

THE PORTER REPORT

1Q 2018 | RICHMOND, VA INDUSTRIAL MARKET REVIEW

STRONG INTEREST FROM OUT OF STATE USERS SPURS LEASING ACTIVITY.

⇒ The first quarter closed with strong leasing activity and a steep increase in the overall industrial market occupancy to 93% due in part to the planned demolition of the 2.6-million-square-foot former tobacco storage warehouse complex on Commerce Road, scheduled for redevelopment as the Deepwater Industrial Park. **Class A occupancy** has increased once again to **98%** overall, up from 96% at year end, with strong demand for larger warehouse space. The **Class B occupancy** rate has decreased to **86%**, down from 91% at year end, due to the availability of more than 330,000 square feet in a southern Chesterfield facility. The quarter closed with a positive net absorption approaching 625,000 square feet.

⇒ The Virginia Alcoholic Beverage Control Authority (ABC) has announced plans to relocate its headquarters and central distribution warehouse from the City of Richmond to Hanover County, off Interstate 295 at Pole Green Road in Mechanicsville. The ABC's warehouse is currently located across from The Diamond and has been considered as a potential relocation site for a new baseball stadium. The proposed Hanover site is owned by Bill Goodwin's Riverstone Properties and would include a 95,000-square-foot office building, and 315,000-square-foot warehouse. ABC indicated that the next step will be for the General Assembly's budget proposal to be finalized before they formalize an agreement with the property owner and selected developer. The move is anticipated to take place in the spring of 2021.

⇒ Pepsi Beverages Co. will be opening a 220,000-square-foot distribution center in Chesterfield County as the tenant of a building to be constructed by Virginia Beach-based Armada Hoffer Properties Inc. Armada Hoffer closed on the purchase of the 177-acre land site on Willis Road, adjacent to GE's facility, at a purchase price of \$2.5 million. The property is located in one of Chesterfield's technology zones, and the capital investment and job numbers for the project are still in the process of being finalized. The proposed facility will occupy 27 acres of the site, which is located just east of I-95 at Willis Road (exit 64), with the potential for an additional 36,500-square-foot expansion, and a CSX rail spur to the north.

⇒ Devon USA has announced plans to build a new 320,853-square-foot high bay distribution facility in Chesterfield County's James River Logistics Center, just off I-95 at Bellwood Road. The new building could be expanded to 500,000 square feet and will be the third building in the complex. The two existing buildings are both fully leased to DuPont. The new building will be identical in size to the facility developed by Devon in Hanover's Enterchange at Northlake, now fully leased to Amazon.com.

⇒ A new project code-named Goliath is in the works on a 40-acre portion of the James River Industrial Park, proximate to the UPS distribution center, and once part of Tranlin's planned paper manufacturing complex. Project Goliath has been fast-tracked for approval with plans for a 611,520-square-foot distribution warehouse on 40 acres and an expected 100 employees.

SELECTED INDUSTRIAL SALE TRANSACTIONS.

- ⇒ 476,000 SF (INV-Flex) SOLD at Byrd Corporate Park (Henrico Co)
- ⇒ 230,000 SF SOLD at 1700 Jefferson Davis Highway (Richmond City)
- ⇒ 160,000 SF SOLD at 2300 Jefferson Davis Highway (Richmond City)
- ⇒ 50,994 SF SOLD at 7609 Compton Road (Henrico Co)
- ⇒ **25,500 SF** SOLD at 11139-11159 Air Park Road (Hanover Co)
- ⇒ **17,115 SF** SOLD at 11067 Washington Highway (Hanover Co)

SELECTED INDUSTRIAL LEASE TRANSACTIONS.

