

# The Willows Inn & Restaurant 2579 & 2560 West Shore Drive

Offered at \$2,290,000



The information supplied herein is from sources we deem reliable. It is provided without any representation, warranty or guarantee, expressed or implied as to its accuracy. Prospective Buyer or Tenant should conduct an independent investigation and verifications of all matters deemed to be material including but not limited to statements of income and expenses. Depicted property lines are approximate. Consult your attorney or accountant or other professional advisors.



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THE MULJAT GROUP  
TEAM BRASHEAR

Introducing a captivating opportunity on Lummi Island, WA. This stunning property boasts the potential for an Inn, offering a tranquil escape for guests amid breathtaking coastal scenery. Nestled within this picturesque setting is a charming restaurant, perfect for culinary ventures or hosting memorable events. This versatile property presents an enticing investment opportunity in an idyllic island setting. Don't miss the chance to own a slice of Lummi Island's charm and hospitality.



# Property Details

9,548 Finished SqFt

99,118 Lot Size SqFt

Restaurant

Bar

3 Bedroom Waterfront Guest Home

2 Cottages

8 Guest Rooms

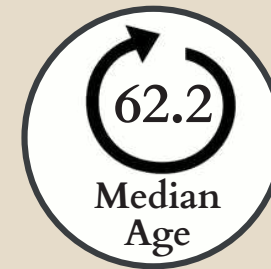




# Demographics

## Location:

Lummi Island is a serene & picturesque island located in the northwest corner of Washington State. It is part of the San Juan Islands, although it is actually situated in the waters of the Salish Sea, closer to Bellingham Bay & the mainland than most of the other San Juan Islands. Access to Lummi Island is primarily via the Whatcom Chief, a county-operated ferry that runs between the island and Gooseberry Point. Lummi Island is known for its stunning natural beauty, vibrant community, and relaxed pace of life. Lummi Island has a vibrant arts scene, with several studios and galleries showcasing local artists and craftspeople. The island also hosts various community events throughout the year, including markets, festivals, and workshops.



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## Willows Inn

Willows Inn Location: 2579 and 2560 West Shore Drive  
Lummi Island, Whatcom County, Washington 98262  
Assessor's Parcel Number: 3801321740860000 & 3801321891070000

Legal Description: The following are the subject's abbreviated legal descriptions  
obtained via Whatcom County Assessor:

Parcel # 3801321740860000: SUNSET BEACH LOT 1-TOG WI EQUAL INT IN 20%  
OF BEACH RESERVE AS RES AF 1288805

Parcel # 3801321891070000: SUNSET BEACH LOT

### Building Details

Primary building: 3,120 SF, per Whatcom County Assessor

Guest home: 1,080 SF, per Whatcom County Assessor

Water front single-family residence: 1,920 SF, per Whatcom County Assessor

Cottage: 360 SF

Employee cabin 1: 257 SF

Employee cabin 2: 190 SF Total

## Ranking

TripAdvisor Ranking The subject's hotel rating is not listed on TripAdvisor. However, the previously closed Willows Inn Restaurant has a score of 5.0 out of 5.0.

## Location

The subject property is located on the northwestern corner of Lummi Island, adjacent to West Shore Drive directly to the east of the Rosario Strait. Lummi Island is situated in the southwest portion of Whatcom County neighboring the offshore San Juan County.

Shape: Irregularly shaped Topography: Gently sloping Land Area:  $\pm 1.90$  acres /  $\pm 82,931$  square feet Frontage: The subject property has average frontage.

Access: The subject property has average access.

Visibility: The subject property has average visibility.

