

A glass globe with a world map inside, resting on a computer keyboard. The globe is the central focus, reflecting light and showing the continents. The keyboard keys are visible in the foreground and background, slightly out of focus.

AN ANALYSIS OF NORTHEASTERN PENNSYLVANIA  
AS AN E-COMMERCE FULFILLMENT LOCATION

**E-COMMERCE WHITE PAPER**  
2015 Q1

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Amazon.com  
American Eagle Outfitters  
AutoZone  
BabyAge.com  
CVS Caremark  
Discount Dance Supply  
Home Depot  
J.P. Boden  
Lowe's  
Men's Wearhouse  
NBTY Inc.  
Neiman Marcus Group  
OfficeMax  
Ozbo.com  
Philips Electronics  
Rakuten  
Sears  
TABcom  
Vintage Tub & Bath  
Walmart

## TOP E-COMMERCE COMPANIES WITH MAJOR DISTRIBUTION CENTERS IN NEPA

Source: *Internet Retailer*

### INTRO



Northeastern Pennsylvania (NEPA), including the cities of Scranton, Pittston, Wilkes-Barre, and Hazleton, has become one of the leading logistics hubs along the Eastern Seaboard. The area has become especially appealing to e-commerce or “e-tailing” companies. In fact, at least 20 of the top e-commerce companies as listed by *Internet Retailer* have major fulfillment centers in NEPA.

This analysis of NEPA as a location for e-commerce fulfillment was prepared by Mericle Commercial Real Estate Services, the largest privately owned developer of industrial, flex, and office space along the I-81 Corridor. Mericle lists e-commerce firms Amazon.com, American Eagle Outfitters, BabyAge.com, J.P. Boden, CVS Caremark, Discount Dance Supply, The Home Depot, Lowe's, The Men's Wearhouse, Tucker Rocky, NBTY, The Neiman Marcus Group, Sears, and Webgistic/Rakuten among its many tenants and clients. For more about Mericle, visit [mericle.com](http://mericle.com).



## NEPA EXCELS AS E-COMMERCE FULFILLMENT LOCATION

With the evolution of online retailing and the push for ever-shorter delivery windows, e-commerce companies have sought out areas where they can establish strategically located and cost-efficient fulfillment operations. NEPA's combination of immediate interstate access, close proximity to the East Coast's consumption zones, availability of FedEx and UPS service, new speculative industrial development, affordable operating costs, and a great workforce backed by an exceptional higher education network continues to drive logistics growth in the region.

Other major companies with large distribution centers in NEPA include, AutoZone, OfficeMax, Philips Electronics, TABcom, Walmart, Diapers.com, Johnson and Johnson Sales & Logistics, Corning Life Sciences, Benco Dental, Sanofi Pasteur, Michael's, Kimberly Clark, Lord & Taylor, PepsiCo, Wegmans, Tootsie Roll, and Hillshire Farms.



CENTERPOINT COMMERCE & TRADE PARK EAST





More than

**33 MILLION SQ. FT.**  
of bulk industrial space  
has been absorbed in NEPA  
**SINCE 2000**





## WHY HAS NORTHEASTERN PENNSYLVANIA'S I-81 CORRIDOR BECOME SO RELEVANT WHEN COMPANIES ARE SEEKING TO LOCATE DISTRIBUTION CENTERS?

*"Our Men's Wearhouse Pittston distribution center fulfills the tuxedo needs of all MW stores located in the Northeast sector of the country. Located just hours from all of our major markets, we have the capability of efficiently servicing our stores on a daily basis. Our current location also provides accessibility to an ample workforce experienced in distribution and at competitive wages. Along with a strong sense of community, these are just some of the advantages of operating in Northeastern Pennsylvania."*

**Tom Gaynord, General Manager  
Men's Wearhouse  
Jenkins Township, PA**

The Men's Wearhouse operates a laundry and distribution center in NEPA in a 297,600 square foot Mericle building.

*"Northeastern Pennsylvania is an ideal place for a distribution facility. Lower operating costs, fast shipping to the largest population centers, and access to a large, motivated workforce are just a few of the factors that made us decide to locate our largest distribution facility in Northeastern Pennsylvania."*

**Joe Ellman, Director of Operations  
Discount Dance Supply  
Forty Fort, PA**



Discount Dance Supply, one of the largest suppliers of discount dance merchandise in the country, processes orders from its Internet division, [allaboutdance.com](http://allaboutdance.com), from a NEPA distribution center developed and maintained by Mericle.

*"Northeast Pennsylvania was a great location for establishing our electric utility warehouse distribution center. The interstate highway system allows us to efficiently receive and ship products to our customers. In addition, the available workforce allowed us to start up a green field distribution operation in a short time frame."*

**Dan Morrison, General Manager  
HD Supply  
Mountain Top, PA**



Mericle leases 69,847 square feet of distribution space to HD Supply in Mountain Top, PA.

