

BRIEF | Creating Resilience

San Pedro Bay ports poised to continue market share growth in 2024

GREATER LOS ANGELES, ORANGE COUNTY & INLAND EMPIRE

by Deepa Shah, Rick Cozart, and Konrad Knutsen

Despite prolonged labor negotiations and port congestion throughout 2023, port activity on the West Coast ended the year on a positive note. Regionally, the International Longshore and Warehouse Union (ILWU) agreed at the end of August 2023 to a six-year contract for West Coast port workers. Locally, the combined total TEUs (twenty-foot equivalent units) moved at the Ports of Los Angeles and Long Beach (the San Pedro Bay ports) saw five consecutive months of year-over-year growth as of January 2024. These factors, coupled with container ships avoiding delays and fees at the Suez and Panama Canals, contributed to increased port traffic. Given forthcoming East Coast labor agreements expiring in 2024, local and West Coast port activity is expected to increase.

San Pedro Bay Total TEUs
% Share of U.S. (December)

38.6%

San Pedro Bay Total TEUs
Throughout 2023

16.6M

San Pedro Bay Total TEUs
% Change (2022 to 2023)

-12.6%

San Pedro Bay Total TEUs
Annual % Change (January)

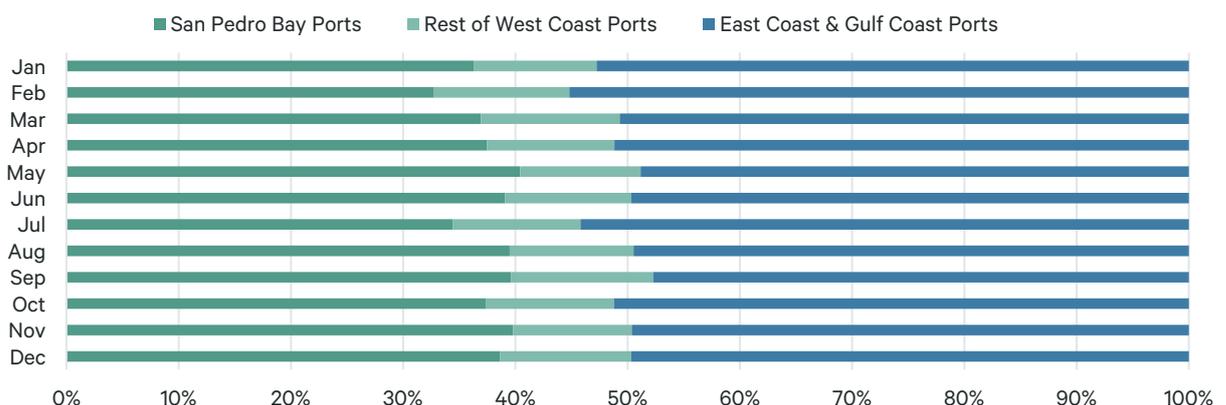
17.7%

FIGURE 1: January 2024 Loaded Imports

Port	Loaded Imports	YOY % Change
Los Angeles	441,763 TEUs	18.7%
Long Beach	325,339 TEUs	23.5%
Combined Total	767,102 TEUs	20.7%

Source: Ports of Los Angeles and Long Beach, January 2024.

FIGURE 2: % Share of Total TEUs Moved Throughout 2023



Source: Various Port Authorities, CBRE Research, December 2023.

Port diversification is the name of the game, post-pandemic

The Greater Los Angeles, Orange County, and Inland Empire industrial markets all heavily rely on the San Pedro Bay ports, the two largest ports by volume in the U.S. Over the past five years, the two ports averaged a decrease of 1.9% of cargo volume, while the East and Gulf Coast ports all recorded increases between 1% to 28%. Despite this decrease, the San Pedro Bay terminal operators and dockworkers moved 16.6 million TEUs in 2023 and continued to far outpace TEUs moved at all other ports.

Disruption from the Suez and Panama Canals will likely drive more U.S.-bound cargo ships from Asia to West Coast ports. The West Coast also benefits from relatively cheaper shipping container costs with roughly a 40% discount shipping to the West Coast versus to the East Coast. However, the impact of nearshoring could reduce the overall volume of TEUs over the next several years. Ultimately, U.S. importers, shippers and distributors will continue to diversify their supply chains for more efficient and effective operations. They will consider both time and cost, which bodes well for the San Pedro Bay and other West Coast ports.

Greater Los Angeles
Industrial Vacancy, Q4 2023

2.1%

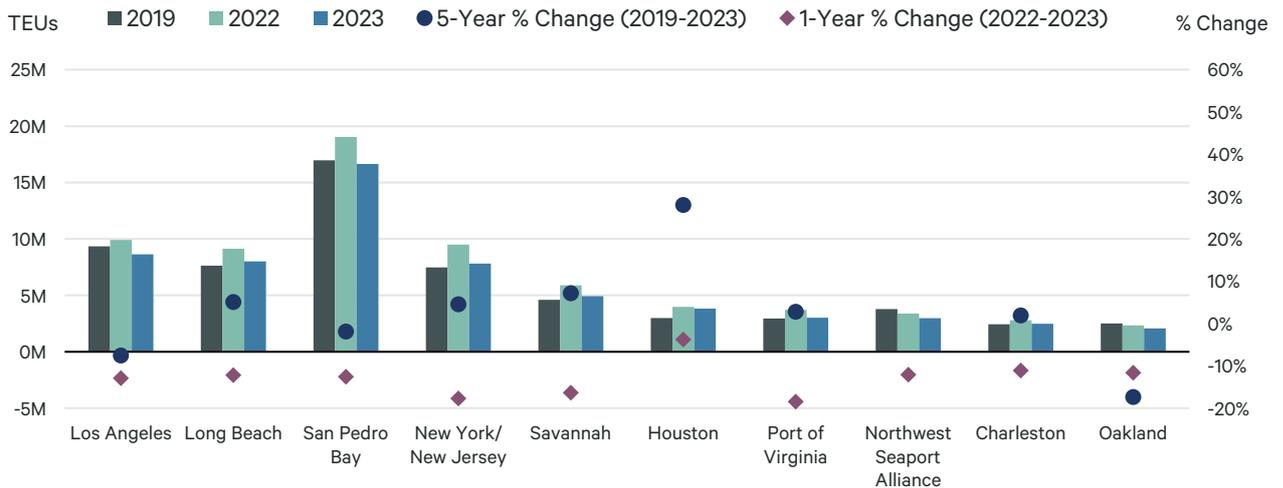
Orange County
Industrial Vacancy, Q4 2023

1.2%

Inland Empire
Industrial Vacancy, Q4 2023

5.2%

FIGURE 3: Annual TEUs Moved by Major Ports



Note: San Pedro Bay is the combination of Port of Los Angeles and Port of Long Beach.
Source: Various Port Authorities, CBRE Research, December 2023.

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