



U.S. MARKET:

Gross Domestic Product	<p>The U.S. GDP increased at an annual rate of 33.4% in the third quarter of 2020, according to the third estimate released by the Bureau of Economic Analysis in late December. The upward revision primarily reflected larger increases in personal consumption expenditures (PCE) and nonresidential fixed investment. (Source: US BEA) As of January 8, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2020 is 8.7%. (Source: Federal Reserve Bank of Atlanta) (The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)</p>
U.S. Trade Deficit	<p>The U.S. goods and services trade deficit increased 8.0% in November 2020 to \$68.1 billion. Exports and imports in November reflect both the ongoing impact of the COVID-19 pandemic and the continued recovery from the sharp declines earlier this year. In November, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, OPEC, Saudi Arabia, Singapore, and United Kingdom. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, Canada, South Korea, India, Taiwan, and France. (Source: US DOC & Census Bureau)</p>
Import Volumes	<p>In November 2020, the U.S. imported \$214.1 billion of cargo, increasing 6.4% from the previous month. The November imports of goods were the highest since May 2019. (Source: US Census)</p>
Export Volumes	<p>In November 2020, the U.S. exported \$127.7 billion of cargo, increasing 3.8% from the previous month. The November exports of foods, feeds, and beverages (\$12.9 billion) were the highest since July 2012. (Source: US Census)</p>
Import & Export Price Index	<p>U.S. import prices increased 0.9% in December 2020, after increasing 0.2% the previous month. Higher fuel and nonfuel prices in December both contributed to the rise. U.S. export prices also rose in December, increasing 1.1%, the largest 1-month advance since June 2020. Higher prices for both agricultural exports and nonagricultural exports contributed to the December rise. (Source: Bureau of Labor Statistics)</p>
Unemployment Rate	<p>The unemployment rate in America was 6.7% in December 2020, unchanged from the previous month. A preliminary 140,000 net jobs were lost in December 2020. Economists attribute the weak jobs report mainly to surging coronavirus cases that in many areas have led to tighter restrictions on businesses and fewer consumers venturing out. The onset of cold weather has also made things like outdoor dining and shopping less appealing for customers and more difficult for firms to manage. The unemployment rate in Georgia was 5.6% in December, down from 5.7% the previous month. (Source: AAR, US DOL, GDOL)</p>
Labor Force Participation Rate	<p>The labor force participation rate was 61.5% in December 2020, unchanged from the previous month. The labor force participation rate for those of prime working age (25-54) was 81.0% in December, up from 80.9% the previous month. (Source: U.S. Bureau of Labor Statistics, AAR, FRED) <i>(The Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)</i></p>
Leading Economic Index	<p>The Leading Economic Index for the U.S. increased 0.6% in November 2020, to a reading of 109.1. According to The Conference Board, "The US LEI continued rising in November, but its pace of improvement has been decelerating in recent months, suggesting a significant moderation in growth as the US economy heads into 2021." (Source: Conference Board Note: The LEI was recently revised the seasonally adjusted index to 2016 = 100) <i>(The LEI is a composite of 10 economic indicators that together create an analytic system designed to signal peaks and troughs in the business cycle. The LEI reveals patterns in economic data in a clearer and more convincing manner than any individual component alone.)</i></p>
Housing Starts	<p>Existing home sales were an annualized and seasonally adjusted 1.55 million in November 2020, up 1.2% from the previous month. The index of pending home sales (sales that up closed yet but contracts have been signed) was 125.7 in November 2020, down 2.6% from the previous month but 16.4% higher year-over-year. According to the National Association of Realtors, "The latest monthly decline is largely due to the shortage of inventory and fast-rising home prices. It is important to keep in mind that the current sales and prices are far stronger than a year ago." (Source: AAR, National Association of Realtors)</p>
Light Vehicle Sales	<p>New light vehicle sales were an annualized and seasonally adjusted 16.3 million in December 2020, up from 15.6 million the previous month. Total new light vehicle sales in 2020 were 14.46 million, down 14.7% from 2019's 17.0 million and the lowest since 2012. The peak year was 2016 at 17.5 million. Sales of light trucks (SUVs, minivans, and pickups) accounted for 78.8% of total sales in December, an all-time high. For all of 2020, light trucks were 76.4% of total sales. (Source: AAR) <i>(Light vehicle sales record the number of domestically produced units of cars, SUVs, mini-vans, and light trucks that are sold. Because motor vehicle sales are a large part of consumer spending in the United States, the motor vehicle sales data can provide important information on consumer-spending trends and on the overall direction of the economy.)</i></p>
Personal Income	<p>Personal Income decreased 1.1% to \$19.5 trillion in November 2020. The decrease in personal income in November primarily reflected decreases in proprietors' income (both nonfarm and farm) and government social benefits that were partly offset by an increase in compensation. (Source: U.S. Bureau of Economic Analysis) <i>(Personal income is the income received by a person from all sources. It includes income from domestic sources as well as the rest of the world. It does not include realized or unrealized capital gains or losses).</i></p>
Retail Sales	<p>Advanced estimates of retail and food service sales in December 2020 were \$540.9 billion, a decrease of 0.7% from the previous month, and 2.9% above December 2019. Non-store retail sales were 19.2% higher from the same month last year. (Source: US Census) <i>(Non-store retail sales are measured on a monthly basis and include internet-only sales outlets as well as other direct-to-customer channels)</i></p>



