

OFFERING MEMORANDUM



LOWE'S HOME IMPROVEMENT

Absolute Net Ground Lease | Located in a Tax Free State

2221 NW MYHRE ROAD, SILVERDALE, WA 98383

Marcus & Millichap
PATEL YOZWIAK GROUP

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LOWE'S HOME IMPROVEMENT

2221 NW Myhre Road, Silverdale, WA 98383

Marcus & Millichap is pleased to present the fee simple interest in this Lowe's location in Silverdale, Washington. This 111,000 SF property has 7 years remaining on an Absolute Net Ground Lease with four, 5-year renewal options and 10% rental increases in each option. The property sits on a large 12+ acre lot with a large, fully lit parking lot and two points of ingress and egress. This location sits in a dense retail corridor that is the main retail hub of the surrounding area. The property is adjacent to a Costco, Bestbuy, Trader Joe's and Crunch Fitness across the street from the Kitsap Mall, the largest retail center in the area. There are strong demographics with the average Household income exceeding \$103,000 in a 5-mile radius.

Silverdale is a census-designated place in Kitsap County, Washington. Silverdale is located on the Kitsap Peninsula. It is 9 miles northwest of the city of Bremerton and the same distance south of Poulsbo. Silverdale lies at the north tip of Dyes Inlet, which connects it to Bremerton via Sinclair Inlet and to the Pacific Ocean via Port Orchard and Puget Sound. Commerce in Silverdale is primarily divided into two geographic areas: Old Town Silverdale along the northeast edge of Dyes Inlet, and the Kitsap Mall and big box stores (Costco Wholesale Center, REI, Best Buy, Target, Trader Joe's and T.J. Maxx) just north within SR 3 and SR 303. In addition to the Port of Silverdale, Old Town Silverdale is home to many salons, restaurants, and medical offices.





Dyes Inlet

Downtown Silverdale

KITSAP MALL

macy's

DICK'S SPORTING GOODS

BARNES & NOBLE BOOKSELLERS

amc

LA BOY

Starbucks

Red Robin

Target

STAPLES

JO-ANN

SAFEWAY

SHERWIN WILLIAMS

TRADER JOE'S

BED BATH & BEYOND

TJ-maxx

ROSS DRESS FOR LESS

McDonald's

Dairy Queen

WELLS FARGO

Party City

BEST BUY

COSTCO WHOLESALE

CHUCK E. CHEESE'S

CRUNCH

SPORTSMAN'S WAREHOUSE

SUBJECT PROPERTY

NW Myhre Road (2,680 VPD)

TDC

THE DOCTORS CLINIC
A PART OF FRANCISCAN MEDICAL GROUP

Downtown Seattle
13 Miles from Subject

Virginia Mason
Franciscan Health

St. Michael Medical Center
248 Bed Regional Hospital with
Level III Trauma Center & Cancer Center
Construction Completed in 2021

St. Michael Medical Pavilion

TDC

THE DOCTORS CLINIC
A PART OF FRANCISCAN MEDICAL GROUP

PETSMART

SPORTSMAN'S
WAREHOUSE

CRUNCH

TDC

THE DOCTORS CLINIC
A PART OF FRANCISCAN MEDICAL GROUP

COSTCO
WHOLESALE

SUBJECT PROPERTY



NW Myhre Road (9,680 VPD)

SUBJECT PROPERTY



7.5 Miles From Subject Property

NAVAL BASE KITSAP
 Bangor Trident Base
 Active Duty Military: 15,601
 Civilian Employees: 25,653

2016 New Development

SPROUTS FARMERS MARKET **Marshalls** **H&M**
KOHL'S **BARNES & NOBLE** **CHIPOTLE MEXICAN GRILL**
JCPenney **BUFFALO WILD WINGS** **OLD NAVY** **DICK'S SPORTING GOODS**
HomeGoods **macy's** **MACYS**

Central Kitsap School District
Elementary & Middle School
1,260 Students & Faculty

State Route 3 (57,046+ VPD)

Silverdale Way NW (17,735+ VPD)

