

Marcus & Millichap

BROWN RETAIL GROUP

SEATTLE | PORTLAND | SPOKANE | BOISE

SEATTLE-TACOMA  
INTERNATIONAL  
AIRPORT

 I-5 (252,800+ VPD)

SOUTHCENTER  
MALL #6 IN THE  
NATION

 I-405 (143,000+ VPD)



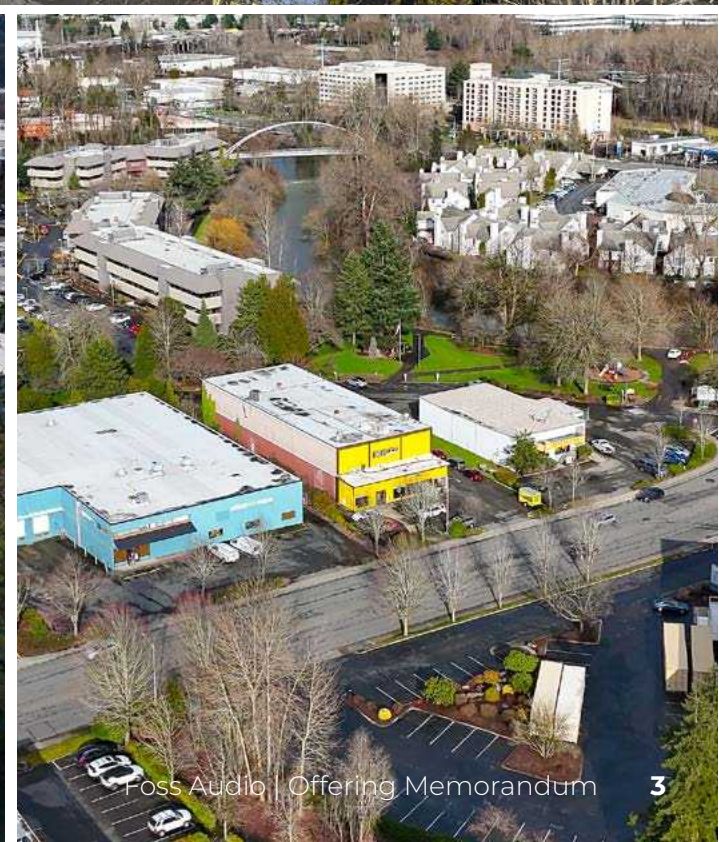
 Strander Blvd (18,600+ VPD)

# FOSS AUDIO

*512 Strander Blvd. Tukwila, WA*

PRIME REAL ESTATE NEXT TO BUSIEST MALL IN WASHINGTON STATE  
FEATURING BELOW MARKET RENT ON A SHORT-TERM LEASE, FAIR MARKET  
RENT IN OPTION, AND LOCATED ONLY 20 MINUTES FROM DOWNTOWN SEATTLE







# THE OFFERING

*512 Strander Blvd. Tukwila, WA 98188*

Marcus & Millichap's Brown Retail Group has been exclusively selected to market for sale **Foss Audio, a prime location opportunity featuring a short-term lease with below market rent and a fair market rent option.** The Tenant is currently paying just \$10.74/SF + NNN with market rents achievable in the \$19-\$22/SF + NNN range. The Tenant's option in 3 years is at Fair Market Rent (FMR), allowing an investor near-term upside well above a 7% cap rate by simply increasing rent to market. The Property is zoned TUC-TOD (Tukwila Urban Center - Transit Oriented Development) which permits numerous commercial uses including retail, office, hospitality, multifamily, senior housing, government, education, and transportation uses. If the tenant were to leave at the end of its lease term and option term, a new owner would be able to backfill the space with a tenant from nearly any business sector or redevelop the property into a higher and better use opportunity. Foss Audio is only two blocks from Westfield Southcenter Mall, the # 1 performing mall in Washington State and #6 nationally (Placer.ai), which boasts in excess of 14.9 million visitors annually. The Property is also located just a 20-minute drive to both downtown Seattle and downtown Bellevue. Foss Audio is roughly a 7-minute drive from Seattle-Tacoma International Airport, the largest international airport in Washington State with 19 million visitors per year. Located in the dense and rapidly growing Tukwila, WA submarket, the Property benefits from a population of over 287,000 residents within a 5-mile radius. Since 2010 the population has grown over 11% within a 5-mile radius and nearly 32% within a 1-mile radius.

