

OFFERING MEMORANDUM

# DSHS FEDERAL WAY

*Single Tenant State of Washington  
Leased Investment*

DEPARTMENT OF SOCIAL AND HEALTH SERVICES

616 S 348TH ST, FEDERAL WAY, WA 98003

 **Kidder  
Mathews**

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*Exclusively  
listed by*

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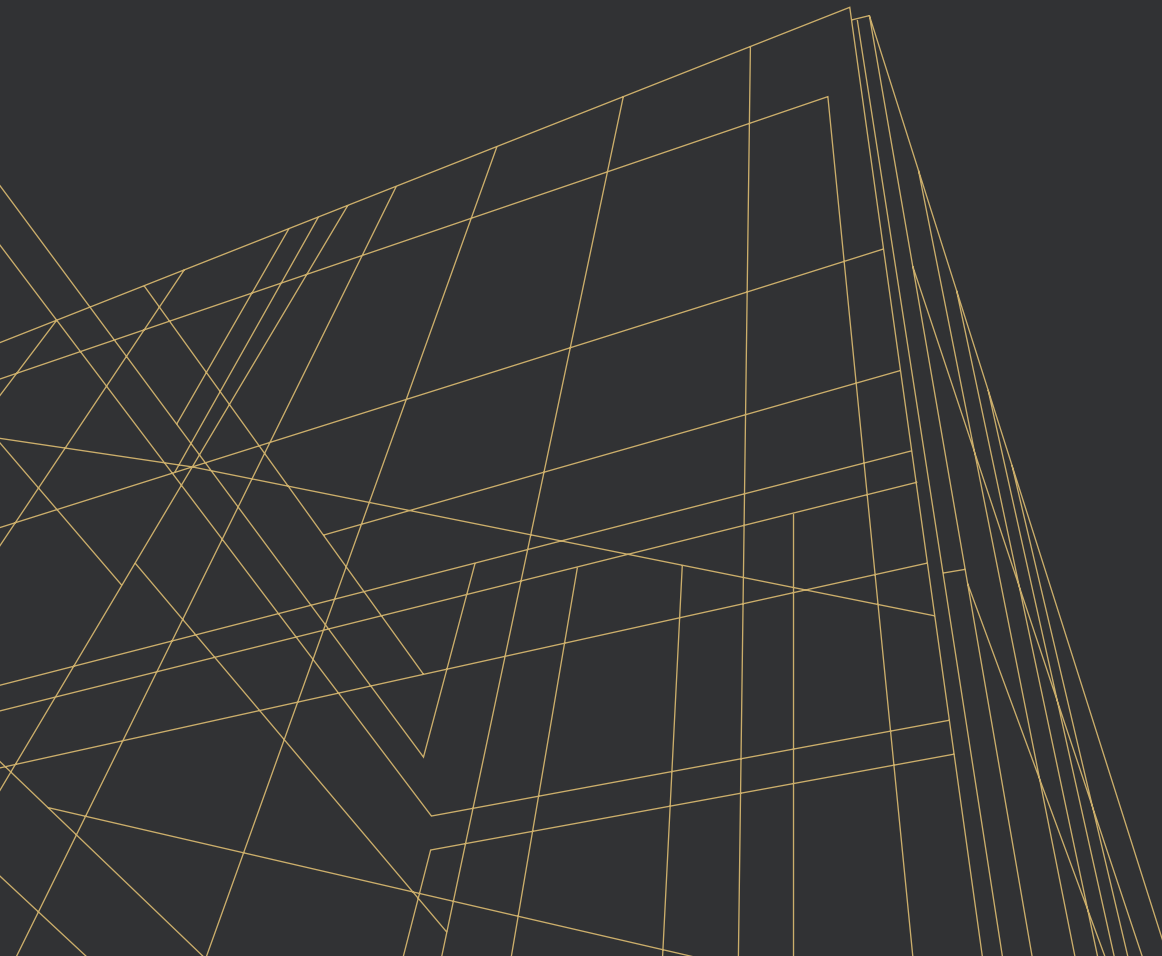
**KIDDER.COM**



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# EXECUTIVE SUMMARY

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*Section 01*

## PROPERTY SUMMARY

# DSHS FEDERAL WAY

Kidder Mathews has been engaged by the ownership of the DSHS Federal Way to market the property for sale. This is an outstanding single tenant investment offering with the State of Washington Department of Social and Health Services as the single tenant.



