

Supply Chain Disruptions Choose Texas



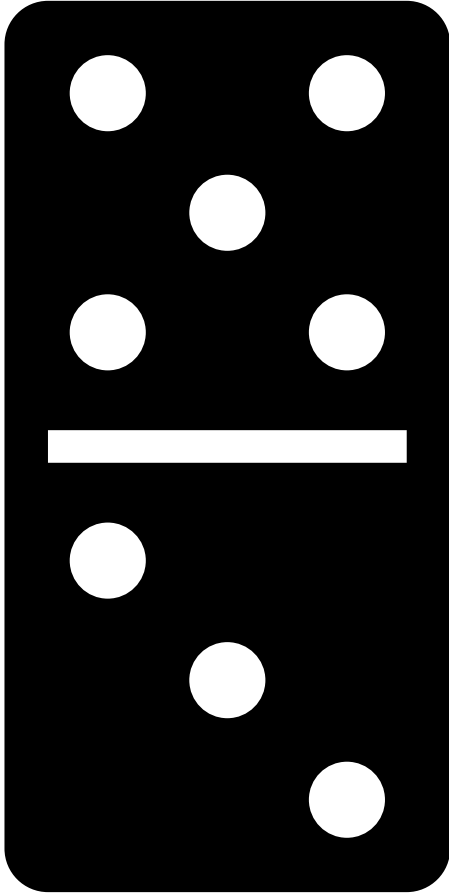
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新年快乐
HAPPY CHINESE NEW YEAR
2022
YEAR OF THE TIGER



