



American Railway Development Association

THE ARDA NEWSLETTER

January 2017

Economic Development Section Feature

Winning Warehouse & Distribution Center Projects with Data

Calandra Cruickshank

CEO, StateBook International

Teresa Nortillo

VP of Business Development and Consulting, StateBook International

Jeff Beliveau

Chief Economist, StateBook International

INTRODUCTION

2017 is projected to be the eighth consecutive year for U.S. economic growth, however sluggish. Certain commodities, such as lumber and grains transported by rail, are poised to grow more than others as we see bright spots in the housing and agriculture markets. Additionally, ecommerce continue to drive intermodal and rail traffic as consumers increasingly move away from “brick and mortar” shopping to online retail. As a result, the market is seeing an increasing demand for warehouse and distribution space.

As the market for distribution space tightens in the major rail hubs, the second tier market is becoming more attractive as cheaper land and lower wages allow for more robust operating margins. Areas such as Memphis, Kansas City and St. Louis are all home to intermodal and rail yards and are seeing significant growth in rail property development.

LEVELING THE PLAYING FIELD

The question then, considering the plethora of location options, is how to determine the best location for a facility considering the company’s specific needs. Many location factors must be determined before a thorough site location analysis can be performed. Figure 1 (next page) outlines an example site location process for a warehouse/distribution facility, including the top site location factors for which data should be collected and analyzed. Fortunately, with today’s online data analytics capabilities, the site location process has become easier and faster than ever.

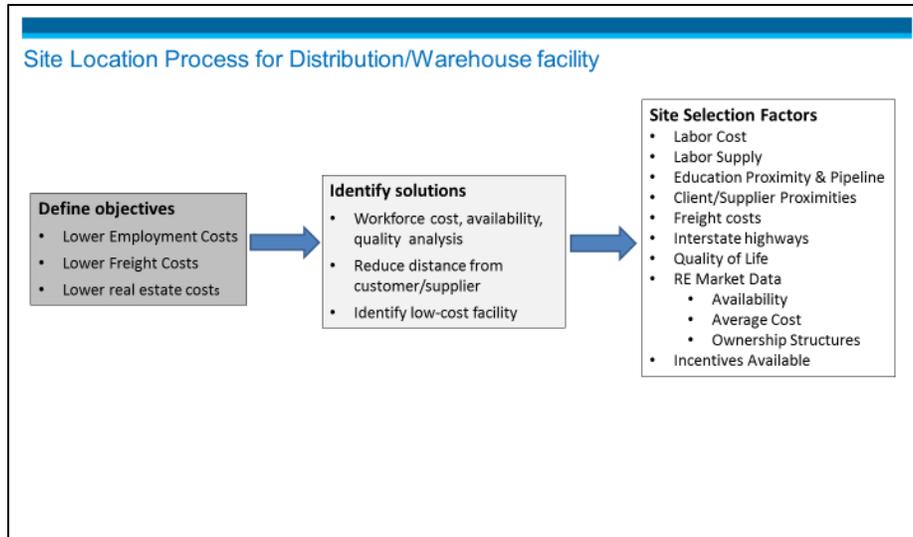


Figure 1 – StateBook International, 2017

Save Time & Cost

The warehouse/distribution site location process, as outlined in Figure 1, details the data necessary to determine a best-fit location. StateBook International provides data companies need to help make their location decisions. StateBook’s platform aggregates more than 63,000 site location data points from across over 50 trusted data sources and standardizes them by county. Companies can use StateBook’s data to compare communities’ data and create customized reports in the time it takes to push a button, often saving weeks or months of research.

As was shown in Figure 1, the number one pain point associated with operating a warehouse distribution facility is labor, both cost and availability. StateBook International provides labor data and the ability to compare labor availability and cost simultaneously across multiple locations. Figure 2 shows labor availability and wages in the counties where second-tier rail markets are growing: Memphis, TN (Shelby County), Kansas City, KS (Johnson County) and St. Louis, MO (St. Louis County). This analysis was done in a matter of minutes.

