

Real Estate Strategic Plan:

Port Commission Study Session

July 26th 2016

Overview



- I. Real Estate Plan Objectives
- II. Introduction to Opportunity Sites
- III. Site Analyses
 - I. Terminal 90/91
 - II. P2
 - III. CEM
 - IV. T106
 - V. North SeaTac
 - VI. South 200th Street
- IV. Non Port Property Evaluation
- V. Financial Strategy
- VI. Next Steps

Real Estate Strategic Plan Objectives

Utilize Real Estate To:

1. Support Century Agenda goals
 - Jobs
 - Add 100,000 jobs over 10 years
 - Operational excellence & Sustainable Growth
 - Grow as an international logistics hub/tourist destination/business gateway.
 - Support small business growth and workforce development
 - Support job creation in key port business clusters
2. Support Divisional Initiatives
 - Maritime, cargo, aviation, cruise

Portfolio and Property Level Strategies to Achieve Sustainable Growth

Evaluating Port Owned Properties

Properties selected based on industrial development or redevelopment potential*

Being Evaluated

Real Estate Plan

55-acre site (SeaTac)

L-Shape (SeaTac)

13-acre site (SeaTac)

200th Street (SeaTac)

Terminal 91

Terminal 91 Uplands

Terminal 106

CEM Property

Pier 2

Pier 69

SAMP

South Airport (SASA)

Fisherman's Terminal

Evaluation Complete or Fully Developed

Shovel Ready

Des Moines Creek Phase 2 (Des Moines)

Des Moines Creek Phase 3 (SeaTac)

NERA 2 and 3

Fully Developed

Manufacturing Industrial Center

Pier 66

Evaluation by NW Seaport Alliance

Terminal 5

Terminal 10

Terminal 18

Terminal 25

Terminal 30

Terminal 46

Terminal 103

Terminal 104

Terminal 105

Terminal 107

Terminal 117

* Does not include a few sites under 2 acres with little industrial development or redevelopment potential

