

SEATTLE DISTRIBUTION CENTER

6701-6795 E Marginal Way S. Seattle, Washington 98108



TWO INFILL INSTITUTIONAL-QUALITY MULTI-TENANT BUILDINGS TOTALING 174,341 RSF ON 7.10 ACRES IN ONE OF SEATTLE'S FASTEST-GROWING INDUSTRIAL SUBMARKETS

Jones Lang LaSalle Americas, Inc.



EXECUTIVE SUMMARY



THE OFFERING

JLL Industrial Capital Markets, as exclusive advisor, is pleased to present the opportunity to acquire the fee-simple interest in Seattle Distribution Center (the ‘Property’) – an institutional quality two-building light industrial park totaling 174,341 square feet on 7.10 acres in the Georgetown / Duwamish South submarket, one of the most desirable core infill industrial submarkets in Seattle.

The two-building business park strategically located within the Georgetown/Duwamish South submarket, offering immediate access to I-5, SR-509, SR-99, proximity to the Port of Seattle, Seattle-Tacoma International Airport, and the downtown central business district, providing tenants with unparalleled connectivity to the entire Seattle metro area. Currently leased to nine diversified tenants across six different industries with 1.88 years of WALT, Seattle Distribution Center offers the opportunity to increase NOI by 37% over the course of a 4-year hold. The advantage of smaller suite sizes ranging from $\pm 6,000$ to $\pm 39,000$ square feet, coupled with shorter lease terms, allows for frequent mark-to-market upon tenant roll. Within the first three years, 60% of the RSF is expected to roll to market, providing significant potential for capturing increased rental rates. The Property offers a remarkable investment opportunity, featuring two well-maintained institutional quality assets in one of the hottest industrial markets on the West Coast.



Property Summary

Location	Building A	Building B	Property
Property address	6701–6733 E Marginal Way S	6755–6795 E Marginal Way S	
City, State			Seattle, WA
Submarket			Georgetown/Duwamish South
Product type			Small Bay Multi-Tenant
Occupancy*	80.49%	83.74%	81.42%
Rentable SF	124,423	49,918	174,341
Land (acres)			7.10
Building FAR			0.56
Office SF	9,552	7,312	16,864
% office	7.68%	14.65%	9.67%
Number of tenants	5**	4	9
WALT*	1.78	2.12	1.88
Building features			
Year built	1967		1967
Clear height	26'	24'	
Doors DH GL RS (BNSF)	36/1/8***	13/3/2****	49/4/10

*As of 3/1/2024

**Inclusive of adjacent rail spur

*** 6 knock out panels

**** 6 knock out panels, rail capable

INVESTMENT SUMMARY



MARK-TO-MARKET UPSIDE

Seattle Distribution Center presents investors with a clear path to increasing NOI by 37% within the first four years of ownership through the lease-up of existing vacancies and capturing mark-to-market upon tenant roll. The last three executed leases have averaged \$1.40/SF/Mo. Additionally, current tenants do not have fixed rate renewals which will provide investors the ability to renew in-place tenants at fair market rents upon lease expiration.



	Tenants exp.	SF exp.	LXD	In-place rent	Market rent	MTM*
Year 1	Pike Brewing Company	14,025	3/31/2024	\$1.42	\$1.38	-2.59%
Year 1	ACCO Engineered Systems	14,520	11/30/2024	\$1.38	\$1.45	5.14%
Year 2	Amazon.com Services	38,888	11/30/2025	\$1.51	\$1.51	0.00%
Year 3	American NW Distributor	32,716	6/30/2026	\$1.47	\$1.58	7.48%
Year 3	Windows, Doors and More	5,644	9/30/2026	\$1.53	\$1.58	3.21%
Year 3	dCentralized Systems	12,838	12/31/2026	\$1.55	\$1.76	13.30%
Year 4	Marwest dba West Coast	9,312	5/31/2027	\$1.62	\$1.70	4.72%
Year 4	Preservation Meat Collective	5,996	6/30/2027	\$1.65	\$1.70	3.03%

*Market Rents as of 3/1/2024



WELL-MAINTAINED, INSTITUTIONAL-QUALITY BUILDINGS

The Property consists of two well-maintained light industrial buildings that have been institutionally owned and managed for the last two decades. Its major building systems and infrastructure have received diligent upkeep, including a seismic retrofit completed in 2005 and roof replacements in 2015 (Building B) and 2019 (Building A), further reducing future capital expenditures. Future ownership will benefit from additional protections against costly capital expenditures as both Building A and B have roof warranties through March 2035 and October 2039, respectively.

- Building A is a 124,423 square foot small bay multi-tenant warehouse with 26' clear height, wet pipe sprinkler systems, and 36 dock-high doors, of which 15 are oversized, 1 grade-level, and 8 functional rail doors.*
- Building B is a 49,918 square foot small bay multi-tenant warehouse with 24' clear height, wet pipe sprinkler systems, and 16 dock-high doors, of which 13 are oversized and 3 grade-level doors.