*“The five interstate highways that connect in Northeastern Pennsylvania make it very easy for us to distribute our products to more than one third of North America’s population overnight. This area’s great access, combined with a dedicated and highly productive workforce, has helped Benco Dental become the nation’s largest independent dental distributor.”*

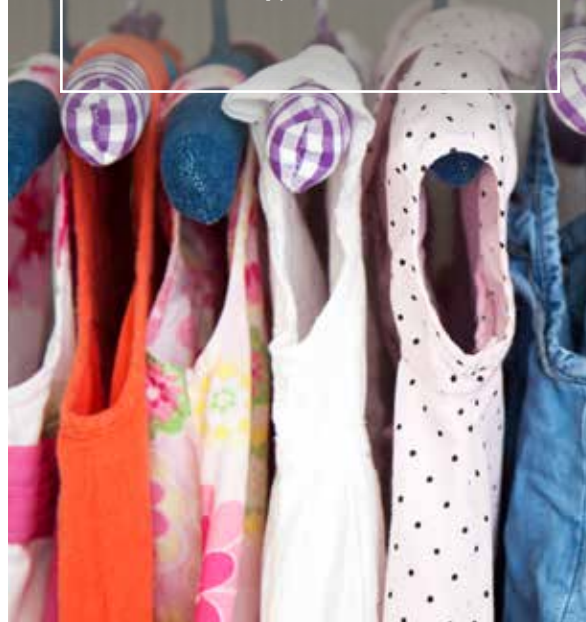
**Rick Cohen, Managing Director  
Benco Dental  
Jenkins Township, PA**



Benco Dental, the nation’s largest independent dental distributor, has its corporate headquarters and main distribution center in a 272,800 square foot Mericle building in NEPA.

*“With its excellent geographical location, areas of Northeastern Pennsylvania are easily accessible from New York City, Philadelphia, and New Jersey, with major interstate highways, international and regional airports, and ports providing a strong and efficient intermodal network.”*

**Mark Pisano, Operations Manager  
J.P. Boden Services, Inc.  
Jenkins Township, PA**



UK based clothing retailer J.P. Boden established its first US call center and distribution center in a 162,000 square foot facility developed by Mericle.

*“Our work force at the Entenmann’s Pittston DC confirms that the NEPA strong work ethic is indeed fact and not a myth. Our employees treat the business as if they own it and pay close attention to detail to ensure that the job is done right. In addition, there is a strong sense of community within the work force that further reinforces the decision that our company made to locate their first ever cake distribution center in this area.”*

**George J. Mantel, Jr. Distribution Mgr.  
Bimbo Bakeries USA  
Jenkins Township, PA**



Bimbo Bakeries distributes its Entenmann’s products from a 144,000 square foot building developed by Mericle in Jenkins Township, PA.

# TRANSPORTATION



NEPA is in the center of the Boston/Washington Corridor and is at the confluence of five major highways. Interstates 81, 80, 84, 380, and 476 meet here and provide excellent access to firms wishing to serve Maine to Virginia and west to Ohio.

Interstates 81, 80, 84, and 380 are toll-free in NEPA, and there are no major bridges or tunnels in the region to delay truck departures or arrivals.

The region's main highway, I-81, runs from the US/Canadian border in the North to Knoxville, Tennessee in the South. I-81 intersects several major East-West highways, which include I-80 (access to New York City), I-78 (access to the Lehigh Valley and New Jersey), I-84/I-90 (access to Boston), I-76 (access to Pittsburgh and Philadelphia), I-70/I-270 (access to Washington DC), and I-83 (access to Baltimore).

The I-81 Corridor is quickly accessible to most major seaports along the East Coast, which are predicted to experience increased volume once infrastructure upgrades to the Panama Canal are completed. Upgrades to the Canal will allow for the passage of "post-Panamax" ships with a capacity to carry 12,000 containers (three times more than a ship can currently carry through the Panama Canal).

More than 99 million people, about one third of the nation's population, live within a 500 mile radius from NEPA. New York City, Philadelphia, Harrisburg, and Syracuse can all be reached in less than two hours.

Dozens of truckload and less than truckload trucking firms serve the region. Some active here include ABF Freight System, A. Duie Pyle, Bolus Freight Systems, Calex Logistics, Con-Way Freight, Evans Distribution Systems, Estes Express Lines, Kane is Able, Karchner Logistics, M.S. Carriers, NFI Logistics, New Penn Motor Express, Pitt Ohio Express, PRIME, Inc., R.C. Moore, R & L Carriers, RLS Logistics, Ward Trucking, and YRC National.



UPS, FedEx Ground, and FedEx Express have multiple facilities in NEPA. Mericle leases a 116,977 square foot building to FedEx Ground in CenterPoint Commerce & Trade Park East.





UPS, FedEx Ground, and FedEx Express have major facilities in NEPA. In fact, FedEx Ground and UPS have operations at the main entrances of Mericle's CenterPoint Commerce & Trade Park East, while FedEx Express is located in an adjacent business park.

\*Two Class I railroads (Norfolk Southern and Canadian Pacific) and several short lines are active here and an intermodal rail yard is operated in Taylor, near Scranton.

*\*In November 2014, Norfolk Southern Corp. (NS) and the Delaware & Hudson Railway Co. (D&H), a subsidiary of Canadian Pacific Railway (CP), announced a proposed transaction under which NS would acquire 282.55 miles of D&H rail line between Sunbury, PA and Schenectady, NY, including the segment that serves Northeastern Pennsylvania. The transaction is expected to close in 2015.*

Northeastern Pennsylvania is served by two main airports, the Wilkes-Barre/Scranton International Airport and the Lehigh Valley Airport.

The Wilkes-Barre/Scranton International Airport (AVP) (flyavp.com) offers approximately 40 daily arrivals and departures to seven major hubs with one stop service to more than 450 destinations worldwide. AVP provides direct daily flights to Atlanta, Charlotte, Chicago, Detroit, Newark, Orlando, and Philadelphia. Carriers include Allegiant, Delta Connection, United Express, and US Airways Express. AVP is also served by Saker Aviation, one of the finest fixed base operators in the Northeastern United States.

