



PORT EVERGLADES 2014 MASTER/VISION PLAN

ELEMENT 2 MARKET ASSESSMENT

PRESENTED BY



MARKET ASSESSMENT

2.1 Introduction

Port Everglades, which ranks as one of the nation's leading container and cruise ports and also serves as an important bulk port, accommodates diverse cargo and cruise operations. This second element of the 2014 *Port Everglades Master/Vision Plan* (the Plan) presents the results of market assessments the consultant team conducted for the core business sectors at the Port. These include containerized cargo, dry and break-bulk (neo-bulk) cargo, liquid bulk cargo, and cruise.

The element first provides a ten-year overview of the Port's past cargo and cruise operations and revenue. It then continues with the series of market assessments and business opportunity discussions.

2.2 Summary of Historic Core Cargo and Cruise Operations

As a complement to examining the market opportunities for Port Everglades in each of its core businesses over the 20-year planning period through 2033, the consultant team looked at how these businesses have matured over the ten-year period from FY 2002/2003 (FY 2003) through FY 2011/2012 (FY 2012)¹

On the cargo side, the Port's diversified operations include:

- Containerized cargo, with commodities such as bananas and other fruit, vegetables, beverages, apparel, ceramic and mosaic tile, electrical products, machinery, auto parts, and other imports and exports.
- Dry bulk cargo, including cement and clinkers.
- Liquid bulk, comprising diverse petroleum products such as gasoline, diesel, jet, and other fuel.
- Break-bulk, also called neo-bulk, including building materials such as steel coils/rebar.
- Rolling stock such as yachts and other boats, trucks, automobiles, buses, and equipment.

On the cruise side, the Port's broad spectrum of passenger operations encompasses more than 40 cruise ships from a dozen cruise lines, whose itineraries range from single-day cruises to the Bahamas to lengthy world cruises.

In addition to these core businesses, other activities at the Port include a petroleum storage tank farm, serving 12 counties; the Foreign-Trade Zone 25, used by over 60 businesses; and an annual "Fleet Week USA," honoring the U.S. Navy and Coast Guard.

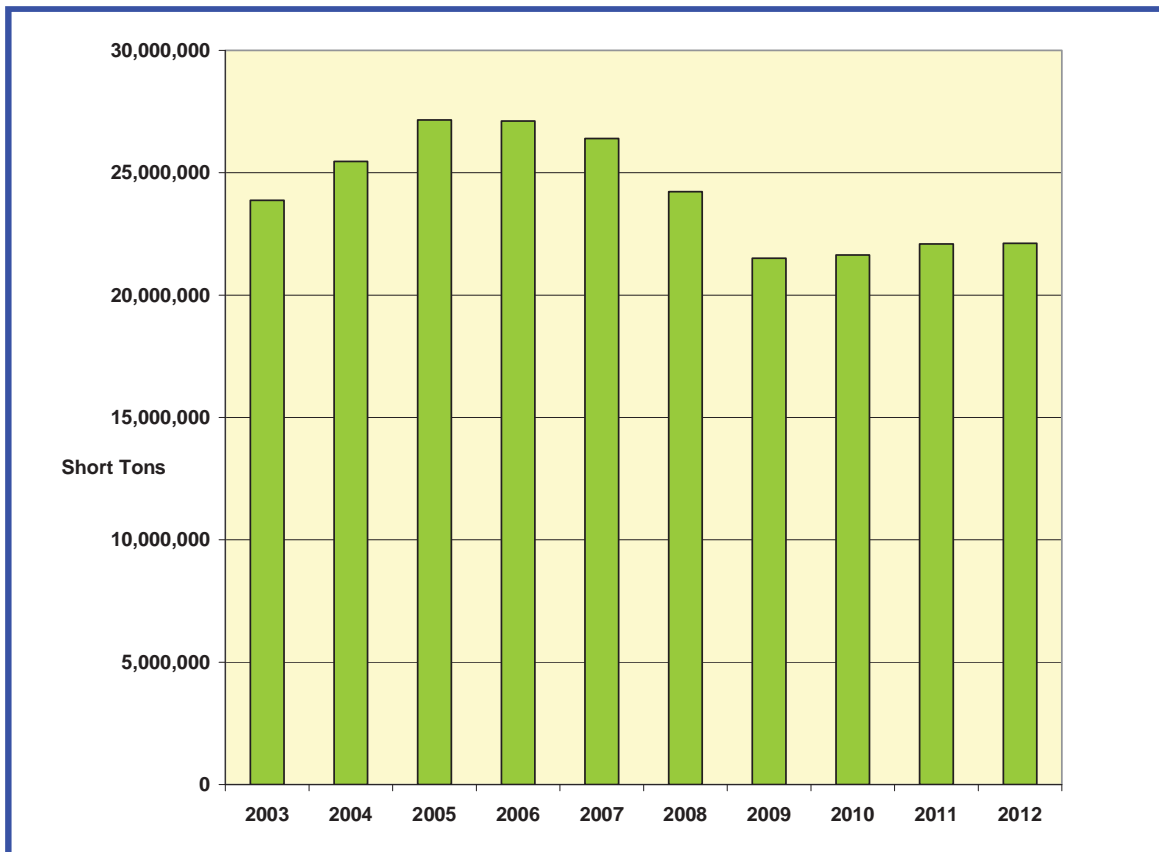
This diversity is a key strength that has contributed to both the Port's significant growth and its sound financial performance.

