This 2H 2013 North American Port Analysis report is the fifth semiannual examination of U.S. and Canadian ports by Colliers International. In 2011, the original purpose of the report was to inventory and profile the approximately 200 North American seaports, and illustrate their economic role and influence on the value of industrial real estate. The study evolved in 2012 to include a better understanding of the increasing inland movement of volumes of ocean freight that would likely result from the expansion of the Panama Canal lock system (still under way, with a new completion timeframe of 2H 2015). An increasingly global supply chain and the movement of container ships approximately three times the size of those that today make passage through the canal will bring major changes to North American ports and inland transportation systems. Other factors in addition to the Panama Canal expansion have converged to make the ports an even more critical concern for the U.S. economy and industrial real estate markets: the growth in e-commerce, evolution of logistics, on-shoring and near-shoring of manufacturing to the U.S. and Mexico, advancements in oil shale extraction technology that have led to a U.S. energy boom, ongoing labor strife among transportation workers emanating from port automation, and legislative changes such as the hours-of-service rules for truckers and the reform of the Harbor Maintenance Trust Fund (HMTF). The Spring 2013 report, CapEx or Capsize, examined the implications of capital expenditures to our port economies in anticipation of the first post-Panamax decade (2015–2025).

This new year-end 2013 port outlook report, titled “Biggie-Size It,” updates the port upgrade projects under way, examines the material economic implications of unresolved labor, legislative and environmental issues, reveals the newest “shore” thing, and presents 10 distinctive new port awards.
We also definitively answer the most debated East Coast vs. West Coast question regarding the Panama Canal expansion: *Is the Panama Canal really a big deal for North American ports?* Sometimes it just takes a single picture or statistic to reveal what thousands of words struggle to say. The following should be sufficient to persuade those that doubt the Panama Canal is a BFD (big financial deal).

› **Biggie-Size It statistic:** The ports of Los Angeles and Long Beach will spend approximately $5.0 billion on port infrastructure upgrades from 2012–2017, in preparation for the first post-Panamax decade. That figure approximates the entire cost to expand the Panama Canal lock system, and is more than the planned annual CapEx for the top five North American ports combined. In other words, the Southern Californian ports see the Panama Canal as a big deal, and intend to surrender nothing to East Coast ports.

› **Biggie-Size picture worth a thousand words:**

![First Panama Canal expansion gates to be unloaded August 2013 for the Atlantic-side locks](image)

Source: PC Authority
KEY TAKEAWAYS
A lot has transpired since our Spring 2013 report, when the primary influences were the growth of e-commerce and East Coast PPMX readiness. Now, the primary concerns have evolved to: i) demand for a new generation of dual fuel container vessels to address in-port environmental concerns; and ii) build-out of more intermodal and inland port infrastructure.

The following exhibit captures Colliers’ view of the interrelated influences with just a year to go until the first post-Panamax decade (2015–2025).

In addition to growth in container cargo traffic through the Suez Canal to East Coast ports, and demand for a new generation of dual-fuel container ships, the other key findings in this “Biggie Size It” outlook report are:

› **Labor issues remain front & center**: In addition to the problematic July 1 implementation of the new hours-of-service (HOS) trucking regulations, expiration of the West Coast long-shoremen’s labor agreement in June 2014 is the primary labor concern for shippers heading into 2014.

› **Port winners and losers are emerging**: The ports of **Baltimore** (auto import business), **Virginia** (fast-growing East Coast port), **Cleveland** (new express freight service to Europe), **Charleston** (best new inland port), **Georgia** (best in logistics), **Houston** (most irreplaceable port), **Tacoma** (now PPMX-ready and handling >1.0 million TEUs), and **Tampa** (new CSX Green Express service to Chicago to grow AG) have emerged with winning strategies in 2H 2013. On the other hand, the ports of **Portland** (loss of Hanjin Shipping), **New York** (ongoing labor and logistics challenges), and **Long Beach** (political and port leadership turmoil) are struggling.
Port Diagnosis: “What’s up, Dock?”

HEALTHY TEU PORT RHYTHM

Many notable topics will be diagnosed as minor ailments or chronic conditions during the many upcoming fiscal year-end, state-of-the-port checkups. Among them are:

› Anemic domestic and global GDP growth
› Another delay in completion of the Panama Canal lock system project (now 2H 2015)
› Suez Canal TEU container growth approaching one-third the volume of Panama Canal traffic
› A problematic launch of new HOS trucking rules
› Another potential longshoremen’s labor disruption in 2014, this time affecting the West Coast ports
› Continued Congressional dysfunction holding up vital funding for port CapEx projects (WRDA legislation)
› Conflict between the nation’s energy infrastructure policy (no new pipelines across my backyard) and a solution to port air-quality issues (dual-fuel ships powered by LNG while in port)
› Innovative strategies being deployed by some of North America’s ports to garner a disproportionate share of promised post-Panamax era jobs

Which are minor port aches and post-Panamax growing pains, and which are more chronic illnesses with (economic) life-threatening consequences?

The starting point in any diagnosis is collecting data on the vital statistics. As many of you know, this report’s author has a healthy skepticism of government-generated survey data, and tends to rely more upon primary data produced by private industry, such as TradingEconomics.com (Global GDP electrocardiograms), ADP (the best private employment temperature reading), On Numbers Economic Index (MSA-level economic blood pressure reading), the Association of American Railroads’ Rail Time Indicators (intermodal and railroad blood flow), the Intermodal Association of North America (anatomy), and the USDA’s Ocean Shipping Container Availability Report (for TEU container count).

Let’s begin with the GDP and employment metrics and move on to the port, rail and industrial measures, to see what’s ailing the ports.

