



RTI International Industrial Facility Search Case Study



BACKGROUND

RTI International is a Niles, Ohio - based manufacturer of titanium, and a supplier to Boeing and Airbus. Hart's Corporate Accounts Division has maintained contact with RTI International and their predecessor company, RMI Titanium since 1983.

Hart Corporation had previously completed a long-term lease with RTI International in Houston, Texas, in conjunction with our Hart Group International Houston affiliate.

THE CHALLENGE

RTI advised Hart Corporation's corporate accounts executive in Philadelphia that they wanted to look into establishing a new manufacturing plant in Virginia, North Carolina, South Carolina or Georgia in an area with a favorable labor climate.

The building itself was to be 80,000 square feet. The key drivers were: a site that could accommodate heavy power requirements with a 20 mva connected load and 12 mva operating load, and 50 mcf per hour of gas consumption. An existing facility needed to have at least 15-ton crane capacity, a minimum of 60' bay spacings and a minimum of 25' clear ceiling heights.

Hart Corporation maintains proprietary information on available, modern industrial facilities in excess of 40,000 square feet in non-metropolitan locations throughout the country. From this, and in conjunction with our Southeast regional offices based in Charlotte and Atlanta, a study of all available existing

facilities that could possibly meet RTI's requirements was prepared and presented to RTI. Included in the study was a former Goodrich facility in Arkadelphia, Arkansas, which was outside of their preferred geographic area but met all of the structural and utility requirements. Based on RTI International's very specific utility and structural requirements, the list was narrowed to seven facilities.

THE PROCESS

From there, Hart Corporation's regional people conducted an initial inspection trip also involving state and local economic representatives. In order to maintain confidentiality, the project was identified as "Project I".

Of particular interest to state and local economic development officials was the fact that this project projected a capital investment of approximately \$200 million and job creation totals ranging from 150 to 200 employees at full production. After the initial round of inspections, the two facilities that stood out and met RTI International's geographic and structural requirements were a Great Dane plant in Abbeville, South Carolina as well as the Goodrich facility in Arkadelphia, Arkansas. Unfortunately, RTI International's number one choice, the Great Dane facility, had another interested party at the same time. Both parties proceeded with proposals to acquire the Abbeville facility. RTI International lost out in a competing bid based on terms and conditions, rather than proposed purchase price.

After failing to obtain their number one choice in Abbeville, South Carolina, further evaluations

of the Goodrich facility in Arkadelphia, Arkansas suggested that the demographics were not right for this project. During the process, RTI gained business, such that the focus changed to larger facilities ranging from 150,000 to 200,000 square feet with the same structural requirements as when the project was initiated.

Given the project's electric and gas usage requirements, Hart Corporation began identifying build-to-suit sites in North Carolina and Virginia that could accommodate RTI. Additionally, Hart identified two available industrial shell facilities in Virginia that could work, although they were smaller than the project's new parameters called for. The Hart/RTI team inspected the shell buildings in Martinsville, Virginia and Prince George County, Virginia of 80,000 square feet and 120,000 square feet respectively. Both had extra land for expansion and met the infrastructure requirements dictated by the project.

The focus of RTI International and Hart Corporation's attention became the community-developed speculative shell building of approximately 80,000 square feet in Martinsville, Virginia. Hart Corporation directed negotiations on the real estate, as well as the community and state incentives, under the "Project I" code name, so as not to alert RTI International's current workforce.

While negotiating the real estate, as well as the state and local incentives, Hart Corporation was also able to obtain a temporary certificate of occupancy to store equipment while the building was being upfitted prior to closing on the transaction.

CONCLUSION

Hart Corporation assisted RTI International in closing on the acquisition of the 80,000 square foot speculative shell building. Additionally, they negotiated with the local economic development corporation to acquire an extra 20 acres of land at no cost to RTI International. Essentially, the \$3 million shell building was deeded to RTI International at no cost to them, with the payback to the county and city over a seven-year projection of capital investment and job creation.

Today, RTI International has completed the upfits on the original 80,000 square foot speculative shell building with a 40,000 square foot addition. Also, they constructed a 40' high foundry facility on the additional 20 acres of ground. RTI has been in operation at the Martinsville location since October 2012.

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