2017 Local and Regional Economic Impacts of Port*Miami*: Executive Summary

Conducted by Martin Associates
www.martinassoc.net

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Overview of Port*Miami*

Handling approximately 9.2 million tons of cargo and more than 5.2 million cruise passengers, Port*Miami* is a leading cargo and cruise port located in Miami, Florida. Port*Miami* operates as a landlord port and maintains lease agreements with its cargo terminal operators including Seaboard Marine, POMTOC, and South Florida Container Terminal. Of the 9.2 million cargo tons, 9.1 million of these tons are containerized cargo while the remaining tonnage is a combination of project cargo and break bulk cargo. Additionally, Port*Miami* serves as global headquarters for Carnival Cruise Lines, Norwegian Cruise Lines, Royal Caribbean Cruises, Oceania Cruises and Regent Seven Seas Cruises. In 2017, 1,185 cruises called Port*Miami*'s seven cruise terminals, carrying 5.2 million passengers to and from popular cruising destinations such as the Bahamas, Caribbean, and Mexico.

Port*Miami* recently completed a series of capital improvements totaling around $1 billion. These improvements included completion of projects such as a new tunnel that provides direct access between the terminals and I-395 and I-95, modernization of on dock rail, and new cranes that can handle the larger Post-Panamax ships, which can now sail into the Port because of the recently completed 50-foot dredging alongside the main terminal.

Economic Impact Analysis Methodology

Martin Associates used the 2016 PortMiami economic impact model with calendar year 2017 cargo and cruise passenger data to estimate the 2017 local and regional economic impacts generated by maritime activity at the marine cargo and cruise terminals at PortMiami for the calendar year. The 2016 study which was used to develop the 2016 baseline cruise and cargo model employs methodology and definitions that have been used by Martin Associates to measure the economic impacts of seaport activity at more than 500 ports in the United States and Canada, as well as at the leading airports in the United States. It is to be emphasized that only measurable impacts are included in this study. To ensure defensibility, the Martin Associates' approach to economic impact analysis is based on data developed through an extensive interview and telephone survey program of the Port's tenants and the firms providing cargo and cruise services at PortMiami. In addition, a survey of 1,300 cruise passengers and 300 cruise vessel crew was conducted to develop passenger spending profiles pre-and post-cruise as well as the spending characteristics of the vessel crew during each port call at Miami. Specific re-spending models have been developed for the Miami-Dade County area to reflect the unique economic and consumer profiles of the regional economy. The resulting impacts reflect the uniqueness of the individual Port operations, as well as the surrounding regional economy, and are based on detailed surveys of the Port's service providers to both cargo and cruise activity. The resulting economic models can be used to estimate annual updates, as well as to test the sensitivity of the impacts to changes in such factors as marine cargo tonnage or cruise passenger levels, labor productivity and work rules, and new marine facilities development and expansion.

2017 Economic Impact of PortMiami - Summary of Results

More than **334,500** jobs supported by Port activity	• Direct Jobs: 22,414 • Induced Jobs: 14,478 • Indirect Jobs: 9,297 • Related Jobs: 288,342
$43.0 billion of total economic activity - 4.4% of State GDP	• $6.2 billion of direct business revenue • $1.7 billion of re-spending of direct income and local consumption purchases • $35.1 billion of output supported with related port users
$1.6 billion of state and local taxes	• $299.2 million of direct, induced and indirect state and lcoal taxes • $1.3 billion of state and local taxes with related exporters and importers supported by port activity

PORTMIAMI

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2016 PortMiami Economic Impact Results

In 2017, cargo and cruise activity at PortMiami supported 334,532 jobs in the state of Florida. Of these jobs, **22,414 jobs directly created**, of which about three-quarters reside in Miami-Dade County. As a result of local and regional purchases by those 22,414 individuals holding the direct jobs, **14,478 induced jobs** were supported in the regional economy. The **9,297 indirect jobs** were generated in the local economy because of the $627.5 million of local purchases made by companies directly dependent on the Port. The cargo moving via PortMiami **supported 288,342 jobs** throughout the state of Florida with importers and exporters located in the state. These jobs are classified as related, and are created because of the demand for the product, not the use of the Port. Should PortMiami not be available for use by these importers and exporters, other ports would be used and the related jobs would not be impacted in the short term. In contrast the direct, induced and indirect jobs would be dislocated should the cargo not move via PortMiami.

