2318 S Tacoma Way

Tacoma, Washington

INVESTMENT OR OWNER-USER OPPORTUNITY

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EXECUTIVE OVERVIEW

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OFFERING SUMMARY

The Leibsohn Group is pleased to present the sale offering for the well located and versatile 2318 South Tacoma Way industrial property. This core warehouse asset is conveniently located along the "Nalley Valley" corridor with close proximity to Tacoma CBD and the Port of Tacoma and great access to I-5 and SR-16. The property features a very functional clear span warehouse with up to 25-28 ft. in useable height. The large 1.83 acre site provides easy access to the building's 10 front facing loading docks and ramps.

This metal and steel building has 4 large roll up doors and a separate office area with convenient customer and employee parking. This well priced asset offers the savvy investor or owner/occupant the opportunity to extend the current Tenant's lease for the whole building or purchase an entirety vacant property for their own use or re-tenanting plan.

PRICE	$4,580,000
ADDRESS	2318 S Tacoma Way, Tacoma, WA
CAPITALIZATION RATE	5.50%
RENTABLE BUILDING AREA	34,020 SF
PRICE PER SF	$134.63
LAND AREA	78,898 SF
PRICE PER LAND SF	$58.04
OCCUPANCY	100%

INVESTMENT HIGHLIGHTS

EXCELLENT CORE LOCATION
The property is located in the heart of Nalley Valley with immediate access to I-5 and SR-16.

HIGH VOLUME LOADING CAPACITY
The building benefits from 10 dock-high areas, 4 roll up doors and a drive in ramp.

HEAVY POWER
The building benefits from 500V 3-Phase Power, which provides future users or tenants ample power for a variety of light or heavy industrial uses.

INVESTMENT OR OWNER-USER OPPORTUNITY
The current tenant is on a MTM lease and has expressed interest in a multi-year extension for the entire property providing flexibility for the buyer's business plans.

RAPID RENTAL GROWTH
Tacoma industrial rental rates have grown exponentially with over 11% increases in 2021 alone.

LOW-VACANCY SUBMARKET
The immediate Tacoma submarket reports under a 5% vacancy for comparable asset classes.

LOCATED IN A TAX-FREE STATE
Washington is an income tax-free state.

amazon
12M+ SF
World Headquarters
Seattle CBD
Google
Dropbox
twitter
Microsoft
NORDSTROM
facebook
Zillow
Expedia
SEATTLE
50 min.
BELLEVUE
60 min.
Bellevue CBD
Microsoft
PACCAR
Esterline
htc
Outerwall
yahoo!
infospace
Disney
Eddie Bauer
CONCUR
SYMETRA
BUNGiE
T-Mobile
SEATTLE SEAHAWKS
BOEING
16,000 Employees
RENTON
45 min.
BURIEN
45 min.
SEA Seattle-Tacoma International Airport
Federal Aviation Administration
Regional Headquarters
Alaska AIRLINES
Corporate Headquarters
Westfield SOUTHCENTER
KENT
35 min.
amazon
1M SF
Fulfillment Center
PEPSICO
PORT OF TACOMA
2318 S Tacoma Way
TACOMA
AUBURN
30 min.
BOEING
TACOMA COMMUNITY COLLEGE
MultiCare
CHI Franciscan Health
TACOMA
Pierce County
PUYALLUP
20 min.
5
90
405
167
16
169
410

