

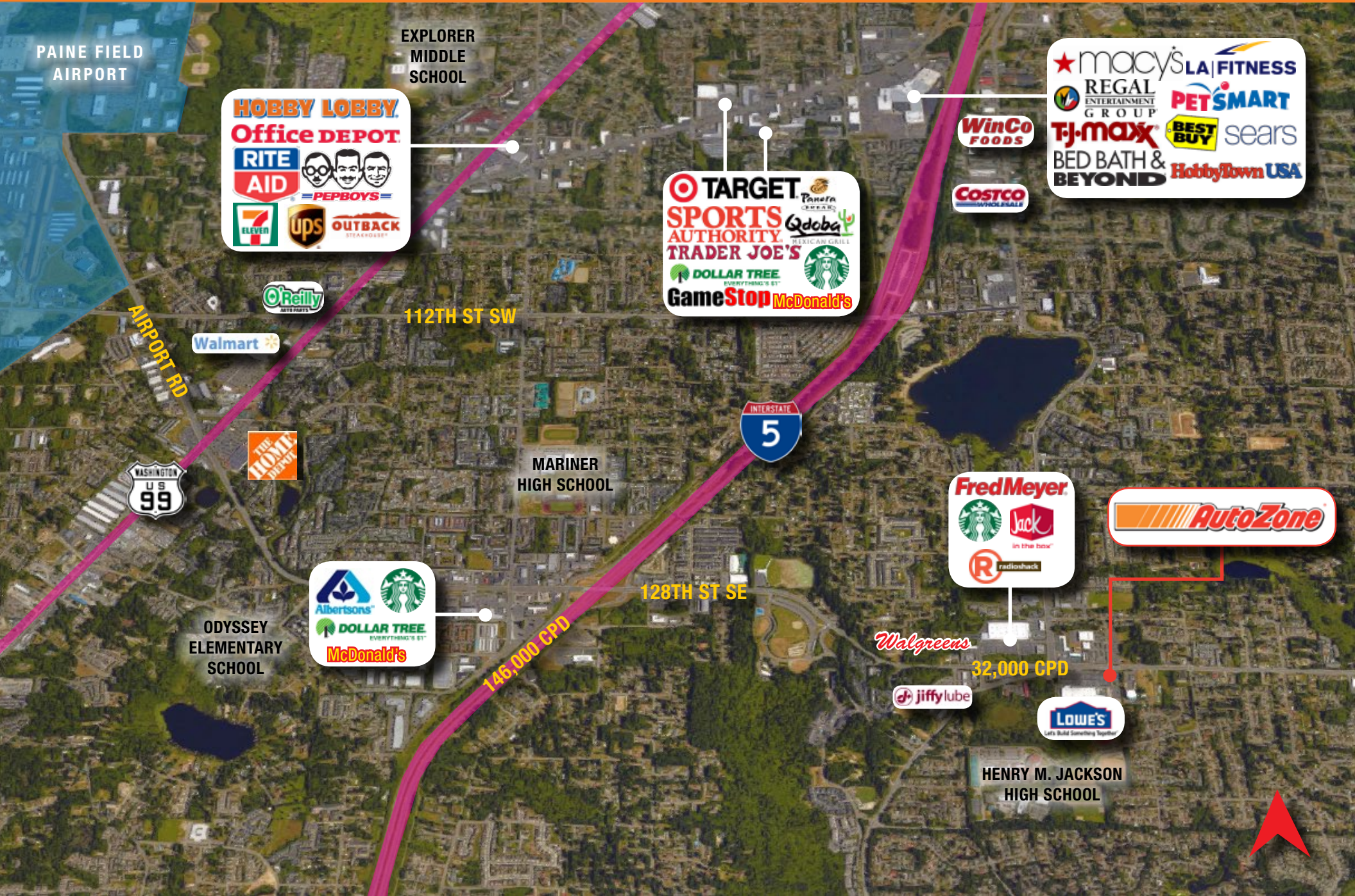
Offering Memorandum

**AUTOZONE GROUND LEASE**

2110 132ND STREET

MILL CREEK, WA 98012

Marcus & Millichap



PAINE FIELD AIRPORT

EXPLORER MIDDLE SCHOOL

HOBBY LOBBY  
Office DEPOT  
RITE AID  
PEPBOYS  
7 ELEVEN  
ups  
OUTBACK STEAKHOUSE

TARGET  
SPORTS AUTHORITY  
TRADER JOE'S  
DOLLAR TREE  
GameStop  
Panera BREAD  
Qdoba MEXICAN GRILL  
Starbucks  
McDonald's

