### Proliferation of Distribution Centers

<table>
<thead>
<tr>
<th></th>
<th>DCs</th>
<th>Area (ft²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 years ago</td>
<td>5.9 DCs</td>
<td>260,000</td>
</tr>
<tr>
<td>2 years ago</td>
<td>10.7 DCs</td>
<td>250,000</td>
</tr>
<tr>
<td>Today</td>
<td>19.5 DCs</td>
<td>220,000</td>
</tr>
</tbody>
</table>

- DCs more than tripled in 4 years, almost doubled in 2
- Retail and manufacturing
- Average size is dropping: small paired with large
- Driven by need for faster time to market

Source: Tompkins International
Underlying Trends: Recent Past & Near Future

- More online sales for retailers and manufacturers
- More warehouse automation and cross-docking
  ➔ Distribution is growing and reconfiguring

Source: Tompkins International
Amazon Influence Holds Down Retail Inventory Turns

Fewer turns mean more inventory and more room to hold it.

Source: Alix Partners, CapIQ
Increasing quantities of everyday household items, before Whole Foods effect takes hold
Same day is small but growing

56% of people surveyed are Amazon Prime members = free delivery

Amazon cultivates fast by making it free

Because fast closes the convenience gap vs. storefront retail

Source: Alix Partners
National survey conducted 11/17
New Prologis Seattle Multi-story Warehouse

- Opening 2018, 5 miles from downtown = fast delivery
- Designed for e-commerce fulfillment activities using 53’ trailers
- 590,000 SF in 3 stories on 13.7 acres - vs. typical 47 acres
  ➤ Triples the volume of freight generated per acre – as can automation
And now, the Neighbors