

**Marcus & Millichap**  
BROWN RETAIL GROUP  
SEATTLE | PORTLAND | BOISE

# WASHINGTON STATE DEPARTMENT OF SOCIAL AND HEALTH SERVICES

*1651 Pilgrim St Moses Lake, WA 98837*

**GOVERNMENT GUARANTEED (FITC: AA+) DEPARTMENT OF SOCIAL  
AND HEALTH SERVICES FACILITY | 2015 BUILD-TO-SUIT | RECENT  
5-YEAR LEASE EXTENSION WITH 17.5% RENTAL INCREASE OVER  
PREVIOUS TERM | RAPIDLY GROWING SUB-MARKET**



ACTUAL PROPERTY PHOTO





**DSHS**  
WASHINGTON STATE  
Department of Social  
and Health Services  
**1651 S PILGRIM ST**  
MOSES LAKE, WA 98837



**DSHS**  
WASHINGTON STATE  
Department of Social  
and Health Services  
**1651 S PILGRIM ST**  
MOSES LAKE, WA 98837

- SAFeway
- STARBUCKS
- crumbl COOKIES
- ACE Hardware
- AT&T
- Auto Zone
- Pizza Hut
- RITE AID

- Wendy's
- Denny's
- Arby's
- WINGATE BY WYNDHAM
- RAMADA BY WYNDHAM
- LOWE'S
- TOYOTA
- Jeep
- RAM
- FAIRFIELD
- Wendy's
- TACO BELL
- Arby's
- Starbucks
- WINGATE BY WYNDHAM
- RAMADA BY WYNDHAM
- LOWE'S

- MCCOSH PARK
- JAPANESE PEACE GARDEN
- SHARON AVE E
- GARDEN HEIGHTS ELEMENTARY
- MOSES LAKE DENTIST
- COLONIAL AVE
- MOSES LAKE SCHOOL DISTRICT #161
- INLAND HEARING AIDS
- PROFESSIONAL DENTURES
- Yakoside Dental
- HORIZON CREDIT UNION
- COLUMBIA MIDDLE SCHOOL
- MOSES LAKE SCHOOL DISTRICT #161
- I-90 BL (+/- 12,492 VPD)
- 90

- GROFF ELEMENTARY SCHOOL
- WA-17 (+/- 11,247 VPD)
- I-90 BL (+/- 12,492 VPD)
- MOSES LAKE SCHOOL DISTRICT #161
- PROFESSIONAL DENTURES
- INLAND HEARING AIDS
- MOSES LAKE DENTIST
- COLONIAL AVE
- MOSES LAKE SCHOOL DISTRICT #161
- I-90 BL (+/- 12,492 VPD)
- 90
- MOBERG PROFESSIONAL CENTER
- CLOVER DR
- Yakoside Dental
- HORIZON CREDIT UNION
- 90

# THE OFFERING

## *1651 Pilgrim St, Moses Lake, WA 98837*

Marcus & Millichap's Brown Retail Group has been selected to exclusively market for sale the **Department of Social & Health Services (DSHS) facility located in the rapidly growing Moses Lake, Washington, sub-market.** This Property was a build-to-suit location for DSHS, situated on a spacious 3.26-acre lot with ample parking (roughly 185 parking stalls). Prior to closing, the Seller will be completing renovations throughout the entire property including: parking lot, landscaping, HVAC maintenance, and lighting throughout the facility. DSHS recently renewed their lease for an additional five years, with a notable 17.5% rental increase over the previous term. The lease is guaranteed by the State of Washington, which has a Fitch rating of AA+. Moses Lake currently boasts a low 2.3% vacancy rate, with rental rates increasing 12.5% cumulatively over the last three years (source: CoStar). Ideally positioned off State Highway 17, a major Moses Lake arterial, the Property is approximately one mile from Interstate 90, the nation's largest and most trafficked Interstate.

**PRICE: \$8,500,000**  
**CAP RATE: 7.25%**



# THE PROPERTY

Price	<b>\$8,500,000</b>
Cap Rate*	<b>7.25%</b>
Price/SF	<b>\$259</b>
Gross Leasable Area	<b>32,800 SF</b>
Lot Size (Acres)	<b>3.26 Acres</b>
Type of Ownership	<b>Fee Simple</b>
Year Built / Renovated	<b>2015 / 2025</b>

## LEASE SUMMARY

Tenant	<b>State of Washington, Department of Social and Health Services</b>
Rent Increases	<b>17.56% Increase 8/1/2025</b>
Guarantor	<b>State Agency</b>
Lease Type	<b>Modified Gross</b>
Lease Commencement	<b>8/1/2015</b>
Lease Expiration	<b>7/31/2030</b>
Renewal Options	<b>1, 5-Year Option</b>
Term Remaining on Lease	<b>5.6 Years</b>
Landlord Responsibility	<b>Taxes, Insurance, Repairs &amp; Maintenance</b>
Tenant Responsibility	<b>Utilities &amp; Janitorial</b>

## RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF
Current - 7/31/2025	\$655,672	\$54,639	\$19.99
<b>8/1/2025 - 7/31/2030</b>	<b>\$770,800</b>	<b>\$64,233</b>	<b>\$23.50</b>
<b>OPTION</b>			
8/1/2030 - 7/31/2035	Fair Market Value		

## DEBT QUOTE\*

Rate	<b>6.75%</b>
Amortization	<b>25 Years</b>
LTV	<b>60% - 65%</b>
Term	<b>5 Years</b>

\* As of 1/2/2025.

