

*Subject Property*



*Offering Memorandum*



*Poulsbo, Washington  
(Seattle MSA)*

**25-Year, NNN Lease with 22 Years  
Remaining on Base Term with 10,  
Five-Year Renewal Options**

**Part of the Seattle-Tacoma MSA**

**Located Only 21 Miles Outside of  
Seattle**

**Nearest CVS Location is Nine Miles  
Away from Subject Property**

**Surrounding National Retailers  
Include Safeway, Dollar Tree, O'Reilly  
Auto Parts, Taco Bell, Burger King,  
Bank of America and Many More**

**WOLFE RETAIL GROUP**  
*The Wolfe Pack of Marcus & Millichap*

**Marcus & Millichap**

## CONFIDENTIALITY AND DISCLAIMER

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# Marcus & Millichap

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## NET LEASED DISCLAIMER

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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.



## Overview

18820 State Highway 305 NE, Poulsbo, WA 98370

<b>Price:</b>	<b>\$8,895,000</b>
<b>Cap Rate:</b>	<b>5.00%</b>
Rentable Square Feet:	14,500
Annual Rent:	\$444,682
Rent PSF:	\$30.67
Land Area:	1.29 Acres
Year Built:	2015

## Lease Summary

Tenant:	CVS Pharmacy
Website:	<a href="http://www.CVS.com">www.CVS.com</a>
Lease Guarantor:	Corporate
Lease Type:	NNN
Lease Term:	25 Years
Option Periods:	10, 5-Year Options
Rental Increases:	Fair Market Rent in Final 8 Renewal Periods
Roof & Structure:	Tenant
Commencement:	2/18/2015
Lease Expiration:	1/31/2040

Base Term	Annual	Rent PSF	Cap Rate
2/18/2015-1/31/2040:	\$444,682	\$30.67	5.00%

Option Periods	Annual	Rent PSF	Cap Rate
Option Periods 1 & 2:	\$444,682	\$30.67	5.00%
Option Periods 3-10:	Fair Market Rent		

**Contact listing agent for more information related to assumable debt  
-- Property can be delivered free and clear of existing debt**

## Debt Information (Available for Assumption)

Down Payment:	\$5,021,726 (56.46%)
Annual Debt Service:	\$266,796
Cash-on-Cash:	\$177,885 (3.54%)
App Loan Balance:	\$3,873,274
Interest Rate:	4.50%
Amortization:	25 years
Loan Maturity Date:	3/1/2027
Original Loan Amount:	\$4,000,000

## Investment Highlights

- **25-Year, Triple Net Lease**

The CVS located at 18820 State Highway 305 N.E. in Poulsbo, Washington, has a 25-year, triple net (NNN) lease with 22 years remaining on base term.

- **Renewal Options and Rent Increases**

CVS in Poulsbo has 10, five-year option periods with fair market rental increases in the final eight renewal options.

- **Surrounding Area**

This CVS is located in the Seattle-Tacoma MSA, and is just 20 miles outside Seattle. Surrounding national retailers in the area include Safeway, Dollar Tree, Sherwin Williams, Taco Bell, Burger King and many more.

- **Financing Options**

Property can be delivered free and clear of existing debt or current loan is available for assumption



CVS Health Corporation, formerly CVS Caremark, together with its subsidiaries is currently the largest pharmacy chain in the United States as indicated by the number of locations (more than 9,900) and its total prescriptions revenue. As the retail pharmacy division of CVS Health, it ranks as the 7th largest U.S. corporation according to Fortune 500 in 2017. CVS Pharmacy's leading competitor Walgreens Boots Alliance ranked 37th.

CVS sells prescription drugs and a wide assortment of general merchandise, which include over-the-counter drugs, beauty products and cosmetics, film and photo finishing services, seasonal merchandise, greeting cards, and convenience foods through their CVS Pharmacy and Longs Drugs retail stores and online through CVS.com. It also provides healthcare services through its more than 1,100 MinuteClinic medical clinics as well as their Diabetes Care Centers. Most of these clinics are located within CVS stores.

