

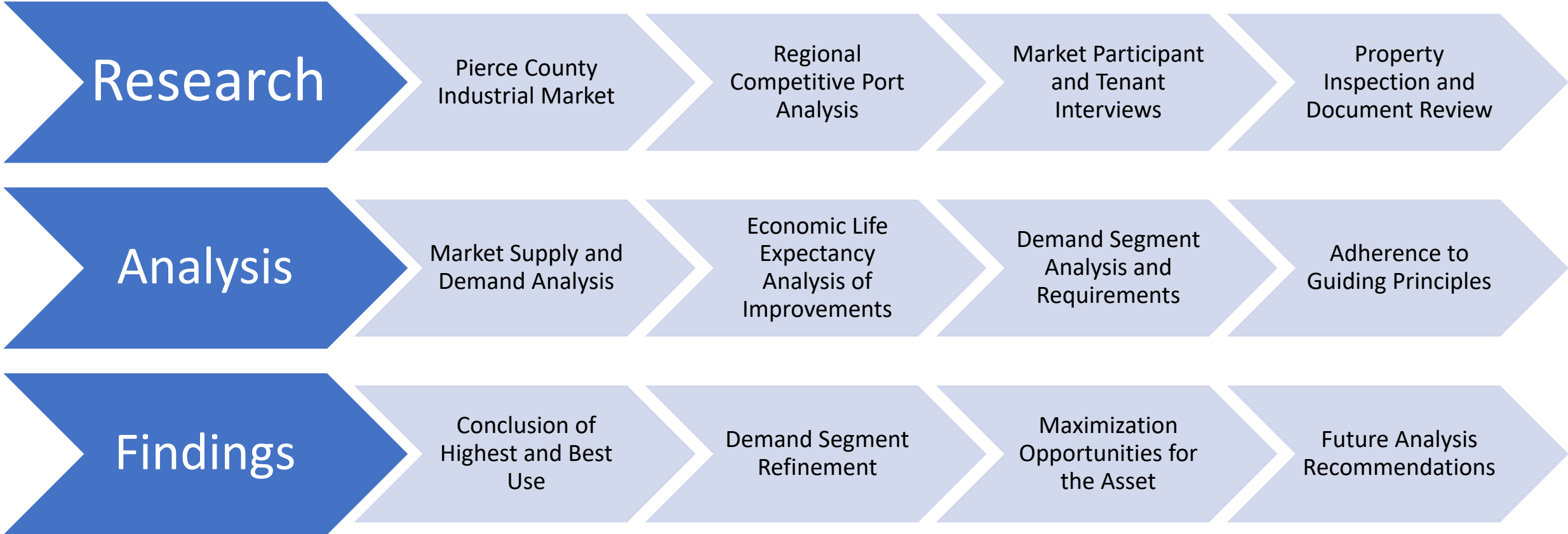
# Earley Business Center

## Market Analysis and Highest and Best Use Study

This presentation is a summary of our master report dated July 7, 2023. Please refer to the master report for an understanding of methodology, analysis, and conclusions represented in this presentation.

# Earley Business Center

## Market Analysis and Highest & Best Use Study



# Highest and Best Use

C&W recommendations of potential uses are consistent with the definition of highest and best use:

Highest and Best Use Definition<sup>1</sup>:

“The reasonably probable use of property that results in the highest use. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”

Legally  
Permissible

Physically  
Possible

Financial  
Feasibility

Maximum  
Productivity

# Port of Tacoma Guiding Principles

C&W recommendations of potential uses are consistent with the following Guiding Principles:



Promote uses that benefit from access to industrial-waterfront areas and tide flats.



Encourage business development opportunities and creation of living-wage jobs.



Prioritize uses that protect the environment of Commencement Bay and the Puyallup River.



Maximize the financial return on public assets with a commitment to financial responsibility.

