Rail has played a critical role in driving economic opportunity for industrial development across the U.S. When looking for a location, many manufacturing and distribution facilities choose locations with access to rail transportation. Freight trains transport many items, including chemicals, food, fertilizer, motor vehicles, plastics, sand, stone and gravel. In the last 20 years, the rail industry has developed into an even more dominant driver of corporate growth and economic development.

The Houston economy is booming in considerable part because of foreign trade and energy, both of which rely heavily on freight rail to grow and bring new jobs. The Houston area is served by three major (Class I) railroad companies: BNSF Railway Company, Kansas City Southern Railway Company and Union Pacific Railroad Company. Businesses along the Houston ship channel are served by the Port Terminal Railroad Association. Fourteen mainline tracks circulate from Houston.

Texas has always been a major freight hub for North America. The two railroads that primarily serve east to west traffic are Union Pacific and BNSF. The Kansas City Southern primary serves north to south traffic including into and out of Mexico. The Union Pacific and BNSF railroads currently interchange with Ferromex, the largest railroad in Mexico, near the Mexican border. Texas has more miles of rail and more railroad employees than any other state, with over 10,000 track miles. In 2017 there were 52 freight railroads in operation, with close to 17,500 freight rail employees. Nationwide, in 2017, major U.S. railroads supported approximately 1.1 million jobs, nearly $219.5 billion in annual economic activity, $71 billion in wages and almost $26 billion in tax revenue.
Houston rail-served properties

There are approximately 306 existing industrial rail-served properties in the Houston metro representing 42.1 million sq. ft. The largest concentration is in the Southeast submarket, tallying 74 properties at 15.4 million sq. ft., or 36.6% of the overall total. The Northwest submarket ranks number two with 64 properties at 7.1 million sq. ft. (17.0%), and the Northeast submarket is at number 3 with 50 properties at 7.0 million sq. ft. (16.7%). These three submarkets are home to over 70% of all the rail-served properties in the greater Houston area.

Houston freight rail highlights

TGS Cedar Port Industrial Park
Southeast submarket

Located adjacent to Baytown, TGS Cedar Port Industrial Park is the largest master-planned rail-and-barge-served industrial park in the U.S., and one of the largest intermodal transportation logistics facilities in the world. Within the park are over 100 miles of dual service operating track owned and operated by TGS Cedar Port Partners. Mainline rail service is provided by Union Pacific and BNSF Railway, sharing track rights to the industrial rail spur entering the park. In addition, Union Pacific and BNSF operate nearby intermodal facilities in Harris County. Barbours Cut Terminal (operated by Union Pacific) is approximately 8 miles west of the park, and BNSF’s Houston (Pearland) Intermodal Facility is roughly 33 miles west of the park.

Texas Deepwater Deer Park Terminal
Southeast submarket

Texas Deepwater Deer Park Terminal has entered into a lease agreement with Shell Oil Products to retrofit and refurbish the Deer Park Rail Terminal in order to load refined products on the Houston Ship Channel at Port Houston. When completed in Q2 2019, the Deer Park Rail Terminal will have room for loading up to 48 rail cars per day, according to a Texas Deepwater Partners press release. The facility will be equipped with two operational tanks with 50,000 barrels of total storage capacity, which will service the rail-car loading rack at the terminal with direct pipeline connectivity to Deer Park Refinery and the Colex Products Terminal.
**RCR Hempstead Logistics Park**  
**Northwest submarket**

The 137-acre site, located in Hempstead in Waller County, is currently under development and projected to open in the summer of 2019. With rail service from Union Pacific rail, plans are to serve national- and international-grade manifest and transload firms in the Northwest submarket. Interestingly, the first commercial rail cars ran through Hempstead on the present-day Union Pacific rail line in 1858. While many of Houston’s rail business tends to be concentrated on the southeast and northeast side of Houston, RCR Hempstead Logistics Park will encourage business development, redirecting many trucks routes and providing additional employment in this ever-growing area.

**Precision scheduled railroading**  
**Northeast submarket**

BNSF Railway, Kansas City Southern Railway and Union Pacific Railroad all share track near Houston and acknowledged that Houston congestion is the single biggest problem needing to be resolved as intermodal shippers moving goods through Houston are all facing delays at the rail hub. Union Pacific has the largest footprint with two terminals about six miles apart in northeast Houston. The Houston market is complex and has always been a challenge for the rails. To address these concerns, they have incorporated precision scheduled railroading - focused on bringing speed and efficiencies into networks by running fewer but longer train sets. The time Union Pacific’s trains spend at a scheduled stop without moving significantly improved in 2019, dropping from 39.1 hours to 29.5 hours year over year in the first quarter, according to the Association of American Railroads. However, BNSF’s performance decreased in the first quarter rising from 27.1 hours to 28.9 hours year over year. Kansas City Southern doesn’t report Houston’s terminal dwell time.

**Gulf Inland Logistics Park**  
**Liberty County submarket**

The 1,050-acre industrial and commercial development located near Dayton, in Liberty County signed initial user land sales with two international specialty chemical companies in the fourth quarter of 2018. The park will eventually include over 10 million sq. ft. of rail-served industrial facilities, with dual rail-service from both the Union Pacific and BSNF railroads and in-park railcar storage for over 1,850 railcars. Gulf Inland will include highway access to major logistics centers, including Port Houston and
George Bush Intercontinental Airport. The project is on target to break ground in 2019 on construction for infrastructure with the first tenants starting construction in early 2020.

The Texas Freight Mobility Plan 2018

Rail is expected to increase from 441 million tons in 2016 to 668 million tons by 2045—a projected increase of 227 million tons and a growth of 51%. Rail value is projected to increase by 102% from $719 billion in 2016 to $1.5 trillion in 2045. The plan provides the state with an outline for enabling continued economic growth through a wide-ranging, multimodal strategy for addressing freight transportation needs. There are 22 freight policy recommendations, 13 freight program recommendations and over 2,500 multimodal projects identified in the plan. Implementation will include the participation of public- and private-sector users and owners of the transportation system, including freight industry stakeholders and federal, state, regional and local agencies.