macy's LA FITNESS  
REGAL ENTERTAINMENT GROUP  
PET SMART  
TJ-MAXX BEST BUY sears  
BED BATH & BEYOND HobbyTown USA

WinCo FOODS

COSTCO WHOLESALE

AIRPORT RD

112TH ST SW

Walmart

O'Reilly AUTO PARTS

THE HOME DEPOT

WASHINGTON U.S. 99

MARINER HIGH SCHOOL

INTERSTATE 5

Fred Meyer

AutoZone

ODYSSEY ELEMENTARY SCHOOL

Albertsons  
Starbucks  
DOLLAR TREE  
McDonald's

128TH ST SE

146,000 CPD

Starbucks  
Jack in the box  
radio shack

Walgreens

32,000 CPD

jiffy lube

LOWE'S  
Let's Build Something Together

HENRY M. JACKSON HIGH SCHOOL



HENRY M. JACKSON  
HIGH SCHOOL



132ND ST SE - 32,000 CPD



ARCO



**AUTOZONE GROUND LEASE**

2110 132nd Street  
 Mill Creek, WA 98012

FINANCIAL SUMMARY	
Price	\$2,325,000
Down Payment	100% \$2,325,000
Cap Rate	4.00%
Building SF	6,459 SF
Net Cash Flow	4.00% \$93,000
Year Built	2015
Lot Size	+/- .61 Acres

LEASE SUMMARY	
Lease Type	Absolute Triple-Net Ground Lease
Tenant	AutoZone
Lease Guarantor	Corporate
Rent Commencement Date	February 1, 2016
Lease Expiration Date	January 31, 2031
Approximate Lease Term Remaining	15 Years
Rental Increases	10% Every 5 Years
Renewal Options	4, 5 Year Options

ANNUALIZED OPERATING DATA		
LEASE YEARS	ANNUAL RENT	CAP RATE
2/1/2016 - 1/31/2021	\$93,000	4.00%
2/1/2021 - 1/31/2026	\$102,300	4.40%
2/1/2026 - 1/31/2031	\$112,530	4.84%
OPTIONS		
OPTIONS	ANNUAL RENT	CAP RATE
Option 1	\$123,783.00	5.32%
Option 2	\$136,161.30	5.85%
Option 3	\$149,777.43	6.44%

<b>BASE RENT</b>	\$93,000
Net Operating Income	\$93,000
<b>Total Return</b>	4.00% \$93,000





AutoZone is the nation’s leading retailer and a leading distributor of automotive replacement parts and accessories with more than 5,000 stores in US, Puerto Rico, Mexico, and Brazil. Each store carries an extensive line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured hard parts, maintenance items and accessories. AutoZone also sells automotive diagnostic and repair software through ALLDATA, diagnostic and repair information through alldatadiy.com, and auto and light truck parts and accessories through their website. For more than 30 years, AutoZone has been committed to providing the best parts, prices and customer service in the automotive aftermarket industry. Since opening its first store in Forrest City, Ark. on July 4, 1979, the company has joined the New York Stock Exchange (NYSE: AZO) and earned a spot in the Fortune 500.



