



COVINGTON CENTER

17307

BIGLOTS!

BIG 5 SPORTING
GOODS



INVESTMENT SALE

17307 SE 272nd Street, Covington, WA 98042

1 EXECUTIVE SUMMARY

Meet Covington Center
Property Overview
Terms of the Offering
Investment Highlights

2 LOCATION OVERVIEW

Barriers of Entry
Covington Market Aerial
Site Plan
Future Development

3 TENANT SUMMARY

4 TRADE AREA

Covington, WA - *Growing Toward Greatness*
Demographic Comparison
Residential Growth
Puget Sound Overview

5 LOCATION AERIALS

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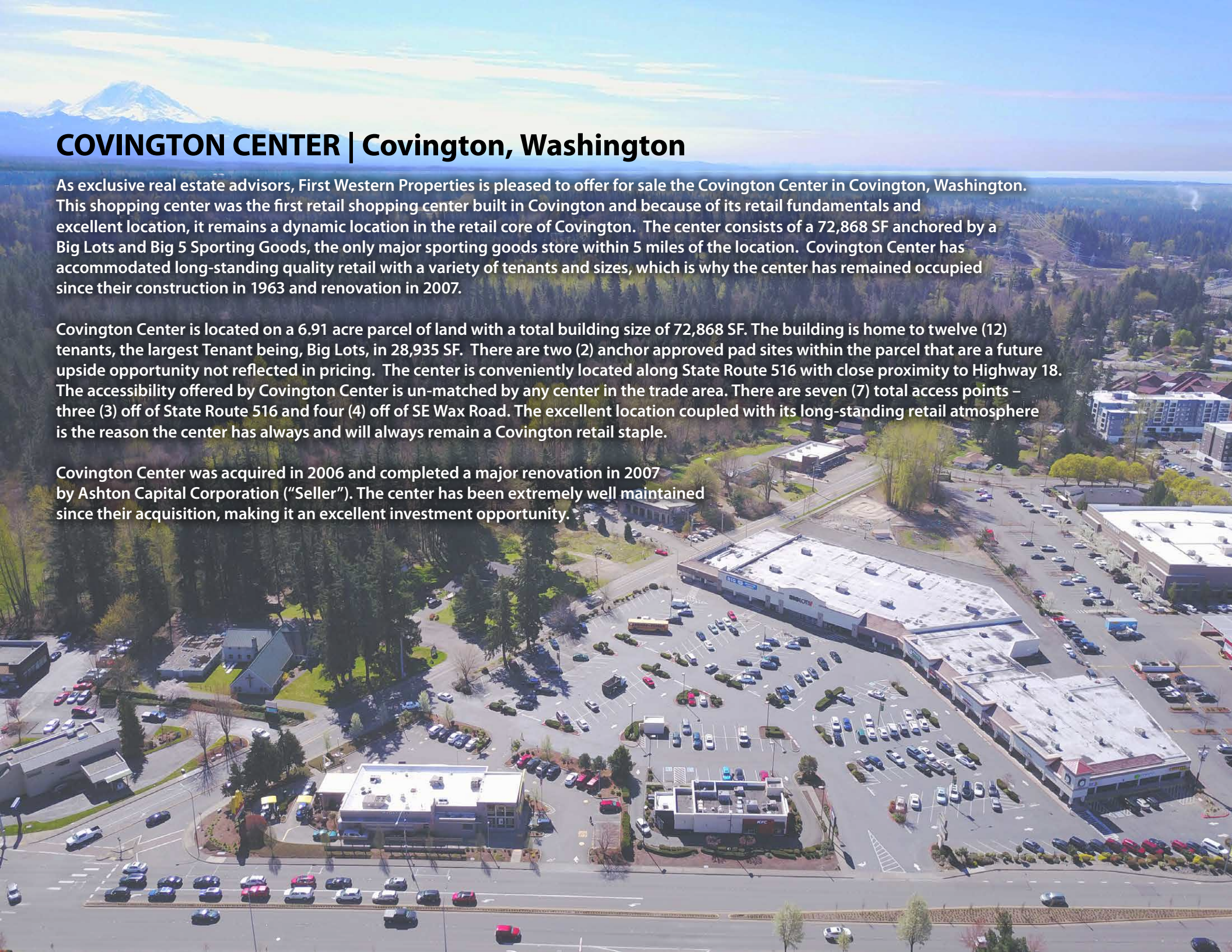


COVINGTON CENTER | Covington, Washington

As exclusive real estate advisors, First Western Properties is pleased to offer for sale the Covington Center in Covington, Washington. This shopping center was the first retail shopping center built in Covington and because of its retail fundamentals and excellent location, it remains a dynamic location in the retail core of Covington. The center consists of a 72,868 SF anchored by a Big Lots and Big 5 Sporting Goods, the only major sporting goods store within 5 miles of the location. Covington Center has accommodated long-standing quality retail with a variety of tenants and sizes, which is why the center has remained occupied since their construction in 1963 and renovation in 2007.

Covington Center is located on a 6.91 acre parcel of land with a total building size of 72,868 SF. The building is home to twelve (12) tenants, the largest Tenant being, Big Lots, in 28,935 SF. There are two (2) anchor approved pad sites within the parcel that are a future upside opportunity not reflected in pricing. The center is conveniently located along State Route 516 with close proximity to Highway 18. The accessibility offered by Covington Center is un-matched by any center in the trade area. There are seven (7) total access points – three (3) off of State Route 516 and four (4) off of SE Wax Road. The excellent location coupled with its long-standing retail atmosphere is the reason the center has always and will always remain a Covington retail staple.

Covington Center was acquired in 2006 and completed a major renovation in 2007 by Ashton Capital Corporation (“Seller”). The center has been extremely well maintained since their acquisition, making it an excellent investment opportunity.





