

IDEAL COMMERCIAL DEVELOPMENT SITE

IN THE

FASTEST GROWING METRO AREA IN THE STATE WASHINGTON

TRI-CITIES
RICHLAND, WASHINGTON



EXECUTIVE SUMMARY

- Location Maps4
- Executive Summary.....6
- Aerial.....7

MARKET ANALYSIS

- Retail Market Description.....8
- Retail Void Analysis.....9

PROPERTY DESCRIPTION

- Development Plan.....10
- Roadways.....13
- Regional Map.....14

AREA OVERVIEW

- Tri-Cities Facts.....15
- Quality of Life.....16
- Economy.....18
- Housing.....19

DISCLAIMER:

Colliers International (“Agent”) has been engaged as the exclusive agent for the sale of 29.14 acres development land located in Richland, Washington (the “Property”). The Property is being offered for sale in an “AS-IS, WHERE-IS” condition and Seller and Agent make no representations or warranties as to the accuracy of the information contained in this Offering Memorandum. The enclosed materials include confidential information and are being furnished solely for the purpose of review by prospective purchasers of the interest described herein. The enclosed materials are being provided solely to facilitate the prospective investor’s own due diligence for which it shall be fully and solely responsible. The material contained herein is based on information and sources deemed to be reliable, but no representation or warranty, express or implied, is being made by Agent or Seller or any of their respective representatives, affiliates, officers, employees, shareholders, members, partners and directors, as to the accuracy or completeness of the information contained herein. Summaries contained herein of any legal or other documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained herein.

TABLE OF CONTENTS





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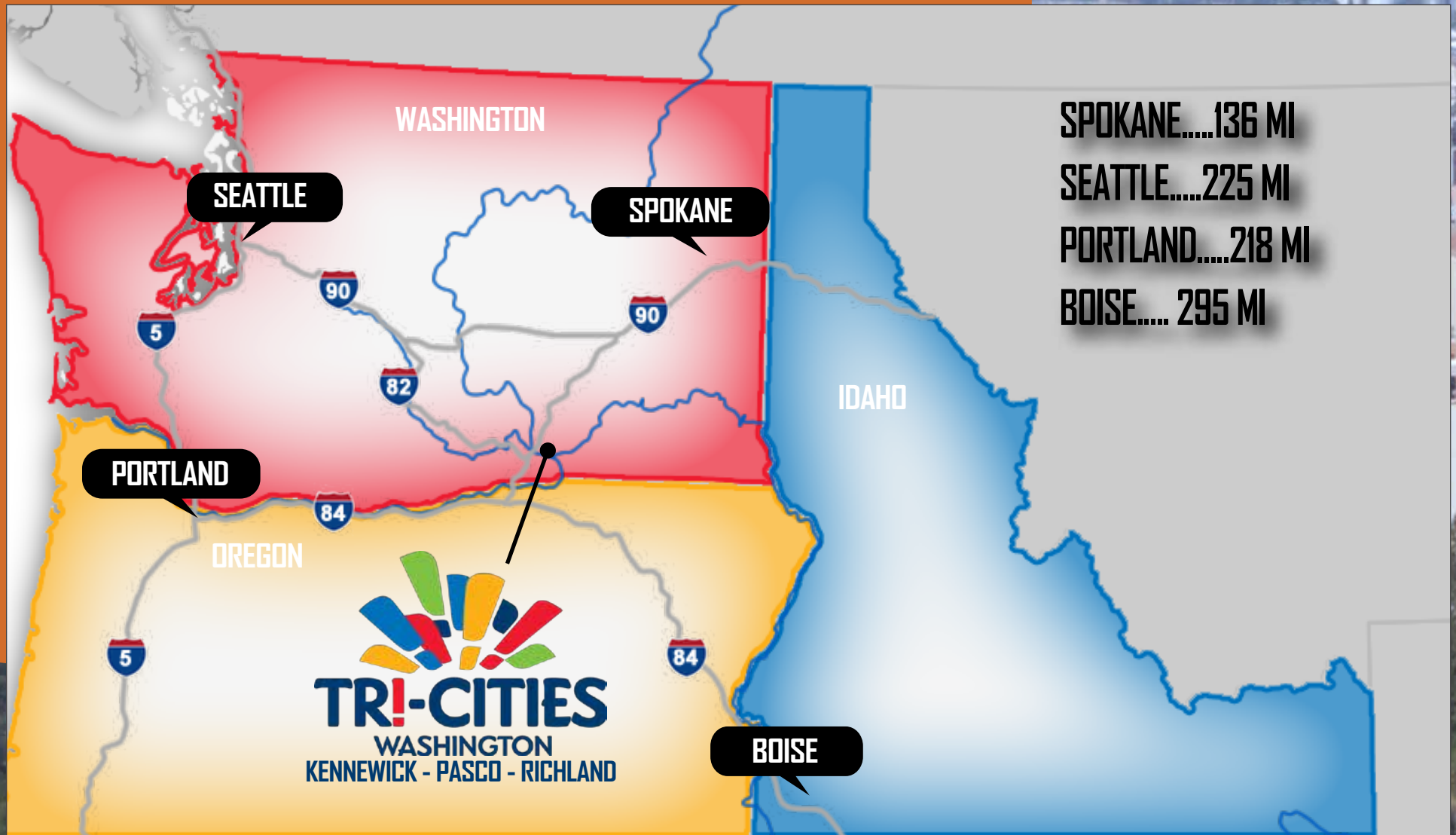