E-Commerce	<p>The estimate of U.S. retail e-commerce sales for the third quarter of 2020, adjusted for seasonal variation, was \$209.5 billion, a decrease of 1.0% from the previous quarter and 36.7% higher than the third quarter of 2019. E-commerce sales in the third quarter of 2020 accounted for 14.3% of total sales. (Source: US Census) <i>(E-Commerce sales are measured on a quarterly basis and include the sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (M-commerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online.)</i></p>
Consumer Confidence	<p>The Consumer Confidence Index decreased to 88.6 in December 2020, down 4.3% from the previous month. According to The Conference Board, “Consumers’ assessment of current conditions deteriorated sharply in December, as the resurgence of COVID-19 remains a drag on confidence. As a result, consumers’ vacation intentions, which had notably improved in October, have retreated. On the flip side, as consumers continue to hunker down at home, intentions to purchase appliances have risen. Overall, it appears that growth has weakened further in Q4, and consumers do not foresee the economy gaining any significant momentum in early 2021.” (Source: The Conference Board) <i>(The consumer confidence index is based on a monthly survey of 5,000 U.S. household. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer. Base year 1985=100)</i></p>
Consumer & Producer Price Index	<p>The Consumer Price Index for all urban consumers was 261.8 in December 2020, up 0.4% from the previous month. The increase in the final demand index can be traced to a 1.1-percent increase in prices for final demand goods. The Producer Price Index for final demand was 119.8 in December 2020, up 0.3% from the previous month. In December, the rise in the final demand index can be traced to a 1.1% increase in prices for final demand goods. (Source: US Bureau of Labor Statistics)<i>(The CPI measures the change in prices paid by consumer for goods and services. Base year 1999=100)(The PPI measures the average price changes by producers for domestically produced goods, services, and construction. Base year 2009=100)</i></p>
Small Business Optimism Index	<p>The Small Business Optimism Index was 95.9 in December 2020, down 5.5% from the previous month, and falling below the average index value (98) for the first time since 1973. According to the National Federation of Independent Business (NFIB), “This month’s drop in small business optimism is historically very large and most of the decline was due to the outlook of sales and business conditions in 2021. Small businesses are concerned about potential new economic policy in the new administration and the increased spread of COVID-19 that is causing renewed government-mandated business closures across the nation.” Out of 10 index components, one posted gains, zero were unchanged, and nine declined. (Source: National Federation of Independent Business) <i>(This Index collects data from small businesses on economic topics ranging from current job openings to expected credit conditions. Base year 1986=100)</i></p>
