
Port Revenues and the Recovery

Northern Advisory Committee
Sept 20, 2023



Our Business Pre-Pandemic

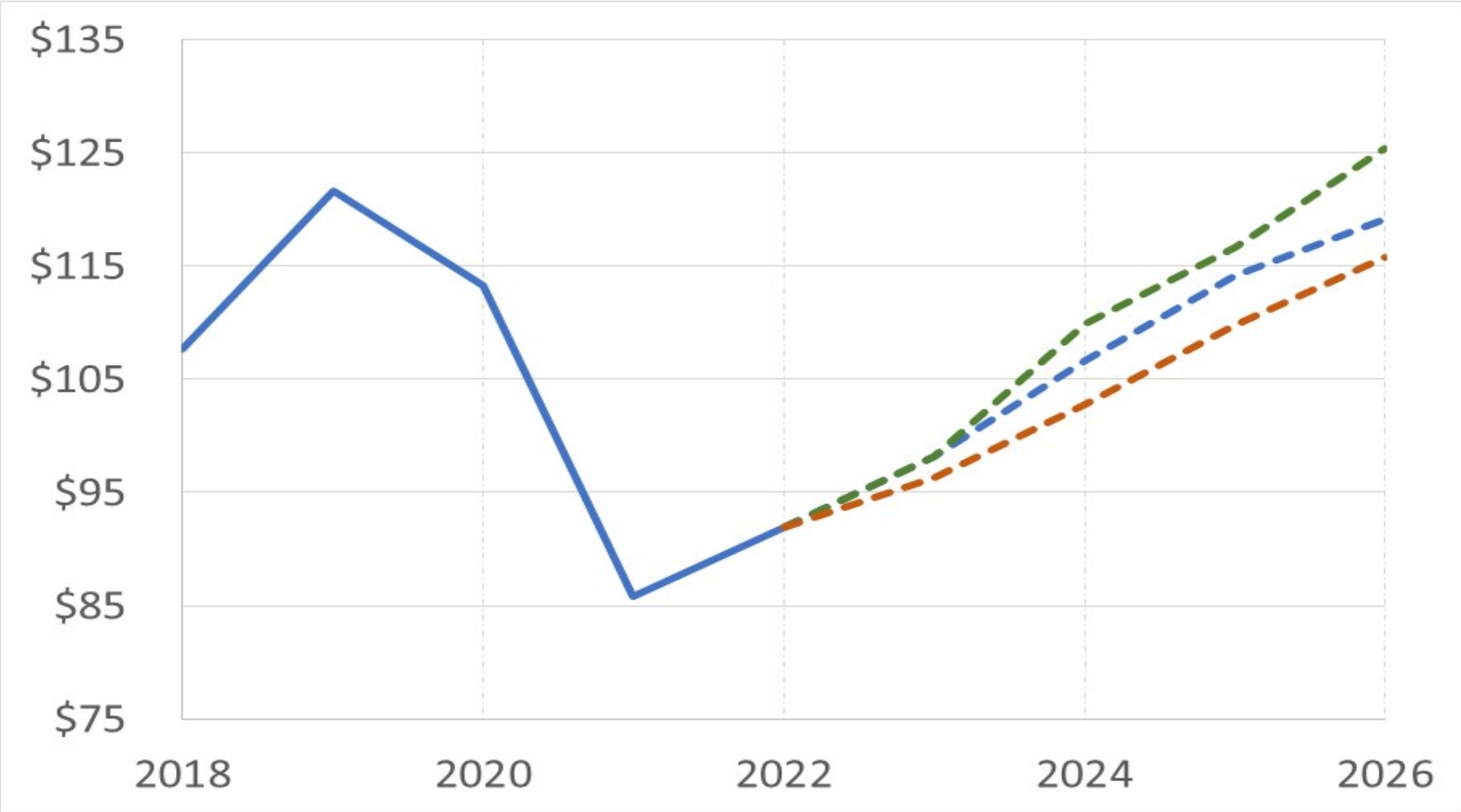


| | <u>Annualized Revenue²</u> | |
|--------------------------|---------------------------------------|---------------|
| Real Estate | | |
| Industrial | \$24,854 ⁴ | 26.7 % |
| Ground Lease | 14,552 | 15.6 |
| Restaurant & Retail | 10,447 | 11.2 |
| Parking | 11,670 | 12.5 |
| Office | 7,653 | 8.2 |
| Subtotal Real Estate | <u>\$69,176</u> | <u>74.2 %</u> |
| Maritime ⁵ | | |
| Cargo | \$8,322 | 8.9 % |
| Commercial Fishing | 2,745 | 2.9 |
| Passenger Cruise | 8,403 | 9.0 |
| Various Maritime | 2,666 ⁶ | 2.9 |
| Harbor Services | 1,929 | 2.1 |
| Ship Repair ⁷ | 0 | 0.0 |
| Subtotal Maritime | <u>\$24,065</u> | <u>25.8 %</u> |
