

# TRADE, LOGISTICS & DC SITE SELECTION



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**CBRE**



# TODAY'S TOPICS

## 1. SHIFTS FROM WEST COAST TO EAST COAST

- Optimization is Key to Supply Chain
- Transportation Costs

## 2. WIDE RANGE OF INDUSTRIAL NEEDS

- Resurgence of Light Industrial for Last Mile Delivery
- National Demand for Big Box
- Where is Demand?

## 3. TAMPA & I-4 CORRIDOR

- Who is Looking for Space?
- What Drives Our Market?
- Where are Institutions Investing?

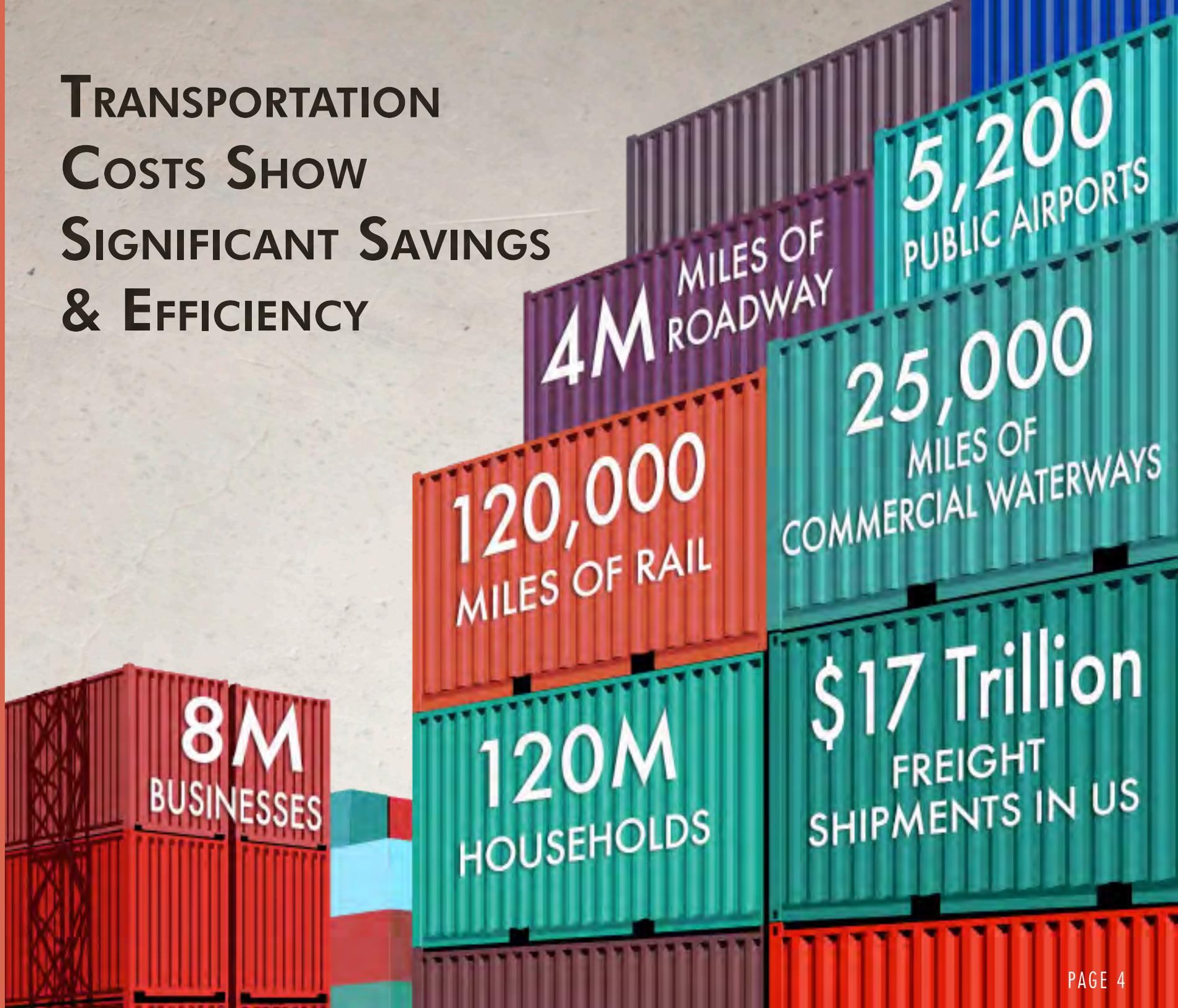
## 4. LOOK AHEAD TO 2016



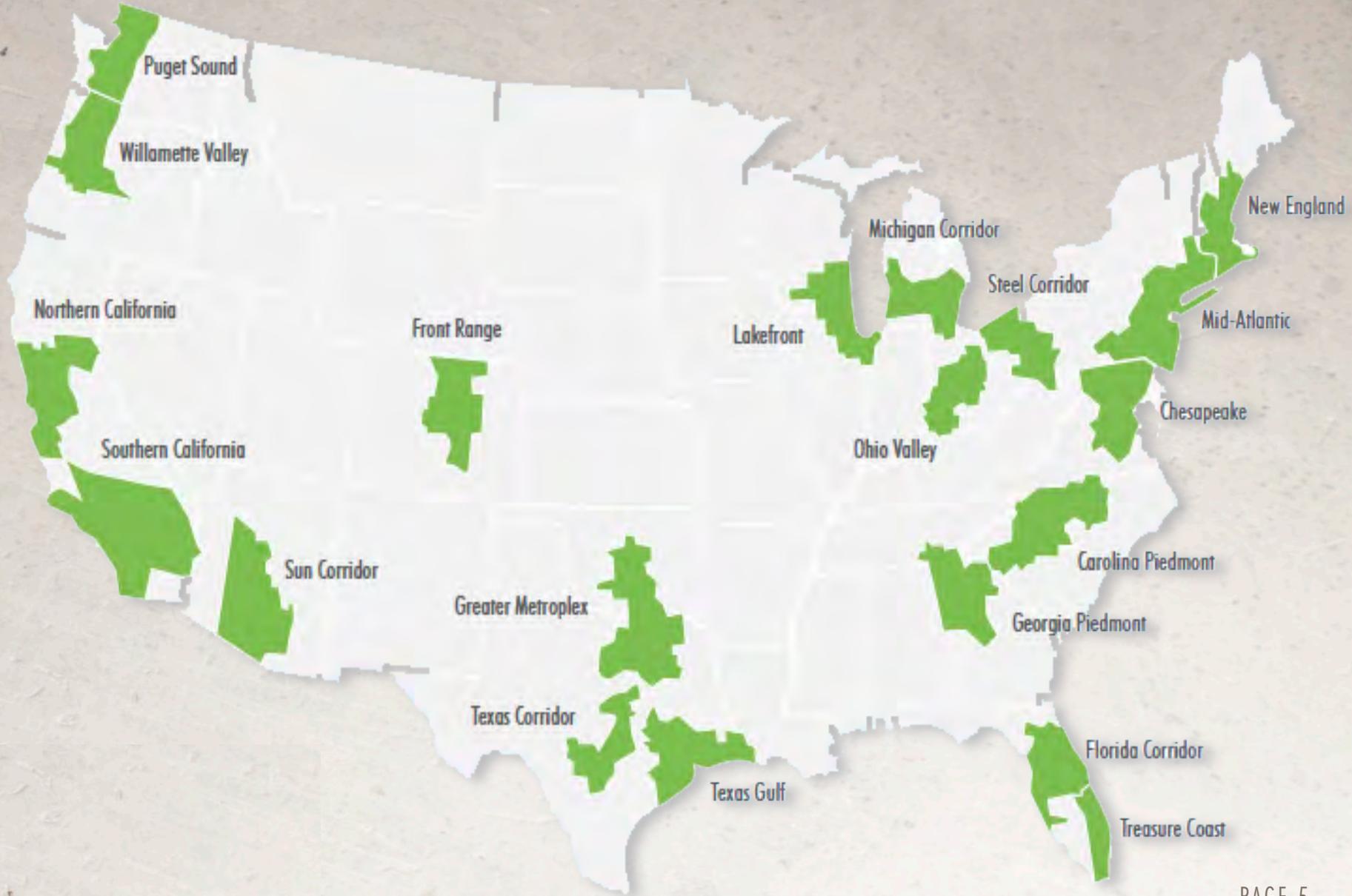
## OPTIMIZATION IS KEY TO SUPPLY CHAIN

- **Sustained Emergence of Globalization**
- **Increased Complexity**
- **Rising Impact on logistics Costs**

# TRANSPORTATION Costs Show SIGNIFICANT SAVINGS & EFFICIENCY



# METROPOLITAN TO MEGAPOLITAN: 60M NEW PEOPLE IN US BY 2040



# OUR HEALTH DEPENDS ON MULTI-MODAL TRANSPORTATION

- **Port strikes shifted attention and inventory**
- **Supply Chain managers will figure out the formula**
- **Products changing paths, requiring change to real estate**
  - » **E-commerce Related (online-only and omni-channel)**
  - » **Shifting Ports**

