

Amazon in the Triad? Company may build 1-million-square-foot warehouse in Kernersville

By Richard Craver Winston-Salem Journal – May 30, 2018



Proximity to two FedEx facilities appears to have been the priority for Amazon with its apparent selection of a Kernersville site for its first North Carolina fulfillment center. The online retail giant's plans surfaced Wednesday for a 1-million-square-foot facility in Triad Business Park that would employ 953 full-time and full-time equivalent workers.

A project site plan was submitted to the town of Kernersville on May 9 by Atlanta developer Seefried Properties Inc. on behalf of Amazon. The plan was compiled by civil-engineering firm Triad Design Group of Greensboro.

The site is in Guilford County, near the FedEx Ground operations on Old Greensboro Road in Kernersville. It's within 10 miles of the FedEx sorting hub at Piedmont Triad International Airport.

The project is labeled as Triad/GSO1. The company isn't named in the site plan, but Amazon's logo appears on two pages that detail signage plans for the facility.

Amazon officials could not be reached for comment about the project.



John H. Boyd, a national site-selection expert based in New Jersey, projects the fulfillment center could represent a \$150 million capital investment.

Jeff Hatling, community development director for Kernersville, said Amazon has not made a request for economic incentives. It is likely, however, that the company will make a request, given that it has done so for fulfillment center projects in other parts of the country.

"All they need is a building permit, which we are currently reviewing," Hatling said. "We have not been provided a time frame" for the project.

Amazon's apparent decision was "all about market access and proximity to FedEx Ground hub in Kernersville and sorting hub at Piedmont Triad International Airport. Nothing else," Boyd said.

"The Triad Business Park seems like a very logical, and indeed a smart, candidate site for this project."

According to Glassdoor.org, the average salary for Amazon fulfillment center employees is \$13 an hour or \$27,040 annually.

Several employment studies have shown working at an Amazon fulfillment center is not for everyone.

For example, Amazon is clear that the job can be taxing, particularly during the peak holiday shipping season of November and December. Workers can be required to work up to 12-hour shifts and walk 7 to 12 miles during a shift. Most employees must be able to lift up to 49 pounds.

Boyd said modern fulfillment centers "not only employ lower skilled workers, like forklift operators, but also information-technology professionals doing inventory and other software-related functions."

Other Amazon facilities

The plan map lists a two-story warehouse facility of 980,100 square feet, along with a 24,025-square-foot office and a 1,874-square-foot training center.

There are plans for 1,069 parking spaces, 235 trailer parking spaces and 99 loading docks.

Amazon has 102 fulfillment centers across the country, according tax-software firm Avalara, including five in Tennessee, three in Florida and two each in Georgia, South Carolina and Virginia. Most of those centers are at the 1-million-square-foot size proposed for Kernersville.

The nearest fulfillment centers to North Carolina are in Spartanburg and West Columbia, S.C., and Petersburg, Va.

The company also has 27 sorting centers nationwide, including having 2,000 employees in Concord — its only such presence in North Carolina. Those hubs typically are about one-third the size of fulfillment centers.

According to eComengine.com, Amazon opened sorting hubs in collaboration with the U.S. Postal Service to speed up the final phase of deliveries and to make Sunday deliveries more viable.

Boyd said the Kernersville fulfillment center is likely the first of two to three more such facilities planned for the state.

Boyd said part of the delay in opening a fulfillment center in N.C. may be related to the March 2016 passage of House Bill 2 by the Republican-controlled General Assembly.

HB2 is known foremost for requiring transgender people to use restrooms, locker rooms and showers at schools and government buildings corresponding to the sex on their birth certificates, rather than the gender with which they identify.

Even after legislative leaders and Democratic Gov. Roy Cooper were able to reach a compromise on repealing much of HB2's language in March 2017, Amazon has been getting pushback from LGBTQ advocates for considering Raleigh and the Triangle for its second North American headquarters project that would feature a 50,000-employee campus and a \$5 billion capital investment.

"It's possible that the bathroom bill put the state in suspended animation for 18 months or so in Amazon's eyes," Boyd said.

Bid for HQ2

The potential fulfillment center surfaces about nine months after Triad economic officials submitted a long-shot bid for Amazon's HQ2.

The #Triad's Prime Amazon pitch represents perhaps the largest collaborative recruitment effort by Piedmont Triad Partnership, Winston-Salem Business Inc., High Point Economic Development Corp. and Greensboro Chamber of Commerce.

The groups tailored the Triad's pitch around the region's diversity, focusing on geography, educational institutions, industry sectors, workforce and population, international visitors and companies, and culture and leisure activities.

The Triad economic developers were hopeful their HQ2 submission might spark Amazon's interest in placing operations in the Triad, including a fulfillment center.

"We have a skilled workforce with a focus on logistics and advanced manufacturing, along with the advantages of the interstate system and access to ports," Stan Kelly, president of Piedmont Triad Partnership, said Wednesday.

Kelly said the proposed site is "in an ideal setting given its central location would appeal to commuters from Forsyth, Guilford and other Triad counties who are willing to drive 20-30 minutes one way to work."

Incentives question

Each Triad economic official reached for comment Wednesday declined to discuss possible performance-based incentives to Amazon, including whether there would be a regional package.

N.C. Rep. Donny Lambeth, R-Forsyth, said Amazon would be "a welcome addition to the Kernersville area and the Triad." Our state budget does provide for some level of incentives to attract large companies that meet certain criteria," Lambeth said. "Amazon would meet some of those qualifications."

An Economic Policy Institute study, released in February titled "Unfulfilled Promises," determined that while the opening of an Amazon fulfillment center can boost warehouse employment by as much as 30 percent, it typically does not lead to an increase in countywide employment over two years.

"It is possible that the jobs created in the warehousing and storage sector are offset by job losses in other industries, or that the employment growth generated by Amazon is too small to meaningfully detect in the data," according to the report.

Boyd said that “while incentives are increasingly contentious today, I view these large fulfillment center projects worthy of incentives.”

“Politicians and economic development officials appreciate the enormous amounts of tax revenue these giant fulfillment centers generate.

“Employment at a trophy employer, like Amazon, also provides training and career advancement possibilities for the upwardly mobile worker that trumps other employment alternatives, like retail or the fast- food industry.”