## Hotel & Restaurant

The subject property previously operated as an owner-managed, full-service hotel. This establishment featured amenities such as a high-end restaurant, a massage room, a bocce ball court, and a compact outdoor kitchen with a smoker. The hotel's layout included a main building housing the restaurant and two guest rooms, an adjacent guest room building with five additional guest rooms, and a separate one-bedroom cottage. Additional facilities include two cabins and a four-bedroom house, originally used for staff accommodation. It is expected that, upon sale, the two cabins would be repurposed as guest accommodations, bringing the total number of guest rooms to 10 and an additional four bedroom home. The ground floor of the main building hosts the restaurant, main dining space, bar, lounge, and a commercial-grade kitchen, while the basement comprises the guest check-in and lobby area, alongside a storage room. The second floor of this building contains two guest rooms. The guest room building, which is a two-story structure situated to the east of the main building, houses five guest rooms. The one-bedroom cottage is also located east of the main and guest room buildings. The employee housing, consisting of two cabins and a two-story house, is positioned just south of the parking lot and the main building.

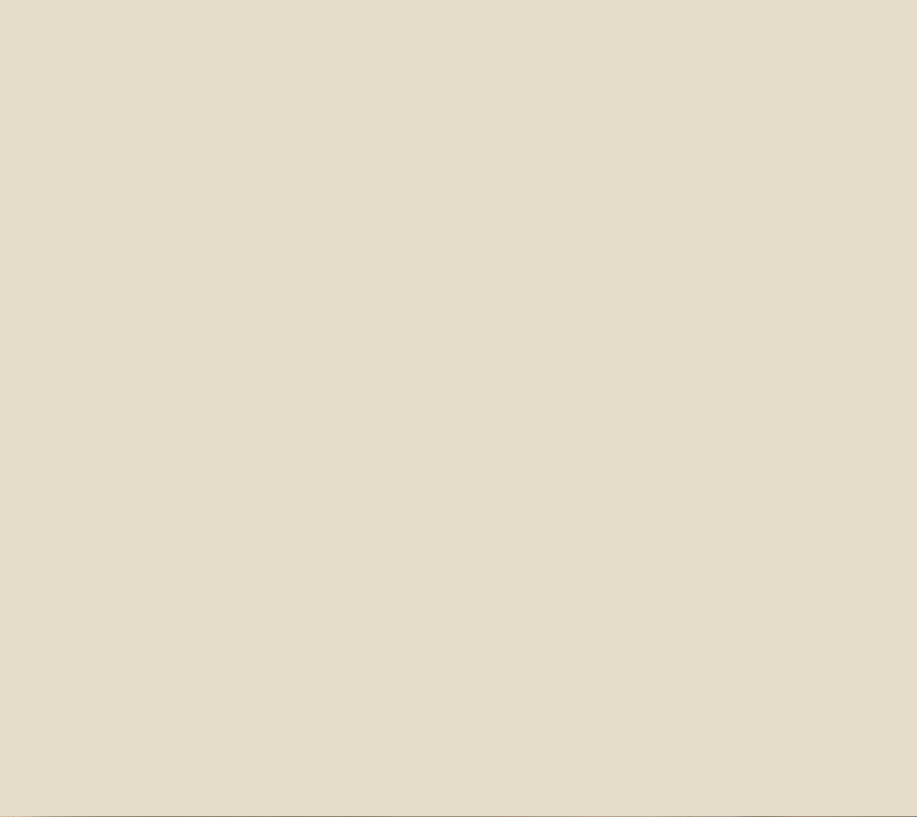
## Guest Rooms

Each of the guest rooms is furnished with a king-sized bed, a sofa, linens, a dresser, and nightstands. Select rooms are enhanced with fireplaces and mini-fridges, and two rooms boast large bathrooms equipped with steam shower combos. Both the guest room building and the cottage offer balcony or patio spaces. Assuming the property's sale, the cabins, previously used for staff housing, are projected to serve as guest rooms. One cabin does not have shower or bathtub facilities and the other cabin is complete with a shower and a full kitchen.

## Restaurant

The restaurant on the property, which accommodates approximately 40 guests and features an outdoor patio for dining, had previously functioned as a bed-and-breakfast. Known as The Willows Inn Restaurant, this fine-dining establishment specialized in a menu of roughly 20 courses, primarily composed of foraged items and ingredients sourced directly from Lummi Island. The cost of a complete dinner experience at this venue ranged from about \$225 to nearly \$600 per person.