**FOR CURRENTLY AVAILABLE LOAN PROGRAMS  
PLEASE CONTACT:**

**Ray Allen**  
**Senior Managing Director, Capital Markets**  
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 rallen@ipausa.com



# OPERATING STATEMENT

Income	Year 1	Per SF	Notes
<b>Scheduled Base Rental Income</b>	770,800	23.50	[1]
<b>Operating Expenses</b>			
<b>Common Area Maintenance (CAM)</b>			
<b>Property Maintenance Base</b>	15,849	0.48	[2]
<b>Fire Alarm / Fire Sprinkler</b>	4,872	0.15	[2]
<b>HVAC</b>	16,896	0.52	[2]
<b>Landscape</b>	1,409	0.04	[2]
<b>Phone/Cable Lines</b>	1,879	0.06	[2]
<b>Carpeting/Flooring</b>	276	0.01	[2]
<b>Electrical</b>	976	0.03	[2]
<b>Exterior/Interior Lighting</b>	2,268	0.07	[2]
<b>Interior Maintenance</b>	1,386	0.04	[2]
<b>Door Locks &amp; Hardware</b>	718	0.02	[2]
<b>Parking Lot Maintenance (Snow Removal)</b>	12,257	0.37	[2]
<b>Plumbing</b>	2,259	0.07	[2]
<b>Pest Control</b>	1,308	0.04	[2]
<b>Storm Water/Irrigation</b>	4,461	0.14	[2]
<b>Insurance</b>	14,427	0.44	[3]
<b>Real Estate Taxes</b>	54,402	1.66	[4]
<b>Management Fee</b>	19,670	2.6%	0.60 [2]
<b>Total Expenses</b>	\$155,314	\$4.74	
<b>Expenses as % of EGR</b>	20.1%		
<b>Net Operating Income</b>	<b>\$615,486</b>	<b>\$18.76</b>	

## Notes

- [1] Annual Rent as of 8/1/2025.
- [2] Per Seller's 2024 Actual + Budget P&L (Actuals Jan - Nov 2024, Budget Dec 2024).
- [3] Seller's 2025 Property Insurance Cost.
- [4] Estimated 2025 Property Taxes per Grant County Assessor (2025 Levy Rate will be finalized in February 2025) and \$328.76 in Estimated Fees from 2024's Fees.

# THE HIGHLIGHTS

## WASHINGTON STATE GOVERNMENT GUARANTEE

The Lease is Guaranteed by the State of Washington, which has a Fitch rating of AA+.

## RECESSION PROOF / ESSENTIAL TENANT

The Department of Social and Health Services is a critical department within the Washington State government. Demand for its services typically increases during economic downturns, offering investors a stable and reliable tenant through all economic conditions.

## RECENT 5-YEAR LEASE WITH 17.5% RENT INCREASE OVER PREVIOUS LEASE

DSHS signed a brand new 5-year lease in August 2024 (lease length the government prefers to sign). The rent in the new lease increased 17.5% over the rent in its previous lease at this site. DSHS's renewal option is at fair market rent, ensuring the Property's rent continues to hedge against inflation and rising costs.

## 2015 CONSTRUCTION | BUILD TO SUIT

The Property was a build-to-suit for DSHS in 2015. DSHS has continuously operated at this location since the property was built, with their new 5-year lease extension showing a long-term commitment to the location, which is tailored to their needs.



## 2025 RENOVATIONS

The Seller will complete renovations to the Property before closing. These renovations include sealing and striping the parking lot; upgrading the mail room; performing HVAC maintenance; installing new parking lot bollards; improving landscaping; replacing carpet in the vestibules; updating lighting throughout the facility; and cleaning exterior windows, carpets, vinyl flooring, exterior and interior doors, and window blinds.

## LARGE 3.26 ACRE LOT WITH AMPLE PARKING

The Property features 3.26 acres of land and approximately 185 parking stalls, providing more than sufficient space and parking for DSHS or a future tenant to operate efficiently.

## LOW VACANCY (2.3%) MARKET WITH STRONG RENT GROWTH (12.5%)

Moses Lake currently boasts a 2.3% vacancy rate and rents have increased a cumulative 12.5% over the last 3 years, per CoStar.