| Total | \$93,241 | 100.0 % |

March 2021 Assumptions

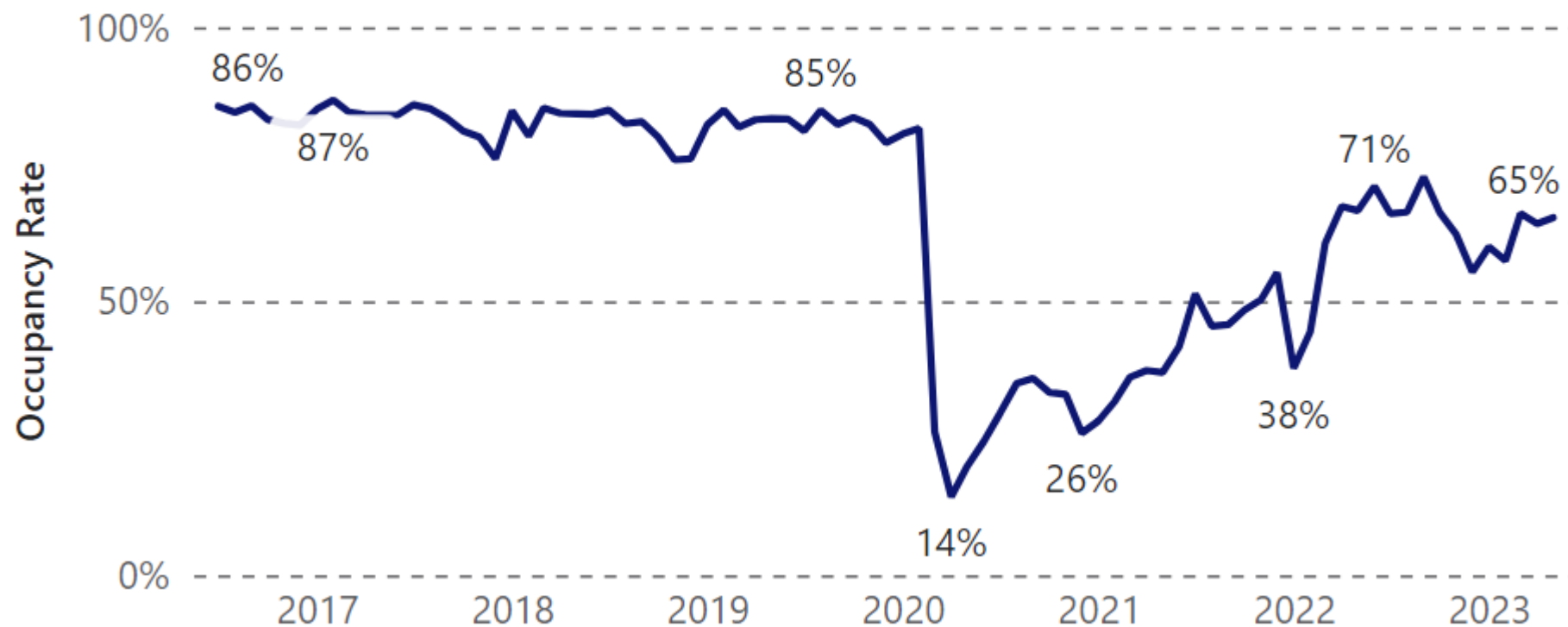
| Category | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------------------|--|--------------------------------|--|------|-----------------------------------|
| Vaccinations | Widespread vaccination (fall) | | | | |
| Mass Gatherings | Gatherings begin in summer 2021, returning to pre-pandemic levels in summer 2022 | | | | |
| Commuters | 50% telecommute by end of 2021 | 25% telecommute by end of 2022 | 10% telecommute ongoing | | |
| Tourists | Pent up demand drives return of leisure tourism | | Business tourism slowly returns followed by convention tourism. Tourism volume ramps up to pre-pandemic level in 2024. | | Tourism spending returns (summer) |

