



OFFERING MEMORANDUM

7TH & PACIFIC OFFERING

711, 715, 717 PACIFIC AVE
TACOMA, WA

KIDDER.COM

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Pierce County Market
2021 1st Quarter Office Market Report

*Exclusively
listed by*

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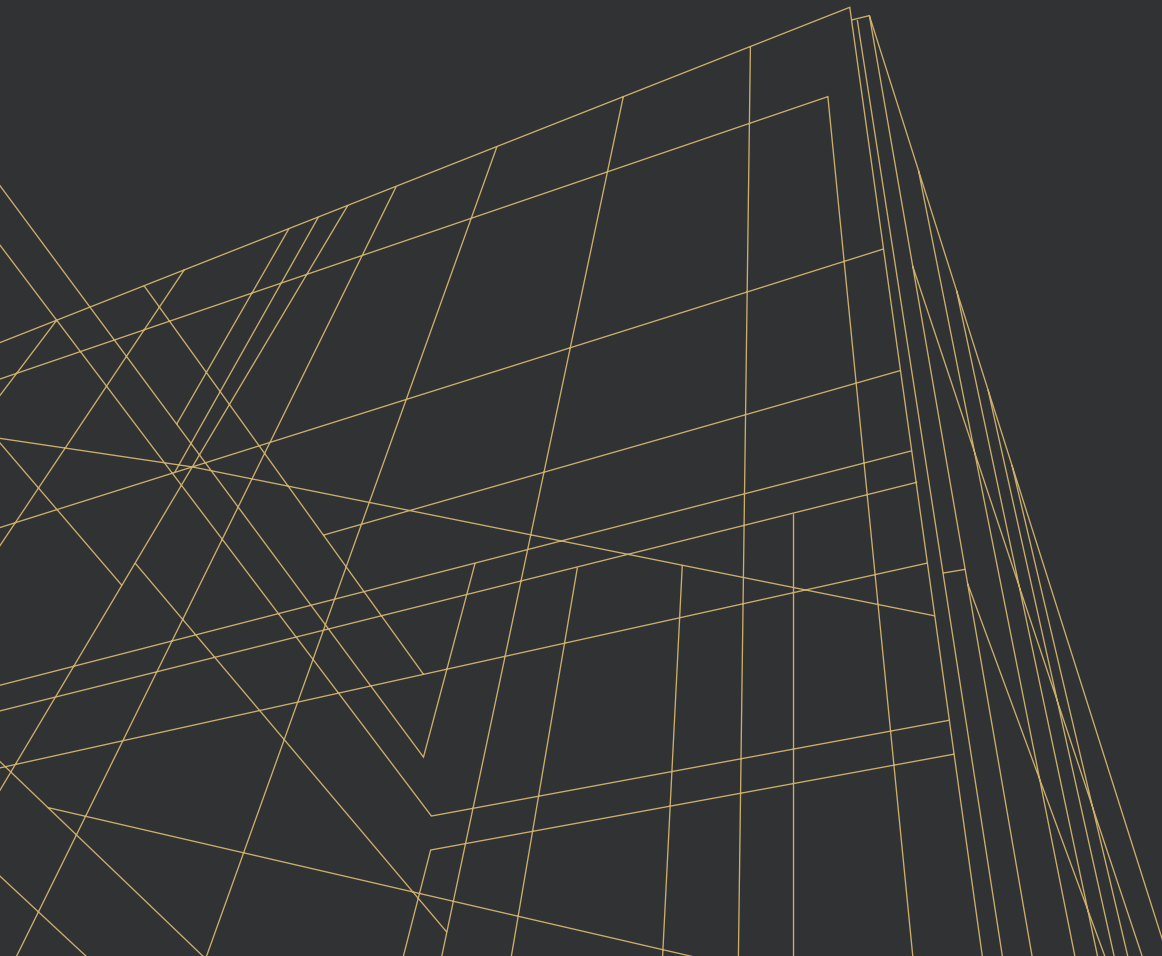
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EXECUTIVE SUMMARY

7th & Pacific is a value add or owner/user two-story office/retail building consisting of 10,493 rentable square feet on 6,351 square feet of land.

The property offers a rare ownership opportunity to own a office/retail building in the Heart of Downtown Tacoma market. 7th & Pacific has numerous services nearby with great access and exposure. This building is a well positioned and desirable asset. The building is located off 7th and Pacific Ave in Downtown, and has 3 parking stalls. The Metro Bus Line and Link Light Rail are one block from the building.



