

MARINELAND PLAZA

5215 W CLEARWATER AVE, KENNEWICK, WA 99336



Marcus & Millichap
BROWN RETAIL GROUP

A 51,724 SQUARE-FOOT HIGH-YIELD, SERVICE-BASED
SHOPPING CENTER LOCATED IN THE ONE OF THE
FASTEST GROWING SUBMARKETS IN THE PACIFIC NORTHWEST

OFFERING MEMORANDUM



OFFERING SUMMARY

**5215 W CLEARWATER
AVE, KENNEWICK, WA**

ADDRESS

\$7,510,000

PRICE

7.05%

CAP RATE

8.31%

CAP RATE YEAR 2

98.6%

OCCUPANCY

\$145.19

PRICE/SF

51,724 SF

GLA

4.76 ACRES

LOT SIZE

1987/2016

YEAR BUILT/RENOVATED

ACQUISITION FINANCING

Price	\$7,510,000
Net Operating Income (NOI)	\$529,782
Proposed New Non-Recourse Permanent Loan	\$4,881,500
Loan to Value	65%
Interest Only Period	5 years
Amortization Period	30 years
Index (10 Year Treasury)	T + 210
Coupon/Rate	3.89%
Loan Constant (weighted average)	5.65%
Debt Service	\$275,958
Debt Service Coverage Ratio (min.)	1.25x
YEAR 1 CASH/CASH RETURN	12.96%

*75% LTV Loan Programs Available

FOR ADDITIONAL LOAN PROGRAMS PLEASE CONTACT:

MARCUS & MILLICHAP CAPITAL CORPORATION

Tammy Linden

Director – MMCC

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INVESTMENT OVERVIEW

Marcus & Millichap has been selected to Exclusively Market for sale Marineland Plaza in Kennewick, WA. The Property was fully renovated in 2017-2018 and is currently 98.6% occupied by service-based retail and office tenants offering a strong hedge against E-Commerce. The Property offers a rare opportunity to purchase a newly renovated neighborhood shopping center priced well below replacement cost in one of the fastest growing

submarkets in the Pacific Northwest. Being comprised of three separate buildings located on individual parcels, the Property offers a unique opportunity to sell off individual parcels in the future. The Property benefits from its signalized, hard corner location with excellent visibility to over 39,000 VPD and offers an investor a stabilized, high-yield asset with excellent available financing options.



INVESTMENT HIGHLIGHTS



NEWLY RENOVATED

Rare opportunity to own a newly renovated neighborhood shopping center in the one of the fastest growing submarkets in the Pacific Northwest



HIGH-YIELD INVESTMENT

With available loan programs at 65% LTV, the Property offers an investor an 12.96% Cash on Cash return in the first year of ownership



PRICED BELOW REPLACEMENT COSTS

The Property is being offered at \$145/SF with the majority of the rent roll paying below market rent



98.6% OCCUPIED

The Property is currently 98.6% Occupied With Strong Leasing Momentum



DIVERSE, SERVICE-ORIENTED TENANT MIX

The Property is currently occupied by a diverse mix of food and service based retail and office tenants providing a strong hedge against E-Commerce



VALUE ADD INVESTMENT

The Property offers the opportunity to bring rents to market (current avg. \$12/SF, market avg. \$15-\$16/SF) and convert Gross leases to NNN



EXCELLENT RETAIL LOCATION WITH VISIBILITY TO OVER 39,000 VPD

Located on a Signalized, Hard-Corner with Excellent Visibility and Exposure to over 39,000 VPD on W Clearwater Ave & N Edison St with Multiple Points of Ingress and Egress



LOCATED ADJACENT TO ALBERTSONS

The Property is located adjacent to a successful Albertsons Grocery Store offering a consistent daily needs traffic draw



PARCEL SELL-OFF AVAILABILITY

Three Parcel Shopping Center Offering Future Sale of Individual Parcels



PROFESSIONALLY MANAGED

Currently Professionally Managed With Existing Property Manager Eager to Continue Managing for the New Owner



