

Under Armour to locate new, 1,000-employee distribution center at Sparrows Point

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Under Armour plans to open a distribution warehouse on the site of the former Sparrows Point steel mill. (Baltimore Sun video)



By **Jeff Barker** · **Contact Reporter**

The Baltimore Sun

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Under Armour plans to open a massive distribution warehouse on the site of the former **Sparrows Point** steel mill that will employ 1,000 people and serve as the company's national hub to fulfill consumers' online orders.

The Baltimore County center, scheduled to open in the summer of 2018, will be the apparel and footwear company's second distribution hub in the area — it employs 1,200 at a center in Curtis Bay — but the first devoted to fast-growing Internet sales.

The Sparrows Point peninsula location — used by Bethlehem Steel for more than a century — was selected

over sites in Tennessee, Indiana and Ohio, said Neil Jurgens, Under Armour's vice president of corporate real estate. In addition to Curtis Bay, Under Armour maintains distribution centers in Mount Juliet, Tenn., and Rialto, Calif.

Under Armour, which employs nearly 14,000 people internationally, liked the Sparrows Point site partly because of its proximity to its headquarters and the Curtis Bay warehouse.

"Labor force and logistics were very strong and we had a very strong desire to maintain the jobs here in Maryland," Jurgens said. "Also, we have the ability to grow in that location."

At 1.3 million square feet, the Under Armour online order fulfillment center will be larger than the 1 million-square-foot Amazon distribution center built on the Baltimore site of the former General Motors plant.

The building is to be constructed in an area of Sparrows Point that is visible from Interstate 695 and was once dominated by steel finishing mills. Jurgens said the formerly blue-collar setting suits Under Armour's culture.

"There's that history of Bethlehem Steel. There is brick and stone and wood and steel," he said. "It's the underdog mentality — hungry and humble — and our spaces reflect that."

The Under Armour site is being developed from scratch by Tradepoint Atlantic, a joint venture of the local firm Redwood Capital Investments and the Chicago-based liquidation and redevelopment firm Hilco. Formerly known as Sparrows Point Terminal, Tradepoint bought the shuttered steel mill for \$110 million in 2014 with the goal of transforming it into a campus of port, logistics and light-manufacturing uses.

An Under Armour rendering depicts a long building, low and flat, with Under Armour's logo prominently displayed in red. The company declined to disclose terms of its development agreement and multiyear lease with Tradepoint.

Sparrows Point was selected by Under Armour "for many of the same reasons why the site was once home to the world's largest integrated steel mill," said Eric Gilbert, Tradepoint's executive vice president of development. He said those reasons include a strong labor force, the deep-water port and a "robust" rail and highway network.

The state and county figured prominently in Under Armour's site decision by helping with costs.

The state Department of Commerce said Monday it has approved a \$2 million conditional loan through the Maryland Economic Development Assistance Authority and Fund. It said it will fund an additional \$2 million in property and infrastructure improvements through the Maryland Economic Development Corp. Under Armour is also eligible for various tax credits.

"Under Armour is a true Maryland success story, and this new e-commerce center is another way they are showing their commitment to our state and to the Baltimore region," Gov. Larry Hogan said in a statement. "As a pivotal new tenant at Tradepoint Atlantic, Under Armour will play a big part in this site's resurgence to a center of economic activity and trade."

Baltimore County would contribute a \$200,000 grant, subject to the council's approval. County Executive Kevin B. Kamenetz said he began to look at options for redeveloping the site years ago. After a series of ownership changes, the mill was closed for good in 2012 when its then-owner, RG Steel, went bankrupt.

The county's vision, Kamenetz said, is "bringing 10,000 jobs back to Sparrows Point."

Under Armour will join FedEx Ground and Pasha Automotive as tenants of Tradepoint Atlantic, a 3,100-acre site.

"A company the caliber of Under Armour coming to Sparrows Point continues to show the potential of the immense opportunity we have there," said County Councilman Todd Crandell, a Dundalk Republican.

Jurgens said Under Armour expects to hire workers "from Baltimore City, Baltimore County, Anne Arundel County and probably Harford County as well. In Cecil County there is some of that talent there as well, but we struggle with whether they'd want to drive that far."

Distribution centers link factories to stores and consumers. Nearly two-thirds of Under Armour's products are manufactured in China, Jordan, Vietnam and Indonesia.

At distribution centers, trucks are unloaded and products sorted and moved to modules where orders are filled. Under Armour said 300 to 400 e-commerce workers from Curtis Bay will be transferred to Sparrows Point so that the handling of online orders can be consolidated at one site. The company also said it will hire more employees to replenish Curtis Bay's workforce.

Under Armour employs 2,100 people at its headquarters in Baltimore, plus the 1,200 in Curtis Bay. It has launched an initiative to bring production closer to where the brand's products are sold — a plan that began taking shape this summer with the opening of UA Lighthouse, the company's new manufacturing and design center in Port Covington.

