



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

America's Distribution Hub for the Next Generation

Arturo Gamez | LATAM Manager | Port Houston



Port Houston



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™



- **Governmental subdivision chartered by the State**
- **Governed by a seven – member Commission**
- **Appointed by Harris County, City of Houston and other neighboring cities**
- **Owns/operates 8 public terminals - Operating (2) and Landlord Port (6)**

Port Houston History



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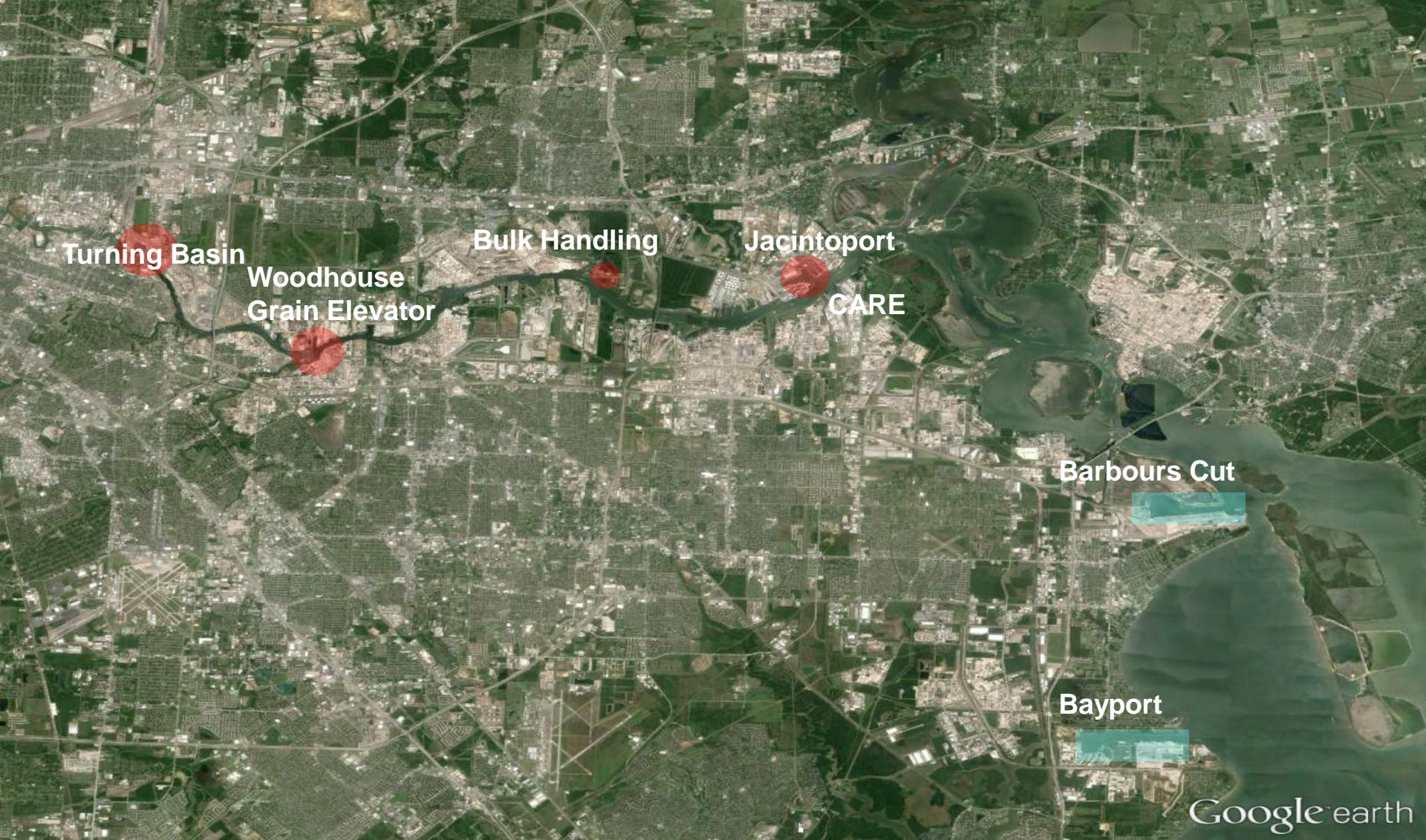
- 1911 - Harris County Houston Ship Channel Navigation District
- 1914 - the port officially opens to traffic
- 1926 – USCOE dredges channel to 30 ft.
- 1956 - World's first containership, *Ideal X*, calls the Port of Houston
- Today, PHA handles 68% of the containerized cargo in the U.S. Gulf of Mexico



Port Houston Terminals



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Google earth

State and Local Market



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TEXAS

- 2nd largest state economy in the U.S. - \$ 1.40 Trillion GDP
- 2nd largest state – 8% of U.S. population – 26M
- Population + 8.5% over next 5 years
- 51 Fortune 500 companies

HOUSTON

- 4th largest US metro area – 6.1 M
- Population + 9.2% over next 5 years
- 25 Fortune 500 headquarters
- 23rd Strongest Economy in the World



IF TEXAS WERE A NATION...

- 11 – Canada
- 12 - Australia
- **13 - TEXAS**
- 14 - Spain
- 15 - Mexico

IT WOULD HAVE THE 13TH LARGEST
ECONOMY IN THE WORLD

Major Gateway

NATIONAL & INTERNATIONAL STATUS

- # 1 U.S. port by foreign waterborne tonnage – 165.5M tons
- # 1 in petroleum, steel and project cargo
- # 6 ranked US container port by total TEUs
- # 15 largest port in the world by tonnage

2015 RESULTS

- PHA Revenue – \$291.8M
- 234.3M total tons (PoH) | 35.7M total tons (PHA)
- 2.13M TEU (loaded and empty)
- 8,376 vessels | 223,000 barges (PoH total)



Houston Industrial Real Estate

3rd Largest in the U.S.



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- More than 474 M SQ FT of industrial real estate
- Large variety of State and Local incentives
 - ✓ Tax abatements
 - ✓ Foreign Trade Zones
 - ✓ Freeport exemptions
 - ✓ Grants, loans and city resources
 - ✓ No corporate or personal income tax

TEXAS is No. 1 State Offering Best Incentives for Business and Industry

*2013 Survey to Site Consultants
Site Selection Magazine*

U.S. RANKINGS

TEXAS is No. 1 State for Doing Business

Area Development Facility and Site Planning 2013

HOUSTON is No. 1 Manufacturing City

Manufacturers' News Inc. 2013

HOUSTON is No. 1 Metropolitan Area and No. 1 in Total Projects

Site Selection Magazine – March 2013

HOUSTON is No. 1 Largest Export Market in U.S.

U.S. Department of Commerce, International Trade Administration 2013

HARRIS COUNTY is No. 1 Largest in Population Gain

U.S. Census Bureau 2013



Foreign Trade Zone



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BENEFITS

- ✓ Merchandise is free of duty and subject to fewer restrictions
- ✓ No time limit for storage
- ✓ Use of foreign and domestic raw materials for manufacturing
- ✓ No quota restrictions

The Houston FTZ is sponsored and maintained by the Port of Houston Authority

23 general purpose zones and **16** sub-zones

Over **12,000** acres of total FTZ area – **3,000** acres for public use

For FTZ questions, contact: **Shane Williams** at (713) 670-2487 or smwilliams@poha.com

Distribution Strength



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Dallas/Forth Worth

- Albertson's
- Anheuser-Busch
- Anderson Merchandisers
- American Honda
- Best Buy
- Blue Linx
- BPI
- Coaster Co. of America
- Costco Wholesale Corp.
- CVS/Caremark Corp.
- Daimler AG
- Dal-Tile Corp.
- Deere & Co.
- Del Monte Foods
- Dillard's
- Ford Motor Co.
- Educational Products
- Ford Motor Co.
- Garden Ridge
- General Electric
- Goodyear Tire & Rubber
- Haggar
- Haverty's Furniture
- The Home Depot
- Icon Health & Fitness
- JC Penney
- KidKraft
- Kimberly-Clark

Dallas/Forth Worth

- LG
- Lowe's
- Michael's Stores
- Neiman Marcus
- Nestle USA
- Nissan North America
- Office Depot
- Oriental Accent, Inc.
- Parkway Transport, Inc.
- Pier 1 Imports Inc.
- Radio Shack Corp.
- Samsung
- Sara Lee Bakery Group
- Save-A-Lot
- Sears Holding Corp.
- Shaw Industries, Inc.
- Southern Wines & Spirits
- Staples
- Target Corp.
- TD Supply
- Terry's Supermarket
- The Container Shop Corp.
- The Home Depot
- Vecta
- Walgreens Co.
- Walmart Stores
- Whirlpool Corp.

