OPINION

Beyond the gateway: Why Laredo's next chapter is distribution, not just transit

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Every day, close to 10,000 northbound trucks cross through Laredo carrying billions in merchandise: automotive parts, electronics, machinery, and consumer goods flowing into the American market. For decades, Laredo has been the gateway through which these goods pass on their journey to distribution centers hundreds of miles north. But what if there's an additional opportunity? What if the border's role as America's premier port of entry could be complemented by distribution operations right here, rather than 250 miles inland?

Over the past year, we've fielded increasing inquiries from developers, logistics companies, and manufacturers, all asking variations of the same question: why are companies hauling merchandise 250 miles north just to turn around and distribute it? The patterns we're analyzing suggest an emerging opportunity worth examining. Laredo's established strengths as a port of entry could be enhanced by co-locating distribution operations at the border itself.

Understanding the First-Touch Advantage

In 2024, Port Laredo handled $339 billion in trade, more than Los Angeles ($333 billion), more than Chicago ($331 billion), and more than any other port in America. This was Laredo's second consecutive year as America's number one trade port, the first land crossing to ever claim that title. Through mid-2025, it remains in the top three nationally, trading positions month to month with major air cargo hubs as trade patterns shift.

According to a Texas A&M International University Sanchez School of Business Texas Center analysis, when measured by container-equivalent throughput (TEUs), Laredo ranks among the world's busiest ports, handling an estimated 17.6-19.2 million TEUs in 2023, placing it ahead of major facilities like Los Angeles/Long Beach (16.7 million) and comparable to established global maritime gateways.

These volumes establish Laredo's dominance as a port of entry, a position that remains secure and central to the city's economic identity. But there's an additional dimension worth exploring: what we call the First-Touch Advantage, the potential economic and logistical benefits of adding distribution operations at the same location where goods first enter U.S. commerce.

Consider the current supply chain pattern: the majority of trailers crossing from Mexico require warehouse operations such as transloading, labeling, pick-and-pack services, and carrier exchange. Under traditional models, these operations occur through what we call double handling. Goods cross at the border, move to customs clearance facilities, then travel 250 miles to distribution centers for these essential operations. Our research indicates that roughly half of this freight ultimately lands in traditional hubs, with about 60 percent destined for the greater metro areas to the north and 40 percent heading to the coastal hub to the east.

Laredo's distribution infrastructure has grown substantially, with over 50 million square feet of warehouse and distribution space now operational. This creates an opportunity to complement the city's port-of-entry functions. Companies now have a choice: goods can cross the border, clear customs, undergo value-added operations, and enter distribution, all within the same logistics ecosystem. This isn't about replacing Laredo's core mission as America's premier land port. It's about enhancing it with co-located distribution capabilities that some companies may find advantageous. When merchandise crosses at 8 a.m. and enters distribution routes by noon, the time and cost savings become tangible.

An infrastructure evolution worth noting

What catches our attention isn't just the trade volumes but who has been investing in new infrastructure. Over the past 18 months, both established local developers and national institutional players who've never worked in border cities have broken ground on Class A distribution facilities in Laredo. These aren't speculative plays. These are calculated investments by developers who've analyzed the numbers and reached similar conclusions about shifting economics.

The data tells an interesting story. Laredo's industrial market experienced rapid growth through 2024, with major developments adding millions of square feet of new capacity. Current market conditions reflect a period of adjustment, with vacancy rates at 11.5 percent as new building deliveries are absorbed into the market. Development momentum continues, with major commitments including a $90 million investment in a 905,000-square-foot distribution center. These facilities represent substantial infrastructure, featuring 32-to-36-foot clear heights, extensive dock-door configurations, and logistics technology that matches or exceeds that in established distribution markets.

Nearly every major third-party logistics provider and transportation company in North America now operates in Laredo. Projects range from mid-sized cross-dock facilities with 150 dock doors to massive developments planning up to 3.8 million square feet, including significant cold storage capacity for binational food trade.

The economic logic behind border distribution

When companies designed distribution networks decades ago, they centered them on population density and highway access. Staging areas near large consumer markets made sense when goods arrived primarily from Asia via West Coast ports or from Europe via East Coast ports.

Shifting trade patterns have significantly altered this equation. Mexico is now America's largest trading partner, surpassing China for the first time in two decades. Truck crossings at the Laredo gateway increased by more than 30 percent between 2019 and 2024, reaching over 3 million annual crossings. Nearly 40 percent of all U.S.-Mexico trade flows through this single corridor.

Recent freight cost analyses reveal systematic patterns worth considering. Studies comparing shipping costs from Laredo versus traditional hubs show advantages for routes to Detroit, Atlanta, Indianapolis, and Pittsburgh. The same pattern holds westward, with Laredo offering competitive advantages for shipments to Los Angeles, Denver, Seattle, Salt Lake City, and San Francisco.