NW Myhre Rd. (9,680+ VPD)

NE Waaga Way (40,574+ VPD)

St. Michael Medical Center
248 Patient Beds

Central Kitsap School District
Middle & High School
2,500 Students & Faculty

MEN'S WEARHOUSE **Target** **RED LOBSTER** **Olive Garden**
IHOP **AMC THEATRES** **NAPA**
STARBUCKS COFFEE **Little Caesars** **Firestone**
Panera Bread **Walgreens**
JO-ANN **Burger King**
SAFeway **RITE AID** **Arbys**
FIVE GUYS **Pizza Hut** **TACO BELL** **the Y**

Dyes Inlet

SPORTSMAN'S WAREHOUSE **PETSMART** **Wendy's**
BEST BUY **COSTCO WHOLESALE** **TRACTOR SUPPLY CO**
Party City **Dairy Queen** **BED BATH & BEYOND**
TRADER JOE'S

PUGET SOUND NAVAL SHIPYARD
 Puget Sound Naval Shipyard
 14,000+ Employees

12.5 Miles From Subject Property

SHERWIN WILLIAMS **MATTRESS FIRM** **LA Z BOY** **macy's**
Michaels **REI** **O'Reilly AUTO PARTS** **Domino's**
STARBUCKS COFFEE **Applebee's GRILL + BAR** **TJ-maxx** **DOLLAR TREE** **Red Robin** **McDonalds**

SITE PLAN SUMMARY



APN

Parcel No. (APN) 162501-1-052-2003



Build-to-Suit in 2008

GLA

Building Area: 111,000-Sq.Ft.



Land Acres: 12.43 ± Acres



444 Lighted Parking Spaces



36,000+ VPD on Silverdale Way & 53,000+ VPD on WA State Rte. 3

TENANT SUMMARY

Tenant: **Corporate**
Guarantor: **Lowe's Companies, Inc.**

LOWE'S COMPANIES, INC.



Lowe's Companies, Inc. (NYSE: LOW) is a FORTUNE® 50 home improvement company serving approximately 18 million customers a week in the United States and Canada. With fiscal year 2019 sales of \$72.1 billion, Lowe's and its related businesses operate or service

more than 2,200 home improvement and hardware stores and employ approximately 300,000 associates. Founded in 1946 and based in Mooresville, N.C., Lowe's supports the communities it serves through programs focused on creating safe, affordable housing and helping to develop the next generation of skilled trade experts. Lowe's has grown to become the nation's second largest home improvement retailer and 8th largest retailer in the United States.

In 2010, Lowe's opened locations in both Canada and Mexico, giving Lowe's its first international presence. Globally, Lowe's is the second-largest hardware chain and ahead of the European stores B&Q and OBI. Although Lowe's has changed over the years, its commitment to offer quality products at the lowest prices with exceptional customer service – remains the same. Lowe's continued success depends upon maintaining these traditions, Lowe's is an active participant in the communities it serves and offers employees an engaging workplace and competitive benefits.

The Company offers a range of products for maintenance, repair, remodeling and decorating. Lowe's offers home improvement products in categories, including Lumber and Building Materials; Tools and Hardware; Appliances; Fashion Fixtures; Rough Plumbing and Electrical; Lawn and Garden; Seasonal Living; Paint; Flooring; Millwork; Kitchens; Outdoor Power Equipment, and Home Fashions. Lowe's stocks approximately 36,000 items, with a range of additional items available through its Special Order Sales system, Lowes.com, Lowes.ca and ATGstores.com.