Terminal 91 Area Properties

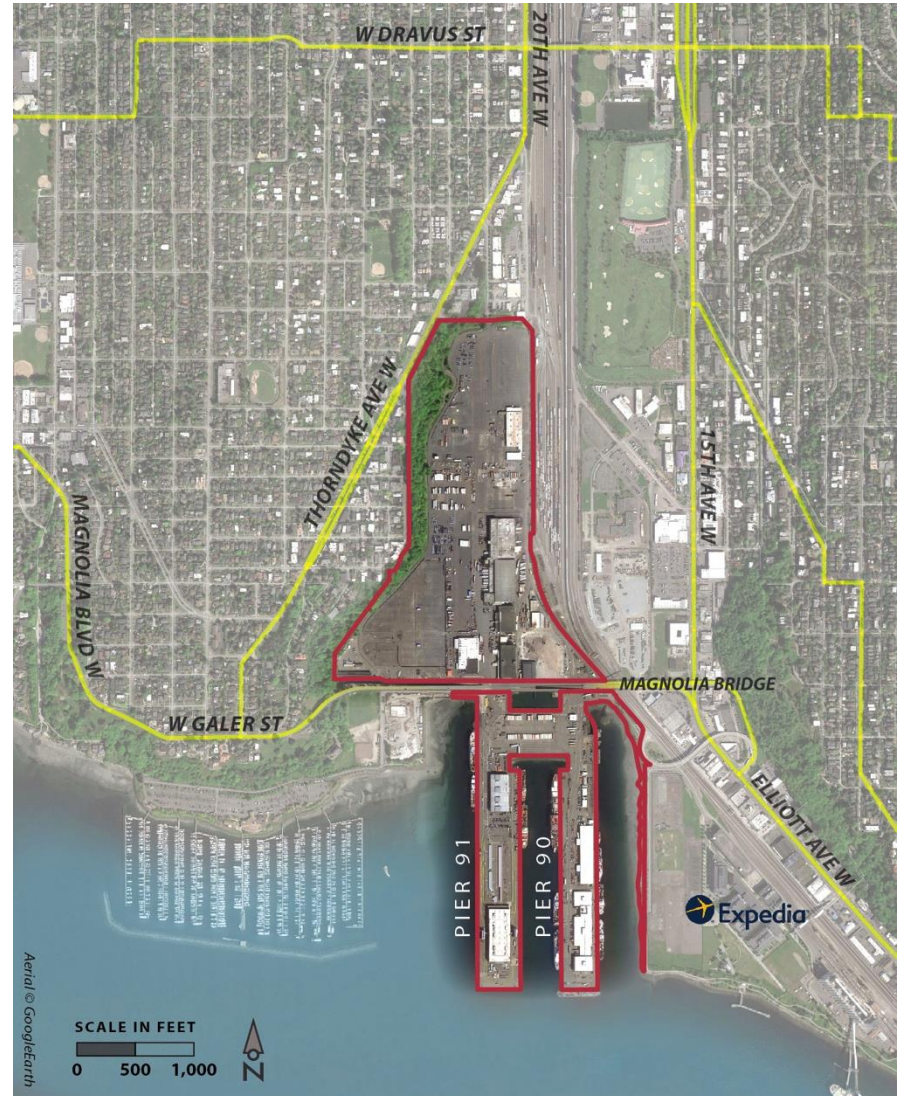


Image Credit: Heartland

Piers 90/91

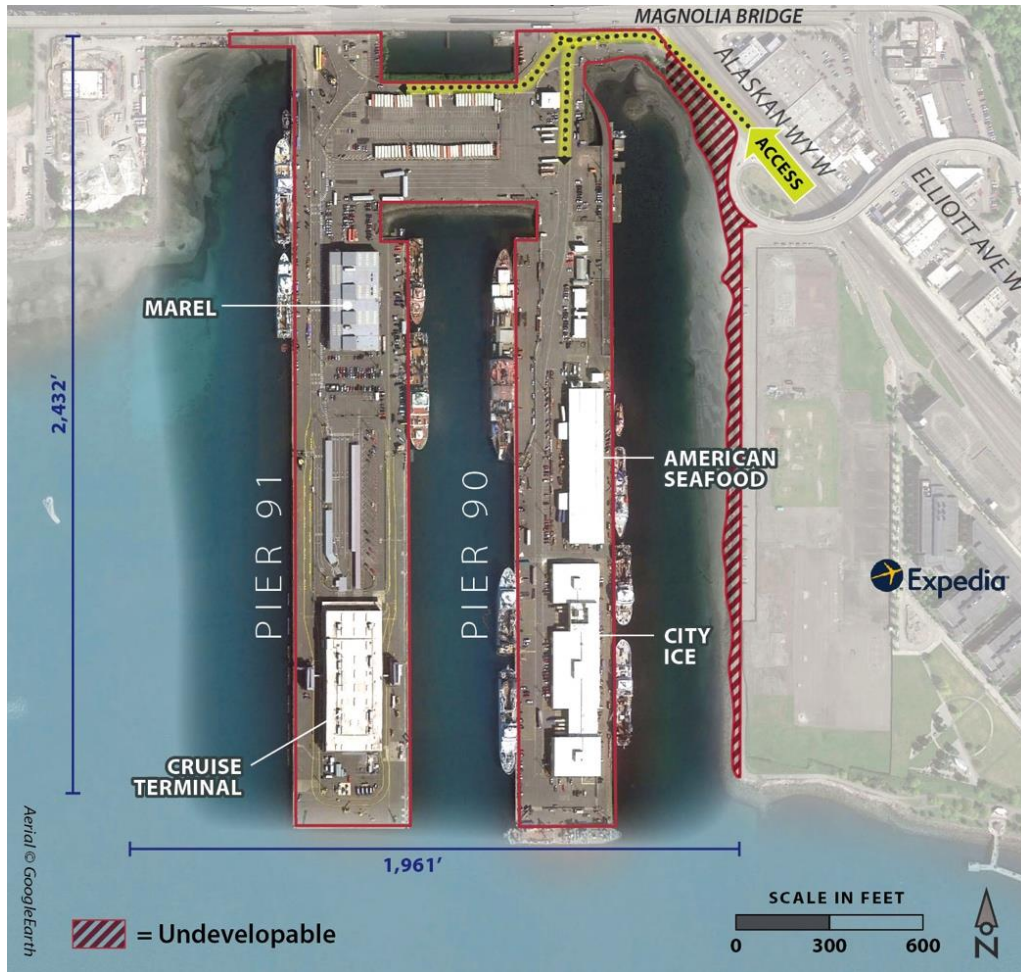


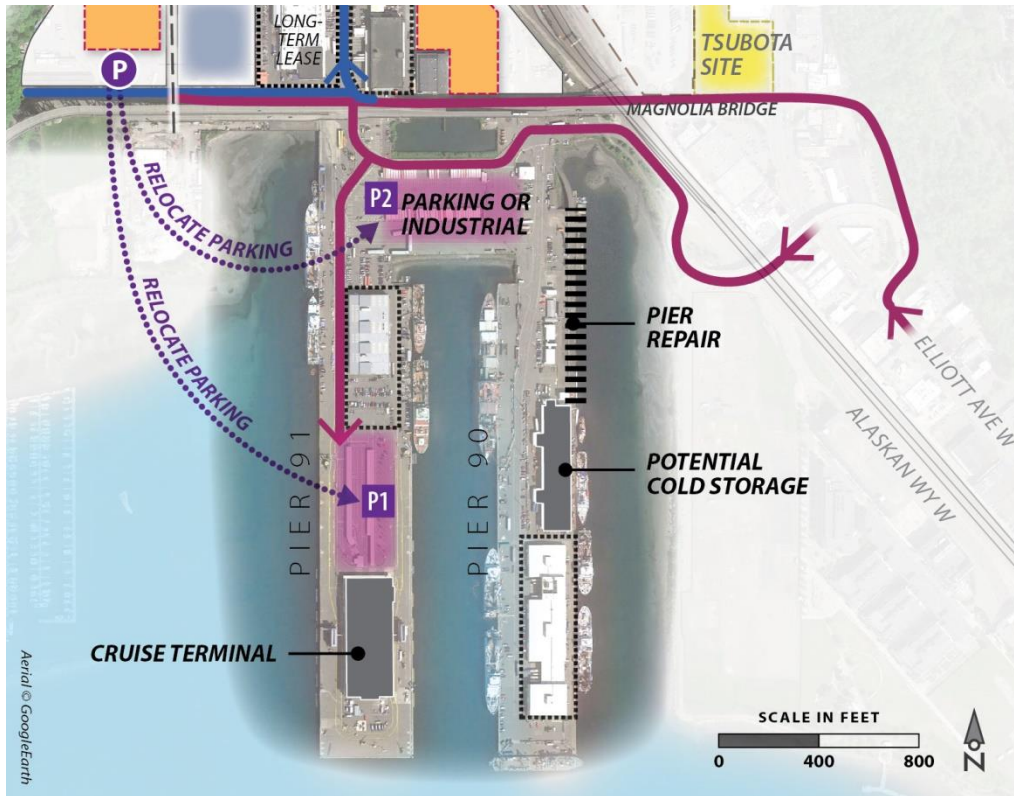
Image Credit: Heartland

Basic Info

- Zoning: IG1 – U/45'
 - Heavy industrial zone
 - 45' height limit
- Constraints
 - Road Access
 - Clearance and clear spans under the Magnolia bridge
 - Long piers limit functionality
- Current Uses
 - Warehouse/Cold Storage
 - Cruise Terminal
 - Fishing Vessels
 - Industrial Manufacturing

Using our Real Estate Assets to Achieve the Century Agenda

Piers 90/91 – Retain Cruise Option



-  Long-Term Lease Area
-  Current Cruise Parking
-  Replacement Parking
-  Current Access Road
-  New Access Road

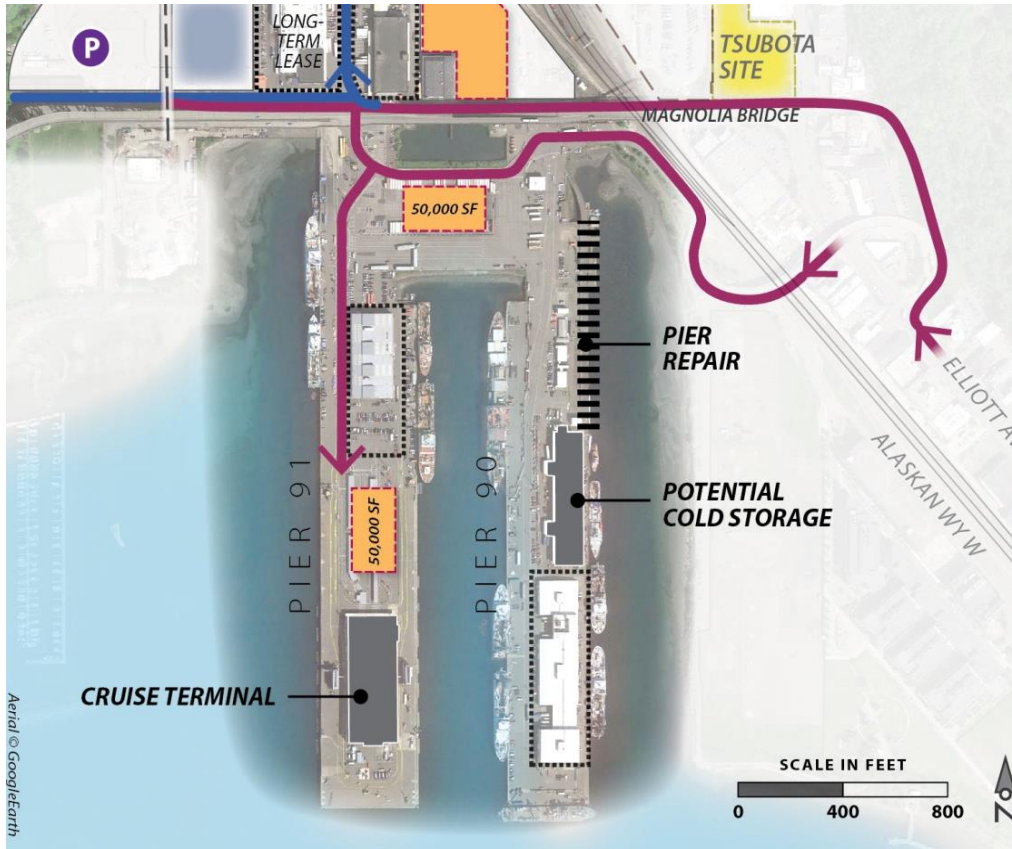
Image Credit: Heartland

Actions

- Assess cruise market growth.
- Analyze road access options, cost and feasibility.
- Select optimal site (access) for a parking garage (size).
- Reconfigure the cruise terminal to two levels, arrival and departure.
- Consider relocating other non-cruise uses to Uplands.
- Evaluate need for Pier 90 repair/modernization.

Cruise Operations Have Major Impact on Terminal 91

Piers 90/91-Non Cruise Maritime Redevelopment



Aerial © GoogleEarth

Image Credit: Heartland

-  Long-Term Lease Area
-  Current Cruise Parking
-  Replacement Parking
-  Current Access Road
-  New Access Road

Actions

- Evaluate sites and relocate cruise terminal.
- Re-purpose cruise terminal.
- Attract water dependent maritime companies.
- Evaluate options to support fishing fleet recap (larger vessels).
- Evaluate need for Pier 90 repair/modernization.

