

**THOMASCOMPANY**

NET LEASE CAPITAL MARKETS



440 RAINIER AVE S, RENTON, WA  
SEATTLE-TACOMA-BELLEVUE MSA



SINGLE TENANT TRIPLE-NET (NNN) | LONG-TERM LEASE | 2% ANNUAL RENT INCREASES

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# Executive Summary



## PROPERTY SUMMARY

Price	\$18,380,435
City, State	Renton, WA
Cap Rate	5.75%
Building SF	117,830
NOI	\$1,056,875
Rent/PSF	\$8.97
Year Built	1972
Land/Lot Size	9.37 Acres

## LEASE SUMMARY

Lease Type	Triple-Net (NNN)
Tenant	Central Network Retail Group, LLC
Roof & Structure	Tenant Responsible
Lease Commencement Date	7/1/37
Lease Expiration Date	6/30/37
Lease Term Remaining	+/- 17.8 Years
Primary Rent Increases	2.0% Annually
Renewal Options	Four, 5 Year Options
Renewal Term Rent Increases	2.0% Annually

## RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Increases
1	\$1,015,835	\$84,653	
2	\$1,036,152	\$86,346	2.00%
<b>3*</b>	<b>\$1,056,875</b>	<b>\$88,073</b>	<b>2.00%</b>
4	\$1,078,012	\$89,834	2.00%
5	\$1,099,573	\$91,631	2.00%
6	\$1,121,564	\$93,464	2.00%
7	\$1,143,995	\$95,333	2.00%
8	\$1,166,875	\$97,240	2.00%
9	\$1,190,213	\$99,184	2.00%
10	\$1,214,017	\$101,168	2.00%
11	\$1,238,297	\$103,191	2.00%
12	\$1,263,063	\$105,255	2.00%
13	\$1,288,324	\$107,360	2.00%
14	\$1,314,091	\$109,508	2.00%
15	\$1,340,373	\$111,698	2.00%
16	\$1,367,180	\$113,932	2.00%
17	\$1,394,524	\$116,210	2.00%
18	\$1,422,414	\$118,535	2.00%
19	\$1,450,863	\$120,905	2.00%
20	\$1,479,880	\$123,323	2.00%

Base Rent continues to increase 2% annually during each extension option (Years 21-40)

