COLLIERS INTERNATIONAL | 2020 U.S. INDUSTRIAL RESEARCH REPORT

U.S. SEAPORTS OUTLOOK REPORT

Colliers International

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Seaports are a vital economic engine for the U.S. as they help deliver essential goods to consumers, ship exports overseas and support millions of jobs. As a result, the volume of goods that pass through each port has a direct correlation to industrial real estate demand. It is estimated that the U.S. contributes more than 26% of the total world consumption, making the ocean freight industry crucial to economic growth. The major seaports across the country all posted strong results in 2019, some even reporting record months in the fourth quarter for both loaded inbound and outbound container volume. In this interactive report, we will review the current state of the top nine U.S. seaports. We will explore the factors driving container volume fundamentals and provide an outlook for the remainder of 2020 and beyond. Additionally, we will delve into the impact the COVID-19 pandemic is having on U.S. seaports and, in turn, global supply chains, and explore specific strategies that could help weather the challenges ahead.

Pete Quinn, SIOR
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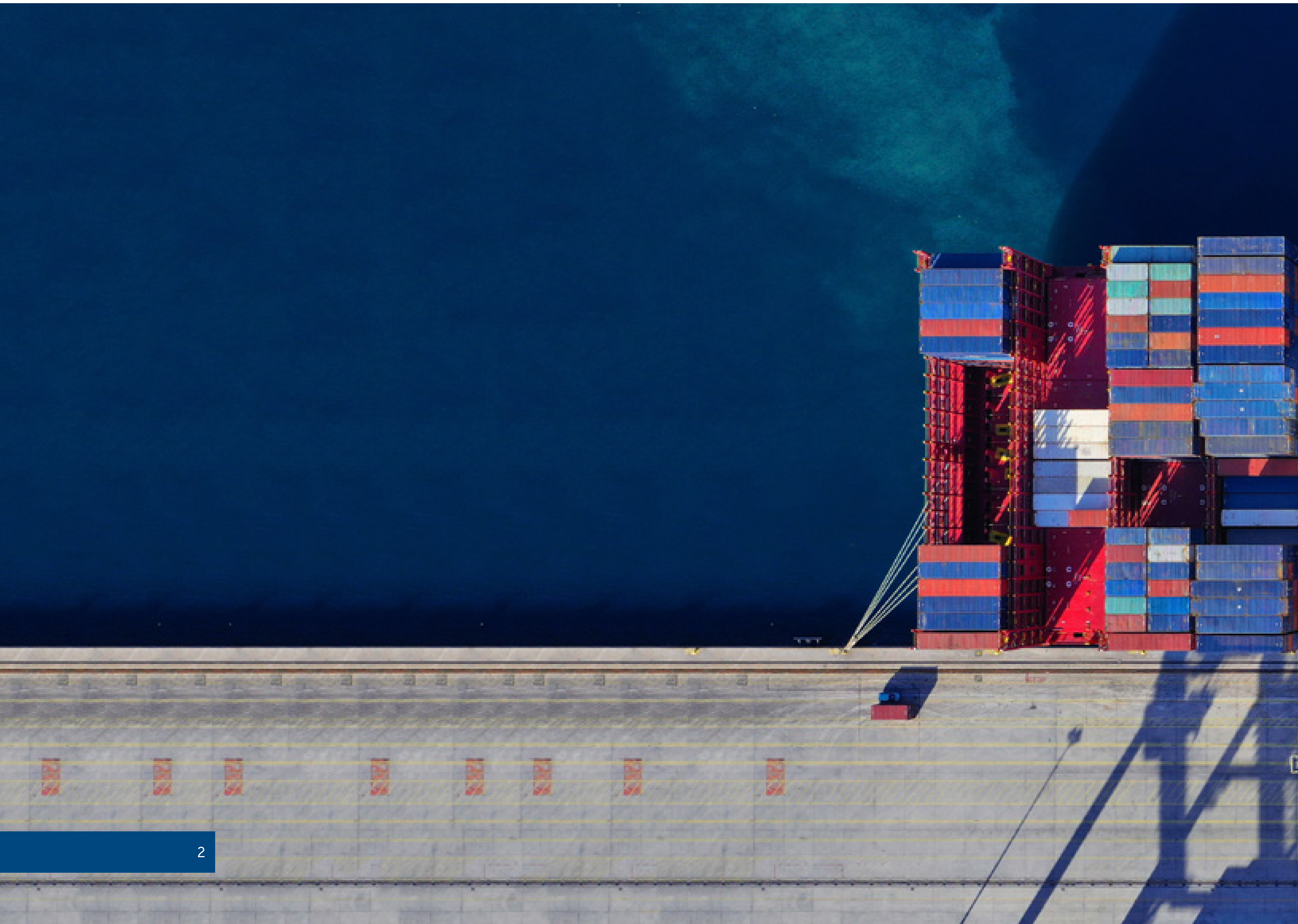
INTRODUCTION

During these unprecedented times, as consumer behaviors and lifestyles were altered and companies adjusted their supply chain strategies, U.S. seaports also had to adapt to the changing landscape. Prior to the COVID-19 pandemic, U.S. seaports experienced a robust year in 2019 with increased twenty-foot equivalent unit (TEU) counts for both inbound and outbound traffic and minimal labor disputes. In January of 2020, the U.S. signed a trade deal with China that imposed increased tariffs of as much as 25% on Chinese-made goods, prompting U.S. importers to increase sourcing in locations such as Southeast Asia. Despite this, overall trade volume increased. However, the onset of the pandemic caused an economic stir, reducing consumer demand on certain items and TEU volumes naturally dropped.

To further illustrate the shock to maritime trade, blank sailings (canceled ocean vessel routes) are becoming more and more frequent. Through the end of April, there have been nearly 170 blank sailings from China into the West and East coasts. And carriers have also scheduled 80 blank sailings to the West Coast and 43 to the East Coast from early April into July, according to Sea-Intelligence Maritime Consulting. These canceled sailings by ocean carriers are a direct response to decreased consumer demand during the pandemic. Fortunately, these numbers are expected to level off during the summer months as manufacturing in China continues to normalize and the U.S. returns to work and shutdown limitations ease.

The need to accommodate larger cargo vessels have forced ports across the board to adapt, with capital improvement projects underway or recently completed at nearly all locations to better service larger vessels. Plans to modernize infrastructure and improve functionality remain necessary for more efficient operations with dredging and infrastructure construction projects underway. Eastern ports



are ramping up draught capacity to allow for larger container vessels, while bridge and other infrastructure projects are ongoing on the West coast.

Most of the industrial markets surrounding the nine seaports featured in this report also performed well and include some of the strongest markets in the U.S. Combined, the markets reported an overall vacancy rate of just 4.5% at the end of the first quarter of 2020, lower than the national average of 5.1%. Year-over-year occupancy gains and new supply also outpaced 2018 and totaled 17.7 million and 23.4 million square feet, respectively. An additional 54.9 million square feet remain under construction in these nine markets alone.

The country, however, is in the midst of a global pandemic and the decreasing TEU volume could translate to reduced demand for industrial space. At the onset of the COVID-19 outbreak leading into the second quarter, consumer demand remained high, especially for personal and healthcare-related items. Other items, like apparel and footwear, have experienced a significant drop in consumer demand, yet product continues to pile into the ports, prompting the need for temporary storage space. This has caused an uptick in short-term space requests, which should quell the fear that industrial sector fundamentals will drastically suffer. In fact, quite the opposite is true, as the industrial sector is expected to rebound faster than other property types as it responds to pent-up demand.

In this *Industrial U.S. Seaport Outlook*, we explore these trends and their effects on ports throughout the country, providing insight into current port capabilities and fundamentals. We also explore how the rapidly changing global shipping industry, consumer preferences in the U.S. and abroad, a changing global economic landscape and U.S. trade policies will affect each port and the surrounding industrial real estate markets in the coming quarters.

PORT OF

CHARLESTON

SOUTH CAROLINA

Significant Improvement Projects Underway at South Carolina Ports

VIEW PROPERTIES

MARK ERICKSON, SIOR
Vice President | Atlanta

"In the Charleston market, we are beginning to see a change in the conversation. We're seeing a shift in what type of industrial is needed, certainly more distribution, but now more than ever, cold storage space. With consumer habits changing post-COVID-19, companies are beginning to reevaluate warehousing needs. The Port of Charleston is seeing a lot of growth as we watch the Port become the ideal option for the cold/freezer chain business. Many cold storage 3PLS are looking for space to chill and freeze product as they move it through the Port."

