



THE DISTRIBUTION LANDSCAPE IS EXPANDING

Consumers want more, and they want it now. In response, the warehousing and distribution industry has evolved, shifting from simple inventory stockpiling to more dynamic operations. Distribution centers, the physical assets performing this push-through of product, dominate conversations on the future of industrial real estate as their impact on both market access and market share continue to grow.

The City of Schertz, Texas knows the challenges and opportunities of distribution operations within a community. As companies continue to invest in distribution, to meet growing demand and reduce 'dock to doorstep' wait times, it is helpful to assess the industry's performance, gauge challenges, and examine solutions available within Schertz.

REPORT INCLUDES

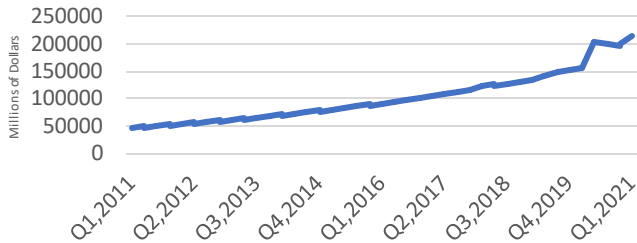
- Industry Profile
- Regional Profile
- Workforce Summary
- Location Comparison
- Schertz Proximity To Market
- Schertz Distributors List

Industry Profile: Overview

Outlook

Industrial Warehousing and Distribution has been one of the most resilient real estate industries during the COVID-19 pandemic and is supported by growing demand for e-commerce. The annual growth rate of domestic e-commerce increased from 14.8% in the first quarter to 44.5% in the second quarter. This puts pressure on retailers, wholesalers, and third-party logistics (3PL) companies that need to reach consumers while reducing transportation costs with localized warehouses and aligned distribution logistics.

FIGURE 1. U.S Retail E-Commerce Sales



Consumer Spending

The graph above shows online retail sales. It's no surprise these sales have been steadily increasing, it's expected that the pandemic provided a large boost to e-commerce over on-site retail.

FRED, Federal Reserve Bank of St. Louis (2021)

Same day delivery is now the accepted norm for e-commerce. This immediacy, tied to a desire for greater selection and immediate availability of product options, translates into the property/market consideration being one, if not the most, business-critical decision. Distributors require far more square footage to accommodate product than previously seen. Accommodations for warehousing more product was escalated during the initial Covid-19 pandemic as economic shutdowns were placed and manufacturing halted causing supply shortages.

In response to market disruptions a recent CBRE study found that inventory control will be a new prime driver of industrial occupiers and site locations, as they increase industrial warehousing footprints to store "safety stock" in case of future supply chain disruptions. It's expected that many suppliers will increase inventories from 15 days to as high as 60 days.

Opportunities in Texas

Tied to rising industry demand is an ongoing need for strategically placed facilities. Geographic expansion can bring new customers and market share gains, factors that have brought many distribution operations to Texas communities such as the City of Schertz. It's expected that Texas will provide the most opportunities for investors and occupiers with forecast population growth of 9% over the next five years, largely benefiting the metropolitan areas of Dallas-Fort Worth, Houston and San Antonio industrial markets.

Distributors have been hit with rising costs, ranging from logistics to freight to labor. Maintaining or establishing new market access while balancing profit generation weighs heavily on companies, as indicated by their responses in the Industry Outlook Survey. For many, the costs of locating directly within a market are untenable; increasingly, distributors are primarily driven by pro-business communities offering low taxes, location incentives, available land, and workforce training program found in markets that border major metro markets with strong colocation of logistics services.

CBRE, Industrial & Logistics 2021 U.S. Real Estate Market Outlook

DISTRIBUTION OUTLOOK IS POSITIVE, THANKS TO NEW DECISION FACTORS AND THE EXPANSION OF E-COMMERCE

Regional Profile:

The San Antonio – New Braunfels MSA offers multiple competitive advantages to distributors looking to expand market reach and solidify market share. Schertz offers solutions to distribution users and site selectors.



22%

POPULATION GROWTH (est.)

