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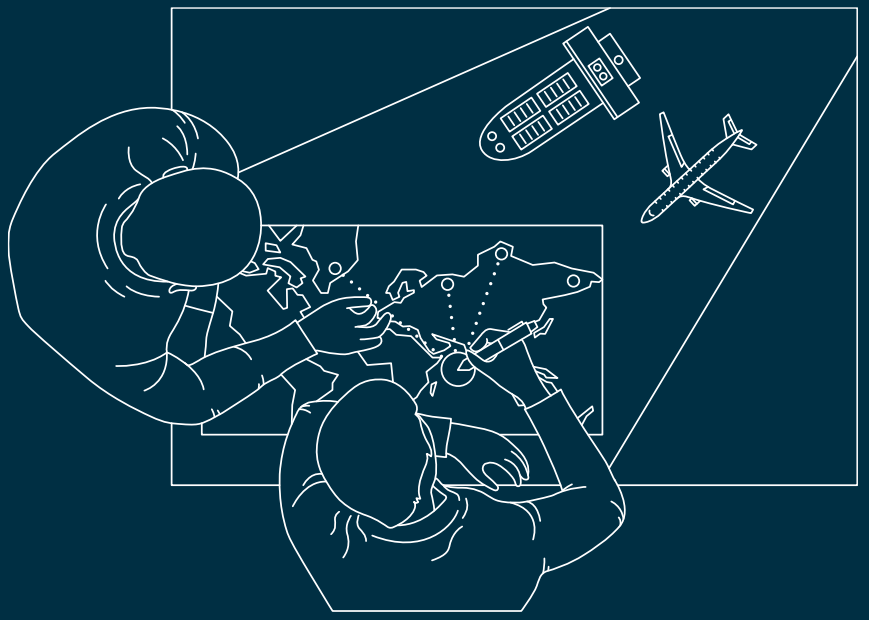

Sparrows Point Container Terminal Economic Impact Study

Prepared for: Tradepoint Atlantic – May 16th, 2024

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Version	Prepared by
1.0	Infrata Team
Prepared for	**Reviewed by**
Tradepoint Atlantic	Dean Davison
Issue Date	**Approved By**
May 16th, 2024	Steve Wray

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Community Outreach

Introduction to Project

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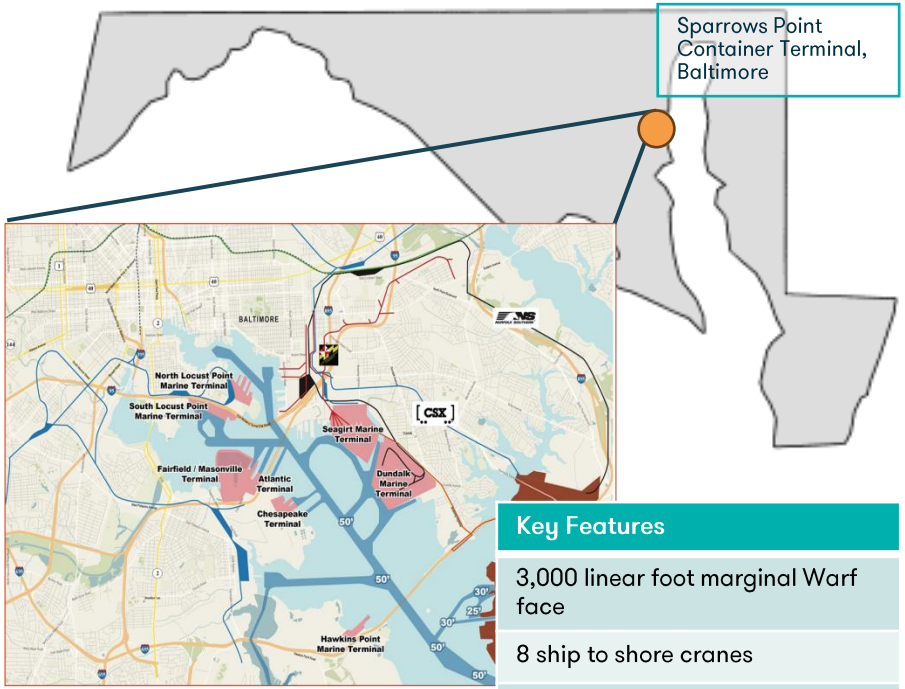
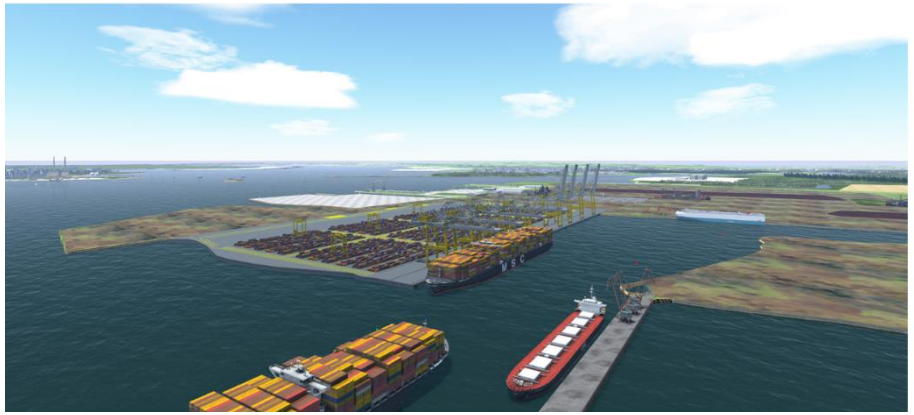
Sparrows Point Container Terminal (SPCT) is a proposed 168-acre redevelopment project within the existing Tradepoint Atlantic site in Baltimore, Maryland

