

MARITIME LOGISTICS PROFESSIONAL

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IT & Big Data

The Supply Chain's way forward

**'FIXING' BULK
SHIPPING**
MORE CARGO; LESS SHIPS

**SATCOM
SOLUTIONS**
AFFORDABLE CONNECTIVITY
FOR INTEGRATED DATA

PORT SPOTLIGHT
DUBAI'S DESTINY

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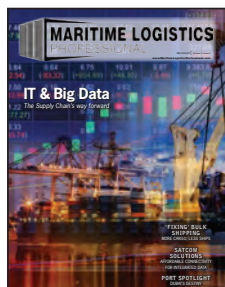
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ON THE COVER

In a challenging global supply chain environment, today's shipowners and terminal operators both increasingly look to leverage IT and technology to boost the bottom line. Those who succeed will not only survive; they'll also thrive.

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FEATURED PORT



Dubai Continues to Rise to the Challenge

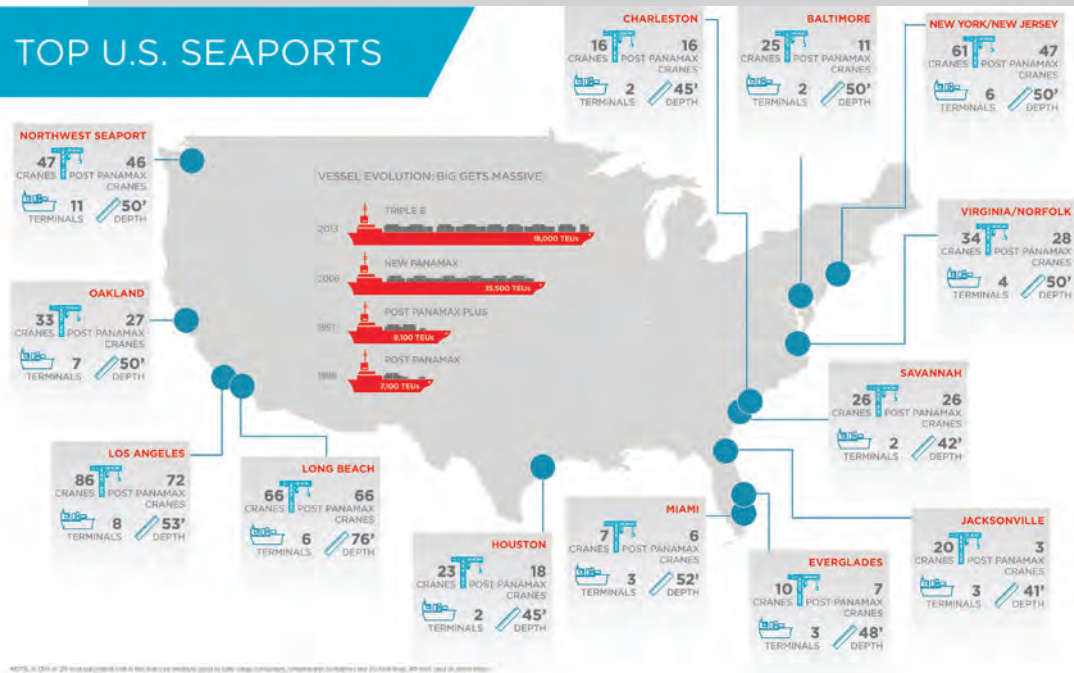
With more than 5,500 companies in the maritime sector, Dubai is rapidly becoming one of the major clusters around the world.

By Mark Venables

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PORT LOGISTICS

TOP U.S. SEAPORTS



As eCommerce fuels cargo growth, imports are booming and U.S. ports are bracing for the influx.

By Kevin Turner

Busy Ports Drive Industrial Real Estate Demands

As eCommerce fuels cargo growth, imports are booming and U.S. ports are bracing for the influx.

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Ocean Freight Volume and Industrial Real Estate **Year-End 2017**

CUSHMAN & WAKEFIELD



With the explosive growth of eCommerce and strong consumer confidence, the nation's busiest ports are seeing a steady rise in the volume of imports, demand for industrial real estate, and the need for the modern logistics that can adequately facilitate speed and efficiency.

Last year, a record setting total of over 20 million inbound loaded containers reached the 13 major terminal ports across the United States, and the total volume of imports was up 7.6 percent. That pace won't taper off anytime soon, and considering indicators like the steady rise of retail spending, record high levels in consumer confidence, and the increase in GDP seen in 2017, major U.S. ports have no choice but to evolve.

It's not just consumer demand that is driving this boom in

imported goods. As ports embrace automation and become more accessible to accommodate the influx of products, larger ships with significantly more cargo capacity can now use some U.S. ports for the first time. Major metropolitan and coastal ports across the U.S. are seeing greater import volumes in part because ports are making enhancements to the physical infrastructure of their harbors.

