

# Florida: Logistics Coming In HOT

The Sunshine State is hot, hot, hot when it comes to logistics. Florida offers sizzling transportation connections via water, air, road and rail, blazing industrial real estate opportunities, and blisteringly efficient import/export and perishable cargo capabilities.



Florida's pleasant temperatures and sandy beaches remain perennial draws. But at the same time, the Sunshine State is becoming a logistics powerhouse. "Florida is one of the most business-friendly states in the country and has always prioritized preparing its infrastructure for future demands," says Jamal Sowell, president and chief executive officer with Enterprise Florida, a public-private partnership advancing economic development in the state.

Consider a few statistics. Florida boasts 20 commercial airports, 15 deepwater seaports, and extensive highway and rail networks. Each year, more than \$150 billion in goods flow through Florida, which is home to one in five U.S. exporters, according to Enterprise Florida. Florida accounts for one-third of total U.S. trade with Latin America and the Caribbean.

And its airports, seaports, and spaceports are scattered across Florida, facilitating trade in and out of the state. "All the major forwarders are situated throughout the state," says Emir Pineda, section chief, passenger, trade and logistics development, marketing division, Miami-Dade Aviation Department.

While its location makes Florida a natural gateway to trade with Latin America and the Caribbean, the state also is becoming an appealing two-way trade hub for goods moving to and from Asia. That's particularly true since the 2016 addition of a third shipping lane to the Panama Canal.

#### GROWING POPULATION

Several factors drive Florida's growth as a logistics center. One is the sheer size of its population and economy. The state is currently home to the third-largest population and the fourth-largest economy in the United States.

The growth shows no sign of slowing. More than 300,000 people move to Florida each year, and its population is expected to reach 25 million by 2030.

The state's growing population, particularly along the I-4 Corridor—the region is the 10th-largest economy in the United States, with a GDP topping \$300 billion—translates to opportunities for businesses and logistics

providers. Demand for products ranging from food to appliances and other goods is exploding. That's also leading to an expansion in distribution center capacity.

#### INFRASTRUCTURE CONTINUES TO BUILD

State leaders leverage Florida's geographic advantages by continuing to expand and update overall infrastructure. "From a modern seaport infrastructure that can effectively handle cargo and larger ships, to roadways with easy access to ports and airports, all modes work together seamlessly to provide a conducive shipping environment," Sowell says.

Florida's seaports contribute \$117.6 billion in economic value to the state, according to Florida Ports Council. Moreover, the state continues to invest billions in improving and expanding its ports. For instance, PortMiami is now dredged to 50 feet, allowing it to accommodate today's mammoth vessels.

Florida maintains the second-largest foreign trade zone network in the country. (In foreign trade zones, the usual formal customs entry procedures, as well as the payment of duties, are not required on foreign merchandise unless and until it enters customs' territory for domestic consumption.)

Once goods arrive in Florida, shippers and logistics providers can choose from approximately 122,000 miles of highway systems and 3,000 miles of freight rail to move shipments to their final destination.

In addition to hosting the third-largest cluster of logistics companies in the country, Florida offers a vast network of inland distribution centers that supports the state's airports and seaports. The tally of jobs tied to trade and logistics

across the state tops 720,000, and logistics-related activities account for 13% of Florida's gross state product.

As important, many of Florida's colleges offer top-notch logistics programs. And because the logistics sector is so strong in Florida, many graduates are easily placed, says Scott Lane, adjunct professor of transportation and logistics with the University of North Florida.

While Florida's success to date in building on its logistics infrastructure is impressive, the work continues. A report titled *Florida Freight & Logistics Study*, by the Trade and Logistics Institute of the Florida Chamber of Commerce and the Florida Department of Transportation, outlines a number of goals to enhance the state's global competitiveness, says Pineda, who also chairs the Institute.

Among them is growing Florida's economy from the 17th-largest in the world to the top 10 by 2030. Another is preparing Florida's infrastructure for smart growth and development. "We're well on our way," he adds.

#### INVESTING FOR THE FUTURE

Other goals outlined by the Florida Chamber of Commerce include boosting the number of manufacturing jobs in Florida, currently at about 376,230 and 12th among states, to the top five. The Chamber also has set a goal of more than doubling exports originating in Florida from \$56 billion to \$114.4 billion.

Over the next five years, Florida will invest about \$3.3 billion in capital improvements to its seaports. About 26% of those funds will be allocated to berth rehabilitation and repairs, about 20% each to cruise and cargo terminals, and 9% to channel and harbor deepening.

"With our comprehensive transportation infrastructure, focus on workforce development, and pro-business environment, our state will continue to be a hub for commerce both nationally and internationally," Sowell says.

The following organizations contribute to Florida's strength as a logistics hub.



MCO has the capability to handle Group VI aircraft, such as this Antonov 124 Volga-Dnepr.

