



Colliers
Site Selection Services

SUCCESS STORY

ALDI



PROJECT

Dry, freezer and refrigerated food distribution center

LOCATION

Houston, TX



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OBJECTIVE

Aldi was expanding its Texas retail footprint to include the metro Houston area. Over a five-year period, Aldi planned 93 new stores and a 540,000-square foot food-grade distribution center was required, including dry, refrigerated and freezer storage areas.

CHALLENGES

Despite the national recession 2008-2010, Houston maintained strong economic growth due to the oil "boom" and led the country in job growth in 2010 and 2011. Good distribution sites were hard to find, especially those central to the metro area from which it would be cost efficient to service retail stores. Land costs were high, usually between \$3.00 and \$5.00 per square foot, much higher cost than Aldi had budgeted for the project.

SOLUTION

Colliers conducted an exhaustive search of sites in the greater Houston area. Ten viable options were identified and inspected with Aldi leadership, and five were selected for more in-depth analysis and due diligence. Colliers completed a detailed labor analysis, eliminating two (2) which failed to meet the client-defined labor union profile. A 10-year Investment and Operating Cost Analysis was completed

comparing the remaining three (3) sites on:

1. Total capital investment for land, site development and building construction
2. Wages and benefits, and the character of the work force
3. Real estate, personal property and inventory taxes
4. Utility expenses
5. Outbound transportation costs to each store

Two sites were selected for real estate and incentive negotiations.

VALUE ADDED



A 60-acre site was purchased at 30% of market rate – saving 70% on land



Development and project management of new 540,000 square foot food-grade distribution center



Negotiated incentive and expense reduction of \$6.6 million: permit fees, extension of utilities, property tax abatement, sales tax rebate on construction, relocation assistance for management, and funds for recruiting, hiring and training



Incentives and expense reduction equaled 16% of total project investment