- SPCT is being developed as a joint venture between Tradepoint Atlantic, developer of the 3,300-acre intermodal logistics development in Sparrows Point, and Terminal Investment Limited, one of the world's largest and most geographically diverse container terminal businesses.
- The terminal will expand the Baltimore service for MSC, the largest shipping company in the world. The expansion will increase container operations at the Port of Baltimore by over 70%.
- Thousands of port related jobs will be created, bolstering Baltimore's economy and strengthening its long-term growth prospects.
- The project will generate over $1 Billion dollars of additional investment, 1,100 new union-paying jobs and solidify Baltimore as one of the most competitive ports on the East Cast.
- The new on-deck rail facility will serve as the closet link to the Midwest from any US port.





TRADEPOINT ATLANTIC

TiL Terminal Investment Limited

Key Features
3,000 linear foot marginal Warf face
8 ship to shore cranes
168 acres of container/rail yard
162 acres of support facilities
120+ acre container Yard
2,900ft of rail loading
Gate entry complex for road transport
Administrative, Maintenance and long shoreman buildings
Provision for vessel shore power and terminal electrification

Source: Sparrows Point Container Terminal

Community Outreach

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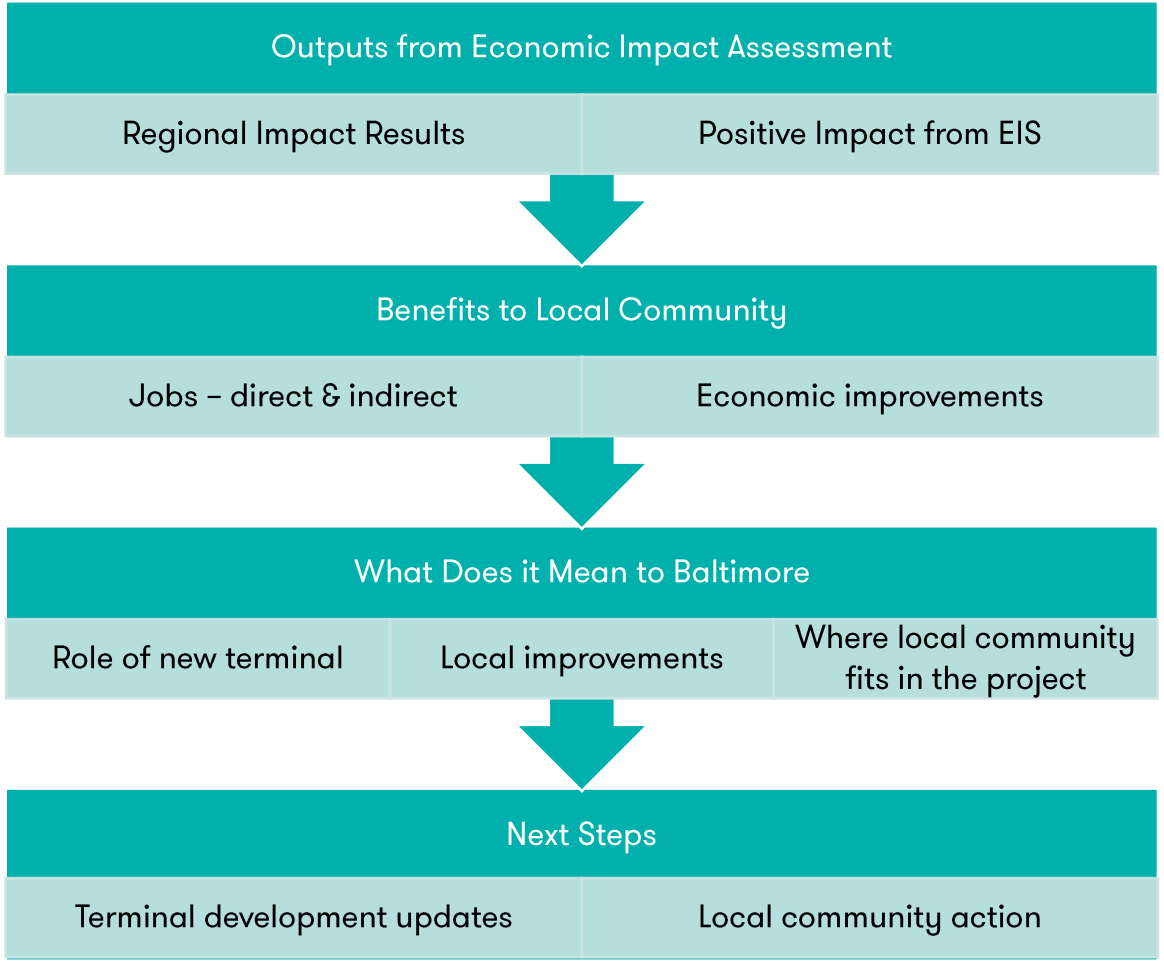
SPCT will bring jobs, benefit the economy and generate a positive impact to all stakeholders - the local community, the Baltimore County and the Maryland Port Authority



- Clearly defining the next steps in the process for the community outreach is a crucial key component.
- The local community will need to know what the next steps are in the wider process, when the next update will be and how it will impact them.
- This further enforces the need for regular effective and open communication, ensuring that the positive benefits envisaged through the Sparrows Point Container Terminal project are clearly identified.