PROPERTY DESCRIPTION

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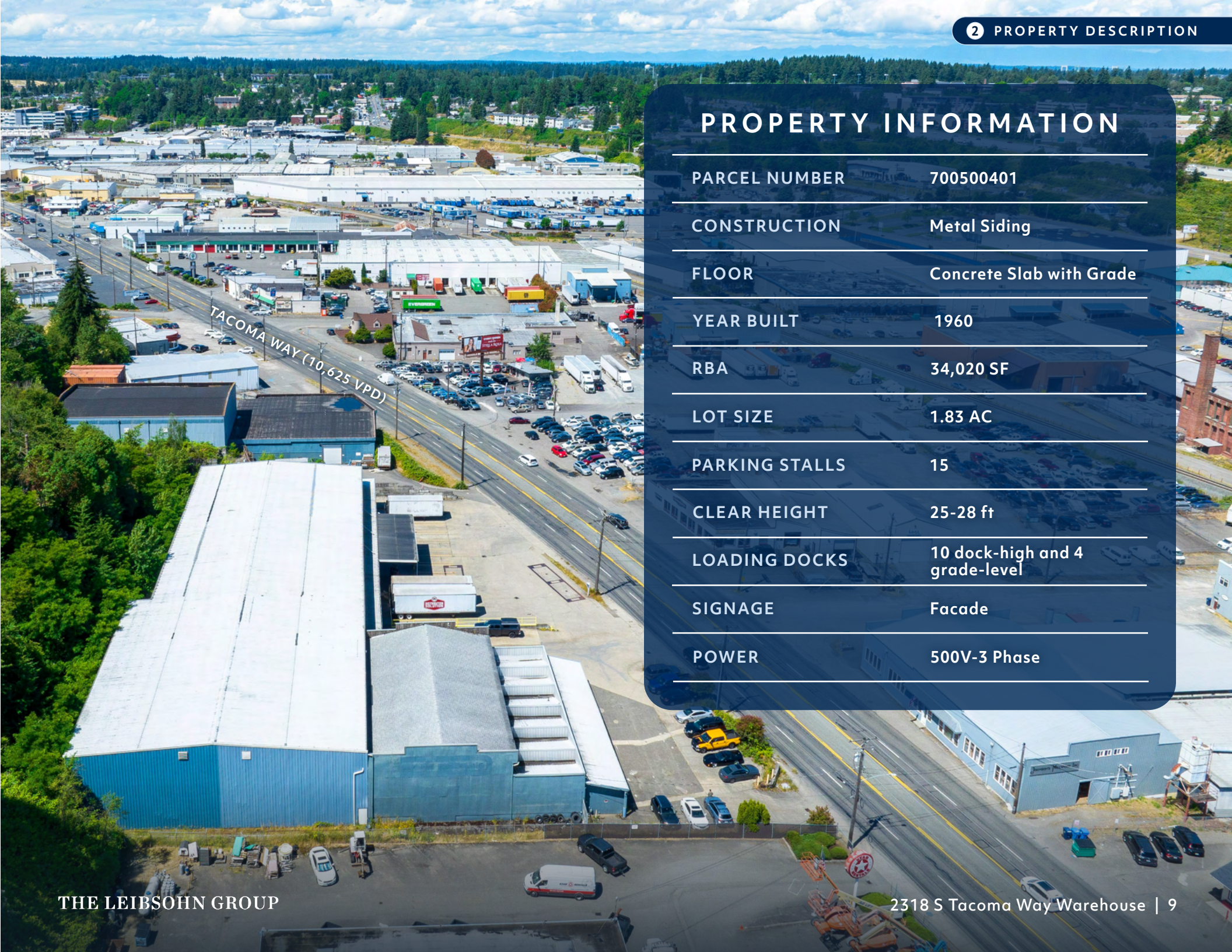


PROPERTY INFORMATION

PARCEL NUMBER	700500401
CONSTRUCTION	Metal Siding
FLOOR	Concrete Slab with Grade
YEAR BUILT	1960
RBA	34,020 SF
LOT SIZE	1.83 AC
PARKING STALLS	15
CLEAR HEIGHT	25-28 ft
LOADING DOCKS	10 dock-high and 4 grade-level
SIGNAGE	Facade
POWER	500V-3 Phase

PORT OF TACOMA
securespace SELF STORAGE
LOS COMPADRES AUTO CENTER
STAR RENTALS
JOHNSON'S MILLWORK, INC.
TACOMA DOME
16
5
TACOMA WAY (10,625 VPD)
PREMIUM MOTORS

MARKET OVERVIEW

3

TACOMA AT A GLANCE

Tacoma is a city on the rise; their revitalized downtown and ideal location offer plenty of opportunities for growth and investment. Located 30 miles south of Seattle and 140 miles north of Portland, Tacoma is surrounded by Puget Sound to the west and the Cascade Mountains to the east. Tacoma's location offers access to an efficient supply chain, international trade, and the vast Pacific Northwest consumer market.