# Marine-Oriented Industrial Market Analysis

## Pierce County Industrial Market (1)

\*Asking Whs. Rents: \$10.76 to \$12.08 PSF/YR

Vacancy: 3.4%

Total Inventory: 93.29 MSF

## Tacoma Industrial Submarket (2)

\*Asking Whs. Rents: \$8.99 to \$10.62 PSF/YR

Vacancy: 3.0%

Total Inventory: 31.24 MSF

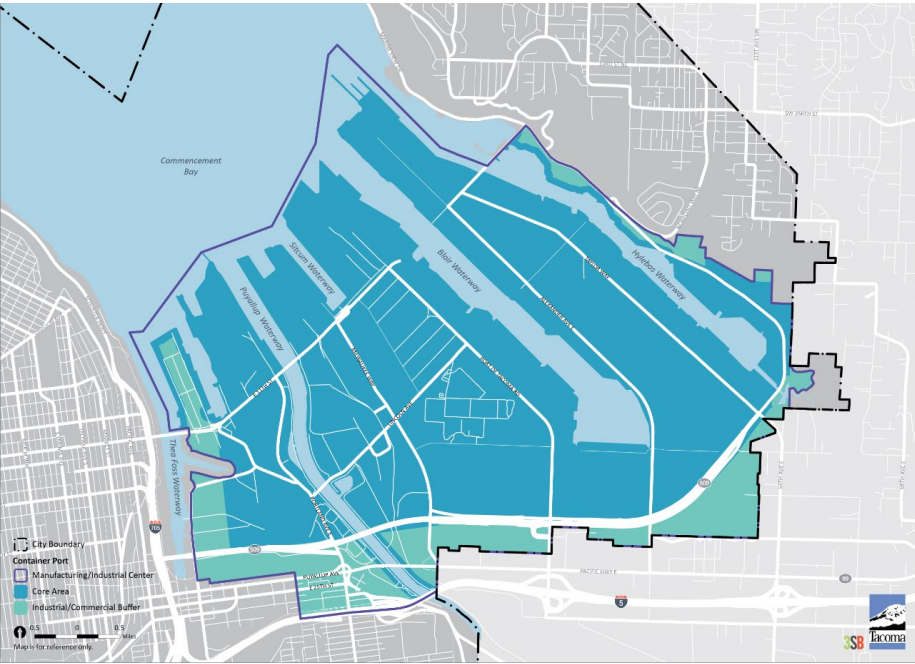
## Tacoma Waterfront Industrial (3)

