

Item: 10B

Date: 12/17/24

Port of Tacoma Real Estate Annual Update

Debbie Shepack, Sr. Director, Real Estate

Tyra Dieffenbach, Sr. Manager, Leasing and Acquisition

Einar Roden, Real Estate Property Manager

Port of Tacoma Commission Meeting

December 17, 2024



People. Partnership.
Performance.

Agenda

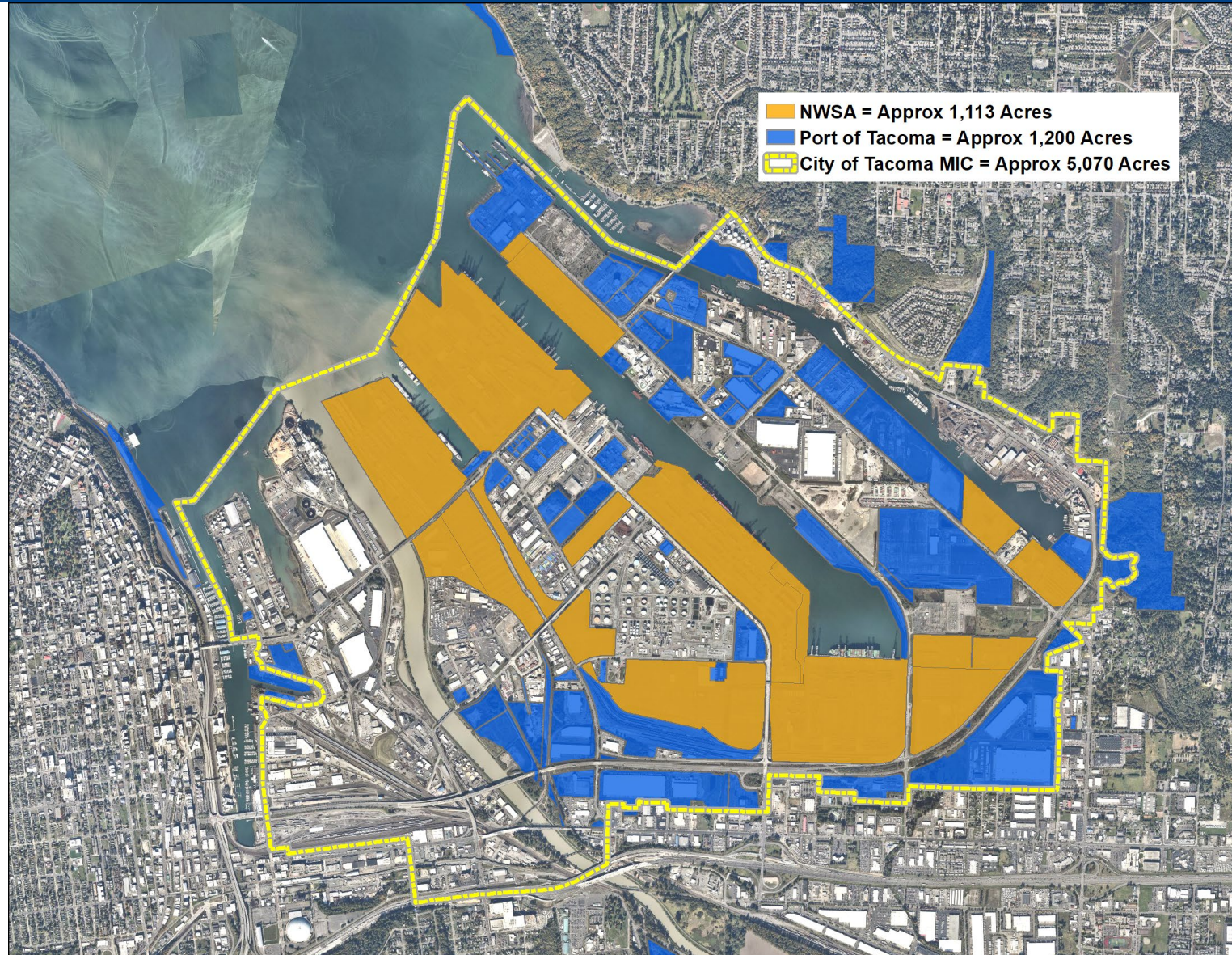
- Meet the Real Estate Team
- 2024 Accomplishments
- Port of Tacoma Real Estate Overview
- Discussion of Market Rental Rate
- Overall Real Estate Market Update
- Current Projects
- 2025 & Beyond



