



Seaports and Land Ports In a Changing America

Implications for the Industrial Sector

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May 2026

Introduction

New York overtook Philadelphia as the dominant American port in the early 19th century by leveraging a superior geographic and infrastructural position. While Philadelphia had been the leading colonial city, New York's deep, accessible harbor and its connection to the Hudson River gave it a decisive advantage, especially after the Erie Canal opened in 1825. By linking the Atlantic to the Great Lakes via the Hudson–Mohawk corridor, the canal dramatically reduced transportation costs and redirected Midwestern trade through New York.

As trade volumes increased, financial institutions, shipping firms, and labor networks concentrated there, reinforcing its position as the nation's primary commercial gateway. Philadelphia remained an important manufacturing center but lacked a comparably efficient connection to the interior.

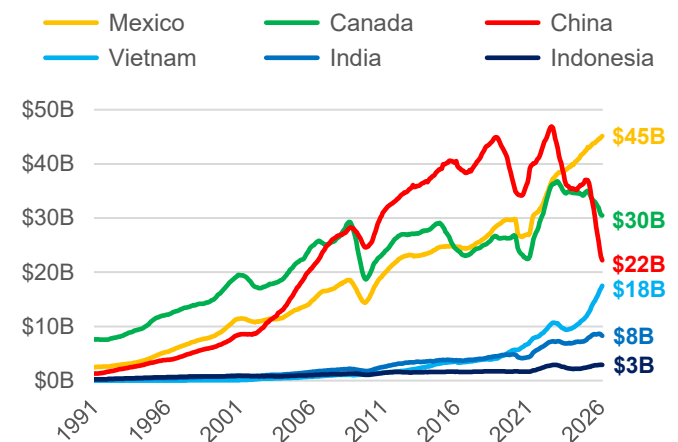
The New York–Philadelphia rivalry provides an early illustration of the strategic importance of port infrastructure and trade routes. While broader economic fundamentals remain the primary driver of growth, this analysis focuses on how ports influence industrial sector demand and the ways in which evolving trade flows are reshaping market dynamics.

Trade Realignment As the Primary Driver

Over the past decade, both container volumes as measured in Twenty-foot Equivalent Units “TEU”s) and import values have shifted materially, reshaping the competitive dynamics among U.S. ports and, by extension, the performance of associated industrial markets. A key driver has been the realignment of U.S. trade partners.

Since 2018, China has fallen from the top source of imports to third place, while Mexico has emerged as the largest trading partner, with monthly exports to the U.S. rising to roughly \$45 billion on a trailing 12-month average basis. In contrast, Chinese imports—after peaking above \$40 billion in the late 2010s—have declined to around \$22 billion. Canada has remained relatively stable near \$30 billion, while countries such as Vietnam, India, and Indonesia have grown steadily, reflecting broader supply chain diversification.

Figure 1: U.S. Monthly Imports from Select Countries (\$ Billion, Trailing 12-Month Avg.)



Source: U.S. Census Bureau; U.S. Bureau of Economic Analysis. As of March 2026

The following table shows a sharp increase in realized U.S. tariff rates across major trading partners from 2024 to 2025, with the most pronounced jump applied to China. China's rate rises from 10.7% to 31.6%, far exceeding other countries and signaling a significant escalation in trade restrictions.

Tariffs on key Asian manufacturing hubs such as Japan, South Korea, Vietnam, and India also climb into the high single to low double digits, while European partners—including the European Union and the United Kingdom—see more moderate but still notable increases. North American partners remain relatively less affected, with Mexico and Canada facing lower tariff levels despite slight upticks. Overall, the pattern suggests a broad tightening of U.S. trade policy, with particularly heavy pressure on Chinese imports and a secondary impact on alternative sourcing countries.

Realized Tariff Rates			
Country	2024	2025	Import Share
China	10.7%	31.6%	11%
Japan	1.5%	11.0%	4%
South Korea	0.2%	9.0%	4%
Vietnam	3.9%	8.6%	5%
India	2.4%	8.5%	3%
Thailand	1.6%	6.1%	2%
European Union	1.2%	6.1%	19%
United Kingdom	1.0%	5.1%	2%
Switzerland	0.6%	4.6%	3%
Mexico	0.3%	3.7%	16%
Taiwan	1.0%	2.6%	4%
Canada	0.1%	2.5%	12%

Source: Federal Reserve Bank of Richmond.