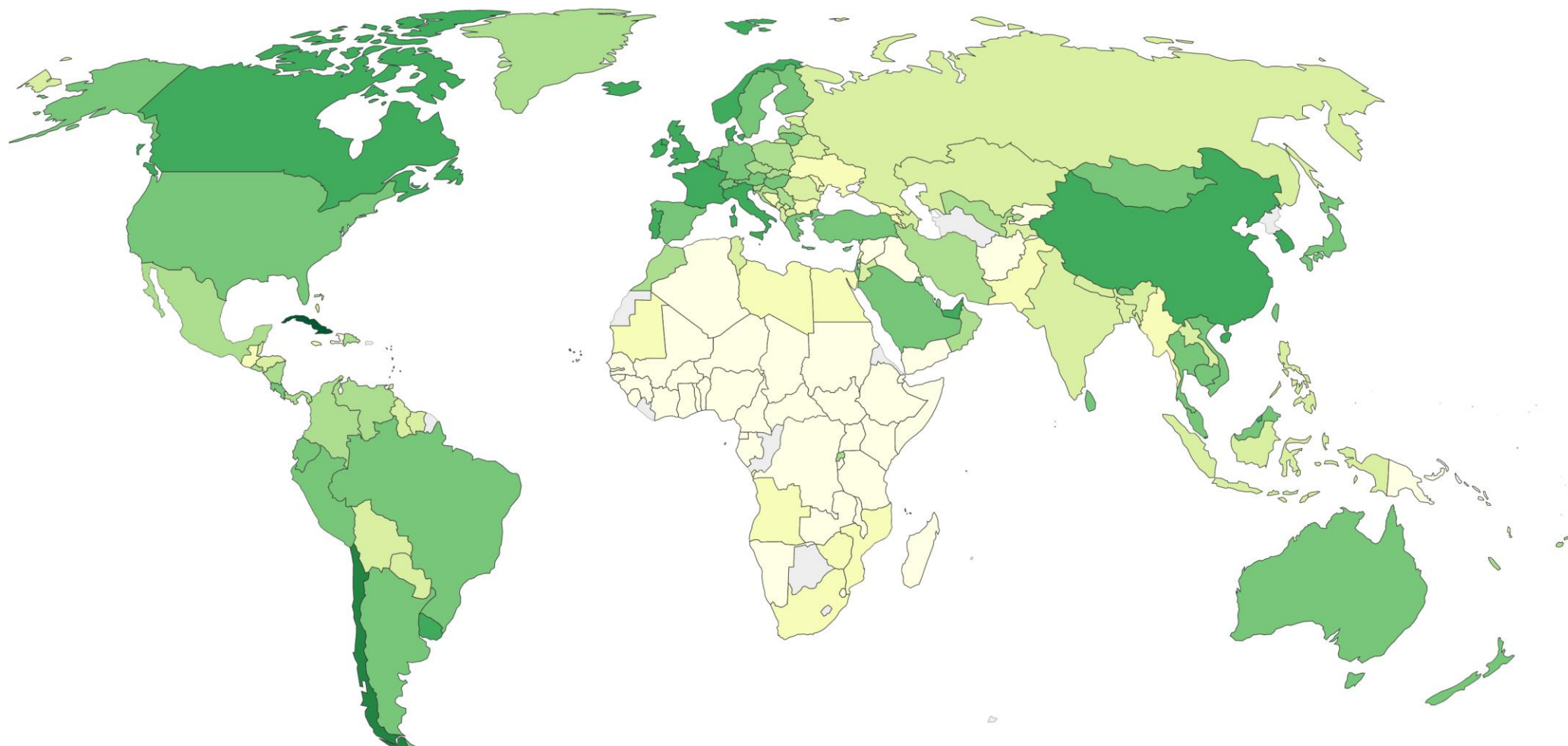
Domino Effect



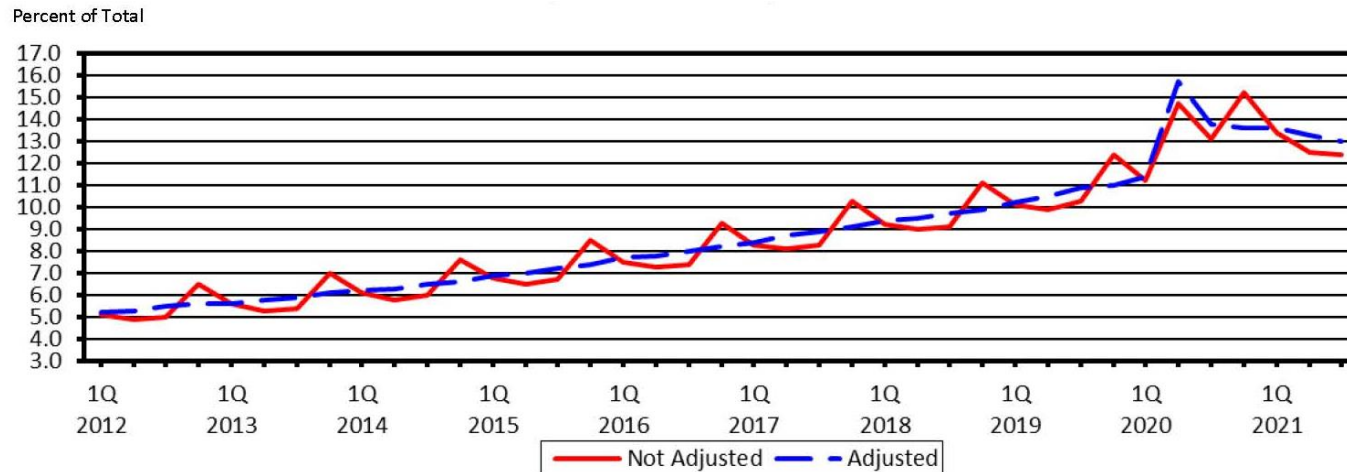
- **COVID/Breakthrough infections/Vaccine access**
- **US consumer demand/e-commerce***
- Periodic factory closures/power outages China
- Periodic port closures/port congestion
- Shortage of containers
- Shortage labor/great resignation
- Shortage trucks, drivers, chassis
- Shortage warehouse space
- US ports infrastructure/lack digitization

COVID-19 vaccine doses administered per 100 people, Feb 1, 2022

All doses, including boosters, are counted individually. As the same person may receive more than one dose, the number of doses per 100 people can be higher than 100.



US Consumer Spending – E-commerce & Total Retail Sales



Estimated Quarterly U.S. Retail E-commerce Sales as a Percent of Total Quarterly Retail Sales: 1st Quarter 2012 – 3rd Quarter 2021.
Source: The Census Bureau of the Department of Commerce.