<b>Tenant</b>	<b>Corporate</b>
<b>Ownership</b>	<b>Public</b>
<b>Headquartered</b>	<b>Memphis, TN</b>
<b>Stock Symbol</b>	<b>NYSE: AZO</b>
<b>Locations</b>	<b>5,000+</b>
<b>Employees</b>	<b>~65,000</b>
<b>Website</b>	<b>www.autozone.com</b>



RESIDENTIAL



## Investment Highlights

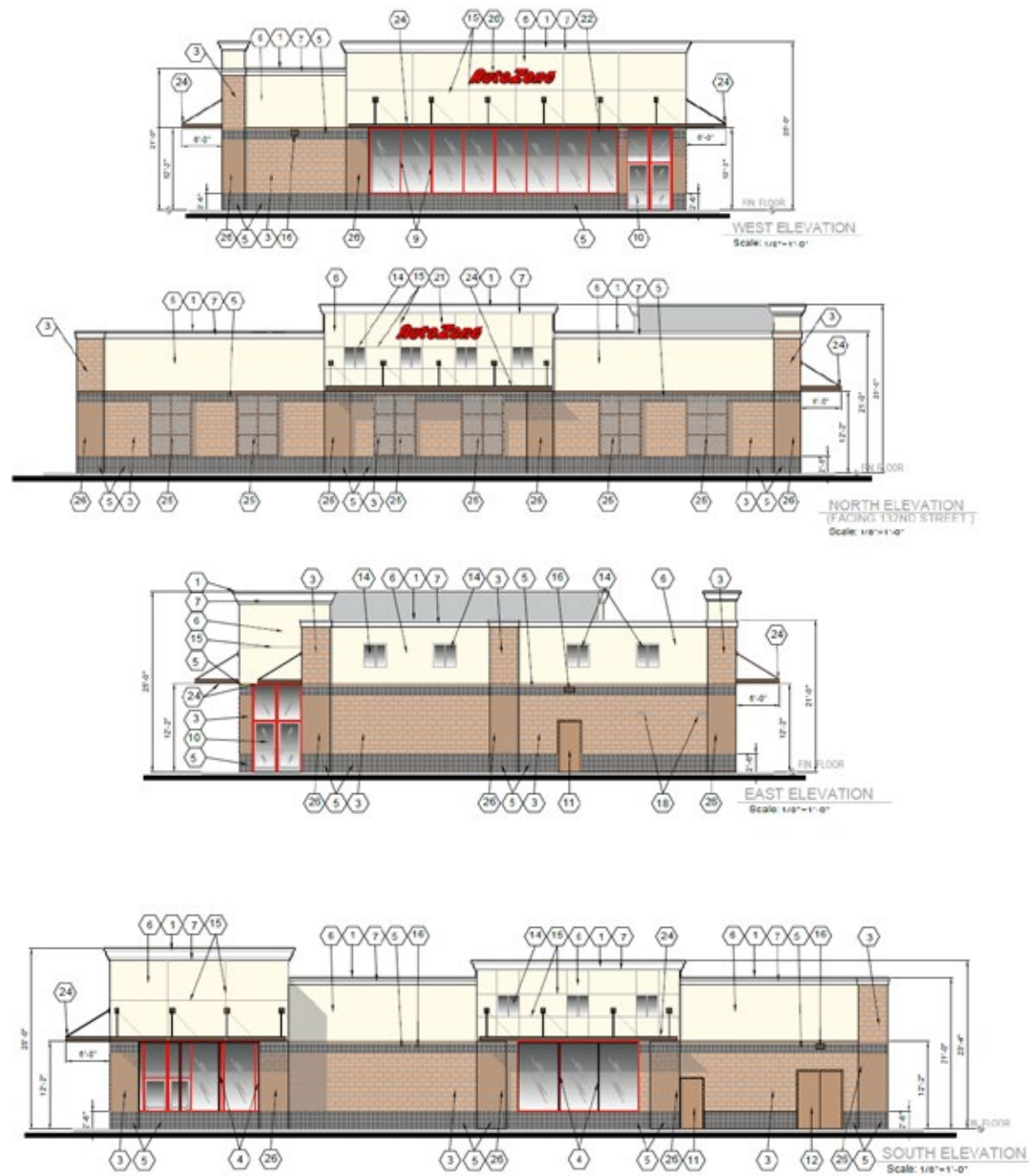
- New 15 Year Absolute Triple Net (NNN) Corporate Ground Lease with No Landlord Responsibilities
- Rare Pacific Northwest Investment Opportunity
- Brand New Construction
- Investment Grade Corporate Tenant
- Ten Percent Increases Every Five Years
- Out Parcel to Lowe's
- Visible to 32,000 Cars per Day from 132nd St SE
- Seattle MSA - Over 262,900 Residents within a 5-Mile Radius
- Average Household Income Exceeds \$90,000 in a 1-Mile Radius



