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Joe Hollingsworth, CEO of Hollingsworth Cos., stands in front of the Northrop Grumman building he developed in Clinton.

Industrial developer favors rural South

CEO says building partnerships with communities helps both sides succeed

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Focusing on semi-rural markets has made Clinton businessman Joe Hollingsworth one of the South's largest developers of industrial properties outside of metro areas.

Hollingsworth has a portfolio of 8.8 million square feet of developed or purchased industrial space, according to a recent study by a regional trade magazine.

Research by Southern Business & Development determined that of all industrial developers with headquarters in the South, The Hollingsworth Cos. is "the largest such company that owns the majority of its space outside of the South's major metros," Mike Randle, publisher of the Birmingham, Ala.-based magazine, wrote in a recent letter to Hollingsworth, CEO of the company that bears his name.

Being top dog in the region's highly competitive industrial sector isn't surprising, Hollingsworth said. For 16 years his company has concentrated almost exclusively on industrial investment in small- and moderate-size communities across the South.

He plans to keep on doing what works.

"The industrial sector — unlike the residential and commercial sectors — is a long-term, slow-growth bull market," Hollingsworth said.

He looks for at least eight more years of solid growth in the South's non-metro industrial sector — and maybe considerably longer — before the trend changes.

Hollingsworth's confidence in the South's rural industrial economy is well founded, Randle wrote in an e-mail response to a reporter's questions.

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THE HOLLINGSWORTH COMPANIES

Five largest properties for lease:

- Industrial distribution warehouse, Greenville, S.C.; 648,000 square feet, \$2.83 per square foot per year
- Industrial distribution warehouse, Dayton, Ohio; 383,500 square feet, \$2.71 per square foot per year
- Distribution hub, Warsaw, N.C.; 383,234 square feet, \$2.23 per square foot per year
- Distribution warehouse, McKenzie, Tenn.; 322,050 square feet, \$2.39 per square foot per year
- Distribution warehouse, Elizabethton, Tenn.; 191,520 square feet, \$2.63 per square foot per year

Five largest buildings for sale:

- Industrial, Louisville, Ky.; 328,000 square feet, \$10.82 million
- Industrial, Jackson, Tenn.; 303,000 square feet, \$8.78 million
- Industrial distribution warehouse, Tanner, Ala.; 130,624 square feet, \$4.9 million
- Industrial, Mocksville, N.C.; 108,766 square feet, \$3.78 million
- Industrial, Prince George, Va.; 87,100 square feet, \$3.27 million

Source: The Hollingsworth Companies

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"It comes down to costs. Rural areas are much less costly to operate in than metros. ... The South is turning some significant new manufacturing deals when the rest of the country has seen very little in terms of new manufacturing announcements. Most of those deals go to rural South locations," Randle wrote.

Rural areas have an edge over major metropolitan markets because they typically have ample labor, low tax rates and less restrictive government regulation, Hollingsworth said.

A key to Hollingsworth's suc-

cess has been his willingness to work cooperatively with local governments, according to Randle.

"Your business model of partnering with communities to provide new buildings, build-to-suits and funding for start-ups, as well as a complete national marketing program may be the future for economic development of many areas," Randle wrote in the letter to Hollingsworth.

Hollingsworth's Southern portfolio includes SouthPoint Business Parks in Tennessee, Virginia, North Carolina and Alabama.

East Tennessee — the Knoxville area in particular — is well positioned to capitalize on semi-rural industrial develop-

ment because of access to interstate highways Hollingsworth said.

"I-75 is the primary industrial corridor of the nation. If you have to pick an interstate to be on, that's the one," Hollingsworth said.

Interstate 40 provides easy east-west access to both coasts and Interstate 81 connects East Tennessee to the heavily populated northeast region.

The multicounty Jobs Now! campaign also is helping industrial development in the Knoxville area, Hollingsworth said. Jobs Now! is a five-year economic development campaign funded by local governments and private businesses to promote

the Knoxville-Oak Ridge region as Innovation Valley.

"I have sat in site selection meetings with clients and East Tennessee is prominently mentioned now where it wasn't three years ago," Hollingsworth said.

In addition to industrial real estate development, Hollingsworth's other business ventures have included ownership of the Court South fitness centers in Knoxville. Hollingsworth sold the centers last year.

He also wrote "The Southern Advantage," a book that tells the story of the South's economic rise over the past 50 years, and in the late 1990s served as vice chair of the Tennessee Board For Economic Growth, which developed a long-term plan for state economic growth.