

OHIO'S ELECTRIC COOPERATIVES CURRENT



Central Ohio Spec Buildings Ready for Intel Industrial Influx

Central Ohio's new \$20 billion Intel chip fabrication plant will have a once-in-a-generation economic impact. But the fab plant is only the beginning. Reportedly, 44 Intel partners or suppliers will locate facilities within a 60-minute drive of Intel.

The real estate development sector is responding with a surge of spec projects ready to accommodate

manufacturers and distribution and fulfillment centers with spaces ranging from 20,000 to over 1 million square feet.

Flexibility, speed-to-move-in, exceptional infrastructure access, and proximity to Intel are attributes shared by this issue's featured spec projects that are located within 30-40 minutes of Intel.



Over five million square feet planned for 71 North Commerce Center.

Marengo, Ohio, caught the attention of the site selection community when Dollar Tree located a 1.2 million SF distribution center (DC) at the I-71/State Route 61 interchange in Morrow County in 2018. The facility employs 400 and is one of 25 DCs that serve more than 16,000 Dollar Tree and Family Dollar stores in North America.

H&M Construction, a 65-year-old Jackson, Tennessee, construction company and design/build pioneer, selected a site adjacent to Dollar Tree as the site of its 400-acre 71 North Commerce Center industrial park.

First 707,940 SF spec facility ready for occupancy.

The shell of H&M's first spec 707,940-square-foot distribution or light manufacturing facility is ready for occupancy. The building sits on 48 acres with an additional 22 acres reserved for expanding the building to nearly 1.2 million SF.



The 71 North Commerce Center can accommodate at least 5-6 million SF of distribution and manufacturing space within four additional 1.2-million-square-foot building footprints and several smaller facilities.

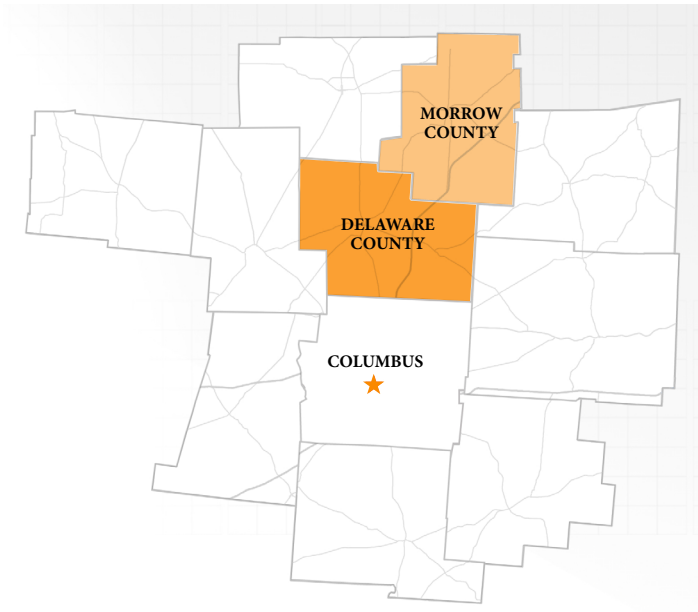
“The Columbus market is one of the hottest markets in the country,” said Matt Fite, H&M Construction senior vice president, “and this site is just 20 minutes north of the Columbus outerbelt. Here you’re not hung up in city traffic, you’re on the interstate in minutes.”

Available labor is an attractive factor.

The labor analysis H&M reviewed during due diligence revealed quite a strong story to tell said Fite. “There are a lot of people driving right past the Marengo site to work in Columbus. There’s an available workforce in the Morrow County community.”

Recent research indicates that over 82% of residents work in out-of-county jobs.

One Columbus reports increased economic development activity.



The One Columbus team reported that the regional economic development organization was currently working 130 active projects with a defined scope and timeline—which could result in more than 32,000 jobs and over \$23 billion in potential capital investment.