T91 Uplands



Image Credit: Heartland

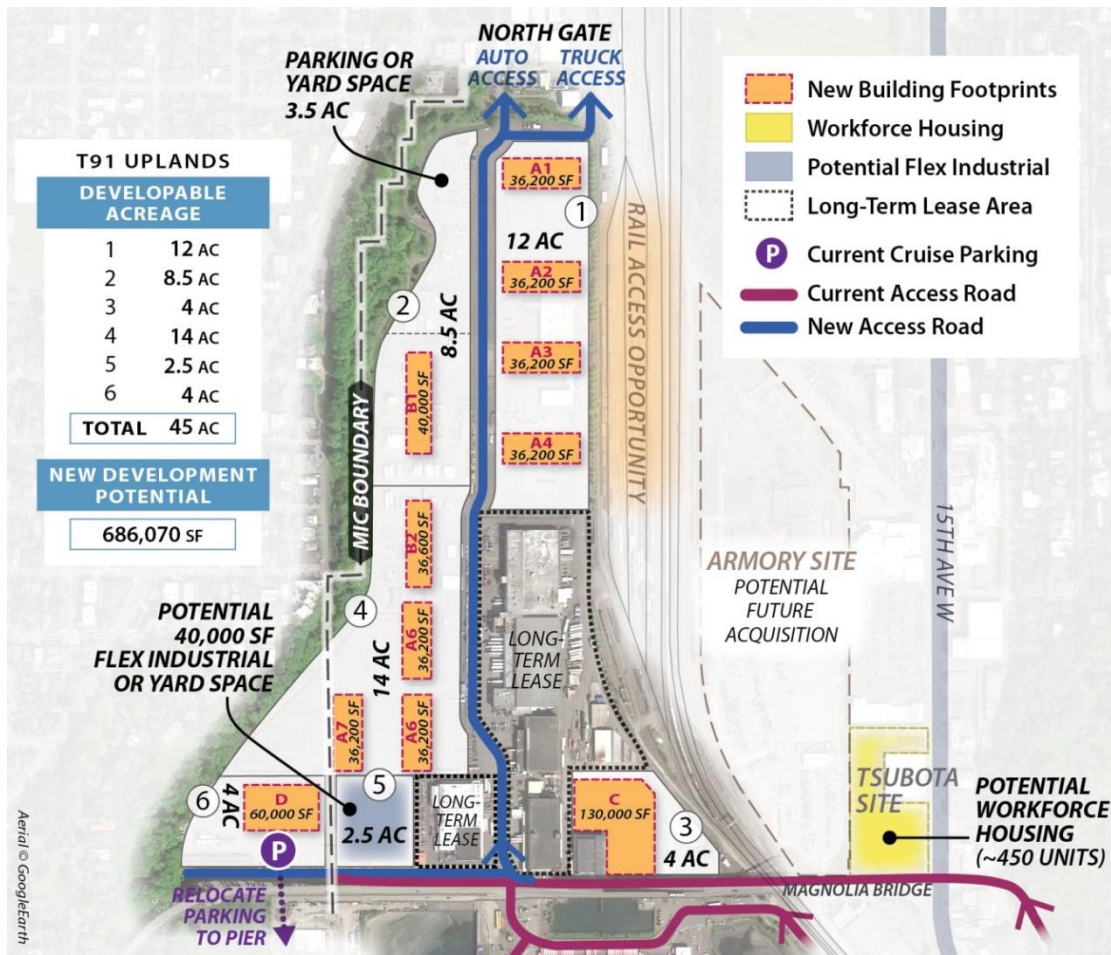
Basic Info

- Total Acreage: 89 acres
- Usable Acreage: 45 acres
- Constraints
 - Road access
 - Poor soil conditions
 - Infrastructure capacity
 - Environmental
- Current Uses
 - Warehouse
 - Cold Storage
 - Food Processing

The Port's Largest Maritime Development Opportunity

T91 Uplands – Maker District

50/50 Ground Lease/Build-to-Suit providing 460K-700K SF Flex Industrial



Actions

- Focus on maritime industrial users.
- Relocate cruise parking to Pier 91 or short fill area.
- Work with stakeholders allow for the opening of the north gates.
- Option: Workforce housing on Tsubota Site

Image Credit: Heartland

Developing Light Industrial Buildings – What About Housing?