PROPERTY OVERVIEW

Property Name	Covington Center	Land Area (SF)	301,062 SF
Address	17307 SE 272nd Street, Covington WA 98042	Parking Stalls	322
Year Built	1963 (2007 Renovation)	Parking Ratio	4.6/1000
Parcel Number	3622059042	Access	7 access points via SE 272nd Street and Wax Rd
County	King	Zoning	Town Center
Municipality	Covington	Signage	Pylon Sign & Building Signage
Building SF	72,868 SF	Total Taxable Value	\$13,573,200
Leaseable SF	72,586 SF	2019 Property Tax	\$174,408

TERMS OF THE OFFERING

Price **\$19,000,000**

Year-1 NOI **\$1,223,659**

CAP Rate **6.44%**

Year 5 CAP Rate **6.93%**

Year 10 CAP Rate **7.70%**

Leveraged IRR **15.59%**

Unleveraged IRR **8.87%**

Price PSF **\$262.00**

Debt **Free & Clear**

Occupancy **97%**

Total Building SF **72,586**

Total Land Area **6.91 Acres**

Website **covingtonretailportfolio.com**



INVESTMENT HIGHLIGHTS



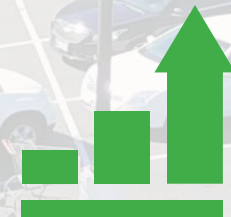
**BIG LOTS
UNDER
MARKET RENT**



**INTERNET RESISTANT USES
REPRESENTS 16,000 SF
OF THE GLA**



**CREDIT TENANTS
REPRESENT 82%
OF THE GLA**



**FUTURE UPSIDE
NOT REFLECTED IN PRICING
WITH TWO DEVELOPMENT
OPPORTUNITIES**

BARRIERS OF ENTRY

COVINGTON MARKET RETAIL OCCUPANCY

Tenant	Major Tenant	SF	Leased
Covington Center	Big Lots	72,580	97%
Covington Place	Petco	67,114	94%
Covington Square	Safeway	155,506	100%
Fred Meyer Center	Fred Meyer	171,497	100%
Kohls Center	Kohls	163,713	96%
Covington Esplanade	Home Depot	187,387	98%
Skagen Plaza	Panda Express	26,000	100%
Covington Crossing	HomeGoods	74,995	97%

