured some of the visibility.

One of the pleasant surprises of the project was the excess land that was discovered on the site as a result of the alternative

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Office Listing



Lease - 1421 N. Third Street, Harrisburg

- Great leasing opportunity in completely renovated and updated building in the heart of thriving Midtown Harrisburg
- Neighbors include HACC Technology & Trade Campus, Susquehanna Art Museum, Midtown Cinema, Broad Street Market, The Midtown Scholar Bookstore (two blocks away), Millworks, Yellow Bird Cafe and much more

Commercial Listings



Sublease - 4856 Carlisle Pike, Mechanicsburg

- Attractive, updated showroom space with a warehouse area and a large open office area on the second floor
- Located in the Hampden Center in Mechanicsburg
- Warehouse area has two 10' x 10' overhead doors



Sale - 5620 Derry Street, Harrisburg

- Newly renovated building conveniently situated on Derry Street, just moments from Route 322 and 283/83 interchange
- The building underwent major upgrades in 2017 and has been well-maintained throughout the years
- The unique set-up offers many possible options for an office or commercial user

uses, such as office and self-storage, having lower parking requirements. That excess land helped create more equity in the property, acting as a hedge against some of the risk of developing a new and innovative property type in the market.

A challenge to this and many other AdRu projects is completing the financial analysis. Lenders want to know when the property will be economically viable, and unknown construction costs and timelines can throw off even conservative budget and time estimates. Big-box projects are insulated from some construction uncertainties, and the mixed-use component often makes these projects especially attractive to lenders. In this case, because the gym had signed a lease for a large portion of the building, the site was already generating income. This cash flow helped to mitigate the time needed to finish the build-out on the self-storage units and the office/warehouse units, where each had unknown lease-up timelines. The different components essentially created a property that could be viably constructed and financed in phases.

Under Armour Headquarters

More than 1,500 miles away in Baltimore, Under Armour is constructing a corporate campus in Port Covington. The project includes the renovation and repurposing of several buildings on a 58-acre site, including a former Sam's Club, which has been converted into a new office space. The building's original footprint was 130,000 sf, and after closing in 2008, it sat vacant until purchased in 2014 by Under Armour CEO Kevin Plank's private development firm, Sagamore Development, as part of a larger property. Acquisition was \$35 million, which included the vacant Sam's Club building and an operating Walmart store on 58.7 acres of land. Under Armour spent \$23.6 million on the renovation and conversion of the Sam's Club, which included adding 40,000 sf of mezzanine.

The building can hold up to 600 employees, having added the 40,000-sf mezzanine and a 350-seat auditorium, a fitness center, office space, a mezzanine floor for conference rooms and corporate offices, a coffee shop, and an organic cafeteria. Though the building is part of a larger campus vision that is still underway, the AdRu is a stand-alone success, and the architectural firm, Bholin Cywinski Jackson, won an award in 2016 for the interior space design from the Pittsburgh Chapter of the American Institute of Architects.

A New Gift

Not all vacant buildings can be saved and adapted to new uses, but many big-box stores are constructed in locations and with specifications that make them especially attractive for AdRu projects. Property owners, developers, users, and communities all benefit when viewing the empty box as an opportunity to present a new gift to the built environment.

For more information on the growing trend of adaptive reuse in CRE, read CCIM Institute's 3Q18 Commercial Real Estate Insights report, "Adaptive Reuse: Turning Blight into Bright." ■

About the Author:

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Office Listings



Sale/Lease - 1001 S. Market Street, Mechanicsburg

- Two-story professional medical office available
- Recently renovated with high quality finishes and an efficient floorplan
- Desirable location in Southpoint Office Center at the intersection of Market Street and Shepherdstown Road and near Cumberland Parkway exit of Route 15



Lease - 1007 N. Front Street, Harrisburg

- Attractive office space on North Front Street with beautiful views of the Susquehanna Riverfront
- The entire building is going through interior upgrades and boasts new carpet, fresh paint and many amenities including large shared conference room, a court-yard with seating, parking, and wi-fi
- Turn-key and within walking distance of the Capitol with quick access to I-83, I-81 and West Shore



Lease - 1801 Oberlin Road, Middletown

- Charming three-story stone structure with professional office tenants
- Convenient access to both Harrisburg and Lancaster
- Easy access to Harrisburg International Airport

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The Bill Gladstone Group of NAI CIR is looking to fill editorial content in our quarterly magazine and monthly newsletter publications for the 2019 calendar year.