Total Retail Sales – Oct 2021

Work from home; Not commuting; Not traveling vacation; Not spending on services; and Government Stimulus = Surplus Savings

\$626.8 Billion (Est. December 2021 – US Census)

1	Shanghai, China	43.5
2	Singapore	36.6
3	Ningbo-Zhoushan, China	28.72
4	Shenzhen, China	26.55
5	Guangzhou Harbor, China	23.19
6	Busan, South Korea	21.59
7	Qingdao, China	22.00
8	Hong Kong, S.A.R, China	20.07
9	Tianjin, China	18.35
10	Rotterdam, The Netherlands	14.35
11	Jebel Ali, Dubai, United Arab Emirates	13.5
12	Port Klang, Malaysia	13.24
13	Xiamen, China	11.41
14	Antwerp, Belgium	12.04
15	Kaohsiung, Taiwan, China	9.62
16	Dalian, China	6.54
17*	Los Angeles, U.S.A	9.2
17*	Hamburg, Germany	8.7

Top Ports by TEU



Temporary Port Closures

40 % Asian Containers LA/LB

World Container Index - Assessed by Drewry \$ per 40 ft container



Congestion West Coast – LA/LB



Source: Marine Traffic

Industrial Real Estate

Houston

KEY INDICATORS

	CURRENT Q4 2021	PRIOR QUARTER Q3 2021		PRIOR YEAR Q4 2020	
Vacant Total	7.0%	7.8% ↓		8.5% ↓	
Vacant Direct	6.8%	7.6% ↓		8.3% ↓	
Available Total	10.1%	10.8% ↓		12.4% ↓	
Available Direct	9.5%	10.1% ↓		11.6% ↓	
Net Absorption (SF)	9,682,267	13,620,180 ↓		7,465,501 ↑	
Leasing Activity (SF)	8,767,157	10,643,539 ↓		11,702,469 ↓	
Construction (SF)	16,854,908	15,771,465 ↑		13,837,989 ↑	
Deliveries (SF)	4,681,929	7,865,440 ↓		9,568,910 ↓	
Avg Asking Rent (NNN/MO)	\$0.64	\$0.64 ■		\$0.63 ↑	
Inventory (SF)	668,100,701	663,402,620 ↑		647,823,901 ↑	

Industrial Real Estate

Los Angeles

Fundamentals

Forecast

YTD net absorption	13,842,695 s.f. ▲
Under construction	4,110,872 s.f. ▲
Total vacancy	1.3% ▼
Sublease vacancy	805,983 s.f. ▼
Direct asking rent	\$1.12 p.s.f. ▲
Sublease asking rent	\$1.41 p.s.f. ▲
Concessions	Falling ▼

Inflation

- 2021 Consumer Price Index 7 %
- Global food prices 33 % last 12 months
<https://www.fao.org/worldfoodsituation/foodpricesindex/en/>
- 38 million Americans (11.8 percent) food insecurity
<https://frac.org/hunger-poverty-america>

Consumer price index, percent change from a year ago

All items in U.S. city average



Note: Shaded areas indicate U.S. recessions.

Source: Bureau of Labor Statistics. As of Dec. '21.

