

# DRIVING INDUSTRIAL SECTOR GROWTH



ST. LOUIS REGION HAS RECORD-SETTING INDUSTRIAL REAL ESTATE MARKET



## DRIVE TIME

The St. Louis region is located within 500 miles of one-third of the U.S. population.



## MISSOURI ILLINOIS



“Growth in a region’s economy is rarely by accident, or simply because of the natural assets or advantages a region has; it takes work. Here in St. Louis you understand that and you’re working together.”

MATTHEW ROSE, EXECUTIVE CHAIRMAN, BNSF RAILWAY

## QUALITY OF LIFE

The St. Louis MSA standard of living is ranked **7th** in the nation by the Federal Reserve Bank.

## St. Louis Region's Industrial Real Estate Market Sets Records for Two Years Running

Located at the nexus of the nation's freight network, the St. Louis region's proximity to demand, availability of space, job-ready workforce and exceptional freight assets is spurring large-scale industrial construction and attracting new investors to the bi-state region.

The past two years have been a period of remarkable growth in the St. Louis region's industrial sector, as construction and leasing activity rose to levels that garnered local, regional and national attention. The success has been mirrored on the sales side too, with Colliers International reporting that, in 2017, approximately 11.6 million square feet of industrial space traded hands, up from 7.4 million in 2016. That represented the highest level of regional sales activity in a decade as over \$300 million in assets were acquired by investors new to our region who have come to see St. Louis as a stable, productive market that doesn't have the highs and lows of Tier 1 markets. Notable tax abatements and other incentives are certainly a draw for developers, manufacturers and logistics industry professionals choosing the St. Louis region, as are abundant available pre-approved industrial sites. But three key factors have emerged as the core driving forces behind the region's flourishing industrial market:

**1. AVAILABILITY OF SPACE AND SPEED OF DELIVERY**

**2. JOB-READY WORKFORCE**

**3. EXCEPTIONAL FREIGHT ASSETS**

"I can't think of any place in the country whose history is more closely linked with trade than St. Louis. That's what we are talking about – trade. It's about commerce. It's about expanding economic opportunity."

—GREGORY NADEAU,  
FORMER USDOT  
FHWA ADMINISTRATOR

### COMPETITIVE ADVANTAGES



#### AMERICA'S THIRD LARGEST INLAND PORT AND HOME TO THE "AG COAST" OF AMERICA

Featuring the northernmost ice-free/lock-free access on the Mississippi River to and from the Gulf of Mexico. Handling 500,000 tons per mile, it is two and a half times more efficient on its river usage than its closest competitors (2015 rankings by the USACE.)



#### INTERSTATES 44, 55, 64, AND 70 PROVIDE NATIONAL ACCESS

The region's interstate system is toll-free and has significantly lower congestion than other similar size U.S. urban areas. It is a one-day drive or less to cities such as Chicago, Memphis, Nashville, Kansas City, and Columbus.



#### FIVE AIRPORTS WITH CAPACITY

Two international cargo airports (St. Louis Lambert International Airport and MidAmerica St. Louis Airport) with rail access, foreign trade zones, and available land for development.



#### SIX CLASS I RAILROADS

As the nation's third largest rail hub, the St. Louis region offers national railroads with national reach, using a single switching carrier (TRRA): BNSF, CN, CSX, KCS, NS, UP.



#### JOB-READY WORKFORCE

Among comparatively sized Midwestern cities, the St. Louis region has the largest number of workers employed in manufacturing, many in the top sectors of aerospace and motor vehicles.



#### LOGISTICS AND MANUFACTURING

A diverse range of companies including Amazon, World Wide Technology, Boeing, AB InBev, Cargill, Hershey's, Walgreens, Monsanto, Bunge, ADM, Procter & Gamble, Unilever, Reckitt-Benckiser, Dial Corporation, Mallinckrodt, Louis Dreyfus Company, Schneider National, DNJ Intermodal Services, Kinder Morgan, Graybar, Hogan Trucking Transportation & Logistics, and General Motors.



#### FOURTH HIGHEST VOLUME PIPELINE

Hub and home to the Conoco Phillips 66/ Cenovus Energy's largest U.S. refinery in Wood River, IL.

Here's a closer look at the top three drivers of growth from the perspective of private industry representatives with first-hand knowledge of the St. Louis Region.

## 1. **Developers demonstrate confidence to build, ensuring plenty of available space**

Developers remained bullish on the St. Louis region during 2016/17, completing construction of more than 10 million square feet of space, much of it speculative and then rapidly absorbed. And when it came to build out and build-to-suit projects, many tenants have been impressed by the speed at which they can ramp up a new facility in this region.

