

For Sale

# Southcenter Parkway Shopping Center

16901 - 16813 SOUTHCENTER PKWY, TUKWILA, WA 98188



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**NAI** Puget Sound  
Properties

# Offering Summary

NAI Puget Sound Properties is pleased to exclusively offer for sale the leasehold interest in the Southcenter Parkway Shopping Center, comprising a 52,139 SF multi-tenant retail center located in the highly desirable Southcenter area of Tukwila, WA. This offering represents a unique opportunity to acquire the improvements for an extremely low cost basis and high stabilized yield. The buildings are subject to two ground leases (one for each parcel) with 19 and 17 years of term remaining, respectively. The ownership of the improvements revert to the landowner at expiration.

The center is situated in the heart of the Southcenter retail corridor, one of the Pacific Northwest's most trafficked retail trade areas, directly adjacent to Westfield Southcenter Mall and surrounded by a dense concentration of national and regional retailers, hotels, and employment centers.



**3,500,000**

<b>BUILDING SIZE</b>	52,139 SF
<b>\$/SF BUILDING</b>	\$67
<b>CURRENT OCCUPANCY</b>	34%
<b>CURRENT CAP RATE</b>	-3.10% (at 34% occupancy)
<b>STABILIZED CAP RATE</b>	23.74% (At 100% occupancy)
<b>LOT SIZE</b>	3.55 AC
<b>YEAR BUILT</b>	1990
<b>ZONING</b>	DUC

**IMPORTANT – LEASEHOLD SALE:** This offering is for the sale of the leasehold improvements only. The underlying land is not included in the sale. At ground lease expiration (17 & 19 years), all improvements revert to the landowner with zero residual value to the buyer. Prospective purchasers should review the ground lease documents carefully and underwrite accordingly.



# Investment Highlights



## **+ SIGNIFICANT VALUE-ADD UPSIDE – 23.74%+ STABILIZED CAP RATE + COMPELLING 20%+ IRR POTENTIAL THROUGH GROUND LEASE EXPIRATION**

With three large vacant spaces totaling ~34,398 SF (Car Toys 8,466 SF; Lamps Plus 11,540 SF; Moe's Furniture 14,392 SF), a buyer has the opportunity to dramatically increase cash flow through new lease-up activity.

## **+ LEASEHOLD STRUCTURE CREATES LOW BASIS ENTRY POINT**

Because this offering excludes the land value, acquisition cost of \$67 per foot on the building is significantly lower than a fee-simple equivalent, allowing investors to achieve higher yield-on-cost returns during the remaining lease term.

## **+ PREMIER SOUTHCENTER LOCATION**

The Southcenter submarket in Tukwila, Washington is the premier retail destination in the Pacific Northwest. Anchored by Westfield Southcenter — the region's largest mall at approximately 1.6 million square feet — the corridor generates some of the highest retail sales volumes in Washington State.

## **+ COMPELLING 20%+ IRR POTENTIAL THROUGH GROUND LEASE EXPIRATION**

The center presents a compelling value-add investment with the potential to generate an IRR of 20%+ over the remaining 17-19 year ground lease term, which factors in leasing the current vacancies at market rents and is inclusive of leasing costs and capital expenditures. Please see link to IRR model here: [Southcenter IRR Model v12.xlsx](#)

## **+ OWNER-USER POTENTIAL**

With over 34,000 square feet of vacant space across two buildings, the property presents a rare opportunity for an owner-user to occupy one or more suites while the in-place tenants service the debt — effectively acquiring a premier Southcenter retail location at a fraction of the cost of a fee-simple purchase.