2,200+ LOCATIONS ACROSS NORTH AMERICA

FORTUNE 50 HOME IMPROVEMENT COMPANY

SECOND LARGEST HARDWARE CHAIN IN THE WORLD

INVESTMENT GRADE TENANT:
S&P BBB+ CREDIT RATED TENANT

\$72 BILLION IN 2020 REVENUE

300,000+ EMPLOYEES WORLDWIDE

LOWE'S HAS SEEN DOUBLE DIGIT REVENUE GROWTH SINCE Q2 2020

OFFERING SUMMARY



LOWE'S HOME IMPROVEMENT

 <i>Purchase Price</i>	<i>Cap Rate</i>	<i>Net Operating Income</i>
\$16,450,000	4.48%	\$737,000

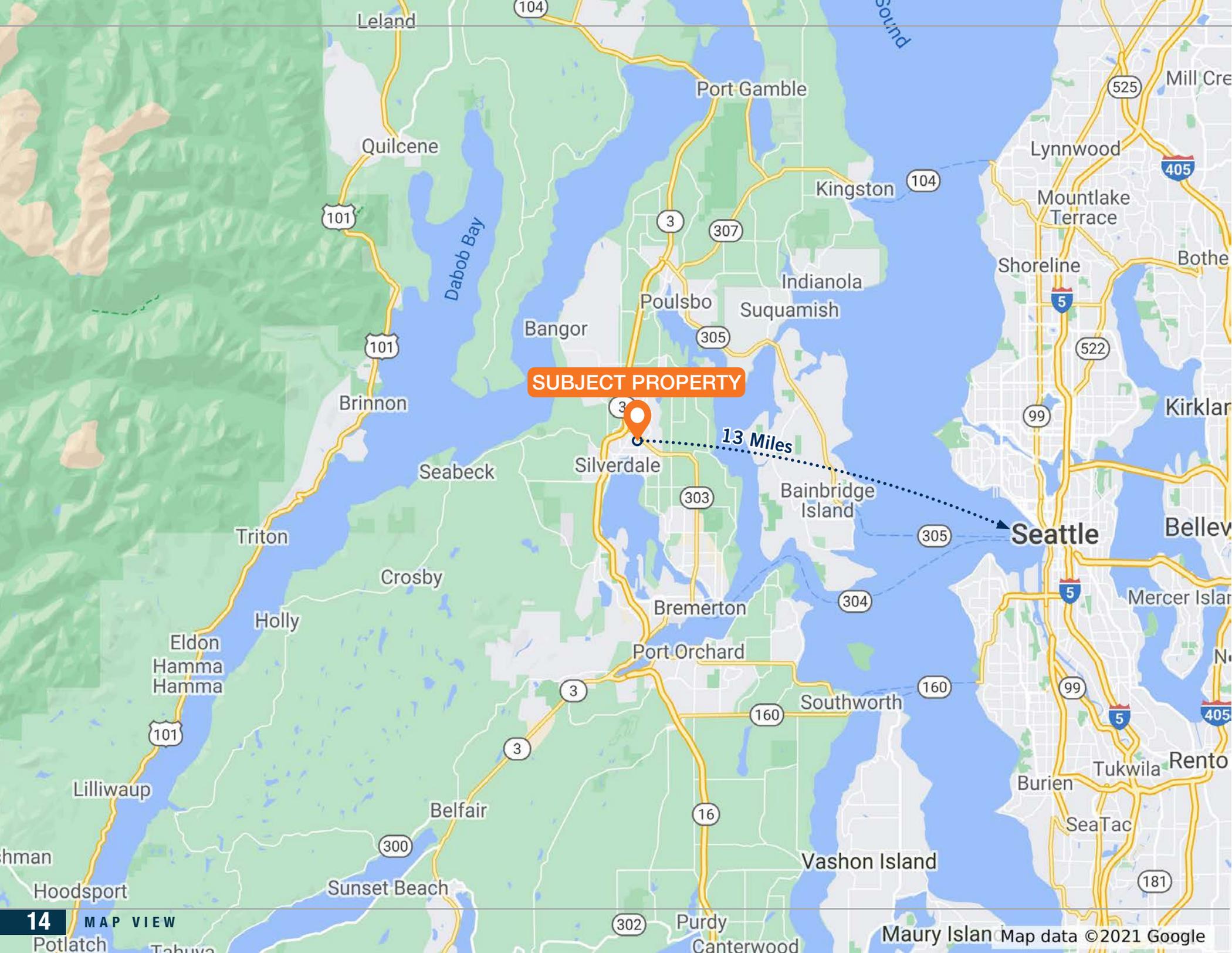
Property Address:	2221 NW Myhre Road, Silverdale, WA
Year Built:	2008
Gross Leasable Area:	111,000-Sq.Ft.
Lot Size:	12.58 ± Acres
Parking:	444 Spaces
Zoning:	RC

