Corridors of Opportunity: Why Southern Indiana’s River Ridge Commerce Center is primed for explosive growth

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Jim Karp is one of the most active investors in the 6,000-acre River Ridge Commerce Center, which stretches from Jeffersonville to Charlestown in Southern Indiana.

He’s also become a bona fide ambassador of the massive business park, preaching the merits of River Ridge to anyone who will listen.

But Karp needed convincing himself during River Ridge’s early days.

“I wasn’t really interested at first because what they were talking about sounded impossible at the time,” he said of the plan to repurpose a sizable portion of the former Indiana Army Ammunition Plant that closed in the 1990s.

Karp, founder and CEO of America Place, came around on River Ridge when Amazon.com Inc. was scouting sites for a regional fulfillment center and found the business park met its needs. If Amazon, which later opened its 1-million-square-foot facility in 2013, was game, he knew he should take a closer look.

Today, America Place owns nearly 250 acres of River Ridge property, and Karp is not alone. River Ridge already is a sprawling commerce park, with roughly 13 million square feet of commercial space inside the park housing 50 companies and more than 10,000 jobs, primarily in the logistics, distribution and light-manufacturing sectors.

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But there’s more potential than completed projects at River Ridge, with about 4,000 acres still available for interested companies. Only about 30% of the center has been developed.

Because of that, River Ridge is the focus of a new quarterly Louisville Business First series called Corridors of Opportunity, through which we examine hot areas for commercial activity in the Louisville region and explore the opportunities for investment that still exist.

(Editor’s note: Use the slide feature on the graphic below to see the change in construction at River Ridge between 2013 and 2019).
'You come across that bridge, it's like magic'

America Place already operated its own business park near downtown Jeffersonville when Karp purchased his first piece of land in River Ridge in 2011.

Karp also has owned his share of shopping centers that he started to sell as he was looking to convert his assets. Industrial real estate looked like a safe bet because of the rise in e-commerce.

“I’m always interested in scale,” he said. “I’m not interested in building one building of 100,000 square feet. I can’t scale that if a customer wants a building of 400,000 square feet.”

America Place is finishing up its fourth speculative industrial warehouse inside the park and has already completed more than 600,000 square feet of industrial space at River Ridge that is home to three anchor tenants: automotive supplier Tenneco Inc., snack foods company Enjoy Life Foods Inc. and Ford Motor Co. supplier Bluegrass Supply Chain Services.

America Place also built and owns a 40,000-square-foot, art-inspired office building housing its headquarters that was designed by renowned architect Kulapat Yantrasast.

Karp estimates he still has between 130 and 140 acres left to develop. He is now working on a recently announced ambitious plan to create a high-tech learning center on site for River Ridge workers and area residents to improve their skills.

Investment has significantly amplified inside River Ridge in the last five years. Hundreds of millions of dollars have been spent to date on cleanup and demolition, land acquisition and development by key investors such as Karp and like-minded developers, such as VanTrust Real Estate, Crossdock Development and Exeter Property Group.

Major companies at River Ridge include Medline Industries Inc., Autoneum, American Fuji Seal and Niagara Bottling, and the center’s annual economic output is measured at more than $2.3 billion.

Furthermore, River Ridge is looking to diversify its workforce by creating a 600-acre office and research park that could help it lure corporate campuses and higher-wage jobs created by major companies, said River Ridge Deputy Director Devin Hillsdon-Smith.

Karp said River Ridge’s attractiveness is bolstered by its proximity to the Port of Indiana-Jeffersonville, local railways, the Ohio River, UPS Worldport and the new Lewis and Clark Bridge.

“You come across that bridge, it’s like magic,” Karp said. “I go look at industrial parks and industrial buildings in other cities and markets. It has become a hobby. Nobody has the scalability River Ridge does — and it’s priced reasonably.”

Proving the skeptics wrong
The River Ridge Development Authority, which oversees the business park, was created in February 1998 to shepherd the redevelopment of the shuttered Indiana Army Ammunition Plant after Congress declared the land as surplus. The plant was described as a critical defense resource as it manufactured gunpowder from World War II through the Vietnam War.

The land conveyed to River Ridge’s overseers was littered with Army facilities and concrete “igloos” that were once used to store explosives.

Matt Hall, executive vice president for One Southern Indiana, the chamber of commerce for Clark and Floyd counties, said that back then the site would have made a great filming location for the popular TV show “The Walking Dead,” while Wendy Dant Chesser, president and CEO of 1si, said it reminded her of the dystopian landscapes in the movie “Mad Max.”

River Ridge Executive Director Jerry Acy arrived at River Ridge nearly 12 years ago. At that time, a chain link fence still surrounded most of the site, and overgrowth was abundant. A big concern then, Acy said, was how they were going to find the money to start the movement.

