



Cleveland, Texas

Distribution and Logistics Target Profile

This document provides an analysis of the distribution and logistics industry for Cleveland, Texas, highlighting growth opportunities, industry trends, and strategic recommendations for economic development. By leveraging Cleveland's existing rail infrastructure and strategic location, the city has significant potential to become a regional logistics hub that can attract businesses in rapidly growing sectors such as general warehousing, refrigerated storage, and wholesale trade.

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Distribution and Logistics Target Industry Definition

NAICS Code	Description
49311	General Warehousing and Storage
49312	Refrigerated Storage
49319	Specialized Storage and Warehousing
42384	Industrial Supplies Wholesale
42383	Industrial Machinery and Equipment Wholesale
42331	Lumber, Plywood, Millwork, and Wood Panel Wholesale
42351	Metal Service Centers
42332	Brick, Stone, and Related Construction Material Wholesale
4244	Grocery and Related Product Wholesale
4245	Farm Product Raw Material Wholesale
4241	Paper and Paper Product Wholesale
42461	Plastics Materials and Basic Forms/Shapes Wholesale
42469	Other Chemical and Allied Products Wholesale
42345	Medical, Dental and Hospital Supplies Wholesale
42312	Motor Vehicle Supplies and Parts Wholesale

Industry Growth Analysis

The distribution and logistics sector shows promising growth potential, particularly in warehousing and storage. Based on NAICS classification data, general warehousing and storage (NAICS 49311) demonstrates the strongest growth trajectory with a 7.5% annual business growth rate for 2020-2025 and a projected 5.3% for 2025-2030. Employment in this subsector is similarly robust, with annual growth rates of 4.6% (2020-2030) and 3.9% (2025-2030).

Refrigerated storage (NAICS 49312) represents another growth opportunity, with 4.4% annual business growth for 2020-2025, albeit slowing to 2.0% for 2025-2030. Employment growth in this subsector is projected at 3.6% and 1.8% for the respective periods. Specialized storage and warehousing (NAICS 49319) shows more modest business growth of 1.2% and 2.0%, with employment actually contracting slightly in the near term (-0.2%) before rebounding to 2.4% growth in 2025-2030.

The wholesale trade sector (NAICS 42) exhibits steady if unspectacular growth across both business creation (1.6% and 1.9%) and employment (1.0% and 2.1%). The wholesale trade sector is broken down into some areas of opportunity for Cleveland later in the document.

NAICS	Description	Annual Growth Businesses 2020-25 (%)	Annual Growth Businesses 2025-30 (%)	Annual Growth Employment 2020-30 (%)	Annual Growth Employment 2025-30 (%)
49311	General Warehousing and Storage	7.5%	5.3%	4.6%	3.9%
49312	Refrigerated Storage	4.4%	2.0%	3.6%	1.8%
49319	Specialized Storage and Warehousing	1.2%	2.0%	-0.2%	2.4%
42	Wholesale Trade	1.6%	1.9%	1.0%	2.1%

Industry Outlook: E-Commerce and Automation

The distribution and logistics industry is undergoing significant transformation, driven primarily by the explosive growth of e-commerce and resulting changes in consumer expectations. The COVID-19 pandemic accelerated this shift, with e-commerce penetration achieving five years of growth in just three months during 2020. This trend shows no signs of reversing, with online retail sales projected to reach \$1.3 trillion in the U.S. by 2025.

This e-commerce boom has profound implications for warehousing and logistics operations. Facilities are increasingly being designed to accommodate high-volume, small-parcel operations rather than traditional pallet-based distribution. Last-mile delivery has become a critical competitive factor, encouraging the development of smaller distribution centers closer to population centers—a trend that could benefit Cleveland given its proximity to the Houston metropolitan area.

Warehouse automation represents another transformative trend, with robotic systems, automated storage and retrieval systems (AS/RS), and artificial intelligence increasingly adopted to improve efficiency and address labor shortages. The global warehouse automation market is projected to grow at a CAGR of 15% through 2026, presenting both opportunities and challenges for communities seeking to attract logistics operations.



The ongoing shift toward sustainability is also reshaping industry practices, with companies investing in energy-efficient facilities, alternative fuel vehicles, and circular supply chain models. Customers increasingly expect companies to demonstrate environmental responsibility.

Intermodal transportation continues to gain importance as companies seek more efficient and sustainable freight solutions. Cleveland's existing rail infrastructure represents a significant competitive advantage in this regard, particularly for capturing business from transmodal users seeking efficient connections between rail, highway, and potentially air cargo operations.

