

AUGUST 2012

North American Port Analysis

PREPARING FOR THE FIRST POST-PANAMAX DECADE

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COLLIERS 2012 PORT AWARDS

- > Houston: *The Irreplaceable Port*
- > Los Angeles/Long Beach:
A Colossus among Giants
- > Savannah: *Success with Less*
- > Charleston: *Getting 'er Done*
- > Virginia: *50 Feet before 50 Feet
Was Cool*
- > Baltimore: *The Delicate Touch*
- > Miami: *Cruising to Success*
- > New York & New Jersey:
*Jumping Hurdles in a
New York Minute*
- > Jacksonville: *The Comeback Kid*
- > Mobile: *The Up-and-Comer*

Read more on page 10.



Key Takeaways

- > The expansion of the Panama Canal to accommodate vessels capable of carrying up to 12,500 containers will alter global trade routes, and is already promoting the advancement of the science of logistics.
- > Four East Coast ports will be ready to handle post-Panamax ships by 2015: Baltimore (2013), Miami (2014), New York (2015) and Norfolk (ready).
- > Four West Coast ports are already post-Panamax ready: Los Angeles, Long Beach, Oakland and Seattle.
- > China holds great influence in global port activity. Six of the world's 10 busiest container ports are in China. None are located in North America.
- > We've identified five key risks to North American Ports:
 - Overheated port competition
 - Environmental inaction
 - Labor strikes
 - Slowing global GDP
 - State budget crises
- > We present our *Colliers 2012 Port Awards*, which take a lighthearted look at the outstanding traits of some of North America's top ports.



Photo Credit: AP Moller Maersk

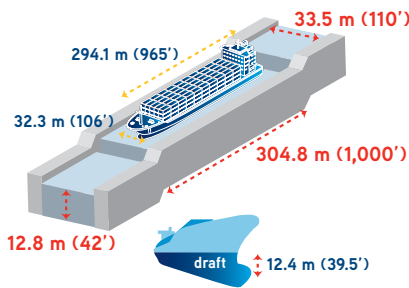
EURO FEARS AND POST-PANAMAX PREP

In our last U.S. Port Analysis we detailed the two most pressing issues confronting coastal port authorities at the onset of 2012:

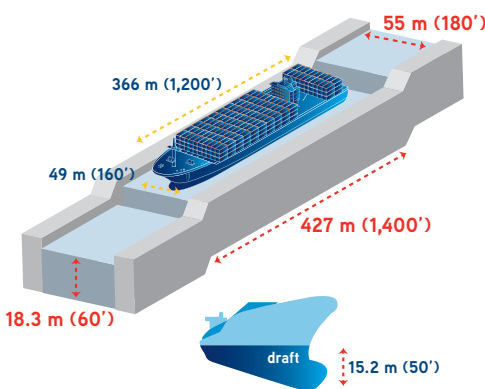
- › Infrastructure improvements needed to handle the larger ships which will soon pass through an expanded Panama Canal
- › The threat of a slowing European economy on U.S. port activity

Since that report, a number of U.S. ports have risen to the challenge and accelerated port dredging and crane acquisition projects. Additionally, the world's largest 12,500 twenty-foot equivalent unit (TEU) containerships have started making calls on North American ports. But while some ports build infrastructure, the completion date for the Panama Canal lock expansion has been postponed to the first half of 2015. And Europe, which is the largest trading partner to both the U.S. and China, has seen continued economic slowing. This report will examine how these and other global challenges have affected the health of North American ports.

PRE-PANAMAX LOCK THRESHOLDS



POST-PANAMAX LOCK THRESHOLDS

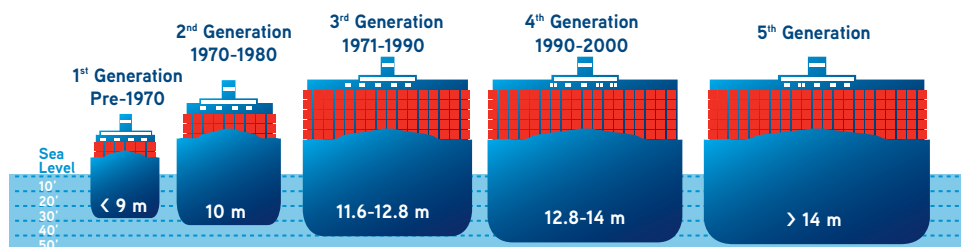


EASTERN PORT TRAFFIC GROWTH WILL ACCELERATE

The expansion of the Panama Canal will alter global trade routes and is already promoting the advancement of the science of logistics. The expansion will impact more than just shipping companies: Retail supply chains, manufacturers and commodity traders will each feel the effects of new access to eastern ports. Growth in East and Gulf Coast port traffic will be fueled by new manufacturing operations from Airbus (Mobile), Boeing (Charleston) and Caterpillar (Athens, Georgia), and a new commitment from Disney to exclusively use the port of Jacksonville for all imports bound to the Magic Kingdom. As China's economic growth slows and American manufacturing grows in the right-to-work states of the Southeast, Midwest and Gulf Coast, port volume growth trends will shift in new ways. Data from the Port Import/Export Reporting Service (PIERS) shows that, for the first time since World War II, the East Coast surpassed the West in container traffic growth. Eastern ports saw traffic grow by 5.5 percent in Q1 2012 over the same quarter in 2011, as compared with 3.0 percent in the western ports. Eastern traffic growth will accelerate further after the 2015 Panama Canal expansion is complete.