## PROPERTY SUMMARY

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General Description      | The subject property is a single-story masonry office building, built in 1993 with a major addition completed in 2000.                                                                                                                                                                                                                                                                                                 |
| Property Address         | 616 S. 348th Federal Way, WA 98003                                                                                                                                                                                                                                                                                                                                                                                     |
| Locality                 | Federal Way is located in southwest King County approximately 28 miles south of Seattle's Central Business District and about 13 miles north of Tacoma's CBD. I-5 is adjacent to the city's easterly border and the city's westerly border is close to Puget Sound. The property is situated on S. 348th, which is a main arterial running westerly from an Interstate 5 diamond interchange into central Federal Way. |
| RBA                      | 22,590 SF                                                                                                                                                                                                                                                                                                                                                                                                              |
| Surface Parking Stalls   | 96 - 4.25 /SF of RBA                                                                                                                                                                                                                                                                                                                                                                                                   |
| Lot Size                 | 2.68 AC / 116,741 SF                                                                                                                                                                                                                                                                                                                                                                                                   |
| King Co. Tax Parcel      | 926480-0020                                                                                                                                                                                                                                                                                                                                                                                                            |
| Zoning                   | OP / Office Park, City of Federal Way zoning. Allowable uses include office, medical office, hospitals, schools, daycare, churches, and some retail uses. Residential and industrial uses are prohibited.                                                                                                                                                                                                              |
| Current Lease Expiration | January 31, 2031 - see following Section 02 Financial Information                                                                                                                                                                                                                                                                                                                                                      |

# \$7,000,000

OFFERING PRICE

# EXCELLENT ACCESS TO THE REGION'S TOP JOB CENTERS

## ACCESS TO SEATTLE

25-MIN DRIVE

Current Office Space **108.1M SF**

Office Space Under Development **3.0M SF**

## ACCESS TO BELLEVUE

35-MIN DRIVE

Current Office Space **30.9M SF**

Office Space Under Development **2.8M SF**

## ACCESS TO REDMOND

40-MIN DRIVE

Current Office Space **17.1M SF**

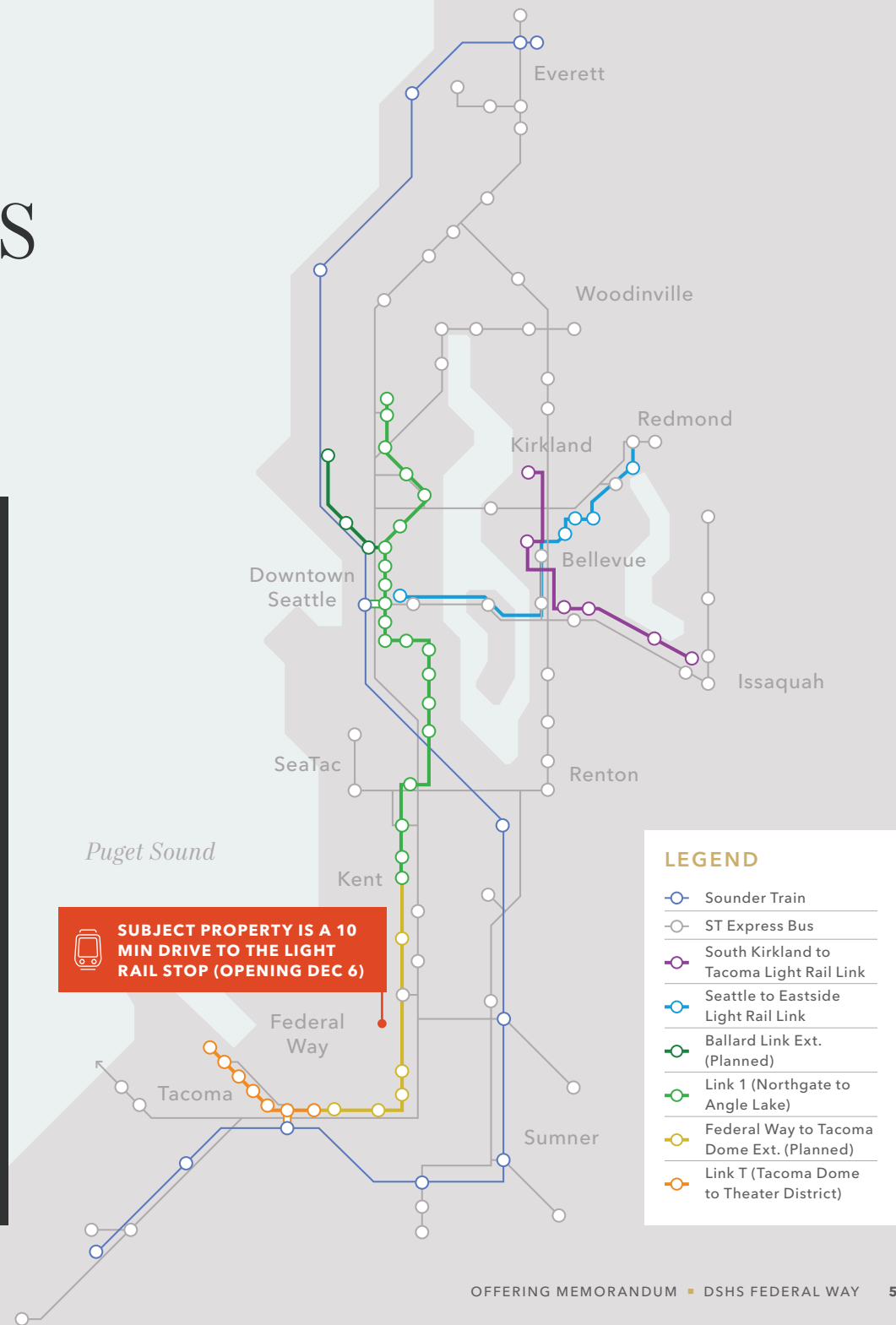
Office Space Under Development **3.0M SF**