Real Estate Department Staff

- Debbie Shepack, Sr. Director, Real Estate
- Tyra Dieffenbach, Sr. Manager, Leasing & Acquisition
- Einar Roden, Real Estate Property Manager
- Kristina Bailey, Facilities Management Specialist
- Brook Fitzsimmons, Real Estate Analyst
- Berny Rodriguez, Real Estate Specialist

Port of Tacoma Properties



Key Accomplishments 2024

- Close to 100% occupancy of industrial & land properties
- Tenant appreciation event
- Repurposed former Progress Rail site to enable leasing & revenue generation
- Activated 3 new FTZ this year (Foreign Trade Zone)
- Execution of ground lease ILA with Tacoma Public Schools for Maritime | 253 skills center
- Execution of temporary BNSF Crossing Agreement at Port Maritime Center site to enable remediation and pre-construction work

Key Accomplishments 2024 - continued

- Completed inspections of all Port-owned buildings
- Fabulich Center updates: elevator refresh and new parent-child room
- Participated in update of Port Comprehensive Scheme of Harbor Improvements
- Two utility easements with Tacoma Public Utilities for SR 167 project
- 11th Street Right-of-Way Occupancy Permit

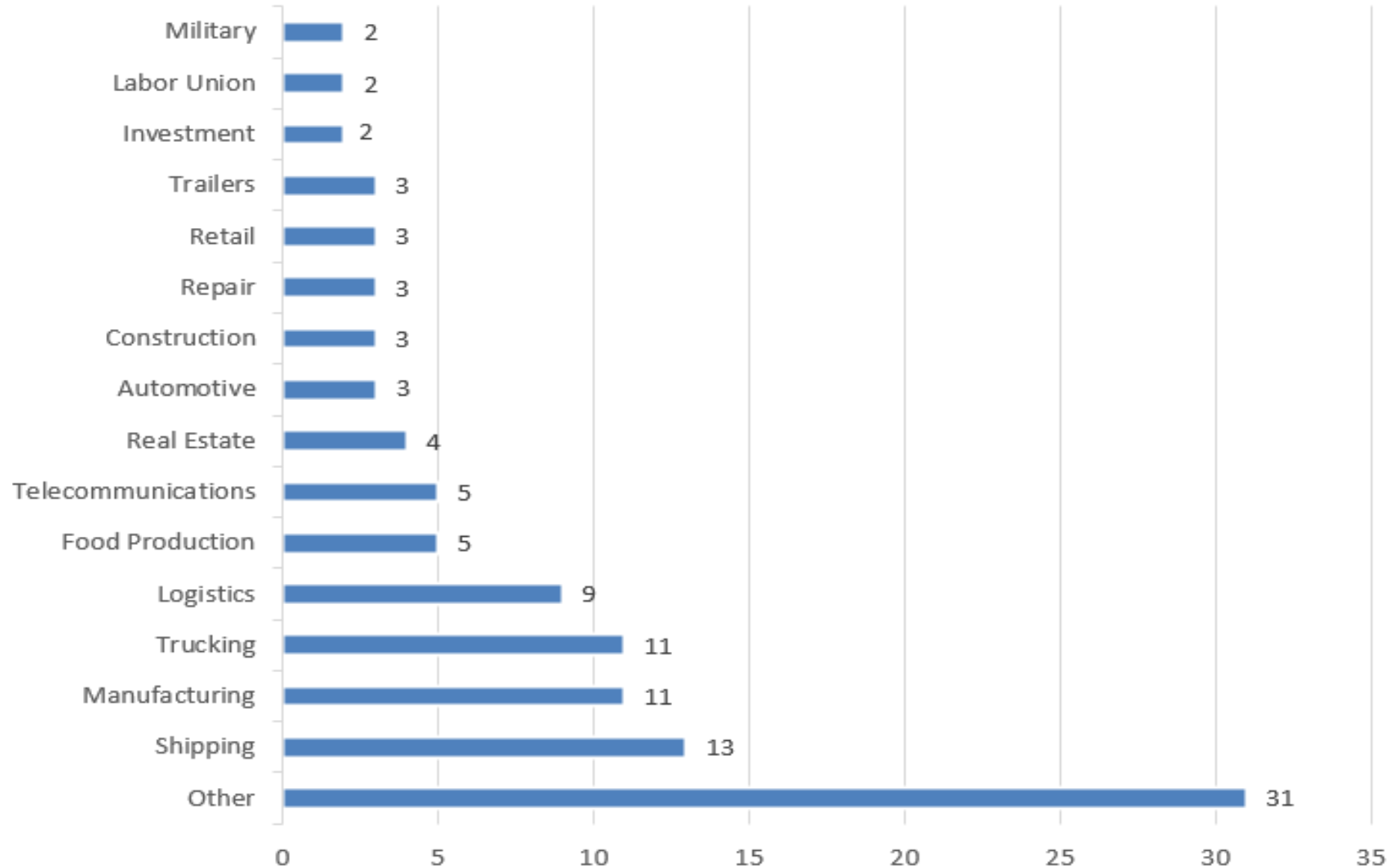


New Leases in 2024

- **17 new leases**
 - Two acquired from property acquisitions
 - Three established tenants moving spaces
 - Twelve new tenants
- **8 amended leases**
 - Four extending terms
 - One expanding space
 - Three decreasing space
- **3 Inter Local Agreements with NWSA**
 - EB1
 - 1701 PoT Road & 2302 Ross Way
 - 4012 SR 509 S Frontage Road



