

# Distribution center right on Target

By Jen Aronoff

jaronoff@charlotteobserver.com

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NEWTON

When discount retailer Target opened its new distribution center in the Catawba County countryside Tuesday, it did more than just unveil 1.6 million square feet of space and more than 500 jobs: It shone a light on an industry that employs about 10 percent of the regional workforce and is likely to grow in prominence once the economy recovers.

Rail, air and highway links have helped make Charlotte a distribution hub second only to Atlanta in the Southeast, with more than 57,000 workers and 110 distribution centers. At the size of roughly 28 football fields, the Target complex is the region's largest. And with many companies curtailing expansion plans because of the recession, it's likely to remain so for the foreseeable future.

Nonetheless, economic developers say the area can build on a distribution network that already contains centers not just for large companies based here – including Lowe's, Family Dollar and Harris Teeter – but also for well-known names such as J.C. Penney, Black & Decker, Ross Stores, T.J. Maxx, Dillard's, Wal-Mart and Office Depot.

“When we tell people what Charlotte is, we say it's a finance center, it's a manufacturing center and it's a distribution center,” said Tony Crumbley, research director at the Charlotte Chamber.

With companies increasingly demanding items “just in time,” distribution will continue to have the potential to attract big investments and create jobs across the region. That includes rural areas that have experienced manufacturing layoffs, said Kenny McDonald, executive vice president of economic development services for the Charlotte Regional Partnership, which serves a 16-county area.

Usually hidden behind long expanses of windowless walls, distribution centers are intended to efficiently move goods from vendors to customers. How that happens can make a big difference in a company's bottom line, as last summer's fuel price spikes made clear.

Though technological advances have made distribution work less labor-intensive, the centers still bring the promise of stable jobs.

“Let me tell you, we are here to stay,” Mitch Stover, Target's senior vice president for distribution services, said as he addressed a grand opening ceremony, prompting applause. “You cannot outsource the last part of the supply chain. We will be here for a long, long, long time.”

That holds particular appeal in the Hickory area, which was hungry for jobs and a more diverse economic mix when the Target project was announced in 2006 – and needs both even more now, local officials said. Its most recent unemployment rate of 15.4 percent in June was the highest of any metro area in the state.

Target received more than 14,000 applications for the center's more than 500 jobs, which must pay an

average of \$26,564 or more a year under the terms of a state incentive grant. All of the positions are full-time, and employees become eligible for benefits after 90 days, said Rick Scholtes, general manager of the Newton center.

“It really is like a lifesaver,” said Bradley Sain, 31, of Newton, who was hired to supervise about 30 workers in the center's outbound shipping department not long after losing his job of 10 years at a Huntersville Caterpillar dealership last fall.

Also hired was Marty Humphries, 45, of Lincolnton, who was laid off from the Bosch tool plant in Lincolnton in January, after spending 14 years as a machine operator. He began training as a pallet mover in early May and said he is earning a wage comparable to his old pay rate.

“I'm well pleased,” he said. “I'm planning on being here for at least another 30 years.”

## **Up and running**

The Target center in Newton began shipping products in June, running 24 hours a day three days a week and 20 hours a day for the rest.

Initially, it will serve about 60 stores in an area stretching from Knoxville, Tenn., east to Charlotte and north into Virginia and Maryland. However, it's capable of serving nearly twice as many stores in the future, Scholtes said.

Target, the nation's second-largest discount chain, has added nine distribution centers in the past three years. That includes the Newton location, its 26th regional distribution center and 37th overall.

Because retailers are slowing expansions in a down economy, it is unlikely the Charlotte region – or most any other – will land another massive distribution center in the next few years, said Chris Skibinski, the Charlotte-based managing director of the Jones Lang Lasalle industrial supply chain and logistics group, who works with clients to find new industrial facilities.

Industrial vacancies are rising, he said, meaning there's more existing space to choose from.

Especially after last year's fuel price spikes, companies might be looking more at having two smaller centers instead of a large one, to cut down on the miles trucks have to travel. So, the region might be in a position to attract a 250,000- to 400,000-square-foot center, he said.

A proposed rail-freight hub near Charlotte-Douglas International Airport would also boost the region's distribution fortunes, he said. The hub would handle rail traffic from ocean ports. “We're a perfect inland location to either Charleston or Wilmington,” he said.