## ACCESS TO SOUTH END

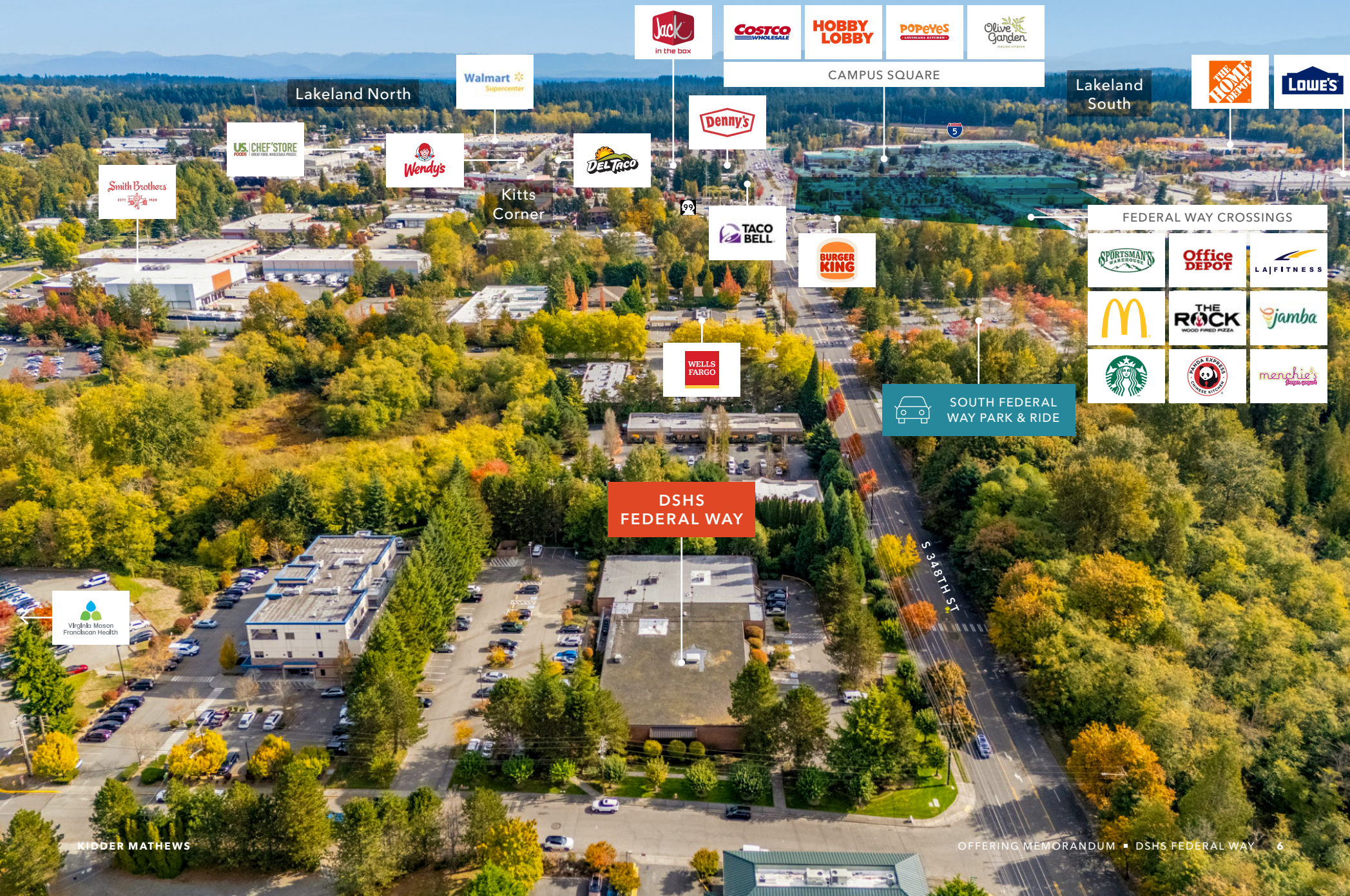
Current Office Space / Industrial **16.6M SF**