Skepticism was around every corner.

“I remember the days when we started talking to the community and started talking about redeveloping that property. We would take folks out there and they would sort of pat us on the head, Hall said. “We heard [it] over and over: ‘This will be great one day.’ But until you actually start putting up buildings, and showing how old infrastructure becomes modern infrastructure, it’s really not a reality for folks.”

Now there’s no denying River Ridge’s potential, and Hall said national and international site selectors are starting to recognize Southern Indiana because they know River Ridge Commerce Center by name.

“I think that makes the argument that it’s not only a regional asset; it’s a Midwestern asset.” he said.

Hall’s claim was backed up by Larry Gigerich, who runs the site-selection firm Ginovus in Fishers, Indiana. Gigerich, a member of the global Site Selectors Guild, works with domestic and international-based clients seeking locations for research and development operations, manufacturing facilities and corporate headquarters.

“It’s an area that’s going to get a lot of looks,” he said. “There’s a lot of buzz about River Ridge, a lot of national and international attention that will help the Greater Louisville area as time goes on. It’s such a unique asset.”

Gigerich said the nearly 10,000-acre Alliance development in the Dallas-Fort Worth area is the one park that comes to mind when asked for a comparable development, noting River Ridge stands out for its sheer amount of contiguous land.

River Ridge, Gigerich added, is further differentiated by its high-quality construction that has taken place in a measured and methodical way to ensure there is cohesion throughout the park.

“Some business parks try to be all things to all people. At River Ridge, there are six or seven industry sectors that River Ridge wants, and [they] have higher development standards. It’s a way to not only attract talent going forward, but to increase the value of the real estate that is there,” Gigerich said. “Companies really pay attention to development around them when they are going to own their real estate.”

Gigerich said River Ridge would be a natural fit for corporate campuses in the technology, life sciences and aging-care sectors, and he encouraged a regional approach toward marketing it to the world.

Hall said 1si promotes the entire region’s cultural and economic assets when pitching River Ridge to investors and companies.

“We don’t sell in a silo when we talk about River Ridge,” he said. “We are selling a much bigger package.”
Finding the right fits

Hillsdon-Smith said a careful and strategic plan for development is part of the River Ridge Development Authority’s mission as stewards of the land that has been entrusted to the group.

That means River Ridge doesn’t necessarily take the easy approach to landing tenants because its leaders want to make sure the businesses and the jobs in question are in harmony with the existing businesses there.

For instance, the initial focus on logistics and distribution has created a healthy well of competition, but Hillsdon-Smith said the authority does not want to blanket the entire park with logistics companies because it could create a scenario where they are cannibalizing one another’s workforces and yielding diminishing returns.

“Something that we’re looking to do as we’re diversifying the base of the commerce center is we want to make sure that we’re doing it in a strategic manner, so that we’re not putting two companies next to each other that don’t fit with each other for whatever reason,” Hillsdon-Smith said. “So it’s nice that we kind of have a logistics side of the commerce center. And then maybe the north end turns into more of a manufacturing side or more of a R&D and corporate campus.”

River Ridge also has prohibited certain types of facilities that don’t match its mission, including companies that want a large amount of outside storage and heavier forms of manufacturing with sizable emissions that could be harmful to the public or viewed as a nuisance to the business park and the neighboring Charlestown State Park.

“We really want to find those companies that are innovating and that are disrupting markets, and that are on the front edge of what they’re doing,” Hillsdon-Smith said. “Because those are the companies that are going to create a lot of excitement. And that’s going to be the companies that potentially will pay more.”

The Gateway and the mega site

River Ridge can advance its goal toward diversification and high-skilled wages via a roughly 1,000-acre certified mega site. The River Ridge site is shovel-ready for a major user needing a massive campus or several companies that could share the site. There’s also the aforementioned 600-acre Gateway office and research park under development.

Hillsdon-Smith said River Ridge works hand-in-hand with the Indiana Economic Development Corp. to respond to any major inquiries within the state for larger tracts of land that the mega site could accommodate. He did not disclose any companies by name that have shown interest.

“We are responding to inquiries, real or not. And sometimes they’re just kicking the tires and doing a feasibility study,” Hillsdon-Smith said. “But we submit that site for the right projects. It’s critical for us that we make sure that we don’t jump into a project just because it’s a high investment. We don’t want to just track on one metric.

“We have a strategic plan that we need to follow. And so we want to make sure that whatever goes there is the highest and best use for that property because it’s a gem in the state of Indiana.”

Meanwhile, Louisville-based real estate development firm Hollenbach-Oakley LLC, the Gateway’s master developer, is readying the first structure in the office park, a 45,000-square-foot, three-story office building that will house the River Ridge Development Authority offices on one floor. That building should be ready by late 2020 or early 2021. Construction costs have not been disclosed.