- ⇒ **230,000 SF** LEASED at Cofer Road (Richmond City)
- ⇒ 116,449 SF LEASED at Enterchange at Walthall (C) (Chesterfield Co)
- ⇒ 99,700 SF LEASED at 1806 Jefferson Davis Hwy (Richmond City)
- ⇒ 83,842 SF LEASED at 7400 Impala Drive (Henrico Co)
- ⇒ **64,657 SF** LEASED at Enterchange at Northlake (C) (Hanover Co)
- ⇒ 45,000 SF LEASED at 8000 Whitepine Road (Chesterfield Co)
- ⇒ **40,000 SF** LEASED at 25410 Weakley Road (Dinwiddie Co)
- ⇒ **31,080 SF** LEASED at 12447 Maple Street (Hanover Co)

NOTE: Porter Realty Company transactions shown above in RED.



Working Hard, Working Smart... For Our Customers

FEATURED PROPERTY

700 Gordon Avenue

City of Richmond, VA

IMMEDIATE I-95 ACCESS



RVA Warehouse/Distribution Facility

130,000 SF Facility For Sale

Includes 2,700 SF 2-Story Office

3 Sections: 66k SF + 32k SF (2 Each)

5.38 Acres Total Zoned M-2

10 Dock Doors (Front) + Truck Well +

6 Dock Doors (Rear) • Ramp Access to Covered

Platform • 21' Ceilings

Wet Sprinkler System • 600 Amp 208 Volt 3 Phase

Electrical Service

Immediate I-95 @ Maury Street (Exit 73)

Enterprise Zone Location

Contact Exclusive Agent:

Richard W. Porter, CCIM, SIOR

804.521.1443 | dick@porterinc.com

Porter Realty Company Inc./CORFAC International

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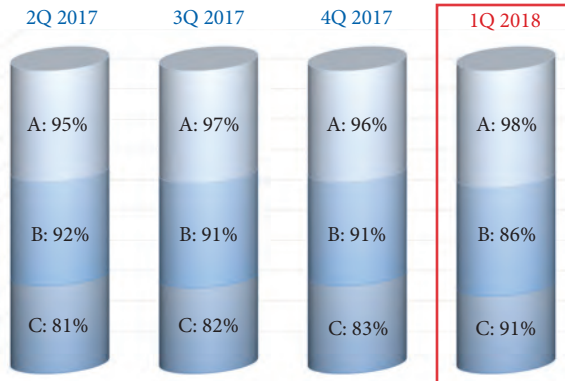
INDUSTRIAL MARKET VACANCY

1Q 2018

VACANT & INVESTOR-OWNED INDUSTRIAL PRODUCT

40K SF MIN RBA* EXCLUDING FLEX & OWNER-OCCUPIED PROPERTIES | *RBA Total: 26.29MM SF in 170 Existing Buildings

1Q 2018: COMBINED OCCUPANCY RATES & NET ABSORPTION (CLASS A & B PRODUCT)



The combined industrial occupancy rate of Class A & B product has remained unchanged from 4Q 2018 at 94%.

Net Absorption from 4Q 2017: -163,273 SF (Class A/B)

Net Absorption from 4Q 2017: +787,924 SF (Class C)

- Class A/B net absorption reflects new vacancy of a 335,000 SF Class B facility in southern Chesterfield County.
- Class C net absorption reflects pending demolition of 2.6 million square feet of former tobacco storage warehouse (redevelopment as Deepwater Industrial Park). Tracked Class C product now totals 3.99MM SF RBA.

NOTE: CoStar reports an industrial occupancy rate of 96.4%, showing an increase from 95.5% at the end of the 3rd quarter of 2017, based on a total 117 million square feet RBA in 2,758 existing warehouse properties, and a positive net absorption of 142,584 square feet for the quarter. CoStar's industrial RBA includes both owner-occupied and investor-owned properties, but excludes flex space, defined as 50% minimum office.