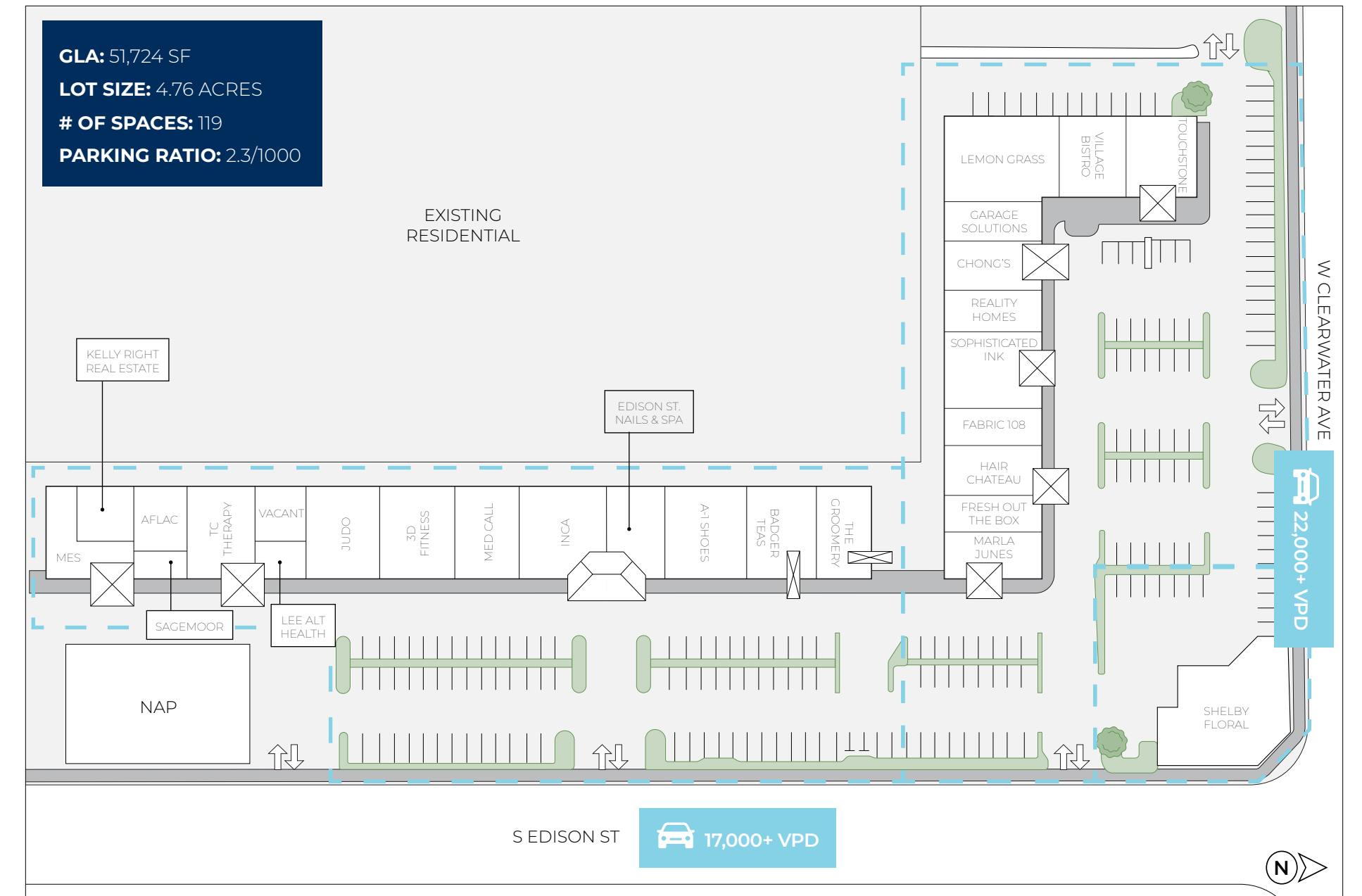
AFFLUENT DEMOGRAPHICS

Average household income within a 3-mile radius is \$77,194



INCOME TAX FREE STATE

SITE PLAN



*Not to scale

RENT ROLL

AS OF APRIL 1, 2020

Unit	Tenant	SF	Lease From	Lease To	Rent/SF	Rent/Year	Rent/Mo	Renewal Options	Lease Type
Suite A	Shelby's Floral	4,388	08/01/2015	07/31/2020	\$15.46	\$67,846	\$5,654	1, 3-Year	NNN
Suite 101	Marla Junes Clothing Company	2,700	08/01/2014	07/31/2022	\$11.12	\$30,024	\$2,502	2, 1-Year	NNN
Suite 102	Fresh Out the Box	1,560	08/01/2015	09/30/2023	\$11.00	\$17,160	\$1,430	None	NNN
Suite 104	Hair Chateau	1,500	12/01/2016	11/30/2021	\$16.69	\$25,040	\$2,087	1, 5-Year	Gross
Suite 105	Fabric 108	1,200	10/02/2017	11/30/2022	\$12.00	\$14,400	\$1,200	None	NNN
Suite 106	Sophisticated Ink	1,688	06/01/2018	08/31/2021	\$14.42	\$24,341	\$2,028	2, 3-Year	NNN
Suite 107	Realty Homes Tri-Cities	1,500	08/01/2017	07/31/2020	\$12.45	\$18,675	\$1,556	None	NNN
Suite 108	Chong's Custom Tailors	1,020	08/01/2017	07/31/2020	\$11.50	\$11,730	\$978	1, 1-Year	NNN
Suite 109	Garage & Closet Solutions	1,067	06/01/2017	05/31/2022	\$11.67	\$12,452	\$1,038	1, 5-Year	NNN
Suite 113	Lemon Grass	4,864	06/01/2016	05/31/2020	\$7.15	\$34,800	\$2,900	None	Gross
Suite 114	The Village Bistro	2,446	02/01/2016	03/31/2024	\$13.50	\$33,021	\$2,752	None	NNN
Suite 116	Touchstone Jewelers	1,924	09/01/2017	08/31/2022	\$18.30	\$35,200	\$3,200	1, 5-Year	Gross