← ENTRANCE

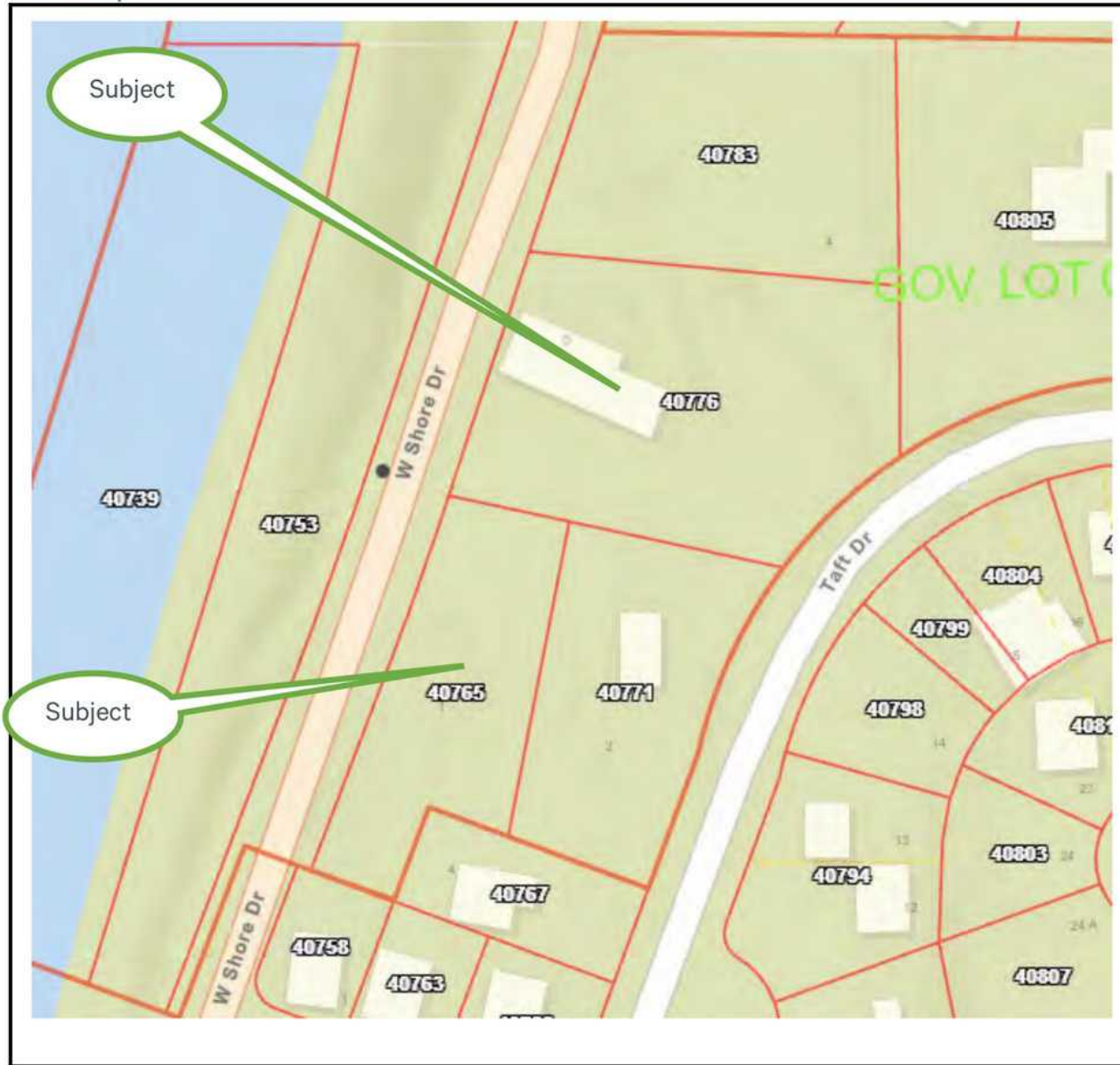
# Site Analysis

The following chart summarizes the salient characteristics of the subject site.

