

Frozen Assets:
Trends in Cold Storage
Facility Development
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Breaking the Ice

- ▶ What factors are pushing a growing interest in cold storage warehouse/distribution facilities?
- ▶ What makes cold storage facilities so unique?
- ▶ Where are they being built?
- ▶ What should you, developers and investors know about these facilities?
- ▶ Will this asset class continue to be relevant in the post-COVID era?
- ▶ What are we seeing in our market?

A Cold Calling

- ▶ Short-Term: COVID-19 Vaccine Storage
- ▶ Long-Term: Food, Food, Food
 - ▷ Online Grocery Shopping
 - ▷ “Dark Kitchens”
 - ▷ Food Delivery Services
- ▶ Old Existing Product
- ▶ Low Vacancy Rate

Ice Palaces

Chilled Warehouses

- ▶ Temps between 32° and 33° F
- ▶ Fruits, vegetables, dry fruits, milk, dehydrated foods

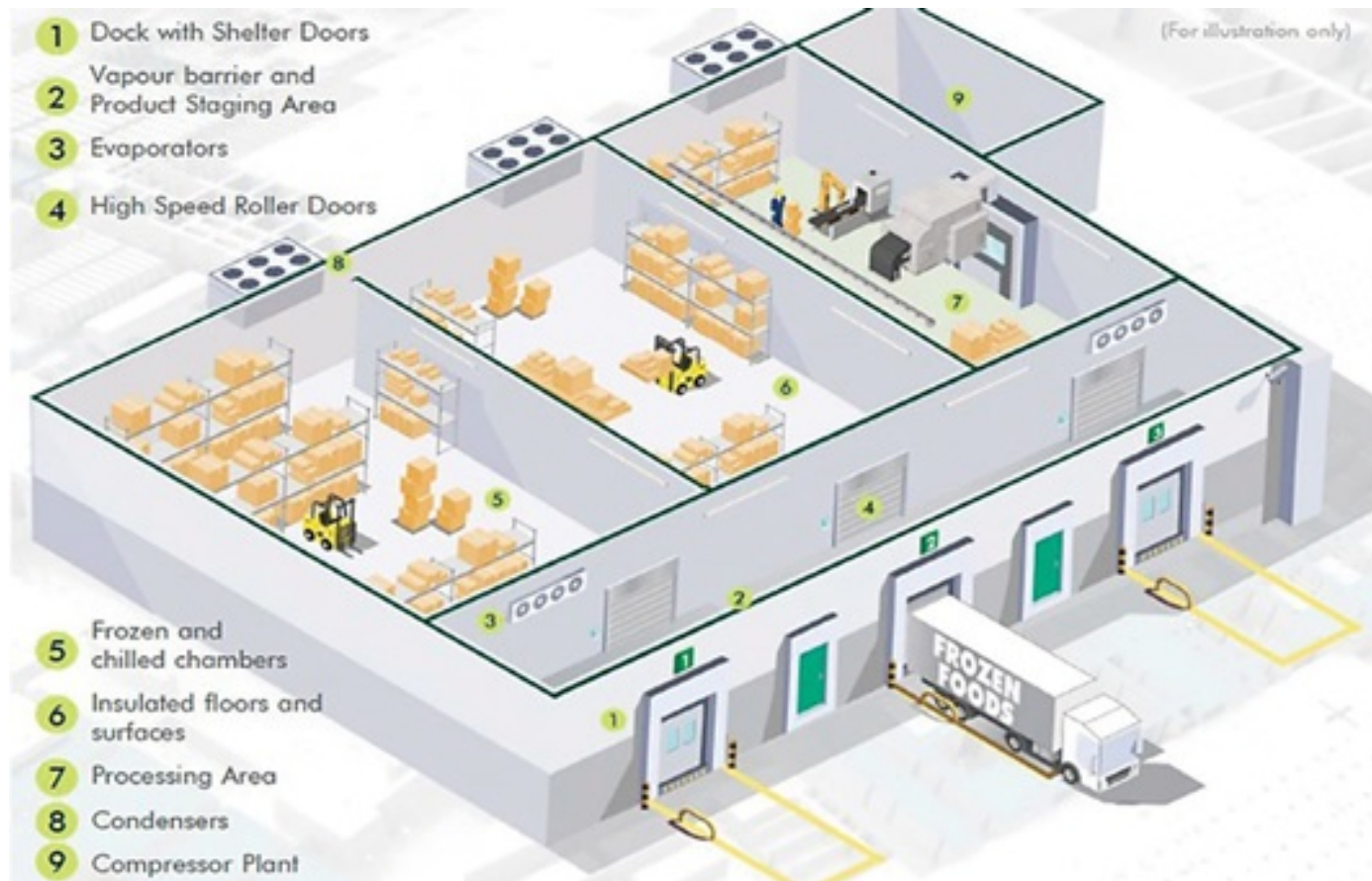
Frozen Warehouses

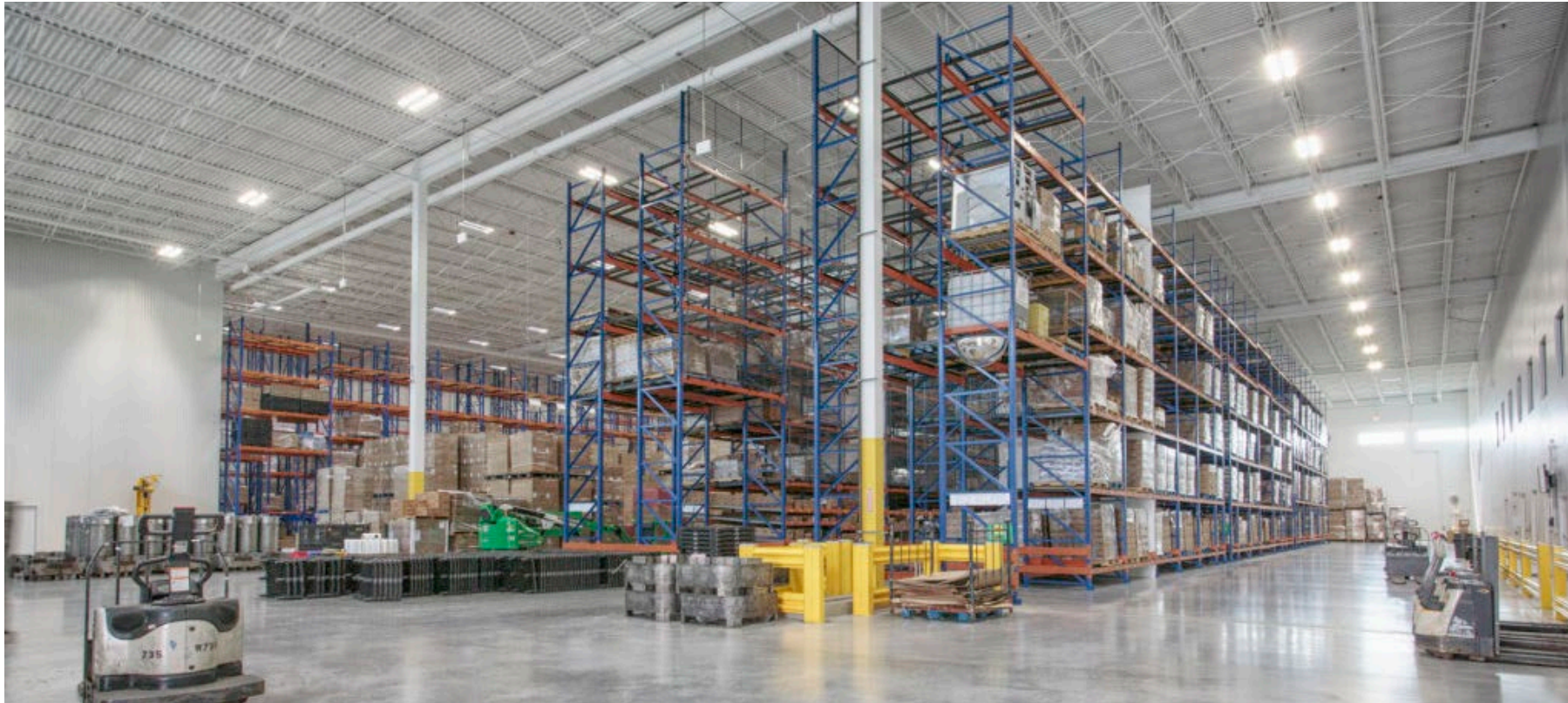
- ▶ Temps between -10° and -20° F
- ▶ Frozen vegetables, fruit, fish, meat, seafood

Cold Treatments

- ▶ Advanced refrigeration systems
 - ▷ Custom solutions
 - ▷ Spec solutions
- ▶ Specialized building envelopes
 - ▷ Insulated metal panels
 - ▷ Under-floor insulation
- ▶ Tall clear heights
 - ▷ Automation & robotics
 - ▷ Advanced fire suppression systems
- ▶ Enhanced dock areas
 - ▷ Wider door spacing
 - ▷ Insulated speed doors
 - ▷ 50-inch height

Cold Treatments





72-foot clear height

98,085 s.f. freezer warehouse accommodates 21,000 pallets of frozen product utilizing a very narrow aisle racking layout with manned forklifts.



