

**MID-AMERICA**



**FREIGHT COALITION**

# Location, Location, **LOGISTICS**

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**Prime Focus LLC**

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## **TRENDS IN WAREHOUSING AND SITE DEVELOPMENT**

## Warehousing in Logistics

**5 Billion Sq. Ft of warehousing in U.S.**

Floor area equals a 4 foot walkway from here to the Moon...!!!

The 5B only includes what's under roof. Add another 40-50% to include outdoor dock & staging areas and we get a 6 foot wide walkway.

Industry has a massive impact on the Nation's landscape



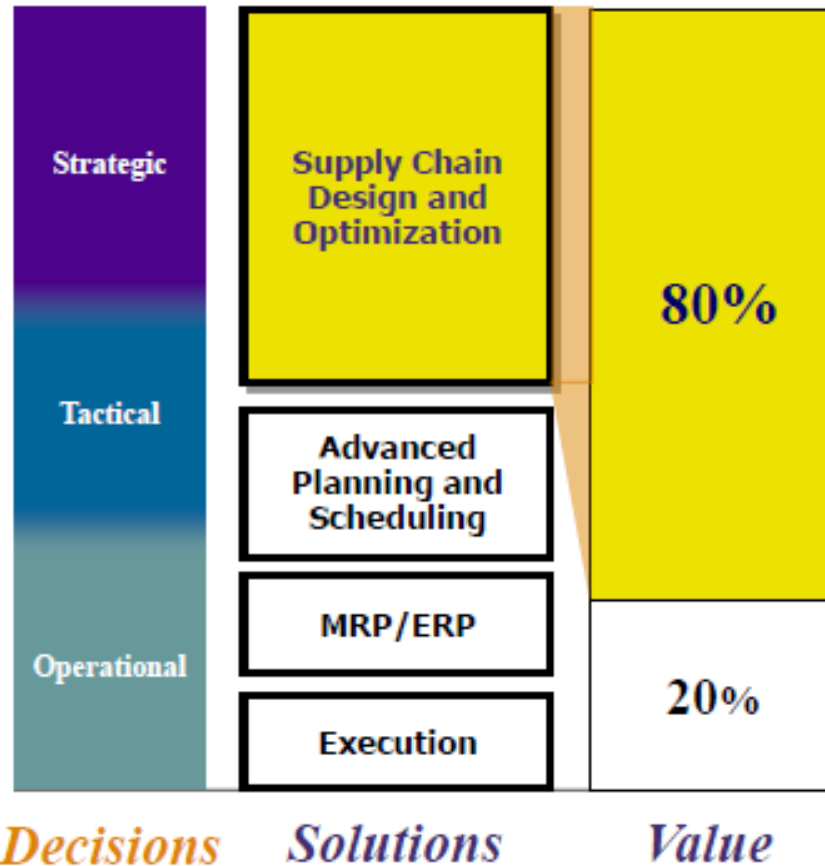


# Agenda

- Economic Considerations
- Attributes
- Site Selection Factors
- Trends
- Case Studies



