

Marcus & Millichap

Offering Memorandum



725 BROADWAY

725 Broadway • Tacoma, WA 98042

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725 BROADWAY
Tacoma, WA
ACT ID Z0110386

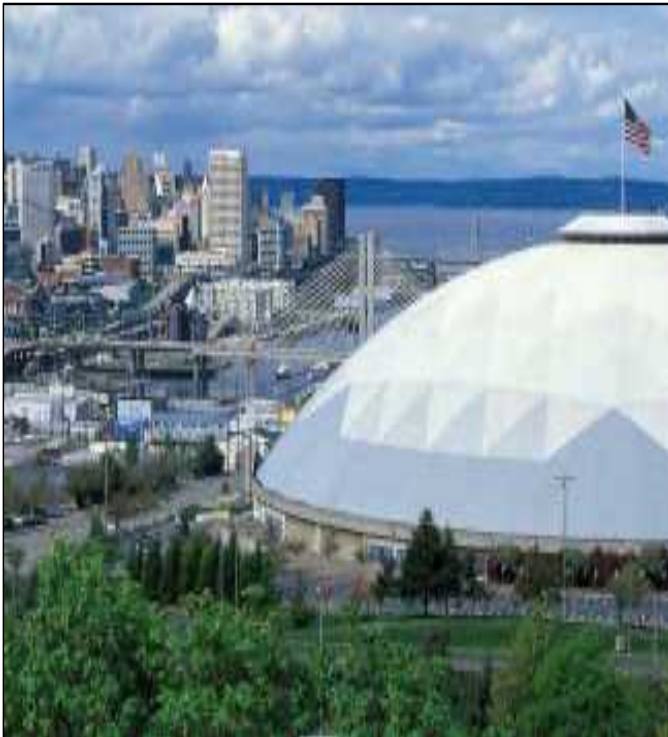
INVESTMENT OVERVIEW



EXECUTIVE SUMMARY

OFFERING SUMMARY

Price	\$2,200,000
Down Payment	100% / \$2,200,000
Loan Type	All Cash
Lot Size (SF)	22,216
Price/SF	\$99.03
Lot Size (Acres)	0.51 acre(s)
Price/Acre	\$4,313,648
Price/Unit	\$10,577
Allowable Buildable SF	278,665
Number of Lots	5
Price/Lot	\$440,000
Type of Ownership	Fee Simple



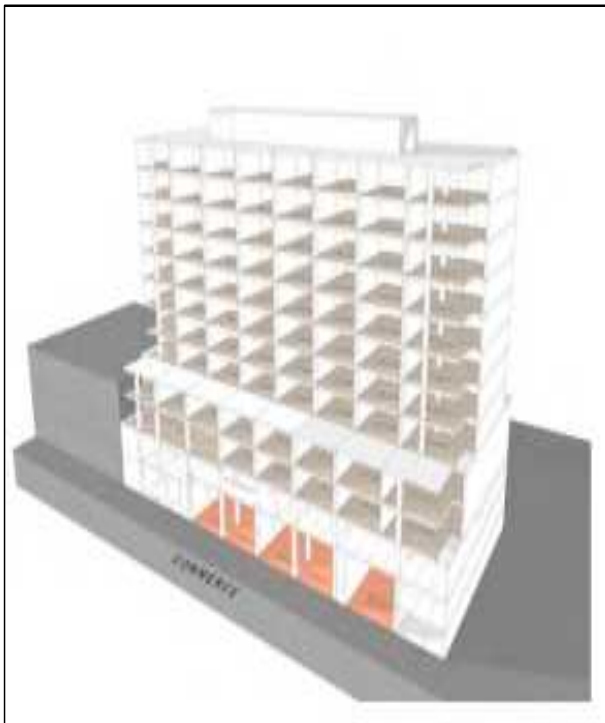
PROPERTY OVERVIEW

725 Broadway is a mixed-use development site located in downtown Tacoma's Theater District, the city's premier arts & entertainment, mixed-use neighborhood community. It benefits from walking distance of Light Rail, University of Washington - Tacoma Campus, shops, music, dining, and the Thea Foss Waterway.

The site is situated on 5-parcels that is approximately 225' by 100' and contains a total square footage of approximately 0.51 Acres (22,215sf). Currently a two story parking garage occupies the site that generates monthly income.

The Property is zoned for a myriad of potential uses, including residential, commercial, entertainment, and retail. The current ownership has had several architectural massing studies and project planning over the last several years and has found the property is able to develop 209 market-rate residential units in a single 15-story glass and concrete building (including three floors of structured parking and ground floor commercial space).

725 Broadway will serve the very top end of the apartment rental market in downtown Tacoma.



PROPERTY OVERVIEW

- Unobstructed Views of Puget Sound
- 10,500 Square Feet of Quality Retail
- 209 Apartment Units Averaging 753 SF
- Three Decks of Parking for 189 Cars
- Walking to Downtown Core

LOCATION OVERVIEW

725 Broadway is located in Tacoma, Washington which is the second largest city in the Puget Sound area with an estimated population of over 205,000 residents. Tacoma incorporated as a town in 1875 and is now home to an estimated population of over 205,000 people. Tacoma includes a wide array of large corporations including Costco, Pierce Transit, Albertson's, Nordstrom, Target, and REI. Tacoma has several retail and restaurant options at the local shopping center, Tacoma Mall, which includes over 150 total stores and dining options. There are numerous attractions in Tacoma, which include the Museum of Glass, Point Defiance Zoo & Aquarium, and Chambers Bay Golf Course, which hosted the U.S. Open in 2015.

