



# **Land And Can-Do Attitude Position St. Louis Region Well For Continued Growth In Current And Post COVID-19 Climate**

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ST. LOUIS, MO - FreightWeekSTL spotlighted the compelling selling points the St. Louis region offers site selectors and national and international companies via a video interview with David Branding, Managing Director for the St. Louis office of Jones Lang LaSalle (JLL). As head of the St. Louis industrial practice, Branding represents

owners, investors, corporations, developers and others in their real estate transactions. As a national director and officer of the firm and a member of the Supply Chain & Logistics Solutions Team, he was uniquely qualified to address the topic and how the St. Louis region's industrial market could look in the wake of COVID-19.

When looking at the size of the St. Louis region's industrial market today, Branding says it tops 220 million square feet, which puts it on the top 20 list nationally and rivals the region's peer markets in the Midwest.

"As long as consumers continue to buy products online, and as long as we continue to expect delivery in a day or less, we're going to see e-commerce as a trend for a long time," said Branding, sharing insight driven in part by changing habits among those who have embraced online shopping due to "Stay-at-Home" orders.

To illustrate the strength and size of the region's industrial market, Branding pointed to several large leases in the St. Louis region in the recent past, most notably for World Wide Technology, General Motors (GM), Reckitt Benckiser and Amazon. He noted that World Wide Technology recently leased two million square feet in Madison County, Illinois, which was the second largest lease in St. Louis history.

Contributing to the impressive totals for the region's industrial market, he also cited GM's lease of more than one million square feet in Wentzville to support its auto assembly plant, Reckitt Benckiser's lease of 700,000 square feet in St. Peters, Missouri, to support its manufacturing plant, and Amazon, which since 2016 has leased over four million square feet in the St. Louis region in seven different buildings, including two leases in the last 30 days for over one million square feet.

When asked what drove some of those transactions, Branding said the two most interesting are World Wide Technology and Amazon, and probably for the same reason -- labor. He cites World Wide Technology as a great example of a company with a deep need for a lot of different types of labor, from executives at their Maryland Heights headquarters facility to high-tech labor at its integration center all the way to warehouse labor at its over 3.5 million square feet of warehouse space in Madison County.

"The St. Louis region is able to supply all of that labor, and I don't think every metro in the U.S. could make that claim," Branding said. "That's a critical part of why World Wide Technology is here and remains here, I believe." He added that Amazon, with four million square feet in the region, also needs a lot of employment. "It's estimated there are 5,000 employees at Amazon facilities in the St. Louis region, and you have to have a deep labor pool to support that. We have that in St. Louis."

Commenting on where he sees the industrial market headed in the near future, Branding believes e-commerce is going to continue to accelerate both nationwide and here in the St. Louis region.

“COVID-19 creates a really interesting situation and certainly an inflection point for industrial real estate here as companies turn away from a reliance on China and an ‘all eggs in one basket’ approach to manufacturing,” said Branding. He believes those supply chains will move and change and that some will come back to the U.S.

“Those companies will look for markets that support multiple modes of transportation, such as rail and interstate, coupled with a large enough population to support labor requirements,” Branding said. “We are in the midst of a significant change in the U.S. for demand of distribution space and labor. I think the St. Louis region is uniquely poised to take advantage of that change. We need to be prepared for the opportunity.”

Asked for clarification on why one might want to locate a business or operation in the St. Louis region, Branding said the answer is simple: the central location, multiple modes of transportation and the large, diverse workforce.

Reflecting on the relationship between manufacturing and distribution, he cited Procter & Gamble, which has two manufacturing plants in St. Louis and nearly three million square feet of distribution space in Madison County. He said companies first look from a cost perspective at cost to get that product from the plant to a distribution center. The inbound freight can be very expensive, so closer is better. But they also look at proximity of their distribution centers to their customers.

Doug Rasmussen, President and CEO of Steadfast City Economic & Community Partners, who conducted the interview, asked Branding if St. Louis’ long and storied industrial heritage —whether from the automotive industry, aerospace, fuel/refineries, steel/metal, pharmaceuticals, etc. – can be a competitive advantage for St. Louis.

“It’s hard to quantify but I’ve seen it my whole life,” said Branding. “I definitely think that’s one of our assets here and it boils down to a can-do attitude.”

He also addressed what we can do to better compete with our typical competition -- Indianapolis, Nashville, Chicago, Kansas City, Memphis and Louisville. Many cities on that list have an additional strategic advantage, such as Memphis and Indianapolis both are FedEx hubs, Louisville serves as the UPS world hub, and Kansas City with its large BNSF intermodal rail hub.

“A project I think that could give the region the same strategic advantage is the expansion of the Union Pacific Intermodal Yard in Dupon, Illinois. It could put us on par with our rival cities by giving us cost competitive connectivity to the major West Coast ports.”

Highlighting the region’s tremendous freight network, which includes four interstates, six Class I railroads, five airports and the second largest inland port in the country, Rasmussen asked what more the St. Louis region could be doing to win.

Branding said the removal of any bottle necks regionwide in all modes of transportation should always be a priority, adding that the region has done a good job with the Merchants (Rail) Bridge reconstruction and the I-270 corridor project from North County into Madison County and including the Chain of Rocks Bridge, which are great examples of much needed projects; but that wasn’t all.

“The I-70 reconstruction and expansion between St. Louis and Kansas City is a game changer,” said Branding. “The St. Louis region is a distribution metro, and distribution relies on trucks and those trucks rely on the smooth, safe movement of freight. Chicago is a big competitor and is fed by two major east-west interstates, I-80 and I-90. If we are going to remain relevant and competitive, we have to have good connections on I-70. It is our major east-west corridor. That project is crucial to the region and will be a big part of our future successes.”

Given the freight assets and locational advantages currently in hand, Branding was asked how the region needs to be communicating on those assets to the world.

“I think the key for St. Louis, because we do have all the crucial elements to attract business and continue to be a major industrial market, is our need to do a better job getting our message to the world. We need to re-tune our message to be more unified, perhaps more exciting, and to be clearer and more concise about exactly what we have to offer in St. Louis.”

He adds that the St. Louis region should always be striving for winning more and issued a reminder that COVID-19 is creating new opportunities globally, opportunities and changes that will create opportunities here in St. Louis.

“To use a transportation analogy, I think the opportunity train is again headed toward St. Louis. I think it is time for the region to be prepared for that -- to be on the platform and ready to win when that train arrives at the station.”

The week-long FreightWeekSTL event was delivered by St. Louis Regional Freightway, The Waterways Journal and Bi-State Development, and sponsored by Burns McDonnell and Lochmueller Group, with Arco, Contegra, CMT and Southern Illinois Construction Advancement Program (SICAP) serving as supporting sponsors. To learn more or view all sessions from FreightWeekSTL 2020, visit [www.freightweekstl.com](http://www.freightweekstl.com).

### **About St. Louis Regional Freightway**

The St. Louis Regional Freightway is a Bi-State Development enterprise formed to create a regional freight district and comprehensive authority for freight operations and opportunities within eight counties in Illinois and Missouri which comprise the St. Louis metropolitan area. Public sector and private industry businesses are partnering with the St. Louis Regional Freightway to establish the bi-state region as one of the premier multimodal freight hubs and distribution centers in the United States through marketing, public advocacy, and freight and infrastructure development. To learn more, visit [thefreightway.com](http://thefreightway.com).