

Strategies for Port Property Development and Leasing

AAPA Maritime Economic Development Workshop

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STRATEGIES FOR PORT LEASING and PROPERTY DEVELOPMENT

- *Strategic Growth*
- *Market Driven Growth*
 - *Adaptive Reuse*
- *Lessons Learned=Evolutionary Lease
Terms*

STRATEGIC GROWTH

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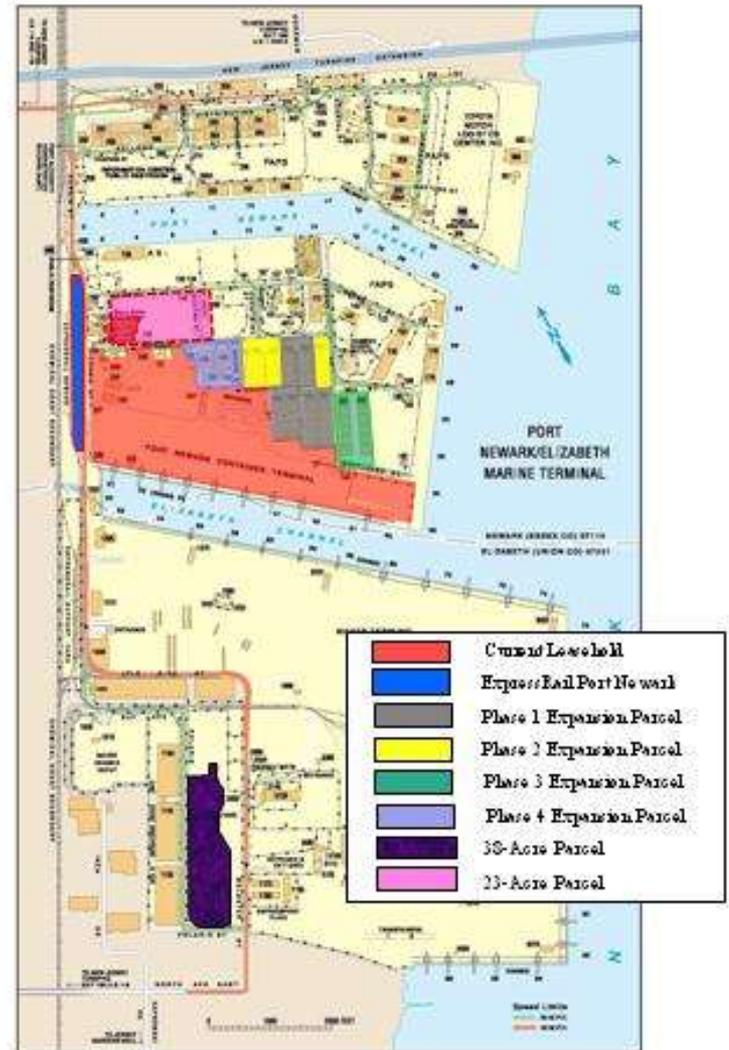
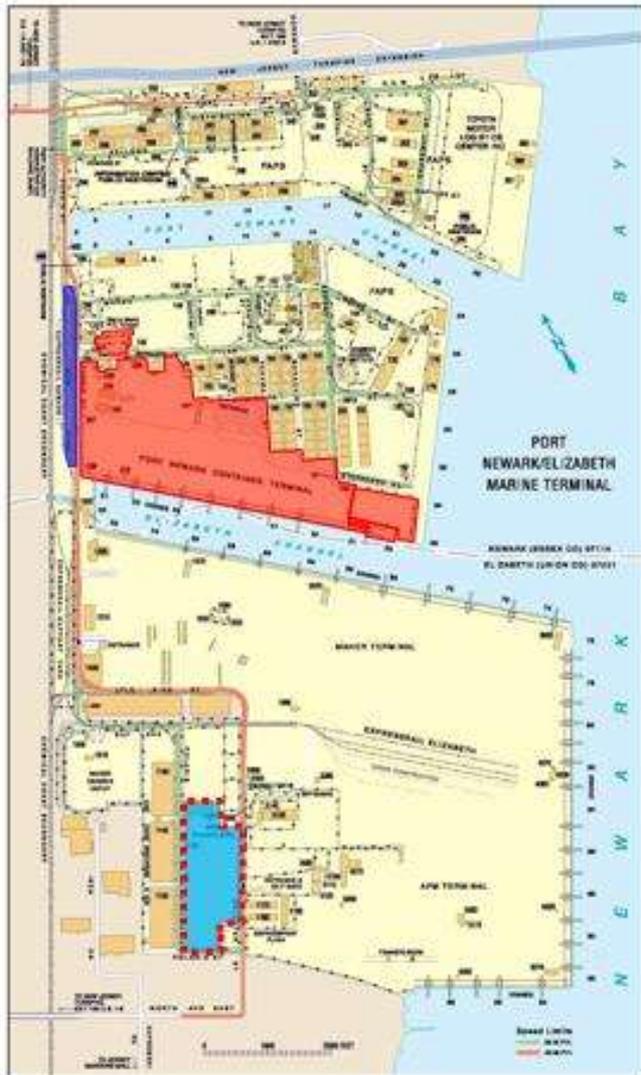
EXPANSION OF GLOBAL CONTAINER TERMINAL