The company began in 1964 with three partners who grew the venture from a parent company, Mark Steven, Inc., that helped retailers manage their health and beauty aid product lines. The business began as a chain of health and beauty aid stores, but within several years, pharmacies were added. To facilitate growth and expansion, the company joined The Melville Corporation, which managed a string of retail businesses. Following a period of growth in the 1980s and 1990s, CVS Corporation spun off from Melville in 1996, becoming a standalone company trading on the New York Stock Exchange. It later completed a merger with the pharmacy benefit management company Caremark Rx in 2007 and was renamed CVS Caremark Corporation. The company was renamed CVS Health in 2014 following its decision to remove tobacco products from CVS Pharmacy store shelves. CVS Health's assets include CVS Pharmacy, CVS Caremark, CVS Specialty, and the retail clinic MinuteClinic.

**5 MILLION**  
CUSTOMERS



**9,900+**  
LOCATIONS

STOCK SYMBOL



**NYSE:**  
**CVS**



REVENUE:  
**\$185**  
**BILLION**

AERIAL

UNITED STATES  
POSTAL SERVICE  
**Bank of America**

**DOLLAR TREE**  
**ups** **RITE AID**  
**TACO BELL**  
**Burger King**

**O'Reilly**  
**AUTO PARTS**

**KeyBank**

State Highway 305

**SAFeway**

**SHERWIN WILLIAMS**  
**STARBUCKS COFFEE**

Port of Poulsbo

**WELLS FARGO**

**DQ**

**SUBWAY**

**CVS**  
pharmacy



Google

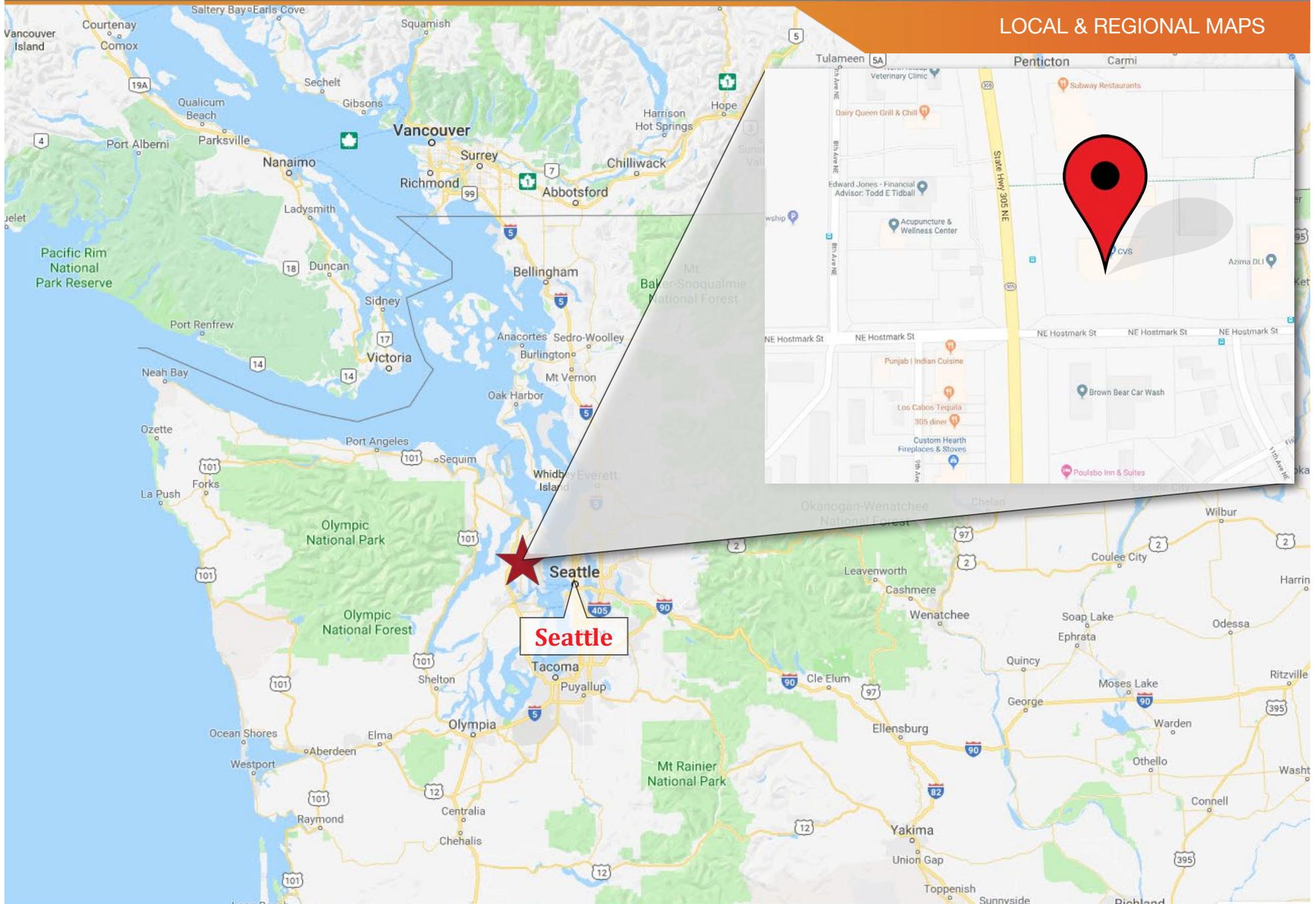


State Highway 305

22,000 Daily



## LOCAL & REGIONAL MAPS



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Poulsbo is located in Kitsap County and situated 21 miles west of Seattle, 48 miles north of Tacoma, and 30 miles east of the Olympic National Park. Poulsbo is also part of the Seattle MSA which has a population of over 3,798,000. Washington State Route 305 is the major state highway providing residents access to Bainbridge Island to the east and US Route 3 to the west (north-south highway connecting Port Gamble to Shelton).

***POULSBO IS LOCATED IN THE SEATTLE MSA WHICH IS HOME TO MORE THAN 3.7 MILLION RESIDENTS AND THE 12TH LARGEST MSA IN THE U.S.***

***STRONG DEMOGRAPHICS – GROWING POPULATION WITH AN AVERAGE HOUSEHOLD INCOME OF \$85,313 WITHIN A THREE MILE RADIUS OF THE PROPERTY***

Poulsbo, Washington, a bedroom community just across the bay from Seattle, is located in the northern part of Kitsap County. Poulsbo is a thriving community with many amenities that attract tourists and encourage people to move to this area. With its picturesque downtown core of Scandinavian inspired storefronts and shopping areas at Poulsbo Village, along Viking Avenue, and in College Market Place, Poulsbo offers much to citizens and guests alike. These include several beautiful parks throughout the city, a boardwalk along Liberty Bay, the Valborg Oyen Public House, three marinas, interesting gift shops, delicious bakeries, good schools including the Olympic College satellite campus, and panoramic views of Liberty Bay and the Olympic Mountains. There are 17,570 residents and an average household income of \$85,313 within a three-mile radius.

