

Friday, August 14, 2009

Smiths Medical expanding, hiring

Distribution move could create 50 jobs

by [Andy Ashby](#)

Smiths Medical ASD, Inc., is moving and expanding its distribution operations in Memphis' DeSoto County submarket, signing a 239,863-square-foot lease at Crossroads Distribution Center, Building A, in Olive Branch.

The company currently employs about 50 people, but that number could ultimately grow to 100 with 20-25 employees being added right away. Smiths Medical is consolidating a facility in San Diego into the Olive Branch location.

"The Memphis market has proven itself again to be a better distribution point than where they were previously," says Tim Moore, vice president of leasing with **Industrial Developments International**.

A division of London-based **Smiths Group**, Smiths Medical is currently housed in 109,575 square feet in Airways Distribution Center, Building F, at 8245 Airways Blvd. in Southaven.

Colliers Wilkinson Snowden broker Henry Stratton represented Smiths in lease negotiations. IDI owns and manages both distribution centers.

"We put Smiths Medical and IDI together five years ago at their present location," Stratton says. "They have both enjoyed this relationship and had hoped to be able to maintain the relationship while meeting Smiths Medical's expansion needs."

Smiths Medical opened its Southaven location in 2004 and there wasn't enough space in that building to expand, according to Bob Hanvick, vice president of communications.

"We needed more space and in order to get that space, we needed to move," he says.

The company has several distribution centers tied to manufacturing operations across the country, but this location solely handles distribution.

"By having a single, centrally located distribution center, we can reduce overall operating costs, which is pretty important these days," Hanvick says.

The Olive Branch facility will distribute medical products and devices such as drug pumps, tracheotomy tubes and safety needles.

Employees are expected to move into the new facility by mid-September.

Hanvick says Smiths Medical has been pleased with its Mid-South operation with the Southaven facility not reporting a single lost-time accident since opening.

Crossroads Building A is a 452,725-square-foot industrial building at 9124 Polk Lane. This lease brings it to 53% occupied.

The property, completed in 2008, has 32-foot ceilings and cross-dock capabilities.

It is part of Crossroads Distribution Center, which consists of two buildings with 1.3 million square feet of space at Polk Lane and Kirk Road in Olive Branch. The overall center is 63% occupied.

The entire project, when completed, will consist of 14 buildings with 7 million square feet of space.

Moore says leasing activity has been positive for the company this year.

IDI has leased almost 1 million square feet in its DeSoto County portfolio with expansions in newly developed Class A speculative product.

“Even with a choice in the price differential, we’re seeing good activity in the new Class A speculative product,” Moore says.

The DeSoto County submarket has an average rent of \$2.96 per square foot for its 29.4 million square feet of warehouse space, according to a mid-year report from Colliers Wilkinson Snowden, slightly higher than the comparable Southeast Memphis submarket, which has an average rent of \$2.72 per square foot among its 89.2 million square feet of warehouse space.

Lower property taxes in DeSoto County lead to lower operating expenses, as does the Crossroad building’s environmental design, which helps lower utility bills.

The U.S. Green Building Council has also given both buildings in Crossroad Distribution Center a Silver Leadership in Energy and Environmental Design certification, which influenced Smiths Medical’s decision.

“We certainly factor those items in, whether it’s green buildings, opportunities to recycle or efficiencies in operation,” Hanvick says.

Year-to-date, the overall Memphis industrial market has experienced 1.4 million square in negative net absorption among warehouse and flex space, a part of the reason why new development has slowed.

The overall Memphis market experienced 105,000 square feet of deliveries year-to-date.

Although IDI's build-to-suit program is still alive and it is always open to building new space for companies, it has put its speculative development program on hold locally.

"I'd say it will be at least a year or longer before you see anyone doing any spec product," Moore says. "That would also probably apply on a national basis because we're all facing the same issues."

Smiths Medical ASD, Inc.

Medical device design, manufacture and distribution

HQ: St. Paul, Minn.

President: Srinu Seshadri

Employees: 8,000

2008 revenues: \$1.5 billion

Phone: (651) 633-2556

Web site: www.smiths-medical.com

aashby@bizjournals.com | 259-1732