ADDRESS	711, 715, 717 Pacific Ave, Tacoma, WA
OFFERING PRICE	\$1,950,000
PRICE / SF	\$188.53
LAND AREA	0.146 AC (6,351 SF)
YEAR BUILT	1918/2016
NET RENTABLE AREA	±10,493 SF
STORIES	2
PARKING	6 stalls

EXECUTIVE SUMMARY



STADIUM DISTRICT

STADIUM HS



DIVISION AVE
WRIGHT PARK

SUBJECT PROPERTY

E 11TH ST

PORT OF TACOMA

LINCOLN AVE



S SPRAGUE AVE

S 11TH ST

GREATER TACOMA CONVENTION CENTER

PACIFIC AVE



UW TACOMA

S 21ST ST



TACOMA

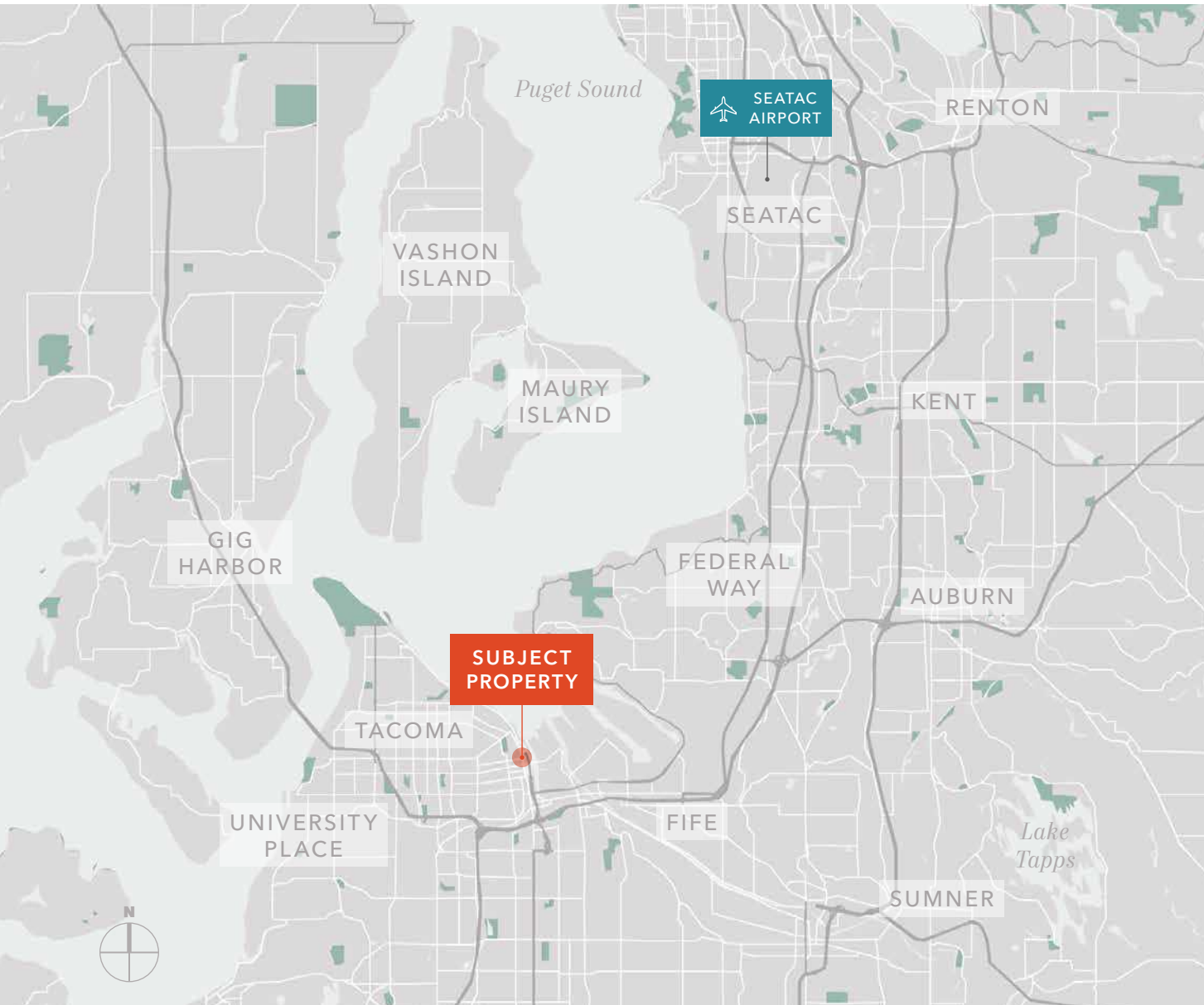
TACOMA DOME

S 25TH ST

BREWERY DISTRICT



EXECUTIVE SUMMARY



EXECUTIVE SUMMARY





PROPERTY DESCRIPTION

PROPERTY DESCRIPTION



PREMIER OFFERING IN THE HEART OF DOWNTOWN TACOMA

ADDRESS	711, 715, 717 Pacific Ave, Tacoma, WA
COUNTY	Pierce County
MUNICIPALITY	City of Tacoma
BUILDING SF	10,493 SF
LAND AREA	0.146 AC (6,351 SF)
BUILT/RENOVATED	1918/2016
STORIES	2
ZONING	DC - Downtown Commercial Core
FEATURES	Masonry construction
LOCATION	In opportunity zone
PARKING	6 stalls
BUILDING ACCESS	Access on Pacific Ave and Court A

