

**Client:** Home Depot Supply

**Project:** Distribution center site selection and lease negotiations

**Location:** Hagerstown, MD

**Objective:** Identify the optimal location for a 400,000 sq. ft. distribution center to accommodate this fast-growing distributor of plumbing supplies, a former division of The Home Depot. The fast-track requirement mandated an existing building, or a facility in the latter stages of construction. Home Depot Supply's goals included:

- Close proximity to its customer base in the Northeast
- Low operating costs
- An existing building with significant expansion potential
- Strong non-union labor environment
- Excellent access to transportation infrastructure

**Challenges:** Fast-track project, limited to consideration of existing buildings. Requirement for a non-union location in a region known for its strong union presence.

**Solution:** A logistics analysis directed the client to focus on locations in the I-81 corridor of Maryland and western Pennsylvania. This region offered low freight costs and excellent customer service. Walker examined the region using its WISER<sup>sm</sup> site selection optimization model and identified all locations with a suitable, expandable building in non-union labor markets that afforded good access to major customers.

Retrofit cost estimates were prepared for the best alternatives. These were married with detailed operating cost projections to provide a complete picture of the capital requirements and operating costs Home Depot Supply could expect in the finalist locations.



**Value Added:** Walker identified an excellent, fully racked distribution center at the junction of Interstates 70 and 81 in a strong labor environment. Walker negotiated a lease on 400,000 square feet with expansion options on the remaining 424,000 square feet. The racks were acquired from the existing tenant in a separate transaction. A half-million dollar training grant was also secured from the State of Maryland.

The WISER<sup>sm</sup> analysis, real estate search, development of retrofit and operating cost projections, and lease negotiations were concluded within four months.

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