U.S. WILL NEED TO STEP UP PORT INFRASTRUCTURE SPENDING

According to a recent U.S. Army Corps of Engineers report (*U.S. Port and Inland Waterways Modernization: Preparing for Post-Panamax Vessels*) post-Panamax vessels will make up 62 percent of total container ship capacity by 2030. North American ports will need to spend billions in order to participate in this global trade opportunity. But the U.S. may be lagging behind—the nation ranks 23rd globally in infrastructure competitiveness, according to the World Economic Forum.



A SMALL GUIDE TO LARGE CRANES

The typical Panamax crane in use at most U.S. ports today won't have the capacity required to deal with post-Panamax vessels.

TYPICAL FEEDER – PANAMAX CRANE	
B Outreach	30.00 – 40.00m
D Lift Height	24.00 – 30.00m
SWL Capacity	40/50T Single – 65T Twin
Hoisting Speed	50 – 125 m/min
Trolley Speed	150 – 180 m/min
Travel Speed	45 m/min
Wheel Load *	30 – 45T Per Meter

A Panamax crane can load and unload a container ship capable of passing through the Panama Canal today.

TYPICAL POST-PANAMAX CRANE	
B Outreach	40.00 – 46.00m
D Lift Height	30.00 – 35.00m
SWL Capacity	40/50T Single – 65T Twin
Hoisting Speed	60 – 150 m/min
Trolley Speed	180 – 210 m/min
Travel Speed	45 m/min
Wheel Load *	40 – 55T Per Meter

A post-Panamax crane can load a ship 18 containers wide, which is too big to pass through the Panama Canal.

TYPICAL SUPER POST PANAMAX/MEGAMAX	
B Outreach	46.00 – 69.00m
D Lift Height	35.00 – 49.00m
SWL Capacity	65T Twin – 80T Tandem
Hoisting Speed	70 – 175 m/min
Trolley Speed	210 – 240 m/min
Travel Speed	45 m/min
Wheel Load *	60 – 80T Per Meter

The Super post-Panamax is the largest crane in use today and can unload containers from vessels with a width of 22 or more containers. Baltimore and Miami are each adding such cranes.

*Based on 8 wheels per corner at 1.00m spacing
Source: *liebherr.com*

NORTH AMERICAN PORT READINESS AND RANKINGS

The western ports of Los Angeles, Long Beach, Oakland and Seattle are post-Panamax ready. Four East Coast ports will be post-Panamax ready in time for the 2015 Panama Canal expansion.

- › Norfolk is currently post-Panamax ready
- › Baltimore will be post-Panamax ready by the end of 2012
- › Miami will be post-Panamax ready by 2015, with dredging approved and super post-Panamax cranes ordered
- › New York will be post-Panamax ready by the end of 2015, with funding now approved to raise the Bayonne Bridge in 2012

NORTH AMERICAN POST-PANAMAX READY PORTS				
Port	Post-Panamax Status/Impediment	2012 TEUs (Est. 000s)	2011 TEUs	Global Rank
LA/Long Beach	Currently Ready	14,000	14,000	6th
New York/NJ	2015 – Bayonne Bridge	5,600	5,500	20th
Oakland	Currently Ready	2,400	2,350	< top 50
Seattle	Currently Ready	2,100	2,000	< top 50
Houston	2013 – Dredging	2,100	1,900	< top 50
Norfolk	Currently Ready	1,900	1,900	< top 50
Miami	2015 – Dredging/ Cranes	950	900	< top 100
Baltimore	2013 – Cranes	650	630	< top 100

Source: American Association of Port Authorities, Colliers International

A port is considered post-Panamax ready when it has met three key criteria.

- › Channel depth of 50 feet with sufficient channel width and turning basin size
- › Cranes capable of loading and unloading post-Panamax ships
- › Docks engineered to handle the new bigger cranes

CHINA PORTS LEAD IN GLOBAL TRAFFIC VOLUME

China, Korea and the Netherlands not only surpass the U.S. in post-Panamax readiness, they lead in terms of container traffic as well. The top seventy primary container ports in North America handle approximately 45 million TEUs per year, which is the equivalent of 35% of China’s 130 million annual TEUs. Six of the world’s ten busiest container ports are in China, according to data from the American Association of Port Authorities. The other top global ports are found in Singapore, South Korea, United Arab Emirates and the Netherlands.

In order for the U.S. to crack the global top ten, one would have to combine the ports of Los Angeles and Long Beach, which would result in 14 million TEUs. This level of traffic is unmatched in North America. In fact, combining all Canada and Mexico’s port TEUs would only equal 8.7 million, 62 percent of the traffic of Los Angeles and Long Beach.

U.S. TOPS NORTH AMERICAN PORT RANKINGS

All but four of North America’s top twenty ports as ranked by container traffic are in the U.S. The remaining two are in Canada and Mexico. Los Angeles and Long Beach are the busiest North American container ports, followed by New York/New Jersey, Savannah and Vancouver. Thirteen of the top twenty North American ports handle more than one million annual TEUs.

