

GulfShipper

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Master-planning the inland port

Inland ports add value by tying two pieces of the supply chain together in one facility. And as long as goods can be manufactured more cheaply overseas than in destination consumer countries such as the United States, real estate developers say demand for master-planned logistics hubs will balloon.

Approximately 11.7 million containers and trailers were carried on U.S. railroads in 2005, compared with 6.2 million in 1990, according to the 2007 study "Integrated Logistics Centers" by the Heitman real estate investment management firm.

Sophisticated intermodal facilities, crucial to a successful logistics hub, take advantage of lower fuel, transport and labor costs available through rail providers. They also maximize supply-chain savings by minimizing the unloading and repacking of containers as they proceed from manufacturing source to retail destination.

More than a collection of warehouses or distribution centers, logistics hubs are master-planned communities providing multiple modes of incoming and outbound transportation as well as accessible infrastructure, continuing development and services. "We're almost like city hall," said David Pelletier, director of communications for developer Hillwood. "If (tenants) are having a problem with their streets, they come to us, and then we approach the municipal and other authorities.

"We feel with our Alliance development we sort of developed the prototype of a logistics hub," Pelletier said. Alliance, north of Fort Worth, Texas, opened in 1994, boasting a cargo-focused airport with an adjacent BNSF intermodal facility.

However, it was the intermodal business, rather than the airport, that helped build Alliance's fortunes, and that, developers say, is the key to logistics hub success.

"Let's face it: If you are in a 1 million-square-foot (distribution) facility and getting 30,000 containers a year, the drayage from six, eight or 10 miles away ... is probably greater than or equal to the rent," said Richard Allen, chief executive of industrial real estate developer The Allen Group. "The point is, you can't afford not to be adjacent to an intermodal facility if you're receiving a great amount of containers."

Kansas City Southern and CenterPoint Properties, an industrial real estate company, are now developing a former Air Force base in south Kansas City into a 1,300-acre rail logistics hub. Additionally, late last year BNSF and The Allen Group announced plans to build a 1,000-acre logistics park in Gardner, Kan., a short distance from Kansas City. U.S. Customs and Border Protection has an operation in Kansas City, so cargo can move there in-bond from seaports and be cleared at the inland port. The area has also been designated a foreign trade zone.

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The planned 6,000-acre Dallas Logistics Hub, also being developed by The Allen Group, has also been designated a foreign trade zone. The Dallas Logistics Hub will receive products from the ports of Los Angeles, Long Beach, Houston and new deep-water ports in western Mexico. The hub is adjacent to Union Pacific's Southern Dallas Intermodal Terminal, four major highways and Lancaster Airport, which is planning an air cargo distribution facility.

Additionally, The Allen Group recently sold 198 acres at the Dallas Logistics Hub to BNSF railway Co. for an undisclosed sum. The property, 12 miles south of downtown Dallas, includes more than 9,000 feet of rail frontage and would also be adjacent to a proposed Loop 9/trans-Texas rail and truck corridor.