Greater Houston

- 99 Cent Only Stores
- Aaron Rents, Inc.
- Academy Sports
- Ashley Furniture
- Anheuser-Busch
- BEL Furniture
- Best Buy
- BlueLinx
- Cap Barbell
- Cardinal Healthcare
- Conn's Appliances
- Crown Mark Furniture
- CVS
- Dal-Tile
- Dell
- Eastman Chemical
- Ethan Allen
- Fiesta Mart
- Ford Motor
- Gerland Corp.
- Gulf & Basco
- HEB
- Heineken
- The Home Depot
- Igloo Products
- Kimberly-Clark
- Kroger
- Macy's

Greater Houston

- Michelin
- Office Max
- Red Bull
- Ricoh
- Rooms To Go
- Walgreen's
- Walmart

East Central Texas

- CVS
- Eastman Chemical
- Family Dollar Stores
- Guardian Industries
- The Home Depot
- Kohl's
- Newell Rubbermaid
- Stage Stores
- Tru-Serve-True Value
- Walmart



Area Fact Sheet

An Area Fact Book Executive Summary



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OF

Port of Houston Area

A Warehousing & Distribution Facility Logistics Profile

Market Reach

- **Local Market Reach** to over 7 million people within 1 day's drive time
- **Regional Market Reach** to over 28 million people for next day delivery service



Real Estate

- Comparable or lower **Real Estate Costs** than US national Averages
- Favorable **Business Tax Climate** with no State corporate or personal income taxes
- Large variety of **State & Local Incentives**, including tax abatements, grants, & loans
- Favorable **Business Climate** rankings against many US cities

Quality of Life

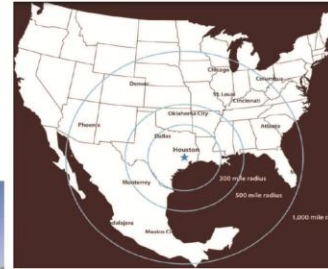
- Desirable **Quality of Life** factors, including a lower cost of living than DFW or US Average

Labor

- Access to a **Labor Force** of over 2.5 million within 30 miles of site
- Growing **Warehouse Labor** workforce population of 3.7% CAGR
- Labor Union Right-To-Work State with a smaller **Union Profile** than the USA Average

Roadways

- Extensive, growing **Highway Infrastructure** of 14 major freeways & 3,000 centerline miles
- **Traffic Congestion** levels comparable or better than DFW and other US urban areas



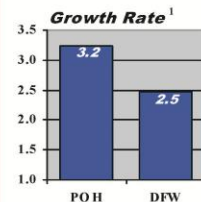
Introduction

This Area Fact Sheet is an Executive Summary of the Area Fact Book of the Port of Houston (POH) and greater Houston metropolitan area. It provides a description of key logistics factors for a proposed warehousing & distribution site in the POH area, including criteria utilized by Shippers and their agents in warehouse site selection studies, such as:

- Market Reach
- Real Estate Factors
- Quality of Life
- Demographics
- Labor
- Infrastructure
- Ports
- Railroads
- Motor Carriers
- Air Freight
- Facility Operating Costs

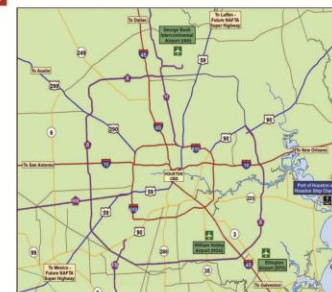
Selective comparisons have been made to potential competitive warehouse development regions, including the Dallas - Fort Worth (DFW) region.

Industrial Market



¹ Occupied Industrial space in region, 4 Year CAGR (CBRE 2010)

When compared to DFW, the POH area has a greater rate of growth in occupied industrial real estate than DFW



POH Area Highway Map

WCL Consulting
World Class Logistics Consulting, Inc.



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Port

- World-class **Container Port Facilities** with no Port-related BCO User Fees
- **Port Organized Labor** with little or no recent labor action or work stoppages
- **Port Landside Access** to major freeways within 20 miles & on-dock intermodal rail facility
- Extensive **Port Logistics Facilities** Base with over 474 million sq. ft. of industrial real estate
- Significantly lower **Port Drayage Cost & Port Drayage Transit Times** than DFW location
- Steady growth of **Containership Vessel Capacity** of 6.6% CAGR, despite a world recession

Railroads

- Extensive **Intermodal Rail Infrastructure** with 4 nearby Terminals served by BNSF, KCS & UP
- Higher **Rail Freight Volumes** than DFW provides scale economies & equipment availability

Motor Carriers

- Access to dozens of **Truckload, Less-Than-Truckload, & Container Drayage Carriers**
- Centralized location with **Over-The-Road Transit Times** to most of the US within 4 days
- Higher inbound **Truck Freight Volumes** assures equipment and competitive outbound rates

Air Freight

- World-class **Air Cargo Airport** with a large number of Air Carriers & high service rankings

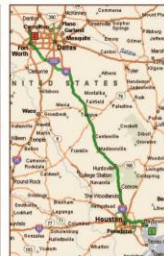
Port Drayage - Port of Houston ¹			
No	Factor	POH	DFW
1	Road Distance ²	12 miles	300 miles
2	Travel Time ³	18 min	5 hrs
3	Port Drayage Cost ⁴	\$185	\$700

¹ Port Drayage from Port of Houston Barbours Cut Terminal to Greenwood St., Baytown, TX 77523 (POH) and Intermodal Pkwy, Haslet, TX 76052 (DFW)

² Road Distance; Data Source: MapPoint, 2011

³ Travel Time, (average driving speeds); Data Source: MapPoint, 2011

⁴ Tariffs based on typical published drayage rates for a volume of 10,000 containers/year (exclusive of fuel surcharges); Data Source: WCL, 2011



Port Drayage Route to DFW



Facility Operating Costs

- Lower **Total Warehouse Operating Cost Factors** compared to DFW location



Total Facility Operating Costs are lower in the POH area than DFW area

For more information contact
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tradedevelopmentinfo@poha.com
www.portofhouston.com



This Area Fact Book provides general information for a general warehousing & distribution facility and is not intended as a substitute for a detailed facility site selection analysis. For detailed site-specific analysis options, please contact WCL Consulting.

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WCL Consulting is a management consulting firm providing logistics, supply chain, management and warehousing & distribution advisory services to major manufacturers, importers, distributors, JET's, industrial real estate firms and the public sector.

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Security Enforcement

First to achieve ISO 28000 compliance for security management system



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U.S. COAST GUARD	WATERSIDE AND FACILITIES
U.S. CUSTOMS & BORDER PROTECTION	Cargo and ship personnel
PHA POLICE	Landside terminals
PRIVATE REGULATED CORPORATE FACILITIES	Supported by U.S. Coast Guard and local law enforcement
HOUSTON SHIP CHANNEL SECURITY DISTRICT	Texas governmental entity, public/private partnership, security system and infrastructure



Environmental Commitment



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First to achieve ISO14001 compliance for environmental management system

- ✓ WASTE MINIMIZATION
- ✓ ENERGY EFFICIENCY
- ✓ STORM WATER POLLUTION CLEANUP PROGRAM
- ✓ LEED STANDARDS
- ✓ DREDGED MATERIAL AREA MANAGEMENT