Industry Subsector Analysis



Industrial Distribution

The industrial distribution sector encompasses the movement and storage of raw materials, components, and equipment used in manufacturing processes. This sector relies heavily on efficient transportation networks and timely delivery to minimize production disruptions. Cleveland can attract industrial distributors by highlighting its rail connections and proximity to manufacturing centers in Houston and East Texas. Key potential clients include industrial supply companies (NAICS 42384), equipment distributors (NAICS 42383), and manufacturers seeking regional distribution points.



Consumer Goods Distribution

Consumer goods distribution focuses on moving finished products to retailers or directly to consumers. This sector has been dramatically transformed by e-commerce, with increasing demand for rapid fulfillment and last-mile delivery solutions. Cleveland's location provides advantages for consumer goods distributors seeking to serve both the Houston metropolitan area and East Texas markets. Target companies include third-party logistics providers (3PLs) specializing in consumer goods, major retailers establishing regional distribution centers, and e-commerce fulfillment operations.



Cold Chain Logistics

Cold chain logistics, including refrigerated warehousing and transportation, represents a high-growth subsector with significant potential for Cleveland. This specialized field serves food and beverage producers, grocery chains, pharmaceutical companies, and other businesses requiring temperature-controlled storage and transportation. The relatively high growth rates for refrigerated storage (NAICS 49312) make this an attractive target for Cleveland's economic development efforts, particularly if connections can be established with the region's agricultural producers and food processing operations.



Wholesale Trade

Wholesale trade businesses serve as intermediaries between manufacturers and retailers or institutional buyers. While growth in this sector is more modest than in warehousing, it represents a diverse category encompassing everything from agricultural products to machinery and equipment. Cleveland can target wholesale operations seeking affordability combined with good transportation access, particularly those dealing in bulky items where rail transportation offers cost advantages. Regional wholesale operations serving East Texas and Louisiana markets represent particularly promising prospects.

Cleveland's Strategic Advantages for Logistics Operations

Cleveland, Texas offers several compelling strategic advantages that position it as an attractive location for distribution and logistics operations. Understanding and effectively communicating these strengths will be critical to successful business attraction efforts.

Rail Infrastructure and BNSF Connection

Cleveland's most significant competitive advantage is its access to the BNSF Railway, one of North America's largest freight railroad networks. The BNSF connection provides businesses with cost-effective transportation options for both inbound raw materials and outbound finished products. This rail access is particularly valuable for businesses dealing with high-volume or heavy goods where truck transportation is cost-prohibitive.

Industries that could specifically benefit from Cleveland's rail connections include:

- Building materials distributors like lumber (NAICS 42331), steel (NAICS 42351), cement (NAICS 42332)
- Agricultural products wholesalers (NAICS 4244 and 4245)
- Paper and packaging materials distributors (NAICS 4241)
- Automotive parts and equipment wholesalers (NAICS 42312)
- Chemical (NAICS 42469) and plastics distributors (42461) serving the Gulf Coast manufacturing corridor



Strategic Location

Cleveland's location north of Houston provides several logistical advantages. The city offers lower land and operating costs compared to Houston proper, while still providing excellent access to the Houston metropolitan market of over 7 million consumers. Additionally, Cleveland is well-positioned to serve East Texas markets and provides a gateway to Louisiana and other Gulf Coast states.

Highway Connectivity

Cleveland's access to major highways, including U.S. Highway 59/Interstate 69, facilitates efficient truck transportation in all directions. This highway connectivity complements the rail infrastructure, enabling true intermodal logistics operations that can optimize transportation efficiency based on cargo characteristics, distance, and time sensitivity.

Available Land for Development

Unlike many areas closer to Houston, Cleveland offers substantial developable land at comparatively affordable prices. This availability is particularly attractive to warehouse and distribution operations requiring significant space for future expansion.

Target Sectors and Growth Opportunities

Based on industry growth projections and Cleveland's specific advantages, several logistics sectors present particularly promising opportunities for business attraction and expansion efforts.

E-Commerce Fulfillment Centers

The explosive growth of e-commerce has created demand for fulfillment centers in strategic locations outside major urban centers. Cleveland's position north of Houston makes it ideal for e-commerce operations seeking to serve both the Houston metropolitan area and East Texas markets. Target companies include third-party logistics providers specializing in e-commerce fulfillment, as well as retailers establishing their own distribution networks.

Cold Chain/Refrigerated Storage

With annual business growth of 4.4% (2020-2025) and employment growth of 3.6% (2020-2030), refrigerated storage represents a high-potential sector for Cleveland. The city's rail connections could be particularly valuable for food producers and distributors moving temperature-sensitive products throughout the region. Potential targets include food distributors, grocery chains establishing regional distribution centers, and specialized cold chain logistics providers.