# NATIONAL DEVELOPMENTS

**West Coast Port Strikes  
caused Wal-Mart to  
shift distribution to  
East Coast**

**National Scarcity of  
Space in Quality Product.  
Record Low Vacancy**

**Scarcity of building  
products in pre-cast  
tilt up panels**

**Restoration Hardware  
left portion of inbound  
volume on east coast  
after West Coast Strike**

## RESURGENCE OF LIGHT INDUSTRIAL FOR LAST MILE DELIVERY

- ✓ Smaller warehouses (200,000 SF and less)
- ✓ Driven by e-commerce and changing consumer demands
- ✓ Closer to urban areas
- ✓ Reason being: "Same Day Delivery"
- ✓ Lack of smaller warehouses developed compared to Big Box is noticeable





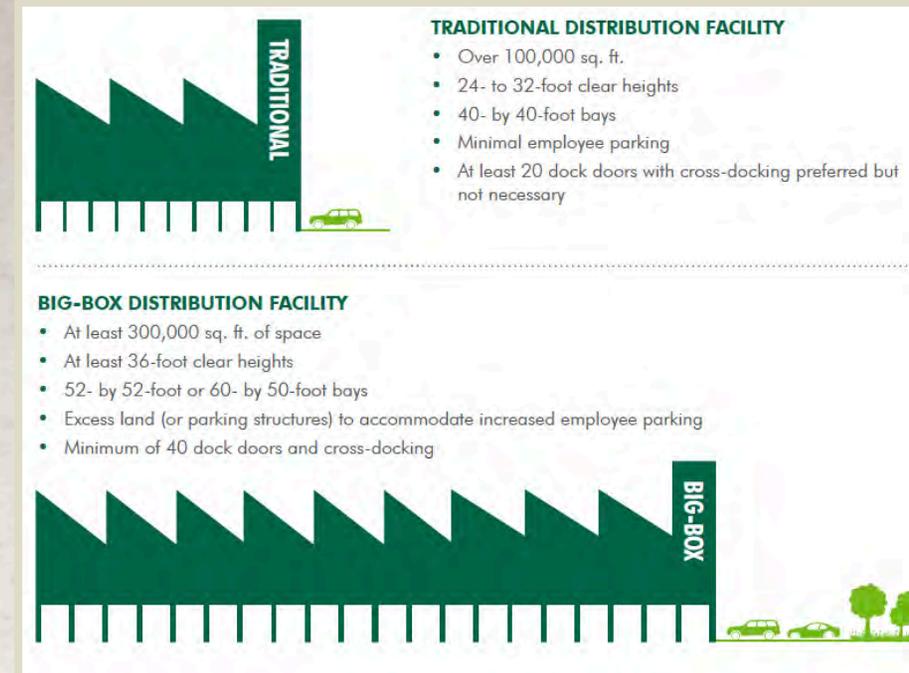
## NATIONAL DEMAND FOR BIG BOX DISTRIBUTION CENTERS

- ✓ Larger warehouses (350,000 SF and up)
- ✓ **DEMAND > SUPPLY = DEVELOPMENT**
- ✓ E-commerce and shortened delivery
- ✓ "Great Recession" disciplined developers
- ✓ Predominantly found in Tier-1 distribution areas (10 top markets)

# E-COMMERCE

Big-Box mentality where online shopping has created a trend in needing state-of-the-art logistics facilities near major Metros, where there is also a limited supply of such facilities, spurring a new wave of development.

- E-commerce represents 6.2% of overall retail sales.
- By 2017 10.3% of all U.S. retail sales will be online.
- Demand for the limited supply of high-quality industrial properties near key port markets and high-density population hubs.
- Retailers moving inventory away from stores and into central DCs capable of serving as warehouses for store sales and fulfillment centers for online sales.
- Secondary markets should see more activity as e-commerce users seek solutions closer to customers not located in Metro areas as well.



Look for developers to start construction on spec for 500,000 SF or larger that can be subdivided for a variety of e-commerce and distribution users.