Lease Breakdown by Use



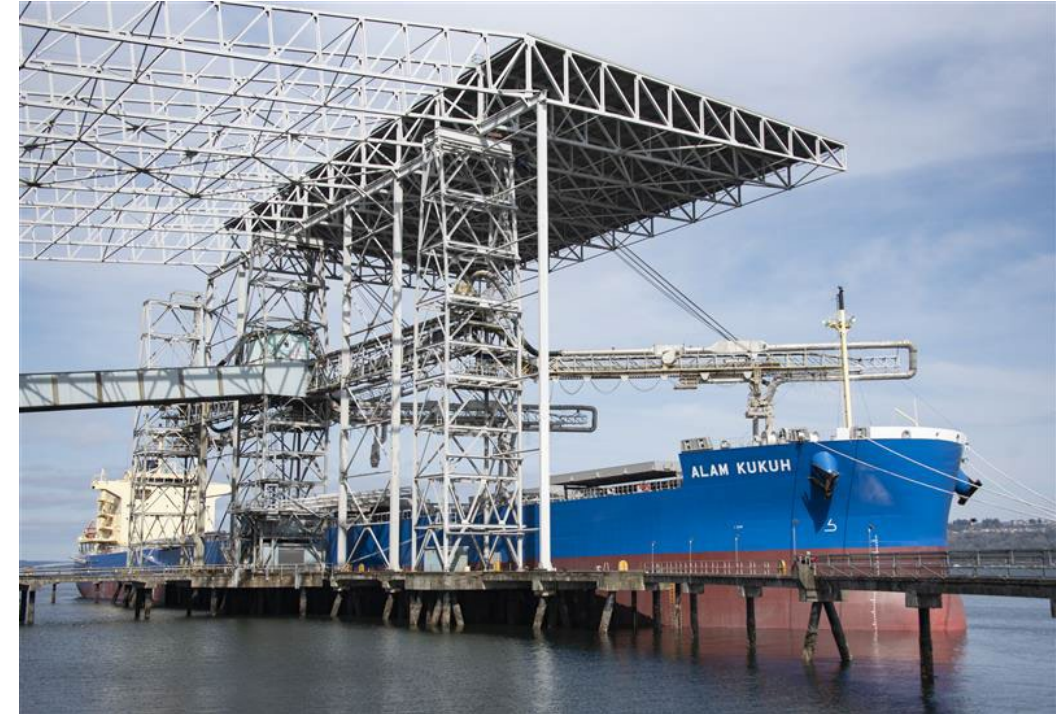
Tenant Spotlight

TEMCO/ Cargill - Grain Terminal

- Loads grains onto shipping vessels
- Unique rain shed on facility allows for loading during heavy rain
- Real Estate team and Executive Director toured terminal in October

Guy F. Atkinson Construction

- Largest tenant at the Fabulich Center
- 14,500 sq. ft. office space + .5 acre parking
- Atkinson is one of the contractors working on the SR 167 expansion



SAFE Boats International

- 54 employees at their EBC location at the Port of Tacoma
- Boat builder for commercial, public safety, and military use
- Highlights include their Mk VI Patrol Boat specialized for shallow water use and manufactured for militaries around the world, and their innovative, autonomous hydrographic survey vessel called “Merlin”



Motive Power Marine

- 42 employees at their Earley Business Center location at the Port of Tacoma
- Zero-discharge shipyard with a Green Marine Certification.
- Plans to expanding their electrical power supply to accommodate larger vessel repair work.
- Future vision includes access to a dock capable of accommodating US Navy Frigates.