Building Materials Distribution

Cleveland's rail access makes it particularly suitable for the distribution of heavy building materials like lumber, drywall, cement, and steel. With the construction industry booming throughout Texas, building materials distribution offers substantial growth potential. This sector can leverage both rail for inbound shipments and truck for regional distribution to construction sites and retail outlets.

Intermodal Transportation Hubs

Facilities specializing in transfers between rail and truck transportation represent another promising target category. These operations typically require substantial land for container storage and handling equipment, making Cleveland's available development sites attractive. Current BNSF customers seeking to establish or expand intermodal operations should be specifically targeted in business attraction efforts.

Additionally, Cleveland should consider targeting specific growing subsectors within general warehousing (NAICS 49311), which shows the strongest overall growth projections. These include specialized warehousing services for healthcare products (NAICS 42345), automotive parts (NAICS 42312), and industrial equipment (42384). The city's relative affordability compared to Houston proper makes it particularly attractive for operations serving both the Houston market and broader regional distribution needs.

Agricultural products distribution represents another opportunity area, leveraging both Cleveland's location amid East Texas agricultural areas and its rail connections for efficient transportation to processing facilities or export terminals.

Target Marketing Strategy



Develop Sector-Specific Value Propositions

Create detailed value propositions for each target sector (e-commerce, cold chain, building materials, intermodal) that clearly articulate Cleveland's specific advantages for that type of operation. These should include relevant economic data, case studies of similar operations if available, and specific infrastructure details pertinent to that sector.



Build Qualified Lead Database

Develop a comprehensive database of potential business targets in each priority sector. Utilize industry databases, trade association memberships, and business intelligence services to identify companies in expansion mode or facing lease expirations in the next 12-24 months.



Engage Industry Intermediaries

Establish relationships with commercial real estate brokers, site selection consultants, and logistics industry advisors who frequently work with distribution and warehousing clients. Educate these intermediaries about Cleveland's advantages through familiarization tours, regular updates on available properties, and information on development incentives. These relationships can significantly amplify Cleveland's market presence and provide valuable intelligence on potential prospects.



Execute Targeted Outreach Campaigns

Implement multi-channel marketing campaigns focused on decision-makers in target industries. These should include direct outreach to identified prospects, participation in industry-specific digital and print media, and strategic use of social media platforms like LinkedIn for business development. Messaging should emphasize Cleveland's specific advantages for each target sector and highlight success stories as they develop.

Participation in industry trade shows and conferences represents another critical component of Cleveland's business attraction strategy. Key events to consider include:

- **MODEX** - North America's largest supply chain expo, held in odd-numbered years (alternating with ProMat)
- **CSCMP Edge** - Annual conference of the Council of Supply Chain Management Professionals
- **IWLA Convention & Expo** - International Warehouse Logistics Association's annual event
- **GCCA Cold Chain Conference** - Specifically for refrigerated warehousing and logistics

At these events, Cleveland representatives should focus on scheduling pre-arranged meetings with target companies rather than simply staffing a booth. Consider partnering with BNSF's economic development team for joint marketing efforts at relevant logistics industry events, leveraging their existing customer relationships and industry expertise.

Implementation Recommendations

Successful implementation of Cleveland's distribution and logistics attraction strategy will require coordinated efforts across multiple stakeholders and a phased approach to maximize impact while efficiently utilizing available resources.

Action Items

- 1. Lead Generation Program:** Implement systematic lead generation focused on the four primary target sectors. Utilize both in-house resources and consider engaging specialized consultants with industry connections.
- 2. Trade Show Participation:** Attend 1-2 key industry events annually with clear objectives and pre-arranged meeting schedules. Partner with regional economic development organizations where appropriate to leverage resources.
- 3. Business Visitation Program:** Develop program to regularly engage with existing logistics operations in Cleveland to identify expansion opportunities and address any challenges.
- 4. Success Metrics Development:** Establish clear KPIs for business attraction efforts, including prospect pipeline metrics, site visit conversions, and ultimately new business establishments and job creation.

The logistics industry operates on long planning horizons, particularly for significant facility investments. Patience and persistence will be essential, with consistent marketing efforts typically required for 18-36 months before major project announcements. By systematically implementing these recommendations and maintaining focus on Cleveland's specific competitive advantages, the city can successfully position itself as a preferred location for distribution and logistics operations in the Houston metropolitan region.