# Network Decisions Impact Success

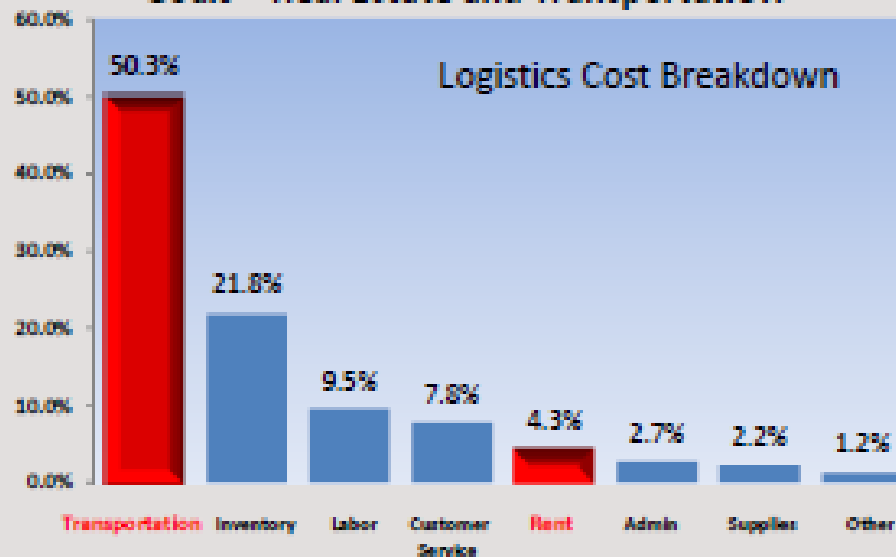


Source: AMR Research

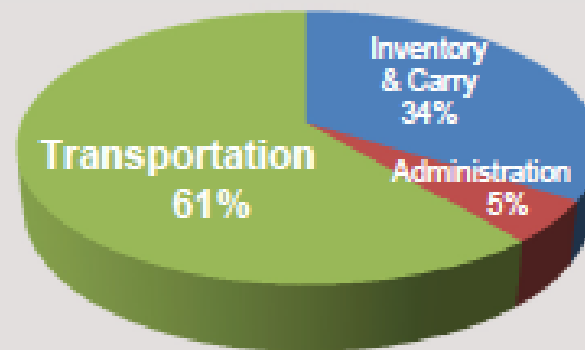
# Economic Considerations



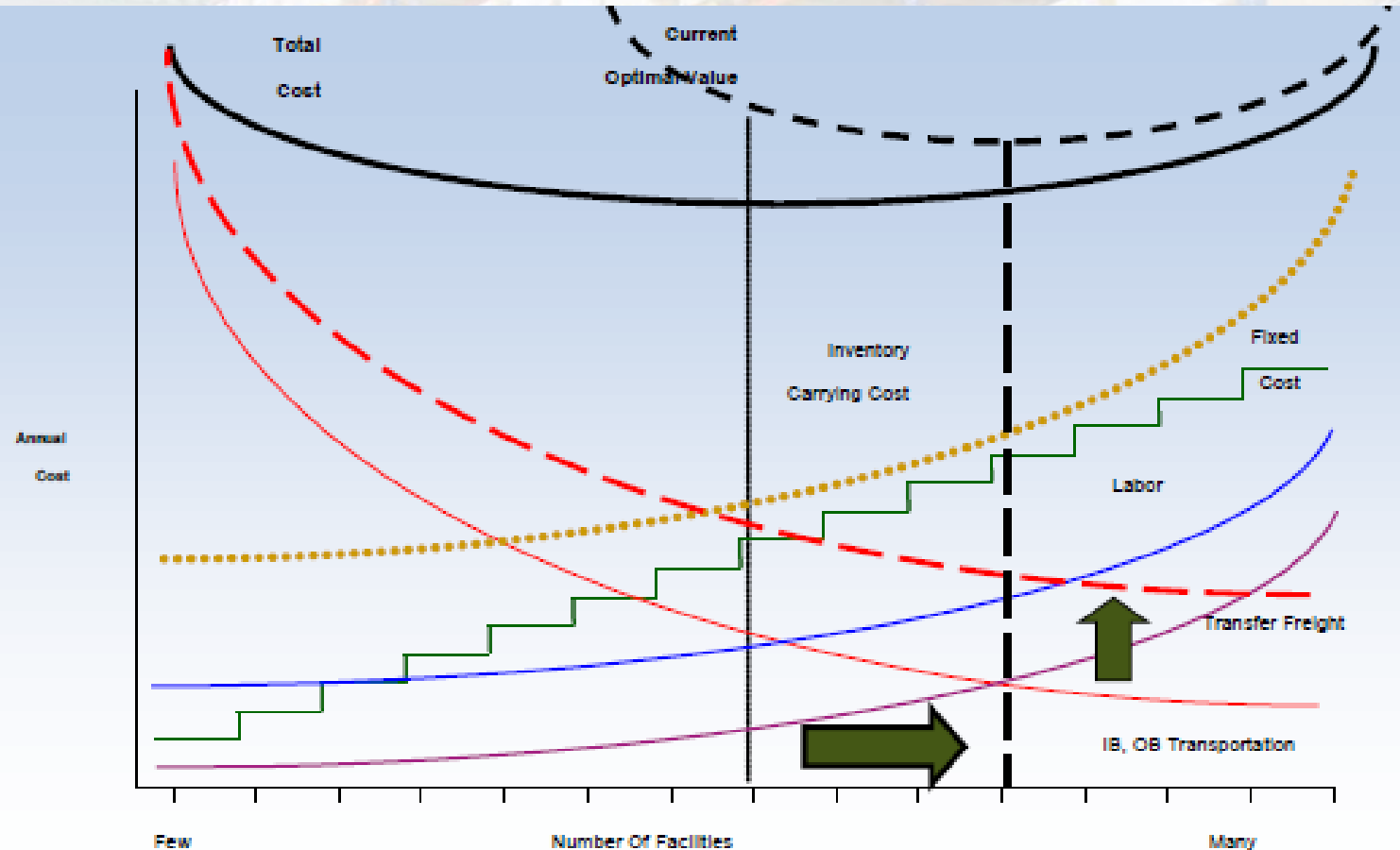
Maximum Value is Seen When Connecting  
Goals – Real Estate and Transportation



