



Will County, The Midwest Empire: A Global & Local Perspective

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Attend any logistics/distribution conference over the last two years and you would have heard an underlying resonating theme relating to our country's transportation limitations. Port capacity, a declining driver labor pool, and escalating energy costs are all being amplified by the exponential increase of imports. A national publication projected the growth rate of imports from Asia to be an alarming 30% compounded annually.

In order to position North America to handle the oncoming volume, alternative port locations from Vancouver to the Panama Canal are seeing increased activity. But can these additional receiving points sustain and process the escalating container volumes? Quite simply, the answer is "No" and for a simple reason: As our continent improves our receiving capabilities, Asia is simultaneously and more rapidly increasing their outbound volumes. As an example, the Port of Hong Kong alone has a current capacity equal to the top 7 ports in the United States and is in the process of increasing their output potential.

Our only alternative will be to increase the volume and number of alternative port locations. The east coast ports will grow through the utilization of the Panama Canal and the Suez Canal. There will also be a greater importance placed on inland ports - enter the Midwest Empire.

The inland port's value is that it alleviates the traditional port by bypassing the need for freight to be handled through multiple channels directly on the coast. Containers can be offloaded from the ship and placed directly onto a train. The product is then transferred by rail into the heart of the country which also avoids the requirement for long haul truckload drivers. In addition, rail transport is much more fuel efficient.

The Midwest Empire has received global attention due to the Inland Port located in Will County. This particular receiving location is the primary offload point for international containers for the Midwest via the BNSF Railroad. The further an importing company locates from this Will County site, the more they will incur in transportation costs for international containers off of the BNSF.

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Other beneficial aspects of the Midwest Empire include: the mean population center of the United States, the only location in the world where all six Class I railroads come together, and Foreign Trade Zones. Will County in particular is the most active county in Illinois in regards to Foreign Trade Zones (FTZ's). An amendment to FTZ's was added in the year 2000 that greatly reduced the processing fees for heavy importers and in turn provided an advantage and incentive to increased importing.

With the escalating emphasis on transportation efficiency, Will County will continue to see substantial industrial speculative development spurred by the international container growth deriving out of the Midwest's Inland Port. Comparatively, the county's land values and vacancy levels have not yet reached the respective highs and lows of California's Inland Empire. The Inland Empire has remained critical to many companies supply chain due to its proximity to both the ports and their West Coast customer base. However, limited land availability and building vacancy has escalated real estate values beyond any other US region. Distribution centers located in this area are now vying for capacity and bidding against each other in a declining transportation pool.

Industrial development will lead to retail and office growth that will also see increases due to the dramatic population growth of Will County which now ranks among the top 33 fastest growing counties in the country. The county's projected growth and global position escalate the importance of key infrastructure initiatives. The completion of the I-355 extension as well as adding lanes to I-55 are critical. A major highway linking I-55 to I-57 would also be invaluable. Will County's comparative advantage lies with its industrial corridors which must be protected to position the county for ongoing growth.

The nation's importing concerns are not temporary. With the investment and focus on Asia, volumes will only increase. Our ports and our country as a whole have capacity and transportation limits. As pressure continues on the West Coast, in order to supply demand, containers will gradually be forced to bypass the traditional supply chain model. Will County is the heart of the Midwest Empire and creates a viable alternative.

2006 Will County FORECAST **Global Perspective**

Port of Hong Kong

2006 Will County FORECAST **West Coast Ports**

Asia

30% Compound Annual Growth From Asia

To Panama Canal

Port of Vancouver
Port of Seattle
Port of Tacoma
Port of Portland
Port of Oakland
Port of LA
Port of Long Beach
Port of Los Angeles

2006 Will County FORECAST **Will County—Global Trans Center**

WILL COUNTY IS THE PRIMARY LOCATION FOR UNLOADING INTERNATIONAL CONTAINERS FOR THE MIDWEST VIA THE BNSF

COMPARATIVE ADVANTAGE