

# KARNES CREEK

## COMMERCIAL/HOTEL DEVELOPMENT OPPORTUNITY



### FOR MORE INFORMATION

**Karnes Creek Investment Company, LLC**

P.O. Box 635

Clifton Forge, VA 24422

[karnescreekland4sale@gmail.com](mailto:karnescreekland4sale@gmail.com)

540-960-1135



# THE KARNES CREEK SITE

This 4.87 acre undeveloped commercial property is situated along Interstate 64 with frontage along the interstate. The site is cleared and zoned for business.

With significant new development planned and underway, this interstate interchange represents a significant opportunity for commercial and hotel development. In addition to the hospital and government complex located at the interchange, a major new industrial/commerce park is under development and a housing development with over 95 units is nearing completion. All of the new growth at this location, in addition to the abundant tourist attractions and organized events, demand additional hotel and commercial support.



**1** Love's Travel Center

**2** Karnes Site

**3** 95+ Unit Residential



### Important site features include:

- » 4.87 acre cleared, undeveloped commercial property
- » Situated on an interchange fronting Interstate 64 in Virginia
- » Visible from Interstate 64
- » Zoned B-1
- » Located in an Opportunity Zone offering a tax advantaged investment opportunity
- » Located within an Enterprise Zone offering diverse development incentives
- » Located adjacent to the entrance of LewisGale Hospital Alleghany, a regional hospital
- » Adjacent property, a former restaurant, potentially available

The site lies within an opportunity zone certified in Alleghany County and allowing an investor to take full advantage of the federal opportunity zone legislation encouraging the reinvestment of capital gains and offering significant tax benefits. Investors can defer, reduce, and eliminate taxes on capital gains through investment in opportunity zone real estate or in a business located or doing the majority of its business in an opportunity zone.

Opportunity zones were created as a result of the federal Tax Cuts and Jobs Act of 2017. They are intended to galvanize and spur investment by allowing taxes on capital gains to be deferred until the end of 2026 if the gains earned are invested in a business or real estate in a designated opportunity zone within 180 days.

A project developed on the Karnes Site may also be eligible to take advantage of assistance offered within an Enterprise Zone. The Virginia Enterprise Zone (VEZ) program is a partnership between state and local government that encourages job creation and private investment. VEZ accomplishes this by designating Enterprise Zones throughout the state and providing two grant-based incentives, the Job Creation Grant (JCG) and the Real Property Investment Grant (RPIG), to qualified investors and job creators within those zones, while the local government provides local incentives.



# ALLEGHANY HIGHLANDS: REGIONAL LODGING NEEDS ASSESSMENT 2022

The Alleghany Highlands region, which includes Alleghany County and the City of Covington, has long been a niche destination for visitors seeking outdoor recreation. Destinations such as Lake Moomaw, Douthat State Park, and the Jackson River draw numerous visitors and contribute to the quality of life for residents.

The leisure and hospitality industry is one of the top five industries by employment in the region, providing over 600 jobs. In order to continue developing its tourism and hospitality industry, the Alleghany region is seeking development of additional lodging. As part of this effort, Virginia Tech Center for Economic and Community Engagement (VTCECE) in partnership with the Alleghany Highlands Chamber of Commerce, conducted a regional lodging needs assessment to analyze current trends, challenges, opportunities, and potential demand for additional lodging in the region.

During stakeholder engagement and focus groups conducted, participants were in consensus about the gradual decline of commercial lodging and a lack of range of lodging options at affordable price points. For instance, at the time of this study, there were no establishments that offered the state rate for business travelers. Additionally, almost all participants commented on the inventory of restaurants and retail, citing the need for more variety, longer hours, and improved quality. Such amenities are key for supporting travel and tourism.



## “The Alleghany Highlands Needs More Rooms and Better Rooms”

Alleghany Highlands Regional Lodging Needs Assessment 2022 | Virginia Tech Center for Economic and Community Engagement.

Research indicates existing and potential future demand for a new mid-range, mid-size hotel establishment, supporting between 75 and 300 additional rooms. Such an option could meet existing demand from large wedding parties, travel ball teams, and business visitors looking for special rates; much of this demand currently leaks out to neighboring regions of Lexington and across state lines to Lewisburg, WV. Currently, large parties visiting the region often compete for lodging, particularly on weekends. Business travelers also often stay outside the region at establishments that offer special rates.

