

CASE STUDY



Caterpillar Logistics

CBRE's Oak Brook, Chicago and Tokyo offices collaborate to arrange the development and leasing of a 500,000-sq.-ft. build-to-suit distribution facility in Japan on behalf of Caterpillar Logistics.

CHALLENGE

In 2003, Caterpillar Logistics, a global provider of integrated logistics solutions, engaged CBRE to identify land sites in the greater Tokyo area for a new, 500,000-sq.-ft. distribution facility to provide supply chain solutions for Shin Caterpillar Mitsubishi and other key clients. Traci Buckingham of CBRE's Oak Brook office and Reid Mackay and Toshio Aoki from CBRE's Tokyo office were tasked with identifying a land site, evaluating development options, assessing capital markets and negotiating the best all-encompassing deal for Caterpillar.

There were numerous challenges throughout the process, including cultural differences in business dealings, negotiations, deal structure and building design and construction, as well as limited land availability.

SOLUTION

After two years of searching for a site, a location was selected on Shin Caterpillar Mitsubishi's campus in Sagami-hara, a suburb of Tokyo. The team then strategically evaluated whether Caterpillar Logistics should build the facility on its own and sell the property, or secure a developer to purchase the land, build the facility and lease it back. Caterpillar Logistics determined that building the facility on its own was not the most effective option, which prompted CBRE to begin identifying qualified developers.

CBRE identified eight developers that had the experience, capabilities and financial strength to handle a project of this size. The initial interviews were conducted in November 2005.

Once Caterpillar Logistics finalized its building design and specifications, an RFP was submitted to the potential developers in late November. In January 2006, proposals were received, and Beth McGee of the CBRE Financial Consulting Group in Chicago was enlisted to create financial analyses for the client, which allowed the team to shortlist the candidates and move on to the second round of proposals.

RESULT

AMB was ultimately selected as the developer of Caterpillar Logistics' 500,000-sq.-ft. build-to-suit distribution facility in May 2006. There were numerous reasons that AMB was chosen, including experience, financial strength and competitive pricing.

Despite lengthy lease negotiations—necessitated by the integration of both American and Japanese lease language—CBRE exceeded Caterpillar Logistics' expectations by negotiating a very aggressive deal, which resulted in the company signing a 15-year lease with AMB.

The groundbreaking ceremony took place in December 2006, and Caterpillar Logistics will occupy the building in November of this year.

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TEAM

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