Pier 2 & CEM



Image Credit: Heartland

Pier 2

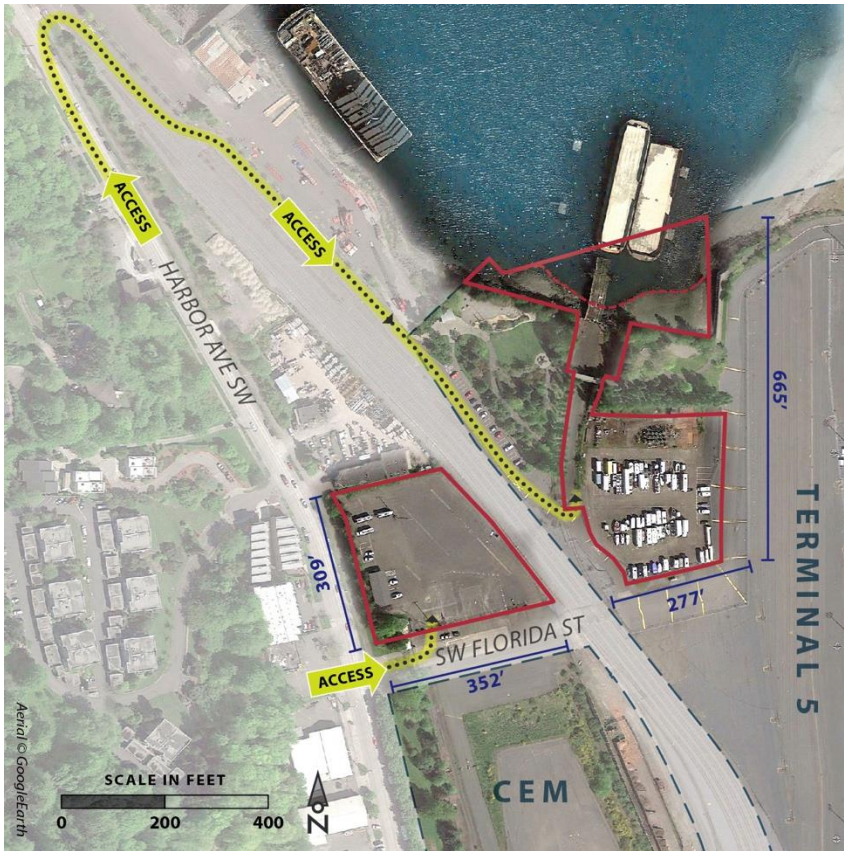


Image Credit: Heartland

Basic Info

- Total Acreage: +/-5.5 acres
- Usable Acreage: +/-4.8 acres
- Zoning: IG-1 & IG-2
- Current Use
 - Boat and vehicle storage
 - Jack Block Park



Aerial of Pier 2 and Terminal 5. Photo: 2007

Pier 2



Elliott Bay Boathouse Proposal, Port of Seattle, 2015

Actions

- Consider dry stack boat storage.
- Prepare due diligence materials to support RFP process.
- Present to the market in tandem with CEM to receive market response from any potential synergies.

Developing Properties Adjacent to Terminal 5

CEM Property



Image Credit: Heartland

Basic Info

- Total Acreage: 25 acres
- Usable Acreage: ~12 acres
- Zoning: IG-2/U-85'
- Current Use: Vacant
- Constraints
 - Presence of the landfill cap.
 - Existing truck access to site is limited.
 - Site configuration is irregular.

Actions

- Complete feasibility for solar farm.
- Prepare due diligence materials to support RFP process:
 - Long-term environmental management plan; and
 - Cost estimates for improved access.

T106



Image Credit: Heartland

Basic Info

- Total Acreage: 31.2 acres
- Usable Acreage: 17.4 acres
- Current Bldg SF: 598,030
- Zoning: IG-1 85'

Potential Alternatives

- Ground lease redevelopment & 60k SF incubator
- POS redevelopment as manufacturing/logistics facility
 - New 500k SF industrial building & 60k SF Incubator Redevelopment

Actions

- Evaluate the costs and benefits of retaining the building foundation.
- Prepare due diligence materials to support RFP process.