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# ANATOMY OF A BIG BOX DISTRIBUTION CENTER

## 1. TRUCK COURT AND PARKING

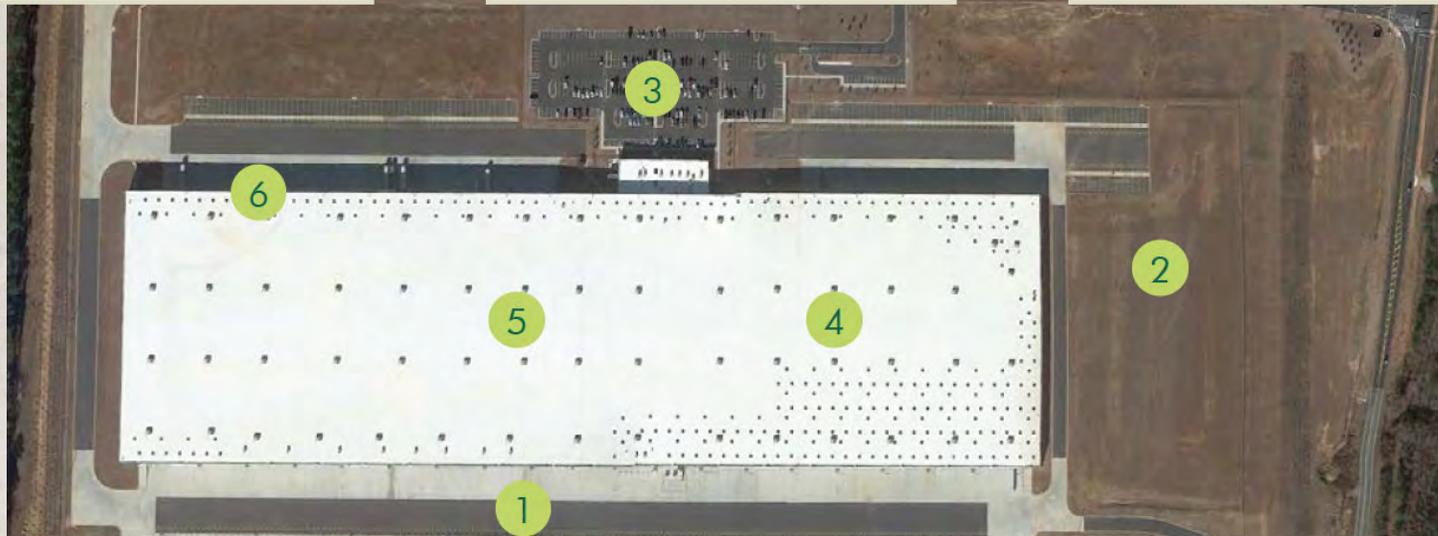
195-foot truck court designed to accommodate the higher volumes of 53-foot trucks along with ample trailer parking. Expanded trailer parking has become a common requirement as tenants use the spare capacity to match incoming loads with outgoing activity.

## 2. EXCESS LAND

To accommodate potential growth, the site was configured to allow for an expansion of more than 200,000 sq. ft. A very low site coverage ratio of 0.30 was utilized to allow for future building and parking expansion.

## 3. EXPANDED EMPLOYEE PARKING

350-car parking spots with room to expand—necessary to accommodate the high levels of employees per shift required to run a distribution and fulfillment operation.



## 4. HIGH CEILINGS

Featuring ceiling clear heights above 34 feet, the facility allows for multiple mezzanine floors, commonplace among larger e-commerce facilities for order fulfillment operations. In other cases, higher ceiling heights accommodate other uses, such as sizeable racking requirements or material handling equipment.

## 5. GREATER DEPTH

The building features a 570-foot depth, which serves two purposes. First, larger speed bays along the building's interior edge to facilitate order fulfillment and, second, greater interior space to accommodate additional racking for the greater variety and volume of goods within the facility.

## 6. EXTENSIVE CROSS-DOCKS

The facility features a cross-docking configuration with approximately 180 dock doors evenly distributed on each side of the building. The extensive door infrastructure allows for rapid inbound and outbound flow of goods.