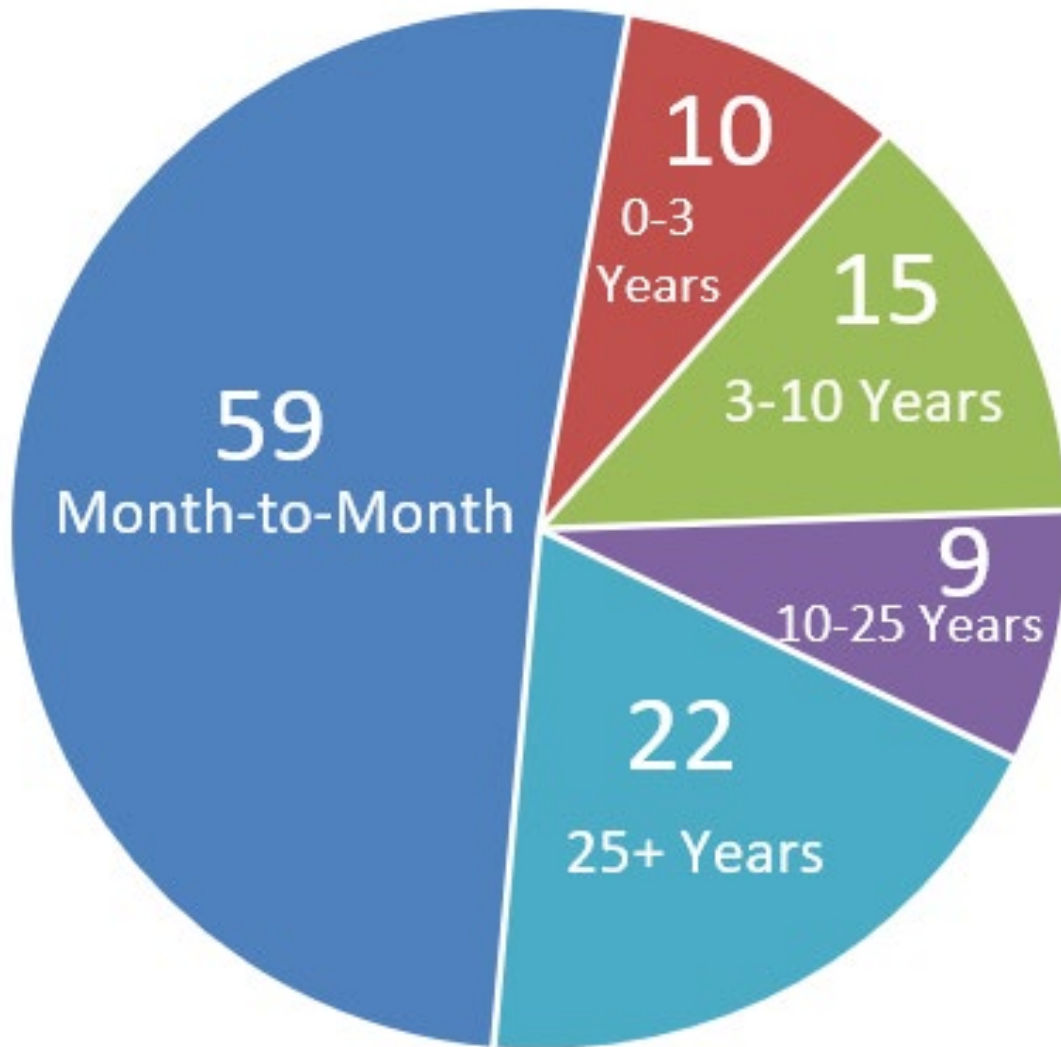


Silverback Marine

- 14 employees at their Earley Business Center location at the Port
- Aluminum boat builder specializing in work boats, barges, dredges, including 100% electric powered boats, for commercial, maritime, and public agencies.
- Anticipating a new contract soon to build tugboats for a US government agency that will require more space and hiring additional staff