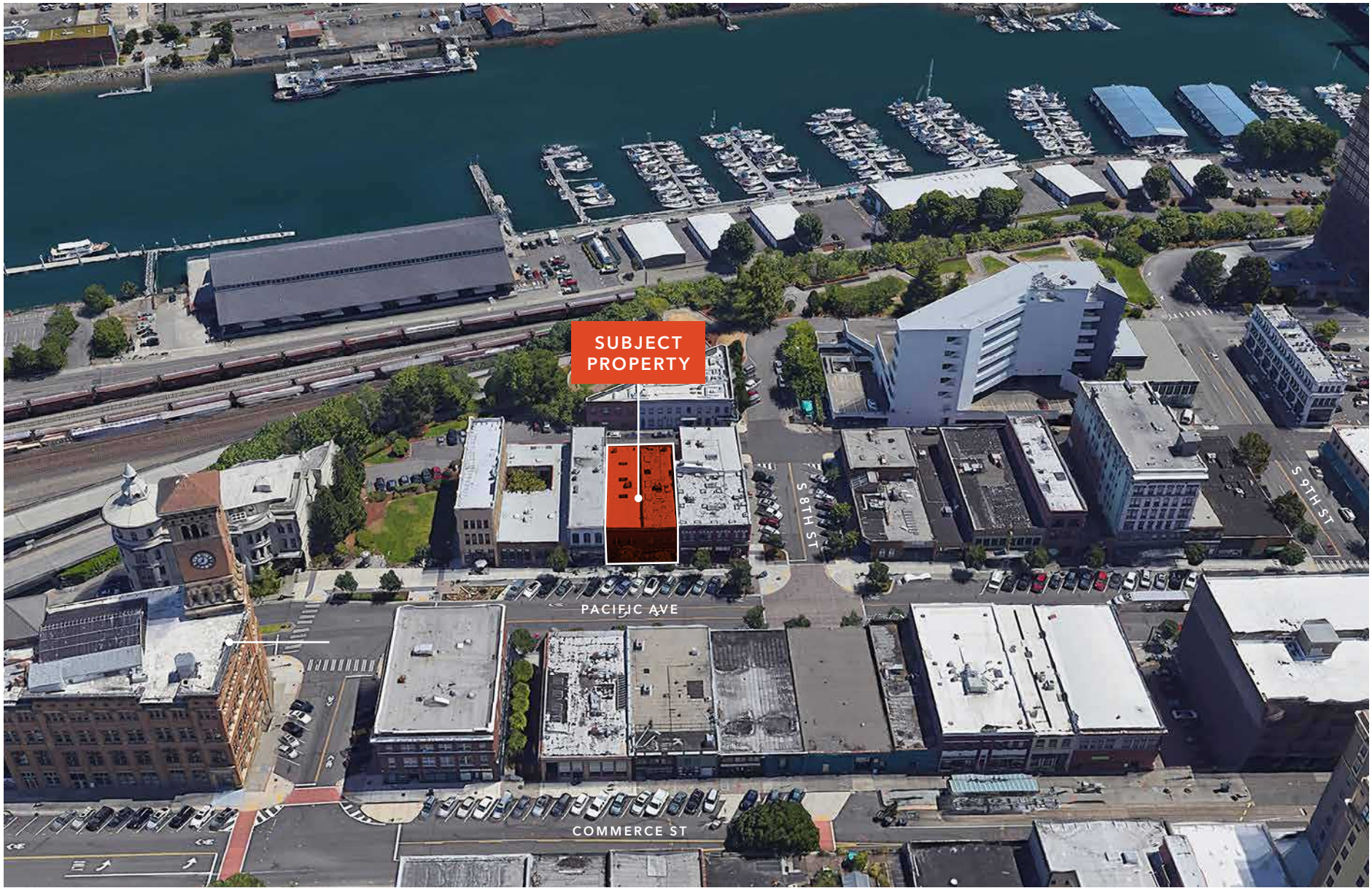
PROPERTY DESCRIPTION



RENT ROLL - JULY 2023

Tenant	STE	SF	Expiration	PSF Rate	Lease Type	Monthly Base Rent	Annual Base Rent	Parking Stalls
Parametrix, Inc.	717	2,623	10.30.30	\$19.50	NNN	\$4,262.38	\$51,148.56	1 stall at \$100.00 per month
Creative Arts and Fashion	715	2,320	09.01.26	\$14.00	NNN	\$2,706.67	\$32,480.04	1 stall at \$75.00 per month
VACANT	711	5,220						

PROPERTY DESCRIPTION





MARKET OVERVIEW

REGIONAL OVERVIEW

PIERCE COUNTY

Pierce County has been one of the fastest growing counties in the state of Washington since the 1960's and has consistently exceeded the state's overall rate of growth. Pierce County supports manufacturers such as Boeing, Milgard Manufacturing, James Hardie Building Products, Toray Composites (America), Inc., and Medallion Foods. Recreational Equipment, Inc. (REI), Whirlpool, and Costco also have major distribution centers here.

The majority of population increase has been due to the migration of people into the County. This continued migration is the result of Pierce County's relatively stable economy and exceptional quality of life. The more affordable cost of living, award-winning education, and lifestyle opportunities, combined with the area's competitive cost of doing business, create an outstanding environment for businesses and residents to work, play, and live.

TACOMA OVERVIEW

Tacoma is located 33 miles south of Seattle with a current population estimate of 216,279, making it the 3rd largest city in Washington State. Tacoma is in the midst of a significant expansion and redevelopment of its CBD, just half a mile away from 1119 Pacific Avenue site. The City has supported a number of public and private projects in the past three decades in an attempt to revitalize all elements of the CBD market, which is now starting to pay off. Among these are the establishment and expansion of a University