More than 6 million square feet of additional space is under construction or close to breaking ground, including 2 million square feet to be leased by World Wide Technology, representing the largest industrial lease by square feet in the region's history. With two additional industrial parks set to add 925 prime acres in hot industrial corridors on both sides of the Mississippi River, there's little indication growth is slowing.



## 2. **When it comes to labor force, the St. Louis region delivers**

With all the development activity, competition for labor is heating up and, with six universities and a consortium of community colleges and technical colleges from both sides of the Mississippi River working collaboratively together, the region is keeping up with demand.

The availability of a strong workforce is among the factors fueling Amazon's growth in the region, the opening of GM's 1 million square foot 3PL facility, expansion of Reckitt Benckiser's operations, the addition of another 500,000 square foot FedEx facility and much more. St. Louis-based World Wide Technology is the latest major corporation announcing expansion plans in the region, with its recent decision to expand into additional space in Edwardsville, Illinois, and add another 500 jobs to its regional workforce there, which already totals 1,500 jobs.

Various factors attract the workers needed, including the fact that the St. Louis region has the seventh highest standard of living among 53 U.S. metro areas with populations of more than 1 million.

## 3. **Exceptional freight network is a critical part of the global supply chain**

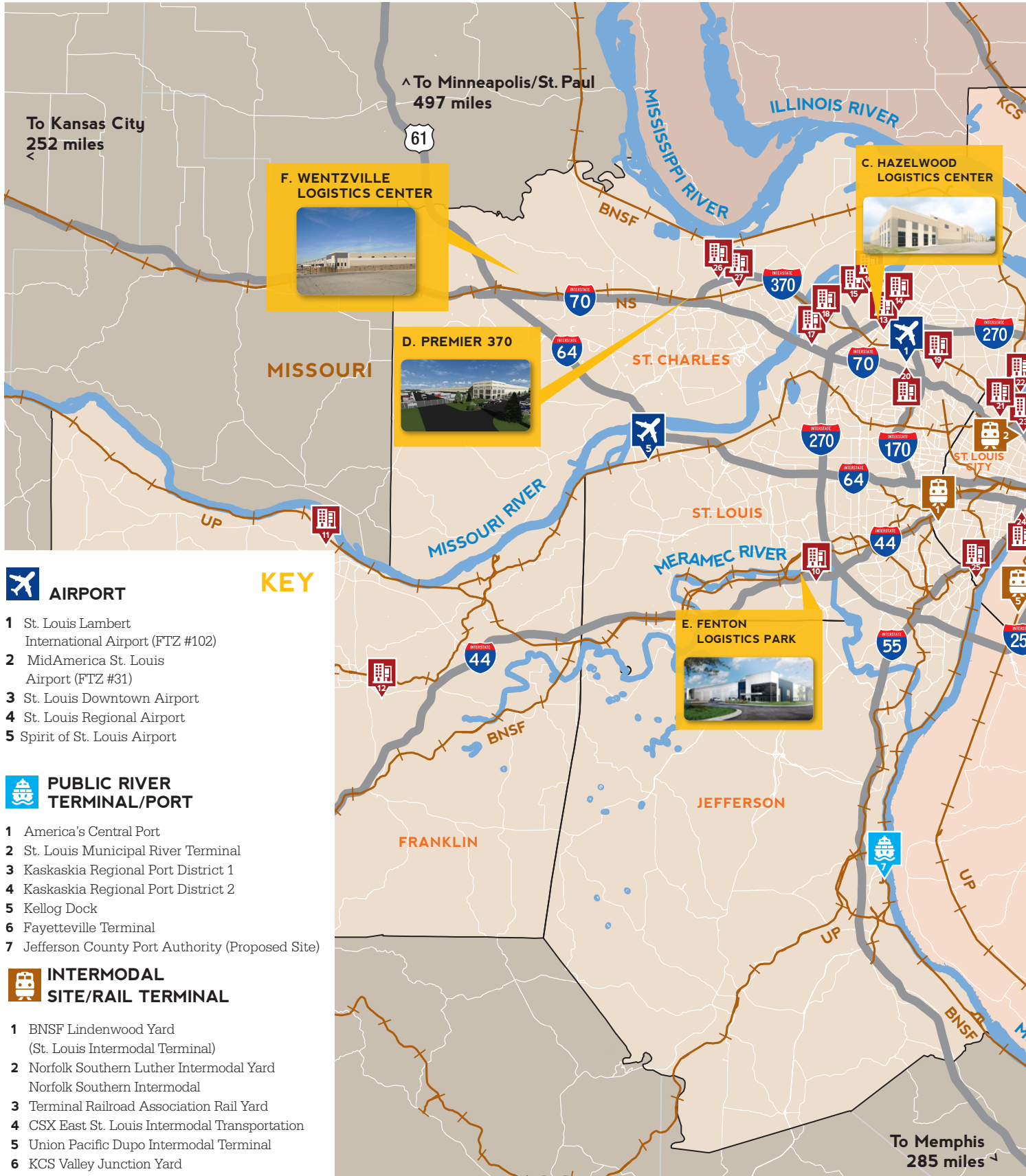
The St. Louis region is recognized as having a world-class multimodal transportation system that is both in the center of the nation's agricultural heartland and at the nexus of the U.S. freight network. Our tremendous logistical advantages have attracted manufacturers and logistics industry players who are competing in domestic and international markets, and they have paved the way for a 15-mile stretch of the Mississippi River that flows through the St. Louis region to be become recognized as the "Ag Coast" of America.