Suite 226	Medical Evaluation Specialists, Inc.	1,365	06/01/2019	03/31/2023	\$12.00	\$16,380	\$1,365	2, 3-Year	NNN
Suite 227	Kelly Right Real Estate	1,744	12/01/2019	11/30/2020	\$12.00	\$20,928	\$1,744	3, 1-Year	NNN
Suite 229	Aflac (MNM, Inc)	1,100	05/01/2015	07/31/2020	\$10.00	\$11,000	\$917	None	NNN
Suite 232	Sagemoor Financial, LLC	890	09/20/2019	09/30/2021	\$12.00	\$10,680	\$890	2, 2-Year	NNN
Suite 233	Tri City Therapy Group	1,938	01/18/2019	01/31/2024	\$12.00	\$23,256	\$1,938	2, 3-Year	NNN
Suite 236	Lee Alternative Health Clinic	1,310	02/01/2016	02/28/2021	\$11.67	\$15,288	\$1,274	1, 3-Year	NNN
Suite 239	Vacant	717	-	-	-	-	-	-	-
Suite 242	3D Fitness	1,968	01/01/2018	12/31/2020	\$13.53	\$26,618	\$2,218	None	Gross
Suite 244	Tri City Judo	2,624	03/01/2018	02/28/2021	\$12.87	\$33,778	\$2,815	None	Gross
Suite 245	MedCall NorthWest	1,490	12/01/2015	02/28/2022	\$11.00	\$16,390	\$1,366	None	NNN
Suite 248	INCA	2,616	01/01/2018	06/30/2023	\$11.00	\$28,776	\$2,398	3, 5-Year	NNN
Suite 250	Edison Street Nails & Spa	1,097	06/15/2017	09/14/2020	\$10.61	\$11,638	\$970	None	NNN
Suite 254	A-1 Shoes & Repair, LLC	3,954	07/01/2019	06/30/2024	\$11.88	\$46,974	\$3,914	1, 5-Year	NNN
Suite 258	Badger Canyon Herb & Tea	1,615	01/01/2016	12/31/2023	\$9.99	\$16,140	\$1,345	None	Gross
Suite 260	The Groomery	1,439	04/01/2016	05/31/2021	\$13.34	\$19,200	\$1,600	1, 5-Year	NNN
TOTAL	27 Units	51,724			\$12.02	\$621,734	\$52,078		