PORT OF HOUSTON AUTHORITY

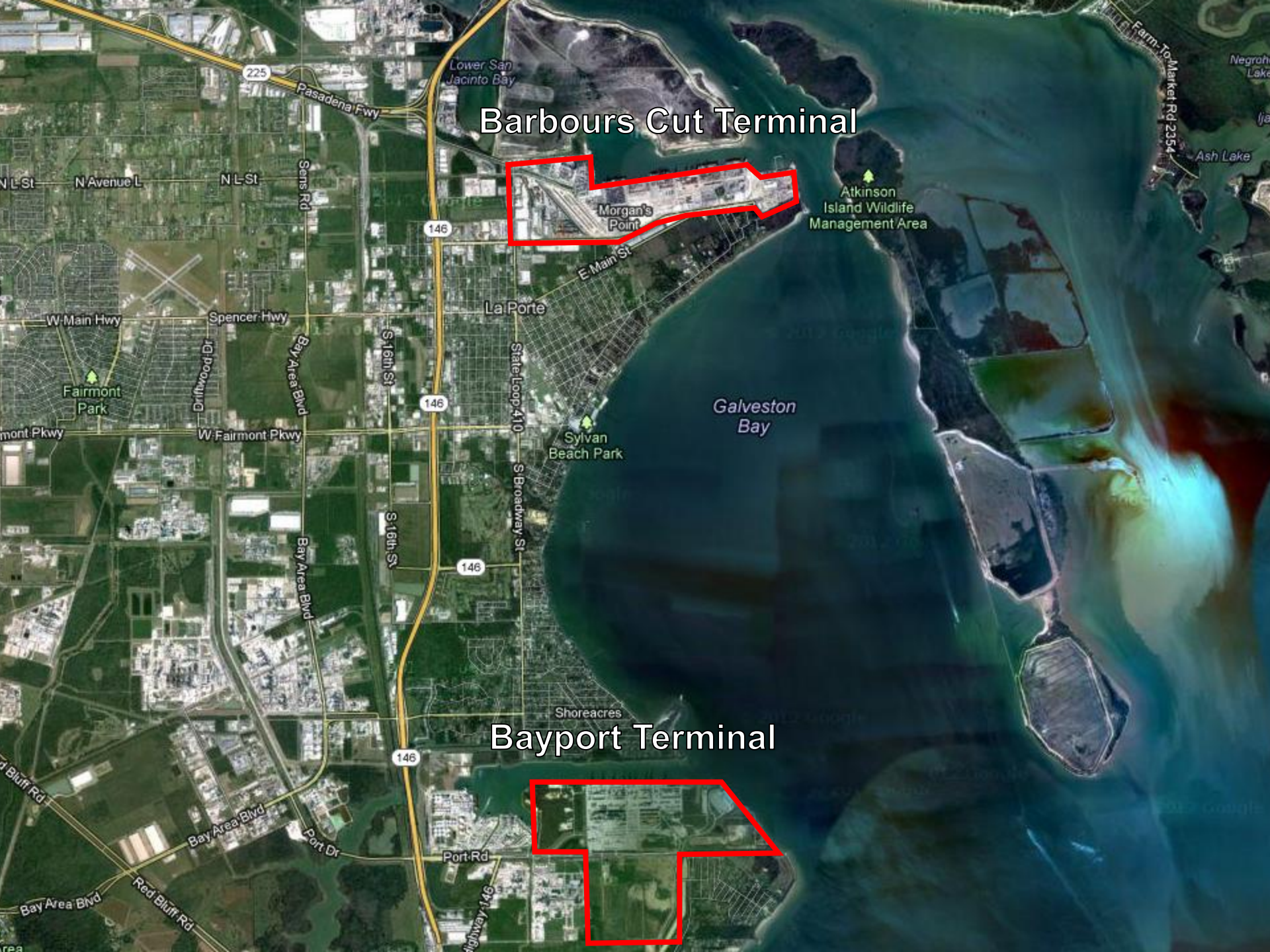
Barbours Cut Terminal



Morgan's Point

Atkinson Island Wildlife Management Area

Bayport Terminal



Channel Improvement Projects



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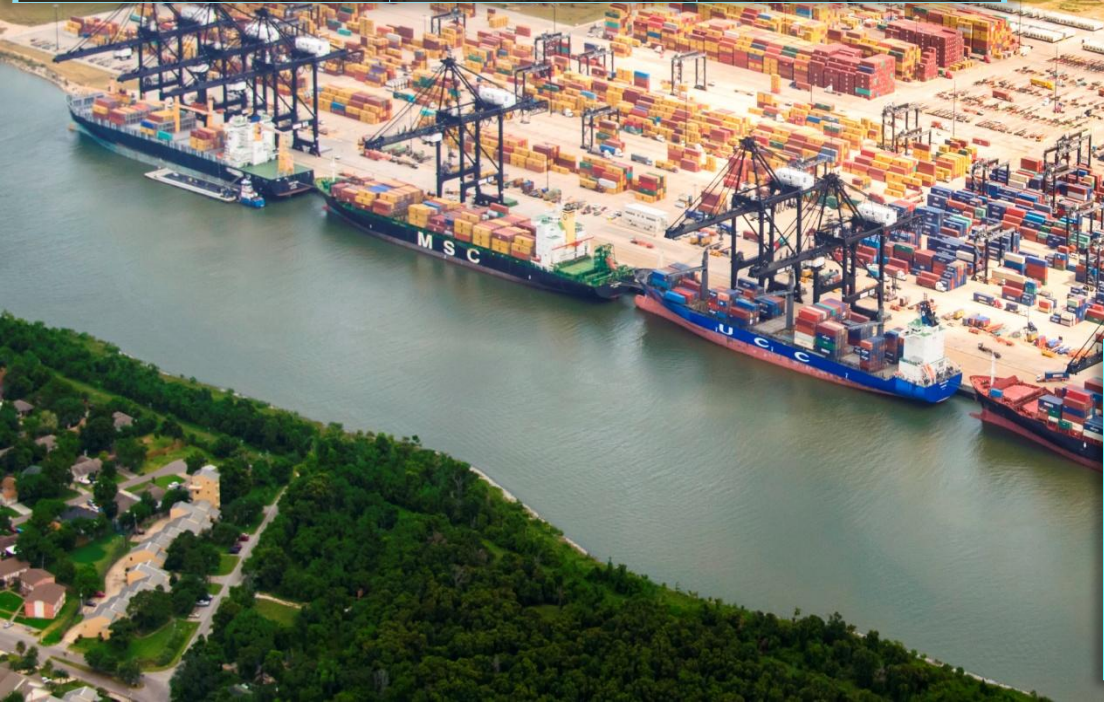


Bayport Container Terminal



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	Current	At Built-Out
Acres (<i>ha</i>)	175 acres (<i>71 ha</i>)	376 acres (<i>152 ha</i>)
Berth	3	7
Waterfront ft (<i>m</i>)	3,330 ft (<i>1,015 m</i>)	7,000 ft (<i>2,130 m</i>)
Terminal Capacity	900,000 teu	3 M teu
Equipment (cranes)	6 PP, 3 SPP	21 SPP