Existing building ready for redevelopment – DOT Lease expires in 2018

Port of Seattle Airport Properties



**Des Moines
Development
Opportunities**

**SeaTac
Development
Opportunities**

**Burien
Development
Opportunities**

New Developments on the Horizon

North SeaTac Properties

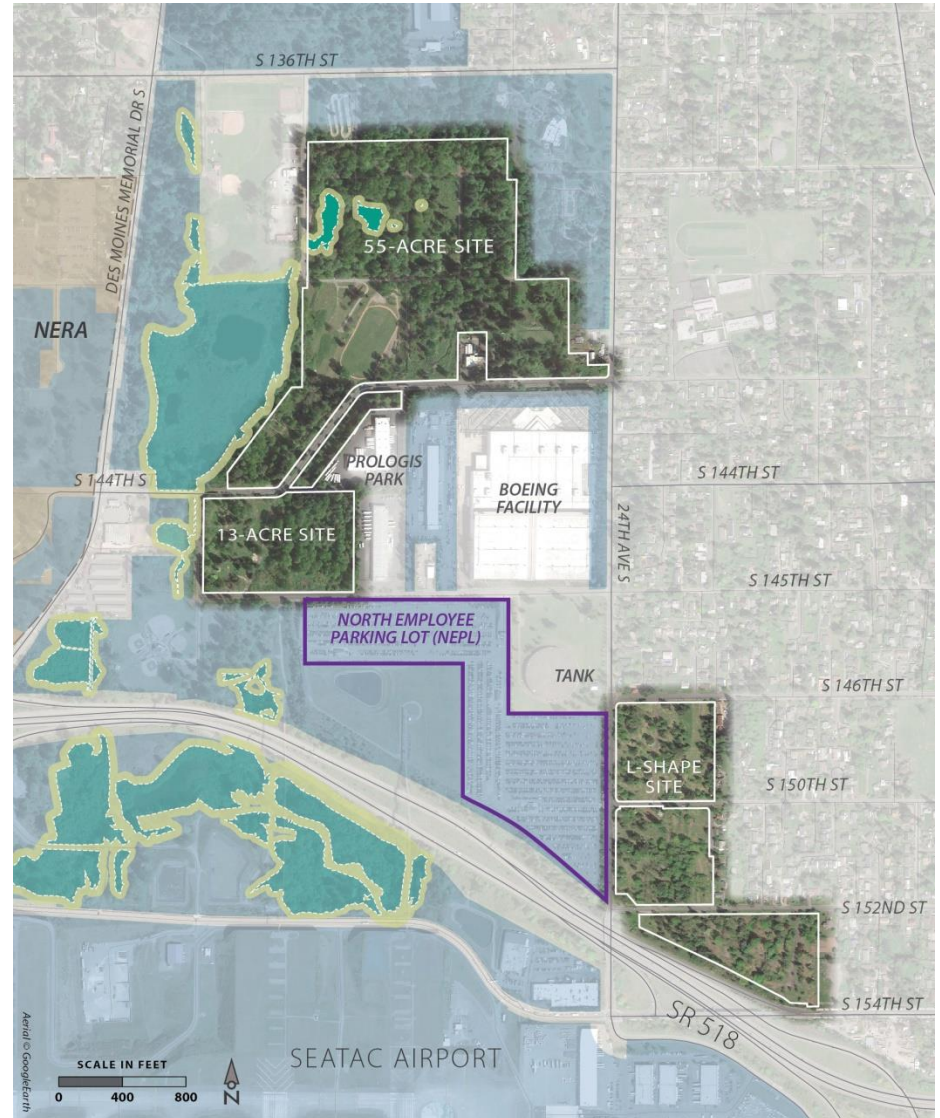


Image Credit: Heartland

55-Acre



Image Credit: Heartland

Basic Info

- Total Acreage: 55.7 acres
- Usable Acreage: 31 acres
- Zoning: Aviation Commercial (AVC)
- Current Use
 - City Park Ground Lease on a portion of the site.
- Constraints
 - Wetlands and associated buffers.
 - Steep slopes are present on the site.

Accommodating SAMP and Supporting New Developments and Jobs

13-Acre



Image Credit: Heartland

Basic Info

- Total Acreage: 15.6 acres
- Zoning: Aviation Commercial (AVC)
- Constraints
 - Steep slopes are located on the site.

Potential Alternatives

- Ground lease for Port supportive uses.
- Relocation of existing employee parking.

Accommodating New Airport uses on Port Real Estate

L-Shaped



Image Credit: Heartland

Basic Info

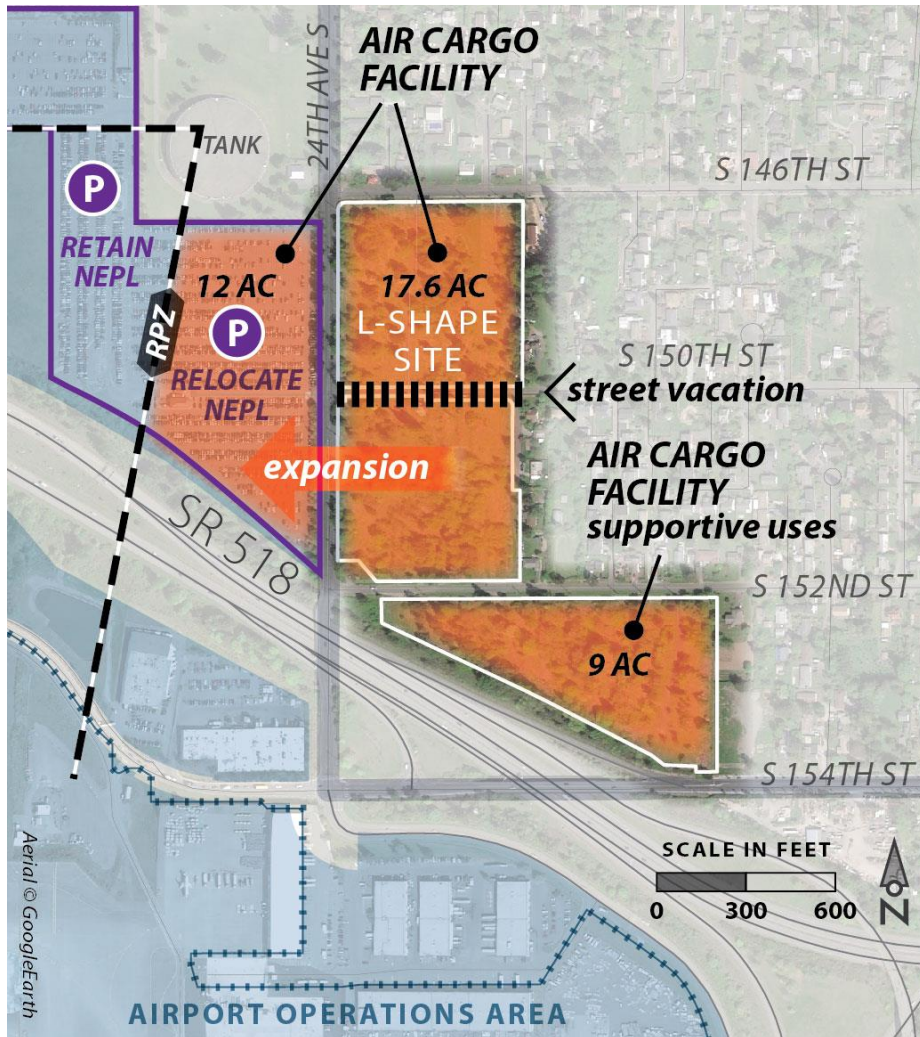
- Total Acreage: 26.2 acres
- Zoning: Aviation Commercial (AVC)
- Current Use
 - Raw Land

Potential Alternatives

- Ground lease for aviation related uses.
- POS development of 375,000SF Air Cargo Facility.

