

New Uses for Cargo Containers

Too expensive to return to their place of origin, used shipping containers pile up by the thousands at ports in the United States. The abundance and relative cheapness (some sell for as little as \$900) of these containers during the last decade comes from the deficit in manufactured goods departing from North America. The goods come from Asia and Europe, in containers that are often shipped back empty. So what can be done with the used containers that have reached their final destination?

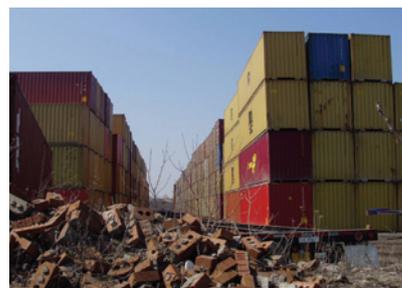
One forward-thinking developer is working to repurpose some of these cargo boxes into residential and commercial structures. Three Squared, Inc. is a commercial and residential property development firm based in Detroit, MI that plans to complete construction of the Rosa Parks multifamily project on Michigan Avenue by April 2013. The company is also building 65 recreational cabins on 67 acres in Lake Tahoe at a cost of \$4.5 million.

According to Three Squared, the biggest benefit of cargo container construction is that it meets and exceeds building and safety codes, making the structures stronger than most, with much higher energy efficiencies.

Three Squared selects heavy-gauge steel shipping containers that are fire-resistant and strong enough to withstand earthquakes and hurricanes. Next, the company engineers and designs each container to be used in conjunction with their proprietary Cargolinc™ Systems. The system is comprised of two mechanical patents, UL rated insulation with sound proofing qualities, and redefinition of power distribution to reduce energy and utility costs for the occupant. Each container is engineered for strength and the unique design of the structure to be built.

Given the range of benefits and advantages, architects, contractors and individuals are increasingly using containers to build homes, offices, apartments, schools, dormitories, artist studios, emergency shelters and retail stores across the world. Europe, China and New Zealand have successfully pioneered sustainable homes and apartments, utilizing shipping containers. For example, Travelodge, a global leader in budget hotel lodging, celebrated the fourth anniversary of their completed hotel in Uxbridge, west of London. The project used shipping containers, resulting in a 10 percent savings over other building estimates, saving approximately \$900,000 in construction.

“We are the perfect solution to construction for all types of projects,” notes **Leslie Horn**, CEO of Three Squared. “With a growth rate of 20 percent forecast in the sustainable building industry over the next five years, shipping container-based construction is an extraordinarily well-positioned solution. This is especially true for U.S. commercial markets that are completely underserved even as demand for this segment rises. For these reasons and more, our cargo container-based building options are extremely well received in both domestic and international markets.”



Photos courtesy of Three Squared, Inc.

Regarding costs between new and existing containers, Horn said that a used shipping container in perfect condition will yield a 50 percent savings over a new container, which typically costs \$6,000.

When asked if the cost of used containers will rise as a result of increased demand, Horn noted, “Like any other commodity, the answer is going to be yes. When I started looking into this in 2008, shipping containers were running anywhere from \$700 to \$1,700, depending on the quality. Today, we are able to purchase them for \$1,300, for units that are not in good condition, to up to \$2,500, and still achieve 50 percent reduction on framing costs.”

Conducting a Google search on “shipping container broker” and making phone calls is the best way to secure a container. A special permit is not needed to transport it and a standard truck will suffice. ■

By **Elizabeth Sherrod**, managing editor, *Development* and research director, NAIOP.