

Marcus & Millichap
BROWN RETAIL GROUP
SEATTLE | PORTLAND | BOISE

WASHINGTON STATE DEPARTMENT OF SOCIAL AND HEALTH SERVICES

7113 W Okanogan Pl, Kennewick, WA 99336

**WASHINGTON STATE-GUARANTEED (FITCH: AA+) DSHS FACILITY
FEATURING ATTRACTIVE ASSUMABLE FINANCING AND LONG-
TERM LEASE IN RAPIDLY GROWING KENNEWICK, WA**



ACTUAL PROPERTY PHOTO

**ATTRACTIVE 3.23% ASSUMABLE
FINANCING AVAILABLE!**

9.22% cash-on-cash return achievable by assuming
Seller's existing loan of ~\$3,774,000 (~60% LTV)
featuring a 3.23% interest rate, maturing 2036.



Any property descriptions, artwork, renderings, tables, site plans, land surveys, registry plans, zoning plans, maps, aerial depictions, or any other related information or descriptions, as set forth herein, have been included for illustrative purposes only and should not be relied upon when performing due diligence or making any investment decisions.



Any property descriptions, artwork, renderings, tables, site plans, land surveys, registry plans, zoning plans, maps, aerial depictions, or any other related information or descriptions, as set forth herein, have been included for illustrative purposes only and should not be relied upon when performing due diligence or making any investment decisions.

THE OFFERING

7113 West Okanogan Place, Kennewick, WA 99336

Marcus & Millichap's Brown Retail Group has been selected to exclusively market for sale the **Washington State Department of Social and Health Services (DSHS) facility located in Kennewick, WA, one of the fastest-growing submarkets in Eastern Washington.** The property features a 10-year modified gross lease signed in 2020 with approximately 5 years remaining, guaranteed by the State of Washington (Fitch: AA+), providing investors with one of the strongest credit-backed income streams available in the market. The lease includes one renewal option at fair market rent, ensuring income growth aligned with inflation and rising costs. **The property features highly attractive assumable financing at a 3.23% interest rate, resulting in a 9.22% cash-on-cash return in Year 1,** with the approximately \$3.774 million loan representing ~60% LTV and featuring 30-year amortization with 11 years of term remaining (maturing in 2036). The Department of Social and Health Services (DSHS) is a mission-critical arm of the Washington State government, with demand for its services often increasing during economic downturns, offering investors a recession-resilient income stream backed by essential government services. Originally constructed in 2020 as a build-to-suit for DSHS, the property has been continuously occupied since completion and is customized to its operational needs, ensuring long-term commitment to this location. The property is situated on 2.72 acres with approximately 85 parking stalls, providing abundant parking and site functionality for DSHS and any future office or service user. Within a 5-mile radius, the population has increased 16% since 2015 and rental rates have risen 33% cumulatively over the past decade (per CoStar), reflecting strong market fundamentals and sustained demand for quality assets. The property serves a community of approximately 162,170 residents within a 5-mile radius, with average household income exceeding \$105,000 per year. Washington State offers the added benefit of being an income tax free state, enhancing investor returns and providing a tax efficient investment environment.

PRICE: \$6,285,000
CAP RATE: 7.16%
CASH/CASH RETURN: 9.22%*

*9.22% cash-on-cash return achievable by assuming Seller's existing loan of ~\$3,774,000 (~60% LTV) featuring a 3.23% interest rate, maturing 2036.



ACTUAL PROPERTY PHOTO

THE PROPERTY

Price	\$6,285,000
Cap Rate	7.16%
Price/SF	\$296/SF
Gross Leasable Area	21,229 SF
Lot Size (Acres)	2.72 Acres
Type of Ownership	Fee Simple
Year Built	2020

LEASE SUMMARY

Tenant	State of Washington, Department of Social and Health Services
Rent Increases	10% Every 5 Years
Guarantor	State of Washington
Lease Type	Modified Gross
Lease Commencement	10/01/2020
Lease Expiration	09/30/2030
Renewal Options	1, 5-Year Option
Term Remaining on Lease	± 5 Years
Landlord Responsibility	Taxes, Insurance, Repair & Maintenance
Tenant Responsibility	Water & Sewage

RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF
Current - 09/30/2030	\$541,344	\$45,112	\$25.50
OPTIONS			
10/1/2030 - 9/30/2035	Fair Market Value		

ASSUMABLE FINANCING

Interest Rate	3.23%
Loan to Value	~60%
Down Payment	~\$2,511,000
Loan Amount	~\$3,774,000
Amortization	30 Years
Loan Term	11 Years (2036)
Cash-on-Cash Return*	9.22%

*9.22% cash-on-cash return achievable by assuming Seller's existing loan of ~\$3,774,000 (~60% LTV) featuring a 3.23% interest rate, maturing in 2036. Contact Listing Agent for more details and current exact loan balance.