Industrial Production and Capacity Utilization	<p>The Industrial Production Index was 105.7 in December 2020, an increase of 1.6% from the previous month and 3.6% lower year-over-year. Capacity Utilization for the industrial sector was 74.5% in December 2020, up 1.1% from the previous month and down 0.2% year-over-year. (Source: Federal Reserve) <i>(The industrial production and capacity utilization rates cover manufacturing, mining, and electric and gas utilities. The industrial detail provided by these measures helps illuminate structural developments in the economy)</i></p>
Manufacturing & Trade Sales	<p>Total combined sales and manufacturing shipments totaled nearly \$1.48 trillion in November 2020, down 0.1% from the previous month and up 1.5% from November of the previous year. (Source: US Census)</p>
Manufacturing & Trade Inventory	<p>Total value of inventory on-hand is estimated at \$1.96 trillion in November 2020, up 0.5% from the previous month and down 3.2% from November of the previous year. (Source: US Census)</p>
Purchasing Managers Index	<p>The National PMI was 60.7% in December 2020, up 3.2% from the previous month. This figure indicates expansion in the overall economy for the eighth straight month. New Orders increased 2.8% to 67.9%, and Production increased 4.0% to 64.8%. According to the Institute for Supply Management (ISM), “Survey Committee members reported that their companies and suppliers continue to operate in reconfigured factories, but absenteeism, short-term shutdowns to sanitize facilities and difficulties in returning and hiring workers are causing strains that are limiting manufacturing growth potential.” In December, 16 out of the 18 manufacturing industries tracked by the ISM reported growth. (Source: Institute for Supply Management) <i>(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)</i></p>
Purchasing Managers Index in the Southeast	<p>In December 2020, the Southeast PMI increased 8.0% month-over-month to 62.2%. New Orders in the Southeast increased 8.3% to 58.3% and Production increased 3.5% to 63.9%. In the month of December, the Southeast’s PMI was 2.4% higher than the national PMI. (Source: Kennesaw State University) <i>(The Southeast region includes the states of Georgia, Alabama, Florida, Tennessee, Louisiana, and Mississippi. The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)</i></p>
Logistics Manager’s Index	<p>The Logistics Manager’s Index was 66.7% in December 2020, a decrease of 4.1% from the previous month. This breaks a streak of three consecutive readings above 70.0. That being said, December 2020’s reading is still well above the historic index average of 62.3, and 12.7 points higher than December 2019’s reading of 54.0. According to the LMI researchers, “The decline in growth rates are reflected in slight declines across all of the metrics of the LMI (except for the two capacity metrics which have increased – although increased capacity really indicates decreased demand). The dip in numbers does not necessarily represent that things are quieting down, merely that the rates of growth are slowing.” (Source: the-lmi.com) <i>(The LMI score is a combination eight unique components that make up the logistics industry, including: inventory levels and costs, warehousing capacity, utilization, and prices, and transportation capacity, utilization, and prices. The LMI is calculated using a diffusion index, in which any reading above 50 percent indicates that logistics is expanding; a reading below 50 percent is indicative of a shrinking logistics industry.)</i></p>



