Inland Port Space in Demand

Material Handling Industry of America

As global trade volumes rise, inland ports are becoming a critical component in the global supply chain, says a recent report by Jones Lang LaSalle titled "The emergence of the inland port." Inland ports, or intermodal distribution centers, connected directly to major seaports, are helping retailers and manufacturers with cost-effective import distribution to consumers.

“Inland ports are designed to move international shipments more efficiently away from seaports and into locations and customers within America’s Heartland,” said John Carver, who heads Jones Lang LaSalle’s Ports Airports and Global Infrastructure practice. “As we enter a new cycle of economic and maritime recovery, companies need to move their goods to market as quickly and as cost-effectively as possible.”

“With pressure mounting on our nation’s seaports and high demand for port warehouse space, an alternative route is to move goods to inland ports for handling and distribution. Inland hubs provide a means for ocean cargo to pass through the waterfront terminals with greater speed and literally ‘clear the decks’ for the next vessel,” said Carver.

A legitimate inland port has a number of common features including proximity to a population of 3 million within a 200-mile radius, a major direct connection to a seaport via a Class I railroad, a Foreign Trade Zone status and an abundance of commercial real estate for warehousing and distribution purposes. There are around 12 full-fledged inland ports in the U.S. and they are located in and around Dallas Fort Worth, Chicago, Kansas City, St. Louis, Atlanta, Memphis, the Inland Empire of Los Angeles, Columbus and Charlotte.

Inland ports and the importance of rail
The emergence of inland ports also highlights the growing and vital role that intermodal rail plays in the supply chain. In recent years, railroad companies have made major financial commitments to infrastructure, service and terminal improvements. But the fastest growing mode of transport is intermodal, a combination of rail and truck shipping.

“We expect to see rail increase in importance with our corporate clients. Rail/intermodal can help combat the increasing costs of transportation and also support corporate sustainability initiatives,” said Rich Thompson, Executive Vice President and leader of Jones Lang LaSalle’s global Supply Chain & Logistics Solutions consulting group. “As the economy improves, the demand for truck transportation could likely tax the current supply. Rail/intermodal is the only viable alternative to trucking.”

Gateway seaports understand the importance of connectivity and developing direct rail shipping which works in harmony with inland port operations. “Many ports are

working to become more ‘agile’ with their capacity to accommodate a variety of vessel types, as well as develop the technology and improved business practices that will decrease ‘dwell’ or waiting time in ship scheduling, off-loading and land distribution. Connectivity to inland ports is an important part of this strategy,” said Thompson.

Retailers need inland ports
Major retailers and importers are the largest inland port users. Many of these retail distribution giants have saved money by consolidating multiple distribution centers into smaller hubs at inland ports. Most companies in time-sensitive industries, especially retailers, face a threat to their competitive position the longer their goods wait in logistics limbo. Inland ports are a great solution.

“We have seen many top retailers opt for warehouse space and distribution centers at inland ports,” said Thompson. “The economics of rail shipping from seaports can be more beneficial and more sustainable than trucking. Also, by consolidating their import and distribution functions at a multi-modal inland port location, it allows them to develop more efficient and effective solutions.”

3PLs moving in
“As commerce grows around these inland hubs, we are seeing more third-party logistics (3PL) providers, such a freight forwarders and couriers taking space,” continued Thompson. “Inland ports have large volumes of unloaded empty containers creating opportunities for exporters to load and return them to seaports for shipping. This creates a more efficient supply chain and a win-win situation for all parties.”

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