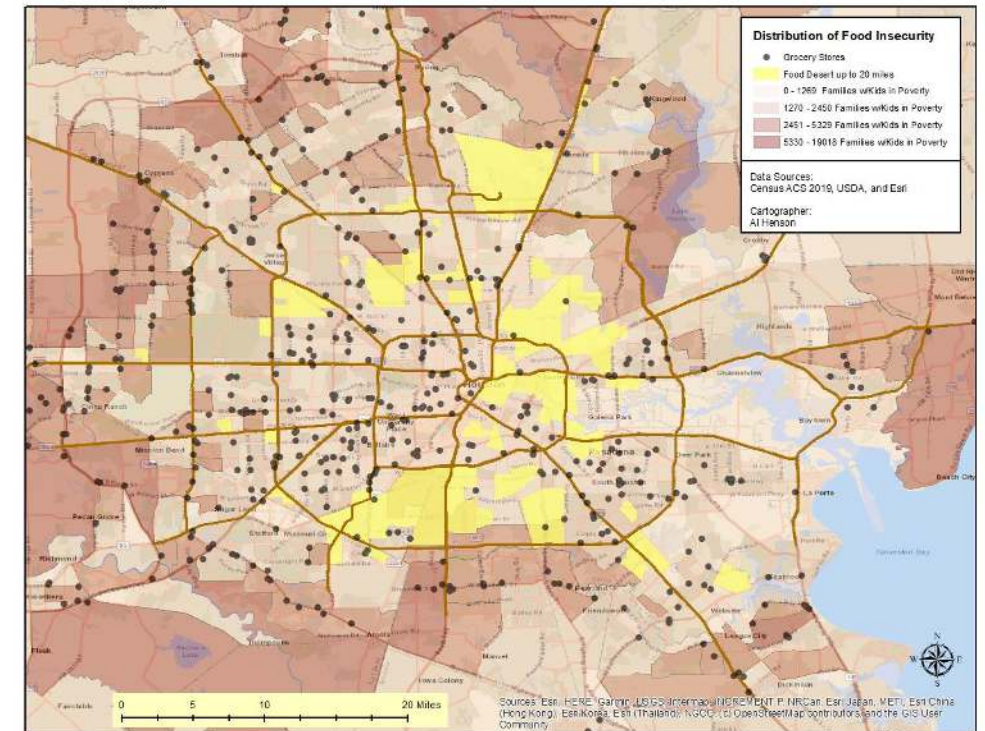


CHART CPI: <https://www.cnbc.com/2022/01/12/cpi-december-2021-.html>

GIS Map: Dr. Al Henson

[illegible]

- **\$17 billion** to improve infrastructure at coastal ports, inland ports and waterways, and land ports of entry along the border.
- Launch programs to **modernize** ports and marine highways with more than **\$240 million** in grant funding within the next **45 days**.
- Identify projects for **U.S. Army Corps of Engineers** construction at coastal ports and inland waterways within the next **60 days**.