GDP

The above EKG for the past six decades of U.S. GDP reveals the slowing of a mature economy. Emerging from WWII, the U.S. economy resembled a peak performance triathlete, with an annual GDP above 10% for most of the 1950s and 1960s, peaking at 17% in 1950. Today, though, our economy’s below-trend economic activity (<3.25%) resembles that of an overweight (debt burdened) sedentary smoker with hypertension (Congressional dysfunction). In fact, a closer look at the U.S. GDP for the period since 2008 reveals that 1H 2013 produced the weakest GDP since the 2009 financial crisis. The Bureau of Economic Analysis (BEA) initially estimated Q3 GDP at 2.8%, due primarily to a rise in inventories (not a good thing) rather than growth in consumption. In fact, consumption GDP was an anemic 1.7%. This weakness in consumer demand typically translates into a slowing in imported goods—especially from markets like Asia.
Global GDP is not that robust either. Europe is still struggling to find its sea legs after the 2009 global financial crisis, and at the writing of this report, the Paris-based Organization for Economic Cooperation and Development (OECD) forecast the world economy would grow 3.6% in 2014 after growing just 2.7% in 2013. Why? The OECD explains that the primary reason is less growth in emerging countries. In aggregate, continued anemic growth in the U.S. and less growth from emerging markets means static to nominal growth in TEU shipping container traffic.

EMPLOYMENT: CHANGE IN NONFARM PRIVATE JOBS
ADP private employment data provides a less volatile and more reliable picture of U.S. job growth. Bureau of Labor Statistics (BLS) jobs data is highly revised, and there are even suspicions that underlying census data may have been manipulated or fabricated in 1H 2012. Looking at the trend in ADP private employment it is clear that private industries have been hiring fewer workers each month since late spring.

Analysis of the private employment sectors producing the least and most jobs throughout 2013 reveals that the Trade & Transportation sector has been producing the largest number of private jobs. This trend continues into Q4 2013 in the October ADP Private Payrolls report (latest available at publication). Trade & Transportation led all private employment sectors in the October period by at least 2 to 1.

While the growth in Trade & Transportation sector employment is encouraging for industrial real estate, it will be short-lived if, after the completion of port and transportation CapEx projects, U.S. business and consumer confidence does not recover from the ongoing uncertainties in Washington, D.C., resulting in no resolution to budget, health care and tax legislation.

POST-PANAMAX PORT READINESS, TEU COUNT UPDATE
Subsequent to Colliers’ inaugural 2011 North American Port Analysis, the ports of Baltimore, Mobile, Prince Rupert (Canadian Pacific coast), and Tacoma have become post-Panamax (PPMX) ready with the completion of dredging and/or new gantry crane upgrades. A total of eight North American ports are now capable of receiving the largest fully laden container vessels that will make passage through the Panama Canal in 2H2015. The West Coast ports have the most PPMX-ready ports (five), and the Gulf and East coasts each have two. Canada has one port (Prince Rupert), and the East Coast has the most ports scrambling to achieve PPMX status within the next 2–5 years (New York, Charleston and Miami). The following table updates this information.
<table>
<thead>
<tr>
<th>PORT</th>
<th>COAST</th>
<th>2013 TEUS (THOUSANDS)</th>
<th>PPMX STATUS</th>
<th>PPMX UPDATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA/Long Beach</td>
<td>West</td>
<td>14,000</td>
<td>PPMX Ready</td>
<td>LA 100% / LB 100%...but leadership?</td>
</tr>
<tr>
<td>New York</td>
<td>East</td>
<td>5,500</td>
<td>In Process</td>
<td>Bayonne Bridge being raised</td>
</tr>
<tr>
<td>Savannah, GA</td>
<td>East</td>
<td>3,100</td>
<td>Not before 2015</td>
<td>Dredging to 47 feet/has Super PPMX cranes</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>West</td>
<td>3,000</td>
<td>PPMX Ready</td>
<td>Increasing competition with Port Rupert</td>
</tr>
<tr>
<td>Norfolk, VA</td>
<td>East</td>
<td>2,300</td>
<td>PPMX Ready</td>
<td>First East Coast port to be PPMX</td>
</tr>
<tr>
<td>Houston</td>
<td>Gulf</td>
<td>2,100</td>
<td>In Process</td>
<td>Dredging and upgrading cranes</td>
</tr>
<tr>
<td>Oakland</td>
<td>West</td>
<td>1,600</td>
<td>PPMX Ready</td>
<td>Adding world-class Tr. &amp; Logistics Ctr</td>
</tr>
<tr>
<td>Charleston, SC</td>
<td>East</td>
<td>1,550</td>
<td>Not before 2015</td>
<td>2018-2019 to complete dredging to 50 feet</td>
</tr>
<tr>
<td>Tacoma, WA</td>
<td>West</td>
<td>1,100</td>
<td>PPMX Ready</td>
<td>TEU growth % best among West Coast ports</td>
</tr>
<tr>
<td>Port Everglades</td>
<td>East</td>
<td>1,000</td>
<td>Not before 2015</td>
<td>Dredging application in process</td>
</tr>
<tr>
<td>Miami</td>
<td>East</td>
<td>950</td>
<td>In Process</td>
<td>Super PPMX cranes being installed.</td>
</tr>
<tr>
<td>Port Prince Rupert</td>
<td>West</td>
<td>&lt;1,000</td>
<td>PPMX Ready</td>
<td>A competitive threat to Seattle &amp; Tacoma</td>
</tr>
<tr>
<td>Jacksonville, FL</td>
<td>East</td>
<td>&lt;1,000</td>
<td>Not before 2015</td>
<td>“Audible” call due to delayed PPMX funding</td>
</tr>
<tr>
<td>Portland</td>
<td>West</td>
<td>&lt;500k</td>
<td>Not before 2015</td>
<td>Loss of Hanjin Ship Co. a wake-up call</td>
</tr>
<tr>
<td>Tampa</td>
<td>Gulf</td>
<td>&lt;500k</td>
<td>Not before 2015</td>
<td>No plans to dredge or raise Skyway Bridge</td>
</tr>
<tr>
<td>Baltimore</td>
<td>East</td>
<td>&lt;500k</td>
<td>PPMX Ready</td>
<td>Joined PPMX Club in 2013</td>
</tr>
<tr>
<td>Mobile, AL</td>
<td>Gulf</td>
<td>&lt;500k</td>
<td>PPMX Ready</td>
<td>Deepest port on Gulf(@ &gt;60 feet)</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>East</td>
<td>Bulk</td>
<td>Not before 2015</td>
<td>Dredging Delaware River to 45-feet</td>
</tr>
<tr>
<td>New Orleans</td>
<td>Gulf</td>
<td>Bulk</td>
<td>Not before 2015</td>
<td>No plans or funding to upgrade further</td>
</tr>
</tbody>
</table>

**N.AMERICAN PPMX READY PORTS:** 8

**N.AM. PPMX PORTS BY 2015:** 11

Added Baltimore, Rupert & Tacoma since 2011/2012 port reports.

