

Marcus & Millichap

BROWN RETAIL GROUP

SEATTLE | PORTLAND | SPOKANE | BOISE



# CYNERGY CENTRE

*4309 W 27th Pl Kennewick, WA 99338*

**100% OCCUPIED, CLASS A NNN MEDICAL BUILDING FEATURING RECENT FULL PROPERTY RENOVATION AND NEW ROOF IN HIGH BARRIER-TO-ENTRY TRI-CITIES MARKET**





# THE OFFERING

## 4309 W 27th Pl Kennewick, WA 99338

Marcus and Millichap's Brown Retail Group has been exclusively selected to market for sale **Cynergy Centre**, a recently renovated, Class A NNN office building located in the high barrier-to-entry Tri-Cities MSA. The Property is fully occupied by a diverse mix of tenants, with 70% of the GLA being occupied by medical tenants of different specialties. All tenants operate on NNN leases and eight of the ten tenants have annual rent increases. The Property was built in 2006, fully renovated in 2022 and had a new roof installed in November 2023, featuring a 20-year transferable roof warranty. The Tri-Cities MSA currently boasts a 5.9% office vacancy rate (less than half the national average of 13.5%) and 1.4% annual office rent growth (double the national rate of 0.7%), per CoStar. With only 15,880 SF of new office space delivered in the past 12 months (0.2% increase), the development lull has kept demand for space high. The Property benefits from its location on the corner of W 27th Ave and S Union St. (25,000+ VPD) and being just off Hwy 395 (22,000+ VPD). All three roadways are main arterials through Kennewick, providing easy access for employees and customers coming from anywhere within Kennewick. The Property also benefits from a population of over 107,000 residents within a 5-mile radius, with average household incomes exceeding \$84,000, well above the national average. Within a 1-mile radius, the population has grown by more than 34% since 2010.

**PRICE: \$5,165,000**  
**CAP RATE: 7.00%**



# THE HIGHLIGHTS

## **STABILIZED, 100% OCCUPIED NNN MEDICAL BUILDING WITH DIVERSE TENANT MIX**

The Property is 100% leased by a diverse mix of tenants including medical, financial services, real estate, personal services, graphic design, and restaurant, offering a stable and diversified income stream.

## **70% OF GLA OCCUPIED BY MEDICAL TENANTS**

The Property is 70% occupied by medical tenants of different specialties, including laboratory testing, women's health, dermatology, and a non-opioid pain clinic, providing a strong tenant base for the continued success of the Property. Medical suites require expensive build-outs, increasing the likelihood for tenants to remain in the building for the long-term.

## **ATTRACTIVE NNN LEASE STRUCTURE**

All of the tenants at the Property currently operate on NNN leases allowing for reimbursement of nearly all expenses, including Management Fee, providing a hedge against rising operating expenses.

## **ANNUAL RENT INCREASES**

Eight of the ten tenants' leases benefit from annual 3% rent increases during the initial lease terms, providing a hedge against inflation.

## **BRAND-NEW ROOF INSTALLED IN NOVEMBER 2023**

The Property features a brand-new roof installed in November 2023, featuring a new 20-year transferable roof warranty.



## **CLASS A BUILDING WITH RECENT RENOVATION**

The Building was built in 2006 with high-end finishes and has been well maintained. Within the last two years, every suite within the building was fully renovated. Additionally, in 2022, all HVAC units were repaired or replaced. The Property also received a new roof in November 2023.

## **STRATEGIC LOCATION WITH EXCELLENT VISIBILITY AND EASY ACCESS**

The Property benefits from its location on the corner of W 27th Ave and S Union St. (25,000+ VPD) and being just off Hwy 395 (22,000+ VPD). All three roadways are main arterials through Kennewick, providing easy access for employees and customers coming from anywhere within Kennewick. The Property also benefits from being surrounded by residential neighborhoods, with over 107,000 residents within a 5-mile radius.

## **HIGH BARRIER-TO-ENTRY MARKET WITH STRONG RENT GROWTH AND LOW VACANCY RATE**

The Tri-Cities MSA currently boasts a 5.9% office vacancy rate (less than half the national average of 13.5%) and 1.4% annual office rent growth (double the national rate of 0.7%), per CoStar. With only 7.7% office footprint growth in the past decade and only 15,880 SF of new office space delivered in the past 12 months (0.2% increase), the development lull creates an incredibly high barrier-to-entry as demand for space remains high.