OPERATING STATEMENT

Income	Year 1	Per SF	Notes
Scheduled Base Rental Income	541,344	25.50	
Expense Reimbursement Income	-	-	
CAM - Water & Sewage	11,347	0.53	[1]
Total Reimbursement Income	\$11,347	11.1%	\$0.53
Effective Gross Revenue	\$552,691	\$26.03	
Operating Expenses	Current	Per SF	
Water & Sewage	11,347	0.53	[2]
Landscaping	698	0.03	[3]
Fire Sprinkler	1,428	0.07	[4]
HVAC	2,240	0.11	[5]
Phone/Cable	381	0.02	[2]
Electrical	401	0.02	[5]
Exterior Maintenance	434	0.02	[2]
Interior Maintenance & Lighting	551	0.03	[2]
Door Locks & Hardware	730	0.03	[2]
Parking Lot Maintenance	12,265	0.58	[2]
Plumbing	1,540	0.07	[2]
Pest Control	3,280	0.15	[2]
Storm Water/Irrigation	439	0.02	[2]
Fire Alarm	1,754	0.08	[2]
Insurance	9,822	0.46	[2]
Real Estate Taxes	29,806	1.40	[6]
Management Fee	25,290	4.6%	1.19 [7]
Total Expenses	\$102,407	\$4.82	
Expenses as % of EGR	18.5%		
Net Operating Income	\$450,284	\$21.21	

Notes	
[1]	Tenant reimburses for Water & Sewage Expense.
[2]	Average Expenses Per 2024 Income Statement and Annualized 2025 YTD Income Statement.
[3]	Per Annualized 2025 YTD Income Statement to demonstrate recurring expense amount.
[4]	Per 2024 Income Statement to demonstrate recurring expense amount.
[5]	Average of 2024 Income Statement (adjusted for one-time expenses) and Annualized 2025 YTD Income Statement.
[6]	2025 Property Taxes per Benton County Assessor.
[7]	Average Management Fee Expense Per 2024 Income Statement and Annualized 2025 YTD Income Statement.

| THE HIGHLIGHTS

WASHINGTON STATE GOVERNMENT GUARANTEE

The lease is guaranteed by the State of Washington (Fitch: AA+), providing investors with one of the strongest credit-backed income streams available in the market.

5-YEAR LEASE

The property has approximately 5 years remaining on the original 10-year lease that was signed when the property was built in 2020. There is one renewal option, set at fair market rent, ensuring income growth in line with inflation and rising costs.

ATTRACTIVE 3.23% ASSUMABLE FINANCING | 9.22% CASH-ON-CASH RETURN YEAR 1

The property features highly attractive assumable financing at a 3.23% interest rate which results in a 9.22% cash-on-cash return in Year 1. The ~\$3.774M loan represents ~60% LTV and features 30-year amortization and 11-years of term remaining (maturing in 2036), providing significant cash flow enhancement over current market rates. Contact Listing Agent for more details and current exact loan balance.

2020 CONSTRUCTION | BUILT-TO-SUIT

Originally constructed in 2020 as a build-to-suit for DSHS, the property has been continuously occupied since completion and is customized to its operational needs, ensuring long-term commitment to this location.



RECESSION PROOF | ESSENTIAL GOVERNMENT TENANT

The Department of Social and Health Services (DSHS) is a mission-critical arm of the Washington State government. Demand for its services often increases during economic downturns, offering investors a recession-resilient income stream backed by essential government services.

LARGE 2.72 ACRE LOT WITH AMPLE PARKING

Situated on 2.72 acres, the property offers approximately 85 parking stalls, providing abundant parking and site functionality for DSHS and any future office or service user.

HIGH-GROWTH SUBMARKET | STRONG RENT GROWTH (33%)

Within a 5-mile radius, population has increased 16% since 2015, and rental rates have risen 33% cumulatively over the past decade (per CoStar), reflecting strong market fundamentals and sustained demand for quality assets.

DENSE, AFFLUENT DEMOGRAPHICS

The property serves a community of approximately 162,170 residents within a 5-mile radius, with average household income exceeding \$105,000 per year.

INCOME TAX FREE STATE

Washington State is an income tax free state, offering investors a tax-advantaged investment environment.