¹All of the statistics presented in this section are from the Port's *Waterborne Commerce Report*, updated through the end of FY 2012.

2.2.1 Cargo Operations

Tonnage. Over the ten years from FY 2003 through FY 2012, the Port's tonnage has decreased from 23.9 million tons to 22.1 million tons, after reaching a high of 27.1 million tons in FY 2005, prior to the economic downturn. This decline primarily reflects changes in the Port's liquid and dry bulk throughput, as discussed below. Since FY 2009, however, the Port has seen a steady increase in tonnage. The Port's ten-year tonnage throughput is shown in Figure 2.2-1.

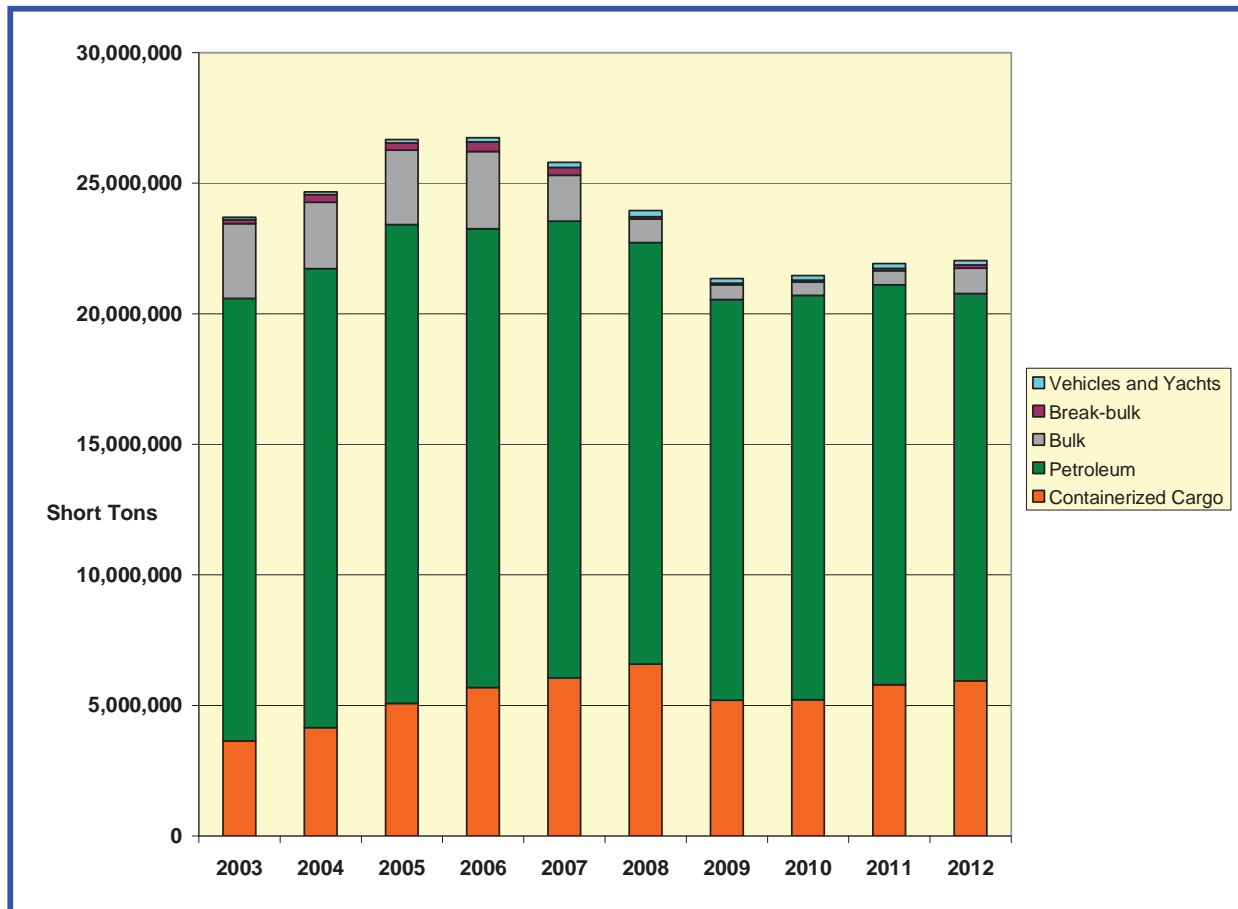
Figure 2.2-1
TONNAGE AT PORT EVERGLADES
FY 2003 through FY 2012



