

NORTH AMERICAN PORTS REPORT

Mid-Year 2021

Surges in Cargo Volume, Shipping Delays Climbing Toward 2020 Peaks

Through the first half of 2021, many North American ports experienced surges in cargo volume, specifically imports, as the national economy continued to recover amid the backdrop of the pandemic. With consumer confidence increasing and economies opening in the second half of last year, goods were being shipped at a rate not ever seen before. As a result of pent-up demand, major ports such as New York/New Jersey (NY/NJ) and the Ports of Los Angeles (LA) and Long Beach (LB) continued to experience delays, including wait times and delays in ship arrivals. The Ports of LA and LB have seen container ships queuing up at rates not seen since the 2020 peak season (last fall). This is due to the simultaneous arrival of ships delayed from South China, new trans-Pacific services and additional extra loader vessels. Imports through the ports of LA and LB have swelled 41.1% year-over-year though midyear.

North American industrial markets, and especially port-proximate industrial markets, are seeing record low

vacancies. Los Angeles, New Jersey and Savannah are below 3.0% vacancy while Vancouver has a sub 1.0% vacancy rate. Additionally, rents in these port-adjacent areas are reaching new highs. New Jersey, Los Angeles, Seattle, Miami and Long Island, to name a few, have all seen more the 11.0% year-over-year (YOY) increases in rental rates, and increases are not expected to slow. As vacancy rates drop and rents continue to rise in these areas, tenants must obtain space further from ports to store the influx of product coming in.

Meanwhile, shipping costs have swelled drastically in recent months. Container shipping costs from China to the U.S. West Coast ports reached a new high of more than \$20,000 per 40-foot container. The increase is partially due to rising COVID-19 cases across the globe which has slowed container turnaround times. However, the Suez Canal blockage, which occurred earlier this year, allowed some shipping companies to start rate increases, which have continued since.

Ranking Among The Top North American Ports Mid-year 2021 (Jan-June)

Top 10 North American Ports	H1 2021 Total Container Volume (TEUs)	Annual Change (H1 2020 vs H1 2021)	H1 2021 Import Volume	Annual Change (H1 2020 vs H1 2021)
Los Angeles	5,427,875	44.3%	2,834,213	45.3%
Long Beach	4,753,829	38.5%	2,315,171	39.5%
New York/New Jersey	4,395,072	30.6%	2,241,180	31.2%
Savannah	2,740,547	31.0%	1,363,723	37.9%
Vancouver	1,963,048	25.5%	991,453	25.5%
Northwest Seaport Alliance	1,860,174	18.9%	741,851	31.1%
Virginia	1,681,701	32.0%	792,725	34.6%
Houston	1,607,753	12.6%	749,406	31.5%
Charleston	1,335,097	21.8%	609,016	26.7%
Oakland	1,301,781	11.4%	544,642	19.9%

Sources: Cushman & Wakefield Research, New Harbor Consulting, Major NA Ports

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The Port of Los Angeles handled the most TEUs



Container prices have reached a record high



TEUs are up 33% over mid-year 2020



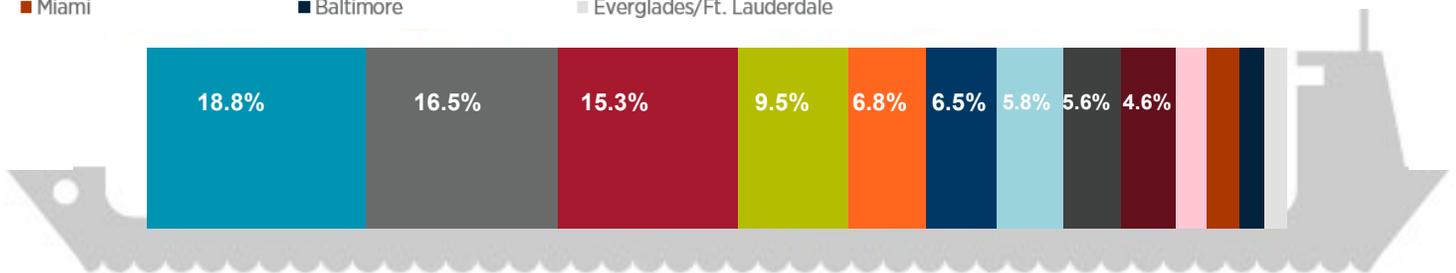
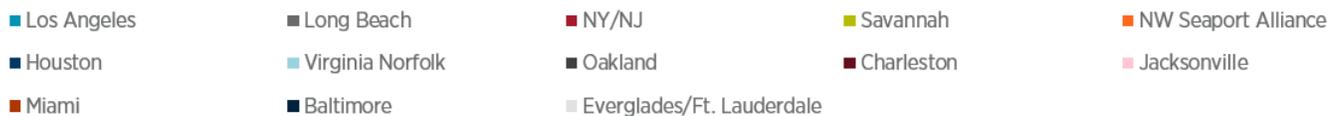
The Port of NY/NJ continued to be the top destination for goods from Europe

Through the first half of 2021, North American Ports continued to record robust activity for import cargo volumes, as over 13.8 million TEUs were handled year-to-date. The 33.0% surge compared to one year ago was fueled by six major ports (Los Angeles, Long Beach, Savannah, Virginia, NY/NJ, and Seattle-Tacoma), each of which exceeded 31.0% of growth through mid-year 2021. For total TEUs handled, North American Ports boasted a 29.0% increase YOY through June with just under 28.8 million TEUs handled.