\* Current Rent

# Property Overview





# Site Map

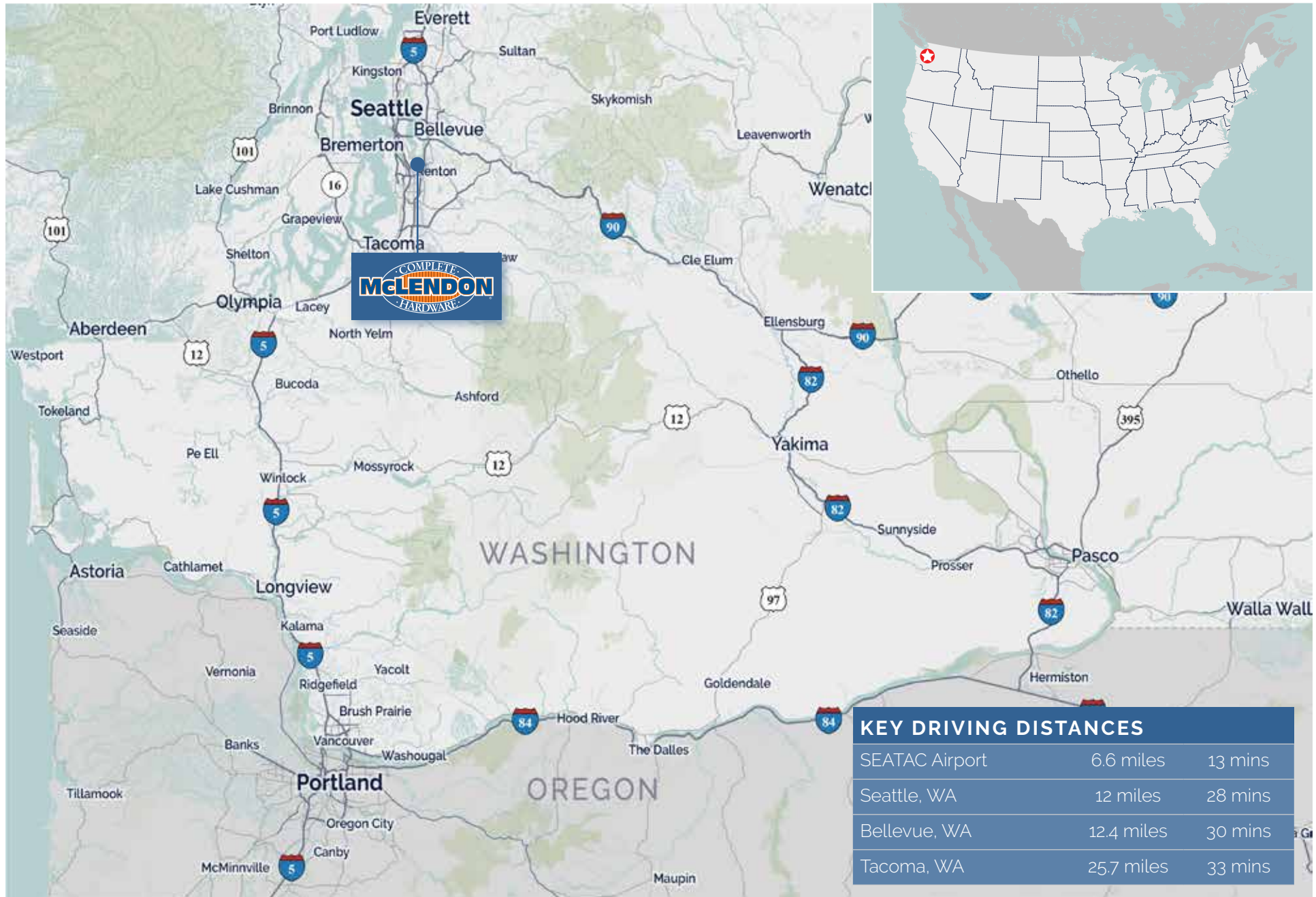


# Lease Abstract



Tenant Name	Central Network Retail Group, LLC (CNRG)	
Lease Structure	Triple-Net (NNN)	
Occupancy	100%	
Tenant Size (SF)	117,830	
Lease Commencement Date	7/1/17	
Expiration Date	6/30/37	
Lease Term	20 years	
Remaining Lease Term (Current - 6/30/2037)	+/- 17.8 years	
No. & Term of Options	4 x 5 yr	
Contractual Rental Rate (Current - 6/30/2020)	\$1,056,875	\$8.97 PSF
Rent Increase Schedule	Primary Term, beginning 5/1 in each lease year	2% annually
	Option 1-4, Beginning 5/1 in each lease year	2% annually
Lessee Operating Expenses/ Utilities	Tenant is responsible for all water and sewage rents, other utility charges, and common area maintenance fees.	
Property Tax Expense	Tenant shall be liable for and, to the extent permitted under applicable law, agrees to pay directly to the applicable collecting authority, as they accrue, all taxes and provide a receipt to the Landlord, within ten (10) days after payment by Tenant.	
Property Insurance	Tenant shall, at all times, maintain commercial general and auto liability insurance, workers' compensation insurance, boiler and machinery coverage, and business interruption insurance.	
Maintenance & Repairs	Tenant shall, at all times, put, keep and maintain the Leased Premises (including, without limitation, the roof, landscaping, walls, footings, foundations and structural components) in the same (or better) condition and order of repair, and shall promptly make all repairs and replacements of every kind and nature, whether foreseen or unforeseen, which may be required to be made upon or in connection with the Leased Premises.	
Estoppel	Tenant and Landlord, at any time, must deliver to the other within five (5) business days after receipt of written request.	