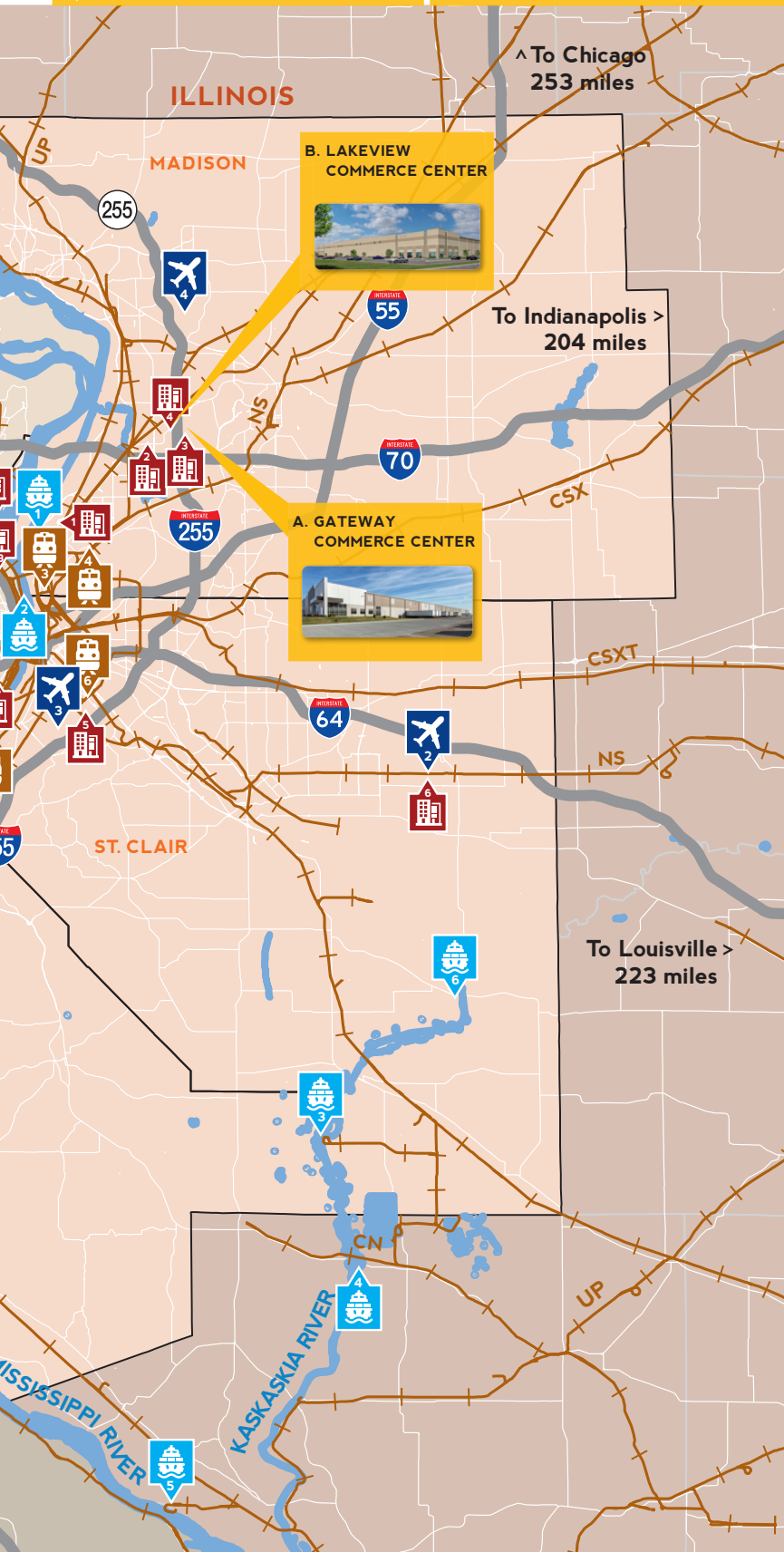
Public and private sector leaders on both sides of the river are united in their support for future infrastructure improvements, in order to help ensure the region maintains its critical role in the nation's freight network and global supply chain.