BONNEVILLE POWER LINES

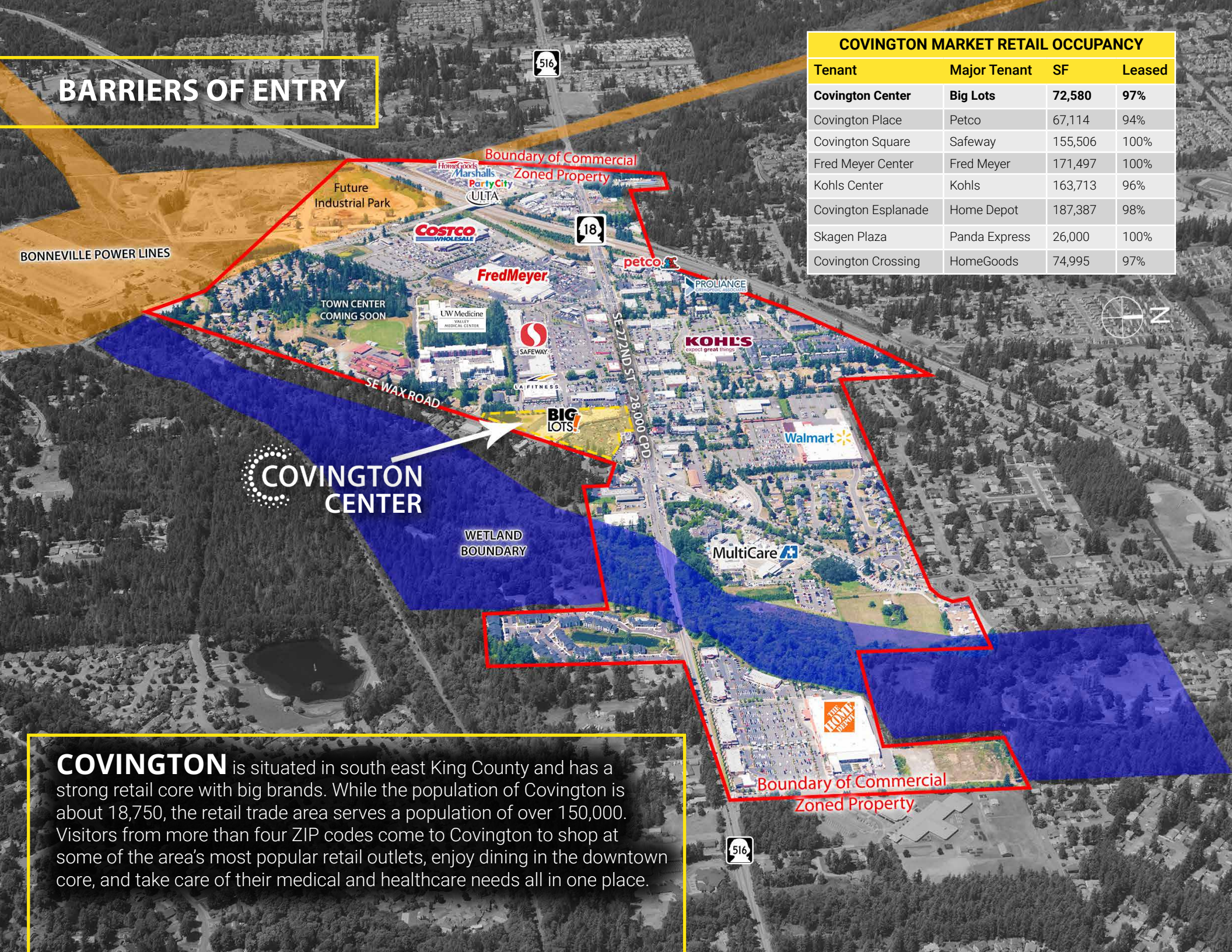
Future Industrial Park

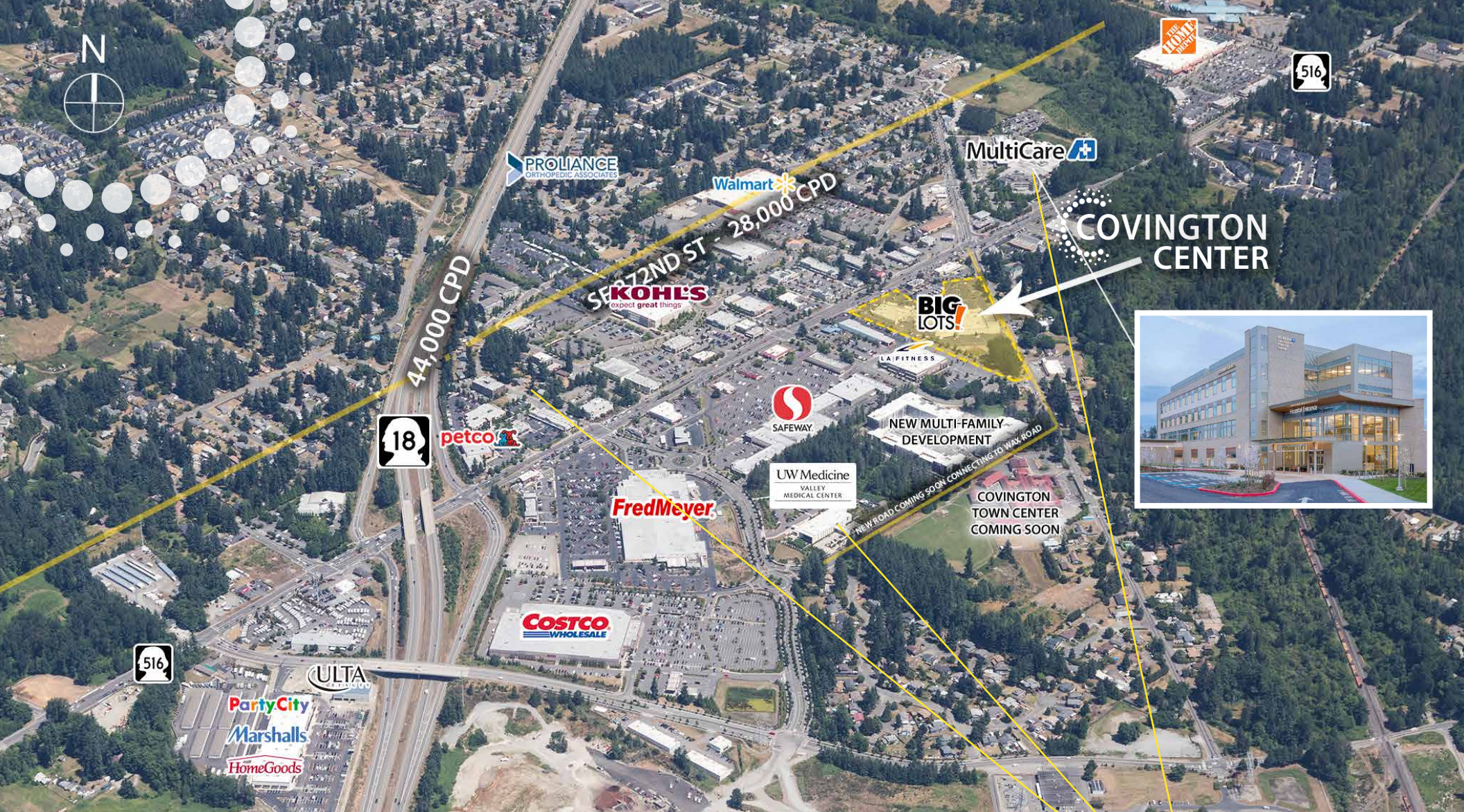
TOWN CENTER COMING SOON

COVINGTON CENTER

WETLAND BOUNDARY

COVINGTON is situated in south east King County and has a strong retail core with big brands. While the population of Covington is about 18,750, the retail trade area serves a population of over 150,000. Visitors from more than four ZIP codes come to Covington to shop at some of the area's most popular retail outlets, enjoy dining in the downtown core, and take care of their medical and healthcare needs all in one place.





MultiCare 

- 225,000 SF
- 2012 - Added Emergency Dept.
- 2017 - Added 74,000 SF and 58 bed hospital