Only 1 PPMX port in FL & 2 on Gulf coast.
The one concern emerging for East Coast ports is excess PPMX port capacity, and the ROI on PPMX CapEx investment. Not all ports need to be PPMX-compliant to grow or be vital cargo and container ports in the first PPMX decade. The ROI is suspect on dredging to 50-foot depths, upgrading berthing areas to 50-foot depths, and replacing gantry cranes with cranes having the height and reach to unload taller and wider container vessels. The Port of Tampa was probably the first non-West Coast port to realize the ROI inadequacy and exaggeration of promised jobs by local economic development authorities advocating for PPMX appropriations. It has pursued a different course, focused on its agricultural roots and its potential to be the central distribution center port for Florida with a rail reach to the Midwest that rivals California’s. Jacksonville is coming to this realization as well (as recognized by our new “Best Audible” award).

### 2012 TOP 10 U.S. CONTAINER PORT MARKET SHARE

<table>
<thead>
<tr>
<th>Port</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>24%</td>
</tr>
<tr>
<td>Long Beach</td>
<td>18%</td>
</tr>
<tr>
<td>NY/NJ</td>
<td>16%</td>
</tr>
<tr>
<td>Savannah</td>
<td>9%</td>
</tr>
<tr>
<td>Oakland</td>
<td>8%</td>
</tr>
<tr>
<td>Norfolk</td>
<td>7%</td>
</tr>
<tr>
<td>Houston</td>
<td>6%</td>
</tr>
<tr>
<td>Seattle</td>
<td>6%</td>
</tr>
<tr>
<td>Tacoma</td>
<td>5%</td>
</tr>
<tr>
<td>Charleston</td>
<td>18%</td>
</tr>
</tbody>
</table>

Los Angeles, Long Beach and NY/NJ account for 58%

Source: Calendar Year AAPA Statistics

### RAIL TIME INDICATORS & INTERMODAL TRAFFIC FLOW

Forget the Federal Reserve’s Beige Book and plethora of quarterly manufacturing surveys, for a gauge on U.S. industrial activity go to the source that is the most correlated to U.S. GDP growth: AAR’s Rail Time Indicators (RT). This comprehensive monthly data series collects primary data on all that moves by rail, and provides such meaningful metrics as U.S. freight traffic, changes in rail car capacity and railroad employment, and growth in intermodal traffic. The latest October data shows overall rail traffic trending upward, modestly in sync with U.S. GDP.

The AAR ascribes this growth in intermodal traffic to “more reliable rail intermodal service; massive railroad investments in new intermodal terminals, tunnel expansions, improved signal systems, and other infrastructure and equipment; conversion of freight from other rail car

### AS THE ECONOMY GOES, SO GOES MOST RAIL TRAFFIC

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (left scale)</th>
<th>Rail Traffic (right scale)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-6%</td>
<td>4%</td>
</tr>
<tr>
<td>2010</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>2011</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>2012</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>2013</td>
<td>6%</td>
<td>8%</td>
</tr>
</tbody>
</table>

*Carloads excluding coal and grain + intermodal units. Rail traffic excludes U.S. operations of Canadian railroads.

Source: BEA, AAR

The October RT report, though, shows that record rail intermodal traffic is a long-term trend, as is the increase in intermodal traffic. Every year since the 2009 recession, intermodal traffic has surpassed the prior year’s record level.

### AVERAGE WEEKLY U.S. RAIL INTERMODAL TRAFFIC

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
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<tr>
<td>2010</td>
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<tr>
<td>2011</td>
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<tr>
<td>2012</td>
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</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Source: BEA, AAR
types (e.g., boxcars) to containers; and problems associated with truck transport, including highway congestion, high fuel prices, and perennial truck driver shortages. Increased international trade has played a role too.

The new Kansas City Intermodal facility (which opened in Q3) and the development trend toward inland ports with rail connectivity to eliminate truck movement of containers all seem to corroborate the AAR’s thinking. But to better understand the anatomy of intermodal arteries, nothing beats the Intermodal Association of North America (IANA).

This organization inventories and charts every intermodal facility in North America along the nine Class I rail lines. It may surprise many in the industrial real estate development space to learn that there are in excess of 1,080 intermodal facilities providing connectivity to our ports by rail. IANA maps it all out:

The AAR’s Rail Time Indicators and the IANA database of intermodal facilities have replaced the thermometer and stethoscope as modern diagnostic tools for determining the health of North America’s inland industrial infrastructure. Keep in mind that for the flow of commodities and goods to function efficiently, all that happens in the ports can’t stay in the ports. (North America’s primary container ports are a far cry from Las Vegas.)
PORT LABOR

Flu season is upon us again, and this fall’s strain of the labor-strife flu is much different and more challenging than the 2012 International Longshoremen’s Association (ILA) East Coast labor flu. Fortunately for the affected ports, the ILA East & Gulf coast labor dispute has been settled: a new six-year labor agreement has been ratified, and the agreement ensures shippers no labor strife for the upgrading East and Gulf coast ports through the first half of the first post-Panamax decade.

Unfortunately for the West Coast ports and our nation’s trucking force, both are more vulnerable to labor-strife flu in 2014. Of most concern to shippers should be vaccination by means of alternate strategies. In June 2014, the International Longshore & Warehouse Union (ILWU) master labor agreement expires, and the West Coast ports face similar or worse labor strife issues as the ILA East Coast ports did in 2013. The symptoms will be centered around the same port automation and job loss concerns that confronted the ILA and East Coast ports between October 2012 and February 2013.

TRUCK LABOR

In addition to dock worker labor issues along the West Coast ports, all shippers and port authorities need to be paying attention to trucking labor. Keep in mind that everything stays on the docks without trucking labor to move it.

Transportation Secretary Anthony Fox has received a great deal of grief over the new trucking hours-of-service (HOS) rules that became effective July 1, 2013. Less than six months into the launch, the new HOS rules are causing material implementation problems, loss of trucking jobs, and increased transportation costs and delays. The problems are so significant that Congressional leaders and the American Truckers Association are now calling for suspension or revocation of the new rules. One wonders if anyone in the legislative process understands what they’re legislating, or reads the legislation they enact.

