



AAPA Property Management & Pricing Seminar

PPP's in Port Real Estate

Will Friedman—Duke Realty Corp.





Duke Realty Corporation

- **Corporate America trusts Duke for real estate solutions**
- **129 million square feet of office, industrial, retail and healthcare space across 18 markets and growing**
- **Vertical integration ensures quality and service edge**
- **Total market capitalization of nearly \$10 billion makes Duke one of the largest U.S. RE providers**
- **Specialize in master-planned parks and campus style development**
- **#1 builder of warehouse/distribution buildings in the nation***

*2005 Engineering-News Record

Strategy and Business Model

- **Local market focus**
- **Control key land positions in strongest submarkets**
- **Achieve value creation through development**
- **Maximize advantages of vertically-integrated delivery system**
- **15 state/19 market presence and expanding nationally**
- **Utilize joint ventures to increase return on equity, expand operating platforms and generate higher income**
- **Capital recycling to upgrade and reposition portfolio**

Vertically Integrated Delivery Model



Building Experience



27 Projects



2 Projects



2 Projects



22 Projects



2 Projects



Computer Associates®

12 Projects



2 Projects



18 Projects



13 Projects



3 Projects



3 Projects



8 Projects



12 Projects



5 Projects



17 Projects



4 Projects



9 Projects



5 Projects



3 Projects

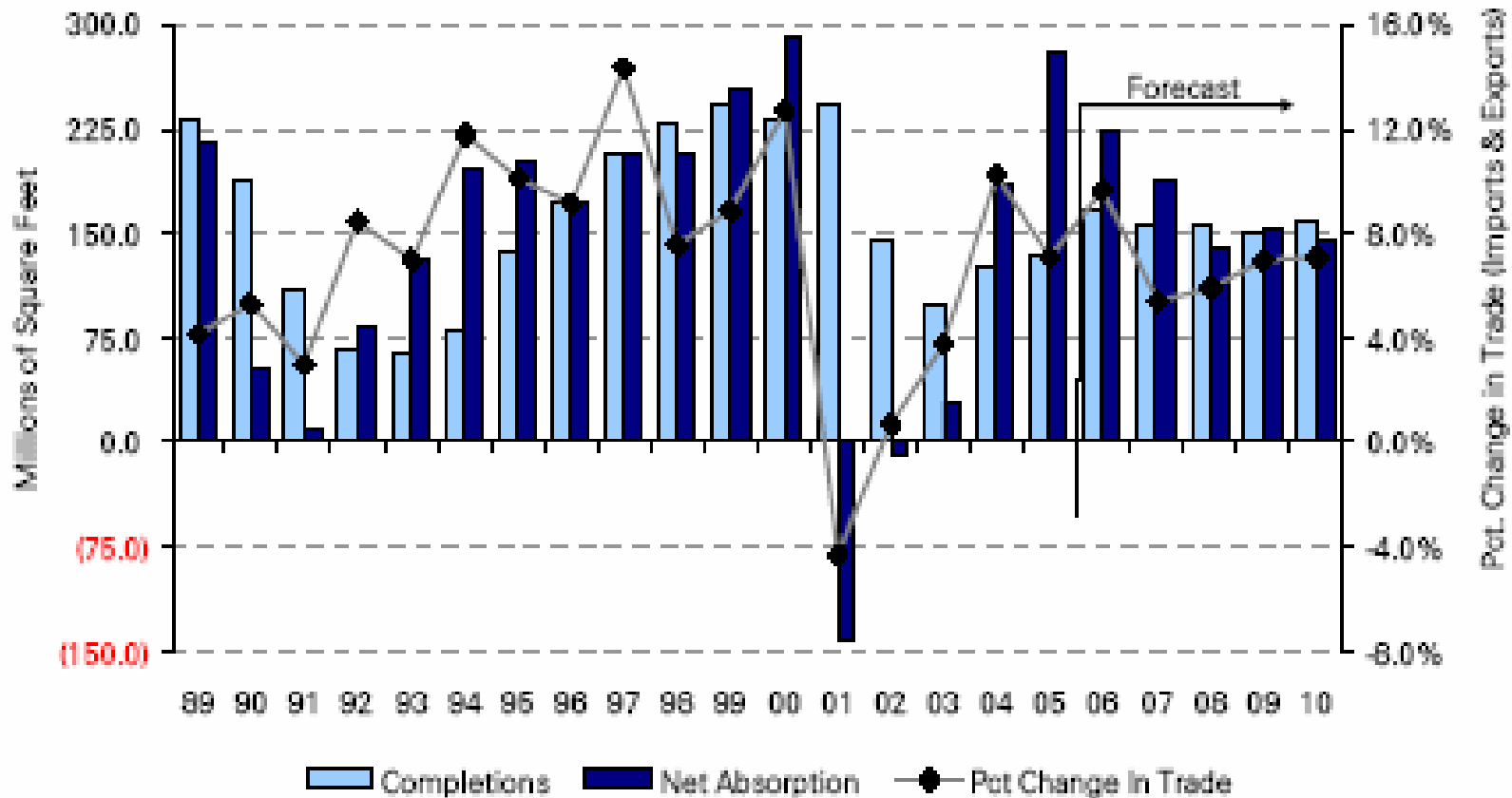


4 Projects

Macro Trends in Distribution RE

- **Surging global trade, good economy drive industrial market to near equilibrium**
- **280 million SF absorbed in 2005**
 - **DC demand highly correlated with trade**
 - **US industrial vacancy rate below 10% in 2005**
 - **Rents rising in many markets**
- **Global gateways and major inland hubs dominate**
 - **Top 5 industrial markets (LA, Chicago, Atlanta, D/FW, NY/NJ) accounted for 41% of net absorption (115 million SF) and 48% of new construction (64 million SF).**