2021 Population: 4.9 Million
2031 Population: 6.0 Million

County	% Population Change (2011 – 2021)
Atascosa County, Texas	+15%
Bandera County, Texas	+20%
Bastrop County, Texas	+26%
Bexar County, Texas	+15%
Caldwell County, Texas	+17%
Comal County, Texas	+41%
Guadalupe County, Texas	+24%
Hays County, Texas	+37%
Kendall County, Texas	+37%
Medina County, Texas	+16%
Travis County, Texas	+19%
Williamson County, Texas	+34%
Wilson County, Texas	+19%

Jobs EQ, 2021 projections

1.1+

LABORFORCE

Within the San Antonio-New Braunfels MSA (2021)

Jobs EQ

40K

EMPLOYED

Within the MSA's distribution & warehousing industry (2021)

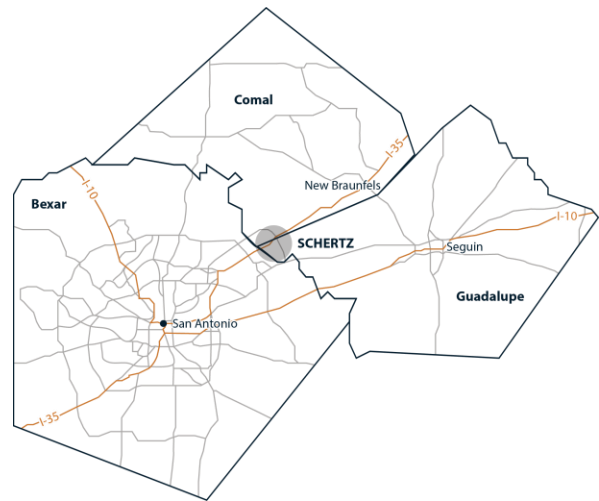
Bureau of Labor Statistics (BLS)

84%

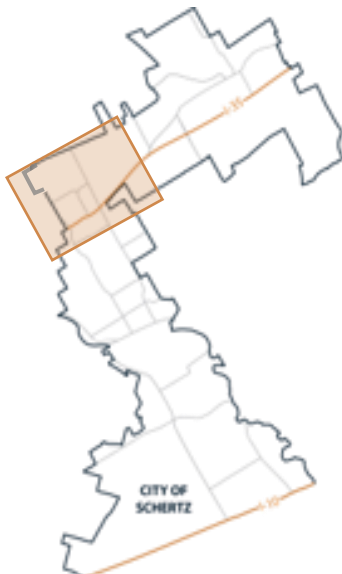
INCREASE

In MSA industry employment from 2011 to 2021

Bureau of Labor Statistics (BLS)



1,506 WORKERS ARE EMPLOYED IN TRI COUNTY INDUSTRIAL AREA



← **Tri County Industrial Area:** Schertz' Tri County Industrial Area, the primary location of local distribution companies, is able to pull talent from many surrounding communities. The above map shows where these Schertz warehouse and distribution workers live.

Comparison: Warehouse/Distribution Facility

↓ Rising costs can be offset by choosing a location that is more financially feasible. Operating costs within Schertz are competitive, particularly when it comes to Property Tax Rates.

LOCATION & WORKFORCE FACTORS		SCHERTZ	KATY	TEMPLE	LAREDO
Salaries (Median)	SOC Code				
Major Occupational Group					
Transportation & Material Moving	53-0000	\$33,800	\$34,300	\$34,500	\$36,100
Occupation Title					
First-Line Supervisors of Laborers	53-1048	\$53,700	\$51,200	\$47,300	\$45,800
Driver/Sales Workers	53-3031	\$33,800	\$25,400	\$22,900	\$24,100
Heavy and Tractor-Trailer Truck Drivers	53-3032	\$38,700	\$44,100	\$43,300	\$40,500
Light Truck or Delivery Services Drivers	53-3033	\$36,000	\$36,200	\$36,900	\$48,600
Transportation Inspectors	53-6051	\$97,600	\$75,900	\$86,100	\$79,400
Crane and Tower Operators	53-7021	\$57,000	\$58,700	\$60,300	\$55,500
Industrial Truck and Tractor Operators	53-7051	\$32,300	\$36,000	\$36,100	\$24,200
Cleaners of Vehicles and Equipment	53-7061	\$22,500	\$25,100	\$23,700	\$19,200
Laborers/Freight, Stock, Material Movers	53-7062	\$29,200	\$28,700	\$29,000	\$28,300
Machine Feeders and Offbearers	53-7063	\$30,200	\$28,200	\$28,800	\$28,100
Packers and Packagers	53-7064	\$20,900	\$22,300	\$25,100	\$20,000
Tax Rates					
Property Tax (Per \$100 valuation)		\$2.146315	\$2.178662	\$2.565972	\$2.570349
Sales Tax Total		8.25%	8.25%	8.25%	8.25%