725 Broadway is within the Theater District of Tacoma, which features premier arts & entertainment, mixed-use neighborhood community. 725 Broadway has a walk score of 96 out of 100, a "walkers paradise" with great dining, entertainment, shopping and public amenities within minutes.

725 Broadway is located within 100 yards of the Theater District station providing residents free transportation throughout downtown Tacoma.

Tacoma Link light rail travels 1.6 miles through downtown Tacoma, trains run every 12 to 24 minutes depending on the time of day.

The project will be adjacent to McMenamins new Elks Lodge property, a Portland based company, which will continue McMenamins tradition of imaginative and comfortable gathering spots for friends and family. Elks on Broadway will have seven bars, four restaurants and nightly entertainment. It will find its own unique place in McMenamins roster of excellent gather places.



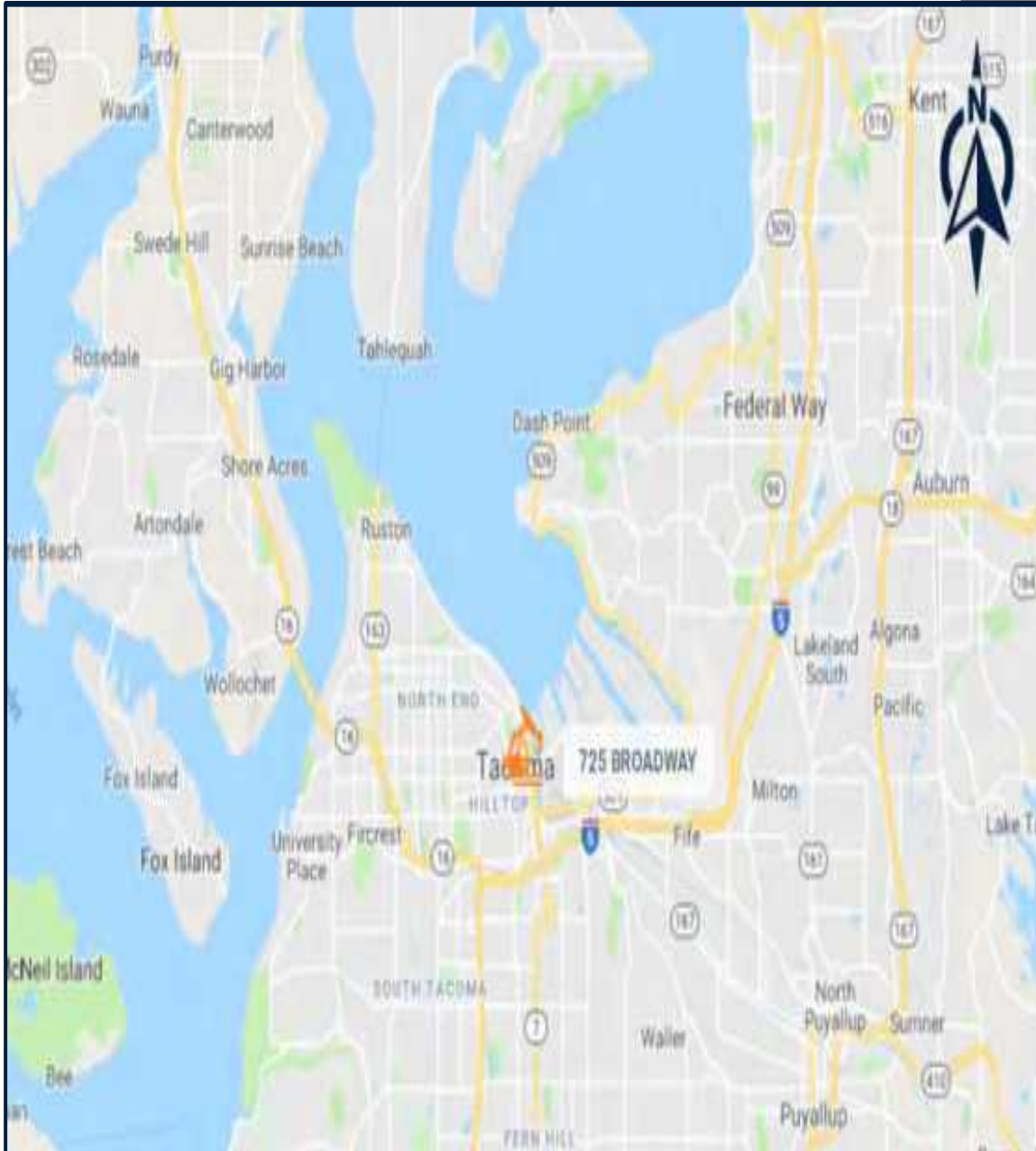
PROPERTY SUMMARY

THE OFFERING	
Property	725 Broadway
Price	\$2,200,000
Property Address	725 Broadway , Tacoma, WA
SITE DESCRIPTION	
Lot Size (SF)	22,216
Price/SF	\$99.03
Lot Size (Acres)	0.5100
Price/Acre	\$4,313,648
Allowable Buildable SF	278,665
Number of Units	208
Price/Unit	\$10,577
Number of Lots	5
Price/Lot	\$440,000
Type of Ownership	Fee Simple





725 Broadway, Tacoma, WA 98042



CLOSE PROXIMITY TO:



Downtown



Major Highway



Public Transportation

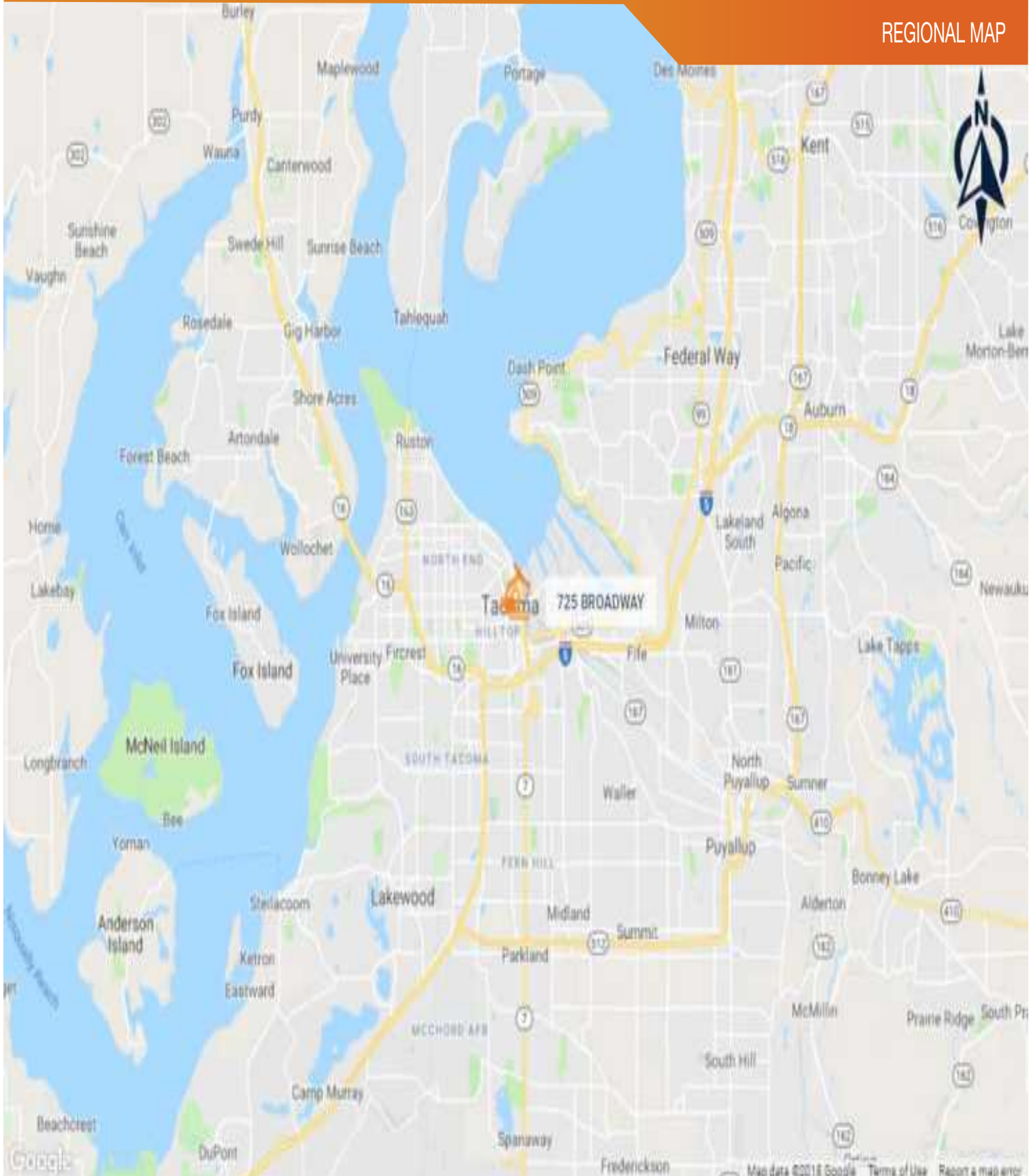


Port

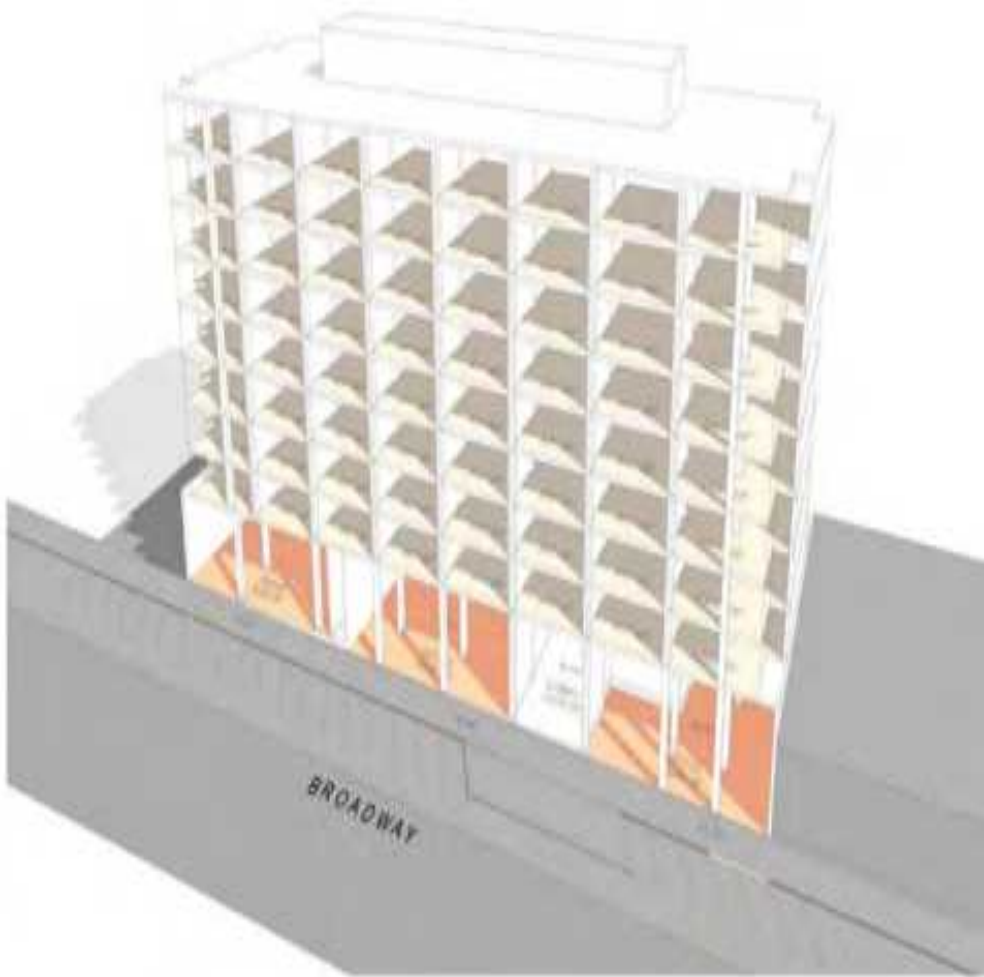


Hospital

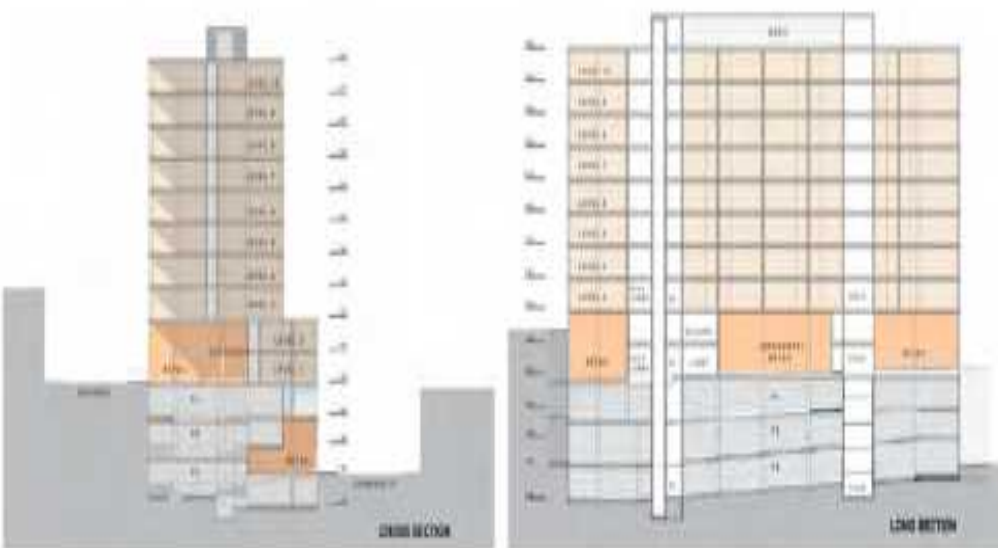








Marcus & Millichap closes more transactions than any other brokerage firm.



FINANCIAL ANALYSIS



PROPERTY SUMMARY

THE OFFERING		Notes
Land Price	\$2,200,000	
Land Price/SF	\$99.03	
Land Price/Acre	\$4,313,725	
Development Type	Redevelopment	
Floor Area Ratio (FAR)	N/A	
Density	N/A	

FINANCING		Notes
New Acquisition Financing	All Cash	

PRICING DETAIL			Notes
Apartments			208
Residential SF/Unit	832		\$193,856
Residential Building Price/SF	\$233 / 173,026 SF		\$40,315,058
Commercial Building Price/SF	\$800 / 81,663 SF		\$65,330,400



MARCUS & MILLICHAP CAPITAL CORPORATION CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources providing the most competitive rates and terms.

We leverage our prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues to the benefit of our clients.



**Closed 1,707
debt and equity
financings
in 2017**



**National platform
operating
within the firm's
brokerage
offices**



**\$5.63 billion
total national
volume in 2017**



**Access to
more capital
sources than
any other firm
in the industry**

WHY MMCC?

**Optimum financing solutions
to enhance value**

**Our ability to enhance
buyer pool by expanding
finance options**

**Our ability to enhance
seller control**

- Through buyer qualification support
- Our ability to manage buyers finance expectations
- Ability to monitor and manage buyer/lender progress, insuring timely, predictable closings
- By relying on a world class set of debt/equity sources and presenting a tightly underwritten credit file