COLLIERS INTERNATIONAL

3 Park Plaza, Suite 1200

Irvine, CA 92614

Located in Tri-Cities: Richland, Washington



At the Core of the Community, Close to Shopping and Neighborhoods

OFFERING

The owner is offering for sale a freeway oriented unimproved land site of 29.14 acres in the city of Richland, Washington, one of three cities making up Eastern Washington's "Tri-Cities" MSA. This site is ideally located to serve as a regional hub, as it has immediate access to Highway 240. In addition, it is located on Steptoe Street which, with recent and future extensions, is a primary North/South arterial that will connect to both Interstate 82 and Highway 395. This site delivers views of the Columbia River, and is close in proximity to

other regional draws such as the Columbia Center Mall, a three minute drive from the site. It can be utilized for a variety of uses such as: retail, office, medical facility, educational, and multi-family development. The Tri-Cities MSA is one of the fastest growing areas in the Country with the 23rd highest MSA growth from 2010 – 2014. The Tri-cities region is located 3 hours from Seattle and Portland and 1.5 hours from Spokane by automobile.



INTRODUCTION

The community desires a higher-end Center that has a sense of place and reflects the active lifestyle of the community. It wants a new, vibrant retail focal point that will attract the latest retailers and exciting restaurant venues. The two parcels which are separated by an irrigation canal can be developed as one overall development or completely separate. Various options exist for connectivity of the parcels and maneuvering the canal. (see page 13). The site is ideal for a regional retail project due to easy access, a central location, and visibility

from the freeway. It is a three minute drive from the Columbia Mall which has both shopping and movie theater entertainment. We believe a mixed-use concept project is also viable and is in keeping with the “live-work-shop” concept that both suburban and urban communities enjoy. A mix of office, high density residential, medical uses, and higher education facilities can all be combined with the retail to create a very dynamic project. This commercial property is ready for a developer who has vision to create a retail environment that invites its customers to shop and enjoy the locale.

OFFERING PRICE – \$12,500,000 equal to approximately \$10.00 per net square foot.

There is a current Development Agreement that will allow the developer to be reimbursed for infrastructure expenses in the amount of \$3.2 million from sales tax revenue from the City of Richland.





Development

ZONING

The Southerly 24 Acres of property is currently zoned C2 Retail Commercial. The retail business use district (C-2) is a business zone classification providing for a wide range of retail business uses and services compatible to the core of the city and providing a focal point for the commerce of the city. This zoning classification is intended to be applied to some portions of the city that are designated commercial under the city of Richland comprehensive plan.

The Northerly parcel along Columbia Park Trail of approximately 7 acres is currently zoned R-3 Multi Family Zoning. This zoning would accommodate density of residential as 14 dwelling units per acre. Therefore, the current zoning accommodates a mixed-use development project of both retail and residential.

DEVELOPMENT PROCESS

The City of Richland is the governing body that will oversee the development of the site. They are eager to have a quality project on the site and have shown their support by executing and extending a project facilitating development agreement. The development process within the City is streamlined and can be accomplished in a six month time period.

As a portion of the land in the Northern quadrant does not have commercial zoning, a zone change amendment is necessary for retail development. There are two options

for accomplishing this zone change; a planned unit development or comprehensive plan amendment/zone change process. The quickest and most flexible would be the planned unit development process. An outline of each process is described below.