*For detailed rent summary, contact listing agents

OPERATING STATEMENT

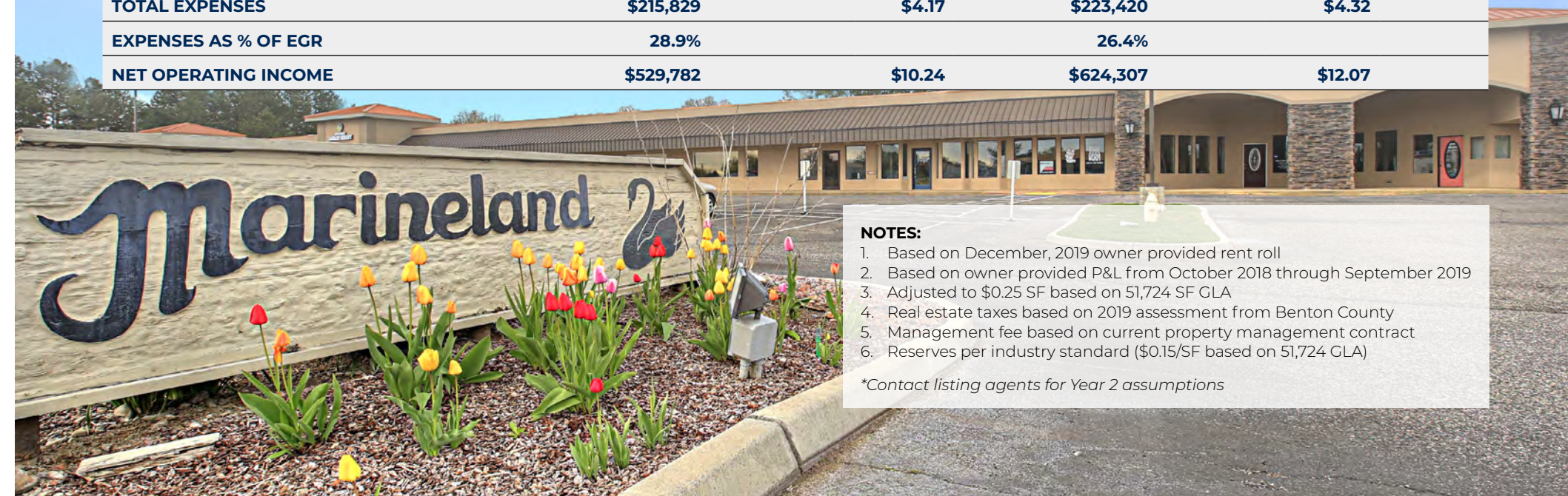
Income	Year 1	Per SF	Year 2*	Per SF	Notes
Base Rent Income for the Period of 4/1/2020 - 3/31/2021	623,309	12.10	698,965	13.51	
Expense Reimbursement Income					
CAM	147,442	2.85	193,379	3.74	[1]
TOTAL REIMBURSEMENT INCOME	\$147,442	68.3%	\$193,379	86.6%	\$3.74
Potential Gross Revenue	773,455	14.95	892,345	17.25	
General Vacancy	(27,844)	3.6%	(44,617)	5.0%	(0.86)
EFFECTIVE GROSS REVENUE	\$745,611	\$14.42	\$847,728	\$16.39	

