

U.S. MARKET:

Gross Domestic Product

The U.S. GDP **increased at an annual rate of 2.1%** in the second quarter of 2019, according to the 'advance' estimate released by the Bureau of Economic Analysis in late July. The increase in real GDP in the second quarter reflected positive contributions from personal consumption expenditures (PCE), federal government spending, and state and local government spending that were partly offset by negative contributions from private inventory investment, exports, nonresidential fixed investment and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased (Source: US BEA) As of July 25, **the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2019 is 1.3%.** (Source: Federal Reserve Bank of Atlanta) *(The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)*

U.S. Trade Deficit

The U.S. goods and services **trade deficit increased 8.4%** in May 2019 to \$55.5 billion. In May, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, Singapore, Saudi Arabia, and United Kingdom. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, Canada, South Korea, India, Taiwan, OPEC and France. (Source: US DOC & Census Bureau)

Import Volumes

In May 2019, the U.S. **imported \$217 billion** of cargo, **increasing 4.0%** from April. May imports of automotive vehicles, parts, and engines **(\$33.2 billion) were the highest on record.** (Source: US Census)

Export Volumes

In May 2019, the U.S. **exported \$140.8 billion** of cargo, **decreasing 2.8%** from April. May exports of consumer goods **(\$18.1 billion) were the highest on record.** (Source: US Census)

Import & Export Price Index

U.S. import prices **decreased 0.9%** in June 2019. Falling prices for both fuel and nonfuel imports in June contributed to the overall decrease. U.S. export prices **decreased 0.7%** in June 2019. The June decline was the largest monthly drop for the index since a 0.8-percent decrease in November 2018. Lower prices for both agricultural and nonagricultural exports contributed to the June decline. (Source: Bureau of Labor Statistics)

Unemployment Rate

The unemployment rate in America **was 3.7%** in June 2019, **up slightly** from May. A preliminary **224,000 net new jobs were created** in June 2019. June's figure is better than expected and is contrary to "the economy is slowing" feel that other economic indicators have been showing recently. June was the 104th consecutive months with job gains, extending a record that's far more than any other such streak. The unemployment rate in **Georgia was 3.7%** in June 2019, **down slightly** from the previous month. (Source: US DOL, GDOL, AAR)

Labor Force Participation Rate

The labor force participation rate **was 62.9% in June 2019.** The labor force participation rate for those of prime working age (25-54) was 82.2% in June, **up 0.1%** from the previous month. (Source: U.S. Bureau of Labor Statistics, AAR, FRED) *(The Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)*

Leading Economic Index

The Leading Economic Index for the U.S. **declined slightly** in June 2019, falling to a reading of 111.5. According to The Conference Board, "The US LEI fell in June, the first decline since last December, primarily driven by weaknesses in new orders for manufacturing, housing permits, and unemployment insurance claims. As the US economy enters its eleventh year of expansion, the longest in US history, the LEI suggests growth is likely to remain slow in the second half of the year." (Source: Conference Board | Note: The LEI was recently revised the seasonally adjusted index to 2016 = 100) *(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.)*

Housing Starts

Existing home sales were an annualized and seasonally adjusted 5.34 million in May 2019, **up 2.5%** from April and **1.1% lower** than May 2018. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 105.4 in May 2019, **up 1.1%** from the previous month and **0.7% lower** year-over-year, making this the seventeenth straight month of annual decreases. According to the National Association of Realtors, "Lower-than-usual mortgage rates have led to the increase in pending sales for May. Rates of 4% and, in some cases even lower, create extremely attractive conditions for consumers. Buyers, for good reason, are anxious to purchase and lock in at these rates." (Source: U.S. DOC, National Association of Realtors)

Light Vehicle Sales

New light vehicle sales were an annualized and seasonally adjusted 17.3 million in June 2019, **down 0.6%** from the previous month and **down 1.9%** from June 2018. Analysts cite "the downside risks to its sales forecast include the fallout from trade disputes, including potential tariffs on autos and auto parts, and the Fed deciding to raise interest rates" (Source: AAR) *(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.)*