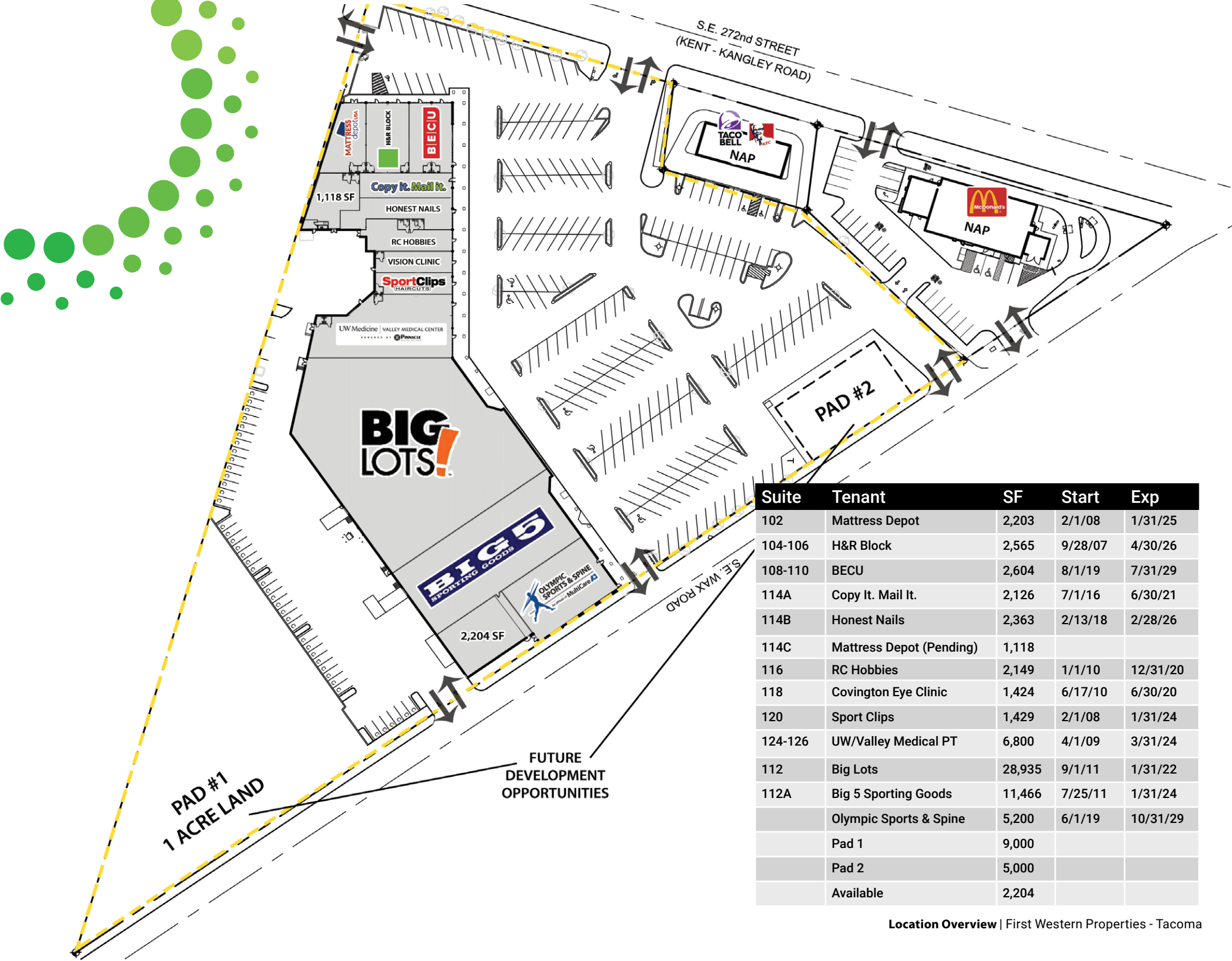
UW Medicine
VALLEY
MEDICAL CENTER

- 62,000 SF
- 2012 - Added 34,000 SF Primary & Urgent Clinic
- 2019 - Acquired Pinnacle Physical Therapy at Covington Center
- Recently signed a 25,000 SF lease in Maple Valley.

PROLIANCE
ORTHOPEDIC ASSOCIATES

- 18,000 SF
- Adjacent to Covington Place built in 2008.

Healthcare Professionals Represent Covington's Largest Employee Groups



Suite	Tenant	SF	Start	Exp
102	Mattress Depot	2,203	2/1/08	1/31/25
104-106	H&R Block	2,565	9/28/07	4/30/26
108-110	BECU	2,604	8/1/19	7/31/29
114A	Copy It. Mail It.	2,126	7/1/16	6/30/21
114B	Honest Nails	2,363	2/13/18	2/28/26
114C	Mattress Depot (Pending)	1,118		
116	RC Hobbies	2,149	1/1/10	12/31/20
118	Covington Eye Clinic	1,424	6/17/10	6/30/20
120	Sport Clips	1,429	2/1/08	1/31/24
124-126	UW/Valley Medical PT	6,800	4/1/09	3/31/24
112	Big Lots	28,935	9/1/11	1/31/22
112A	Big 5 Sporting Goods	11,466	7/25/11	1/31/24
	Olympic Sports & Spine	5,200	6/1/19	10/31/29
	Pad 1	9,000		
	Pad 2	5,000		
	Available	2,204		



**BIG
LOTS!**

**BIG 5
SPORTING GOODS**

WAX ROAD

**PAD #2
5,000 SF
20,000 SF - LAND**

**PAD #1
9,000 SF
1 ACRE - LAND**

FUTURE DEVELOPMENT

Anchor approved building pads of 9,000 SF (Pad #1) and 5,000 SF (Pad #2).

