

Kuehne + Nagel

CBRE Mexico City, Mexico's Corporate Accounts team collaborated with CBRE Atlanta, Georgia's Global Supply Chain Group to arrange the development and leasing of a 1.1 million-sq.-ft. build-to-suit distribution center for Kuehne + Nagel in Mexico City, Mexico. This transaction is Mexico City's largest industrial lease so far in 2008.

Challenge

Kuehne + Nagel—a leading global provider of integrated supply chain solutions—operated three distribution centers in Mexico City, one of which was located at a property it owned. The real estate portfolio was expensive and inefficient: All three locations lacked standardized fire protection systems, sufficient clear height and adequate loading docks, among other things.

Major third-party logistics providers such as DHL and Mexican Zimac have conducted their operations out of consolidated master distribution centers in Mexico for years, and Kuehne + Nagel sought to take advantage of the logistics boom in the country. In addition, its costly multi-building occupancy and recent significant growth made it a prime candidate for a master distribution center of its own.

Kuehne + Nagel has retained CBRE Atlanta's Bayne Porter of the Global Supply Chain Group and CBRE Mexico City's Corporate Accounts team for a variety of projects throughout the Mexico City area in recent years. That company again reached out to the CBRE Global Supply Chain Group and the Mexico City Corporate Accounts team for assistance with this new requirement. The CBRE team faced a primary challenge: identifying how to reduce Kuehne + Nagel's occupancy costs, while improving its operations.

Solution

After conducting comprehensive analysis of Kuehne + Nagel's occupancy costs, lease obligations, financial needs and space requirements, the team determined that the company could potentially save 20% annually on its real estate costs if it consolidated operations.

The CBRE team then evaluated the limited build-to-suit alternatives in the Mexico City metropolitan area, particularly a 1.1 million-sq.-ft. site in northern Mexico City. The team commenced a bidding process for that property, providing developers with due diligence information, including construction specifications and building layouts.

Throughout the bidding process, the large development site and quality tenant produced several aggressive bids. The team ultimately selected O'Donnell, one of Mexico's leading real estate developers, to construct the site.



Result

The CBRE Mexico City Corporate Accounts team successfully collaborated with CBRE Atlanta's Global Supply Chain Group to arrange the development and leasing of Kuehne + Nagel's 1.1 million-sq.-ft. master distribution center in Mexico City, Mexico. The transaction is Mexico City's largest industrial lease so far in 2008.

O'Donnell plans to construct a facility for Kuehne + Nagel that will feature two buildings developed in three phases and a large, state-of-the-art fire system.