

# Chelan Business Center

131 S Apple Blossom Dr, Chelan, WA 98816



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## OFFERING SUMMARY



Listing Price  
**\$6,300,000**



Net Rentable Area  
**23,800 SF**



# of Tenants  
**20**

### FINANCIAL

Listing Price	\$6,300,000
NOI	\$260,182
Cap Rate	4.13%
Price/SF	\$264.26

### OPERATIONAL

Gross SF	24,000 SF
Rentable SF	23,800 SF
Occupancy	100%
Year Built	2018
Lot Size	1.90 Acres (82,764 SF)
Assessor's Parcel Number	272318627065
Parking	59 Spaces
Parking Ratio	2.48 / 1,000 SF
Zoning	W-I, Warehouse and Industrial



# CHELAN BUSINESS CENTER

131 S Apple Blossom Dr, Chelan, WA 98816

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## INVESTMENT OVERVIEW

Chelan Business Center is a 23,800 rentable square foot multi-tenant commercial building situated on a 1.90-acre site in Chelan, Washington. Currently, the property is 100% occupied, demonstrating strong demand for small commercial tenant spaces in this supply-constrained market. The tenant line-up includes a good mix of internet-resistant service and retail tenants, including a coffee shop, ice cream parlor, bank, financial services firm, salon, spa, newspaper office, gymnastics school, barber shop, construction company, and electronics store.

The building was completed in 2018 and is in excellent condition. Chelan Business Center is configured with 22 suites that range from 500 square feet to 2,000 square feet, and average approximately 1,080 square feet each. Four of the units have been combined into larger tenant spaces and the building is currently leased to 20 tenants. The building is metal construction with a standing-seam metal roof. All units have direct exterior access and there are two grade-level rollup doors at the front of the property and four grade-level rollup doors at the rear of the building. The property has 59 on-site parking spaces, for a ratio of 2.48 per 1,000 square feet.

Chelan Business Center is located across from one of the largest development projects in the city. The new Chelan Valley Community Hospital is currently under construction and anticipated to be complete in late 2022. The medical complex is situated on an 11.6-acre parcel and will total about 52,250 square feet. The \$45-million facility will have 12 patient beds and programmed departments include emergency, lab, imaging, surgery, pharmacy, dietary, and physical and occupational therapy.

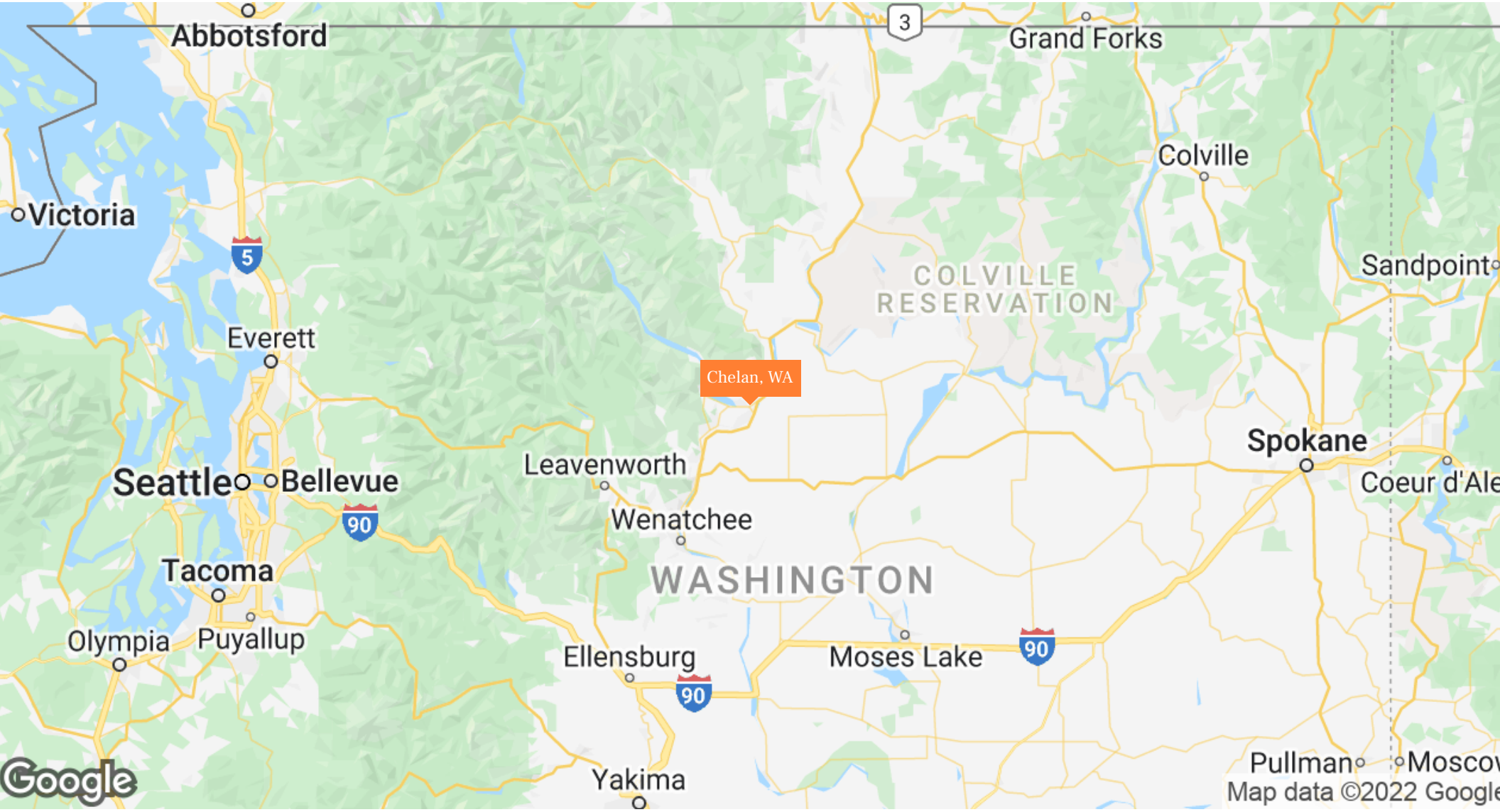
The property is in the City of Chelan, a mountain resort community located about three hours west of Seattle. Chelan is situated at the foot of the Cascade Mountain range along the shores of Lake Chelan and is a year-round vacation destination. With access to mountains and the lake, there are numerous outdoor recreational activities in Chelan for visitors to enjoy during any time of year. An estimated two million people visit Chelan Valley each year, with a total economic impact of more than \$400 million.

