



SUCCESS STORY: MCLANE GLOBAL LOGISTICS

Tenant Representation

Up and Running in New Market at Lighting Speed
Salt Lake City, Utah



Leaning on existing landlord relationships allowed McLane to grow at its own pace.



Key Storylines

- Leveraged Sublease Market for Quick, Affordable Solution
- Guided Client from Short-Term to Long-Term Tenancy
- Outcome Allowed for New Revenue Streams

Situation

Food-industry and logistics leader McLane had two Class A distribution requirements in Salt Lake City. One was immediate and the other down the road - but how far down no one knew. The first requirement established an immediate presence for McLane in the market to fulfill a new, short-term contract for a global client. The size, scope and timing of the second requirement would depend on the success of the first.

Enterprise Impact

With real estate now supporting the business, McLane was able to quickly enter a market, fulfill a client contract, generate a new revenue stream and grow that revenue in the first year. Working with a familiar landlord gave McLane the ability to respond to its client's changing needs and right-size its footprint at a relatively low up-front capital cost.

Resources

Brokerage, Lease Advisory, Legal, Market Research, Financial Analysis.

Operational Solution

MK quickly identified a 150,000 SF low-cost sublease space equipped with racking. In order to make the deal, the Sublessor gave us a rolling termination right with a modest walk-away fee. McLane took occupancy within weeks of touring and quickly outgrew the sublease space which triggered MK to start on the second deal. We focused solely on buildings controlled by landlords that had McLane as a tenant in other cities because those landlords were comfortable with McLane's financials and would be patient while we figured out timing. We pursued a property owned by Majestic that also had sublease space, and quickly received consent for McLane as a 130,000 SF subtenant. Ten months later, the contract between McLane and its Salt Lake City client renewed and the scope of the longer-term requirement became clear. McLane terminated the first sublease, converted the second sublease to a direct lease with Majestic and expanded into the building's remaining 65,000 SF vacancy.