As Figure 2.2-2 further illustrates, petroleum products still account for the largest share of the Port's tonnage, despite decreasing slightly from 16.9 million tons in FY 2003 to 14.8 million tons in FY 2012, following a high of 18.3 million tons in FY 2005. This decline initially was in response to record prices that caused consumers, businesses, and airlines to cut fuel consumption and electric utilities to switch from fuel oil to less costly natural gas; more recently after tracking the economic downturn, the Port's petroleum throughput continues to reflect a continued change in people's driving, travel, and other fuel consumption activities. Trends in the petroleum industry are described in detail in Section 2.4.

Containerized cargo tonnage is second in the Port’s throughput volume, increasing by 63.6 percent from the 3.6 million tons handled in FY 2003 to 5.9 million tons in FY 2012. The 6.6 million tons the Port handled in FY 2008 represented a ten-year high in containerized cargo.

**Figure 2.2-2
COMPARISON OF TONNAGES AT PORT EVERGLADES BY CARGO TYPE
FY 2003 through FY 2012**



The Port’s dry bulk and break-bulk/neo-bulk cargos, which are tied to the construction industry, began their dramatic decline in FY 2007 as the construction market plummeted. When measured over the ten-year period, as shown in Table 2.2-1, this decline resulted in a 65.9 percent drop in the dry bulk commodities handled at the Port -- primarily cement and cement clinkers -- and a 25.1 percent drop in the break-bulk/neo-bulk commodities -- primarily steel, lumber, and plywood. The Port’s break-bulk commodities had averaged about 190,000 tons between 2003 and 2007, reaching a high of 376,535 tons in FY 2006, but declined to an average of 88,832 tons between 2008 and 2012. Both bulk and break-bulk cargos have started to rebound since FY 2010, as discussed in Section 2.6.