Evolving Supply Chains Start on the Docks

Some ports are getting deeper. The Savannah Harbor Expansion Project for example is halfway through a \$973 million expansion project that is deepening its water levels. Last year cargo volumes topped 4 million container units at this port for the first time, and the dredging of the 8-mile outer harbor will

now allow 14,000-TEU ships to transit the Savannah River. Similar dredging projects are underway along the east coast from the Port of Charleston to the Port of Virginia/Norfolk.

From the east to west coast, bridges are also getting higher. Last year, the Bayonne Bridge, which is the key entry point for the Port of New York and New Jersey, reopened with an increased clearance of 64 feet, and the Gerald Desmond Replacement Bridge in Long Beach, CA, plans to increase clearance by 50 feet when it opens later this year. These infrastructure upgrades mean massive cargo ships that call on European or Chinese ports, and carry 15,000 to 18,000 TEUs, can now feasibly call on the Americas as well.

But what do these ships do with 18,000 TEUs of cargo once they arrive at the port? When a large ship with thousands of containers pulls into a harbor, the ship needs to unload products efficiently onto the dock. Landside operations are equally important, as sea-side infrastructure upgrades are phased in, and the unprecedented increase in imported products is driving ports to embrace modern dock enhancements that allow for more cargo to come ashore.

In Long Beach, CA, for example, the Middle Harbor Redevelopment Project is a multi-year \$4 billion capital improvement project that is bringing automation to terminals, creating deeper berthing areas, increasing land area for undocked container storage, and creating a more efficient on-dock rail yard to transport goods out of the port. The Long Beach Container Terminal is fully automated with dual transaction gantry cranes, autonomous vehicles to unload containers into cargo piles, and automated check-outs.

These upgrades are making the process to unload large cargo ships easier, and the logistics are also improving for rail operators and truck drivers who are the next point of contact in the supply chain.

Set to begin next year, the port of Savannah is pursuing a \$128 million rail project that will allow shippers to complete deliveries to inland destinations at least two days faster. The upgrades will add 97,000 feet of new track and expand rail operations to 18 working tracks at the terminal. When complete, the terminal will double rail lifts per year from 500,000 to 1 million and, if successful, cut the total dwell times in half to 24 hours.

The story is similar for trucking at the Long Beach Container Terminal. Drivers can now get in and out within 38 to 40 minutes. Time is money for dray drivers, and when the average transaction for a non-automated terminal is 90 minutes, this logistical efficiency is an attractive alternative.

Data Sharing

The harbor is also adopting a data-sharing system to improve its cargo flow and react more dynamically to the many points of contact along the supply chain. The shipping industry has essentially been in the dark ages for the last ten years, and we are finally coming out of it with technologies like cloud storage and blockchain that allow greater visibility and accountability.

The port industry has traditionally relied on antiquated manual entry systems, and many major ocean carriers and 3PLs still rely on fax machines. Simply put, fax machines cannot support the numerous handoffs required across a vast and complex supply chain. That's because it's not unusual for an inbound product to go through 30 different transactions from the time it leaves the factory to the final delivery point. A product must go from a factory, to a truck, to a dray driver, and onto an ocean carrier. The cargo is then unloaded, transloaded, put on a stack train, picked up by another transportation entity, shipped to a warehouse, and sent to a redistribution center before it reaches a retailer or a person.

Blockchain is changing industry standards and will allow stakeholders to collaborate, see transactions in real time, and, most importantly, prioritize packages and products at any point along the supply chain. Imagine that a retailer unexpectedly finds that a certain character toy for the Holiday season is incredibly popular and is selling out well before the holidays. With blockchain, a supplier would be able to quickly identify containers and pull shipments of those toys that are already in transit and place them into an expedited shipping process, like the peel-off program that launched in 2015 at the Port of Los Angeles. The toys are then rapidly deployed to a fast-moving goods distribution center and sent directly to stores or online customers in time for the holiday.

Industrial Real Estate: a critical way to provide speed to market

Speed and efficiency are essential to the future of this industry, and, while blockchain is a trend to watch for, speed to market is driving a more immediate trend as well.

