



MARINA BUILDING

851 Coho Way | Bellingham, WA 98225

\$11,400,000 Sale Price

47,508 SF Office Building

Excellent Bellingham Bay Location

Fully Leased

CAP Rate: 6.16%

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Commercial Sales | Leasing | Management

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THE OFFERING

FOR SALE: \$11,400,000

NWMLS #: 1881412

CBA #: 29570435

The Marina Building sits proudly within the Port of Bellingham's Marina District. 100% fully leased, 6.16% Cap on actuals, 3% vacancy credit loss, with a strong mix of regional and local tenants. 1st floor is anchored by LFS retail sales serving marine industry and the 2nd and 3rd floor as Class A office. Secure entry served by elevator. Fully sprinkled. This 47k plus sq ft building has been meticulously upgraded and maintained with a tenant occupancy average of 6.75 years. Building is situated on a landlord favorable Port of Bellingham Land Lease with 40 years remaining. The math works! Abundant parking, in a walkable area with easy access to affiliated services, restaurants, trails and parks. Limited tour available prior to offer submission. OM is reflective of actual financials. Full financial information including building inspection available upon accepted offer.

FINANCIALS

Income	
2022 Gross Scheduled Income	\$949,869.51
Vacancy/Credit Loss (3%)	(\$28,496.09)
2022 Adjusted Gross Income	\$921,373.42
Operating Expense Budget	
Common Area Expenses	
C/A Repair & Maintenance	\$14,346.50
C/A Elevator Maintenance	\$6,309.78
C/A Janitorial	\$9,900.00
C/A Janitorial Supplies	\$950.34
C/A Fire Life and Safety	\$2,944.61
C/A HVAC Repair	\$10,176.91
C/A Landscaping	\$1,443.38
C/A Window Cleaning	\$1,070.00
C/A Management Fee	\$34,647.82
C/A Postage	\$51.32
C/A Insurance	\$7,161.00
C/A Real Estate Tax (2022)	\$50,000.00
C/A Land Lease	\$48,066.40
C/A Electricity	\$2,421.53
C/A Water & Sewer	\$8,887.24
C/A Garbage	\$15,335.73
Total Common Area Expenses	\$213,712.56
Owner Expenses	
O/E Misc. Repairs & Maintenance	\$3,776.83
O/E Electricity	\$1,140.04
Total Owner Expenses	\$4,916.87
Total Operating Expenses	\$218,629.43
Net Operating Income	\$702,743.99
Market Valuation	\$11,408,181.73

DETAILS

BUILDING DETAILS

Year Built	1991
Building Size	47,508 SF
Lot Size	1.4 Acres
Property Taxes (2021)	\$47,508
Water	City of Bellingham
Sewer	City of Bellingham
Electricity	PSE
Zoning	CWF
Underlying Debt	None

PORT LEASE SUMMARY

- Lease is a 40-year term beginning January 1st, 2001 and ending December 31, 2041. The Lease has approximately 19 years and 10 months left before its next renewal option.
- There are four (4) consecutive five (5) year periods. This would extend the Lease an additional 20 years, until 2061.
- Monthly rent includes a non-exclusive parking fee.
- From initial Lease execution, there have been five (5) Lease rent modifications. Rent negotiations are every 5 years beginning January 1st with the next negotiation in 2027.

TENANT HIGHLIGHT

LFS MARINE & OUTDOOR

Marina Building is anchored by **LFS Marine & Outdoor**, one of **Bellingham's** favorite commercial fishing and boating supplies retailer.

LFS Marine & Outdoor was founded in 1967 as an outfitter and supplier to commercial fishing operations in the Pacific Northwest. Their success has permitted them to grow and diversify. With several locations, LFS retail stores operate out of Bellingham, Seattle, and across Alaska. Additionally, they ship to boaters in over 175 countries via their online storefront, Go2Marine.

LFS is an integral business in the Squaticum Harbor marina district.

MANAGEMENT & EXPENSE SUMMARY

This property has a modified gross lease, with the tenant responsible for electricity and in a few cases gas which are both separately metered. PCR started to track expenses and budgeted as if it were a NNN lease so that in the future we would have accurate expenses to reflect on. Below we summarize some of the variances in GL codes that skew the budget.

2019

This was PCR's first year managing the Marina Building. PCR was building the budget and getting to know the operating expenses. The budget comparison shows no "budget" as PCR did not have one and needed a year to create one. One of the biggest variants in the budget each year is the invoices received by the building's maintenance person. The way the maintenance person invoices, everything is put on one sheet making it very difficult to break down by GL code. The invoices are always coded into 6210-0000 as a catch all. There will be great variation in this code depending on tenant improvement construction and if PCR was able to pull those costs out into 6127 as an owner's expense or PCR had to leave them intermingled in 6210. This will be very easy to clean up moving forward, it is just how things have always been done and the owner did not want to change course.