The Lehigh Valley International Airport (ABE) (www.lvvia.org) provides direct daily flights to Atlanta, Charlotte, Chicago, Newark, Detroit, the District of Columbia, Orlando, Philadelphia, St. Petersburg, and Toronto.

### ACCESS TO CONSUMPTION ZONES FROM CENTER OF NEPA

RADIUS	POPULATION
100 Miles	17,049,097
200 Miles	51,067,989
300 Miles	65,595,311
400 Miles	83,103,487
500 Miles	99,002,235

Source: NEPA Alliance

### TRANSPORTATION & WAREHOUSING SECTOR NEPA EMPLOYMENT [ 2014 ]

General freight trucking, long-distance, less than truckload	607
General freight trucking, long-distance, truckload	1,677
Specialized freight (except used-goods) trucking, long-distance	37
Refrigerated warehousing and storage	525
Commercial machinery repair and maintenance	387
General warehousing and storage	11,319
<b>TOTAL</b>	<b>14,552</b>

Source: NEPA Alliance





## LABOR AVAILABILITY, COST, AND QUALITY

### LABOR AVAILABILITY

Despite its strong industrial growth since 2000, NEPA's unemployment rate continues to run higher than state and national averages. In fact, in an unemployment report issued by the Pennsylvania Department of Labor & Industry (PA L&I) in 2014, NEPA's unemployment rate was the highest of any metro area in Pennsylvania.

The following statistics, released by PA L&I, demonstrate how the region has compared to the state and nation in recent years. These are seasonally adjusted rates that have been rounded:

	NEPA CIVILIAN LABOR FORCE	EMP.	UNEMP.	NEPA RATE %	PA RATE %	U.S. RATE %
2015	532,900	498,400	34,500	6.4%	5.4%	5.5%
2014	532,700	495,800	36,900	6.9%	5.7%	6.1%
2013	532,100	484,600	47,000	9.0%	7.9%	7.6%

*For these purposes, NEPA includes the counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, Susquehanna, Wayne, and Wyoming.*

According to 2012 data compiled by NEPA Alliance ([nepa-alliance.org](http://nepa-alliance.org)), there are 769 firms in NEPA in the Transportation and Warehousing sector employing close to 15,000 people.

Labor availability for companies needing seasonal help is enhanced by the fact that there are close to 55,000 college students in the immediate NEPA area, many of whom often seek part-time employment.

## LABOR MANAGEMENT

The rate of unionization of private employers in NEPA has been steadily declining since the 1980s. In 1986, 18.4% of the private workforce in NEPA was unionized. By 2012, the percentage had dropped to 9.9%. Of the more than 200 major new private employers that have moved to the region since 1996, less than 10 are believed to have become unionized.

## LABOR QUALITY

John Rhodes, senior executive of national site consultant Moran, Stahl, and Boyer, reports that the quality of NEPA's workers contributes to the success of the region's companies. Rhodes said, "It's almost like Northeast PA defines what work ethic is. People come to work with an eagerness and a willingness to get the job done."



## LABOR COST

In addition to being readily available, NEPA's labor force is also cost competitive compared to the rest of Pennsylvania and to the major metro areas in the Northeast US.

According to 2014 data compiled by the PA Department of Labor & Industry (PA L&I), the average, hourly wage for all NEPA transportation and warehousing sector workers was \$40,352 (40 hour week). Comparable averages include Harrisburg/Carlisle, PA - \$47,788 and Allentown/Bethlehem/Easton, PA - \$44,200.

National site selection consultant Wadley Donovan Growth Tech, LLC completed a detailed analysis of NEPA as a logistics location. Included was a comparison of wage rates in several NEPA communities versus those in the competing locations of Middletown, New York (Orange County) and Hightstown, New Jersey (Mercer County). For its analysis, Wadley Donovan used a model of a large distribution center employing 800 workers at the unweighted average wage/salary of ten warehouse/distribution related occupations.

Average annual wages according to the analysis were as follows: NEPA - \$37,761, Middletown - \$40,843, and Hightstown - \$42,682. Therefore, the annual wages of an 800 employee operation in NEPA, on average, will be \$2,456,600 less than Middletown and \$3,936,800 less than Hightstown.





## NEPA EMPLOYERS CONSISTENTLY PRAISE THE PRODUCTIVITY OF THEIR WORKERS.

Here are just a handful of examples:



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*“Since relocating our US based call center to Wilkes-Barre in November of 2007, C3i has had the opportunity to recruit and train more than 175 technical people to support our pharmaceutical clients. The workforce in NEPA is very strong, and we are continually able to obtain excellent people who are qualified, professional and dedicated to quality. Our customer satisfaction scores, which are a direct evaluation of our call center personnel, average 96%.”*

**ROBERT JONES, CFO**  
**C3I**  
**PLAINS TOWNSHIP, PA**

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*“I have been a manager in varying industries now for over 35 years. I have had the ability to establish new facilities and have had first hand involvement with varying work forces in 6 different states. During this time the workforce ethics varied from state to state and industry to industry. I can honestly say that coming back to Pennsylvania and managing a facility where the employees care about their job, have a strong feeling of ownership of their company, and the motivation level to exceed is exciting and beneficial to our facility and company. I have not encountered this work ethic in many of the locations I have managed and lived in. Northeast PA is a company’s best found option for exceeding their expectations.”*