 - **Important secondary gateways and inland hubs emerge: Columbus, Memphis, Indy, I-81 Corridor**

Change in US Trade vs. Industrial Supply and Demand, 1989-2010



Source: RREEF Research, Torto Wheaton & Economy.com

Outlook for Warehouse/Distribution

- **Market fundamentals to remain strong for several years barring disruption to the global supply chain**
 - **Global gateways highest in demand but also the most supply constrained**
 - **Major inland hubs will to grow too**
- **The real story may be the second tier ports and inland hubs**
 - **Baltimore, Jacksonville, Port Everglades, Wilmington NC, Mobile, Corpus Christie**
 - **Indy, Columbus, Memphis, Nashville, San Antonio, Kansas City, Salt Lake City**

How can developers work with Ports?

- **As advisors**
 - **Seek out developers during planning phases**
 - **Benchmark against best practices in RE**
- **As developers of surplus or underutilized properties**
 - **Get land on the market and producing jobs**
- **As developers or investors in basic port assets**
 - **Use developers to conserve port capital**
 - **Sale/lease-back to raise cash, reduce expenses**
- **As partners in strategic projects**
 - **Inland ports, terminals, DC's, mixed-use projects**

Advantages to Partnering with Developers

- **Speed to market**
 - Developers can move faster than public agencies
- **Simplify the development process**
 - Developers will manage all aspects of a project
- **Sales channel to the marketplace**
 - Developers bring established customer relationships
- **Shift risk**
 - Developers willing to assume risk
- **Make money**
 - Developers will share profit, all things being equal

Strategic Development Examples

- **Port of Seattle's North Bay project**
 - Surplus 60 acres in the heart of the City
 - Development partners to be sought
- **Port of Tacoma's Inland port proposal**
- **North Carolina Ports Greenfield container port project**
 - Incorporating land for DC's
 - Seeking private capital
- **Prince Rupert and W. Coast of Mexico container ports**
 - PPP's with ports, TO's, railroads