# SEATTLE-TACOMA

## OVERVIEW

The Seattle-Tacoma metro is situated approximately halfway between Portland, Oregon, to the south and Vancouver, British Columbia, to the north. The Cascade Mountains border to the east, Mount Rainier is to the southeast and the Puget Sound is to the west. The metro is composed of Snohomish, King and Pierce counties and has a population of nearly 3.8 million individuals. Seattle is the largest city with 669,000 residents, followed by Tacoma. Outlying cities recorded some of the largest population increases over the past decade as people moved toward lower land and housing costs. Recently, significant apartment construction has boosted population growth in the city core.

### METRO HIGHLIGHTS



#### STRONG, GROWING ECONOMY

Aerospace, computer software, e-commerce and biomedical technology are major driving forces for the local economy.



#### ROBUST INTERNATIONAL TRADE

Three ports are located on the Puget Sound in Seattle, Tacoma and Everett. In addition to handling cargo, cruise ships depart from the Port of Seattle.



#### HIGHLY EDUCATED WORKFORCE

Approximately 39 percent of residents hold a bachelor's degree and nearly 14 percent also have attained a graduate or professional degree.



# ECONOMY

- Economic diversity is achieved through a highly skilled and educated workforce, advanced transportation and distribution infrastructure, and access to national and global markets.
- The region is a leader in the aerospace, e-commerce, cloud storage and computer software industries with employers that include Microsoft, Boeing and Amazon. These companies provide numerous high-quality jobs.
- Job growth will outpace U.S. gains through 2022 as employment expands 1.2 percent annually, compared with 0.8 percent for the nation.

MAJOR AREA EMPLOYERS
The Boeing Co.
Microsoft Corp.
University of Washington
CenturyLink
Weyerhaeuser
Amazon.com
Fred Meyer
Nordstrom
Bank of America
Group Health Cooperative



## SHARE OF 2017 TOTAL EMPLOYMENT





## DEMOGRAPHICS

- The metro is expected to add 167,000 new residents through 2022.
- Approximately 37 percent of the population falls between the ages of 20 and 44, providing a large workforce for employers.
- The homeownership rate at 60 percent rests below the national rate of 64 percent, as rising home prices make homeownership less attainable for many residents, maintaining a strong rental market.