The North End Tacoma Submarket contains an estimated 2.2 million SF of industrial space. Rents have increased by 11.3% over the past year; this being the strongest pace of rent growth seen in Tacoma over the past decade. Industrial rents in this submarket run relatively low, $11.20/SF, compared to the metro average. In addition, logistics space comes to $11.30/SF compared to the $12.20/SF metro average.

Furthermore, the Port of Tacoma is considered one of the region's economic engines. The city supported more than 42,100 jobs, generated $3 billion in labor income, and produced more than $100 million annually in state and local taxes.

TACOMA MAJOR EMPLOYERS

- University of Puget Sound
- Northwest Hardwoods
- Tacoma Community College
- MultiCare
- MaryBridge Children's
- Unified Grocers
- St. Joseph Regional Medical Center
- Pierce County

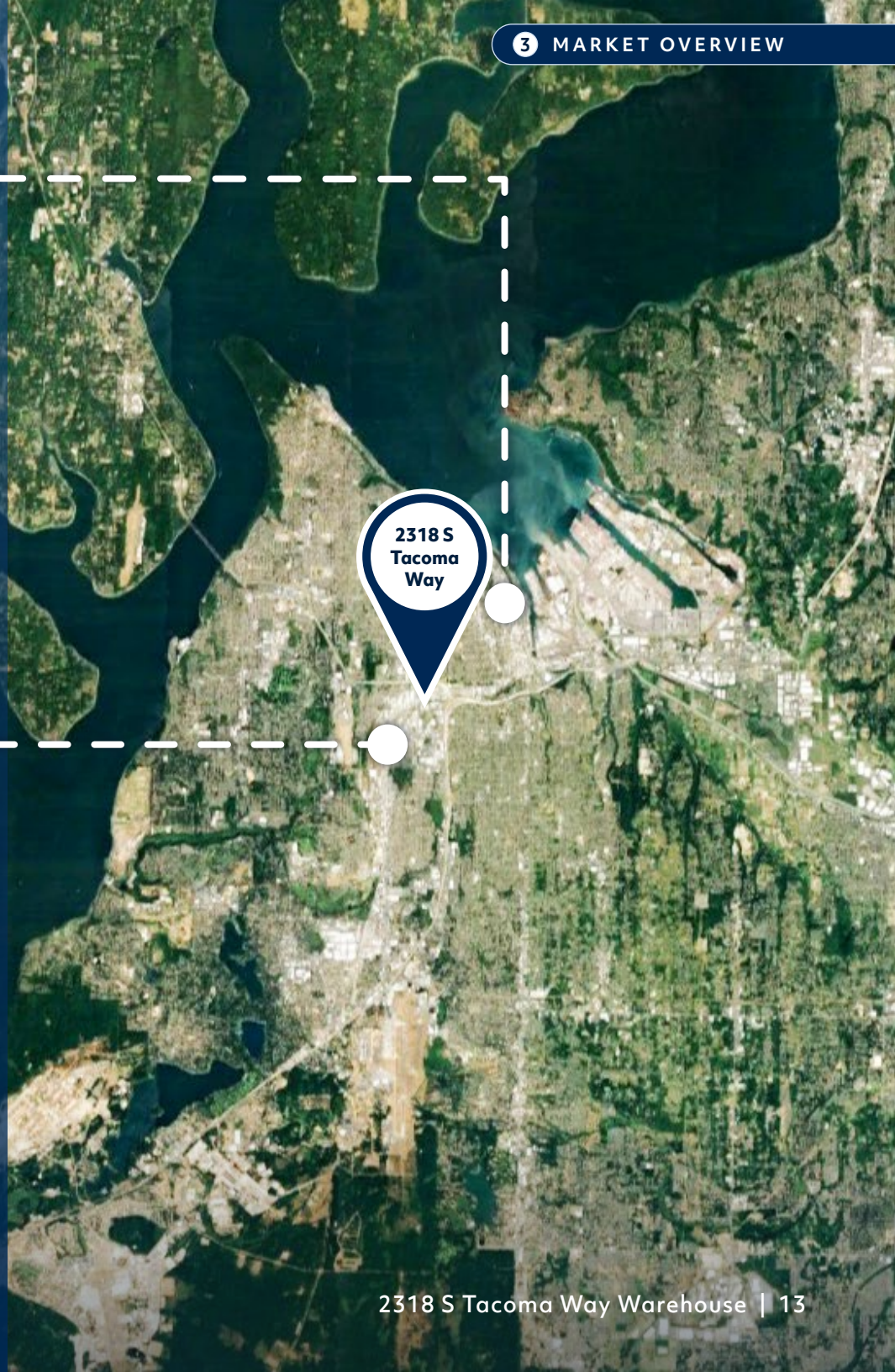
MAJOR DEVELOPMENTS

Tacoma Town Center

$300 million mixed-use Town center development is a 6.4 acre project that is set to restore the famous Brewery District that includes multiphase office, retail and multifamily. Nearly 200,000 sqft of office space and 36,000 square feet of retail space are planed and over 219,000 sqft of multifamily.

Bridge 2MM

2.5 million square foot state-of-the-art Industrial campus expected to be delivered summer of 2023. Bridge Point Tacoma 2MM will span four buildings and feature approximately 20 acres of trailer storage space, in addition to 40-foot clear heights and expansive truck courts.



FINANCIAL SUMMARY

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PROPOSED LEASE SUMMARY