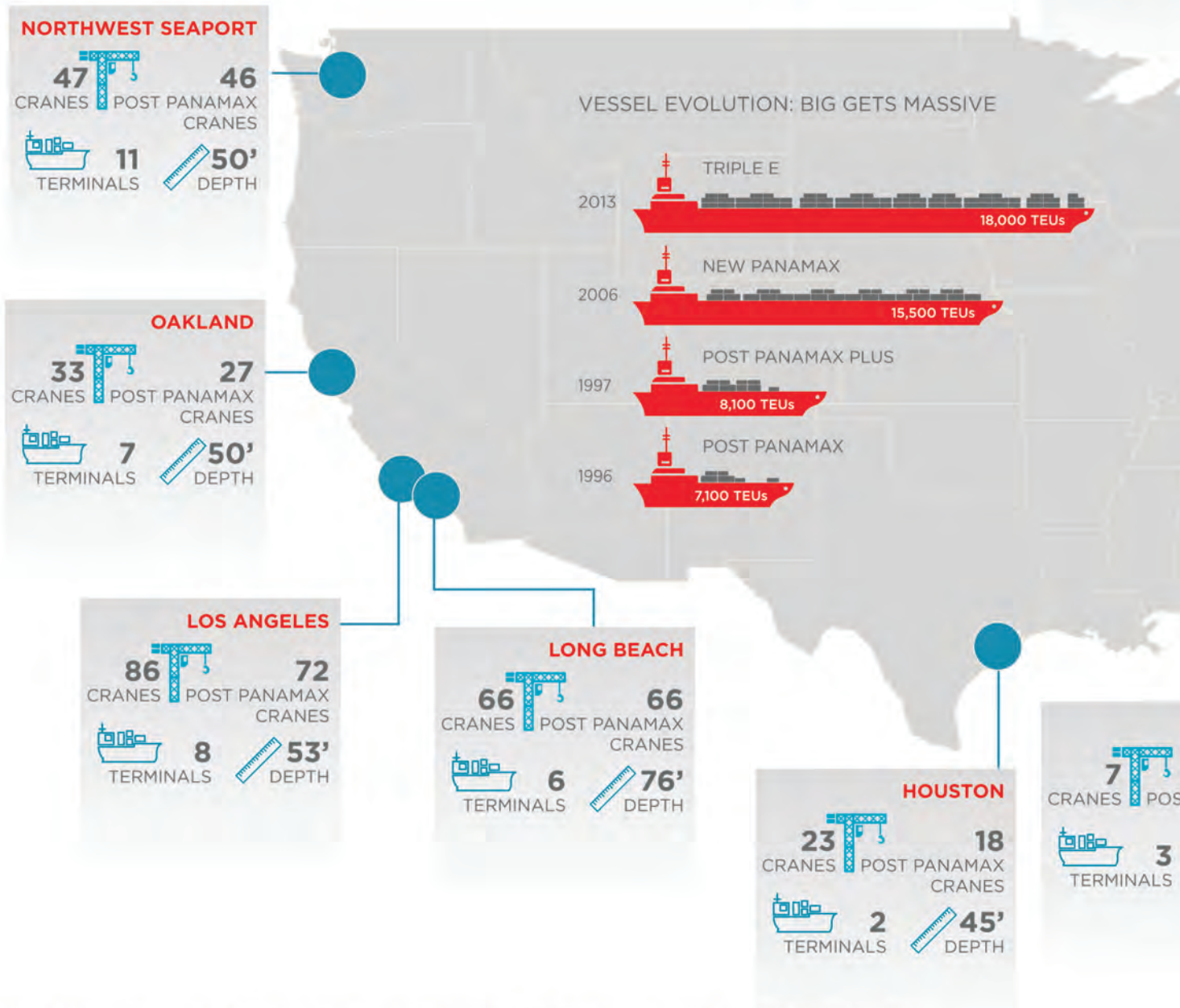
Demand for industrial real estate near high traffic ports like Los Angeles and Long Beach and New York and New Jersey is skyrocketing. Imports to each region rose by 7.41 percent and 6.05 percent respectively from 2016 to 2017, and because a significant amount of this cargo must be transloaded, and suppliers want to increase efficiency and reduce transportation costs, vacancy is going down and rents are going up.

