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STACKING UP

North Texas has become a major player in distributing cargo that comes to the United States from Asian nations

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From North Texas, it isn't hard to see China.

Stop for a train and watch the names of Chinese shipping companies flash past like a slide show.

Or see cranes on the horizon putting up formed concrete walls for a new logistics warehouse. Inside, workers will distribute foreign goods across the United States.

Americans' appetite for inexpensive, Chinese-made goods is felt especially by companies in the business of moving them more than 8,000 miles. Those companies are looking for new places to put this cargo, away from the growing congestion at West Coast ports. Dallas-Fort Worth, thanks to its less-expensive rent, central location and large population, is one of the places they're looking.

"Dallas-Fort Worth as a whole has really grown in terms of a distribution hub," said Jeff Thornton, senior leasing representative for Duke Realty, who oversees industrial leasing for the Metroplex.

For more than 15 years, the combination of interstate highways, rail connections, Dallas/Fort Worth Airport, a "cargo airport" at Hillwood's Alliance industrial parks and BNSF railroad's giant intermodal hub in North Fort Worth, has ushered in dozens of companies expanding their distribution capabilities.

Railroad companies say Dallas-Fort Worth is in a particularly advantageous location because it is directly east of the Southern California ports where most of the Asian goods pass through. Rail is the primary method for hauling large quantities of Asian cargo over long distances, because it is much less expensive.

Railroads are laying more track, logistics companies are adding warehouse space and local companies that buy Chinese goods are flying to China to open lines of communication.

ATC Logistics, a company that offers cellphone fulfillment and repair at Alliance, has been going to China to meet with suppliers, President Bill Conley said.

"China is in vogue and probably will be for the next few years," Conley said, adding that companies are always looking for the best supply sources. Conley said ATC grew 40 percent from 2004 to 2005, mainly by adding customers and moving into new industries.

Pacific Rim countries account for 8 of the top 10 importers for air cargo arriving in North Texas in 2005, according to information from the Dallas Chamber of Commerce. Half of the North Texas-bound air imports from the top 10 countries are from China, according to the chamber.

Fort Worth-based BNSF has seen its cargo at the Alliance intermodal hub increase to 600,000 annual lifts from 200,000 in 1994, its first year. Because many companies like to locate near these transportation hubs, the intermodal hub's growth is also tied to business expansion at Alliance.

As these companies expand, they look for other operating advantages. Steve Boecking, vice president of Hillwood Properties in charge of foreign trade zone and logistics, said companies are increasingly requiring their new sites to have the tax advantages that come with a foreign trade zone.

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In the past month, logistics companies such as Con-way Freight, DigiSource International, KFS Inc. and MetroActive Warehouse & Distribution have made commitments to larger space at Alliance, by either buying land for larger buildings or adding onto their space. The reason? Asian imports.

"This has been the most activity that I can recall," said David Pelletier, Hillwood spokesman.

He said 42 percent of the containers coming to Alliance by rail are from Asia. That number is a low estimate of the total amount of Asian cargo coming to the area, Pelletier said, because there is not a way to measure the origination of cargo that comes to the United States and is reconfigured before moving on to the Metroplex.

In July, Alliance Airport was named the fastest-growing cargo airport in North America by Air Cargo World magazine. Alliance, which primarily receives cargo through its FedEx hub, saw a 28 percent increase in air cargo in 2005.

Fort Worth-based BNSF, which generates 40 percent of its revenue from intermodal freight, is also investing heavily in cargo from China.

Its North Texas intermodal hub, the fifth-largest in the BNSF system, is at Alliance Airport.

The company has an agreement with China's Ministry of Rail to advise the country about planning efficient rail service and logistics parks similar to Alliance throughout China. Chinese visitors have toured Alliance to study the operations before building their own intermodal yards, said Steve Branscum, BNSF's group vice president of consumer products.

"The Alliance development is really the first new wave in logistics parks anchored with an intermodal facility," Branscum said. "That is the model."

In April, the company opened an office in Shanghai.

The same week, it hosted more than 400 representatives from shipping companies and manufacturers, Branscum said.

The visitors wanted to understand more about the way the supply chain works between China and the United States.

The Dallas-Fort Worth area is at the front door of all of this interest, Branscum said.

Geographically, the Metroplex is the closest major metropolitan area to the West Coast ports that serve the rest of Texas.

About 75 percent of Asian goods come through West Coast ports, particularly the Port of Long Beach in Southern California.

Another positive factor for Alliance is that many distribution companies are consolidating into a few large locations rather than operating a series of smaller warehouses, Duke Realty's Thornton said.

Not all the extra shipments are coming to Alliance.

In coming weeks, the Allen Group is expected to announce a plan to develop a 6,000-acre logistics hub south of Dallas, where a year ago Union Pacific opened an intermodal hub to accommodate the rise in international cargo.

Duke Realty, a real-estate investment trust that owns 8 million square feet of space across the Metroplex, had been eyeing the south Dallas area for warehousing for the same reason that Alliance became popular, Thornton said.

"I will tell you for the last seven or eight years, a lot of the larger warehouse users have wanted to locate [near D/FW Airport]," Thornton said. "What has happened is that area has become so congested."

TAIWANESE IMPORTS

\$21.5 billion

KOREAN IMPORTS

\$26.6 billion

JAPANESE IMPORTS

\$84.6 billion

CHINESE IMPORTS

\$152.2 billion

North Texas cargo, by the numbers

573,252: Number of cargo containers that moved through the BNSF intermodal hub at Alliance in 2005

204,000: Number of cargo containers that moved through the same hub in 1994

42: Percentage of that cargo now coming directly from Asia

220,134: Tons of air freight cargo that Alliance Airport handled in 2005

28: Percentage increase from the air freight the airport handled in 2004

1: Alliance Airport's rank among North American airports as fastest-growing, as determined by Air Cargo World magazine

SOURCES: BNSF, Air Cargo World