



# SUCCESS STORY

ALDI



## PROJECT

Dry and Freezer/Cooler distribution center

## LOCATION

Moreno Valley, CA



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## OBJECTIVE

Identify the optimal location for an 800,000 sq. ft. distribution center to support Aldi's retail expansion into the Southern California market. This was the third distribution center project completed for Aldi.

## CHALLENGES

Southern California's Inland Empire (IE) was identified as the optimal location for the facility, which Aldi wanted to lease. Analysis of lease proposals Colliers solicited from developers documented Aldi would save over \$10 million by owning, rather than leasing the building, so the scope was re-focused on ownership.

The building had to be developed on a fast-track schedule to bring the distribution center online to support the retail store roll-out, but the IE market is characterized by protracted, sometimes multi-year permitting approvals. A raw site without entitlements was unacceptable since it would require one year or longer to secure the necessary approvals. This delay would bring the distribution center online well after the retail store roll-out was underway.

## SOLUTION

Because of the lengthy and expensive permitting process in the IE, property owners who have secured all entitlements required to construct a facility typically do not sell their sites but hold them for development of warehouses for lease. Colliers exhaustive real estate research and due diligence process unearthed two sites on which entitlements had

been secured and the owners were willing to sell, both located in the IE.

Our Site Selection Services team published a comprehensive Request for Proposal and confirmed construction feasibility of both sites, developing complete permitting schedules and construction cost estimates for each. We completed a ten-year operating cost pro forma, including interviews with employers in both labor markets to document labor availability and cost. The Colliers Implementation Project Manager worked with Aldi's design team to finalize facility design and complete pre-construction due diligence on both sites. We also secured the required entitlement modifications for our project to proceed on schedule.

## VALUE ADDED



Own vs. lease strategy saved Aldi \$10 million by owning the property



Development and project management of new 800,000 square foot distribution center



Negotiated incentive and expense reduction of \$13 million: permit fees, impact fees and reduction of power costs



Incentives and expense reduction equaled 15% of total project investment

Accelerating success.