

FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT WAREHOUSES AND OTHER LOGISTICS BUSINESSES

NAIOP IE, the Commercial Real Estate Development Association, is dedicated to advancing the real estate profession and businesses in the logistics sector. Logistics businesses are vital links in the supply chain and, because of that, they [are vital to the flow of goods](#) throughout California and the nation. Below, please find a list of frequently asked questions and answers regarding warehouses and other businesses in the logistics sector.

Why do we need warehouses in Southern California?

Warehouses are a critical link in the supply chain and, as such, they are vital to the timely delivery of essential supplies, including medicine, food, baby formula, clothing and so much more. The growing demand for efficient and reliable delivery of goods drives the need for more warehouse space in Southern California.

Southern California warehouses receive containers from two of the nation's largest container ports, located in Los Angeles and Long Beach. Many of the goods then travel to the rest of California and other Western states, sustaining the supply chain and providing more than [1.6 million](#) trade-related jobs in Southern California and millions more throughout the state in manufacturing, retail and wholesale trade, construction, transportation and warehousing businesses that rely on reliable movement of goods.

Why are warehouses important to the Inland Empire?

Inland Empire warehouses serve the nation's [biggest consumer base](#) and connect goods shipped the ports of Los Angeles and Long Beach. Businesses in the logistics sector are also the [primary economic drivers](#) in the region. The sector employs over [215,000](#) people and accounts for almost one in five Inland Empire jobs.

Largely because of the logistics sector, the Inland Empire's [job market](#) recovered more quickly after the pandemic than the rest of the state and the nation. Since 2020, the region's logistics employment has increased [nearly 40 percent](#) – more than any other sector.

What significant contributions do logistics businesses make to California's economy?

They [drive one-third of the state's economy](#) and support about [one in three](#) jobs. They are also [indispensable to the supply chain](#), for Californians and everyone else in our country. The trucking industry is a vital link in the supply chain: It moves almost [three-fourths of all goods](#) shipped in the United States.

How do businesses in the logistics sector support career-building jobs?

They provide a broad spectrum of jobs and ongoing opportunities for advancement. Major companies such as [UPS](#) and [Home Depot](#) are investing billions of dollars to create jobs and upskill the workforce in California, including training for advancement to more senior positions. As warehouse and other logistics jobs become more specialized, employees are

learning more technical skills and earning higher wages. Reflecting and fueling that trend, a growing number of colleges and universities are offering [courses and degrees in logistics](#).

Why is the logistics sector so important to the evolving marketplace?

The sector is crucial to meeting rising online demand. [E-commerce](#) has grown from eight percent of all U.S. retail purchases a decade ago to 20 percent in 2021. E-commerce revenues are expected to climb from [\\$1 trillion](#) this year to more than \$1.5 trillion by 2027.

What important contributions do logistics businesses and their employees make to their communities?

Working collaboratively with community leaders and groups, logistics companies support public safety and services, local schools, parks, habitat plans, sidewalks, streetlights, local streets, regional road networks and much more. They make major, ongoing investments related to their facilities and their employees, creating career-building jobs and producing significant revenues from development fees, taxes and other sources.

They are also critical to the California economy's long-term health. Agriculture, manufacturing, technology and other leading sectors in the state depend on a strong supply chain to bring their goods to market and to import much-needed products and components.

How are businesses in the logistics sector meeting the needs of communities?

They are collaborating with local officials on innovative land-use policies such as [mixed-use projects](#), which include retail spaces, offices *and* [affordable housing](#). These projects make it [possible for employees](#) to live nearby, which reduces vehicle miles, helps improve air quality and increases community income through greater economic activity and tax revenues. They also are an integral part of the fabric of the community, participating in local organizations, supporting local nonprofits and employing local residents and businesses.

How do businesses in the logistics sector collaborate with communities to develop new projects?

Before starting a new project, logistics businesses conduct a variety of studies about a project's impact, providing information communities can use to make knowledgeable decisions about the proposed project. These studies also [ensure](#) that new buildings meet rigorous architectural, civil engineering, due diligence and California Environmental Quality Act requirements – as well as more than two dozen specific regulatory mandates.

How are warehouses supporting environmental progress?

Warehouses are incorporating [more energy-efficient](#) construction materials, turning their roofs into solar farms, building systems of charging stations for trucks and employing a host of other green technologies in new and expanded operations. They are also using electric forklifts and other electric heavy equipment in their ongoing operations.

How is California leading the way in environmental progress in the logistics sector?

California is already [far ahead](#) of the rest of the U.S. in adopting a [first-in-the-world](#) mandate to begin moving toward all-electric, zero-emission trucks in 2024 and in requiring that half of all heavy trucks sold in the state be all-electric by 2035.

How is the trucking industry contributing to air quality improvements?

The trucking industry is spending [almost \\$1 billion annually](#) to upgrade its equipment to cleaner technologies, including purchasing new engines and installing filters that have virtually eliminated diesel soot and reduced smog-forming emissions by over 90 percent. Since 2005, heavy-duty trucks have reduced particulate matter emissions by [98 percent](#). They have also made substantial progress on [reducing NOx emissions](#), and these emissions will be reduced by [90 percent or more](#) once the industry fully phases in new regulations by 2031.

A California Air Resources Board's mobile source emission model cited in a [technical paper](#) by an independent consulting firm, Ramboll, shows that heavy-duty truck emissions and associated health effects are significantly decreasing. That's true in the Inland Empire and the rest of California, even as the number of logistics facilities increases.

How does the construction of new warehouse projects compare to other potential uses for the same land?

[Research](#) found that new warehouses generate far fewer emissions than alternatives such as shopping centers or apartment developments.