

LOS ANGELES LAND & LOGISTICS REPORT

2022

Has Logistics Reached a Plateau or a Cliff? A Year in Review

TRANSPORT TOPICS 2022 TOP 50 US-BASED GLOBAL FREIGHT COMPANIES

RANK	COMPANY	FREIGHT REVENUE (MILLIONS)
1	UPS, Inc.	\$97,287
2	FedEx Corp.	\$92,110
4	United States Postal Service	\$77,040
16	BNSF Railway	\$23,282
17	C.H. Robinson	\$22,047
18	Union Pacific Railroad	\$21,804
22	Expeditors International	\$16,524
26	XPO Logistics	\$12,806
27	CSX Corp.	\$12,522
28	J.B. Hunt Transport Services	\$12,168
32	Norfolk Southern	\$11,142
45	Landstar System	\$6,538
49	Schneider	\$5,609
50	Old Dominion Freight Line	\$5,256

The logistics and land asset class experienced a meteoric rise the last four years. The future is unclear but here is what we know today.

The transportation industry is not the only one in the driver's seat acquiring warehouses and logistics facilities. Investors and developers recognize the real estate appreciation of this historically niche property asset, and companies are shortening their logistics chain by purchasing their own warehouses.

The ideal logistics properties have low building to land site coverage, great access to seaports, airports, freeways and railways. Los Angeles County's perfect location for logistics has attracted many national and global investors. Land and logistics properties increased year over year at an unprecedented 50%. Some notable transactions include Tishman Speyer and Mitsui Fudosan, an affiliate of Japan's largest real estate company, formed a new logistics venture with \$500M seed funding for acquisition, redevelopment, development and operation of industrial properties in major port cities, such as Los Angeles. Ponte Grande Compass from Spain has acquired a portfolio of seven logistics center in the U.S. for the first time. Ryder, a Florida-based transportation and logistics company, leased an approximately 1M SF distribution center in City of Industry recently. Link Logistics, formed by New-York based Blackstone, purchased 82K SF building in Montebello for more than \$29M.

The soaring demand for logistics properties is driven by increased e-commerce sales, population growth, supply chain disruptions (labor issues, lack of materials & transportation delays), manufactured goods shortages, and a scarcity of suitable land.

SUPPLY CHAIN DISRUPTIONS

- Lack of Materials
- Labor Issues

DELAYED FULFILLMENTS

- Product Shortages
- Transportation Delays

INCREASED LOGISTICS DEMANDS

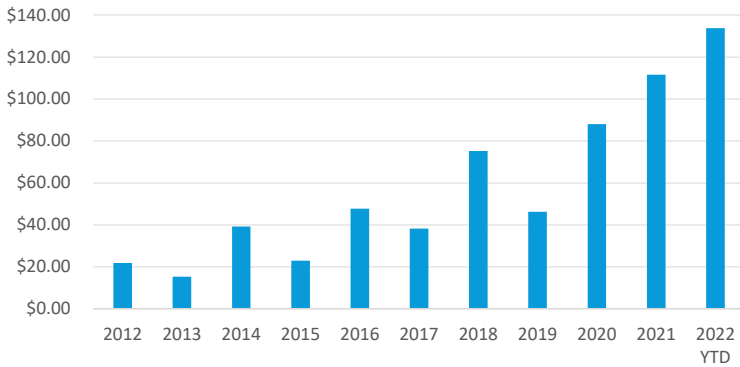
- Need for Warehouses & Logistics Facilities
- Interests from Real Estate Investors

CONTAINER STATISTICS (CALENDAR YEAR 2022 YTD)

RANK	SEAPORT	TOP EXPORTS	TOTAL EXPORTS	TOP IMPORTS	TOTAL IMPORTS	TOTAL TEU'S	PRIOR YEAR CHANGE
1	Port of Los Angeles	Pet/animal feed, waste paper, soybeans, fabrics, scrap metal	4,199,056	Furniture, auto parts, apparel, plastics, footwear	4,343,888	8,542,944	-5.91%
2	Port of Long Beach	Petroleum coke, petroleum bulk, chemicals, waste paper, foods	4,008,646	Crude oil, electronics, plastics, furniture, clothing	3,992,164	8,000,810	1.50%