MARKET
COMPARABLES



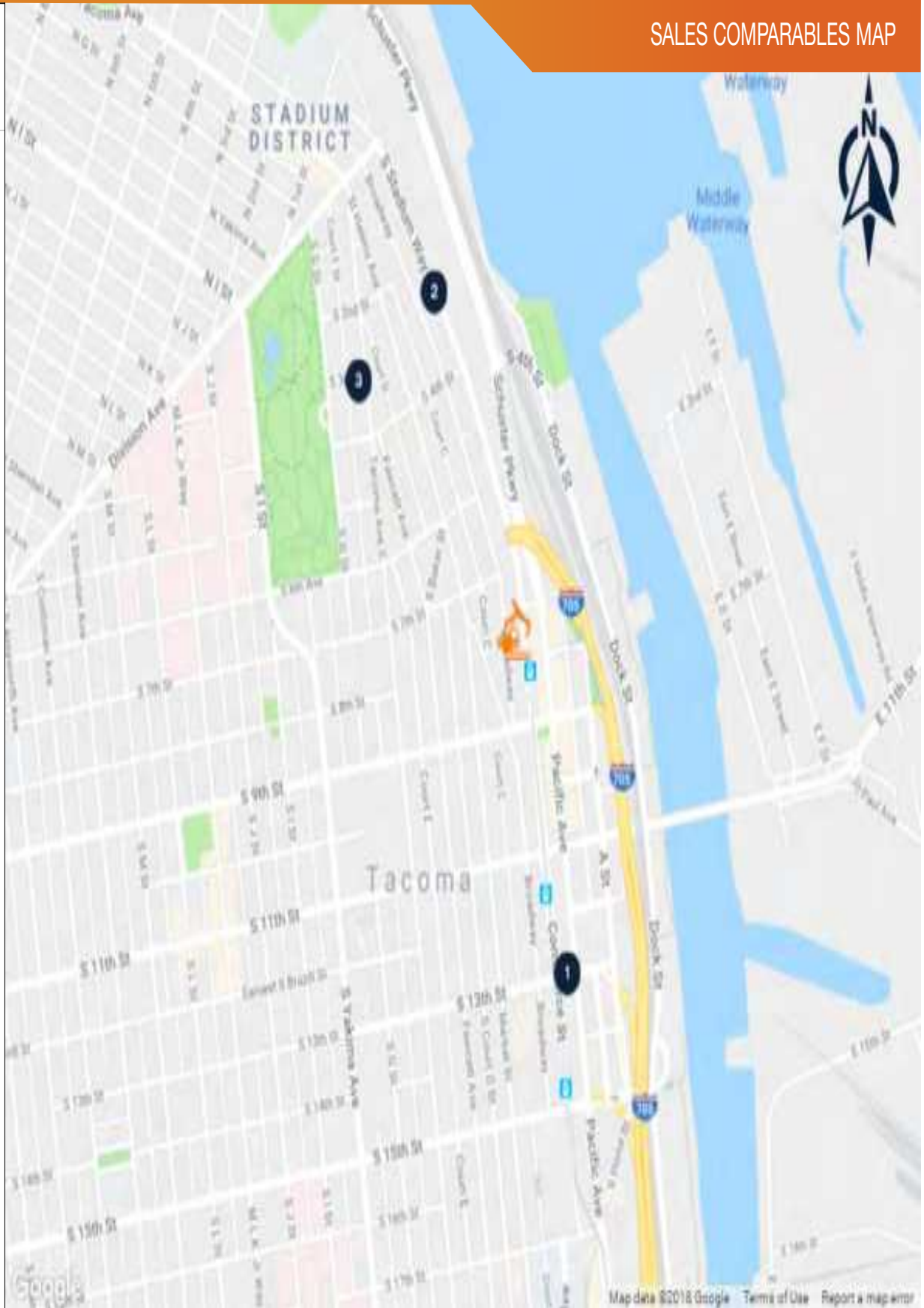


725 BROADWAY
(SUBJECT)

- 1 1306 Pacific Ave
- 2 220 Stadium Way
- 3 308 Tacoma Ave S

● SALES COMPARABLES

SALES COMPARABLES MAP

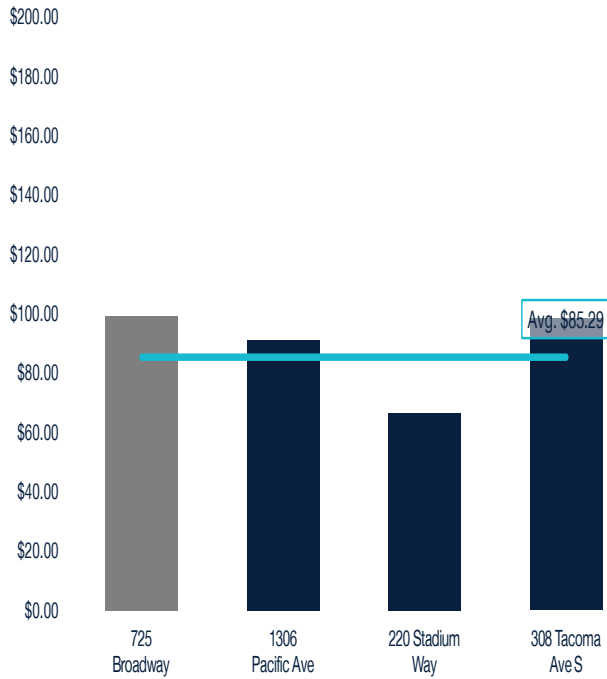


SALES COMPARABLES

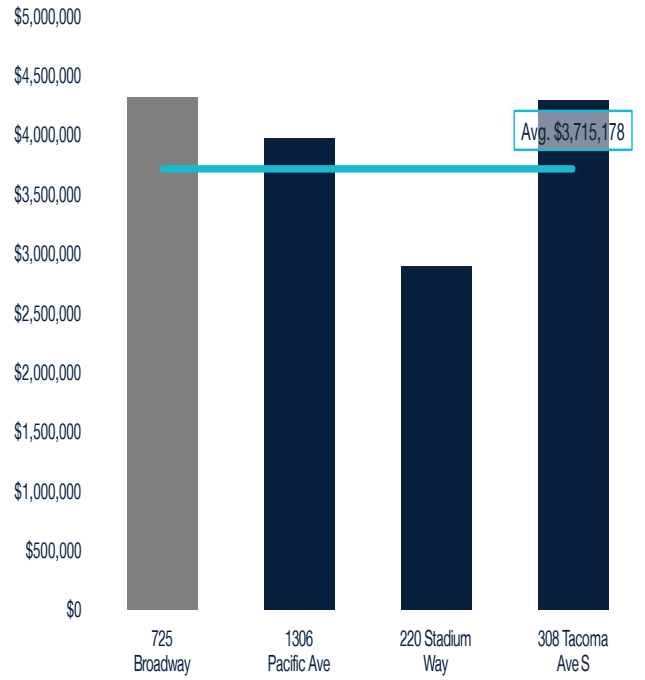
SALES COMPS AVG

SALES COMPARABLES

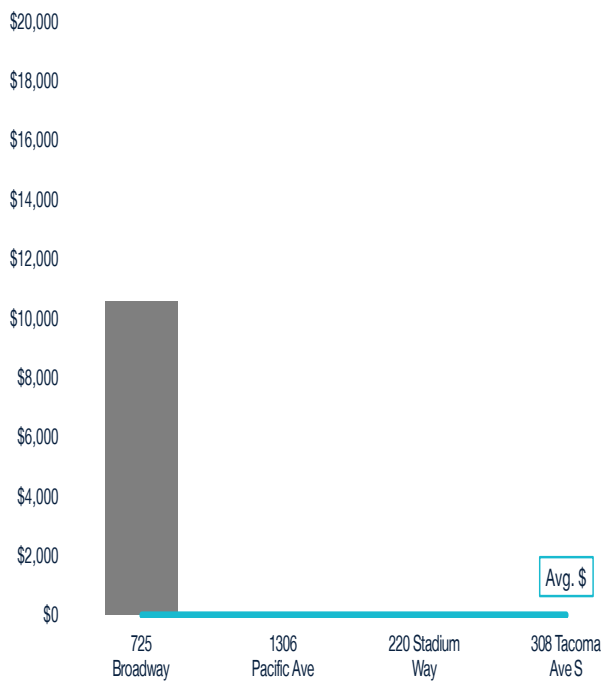
Average Price Per Square Foot



Average Price Per Acre



Average Price Per Buildable Unit



SALES COMPARABLES

725 BROADWAY

725 Broadway, Tacoma, WA, 98042

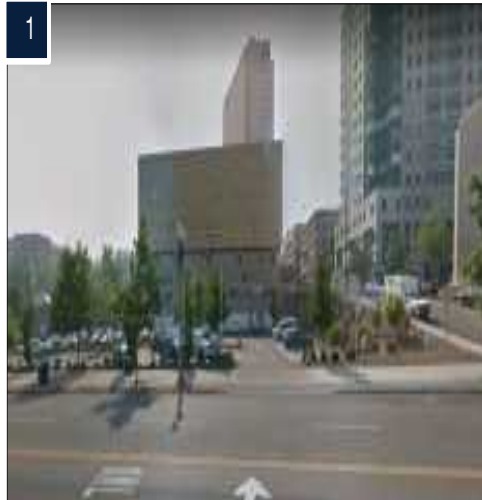


Asking Price	\$2,200,000
Down Payment	\$2,200,000
Down Payment %	100%
Price/SF	\$99.03
Lot Size (Acres)	0.51 acre(s)
Price/Acre	\$4,313,648

ENTITLED: NO | PERMIT READY: NO

1306 PACIFIC AVE

1306 Pacific Ave, Tacoma, WA, 98402



Close of Escrow	8/18/2017
Sales Price	\$2,500,000
Down Payment %	100%
Zoning	DCC
Price/SF	\$91.10
Lot Size (Acres)	0.63
Price/Acre	\$3,968,254

ENTITLED: NO | PERMIT READY: NO

NOTES

1306 Pacific Ave closed escrow in August of 2017 for \$2,500,000 or approximately \$91/sf on the land value. The buyer plans to develop a hotel on the site, however, the site was sold unentitled/permitted at the close of escrow.