- Port Authority obtained title to 100-acre Global Terminal Facility
- Port Authority leased 170-acres to Global
- 37-year lease term
- Global to develop and construct an integrated 170-acre container terminal facility at an estimated project cost of \$312M
- Global to invest \$162M



MARKET DRIVEN GROWTH

EXPANSION OF PNCT FOOTPRINT BEFORE AND AFTER



MARKET DRIVEN GROWTH

EXPANSION OF PORT NEWARK CONTAINER TERMINAL



- Lease Term: March 1, 2011 – November 30, 2030
- Lease to be extended to November 30, 2050 if PNCT invests \$500 million to expand its existing 180-acre container terminal to 287 acres
- Restructure of PNCT's lease to a lower fixed rental component with a higher variable rental minimum throughput guarantee
- MSC to guarantee escalating volumes of containers through the Port of New York and New Jersey, reaching 1.1 million containers by 2030

Benefits to the Port Authority

- \$500 million of private capital investment for terminal expansion
- Increased cargo volumes, with guarantee of increased cargo volumes port-wide
- Port of NY/NJ becomes MSC's anchor east coast port
- Reduced operational expenses to the Port Authority
- Creation of a 287 acre, state-of-the-art container terminal
- Generates 1,450 jobs, \$88 million in wages and \$630 million in regional economic activity

ADAPTIVE REUSE

BUILDING 250-ADAPTIVE REUSE

- Vacant Auto Processing Facility
- 109,000 sq. ft.
- 3 doors/ 2 tailboard doors drive-in
- Included car wash station
- Difficult Ingress/Egress and Circulation
- Minimal Office Space



BUILDING 250-BEFORE



BUILDING 250- BENEFITS OF ADAPTIVE REUSE

- Import/Export POV's and General Warehousing
- Approximately \$1.2M Tenant Investment
- 14 Tailboard height doors
- Office expanded to handle 22 office employees
- Total (warehouse, office, drivers) number of employees increased from 22 to 39 with relocation to Building 250
- Retain tenant impacted by container terminal expansion
- Warehouse use demands higher per square foot rent to port

BUILDING 250-AFTER



BUILDING 250-PORT NEWARK



EVOLVING LEASE TERMS

EVOLVING LEASE TERMS

TERM, TERM, TERM

- Warehouse- 5 years +
- Liquid Bulk- 10 years +
- Container Terminals- 30 years +

TENANT INVESTMENT

- Port Newark Container Terminal- \$500M
- Global Container Terminal- \$162M



EVOLVING LEASE TERMS

ENVIRONMENTAL UPGRADES

- Warehousing/Over Dimensional Cargo Packing Co.
- 12-year agreement
- Installation of Solar Panels- Minimum investment of \$750K
- Tenants keeps energy savings, tax credits etc.



QUESTIONS?