

JNJ Logistics to start building new Memphis headquarters

By Tom Bailey, Michelle Corbet 2/25/2019

JNJ Logistics will break ground Tuesday on its new headquarters at the long-vacant Delta Square Shopping Center, 5000-5050 American Way, near where the Mall of Memphis once stood.

The company plans a **\$20.5 million investment** in building a 115,000-square-foot facility, **retaining 290 jobs and creating 222 new jobs** that pay \$65,410 on average, according to documents filed last summer with the Economic Development Growth Engine (EDGE) of Memphis & Shelby County.

"This is an area that's been vacant for 10 or more years and this is a huge investment on the part of the company," said project consultant Dexter Muller.

Muller, the owner and principal of Pinnacle Planning Advisors, spoke to The Daily Memphian only after the announcement was confirmed by Ben Fant, brand developer and strategist of Memphis-based Farmhouse Branding, which is doing public relations work for JNJ.

Tuesday's groundbreaking will be attended by state and local officials, including Gov. Bill Lee.

JNJ's investment is actually closer to \$80 million, Muller said, which includes about \$63 million to purchase 500 new trucks over the next five years.

"At the EDGE proposal, they only count what you're going to do in three years," Muller said. "With 500 new employees, counting all the truck drivers, it puts them over 1,000 employees."

JNJ Logistics received a 15-year tax break that will save the company more than \$5.8 million. However, the EDGE staff calculates JNJ Logistics' project will generate an additional \$35.6 million in local tax revenue over the 15 years.

With a more than 20 percent unemployment rate in the general Parkway Village area, the JNJ project also qualifies for federal New Markets Tax Credits, a program that provides tax credits in exchange for qualified investments in economically distressed areas.

About a mile away, on the other side of South Perkins Road, TAG Truck Center worked with Stonehenge Capital, in partnership with McCormack Baron Salazar and SunTrust Community Capital, to secure \$23 million in New Markets Tax Credits to help finance a new 164,000-square-foot commercial truck center and technician training facility.

"That to me, is exactly where we want development to take place," Muller said.

JNJ, founded in 1992, provides brokerage services, "shuttling" and just-in-time delivery in 48 states. It operates terminals in Georgia and Florida and has a fleet of more than 450 trucks.

Among JNJ's customers are FedEx, Amazon, UPS, Walmart, PepsiCo, Nestle, Frito Lay, Dillard's, Bed Bath & Beyond and McKesson, EDGE documents show.

The company has outgrown its current facility at 3935 Old Getwell Road, which is about six miles southeast of the new site.

In addition to its corporate offices, JNJ Logistics will use the headquarters site as an operations center, vehicle maintenance facility, and on-site warehouse with cross-dock.

The investment in a blighted area within the city of Memphis aligns with Memphis Mayor Jim Strickland's vision of building up and not out.

The wages of more than \$65,000 a year, on average, also align with Shelby County Mayor Lee Harris' focus on higher wages and workforce investment.

"And now, here you go, you've got a project that hits the sweet spot," Muller said.

The company will redevelop the old Delta Square Shopping Center, which has been vacant more than 10 years.