- › The top 50 U.S. ports handle 32.5 million TEUs
- › Canada’s leading 5 ports handle 4.8 million TEUs
- › Mexico’s top 10 ports handle 4.2 million TEUs

Of Canada’s 5 largest ports, Vancouver handles the most container traffic with 2.5 million TEUs in 2011. Port of Manzanillo handles the most container traffic in Mexico, with 1.75 million TEUs. Los Angeles/Long Beach and New York/New Jersey are the busiest container ports in the U.S., with annual TEUs of 14 million and 5.5 million respectively.

TOP 20 NORTH AMERICAN CONTAINER PORTS

No. American Port	2012 TEUs (Est. 000s)	2011 TEUs	2010 TEUs	Rank (2011 TEUs)
Los Angeles, CA	8,000	7,900	7,800	1
Long Beach, CA	6,000	6,100	6,300	2
New York/NJ	5,600	5,500	5,300	3
Savannah, GA	3,000	2,900	2,900	4
Canada – Vancouver	2,600	2,500		5
Oakland, CA	2,400	2,350	2,330	6
Seattle, WA	2,100	2,000	2,150	7
Houston, TX	2,100	1,900	1,812	8–9
Norfolk, VA	1,950	1,900	1,895	8–9
Mexico – Manzanillo	1,800	1,750	1,700	10
Tacoma, WA	1,500	1,500	1,455	11
Canada – Montreal	1,400	1,300		12
Charleston, SC	1,350	1,300	1,147	13
Jacksonville, FL	950	900	827	14
Miami, FL	950	900	847	15
Baltimore, MD	650	632		16
Canada – Prince Rupert	500	410		17
Portland, OR	210	200	181	18
Mobile, AL	190	170	145	19
Tampa, FL (a bulk cargo port)	45	40	44	20
Subtotals	43,295	42,152	36,833	
% of N.Am TEUs	96%	94%		



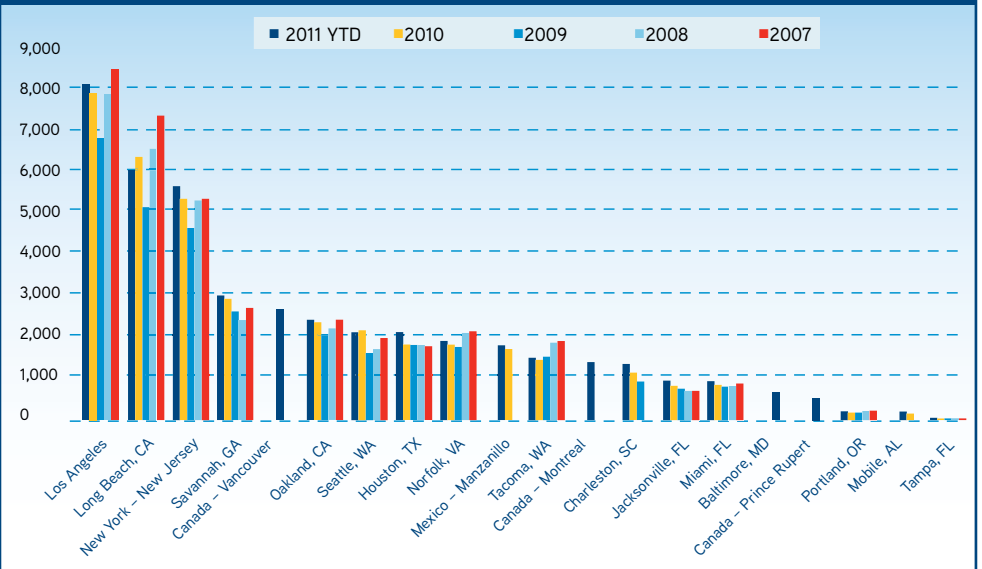
15 PORTS ON TWO COASTS

While largely favoring bulk cargo and cruise ships, expect Florida's traffic to become more focused on three post-Panamax ports: Miami, Tampa, and Jacksonville