The Port of Charleston is the top economic driver for South Carolina and is responsible for 1 in 10 jobs in the state. Those port-supported jobs tend to pay 32% higher than the state's annual wage. The Port, along with its inland counterparts, accounts for $63.4 billion in annual economic activity, 225,000 jobs and nearly 30% of the total state GDP. The Port of Charleston also serves as a gateway port for automotive companies as well as the growing manufacturing industry in the Southeast U.S. The Port is also growing as a major point of export of polyethylene terephthalate pellets to Europe. Plastic pellets are seen as a growth commodity for the Port of Charleston, which is trying to diversify its cargo base beyond manufacturing.

With a variety of recent capital improvements, the Port of Charleston is well positioned to compete with other East Coast ports for the increasing number of larger container vessels. The most important capital improvement underway is the $558 million deepening of the harbor project slated to complete by the end of 2021. Increasing the depth from 45 feet to 52 feet will make it one of the deepest harbors on the East Coast. Other important improvements underway include the construction of the Hugh K. Leatherman Terminal, which will increase container capacity by 50% and allow the Port to handle 19,000 TEU vessels. It is the only container terminal under construction in the U.S. and is on track to open in March of 2021.

CAPABILITIES: The Port of Charleston has 19 active container cranes, all of which are Post-Panamax ready. The current harbor depth of 45 feet can handle Post-Panamax ship sizes and ships with capacity of up to 10,000 TEUs at high tide. The planned deepening of the harbor to 52 feet will significantly expand that capability to ships of up to 14,000 TEUs.

TRADE: The Port of Charleston's top trade partners include Germany, China/Hong Kong, Japan, the United Kingdom, the Netherlands, France and Italy — which reflect the Port's importance to trade with Europe and the automobile industry. In 2019, nearly 1.9 million loaded TEUs were handled at the Port, the most on record and surpassing the record set in 2018 by 3.5%.

INTERMODAL: The Port of Charleston is served by CSX and Norfolk Southern for daily express intermodal and merchandise rail services, connecting Charleston with hubs across the Southeast, Gulf and Midwest. In addition to CSX and Norfolk Southern's double-stack intermodal trains, the RapidRail dray program provides a cost-efficient connection between the marine terminals and rail yards.

The Inland Port Greer is also nearby, located on the expanding I-85 corridor. The inland port is surrounded by 94 million consumers within 500 miles and serves to extend the Port of Charleston's intermodal reach by 212 miles.

REAL ESTATE IMPACT: Aided by robust fundamentals in 2019, South Carolina's industrial market continued its upward trajectory at the start of 2020. The COVID-19 pandemic will cause a sharp slowing of activity starting in Q2 2020, but economists predict a recovery relatively quickly in 2021. Year-to-date loaded containerized volumes fell 2.1%, however, an increase in manufacturing in the region should see increased cargo flowing through the Port. The South Carolina industrial market finished 2019 with a large amount of new development completed. More than 5.1 million square feet completed construction, and an additional 7.9 million square feet remained in the pipeline. Construction deliveries are anticipated to eventually deliver despite possible progress delays during the pandemic.

With demand for new, larger fulfillment centers to handle the insatiable demand from e-commerce retailers, the South Carolina industrial market is becoming an emerging industrial powerhouse. The area will benefit from the recently negotiated U.S.-China Trade Deal and United States-Mexico-Canada Agreement (USMCA). The two most pertinent aspects of the deal affecting the South Carolina industrial markets are the increased purchases of American products and tariff relief on Chinese products. These changes will lead to an increase in imports and exports.

CLASS I OPERATORS:

MAIN TRADING PARTNERS:

2 TERMINALS

19 CRANES

6 BERTHS

19 POST-PANAMAX CRANES

45' DEPTH

52' PROPOSED

A third terminal under construction. Due 2021.

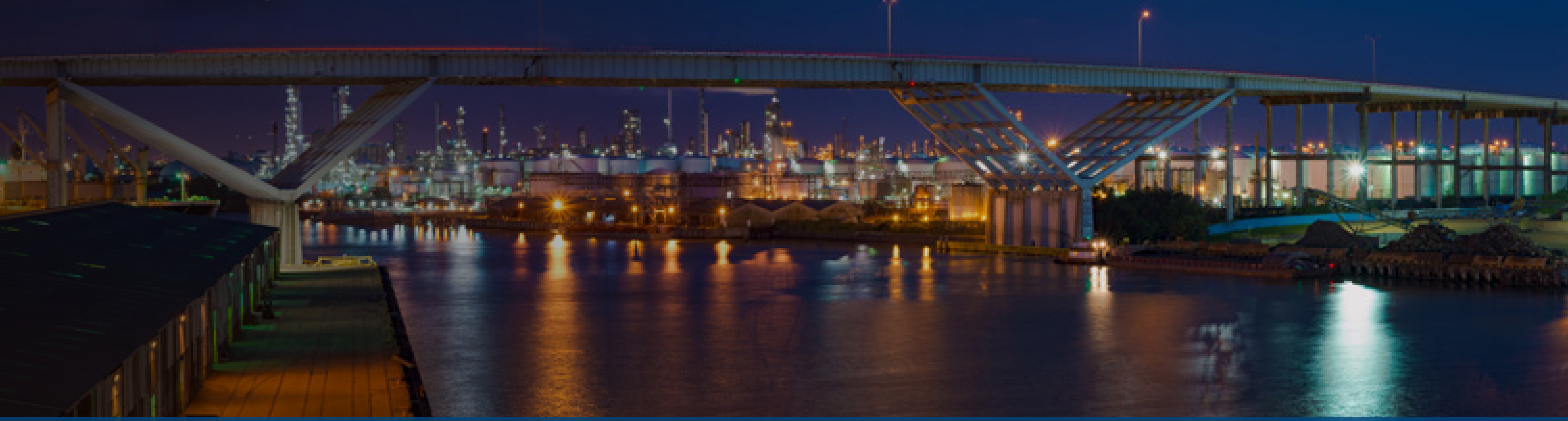
TOTAL LOADED TEUs

	Loaded Inbound	Year Over Year % Growth	Loaded Outbound	Year Over Year % Growth
2009	579,075	-21.4%	554,552	-20.2%
2010	520,824	-10.1%	535,070	-3.5%
2011	580,416	11.4%	560,343	4.7%
2012	625,566	7.8%	565,398	0.9%
2013	651,227	4.1%	629,802	11.4%
2014	697,553	7.1%	668,154	6.1%
2015	799,581	14.6%	721,882	8.0%
2016	883,334	10.5%	748,708	3.7%
2017	955,285	8.1%	804,203	7.4%
2018	1,010,468	5.8%	809,872	0.7%
2019	1,066,314	5.5%	816,963	0.9%
YTD 2020	337,761	-2.5%	272,428	-1.6%

PORT OF

HOUSTON

TEXAS



Congressional Approval Achieved for $1 Billion Port Widening Project

VIEW PROPERTIES

GARY MABRAY, SIOR
Principal | Houston

"While port activity was beginning to slow somewhat at the beginning of the year based on the China trade discussions, the ensuing pandemic and precipitous drop in oil/gas prices have dramatically impacted imports and exports of finished goods. As the global economy has been virtually shut down by COVID-19, so has construction in the U.S. The bright spot for real estate in the port area has been the increase in space requirements for the 'safety net' supply of goods in order to avoid supply inventories being so quickly exhausted as discovered when the pandemic broke. As the economy continues to open, we are seeing an optimistic outlook for third and fourth quarter activity to increase substantially."

The Port of Houston is a 25-mile-long complex of nearly 200 private and public industrial terminals along the 52-mile Houston Ship Channel. The Port ranked sixth in the U.S. in terms of foreign waterborne tonnage, imports/exports and total tonnage handled. It is also one of the nation's leading breakbulk ports, handling 69% of project cargo at Gulf Coast ports. Houston Ship Channel-related businesses contribute nearly 1.4 million jobs throughout Texas. Surrounded by one of the nation's largest populations, Houston is also centrally located as a strategic gateway for cargo originating in or destined for the western and midwestern United States.

The U.S. Army Corps of Engineers recently approved a $1 billion initiative to widen the Houston port channel, allowing marine terminals to handle two 14,000 TEU vessels at once. The project is expected to begin in 2021. The Port of Houston's plans to undertake significant infrastructure improvements are necessary to accommodate future demographic growth in the region, as well as larger vessels and increased cargo. Improving efficiency at the public terminals through more modern facilities and equipment is essential to sustain the region's manufacturing growth and expand employment at the port.

CAPABILITIES: There are two container terminals at the Port of Houston: the [Barbours Cut Container Terminal] and the [Bayport Container Terminal]. The Port has 41 cranes, 13 of which are Post-Panamax ready. The Port's depth of 45 feet can handle Post-Panamax ships.

