



# Industrial Trends and Recruiting Business to Rural Markets

 **AGRACEL, INC.**  
*Industrial Developers*

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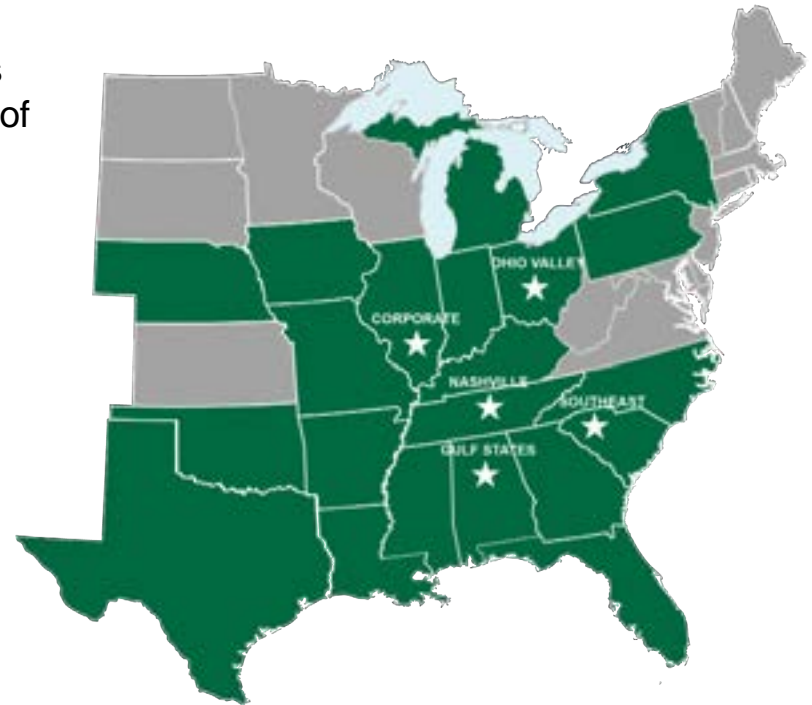
***We are not just another real estate developer.***

Agracel, Inc. is an industrial development firm that provides development services to owners, managers, and investors of industrial and commercial facilities.

Agracel focuses on developing manufacturing projects and creating jobs in secondary and tertiary markets.

We have you covered with offices in:

- Midwest
- Gulf States
- Southeast
- Tennessee Region
- Ohio Valley



**35**

YEARS IN  
BUSINESS

**22M**

SQUARE FEET  
DEVELOPED

**1.03**

BILLION \$ TOTAL  
INVESTMENTS

**18K**

JOBS  
CREATED

**21**

STATES WITH  
PROJECTS

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## Our Approach

- Non-Merchant Developer
- Flexibility in Deal Structure
- Open Book Accountability to Tenants
- Competitive Procurement of Construction Services
- Expedited Underwriting
- Streamlined Decision Making
- The “Can Do” Company





How long has  
economic  
development been  
around?

125,058	154,568	97,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
105,450	150,000	99,216	95,000
86,502	35,000	101,090	154,200
	83,000	101,684	110,000
	45,000	101,962	89,000
		102,747	50,000
			68,700
			123,000

190 B.C.

Port of Delos changes to a tax-free port to undermine its rival –  
Port of Rhodes



