



SUCCESS STORY

THE HOME DEPOT

PROJECT

Distribution center site selection and incentive negotiation

LOCATION

Savannah, GA



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OBJECTIVE

Identify the optimal location for a 1.4 million square foot import distribution center, and negotiate a strong incentive package. Site selection objectives included:

- Close proximity to a major container port
- Rail-served site of at least 200 acres, capable of accommodating a 1.8 million square foot facility
- Excellent interstate highway access
- Low operating costs
- Acceptable labor union environment

CHALLENGES

Large wetlands and poor soil conditions of coastal sites close to major container ports. Significant tax liability arising from high value inventory. Very heavy in- and-outbound truck volume dictating the need for excellent access/egress and road infrastructure.

SOLUTION

Analysis of port operations and retail store locations identified all viable port options. The best site from a construction standpoint was most remote from an acceptable port, imposing a significant transportation cost penalty. In contrast, the best site relative to port access had poor soil conditions and large wetlands.

Colliers structured a tax-exempt bond issue that reduced Home Depot's financing costs and tax burden significantly. This freed funds to pay the higher development costs on the site, but allowed Home Depot to capture significant long-term logistics cost savings.

VALUE ADDED



Secured the site from the port authority at no cost to Home Depot



Negotiated incentive and expense reduction of \$27 million: impact fees, utility infrastructure extension, income tax credit on new jobs, real and personal property tax abatement, sales tax exemption on equipment, and rebate on container port fees



Incentives and expense reduction equaled 38% of total project investment