

## **CRE Terms: Industrial Drill-Down**



In this edition, we're delving some of the sub-categories and terminology associated with industrial real estate.

### **Industrial 101**

First, let's get the basics out of the way: an industrial building is one used primarily for functions including production, storage and distribution of goods. The three main or most common types – according to the NAIOP Terms and Definitions booklet – are manufacturing, warehousing or distribution and “flex”. Industrial buildings can – and typically do – include some percentage of office space, but considerably less than is dedicated to production.

### **Flex Facilities**

With “flex facilities” or “flex industrial”, an industrial building is designed specifically to be used in multiple ways, so as to not unnecessarily limit the potential tenant pool. We would often see this kind of option in an industrial park space.

With strategic and creative design choices – high ceilings, wide doors, and so on – a flex space can be used just as easily as a showroom or service center.

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### Biotech Space

In contrast to a flex space, NAIOP explains, a biotech industrial building is “highly specialized laboratory or research and development space”. Normally, a biotech tenant will have a laundry list of requirements – such as electrical and plumbing systems, rooms that can be isolated or have their own ventilation, lab space, back-up power and other considerations.

A client needing a facility to manufacture chemical or medical goods will have to meet stringent regulatory standards. As such, these spaces are typically developed to design.

### Industrial Considerations and Specs

Industrial CRE buildings will keep brokers on their toes, whether you deal with owners or occupiers.

Having a working knowledge of things like truss heights, racking systems, loading docks, cross decks and column spacing are essential for an industrial broker – both when assisting a new build client and when considering selling or leasing a space. And that’s before any considerations of city/county zoning.