The **total economic activity in the state of Florida** resulting from the cargo and cruise cargo activity at PortMiami, is estimated at **$43.0 billion.** This consists of the direct business revenue of $6.2 billion, the re-spending and local consumption impact of $1.7 billion, and the related user output of $35.1 billion.

The majority of these user impacts are associated with containerized cargo. This dollar value represents the sphere of influence of PortMiami in 2017 and accounts for 4.4 percent of the $984.1 billion Gross Domestic Product (GDP) for the state of Florida. (Fourth Quarter 2017)

The 22,414 direct jobs received $916.1 million of direct wage and salary income, for an average earnings of $40,873 per direct employee. As the result of local purchases with this $916.1 million of direct wages and salaries, an additional $1.7 billion of income and local consumption expenditures were created in the Miami-Dade County area. It is this re-spending impact that supported the 14,478 induced jobs[1]. The indirect jobs holders received $329.8 million. In total, $13.0 billion of personal income was created as the result of PortMiami operations, including the $10.1 billion of wages and salaries received by those employed with the users of the Port.

As a result of the cargo and cruise activity at PortMiami, a total of $1.6 billion of state and local tax revenue was supported in the State, of which $1.3 billion is attributed to the related users of the Port.

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[1]The induced income impact also includes local consumption expenditures as well as induced wages, and should not be divided by induced jobs to estimate the average salary per induced job. This would overstate the average salary.

2016 PortMiami Economic Impact Results – Port*Miami* Cargo and Cruise Activity Comparison

Port*Miami* Cargo Activity

- **304,443 total jobs**
  - *Direct*: 7,585
  - *Induced*: 5,647
  - *Indirect*: 2,869
  - *Related:* 288,342
- **$298.3 million** in local purchases
- **$37.2 billion** Total Economic Value
- **$1.4 billion** of state and local taxes

Port*Miami* Cruise Activity

- **30,008 total jobs**
  - *Direct:* 14,829
  - *Induced:* 8,831
  - *Indirect* 6,428
  - *Related:* N/A
- **$329.2 million** in local purchases
- **$5.8 billion** Total Economic Value
- **$188.9 million** of state and local taxes

Growth of Economic Impacts at Port*Miami*: 2012-2016

126,728 new jobs supported by cargo and cruise activity

- 2,701 direct jobs
- 605 induced jobs
- 2,836 indirect jobs
- 120,586 related jobs

$14.4 billion increase in total economic activity in Florida

- $1.7 billion direct revenue
- $148.5 million re-spending of income/local consumption
- $12.6 billion related output increase

2012 vs. 2017 Impact Cargo and Cruise Comparison

Since the 2012 Martin Associates' economic impact study of Port*Miami*, the overall economic impact of the Port has increased significantly. The total jobs related to the cargo and cruise activity at Port*Miami* increased by approximately 126,728 jobs and the total value of the economic activity at the Port increased by $14.4 billion, from $28.6 billion in 2012 to $43.0 billion in 2016. This growth in economic impact is driven by the 19 percent increase since 2012 of nearly 100,000 containers handled at the Port in 2017, which reflects the investment in channel deepening to 50 ft., the completion of the new tunnel that provides direct access between the marine terminals and I-395 and I-95, modernization of on dock rail, and new cranes that can handle the larger Post-Panamax ships. In addition, passenger traffic grew by 1.4 million passengers since 2012.

Summary

Overall, Port*Miami* is an important economic force in the community, contributing $43.0 billion of total economic activity and supporting 334,532 jobs in the state of Florida. The $43.0 billion dollar value of economic activity of the Port represents 4.4 percent of the $984.1 billion state of Florida GDP in 2017 (4th Quarter). The importance of the $1 billion of investment in channel deepening to 50 ft., the completion of the new tunnel that provides direct access between the marine terminals and I-395 and I-95, modernization of on dock rail, and new cranes that can handle the larger Post-Panamax ships is reflected by the fact that over the past four years, the Port has increased its containerized cargo by nearly 100,000 containers and has grown its cruise passengers by 1.4 million passengers. In turn, this growth in cargo and cruise business at the Port has increased the economic importance of Port*Miami* to the south Florida region and to the State. In order to continue to grow the economic significance of the Port, continued investment in cargo and cruise terminal infrastructure will be required, ensuring that Port*Miami* continues as a world class cargo and cruise port, capable of handling the next generation of container and cruise vessels.