

October 22, 2008

Report: Dallas Metro Area to Grow As Logistics Hub

By John McCloud

DALLAS-A new report distributed by Colliers International predicts the Dallas-Fort Worth area will continue to gain prominence as a logistics hub. According to the study, written by Dr. Terrance Pohlen, associate professor of logistics management at the University of North Texas, the area's mid country location, abundance of affordable real estate and extensive rail networks make it an ideal location for 21st century distribution purposes.

"The strategic location of the area has attracted many businesses seeking short transit times from a single point to the US market," says Pohlen. "Intermodal freight from Asia can reach the Metroplex within three weeks as opposed to four weeks to arrive in Houston or the East Coast. Trucks departing Dallas-Fort Worth can reach over 75% of the US population within a two-day drive time."

According to Colliers executive vice presidents Tom Pearson and Chris Teesdale, increases in fuel costs are prompting distributors to reexamine how they do business. "We think that has a big impact on why a lot of decisions aren't being made on new distribution centers," says Teesdale. "They are trying to figure things out."

As the UNT study shows, a decade ago, \$500 worth of diesel fuel would have taken a truckful of merchandise all the way across the country, but at current prices the cargo would get only about 700 miles. Consequently, say Pearson and Teesdale, distributors are likely to opt for multiple

warehousing locations closer to the markets they serve rather than rely on central depots. Though the shift will benefit multiple major distribution markets, they maintain it will benefit Dallas-Fort Worth more than most.

"That's certainly a strategy these distribution operators are considering," says Teesdale. "We are certainly going to see a lot more facilities being built here, although they would maybe not be the big million square-footers."

According to the study, Texas has the second greatest number of railways among US states with 44 systems, including four class I systems – BNSF, Kansas City Southern, Union Pacific and CSX. It ranks first in the track mileage with close to 15,000 miles of track. BNS, Kansas City South and Union Pacific alone have more than 12,000 miles in the state.

The study also points out that Dallas-Fort Worth International Airport is the 11th largest cargo airport in the world, having moved up several points in the past decade, while Fort Worth Alliance Airport is the nation's fastest growing cargo airport, with an average annual growth rate of 28%.

In addition, it notes the region's strategic position at the confluence of north-south interstates 45 and 35 [the NAFTA Highway] and east-west interstates 30 and 20. As a result, the market is served by nearly 600 long-distance trucking companies, offering

maximum two-day service to the 48 contiguous states.

According to Global Insight Inc., Texas handled 20.35 million 20-foot-equivalent-unit (TEU) containers in 2000 and is projected to handle 48.4 million TEUs by 2020, a 137.8% jump.

“The Metroplex is among the best positioned markets in the country for logistics growth,” Teesdale tells GlobeSt.com. “It has the land, it has the infrastructure, it has the location and it has the momentum.”