"The availability of the right type of space in the right location with great incentives is a key part of the equation for companies locating here in the St. Louis region, but time is also important. The level of cooperation and collaboration that exists at all levels across the bi-state area positively impacts the speed with which we can deliver projects, and that means tenants choosing this region really can hit the ground running."

KATIE HAYWOOD, VICE PRESIDENT, CBRE







## KEY TO HIGH ACTIVITY SITES

### A. GATEWAY COMMERCE CENTER (GCC)

- +2.5 million sq ft constructed since 2015 and all 100% leased
- 590,000 sq ft currently under construction
- World Wide Technology announced they will occupy two new 1 mil sq ft buildings and construction will start soon

### B. LAKEVIEW COMMERCE CENTER (LCC)

- +3.0 mil sq ft currently constructed and all 100% leased
- 769,000 sq ft under construction
- Major tenants include Spectrum Brands, World Wide Technology and Amazon

### C. HAZELWOOD LOGISTICS CENTER (HLC)

- +1.6 mil sq ft constructed since 2016 and all 100% leased
- 216,000 sq ft currently under construction
- Major tenants include Bunzl Distribution, Amazon, Quiet Logistics, ODW Logistics and Midland Paper

### D. PREMIER 370

- +1.3 million sq ft constructed since 2017 and all 100% leased
- 855,000 sq ft currently under construction for an Amazon Fulfillment Center
- Major tenants include Reckitt Benckiser, Best Buy and RB manufacturing

### E. FENTON LOGISTICS PARK (FLP)

- First building completed in 2017
- 160,000 sq ft building is 70% leased
- Building II & III (328,000 sq ft) currently under construction and 61% leased

### F. WENTZVILLE LOGISTICS CENTER

- New GM 3PL Facility
- 1.1 million sq ft GM Lease
- Supplier building for GM Plant run by 3PL

### FEATURED REAL ESTATE SITES – MAP KEY

#### ILLINOIS

- America's Central Port
- Lincoln Logistics Park
- Gateway Commerce Center
- Lakeview Commerce Park
- Sauget Business Park
- MidAmerica St. Louis Airport
- Howard M. Wolfe Business Park
- John W. Kelsey Business & Technology Park
- Mid-American International Gateway

#### MISSOURI

- Fenton Logistics Park
- Heidmann Industrial Park
- Union Corporate Center
- Aviator Business Park
- Hazelwood Logistics Center
- Park 370 Business Center
- Hazelwood Trade Port
- Earth City Business Park
- Riverport Business Park
- North Park
- St. Louis Lambert International Airport
- North Riverfront Business Park
- 8000 Hall Street
- North Broadway Distribution Center (**100% LEASED**)
- Soulard Business Park
- River City Business Park
- Fountain Lakes Commerce Center
- Premier 370

## Snapshot of Wage Rates for Manufacturing and Logistics Jobs

Mean Average Wage	Annual Mean Wage St. Louis MSA	Number of Workers St. Louis MSA
<b>All Occupations</b>	<b>\$48,240</b>	<b>1,345,100</b>
<b>All Transportation and Material Moving Occupations</b>	<b>\$35,630</b>	<b>81,900</b>
Transportation, Storage, and Distribution Managers	\$ 96,220	1,130
Logisticians	\$ 75,530	1,940
First Line Supervisors of Helpers, Laborers, and Material Movers	\$ 48,170	1,650
Laborers, Freight Stock, and Material Movers	\$ 31,790	23,680
<b>All Production Occupations</b>	<b>\$38,740</b>	<b>79,100</b>
First Line Supervisor, Production and Operating Worker	\$ 62,510	5,260
Team Assemblers	\$ 35,410	8,540
Assemblers and Fabricators	\$ 28,150	2,460
CNC Machine Tool Programmers (Metal and Plastic)	\$ 62,410	140
CNC Machine Tool Operators (Metal and Plastic)	\$ 42,100	1,610
Machinists	\$ 46,390	3,660
Welders, Cutters, Solderers, and Brazers	\$ 39,430	2,370
Helpers/Production Workers	\$ 26,370	3,770

Source - Employment and Wage Estimates, BLS May 2016

“We’re excited to continue growing our team with our first, state-of-the-art fulfillment center in Missouri,” Sanjay Shah, Amazon’s Vice President of North America Customer Fulfillment, said in a statement provided to the *St. Louis Post-Dispatch* for a story regarding the retail giant’s plans to open its first Missouri-based fulfillment center in the St. Louis region, adding to its four existing facilities across the bi-state region, where they have previously reported being able to avail of an abundance of talent. “Our ability to expand in Missouri is the result of two things: incredible customers and an outstanding workforce. Amazon is committed to providing great opportunities for employment and creating a positive economic impact for the region.”