Personal Income

Personal Income **increased 0.5%** to \$18.1 trillion in May 2019. The increase in personal income in May primarily reflected increases in personal interest income, wages and salaries, and government social benefits to persons. During Q1 2019, Personal Income in Georgia was estimated at \$493.6 billion, an **increase of 4.6%** from Q4 2018. (Source: U.S. Bureau of Economic Analysis) *(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).*

Retail Sales

Advanced estimates of retail and food service sales in June 2019 were **\$519.885 billion, an increase of 0.4%** from the previous month, and **up 0.08%** from June 2018. Non-store retail sales were **10.6% higher** from the same month last year. (Source: US Census) *(Non-store retail sales are measured on a monthly basis and include internet-only sales outlets as well as other direct-to-customer channels)*

E-Commerce	The estimate of U.S. retail e-commerce sales for the first quarter of 2019, adjusted for seasonal variation, was \$137.7 billion, an increase of 3.6% from the fourth quarter of 2018 and 12.4% higher than the first quarter of 2018 . E-commerce sales in the first quarter of 2019 accounted for 10.2% 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>
Consumer Confidence	The Consumer Confidence Index decreased to 121.5 in June 2019, down 9.8% from the previous month. According to The Conference Board. "The decrease in the Present Situation Index was driven by a less favorable assessment of business and labor market conditions. Consumers' expectations regarding the short-term outlook also retreated. The escalation in trade and tariff tensions earlier this month appears to have shaken consumers' confidence. Although the Index remains at a high level, continued uncertainty could result in further volatility in the Index and, at some point, could even begin to diminish consumers' confidence in the expansion." (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.)</i>
Consumer & Producer Price Index	The Consumer Price Index for all urban consumers was 256.1 in June 2019, up 0.1% from the previous month. The food index remained unchanged between May and June. The Producer Price Index for final demand was 118.3 in June 2019, up 0.08% from the previous month. In June, the rise in final demand prices is attributable to a 0.4% increase in the index for final demand services. In contrast, prices for final demand goods declined 0.4%. (Source: US Bureau of Labor Statistics)
Small Business Optimism Index	The Small Business Optimism Index was 103.3 during June 2019, down 1.6% from the previous month . According to the National Federation of Independent Business (NFIB), "Last month, small business owners curbed spending, sales expectations and profits both fell, and the outlook for expansion dampened. When you add difficulty finding qualified workers and harmful state level laws and regulations, you're left with a volatile mix where uncertainty has increased to levels not seen in more than two years," Out of 10 index components, six posted failings, three saw improvements, and one remained unchanged. (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)</i>
Industrial Production and Capacity Utilization	The Industrial Production Index was 109.6 in June 2019, unchanged from the previous month and 1.3% higher than June 2018 . Capacity Utilization for the industrial sector was 75.9% in June 2019, up 2.4% from June 2018. (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>
Manufacturing & Trade Sales	Total combined sales and manufacturing shipments totaled nearly \$1.46 billion in May 2019, up 0.2% from the previous month and up 1.5% from May of the previous year . (Source: US Census)
Manufacturing & Trade Inventory	Total value of inventory on-hand is estimated at \$2.04 billion in May 2019, up 0.3% from the previous month and up 5.3% from May of the previous year . (Source: US Census)
Purchasing Managers Index	The National PMI decreased to 51.7% in June 2019, a decrease of 0.4% from the previous month. With a reading above 50, the overall economy grew for the 122 nd consecutive month. New Orders decreased 2.7% to 50%, and Production increased 2.8% to 54.1%. In June, 12 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>
Purchasing Managers Index in the Southeast	In May 2019, the Southeast PMI decreased 1.7% month-over-month to 55.4% . New Orders in the Southeast decreased 1.8% to 55.4% and Production decreased 3.6% to 53.6% as well. In the month of June, the Southeast's PMI was 6.7% above 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>
U.S. Market News	The second quarter of 2019 started with a bang in logistics M&A, when DSV announced April 1 it would buy Panalpina. The Danish transportation and logistics company agreed to acquire the Swiss freight forwarder for \$4.6 billion creating, by some estimates, the fourth largest freight forwarding company in the world. Nine days later, CMA CGM closed its public tender offer and held nearly 98% of CEVA Logistics' outstanding shares. The deals left many analysts wondering if this was the beginning of another wave of consolidation in logistics and transportation, with parallels to the consolidation the ocean freight industry underwent three years ago. "It's not as hot as it was a couple years ago," Mike Nayden, logistics and distribution leader at Deloitte, told Supply Chain Dive. He said the height of transactions (in purchase size and number of deals) in transportation and freight forwarding came in 2017. Data from PwC shows deal value and volumes fell in Q1 2019 compared to previous quarters. Not a single megadeal, defined by PwC as \$5 billion or greater, was announced in the first quarter. Nayden expects big declines in M&A activity in ocean and air transportation, particularly because the industries underwent a great deal of consolidation in 2017 and 2018. (Source: CSCMP, supplychaindive.com)

