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New distribution center near I-95 uses Prince William zoning update and incentives to tap booming demand

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A new distribution center broke ground Wednesday in Woodbridge, the first ground-up project to use a recent Prince William County zoning provision aimed at spurring development of such facilities, in high demand given the explosion of e-commerce and “last-mile” fulfillment.

The roughly 113,000-square-foot project, dubbed the 95 East Distribution Center and anticipated to deliver in spring 2023, will sit on about 8 acres at 13600 and 13610 Dabney Road, a little over a mile southeast of Interstate 95. The \$23 million joint venture between The Pinkard Group and Cannon Hill Capital Partners — D.C. and New York firms, respectively — is the first to come out of the ground in the county’s so-called E-Commerce Overlay. About a year ago, County Supervisors amended local land-use regulations such that a wider range of industrial zoning



POWERS BROWN ARCHITECTURE

A new distribution center breaks ground along high-demand I-95 corridor.

categories within the overlay's roughly 9,600 acres would allow distribution centers "by right," up to a certain size.

The joint venture acquired the site in 2021, demolishing its existing vacant warehouses to make way for the new construction. A couple other projects have also used the overlay's allowances, albeit to occupy existing industrial buildings as distribution centers.

A "lack of new supply along that corridor," from Springfield south, attracted the joint venture to Woodbridge, Fred Underwood, a Pinkard principal, said in an interview. He cited a general shortage in the region of adequately large sites with the requisite zoning for distribution centers. This is the second such project Pinkard has undertaken with Cannon Hill, the first being in Capitol Heights in Prince George's County. Pinkard is considering additional projects of this kind if they can find available land, which is increasingly difficult, Underwood said.

Warehouses, distribution centers and industrial properties generally have been a popular commodity lately, not only in Prince William — Trammell Crow Co. recently acquired church land in Bristow for such development, for instance — but across Northern Virginia and suburban Maryland.

In general, the relative scarcity of viable properties "may produce a cooling effect" in production in that asset class, though the demand for it will remain, Underwood said.

Prince William "has seen a new market demand for high-quality industrial product coming out of the Covid-19 pandemic," Christina Winn, executive director of the county government's economic development department, said in a press release, calling the county "the front door to the rest of Northern Virginia." Though others have cautioned against a more fundamental slowdown in the sector as consumers pare back spending amid inflation and the specter of recession.

Only a few small areas around I-95 are part of the E-Commerce Overlay. Most of the land within the overlay sits farther northwest, near Manassas and I-66. Winn said "the 95 corridor is underbuilt for distribution uses," but noted the overlay only applies to

properties already zoned for industrial or flex uses, of which there are relatively few along the I-95 corridor.

In addition to taking shape within the overlay, 95 East Distribution Center benefited from Prince William's Target Industry Program. The incentive program, adopted in 1997 and updated in 2020, expedites the site and building plan review and permitting process for a qualifying project. Neither Underwood nor the county could quantify the dollar value of the incentive in this case. But, in general, it can cut project review time in half, saving the developer money in carrying costs, as well as enabling a project to begin generating revenues sooner.

Such expediting is a common way for local governments to incentivize industry sectors they wish to promote. Montgomery County does something similar to spur life science lab development.

The Target Industry Program can also “provide site development fee reductions for certain projects,” according to the Prince Williams economic development department's website.

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