Vacancy Rate & Trends

40k < 75k SF RBA

RBA: 2.40MM SF (45 Buildings)

	Class A	Class B	Class C
Total Bldgs	3	26	16
Total RBA	186,000	1,391,245	830,823
Vacant SF	0	186,061	156,315
Vacancy Rate	0%	13%	19%

CLASS A	NWQ	NEQ	SWQ	SEQ
Total Bldgs	0	2	1	0
Total RBA	0	132,000	54,000	0
Vacant SF	0	0	0	0
Vacancy Rate	0%	0%	0%	0%

CLASS B	NWQ	NEQ	SWQ	SEQ
Total Bldgs	10	8	6	2
Total RBA	510,513	422,757	357,595	100,380
Vacant SF	68,426	50,560	67,075	0
Vacancy Rate	13%	12%	19%	0%

CLASS C	NWQ	NEQ	SWQ	SEQ
Total Bldgs	8	3	4	1
Total RBA	450,882	137,050	175,891	67,000
Vacant SF	64,500	12,325	0	67,000
Vacancy Rate	14%	9%	0%	100%

Vacancy Rate & Trends

75k < 150k SF RBA

RBA: 7.46MM SF (70 Bldgs)

	Class A	Class B	Class C
Total Bldgs	22	32	16
Total RBA	2,601,465	3,390,578	1,468,793
Vacant SF	191,592	250,897	142,300
Vacancy Rate	7%	7%	10%

CLASS A	NWQ	NEQ	SWQ	SEQ
Total Bldgs	4	11	3	4
Total RBA	431,144	1.31MM	342,936	520,198
Vacant SF	0	47,954	0	143,638
Vacancy Rate	0%	4%	0%	28%

CLASS B	NWQ	NEQ	SWQ	SEQ
Total Bldgs	3	12	10	7
Total RBA	318,443	1.23MM	1.15MM	691,777
Vacant SF	108,897	0	40,000	102,000
Vacancy Rate	34%	0%	3%	15%

CLASS C	NWQ	NEQ	SWQ	SEQ
Total Bldgs	3	2	9	2
Total RBA	280,408	147,405	827,980	213,000
Vacant SF	0	0	102,300	40,000
Vacancy Rate	0%	0%	12%	19%

Vacancy Rate & Trends

150k SF Min RBA

RBA: 16.46MM SF (55 Bldgs)

	Class A	Class B	Class C
Total Bldgs	30	17	8
Total RBA	10,954,757	3,814,070	1,695,028
Vacant SF	80,371	731,433	42,500
Vacancy Rate	1%	19%	3%

CLASS A	NWQ	NEQ	SWQ	SEQ
Total Bldgs	4	12	1	13
Total RBA	1.15MM	3.60MM	1.10MM	5.11MM
Vacant SF	0	22,323	0	58,048
Vacancy Rate	0%	.01%	0%	1%

CLASS B	NWQ	NEQ	SWQ	SEQ
Total Bldgs	2	9	5	1
Total RBA	601,695	1.78MM	982,002	450,000
Vacant SF	142,800	81,000	155,683	351,950
Vacancy Rate	24%	5%	16%	78%

CLASS C	NWQ	NEQ	SWQ*	SEQ
Total Bldgs	2	1	4	1
Total RBA	336,138	200,000	783,890	375,000
Vacant SF	0	0	42,500	0
Vacancy Rate	0%	0%	5%	0%

*Adjustment in Class C vacancy and RBA attributed to planned demolition of former tobacco storage warehouses & redevelopment as Deepwater Industrial Park (SWQ City)



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FEATURED PROPERTIES 1Q 2018

www.porterinc.com



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Highly Visible Location



6523 Mechanicsville Tnkp
16,354 SF Facility Includes
4,900 SF Office/Showroom +
18-Bay Shop, Zoned B-3,
116 Parking Spaces, 4 Display
Pads Along Frontage
Located 1.4 Miles from I-295
Sale/Lease: Call for Information

Downtown RVA Location



Airport Distribution Center
Bldg C: 20,240 SF Available
Warehouse/Distribution Zoned
M-1C, 3 Docks & 1 Drive-In
32' Ceilings, Car & Trailer Parking
ESFR Sprinkler, LED Lighting
Direct I-64 & I-95 Access
For Lease: Call for Information