SUEZ CANAL VS. PANAMA CANAL

TEU container traffic through the Suez Canal to East Coast ports is growing at a rate faster than container traffic via the Panama Canal. What is behind the trend?
Five years ago, a single-digit percentage of containers arriving into the Port of Virginia traveled via the Suez Canal. Today, it’s approximately 25 percent. Shippers from Asia are increasingly using the Suez Canal—despite the security risks—as a hedge against unknown rates that will be imposed by the Panama Canal Authority in 2015 to recover the cost of the $5.2 billion lock expansion project. Shippers do not want to be held hostage to exorbitant new fees, which explains a large part of the 5.6% growth in Suez Canal TEU traffic in 2013.

DUAL-FUEL CONTAINER SHIPS

Increasingly onerous in-port air-quality environmental regulations in both U.S. West Coast and European ports are forcing shippers to look at alternatives to idling their vessels in port (or, “cold-ironing”) to comply with the plethora of new regulations. Idling a diesel-powered container ship is problematic, even with onshore electrical connections to run power systems. Dual-fuel powered vessels are an alternative solution favored by shippers. Many of the new post-Panamax (and even smaller Panamax) vessels being ordered are designed to run on dual fuel: diesel at sea and liquified natural gas (LNG) while in port. The United Arab Shipping Co., for example, has contracted Korean shipyard Hyundai Heavy Industries to build five 18,000-TEU ships and five 14,000-TEU ships for delivery beginning in the first half of 2015 that can be fueled with LNG. While this seems to be a no-brainer solution to air quality and environmental concerns for major port MSAs such as Los Angeles, there is a wrinkle: which ports will have the infrastructure to refuel dual-fuel container vessels by 2016? The Gulf ports, especially Houston, and the East Coast ports with plentiful natural gas supplies and backbone infrastructure already in place appear to have an advantage. This is a sleepier issue that will become a big deal in the next 12–24 months. At year-end 2013, port authorities were not able to yet provide us enough detail on how they would handle refueling dual-fuel vessels, but this will be a leading topic of study for Colliers’ Spring 2014 North American Port Analysis.

THE HEALTHIEST PORTS

The Port of Baltimore is excelling in the area of auto imports and exports in its first year as a PPMX port—to the detriment of New York. The Port of Tacoma is now a PPMX-ready port handling more than 1 million container units. The Port of Virginia is the original deep-water port on the East Coast, and has no physical, port leadership or business strategy deficiencies. The Port of Cleveland is a new port award honoree for recognition of its new express freight service to Europe, which gives Midwest and Ohio Valley manufacturers and producers an alternative supply route to ship their goods and commodities to Europe, instead of sending first by truck and rail to New Jersey or New York for export. Finally, the South Carolina and Georgia Port Authorities have taken a cue from Virginia and are both developing inland ports. Colliers recognizes the development of these new inland ports as the “Newest ‘Shore’ Thing” in port infrastructure development with one of its 10 new port awards.

The ports of Charleston and Savannah will duel it out along the banks of the Savannah River for status as the East Coast’s Long Beach. Savannah has an advantage in logistics and agricultural exports, but Charleston has a natural ocean harbor without limitations associated with river ports. Its new inland port in Greer, SC, is a game changer that will likely give Charleston the edge over Savannah in the coming decade. Charleston, though, has a ways to go to complete dredging (five-year estimated time to completion), and the Georgia Ports Authority has demonstrated that it can achieve more with less over time. The port of Savannah is the fourth-busiest container port today with the shallowest channel depth among the eight deepest and busiest container ports in North America. [Author’s note: As a 30-year resident of Atlanta I have learned two things: i) don’t bet on the Atlanta Falcons to win the Super Bowl; and ii) don’t bet against the Georgia Ports Authority. If not for the Georgia ports and Hartsfield-Jackson airport, Atlanta might still be a small Southern town.]

Progressing south around the Florida coastline and on to the Gulf Coast ports, the ports of Tampa, Port Everglades and Miami are sailing into the first post-Panamax decade with wind in their sails. Port Everglades is Florida’s best kept secret, with the most TEU container traffic and unheralded expanding trade relationships with LATAM. Tampa may be the most prudent of all Florida ports for bypassing the PPMX CapEx game to dredge and compete for PPMX status. Instead, it’s developing a new Green Express on-dock, transload, rail-served facility to provide a mix of refrigerated and dry products to the Midwest. This express rail service to Chicago is part of Tampa’s efforts to become a major agricultural port beyond Florida, and will be in direct

Port Diagnosis: Which are healthy and which are at risk?

After careful review of the lab tests concerning job growth, TEU count, intermodal traffic, labor-strife flu outbreaks, etc., it’s becoming clear which will be the winners and losers among the primary North American ports for expanded Panama Canal container trade, post-2015.

The ports of Baltimore, Cleveland, Charleston, Georgia, Houston, Tampa and Virginia have emerged with winning strategies in 2H 2013. On the other hand, the ports of Portland, New York, and Long Beach are struggling. The following is an around-the-coasts diagnosis of the ports bordering America’s four coasts (don’t forget the often overlooked Great Lakes ports).

NORTH AMERICAN PORT ANALYSIS | WHITE PAPER | DECEMBER 2013

WWW.COILLERS.COM/RESEARCH | P. 10
competition with the West Coast for fresh produce to the large East Coast population centers.

The Port of Mobile is a perennial winner of the “Up & Comer” award. Port Prince Rupert in Northwest Canada joins Mobile in sharing this honor at year-end 2013. As the new Airbus manufacturing plant is completed and vendors discover the deep-water port and rail access into the Midwest and Canada via Canadian National railroad, this port will be a big winner.

And what can be said about the Port of Houston that we haven’t already said? Not only is it Colliers’ view that it’s the “Most Irreplaceable Port” in North America, it’s proven to be quite profitable. In July, the Port of Houston generated $21 million in operating revenue, a 7 percent increase over the same period in 2012. So far in 2013, operating revenue is up 4 percent, year over year. Net income in July rose by 47 percent, year over year, to $4 million. In this year-end report, we honor the port of Houston with the "GDP (Gulf’s Darn Profitable)” award. This latest recognition should not be taken lightly when one notes the unfolding events at the port of Long Beach: It takes more than great physical facilities and deep water to be a great port; it takes a great port director and board of directors. Houston has both.