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# ALLEGHANY HIGHLANDS REGIONAL COMMERCE CENTER

Alleghany Regional Commerce Center (ARCC) offers a unique opportunity to establish or expand a business in one of Southwest Virginia's most scenic areas. With incredible access just one mile from Interstate 64, this publicly-owned business park offers "ready-to-go" development options and a wide-reaching labor draw for manufacturing, healthcare and pharmaceuticals, logistics, food and beverage, and other mission critical operations.

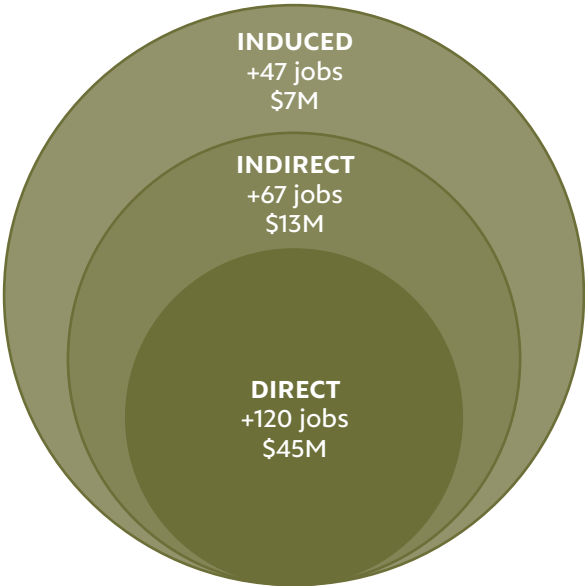


Thanks to a cooperative partnership between Alleghany County and the City of Covington, significant investments in engineering studies, master planning, and infrastructure design and development have already been made. And, with industrial zoning in place and the required environmental permits in-hand, contractors can be mobilized quickly. A significant portion of the site has been cleared and is currently being graded.

Pursuing economic development activity for the park, the Alleghany Highlands Economic Development Corporation is aggressively implementing a business plan developed for the region. During the development of this plan, research was done to demonstrate the benefits of developing ARCC. Using recent industry announcements in the region representing the types of projects likely to locate in the ARCC, the AHEDC modeled the type of investment and job creation that could be experienced by industry locations in the park. Of particular interest in the graphic below is the estimate of “induced jobs” which identifies jobs such as hotel employment, restaurant employment and other potential hospitality jobs.

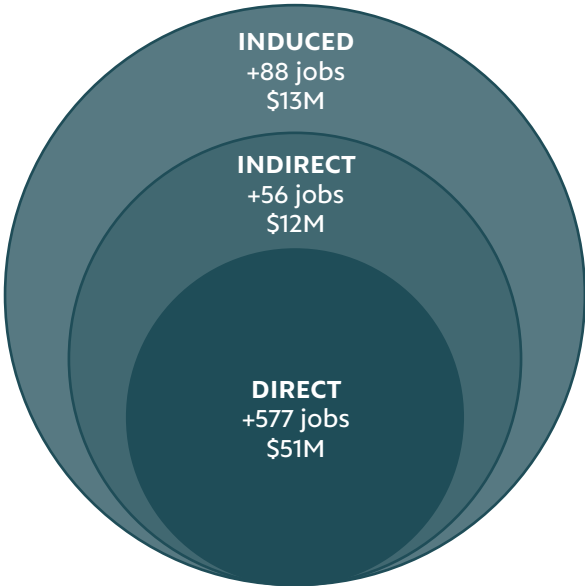
**AUTOMOTIVE PART MANUFACTURER**

120 new jobs  
\$39M new investment



**DISTRIBUTION CENTER**

577 new jobs  
\$72M new investment



As the research shows, a significant amount of new activity will be generated at this interchange, supporting additional commercial and hotel development.





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# COMMERCIAL & RESIDENTIAL DEVELOPMENT