### GREATER ORLANDO AVIATION AUTHORITY

## Location Says It All

As in all real estate, “location, location, location is a significant draw of the Orlando International Airport (MCO),” says Brad Friel, director of planning and development. The most centrally located airport in Florida, MCO also provides the greatest access to major Florida and interstate highways, including direct access to State Roads 528 and 417.

In addition, the Florida Turnpike is eight miles west of the airport, Interstate 4 is an additional four miles to the west, and Interstate 95 is 32 miles to the east.

“MCO provides the best access to Florida’s east and west coasts, as well as all of the southeastern United States,” Friel says. When measured by land mass, Orlando International is the fourth largest airport in the United States, spanning more than 20 square miles, and offering cargo ramp parking capacity for more than 20 freighter aircrafts. The airport also includes a 250-acre free trade zone.

Along with the existing cargo area on the west side of the airfield, a greenfield parcel of about 1,100 acres is located to the east of the airfield. “This area is fully entitled for air cargo, logistics, and

manufacturing,” Friel says. Taxi times to MCO’s cargo area, the Tradeport area, average between two and five minutes, boosting cargo operations efficiency.

MCO also is one of the few airports in the world that can accommodate Group VI aircraft, whose wingspan can top 214 feet and tail height can exceed 66 feet.

Truckers leaving MCO can reach about 17% of the U.S. population with an overnight drive. That means shippers can quickly access nearly 55 million U.S. residents.

Moreover, two of Florida’s major seaports—Port Tampa Bay on the west coast and Port Canaveral on the east coast—are within one hour’s drive of the airport.

### CONTINUOUS CONSUMER DEMAND

About 13 million people, or 65% of Florida’s population, live within two hours of Orlando International Airport. In addition, Orlando tops all tourist destinations in the United States, drawing more than 1.5 million visitors each week. It also is home to the second-largest convention center in the country.

“That means a continuous demand for all types of products to serve both the leisure and convention markets,” Friel says. The most direct access to these markets is through Orlando International Airport, he adds.

More is yet to come. In 2022, Orlando International Airport will open a new South Terminal (Phase 1) with 15 gates and a planned expansion to 120 gates. Brightline, a private high-speed passenger rail operator, will launch service in 2023, with MCO as the hub for this new statewide train system. In addition, MCO will be the first U.S. airport to have intercity rail with service to the city centers of West Palm Beach, Ft. Lauderdale, and Miami, with multiple daily operations.

### MIAMI INTERNATIONAL AIRPORT

## Building on Success

Miami International Airport’s long-time focus on cargo is paying off. As of 2019, the airport was first in international freight and third in total cargo when measured against other U.S. airports. Among airports globally, it was 11th in international freight.

More than 69% of all perishables entering the United States by air come through Miami International Airport, where it’s cleared within four hours on average, Pineda says. That includes nearly 91% of flowers, about 68% of fruits and vegetables, and nearly 60% of



# ORLANDO

## HERE



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## FLORIDA: LOGISTICS COMING IN HOT

seafood. From Miami, the goods are distributed throughout the United States and across the globe.

On the export side, a range of technology items—including cell phones, computers, and peripherals—and aircraft components move through Miami International Airport. In addition, a growing volume of pharmaceuticals from Puerto Rico land at Miami International before heading to Europe, Asia, and Latin America.

“This combination of robust imports and exports has made Miami a strong cargo logistics point,” Pineda says.

Even during COVID, the airport processed a record 2.3 million tons of cargo in 2020. The growth shows no signs of slowing; as of June 2021, total cargo was up 21%.

Because about 80% of the cargo landing at Miami International Airport arrives on freighter aircraft, it didn’t experience severe drops when passenger flights were grounded due to COVID. At many other airports, only about 20% of cargo flies on freighter aircraft.

### ROBUST LOGISTICS ENVIRONMENT

In addition, a thriving logistics environment has sprouted up around Miami International Airport. For instance, the airport boasts nearly 400,000 square feet of cooler facilities, spread across 18 cargo buildings with more than 3.6 million square feet of warehouse, office, and support space.

Along with its robust physical infrastructure, the airport has developed strong agriculture and customs functions. The U.S. Department of Agriculture has established an Animal

**Handling 79% of all air imports and 74% of all exports from the Latin American/Caribbean region, MIA serves as the hub for distribution of perishable products, high-tech commodities, telecommunications equipment, textiles, pharmaceuticals, and industrial machinery.**



PHOTOS COURTESY OF MIAMI-DADE AVIATION DEPT. © 2021

and Plant Health Inspection Service facility at the airport. Entomologists identify pests that come in on perishables and animals, determine the threat level, and then take appropriate action—usually fumigation at one of two onsite centers. This service is unique among airports, Pineda says.

The International Air Transport Association (IATA) has also designated MIA a Pharma Hub. It currently has five companies: Amerijet, Swissport, Latam, Kuehne + Nagel, and DHL, which were certified in pharmaceutical handling by Centers of Excellence for Independent Validators in Pharmaceutical Logistics.

