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The birth of an inland port

BY PETER TIRSCHWELL

We've taken notice in this column before about the explosive U.S. growth of inland intermodal hubs and how, because of the often uninterrupted flow of containers from ship to rail to these hub locations, it's more than a gimmick to call them inland ports.

Operational practices bear this out. Often, for example, the type of distribution centers being built at these inland ports are of the import DC variety, that is, they exist for the purpose of de-vanning intact containers and dividing up and reloading the merchandise for onward movement in trucks to regional DCs, which feed retail stores. A growing portion of rail cargo moving inland from seaports is unloaded marine containers, according to a TTX study, suggesting that the magnet of inland ports is proving stronger than ocean carriers' efforts to have containers unloaded near the port so they can be quickly returned to Asia for new cargo.

Inland logistics hubs are a hot topic because many believe there is still plenty of cargo growth to come. Few economists who have followed the consistent growth in international trade would dispute this. Yet with state and local governments throughout the interior U.S. coveting logistics hubs as never before, a saturation point may eventually be reached. Although there are few signs that this is happening, there is no question that competition is heating up. And that is focusing more attention on what differentiates one logistics hub from the next. The primary factor, as is so often the case in any discussion that at its core involves real estate, is location.

Logistics hubs today need to be able to demonstrate a number of key attributes: close proximity to population, highways and rail lines, and enough acreage to support the multimillion-square-foot facilities that major retailers are building. Their location in semi-rural areas outside major cities means lease rates that are lower than in dense urban centers such as Los Angeles, Miami or New York. But a tight connection between the rail ramp, the DC and the population centers is what importers believe is needed to achieve the optimal economies of scale to support their large-scale importing operations.

An example of the how the inland port concept is evolving can be seen just south of metropolitan Dallas in what is being called the Dallas Logistics Hub. Billed by its developer, the San Diego-based Allen Group, as the largest new logistics hub in the nation, the project will encompass a vast tract of 6,000 undeveloped acres with an ultimate potential for 60 million square feet of industrial space to be built over 20 years. Its transport connections are what make this development stand out. It's adjacent to the Interstate 20 highway, a major east-west corridor through the southern U.S., and is within a few miles of I-35, the north-south NAFTA corridor. Along the logistics park's eastern edge is the I-45 highway connecting Dallas and Houston, whose port has been receiving a growing volume of Asian cargo shipped through the Panama Canal. Adjacent to the site is the recently opened Union Pacific Wilmer intermodal yard, currently a 350,000-TEU-per-year facility. Allen and BNSF Railway have been in discussions about another rail facility connecting to the park.

Retailers' need for acreage and proximity to transport are not the only factors driving this development. Another is what is happening at seaports, particularly in Mexico, said Allen's vice president of development, Dan McAuliffe. "With LA and Long Beach being so backed up with container traffic, there have to be new solutions," he said. The location of the Dallas hub would position it to take advantage of cargo entering the U.S. via rail, having been unloaded at west coast Mexican ports being developed to catch the overflow from Southern California. The Dallas facility is just one of many being developed around the U.S. But given its size, it will be a barometer to measure the success of large-scale inland port developments.

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