NC Ports Build-to-Suit



NC Ports Transit Shed (Rendering)



Port of Savannah Logistics Park

- **Port of Savannah targeted retail DC's as a cargo inducement strategy**
- **SEDA developed a park within minutes of Garden City Terminal gate complex**
- **Duke owns 5.1 million SF, 100% leased, with land for another 5 million SF of DC's**
- **High throughput, cross-dock buildings**

Port DC's

Savannah, GA

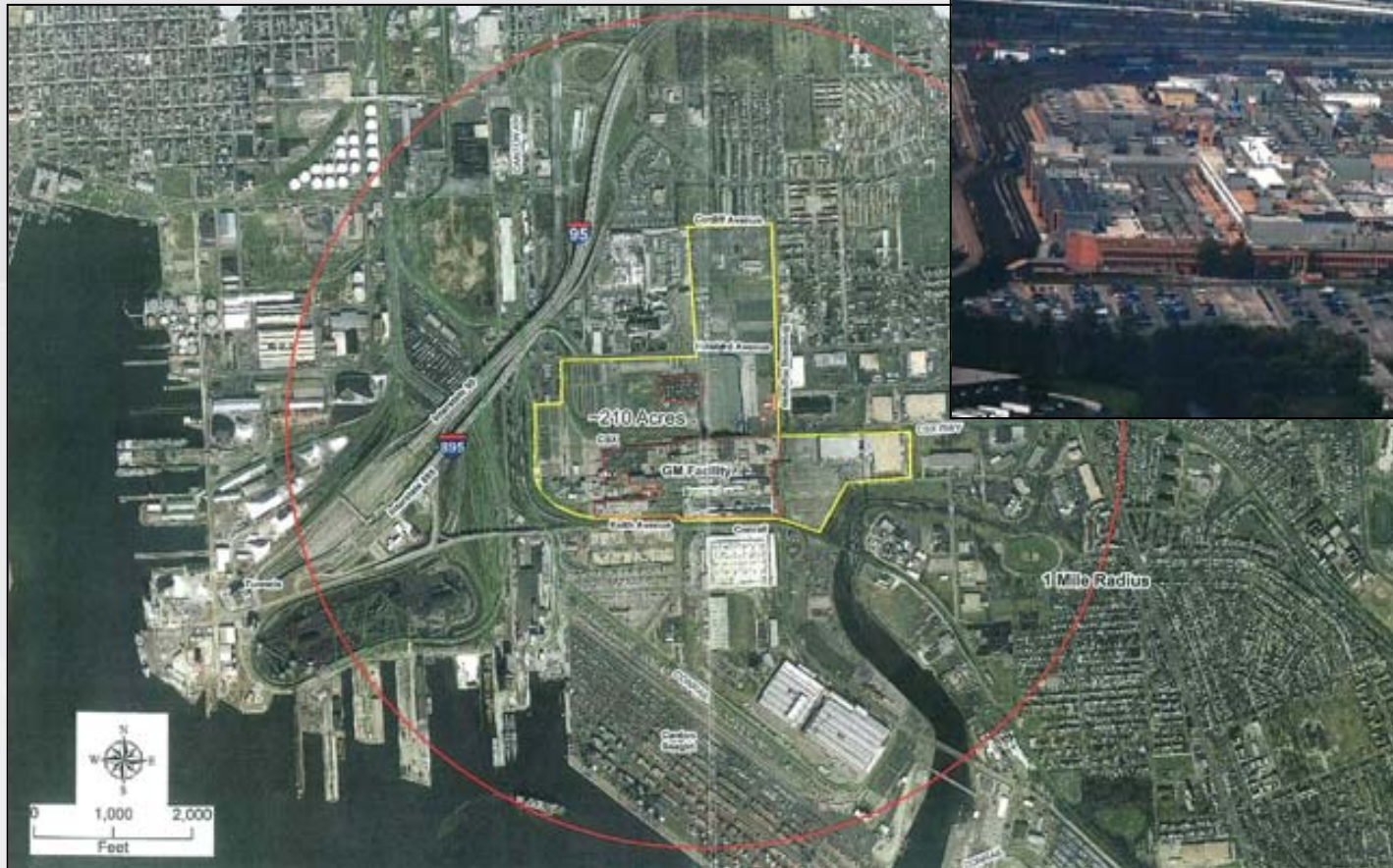


Port of Baltimore Logistics Park

- **183 acres, zoned industrial, CSX rail through site**
- **Future development of 2.8 million SF of bulk industrial product**
- **Located adjacent to Port of Baltimore's Seagirt Container terminal**
- **Located in close proximity to two major railroad terminals**

