

OFFERING MEMORANDUM

# SOUTH LAKE UNION RETAIL BUILDING



401 WESTLAKE AVE N, SEATTLE, 98109

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COMPARABLES

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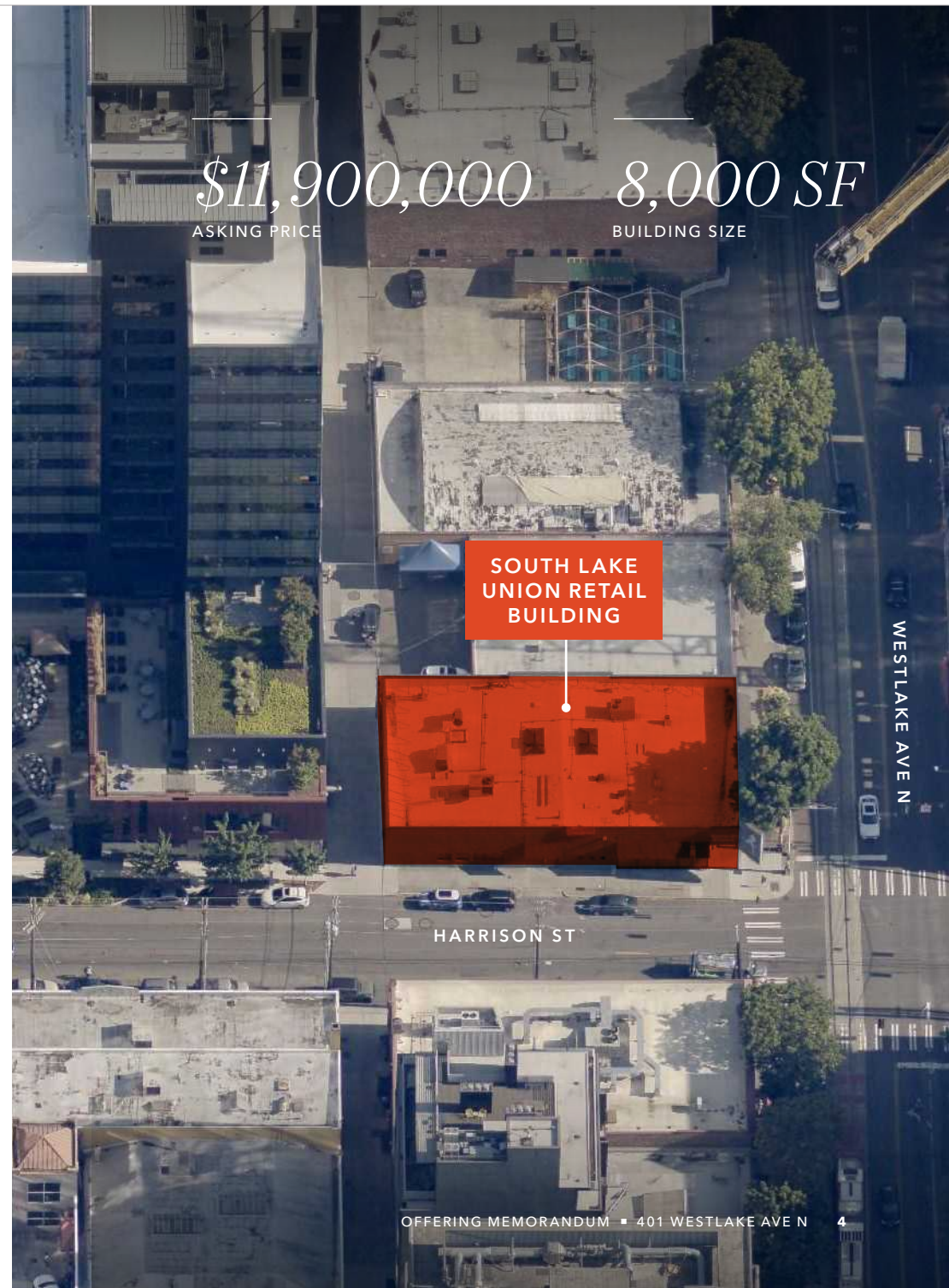
# EXECUTIVE SUMMARY

## EXECUTIVE SUMMARY

# *PREMIER* OFFERING IN THE HEART OF SOUTH LAKE UNION

Kidder Mathews is pleased to present the former Serious Pie Restaurant & Dahlia Workshop, located at the corner of Westlake Ave N & Harrison St in South Lake Union.

