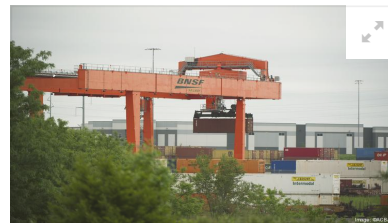


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COMMERCIAL REAL ESTATE

BNSF's proposed Arizona rail intermodal facility would be 'transformative' for the region



A gantry cranes moves containers at Logistics Park Kansas City in Edgerton, Kansas, which could be a similar facility to what BNSF has planned for Arizona.

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By Audrey Jensen
Reporter, Phoenix Business Journal

53 minutes ago

An intermodal railway facility and logistics center proposed for a massive site in the West Valley could have big economic implications for the Phoenix metro and the state, according to experts.

“This is really transformative – it’s really the next step for metropolitan Phoenix and Arizona within the global supply chain ecosystem,” said [Tony Lydon](#), a managing director for JLL in Phoenix. “We’re probably one of the largest, maybe the largest metropolitan region that doesn’t have a true intermodal capability.”

Although the state has an intermodal facility in Tucson, “we really don’t have that capability here in region, and that creates a ceiling, so to speak, for us to attract those rail-centric operators,” Lydon added.

This March, Texas-based BNSF Railway Co. [plans to bid on about 3,500 acres](#) of state land for an industrial complex comprised of a logistics center and intermodal facility north of State Route 60 and the existing BNSF rail line within the city of Surprise planning area.

Public records say the company could commence construction by 2025 and open in 2028, but exact parameters of the conceptual project are unknown at this time. If BNSF moves forward with its plans, the industrial complex could boost interest from manufacturers and distribution companies, resulting in a ripple-effect of further economic growth throughout the region in development and logistics.

In a statement emailed to the Business Journal on Wednesday, BNSF Railway said it has operated in Arizona for more than 125 years and that it’s an “important region

for continued economic growth and development” for BNSF. A spokesperson said the company “routinely” evaluates potential business opportunities, including property acquisition.

“The West Valley property is located in the vicinity of our main line. BNSF determined it could be a good long-term investment and expressed interest in purchasing it. As a transportation company, it is reasonable to assume that it could be utilized to support the supply chain,” a spokesperson said in an emailed statement. “However, at this point it is too soon to determine what could be built on the property.”

The freight company is expected to bid on the 3,500-acre site at a public auction, which has a minimum bid price of \$49,110,000, or approximately \$14,000 per acre, on March 30 at the Arizona State Land Department in Phoenix.

‘Another competitive quiver’

Any kind of intermodal and major distribution and logistics center has a significant impact on a region because in most projects, logistics is a big part of the site selection process, said Jay Garner, president of Garner Economics LLC.

“That will not only have a positive impact on the Phoenix region because of the ability to move goods efficiently and cost-effectively, it’s also a major job creator,” Garner said. “It gives the whole Phoenix metro area another competitive quiver in its arsenal when trying to expand or locate a distribution or manufacturing company that has that need.”

Lydon said other BNSF intermodal and logistics centers such as the Logistics Park Chicago and CenterPoint Intermodal Center - Elwood, for example, have spurred “incredible” development and employment in those high-population areas.

CIC-Elwood is a 2,500-acre integrated logistics center representing an investment of \$1 billion by CenterPoint. It's

located about 50 miles southwest of Chicago and is comprised of a 770-acre intermodal yard and 12 million square feet of building space, according to CenterPoint. It's part of an overall 6,400-acre intermodal and logistics park that's home to global retailers, logistics providers and product distributors. The park is located between BNSF and Union Pacific rail line in Illinois.

John Boyd, principal of The Boyd Company Inc., said intermodal facilities are a major site selection strength when it comes to attracting advanced manufacturing projects. Boyd said the site will be another link to the global marketplace via the West Coast.

“Intermodal is a key component to the types of advanced manufacturing projects Phoenix is competing for, particularly the new high-stakes battle for new semiconductor industry, as well as electric vehicle assembly plants and suppliers,” he said.

Why Phoenix?

Phoenix has become increasingly attractive to major projects in recent years amid the region's industrial boom. Intel's plants, the Taiwan Semiconductor Manufacturing Co. fab and a lithium-ion battery manufacturing facility, which are all drawing suppliers to the region, are currently being developed in addition to a growing electric vehicle market in the Phoenix area.

"I already think Arizona is on the map, they are a major player, especially in the recruitment of California-based companies," Garner added. "That's primarily because of either workforce incentives or state business climate."

Industry experts speculated that BNSF chose the site for its industrial complex due to some of the challenges California is facing in its industrial market, such as a vacancy of less than 1% between 1.8 billion square feet of industrial space in the Inland Empire and Los Angeles and Orange counties.

"The California marketplace from an industrial logistics standpoint is at capacity," Lydon of JLL said. "They're probably looking to expand their services in a location that has runway for growth and yet has dynamic population growth, so that once you build it, there will be the workforce there to support the companies that want to leverage off the rail infrastructure."

David Valenzuela, chief business attraction officer for the city of Peoria, said they would be "very supportive" of the proposed project. The need for facilities and infrastructure to support the supply chain are "critical for everybody," he said.

"The West Valley has been a very strong distribution hub, growing hub, over the last several years, and to have an intermodal logistics yard like this, would be extremely important in supporting those distribution centers," Valenzuela added.

Ongoing development of key freeways such as the Loop 303 and the proposed Interstate 11, which would run from Nogales and travel north alongside the West Valley up to Nevada, is also important for a project like this, according to Valenzuela.

Arizona Commerce Authority said it cannot comment on potential economic development projects but added that "any investments in large scale infrastructure signify that our state is well positioned for continued and expanded economic opportunity."

"We continue to strive for improvements in our operating environment to ensure our position in the global marketplace," the ACA said in an emailed response.

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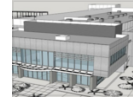
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