PHA Capital Investment 2014-2018

50% complete today

6 Wharf SPP Cranes - \$73 Million

Wharves 2 & 6 - \$140 Million

CY 6 North/South - \$43 Million

3 RTG's - \$6 Million

Next 10-year Completion - \$1

Billion

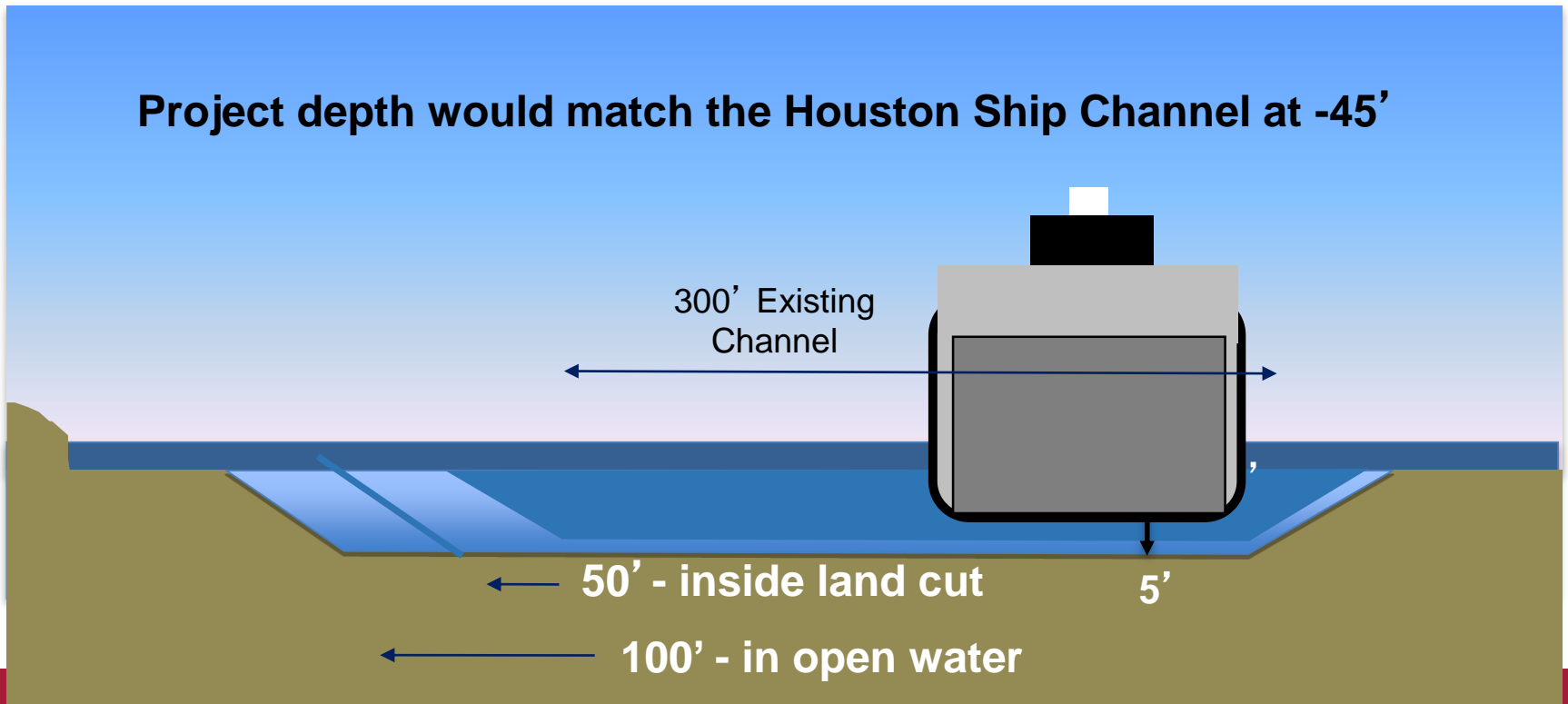
Proposed Bayport Improvements



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BAYPORT CHANNEL:

- Deepen to -45' / 13.72m (authorized depth)
- Widen 300'-wide channel an additional 100', tapering to 50' additional width



Barbours Cut Container Terminal



	Current	At Built-Out
Acres (ha)	235 acres (95 ha)	235 acres (95 ha)
Berths	6	6
Waterfront ft (m)	6,000 ft (1,830 m)	6,000 ft (1,830 m)
Terminal Capacity	1.2 M teu	2.5 M teu
Equipment (cranes)	4 PP, 5 P	12 SPP

PHA Capital Investment 2014-2018
6 SPP Wharf Cranes - \$73 Million
2 Wharves Rehab - \$86 Million
Electrical Transmission/Dist. - \$21 Million
8 RTG's - \$15 Million
Terminal 4 & 5 CY Improvements - \$20 Million
10-year Capital Investment - \$700 Million

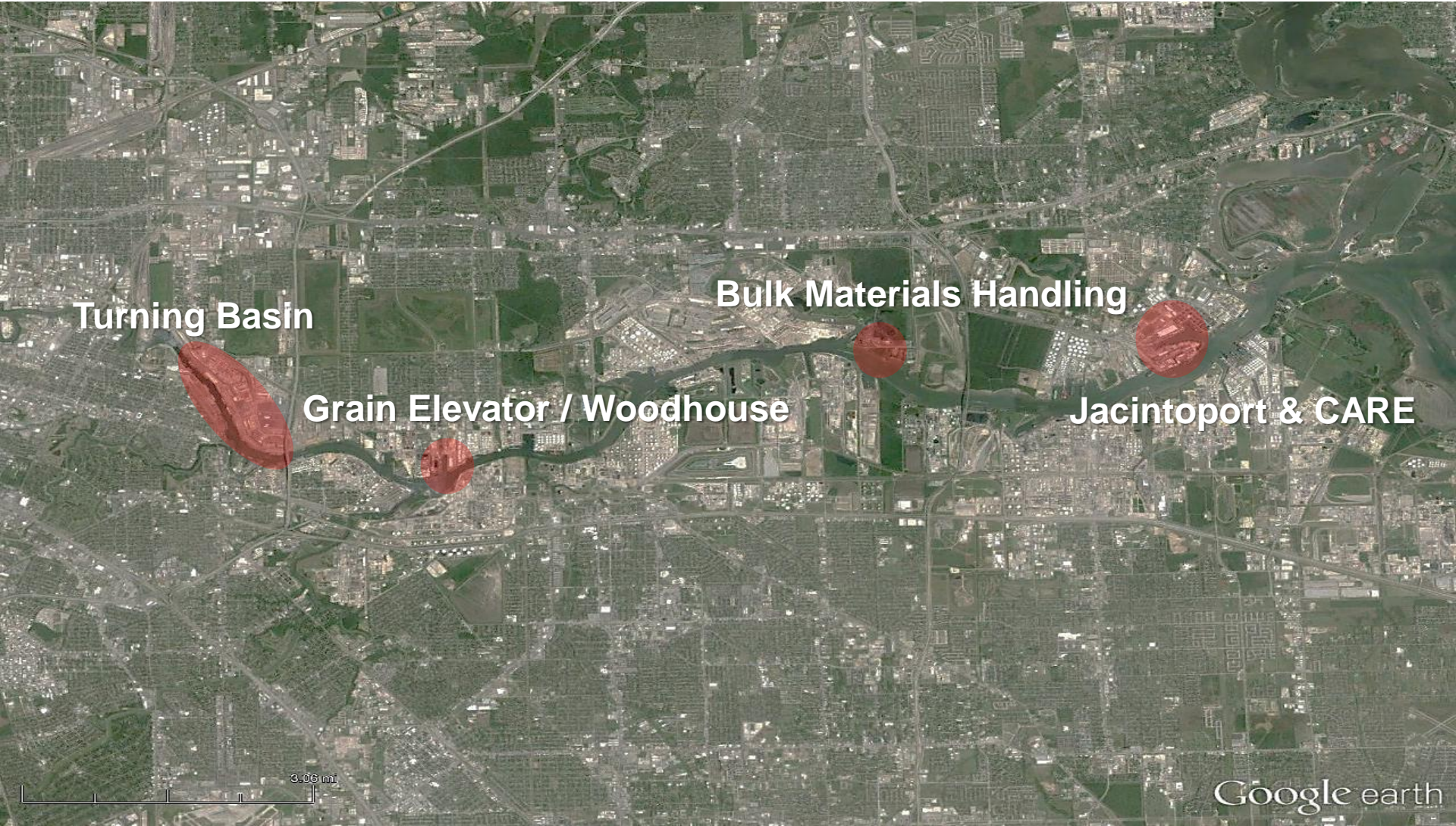
Container Terminals

Dredging & Widening Projects



PROJECT SCOPE	<p>Bayport and Barbours Cut Channel +5 ft. Deep <i>*5 feet = 1.52 meters. Widening and other adjustments as needed To bring final depth to 45 feet depth (13.72 meters)</i></p>
ESTIMATED COMPLETION	<p>Barbours Cut Container Terminal: Completed Bayport Container Terminal: Summer 2016</p>
ESTIMATED COST	<p>\$85 Million</p>
START WORK DATE	<p>July 25, 2014</p>
FUNDING SOURCE	<p>PHA funds construction 100% Federal Assumption of Maintenance</p>

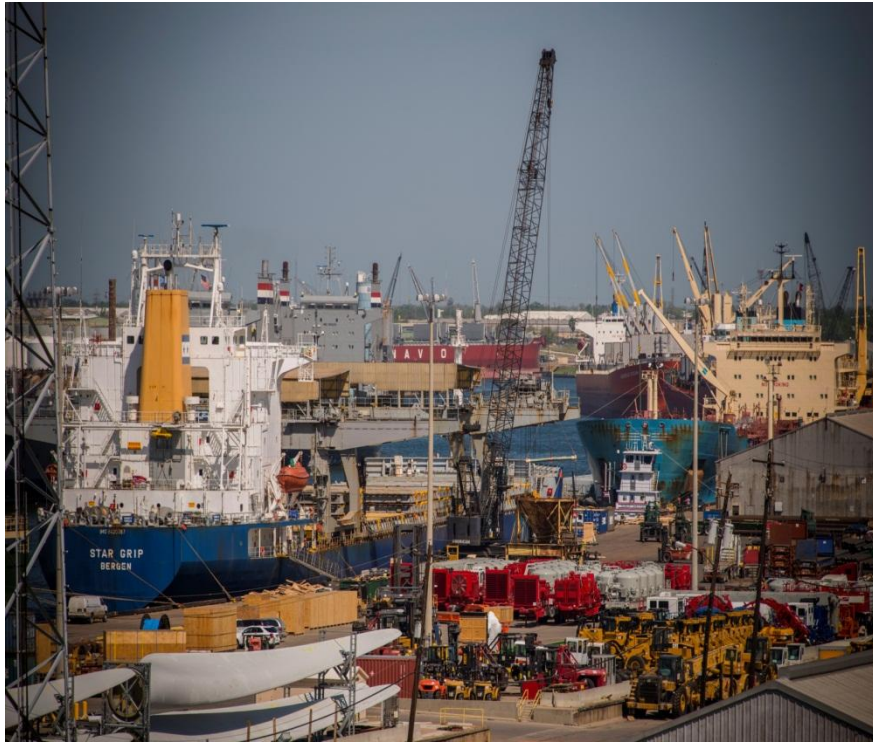
Upper Houston Ship Channel Breakbulk Terminals