Mexico stands out as a beneficiary of these shifts, because of geography, policy, and supply chain restructuring. As tariffs rise sharply on China and increase across much of Asia, U.S. importers have strong incentives to relocate production closer to home, and Mexico is the most scalable alternative. It offers duty-free access under USMCA, significantly lower tariff exposure (as the chart shows), and immediate proximity to the U.S. market, which reduces shipping times, inventory costs, and geopolitical risk. A surge in freight through Laredo and the steady rise in U.S. imports from Mexico reflect this dynamic: companies are not just diversifying away from China, they are actively “nearshoring” to Mexico. Established manufacturing clusters, especially in autos, electronics, and appliances combined with integrated cross-border logistics (truck and rail) make Mexico uniquely positioned to capture incremental trade flows that might otherwise have gone to higher-tariff or more distant countries.

While these shifts are visible at the national level, their impact is most clearly reflected at key entry points into the U.S., beginning with seaports.

Seaports

There has been a clear geographic shift in U.S. import growth toward Gulf and East Coast ports over the past decade. Houston stands out with exceptionally strong growth of 127.8%, far outpacing all other major ports, followed by Savannah at 73.7% and South Carolina ports at 48.0%. Mid-Atlantic ports like Baltimore and Norfolk also posted solid gains of around 40%, while the large gateway of New York/New Jersey grew nearly 40% as well. These figures indicate that ports along the Gulf and Southeast coasts have been capturing an increasing share of U.S. import volumes.

Loaded TEU Imports to Major U.S. Seaports (millions, trailing 12-month total)		
Port	TTM Total Imports (mil)	10 Year Growth
Houston	1.58	127.8%
Savannah	2.34	73.7%
S.C. Ports	1.01	48.0%
Baltimore	0.48	41.1%
Norfolk, VA	1.28	41.0%
NY/NJ	3.77	39.7%
LA/LB	8.33	25.3%
Oakland	0.79	9.6%
Seattle/Tacoma	0.92	-14.6%

Source: Port disclosure. As of January 2026

Houston’s outsized import growth is driven by several reinforcing structural factors, including supply chain diversification away from the West Coast, strong population and consumption growth across Texas and the broader Sunbelt, and its role as a major industrial and petrochemical hub that creates steady demand for imported inputs. Continued investment in port infrastructure, along with strong rail and trucking connectivity, has further improved its efficiency as a gateway to the central U.S.