Industrial Space Under Development **0 SF**

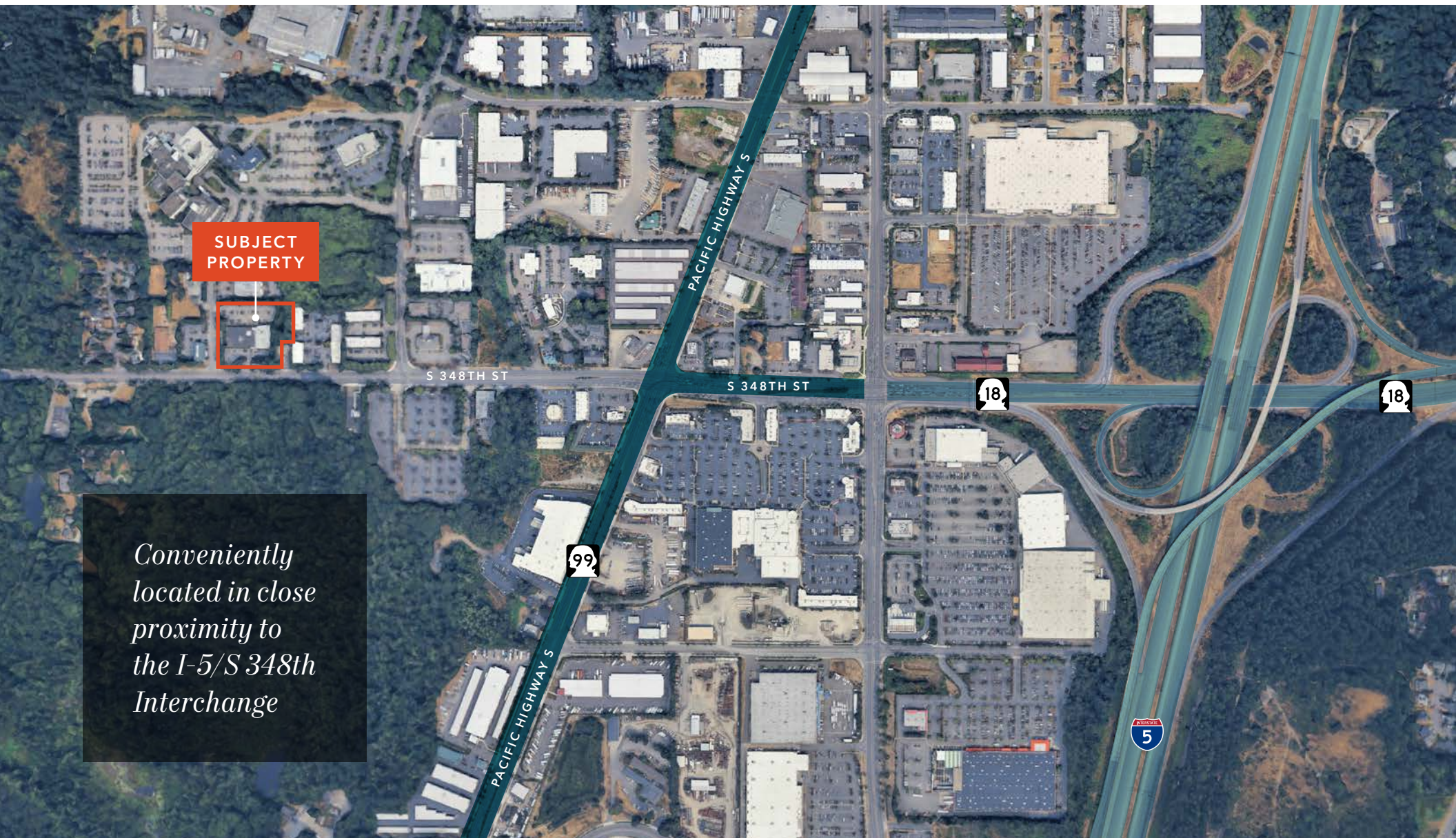
Source: CoStar, US Census Bureau



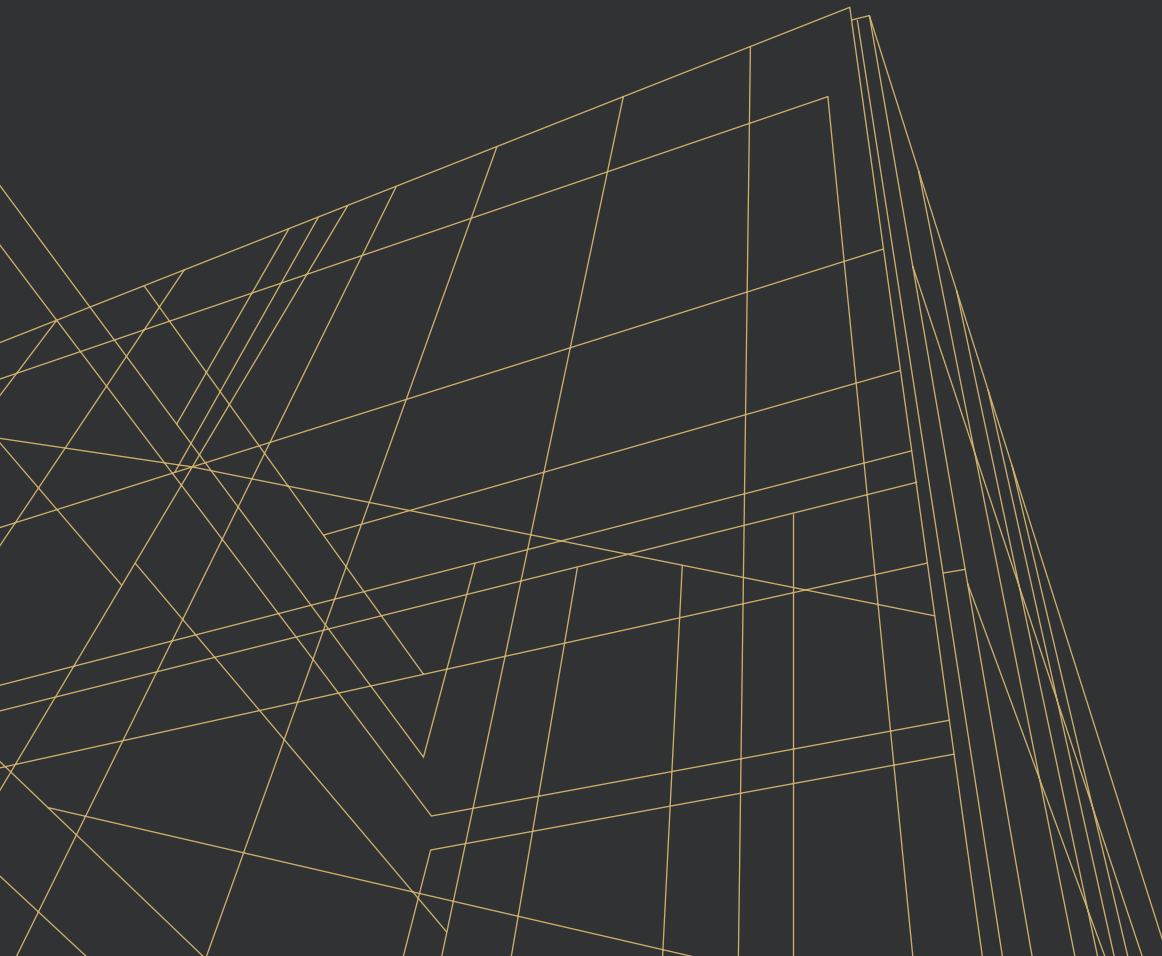
# PROPERTY SUMMARY



## PROPERTY SUMMARY



*Conveniently  
located in close  
proximity to  
the I-5/S 348th  
Interchange*