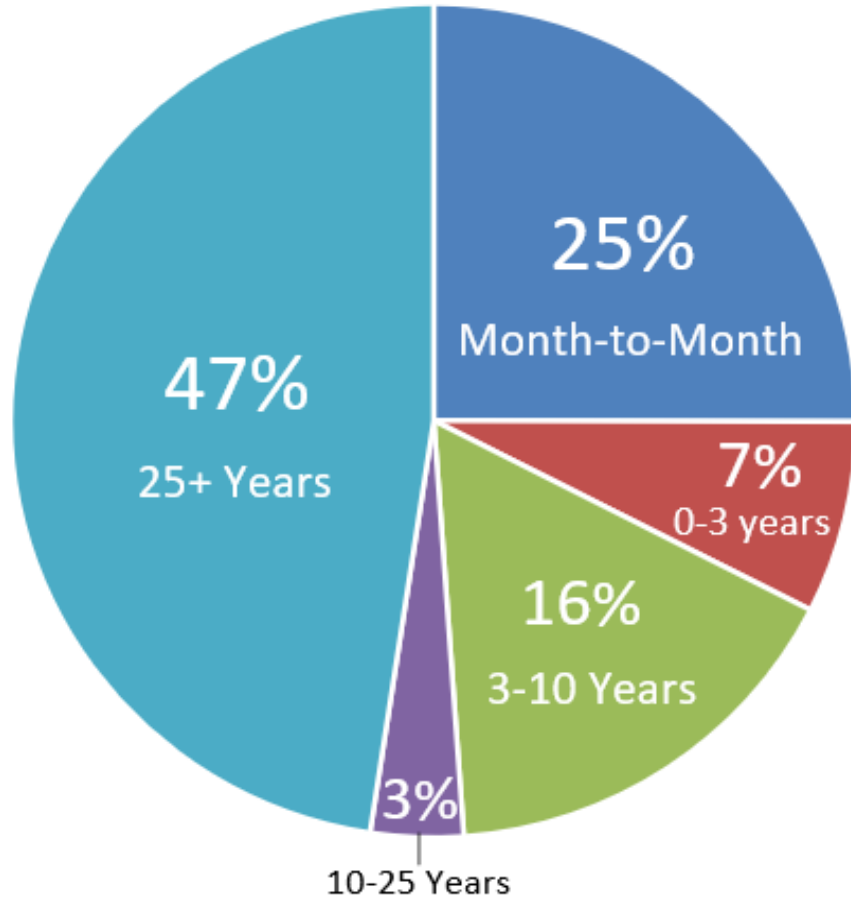


Port Tenants Lease Terms

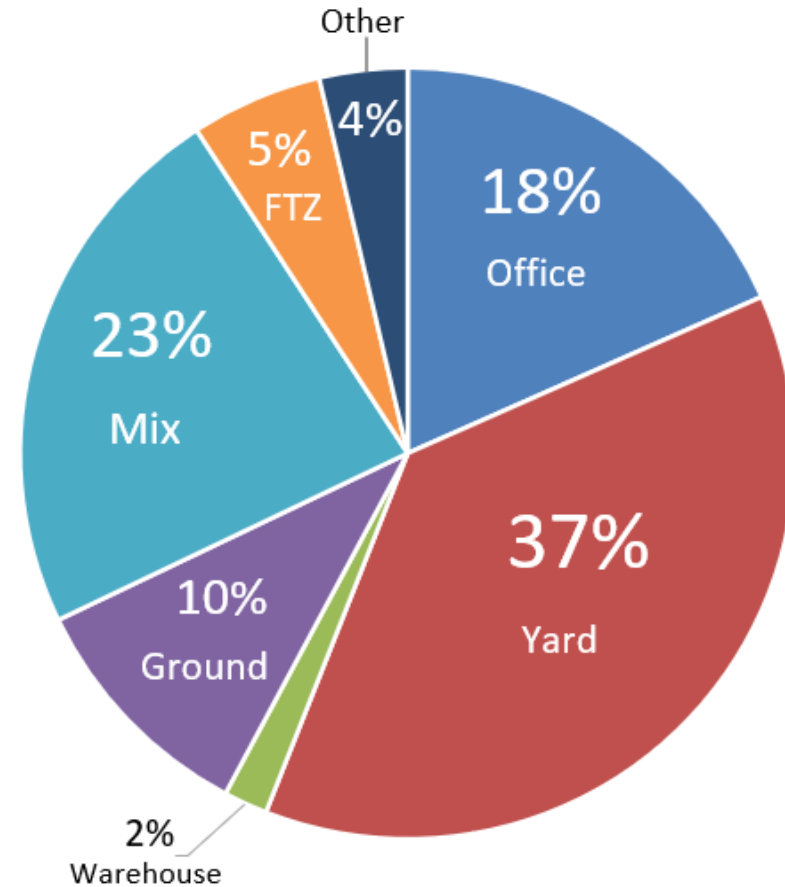


Port Tenants
Leases by Term

Port Tenant Leases by Revenue and Type



Percentage of Revenue by Term



Percentage of Leases by Type

Market Rates: Tideflats

Land

- Monthly rent up in 2024
- Monthly average in 2023: \$0.17-\$0.19/SF (\$7,500-\$8,300 Acre)
- Monthly average in 2024: \$0.18-\$0.20/SF (\$7,700-\$8,500 Acre)

Warehouses

- Monthly rent lower in 2024
- Monthly rate in 2023: \$0.80-\$0.90/SF (Industrial Gross Lease)
- Monthly rate in 2024: \$0.65-\$0.85/SF (Industrial Gross Lease)

Office Space (within warehouses)

- Monthly rent lower in 2024
- Monthly rate in 2023: \$0.95-1.05/SF (Industrial Gross Lease)
- Monthly rate in 2024: \$0.90-1.00/SF (Industrial Gross Lease)