**PRICE: \$4,900,000**  
**PRICE/SF: \$259**  
**PRO-FORMA CAP RATE: 7.71%\***

\*Assumes rent increased to \$20/SF+NNN in Option in 2027. Market rents achievable in the \$19/SF - \$21/SF + NNN range.





# THE PROPERTY

Price	<b>\$4,900,000</b>
Cap Rate	<b>4.16%</b>
Pro-Forma Cap Rate*	<b>7.71%</b>
Price/SF	<b>\$259</b>
Gross Leasable Area	<b>18,900 SF</b>
Lot Size (Acres)	<b>0.69 Acres</b>
Type of Ownership	<b>Fee Simple</b>
Year Built/Renovated	<b>1969/2014</b>

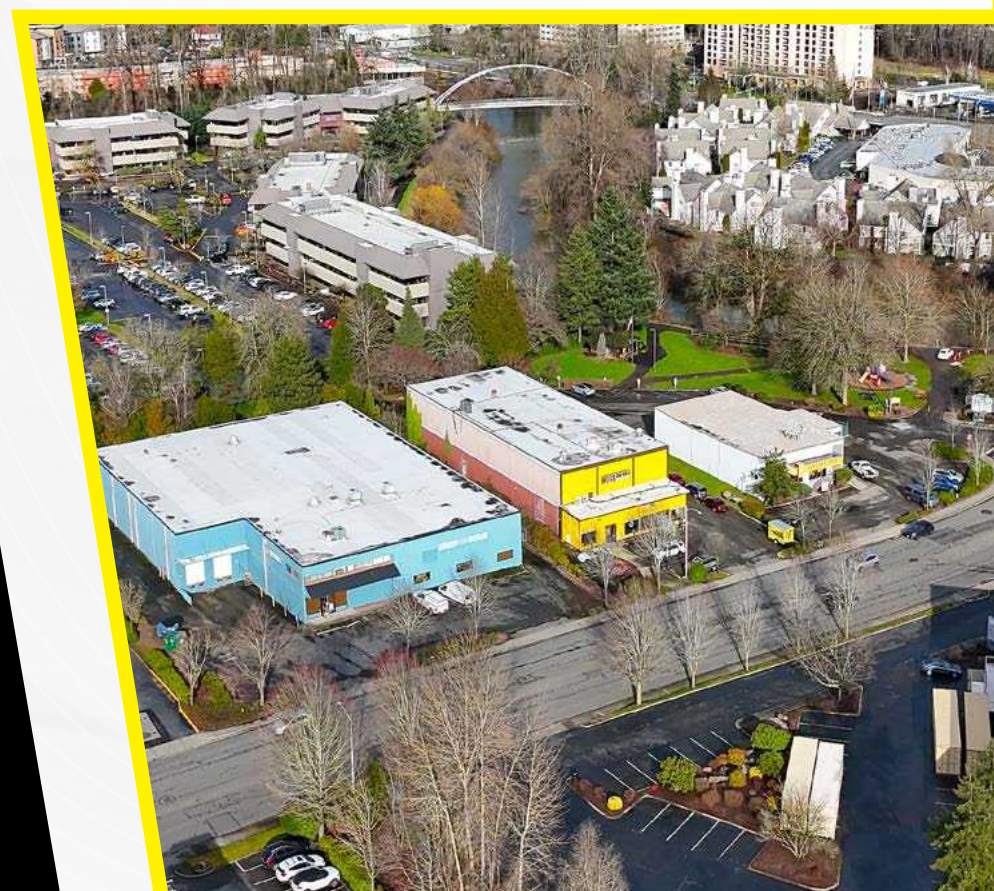
## LEASE SUMMARY

Tenant	<b>Sound Distributions, Inc. dba Foss Audio</b>
Guarantor	<b>Corporate Guarantee &amp; Personal Guarantee</b>
Rent Increases	<b>None</b>
Lease Type	<b>Triple Net (NNN)</b>
Lease Commencement	<b>10/01/2022</b>
Lease Expiration	<b>09/30/2027</b>
Renewal Options	<b>1, 3-Year Option @ FMR</b>
Lease Term Remaining	<b>3.5 Years</b>
Landlord Responsibility	<b>Roof/Structure</b>
Tenant Responsibility	<b>Taxes, Insurance, Repairs &amp; Maintenance</b>

## RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF
Current - 9/30/2027	\$204,000	\$17,000	\$10.74
<b>OPTION</b>			
Option 1: 10/01/2027 - 9/30/2030	FMR	FMR	FMR

\*Assumes rent increased to \$20/SF+NNN in Option in 2027. Market rents achievable in the \$19/SF - \$21/SF + NNN range.



Foss Audio has been in business since 1983 with the goal of being "Your Premier Car Audio, Window Tinting and Car Care Center" in the Puget Sound Area. Foss Audio currently has 6 locations in the Seattle-Tacoma MSA. They strive to deliver the same legendary customer service that the company started with over 41 years ago. They do custom installs on cars, trucks, bikes, ATVs or boats. Their award-winning install technicians don't just do a good job - they care about delivering the best every time.

Headquarters **Seattle, WA**

Founded **1983**

Website **[loveyourstereo.com](http://loveyourstereo.com)**