INVESTMENT HIGHLIGHTS

- ▶ Lowe's Home Improvement | Absolute Net Ground Lease | Situated on 12+ Acre Lot
- ▶ Nearly Seven-Years Remaining on Current Term | Four, 5-Year Renewal Options | 10 Percent Increases in Each Option
- ▶ Corporately Guaranteed by Lowe's Companies Inc. (S&P: BBB+ Credit Rated Tenant)
- ▶ Situated in a Dominant Retail Corridor of Silverdale, Adjacent to Multiple National Retailers Such as Costco, TJ Maxx, Ross Dress for Less, Sportsman's Warehouse, Best Buy, Bed Bath & Beyond, Trader Joe's PetSmart, Macy's, JC Penny, Kohl's, and Many More
- ▶ Positioned Along a Major Traffic Corridor | Just Off of SR-3 with Daily Traffic Counts Exceeding 53,000 VPD
- ▶ Strong Visibility Along Myhre Road Across from St. Michael Medical Center, a Major Hospital in the Area with a Large Expansion Completed in 2021
- ▶ Over 77,400 Residents with Household Incomes Exceeding \$103,000 within Five Miles | Nearly 73 Percent Median Household Income Growth Since 2000
- ▶ Silverdale Sits Just 13 Miles West of Downtown Seattle | Washington is an Income Tax Free State

TENANT	Lowe's Home Improvement #2746					
GUARANTOR	Corporate					
ORIGINAL LEASE TERM	20 Years					
LEASE COMMENCEMENT	06/01/2008					
LEASE EXPIRATION	05/31/2028					
LEASE TYPE	Ground Lease					
GLA	111,000 SF					
RENT ESCALATIONS	Term	\$/SF	Monthly	Annual	Increase	
	Current - 5/31/2028	\$6.64	\$61,417	\$737,000	-	
	6/1/2028 - 5/31/2033 (Option 1)	\$7.30	\$67,558	\$810,700	10%	
	6/1/2033 - 5/31/2038 (Option 2)	\$8.03	\$74,314	\$891,770	10%	
	6/1/2038 - 5/31/2043 (Option 3)	\$8.84	\$81,746	\$980,947	10%	
	6/1/2043 - 5/31/2048 (Option 4)	\$9.72	\$89,920	\$1,079,042	10%	
RENEWAL OPTIONS	Four, 5-Year Terms (Options Auto-Renew)					
UTILITIES	Tenant Pays					
REAL ESTATE TAXES	Tenant Pays					
CAM	Tenant Pays					
INSURANCE	Tenant Pays					
LANDLORD REPAIRS & MAINTENANCE	None					
TENANT REPAIRS & MAINTENANCE	All					





SUBJECT PROPERTY

13 Miles

Seattle

POPULATION	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Population	7,396	40,703	79,431
2021 Estimate			
Total Population	7,332	40,023	77,428
2010 Census			
Total Population	6,934	37,848	72,672
2000 Census			
Total Population	6,035	36,681	68,747
Daytime Population			
2021 Estimate	13,697	45,801	73,085
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Households	3,553	15,599	31,021
2021 Estimate			
Total Households	3,466	15,165	29,919
Average (Mean) Household Size	2.2	2.5	2.5
2010 Census			
Total Households	3,260	14,197	27,693
2000 Census			
Total Households	2,536	12,844	25,609
Occupied Units			
2026 Projection	3,937	16,801	33,246
2021 Estimate	3,832	16,307	32,061
HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2021 Estimate			
\$150,000 or More	10.7%	13.4%	15.6%
\$100,000-\$149,999	19.7%	23.4%	22.6%
\$75,000-\$99,999	14.2%	18.1%	17.5%
\$50,000-\$74,999	19.9%	18.1%	17.8%
\$35,000-\$49,999	14.3%	11.3%	10.5%
Under \$35,000	21.1%	15.6%	16.1%
Average Household Income	\$87,886	\$99,164	\$103,999
Median Household Income	\$68,398	\$81,562	\$82,724
Per Capita Income	\$41,747	\$38,248	\$40,808

