

Air Cargo Briefing

Seattle-Tacoma International Airport

Briefing Highlights

- Air cargo economics
- New cargo services for 2016
- Positioning Air Cargo for Growth



How do we enable industry to grow and create jobs?

Air Cargo Economics



\$23 billion

Total economic value of air freight
exported & imported through Sea-Tac airport



\$6 billion

in wages and salaries

+ \$521 million

contributed to annual
state & local taxes



120,000 Jobs

jobs related to air cargo

Source: Martin Associates, 2014



Air cargo operations support middle class jobs for the region

Regional Air Cargo Dynamics

Air cargo delivers critical last minute shipments where speed is driving factor

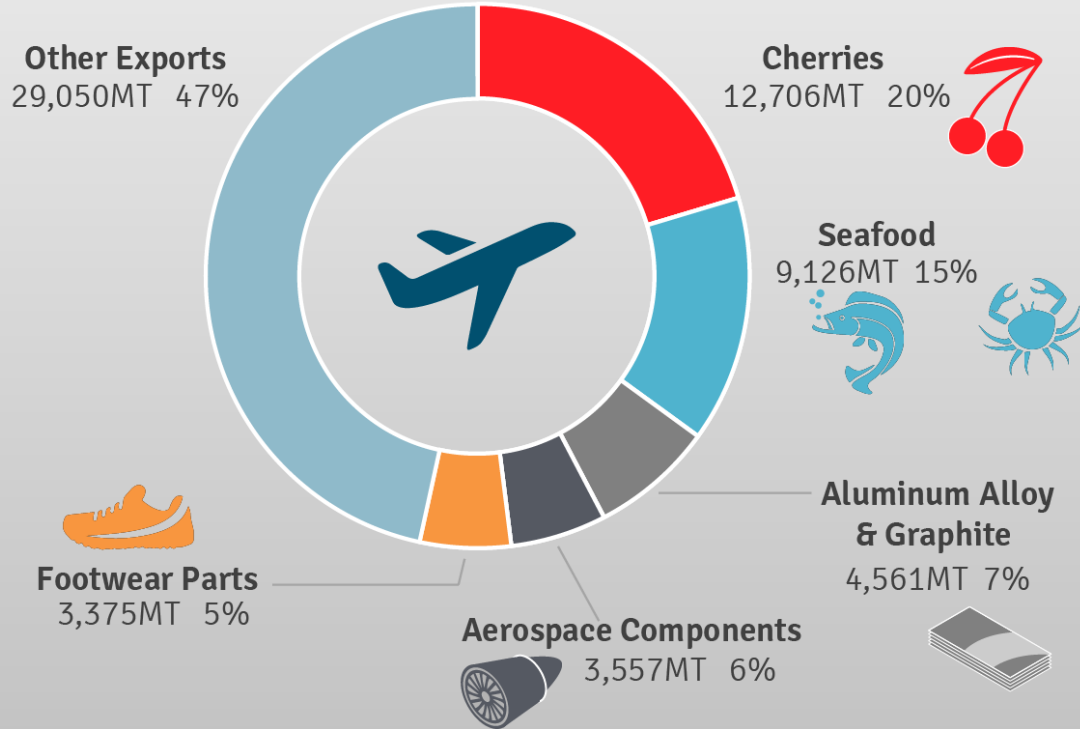
- 65% of Sea-Tac air cargo is for domestic markets
 - Significant portion is express package and mail
- 35% of Sea-Tac air cargo is international
 - More than half is exported



Seattle-Tacoma International Airport is the Pacific Northwest's air cargo gateway to the world

