



SODO COMMERCIAL FOOD PRODUCTION KITCHEN

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01

EXECUTIVE SUMMARY

THE OFFERING

PROPERTY OVERVIEW

OFFERING PROCESS

INVESTMENT HIGHLIGHTS





EXECUTIVE SUMMARY

Kidder Mathews is pleased to present the opportunity to acquire the SoDo Commercial Food Production Kitchen located in SoDo (South of Downtown), one of Seattle's most dynamic industrial submarkets, less than 5 minutes from Seattle's Central Business District.

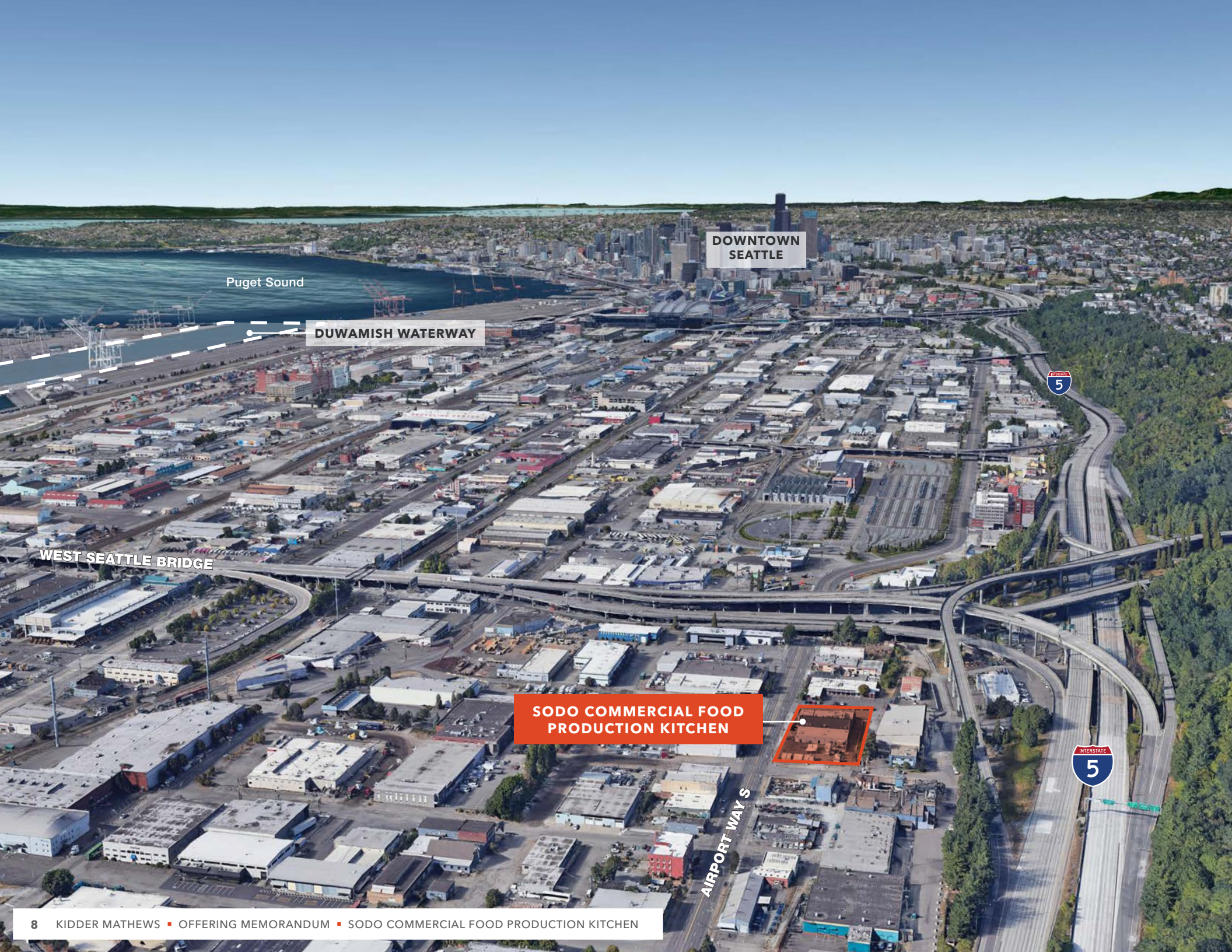
THE OFFERING

Positioned on the highly trafficked Airport Way corridor, this offering includes an industrial zoned 28,800 SF lot with an existing 12,585 SF single-story building fully leased

with a Fortune 10 international company as the main tenant. This offering provides an exceptional investment opportunity with stable in-place cashflow that requires little to no management. Originally built to foster a multi-tenanted environment, the flexible interior layout is currently operated as a commercial kitchen production with state-of-the-art finishes and several spaces for dry storage, packaging and production, and walk-in freezers.

PROPERTY OVERVIEW

Property Name	SoDo Commercial Food Production Kitchen
Type	Food Production / Storage
Parcel	7886101125
Address	3810 Airport Way S, Seattle, WA 98108
Projected Year 1 NOI	\$850,024
Building Net Rentable Area	12,585 SF
Stories	1
Year Built	1958 / 1999
Construction	Prefab Steel
Occupancy	100%
Land Size	28,800 SF (.66 AC)
Opportunity Zone	Yes
Zone	IG2 U/85



Puget Sound

DOWNTOWN SEATTLE

DUWAMISH WATERWAY



WEST SEATTLE BRIDGE

SODO COMMERCIAL FOOD PRODUCTION KITCHEN



AIRPORT WAY S

This unique opportunity is located within an identified Opportunity Zone and presents investors and developers with the potential to take advantage of deferring capital gains while significantly reducing tax consequences. The SoDo Commercial Food Production Kitchen provides an exceptional opportunity to acquire close-in Seattle real-estate with low management requirements in one of Seattle's strongest, thriving markets.