220 STADIUM WAY

220 Stadium Way, Tacoma, WA, 98402



Close of Escrow	5/3/2017
Sales Price	\$2,400,000
Down Payment %	100%
Zoning	DR
Price/SF	\$66.38
Lot Size (Acres)	0.83
Price/Acre	\$2,891,566

ENTITLED: NO | PERMIT READY: NO

NOTES

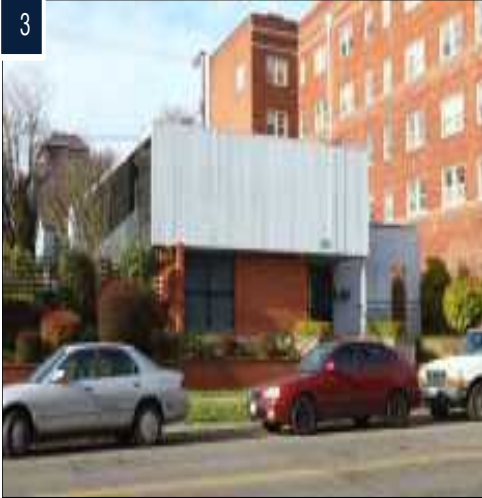
220 Stadium Way closed escrow in May of 2017 for \$2,400,000 or approximately \$67/sf on the land value. The buyer is a multifamily development company that plans to develop a mixed-use multifamily building. At the close of escrow no plans or permits were issued or pending.

SALES COMPARABLES

308 TACOMA AVE S

308 Tacoma Ave S, Tacoma, WA, 98402

3



Close of Escrow	4/30/2018
Sales Price	\$1,200,000
Down Payment %	100%
Zoning	C3
Price/SF	\$98.39
Lot Size (Acres)	0.28
Price/Acre	\$4,285,714

ENTITLED: YES | PERMIT READY: YES

NOTES

308 Tacoma Ave S closed escrow in April of 2018 for \$1,200,000 or approximately \$100/sf on the land value. The buyer plans to develop 130+ multifamily units on the property.



