



Coastal Real Estate News

Effingham County was until now just another rural southeast Georgia county. Only a few subdivisions have been built since the 60s. That's because much of the undeveloped land in coastal has for centuries been dedicated to forest and agriculture. Coastal area growth is forcing timber companies to divest their land holdings. Coastal and near coastal land values are placing more property into use for residential, commercial and industrial development. Today, with the rapid growth of the Savannah Port, an increasing number of businesses, dependant on global supply chain logistics and Interstate shipping, are locating in the three counties closest to the I-95 and I-16 intersection. One example is a German multinational manufacturer that is moving into this new Effingham County Industrial Park. The estimated population increase in these counties alone is over 200,000. 10% or more may become a market for New Brunswick destination hospitality/resort, retail, recreation or residential housing business.

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Condemned IP Land Slated To Include Retail

By Christian Livermore
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Plans for a 2,628-acre tract in Effingham County seized through eminent domain now include commercial and retail, as well as possible office and research and development park components. The Effingham County Economic Development Authority seized the property from International Paper Realty in December for an industrial park. IP had been developing the tract for a 6,000-unit residential development with some retail and commercial to serve the homes. Brad Lofton, CEO of the authority, said a sizeable portion of the tract will still be dedicated to warehouse and industrial use, but that a mix of businesses and industries is the best way to foster economic development in the county. He said the authority plans to have a mixed use of top-tier commercial and industrial, including high-end manufacturing, research and development, professional office and business park applications. "We're going to take a deep breath and master plan and do the right thing for the community, but it's going to be a mixed-use development," he said.

He said several portions of the tract are near Georgia Highway 21, and that if the authority can build a flyover for the railroad, motorists will have direct access from Georgia 21 to retail and commercial elements. Lofton acknowledged that retail pays a lower wage than those paid by warehouse and industrial operations. But retail workers typically are not the primary wage earners in a household, he said. "The retail and commercial jobs will give our students and young people an opportunity to work," he said. "They will provide much needed sales tax that will pave our roads and build our schools. One reason we like commercial is that the (Pooler) Parkway is going to empty out right at Godley Station. We want to capture some sales tax in Effingham County, and also keep Effingham countians from spending their money elsewhere."

He expects to locate larger port-related distribution businesses, from 200,000 square feet and up, on the portions of the tract that are closest to Interstate 16. The authority

has not yet done a market study to determine the feasibility of various projects for the tract. Authority officials will meet on Feb. 21 in Atlanta with site planners including several from Georgia Power, as well as state planning officials and representatives from the Georgia Department of Economic Development, to begin the master planning process. The authority drew wide criticism when it condemned the property and prompted Georgia Senate President Pro Tem Eric Johnson to call the case "the poster child" for the need to strip development authorities of the power of eminent domain. The Georgia General Assembly is now considering legislation to do just that (See related story).

To several people who spoke on condition of anonymity, the authority's decision to now include commercial and retail elements in the property smacks of what they objected to in a recent controversial U.S. Supreme Court decision, *Kelo et al v. the City of New London, Conn.*: the government taking private property from an owner and transferring it to another private party for private development. In the *Kelo* case, the high court ruled that private property could be seized under eminent domain for the purpose of economic development. The ruling gives cities the power to raze homes and businesses to make way for projects that could include shopping malls, hotels and other private developments with the potential to generate higher tax revenue for the local government.

IP Realty Land Sales Manager Will Burgstiner had been in charge of developing the tract as residential property for IP. He indicated it will be interesting to see whether the retail and commercial aspects will be a success. "As this unfolds, we truly will see if this was prudent and in the best interest of the citizens of Effingham County," he said. "This doesn't make sense to me that this is what eminent domain should be about, but I'm not an attorney."

Dick Knowlton, former Savannah Economic Development Authority president, said the focus should be on making the park as valuable as possible to the community and the region. "The legal question of 'Would something like this happen in the future,' the legislature's going to deal with that question," he said. "Now that it's done the whole emphasis should be to maximize what can be done for the good of the community. It's an open slate, and hopefully the final picture that's painted will be a very high-end, very elegant thing that changes the region. It can be."

Knowlton, who now owns an Effingham County economic development consulting firm, was asked by the authority to rank the top five sites for industrial development in Effingham County. He ranked the IP tract at or near the top, he said.

Knowlton was the mastermind behind SEDA's Crossroads Business Center, and a chief proponent of its technology park. He said he believes a research and development park would be an ideal way to create high-paying jobs that could benefit not just Effingham County, but the entire region. He said the county has to take steps to create steps to offset its residential growth, which cost the county money in government services, with commercial and industrial growth, which makes money for the local government through creating tax revenue.

"I think Effingham is going to 'grow' broke," he said. "The only two ways to correct that are really through commercial and industrial growth, because they subsidize residential growth. And the different projects the development authority is undertaking really are the only solution to that problem."

Ed Feiler, partner in Savannah development company The Feiler Company, said industrial uses would be better for the tract than commercial and retail. "There's too much competition for too little population up there," he said. "There's plenty of commercial on Highway 21. Plenty."

The U.S. Census Bureau's 2000 census put Effingham County's population at 37,535, with adjusted 2004 figures estimating it at 44,661. Another 15,000 homes are scheduled for construction in the next 5-10 years. That could add another 40,000 or so residents, which could bring the population to about 85,000.

Feiler said industrial jobs pay more than retail and commercial, and space for industry is badly needed. "It's close to the port, close to I-95, it has two railroad tracks running through it. It's got everything for industrial," he said. "With the growth that's going on here, we badly need industrial."

Rhett Mouchet, a principal in Melaver & Mouchet, said that if enough homes are built in Effingham, the retail may eventually prosper, but when that will happen is

questionable.

"That is a long way off without highway frontage," he said. He also said the authority will most likely have to get an outside developer to develop the park. "The best thing would be to get somebody to come from the private sector to do it," he said. "The perfect model is the old Branigar/IP master plan, where you deed-restrict major uses within each pod development and then bring in developers who are experts in developing those pods and then sell those pods."