

OFFERING MEMORANDUM
CLASS "A" MEDICAL BUILDING

402 South 12th Avenue
Yakima, Washington 98902

GREAT OWNER / USER OPPORTUNITY



Prepared by

NEIL SORKIN

Director

T (425) 201 1217

M (702) 416 5332

neil.sorkin@comre.com



CUSHMAN & WAKEFIELD | COMMERCE

10500 NE 8th Street | Suite 1125

Bellevue, Washington 98004

T (425) 455 4500 F (425) 453 5381

www.comre.com

DOUG RICH

Designated Broker & President

T (509) 952 7785

M (509) 952 7785

prestigerealty@yvn.com



PRESTIGE REALTY

6 South Second Street | The Larson Building | Suite 918

Yakima, Washington 98901

T (509) 965 1111 F (509) 965 1116

www.welcomehomeyakima.com



TABLE OF CONTENTS

EXECUTIVE SUMMARY

- PROPERTY OVERVIEW
- INVESTMENT HIGHLIGHTS
- OFFERING SUMMARY
- OFFERING PROCESS

PROPERTY DESCRIPTION

- PROPERTY SUMMARY
- SITE DESCRIPTION
- FLOOR PLANS
- INTERIOR PHOTOS
- REGIONAL MAP
- AREA MAP

FINANCIALS

- TAX ASSESSED VALUATION 2014

MARKET OVERVIEW

- MEDICAL OFFICE OVERVIEW
- NEIGHBORHOOD AMENITIES
- DEMAND DRIVERS

EXHIBITS

- RENT COMPARABLES
- DEMOGRAPHICS
- DRIVING DIRECTIONS





EXECUTIVE SUMMARY

- PROPERTY OVERVIEW
- INVESTMENT HIGHLIGHTS
- OFFERING SUMMARY
- OFFERING PROCESS

PROPERTY OVERVIEW

Cushman & Wakefield | Commerce and Prestige Realty have been retained by the Seller and is pleased to present for your consideration 402 S. 12th Avenue, a 21,462 square foot medical office building in Yakima, WA (“the property”). 402 S. 12th Avenue is a garden style medical office complex located in the well established Medical Corridor of the Yakima Valley in the City of Yakima, WA. The Yakima Valley enjoys a relatively diverse and stable economy. The region has the largest and most varied farm base in Washington State. A long growing season, excellent soils, and extensive irrigation systems allows farmers to grow 39 different commodities. The area is also Washington State’s leader in beef and dairy production. Yakima County produces over \$1.2 billion of agricultural products annually which makes it the 12th largest farming area in the nation.

The region’s agricultural base is complimented by significant economic activity taking place in warehousing, manufacturing, health care and services. Yakima’s farm products are shipped around the world so the region has a multitude of storage, packing and shipping facilities. These warehouse activities are complimented by regional distribution companies that operate within the area because of its central location within the Pacific Northwest economy. Ace Hardware and Walmart operate significant distribution centers in the Yakima Valley.

Yakima County’s manufacturing activity is concentrated in food processing. Local companies manufacture fruit juice, industrial food ingredients, cheese, potato chips, and canned vegetables. These value added food processors are complimented by a significant concentration of metal fabricators, aerospace companies, plastics firms, and machinery manufacturers. Food processing represents about 40 percent of the manufacturing sector. Its more than 250 firms employ nearly 10,000 workers, and, in 2006, the gross sales for Yakima’s food processors exceeded \$1.4 billion.

Professional business, education and health care services combine for 18 percent of the Valley’s economy. Health care is a significant driver of local employment - the sector has added jobs almost continuously over the last decade. As the center of a seven county region for health care, Yakima County has five local hospitals, numerous specialty clinics, and a growing array of medical services. Yakima Valley Memorial Hospital is currently the largest employer of health care jobs at 2,500 employees. As the commercial center of Central Washington, Yakima also enjoys a concentration of accounting, legal, financial, and insurance firms.

INVESTMENT HIGHLIGHTS

Unique Owner/User Opportunity – Ideally suited for medical services the property consists of one building with a main floor on-grade and one floor below grade. The main floor consists of 11,681 square feet of medical space and the lower floor consists of 9,781 square feet of medical and administrative space. The facility is currently configured with 40 Exam Rooms, 23 Private Offices, Lab space, Archive Storage, work and reception space. An Elevator serves the lower level and the building has a full compliment of utility systems including gas heat and A/C on separate zones. The building received construction updates in 2009 and 2011 with permit values exceeding \$500,000. There was also a new roof completed in 2013.

Central Location – The property is well located in the heart of the Yakima Valley medical district. Only minutes to both Yakima Valley Memorial Hospital and Yakima Regional Hospital. Yakima Valley Memorial Hospital is licensed for 226 beds, employ’s 2,500 and offers inpatient services for Cancer Care, Heart Care, Critical Care, Orthopedics and Surgery just to name a few. Yakima Regional Hospital is licensed for 214 beds, employ’s 750 and offers inpatient services for Cardiovascular Care, Emergency Medicine Center, Neurosciences & Stroke Care Center and Robotic Surgery just to name a few.