OFFERING PROCESS

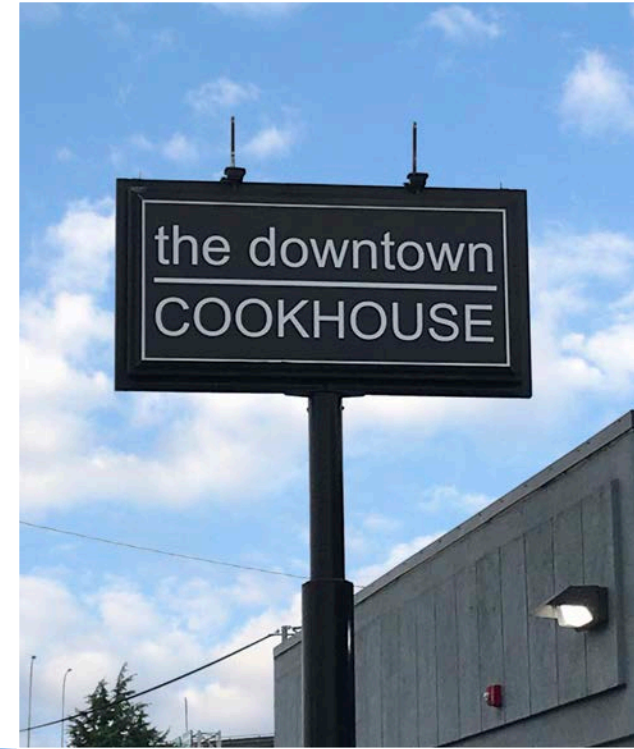
The SoDo Commercial Food Production Kitchen is being offered for sale unpriced. The ownership will review and respond to offers as submitted while reserving the right to call for offers at a later date. Additional information can be found online at SouthSeattleInvestment.com

IG2-U/85

ZONING

12,585 SF

BUILDING NET RENTABLE AREA





INVESTMENT HIGHLIGHTS

OPPORTUNITY ZONE

Strategically located in a federally designated, state identified opportunity zone, the SoDo Commercial Food Production Kitchen offers prospective buyers a significant value-add opportunity with the ability to delay capital gain liabilities. Created as part of the Tax Cuts and Job Acts on December 22, 2017, Opportunity Zones provide a tax benefit in response to investors deploying capital in certain identified Opportunity Zones. This program presents a unique up-side opportunity for investors while also spurring economic development.

STRONG IN-PLACE CASH FLOWS WITH HIGH CREDITED TENANT

The fully leased 12,585 SF building provides an opportunity for an investor to capitalize on guaranteed cash-flows from a Fortune 10 international tenant. The current

tenant will occupy the building through the end of 2021 with an option to extend. This investment is truly unique and allows an investor to collect income with relatively no management oversight.

LAST-MILE SEATTLE PROPERTY

As e-commerce demand continues to soar, last mile locations are increasingly becoming a significant step in the supply chain. One of the costliest pieces of the overall course, last mile refers to the final step of the delivery process from a distribution center to the end consumer. The SoDo Commercial Food Production Kitchen is positioned just 3 miles south of Seattle's Central Business District, which is less than half of the average last mile distance in Seattle (at 7.7 miles). Last mile logistics is a critical concern for business due

to the direct impact on the ability to ship more products to consumers quicker and more cost-effectively, both main focuses of the supply chain. Consumers are increasingly wanting expedited shipping and are willing to pay premiums for better delivery services (i.e. same-day delivery) with shorter delivery times. SoDo's proximity to the consumer population provides access to over 80% of Seattle's residents providing a unique locational advantage for prospective buyers to capitalize on.

EXPANSIVE INTERIOR BUILD-OUT

Originally built with the intention of providing space conducive to a multi-tenanted environment, the building is well-positioned long-term for an array of end uses. The current interior is fully occupied and utilized as a commercial food production facility. The tenant has invested significantly in additional building infrastructure, which will reduce any improvements needed

in the near future. The interior is comprised of large cold storage spaces, several walk-in freezers, packaging and production rooms, as well as processing and cutting tables.

HIGH GROWTH SUBMARKET

Deemed as one of Seattle's most dynamic submarkets, SoDo Commercial Food Production Kitchen is quickly becoming a highly sought-after area for distribution and fulfillment businesses. With the growing demand and lack of supply for locations with close proximity to core areas such as downtown Seattle, Port of Seattle, and SeaTac Airport, rents are being driven upward, making South Seattle a strong, high-growth economic environment for the foreseeable future.

ACCESSIBILITY

Located 3 miles south of downtown Seattle, the SoDo Commercial Food Production Kitchen is well-situated in an industrial business-friendly area bounded to the east by I-5. Located within close proximity to both the Port of Seattle and SeaTac, the property enjoys easy accessibility. This highly sought-after location enjoys drive times of 15 minutes to SeaTac Airport (11.2 miles), 5 minutes to Seattle CBD (3 miles), 2 minutes to Seattle's Stadium District (2 miles), and 5 minutes to the Port of Seattle (2.7 miles).





02

PROPERTY SUMMARY

PROPERTY DETAILS

OPPORTUNITY ZONE

TENANT & FINANCIAL INFORMATION



**SODO COMMERCIAL FOOD
PRODUCTION KITCHEN**

AIRPORT WAY S





PROPERTY SUMMARY

SODO COMMERCIAL FOOD PRODUCTION KITCHEN

The property is zoned IG2 U/85 which is the prevailing zoning for the majority of the SoDo submarket. The site offers ample onsite parking differentiating it from other properties in the area. The current tenant has invested heavily in additional building infrastructure to support their specific needs. The

interior layout includes 9 kitchen stations, several dry storage rooms, numerous large-scale freezer storage, as well as packaging and production rooms. The structural integrity of the building is in great condition including a brand-new roof that was done less than a year ago.

*Due to the sensitive and proprietary nature of the tenant's operations, we are unable to provide detailed pictures, however qualified buyers will be able to tour prior to submitting.

