

Distribution Centers – A Great Addition to a Local Economy

The idea of supply chain and logistics is seldom talked about outside of the people who work in the industry. Sometimes we take for granted that our goods just appear on the store shelves for our consumption without considering how they got there, where they came from or why they are the price they are. In the past few years, supply chains have become a major focus for many industries and organizations, mainly due to the severe economic downturn experienced worldwide. There are only so many price increases that consumers will bare which have forced organizations to look for other ways to enhance their profitability and sustainability.

It was with this foresight that the Global Transportation Hub (GTH) was born. In a province where natural resources, agricultural production and exports are very strong it became apparent that a leading-edge distribution infrastructure was needed, which also provided an opportunity to attract new organizations to create jobs, economic growth and a cluster of excellence to the region.

As most folks are aware, Loblaw's is well underway on construction of their 1 million square foot Distribution Center as the first tenant of the GTH and will bring hundreds of new jobs to the Regina Region. As with most new business coming to any city or town, people are often divided about the impact that has on the local economy.

Value

Distribution Centers are often very big news for any city as they are typically very large buildings that consume a lot of land and employ a lot of people. While that is true, some folks question the quality of the jobs that are created by a new organization setting up a new center.

Distribution Centers do create a lot of jobs and there are a wide range of them. They include:

- Warehouse Labourer
- Materials Handlers
- Forklift Operator
- Operational Supervisors
- Managers
- Directors

Even the unskilled positions typically pay more than most retail and food service positions and offer a great opportunity for advancement throughout the same center. The managers and directors of these types of facilities are normally paid more than your average bank branch manager or an experience restaurant or retail manager.

Wealth Creation

The addition of a Distribution Center does more than just create jobs. They create wealth far beyond their immediate operations. The impact can be divided into the following four categories:

Direct – New employment, earnings and the output of the company.

Indirect – Employment, earnings and output as a result of commerce done on behalf of the new organization, which include things like office supplies, site maintenance, local hospitality establishments, fuel, and much more. Depending on the type of organization benefits can also include new visitor traffic as a result, which capture hotel stays, car rentals, food and beverage purchases, etc.

Induced – Employment, earnings and output resulting from the employees appropriating their income in the local economy on housing, entertainment, groceries, childcare, etc.

Government – Revenue from additional property tax, corporate and personal income tax.

Further Growth

Every time there is a new addition to the local business community it opens doors to a broader network of prospects, creates a buzz about the strength of our economy and further develops a cluster of excellence in a given industry.

The formation of the GTH, with CP and Loblaw's both building brand new facilities proves to the world that Regina can support this growth and makes us interesting for other companies with location needs.

This kind of economic development also a significant impact on the prioritization and improvement of regional infrastructure, which is evidenced by the new Regina West Bypass that connects Highways 1 and 11 and provides direct access to the GTH and its tenants.

New business means an economy is growing and Saskatchewan definitely fits that mold. New, meaningful employment is only part of the impact and look forward to seeing more of this type of activity coming our way in the next few years.

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