Turning Basin Docks



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- **41 multipurpose wharves to handle breakbulk, container, project or heavy-lift, steel, vehicles, liquid/dry bulk and layberths**
- **1.9 M SQFT covered storage; 3.3 M SQFT open storage**
- **20,000 FT of docking space**
- **1,000 pounds/SQ FT**
- **Steel handling/processing; project cargo staging areas**
- **Direct on-dock rail access and direct interstate access**

Jacintoport

- 3 cargo wharves 1,836 FT
- Spiralveyor cargo handling
- 400 tons of bagged cargo/hour
- 200K SQ FT of climate-controlled storage
- FTZ designation
- On-site product bagging
- Direct on-dock rail access



Care

- 2 cargo wharves 1,118 FT
- 1,000 LB/SQFT capacity
- 15 acres of paved open storage
- 45,900 SQFT shed space
- Direct on-dock rail access



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Jacintoport & Care



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HOUSTON IS COOL

Houston's Main Reefer Facilities



1. Americold

- La Porte Facility: 9,893,000 cubic feet
- Houston Facility: 4,851,000 cubic feet
- La Porte Facility: 48 truck bays
- Houston Facility: 18 truck bays
- Frozen/cooler capacity
- Truck and rail served
- FDA approved
- USDA inspection
- Customs bonded
- Fumigation services
- Sales contact: 281.867.2608
- www.americold.com



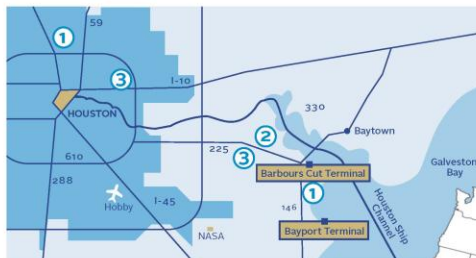
2. NOCS

- 4,200,000 cubic feet
- Frozen/cooler capacity
- 32 truck bays
- Truck and rail served
- FDA approved
- USDA inspection
- Customs bonded
- Sales contact: 504.944.4400
- www.nocs.com



3. Preferred Freezer

- La Porte Facility: 6,800,000 cubic feet
- Houston Facility: 4,000,000 cubic feet
- La Porte Facility: 22 truck bays
- Houston Facility: 23 truck bays
- Truck and rail served
- FDA approved
- USDA inspection
- Customs bonded
- Sales Contact La Porte: 281.330.6780
- Sales Contact Houston: 281.865.5222
- www.preferredfreezer.com



Houston: America's Distribution Center

- Strategically located
- Deep-water port handling 8,100 TEU ships today
- Service to/from Asia, Latin America & Europe
- Access to America's heartland
- On-dock service via BNSF, UP & KCS
- Strong port and landside infrastructure
- 342 reefer plugs in Barbours Cut; 536 reefer plugs in Bayport Container Terminal



For more information contact:
The Port of Houston Authority
+1.713.670.2400
origination@poha.com
www.portofhouston.com



Port of Houston Authority awarded Port Authority of the Year
by Containerisation International



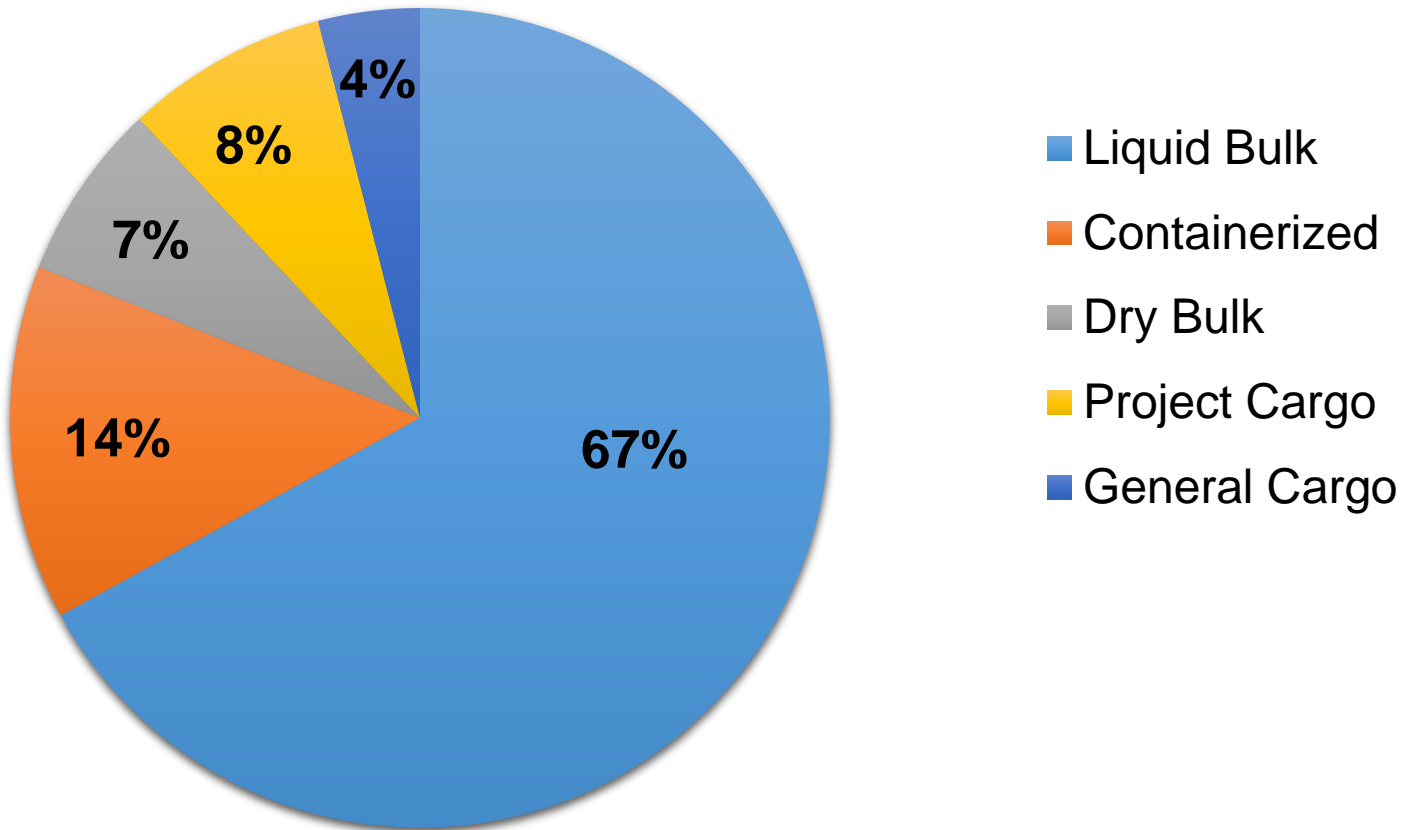
Construction of a 181,000 sq.ft temperature-controlled storage facility (40' high), consisting of:

- A **76,000 sq.ft** frozen warehouse space to handle **imported meat & seafood, and meat & poultry for export**, containing 3 rooms, with total pallet capacity of 15,700 positions
- A **21,000 sq.ft** chilled warehouse space to handle **imported fruit & vegetables**, containing convertible storage space, ripening room, fumigation area and pallet capacity of 2,900 positions
- Four (4) **blast freezing cells** with 170 total pallet capacity to allow for 24-hour freezing of ambient export poultry
- A **15,000 sq.ft** refrigerated warehouse space for **repack & value-added services**, including **5,000 sq.ft mezzanine** for packing materials
- An 85' deep shipping & receiving **truck dock**, with 30 dock doors and space for load staging, USDA inspection and handling.
- A USDA inspection room located on the truck dock, with laboratory, office & inspection area
- Development of trailer parking facilities – 30 spots (20 with electrical plugs) and 90 auto parking spots
- Two-story office facilities & employee amenities