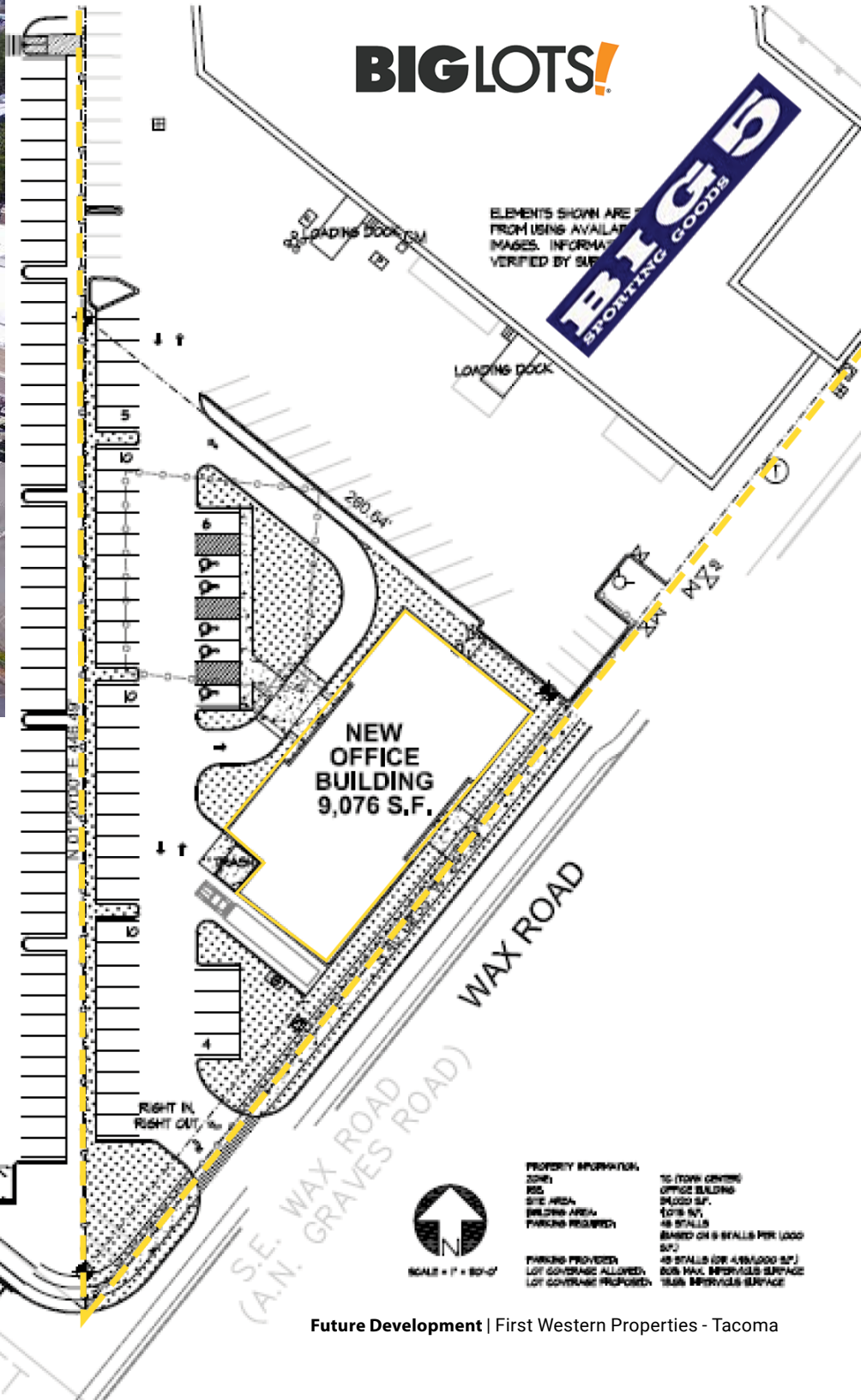
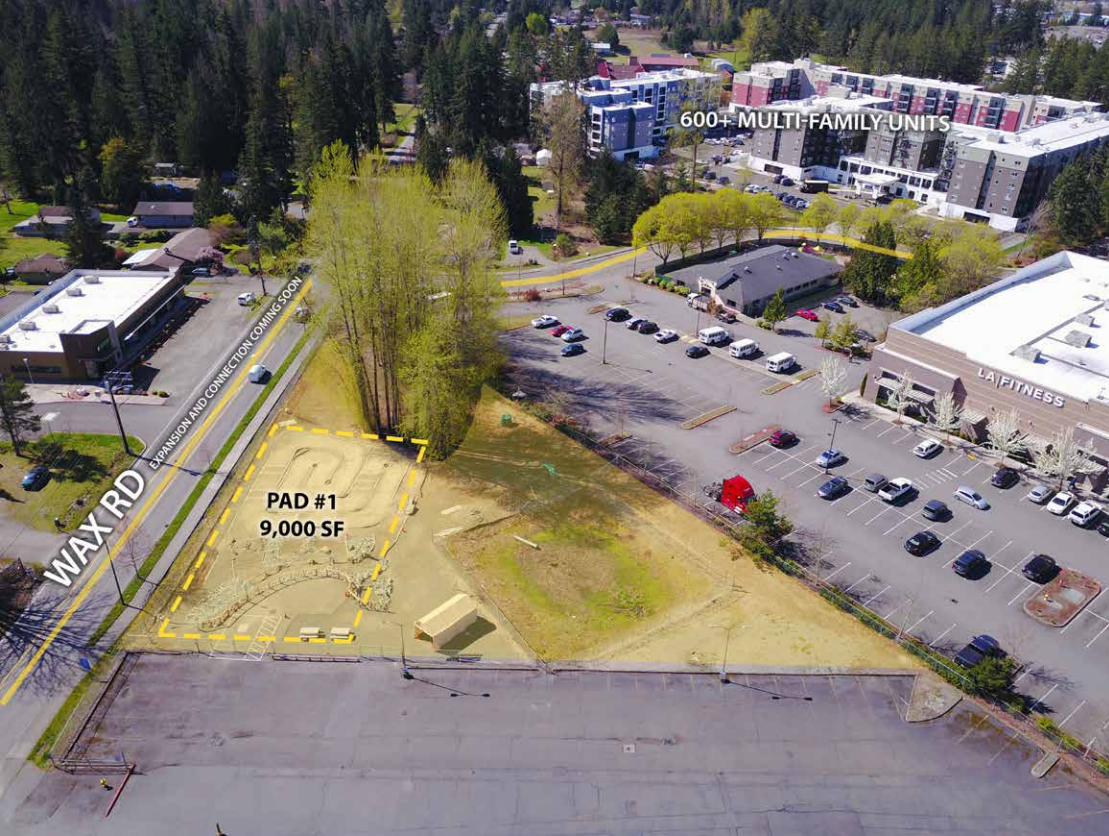
Excellent locations on Wax Road, which is slated for expansion and connection to the new Town Center entrance.

Future upside opportunity not reflected in pricing.

Wax Road is on the City of Covington's six-year improvement plan to be widened and improved on east side of road.

No off-sites required.

