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DISTRIBUTION & LOGISTICS



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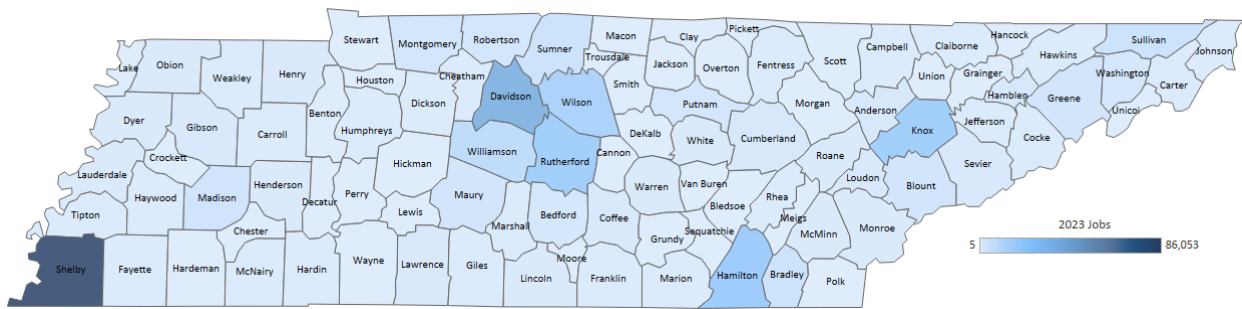


INTRODUCTION

Several factors provide Tennessee with a strong strategic position in the Distribution and Logistics industry cluster. Tennessee’s central location helps provide companies with significant logistical and infrastructural advantages and direct access to major markets. The state’s workforce readiness, proximity to key markets, and comprehensive transportation networks are crucial to the cluster’s success. The largest concentration of employment in this cluster is in Shelby County. Other counties leading the cluster in employment include Davidson, Hamilton, Knox, Rutherford, and Wilson counties.

The state’s role in this cluster is not only a substantial contributor to the regional economy, but it also plays an essential function in facilitating national and global supply chain operations. For example, Tennessee is home to the global headquarters of FedEx, and the Memphis International Airport is the busiest cargo airport in North America.¹

Exhibit 1: 2023 Distribution & Logistics Cluster Employment by County



Source: Lightcast (April 2024)



INDUSTRY OVERVIEW

Tennessee’s central geographic location provides businesses with easy access to customers and suppliers and has facilitated significant growth in the state’s Distribution and Logistics cluster. Clustering optimizes logistic and supply chain management by reducing costs, fostering innovation, and supporting economies of scale. Overall, clustering improves operational efficiency and cost-effectiveness. The cluster includes the following industry categories:

- Wholesale Trade (e.g., furniture, office supplies, footwear, livestock, etc. wholesalers),
- Retail Trade (e.g., warehouse clubs and supercenters),
- Transportation and Warehousing (e.g., packing and crating, and other support activities),
- Professional, Scientific and Technical Services, and,
- Administrative, Support, Waste Management, and Remediation Services.^A

INDUSTRY CLUSTER

An industry cluster is a geographic concentration of interconnected businesses, suppliers, and service providers.

In 2023, the Distribution and Logistics cluster accounted for over 311,350 jobs across 17,393 establishments, with average earnings of \$81,972. Since 2019, there has been a 17 percent increase in employment, and the cluster is projected to grow by eight percent over the next five years.^B In 2023, Gross Regional Product (GRP) for the cluster was \$48.5 billion, an increase of more than 47 percent over the past five years. The growth in GRP reflect a steady upward trend in the cluster’s economic output, signifying its increasing importance to the regional economy. The Distribution and Logistics cluster comprises over 65 total industries.²

^A See Appendix 1 for industry employment and earning totals.

^B See Appendix 2 for 2023 top occupations in the cluster.

RECENT GROWTH

Tennessee’s Distribution and Logistics cluster has exhibited substantial growth, resulting from several key projects. Since 2019, the Tennessee Department of Economic and Community Development (TNECD) has facilitated 82 new projects, generating nearly 15,000 new jobs. These projects are expected to generate over \$3.4 billion in total capital investment³