Jobs EQ, 2021
Tax Info from Local Tax Appraisal District

↓ **Amazon** is an example of a major distribution user located in Schertz. Highlights include: ↓



- **WHAT:** 1.2M square foot Fulfillment Center
300K square foot Delivery Station
- **WHY:** Prime location to serve the growing I-35 corridor and Texas population
- **EMPLOYMENT:** Over 1,300
- **WHEN:** 2013 & 2021



Comparison: Warehouse/Distribution Facility

↓ To help give an accurate view of salaries, shown is a range for each job based on experience as well as the median hourly. Also provided is the number of individuals within the MSA employed in each occupation.

Schertz-specific wage data	ENTRY LEVEL	EXPERIENCED	MEDIAN HOURLY	EMPLOYMENT
Major Occupational Group				
Transportation & Material Moving	\$12.22	\$21.61	\$17.06	34,754
Occupation Title				
First-Line Supervisors of Laborers	\$17.30	\$33.02	\$26.98	58,140
Driver/Sales Workers	\$10.41	\$20.79	\$16.90	27,128
Heavy and Tractor-Trailer Truck Drivers	\$14.80	\$23.41	\$19.21	46,007
Light Truck or Delivery Services Drivers	\$11.45	\$26.03	\$18.11	30,143
Transportation Inspectors	\$24.97	\$53.61	\$48.16	89,895
Crane and Tower Operators	\$17.90	\$32.27	\$27.78	47,119
Industrial Truck and Tractor Operators	\$12.29	\$19.24	\$16.31	30,587
Cleaners of Vehicles and Equipment	\$9.08	\$13.68	\$11.46	23,638
Laborers/Freight, Stock, Material Movers	\$10.89	\$19.40	\$14.72	29,400
Machine Feeders and Offbearers	\$10.17	\$18.72	\$15.24	32,928
Packers and Packers	\$8.59	\$13.03	\$10.61	22,210

Jobs EQ, Q1 2021

Market Inventory:

↓ To provide the most up-to-date market data, shown below is the current average asking price, inventory vacancy rate and net absorption for Q3 2021 with past quarter comparisons.

Schertz	Q3 (2020)	Q4 (2020)	Q1 (2021)	Q2 (2021)	Q3 (2021)
Average Asking Price (NNN)	\$5.60	\$5.78	\$5.46	\$5.46	\$5.37
Inventory	8,984,021	8,985,236	9,626,355	9,626,355	9,626,355
Vacancy Rate	9.1%	9.0%	9.9%	8.0%	6.9%
Net Absorption	(3,555)	(14,072)	(473,623)	(178,931)	(106,480)

San Antonio MSA	Q3 (2020)	Q4 (2020)	Q1 (2021)	Q2 (2021)	Q3 (2021)
Average Asking Price (NNN)	\$5.60	\$5.63	\$5.29	\$5.39	\$5.37
Inventory	48,972,040	49,499,637	101,095,129	101,286,285	101,289,770
Vacancy Rate	12.3%	11.5%	11.0%	7.3%	7.2%
Net Absorption	(401,763)	(15,152)	(435,247)	1,237,174)	(172,074)

Current Available Space:

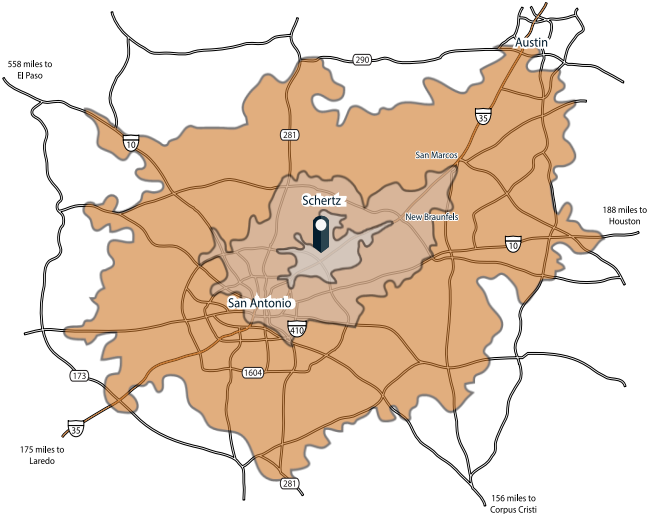
666,329 sf of Existing Warehouse and Distribution Facilities

1,000+ Acres of Available Land Warehouse and Distribution Facilities

312 Acres of Available Shovel Ready

Proximity To Markets: Regional

As consumer spending increases, so too does the need for warehousing/distribution services. Markets with large consumer counts offer great distribution potential. Schertz offers access to the entire San Antonio - Austin Corridor. This map shows drive time distances of 15, 30, and 60 minutes from Schertz.



