

Item No.	10a supp
Date of Meeting	May 25, 2021

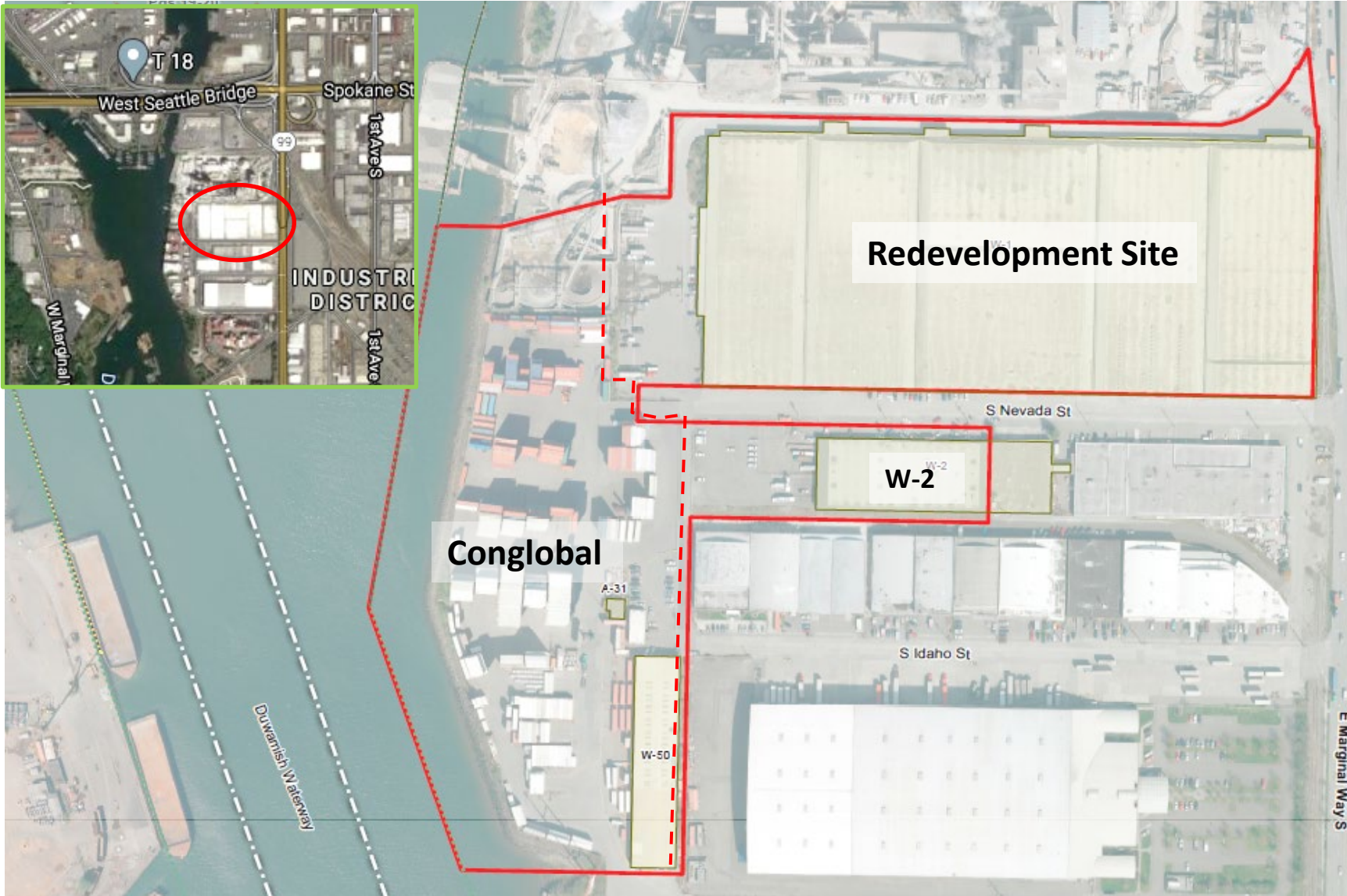
# Terminal 106 Ground Lease Approval



# Action Requested

Request Commission authorization for the Executive Director to execute the Ground Lease Agreement and associated easement for the redevelopment of Terminal 106 between Trammell Crow and The Port of Seattle.