And finally, the ports of Los Angeles, Tacoma and Prince Rupert in Canada have healthy diagnoses as well. LA is recognized with the “A-Rated Port” award for its stellar fiscal management through volatile state and national recessions and maintaining a top “AA” credit rating for the most consecutive years of any North American port. Tacoma has become a PPMX-ready port since 2011 with gantry crane upgrades. It is also the West Coast port with the fastest container traffic growth rate YTD 2013—succeeding in growth where Oakland, Portland and Seattle are not.

**AT-RISK PORTS:**

On the other hand, the ports of New York and Portland are struggling. New York’s residual ILA labor and Hurricane Sandy issues are resulting in unprecedented shipper complaints and redirection of cargo business to other East Coast ports, such as Virginia, and even Great Lakes ports. Cleveland’s new express route to Europe is another example of this shift of cargo away from NY/NJ. And, the Port of Portland received notice in October that after 20 years of serving the Pacific Northwest, Hanjin Shipping will discontinue its transpacific service. Hanjin and its partners in the CKYH alliance account for more than 70 percent of Portland’s trade with Asia. Reasons cited for Hanjin’s discontinuing its service include:

- Portland lacks the population base of Seattle-Tacoma to the north and Los Angeles-Long Beach to the south;
- Lacks a level of intermodal rail service needed to be a load center for import cargo moving to the interior of the U.S.; and
- Ongoing labor strife issues that are likely to worsen in mid-2014 with the expiration of the ILWU master contract agreement. The reputation of the port has been damaged the past two years by labor disputes over port automation.

This decision by Hanjin is a wake-up call for West Coast ports heading into 2014 and ILWU labor negotiations. Shippers and importers/exporters have options today that didn’t exist a decade ago in Canada, Great Lakes, Gulf & East Coast ports. Canadian National rail service from Port Prince Rupert to Port of Mobile in the Gulf, existing or developing inland ports in Virginia, Georgia and South Carolina, and the evolving supply chain with East and Gulf Coast ports are all game changers. Port automation, transportation efficiency from expanding use of rail vs. trucking, a better “match-back” process (filling emptied containers with cargo to return to the ports) of containers to East Coast ports, and increasing on-shoring and near-shoring of manufacturing in right-to-work states in the Mid-Atlantic, South and Mexico all favor East Coast, Gulf Coast, Great Lakes, and Canadian ports in the first post-Panamax decade. If the West Coast ports and ILWU fail to reach a master labor agreement prior to June 2014—and protracted labor disruptions result for West Coast ports—more Hanjin stories will follow. The biggest immediate beneficiary will be newly PPMX-ready Port Prince Rupert.

**THE CAPEX DIFFERENCE IN PORT DIAGNOSIS**

Legislatures in states like Florida are now realizing what California, Texas and South Carolina have for the past three years: if you don’t make port infrastructure a funding priority in your annual appropriations, you risk economic competitiveness for the growing manufacturing, trade and transportation industries. Throughout 2013, the Trade & Transportation sector has been producing the largest number of private jobs.
As Congress drags its feet reforming the Harbor Maintenance Trust Fund (HMTF), a tax on port cargo intended to fund our ports and inland waterways (but which Congress raids to the tune of nearly $700 million annually), and reconciling the long-delayed Water Resources Development Act (2007 was last time Congress passed a WRDA), states are forced to either delay vital port infrastructure projects such as dredging, or find the appropriations elsewhere in their state budgets. Time is of the essence, as shippers are making contract decisions now based on which ports will be PPMX-ready by 2015.

Florida’s Governor Rick Scott has bought into the importance of the ports for future economic growth. For FY2014, the Florida legislature appropriated $275 million for port projects, and authorized issuance of $150 million in infrastructure bonds for a Seaport Investment Program. As a result, Florida will surpass New York’s $345 million CapEx with $425 million in port funding.

South Carolina, with its dynamic manufacturing base anchored by behemoths such as BMW and Boeing, figured out the port funding issue years ago and got its legislature on board to fund what Congress wouldn’t: dredging to 50 feet, upgrading gantry cranes to Super-PPMX status, and developing the most dynamic new inland port close to BMW and its many upstate manufacturing port customers. Although completion of its dredging and other PPMX projects will take until 2017, shippers are betting big on the Port of Charleston to contend with the Port of Virginia, and emerge as the East Coast’s future equivalents of L.A. and Long Beach.

Georgia: The above forecast regarding the prominence of Virginia and Charleston is in no way intended to diminish the growth prospects or significance of the ports of Savannah and Brunswick in Georgia, and Jacksonville, FL. All three will continue to be important Southeast ports with strong growth prospects, due to their strengths in logistics, agricultural exports, RoRo auto trade, pharmaceuticals, refrigerated cargo and other food-related products. In fact, the Georgia Ports Authority has been previously recognized in 2013 as “Best in Logistics” among North American ports, and is recognized in this report with an “Auto Pilot” award for its excellence in auto trade. However, these three ports have limitations as river ports. Like it or not, those limitations will be relevant in the first post-Panamax decade, as shippers look to make fewer ports of call and eliminate the risks of costly delays that are systemic to river ports.

As Congressional dysfunction continues, and another government shutdown looms in January 2014, state legislatures need to decide how important upgrading ports and funding vital transportation networks are to their economies. The Southeast, Mid-Atlantic and Gulf Coast states with ports vying for a piece of the PPMX container trade are second only to Southern California in port funding. This commitment is sending a powerful message to shippers as they decide their primary ports of call. As we head into 2014, the Northeast and Pacific Northwest ports lag in the CapEx race and are likely to be on the short end of the PPMX trade. Port Prince Rupert is a material threat to the Pacific Northwest ports, just as the ports of Baltimore, Cleveland, and Virginia are material threats to the Port of New York. “CapEx or Capsize” is a material takeaway again at year-end 2014.