# FINANCIAL INFORMATION

*Section 02*

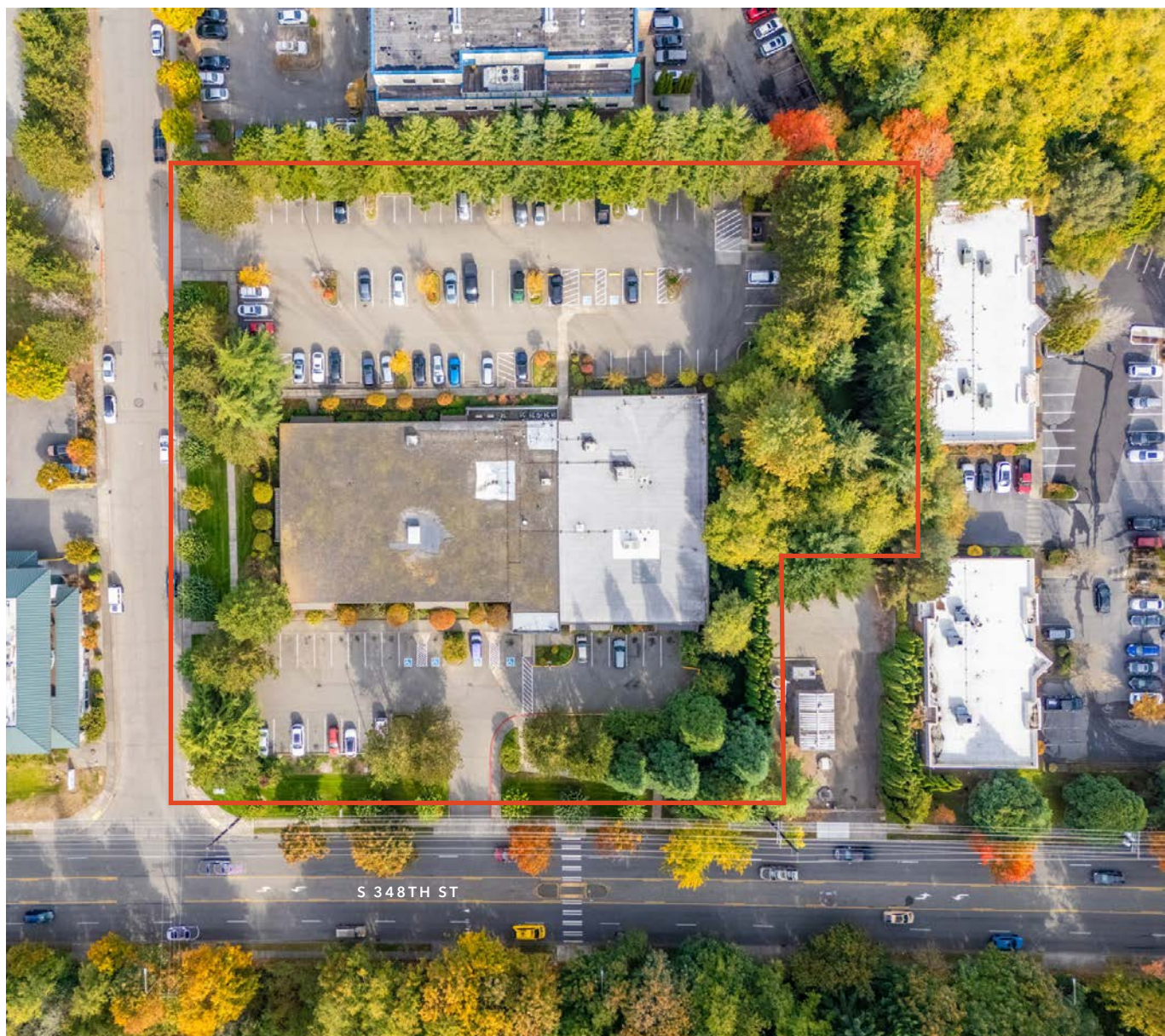
*Washington State Department of Health and Human Services is the sole tenant in the subject property and has occupied the property since 1993. This DSHS facility is utilized as one of the DSHS Community Services Centers for people requiring State sponsored support.*

### LEASE

New Lease started February 1, 2026 and expires January 31, 2031. Starting lease rate is \$49,886.25, gross, and increases February 1, 2028 to \$53,651.25 per month, gross, for the remainder of the lease term.