MULTIMODAL:

Dow Jones Transportation Index	Dow Jones Transportation Index decreased 1.3% in June 2019, ending at a reading of 10,469. (A price-weighted average of 20 U.S. companies in the transportation industry, average of June 1 st thru June 30 th . The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)
--------------------------------	---

NASDAQ Transportation Index

NASDAQ Transportation Index **increased 7.8%** in June 2019, ending at a reading of 5,144. (Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of June 1st thru June 30th)

DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 135.4 in May 2019, a decrease of **0.7%** from the previous month and **0.2% lower** than May 2018. The May decline in the Freight TSI was driven by decreases in rail carloads, rail intermodal, trucking, and water, while air freight and pipeline increased. (Source: US BTS)

Cass Freight Index

The Cass Freight Shipments Index was 1.181 in June 2019, a **decrease of .01%** from the previous month, and a **decrease of 5.3%** year-over-year. The Cass Freight Expenditures Index was 2.919 in June, **an increase of .01%** from the previous month and an **increase of .9%** year-over-year. According to Cass Information Systems, "The weakness in spot market pricing for many transportation services, especially trucking, is consistent with the negative Cass Shipments Index and, along with airfreight and railroad volume data, strengthens our concerns about the economy and the risk of ongoing trade policy disputes. Weakness in commodity prices and the decline in interest rates have joined the chorus of signals calling for an economic contraction." (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 Shippers Conditions Index for April 2019 decreased from the previous month, to a **reading of 1.9**. According to FTR, "The April SCI measure was negatively affected by stronger rail rates and higher fuel prices outweighing improved shipper conditions related to trucking. The outlook shows strong shipper conditions through 2019 as the rate environment is expected to become more favorable. Key factors to watch include fuel prices, truck utilization, and rail service." (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 \$109.8 billion in May 2019, **up 2.4%** compared to May 2018. Trucks carried \$68.9 billion of U.S.-NAFTA freight and continued to be the most heavily utilized mode for moving goods to and from both U.S.-NAFTA partners. (Source: US BTS)

Multimodal News Clips:

The Port of Los Angeles is developing a plan for a Cyber Resilience Center that would allow it to share information among multiple supply chain partners, including shipping lines, terminal operators, railroad companies and the trucking industry, the port said in a press release. "In partnership with our maritime industry stakeholders, we have the opportunity to enhance the ability of the port ecosystem to see cyber threats on the horizon and improve information sharing to help manage respective, and collective, cyber risk," Gene Seroka, the executive director of the Port of Los Angeles, said in a statement. The American Association of Port Authorities' (AAPA) most recent "State of Freight" report found 85% of the organization's members expect "direct cyber or physical threats to their ports to increase over the next 10 years." The same survey found ports have identified nearly \$4 billion in projects respondents say would be necessary to adequately increase physical and cybersecurity between 2019 and 2028. (Source: supplychaindiver.com)

RAIL:

U.S. Freight Rail Traffic

U.S. rail carloads in June 2019 totaled 1,023,394 million, **down 5.3%** (57,173 carloads) from June 2018 and marked the fifth straight monthly decline for total U.S. rail carloads. In June, just 4 of the 20 carload commodity categories the AAR tracks saw carload gains. For the first six months of 2019, total U.S. carloads were down 2.9%, or 195,168 carloads, from the first six months in 2018. (Source: AAR.org) (Report includes rail car-loadings by 20 different major commodity categories)