Summary of Economic Impacts by 2035

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SOCIAL*

Job creation +8,400 employees

Employee compensations $305m on salaries

Government revenue $57m on taxes

FINANCIAL

GDP +$1.54b to the economy

GVA +$238m value added

Trade enabling x1.7 port capacity

FDI +$537m investment

ENVIRONMENTAL

Carbon emissions 34,600 Tn of CO_2e

Affected habitat ~4m yd dredging

*Job creation considers Direct, Indirect, and Induced employees; Employee compensations appraise Direct and Indirect employees; and Government revenue regards just Direct employees

Benefits to the Local Community - Job creation

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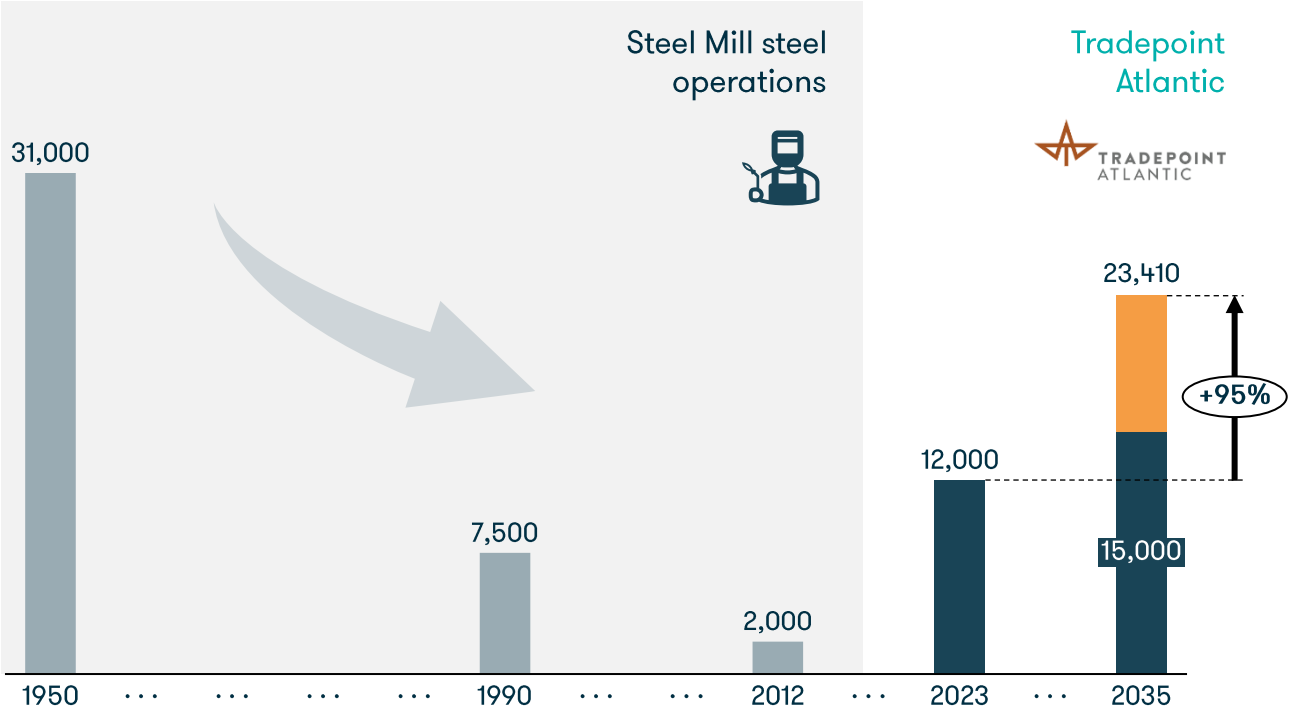
Jobs created by the terminal are expected to nearly double the current job count in Sparrows Point, effectively restoring a significant number of employees from the peak Steel Mill era

Estimated employees in Sparrows Point



Sparrows Point Steel Mill peaked during the 1950s…

…and saw a gradual decline in the decades that followed…

In 2012, Sparrows Point Steel Mill permanently closed.

But since 2014, The Point has been undergoing a dramatic redevelopment…

Sparrows Point Container Terminal

- Between Direct, Indirect, and Induced employees, the new container terminal is projected to generate over +8,000 jobs by 2035.
- Consequently, the combined expansion of the terminal and Sparrow Point is poised to nearly double the current job count.
- This growth will further boost job numbers at Sparrows Point through Tradepoint Atlantic, which has already restored over 12,000 jobs - a total not seen since the latter half of the 20th century.
- By 2035, total jobs are expected to be nearly 70% of those existing in 1950 – but with current activities generating significantly more added value.

