

# THE PORTER REPORT

4Q 2017 | RICHMOND, VA INDUSTRIAL MARKET REVIEW

## YEAR END REVIEW: RICHMOND INDUSTRIAL MARKET CLOSES ACTIVE YEAR.

⇒ Major construction activity in the Richmond industrial sector is slated to continue with the recent announcement that Facebook will spend \$1 billion to construct a 970,000-square-foot data center in the White Oak Technology Park in eastern Henrico County, the first of a three-phase project on more than 320 acres. The project will create thousands of jobs during the two-year construction and more than 100 full-time jobs in the phase one facility. Future expansion will include three additional buildings totaling 1.5 million square feet. The data center will be powered by 100 percent renewable energy through solar facilities, and the facility will be designed to use outside air to cool the computers inside.

⇒ At year's end, **Class A occupancy** has decreased slightly to **96%**, down from 97% at the end of the third quarter, with continued leasing activity. The **Class B occupancy** rate has remained unchanged at **91%**. Sales and leasing activity continued through the fourth quarter of 2017, and the year closed with a positive net absorption approaching 1.75 million square feet and an overall increase in occupancy to 92% (Class A/B/C), up from 85% at the end of 2016.

⇒ Niagara Bottling Company held a grand opening ceremony for its new 557,000 square foot facility in Chesterfield County's Meadowville Technology Park. The final building size expanded on the 450,000 square feet originally planned, with a total investment of \$95 million. The state-of-the-art manufacturing facility houses 104 employees, and the company's production line opened only 28 weeks following its purchase of the land site. Niagara's products include purified water as well as spring water.

⇒ Texas-based Steve & Sons Inc. celebrated 150 years in business with a ceremonial grand opening of its 180,000 square foot Richmond facility, located in eastern Henrico County proximate to RIC Airport. The new plant tripled the size of their original manufacturing plant, and though it opened in 2014, it is now fully functional with the addition of computerized operating systems. The new equipment includes a "smart press" for making various types of doors and large screens that display images of the product being manufactured over each work station. Steves & Sons hired an estimated 50 new employees when the new plant opened, and as production volume increases, they anticipate adding an additional 50 jobs.

⇒ Richmond-based Hourigan Development has purchased the former Allegheny Warehouse complex on Commerce Road in the City of Richmond for \$8.5 million with plans to demolish the existing 17 warehouse buildings to build up to 1.5 million square feet of high-bay distribution space on a build-to-suit basis. The I-95 frontage site includes more than 110 acres and was formerly used for tobacco storage for Philip Morris USA. Hourigan has renamed the property Deepwater Industrial Park, and plans to begin demolition in the first quarter of 2018.

### SELECTED INDUSTRIAL SALE TRANSACTIONS.

- ⇒ 109 Acres (REDEV) SOLD at 2407 Commerce Road (Richmond City)
- ⇒ 91,000 SF SOLD at 2320 Deepwater Terminal Road (Richmond City)
- ⇒ 78,128 SF SOLD at 5250 Klockner Drive (Henrico Co)
- ⇒ 40,736 SF SOLD at 1600 Valley Road (Richmond City)
- ⇒ 45,000 SF (REDEV) SOLD at 1519 Summit Avenue (Richmond City)
- ⇒ 29,466 SF SOLD at 2800 Ackley Avenue (Henrico Co)
- ⇒ 25,557 SF SOLD at 1805 Roseneath Road (Richmond City)
- ⇒ **25,000 SF** SOLD at 3106 Lanvale Avenue (Richmond City)

### SELECTED INDUSTRIAL LEASE TRANSACTIONS.

- ⇒ **60,000 SF** LEASED at 8750 Park Central Drive (Henrico Co)
- ⇒ 59,607 SF LEASED at 5801 School Avenue (Henrico Co)
- ⇒ 46,300 SF LEASED at 805 Liberty Way (Chesterfield Co)
- ⇒ **40,000 SF** LEASED at 25410 Weakley Road (Dinwiddie Co)
- ⇒ **17,500 SF** LEASED at 3701 Hendricks Road (Chesterfield Co)
- ⇒ **12,000 SF** LEASED at 2194 Lanier Road (Goochland Co)

NOTE: Porter Realty Company transactions shown above in RED.