<table>
<thead>
<tr>
<th>RANK</th>
<th>PORT</th>
<th>2013 BUDGETED CAPEX</th>
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<tbody>
<tr>
<td>1</td>
<td>Los Angeles &amp; Long Beach</td>
<td>$450M, Long Beach’s approximates $1.0 billion. Channel depths going to 55 feet, berthing going to 50 feet, new automated Super PPMX cranes, cold-ironing power plants to meet new diesel emission requirements. Expiring ILWU labor contract and LB Harbor Commissioner chaos to test the ROI on this CapEx.</td>
</tr>
<tr>
<td>2</td>
<td>State of Florida/Miami</td>
<td>$425M committed for 2014. State has appropriated $275 million and authorized issuance of an additional $150 million in infrastructure bonds for a Seaport Investment Program. FL is surpassing NY in port CapEx.</td>
</tr>
<tr>
<td>3</td>
<td>New York</td>
<td>$365M allocation from $3.65B budget just to the port (not airports, World Trade Center constr. etc.). Port Commerce budget $25M allocated among Port Newark, Port Elizabeth, Brooklyn Marine Terminals, New York Container Terminal, Port of Jersey, Port Authority Marine Terminal, Greenville Yards/NJ Rail, and Red Hook Terminal.</td>
</tr>
<tr>
<td>4</td>
<td>Houston</td>
<td>$220M expended in 2013, rising to $300M in 2014 with new $60M order for Super-PPMX gantry cranes. Port master plan to expend $3.0B on CapEx through 2025.</td>
</tr>
<tr>
<td>5</td>
<td>Charleston, SC</td>
<td>Approx. $150M per year (likely more in 2014 as new inland port in Greer, SC, comes online). Dredging will be a large focus next 3-5 years.</td>
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California knows the stakes are high. The ports of Los Angeles and Long Beach lead all ports in CapEx funding. And, although New York was in second place for port funding in FY2013, it will lose this ranking to Florida in 2014.

The NY Port Authority is now behind the curve on many fronts due to Hurricane Sandy, and raising the Bayonne Bridge at the expense of hiring retiring dock workers, upgrading software, etc.
Conclusion: Final Diagnosis

The updated vital signs for North American ports are beginning to stratify the healthy and at-risk ports. The lab results are in and the respective port and industry diagnoses are as follows:

- GDP is not in a normal sinus rhythm for TEU growth: Global GDP forecasts have been revised down for 2014 by OECD, due to lack of growth in emerging countries. U.S. GDP has just turned in its weakest 1H performance since the 2009 recession and global financial crisis.
- Systolic blood pressure reading for overall job growth is not conducive to economic growth. Whether using a BLS measure or ADP private jobs measure, overall U.S. job growth is running below the needed 200K+ monthly job creation rate. The Fed thinks it’s prescribed the right medication in quantitative easing, but the results thus far are not encouraging.
- Diastolic blood pressure reading for job growth in Trade & Transportation is in a healthy range, out-producing all other employment sectors by at least 2 to 1, according to ADP private payrolls jobs reports. Lab data from AAR’s Rail Time Indicators, IANA intermodal facility data, and ONEI further corroborate this finding. Intermodal traffic in 2013 is far outpacing all previous years, and set new record highs three out of four weeks in September, according to AAR. This increased activity shows up as well in the ONEI ranking of the top 102 U.S. MSAs: Half of the top ten economies are either port or vital inland distribution markets (e.g., Houston, Dallas, Denver, Honolulu and Salt Lake City), and one-third of the top 25 port markets like Baltimore, Boston, Charleston, Duluth, MN, Houston, Honolulu, Tampa, San Francisco/Oakland, and Seattle.
- Signs of coronary artery disease are present. Congressional dysfunction in failing to pass a WRDA since 2007 and reform the HMTF, as well as the troubled launch of the new HOS rules for truckers are occluding capital and transportation arteries. Congressionally induced hypertension is adversely impacting our land, air and sea transportation systems, and Congress’ failure to engage on critical port-related legislation threatens to induce a paralyzing stroke of (economic) life-threatening heart attack. Shippers have paid the HMTF over many years, and unless we want all that comes to our ports to stay in the ports, we need to remedy the HOS...ASAP.
- Diabetes and testosterone tests were inconclusive. TEU count is to our ports what blood sugar count is to the health of our pancreas, it appears our ports have “Low-T” and are hypoglycemic. The low TEU count can be attributed to factors ranging from anemic GDP growth, Congressional dysfunction, and even self-induced labor and local political strife at such ports as Portland, Long Beach and New York. On the other hand, a number of North America’s ports have healthy TEU and cargo growth. The ports of Baltimore, Virginia, Cleveland, Charleston, Georgia, Houston, Tacoma, Tampa, and Prince Rupert have emerged with winning strategies in 2H 2013 and do not have any indication of “Low-T.”
- Chronic heartburn from a diesel-rich diet. All of the ports are suffering to some degree, but Southern California ports have the most chronic effects of shippers’ diesel dependence, as they handle more TEUs than any other region in North America, and are located in a large population center where air quality issues are paramount. Fortunately there is an effective treatment: dual-fuel container vessels, coming to the rescue for PPMX-ready ports in 2016–2017. The wrinkle to this remedy that there’s a slight distribution challenge: which ports will be able to refuel dual-fuel vessels? Again, this is one of those Congressional issues occluding our transportation arteries because Congress can’t seem to align transportation and energy infrastructure policy and funding.
- The colonoscopy revealed an active Suez Canal and a few benign polyps in the Panama Canal. The Suez Canal represents an alternative to Asian shippers for distribution to two-thirds of the U.S. population that didn’t exist most of the last half-century. Why? Aside from a few security and Canal conflicts in the 1950s and 1960s, the East Coast ports were used primarily for military purposes rather than commerce (e.g., the ports of Virginia, Charleston and Jacksonville). TEU container traffic today via the Suez Canal is rising and up over 5 percent in 2013, compared to a 2.4 percent decline in traffic through the Panama Canal. Shippers are increasingly concerned about the to-be-determined passage fees for the Panama Canal post-2015, and are using the Suez Canal as a hedge against exorbitant increases by the Panama Canal Authority.
- The 10 ports recognized in this year-end report are among those with a nearly clean bill of health: Baltimore, Chicago, Cleveland, Georgia, Houston, Los Angeles, Mobile, Prince Rupert South Carolina, and Tacoma. The ports of Virginia, Port Everglades and Tampa continue to have clean bills of health from 1H 2013, as well.
- So which ports are at-risk with a “less than healthy” year-end 2013 checkup? The ports of Portland (loss of Hanjin Shipping), New York (ongoing labor and logistics challenges), and Long Beach (political and port leadership turmoil) are struggling. The Port of Jacksonville has called an audible to refocus its port growth strategies without being a PPMX-ready port for the time being. Of the at-risk ports, Jacksonville is the only one that appears to be making the adjustments for better health.
SIGN OF THE TIMES AWARD
NOAA stops printing navigational charts
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

