

What Dollar General's \$172 Million Project Says About Retailer Demand for Warehouses Near Denver Airport

Groundbreaking Set for Nearly 1 Million-Square-Foot Build-To-Suit Project at HighPoint Elevated Logistics Park



Dollar General is having a 919,000-square-foot mega-warehouse built at the HighPoint Elevated industrial and logistics park in Aurora, Colorado. (Ware Malcomb)

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Dollar General is adding its name to the growing roster of powerhouse industrial tenants on the outskirts of Denver International Airport with plans to move into a nearly 1 million-square-foot warehouse it has commissioned.

The Goodlettsville, Tennessee-based variety store chain is transforming a [75-acre site](#) in Aurora, Colorado, into a 919,000-square-foot warehouse and logistics development at the HighPoint

Elevated industrial and logistics park. Hyde Development and Mortenson, the Minneapolis-based development team behind the industrial park, sold the land to Dollar General for \$22 million in May, according to county property records.

The developers will stay on to construct the build-to-suit project at the northeast quadrant of East 64th Avenue and Gun Club Road for Dollar General. It is the first tenant to commit to space at HighPoint since the industrial park broke ground last year. Construction of the warehouse is expected to begin later this summer and be completed before the end of 2023.

Once complete, Dollar General will join a slew of other high-profile retailers and manufacturers establishing roots in the Denver airport area. PepsiCo Beverages North America acquired just shy of 152 acres near Denver International Airport, a site that will be home to the company's planned \$400 million, [1.2 million-square-foot bottling facility](#) near the intersection of 72nd Avenue and Argonne Street.

The Denver industrial market, similar to others across the country, has benefited from the unprecedented surge in e-commerce and warehouse demand that kicked off in the early days of the pandemic. Developers have collectively added more than 26 million square feet of industrial space to the region over the past five years, according to CoStar data, with another 10 million square feet in the construction pipeline on track to be completed before the end of the year.

Target Corp. recently signed a lease with Prologis for 141,000 square feet of distribution and logistics space at 6300 N. Broadway in Denver, according to CoStar data, right around the time Dollar General purchased its HighPoint site.

"Retailers and logistics providers are increasing their industrial footprints to improve their distribution networks and bulk up on inventories," Jeannie Tobin, a CoStar director of market analytics, said, adding many tenants are trying to compete with Amazon by bulking up their warehouse portfolios. "Demand for industrial space has increased across the metro, but nowhere is this more evident than in the Southwest DIA submarket, which has large areas of developable land, access to major distribution routes and proximity to the Denver International Airport, making it an ideal location for expansion."

Expanding Network

The HighPoint industrial park is expected to span up to 5.5 million square feet of warehouse and logistics space at full build-out.

CBRE, which represented Hyde and Mortenson in the deal with Dollar General, is also marketing the industrial park for future tenants. The brokerage said in a statement that multiple deals have been signed or are under contract, but declined to provide details.

"The new Dollar General building will anchor the east side of the HighPoint development and is already generating new leasing activity," Hyde Development principal Paul Hyde said in a

statement. "The more that's happening, the better it is for creating a sense of velocity, and that's always my job: To get that momentum going."

Dollar General's Denver-area plans are part of a national real estate expansion to expand the retailer's logistics portfolio to also include new facilities in Little Rock, Arkansas, and Salem, Oregon.

All told, the retailer said in a statement that it expects to spend \$480 million on the trio of warehouses, \$172 million of which is earmarked for HighPoint.

The developments "will help us not only better serve our customers and communities, but also combine efficiencies of our DG Fresh and traditional supply chains," Tony Zuazo, Dollar General's executive vice president of global supply chain, said in a statement about investing in its fresh food and grocery distribution network.