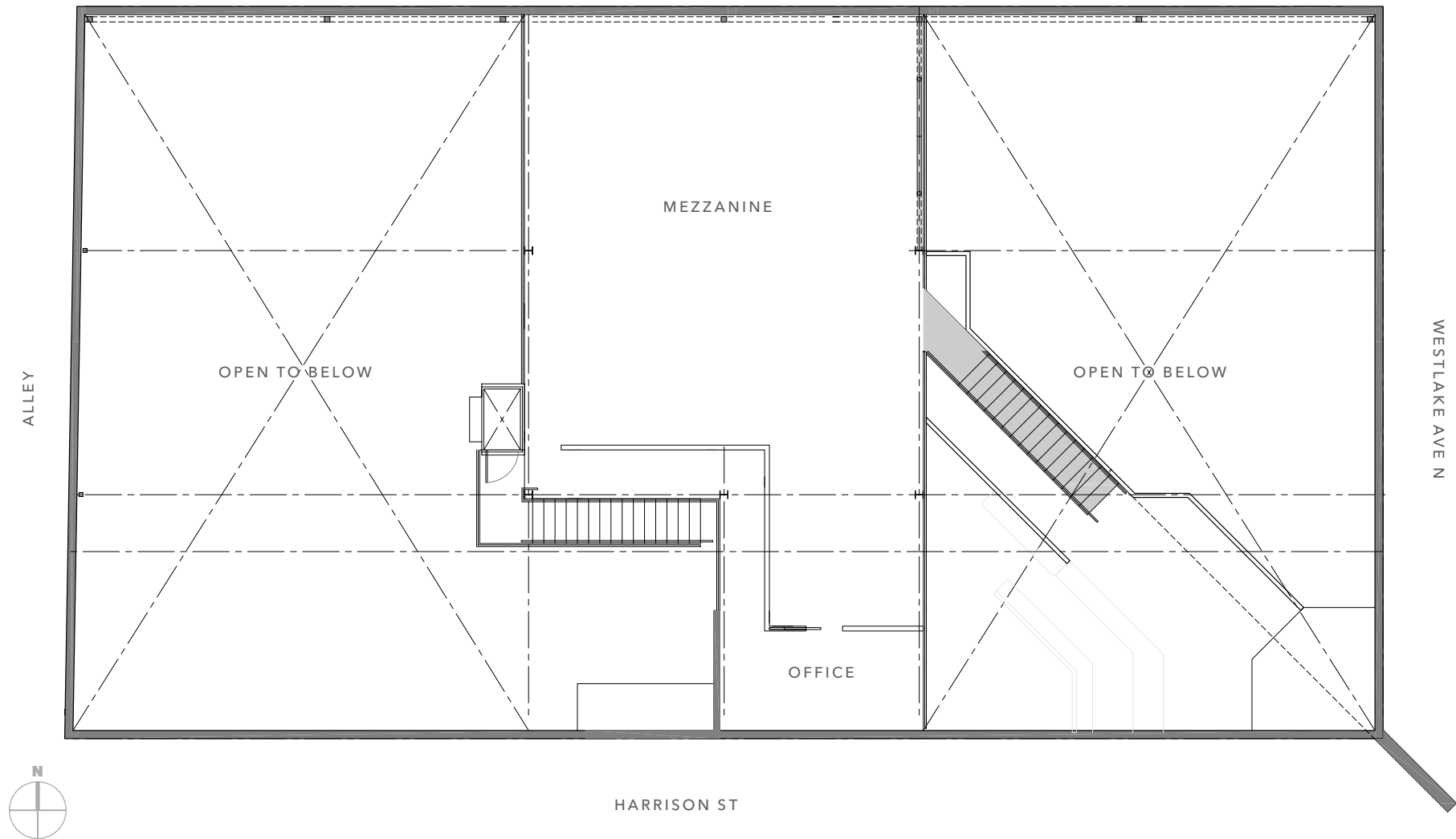
ADDRESS	401 Westlake Ave N, Seattle, WA 98109
BUILDING SIZE	8,000 SF
LAND SIZE	6,480 SF
ZONING	SM-SLU 175/85 280
RENOVATION	Full renovation completed in 2009
OCCUPANCY	Vacant
ESFR	Fully sprinklered
AVAILABILITY	Immediately
ASKING PRICE	\$11,900,000
ASSEMBLAGE	Assemblage of full city half block (38,880 SF) land site for future development is possible, same zoning for all parcels