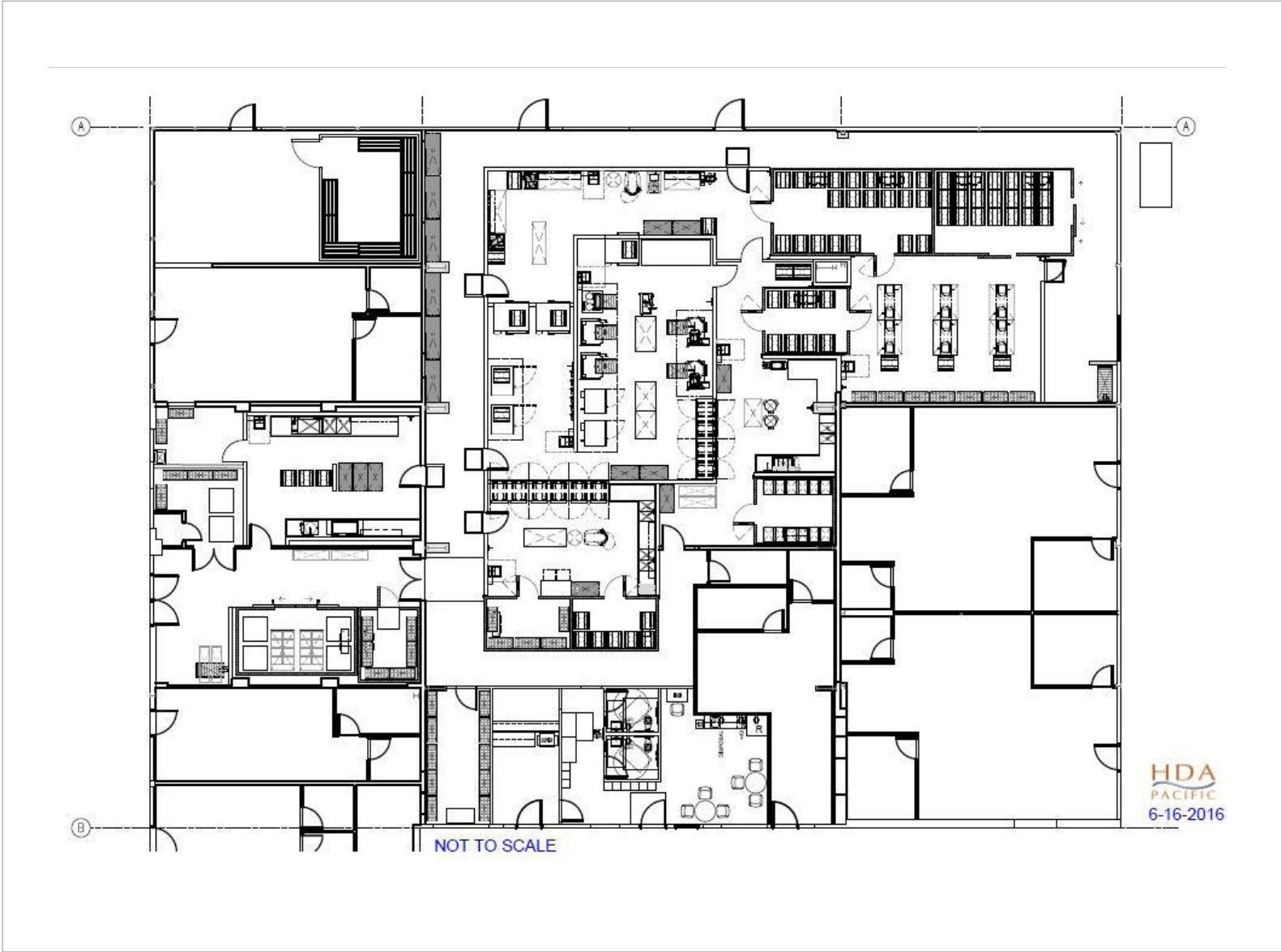
PROPERTY DETAILS

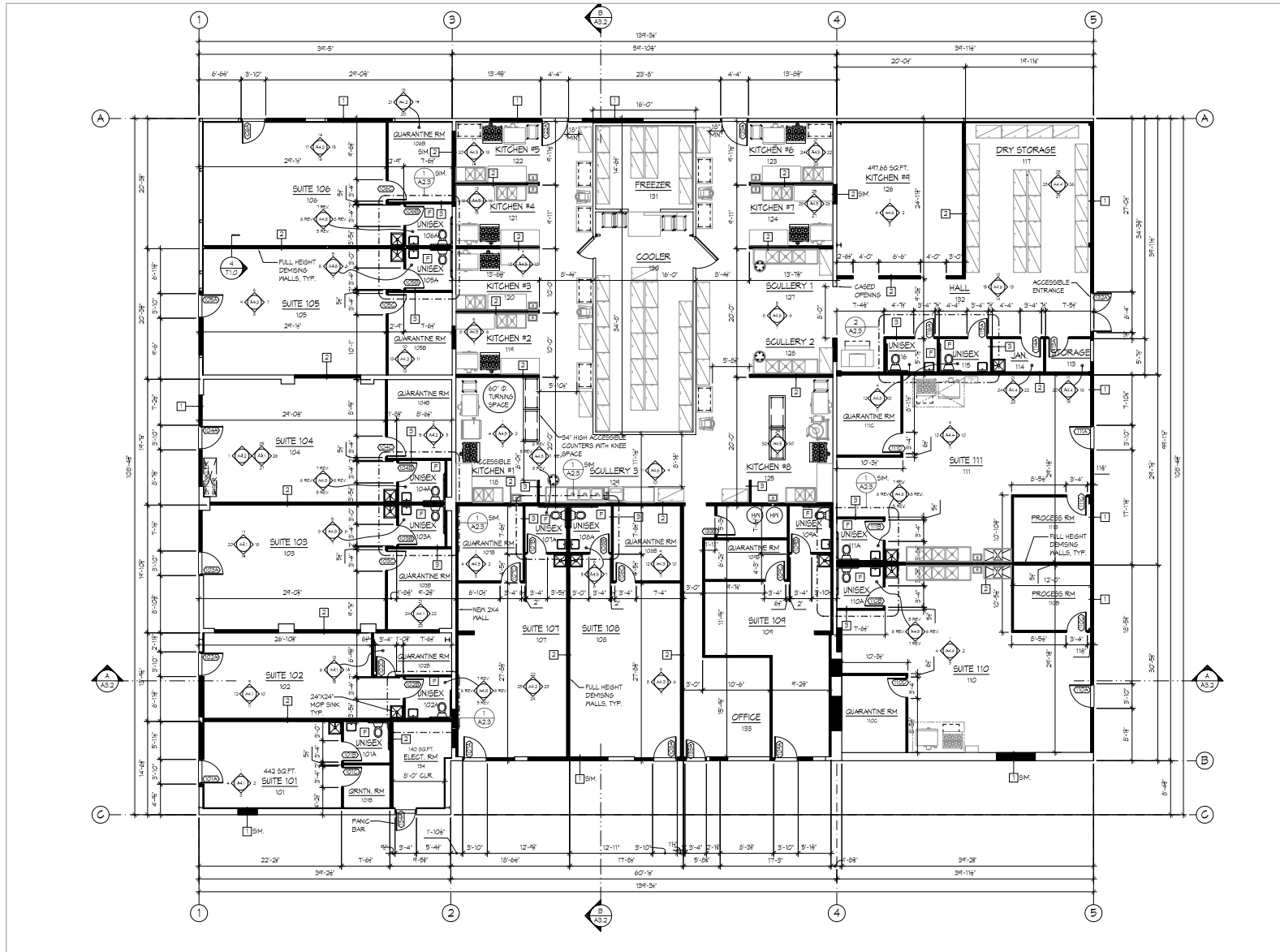
Property	SoDo Commercial Food Production Kitchen
Type	Food Production / Storage
Address	3810 Airport Way S Seattle, WA 98108