MARKET OVERVIEW



TACOMA

OVERVIEW

Located roughly 30 miles south of Seattle, the Tacoma metro comprises all of Pierce County. Joint Base Lewis-McChord, an amalgamation of the U.S. Army's Fort Lewis and the U.S. Air Force's McChord Air Force Base, is a major driver of the economy. Port operations, global companies and tourism attractions also fuel economic activity in the county. As a more affordable option to nearby Seattle, the metro is drawing residents and businesses to the area.



METRO HIGHLIGHTS



JOINT BASE LEWIS-MCCHORD

The U.S. military installation employs more than 66,000 civilian and military personnel and is the largest employer in the county.



AIRCRAFT MANUFACTURING

The composite vertical fin for the 777X jet is constructed in Frederickson, where Boeing employs more than 1,600 workers.



PORT OF TACOMA

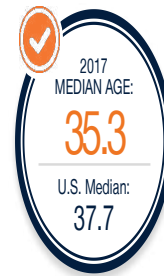
Marine cargo operations at the port of Tacoma generate more than 29,000 jobs and nearly \$3 billion in economic activity.



ECONOMY

- A number of higher-education institutions are located in Pierce County, including a branch of the University of Washington, providing a highly educated workforce. Just over 20 percent of the population has achieved a bachelor's degree or greater.
- Deep-water terminals at the Port of Tacoma are equipped with modern cargo-handling equipment. The port merged with Seattle's seaport in 2014 to gain a competitive advantage against other growing ports.
- Points of interest include the Museum of Glass, Washington State History Museum, America's Car Museum and Point Defiance Zoo & Aquarium. These facilities draw tourists to the area and contribute to the local economy.

DEMOGRAPHICS



* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

Created on July 2018

POPULATION	1 Miles	3 Miles	5 Miles
■ 2022 Projection			
Total Population	18,462	83,980	251,547
■ 2017 Estimate			
Total Population	17,861	83,527	249,333
■ 2010 Census			
Total Population	17,063	79,260	233,910
■ 2000 Census			
Total Population	14,868	77,944	225,394
■ Daytime Population			
2017 Estimate	63,122	133,840	278,748
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2022 Projection			
Total Households	9,076	35,468	101,431
■ 2017 Estimate			
Total Households	8,594	34,525	98,301
Average (Mean) Household Size	1.73	2.26	2.44
■ 2010 Census			
Total Households	7,988	32,481	92,318
■ 2000 Census			
Total Households	7,149	31,321	88,491

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2017 Estimate			
\$250,000 or More	1.89%	1.74%	1.82%
\$200,000 - \$249,999	1.37%	1.43%	1.37%
\$150,000 - \$199,999	2.68%	3.75%	4.56%
\$125,000 - \$149,999	3.29%	3.89%	5.04%
\$100,000 - \$124,999	4.46%	7.81%	9.01%
\$75,000 - \$99,999	7.66%	12.77%	14.10%
\$50,000 - \$74,999	12.12%	18.41%	19.34%
\$35,000 - \$49,999	10.61%	13.13%	13.37%
\$25,000 - \$34,999	11.08%	9.38%	9.12%
\$15,000 - \$24,999	13.10%	10.89%	9.32%
Under \$15,000	31.73%	16.80%	12.96%
Average Household Income	\$54,916	\$67,622	\$73,120
Median Household Income	\$30,303	\$49,723	\$56,619
Per Capita Income	\$29,190	\$28,899	\$29,235

Source: © 2017 Experian

Created on July 2018

POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population by Age			
0 to 4 Years	4.97%	6.37%	6.76%
5 to 14 Years	6.87%	10.53%	12.15%
15 to 17 Years	1.72%	2.92%	3.52%
18 to 19 Years	1.76%	2.77%	2.40%
20 to 24 Years	10.54%	8.56%	7.48%
25 to 29 Years	14.79%	9.92%	8.79%
30 to 34 Years	11.84%	9.49%	8.26%
35 to 39 Years	8.00%	7.53%	6.88%
40 to 49 Years	13.04%	12.73%	12.50%
50 to 59 Years	11.95%	12.94%	13.28%
60 to 64 Years	4.27%	5.20%	5.42%
65 to 69 Years	3.66%	3.84%	4.14%
70 to 74 Years	2.49%	2.62%	2.91%
75 to 79 Years	1.75%	1.64%	1.95%
80 to 84 Years	1.22%	1.35%	1.58%
Age 85+	1.12%	1.57%	1.97%
Median Age	33.81	34.67	35.43

POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population 25+ by Education Level			
2017 Estimate Population Age 25+	13,242	57,499	168,769
Elementary (0-8)	3.24%	2.33%	2.74%
Some High School (9-11)	11.58%	8.15%	7.29%
High School Graduate (12)	21.89%	25.31%	26.77%
Some College (13-15)	26.12%	24.12%	24.96%
Associate Degree Only	8.69%	9.26%	9.77%
Bachelors Degree Only	17.21%	18.86%	17.70%
Graduate Degree	10.03%	10.91%	9.43%

Source: © 2017 Experian



Population

In 2017, the population in your selected geography is 17,861. The population has changed by 20.13% since 2000. It is estimated that the population in your area will be 18,462.00 five years from now, which represents a change of 3.36% from the current year. The current population is 56.60% male and 43.40% female. The median age of the population in your area is 33.81, compare this to the US average which is 37.83. The population density in your area is 5,667.28 people per square mile.