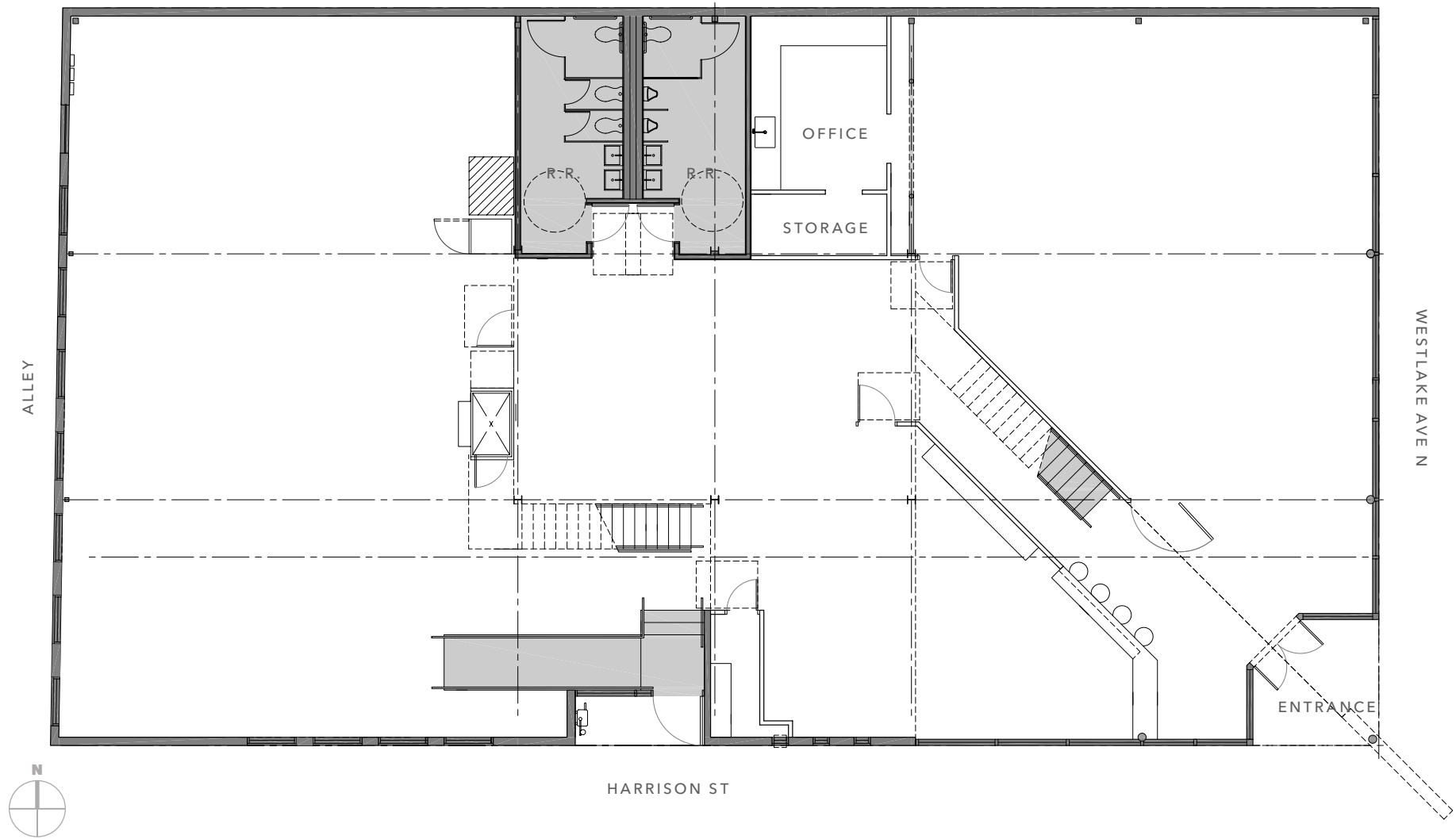


# PROPERTY OVERVIEW

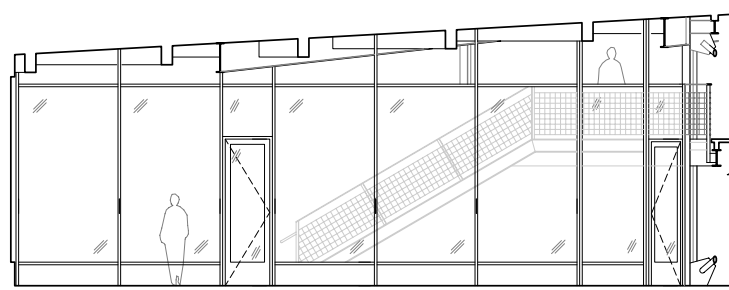