For the Ports of Los Angeles and Long Beach, much of the

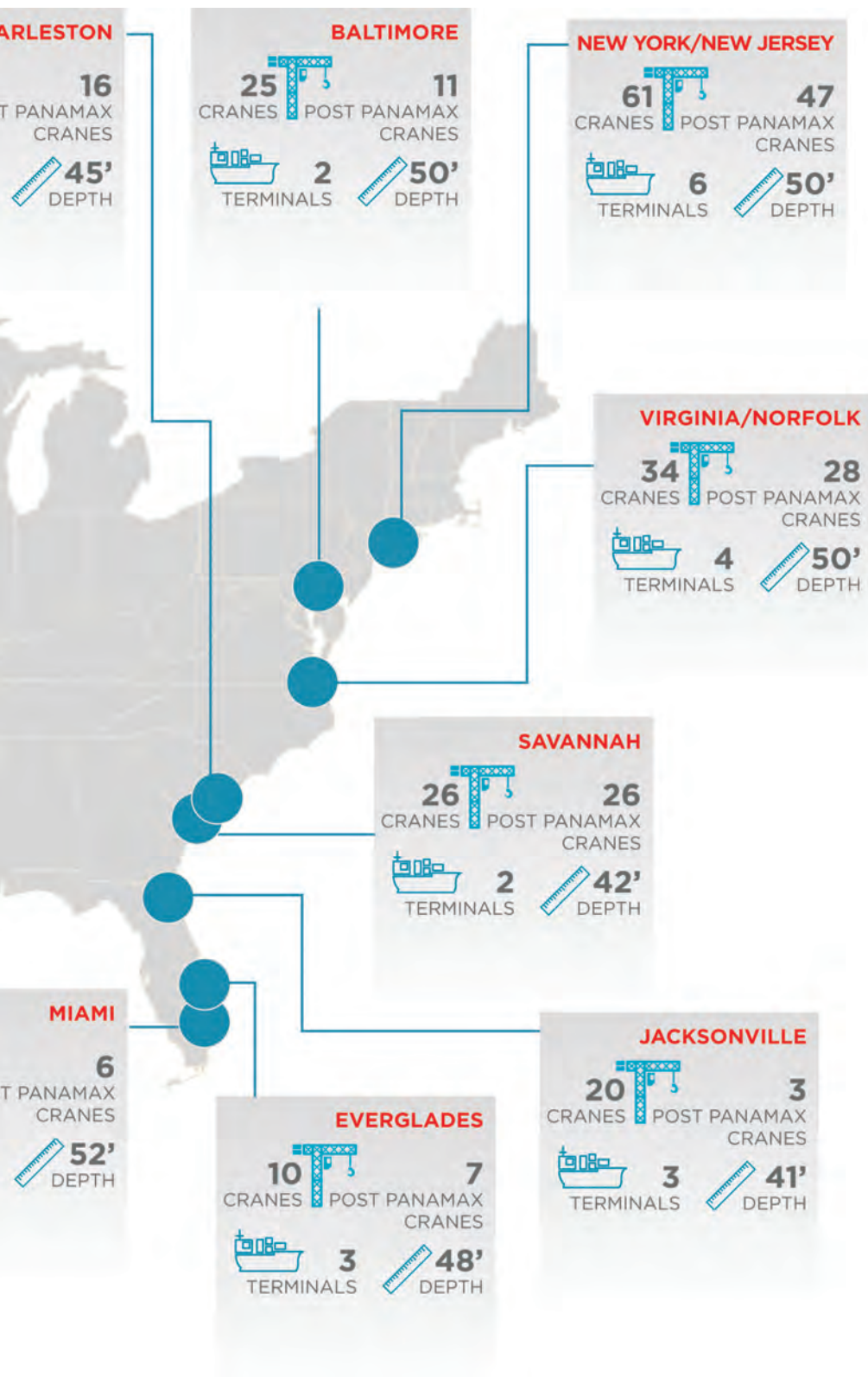
Top U.S. Seaport Markets at a glance ...

Miami, FL	LA/Long Beach (Orange County & Inland Empire)	VA (Hamptons Road)/Norfolk
Houston, TX	New York/New Jersey (Central & Northern NJ)	Port Everglades (Fort Lauderdale)
Baltimore, MD	Northwest Seaport Alliance (Seattle & Puget Sound)	Charleston, SC
Jacksonville	Oakland, CA, (East Bay - Oakland & Contra Costa)	Savannah, GA

TOP U.S. SEAPORTS



NOTE: A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size. The dimensions of one TEU are equal to that of a standard 20-foot shipping container: 20 feet long, 8 feet tall. Import Volume only includes Loaded Inbound.



cargo traffic flows to the Los Angeles Basin, Orange County, and the Inland Empire. This market posted a vacancy rate of just 2.2 percent last year and a rental rate of \$9.60 psf. For the Port of New York and New Jersey, the surrounding Northern and Central New Jersey industrial market saw vacancy dwindle to an historic low of 3.8 percent while posting rental rates of \$8.15 psf. When compared to the U.S. industrial market overall, which recorded vacancy rates of 5.1 percent and rental rates of just \$5.84 psf, the demand for industrial real estate in these port markets is evident.

Demand by companies for this space will persist because of the increasing pressure on timed deliveries, and, as a result, cargo-handling improvements that reduce congestion and modernize warehouse infrastructure are in the immediate future for major U.S. seaports.

The Port Authority of New York and New Jersey is currently implementing a state-of-the-art gate system that is expected to decrease the average trucker turn time by 25 percent, while the Port of Los Angeles is developing an 80-acre container terminal support facility that will support container peel-off operations and expand holding space for chassis and trucks.

For the Ports of Los Angeles and Long Beach and Port of New York and New Jersey, these and other ongoing enhancements will allow facilities to keep pace with the influx of product that will continue to flow through terminals and the demand by suppliers to transload products into the surrounding region.

Ultimately, the markets for the top U.S. seaports are expected to remain strong, and port enhancements across the U.S. will continue to be a critical investment for successful supply chains.

The Author



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