WIDE RANGE OF INDUSTRIAL NEEDS

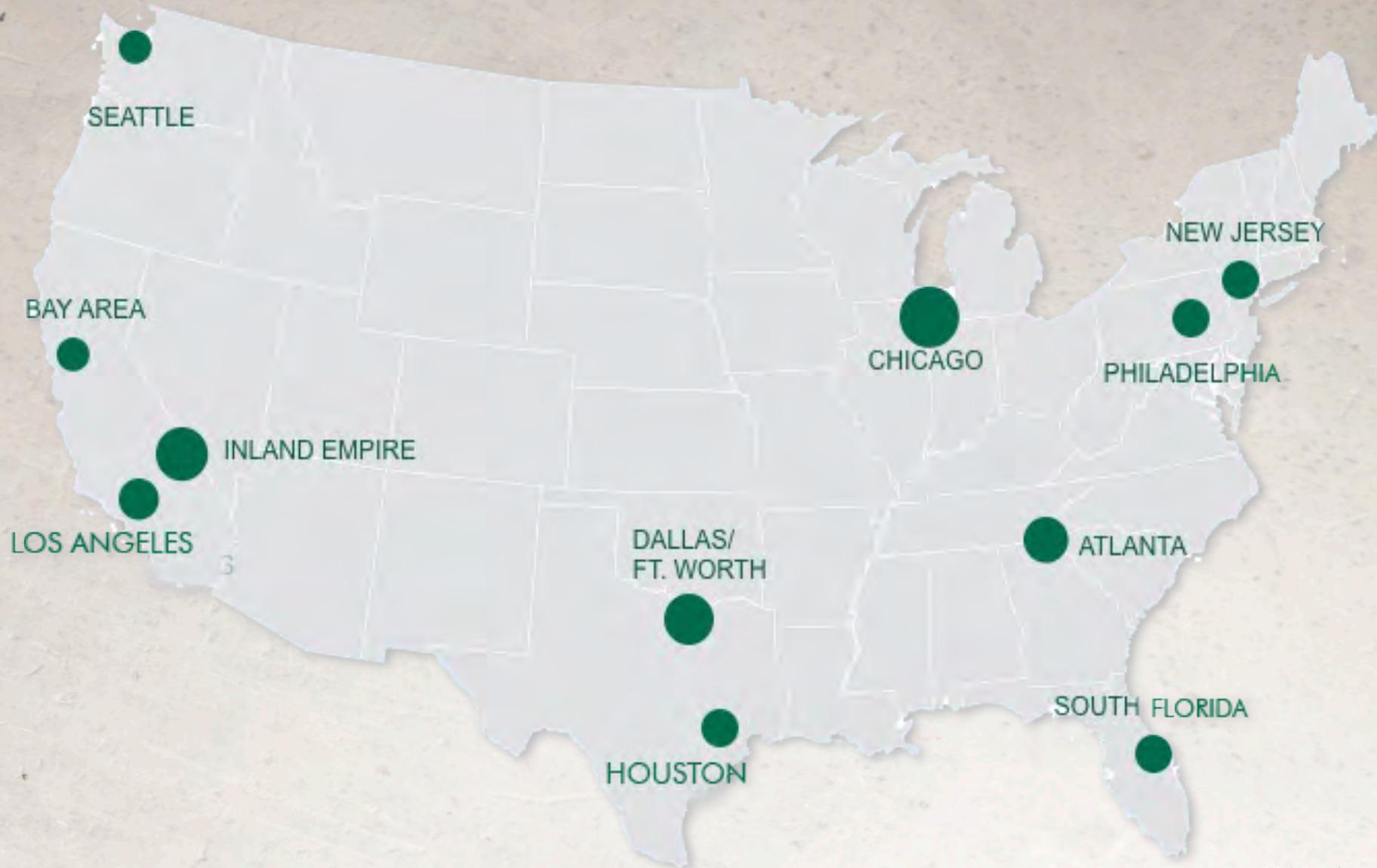
**ADD ALL THE ENTREPRENEURS LOOKING FOR STARTER SPACE,  
PLUS THE MILLION-SF BOXES, AND  
YOU'VE GOT BREADTH!**