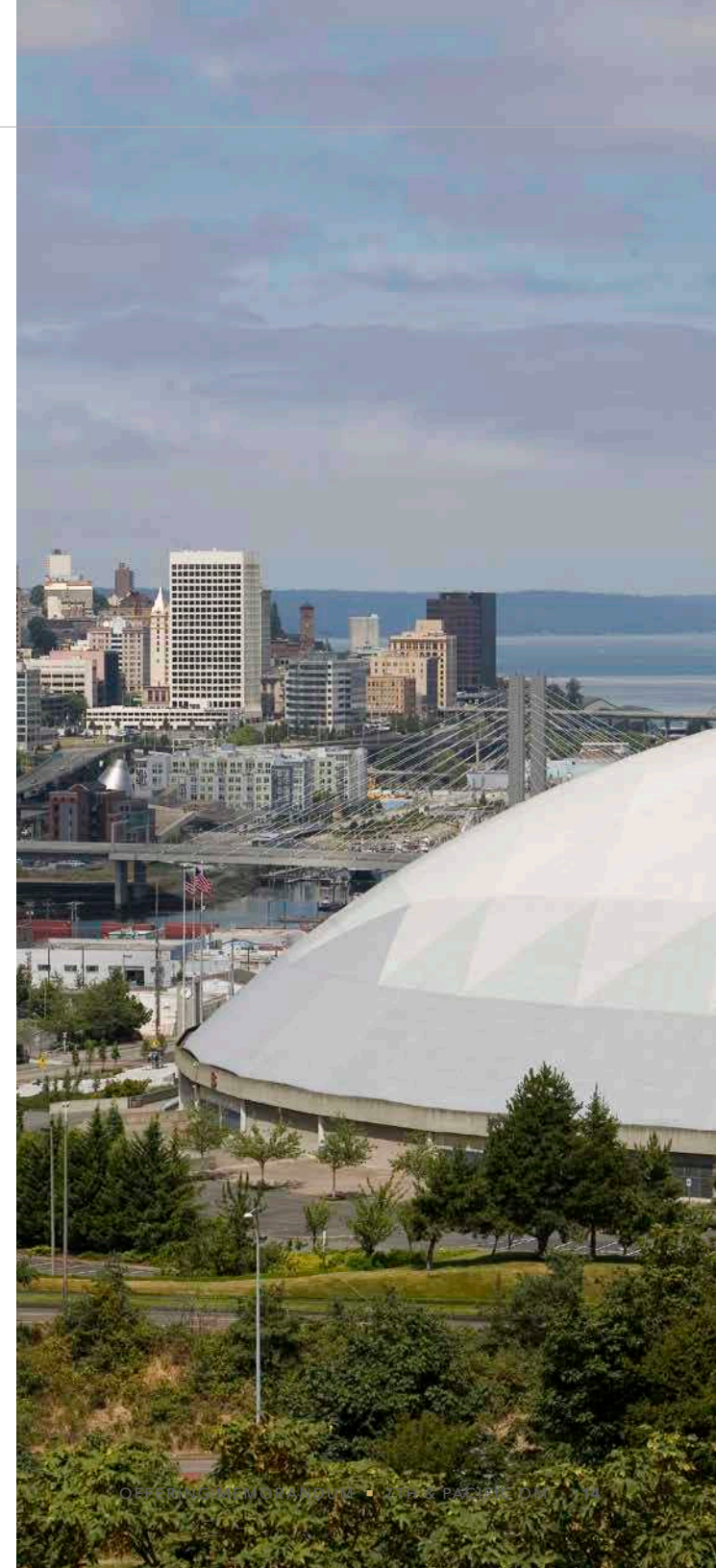
of Washington satellite campus, the Tacoma Museum of Glass, the Greater Tacoma Convention Center, and just outside of the CBD, the LeMay Auto Museum.

Nearly 18,000 King County residents moved to Pierce County in 2017, 25% higher than two years earlier, according to census estimates (Seattle Times).

UNIVERSITY OF WASHINGTON - TACOMA

The University of Washington - Tacoma (UWT) branch campus anchors the southerly end of the Tacoma CBD. The University owns about 46 acres, including much of the land extending west to Tacoma Ave S. UWT became a