

# ECONOMIC ISSUES of Proposed SoDo Arena for Port Operations



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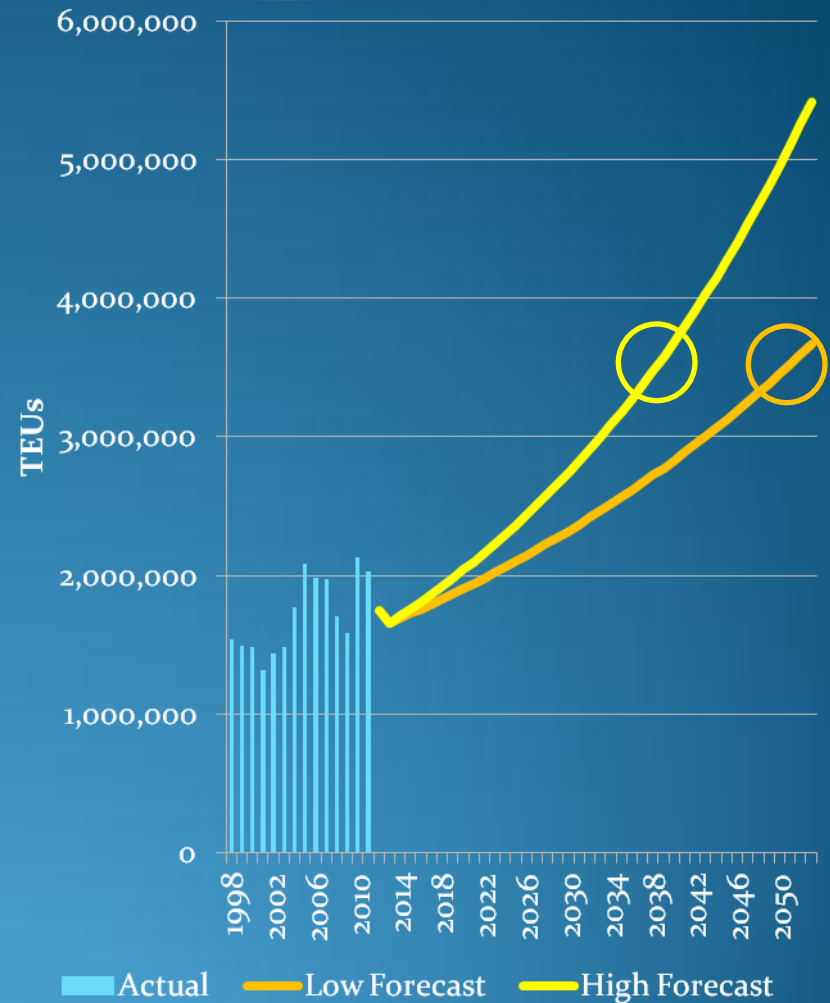
Market Research & Strategic Planning

# Key points

- Overall costs are crucial for shippers and carriers when they choose a port gateway.
- Congestion increases costs and decreases reliability.
- Proposed arena location would increase transportation costs because of congestion.
- Congestion/land use pressures would have a significant impact on opportunities for Port growth.

## Port of Seattle Market Opportunities are Strong

- Port of Seattle has grown at 3.0 percent annually from 1992 to 2011. Growth has occurred in all routes.
- Port of Seattle has good opportunities for growth. Reach goal of 3.5 million TEUs by 2039 (3%/yr) to 2051 (2%/yr).
- Growth in maritime cargo means jobs but Port growth depends on an efficient transportation system and good access to industrial lands



# Port Selection Criteria

- Ocean carriers
  - Highest priority is to turn the ship on time and at the lowest cost.
  - Difficult financial position putting additional pressure to lower overall costs.
- Shippers (cargo owners)
  - Primary goal is to reduce supply chain costs.
  - Reliable market coverage across a broad range of routes with favorable transit times while minimizing door-to-door cost per unit.
- Anything that increases costs for one port that are not borne by another port could shift the balance:
  - Shippers and carriers are changing ports based upon very slim margins.

# Duwamish M/IC is unique

- There are ~59,000 jobs in the Duwamish M/IC.
- This includes a variety of family wage jobs in the following sectors:
  - Services (15,147 jobs),
  - Wholesale/Trade/Utilities (13,635),
  - Manufacturing (13,287),
  - Government (6,714),
  - Retail (2,520),
  - Finance/Insurance/Real Estate (1,231),
  - Construction (588),
  - Education (322 jobs).
- There is a strong linkage between the Port of Seattle container terminals and activities and employment in the Duwamish M/IC.

# Port Gateway Users

- Exporters
  - 35% of exports via the Port are from firms in Washington State.
    - Apples from Wenatchee seek two trips/day to the terminals.
    - Many exporters are located in the Duwamish M/IC.
- Importers
  - Serve local and more distant (discretionary) markets.
  - Local firms receive goods that are inputs to manufacturing.
    - Boeing airplane parts.
  - Increase in cross-docking by gateway traffic, which needs to be located close to Port.

# Impact of the Arena

- Congestion from Arena (vehicles and pedestrians) increases costs and decreases the efficiency of the Port.
- Increased gentrification of the north Duwamish area will increase property values, forcing more industrial firms to seek more distant locations or go out of business.
- The Port has good opportunities for growth but the proposed arena could negatively impact its ability to capitalize.