

Recent investments make case for flex space

By **Brian Pedersen**, January 16, 2019 at 12:04 PM



(Contributed) Lehigh Valley Flex Center is an example of where J.G. Petrucci is building industrial flex space. The site is one of the former Guardian Life Insurance buildings at 3900 Burgess Place in Hanover Township, Northampton County. J.G. Petrucci is performing demolition and will develop 470,000 square feet in three buildings. Construction of the first building begins in March.

One area construction and development firm sees a strong market in smaller industrial flex space in the Lehigh Valley, a market that is expected to be robust over the next few years.

In recent years, the focus of the valley's industrial real estate market has been big-box warehouses and distribution centers covering 250,000 square feet or more, said Peter Polt, executive vice president of J.G. Petrucci Co. Inc. of Hanover Township, Northampton County.

However, demand is growing for smaller industrial space, and flex space in particular, said Polt, a demand that J.G. Petrucci is working to meet. Flex spaces can include warehouse, manufacturing, distribution and office uses.

J.G. Petrucci has invested in a number of flex properties geared for smaller manufacturers and warehouse/distribution companies.

As an example, the firm recently bought a 32,000 square-foot industrial flex property at 2147 Avenue C in Bethlehem for \$2.4 million.

Mike Capobianco of the Markward Group represented both buyer and seller in the transaction. Capobianco, the exclusive broker, is actively marketing the building on behalf of J.G. Petrucci to users looking to lease flex industrial space.

J.G. Petrucci plans to make some interior and exterior improvements and modernize the facility, said Joe Correia, executive vice president of J.G. Petrucci. Users might include a manufacturer looking for more room.

The lack of product coupled with growing demand has created a nice market for flex space, Polt said.

The flex building concept also may be more appealing to communities and municipalities, according to Polt, since these buildings take up smaller footprints and create less impact on roadways than large warehouses.

Among the firm's recent projects is the Lehigh Valley Flex Center.

It is on the site of a former Guardian Life Insurance building at 3900 Burgess Place in Hanover Township, Northampton County. J.G. Petrucci is performing demolition and will develop 470,000 square feet in three buildings, with construction starting on the first building in March, and completion of the first building at the end of the year.

In addition, at Forks Business Center in Forks Township, J.G. Petrucci has been developing industrial properties over the past decade. Its latest project is for Silbrico Corp., a specialized manufacturer of perlite (a form of obsidian) that will occupy 30,000 square feet in a building under construction and expected to open in April, said Joe Correia, executive vice president of J.G. Petrucci.

Meanwhile, in Hanover Township, Northampton County, the firm is working to complete Hanover Flex Center, another smaller flex industrial property with 48,600 square feet of space.

J.G. Petrucci completed site work on that property, and expects to complete exterior and interior work by the end of the year, Polt said.

Polt still sees more land available in the region for smaller flex spaces over the next few years, though the market is expanding further from Lehigh and Northampton counties and away from major highways.

"There is land available, the problem is a lot of the available land is not near major highways," Polt said. "We continue to see demand for smaller space outpace supply."