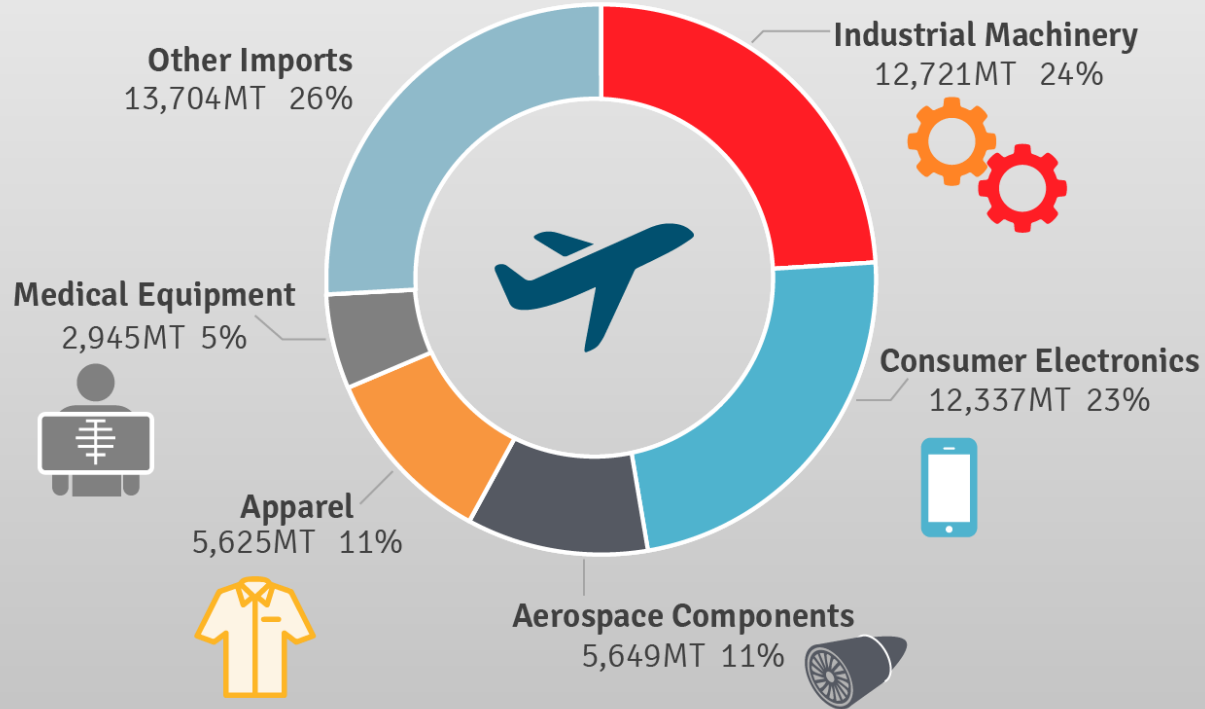
Top 5 Air Cargo Exports

Through the Port of Seattle in Metric Tons, 2015



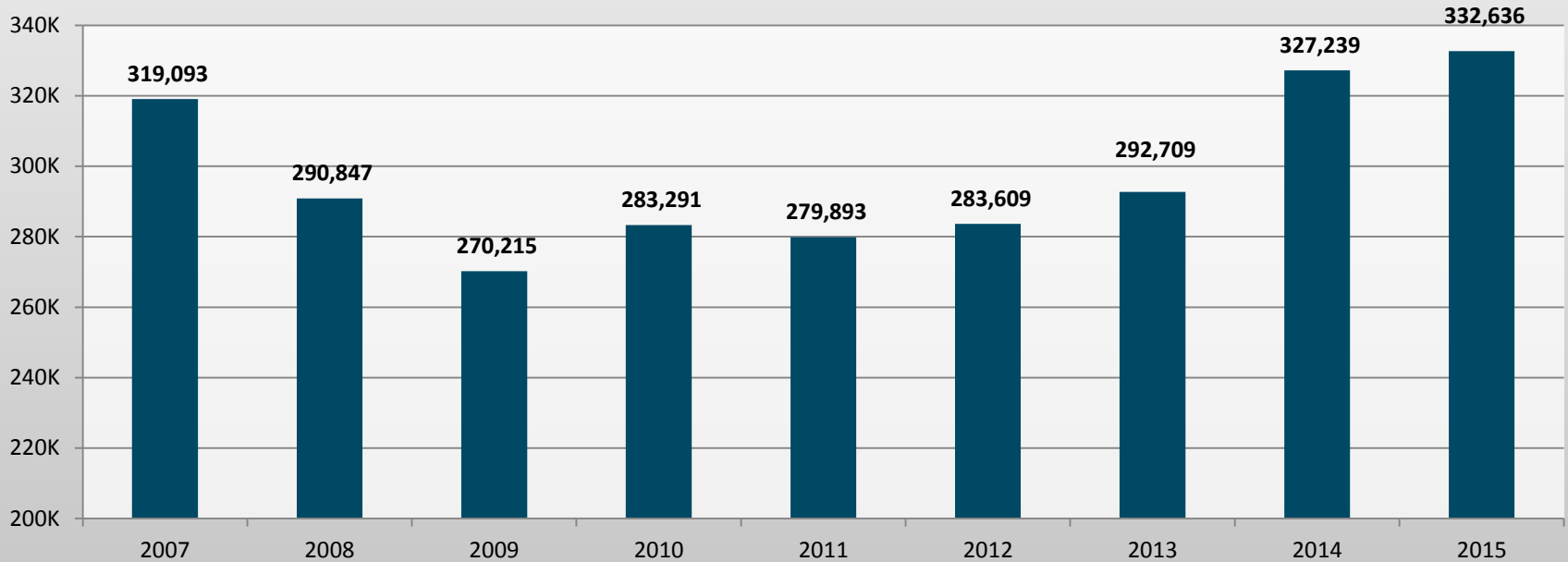
Top 5 Air Cargo Imports

Through the Port of Seattle in Metric Tons, 2015



Longer Term Growth Trends

Annual Air Cargo Tonnage



Rebounding from recession

Seattle Air Cargo Trends

- International market (Export/Import)
 - Has been a growth engine for cargo over last 4 years
 - +7.1% growth in 2015
 - Accounts for a record 35% of total air cargo
 - Region is a net exporter driving employment in production industries
 - Indicator of global economic health and trade

Trade oriented economy triggers strong performance

New Cargo Carriers

