

Marcus & Millichap

BROWN RETAIL GROUP

SEATTLE | PORTLAND | SPOKANE | BOISE



# SONIC (DARK)

*21895 Viking Ave NW, Poulsbo, WA*

**13-YEAR ABSOLUTE NNN SONIC (DARK) UNDERGOING RE-BRANDING, FEATURING ATTRACTIVE RENT INCREASES AND A STRONG GUARANTEE IN GROWING POULSBO, WA**



# THE OFFERING

## *21895 Viking Ave NW, Poulsbo, WA*

Marcus & Millichap's Brown Retail Group has been selected to exclusively market for sale a Sonic (dark) location in Poulsbo, WA. Sonic has 13 years remaining on the original 21-year Absolute NNN lease. The Property's Lease is guaranteed by Sortis Income REIT, Inc., and is scheduled to re-brand its operations in the spring of 2024. The new brand will be operating under the same guarantee from Sortis Income REIT, Inc. Once announced, the property will be renovated and updated in order to match the new brand. The Property features +3.70% annual rent increases a over the next three years of the lease followed by a 10% rent increase every five years, resulting in a 7.23% cap rate effective September, 2027. The Property is located adjacent to HWY 3, on the corner of Viking Way and State HWY 305, featuring in excess of 74,000 vehicles per day (VPD) with great ingress/egress and visibility to the drive-thru and drive-in stations. The Property benefits from close proximity to national retailers such as: The Home Depot, Walmart, Petco, and more as well as to Olympic College, Vinland Elementary School, North Kitsap High School, and Poulsbo Elementary. The Poulsbo, WA submarket currently boasts a 3.1% retail vacancy rate and 15.3% rent growth over the past three years (per CoStar), making it one of the strongest retail markets in the state of Washington. With no new retail product delivered in the past five years and nothing currently under construction, the development lull creates an incredibly high barrier-to-entry market as demand for space remains high.

**PRICE: \$2,800,000**  
**CAP RATE: 6.10%\***

*\*AS OF 09/01/2024*



# THE PROPERTY

Price	<b>\$2,800,000</b>
Cap Rate	<b>6.10%*</b>
Gross Leasable Area	<b>2,308 SF</b>
Lot Size (Acres)	<b>0.97 Acres</b>
Type of Ownership	<b>Fee Simple</b>
Year Built/Renovated	<b>2015 / 2024</b>

\*As of 9/01/2024

## LEASE SUMMARY

Tenant	<b>WA Master Lease, LLC</b>
Rent Increases	<b>3.7%-4% Annual Increases Years 8-10, then 10% Every 5 years</b>
Guarantor	<b>Sortis Income Fund REIT, Inc.</b>
Lease Type	<b>Absolute Net</b>
Lease Commencement	<b>09/01/2015</b>
Lease Expiration	<b>08/31/2036</b>
Renewal Options	<b>1, 5-Year Option</b>
Lease Term Remaining	<b>13 Years</b>
Landlord Responsibility	<b>None</b>
Tenant Responsibility	<b>Taxes, Insurance, Repairs &amp; Maintenance</b>

## RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT INCREASE	CAP RATE
9/1/2023 - 8/31/2024 (Year 7)	\$164,216	\$13,685	-	5.86%
<b>9/1/2024 - 8/31/2025 (Year 8)</b>	<b>\$170,785</b>	<b>\$14,232</b>	<b>4.00%</b>	<b>6.10%</b>
9/1/2025 - 8/31/2026 (Year 9)	\$177,353	\$14,779	3.85%	6.33%
9/1/2026 - 8/31/2027 (Year 10)	\$183,922	\$15,327	3.70%	6.57%
9/1/2027 - 8/31/2031 (Years 11-15)	\$202,314	\$16,860	10.00%	7.23%
9/1/2031 - 8/31/2036 (Years 16-20)	\$222,546	\$18,545	10.00%	7.95%
<b>OPTION</b>				
9/1/2036 - 8/31/2041 (Years 21-25)	\$222,546	\$18,545	-	7.95%

# SORTIS

**Sortis Income Fund REIT, Inc.** is a leader in diversified alternative investment strategies focused on real estate, lending, distress situations and rescue opportunities.