four-year degree in 2007 and now has an annual enrollment over 5,100 students. The resulting urban campus has become a focal point in the Downtown CBD and the driving force behind present day revitalization efforts.

UWT plans for 2020 growth - Over the course of the next six years, UWT anticipates steady year-over-year growth.



LIGHT RAIL

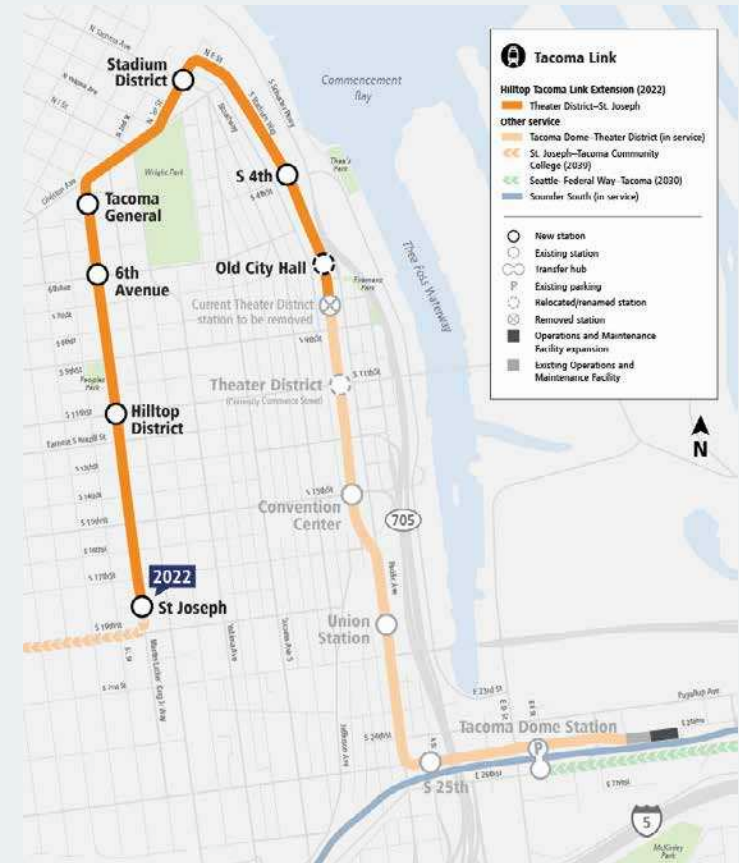
LIGHT RAIL DEVELOPMENT / RELOCATION (OPEN 2022)

The Tacoma link extension project more than doubles the length of Tacoma Link, starting with a relocated Theater District station, and adding six new stations.