PROPERTY SPECIFICATIONS

Commercial Kitchen Space	10,721 SF 12 Suites 9 Kitchen Stations
Cold Storage Facilities	776 SF
Mixed Use Office	1,088 SF
Total NRA	12,585 SF
Land Area	28,800 SF
Zoning	IG2 U/85'
Roof	Metal / PVC 2018

BUILDING LAYOUT





OPPORTUNITY ZONE

Opportunity Zones are a federal program enacted to encourage long-term investments in communities nationwide. The program offers a tax incentive for investors to deploy unrealized capital gains into Opportunity Funds that invest within designated Opportunity Zones. Tax subsidies accrue to Opportunity Fund investors after holding the investments for intervals of five, seven, and ten years. A prospective

buyer's upside potential is captured where tax obligations are slowly erasing on the portion of the realized capital gains, and the proceeds are able to grow tax-free (provided it's held for at least ten years). This is a highly sought-after zone that provides prospective buyers an opportunity to capitalize on.

OPPORTUNITY ZONE ADVANTAGES

ABLE TO DEFER long-term capital gains on incoming capital until end of 2026

5 YEARS: Investments held for at least five years receive a basis increase in the investment that equals 10% of the deferred gain invested in the fund

7 YEARS: 15% deduction on Federal capital gains taxes if the investment is held for more than seven years

10 YEARS: Investments held for more than 10 years are given a step up in basis to the full market value at the time of sale; therefore, no tax is generated on any appreciation in the investor's interest

SODO COMMERCIAL FOOD PRODUCTION KITCHEN ADVANTAGES

OPPORTUNITY to redevelop the surface parking lot

POTENTIAL for developing a second floor to the existing structure

LONG-TERM redevelopment potential in one of the most dynamic submarkets in the Puget Sound

ABILITY to expand existing building into surface parking lot

POSSIBILITY for building improvements





TENANT INFORMATION

The building is fully occupied by two tenants, with the majority of the building leased to a Fortune 10 company through 2021, and the smaller remaining portion leased through the end of 2019. The main tenant, occupying 90% of the building, operates the interior commissary space, freezer/dry storage space, and office space for food production as well as leasing a portion of the parking lot for storage containers. The credit of the existing tenant as well as its successful growth and operations provides an exceptional opportunity to acquire a low maintenance asset with stable cashflow. Additionally, the main tenant has invested a significant amount in interior buildouts and improvements, increasing the likelihood of staying through their option term.

A3 / AA-

MOODY'S RATING / S&P
CREDIT RATING

14 M

SF CURRENTLY OCCUPIED IN
WASHINGTON

SEATTLE

HEADQUARTERED

*Kidder Mathews is unable to disclose information regarding the Tenant due to the confidential nature of the current lease in place.

FINANCIAL INFORMATION

Projected Year 1 NOI	\$850,024
Projected Year 2 NOI	\$891,617
Projected Year 3 NOI	\$934,888
Unit Type	Commissary Space Storage Unit Space Office Space
Commissary Rent	\$1.65/SF
Occupancy	100%*
Number of Tenants	2
Lease Term	December 31, 2021
Annual Rental Increase	5%
Options	One Three-Year Term

*10% occupancy projected to terminate at end of 2019 and anticipated to be released 2020