Source: UMBC – Mill stories, Industry news, and Infrata analysis

Benefits to the Local Community - GDP contribution

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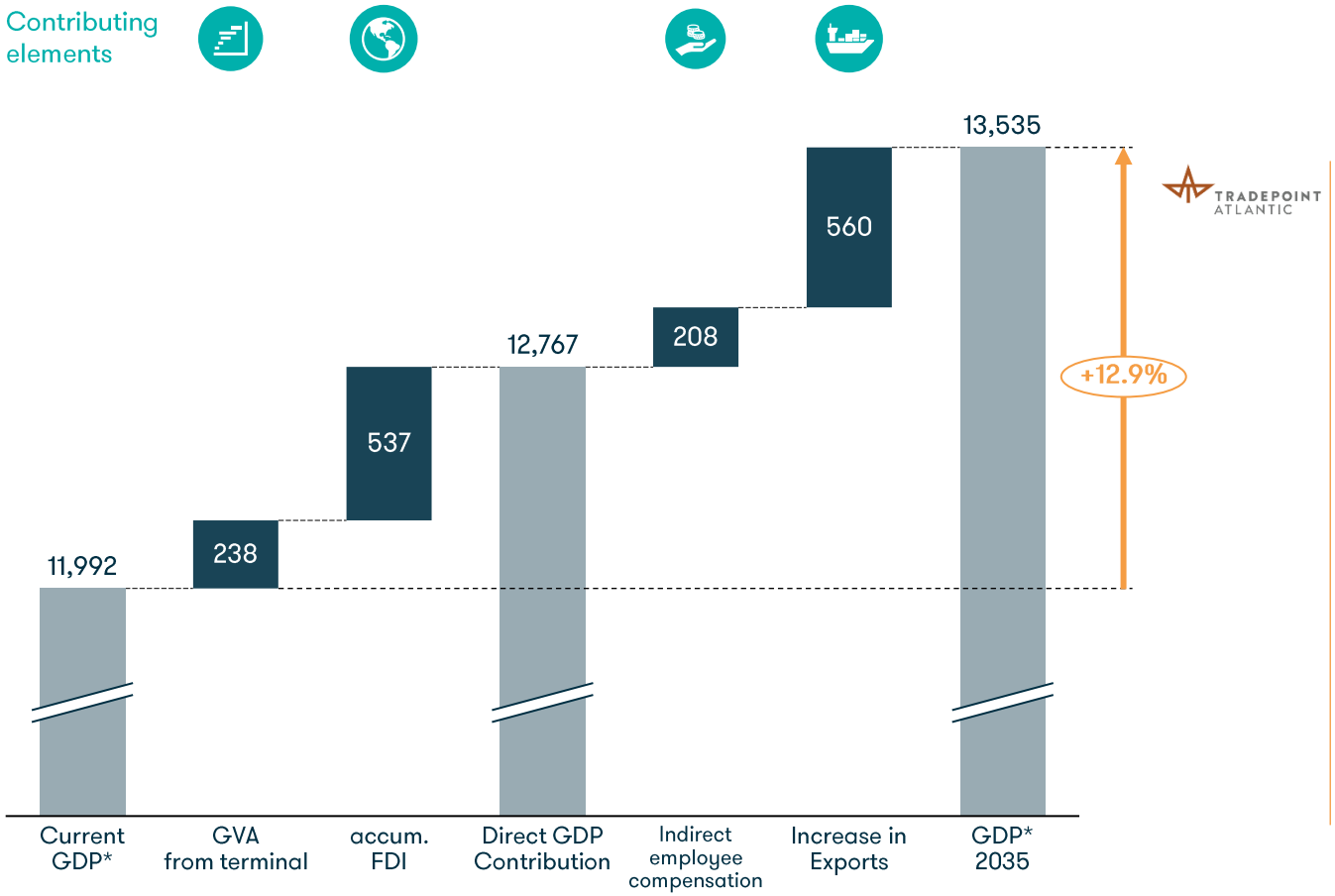
Overall, the terminal is expected to contribute +12.9% in Maryland's Transportation and Logistics GDP in 2035, adding +$1.543b to the economy

Gross Domestic Product, GDP (Mn USD, real 2023)



Sparrows Point Container Terminal

- A proxy Maryland sector-related GDP is used to provide perspective on the contribution of the project.
- By accounting only for the direct effects on GDP contribution, the new terminal will trigger a +6.5% increase in GDP.
- The final contribution in 2035 is expected to be adjusted according to the GDP growth of this sector.

*Maryland's Transportation and Logistics[1] GDP (~2.5% of total Maryland's GDP)

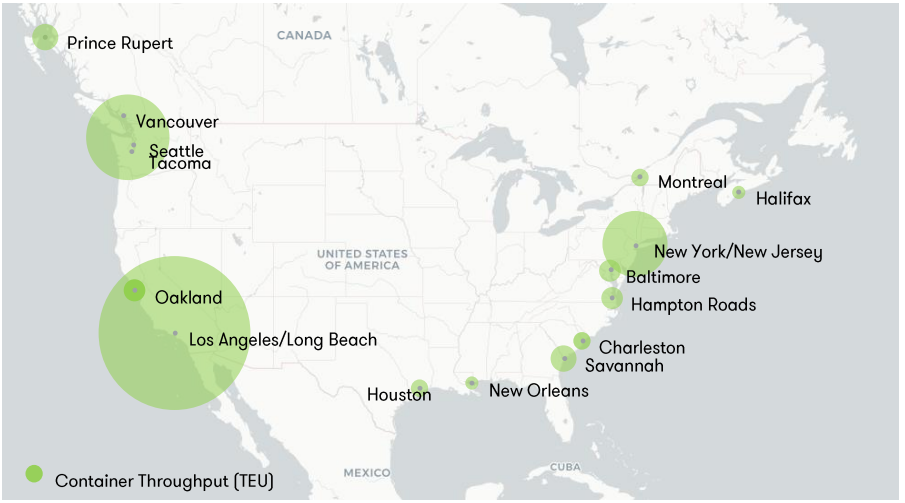
1 Transportation and Warehousing as defined by the Bureau of Economic Analysis
Source: Economic Policy Institute (EPI), Bureau of Economic Analysis (BEA), and Infrata analysis