## **STAGGERED LEASE EXPIRATION DATES**

The Property features a total of ten tenants with varying lease expiration dates, ensuring long-term occupancy levels.

## **INCOME TAX FREE STATE**

Washington State is an income tax free state.

## PROPERTY SUMMARY AS OF JAN 2024

Address	<b>4309 W 27th Pl Kennewick, WA 99338</b>	Year Built/Renovated	<b>2006/2022/2023</b>
GLA	<b>20,259 SF</b>	Parking Spaces	<b>~40</b>
Lot Size	<b>1.12 Acres</b>	Occupancy	<b>100%</b>

Tenant Name	Suite	SF	% Bldg Share	Lease From	Lease To	Rent/SF	Rent/Mo	Rent/Year	Lease Type	Renewal Options
Magnolia Café	100	1,582	7.8%	4/1/22	3/31/25	\$17.50	\$2,307	\$27,685	NNN	2, 3-Year Options
Equilus Financial Group	101	1,108	5.5%	5/1/23	4/30/26	\$17.50	\$1,616	\$19,390	NNN	None
First American Title Insurance Company	102	1,920	9.5%	4/1/23	3/31/28	\$17.50	\$2,800	\$33,600	NNN	2, 3-Year Options
Sara Nelson Design	103	493	2.4%	8/1/21	7/31/25	\$18.00	\$740	\$8,874	NNN	None
Stephenie James	104	450	2.2%	6/1/22	5/31/27	\$17.51	\$657	\$7,880	NNN	1, 3-Year Option
Nikole Jayms Eesthetics	105	622	3.1%	4/1/22	4/1/25	\$18.80	\$974	\$11,694	NNN	1, 3-Year Option
Desert Sky Womens Health Clinic	200	2,317	11.4%	5/1/23	10/31/26	\$17.50	\$3,379	\$40,548	NNN	None
Tomorrow's Health	201	2,321	11.5%	7/1/21	6/30/26	\$16.50	\$3,191	\$38,297	NNN	1, 3-Year Option
Revitalize Spine & Sports Care	202	1,573	7.8%	8/1/21	7/31/24	\$18.57	\$2,434	\$29,211	NNN	2, 3-Year Options
Desert Sky Womens Health Clinic	300	4,312	21.3%	5/1/23	10/31/26	\$17.50	\$6,288	\$75,460	NNN	None
Dermatology Solutions	301	2,161	10.7%	5/1/23	4/30/28	\$17.50	\$3,151	\$37,818	NNN	1, 3-Year Option
Dermatology Solutions	302	1,400	6.9%	5/1/23	4/30/28	\$17.50	\$2,042	\$24,500	NNN	1, 3-Year Option
Magnolia Café (1)	Basement	600	-	-	MTM	\$0.00	\$350	\$4,200	Gross	-
<b>Total</b>		<b>20,259</b>				<b>\$17.73</b>	<b>\$29,930</b>	<b>\$359,154</b>		

(1) Magnolia Café (prep area) is located in the basement (600 SF not included in rentable SF total).

## OPERATING STATEMENT

Income	Year 1	Per SF	Notes
<b>Scheduled Base Rental Income</b>	361,539	17.85	
<b>CAM</b>	67,890	3.35	[1]
<b>Insurance</b>	7,600	0.38	[1]
<b>Real Estate Taxes</b>	25,269	1.25	[1]
<b>Management Fees</b>	19,262	0.95	[1]
<b>Total Reimbursement Income</b>	\$120,021	100.0%	\$5.92
<b>Effective Gross Revenue</b>	\$481,560	\$23.77	

Operating Expenses	Current	Per SF	
<b>Elevator</b>	5,400	0.27	[2]
<b>Repair &amp; Maintenance</b>	19,550	0.97	[2]
<b>Internet</b>	1,700	0.08	[2]
<b>Garbage</b>	3,000	0.15	[2]
<b>Janitorial, Landscaping</b>	13,390	0.66	[2]
<b>HVAC</b>	5,600	0.28	[2]
<b>Snow Removal</b>	750	0.04	[2]
<b>Utilities (Gas, Electric, Water)</b>	13,000	0.64	[2]
<b>Supplies - Office and Restroom</b>	2,500	0.12	[2]
<b>Security</b>	3,000	0.15	[2]
<b>Insurance</b>	7,600	0.38	[2]
<b>Real Estate Taxes</b>	25,269	1.25	[3]
<b>Management Fee</b>	19,262	4.0%	0.95 [4]
<b>Total Expenses</b>	\$120,021	\$5.92	
<b>Expenses as % of EGR</b>	24.9%		
<b>Net Operating Income</b>	\$361,539	\$17.85	

### Notes

- [1] Tenants fully reimburse for all NNN expenses, including Management Fee.
- [2] Projected 2024 expenses based on 2022 P&L and YTD 2023 P&L (Jan - Oct).
- [3] 2023 Property taxes per Benton County Assessor.
- [4] Management Fee at 4% of EGI.



