



HUGE DISTRIBUTION CENTER EYED FOR HIGH POINT

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By Paul Davis The Business Journal

HIGH POINT -- A Greensboro contractor has filed plans to build a 455,000-square-foot distribution facility in north High Point that, if constructed, would be the largest project of its kind in Guilford County in more than a decade.

SCD I LLC, an affiliate of Samet Corp., filed plans with High Point city planners for the distribution center, which is planned for almost 30 acres in Eagle Hill Business Park in Piedmont Centre.

Sources familiar with the proposed project said Liberty Property Trust, which is developing Eagle Hill, is negotiating to sell the site to an entity affiliated with Universal Furniture Industries, a High Point company that was bought this summer by a Chinese furniture manufacturer.

Those same sources also say the project is known as "LDC," which is a deal being put together by Tom Townes of Triad Commercial Properties in Greensboro.

However, sources said the deal has not yet been finalized and ownership of the land has not changed hands.

Both Townes and Larry Gildea, senior vice president and regional director for Liberty Property Trust, declined to comment. Officials at Universal Furniture were unavailable for comment. And Arthur Samet, president of Samet Corp., confirmed that plans had been filed but declined further comment.

Real estate sources said the proposed project, planned for the northeast corner of Premier and Eagle Hill drives, could cost as much as \$20 million to develop.

That figure includes real estate sources' estimates of land costs of \$65,000 to \$80,000 per acre for land in Piedmont Centre, which would bring the total cost of the property to anywhere between \$1.9 million to \$2.3 million.

Construction estimates from R.S. Means Co., a Kingston, Mass., construction research firm, put cost estimates for the center itself anywhere from \$12.7 million to \$17.3 million.

The proposed project was approved Oct. 31 by High Point's Technical Review Committee.

Largest in a decade

Real estate sources said the facility, if completed, would be the largest distribution project seen in Guilford County in more than 10 years.

By comparison, the Polo Ralph Lauren distribution facility, built in Piedmont Centre in the late 1980s, originally stood at 339,000 square feet before it was expanded a few years later.

"I don't know if there ever has been as big a bulk distribution center (in Guilford County) with the exception" of the Sears logistics building on Lawndale Drive, said Drew Showfety, a broker at Carter & Associates Oncor.

"It certainly would be a major distribution center," added David Hagan, president of Hagan Properties in Greensboro.

Likewise, real estate sources said the proposed development would be built on some of the last remaining industrial land in the 1,100-acre Piedmont Centre business park.

"There is not another 30-acre site (there) that would fit this building," said Showfety. "There's almost not another choice, especially for (a High Point company) that wants to stay close to home."

Changing company

Universal Furniture has undergone a series of changes in the past 12 months, as the High Point firm moved from manufacturing in the United States to building almost all its furniture overseas.

Last November, while still a part of LifeStyle Furnishings International, Universal said it would close its plants in Marion and Goldsboro. Three months later, the company announced that it would lay off 600 of its 900 employees in Morristown, Tenn.

LifeStyle eventually sold Universal Furniture this summer to China-based Lacquer Craft, a manufacturer of case goods and dining room furniture in Asia.

The sale, according to published reports, included the Universal product line and customer lists, but excluded the company's manufacturing facilities in China, Indonesia, Malaysia and Taiwan.

It is unclear what role the proposed facility might play in Universal's growth plans, when it would be built, or how many employees would be affected.

"(The developers) are moving pretty quick on this," said Mark Schroeder, technical review coordinator for the City of High Point.

Schroeder said his group reviewed a plan to create the large tract on Oct. 17, just a week before the site plans were submitted for review.

According to those site plans, the distribution facility would include 30,000 square feet of office space, 175 parking spaces and 80 employees during its largest work shift.

Land for sale

Real estate sources said the moves also show a willingness by Liberty to part with a large amount of prime real estate in Eagle Hill Business Park.

The publicly traded real estate investment trust (REIT) bought the 70-acre site around the same time that it filled the rest of its industrial portfolio near Piedmont

Triad International Airport.

Eagle Hill was originally slated for eight buildings ranging from 96,000 to 200,000 square feet, with parcels available from five acres to 20 acres. However, Gildea said in past interviews that he had expected at least one build-to-suit project in the park.

In June, Gildea said his company had begun taking a "hard look" at land sales in the Triad. Liberty, he said at the time, was "becoming more proactive" with land deals and more willing to sell small sites locally.

"If this market was as hot as a pistol, we'd be more selective about land sales and retain more for our own purpose, but that's not the case in the Triad right now," he said in June.

Showfety, at Carter & Associates, said it isn't "surprising at all" that Liberty would sell the site because, as a publicly traded company, the developer has to "generate income" for its shareholders.

Finding the right spot

Sources familiar with Townes' LDC project said Triad Commercial Properties had spent months looking at sites for the proposed center, which originally had been planned for 300,000 square feet.

According to those sources, Townes wanted a quick turnaround on the project once it received the ultimate green light. The project, they said, also needed immediate access to Interstate 85/40.

Other local real estate brokers said the location of the proposed distribution center would address both those needs. Located just 2.5 miles south of Interstate 40, the site in Eagle Hill already has been cleared and graded by Liberty.

"There were some topography issues to begin with and Liberty was able to acquire that site at a reasonable price, with the understanding that they would have some significant site work to do," said Hagan, a real estate broker

Hagan said the prospective buyer could save time and money during construction by buying a site that is "building ready" rather than raw land, which could have numerous unforeseen challenges.

Likewise, Hagan said it makes sense for expanding companies to look at buying land or existing buildings during a period of low interest rates.

"These are the types of transactions we expect to be seeing," Hagan said, adding that the slowdown in new construction has created an environment where general contractors are "really hungry" and may be more willing to negotiate pricing for their projects.

"If you can't find an existing building at a cost savings and you have to go out and build one, it's a great time to build," he said.

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