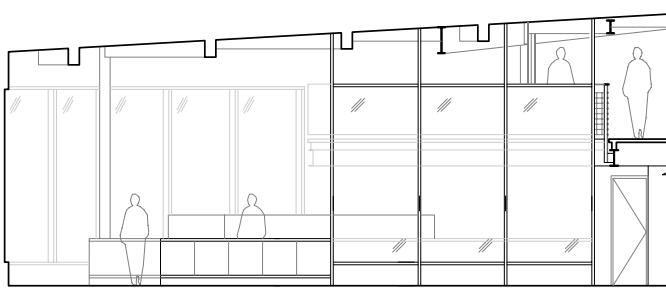
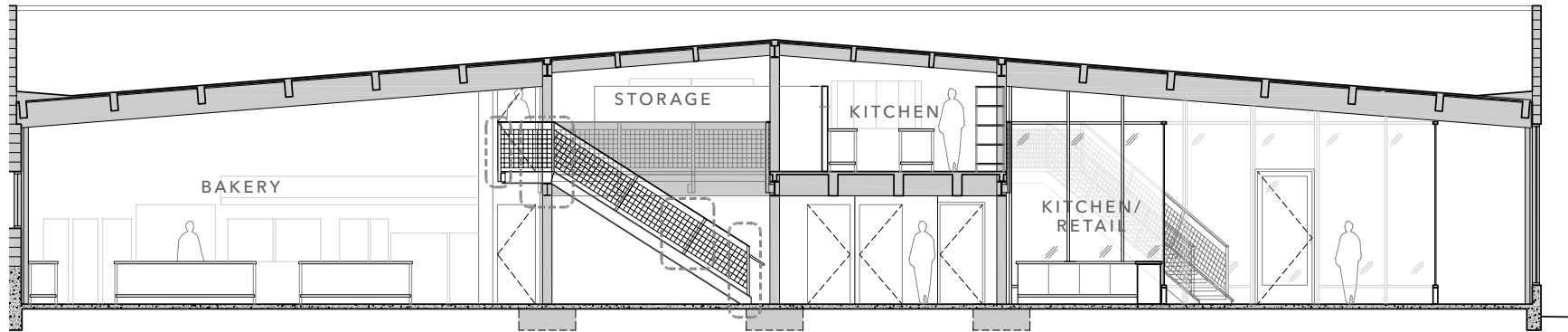
# UPPER/MEZZANINE LEVEL FLOOR PLAN



