

# GREAT LOGISTICS SITES: Prime Destinations, Unmistakable Results



The pursuit of perfection may seem an impossible goal. But, with the right combination of key elements, four regions in the United States have achieved logistics greatness.

Let's face it, the term "great" is relative. What you perceive as great may not be recognized in the same light by others, even if they work in your industry and have backgrounds similar to yours.

But this perception of greatness changes when solid evidence proves it. Within the logistics field, professionals tend to view "great" sites as those in which they realize the highest profits — whether through lower taxes, business incentives, profit margins, or the aggregate of established and potential customers.

However, four sites in particular — central and southern Indiana, Los Angeles County, northern Illinois,

and southwest Missouri — have proven that they have what it takes to become and, more importantly, remain a great logistics site.

From a rise in manufacturing employment to an upturn in clientele, each of these sites proves that the saying "location, location, location" should not be overlooked, and a combination of three transportation modes — air, land, and sea — are vital.

## Central and Southern Indiana: The Heart of the East



As a generation and transmission cooperative, Bloomington, Ind.-based Hoosier Energy provides wholesale electric power and services to nearly 300,000 customers — through its 18 distribution cooperative members — in central and southern Indiana, and southeastern Illinois.

Hoosier's customer base continues to grow because it offers stable rates and reliable services in the midst of a constantly evolving national economy. That growth is also enabled by the four key pillars of strength — highways, railroads, air hubs, and ports — that central and southern Indiana's transportation infrastructure offers.

"Hoosier Energy's service territory is located in the true heart of the eastern United States, placing 75 percent of the population within a single day's drive," says Harold Gutzwiller, manager of economic development and key accounts. "And, Indiana and Kentucky are building two additional interstate bridges across the Ohio River to better link the region's integrated economy."

Two Tier 1 railroads — Norfolk Southern and CSX — along with a variety of shortline railroads, are also present in nearby metro areas including Indianapolis and Cincinnati, providing distributors an opportunity to bypass rail congestion in other parts of the Midwest. In addition, three airfreight hubs — FedEx in Indianapolis, UPS Worldport in Louisville, and DHL in Cincinnati — are all within a short flight from central and southern Indiana.

Industrial and logistics customers are also drawn to the port facilities available along the Ohio River's Inland Waterway system, particularly in Louisville and Cincinnati.

Furthermore, each metro area offers a large, skilled workforce. Within the central and southern Indiana area itself, logistics professionals have ample opportunities to further their educations and expand their skillsets.

In addition to enrolling in college courses, workers can acquire on-the-job training at the various manufacturers based in the region, including Cummins, Honda, Subaru, and Toyota.

Another primary benefit of central and southern Indiana is the region's pro-business regulatory climate; in particular, it processes permits quickly, and

keeps tax rates lower than the national average.

"Indiana has placed a cap on property taxes, so that businesses know that their tax rates will remain low," Gutzwiller says. "Businesses also benefit from the state's workers' compensation insurance rate, which is currently one of the three lowest in the United States. And manufacturers receive a sales tax exemption on each item used during the production of goods."

While offering stable rates and reliable services, Hoosier Energy is also focused on saving other valuable resources in addition to money — renewable energy.

"Over the past decade, the cooperative has made steady progress in diversifying its fuel mix," Gutzwiller says. "As a result, it now has a voluntary goal of achieving 10-percent renewable energy sources by the end of 2015. This will result in a fuel mix of 60 percent coal-fired baseload capacity, along with natural gas capacity and 10 percent renewables."

This ability to exponentially reduce resources — whether time, money, or renewable energy — separates the central and southern Indiana region from other logistics sites. "The best logistics sites bring together not just the physical attributes of complete infrastructure, but they also have the intangible advantage of tailored regulations that meet logistics demands," says Jeff Quyle, Hoosier Energy's economic development coordinator. "Prime sites should also have a labor force cluster that relies on specialized logistics training programs, and a culture of working to expedite transit.

"Central and southern Indiana bring all these attributes together very well, which is why logistics firms are steadily growing throughout the region, and will continue to do so," he adds.



**Toyota increased employment at its Indiana assembly plant to 5,000 workers.**



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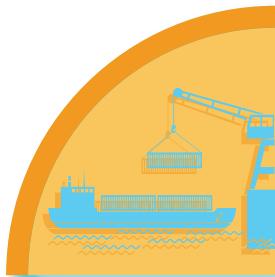
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## Los Angeles County: The Center of West Coast Trade

The glitz. The glamour. The sunshine. When people discuss southern California, they inevitably focus on the entertainment mecca of Hollywood. But to logistics professionals around the world, Los Angeles County is also a prime destination for the transportation of goods and services.