# THE HIGHLIGHTS

## PRO-FORMA 7.71% CAP RATE - FAIR MARKET RENT IN LEASE OPTION

The tenant is currently paying just \$10.74/SF + NNN with market rents achievable in the \$19-\$21/SF + NNN range. The tenant's option in 3 years is at Fair Market Rent, allowing an investor near-term upside well above a 7% cap rate by simply increasing rent to market (\$20/SF + NNN achieves a 7.71% cap rate).

## TENANT IN PLACE WITH STRONG HISTORICAL OCCUPANCY

The Property is currently leased to Foss Audio, a car stereo, window tint, and remote start installation company, with six locations throughout the northwest of Washington State, and a 41-year operating history. Foss Audio has been at this location for 10+ years.

## PRIME LOCATION


The Property is only two blocks from Westfield Southcenter Mall, the #1 performing mall in Washington State and #6 nationally (Placer.ai), which boasts in excess of 14.9 million visitors annually. It is nearby numerous national retailers including Costco, Target, The Home Depot, Lowes, REI, and Total Wine & More. The Property is located in the thriving Tukwila Urban Center which hosts a myriad of retail, office, and industrial uses, providing synergies for tenants of all types.

## HIGH-TRAFFIC, HIGH-VISIBILITY LOCATION

The Property is located directly on Strander Blvd (18,600+ VPD), with dedicated left turn access into the Property, and is nearby I-5 (252,800+ VPD) and I-405 (143,000+ VPD), providing excellent visibility and easy access.

## FLEXIBLE ZONING ALLOWING NUMEROUS USES

The Property is zoned TUC-TOD (Tukwila Urban Center - Transit Oriented Development) which permits numerous commercial uses including retail, office, hospitality, multifamily, senior housing, government, education, and transportation uses. If the tenant were to leave at the end of its lease term and option term, a new owner would be able to backfill the space with a tenant from nearly any business sector or redevelop the property into a higher and better use opportunity.