Acy said he believes the Gateway can be a landing point for some of the higher-paying white-collar office jobs River Ridge wants, such as law firms, CPA companies, medical facilities and technology-based service jobs.

For example, he said River Ridge can accommodate more than one data center because of its water supply and partnership with Duke Energy.
John Hollenbach, a principal with Hollenbach-Oakley, also envisions companies with on-site distribution embracing the office park for corporate offices. And he aims to entice other developers to target the Gateway for office campuses similar to what Papa John's International Inc. has established in Jeffersontown, Kentucky.

“(We’re) providing an environment to help employers attract and retain really good employees while having the controls to make sure that every facility within the park is of similar quality to what was built last year and what we build 10 years from now,” Hollenbach said.

The office park already has a small lake, and there will be an event space with amphitheater-style seating alongside nearly seven miles of walking trails. Hollenbach said he is also looking at technology-driven amenities, such as car-charging stations.

All of this coordination is building toward something much bigger than your typical business park, 1si’s Dant Chesser said.

“I think we have an opportunity for River Ridge and the Ind. 62 corridor to be transformational for our region. It is beyond just a local asset, it is truly a regional asset,” she said. “And if we are successful in maximizing the development opportunity that we have, we will see transformational growth as opposed to just transactional growth. ... We can sell every piece of every acre of land and fill every building, but if the quality of life does not improve for our residents, then we’ve not maximized the opportunity.”

A city unto itself

Jim Karp’s River Ridge advocacy has brought a major partner into the fold: Nitin Sahney.

Sahney is the founder and CEO of Louisville’s PharmaCord LLC, which announced last summer that it will spend more than $50 million on a new River Ridge operation that could create up to 850 jobs over time.

Founded in 2017, the startup helps connect pharmaceutical companies with doctors and manufacturers to get patients specialty medications not available through normal retailers.

PharmaCord is leasing two floors in America Place’s office HQ, and Karp’s company is building PharmaCord a new operations and call center on Trey Street inside River Ridge that is slated to open next year. PharmaCord will maintain its office presence at Kaden Tower in St. Matthews and its Louisville pharmacy.

Sahney said PharmaCord could be at 400 employees by the time the building is ready. River Ridge, he said, was attractive for several reasons, including the efficiency and effectiveness of its leaders and the business friendliness Indiana has exhibited.

Sahney said the expansion is driven by the company’s proven reputation in the market and its solid client base that includes biotech and pharmaceutical companies from around the globe.

But the scale of the company’s growth was not conducive to a downtown Louisville office tower unless it had its own building, as Humana does. The company wasn’t ready for that leap, and the suburbs of Louisville provided limitations based on rents and quick access to larger tracts of land that would allow for future expansions, he said.

River Ridge, Sahney added, has the needed capacity and an attractive local workforce, He also believes Louisville residents will be attracted to the jobs PharmaCord creates at River Ridge. The company will pay bridge tolls for its Kentucky-based workers, he said.

“[River Ridge] will only grow as existing companies grow and expand and new companies move in,” Sahney said. “It’s like a brand new city being built in front of you.”
River Ridge Development Authority’s major milestones

Feb. 17, 1998: Clark County Enabling Resolution for Indiana Army Ammunition Plant Reuse Authority (now River Ridge Development Authority)
Feb. 25, 1998: First Board Meeting of INAAP Reuse Authority Board
Oct. 30, 2000: Memorandum of Agreement with U.S. Army signed
May 2, 2003: Master Lease with U.S. Army signed
April 19, 2004: Name Change to River Ridge Development Authority
April 7, 2005: First land transfer
April 14, 2006: First land sale to Capstone
May 12, 2008: Executive Director Jerry Acy hired
Dec. 29, 2010: First bond issuance
July 1, 2011: RRDA assumes water operations
Feb. 1, 2013: Amazon.com Inc. cuts ribbon on 1-million-square-foot fulfillment center
Oct. 6, 2015: Landfill transfer to RRDA
September 2016: Fourth bond issuance
Aug. 5, 2016: Final deed transfer to RRDA
Nov. 30, 2017: Plans revealed for 1.1-million-square-foot Medline Industries Inc. facility
March 19, 2018: Strategic plan adopted by RRDA
May 2, 2018: America Place unveils art-inspired River Ridge HQ
Aug. 14, 2018: Master Lease with U.S. Army Terminated
November, 2018: RRDA signs master development agreement with Hollenbach-Oakley LLC to develop 600-acre office and research campus
June 17, 2019: PharmaCord LLC announces $56 million River Ridge operation, up to 850 jobs
January 2020: America Place announces plans for 53-acre early education and adult technology center

Source: River Ridge Development Authority