### 2017 Population by Age



## QUALITY OF LIFE

Seattle-Tacoma is a sophisticated urban center favored by shoppers and outdoorsmen alike. Nearby mountains and bodies of water create ample opportunities for recreational activities. The region is home to the world-famous Pike Place Market, Puget Sound, Mount Rainier, the Seattle Center and the Space Needle. Among institutions of higher learning are the University of Washington, community colleges and the Art Institute of Seattle. The city of Seattle regularly tops magazine surveys of desirable places to live, work and play, a strong incentive for employers to locate in the area.



## SPORTS



## EDUCATION



## ARTS & ENTERTAINMENT



## DEMOGRAPHICS

POPULATION	1 MILE	3 MILES	5 MILES
2010 Population	6,233	17,109	43,814
2017 Population	6,597	18,266	46,078
2022 Population	7,076	19,142	47,997
2017 Male Population	3,028	8,609	23,740
2017 Female Population	3,569	9,657	22,338
2017 Median Age	43.2	43.9	36.7

RACE & ETHNICITY	1 MILE	3 MILES	5 MILES
American Indian, Eskimo	0.9%	1.3%	2.1%
Asian	5.1%	4.4%	5.1%
Black	0.7%	0.8%	2.2%
Hawaiian/Pacific Islander	0.2%	0.2%	0.4%
White	83.4%	85.0%	81.7%
Other	4.8%	3.0%	2.4%
Multi-Race	4.8%	5.3%	6.1%
Hispanic Ethnicity	11.4%	8.8%	8.9%
Not of Hispanic Ethnicity	88.6%	91.2%	91.1%

HOUSEHOLD INCOME	1 MILE	3 MILES	5 MILES
2010 Avg Household Income	\$74,077	\$80,801	\$82,895
2017 Avg Household Income	\$75,242	\$83,715	\$85,962
2022 Avg Household Income	\$84,046	\$92,371	\$95,044
2010 Med. Household Income	\$63,216	\$66,674	\$66,903
2017 Med. Household Income	\$62,841	\$67,560	\$67,422
2022 Med. Household Income	\$69,167	\$74,667	\$74,958
2010 Per Capita Income	\$32,461	\$33,290	\$31,606
2017 Per Capita Income	\$33,164	\$34,528	\$32,759
2022 Per Capita Income	\$37,916	\$38,822	\$37,062

HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2010 Households	2,706	6,991	16,367
2017 Households	2,882	7,476	17,225
2022 Households	3,169	7,993	18,411



Click to View  
in Google Maps

Or in Google  
Street View



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# WOLFE RETAIL GROUP

The Wolfe Pack of Marcus & Millichap

The Wolfe Retail Group of Marcus & Millichap specializes in the sale of single-tenant properties and shopping centers and has successfully assisted clients in selling over 450 separate commercial properties with a market value exceeding \$1.25 billion. Having closed sales in more than 40 states, our track record is evidence that we are one of the premier brokerage teams in the United States.

With our experience and background in various fields such as law and finance, we have proved to be invaluable to our clients, earning their trust and exceeding their expectations while best assisting them in their real estate transactions.

For more about the Wolfe Retail Group or to view all of our available listings, visit [www.WolfeRetailGroup.com](http://www.WolfeRetailGroup.com)



*The Wolfe  
Retail Group  
has sold over  
450 properties  
in more than  
40 states*

## About Marcus & Millichap

*With over 1,800 investment professionals located throughout the United States and Canada, Marcus & Millichap (NYSE: MMI) is a leading specialist in commercial real estate investment sales, financing, research and advisory services. The firm closed nearly 9,000 transactions in 2017 with a value of approx \$42.2 billion.*

*Marcus & Millichap has been a pioneer in the real estate investment industry and has established a reputation for maximizing value for its clients while fostering long-term relationships built on integrity, trust and service. The company has perfected a powerful system for marketing properties that combines investment specialization, local market expertise, the industry's most comprehensive research, state-of-the-art technology, and relationships with the largest pool of qualified investors. Marcus & Millichap also offers clients access to the most competitive real estate financing through Marcus & Millichap Capital Corporation (MMCC), which maintains relationships with the industry's leading national, regional and local lenders.*

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