

QUANTUM BUSINESS CENTER

3806 & 3810 196TH STREET SW, LYNNWOOD, WA 98036

OFFERING MEMORANDUM



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Established in 2010

ORION
COMMERCIAL PARTNERS

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INVESTMENT SUMMARY

THE OFFERING

ORION Commercial Partners is excited to offer for sale the Quantum Business Center, located at 3806 & 3810 196th Street SW in Lynnwood, Washington. The entire 11,490 SF business center can be made available for an owner/user. The property is made up of an approximately 8,500 SF two story office building and a 3,000 SF storage/office/garage building all situated upon a .92 acre site. There is ample on-site parking with 50 marked stalls plus another 10 gravel parking stalls.

The surrounding area has a major retail presence along the 196th Street commercial corridor. There is an exhaustive variety of retail, restaurants, service and office space along the corridor as well.

This unique location is minutes from I-5, 405 and Hwy 99, which is perfect for most any office use.

	Address	3806 & 3810 196TH STREET SW LYNNWOOD, WA 98036
	Offering Price	\$1,960,000
	Price Per Square Foot Building	\$170.58
	Building Size	11,490 SF
	Total Land Area	40,075 SF
	Zoning	CC-C
	Year Built	1951, 1969

SITE OVERVIEW



STRATEGIC LOCATION

The subject property is located just minutes from I-5, I-405 and Hwy 99, making it a very easily accessible location for any office use. The site has marketing exposure with over 40,000 vehicles per day passing by.

CC-C ZONING

The City of Lynnwood's zoning designation City Center - Core (CC-C) allows for most retail, office, and service uses with residential allowed as part of mixed-use projects. Development standards allow height limits up to 350 feet, density to 0.5 - 8.0 FAR for nonresidential uses with a 1.0 - 10.0 FAR for residential.

STRONG DEMOGRAPHICS

Located within Lynnwood's City Center core, there are over 53,000 people within a 3-mile radius of the subject property and over 130,000 people within a 5-mile radius. The population has grown by approx. 12% since 2010 within a 3-mile radius.

SITE OVERVIEW

PROPERTY PHOTOS



SITE OVERVIEW

AREA AERIAL VIEW



SITE OVERVIEW

ZONING

CC-C

CITY CENTER - CORE

This zone is envisioned to have the highest intensity uses, especially office buildings, residences and hotels contained within high-rise buildings. Shops and restaurants would be located along key streets, particularly the principal pedestrian corridor, referred to as the “Promenade” in the city center subarea plan. A major public open space would anchor the zone. Over time, parking would be increasingly located within parking structures. The convention center is located in the northeast corner of this zone.

TYPICAL LAND USES

All uses shall be allowed in the city center zone except:

adult establishments, billboards, industrial uses, outdoor storage, auto-oriented uses (includes drive-throughs, vehicle washing, rental car agencies, etc.), sewage treatment plants, work release facilities, wrecking yards, secure community transition facilities, uses not fully contained within a building, self-service storage, marijuana retail, dry cleaning, outdoor commercial recreation and entertainment, overnight campgrounds, retail lumber yards, bottling or packaging plants, greenhouses, produce stands, warehouses of 10,000 sf or less, distribution centers, detached single-family homes and detached wireless communication facilities.

MAXIMUM SIZE OF USE

In no case shall the total amount of development (including all land uses) in the city center exceed 9.1 million square feet.

HEIGHT

The maximum building height shall be 350 feet.

EXCEPTIONS TO HEIGHT

Exceptions pertain to buildings from the centerline of 196th St. SW north with the maximum building height of any portion of a building shall be 240 feet. The maximum height of any portion of a building 150 feet or less from a residential zone shall be 35 feet.

FAR

Limited as shown in Table 21.60.1

SETBACKS

A setback may be required in order to meet street improvement requirements.

DESIGN REVIEW

Comply with the Lynnwood city center design guidelines: for proposals in these zones, the citywide design guidelines shall be replaced with the city center design guidelines

[see full code information by clicking here]

FLOOR AREA RATIO (FAR)

Table 21.60.1

MAXIMUM FAR		DISTRICT		
		CC-C	CC-W	CC-N
Maximum allowable “as of right” for existing nonconforming sites and structures	Nonresidential	0.5	0.5	0.5
	Residential	1.0	1.0	1.0
Maximum allowable FAR “as of right” for new development	Nonresidential	2.0	2.0	2.0
	Residential	3.0	3.0	3.0
Maximum with bonuses	Nonresidential	8.0	3.0	3.0
	Residential	10.0	5.0	5.0