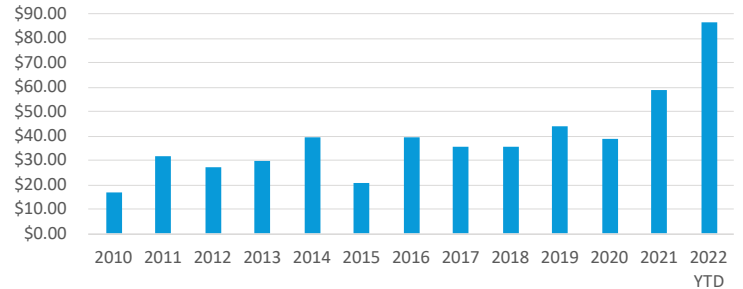
TRUCK TERMINAL AVERAGE PRICE PER LAND SF



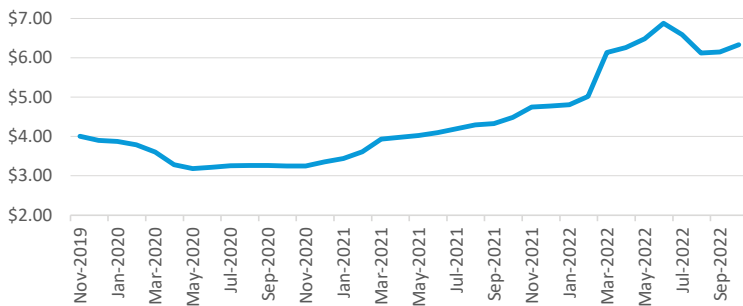
The average land sale price for truck terminal for 2022 YTD is \$133.70 PSF, approximately 20% increase from the previous year and more than 500% increase from a decade ago.

Contractor storage yard's average land sale price for 2022 YTD is \$86.49, more than 46% increase from 2021 and more than tripled its value from 2012. Of note, there's still a significant delta between this type of land and land for logistics.

CONTRACTOR STORAGE YARD AVERAGE PRICE PER LAND SF

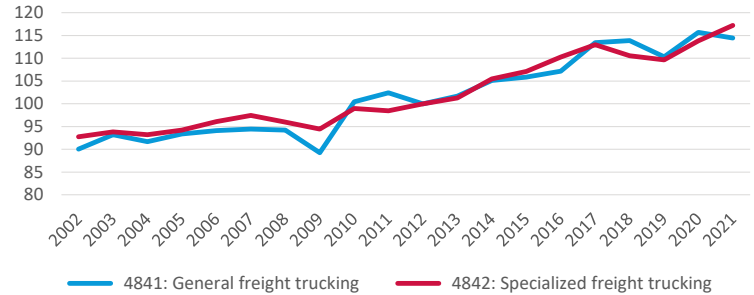


U.S. ENERGY INFORMATION ADMINISTRATION CALIFORNIA NO 2 DIESEL RETAIL PRICES (\$/GALLON)



California plans to ban diesel trucks at the ports by 2035, by phasing out the replacement of older big rigs to clean-fuels vehicles starting in 2024, and prohibiting trucks powered by internal combustion engines with over 800,000 miles on them in 2025. Lack of charging stations could be problematic as truckers hesitate buying vehicles without a charging infrastructure in place, and truck manufacturers are slow to invest in charging stations without securing enough demand. The price of electric trucks, which is approximately two or three times more than diesel trucks, and limited mileage between charges, would also affect shipping cost and route efficiency. There's notable doubt whether the state's carbon goals are achievable or just Sacramento fantasy.

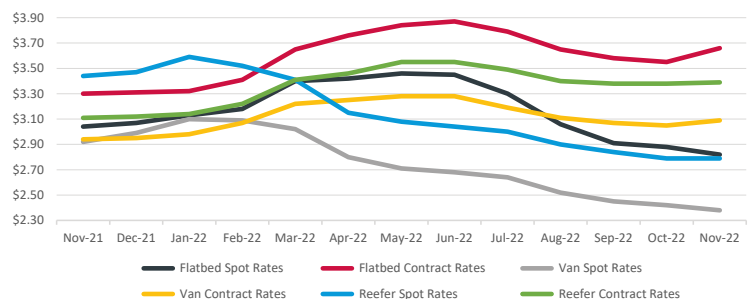
TRUCK TRANSPORTATION LABOR PRODUCTIVITY (2012=100)



DAT.COM NATIONAL RATES NOVEMBER 2022

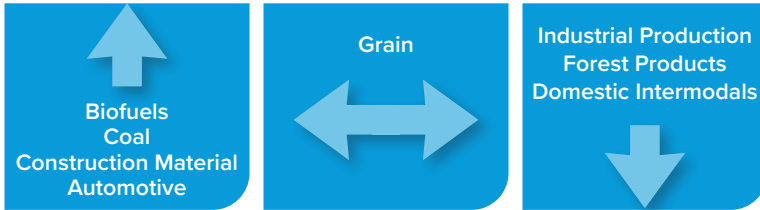
	FLATBED	VAN	REEFER
West	\$2.47	\$2.29	\$2.67
Midwest	\$3.04	\$2.64	\$3.28
South Central	\$2.88	\$2.29	\$2.81
Southwest	\$2.89	\$2.28	\$2.46
Northeast	\$2.76	\$2.27	\$2.60