Working Hard, Working Smart... For Our Customers

## FEATURED PROPERTY

6062 Quality Way

Prince George, VA • Southpoint Business Park

LOW TAX LOCALITY



**130,560 SF Modern Industrial Facility**

Includes 1,300 SF Office • Built 2007

20.2 Acres Site • Building Expandable

Outside Storage Potential

32' Clear Ceilings • Wet Sprinklers (ESFR Design)

8 Docks + 1 Drive-In Door

1,200 Amp 277/480 Volt Electrical

FTZ: Foreign Trade Zone Status

Immediate Access to Route 460 + I-95, I-85 & I-295

35 Miles to Downtown Richmond

30 Miles to Richmond Port • 80 Miles to Port of VA

Contact Exclusive Agent:

Richard W. Porter, CCIM, SIOR

804.521.1443 | dick@porterinc.com

Porter Realty Company Inc./CORFAC International

4801 Radford Avenue • P.O. Box 6482 • Richmond, VA 23230

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# FEATURED PROPERTIES 4Q 2017

[www.porterinc.com](http://www.porterinc.com)



**Cliff Porter**  
CCIM, SIOR  
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East End Henrico County



**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

Downtown RVA Location



**1700 Venable Street**  
57,360 SF Facility Zoned M-1  
Includes 7,849 SF Office  
2 Interior + 2 Covered Docks  
2 Van Height Docks  
Wet Sprinkler, 3 Phase Service  
Immediate I-95 Access  
For Sale: Call for Information

RIC Airport Area Location



**5220 Klockner Drive**  
23,400 SF Facility Zoned M-1  
Includes 6,375 SF Office/Showroom  
+ 17,025 SF Warehouse  
3 Docks, 1 Drive-In,  
22' to 24' Ceilings, Sprinklered  
East End Henrico County  
Available: Call for Information

Immediate I-64 Access



**2600 Magnolia Street**  
17,056 SF Facility Zoned M-2  
Includes 1,575 SF Office  
18' Clear Ceilings, 1 Dock &  
2 Drive-In Doors  
Located Just East of Downtown  
Off I-64 @ Route 360 (Exit 192)  
For Lease: Call for Information



**Byron Holmes**  
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[byron@porterinc.com](mailto:byron@porterinc.com)

5-Building Complex



**20 Westover Hills Boulevard**  
40,242 SF Total Building Area  
Includes Corporate Office, Sales &  
Warehouse Improvements  
8.75 Acres Total Zoned B-3  
Drive-In & Dock Loading  
Cell Tower On Site  
For Sale: \$2,000,000

Midlothian Tnpk 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](mailto: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

Immediate I-95 Access



**2924 Bells Road**  
27,614 SF Office/Warehouse  
Includes 6,000 SF Office,  
Zoned M-1, 2 Docks +  
3 Drive-In Doors, Large Paved  
Parking Area, Additional Land  
Priced Separately  
For Lease: \$4.95/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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# FEATURED PROPERTIES 4Q 2017

[www.porterinc.com](http://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



**5491 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

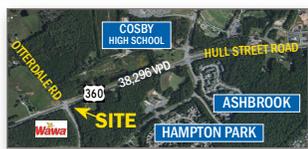
## Historic Downtown RVA



**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



**9400 Midlothian Turnpike**  
4,000 SF Free-Standing Facility  
Open Entrance/Reception Area &  
Offices, Updated Conference Room  
Zoned C-5, ~25 Parking Spaces  
Midlothian Tnpk/Route 60 Frontage  
Intro Rate: \$3,200/Month Base  
CONTACT: DICK PORTER  
804.521.1443