**BILL WELLIVER, FACILITY MANAGER**  
**TELERX**  
**HANOVER TOWNSHIP, PA**

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*“The workforce here (Scranton) is very strong. The work ethic is fantastic. We feel a lot of our success as a company is due to the fact that our associates have a genuine concern about doing a great job for our customers. That’s what makes us successful in Northeastern Pennsylvania.”*

**DICK KANE, PRESIDENT**  
**KANE IS ABLE**  
**SCRANTON, PA**



# 21

## COLLEGES & UNIVERSITIES


SERVE

## THE BUSINESS COMMUNITY

IN NORTHEASTERN PENNSYLVANIA

Recently, the MIT Center for Transportation and Logistics created a white paper entitled, **“Are You Prepared for The Supply Chain Talent Crisis?”** In this report, author Ken Cottrill hypothesized that the global supply chain faces a severe talent shortage and that companies need to be proactive in developing supply chain professionals.

NEPA is responding to these demands with Supply Chain/Logistics/Information Systems and Business programs in many of its 21 Colleges and Universities.

The NEPA region boasts internationally ranked supply chain programs, outstanding business schools, and customized programs at area technical schools. Some of the institutions most actively engaged in programs that benefit e-commerce fulfillment include: 

### COLLEGES AND UNIVERSITIES SERVING NEPA





Four campuses of The Pennsylvania State University (*psu.edu*) (ranked #1 in Supply Chain Studies by AMR Research, Gartner 2009 and Supply Chain Management Review, 2005) offer Supply Chain credit and non-credit programs.



The University of Scranton (*scranton.edu*) has been ranked among “Best Business Schools” in the United States for seven consecutive years by the Princeton Review.



Johnson College (*johnson.edu*) is listed as having a 100% employment rating for graduates of its Supply Chain Logistics program by the ACCSC 2012 Annual Report.





*A partial list of key programs of interest to e-commerce fulfillment companies include:*

## **THE PENNSYLVANIA STATE UNIVERSITY** *(Penn State has four branch campuses in NEPA)*

### **SUPPLY CHAIN – CERTIFICATE PROGRAMS**

- Supply Chain Administration
- Supply Chain and Materials Management
- Business Logistics
- SAP Certificate

### **SUPPLY CHAIN OPEN ENROLLMENT AND CORPORATE CUSTOM PROGRAMS**

- APICS (The Association of Operations Management)
- CPIM (Certified Production & Inventory Management)
- CSCP (Certified Supply Chain Professional)
- APICS (Inventory Workshop Series)
- ISM (Institute of Supply Management)
- Certified Purchasing Manager
- CPSM (Certified Professional in Supply Management)

### **SUPPLY CHAIN GRADUATE PROGRAMS**

Supply Chain and Information Systems Department and Penn State World Campus offer convenient online graduate and certificate programs.

- Master of Professional Studies in Supply Chain Management
- Online Graduate Certificate in Supply Chain and Information Systems

### **SUPPLY CHAIN SPECIAL FOCUS PROGRAMS**

The Center for Supply Chain Research sponsors two programs at Penn State focused on the evolution of robust supply chains in a global digital economy.

- Supply Chain Leaders Forum
- R. Hadly Waters Supply Chain Symposium





### SUPPLY CHAIN OPEN ENROLLMENT PROGRAMS

Endorsed by the Council of Supply Chain Management Professionals, the Center and Penn State Executive Programs offer courses on an open-enrollment basis.

- Applying Lean Principles Across the Supply Chain
- Designing and Leading Competitive Supply Chains
- Essentials of Supply Chain Management
- Processes and Tools for Supply Chain Success
- Achieving Supply Chain Transformation
- Supply Chain Collaboration and Alignment
- Global Supply Chain Strategy and Risk Management

### ASTL CERTIFICATIONS

*(American Society of Transportation and Logistics)*

- Professional Designation in Supply Chain Management (PLS)
- Certification in Transportation and Logistics (CTL)

### THE UNIVERSITY OF SCRANTON

#### GRADUATE CERTIFICATES

- Enterprise Resource Planning
- SAP Certificate

### JOHNSON COLLEGE

Logistics and Supply Chain Management (degree or non-degree evening program) Associate in Applied Science

- Diesel Truck Technology
- Diesel Preventative Maintenance Technology

### NORTHAMPTON COMMUNITY COLLEGE – MONROE COUNTY CAMPUS

- Truck Driver (CDL) Training
- Class A Truck Driving Program
- Class A Refresher Program
- Class B Truck Driving Program

### LUZERNE COUNTY COMMUNITY COLLEGE

- Professional Truck Driving



In addition to the higher education institutions that serve the region, several local business and technical schools provide training programs that benefit area employers. These include:

**FORTIS** (*fortis.edu*)

**McCann School of Business & Technology** (*mccann.edu*)

**New Horizons Computer Learning Centers** (*nhnepa.com*)

**ITT Technical Institute** (*itt-tech.edu*)

## TRAINING SUPPORT

**Pennsylvania's Workforce Investment Boards (WIBs)** help employers recruit and screen potential employees at no cost to the employers. WIBs are non-profit boards of businessmen and women and community leaders engaged in the promotion of workforce development, planning, and oversight of local training efforts under the auspices of the Federal Workforce Investment Act (WIA). Four WIBs (Scranton, Wilkes-Barre, Hazleton, Tannersville) serve NEPA.