## INVESTMENT HIGHLIGHTS

- Recently Constructed Multi-Tenant Commercial Property
- 100% Occupied by a Good Mix of Service and Retail Tenants
- Low Contract Rents and Scheduled Rent Increases
- All Tenants Have NNN Leases and No Caps on Reimbursement
- Located Across From the New Chelan Valley Community Hospital
- Chelan Business Center is Located in a High-Demand Market with Limited Supply
- Chelan is an All-Season Resort Community with 2 Million Visitors Each Year



Chelan Business Center // REGIONAL MAP

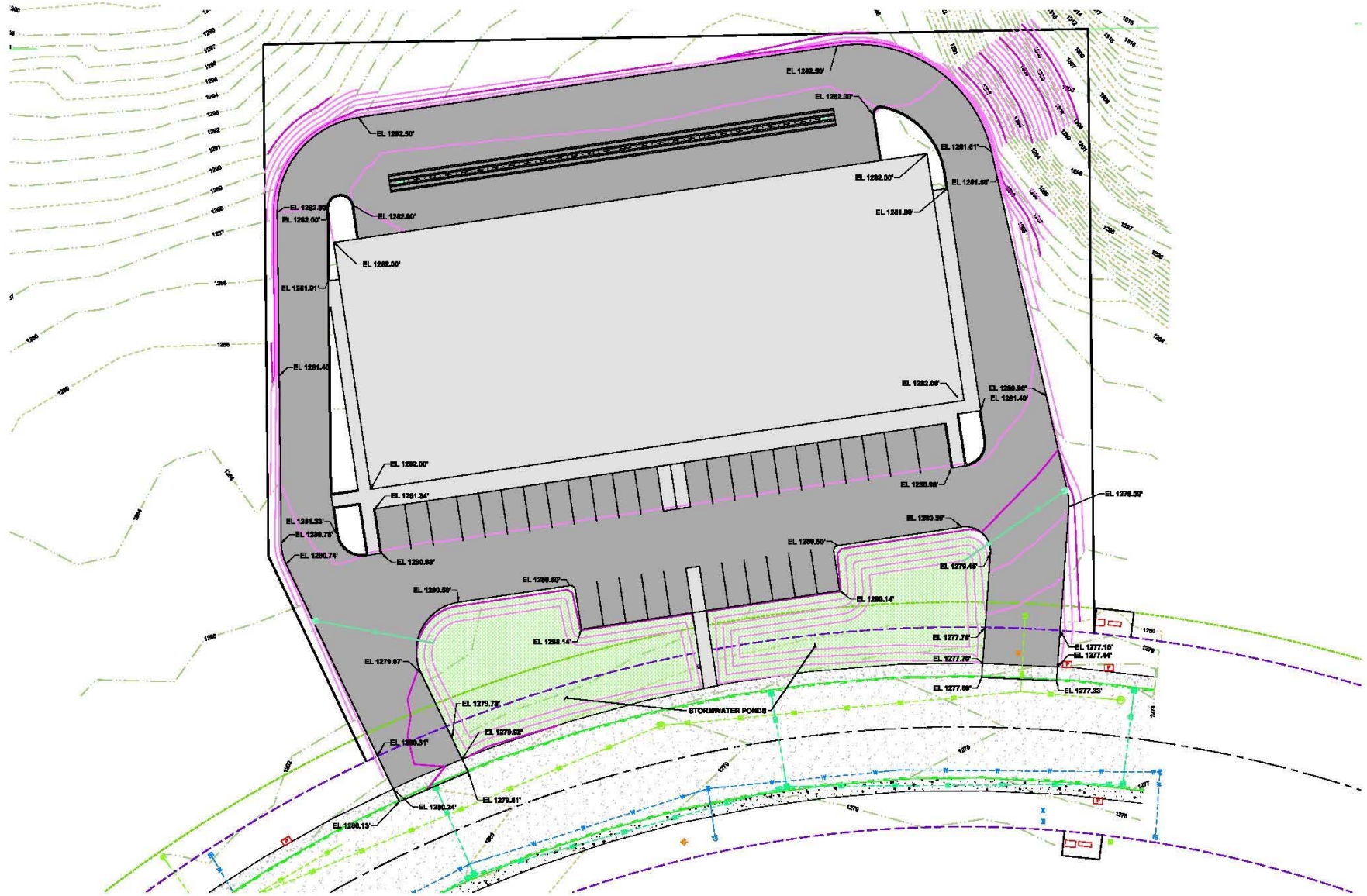


LOCAL MAP // Chelan Business Center

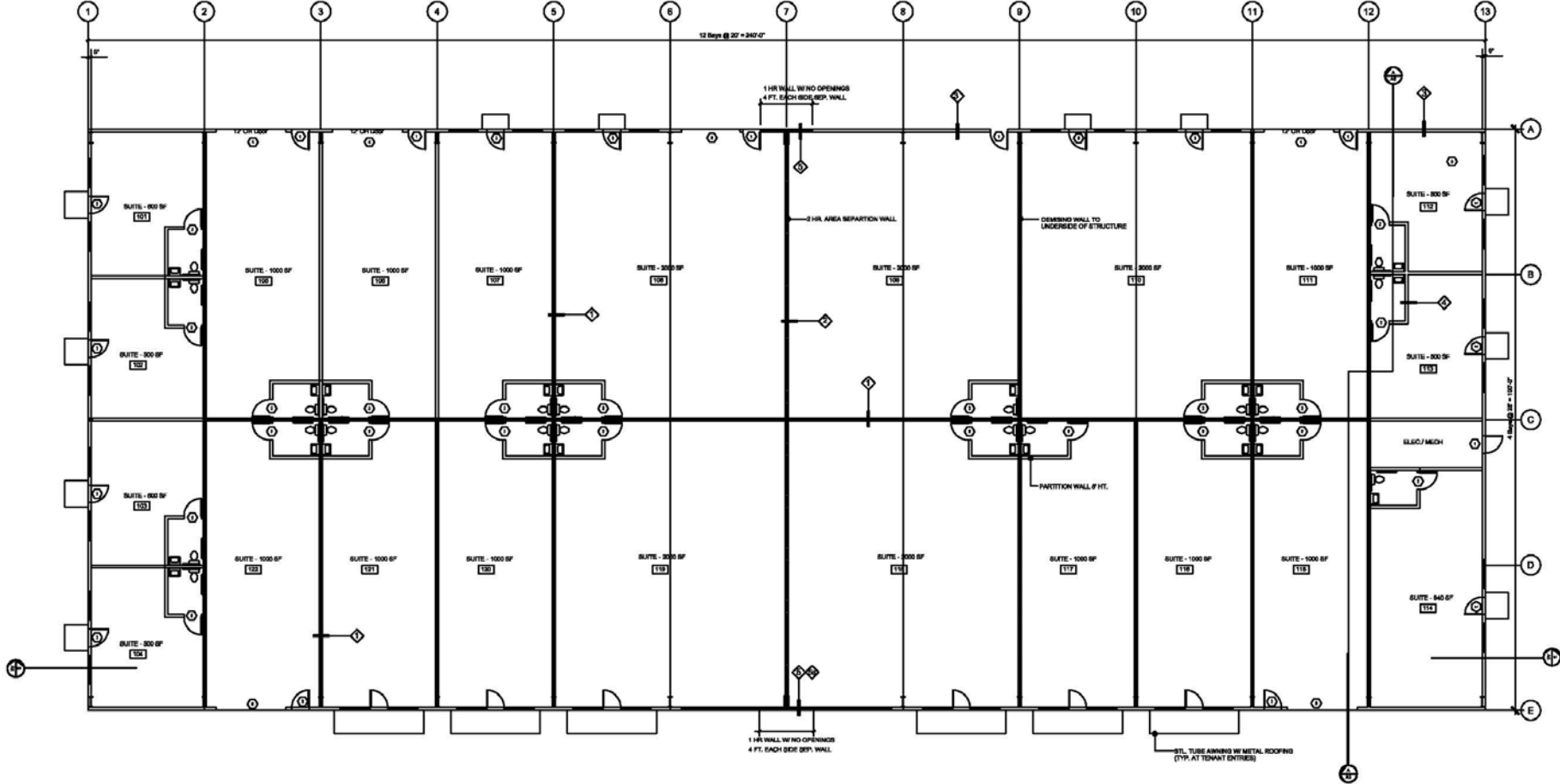




# Chelan Business Center // SITE PLAN



# FLOOR PLAN // Chelan Business Center





## FINANCIAL DETAILS // Chelan Business Center

Suite	Tenant	NRA	% of Total	Lease Start	Lease End	Monthly Rent	Annual Rent	Rent PSF	Rent Increases	Lease Type	Options
101	The Family Bean	1,000	4.2%	6/1/2019	5/31/2026	\$1,030.00	\$12,360	\$12.36	3.0% Annual	NNN	Two 5-Yr