The numbers merit attention. Companies that establish distribution operations directly in Laredo can realize substantial savings on overall supply chain costs by eliminating intermediate handling steps. The city offers a favorable cost structure across multiple dimensions: competitive labor markets, available industrial land, and efficient multimodal transportation access. When combined with the operational advantages of border-adjacent distribution, including reduced handling, faster customs processing through established broker

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networks, and streamlined cross-border logistics, the cumulative value proposition creates a compelling case for consideration. An important factor that reinforces Laredo's logistics advantage

An important factor that reinforces Laredo's logistics advantages: carrier density and freight availability. Nearly every major trucking company maintains substantial operations in Laredo, a strategic decision that reflects confidence in consistent freight volumes. The city's position as a backhaul market, where southbound freight flows to Mexico create return capacity opportunities, ensures carrier presence and reliable transportation access. This concentration of carriers competing for loads translates into service reliability and capacity availability, which companies value when selecting distribution locations.

For companies operating under competitive pressure, particularly in e-commerce, where margins are thin, these advantages warrant serious evaluation. A distribution strategy that incorporates border-based operations doesn't just reduce costs in isolation. It can improve competitive positioning while simultaneously enhancing delivery speed to key markets.

Operational considerations and strategic benefits

Beyond pure cost metrics, border-based distribution offers operational advantages worth considering. When companies lease or own warehouse facilities in Laredo, they gain direct control over their operations rather than depending entirely on third-party logistics providers, brokers, or forwarders. This operational control enables businesses to evaluate, adjust, and improve supply chain processes directly, maintaining accountability and service standards.

The strategic benefits extend further. Foreign Trade Zone 94 provides duty deferral on imports and duty exemptions on re-exports, creating additional cost advantages for qualifying operations. Storing inventory in the United States rather than Mexico can enhance certainty and predictability regarding delivery timelines, valuable attributes for planning and customer satisfaction. U.S.-based inventory provides greater flexibility in responding to market demands while reducing certain risks associated with cross-border logistics.

The geographic math is straightforward. A product manufactured in Monterrey, 140 miles from Laredo, reaches the border in under three hours. From Laredo, that same product can reach San Antonio in two hours, Austin in three, and the northern metro areas in six. Most ground carriers can reach 93 percent of the U.S. population within two days from traditional distribution hubs. From Laredo, they can reach approximately 80 percent in the same timeframe, without the additional 250-mile journey from border to inland distribution center.

Workforce and infrastructure convergence

This evolution from gateway to gateway-plus-distribution goes beyond logistics optimization. It reflects a broader restructuring of North American supply chains around new trade geographies. The border is no longer just a crossing point but increasingly a logical location for value-added operations.

Roughly one-third of Laredo's jobs are already in trade, transportation, and warehousing. The region's distribution and logistics workforce surged 20 percent between 2007 and 2017 and continues expanding. This concentration creates a workforce deeply specialized in cross-border logistics, professionals experienced in customs protocols, international freight forwarding, and binational supply chain operations.

The convergence of nearshoring trends, infrastructure investment, geographic advantages, and cost structures creates a network effect, as economists call it. Each new facility makes the next one more valuable. As more distribution centers open, more carriers establish routes. As more carriers serve the market, logistics costs continue to decrease. As costs decline, more companies are considering relocating certain operations. The cycle reinforces itself.

What this means for different stakeholders

For business leaders, the patterns we're observing suggest that supply chain strategies designed for previous trade flows may benefit from reassessment. The question worth asking isn't necessarily whether to abandon existing distribution networks, but whether incorporating border-adjacent facilities could offer advantages in cost, control, and flexibility. Companies might evaluate whether traditional distribution hub dependencies remain optimal given changing trade patterns and infrastructure availability.

For policymakers, the opportunity involves thoughtfully supporting infrastructure development that leverages natural advantages. This could mean examining permitting processes for industrial development, continuing investment in multimodal transportation infrastructure, and ensuring customs and border protection resources keep pace with commercial growth. It means recognizing that border communities are evolving from peripheral crossing points to central nodes in continental supply chains. Texas might consider how to position its border region not just as entry points, but as logistics centers.

For real estate investors and developers, Laredo's evolution merits its close attention. Sophisticated institutional investors, who've analyzed cross-border trade flows, nearshoring trends, and logistics economics, continue deploying billions in new development. This sustained capital commitment signals confidence in structural demand. The investment thesis centers not on Laredo being a border city, despite its location, but on it as the essential distribution node for $340 billion in annual trade.

A complementary evolution

The question we've been exploring isn't whether Laredo will remain America's premier land port of entry. That position appears secure, anchored by geography, infrastructure, a premier cross-border logistics ecosystem, and Mexico's role as America's largest trading partner. The question is whether Laredo's port-of-entry functions can be complemented and enhanced by substantial distribution operations co-located at the border.

The market is already providing answers. Over 50 million square feet of operational warehouse space. Every major third-party logistics provider and transportation carrier. Billions in institutional investment construction. These indicators suggest the complementary model has moved beyond concept to reality.

Those 10,000 trucks crossing daily carry a message about evolving commerce patterns. When the majority of cross-border freight requires warehouse operations, and when performing those operations at the border rather than 250 miles inland offers measurable advantages, the logic merits attention. The most efficient distribution network may not be the one that follows traditional patterns, but the one that adapts to where goods actually cross from production to consumption.

Laredo's evolution from a transit point to a transit-plus-distribution hub isn't a distant possibility. The infrastructure exists. The capital has been deployed. The logistics providers have established operations. What remains is whether the broader North American supply chain ecosystem recognizes and responds to this complementary opportunity. In the changing geography of continental trade, the border isn't just the edge of the network. For certain operations, it may increasingly be the logical center.

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