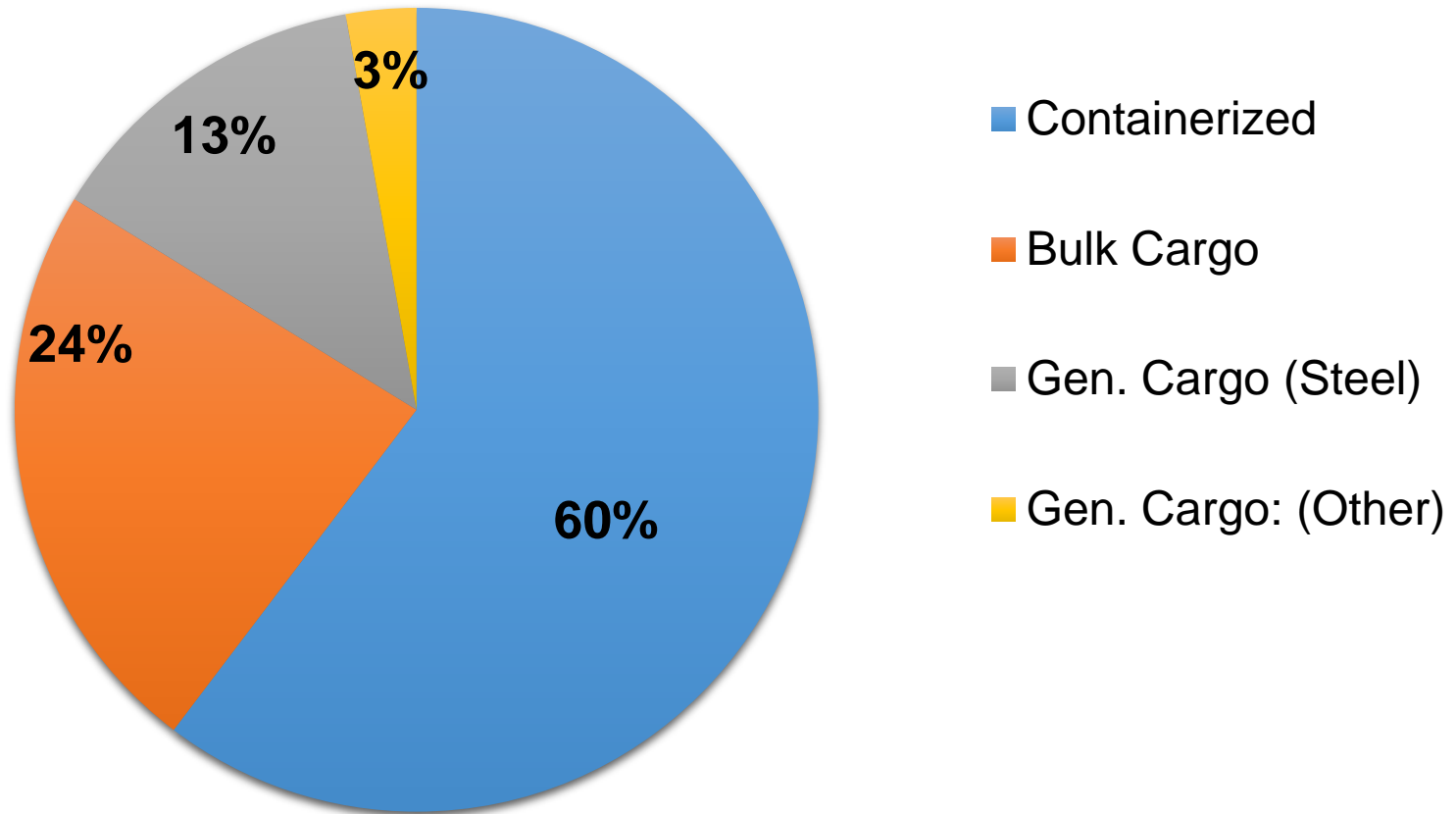
Port of Houston – Ship Channel

Cargo Sectors – 2015



Port Houston – Port Authority

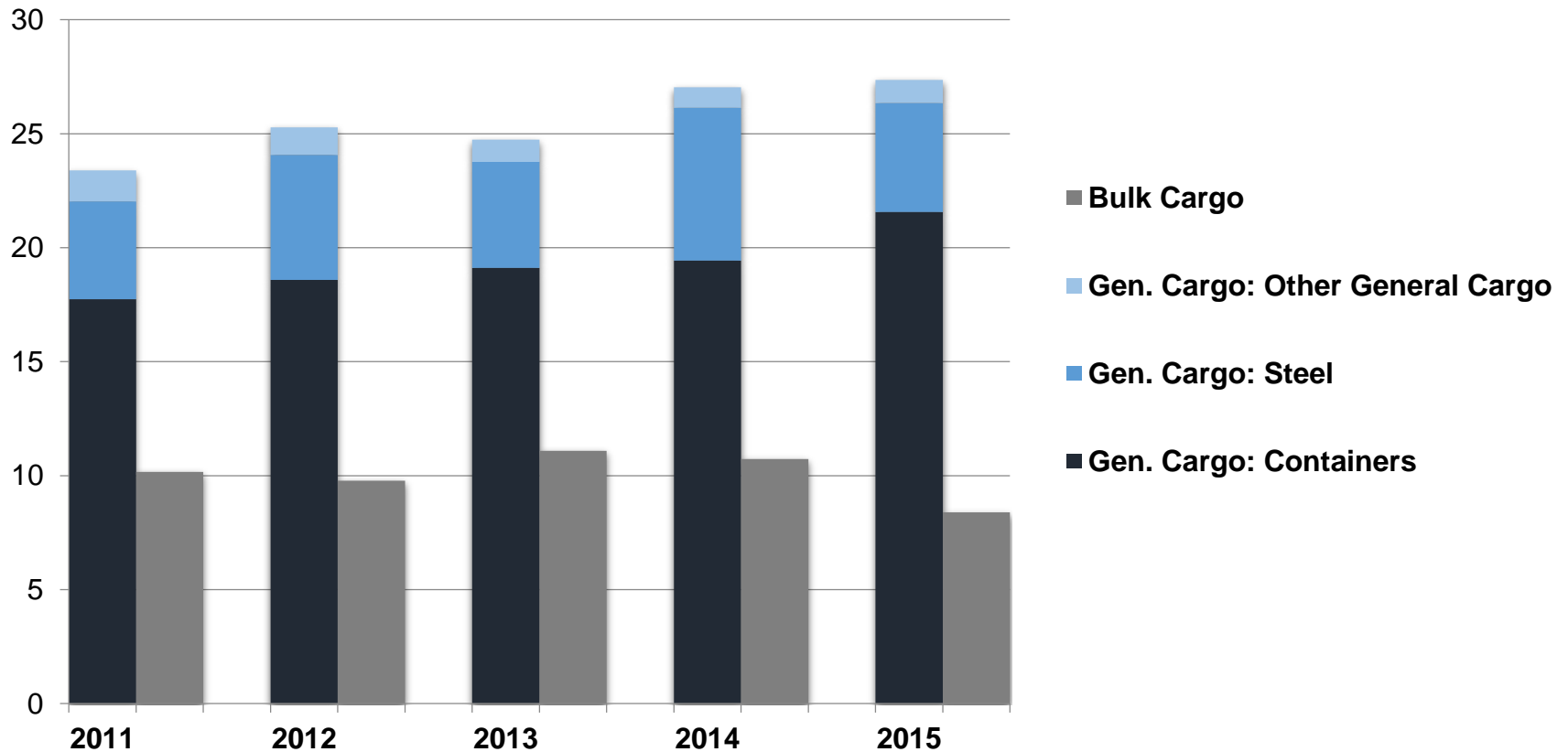
Cargo Sectors – 2015



Port Houston Total Tonnage by Cargo Sector



Millions of Short Tons



Source: PHA Market Development, PHA Accounting

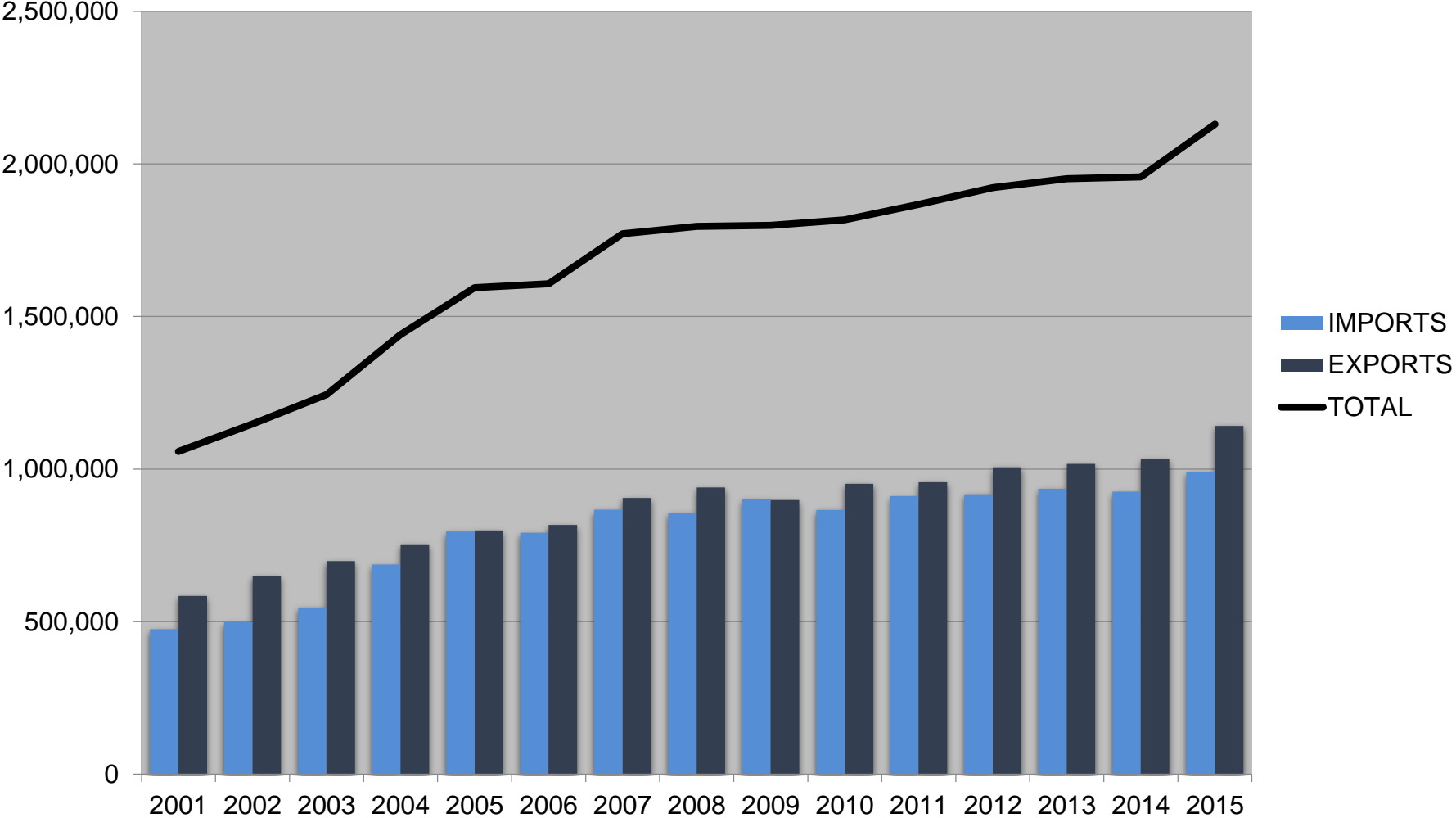
Notes: Values include PHA Terminals only. Bulk cargo excludes Bayport Chemical complex.

Consistent Growth of Containers



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Containers

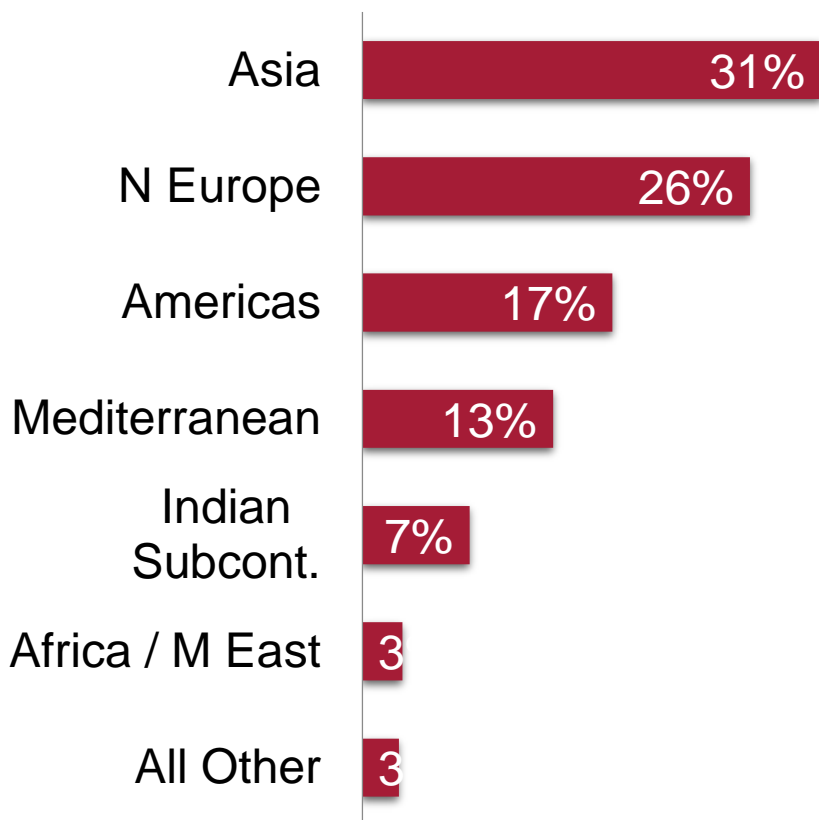


Note: Totals include empty containers
Source: PHA Accounting, PHA Market Development

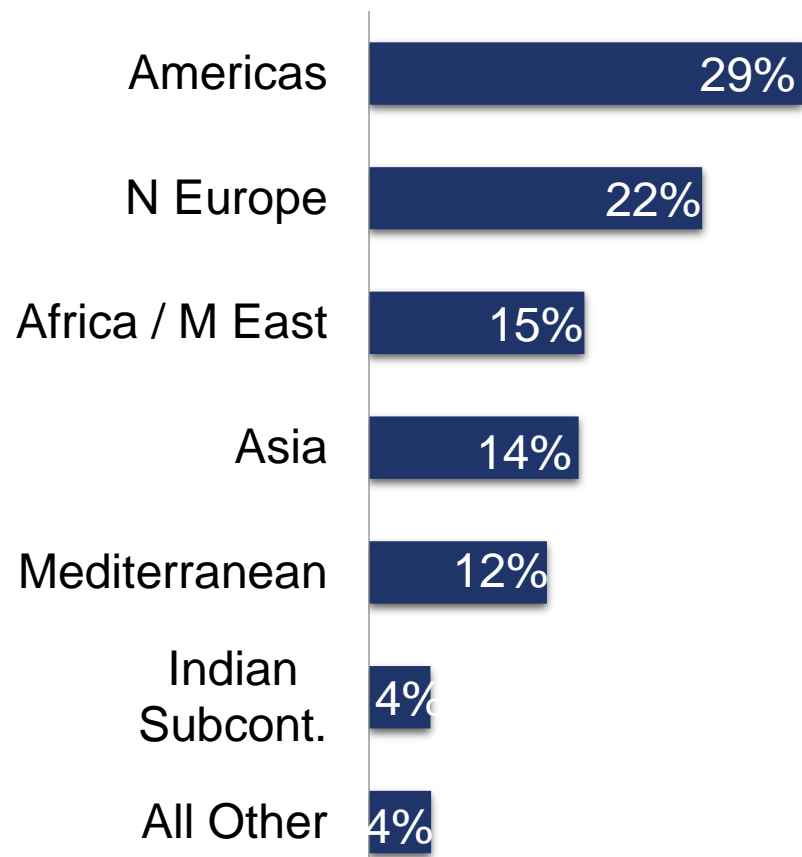
Port Houston Container Trade Share – 2015



Imports by Trade Region



Exports by Trade Region



Top Container Carriers

January through December 2015



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TOP 10 CARRIERS	IMPORTS	EXPORTS	TOTAL TEU	PERCENTAGE
MSC	187,745	133,990	321,735	18.2%
CMA-CGM	142,144	140,707	282,852	16.0%
Maersk Sealand	136,541	107,100	243,641	13.8%
Hapag Lloyd	116,855	123,995	240,850	13.7%
China Ocean Shipping	41,005	83,753	124,758	7.1%
Hamburg Sud	75,232	37,026	112,258	6.4%
Seaboard Marine	68,517	33,063	101,580	5.8%
Hanjin Shipping Company	17,463	35,245	52,708	3.0%
Zim Container	19,600	27,156	46,757	2.7%
Safmarine	21,534	11,075	32,609	1.8%