102	Chelan Ice Cream	1,000	4.2%	9/1/2021	3/1/2023	\$1,000.00	\$12,000	\$12.00	3.0% Annual	NNN	One 2-Yr
103	North Cascades Bank	1,000	4.2%	9/1/2021	12/31/2022	\$1,000.00	\$12,000	\$12.00	---	NNN	One 2-Yr
104	North Cascades Bank	2,000	8.4%	9/1/2021	12/31/2022	\$2,000.00	\$24,000	\$12.00	---	NNN	One 2-Yr
105	Integrity Glass	2,000	8.4%	7/1/2019	6/30/2022	\$2,060.00	\$24,720	\$12.36	3.0% Annual	NNN	One 3-Yr
106	Edward Jones Financial	1,000	4.2%	3/1/2021	2/28/2026	\$1,030.00	\$12,360	\$12.36	3.0% Annual	NNN	One 5-Yr
107	Chelan Skin Care	1,000	4.2%	11/1/2019	10/31/2024	\$1,030.00	\$12,360	\$12.36	3.0% Annual	NNN	One 5-Yr
108	Jewels Hair & Nails	1,000	4.2%	1/1/2021	1/1/2024	\$1,030.00	\$12,360	\$12.36	3.0% Annual	NNN	One 3-Yr
109	Lake Chelan Mirror	800	3.4%	11/1/2021	11/1/2026	\$800.00	\$9,600	\$12.00	3.0% Annual	NNN	One 2-Yr
110	LG Driving School	500	2.1%	11/15/2018	2/28/2023	\$530.45	\$6,365	\$12.73	---	NNN	One 1-Yr
111	Jazzy's Runway	500	2.1%	7/9/2021	2/15/2023	\$500.00	\$6,000	\$12.00	3.0% Annual	NNN	One 2-Yr