03

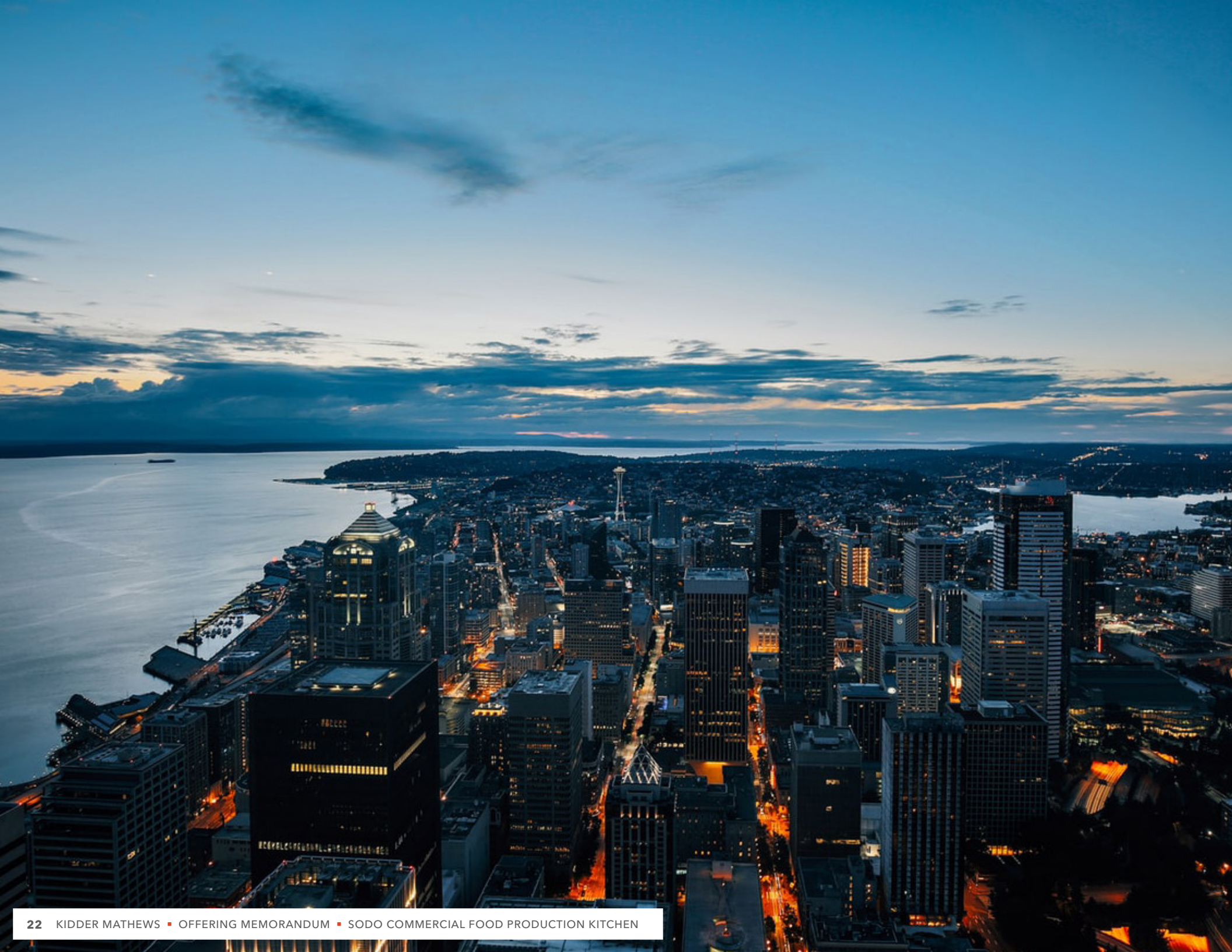
LOCATION OVERVIEW

NEIGHBORHOOD SUMMARY

LOCATION HIGHLIGHTS

DRIVE TIMES / PUBLIC TRANSIT

DEMOGRAPHICS





LOCATION OVERVIEW

NEIGHBORHOOD SUMMARY

The Property is located in the Seattle Close-in market in an area known as SoDo (South of Downtown). The SoDo submarket is the closest submarket to the thriving Seattle Central Business District (CBD) and thus one of the hottest submarkets in the region. This is largely attributed to its proximity to the CBD, providing a locational advantage where businesses can access 80% of Seattle residents in

15 minutes or less. SoDo's proximity to the consumer population make it ground zero for all last mile logistics in the region as well as food and grocery delivery services. Over the last five years SoDo has transitioned from a heavy industrial market to light industrial and distribution.

LOCATION HIGHLIGHTS

STRATEGICALLY positioned in SoDo, with access to several major interstates including I-5, I-90, I-405, HWY-509, HWY-599 and HWY-99

HIGHLY DESIRABLE location less than 5 minutes to downtown Seattle

OPPORTUNITY ZONE location allowing for an opportunity to delay capital gain liabilities

LOCATED along Airport Way allowing for easy North/South access as alternatives to interstate routes

IMMEDIATE Path of Progress providing an exceptional value-add opportunity

HIGHLY TRAFFICKED AREA with several major employers in the immediate area

SITUATED in one of Seattle's most dynamic submarkets with significant recent rental growth and demand due to unprecedented economic and job growth throughout the Puget Sound region



Puget Sound

Lake Washington

TO DOWNTOWN VIA
AIRPORT WAY S
2.8 MILES | 10 MINUTES

TO BELLEVUE VIA I-90
12.5 MILES | 22 MINUTES

TO HARBOR ISLAND
VIA S SPOKANE ST
2.2 MILES | 7 MINUTES

TO PORT OF SEATTLE VIA
S SPOKANE ST
1.6 MILES | 6 MINUTES

TO BOEING FIELD VIA
AIRPORT WAY S
2.5 MILES | 6 MINUTES

TO SEA-TAC AIRPORT
VIA I-5
12.3 MILES | 20 MINUTES

TO TACOMA VIA I-5
31.5 MILES | 1HR 10MIN



ACCESS

The SODO and Georgetown neighborhoods benefit from numerous access points to major freeways in the area including I-5 and Hwy 99 (north/south) as well as I-90 (east/west). It is also well positioned with several King County Metro bus routes nearby on 1st Ave S, 4th Ave S, and Airport Way S as well as existing and planned Link Light Rail extensions, which will aid in further densifying this immediate area.

DRIVE TIMES FROM SODO COMMERCIAL FOOD PRODUCTION KITCHEN

Location	Distance	Time
Port of Seattle	1.60 Miles	6 Minutes
Boeing Field	2.50 Miles	6 Minutes
Harbor Island	2.2 Miles	7 Minutes
Downtown Seattle	2.80 Miles	10 Minutes
Sea-Tac Airport	12.3 Miles	20 Minutes
Downtown Bellevue	12.5 Miles	22 Minutes
Tacoma	31.5 Miles	1Hr 10Min





5 MILES

3 MILES

1 MILE

**SODO COMMERCIAL
FOOD PRODUCTION
KITCHEN**



DEMOGRAPHICS

POPULATION

	1 Mile	3 Mile	5 Mile
2019 Total Population	13,270	164,605	425,586
2024 Population	14,809	179,500	461,650
Population Growth 2019-2024	11.60%	9.05%	8.47%
Average Age	40.00	39.30	38.80

HOUSEHOLD

	1 Mile	3 Mile	5 Mile
2019 Total Households	5,008	69,896	197,956
Household Growth 2019-2024	11.50%	9.05%	8.36%
Median Household Inc.	\$82,269	\$70,757	\$85,358
Average Household Size	2.40	2.10	2.00
2019 Average Household Vehicles	2.00	1.00	1.00



