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ALL THAT'S TRUCKING

Could Growing Popularity of Intermodal Actually Mean Fewer Drays?

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While some trucking companies have added short-haul rail intermodal dray services to their mix of options, some shippers are looking to cut down the amount they spend on drayage by building distribution centers right alongside rail facilities.

In a [column in the February issue of DC Velocity](#), Mark B. Solomon, senior editor for the logistics magazine, notes that Home Depot last fall relocated operations from two stocking distribution centers near Interstate 55 about 25 miles south of Chicago to a single, 1.6-million-square-foot facility next to Union Pacific's intermodal facility in Joliet, Ill., about 40 miles southwest of the city.



"For a huge intermodal user like Home Depot, the ability to avoid the cost of draying products between the highway locales and UP's lines was no small matter," Solomon notes.

"Welcome to the next logistics land rush. As demand increases for intermodal transportation—total third-quarter 2013 traffic rose 4.7% from the 2012 period, according to the Intermodal Association of North America—businesses are taking a hard look at locating or relocating their DCs near intermodal yards. Of the 225 million square feet of DC space under development in the U.S., about one-third is at or close to an intermodal facility, according to John H. Boyd, head of The Boyd Co. Inc., a site selection firm in Princeton, N.J. Boyd said that is about twice the ratio of several years ago, though he didn't have hard numbers to support the estimate."

He details how land is being snapped up for intermodal development in places such as eastern Pennsylvania's Lehigh Valley; the Kansas City suburb of Edgerton, Kan.; Joliet and Elwood, Ill.; the Dallas/Fort Worth Metroplex; Memphis, Tenn.; and the "Inland Empire" east of Los Angeles.

BNSF Railway touts ["closer is better" on its website](#), noting that "by locating your DC at a BNSF Logistics Park, you substantially lower transportation costs while serving major markets across the country."

What does all this mean for trucking? Obviously intermodal moves are increasingly popular. I doubt that an increasing number of distribution centers built next to intermodal rail facilities will put a huge dent in the overall drayage loads that need to be hauled -- but they could make a difference in certain regions or with certain customers.

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