

WASHINGTON STATE LEASED INVESTMENT PROPERTY
MOODY'S AAA RATED



DEPARTMENT OF CORRECTIONS OFFICE
1717 W Broadway Ave, Spokane, WA 99201

LOCAL EXPERTISE. INTERNATIONAL REACH. WORLD CLASS.

INVESTMENT SUMMARY | 1717 W BROADWAY AVE, SPOKANE, WA

Lee & Associates is pleased to present the opportunity to acquire a mission-critical, single-tenant office property in West Central Spokane, Washington, fully leased to the Washington Department of Corrections (WA DOC) through December 2030. The lease is fully guaranteed by the State of Washington, which maintains Moody's highest possible Aaa credit rating, ensuring exceptional tenant stability and minimal credit risk. Occupied as an essential facility for community supervision, offender rehabilitation, and regional administration, the property benefits from the tenant's long-term commitment to this specific location, supported by a firm 10-year lease term that provides investors with secure, predictable cash flow.

The asset stands out for its embedded growth potential and turnkey condition. Current in-place rents of \$14.25 per square foot are approximately 21% below prevailing market rates, creating substantial mark-to-market upside upon lease renewal. A comprehensive renovation completed in 2021, with over \$400,000 invested in interior, exterior, and mechanical system upgrades, minimizes near-term capital expenditure requirements and positions the property as a low-maintenance, high-quality holding.

Ideally situated in the heart of West Central Spokane, the location offers excellent accessibility to public transportation, courts, educational institutions, and social support services—features that directly align with and enhance the WA DOC's operational mission—while providing ample on-site parking. Investors further benefit from Washington's favorable tax environment, as the state imposes no personal income tax on rental income. This combination of investment-grade credit, significant rental upside, modern improvements, and a mission-supportive location makes the property an attractive option for investors seeking stable current returns with meaningful value-creation potential in the growing Spokane market.

INVESTMENT HIGHLIGHTS

INVESTMENT GRADE TENANT:

The lease is guaranteed by the State of Washington, which has been assigned a rating of Aaa by Moody's, the highest possible rating.

FIRM 10-YEAR LEASE:

Washington Department of Corrections (WA DOC) signed a 10-year lease through December 2030 demonstrating a long-term commitment to the property.

SIGNIFICANT RENT UPSIDE:

Current rent of \$14.25/SF is 21% below market providing strong mark-to-market potential upon lease renewal.

MISSION-CRITICAL USE:

WA DOC facility for community supervision, offender rehabilitation, and regional administration which makes for exceptional tenant stability.

MAJOR RECENT RENOVATION:

\$400,000+ renovation in 2021 upgrading the interior, exterior, and mechanical systems which minimizes near-term CapEx requirements.

KEY LOCATION:

Situated in the heart of West Central Spokane, this location ideally supports the tenant's mission with ample parking as well as excellent access to public transportation, courts, educational institutions, and social support services.

SITE SUMMARY | 1717 W BROADWAY AVE, SPOKANE, WA



OFFERING SUMMARY

Sale Price	\$2,800,000
Cap Rate	8.0%
Price Per RSF	\$127
Tenant	Washington State Department of Corrections
Bldg Gross SF	27,013 SF
Bldg Rentable SF	22,101
Lot Size	0.63 Acres
Lease Commencement	1/1/2021
Lease Expiration	12/31/2030
Renewal Options	1, 5-Year Option
Lease Type	Modified Gross
Remaining Lease Term	5.9 Years
Landlord Responsibility	Taxes, Insurance, Water, Sewer, Garbage, Repairs & Maintenance
Tenant Responsibility	Natural Gas, Electricity, Janitorial Service, Supplies
Zoning	CC1-NC
Number of Floors	4
Year Built / Renovated	1906/2021

PROPERTY AERIAL



PHOTOS | EXTERIOR



PHOTOS | EXTERIOR



TENANT PROFILE | WASHINGTON STATE DEPARTMENT OF CORRECTIONS (WA DOC)

OVERVIEW AND MISSION

The Washington State Department of Corrections (WA DOC) is a state government agency established on July 1, 1981, under the Corrections Reform Act, transitioning adult correctional institutions from the Department of Social and Health Services to a dedicated corrections entity. Headquartered in Tumwater, Washington, and led by a Secretary appointed by the Governor with Senate confirmation, the agency administers a comprehensive adult corrections system for convicted law violators statewide. Its statutory mission, as defined in RCW 72.09.010, is to ensure public safety through humane and effective operations, with a vision to “improve public safety by positively changing lives” and partnering with communities to transform lives for a better Washington. WA DOC emphasizes evidence-based programs to reduce recidivism, support successful reentry, and foster safer communities, operating under six major divisions including Prisons, Community Corrections, Reentry, Health Services, and Correctional Industries.