SOUTHCENTER  
MALL #6 IN THE  
NATION

## HIGH BARRIER-TO-ENTRY MARKET WITH STRONG RENT GROWTH (9.5%)

Tukwila/Renton retail rents have increased 9.5% in the past three years and the vacancy rate is only 2.6%, per CoStar. With no new retail development under construction and no new supply delivered in the past 12 months, the development lull creates an incredibly high barrier-to-entry as demand for space remains high.

## DENSE DEMOGRAPHICS / HIGH-GROWTH POPULATION SUBMARKET

The Property is located in the dense and rapidly growing Tukwila, WA submarket and benefits from a population of over 287,000 residents within a 5-mile radius. Since 2010 the population has grown over 11% within a 5-mile radius and nearly 32% within a 1-mile radius.

## NNN LEASE / MINIMAL LANDLORD RESPONSIBILITIES

The Tenant operates on a NNN lease structure with very limited landlord management or repair responsibilities (landlord responsible for roof & structure).

## CORPORATE GUARANTEE

The lease features a Corporate Guarantee from Foss Audio, backed by all 6 locations.

## LOCATED NEAR SEATTLE, BELLEVUE, AND SEATTLE-TACOMA INTERNATIONAL AIRPORT (SEA)

The Property is located just a 20-minute drive to both downtown Seattle and downtown Bellevue. It is located roughly a 7-minute drive from Seattle-Tacoma International Airport, the largest international airport in Washington State with 19 million visitors per year and the 18th most visited in the U.S. SEA has a regional economic impact of more than \$22.5 billion in business revenue and generates more than 151,400 jobs (87,300 direct jobs), per the Port of Seattle.

## INCOME TAX FREE STATE

Washington State is an income tax free state.