DOWNTOWN  
SEATTLE



WESTFIELD SOUTHCENTER MALL

NORDSTROM Apple JOEY RESTAURANTS

AMC THEATRES UNIQLO JCPenney

macy's foot Locker The Cheesecake Factory 鼎泰豐 DIN TAI FUNG

# Nearby Amenities



SOUTHCENTER PKWY



# Financial Analysis

LINK TO 19-YEAR IRR MODEL: [Southcenter IRR Model v12.xlsx](#)

## Operating Data

	CURRENT	PROFORMA
Scheduled Lease Income	\$594,401	\$1,382,391
NNN Charges	\$153,193	\$393,635
Effective Gross Income	\$747,594	\$1,776,026
Vacancy (5%)		\$88,801
Expenses	(\$398,683)	\$398,683
<b>NOI (Before Ground Lease)</b>	<b>\$348,911</b>	<b>\$1,288,542</b>
SC-1 Ground Lease	(\$211,450)	(\$211,450)
SC-2 Ground Lease	(\$246,091)	(\$246,091)
<b>NOI (After Ground Lease)</b>	<b>(\$108,630)</b>	<b>\$831,001</b>

## Expenses

Taxes	\$173,851
Insurance	\$15,372
CAM	\$132,409
Management	\$64,755
Other Expenses	\$6,255
Utilities	\$6,041
<b>Total Expenses</b>	<b>\$398,683</b>
Expenses Per SF	\$7.65

## Rent Roll

TENANT	SF	%	LEASE START	EXP	ANNUAL RENT	\$/SF	NNN	PF ANNUAL RENT	PF \$/SF	PF NNN
<b>SC-1</b>										
Men's Wearhouse	7,008	13%	1/31/1988	1/31/2029	\$241,776	\$34.50	\$54,183	\$241,776	\$34.50	\$54,183
Mattress Depot	3,325	6%	11/1/2008	10/31/2028	\$116,374	\$35.00	\$22,757	\$116,374	\$35.00	\$22,757
Grazie Restaurant	2,105	4%	8/1/1988	M-T-M	\$70,918	\$33.69	\$39,951	\$70,918	\$33.69	\$39,951
Elite Bridal	1,868	4%	7/1/2019	M-T-M	\$51,877	\$27.77	\$12,952	\$51,877	\$27.77	\$12,952
Darling Nails	1,465	3%	3/1/2029	2/28/2029	\$45,268	\$30.90	\$16,602	\$45,268	\$30.90	\$16,602
Vacant (Car Toys)	8,466	16%						\$211,650	\$25.00	\$59,177
<b>SC-2</b>										
Vacant (Lamp's Plus)	11,540	22%						\$288,500	\$25.00	\$80,665
Vacant (Moe's Furniture)	14,392	28%						\$287,840	\$20.00	\$100,600
Good Feet	1,054	2%			\$35,024	\$33.23	\$6,748.00	\$35,024	\$33.23	\$6,748
Debonair Hair	916	2%	9/1/2018	8/31/2028	\$33,164	\$36.21		\$33,164	\$36.21	
	<b>52,139</b>	<b>100%</b>	<b>8/15/2018</b>	<b>M-T-M</b>	<b>\$594,401</b>		<b>\$153,193</b>	<b>\$1,382,391</b>		<b>\$393,635</b>

# Ground Lease Abstract

## LEASE SC-1

### 16901 Southcenter Parkway

<b>LESSOR (OWNER)</b>	Tamayo L.L.C.
<b>LESSEE (TENANT)</b>	Schofield Ltd. Partnership / B. Heron Ventures L.P.
<b>EXECUTION DATE</b>	April 15, 1988
<b>COMMENCEMENT DATE</b>	October 6, 1988
<b>BASE TERM EXPIRATION</b>	October 6, 2023
<b>EXTENSION OPTIONS</b>	4 x 5-year terms (auto-extend)
<b>OUTSIDE EXPIRATION</b>	October 2043
<b>LAND AREA</b>	~66,660 SF
<b>CURRENT ANNUAL RENT</b>	\$211,450
<b>PERCENTAGE RENT (ADDITIONAL)</b>	16.5% of subtenant rents (net of minimum rent)
<b>ESCALATION</b>	CPI adjustment every 4 years; floor of 104%, cap of 120%