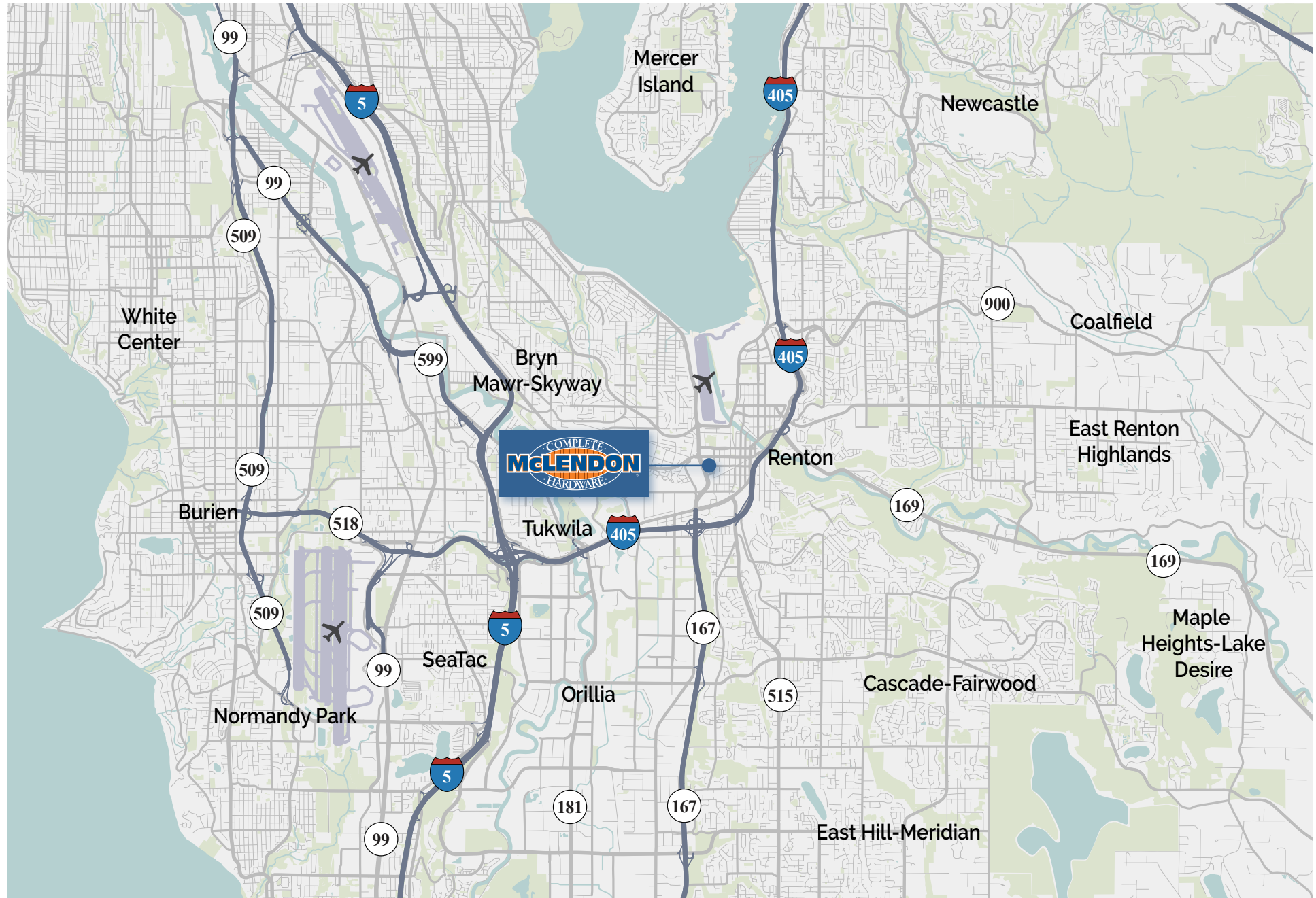
# Regional Map



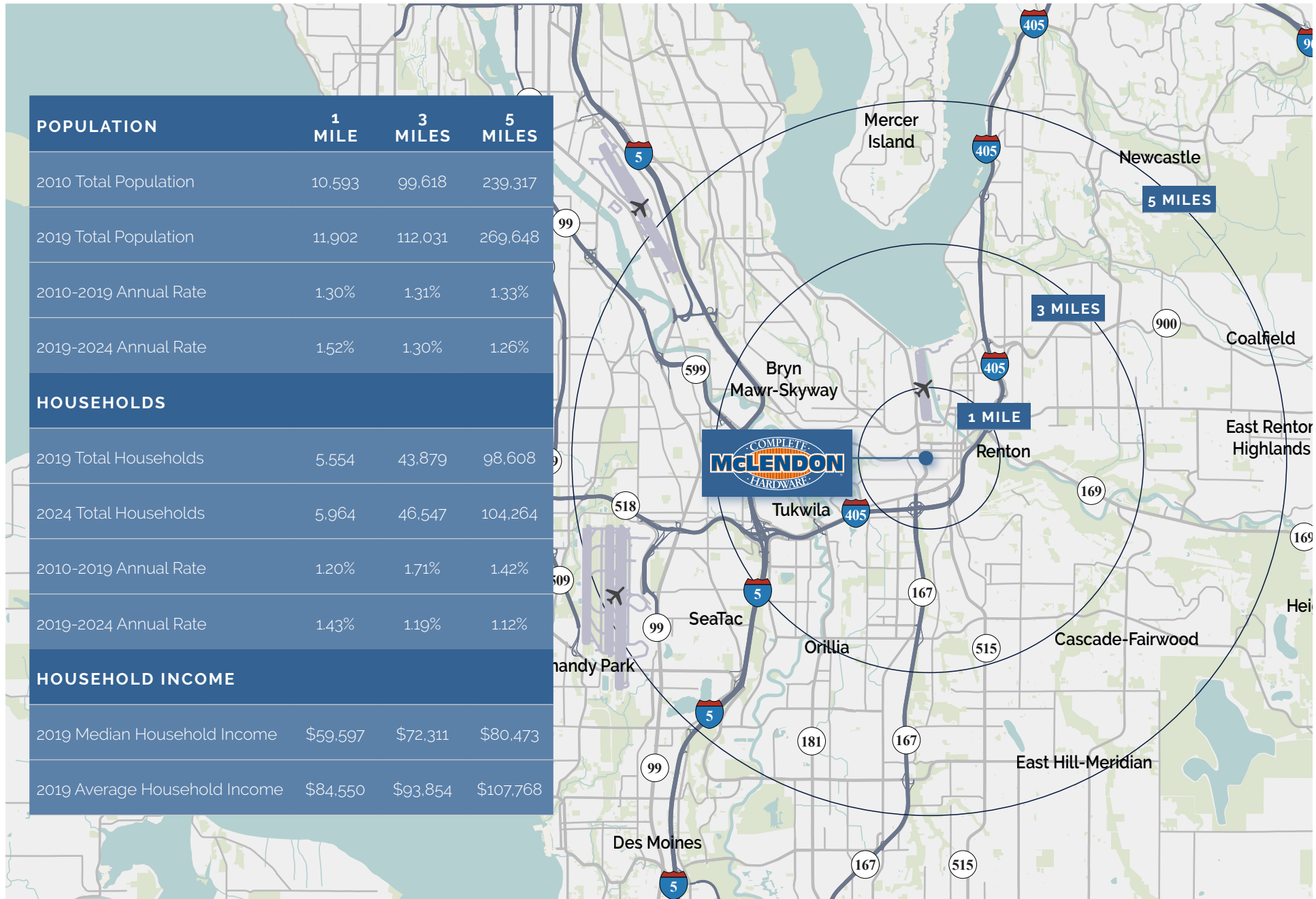
KEY DRIVING DISTANCES		
SEATAC Airport	6.6 miles	13 mins
Seattle, WA	12 miles	28 mins
Bellevue, WA	12.4 miles	30 mins
Tacoma, WA	25.7 miles	33 mins