04

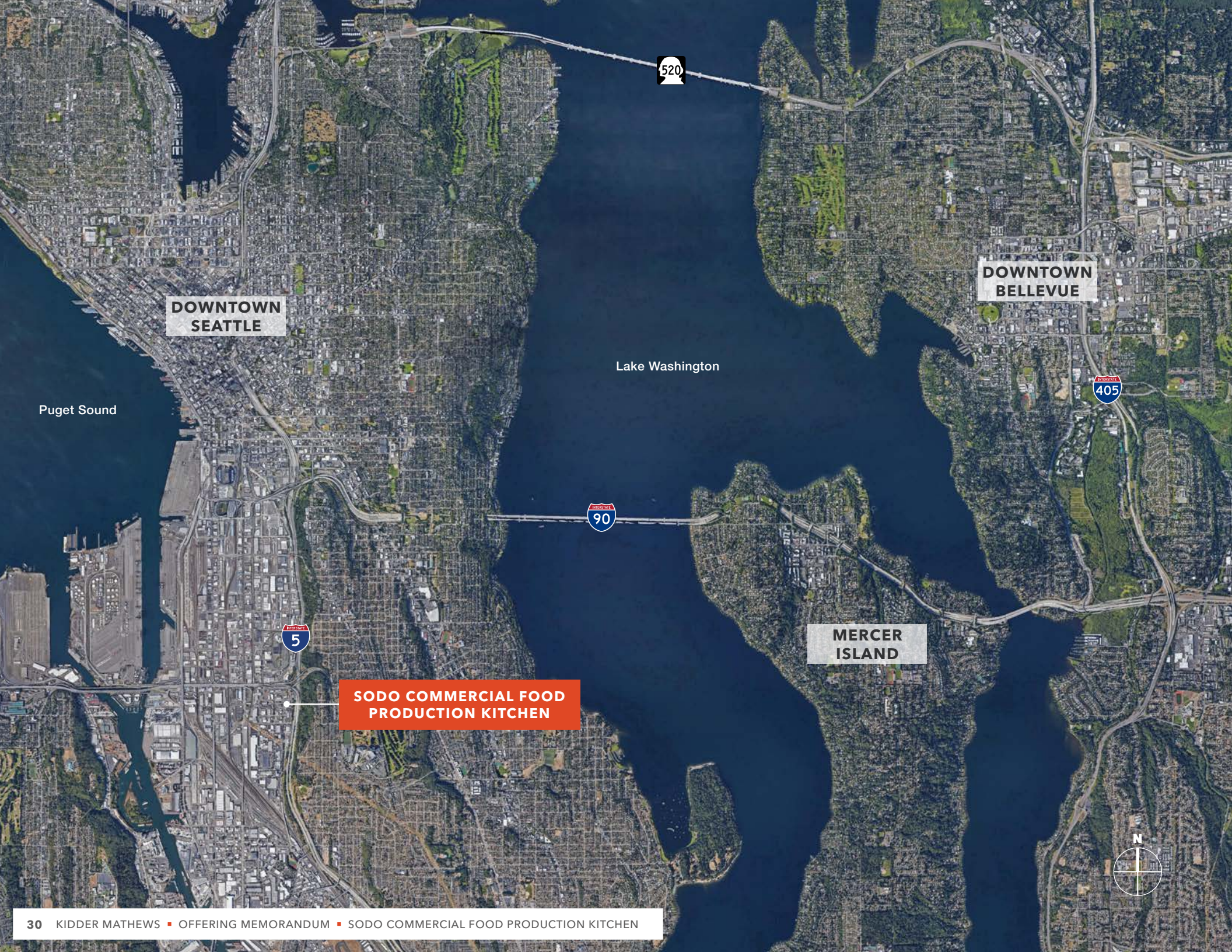
MARKET OVERVIEW

SOUTH SEATTLE MARKET

PUGET SOUND INDUSTRIAL MARKET

PUGET SOUND MARKET OVERVIEW

LEASE COMPARABLES



**DOWNTOWN
SEATTLE**

**DOWNTOWN
BELLEVUE**

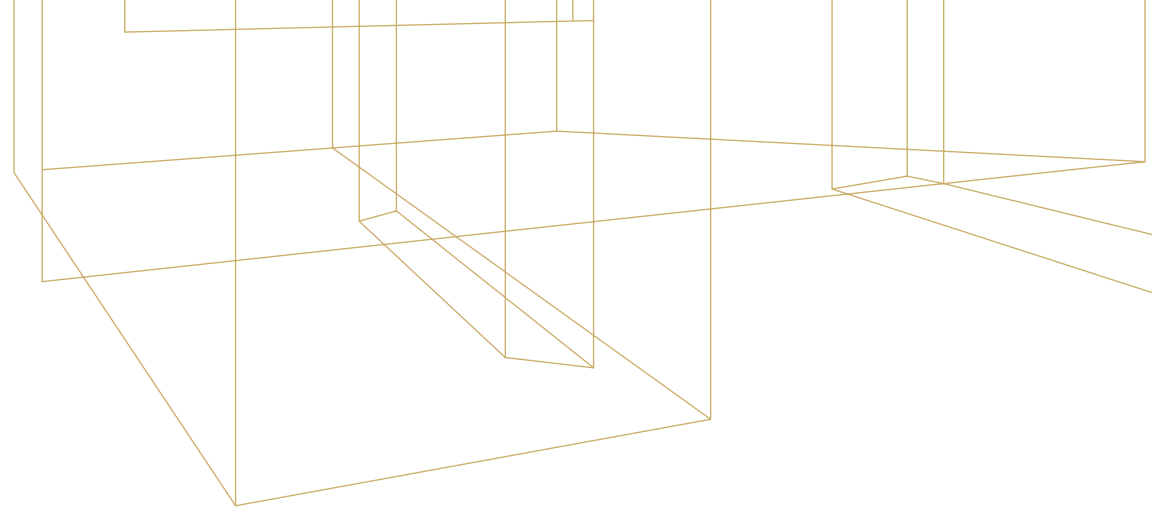
**MERCER
ISLAND**

**SODO COMMERCIAL FOOD
PRODUCTION KITCHEN**

Puget Sound

Lake Washington

MARKET OVERVIEW



SOUTH SEATTLE MARKET

South Seattle industrial market, often referred to as Close-In Seattle, comprises of 35 million square feet with 2Q19 vacancy of 3.4%. The market size has been reduced by the redevelopment of industrial sites stadiums and retail projects, predominantly car dealerships. Since 2014 investors and developers have been actively acquiring existing industrial buildings and land for redevelopment to meet user

demand for last mile distribution facilities. Due to scarcity of land and available buildings, shell lease rates have continually soared from \$0.58 per square foot in 2014/2015 to \$1.30 per square foot in YE2018 (Home Depot's 97,000 SF lease at Prologis' Georgetown Crossroads) representing a 124% increase in lease rates. Although developers are not quoting rates, staying fluid to respond to rising rents, current development suggests shell rates are ranging from \$1.20 to \$1.30 per square foot per month, NNN for standard industrial builds and \$1.80 to well over \$2.00 per square foot for specialize building such as cold storage and food/commissary

