

Where North meets South

Location, lower costs make area an attractive logistics hub

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The Port of Richmond now is operated by the Port of Virginia as Richmond Marine Terminal. Photo courtesy Port of Virginia

The Richmond region is gaining a reputation as a logistics hub because of its position as a midpoint on the East Coast where three major interstate highways — I-95, I-85 and I-64 — converge.

“The region has identified six core clusters that we’ll recruit out of, and supply chain and logistics is one of those six core clusters,” says Barry Matherly, the president and CEO of the Greater Richmond Partnership, who notes that Richmond International Airport already handles a lot of cargo for FedEx and UPS.

Companies establishing major distribution centers in the region in recent years have included: online retailer Amazon in Chesterfield and Dinwiddie counties; medical supply company Medline Industries, also in Chesterfield; and retailer The Vitamin Shoppe in Hanover County.

In addition, McKesson Medical-Surgical, the medical-supply division of San Francisco-based McKesson Corp., relocated and expanded its headquarters in Henrico County last year.

In August, German grocery retailer Aldi announced plans for a division headquarters and 500,000-square-foot distribution center in Dinwiddie.

“This is where the North meets the South,” says Edwin Gaskin, Hanover’s economic development director. “There’s just the sheer lucky benefit of sitting right in the middle of the mid-Atlantic and having 95 run right through us. Distribution centers run their data models and want to be here.”

Lower costs in the Richmond area play a role in making that choice, says Garrett Hart, Chesterfield's economic development director. Chesterfield was recently ranked as the top location on the East Coast and one of the best places in the nation for logistics-related businesses in a study by The Boyd Co., a Princeton, N.J.-based corporate site-selection consulting firm.

"We're the first area where the labor costs are not influenced by Northern Virginia or the upper East Coast states," Hart says. "When Boyd did their analysis ... it was not based just on location, but also was based on cost of labor, cost of transportation and fuel, all those associated costs."

An additional logistical advantage is the Port of Richmond, now operated by the Norfolk-based Port of Virginia as the Richmond Marine Terminal.

"The Port of Virginia views the Richmond Marine Terminal as an extremely strategic asset for them in terms of logistics in moving product," says Jane Ferrara, chief operating officer for economic and community development in Richmond.

"For every barge that comes up the James River, 180 trucks are taken off the road ... We're just at the beginning of the opportunity that the Richmond Marine Terminal represents for this region and, quite frankly, for the Commonwealth of Virginia."

Gary McLaren, executive director of the Henrico County Economic Development Authority, notes companies such as Toano-based Lumber Liquidators now are using the Richmond port to bring imported products up the James River from the Port of Virginia for distribution rather than store the materials in Hampton Roads warehouses and then transport them by truck. "All of a sudden it makes sense that Richmond is becoming the logical place for the hub because of 95, 64 and 85 all coming together here," he says.

Mark Kilduff, economic development adviser for New Kent County, believes that Virginia may see the development of other river ports.

"It's a very good way of getting those containers out of congested areas fast," he says. "The Pamunkey River is a possibility. We had [the Virginia Department of Transportation] fund a study about five years ago and the numbers are phenomenal ... You can take 47 percent of the truck traffic off 64 between the ports and 295 by having something there on the Pamunkey ... I think going up the Potomac is another possibility."