

Port of Seattle Economic Impact



Nearly 194,000 jobs across Washington state are associated with Port of Seattle business activities.



How the Port of Seattle's Economic Flow Affects the Community

By air, land and sea, the Port of Seattle connects passengers and cargo to destinations around the globe. From tourism and international trade to fishing, boating and imported products, the Port affects nearly every person in the Northwest region—generating nearly 194,000 jobs—and affects many others throughout the world.

Successful trade and travel generate substantial—and dependable—revenue, including \$17 billion in business revenue in 2007. The Port of Seattle's airport, seaport and real estate activities contribute to the local and regional economy on multiple levels through the reinvestment and respending of Port-generated revenue and income.

Port of Seattle retained Martin Associates to evaluate the economic impacts generated by the Seattle seaport, Seattle-Tacoma International Airport and the Port's non-maritime and non-aviation tenants, based on business activity data collected in 2007 and 2008. Results demonstrate the Port is a strong driving force for sustainable economic vitality.

When combined with its tenants, Port of Seattle is responsible for the direct employment of 111,317 individuals, ranking among the top job-producers in the region including Microsoft (35,510 in Seattle and Washington state), Boeing (74,517), and the University of Washington (28,188)*.

Real estate tenants and businesses providing services at Port-owned marine terminals and Seattle-Tacoma International Airport generated \$17.6 billion in revenues, ranking among some of the region's top 10 producers like Amazon.com (\$10.7 billion), Paccar (\$16.5 billion), and Weyerhaeuser (\$21.9 billion)*.

In 2007:

- Seaport and airport operations generated \$460.1 million in revenue.
- Individuals whose jobs are supported by Port of Seattle economic activities respent \$3.8 billion of their income in the region, generating a total of \$8.8 billion in income and spending.
- Activity at the Port of Seattle marine terminals, real estate tenants and Seattle-Tacoma International Airport generated \$867 million in state and local taxes.

* 2008 Greater Seattle Data Sheet (<http://www.seattle.gov/oir/datasheet/Datasheet2008.pdf>)

Port of Seattle seaport and airport facilities, as well as non-maritime and non-aviation related Port real estate tenants, generate the following economic impacts for the local and regional economy:

- 111,317 direct jobs are generated by Port-owned transportation facilities.
- As the result of local and regional purchases by those individuals, an additional 62,128 induced jobs are supported in the region.
- 20,540 indirect jobs were supported by \$1.4 billion of local purchases by businesses supplying services at the Port-owned facilities.
- \$3.8 billion of direct wages and salaries were received by those 111,317 directly employed by the Port's transportation infrastructure. As the result of respending this income, an additional \$5.1 billion of income and consumption expenditures were created in the Seattle region, primarily King County.
- Businesses providing services at Port-owned marine terminals and Sea-Tac Airport, as well as real estate tenants, received \$17.6 billion of revenue, excluding the value of cargo shipped through the airport and marine facilities, and the landed value of the seafood caught by the fleet using Fishermen's Terminal, Terminal 91 and the Maritime Industrial Center. The Port of Seattle received \$460.1 million from Seaport and Airport operations.
- \$867 million of state and local taxes were generated by activity at the Port's marine terminals, real estate tenants, and Sea-Tac Airport. In addition, \$439.4 million in federal aviation-specific taxes were generated by activity at the airport.



Three levels of job impacts

Direct employment:

Jobs directly generated by airport, seaport and real estate activity.

Induced employment:

Jobs created throughout the local economy because individuals directly employed in airport and seaport activity spend their wages locally on goods and services such as food, housing and clothing.

Indirect employment:

Jobs created in the State of Washington due to purchases of goods and services by firms, not individuals. Examples include jobs with local office supply firms, maintenance and repair firms, parts and equipment suppliers, etc.

SMALL BUSINESS PROGRAM



In 2007, the Port spent \$53.6 million on service and construction contracts with small businesses in the state. These purchases supported 366 jobs with a total salary and wage impact of \$16.9 million. Of these 366 jobs, nearly 90 are with minority- and women-owned businesses. Established in 2008, the new Office of Social Responsibility is working to expand business relationships with local small businesses.

Snapshot: Airport

- 89,902 direct jobs, \$2.2 billion of direct earnings
- 12,884 indirect jobs
- 35,584 induced jobs and
- 161,350 jobs related to air freight shipped through Sea-Tac
- \$13.2 billion in business revenue
- \$412.4 million in state and local taxes, \$439.4 million of federal aviation-specific tax revenue



Snapshot: Real Estate

- 1,392 direct jobs, \$79.6 million of wages and salaries
- 1,441 indirect jobs
- 689 induced jobs
- \$304.2 million in business revenue
- \$15.7 million of state and local taxes



Snapshot: Seaport

- 21,695 direct jobs, \$1.6 billion of personal income
- 7,845 indirect jobs
- 26,716 induced jobs
- \$2.5 billion of business revenue
- \$457.5 million state and local taxes
- 135,100 related jobs in Washington are created by international and Alaskan containerized cargo handled at marine terminals



A number of changes affect the comparison between 2007 economic impacts and the 2003 study. The basic methodology remains the same, except the personal income multiplier used to estimate the respending impact has been updated from 1.98 in 2003 to 4.095, reflecting higher wages in the water transportation sector. The air transportation-specific income multiplier is 2.45. The result generates larger induced job and greater respending impacts.

Secondly, continued productivity growth in the U. S. economy has resulted in a lower job impact per dollar value of expenditures for the indirect job impacts.

