

Amazon center in Kernersville sold to NY group for \$110 million

By Richard Craver Winston-Salem Journal – October 4, 2019



The Amazon fulfillment center nearing construction completion in Kernersville already has a new owner.

A New York industrial real-estate group, Greensboro WH LLC, has spent \$110 million to buy the 1 million square foot center at 1656 Old Greensboro Road.

HPC Seefried NC-1 LLC was the seller of the three tracts totaling 94 acres. The transaction was completed Wednesday, according to a Guilford County Register of Deeds filing.

Amazon confirmed May 29 it plans to open the center in 2020 with about 1,000 full-time and full-time-equivalent employees.

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

In July 2018, Amazon signed a lease for up to 40 years with Atlanta real-estate developer HPC Seefried for the site inside the Guilford County limits.

Greensboro WH LLC is listed as having an address of 375 Park Ave., Suite 2503, in New York City, according to the N.C. Secretary of State's corporate website link.

It is not clear which group Greensboro LLC is affiliated with. Heidi Holterbosch is listed as the managing member in the incorporation filing of July 9. Holterbosch could not be reached for comment at the phone number listed in the filing.

"The investment community is buying up logistics real estate at a pace and price that is unprecedented," Boyd said. "Especially in prime, pro-business states, like North Carolina, that have good access to vast Northeast U.S. consumer markets.

"With the booming e-commerce industry as tailwinds, we see no slowing down of this market dynamic anytime soon.

"I suspect the developer here is just happy to take his windfall profit, sidestep being a landlord and move on to the next project," Boyd said.

Few hiring details to date

Amazon has not revealed an expected opening date. Rachael Lighty, regional manager of external communications for Amazon Operations, said May 29 that the company withholds such information until it is within weeks of launching operations. Lighty said Amazon would roll out a hiring and marketing blitz at that time

Neither Lighty nor Amazon public relations could be immediately reached for comment Friday about whether the sale of the center could affect its plans.

Amazon has not shared information on a second planned Amazon facility within Piedmont Corporate Park in Guilford County.

An Amazon affiliate signed a lease April 16 with Samet Corp. affiliate LARS RE LLC, according to a register of deeds filing.

The property address is listed at 7929 National Service Road, on the southern right-of-way of the road and the western right-of-way of Piedmont Triad Parkway. The lot appears to contain 16.64 acres, according to the lease. The property has a Colfax address but is in the High Point city limits.

The lease was amended June 16 to reflect an initial 10-year lease and five five-year lease extensions. It was scheduled to go into effect Aug. 30.

North Carolina workforce

The Kernersville facility will be similar to the one Amazon opened in Kannapolis in July in that both will primarily handle bulky items that are 18 inches and larger. Those items can include items as varied as diaper boxes, kayaks and furniture.

Those fulfillment facilities are identified by Amazon as non-sorting centers. They are labor-intensive, but Lighty said the Kernersville facility will contain high levels of technology.

The vast majority of the Kernersville employees — more than 800 — will be involved in the picking, prepping, sorting and shipping operations. The rest will be facility managers and administrative staff.

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.”

Lighty said the work shifts will operate on a four-day-on, three-day-off schedule at 10 hours a day. Although the facility will operate around the clock, two hours for maintenance is built into the daily schedule.

"There will be about 200 employees on site at any given time, seven days a week," Lighty said.

By comparison, Amazon plans to operate a robotics fulfillment centers in Charlotte and Garner, each with about 1,500 full-time jobs.

The \$200 million Charlotte facility contains 855,000 square feet, while the Garner facility is scheduled to open in 2020 at 640,000 square feet.

When the Charlotte, Garner and Kernersville facilities are open, Amazon will have more than doubled its North Carolina workforce from 3,000 to 7,000.

Amazon has what it calls "sortation" centers in Concord and Durham that sort products and packages in preparation for delivery, typically by ZIP code.

There are PrimeNow shipping hubs in Charlotte and Raleigh that stock a limited line of high-demand products for delivery within two hours.

In November, Amazon raised its minimum wage to \$15 an hour for all U.S. employees, a decision that, long-term, could help set the bar for regional warehouse and distribution center pay, according to economists.

Part of growth strategy

Boyd said Amazon's opening of two Triad facilities is not surprising.

“Amazon recognized, under its new growth strategy, that it is shy of distribution centers in North Carolina,” Boyd said.

Lighty said its Triad plans are tied to the online retailer’s planned push to emphasize free one-day shipping for Prime members. The retailer told analysts in April it is “working on evolving” its popular Prime program.

The fulfillment center is near the FedEx Ground operations in Kernersville, as well as within 10 miles of the FedEx sorting hub at Piedmont Triad International Airport.

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

For example, Amazon makes it clear that the job can be taxing, particularly during the peak holiday shipping season. Workers can walk seven to 12 miles during a shift. Most employees must be able to lift up to 49 pounds.