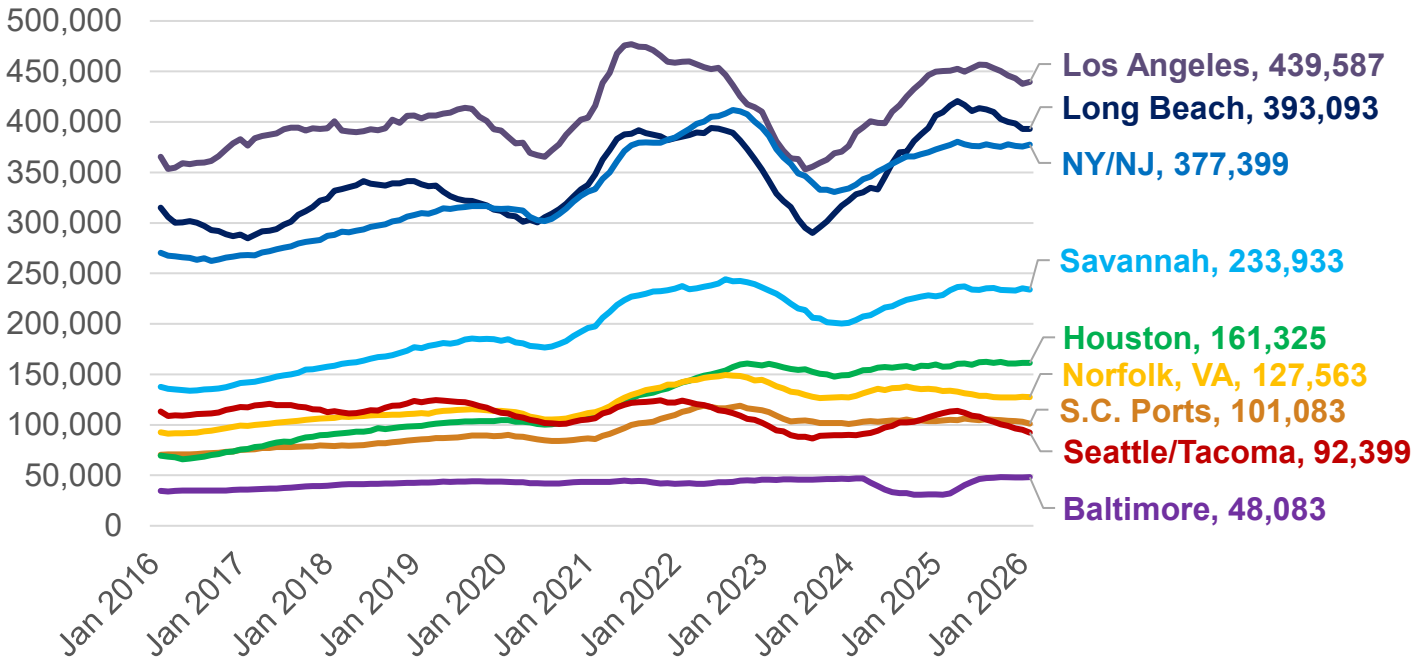
Similarly, Savannah has also emerged as a major beneficiary, supported by diversification of sourcing toward South and Southeast Asia and favorable all-water routing to the East Coast via the Suez Canal, which offers competitive transit times and improved reliability relative to West Coast routes, particularly for Southeast-bound cargo. The 2016 Panama Canal expansion further enhanced access to both Gulf and East Coast ports by enabling larger vessels and improving transit economics. Savannah’s channel deepening and port investments have positioned it to capture a significant share of this incremental volume, reinforced by its location within the fast-growing Southeast.

In contrast, West Coast ports have significantly underperformed over the same period. Los Angeles/Long Beach—the largest U.S. port complex by volume—grew just 25.3%, while Oakland saw minimal growth at 9.6%, and Seattle/Tacoma declined by 14.6%. While they remain the closest entry points for Chinese imports, they face a combination of cyclical and structural headwinds, including labor uncertainty, higher costs, congestion risk, and slower population and industrial growth relative to the South. These challenges are most pronounced in the Pacific Northwest, where ports are more concentrated in China trade and are farther from major population centers. Los Angeles/Long Beach has proven more resilient given its scale, infrastructure, and proximity to large downstream consumer markets such as Southern California, Phoenix, and Las Vegas.

These trends reflect a broader shift in supply chain strategy. Shippers have moved away from a concentrated West Coast-centric model following repeated disruptions, adopting a more diversified, “just-in-case” approach. The expansion of the Panama Canal enabled more direct Asia-to-Gulf and East Coast routes, while population growth and rising industrial activity across the Sunbelt increased local demand. At the same time, ports in these regions have invested heavily in capacity and inland logistics, improving their ability to capture incremental volume.

Despite this rebalancing, U.S. import volumes remain concentrated at the largest coastal gateways. Los Angeles and Long Beach continue to handle the highest monthly full TEU volumes, though with pronounced swings tied to pandemic-era surges and subsequent normalization. The Port of New York/New Jersey has narrowed the gap, sustaining elevated volumes as East Coast routing gained share.

Figure 2: Monthly TEU Imports for Major U.S. Ports
(Trailing 12-Month Avg.)



Secondary ports such as Savannah and Houston show steady upward trends, reflecting diversification of supply chains and congestion-driven rerouting in recent years. Meanwhile, smaller gateways like Norfolk and South Carolina ports have grown more gradually, and Baltimore remains comparatively modest. Overall, the data points to a more distributed port system, even as the largest hubs still dominate total throughput.

More recently, however, momentum has largely weakened across the seaport system. The following chart highlights a broad slowdown in U.S. seaport import volumes, with most major gateways showing flat or declining year-over-year performance into early 2026.

