COMMISSION
AGENDA MEMORANDUM

ACTION ITEM

Item No.	8c
Date of Meeting	July 28, 2026

DATE: July 10, 2026

TO: Stephen P. Metruck, Executive Director

FROM: Susie Archuleta, Senior Real Estate Manager
Jennifer Maietta, Director Portfolio and Asset Management

SUBJECT: WTCW - ALSAC/St Jude's Term Lease

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute the American Lebanese Syrian Associated Charities, Inc. dba ALSAC St. Jude Children's Research Hospital ("ALSAC/St Jude") term Lease Agreement at the World Trade Center West ("WTCW"), in its substantive form for a term of 64 months with one 60-month option.

EXECUTIVE SUMMARY

ALSAC/St Jude's is a not-for-profit corporation established to build awareness and raise funds to support the operations of the St Jude Children's Research Hospital, Inc. They will be a new WTCW tenant, leasing approximately 4,000 square feet of office space.

Port Real Estate Policy RE-1 limits term agreements on Port property to a 60-month lease term. This is a request for approval of a 64-month lease term followed by one 60-month option to renew. The total costs associated with this request are $314,464.

JUSTIFICATION

The World Trade Center West building is comprised primarily of for-lease office space. Being a highly effective public agency is one of the Port's Century Agenda goals. That goal includes financial stewardship. This lease increases WTCW total rental income. Furthermore, the terms of this lease result in a cumulative net present value of $107K during the initial lease term.

The WTCW building is currently 45% occupied due to market conditions and waterfront construction impacts. With the conclusion of the waterfront construction projects, WTCW has seen an increased interest in leasing activity. Approval of this lease will enable staff to improve the building's overall occupancy rate.

DETAILS

ALSAC/St Jude's is a not-for-profit corporation established to build awareness and raise funds to support the operations of the St Jude Children's Research Hospital, Inc. The mission of St. Jude

Children's Research Hospital is to fight childhood cancer by advancing cures, and means of prevention, through research and treatment. Treatments at their hospital have helped push the overall childhood cancer survival rate from 20% to 80%.

ALSAC/St Jude's is relocating to WTCW from their former office in the South Lake Union neighborhood. They will occupy the northernmost portion of the third floor, which has been vacant since the previous full floor tenant vacated the third floor in August 2024. The lease terms negotiated by Port staff reflect the current market conditions, which favor tenants. The primary concessions extended to ALSAC/St Jude's were a generous abatement period and tenant improvement allowance. In exchange, Port staff achieved a market rent rate, longer than typical lease term and an option to extend.

Port staff's goals for the WTCW include maintaining a high occupancy rate and achieving market rent rates. Execution of this ALSAC/St Jude's office lease simultaneously increases WTCW occupancy in pursuit of departmental occupancy goals and increases the WTCW total rental income. The Seattle office market has been slow within the past few years with elevated vacancy rates of approximately 28% in Q1 of 2026. This along with the closure of Alaskan way for the Seattle waterfront construction projects (City of Seattle Protected Bike Lane and Elliott Bay Connections pedestrian and bike paths) has negatively impacted the WTCW occupancy. Since the completion of these projects in June 2026, there has been an increased interest in this building resulting in this lease opportunity and several other month-to-month leases.

Key Lease Terms:

Premises	4,032 sf
Term	
Initial	64 months
Option	60 months
Effective date	Later of September 1, 2026 or construction permit date
Base Rent Rate	\$21.00/sf/yr NNN
Escalation	3.25%/yr
Abatement	6 months
Tenant Improvement Allowance	\$250,000
Broker Fees	\$22,128
Security Deposit (3 months' rent)	\$31,884

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not enter into a lease with ALSAC/St Jude's.

Cost Implications: None

Pros:

(1) Port saves \$272,128 in upfront costs

Cons:

(1) No reduction in vacancy rate

(2) Loss of $107K NPV revenue for first term plus any future revenue potential during Option period.

This is not the recommended alternative.

Alternative 2 – Approve the ALSAC/St Jude's lease with a 64-month initial term plus 60-month option including 6 months of rent abatement and a $250,000 Tenant Improvement Allowance.

Cost Implications: $314,464

Pros:
(1) Provides a guaranteed tenant and lease term
(2) Attracts a high-quality tenant to the WTCW building, which is expected to help leasing efforts for the remaining WTCW vacant spaces

Cons:
(1) Use of $250K for these tenant improvements vs other Port projects.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Annual Budget Status and Source of Funds

The tenant improvement allowance of $250K and broker fees of $22K will be funded by the General Fund.

Financial Analysis and Summary

Rent Abatement, TI Allowance and Broker Fees	$314,464
Business Unit (BU)	Portfolio & Asset Management
Effect on business performance (NOI after depreciation)	This project will generate Total Cash Flow of $443K and will increase the Net Operating Income by $420K for the initial 64-month lease term.
IRR/NPV (if relevant)	NPV = $107K with payback period of four years.
CPE Impact	N/A

Future Revenues and Expenses (Total cost of ownership)

Approval of this lease increases rental income, reduces office vacancy and secures a high-quality tenant to the WTCW for 64 months at market rent rates.

ATTACHMENTS TO THIS REQUEST

(1) Draft Term Lease
(2) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None