Town Center Zoning encourages density, medical and other commercial uses



LAND COMPARABLE SALES

Location	Price	PSF	SF	Date
Valley Medical Land - Maple Valley	\$1.15M	\$11.13	103,237	7/12/2018
Covington Heated Storage	\$1.55M	\$9.24	167,706	1/11/2017
Storage Development	\$800,000	\$13.71	58,342	12/29/2017
Maple Valley Eye Care	\$600,000	\$24.00	25,000	9/8/2013
Pink Elephant	\$763,000	\$18.38	41,498	8/6/2012
Firestone Tire	\$910,000	\$20.08	45,302	4/23/2012
Red Canoe Credit Union	\$744,000	\$31.00	23,941	12/19/2012

SUBJECT PROPERTY

Pad #1	\$522,720	\$12.00	43,560	
Pad #2	\$500,000	\$25.00	20,000	
Total:	\$1,022,720			

TENANT SUMMARY



A closeout retailer with merchandising categories that include home, furniture, hard lines, seasonal and others. Headquartered in Columbus, Ohio, Big Lots, Inc. (NYSE: BIG) operates over 1,400 stores in 47 states with a current market value of \$1.4B. They serve customers like family, providing a better shopping experience for everyone, valuing and developing associates, and creating growth for shareholders. **Their Covington location is planning to install new floors in June 2019 and add more homegoods merchandise.**



Big 5 Sporting Goods is one of America's top retailers of name brand sporting goods. A wholly owned subsidiary operating 436 stores throughout 11 western states. Big 5 Sporting Goods provide a full-line product offering in a traditional sporting goods store format. Our product mix includes athletic shoes, apparel and accessories, as well as a broad selection of outdoor and athletic equipment. **The Covington store opened in 2011 and is the only major sporting goods store within 5 miles of Covington.**



TENANT SUMMARY

B|E|C|U

BEUCU is a credit union originally established to serve employees of The Boeing Company. BEUCU has over \$17.5 billion in assets and over 1.06 million members, making it the largest credit union in Washington and fourth largest in the United States.



Founded in 2002 this family owned business has grown to a chain of 25 stores. Most of the products are manufactured and sourced by local vendors in the Northwest.



Is an affiliate of MultiCare Health Services acting as a premier provider of outpatient physical and occupational therapy with an emphasis on providing manual physical therapy and industrial rehabilitation services.



Started in early 2000's as a traditional physical therapy clinic, they have now grown into a holistic medical wellness provider with four locations and was recently acquired by UW Medicine | Valley Medical Center to operate all of their physical therapy programs.



COVINGTON, WA | *GROWING TOWARD GREATNESS*

Covington, WA is a youthful city that plays home to successful retail business in a family-friendly environment. Major thoroughfares transport commuters to the adventure in the mountains and fun on the Puget Sound, all while holding onto small town character. There has been rapid population growth fueling the retail industry as well as the growth in the medical sector. Bringing residents to not only shop but work in Covington.

154K
TRADE AREA
POPULATION

\$122K
AVERAGE HH
I N C O M E

33%
BACHELOR DEGREE
OR HIGHER



DEMOGRAPHIC COMPARISON

POPULATION

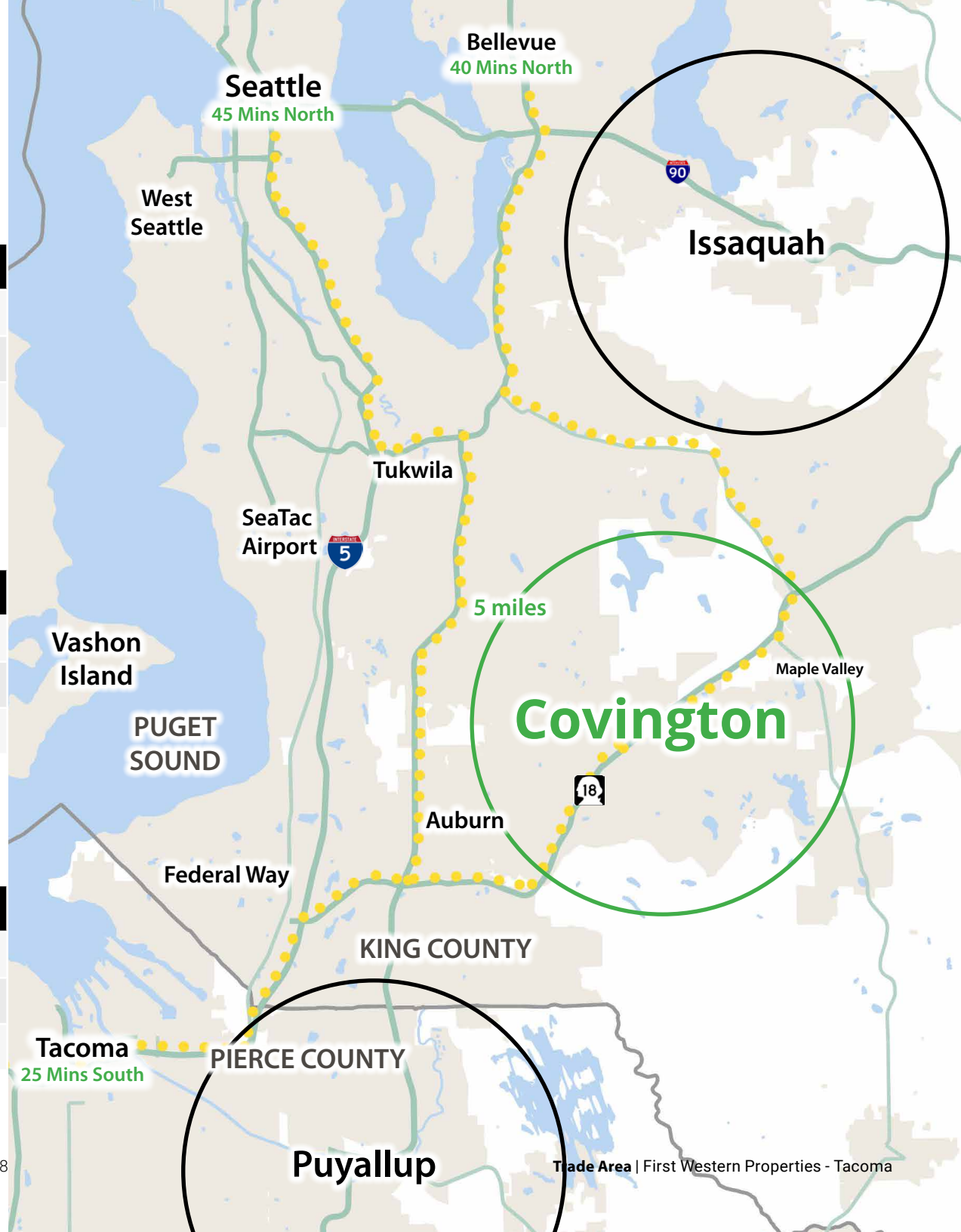
	Mile 1	Mile 3	Mile 5
COVINGTON	9,108	56,410	154,778
ISSAQUAH	10,073	53,817	114,741
PUYALLUP	12,154	76,744	160,970