Under Armour sells 67 percent of its products wholesale, according to its 2015 annual report. But so-called "direct to consumer" sales — which include online purchases and sales at Under Armour brand houses and outlets — have been growing.

The company said Monday that its e-commerce business rose 44 percent in this year's second quarter. Precise sales figures were unavailable.

The new distribution center will feature high-tech systems "to enhance Under Armour's product distribution to its expanding consumer base through its e-commerce business," the company said in a statement.

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FOR IMMEDIATE RELEASE

UNDER ARMOUR ANNOUNCES PLAN TO OPEN E-COMMERCE DISTRIBUTION HOUSE IN MARYLAND

Over one million square-foot facility will house 1,000 employees; optimize product distribution for company's growing direct-to-consumer business

BALTIMORE, MD (August 30, 2016) – Today Under Armour (NYSE: UA), Maryland Governor Larry Hogan, Maryland Secretary of Commerce Mike Gill, Baltimore County Executive Kevin Kamenetz and Tradepoint Development Executive Vice President Eric Gilbert announced the company's plan to open a 1.3 million square-foot distribution and warehouse facility at Sparrows Point in Baltimore County, as part of the Tradepoint Atlantic redevelopment project. This will be Under Armour's fourth distribution facility in the United States and the second in the footprint of Baltimore, Maryland, the hometown of the company's headquarters. The other Maryland facility is located in Curtis Bay and will continue to operate in addition to its Rialto, California and Mount Juliet, Tennessee distribution houses. The establishment of the Sparrows Point distribution house, which is expected to open in the summer of 2018, is a collaboration with state and local officials to employ approximately 1,000 employees in the Baltimore area once the facility is operating at its full capacity. The facility will feature state-of-the-art equipment and systems to enhance Under Armour's product distribution to its expanding consumer base through its e-commerce business.

"We take great pride in collaborating with Governor Hogan, Secretary Gill, Baltimore County Executive Kamenetz, Tradepoint Atlantic and the many other state and local officials who share our commitment to create economic and job opportunities for the greater Baltimore community and Maryland as a whole," said Under Armour Founder and CEO Kevin Plank. "The new Distribution House will be a top-notch service engine for our e-commerce business to deliver the right product, to the right place at the right time to our growing consumer base and athletes around the world."

“Under Armour is a true Maryland success story, and this new e-commerce center is another way they are showing their commitment to our state and to the Baltimore region,” said Governor Larry Hogan. “As a pivotal new tenant at Tradepoint Atlantic, Under Armour will play a big part in this site’s resurgence to a center of economic activity and trade. We applaud Kevin Plank and his team for the visionary decision to open their latest distribution house – and create 1,000 jobs over the coming years – right here in Maryland.”

“Under Armour’s latest investment in our state reinforces the fact that Maryland is a great place to do business,” said Secretary of Commerce Mike Gill. “Economic development is a team sport, and it’s clear that our team – from the various state agencies, to the local officials and the private sector – is committed to supporting this project’s success every step of the way.”

“Under Armour’s new e-commerce distribution house at Tradepoint Atlantic is a perfect match for our vision for Sparrows Point -- a hometown company investing in the region and bringing 1,000 jobs to Baltimore County. Under Armour’s success has been based on commitment, respect and the ability to creatively and strategically meet the demands of the marketplace. We are proud to be part of that team,” said Baltimore County Executive Kevin Kamenetz.

“We are excited to welcome one of the world’s leading global brands to Tradepoint Atlantic, lending further validation to the enormous value that our multi-modal logistics capabilities deliver for companies seeking supply chain optimization and unmatched access to global markets,” said Eric Gilbert, Executive Vice President of Tradepoint Development, the developer of Tradepoint Atlantic. “The former home to one of the largest integrated steel mills in the world has been reborn as a center for global commerce that will continue to bring new jobs and investment to Maryland.”

About Under Armour, Inc.

Under Armour (NYSE: UA, UA.C), the originator of performance footwear, apparel and equipment, revolutionized how athletes across the world dress. Designed to make all athletes better, the brand's innovative products are sold worldwide to athletes at all levels. The Under Armour Connected Fitness™ platform powers the world's largest digital health and fitness community through a suite of applications: UA Record, MapMyFitness, Endomondo and MyFitnessPal. The Under Armour global headquarters is in Baltimore, Maryland. For further information, please visit the Company's website at www.uabiz.com.

About Tradepoint Atlantic

Tradepoint Atlantic is the developer, manager and owner of the former Bethlehem Steel Mill, a 3,100-acre industrial site in Baltimore, Maryland that offers a gateway to markets around the United States and the world, featuring a unique combination of access to deep water berths, rails and highways. Ground-breaking agreements signed with federal and state environmental regulators in 2014 to remediate the legacy from a century of steel-making enable the redevelopment of the site with the potential to become one of North America’s most strategic multi-modal, multi-commodity terminals. For more information visit: www.tradepointatlantic.com.

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