**3017 Vernon Road**  
34,151 SF Office/Warehouse  
Includes 14,552 SF Office  
4 Docks + 1 Ramp, Zoned M-1  
Near West End Henrico Location  
Off Staples Mill & Hilliard Roads  
Available: Call for Information  
CONTACT: CLIFF PORTER  
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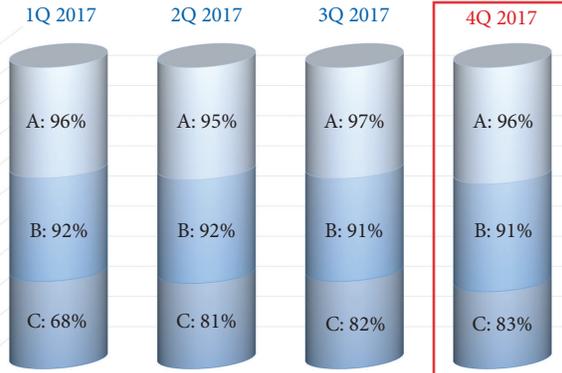
# INDUSTRIAL MARKET VACANCY

4Q 2017

## VACANT & INVESTOR-OWNED INDUSTRIAL PRODUCT

40K SF MIN RBA\* EXCLUDING FLEX & OWNER-OCCUPIED PROPERTIES | \*RBA Total: 28.7MM SF in 170 Existing Buildings

### 4Q 2017: COMBINED OCCUPANCY RATES & NET ABSORPTION (CLASS A & B PRODUCT)



The combined industrial occupancy rate of Class A & B product has remained unchanged from 3Q 2017 at 94%.

Net Absorption from 3Q 2017: **-2,791 SF** (Class A/B)

Net Absorption from 3Q 2017: **+89,520 SF** (Class C)

Net Absorption from 2016: **+188,458 SF** (Class A/B)

Net Absorption from 2016: **+1.56MM SF** (Class C)

NOTE: CoStar (for ALL industrial properties) reports an 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	25	17
Total RBA	186,000	1,326,276	887,552
Vacant SF	82,800	226,837	58,115
Vacancy Rate	45%	17%	7%

CLASS A	NWQ	NEQ	SWQ	SEQ
Total Bldgs	0	2	1	0
Total RBA	0	132,000	54,000	0
Vacant SF	0	28,800	54,000	0
Vacancy Rate	0%	22%	100%	0%

CLASS B	NWQ	NEQ	SWQ	SEQ
Total Bldgs	10	7	6	2
Total RBA	504,904	365,397	357,595	100,380
Vacant SF	68,426	85,336	67,075	6,000
Vacancy Rate	14%	23%	19%	6%

CLASS C	NWQ	NEQ	SWQ	SEQ
Total Bldgs	9	3	4	1
Total RBA	514,611	137,050	175,891	60,000
Vacant SF	12,790	12,325	0	60,000
Vacancy Rate	2%	9%	0%	100%

#### Vacancy Rate & Trends

**75k < 150k SF RBA**

RBA: 7.35MM SF (69 Bldgs)

	Class A	Class B	Class C
Total Bldgs	22	31	16
Total RBA	2,601,465	3,281,032	1,468,793
Vacant SF	243,046	153,700	116,424
Vacancy Rate	9%	5%	7%

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	51,454	143,638
Vacancy Rate	0%	4%	15%	28%

CLASS B	NWQ	NEQ	SWQ	SEQ
Total Bldgs	2	12	10	7
Total RBA	208,897	1.23MM	1.15MM	691,777
Vacant SF	0	0	99,700	54,000
Vacancy Rate	0%	0%	9%	8%

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	101,424	0
Vacancy Rate	0%	0%	12%	0%

#### Vacancy Rate & Trends

**150k SF Min RBA**

RBA: 18.95MM SF (56 Bldgs)

	Class A	Class B	Class C
Total Bldgs	30	17	9
Total RBA	10,954,757	3,814,070	4,178,830
Vacant SF	231,320	339,378	969,500
Vacancy Rate	2%	9%	23%

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	56,823	0	174,497
Vacancy Rate	0%	2%	0%	3%

CLASS B	NWQ	NEQ	SWQ	SEQ
Total Bldgs	2	9	5	1
Total RBA	601,695	1.78MM	982,002	450,000
Vacant SF	226,695	0	95,683	17,000
Vacancy Rate	38%	0%	10%	4%