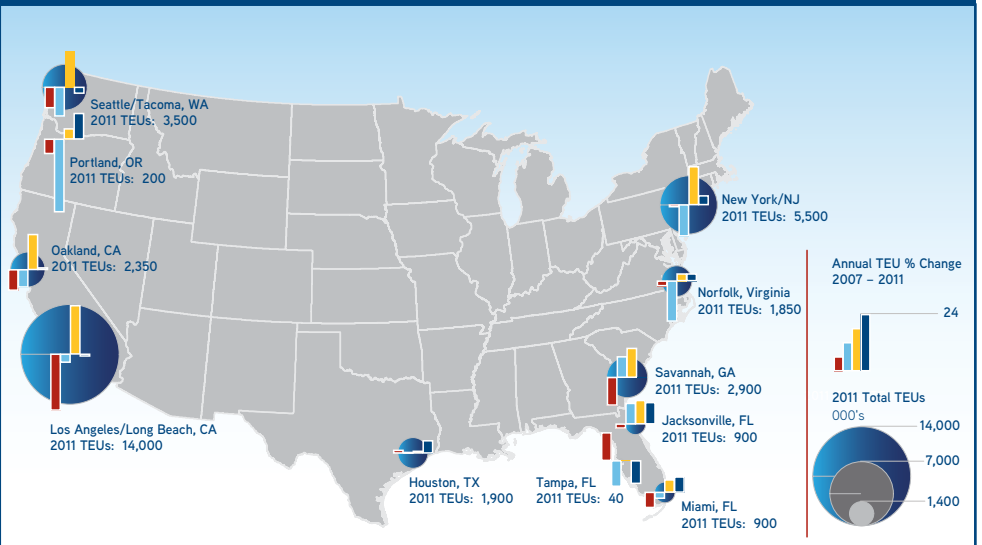
FLORIDA WILL BENEFIT FROM CANAL EXPANSION

It may seem surprising that no port in Florida handles more than one million TEUs, but ports in the Sunshine State often favor bulk cargo and cruise ships over container traffic. In fact, Tampa is the largest fertilizer export port in the world; Miami leads in cruise ships, handling 35 percent of all global cruise ship traffic. Florida also has the most ports of any U.S. coastal state, which helps to keep cargo more widely dispersed. We expect Florida's traffic to become more focused on three ports after 2015 when upgrades in Miami, Tampa and Jacksonville have made these ports post-Panamax ready.

TOP N. AMERICAN PORTS: RANKED BY 2011 CONTAINER VOLUME (TEUS)



MAJOR U.S. PORT CITY CONTAINER TRAFFIC



THE AGE OF INTERMODALISM

The past fifty-five years have seen intermodalism transformed from a theory into a high tech global phenomenon. “Intermodalism” describes the system of standardized cargo containers which move seamlessly between different modes of transport around the world. It began with the maiden voyage of the Ideal X from Newark to Houston in 1956 with fifty-eight metal containers on board, and reached its latest milestone in March with the call of the MSC Fabiola, the largest container vessel now serving U.S.-Asia trade with a capacity of 12,500 TEUs, at the Port of Long Beach.

No longer can a shipping company, manufacturer, or retailer think of the various modes of transportation in isolation. They are interconnected in a global supply chain. But while intermodalism has matured, there are still challenges on the horizon, including the threat from volatile energy prices, congestion at key inland intermodal points such as Chicago, and the lost efficiencies which occur when empty containers are transported back to their port of origin. A new report from the Department of Agriculture is helping shippers to address this problem.

SHIPPERS WILL REALIZE NEW EFFICIENCIES THANKS TO OSCAR REPORT

For the first time, shippers have access to weekly data about the surpluses and shortages of TEU maritime containers at 18 inland U.S. intermodal load points. The U.S. Department of Agriculture introduced the *Ocean Shipping Container Availability Report (OSCAR)* in July. *OSCAR* helps distributors, retailers, and others to better manage transportation costs and increase “match-back” shipments. This process reduces shipping costs by matching an emptied import container with goods or materials for the return trip to its port of origin. *OSCAR* provides shippers with three weeks of future estimates and projections of inventory of dry, high cube and refrigerated containers.

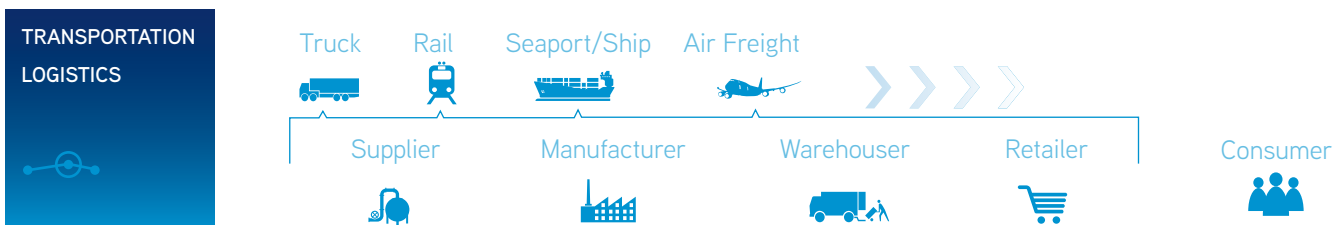
THE REST OF THE PORT STORY INVOLVES AIR, TRUCK & RAIL

The arrival of cargo at a North American coast is just one leg of its trip. The entire journey from port to consumer as well as the process of matching the empty containers with cargo for the return trip is all part of what the late Paul Harvey might have called “the rest of the story.” And that story is changing.

Historically, trucks have been the preferred mode of transporting containerized goods inland from North American ports; rail was the means by which commodities flowed outward. However, volatile fuel prices, shortages of qualified truck drivers, highway traffic congestion and the speed and reliability of rail and air cargo have increased their appeal as an inland transport option.

The primary consideration for retailers and manufacturers is no longer solely the cost of shipping. Confronted with increasing time pressures, they now must strike a balance between cost and speed. Clothiers, for example, can’t put the back-to-school season on hold when cargo is held up at a choke point in the supply chain. When timing is of the essence, retailers employ air cargo to have inventory on hand when they need it.