RARE INFILL OPPORTUNITY OF SCALE

The Georgetown/Duwamish South submarket continues to experience rapid growth in rental rates due to a lack of developable land which has fueled unprecedented demand for infill warehouse/manufacturing facilities. The Property presents a unique and substantial infill opportunity in Seattle, WA, totaling 174,341 rentable square feet situated on 7.10 acres. In a tightly constrained submarket, where new construction accounts for only 1% of the total submarket inventory, Seattle Distribution Center holds exceptional rarity and significance for investors seeking substantial growth potential.



TOP PERFORMING INDUSTRIAL SUBMARKET

Rent growth has surged by 29% since Q1 2021, reaching an average of \$1.28 NNN by Q3 2023. In Q1, two major projects, Track Six and SoDo R&D, added 337,000 square feet of space, with 302,000 square feet currently available. Despite these additions, the availability rate in the Georgetown / Duwamish South submarket closed Q3 2023 at just 1.7%, highlighting the strong demand for industrial space in the submarket.



DISCOUNT TO REPLACEMENT COST

While land prices have pulled back nationally amidst a rising interest rate environment, sustained increases in construction and labor costs have led to an increase in replacement cost for well-positioned infill industrial assets.

With estimated reproduction costs in excess of \$265 per square foot, Seattle Distribution Center presents an opportunity to acquire an asset at a significant discount and forego the risks associated with new development.

*With the potential to add 6 additional rail doors via existing knock out panels.



LOCATION HIGHLIGHTS

Convenient access to regional, national, and international transportation networks

- Located on E Marginal Way, connected to SR-509 via the 1st Ave S Bridge
- Immediate access to the BNSF Railway
- Adjacent to SeaTac's Fox Ave Terminal
- Less than one mile from Boeing Field's Seattle Delivery Center
- Easy access to the I-5 freeway, a primary shipping arterial between California and Washington
- Approximately one mile from King County International Airport (KCIA), also known as Boeing Field (BDI)
- Less than two miles from Union Pacific's Argo Rail Yard
- Less than four miles from the Port of Seattle Terminal 5, 18, 30, and 46 (all operated by the Port of Seattle)
- Less than 10 miles from Seattle-Tacoma International Airport (SeaTac)
- Less than 10 miles from Renton Municipal Airport (KRNT)



Puget Sound Veterans Administration System

King County International Airport / Boeing Field

SEATTLE DISTRIBUTION CENTER

Building B

Building A



ROBUST TENANT DEMAND

The Seattle industrial market is experiencing a robust surge in tenant demand as evidenced by the record-high 7.3 million square feet of net absorption YTD through 2023. Furthermore, infill light industrial assets continue to garner a premium as the lack of new construction is placing upward pressure on market rents.



RECORD BREAKING RENTAL RATES

Out of the top 25 largest industrial markets in the country, Seattle became the 4th market to cross the \$1.00 PSF/month mark for the first time. Industrial space rent has seen a growth of 13.9% year over year, with rents reaching new record highs due to the rising market fueled by the lack of new construction.

PROPERTY OVERVIEW

The Property boasts excellent access to SR-509, SR-99, the Port of Seattle, and immediate access to the I-5 freeway, a primary shipping arterial connecting some of the busiest ports to the largest metropolitan areas on the West Coast including the Bay Area, San Diego, Los Angeles, Portland, and Seattle.

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Product type			Small Bay Multi-Tenant
Occupancy*	80.49%	83.74%	81.42%
Market			Seattle/Puget Sound
Submarket			Georgetown/Duwamish South
APN			536720-4080-07
Zoning			General Industrial 1
Overlay zones			IG1/U85
Building size			
Rentable SF	124,423	49,918	174,341
Land (acres)			7.10
Building FAR			0.56
Office SF	9,552	7,312	16,864
% office	7.68%	14.65%	9.67%
Number of tenants	5**	4	9
WALT*	1.78	2.12	1.88
Building features			
Year built			1967
Clear height	26'	24'	
Construction type			Concrete Tilt-Up
Seismic upgrade			Completed in 2005
Roof type			TPO Membrane
Roof warranty	Exp: 3/15/2035	Exp: 10/31/2039	
Lighting			LED/T-8 (suite-by-suite breakout available on request)
Sprinklers			Wet Pipe
Doors DH/GL/RS	36/1/8***	13/3/2****	49/4/10
Parking (auto)	75	22	97
Parking (auto, per 1,000 SF)	0.60	0.44	0.56
Parking (trailer)	51	24	75
Parking (trailer, per 1,000 SF)	0.41	0.48	1.50
Truck court			Refer to stacking plan on the following page