Once an employee is hired in NEPA, there are several grant programs available to help companies reduce their training costs:

**The Guaranteed Free Training Program** is basic skills and Information Technology training for eligible employees of new and expanding businesses.

The program can be used towards basic and entry-level skills training and Information Technology-Advanced Information Technology training.

The Program is available to Pennsylvania manufacturing and technology-based businesses and for Information Technology training. Trainees must be Pennsylvania residents, employed in Pennsylvania, be permanent full-time employees, and earn at least 150% of the current federal minimum wage. The program's Basic Skills training provides up to \$450 per trainee and \$75,000 per company. The Information Technology training provides up to \$850 per trainee and \$50,000 per company.

**The Work Force Investment Act of 1998** is a federal program that reimburses employees for part of the cost of training. Eligible candidates for this program include private and public sector employers and employees. Any employer that trains program-eligible applicants can apply for reimbursement through the WIA program. Eligible applicants include dislocated workers and unemployed persons.

The funds can be used for job search and placement, skills assessment and evaluation, counseling, training services for individuals and companies, supportive services, and labor market information.

Companies can receive reimbursement for up to 50% of wages paid to eligible employees during training and up to actual costs of classroom training and related training support services. Reimbursement varies by local workforce WIB area.

Please visit [www.newpa.com](http://www.newpa.com) for more information.



*Gartner ranked Penn State Smeal College of Business as the number one undergraduate program for supply chain management in the country.*



*The University of Scranton offers graduate certificates in SAP and Enterprise Resource Planning.* [Photo courtesy of the University of Scranton]



*The Luzerne County Community College's Professional Truck Driver Program is dedicated to providing quality training for anyone wanting to be employed as a professional entry-level tractor trailer driver.*



Visit [www.newpa.com](http://www.newpa.com) to learn more about the Guaranteed Free Training Program and the Workforce Investment Act of 1998.