Role of New Terminal: Introduction to Container Ports

Role of New Terminal: North America is a well-established port markets served via 4 “corners” of continent – competition for discretionary US Midwest markets is strong

- North American container port demand is generated through container trade routes:
  - Transpacific routes to/from North-East Asia:
    - The Hong Kong-Japan range.
  - Transpacific routes to/from South-East Asia
    - The ASEAN range.
  - Pacific West Coast with Europe
  - Suez Canal routing from Asia to the East Coast of North America.
  - The Panama and Suez canals to East Coast North America
  - Transatlantic trades, of Europe and Mediterranean, to East Coast North America
  - North-South routes – Africa, Latin America, Australasia
- There are established port ranges:
  - Pacific South - Long Beach/Los Angeles, Oakland
  - Pacific Northwest - Pacific Gateway (of Vancouver (BC), Prince Rupert) and US ports of Seattle-Tacoma
  - North Atlantic – NY/NJ, Montreal, Halifax, Baltimore, Philadelphia, Hampton Roads (Virginia)
  - South Atlantic/US Gulf – Charleston, Savannah, Houston
- Port competition for key inland discretionary markets is strong, with Chicago and the US Midwest served from all four ‘corners’ of North America, plus the US Gulf.
- The quality of facilities, intermodal rail connectivity to discretionary markets, local market demand and container trade lanes served are all vital competitive factors driving demand.

Location of Major Gateway Container Ports in North America

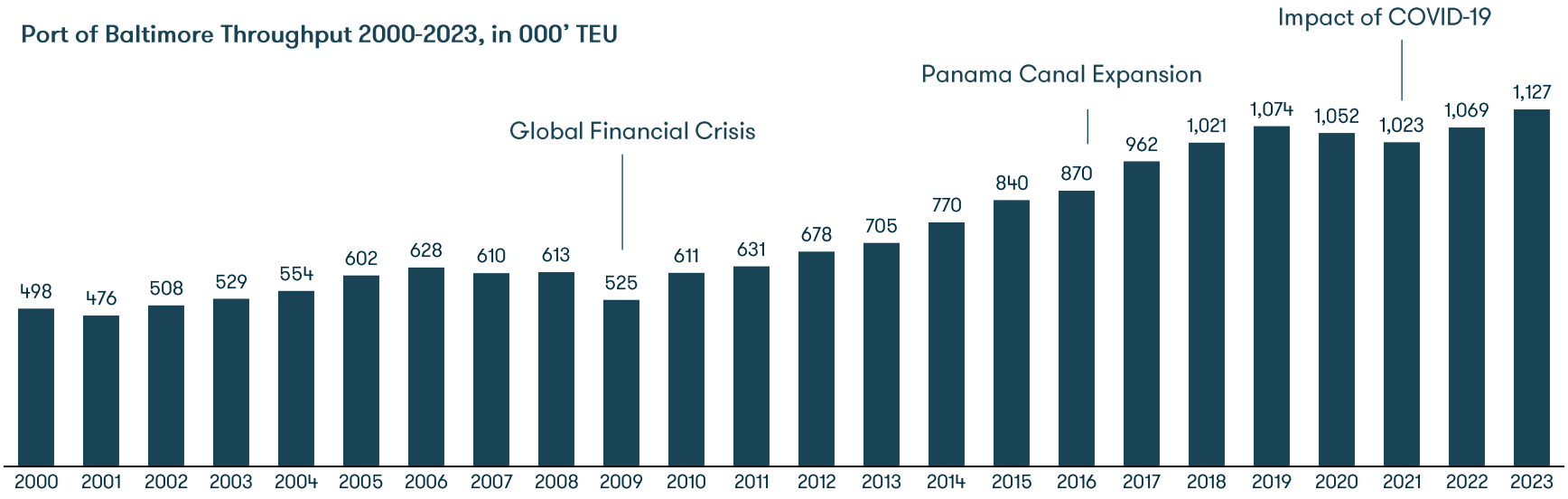


- Baltimore is already an integral part of the North American container port network:
  - Excellent location close to key markets
  - Deep water access for larger ships
  - Ongoing intermodal rail improvements
  - The port needs additional, long-term, container while offering a terminal choice to port users

Role of New Terminal: Growing Importance of Baltimore

The Port of Baltimore is strategically located to serve the US East Coast and target MidWest markets. It is already a major source of job generation for the local community – this will be further enhanced

- The Port of Baltimore is strategically located in the heart of the Baltimore and is well served by an extensive system of highways, railways and airports.
- It is the closest Atlantic port to major midwestern manufacturing centres and an overnight drive to 30% of all US households. The port provides a vital link to the local community in providing jobs and tax revenues – currently generates around 15,300 direct jobs, and 140,000 linked to wider port activates.
- Container volumes in Baltimore continue to growing steadily. In 2016 the Panama Canal was deepened to accommodate larger ships. Baltimore and other US East Coast ports were able to receive bigger vessels, including those from Asia on All-Water routes. Baltimore is one of only three US East Coast US ports that can accommodate Ultra Large Container Ships (ULCS) from Asia via the Suez Canal routing.
- The completion of the Howard Street Tunnel Project will further improve the port's competitiveness by offering full doublestack rail access out of the terminal and onto the US Midwest region.
- The new Sparrows Point Container Terminal will help ensure Baltimore remains a competitive port of call for the future – and allows container cargo to be attracted from other competing regional ports, which appeals to both shipping lines and cargo shippers.