	Shelby County, TN	Johnson County, KS	St. Louis County, MO
Workforce & Training Statistics			
Workers by General Occupation			
Production, transportation, and material moving occupations	62,643 14.95%	20,934 7.02%	42,006 8.60%
Median Earnings By Occupation			
Production, transportation, and material moving	\$26,072	\$30,929	\$28,313
Total Employment			
Transportation and Material Moving	87,670	67,550	77,150
Jobs per 1000			
Transportation and Material Moving	147.325	67.104	59.101
Annual Median Wage			
Transportation and Material Moving	\$28,080	\$30,350	\$30,960

Figure 2 – StateBook International, 2017

In addition to labor data, StateBook provides multiple additional datasets needed to site a warehouse or distribution facility such as:

- Education statistics and workforce training programs
- Supply chain
- Transportation routes - interstate highways
- Quality of life
- Sites and buildings
- Incentive data

StateBook has the capability to compare this additional data against the three or more locations as illustrated in Figure 3 below.



Figure 3 – StateBook International, 2017

Reports created on StateBook can then be printed as a PDF or exported to an Excel file for further manipulation. This site location data analysis feature on StateBook significantly decreases research time and costs, freeing research teams up to use and analyze data rather than obtaining, manipulating and updating data.

Competitive Positioning

The democratization of site location data also levels the playing field for rail locations competing for projects and facilities. Using StateBook, they can show labor availability and wages, real estate costs and other cost factors in comparison to the major logistics locations.

Figure 4 (next page) shows the labor and wage comparisons of the Memphis, (Shelby County) area against the Chicago (Cook County) and LA (Los Angeles County) markets. This matrix shows that there is more available transportation and material handlers per capita in the Memphis area in comparison to Chicago and LA. Additionally, the wages for transportation and material handlers are lower in the Memphis area than in Chicago. These two factors indicate a lower-cost location for a warehouse/distribution facility. Having this data at their fingertips increases the second-tier rail location's ability to respond more quickly to RFIs and site consultants.

	Shelby County, TN		Cook County, IL		Los Angeles County, CA	
Workforce & Training Statistics						
Workers by General Occupation						
▢ ▶ Production, transportation, and material moving occupations	62,643	14.95%	318,126	13.07%	583,173	12.82%
Median Earnings By Occupation						
▢ ▶ Production, transportation, and material moving	\$26,072		\$28,360		\$23,491	
Total Employment						
▢ ▶ Transportation and Material Moving	87,670		356,930		364,910	
Jobs per 1000						
▢ ▶ Transportation and Material Moving	147.325		80.902		65.856	
Annual Median Wage						
▢ ▶ Transportation and Material Moving	\$28,080		\$29,290		\$27,250	

Figure 4 – StateBook International, 2017

PROMOTE RAIL SERVICES & AVAILABLE PROPERTIES

Additionally, StateBook provides a microsite for every economic development organization (EDO) in the United States. Rail companies can work with their EDOs in a variety of ways to promote their services to companies seeking locations and to help market the communities they serve on StateBook. Specifically, rail companies can help sponsor StateBook microsities for the communities they serve, earning a dynamic, digital advertisement on each sponsored EDO’s microsite. They also can collaborate with their EDOs to ensure that rail, logistical and infrastructure information pertinent to site location decisions is accurately included on the EDOs’ microsities. This information can make or break whether a community wins a warehouse or distribution center project.

Rail companies also often own property along their rail lines that can be developed for economic development projects requiring rail. Companies and site selectors using StateBook data to research and compare communities regularly look for properties on the platform. Rail companies can promote their available properties on the platform by either submitting them to their local EDO to put up for free or by taking out a paid advertisement on StateBook.

TRANSPORTATION DATA

StateBook currently provides the following transportation data:

- Commuting
 - Commute travel time to work
 - Commute by modes
 - Distance to the nearest airport
- Infrastructure
 - Rail

- Class I, II and III rail
- Rail line ownership
- Double stack capability
- Intermodal capability
- Airports
 - Passenger count, freight volume, mail volume, name, location, runway length
- Water Port
 - Domestic and foreign volume through that port
 - Post-Panamax readiness

StateBook continues to regularly add data to its platform. Watch for new and more detailed transportation data and interactive mapping features coming soon.

CONCLUSION

The classic real estate mantra of “location, location, location” still holds true, but with database platforms like StateBook, the ability to market competitive positions for warehouse/distribution facilities is easier, faster and more precise than before. Additional information on StateBook can be found at <https://www.statebook.com/>.