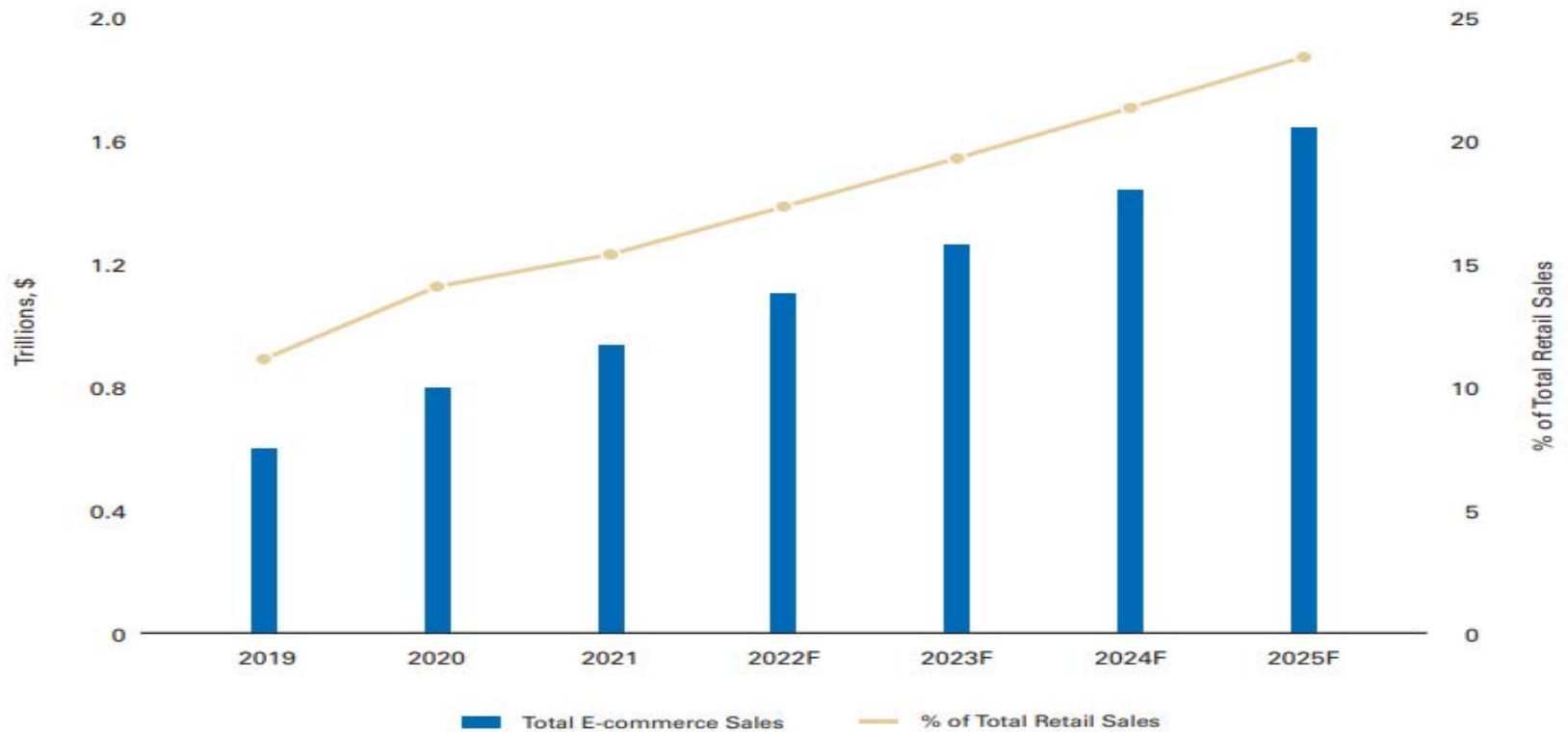
Let's Talk Industrial Trends

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## E-commerce Spending and Share of Total Retail Sales

United States | 2019 - 2025



Sources: eMarketer, U.S. Census Bureau, February 2022



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**Our Fulfillment Network:** Going back to the pandemic, there's no way we could have started working on our fulfillment network in March 2020 and satisfied anything close to what our customers needed. We'd been innovating in our fulfillment network for 20 years, constantly trying to shorten the time to get items to customers. In the early 2000s, it took us an average of 18 hours to get an item through our fulfillment centers and on the right truck for shipment. Now, it takes us two. To deliver as reliably and cost-effectively as we desire, and to serve Amazon Prime members expecting shipments in a couple of days, we spent years building out an expansive set of fulfillment centers, a substantial logistics and transportation capability, and reconfigured how we did virtually everything in our facilities. For perspective, in 2004, we had seven fulfillment centers in the U.S. and four in other parts of the world, and we hadn't yet added delivery stations, which connect our fulfillment and sortation centers to the last-mile delivery vans you see driving around your neighborhood. Fast forward to the end of 2021, we had 253 fulfillment centers, 110 sortation centers, and 467 delivery stations in North America, with an additional 157 fulfillment centers, 58 sortation centers, and 588 delivery stations across the globe. Our delivery network