112	Bounten Construction	1,000	4.2%	11/1/2021	8/31/2022	\$1,000.00	\$12,000	\$12.00	---	NNN	One 2-Yr
114/115	Thunder Gymnastics & Cheer	4,000	16.8%	8/1/2021	11/30/2024	\$4,120.00	\$49,440	\$12.36	3.0% Annual	NNN	One 2-Yr
116	Linderman Builds LLC	2,000	8.4%	12/18/2020	1/18/2023	\$1,751.00	\$21,012	\$10.51	3.0% Annual	NNN	One 1-Yr
117	City of Chelan	1,000	4.2%	11/1/2021	12/1/2022	\$1,000.00	\$12,000	\$12.00	---	NNN	---
118	Cyrus Saffron	1,000	4.2%	4/1/2021	4/1/2026	\$900.00	\$10,800	\$10.80	Flat	NNN	---
119/120	Deepwater Home Electronics	1,500	6.3%	1/1/2019	Mo-Mo	\$1,545.00	\$18,540	\$12.36	---	NNN	---
121	Paeton Bangart	500	2.1%	12/1/2021	11/31/2023	\$530.45	\$6,365	\$12.73	3.0% Annual	NNN	One 2-Yr
122	Chelan Valley Massage Therapy	500	2.1%	6/1/2019	5/31/2026	\$515.00	\$6,180	\$12.36	3.0% Annual	NNN	Two 5-Yr
123	Short Cuts	500	2.1%	11/1/2018	10/31/2023	\$530.45	\$6,365	\$12.73	3.0% Annual	NNN	One 5-Yr
<b>Total</b>		<b>23,800</b>	<b>100.0%</b>			<b>\$23,902.35</b>	<b>\$286,828</b>	<b>\$12.05</b>			