### LESSEE GROSS LEASE

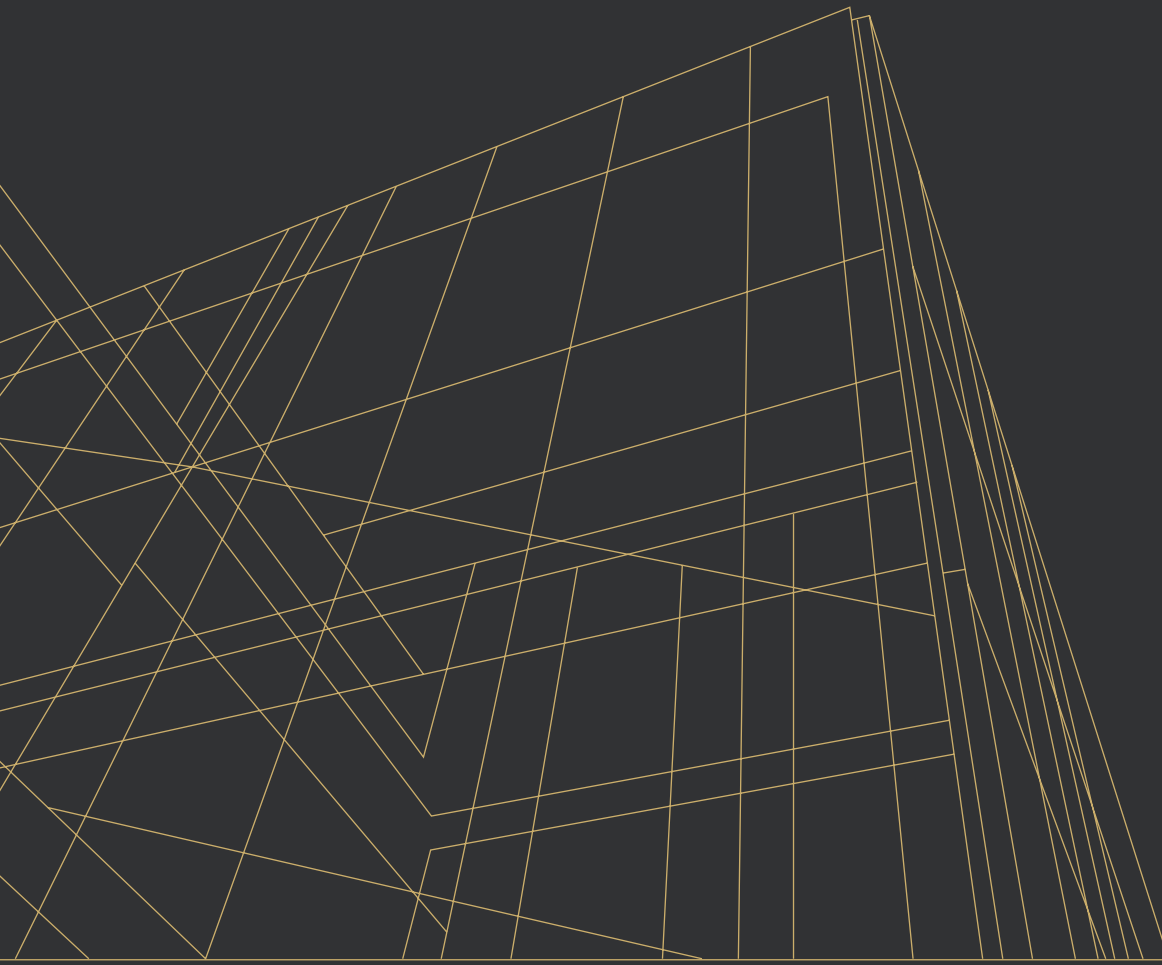
DSHS is responsible only for landscaping water, interior window washing, interior lighting, natural gas, electricity, water and sewer, garbage collection, janitorial services and bathroom supplies.