PRO-FORMA VALUATION ANALYSIS

PRICE:	\$1,960,000	
Proposed Down Payment:	25.00%	\$490,000
Current Cap Rate:	7.70%	
Approximate Net Rentable SF:	11,490	sf
Approximate Lot Size:	40,075	sf
Year Built:	1969	
Cost Per Net Rentable SF:	\$170.58	
Rent Per Net Rentable SF:	\$19.20 Full Service	
2017 ANNUALIZED DATA		
Gross Potential Rental Income:	\$220,515	
Plus Recaptured Operating Expenses:	\$-	
	\$11,026	
Gross Operating Income:	\$209,489	
Less Operating Expenses:	\$58,589	
Net Operating Income:	\$150,900	
Less Annual Debt Service:	\$(98,049)	
Pre-Tax Cash Flow:	* \$52,851	10.79%
Plus Principal Reduction:	\$32,565	
Pre-Tax Return:	\$85,416	17.43%

*as a percentage of down payment

LOAN INFORMATION	
Proposed First Loan Amount:	\$1,470,000
Interest Rate:	4.25%
Amortization:	25
Annual Debt Service:	\$(98,049)
Loan Maturity:	Five years
ESTIMATED 2017 OPERATING EXPENSES	
Real Estate Taxes (2017):	Landlord Paid
Insurance:	Landlord Paid
Repairs:	Landlord Paid
Maintenance:	Landlord Paid
Utilities:	Landlord Paid
Management/Admin:	Landlord Paid
Total Non-Recaptured Expenses:	\$58,589
Total Property Expenses:	\$58,589
Estimated Property Expenses/Net RSF:	\$5.10



MARKET OVERVIEW

ABOUT LYNNWOOD

Lynnwood is located in the southwestern part of Snohomish County, Washington's 3rd most populous county, which had around 772,500 people as of 2015. The city is a part of the Seattle-Tacoma-Bellevue metropolitan area, with many of its residents commuting for work. Downtown Seattle is only 16 miles south of Lynnwood, with Everett even closer 13 miles to the north.

Over the next several years, the light rail will expand from Tacoma to Everett and east to Bellevue and Redmond. Lynnwood will greatly benefit from the additions with a stop planned in the heart of the city. Once the final design and permitting has been completed, construction will begin in 2018 and last until 2023. The extension is expected to open for service in 2024. The upcoming opening has sparked recent development in conjunction with the extension.

The route will have Lynnwood's station at the new \$100+ million City Center. The project includes 2 apartment complexes and a hotel on the corner between 196th St SW and on the I-5 southbound ramp. The first of these apartment complexes was completed in the fall of 2017 as an affordable housing community, offering 347 units and 7 stories (**located directly east of the subject property**). The other complex will be a senior living facility with 300 units and the hotel, a 155-room Hilton Garden Inn, is expected to open in the summer of 2018. The hotel will help host attendees to the Lynnwood Convention Center, which sits across the road from the new complex. The convention center has hosted more than 4,000 events and 750,000 guests over the past 10 years.

This growth will also impact 196th St SW itself, with plans to widen its lanes moving forward in 2018. The street is expected to become Lynnwood's heart of the downtown area and plans to give the road a "main street" feel by adding a town square park are currently tentative. 196th St SW already has dozens of stores and restaurants along it including Trader Joe's and Fred Meyer.

1 mile away from the City Center at Lynnwood is the Alderwood Mall, anchored by Nordstrom, JCPenny, and Macy's. Alderwood Mall has 158 stores and is the largest mall in Snohomish County. The area around it has transformed into the core retail and office district. The retail center has attracted others to the area around it including Costco, Target, and Regal Cinemas.

Lynnwood presides over the center of the Interurban Trail, an 18.8-mile long trail from Edmonds to Everett for bike riders, walkers, and joggers. The trail includes pedestrian bridges over major roads, including over I-5.

The connectivity Lynnwood has between its neighboring cities and the larger Seattle-Tacoma-Bellevue metropolitan area sets it up to be a hub of growth and development for years to come.