# FIRST/STREET LEVEL FLOOR PLAN

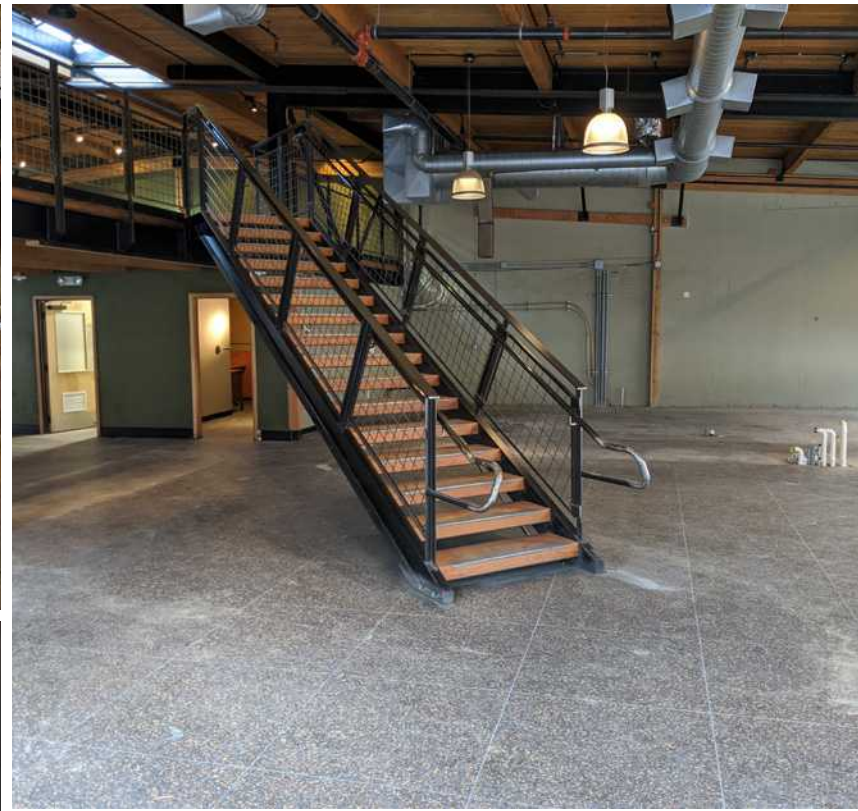
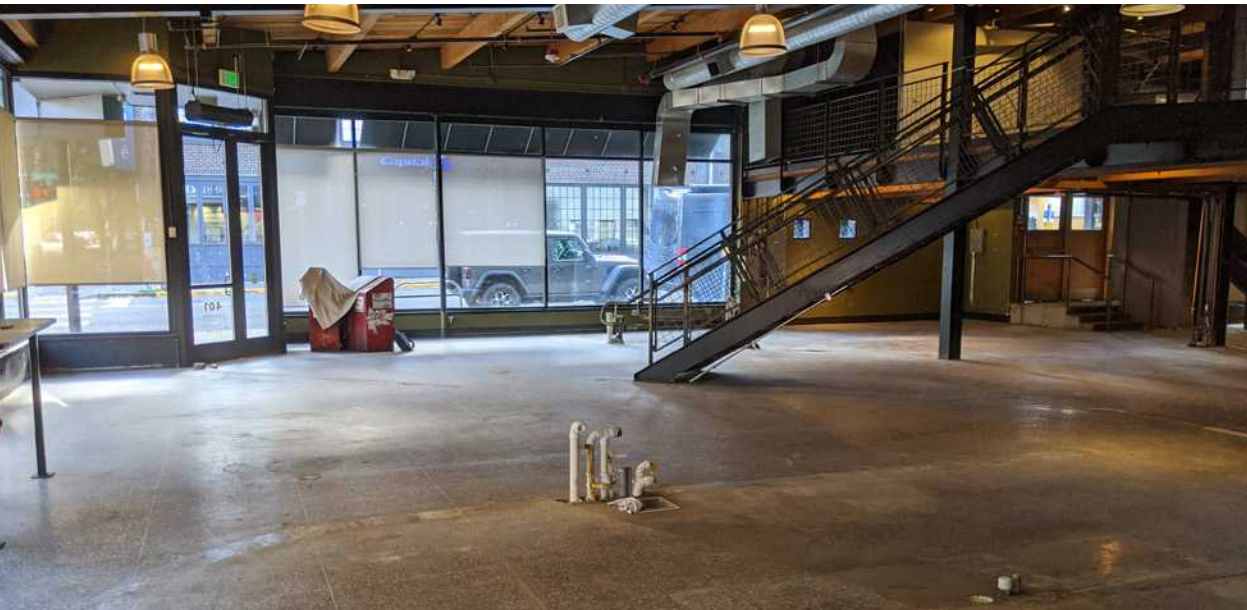