These connect to popular destinations such as the Stadium District, Wright Park and major medical facilities before reaching the new Hilltop neighborhood terminus (Sound Transit Expansion). This will be a tremendous beneficiary of the new expansion packet, providing seamless commutes times for jobs in Tacoma’s CBD, and brand-new infrastructure to support Tacoma’s rapidly growing population.

PORT OF TACOMA

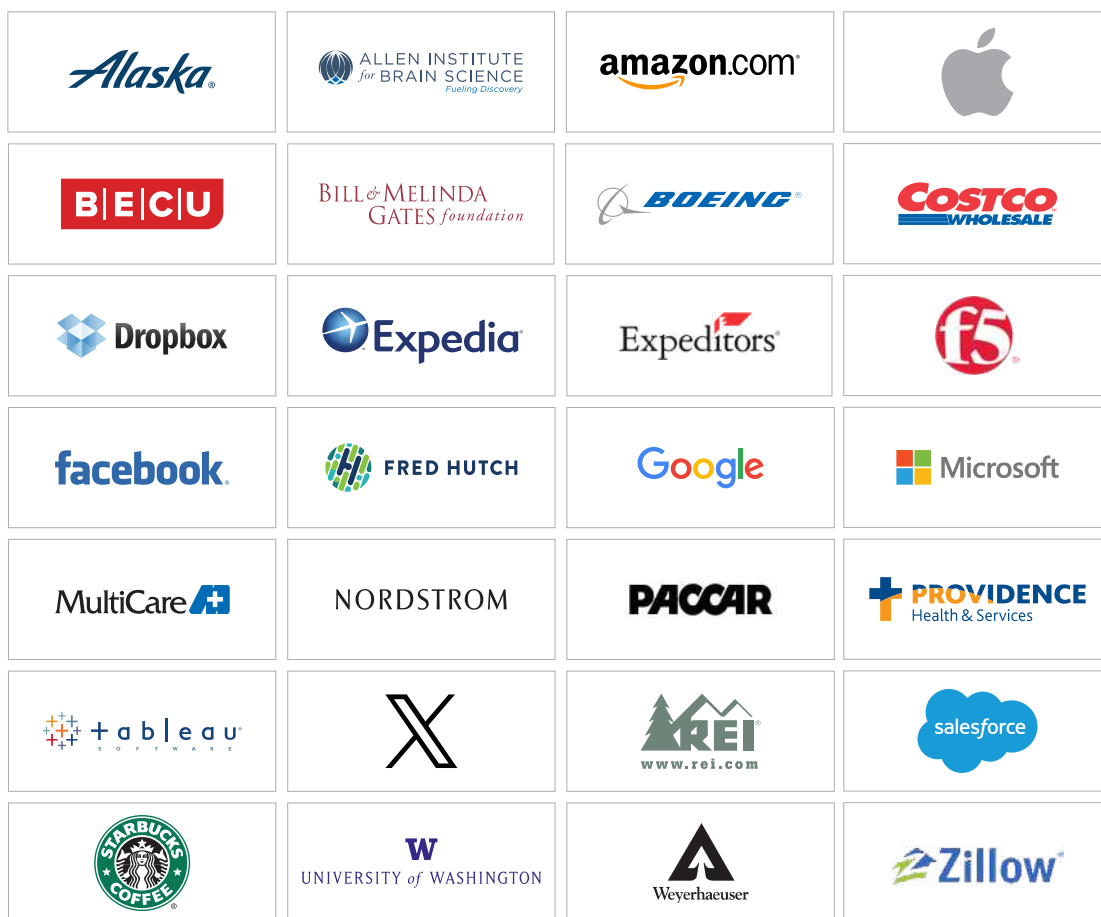
The Port of Tacoma is an independent seaport located on more than 2,400 acres of land that are used for shipping terminal activity, warehousing, distribution and manufacturing. The Port plays the largest international trade role in the Pacific Northwest, handling between nine and thirteen million tons of cargo and more than \$52 billion in commerce. Major imports include automobiles, electronics, and toys, while major exports include grain, forest products, and agricultural products. Based on tonnage, the Port’s largest export is grain (corn and soybeans) that come into the port by rail from the Midwest. **Port activities are related to more than 50,000 jobs in Pierce County**, and 125,000 jobs in Washington.



