



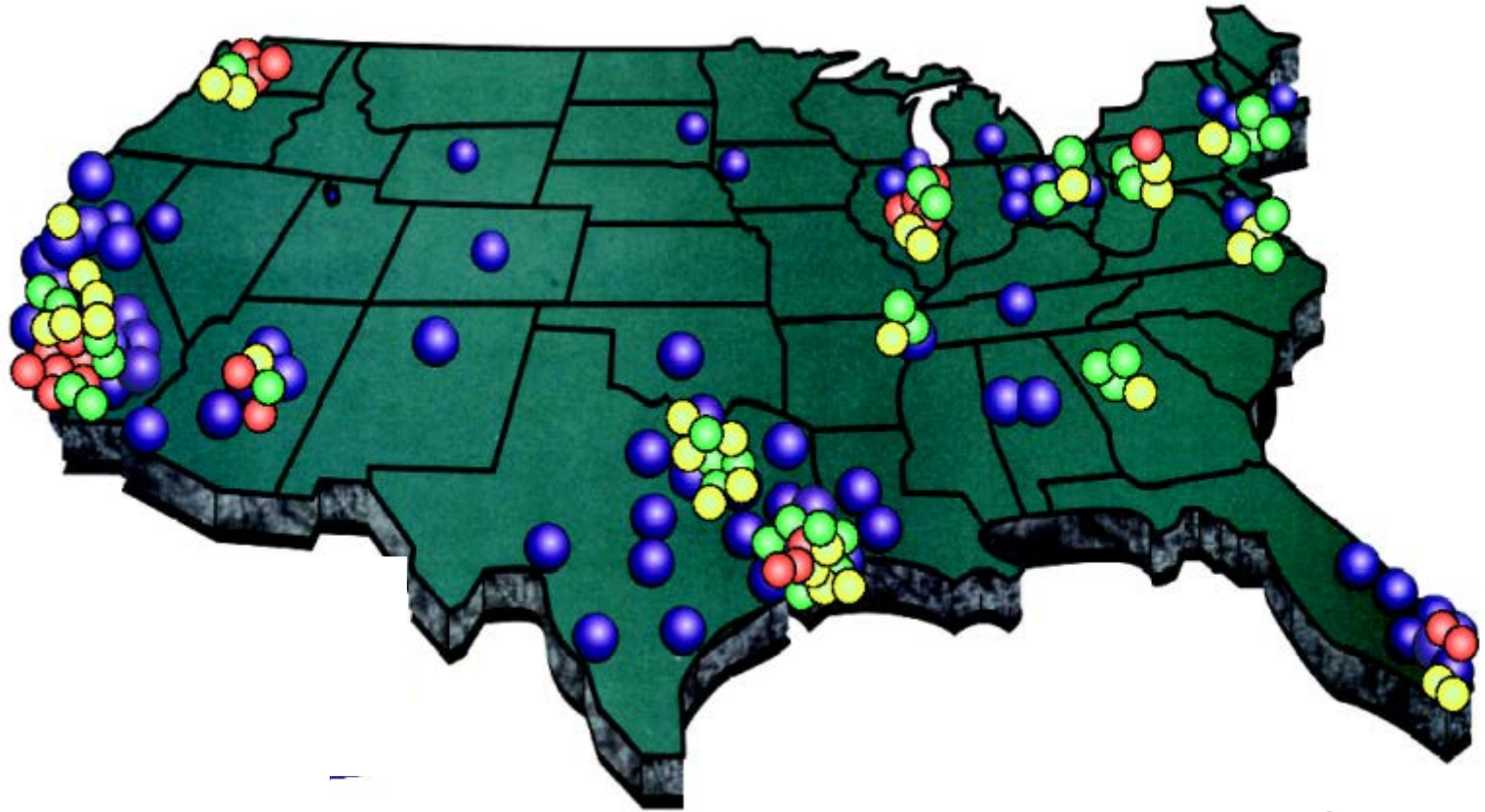
Logistics Impact on Industrial Development and Investment

Prepared By:

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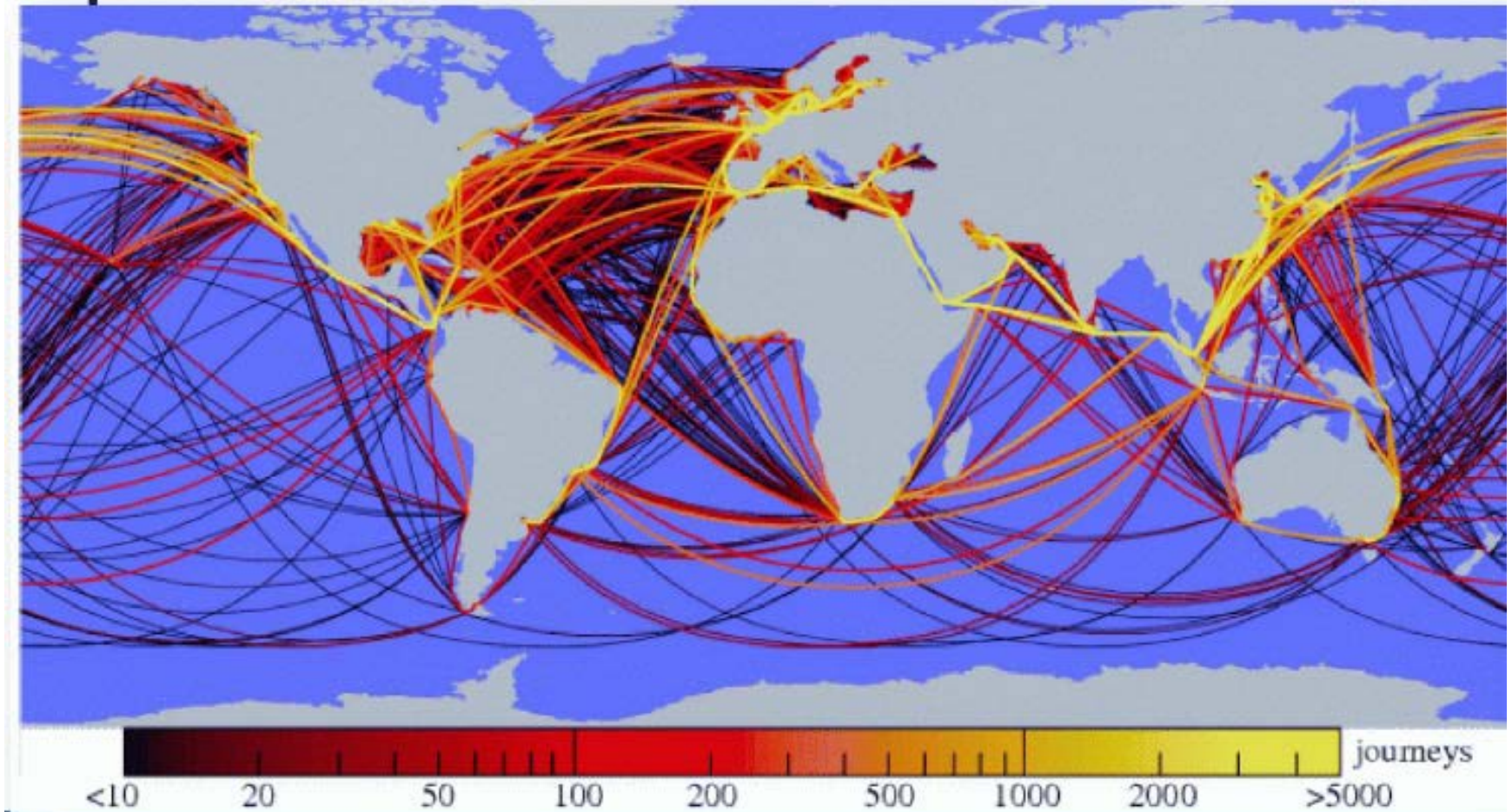
IMSW Overview of National FTZ and Strategic Development Projects 1977-2015



Today's Agenda

- How Logistics Impacts Industrial Real Estate
- What are the top five demand drivers
 - Imports and Exports
 - Inland Ports
 - Distribution demands-population trends
 - E-Commerce, new retail growth trends
 - Re-shoring and manufacturing