Site Summary and Analysis			
<b>Physical Description</b>			
Gross Site Area	1.86 Acres	81,022 Sq. Ft.	
Net Site Area	1.86 Acres	81,022 Sq. Ft.	
Primary Road Frontage	West Shore Drive		
Shape	Irregular		
Topography	Moderate Slope		
Zoning District	Rural Residential - Island		
Flood Map Panel No. & Date	53073C1605E	January 18, 2019	
Flood Zone	Zone X (Unshaded), close to zone AE		
Adjacent Land Uses	Residential and Bed and Residential		
<b>Comparative Analysis</b>		<b>Rating</b>	
Visibility	Average		
Functional Utility	Above average		
Traffic Volume	Average		
Adequacy of Utilities	Assumed adequate		
Landscaping	Average		
Drainage	Assumed adequate		
<b>Utilities</b>	<b>Adequacy</b>	<b>Comments</b>	
Water	Yes	Lummi Tribal Sewer and Water	
Septic	Yes	Septic on-site. Service provided by Lummi Tribal Sewer and Water	
Natural Gas	None	Propane is delivered to the island	
Electricity	Yes	PSE	
<b>Other</b>	<b>Yes</b>	<b>No</b>	<b>Unknown</b>
Detrimental Easements		X	
Encroachments		X	
Deed Restrictions		X	
Reciprocal Parking Rights		X	

Source: Various sources compiled by CBRE

Plat Map



Zoning Map



**Competitive Supply**  
**Willows Inn**  
**Lummi Island, Washington**

2022										MARKET SEGMENTATION
HOTEL	ROOMS	YEAR BUILT	FAIR MARKET SHARE	OCCUPANCY	OCCUPANCY PENETRATION	ADR	ADR PENETRATION	REVPAR	REVPAR PENETRATION	ALL DEMAND
Willows Inn	10	1910	6.25%	45%	67%	\$200.00	70%	\$90.00	47%	100.00%
Inn at Ships Bay	11	2000	6.88%	45% - 55%	70% - 80%	\$220 - \$230	75% - 85%	\$110 - \$120	55% - 60%	100% - 105%
Chrysalis Inn and Spa	43	2001	26.88%	90% - 100%	135% - 145%	\$270 - \$280	90% - 100%	\$250 - \$260	130% - 135%	100% - 105%
Friday Harbor House	23	1920	14.38%	55% - 65%	90% - 100%	\$395 - \$405	135% - 145%	\$245 - \$255	125% - 130%	100% - 105%
Outlook Inn	46	1920	28.75%	55% - 65%	85% - 95%	\$285 - \$295	95% - 105%	\$175 - \$185	90% - 95%	100% - 105%
Birdrock Hotel	15	1911	9.38%	55% - 65%	85% - 95%	\$295 - \$305	100% - 110%	\$175 - \$185	90% - 95%	100% - 105%
Orcas Hotel	12	1904	7.50%	40% - 50%	60% - 70%	\$185 - \$195	60% - 70%	\$80 - \$90	40% - 45%	100% - 105%
<b>COMP SET TOTALS/AVERAGES</b>	<b>160</b>		<b>100%</b>	<b>67%</b>		<b>\$288</b>		<b>\$192</b>		<b>100%</b>

\*Please note the 2022 occupancy and ADR for the subject are estimated positioned figures based on an analysis of the competitive marketplace

