

FROM THE FRONT

RJR plans to lease out corporate hangar at Smith Reynolds

By KATIE ARCIERI

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WINSTON-SALEM — R.J. Reynolds Tobacco Co. is working to lease out a more than 50,000-square-foot corporate hangar property that it once used on a regular basis.

The property located at the Smith Reynolds Airport and marketed by CBRE has no takers yet. But officials say the building has generated interest despite potential headwinds including the Federal Aviation Administration's recent decision to cease funding for the airport's air traffic control tower and a negative perception of corporate air travel.

The property at 3901 N. Liberty St. is considered prime real estate for po-

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tential users including a large corporate tenant, a fixed-base operator and an aviation maintenance, repair and overhaul company. It is comprised of two 18,000-square-foot hangars and a two-story, 14,831-square-foot office space in the center.

David Howard, a spokesman for R.J. Reynolds, said the company is leasing the space as part a larger plan to focus resources on its core business.

"Our focus is on the making and marketing of tobacco products," he said.

Greg Wilson, executive vice president with CBRE, said that the property has generated significant interest.

"We've had good activity," he said. "Obviously it's a very special-purpose facility."

Still, the jury is out on how quickly the space will be leased.

Wilson noted that there are a lot of other corporate air travel options these days such as fractional ownership provided by companies such as NetJets.

"Companies now have a lot more options as opposed to owning and maintaining and housing their own fleet of planes," Wilson said.

And a negative perception of corporate aircraft travel still persists, said Kevin O'Leary, president of Jet Advisors, a Bedford, Mass., jet brokerage firm. The sentiment is that air travel is not a productive tool, but rather "a lavish expense," he said.

O'Leary added that the planned closing of the air traffic control tower can't help efforts to lease the space.

"You would definitely look at other options," he said of potential users.

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AEROSPACE: *Piedmont Aviation Component Services will keep key presence in Kernersville*

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employees at the Liberty Street building where its electroplating division is located, said Chap Berrier, director of the company's landing gear, machining and electroplating services.

Berrier said that moving key operations and staff to Smith Reynolds will increase efficiency and improve turnaround times for customers. Currently, the company has to shuttle parts back and forth from Kernersville to Winston-Salem, which lengthens that turnaround time.

The company will continue to have a significant presence at its Kernersville facility, where 60 employees will remain along with an auxiliary power units division, he said.

Berrier said that the transition will allow the company to better serve regional jets. It also will position the company to provide landing gear services for military custom-

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ers, a market that it doesn't now serve.

The company's transition is made possible in part by a shift by Piedmont Propulsion, which previously shared the Liberty Street building with Piedmont Aviation but last year completed its move to a larger nearby location at 4400 Lansing Drive that is 66,000 square feet.

Piedmont Propulsion, a subsidiary of Connecticut-based First Aviation Services Inc., first announced plans to expand at

the airport early last year and, at that time, had 35 employees. The company was awarded a \$50,000 grant from the One North Carolina Fund to invest about \$1.6 million and add another 25 jobs over three years.

Aaron Hollander, CEO of First Aviation Services, said Piedmont Propulsion's work force is now up to more than 40 employees in Winston-Salem and that the company is on track to grow its work force to 60 employees at the airport by 2015.

He said the company has likely already surpassed the \$1.6 million investment goal at this point, with the funds going to upfits, equipment, tooling and a rotatable pool for customers.

To accommodate Piedmont Aviation with its move, the Airport Commission of Forsyth County is doing about \$66,000 worth of upgrades to the Liberty Street building, including electrical and structural improvements such as doors and win-

dows, said Mark Davidson, the airport's director. That work will be complete within the next three months, he said.

Bob Leak, president of Winston-Salem Business Inc., said he is delighted to hear that the two companies are expanding at Smith Reynolds despite the pending closure of the tower. That said, the tower's closure does pose a risk for other companies that require its use.

"Not having a tower could potentially derail that opportunity," Leak said.

But the tower closure does not affect the expansion opportunity by Piedmont Aviation. In fact, the transition is a homecoming of sorts for the company, which had a much larger presence at Smith Reynolds seven or eight years ago.

"We're very excited about it," Berrier said. "It gives us more of a competitive edge."

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