

# Factors Spur DC Growth, Especially E-Commerce

With DCs requiring more visibility, seaports find a need for stronger relationships

By John Jeter

In a sprawling distribution center in a small South Carolina city, a multistory forklift-like machine slides along what looks like nearly

miles away, South Carolina's Inland Port, a mere 16 minutes from Greenville-Spartanburg International Airport, offers Norfolk Southern Railway

**“Our relationships with the DCs we serve are becoming even more intertwined.”**

**-- Micah Mallace, SCPA**

invisible, small-gauge train tracks embedded in the smooth concrete floor. Between towering shelves, the autonomous crane scans SKUs, fetching carton after carton containing some of the world's best-known sports apparel.

Welcome to adidas Group's Distribution Center, the German behemoth's largest DC.

In DC1, one of two comprising 2.3 million square feet on the 260-acre campus, plastic-wrapped jerseys, shorts, and assorted other athletic wear spill, like waterfalls, from sorters along more than 10 miles of conveyors.

Some 18,000 units an hour—55 million pairs of shoes and 65 million pieces of apparel each year—run through Spartanburg, SC, nicknamed

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**-- Lee Peterson, Port of Long Beach**

Hub City because of seven rail lines running through town in the 1800s. Today, the Upstate city of just 37,000 people is the origination point for 80% of adidas' North American sales: 83% of its customers within three days' ground shipping.

In 2008, adidas actually expanded in that strategic sweet spot. The site sits virtually within walking distance of Interstate 85, connecting Atlanta to Charlotte, NC. And just 15

even more intertwined,” says Micah Mallace, director, Strategic Projects for the South Carolina Ports Authority. “Companies require more visibility, assistance, and special requests of the port.”

Lee Peterson, spokesman at the Port of Long Beach amplifies: “The need for upstream replenishment from ocean containers also influences where sorting and fulfillment warehouses would be. With the kind of robust



South Carolina Inland Port in Greer, SC with Norfolk Southern rail cars in the background. (South Carolina Inland Port, SCPA photo.)

The terminal, also just five miles from another exporting juggernaut, BMW, belongs to the Port of Charleston, a

cargo flow moving through US seaports today and the evolution in ship size, DC and warehousing operations should have a good idea of the facilities needed to accommodate receiving that cargo and servicing their customers.”

The port handles nearly 2 million TEU annually.

Plus, with e-commerce's exponential crunching of time and distance is also pushing DC/warehousing site selection. Just as Intelligated shows how close, time-wise, adidas' customers are to its

**“Driver shortages and new technology to enforce better compliance combine to increase costs and time in the supply chain.”**

**-- John Singleton, Wen-Parker Logistics**

Greer, SC.

“Our relationships with the DCs we serve are becoming

own DC, so Patrick Maher, executive vice president of Gulf Winds, points to his

market.

“The need for industrial warehouse space continues to expand in response to population growth, plus the access to 70% of US consumers within two

shipping days,” he says of the Texas market, where his 3PL's warehouse space tops 2.3 million square feet.

Trouble is, executives say, real estate's getting scarcer and costlier. For instance,

vacancy rates in the Houston and Dallas/Fort

Worth area “remain less than 4.5%, especially near ports and rails, where space very limited,” Maher says.

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## Rail Lines Up with Warehousing and Distribution

Ah, the romance of trains. Even the rail-line names ring with a yesteryear feel of faraway destinations: Southern Railway, Charleston & Western Carolina Railway,

which handled a record 103,639 rail lifts last year.” The Greer, SC, terminal (see Feature) plays host to Norfolk Southern, with CSX in Dillon. Many, if not most, of

BNSF's intermodal facility at LPKC. (BNSF photo)



Clinchfield, Union Pacific, even Baltimore & Ohio, which has its own square on the Monopoly game board. Nowadays, the clackety-clack you hear is the rising clangor of rail lines running through industrial sites touting their

offerings.

“Selective development of inland infrastructure enables freight to move more easily and is critical to the growth of the port,” says Jim Newsome, SCPA president and CEO. “It

**“Inland ports like LPKC give businesses the opportunities to take cost out of their supply chains while adding efficiencies back in.”**

**-- Colby Tanner, BNSF**

terminal's tracks and boasting ever-larger warehousing and distribution capabilities.

Just last March, for instance, the South Carolina Ports Authority (SCPA) broke ground on a second state inland port, a \$40 million, 163-acre site expected to open early this year in Dillon, SC. Turns out one of the drivers behind the terminal's development was ... rail.

“International intermodal rail lifts have increased 170% since 2011, with 23% of the Port of Charleston's containerized import and export volume moving by rail,” SCPA says. “Growth in the intermodal sector has driven the tremendous success of Inland Port Greer,

goes hand in hand with the significant investment we are making to our port facilities in Charleston.”

BNSF, another major rail/



Smart Warehousing at LPKC. (BNSF photo)

parks player, helped pioneer the concept of these logistics

parks in 1993, with an intermodal facility in north Fort Worth, Texas, where the company is headquartered. Since then, BNSF, now comprised of more than 400 railroad lines over 160 years, opened Logistics Park Chicago and Logistics Park Kansas City (LPKC).

“Through the development of these logistics parks, we have helped our customers find ways to maximize the efficiency and effectiveness of their supply chain while minimizing the total cost of distribution to our mutual customers,” says Colby Tanner, BNSF's assistant vice president, Economic Development.

LPKC encompasses 1,700 acres features and 11 million square feet of warehousing and distribution space. Along with the new South Carolina facility located just off the eastern seaboard artery I-95, others like LPKC are popping up across the country. These include the 12,000-acre TexAmericas, with 3 million square feet of industrial space and 36 miles of rail; MidAmerica Industrial Park, with 9,000 acres near Tulsa, OK; and Pureland Industrial Complex's 3,000 acres in NJ; to name a few.

“Inland ports like LPKC give businesses the opportunities to take cost out of their supply chains while adding efficiencies back in,” Tanner says. “They save on fuel, time, and drayage charges and also have better and faster access to their inventories.

You've probably seen CSX's ad celebrating how its trains can “move one ton of cargo 436 miles on one gallon of gas.”

As BNSF's Tanner puts it, “Moving freight by rail is also a faster and cheaper alternative to moving freight solely by truck.” -- John Jeter