OFFERING SUMMARY

Asking Price	\$1,950,000
Property Name	402 S. 12th Avenue Yakima, Washington 98902
Property Type	2 - two story medical office complex
Year Built	1984 with renovations in 2009 and 2011
Jurisdiction	Yakima County
Description	Well located two story medical office complex convenient to Yakima Valley Memorial Hospital and Yakima Regional Hospital.
Number of Floors	2
Lot Size	1.19 acres
Project Size	21,462 SF, gross
Parking	83 spaces 10 covered / 6 handicapped
Year 1 Pro-forma NOI	\$187,431

OFFERING PROCESS

PROPERTY VISITS

Prospective purchasers will have the opportunity to visit the Property via pre-scheduled property tours. These tours will include access to first and second floor space, roof and mechanical rooms. In order to accommodate the Property's ongoing operations, property visits will require advance notice and scheduling.

OFFER SUBMISSION

Offers should be presented in the form of a non-binding Letter of Intent, spelling out the significant terms and conditions of Purchasers' offer including, but not limited to (1) asset pricing; (2) due diligence and closing time frame; (3) earnest money deposit; (4) a description of the debt/equity structure; and (5) qualifications to close. The purchase terms shall require all funds to be paid at closing. Offers should be delivered to the attention of one of the parties at the mailing address, email and/or fax number(s) listed below.

CONTACT INFORMATION

CUSHMAN & WAKEFIELD | COMMERCE

NEIL T. SORKIN

Director

nsorkin@comre.com

T 425-201-1217

M 702-416-5332

PRESTIGE REALTY

DOUGLAS W. RICH

Designated Broker & President

prestigerealty@yvn.com

T 509-965-1111

M 509-952-7785





PROPERTY DESCRIPTION

PROPERTY SUMMARY

SITE DESCRIPTION

FLOOR PLANS

INTERIOR PHOTOS

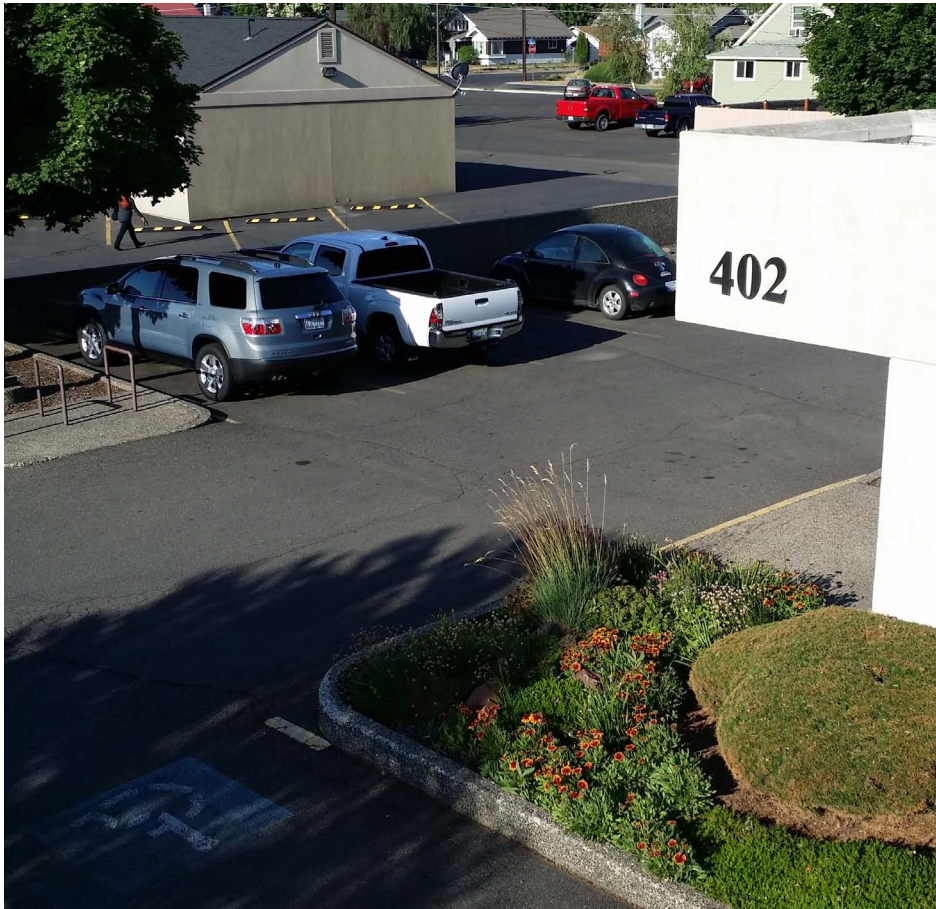
REGIONAL MAP

AREA MAP



PROPERTY SUMMARY

402 S. 12th Avenue is a garden style medical office complex located in the well established Medical Corridor of the Yakima Valley in the City of Yakima, WA. The property has been well designed so as to allow for maximum flexibility for occupier's. The main floor has been designed with a "pod" concept so that each physician in the group can have his or her own area for staff and patients. There is also a pharmacy area on the main floor for ease and convenience of dispensing prescriptions for patients. All of the clinic areas are set up for paperless charting system. The lower floor also has patient rooms, physician offices, general office or administration areas as well as main reception area in the event the user wants to have additional services or a business within the building.