# Local Map



# Demographics



POPULATION	1 MILE	3 MILES	5 MILES
2010 Total Population	10,593	99,618	239,317
2019 Total Population	11,902	112,031	269,648
2010-2019 Annual Rate	1.30%	1.31%	1.33%
2019-2024 Annual Rate	1.52%	1.30%	1.26%
HOUSEHOLDS			
2019 Total Households	5,554	43,879	98,608
2024 Total Households	5,964	46,547	104,264
2010-2019 Annual Rate	1.20%	1.71%	1.42%
2019-2024 Annual Rate	1.43%	1.19%	1.12%
HOUSEHOLD INCOME			
2019 Median Household Income	\$59,597	\$72,311	\$80,473
2019 Average Household Income	\$84,550	\$93,854	\$107,768

# Market Overview

## RENTON, WA

Renton, WA is a growing city within the greater Seattle metro area. It is located 11 miles southeast of downtown Seattle on the shore of Lake Washington. As of 2019, the estimated population in Renton was 108,621, up from 90,927 at the 2010 census.

Renton is the final assembly point for the Boeing 737 family of aircraft and is home to Boeing's Commercial Airplanes Division. Other major employers in the city include Paccar, Kaiser Permanente, IKEA, and Providence Health & Services. The National Football League's Seattle Seahawks have a training facility in Renton, which is the second-largest facility in the NFL at 200,000 square feet. Renton is adjacent to I-405 and 10 minutes from Interstate 5 to the West and the I-90 corridor to the North. Renton will benefit substantially from a current \$1.2 billion infrastructure project adding two extra lanes to I-405 between Renton and Bellevue.

In the mid-1990s, Renton undertook a major redevelopment effort to revitalize its downtown core. Car dealerships were encouraged to move to a new auto-sales zone and were replaced by a new town square and a transit center allowing for one-bus commutes to Seattle, Bellevue, Redmond, and other area employment centers. Concurrently, mixed-use residential and retail buildings were built within a one-block radius of the transit center. The nearby Southport development is located on the site of a power plant that was demolished in 2001. The area is now home to The Bristol luxury apartments and Hyatt Regency Lake Washington, which opened in June 2017. Three 9-story Class A office towers are currently under construction, with occupancy scheduled for Q4 2019.



## SEATTLE-TACOMA-BELLEVUE MSA

Seattle is the largest city in the Pacific Northwest region and the fastest-growing American city of the past decade, with an 18.7% population increase since 2010. As of 2018, the Seattle-Tacoma-Bellevue MSA was home to an estimated population of 3.94 million, comprising more than half of the state's total population. It is the 15th largest MSA in the United States. In 2018, Forbes Magazine ranked Seattle #1 on their list "Best Cities for Business and Careers."

Seattle has a gross metro product of \$288.5 billion, median household income of \$86,574, median home price of \$564,000, and job growth rate of 2.7%. According to 2015 data, the Seattle-Tacoma-Bellevue MSA had a per capita personal income (PCPI) of \$61,021, 14th in the United States. The city has been praised for managing its growth well, maintaining a walkable core and investing heavily in public transit to alleviate gridlock (traffic congestion has decreased since 2006 despite adding over 116,000 people). Since 2010, the Seattle metro area has seen roughly double the housing construction of the San Francisco-Oakland-Hayward MSA.

The area is home to many globally-recognized organizations, including Amazon, Boeing, Microsoft, Starbucks, Costco, Weyerhaeuser, Nordstrom, REI, Alaska Airlines, and The Bill & Melinda Gates Foundation. Major industries in the area include clean energy, aerospace and defense, and technology development. The Port of Seattle, which also operates Seattle-Tacoma International Airport, is a major gateway for trade with Asia. It is one of the largest ports in the United States in terms of container capacity.

Seattle consistently ranks as one of the most highly educated cities in the nation with 64.1% of residents having at least a bachelor's degree. The city is home to the prestigious University of Washington, one of the top public universities for research funding, as well as Seattle University, Seattle Pacific University, City University of Seattle, and Antioch University. According to a study by the Technology Alliance, Washington state has especially strong R&D spending.





