



FERGUSON EVERETT INDUSTRIAL

1012 132nd ST SW

Everett, WA 98204

FOR SALE

Absolute Net Leased Investment Property

CONFIDENTIAL OFFERING MEMORANDUM

CBRE

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FERGUSON EVERETT INDUSTRIAL

1012 132nd ST SW
Everett, WA 98204



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EXECUTIVE
SUMMARY



The Offering

CBRE is pleased to present for sale a single-tenant industrial investment opportunity located at **1012 132nd ST SW in Everett, Washington**. The property features 13,787 square feet of improved space on an oversized 1.01-acre site with approximately 15,000 square feet of paved surplus yard. The property is 100% leased to **Ferguson Enterprises, LLC** (NYSE: FERG), a Fortune 150 company and the largest wholesale distributor of plumbing and HVAC products in North America, under an absolute net lease structure with five years remaining on the current term plus an additional five-year renewal option.

Offered at \$4,050,000 | 6.03% Cap on 5-year Average NOI

Ferguson has occupied this building continuously since original construction in 1987, representing a 38-year uninterrupted tenancy with six consecutive lease renewals. This extraordinary occupancy history demonstrates deep operational commitment to this location and provides exceptional income security for a prospective buyer. The property is structured as an absolute net lease — Ferguson carries all maintenance, capital, and operating costs — delivering true passive income with zero landlord obligations.

Investment Highlights

38-YEAR CONTINUOUS OCCUPANCY — ORIGINAL TENANT SINCE CONSTRUCTION

Ferguson has been the sole occupant of this building since it was constructed in 1987, completing **six consecutive lease renewals** over 38 years. This level of tenure is exceptionally rare in commercial real estate and demonstrates that this location is integral to Ferguson's distribution network and customer service model in the North Puget Sound region.

Occupancy Timeline:

- **1987:** Original construction and initial lease
- **1993-2026:** Six consecutive renewals over 38 years
- **38 years:** Total continuous occupancy to date

This extraordinary commitment provides multiple benefits to a prospective buyer. The long tenure significantly reduces re-tenanting risk and provides strong evidence of continued long-term commitment. Ferguson has developed operational knowledge of the facility and made investments specific to this location over nearly four decades. The result is a predictable income stream with high renewal probability.

In an investment landscape where typical industrial tenancies average 5 to 7 years, Ferguson's 38-year continuous occupancy represents an exceptional level of stability rarely seen in the market.

OVERSIZED 1.01-ACRE SITE WITH 15,000 SF SURPLUS YARD — RARE FOR THIS BUILDING SIZE

The property sits on 43,996 square feet (1.01 acres) with approximately 15,000 square feet of paved surplus yard area. This exceptional land-to-building ratio is virtually unattainable in today's infill industrial market and provides significant operational value to Ferguson for material staging, delivery operations, and overflow inventory storage.

Most industrial buildings of this size sit on lots of 20,000 to 25,000 square feet. This property sits on 43,996 square feet — more than double the typical footprint — with a 31% site coverage ratio that leaves approximately 15,000 square feet of paved yard for material staging, trailer parking, and delivery operations. That surplus yard directly supports Ferguson's distribution operations — material staging, high-volume receiving, and same-day delivery all require outside space that a standard-sized lot cannot accommodate. At an infill location with no vacant land nearby and no new construction in this corridor, that operational capacity is not available elsewhere in the submarket. The oversized lot also creates long-term optionality — subject to zoning review, the site could support an additional 10,000 to 15,000 square feet of covered space.

FORTUNE 150 / INVESTMENT GRADE CREDIT TENANT

Ferguson Enterprises operates under NYSE-listed parent Ferguson plc (NYSE: FERG) — a Fortune 150 company with \$29 billion in annual revenue and an S&P credit rating of BBB (Investment Grade). This is institutional-quality tenant credit in a property that most institutions cannot buy.

Institutional-quality tenant credit of this caliber is extraordinarily rare for properties in this size range, providing investors with exceptional income security and confidence in long-term cash flow. Ferguson's investment-grade rating and financial strength provide downside protection throughout economic cycles and strong assurance of lease performance.