Yr/Yr Change in TEU Imports for Major U.S. Ports		
Port	Full Year 2025	YTD '26*
Savannah	+2%	+2%
Houston	+1%	+3%
NY/NJ	+1%	-1%
LA/LB	0%	-6%
Oakland	-1%	-7%
Norfolk	-6%	+2%
Seattle/Tacoma	-10%	-23%

Source: Port disclosure. As of January 2026
*Port of NY/NJ data available through January. All other port data through February.

While ports such as Savannah and Houston posted modest gains in 2025 and stronger year-to-date increases, total U.S. import TEUs are down about 4% year-to-date after being roughly flat in 2025. West Coast ports are under the most pressure, while East Coast performance has been more mixed.

Taken together, the data points to cooling import demand and a continued rebalancing of trade flows, with no clear offset from seaborne volumes to counteract broader weakness.

Source: Port disclosure. Includes loaded/full import TEUs only. Through January 2026.

Land Ports

Major coastal gateways in the U.S. retain dominance over import flows, however, the growing importance of inland and border districts should be highlighted. Los Angeles and New York remain the top customs districts by import value, reflecting their roles as primary seaport entry points, but interior hubs like Chicago rank third, illustrating how goods are distributed and cleared beyond the coasts. Notably, Laredo has emerged as a top-tier gateway, surpassing many traditional ports and reinforcing the strength of U.S.–Mexico trade and overland supply chains. Other border districts such as El Paso and Detroit also rank prominently, tied to integrated North American manufacturing. Together, these patterns point to a continued geographic diversification of U.S. trade flows beyond coastal entry points.

U.S. Customs Districts by Total Import Value (\$ billion, Calendar Year 2025)	
All Districts Total	\$3,416
Los Angeles, CA	\$473
New York City, NY	\$428
Chicago, IL	\$350
Laredo, TX	\$305
Savannah, GA	\$188
San Francisco, CA	\$150
Detroit, MI	\$144
El Paso, TX	\$117
Houston-Galveston, TX	\$111
Seattle, WA	\$96
New Orleans, LA	\$89
Miami, FL	\$68
Philadelphia, PA	\$66
Cleveland, OH	\$66
Norfolk, VA	\$65
Charleston, SC	\$64
San Diego, CA	\$63
Dallas-Fort Worth, TX	\$59
Baltimore, MD	\$50
Anchorage, AK	\$48

Source: U.S. Census Bureau: Economic Indicators Division; USA Trade Online; U.S. Import and Export Merchandise Trade Statistics

Chicago’s position reflects its role as the country’s primary inland distribution node. It sits at the intersection of the U.S. rail network, major interstate highways, and one of the world’s largest air cargo hubs (O’Hare). A significant share of imports—especially from Asia—arrive at coastal ports (LA/LB, NY/NJ, Seattle/Tacoma) and then move inland by rail to Chicago, where they are cleared through customs and distributed across the Midwest. In customs data, the value is recorded where goods are officially entered, not where they physically land, which elevates Chicago’s ranking. Detroit’s strength is more specialized and tied to cross-border manufacturing integration with Canada.

Airports

Airports are meaningful import hubs but operate in a very different lane than seaports and land ports. They handle a disproportionately high share of import value, but a very small share of volume. In practical terms, air cargo is the channel for time-sensitive, high-value, low-weight goods such as electronics, pharmaceuticals, medical devices, fashion, and increasingly e-commerce, where speed and reliability outweigh cost.

Airports like Chicago O’Hare, JFK, LAX, and Miami consistently rank among the top U.S. import districts because goods cleared there are expensive per pound. Air freight carries a very small share of total tonnage (low single digits) but a disproportionately large share of value, reflecting its role in transporting high-value, time-sensitive goods (U.S. Department of Transportation, Bureau of Transportation Statistics (BTS) Freight Analysis Framework). Airports also function as hub-and-spoke logistics centers. Similar to Chicago in rail, major air hubs act as inland clearing and redistribution points. Imports may land at coastal gateways but are flown or trucked to hubs (e.g., Chicago, Memphis, Louisville) where they clear customs and enter domestic distribution networks. Memphis (FedEx) and Louisville (UPS) are prime examples of integrator dominance. These are not large consumer markets, but they rank highly because express carriers concentrate global flows there for sorting and rapid nationwide delivery. Even with the shift toward Mexico, air cargo remains critical for cross-border supply chains when components are urgent or production cycles are tight (e.g., automotive, electronics).

