

NEWS

Wanna build a warehouse? Be prepared for hurdles, developers say

Peter D. Kramer Rockland/Westchester Journal News

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You can't miss Steve Shell's sign in front of 524 Route 303 in Orangeburg, the one advertising 25,000 to 54,000 square feet of warehouse space for lease. What's missing is the space.

"That's already leased out," said Shell, with Coldwell Banker Commercial. "We're building another building in the back for next year."

The new warehouse, which hasn't gotten final approval, will be 55,000 square feet, with easy access to the New York State Thruway.

"Orangeburg is a hot area," Shell said. Still, he's in no rush to update his for-lease sign.

"Basically it's still up in the air," he said. "Until it's approved, you got nothing."

Nothing is basically what's available for those seeking warehouse space in the Hudson Valley. The pandemic's most visible silver lining has been for e-commerce, as those working from home have driven demand for delivered goods.

Amazon snapped up two vast warehouses in Blauvelt last summer, totaling 174,000 square feet, and will bring them online in February. It also is outfitting 100,000 square foot warehouse on Warehouse Lane in Elmsford, to come online in March.

WAREHOUSES: Market is 'hot to the touch' amid e-commerce boom, pandemic

That pressure is rippling through the region, said Tim Jones, CEO of Robert Martin Company, which owns corporate parks, residential and industrial properties in Westchester and Fairfield counties and Westchester warehouses in Greenburgh, Mount Pleasant and Yonkers.

"With all of the larger firms finding space and entering the market, it's pushing other, more local users either to relocate or to accept some kind of lower quality space or to pay higher rents."

'It took us forever to close that deal'

Jason Horowitz, of the Valley Cottage-based Triforce Commercial Real Estate, said he saw the grinding regulatory process at work firsthand said he sold about 3 acres of land in Congers, near the junction of Routes 303 and 9W in 2018, to a developer wanting to put up a self-storage facility.

"It took us forever to close that deal, get all the proper approvals we truly needed, even though most of what we wanted or nearly everything we wanted was as of right," he said, meaning it adhered to zoning restrictions and required no special-use permits or variances.

"Everyone was coming out to fight it. Meanwhile, their properties were like a full football field away surrounded by woods," Horowitz said. But residents have the votes and the ear of the planning boards, he said, and don't consider the benefit of balanced development on their taxes.

"It comes down to developing these properties, getting more property on the tax rolls, because Rockland County is the second highest taxed county in the country," Horowitz said. "I think that people should be more willing to allow certain developers. I feel like they kind of cut off their nose to spite their face."

A 'ridiculous' process

Arnie Garelick has been in Rockland real estate for decades, and owns Clarkstown Executive Park, along with warehouses.

Garelick said developers wanting to build new warehouses face the reality of navigating regulations and site plans and approvals, but they don't reap the tax incentives.

"The only incentives they offer is for the end users to come in and take a warehouse and put some people to work in a warehouse," he said. "I've found that in every town I've ever dealt with in Rockland and Orange County."

He called the approval process "ridiculous," compared to what developers face in New York City.

"When you build in the city, you go in, you take your plan, you bring it to the building inspector, who's a professional, who knows what he's doing. He looks at what the laws and the regulations are, and if you meet the laws and regulations, you get a permit," Garelick said.

"Here, you go to these towns and villages where they have homeowners who have no idea what subdivision is, and they're the ones who decide how many lots or how big a building you get. And the only thing most of these boards are interested in is that you shouldn't overdevelop it. They're only interested in if the developer makes money, it can't be good."

'Preflight' or PILOTs

Paul Adler is the chief strategy officer for New City-based Rand Commercial covering Orange, Rockland and Westchester counties and northern New Jersey.

He has seen the white-hot market for warehouses firsthand, fielding calls for a 30,000 square foot West Nyack warehouse before he even could put it on the market.

While those on the phone want to buy, Adler said those who have a warehouse standing have a golden ticket, one that has already cleared that thicket of regulations.

"It can take sometimes a year to three years, depending on where you're putting it and what you're trying to put up," Adler said. "So a lot of owners don't like to sell, but leasing activity is very, very hot."

Adler has seen the warehouse demand skyrocket in recent years without an increase in supply. He sees a solution to streamline things, to get warehouses on the tax rolls faster without removing vital environmental reviews and community input.

He said municipalities looking to make the most of the market and increase their tax base would be wise to "preflight" areas zoned for warehouses, conducting the necessary environmental reviews in advance.

The public would still be able to comment and object, he said, but it would bring warehouses to market faster and reduce years of legal wrangling.

All that wrangling comes at a cost beyond the time delay. Developers often seek tax breaks in the form of payments in lieu of taxes, or PILOTs.

It would be smarter, Adler said, to have those zoned areas shovel ready, where they can begin to pay dividends, in taxes paid and the hum of work warehouses bring, from carpenters and electricians to warehouse staff and the delis to feed them.

"If we're not ready to meet the continuing growing demands that are upon us right now, they're going to move somewhere else," he said. "You don't want to lose this kind of tax ratable base when you know that it's sustainable and it's employing local people."

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