Global Shipping Trade Routes





MSC IRENE



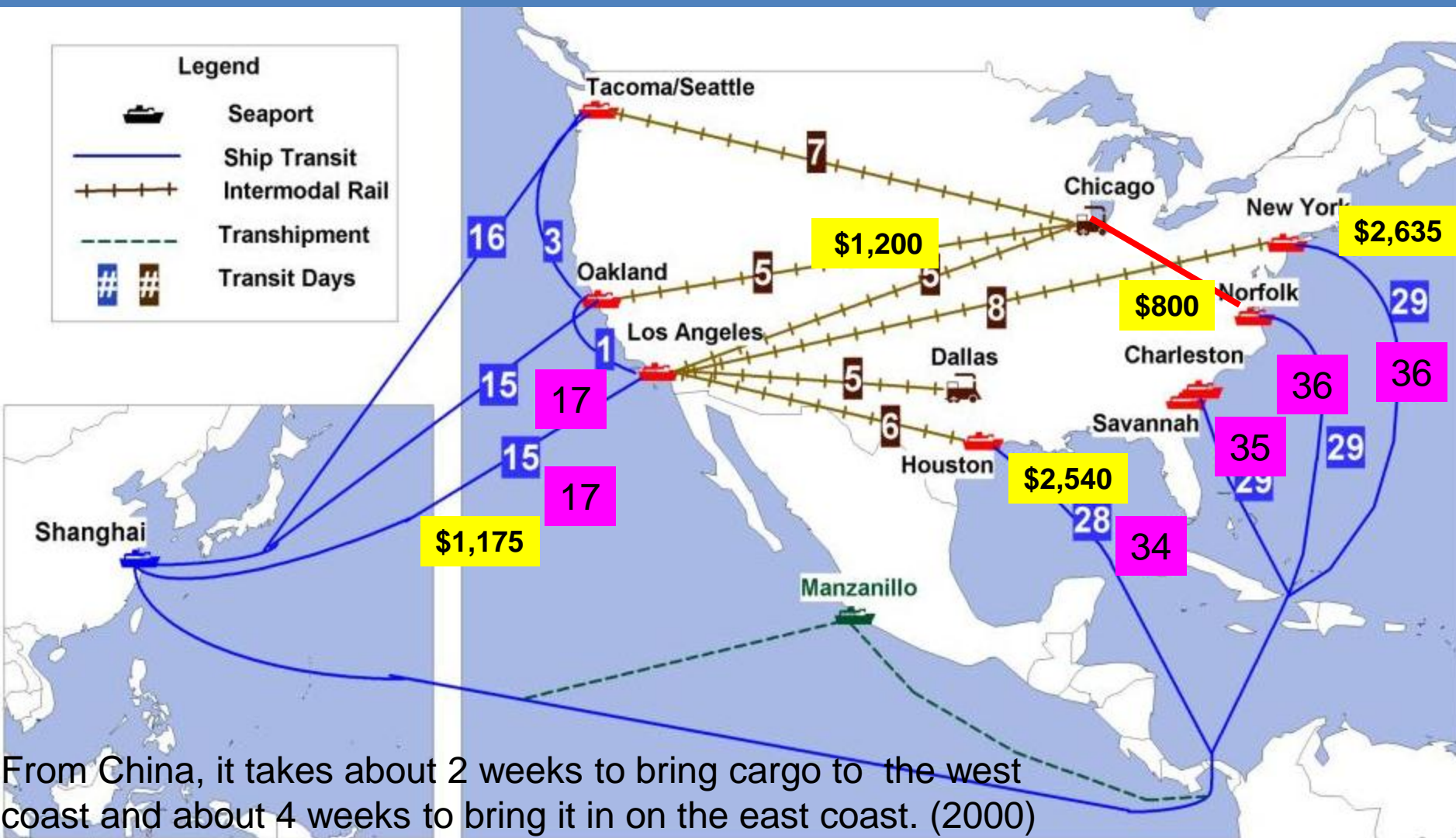
MSC IRENE

2014: West Coast – East Coast Ports

- USWC port shutdown and congestion impacted the entire U.S. port system during 2014 all well into 2015.
- In 2013, the West Coast market share of loaded containers was 55.4%.
- In 2014, the market share for loaded containers was 54.5%.
- So far in 2015, the West Coast share has been 50.5%.

Shanghai to North American Ports: Slow Steaming Effects –2000 & 2015

Pricing as of July 2015



Large Ships Impact on US Ports 2015-2020

- **Bigger Ships mean less vessel – port calls per rotation**
- **Less vessel calls mean less Ports visited by the Major Carriers**
- **Ports must have 3 essential components to handle large ships:**
 - **Water Depth**
 - **Terminal Equipment Matching Ship**
 - **Off-Site Rail and Road enhancements**
- **Placement of distribution centers may not be cost effective in the future due to changes in available services at certain ports**



THE PROBLEM!