\*\*Asking Whs. Rents: \$12.05 to \$14.24 PSF/YR

Vacancy: 1.9%

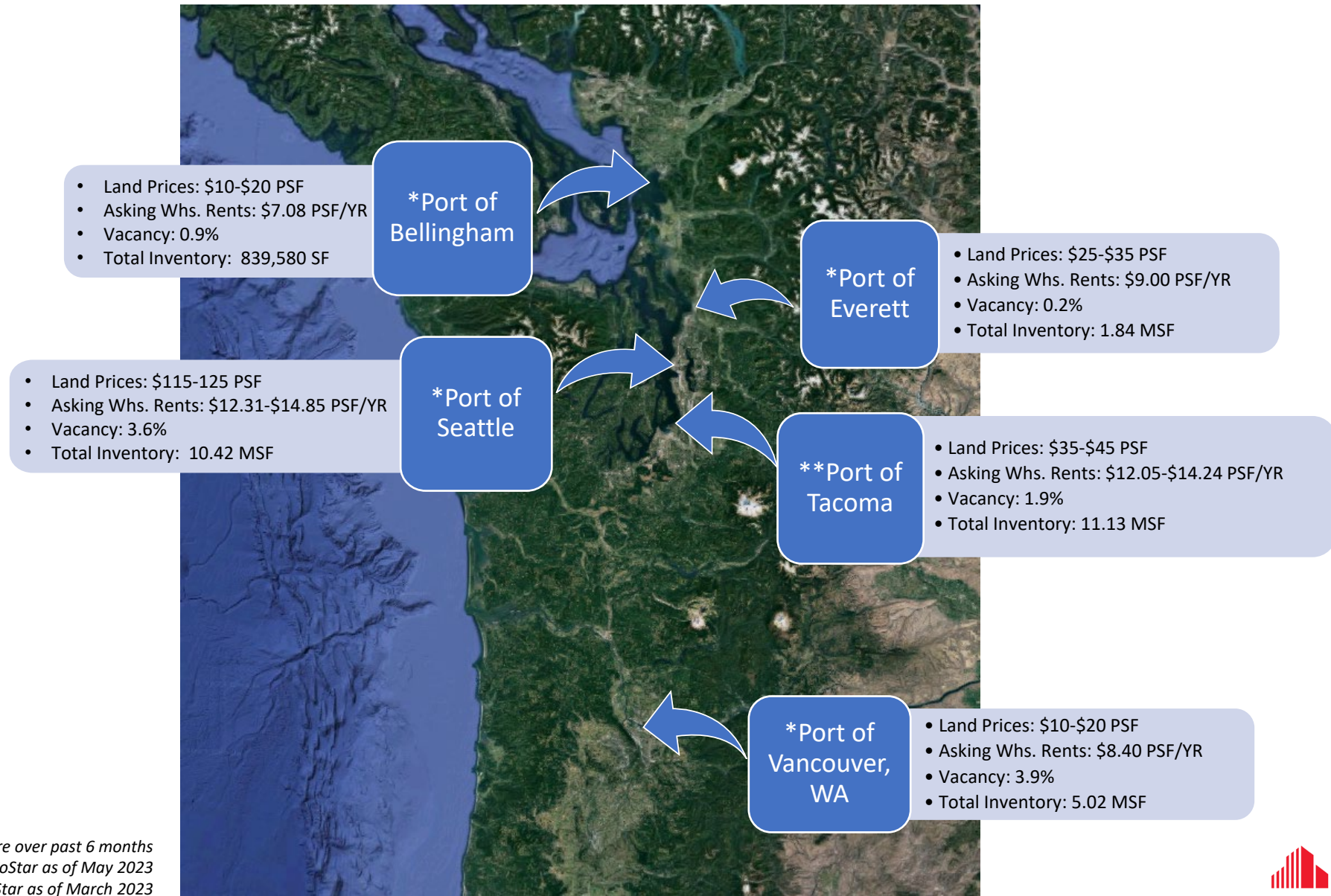
Total Inventory: 11.13 MSF

## Tacoma Waterfront Industrial Area Map



\* Avg asking warehouse rents over the past 12 months.  
 \*\* Avg asking warehouse rents over the past 6 months.  
 Area includes all existing industrial & flex buildings located in (1) Pierce County; (2) City of Tacoma; and (3) port of Tacoma.  
 Source: CoStar as of March 2023.

