



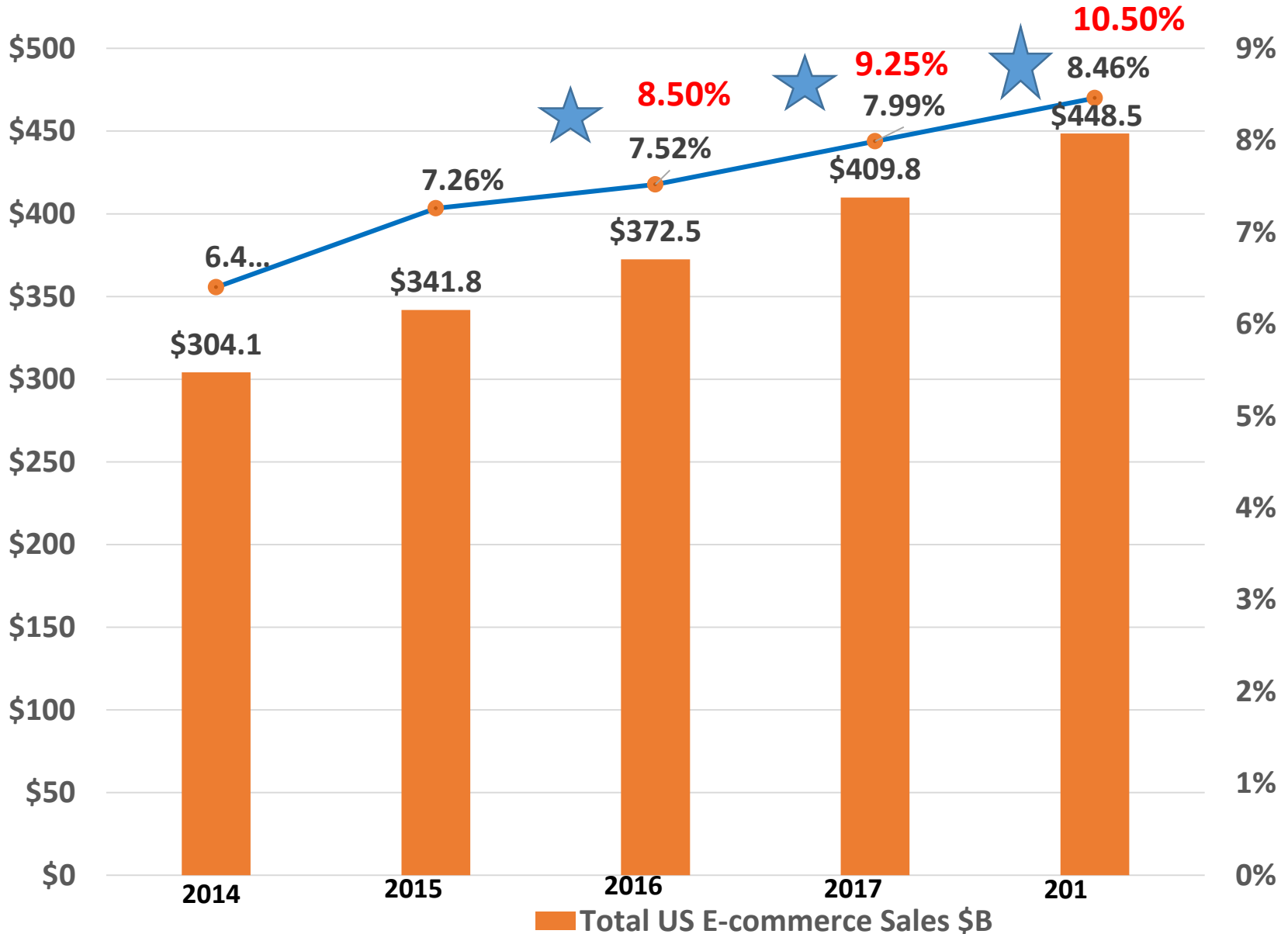
# E-COMMERCE INDUSTRIAL REAL ESTATE OUTLOOK 2018

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# U.S. E-Commerce Retail Sales

## Forecast 2014-2018 Update 2017



# E-Commerce Statistics

- According to Forrester, in Q4 of 2017, U.S. e-commerce sales will rise by 9.3% annually over the next five years to \$523 billion.
- CBRE published a recent report noting that e-commerce requires three times as much space as other warehouse uses.
  - Every \$1 billion in new e-commerce sales requires 1.25 million sq. ft. of additional space.
  - Given the forecast for growth, this translates to demand for 80 million sq. ft. of new warehouse space by 2020.