THE FIX – up to 12,000 TEUs

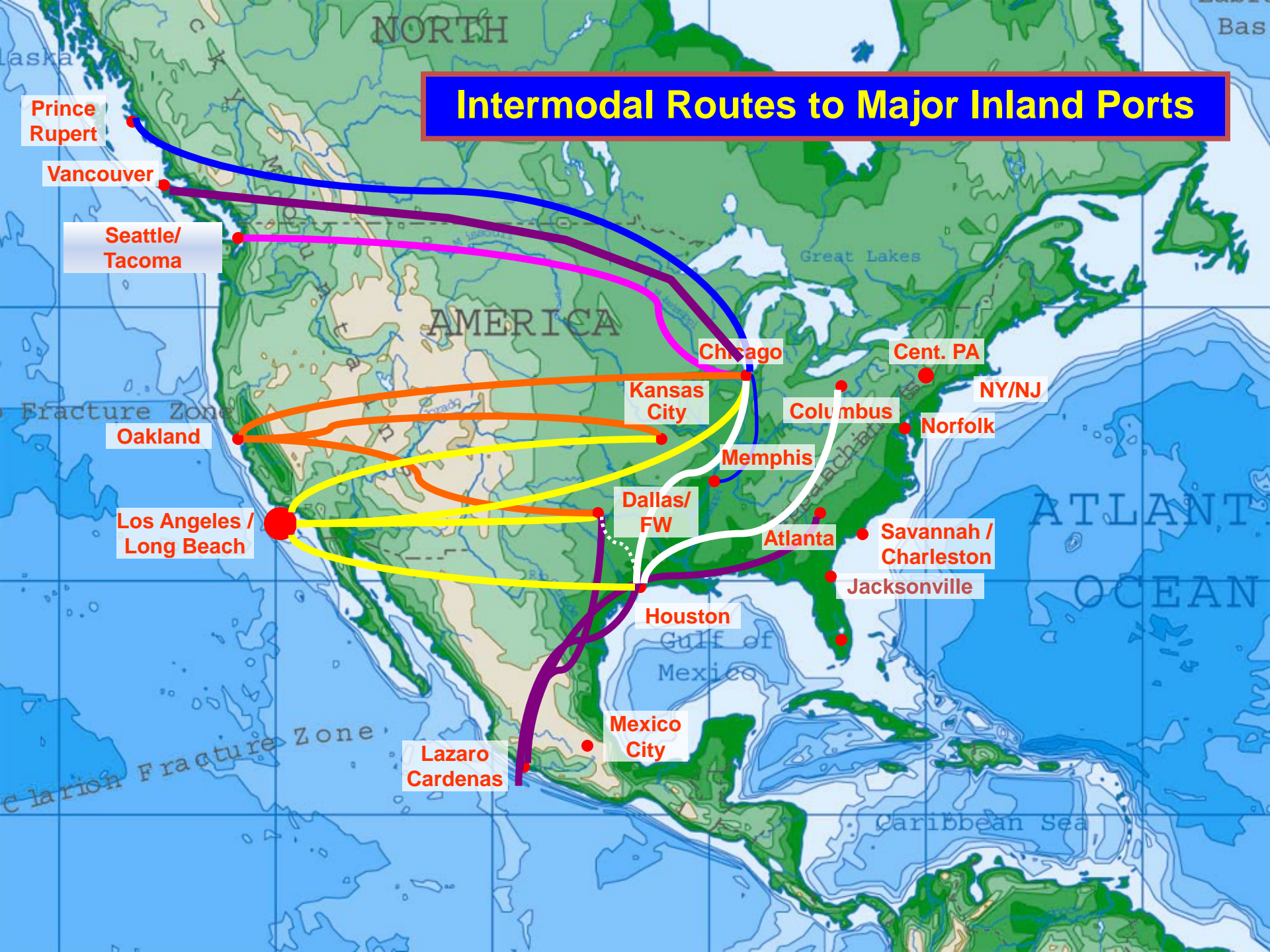


GAME CHANGER POTENTIAL

Role of an Intermodal Terminal

- As much as one third of all new distribution facilities are located near an intermodal rail terminal (JLL 2014)
- Since 2000, 146.6 million of new industrial space has been constructed within five miles of a rail terminal (JLL)