Total Distribution Cost Breakdown



# Size and Number Consideration



Mid term implications: more facilities, smaller on average, closer to population centers, to remove miles from networks



# A Warehouse Network Impact

## Cost Considerations

- Inbound and outbound transportation costs
- Labor
- Inventory
- Facility Cost

## Service Considerations

- High availability levels
- Short lead times
- Close to customers
- Will sales increase if service is improved?
- Will sales be lost if a competitor provides better service?



## Making the Trade-Off Between Service & Cost

Optimal Network For Cost



Savings: \$6 million  
Service: 40% next day

Optimal Network For Service



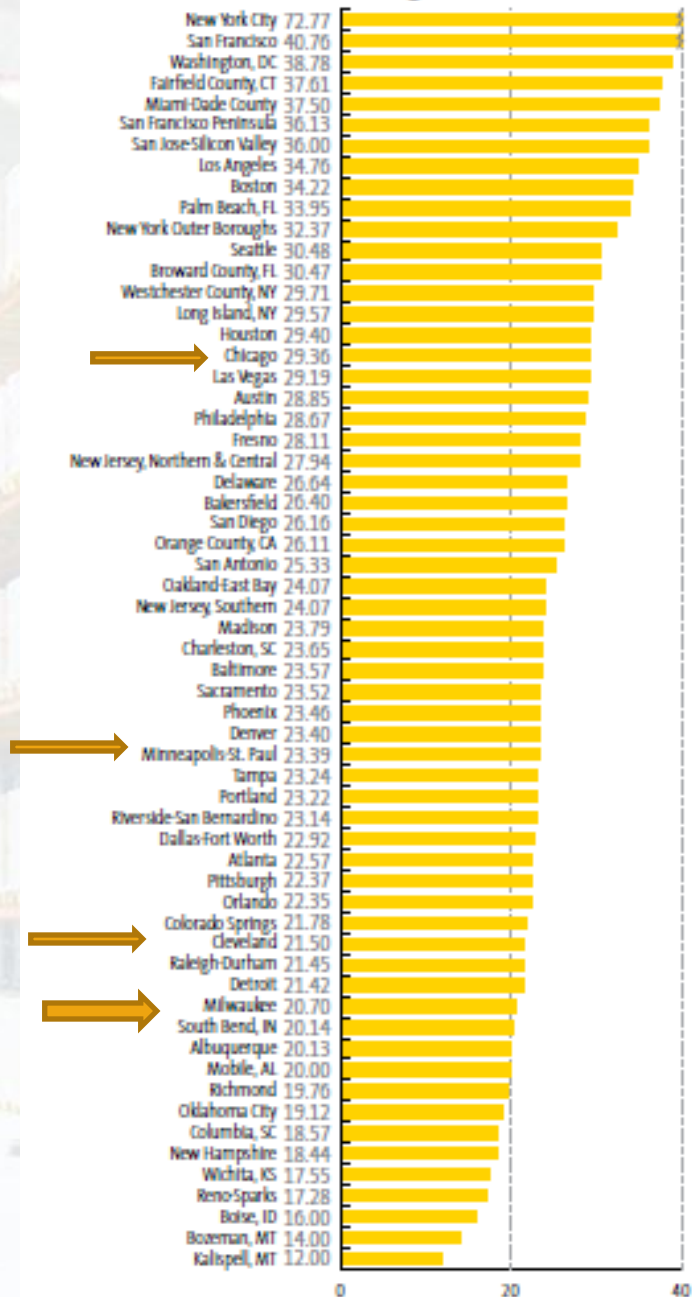
Savings: \$3 million  
Service: 80% next day

