

OPINION

Building on trade: Laredo's billion-dollar industrial moment

In 2018, Laredo's industrial market looked much as it had for years. The city's inventory of warehouse and logistics space ranged from 36 to 40 million square feet, depending on the measurement method, and most of that space was built for an earlier



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generation of cross-border operations. The typical facility served local customs brokers and regional distributors in buildings well under 200,000 square feet. National-scale logistics investors largely overlooked the market. The gap between Laredo's trade volumes and its built environment was one of the more conspicuous mismatches in North American logistics.

Today, the market is projected to reach 61 million square feet by the end of 2026, spread across 59 active industrial parks, with an 11.3-million-square-foot construction pipeline representing a 247% increase from mid-2024. Trade through the Port of Laredo reached \$339 billion in 2024 and is projected to exceed \$350 billion in 2025. And the wave of industrial construction that began in 2020 has added significant new assessed value to the city's tax rolls, with revenue implications that remain to be fully quantified.

What happened between 2018 and now is not a story about nearshoring, though nearshoring accelerated it. It is a story about what happens

when market conditions, trade momentum, and private capital align simultaneously in the same place.

The catalyst: When conditions aligned

For most of its modern history, Laredo's industrial market has developed at a pace that has matched demand. Local developers built for local users: customs brokers, regional distributors, transportation companies, in facilities sized for the operations of the day. Large landholders maintained significant reserves. The market worked, and it worked well, but it worked at a scale calibrated to a different era of cross-border trade.

Three things shifted almost simultaneously. First, Mexico overtook China as the top exporter to the United States, and Laredo's truck crossings began climbing toward 20,000 per day. Second, nearshoring discussions shifted from conference panels to corporate boardrooms, and site selectors began examining border markets with renewed urgency. Third, developers responded. Between 2018 and 2020, new industrial land came online across North Laredo and the Colombia corridor at a pace and scale the city had never seen, with full urbanization including paved roads, utilities, and drainage designed to meet institutional standards. Single-phase plats exceeded 600 acres.

The result was immediate. Many lots projected to sell over three years moved in eight months. National capital that had not previously considered Laredo began deploying. The absorption velocity surprised the market.

The numbers behind the transformation

Consider the scale of what has been built. The Mile Marker 13 corridor alone, the industrial submarket stretching along FM 1472 in North Laredo, now accounts for nearly 22 million square feet across four major industrial parks, roughly 36 percent of Laredo's total market. When you add the Colombia crossing submarket, the footprint grows further. By industry estimates, total investment across Laredo's new industrial corridors, including land, infrastructure, and vertical construction, comfortably exceeds \$1 billion, with significant capacity remaining in available lots.

The Mile Marker 13 corridor is the most concentrated example, but the transformation extends across the city. Of Laredo's projected 61 million square feet, nearly two-thirds sit outside the North Laredo submarket, distributed across dozens of industrial parks serving the World Trade Bridge, the Colombia-Solidarity Bridge, and the I-35 corridor.

Marketwide, the signal from national capital is clear. Industrial investment firms managing billions in assets have broken ground on Class A facilities in North Laredo. One national developer alone committed \$100 million to a three-building, 933,000-square-foot complex near the World Trade Bridge. Institutional joint ventures backed by global real estate platforms have launched multi-phase logistics parks. Private family office capital has acquired fully leased portfolios, citing nearshoring as a structural long-term play.

These investments signal

that the market has graduated. Laredo is no longer a regional play. It is now attracting the same institutional capital that flows into the nation's largest logistics markets, and this validation has implications for all stakeholders in the corridor.

The honest market picture Any serious analysis of Laredo's industrial market must address the supply question. After years of record construction, vacancy has risen to roughly 11.5% as new large-format product enters the market, a natural normalization from the sub-2% rates that characterized the 2021–2023 boom. Millions of square feet of additional space remain under construction or in the permitting pipeline.

Much of the new inventory consists of buildings exceeding 300,000 or 400,000 square feet, designed for national and international tenants with large-scale logistics operations. The average local user operates at a fraction of that scale. Filling these buildings depends on attracting the same kind of institutional tenants whose investment decisions validated the market in the first place.

Every growth market normalizes. Laredo is experiencing the same adjustment cycle as peer logistics markets across the Sun Belt, and its fundamentals during this phase are stronger than at any point in its history. The conditions that drove the initial investment remain intact: the port now averages approximately 20,000 commercial truck crossings daily, trade volumes continue to grow, and Laredo sits at the convergence point for freight moving from Mexico's major industrial centers, from Mon-

terrey and Saltillo to the Bajío, Mexico City, and as far south as the Pacific port of Lázaro Cárdenas. That geographic reality is why 40 percent of all U.S.-Mexico trade flows through this single corridor.

Real estate markets are cyclical. Laredo has absorbed rapid growth before. The current adjustment period, while real, is happening in a market whose trade volumes and strategic positioning have never been stronger.

What growth built

Beyond the supply cycle, something more consequential is taking shape: Laredo's industrial property tax base is undergoing a structural expansion, and the revenue implications are only beginning to come into focus.

Between 2013 and 2022, the City of Laredo's property tax levy increased by 47%, from \$67.6 million to \$99.4 million, driven largely by residential growth. By 2025, the levy had reached over \$137 million. That acceleration coincides directly with the industrial construction wave that began in 2020, which has added significant new assessed value, developed land, institutional-grade buildings, and infrastructure improvements, now flowing into tax receipts. The fiscal impact is substantial.

The city's infrastructure needs are well documented, from roads to water systems to public safety facilities. The strategic opportunity is to build on existing planning efforts by more explicitly linking future infrastructure investment to the industrial growth reshaping the tax base, ensuring that new revenue

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reinforces the competitive position that generated it in the first place.

Other border communities offer instructive examples. Santa Teresa, New Mexico, is executing a coordinated public-private strategy that pairs state investment in highway and port-of-entry infrastructure with large-scale private logistics and residential development, including a \$2 billion mixed-use project adjacent to the port of entry. Santa Teresa's

industrial footprint is a fraction of Laredo's, but its coordinated approach illustrates how aligning public infrastructure with private investment can accelerate development in emerging logistics markets.

Laredo has the scale, the trade volumes, and the private capital. The opportunity is to match those assets with a coordinated public strategy that turns a construction boom into a durable competitive advantage.

What comes next

Laredo's industrial transformation was driven by private capital.

Local developers, regional landholders, and national institutional investors all played a role in building what exists today. That foundation is now in place: a market approaching 61 million square feet of logistics space, billions in investment, and a construction pipeline that signals sustained confidence in the corridor. The question is what gets built on top of it.

In an earlier analysis, we introduced the concept of the First-Touch Advantage, the economic and logistical case for co-locating distribution

operations at the point where goods first enter U.S. commerce, rather than hauling them 250 miles north to sort and redistribute. The infrastructure that private capital has built over the past five years makes that vision operationally possible in a way it wasn't before. Laredo now has the building stock, the lot sizes, and the institutional tenant base to support a transition from gateway to gateway-plus-distribution hub.

That transition will not occur by default. It requires coordinated investment in workforce

development, multimodal connectivity, and the permitting and regulatory environment that institutional tenants evaluate before committing.

The city that processed more than \$350 billion in trade last year handles nearly 40 percent of all U.S.-Mexico trade. By container-equivalent throughput, it rivals the largest maritime gateways in the world. It sits at the northern end of Mexico's industrial spine and anchors the most important commercial land corridor in North American trade. Laredo

has both the assets and the opportunity to define this next chapter deliberately.

The private sector built the foundation. The opportunity now belongs to the entire community.

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