SITE DESCRIPTION

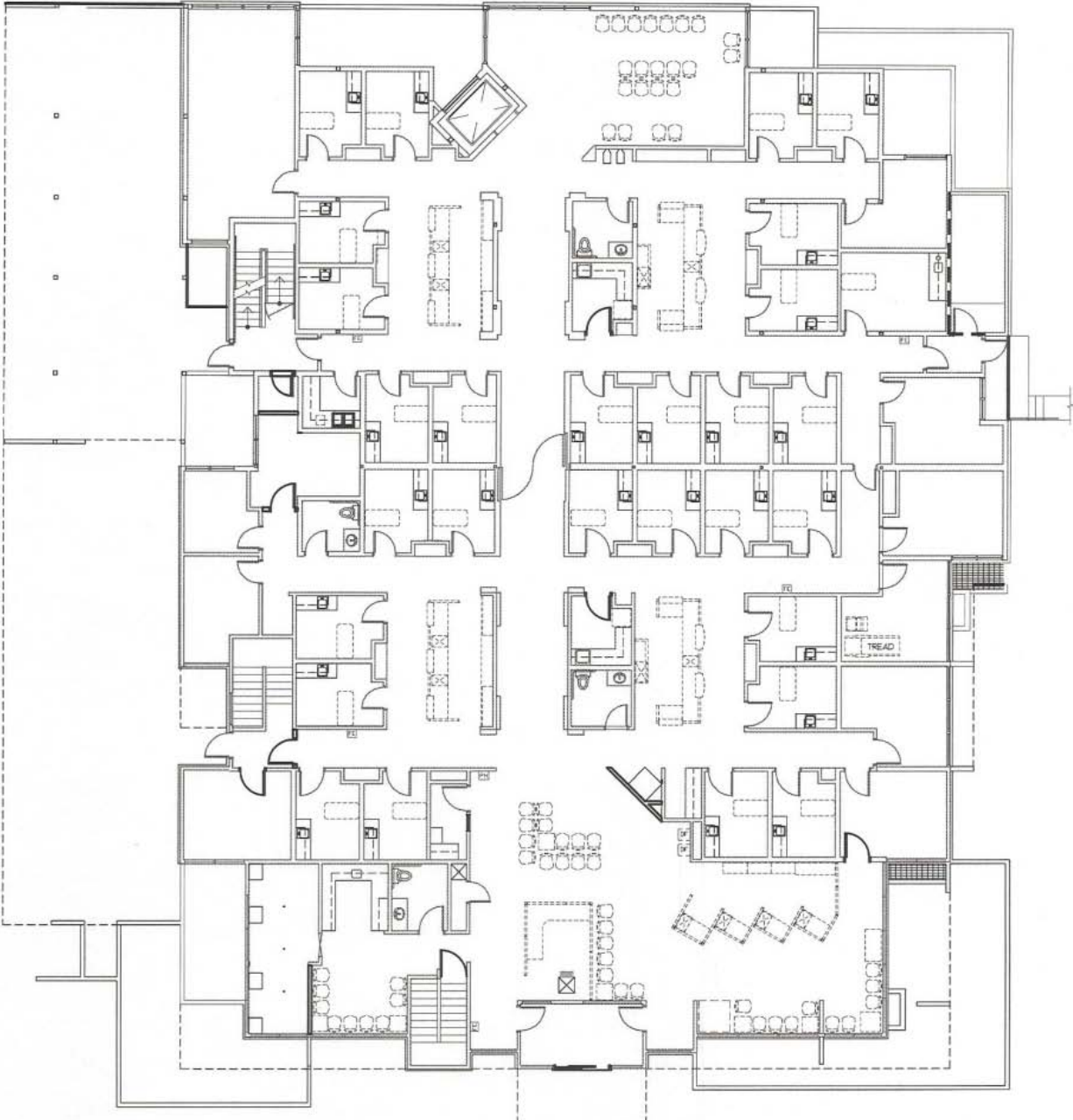
Address	402 S. 12th Avenue Yakima, Washington 98902
Year Built	1984
Size	21,462 SF, gross
Building Height	1 building - 2 floors
Parcel Number	181324-33483 & 33583 Yakima County Assessor
Lot Size	1.19 acres
Zoning	B-1
Regional Medical Centers	Yakima Valley Memorial Hospital Yakima Regional Hospital
Schools	McKinley Elementary School Franklin Middle School Eisenhower High School
Utilities	Water: City of Yakima Electrical: Pacific Powder Sanitary Sewer: City of Yakima Gas: vCascade Natural Gas
Construction	Wood frame and stucco.
Parking	83 parking spaces 10 covered 6 handicapped
Property Taxes	\$27,478 / per annum

PROPERTY DESCRIPTION

OFFERING MEMORANDUM



FLOORPLANS



MAIN FLOOR | 11,681 SF*

Current Configuration:

- » 2 Reception/Waiting Areas
- » 29 Examination Rooms
- » 10 Private Offices
- » 4 Nurse Stations
- » 5 ADA Restrooms

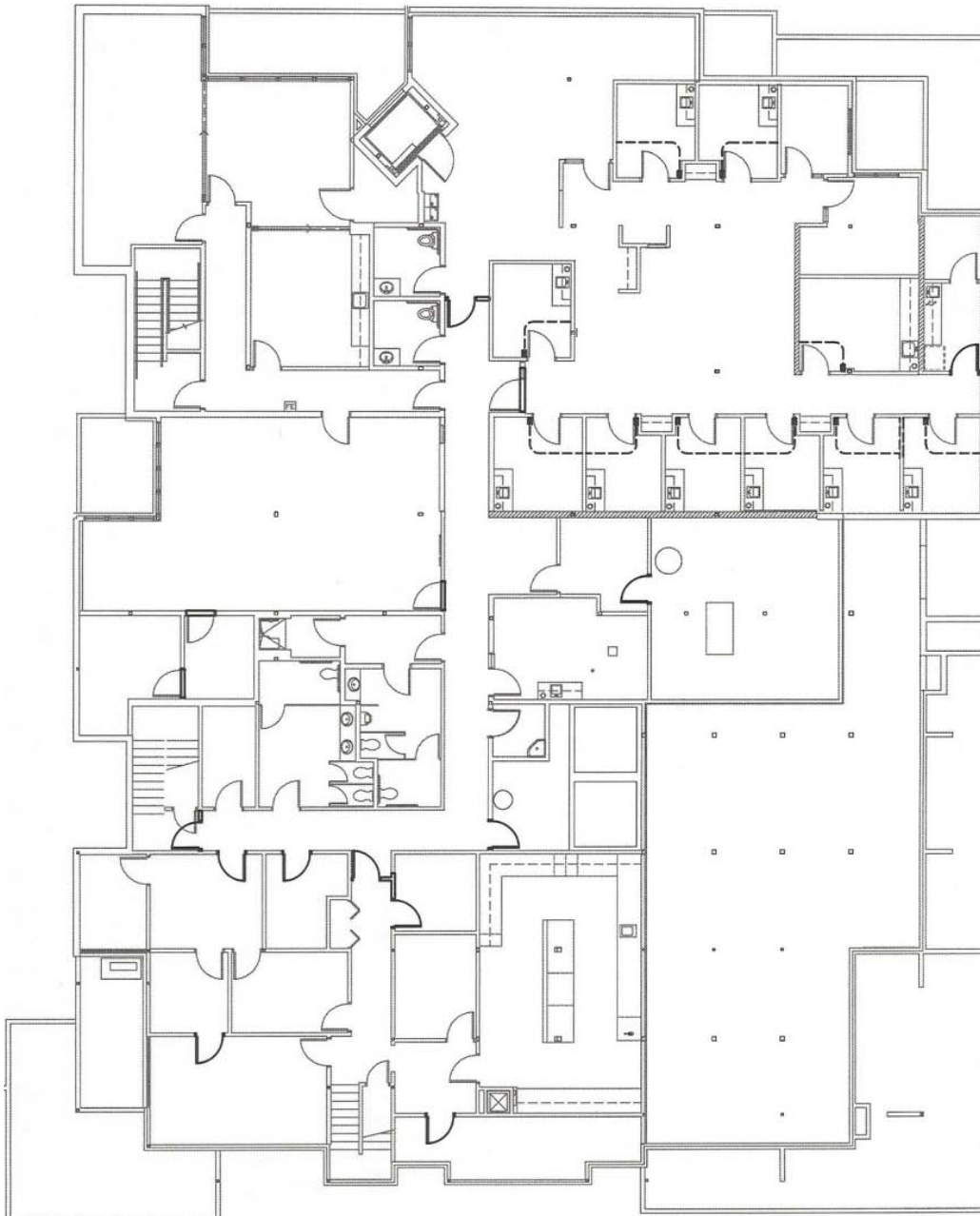
* Source: Yakima County Assessor

FLOORPLANS

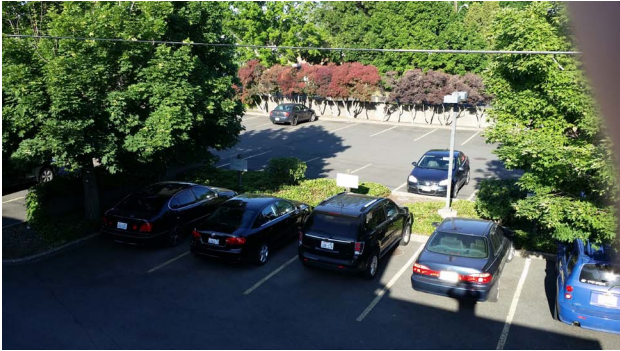
LOWER LEVEL | 9,781* SF

Current Configuration:

- » Reception/Waiting Area
- » 11 Examination Rooms
- » 7 Private Offices/Conference Space
- » 2 Public ADA Restrooms
- » 2 Staff Restroom/Shower Facilities
- » Staff Lounge Space
- » Archival Storage
- » Mechanical Space



EXTERIOR PHOTOS



PROPERTY DESCRIPTION

OFFERING MEMORANDUM

INTERIOR PHOTOS



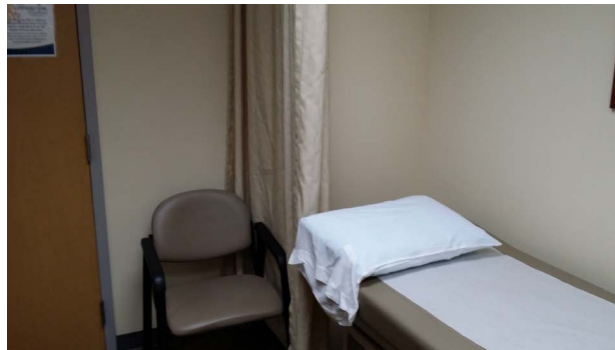
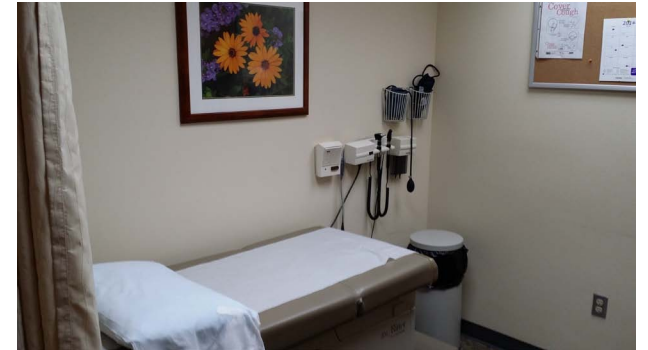
INTERIOR PHOTOS



PROPERTY DESCRIPTION

OFFERING MEMORANDUM

INTERIOR PHOTOS



OFFERING MEMORANDUM





AREA MAP



FINANCIALS

TAX ASSESSED VALUATION 2014



TAX ASSESSED VALUATION 2014

Land = \$266,200

Improvement = \$1,820,500

Total = \$2,186,700

@ Tax Rate of \$12.57/M = \$27,478/Yr.

Income (current actual) @ \$13.82/SF	\$296,664
EXPENSE	
<i>Real Estate Taxes</i>	\$27,478
<i>Insurance</i>	\$15,000
<i>Repair and Maintenance</i>	\$24,000
<i>Water and Sewer</i>	\$3,800
<i>Garbage</i>	\$2,955
<i>Electricity</i>	\$36,000
NOI	\$187,431
Cap Rate	8.15%
P + i 70% LTV / 30 yr @ 5.25%	\$106,686
Pre-Tax Net Income	\$80,745
Cash on Cash	11.70%
IRR 2% / yr Hold 10	13.49%

MARKET OVERVIEW

MEDICAL OFFICE OVERVIEW

NEIGHBORHOOD AMENITIES

DEMAND DRIVERS



MEDICAL OFFICE OVERVIEW

Yakima County is one of Washington State’s premier centers for health care services. Local facilities serve a seven county area with a population of over 500,000. Technologically advanced equipment and first-class physicians in the Valley’s five hospitals and specialty clinics provide a full range of treatment including cardiac care and open heart surgery, neurological procedures, specialized cancer therapy, and dialysis treatment. A higher-than-average percentage of board-certified physicians represent virtually every medical specialty.

Yakima County’s health care sector is moving in exciting new directions. Pacific Northwest University of Health Sciences (PNWU) opened in 2008. Its College of Osteopathic Medicine trains 130 doctors each year and the college is now establishing a new degree program in Pharmacy in cooperation with Washington State University.

The region enjoys five hospitals and numerous general practice and specialized health care clinics. Yakima Valley Memorial Hospital and Yakima Regional Medical and Cardiac Center are located in the City of Yakima. Yakima Regional also operates a fully-equipped hospital in Toppenish. Sunnyside Community Hospital, a 35-bed critical access facility, serves communities in the eastern portion of the County. Prosser Hospital is proximate for residents living in Grandview and Sunnyside areas.

Yakima Valley Memorial Hospital has 225 beds and provides comprehensive medical and surgical care. Memorial is the region’s family birthplace equipped with a state-of-the-art

