



Developments

OCTOBER 2008

Developing for your future



EVERY DROP COUNTS

By collecting rainwater and redistributing it for irrigation, developers can conserve millions of gallons of water each year at individual business parks.



"Now more than ever, IDI understands the need to reduce the impact of our projects on the environment."
Tim Gunter
President and CEO

These days, you can't turn on the news or pick up a paper without being educated about the latest water crisis around the globe. Case in point, a prolonged drought has led to a water war between two neighboring U.S. Southern states, with Georgia making a hostile bid to tap into the Tennessee River to the north. Overseas, Barcelona has resorted to shipping in water on tankers while it builds a desalinization plant to address its long-term needs.

Industrial developers like IDI are well aware that water supplies are limited and are doing their part to conserve this valuable resource.

"Now more than ever, IDI understands the need to reduce the impact of our projects on the environment," said Tim Gunter, IDI's President and CEO. "IDI is committed to being a leader in sustainable development, and reducing water consumption is one of the many steps we are taking as part of a comprehensive company-wide effort."

A PROGRESSIVE APPROACH

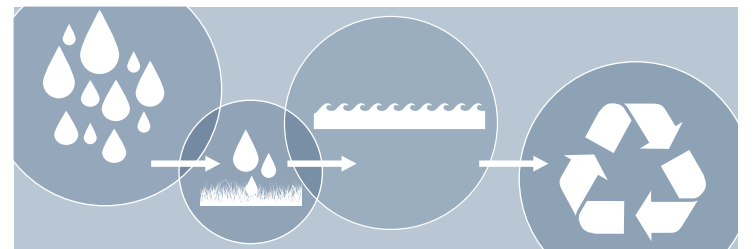
Two of IDI's newest projects – Antioch Corporate Center outside of Chicago and Crossroads Distribution Center in Memphis – are examples of the sustainable development practices that IDI is implementing at business parks across North America. Both properties will feature irrigation systems that will significantly reduce the reliance on municipal water supplies.

"We're trying to be progressive at Antioch by taking an environmental concept and incorporating it at the start of the planning process so that we can offer cost savings and economies of scale to tenants," said John Benson, Vice President of Leasing and Development in charge of this project for IDI's Chicago Region. "We have an opportunity to dramatically reduce the amount of water that is drawn from the Antioch municipal water supply."

Located north of Chicago in the village of Antioch, the project is near Lake Michigan, one of the five lakes that form the largest fresh-water system on the planet. Although the region is not threatened by drought or dwindling reservoir levels like some cities in the Southeast and Western U.S., Benson points out that the Chicago Region still takes water conservation very seriously.

"Looking down the road, the population around Antioch relying on the aquifer is increasing, and we need to be proactive about reducing the pressure on that water supply," he said.

Antioch's irrigation system will not be a drain on the village's groundwater resources. In fact, 100 percent of the water for the park's landscaped areas will be supplied by IDI's naturalized stormwater management system – which is designed to store enough water to withstand a drought of 60 to 90 days.



In the first phase of the development, a two-acre open reservoir within a naturalized wetland area will capture rainwater. The wetland area will include deep-rooted plants that will filter the rainwater before it is stored in the reservoir. The cleansed water is then pumped into the park's landscape irrigation system. A second detention pond will be constructed to serve the opposite side of the park.

continued on back page

IDI EXPANDS ITS HORIZONS IN THE SUNSHINE STATE

New projects support the need for Class-A space in Tampa, Orlando and Fort Pierce.

Broward County in South Florida has long been IDI's core market in the Sunshine State. However, the scarcity and high cost of land in South Florida has made it necessary for all developers in the area to re-evaluate their strategies. While IDI remains an active developer in the region, many of its projects are taking shape in new Florida markets.

In addition to the 1-million-square-foot Madison Business Center in the Tampa market, IDI is developing 301 Business Center in the area, as well as Lakeview Distribution Center in metro Orlando and Crossroads Business Center in Fort Pierce.

Tampa, boasting the second largest metro population in Florida, is also the number two industrial market (138 million square feet), while Orlando's industrial market ranks third in the state (106 million square feet).

"These markets have a limited supply of high-quality facilities with the key distribution features that tenants are looking for today," said Scott Helms, Senior Vice President and Regional Development Officer for IDI in Florida. "Not only will IDI's buildings feature high clear heights and ample parking,

they will also offer flexibility for a wide variety of business operations."

The projects also represent an important environmental milestone for IDI in Florida. The Florida Region, like other IDI development offices across the country, is demonstrating a strong commitment to sustainable development. The upcoming buildings in these three markets will all be designed with the intent of receiving LEED® (Leadership in Energy and Environmental Design) certification, which recognizes buildings for sustainability and exceptional levels of performance.

"We are proud to be taking part in the LEED program, which will allow distributors and other companies to contribute to environmental conservation by occupying energy-efficient spaces," Helms said. With three business parks planned in markets stretching from the Gulf Coast to the Treasure Coast (a tri-county region including St. Lucie, Martin and Indian Counties), IDI will ultimately offer more than 3 million square feet of space in Florida.