U.S. Intermodal Rail Traffic

U.S. intermodal originations in June 2019 were **down 6.3%** (141,175 containers and trailers) from June 2018. "June marked the fifth straight monthly decline for U.S. intermodal traffic. For the first six months of 2019, intermodal was down 3.2%, or 229,247 units, from the first six months of 2019. (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 June 2019 was 381.2, **down 11%** from the previous month and **14.3% 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 May 2019 **decreased by 1,273 employees from the previous month** to 142,950 employees total; the sixth straight month-to-month decline. (Source: U.S. STB, AAR)

Short Line Rail Traffic

In June 2019, short line railroad shipments across North America **increased 2.6% year-over-year**. A sampling of about 500 short line and regional railroads **loaded 351,301 railcars** and intermodal units during the month of June. Nonmetallic Minerals led gains with a 45.5% increase. Metals and products led declines, with a decrease of 8.3%. (Source: Railinc Short Line and Regional Traffic Index)

Railroad News Clips:

COAST Autonomous, a developer of autonomous vehicle technologies for urban and campus environments, is deploying self-driving vehicles at the Kinney County Railport (KCRP), which is operated by Harbor Rail Services of California on behalf of Union Pacific. "Through the introduction of re-designed trucks, innovative process improvements and adoption of data-driven KPIs, Harbor Rail successfully reduced railcar rejections rates from 30% to 0.03% in KCRP's first year of operations," said Mark Myronowicz, president of Harbor Rail. "However, I am always looking for ways to improve our performance and provide an even better service for our customers. At a large facility like KCRP, we have many functions that I am convinced can be carried out by COAST vehicles. This will free up additional labor to work on railcars, make us even more efficient, help keep the facility safe at night and even cut the

grass when most of us are asleep. This is a fantastic opportunity to demonstrate Harbor Rail's commitment to being at the forefront of innovation and customer service." (Source: progressiverailroading.com)

TRUCKING:

Truck Tonnage Index	The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 115.2 in June 2019, a decrease of 1.1% from the previous month and an increase of 1.5% from June 2018 . According to ATA Chief Economist Bob Costello, "The year-over-year gain was the smallest over the past two years, but the level of freight remains quite high. Tonnage is outperforming other trucking metrics as heavy freight sectors, like tank truck, are witnessing better freight levels than sectors like dry van, which has a lower average weight per load." (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 June 2019 increased 35.9% compared to the previous month, and was 50.3% lower year-over-year. Truck capacity decreased 18.8% for the month, and increased 29.9% year-over-year. (Source: DAT Trendlines www.dat.com)
Refrigerated Trucking	In June 2019, the load-to-truck ratio for refrigerated loads increased to 5.11 loads per truck . In June, the national reefer rate was \$2.25 per mile, increased from the previous month. (Source: DAT Trendlines www.dat.com)
Trucking Conditions Index	The Trucking Conditions Index in May 2019 decreased to a reading of -2.30 . According to FTR, "The TCI has been in negative territory since March and reflects a general weakness in conditions affecting carriers. The outlook is for relative stability through the year with the possibility of some slightly positive readings month-to-month during the period." (Source: FTR Transportation Intelligence ftrintel.com) (Figures below zero indicate a less-than-ideal environment for trucking)
Diesel Prices	As of July 15, 2019 the U.S. average diesel price was \$2.78 per gallon . The U.S. average diesel price was \$0.10 lower than the same week last year. The average price of diesel in the Lower Atlantic states was \$2.58 per gallon, 7.2% less than the national average price . (Source: U.S. DOE) (Reflects the costs and profits of the entire production and distribution chain.)
Trucking Employment	The trucking industry workforce increased by approximately 4000 employees to 1,523,300 employees total in June 2019. The trucking industry workforce increased 0.28% over the previous month and increased 2.4% over May 2018. (Source: U.S. Bureau of Labor Statistics)
Trucking Earnings and Hours	The average earnings of truck transportation employees were \$25.19/hour in May 2019, up 0.7% from the previous month. The average weekly hours totaled 41.5 in May, up 0.5% from the previous month. (Source: U.S. Bureau of Labor Statistics)
U.S. Truck & Trailer Orders (Class 8)	Preliminary June 2019 Class 8 truck orders totaled 13,000 units, up 24% from May, 66% lower than June 2018. According to FTR, "Including June activity, this is the weakest 6-month start to a year since 2010. Most orders for 2019 delivery have already been placed. Fleets are moving around previously placed orders and adjusting delivery times according to business conditions and smaller fleets and dealers are placing small fill-in orders, as production slots become available in the near term. Backlogs should fall under 200,000 units for first time since May 2018." Class 8 orders for the past 12 months now total 331,000 units. According to FTR, "The orders are truly a mixed bag. One OEM reportedly started to take orders for 2020, but the other OEMs apparently did not. Without the 2020 orders, the total would have dipped below the 10,000 unit mark. (Source: FTR Transportation Intelligence ftrintel.com)
Trucking News Clip	Tech startups are seeking to disrupt the brokerage business model they see as fragmented and inefficient. Whether they're called digital freight matching, on-demand trucking or the Uberization of freight, companies like Convoy and Freightlancer are challenging some of the largest brokerages in the industry, a segment lead by C.H. Robinson, the nation's largest freight broker by revenue. While the hype about the Uberization of freight is heavy, there's a crucial difference in the freight world versus passenger service. "We haven't created any capacity with the advent of an app," said Kevin Abbott, vice president of truckload services in North America for C.H. Robinson, the largest freight broker. "The trucking industry is not leveraging the gig economy in the way that an Uber did in the cab space, where now your neighbor is driving people around in their Lincoln. That won't happen in trucking because it's all the same pool of capacity." (Source: www.supplychaindive.com)