You will notice in this year the owner replaced \$56K in HVAC units 6247-000 and 6210-000 also had owner's expenses intermingled. The C/A budget for the year should be around \$135K.

2020

This is the first year PCR had an actual budget. Again, there are a few abnormalities in the budget. Under 6247-000 HVAC, the owner again spent about \$67K on new HVAC units. In 6210-0000 repair and maintenance we also had a fair amount of owner expenses. The C/A budget for the year should be around \$188K. This is a more accurate reflection of C/A expenses.

2021

This is the second year PCR had a budget. Same abnormalities along with the insurance being double booked in one year, we paid the policy through 2022, so the Insurance should have been about \$8,076 for the year. The C/A budget for the year should be around \$196K.

2022

The property is budgeted for \$217,050.36 in C/A expenses this year.

CAPITAL IMPROVEMENTS

Exterior

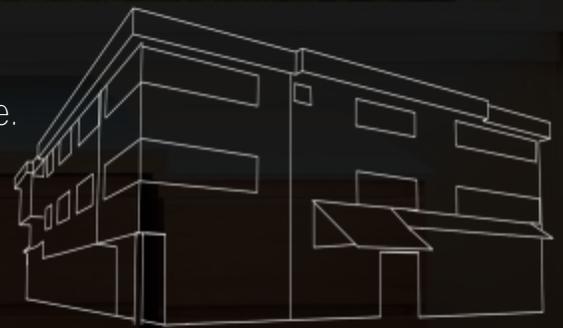
1. Entire exterior siding and trim painted with two coats of Sherwin Williams Super Paint.
2. All glass has been replaced in windows-entire building.
3. Security Cameras added: parking lot, front entry, side entry and roof. Remote online access.
4. Front entry area to building improved with new walkway and landscaping.
5. New illuminated monument sign added.
6. **New “Marina Building” branded signage added to exterior of building.**
7. Gooseneck light fixtures added to exterior.
8. Entire building new master key system and key box located in office.
9. Automatic door locking timer on front doors, Keri system.
10. Automatic timer lock on side door with commercial grade keypad lock allowing a secure building after hours with 24/7 tenant access.

Parking Lot

1. Main, large parking lot is maintained by the Port. Lot was re-graded, re-surfaced, striped 6 years ago by the Port.
2. Small lot, this lot is for the primary use of LFS therefore historically the owner has shared the expense with LFS to maintain it. The lot was re-graded, re-surfaced, striped and new tires stops installed about 6 years ago.

Roof

1. Roof was replaced about 10 years ago. Hypalon roof membrane.
2. All terminated gas pipes have been removed from the roof.
3. Seagull spikes installed to deter nesting.



Interior

1. New sprinkler system installed.
2. All new master key system, all door handles/locks replaced with mortise lock.
3. **Created “managers office” and janitorial/maintenance room.**
4. Common area new paint, carpet, lighting, and wood trim. Re-light windows added to flood hallway with natural light.
5. All handrails in common area removed, sandblasted and powder coated.
6. Ceiling fans added.
7. All suites remodeled: Fresh paint on walls and ceiling, new carpet, new wood base board, door and window trim. Kitchenettes added including upper and lower cabinetry, sink and refrigerator. Cellular blinds added to all suites.
8. All suites and common area bathrooms completely remodeled.
9. Most lighting has been upgraded to LED.
10. Entrance lobby furniture and art.

BUILDING SYSTEMS & PARKING LOT

Electricity

Each suite is individually metered. Electricity bill is in tenants name and paid directly.

HVAC

Each suite has its own dedicated roof top HVAC unit with dedicated thermostat in suite. This allows the tenant excellent optimization of their own comfort. Electricity and or gas (in 2 units only) is in tenants name and paid directly. Ownership has removed all terminated gas pipes on roof and meters.

1. Roof top units
 - a. Newer electric 2 ton heat pump units. All replaced within last 5 years by Blythe Heating and Plumbing
 - b. Two gas 5 ton units.
2. Ceiling furnaces and cooling
 - a. Installed in Lunavi and LFS office on second floor

Elevator

Thyssen Krupp maintains elevator. Original to building.

Fire

The building was updated with a sprinkler system. Security Solutions monitors the fire alarm system and performs all required inspections. The building is up to date on all inspections.

Internet/Fiber

Wave, Comcast, Pogozone, Century Link are all in the building.