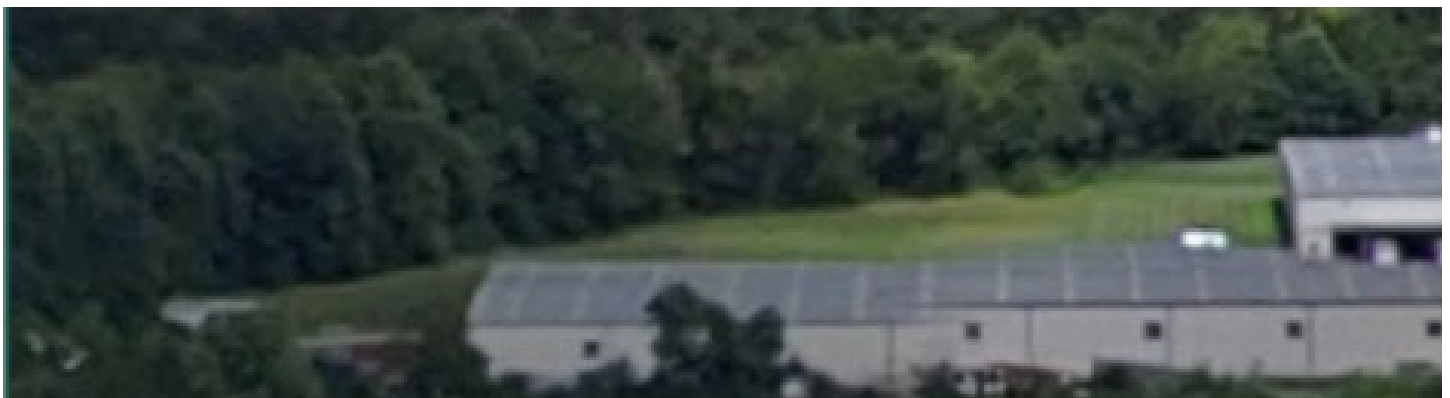
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Significant development is already occurring around the Karnes Site. With increased activity comes the need for more commercial and hotel development.

Across Interstate 64, a major new multi-family development is being constructed adjacent to the existing YMCA. More than 95 units of housing are being developed on the site.



Additionally, a new Love's Travel center has been constructed and is operating across Interstate 64 from the Karnes Site.





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# LEWISGALE HOSPITAL ALLEGHANY

Since 1979, LewisGale Hospital Alleghany has been providing quality healthcare to patients in Southwest Virginia and West Virginia, from oncology and physical rehabilitation to mental health and surgical services. The hospital has 204 licensed beds and 15 senior mental health beds.



In 1993 a 30,700-square-foot expansion and renovation of outpatient service areas was completed. In 1995, Nashville-based HCA Healthcare purchased the hospital. Proceeds from that sale were used to establish the Alleghany Foundation. With current assets of more than \$60 million, the Foundation has funneled grants totaling more than \$20 million back into the community.

Today, LewisGale Hospital Alleghany is the second-largest private employer in Alleghany County and HCA Healthcare is the fourth-largest private employer in Virginia.

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# TOURISM & RECREATION



The Alleghany Highlands offers events, outdoor recreation, sporting events, cultural arts and much more throughout the year. The need for more hotel rooms to accommodate the visitors to these opportunities is well-recognized by the businesses, government agencies, non-profits and others in the region. Throughout the year, especially during peak outdoor seasons and large special events, the need for lodging often exceeds the capacity of existing hotel space in the region and visitors must find lodging in neighboring cities like Lexington, Virginia.

Events, festivals, sports competitions, art exhibitions and performances happening year round throughout the community. The Alleghany Highlands celebrates its beautiful outdoor surroundings with grand events, like the annual Fall Foliage Festival. The region's competitive nature is on display as it hosts a triathlon, cycling competition and more. The region's thriving artistic, cultural and heritage communities host unique events throughout the year. Whether passive or active recreation, opportunities abound for visitors.



"Perhaps most of all, we treasure our friends and neighbors and welcome visitors to our community with open arms."