Insulated wall panels

6-inch-thick panels allow for maintenance of temperatures as low as -10°F .

Frozen Tundra

- ▶ Gateway markets: NY & LA
- ▶ Regional hubs: Dallas, Chicago, Atlanta
- ▶ Food-producing states:
 - ▷ California
 - ▷ Florida
 - ▷ Texas
 - ▷ Washington
 - ▷ Wisconsin

Cold, Hard Facts

- ▶ More expensive to build
 - ▷ 2x to 3x higher construction costs compared to dry warehouses
- ▶ More expensive to operate
 - ▷ 4x higher electricity costs
- ▶ Low supply, high demand
- ▶ Market consolidation among specialist operators
- ▶ Credit tenants & long-term leases
- ▶ Higher yields

A Coming Cold War?

- ▶ Anticipated continued growth in e-commerce/online grocery shopping
 - ▷ From 3% in 2018 to 12%-15% by 2022
 - ▷ 70% by 2030
- ▶ Pivot from grocery stores to grocery storage
- ▶ Need for additional 75 to 100 million square feet of cold storage space by 2025

Catching Cold in Wisconsin?

- ▶ Zilber – December 2020 acquisition of 177,000 s.f. cold storage warehouse in Waukesha
- ▶ C.H. Coakley – January 2021 acquisition of 200,000 s.f. Wauwatosa warehouse with cold storage capabilities
- ▶ Central Storage & Warehouse – opened 115,000 s.f. (or 4 million cubic foot) frozen & refrigerated storage facility in Caledonia in 2019
- ▶ Hansen Storage – Wauwatosa dry & cold storage facility, including 50,000 s.f. of freezer
- ▶ Rite-Hite – supplier to cold storage facilities



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