THREE NEW MARKETS IN FLORIDA

ORLANDO

In the metro Orlando market – more specifically, in Lake County north of the city – IDI kicked off development in October on a 359,290-square-foot cross-dock facility at Lakeview Distribution Center. The 48-acre site provides the opportunity to develop two cross-dock buildings totaling 717,040 square feet or an expansion of the initial building to 740,720 square feet.

"There are very few sites in Central Florida that can accommodate buildings of this size," said Larry Dinner, Vice President of Leasing for IDI in Florida. "As the geographic center of the state, Orlando provides a great opportunity to serve distributors that want convenient access to markets across Florida. Distributors can reach 8 million consumers within 150 miles, and 15 million within 220 miles."

The park is strategically located off US Highway 27 and provides direct access to a Turnpike interchange one mile north of the park. It is also within 30 minutes of Interstates 4 and 75.

TAMPA

IDI's newest project in Tampa is 301 Business Center, which will feature five buildings totaling nearly 900,000 square feet.

"The property spans 68 acres of premier real estate," said Scott Helms, Senior Vice President and Regional Development Officer for IDI's Florida Region. "There really is no better site for regional distributors in Tampa than 301 Business Center. The park is only two miles south of Interstate 4, which is the main east-west highway through Central Florida, and it also provides direct access to Interstate 75."

Over the next two years IDI will develop two facilities at 301 Business Center – 96,250-square-foot Building D and 105,072-square-foot Building E. With these projects and the two buildings that have been completed at Madison Business Center (385,619-square-foot Building A and 147,197-square-foot Building E), IDI will have a major presence in the Tampa market.

FORT PIERCE

On the eastern coast of the state about 95 miles north of Fort Lauderdale, IDI is entering the Treasure Coast market with the purchase of a 134-acre site in Fort Pierce, FL (St. Lucie County) for the development of Crossroads Business Center. Not only is St. Lucie County considered a lower-cost alternative to Palm Beach, Broward and Dade counties, it is also an emerging commercial and biotech hub and the third-fastest growing county in the state. Positioned in the center of the Treasure Coast, IDI's park will put distributors in close reach to a large population base.

IDI plans to develop up to 1.3 million square feet of space at the park; the first project will be a 140,000-square-foot facility targeted for a November construction start.

"This will be the first Class-A space in the market, offering 30-foot clear heights and a large amount of trailer-parking space," said Larry Dinner. "With this project and our two other business parks in Central Florida, IDI will offer excellent interstate access that will enable distributors to efficiently serve the entire state."



A DISTRIBUTION EVOLUTION

IDI is integral to The Home Depot's streamlined distribution system.

As the world's largest home improvement retailer, The Home Depot has a sophisticated distribution system to match the scope of its business. Founded in 1978, the company is now literally a household name, but it started with a fairly simple distribution model in which vendors delivered goods directly to stores. Fast growth spurred changes to that distribution model, including a switch to a centralized, hub-and-spoke system that has been continuously modified over the years.

The Home Depot has turned to IDI and other developers to support the evolution of its distribution system. In the past eight years, IDI has developed four 750,000-square-foot distribution centers and one 150,000-square-foot transit facility for its Atlanta neighbor. IDI is also developing two 500,000-square-foot distribution centers in Mexico scheduled to deliver in first-quarter 2009.

What's more, IDI is now playing a key role in the transformation of The Home Depot's logistics system as the retailer seeks to streamline its operations through the development of Rapid Deployment Centers (RDCs).

RDCs are essentially large, break-bulk facilities with no products stored within. Typical distribution centers cover about 60 percent of a development site and offer minimal trailer parking stalls, but RDCs may require 300 to 500 extra trailer spaces for the volume of trucks serving the daily product needs of 100 or more stores per day. And a typical RDC will have dock doors on three sides, with each of those doors serving its own store location no more than a few hours away.

"These RDCs will help The Home Depot move products to its stores more efficiently," said Brian Mee, Senior Vice President of IDI's Strategic Development Services group. "Our relationship with The Home Depot continues to grow, and we're pleased that we will be able to play an important role in the latest transformation of its distribution operations."

THE FAST-FLOW SOLUTION

The Rapid Deployment Center initiative is so important that for the next two years, streamlining distribution operations will be one of The Home Depot's highest priorities, and the company plans to invest approximately \$260 million in RDCs with fast-flow capabilities.

In late 2007, The Home Depot launched a pilot Rapid Deployment Center program at one of its existing distribution centers in Braselton, GA, which initially served 67 stores and 20 vendors.

"The results of the RDC pilot program were better stock levels at the stores, reduced lead times, improved shipment integrity and improved inventory turnover," said Mark Holifield, The Home Depot's Senior Vice President of Global Supply Chain, in a conference call with analysts. "We ramped up more stores and more vendors, and today the Atlanta-area RDC serves 99 stores and processes almost 100 Home Depot vendors."

