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INTERMODAL **LEANS IN**

In a volatile period for supply chains, intermodal proves attractive to shippers seeking dependability.



Intermodal has not been immune to the coronavirus pandemic and the damage it has inflicted on the global economy. But the sector appears positioned to endure the disruption caused by the outbreak while offering an attractive option to shippers as the supply chain regains its footing—and maybe even gaining new efficiencies that will further strengthen its appeal.

Intermodal in the United States was on the bleeding edge of the COVID-19 crisis because of its reliance on imports from other nations, particularly China, says Todd Tranausky, vice president, rail and intermodal, at FTR Transportation Intelligence. The Intermodal Association of North America (IANA) reported a 6.7% decline in volume in the first quarter of 2020.

A drop in volume is common throughout the economy. “No one is untouched by this pandemic,” Tranausky says.

“It’s a whole new ballgame for all partners in the intermodal supply chain as they try to weather the storm the best they can until volumes can stabilize and then grow again,” he adds.

INTERMODAL'S ENDURING APPEAL

Intermodal traditionally is a strong option for “companies whose shipping patterns can mesh well with rails, whose drays are not too long, and who have a green agenda,” says Anthony Hatch, analyst and consultant at ABH Consulting. Intermodal has an enduring appeal to shippers because of its inherent strengths in cost, capacity, and sustainability.

Until 2019, intermodal had been on the upswing, enjoying “a long run of year-over-year volume increases,” Tranausky says. Intermodal volumes declined 4.1% in 2019, driven in part by international trade issues, according to IANA. The 2019 slowdown may have steeled the sector for COVID-19.

“Intermodal was well prepared for this because of the disruption created by the trade war,” Tranausky says. “The sector is used to volatility.”

“We’ve experienced little to no disruption to the rail service during the recent crisis,” confirms Barb Slawter,

of “D” from the American Society of Civil Engineers in 2017, while rail earned a “B,” which would have been higher without the relative struggles of passenger rail.

“This is the benefit of self-funding,” Hatch says. “Where once the subsidization of the Interstate Highway System was a competitive problem for rail, the politicization of that process has made rail’s ability to act in its own interests (adding capacity) a major advantage.”

Infrastructure in the United States positions intermodal well for the present

and future, Tranausky agrees. In particular, he points to robust rail capacity and the flood of recent ambitious improvements at major ports.

“Infrastructure constraints will not hold back growth,” Tranausky says. “If you look at where volumes are versus where the theoretical ceiling is,

there’s plenty of room to run.”

Rail has four structural advantages over the highway given density and lengths of haul, among other factors: labor, fuel, infrastructure, and financial condition, notes Hatch. He says rail will need to rely on that financial condition advantage to navigate the COVID-19 crisis and to fund capacity and IT capability as Silicon Valley and others invest in new technology, particularly electric and autonomous vehicles, that could reduce the labor and fuel advantages.

Until 2019, intermodal volumes had been on the upswing. Last year’s slowdown likely helped the sector prepare for COVID-19 disruptions.

president of Optimodal, a subsidiary of Odyssey Logistics & Technology and a provider of bulk intermodal services. “This presents opportunity for shippers that want to use intermodal to get their products from Point A to Point B.”

Intermodal also appears to have the elements in place to rebound when global trade stabilizes. Rail and intermodal enjoy a clear infrastructure advantage over trucking in the United States, Hatch notes. He points out that highway infrastructure received a grade



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Odyssey Logistics & Technology sees increasing demand in certain areas of its intermodal business because of pandemic-related challenges. For instance, ISO containers present a flexible option for clients with unexpected storage needs.



“The future battlefield will be tech-driven,” Hatch says.

Although uncertainty marks the future, Slawter is among those who see upcoming developments in the trucking industry having ramifications for intermodal.

“Trucking capacity will likely be an issue as the economy begins to recover,” Slawter says. “We expect there will be a shift to intermodal as a solution to a capacity crunch.”

Weak active truck utilization and sharply lower diesel prices will increase pressure on intermodal as the year progresses, IANA says in its first quarter report for 2020. Tranausky believes the current crisis will make intermodal more efficient, particularly as it faces stiffer competition from trucking.

“Companies will have to get creative in how they move goods and how they create value for customers,” Tranausky says. “As the freight market tightens up in 2021, intermodal certainly has potential for significant growth as shippers look for transportation options to meet their needs in a tight capacity environment.”

Those new efficiencies will take different forms. “It will be different for



every piece of the intermodal supply chain, but companies will focus on gaining economies of scale, improving operational techniques, getting the most out of capacity, finding the quickest way to market, boosting reliability in the supply chain, and minimizing service disruptions and communicating with shippers when disruptions do happen,” Tranausky says.

“The rail markets have always been slow to adapt, slow to innovate,” he adds. “But necessity is the mother of all innovation. Intermodal is going to have to compete against a newly aggressive truckload market, and that will

Odyssey’s intermodal solutions move long-haul shipments via rail, providing limited personal contact to keep workers safe and healthy during the pandemic.

require innovation, additional visibility, and agility.”

Those potential developments offer promise for shippers interested in intermodal and hint at the possibilities for growth in the sector.

“You will see a leaner, meaner, more competitive intermodal market,” Tranausky predicts.

A TRUSTED INTERMODAL PARTNER IN A CHALLENGING TIME

While the COVID-19 outbreak threw some supply chains into turmoil, Odyssey Logistics & Technology has proved to be a steadfast intermodal partner for its clients as they navigate unprecedented challenges.