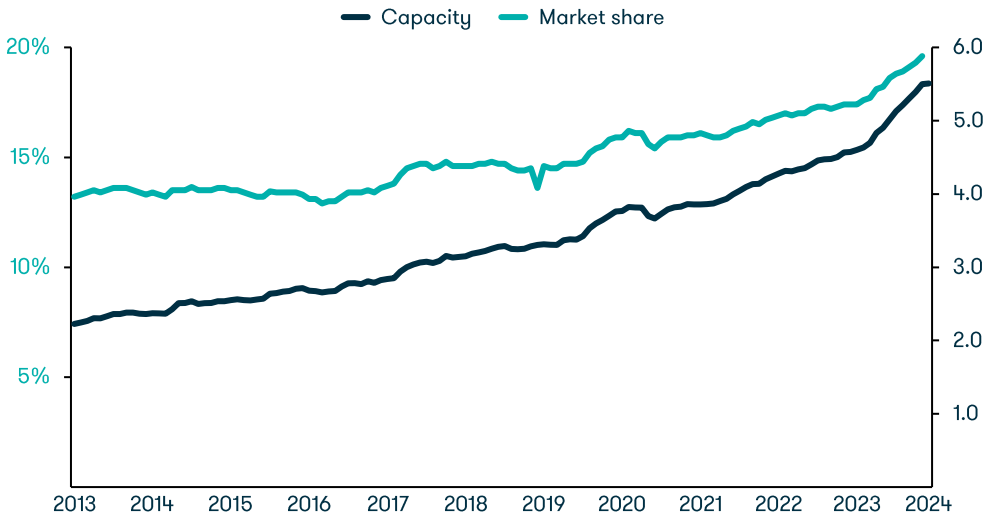
Source: MDOT Maryland base data, collated by Infrata

Role of New Terminal: Baltimore Key Gateway for MSC

MSC is currently the largest shipping line in the world with a 19.8% market share and a fleet comprised of 5,672,445 TEU

- MSC has been expanding its fleet rapidly since August 2020 and purchased over 250 second hand ships and added 1.7 million TEU in new vessels.
- This substantial expansion makes MSC the world's largest container operators (based on TEU slots operated).
- MSC currently operates various services to Port of Baltimore, connecting the region with North Europe, the Mediterranean and Middle East, Africa and the Caribbean. Each service calling to Baltimore also currently includes Norfolk in the rotation
- The new Sparrows Point Container Terminal will allow this fast-growing company to better centralise container cargo in Baltimore, making it a key distribution location by shifting cargo from Norfolk.

MSC fleet development (million TEU), and market share (% of market TEU), 2013-2024



Source: Alphaliner as of February 2024

MSC Services Calling Baltimore

Service	Details	Port Rotation
2M Agreement – Transatlantic – TA2 – ATL2/ NEUATL2	6 ships, (4,132-5,095 TEU)	Bremerhaven, Antwerp, Le Havre, Newark, Norfolk, Baltimore, Savannah, Newark Bremerhaven
2M Agreement – TA – 5 / MEDUSEC	7 Ships (8,089 – 9,200 TEU),	Gioia Tauro, Naples, Leghorn, Genoa, Algeciras, Newark, Norfolk, Baltimore, Savannah, Charleston, Tanger Med, Valencia, Gioia Tauro
MSC – India – Med - USEC Service	10 ships, (5,050 – 9,640 TEU)	Mundra, Nhava Sheva, Colombo, Valencia, Newark, Norfolk, Savannah, Baltimore, Halifax, King Abdullah City, Mundra
MSC – Turkey-Greece to USA Service	9 ships, (3,987 – 8,772 TEU)	Mersin, Tekirdag, Derince, Nemrut Bay, Piraeus, Haifa, Salerno, Sines, Boston, Newark, Philadelphia, Norfolk, Baltimore, Savannah, Port Everglades, Freeport, Mersin
Maersk/ MSC – USEC – South Africa Service (AMEX)	9 Ships, (1,802 – 4,860 TEU)	Newark, Baltimore, Norfolk, Charleston, Freeport, Port Elizabeth, Durban, Cape Town, Newark
MSC US – Caribbean – ECSA service (Zim: XNS)	10 Ships, (5,443 – 8,089)	New York, Norfolk, Baltimore, Charleston, Savannah, Port Everglades, Caucedo, Santos, Buenos Aires, Montevideo, Rio Grande, Navegantes, Paranagua, Santos, Rio de Janeiro Salvador, Suape, Colon, Cristobal, Caucedo, Freeport, New York