Note: Totals DO NOT include empty containers

Source: Journal of Commerce (PIERS), PHA Market Development

Importers and Exporters

Containerized Freight – January through December 2015

(Excludes companies not listed in PIERS, e.g., WALMART)



TOP 10 PHA IMPORTERS	TEU	TOP 10 PHA EXPORTERS	TEU
Red Bull North America	11,986	Unitcargo Container Line	34,988
Heineken USA, Inc.	8,344	Shintech Inc.	27,794
Anheuser-Busch	6,595	Dow Chemical	25,960
Ikea	4,018	ExxonMobil Chemical	22,858
Nestle Waters	3,882	MTS Logistics	19,979
Michelin North America	3,727	Panalpina	17,434
Daltile	3,610	Vinmar	13,287
Caterpillar Inc.	3,538	Kuehne+Nagel	12,108
BDP International	3,474	Expeditors International	12,008
Goodyear Tire and Rubber	3,270	H Muehlstein	11,873

Import and Export Commodities

Containerized Freight – January through December 2015



PHA IMPORT COMMODITIES	TEU	PHA EXPORT COMMODITIES	TEU
Food & Drink	140,129	Resins & Plastics	271,050
Machinery, Appliances & Electronics	100,928	Chemicals & Minerals	158,000
Hardware & Construction Materials	95,453	Food & Drink	79,739
Retail Consumer Goods	81,781	Machinery, Appliances & Electronics	78,989
Steel & Metals	74,765	Automotive	58,334
Chemicals & Minerals	51,244	Fabrics including Raw Cotton	32,823
Automotive	50,937	Retail Consumer Goods	26,631
Resins & Plastics	48,464	Steel & Metals	25,070
Furniture	44,893	Hardware & Construction Materials	23,631
Apparel & Accessories	29,555	Apparel & Accessories	18,551
Fabrics including Raw Cotton	14,634	Furniture	4,562
Other	109,578	Other	143,515

Top Breakbulk Carriers

2015 versus 2014



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TOP 10 CARRIERS 2015	TONNAGE	TOP 10 CARRIERS 2014	TONNAGE
Seaboard Marine, Ltd.	1,338,048	Star Shipping	1,348,088
Star Shipping	819,138	Seaboard Marine, Ltd.	1,308,668
Pan Ocean	553,634	BBC	479,784
Clipper Shipping	333,555	Pan Ocean	445,066
Western Bulk Carriers	306,669	Western Bulk Carriers	440,601
SK Shipping	257,904	SK Shipping	422,044
BBC	250,135	Clipper Shipping	323,954
Daewoo Logistics	243,373	Oldendorff Carriers, Inc.	285,187
Daiichi Chuo	190,529	Hyundai Merchant Marine	246,318
Volkswagen Of America - FTZ	163,843	Daewoo Logistics	211,466

Unparalleled Market Reach



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8.4% of U.S. Population or 25.8 Million U.S. Consumers within 300 mile radius
 12.9% of U.S. Population or 39.8 Million U.S. Consumers within 500 mile radius
 45.9% of U.S. Population or 141.8 Million U.S. Consumers within 1,000 mile radius

- ### INTERMODAL ACCESS
- ✓ Three Class I Railways (BNSF, UP, KCS) with direct access to key intermodal hubs
 - ✓ 1,400 major truck firms
 - ✓ 16 intrastate & interstate highways network from Houston
 - 575.4 miles of highways & expressways



TRUCK DISTANCE IN HOURS				
DALLAS	LOS ANGELES	NEW ORLEANS	N. FLORIDA	CHICAGO
4	24	5.5	13.5	17.5
I-45 N	I-10 W	I-10 E	I-10 E	HWY. 59

Port Houston's Rail Network



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Inter-rail agreements with CSX, NS & others offer rail connectivity to the Eastern U.S., Canada and Mexico.

DESTINATION	TRANSIT TIME FROM HOUSTON
Chicago	4 days
Memphis	3 days
St. Louis	2 days
Kansas City	2 days

- ✓ 94 weekly Intermodal departures and arrivals
- ✓ 16 weekly trains between Chicago, 4 of which are express trains
- ✓ 12 weekly trains between St. Louis
- ✓ Daily trains between Memphis



Panama Canal Opportunity



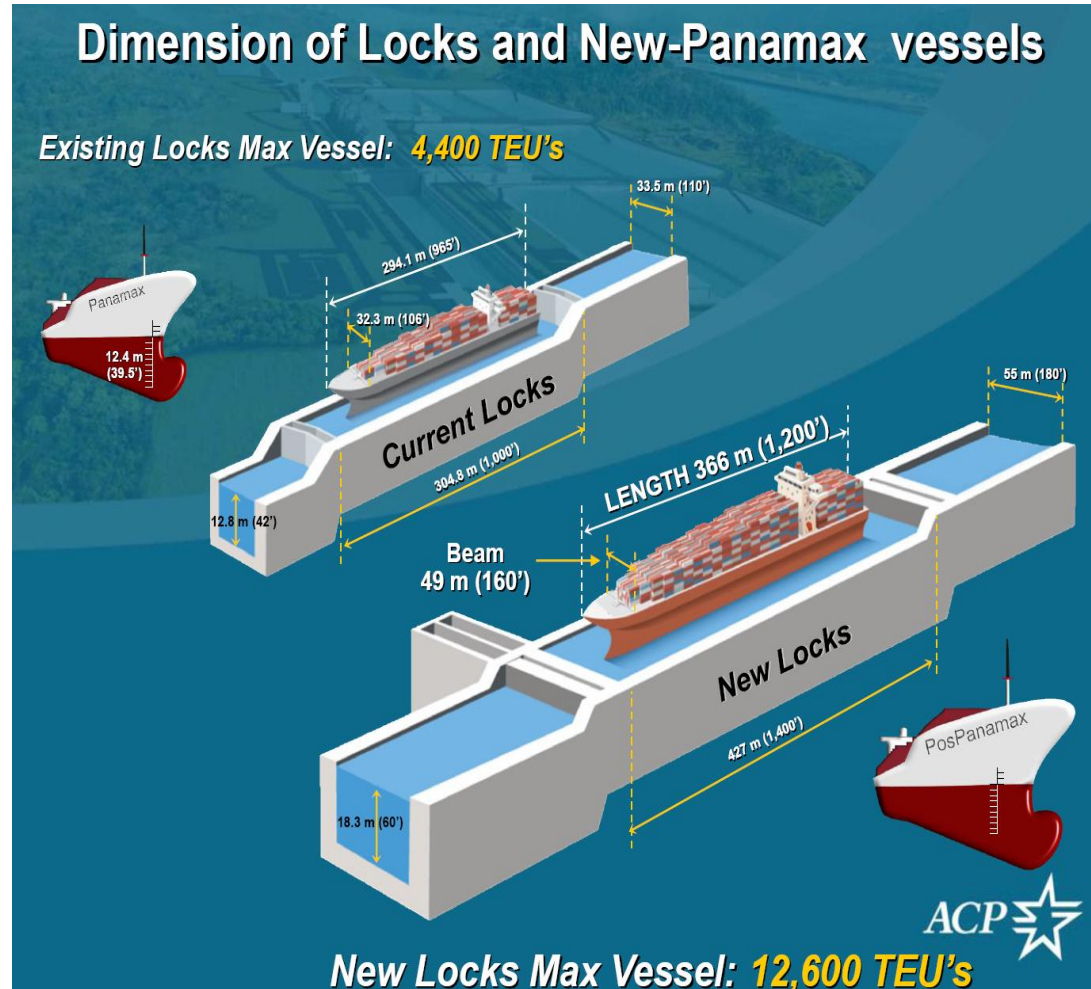
PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

East Asian imports currently represent 31% of PHA's total inbound container trade volume

- Fastest growing population growth in the U.S.
- Increased consumer demand
- Centrally located gateway

Expanded Panama Canal brings new efficiencies

- Larger ships = lower cost per container
- Higher efficiency port (highest productivity in the U.S.)
- Attractive alternative gateway to Texas, Midwest and Latin America



Houston: A Gateway to the World



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

Strategic Location

- Huge Local Market - 39.8 million consumers in 500 miles
- Gateway to all U.S. and North America market
- Easy access to Mexico, Caribbean, and Latin America

Pro-Business Environment

- Low taxes & low government regulation
- Low cost environment
- Excellent labor environment

Strong Infrastructure

- World class airport system
- Extensive railway access and efficient road and highway system
- Well developed sea port





PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

THANK YOU

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Port Houston

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