CLASS C	NWQ	NEQ	SWQ*	SEQ
Total Bldgs	2	1	5	1
Total RBA	336,138	200,000	3.27MM	375,000
Vacant SF	0	0	969,500	0
Vacancy Rate	0%	0%	30%	0%

\*88% of Class C vacancy in SWQ City attributed to vacancy in tobacco storage warehouses on Commerce Road (Allegheny Warehouse - Scheduled for Demolition Q1 2018)



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# REPORT: THE DAWN OF SELF-DRIVING TRUCK

## TESLA UNVEILS ALL-ELECTRIC SEMITRAILER TRUCK

Guest Commentary from Jason Swatek, President, G2 Holdings

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Over the past eighteen months the idea of self-driving vehicles has come to the forefront of the transportation industry. The recent unveiling of the Tesla all-electric semitrailer truck and the proposed launch of 2020 only brings to light the certainty of the future.

While there is a great deal of infrastructure required on the highways and bi-ways of America to make this happen, there will be a heavy impact on the balance of the supply chain model as well. Modern facilities will more easily be able to adapt given the existence of sufficient truck court depths for loading/unloading/access, while it will likely be more difficult for older, inter-city locations.

The actual docking is the most glaring concern facing the self-driving world. For the past century, the dock areas of buildings have been a miserable afterthought in building design, a necessary evil. Bad angles, an insufficient number of doors, terrible parking or turn around areas, parking in the main traffic areas, the list goes on. Add this to the inter-city constraints - narrow roads that were never designed for the current amount of traffic, double parking, alleys crammed with dumpsters - and the result is a maze of diversions that only the most skilled of drivers have learned to navigate.



In terms of typical manufacturing businesses, required dock and dock access modifications will likely take as long to update to change this part of the supply chain as it will to complete development of the truck itself. I have worked for twenty-five years in manufacturing, and have visited nearly 2,000 factories in that time - very few stray from this picture.

Can the majority of businesses change their habits in the next two years to accommodate a virtual driver platform? Businesses will be required to make significant adjustments at a rapid pace to remain competitive, changes which historically take companies much longer to commit to and even longer to ingrain into their cultural DNA.

Here are just a few of the items companies must contend with over the next few years in order to be ready:

- ⇒ Invest in facilities to increase the size of parking and to expand truck court space to provide ample room for large vehicles to maneuver.
- ⇒ Practice and maintain 5S principles in their businesses.
- ⇒ Implement proper sensor technology on buildings to accommodate these new trucks.

“ ”

The future holds but one certainty: change.

The supply chain infrastructure of America will have to make enough changes and make them fast enough to meet the aggressive time lines of Tesla and the other automotive companies striving to be the first to commercialize driverless technology.

# REPORT: THE DAWN OF SELF-DRIVING TRUCK

## TESLA UNVEILS ALL-ELECTRIC SEMITRAILER TRUCK

*Excerpts follow from the Wall Street Journal & The Japan Times (specific articles as referenced):*

### NEW TECHNOLOGY ALLOWS ELECTRIC VEHICLES WIRELESSLY CHARGE AS THEY DRIVE, JAPANESE TEAM SAYS

A research group at the University of Tokyo has been developing wireless technology that relies on in-wheel motors to receive a charge while driving in a charging lane or on sections of roads embedded with power transmission coils. That, the group says, will allow the vehicles to get more distance without heavily relying on large-capacity batteries. The team recently announced the world's first successful demonstration of wireless charging of in-wheel motor electric vehicles while in motion using actual vehicles.

“With this technology, the driving range of EVs would become unlimited in the future (as long as vehicles drive on roads with the proper infrastructure),” said the team leader, an associate professor at the university's Graduate School of Frontier Sciences.

The industry is facing a dilemma since the vehicles need larger batteries to travel longer distances, as this makes the vehicles heavier and more energy consuming, according to the research team. But using wireless in-wheel motors can reduce the weight of the drive unit by 30 to 40 percent... It also eliminates the need for a bulky transmission and provides more space for passengers and cargo.

