

INSIDE DELAWARE'S PLAN TO REPRISE ITS ROLE AS AN INDUSTRIAL POWERHOUSE

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Courtesy of Dermody Properties, An Amazon fulfillment center under construction at the former site of General Motors' Wilmington Assembly on Boxwood Road in Wilmington, Delaware.

For much of the history of the United States, a large chunk of the nation's industrial power has been concentrated in a small pocket of the mid-Atlantic surrounding Wilmington, Delaware. The home base of chemical manufacturer DuPont since its founding in 1802, Wilmington and its environs have churned out gunpowder, ships, glass and plastics, automobiles and hundreds of other products.

Like many other states, Delaware suffered blows to its manufacturing sector over the course of the last 60 years, with plants shuttering and companies shifting jobs elsewhere. But a core of companies that have defined the First State's industrial community remain. Now, with the explosive growth of the logistics sector and a nationwide push to reshore manufacturing, state officials and business people alike are hoping to leverage Delaware's geographic advantages and existing infrastructure to fuel an industrial renaissance.

With massive leases being signed for warehouse space across the state and industrial developments underway, Delaware is well on its way to reclaiming its role as the nation's industrial powerhouse.

"As a member of this tight-knit community, we have a responsibility to redevelop our industrial assets, to refill the voids that have been left over the years and put Delawareans to work," Harvey Hanna Vice President T.J. Hanna said. "We have an incredible opportunity to harvest the resources we already have: our existing infrastructure, our geography and our people."

Much of the industrial development in the state is still concentrated around Wilmington. As a geographic linchpin of the heavily

populated I-95 corridor, Wilmington has become a prized destination for shipping and logistics. New Castle County, which encompasses Wilmington, boasts an inventory of over 26M SF of industrial space, with 4.6M SF under development. In Q4 2020, industrial vacancy in the county stood at a very tight 2.5%, powered by a flurry of leases since 2019.

Just west of downtown Wilmington on Boxwood Road, Dermody Properties is building a 3.8M SF multistory warehouse facility for Amazon on the site of the Wilmington Assembly, an automotive factory held by General Motors until 2009. Ten miles to the south, Kansas City-based NorthPoint Development is building the Delaware Logistics Center with 2M SF of space; Dart Container Corp. became the property's first tenant, leasing 1M SF earlier this year.



Courtesy of Moonloop Photography, The Port of Wilmington, Delaware, at the confluence of the Delaware and Christina rivers

Delaware's geography also gives it a distinct advantage for logistics: It boasts the southernmost deepwater ports on the Delaware River. For a container ship, eliminating two days' round trip upriver can mean saving \$60K to \$100K, Hanna said. The move by Emirati port operator GulfTainer to privatize the Port of Wilmington was seen as a show of faith in the port's commercial future. Dot Foods, the largest food redistributor in the country, recently opened a 188K SF warehouse near Delaware City, citing the proximity of the port as a large draw.

In central and southern Delaware, a different industrial ecosystem is taking shape. Delaware's Kent County and Sussex County have a great deal of land that is not only available but also zoned and entitled for industrial development. Four M Investments, a manufacturer of corrugated paper products, in November announced an \$80M plant just north of Dover, which is expected to

bring 159 jobs to the state. Shoreline Vinyl has just opened a new vinyl fencing facility on a former manufacturing site in the same area.

ILC Dover, a high-performance materials manufacturer that has built spacesuits for NASA since the dawn of the Apollo space program, has called Delaware home for decades. Many towns in Sussex County are eager to bring in manufacturing work, ILC Dover President and CEO Fran DiNuzzo said. Seaford, a town near Delaware's southwest corner, has entered an agreement with a private developer to create 50K SF of industrial space at the Western Sussex Business Park.

While being 40 minutes from I-95 is a massive benefit for a manufacturer, DiNuzzo said that the greatest resource Delaware offers is the highly specialized workforce it has cultivated through its long manufacturing history.

"Between DuPont, Chrysler, Agilent, Gore and all the other companies that have called Delaware home, you have a strong pool for high-tech manufacturing experience and talent," DiNuzzo said. "With all the technical education in the high schools and colleges, especially downstate, people come into the production line and management roles with the understanding and the skills they need to do the most complex kinds of manufacturing."

DiNuzzo noted that as other manufacturers have moved in, the labor market has become more competitive. He hopes the new interest will continue to build, creating great jobs for many Delawareans.

Hanna admitted that Delaware is subject to the evolving nature of industrial tenants: Advancements in technology mean that factories no longer employ thousands of people. But he argued that the economic impact of industrial growth, especially for some of the smaller towns scattered across central and southern Delaware, is hugely meaningful.

"When people hear 'warehouse,' they think three people in a darkened room on forklifts, and that's just not at all what the logistics industry has become," Hanna said. "It's dynamic, it's fully integrated, it's bright, and the pay scale that exists is so positive, which is why we're seeing so many undergrad colleges start offering logistics management programs. It's a real economic generator."

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Courtesy of Moonloop Photography. Freight lines at Amazon's future Boxwood Road facility. Delaware offers freight and commercial rail service to reach 50 million people within 250 miles.

"It's a great place to work and live," DiNuzzo said. "It's affordable to buy a home, there are great schools and communities to raise a family."

As a small state, Delaware's tight-knit community is reflected in its government. Hanna described state and local officials who are not only committed to creating jobs and growth in their cities but who are also easily reachable.

"Delaware has always been available," Hanna said. "Elected and appointed leadership have always been easy to reach for in-person meetings, which goes a long way to bringing the public and private sectors together."