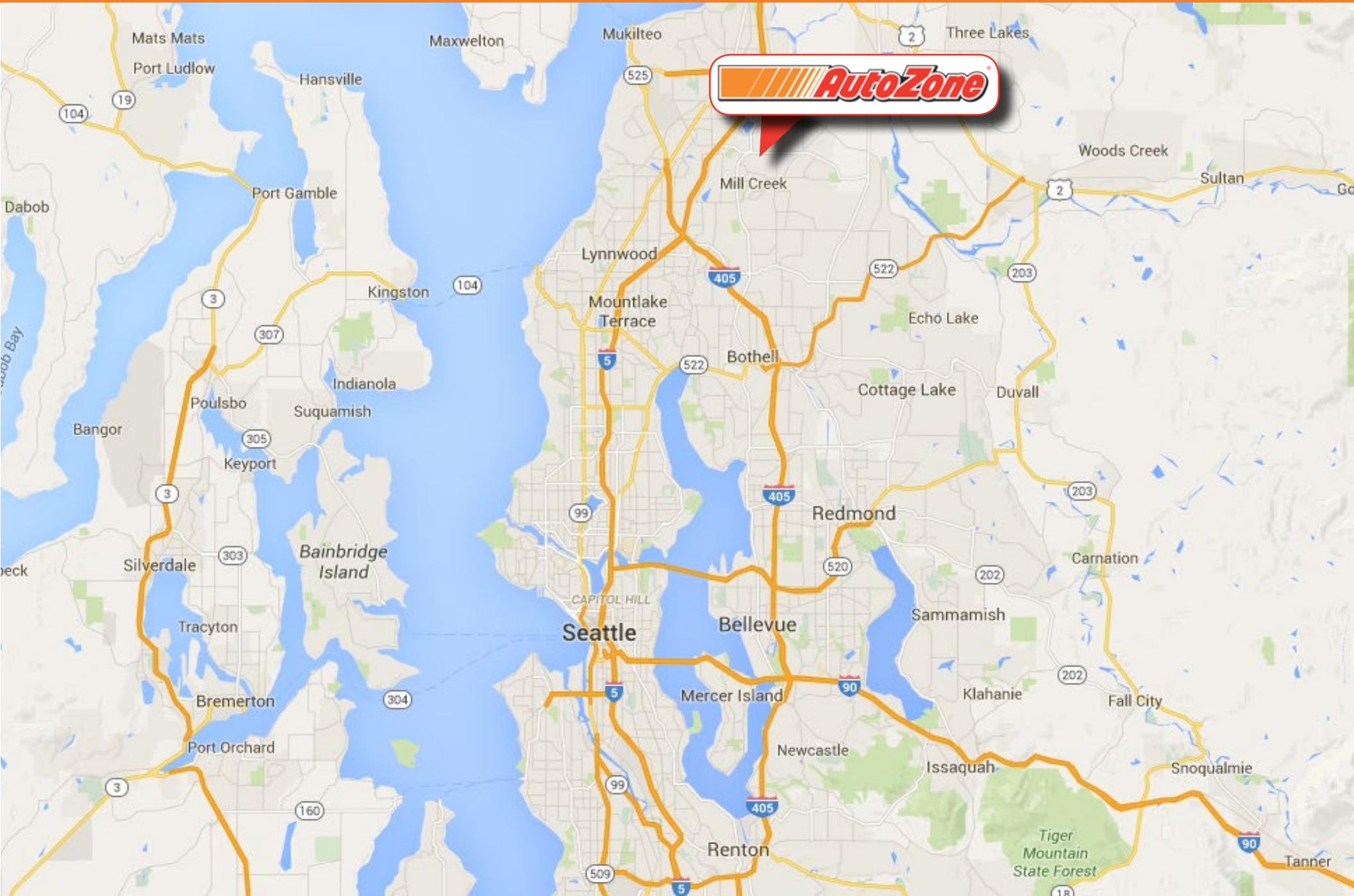
## Investment Overview

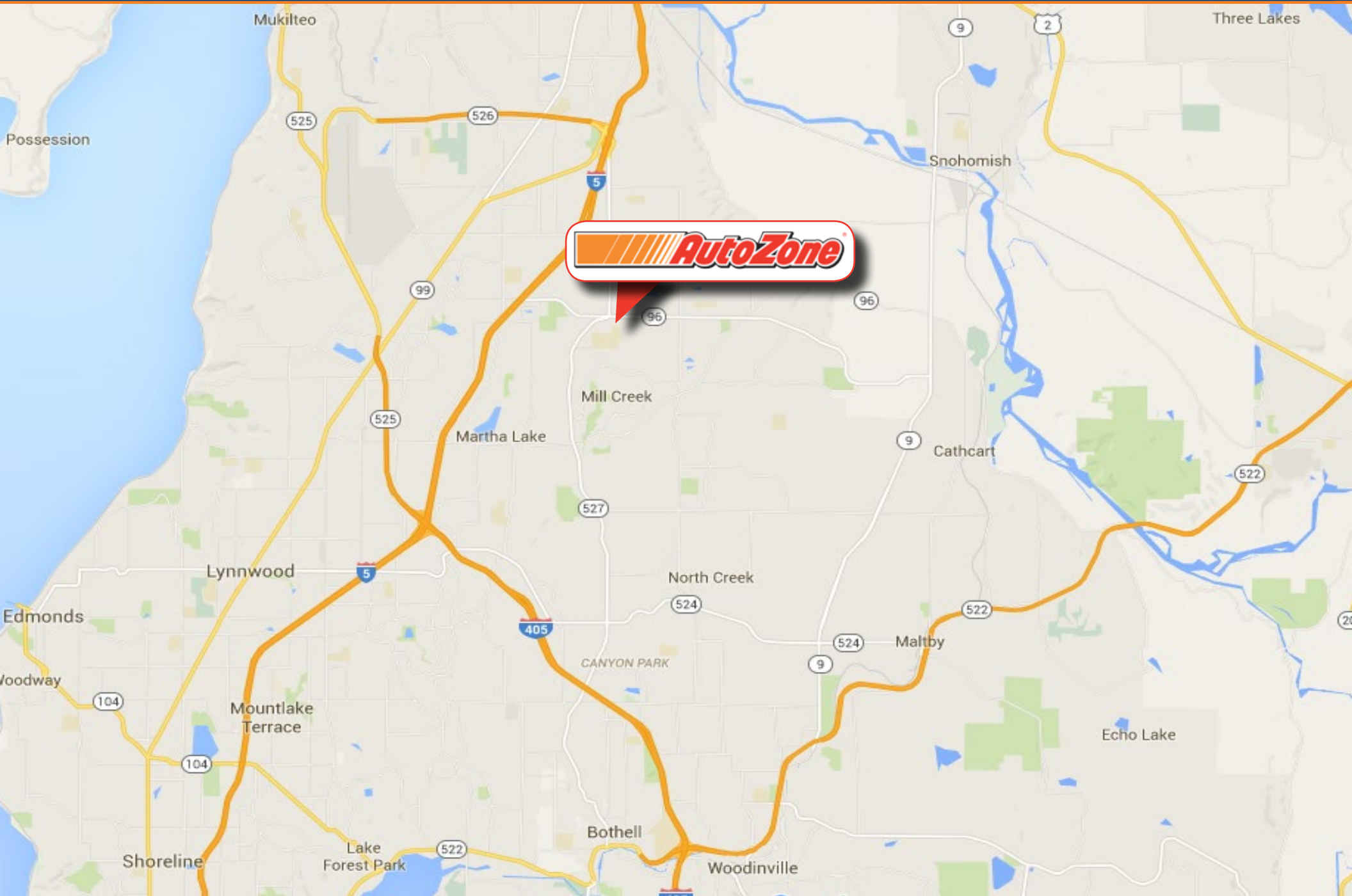
AutoZone is located at 2110 132nd Street in Mill Creek, WA. Construction broke ground on January 25, 2016 and is expected to be complete by May of 2016. The subject property is to be a 6,459-square-foot single tenant building on +/- .61 acres of land. There are 15 years remaining on the brand new absolute triple-net (NNN) corporate ground lease with no Landlord responsibilities. The offering provides three, five year options with ten percent increases every five years. AutoZone is the nation's leading retailer and a leading distributor of automotive replacement parts and accessories with more than 5,000 stores in US, Puerto Rico, Mexico, and Brazil.