TRADE: Year over year loaded imports into the Port of Houston increased 6.1% in 2019 to a record 1.3 million TEUs. Loaded exports also had a record-breaking year, surpassing 2018's record for 1 million TEUs by 13.8%, moving 1.2 million TEUs in 2019. The Port of Houston is the top seaborne supplier of American-made goods to Mexico and is home to the largest petrochemical manufacturing complex in the nation. Overall, top trading partners for the port of Houston are Mexico, China/Hong Kong, Brazil, Germany and South Korea.

INTERMODAL: Both container terminals at the Port of Houston offer modern intermodal services via three Class I rail providers: BNSF, Union Pacific and Kansas City Southern.

REAL ESTATE IMPACT: At the start of 2020, the Houston area was met by two simultaneous crises – collapsing oil prices and the COVID-19 pandemic. The energy capital of the world experienced negative crude oil prices and unprecedented job losses in April, with more than 452,000 Houston-area workers now unemployed. The oil issue was driven by Saudi Arabia and Russia failing to reach an agreement on production and to a greater extent by the severe decline in oil and gas demand driven by the COVID-19 shutdown. Coming off a strong 2019, however, Houston's industrial market was only marginally impacted during Q1 2020, as the real estate market tends to lag broader economic trends.

Good news remains for the Houston industrial market, however, as Houston is a top emerging big-box market with nearly 94 million square feet of inventory, 5.6 million square feet of new leasing activity and nearly 5.2 million square feet of occupancy gains in 2019. Nearly 9.6 million square feet of new supply was added in 2019 alone. Major occupiers continue to move into newly developed big-box space including Amazon, Ross Stores, Costco, Rooms To Go, Home Depot and Coca-Cola. The Port of Houston not only is a demand driver for the local market but many regional markets as well. One of the top benefactors of imports from the Port is the Dallas-Fort Worth industrial market. Dallas-Fort Worth is one of the largest and most active industrial markets in the country, finishing Q1 2020 with over 8 million square feet of positive absorption and 35 million square feet under construction, the most in the country.

CLASS I OPERATORS:

MAIN TRADING PARTNERS:

2
TERMINALS

41
CRANES

30
BERTHS

13
POST-PANAMAX CRANES

45'
DEPTH

45'
PROPOSED

TOTAL LOADED TEUs

	Loaded Inbound	Year Over Year % Growth	Loaded Outbound	Year Over Year % Growth
2009	447,468	-17.2%	846,917	-3.0%
2010	478,221	6.9%	870,683	2.8%
2011	533,552	11.6%	873,271	0.3%
2012	602,858	13.0%	876,882	0.4%
2013	627,380	4.1%	893,928	1.9%
2014	734,805	17.1%	856,145	-4.2%
2015	839,482	14.2%	948,740	10.8%
2016	884,831	5.4%	916,080	-3.4%
2017	1,076,033	21.6%	966,197	5.5%
2018	1,179,497	9.6%	1,076,036	11.4%
2019	1,251,973	6.1%	1,224,574	13.8%
YTD 2020	383,306	-2.3%	436,416	9.3%

PORT OF LONG BEACH

CALIFORNIA

Final Phase of the Middle Harbor Terminal Redevelopment Project Underway

VIEW PROPERTIES

CHUCK LITTELL, CCIM
Senior Vice President | Los Angeles
Logistics and Transportation Solutions Group

"In May, the Port of Long Beach (POLB) saw the first uptick in container volume this year when cargo volume increased by 9.5% over May 2019, however, year-to-date (through May 2020) TEU volume is down 5.9% compared to the prior year. During each of the prior seven months, the POLB saw decreases in activity over the same months in the prior year due to the trade war with China and the worldwide impact of COVID-19. The POLB has fared much better than the Port of Los Angeles, which has done 18.9% so far in 2020.

A highlight of the positive long-term efforts of the POLB to improve capacity was the recent North American record for a highest volume of container movements in a single call when Total Terminals International handled 17,080 containers from the MSC Sveva using seven cranes on June 8, 2020.

While the outlook for activity for the remainder of 2020 is in flux, the long-term outlook for the POLB remains strong."

The Port of Long Beach is one of the top seaports in the U.S. and a leader in goods movement and environmental stewardship. Known as the "world's greenest container terminal," the Port of Long Beach is in the final phase of the Middle Harbor Terminal Redevelopment Project – a 10-year construction program that will combine two aging shipping terminals into one of the world's most advanced and greenest container terminals. The $1.5 billion modernization project is scheduled to be complete in 2021. According to the Port, an additional $1 billion in rail improvements will speed the flow of goods across the country.

Each year, more than $200 billion in trade moves through Long Beach, and 2019 was the Port's second busiest year on record. Everything from clothing and shoes to toys, from furniture to consumer electronics, arrives at the Port before making its way to store shelves throughout the country. Specialized terminals also move petroleum, automobiles, cement, lumber, steel and other products. The Port of Long Beach supports more than 51,000 jobs in Long Beach, 576,000 jobs throughout Southern California and 2.6 million jobs throughout the United States. It generates nearly $127 billion in annual trade-related wages statewide.

The Port is a leader in innovative environmental programs, with a Green Port Policy helping to minimize or eliminate negative environmental impacts. Serving as a model for ports around the world, the Port of Long Beach pioneered programs including the Clean Air Action Plan that aims to reduce port-related air pollution and the Clean Trucks Program, a progressive ban on older, heavy-polluting diesel drayage trucks.

CAPABILITIES: The Port of Long Beach has the deepest harbor in the U.S. at 76 feet, making it the only port in the country deep enough to handle some of the largest container ships in the world. The Port can accommodate vessels capable of holding up to 15,000 TEUs. Like the Port of Los Angeles, this creates a notable advantage over many East Coast ports. The Port features six container terminals, 10 piers, 62 berths and 68 Post-Panamax cranes.

TRADE: Total trade in 2019 amounted to $93 billion. From a TEU perspective, nearly 72% of the total loaded containerized volume at the POLB was from imports. The Port finished 2019 with 3.8 million loaded inbound TEUs handled, down 8% compared with 2018's record 4.1 million TEUs. Overall, 5.2 million loaded TEUs were handled, the second busiest year for the Port.

Like all other ports on the West Coast, the POLB is heavily reliant on trade with China. China/Hong Kong was the top trading partner with the Port, followed by Vietnam, South Korea, Japan and Australia. Like all other major ports in the U.S., the COVID-19 pandemic has lowered both inbound and outbound TEU totals through April 2020.

INTERMODAL: Five of the six terminals at the POLB include on-dock rail facilities, from which cargo can reach Chicago in 72 hours. There are two Class I rail operators at the Port: Union Pacific and BNSF. The Intermodal Container Transfer Facility (ICTF) is only a few miles away and has improved rail service across the country and between the ports of Los Angeles and Long Beach and major nearby railyards.

REAL ESTATE IMPACT: Like its sister port in Los Angeles, the POLB is surrounded by the largest industrial markets in the country. The Greater Los Angeles market is not the only market that relies on imports from the Ports of Long Beach and Los Angeles to stock its warehouses. Just like with the Port of Los Angeles, Southern California's Inland Empire industrial demand is heavily reliant on inbound container volume from the POLB.

Both the ports of Los Angeles and Long Beach feed Southern California warehouses, but their reach does not stop there. Much of the products flowing into both ports end up in two other emerging markets in the southwest, Phoenix and Las Vegas. The Phoenix industrial market continues to post robust fundamentals, finishing 2019 with 5.2 million square feet in occupancy gains. Demand is robust in Phoenix because of the area's many logistics advantages, a strong economy, affordable labor and a growing population. This strong tenant demand is fueling new development as many speculative and build-to-suit projects continue to work their way through the development pipeline.

The Las Vegas industrial market posted stable fundamentals in 2019 with positive absorption, 5.4 million square feet of new supply added and an additional 5.2 million square feet in the pipeline. Demand is driven by both regional distributors that are picking the region over other areas in Southern California and local businesses that are expanding because of the area's growing economy and population. Las Vegas' close proximity to California means that more than 26 million people live within 250 miles of the market, more than 22% of which are millennials.