March 2021 Prediction of Port Revenues



Hotel Occupancy

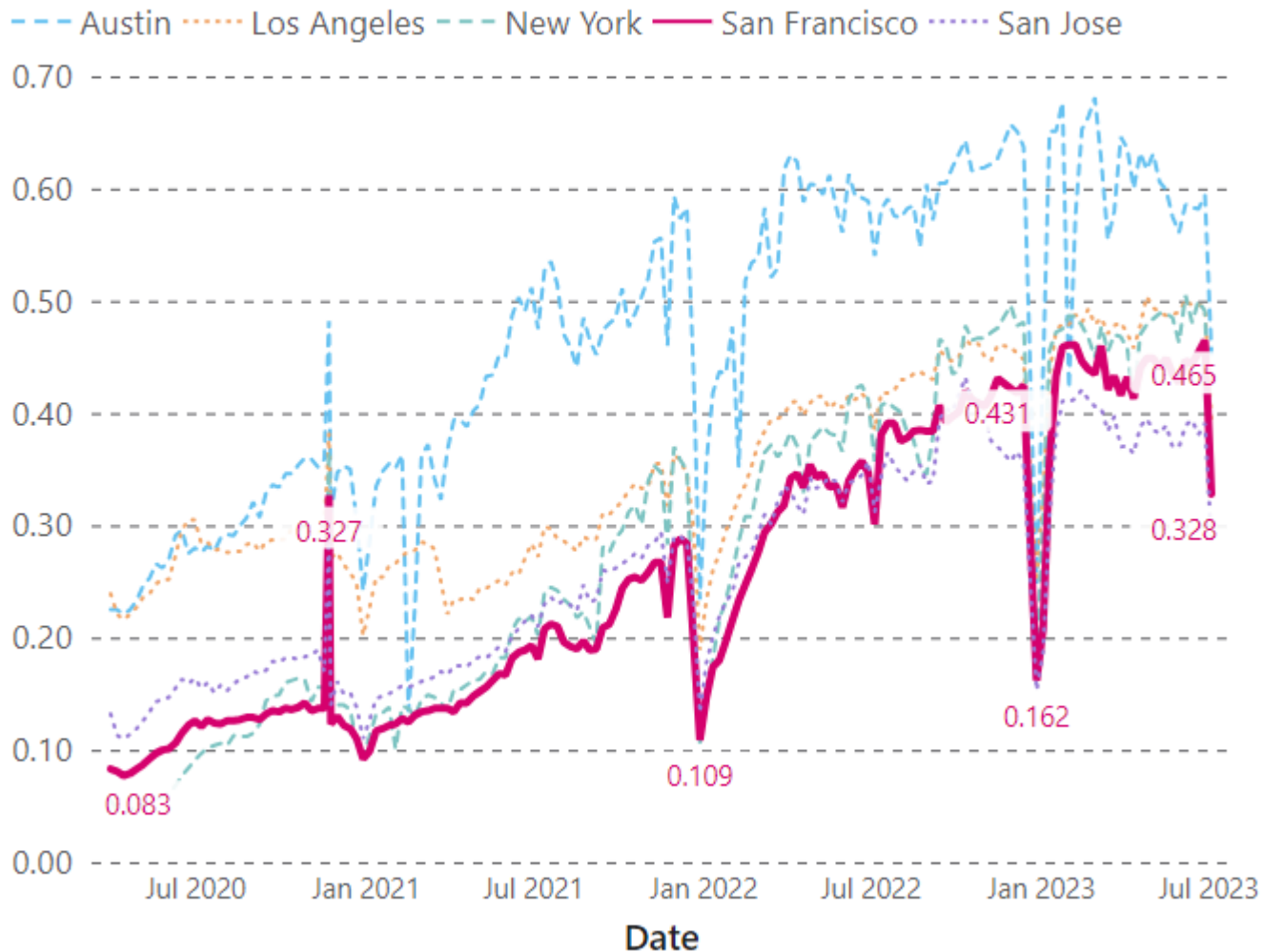
Monthly hotel occupancy (seasonally adjusted)



City and County of San Francisco, Office of Economic and Workforce Development.
Data from SF Travel.
Data through May 2023.
Update monthly with a 2-month lag.
Last updated July 17, 2023.