“This certification ensures international and national compliance to safeguard product integrity while addressing specific air cargo needs,” according to IATA. The airport was first in the Americas and second in the world to receive this certification, Pineda says.

Miami International Airport continues to build on its success. It is buying additional land near its cargo area for an expansion initiative that will prepare the airport for the next quarter-century, Pineda says.

Another initiative is the “pre-clearance for cargo” program, which will streamline cargo processing and particularly e-commerce orders for specific countries, starting with Brazil. This is key, as e-commerce orders currently placed in Brazil may take more than 60 days to arrive.

“The program enables citizens in Brazil to purchase e-commerce more efficiently, at lower cost,” Pineda says.

Pineda and his colleagues also plan to implement a “cargo community system.” This platform will provide a single communication platform for all companies working at the airport, including forwarders, airlines, logistics companies, and federal agencies.

**More than 100 airlines serve Miami International Airport, contributing to its year-round, two-way cargo traffic that links the Americas with high-growth markets in Asia, Europe, the Middle East/Gulf Region, and beyond.**



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“This is a way to digitize information so that it’s easily communicated throughout the supply chain,” Pineda says. For example, a forwarder can tell the ground handling company the volume of cargo coming its way and when the truck is scheduled to arrive. Implementation is scheduled for the next year or so.

“By working off a single information platform, the airport will be able to even more efficiently process cargo,” he adds.

### PORT TAMPA BAY

## Florida’s Supply Chain Solution

In addition to providing easy access for trade with Latin America and Asia, Port Tampa Bay acts as the “front door to the I-4” highway system, says Raul Alfonso, executive vice president and chief commercial officer. That’s key, as the I-4 region boasts some of the fastest-growing population centers and industrial real estate areas in the country. The port is well situated to help businesses capitalize on this growth, he adds.

Port Tampa Bay also offers efficient access to the rest of the southeastern United States. “Shippers that follow a Florida-first supply chain strategy by routing via Port Tampa Bay can enjoy operational efficiencies due to the proximity to consumers,” Alfonso says.

Not only is Port Tampa Bay Florida’s largest cargo port, handling more than 32 million tons of cargo annually, it’s also one of the country’s largest in terms of physical size, spanning more than 5,000 acres. Its economic impact tops \$18 billion, according to Enterprise Florida.

The port helps move more than 40% of the state’s petroleum, among other products, and handles a range of dry bulk, liquid bulk, break bulk and roll-on/roll-off cargo. That’s in addition to containers, which now make up the fastest-growing line of business, up by more than 46% over the past six months.

Dedicated truck ramps at the I-4 Crosstown Connector address the need of exporters and importers for direct ocean



**Building on its success as Florida’s largest port for cargo tonnage, Port Tampa Bay continues to see expansion of its container services and terminal facilities.**

service connections to and from overseas suppliers and customers. These directly connect the port with the interstate highway system, cutting travel time and allowing shippers and carriers improved inventory management, cost savings, and flexible transportation options. Truckers can safely complete three or four daily roundtrips to more than 300 nearby major distribution centers.

Florida’s large domestic market also means northbound backhaul rates often are half of many southbound rates. This allows businesses working in Port Tampa Bay to competitively reach customers throughout the southeastern United States and beyond.

### EXPANDING TRADE

In addition to providing access to a booming domestic market, Port Tampa Bay is a logical destination for international trade. Management at the port, working in partnership with its terminal operator Ports America and cold storage specialist Port Logistics Refrigerated Services, has invested in the infrastructure and capacity that will allow it to continue to expand trade with Asia, Mexico, Central America, and other places.

A recent addition of 25 acres of paved storage brings the total container

terminal footprint to 67 acres. Plans are underway to add another 30 acres.

Port Tampa Bay’s perishable cargo capabilities also are expanding rapidly. A new cold storage facility, spanning 135,000 square feet, opened in late 2020. In July 2021, Dole Fresh Fruit, a subsidiary of Dole Food Company, announced it was including Port Tampa Bay in a new containerized service between Central America and the United States.

The accomplishments and enhancements at Port Tampa Bay show no sign of stopping. Among other initiatives, construction is about to begin on a new on-dock, rail-served, trans-load warehouse.

“Port Tampa Bay serves as Florida’s supply chain solution for consumer products, while offering a sustainable alternative for delivering cargo,” Alfonso says. With several new direct routes from Asia and Latin America, the port offers more options than ever to improve supply chain efficiencies.

Truckers can quickly reach the fast-growing central Florida market, as well as other parts of the state, eliminating millions of unnecessary empty truck miles.

“This benefits our planet and consumers, and maintains cost-savings,” Alfonso adds. ■



EXPANDING CAPACITY TO

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DISTRIBUTION

# HUB

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- 400 million SF of distribution center space
- E-commerce, consumer goods, perishables and building materials
- One of the hottest industrial real estate markets in the U.S.
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