## Chelan Business Center // FINANCIAL DETAILS



### Income and Expense Projection

	Annual Total	\$ PSF	Notes
Rental Income	\$286,828	\$12.05	[1]
Expense Reimbursement	\$127,104	\$5.34	[2]
Vacancy	(\$20,697)	(\$0.87)	[3]
<b>Effective Gross Income</b>	<b>\$393,236</b>	<b>\$16.52</b>	
Real Estate Taxes	\$28,238	\$1.19	[4]
Insurance	\$3,065	\$0.13	[5]
Utilities	\$47,580	\$2.00	[6]
Repairs & Maintenance	\$23,800	\$1.00	[7]
General & Administrative	\$4,760	\$0.20	[9]
Property Management	\$19,662	\$0.83	[8]
Capital Reserves	\$5,950	\$0.25	[10]
<b>Total Operating Expenses</b>	<b>\$133,054</b>	<b>\$5.59</b>	
<b>Net Operating Income</b>	<b>\$260,182</b>	<b>\$10.93</b>	
<b>Price</b>	<b>\$6,300,000</b>	<b>\$264.71</b>	
<b>Capitalization Rate</b>		<b>4.13%</b>	

**Notes to Income and Expense Projection**

- [1] Income based on annualized rent as of March 1, 2022
- [2] Reimbursement of all expenses except capital reserves
- [3] Stabilized vacancy estimated at 5.0%
- [4] Real estate taxes are based on the 2022 tax bill for the property
- [5] Insurance estimated at 5% over the 2021 expense
- [6] Utilities estimated at 5% over the 2021 expense
- [7] Repairs & Maintenance estimated at \$1.00 per square foot
- [8] General & Administrative estimated based on the expense for similar multi-tenant commercial properties
- [9] Property Management estimated at 5.0% of effective gross income
- [10] Capital Reserves estimated at \$0.25 per square foot annually