Exhibit 2: Recent Major Distribution & Logistics Projects

Company	New Job Commitments	Capital Investment	County	Landed Date
Chewy, Inc.	1,200	\$100,000,000	Wilson	7/20/2021
Amazon.com Services, Inc.	1,000	\$250,000,000	Wilson	7/24/2020
Amazon.com Services, Inc.	1,000	\$200,000,000	Shelby	1/27/2020
Amazon.com Services, Inc.	800	\$200,000,000	Blount	2/3/2021
Fedex Logistics	689	\$44,134,000	Shelby	2/12/2019
Axle Logistics, LLC	651	\$37,869,055	Knox	11/28/2023
The Gap Inc.	601	\$83,139,000	Sumner	3/22/2021
Avancez LLC	501	\$54,062,832	Haywood	4/25/2024
Amazon.com Services, Inc.	500	\$100,000,000	Montgomery	8/18/2021
Arrowhead Engineered Products	414	\$19,479,800	Robertson	2/1/2023
Recreational Equipment, Inc.	288	\$108,550,000	Wilson	1/12/2022
Webstaurant Store, Inc.	225	\$103,922,757	Wilson	2/28/2023

Source: Tennessee Department of Economic and Community Development (April 2024)



FUTURE OUTLOOK

The Distribution and Logistics cluster's growth is significantly driven by consumer spending. Following the COVID-19 pandemic, there was notable growth in this cluster, especially regarding the expansion of e-commerce and the need for transportation and warehousing to support its growth.⁴

Tennessee has a strong position in this cluster, with many logistic and distribution companies and a well-established transportation infrastructure. Tennessee has recently landed several recruitment and expansion projects for major distribution and logistics companies, underscoring the state's commitment to supporting the industry. These companies include Avancez in Haywood County, and Axle Logistics in Knox County.



APPENDICES

Appendix 1: 2023 Distribution & Logistics Industry Totals

Industry Category	NAICS	2023 Jobs	2023 Business Locations	Employment Growth Rate (2018-2023)	2023 GRP Earnings	Southeast Ranking	National Ranking
WHOLESALE TRADE							
Furniture Merchant Wholesalers	423210	719	127	4%	\$84,845,051	5	21
Home Furnishing Merchant Wholesalers	423220	1,570	130	6%	\$157,313,207	4	10
Photographic Equipment and Supplies Merchant Wholesalers	423410	76	38	-15%	\$11,904,310	5	25
Office Equipment Merchant Wholesalers	423420	1,735	168	-6%	\$178,235,933	3	13
Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	423430	2,799	697	21%	\$444,756,648	4	23
Other Commercial Equipment Merchant Wholesalers	423440	1,828	210	11%	\$171,109,989	3	10
Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers	423450	8,992	1,054	24%	\$1,260,925,220	4	12
Ophthalmic Goods Merchant Wholesalers	423460	213	57	-27%	\$33,482,111	5	22
Other Professional Equipment and Supplies Merchant Wholesalers	423490	738	117	13%	\$92,260,757	4	19
Metal Service Centers and Other Metal Merchant Wholesalers	423510	2,768	283	-2%	\$328,504,572	5	13
Coal and Other Mineral and Ore Merchant Wholesalers	423520	46	15	18%	\$10,216,574	3	14
Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	423610	5,047	458	20%	\$605,011,730	4	13
Household Appliances, Electric Housewares, and Consumer Electronics Merchant Wholesalers	423620	633	141	5%	\$71,165,787	4	17
Other Electronic Parts and Equipment Merchant Wholesalers	423690	1,533	290	3%	\$190,690,920	4	23
Construction and Mining (except Oil Well) Machinery and Equipment Merchant Wholesalers	423810	2,591	182	20%	\$308,666,476	4	12

Source: Lightcast (April 2024)

Appendix 1: 2023 Distribution & Logistics Industry Totals (Continued)

Industry Category	NAICS	2023 Jobs	2023 Business Locations	Employment Growth Rate (2018-2023)	2023 GRP Earnings	Southeast Ranking	National Ranking
WHOLESALE TRADE							
Farm and Garden Machinery and Equipment Merchant Wholesalers	423820	2,341	253	25%	\$221,289,164	6	20
Industrial Machinery and Equipment Merchant Wholesalers	423830	7,266	924	6%	\$836,781,481	4	14
Industrial Supplies Merchant Wholesalers	423840	3,342	388	20%	\$332,709,283	4	10
Service Establishment Equipment and Supplies Merchant Wholesalers	423850	1,363	165	4%	\$111,153,404	5	14
Transportation Equipment and Supplies (except Motor Vehicle) Merchant Wholesalers	423860	669	95	50%	\$83,687,188	4	13
Sporting and Recreational Goods and Supplies Merchant Wholesalers	423910	1,338	199	31%	\$137,775,757	6	20
Toy and Hobby Goods and Supplies Merchant Wholesalers	423920	467	56	21%	\$55,211,162	2	11
Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers	423940	392	64	37%	\$67,800,737	4	16
Printing and Writing Paper Merchant Wholesalers	424110	349	35	-18%	\$54,115,065	3	11
Stationery and Office Supplies Merchant Wholesalers	424120	1,485	110	-4%	\$130,436,047	2	9
Industrial and Personal Service Paper Merchant Wholesalers	424130	1,066	113	21%	\$115,078,009	5	18
Drugs and Druggists' Sundries Merchant Wholesalers	424210	7,813	698	5%	\$1,215,384,498	3	11
Piece Goods, Notions, and Other Dry Goods Merchant Wholesalers	424310	222	55	16%	\$26,423,509	5	18
Footwear Merchant Wholesalers	424340	4,296	47	54%	\$317,227,699	1	2
Clothing and Clothing Accessories Merchant Wholesalers	424350	658	150	12%	\$81,482,502	7	25