**Which is Better?**

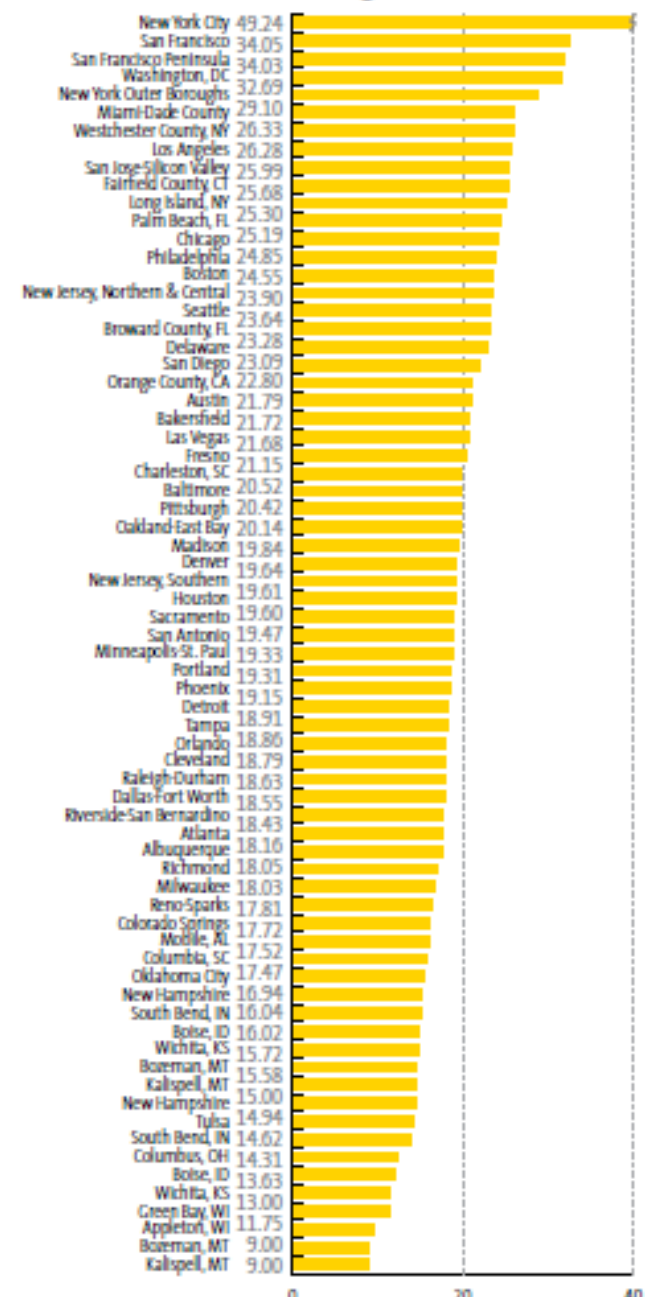


# 2012 Asking Rents

## Class A \$ Asking Rent



## Class B \$ Asking Rent



# Labor Considerations

| Activity                       | Traditional Warehouse | Just-In-Time Distribution Center | Retail Distribution Center | Consumer Distribution Center |
|--------------------------------|-----------------------|----------------------------------|----------------------------|------------------------------|
| <b>Basic Services</b>          |                       |                                  |                            |                              |
| Storage                        | X                     | X                                |                            |                              |
| Transloading                   | X                     | X                                | X                          | X                            |
| Customs                        | X                     | X                                |                            |                              |
| Foreign Trade Zone             | X                     | X                                |                            |                              |
| Freight Forwarding             | X                     | X                                |                            |                              |
| Trucking                       | X                     | X                                |                            |                              |
| <b>Value-Added Services</b>    |                       |                                  |                            |                              |
| Logistics                      |                       | X                                | X                          | X                            |
| Barcoding                      |                       | X                                | X                          | X                            |
| Sorting                        |                       | X                                | X                          | X                            |
| Labeling                       |                       | X                                | X                          | X                            |
| Marketing Materials            |                       | X                                | X                          | X                            |
| Scanning                       |                       |                                  | X                          | X                            |
| Repacking                      |                       |                                  | X                          | X                            |
| Pick & Pack                    |                       |                                  | X                          | X                            |
| Kitting                        |                       |                                  | X                          | X                            |
| Packaging Design & Manufacture |                       |                                  | X                          | X                            |
| Manipulation                   |                       |                                  | X                          | X                            |
| Repair                         |                       |                                  | X                          | X                            |
| Internet Fulfillment           |                       |                                  |                            | X                            |
| Special "Piece" Manipulation   |                       |                                  |                            | X                            |

# Warehouse Attributes

## Class A Building

- State-of-the-art functionality and finishes
- Minimum 28' clear height for buildings over 100,000 sq. ft.
- Excellent truck door/building ratio 1/7,500 Sq.ft
- Excellent truck yard with minimum 135' truck turning radius
- Minimum of .60/3000 or ESFR sprinkler system
- Outside employee break area
- Overnight trailer parking/storage area
- 25' candle watts with 30' candle watts in staging area