## COST ADVANTAGES & INCENTIVES

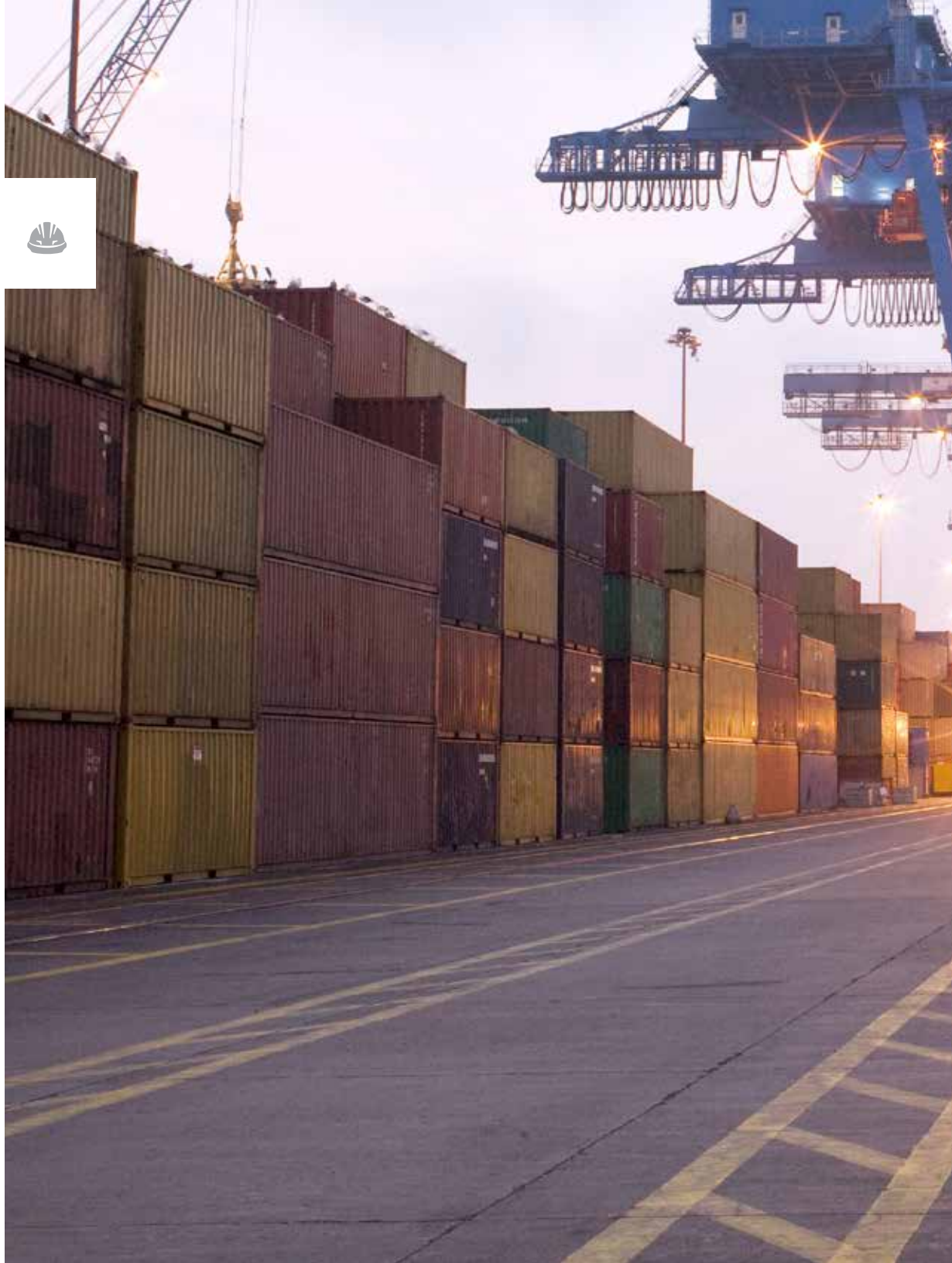


### KEYSTONE OPPORTUNITY ZONE

A Keystone Opportunity Zones (KOZ) is a property where the majority of an eligible company's state and local taxes are abated until the end date of the zone. In order for the Commonwealth of Pennsylvania to have designated a property as a KOZ, the county, municipality, and school district where the property is located must have agreed to abate their share of local taxes. Some of the taxes that are abated are local real property taxes, Pennsylvania's Corporate Net Income Tax, Pennsylvania's Capital Stock & Foreign Franchise Tax, and Pennsylvania's Sales and Use Tax on certain items.

Mericle Commercial Real Estate Services has developed more space in Pennsylvania KOZs than any other developer. Mericle owns several available properties with KOZ status.

Call Mericle at **570.823.1100** for details.







## LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE

Mericle's CenterPoint Commerce & Trade Park offers industrial sites and buildings located in Local Economic Revitalization Tax Assistance (LERTA) Zones. In CenterPoint, all of the local taxing bodies – the county, the municipality, and the school district – have approved the zone status.

**Real estate taxes on improvements are abated 100% for 10 years for buildings constructed in CenterPoint Commerce & Trade Park. The table below gives estimates of total savings that will be realized for various building sizes via**

**LERTA.** *Actual savings may vary depending upon the cost of construction required to meet a tenant's specifications.*

SQUARE FEET	EST. SAVINGS
150,000	\$915,000
250,000	\$1,525,000
500,000	\$3,050,000

## JOB CREATION TAX CREDIT PROGRAM

The Job Creation Tax Credit Program (JCTC) offers a \$1,000 state tax credit per new full-time job per year to employers who demonstrate effective development or deployment of leading technologies in business operations. Businesses must create at least 25 new full-time jobs or expand their existing workforce by at least 20 percent within three years of approval. Tax credits will not be applied until the workforce increase requirement has been met.

In order to count as a full-time employee under the JCTC program, new employees must earn an average of 150% of the federal minimum wage, excluding benefits. The credit may be utilized to pay a number of state business taxes. At least 25% of all available tax credits will be awarded every year to businesses that employ 100 or fewer employees.

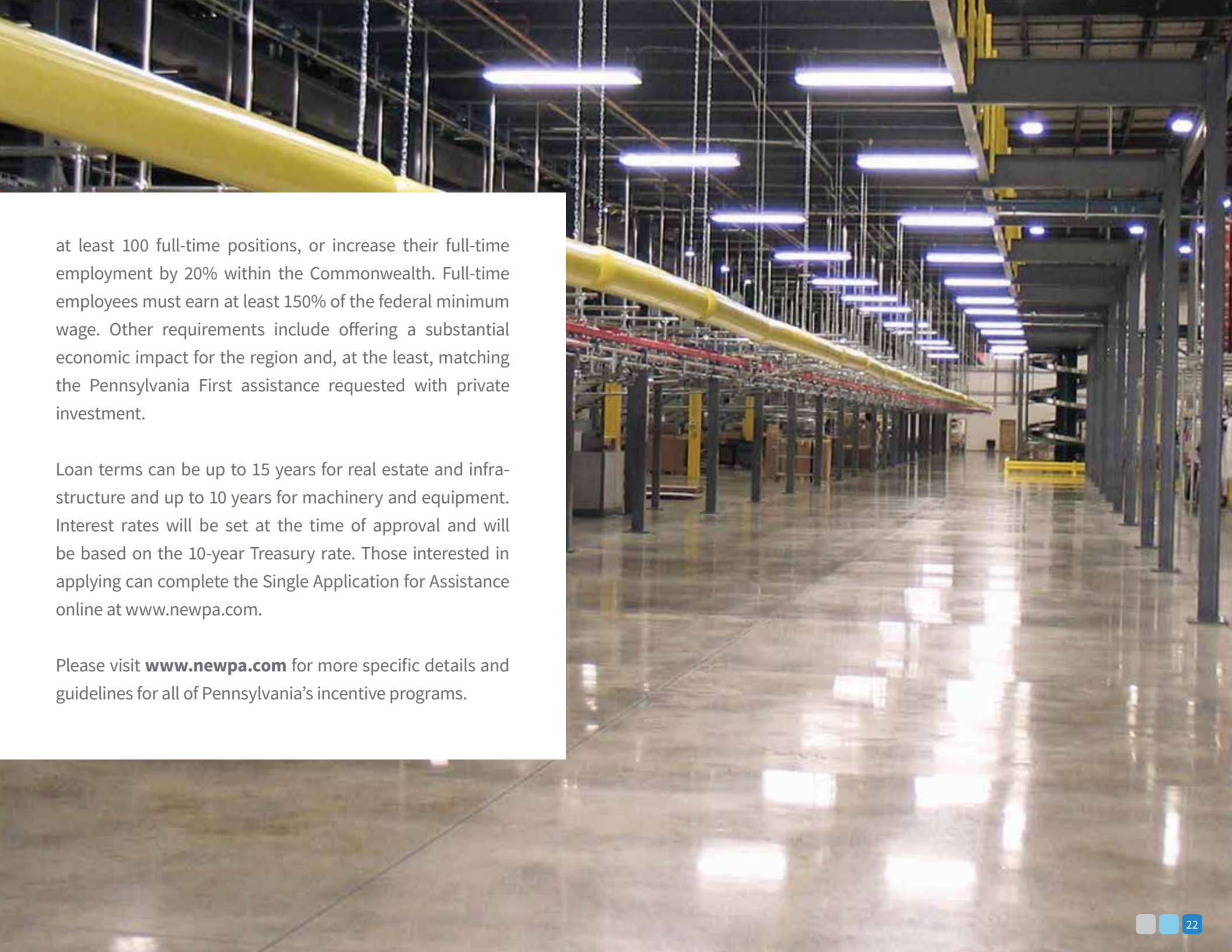
An eligible business must agree to maintain its operation in Pennsylvania for a minimum period of five years from the start date of approval. Please visit [www.newpa.com](http://www.newpa.com) for specific requirements and restrictions.