This new addition to Colliers semi-annual awards highlights a decision or technology that epitomizes how materially things are changing in the world of logistics, ports, and the transportation infrastructure of the first post-Panamax decade (2015-2025). The inaugural award goes to the National Oceanic and Atmospheric Administration (NOAA) for its decision to no longer print traditional lithographic (paper) nautical charts. Since 1862, lithographic nautical charts—available in marine shops and other stores—have been printed by the U.S. government and sold to the public by commercial vendors. NOAA explained in its press release that the decision to stop production is based on several factors, including the use of digital and electronic charts, and federal budget realities. With the end of traditional paper charts, concerns will arise as to how boaters, fishing vessels, and commercial mariners will access up-to-date nautical chart information. NOAA believes that advancements in computing and mobile technologies will provide many more options than were possible with printed charts. Regardless of one's feelings here, the times are a-changin'.

A-RATED PORT AWARD
For maintaining a AA bond rating through five years of national and state financial crisis
THE PORT OF LOS ANGELES

This award picks up where the Spring 2013 Colliers North American Port Analysis report left off, with its focus on CapEx spending. In order for ports to attract the necessary capital to fund what Congress fails to appropriate for maintenance of our nation’s infrastructure, port authorities will need to maintain stellar credit ratings. The Port of Los Angeles has maintained a “AA” rating with Standard & Poor’s (S&P) since 1995—longer than any other North American port. “AA” is the highest rating given to a port without taxing authority, and this rating has been reaffirmed by S&P in 2H 2013. The rating is evidence of the port authority’s continued strong financial position and overall stability. The port also maintains high ratings from two other bond rating services: Moody’s Investors Service (Aa2), and Fitch Ratings (AA).

THE GDP (GULF’S DARN PROFITABLE) AWARD
For incredible profitability in 2013
THE PORT OF HOUSTON AUTHORITY

In previous Colliers North American Port Analysis reports, Houston has been recognized as North America’s “Most Irreplaceable Port” for the vital nature of its port’s physical aspects; this new award recognizes its operational excellence. Not only is the Port of Houston—along with the other dozen support harbors and secondary ports along the Houston Channel or in proximity to its inlet from the Gulf—vital to U.S. energy interests, it’s highly profitable. As we are learning from other major port situations in Southern California, Oregon and New York, port leadership and operational efficiency are cornerstones to port profitability. In 2013, Houston has been firing on all cylinders. In July, the Port of Houston generated $21 million in operating revenue, a 7-percent increase over the same period in 2012. Through 1H 2013, operating revenue is up 4 percent year over year. Net income in July rose by an impressive 47 percent, year over year, to $4 million. A 4-percent increase in tonnage in 1H 2013 in cited as a primary reason for the port’s 1H 2013 financial results. For 1H 2013, bulk exports rose by approximately 20 percent, bulk commodities increased more than 15 percent, and container tonnage rose by 8 percent year over year. Houston has proven that the “Gulf’s darn profitable.”

THE NEWEST “SHORE” THING AWARD
For flawless execution of the new inland port at Greer, SC
SOUTH CAROLINA PORTS AUTHORITY

This award is also a new category for Colliers’ North American Port Analysis report, and recognizes the significance of the burgeoning trend of inland ports. When first introduced by the Port of Virginia in the late 1980s, it was thought that, to be cost effective, inland ports needed to be located at least 500–1,000 miles from the ports in order to be in proximity to large population centers. That was the West Coast model of decades past, due largely to the vast desert and mountain regions between Southern California’s ports and the population centers east of the Continental Divide. Fast-forward to the approaching first post-Panamax Decade (2015–2025), and we see expanding post-Panamax (PPMX) ready
East Coast ports located within 200–500 miles of two-thirds of the U.S. population. Combine location with superior north/south rail connectivity, and inland ports are the newest “shore” thing in the burgeoning port story.

The South Carolina Port Authority and Port of Charleston have studied all that the Port of Virginia first introduced, and have fine-tuned the model. Charleston has already leveraged the inland port model to protect its existing business and grab market share from their nearby competing ports, and in Q1 2013, the South Carolina Ports Authority broke ground on a new inland port in Greer, SC. This has been a long time coming: the port authority bought the 100-acre site for in 1982. The dynamics at Greer, which is located near the Interstate 85 corridor, are quite clear to the port of Charleston Director Jim Newsome, who at a recent State-of-the-Port presentation highlighted how higher fuel costs and tightening truck capacity are making intermodal rail more attractive to shippers. Upstate South Carolina has become a hotbed of various types of manufacturing, and the region is expected to be the fastest-growing part of the Southeast over the next two decades, he said. While other Southeast ports, such as the Port of Savannah, GA, and Palm Bay in Florida are developing inland ports to promote their agricultural and other commodity trade, the Port of Charleston’s new inland port is the quintessential model that holds the promise of making Charleston (currently ranked ninth) into a top-five container port in the coming decade.

MATCH-BACK AWARD
For national leadership in match-back container volumes
ILLINOIS INTERNATIONAL PORT DISTRICT

“Match-back” of containers—a process where emptied containers are re-filled with cargo for return to the ports—is more difficult in North America than in Asia and Europe. Match-back containers impact shipping rates, because a full container paying its way back to port is cheaper for a shipper than one that is empty. In Asia, ocean service to major markets is more efficient than in North America, largely because of well-developed match-back logistics. Shippers via Chicago are finding out just how large a positive impact this can have: The freight rate from Chicago to China, which was $2,360 per 40-foot container three years ago, is now 45 percent less, or just $1,300 per 40-foot container. The Chicago area is one of the few inland locations from which empty containers can be efficiently and consistently repositioned to grain export facilities in the Midwest, making Chicago an even more attractive distribution center than it already was. This is an important lesson for developing inland ports: It’s not enough to have a great inland location and intermodal facility, match-back logistics is required to really impact shipping costs.