CLASS I OPERATORS:

BNSF RAILWAY, UNION PACIFIC

MAIN TRADING PARTNERS:

6
TERMINALS

68
CRANES

62
BERTHS

68
POST-PANAMAX CRANES

76'
DEPTH

76'
PROPOSED

TOTAL LOADED TEUs

	Loaded Inbound	Year Over Year % Growth	Loaded Outbound	Year Over Year % Growth
2009	2,534,897	-20.5%	1,352,053	-19.9%
2010	3,128,560	23.4%	1,562,398	15.6%
2011	3,024,965	-3.3%	1,506,693	-3.6%
2012	3,062,290	1.2%	1,540,188	2.2%
2013	3,455,323	12.8%	1,704,932	10.7%
2014	3,517,514	1.8%	1,604,932	-5.9%
2015	3,625,263	3.1%	1,525,560	-4.9%
2016	3,442,575	-5.0%	1,529,497	0.3%
2017	3,863,187	12.2%	1,470,514	-3.9%
2018	4,097,377	6.1%	1,523,008	3.6%
2019	3,758,438	-8.3%	1,472,802	-3.3%
YTD 2020	1,046,663	-12.2%	482,127	0.9%

PORT OF LOS ANGELES

CALIFORNIA

Retains Top Spot for Loaded Inbound & Outbound Container Volume in 2019 (6.5 million TEUs)

VIEW PROPERTIES

KEVIN MCKENNA, SIOR
Executive Vice President | Greater Los Angeles-Inland Empire

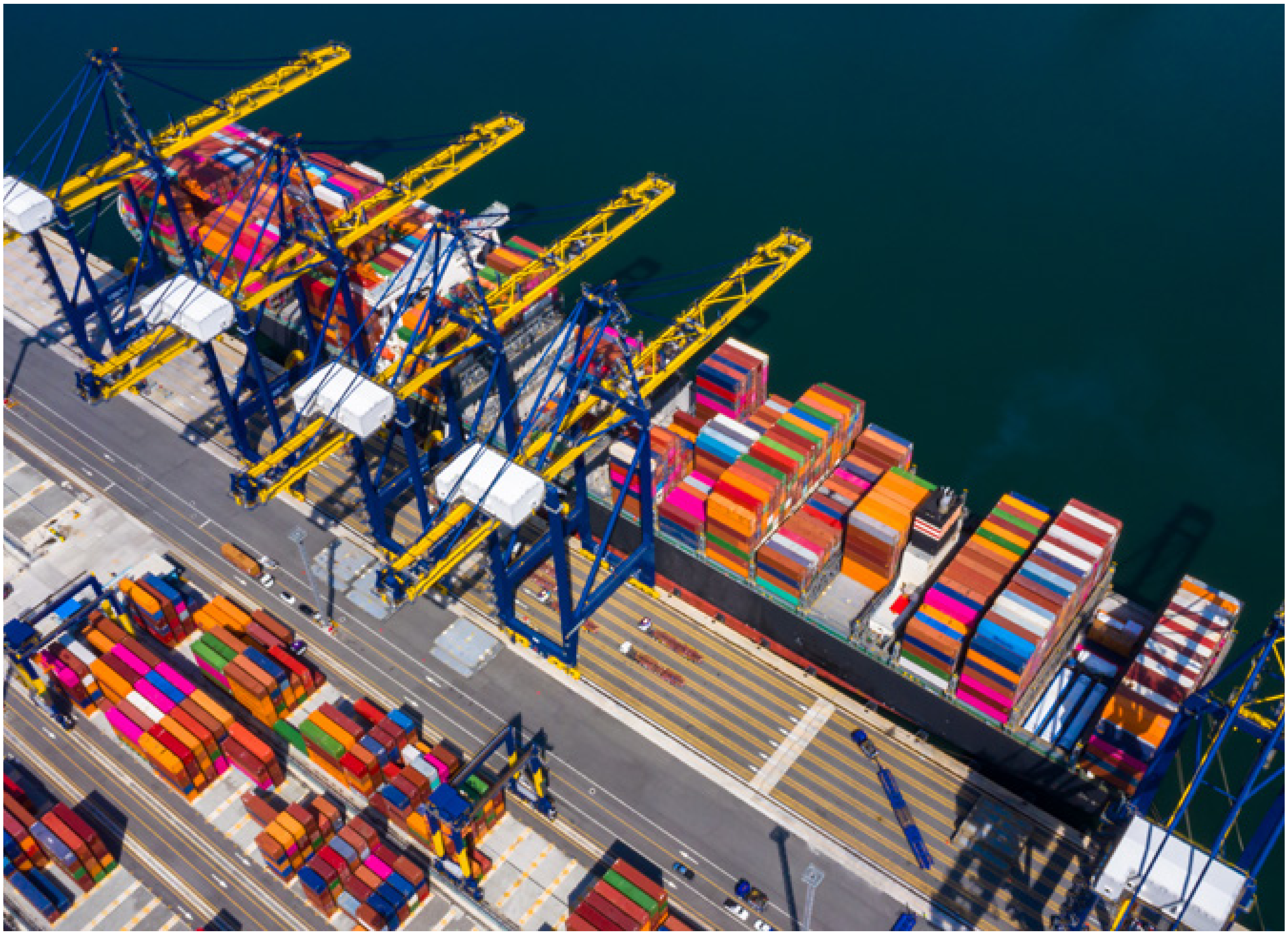
"The Port of Los Angeles is the largest gateway for international trade to America. Approximately 50 million consumers live within a six-hour driving radius from the Port and rely on its role on the global supply chain for all their needs. The extreme impacts of the trade war in 2018-2019 compounded by the 2020 international COVID-19-induced lockdown created extreme disruption to the global supply chain. Throughout this rare occurrence, the Port admirably provided us the necessary products to carry on.

The Port successfully transferred loaded inbound containers from the Port efficiently to our Southern California warehouses to meet consumer demand. The Southern California warehouse market remains the most active market in the country and is also the most desirable for institutional investment. Demand for new warehouses is at record levels and new construction is striving to meet the intense demand. The huge shift to e-commerce was instrumental in serving our consumers who had limited access to retail options for their needs.

We anticipate a very strong impact on industrial real estate to support consumer demand in Southern California."

Dubbed "America's Port," the Port of Los Angeles encompasses 7,500 acres of land and water along 43 miles of waterfront and features 25 cargo terminals. It is the largest port in the U.S. in terms of container traffic and, together with the Port of Long Beach, is the leading gateway for U.S. imports and exports with China, Japan, Vietnam and Taiwan. The Port handled 6.5 million loaded TEUs in 2019, just shy of the record-setting 6.8 million loaded TEUs that passed through the Port in 2018. Headwinds including sanctions on trade to/from China and the COVID-19 pandemic contributed to an 11.2% drop in total TEU counts through April 2020. In 2019, more than $128 billion worth of trade with China went into and out of the Port, representing nearly half of its total volume. The next top trading partner, Japan, accounted for $38 billion in volume. A watchful eye should be kept on a second wave of the pandemic hitting American shores, which would further weaken trade with northeast Asia.

Congestion at the Port necessitates more than $144.4 million in capital improvements planned for the 2019/2020 season, in-line with its 2018-2022 strategic plan. Of that amount, $64.7 million will go to terminal improvements, $38 million to maritime services, $11.7 million to transportation upgrades and $8.5 million to security-related improvements. The Port is also committed to the environment, including efforts such as reducing air emissions, improving water quality, modernizing facilities and cultivating new technologies. Despite the expansion of the Panama Canal, related improvements along East Coast ports, and the possible nearshoring efforts in the wake of the COVID-19 pandemic, the Port of Los Angeles is expected to remain the top port in the U.S. in terms of cargo volume.



CAPABILITIES: The Port of Los Angeles has one of the deepest harbors in the U.S. at 53 feet, deep enough to handle vessels capable of holding up to 15,000 TEUs — a significant advantage over ports along the East Coast. The Port contains nine container terminals, 15 marinas and 30 berths equipped with Alternative Maritime Power®. There are 82 ship-to-shore container cranes at the Port, with 72 able to handle Post-Panamax vessels (6,000 TEUs). The Port has ranked as the number one container port in the United States each year since 2000.

TRADE: The majority of the total containerized volume coming through the Port of Los Angeles is from imports. At the end of 2019, 75.2% of loaded containers handled at the Port were imports. Top trading partner countries in 2019 were China/Hong Kong, Japan, Vietnam, South Korea and Taiwan.

REAL ESTATE IMPACT: Greater Los Angeles — which includes Los Angeles County, Orange County and the Inland Empire — totaled 1.6 billion square feet of existing industrial inventory at the end of 2019, making it the largest industrial region in the country. Despite the challenges the COVID-19 pandemic presents, demand for industrial real estate in the greater Los Angeles region remains stable, with the surrounding ports remaining one of the top drivers.

In 2019, Los Angeles County, which comprises the Central Los Angeles, Mid-Counties, South Bay, San Fernando Valley and San Gabriel Valley, posted the lowest vacancy rate in the U.S. at 1.4%. Overall vacancy rates remain low despite nearly five million square feet of new development delivered in 2019. Development sites continue to be active in Los Angeles County, as it remains one of the most in demand final-mile markets in the country.