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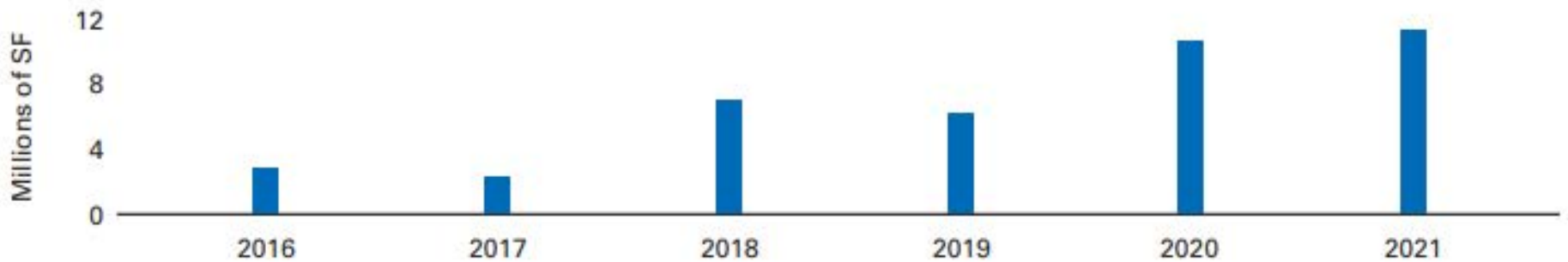
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### New Manufacturing Plant Construction Starts