- **Prioritize key ports** of entry for modernization and expansion within the **next 90 days**.
- **Open competition for the first round** of port infrastructure grants funded through the bipartisan infrastructure deal **within 90 days**.
- Develop a **comprehensive freight movement** playbook to states.
- **Data sharing** to support supply chains



THE WHITE HOUSE
WASHINGTON

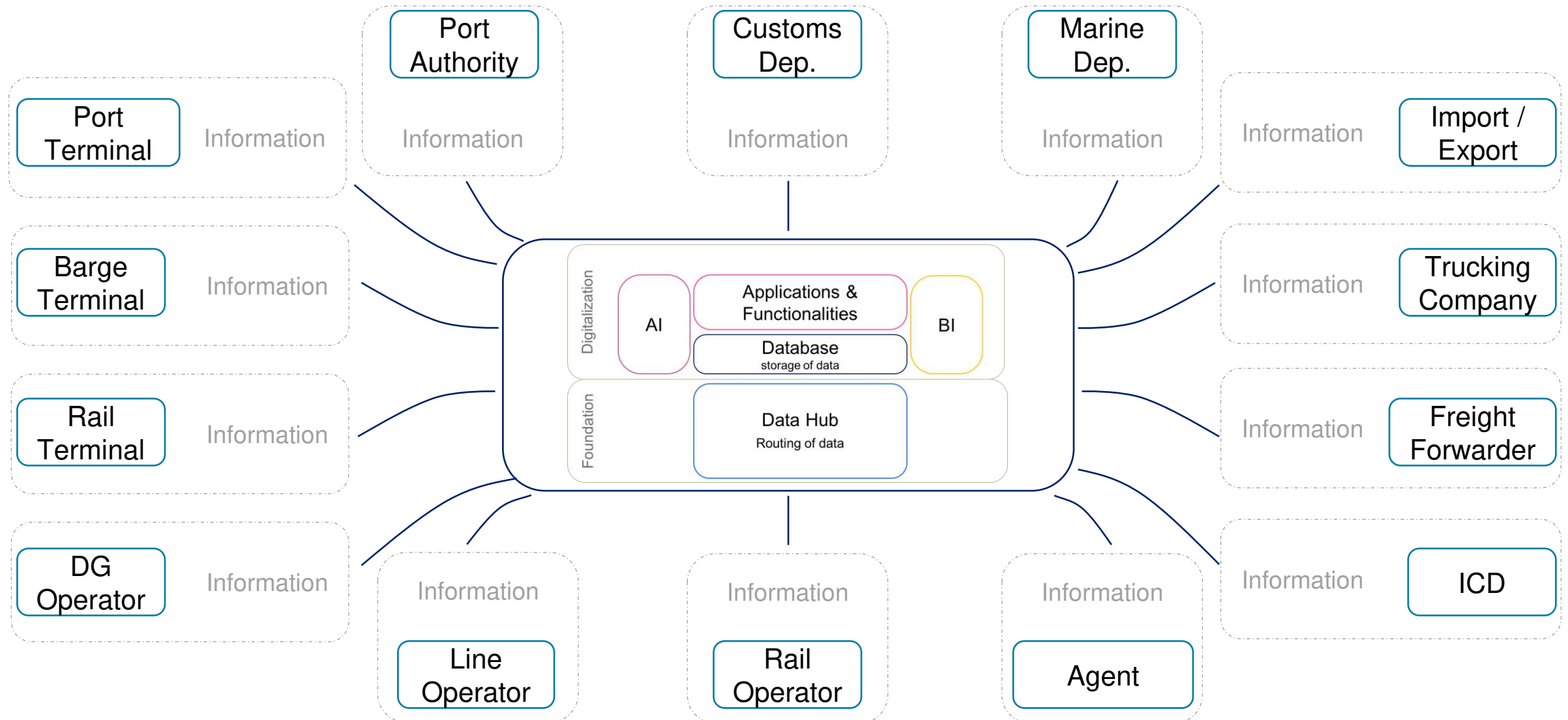
FACT SHEET: The Biden-Harris Action Plan for America's Ports and Waterways | The White House