The sole tenant, Distribution Solutions, Inc. is currently operating on a MTM lease. The tenant has expressed interest in extending their lease based on the below term if desired by the future investor.

TENANT	Distribution Solutions
GUARANTOR	Personal
BASE LEASE TERM	3 Years
LEASE TYPE	NNN
RENTAL INCREASES	3% Annually
RENEWAL OPTIONS	None
RIGHT OF FIRST REFUSAL	No
TENANT RESPONSIBILTY	Utilities, Insurance, R&M, Taxes
LANDLORD RESPONSIBILTY	Roof, Structure, HVAC Replacements

PROPOSED RENT SCHEDULE

Year		Annual	Monthly	Monthly Per SF
11/1/22	10/31/23	$264,000	$22,000	$0.65
11/1/23	10/31/24	$271,920	$22,660	$0.67
11/1/24	10/31/25	$280,078	$23,340	$0.69

PRICING DETAIL

Summary		
Price		$4,580,000
Down Payment	(35%)	$1,603,000
Price Per Building SF		$134.63

Returns	Current	Year 2
Cap. Rate	5.50%	5.67%
Cash-On-Cash	3.34%	3.81%
Debt Coverage Ratio	1.27	1.31

Proposed Financing	
Loan Amount	$2,977,000
Loan Type	New
Interest Rate	4.50%
Amortization Period	25 Years
Term	5 Years

Operating Data		Year 1		Year 2
Scheduled Base Rental Income		$265,356		$273,317
Total Reimbursement Income	25.4%	$67,424	25.2%	$68,905
Potential Gross Revenue		$332,780		$342,222
General Vacancy	3.0%	($7,961)	3.0%	($8,200)
Effective Gross Revenue		$324,819		$334,022
Less: Operating Expenses	22.4%	($72,731)	22.2%	($74,318)
Net Operating Income		$252,088		$259,704
Cash Flow		$252,088		$259,704
Debt Service		($198,566)		($198,566)
Cash Flow Net Debt Service	3.34%	$53,523	3.81%	$61,138
Principal Reduction		$65,950		$68,979
Total Return	7.45%	$119,473	8.12%	$130,118

Operating Expenses	Year 1	Year 2
Insurance	$3,500	$3,570
Real Estate Taxes	$50,656	$51,669
Management Fee	$13,268	$13,666
Reserves	$5,307	$5,413
Total Expenses	$72,731	$74,318
Expenses / SF	$2.14	$2.18

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