U.S. Market News

UPS expected to induct 1.75 million returns into its system every day the week of January 3, which would represent the highest weekly total of returns in the carrier's history, a spokesperson said. The expected 8.75 million returns that week is a 23% increase over the highest week of returns for the 2019-2020 holiday season. The carrier's single-day record is 1.9 million returns — set Jan. 2, 2020. "The leveling out of returns across many days can largely be attributed to shifting purchasing habits accelerated by a global pandemic," said Nick Basford, UPS vice president of global retail and e-commerce strategy. "Think about this ... in 2012, the number of returns was more than 520,000 on the peak day of Jan. 3. That means that the amount has more than tripled since then," Basford said via email. The uptick in e-commerce has exacerbated consumer behaviors that generate returns, such as "bracketing," which happens when a shopper orders multiple sizes of an item with the plan to only keep the best-fitting. The good news, according to John Morris, executive managing director of CBRE's Americas industrial and logistics operation, is the returns are coming after months of capacity building on the part of logistics players, he said in early December. (Source: UPS, CBRE, supplychaindive.com)

MULTIMODAL:

Dow Jones Transportation Index Dow Jones Transportation Index **increased 0.1%** in December 2020, ending at a reading of 12,506. (A price-weighted average of 20 U.S. companies in the transportation industry. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)

NASDAQ Transportation Index NASDAQ Transportation Index **decreased 0.4%** in December 2020, ending at a reading of 5,525. (Averaged share weights of NASDAQ-listed companies classified as transportation companies)

DOT Freight Transportation Service Index The USDOT's freight transportation services index was 132.7 in November 2020, **down 0.1%** from the previous month and **3.8% lower** than November 2019. The decrease was due to declines in water and pipeline, despite growth in trucking, air freight, rail carload and rail intermodal. The November decrease took place against the background of mixed results in other indicators. (Source: US BTS)

Cass Freight Index The Cass Freight Shipments Index was 1.122 in December 2020, a **decrease of 2.8%** from the previous month, and an **increase of 6.7%** year-over-year. The Cass Freight Expenditures Index was 3.077 in December, **an increase of 3.6%** from the previous month and **an increase of 13.0%** year-over-year. According to Cass Information Systems, "Though deceleration in spot rates has begun again as of mid-January, it is still safe to say that freight rates will broadly continue to accelerate in the near term." (Source: Cass Information Systems | Cassinfo.com) (Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)

Shippers Conditions Index The FTR Shippers Conditions Index (SCI) for October 2020 **fell to a -11.6 reading** reflecting sharply worsening market conditions. In October there was a sudden increase in capacity utilization which, along with a tough rate environment and higher freight demand, resulted in the lowest reading for the SCI in three years. FTR forecasts the SCI beyond October to improve but it is not expected to rise into positive territory until at least late 2022. (Source: FTR Transportation Intelligence | ftrintel.com) (Figures below zero indicate a less-than-ideal environment for shippers)

North American Transborder Freight Surface transport-related trade between the U.S., Canada, and Mexico totaled \$102.1 billion in October 2020, **5.8% higher than the previous month and 4.7% lower year-over-year**. Trucks carried \$67.8 billion of transborder freight and continued to be the most heavily utilized mode for moving goods between the U.S. and other North American countries (Canada and Mexico). (Source: US BTS)

Multimodal News Clips: The FAA has released final rules for drones regarding remote identification and flying over people, paving the way for more delivery drone operations, according to an agency press release. The new FAA rules will require remote identification of drones and allow small drones to fly over people and at night in specific conditions. Remote identification, referred to as a "digital license plate," provides the drone's control station location and allows law enforcement to identify the drone in flight. Operators will be required to carry a remote pilot certificate and identification when actively using their drone. Though these rules, which will become effective 60 days after they are published in the Federal Register, have been long-awaited, other obstacles stand in the way of widespread adoption of drones for logistics. (Source: FAA, supplychaindive.com)

RAIL:

U.S. Freight Rail Traffic Total originated carloads (not including intermodal) were 11.28 million in 2020, **down 13.0%** (1.69 million carloads) from 2019 and easily the **lowest annual total** since sometime before 1988, when AAR's data began. (Source: AAR.org) (Report includes rail car-loadings by 20 different major commodity categories)

U.S. Intermodal Rail Traffic U.S. railroads **originated 13.46 million** intermodal containers and trailers in 2020 — the **fourth highest** annual total in history (behind 2017, 2018, and 2019) and down 2.0% (276,904 units) from 2019. Each quarter in 2020 was unlike the others: the year-over-year percentage change for intermodal was -8.6% in Q1 2020, -12.6% in Q2, 2.9% in Q3, and 11.2% in Q4. The Q4 increase was the biggest for any quarter since Q4 2010. (Source: AAR.org) (Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)

Railroad Fuel Price Index The index of average railroad fuel prices in November 2020 was 266.2, **up 6.5%** from the previous month and **33.7% lower** year-over-year. (Source: AAR.org) (Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)