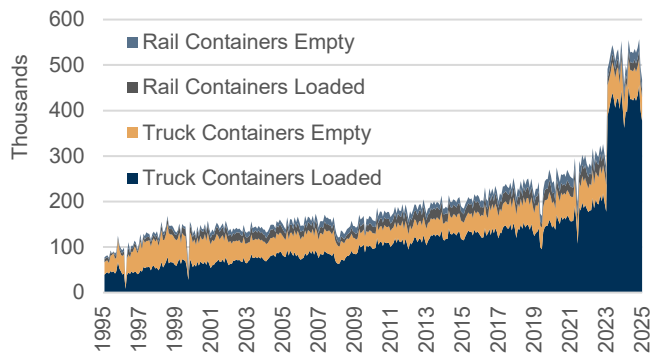
Airports don’t replace seaports or land ports but rather complement them. As supply chains optimize for speed and resilience, demand for industrial space around major air cargo hubs (especially those with integrator presence) has strengthened, particularly for high-throughput distribution, cold storage, and time-critical logistics.

The Detroit–Windsor corridor is one of the busiest commercial crossings in North America, deeply embedded in the auto industry supply chain. High-value components—engines, parts, and finished vehicles—move back and forth across the border multiple times during production. That repeated, high-value trade flow drives up Detroit’s import totals, even if volumes (by weight or containers) are lower than coastal ports. In short, Chicago is a national distribution clearing hub, while Detroit is a high-value, high-frequency manufacturing gateway, both benefiting from how modern supply chains and customs accounting are structured.

At the same time, land ports along the U.S.–Mexico border have seen particularly strong growth, driven by nearshoring and deeper supply chain integration. Laredo, the largest inland port in the U.S., handles a massive share of truck and rail traffic tied to industrial corridors in northern and central Mexico, particularly in autos, electronics, and machinery, making it a primary conduit for high-volume, high-value goods. El Paso plays a similar role further west, anchored by cross-border manufacturing clusters in Ciudad Juárez, especially in electronics, appliances, and medical devices. In both cases, goods often cross the border multiple times during production, inflating trade values, while their proximity to U.S. manufacturing and distribution networks enables fast, cost-efficient logistics compared to overseas shipping.

The chart below illustrates the dramatic growth in freight traffic through the Laredo land port, highlighting its increasing importance as a key U.S.–Mexico trade gateway. Total container volumes—measured in monthly thousand TEUs—have trended steadily upward since the late 1990s, with particularly strong acceleration after 2020. Truck-borne freight accounts for the bulk of the recent surge and reflects expanding cross-border supply chains. Rail volumes have grown more modestly but still contribute to the overall upward trend. The sharp jump in recent years suggests intensified nearshoring and trade integration with Mexico, reinforcing Laredo’s role as one of the busiest inland ports in North America.

Figure 2: Freight Traffic Through Laredo Land Port (monthly, thousand TEUs)



Source: Bureau of Transportation Statistics. As of December 2025

Laredo’s rapid growth has effectively extended its economic footprint north to San Antonio, turning the I-35 corridor into a unified logistics and industrial region. As cross-border freight volumes surged, especially in truck traffic, distribution centers, warehousing, and manufacturing suppliers have increasingly clustered around San Antonio where land is more affordable, infrastructure is less constrained, and labor is more available than at the border. This has driven significant growth in industrial real estate, transportation services, and population in the San Antonio area, positioning it as a key inland hub for goods entering through Laredo. In practical terms, Laredo functions as the high-throughput border gateway, while San Antonio absorbs the downstream logistics, storage, and value-added activities, benefiting directly from the expansion of U.S.–Mexico trade and nearshoring trends.