The subject property is visible to over 32,000 cars per day from 132nd Street SE. The business is an out parcel to Lowe's and surrounded by several tenants including Fred Meyer, Starbucks, Walgreens, Albertson's, Home Depot and more. AutoZone is situated within a strong market area with over 262,900 residents and 107,664 households in a five mile radius. The average household income exceeds \$90,900 within a one-mile radius. The property is less than one and a half miles from Interstate-5 (146,000 cars per day), a primary connector throughout the state of Washington. The city of Mill Creek is located 20 Miles northwest of downtown Seattle. Seattle-Tacoma is home to Microsoft and Amazon, which provide an economic boost and numerous high-quality jobs to the region, which has brought significant, continuous, population growth to the area.









## Seattle MSA

### Metro

The Seattle-Tacoma metro has a population of more than 3.6 million individuals and is composed of Snohomish, King and Pierce counties. Seattle is the largest city with 647,100 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.

#### The Seattle Metro is:

- 120 miles from Vancouver, B.C., Canada
- 150 miles from Portland
- 230 miles from Spokane
- 800 miles from San Francisco

### Employers

Seattle-Tacoma is home to Microsoft and Amazon, which provide an economic boost and numerous high-quality jobs to the region. These companies also attract many other tech and support businesses to locate nearby.

Boeing is no longer headquartered in Seattle, but the company maintains large manufacturing facilities in Everett and Renton. The company is a key component of the local employment base and continues to fulfill new government and commercial contracts, providing thousands of jobs.

Amazon, based locally, is rapidly expanding. The company has begun work on the first phase of a 3.3 million-square foot addition to its office campus.

Many of the region's larger employers are in the healthcare industry, such as the VMMC, making Seattle the healthcare hub for the Pacific Northwest. The University of Washington Medical Center, one of the nation's premier teaching hospitals, encourages growth in the sector.

While the metro has its share of large employers, most companies are small; about 60 percent of area firms have fewer than five employees. This emphasis on small firms encourages innovation and flexibility and bolsters the area's long-term employment outlook.

### Economy

Economic diversity in the region is achieved with a highly skilled and educated workforce, advanced transportation and distribution infrastructure, manufacturing capabilities, and access to national and global markets. International trade plays an important role in the Seattle-Tacoma economy.

The metro is home to nine Fortune 500 companies: Costco, Microsoft, Amazon, Starbucks, Nordstrom, PACCAR, Expeditors, Alaska Air and Weyerhaeuser. Many of these businesses are also major employers in the region.

The area is a leader in the aerospace and computer software industries. Microsoft Corp. is headquartered in Redmond, and many smaller software development firms are located throughout the state. Boeing Co. serves as a major employer in the Puget Sound region.

While aerospace continues to account for a significant share of area jobs, one of the fastest-growing industries is biomedical technology. The local biotechnology and medical device industry is thriving due in part to strong entrepreneurial culture, available venture capital, and local assets including the University of Washington, the Fred Hutchinson Cancer Research Center, and the Allen Institute for Brain Science.