DRIVE TIME	CUSTOMERS	DETAILS
15 Minutes	163,611	Easy access to the majority of San Antonio's bedroom communities and the heart of the San Antonio-Austin Corridor
30 Minutes	1,056,384	Ability to reach the majority of the San Antonio metroplex, as well as a significant portion of the San Antonio-Austin Corridor
60 Minutes	2,739,070	Ability to reach Austin, surrounding cities, and the communities running along the San Antonio-Austin Corridor

Proximity To Markets: By Air

Schertz distributors have worldwide access thanks to nearby commercial airports that bridge the gap between regional, national, and international markets.

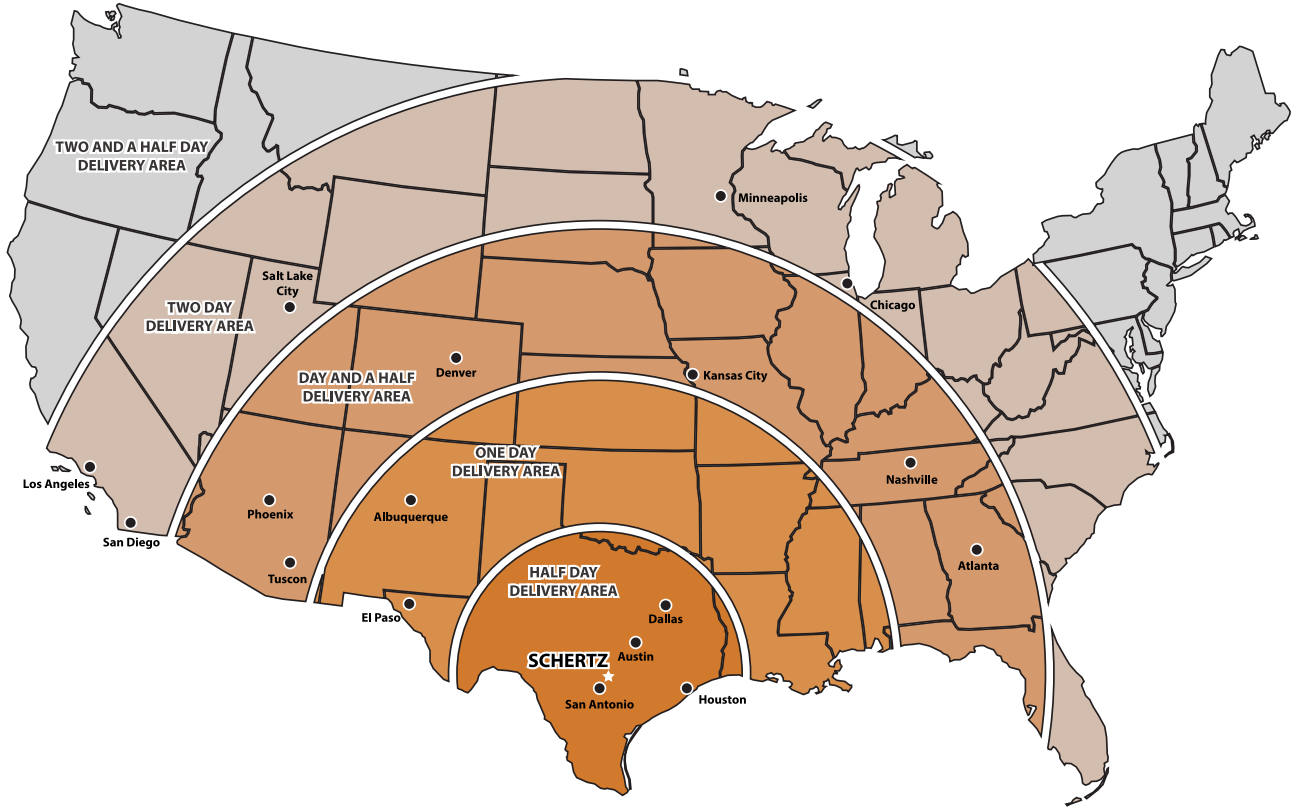


From San Antonio (SAT)	Flight Time
Atlanta (ATL)	2.5 hours
Dallas (DFW)	1.25 hours
Denver (DEN)	2.25 hours
Guadalajara (GDL)	2 hours
Houston (HOU)	1 hour
Kansas City (MCI)	2 hours
Mexico City (MEX)	2 hours
Los Angeles (LAX)	3 hours
Miami (MIA)	3 hours
Monterrey (MTY)	1 hour
Phoenix (PHX)	2.5 hours

↑ This graphic shows a selection of the nonstop flight destinations available via San Antonio-International Airport (SAT).