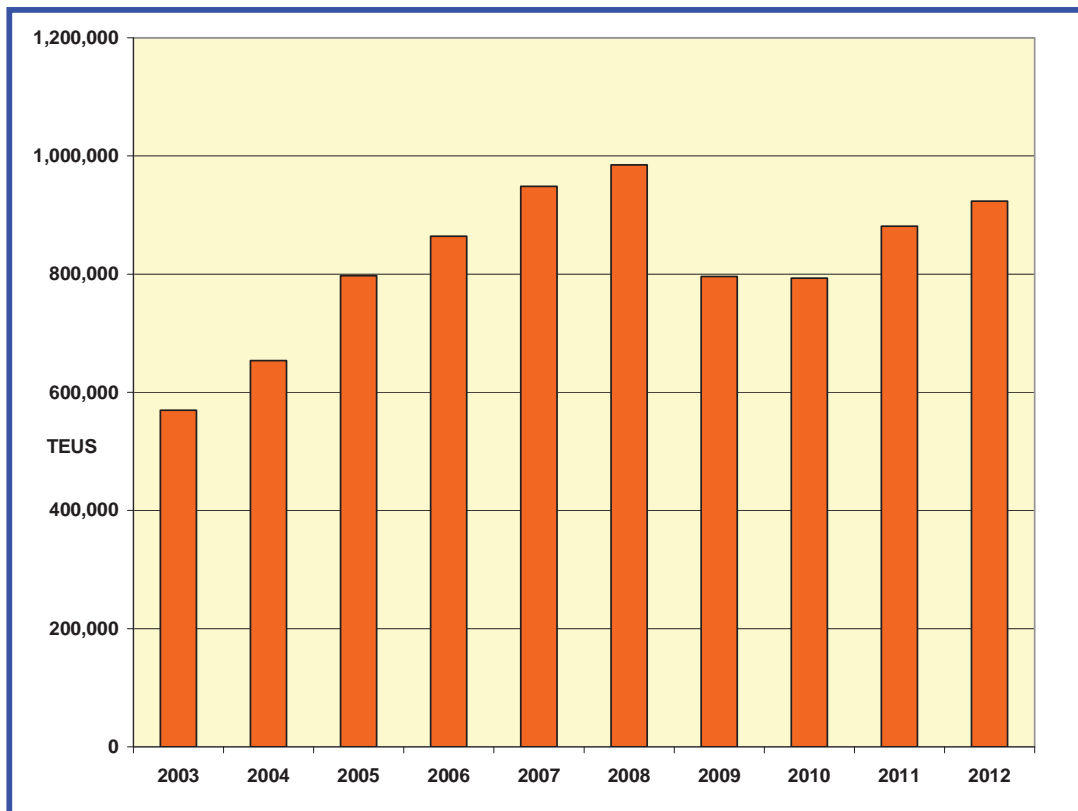
The Port’s roll-on/roll-off (Ro/Ro) and lift-on/lift-off (Lo/Lo) cargos - including trucks, trailers, tractors, yachts, boats, and other rolling stock -- have fluctuated over the ten-year period, reaching a ten-year high in FY 2008 of 240,129 tons.

**Table 2.2-1
PERCENT TONNAGE CHANGE AT PORT EVERGLADES BY CARGO TYPE
FY 2003 and FY 2012**

Cargo Type	FY 2003	FY 2012	Percentage Change over the 10-year Period
Containerized Cargo	3,633,610	5,944,513	63.6%
Petroleum	16,958,171	14,830,384	-12.5%
Bulk	2,854,588	973,191	-65.9%
Break-bulk	161,195	120,812	-25.1%
Vehicles and Yachts (Ro-Ro//Lo-Lo)	87,862	166,237	89.2%

Container Movements. Figure 2.2-3 shows how containerized cargo movements at Port Everglades, expressed in 20-foot equivalent container units, or TEUs, have grown over the ten-year period. In FY 2003, 569,743 TEUs crossed the Port’s docks; by FY 2012, that number had increased to 923,600, a 62.1 percent rise over the period. The Port’s TEU count, which peaked in FY 2008 at 985,095 TEUs, declined slightly in FY 2009, but has since been on a steady upswing. Trends in the containerized cargo industry are discussed in Section 2.5.