Class 1 Railroad Employment

Railroad employment in November 2020 **decreased by 1,844 employees** to 114,960 employees total. (Source: U.S. STB, AAR)

Railroad News Clips:

Positive train control (PTC) technology is operational on all 57,536 required freight and passenger railroad route miles — days before the federal Dec. 31 deadline, the Federal Railroad Administration (FRA) announced. In addition, as required, the FRA has certified that each host railroad's PTC system complies with the technical requirements for PTC systems. Moreover, railroads have reported that interoperability has been achieved between each applicable host and tenant railroad that operates on PTC-governed main lines, FRA officials said in a press release. PTC systems are designed to prevent train-to-train collisions, over-speed derailments, incursions into established work zones and movements of trains through switches left in the wrong position. The FRA's announcement is the culmination of over a decade of collaboration among the FRA and the 41 railroads that were subject to the mandate. (Source: FRA, progressiverailroading.com)

TRUCKING:

Truck Tonnage Index

The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 112.2 in November 2020, an **increase of 3.7% from the previous month and a decrease of 3.8% from November 2019**. According to ATA Chief Economist Bob Costello, "The 2020 seesaw pattern continued in November as typical seasonality is not holding this year. It was a nice gain, but the rebound was not enough to make up for October's drop. Robust retail freight, helped by consumer spending, especially e-commerce, and very lean inventories helped truck tonnage last month. Strong single-family housing starts are also aiding freight tonnage, but lackluster restaurant, manufacturing and energy sectors remain a drag. I expect these softer industries to benefit from widespread COVID-19 vaccinations in 2021." (Source: American Trucking Associations | Trucking.org. Note: ATA recently revised the seasonally adjusted index to 2015 = 100)

Truckload Freight

The spot market for truckload-freight available for pick-up in December 2020 **increased 8.1%** compared to the previous month and was **69.4% higher** year-over-year. Truck capacity **decreased 3.1%** for the month and **decreased 2.0%** year-over-year. (Source: DAT Trendlines | www.dat.com)

Refrigerated Trucking

In December 2020, the load-to-truck ratio for refrigerated loads was **8.52 loads per truck**, down from 9.4 the previous month. In December, the national spot market reefer rate was \$2.68 per mile, **down** from \$2.69 the previous month. (Source: DAT Trendlines | www.dat.com)

Trucking Conditions Index

FTR's Trucking Conditions Index fell in November from the previous month's record high. The November **reading of 10.26** is still strong as rising freight rates continue to power robust trucking conditions. FTR expects the index to settle into single-digit positive readings through 2021, reflecting a healthy but more stable truck freight market. (Source: FTR Transportation Intelligence | frintel.com) (Figures below zero indicate a less-than-ideal environment for trucking)

Diesel Prices

As of January 11, 2021 the U.S. average diesel price was **\$2.67 per gallon**. The U.S. average diesel price was **\$0.39 lower** than the same week last year. The average price of diesel in the Lower Atlantic states was **\$2.60 per gallon, \$0.37 lower** than the same week last year. (Source: U.S. DOE) (Reflects the costs and profits of the entire production and distribution chain.)

Trucking Employment

The trucking industry workforce **increased 0.5% to 1,484,300 employees total** in December 2020. (Source: U.S. Bureau of Labor Statistics)

Trucking Earnings and Hours

The average earnings of truck transportation employees were \$27.09/hour in November 2020, **up 0.4%** from the previous month. The average weekly hours totaled 41.7 in November, **down 0.5%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

U.S. Truck & Trailer Orders (Class 8)

Preliminary December 2020 Class 8 truck orders totaled **52.100 units, up 169%** from December 2019 and the **fourth-highest total ever**. According to FTR, "The Class 8 market ended the most challenging year with a bang. To get two back-to-back order months over 50,000 is a stellar accomplishment, after previously seeing orders crater to under 5,000 units in April. Now, 2021 has the potential to be an incredible recovery year." December 2020 net trailer orders totaled **43,700 units, up 6%** from the previous month, **and 155% higher** than December 2019. Total trailer orders for 2020 totaled 297,000. The order volume for Oct-Dec was the highest ever for a fourth quarter. Fleets continue to order dry and refrigerated vans in hefty quantities for delivery throughout 2021. (Source: FTR Transportation Intelligence | frintel.com)