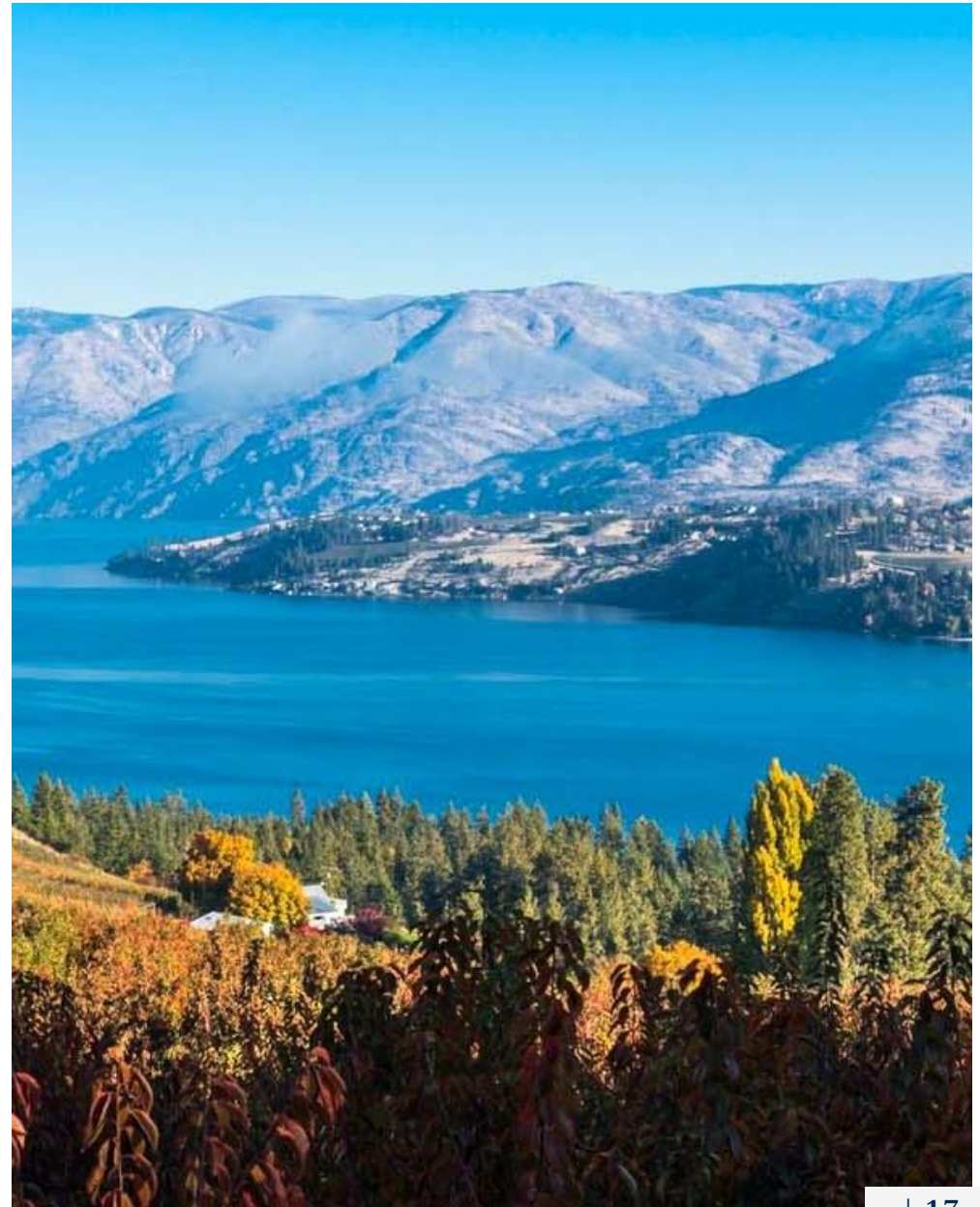


The City of Chelan is a scenic mountain resort community nestled on the shores of Lake Chelan at the eastern edge of the Cascade Mountains, about three hours from both Seattle to the west and Spokane to the east. With access to mountains and the lake, there are numerous outdoor recreational activities in Chelan for visitors to enjoy during any time of year. During warmer months, traditional outdoor and water activities are popular: boating, mountain biking, hiking, paddle boarding, kayaking, fishing, and golfing. Cross country skiing, downhill skiing, and snowmobiling are popular in the winter.

Chelan is the 11<sup>th</sup> American Viticultural Area in Washington State and there are over 30 wineries in the region that offer wine tasting experiences. For visitors, local accommodations include a full range of experiences, including full-service resorts, hotels/motels, bed and breakfasts, private cabins, RV parks, and camping. An estimated two million people visit Chelan each year, with a total economic impact of more than \$417 million.

Home prices in Chelan have increased dramatically over the past several years; this is a confluence of demand for second homes and the increase in the ability of people to work remotely. According to Realtor.com, the median home price was \$795,000 in January 2022. This is an increase of more than 55% over the median price in January 2021 (\$515,000) and a jump of 127% over the median price in January 2020 (\$350,000).

As of 2021, Chelan had an estimated population of 4,216 and 1,783 households. This represents an 8.5% increase in population since the 2010 census when the population was 3,887. The population in Chelan is expected to grow by 4.5% between 2021 and 2026. The city has a predominantly middle-class income profile, with a median household income of \$56,659; the average household income is \$83,121.





Chelan is part of the Wenatchee-East Wenatchee MSA, which consists of Chelan and Douglas Counties in Washington State. Chelan and Douglas counties are on the eastern edge of the Cascade Mountains and are separated by the Columbia River. Chelan and Douglas counties have a very diverse geographic area that includes mountains and lakes and flat areas next to the Columbia River. The varied terrain supports the two major industries in the area: tourism and agriculture. The MSA had an estimated population of 122,985 in 2021; this is an increase of 10.9% over the population of 110,883 from the 2010 census. The population is forecast to grow to 128,950 by 2026, or about 4.5% over the current population.

Agriculture is still the dominant industry in Chelan and Douglas County, with approximately 22% of employment in this sector. Between 9,000-10,000 acres of the Chelan Valley are devoted to growing apples and other fruits. Although apples are the largest crop in the Valley, cherries, pears, apricots, peaches and wine grapes are also produced.

Tourism is the second-largest industry in the region. As mentioned, Lake Chelan the Cascade Mountains are a major draw for the area. Additionally, the town of Leavenworth provides year-round tourism with a Bavarian-themed village that hosts an Oktoberfest festival, Christmas festival, and winter festival. Private health services, local government, and retail services also play a role in the local economy.