OPERATIONS AND FACILITIES

WA DOC manages over 12,000 incarcerated individuals across 10 active adult prison facilities (nine for men and one for women, following the planned September 2025 closure of the Mission Creek Corrections Center for Women, with residents relocating to the Washington Corrections Center for Women). Key prisons include the Airway Heights Corrections Center, Clallam Bay Corrections Center, Monroe Correctional Complex, and Washington State Penitentiary, varying in size and focus from minimum- to maximum-security. Community supervision covers an active caseload of adults in the community, supported by six Community Justice Centers in major cities (Everett, Seattle, Spokane, Tacoma, Vancouver, and Yakima) that provide reentry planning, mental health services, sex offense treatment, anger management, parenting education, financial literacy, and housing assistance. The agency also oversees 10 reentry centers (e.g., Bellingham, Olympia, Tacoma) with ongoing expansions, Correctional Industries for vocational training and job readiness, and specialized programs like opioid abatement initiatives funded by a \$677,809 settlement in 2025 to enhance overdose prevention. With approximately 8,000 employees, WA DOC prioritizes staff training through academies in corrections, case management, and community supervision, while maintaining tribal relations via the Corrections Indian Policy Advisory Committee and handling legal matters such as extraditions and habeas corpus petitions.

FINANCIAL STABILITY AND CREDIT PROFILE

As a division of the State of Washington, WA DOC benefits from the state’s exceptional Aaa credit rating from Moody’s—the highest possible—reflecting robust financial management, diversified revenue streams, and low debt burden. The agency’s biennial budget, developed in collaboration with the Office of Financial Management, supports operations through state appropriations, with historical figures indicating a \$765 million budget in the mid-1990s scaling to current levels aligned with a population of over 12,000 and expanded reentry efforts. Funding covers salaries, infrastructure, healthcare continuity, and recidivism-reduction programs, emphasizing cost efficiencies like lower return rates to prisons, which enhance public safety and taxpayer value. This government-backed structure ensures unwavering lease payment reliability, minimal default risk, and long-term operational stability for mission-critical facilities like community supervision and rehabilitation offices.



FINANCIALS | RENT ROLL, OPERATING INCOME DETAIL & FINANCED SCENARIO

RENT ROLL									
TENANT NAME	SUITE	SQUARE FEET	% BLDG SHARE	COMM.	EXP.	ANNUAL RENT PER SF	TOTAL RENT PER MONTH	TOTAL RENT PER YEAR	LEASE TYPE
WA DOC	All	21,501	97.3%	1/1/21	12/31/30	\$14.75	\$26,432	\$317,189	Modified Gross
Vacant	Bsmt	600	2.7%			\$0.00	\$0	\$0	
TOTAL		22,101					\$26,432	\$317,189	

OPERATING INCOME DETAIL			
INCOME	CURRENT	PER SF	NOTES
SCHEDULED BASE RENTAL INCOME	317,189	14.35	
OPERATING EXPENSES	Current	Per SF	NOTES
ELECTRIC/NATGAS	0	0.00	Tenant Pays Directly
JANITORIAL	0	0.00	Tenant Pays Directly
WATER/SEWER/GARBAGE	6,200	0.28	Per Recent Expense
REPAIRS & MAINTENANCE	33,000	1.58	Includes HVAC Replacement
INSURANCE	7,500	0.32	Per Recent Expense
PROPERTY TAXES	29,075	1.32	Estimated
LOT RENT	4,800	0.22	Per Recent Expense
MANAGEMENT FEE	12,688	0.57	4.0% of EGI Per Market Norms
TOTAL EXPENSES	93,263	\$4.33	
EXPENSES AS % OF EGR	29.4%		
NET OPERATING INCOME	\$223,927	\$10.02	

FINANCED SCENARIO			
PRICE: \$2,800,000		Current	
FINANCING	Conventional Fixed		
DOWN PAYMENT %	30%	NET OPERATING INCOME	\$223,927
DOWN PAYMENT	\$840,000	LESS: DEBT SERVICE	\$149,390
LOAN FEE	\$28,000	NET CASH FLOW AFTER DEBT SERVICE	\$74,536
LOAN AMOUNT	\$1,960,000		
INTEREST RATE	5.85%	CASH-ON-CASH RETURN	8.6%
TERM (MO)	60	DEBT SERVICE COVERAGE RATIO	1.50
AMORTIZATION	25		
MONTHLY P&I	\$12,449		
MONTHLY INT-ONLY	\$9,555		

SPOKANE, WA | REGIONAL ECONOMIC HUB OF EASTERN WASHINGTON

REGIONAL ECONOMIC PROFILE

Spokane is the economic center of Eastern Washington and the Inland Northwest, serving a multi-state regional population with a diversified employment base.

STRATEGIC INLAND NORTHWEST LOCATION

The city offers strong regional connectivity via I-90, U.S. Highway 2, and Spokane International Airport, linking the Pacific Northwest with the Intermountain West.

ATTRACTIVE INVESTMENT FUNDAMENTALS

Spokane provides lower acquisition costs and operating expenses compared to major West Coast markets, supporting competitive yields and stable cash flow.