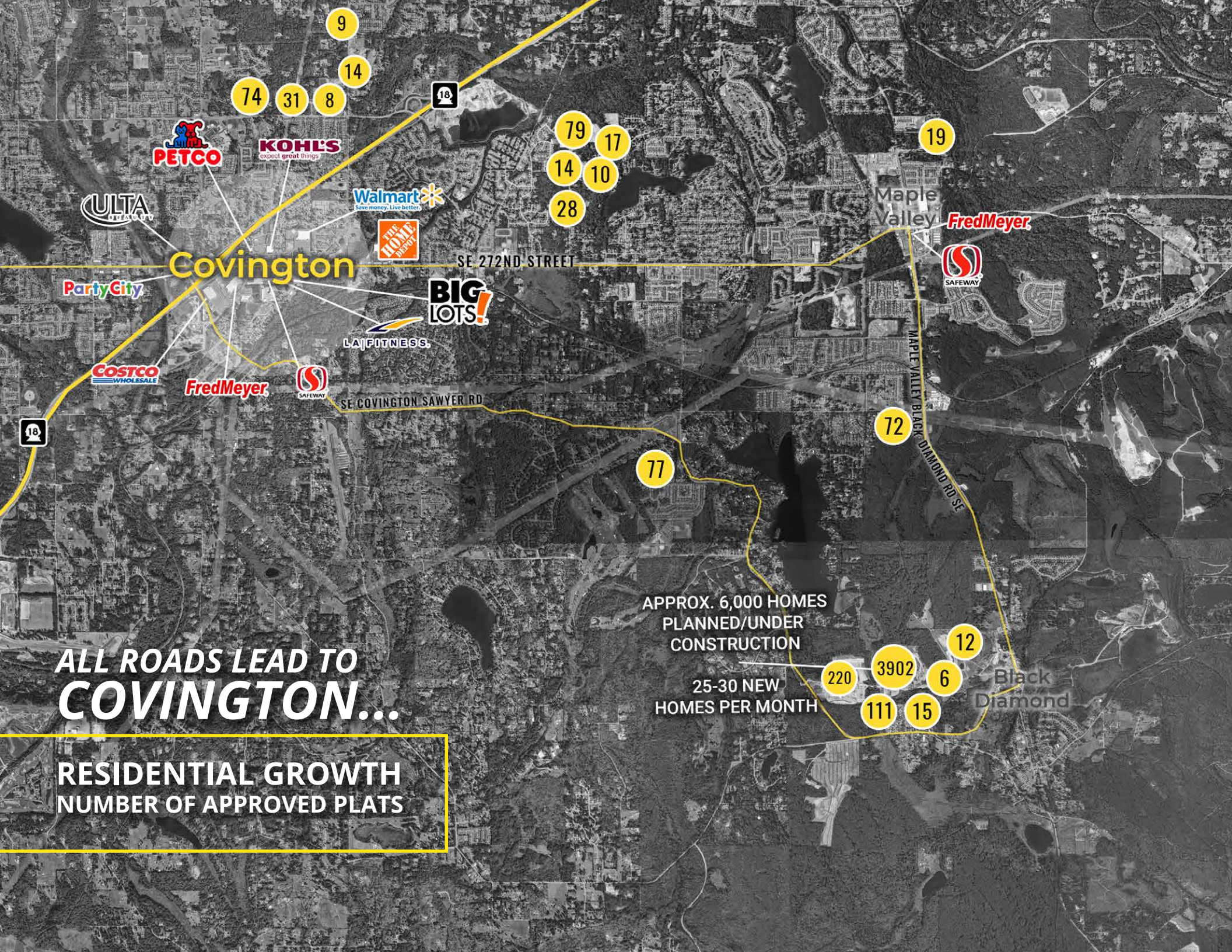
AVERAGE HH INCOME

	Mile 1	Mile 3	Mile 5
COVINGTON	\$123,591	\$132,751	\$122,765
ISSAQUAH	\$110,012	\$149,945	\$184,317
PUYALLUP	\$82,007	\$95,816	\$95,476

BACHELOR DEGREE OR HIGHER

	Mile 1	Mile 3	Mile 5
COVINGTON	1,970 32.8%	12,555 32.9%	33,976 33.2%
ISSAQUAH	3,769 53.3%	22,933 64.5%	49,355 66.4%
PUYALLUP	1,824 21.9%	14,575 27.6%	29,154 26.5%





KOHL'S
expect great things



Fred Meyer



Covington

SE 272ND STREET

Maple Valley

Party City

BIG LOTS!