To keep up with this increased pace of goods coming into the continent, the North American industrial market has absorbed over 217 million square feet (msf) in the first half of 2021 alone, a 94% increase over the first half of 2020. Industrial markets across the board are seeing demand outpacing supply for the first time since 2019. New leasing activity surpassed 100 msf for the 22nd consecutive quarter, this level of demand is putting the market on pace to see another year of new leasing activity surpassing 600 msf by year-end, which happened for the first time ever in 2020.

While the bulk of Trans-Pacific trade has bolstered the West Coast Port volume gains, Trans-Atlantic trade continued to play a key role with East Coast Ports. Imports from Europe to U.S. ports were on the rise through May as the Port of Virginia, Savannah, and Charleston all recorded significant YOY growth, 34.1%, 18.9%, and 13.8% respectively via Trans-Atlantic trade.

H1 2021 Port Volume Market Share



Sources: Cushman & Wakefield Research, New Harbor Consulting, Major NA Ports

The Port of NY/NJ continued to be the top destination for goods from Europe despite a marginal decline in its market share this year. While the west coast U.S. ports market share hovered around 55.0% since 2020, east coast port share of imports remained at historically high levels (45.0% at mid-year).

Looking forward, the growing delta variant risk, specifically in China, where much of the U.S. imports come from, could squeeze inventory supply. As the nation's historically robust import demand persists, inventories remain low compared to sales volume and another shutdown at major ports of call in China and Asia could further impact inventories and supply chains in the U.S.

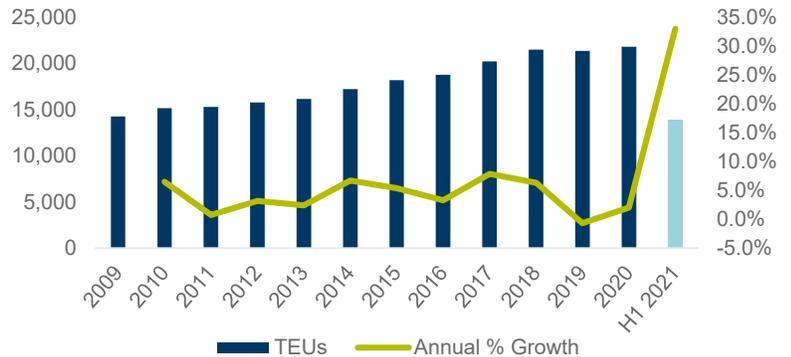
Maritime ports are seeing record numbers and an increase in container volume, this is holding true for inland ports and rail cargo as well. In the first half of 2021, U.S. railroads reported cumulative volume of 5,528,562 carloads, up 8.6% from the first half of 2020. Railroads also reported 6,776,944 intermodal units, up 18.2% from last year. Total combined U.S. traffic for the first half of 2021 was 12,305,506 carloads and intermodal units, an increase of 13.7% compared to last year. For all of North America, rail volumes for the week ending June 19, 2021, on 12 reporting U.S., Canadian and Mexican railroads totaled 329,907 carloads, up 11.3% compared with the same week last year in 2020. Moreover, 369,258 intermodal units were reported for the week, up 10% compared with last year. Total combined weekly rail traffic in North America was 699,165 carloads and intermodal units, up 10.6%. North American rail volume for the first half of 2021 was 16,805,420 carloads and intermodal units, up 12.1% compared to 2020.

Sources: Cushman & Wakefield Research, New Harbor Consulting, Major NA Ports

Monthly Import Volume (TEUs) Mid-Year 2020 vs Mid-Year 2021



Annual Loaded Import TEU and YOY Growth



North American Industrial Vacancy vs. Absorption vs. New Construction



For more information on our Rail and Ports & Intermodal Advisory Groups, please contact:

Kevin Turner
Ports & Intermodal Advisory Group
Co-Lead
kevin.turner@cushwake.com

Bill Throne
Ports & Intermodal Advisory Group
Co-Lead
bill.throne@cushwake.com

Michael Flynn
Rail Advisory Group Lead
michael.flynn@cushwake.com

Report Authors:

Carolyn Salzer
Americas Head of Logistics & Industrial Research
carolyn.salzer@cushwake.com

Jason Price
Director - Research
New Jersey/Long Island/NYC
Outer Boroughs
jason.price@cushwake.com

David Bovet
Managing Partner
New Harbor Consultants
dbovet@newharborllc.com

Tom Keane
Partner
New Harbor Consultants
tkeane@newharborllc.com