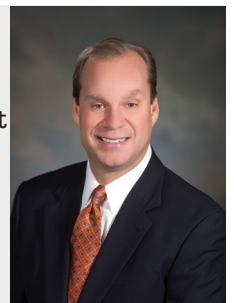


“We have a huge labor pool entering the workplace with a strong foundation of supply chain knowledge. There’s talent with passion for our industry, which makes it easier for us to hire, develop and keep good people.”

LINDSEY GRAVES, COO, SUNSET TRANSPORTATION  
*Inbound Logistics, May 2017*

“The workforce, we’ve heard from many businesses, is abundant and skilled, and a lot of the users are taking advantage of that.”

JON HINDS,  
FIRST VICE PRESIDENT, CBRE



# Here's what others are saying about the St. Louis region



“Our facility at MidAmerica Airport is a huge piece of our operation. Prior to building it, all our fruit coming out of Mexico was coming up to the U.S. and down to our facility in Miami, then shipped back up to the rest of the U.S. by truck. By building this facility it knocked days off the transportation time, and more importantly, providing more shelf life for the grocers.”

JON WALL, MANAGER FACILITIES & COMPLIANCE, NORTH BAY PRODUCE

“As a broker working for an international company, we know that if we don't have product, our customers will move on. Panattoni Development Company has had the confidence to build spec facilities in the St. Louis region and, therefore, we've been able to attract companies such as Amazon.”

TIM CONVY, PRINCIPAL, AVISON YOUNG  
*Inbound Logistics, May 2017*



“When I think of the St. Louis region, and I think of logistical advantage, I can come up with very few areas that can offer the same width and depth of modal systems. When you look at air, rail, water and truck, we have it all and have a wide and deep offering.”

RICK ORTYL, VICE PRESIDENT, METRO EAST INDUSTRIES



“Barge rates from St. Louis to New Orleans are very competitive. The St. Louis harbor usually stays ice free in winter, is south of the lock and dam system on the Mississippi River and is able to load 14-foot hull barges (2000 to 2200 short tons per barge) vs. the locking rivers loading 1600 tons per barge. This makes barge rates more competitive and loadings more efficient.”

- WILLIAM GREBENC, GENERAL MANAGER, COFCO GROWMARK



“The biggest strength in terms of freight shipments is just optionality. The St. Louis region has so many different options you can shop around for freight shipments that it creates a really competitive environment for shippers/receivers. Anytime you have multiple options, it causes companies to have to sharpen their pencils because they know shippers have multiple choices to get their product where it needs to go.”

RYAN KRULL, COMMERCIAL MANAGER, WATCO TERMINAL & PORT SERVICES



“There are two key draws when it comes to the region's logistical advantages. One is being on the airport because of the inherent advantages that brings. The second is the location. Being at that location in the center of the country is something we always wanted. It allows us to hit 90% of the U.S. and Canadian population in 16 hours by truck. We are on a major highway, so for the truck access if couldn't get any better. The trucks coming in to fill up are leaving and utilizing the region's interstate network to head north, south, east and west. Overall it works really well.”

JON WALL, MANAGER FACILITIES & COMPLIANCE, NORTH BAY PRODUCE

# A MARKET TO WATCH!

Customers are placing a greater emphasis on faster and cheaper orders with flexible shopping and delivery options. With this emphasis, retailers need more warehouses in locations closer to population centers like the St. Louis region. Centrally located in the United States along the Mississippi River, the St. Louis region has six Class I railroads, four interstates, two international cargo airports and developable industrial land and buildings, all supported by the necessary labor force to meet growing e-commerce demands. It's a powerful combination that provides greater supply chain efficiencies.

Now firmly established as one of the nation's top industrial markets to watch, there's no question the St. Louis region offers an abundance of opportunities for investors, developers and potential tenants. They will continue to be drawn here, fanning the flames for future growth. And, all indications are that the opportunities will be knocking for the foreseeable future.