Direct Capitalization Summary (Assuming No Employee Housing)				
Analysis Premise	Discounted Cash Flow YR 1			Period Ending: 12/6/2023
Number of Rooms				10
Annual Available Rooms				3,650
Occupied Rooms				1,643
Occupancy				45.0%
Average Rate				\$195.31
RevPAR				\$87.92
	<b>Total</b>	<b>Ratio to Sales</b>	<b>PAR</b>	<b>POR</b>
<b>REVENUE</b>				
Rooms	\$320,894	38.5%	\$32,089	\$195.31
Food & Beverage	\$507,656	61.0%	50,766	308.98
Other Operated Departments	\$4,121	0.5%	412	2.51
<b>Total Operating Revenue</b>	<b>\$832,671</b>	<b>100.0%</b>	<b>\$83,267</b>	<b>\$506.80</b>
<b>DEPARTMENTAL EXPENSES</b>				
0	\$118,439	36.9%	\$11,844	\$72.09
Food & Beverage Expense	\$355,325	70.0%	35,532	216.27
<b>Total Departmental Expenses</b>	<b>\$473,763</b>	<b>56.9%</b>	<b>\$47,376</b>	<b>\$288.35</b>
<b>DEPARTMENTAL PROFIT</b>	<b>\$358,907</b>	<b>43.1%</b>	<b>\$35,891</b>	<b>\$218.45</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>				
Administrative and General	\$66,652	8.0%	\$6,665	\$40.57
Sales and Marketing	\$8,331	1.0%	833	5.07
Property Operations and Maintenance	\$33,327	4.0%	3,333	20.28
Utilities	\$37,493	4.5%	3,749	22.82
<b>Total Undistributed Expenses</b>	<b>\$145,803</b>	<b>17.5%</b>	<b>\$14,580</b>	<b>\$88.74</b>
<b>GROSS OPERATING PROFIT</b>	<b>\$213,104</b>	<b>25.6%</b>	<b>\$21,310</b>	<b>\$129.70</b>
Management Fee	\$24,980	3.0%	\$2,498	\$15.20
<b>INCOME BEFORE NON-OPERATING INCOME AND</b>	<b>\$188,124</b>	<b>22.6%</b>	<b>\$18,812</b>	<b>\$114.50</b>
<b>NON-OPERATING INCOME AND EXPENSES</b>				
Property Taxes	\$13,693	1.6%	\$1,369	\$8.33
Insurance	\$7,498	0.9%	750	4.56
Reserve for Replacement	\$33,307	4.0%	3,331	20.27
Capital Expenditures	\$0	0.0%	0	0.00
<b>Total Non-Operating Income and Expenses</b>	<b>\$54,498</b>	<b>6.5%</b>	<b>\$5,450</b>	<b>\$33.17</b>
<b>NET INCOME (EBITDA)</b>	<b>\$133,626</b>	<b>16.0%</b>	<b>\$13,363</b>	<b>\$81.33</b>
Operating Expense Ratio	83.95%			
Net Income (EBITDA)				\$133,626
OAR				9.50%
Indicated As Is Value				\$1,406,588
Rounded				\$1,400,000
Stabilization Discount				-
Indicated As Is Value				\$1,406,588
Rounded				\$1,400,000
<b>Value Per Room</b>				<b>\$140,000</b>

\* Departmental expense ratios are based on departmental revenues.

Compiled by CBRE

As illustrated, the overall value opinion is \$1.4 million. This represents a difference in value of \$950,000 relative to the retrospective opinion of value.

## Forecast of Income and Expense

Below is the forecasted income and expense for the subject.