After all, the twin ports of Los Angeles and Long Beach — the largest port complex in the United States — offer unparalleled access to global markets. And Carson, Calif.-based Watson Land Company, a developer, manager, and owner of industrial distribution buildings within master-planned centers, is located less than 20 minutes from this complex.

“Los Angeles County is ideal for third-party logistics (3PL) providers and distributors, as their efficiencies improve immediately when they utilize these ports,” says Lance Ryan, vice president and COO of Watson Land Company. “The complex not only increases their daily truck turns, it also provides much lower drayage costs.”

As the second-largest metro area in the United States, Los Angeles also offers logistics professionals an extensive network of freeways, including I-5, I-10, I-110, and I-710, resulting in a one-day truck trip to most metro areas in the western United States.

“Carson’s Union Pacific Intermodal Container Transfer Facility, along with its adjacency to Los Angeles International Airport, provides shippers, distributors, and 3PLs immediate access to every transport mode,” Ryan says.

Watson initially chose its ideal location in the early 1960s, when it developed its first master-planned industrial center.



**The twin ports of Los Angeles and Long Beach offer area companies easy access to global markets.**

The 6.5-million-square-foot complex, which is now fully built out, is almost entirely located within the Port of Long Beach’s Overweight Corridor.

“We are uniquely positioned, with more than 11 million square feet of our portfolio located within Carson,” Ryan adds. “This designation allows industrial center customers to handle import and export containers, thus providing an opportunity for significant cost savings by consolidating shipments into fewer containers.”

To further develop, Watson Land Company chose to follow the supply chain, along with its customers, by acquiring industrial land in southern California’s Inland Empire during the early 2000s. “Since then, Watson has developed, and now owns and manages, more than six million square feet of buildings in the Inland Empire, with a land pipeline that will accommodate another four million square feet of development,” Ryan says.

As evidenced by Watson’s exponential growth, the greater Los Angeles area’s infrastructure and networks are ideal for shippers, distributors, and 3PLs, no matter which mode they require.



## Northern Illinois: A Transportation Mecca

Based in Oak Brook, Ill., a suburb of Chicago, CenterPoint Properties’ location and line of work — developing industrial real estate and transport infrastructure — are clearly compatible. Illinois ranks third in the country for transportation and material-moving occupations; and the Bureau of Labor Statistics estimates these job opportunities will increase by 12 percent by 2022.

The Chicago metro area, which has a population of approximately 9.5 million, according to Census Bureau estimates, currently employs 585,000 manufacturing workers. Within this cluster, supply chain sectors such as energy, logistics, and materials providers, have specifically experienced an upsurge in employment over the past decade, rising 16 percent between 2001 to 2011.

“Chicagoland’s skilled industrial labor pool is one key factor driving manufacturers and distributors to the northern Illinois region,” says Michael Murphy, chief development officer, CenterPoint Properties. “By having industrial facilities in the region, manufacturers and distributors notice two primary benefits: proximity to Chicago and other major Midwest markets including Milwaukee and Kansas City, and a trove of transportation assets.”

With access to 23 interstate highways, the greater Chicago area is a central artery that provides shippers direct, convenient access to markets throughout the Midwest. They can reach major population centers across Indiana, Missouri, Ohio, and Wisconsin, well within a one-day drive.