Sortis sponsors and manages the Sortis Real Estate Investment Trust ("Sortis REIT"), a non-traded perpetual real estate investment trust focused on the acquisition of core and core plus real estate assets. The Sortis REIT uses creative sourcing and hands-on management resulting in a diversified asset portfolio generating stable cash flows with longterm appreciation. The private REIT vehicle allows Sortis to provide cash flow in a tax advantageous manner and allow exposure to real estate equity as a hedge to inflation.

## SORTIS ADVANTAGE

- Founders and partners have proven investment management and deep operating experience, positioning them to identify opportunities with excellent risk adjustment returns.
- Boutique sized fund so they do not have to force opportunities in a frothy market.
- Focused on the US with a concentration in Western States, where they have a proven network and deal flow.
- Unique access to deals through their various relationships from lending and development.
- Advisor staff members are personally invested in their funds and are compensated on the fund performance to align interests with their investors.

# THE HIGHLIGHTS

## 13-YEAR ABSOLUTE NNN LEASE

The Property features roughly 12.75 years of lease term remaining, providing an investor with long-term, passive cash flow.

## ATTRACTIVE RENT INCREASES

The Property features +3.70% annual rent increases over the first three years of the lease followed by a 10% rent increase resulting in a 7.23% cap rate effective September, 2027.

## STRONG LEASE GUARANTEE

The lease is guaranteed by Sortis Income REIT, Inc, a large holding company with over \$100,000,000 of assets and \$17,000,000+ annual net income.

## HIGH-TRAFFIC, HIGH-VISIBILITY LOCATION

The Property is located adjacent to HWY 3, on the corner of Viking Way and State HWY 305, featuring in excess of 74,000+ vehicles per day with great ingress/egress and visibility to the drive-thru and drive-in stations. The Property is surrounded by national retailers such as: Walmart, The Home Depot, Petco and more.

## NEW BRAND TO BE ANNOUNCED SPRING 2024

A new brand will be announced Spring 2024 which will re-open operations at the Property. The new brand will be operating under the same lease terms with the same Guarantee from Sortis Income REIT, Inc.

ACTUAL PROPERTY PHOTO



## PLANNED TENANT RENOVATIONS SPRING 2024

The Property will be renovated and updated in Spring 2024 to match the new brand's concept, colors, and finishes.

## ABSOLUTE NNN LEASE

The Property features an Absolute NNN lease with ZERO Landlord management or repair responsibilities.

## AFFLUENT, HIGH POPULATION GROWTH MARKET

Within a 3-mile radius, the population has grown over 15% since 2010 and is projected to increase by another 2.3% in the next 5 years, with average household incomes nearly \$110,000. Within a 1-mile radius, the population has grown by nearly 19% since 2010.