L-Shape or Employee Parking Lot Have Nexus to Air Cargo Operations

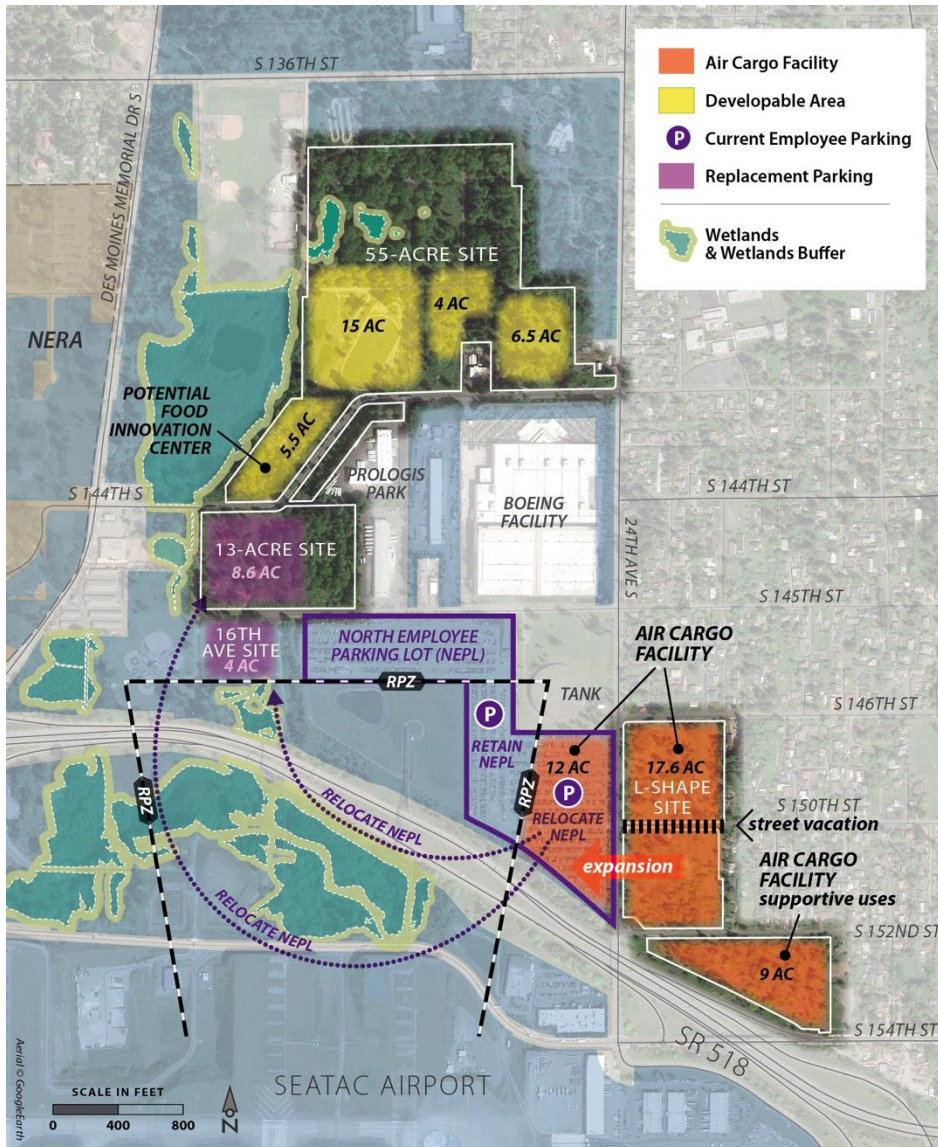
SeaTac Properties - Air Cargo Strategy



Actions

- Prepare due diligence materials for L-Shape and NEPL site.
- Investigate FAA limitations on development of employee parking lot and the 16th Ave South Site.
- Pursue S 150th Street vacation.
- Prepare cost estimates for relocating employee parking.
- Coordinate air cargo development with current AOA operations.

North SeaTac Strategy Summary



Development Alternative

- 375,000 SF new air cargo facility
- Re-locate employee parking lots
- 350,000 SF on remaining usable land of the 55-Acre Site on multiple sites.

Site Specific Strategies

55-acre Site

- Ground lease for aviation supportive use.
- Develop new Food Innovation Center on the SW corner of the 55-acre site.

13-acre Site

- Relocation site for employee parking.
- Ground lease for aviation supportive use.

16th Ave South Site (4 acres)

- Relocation site for employee parking.

L-Shaped Site

- Develop 375,000 SF class-A air cargo facility

Current Employee Parking Lot (12-acre)

- Develop as future expansion of air cargo facility.

200th Street



Basic Info

- Total Acreage: 47.2 acres
- Usable Acreage: 27.7 acres
- Constraints
 - Wetlands
 - Steep slopes
 - Potential access issues

Potential Alternatives

- Support SAMP impacted airport facilities.
- Ground lease for Port supportive uses when SR509 extension is under construction or complete.

Actions

- Study existing infrastructure and land grading feasibility.
- Evaluate alternative access points.

Real Estate Acquisition Update



Update

- Identified and scored all Industrial Sites in King County
- Reached out to 20+ local govt. partners for nominations of opportunity sites.
- Currently evaluating & prioritizing 12+ properties.
- Preparing financial analysis of long term acquisition opportunities.