Detailed Forecast of Income and Expense				
	Stabilized DCF Year 1			
	Fiscal Year Ended:			
Period Reported:	12/6/2023			
Days Open	365			
No. of Rooms	10			
Occupied Room Nights	1,643			
Occupancy	45.0%			
Average Daily Rate	\$205.59			
RevPAR	\$92.54			
	Total	Ratio to Sales	PAR	POR
<b>REVENUE</b>				
Rooms	\$337,783	22.8%	\$33,778	\$205.59
Food & Beverage	1,120,228	75.6%	\$112,023	\$681.82
Other Operated Departments	24,725	1.7%	\$2,473	\$15.05
<b>Total Operating Revenue</b>	<b>\$1,482,736</b>	<b>100.0%</b>	<b>\$148,274</b>	<b>\$902.46</b>
<b>DEPARTMENTAL EXPENSES</b>				
Rooms Expense	\$101,519	30.1%	\$10,152	\$61.79
Food & Beverage Expense	761,681	68.0%	\$76,168	\$463.59
<b>Total Departmental Expenses</b>	<b>\$863,200</b>	<b>58.2%</b>	<b>\$86,320</b>	<b>\$525.38</b>
<b>DEPARTMENTAL PROFIT</b>	<b>\$619,536</b>	<b>41.8%</b>	<b>\$61,954</b>	<b>\$377.08</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>				
Administrative and General	\$118,650	8.0%	\$11,865	\$72.22
Sales and Marketing	14,831	1.0%	\$1,483	\$9.03
Property Operations and Maintenance	59,327	4.0%	\$5,933	\$36.11
Utilities	66,743	19.8%	\$6,674	\$40.62
<b>Total Undistributed Expenses</b>	<b>\$259,551</b>	<b>17.5%</b>	<b>\$25,955</b>	<b>\$157.97</b>
<b>GROSS OPERATING PROFIT</b>	<b>\$359,985</b>	<b>24.3%</b>	<b>\$35,999</b>	<b>\$219.10</b>
Management Fee	\$44,482	3.0%	\$4,448	\$27.07
<b>INCOME BEFORE NON-OPERATING INCOME AND EXPENSES</b>	<b>\$315,503</b>	<b>21.3%</b>	<b>\$31,550</b>	<b>\$192.03</b>
<b>NON-OPERATING INCOME AND EXPENSES</b>				
Property Taxes	\$21,426	1.4%	\$2,143	\$13.04
Insurance	13,347	0.9%	\$1,335	\$8.12
Reserve for Replacement	59,309	4.0%	\$5,931	\$36.10
<b>Total Non-Operating Income and Expenses</b>	<b>\$94,083</b>	<b>6.3%</b>	<b>\$9,408</b>	<b>\$57.26</b>
<b>NET INCOME (EBITDA)</b>	<b>\$221,420</b>	<b>14.9%</b>	<b>\$22,142</b>	<b>\$134.77</b>

\* Departmental expense ratios are based on departmental revenues; Franchise/Royalty ratio

## Direct Capitalization Summary

Analysis Premise	Discounted Cash Flow YR 1		Period Ending: 12/6/2023	
Number of Rooms				10
Annual Available Rooms				3,650
Occupied Rooms				1,643
Occupancy				45.0%
Average Rate				\$205.59
RevPAR				\$92.54
	<b>Total</b>	<b>Ratio to Sales</b>	<b>PAR</b>	<b>POR</b>
<b>REVENUE</b>				
Rooms	\$337,783	22.8%	\$33,778	\$205.59
Food & Beverage	\$1,120,228	75.6%	112,023	681.82
Other Operated Departments	\$24,725	1.7%	2,473	15.05
Total Operating Revenue	\$1,482,736	100.0%	\$148,274	\$902.46
<b>DEPARTMENTAL EXPENSES</b>				
Rooms Expense	\$101,519	30.1%	\$10,152	\$61.79
Food & Beverage Expense	\$761,681	68.0%	76,168	463.59
Other Operated Departments Expense	\$0	0.0%	0	0.00
Total Departmental Expenses	\$863,200	58.2%	\$86,320	\$525.38
<b>DEPARTMENTAL PROFIT</b>	\$619,536	41.8%	\$61,954	\$377.08
<b>UNDISTRIBUTED OPERATING EXPENSES</b>				
Administrative and General	\$118,650	8.0%	\$11,865	\$72.22
Sales and Marketing	\$14,831	1.0%	1,483	9.03
Property Operations and Maintenance	\$59,327	4.0%	5,933	36.11
Utilities	\$66,743	4.5%	6,674	40.62
Total Undistributed Expenses	\$259,551	17.5%	\$25,955	\$157.97
<b>GROSS OPERATING PROFIT</b>	\$359,985	24.3%	\$35,999	\$219.10
Management Fee	\$44,482	3.0%	\$4,448	\$27.07
<b>INCOME BEFORE NON-OPERATING INCOME AND</b>	\$315,503	21.3%	\$31,550	\$192.03
<b>NON-OPERATING INCOME AND EXPENSES</b>				
Property Taxes	\$21,426	1.4%	\$2,143	\$13.04
Insurance	\$13,347	0.9%	1,335	8.12
Reserve for Replacement	\$59,309	4.0%	5,931	36.10
Total Non-Operating Income and Expenses	\$94,083	6.3%	\$9,408	\$57.26
<b>NET INCOME (EBITDA)</b>	\$221,420	14.9%	\$22,142	\$134.77
Operating Expense Ratio	85.07%			
Net Income (EBITDA)				\$221,420
OAR				/ 9.50%
Indicated As Is Value				\$2,330,742
Rounded				\$2,350,000
<b>Value Per Room</b>				<b>\$235,000</b>