AIR FREIGHT:

Air Cargo Traffic	Global air freight traffic in May 2019 was down 3.4% compared to May 2018 . According to the IATA, "As we have noted previously, the air cargo market continues to face headwinds from the rise in trade tensions globally and the weakness in world trade volumes." (Source: IATA.org.) (Global air freight covers international and domestic scheduled air traffic.)
Atlanta Air Cargo Traffic	In April 2019, Hartsfield-Jackson Atlanta International Airport transported 52,917 metric tons of cargo, a 12.6% decrease from the previous month and a 9.5% decrease year-over-year. (Source: HJAIA)
Air Freight Price Index	In April 2019, average airfreight rates for East-West routes increased 11% over the previous month to \$2.59 per kilogram. (Source: Drewry, aircargoworld.com) (The Drewry East-West Air Freight Price Index is based on the average of rates (\$US per kg) for air freight services on 21 major East-West routes.)

Jet Fuel Prices

As of July 19, 2019 the global average jet fuel price was \$79.32 per barrel; **up 0.3%** from the previous month, and **9.1% 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:

UPS has applied for Part 135 certification from the US Federal Aviation Administration to operate commercial drone flights under a subsidiary called UPS Flight Forward. The subsidiary is an incorporated business that could receive certification as early as this year, making UPS the first fully-certified revenue-generating drone operator in the US. When approved, the certification lays the foundation for drone flights beyond the operator's visual line of sight, and for day and night flights. Scott Price, chief transformation and strategy officer at UPS says: "UPS is committed to using technology to transform the way we do business. UPS's formation of a drone delivery company and application to begin regular operations under this level of certification is historic for UPS and for the drone and logistics industries." (Source: www.aircargoweek.com)

OCEAN FREIGHT:

Import Volumes by Ocean

In May 2019, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.85 million TEUs, a **5.7% increase** from the previous month and **1.6% higher** than May 2018. According to NRF, "Imports of consumer goods continue to grow as importers purchase items in expectation of further increases in tariffs, the cost of which will be borne by the American consumer." (Source: NRF/Hackett Associates)

Shanghai Containerized Freight Index

The July 19th SCFI comprehensive reading was **\$790 per FEU, up 3.4%** from last month. The spot rate for shipments to the U.S. East Coast was **\$2,891 per FEU, up 20.2%** from the previous month. (Source: Shanghai Shipping Exchange | www1.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.)*