United States | 2016 - 2021

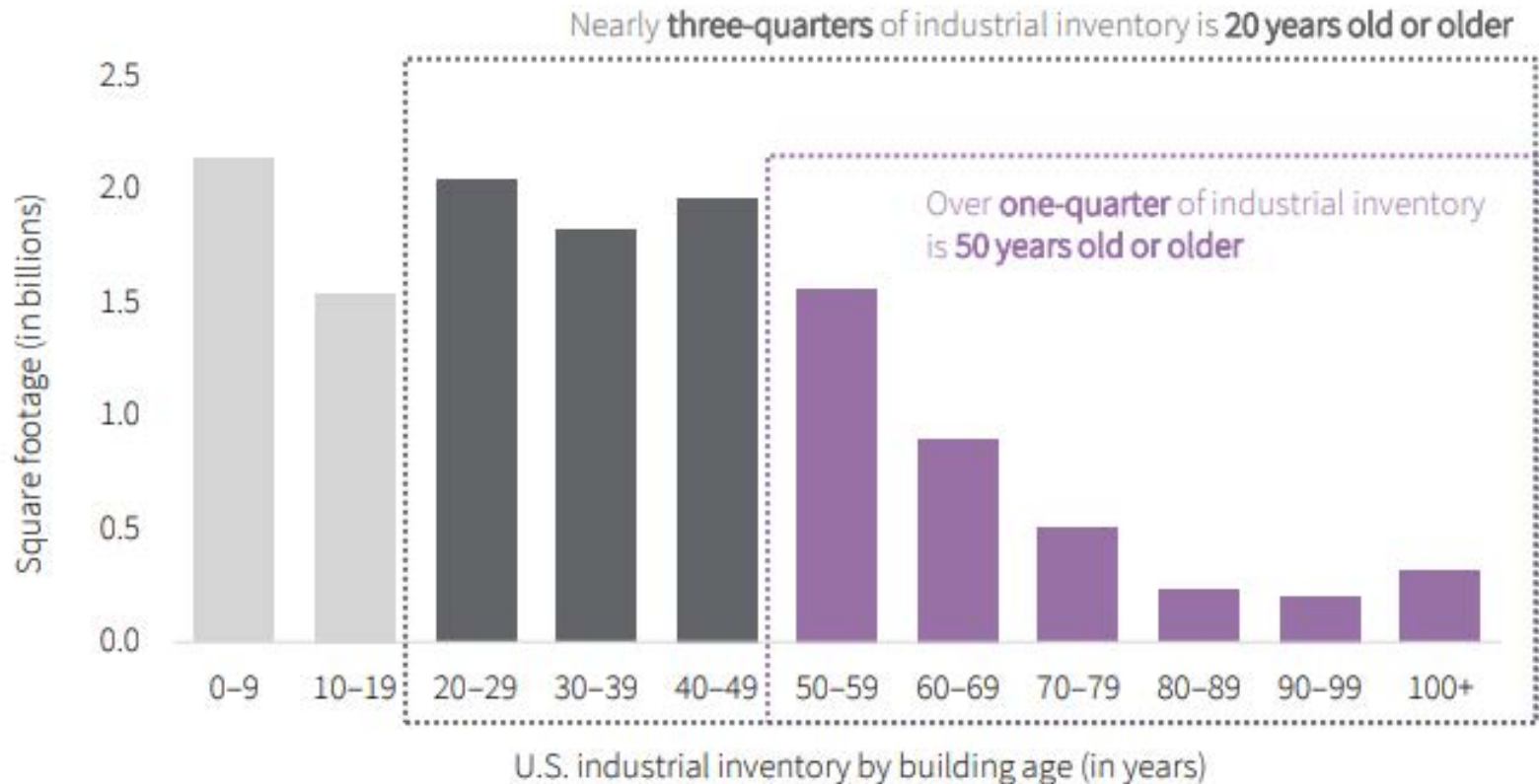


Sources: Real Capital Analytics, Newmark Research, February 2022

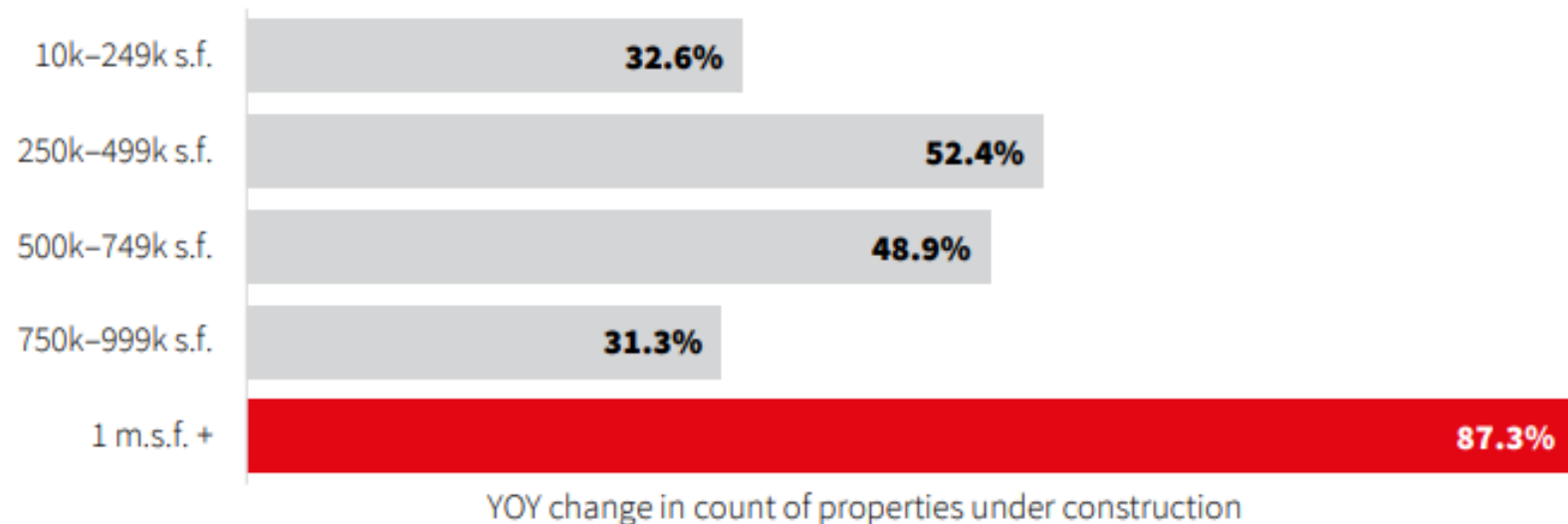
The industrial market continues to grow, but can it keep up with demand?



