

UPDATE: Thursday, October 16, 2014 | Memphis Business Journal

All three economic development projects approved for incentives Wednesday came to Memphis because of FedEx.

Wednesday was a big day at the monthly meeting of the economic development arm of Memphis and Shelby County.

The Economic Development Growth Engine for Memphis & Shelby County approved **\$2.2 million in tax breaks in exchange for commitments to create at least 272 jobs and capital investments of \$28 million.** (see below)

Three Companies Seek PILOTs for Projects

MEMPHIS DAILY NEWS | Tuesday, October 14, 2014

Three companies – including a wing of Memphis-based FedEx – are **considering investing more than \$25 million in Memphis for new distribution operations that would create 272 new jobs.**

“It's always good to see FedEx expanding and the other two projects appear to be new to Memphis,” said Kemp Conrad, principal of Cushman & Wakefield/Commercial Advisors. “This balanced growth is encouraging and we expect more good news later in the fourth quarter.”



FedEx Supply Chain Systems Inc., the third-party logistics arm of FedEx, is seeking a payment-in-lieu-of-taxes agreement to grow its local operations by **investing \$6.8 million in a 454,713-square-foot warehouse at 5050 E. Holmes Road and creating 87 new jobs.**

“FedEx Supply Chain is working to expand its high-tech distribution and logistics services in the Memphis area by growing its physical distribution footprint,” the company said in a PILOT application to the city-county Economic Development Growth Engine.

The 87 employees would have an annual average wage of \$31,747.

A five-year PILOT would save the company \$679,040 while producing a tax benefit of \$1.85 million over the same period, a return of \$2.73 for every \$1 abated.

In addition to FedEx Supply Chain Services, a British tuxedo rental company is considering two locations in Memphis, both inside Hillwood Properties' Southpark Distribution Center.

ACS Clothing Limited is considering 4500 E. Shelby Drive and 4400 Quality Drive for a **roughly \$12 million distribution project that would create 125 new jobs** with an annual average wage of \$33,767.

At [4500 E. Shelby Drive](#), ACS would invest \$12.5 million. A five-year PILOT would save the company \$933,904 while producing a local tax benefit of \$2.7 million, a return of \$2.94 for every \$1 abated.

At [4400 Quality Drive](#), ACS would invest \$13.9 million. A five-year PILOT there would save the company \$1.09 million while creating a local tax benefit of \$2.78, a return of \$2.53 for every \$1 abated.

[Benchmark Education Co.](#), based in West Nyack, N.Y., is also **considering Memphis for a project that would create 60 jobs** with an average annual wage of \$33,593. Benchmark is considering [3955 E. Holmes Road](#) and 5155 U.S. 78 for the project.

Benchmark's investment at 3955 E. Holmes would reach \$4.6 million. A four-year PILOT would save the company \$436,732 while producing a local tax benefit of \$1 million, a return of \$2.35 for every \$1 abated.

Benchmark's investment at 5155 U.S. 78 would reach \$4.8 million. A four-year PILOT there would save the company \$457,696 while producing a local tax benefit of \$1 million, a return of \$2.25 for every \$1 abated.

The flurry of activity is a positive sign for the city of Memphis. While many industrial tenants have preferred the DeSoto County submarket in recent years, there are still major tenants who prefer to be in Memphis.

With no new speculative development occurring in Memphis since 2008, the amount of superior space is shrinking, which should be good news for landlords.

"These three prospects are all focused on Memphis, which is great for the area," said [Andy Cates](#), CEO and president of brokerage at Colliers International Memphis, which is representing the landlord in the FedEx Supply Chain Services deal. "Quality space is getting harder to come by, so once these three deals (occur) land rates are sure to go up."

The EDGE board will vote on the PILOT requests Wednesday, Oct. 15.