## Chelan Business Center // DEMOGRAPHICS

<b>POPULATION</b>	<b>5 Miles</b>	<b>7 Miles</b>	<b>10 Miles</b>
<b>2026 Projection</b>			
Total Population	6,587	8,010	12,453
<b>2021 Estimate</b>			
Total Population	6,299	7,637	11,758
<b>2010 Census</b>			
Total Population	5,778	6,976	10,500
<b>2000 Census</b>			
Total Population	5,471	6,592	9,623
<b>Daytime Population</b>			
2021 Estimate	7,314	9,049	11,934
<b>HOUSEHOLDS</b>			
<b>2026 Projection</b>			
Total Households	2,699	3,202	4,747
<b>2021 Estimate</b>			
Total Households	2,568	3,040	4,475
Average (Mean) Household Size	2.5	2.6	2.6
<b>2010 Census</b>			
Total Households	2,316	2,729	3,956
<b>2000 Census</b>			
Total Households	2,215	2,575	3,591
<b>Occupied Units</b>			
2026 Projection	4,276	5,188	7,993
2021 Estimate	4,017	4,865	7,444
<b>HOUSEHOLDS BY INCOME</b>			
<b>2021 Estimate</b>			
\$150,000 or More	12.0%	12.3%	12.0%
\$100,000-\$149,999	10.8%	11.6%	12.7%
\$75,000-\$99,999	9.2%	9.9%	11.1%
\$50,000-\$74,999	24.5%	22.8%	21.3%
\$35,000-\$49,999	15.1%	14.9%	15.6%
Under \$35,000	28.4%	28.5%	27.3%
Average Household Income	\$80,863	\$81,992	\$83,471
Median Household Income	\$57,769	\$58,380	\$59,111
Per Capita Income	\$33,192	\$32,866	\$31,954

<b>HOUSEHOLDS BY EXPENDITURE</b>	<b>5 Miles</b>	<b>7 Miles</b>	<b>10 Miles</b>
Total Average Household Retail Expenditure	\$137,355	\$139,021	\$140,247
<b>Consumer Expenditure Top 10 Categories</b>			
Housing	\$23,649	\$23,907	\$24,103
Transportation	\$10,596	\$10,727	\$10,812
Food	\$8,990	\$9,071	\$9,163
Personal Insurance and Pensions	\$7,842	\$8,005	\$8,106
Healthcare	\$5,238	\$5,222	\$5,224
Entertainment	\$3,787	\$3,868	\$3,948
Gifts	\$2,294	\$2,356	\$2,400
Cash Contributions	\$2,083	\$2,072	\$2,074
Apparel	\$1,880	\$1,909	\$1,922
Education	\$1,703	\$1,786	\$1,798
<b>POPULATION PROFILE</b>			
<b>Population By Age</b>			
2021 Estimate Total Population	6,299	7,637	11,758
Under 20	24.9%	25.3%	25.7%
20 to 34 Years	16.8%	16.5%	16.5%
35 to 39 Years	6.0%	6.1%	6.3%
40 to 49 Years	10.4%	10.7%	10.6%
50 to 64 Years	20.7%	21.0%	21.1%
Age 65+	21.2%	20.3%	19.8%
Median Age	42.1	41.9	41.4
<b>Population 25+ by Education Level</b>			
2021 Estimate Population Age 25+	4,387	5,299	8,122
Elementary (0-8)	9.9%	10.8%	13.4%
Some High School (9-11)	6.3%	6.4%	6.7%
High School Graduate (12)	28.2%	27.9%	27.4%
Some College (13-15)	21.8%	20.9%	20.1%
Associate Degree Only	10.8%	10.8%	9.6%
Bachelor's Degree Only	16.4%	16.5%	16.1%
Graduate Degree	6.6%	6.6%	6.8%



## POPULATION

In 2021, the population in your selected geography is 11,758. The population has changed by 22.2 percent since 2000. It is estimated that the population in your area will be 12,453 five years from now, which represents a change of 5.9 percent from the current year. The current population is 51.4 percent male and 48.6 percent female. The median age of the population in your area is 41.4, compared with the U.S. average, which is 38.4. The population density in your area is 37 people per square mile.



## HOUSEHOLDS

There are currently 4,475 households in your selected geography. The number of households has changed by 24.6 percent since 2000. It is estimated that the number of households in your area will be 4,747 five years from now, which represents a change of 6.1 percent from the current year. The average household size in your area is 2.6 people.



## INCOME

In 2021, the median household income for your selected geography is \$59,111, compared with the U.S. average, which is currently \$65,694. The median household income for your area has changed by 82.8 percent since 2000. It is estimated that the median household income in your area will be \$60,894 five years from now, which represents a change of 3.0 percent from the current year.

The current year per capita income in your area is \$31,954, compared with the U.S. average, which is \$36,445. The current year's average household income in your area is \$83,471, compared with the U.S. average, which is \$94,822.



## EMPLOYMENT

In 2021, 5,936 people in your selected area were employed. The 2000 Census revealed that 46.8 percent of employees are in white-collar occupations in this geography, and 53.2 percent are in blue-collar occupations. In 2021, unemployment in this area was 8.0 percent. In 2000, the average time traveled to work was 13.5 minutes.