HOUSEHOLDS BY EXPENDITURE	1 Mile	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$134,366	\$150,766	\$152,191
Consumer Expenditure Top 10 Categories			
Housing	\$23,540	\$25,987	\$26,095
Transportation	\$10,181	\$11,568	\$11,747
Food	\$9,021	\$9,827	\$9,864
Personal Insurance and Pensions	\$7,899	\$9,110	\$9,156
Healthcare	\$4,826	\$5,384	\$5,505
Entertainment	\$3,643	\$4,255	\$4,308
Apparel	\$1,967	\$2,120	\$2,113
Gifts	\$1,909	\$2,320	\$2,362
Cash Contributions	\$1,800	\$2,115	\$2,188
Education	\$1,543	\$1,941	\$1,993
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2021 Estimate Total Population	7,332	40,023	77,428
Under 20	20.3%	23.3%	23.6%
20 to 34 Years	31.8%	27.2%	24.4%
35 to 39 Years	7.4%	6.7%	6.7%
40 to 49 Years	9.7%	10.1%	10.5%
50 to 64 Years	15.4%	17.1%	18.0%
Age 65+	15.5%	15.7%	16.7%
Median Age	33.9	34.7	36.4
Population 25+ by Education Level			
2021 Estimate Population Age 25+	5,239	26,823	52,959
Elementary (0-8)	2.6%	1.8%	1.7%
Some High School (9-11)	3.3%	3.1%	3.2%
High School Graduate (12)	20.2%	21.7%	22.3%
Some College (13-15)	31.6%	30.9%	30.8%
Associate Degree Only	10.3%	11.6%	12.0%
Bachelor's Degree Only	23.6%	21.5%	21.1%
Graduate Degree	8.4%	9.4%	9.0%

US Navy/Air Force Base Kitsap:

- 24,500+ Civilian Employees and Contractors
- 14,500+ Active Duty Personnel



Bangor Trident Base

Lockheed Martin

- 500+ Employees



Raytheon Technologies

- 650+ Employees



Port

Coyle

Olympic View

Scandia

Venice

SUBJECT



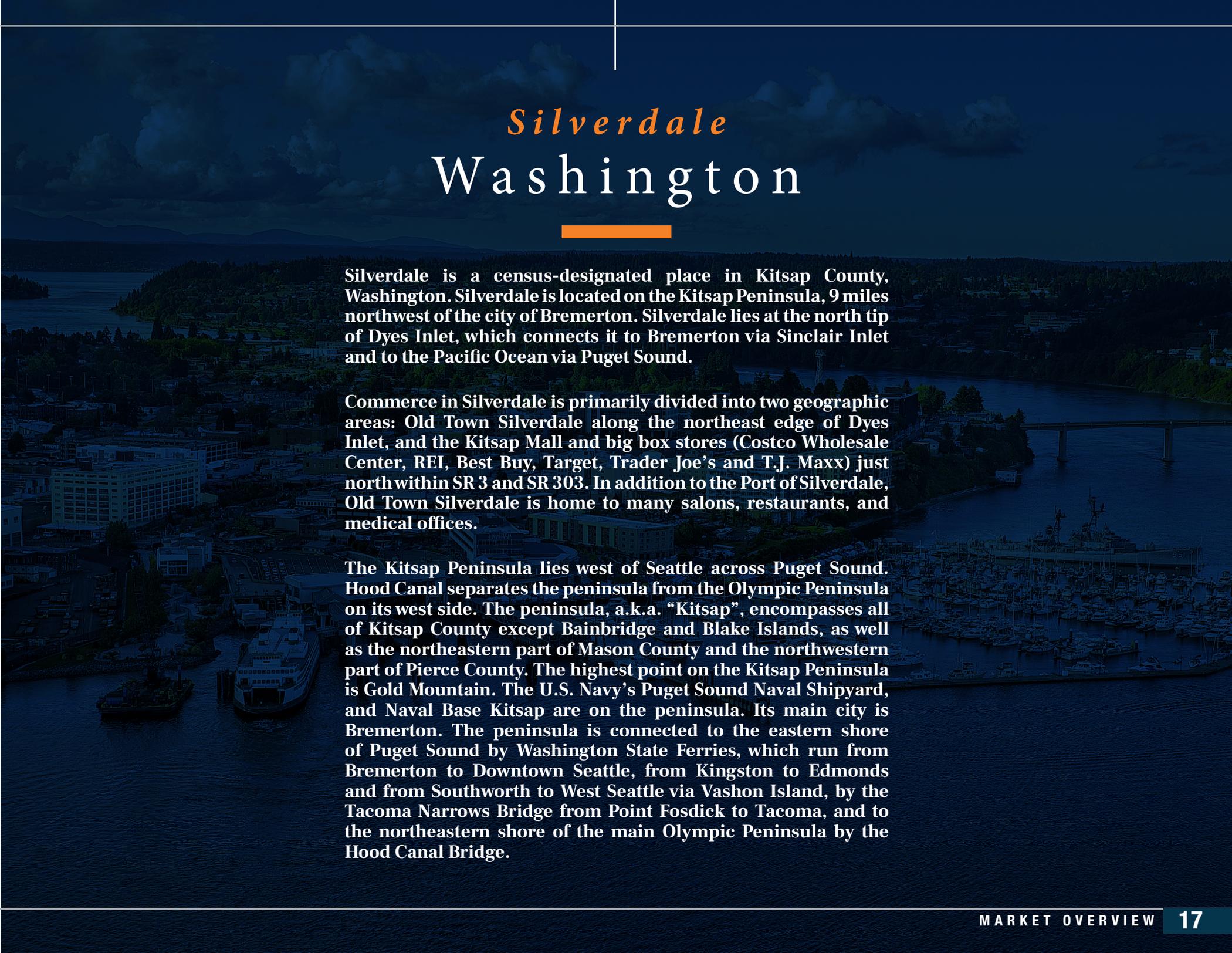
Franciscan Health System

- 750+ Employees



Silverdale

Gilberton



Silverdale Washington

Silverdale is a census-designated place in Kitsap County, Washington. Silverdale is located on the Kitsap Peninsula, 9 miles northwest of the city of Bremerton. Silverdale lies at the north tip of Dyes Inlet, which connects it to Bremerton via Sinclair Inlet and to the Pacific Ocean via Puget Sound.