Trucking News Clip

UPS will sell UPS Freight to Canada-based TFI International for \$800 million, the parcel carrier announced earlier this month. The acquisition includes a network of 197 facilities, 147 of which are owned, TFI CEO Alain Bédard said in a statement. About 90% of the acquired business will operate independently in TFI's existing LTL segment under the name "TForce Freight," the company said in a news release. UPS Freight's dedicated TL assets will merge with TFI's TL segment. UPS Freight employees — there are about 14,500, 80% of them full time — will go to TFI with the business, according to UPS. The deal is expected to close during Q2 of this year. It still needs regulatory approvals. (Source: UPS, TFI, supplychaindive.com)

AIR FREIGHT:

Air Cargo Traffic

Global air freight traffic in November 2020 **was down 6.6% compared to November 2019**. But that was entirely due to the comparison with a stronger monthly rise in November last year. Current monthly gains point to cargo volumes returning to 2019 levels around March 2021. (Source: IATA.org,) (Global air freight covers international and domestic scheduled air traffic.)



Jet Fuel Prices

As of January 8, 2021 the global average jet fuel price was \$59.88 per barrel; **up 8.9%** from the previous month, and **24.2% lower** year-over-year. (Source: IATA.org, platts.com) *(The weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)*

Air Freight News Clips:

Amazon is expanding its airfreight capacity with an investment in 11 new Boeing 767-300s that will be added to its Air network over the course of the next two years, according to a press release. Four planes purchased from WestJet will begin operations in the fleet this year after being converted from passenger to cargo operations. The other seven planes, bought from Delta, will come online in 2022. This is the first time Amazon has purchased jets, a spokesperson confirmed. Previously, Amazon's airfreight expansion has been done through leasing capacity. "Having a mix of both leased and owned aircraft in our growing fleet allows us to better manage our operations, which in turn helps us to keep pace in meeting our customer promises," Sarah Rhoads, vice president of Amazon Global Air, said of the investment in a statement. (Source: FAA, supplychaindive.com)

OCEAN FREIGHT:

Import Volumes by Ocean

In November 2020, the latest month for which after-the-fact numbers are available, U.S. container ports handled 2.11 million TEUs, a **4.9% decrease** from the previous month and **24.5% higher** year-over-year. According to the NRF, "Consumers and retailers once again proved their resilience in the face of unprecedented challenges. Thanks in part to government stimulus, retail sales saw strong growth during 2020 even with the pandemic, and import numbers show retailers expect the economic recovery will continue during 2021." (Source: NRF/Hackett Associates)

Shanghai Containerized Freight Index

The January 15, 2021 SCFI comprehensive reading was \$2,885 per FEU, **up 35.5%** from last month. The spot rate for shipments to the U.S. East Coast was \$4,800 per FEU, **up 2.1%** from the previous month. (Source: Shanghai Shipping Exchange | www.1.chineseshipping.com.cn/en) *(The Shanghai Containerized Freight Index reflects the spot rates of the Shanghai container transport market. It is a weekly reported average spot rate of 15 major container trade routes exported from Shanghai to regions around the globe.)*

Georgia Ports Authority

The Georgia Ports Authority moved more than 4.68 million twenty-foot equivalent container units in 2020, **up 1.8% over its 2019 total of 4.59 million**. Total cargo crossing all docks in 2020 reached 38.4 million tons. The Port of Savannah achieved its **busiest December ever** last month, moving 447,525 TEUs, an increase of 24%, or 86,700, compared to December 2019. Total cargo crossing all docks reached 3.33 million tons last month, up 12.5%. Rail volumes for the month grew 16.4%, or approximately 10,900 TEUs, for a total of 77,230. Intermodal cargo represented 17.4% of December container volumes. (Source: GPA)

Ocean Freight Business News:

The rate of rolled cargo at transshipment ports increased 37% MoM in December, according to the latest figures from Ocean Insights. The increased capacity and the uptick in rolled cargo highlight some of the ways in which carriers are attempting to manage the many containers that shippers are trying to move across oceans to meet the demand for consumer goods. As the increase in cargo leads to more rolled cargo, one of the major concerns is refrigerated containers, as some ports in China have reported a short supply of the plugs required to power such equipment, according to Ocean Insights. CMA CGM and ONE have the highest rate of rolled cargo, with more than half of shipments not being loaded onto the vessel they were scheduled for, according to the figures. (Source: Ocean Insights, supplychaindive.com)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The U.S. industrial vacancy rate in the fourth quarter of 2020 increased 30-basis points YOY to **5.2%**. That vacancy rate is still 60 basis point (bps) below the five-year historical average of 6.6% for all product types. Despite vacancy increasing slightly over last quarter, alleviating some—but certainly not all—of the pressure on the supply constrained markets. The vacancy rate in **Atlanta, GA was 5.8%** in Q4 of 2020. (Source: Cushman & Wakefield)

Warehouse Rent Rates

The continued tight market conditions and solid demand brought on another quarter of YOY rent growth at Q4 2020, **increasing 4.6%** from the fourth quarter 2019 at \$6.76 per square foot (psf). Warehouse/distribution rents rose 5.6% during the same period to \$6.22 psf. **The average asking rent in Atlanta was \$4.42/SF in Q4 2020.** (Source: Cushman & Wakefield)

Industrial Absorption

The market finished the fourth quarter at a strong pace, **absorbing 89.8 million square feet (msf)**, the **strongest single quarter ever recorded**. This brought the year-to-date (YTD) total to 268.4 msf of absorption, surpassing the 240.9 msf reported a year-end 2019 by 11.4%. Warehouse/distribution space proved to be the strongest secondary type, carrying the U.S. industrial market through the year, absorbing 267.4 msf. The overall total was brought down slightly due to manufacturing and high-tech space ending the year with negative absorption. (Source: Cushman & Wakefield) *(Absorption is the net change in occupied space between two points in time. Positive absorption means that previously unoccupied space is being occupied.)*

Warehouse Employment

The nationwide warehousing industry workforce **increased 0.6%** to 1,295,500 employees total in December 2020. (Source: U.S. Bureau of Labor Statistics)



Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$21.02/hour in November 2020, **down 0.6%** from the previous month. The average weekly hours totaled 42.2 in November, **up 2.4%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

W&D Business News:

- The use of carton set optimization helped DHL save between 5% and 7% on annual shipping costs when tested in e-commerce warehouses across three industries, according to a paper published in the Journal of Business. Carton set optimization helps a manager determine how many different container sizes it should have in an operation and what size those cartons should be to help minimize empty space. The practice of carton set optimization has become increasingly important, as carriers charge shippers based on dimensional weight, according to the paper. Maximizing packaging space took on new importance as carriers began to charge shippers based on dimensional weight in 2014. Early research on the switch showed it could impact between 70% to 80% of shipments and result in about a 30% to 35% increase in shipping costs, according to Manjeet Singh, the director of global operations science and analytics at DHL. (Source: DHL, supplychaindive.com)
- Spring Mountain Center will invest \$45 million in opening their manufacturing and distribution headquarters in Barrow County, Georgia, delivering 205 jobs to the local community. Spring Mountain Center is a leading manufacturer of plumbing fixtures, home furniture, and more. Spring Mountain Center sells home and lifestyle products to customers across the world through their global distribution partners. As a core manufacturer for many top U.S. brands including Kohler, their products have been among the bestsellers for The Home Depot, Wayfair, and other major retail outlets for the past decade. One of their customers, Hansgrohe, maintains their U.S. headquarters and manufacturing facility in Alpharetta, Georgia. Hansgrohe currently employs approximately 300 people in Georgia and has invested more than \$50 million in its Forsyth County operation since 1996. (Source: Georgia.org)

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