Office Attendance

Weekly average office attendance

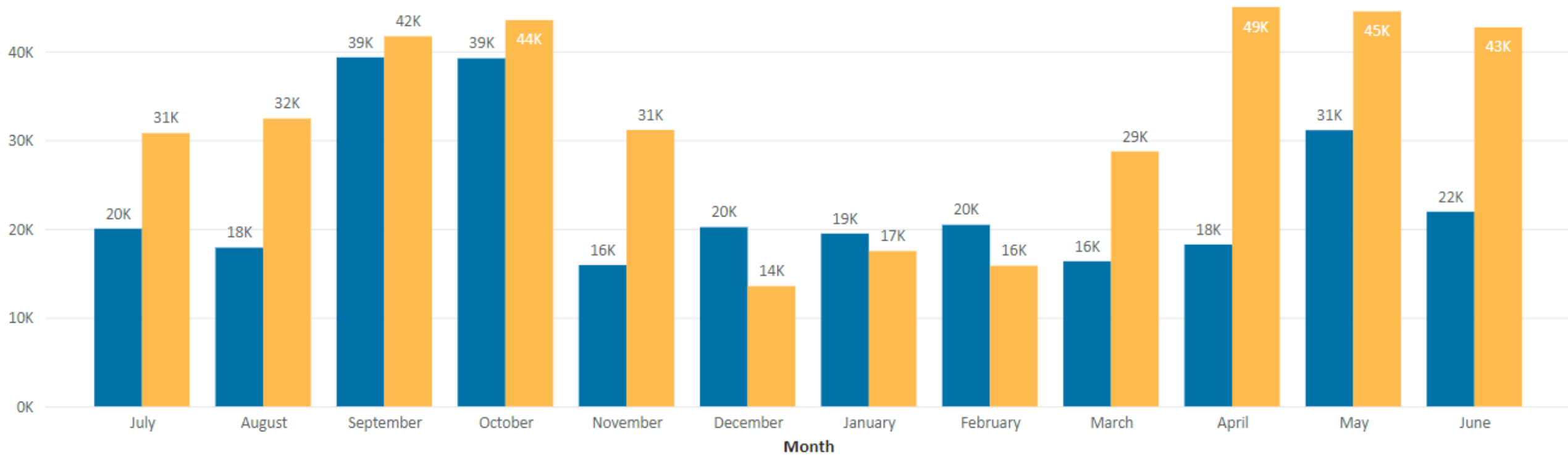


City and County of San Francisco, Office of Economic Workforce & Development
Data from Kastle Systems
Data through July 05, 2023.
Dashboard updated monthly with a 2-week lag.
Last updated Jul 17, 2023.