What Are We Looking For?

Industry related articles that our readership of over 4,600 business decision makers and industry leaders would benefit from reading in print and online through social media. Articles are typically 1,200 – 1,500 words and include an author bio, headshot, and recognition for your company.

Topics Can Include: Finance, development, law, architecture, technology, engineering, environmental, wellness, current trends, security, business operations, and much more.

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Contact: Leah Wentz (717) 761-5070, ext. 116 or lwentz@naicir.com.

Please forward this information to any colleagues you feel could be a good fit for our publications as well. We look forward to hearing from you!

Office Listings



266 - 4,453 SF

Lease - 415 Market Street, Harrisburg

- Attractive office spaces at the Harrisburg Transportation Center
- In walking distance to all the downtown restaurants, amenities, and Riverfront Park
- Located in Technology Corridor Enterprise Zone
- **HALF PRICE RENT for the first year on a 3 or 5 year deal (promotion ends October 31, 2019)**



1,843 SF

Lease - 156 Cumberland Parkway, Suite 200, Mechanicsburg

- First floor office space available in this Class A, high-profile building
- The location offers easy access to Route 15 and the PA Turnpike (I-76), plus great local amenities
- It is hereby disclosed that a partner in the ownership of this property is a licensed real estate salesperson in the Commonwealth of Pennsylvania



899 - 10,869 SF

Lease - 205 Grandview Avenue, Camp Hill

- Class B medical/office building available for lease
- The building is located in a prestigious West Shore location and boasts gorgeous views
- The property is undergoing major renovations including new HVAC units and exterior painting
- **Call for details on free rent promotion (promotion ends at owner's discretion)**



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Office Listings



Lease - 28 E. Main Street, New Kingstown

- Hard to find flex space in Silver Spring Township
- The suite features approximately 1,376 SF of freshly updated (new paint, cleaned carpets) office space and an adjacent 720+/- SF of warehouse space
- Former use was office for a transportation company



Sale - 5006 - 5010 E. Trindle Road, Mechanicsburg

- Five condominium units available for sale (1,880 - 5,113 SF)
- Excellent location in newly developed area in Hampden Township
- Can be sold individually for owner/user or together as an investment



Lease - 800 N. Third Street, Harrisburg

- Prominent downtown office building across from the State Museum
- One block from the Capitol Complex; perfect location for attorneys and associations
- On-site parking and many other amenities are available to tenants



Lease - 3507 Market Street, Suite 102, Camp Hill

- Located within the heart of the West Shore, this aesthetically pleasing building has one suite available for lease
- The property is centralized on Camp Hill's main travel artery and is close to many restaurants and businesses
- 45 Parking spaces available



Sale/Lease - 920 Linda Lane, Camp Hill

- Single-story brick office building conveniently located on the SWQ of Route 15/581 interchange
- The property features good parking and signage
- A District Judge office currently occupies one suite (3,570+/- RSF) and the other suite (5,754+/- RSF) is vacant



Lease - 5275 E. Trindle Road, Mechanicsburg

- Open corner office suite offers functionality and usability
- There are many private offices and large conference room(s) lining the perimeter
- Professional office space features executive sized offices, private in-suite restrooms and two entrances
- Space can be left as one large suite or made into two suites; Suite A - 2,318 RSF and Suite B - 4,133 RSF

Featured Land



Sale - Peters Mountain Road & River Road, Halifax

- Good retail site in growth corridor of Northern Dauphin County
- The 5+/- acre tract is generally level and has over 600 feet of frontage on busy Route 147/225