Henrico County West End

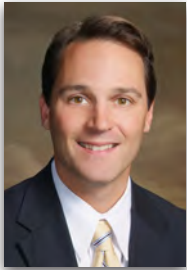


3946 Deep Rock Road
16,745 SF Warehouse
Includes 1,496 SF Office
1 Dock, 1 Drive-In Door
20' Ceilings, Sprinklers
Zoned M-1C, Located off Broad
Street Just West of Gaskins Rd
For Sublease: Call for Information

Immediate I-64 Access



2500 Glen Center Street
17,956 SF Facility Zoned M-2
Includes 2,630 SF Office
17' Clear Ceilings, 3 Docks &
1 Drive-In, Wet Sprinklers
Off I-64 @ Route 360 (Exit 192)
Additional 0.27-Acre Lot Avail
For Lease: Call for Information



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Midlothian Tnkp Corridor



5611 Pride Road
26,190 SF Industrial Facility
20' Clear Ceilings, 3 Docks
6 Amp 3 Phase Electrical
Fire Sprinkler System, Zoned M-1
Easy Access to Route 60 &
Chippendale Parkway
For Sale: \$975,000

Midlothian Tnkp Corridor



8221 Midlothian Turnpike
6,000 SF Office Building
0.64-Acre Site, Zoned C-5
Pylon Signage on Rt. 60
Built 1982 + Renovated
Owner Relocating
Leasing Opportunities Available
For Sale: \$850,000

Minutes from Midlothian



1575 Standing Ridge Drive
12,000 SF Facility Built 2002
7,200 SF For Owner/Occupant
Quality Tenant: \$24,960/Year
Income, Oak Bridge Bus Park
~4 Minutes to Route 288
1.86 Acres Site, 16' Ceilings
For Sale: \$1,185,000

Minutes to Magnolia Green



10051 Old River Road
134,000 SF Facility on 15 Acres
Includes 9,066 SF Office
Zoned M-2, 22' to 30' Ceilings
3000 Amp 277/480 Volt Service
Fully Sprinklered, High Speed Data
For Sale: \$2,300,000
For Lease: \$2.25/SF NNN



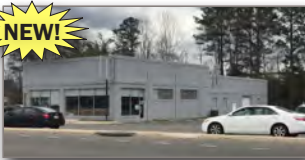
Kevin Cox
804.521.1468
kevin@porterinc.com

Retail For Sale/Lease



7401 Taw Street
7,200 SF Free-Standing Retail
4,500 SF Available for Lease
Fully Conditioned, Zoned C-3
36 Parking Spaces, Frontage on
Jefferson Davis Highway
For Sale: \$895,000
For Lease: \$15.00/SF NNN

Route 1 Corridor Location



109 S Washington Highway
6,200 SF Retail Building
16' to 18' Ceilings, Zoned B-2
10' Drive-In Door, 3 Phase
Electrical Service
Ashland, VA South of Rt. 54
For Sale: \$620,000
For Lease: \$9.50/SF NNN

I-64, I-295, Rt. 288 Access



2200 Lanier Lane
45,000 SF Office/Warehouse
Includes 2,975 SF Office
Zoned M-2, 6 Docks, 2 Drive-Ins +
1 Oversized Drive-In Door
Fenced, Paved, Lighted Yard
Heavy Sprinkler & Power Systems
For Lease: \$6.50/SF NNN

Sublease Space Available



1708 Belleville Street
6,847 SF Available August, 2018
Includes 1,500 SF Office +
5,347 SF Warehouse/Shop
2 Drive-In Doors (10' x 10')
Scott's Addition Location
Just East of I-195
For Sublease: \$18.00/SF NNN



1727-1731 Arlington Road
3-Building Complex Zoned M-2
2,373 SF to 12,091 SF Available
3 Phase Electrical Service
Proximate to I-95
For Lease: Call for Information
Co-Listed with: Cliff Porter
CONTACT: WILSON FLOHR
804.521.1458



Anderson Highway (Powhatan Co)
Join Virginia Physicians Family
Practice! 36.84 Acres Total
Mixed Use Development Potential
Retail Pad Sites from 1.59 Acres
For Sale: ~\$29,900/Ac (Unsubdivided)
Co-Listed with: Byron Holmes
CONTACT: DICK PORTER
804.521.1443