## OTHER INCENTIVE PROGRAMS

The Commonwealth of Pennsylvania's flagship program to help businesses is the Pennsylvania First Program, a comprehensive funding tool used to enable increased investment and job creation. The program assists businesses, municipalities, or IDCs who intend to create or retain a significant number of jobs and make a substantial investment within Pennsylvania. These businesses can receive support in the form of grants, low interest loans, and loan guarantees for job training, property acquisition, site preparation, land and building improvements, purchasing or upgrading machinery and equipment, infrastructure, environmental assessments, job training, and working capital.

The program requires participants to commit to operating at the approved project site for a minimum of seven years. Businesses aided by Pennsylvania First must create or retain





at least 100 full-time positions, or increase their full-time employment by 20% within the Commonwealth. Full-time employees must earn at least 150% of the federal minimum wage. Other requirements include offering a substantial economic impact for the region and, at the least, matching the Pennsylvania First assistance requested with private investment.

Loan terms can be up to 15 years for real estate and infrastructure and up to 10 years for machinery and equipment. Interest rates will be set at the time of approval and will be based on the 10-year Treasury rate. Those interested in applying can complete the Single Application for Assistance online at [www.newpa.com](http://www.newpa.com).

Please visit [www.newpa.com](http://www.newpa.com) for more specific details and guidelines for all of Pennsylvania's incentive programs.





*Mericle is vertically integrated and self-performs its projects.*



*Mericle works in partnership with area chambers of commerce to develop speculative industrial and office buildings throughout NEPA.*



*Mericle's lease rates in NEPA are significantly lower than those of competing developers in New York and New Jersey.*



## Mericle Commercial Real Estate Services

After World War II, which coincided with the collapse of Anthracite coal mining and its companion industries in much of NEPA, area chambers of commerce and not-for-profit industrial development corporations put forth remarkable efforts to revitalize the region's economy. From 1945 to the late 1980s, these groups slowly but surely diversified the local economy by developing business parks and constructing speculative shell buildings. In fact, some of the country's first shell buildings were constructed in NEPA by these organiza-

tions. One by one, companies were recruited to fill these parks and buildings. Employment increased and new housing sprang up.

In the late 1980s, Mericle Commercial Real Estate Services became the first for-profit developer to construct industrial shell buildings on speculation in NEPA. Mericle purchased land that had been developed by the chambers and constructed speculative buildings ranging from 40,000 square feet to 100,000 square feet. Since that time, Mericle has de-

veloped more than 18 million square feet of industrial, office, and flex space in NEPA, including numerous bulk industrial buildings. More than 13,400 people work in Mericle-developed properties. Today, Mericle owns and maintains approximately 11 million square feet in NEPA.

Mericle is a vertically-integrated "Master Builder" that self-performs its development projects. The company's approximately 200 employees design, construct, and maintain



*Mericle employs two LEED® accredited design professionals.*



*Mericle's 50 employee excavation division prepares ReadyToGo!™ Sites year round.*



*Many Mericle buildings and sites are developed in special tax free zones, which result in significant savings for tenants.*

all of its facilities. Among its in-house team are two LEED Accredited Professionals who obtained Silver LEED status for Mericle buildings occupied by Amazon.com, Kimberly Clark, and Benco Dental.

Several years ago, Mericle started a Green Building Program and made a commitment to provide lower operating costs to tenants through the implementation of eco-friendly, energy-saving measures. By constructing tight building envelopes, installing energy-

efficient T-bay lighting and HVAC systems, improving ventilation and indoor air quality, and by using native and adaptive landscaping and recycled/regional materials, Mericle is making a concerted effort to “go green.”

Because of its extensive experience constructing and customizing fulfillment space for e-commerce companies, Mericle is well aware of the unique real estate needs of this industry sector. These include very high ceilings, abundant employee parking, and heavy

power. Mericle takes these factors into consideration when designing its speculative industrial buildings and has recently acquired parcels adjacent to several of its available existing buildings to ensure that there is adequate room for employee and/or trailer parking for e-commerce companies.