Proximity To Markets: By Road

The cost of transporting goods is reduced by using the interstates and highways that run directly through Schertz. Interstates 35 and 10 provide transportation opportunities for getting products distributed throughout the US and Mexico.



↑ This graphic is based on the distance a single trucker is legally allowed to drive in a 24-hour period.

Half A Day: Access to the major Texas markets (including Austin, Dallas, Houston, San Antonio) and parts of Mexico

One Day: Access to a variety of surrounding states (Oklahoma, New Mexico, Louisiana, Mississippi, Georgia, Missouri, Kansas, Colorado)

Day and Half: Access to over half of the United States along with multiple markets within Mexico

Two Days: Ability to reach the majority of the markets within the United States as well as those in Mexico and Canada

From Schertz	Miles	KM
Austin	65	105
Chicago	1,226	1,973
Dallas	278	447
Denver	940	1,513
Houston	183	295
Kansas City	801	1,289
Las Vegas	1,286	2,070
Long Beach	1,368	2,202
Matamoros	296	476
Mexico City	878	1,413
New Orleans	529	851
Oklahoma City	452	727
Phoenix	989	1,592
Salt Lake City	1,315	2,116
San Antonio	22	35

Business Community: Schertz Distributors

↓ Shown is a list of distribution and warehouse companies located in Schertz, grouped by an industry they support. Note that these are generalized, and companies may serve a variety of sectors.

AGRICULTURE/GROCERY

Animal Supply Company	Pet food distributor
Helena Chemical	Agricultural/specialty formulator and distributor
Mortellaro's Nursery	Commercial landscape and nursery distributor
Theis Distributing Co	Pet supply distributors
Winfield Solutions	Farm supplies merchant wholesaler



AUTOMOTIVE

AER Manufacturing Inc.	Used vehicle parts merchant wholesaler
Dealer Tire	Wholesale tire distributor
Discount Tire Company	Process returned and/or defective tires
DSI Performance	Winches/winch accessories distributor
Farrwest Environmental Supply	Aftermarket vehicle/environmental equipment
Frank Supply Company	Specialty automotive products wholesale
GCR Tire Center	Wholesale tire distributor
Hollingsworth Logistics Group	Packaging support for automotive industry
LKQ Automotive (Keystone)	After-market/used auto parts sales/distribution
Promomin Lubricants & Filters	Oil merchant wholesaler
Steelcraft Group	Distributor of automotive parts/accessories
Utility Truck & Equipment	Vehicle equipment distributor
Walton Distributing	Engine additive product distributor
Wheel Pro	Aftermarket Wheels



BUSINESS SUPPORT

FNTG National Record Center	Records management and storage services
RH	Furniture
Safesite	Off-site records/media storage provider
SP Richards	Stationary/office supplies merchant wholesaler
The Richmond Advantage	Printer, restaurant, and janitorial supply distributor
VeriTrust	Information management support (records, data)



CONSTRUCTION

Advanced Lighting Technology	Electrical equipment merchant wholesalers
AnSCO & Associates	Telecom equipment (fiber optics) distributor
Aqua Metric	Utility meter component & system distributor
Boss Products	Fire suppression equipment distributor
Builders First Source	Motor/wiring/lighting merchant wholesalers
Building Specialties	Building materials/construction products distributor
City Electric Supply	Motor/wiring/lighting merchant wholesalers
Closter Equipment	Road equipment (rollers, pavers, etc.) distributor
Dillard Associates	Plumbing/mechanical distribution
Goodman Networks	Telecom equipment (fiber optics) distributor
HD Supply	Facility management industry support
Main Glass & Mirror	Glass and mirror distributor
Nelsen Corporation	Water treatment systems & components distributor
Petrin	Insulation materials distributor
Swift-Train Company	Flooring/wood merchant wholesaler
Texas Plumbing Supply	Plumbing merchant wholesaler
Universal Forest Products	Industrial packaging/lumber product distributor
VRTX Technologies	Cooling water treatment system distributor
Wilsonart	Flooring/countertop distributor



