



# CAMPEÓN MARKET BY **H MART**

31009 Pacific Hwy S, Federal Way, WA 98003



## OFFERING MEMORANDUM



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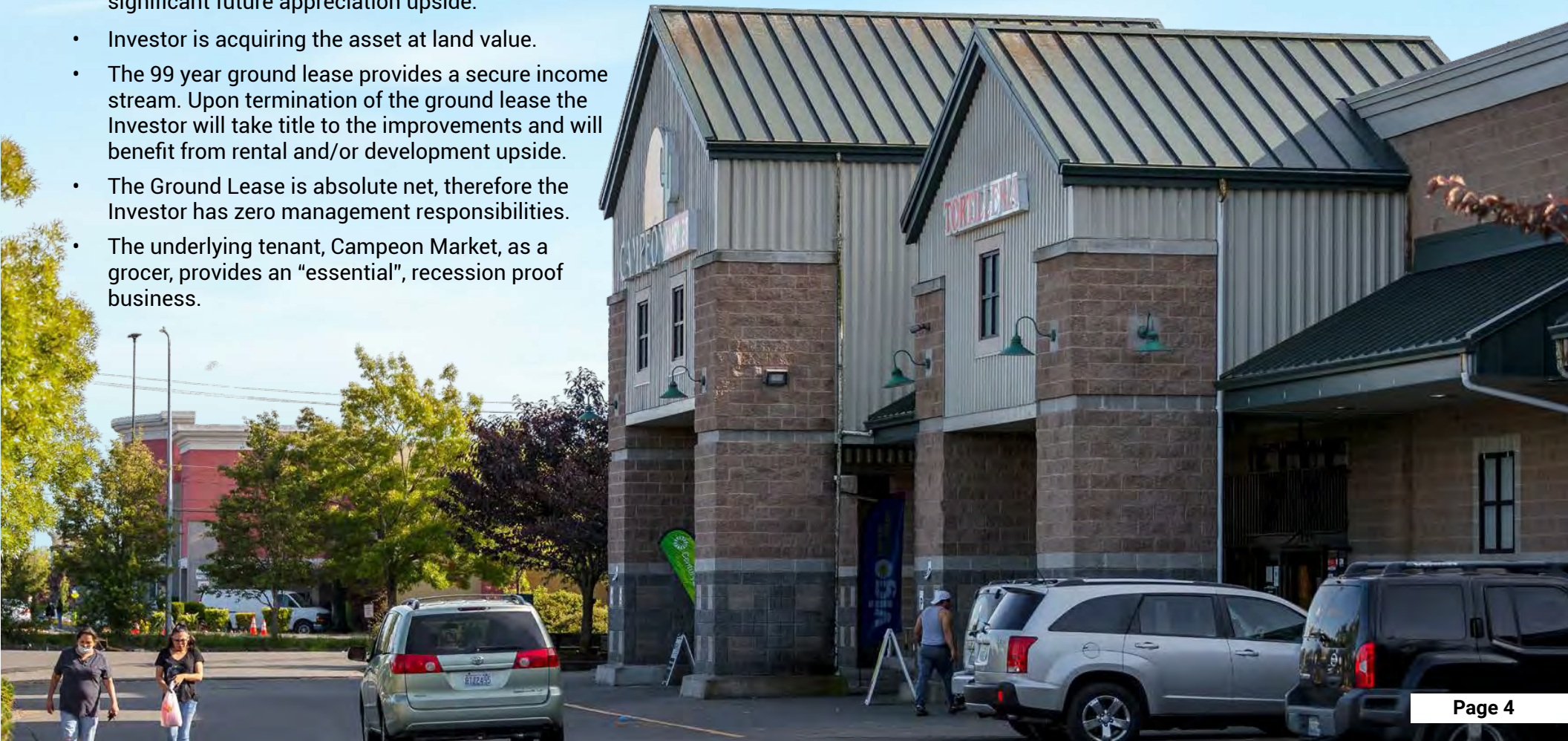
# THE OFFERING

The offering presents investors with a rare opportunity to acquire fee interest in an absolute net 99 year ground lease with 1.5% annual increases and CPI adjustments every 25 years. The ground lessee is an entity of ValueRock Investment Partners, a strong West Coast real estate investment and development company ([www.valuerockrealty.com](http://www.valuerockrealty.com)). ValueRock currently leases the premises to Campeon Market, which has 32 years remaining lease term with an exceptionally strong lease signature. Campeon Market is a wholly owned subsidiary of H-Mart, the largest Asian American grocery store chain nationwide. The Campeon Market lease is also guaranteed by the founder of H-Mart, providing exceptional financial backing.

The property contains over 5.2 acres of land providing an excellent covered land play due to it's long-term redevelopment upside. The land has a current appraisal well over the asking price.

The investment is extremely secure due to the following:

- Investor is acquiring the asset at a low basis based on a ground lease rent from ValueRock equivalent to \$11.43/sf/yr on the improvements. Campeon Market is currently leasing the improvements for \$22/sf/yr. This creates a secure position for the Investor and provides potential significant future appreciation upside.
- Investor is acquiring the asset at land value.
- The 99 year ground lease provides a secure income stream. Upon termination of the ground lease the Investor will take title to the improvements and will benefit from rental and/or development upside.
- The Ground Lease is absolute net, therefore the Investor has zero management responsibilities.
- The underlying tenant, Campeon Market, as a grocer, provides an "essential", recession proof business.