- **New Freighter Services**

- Lufthansa Cargo / April 1 / Boeing 777F / Frankfurt / 1 flight weekly
- ABX / May 10 / Boeing 767F / Daily domestic flight
- DHL / May 28 / Boeing 767F & 757F / 4 flights daily (20 flights weekly)



- **New Belly Cargo Service**

- Xiamen / Sept 26 / Boeing 787 / Shenzhen / 3 flights weekly

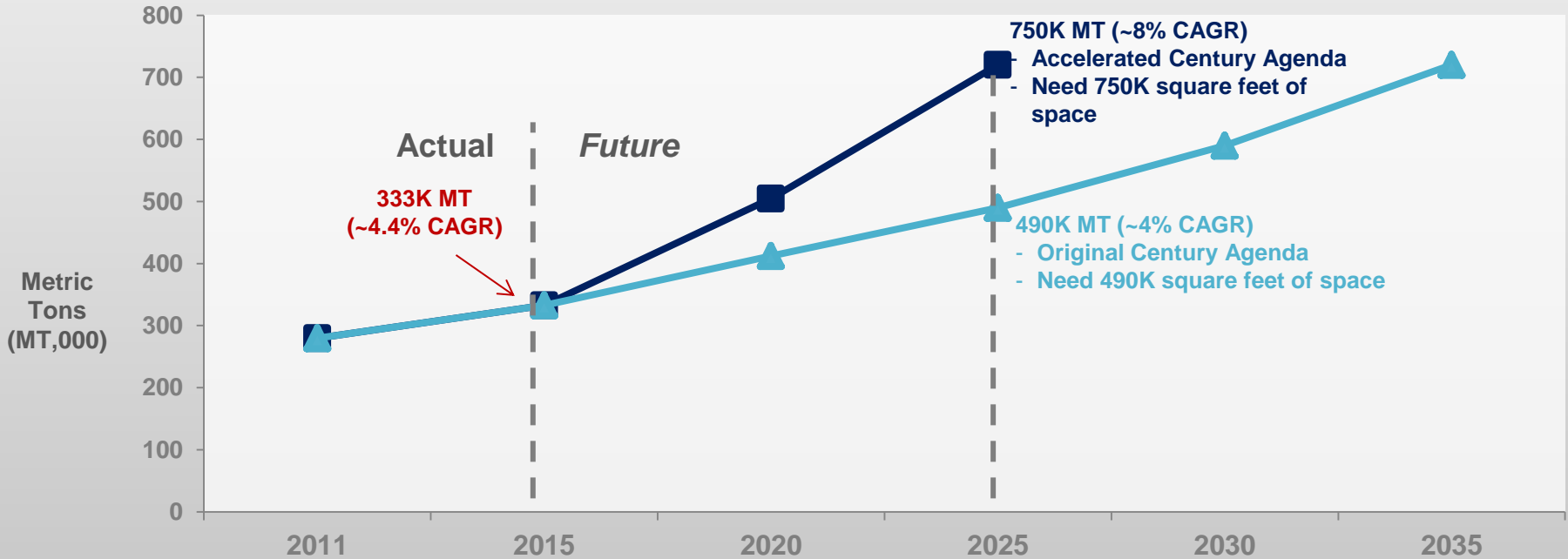
Sea-Tac is attracting growth in trade and employment

eCommerce Opportunity

- Domestic, express package, and mail market
 - Showing recent surge in volume
 - Mail saw +10% growth over past 10 months
 - Historically saw a mode shift to trucking over last decade
 - eCommerce delivery speed guarantees are bringing volumes back to air mode

