

LOGISTICS LEADER:

CHINA IS CHANGING LOGISTICS AND WAREHOUSE NEEDS

According to Business Week, China's 2003 trade surplus with the U.S. swelled to \$124 billion, up from \$103 billion in 2002. Noticeably, China's transformation to a global economic powerhouse is nothing short of staggering. In 1980, China was ranked as the 24th largest U.S. trading partner. Today, China is the US's 4th largest trading partner behind Canada, Mexico, and Japan.

The result of this ascending economic powerhouse that manufactures everything from steel to circuit boards and tennis shoes to counterfeit Viagra tablets is significantly changing the logistics industry here in the US. In its recently published report titled "China: The Logistics Dragon," WCL Consulting discusses the additional stress being placed on the Ports of Long Beach and Los Angeles as well as the entire Southern California infrastructure. Because 60 percent of the goods that come through these ports ultimately go to markets east of the Rocky Mountains, requirements for warehousing and distribution are changing radically.

Logistics and real estate experts concur that the effects of increasing Chinese imports include increased demand for:

- Special areas for the assembly of components into SKUs (Stock Keeping Unit)
- Larger parking yards to accommodate trailers and containers.
- Larger distribution centers that can serve as both consolidation centers and distribution hubs for the 11 Western States.
- Technology-enabled warehouses to facilitate data exchanges and knowledge transfer between their customers and shippers.

"For all these reasons, Kern County is a very strategic location for a DC to benefit from logistics and labor advantages," said Mike Del Santo, Vice President of Development, Catellus Development Corp. "That's why industry leaders like Wal-Mart, IKEA, Target and Sears all have facilities in excess of 1 million square feet there."

BROKER BOOT CAMP:

On April 8, Tejon Industrial Complex hosted 25 brokers to a day of broker boot camp, which included physical, tactical and mental challenges. While walls were scaled, survival tactics were tested and physical exhaustion prevailed (boy you guys need to get out of the office more often!), it was the Tejon Jeopardy that lead to the victory of the Colliers South team.



Throughout the day, we heard from some of the brokers about the many misconceptions they had before touring the site. Here's what we have to say to set the record straight:

Misconception	Fact
The I-5 "Grapevine" is often closed due to weather	According to Caltrans, Interstate 5 is closed an average of 16 hours per year.
Tejon is too far from the labor... "Where are the rooftops?"	Tejon Industrial Complex has access to 600,000 candidates within a normal commuting distance. In fact, IKEA received 1,920 applications for its initial 150 job openings. Petro Travel Plaza received 1,800 job applications for its initial 205 job openings. There is an abundant, low-cost and loyal labor force in Kern County.
How do trucks move products east from Tejon Industrial Complex?	Highway 58 provides essential access from Tejon Industrial Complex out to Interstate 40, the main transportation corridor moving goods east.

Since the event, we've heard from many of the participants. Here's what they had to say:

"The Tejon Challenge was a phenomenal event, a lot of fun, but more importantly I came away with great information that I will be able to use in my business. Tejon definitely knows their stuff when it comes to the cutting edge trends happening in Industrial Real Estate," Mike Lloyd, Senior Vice President Colliers International, Pleasanton, CA

"The Tejon team hosts one of the most unique and fun broker events in the country. The Tejon Challenge is a world class event hosted by a world class project," Mike Spears, Senior Vice President, Colliers Cauble, Atlanta, GA

"As California becomes a regional logistics market the Tejon Complex is positioned well, at the population center, between the two ports, to take advantage of these trends, and is certainly an efficient distribution location," Mike McCrary, Senior Vice President, Colliers Seeley, Ontario CA

Survey:

Be honest. Be frank. We want your thoughts. Please email your answers to bhibbard@tejonranch.com.

- Do you think broker incentives really make a difference to deals?
- What is the best incentive you've ever seen offered by a developer?
- What would it take to get you to bring a client to tour "The Campus" at Tejon Industrial Complex?

WHERE IN THE WORLD:

- SIOR in Scottsdale, May 13 – 15
- WERC in Atlanta, May 16 - 19

BROKER TOOLBOX

Get printable maps, brochures and photos for TIC at the [Broker Toolbox](#) on the Tejon Ranch website.

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