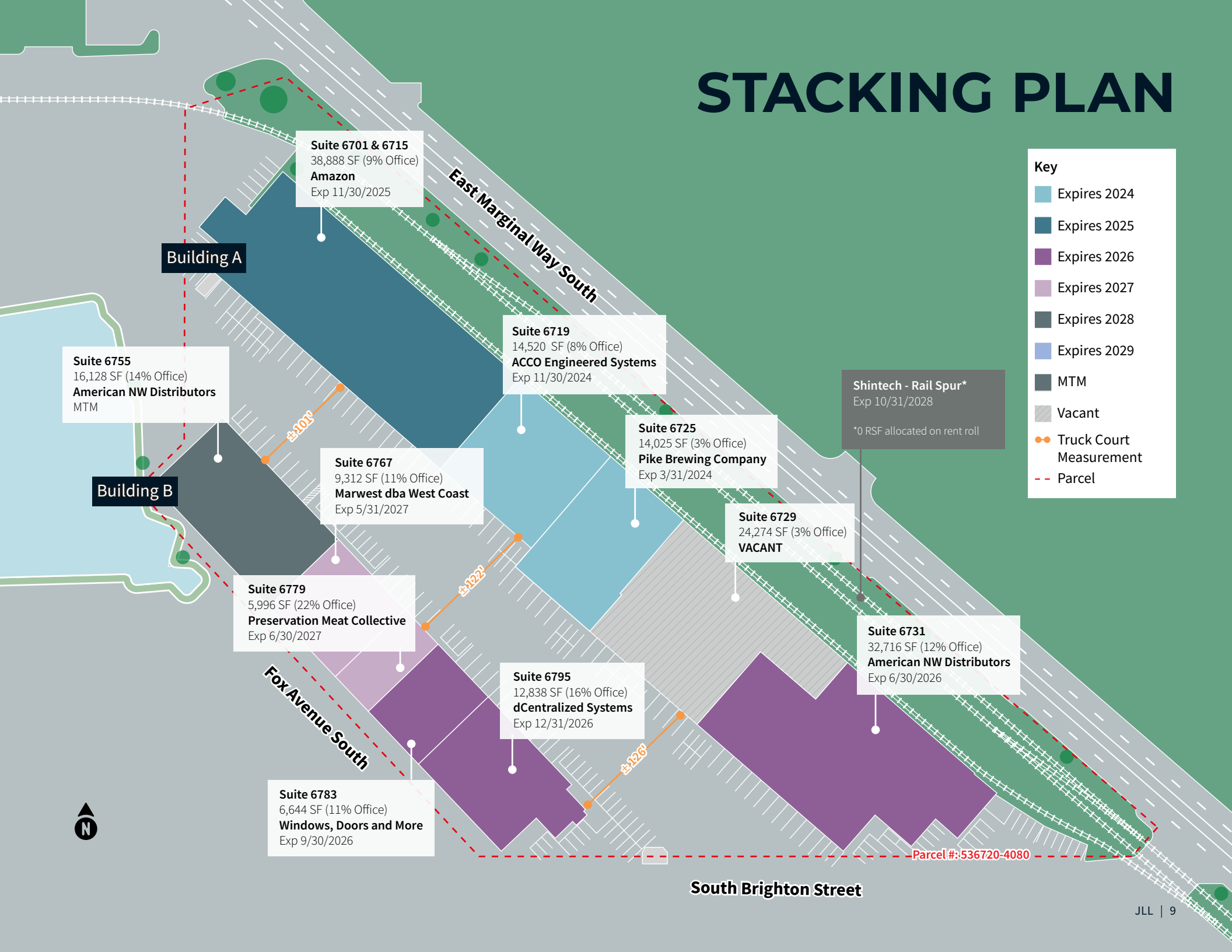
*As of 3/1/2024

**Inclusive of adjacent rail spur

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**** 6 knock out panels, rail capable

STACKING PLAN



Key

- Expires 2024
- Expires 2025
- Expires 2026
- Expires 2027
- Expires 2028
- Expires 2029
- MTM
- Vacant
- Truck Court Measurement
- Parcel

Suite 6701 & 6715
38,888 SF (9% Office)
Amazon
Exp 11/30/2025

Building A

East Marginal Way South

Suite 6719
14,520 SF (8% Office)
ACCO Engineered Systems
Exp 11/30/2024

Suite 6755
16,128 SF (14% Office)
American NW Distributors
MTM

Shintech - Rail Spur*
Exp 10/31/2028

*0 RSF allocated on rent roll

Suite 6725
14,025 SF (3% Office)
Pike Brewing Company
Exp 3/31/2024

Building B

Suite 6767
9,312 SF (11% Office)
Marwest dba West Coast
Exp 5/31/2027

Suite 6729
24,274 SF (3% Office)
VACANT

Suite 6779
5,996 SF (22% Office)
Preservation Meat Collective
Exp 6/30/2027

Fox Avenue South

Suite 6795
12,838 SF (16% Office)
dCentralized Systems
Exp 12/31/2026

Suite 6731
32,716 SF (12% Office)
American NW Distributors
Exp 6/30/2026

Suite 6783
6,644 SF (11% Office)
Windows, Doors and More
Exp 9/30/2026

Parcel #: 536720-4080

South Brighton Street



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