At the marine terminals, the biggest job growth was in government security. The

next largest gain was with barge and bunkering operations, reflecting Seattle-based crews that were not counted in 2003. Jobs with trucking and rail grew, driven by growth in containerized cargo and the increased share of cargo moving via rail versus truck.

Between 2003 and 2007 cruise vessel calls at the Port of Seattle increased from 99 to 211, and the number of passengers grew from 345,000 to about 800,000. The impacts created by this activity have grown significantly.

Job impacts by the Port of Seattle-based fishing industry declined slightly, reflecting the closing of several fish processors and fewer jobs with boat repair operations. Induced jobs increased as the result of the income multiplier. The increased income

impact reflects growth in the average salary of crew, particularly on the large factory processors at Terminal 91.

Passenger activity at Sea-Tac Airport increased between 2003 and 2007, from 26.8 million to 31.3 million. Passengers on international flights remained at 2.2 million. Total air cargo decreased from 351,418 metric tons to about 319,013 metric tons in 2007.

Despite the growth in passengers, on-site direct jobs at Sea-Tac fell by 244 jobs. This reflects the move of the post office operations to Kent, and a decline in construction activity.

Marina impacts also fell over the four year period, reflecting the closing of several uplands tenants.

PORT OF SEATTLE ECONOMIC IMPACT COMPARISON

Economic Impact	2003	2007	Change
JOBS			
Direct	115,835	111,317	(4,518)
*Induced	51,308	62,128	10,820
Indirect	27,319	20,540	(6,779)
Total	194,462	193,985	(523)
PERSONAL INCOME (\$1000)			
Direct	\$3,006,498	\$3,761,500	\$755,002
Re-spending	\$2,949,596	\$5,066,373	\$2,116,777
Indirect	\$795,863	\$699,817	(\$96,046)
Total	\$6,751,957	\$9,527,690	\$2,775,733
REVENUE (\$1000)	\$12,121,331	\$17,559,215	\$5,437,884
LOCAL PURCHASES (\$1000)	\$1,502,531	\$1,438,594	(\$63,937)

* See narrative above for explanation of differences.

The Respending Impact

When direct employees spend personal income on goods and services, this in turn creates more jobs and affects the economy.

For example, about \$2.2 billion of direct earnings were received by the 89,902 direct employees in and around Sea-Tac Airport, and when the respending impact and indirect wages and salaries are considered, the total of income and spending impact of Sea-Tac is estimated at \$4.5 billion.

Snapshot: Cruise (2008)

- 1,955 direct jobs
- 1,125 induced jobs
- 701 indirect jobs
- \$312.5 million in business revenue
- \$16.1 million of state and local taxes



Snapshot: Commercial Fishing

- 5,607 direct jobs
- 8,028 induced jobs
- 1,337 indirect jobs
- \$814.4 million in business revenue
- \$167.6 million in state and local taxes



Snapshot: Recreational Boating

- 123 direct jobs, \$4.6 million of direct wages and salaries
- 100 indirect jobs
- 129 induced jobs
- \$13.8 million in business revenue
- \$2.1 million of state and local taxes



A Tour of the Port

By air, land and sea, the Port of Seattle connects passengers and cargo to destinations around the globe. From international trade and tourism to fishing, boating and imported products, the Port affects nearly every person in the Northwest region—and many throughout the world.

By Air -

Located 12 miles south of downtown Seattle and 20 miles north of Tacoma, Sea-Tac Airport is a key destination for visitors and freight for Washington state, the northwestern United States and Pacific Rim nations. The airport serves more than 31 million passengers each year.

By Land -

Waterfront properties, businesses and a variety of tenants lease Port properties around Elliott Bay for office and conference space, retail, and restaurants in prime locations. Four marinas, waterfront parks and commercial fishing and workboat moorage serve varied community needs.

By Sea -

Expansive cargo terminals and superb rail and road access establish Seattle's seaport as one of the top-10 container ports in the U.S. The Port also offers two cruise ship terminals that accommodate more than 800,000 cruise passengers during the season.

Methodology

The Port of Seattle retained Martin Associates to evaluate the economic impacts generated by the Seattle seaport, Seattle-Tacoma International Airport and the Port's non-maritime and non-aviation tenants, based on business activity data collected in 2007-2008. The firm has conducted similar studies at more than 250 seaports and most major airports in North America.

For the seaport, the study measures the impacts of five distinct types of waterborne activity:

- Marine cargo activity
- Fishing activity at marine terminals (and related services)
- Waterborne passenger activity (cruise and shoreside operations)
- Marina activity (recreational and transient boating)
- Non-marine cargo and non-aviation Port of Seattle real estate tenants (restaurant, retail, and industry-related services)

For the airport, the study measures the impacts of five business sectors:

- Airline/airport service sector
- Freight transportation sector
- Passenger ground transportation sector
- Contract construction/consulting services sector
- Visitors' industry sector

The study includes interviews with 929 firms doing business with the Port, plus surveys with 950 aviation passengers and 600 cruise passengers and ship crew. The analysis of real estate tenants is based on a survey of 291 tenants not included in other seaport operations.

The results provide a snapshot of the economic impact of Port of Seattle in 2007-2008, and impact models for each business unit operated by the Port of Seattle. The study provides models to assess the economic impacts of specific Port of Seattle capital development projects.

Where can you get a copy?

The full Martin Associates report is available for download on the Port of Seattle Web site at www.portseattle.org/business/economicdevelopment/economicimpact.shtml

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*Where a sustainable world
is headed*