LIGHT RAIL DEVELOPMENT / RELOCATION

OPEN	2022
LENGTH	2.4 Miles
STATIONS	6 New / 1 Relocated
SERVICE	Every 10 minutes
PROJECT RIDERSHIP	2,000 - 4,000 riders by 2026

PUGET SOUND BASED LARGE EMPLOYERS



WASHINGTON STATE VENTURE CAPITAL (VC)

	2017	2016	2015
Dollars Invested	\$1.57 Billion	\$1.50 Billion	\$1.21 Billion
Number of VC Deals	164	282	116

SEATTLE RANKINGS

- 01 FASTEST-GROWING BIG CITY US CENSUS BUREAU

- 01 MOST SOFTWARE JOB OPENINGS (U.S.) GLASSDOOR

- 01 BEST CITY IN THE U.S. TO FIND A JOB WALLET HUB

- 02 TOP CITY FOR TECH JOBS GEEKWIRE

- 02 HIGHEST CONCENTRATION OF ADVANCED INDUSTRY JOBS CNN MONEY

- 02 BEST CITY FOR RECENT COLLEGE GRADS NERDWALLET.COM

- 05 BEST U.S. CITY FOR TECH STARTUPS ENTREPRENEUR.COM

- 05 BEST CITY TO LIVE IN INSIGNIA

- 06 BEST CITY FOR BUSINESS AND CAREERS INSIGNIA

- 07 BEST INVESTMENT MARKET IN THE WORLD FOR COMMERCIAL REAL ESTATE ASSOCIATION OF FOREIGN INVESTORS

2024 4TH QUARTER REPORT

The Puget Sound office market continues to stabilize as market fundamentals begin to find positive momentum

Overall, office market fundamentals continued to improve during the second half of the year as positive net absorption and stable vacancy rates helped provide a positive outlook in 2025. While leasing activity remains relatively subdued compared to pre-pandemic levels, 2024 recorded the highest level of activity since 2021. With more than 8.6M SF of leasing activity during the year, 2024 totals were 9.5% higher than 2023. Additionally, net absorption recorded two positive quarters in 2024 (including +38,414 SF in 4Q), and ended the with -1.48M SF. Although the figure was negative, it was considerable better than 2023 when the annual total was -3.3M SF. As a result, the market wide vacancy rate experienced a nominal increase in 4Q as the rate of increase has been decelerating for the past few quarters. Some regional submarkets have even seen slight vacancy rate declines

These recent trends, coupled with a positive job growth forecast for 2025, are fueling optimistic expectations for near-term growth. While work from home and hybrid work policies will persist,

there is expected to be a conscious shift to a more balanced workforce. If this trend continues to gain momentum and employees continue to fill office buildings, the office market may begin to shift to recovery and growth mode sooner than expected. Additionally, the upcoming administration change will likely bring new policies impacting both the economy and commercial real estate - with potential tax breaks and a notable shift to a business-friendly environment that could spur future growth in the office market. The technology and life science industries are also poised for growth in 2025, a positive driver for future office growth in Seattle and across the Puget Sound region.

While a full office rebound appears to be in the distant future, cautious optimism is already taking shape for 2025 with hopes that the market will find solid footing for future growth. A few indicators will be worth monitoring over the near-term including return to office employee policies, levels of sublease space as a percentage of total available space, future space planning models and density levels, leasing and net absorption trends, inflation rates, interest rates, pre-commitment levels for new construction and future lender underwriting policy changes.