Cruise Passengers



Total Cruise Passengers by Month and Fiscal Year



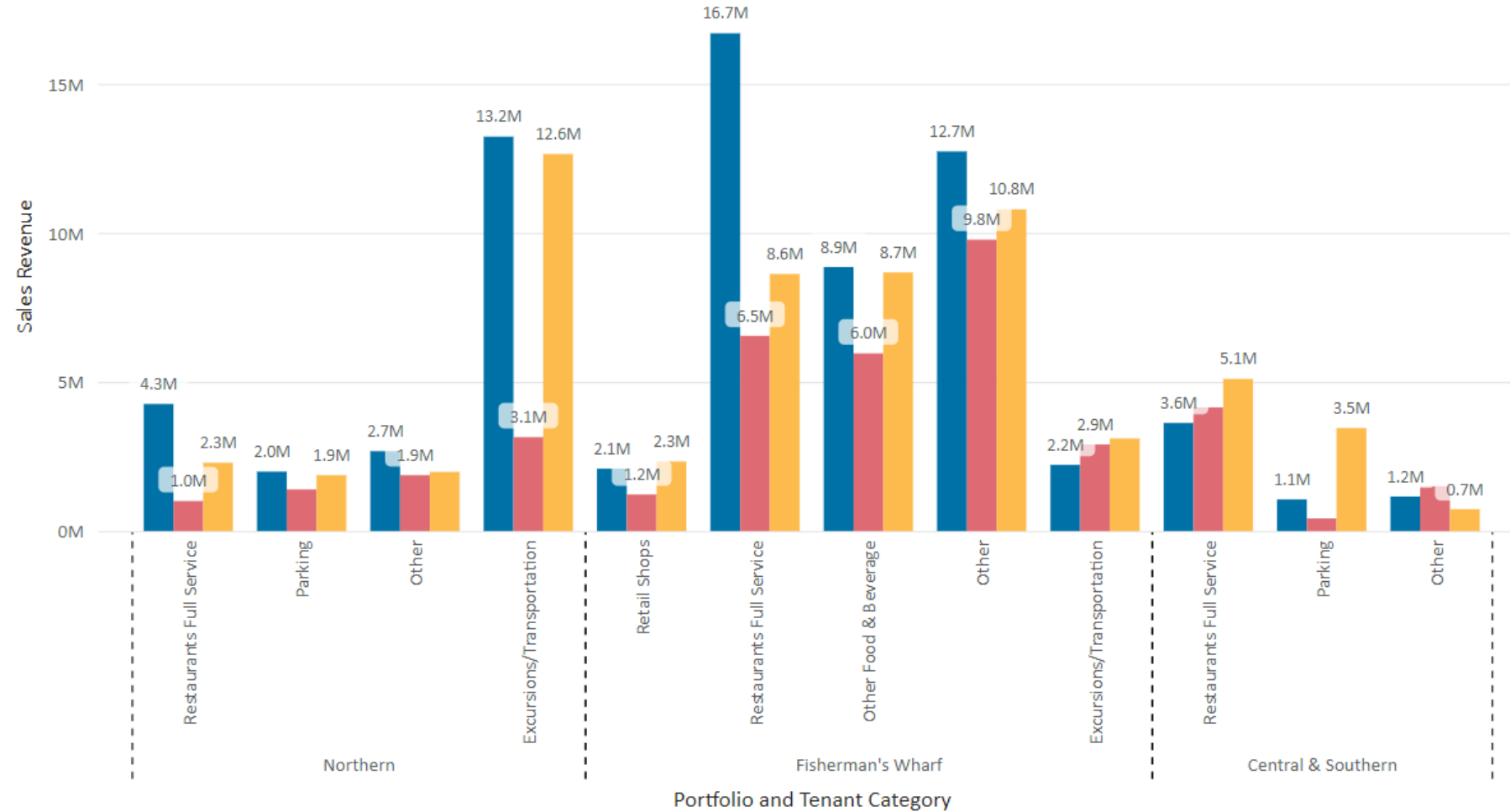
Fiscal Year ● FY 18-19 ● FY 22-23

Tenant Gross Sales