Investment Listing



Sale - 5660 Lancaster Street, Harrisburg

- This three-story property has two floors fully leased (16 apartments total; eight three-bedroom and eight two-bedroom)
- The first floor features commercial space that could be leased out or renovated into 3+/- additional apartments
- Excellent location with quick access to major highways
- Price includes the 16-unit apartment building and an additional acre (+/-) that can be used for future development of another 10+ units

Land Listings

Location	Acres	Zoning	Type
370 W. Main Street, Leola, Lancaster County	1.3 - 2.8	General Commercial	Sale/Lease
Bent Creek Boulevard, Lot 2, Mechanicsburg, Cumberland County	2.02	Community Commercial	Lease
7700 Derry Street, Harrisburg, Dauphin County	2.12 (lot 4)	Commercial District General	Sale
Price Reduced - I-81 and W. Trindle Road, Carlisle, Cumberland County	2.18 (2 parcels)	Commercial Highway	Sale
Price Reduced - 100 Narrows Drive, NEC of US Route 422 & Narrows Drive, Lebanon	2.2	Commercial	Sale
8001 Grayson Road, Harrisburg, Dauphin County	2.25	Commercial	Lease
7700 Derry Street, Harrisburg, Dauphin County	2.3 (lot 8)	Commercial District General	Lease
5650 Derry Street, Harrisburg, Dauphin County	2.5	Commercial Limited	Sale
St. Johns Road, Camp Hill, Cumberland County	3.05	General Commercial District	Sale
Peters Mountain Road & River Road, Halifax, Dauphin County	5.1	None	Sale
700 S. Baltimore Street, Dillsburg, York County	5.23 - 57.5	Agricultural - Conservation (AC)	Sale
Eisenhower Boulevard, Harrisburg, Dauphin County	5.39	Commercial General	Sale
W. Suncrest Drive and Spring Road, Carlisle, Cumberland County	6.72 (5 parcels)	Commercial/Light Industrial	Sale
1706 Good Hope Road, Enola, Cumberland County	6.78	Office Park	Sale
SOLD - Lancer Street Extended, Harrisburg, Dauphin County	7.52	Medium Density Residential (R-2)	Sale
Pending - 503 Jonestown Road, Jonestown, Lebanon County	7.91	Commercial	Sale
Route 441 and Orchard Drive, Harrisburg, Dauphin County	8.34	Single Family Residential District	Sale
Price Reduced - 730 Limekiln Road, New Cumberland, York County	8.64	Commercial Business	Sale
1900 State Road, Duncannon, Perry County	9.46	Commercial	Sale
Carlisle Pike (Route 11) Waterford Square, Mechanicsburg, Cumberland County	8.78 (8 lots)	Community Commercial (C2)	Sale
Price Reduced - Eisenhower Blvd & Highspire Road, Harrisburg, Dauphin County	10	Commercial District General	Sale
Gettysburg Pike & Spring Lane Road, Dillsburg NWC, York County	14.92	Commercial	Sale
Price Reduced - Allentown Boulevard, Harrisburg, Dauphin County	17+	Commercial Highway (CH)	Sale
Price Reduced - 349 Pleasant View Road, New Cumberland, York County	45.48	Commercial Business	Sale
Price Reduced - Linglestown Road, Harrisburg, Dauphin County	61.55	Agricultural Residential	Sale

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Check Out Our Recent Deals

Visit www.billgladstone.com to view listings not included in this issue.



SOLD – 1800 Columbia Avenue, Lancaster

Strave 1800, LLC purchased this 1,350 SF investment property. The Bill Gladstone Group of NAI CIR represented the sellers and Paul Fulmer of NAI Commercial Partners, Inc. represented the buyer.



SOLD – 3243 Pennwood Road, Harrisburg

I-Deal Cars Holdings, LLC purchased this 6,000+/- SF industrial building. The Bill Gladstone Group of NAI CIR represented the seller and Ajay Patel of Hershey Real Estate Group represented the buyer.



LEASED - 205 Grandview Avenue, Suite 401C, Camp Hill

Silverlining Health & Wellness, LLC leased 1,542+/- SF of office space. The Bill Gladstone Group of NAI CIR handled the transaction. Space remains available for lease. Call for details.