## STRATEGIC QSR LOCATION

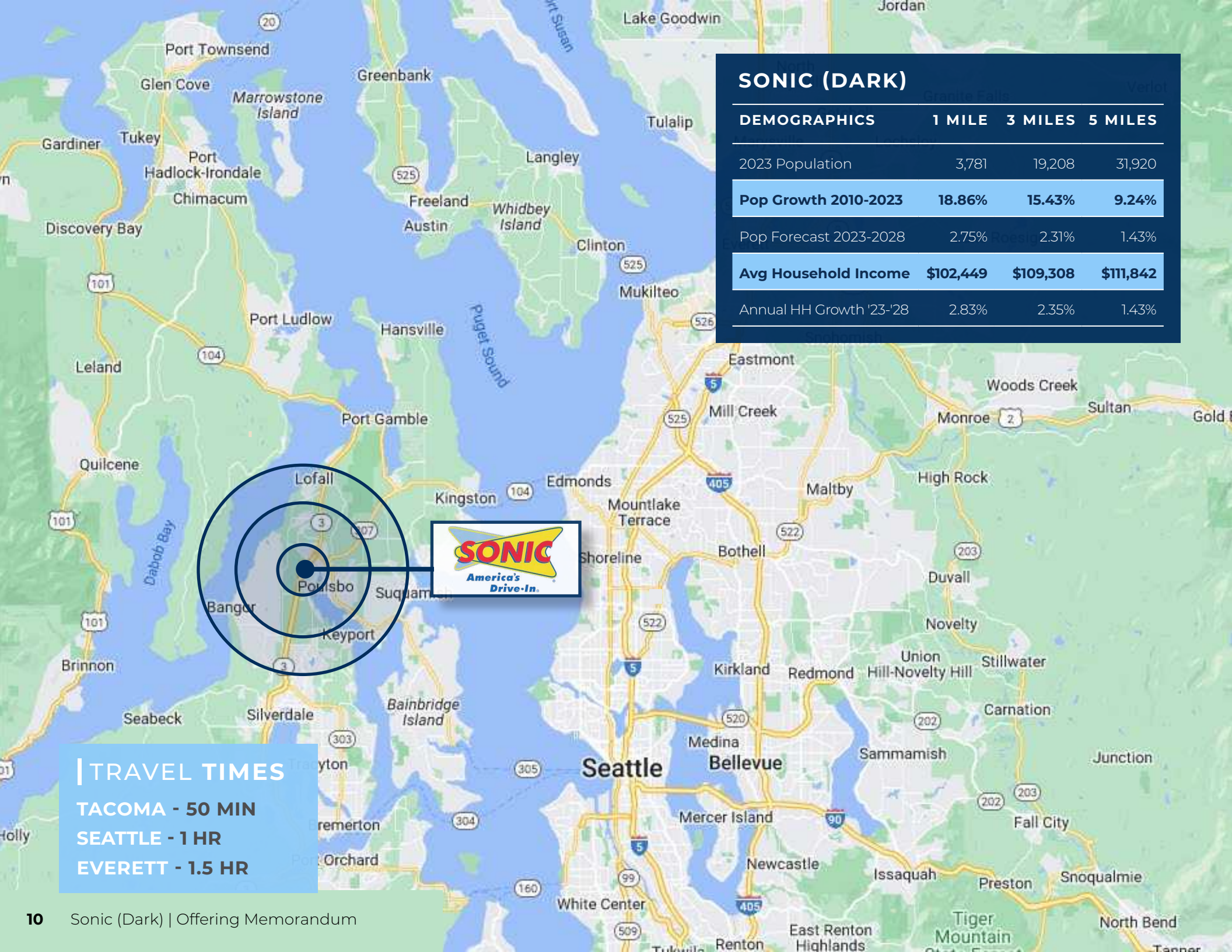
The Property benefits from close proximity to Olympic College, Vinland Elementary School, North Kitsap High School, and Poulsbo Elementary; is across the street from North Viking Transit Center/ Park & Ride; is nearby multiple hotels; and is just down the road from Regal Cinema.

## HIGH BARRIER-TO-ENTRY MARKET WITH STRONG RENT GROWTH

The Poulsbo, WA submarket currently boasts a 3.1% retail vacancy rate and 15.3% rent growth over the past three years (per CoStar), making it one of the strongest retail markets in the state of Washington. With no new retail product delivered in the past five years and nothing currently under construction, the development lull creates an incredibly high barrier-to-entry market as demand for space remains high.

## INCOME TAX FREE STATE

Washington State is an income tax free state.



**TRAVEL TIMES**  
 TACOMA - 50 MIN  
 SEATTLE - 1 HR  
 EVERETT - 1.5 HR

## THE SITE PLAN



## SEATTLE-TACOMA MSA

Known as the Emerald City, Seattle-Tacoma metro is situated approximately halfway between Portland, Oregon, to the south and Vancouver, British Columbia, to the north. The area's strategic location and thriving economy have made it the commercial, cultural, and advanced technology hub of the Pacific Northwest. Seattle has also earned the nickname of Cloud City and Jet City for its significant contributions to the global technology and aerospace industries.

Seattle-Tacoma MSA is a sophisticated urban center favored by shoppers and outdoorsmen alike. Surrounded on all sides by the Cascade Mountains, Mount Rainier and the Puget Sound, the region regularly tops magazine surveys of desirable places to live, work and play, a strong incentive for employers to locate in the area.

## FORTUNE 500

### COMPANIES HEADQUARTERED IN THE SEATTLE MSA



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