Baltic Dry Index

The Baltic Dry Index **increased 24%** in June 2019, ending at 1,368. Year-to-date, the index **decreased 2.9%**. (Source: www.bloomberg.com/quote/BDIY:IND.) *(The Baltic Dry Index is an index that tracks and averages worldwide international shipping prices of various dry bulk cargoes.)*

Port of Savannah

The Port of Savannah moved a **record of 4.5 million** twenty foot equivalent container units in the fiscal year that ended June 30th, an increase of more than 305,000 TEUs, or **7.3 percent** from the previous fiscal year. (Source: GPA)

Port of Brunswick

At the Port of Brunswick in the fiscal year ending June 30, 613,680 autos and machinery units crossed the docks at Colonel's Island Terminal, GPA's main port for the import-export of cars, trucks and tractors. Roll-on/Roll-off cargo grew by 4 percent at Colonel's Island in FY2019. (Source: GPA)

Ocean Freight Business News:

The Panama Canal, and Central America more broadly, is experiencing one of the worst droughts in its recorded history. With less water, the canal is forced to place restrictions on the amount of cargo ships can carry, meaning carriers have to limit the shippers they can serve on routes that rely on this waterway. Carlos Vargas, the Panama Canal Authority's vice president of water and environment, said earlier this year January was the driest month the country experienced in the last 106 years. Precipitation in the Panama Canal watershed was about 90% below the historical average this year. (Source: supplychaindive.com)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The **nationwide vacancy rate was 5.1%** at the end of the second quarter of 2019, up slightly from the previous quarter and unchanged from 5.1% in Q4 2018. None of the 49 markets tracked by NGKF had a double-digit vacancy rate during Q2 2019. The vacancy rate in **Atlanta, GA was 7.0%** in Q1 of 2019. (Source: NGKF)

Warehouse Rent Rates

In Q2 2019, the average asking rent across the U.S. was **\$7.37/SF, up 1.8%** from the prior quarter and **3.2% higher** from one year ago. Nine industrial markets experienced double digit rent growth over the past year. Industrial rents have increased in each quarter since Q3 2011, affirming the incredible resilience and consistency of the market. **The average asking rent in Atlanta was \$5.26/SF in Q1 2019.** (Source: NGKF)

Industrial Absorption

Net absorption in the U.S. **decreased** during the first quarter of 2019, posting 36.7 million square feet of net absorption compared with 65.1 million square feet in the prior quarter. The dip in absorption can be attributed to a lack of vacant inventory, rather than a reduction in demand, as leasing activity proceeds at a feverish pace. Of the 49 industrial markets tracked by NGKF, 15 absorbed 1 million square feet or more in Q1 2019. (Source: NGKF) *(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 by 1,400 employees** to 1,189,900 employees total in June 2019. The warehouse industry workforce **increased 0.1%** from the previous month and **increased 4.5%** year-over-year. (Source: U.S. Bureau of Labor Statistics)

Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$20.72/hour in May 2019, **up 0.1%** from the previous month. The average weekly hours totaled 40.4 in May, **down 0.2%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

W&D Business News:

E-commerce has changed how Americans shop and, according to a recent report from Dodge Data & Analytics, it's also changing the way the construction industry builds. Warehouses are being built with greater frequency, but they're also getting bigger. The total square footage of warehouse construction starts increased from 49 million square feet in 2010 to 283 million square feet in 2018, although square footage peaked in 2017 at 300 million. And from 2007 through 2018, the number of warehouse projects of 1 million square feet or more increased from 23 to 48, a figure that represents more than 64 million square feet of space. Brick-and-mortar retail clients typically have internet sales components and are increasing their warehouse stock. However, Dodge found that most of the growth in e-commerce warehouse construction is coming from online-only companies like Amazon, which broke ground on 23 warehouse projects last year. Almost half of those were 1 million square feet or more, and four were the largest of all warehouse projects that broke ground in 2018. (Source: CBRE, supplychaindive.com)

To sign-up to receive these free monthly snapshots, visit: www.GeorgiaLogistics.com

For more information about the **Logistics Market Snapshot** or the many other resources and activities of the **Georgia Center of Innovation for Logistics** please contact:
Emily Schrenk Butler, Senior Project Manager | EButler@georgia.org | 912.966.7842