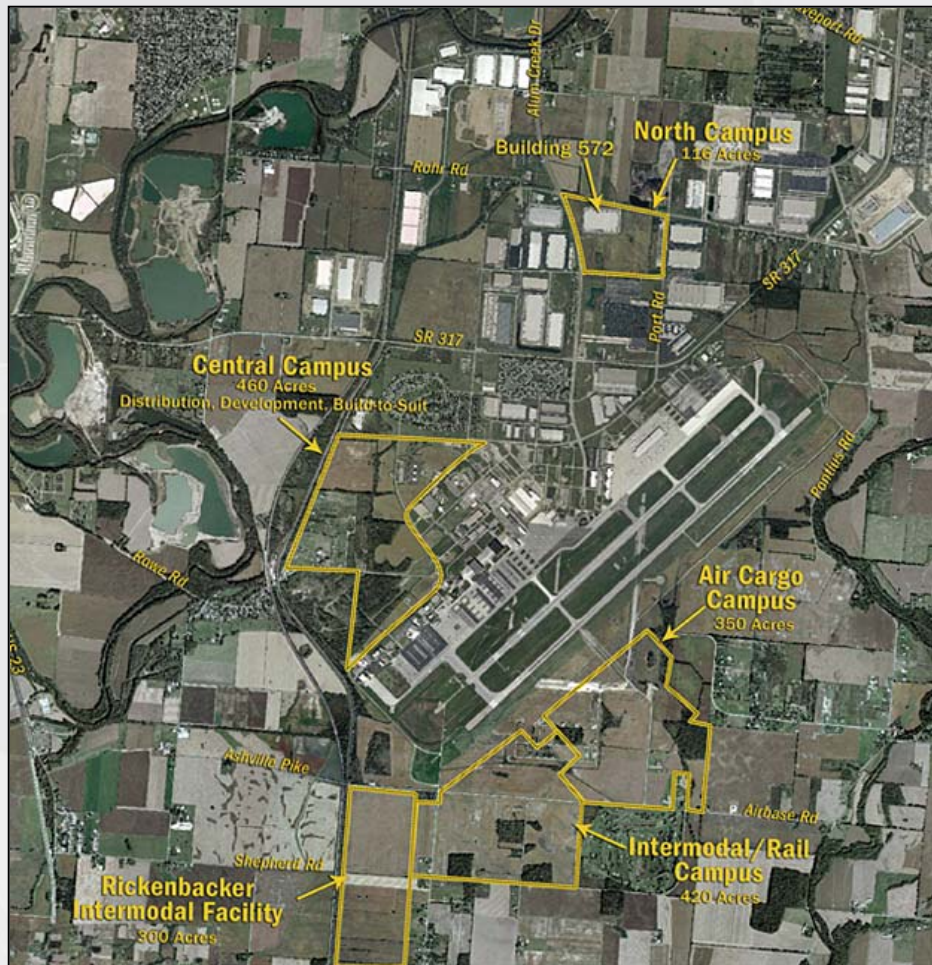
Port DC's

Baltimore, MD



Inland Port Trends

Rickenbacker Global Logistics Park, Columbus, OH



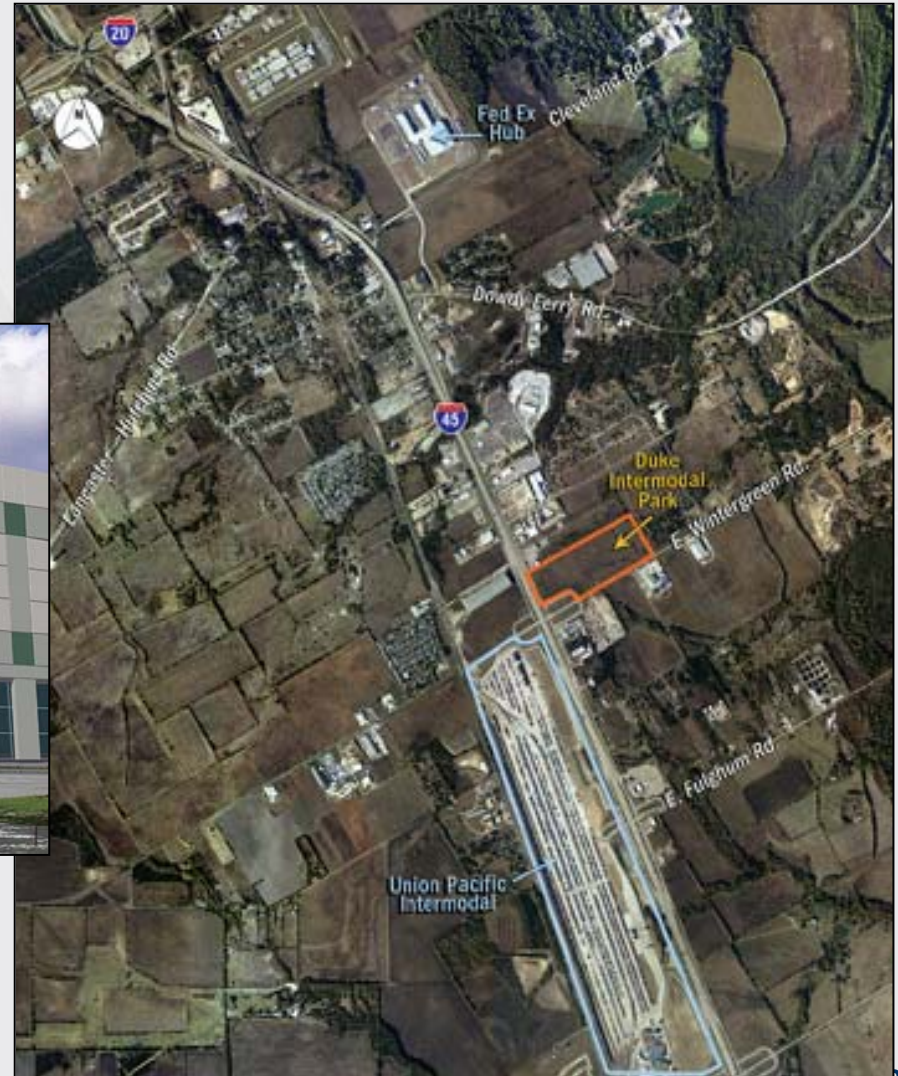
Rickenbacker Global Logistics Park

- **Master-planned logistics park encompassing 1,300 acres capable of 20 million SF of development**
- **One day delivery to more than 50% of US and Canadian populations**
- **“Triple threat” rail, air and highway connectivity**
- **New NS ramp expected to handle up to 450,000 lifts annually**



Inland Port Trends

Dallas (TX) Intermodal Park



South Dallas Intermodal Park

- **Adjacent to newly opened Union Pacific Intermodal Facility**
- **Excellent access to I-45, I-20/635, I-35 and I-30**
- **Connectivity from POLA/LB, Mexican ports, Houston**
- **Triple Freeport inventory tax exempt status**



Thank You

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