Operating Expenses	Year 1	Per SF	Year 2	Per SF	Notes
CAM	116,891	2.26	119,229	2.31	[2]
Insurance	12,931	0.25	13,190	0.26	[3]
Real Estate Taxes	48,143	0.93	49,106	0.95	[4]
Management Fee	30,105	4.0%	34,197	4.0%	[5]
Reserves	7,759	0.15	7,759	0.15	[6]
TOTAL EXPENSES	\$215,829	\$4.17	\$223,420	\$4.32	
EXPENSES AS % OF EGR	28.9%		26.4%		
NET OPERATING INCOME	\$529,782	\$10.24	\$624,307	\$12.07	

NOTES:

1. Based on December, 2019 owner provided rent roll
2. Based on owner provided P&L from October 2018 through September 2019
3. Adjusted to \$0.25 SF based on 51,724 SF GLA
4. Real estate taxes based on 2019 assessment from Benton County
5. Management fee based on current property management contract
6. Reserves per industry standard (\$0.15/SF based on 51,724 GLA)

*Contact listing agents for Year 2 assumptions



PROPERTY PHOTOS



RETAIL TRADE MAP



REGIONAL AERIAL



LOCATION OVERVIEW



TRI-CITIES, WASHINGTON

Located in the southwestern portion of Washington state, the Tri-Cities of Kennewick, Pasco and Richland are within 225 miles of Seattle and Portland via Interstate 82. The metro is composed of Benton and Franklin counties. The Department of Energy is a driver of the economy, providing highly skilled jobs that have contributed to boosting population growth and incomes well above the U.S. average. The Columbia, Yakima and Snake rivers provide an array of recreational activities, while the area's favorable weather and cultural amenities add to the quality of life.

TRI-CITIES POPULATION GROWTH

METRO HIGHLIGHTS

DEPARTMENT OF ENERGY

The DOE's vast Hanford Site, Pacific Northwest National Laboratory, and other affiliated programs attract highly skilled engineers, scientists and researchers.

LARGE AGRICULTURAL SECTOR

Crops including wheat, potatoes, apples, cherries and grapes thrive in the conducive weather. Major employers include Lamb Weston, Tyson Foods and Broetje Orchards.