SITE PLAN



COST SEGREGATION

Cost Segregation		
7113 West Okanogan Place, Kennewick, WA 99336		
	Benefits of a Cost Segregation Study	Without Cost Segregation
2025	\$ 1,311,255	\$ 5,372
2026	\$ 95,403	\$ 128,923
2027	\$ 95,403	\$ 128,923
2028	\$ 95,403	\$ 128,923
2029	\$ 95,403	\$ 128,923
	5 Years with ETS Cost Seg	Without Cost Seg
	\$ 1,692,867	\$ 521,064

***This is a high level estimate of depreciation and is for demonstration purposes only.

Purchase: \$6,285,000.00 | Basis: \$5,028,000.00 | Land: \$1,257,000.00 | Bonus: 100%
PIS Date: 12/20/2025 | Asset Life: 39 Year | Bldg Type: Office



Michael D'Onofrio
Managing Director
mdonofrio@engineeredtaxservices.com
561-762-0044

TRAVEL TIMES

YAKIMA - 1 HR 20 MIN

PORTLAND - 3 HR 30 MIN

TACOMA - 3 HR 43 MIN

SEATTLE - 3 HR 30 MIN

KENNEWICK, WA			
DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
2024 Population	5,668	66,816	167,657
2029 Pop. Projection	5,762	69,219	175,008
Pop Growth 2024-2029	1.66%	3.60%	4.38%
Avg. HH Income	\$93,455	\$112,364	\$112,196

 **7113 WEST OKANOGAN PL,
KENNEWICK, WA 99336**

KENNEWICK, WA

The investment property is in Kennewick, Washington, an attractive target market for real estate investors thanks to the metro’s strong economic fundamentals, solid employer base, and strategic location. Over 167,600 residents live within a five-mile radius of the property, and this population is expected to increase by 4.4 percent over the next five years. This rapid growth, paired with a median household income that exceeds the national average by over 20 percent, reflects the area’s plentiful demand for healthcare, retail, and essential services. This promising demand is anchored by large employers representing the technology, healthcare and education sectors. The international research firm Battelle is the city’s largest employer, providing jobs for over

5,000 residents. Likewise, local hospital Kadlec Regional Medical Center supports 3,800 local jobs. The city's talent pool is highly educated, as evidenced by over 29 percent of residents within a five-mile radius of the property holding a graduate degree. This trend of above-average educational attainment suggests the city will maintain long-term appeal to major employers. As the principal city of the Tri-Cities area of eastern Washington, Kennewick also benefits from spillover demand for services generated by residents in nearby Pasco and Richland. Together, these trends underscore Kennewick’s position as an appealing environment for investors supported by a thriving consumer base that sustains year-round demand for essential services.



ESSENTIAL GOVERNMENT TENANT

The Department of Social and Health Services (DSHS) is a mission-critical arm of the Washington State government. Demand for its services often increases during economic downturns, offering investors a recession-resilient income stream backed by essential government services.



FIVE-YEAR LEASE

The property has approximately 5 years remaining on the original 10-year lease that was signed when the property was built in 2020. There is one renewal option, set at fair market rent, ensuring income growth in line with inflation and rising costs.



BUILT-TO-SUIT 2020 CONSTRUCTION

Originally constructed in 2020 as a build-to-suit for DSHS, the property has been continuously occupied since completion and is customized to its operational needs, ensuring long-term commitment to this location.

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.

CONFIDENTIALITY & DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified 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, PCB's or asbestos, the compliance with 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 Marketing Brochure 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.

NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY

Please consult your Marcus & Millichap agent for more details.

COOPERATIVE BROKERAGE COMMISSION

Marcus & Millichap is offering a cooperative brokerage commission by Seller to brokers who represent purchasers that were not directly contacted via phone or e-mail by the listing brokers and who successfully close on the property at terms acceptable to Seller.

LISTING AGENTS

CLAYTON J. BROWN

Senior Managing Director Investments
206.826.5787 D
253.569.4338 C
clayton.brown@marcusmillichap.com

TREVOR LANE

Brokerage Coordinator
206.826.5756 D
425.233.9522 C
trevor.lane@marcusmillichap.com

DYLAN WOLF

Director Investments
206.826.5728 D
253.334.3761 C
dylan.wolf@marcusmillichap.com

LUKE HOLSINGER

Associate Investments
206.826.5821 D
253.732.5067 C
luke.holsinger@marcusmillichap.com

LUKE PALLIS

Associate Investments
206.826.5817 D
206.550.9500 C
luke.pallis@marcusmillichap.com

RUTHANNE LOAR

Associate Investments
206.493.2622 D
916.206.4027 C
ruthanne.loar@marcusmillichap.com

ANDREW HANSON

Associate Investments
541.690.4315 D
206.661.4297 C
andrew.hanson@marcusmillichap.com

Marcus & Millichap

BROWN RETAIL GROUP

SEATTLE | PORTLAND | BOISE

