



Capital Markets | Institutional Properties

Murphy's Corner

Multi-Tenant Triple Net Lease Opportunity

1523 132nd Street SE | Everett, Washington

MurphysCornerEverett.com

CBRE

POSTALANNEX+

1523

ANYTIME FITNESS

Healthy
FOOT MASSAGE





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EXCLUSIVELY MARKETED BY

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TO LEARN MORE ABOUT THE PROPERTY



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INVESTMENT SUMMARY

OFFERING PRICE	\$3,395,000
Price Per SF	\$269.29
NOI (Year 1)	\$222,211
Cap Rate (Year 1)	6.55%
Unleveraged IRR	7.71%
Leveraged IRR	11.50%
Address	1523 132nd Street SE Everett, WA 98208
Building Size	12,607 SF
Occupancy	100%
Site Size	38,333 SF
Year Built	1999
Parcel Number	28053000406300
Parking	4.3:1
Zoning	C-1 (General Commercial), City of Everett





INVESTMENT OVERVIEW

100% OCCUPIED BUILDING WITH LONG REMAINING LEASE TERMS AND ANNUAL ESCALATIONS

The property has been completely repositioned in the market since Party City vacated the building several years ago. Since this time, the building has been fully renovated and re-tenanted with all new leases on 5 to 10 year terms. The first lease expirations are scheduled for 2023 with the Anytime Fitness tenant extending through 2026, and each tenant has additional renewal options for extended terms. Most tenants have annual rent escalations of 2% to 3%, while the Little Caesars tenant has a 4% rent increase in 2020.

SHADOW-ANCHORED BY FRED MEYER LOCATION GENERATING TOP-PERFORMING SALES FIGURES

The property is located adjacent to a 170,000 square-foot Fred Meyer, which is the dominant retail use in the expanded submarket. Offering a full-service grocery store and a wide variety of general merchandise, local residents routinely fill the parking area for the store and the surrounding retail uses. Reports suggests that the Fred Meyer produces market-leading sales figures, ranking it among the highest grossing stores in the area. The subject directly benefits from the exposure and intense consumer draw provided by Fred Meyer. This influence was essential for the successful reposition recently undertaken by the subject's ownership and will continue to provide consistent demand for the property moving forward.

TRIPLE NET LEASES WITH FULL REIMBURSEMENTS

The lease terms require each tenant to reimburse the ownership for all operating expenses, including management and general administration. The ownership is responsible for structural repairs, roof, and utility systems. Given the recent capital improvements and the ongoing maintenance program, capital expenditures should be limited over the investment period.

MAJOR CAPITAL EXPENDITURES WITH IMPROVEMENTS TO BUILDING SYSTEMS

After the former Party City tenant vacated in 2012, more than \$400,000 has been spent in long-term capital upgrades including exterior paint, several new HVAC units, new electrical panels, and interior demising and renovations. Further, the vacant space is already fully built-out with above-average tenant improvements and should be ready for immediate move-in with minimal additional costs provided by the landlord.

AREA HIGHLIGHTS

DENSELY POPULATED REGION WITH MEDIAN INCOMES ABOVE REGIONAL AVERAGES

The local submarket boasts a high concentration of population with over 229,000 residents within a 10-minute drive and above-average median household incomes of \$72,824. These metrics rank high among all other submarkets within Snohomish County. The existing tenants are strategically-positioned to capitalize on the premium demographics and the positive long-term growth forecasts. Given the strong demographics, the existing tenants should outperform in terms of store sales which reduces leasing volatility over the investment period.

HEAVY CONSUMER DRAW FROM FRED MEYER AND STRONG TRAFFIC COUNTS ALONG ARTERIAL

While the property offers limited exposure from the primary arterial of 132nd Street SE, there is excellent visibility from Fred Meyer's main entrance and parking area. As the predominate use in the submarket, the Fred Meyer provides a powerful and consistent substitute for traditional arterial exposure. To further illustrate the commercial appeal of the property, the Postal Annex tenant recently relocated from an adjacent property with greater street exposure to capitalize on the subject's increased appeal.

ACTIVE SUBMARKET WITH NEW DEVELOPMENT AND RETAIL OPENINGS

The immediate submarket has been exploding with new development in recent months with the 2017 completion of a 177-unit affordable housing property (Gateway Apartments) and an 98,000 square-foot indoor sports arena and bowling alley, which is scheduled for completion by November 2017. Further activity includes the recent announcement that Sprouts Farmers Market and Planet Fitness will be back-filling the former Safeway box (55,275 square feet), which was vacated in 2015. The new development and recent retail openings highlight the improving demographics and positive long-term growth expectations for the submarket.



DRIVE-TIME DEMOGRAPHICS 5 Minute 10 Minute 15 Minute

PLACE OF WORK

Total Businesses	1,610	6,804	14,459
Daytime Employment (Total Employees)	13,702	68,742	199,661