eCommerce driving new growth in domestic and mail market

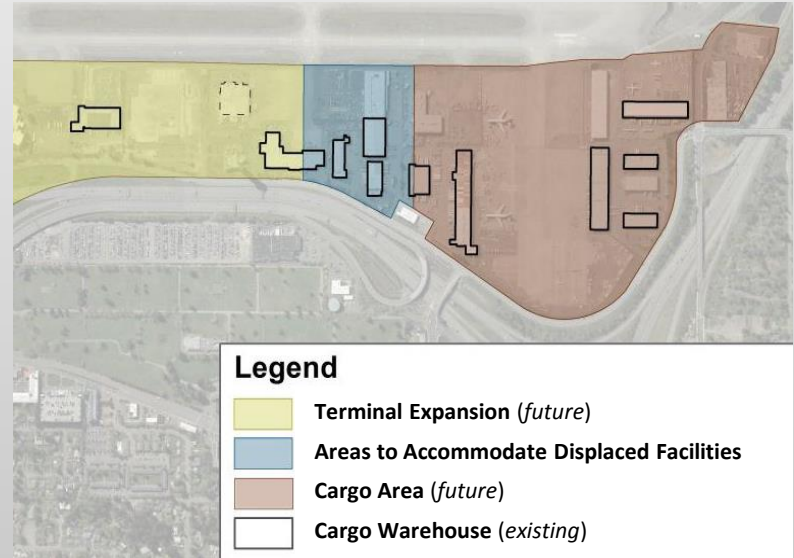
Century Agenda Air Cargo Goal



Future growth depends on sufficient airport facility space

Facility Challenges

- Airfield vacancy rate is effectively zero – insufficient to meet demand
 - Need real estate options for near term expansion that can support trade industry and job growth
 - Disposition of cargo buildings dependent on timing of terminal expansion



Sea-Tac air cargo facilities are constrained

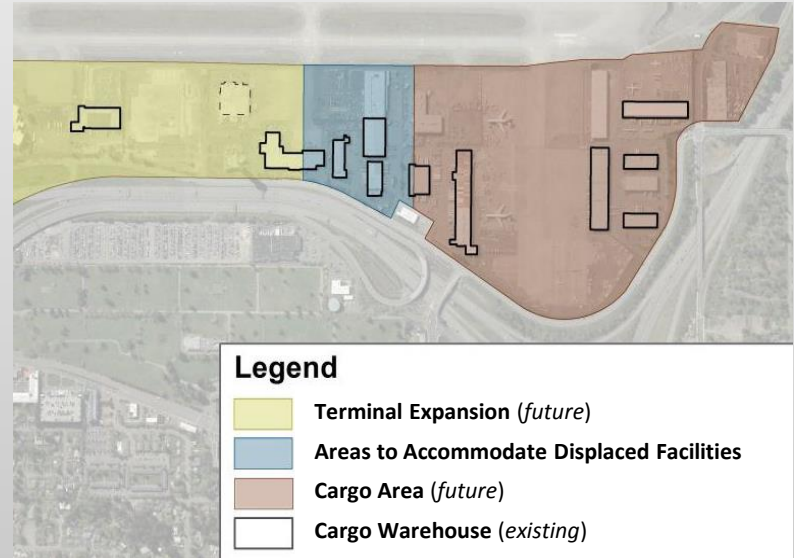
Space Squeeze

- Most cargo buildings may remain in current configuration for 10+ years
- Airfield expansion options limited during that time period
- Century Agenda growth will add more than 150,000 metric tons in 10 years
- Airfield may experience gap as demand exceeds supply, or lack of space may stifle growth

Finding options for growth is critical

Strategy to Support Growth

- Interim plan increases efficiency of remaining air cargo buildings
 - Leverage return of airfield cargo buildings to Port ownership and control as ground leases expire
 - Focus on cargo growth tenants
 - Utilize and invest in buildings until they are disrupted



Leverage Port real estate to support air cargo growth

Real Estate Strategies for Air Cargo

- Explore development options on Airfield-adjacent properties
 - Target development to specific air cargo user types
 - Implement flexible design to handle displaced airfield operations in near-term, or secondary users such as freight forwarders thereafter



Airport land can support air cargo growth

On the Horizon

- Market airport's cargo capabilities to increase trade capacity and market share
- Continue work with Long-range Plan (LRP), Sustainable Airport Master Plan (SAMP), and real estate development teams
- Return for annual update in Spring 2017

Integrate Air Cargo requirements into the SAMP