**Figure 2.2-3
TEU MOVEMENTS AT PORT EVERGLADES
FY 2003 through 2012**

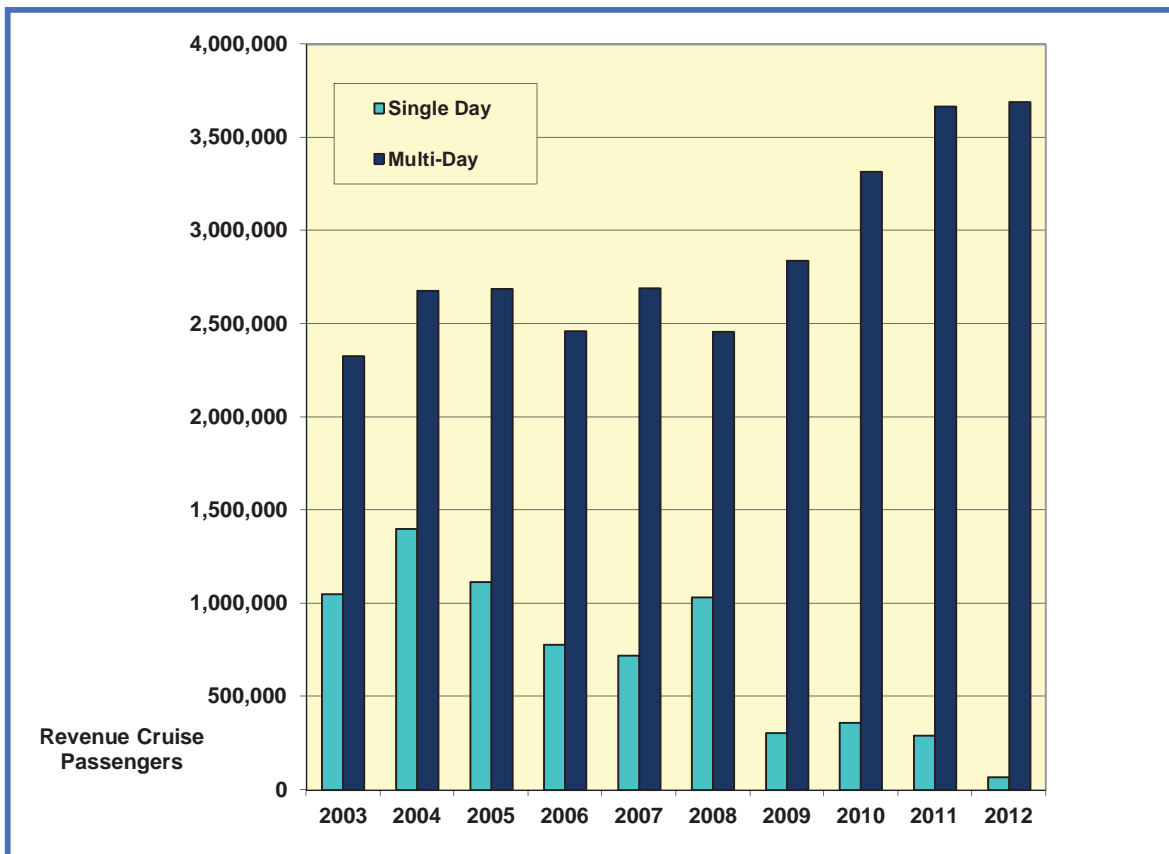


2.2.2 Cruise Operations

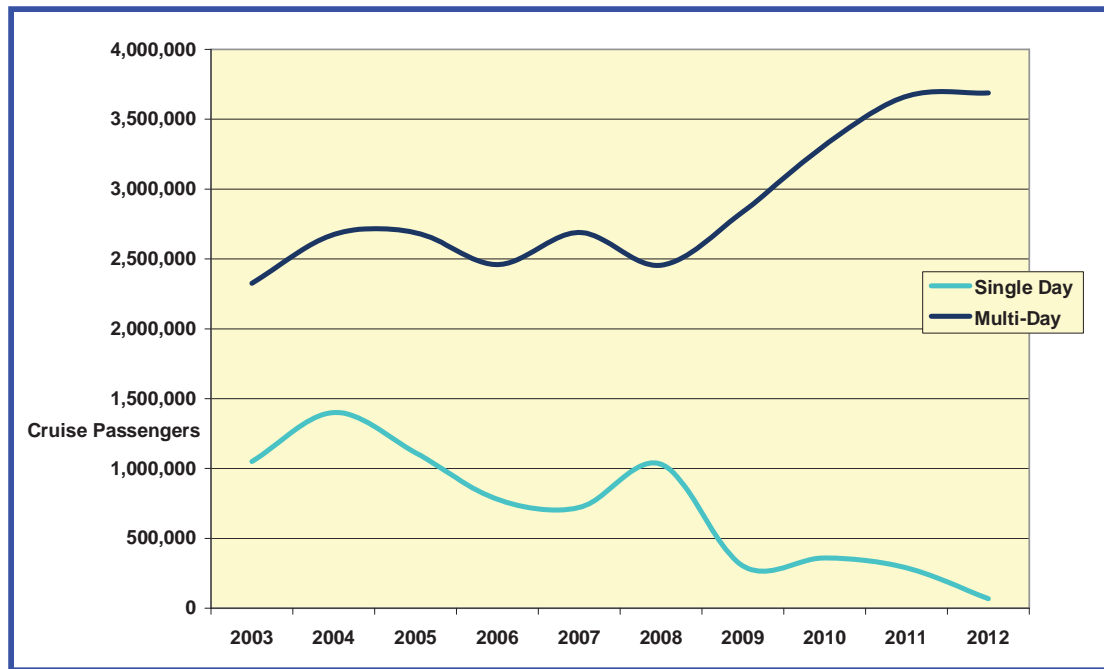
Port Everglades has seen an 11 percent increase in the total number of passengers cruising from the Port in the ten-year period, from 3.38 million passengers in FY 2003 to 3.78 million in FY 2012. As shown in Figure 2.2-4, however, the two categories of cruises -- multi-day and single-day -- have experienced different passenger growth patterns. Whereas the number of multi-day passengers cruising from Port Everglades increased by 58.4 percent over the ten-year period, the number of day cruisers actually declined by 93.5 percent. This decline is attributable to a variety of factors, including new competitive landside gaming opportunities. The differing patterns are clearly illustrated in Figure 2.2-5.