## THE TENANTS



### FIRST AMERICAN TITLE INSURANCE COMPANY

First American Title Insurance Company facilitates and streamlines real estate transactions by providing comprehensive title insurance protection and professional settlement services. First American has pioneered operations in nearly 70 countries and was first title insurance provider in Mexico, Korea, and Hong Kong, and has the leading market share in Australia and England.



### EQUILUS FINANCIAL GROUP

Equilus Group Inc is a team of talented financial experts, working together to leverage our broad spectrum of skill sets to provide full suite of financial services around wealth management. Their financial services include business estate planning, Financial Services, Employee Benefit Plans, and Risk Management.



### DESERT SKY WOMEN'S HEALTHCARE

Desert Sky Women's Healthcare provides all aspects of Gynecological and Obstetrical care including preventative management and management of acute and chronic conditions. Their providers specialize in normal pregnancy and delivery options as well as high-risk pregnancies and deliveries.



### REVITALIZE SPINES & SPORTS CARE

Revitalize Spine and Sports Care is a non-opioid pain clinic that focuses on solving the underlying problem causing the pain, rather than just masking symptoms. They begin with recording in-depth patient history and doing comprehensive physical exams, neurological and orthopedic. For those that need it, in-house imaging service is offered, speeding up the process of getting to the bottom of your pain and treating it.



### DERMATOLOGY SOLUTIONS

At Dermatology Solutions, with over 15 years of experience, we offer a wide range of services to ensure that all our patient's needs are covered. Our personalized approach to dermatology care ensures that each of our patients receives the most effective solutions for their individual skin type.