# WHERE IS DEMAND?

TIER ONE MARKETS LEAD THE WAY  
**60%** OF TOTAL DEMAND

DEMAND



# WHO IS DRIVING DEMAND?



DEMAND

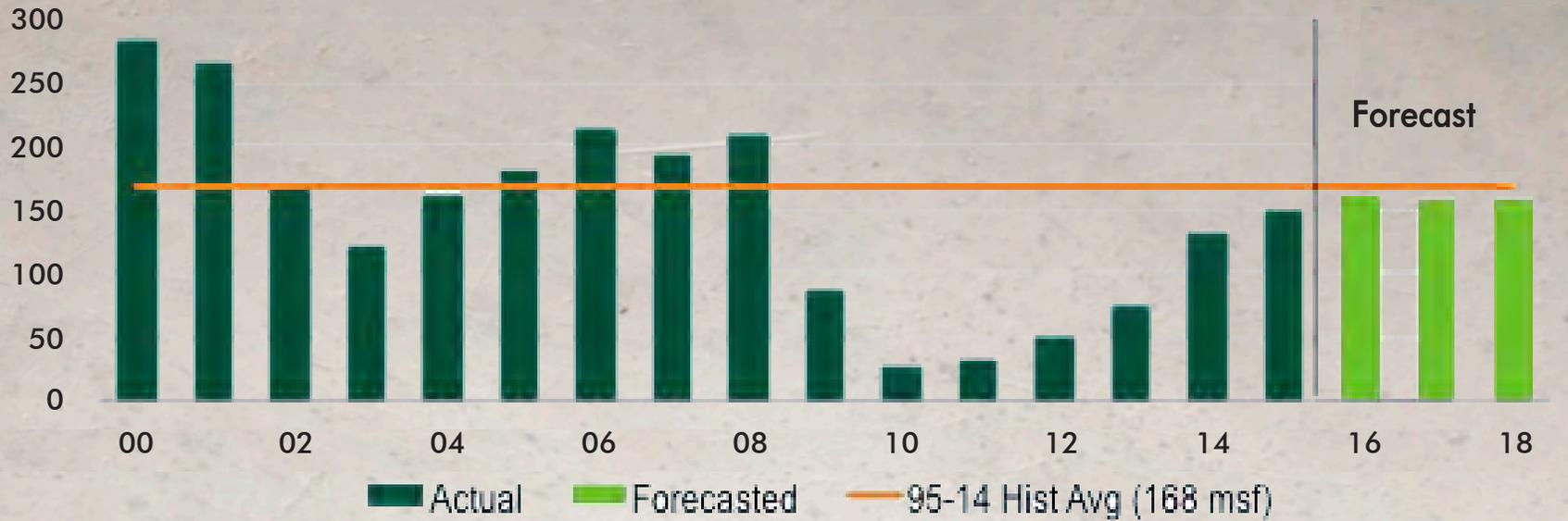
# WHO IS DRIVING DEMAND?

## WHAT DO THEY HAVE IN COMMON?

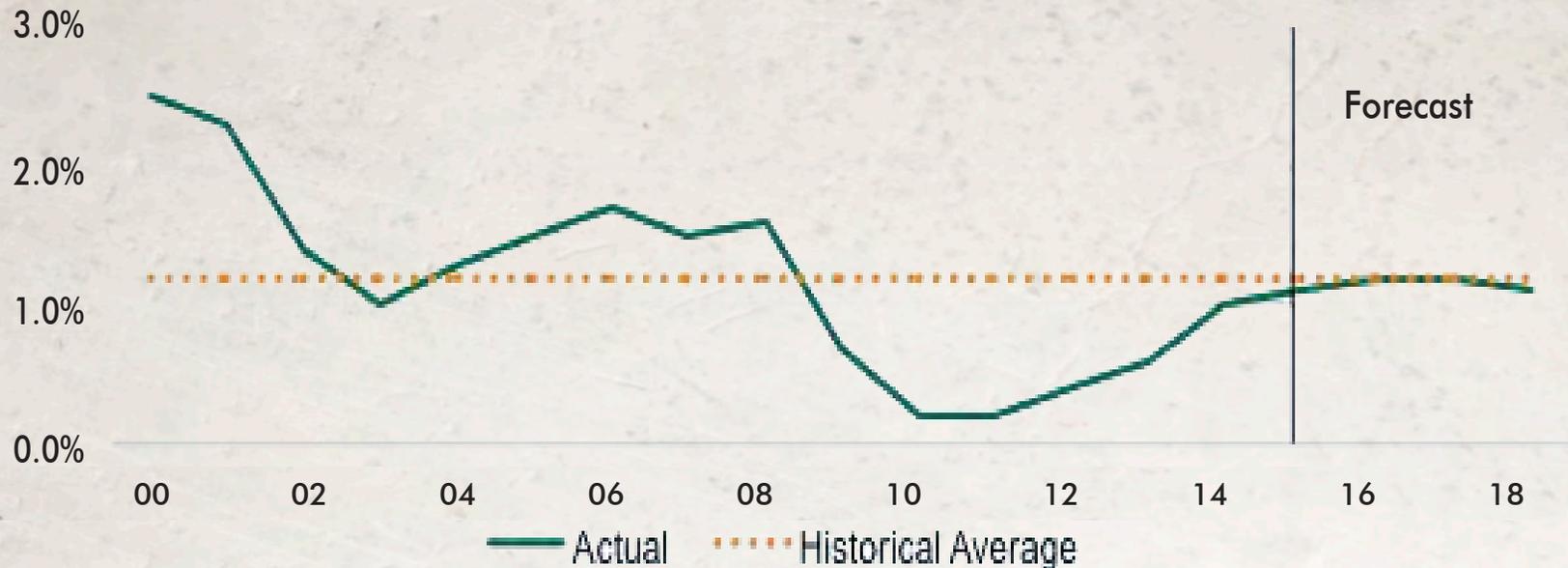


DEMAND

## NEW SUPPLY



## CONSTRUCTION AS % OF INVENTORY



# HERD MENTALITY - WHO'S LOOKING

✓ Tracking over 20 Users

✓ Tracking Over 5M SF

✓ Signs of need for development:

- 628,000 SF existing
- 1.6M SF proposed (and growing)

✓ Household corporate names tied to:

- Building materials/construction
- Consumer goods
- E-commerce, transport/shipping, packaging supplies
- High-tech manufacturing
- Food and beverage



# WHAT DRIVES OUR MARKET?

**HINT: ACCESS TO GROWING POPULATION**

- ✓ **Residential construction and trades**
- ✓ **Strong leaders at ports/EDCs/elected positions/businesses**
- ✓ **New industry drivers:**
  - Health - Bio-life Science - E-commerce**
  - Medical Devices - Consumer Goods**
- ✓ **Increased attention to tech and startups; Google Fiber coming**

# TAMPA DEMAND GENERATORS



Tampa Bay is now the biggest job generator among Florida metros, adding nearly 42,000 jobs annually.



17 million passengers/year  
 Airport expansion underway  
 Additional service to South America added  
 Voted one of world's top 10 "most loved" airports

## HQ DESTINATION

Tampa EDC has pledged significant assistance in landing additional national or regional headquarters.



## RIVERWALK

A new wave of planning and construction along Riverwalk is poised to bring additional amenities to Tampa.



## PORT TAMPA

SUPPORTS OVER

**80,000**  
 LOCAL JOBS



## HOUSING

Construction is up.  
 Tampa remains a destination for affordable home prices.  
 Multifamily construction bringing young educated workers to CBD.





# PLANT CITY, FLORIDA

## DEMOGRAPHICS

3 MILLION PEOPLE WITHIN 50 MILES

### LARGEST EMPLOYERS

Health & Education	17.4%
Retail	13.7%
Manufacturing	13.1%
Wholesale Trade	7.8%

### UNEMPLOYMENT

Plant City (Feb 2015)	4.88%
Tampa MSA (Feb 2015)	5.48%

900 MANUFACTURING FIRMS  
IN HILLSBOROUGH COUNTY

### HILLSBOROUGH POPULATION

UP 7.15% Since 2010  
Median Age: 37.22

### CARGO (COMPARED TO 2013)

Airport Cargo UP 6.95%  
Port Cargo UP 13.75%

# LAKELAND

- Low cost of living
- Cultural amenities include theaters, museums dance companies and orchestras
- Thriving restaurants
- 40 Parks; Lake Mirror Park named one of 10 best public spaces in America
- Joker Marchant Stadium; Spring training home to the Detroit Tigers
- Higher education options include Florida Southern University and Florida Polytechnic University
- Lakeland Regional Medical Center is 5th largest Hospital in Florida
- Research Centers for cancers and retinal and macular disease
- Abundant recreational facilities including top-rated golf courses and network of fitness/biking trails

With **8.5 Million** People Within 100 Miles of Lakeland, the FDOT recognized the **I-4 Corridor "Super Region"** as being the **10th largest** region in the U.S.

## EMPLOYMENT

10,000 JOBS	CONSTRUCTION
14,600 JOBS	MANUFACTURING
29,300 JOBS	EDUCATION/HEALTH SERVICES
29,400 JOBS	GOVERNMENT
24,700 JOBS	RETAIL TRADE
13,600 JOBS	TRANSPORTATION, WAREHOUSING

# GROWING PORT BUSINESS



Port Tampa Bay is Florida's  
Largest Cargo Port

**36 MILLION**  
TONS OF CARGO IN 2014

**1/3**  
OF ALL FLORIDA CARGO

Largest Trading Partners:

Brazil, Trinidad, Mexico,  
Honduras, Canada, India,  
Japan, Colombia, China,  
and Venezuela



Closest U.S. deepwater  
seaport to the expanding  
Panama Canal

Trucks leaving Port  
Manatee reach i-75  
and I-275 in less than  
four minutes via U.S.  
Highway 41

Direct connection to the  
CSX Corp. mainline

# LOCAL CARGO AND PASSENGER OPTIONS



OCTOBER 2014 - OCTOBER 2015

**18.6 M PASSENGERS**  
**↑ 6.9%**

**196.7 M TONS FREIGHT**  
**↑ 7.0%**

**\$953 Million Expansion**

**New Flights to  
Panama & Germany**



OCTOBER 2014 - OCTOBER 2015

**38M PASSENGERS**  
**↑ 7.5%**

**182,483 TONS FREIGHT**  
**↑ 5.6%**

**Non-Stop Flights to 81 US  
& 36 International Cities**

**\$26 Billion in  
Annual Revenue**



**Q1 2016  
NEW CUSTOMS  
OFFICE**

**Will allows easier entry  
for flights traveling to  
the Caribbean and  
Latin America**

**A significant step toward  
accepting international  
cargo and produce**



# WHERE ARE INSTITUTIONS INVESTING?

## Industrial Business Parks

Trading hands from legacy / family-owned to institutional grade owners expecting gains from local activity

