

POWER STREET COMPLEX

Power Street | Salisbury, MD 21801



DEAL STORY:

The power of our development insight can ultimately leverage our client's purchasing power when investing in commercial real estate. When Steve and Abby Cooper, local pediatricians, were looking for a new location for their medical practice they were interested in a parcel on Milford Street in Salisbury. Problem was - to build a 2,000 square foot office on a one acre parcel the infrastructure to support just a 2,000 square foot building is cost prohibitive.

The couple approached Palmer Gillis with questions, challenges and their need for real estate. "We said, if you buy 2,400 square feet of space in a 30,000 square foot building on Power Street we can sell it to you for 25% less than the space on Milford Street," said Palmer Gillis.

It all came down to economies of scale. There were cost advantages for the Cooper's to buy into a larger space because of the efficiencies that came with the space. Output and scale of operation, no matter what it is, (treating sick children, selling cookies or fixing cars) is directly linked to cost per unit of output. The more tenants filling the 30,000 square feet of space on Power Street, the less expensive it would be for each one.

This came to fruition when Palmer and his team solidified more buyers including Salisbury University who was in search of office space and ended up making a deal to purchase a section of Power Street in 1988 which finished phase two of the project.

It was the developer's insight and knowledge of the market and knowing what was available and feasible that helped the Cooper's find an efficient, functional space that fit their needs. Each business in the Power Street complex got more than they bargained for - parking, landscaping, private entrances, storm water management, maintenance, trash and snow removal, lighting and road maintenance. Ultimately the situation and space made businesses appear larger than they really were. And at the end of the day they could put the keys in the door for less. A win-win.

A story like this doesn't come without risk. This was the first new professional office condo project for Salisbury. This product is no longer relevant due to regulations in the healthcare industry. There will be no more 2,000 square foot healthcare related users because the medical profession needs more space to be compliant with electronic medical records, full administration teams and accountants.

Power Street is on the radar screen to transform again. Nobody can really say how or when - not yet.

QUICK FACTS:

- 25% tenant savings
- 30,000 square feet
- First new professional office condo
- Will continue to evolve

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