In addition to regularly constructing buildings on speculation, Mericle also prepares sites in advance for new construction. In fact, through its **ReadyToGo!™ Program**, Mericle

is developing more than 90 such sites in 11 NEPA business parks. Mericle's Design Department obtains all necessary permits and approvals, and its 50-employee Excavation Division, considered to be one of the largest of its kind in the US, clears, grades, and compacts the ReadyToGo!™ Sites and makes them ready for the immediate construction of building foundations. These sites also have all permits and approvals in hand and all utilities in place and can accommodate buildings ranging from as small as 10,000 square feet to as large as 1 million square feet.

Mericle's vertically integrated "one-stop-shop" structure and its aggressive development of speculative industrial buildings and ReadyToGo!™ Sites is very helpful to e-commerce companies operating under compressed time frames wishing to deal with a single source. All of Mericle's available buildings and sites can be reviewed at [mericlereadytogo.com](http://mericlereadytogo.com).

### **COST OF REAL ESTATE**

Average industrial lease rates in NEPA are significantly lower than those in most major metro areas. A study by national business consultant Wadley Donovan Growth Tech compared lease rates for several areas in NEPA with rates in Middletown, New York and Hightstown, New Jersey. On average, lease rates in NEPA are 79% of those in Middletown and just 69% of those in Hightstown. Likewise, prominent national real estate firm Cushman & Wakefield, in several industrial research reports released in 2014, listed direct weighted average net rental rates for industrial space in NEPA, Central New Jersey, and Northern New Jersey. In the reports, NEPA's rates were 74% of those in Central New Jersey and 59% of those in Northern New Jersey.

### **FOREIGN TRADE ZONES**

There are more than 2,000 acres of Foreign Trade Zone (FTZ) land located in six NEPA business parks. These lands are part of Foreign Trade Zone #24 under the auspices of the Eastern Distribution Center. Much of Mericle's CenterPoint Commerce & Trade Park near Pittston, PA is in an FTZ. Mericle also owns properties in the Jessup Small Business Center and Valley View Business Park near Scranton, which have FTZ status.

FTZs encourage and expedite import/export cargo movements. These specially designated zones are considered outside the Customs territory of the United States, which means that merchandise can be stored, exhibited, assembled, manufactured, and processed without being subject to formal Customs entry procedures and payment of duties unless and until the merchandise enters the Customs territory for domestic consumption. FTZs offer a variety of benefits including duty deferral, relief from inverted tariffs, duty elimination on waste and scrap, duty exemption on re-exports, and no duties on domestic content, added value, and rejected or defective parts.

### **THIRD PARTY LOGISTICS**

In addition to the dozens of truckload and less than truckload companies with operations in NEPA, there are also numerous national and local third party logistics (3PL) companies here. Some of the most active 3PLs in NEPA include Kane is Able, Romark Logistics, Genco ATC, Norbert Dentressangle, J.B. Hunt, Penske Logistics, and LeSaint Logistics. Mericle has provided space to most of these companies.



## COLD CHAIN SPACE

Some of the nation's largest cold storage companies have major industrial facilities in NEPA. For example, Henningsen Cold Storage Company, United States Cold Storage, Inc., Americold, and RLS Logistics, together operate about 1 million square feet of cold chain space here. In addition, PRIME Inc., one of North America's largest refrigerated trucking companies, has a large terminal in NEPA.

## UTILITIES



**Northeastern Pennsylvania is utility strong with public water and sewer, abundant power, and fiber service readily available to business parks.**

## NATURAL GAS

NEPA is strategically located within Pennsylvania's Marcellus Shale Natural Gas Play. High pressure gas mains owned and maintained by **UGI Penn Natural Gas** provide service to area business parks.

The discovery of an estimated 500 trillion cubic feet of natural gas in the rock located under a 22.4 million acre area that covers much of NEPA and the Northern Tier of Pennsylvania has had an enormous impact on the regional economy. The Marcellus

Shale region has been recognized as the "largest unconventional natural gas reserve in the world."

Thousands of acres in NEPA and the Northern Tier have been leased by natural gas companies. Billions of dollars are being invested here by Southwest US energy companies. Because of this investment in Marcellus Shale, NEPA is expected to have access to abundant and affordable natural gas for decades to come.

## WATER

Water quality and pressures are very good in the area. In fact, in some business parks, companies choose to install pressure reducers to control water pressure to their buildings.

Water is primarily supplied in NEPA by **Pennsylvania American Water Company (PAWC)**. PAWC is part of American Water, which has one of the most advanced water quality laboratories in the US, located in Belleville, Illinois.

There, the company performs tests to monitor for approximately 100 regulated contaminants and other "emerging contaminants" that are not currently regulated. Additionally, PAWC provides input to the US Environmen-

tal Protection Agency as new testing regulations are developed.

Since 1993, the American Water research team has won nearly two dozen awards for best research, received more than 31 million in research grants, and been granted four patents for water and wastewater research.

## SANITARY SEWER

Several local sewage treatment facilities can accept large amounts of biochemical oxygen demand (BOD) and suspended solids without requiring businesses to pre-treat their effluent.

## ELECTRICITY

Power is supplied to several local industrial and office parks via **PPL Electric Utilities and UGI Utilities**. In most parks, 4000 amp services are offered. Pennsylvania continues to have some of the lowest costs of electricity in the Mid-Atlantic and New England regions.

## TELECOMMUNICATIONS

Numerous telecom vendors, including **Verizon, Frontier Communications, Level 3, and Comcast** provide fiber, copper, and cable service to local business parks.



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