Real Estate Drives Job Growth

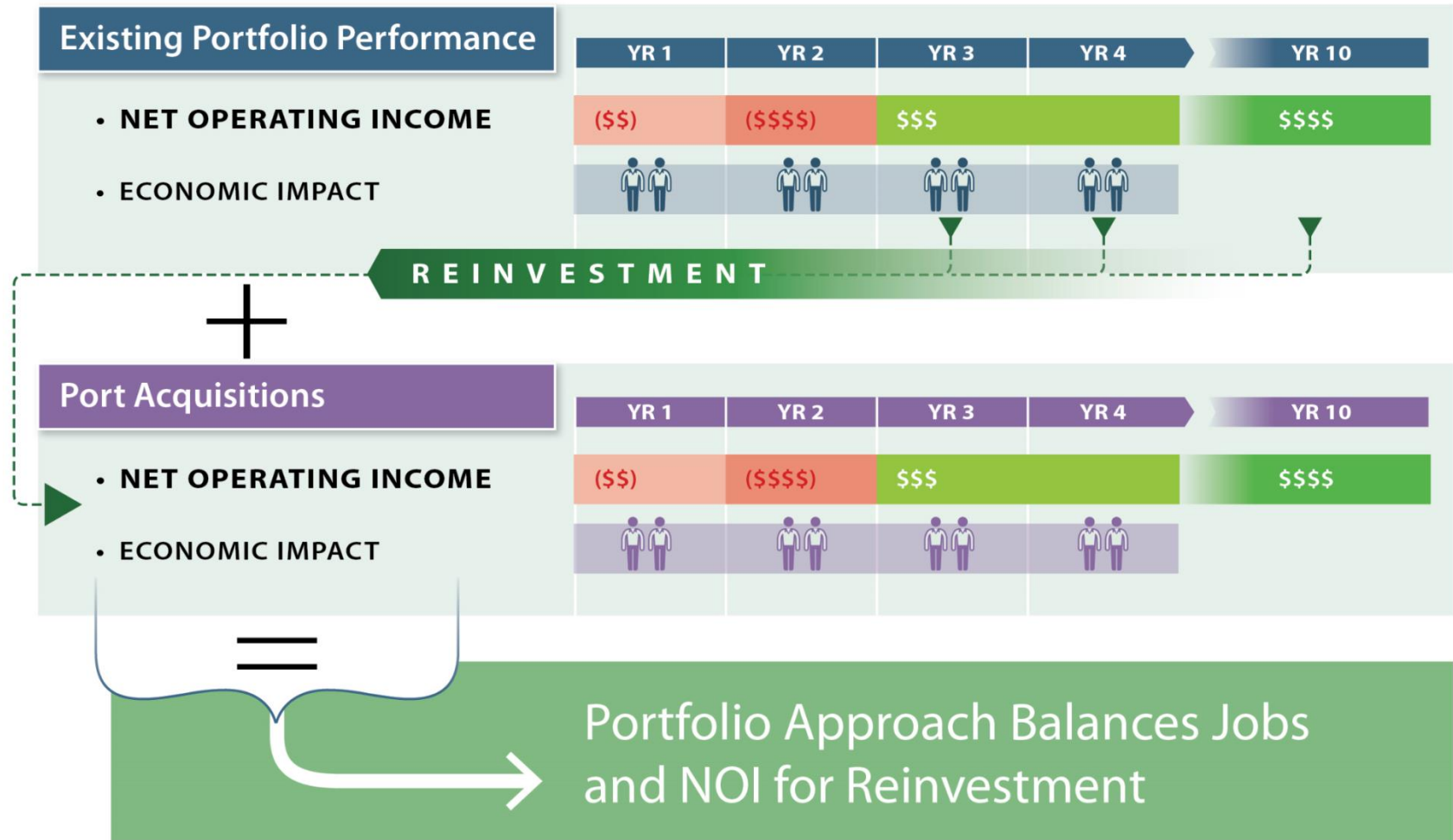
| | Office | Manufacturing | Warehouse | Air Cargo | Total |
|---------------------|------------|---------------|--------------|------------|--------------|
| Square Feet | 62,651 | 654,762 | 2,020,075 | 375,000 | 3,111,491 |
| / SF Per Job | 180 | 600 | 1,500 | 712 | 1,000 |
| = Direct Jobs | 348 | 1,091 | 1,347 | 527 | 3,313* |
| x Jobs Multiplier | 2.67 | 2.28 | 2.62 | 1.78 | 2.38* |
| = Total Jobs | 929 | 2,487 | 3,529 | 938 | 7,883 |

Summary

- These are preliminary job estimates using existing Port real estate portfolio.
- Estimates do not include jobs created from non-port property development
- Job estimates may also be low due to warehouse development assumptions.

Adding new jobs through development of Port Real Estate

Portfolio Strategy Lowers Financing Needs



Provides strategic approach to both development and financing

Final Steps

| Timelines/Milestones | March | April | May | June | July | August | September |
|---|-------|-------|-----|------|------|--------|-----------|
| Kickoff | → | | | | | | |
| Port Real Estate Analyses | | → | | | | | |
| Non Port property evaluation | | | | → | | | |
| Financial Strategy | | | | | → | | |
| Finalize evaluation & strategic recommendations | | | | | | → | |

Summary

- Strategy Completed by end of September
- One more meeting of Real Estate Advisory Committee
- One more Commission briefing to share final plan and recommendations

Using our Real Estate Assets to Achieve the Century Agenda