The Planned Unit Development Process is provided within the due diligence site https://www.dropbox.com/sh/ycky1pleblv6xkx/AAB7uaoMShpK7_Ge09JrXQzva?dl=0

DEVELOPMENT COST

The owners of the land have spent considerable time in pre-development preparation to get the land to a point where the developer can pick up the process and entitle their intended use taking the land to a finished parcel. As a portion of the site is a former quarry, there is considerable fill needed to bring the overall site to a finished grade level. The approximately 180 thousand cubic yards of fill dirt is available at no "dirt" expense

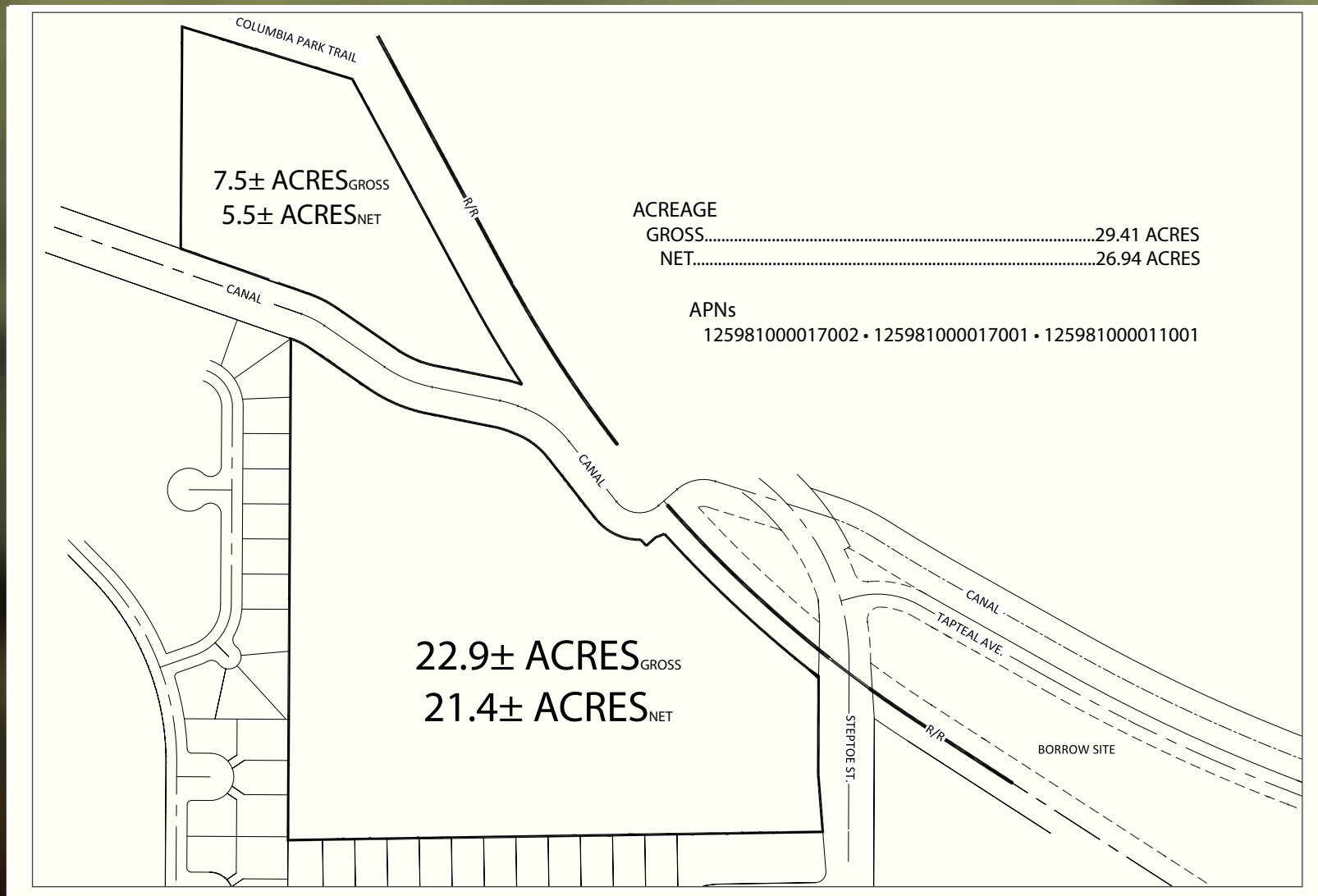
from another site that the Seller owns on the other side of Tapteal, providing the developer a considerable savings. It is anticipated that the available dirt will satisfy nearly all fill scenarios.

Apollo, a construction company based in the Tri-Cities, prepared the development cost preliminary estimates in 2007 assuming a more complex intersection design. We believe that constructions cost remain similar to those outlined in the table.

For further details, you may contact Roger G. Wright, P.E., a local developer consultant who is familiar with the area. However, you are responsible for any expenses that you incur:

Roger G. Wright, P.E.
RGW Enterprises, PC
3250 Port of Benton Boulevard, Richland, WA 99354
Phone 509-375-3565 Cell 509-366-7455
roger@rgwenterprises.com