buildings. Users, who previously occupied space in Seattle and wanted to remain in Seattle, have been forced to outlying markets due to non-existing building inventory to lease. Users include Outdoor Research, Bartells Drugs and K2. Land values have risen dramatically since 2014, where the previous highwater mark was \$30.00 per square foot (CenterPoint acquisition at 8801 East Marginal Way South), land prices increased to \$40.00 in 2015 with the Prologis acquisition of 13.69 acres (Georgetown Crossing) to \$50.00 per square foot in 2016 with the Prologis acquisition of the 63-acre former SuperValue site to the recent Avenue 55 acquisition of the former Compton Lumber site at \$92.00 per square foot and Ryan Companies acquisition of the former PSF Industries Site for \$101.68/sf. Both Avenue 55's and Ryan Companies purchase will be redeveloped as multi-story industrial buildings.

35M

SQUARE FEET

3.4%

2019 VACANCY

\$1.30

AVERAGE ASKING RENTAL RATES PSF

PUGET SOUND MARKET OVERVIEW

The Puget Sound region has proven its economic viability and resilience through the several economic storms its weathered from the boom and bust cycles of Boeing, the Dot Com crisis to the financial crisis in 2008. The strength and continued growth the region experiences have garnered a significant amount of investment dollars from corporations, institutions, and individuals both locally and worldwide. At the heart of the region is Seattle and its unprecedented economic growth that has led the way for much of the country, being recognized as the fastest growing big city in the country, the nation's #1 city for jobs, and the current crane count leader. This growth is largely attributed to its burgeoning tech industry and highly skilled labor pool. Several giants in the tech world call Seattle home, including Microsoft and Expedia, while numerous others continue to expand their Pacific Northwest footprint, including Amazon, Google, Facebook, and Apple. In addition to its technology industry, the skilled workforce in Seattle has proven a hotbed for its overall business culture. Other Fortune 500 companies call Seattle home like Boeing, Weyerhaeuser, Starbucks, and Nordstrom, which provide a strong sense of diversity from the technology industry. According to the website for the City of Seattle's Office of Economic Development,



Seattle remains an established leader with immunotherapy as well, with anchors like Juno Therapeutics and the Fred Hutchinson Cancer Research Center. In South Lake Union, research and development in engineering and life sciences is nearly 14 times more concentrated than it is nationally. The booming tech industry generally takes the headlines, but an emerging life sciences sector, a growing talent pool, and an active commercial real estate industry has made the Puget Sound an increasingly strong economic hub for the foreseeable future and a big reason why the region's current unemployment rate is at 2.9%. The overall office market throughout Seattle has experienced significant growth from the strong region wide economic fundamentals as well. Rents have increased steadily for the past six

PUGET SOUND INDUSTRIAL MARKET

The Puget Sound region's industrial market 2nd Quarter 2019 saw a positive net absorption of nearly 1.8 million square feet. Pierce County, South King County and Snohomish County led the way with significant large leases being signed. Deliveries of new product still outpaced absorption with 2.2 million square feet completed in the quarter. The net result is a very slight increase in the region's vacancy from 4.14% to 4.24%. Leasing should remain strong and vacancy will dip significantly with 3.9 million square feet of backlogged leases signed, which tenants will take occupancy in Q3 and Q4. Vacancy should remain at historic lows for the region for the foreseeable future with 32% of projects underway already pre-leased.



years as vacancy continues to hover below 10% region wide. Activity in this sector shows little signs of slowing either, as technology companies continue to expand their footprint by taking up space in Seattle and the surrounding submarkets. Record per-square-foot sales prices for commercial buildings continue to rise and positive absorption continues to increase. Seattle's recent growth that's twice the national

average, a diverse economy with an educated, young workforce, coupled with major sports teams and natural attractions, provides for an ideal environment to live, work, and flourish.

“

Activity in the Puget Sound Region shows little signs of slowing as technology companies continue to expand their footprint by taking up space in Seattle and the surrounding submarkets.

”