# TERMS OF THE OFFERING

**Property Address:** 31009 Pacific Hwy S. Federal Way, WA 98003

**Offering:** Investor is acquiring fee simple interest and will be the Ground Lessor.

**Ground Lease:** ValueRock Federal Properties, LLC is the Ground Lessee and has signed a new 99 year ground lease. The ground lease contains 1.5% annual increases with CPI adjustments every 25 years.

- Annual ground rent: \$600,000
- \$11.41/SF/Yr on the building
- \$2.63/sf/yr on the land.

**Building Lease:** Campeon Market operates the grocery store and leases the building from ValueRock Federal Properties, LLC. There are 32 years of term in place including options extending to 2052.

- Annual rent: \$22/SF/Yr
- \$272/SF/Yr on the building.
- The Ground Lessor is not a party to this lease.

**Price:** \$14,290,000

**Price/SF (Land):** \$63

**Price/SF (Building):** \$272

**Year 1 NOI:** \$600,000

**Cap Rate:** 4.2%

**Debt:** Free & Clear

**Land Area:** 5.23 Acres

**Building Area:** 52,571 SF

**Zoning:** BC  
(Business Community)





# PROPERTY HIGHLIGHTS

## **EXTREMELY LONG TERM LEASE**

The offering provides an investor with the rare opportunity to acquire fee interest with a 99 year absolute net ground lease.

## **NOI GROWTH**

The 99 year ground lease includes 1.5% annual increases and a CPI adjustment every 25 years, ensuring steady, long term NOI growth.

## **ABSOLUTE NET GROUND LEASE**

This is an absolute net ground lease that will provide investors with increasing cash flow throughout the term while requiring zero landlord management effort or responsibility.

## **LONG-TERM COVERED LAND PLAY**

The site sits on 5.23 acres and under current zoning could accommodate over 520 residential units at an average of 800SF, along with one or two additional pads. At \$25,000 per residential unit this creates a land value approximately equal to the purchase price. The light rail expansion and continued densification of the immediate trade area could push height limitations beyond the current 55 foot threshold.

## **STRONG UNDERLYING TENANCY WITH TERM**

The premises are currently leased to Campeon Market By H-Mart on a 15 year base term and has over 32 years remaining. The lease includes 7.5% increases every 3 years throughout the initial term and 5% increases every 5 years during the option periods. H-Mart is very successful across the street, therefore when the subject building becomes available for lease they saw an opportunity to expand their grocery operations to dominate the trade area.

## **STRONG PERSONAL GUARANTEE**

Campeon Market's lease is personally guaranteed by the founder and CEO of H-Mart with a strong net worth.

## **EASE OF MANAGEMENT**

The offering is 100% leased with zero landlord responsibility.

## **NATIONAL QSR PAD INTEREST**

Value Rock has received interest from multiple national restaurant chains to lease a pad on Hwy 99. This would further enhance the investment security.

## **PRIME RETAIL LOCATION**

Located on one of the strongest retail corridors in the Puget Sound, this 5.23 acre corner lot is surrounded by multiple National Credit retailers, increasing draw and consumer traffic to the site. There is a strong performing H-Mart across the street, multiple major retail centers within blocks, and Federal Way Commons is two urban blocks down the street.

## **FUTURE LIGHT RAIL EXPANSION**

To be completed by 2024, the light rail will be extended from Angle Lake Station in SeaTac to the Federal Way Transit Center, only half a mile from Campeon Market. The 7.8-mile extension includes three stations in Kent/Des Moines near Highline College, South 272nd Street and the Federal Way Transit Center and adds 3,200 parking spaces along the corridor.

## **GROWING POPULATION & STRONG INCOMES**

There are nearly 218,000 people with average household incomes of \$94,000 within a 5-mile radius of the investment site.

## **EXCELLENT ACCESS & VISIBILITY**

Located at the intersection of Pacific Hwy S and S 312th St, both main arterials in the Federal Way trade area, with over 32,000 ADT per day along Pacific Hwy S.

## **NO DEBT**

The investment is offered free extremely clear of debt allowing an investor to take advantage of currently low interest rates





# SITE AERIAL



JO-ANN

BEST BUY

petco

Party City

BARNES & NOBLE

MONEY TREE

B|E|C|U

MART

hair)masters

usbank

S 312th St

DOLLAR TREE

7 ELEVEN

Pacific Hwy S

T-Mobile

ACE DENTAL



# SITE AERIAL



hair)masters

MART

ACE DENTAL

T-Mobile

ELEVEN

DOLLAR TREE

BARNES & NOBLE

Party City

S 312th St

petco

us bank

BE|CU

Pacific Hwy S

JO-ANN



# SITE DESCRIPTION



<b>Address</b>	31009 Pacific Hwy S Federal Way, WA 98003
<b>Parcel #</b>	082104-9089
<b>Land Area</b>	5.23 Acres
<b>Building Area</b>	52,571 SF
<b># of Buildings</b>	1
<b>Occupancy</b>	100%
<b>Number of Floors</b>	1
<b>Parking Stalls</b>	243 stalls
<b>Year Built</b>	2002
<b>Zoning</b>	BC (Business Community)





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