ITEM	COST	NOTES
Bridge Cost	\$500,000	Assuming canal bridge, not rerouting of canal
Road Cost	\$660,000	Tapteal Road from Steptoe to Columbia Park
Steptoe/Tapteal Intersection	\$1,000,000	Single Intersection, realign Tapteal on E.
Tapteal/Columbia Park Intersection	\$200,000	City requirement TBD
Existing Fill For Quarry Site	\$430,000	Move and compact ditch
Fill For Quarry Side	\$270,000	Move and compact, final grading
Fill For Northerly Parcel	\$255,000	Move and compact, final grading
Prep For Final Grading	\$250,000	Remove existing fountains
Ditch Lining	\$100,000	CID requirement
Engineering	\$250,000	Est
Permits, Etc	\$500,000	
Contingency, 10%	\$396,500	
TOTAL DEVELOPMENT COST	\$3,965,000	





Retail Market

The retail market in the Tri-Cities area reflects the growth in this community. As the economic job base and population increases, so has the consumer spending. Job growth is projected to continue rising. Population is over 273,100 currently in the trade area with very positive growth projections. The household income within the trade area is predominately \$97,114. The trade area is defined as a 90-minute drive time from the site, which is outlined below. This would be the trade area for a regional commercial center. The Tri-Cities area serves as a regional commercial center for a broad geography east of Yakima. It has the largest economy and commercial retail center for southeast Washington and northeast Oregon, including Walla Walla, Hermiston, and

Pendleton. These residents make concentrated shopping trips to this area for retail and services that are not offered to them locally. From a retail perspective, the main draw would be the Columbia Center Mall anchored by Macy's, JCPenney and Sears, and supplemented by Costco, which are all close to the subject site.

The greater Tri-Cities MSA is estimated to currently have 10,753,389 million square feet of retail. Wal-Mart has three super centers in the area and Target has one site without a grocery component. Kohl's is located on Tapteal, close to the site. The overall vacancy rate for the area is a healthy 5.6% per CoStar statistics. Newer anchored centers achieve higher occupancy and rental rates with shop space rental rates starting

at \$1.50 NNN PSF. The only "high-end" shopping opportunities in the area are currently found at the Columbia Center Mall, owned by Simon Properties. These retailers would include Macy's, Abercrombie & Fitch, Barnes & Noble, Coach and Eddie Bauer. Restaurants include P.F. Chang's, Twigs Bistro & Martini Bar, and the Center also has a Regal Theaters. The mall was originally built in 1968 and has since been remodeled. The area is in need of a shopping center that has a sense of place and attracts customers to dine or shop in an inviting environment. This site has the location for such a development with its easy access and one mile of freeway visibility unlike the Columbia Center Mall which lacks freeway visibility.

RETAIL VOID ANALYSIS

The anchor tenants, which we have identified as both logical and missing in the market, are as follows

	MISSING CONCEPTS IN MARKET	EXISTING CONCEPTS IN AREA
Grocery Concepts	Fred Meyer, Whole Foods, or Trader Joe's	Food 4 Less, Aldi, Albertsons, WinCo, Costco, Cash & Carry
Movie Theatres	AMC	Regal Cinemas, Carmike 12
Soft Goods	Home Goods, Nordstrom Rack, Marshall's (over 4 miles away), Buy, Buy Baby, Cost Plus World Market.	Marshalls, Petco, Kohl's, TJ Maxx
Disc. Department Stores		Target, Walmart
Home Improvement		Home Depot, Lowes
Furniture	IKEA	Ashley Furniture
Fitness	LA Fitness and 24 Hour Fitness are in only Seattle	Gold's Gym in Richland and Kennewick
Outdoors/Camping	Bass Pro Shops, Cabela's	REI in Kennewick, Sports Authority
Sporting Goods	Dick's Sporting Goods	Sports Authority



Site Plan



Roadways and Planned Improvements

IRRIGATION CANAL

The two parcels are divided by an irrigation canal operated by the Columbia Irrigation District; the canal carries water approximately six months of the year, but is empty, and therefore constructible, during the winter months. The irrigation district is willing to alter the canal as long as the canal operation benefits in some way from the proposed changes. Development options for the parcels vary in terms of price and complexity and can result in differing road and parking layouts, total buildable area, structure configuration and elevation, and whether a City road passes through and connects the parcels.

The simplest solution involves minimal connection between the parcels, such as a foot bridge or single automobile bridge over the canal. The next level, and supported by the Development Agreement with the City of Richland, involves the continuation of Tapteal Road through both properties, thus connecting Steptoe and Columbia Park Trail Roads. This solution would result in significant through-traffic in the development, and could involve a single canal crossing or multiple crossings of varying sizes. Finally, should the developer opt for a full integration of the parcels, the canal could be contained in a box culvert thus rendering the area above the canal usable for public use or parking. The large amount of fill available to the developer would allow much of the northern parcel to be raised to an elevation similar to the larger southern parcel. Finally, the canal could be piped and moved south, thus removing the canal as a factor in the configuration and pad elevations of the site. The property developer will have a number of options for configuring the two parcels; the decision will ultimately rely on the use and a detailed cost benefit analysis.