3950 North Bailey Bridge Road
4.16 Acres Zoned C-5
Owner Will Divide, Utilities to Site
Off Route 360/Hull Street Road,
Proximate to Rt. 288 Interchange
For Sale: \$799,000
For Lease: Call for Information
CONTACT: BYRON HOLMES
804.521.1448



7023 Lee Park Road
7,952 SF Office on 1.30 Acres
5,932 SF Available for Lease
38 Parking Spaces, Zoned B-1
~5 Miles to Memorial Regional MC
For Lease: \$12.00/SF NNN
For Sale: \$650,000
CONTACT: KEVIN COX
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Phone: 804.353.7994 | www.porterinc.com

No warranty or representation is made as to the accuracy of the foregoing information.

FEATURED PROPERTIES 1Q 2018

www.porterinc.com



Enterprise Zone Location



700 Gordon Avenue

130,000 SF Industrial Facility
Includes 2,700 SF 2-Story Off
5.13 Acres Zoned M-2
Multiple Dock Doors + Ramp
Access to Covered Platform
Wet Sprinkler, 3 Phase Service
For Sale: \$3,250,000

Low Tax Locality



5851 Quality Way

50,880 SF Facility Built 2001
Expandable, Dock & Drive-In
24' to 26' Ceilings, Wet Sprinkler
Foreign Trade Zone, Proximate to
Rolls Royce & Fort Lee
Expandable • Owner Relocating
For Sale: \$3,052,800

Airport Area Location



4591 International Trade Drive

Parcel A: 9.851 Acres Total
Est. 5 Acres Usable
For Sale: \$450,000
Parcel B: 5.763 Acres Total
Estimated 4 Acres Usable
For Sale: \$450,000
Utilities in Road Fronting Site

Intro Rate Available



2035 Factory Lane

Up to 43,000 SF Warehouse
Includes ~3,000 SF Office
8 Docks, 1 Drive-In, 1 Step-Van Ht.
Up to 20' Ceilings, Dry Pipe Sprinkler
Petersburg Area Location
For Sale: \$1,290,000
Intro Rate: \$2.50/SF Gross



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Brandermill Retail/Office



13212 Hull Street Road

4,087 SF Available
Join Peds Care, Sherwin-Williams,
& Wells Fargo
Ample Parking, Zoned C-2
High Visibility Location!
71,000 Vehicles Per Day
For Lease: Owner/Agent

Immediate I-95 Access



1801 Willis Road

102,000 SF - Can Subdivide
22' to 24' Ceilings, Zoned I-1
15 Docks + 2 Drive-In Docks
80 Parking Spaces + Container
Storage, ESFR Sprinkler System
Adjacent 13.115 Ac for Expansion
For Lease: Owner/Agent

Meadowville Area Location



North Enon Church Road

353.43 Acres Total Site
Zoned I-3 Heavy Industrial
Utilities On Site (Chester, VA)
Immediate I-295 Access
0.5 Mile to Amazon.com
For Sale: Call for Information
Co-Listed with: Kevin Cox

Fredericksburg Complex



46 Commerce Road

20,450 SF Building on 5.7 Acres
12,650 SF Shop + 10 Bay Doors

48 Commerce Road

12,785 SF Building on 2.35 Acres
Includes 6k SF Shop + 4 Bay Doors
For Sublease: Call for Information
Co-Listed with: Kevin Cox



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Route 1 Visibility



8650 Brook Road

7,200 SF Retail/Showroom
Includes 2,400 SF Warehouse
Zoned B-3, Half Dock + Drive-In
Henrico County Location
Tenant Relocating
For Sale: \$675,000
For Lease: \$8.50/SF NNN

Hanover Industrial Air Park



11173 Leadbetter Road

1,816 SF Office Available
8,787 SF Total Building
High Exposure Corner Location
Zoned M-3
Recently Renovated
For Lease: \$8.75/SF NNN
Co-Listed with: Cliff Porter

