

	Item No.	8h supp
	Date of Meeting	February 9, 2021

# SR509 Surplus Land Purchase

Supporting Development of the Des Moines Creek West property



# Action Requested

Request Commission authorization for the Executive Director to execute the purchase and sale agreement between WSDOT and the Port of Seattle, and approve \$3.15 million, which includes \$2.9 million and associated costs, in order to purchase a 14.3 acre section of the former SR509 right of way in the City of Des Moines, WA.

509

SeaTac  
International Airport

ANGLE LAKE  
STATION

28th Ave S

SR-509 EXTENSION

S 200th St

Newly Constructed  
24th to 28th  
Connection

SeaTac

S 208th St

5

WSDOT  
PARCEL

DES MOINES  
CREEK  
BUSINESS PARK

Des Moines  
Creek West

24th Ave S

International Blvd

S 216th St

99

Des Moines

# Adding Value to Port Des Moines Creek West Development



## Property Details

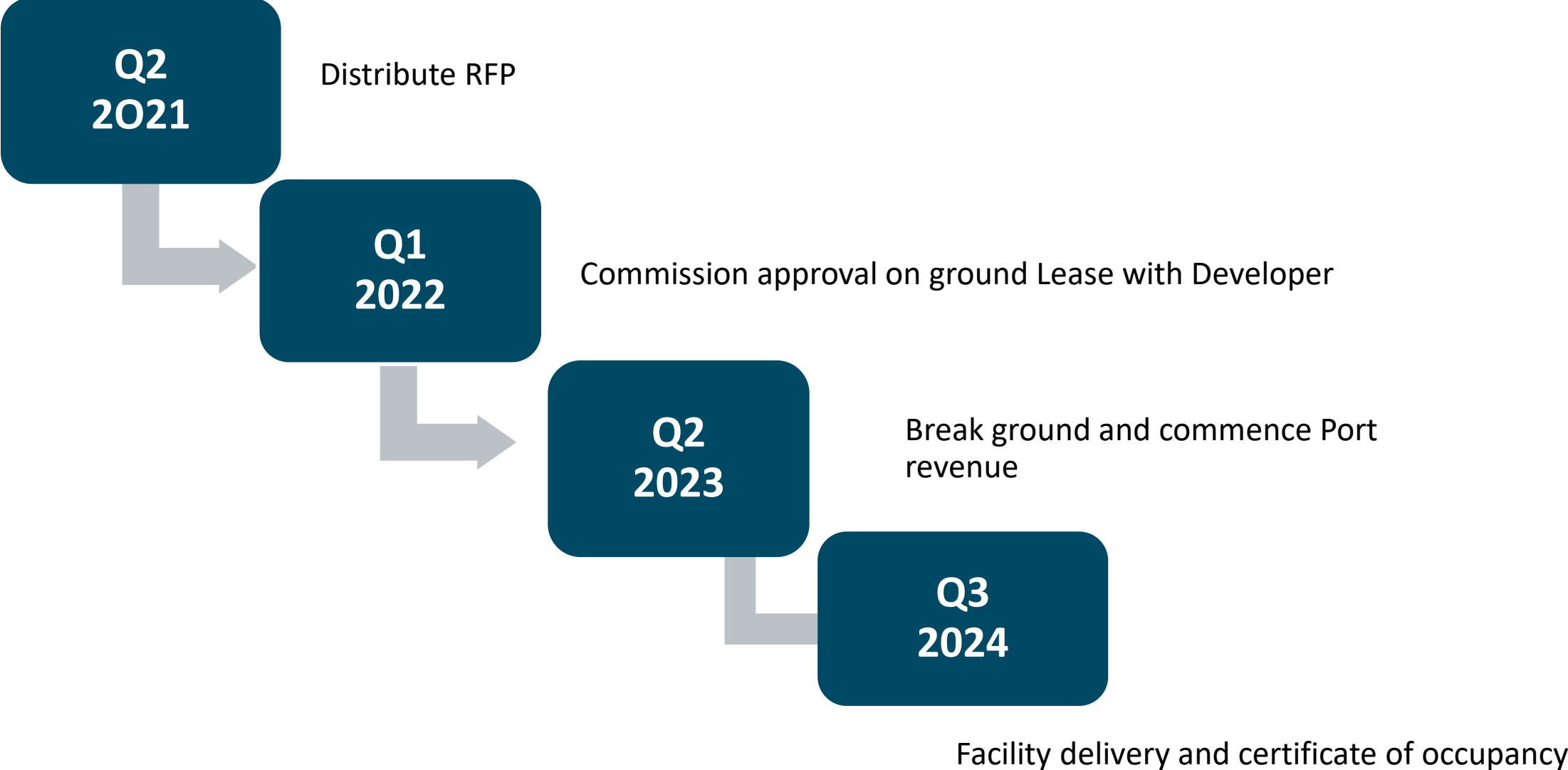
- WSDOT acreage: 14.3 acres
- Port acreage: 15.6 acres
- Purchase price: \$2.9 million
- Street Improvements: \$1.5 million