VACANT SPACE/RATE

Once again, the regional vacancy rate for all office properties increased in 4Q to 15.82%. This was a modest 5-bps increase compared to last quarter and a 190-bps increase compared to Q4 2023. This was also the 12th straight quarterly increase and considerably higher than the pre-pandemic rate of 5.9%. This marked the highest vacancy rate on record, higher than the previous peak of 13.4% in 2010. While these figures represent all

Average Asking Annual Rent/SF 4Q 2024

\$35.08

SEATTLE CLOSE-IN

\$38.52

EASTSIDE

\$33.35

SOUTH KING COUNTY

\$27.94

PIERCE COUNTY

\$28.66

SNOHOMISH COUNTY



office properties in the region, when reviewing data specifically for: leased office properties over 20,000 SF (excluding owner-user buildings), the vacancy rate was 23%, up from 22% last quarter, 21% last year and 7% pre-pandemic. Seattle ended the quarter with the highest vacancy rate at 19.9% (25.4% for leased properties over 20K SF), followed by East King County at 14.4% (19.2% for leased properties over 20K SF). Total sublease availability across the region declined to 6.5M SF at the end of 4Q 2024 (representing 15.2% of the total available space) compared to 7.8M SF last year and 3M SF precovid. Overall, vacancy and availability rates are expected to remain elevated in the near term until the market experiences higher levels of sustained leasing activity and multiple quarters of back-to-back positive net absorption.

RENT TRENDS

Average asking lease rates continued to decline in 4Q 2024, registering its sixth straight quarterly decrease to end the year. Market wide, asking rates

fell by -1.4% compared to 3Q, -3.4% compared to the same time last year and -7.1% since the most recent high in 1Q 2023. While the rate of decline may be decelerating compared to the first half of the year, this trend is expected to continue in the near term with the continued rise in vacancy and subdued levels of demand. Much of the annual decline was driven by Seattle (-7.0%) and East King County (-4.3%), while one submarket, South King County, experienced modest year-over-year rent growth (+2.9%). The most expensive submarket remains Eastside with \$38.52/SF/YR, followed by Seattle at \$35.08/SF/YR.

NEW CONSTRUCTION

More than 3.4 million SF of new office projects were delivered in 2024 (414,979 SF in Q4), which comes on the heels of nearly 4.0 million SF of completions in 2023. Due to the recent surge of deliveries in the past few years, the total development pipeline fell by 60% compared to last year and 75% lower than 2022 when total under construction totaled just under 9.2 million SF. At the end of 4Q 2024, there were six projects under construction totaling 2.3 MSF, approximately 58% of which has been preleased. The bulk of the developments are in Eastside (1.5 MSF and 68% of the total) and Seattle (775,328 SF and 34% of the total) with one property falling outside of those submarkets. The largest project under construction is the Amazon Bellevue 600 Tower in Downtown Bellevue (999K+ SF). Construction figures exclude Microsoft’s nearly complete 3.0 MSF campus expansion and several life science projects in Seattle. During the quarter, there were three regional office completions, all in Seattle including 222 5th Avenue N (198,075 SF), 35 Stone (108,657 SF, 100% preleased by Brooks

Sports, and First Light (108,247 SF). No notable new office projects began construction this quarter.

INVESTMENT MARKET

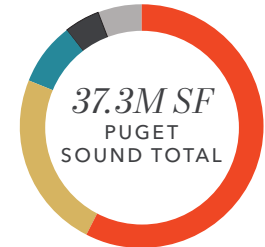
Overall, the Seattle office investment market continued to make strides in 2024. By year-end, 140 properties traded hands totaling more than 4.0 million SF and exceeding \$1,478 billion. This was an increase from 2023 when 100 transactions occurred totaling only \$472 million. On a price per SF basis, pricing increased from \$315 per SF on average to \$350 per SF. However, even with these positive trends, headwinds persist including a difficult lending environment, increased assets in distress, upcoming loan maturities and pricing volatility. There also continues to be a disconnect between buyer and seller pricing expectations. A total of 16 properties traded above \$10 million, five of which occurred in Q4. The top transaction was the Shorestein Properties purchase of Block 6 Spring District (329,470 SF) in Bellevue for \$270 million (\$810 per SF), followed by Fairbourne Properties purchase of Redmond Town Center (111,368 SF) in Redmond for \$58 million (\$520 per SF). While many sales continue to produce unpublished cap rates, cap rates have generally pushed upward as a result of elevated interest rates, continued volatility and market uncertainty

Submarket Vacant Space 4Q 2024

21.5M SF
SEATTLE CLOSE-IN

8.8M SF
EASTSIDE

3.1M SF
SOUTH KING COUNTY



1.7M SF
PIERCE COUNTY

2.2M SF
SNOHOMISH COUNTY

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