# EAST/WEST SECTION





# PROPERTY OVERVIEW



# ZONING MAP





# LOCATION OVERVIEW



# *SOUTH LAKE UNION'S MARKET IS THRIVING*

*The best Puget Sound Area has to offer.*

South Lake Union is a thriving 170 acre neighborhood situated on the North edge of Downtown Seattle near Lake Union. It has evolved in recent years from a predominantly industrial neighborhood to now a mix of office, retail, biotech and high-end residential uses. This transformation was led by former Microsoft co-founder Paul Allen and his real estate company Vulcan. Their vision took hold when Amazon partnered with Vulcan 20 years ago to build their campus throughout the neighborhood. This area is now home for many up and coming and large technology related firms.

South Lake Union is now one of the most attractive neighborhoods in Seattle for real estate investors, and retail users of all types. This neighborhood will be one of the first in the Seattle area to experience economic growth in the years to come because of the unique advantages South Lake Union has to offer. Its close proximity to freeways, access to public transportation, and recreation opportunities are unmatched in the Puget Sound area.

*3 MIN*

TO SR-99

*5 MIN*

TO I-5

*9 MIN*

TO SEATTLE CBD

# SEATTLE RETAIL MARKET TRENDS

Vacancy remained low in the first half of the year, posting rates within 60 basis points of all-time lows. Asking rents are up slightly from last year and on the surface, market fundamentals appear to be relatively strong.

However, overall retail demand continues to put a damper on market recovery and downtown Seattle continues to lag the suburbs. A limited pipeline of future deliveries is expected to restrict supply and elite competition for space, a trend expected to continue throughout 2024. Similarly, demand drivers such as population growth and consumer confidence remain positive, suggesting a possible return to rent growth and a stabilization of vacancy rates in the near term.

## Vacancy

Overall, the retail market in Seattle remained relatively strong with a vacancy rate of 3.2% and an availability rate of 3.2%, both slight increases compared to last quarter. Vacancy has been hovering below 4% since mid-2016. While this was the fourth quarterly increase over the past six quarters, the rate is significantly below the national average and retains one of the lowest vacancy rates on the West Coast. Suburban markets continue to outperform Downtown Seattle, which is expected to persist in the near term.

## Market Trend

The average asking lease rate decreased -0.4% quarter-over-quarter but increased +0.4%, year-over-year, a significant decline compared to recent historical

rent growth trends near +5% per year between 2020 and 2022. While recent increases in vacancy may push rents down a little further, positive market fundamentals, continued tightening of supply, and economic recovery will likely prompt growth in future quarters.

## Development Activity

A handful of small retail projects delivered in 2Q 2024, totaling 18,735 SF, led by Pacific Ave Lacy Center (5,270 SF) in Lacey. Projects under construction remained solid at 522,919 SF, the highest level since early 2022. The largest projects under construction include a 168,500 SF mixed-use development on Village Road in Woodinville and 130,000 SF at the SW corner of Redmond-Woodinville Rd NE & NE 144th Rd in Redmond, both scheduled for delivery in 2025.

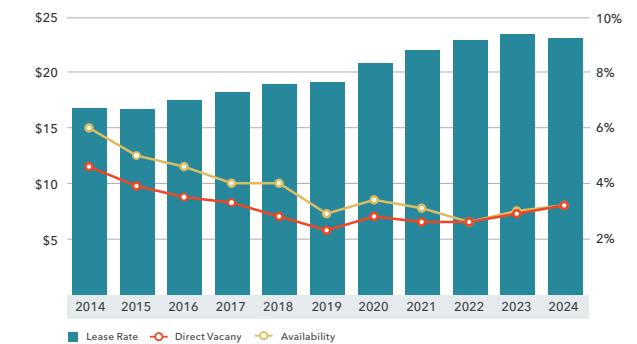
## Market Demand/Net Absorption

Market-wide net absorption posted its second quarter of negative activity, ending 2Q 2024 with negative 27,674 SF, bringing the year-to-date total to negative 556,237 SF. While a handful of retailers shuttered in 1Q 2024, the negative activity in 2Q 2024 can be attributed to a slowdown in overall demand as leasing activity was down 37% quarter-over-quarter, and down 70% compared to the recent 5-year quarterly average. Despite these issues, market drivers remain relatively positive, and a gradual recovery is projected over the next 12-18 months.