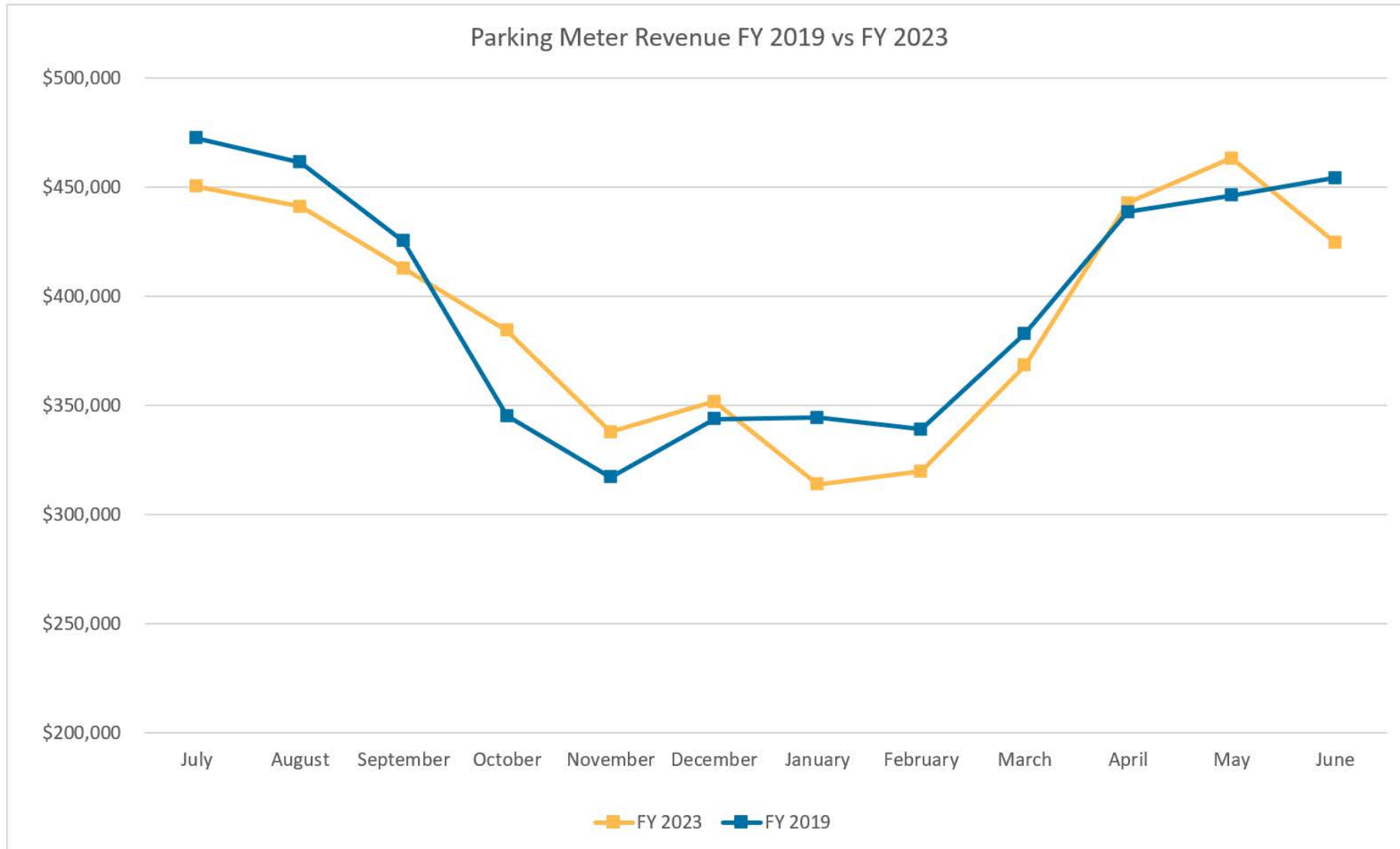
Sales Revenue by Category and Portfolio

FY2019 totals FY2021 totals FY2023 totals



Note: FY totals span the months of April, May, June for comparison purposes.