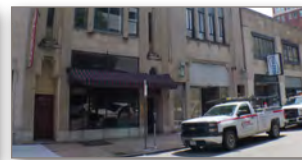
Fully Leased Investment



3108-3144 Northside Avenue

Fully Leased 3-Building Complex
14,112 SF on 1.71 Acres
Zoned M-1 + R-2, Built 1962
Fronting Staples Mill Road
Proximate to I-64
For Sale: \$799,000
Co-Listed with: Cliff Porter

Historic Downtown RVA



304 East Grace Street

Historic Art Deco Building
2,180 SF Ground Floor
Retail/Creative Office/Restaurant
Opportunity, Zoned B-4
Build-to-Suit Opportunity
For Lease: Call for Information
Co-Listed with: Cliff Porter



Wilson Flohr
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7501 & 7531 Otterdale Road

3.92 Acres Total @ Lighted Intersection
Retail, Office, Medical &
Light Industrial Uses Permitted
Developing Area off Rt. 360/Hull Street
+ New Road Improvements
For Sale: Call for Information
CONTACT: BYRON HOLMES
804.521.1448



Park Central Drive

8.619 Acres Available
Zoned O-S, Medical, Office &
Warehouse Uses, Immediate I-95
Access @ Parham Road (Exit 83)
Established Upscale Park
For Sale: \$225,000/Acre
CONTACT: KEVIN COX
804.521.1468



2461 Charles City Road

Office/Shop Complex + Storage Yard
Includes 2,400 SF Office Building
Two Detached Shop Buildings with
Drive-In Access, 1.53 Acres
Zoned M-2, East End Henrico County
Co-Listed with: Cliff Porter
CONTACT: DICK PORTER
804.521.1443



5220 Klockner Drive

23,400 SF Facility Zoned M-1
Includes 6,375 SF Office/Show-
room + 17,025 SF Warehouse
3 Docks, 1 Drive-In, 22' to 24' Ceil-
ings, East End Henrico County
Available: Call for Information
CONTACT: CLIFF PORTER
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REPORT: TRUCKERS SEEK NEW ROUTES INTO “LAST MILE”

E-commerce is creating more big, bulky orders, but home delivery also brings
oversize transportation and logistics costs

More big trucking companies are looking to cash in on home delivery of bulky items as consumers grow more comfortable shopping online for furniture and other goods too big for conventional parcel networks.

Ryder Systems Inc. is the latest operator to jump into the business, paying \$120 million this month to buy MXD Group, a logistics firm that specializes in “final mile” delivery of big items to consumers’ doorsteps. The deal extends Ryder’s bid to move into areas beyond its well-known truck-leasing business, and reflects the growing attraction of a sector that has been transformed by e-commerce.

Shoppers accustomed to getting online purchases in days, not weeks, and tracking those packages, now look for similar service when they buy big items like couches, washing machines and exercise equipment. Such objects often require installation or special handling, and may not fit in the highly automated systems that carriers like UPS and FedEx use to sort millions of packages each day.

That has drawn in large trucking operators who want to use their scale to lure large retailers as customers for home-delivery services.

“Last-mile has taken off like crazy,” says Daniel Sayne, director of sales at Fidelitone Inc., which delivers furniture for Amazon, Wayfair, and others. Newer entrants to the segment include Green Bay, Wisconsin-based Schneider National Inc., one of the largest US truckload operators, as well as Richmond, VA-based less-than-truckload carrier Estes Express Lines.

Operators with business models built on delivering goods by the pallet or truckload to industrial loading docks must send drivers on irregular routes down residential streets to hit specific delivery times. Workers may have to enter homes and take the time to install products.

““”

“Home delivery is more finicky, more risky and more costly,” said Paul Thompson, chairman of Transportation Insight LLC, a supply-chain management and logistics firm. “To really have a cost-efficient last-mile network, you have to have density.”

For the trucking companies, the service helps them move into one area in the retail world that is growing rapidly as digital sales carve away business from brick-and-mortar stores. Much of the sector is made up of smaller carriers. Bigger fleets often rely on a combination of company trucks and networks of contractors to deliver bulky goods across wide swaths of the country.