POPULATION

2017 Estimated Population	47,807	229,467	392,491
2022 Projected Population	51,535	249,326	423,158

HOUSEHOLDS

2017 Estimated Households	18,856	85,423	148,876
2022 Projected Households	20,226	92,387	159,901

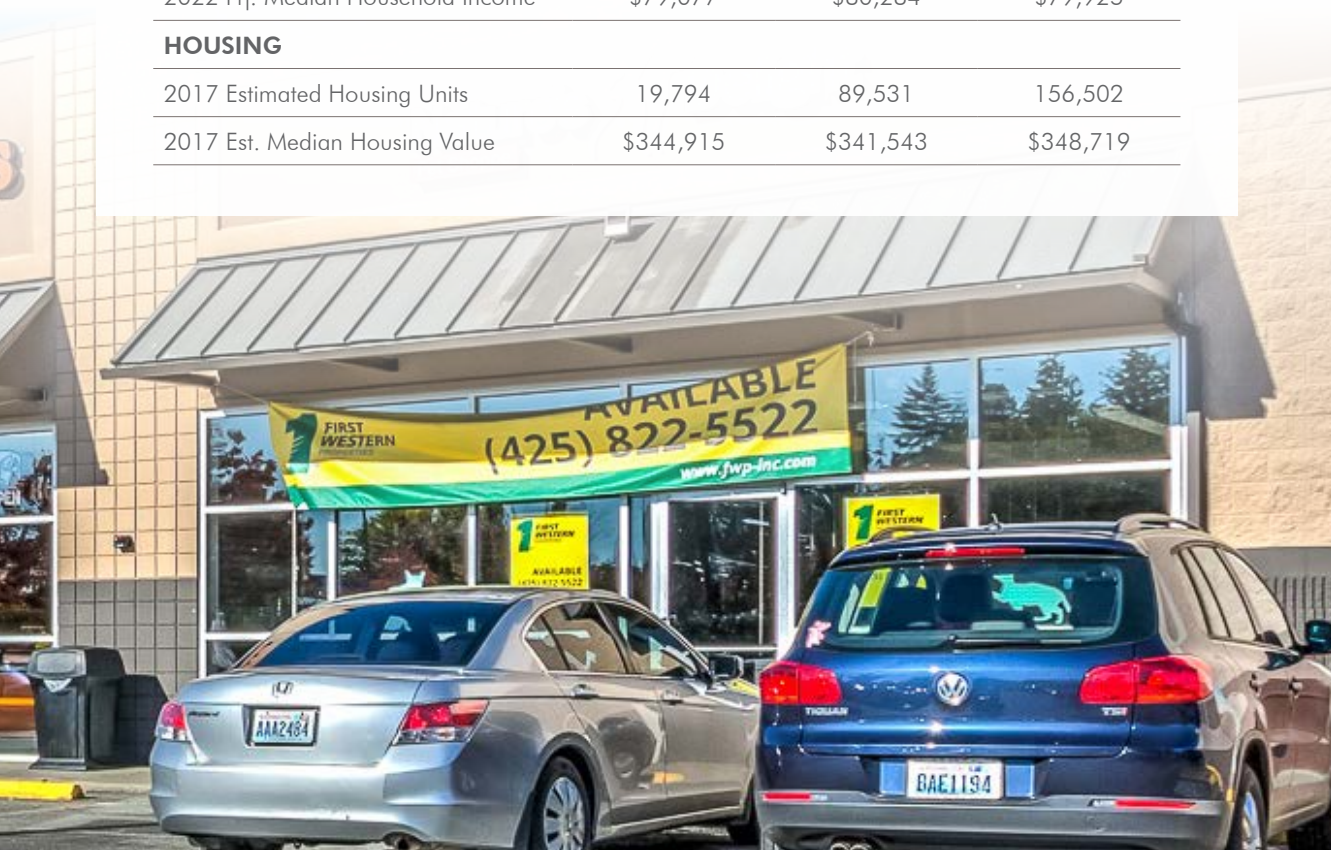
INCOME

2017 Est. Median Household Income	\$70,226	\$72,824	\$72,360
2022 Prj. Median Household Income	\$79,077	\$80,284	\$79,925

HOUSING

2017 Estimated Housing Units	19,794	89,531	156,502
2017 Est. Median Housing Value	\$344,915	\$341,543	\$348,719

DISTANCE FROM PROPERTY TO



PROPERTY OVERVIEW

GENEROUS PARKING RATIO WITH ADDITIONAL OVERFLOW AREAS AVAILABLE

With 55 parking spaces located on site, the property boasts a parking ratio of 4.3:1, which is well within market standards for a general retail property. Moreover, the adjacent Fred Meyer shopping center offers abundant overflow parking areas which are made available to customers of the subject's shops. Between the subject's own parking and the overflow areas offered by Fred Meyer, the parking situation is convenient and ample.

RECENT MAJOR BUILDING CAPITAL IMPROVEMENTS

Since 2012, the property was renovated with new exterior paint, several new HVAC units, new electrical panels, and various interior demising and renovations. Much of this capital work was for the conversion of the former Party City space into the three existing tenants now occupied by Anytime Fitness, Healthy Foot Massage, and Little Caesars. The ownership spent more than \$400,000 to demise and build-out these spaces for re-tenanting.

ABOVE-AVERAGE INTERIOR BUILD-OUT FOR EXISTING VACANCY

The existing 2,342 square-foot vacant space was formerly occupied by a commercial contracting tenant who built-out the space with high-grade materials and equipment including designer bathrooms, cabinets, and countertops. In the "as-is" condition, this space is ready for immediate occupancy by a new tenant and should only require minimal tenant improvement contributions from the landlord.



Fred Meyer

ANYTIME FITNESS

Little Caesars

Healthy Foot Massage

Vacant Space

POSTAL ANNEX⁺

Site plan for reference only. Not drawn to scale.





MASCALINI

1523

ANYTIME FITNESS

Healthy FOOT MASSAGE

Little Caesars

Little Caesars GRAND OPENING!

GRAND OPENING!

Little Caesars

CAESAR WINGS PIZZA

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