## HOUSING

The median housing value in your area was \$396,799 in 2021, compared with the U.S. median of \$227,827. In 2000, there were 2,278 owner-occupied housing units and 1,312 renter-occupied housing units in your area. The median rent at the time was \$448.



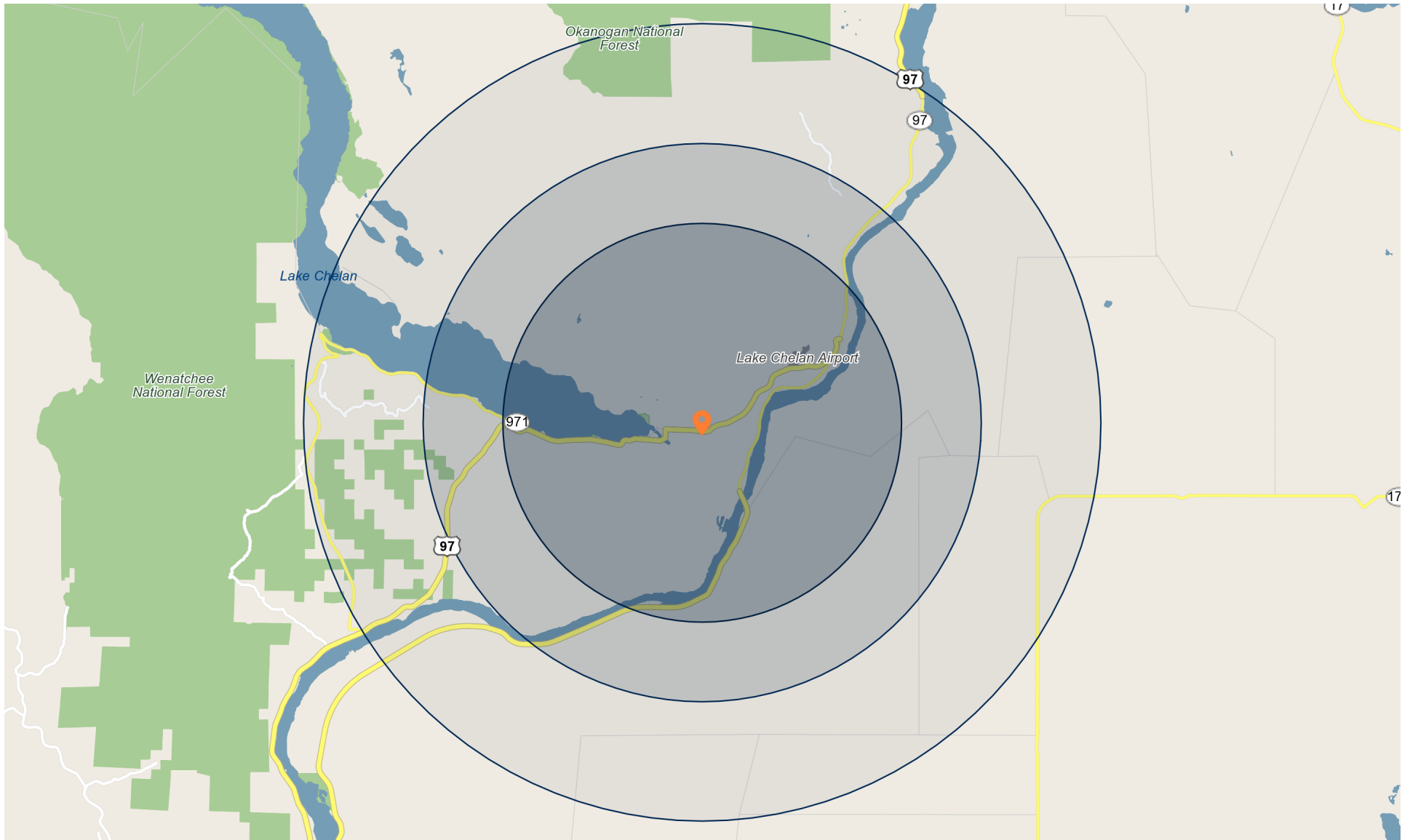
## EDUCATION

The selected area in 2021 had a lower level of educational attainment when compared with the U.S. averages. Only 6.8 percent of the selected area's residents had earned a graduate degree compared with the national average of 12.0 percent, and 16.1 percent completed a bachelor's degree, compared with the national average of 19.5 percent.

The number of area residents with an associate degree was higher than the nation's at 9.6 percent vs. 8.3 percent, respectively.

The area had more high-school graduates, 27.4 percent vs. 27.2 percent for the nation, but the percentage of residents who completed some college is lower than the average for the nation, at 20.1 percent in the selected area compared with the 20.5 percent in the U.S.

## Chelan Business Center // DEMOGRAPHICS



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