\* Departmental expense ratios are based on departmental revenues.



## Summary Of Comparable Hotel Sales

No.	Name	Transaction		Year Built /Reno.	No. Rooms	Actual Sale Price	Renovation Cost	Adjusted Sale Price <sup>1</sup>	Price Per Room	Occ.	Rev PAR	OAR based on Actual Sale Price
		Type	Date									
1	Applegate River Lodge and Restaurant, 15100 Highway 238, Jacksonville, OR	Sale	Nov-22	1997	7	\$2,700,000	\$0	\$2,700,000	\$385,714	---	---	---
2	Packwood Lodge, 13807 US Highway 12, Packwood, WA	Sale	Mar-22	1964	30	\$4,000,000	\$0	\$4,000,000	\$133,333	54%	\$88.93	10.30%
3	Outlook Inn, 171 Main Street, Eastsound, WA	Sale	Feb-22	1898	40	\$9,500,000	\$1,000,000	\$10,500,000	\$237,500	52%	\$125.22	9.21%
4	Inn at Mazama, 15 Country Road, Mazama, WA	Sale	Aug-20	1985	19	\$1,800,000	\$0	\$1,800,000	\$94,737	---	---	---
5	Saratoga Inn, 201 Cascade Avenue, Langley, WA	Sale	Jun-19	1994	16	\$2,750,000	\$0	\$2,750,000	\$171,875	49%	\$100.94	7.53%
6	Orcas Hotel, 18 Orcas Hill Road, Orcas, WA	Available /Listing	Feb-23	1904	12	\$3,300,000	\$0	\$3,300,000	\$275,000	---	---	9.48%
7	Wilder and Pine Riverside Cabins, 200 SW Cascade Avenue, Stevenson, WA	Sale	Jan-22	1989/2022	8	\$2,100,000	\$0	\$2,100,000	\$262,500	---	---	12.00%
8	Kineth & Coupe House Bed and Breakfast Inn, 702 N Main Street, Coupeville, WA	Sale	Mar-23	1887	6	\$1,325,000	\$0	\$1,325,000	\$220,833	---	---	---
		Min	Jun-19	1887/2022	6	\$1,325,000	\$1,000,000	\$1,325,000	\$94,737	49%	\$88.93	7.53%
		Max	Mar-23	1997/2022	40	\$9,500,000	\$1,000,000	\$10,500,000	\$385,714	54%	\$125.22	12.00%
		Average	Dec-21	1952/2022	17	\$3,434,375	\$1,000,000	\$3,559,375	\$222,687	52%	\$105.03	9.70%
		Median	Feb-22	1975/2022	14	\$2,725,000	\$1,000,000	\$2,725,000	\$229,167	52%	\$100.94	9.48%
Subj.	Willows Inn, Pro 2579 and 2560 W Shore Dr, Forma Lummi Island, Washington	---	---	1910	10	---	---	---	---	45%	\$92.52	---

<sup>1</sup> Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable). \*The price per unit for the Outlook Inn represents pre-renovation. Post renovation the price per unit would be \$102,500.