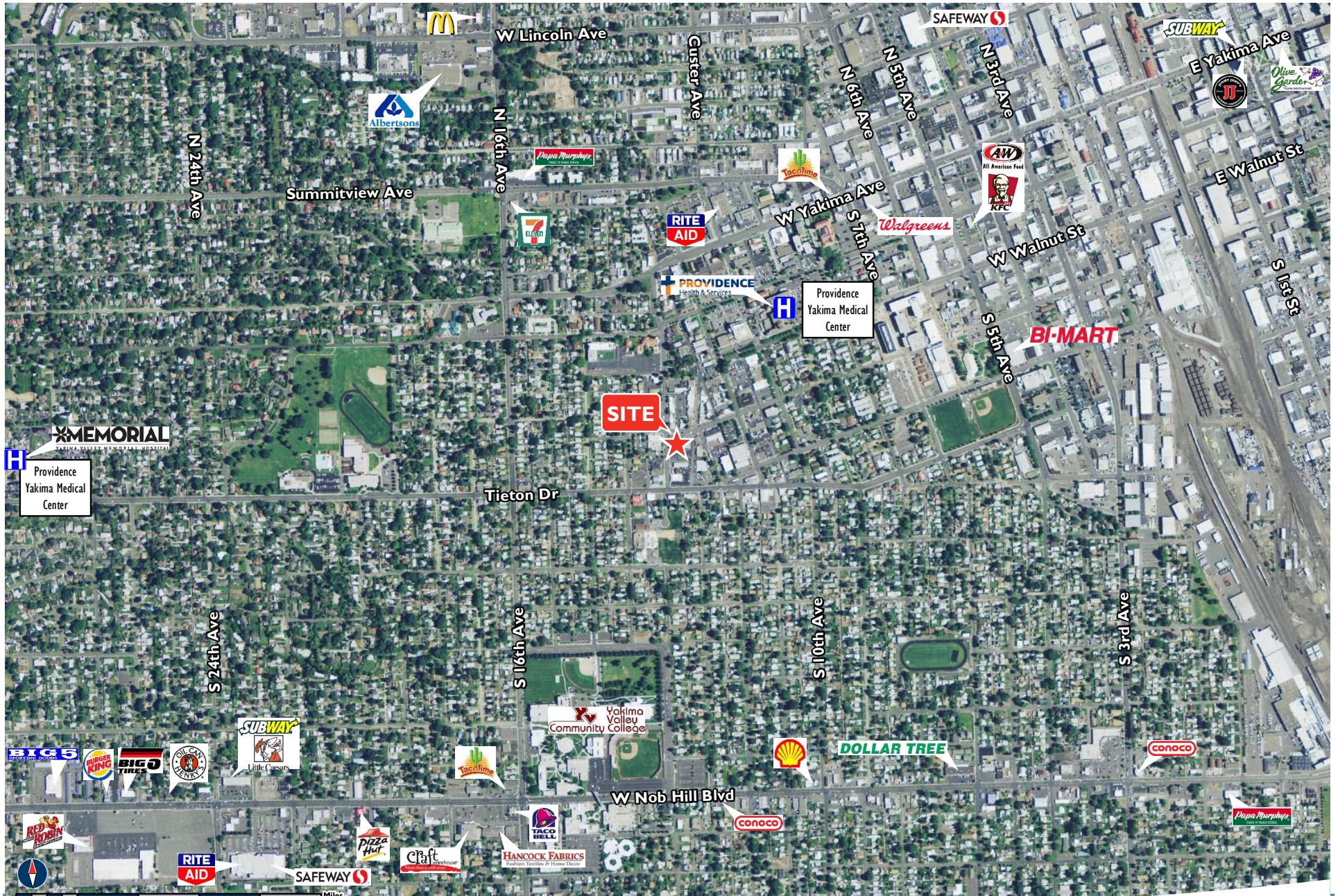
neonatal intensive unit. The hospital is also home to the following Centers of Excellence: Cancer Care, Heart Care, Children’s Services, Family Birthplace, Hospice and Home Care, Orthopedics, Mental Health, Sleep Center at Memorial, Women’s Services, Wound Care and Work Injury, to name but a few. Memorial has earned numerous awards and is the creator of Children’s Village, a nationally recognized facility for children with special needs.

Yakima Regional Medical and Cardiac Center is a 214 bed facility located in Yakima. It provides a full complement of medical services, including the Valley’s only open-heart surgery and elective angioplasty, state-of-the-art neurosurgery and some of the most advanced imaging technology in the state. Yakima Regional enjoys a Thomson-Reuters Top 100 Cardiac Hospital rating, is one of two Accredited Chest Pain Centers with PCI in the state of Washington, and Central Washington’s only CARF-accredited inpatient rehabilitation unit. Yakima Regional has a level III trauma designation and the region’s only 15-minute emergency room guarantee. With over 700 dedicated professionals on staff, Yakima Regional is proud to be celebrating over 118 years of service to the Yakima Valley.

The Yakima Valley has over 400 practicing M.D’s and D.O’s. There are also numerous optometrists, naturopaths, chiropractors, dentists, and other specialty care practitioners. Whatever your medical needs are, we’re confident you’ll find the depth and variety of health care you need within the region.