Cruise industry trends are discussed in Section 2.3.

**Figure 2.2-4
CRUISE PASSENGERS AT PORT EVERGLADES
FY 2003 through FY 2012**



**Figure 2.2-5
COMPARISON OF CRUISE PASSENGERS AT PORT EVERGLADES BY CRUISE TYPE
FY 2003 through FY 2012**



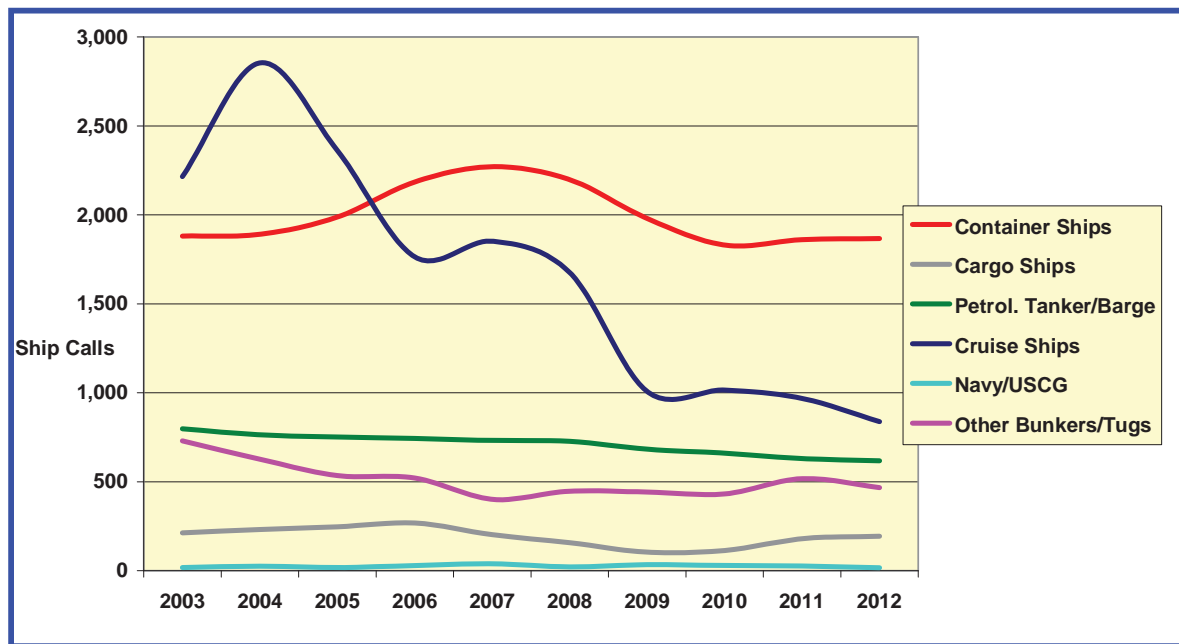
2.2.3 Ship Calls

The vessels calling at Port Everglades to transport the various types of cargo and cruise passengers range from simple barges and small cargo ships to large oil tankers, bulk ships, and container ships to day cruisers and mega cruise ships. As Table 2.2-2 shows, annual ship calls peaked at 6,389 vessels in FY 2004, dropping to 4,000 vessels in FY 2012; over the ten-year period, the annual average was 5,088 calls. Figure 2.2-6 illustrates the call patterns of each vessel type, showing that only the container and cruise ship calls have fluctuated significantly from year to year. The dramatic fluctuations in the cruise ship calls reflect two factors: first, the decline in the single-day cruises, and second, the increasingly larger cruise ships that make fewer calls while carrying more passengers.