# Site Selection Factors

## Environmental

- Air Quality

- Endangered species

- Groundwater

- Hazardous Materials

- Wetlands

- Access to transportation

- Access to Utilities

- Applicable Codes/Permits

  - Federal – State – Local

- Site Slope/topography

- Soil Conditions/Water Table

- Neighborhood acceptance



# Design Considerations

- Flows and Facility Throughput
  - Characteristics of inbound/outbound cycle times
  - Mode consideration
- Picking and Storage Modules
  - SKU's, cube, velocity, seasonality, handling characteristics
  - Conveying or sortation equipment
- Staffing
- Annual Operating Budget

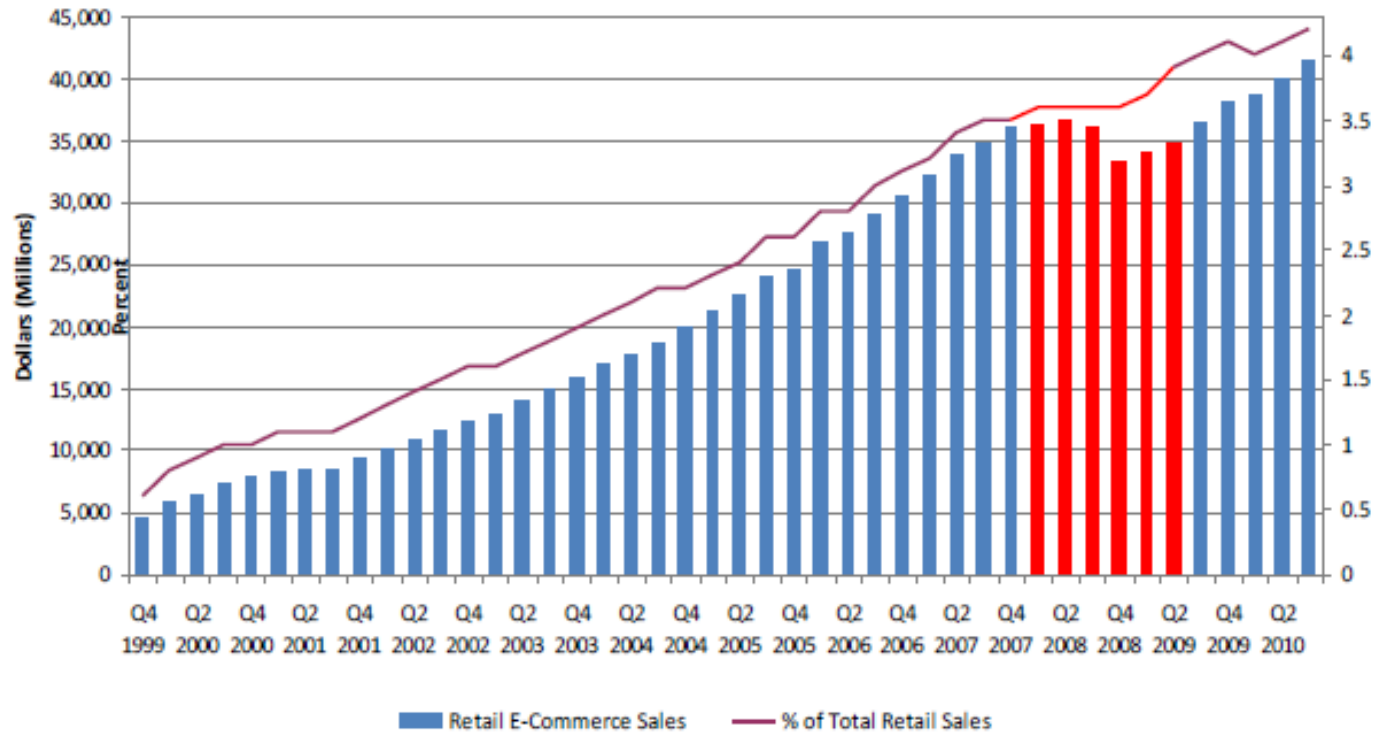
# Top Trends



- Increased fuel and energy costs
- Increases in inventory levels
- Near-shoring
- E-Commerce growth
- More Intermodal
- Larger Space
- More Containerized Imports
- Expansion of Panama Canal
- Sustainability
- Trade with South America