# Competitive Regional Ports



Avg asking warehouse rents are over past 6 months

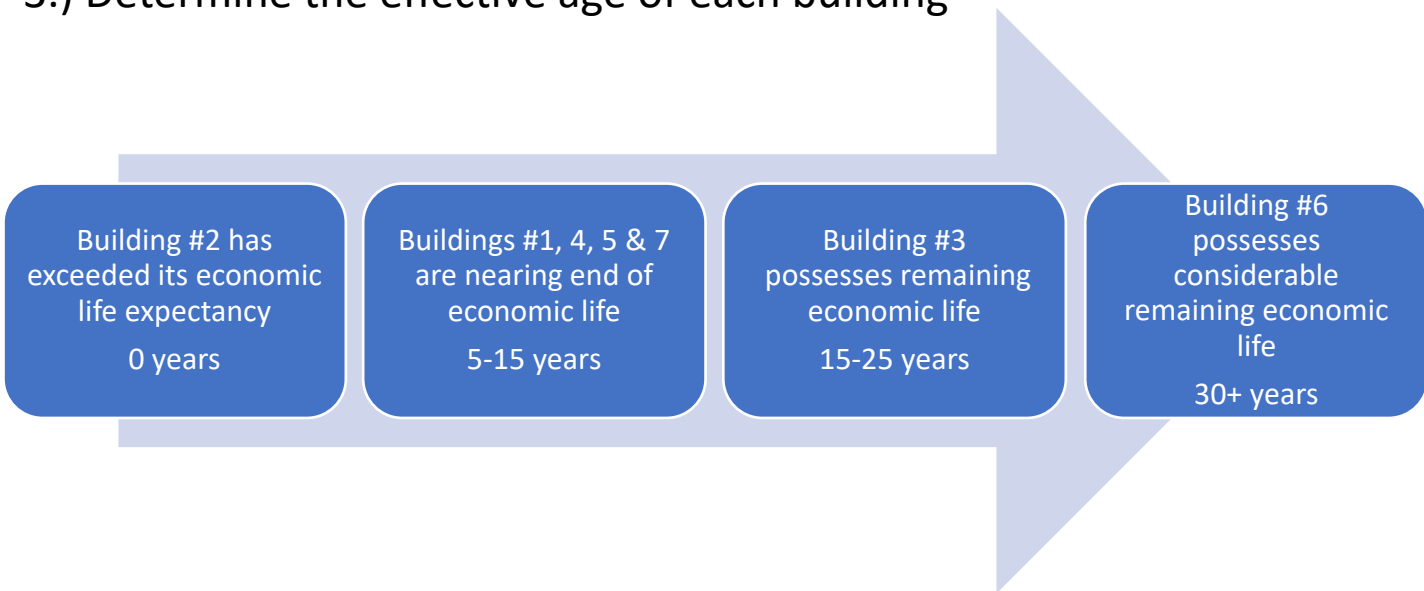
\* Source: CoStar as of May 2023

\*\* Source: CoStar as of March 2023

# Economic Life Expectancy Analysis

## Steps in Estimating Remaining Economic Life

- 1.) Determine the typical building life of each building
- 2.) Determine the physical condition of each building
- 3.) Determine the effective age of each building



# Maximization Opportunities

- ★ Heavy power and site infrastructure upgrades
- ★ Waterfront access expansion
- ★ Development of underutilized excess site areas
- ★ Replacement of structures which have exceeded economic life
- ★ Phased redevelopment





# Various Industrial Demand Segments

Uses highlighted in **Yellow** were found to be inconsistent with either highest and best use or the Port of Tacoma's guiding principles, and were excluded from further consideration

## Marine-Related Industries

- Commercial fishing & seafood processing
- Ship & boat building, repair & maintenance
- Maritime support services & technology
- Maritime education & training programs
- Offshore wind support
- eTug operations

## Transportation & Logistics

- Cold-storage warehouse
- **Distribution & e-commerce**

## Government Support Facilities

- Military and Naval operations (water-oriented or dependent)
- **Waste management & recycling**

## Non-Marine Related Manufacturing

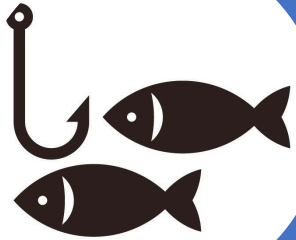
- Aerospace supply chain & manufacturing
- Cross-laminated timber manufacturing
- **Chemical manufacturing & biopharmaceuticals**
- **Petroleum**
- **Timber & forest-related**
- Paper & packaging, printing & publishing services
- Food & beverage production (beer & wine)
- Off-site modular construction

## Retail & Wholesale

- **Retail and wholesale**
- **Repairs & services**

# Existing Uses Consistent with Highest & Best Use

Industry growth potential estimates are based on opinions developed after research of each individual industry.



## Commercial fishing & seafood processing **Established Industry (minor growth potential)**

- Trident Seafoods – Good water-access includes 3,600 lf of dock/pier space, yard laydown areas, and various warehouses
- Requires adequate yard and warehouse space for equipment & material storage
- Process includes temperature-controlled pre-processing, processing, & packing areas



## Ship & boat building, repair & maintenance **Established Industry (average growth potential)**

- Safe Boat Tacoma, Motive Power Marine, and Silverback Marine – Deficient water-access limited to a boat ramp at northwest corner of the site
- Requires high-bay warehouse, water-access, level load-bearing surfaces & upgraded power
- Level yard areas for construction of large ship components



## Government support facilities **Established Industry (average growth potential)**

- U.S. Army Reserve Center – Good water-access includes 2,400 lf of dock/pier space with limited yard area.
- Variety of municipal services that require port access for federal, state, local government operations

# Additional Industrial Demand Segments Cont.

Industry growth potential estimates are based on opinions developed after research of each individual industry.



