



**COMMISSION
AGENDA MEMORANDUM**

Item No.

8d

ACTION ITEM

Date of Meeting

October 14, 2025

DATE: September 18, 2025

TO: Stephen P. Metruck, Executive Director

FROM: Blaine Burk, Aviation Real Estate Portfolio Manager III
Jason Johnson, Assistant Director Airline Affairs & Aviation Properties

SUBJECT: Building 156A Air Cargo Term Lease

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute an Airport Term Lease Agreement with Amazon.com Services, LLC. (Amazon) for cargo building and related facilities at Seattle-Tacoma International Airport (Airport). The proposed lease term is for ten (10) years.

EXECUTIVE SUMMARY

Amazon has operated a portion of their air cargo operations through their contractor (WFS-Express) from a cargo building complex, comprised of warehouse space, office space and yard space commonly known as Building 156A since 2021, as well as warehouse and yard space in the cargo building area commonly known as Building 166B. Building 156A reverted to the Port on December 1, 2024 at the expiration of a ground lease. Since the reversion of Building 156A, WFS-Express has continued to lease half of that building, as well as space in Building 166B, on a month-to-month basis from the Port. The Port has negotiated a direct lease with Amazon where Amazon would take over the entirety of Building 156A and associated yard/parking areas and consolidate their operations, vacating WFS-Express' occupancy of Building 166B. The proposed term of the lease is 10 years, commencing on 11/1/2025 at the fair market appraisal rate. The lease will be on the Port's standard lease form which has been approved by Port Legal.

JUSTIFICATION

Amazon Air, the largest e-commerce air cargo operation in the U.S., flies air cargo into and out of SEA using their contractor freighter operator Air Transport International (ATI). In 2024, ATI was the top freighter operator at SEA as measured by both overall cargo tonnage and by their number of flight operations. ATI moved in excess of 142,500 metric tons of air cargo in 2024, with a total market share of 31%, compared to the next largest freighter airline at SEA with a 23.4% market share. ATI cargo volume in 2024 grew 35.5% over the prior year, however tonnage is currently down 10.4% through August 2025. ATI operates several versions of the Boeing 767F freighter, and in 2024 had a total of 2,207 revenue flights, with more than one of every four

Meeting Date: October 14, 2025

freighter flights at SEA being an ATI 767F. In 2024, this activity level represented an average of approximately 6 flights per day.

By consolidating operations into Building 156A, Amazon will be able to streamline its air cargo operations and better meet the growing e-commerce demand in the region. This consolidation also supports the Port's broader space management strategy for the cargo area, as it enables Amazon to vacate Building 166B.

LEASE TERM DETAILS

Building 156A Term Lease Terms	
Tenant Name	Amazon.com Services LLC
Term	10 years
Termination Option	Amazon will have a termination option at month 66 of the lease
Monthly Base Rent	\$143,418.39 for the first year
Rental Rate Adjustments	Monthly Base Rent will increase 3% annually. At year 5 of the lease, Base Rent will increase based on a Fair Market Rent Appraisal
Permitted Use	Amazon shall use the Premises for aircraft cargo processing, ground support/maintenance and related handling services performed by Amazon and its affiliates, cargo handling, ground handling, equipment maintenance and general offices in support of Amazon's operations.
Security Requirement	6 months' base rent
Insurance Requirement	General Liability Coverage: \$5 million per occurrence Auto Liability Coverage: \$5 million per occurrence for vehicles on AOA, \$1 million per occurrence for vehicles off of AOA

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not lease the property to Amazon

Cost Implications: \$71,073 lease revenue per month.

Pros:

- (1) The Port could RFP the entire building to other viable users
- (2) The Port could keep Building 156A as a multi-tenant facility
- (3) The Port would maintain flexibility in space management

Cons:

- (1) Amazon would be impacted in their ability to accommodate its significant SEA cargo business growth
- (2) The Port would be forgoing \$71,073 in monthly lease revenue until a replacement lessee is identified for the vacant portion of the building

Meeting Date: October 14, 2025

- (3) The Port would need to maintain the vacant space until a replacement lessee is identified

This is not the recommended alternative.

Alternative 2 – Enter into a lease with Amazon

Cost Implications: \$143,418 lease revenue per month

Pros:

- (1) Amazon plans to complete building alterations to improve the facility, at their cost
- (2) The Port would have total rental income of approximately \$18,008,551 over the 10-year term
- (3) This lease would establish a direct lease relationship with Amazon.

Cons:

- (1) Eliminates any other potential use of the building
- (2) The property would be off the market for other potential users

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The lease will produce approximately \$18,008,551 in rental income for the 10-year term of the lease.

ATTACHMENTS TO THIS REQUEST

- (1) Lease Exhibit – Premises
- (2) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

NONE