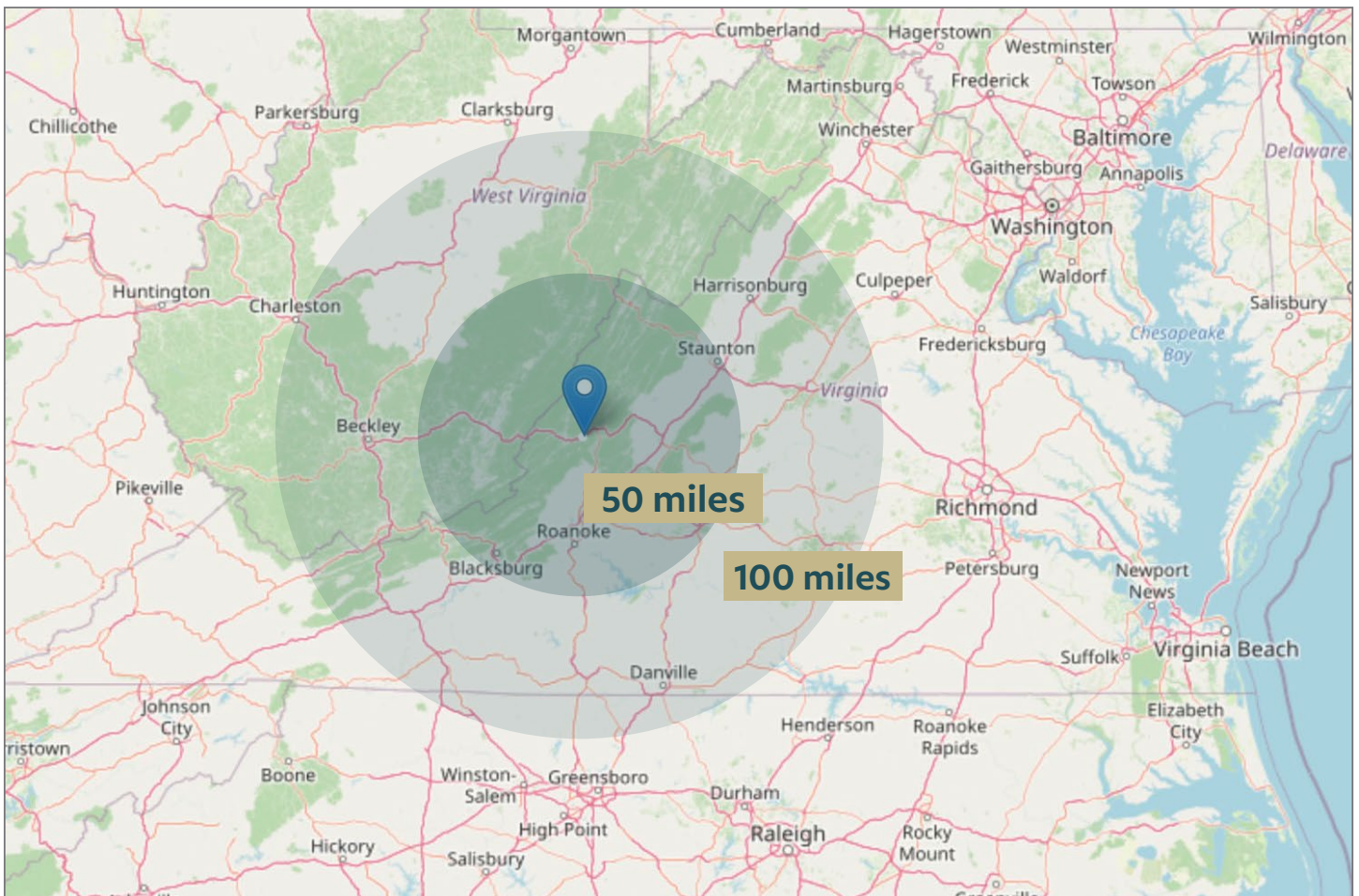
Alleghany Highlands Chamber of Commerce & Tourism





# ALLEGHANY HIGHLANDS ECONOMIC DEVELOPMENT CORPORATION

The Alleghany Highlands Economic Development Corporation is the marketing organization promoting Alleghany County, the City of Covington and the Towns of Clifton Forge and Iron Gate for business recruitment, expansion and development. A public/private partnership, AHEDC focuses on Site Readiness, Infrastructure Management, Site Selection Outreach and Workforce Development. The organization also serves as a key information source for applicable data, regulatory compliance and funding opportunities to help you successfully launch, expand or relocate a business to the region.



AHEDC is a strong support for the development of additional hotel rooms in the region to support its growing business community and the wide range of community events and outdoor recreation opportunities throughout the region.

# THE KARNES CREEK INVESTMENT COMPANY. LLC



Karnes Creek Investment Company LLC is a small group of local investors interested in seeing the Alleghany Highlands of Virginia grow. While putting some patient...and not so patient...capital into a future commercial site at Exit 21 on Interstate 64 in Low Moor, Virginia, the partners are also active in the community supporting economic development efforts broadly through engagement with Alleghany County, The Alleghany Highlands Economic Development Corporation, The Alleghany Highlands Chamber of Commerce and Tourism and other like-minded private businesses and individuals with an interest in sparking entrepreneurship, business growth, and the development of job opportunities for people of the area. Rather than just sitting back, the Karnes Creek partners decided to put a bit of their own money on the line and take a stake in the area's future.

Our team would welcome the opportunity to share additional data, coordinate a site tour or answer any questions a potential developer may have about the Karnes Site.

Karnes Creek Investment Company, LLC is a Virginia Domestic Limited-Liability Company filed on December 29, 2008.



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