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**Another company passes through the Gateway: NYK Logistics is leaving the computer firm's old buildings in Hampton, but the structures' owners say they're not worried.**

By Peter Dujardin

Jun. 1--HAMPTON -- Two buildings that once housed one of Peninsula manufacturing's crown jewels -- the Gateway computer plant -- will soon lose another occupant.

NYK Logistics, a Japanese-based distribution firm, has been leasing the two buildings for about two years to offload shipping containers and put cargo into trucks. But the company recently announced it will leave the buildings in mid-June in favor of a far smaller space in Chesapeake.

But unlike the Gateway plant's closure in 2003, which resulted in thousands of workers losing their jobs, NYK's leaving town won't mean huge job losses to Hampton. NYK officials couldn't be reached Thursday to say exactly how many workers it has at the Hampton site. But distribution centers are far less worker-intensive than factories -- sometimes with only several dozen workers in spaces that once employed thousands of manufacturing workers.

**High Street Equity** Advisors, the Boston-based real estate investment firm that has owned both buildings on West Park Lane off Big Bethel Road since September 2005, said it wasn't worried about filling the space.

The buildings are both modern, having been built in 1999 and 2000, respectively, with 515,000 square feet of space between them.

High Street has staked even more on the region. It's also signed a deal to purchase a third building, a 180,000 square foot structure that's near the two former Gateway buildings. Taurus Development, an Atlanta commercial real estate firm, is set to complete the building by early July.

That means **High Street Equity** will soon have 695,000 square feet of property available at the same Hampton campus -- combined space that High Street is now touting as one of the largest pieces of ready space in Virginia.

High Street bought property in Hampton Roads in late 2005 after scoping out East Coast port cities for sites that could handle lots of freight shipments, said Bob Murray, **High Street Equity** Advisors' senior vice president of asset management.

Various industry reports on logistics say the region could use lots more distribution space to handle the cargo levels expected over the next couple of decades.

"Hampton Roads is a great market for industrial development because of the expansion of the port," Murray said. "We think a lot of the West Coast ships will be diverted to the port of Hampton Roads because of capacity issues."

High Street won't lose any rental money from NYK leaving town.

That's because Gateway is still on the hook for the lease for the buildings until 2011, under a long-term lease signed back in the late 1990s, Murray said. Gateway is now paying High Street roughly \$2.8 million on the two buildings annually.

NYK has been subletting the property from Gateway for the past couple of years.

"From our perspective it wasn't much of a blow because they're not paying us," Murray said of NYK decision to leave. "From a landlord's perspective, Gateway is paying us whether or not anyone is there."

But, he added, it's still in High Street's interest to fill the buildings. Commercial buildings are typically worth more when they're under lease and occupied rather than sitting empty, Murray pointed out.

He said the plan is to lease the former Gateway buildings for distribution and warehouse spaces, and to split the new building for a variety of uses -- whether it be warehousing, light manufacturing, or services.

CB Richard Ellis, a commercial real estate firm, is working with Gateway to market the former Gateway buildings, while Harvey Lindsay Commercial Real Estate is marketing **High Street Equity's** new building.

Ashton Williamson, vice president of CB Richard Ellis, said that NYK decided to move in part because it's able to move the same cargo in a 130,000 square foot building in Chesapeake that it's now doing out of the 515,000 square feet in Hampton.

The new building in Chesapeake has 100 docking doors -- the same as the two Gateway buildings combined, he said.

"They've had to pay costly termination fees (on the Gateway contract) but they're moving into a cross dock building specifically for a high velocity of trucks moving through the building," Williamson explained of NYK.

As for filling the Gateway buildings, he voiced confidence they would be filled soon.

"We're having active discussions now," with several potential tenants. "We're hoping we can attract one of these companies."