# The Amazon Effect – the rapid, steady rise of online purchasing



# E Commerce Considerations

## Standard Retailer

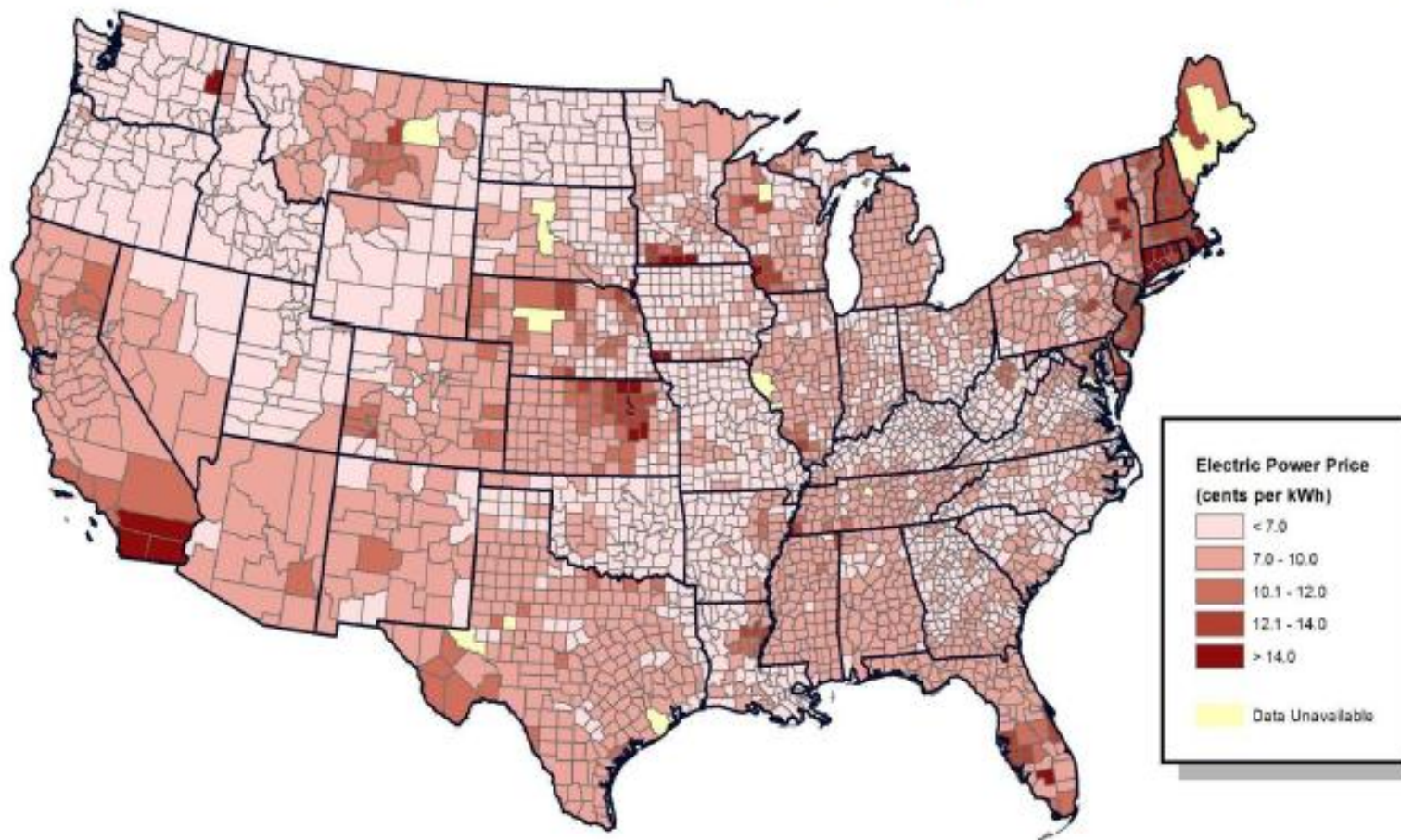
1. Outbound Freight
- 2. Labor Cost/Supply**
3. Inbound Freight
4. Fixed Costs

## E Commerce

- 1. Labor Cost/Supply**
2. Outbound Freight
3. Inbound Freight
4. Fixed Costs

# Power Costs are HIGHLY variable

Average Industrial Electric Power Retail Price by County, 2008-2010 (cents/kWh)



Source: *Electric Sales, Revenue, and Average Price Industrial Sector, U.S. Energy Information Administration.*