Source: Lightcast (April 2024)

Appendix 1: 2023 Distribution & Logistics Industry Totals (Continued)

Industry Category	NAICS	2023 Jobs	2023 Business Locations	Employment Growth Rate (2018-2023)	2023 GRP Earnings	Southeast Ranking	National Ranking
WHOLESALE TRADE							
Poultry and Poultry Product Merchant Wholesalers	424440	53	16	-9%	\$9,016,560	8	27
Fish and Seafood Merchant Wholesalers	424460	133	18	280%	\$16,962,417	8	27
Meat and Meat Product Merchant Wholesalers	424470	395	54	28%	\$33,120,072	5	27
Fresh Fruit and Vegetable Merchant Wholesalers	424480	1,191	54	-12%	\$98,347,098	4	21
Grain and Field Bean Merchant Wholesalers	424510	258	32	4%	\$25,629,011	4	23
Livestock Merchant Wholesalers	424520	382	27	-20%	\$11,728,102	2	11
Other Farm Product Raw Material Merchant Wholesalers	424590	299	40	17%	\$51,884,261	5	16
Plastics Materials and Basic Forms and Shapes Merchant Wholesalers	424610	413	143	-1%	\$54,095,639	6	19
Other Chemical and Allied Products Merchant Wholesalers	424690	2,948	428	24%	\$332,737,026	4	13
Petroleum Bulk Stations and Terminals	424710	574	67	9%	\$71,114,844	9	24
Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)	424720	1,146	134	-1%	\$133,505,671	5	18
Wine and Distilled Alcoholic Beverage Merchant Wholesalers	424820	1,864	144	25%	\$177,162,074	4	16
Farm Supplies Merchant Wholesalers	424910	2,972	232	4%	\$276,100,496	3	16
Book, Periodical, and Newspaper Merchant Wholesalers	424920	876	54	-7%	\$74,210,875	4	11
Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers	424930	739	92	19%	\$56,369,116	4	17
Tobacco and Tobacco Product Merchant Wholesalers	424940	350	59	29%	\$36,364,745	9	27

Source: Lightcast (April 2024)

Appendix 1: 2023 Distribution & Logistics Industry Totals (Continued)

Industry Category	NAICS	2023 Jobs	2023 Business Locations	Employment Growth Rate (2018-2023)	2023 GRP Earnings	Southeast Ranking	National Ranking
WHOLESALE TRADE							
Paint, Varnish, and Supplies Merchant Wholesalers	424950	555	63	10%	\$59,104,617	3	13
Other Miscellaneous Nondurable Goods Merchant Wholesalers	424990	812	154	8%	\$175,563,536	4	23
Wholesale Trade Agents and Brokers	425120	7,598	1,983	1%	\$1,223,257,510	6	20
RETAIL TRADE							
Warehouse Clubs and Supercenters	455211	44,007	172	39%	\$1,824,419,718	4	14
Pharmacies and Drug Retailers	456110	16,638	1,512	-3%	\$1,090,449,598	4	14
All Other Miscellaneous Retailers	459999	1,996	320	13%	\$342,149,413	6	26
TRANSPORTATION AND WAREHOUSING							
General Freight Trucking, Long-Distance, Truckload	484121	30,184	1,620	1%	\$3,255,882,741	1	3
Specialized Freight (except Used Goods) Trucking, Long-Distance	484230	4,011	220	-43%	\$582,585,144	5	11
Freight Transportation Arrangement	488510	12,715	570	66%	\$1,320,864,533	3	7
Packing and Crating	488991	688	32	25%	\$47,443,579	3	10
All Other Support Activities for Transportation	488999	55	15	120%	\$8,527,671	7	28
Couriers and Express Delivery Services	492110	50,779	378	28%	\$4,760,094,903	2	4
General Warehousing and Storage	493110	48,392	501	44%	\$2,892,778,159	4	12
Refrigerated Warehousing and Storage	493120	994	23	25%	\$72,542,579	5	23
Farm Product Warehousing and Storage	493130	161	18	-9%	\$15,447,683	3	19
Other Warehousing and Storage	493190	1,607	39	-22%	\$120,941,615	4	11