### Quality of Life

Seattle-Tacoma is a sophisticated urban center favored by shoppers and outdoorsmen alike. The area is surrounded by mountains and water, creating ample opportunities for recreational activities. Mount Rainier challenges experienced mountain climbers, while the San Juan Islands and Puget Sound attract boaters, kayakers and bicyclists from around the world to this premier outdoor recreational destination.

The region is home to the world-famous Pike Place Market, the Seattle Center and the Space Needle. Other major attractions include the Seattle Aquarium, the Seattle Art Museum, the Experience Music Project, and the Science Fiction Museum and the Hall of Fame. The area's large population of artisans has afforded Seattle an international reputation as a hotbed for trendsetting music and art. The metro area is home to three universities, including the University of Washington, as well as community colleges and the Art Institute of Seattle, which prepare students with skills demanded in the local economy.

### Market Highlights

#### Strong, growing economy

Growth is forecast for international exports and the high-tech industry, which includes companies such as Microsoft, Amazon and Boeing.

#### Highly educated workforce

Approximately 37 percent of residents have at least a bachelor's degree and 13 percent hold a graduate or professional degree.

#### High median household income

The median household income in the Seattle-Tacoma metro is close to 25 percent higher than the national median.

Population	1-Mile	3-Miles	5-Miles
2019 Projection	14,705	147,634	283,288
2014 Estimate	13,563	136,628	262,908
Growth 2014 - 2019	8.42%	8.06%	7.75%
2000 Census	10,024	98,989	192,520
2010 Census	12,579	128,433	247,255
Growth 2000 - 2010	25.49%	29.74%	28.43%

Households	1-Mile	3-Miles	5-Miles
2019 Projections	5,644	55,929	107,664
2014 Estimate	5,138	51,516	99,480
Growth 2014 - 2019	9.85%	8.57%	8.23%
2000 Census	3,728	37,254	72,726
2010 Census	4,724	48,106	92,974
Growth 2000 - 2010	26.71%	29.13%	27.84%
2014 Occupied Units	5,337	53,026	102,808
Owner Occupied	3,004	30,973	59,219
2014 Est. Daytime Population	3,060	27,034	68,823

2014 Income	1-Mile	3-Miles	5-Miles
\$200,000 or More	3.21%	3.52%	3.60%
\$150,000 - \$199,999	11.70%	6.47%	6.13%
\$100,000 - \$149,999	19.62%	20.62%	19.42%
\$75,000 - \$99,999	14.62%	15.37%	15.55%
\$50,000 - \$74,999	19.61%	19.94%	19.79%
\$35,000 - \$49,999	11.13%	12.13%	13.02%
\$25,000 - \$34,999	8.11%	7.96%	8.22%
\$15,000 - \$24,999	5.65%	6.56%	7.28%
\$10,000 - \$14,999	2.31%	2.70%	2.85%
Under \$9,999	4.03%	4.73%	4.15%
2014 Est. Average Household Income	\$90,896	\$85,975	\$84,511
2014 Est. Median Household Income	\$73,882	\$69,708	\$67,832
2014 Est. Per Capita Income	\$34,701	\$32,489	\$32,047

## Confidentiality Agreement

The information contained in the following offering memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and it should not be made available to any other person or entity without the written consent of Marcus & Millichap. By taking possession of and reviewing the information contained herein the recipient agrees to hold and treat all such information in the strictest confidence. The recipient further agrees that recipient will not photocopy or duplicate any part of the offering memorandum. If you have no interest in the subject property at this time, please return this offering memorandum to Marcus & Millichap.

This offering memorandum has been prepared to provide summary, unverified financial and physical information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this offering memorandum has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

**ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONTACT THE MARCUS & MILLICHAP AGENT FOR MORE DETAILS.**

## Net Leased Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

**By accepting this Marketing Brochure, you agree to treat the information contained herein regarding the lease terms as confidential and proprietary and to only use such information to evaluate a potential purchase of this net leased property.**

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 as well as the Property Owner 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.**

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