

EXCLUSIVE REPORTS

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FedEx plays to Triad's favor in pursuit of Dell

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As Winston-Salem, Greensboro, High Point and Davidson County pursue a computer manufacturer that could bring nearly 1,900 jobs to the region, real estate brokers are speculating that proximity to the proposed Federal Express air-cargo sorting hub at Piedmont Triad International Airport will be a key consideration.

That leads them to believe that Union Cross Business Park and other sites close to the airport would stand the best chance in the Triad of being the potential home of the company.

Winston-Salem Business Inc., the economic development organization in Forsyth County, has submitted an application to the Golden Leaf Foundation and is asking that group and the state's community college system to come up with \$82 million for training money that would cover the long-term needs of a computer-related manufacturer.

Greensboro, High Point and Davidson County are also submitting marketing proposals in an attempt to land the project, according to sources who asked not to be identified.

The project has been identified in economic development circles as "Project Merlin." But the company has been identified as Dell, according to an unconfirmed report in The Winston-Salem Journal's Tuesday editions. This much is confirmed: The company is looking to build a 400,000-square-foot, \$40 million facility, according to its application with Golden Leaf.

Cathie Hargett, a Dell spokeswoman who deals with the growth and expansion of the company's facilities, said it is Dell's policy "not to comment on rumors," and that the company was "always doing due diligence trying to figure out where (facilities) would make sense. We are always looking at new locations, and we're always looking around the world," she said. "But we never confirm where we're looking because, unfortunately, a fair amount of those (locations) don't work out."

A facility as large as the one described in the application to Golden Leaf would require at least 30 acres and possibly up to 50 or more acres for development, real estate brokers said.

"There are probably a limited number of sites (of that size) that are ready to go to market or ready to be developed," said David Hagan, president of Hagan Properties Inc. in Greensboro.

Endorsement for FedEx

"But for a facility of that size, with the lead time that would be involved and the cooperation of government authorities, a lot of things could be brought to bear to make otherwise unattractive sites attractive," Hagan added.

John Schultz, a broker with Triad Commercial Properties in Greensboro, said that the most likely sites for such a large development would be in eastern Guilford County, such as Rock Creek Center and Carolina Corporate Center, as well as Union Cross Business Park in Forsyth County.

Schultz said other sites could be large enough to handle such a project, such as Highwoods Properties' Enterprise Park, just west of the airport.

While a 400,000-square-foot, one-story building could theoretically fit on about 10 acres, Schultz said, extra room would be needed for distribution operations that would likely go with such a large facility, not to mention employee parking and room for expansion of the facility should the company perform well.

A company usually looks to have enough land to double the size of the facility, Hagan said.

Hagan said that if the company opens a facility in the Triad, it would be "a fabulous endorsement of the viability and importance of the FedEx hub," which multiple sources said was likely a factor in getting the Triad on the company's radar screen.

"If you look at other hub cities, manufacturing and distribution facilities interested in utilizing the FedEx facilities or hubs are typically located closer rather than farther away from the airport," Hagan said. "That would give a leg up to land sites in closer proximity to the airport."

Long list of competitors

Union Cross could face issues with topography, brokers said. The park has a site of up to 59.2 acres available, according to ncsitesearch.com, an N.C. Department of Commerce Web site that markets properties and land in the state.

The Winston-Salem Alliance also has purchased land near Union Cross where it plans to develop the Alliance Science & Technology Park, a 200-acre location. Brokers said that depending on how soon a company wanted to open a facility, infrastructure could be extended to that site in time for development.

Before Triad economic developers and commercial real estate agents can drool over the prospect of such a large facility, however, the mystery company has to choose the Triad.

While no sources would confirm that it was in fact Dell that is being courted, several sources told The Business Journal that outing the name of the company could strike a blow to the Triad's chances of landing the company. Sources said other sites throughout the East Coast and even overseas were the Triad's competitors.

Nondisclosure agreements, a standard part of any work between economic developers and a target company, were stressed much more heavily in this recruitment effort, sources said.

"When we were first briefed, we were told if the name of the company is announced, we (the potential company) are out of here, period," said one source who asked to remain nameless. "That's why nobody will confirm (that the company is Dell) one way or another."

Patric Zimmer, president of Development Advisors Inc., a Greensboro-based site consultant firm that is not involved with Project Merlin, said that the breaking of a nondisclosure agreement could be fatal to a community.

"We have seen and been involved with (site-location) decisions where the community leaks information and they get cut," he said. "I have seen projects where what you thought was the No. 1 site was eliminated because of the breach of confidentiality. In the economic-development process where the stakes are this high, I don't think any state official or economic development official can take anything for granted."