Parking Meters

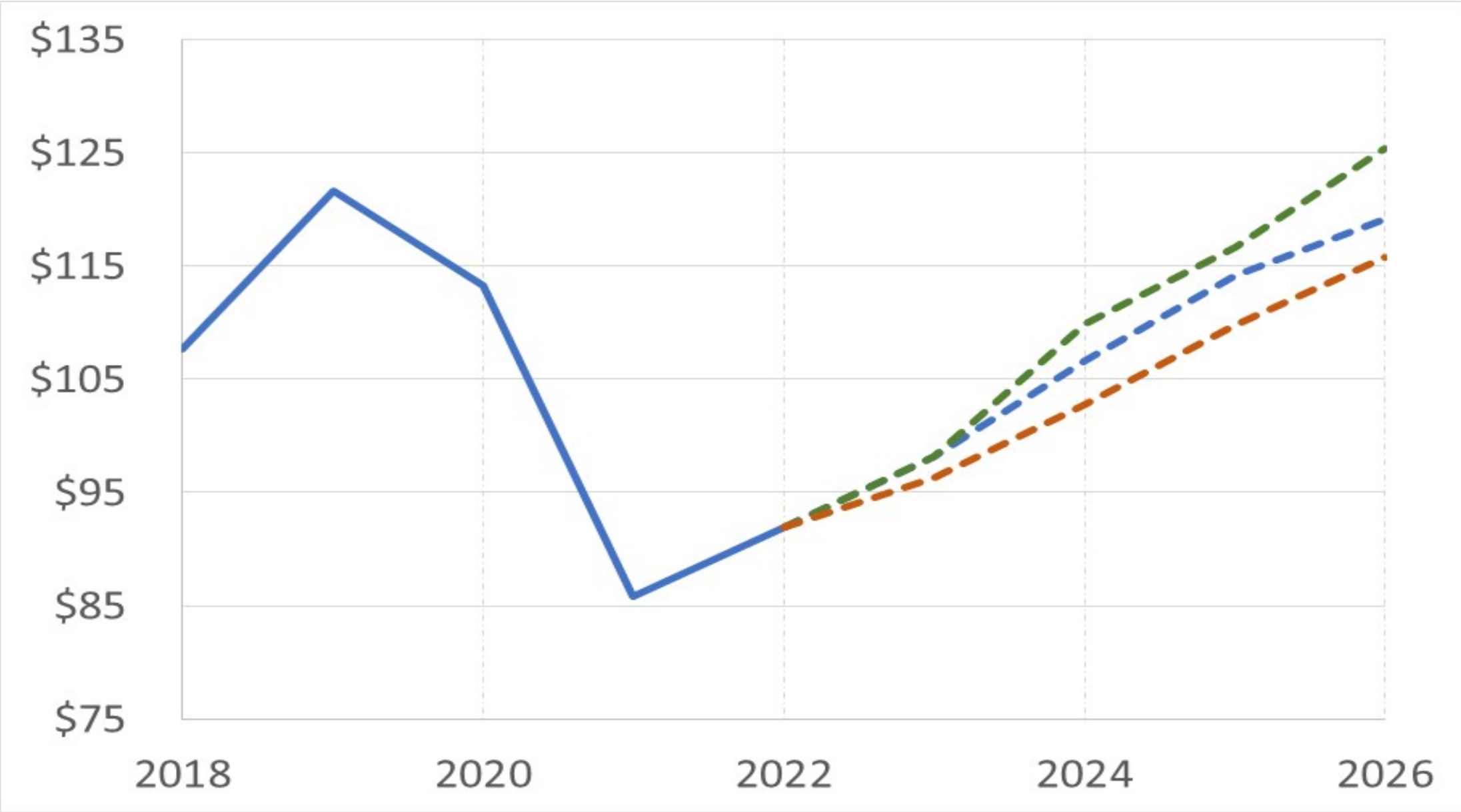


Port Revenues – Operating Fund

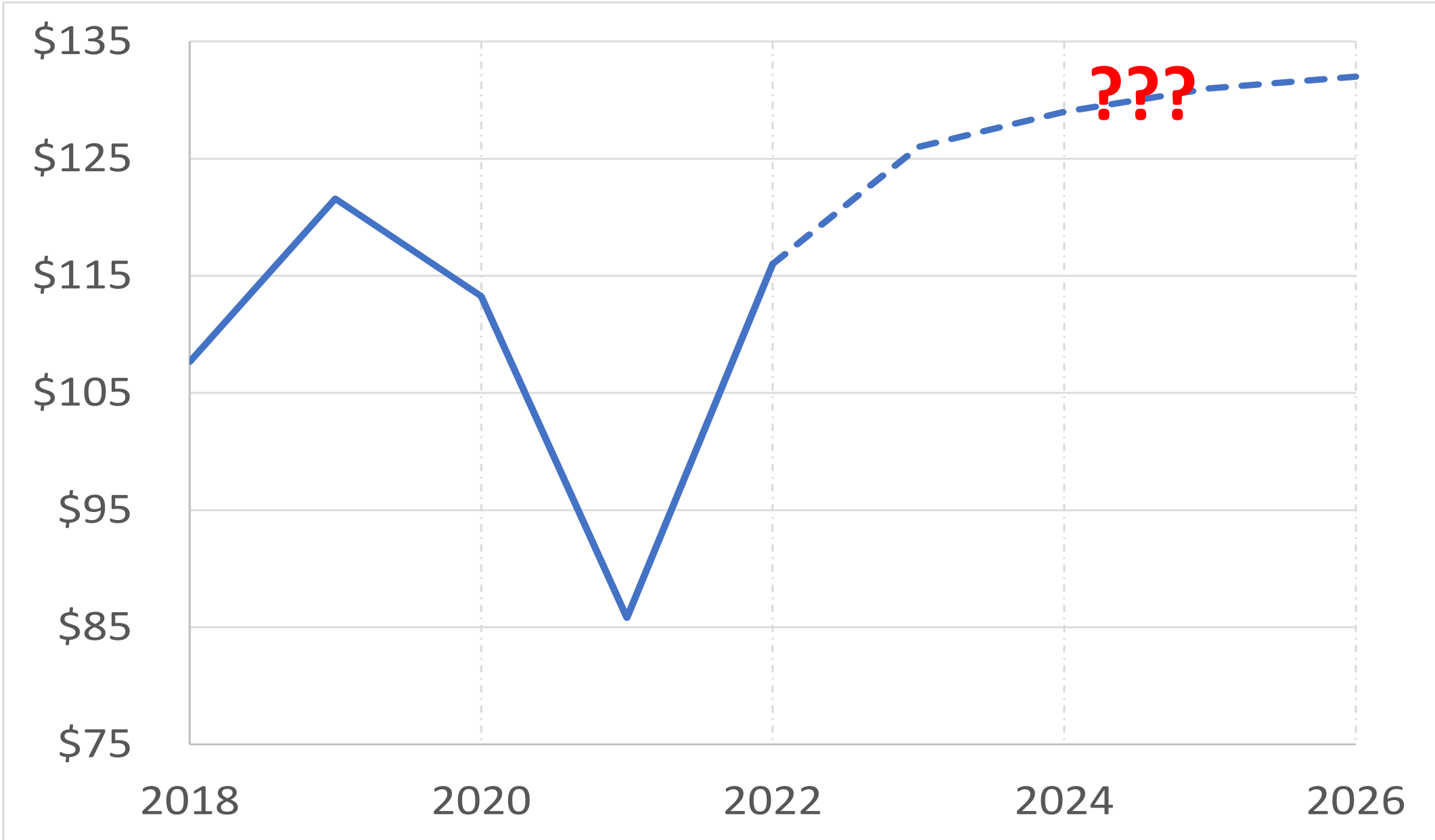


| | Thru Apr 2022 Fiscal YTD | Thru Apr 2023 Fiscal YTD |
|--|---|---|
| REVENUES | | |
| Commercial and industrial | \$ 51,783,781 | \$ 57,832,496 |
| Parking | 15,862,979 | 17,017,238 |
| Cruise | 2,794,667 | 7,394,807 |
| Cargo | 4,838,947 | 4,925,850 |
| Fishing, harbor services, & other maritime | 6,345,170 | 7,085,705 |
| Other | 3,303,900 | 8,930,948 |
| Total Revenues | 84,929,444 | 103,187,044 |

2021 Prediction of Port Revenues



Jan 2023 Actuals of Port Revenues



Highlights

- Port recovery has been faster due to leisure tourism
- Now we're in the slow part of the recovery waiting for business tourism to return.
- While revenues have been recovering, expenses have been growing with highest inflation in a generation.
- Biggest uncertainty: will office workers return?





The “Doom Loop” Theory

COVID-19
Introduces
Widespread
WFH



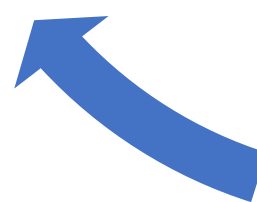
Office
Vacancy
Increases



Crime
Increases



Property,
Sales, and
Business Tax
Decreases



Public
Services and
Amenities
Decrease



Demand to
Live/Work in
SF Decreases



Office Building Sale News



GlobeSt
<https://www.globest.com> › 2023/05/09 › san-francisco...