- Approximately 46% of the pipeline projects are international-based companies.
- 61% are manufacturing, including about 25% related to semiconductors
- 70% of the companies are new to the Columbus Region.
- 18% are considered high impact projects, defined as having 500+ jobs, \$100 million in payroll, or \$1 billion of investment.

Morrow County and Delaware County are located in the northern portion of the 11-county Columbus Region.

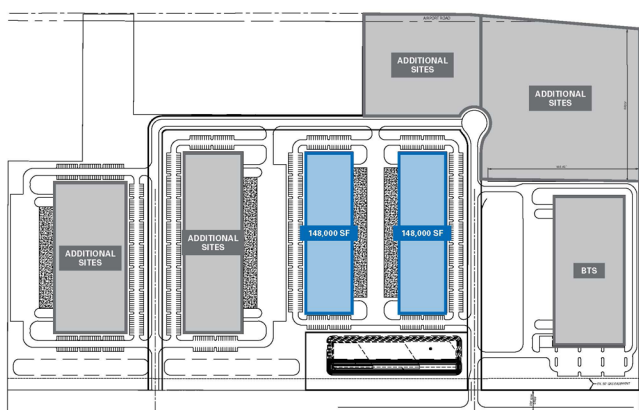
Preparing for a flood of new opportunities.

In the established manufacturing zone near the Delaware, Ohio, municipal airport, developer and builder **EXXCEL** Project Management secured its Sawmill Pointe site three years ago with the intention of doing spec buildings for light manufacturing.

- EXXCEL's market analysis showed gaps in the Delaware light industrial market, particularly in the 21,000 to 75,000 SF range.
- Two dual 148,000-square-foot spec buildings are under construction in the 89-ac Sawmill Pointe Business Park along with the 202,000-square-foot build-to-suit Inno-Pak manufacturing facility.
- The spec buildings are designed for one to four tenants each and will be ready for occupancy later this year (Q3'23).
- Power is sized for light manufacturing with up to 2,000 amps to meet the demand for more local manufacturing.



“Our ideal users are R&D, tech, boutique manufacturing, and light manufacturing users that want access to Delaware’s highly educated white collar employees,” said Adam Mandel, senior vice president of business development at **EXXCEL**. “With the Intel project, we expect a flood of opportunities over the next three to five years.”



An additional 50 acres is available in Sawmill Pointe which features:

- Direct access to Delaware Municipal Airport's 5,800 ft. runway which serves private jet flights
- Up to 15 year, 100% tax abatement
- Proximity to Delaware, Marysville, Columbus and Intel

An Ohio Site Inventory Program (OSIP) grant from JobsOhio helped support water, sewer, drainage and road infrastructure improvements for the new site. The city of Delaware completed water and sewer extensions to serve the project.

Developers are building flexibility into spec product.

Suppliers are waiting to hear more from Intel about its specific needs and until then, partners are unsure about how to size their facilities said Mandel. The **EXXCEL** buildings are divisible to a minimum of 21,000 SF and designed to provide maximum flexibility and room for growth.

Jamie Brucker, Morrow County director of operations, said, "Here in Morrow County we're not seeing a holding pattern. We're doubling down on large spaces. Our developers are building in flexibility to divide buildings to fit the need."

Electric capacity is available to serve a broad load range.

Due to many years of proactive planning and continual systemwide expansion and updates, Consolidated Cooperative is well prepared for the tsunami of growth opportunities throughout its territory which includes the spec projects at 71 North Commerce Park and Sawmill Pointe.



"Consolidated has been great to work with," said H&M's Fite. "They've been helpful, they're willing to put in the programs to fund the necessary expansion, and are making plans to accommodate the park as it continues to grow."

"Consolidated Cooperative is more than an electricity provider," said Dan Boysel, vice president of community and government relations at the cooperative. Consolidated also provides:

- Natural gas for Dollar Tree, other commercial members, and residential customers
- Residential fiber to members with the goal of having broadband access for all cooperatives members by 2023
- Propane delivery

As new spec buildings fill and add load, Consolidated will add additional electricity capacity and new substations as needed.