Terminals in the US East Coast

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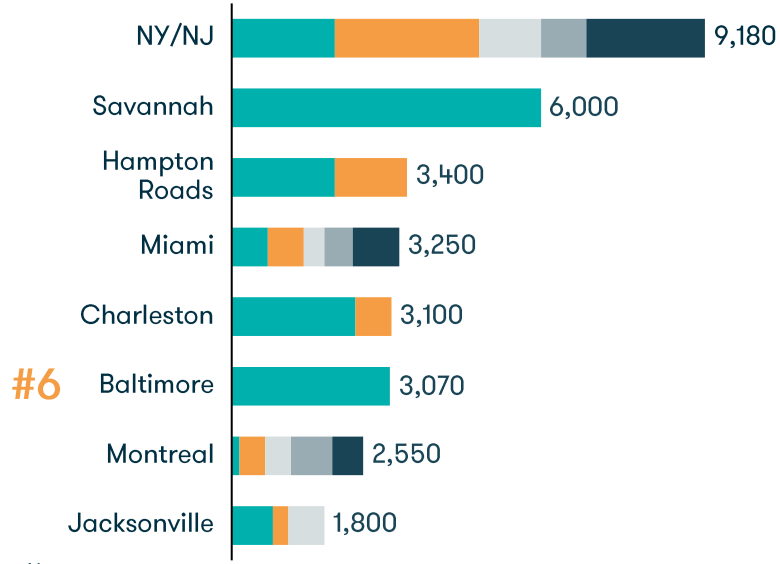
SPCT will bring Baltimore in line with other leading ports in the North America by offering multiple container terminal options – SPCT will also improve Baltimore's capacity ranking from 6th to 3rd amongst the major East Coast of North America ports

Current Scenario

Baltimore is one of the only main East Coast ports with just one container terminal, and it ranks 6th in terms of overall port capacity

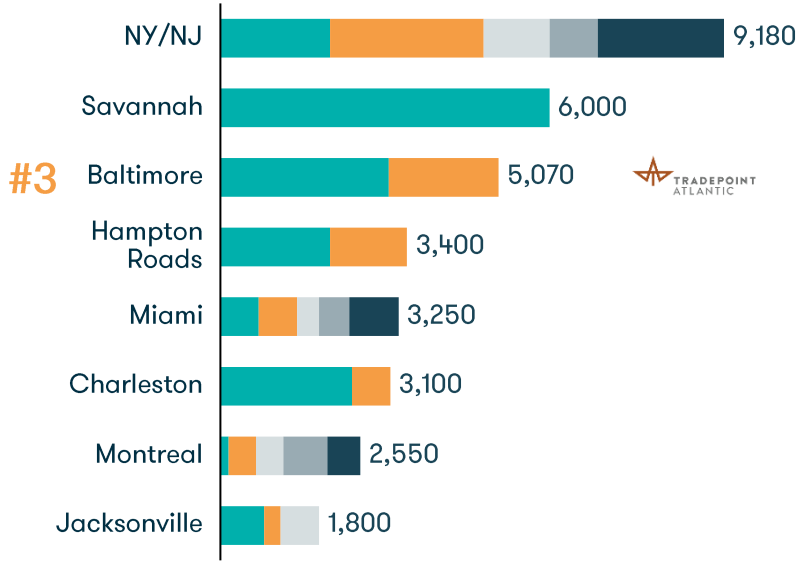
Estimated Current Capacity of Main Ports on the East Coast of North America in '000 TEU by Terminal Size



SPCT in Operation Scenario

Baltimore will align to the main ports in the East Coast incorporating a second container terminal, and it will rank 3rd in terms of overall port capacity

Estimated Future Capacity of Main Ports on the East Coast of North America in '000 TEU by Terminal Size – with SPCT once operational



Notes:
The number of terminals at each port is reflected, with the capacity of each facility linked to the size of the bar chart component
Other potential port and terminal expansion projects are not included due to uncertainty of timeframes, capacity levels and validity of project

Source: Alphaliner, Port Authorities, Infrata

New Terminal Projects in North America

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Sparrows Point Container Terminal is the only new facility in the US – it will help to reshape competition on the East Coast of North America and brings terminal choice in Baltimore

A new container terminal in the North American market is a rare development…

- The development of a new container terminal in North America is extremely rare.
- The port market is very mature and land options close to, or at, existing ports is very difficult to find and develop.
- Unsurprisingly, there are very few viable new container port projects in North America and even these face environmental and funding challenges.
- Sparrows Point is the only planned new container facility in the US that has a robust and tangible, realistic, path to development.
- Sparrows Point also has an anchor client / operator and is expediating the development process quickly and more efficiently than other known options.

…SPCT being the only new container terminal in the US and has more traction than some projects in Canada

Confirmed New Container Terminals Planned in North America

Port	Country	Planned Development	Capacity ('000 TEU)	Challenges Faced
Prince Rupert	Canada	Fairview Cove Terminal 2 – Phase 1	700	▪ Weaker demand in 2023 ▪ Needs to develop more export cargo volumes
Vancouver		Roberts Bank 2	2,400	▪ Length of time taking to come to fruition ▪ Legal issues with GCT
Montreal		Contrecoeur	1,150	▪ Funding – construction costs and revenue generation ▪ Attracting an operator
Baltimore	United States of America	Sparrows Point – Phase 1	1,000	▪ No market challenges foreseen ▪ Large, credible terminal partner is involved in the ownership structure ▪ Anchor client with container volumes ▪ Brings terminal choice in Baltimore port
		Sparrows Point – Phase 2	2,000	

Source: Alphaliner, Port Authorities, Infrata

Local Improvements

How will stakeholders benefit from the new terminal?