CENTER PKWY

Center Parkway runs north/south between the Columbia Center Mall, the Movie Theater, and Costco. Center Parkway is expected to cross the UP railroad tracks and connect Gage Blvd to Tapteal. Benton County Superior Court affirmed a state Utilities and Transportation Commission decision allowing the cities to extend the road over the rail lines to connect with Tapteal Drive in December 2014, which will link the Gage Blvd retail area (including Mall, Costco, and theatres, to Tapteal Drive.

TAPTEAL DRIVE-COLLECTOR STREET

Currently Tapteal Drive is a two lane road which runs east/west and serves as a freeway frontage road between the primary arterial Columbia Center Drive to Steptoe. Tapteal road may be realigned where it connects to Steptoe so that it can be a signalized intersection serving also as the entrance to the subject site. Tapteal Drive will become West Tapteal Drive upon crossing Steptoe until it connects to Columbia Park Trail to the North.

HIGHWAY 240

Completed in June 2007, the roundabout was constructed at the Richland Wye eastbound off-ramp and Steptoe Street (adjacent to the property being offered). Three lanes in each direction on the roundabout have relieved the heaviest traffic volumes for the area.

STEPTOE STREET – PRINCIPAL ARTERIAL

Steptoe Street is currently four lanes and extends from Highway 240 to W Clearwater (completed fall 2014). Phase 3 Construction is in progress on the roadway improvements between 4th Avenue and the 5 Corners intersection with utility installation and subgrade preparation nearing completion. Sewer installation and subgrade preparation are in progress between 5 Corners and Sherman Street as well and will be completed in mid-2016. When these roadways are completed in 2016, Steptoe/Hildebrand will connect to Hwy 395 and by extension to I82. These extensions create a North South primary arterial through Kennewick and Richland providing easy access from Richland, Kennewick, and Hwy 240 to the Interstate 82 and Highway 395.

COLUMBIA PARK TRAIL-MINOR ARTERIAL

Columbia Park Trail is currently two lanes and will serve as the Northern entrance to the 30-acre shopping center site. A traffic signal is not currently designated as a requirement at the intersection of West Tapteal.