Retailers and manufacturers are remaking their entire supply chains, looking for hidden opportunity in the more than three thousand U.S. intermodal facilities. Many retailers are spending almost as much capital on new distribution centers and logistics technology as they are in new store openings. Distribution centers are appearing in places some might call off-the-beaten-path. Ashley Furniture, for example, frustrated with freight train delays in Chicago and seeing the export opportunities developing along the Mid-Atlantic and Southeast coast, has announced it will build a 3.3 million square foot manufacturing and warehouse facility in North Carolina.



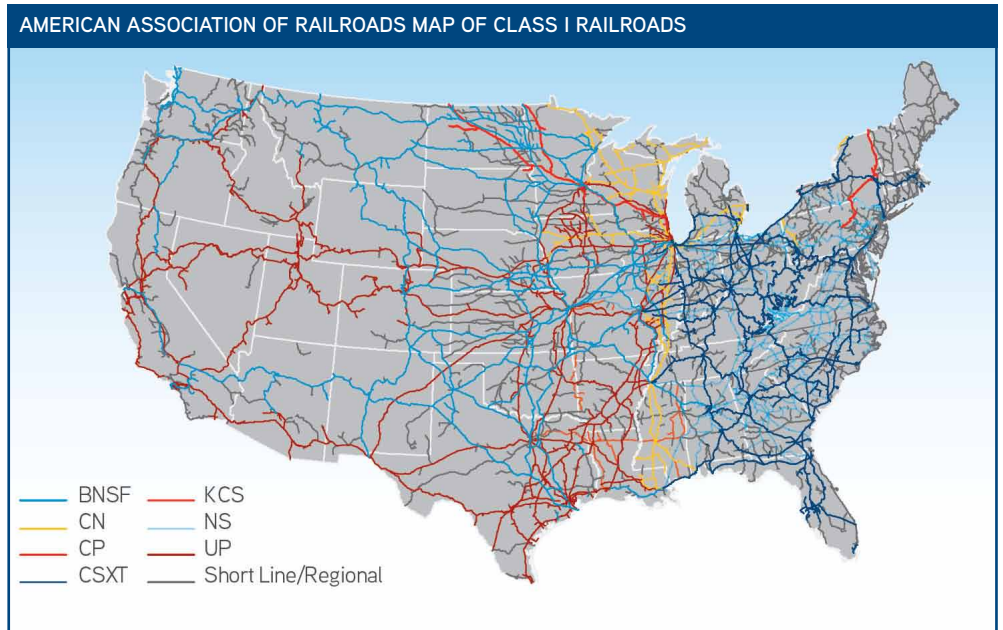
OSCAR REPORT COVERAGE		
Region	MSA	
West Coast	Long Beach, CA	
	Oakland, CA	
	Seattle, WA	
	Tacoma, WA	
East Coast	New York	
	Norfolk, VA	
	Charleston, SC	
	Savannah, GA	
Gulf Coast	Houston, TX	
	New Orleans, LA	
Inland	Chicago, IL	
	Cincinnati, OH	
	Columbus, OH	
	Dallas, TX	
	Denver, CO	
	Kansas City, MO	
	Memphis, TN	
	Minneapolis, MN	
	OSCAR Omissions	Atlanta
		Florida/Jacksonville
Indianapolis		

THE OSCAR GOES TO 18 US MARKETS WITH THE LOGISTICS DATA

These twenty-one markets will be the leading intermodal and logistics centers for North American retailers and manufacturers in the first post-Panamax decade beginning in 2015. They are the epicenters of intermodalism in North America.

DEFINING THE EPICENTERS OF INTERMODALISM

Getting a handle on such a vast interconnected network can be a challenge. To visualize the American intermodal network, we've chosen to focus on the routes of the seven Class I North American railroads in conjunction with the eighteen designated load points identified in OSCAR, along with three other metros that we believe deserve attention.



These twenty-one hubs are the nodes of connection between the key elements of commerce, connecting imported and exported goods with populations of consumers, raw materials, labor and the capital of banks and financial markets that lubricate the wheels of commerce.

The eighteen OSCAR markets that make up the majority of our list have all the pieces needed to assemble the logistics puzzle. They include the port markets that process 75 percent of all North American containers, the primary intersecting points for all seven Class-1 railroads (excepting Atlanta and Indianapolis) and financially important MSAs located in all but two of the Federal Reserve's districts.



PORT & INTERMODAL RISK ASSESSMENT

With the expansion of the Panama Canal, technological advances in logistics and new efficiencies in supply-chain management, the opportunities ahead for shippers, manufacturers, retailers, and industrial real estate investors are many. Yet there are also some risks on the horizon. We have identified five risks, based on the current state of the industry.

▼ RISK: Port Competition Could Undermine Infrastructure Maintenance Funding

The global intermodal system is a complex network that operates most efficiently when all nodes operate on an equal footing without artificial incentives. The system comes into risk when nodes compete in destructive ways. It's as though a person's arm were to fight their leg for supremacy of the body: even if one succeeds over the other, the entire body is worse off.

