

SETTING SAIL: PLANNED PORT WILL ADD TO TRIAD'S INDUSTRIAL BOOM

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In another sign that developers are feeling confident about the Triad industrial warehouse market, G-T Gateway LLC has filed plans to build a 504,000-square-foot distribution center in Browns Summit near Bryan Park.

But the development firm isn't the only company bullish on the Triad. At least eight industrial buildings totaling more than 2.3 million square feet are either under construction or planned in the region's two largest counties. The projects signify an investment of at least \$90 million, not including finishing costs, land acquisition and other expenses.

The reasons for the building boom are varied, ranging from the region's increased reputation as a warehousing hub to the landing of projects like a Dell Inc. manufacturing plant and a FedEx air-cargo sorting hub.

Something else also has Triad commercial brokers and developers talking -- a planned port near Southport. In January, the N.C. State Ports Authority announced it was planning to purchase 600 acres in Brunswick County to build the N.C. International Port, which would be able to handle 2 million containers a year when it opens in about 2015. By comparison, the state's largest port, which is in Wilmington, handled just more than 780,000 containers in fiscal 2005.

While none of the developers involved in the current projects cited the future port as a reason for development of the buildings, experts say the new port could contribute even further to the trend of larger distribution centers for the region.

But the eight industrial sites already in the works aren't waiting for the future of Southport. G-T Gateway already has filed with the Greensboro Technical Review Committee for its project, though company officials declined to comment.

Hap Royster, a principal with Triad Commercial Properties, which markets the G-T Gateway portfolio, confirmed that the development company had bought about 77 acres near Bryan Park and had filed a site plan for the building, but declined to provide further details, including whether the firm had a tenant already signed for the space. He said that the acreage purchased by G-T Gateway was enough to hold both a 500,000-square-foot and a 250,000-square-foot building.

Triad Commercial is also representing the owners of McConnell Business Park in eastern Greensboro, who plan to move forward with a speculative warehouse building that will be 300,000 square feet when first constructed, but will be able to be expanded to up to nearly 1 million square feet. That site, which has already been graded, was slated to be reserved for an unnamed logistics firm that was looking at the region, but that deal did not come to fruition, Royster said.

Other construction projects either under way or planned in Forsyth and Guilford counties include:

- Childress Klein's 304,000-square-foot warehouse at Union Cross Business Park, which does not have any tenants signed yet;
- The expansion of the former Rhodes distribution center at Rock Creek Center by an additional 200,000 square feet;
- Highwoods Properties' 417,200-square-foot Enterprise Park II building, which has inked Carson-Dellosa as a major tenant; and,
- Plans for a speculative industrial building of at least 280,000 square feet on land at Rock Creek Center that has already been graded.

"The activity is out there," said Richard Beard, a partner in Simpson Schulman & Beard in Greensboro, one of the entities that owns the undeveloped acreage at Rock Creek. "We're seeing a need to go ahead and push harder on a multitenant building. Our preference would be to get a first tenant (before starting construction), and we're in negotiations with some projects that would make that happen."

Brokers said that the Triad's reputation as a logistics and distribution center, which was further solidified by Dell's decision to open a manufacturing plant in Winston-Salem last year, is the main reason for the building boom. But those interviewed also said that in the future, the new port will likely play into the area's real estate market.

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"The Triad, in its geographic location to the N.C. ports ... is in an ideal location," said Jimmy Yokeley, director of distribution center development for the Ports Authority. "Once the N.C. International Port is built, we'll be able to serve exporters and importers in the Triad even more than we are today."

Greensboro is already home to the Piedmont Triad Inland Terminal, a part of the Ports Authority, which handles staging for empty and loaded containers for shipment to the coast.

The Ports Authority estimates that it has an economic impact in the Triad already of 6,341 jobs and \$3.9 million in tax revenues, based at least partly on companies that are located in the Triad that use the ports on a regular basis.

The building of the N.C. International Port, along with an expansion under way at the port of Wilmington, will put the state on par with port facilities in Charleston, S.C., and Norfolk, Va., as being among the largest on the East Coast.

"We're not embarrassed to admit that we're a tier-two port at this point," said Susan Clizbe, communications manager at the Ports Authority.

One potential deal for the Triad is a distribution facility being considered by Ashley Furniture, Yokeley said. The company has identified North Carolina as a possible location at least in part because of the future port expansion, he said. Russell Turner, who is planning retail facilities for Ashley in the Triad, told The Business Journal in February that the region was also under heavy consideration for such a distribution facility.

"If you look at it intuitively, if you look at the location of Wilmington, a lot of those folks probably want to put their shipments directly onto trucks and get them out of there and to more strategically located distribution centers close to one or more interstates," said David Hagan, president of Hagan Properties in Greensboro, who gave a presentation on ports to members of regional real estate trade groups earlier this spring.

Royster, with Triad Commercial, agrees that there will be some sort of impact, with the expanded shipping capability of the state just adding to the Triad's allure.

"The ports will be an extension of the distribution infrastructure that we already have in place with the confluence of highways," he said. "It's just another piece of the puzzle."

Reach Matt Harrington at (336) 725-1163 or mharrington@bizjournals.com.

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