NEW LONG-TERM LEASE WITH BUILT-IN INCOME GROWTH

The parties recently executed a **Sixth Amendment** establishing a new five-year renewal term from **August 1, 2026 through July 31, 2031**, with an additional **five-year renewal option** extending potential occupancy through July 31, 2036.

The lease provides substantial term security. There are 5 years firm remaining on the current term (through 2031), plus an additional 5-year renewal option (through 2036), giving a buyer up to 10 years of potential income stability.

The lease also delivers built-in NOI growth through 3.0% annual rent escalations throughout the term. This compounding income growth requires no renegotiation and results in Year 5 NOI of \$258,294, which is \$28,801 higher than Year 1. The 5-year average NOI is \$243,679.



ABSOLUTE NET LEASE STRUCTURE

This property features an absolute net lease under which Ferguson is responsible for all building maintenance, repairs, and capital improvements. This structure is uncommon for industrial properties in this size range and eliminates virtually all landlord operating expense and capital expenditure exposure.

Ferguson's responsibilities include all operating expenses (taxes, insurance, utilities), all maintenance and repairs, roof repairs and replacement, foundation and structural repairs, HVAC systems (repair and replacement), building envelope maintenance, parking lot and asphalt repairs, exterior paint and maintenance, and all capital improvements. The landlord has no responsibilities and receives true passive income.

Traditional NNN industrial leases typically require landlord capital reserves for roof, HVAC, structural, and parking lot items. Industry standards suggest reserves of approximately \$0.65 to \$1.20 per square foot annually, which would equate to \$8,962 to \$16,545 per year for this property. The absolute net structure eliminates these reserve requirements entirely, providing meaningful value compared to traditional NNN leases.



INFILL LOCATION — LIMITED NEW SUPPLY

The property is located in south Everett's established industrial corridor near Boeing's primary Puget Sound manufacturing campus. Limited new industrial construction in the Everett submarket and replacement cost significantly above current market pricing support favorable supply and demand dynamics for existing assets.

The location provides direct I-5 access via 128th Street SW, less than half a mile from the on-ramp, proximity to Paine Field and Snohomish County Airport, and is surrounded by established aerospace, manufacturing, and distribution users. The area benefits from a dense labor pool and a proven industrial location with strong fundamentals.





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PROPERTY
DESCRIPTION



Property Overview

Attribute	Details
Property Address	1012 132nd ST SW, Everett, WA 98204
Legal Description	Lot 3, Galt Business Park, Snohomish County, WA
Zoning	UC (Urban Commercial)
Year Built	1987
Building Size (Lease Basis)	13,787 SF
Building Size (Per 2006 Architectural Plans)	15,724 SF*
Site Area	43,996 SF (1.01 acres)
Construction Type	Concrete Tilt-Up
Clear Height	±24 Feet
Surplus Yard	±15,000 SF Paved Surplus yard Area
Occupancy	100% leased to Ferguson Enterprises, LLC
Parking	Ample Surface Parking

**Note on Building Size: The current lease is based on 13,787 SF. However, 2006 architectural plans indicate the building contains 15,724 SF, a difference of 1,937 SF. If confirmed through BOMA measurement, this represents meaningful rent upside potential upon future lease renewal, as the property would effectively be under-rented on a per-square-foot basis. At current Year 1 rent of \$16.65/SF, an additional 1,937 SF would equate to approximately \$32,251 in additional annual rent (\$2,688/month) at market renewal. This structural arbitrage opportunity represents embedded value for a long-term investor.*

Building Composition (Based on Lease Documentation)

SPACE COMPONENT	SQUARE FEET	% OF TOTAL
Downstairs Office / Showroom	3,714	26.9%
Upstairs Office	1,941	14.1%
Upstairs Storage	1,665	12.1%
Warehouse	6,467	46.9%
TOTAL (Lease Basis)	13,787 SF	100%

The property features a functional mix of office, showroom, storage, and warehouse space well-suited for distribution operations. The 24-foot clear height provides good cubic utilization for inventory storage and racking systems.



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TENANT
OVERVIEW



Ferguson Enterprises, LLC

Ferguson Enterprises is the largest wholesale distributor of plumbing products and the second-largest distributor of HVAC equipment in the United States. Operating under NYSE-listed parent **Ferguson plc** (NYSE: FERG), the company serves residential, commercial, and industrial customers through a national network of over 1,700 branch locations supported by sophisticated logistics and distribution infrastructure spanning the entire country.

