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Blockbuster Deal

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Wal-Mart Picks NW Virginia for 1,000-Worker Mid-Atlantic Distribution Center

by JACK LYNE, *Site Selection* Executive Editorof Interactive Publishing **MOUNT CRAWFORD, Va.** —

In a deal that will be the biggest job generator in more than 10 years for Virginia's Shenandoah Valley, **Wal-Mart** (www.walmart.com) has picked a one-time J.C. Penney site in **Mount Crawford, Va.**, for a new 1,000-employee

distribution center. The US\$54-million, 1.2-million-sq.-ft. (108,000-sq.-m.) facility will serve the retail giant's network of stores throughout the U.S. Mid-Atlantic region.

The Old Dominion State's rural location won out over competing sites in Maryland and Pennsylvania, Wal-Mart officials said. The proximity of the 150-acre (60-hectare) Mount Crawford site to I-81, one of the key north-south corridors on the East Coast, was a major deciding factor, government leaders and Wal-Mart officials explained at the project announcement.

"Today's announcement is further evidence of Virginia's world-class transportation network," said Gov. Mark Warner (D).

"The Mount Crawford regional distribution center will provide Wal-Mart the opportunity to better serve the growing number of Wal-Mart customers who shop at our stores in the Mid-Atlantic region," noted Rollin Ford, executive vice president of logistics for Wal-Mart. "It is a significant project that represents our continued commitment to Virginia as a partner in both economic development and community."

Wal-Mart certainly was very familiar the Virginia site-selection landscape. The company already employs 31,500 workers in the state at its three distribution centers, 52 Supercenters, 21 Discount Stores and 13 Sam's Clubs in Virginia.

Ninety-five percent of the jobs at the new Mount Crawford operation will be full-time positions, Ford said. Entry-level workers will make \$12 an hour.

J.C. Penney Once Planned Distribution Center on Same Site

Construction of the center will begin in the spring of 2004, with the new operation going online in the spring of 2005, Ford said.

Wal-Mart's facility will rise on land that once was expected to be home to a J.C. Penney distribution center. Penney bought the property in the late 1980s. The company, however, suspended the distribution project in 1990.

But J.C. Penney held on for more than a decade thereafter to the tract in Mount Crawford, a small town of some 200 residents eight miles (13 kilometers) southwest of Harrisburg. Lisen LLC, a real estate development firm based in the Rockingham County seat of Harrisonburg, bought the land from Penney for \$2.25 million in 2002. Wal-Mart is purchasing the property from



Like most Wal-Mart distribution centers, the Virginia project will swing to the decidedly large side, covering 1.2 million sq. ft. (108,000 sq. m.) and employing a thousand workers. (Pictured: Wal-Mart's distribution center in Bentonville, Ark.)

Lispen for an undisclosed price.

Rockingham County is providing \$1.5 million in incentives to extend utilities to the Wal-Mart site. In addition, the county agreed to waive some \$200,000 in fees for the project.



Local officials had been working with Wal-Mart for more than a year on the project, said Rockingham County Board of Supervisors Chairman Dee Floyd (pictured).

"Rockingham County, recognizing the economic benefit the Wal-Mart distribution center brings to the Shenandoah Valley, will make a significant commitment to the project," said Dee Floyd, chairman of the Rockingham County Board of Supervisors (www.co.rockingham.va.us). "Our staff has worked diligently with the state and company representatives to make this project a reality."

Local officials spent more than a year in pursuing the project, Floyd said. The Virginia Economic Development Partnership (www.yesvirginia.org), Rockingham County and the Shenandoah Valley Partnership (www.svp-va.org) all assisted Wal-Mart with its decision, he added.

Wal-Mart's incentives also include a \$1.5-million grant from the Virginia Governor's Opportunity Fund, which Warner approved to assist Rockingham County with the project. In addition, the Virginia Department of Business Assistance will provide work-force training for Wal-Mart's new employees.

Wal-Mart's Enduring Expansion Counters Area's Plant Closings, Layoffs

Any time is a good time to get a project the size of Wal-Mart's distribution center. But the announcement's timing is extra welcome in Virginia's Shenandoah Valley.

The region has been hard-hit by recent plant closings and layoffs, particularly in the garment industry. Shutdowns include the 366-worker Wrangler Sewing Center in Luray and an Augusta Mills plant in Elkton. Nearby Harrisburg, however, has fared well, with its unemployment rate consistently among the lowest in the state.

Wal-Mart, in contrast, continues to turn up the expansion heat during the economic downturn. The company spent some \$10 billion on capital expenditures during its last fiscal year, according to Wal-Mart officials. That capital spending spree included adding 7 million sq. ft. (650,300 sq. m.) of new distribution space during fiscal 2002-03.

The Virginia project reflects the decidedly large scale of Wal-Mart's major distribution moves over the last few years.

Late last year, for example, the company announced that it had chosen Bartlesville, Okla., for a \$60-million, 700-worker food distribution center. And the 600-job, 880,000-sq.-ft. (79,200-sq.-m.) distribution center that the company announced in late 2001 for Steubenville, Ohio, is bigger than that city's entire central business district.

Wal-Mart seems intent on keeping the expansion pedal to the metal in its new fiscal, which began Feb. 1. In addition to the Virginia center, the company recently announced that Alachua, Fla., was its choice for a 600-employee distribution center, which will supply stores in northern Florida and southern Georgia.

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