Business Community: Schertz Distributors

↓ List of distribution and warehouse companies located in Schertz, continued

FOOD SERVICE & EQUIPMENT

Ace Mart Restaurant Supply	Restaurant equipment and supply wholesaler
Alamo Food Equipment & Supplies	Commercial kitchen equipment distributor
Berlin Packaging	Packaging/container distributor
Dispenser Services Of Texas	Juice and drink dispenser distribution
Domicilio Conocido	Beer Distribution
Food Related	Meat and meat product merchant wholesaler
Mondelez International	Kraft & Nabisco Foods product distributor
Quality Custom Distribution	Quick supply restaurant (QSR) industry support
Republic National Distributing Co.	Wine/alcoholic beverage merchant wholesaler
San Antonio Deli Provisions	Boar's Head brand meat merchant wholesaler
Schwan's	Direct-to-home and business food distributor
Sysco Central Texas	Food product wholesale distributor



HEALTHCARE

McKesson	Logistics provider for pharmaceutical manufacturers
National Optical & Scientific	Microscopes and science lab supplies distributor
Stason Pharmaceuticals of Texas	Logistics provider for pharmaceutical companies



LOGISTICS

Armstrong Relocation	Logistics provider focused on relocation services
Berger Moving and Storage	Moving and logistics provider
FedEx Corporation - Freight	Less-than-truckload (LTL) distribution services
FedEx Corporation - Ground	Small parcel distribution services
Phoenix Group	Freight moving and logistics provider
Southeastern Freight Lines	Freight brokers and hauling services
WDS Logistics	Logistics provider focused on just in time delivery
XPO (Menlo Logistics)	Supports IT and datacenter industries



MANUFACTURING

IWS Gas and Supply of Texas	Welding supply distributor
Malin Integrated Handling	Forklift sales/refurbishment
North American Composites	Distribute resins used in fiberglass industry
ResTex Composite	Distribute resins used in fiberglass industry
Vantage Pump & Compressor	Industrial air compressors/pumps distributor



OTHER SECTORS

Ace Audio Communications	Communication product/audio services distributor
Batesville Casket	Casket distributor
Summit Integration Systems	Audio-visual service distributor



WHOLESALE/RETAIL

Amazon.com	Fulfillment services distributor
Arion Perfume & Beauty	Cologne and perfume (cosmetic) distributor
Chadwell Supply Texas	Wholesale appliance distributor
Farmers Brothers	Coffee Supply
Rainbeau/JJ Mae	Women's clothing distributor
RH	Furniture
Scholastic Book Fairs	Book and educational material distributor



Data Dictionary, Sources, & Assumptions

Industry Overview data is from the U.S. Department of Labor's Bureau of Labor Statistics (BLS); U.S. Census; FRED, Federal Reserve Bank of St. Louis (2021) CBRE Industrial & Logistics 2021 U.S. Real Estate Market Outlook; JLL The Future of Global Logistics Real Estate: Demand, decarbonization, digitization, design (July 2021); EMSI Community Analyst 2021 and SEDC staff analysis.

Salary data Jobs EQ Occupation and Wage Estimates, Texas Workforce Commission. Data is from 2020 Annual and Q1, 2021 and presented at the local, and MSA level. Salaries are annualized, based on a 40-hour workweek and 52 weeks. For more information on SOC Codes, visit O*Net.com.

Tax comparison chart sources by row: Corporate Income and Personal Income Tax data from the Tax Foundation. Sales Tax figures from individual city finance departments and appraisal districts. All taxes current as of tax year 2020.

Proximity to market by road visualization is based on ArcGIS Community Analyst and U.S. Department of Transportation Federal Motor Carrier Safety Administration data/regulations.

Proximity to market by air visualization is an adaptation of San Antonio International Airport's 54 Nonstop Destination map (sanantonio.gov/SAT/Airlines-Flights/Nonstops). Flight times are estimates from FlightConnection.com.

Workforce overview data is from Jobs EQ Occupation Wages Quarter 1 and 2020 Annual; and the U.S. Census' OnTheMap tool.

Report Updated August 6, 2021

LOOKING FOR ADDITIONAL DATA?

Visit our website for more information as well as available properties (existing buildings and development-ready sites).

SCHERTZ

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