Noël Perry, a transportation economist and principal at consulting firm Transport Futures, estimates the final-mile market for bulky items, currently about \$3.7 billion to \$4 billion, will expand to about \$12 billion over the next decade. That’s still just a niche in a U.S. trucking industry that counts around \$676 billion in annual gross freight revenue.

Source: Wall Street Journal – Truckers Seek New Routes Into ‘Last Mile’ (By: Jennifer Smith, 04/13/2018)



REPORT: LAST MILE DELIVERY MUST FULFILL SHOPPERS' QUEST FOR CONVENIENCE

LOGISTICS REPORT: Convenience means fitting into online customers' lives, and that's why last mile delivery is one of the most crucial touch points. A recent McKinsey study found that the last mile accounts for 50 percent or more of total package delivery costs.

According to an Eye for Transport white paper on final mile delivery, 83 percent of retailers report that customer experience is now a company-wide goal, and 67 percent said that gaining greater control of the customer experience was crucial to delivery.

OFFER DELIVERY OPTIONS.

Economy ground, ground and 2-day were all expected by about 70 percent of shoppers. Next-day delivery was expected by 46 percent (up 3 percentage points) and same-day by 20 percent (up 4 percentage points).

While a growing group of consumers desires faster delivery, most remain highly price sensitive. Same-day delivery may be gaining serious traction, but the UPS study also indicated that customers are willing to wait an average of seven days for purchases with free shipping and six without it. This means that while midsize and smaller retailers don't always have to compete with the big guys on standard shipping times, faster options are a must.

Millennial consumers are willing to pay up to 30 percent more for same-day delivery, according to a recent McKinsey report.

“”

Convenience options like pickup-at-store and at alternate locations actually simplifies the last mile delivery and in many instances helps rein in costs.



According to the UPS study, four in 10 shoppers have used same-day delivery in the past year, but only 4 percent said they used it “most often.” Urban areas where accepting deliveries can be problematic are ripe with opportunity to offer same-day delivery. Shoppers often are willing to pay, especially for groceries, diapers, and other goods that need frequent replenishment.

Receptivity will continue to grow. The McKinsey report predicts that by 2025, same-day delivery will account for 20% of all deliveries.



REPORT: LAST MILE DELIVERY MUST FULFILL SHOPPERS' QUEST FOR CONVENIENCE

GIVE SHOPPERS MORE CONTROL.

Convenience also means putting the shopper in control. That's why leading delivery companies offer a way for customers to manage their deliveries. For instance, one in four U.S. households (40 million worldwide) have enlisted in UPS My Choice, which enables them to choose the day and even time of delivery, as well as hold or redirect a shipment.

52 percent of shoppers showed interest in shipping to alternate locations, and 30 percent of online shoppers already have had orders sent to alternate locations. Whether it's to a local coffee shop or a delivery locker at a convenience store, services that are customized to shoppers' needs and schedules can help retailers win and keep customers.

"Retailers may choose to extend their store network into urban areas for more convenient pickup by using some of these access points and alternate locations," says Ganesh.

PROVIDE A SHIP-TO-STORE OPTION.

Offering customers ship-to-store provides them with convenience and the retailer with an additional opportunity for more revenue. In the same UPS study, half of shoppers reported having an online purchase shipped to a retail store for pickup in the past year, and 44 percent made an additional purchase in store.

Because the "ship-to-store" delivery option is projected to grow, retailers should consider using technology and knowledgeable associates to make the pickup process smooth and efficient. More than seven in 10 shoppers in the online study said that getting in and out of the store quickly is ideal.

"Convenience options like pickup-at-store and at alternate locations actually simplifies the last mile delivery and, in many instances, helps rein in costs," says Louis DeJianne, director of retail at UPS.

HOW LOGISTICS PROVIDERS CAN DELIVER ON CONVENIENCE.

"Convenience is key to a positive customer experience," said DeJianne. "So the rewards of optimizing your supply chain based on customer convenience can be substantial."