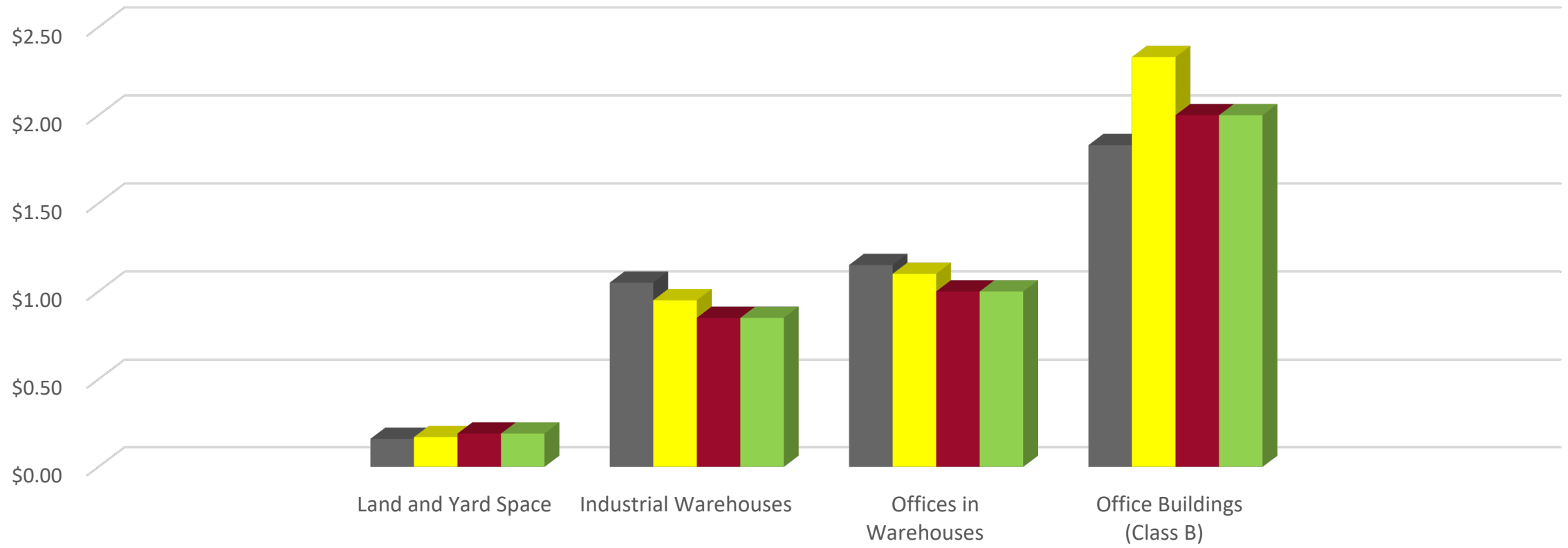
Office Buildings

- Monthly rent lower in 2024
- Class B rates in 2023: \$1.95-\$2.05/SF (Full Service Gross Lease)
- Class B rates in 2024: \$1.90-\$2.00/SF (Full Service Gross Lease)



Market Update – Rental Rates by Property Type

Market Rents Per Square Foot* for Land, Industrial, and Office Properties



■ 2021 ■ 2022 ■ 2023 ■ 2024

Source: CoStar/LoopNet, Local Broker Surveys

*For properties of similar age, condition, and features

Planning for 2025 & Beyond

- Joint Use Agreement with Tacoma Public Schools for Maritime 253 skills center
- Former Progress Rail site
- WSDOT/Tacoma Public Utilities easements
- Thurston County property sale
- Street Vacations
- Arkema Redevelopment
- Partial redevelopment at the Earley Business Center (EBC)

Port of Tacoma Strategic Plan



EBC - Proposed Tenant Relocation/Building Demolition



Street Vacations - Priorities 1 & 2

High Priority

1. Milwaukee Way from Lincoln to E. 11th Street
2. E. 11th Avenue from Stewart Street to Thorne Road

Medium Priority

3. Port of Tacoma Road to E. 11th Street
4. E. 11th Street to Port of Tacoma Road
5. Alexander Avenue at PCT

Longer Term

6. Ross Way
7. Maxwell Way



Future Redevelopment Arkema Manufacturing & Parcel 117 - "Snail Lot"





Thank You

Questions & Discussion



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