Following the success of the Braselton operation, the company implemented an RDC in the Chicago area in first-quarter 2007.

Store locations and concentrations determine the position of an RDC, and its operations differ from traditional distribution centers in a number of respects, particularly when compared with speculative distribution center developments.

IDI's Strategic Development Services (SDS) group, formerly known as National Fee Development (NFD), provides comprehensive services that span the entire lifecycle of a project. SDS manages the development of both individual buildings and multi-facility rollouts, handling all aspects from site selection to construction management for a growing roster of high-profile clients.



With the RDC system, The Home Depot can place a single, distribution-center level order for the 100-plus stores supported by the RDC. This reduces the number of purchase orders the vendor processes and the number of orders the vendor picks up and delivers to the company's distribution centers. That single order is then broken down store-by-store and delivered to the individual stores. With its multiple moving parts, the complex system is sure to require more automation and handling for the transit of products through the RDCs and delivery to stores. However, any cost increases in that area are expected to be outweighed by gains in stock and inventory turns.

IDI'S ROLE IN THE EVOLUTION

IDI is in the process of developing two 657,600-square-foot RDCs for The Home Depot in Valdosta, GA, and Birmingham, AL. These build-to-suit RDCs will present other savings to The Home Depot since the locations offer lower land and labor costs than larger cities and distribution markets in the Sunbelt.

These RDCs – like all facilities developed by IDI – go through the company's rigorous bidding and quality-control process, further wringing cost savings from the development. IDI's approach also provides economies of scale for design costs.

"This development process saves manpower, time and capital," Mee said.

In total, The Home Depot plans to operate more than 20 RDCs across the U.S. by the end of 2010, with the ultimate goal of increasing the amount of goods distributed through this central distribution network from 20 percent to 75 percent.



EVERY DROP COUNTS - from front page

In another move to conserve water, only about 15 acres of the park – high-visibility areas planted with bluegrass, trees, shrubs and perennials – will require irrigation. Other sections of the park will feature native plants and grasses that can thrive on rainwater alone.

John Benson points out that “smart” lawn sprinkler control panels equipped with rain and humidity sensors to predict the soil moisture content will be installed, ensuring that sprinkler systems only operate when needed. The new lawn sprinkler control panels are inexpensive, easy to program and highly efficient.

The Antioch development will tap into the municipal water supply for interior building uses, which will account for about 20% of the water consumption at the park. The rest of the water – approximately 5 million gallons per year – will come from the rainwater irrigation system.

CONSERVATION ON A LARGE SCALE

Like Antioch Corporate Center, Crossroads Distribution Center southeast of Memphis is being designed from the ground up with a comprehensive stormwater management system to redistribute rainwater for irrigation.

The recently completed 800,308-square-foot Crossroads Building F is the largest industrial facility in the Southeast to receive LEED® (Leadership in Energy and Environmental Design) certification, and the first IDI building to receive the LEED Silver designation for its energy-efficient design features. The park itself will eventually feature up to 14 buildings totaling 7.2 million square feet.

“Crossroads is such a large park, it provides an excellent opportunity to showcase a way to conserve water on a grand scale,” said Kurt Nelson, Senior Vice President and Regional Development Officer in IDI’s Memphis Region.

A detention pond in the northwest corner of the 475-acre site will be one of the sources of the water used for irrigation. Rainwater stored in the pond will be diverted through a nearby pump station and then distributed through the park via a pipe network. As more buildings are developed, additional detention ponds will be established to provide extra rainwater storage capacity.

The rainwater distribution system will provide approximately 65% to 85% of the water used to irrigate the park’s landscaping. Upon final build out, the system will re-use roughly 50 million gallons of rainwater per year that would otherwise be drawn from the municipal water system.

Both the Crossroads and Antioch developments will preserve mature tree stands on a portion of the properties at the perimeter and along streams, maintaining an important natural resource and further reducing the amount of water required for irrigation.

In This Issue

EVERY DROP COUNTS

By collecting rainwater and redistributing it for irrigation, developers can conserve millions of gallons of water each year at individual business parks.

IDI EXPANDS ITS HORIZONS IN THE SUNSHINE STATE

New projects support the need for Class-A space in Tampa, Orlando and Fort Pierce.

A DISTRIBUTION EVOLUTION

IDI is integral to The Home Depot’s streamlined distribution system.

Regional Offices

Atlanta 770-232-1500	Dallas 972-560-7000	Memphis 901-385-7000
Chicago 630-919-1040	Fort Lauderdale 954-678-2100	Philadelphia 484-654-2000
Cincinnati 859-663-2880	Los Angeles 949-614-8200	

Development . Investments . Property Management and Leasing . 404-479-4000



IDI Corporate Office
Monarch Tower, Suite 1500
3424 Peachtree Road, NE
Atlanta, GA 30326



IDI Developments is published for the clients and friends of IDI.

Address corrections can be e-mailed to
IDI Marketing and Communications
marcom@idi.com

© 2008 Industrial Developments International.
All rights reserved. All trademarks are the properties of their
respective companies.