## Investment Activity

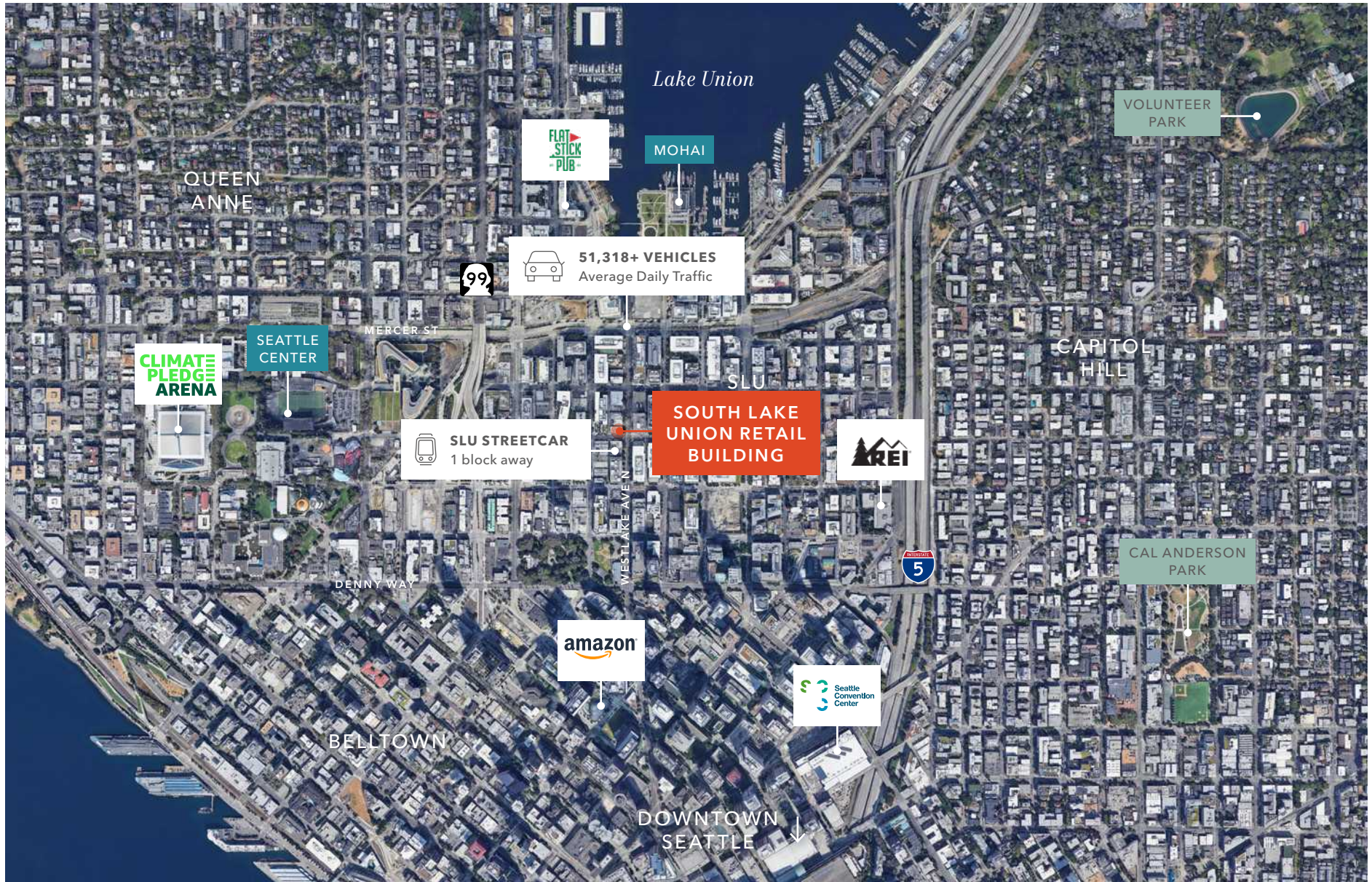
Investment volume picked up a little bit of momentum, increasing from \$188M in 1Q to \$371M in 2Q. There were 66 sale transactions during the quarter, mirroring the quarterly average from last year while increasing from 50 transactions last quarter. Elevated interest rates and recessionary indicators will continue to impact leasing and investor demand, making the near-term challenging for commercial real estate.