# Light Industrial Development Supports SEA

- ❑ Property acquisition enhances potential to support aviation supply chain (logistics companies, manufacturers, service providers, etc.) and SEA efficiencies
- ❑ Property acquisition and subsequent larger development generates jobs and new tax revenues for City of Des Moines and surrounding communities
- ❑ Property development will generate income to support airport operations and capital projects
- ❑ Property development will support Port Diversity in Contracting and Workforce Development initiatives
- ❑ The purchase protects and reserves land for industrial development

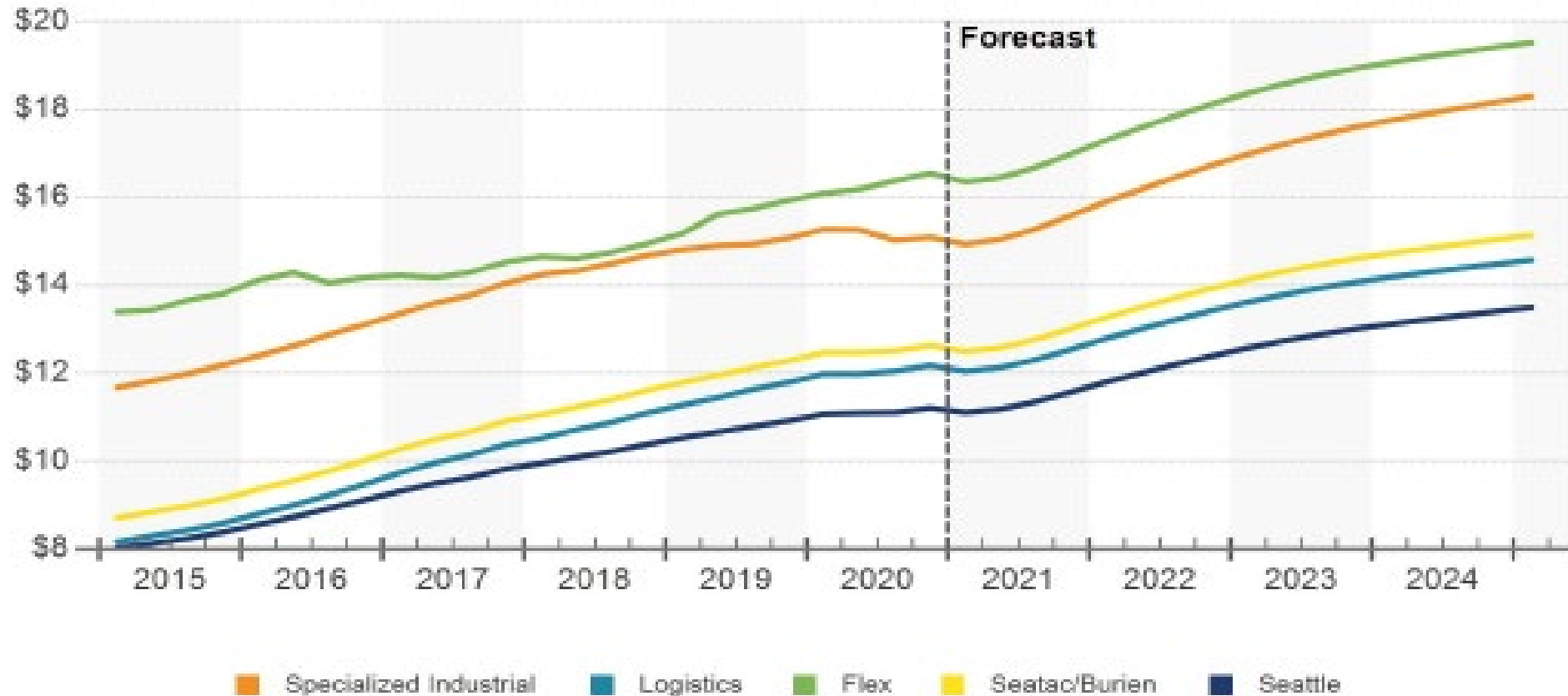


# Des Moines Creek West Development Schedule



# Strong Market for Industrial Development

MARKET RENT PER SQUARE FEET



# Property Development Options



Manufacturing



Office Center



Distribution



Small Business Incubator



# Financial Summary

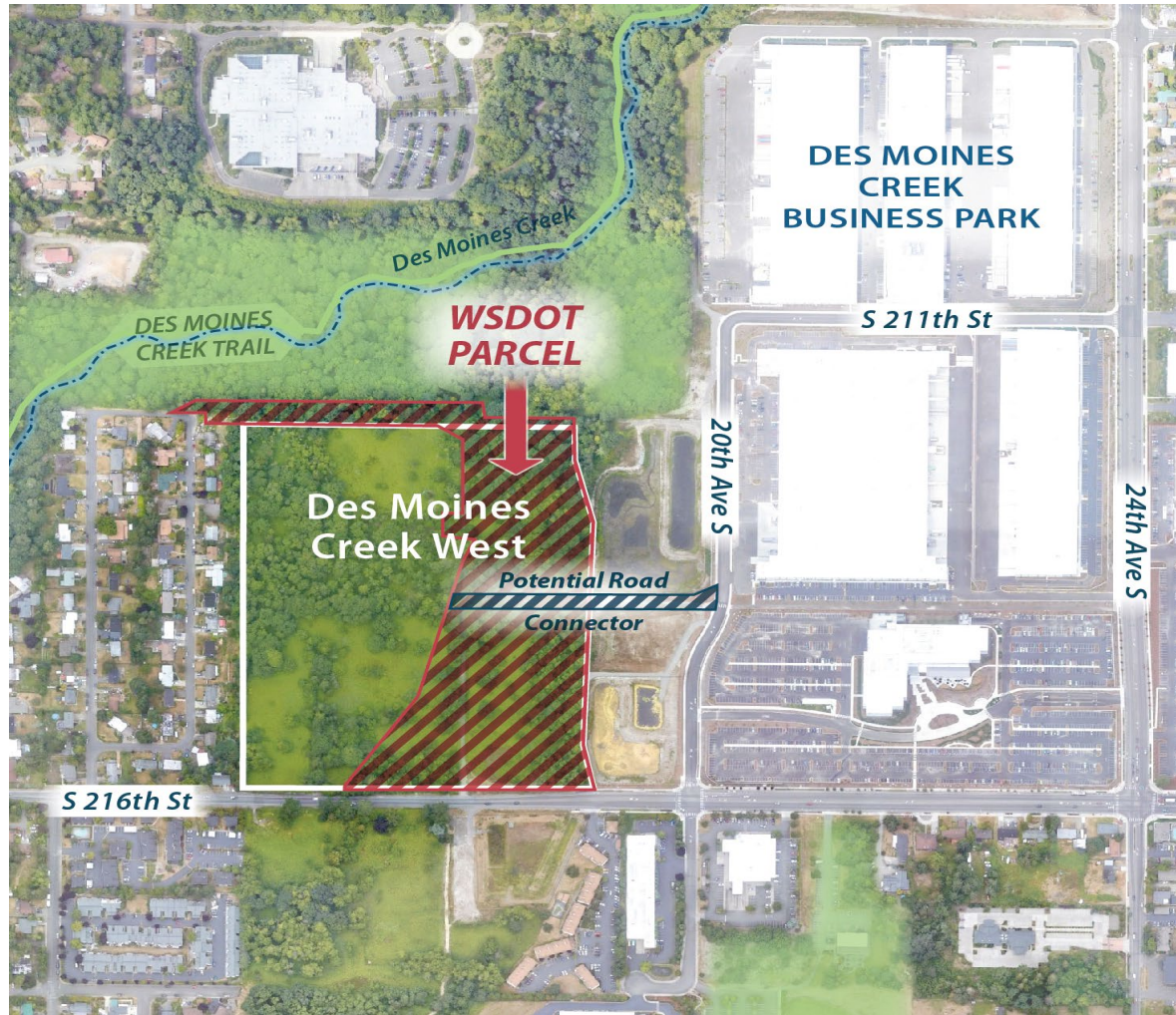
## Site area

Total Developable Site Area	19 acres
Building Area	300,000 SF
Des Moines Creek West Stabilized Annual Income	<b>\$1,100,000</b>

## Cost Basis

Street improvement payment to Des Moines	\$1,500,000
14 acre WSDOT Property Acquisition	\$2,900,000
Predevelopment costs	\$250,000
Total Cost Basis	\$4,650,000
IRR	*7.8%
Payback period (From stabilization)	7 years

# Des Moines Creek West Development Recap



- Need Commission support to purchase WSDOT property that enhances development of adjacent Port property.
- Property development can support aviation supply chain and generate positive economic impacts to local cities
- Industrial market is hot and this is an excellent time to go to market with this property
- We expect lease can be executed to support development by Q1 2022. Subsequent development would be completed sometime in 2024.

# Appendix

# With or Without WSDOT Option

Without the additional land of WSDOT parcel, site has limited access & 46% lower projected rent income.



In addition to much more rental income, more jobs will be created when combining the two sites.