**Table 2.2-2
SHIP CALLS AT PORT EVERGLADES
FY 2003 through FY 2012**

Ship Type	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Container Ships	1,880	1,890	1,988	2,185	2,270	2,197	1,980	1,830	1,861	1,867
Cargo Ships	213	231	247	268	202	157	105	113	180	194
Petroleum Tanker/Barge	798	763	751	744	732	727	683	661	630	618
Cruise Ships	2,215	2,854	2,362	1,763	1,852	1,676	1,007	1,015	969	838
Navy/USCG	17	25	18	29	39	22	34	29	26	16
Other Bunkers/Tugs	730	626	535	521	401	447	442	431	517	467
Total Calls	5,853	6,389	5,901	5,510	5,496	5,226	4,251	4,079	4,183	4,000

**Figure 2.2-6
COMPARISON OF SHIP CALLS AT PORT EVERGLADES BY TYPE
FY 2003 through FY 2012**



What is apparent from a comparison of the declining number of petroleum, container, and cruise vessel calls with the growth in the Port’s tonnage, TEU movements, and number of multi-day cruise passengers is that the ships are getting bigger and carrying more tons, more TEUs, and more passengers per vessel call. This conclusion is documented in the market assessments that follow this section.

2.2.4 Port Revenues

As the final piece in this historic overview, the consultant team looked at how the Port’s revenues from its core business sectors have changed over the ten-year period. In FY 2003,

the Port's total operating revenues were \$89.4 million; by FY 2012, these revenues had increased to \$142.9 million, a 59.8 percent increase. Waterborne operating revenues were \$68.9 million in FY 2003 and \$122.0 million in FY 2012, a 76.9 percent increase. Figure 2.2-7 shows how each of the Port's cargo and cruise sectors contributed to this revenue increase over the ten-year period.