Households

There are currently 8,594 households in your selected geography. The number of households has changed by 20.21% since 2000. It is estimated that the number of households in your area will be 9,076 five years from now, which represents a change of 5.61% from the current year. The average household size in your area is 1.73 persons.



Income

In 2017, the median household income for your selected geography is \$30,303, compare this to the US average which is currently \$56,286. The median household income for your area has changed by 32.72% since 2000. It is estimated that the median household income in your area will be \$33,533 five years from now, which represents a change of 10.66% from the current year.

The current year per capita income in your area is \$29,190, compare this to the US average, which is \$30,982. The current year average household income in your area is \$54,916, compare this to the US average which is \$81,217.



Race and Ethnicity

The current year racial makeup of your selected area is as follows: 63.26% White, 17.41% Black, 0.96% Native American and 6.09% Asian/Pacific Islander. Compare these to US averages which are: 70.42% White, 12.85% Black, 0.19% Native American and 5.53% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 12.00% of the current year population in your selected area. Compare this to the US average of 17.88%.



Housing

The median housing value in your area was \$299,519 in 2017, compare this to the US average of \$193,953. In 2000, there were 1,049 owner occupied housing units in your area and there were 6,100 renter occupied housing units in your area. The median rent at the time was \$427.



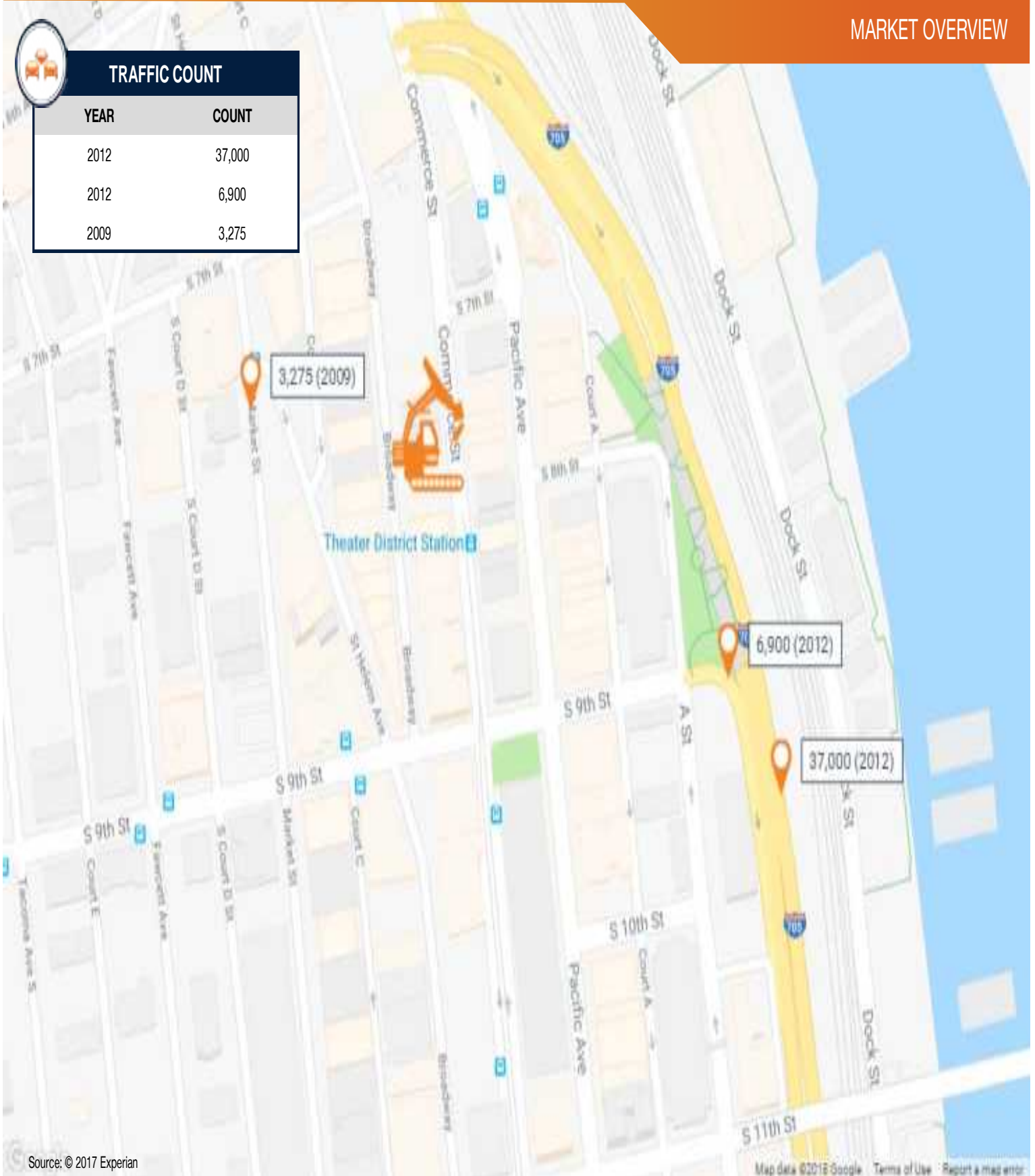
Employment

In 2017, there are 42,123 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 56.40% of employees are employed in white-collar occupations in this geography, and 44.37% are employed in blue-collar occupations. In 2017, unemployment in this area is 8.14%. In 2000, the average time traveled to work was 29.00 minutes.



TRAFFIC COUNT

YEAR	COUNT
2012	37,000
2012	6,900
2009	3,275



Source: © 2017 Experian

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