## LEASE SC-2

### 16813 Southcenter Parkway

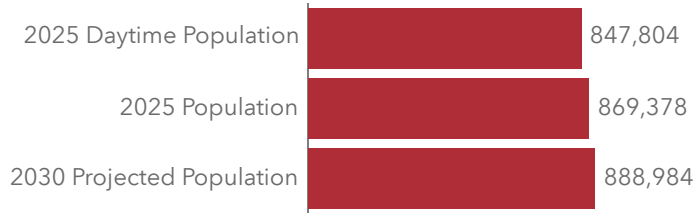
<b>LESSOR (OWNER)</b>	Matsumi L.L.C.
<b>LESSEE (TENANT)</b>	Schofield Ltd. Partnership / B. Heron Ventures L.P.
<b>EXECUTION DATE</b>	August 9, 1989
<b>COMMENCEMENT DATE</b>	November 19, 1990
<b>BASE TERM EXPIRATION</b>	November 19, 2025
<b>EXTENSION OPTIONS</b>	4 x 5-year terms (auto-extend)
<b>OUTSIDE EXPIRATION</b>	November 2045
<b>LAND AREA</b>	~85,902 SF
<b>CURRENT ANNUAL RENT</b>	\$246,091
<b>PERCENTAGE RENT (ADDITIONAL)</b>	16.5% of subtenant rents (net of minimum rent)
<b>ESCALATION</b>	CPI adjustment every 4 years; floor of 104%, cap of 120%



# DEMOGRAPHICS

16901 Southcenter Pkwy, Tukwila, Washington, 98188 | Ring of 10 miles

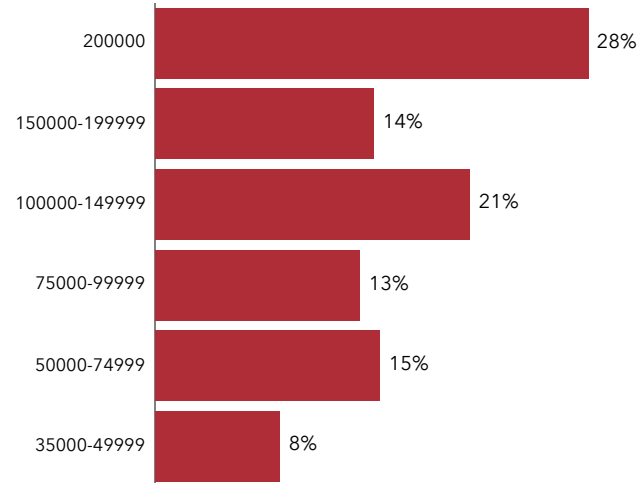
## Population



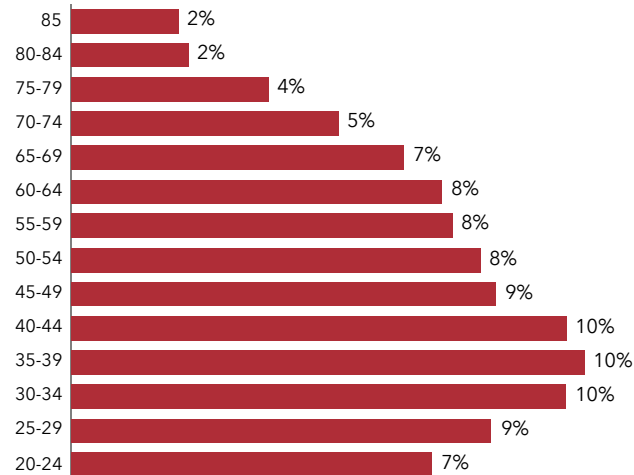
## Total Households



## Income by Household



## Ages



**39.2**

Median Age



**\$110K**

Median HH Income



**\$749.1K**

Median Home Value

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EXCLUSIVELY LISTED BY:

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