AMERICA’S FOURTH COAST AWARD
For new cost-cutting ocean freight express route to Europe
THE PORT OF CLEVELAND

In 2012, Colliers International added the Great Lakes region to its coverage of ports, despite the limited number of containers handled by the 85 active freight-handling ports. Why? because GDP contribution and tonnage statistics were being overlooked for America’s Fourth Coast.

The Great Lakes region accounts for 28% of U.S. GDP—and, an astonishing 240 million tons of cargo is processed annually through the Great Lakes’ freight-handling ports. In our previous Spring 2013 North American Port Analysis report, Colliers recognized Port Duluth-Superior with the “Incredible Bulk” award for its dominance over all other North American ports in handling bulk cargo. Duluth handles approximately 20% of Great Lakes bulk cargo, or 45 million tons.

We now recognize the Port of Cleveland for innovation in container traffic, which exemplifies the evolving role of the Great Lakes ports in container traffic, and presents a real competitive threat to the Port of New York. Like the ports of Baltimore and Virginia, the Cleveland is another example of cargo shift away from New York/New Jersey. In 2H 2013, the port of Cleveland announced a new express freight service that gives Midwest and Ohio Valley manufacturers and producers an alternative route to ship their goods and commodities to Europe without first having to send by truck and rail to New Jersey or New York for export. It’s another wake-up call for the Port of New York, that the competitive threats it faces on many fronts mean that time is of the essence in solving the labor, efficiency, IT and other logistics challenges that have shippers like Hapag-Lloyd complaining and redirecting their container vessels.

Don’t overlook what is occurring in the ports of America’s Fourth Coast, as they handle more bulk cargo and find that a return to their roots as shipping ports attracts industry, jobs and container traffic. If the Great Lakes ports such as Cleveland aren’t on your logistics radar, they need to be.
The Port of Mobile has been previously recognized with this award by Colliers, and Port Prince Rupert is being added to the honoree list at year-end 2013. Many of you already know from previous Colliers North American Port Analysis reports that: i) Mobile is the deepest port along the Gulf coast; ii) Airbus is constructing its plant to build its new generation of commercial airplanes; and iii) Mobile is already post-Panamax (PPMX) ready. But you may not know about the Canadian National Rail Company’s Class I railroad connection between Prince Rupert and Mobile—the only one between Canada and the northern Pacific Coast to the Gulf Coast.

This alternative route allows Asian shippers to bring cargo and containers into the Central U.S. without paying the Harbor Maintenance Tax and without use of ILA union dock labor. This rail connection is a huge part of the growth story for both Mobile and Prince Rupert, (which are among the fastest-growing North American ports), and its importance in the first post-Panamax decade (2015–2025) will be second only to the Kansas City Southern line linking Texas and Mexico’s ports.

For Baltimore, focusing on this area of trade is an opportunity to lure traffic away from New York and New Jersey. In August of this year, Mazda North American announced that the Port of Baltimore would become its newest auto customer, after agreeing to a five-year contract with auto processor Amports. Under the contract, the carmaker is expected to bring in about 65,000 vehicles annually to Maryland from its assembly plants in Japan. Other auto importers are looking at Baltimore as an alternative for their port of entry to the populated Northeast and Mid-Atlantic markets.

Georgia’s ports are an even more impressive auto trade story. Georgia’s leadership in logistics among North American ports—recognized in this spring’s previous Colliers North American Port Analysis report—has enabled it to develop a much-envied auto and machinery import/export business that’s arguably first or second in North America. Earlier this year, Toyota recognized this expertise when it announced it will export U.S.-assembled Venza crossover vehicles to Russia and Ukraine via the Port of Brunswick, GA. The GA Ports Authority’s direct interstate access and two Class I rail services allow simultaneous movement of exports from inland factories and import of cargo to destinations across the Southeast. Some perspective: the Port of Brunswick handled a record 612,489 auto and machinery units in CY2012, up from 497,404 in the previous year. And, the Port of Brunswick handles approximately 10 percent of all U.S. roll-on/roll-off (RoRo) trade, and 12 percent of U.S. RoRo imports. The port ranks third in the nation for auto and machinery trade, serving nearly two dozen domestic and foreign carmakers, as well as heavy equipment producers.
Tacoma became a post-Panamax (PPMX) ready port in 2011 with its gantry crane upgrades, and is also the West Coast port with the fastest container traffic growth rate year to date in 2013—succeeding in TEU growth where Oakland, Portland and Seattle are not. This award recognizes Tacoma’s rise to the PPMX status and growing its container business as a result. The following chart says it all:
522 offices in 62 countries on 6 continents

United States: 147
Canada: 37
Latin America: 19
Asia Pacific: 201
EMEA: 118

• 1.8 billion in annual revenue
• 1.25 billion square feet under management
• Over 12,300 professionals and staff

JAXPORT
JACKSONVILLE PORT AUTHORITY

BEST “AUDIBLE” AWARD
For recognizing PPMX challenges, and calling a new play for greater growth and profitability
THE JACKSONVILLE PORT AUTHORITY

The Port of Jacksonville is being honored with this award for recognizing that not all East Coast and Florida ports need to be post-Panamax (PPMX) ready to be successful and profitable—especially in the absence of federal and state CapEx funds for dredging, upgrading cranes, raising bridges, etc.

While still determined to dredge to the 50-foot depth needed to handle PPMX container vessels in late 2015 or early 2016, the port is making what new CEO Brian Taylor (a former Horizon Lines executive) described as an “audible” in a *Journal of Commerce* interview this past fall:

You go into your game with your best game plan, but all of a sudden the defense does something you’re not expecting and you get back at halftime, and you say, ‘Wait a minute. We have to figure out what we are going to do to counter this thing they are doing.’ You call an audible into your game plan.

In specific, he was referring to delays in securing congressional approval of their channel dredging project and navigational remediation at Mile Point, but the lesson is an important one given the scarcity of federal and state funding for upgrade projects, and project delays caused by congressional failure to pass a new Water Resources Development Act.

Jacksonville has always had a strong role in auto import/export trade and has ample available warehouse stock to meet the distribution needs of a variety of industries, and the port is repositioning itself to take short-term advantage of these strengths. We believe this “audible call” is not only prudent (given of the economic realities and the very real risk of East Coast ports overbuilding PPMX capacity that never delivers the expected ROI), but demonstrates solid strategic and fiscal leadership on the part of the Port of Jacksonville’s CEO that’s worthy of recognition.