## Top 10\* Retail Ecommerce Sales, by Company

US, 2017, billions

**Amazon**

**\$196.75**

**eBay**

**\$30.66**

**Walmart**

**\$16.21**

**Apple**

**\$16.20**

**Home Depot**

**\$6.77**

**Best Buy**

**\$6.29**

**Macy's**

**\$5.36**

**Costco**

**\$4.08**

**QVC**

**\$3.31**

**Wayfair**

**\$4.23**

Source: eMarketer, September 2017

# E-Commerce Statistics

## E-commerce as a percent of retail

- In Q4 2017: 9.1%
- In Q4 2016: 8.2%

Source: US Department of Commerce

## Amazon percent of US e-commerce:

- In 2017: 43.5%
- In 2016: 38.1%

Source: eMarketer

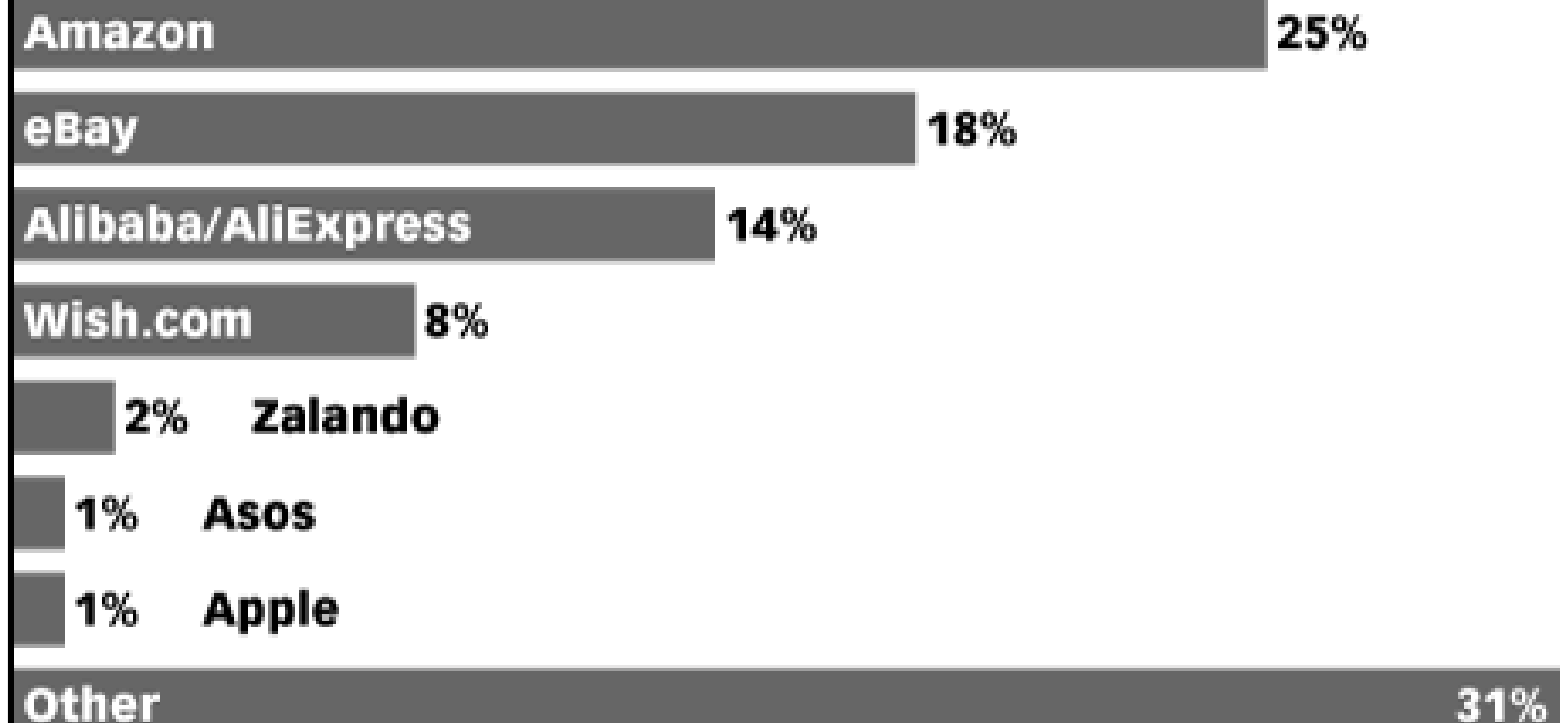
## US E-commerce sales increased 16.0% in 2017

