



A new industry is beginning to thrive in rural America, with Amazon leading the way

- Tracy, in California's traditionally agricultural Central Valley, has a booming new industry in fulfillment centers, led by Amazon, which is building its second there.
- Other areas like the Lehigh Valley in Pennsylvania, central New Jersey, and Dallas are similarly benefiting.

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CNBC.com July 15, 2017

The city of Tracy, California, is flanked by clusters of warehouses on its east and west sides. The names on the buildings are familiar: Amazon, Costco, FedEx, Safeway, Crate and Barrel and others.

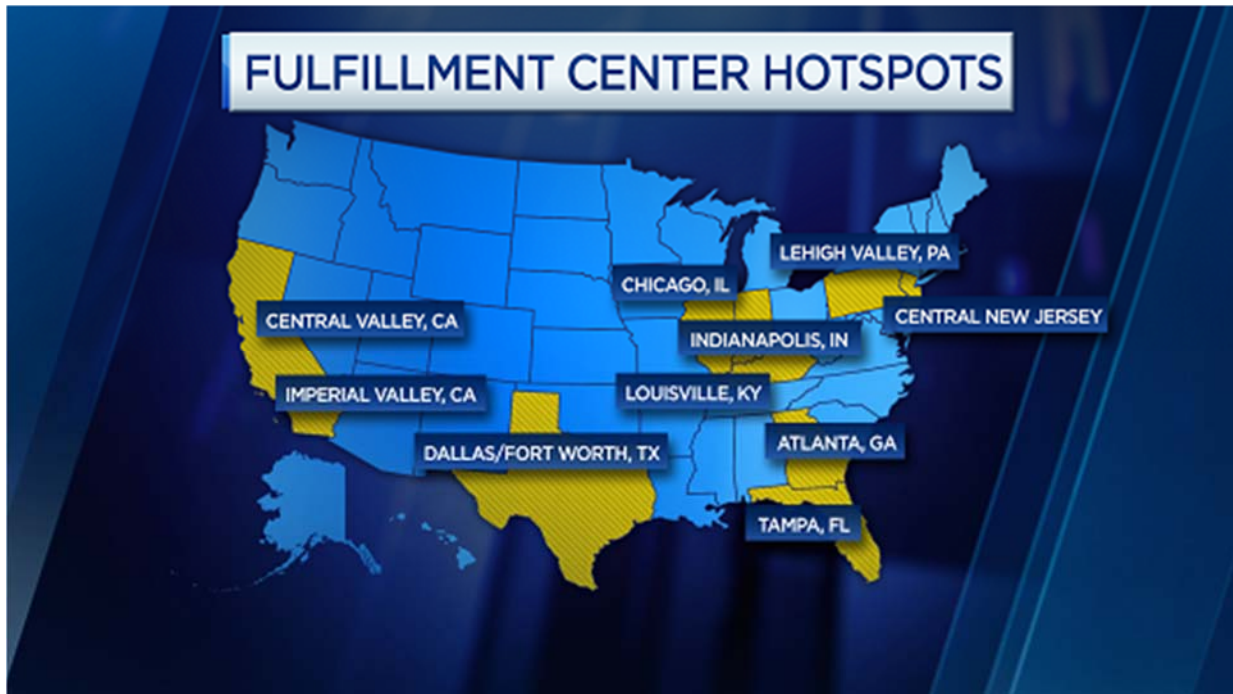
Located in California's Central Valley, Tracy's proximity to the San Francisco Bay Area has turned it into a prime spot for distribution hubs, and it's not alone.

With the boom in e-commerce and online shopping, companies have flocked to areas like the Central Valley, the Lehigh Valley in Pennsylvania, central New Jersey and Dallas, Texas, to build their distribution and fulfillment centers. All these regions are close to major metropolitan areas and major roadways. For the residents of these regions, it means new job opportunities as an entire industry around e-commerce takes shape.

Tracy Mayor Robert Rickman said the benefits of this boom are widespread.

"The people who come to our jobs here in Tracy are not just from Tracy, but all throughout the region, and it increases our daytime population and in turn attracts other businesses here – restaurants, retail and commercial," Rickman said. "It's a trickling effect."

Tracy is close to major highways, the Port of Oakland and a nearby airport, making it an ideal location for e-commerce facilities, Rickman said. "The distribution centers and fulfillment centers can ship their goods pretty much anywhere from here in a very short amount of time."



Over the last five years, fulfillment and distribution centers have created about 10,000 new jobs in San Joaquin County, according to research from Dr. Jeffrey Michael at the University of the Pacific's Center for Business and Policy Research. In the past, agriculture and food manufacturing were Tracy's main industries.

City officials expect the growth in fulfillment jobs to continue, largely led by Amazon.

Amazon's plan to create 100,000 new jobs over the next year has a tangible impact in Tracy; a second Amazon fulfillment center is currently under construction. The existing facility is the largest in California and also runs a management training program, creating some management level positions.

These new centers are much different than traditional warehouses, and require much more manpower, said Richard H. Thompson of JLL, a commercial real estate firm. Jobs here often offer better pay and require more technical skills than more traditional jobs in warehousing and distribution since more precision is needed to meet customers' orders versus large bulk orders.



An Amazon fulfillment center in Tracy, California

Don Cunningham, the President & CEO of the Lehigh Valley Economic Development Corporation, says average pay for a fulfillment job in cities in Pennsylvania's Lehigh Valley is about \$15 per hour, much higher than retail or fast food jobs in the region. "This new industry requires a lot of labor right now," he said.

The economic benefits are pouring into the cities as well. In Tracy, sales tax revenues went up 35 percent, helping the city build parks and improve infrastructure. Large warehouses like Amazon and Walmart also generate a lot of property tax revenue for the cities they're located in, said John Boyd of The Boyd Company.

Tracy's not alone. Fresno, another city in the Central Valley of California, has gotten more requests from companies wanting to set up facilities in the last two years than over the past 10 years combined, according to Lee Ann Eager from the Fresno Economic Development Corporation.

"It's putting thousands of people to work who are either unemployed or underemployed," she said. "It's essentially a new industry for people in this region."



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