# Redevelopment Opportunity: Terminal 106



## Property Details

- 31.23 Acres
- 533,910 sf dilapidated warehouse
- **ConGlobal** leases property to west and south of existing warehouse
- Port of Seattle and NWSA developing offices for **Customs and Border Patrol** in building W-2
- A portion of W-2 also leased to **LIHI**

# Competitive RFP Demonstrates Strong Market

- Port sent RFP to 30+ qualified real estate developers
- Seven developers submitted development proposals
- Trammell Crow Company (“TCC”) selected as preferred developer.
  - TCC has developed or acquired more than 2,600 buildings valued at more than \$60 billion and over 565 million square feet.
  - **TCC developed the Port’s Des Moines Creek North property**

*“The Puget Sound region is absolutely on fire relative to industrial logistics space right now.”*

CBRE

*“Industrial real estate demand on the rise in the U.S.”*

JLL

*“In most markets, more than half of the product under construction is preleased”*

Transwestern

# Port of Seattle Partners with Trammell Crow to Develop State of the Art Multi-story Warehouse



# New Development Supports Maritime & Logistics Industries

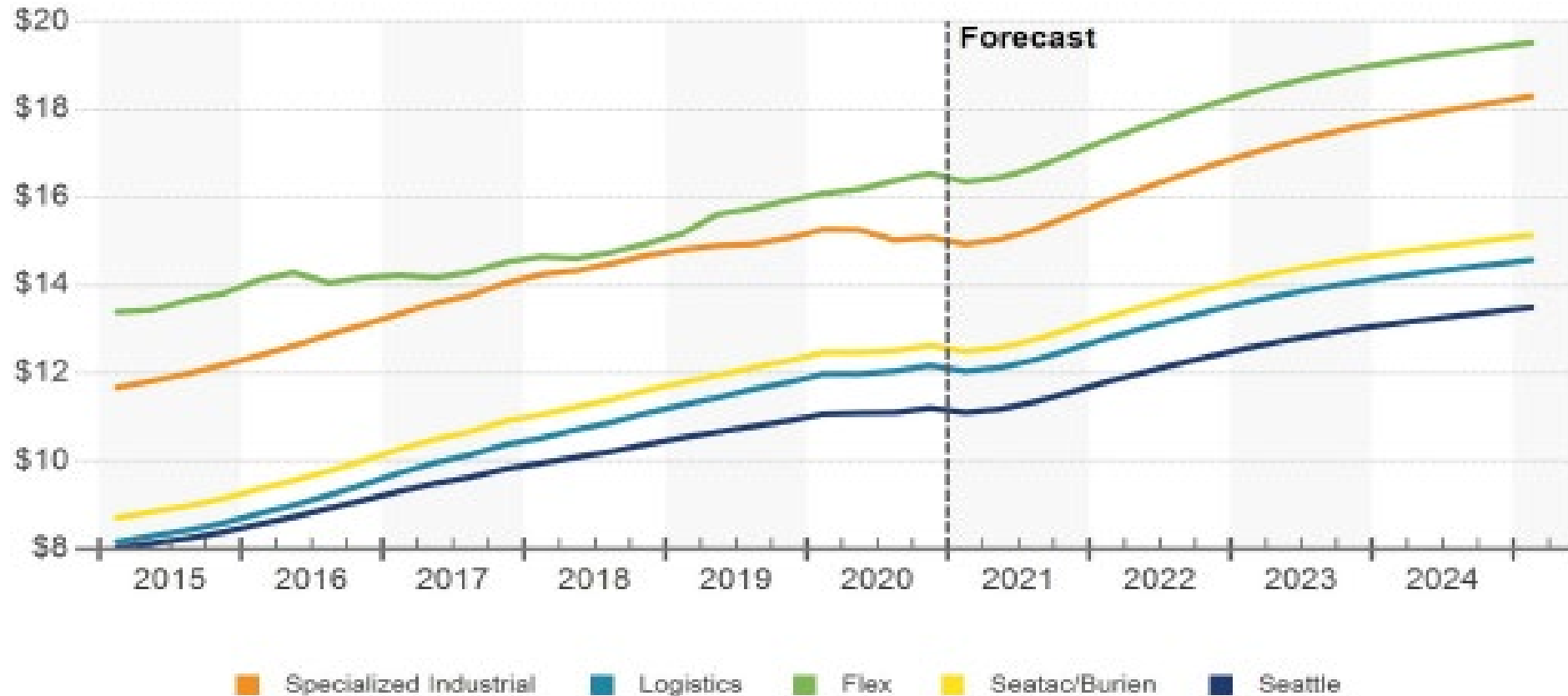
- Project supports regional logistics, maritime & manufacturing industries.
- 650 to 1200 jobs
- Generates income for Maritime operations & capital projects
- Developer commits to prevailing wages during construction and apprenticeship utilization; diversity in contracting goals
- Redevelopment protects industrial lands and enhances freight mobility.



Trammel Crow will develop a 2-story 695,000 square foot light industrial warehouse on Terminal 106

# Strong Market for Industrial Development

MARKET RENT PER SQUARE FEET



# Financial Summary

## Site area

Total Leasable Development Site Area	15.07 acres
Total Proposed Building SF	@700,000 SF
T106 Stabilized Annual Income	<b>\$3,500,000</b>

## Cost Basis

Port Remediation Credit	\$2,500,000
Port Feasibility & due diligence costs	\$250,000
Total Cost Basis	\$2,750,000