CORPORATE PROFILE	DETAIL
Parent Company	Ferguson plc
Stock Exchange	NYSE: FERG
S&P Credit Rating	BBB (Investment Grade)
Annual Revenue	\$29+ Billion
Employees	30,000+ nationwide
Branch Network	1,700+ locations across North America
Industry	Wholesale Distribution: Plumbing, HVAC, Industrial
Fortune Ranking	Fortune 150

Everett Branch Operations

The Everett location functions as a regional branch serving contractors, builders, and commercial accounts throughout Snohomish County and the North Puget Sound market. Ferguson stocks and distributes plumbing supplies, pipe, valves, fittings, and related products to its customer base from this facility.

Ferguson’s 38-year continuous occupancy at this location demonstrates the facility’s strategic importance to their Pacific Northwest distribution network and provides strong evidence of long-term operational commitment. This building has served Ferguson’s customer base effectively since construction, and the company has consistently chosen to renew rather than relocate, a powerful indicator of the location’s ongoing value to their business operations.

Lease Summary

CURRENT LEASE TERMS	
Lease Detail	Terms
Lease Type	Absolute Net Lease
Current Term	August 1, 2026 – July 31, 2031 (Sixth Renewal Period)
Remaining Term	5 years
Renewal Options	One (1) additional 5-year option (through July 31, 2036)
Annual Escalations	3.0% annually
Year 1 Base Rent	\$229,493 (\$16.65/SF based on 13,787 SF)
Year 5 Base Rent	\$258,294 (\$18.74/SF based on 13,787 SF)
5-Year Average Rent	\$243,679 (\$17.68/SF based on 13,787 SF)

Absolute Net Lease Structure

LANDLORD RESPONSIBILITIES	TENANT RESPONSIBILITIES
None (passive income)	All operating expenses
	All maintenance & repairs
	Roof (including replacement)
	Foundation & structural repairs
	HVAC (including replacement)
	Building envelope
	Parking lot & asphalt
	Exterior paint & maintenance
	All utilities
	Property taxes
	Insurance
	All capital improvements

The lease explicitly provides that the tenant is responsible for all maintenance and repairs to the leased premises, including specifically the roof and all mechanical systems, and that the landlord has no obligation to maintain, repair, or reconstruct the building. This structure eliminates the most significant sources of unexpected expense in industrial property ownership and ensures predictable cash flow throughout the investment hold period.

Right of First Refusal to Purchase

Ferguson's Right of First Refusal only applies during the Seventh Renewal Period (August 1, 2031 – July 31, 2036), and only if Ferguson exercises that renewal option. The ROFR does not apply during the current Sixth Renewal Period or to this transaction. A buyer can acquire the property with no tenant purchase rights for a minimum of five years.





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FINANCIAL
ANALYSIS

Rent Roll & Income Analysis

CURRENT RENT SCHEDULE (SIXTH RENEWAL PERIOD: 8/1/26 – 7/31/31)					
Year	Period	Monthly Rent	Annual Rent	\$/SF/Year	Escalation
1	8/1/26 – 7/31/27	\$19,124.40	\$229,493	\$16.65	—
2	8/1/27 – 7/31/28	\$19,697.73	\$236,373	\$17.15	3.0%
3	8/1/28 – 7/31/29	\$20,288.86	\$243,466	\$17.66	3.0%
4	8/1/29 – 7/31/30	\$20,897.53	\$250,770	\$18.19	3.0%
5	8/1/30 – 7/31/31	\$21,524.46	\$258,294	\$18.74	3.0%
5-Yr Avg	—	\$20,306.59	\$243,679	\$17.68	3.0%

OPTIONAL SEVENTH RENEWAL PERIOD (IF EXERCISED: 8/1/31 – 7/31/36)					
Year	Period	Monthly Rent	Annual Rent	\$/SF/Year	Escalation
6	8/1/31 – 7/31/32	\$22,170.19	\$266,042	\$19.30	3.0%
7	8/1/32 – 7/31/33	\$22,835.30	\$274,024	\$19.88	3.0%
8	8/1/33 – 7/31/34	\$23,520.35	\$282,244	\$20.47	3.0%
9	8/1/34 – 7/31/35	\$24,225.97	\$290,712	\$21.09	3.0%
10	8/1/35 – 7/31/36	\$24,952.74	\$299,433	\$21.72	3.0%