Source: Internet Retailer



## Digital Retailer from Which Cross-Border Digital Buyers Worldwide Made Their Most Recent Cross-Border Digital Purchase, Oct 2017

*% of respondents*



*Note: ages 16+ who have digitally purchased goods in the past 3 months and made a cross-border digital purchase in the past year*

*Source: International Post Corporation, "Cross-Border E-Commerce Shopper Survey 2017," Jan 31, 2018*

# E-Commerce Impact On Industrial

- By 2020, the US will sell 486 Billion of goods to the world in cross border e-commerce
- By 2020, the US will buy 140 Billion of goods from overseas in cross border e-commerce
- This will require 160 NEW e-commerce logistics centers of 800,000 SF size to be built in the top urban markets
- Another 110 NEW or re-purposed facilities of 75,000-100,000 SF sites are necessary to support local delivery in key urban markets
- THIS IS THE DEFINITION OF LAST MILE.....

*Tompkins, April, 2016*



# Four Building Types in Two Dimensions

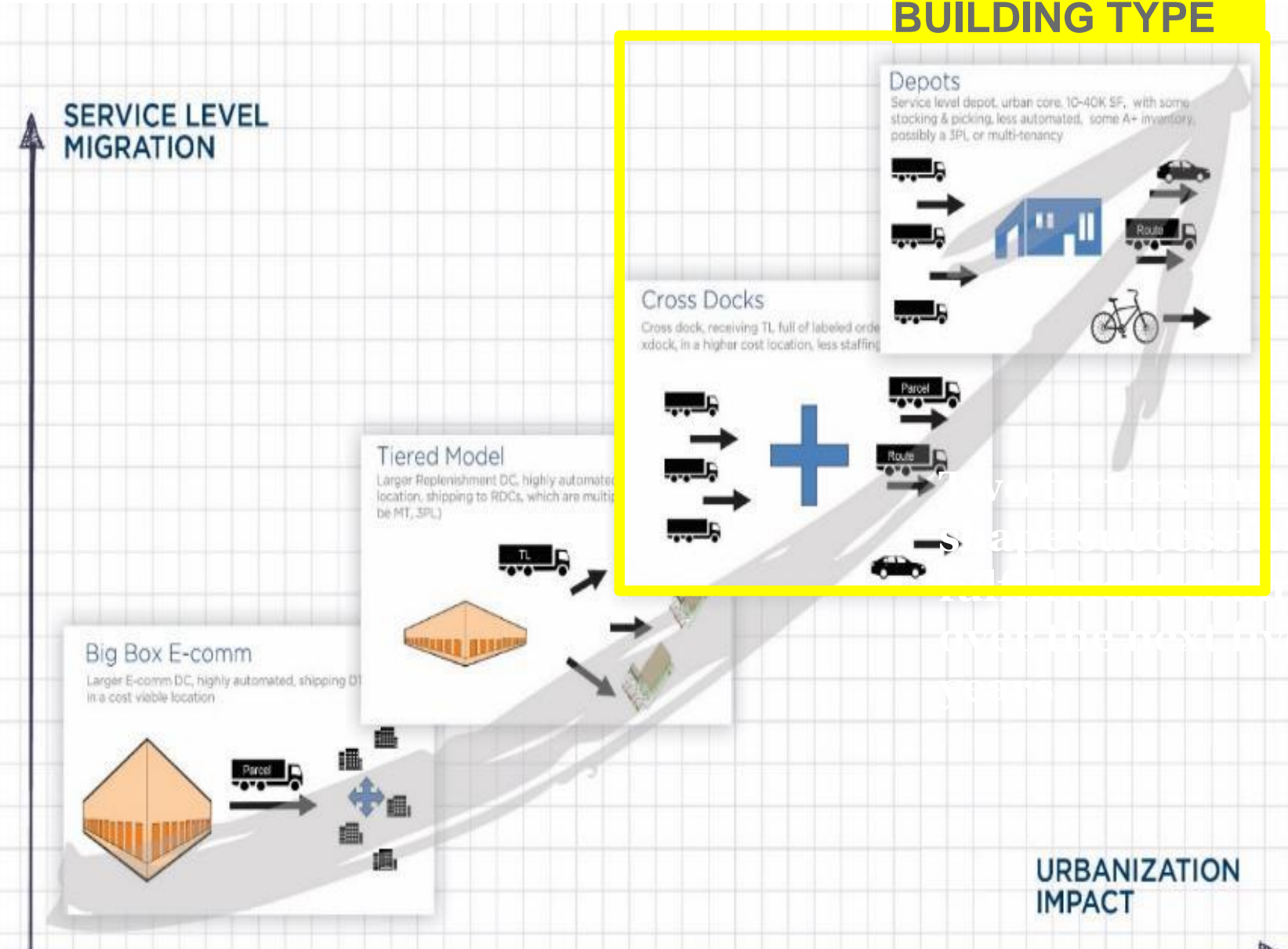
## Service Level & Urbanization

### LAST MILE BUILDING TYPE

SERVICE LEVEL MIGRATION



URBANIZATION IMPACT





# E-commerce's Effect on Air Cargo Growth

- E-commerce is a future growth driver for the air cargo industry, as online shopping boosts demand for parcel delivery services worldwide.
- On aggregation, the industry's parcel volume more than doubled over the last decade, growing at a rate far above economic growth.

- IATA

- The global air cargo market is growing on the back drop of the growing global e-commerce market.
- Online retailers rely on the air cargo service providers because of the speedy delivery they offer.