NPV **\$71 million**

MIRR **12%**

Payback period **18 months**



# Project Milestones

**Commission  
Authorization to Execute  
Ground Lease**



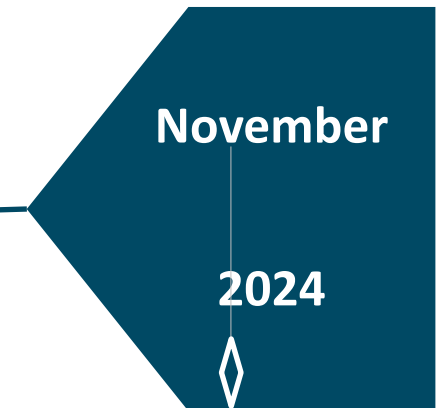
**Complete Due Diligence,  
DD Waived & Lease  
Commencement**



**Demo & Construction  
Rent Commencement**



**Substantial Completion &  
Full Rent  
Commencement**



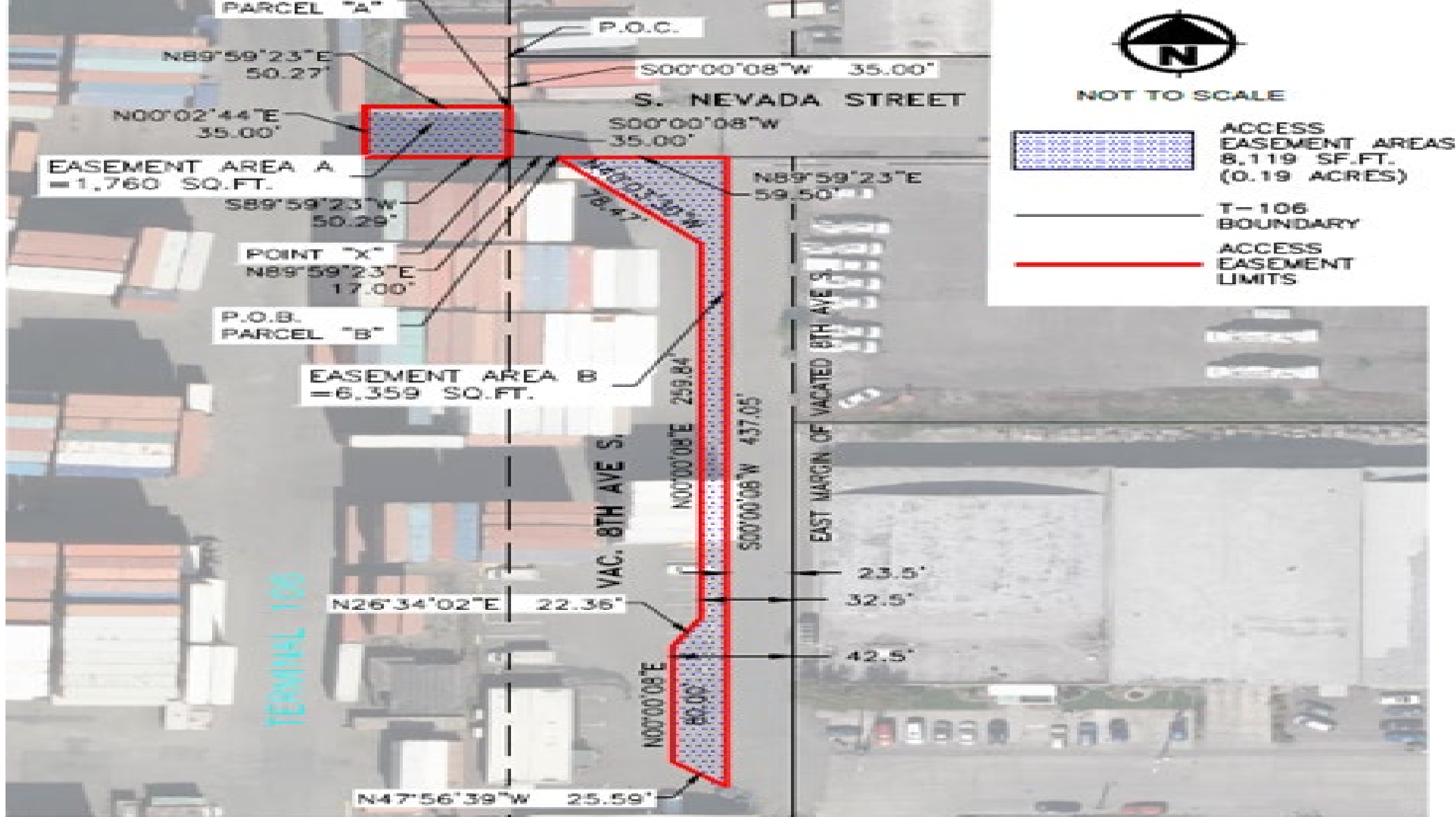
# T106 Ground Lease Development Recap



- Requesting Commission authorization to execute the Ground Lease and associated easement with Trammell Crow to redevelop Terminal 106 warehouse.
- New facilities will support logistics and maritime industries
- Excellent market timing for new development
- Substantial completion of development by Q4 2024.



# APPENDIX



# Georgetown Crossroads