## Maritime support services & technology – Established Industry (strong growth potential)

- Includes fueling operations, marine electronics, refrigeration and gear manufacturers, research/development, supplies, naval architects, etc. that would enhance existing maritime operations at EBC
- Development of new marine technology currently underway in WA
- Would benefit from EBC's waterfront access to provide and/or test new marine technology, requires extensive training/education programs that could be incorporated into various industries in this segment



## Cold-storage warehouse – Established industry (strong growth potential)

- Increase of online purchasing of groceries, medicines, food items; demand for cold storage outpacing supply
- Ideal location due to proximity to Alaska & Asia for seafood import/export
- Would require rack-supported warehouse, with refrigerated controlled temp of 0 to 10 °C or frozen controlled temp of -30 to 0 °C

# Additional Industrial Demand Segments Cont.

Industry growth potential estimates are based on opinions developed after research of each individual industry.



## Maritime education & training programs – Established Industry (average growth potential)

- Improves quality of maritime operations (shipbuilding, port operations, cybersecurity, etc.)
- Average age of WA maritime workers is 54 years old - Strong demand for maritime training of next generation
- Would benefit from EBC site's waterfront access, existing uses of marine-related industries (skilled manufacturing, ship building, repair/maintenance)



## Aerospace supply chain & manufacturing – Established Industry (minor growth potential)

- WA aerospace supply chain is largest in country, ranking first nationally in sales, exports, profits, & employment for over a decade
- Would require cost-effective, high-quality, highly technical facilities that accommodate for sizes of wings, vertical stabilizers, engines, main body, wing joint components, and staging space requirements

# Additional Industrial Demand Segments Cont.

Industry growth potential estimates are based on opinions developed after research of each individual industry.



## Offshore wind support – Emerging Industry (strong growth potential)

- A network of ports will be needed to support offshore wind infrastructure
- Small facilities: <20 acres, includes operation/maintenance facilities & installation support requiring 500-1,000 PSF wharf bearing capacity
- Large facilities: >50 acres, includes foundation fabrication, component manufacturing, integration facilities requiring >1,500 ft wharf length, >6,000 PSF wharf bearing capability
- Would contribute to living-wage job creation, environment protection, and opportunity for training/education programs while benefiting from EBC's waterfront access that is required for offshore wind operations
- Soil conditions at EBC may need to be further analyzed/considered in offshore wind feasibility given weight requirements



## eTug Operations – Emerging Industry (strong growth potential)

- First U.S. eTug being constructed by Crowley Maritime Corporations, will operate at Port of San Diego later this year
- FAST Electricity Act of 2021 creates new federal tax incentive to manufacture/adopt all types of electrified transportation modes
- Would enhance port-related maritime operations and contribute to maintaining sustainable environment, and would benefit from EBC's waterfront access, boat ramp, and existing shipbuilding and repair and maintenance at the EBC
- Likely would require waterfront access, high-bay warehouse with upgraded power and few building berths & surrounding areas for construction of eTugs



## Cross-laminated timber manufacturing – Emerging Industry (strong growth potential)

- Several CLT research/production facilities opening in WA to handle current/anticipated demand
- Address strong demand for affordable housing in Puget Sound/surrounding areas
- Likely requires facilities with multiple loading docks & associated utility infrastructure, adequate area to accommodate finished CLT panel sizes (typically 2-10 ft wide, up to 60 ft in length, up to 20 inches thick)

# Future Analysis Recommendations

Continued  
repair and  
maintenance  
of existing  
structures

Phased  
redevelopment  
to support  
existing users

Phased  
redevelopment  
to support  
additional  
user-types

---

**As potential development options are identified, we would recommend more specific consulting, including:**

---

**Cost review and feasibility rent analysis**

---

**Calculation of internal rate of return (IRR) of preferred development options**

---

**Market rent and sales research for specific uses and construction types**

---