NEIGHBORHOOD AMENITIES



DEMAND DRIVERS

KEY INDUSTRIES IN YAKIMA		
REGIONAL CLUSTER	TOP ASSETS	TOP COMPANIES
Logistics and Distribution	<ul style="list-style-type: none"> » Efficient market access » Extensive transportation infrastructure » No inventory tax 	<ul style="list-style-type: none"> » Walmart » Ace Hardware » Horizon Distribution » R.E. Powell » Quality Transportation
Food Processing	<ul style="list-style-type: none"> » 12th largest agriculture production area in the nation » 39 commodities plus established suppliers/support services » U.S. and International market access 	<ul style="list-style-type: none"> » Smuckers » Seneca Foods » Del-Monte » Tree Top » AB Foods/Washington Beef
Industrial Machinery and Supplies	<ul style="list-style-type: none"> » Innovative packaging and sorting machine manufacturers » Various industrial suppliers (metals, plastics, etc.) » Low cost electric power 	<ul style="list-style-type: none"> » Shields Bag and Printing » Irwin Research and Development » Kwik Lok » Marq Packaging » Sims Manufacturing
Business and Professional Services	<ul style="list-style-type: none"> » Available high energy workforce » Available sites and buildings » Extensive telecom infrastructure 	<ul style="list-style-type: none"> » Costco » Med Assets » Wilkinson Corporation
Health and Medical Industry	<ul style="list-style-type: none"> » New medical university » Award winning hospitals and specialized treatment centers » Center of Excellence for healthcare training 	<ul style="list-style-type: none"> » Pacific Northwest University of Health Sciences » Yakima Valley Farm Workers Clinic » Surgimark » Four regional hospitals
Aerospace	<ul style="list-style-type: none"> » Highly skilled workforce » Two technical schools » Proximity to international aerospace cluster 	<ul style="list-style-type: none"> » GE Aviation » CubCrafters » Pexco

EXHIBITS

RENT COMPARABLES

DEMOGRAPHICS

DRIVING DIRECTIONS





RENT COMPARABLES

PROPERTIES ON THE MARKET					
PHOTO	PROPERTY NAME OR ADDRESS	PROPERTY TYPE	SUBTYPE	LIST PRICE	TOTAL APPROX SF
	1017, 1019 S 40th Ave Yakima, WA 98902	Commercial/ Industrial	CL	\$15	13,233
	1017 S 40th Ave Yakima, WA 98902	Commercial/ Industrial	CL	\$16	6,976
	311 S 10th Ave Yakima, WA 98902	Commercial/ Industrial	CL	\$2,700	3,893
	202 W Naches Ave Selah, WA 98942	Commercial/ Industrial	CL	\$9.5	3,392
	502 N 40th Ave #1 Yakima, WA 98908	Commercial/ Industrial	CL	\$10	7,333
	307 S 12th Ave Yakima, WA 98902	Commercial/ Industrial	CL	\$950	650
	307 S 12th Ave 5 Yakima, WA 98902	Commercial/ Industrial	CL	\$1,900	1,960

DEMOGRAPHICS

Complete Profile

2000 - 2010 Census, 2013 Estimates with 2018 Projections

Calculated using Proportional Block Groups

Lat/Lon: 46.5934/-120.5245

RFULL9

401 S 12th Ave Yakima, WA	1 Mile	3 Miles	5 Miles
Population			
Estimated Population (2013)	19,937	84,081	118,092
Projected Population (2018)	21,465	90,534	127,212
Census Population (2010)	19,325	81,504	114,449
Census Population (2000)	18,073	76,823	105,683
Projected Annual Growth (2013-2018)	1,528 1.5%	6,453 1.5%	9,120 1.5%
Historical Annual Growth (2010-2013)	613 1.1%	2,577 1.1%	3,644 1.1%
Historical Annual Growth (2000-2010)	1,252 0.7%	4,681 0.6%	8,765 0.8%
Estimated Population Density (2013)	6,352 <i>psm</i>	2,975 <i>psm</i>	1,504 <i>psm</i>
Trade Area Size	3.1 <i>sq mi</i>	28.3 <i>sq mi</i>	78.5 <i>sq mi</i>
Households			
Estimated Households (2013)	6,975	30,050	42,966
Projected Households (2018)	7,423	31,985	45,734
Census Households (2010)	6,758	29,114	41,631
Census Households (2000)	6,667	28,237	38,998
Projected Annual Growth (2013-2018)	448 1.3%	1,935 1.3%	2,769 1.3%
Historical Annual Change (2000-2013)	308 0.4%	1,812 0.5%	3,968 0.8%
Average Household Income			
Estimated Average Household Income (2013)	\$43,855	\$48,804	\$55,623
Projected Average Household Income (2018)	\$45,392	\$50,509	\$57,563
Census Average Household Income (2010)	\$41,810	\$46,596	\$53,143
Census Average Household Income (2000)	\$38,166	\$40,427	\$45,474
Projected Annual Change (2013-2018)	\$1,537 0.7%	\$1,704 0.7%	\$1,940 0.7%
Historical Annual Change (2000-2013)	\$5,689 1.1%	\$8,377 1.6%	\$10,149 1.7%
Median Household Income			
Estimated Median Household Income (2013)	\$36,747	\$39,268	\$45,012
Projected Median Household Income (2018)	\$40,292	\$42,260	\$48,245
Census Median Household Income (2010)	\$35,705	\$38,071	\$43,678
Census Median Household Income (2000)	\$32,206	\$31,986	\$36,201
Projected Annual Change (2013-2018)	\$3,545 1.9%	\$2,991 1.5%	\$3,233 1.4%
Historical Annual Change (2000-2013)	\$4,541 1.1%	\$7,283 1.8%	\$8,811 1.9%
Per Capita Income			
Estimated Per Capita Income (2013)	\$15,551	\$17,718	\$20,468
Projected Per Capita Income (2018)	\$15,896	\$18,110	\$20,911
Census Per Capita Income (2010)	\$14,621	\$16,645	\$19,331
Census Per Capita Income (2000)	\$14,041	\$14,791	\$16,639
Projected Annual Change (2013-2018)	\$345 0.4%	\$391 0.4%	\$443 0.4%
Historical Annual Change (2000-2013)	\$1,510 0.8%	\$2,927 1.5%	\$3,829 1.8%
Estimated Average Household Net Worth (2013)	\$287,571	\$323,225	\$363,315