The technology allows drivers to travel long distances without worrying about the battery level. Excess power harnessed from the road can be stored in capacitors in the wheels and the battery and can be used when the car moves off a road with charging infrastructure.

Japan is targeting next-generation vehicles taking a 50 percent to 70 percent share of vehicle sales by 2030, according to the Japan Revitalization Strategy revised in 2015.

### TESLA'S ELECTRIC SEMI TRUCK RECEIVES ORDERS FROM THE COUNTRY'S LARGEST FLEETS

Tesla Inc. Chief Executive Elon Musk revealed that the Semi, due out in 2019, is designed to go 500 miles on a single charge. It is also equipped with Tesla's semi-autonomous driving system that will assist drivers and allow the trucks to travel autonomously in convoys with the company's other big-rigs.



The Tesla Semi is part of Mr. Musk's vision to offer safer and cheaper vehicles to move cargo around. Without giving the sticker price of the commercial truck, Mr. Musk said the semi would be cheaper to operate than a diesel competitor and possibly – using the autonomous technology – less expensive than rail.

“The specs on the new semi truck and sports car would put both vehicles at the top of their segments – assuming they can be produced and sold as part of a sustainable business plan,” Karl Brauer, executive publisher of Kelley Blue Book and Autotrader, said in an email.

# REPORT: THE DAWN OF SELF-DRIVING TRUCK

## TESLA UNVEILS ALL-ELECTRIC SEMITRAILER TRUCK

“So far that final element that has eluded Tesla Motors, which makes it difficult to see these vehicles as more than ‘what if’ concept cars.”

The new truck exceeded analysts’ expectations for range, which they expect to be 300 to 450 miles on a charge. The challenge for a commercial vehicle is to balance the need for distance and the cost of the batteries. Tesla says the Semi improves on the performance of a heavy-duty truck, aiming to be cheaper to operate while providing better driver experiences, safety and reliability. The vehicle comes with the ability to directly integrate with a trucking company’s fleet management system for routing and scheduling.



Tesla says it is planning to build a global network of “megachargers” where truckers could recharge vehicles in about 30 minutes, gaining another 400 miles of range.



J.B. Hunt Transport Services Inc. and Walmart Stores Inc. both announced they had reserved Tesla’s truck, and truck leasing and fleet management company Ryder System Inc. “is in the process of placing its initial order for a fleet of Tesla semi-trucks.” Ryder declined to specify the size of the order. Walmart has preordered five units for the U.S. and 10 for its Canadian division, and sees potential for the trucks to help meet company targets for lower emissions. The company has one of the largest private fleets in the U.S., with some 6,000 trucks.



J.B. Hunt, a leading U.S. carrier, stated that the vehicles will support West Coast operations of their intermodal unit, where freight is moved long distance by road and rail, and its dedicated contract division, which provides trucking services for companies that have outsourced their private fleet operations. The electric vehicles will be most useful on local routes, J.B. Hunt Chief Executive John Roberts said in a statement. J.B. Hunt declined to specify how many units it ordered.



Deutsche Post AG’s DHL also said that it has preordered 10 of Tesla’s Semi trucks. DHL Supply Chain, which handles logistics operations for retailers and manufacturers, intends to use the heavy-duty Tesla trucks for shuttle runs and same-day customer deliveries in major U.S. cities. DHL also plans to test the electric trucks on longer runs, and to evaluate its impact on driver safety and comfort.

Anheuser-Busch has also preordered 40 of Tesla’s electric semi trucks, which the company says are well-suited for making short shipments to wholesalers. Anheuser-Busch, the U.S. subsidiary of Anheuser-Busch InBev, has a history of being first in line for new transportation technology, which it sees as a way to reduce the company’s fuel costs and vehicle emissions.



UPS has also announced that it will purchase 125 of the all-electric semi trucks, the largest known order for the vehicles to date, as the package company expands its fleet of alternative-fuel vehicles. The Tesla trucks will cost around \$200,000 each, for a total order of \$25 million. UPS expects that the semi trucks will have a lower total cost of ownership than conventional vehicles.

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