

Local movers find commercial sector not as slow as residential

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Unlike smaller, residential movers hard-hit by the housing standstill, commercial movers are keeping busy these days--with jobs brought on by their corporate clients' downsizing.

As their budgets tighten during the recession, companies are clearing out unused space, not extending their leases and downsizing to cut costs, which means jobs for movers such as Pickens-Kane Moving & Storage Co. in Chicago and **Nelson Westerberg Inc.** in Elk Grove Village. About 95 percent of each company's business comes from the commercial sector.

Last year the moving industry saw household moves fall by 17.7 percent, according to the American Moving and Storage Association. Commercial accounts experienced a decrease of only half that much, just 8.7 percent.

"With companies restructuring, reorganizing, etc., people are renegotiating leases, it creates the churn that allows us to go in," said Jim Munroe, Pickens-Kane's president. "You know, 'We're going to vacate this floor and this floor because we've laid people off.'"

The demand for movers to clear out office spaces for clients, then store, sell or trash the furniture, rises as more and more buildings are emptying out: The rate of office vacancy nationwide increased to 14.5 percent last year, and real estate researcher Reis Inc. expects the rate will reach 16.7 percent in 2009, the highest in five years.

Plus, some larger corporate clients have contracts to move employees who've been transferred to other offices. So when these companies make layoffs, commercial movers such as Pickens-Kane and **Nelson Westerberg** get paid to move the employees back home. The trend of so-called "repatriation moves" has caused the international moving sector to grow, both companies said, helping offset rising costs and slowing business in other areas.

Recession has had an effect "much more so on the domestic side than the international," said **Greg Koehlinger, Nelson Westerberg's** executive vice president.

In a global economy, clients have offices all over the world, giving movers the opportunity to bring in tens of thousands of dollars for each international job.

"It's buffering us from an immediate impact," said Andrew Dillion, Pickens-Kane vice president of business development. "As certain movers set a niche in a certain area they might feel the pinch more so than we would," he said. Pickens-Kane services include moving and storing office furnishings, collections of fine arts, company records, household goods and other products.

Companies that engage in different markets for moving and storage are surviving today's tough economic times, while some movers reliant on housing turnover are forced to fold.

“Those movers that are not diversified are really struggling,” said Patricia McLaughlin, the president of the Illinois Movers and Warehousemen's Association. The Springfield-based group represents 225 movers licensed by the Illinois Commerce Commission, but membership is steadily declining.

“It's the lowest I've ever seen,” McLaughlin said. “People are leaving the profession, those who don't have a real good handle on their finances.”

A majority of the industry is made of small operations, but Pickens-Kane and Nelson Westerberg are among the 8 percent of movers with a workforce of more than 100. Even after making cuts last year, Pickens-Kane employs 150. Nelson Westerberg has 385 employees, down about 6 percent from 2007.

Nelson Westerberg, one of the top 300 private companies listed by Crain's Chicago Business, brought in \$88.9 million in 2007. Its business is dispersed across the country, with 230,000 square feet of secured, climate-controlled facilities in major markets such as Illinois, New York and Texas, and the company recently expanded to California.

Pickens-Kane, an Allied Van Lines affiliate that has 67 trucks in its own Chicago fleet, is more concentrated locally. The company has four times the storage capacity of any competitor in the state, with 1.2 million square feet of space in the Chicago area. Despite rising operation costs, Pickens-Kane enjoyed a boost in business last year, said Munroe, the president, though he declined to provide revenue figures.

Its largest building, the company's headquarters at 410 N. Milwaukee Ave. in the West Loop, takes up half a million square feet, and a nine-story records storage facility on Goose Island adds another 285,000. The company's presence extends even further into the city with its broad local clientele.

As Chicagoans go through the motions of day-to-day life—typing away in cubicles at their offices, visiting the city's museums, working out at their neighborhood gym—they don't stop to ask themselves, “How'd it all get here? Where'd it come from? The computers, the furniture, the displays, the treadmill?”

Of course, the answer would be a commercial moving company.

Pickens-Kane, for example, coordinates, stores, transports and sets up products for plenty of Chicago companies, such as commercial real estate giant Jones Lang LaSalle Inc. downtown. It also delivers and installs LifeFitness equipment, treadmills and elliptical runners made by Brunswick Corp. in Lake Forest, in 20 states. Other nearby clients include Chicago hotels and hospitals.

“For instance, Northwestern, the new Prentice Women's Hospital, every bit of equipment,

everything for that hospital, came in through our facilities, were bar-coded into our inventory systems, delivered and installed by our employees," Munroe said.

Pickens-Kane also specializes in storing and archiving collections for museums and art galleries, one sector of business that's growing.

"There isn't as much sales of art going on because of the economy, and in some cases, people are bursting at the seams, and they need professional outside storage facilities that specialize in the climate control and securing of fine art," said Munroe.

Pickens-Kane, in one of its most famous moves, delivered Sue, the five-ton Tyrannosaurus rex, to the Field Museum in Chicago in 2000. The company keeps pricey, fragile fine arts pieces as well as other specialty-type items, and for security reasons, most of these clients remain a secret.

Fellow commercial mover **Nelson Westerberg** boasts a clientele that reads like a list of the area's biggest corporations: Northern Trust Corp., Deere & Co., Allstate Corp., Baxter International Inc. and Walgreen Co.

In an effort to cut costs and stay efficient, clients like these are increasingly specific with the terms of their contracts. For example, to avoid paying for employees and their families to stay in temporary housing after they've been transferred to a new office, the companies will specify the maximum number of days movers can take to transport the goods.

These specifications push movers to "get it there safer, get it there faster," said **Koehlinger, of Nelson Westerberg**. "We are finding ways to operate more efficiently and effectively, reducing overhead where we can, while constantly improve service to our clients."

In the residential portion of the business, where companies move belongings for families who're relocating, movers are subject to government regulations. The Illinois Commerce Commission, which licenses "household goods carriers" in the state, establishes standards for rates, billing timing, accounting and dozens of other aspects of their operations.

Commercial moving isn't subject to such regulations, and movers instead establish terms of each job in a contract specific to the client.

"We're not whiz kids, we're not geniuses, our clients told us to go into a different direction," said Munroe, Pickens-Kane president. "We bring people who have worked in that business to help us engage and engineer how we'll approach that business plan."