Located approximately 50 miles east of the Port of Los Angeles, the Inland Empire has become the most dynamic and in-demand industrial market in the country. The Inland Empire has also become the premier big-box and e-commerce hub for the western U.S. with occupancy gains of nearly 24 million square feet in 2019 alone – the highest of the 16 big-box markets tracked by Colliers. Additionally, 36 million square feet of big-box product was leased in the Inland Empire in 2019, by far the most in the country with many occupiers citing the region's population and close proximity to the ports as the top reasons for moving into or expanding within the market.

CLASS I OPERATORS:

MAIN TRADING PARTNERS:

9 TERMINALS

84 CRANES

57 BERTHS

72 POST-PANAMAX CRANES

53' DEPTH

53' PROPOSED

TOTAL LOADED TEUs

	Loaded Inbound	Year Over Year % Growth	Loaded Outbound	Year Over Year % Growth
2009	3,524,386	-14.8%	1,668,911	-6.4%
2010	3,973,933	12.8%	1,841,273	10.3%
2011	4,066,764	2.3%	2,109,394	14.6%
2012	4,092,621	0.6%	2,043,076	-3.1%
2013	3,976,692	-2.8%	1,921,069	-6.0%
2014	4,269,760	7.4%	1,932,014	0.6%
2015	4,159,462	-2.6%	1,656,677	-14.3%
2016	4,544,748	9.3%	1,818,502	9.8%
2017	4,716,089	3.8%	1,899,934	4.5%
2018	4,870,582	3.3%	1,904,583	0.2%
2019	4,714,266	-3.2%	1,756,177	-7.8%
YTD 2020	1,275,121	-11.2%	534,142	-11.3%

PORT OF
NEW YORK AND NEW JERSEY

The Fourth ExpressRail Facility was Completed at Port Jersey

VIEW PROPERTIES

MICHAEL MARKEY
Executive Managing Director | Woodbridge

"The Port of New York and New Jersey year-to-date cargo volumes through April were relatively steady, with a total of 2.3 million TEUs for the first four months of 2020, representing a 3.4% decline from the same period last year. Rail volumes continue to show improvement and are up 8.4% year over year, with total volumes reaching 176,781 containers through March. In response to closures due to the COVID-19 pandemic, the Federal Maritime Commission is working on initiatives to prevent cargo disruptions and keep supply chains fluid, as many non-essential retailers and manufactures are shut down due to COVID-19-related restrictions. Retailers are now facing questions on how they will handle inbound containers as orders or current products are no longer being placed. Additionally, the sudden surge in Chinese imports after weeks of blank sailings due to both the Chinese New Year and the pandemic, will put more strain on New Jersey's already tight industrial market as retailers look for temporary space to store incoming containers."

The Port of New York and New Jersey is the busiest container port on the East Coast, and is the third-largest container port in North America. More than 61 million people live within 250 miles of the Port — the highest population within that radius for any port in North America. The New York-Newark-Jersey City Metropolitan Statistical Area (MSA) also ranks first in the nation in current-dollar GDP. For the second consecutive year, the Port of New York and New Jersey handled more than seven million TEUs, a record for the Port.

To enhance the Port's ability to handle the record cargo growth, ExpressRail facilities were designed to reduce the Port's historical heavy reliance on the trucking industry. The Port Authority completed the fourth ExpressRail facility in June of 2019 at Port Jersey, completing the final piece of the Port's intermodal rail network with facilities in Elizabeth and Newark, NJ, and Staten Island, NY. The new facility allows the Port to advance its five-year strategic goal to expand rail capacity for cargo destined for outside the region. The new ExpressRail Port Jersey facility culminates a $600 million Port Authority capital investment program dating back to the 1990s that established direct rail access to on-dock and near-dock intermodal rail services at all of its major marine terminals.

CAPABILITIES: The Port of New York and New Jersey is near completion of a seven-year, $500 million upgrade that will increase its cargo capacity by 80%. The recent completion of a 17-acre land space will allow extra space for 225,000 containers per year. A final piece of the project will strengthen the berth at the Port Newark Container Terminal in order to handle two, 14,000 TEU vessels and a 9,000 TEU vessel simultaneously.

The Port has a harbor depth of 50 feet, deep enough to handle vessels capable of holding up to 14,000 TEUs. The Port has six container terminals, 32 berths and 61 cranes — with 47 cranes able to handle Post-Panamax vessels.

TRADE: The Port of New York and New Jersey serves as the gateway for products headed to 13 million consumers in one hour, 27 million in two hours and 44.7 million within four hours. A majority of the total containerized volume flowing through the Port of New York and New Jersey is from imports. At the end of 2019, 72.1% of loaded containers handled at the Port were from imports, an increase of 80 percentage points over 2018. Top trading partner countries in 2019 were China/Hong Kong, India, Germany, Italy and Brazil. Unlike ports on the West Coast, the Port of New York and New Jersey is not as heavily reliant on trade with China, as only 25% of total trade comes from that region. While the percentage of trade with China is lower, it still represents a large chunk of overall trade to be affected by the COVID-19 pandemic. Furniture, machinery and appliances, plastic and beverages were the Port's top imports, and wood pulp and vehicle parts were the top exports.

INTERMODAL: The Port of New York and New Jersey's ExpressRail System handles more than one-third of the cargo that feeds the Eastern Seaboard, with coverage to every major city in the Midwest, Northeast and Eastern Canada. Class I railroad partners such as CSX, Norfolk Southern and Canadian-Pacific Railway, service the Port. Rail volumes in 2019 exceeded the previous year by nearly 3% year over year with nearly 665,000 containers passing through the rail system in 2019. The Port has also invested $1.5 billion through 2024 to enhance port access by rail, which will include improvements such as an expanded roadway capacity and modernized intermodal rail service.

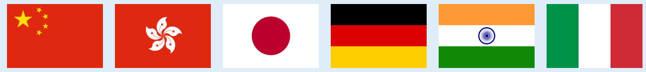
REAL ESTATE IMPACT: Because of the large surrounding population, the Port of New York and New Jersey is a major demand driver for many industrial markets across the Northeast and Mid-Atlantic U.S. The Port has more than one billion square feet of industrial space for warehousing and distribution available within 50 miles of its terminals. However, the markets that receive the most direct benefits are Northern New Jersey and Central New Jersey. New Jersey's industrial markets had an active 2019, however, market fundamentals softened a bit from the historic benchmarks set in 2018. Combined, the Northern and Central New Jersey markets had 10.5 million square feet of positive absorption in 2019, 38% lower year over year.

Northern-Central New Jersey also has a booming big-box market. The big-box market (200,000 square feet and above) in Northern and Central New Jersey remains robust despite a dwindling amount of land to develop big-box product, which lowered the overall vacancy rate to 2.5% for big-box space in 2019. Despite land constraints in parts of the state, new supply will continue to be added to the market. At the end of 2019, 25 buildings were under development totaling 15 million square feet, while 14 buildings were delivered to market totaling 6.5 million square feet.

CLASS I OPERATORS:

CSX NORFOLK SOUTHERN CANADIAN PACIFIC

MAIN TRADING PARTNERS:



6 TERMINALS

61 CRANES

32 BERTHS

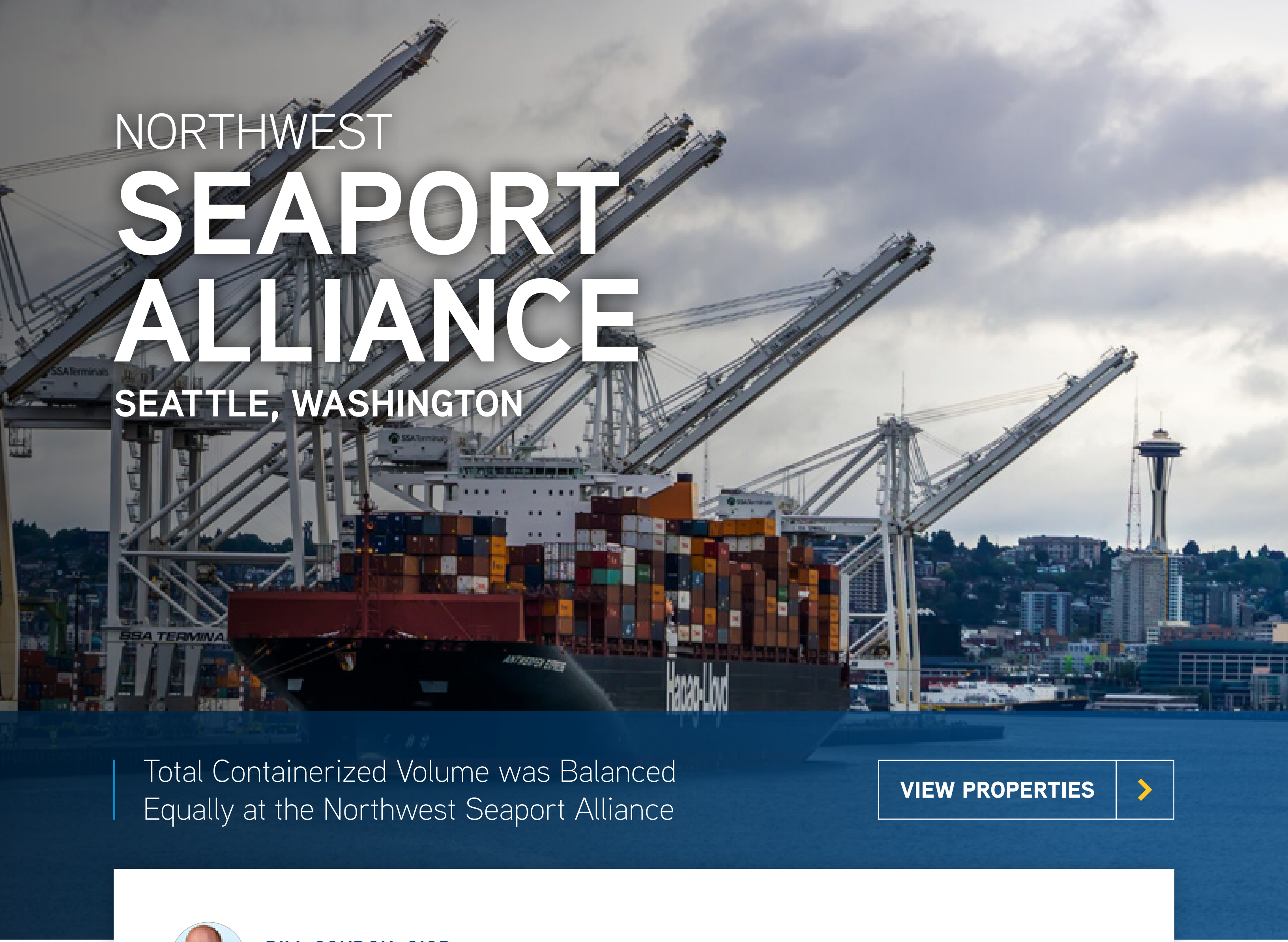
47 POST-PANAMAX CRANES

50' DEPTH

50' PROPOSED

TOTAL LOADED TEUs

	Loaded Inbound	Year Over Year % Growth	Loaded Outbound	Year Over Year % Growth
2009	2,245,035	-11.9%	1,393,072	-13.8%
2010	2,579,094	14.9%	1,518,328	9.0%
2011	2,683,689	4.1%	1,621,264	6.8%
2012	2,749,570	2.5%	1,543,298	-4.8%
2013	2,760,555	0.4%	1,466,701	-5.0%
2014	2,944,663	6.7%	1,428,845	-2.6%
2015	3,214,338	9.2%	1,391,625	-2.6%
2016	3,202,690	-0.4%	1,356,127	-2.6%
2017	3,396,469	6.1%	1,415,322	4.4%
2018	3,676,113	8.2%	1,476,780	4.3%
2019	3,770,971	2.6%	1,460,447	-1.1%
YTD 2020	1,178,673	-2.1%	466,381	-4.1%



NORTHWEST
SEAPORT ALLIANCE
SEATTLE, WASHINGTON

Total Containerized Volume was Balanced Equally at the Northwest Seaport Alliance

VIEW PROPERTIES

BILL CONDON, SIOR
Executive Vice President | Seattle

"The Northwest Seaport Alliance remains a significant driver of the industrial market in both the Puget Sound Region and the Pacific Northwest, ranking as one of the largest container gateways and in refrigerated exports in North America. Although the COVID-19 pandemic has had an impact on our region, our fundamentals remain strong and we are expecting to be well positioned in this region as the market improves."

The Northwest Seaport Alliance was established in 2015 and was the first arrangement of its kind in North America. The ports of Seattle and Tacoma joined forces to unify management of marine cargo facilities and business operations to strengthen the Puget Sound Gateway.

The dedication to the shipping industry has been well received, with 40% of the state's family-wage jobs tied to international trade. In fact, marine cargo operations in both the Tacoma and Seattle harbors supports 58,400 jobs and generates nearly $12.4 billion in economic activity. Marine cargo activity also generates nearly $136 billion in total economic activity, representing one-third of Washington's state GDP.

The Northwest Seaport Alliance is amid a 10-year strategic plan to grow cargo volumes, create jobs and improve its financial performance. The plan includes developing and managing strategic terminals that are equipped to handle newer, larger container ships and the associated additional cargo. Investments currently underway include the Terminal 5 Berth Modernization and the Pier 4 Reconfiguration, which will create one contiguous berth capable of serving two 18,000 TEU ships.

CAPABILITIES: The Northwest Seaport Alliance has 11 container terminals, 22 international container carriers and four container carriers providing regular sailing to Alaska and Hawaii. More than 80%of the total trade volume between Alaska and the lower 48 states moves through the Tacoma and Seattle harbors. The Northwest Seaport Alliance has 47 cranes, 43 of which are Post-Panamax ready. The natural harbor depth can handle ships of up to 12,000 TEUs.

TRADE: Import and export total containerized volume was relatively the same at the Northwest Seaport Alliance in 2019, as each accounted for approximately 50% of activity. In 2019, 3.8 million TEUs were handled at the ports, down just 0.6% year over year. The Northwest Seaport Alliance is one of the top ports for domestic shipping, handling 80% of total trade with Alaska.

Internationally, top trading partner countries in 2019 were China/Hong Kong, Japan, South Korea, Taiwan and Vietnam. While trade volume is projected to remain robust, the Northwest Seaport Alliance will continue to battle West Coast Canadian ports, especially the Port of Prince Rupert. The Northwest Seaport Alliance will need to continue to innovate and keep labor issues stable or risk losing TEU traffic to competing ports in Canada. Top imports at the Port include machinery, furniture, plastics/rubber and base metals, while top exports were grain, industrial machinery and computers, prepared produce and seafood.

INTERMODAL: Both BNSF and Union Pacific provide fast transcontinental service from the Northwest Seaport Alliance to key distribution points across North America. Both railways provide competitive transit times from nine on, or near-dock, intermodal yards and three nearby intermodal facilities, including the Tacoma South Intermodal Facility, the South Seattle Intermodal Facility and the Northwest Container Services.

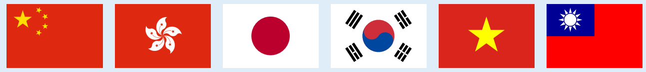
REAL ESTATE IMPACT: The Northwest Seaport Alliance is a major driver for the Puget Sound industrial market, which includes markets in and around Seattle and Bellevue. Situated in the economic powerhouse of the Pacific Northwest, Seattle is one of the fastest-growing cities in the nation, making it a popular industrial market for both regional and final-mile distribution.

Market fundamentals were strong in the Seattle/Puget Sound industrial market in 2019, with positive net absorption, 3.5 million square feet of product under construction and rising asking rental rates. The Puget Sound industrial market entered 2020 with positive momentum, however some softening is expected due to the COVID-19 pandemic. The market is poised to weather the storm better than most markets across the U.S. The predominance of established, high-tech companies ensures continued demand for space and workers. While there will be a significant impact on all markets and in all industries, markets like Seattle will recover faster than markets more reliant upon hospitality and food service.

CLASS I OPERATORS:

BNSF RAILWAY, UNION PACIFIC

MAIN TRADING PARTNERS:



11 TERMINALS

47 CRANES

23 BERTHS

43 POST-PANAMAX CRANES

50' DEPTH

50' PROPOSED

TOTAL LOADED TEUs

	Loaded Inbound	Year Over Year % Growth	Loaded Outbound	Year Over Year % Growth
2009	1,084,767	-17.4%	648,751	0.7%
2010	1,373,976	26.7%	722,506	11.4%
2011	1,248,791	-9.1%	875,508	21.2%
2012	1,339,737	7.3%	974,954	11.4%
2013	1,238,894	-7.5%	983,870	0.9%
2014	1,217,374	-1.7%	907,867	-7.7%
2015	1,308,214	7.5%	871,522	-4.0%
2016	1,391,590	6.4%	984,274	12.9%
2017	1,380,652	-0.8%	927,345	-5.8%
2018	1,452,623	5.2%	953,495	2.8%
2019	1,369,251	-5.7%	913,332	-4.2%
YTD 2020	375,565	-18.0%	281,313	-8.3%

PORT OF
OAKLAND
CALIFORNIA

Total Loaded Containerized Volume Increased Year Over Year at the Port of Oakland

VIEW PROPERTIES

GREIG LAGOMARSINO, SIOR
Executive Vice President | Oakland

"The Port of Oakland is one of the busiest container ports in the United States. Serving one of the nation's largest metropolitan areas, the Port of Oakland loads and discharges more than 99% of containerized goods moving through Northern California and generates more than 84,000 jobs in the region. COVID-19 has had a moderate impact on volume of containers with year-to-date down approximately 5% and we expect continued headwinds over the next quarter. The surging e-commerce industry has allowed the industrial real estate market to outperform other asset classes during this time period."