Major Port

- Baltimore is already a major container port in US and on East Coast of North America
- Sparrows Point re-enforces importance of Baltimore for international trade

More competitive

- Sparrows Point increases Baltimore's position as a crucial gateway for containers
- Ability to compete with other US and Canadian ports, but without taking cargo from existing Baltimore terminals

More cargo

- More container cargo brings greater economic prosperity
- Jobs for local communities and tax dollars for Baltimore County

More jobs

- Sparrows Point will generate over 8,400 jobs in an industry with wages above the median income of the region
- Combined with the jobs already created in the redevelopment, Sparrows Point will restore over 23,400 jobs

Increased economic value

- The terminal will increase Maryland's Transportation and Logistics GDP by an estimated +12.9%; due to the economic value it creates, its investment, increased trade, and wages from jobs it will generate
- These are all vital economic contributors

Resilience

- Attracting the world's biggest container shipping line in a very long-term partnership
- Future decades of support from MSC to Baltimore and the port's local communities

Long-term

- Partnership between MSC, local communities and Baltimore County, will remain firmly in place
- Future container cargo growth will occur – bringing continued economic benefits to support local communities

Where the Local Community Fits In

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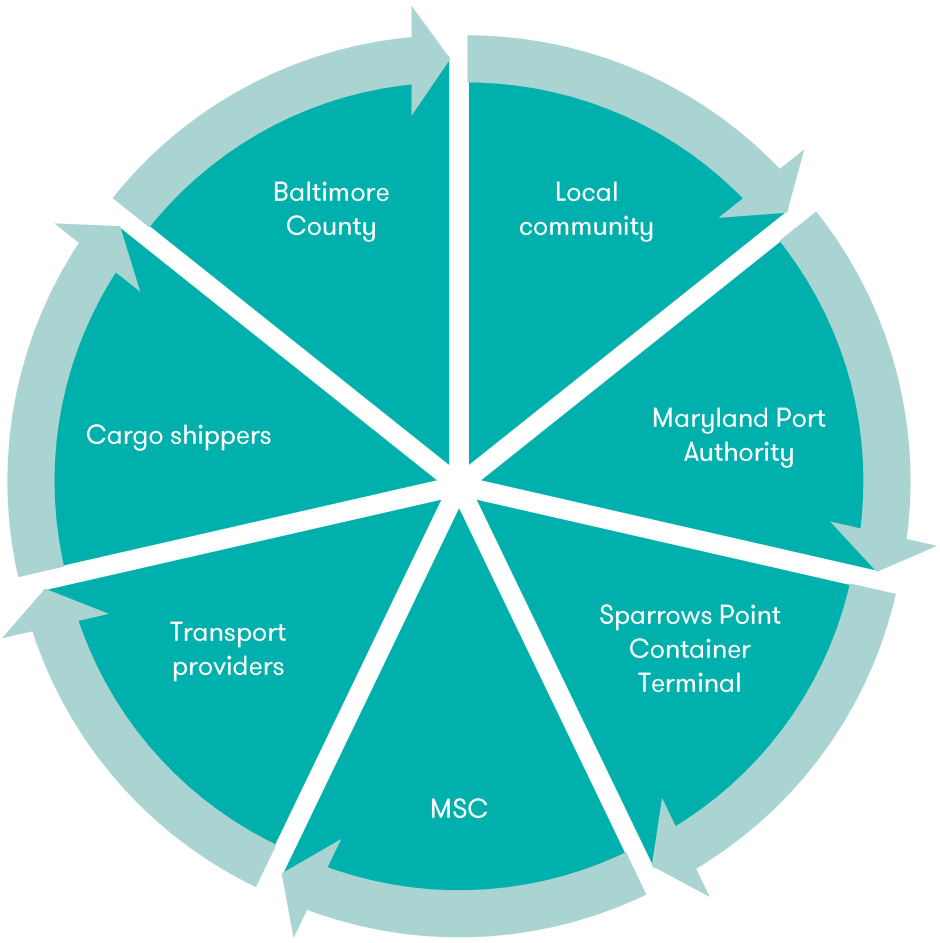
They are all stakeholders – SPCT brings more jobs and greater economic wealth – but this project is a partnership between all parties

- The local community represents a range of equally important stakeholders in the Sparrow Point Container Terminal project.
- Each stakeholder has a key role to fulfil and through collective support of the project, there will be a wide range of benefits available for each of the different groups.

Stakeholder	Role to Fulfil	Benefits to be Gained
Local community	Support development of new terminal	Extra jobs, greater wealth potential, more spending by Baltimore County
Maryland Port Authority	Marketing of new facility, working relationships with project developers	Port of Baltimore is more competitive and resilient
Sparrows Point Container Terminal	Develop terminal in accordance with agreed plans	Competitive and resilient new terminal
MSC	Bring maximum cargo to Baltimore	Long-term terminal access with space to match future growth plans
Transport providers	Offer cost efficient service to cargo shippers / MSC	Higher cargo volumes to service
Cargo shippers	Book cargo with MSC for delivery through Baltimore	Another option on the USEC and in Baltimore
Baltimore County	Utilise extra tax dollars and economic benefits to support local communities	Economic benefits from new facility – more investment in services for local communities



Summary Conclusions

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Combination of strong economic benefits, together with improving competitiveness of Baltimore port – with local stakeholders the key to the success of the overall process

Strong economic benefits from project

Improving Baltimore port competitiveness

Local stakeholders are key to future success