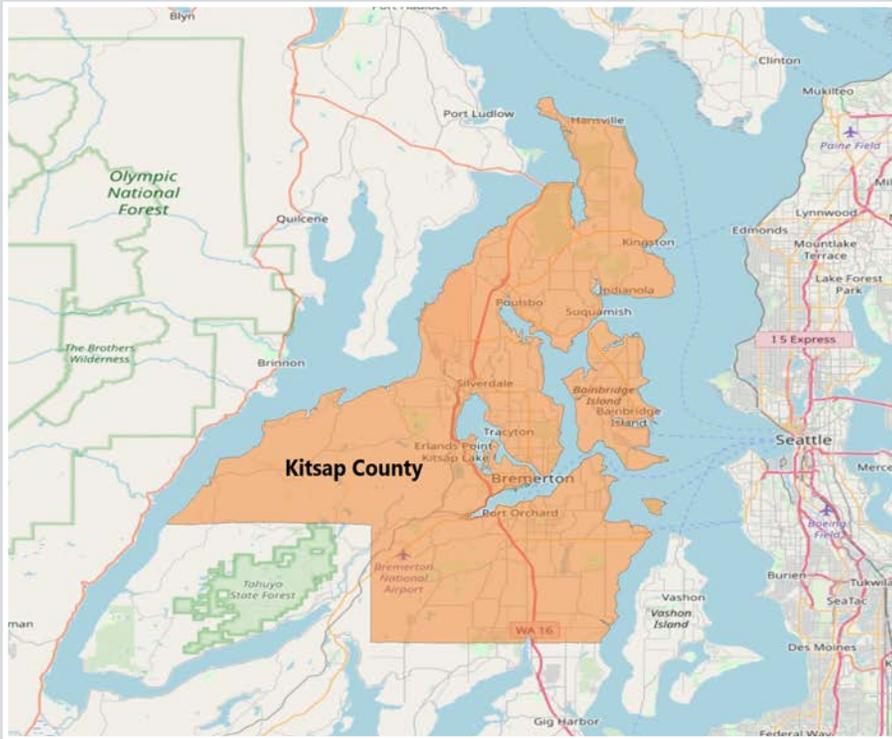
Commerce in Silverdale is primarily divided into two geographic areas: Old Town Silverdale along the northeast edge of Dyes Inlet, and the Kitsap Mall and big box stores (Costco Wholesale Center, REI, Best Buy, Target, Trader Joe's and T.J. Maxx) just north within SR 3 and SR 303. In addition to the Port of Silverdale, Old Town Silverdale is home to many salons, restaurants, and medical offices.

The Kitsap Peninsula lies west of Seattle across Puget Sound. Hood Canal separates the peninsula from the Olympic Peninsula on its west side. The peninsula, a.k.a. "Kitsap", encompasses all of Kitsap County except Bainbridge and Blake Islands, as well as the northeastern part of Mason County and the northwestern part of Pierce County. The highest point on the Kitsap Peninsula is Gold Mountain. The U.S. Navy's Puget Sound Naval Shipyard, and Naval Base Kitsap are on the peninsula. Its main city is Bremerton. The peninsula is connected to the eastern shore of Puget Sound by Washington State Ferries, which run from Bremerton to Downtown Seattle, from Kingston to Edmonds and from Southworth to West Seattle via Vashon Island, by the Tacoma Narrows Bridge from Point Fosdick to Tacoma, and to the northeastern shore of the main Olympic Peninsula by the Hood Canal Bridge.

MARKET OVERVIEW // *Kitsap Peninsula Metro Area*

KITSAP METRO OVERVIEW:

Kitsap County is situated across the Puget Sound from the city of Seattle and the city of Tacoma is 30 miles to the south. It is surrounded by water on three sides, and the roughly 250 miles of coastline provide scenic views and a vast array of water activities that draw tourists. The water also serves as the backbone for the local maritime and military economic sectors. Quick ferry access to Seattle helps draw new residents, including many retirees.



KITSAP METRO HIGHLIGHTS:



LARGE MILITARY AND DEFENSE SECTOR

Roughly 45,000 of the county's jobs are related to the military and defense industry. Naval Base Kitsap has the largest shipyard on the West Coast.



MARITIME ECONOMY

Fishing, food processing, shipping, maritime logistics, shipbuilding, and ship repair and maintenance are other vital maritime-related segments of the economy.



EDUCATED AND SKILLED WORKFORCE

Olympic College contributes to a skilled labor force. Roughly 31 percent of residents have earned a bachelor's degree or higher, slightly above the national level.

ECONOMY HIGHLIGHTS:

- The region's 500 defense contractors, which include Raytheon, Northrop Grumman, Lockheed Martin, BAE Systems, Huntington Ingalls' AMSEC and General Dynamics, provide well-paying engineering and skilled technician positions.
- Tourism is a major contributor to the economy. Among the many features that draw tourists are the idyllic scenery, picturesque small towns, wide variety of outdoor and water activities, Naval Undersea Museum, botanical gardens, casinos and resorts. Many visitors arrive by ferry.
- Healthcare providers Harrison Medical Center, the Doctors Clinic and Stafford Healthcare employ thousands of workers.

KITSAP METRO DEMOGRAPHICS



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