

Client: Continental Tire

Project: Distribution center site selection and build-to-suit management

Location: Gainesville, GA

Objective: Identify the optimal location in the Atlanta metro area for a 750,000 sq. ft. distribution center into which three DCs from Georgia, Texas and Illinois could be consolidated. The ideal location had to meet the following criteria:

- Ability to keep employees from the existing Atlanta DC
- Rail-served site or building
- Low operating costs
- Avoiding locations with inventory taxes
- Minimizing total logistics cost
- Strong non-union labor environment
- Attractive real estate options
- Low construction or lease cost

Challenges: Bringing the new DC on-line coincident with lease expirations of existing facilities. Finding a rail-served site in the Atlanta area to accommodate 750,000 sq. ft., while satisfying all other site selection criteria.

Solution: Walker identified all rail-served sites and buildings within 60 miles of Atlanta capable of accommodating Continental's requirements. We employed our WISERsm optimization model to profile and compare all options, and to select the best alternatives relative to labor union activity, property and inventory tax rates, construction costs, and wage rates. Design documents were prepared in sufficient detail to bid the job to ten pre-qualified contractors and developers on multiple sites, thereby insuring competitive lease proposals. The bid request included a build-to-suit development agreement and lease document that bidders were required to adopt as a condition of bidding the job.



Value Added: A 65% reduction in land cost was negotiated in a community that offered significant inventory tax exemptions. A permanent 50% reduction in non-abated inventory taxes was negotiated. Walker controlled construction and building quality via the design documents developers were required to follow. Continental's lease rate on the new facility was fixed for the ten-year term, and was \$0.85 per square foot below the Atlanta facility they vacated. The ten-year lease cost reduction was in excess of \$6.5 million

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