DAT.COM NATIONAL AVERAGE SPOT & CONTRACT RATES NOVEMBER 2022



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UNION PACIFIC RAILROAD FOURTH QUARTER 2022 VOLUME OUTLOOK



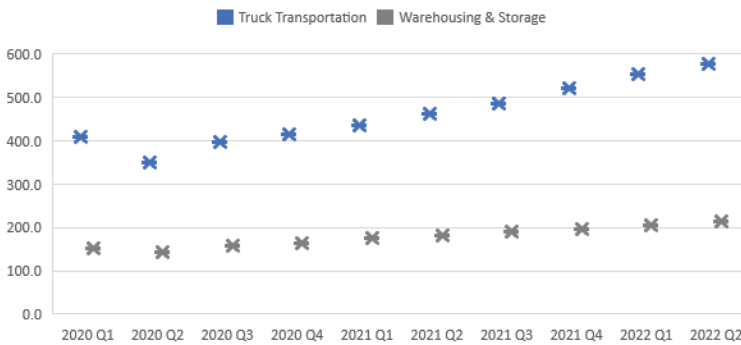
BNSF Railway plans to invest more than \$1.5B constructing Barstow International Gateway that will allow direct transfer of containers from the Port of Los Angeles and Port of Long Beach through the Alameda Corridor to Barstow.

BNSF RAILWAY VOLUME (IN THOUSANDS)

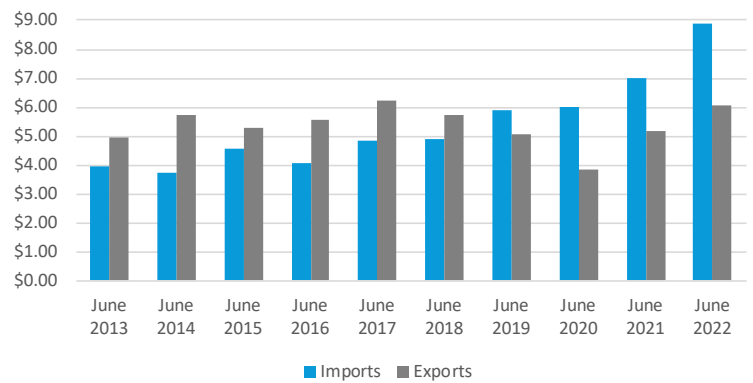
BUSINESS UNIT	2022 YTD	2021 YTD	YOY % CHANGE
Consumer Products	3,977	4,307	-8%
Agricultural Products	884	896	-1%
Industrial Products	1,237	1,280	-3%
Coal	1,158	1,127	3%
TOTAL VOLUME	7,256	7,610	-5%

BNSF RAILWAY REPORTED FUEL EXPENSE INCREASE OF 80% AND 75% IN THE THIRD QUARTER AND FIRST NINE MONTHS OF 2022, RESPECTIVELY, COMPARED TO THE SAME PERIODS LAST YEAR.

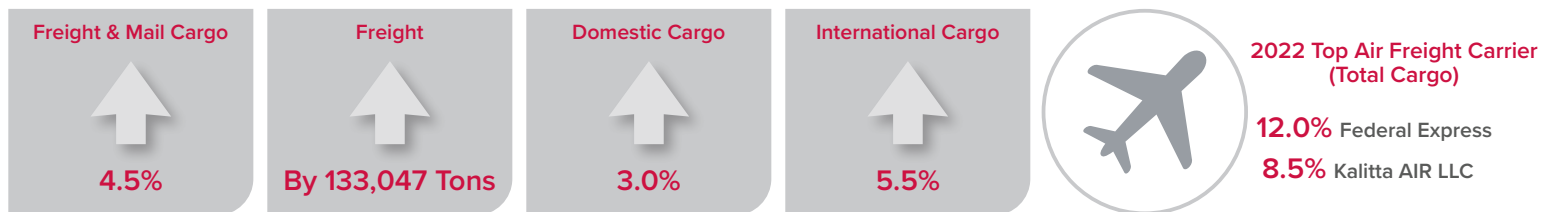
BEA GROSS OUTPUT BY INDUSTRY TRANSPORTATION & WAREHOUSING (BILLIONS OF DOLLARS) SEASONALLY ADJUSTED AT ANNUAL RATES



LAX AIRPORT TRADE YEAR OVER YEAR (IN BILLIONS)



LAX AIR CARGO FISCAL YEAR 2022 VS 2021



Trade at LAX for the first half of 2022 was valued at **\$78.7 billion**, an **increase of 21.52%** over the first six months last year.