INSTITUTIONS OF HIGHER LEARNING

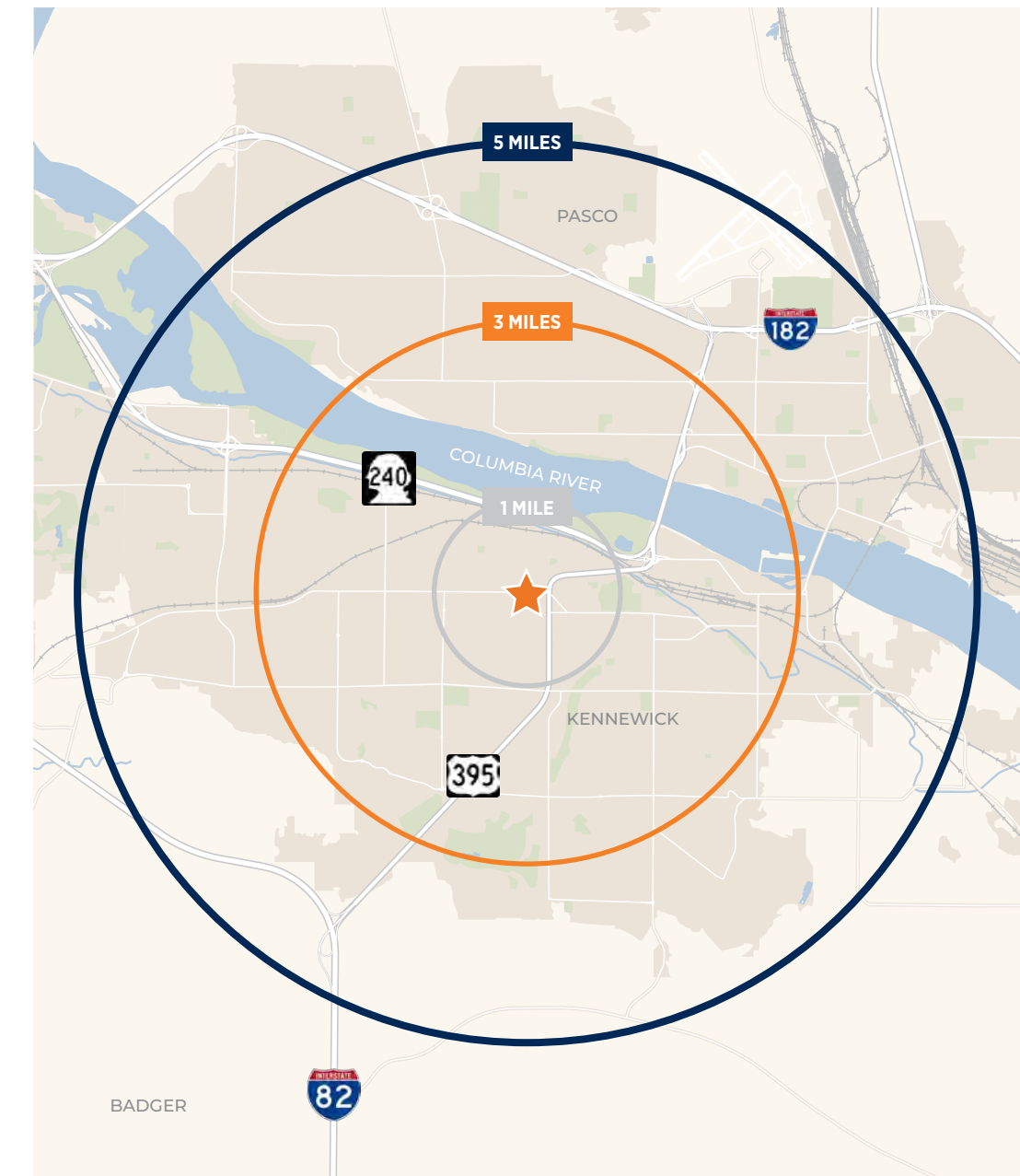
Washington State University Tri-Cities, Columbia Basin College, Tri-Tech Skills Center and Charter College help provide an educated workforce.

ECONOMY

- The DOE in conjunction with partners and contractors including Battelle, Bechtel National, Washington River Protection Solutions, Mission Support Alliance and CH2M provides more than 13,000 area jobs.
- Kadlec Regional Medical Center, Trios Health, Lourdes Medical Center and Prosser Memorial make up the vital healthcare sector, employing thousands of workers.
- Plenty of sun and three rivers lure outdoor enthusiasts to a wide variety of water sports as well as golfing, hunting and fishing. Miles of trails attract joggers and bicyclists, while the region's vineyards and microbreweries draw tourists.

DEMOGRAPHICS

POPULATION	1 MILES	3 MILES	5 MILES
2023 Projection	13,556	74,656	175,734
2018 Estimate	13,226	70,712	161,254
2010 Census	12,246	63,996	144,750
2000 Census	10,095	50,626	102,247
INCOME			
Average	\$58,848	\$77,141	\$81,942
Median	\$43,472	\$56,243	\$61,029
Per Capita	\$24,135	\$30,173	\$29,315
HOUSEHOLDS			
2023 Projection	5,470	29,662	63,985
2018 Estimate	5,258	27,441	57,379
2010 Census	4,775	24,446	51,040
2000 Census	4,223	19,595	36,664
POPULATION PROFILE			
Under 20	31.11%	29.30%	31.64%
20 - 34 Years	27.77%	22.34%	21.38%
35 - 39 Years	7.65%	6.14%	5.79%
40 - 49 Years	9.86%	10.65%	11.20%
50 - 64 Years	14.71%	17.06%	16.63%
65+	9.72%	14.18%	12.39%



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Please consult your Marcus & Millichap agent for more details.

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