The Port of Oakland was established in 1927 and is a world-class international cargo transportation and distribution hub. Located on the mainland shore of San Francisco Bay, one of the great natural harbors of the world, Oakland was among the first ports globally to specialize in the intermodal container operations that have revolutionized international trade and stimulates the global economy.

The Port of Oakland's recently developed Cool Port allows frozen and chilled products to be unloaded from rail cars and transloaded into marine containers in a temperature-controlled environment. The Cool Port is one of the largest on the West Coast and will maximize use of the Port's road, rail and shipping network to increase the import and export of perishable food products.

CAPABILITIES: A total of seven terminals serve the Port of Oakland. All shipping channels and 90% of the 18 berths at the Port are dredged to 50 feet to make them capable of accommodating vessels up to 12,000 TEU capacity. The Port has a total of 34 cranes, 27 of which are capable of handling Post-Panamax vessels. In April 2020, MSC Mediterranean Shipping Company sent one of its 19,000+ TEU megaships to the Port of Oakland. The Port continues to show customers around the world it can accommodate some of the largest vessels with its deep harbor, taller cranes and skilled workforce.

TRADE: Agricultural export tonnage has grown significantly at the Port of Oakland in the past five years. The result has transformed the Port's trade profile, making Oakland a leading gateway to Asia — especially for California growers. Total loaded containerized volume increased 2.3% year over year and, despite the emergence of COVID-19, year-to-date 2020 (through April) loaded volume is up nearly 0.5% over 2019. The Port attributed export volume growth to continued demand for U.S. agricultural products. Shippers are increasingly finding markets outside China to grow their businesses. Top trading partners remain China/Hong Kong, Japan, South Korea, Taiwan and Vietnam.

INTERMODAL: Two Class I rail providers service the Port of Oakland. Union Pacific and BNSF railroad facilities are located adjacent to the heart of the marine terminal area to provide reliable and efficient movement of cargo between the terminals or transload facilities and the intermodal rail facilities.

REAL ESTATE IMPACT: While Oakland remains the top beneficiary of the Port, the Port of Oakland is a top demand driver for all East Bay and Central Valley industrial markets. At the end of 2019, Oakland posted low vacancy of 2.9%. Oakland also has one of the highest industrial asking rents in the country, finishing 2019 at $9.36 per square foot per year for warehouse/distribution space. Oakland is an infill market and because of this, other markets further east with available land are ramping up big-box development.

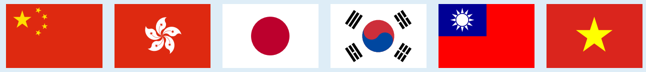
The arrival of COVID-19 poses an unprecedented challenge to the fundamentally strong Oakland industrial market. COVID-19's greatest impact on the industrial real estate industry is anticipated to take place in the second quarter as tenants and investors take a wait-and-see approach in the short-term. The long-term effects of COVID-19 remain to be seen as statistics do not yet reflect much of an impact. In the first quarter of 2020, the Oakland industrial market was largely unaffected as net absorption totaled more than 1.0 million square feet.

CLASS I OPERATORS:

BNSF RAILWAY

UNION PACIFIC

MAIN TRADING PARTNERS:



7 TERMINALS

34 CRANES

18 BERTHS

27 POST-PANAMAX CRANES

50' DEPTH

50' PROPOSED

TOTAL LOADED TEUs

	Loaded Inbound	Year Over Year % Growth	Loaded Outbound	Year Over Year % Growth
2009	701,501	-11.9%	966,882	6.2%
2010	802,657	14.4%	955,579	-1.2%
2011	797,272	-0.7%	993,826	4.0%
2012	791,672	-0.7%	986,452	-0.7%
2013	803,314	1.5%	1,014,796	2.9%
2014	845,810	5.3%	969,378	-4.5%
2015	844,234	-0.2%	858,146	-11.5%
2016	883,647	4.7%	947,574	10.4%
2017	919,523	4.1%	930,826	-1.8%
2018	965,552	5.0%	897,804	-3.5%
2019	975,180	1.0%	931,019	3.7%
YTD 2020	298,475	-2.9%	322,158	3.7%

PORT OF SAVANNAH

GEORGIA

Record Year Achieved for Total TEUs Handled at the Port in 2019

VIEW PROPERTIES

DAVID SINK
Principal | Savannah

"While the Port of Savannah continues to rank as one of the fastest-growing and most efficient deep-water ports in the nation, with record-breaking container volume greater than 4.6 million TEUs, we are seeing some degree of negative impact from COVID-19. April volumes were stronger than the anticipated reduction, with volume down 6.7% from April of 2019. Forecasted volumes for May and June are showing a greater reduction. The overall economic impact of the Georgia Ports Authority (GPA) is substantial and far-reaching, including 439,220 jobs (9% of Georgia's total employment) and $106 billion in sales (11% of Georgia's total sales). The local industrial real estate market continues to thrive and is currently one of the top three most dynamic markets in the U.S. in terms of absorption as a percent of inventory. Major investments in local infrastructure, both on- and off-Port, continue and will further establish Savannah as a long-term success story."

The Port of Savannah is the fourth-largest seaport in North America and the second-largest on the East Coast. The Port is home to the largest single-terminal container facility of its kind in North America, and is comprised of two modern, deep water terminals: Garden City Terminal and Ocean Terminal. Together, these facilities exemplify the Georgia Port Authority's exacting standards of efficiency and productivity. Garden City Terminal is the fourth-busiest container handling facility in the United States, encompassing more than 1,200 acres and moving millions of tons of containerized cargo annually.

In 2019, the Georgia Ports Authority successfully completed the U.S. Department of Agriculture's Southeast In-Transit Cold Treatment Pilot Program. The ports of Charleston, Savannah and Virginia have teamed up with cargo owners and logistics providers to attract a greater share of refrigerated cargo with their new capability in being able to handle fruit imports from South America. This allows those perishable products to reach consumers up to 5-7 days sooner, ensuring fresher products at grocery stores.

CAPABILITIES: The Port of Savannah has two terminals: The Ocean Terminal and the Garden City Terminal, the latter of which is the busiest single terminal in the U.S. The Port of Savannah has 36 cranes in service, 26 of which are Post-Panamax ready. A project to deepen the harbor from 42 to 47 feet could be completed as soon as late 2021. According to the Georgia Ports Authority, once the dredging is completed, tidal restrictions will be less common, making it easier to compete with West Coast gateways on total transit time to the interior of the country. Garden City Terminal dock construction has been completed and the terminal can now serve three 14,000-TEU vessels, and up to eight vessels simultaneously.

TRADE: While a majority of the total containerized volume coming through the Port of Savannah in 2019 was from imports, the rate of exports is much higher than at the three larger ports in Los Angeles, Long Beach and New York/New Jersey, finishing 2019 with 40% of loaded TEUs coming from exports. At the end of 2019, nearly 3.7 million loaded TEUs were handled at the Port, the most on record. Top trading partner countries were China/Hong Kong, South Korea, Japan, Germany and India. Top exports for the Port in 2019 included food, wood pulp and paper and paperboard, while top imports were retail consumer goods, machinery & appliances and furniture. Year-to-date 2020 container volumes (through April) dropped 4.7% year over year, with the COVID-19 pandemic impacting the maritime trade.

INTERMODAL: The Port of Savannah is the only East Coast port with two Class I rail yards. These rail yards provide service to and from major population centers in the Southeast, Gulf Coast and Midwest U.S., and are a vital transportation method that feeds the Atlanta industrial market.

The Port also features two intermodal container transfer facilities located in a single terminal, which are served by CSX and Norfolk Southern Railway. The Port's intermodal service has the fastest westward transit times in the South Atlantic region, including overnight service to Alabama, Georgia, Florida, North Carolina and South Carolina.