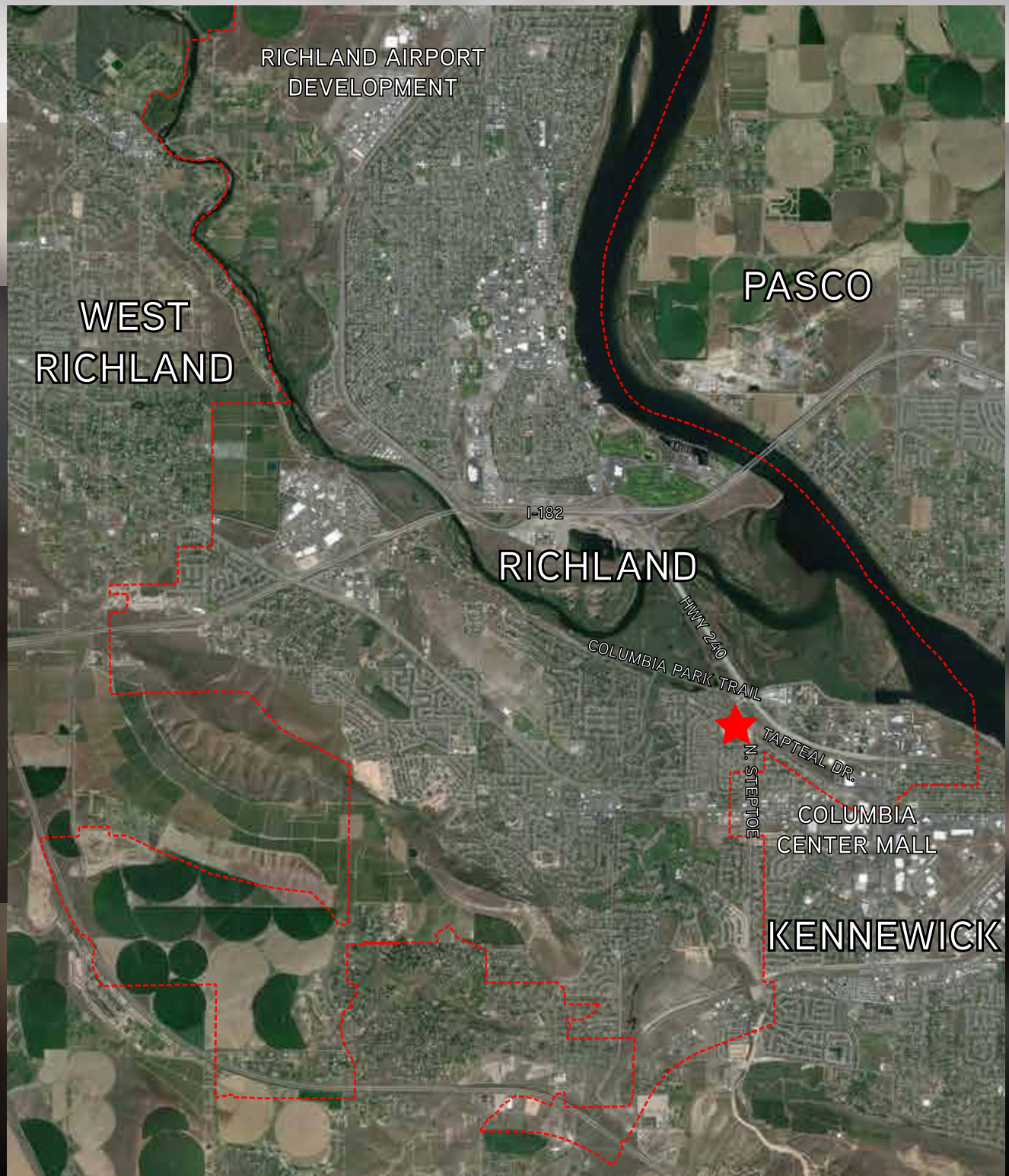
Regional Map

CITY OF RICHLAND

The site is located within the City of Richland, WA. Richland, with a population of nearly 52,413, enjoys an extremely high mean education level, and the third highest per capita income levels in Washington State.

Its K-12 school system is one of the best in the state and Richland is home to Washington State University, Tri-Cities, a four year university, Columbia Basin College Health Sciences Facility, and the state's first STEM focused school, Delta High School.

Richland's roots are grounded in science and technology. Although superimposed over the footprint of a small, riverside agricultural community incorporated in 1910, modern-day Richland dates from 1943 when the U.S. Army acquired 640 square miles, including the Richland town site, as the location of the Hanford Works, a critical component of the Manhattan Project.



Tri-Cities Regional Facts

Situated at the confluence of the Columbia, Snake, and Yakima Rivers in Southeastern Washington, the Tri-Cities represent the Kennewick-Pasco-Richland Metropolitan Statistical Area in Benton and Franklin counties. The Tri-Cities is centrally located and linked to the major population centers of the Pacific Northwest by Interstate Highways 182, 184, 182, 240, 395, and 90. Seattle and Portland are 3 ½ hours by car. The BNSF and Union Pacific Railroads have a major presence in the Tri-Cities and the Columbia River connects the region with the Port of Portland. The Tri-Cities Airport (PSC) offers direct daily flights to Seattle, Portland, San Francisco, Denver, Salt Lake City, and Minneapolis. The Tri-Cities is more affordable than other major Northwest region. Affordability, coupled with an excellent quality of life, is a major reason for the area's continued growth in population, jobs, and overall economic activity.

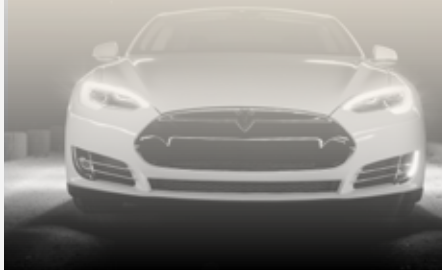
SMARTER

The Tri-Cities is home to Pacific Northwest National Laboratory, high-tech manufacturing firms, environmental and engineering companies, and food growers and processors. The region's workforce boasts an educated workforce with access to higher education opportunities at Washington State University Tri-Cities and Columbia Basin College. The region's economy is anchored in agriculture, bio- and high-technology, manufacturing, service industry, and government. Major employers include Battelle/Pacific Northwest National Laboratory, URS, CH2M Hill, ConAgra Foods LambWeston, Bechtel National, Kadlec Regional Medical Center, Amazon.com, Tyson Fresh Meats, and Lockheed Martin.



FASTER

Since 2000, no other community in the state of Washington has grown faster than the Tri-Cities. Current population estimates for Benton and Franklin counties is now 273,100. Located three and a half hours from Seattle, WA and Portland, OR, businesses' products and services move quickly.



FRESHER

Farms cover over a little more than a million acres in Benton and Franklin Counties; potatoes, wheat, apples, grapes, alfalfa, strawberries, asparagus, corn, and hops are the largest producers. Much of this produce is shipped from port facilities in the Tri-Cities to the Pacific Rim and by Railx to major cities on the East Coast.



BRIGHTER

With more than 300 days of sunshine, the Tri-Cities offers breathtaking parks, nostalgic downtown areas, upscale dining and retail options, art galleries, antique shops, and a variety of entertainment venues presenting live Broadway shows and musicals. The Tri-Cities is home to four of Washington State's eleven American Viticulture Areas (AVAs), and over 160 wineries within an hour's drive.