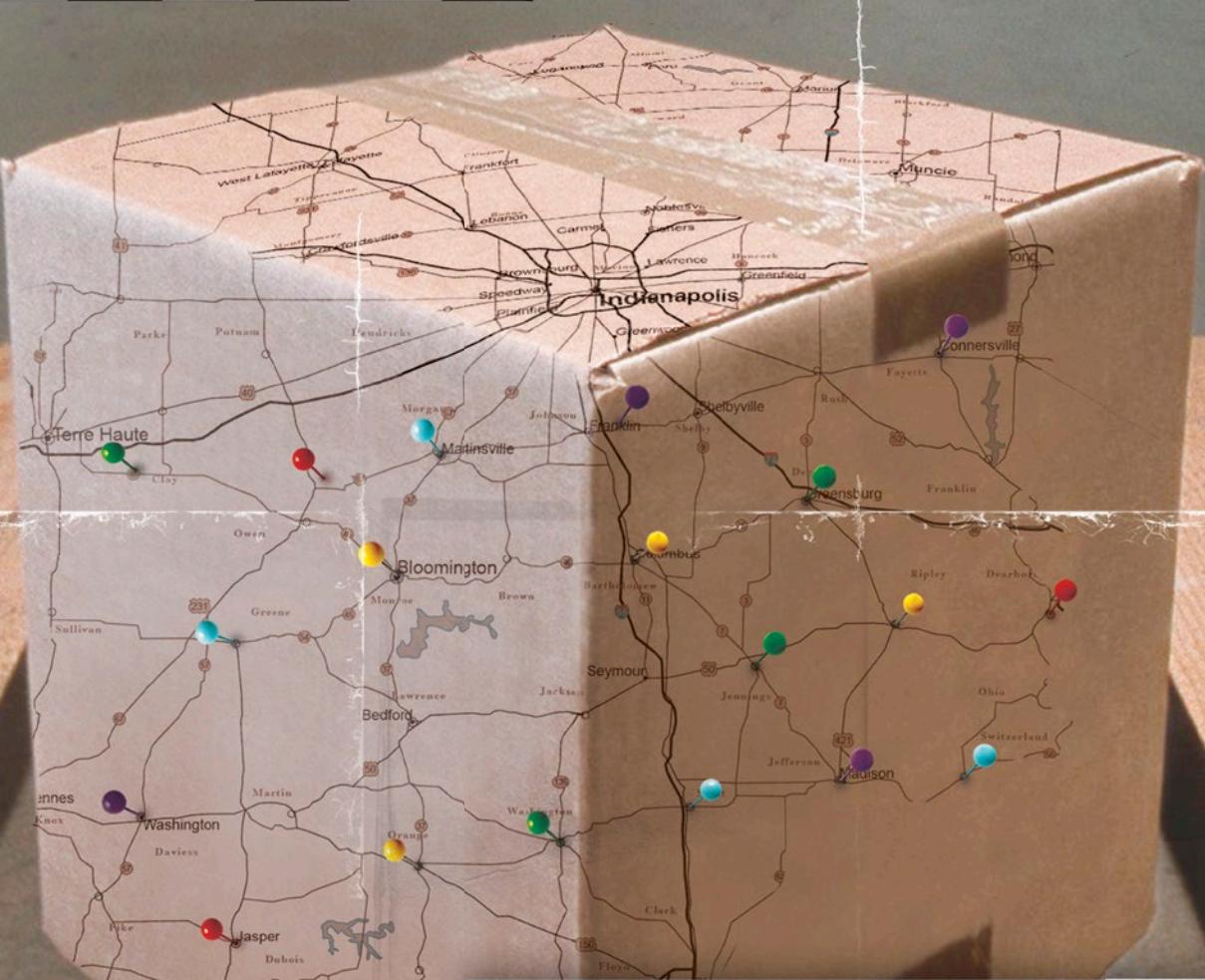
Northern Illinois also offers a wide range of rail assets to supply chain organizations that need long-haul shipping. Six of the seven largest Class I rail networks pass through Chicago, allowing locally based manufacturers to reach any domestic market — from Los Angeles to Houston to Newark, N.J.

O’Hare International Airport, consistently ranked as one of the



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CenterPoint Properties and anchored by BNSF and Union Pacific intermodal parks, features more than 6,500 acres of rail and highway-adjacent land. “Logistics firms and retailers located within the CIC realize multiple benefits, such as access to 65 percent of the country’s population within a one-day drive, in-park container and equipment storage, and low fuel and drayage costs,” Murphy says.

As a result of the area’s interstate network, rail connectivity, and inland port infrastructure, the greater Chicago area has become a supply chain nexus for manufacturers and distributors in all sectors, especially e-commerce and natural gas. “The Chicago area’s network has become a lifeline for these industries, whether their supply chains are hyperlocal or span coast to coast,” Murphy says.

As the largest institutional owner of less-than-truckload facilities in the United States, CenterPoint Properties currently serves more than 300 tenants, while also maintaining a portfolio of more than 52 million square feet of industrial property throughout the country.

“By fostering local expertise in every market we serve, we grow our national footprint and build transportation-proximate, logistically advantaged facilities that help tenants reduce operating expenses, just like we have in northern Illinois,” Murphy says.

Murphy believes the best logistics facilities are positioned in strategic markets that offer immediate access to population centers, along with an array of available transportation modes, preferably a combination of highways, railroads, ports, and airports. “Successful logistics sites should help tenants reduce operating expenses, mitigate risk, and improve relationships with customers,” he notes.