**Figure 2.2-7
PORT WATERBORNE OPERATING REVENUES
FY 2003 through FY 2012**

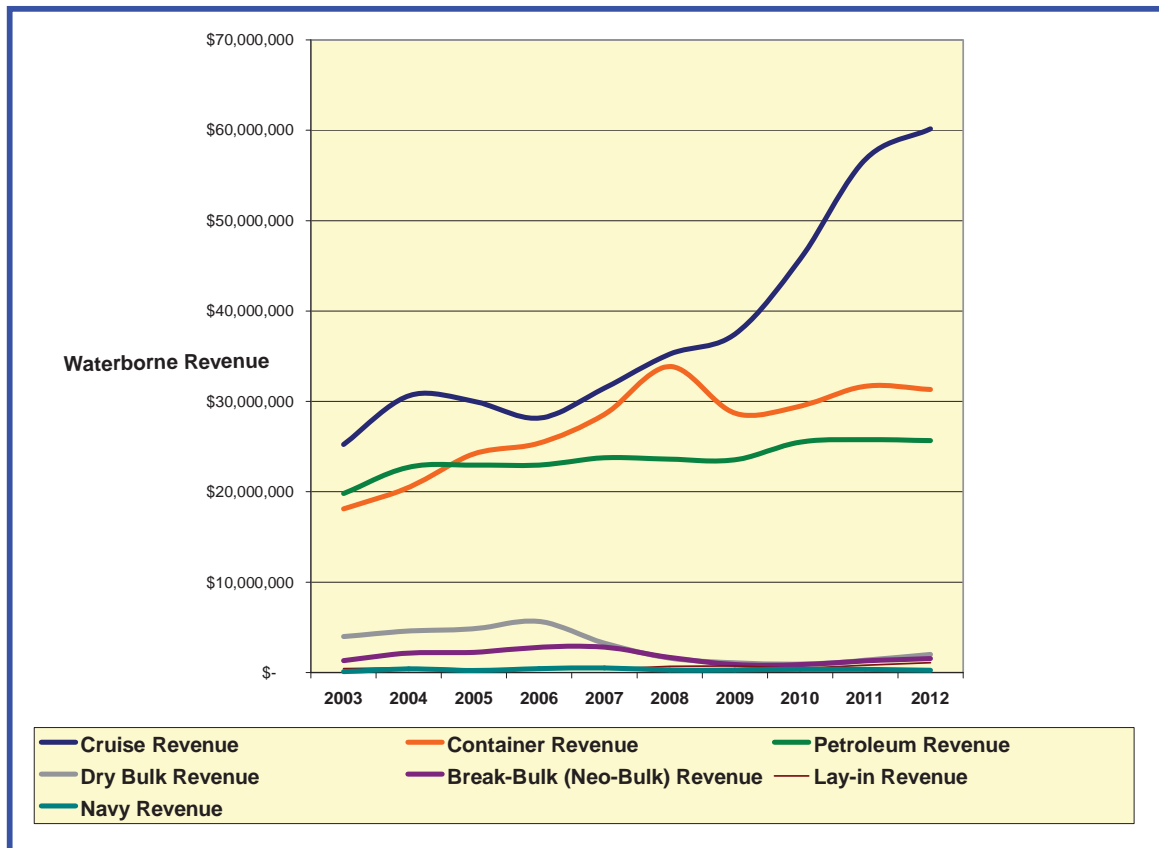
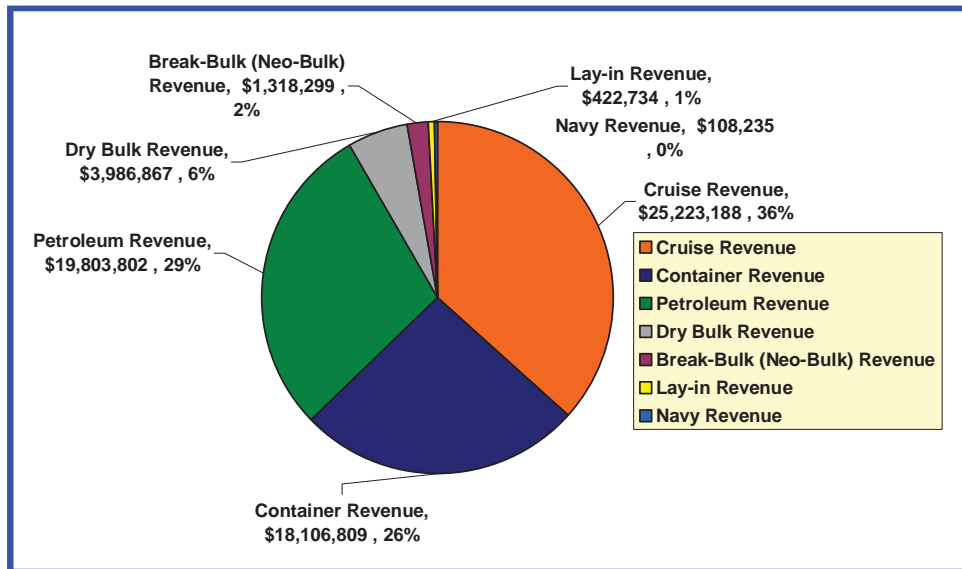


Figure 2.2-8 shows the proportions of revenues derived from container, petroleum, dry bulk, break-bulk (neo-bulk), and cruise operations in FY 2003; Figure 2.2-9 shows the proportions in FY 2012. While revenues in all sectors but dry bulk have increased as the pie has gotten bigger, the proportional shares of each sector have changed. In FY 2003, container and petroleum operations each represented over a fourth of the 2003 revenues and cruise represented just more than a third. By 2012, petroleum operations had dropped to under a fourth of the revenues, container operations had remained constant, but cruise operations had soared to almost a half of the total. As noted above, the Port's diversity serves to buffer its revenues from the inevitable market fluctuations characteristic of the various sectors of the global maritime industry and the changes caused by economic downturns.

**Figure 2.2-8
PORT WATERBORNE OPERATING REVENUES
FY 2003**



**Figure 2.2-9
PORT WATERBORNE OPERATING REVENUES
FY 2012**