# Top Ten Logistics Locations

## U.S. Distribution Logistics Locations

1. Northern Illinois/Indiana
2. Riverside/San Bernardino, CA
3. North Central Texas
4. Central Georgia
5. Greater Kansas City
6. Memphis, TN
7. Eastern PA
8. North Carolina Piedmont
9. Northwest VA
10. New Jersey

## Emerging Logistics Locations

1. Central Ohio
2. Prince Rupert, BC
3. Guaymas, MX
4. Lazaro Cardenas, MX
5. Savannah, GA
6. Winter Haven, FL
7. Orangeburg, SC
8. Fayetteville, AR
9. Toledo, OH
10. Cleveland, OH

# CenterPoint Intermodal Center (CIC) North America's Largest Inland Port

[www.centerpoint-intermodal.com](http://www.centerpoint-intermodal.com)

Based on operations of 600,000 SF Annual Ongoing  
Operational Savings of

**\$942,780 = \$1.57 per SF**

by locating at CenterPoint Intermodal  
Center (CIC) versus the next closest location



Analysis Based On:

- 6,000 Annual Intermodal Volume
- 600,000 SF Facility
- CIC versus the next closest location

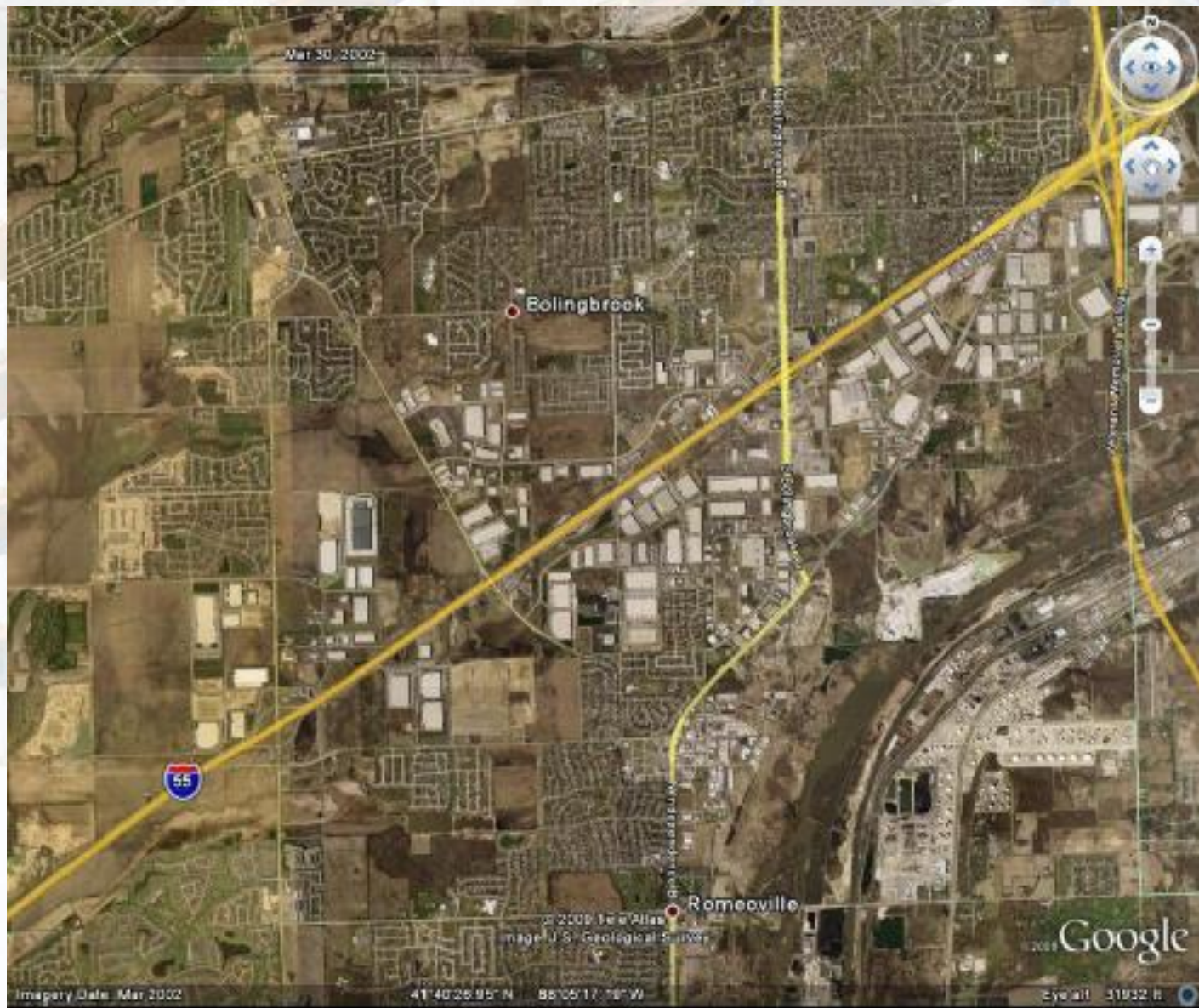


# I-55 Romeoville 1993



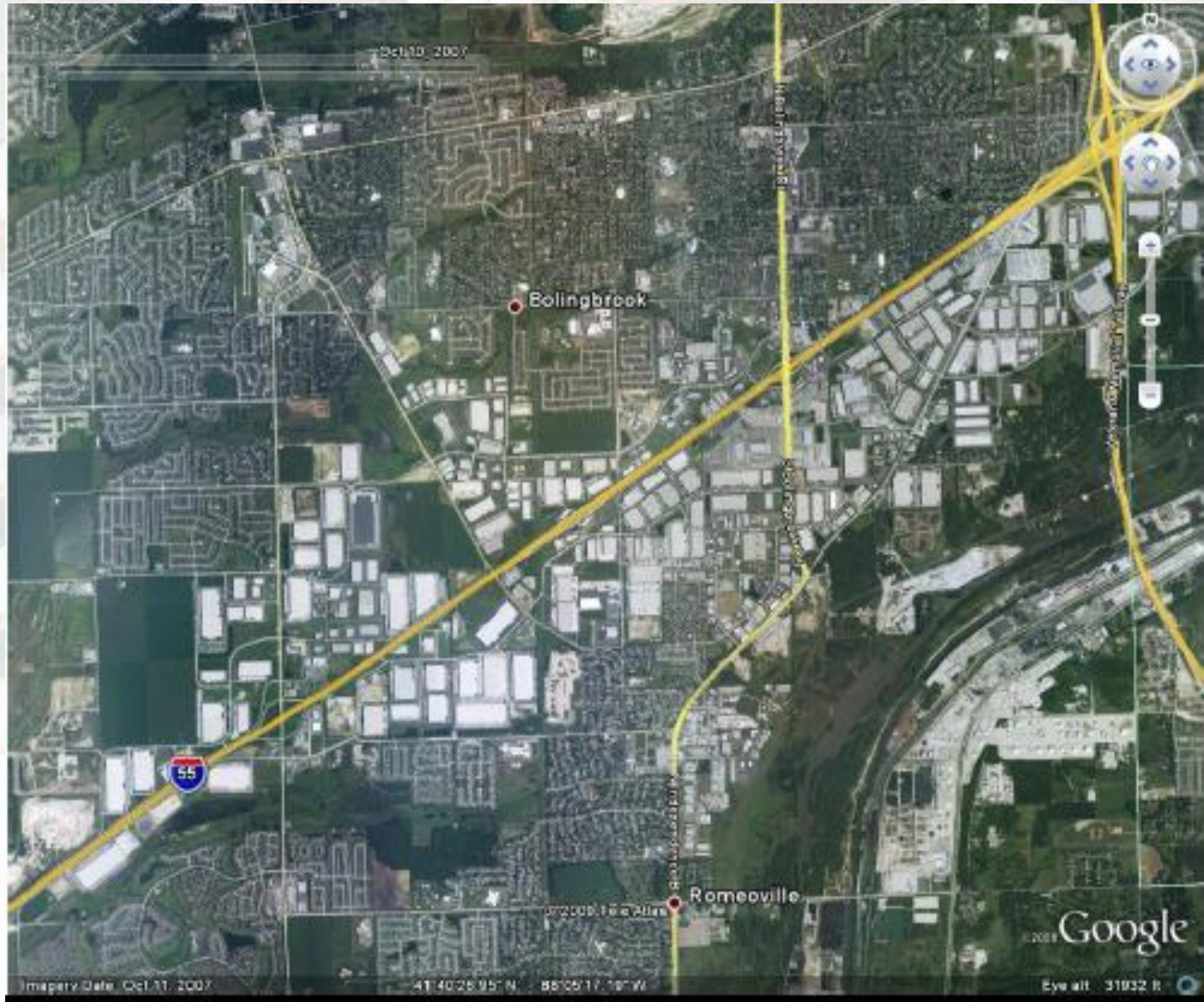


# I-55 Romeoville 2002





# I-55 Romeoville 2007





# Questions?

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