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 = Evolving Lease Terms
STRATEGIC GROWTH
• 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 - 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
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?