Ports are now attempting to unfairly direct container cargo traffic to their ports over others. Some ports in Canada and Mexico have steered container traffic bound for U.S. destinations into their ports; from there, the cargo enters the U.S. via rail, avoiding U.S. port taxes which support harbor maintenance. In Florida, business and political leaders are engaged in a statewide campaign to have all goods which are consumed in Florida enter the state through a Florida port. Florida hopes to capture some of the container traffic—and the tax revenue and jobs that come with it—from ports in Georgia, South Carolina and Virginia.

The growth in global trade has create efficiencies of scale that have steadily reduced shipping costs for decades, despite increased costs of fuel, labor, environmental compliance and terminal fees. Fifty years ago, the cost of ocean shipping was approximately 15 percent of the value of shipped goods; in 2012, it's less than 1 percent.

Harbor maintenance fees and taxes pay not just for port dredging and security, but also maintenance of the inland waterways that connect Canada and Mexico to the U.S. Only government leadership can prevent anti-

competitive practices that distort the market and threaten these efficiencies, by ensuring a fair approach to port maintenance, funding and cargo fees.

▼ RISK: Environmental Inaction

Most port authorities understand the environmental dangers of diesel emissions from ships, trucks and gantry cranes, as well as the impact of improper port dredging and are engaged in finding solutions. Baltimore is recognized as “The Green Port” for the steps it has taken to lessen its impact on the Chesapeake Bay. Los Angeles, Long Beach and Houston lead the continent in their funding of environmental upgrades. The electrification of Miami's cranes will eliminate one entire source of that port's diesel emissions.

But in a time of constricting government budgets, there is a great risk of inaction. Incentives and financing mechanisms are required for port authorities to maintain momentum on environmental progress. What's more, some environmental initiatives such as the electrification of gantry cranes and automation of port facilities face resistance from organized labor.

▼ RISK: Labor Strikes Could Halt Port Activity

Strikes can greatly disrupt container traffic in North America. In its Q2 earnings release, the Canadian Pacific Railway blamed a nine-day strike for an almost twenty percent drop in second-quarter profits. But this would be minor compared with the impact of a potential International Longshoremen's Association (ILA) strike at U.S. ports following the October 1st expiration of its existing labor agreement. The timing of such a strike would hit retailers just as they are



**PORT & INTERMODAL
RISK ASSESSMENT**
(continued)

importing goods for the holiday shopping season. The ILA is concerned with loss of jobs to port automation and the transfer of ownership of intermodal equipment. Port authorities and multinational shipping companies have turned to leasing companies to help upgrade facilities and finance post-Panamax port equipment. The ILA fears that these new private owners will employ non-union labor, or turn to other labor unions such as electrical workers for new electric gantry cranes. This issue was central to a pair of recent ILA showdowns at grain terminals in Washington State and Oregon. The question remains whether the U.S. is entering a new phase of ILA activism.

▼ RISK: Slowing Global GDP

China's slowing GDP growth and Europe's debt crisis each threaten global trade. For port authorities, this could mean a dramatic drop in fees collected to maintain and upgrade their ports. China's five primary ports originate approximately forty-five percent of all the world's container cargo; Europe is the largest trading partner to both the U.S. and China. A mere five-percent drop in global container traffic would mean the loss in traffic of the equivalent of all the containers handled annually in Los Angeles and Long Beach.

▼ RISK: State Budget Crises

Half of the top ten U.S. container ports are located within states ranked in the bottom ten for fiscal soundness in *Forbes'* annual ranking of state debt and fiscal conditions. Only one top-twenty port—Norfolk—is in a state with a high ranking. Chicago, the most vital intermodal metropolitan area in North America, is located within Illinois, the most fiscally distressed state in the U.S. Chicago's most pressing intermodal congestion issue is the fact that passenger rail traffic must share lines with trains that move freight. The cost to cure Chicago's congestion problem would be \$3 billion. It is unlikely that Chicago could soon expect this kind of expenditure from a state operating a \$500 million annual deficit. The U.S. state fiscal crisis is a material risk to vital U.S. ports such as LA/Long Beach and New York, and pivotal inland intermodal centers like Chicago.

POST-PANAMAX WORLD WILL REQUIRE INTELLIGENT LEADERSHIP

Once its expansion is complete, the Panama Canal will accommodate container vessels 160 percent larger than today's Panamax ships, forever altering global trade routes. Many ports in North America are rapidly preparing for this coming change, but no single continent controls all of the resources, facilities or technology that determine the flow of global container traffic. The future well-being of global trade resides in successful global collaboration.

The twenty-one markets identified in this report will be the North American centers of absorption and construction for modern distribution facilities in the first post-Panamax decade. The successful prosperity of these and all global logistical epicenters rests in great part on intelligent government leadership to mitigate the many risks.

**COLLIERS RECOGNIZES THE BEST
IN NORTH AMERICAN PORTS**

We think it's not enough to judge ports by mere traffic alone. That's why we've chosen to conclude our assessment with a look at a few of the great achievements and distinguishing features in ten of North America's top seventy ports.



