

High desert may become new hot spot

COMMERCIAL REAL ESTATE

Another month, another industry dinner.

This time, the affair hosted by the Society of Industrial and Office Realtors was thankfully indoors! We were treated to a presentation by Jon DeCesare, president and CEO of World Class Logistics Consulting, who focused on the challenges and opportunities facing logistics providers in 2022.

Logistics, for those of you who wonder, is simply receiving, warehousing and shipping goods. Think of all those massive Amazon warehouses you see while driving on the 15 Freeway to Las Vegas. Those buildings and an awful lot more happen before that brown box arrives on a front porch.

But as DeCesare discussed, logistics is only a small part of the supply chain. Woven into the fabric of supply are factories — where the stuff is made, trucking companies, freight consolidators, marine terminals, ports, steamship lines, railroads, intermodal hubs, government agencies, custom house brokers, less than full load trucking companies, small parcel companies and retail stores.

Whew! That’s a long chain with many links, and crimping any one of them causes delay. The weakest link indeed.

The industry has been faced with the largest disruption to supply chains since World War II.

Here’s a brief timeline: March 2020: COVID-19 lockdowns.

April 2020: A lot of empty ships expecting out capacity.

June 2020: Demand returns as folks order with a vengeance. After all, retail outlets were largely shuttered, leaving consumers few choices.

August 2020: Imports boom leading to trade imbalances and equipment shortages.

November 2020: Port congestion worsens.

March 2021: Panama Canal blockage.

January 2022: Regional lockdown in China affects the largest Chinese ports. The disruption has caused equipment imbalances for ships, trucks, trains, leading to port congestion and schedule disruption. Not to mention the cost of transportation has increased nearly fivefold.

Doubt what I say? On a clear day, take a look at the line of ships dotting the western horizon waiting to dock. Last count, there were over 100.

Locally, our ports of Long Beach and Los Angeles — where about 40% of the nation’s imports arrive — have seen excessive driver marine terminal turn times, increased ocean carrier transit times from 15 to about 65 days, railroads unable to haul inter-modal containers, a serious shortage of truck chassis, 100,000-plus empty containers, appointment time delays at the marine terminals, and high cost and poor service quality.

These combined have delivered (sorry) a knockout blow to logistics providers.

“We don’t see the tide turn in 2022, infrastructure problems, labor constraints, high demand and reduced capacity will continue to trouble the market,” said Thorsten Meincke, chief operating officer for ocean and air freight at DB Schenker. “Stakeholders in the industry don’t see much relief coming for shippers anytime soon. It will not get better, and 2023 will be worse.”

I should add at this point, Southern California’s dramatic shortage of available warehouse boxes has fueled the flame. Not only are there not enough spaces to fill the demand, but the obsolescence of old stock has led to inefficiencies. By that, I mean low ceiling heights and poor truck access.

This environment has caused companies to rethink how and where warehouse sites are chosen.

DeCesare mentioned four opportunity areas in Southern California where the next building booms may occur and logistics providers could locate.

Highlighted were the Victor Valley, including Apple Valley, Victorville, Hesperia, Adelanto, Barstow and Phelen. The Antelope Valley with communities of Palmdale, Lancaster, Antelope Valley and Littlerock. The Tejon Ranch just north of the Grapevine and finally the 10 Freeway corridor east of Banning to Indio.

Can you imagine the congestion coming back from the desert? *Allen C. Buchanan is a principal with Lee & Associates Commercial Real Estate Services in Orange. He can be reached at abuchanan@leeassociates.com or 714-564--*

7104



Future warehouse facilities are likely headed for Victor Valley, including Apple Valley, Victorville, Hesperia, Adelanto, Barstow and Phelen, or the Antelope Valley in Palmdale, Lancaster, Antelope Valley and Littlerock, according to one logistics expert.

JEFF GRITCHEN — STAFF PHOTOGRAPHER



[Copyright \(c\)2022 Orange County Register, Edition 4/10/2022. Please read our Privacy Policy and User Agreement. Please review new arbitration language here.](#)
[Powered by TECNAVIA](#)

Sunday, 04/10/2022 Page .Y010 Copyright (c)2022 Orange County Register, Edition 4/10/2022. Please read our Privacy Policy and User Agreement. Please review new arbitration language here.