

Potential for distribution centers called highest in Henry, Franklin

March 19, 2008

By MICKEY POWELL - Bulletin Staff Writer
Martinsville Bulletin

Of the localities along Interstate 73's planned stretch through Virginia, Henry and Franklin counties have the best potential to lure distribution centers once the highway is built, a consultant has determined.

An economic impact study done by Richmond-based Chmura Economics & Analytics states that companies like to locate distribution centers in places with population densities of less than 500 people per square mile. Usually, land prices are lower in such places, the study says.

Henry and Franklin counties each have population densities well under 200 people per square mile, the study says, whereas both Roanoke and Roanoke County have population densities much higher.

Other factors that make Henry and Franklin counties right for distribution centers after I-73 is built, the study shows, include:

- Being close to metropolitan areas. Franklin is close to Roanoke, and Henry is about halfway between Roanoke and Greensboro, N.C.
- The new Federal Express mid-Atlantic distribution hub under construction in Greensboro. Retailers that do a lot of business via the Internet, such as Dell and Amazon, tend to locate order fulfillment centers close to courier hubs so they can ship packages to customers fast, the study says.
- A central location between South Carolina and Ohio — the states where I-73 will begin and end — that is within five-hour drives of either state.

The study notes that distribution centers for big-box stores such as Home Depot, Target and Best Buy have sprung up along Interstate 81, which runs through western Virginia.

I-81 has a longer route through Virginia and is closer to large metropolitan areas such as Philadelphia, Baltimore and Washington, D.C. than I-73 will be. So I-73 likely will not attract a cluster of distribution centers such as one in Northern Virginia along I-81, the study says.

However, I-73 could “land a couple” of distribution centers for businesses serving mid-sized metropolitan areas such as Greensboro, Roanoke, Danville and Lynchburg, it says.

A distribution center typically employs about 200 people, the study adds. It projects that by 2020, a distribution center would be able to generate about \$14 million in economic output and about \$13 million in compensation to its employees annually