“We’re with customers all the way, keeping them informed of the latest supply chain strategies, relaying the most updated and relevant industry news and serving as a valued partner,” says Ken Stratton, vice president of operations for intermodal marketing company Interdom, a subsidiary of

Odyssey Logistics & Technology. “We know that a partner with a strong carrier network, advanced technology capabilities, and a history of success in the freight

industry can be a guiding light in these difficult times.”

Intermodal has offered dependability in a volatile period for many of Odyssey’s clients, according to Slawter. In the early days of the pandemic, Optimodal received an influx of intermodal solution requests because of fears that drivers could fall ill.



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Duke Realty's 19 properties are located along the New Jersey Turnpike Corridor. Key to their appeal for intermodal shipping is convenient access to the Port of New York and New Jersey, including the Port Newark-Elizabeth Marine Terminal.



Those fears subsided, but Slawter says, “Shippers who turned to intermodal in the meantime continue to utilize this mode after it proved to be a cost-effective service that helps meet sustainability goals without sacrificing service levels.”

“In fact, we’re seeing increasing demand in certain areas of our intermodal business,” Slawter says, because of pandemic-related challenges. For instance, ISO containers are a low-cost, flexible option for Odyssey clients with unexpected storage needs.

“Our forward storage capabilities are particularly beneficial as demand and

times, which tend to be the best lanes for intermodal,” she adds.

Similarly, Interdom’s ability to secure equipment options for its intermodal customers to keep freight moving has provided crucial value.

“For example, we have been successful in getting equipment from a variety of sources, including 53-foot containers, during a time when 40-foot equipment has become difficult to secure,” Stratton says. “Interdom has been able to cover the freight for our existing customers.”

Odyssey’s agility, collaborative approach, and creative thinking are crucial to helping clients increase logistics capacity and improve contingency planning during the outbreak.

“We listen to the needs of our clients and what challenges they are facing at the loading facilities and with

their customers,” Stratton says. “We also understand threats the current market may pose to supply chains.”

“Based on feedback, we work with clients to find the best service plan by adjusting services, schedules, or departure plans,” he says.

Ultimately, Odyssey strives to help its clients adapt and thrive in the face of disruption.

New Jersey is one intermodal hot spot. Duke Realty’s 8 million square feet of Class A properties in the state offer intermodal connections.

operations come back online,” Slawter says. “Some of our receiving locations have shut or slowed down during this time and are unsure of exact reopening dates or how quickly full demand will return. Shippers are opting to hold ISO tanks locally so that a local point of supply is ready as needed.”

“This is particularly relevant on extended haul lanes with longer transit

“We will remain constant and vigilant in securing the capacity to cover the freight, work on new business opportunities and, as always, be just a phone call away for our customers,” Stratton says. “Now more than ever, we will build on and grow those existing partner relationships.”

OFFERING SUPERIOR, WELL-CONNECTED PROPERTIES IN NEW JERSEY

With its bustling ports, highways, rail lines, and airports, New Jersey represents a critical intermodal hot spot in the United States. Duke Realty, a leading owner, developer, and manager of industrial properties with projects across the country, has built an impressive portfolio of 8 million square feet of Class A properties in New Jersey after entering the state in 2008.

The company’s 19 properties, which have 26 tenants, are all located along the New Jersey Turnpike Corridor, the major north/south highway serving the highly populous Northeast area, and boast easy connections to other major highways.

“Thanks to the superior location of our assets, users have quick, easy connectivity to the New York City metro

area and other Northeast population centers,” says Art Makris, senior vice president of Duke Realty’s Northeast region. “With 2,800 miles of interstates and highways, New Jersey infrastructure provides a connection to virtually every road network and major market in the country.”

Duke Realty’s New Jersey properties have been at or near full occupancy since 2008, with 100% of its in-service portfolio occupied at the end of the first quarter in 2020. Key to the appeal of the Duke Realty properties for intermodal shipping purposes is convenient access to the Port of New York and New Jersey, including the Port Newark-Elizabeth Marine Terminal, the busiest container terminal on the East Coast and the third-busiest in the country. In 2017, the Bayonne Bridge was raised to accommodate the world’s largest containerships, a major milestone for the area.

In addition, air transport is readily available through the properties’ close proximity to several airports, including Newark Liberty and Teterboro.

Properties also have ready access to rail resources. For instance, Duke Realty’s property at 150 Old New Brunswick Road in Piscataway, New Jersey, offers rail connectivity. The 662,000-square-foot, state-of-the-art

speculative development will be available in 2020.

“This asset has an incredible infill location, just one block from I-287

development in New Jersey. “The building will feature leading-edge amenities, such as 40-foot clear height, cross-dock loading, and ample car and trailer parking.”

Duke Realty’s New Jersey properties are among the youngest in the market, with an average portfolio age of six years, providing a competitive advantage for tenants.

“Our assets incorporate the latest features for product storage and maneuverability,” Rosen says. “Functional ingress/egress routes have been incorporated, and proximity to highways and other transport modes are a priority.”

In addition to their physical assets, Duke Realty’s service quality helps explain how the company has conducted repeat leasing transactions with 61% of tenants and repeat build-to-suit developments with 65% of customers. The company’s crucial resources include in-house construction, asset/property management, and legal and financing services, providing a one-stop shop for clients.

“Duke Realty has tremendous construction experience having performed a variety of complicated construction projects, including multiple rail-connected projects, around the country,”

Makris says. “We have built a strong reputation for delivering on our promises and meeting our clients’ needs.” ■



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