NET OPERATING INCOME PROJECTION				
Year	Period	Gross Annual Rent	Year-Over-Year Growth	Implied Cap Rate
1	8/1/26 – 7/31/27	\$229,493	—	5.67%
2	8/1/27 – 7/31/28	\$236,373	3.0%	5.84%
3	8/1/28 – 7/31/29	\$243,466	3.0%	6.01%
4	8/1/29 – 7/31/30	\$250,770	3.0%	6.19%
5	8/1/30 – 7/31/31	\$258,294	3.0%	6.38%
5-Yr Avg	—	\$243,679	3.0%	6.03%
Total NOI Growth Over 5 Years			\$28,801 (+12.5%)	

The offering price of \$4,050,000 reflects the 5-year average NOI of \$243,679, representing a 6.03% average cap rate over the full lease term. This approach captures the full value of contractual income growth already locked into the lease — income that starts below the purchase price cap rate but grows through it within three years.

Year	Period	Annual NOI
1	8/1/26 – 7/31/27	\$229,493
2	8/1/27 – 7/31/28	\$236,373
3	8/1/28 – 7/31/29	\$243,466
4	8/1/29 – 7/31/30	\$250,770
5	8/1/30 – 7/31/31	\$258,294
5-Yr Avg	—	\$243,679

By Year 3, the contractual escalations push NOI to \$243,466 and the implied cap rate on the purchase price to 6.01% — effectively at break-even with today's market for comparable assets. By Year 5, the yield reaches 6.38% on a fixed basis, and at a 6.00% exit cap rate the property would be valued at \$4,304,900 — \$254,900 above the purchase price from contractual rent growth alone. No renegotiation, no lease-up risk, no capital required. Five-year cumulative cash flow totals \$1,218,396 — a 30.1% return on purchase price before any exit proceeds.

Investment Summary

Metric	Value
Purchase Price	\$4,050,000
Year 1 Cap Rate	5.67%
5-Year Average Cap Rate	6.03%
Year 5 Cap Rate	6.38%
Price Per SF (Lease Basis)	\$293.79/SF
Price Per SF (Architectural)	\$257.59/SF
5-Year Cumulative Cash Flow	\$1,218,396
Effective Yield Premium (vs. Traditional NNN)	+22 to +41 bps



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LOCATION
OVERVIEW



Property Location

The property is located in south Everett at **1012 132nd Street SW**, near the intersection of 132nd Street SW and State Route 526 (Airport Road). The location provides direct I-5 access via 128th Street SW, less than half a mile from the on-ramp, proximity to Paine Field and Snohomish County Airport for commercial and cargo operations, immediate access to Boeing's primary Puget Sound campus (the largest employer in the region), and sits within an established industrial corridor with aerospace, manufacturing, and distribution concentration.

Everett Market Overview

Everett is the county seat of Snohomish County and the fourth-largest city in Washington State. The city's strategic position between Seattle and the Canadian border, combined with established industrial infrastructure and proximity to major transportation corridors, has made it a preferred location for industrial and distribution users.

The population base includes over 110,000 people in the city and more than 827,000 in Snohomish County. Major employers include Boeing (primary), Naval Station Everett, and Providence Regional Medical Center. Transportation infrastructure includes the I-5 corridor, State Route 2, State Route 526, Paine Field, and the Port of Everett. The area benefits from a skilled manufacturing and aerospace workforce.





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MARKET
OVERVIEW

Puget Sound Industrial Investment Market

The Puget Sound industrial investment market continues to attract strong capital interest from investors seeking stable, income-producing assets in one of the West Coast's most dynamic economic regions. Quality properties with creditworthy tenants and long-term lease security remain highly sought after by both institutional and private capital.