PORT OF HOUSTON AUTHORITY



HOUSTON: *THE IRREPLACEABLE PORT*

The Houston Port Authority was the first to introduce double-stacking rail cargo, and the first to receive certain ISO certifications for environmental management and security. It was also a leader in the creation of foreign trade zones. Thus, it came as no surprise that *Containerisation International* named Houston the Port Authority of the Year in 2011. The Port of Houston handles seventy percent of all the containerized cargo in the U.S. Gulf of Mexico and is vital to the nation's petrochemical industry. Unlike key East and West Coast ports, there are no alternatives to the Port of Houston. New Orleans and Tampa might possibly handle Houston's vessel traffic, but those ports lack the energy, security, and inland infrastructure that make Houston a one-of-a-kind.

LOS ANGELES/LONG BEACH: *A COLOSSUS AMONG GIANTS*

The ports of Los Angeles and Long Beach are the big boys in all that is containerization in North America. Since 2000, they have ranked as the busiest container ports in North America. In 2006, the port authority surpassed 8.5 million TEUs, a first for any North American port. The MSC Fabiola, the largest container vessel in operation today, made call in March 2012 on the port of LA/Long Beach loaded with 12,000 containers. As the port's director said last March: "Few ports can handle these giant ships, but Los Angeles / Long Beach is big-ship ready."

SAVANNAH: *SUCCESS WITH LESS*

If you are a shipping company, retailer, or agricultural products exporter along the East Coast, Georgia Port Authority is on your mind. The Port of Savannah has become the third-busiest container port in North America while having a channel depth of just forty-two feet, the shallowest of North America's top 15 ports. Savannah has seen less federal and state funding than other ports along the East Coast, yet the Georgia Port Authority has taken the lead on the East Coast in post-Panamax planning. This past spring, the Port of Savannah received Corps of Engineers approval to dredge to forty-seven feet while other ports along the East Coast were still struggling to complete their dredging impact studies. The port's Center for Innovation and Logistics is unmatched along the East Coast. There is no better model for success with less than the Port of Savannah.

CHARLESTON: *GETTING 'ER DONE*

The port of Charleston started late in obtaining approvals to increase its channel depth to fifty feet. It was also slow in getting its state legislature to appropriate the funds required to become post-Panamax ready. But despite the slow start, Charleston got the job done in 2012 like no other port in the past decade. The port and Corps of Engineers recently announced that they had shaved four years off the anticipated dredging approval process and the South Carolina legislature appropriated a record \$180 million to fund the needed port upgrades. The port will now be post-Panamax ready between 2015 and 2017. In a time of Washington bureaucracy and state budget deficits, these accomplishments deserve special recognition for "getting 'er done."

COLLIERS RECOGNIZES THE BEST IN NORTH AMERICAN PORTS (continued)



VIRGINIA: 50 FEET BEFORE 50 FEET WAS COOL

As of today there is just one East Coast port with a fifty-foot channel depth that is post-Panamax ready: the Port of Virginia, which has become a leading ocean container terminal complex. Although its annual TEU figures—approximately 2 million—rank it eighth among U.S. ports, it was ranked first for competitiveness by *Site Selection* magazine in 2011. The Port of Virginia is an East Coast sleeper that will likely be a first port-of-call for post-Panamax container vessels in 2015. Companies are already recognizing the Port of Virginia’s competitiveness: Ace Hardware recently selected the Hampton Roads area for its East Coast import re-distribution center.

BALTIMORE: THE DELICATE TOUCH

The Port of Baltimore has managed to become one of America’s top fifteen container ports while maintaining the delicate ecological balance of a wetland habitat for many Chesapeake Bay species.

The Port of Baltimore also demonstrated its delicate engineering touch when it maneuvered four new Super post- Panamax cranes under the Chesapeake Bay Bridge in June. The new cranes, along with the deepening and reconstruction of the Seabirth Marine Terminal, give Baltimore the distinction of being one of only two post-Panamax ready ports along the East Coast in 2012. The port has a fifty-foot-deep channel and now seven Super post-Panamax cranes.

MIAMI: CRUISING TO SUCCESS

The Port of Miami has long been regarded as America’s cruise port. From Carnival, Disney, Norwegian, Royal Caribbean, or one of eight other existing and newly expanding cruise lines, there is hardly an international cruise operator that does not make Miami a primary port of call. Over 4.5 million cruise passengers flow through its terminals annually, a figure which has grown by a third over the past decade in spite of the recession. Miami is now using cruise ship success as a launching pad for its cargo ambitions. Dredging and Super post-Panamax crane upgrades are underway. These post-Panamax readiness projects have already resulted in a joint Memorandum of Understanding designed to promote new business growth between the Port of Miami and the Panama Canal Authority. Miami, along with Port Everglades, is advancing capabilities to capitalize on the boom in traffic soon to flow through the expanded Panama Canal locks. The Port of Miami is no longer just your grandparents’ vacation port of call. It is now cruising to become a primary container port as well.



