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Schering-Plough increases space

Signs two-year deal for distribution lease

Memphis Business Journal - by [Andy Ashby](#)

[Schering-Plough HealthCare Products](#), a division of [Schering-Plough, Inc.](#), signed a two-year, 136,049-square-foot lease at 4020 Quest Way in Memphis Distribution Center.

The global pharmaceutical and health care products developer now leases 810,000 square feet of distribution space in the Memphis market.

“This was driven by overall business growth,” says David Aslin, director of distribution with Schering-Plough HealthCare Products. “We’ve seen some slowdown recently like most people, but we’re expecting the business to grow over the next several years and this is a step we’re taking in anticipation of that.”

Kemp Conrad, senior vice president of [Commercial Advisors](#) LLC, represented Schering-Plough in the lease negotiations, while [Commercial Alliance Management](#) LLC senior vice president Mark Jenkins and broker Phil Dagastino Jr. represented the landlord, Space Center Atlanta, Inc.

“I’m glad one of our health care companies, which is one of our community’s competitive advantages, is expanding in Memphis,” Conrad says. “It sure is better than them giving back space or subleasing space like Hewlett-Packard just did.”

[Hewlett-Packard Co.](#) is in the middle of vacating 2.2 million square feet of distribution space in the Southeast Memphis submarket.

“In light of the general economic times we’re in, it validates the significance of Memphis’ industrial standing,” Jenkins says. “The fact of the matter is that users and tenants still need space. They expand, relocate or have new requirements and Memphis is still recognized as a top-tier player in that arena.”

Schering-Plough HealthCare Products leases a nearby building in Memphis Distribution Center, where it distributes display and promotional products.

“This building is basically adjacent to their other building,” Conrad says. “This building had the exact amount of air-conditioned space they needed. It really fit hand-in-glove.”

[Industrial Developments International](#) built 4020 Quest Way in 1998.

The 212,098-square-foot building located near the northwest corner of Raines Road and Hickory Hill is now fully leased. It sits on 9.14 acres and has 28-foot clear-height ceilings and 21 loading docks.

Schering-Plough HealthCare Products is taking over the former [ScanSource, Inc.](#) space, which has 15 loading docks.

The two-year lease term suited both Schering-Plough and the landlord.

“Many landlords right now don’t want to strike a really long-term deal in this market because rates are so depressed,” Conrad says. “This enabled us to get a really good economic deal and it enabled the landlord to get some short-term cash flow, but not lock themselves long-term into a rate at the bottom of the market.”

There is 37.3 million square feet of Class A industrial space spread across 122 buildings in the Southeast Memphis submarket, according to Commercial Alliance Management’s mid-year market report.

The overall Memphis market had average rents of \$2.81 per square foot.

The Southeast Memphis submarket had 1 million square feet of absorption in the first two quarters of 2008, the highest amount market-wide.

“The Southeast has historically been the dominant submarket in Memphis,” Jenkins says.

Schering-Plough, Inc.

Pharmaceuticals & health care products

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