As a desert region, the Tri-Cities area enjoys a relatively mild climate with an abundance of sunny days. The average annual precipitation is less than seven inches. Thanks to winter temperatures hovering at an average 44 degrees and with little to no snowfall, our golf courses are open year round! Summer temperatures average a pleasant 88 degrees, with river breezes contributing to cool evenings and balmy days.

Quality Of Life

HIKING

With its unique natural features and landscape, the Tri-Cities offers adventurous hiking and enjoyable outdoor exploration. There are over 30 hiking trails, a wildlife refuge, parks, and wide open spaces.



The area is home to shrub-steppe habitats, ridgelines of mountains, meadows, wetlands, and cultural, historical, and archeological sites. Hikers find dramatic sweeping vistas and access to a remarkable community of wildlife and native plants. In the springtime, the wild lands are enhanced with scenic displays of wildflowers and a showcase of orchard blossoms. The Tri-Cities has many popular trails well maintained by conservation and hiking enthusiasts. Volunteers in the Tapteal Greenway, for example, encourage the outdoor experience by preserving the rustic character of the Lower Yakima River, protecting native habitats and species, promoting recreational opportunities, and providing outdoor education programs.

GOLFING

With the Tri-Cities exceptional climate, golf is one of the region's most popular sports. Reasonable green fees, plentiful tee-times, and wonderful weather are experienced year-round. There are eight courses in the area to choose from.



ARTS, ENTERTAINMENT, WINERIES

Art and entertainment thrive in the Tri-Cities with musicals, exhibits, and works of national distinction. Washington is the country's second-largest wine-producing region. To the west stretches the Yakima Valley. To the east is the Walla Walla Valley. To the south is the Horse Heaven Hills. To the north, thousands of acres of vineyards stretch through the Columbia Basin and Plateau. The Tri-Cities is Washington wine country's epicenter, complete with hotels, restaurants, and cultural amenities. Wineries are in great abundance and festivals during the year include Barrel Tasting, Catch the Crush, and Tri-Cities Wine Festival. The Tri-Cities is home to some of the region's 160+ wineries with more than 50 of those wineries being within a 30-minute drive of the Tri-Cities area.

SPECTATOR SPORTS

The Tri-Cities has three professional sports teams. The HAPO Gold Cup Hydroplane Races is the Tri-Cities largest community sporting event.



WYSE

EDUCATION

It is no surprise that a highly educated workforce values education. Local employees and employers have access to Washington State University Tri-Cities, Columbia Basin Community College, Delta High School with its curriculum base on Science, Technology, Engineering and Mathematics (STEM), as well as a vocational high school, Tri-Tech Skills Center. Unique programs offered at Washington State University Tri-Cities include the Bioproducts Sciences and Engineering Laboratory (BSEL), Viticulture and Enology, and Hospitality. Washington State University also operates its Irrigated Agriculture Research and Extension Center just outside the Tri-Cities.



COLUMBIA BASIN COLLEGE

Columbia Basin College has been serving the Benton-Franklin community for 60 years as a higher education conduit to a bright future for its students and their families. But what cannot be overlooked is CBC's economic impact on the Tri-Cities community. But the benefits to the regional economy are even greater. Every year, students leave CBC to join or rejoin the regional workforce. Their added skills translate to higher income and a more robust economy through higher productivity. Altogether, the average annual added income due to activities at CBC, and its former students, contributes approximately \$250 million to our local economy.



WSU

WSU Tri-Cities, located in Richland, is driven by a commitment to dynamic student engagement, research experience and community engagement. An entrepreneurial spirit and innovative approach allow the urban campus to leverage opportunities and to provide the type of student experiences usually found at private colleges. The Tri-City community and its advocacy for higher education drives the success at Washington State University Tri-Cities.

Learn about the most diverse campus in the WSU system at www.tricity.wsu.edu

TRI-CITIES ACCOLADES

Top 5 "Best Places to Invest in Real Estate in WA State"
TRI-CITIES - WA

#16 "Best Performing Cities 2013"
TRI-CITIES - WA

#21 "Cities on the Rise"
RICHLAND - WA

#2 "10 Best Cities to Raise a Family"
RICHLAND - WA #7 "America's Top States for Business"
State of Washington

#8 "Metropolitan Areas with the Most Contented Workers"
TRI-CITIES - WA

#1 "Top 10 U.S. Cities People are Moving To"
TRI-CITIES - Washington

#17 "2011 Best Small Cities for Job Growth"
New Geography AI Cities Rankings, July 2011
TRI-CITIES - Washington

#28 "Happiest and Healthiest Cities in America"
TRI-CITIES - WA

#5 "Best Job Growth Since the Recession"
TRI-CITIES - WA
www.tridec.org/rankings-accolades