whitehouse.gov • 3 min read

Source: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/09/fact-sheet-the-biden-harris-action-plan-for-americas-ports-and-waterways/>

Digital Data: Port Community System

TIME TO UPGRADE INFRASTRUCTURE



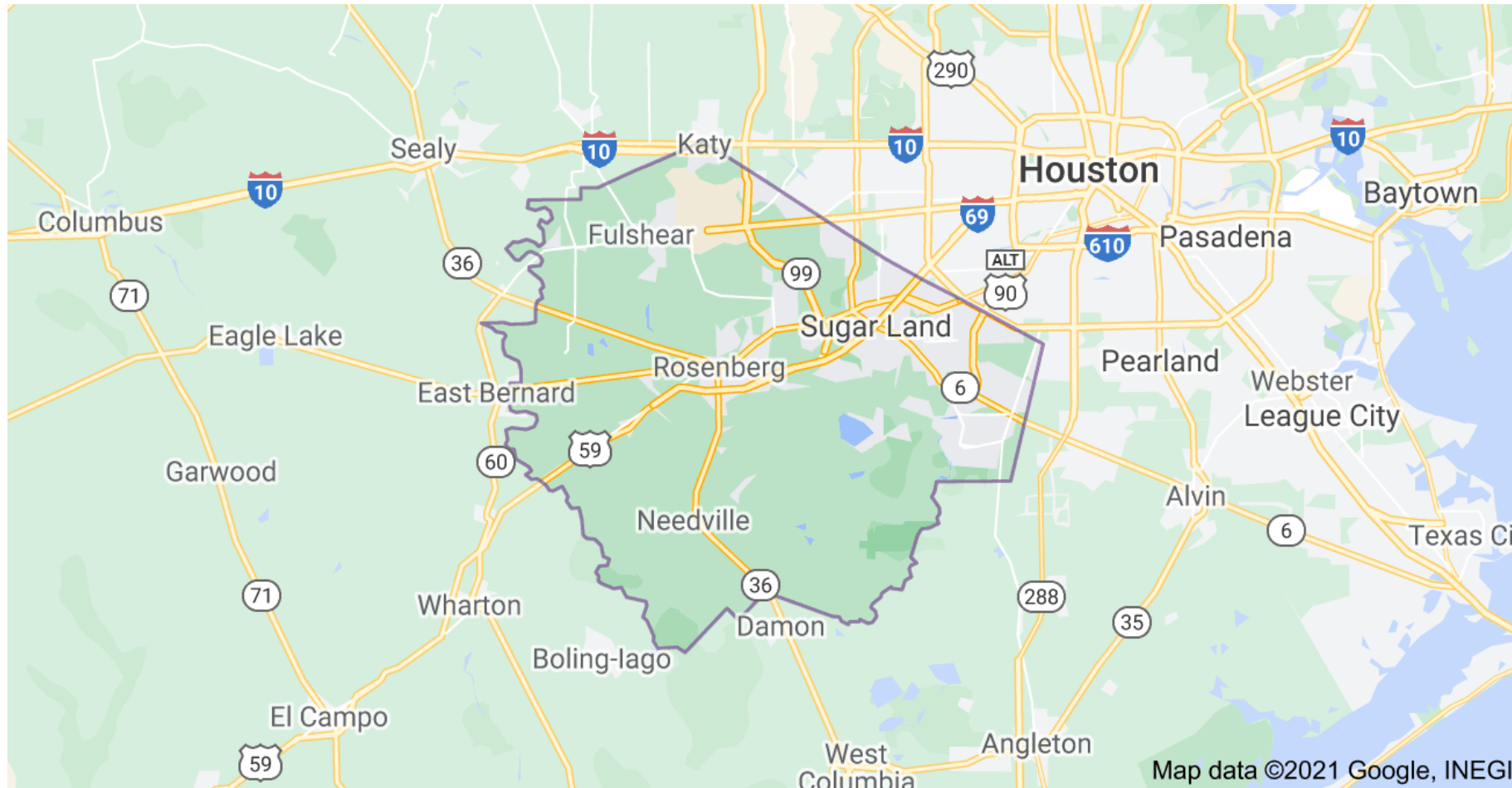
Economic Development Region/Texas

- Project 11 – Houston Ship Channel
- Port Freeport – Channel Project
- Highway 36A – Expansion
- 152 million consumers within 1000 miles regional ports
- Corporate relocation California - HPE, Oracle, Tesla, Samsung + 100
- No state income tax, cost of living, business friendly environment, young educated workforce...
- Panama Canal Max 14,000 TEU's
- Near Shore - On Shore
- Electric Vehicle Mfg. – Autonomous Truck



Supply Chain Innovation

Initiative



Investing in the Future of the Supply Chain



View Interview: <https://www.ttnews.com/newsmakers/investing-in-future-of-supply-chain>

Highlighted Media

Economic Alliance Houston Port Region. (2022, February 2). Gulf Coast Growth Show. Supply Chain Disruption. <https://youtu.be/98cvEy9pgew>

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KPRC 2. (2022, January 14). Supply chain disruptions soar amid COVID case surge. <https://www.click2houston.com/news/local/2022/01/15/supply-chain-disruptions-soar-amid-covid-case-surge/>

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NBC News. (2021, October 18). Despite supply chain woes, these shoppers can get early access to hot holiday gifts. <https://www.nbcnews.com/business/business-news/amid-supply-chain-stole-christmas-retailers-are-dangling-loyalty-programs-n1281780>

Transport Topics Radio. (2021, October 30). Dan Ronan Weekend Show. Included Margaret Kidd, Program Director, Supply Chain and Logistics Technology, Former FMCSA Acting Administrator and now TuSimple Chief Administrative Officer Jim Mullen, and Council for Supply Chain Management Professionals President and CEO Mark Baxa. SiriusXM Radio, Channel 146/ <https://www.ttnews.com/transport-topics-radio>

Fox. (2021, October 17). Sunday Night in America with Trey Gowdy. Supply Chain Disruption. <https://video.foxnews.com/v/6277613075001>.

BBC World News. (2021, October 13). Nightly News with Lewis Vaughan Jones. <https://vimeo.com/632323416>

Transport Topics News. (2021, October 12). Fixing Supply Chain Won't be Easy Experts Say. <https://www.ttnews.com/articles/fixing-supply-chain-wont-be-easy-experts-say>

FOX Business. (2021, October 6). Maria Bartiromo, Morning with Maria. Texas professor warns supply chain crunch will 'easily move into 2022.' <https://video.foxbusiness.com/v/6275840361001>

Thank You

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