DEMOGRAPHICS

1, 3 & 5 MILE RADIUS

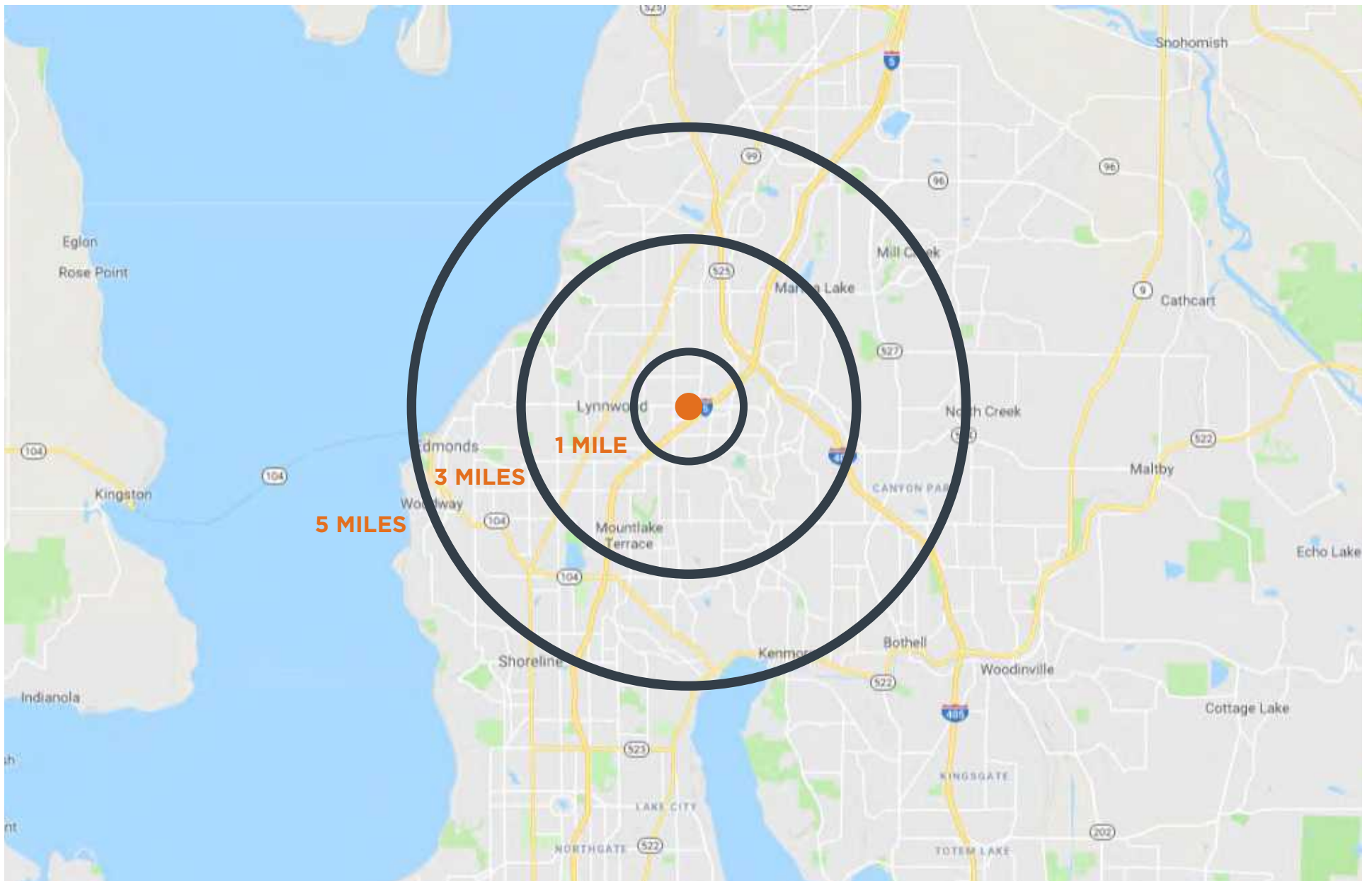
RADIUS	1 MILE	3 MILE	5 MILE
POPULATION:			
2022 Projection	14,479	149,964	355,782
2017 Estimate	13,494	138,475	328,750
2010 Census	12,789	123,828	294,560
Growth 2017-2022	7.30%	8.30%	8.22%
Growth 2010-2017	5.51%	11.83%	11.61%
2017 POPULATION BY RACE:			
White	8,822	97,713	240,270
Hispanic	1,621	14,641	30,636
Black	859	7,162	13,804
Am. Indian & Alaskan	171	1,615	3,345
Asian	2,823	23,835	53,601
Hawaiian & Pacific Island	141	1,053	1,881
Other	678	7,097	15,848
U.S. Armed Forces:	17	250	615



RADIUS	1 MILE	3 MILE	5 MILE
HOUSEHOLDS:			
2022 Projection	5,681	58,139	140,771
2017 Estimate	5,293	53,677	130,075
2010 Census	5,020	48,046	116,728
Growth 2017 - 2022	7.33%	8.31%	8.22%
Growth 2010 - 2017	5.44%	11.72%	11.43%
Owner Occupied	2,534	33,165	84,131
Renter Occupied	2,758	20,511	45,943
2017 AVG HOUSEHOLD INCOME	\$77,948	\$89,281	\$99,912
2017 MED HOUSEHOLD INCOME	\$53,836	\$72,984	\$80,026
2017 HOUSEHOLDS BY HOUSEHOLD INC:			
Less than \$25,000	1,275	7,746	17,148
\$25,000 - \$50,000	1,221	9,940	21,510
\$50,000 - \$75,000	824	9,948	22,306
\$75,000 - \$100,000	649	8,768	20,263
\$100,000 - \$125,000	340	5,681	14,947
\$125,000 - \$150,000	310	4,224	10,696
\$150,000 - \$200,000	365	4,376	11,783
\$200,000+	308	2,995	11,422

DEMOGRAPHICS

1, 3 & 5 MILE RADIUS RINGS





ORION Commercial Partners maximizes real estate value through comprehensive project acquisition/disposition, property/asset management, and leasing services. We are a progressive real estate services and investment firm constantly seeking a perfect alignment of interests between us as the service provider and our clients. ORION delivers a

UNIFIED TEAM APPROACH

to fulfill our client's objectives. Creativity, accountability and focused attention are the hallmarks of our business.

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