The Georgia Ports Authority announced that the Mega Rail Terminal project is halfway done as of June 2020. The $218 million project will expand Savannah's on-dock intermodal rail yard and nine of the 18 working intermodal tracks are ready to be used. The terminal will increase the Port of Savannah's rail lift capacity to one million containers per year, and open new markets spanning an arc of cities from Memphis to St. Louis and Chicago to Cincinnati. The Port handled 503,390 rail lifts in 2019, up 5.3% over 2018, underscoring the need for the additional capacity.

REAL ESTATE IMPACT: The Port of Savannah continues to be a boon for industrial real estate markets in the state of Georgia. The Savannah industrial market continues to post robust industrial fundamentals and finished 2019 as the top industrial growth market in the country with net absorption as a percentage of inventory at 11.8%. Despite the challenges faced due to the COVID-19 outbreak, the Savannah industrial market began 2020 on a note of optimism with more than 1.6 million square feet of positive absorption.

Many imports from the Port of Savannah also flow into other major industrial markets, including Atlanta — the fifth-largest industrial market in the country. The Atlanta industrial market was a top performer in 2019, finishing fourth in the country in overall net absorption, with occupancy gains of 15.9 million square feet and 21.5 million square feet in new development.

Atlanta remains one of the most in-demand big-box markets, with more than 214 million square feet of existing inventory. In 2019, nearly 26 million square feet of big-box space leased, a 13% increase over 2018 and the second highest in the country. Looking ahead, as supply chains begin to reconfigure their current structures due to COVID-19, the Atlanta and Savannah industrial markets will likely benefit as a combined 23.4 million square feet remained under development at the close of the first quarter of 2020, leaving plenty of available space for users to expand as they adjust their inventory levels.

CLASS I OPERATORS:

CSX
NORFOLK SOUTHERN

MAIN TRADING PARTNERS:

2 TERMINALS

36 CRANES

18 BERTHS

26 POST-PANAMAX CRANES

42' DEPTH

47' PROPOSED (EST. 2020)

TOTAL LOADED TEUs

	Loaded Inbound	Year Over Year % Growth	Loaded Outbound	Year Over Year % Growth
2009	883,553	-17.7%	1,026,801	-5.2%
2010	1,051,258	19.0%	1,149,217	11.9%
2011	1,065,199	1.3%	1,241,278	8.0%
2012	1,088,291	2.2%	1,250,172	0.7%
2013	1,145,964	5.3%	1,249,243	-0.1%
2014	1,347,428	17.6%	1,299,018	4.0%
2015	1,622,592	20.4%	1,251,460	-3.7%
2016	1,670,871	3.0%	1,274,272	1.8%
2017	1,875,833	12.3%	1,372,453	7.7%
2018	2,081,638	11.0%	1,444,403	5.2%
2019	2,218,655	6.6%	1,470,373	1.8%
YTD 2020	672,482	-6.8%	505,539	-1.7%

PORT OF VIRGINIA

The Port of Virginia Receives Congressional Approval for Dredging to 55-Feet

VIEW PROPERTIES

LANG WILLIAMS, SIOR
Senior Vice President | Norfolk

"Despite a nearly 10% year-to-date decline in TEUs in 2020, the Port of Virginia is poised to compete for and attract import and export business with $700 million in 2019 and 2020 container terminal modernization completed, increasing TEU capacity by 40%. In December 2019, the Norfolk Harbor Deepening & Widening project began. This project will create a minimum of 55' channels serving the container and primary coal piers in the harbor. Much of the speculative and build-to-suit industrial developments underway throughout the Commonwealth of Virginia attracts port-related tenants. Over the last 12 months, Amazon has announced plans for more than 5.5 million square feet in the Richmond and Norfolk markets alone. Virginia's position as the northernmost right-to-work state and location providing two-day Less-Than-Load (LTL) and truckload access to the entire U.S. East Coast population gives supply chain users competitive reach and costs for their distribution networks."

With some of the most advanced container terminals in all of the Americas, the Port of Virginia serves as a global gateway to commerce. It is also an economic engine for the Commonwealth of Virginia and the contiguous states of the Mid-Atlantic. More than 374,000 jobs are linked to the Port — equal to 9.4% of Virginia's workforce. The Port of Virginia is home to Foreign Trade Zone 20, where more than $1.6 billion of total merchandise is received annually. The Port of Virginia offers direct service to more than 45 countries worldwide and is a day's drive from two-thirds of the U.S. population.

The future of the Port of Virginia is bright. The Port received congressional authorization for 55-foot depth channels, five feet deeper than the current depth of 50 feet. When dredging is complete in 2024, the $350 million project will give the Port of Virginia the deepest channel depth on the East Coast. Also, the completion of the Norfolk International Terminals (NIT) optimization project in 2019 modernized and expanded the Port's rail and motor transportation capabilities. In addition to increasing capacity, the economic benefits include the addition of 120,000 port-related jobs and $100 million in annual revenue.

CAPABILITIES: The Port of Virginia manages four container terminals as well as the Virginia Inland Port located in Front Royal. The Port of Virginia has seven berths and 30 cranes, 27 of which are Post-Panamax ready.

TRADE: The Port of Virginia finished 2019 with nearly 2.3 million loaded containers handled — the Port's highest level in a decade — outpacing the prior year by 1.2%. The Port handles a much larger percentage of loaded export volume compared with other major ports in the U.S., as in 2019, 41.4% of the total loaded TEUs handled were for exports.

Top trading partners in 2019 include China/Hong Kong, Belgium, Germany, the Netherlands and Japan. Top imports include machinery, pharmaceuticals, motor vehicles, furniture and toys. Top exports include plastics, chemicals, wood and medical instruments.

INTERMODAL: The Port of Virginia has one of the top intermodal rail services in the country. A full 37% of all goods entering and exiting the Port of Virginia are handled by rail — the highest percentage of any port on the East Coast. This gives the Port of Virginia a huge advantage in today's supply chain that heavily relies on rail to get products to the end consumer more quickly and efficiently.

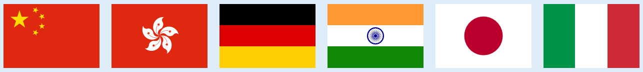
Two Class I railroads, CSX and Norfolk Southern, serve the Port via container transfer facilities at Virginia International Gateway and Norfolk International Terminals. These services are assisted by short line rail partners including the Norfolk and Portsmouth Belt Line and the Commonwealth Railway. The Port's intermodal rail connections provide daily service to the Ohio Valley and the upper Midwest, and a new partner intermodal rail market in North Carolina bodes well for additional market penetration in the Southeastern U.S. via rail from the Port.

REAL ESTATE IMPACT: The Port of Virginia is a demand driver for many industrial markets in the Mid-Atlantic, with products even expanding into the Midwest and across the Eastern Seaboard. It also helps to serve the large, growing millennial population in Washington, D.C. The market that is reaping the most rewards from the Port of Virginia is the Shenandoah Valley. The Shenandoah Valley — which encompasses parts of Virginia, West Virginia and Maryland — offers a plethora of advantages including land available for development and proximity to the metro Washington, DC., Baltimore and Ohio Valley population bases.

Vacancy rates in the Shenandoah Valley have been cut in half post-recession, finishing 2019 at 4.9%, 35 basis points lower than one year ago. Development remains strong in the area with nearly 2.9 million square feet of new supply added to the market in 2019, and an additional 7.3 million square feet in the pipeline. The Port of Virginia continues to expand; however, COVID-19 permeated the economy in 2020, causing a reduction in overall cargo activity. Supply chain strategies have begun to shift, and pent-up demand should cause the industrial sector to bounce back even stronger than before.

CLASS I OPERATORS: CSX, Norfolk Southern

MAIN TRADING PARTNERS:



4 TERMINALS	**30** CRANES
7 BERTHS	**27** POST-PANAMAX CRANES
50' DEPTH	**55'** PROPOSED (TBD)

TOTAL LOADED TEUs

	Loaded Inbound	Year Over Year % Growth	Loaded Outbound	Year Over Year % Growth
2009	689,931	-19.6%	791,831	-15.9%
2010	766,680	11.1%	824,331	4.1%
2011	768,873	0.3%	855,334	3.8%
2012	870,318	13.2%	936,808	9.5%
2013	934,119	7.3%	998,843	6.6%
2014	1,017,879	9.0%	1,034,526	3.6%
2015	1,082,520	6.4%	997,828	-3.5%
2016	1,174,893	8.5%	1,006,119	0.8%
2017	1,276,335	8.6%	1,014,570	0.8%
2018	1,327,409	4.0%	977,786	-3.6%
2019	1,366,381	2.9%	966,102	-1.2%
YTD 2020	405,882	-8.1%	322,081	-2.2%

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