## MCLENDON HARDWARE

McLendon Hardware is a fourth-generation, family-owned retailer operating in Washington's Puget Sound region. The company has built a loyal following through its dedication to excellent customer service and extensive product selection, winning awards including the Angie's List Super Service Award, 425 Magazine's "Best Hardware Store" listing, and a best-value nod from Checkbook.org's non-profit consumer reports.

McLendon employs over 500 people in its seven stores in Renton, White Center, Tacoma, Woodinville, Kent, Sumner, and Puyallup. The company's flagship Renton location opened in 1926, making it the oldest hardware store in Washington state. As of 2018, the company had an estimated annual revenue of \$126.49 million.

## MCLENDON STORES

McLendon offers a wide selection of goods including hardware, building supplies, power tools, appliances, home décor, and gardening supplies. The company prides itself on its welcoming in-store experience, offering free coffee and WiFi, special ordering, price-matching and senior and military discounts. The company also conducts free expert-led workshops for adults and children. In its Tacoma location, McLendon has a life-size house for DIY demonstrations. In 2019, McLendon launched a revamped website optimizing the online shopping experience. The website offers over 30,000 products.

In addition to retail sales, McLendon offers extensive services to its customers. In-store services include equipment rental, blade sharpening, power tool and electrical repairs, and specialty recycling. Home services include locksmith and handyman call-outs, delivery and installation, and help with home-improvement projects.



## COMMUNITY INVOLVEMENT

The company prides itself on supporting the local community, donating to schools, churches and scouting groups. McLendon's annual Ladies Night fundraiser, held at all seven stores one night a year, nets thousands of dollars in donations for Food Lifeline. The company also partners with Work of Honor, a Tacoma-based non-profit that helps veterans pair their military experience with civilian jobs.

## COMPANY HISTORY

McLendon Hardware continues to operate on the foundation of legendary customer service and excellent product selection laid down by Moses Jones "MJ" McLendon. Prior to founding McLendon Hardware (originally called U.S. Junk Co.) in 1926, McLendon led a fascinating life including stints as a land surveyor and front-line soldier in World War I.

World War II brought increased enthusiasm for do-it-yourself jobs, and the store expanded its offerings to include paint and electrical and plumbing supplies. During this time, MJ's eldest sons, Bob and Ted, began their careers working at the hardware store while finishing high school.

In the 70s, a third generation of McLendons entered the business, with Bob's daughter, Gail, and Ted's son, Mike, starting their careers. The company opened its second location in Sumner, and MJ purchased a warehouse to buy in bulk and offer more competitive pricing. Known as B & T Wholesale Distributors, named for Bob and Ted, the warehouse continues to be a lynchpin of the company's success.



McLendon continued to expand regionally through the 80s and 90s. The company opened stores in Woodinville in 1988, Puyallup in 1991, White Center in 1993, Kent in 1996, and Tacoma in 2013.

In March 2017, McLendon announced its acquisition by Memphis-based Central Network Retail Group (CNRG), which operates 90 hardware stores, home centers and lumberyards in 11 states. The company agreed to become a part of the group to facilitate McLendon's expansion in area. CNRG's considerable financial resources and merchandizing expertise have allowed McLendon to further expand their reach and product offering while maintaining the company's family leadership and core aspects of McLendon company culture. The acquisition expanded the company's product offering from 75,000 items to more than 400,000 items.

McLendon leadership chose to partner with CNRG because its considerable financial resources and merchandising background will allow McLendon to expand its reach and product offering while maintaining core aspects of its company culture. All seven stores remain open under the McLendon name, and the company is still managed by Gail and Mike McLendon.

CNRG has acquired McLendon as part of its expansion in the Pacific Northwest beyond its Parkrose Hardware stores in Portland, Oregon and Vancouver, Washington. CNRG President Boyden Moore is a long-time admirer of McLendon Hardware. He said in a statement, "We are thrilled to have the opportunity to add McLendon Hardware to CNRG. McLendon is well-known and respected throughout the industry for their great stores, service, and team. We will continue to invest in and grow McLendon's here and perhaps beyond. It is an iconic business that offers customers something that is becoming rare—expert advice and the broadest selection of hardware items available."