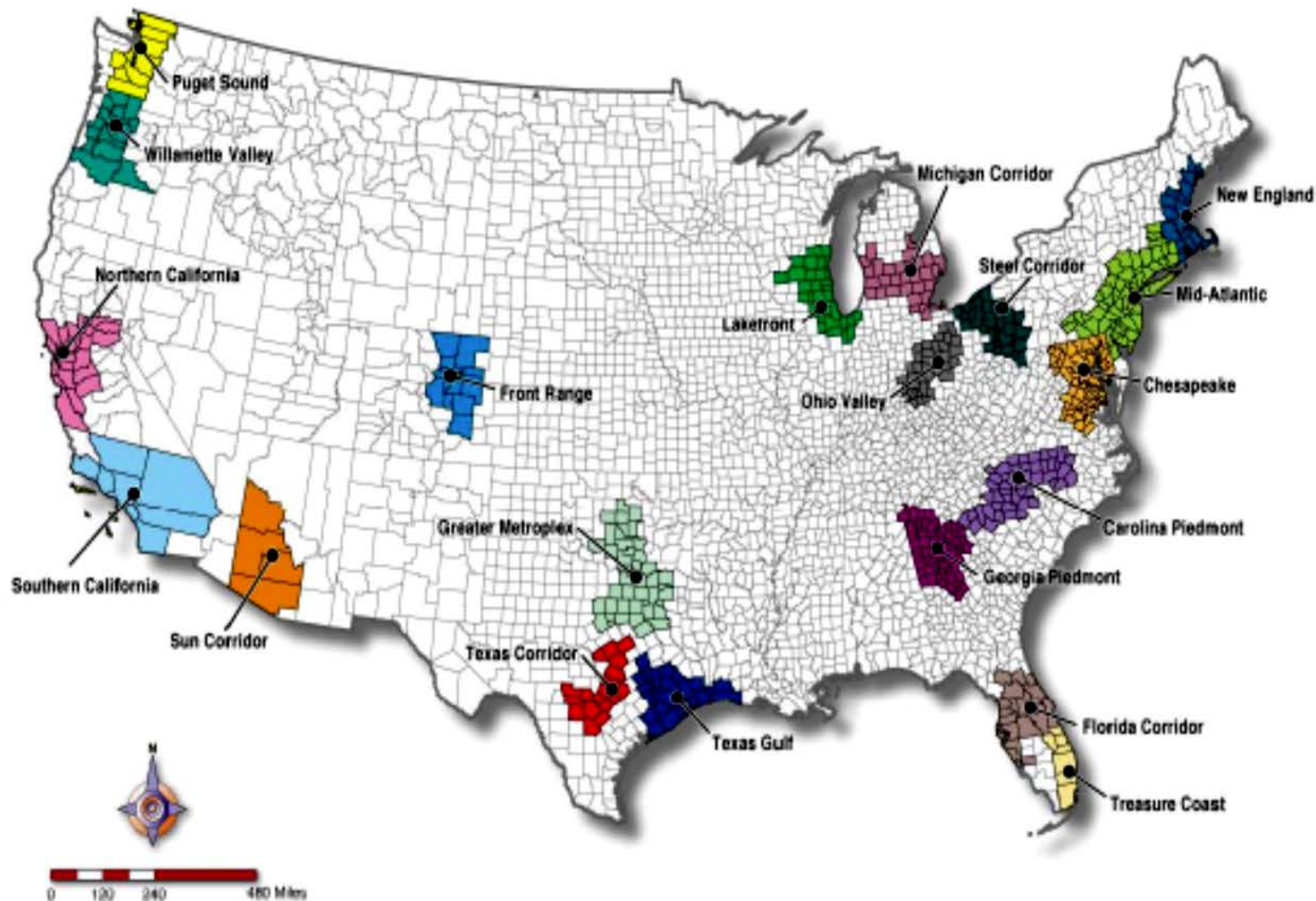
Intermodal Routes to Major Inland Ports



FROM METROPOLITAN TO MEGAPOLITAN

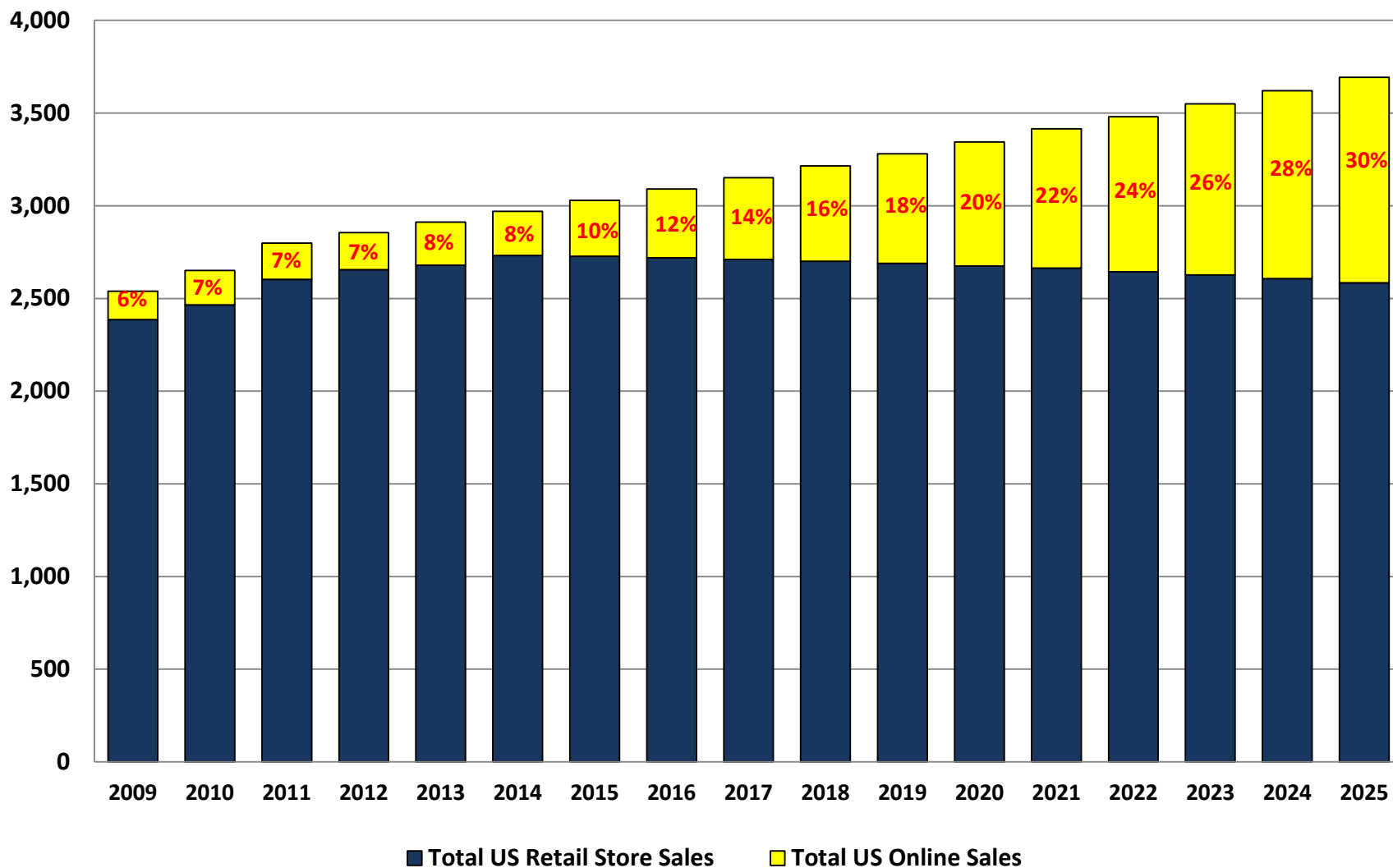
100 MM NEW PP IN U.S. BY 2040 – 60 MM IN 20 MKTS

Megapolitan America



Projected Online U.S. Retail Sales as a Portion of Total US Retail Sales 2009-2025

In Billions of \$



E-Commerce Impact on Industrial

- *“**60 tenants** are currently seeking big box warehouses of one million square feet or more nationwide” JLL, January 8, 2015*
- The E-Commerce generation of industrial is **up to 5 times more labor intensive** than traditional retail/distribution: more parking, mezzanine build-outs and increased automation are some of the features difficult to retrofit to older buildings, but many can be converted. (Area Development Magazine, 2013)
- ***Alibaba**-in 2013, their T-mall shopping network reached \$240 billion-that is triple the size of eBay and twice the size of Amazon*
- ***Alipay** the online payment system handled more than three times the amount of mobile payments processed by PayPal. (WSJ, May 15, 2014)*

E-Commerce, Industry in Transition

- “*click to knock*” cycle time is “*click to pick*” + “*pick to ship*” + “*ship to door*” cycle time.
 - Technology and order management
 - Inventory locations-**getting local**
 - Logistics impacts all the above and also impacts site selection requirements
 - **What Matters is the Retailer’s Delivery Promise**

Thank You!



QUESTIONS?