- Technavio

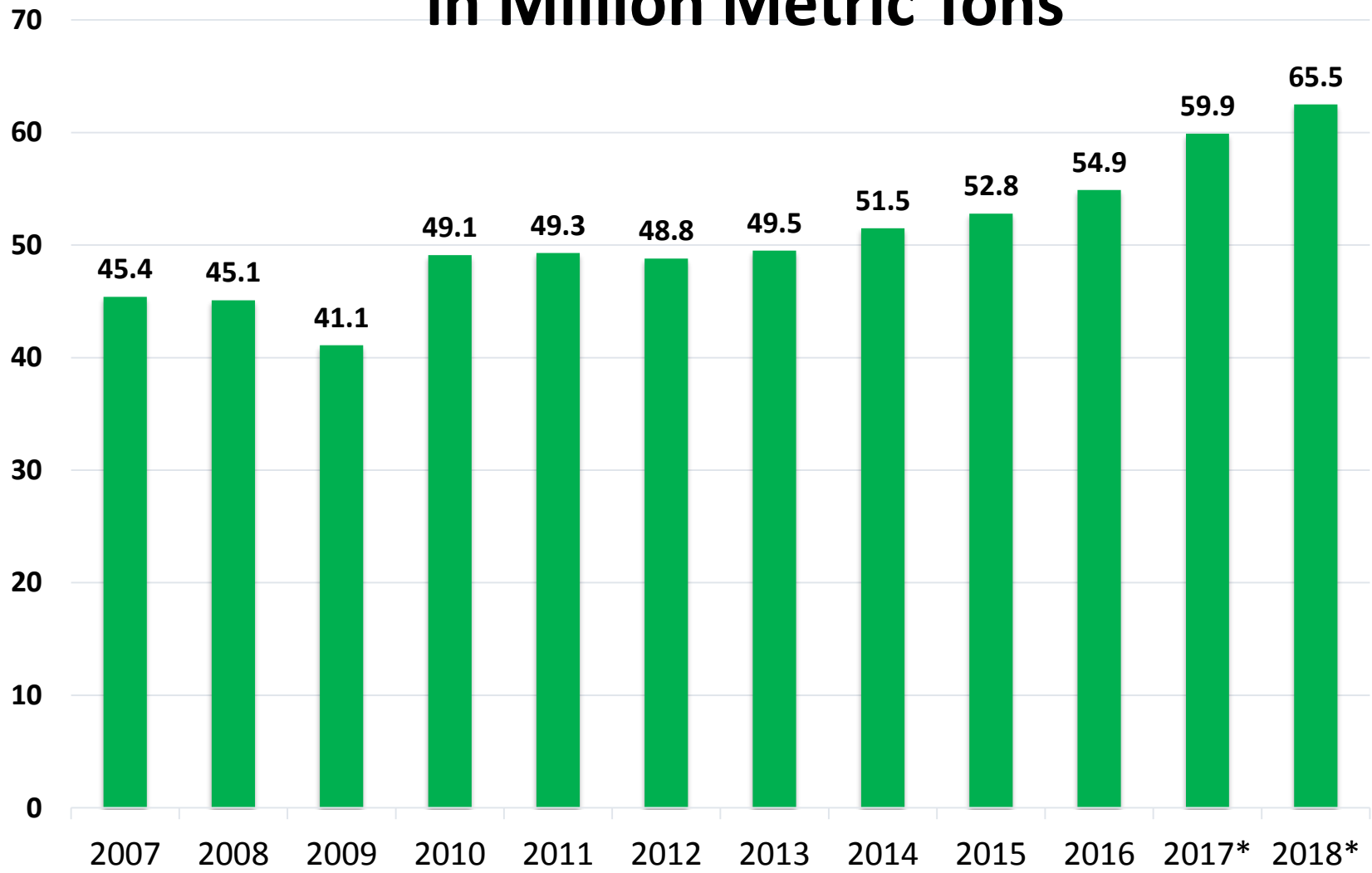
[www.imsww.com](http://www.imsww.com)

Foreign Trade Zone, Logistics and Supply Chain Consulting



# Worldwide Air Freight 2007 - 2018

## in Million Metric Tons



Source Data: IATA

# E-commerce's Effect on Air Cargo Growth

## The Challenge is in finding a location:

- With less congestion
- With mature transportation
- That has a reach to population
- Where high-volume single-package transactions can be processed for automated expedited processing and delivery
- Most Ready, likely Airports for this?



# E-commerce Impact

- Traditional freight forwarder gateway airports are at JFK, ORD, MIA, LAX and DFW/ATL
- Alternative Airports that make “Cargo Sense”
  - Chicago Rockford International Airport (RFD)
  - Rickenbacker International (LCK)
  - Indianapolis, IN (IND)
  - Pittsburgh, PA (PIT)
  - Cincinnati, OH (CVG)
  - Greenville, SC (GSP)
  - Huntsville, AL (HSV)
  - Philadelphia, PA (PHL)
  - Mesa Gateway (AZA)
  - March AFB, CA
  - Houston (IAH)



# Alternative Gateway Options for Cargo Growth



# CONCLUSIONS

## My Conclusions are these:

- E-Commerce is here to stay, and growing **5 X** faster than Retail Sales growth
- Global E-commerce is upon us.....Next Wave.
- Last-Mile facilities will be growing across the USA, but first in high density populations.
- Retailers are embracing the change now 100% but also working to improve the “experience” of shopping with them.
- Air Cargo Operations will finally grow to Tier 2 and Tier 3 Airports that meet requirements.