## The U.S. industrial inventory is aging rapidly

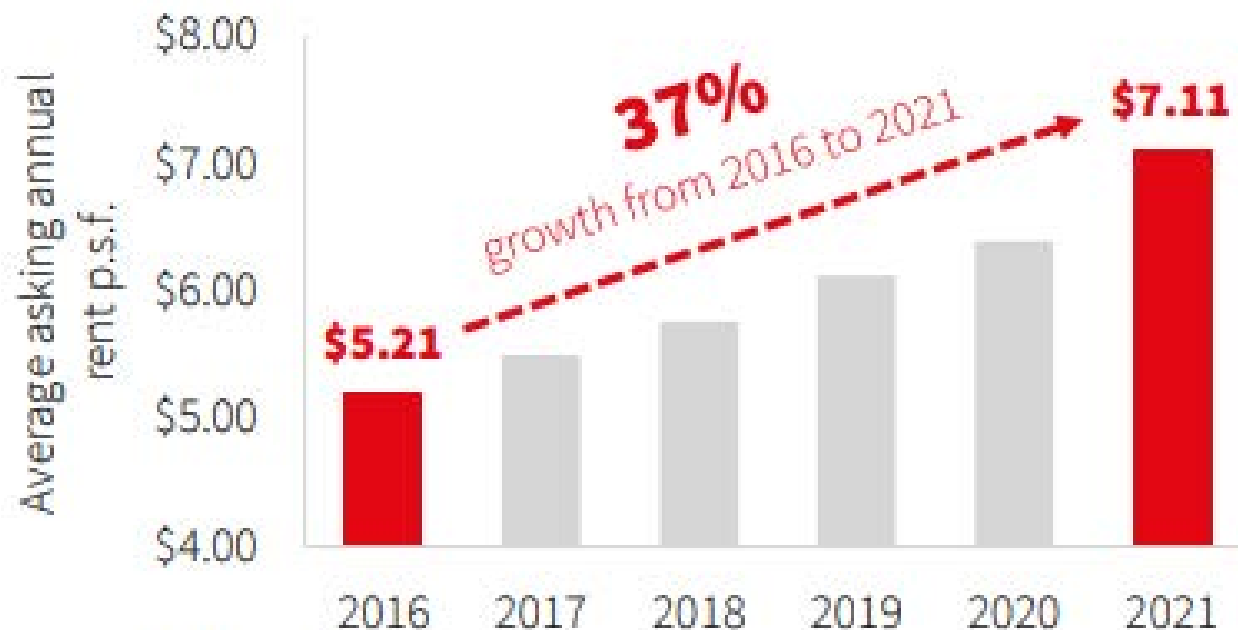


## Shifts in demand spark new trends in the construction pipeline



Source: JLL Research

## The competitive leasing environment is accelerating rent growth



Source: JLL Research



## Industrial Trends Amongst Clients

- Reacting to the Market; E-Commerce
  - The average warehouse in 2008 was 37,347 SF. Today it is 330,000 SF - a 10X increase in 15 years.
- Speed, Speed, and Speed
- Supply Chain Disruptions; On-shore & Near-shore
- Construction Costs and Schedule Burdening Deals
- Race for Talent & Population Migration