Tri-City Economy

The Tri-Cities economy continues to out-perform. The average household income for the Tri-Cities region has increased 30.7% since 2000. Currently, the average household income is \$72,733. The Tri-Cities attracts the brightest minds in business. It holds a highly educated workforce: 82.8% of the population has a high school, college, or graduate education and there are more scientists and engineers per capita residing in the Tri-Cities than anywhere else in the nation. In 2014, the Tri-Cities had more people employed than ever before. In December, the community registered the 21st month of year-over-year job growth. The region's economy is anchored in R&D, technology, manufacturing, agriculture, retail, and healthcare. Major employers include Battelle/Pacific Northwest National Laboratory, Lockheed Martin, Bechtel National, CH2M Hill, ConAgra/LambWeston, Amazon.com, Tyson Fresh Meats, AREVA, and URS.



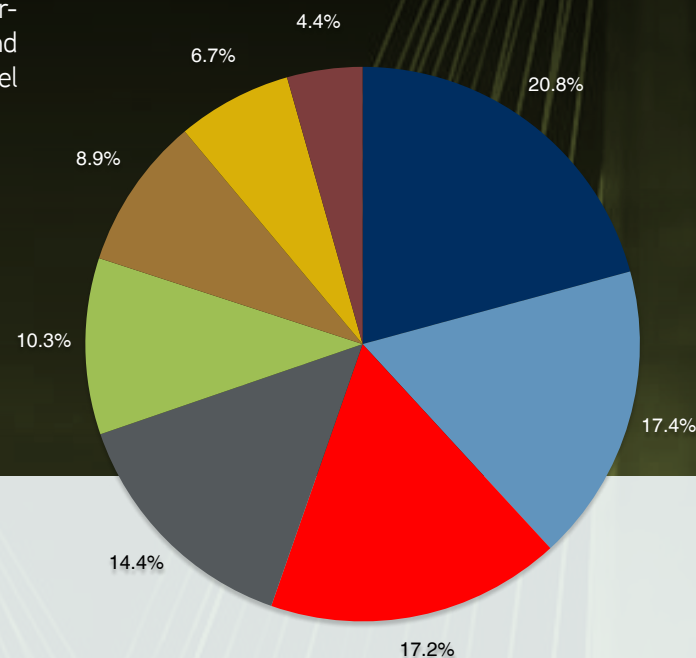
TRI-CITIES ECONOMY



BRIGHTEST MINDS IN BUSINESS



MAJOR EMPLOYERS



Kennewick-Richland-Pasco Non-Farm Employment by Sector

UNEMPLOYMENT RATE

KENNEWICK-PASCO-RICHLAND	WASHINGTON STATE
6.5%	5.3%

MAJOR PRIVATE EMPLOYERS

COMPANY	INDUSTRY	EMPLOYEES
Battelle/Pacific Northwest National Laboratory	Research & Development	4,250
Kadlec Regional Medical Center	Health Services	3,000
Bechtel National	Engineering & Construction	2,729
ConAgra Foods	Food Processing	2,498

- Professional and Business Services
- Trade, Transportation, and Utilities
- Government
- Education and Health Services
- Leisure and Hospitality
- Manufacturing
- Mining, Logging, and Construction
- Financial Activities

Housing



HOUSING UNITS

	2014 Census	2015 Estimate
Units	98,634	110,136
Owner-Occupied	68.24%	68.48%
Renter-Occupied	31.76%	31.52%
Vacant	3.4%	3.36%

Source: www.tricitieswagis.org / Applied Geographic Solutions, 2014

RESIDENTIAL HOUSING STATISTICS

Month	Average Sales Price
Apr	\$218,500

Tri-City Association of Realtors, May 2015

APARTMENT VACANCY RATE

	Rate
Tri-Cities	4.3%
West	3.5%
United States	4.2%

Source: REIS , INC 3Q2015

AFFORDABLE LIFESTYLE - MARKET COMPARISON

	Studio1	BR2	BR3	BR
Kennewick-Richland-Pasco	\$622	\$769	\$911	\$1,063
West	\$1,217	\$1,398	\$1,669	\$1,883
United States	\$1,235	\$1,242	\$1,472	\$1,691

	Studio1	BR2	BR3	BR
Kennewick-Richland-Pasco	\$1.29	\$1.06	\$0.91	\$0.88
West	\$2.21	\$1.73	\$1.44	\$1.29
United States	\$2.16	\$1.44	\$1.19	\$1.06

As of 9/30/15

IDEAL COMMERCIAL DEVELOPMENT SITE

IN THE

FASTEST GROWING METRO AREA IN THE STATE WASHINGTON

TRI-CITIES
RICHLAND, WASHINGTON

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