Marina Building has two associated parking lots:

- Small parking lot used by LFS on east side of building – 20 Spaces Estimated
 - This lot is maintained by Marina Building.
 - **This is part of the “exclusive use” in the Port Lease.**
 - Historically the building owner and LFS has shared the maintenance expenses.
 - LFS is responsible for tow contract.
 - The Port does NOT maintain this lot.
 - This lot was recently renovated.
- Large parking lot on the west side used by all tenants. – 107 Spaces Estimated
 - **This lot is “non-exclusive use” in the Port Lease. Anyone can park there.**
 - **Marina pays a monthly fee for “use”.**
 - The Port maintains the lot and tow contract.
 - The lot is never full and is primarily used by Marina building tenants.
 - The use of this lot is a huge asset to the building and its tenants.
 - The lot was recently renovated.
 - 27,900 SF of parking

851 COHO WAY



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INTERIOR



OFFICES



Within Walking Distance



WATERFRONT DEVELOPMENT

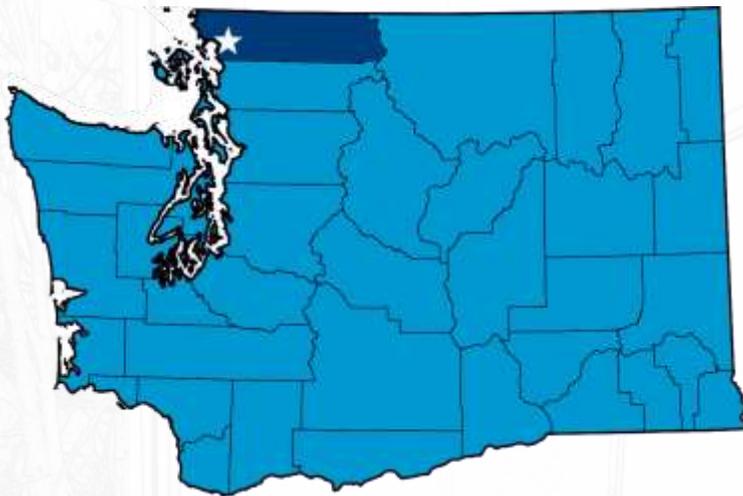


In June of 2006, Georgia Pacific sold the property to the Port of Bellingham in exchange that they be responsible for the environmental cleanup of the property. The redevelopment is intended to create new mixed-use areas on the waterfront for commercial, industrial, educational, recreational and residential uses. The development is in progress and continues to innovate and develop on the waterfront.

- The 37-acre downtown extension is intended to restore public access and increase foot traffic, with the implementation of housing, office and institutional uses.
- 52-acre Log Pond area is to be utilized for transportation, construction or light industrial use. Businesses in the Central Business District will provide family-wage jobs, including offices, research and development, business incubators, live/work studios, and water-related industries.
- The Bellingham Comprehensive Plan projects a demand for 1,225 infill housing units in the Central Waterfront District Urban Center, and an additional 1,321 units in the Downtown Core Urban Center by the year 2025.

CITY OF BELLINGHAM, WA

The Pacific Northwest scarcely gets more peaceful than unspoiled Bellingham, a bustling city nestled in the Bellingham Bay. Nature abounds in all directions surrounding this coastal paradise. Bellingham can be conveniently accessed by land, air, rail, and sea. With easy transportation to both Canada and the international hub of Seattle, Bellingham offers a great middle point. While the Canadian market offers a diverse economy for the local businesses, continually businesses are migrating north to the area in order to find a new and better home. The waters of the Pacific offer opportunities for whale watching, cruising to Friday Harbor or visiting the Canadian city of Victoria. To the east, Mt. Baker beckons skiers and snowboarders to its slopes. The city itself is alive with vibrant theater, historical museums, gourmet restaurants and fine arts.



2019 Households

90K

Growth 2019-2024

6.6%



2020 Metro Population

224K

Growth 2019-2024

5.7%



2020 Median Age

31.5

U.S. Median

38.1



2020 Median HH Income

\$62,984

U.S. Median

\$63,030



NATURAL BEAUTY

The dominating Mt. Baker towers over the city, with its staggering beauty. The deep expansive blue of the ocean carries our sight to the San Juan Islands. All the while you are hugged by the soft green of thunderous trees that decorate land for as far as the eye can see.



STRATEGIC LOCATION

The prosperous city Vancouver, Canada only sits 55 miles north. And the technological hub of Seattle resides 88 miles to the south. Bellingham provides an essential middle point for those looking to operate within both expanding districts.



HIGHER EDUCATION

Within Whatcom there are five different institutions of higher education that cover a vast array of different focuses. Western Washington University, Whatcom Community College, Bellingham Technical College, NW Indian College, and Trinity University all provide qualified and skilled workers.

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