Impact on the Industrial Market

The divergence in year-over-year industrial rent growth across U.S. markets reflects the rapid reconfiguration of trade flows following the imposition of tariffs over the past year (see table on next page). As sourcing has shifted away from China toward Mexico and other regions, demand has increasingly concentrated along land ports and inland distribution corridors tied to North American supply chains. Markets such as Chicago, Laredo, Dallas–Fort Worth, and Norfolk are posting above-average rent growth, supported by rising freight volumes, increased logistics activity, and sustained tenant demand for well-located industrial space.

elevated cross-border trade flows, while San Antonio and Dallas–Fort Worth are absorbing downstream distribution and warehousing demand. Similarly, East Coast port markets such as Savannah, Charleston, and Northern New Jersey are benefiting from increased import volumes tied to supply chain diversification toward Asia outside of China, as well as routing advantages via the expanded Panama Canal. These dynamics are driving stronger leasing activity and pricing power in markets with direct exposure to shifting trade lanes.

Conversely, West Coast markets—especially those heavily reliant on China trade—are experiencing rent compression or outright declines. Los Angeles, the Inland Empire, and the broader California port complex are seeing weaker demand as import volumes soften and supply chains reroute. While these markets retain structural advantages, including scale and infrastructure, the near-term impact of reduced Asia-origin cargo—particularly from China—is evident in negative rent growth. Overall, the data underscores how quickly industrial real estate fundamentals can respond to changes in global trade policy and logistics patterns.

Conclusion

Seaports and land ports are being reshaped by a structural realignment in U.S. trade, with direct implications for industrial real estate and logistics networks. Rising tariffs on China, supply chain risk management, and nearshoring are shifting flows away from a West Coast–centric, Asia-driven model toward a more distributed system that increasingly favors Gulf Coast, East Coast, and especially U.S.–Mexico land border gateways. Ports like Los Angeles/Long Beach are seeing softer growth, while Laredo and other border crossings are surging alongside increased trade with Mexico. At the same time, inland hubs such as Chicago and San Antonio are capturing value as key distribution and processing nodes where goods are cleared, sorted, and redirected. For the industrial sector, this translates into stronger demand for warehouse, intermodal, and manufacturing space along inland corridors (notably I-35 and I-10), sustained growth in Southeast and Texas markets, and a reconfiguration of supply chains toward speed, resilience, and proximity rather than just cost minimization.

Industrial Vacancy, Rent Growth, and Inventory Growth

(Markets associated with major sea and land ports)

<i>Market</i>	<i>Vacancy Rate</i>	<i>1-Year Rent Growth</i>	<i>2-Year Rent Growth</i>	<i>10-Year Rent Growth</i>
Chicago - IL	5.4%	4.6%	8.7%	63.5%
Laredo - TX	16.3%	4.1%	7.0%	70.8%
Dallas-Fort Worth - TX	8.7%	4.0%	10.5%	99.6%
Norfolk - VA	6.3%	3.9%	9.1%	71.6%
Savannah - GA	11.4%	3.9%	10.4%	96.6%
El Paso - TX	11.9%	3.3%	6.1%	67.1%
Northern New Jersey - NJ	6.7%	3.0%	7.7%	106.3%
Charleston - SC	13.4%	2.9%	8.7%	89.0%
Cleveland - OH	4.3%	2.6%	7.2%	45.0%
Seattle - WA	9.7%	2.4%	5.6%	81.2%
New Orleans - LA	3.3%	2.4%	8.5%	88.7%
Detroit - MI	4.9%	2.3%	6.5%	63.2%
Baltimore - MD	9.7%	2.1%	3.7%	64.4%
San Antonio - TX	10.6%	1.8%	6.6%	64.0%
United States	7.5%	1.5%	4.7%	77.0%
Houston - TX	7.4%	1.3%	3.7%	38.5%
Philadelphia - PA	9.0%	0.9%	5.3%	96.8%
Miami - FL	7.7%	0.7%	5.3%	110.2%
San Francisco - CA	13.2%	0.6%	3.0%	53.5%
San Diego - CA	9.4%	0.1%	1.7%	70.6%
New York - NY	7.6%	-0.4%	2.1%	71.2%
Orange County - CA	6.3%	-0.5%	1.1%	75.4%
East Bay - CA	9.2%	-1.5%	0.3%	58.7%
Inland Empire - CA	8.8%	-2.6%	-8.1%	86.9%

Source: CoStar Group. As of 2026 Q1

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