LA FITNESS

COSTCO
WHOLESALE

Fred Meyer



SE COVINGTON SAWYER RD

MAPLE VALLEY BLACK DIAMOND RD SE

18

77

72

**ALL ROADS LEAD TO
COVINGTON...**

APPROX. 6,000 HOMES
PLANNED/UNDER
CONSTRUCTION

25-30 NEW
HOMES PER MONTH

**RESIDENTIAL GROWTH
NUMBER OF APPROVED PLATS**

9

14

74

31

8

18

79

17

14

10

28

19

12

6

220

3902

111

15

Black Diamond

PUGET SOUND OVERVIEW

The Puget Sound (Pierce and King County) is home to over 40% of Washington State's population and is a national center for manufacturing, technology, services, international trade and tourism. Some of the world's most recognizable companies call the Puget Sound home: Microsoft, Starbucks, Amazon, T-Mobile, Nordstrom, and Costco. The region is projected to generate 1.2 million new jobs by 2040.

Seattle has remained one of the most resilient cities due to its diverse industries. The city accounts for over 20% of the nation's software publishing employment. Healthcare employment is projected to continue to grow dramatically and Seattle has the 5th largest biotechnology Research and Development alliance in the University of Washington and the Fred Hutchinson Cancer Research Center. This is in addition to remaining one of the capitals of aerospace and computing.

Combine that with the superb quality of life in the Pacific Northwest, a world-class arts scene, professional sports teams, and culinary delights from some of the country's top chefs, and you've got a great place to do business where employees are happy to call "home."



Population Estimates

State of Washington	7,405,743
King County	2,188,649
Pierce County	876,764



25+ have a Bachelor's Degree

State of Washington	33.6%
King County	49.1%
Pierce County	25.4%

Largest Employers in King County



The Boeing Co **65,829**



Amazon **50,000**



Microsoft **46,293**



University of Washington **44,955**



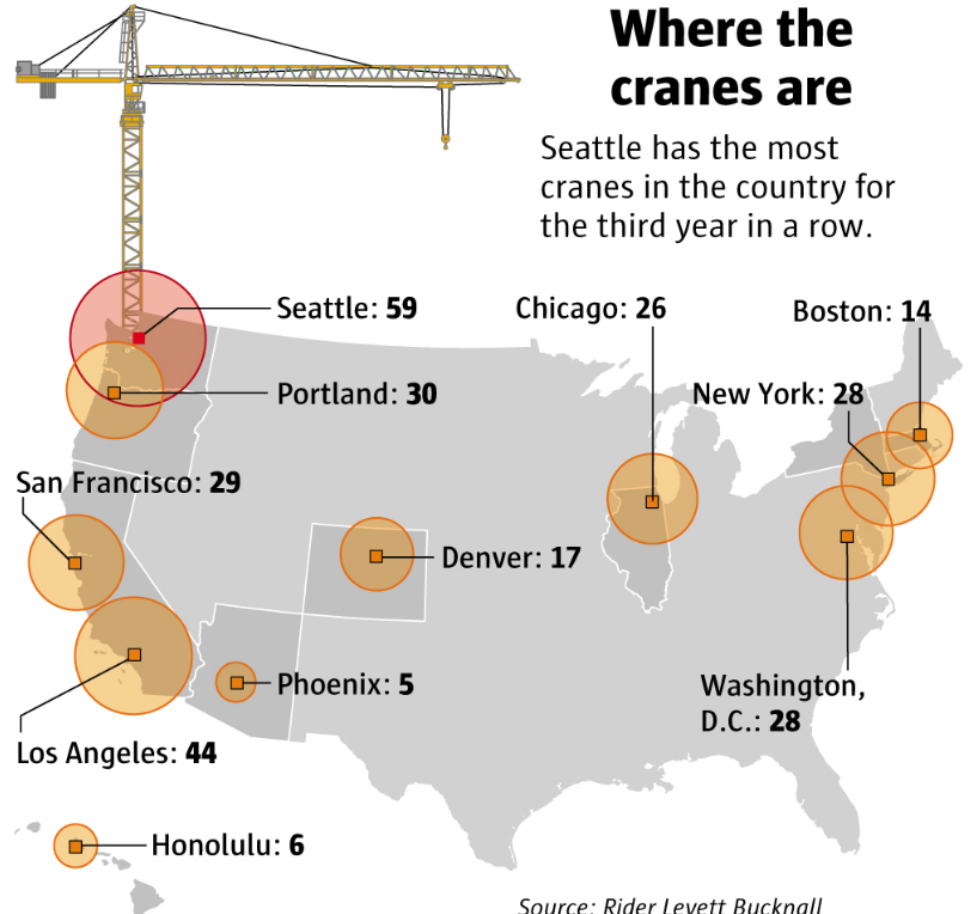
Providence Health and Services **43,067**

Source: Puget Sound Business Journal Book of Lists 2018

Amazon does not disclose their regional employment numbers. Estimate based on latest news reports.

Where the cranes are

Seattle has the most cranes in the country for the third year in a row.



Source: Rider Levett Bucknall

MARK NOWLIN / THE SEATTLE TIMES



KENT



57,000 CPD



600+ MULTI-FAMILY UNITS



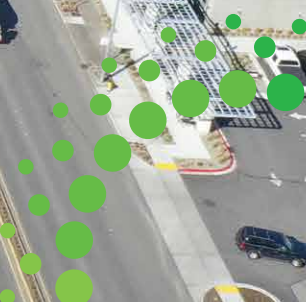
PAD #1

SE 272ND ST - 28,000 CPD

PAD #2

WAX ROAD

LOCATION AERIAL



LOCATION AERIAL



Walmart

KinderCare
LEARNING CENTERS

MATTRESS
FIRM

Chick-fil-A

Firestone

MultiCare

ADDED 74,000 SF &
58 BED HOSPITAL
IN 2017



12,000 CPD

SE 272ND ST - 28,000 CPD

5,000 CPD

WAX ROAD





COVINGTON CENTER



RETAIL FOCUSED. RESULTS DRIVEN.

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