Southeast Port Growth Spurs Intermodal Opportunities

By Erin McLaughlin

Due to continued economic growth, Sun Belt migration and the 2016 Panama Canal expansion, U.S. seaports on both the Gulf and East coasts are experiencing rapid expansion. Billions in capital improvements are being invested into these ports (*see Top 5 Fastest Growing U.S. Ports*), resulting in booming industrial real estate markets inland and expanded infrastructure connected to these coasts.

As the seaports in the Southeast expand, new inland ports have also emerged (*see Fastest Growing Port & Industrial Real Estate Markets*) including two in South Carolina (Inland Port Greer and Inland Port Dillon), the Appalachian Regional Port in Georgia, and the Virginia Inland Port. Additionally, the intermodal market in Lehigh Valley, Pennsylvania, is expanding due to Port of New York/New Jersey growth.

When analyzing what geographic areas present the best opportunities for capturing work from intermodal and logistics clients, "following the freight" from sea to land is a critical strategy. With the most growth occurring in seaports in the Southeast and Texas, the nearby industrial real estate markets are also experiencing some of the most significant expansions (*see Top 5 Fastest Growing Industrial Real Estate Markets*).

The story of Wilmington, North Carolina's port growth is particularly interesting. The small port grew by more than 26 percent in one year. Analysts credit this in large part to the availability of cold storage warehousing on dock and in the nearby industrial real estate market. Wilmington's port is becoming a player in the growing cold supply chain, which is experiencing an uptick in demand due to changing consumer preferences and the widespread adoption of online grocery purchasing.

Top 5 Fastest Growing U.S. Ports

Rank	Port	Import & Export TEUs, 2018	Growth % 2017-2018
1	*Wilmington (NC)*	*226,021*	*26.2%*
2	*Houston (TX)*	*2,230,348*	*10.3%*
3	*Savannah (GA)*	*3,404,558*	*7.4%*
4	*Mobile (AL)*	*269,312*	*7.2%*
5	*Jacksonville (FL)*	*880,220*	*6.8%*

TEU – Twenty-Foot Equivalent Unit, which is used to measure a ship's cargo carrying capacity. The dimensions of one TEU are equal to that of a standard 20-by-8-foot shipping container.

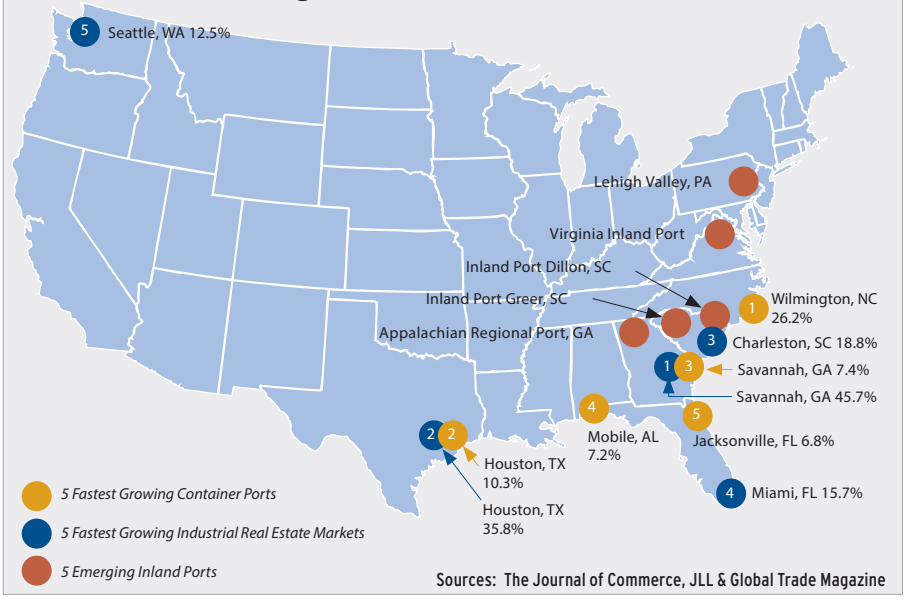
Source: The Journal of Commerce

Top 5 Fastest Growing Industrial Real Estate Markets

Rank	Real Estate Market	Market Size (Square Feet)	Growth % 2010-2018
1	*Savannah (GA)*	*45.7 million*	*45.7%*
2	*Houston (TX)*	*63.1 million*	*35.8%*
3	*Charleston (SC)*	*23.8 million*	*18.8%*
4	*Miami (FL)*	*115.5 million*	*15.7%*
5	*Seattle (WA)*	*175.8 million*	*12.5%*