# LAND OPTIONS ARE PLENTIFUL; DECIDING WHERE TO LOCATE IS TRICKY

**30+**  
sites  
potentially  
over  
**44M SF**

Sites from  
**100-250k SF**  
to single  
**1M SF Boxes**  
to master  
planned parks of  
**10M SF**

Speed to  
Market  
is Key

**Growing**  
MSAs  
equals  
More  
**Options**

Quicker  
Decisions due  
to access to  
**Big Data**

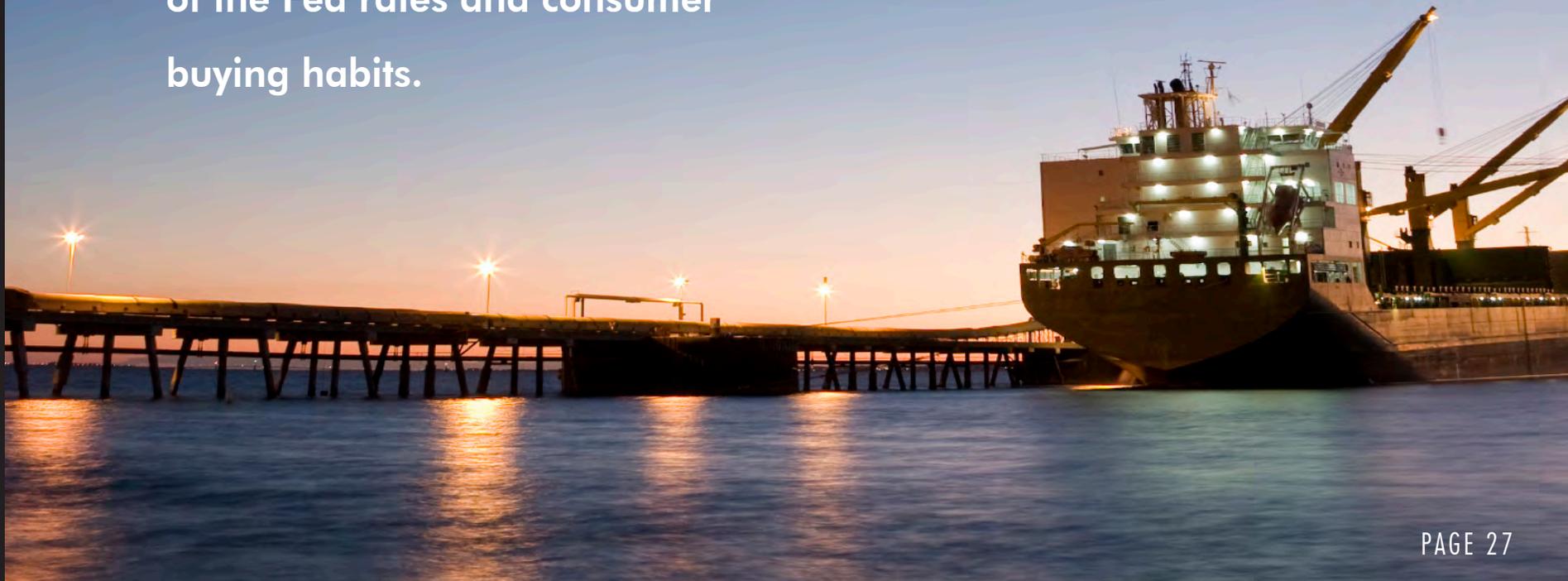
High-Tech  
Manufacturing  
and  
Food &  
Beverage

# 2016 FORECAST

- ✓ Market turned around quickly in Oct
  - No pause yet
  - No boiling point - but warming up
- ✓ Steadily increasing activity & demand
- ✓ Rush for developing supply - but balanced
- ✓ Rate growth across all locations, not just core

# 2016 FORECAST

- ✓ Shorter turnaround times needed:
  - the speed of business has improved and become more efficient with information.
  - businesses will want to stay ahead of the Fed rates and consumer buying habits.
- ✓ Global uncertainty is still the largest risk to US growth.
- ✓ 1Q16 should be a strong quarter for office, industrial and retail.



# CONTACT:



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