San Francisco Office Tower Sold for 75% Discount

May 9, 2023 — MUFG Americas has **sold** the 286K **SF tower** at 350 California Street to **San Francisco**-based developer SKS in a deal estimated at \$200 to \$225 per ...



SFGATE
<https://www.sfgate.com> › Local

Downtown SF office building sells for far below estimated ...

May 8, 2023 — 350 California St., which was first listed for **sale** in 2020, **sold** to SKS **Real Estate** Partners for somewhere between \$60 million and \$67.5 ...



LoopNet
<https://www.loopnet.com> › search › office-buildings

San Francisco Office Space for Sale

Showing 98 **Office Space** listings currently available for **sale** near **San Francisco, CA**.
 Save this search. Looking for space for your business?



Wall Street Journal
<https://www.wsj.com> › articles › san-francisco-commerci...

Fire Sale: \$300 Million San Francisco Office Tower, Mostly ...

Apr 27, 2023 — One **building**, a 22-story glass and stone **tower** at 350 California Street, was worth around \$300 million in 2019, according to **office** broker ...



| | Pre-Pandemic | 50% Worse |
|----------------------|--------------|-----------|
| Net Operating Income | \$15.0m | \$7.5m |
| ÷ ROI (Cap Rate) | 5.0% | 7.5% |
| = Price | \$300m | \$100m |

Questions