**CenterPoint Intermodal Center-Joliet/Elwood, Ill., is the largest master-planned inland port in North America, strategically positioned as an ideal location for regional goods distribution.**

world’s top-five busiest airports, is another critical component of the region’s transportation assets, particularly for overseas shipments. “The availability of this infrastructure, paired with local inland ports, including the CenterPoint Intermodal Center (CIC), enables manufacturers and distributors to operate more efficient and cost-effective supply chains,” Murphy says.

Located in Joliet and Elwood, the CIC, which was developed by

## Disasters Happen! How you handle them is what matters.

On May 22nd, an EF-5 tornado devastated nearly 1/3 of Joplin, Missouri  
7,000 homes were destroyed  
More than 500 businesses were leveled and 5,000 jobs were lost  
107 miles of city streets were filled with 3 million cubic yards of debris  
*(That’s enough debris to fill a football field end zone to end zone nearly as high as the Empire State Building)*  
Eleven public school facilities, including the high school, and one private school were lost

Before dawn on May 23rd, all streets were opened one lane for emergency services  
Before midnight on May 24th all lanes were cleared  
On May 26th the Business Recovery Center opened to help impacted businesses  
More than 400 businesses have reopened their doors with more reopening every day  
3,500 of the employees who “lost” their job remain on the payroll  
All 3 million cubic yards of debris was removed by August 7th as scheduled  
Schools started on time in temporary facilities that are the model for schools of tomorrow



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## The Joplin Region: Central. Connected. More Than Capable!



The ports of Seattle and Tacoma have combined their strengths and resources.  
3rd largest gateway in North America. Ranked #1 for ease of doing business.





## Southwest Missouri: A Central Location for Distribution

The manufacturing sector clearly thrives in the greater Joplin, Mo., area, as evidenced by its employment figures; it offers nearly twice the percentage of manufacturing jobs as the rest of the United States. And those jobs

are diverse, ranging from food processing and transportation equipment to packaging and power systems.

“Manufacturers are particularly drawn to the region’s cost-effective and centralized location for distribution,” says Rob O’Brian, president of the Joplin Area Chamber of Commerce. “They have taken the opportunity to use the area’s manufacturing presence to bring in other products for distribution, along with those already made in Joplin.”

The region’s centralization is a direct result of its excellent transportation structure. In particular, I-44, which connects the Midwest to Southwest markets, and I-49, an interstate system that connects Canada to the Gulf of Mexico, cross in the region.

“As a result, it’s a convenient location for regional and nationwide distribution,” O’Brian explains. “By means of I-44 and I-49, Joplin is within an easy one-day truck transport of countless major markets, including, but not limited to, Chicago, Dallas, Kansas City, Memphis, and St. Louis.”

Of equal importance, these two interstates are bolstered by a wide array of state and federal highways that provide manufacturing employees efficient commutes to and from work, while also offering distributors and 3PLs easy access to raw materials and finished goods.

Although these highways and interstates are the primary draw for manufacturers that continue to move to the region or expand their businesses, Joplin offers access to all types of modes. Not only is Con-way Truckload headquartered in Joplin, but the metro area is also served by several Class I rail lines, as well as two shortlines, each of which interconnect in the region.

Air transport is also available. The Joplin Regional Airport offers direct service through four commercial airports, all located within a 90-minute flight, including the Dallas/Fort Worth International Airport, one of the world’s busiest.

“We are also only 100 miles from the nation’s most inland port, the Tulsa Port of Catoosa, located in Catoosa, Okla., another 90-minute ride from Joplin,” O’Brian adds. “It is also one of the largest river ports in the country.”

Joplin’s low cost of living—lower than the national average—also contributes to the area’s manufacturing popularity. And, according to O’Brian, many of the metro area’s surrounding communities are even less expensive.

“Furthermore, our surveys of area employers indicate that

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**Southwest Missouri's interstate highway system attracts manufacturers looking for easy regional and nationwide distribution channels.**

Joplin-based employees have a strong work ethic," he says. "A majority of employees are also well-trained, as educational institutions such as Vatterott College and Franklin Technology Center offer skills-training programs. Within the Joplin area alone, employees can choose from four community colleges and two state universities."

As proven by Joplin, metro areas do not need to be exceedingly large to attract logistics professionals from around the country; after all, the two-county Joplin Metropolitan Statistical Area population

is only 175,000, and the five counties surrounding the area only have another 125,000 residents. But, by offering access to all modes of transportation, Joplin has become a manufacturing hub.

"Low prices, multiple educational institutions, and easy access to large markets via interstates, highways, railways, airports, and ports, have resulted in one of the nation's most successful manufacturing job creators," O'Brien says. "And the rise in employment is expected to continue, as Joplin's central location for distribution consistently offers a diverse mix of job opportunities." ■

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