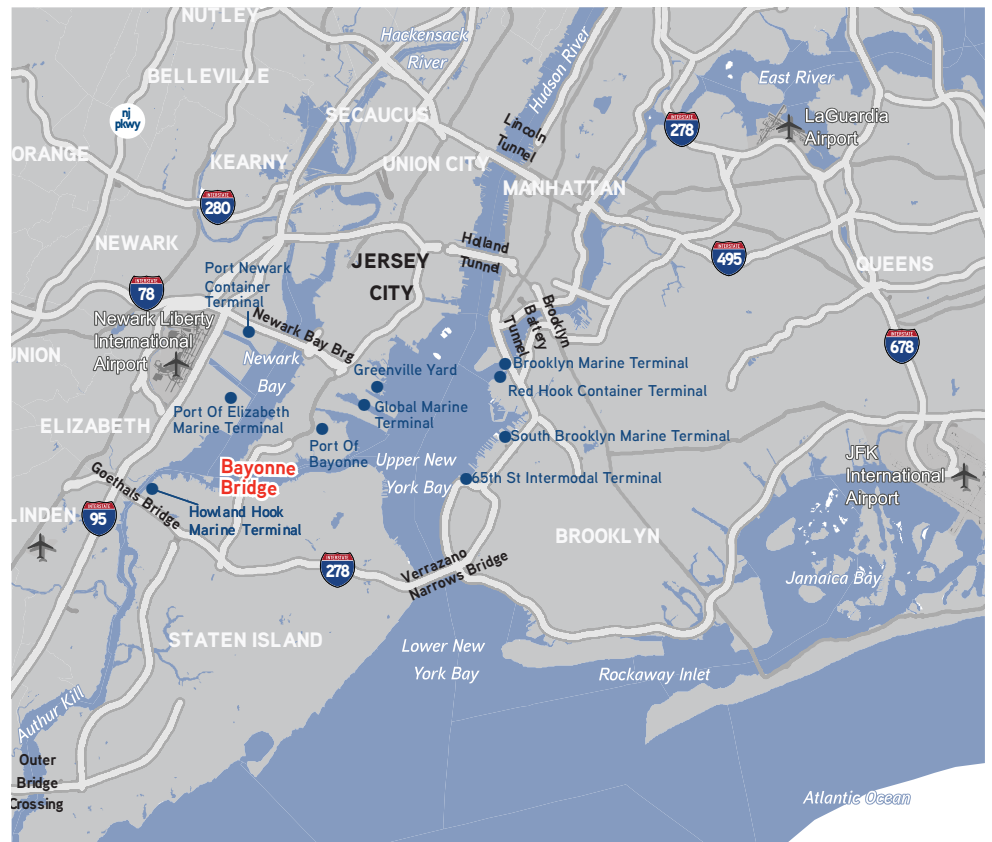


COLLIERS RECOGNIZES THE BEST IN NORTH AMERICAN PORTS (continued)

NEW YORK & NEW JERSEY: *JUMPING HURDLES IN A NEW YORK MINUTE*

Until recently it appeared as though New York would not be post-Panamax ready in 2015. The bridge’s current 151-foot air draft prohibits some post-Panamax ships from passing underneath on their way to four of the port’s biggest container terminals.

The port authority will raise the air draft sixty-one feet by lifting the four-lane highway across the bridge. But first, the U.S. Coast Guard and other agencies must complete a study the project’s impact on the environment and on the bridge’s historic structure. It appeared as though the cost and engineering challenges required to raise the Bayonne Bridge would cause the authority to miss the fast-approaching 2015 deadline. However, in what felt to some like a New York minute, the timing challenges were hurdled. On July 18th, the New York Port Authority announced that the \$1 billion project had been moved up by six months and had been placed on President Obama’s list of projects for expedited review. It now appears certain that the Bayonne Bridge will have enough clearance by the fall of 2015 to handle post-Panamax ships.



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

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COLLIERS RECOGNIZES THE BEST IN NORTH AMERICAN PORTS (continued)



JACKSONVILLE: *THE COMEBACK KID*

Florida has more port facilities and miles of waterways than any other U.S. coastal state. As a result, capital resources for dredging, cranes, and upgrade projects have often been spread thin. Florida allocated a disproportionate share of state funding to the ports of Miami and Tampa for post-Panamax readiness, at the expense of the state's fifteen other ports. But while the port of Jacksonville has been overlooked in the funding process, north Florida's only deep-water port is in the process of making a comeback.

The Disney Resorts decision to bring most goods destined for its Central Florida properties through Jacksonville was made possible thanks to the quality of Jacksonville's port facilities. However, we do worry that the state-wide push to bring Florida-bound cargo into the state via a Florida port could have unintended consequences: Alabama, Louisiana, South Carolina, Georgia and Virginia port authorities may see a material impact on container traffic, and respond with their own campaigns and tax incentives. What seems to one state like a beneficial strategy to boost port traffic may place manufacturers, retailers and shippers in the midst of an economic port development war.



MOBILE: *THE UP-AND-COMER*

Many are surprised to learn that post-Panamax vessels have started to call on the Port of Mobile. The MSC Laura docked there in June, the first post-Panamax vessel in the Mediterranean Shipping Company's fleet to provide new weekly direct service from the North European ports of Antwerp, Felixstowe, Bremerhaven and Le Havre. Airbus' recently announced plan to build a \$600 million assembly plant in Mobile will further bolster the port's up-and-comer status. The Port of Mobile has already seen an almost 30 percent growth in container traffic; and with Airbus planning to begin production there in 2015, Mobile is the up-and-comer port to monitor.

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