LONG-TERM GROWTH OUTLOOK

Steady population growth and continued public and private investment support sustained commercial real estate demand.



MAJOR EMPLOYERS



LOCAL SPORTS TEAMS



Spokane Indians
Minor League Baseball



Spokane Chiefs
WHL Hockey

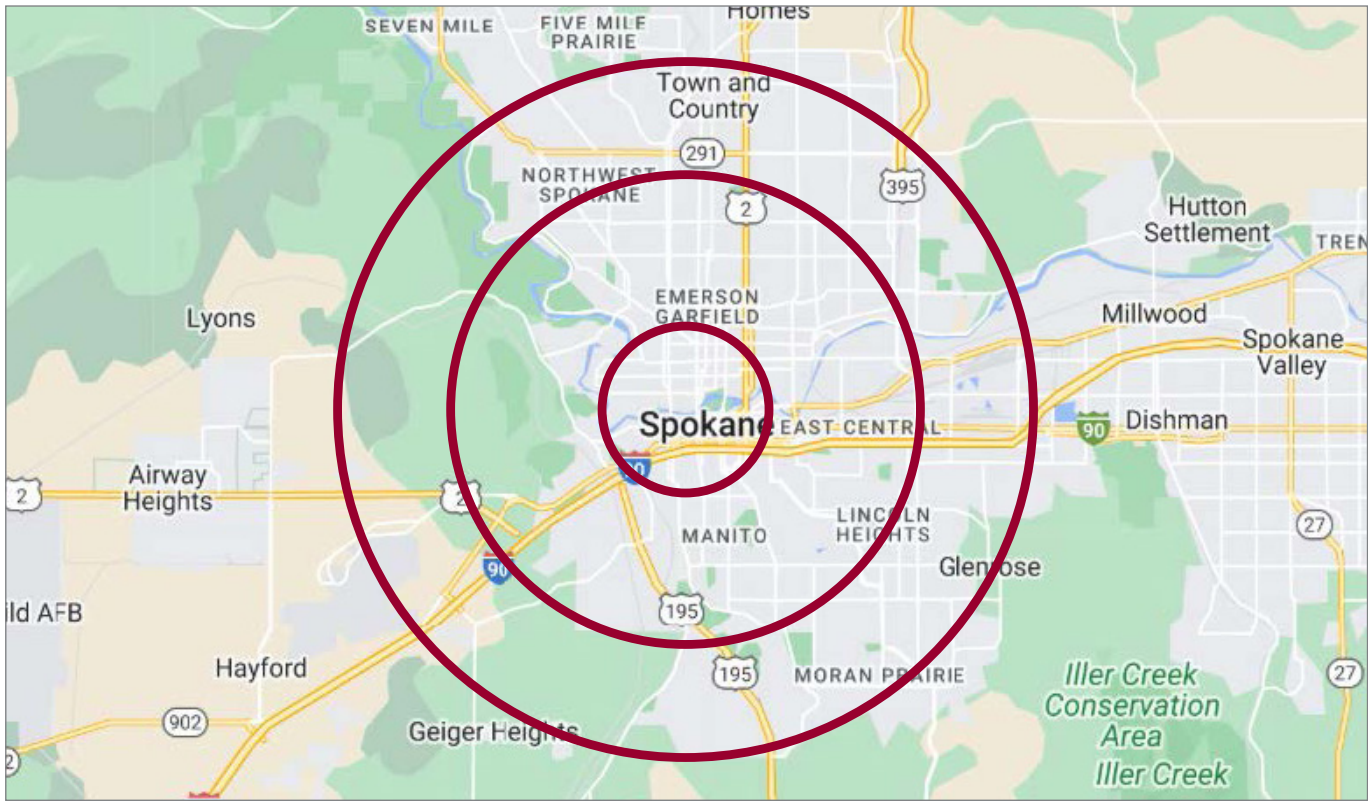


Spokane Velocity FC
Men's USL League One



Gonzaga Bulldogs
NCAA Basketball

SPOKANE, WA | DEMOGRAPHICS



POPULATION	1 MILES	5 MILES	10 MILES
2020 Population	16,944	217,461	386,869
2024 Population	18,187	225,343	402,290
2029 Pop. Projection	19,465	239,731	428,229
Pop. Growth 2020-2024	7.34%	3.62%	3.99%
Pop. Growth Forecast 2024-2029	7.03%	6.38%	6.45%
Average Age	39	38	38

HOUSEHOLDS	1 MILES	5 MILES	10 MILES
Median Home Value	\$279,999	\$306,622	\$343,735
2024 Total Households	9,245	93,887	162,104
2029 Household Projection	9,951	100,161	172,957
Annual Growth 2024-2029	7.64%	6.68%	6.70%
Median HH Income	\$38,511	\$58,215	\$63,672
Average HH Income	\$558,775	\$76,3776	\$83,078



LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

For more information, please contact:

STREN LEA

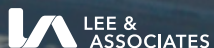
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ASSOCIATES**

1717 W BROADWAY AVE | OFFERING MEMORANDUM