LEASE COMPARABLES

01

360 CORPORATE DR N

Tukwila, WA

Building Size 19,747 SF

Availability 3,800 SF

Rate N/A

Lease Type N/A

Type Kitchen

02

204-208 S MEAD ST

Seattle, WA

Building Size 12,597 SF

Availability 2,828 SF

Rate \$1.50

Lease Type NNN

Type Kitchen/Office

03

944 40TH AVE S

Seattle, WA

Building Size 20,254 SF

Availability 0 SF

Rate \$1.53

Lease Type Full Service

Type Food Production/Office

04

2944 1ST AVE S

Seattle, WA

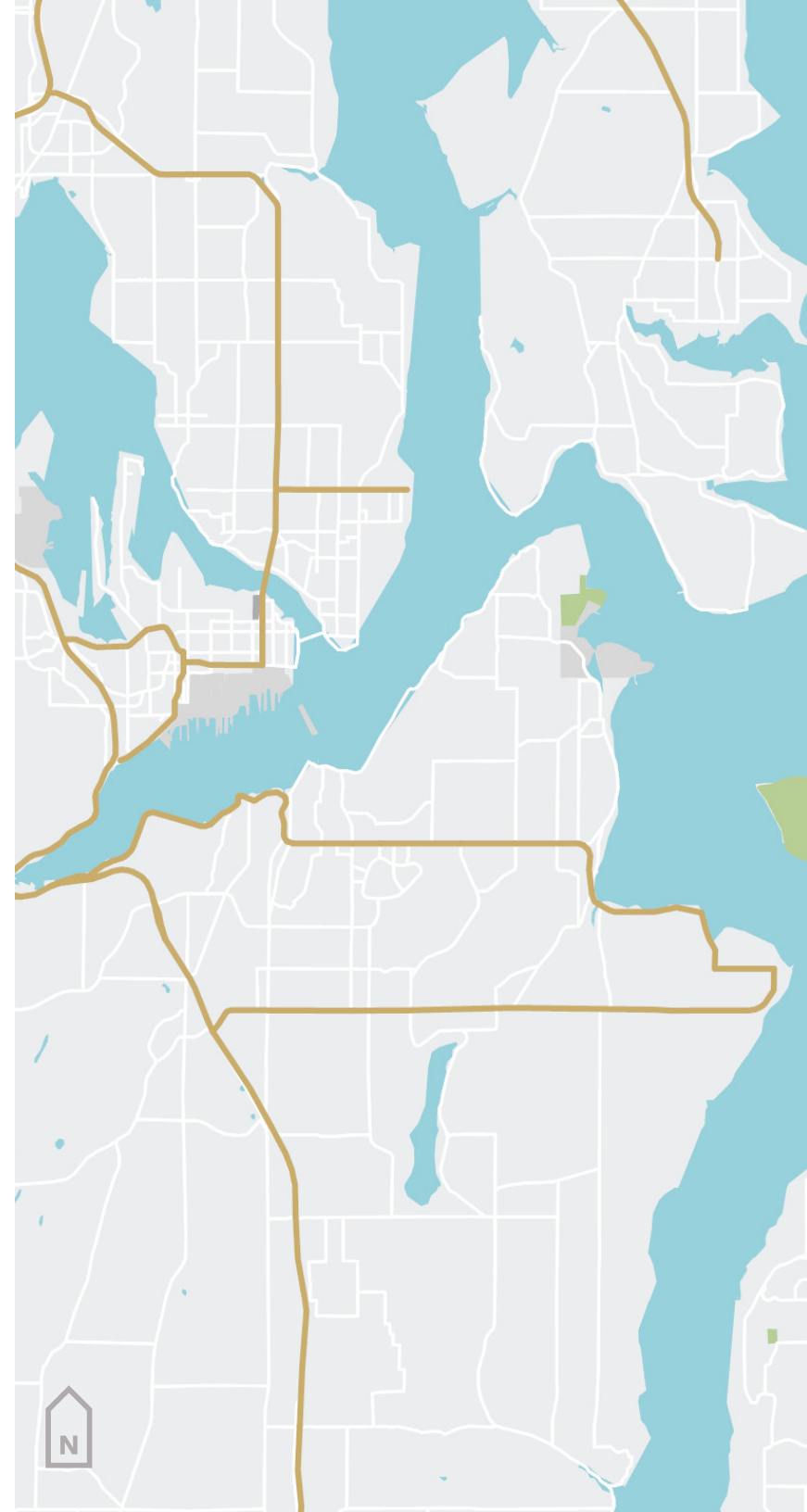
Building Size 25,188 SF

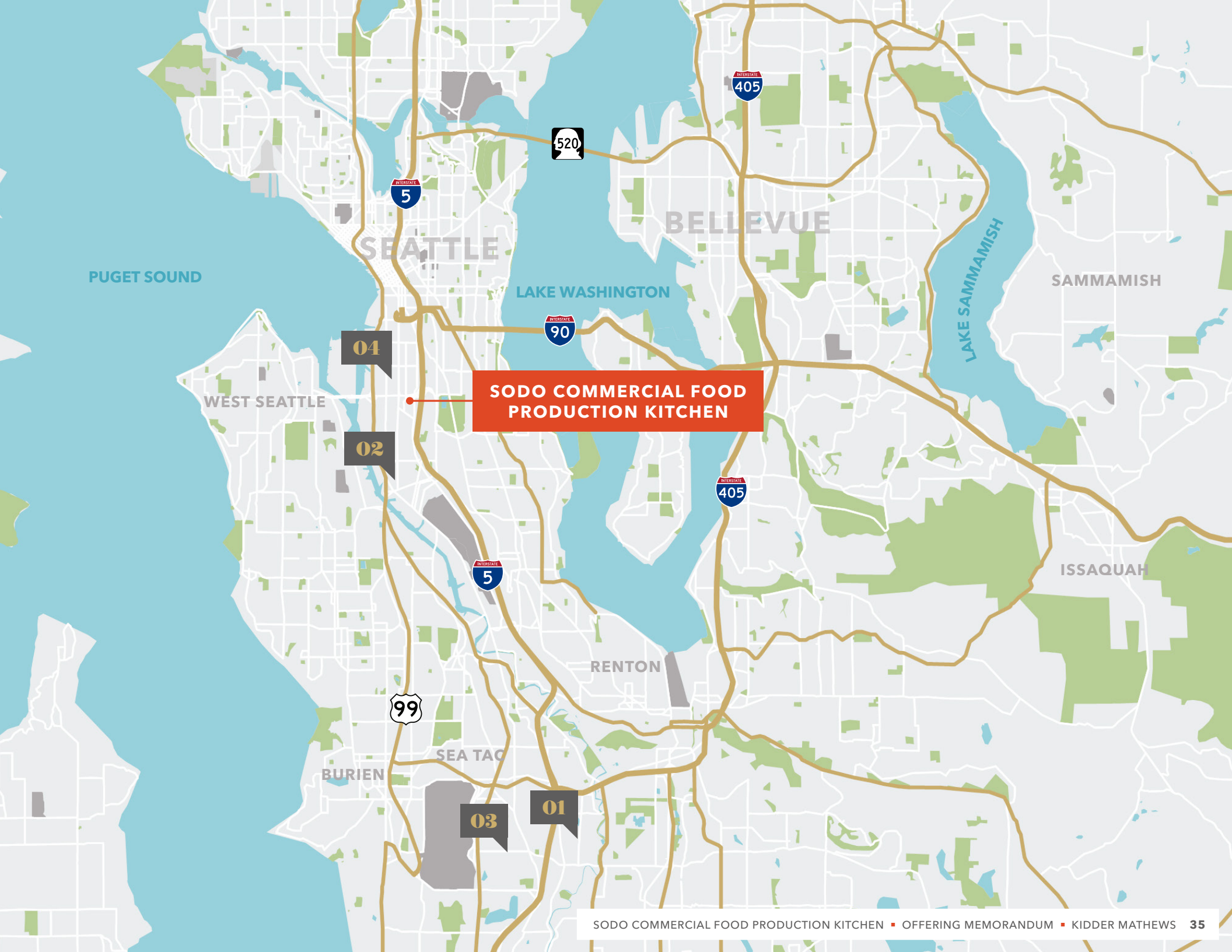
Availability 7,000 SF

Rate \$1.55

Lease Type NNN

Type Kitchen





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