End users have adjusted to higher building costs.

The Associated General Contractors (AGC) of America's December 2022 Construction Inflation Alert noted that *"earlier editions of the AGC's guidance highlighted the extreme runup in materials costs that began in early 2020. More recently, prices have moved in divergent directions for different materials. But, on balance, they continue to climb at a much higher rate than the consumer price index (CPI), the most commonly cited measure of inflation."*



"The distribution center portion of the cost of a product is actually a small portion of a tenant's total end cost," said H&M's Fite. "We've seen a solid 70% increase in costs, but end users have got to have the space."

Fite explained the numbers:

- On a basic distribution center building, total cost pre-pandemic was rarely over \$50 per SF. At a 6% cap rate, that worked out to a \$3 lease rate.
- With the combined 70% increase in materials, construction costs, and construction financing, the basic building cost is now \$80-85 per SF.
- An office allowance that used to be about \$70 per SF is now \$150-200 per SF.
- With the increase in interest rates, even at 7% cap rate, the lease rates are now \$5.50 to \$5.95.

"The increase in cost and rates seems to have stabilized for now, but when you're competing against another building, end users still want the lowest rate. The potential 50% tax abatement on 71 North Commerce Center helps us stay competitive," said Fite.

Updated strategic plan positions Morrow County for accelerated growth.

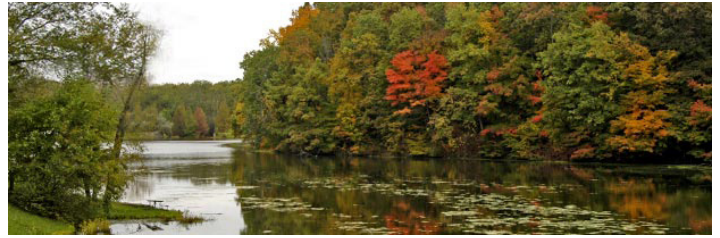
Interstate 71 connects Cleveland in northeast Ohio to Cincinnati in southwest Ohio. Morrow County and Delaware County lie at the midway point between those cities, immediately north of Columbus.

Morrow County, Ohio, is a proudly rural community that's well positioned and well prepared for additional manufacturing and logistics growth.

The county's updated strategic plan was presented to the community in early 2023. The plan focuses on:

- Concentrating development and growth in existing business corridors including the county's two I-71 interchanges and existing villages
- How best to attract good paying jobs in Morrow County, where 82.5% of residents work in out-of-county jobs

- Establishing land uses
- Building on existing strengths in manufacturing especially auto parts and lubricants; agriculture; logistics, distribution and fulfillment; and retail and trade
- Reinvigorating a formal business retention and expansion program
- Retaining the county's "Love life. Live rural." motto which recognizes Morrow County as a rural community with easy access to vibrant city life and boundless recreational opportunities



Jointly funded by the Morrow County Commissioners, Consolidated Cooperative, and Del-Co Water Company, the plan is available for downloading from Morrow County's website at www.morrowcountyohio.gov.

Spec product will be ready to meet Intel influx.

Central Ohio's real estate development sector is responding to the influx of industrial projects related to Intel by accelerating planning and construction of spec buildings and industrial parks.

Flexible, ready-for-occupancy manufacturing and distribution spaces ranging from 20,000 to over 1 million square feet in exceptional locations will be ready to meet the demand.

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Look for Us:

Site Selectors Guild 2023 Annual Conference

March 29-31, 2023
San Antonio, Texas

Industrial Asset Management Council (IAMC)

Spring Forum
April 1-5, 2023
Biloxi, Mississippi

Buckeye Power and Ohio's Electric Cooperatives can help with:

- Comprehensive site and building portfolios
- Preliminary site studies
- Site search tours
- Assistance in identifying financial incentives
- Electric rate analyses
- Community profiles
- State and local government contacts
- Contractor introductions

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