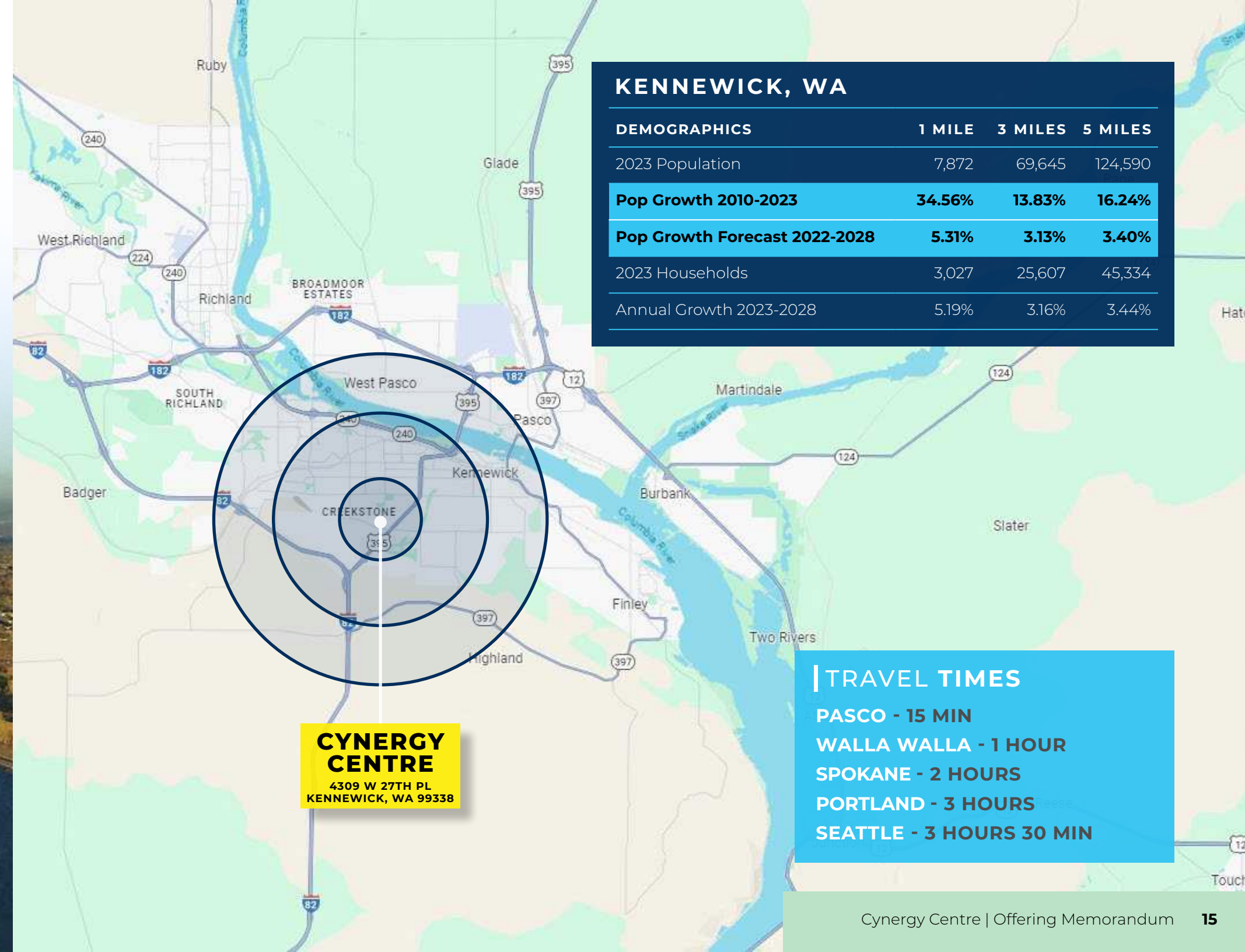
# TRI-CITIES, WA

## TRI-CITIES, WASHINGTON

Located in the southwestern portion of Washington state, the Tri-Cities of Kennewick, Pasco and Richland are within 225 miles of Seattle and Portland via Interstate 82. The metro is composed of Benton and Franklin counties. Favorable demographics including a median household income above the U.S. average and expected population growth of more than 31,400 people over the next five years aid commercial real estate in the region. The Columbia, Yakima and Snake rivers provide an array of recreational activities amid the area's pleasant climate, adding to the quality of life as well.

### METRO HIGHLIGHTS

- The Department of Energy is a main employer in the area due to the vast Hanford Site, Pacific Northwest National Laboratory and many other affiliated programs that attract highly skilled and educated engineers, scientists and researchers.
- Thanks to the importance of skilled and educated workers the Tri-Cities is home to many institutions of higher learning. Washington State University Tri-Cities, Columbia Basin College, Tri-Tech Skills Center and Charter College help provide an educated workforce.
- The area is also home to a large agricultural sector. Crops including wheat, potatoes, apples, cherries and grapes thrive in the conducive weather. Major employers include Lam Weston, Tyson Foods, and Broetje Orchards.



## KENNEWICK, WA

DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
2023 Population	7,872	69,645	124,590
<b>Pop Growth 2010-2023</b>	<b>34.56%</b>	<b>13.83%</b>	<b>16.24%</b>
<b>Pop Growth Forecast 2022-2028</b>	<b>5.31%</b>	<b>3.13%</b>	<b>3.40%</b>
2023 Households	3,027	25,607	45,334
Annual Growth 2023-2028	5.19%	3.16%	3.44%

**CYNERGY CENTRE**  
4309 W 27TH PL  
KENNEWICK, WA 99338

### TRAVEL TIMES

- PASCO - 15 MIN
- WALLA WALLA - 1 HOUR
- SPOKANE - 2 HOURS
- PORTLAND - 3 HOURS
- SEATTLE - 3 HOURS 30 MIN



## MARCUS & MILLICHAP HEREBY ADVISES ALL PROSPECTIVE PURCHASERS OF NET LEASED PROPERTY AS FOLLOWS

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided. As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer. Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors. Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs. Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property. By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

### CONFIDENTIALITY & DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

### NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

### ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY

Please consult your Marcus & Millichap agent for more details.

### SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

### COOPERATIVE BROKERAGE COMMISSION

Marcus & Millichap is offering a cooperative brokerage commission by Seller to brokers who represent purchasers that were not directly contacted via phone or e-mail by the listing brokers and who successfully close on the property at terms acceptable to Seller.

## Marcus & Millichap

### BROWN RETAIL GROUP

#### CLAYTON J. BROWN

Senior Vice President, Investments

206.826.5787 D

253.569.4338 C

clayton.brown@marcusmillichap.com