Source: JLL

Fastest Growing Port & Industrial Real Estate Markets



Sources: The Journal of Commerce, JLL & Global Trade Magazine

Expected EV Increase to Result in Site Infrastructure Changes

By 2040, BloombergNEF predicts 57 percent of passenger vehicle sales globally will be electric vehicles (EVs), according to its *Electric Vehicle Outlook 2019*. With this dramatic escalation, the result may be a change in land use and infrastructure design. EVs are currently less than 0.5 percent of the global vehicle fleet, but a rapid adoption is expected mainly due to the falling prices of lithium-ion batteries and a global carbon-emission consciousness.

Unlike fueling up at a gas station—which takes only a few minutes—charging an electric-powered vehicle takes more time, and analysts expect this will not change dramatically even with further battery development. As a result, charging will continue to occur where cars are parked for more than a few minutes, including at owners' homes, workplaces, and retail establishments such as large shopping centers.

The U.S. Department of Energy (DOE) estimates there are more than 68,800 Level 2 and DC fast-charging units throughout the United States. However, only 16 percent of these are DC fast-charging stations, which make long-distance travel in an EV practical. According to DOE, a 20-minute charge from a DC fast-charging unit results in 60-80 miles of driving range; for Level 2 chargers about one hour of charging only adds 10 to 20 miles of range.

Development of DC fast-charging stations will be key to alleviating "range anxiety." There are different types of companies emerging in this market. These include automakers such as Tesla—which is building a network of chargers solely for their automobiles—and other companies aiming to serve broader markets such as ChargePoint, EVgo, and Electrify America.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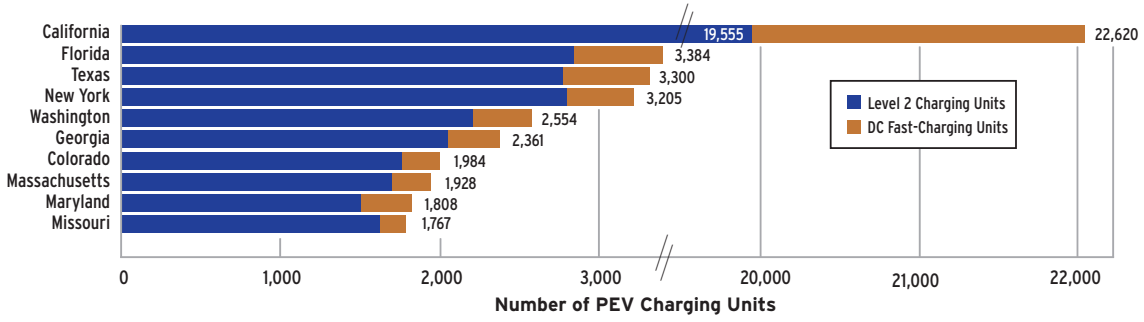
With a decrease in demand for fossil fuels, the number of retail gasoline stations in the U.S.—currently more than 168,000—may shrink and the properties would need to be repurposed. Opportunities for engineering firms will include not only site design but also environmental services related to underground storage tank removal and redevelopment of brownfield sites.

Currently, California and other large states lead in the number of charging stations—although the vast majority are Level 2. In the table *Top 10 EV Charging Units by State and Charge Level, May 2019* (below), the figures include public and nonresidential charging units (a charging station may have multiple units). ■

Top 10 EV Charging Units by State and Charge Level, May 2019



Source: U.S. Department of Energy

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