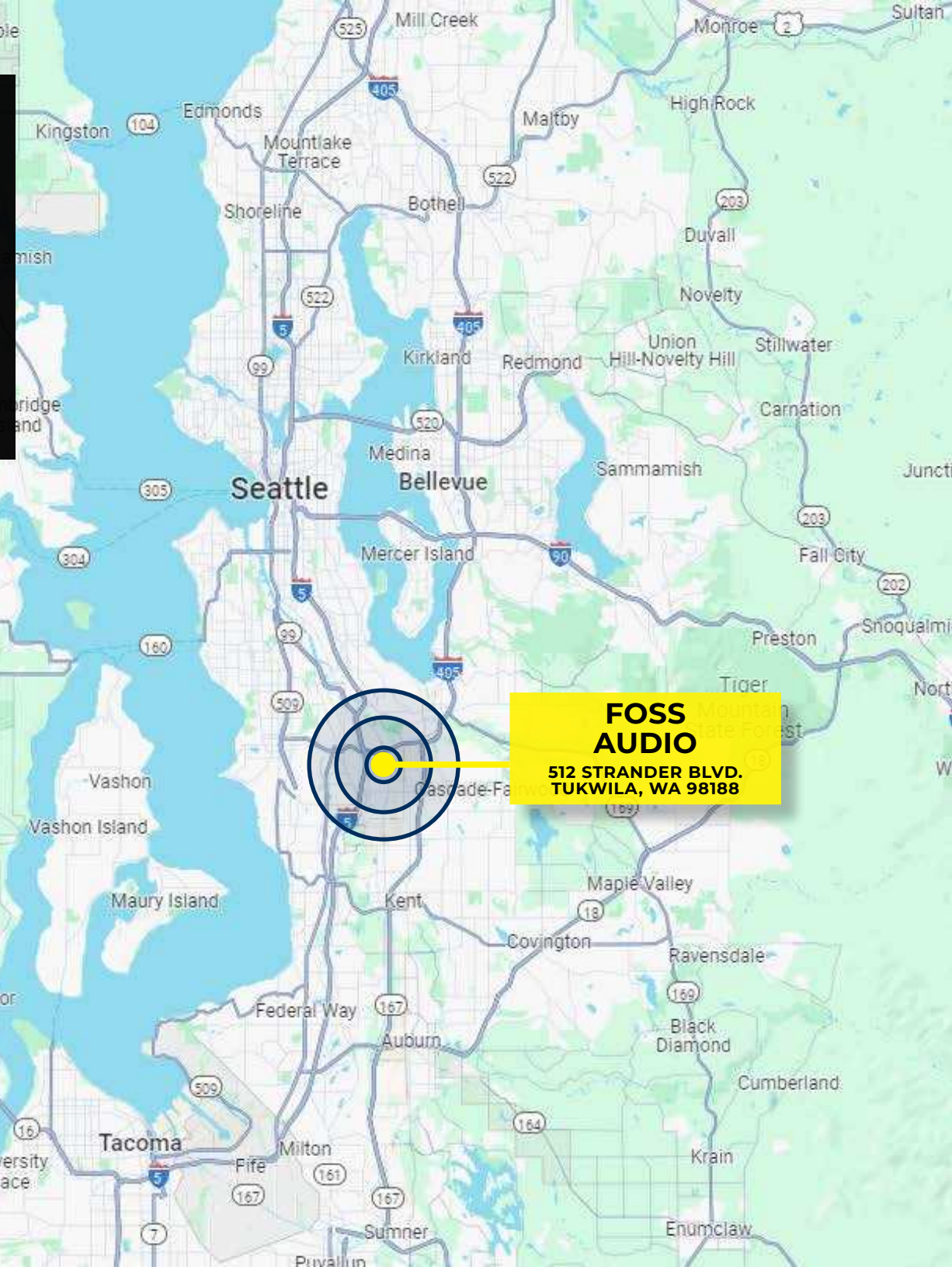


## TUKWILA, WA

DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
2023 Population	2,876	83,588	287,085
2028 Pop. Projection	2,949	83,398	287,681
<b>Pop Growth 2010-2023</b>	<b>31.62%</b>	<b>8.19%</b>	<b>11.30%</b>
Pop Forecast 2023-2028	2.54%	0.23%	0.21%
Avg. HH Income	\$79,670	\$72,065	\$78,463

## TRAVEL TIMES

**SEA-TAC AIRPORT - 7 MIN**  
**DOWNTOWN SEATTLE - 15 MIN**  
**BELLEVUE - 20 MIN**  
**TACOMA - 30 MIN**



## 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





# SURROUNDING RETAIL



## MAJOR RETAIL

- Acura
- Albert Lee
- Ashley
- Barnes & Noble
- Best Buy
- Burlington
- Costco
- Chick-Fil-A
- Dick's Sporting Goods
- DoubleTree
- Five Guys
- Holiday Inn
- Home Depot
- IHOP
- Indigo Health
- Jo-Ann Fabrics
- Kohl's
- LA Fitness
- Lowe's
- Michaels
- Nordstrom Rack
- Office Depot
- Outback Steakhouse
- Panda Express
- Party City
- Petco
- PetSmart
- Rite Aid
- REI
- Red Robin
- Ross Dress for Less
- Starbucks
- Sky Zone
- Target
- The Home Depot
- Total Wine & More

## SOUTHCENTER MALL

- AMC Cinemas
- Apple
- Bath & Body Works
- Ben Bridge
- Buffalo Wild Wings
- Claire's
- Cotopaxi
- Din Tai Fung
- Eddie Bauer
- Foot Locker
- H&M
- Lego
- Levi's
- Lululemon
- Nordstrom
- Sephora
- The North Face
- + 120 more**

## 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

SEATTLE | PORTLAND | SPOKANE | BOISE

## CLAYTON J. BROWN

Senior Managing Director,  
Investments 206.826.5787 D  
253.569.4338 C  
clayton.brown@marcusmillichap.com



ACTUAL PROPERTY PHOTO

CABINET & GRANITE Sale