

Industrial giant buys warehouse near Fulton Market

As it looks to build a new facility for Amazon in Bridgeport, Prologis has acquired another potential "last-mile" distribution center building in West Town.

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The real estate firm planning to build a big warehouse in Bridgeport for Amazon has picked up another industrial property on the Near West Side.

San Francisco-based real estate investment trust Prologis paid \$12 million earlier this month for a 70,000-square-foot warehouse at 455 N. Ashland Ave., according to sources familiar with the deal.

The purchase plants a strategic flag near the booming Fulton Market District for Prologis—the largest owner of industrial real estate in the country—and likely signals the building will become a "last-mile" distribution center, the final stop for packages ordered online before they're delivered.

It's unclear whether Prologis has a tenant lined up for the Ashland Avenue building and a spokeswoman for the REIT couldn't be reached.

In a sign of soaring demand for industrial property despite the coronavirus pandemic hampering the economy, the sale also nets a strong return for the seller, prominent Near West Side real estate investor Phil Denny. A venture of Denny's Peppercorn Capital paid \$8.1 million for the building in 2017, according to Cook County property records.

Denny said he did little to change the building, which was previously home to clamp-maker Pony Jorgensen, and signed a series of short-term leases with tenants including TV and movie equipment rental company Manhattan Beach Productions and interactive art pop-up 29Rooms. Manhattan Beach's lease runs through the end of this year, according to Denny.

Prologis likely paid a premium for the property because of surging demand for warehouse space close to densely populated areas. Industrial vacancy hit a record low at the end of 2019 and has inched up only slightly while the coronavirus pandemic has slammed other property sectors. The rise of online shopping—supercharged by people stuck at home because of the COVID-19 crisis—has retailers clamoring to lease networks of distribution centers to be able to deliver orders more efficiently.

Amazon has led that charge locally: The Seattle-based e-commerce giant has leased more than 14 million square feet of industrial space in the Chicago area this year at warehouses in locations including Pullman, Gage Park, Cicero and Downers Grove. The company plans to hire about 15,000 workers in the Chicago area to operate its warehouses.

Peppercorn owns two dozen properties mostly in the West Loop and on the city's Near West Side, including about 6 acres in the Kinzie Industrial Corridor just west of the Fulton Market District, according to Denny. The firm's other properties include a mostly vacant 80,000-square-foot office building at 240 N. Ashland Ave. and a 75,000-square-foot office building at 1201 W. Washington Blvd. that houses the offices of the Chicago Sun-Times.

Cushman & Wakefield Executive Director Larry Goldwasser represented Denny in the sale to Prologis.