

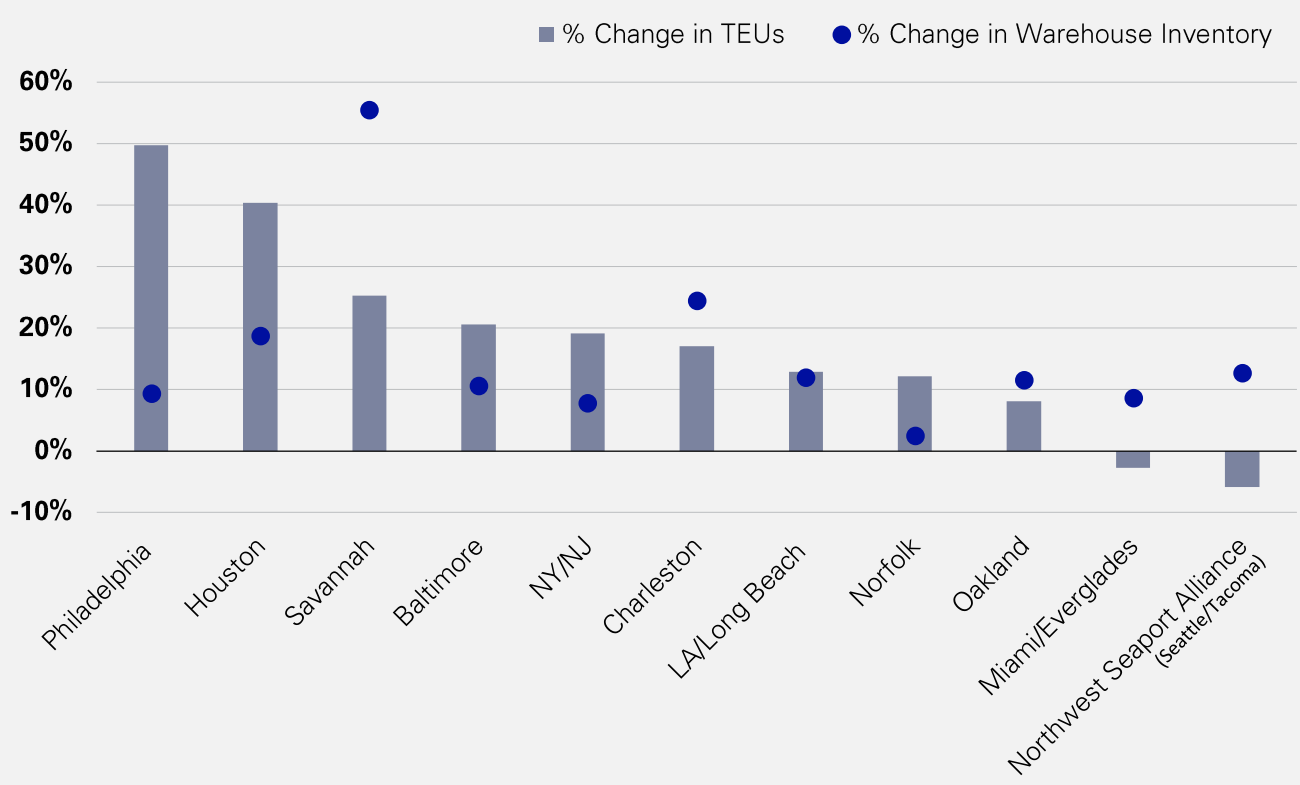
# Industrial Insight

## A RISING TIDE: WAREHOUSE DEVELOPMENT ACCELERATING IN HIGH-GROWTH PORT MARKETS

Increasing amounts of containerized cargo are flowing through the country's major maritime port complexes, driving demand for warehouse space. Annual twenty-foot equivalent unit (TEU) volume at top ports grew by an average of 18% over the past five years, with ports such as Philadelphia, Houston and Savannah growing substantially faster over the same period. Congestion coupled with warehouse supply and land constraints in the mature and densely-populated port markets of Los Angeles-Long Beach and New York-New Jersey have shifted some port-centric warehouse occupier interest to other markets that can more easily accommodate growth. While the inventory of warehouse/distribution space grew by an average of 10% over the past five years in LA/LB and NY/NJ, it jumped by 17% on average in the rest of the port markets that comprise this study.

### GROWTH OF MAJOR U.S. PORT MARKETS

Annual TEU Volume and Warehouse Inventory (2015-2020)



Source: Newmark Research, port websites, CoStar, May 2021. Market inventories measured on a combined metropolitan statistical area basis (Charleston, SC on MSA basis due to no affiliation with a CSA).

Despite ongoing disruptions due to COVID-19, many ports are recording all-time highs in trade volume this year as the global economy recovers. In 1Q21, warehouse development as a share of inventory was more than twice as high in less-mature, less-dense port markets than it was in LA/LB and NJ/NY. To support occupiers that need to locate near maritime ports, redevelopment opportunities and land sites will be of increasing importance to investors, developers and operators, particularly those proximate to the most mature ports that process the majority of container volume in the United States.

### MAJOR U.S. PORT MARKET METRICS

Container Volume, Market Density, Warehouse Inventory and Future Growth

|    | Port Complex                                | 2020 Total TEUs (Millions) | Market Population Density (Pop./Sq. Mi.) | Market Warehouse Inventory (Sq. Ft., Millions) | 1Q21 Warehouse Construction Pipeline (% of Inventory) |
|----|---|----------------------------|--|--|---|
| 1  | LA/Long Beach                               | 17.3                       | 2,723.9                                  | 1,285.7  | 2.0%  |
| 2  | NY/NJ                                       | 7.6                        | 1,821.7                                  | 1,050.4  | 1.9%  |
| 3  | Savannah                                    | 4.7                        | 163.0                                    | 71.8   | 12.6%   |
| 4  | Northwest Seaport Alliance (Seattle/Tacoma) | 3.3                        | 399.0                                    | 222.0  | 3.7%  |
| 5  | Houston                                     | 3.0                        | 612.9                                    | 478.5  | 2.8%  |
| 6  | Norfolk                                     | 2.8                        | 422.5                                    | 63.8   | 7.3%  |
| 7  | Oakland                                     | 2.5                        | 712.5                                    | 411.0  | 1.6%  |
| 8  | Charleston                                  | 2.3                        | 309.7                                    | 45.3   | 7.5%  |
| 9  | Miami/Everglades                            | 2.0                        | 898.5                                    | 328.2  | 1.5%  |
| 10 | Baltimore                                   | 0.7                        | 776.6                                    | 364.7  | 3.1%  |
| 11 | Philadelphia                                | 0.6                        | 982.8                                    | 419.3  | 3.6%  |

Source: Newmark Research, Costar, port websites, U.S. Census, May 2021. Market inventories and population measured for combined metropolitan statistical areas. (Charleston, SC on MSA basis due to no affiliation with a CSA).

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