LEASE RATE, VACANCY & AVAILABILITY



Data Source: CoStar

# LOCATION OVERVIEW





# COMPARABLES

*Section 04*

# SALE COMPARABLES



**PROPERTY #1**  
112 5th Ave N, Seattle, WA 98109

BUYER	Lincoln Property Co.
SELLER	Da Li Development USA
BLDG SF	7,000
SALE DATE	09/16/2022
SALE PRICE	\$12,752,456
PRICE/SF	\$1,821.78



**PROPERTY #2**  
118 5th Ave N, Seattle, WA 98109

BUYER	Lincoln Property Co.
SELLER	Da Li Development USA
BLDG SF	6,780
SALE DATE	09/16/2022
SALE PRICE	\$20,250,646
PRICE/SF	\$2,986.82



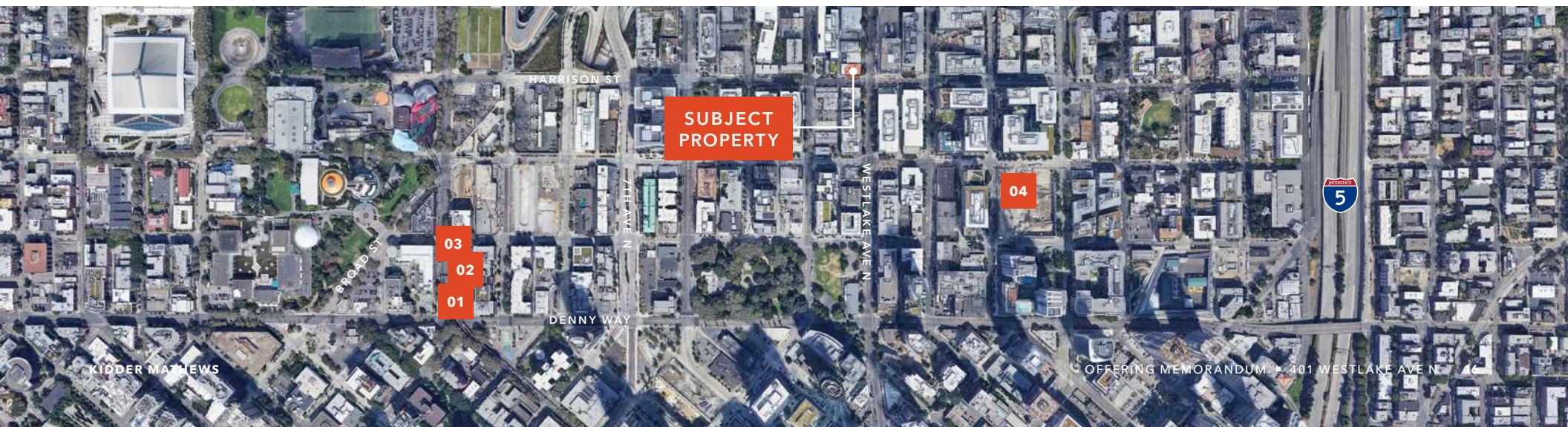
**PROPERTY #3**  
130 5th Ave N, Seattle, WA 98109

BUYER	Lincoln Property Co.
SELLER	Da Li Development USA
BLDG SF	3,742
SALE DATE	09/16/2022
SALE PRICE	\$8,996,898
PRICE/SF	\$2,404.30



**PROPERTY #4**  
121 Boren Ave, Seattle, WA 98109

BUYER	Omni Group
SELLER	H5 Capital
BLDG SF	7,405
SALE DATE	09/30/2022
SALE PRICE	\$27,125,000
PRICE/SF	\$3,662.97



**SUBJECT  
PROPERTY**

**03  
02  
01**

**04**



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