Source: Lightcast (April 2024)

Appendix 1: 2023 Distribution & Logistics Industry Totals (Continued)

Industry Category	NAICS	2023 Jobs	2023 Business Locations	Employment Growth Rate (2018-2023)	2023 GRP Earnings	Southeast Ranking	National Ranking
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES							
Process, Physical Distribution, and Logistics Consulting Services	541614	7,468	663	32%	\$661,467,669	2	7
ADMINISTRATIVE, SUPPORT, WASTE MANAGEMENT, AND REMEDIATION SERVICES							
All Other Business Support Services	561499	765	121	-1%	\$103,441,864	5	27
Packaging and Labeling Services	561910	2,991	83	129%	\$199,066,278	1	5

Source: Lightcast (April 2024)

Appendix 2: 2023 Distribution & Logistics Industry Top Occupations

SOC	Occupation	2023 Employment	Median Hourly Wage	Typical Entry Level Required
MANAGEMENT OCCUPATIONS				
11-1021	General and Operations Managers	60,606	\$50.48	Bachelor's degree
11-2022	Sales Managers	9,127	\$62.15	Bachelor's degree
BUSINESS AND FINANCIAL OPERATIONS OCCUPATIONS				
13-1161	Market Research Analysts and Marketing Specialists	10,559	\$29.22	Bachelor's degree
13-2011	Accountants and Auditors	25,421	\$30.87	Bachelor's degree
SALES AND RELATED OCCUPATIONS				
41-1012	First-Line Supervisors of Non-Retail Sales Workers	6,262	\$37.37	High school diploma or equivalent
41-3091	Sales Representatives of Services, Except Advertising, Insurance, Financial Services, and Travel	21,658	\$24.69	High school diploma or equivalent
41-4011	Sales Representatives, Wholesale and Manufacturing, Technical and Scientific Products	14,594	\$36.47	Bachelor's degree
41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	15,803	\$27.45	High school diploma or equivalent
OFFICE AND ADMINISTRATIVE SUPPORT OCCUPATIONS				
43-1011	First-Line Supervisors of Office and Administrative Support Workers	52,190	\$28.73	High school diploma or equivalent
43-3031	Bookkeeping, Accounting, and Auditing Clerks	45,632	\$19.78	Some college, no degree
43-4051	Customer Service Representatives	72,344	\$17.61	High school diploma or equivalent
43-5011	Cargo and Freight Agents	1,629	\$16.95	High school diploma or equivalent
43-5071	Shipping, Receiving, and Inventory Clerks	3,126	\$19.08	High school diploma or equivalent
43-6014	Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	20,256	\$17.92	High school diploma or equivalent

Source: "Lightcast," (April 2024)

Appendix 2: 2023 Distribution & Logistics Industry Top Occupations (Continued)

SOC	Occupation	2023 Employment	Median Hourly Wage	Typical Entry Level Required
INSTALLATION, MAINTENANCE, AND REPAIR OCCUPATIONS				
49-9041	Industrial Machinery Mechanics	9,327	\$28.75	High school diploma or equivalent
49-9071	Maintenance and Repair Workers, General	35,656	\$19.16	High school diploma or equivalent
TRANSPORT AND MATERIAL MOVING OCCUPATIONS				
53-1047	First-Line Supervisors of Transportation and Material Moving Workers, Except Aircraft Cargo Handling Supervisors	10,894	\$14.37	High school diploma or equivalent
53-3031	Driver/Sales Workers	9,308	\$11.33	High school diploma or equivalent
53-3032	Heavy and Tractor-Trailer Truck Drivers	62,228	\$23.59	Postsecondary nondegree award
53-3033	Light Truck Drivers	33,613	\$18.96	High school diploma or equivalent
53-7051	Industrial Truck and Tractor Operators	20,807	\$17.43	No formal educational credential
53-7062	Laborers and Freight, Stock, and Material Movers, Handlers	91,498	\$17.29	No formal educational credential
53-7064	Packers and Packagers Handlers	15,217	\$14.67	High school diploma or equivalent
53-7065	Stockers and Order Fillers	75,265	\$14.87	High school diploma or equivalent

Source: Lightcast (April 2024)

REFERENCES

- ¹ Airports Council International, "International travel returns: Top 10 busiest airports in the world revealed" (2023)
- ² Lightcast (April 2024)
- ³ Tennessee Department of Economic and Community Development (April 2024)
- ⁴ IBIS World, "Transportation and Warehousing in the US - Market Size, Industry Analysis, Trends and Forecasts (2024-2029)," (2024)