## CENTRAL NETWORK RETAIL GROUP

Central Network Retail Group, LLC (CNRG) operates more than 90 hardware stores, home centers, and lumberyards throughout the United States. It sells paints, outdoor living products (grills, bird supplies, and outdoor power tools), household supplies, etc. for homeowners and do-it-yourselfers and lumber products, sheet goods, insulation products, and other commodities for builders, remodelers, and other professional contractors. The company was incorporated in 2011 and is based in Memphis, Tennessee. CNRG is a wholly-owned subsidiary of Orgill, Inc.

CNRG currently manages dozens of stores comprised of 15 brands in 14 states with a variety of store formats. All CNRG stores have in common large hardware and paint departments, strong staff and deep roots in their communities, but vary in the focus in their customer base.

CNRG's customer-focused brands generally serve homeowners and do-it-yourselfers, with a focus on paint, outdoor living (grills, bird supplies, outdoor power tools), household supplies, etc., backed up with strong hardware sections. The customer mix is generally less than 20% professional contractor and there is little to no lumber at these locations. These brands include Town & Country Hardware (8 locations in North Carolina), Elliott's Hardware (4 locations in Texas), Parkrose Hardware (4 locations in Oregon and Washington) and Buck's Bargain Center (1 location in Mississippi).

The firm's professional contractor focused brands primarily serve a market of builders, remodelers and other contractors. These locations stock lumber and generally offer an array of contractor services. Along with lumber, sheet goods, insulation and other commodities, these locations also have strong paint departments and hardware sections. While contractor-focused, many of these locations also attract homeowners and do-it-yourselfers. These brands include Morrison Terrebonne (2 locations in Louisiana), Habersham Hardware (2 locations in Georgia), Harvey Home & Hardware (2 locations in Georgia and Alabama) and Moore's Lumber & Hardware (1 location in Georgia).



CNRG's "home center" style brands stock a general-store style mix of lumber, paint, appliances, toys, and hardware. The common theme is a strong range of stocked products and friendly local staff. These brands include Marvin's (28 locations in Alabama, Mississippi, Georgia, and Tennessee) McLendon Hardware (7 locations in Washington), Home Hardware Center (23 locations in Mississippi, Louisiana and Tennessee), LumberJack Building Centers (5 locations in Michigan), Taylor-Foster Hardware (1 location in Georgia), Town & Country Farm & Hardware (1 location in Mississippi), and Hiwassee Hardware (1 location in Georgia).

The company was incorporated by Jimmy R. Smith, president of Natchez Home Center, LLC and Boyden Moore, president of Tyndale Advisors, LLC. In addition to the founders, Doug Gregory, president of Morrison Terrebonne Lumber Company, joined the board as a partner in November 2011. At the company's founding, Jimmy and the owners of Home Hardware, Morrison Terrebonne Lumber Center, Town & Country Hardware companies agreed to join forces and create a new entity by pooling the equity in their individual businesses to pursue growth opportunities.



# Tenant Overview (continued)



Chairman Jimmy R. Smith has been in the hardware business for more than 35 years. He started on the distribution side in 1978 as a sales representative for Orgill, Inc. In 1984, he founded Home Hardware Center in Ferriday, LA. He has served the industry as president of the MidSouth Building Material Dealers Association (2012). Jimmy serves as a director of Delta Bank in Vidalia, Louisiana.

President Boyden Moore has 22 years of retail experience, including 18 years in the home improvement industry at Marvin's, Inc. where he was president and CEO from 2003-2010. Boyden serves on the Board of Directors at Jerry's and on the Advisory Board for Sunshine Ace. Partner Douglas A. Gregory has been in the lumber and building material industry for over 20 years. He held a controller position in his family's business, Morrison Home Center, and led the merger with the Terrebonne Lumber Company in 1999. Doug remained as the chief financial officer in the newly created Morrison Terrebonne Lumber Center and purchased the company with three partners in 2003. In 2011, Doug led Morrison Terrebonne Home Center into a merger with Central Network Retail Group, where he now serves as partner in charge of the Gulf Coast region.



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