Cap rates for stabilized industrial properties currently range from 4.75% to 6.50% depending on tenant credit quality, lease term, and location. Properties featuring investment-grade credit tenants with substantial remaining lease term have consistently traded in the 5.00% to 5.75% range, demonstrating strong investor confidence in assets offering predictable, passive income streams with minimal landlord obligations.

Transaction volume has normalized from the aggressive bidding environment of 2021-2022, allowing disciplined investors to acquire institutional-quality assets at pricing that delivers attractive risk-adjusted returns. Lender appetite remains robust for well-located properties backed by creditworthy tenants, with competitive financing available at loan-to-value ratios of 60% to 70% for stabilized assets.

Investor focus has shifted decisively toward quality over yield. Properties featuring Fortune 500 or investment-grade tenants, absolute net lease structures, and long remaining lease terms command premium pricing as buyers recognize that minimizing landlord capital exposure and re-tenanting risk justifies tighter cap rates.

The Puget Sound region's fundamentals remain exceptionally strong, with robust port infrastructure, concentrated aerospace manufacturing (Boeing and suppliers), continued technology and clean energy sector expansion, and favorable population growth trends positioning the region for sustained long-term growth.



Northend Submarket - Everett Industrial Corridor

The Northend submarket, anchored by Everett and extending north through Marysville/Arlington, represents one of the Puget Sound region's most established industrial corridors. The submarket benefits from proximity to Boeing's primary manufacturing campus, direct Interstate 5 access, Paine Field commercial airport, and a deep skilled labor pool.

INVESTMENT APPEAL:

Properties in the Northend are characterized by exceptional tenant retention and long hold periods, reflecting the genuine operational value tenants derive from established locations with proven infrastructure and workforce access. When investment opportunities become available, they consistently attract strong interest from sophisticated local and regional capital.

Most significant for investors is the absence of new construction in the immediate Everett industrial corridor. With zero square feet under development and no announced pipeline projects, existing buildings benefit from a supply-constrained environment that provides meaningful downside protection for asset values. Current replacement costs for comparable product significantly exceed prevailing transaction pricing, meaning buyers are acquiring assets at a substantial discount to replacement cost.

TRANSACTION MARKET:

Recent industrial sales in Snohomish County demonstrate continued strong investor appetite for well-located, tenant-occupied properties. Single-tenant assets featuring creditworthy tenants and substantial remaining lease term remain rare and highly sought after.



WHY INVESTORS ARE ATTRACTED TO THIS MARKET:

The Northend submarket delivers what income-focused investors prioritize: proven tenant retention, zero new supply competition, strong location fundamentals, and attractive pricing relative to replacement cost. These are stable, cash-flowing assets that deliver consistent returns with minimal volatility and limited execution risk.

Properties anchored by long-tenured occupants represent the highest-quality investment profile available, eliminating re-tenanting uncertainty, minimizing capital expenditure risk, and providing the peace of mind that comes from owning a property with demonstrated operational necessity to the tenant.

Investment Summary

At \$4,050,000, this offering delivers contractually growing income from a Fortune 500 tenant with no landlord obligations — passive income in the truest sense. The property pays for itself at a 6.00% cap rate by Year 3 and generates \$254,900 in implied appreciation by Year 5, before accounting for the \$1,218,396 in cumulative cash flow collected along the way.

The offering presents an opportunity to acquire a well-located industrial asset with embedded value in the form of potential square footage upside (1,937 SF difference between lease basis and architectural plans) and built-in NOI growth through 3% annual escalations. The absolute net lease eliminates capital expenditure risk and provides superior risk-adjusted returns compared to traditional NNN assets.

OFFERING TERMS

Property	1012 132nd ST SW, Everett, WA 98204
Offering Price	\$4,050,000
Building Size	13,787 SF (lease basis) / 15,724 SF (per architectural plans)
Price Per SF	\$293.79/SF (lease basis) / \$257.59/SF (per architectural plans)
Cap Rate Basis	6.03% on 5-Year Average NOI
Sale Structure	Fee simple
Lease in Place	Yes — Ferguson Enterprises, LLC through July 31, 2031, + 5-year option
Lease Type	Absolute Net
Tenant ROFR to Purchase	Not applicable until 2031-2036 (Seventh Renewal Period, if exercised)



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If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE.

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FERGUSON EVERETT INDUSTRIAL

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