

Industrial Council, Ports & Rail Highlights

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NAI Global Convention Austin, TX



L-R: Steve Pastor, Tim Carr, Matt Fleming, Trish Haver, Micah Mallace

Moderator: **Steve Pastor**, VP of Global Supply Chain, Ports & Rail Logistics Practice, NAI James E. Hanson and NAI Global Industrial Council Chair-person

Panelists: **Tim Carr**, Senior Sales Account Executive, Kansas City Southern (KCS)
Matt Fleming, VP of Business Development, Trans-Global (TGS)
Trish Haver, Senior Port Development Manager, Norfolk Southern
Micah Mallace, Director Strategic Projects at South Carolina Ports Authority

The panel began by discussing rail shipment trends and recent volumes. Fleming and Mallace both said that core building block materials, such as resins, petro chemical goods and plastics are driving the market for rail shipments while Mallace also noted that southern U.S. states are winning back manufacturing, which is also increasing shipment volumes. Haver said that ecommerce is negatively affecting rail shipping markets (as more goods are delivered by truck in one-day or two-day ground

shipments) yet she thought the disruption is only temporary and should last a couple of years. Fleming pointed out that the trade dispute and tariffs between China and the U.S. is creating some uncertainty for the shipping industry by rail.

For the “where are we at in the market question,” Trish Haver said we are “in the 7th inning stretch,” Tim Carr agreed with her while Steve Pastor said “we’re in the 5th or 6th inning and the game is being hampered by the lack of Class A industrial product.” Micah Mallace said we’re “only in the 3rd or 4th inning.”

Carr’s firm, Kansas City Southern, does a lot of business in Mexico and he said that Mexico has been investing in its infrastructure by adding terminals that particularly serve Mexico’s 13 automotive assembly plants.

The panel also discussed changes at the two big home improvement retailers – Home Depot and Lowe’s, as a positive trend for rail shipments. The retailers are increasing store sizes and stocking more inventory, which is the opposite of what most big box retailers are doing these days.

Toward the end of the panel the conversation shifted to the trucking industry and some of the changes they are seeing in the sector, as it relates to the distribution of goods and trucking’s connections to ports and rail hubs.

On the question of would ELD stay in place – Electronic Logging Data that tracks how long a truck (and driver) has been on the road, among other details, the answer was “until the retention rate of drivers and quality of life for drivers gets better, yes, ELD stays.”

Mallace said that truck “relays” will become more essential to the industry, causing truck yards and truck stops along interstates to get busier than ever. He even suggested that putting trucks on the road in successive relays is going to change how industrial parks are designed, in part because drivers are demanding more amenities while they are on the road.

Haver echoed this point, saying “if your truck never stops, it’s a more profitable operation.” She added that driverless trucks are coming to the industry yet are likely to be five-to-10 years off from making any significant impact on the transportation and distribution of goods industries.