This report was produced using data from private and government sources deemed to be reliable. The information herein is provided without representation or warranty.

DRIVING DIRECTIONS



FROM SEATTLE | SPOKANE VIA ELLENSBURG

- » From Interstate 82, take the 33B – Yakima Ave. Exit.
- » Proceed West on Yakima Avenue 1.7 miles and turn Left on 12th Ave.
- » Cornerstone will be located 3 blocks on the right side (Corner of 12th Ave. And Spruce Street).

FROM AIRPORT

- » East on Washington Blvd. 1/4 mile.
- » Left on 16th Ave. – Proceed North 1.5 miles.
- » Turn Right on Tieton Drive.
- » 4 blocks later, turn Left on 12th Ave. Cornerstone will be on Left side at corner of 12th Ave. & Spruce.

FROM PORTLAND | TRI CITIES

- » From Interstate 82, take the 33 – Yakima Ave. Exit.
- » Proceed West on Yakima Avenue 1.7 miles and turn Left on 12th Ave.
- » Cornerstone will be located 3 blocks on the right side (Corner of 12th Ave. And Spruce Street).

DISCLAIMER

THIS IS A CONFIDENTIAL MEMORANDUM intended solely for your own limited use in considering whether to pursue negotiations to acquire 402 South 12th Avenue (“the Property”) located in Yakima, Washington 98902, and described herein.

This confidential memorandum contains brief, selected information pertaining to the business and affairs of the owner(s) of the Property (“the Owner”) and has been prepared by Cushman & Wakefield | Commerce, primarily from information supplied by the Owner. Although this confidential memorandum has been reviewed by representatives of the Owner, it does not purport to be all-inclusive or to contain all of the information that a prospective purchaser may desire. Neither the Owner nor Cushman & Wakefield | Commerce, nor any of their officers, employees or agents make any representation of warranty, expressed or implied, as to the accuracy or completeness of this confidential memorandum or any of its contents and no legal liability is assumed or to be implied with respect thereto.

By acknowledgment of your receipt of this confidential memorandum, you agree that the memorandum and its contents are confidential, that you will hold and treat it in the strictest of confidence, that you will not, directly or indirectly, disclose or permit anyone else to disclose this memorandum or its contents to any other person, firm or entity without prior written authorization of the Owner, and that you will not use or permit to be used this memorandum or its contents in any fashion or manner detrimental to the interest of the Owner. Photocopying or other duplication is strictly prohibited.

THE OWNER AND CUSHMAN & WAKEFIELD | COMMERCE EXPRESSLY RESERVE THE RIGHT AT THEIR SOLE DISCRETION TO REJECT ANY OR ALL PROPOSALS OR EXPRESSIONS OF INTEREST IN THE PROPERTY AND TO TERMINATE DISCUSSIONS WITH ANY PARTY AT ANY TIME WITH OR WITHOUT NOTICE.

If you do not wish to pursue negotiations leading to this acquisition, kindly return this confidential memorandum to Cushman & Wakefield | Commerce.

THIS CONFIDENTIAL MEMORANDUM SHALL NOT BE DEEMED A REPRESENTATION OF THE STATE OF AFFAIRS OF THE PROPERTY OR CONSTITUTE AN INDICATION THAT THERE HAS BEEN NO CHANGE IN THE BUSINESS OR AFFAIRS OF THE PROPERTY SINCE THE DATE OF PREPARATION OF THIS MEMORANDUM. IN ADDITION, WHERE TERMS OF A SIGNED CONFIDENTIALITY AGREEMENT PROVIDED BY THE OWNER DIFFER FROM TERMS CONTAINED HEREIN, THE SIGNED CONFIDENTIALITY AGREEMENT SHALL PREVAIL.



FOR MORE INFORMATION:

NEIL SORKIN

Director

T (425) 201 1217

M (702) 416 5332

neil.sorkin@comre.com

DOUG RICH

Designated Broker & President

T (509) 952 7785

M (509) 952 7785

prestigerealty@yvn.com



CUSHMAN & WAKEFIELD | COMMERCIAL
10500 NE 8th Street, Suite 1125 | Bellevue, Washington 98004
T 425 455 4500 F 425 453 5381 | www.commercialreal.com