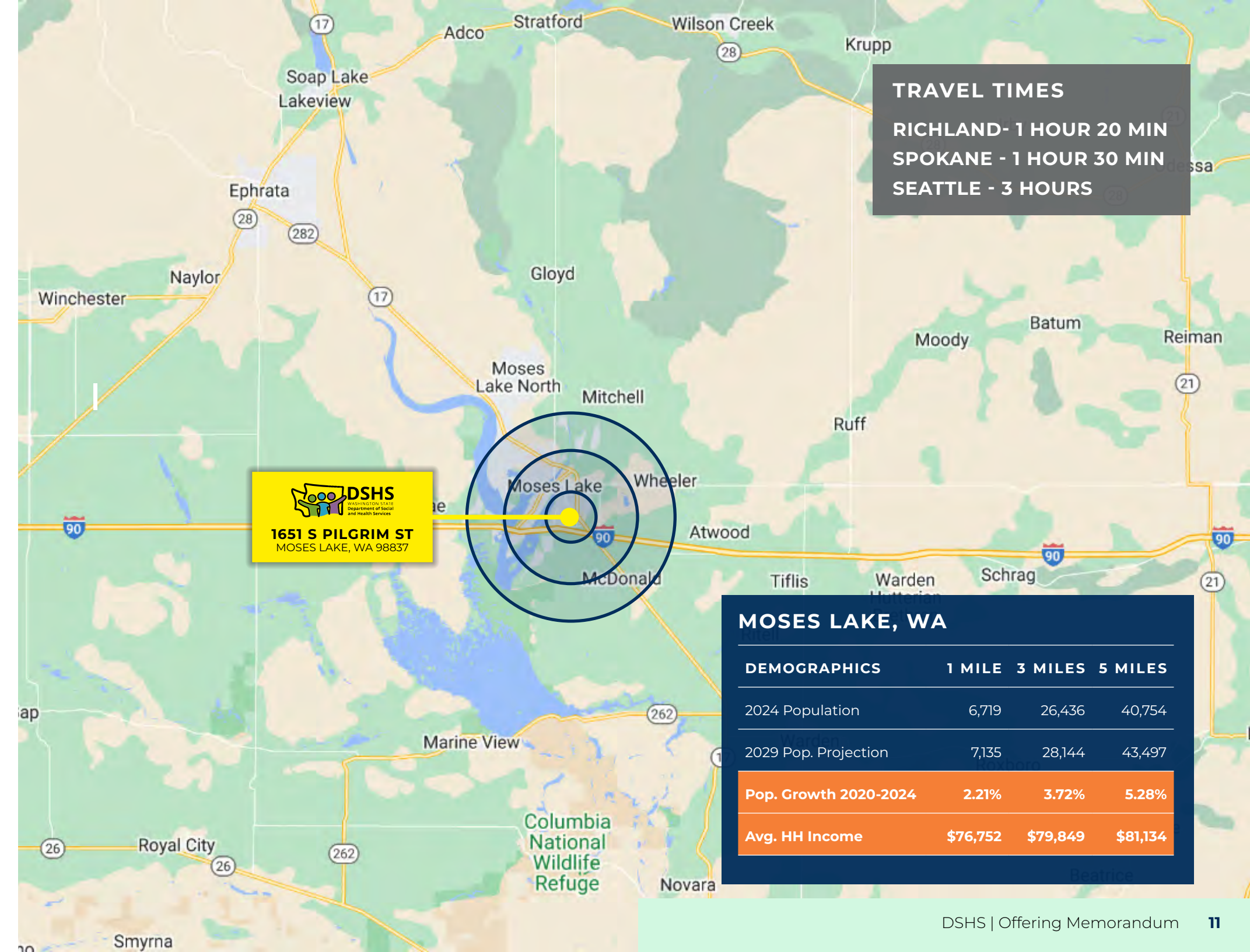
## HIGH POPULATION GROWTH SUB-MARKET

Within a 5-mile radius, the population has grown by approximately 15% since 2015.

## INCOME TAX FREE STATE

Washington State is an income tax free state.

# SITE PLAN



# MOSES LAKE, WA

## MOSES LAKE, WASHINGTON

Moses Lake-Othello Metro is situated between Spokane to the northeast, the Tri-Cities to the south and Yakima to the southwest, and it consists of Grant and Adams counties. Interstate 90 and U.S. 2 traverse the region, providing convenient access to Seattle, which is 180 miles west of Moses Lake. Most areas of the state are accessible within a day's drive from the metro. The low cost of electricity, seismic stability and availability of land are attracting technology, avionics, data-processing and storage companies. Additional economic drivers are agriculture, recreation, the Port of Moses Lake and Big Bend Community College.

## METRO HIGHLIGHTS

**Recreation and Tourism:** The area's many water bodies, favorable climate and unique geographic features underpin a large outdoor recreation and tourism sector.

**Agriculture:** Plenty of sunshine and irrigation support a large agricultural sector that produces wheat, corn, potatoes and apples. Raising livestock is also prevalent.

**Grant County International Airport:** As part of the Port of Moses Lake, the airport is one of the largest airfields in the nation with 5 runways, one of which is 13,500 feet long. The airport is a testing and training facility for military and commercial users including Boeing.

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