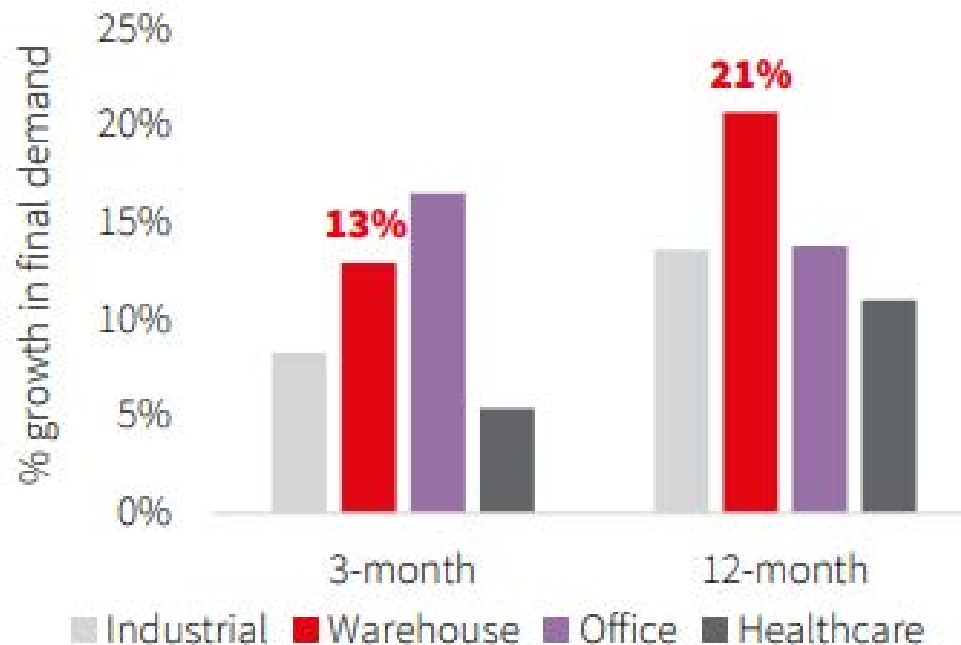
## **Two Biggest Industrial Challenges Currently**

### 1. Construction Costs

93% increase when factoring in construction materials, equipment and labor

- Steel – up 24%
- Concrete – 28%
- Copper Pipe – 76%

**The total cost to build a new warehouse, including labor, is up 21% over the last year**



Sources: JLL Research, BLS

Exhibit 5b

## PRICING OF CONSTRUCTION MATERIALS FOR WAREHOUSES, U.S.

basket of commodities, indexed to 100 in January 2010



Source: Prologis Research, Eurostat. Price index based on basket of commodities needed to develop a logistics warehouse. Basket weights are 47.5% for concrete; 27.1% for structural steel, 17.0% for roofing and paving, and 8.5% for fire protection pipe.



## Two Biggest Industrial Challenges Currently

### 2. Construction Schedules

“Call it a Year for anything”

Electrical Switch Gear – 50 weeks

Overhead Doors – 20 weeks

Dock Seals & Levelers – 30 weeks



Let's Talk Recruiting to Rural

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- Take a time to understand the industrial market right now.
- What can be done to differentiate?
- Where is the opportunity?
- What is competition doing?
- What is the gap in the market-place around you and what are my strengths to seize the moment?



“Do Something”  
(yet be practical)



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## Entrance Road



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# ED Secret Sauce

~~5 P's~~ **8 P's**

1. People
2. Product
3. Place
4. Price
5. Preparation
6. *Perception*
7. *Productivity (innovation)*
8. *Promotion*



## Key Takeaways:

- Think Flexibility in the product.
- Remove barriers and/or alleviate risk.
- Curb appeal matters; I'd say more than ever...
- Perfect time to be innovative.
- Juice up the marketing to make sure you have videos of your market and sites.
- Educate the private developers and industrial brokers.



Questions?

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In Closing...







“Don’t let what you can not do, interfere with what you can do.”

John Wooden

“The road to success is always under construction.”

Arnold Palmer



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