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Lidl selects site for Spotsylvania distribution center

German grocery chain picks smith station road site for distribution center

BY LINDLEY ESTES Jul 29, 2015

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THE FREE LANCE—STAR

Lidl, the German grocery chain that is opening a distribution center in Spotsylvania County, has chosen a site for its \$125 million operation.

The center is expected by state officials to create 200 jobs.

An 82-acre parcel known as the Coleman family farm at 6100 Smith Station Road next to the Luck Stone Quarry has been purchased by Lidl for \$2.1 million.

The parcel, which is zoned for industrial use, was owned in part by Jay Jarrell of Jarrell Properties Inc. The site, in his family for generations, was once a working farm and the home of Jarrell's grandparents. The other six owners of the property were relatives of Jarrell.

It was most recently assessed at \$1.8 million by the county in 2014.

Marc Smith, vice president of commercial development at Jarrell Properties Inc., called the property "an off-the-wall site," since it is not in an industrial hub, that he had a gut feeling about when the state put out a call for locations last year.

But the site had the highway access needed and the nearby housing and amenities Lidl was looking for.

Smith submitted the site for consideration in September 2014 through a confidential bidding process.

He said the site was the only finalist in Spotsylvania County, and that he worked with the county administrator and Economic Development Department, as well as the Fredericksburg Regional Alliance, up until last week to market it to Lidl.

The distribution center property is one of the larger deals brokered by the firm, and the first deal Smith has worked on with government incentives. He said now that Jarrell Properties is familiar with the process, it will be in a better spot to bid for them in the future.

Curry Roberts, FRA president, dealt with 34 similar projects last year. Of those projects, two have been announced to the public as concrete deals and 16 are still active.

The alliance collects bids such as the confidential proposal sent out by the state for Lidl and then informs local governments and real estate agents of the opportunity.

“It’s our job to drive the traffic; it’s their job to close it,” Roberts said about the FRA’s relationship with localities.

He said each of the counties—Stafford, Spotsylvania, Caroline and King George—had spots in mind for the center, but that Spotsylvania was of particular interest to the company.

Earlier in July, the Spotsylvania Board of Supervisors unanimously approved a \$9.7 million incentive package for Lidl.

The incentives include an upfront payment of \$1.4 million from the county, \$400,000 of which will go toward the company’s purchase of the land.

The company also will receive personal property tax rebates of up to \$5.7 million over 17 years and sales tax rebates of up to \$1.8 million over the same time period.

In addition, the incentives include a \$450,000 grant to extend water and sewer lines to the distribution center and a \$300,000 grant to cover the cost of construction permits and other county fees.

When the distribution center was first announced in June, Virginia Gov. Terry McAuliffe approved \$5 million in grants from the Governor's Opportunity Fund to assist Arlington—where Lidl is building a national headquarters—and Spotsylvania with the project.

He also approved \$2 million in funds from the Virginia Economic Development Incentive Grant, a self-funded program of performance-based incentives that the state awards to exceptional economic development projects.

Lidl is part of the Germany-based Schwarz Group, the largest retailer in Europe and one of the largest in the world.

The company operates nearly 10,000 stores in 26 countries throughout Europe, and is the chief competitor of German discount grocery chain Aldi, which already has multiple stores in the Fredericksburg region.

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