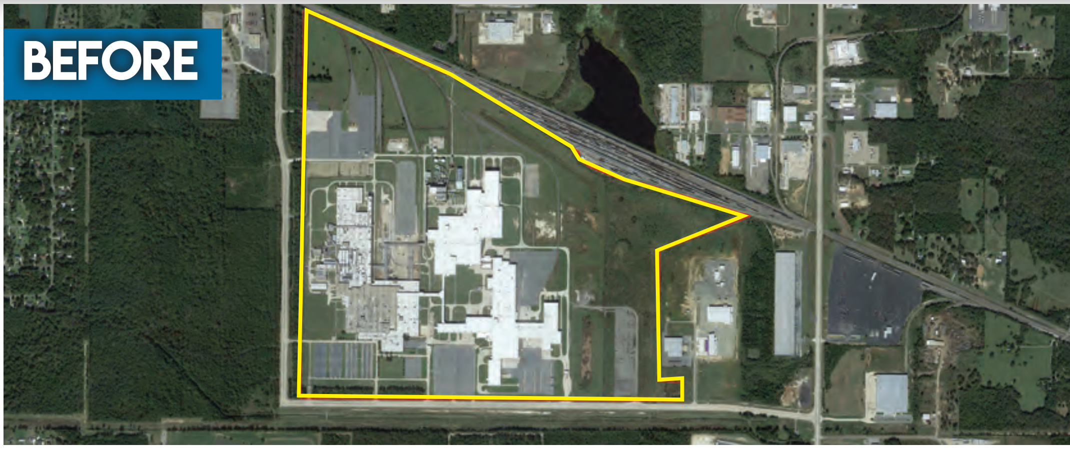
Case Study:

SHREVEPORT ASSEMBLY PLANT

7600 GENERAL MOTORS BOULEVARD, SHREVEPORT, LA 71130

FACTS

Site ID: 11920
Acres: 530.16
SF at Time of Sale: 3,403,291
FMV: $7,460,000
Congressional District: LA-04
Date Sold: December 27, 2013
Buyer: Caddo Parish Industrial Development Board (master lease to Shreveport Business Park, LLC, an affiliate of Industrial Realty Group
End-User(s): Elio Motors; GLOVIS America, Inc.
New Use: Reuse of 1.5MM SF to manufacture 3-wheeled vehicles; reuse of 125K SF for auto value-adding operations
Jobs Pledged: 1,500 (Elio)
Jobs Actual: 150 (GLOVIS)
Investment Pledged: $201MM
Investment Actual: N/A
Est. New Tax Base: Property sold to a public entity.
Lead Agency: LDEQ
Regulatory Programs: N/A
Remedial Activities: $0 EA Budget Site
Est. Cleanup Cost: $0



THE CHALLENGE:

The Shreveport Property consists of 3.4 million square feet of manufacturing space in buildings that were constructed by GM in 1978 and the manufacturing equipment left behind by GM. The community expressed to RACER a clear preference for the continued use of the buildings and equipment intact for manufacturing, ideally in the automotive sector. However, demand by a single employer to buy and operate the Shreveport plant and backfill the GM jobs lost at shutdown was at the time virtually non-existent. In addition, demand by industrial landlord prospects to buy, demise and tenant up the Shreveport plant was virtually non-existent due to the building being vacant and generating no net operating income for an investment sale; the high costs of demising wall construction and the separation of building systems to retrofit the plant into multi-tenant space vs. greenfield construction; the high costs to carry the financing of this investment through to break-even and profitable absorption of the space; and access to capital, which had only begun to flow after the 2008-2009 global financial crisis. To complicate matters, demand for industrial space in the Shreveport market was virtually nil.

THE OUTCOME:

RACER and its predecessor, Motors Liquidation Company, along with Louisiana Economic Development (LED) and Northern Louisiana Economic Partnership (NLEP), aggressively marketed the Shreveport plant Property to end-user and industrial landlord prospects. RACER vetted more than 50 prospects before concluding a series of transactions, with the consent of Caddo Parish, LED and NLEP, resulting in selling the plant to the Caddo Parish Industrial Development Board, subject to a lease of the entire plant to Industrial Realty Group (IRG) and a sub-lease for a portion to Elio Motors, and selling the equipment to Elio Motors. IRG is a large, experienced, well-financed and capable national industrial landlord. By their terms, IRG is making lease payments to the IDB and has the obligations to maintain the plant, saving the community the significant burden of these carrying costs, and to secure tenants for the plant, and was prohibited from demolishing the plant. In early 2017, IRG landed Hyundai GLOVIS America, a third-party, finished-vehicle logistics company, which created nearly 400 jobs at the plant.

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