

Real estate predictions 2017

What changes lie ahead?



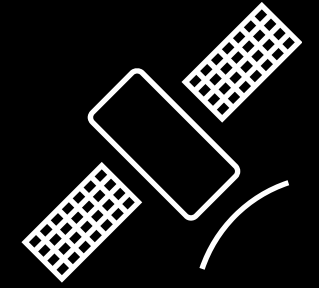
Ports

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A changing port scape

The wider maritime sector is going through a trying time. Low freight rates, bankruptcy in shipping lines and increased waves of consolidation are adding pressure to daily port operations and are forcing ports to reassess their strategies. Within this turbulent environment we expect three main topics to surface and become the center of attention in seaports the coming year.

March 2, 2017



Smart ports

Currently, a tidal wave of technological innovation & integration is pushing industries and businesses to transform themselves in an effort to become more data-, and insight-driven. In this regard, the port sector is no exception. Being part of both larger transport and logistics (T&L) supply chains and a cluster of companies and businesses active in the T&L sector, ports are in a unique position to fully grasp the potential generated by these new high tech developments.

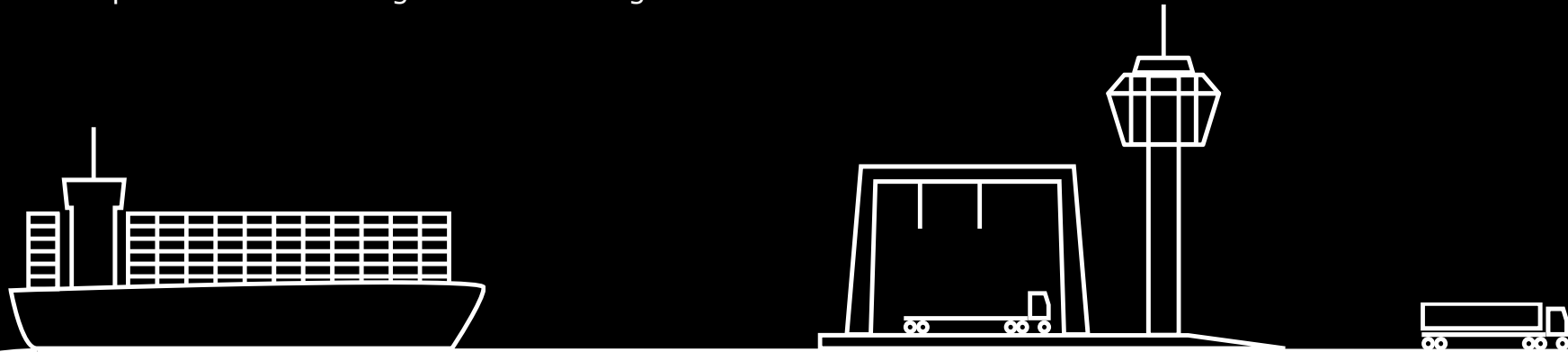
Seaports are playing catch-up with the large T&L players when it comes to developing insight driven solutions and IoT applications. The current landscape offers some initial attempts at enhancing value propositions through technologies like automation but overall these projects remain isolated. At the moment, ports in Western Europe are leading the pack in these attempts.

We expect that the amount of digitally driven innovations like terminal automation (Rotterdam ETC), traffic management systems (Hamburg Traffic Flows) or Logistics Integration Packages (Antwerp NxtPort) will increase in seaports, adding to new business models, insight driven applications such as predictive repairs, infrastructure and traffic management or increased automation.

Increased cooperation

2017 could well be the year where we see more cooperation between seaports, especially in Western Europe. Ports have two very powerful clients, shipping firms and terminal operators. Today, due to the lower freight rates in shipping, we see increased consolidation happening in both these sectors. We expect, after one of the biggest consolidation waves in the shipping industry in 2016, by Q2 2017 three big alliances will dominate the business: 2M, Ocean Alliance and THE Alliance.

In order to cope with the increasing scale and power of the clients, we expect to see an increasing number of ports join forces and either cooperate or even merge in order to regain control in the value chain.



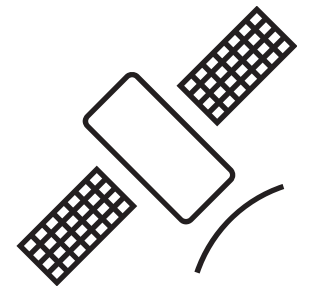
Building a niche

Today ports are often industrial clusters with strong ties to traditional fossil fuels like crude oil and coal. For some ports, dependencies on these cargo types account for over 50% of their total activities. In the long term we expect that the fossil fuel volumes will drop and that activities surrounding this cargo type will either disappear or relocate. This transition will free up a large amount of land and ports are actively seeking new activities that have potential to grow into new leading industrial clusters.

The type of activities pursued by ports varies greatly and is dependent on the direct environment of the port like distance from urban center or availability of chemical infrastructure. Game changers could include specialized bio based initiatives like waste to chemicals, the attraction of maritime service activities like financing, brokerage and trading, increased metropolitan logistics, or high tech industries like 3d printing.

We expect to see an increase in the number of 'game changing initiatives' within the port sector over the coming year. Even though these initiatives are often more complex and risky than their traditional counterparts, ports must embrace them in order to adapt to the new environment and remain competitive as industrial regions.

For more information read ''Deloitte Port Services - Center of Excellence'.





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