## FINANCIALS

### CASH FLOW

| For the Years Ending              | Year 1<br>Dec-2026 | Year 2<br>Dec-2027 | Year 3<br>Dec-2028 | Year 4<br>Dec-2029 | Year 5<br>Dec-2030 | Year 6<br>Dec-2031 | Year 7<br>Dec-2032 | Year 8<br>Dec-2033 | Year 9<br>Dec-2034 | Year 10<br>Dec-2035 | Year 11<br>Dec-2036 | Total            |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|------------------|
| <b>Rental Revenue</b>             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |                     |                  |
| Potential Base Rent               | 488,509            | 598,635            | 640,050            | 643,815            | 643,815            | 716,291            | 722,880            | 722,880            | 722,880            | 722,880             | 722,880             | 7,345,515        |
| Scheduled Base Rent               | 488,509            | 598,635            | 640,050            | 643,815            | 643,815            | 716,291            | 722,880            | 722,880            | 722,880            | 722,880             | 722,880             | 7,345,515        |
| <b>Total Rental Revenue</b>       | <b>488,509</b>     | <b>598,635</b>     | <b>640,050</b>     | <b>643,815</b>     | <b>643,815</b>     | <b>716,291</b>     | <b>722,880</b>     | <b>722,880</b>     | <b>722,880</b>     | <b>722,880</b>      | <b>722,880</b>      | <b>7,345,515</b> |
| <b>Other Tenant Revenue</b>       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |                     |                  |
| Total Expense Recoveries          | 20,886             | 23,241             | 23,706             | 24,180             | 24,663             | 25,156             | 25,660             | 26,173             | 26,696             | 27,230              | 27,775              | 275,365          |
| <b>Total Other Tenant Revenue</b> | <b>20,886</b>      | <b>23,241</b>      | <b>23,706</b>      | <b>24,180</b>      | <b>24,663</b>      | <b>25,156</b>      | <b>25,660</b>      | <b>26,173</b>      | <b>26,696</b>      | <b>27,230</b>       | <b>27,775</b>       | <b>275,365</b>   |
| <b>Total Tenant Revenue</b>       | <b>509,395</b>     | <b>621,876</b>     | <b>663,756</b>     | <b>667,995</b>     | <b>668,478</b>     | <b>741,448</b>     | <b>748,540</b>     | <b>749,053</b>     | <b>749,576</b>     | <b>750,110</b>      | <b>750,655</b>      | <b>7,620,880</b> |
| <b>Potential Gross Revenue</b>    | <b>509,395</b>     | <b>621,876</b>     | <b>663,756</b>     | <b>667,995</b>     | <b>668,478</b>     | <b>741,448</b>     | <b>748,540</b>     | <b>749,053</b>     | <b>749,576</b>     | <b>750,110</b>      | <b>750,655</b>      | <b>7,620,880</b> |
| <b>Effective Gross Revenue</b>    | <b>509,395</b>     | <b>621,876</b>     | <b>663,756</b>     | <b>667,995</b>     | <b>668,478</b>     | <b>741,448</b>     | <b>748,540</b>     | <b>749,053</b>     | <b>749,576</b>     | <b>750,110</b>      | <b>750,655</b>      | <b>7,620,880</b> |
| <b>Operating Expenses</b>         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |                     |                  |
| Misc Owner                        | 1,225              | 1,250              | 1,274              | 1,300              | 1,326              | 1,352              | 1,380              | 1,407              | 1,435              | 1,464               | 1,493               | 14,907           |
| Landscape Maintenance             | 21,000             | 21,420             | 21,848             | 22,285             | 22,731             | 23,186             | 23,649             | 24,122             | 24,605             | 25,097              | 25,599              | 255,543          |
| Winter Services                   | 7,500              | 7,650              | 7,803              | 7,959              | 8,118              | 8,281              | 8,446              | 8,615              | 8,787              | 8,963               | 9,142               | 91,265           |
| Fire Monitor                      | 13,200             | 13,464             | 13,733             | 14,008             | 14,288             | 14,574             | 14,865             | 15,163             | 15,466             | 15,775              | 16,091              | 160,627          |
| HVAC Maintenance                  | 8,400              | 8,568              | 8,739              | 8,914              | 9,092              | 9,274              | 9,460              | 9,649              | 9,842              | 10,039              | 10,240              | 102,217          |
| R & M Backflow Testing            | 250                | 255                | 260                | 265                | 271                | 276                | 282                | 287                | 293                | 299                 | 305                 | 3,042            |
| R & M Parking Lot                 | 3,700              | 3,774              | 3,849              | 3,926              | 4,005              | 4,085              | 4,167              | 4,250              | 4,335              | 4,422               | 4,510               | 45,024           |
| R & M Parking Lot Lighting        | 1,500              | 1,530              | 1,561              | 1,592              | 1,624              | 1,656              | 1,689              | 1,723              | 1,757              | 1,793               | 1,828               | 18,253           |
| R & M Parking Pressure Wash       | 3,000              | 3,060              | 3,121              | 3,184              | 3,247              | 3,312              | 3,378              | 3,446              | 3,515              | 3,585               | 3,657               | 36,506           |
| R & M Roof                        | 1,500              | 1,530              | 1,561              | 1,592              | 1,624              | 1,656              | 1,689              | 1,723              | 1,757              | 1,793               | 1,828               | 18,253           |
| R & M Building Maintenance        | 20,760             | 21,175             | 21,599             | 22,031             | 22,471             | 22,921             | 23,379             | 23,847             | 24,324             | 24,810              | 25,306              | 252,623          |
| Office Expense                    | 20                 | 20                 | 21                 | 21                 | 22                 | 22                 | 23                 | 23                 | 23                 | 24                  | 24                  | 243              |
| Management Fee                    | 15,248             | 15,553             | 15,864             | 16,181             | 16,505             | 16,835             | 17,172             | 17,515             | 17,865             | 18,223              | 18,587              | 185,549          |
| Insurance                         | 13,440             | 13,709             | 13,983             | 14,263             | 14,548             | 14,839             | 15,136             | 15,438             | 15,747             | 16,062              | 16,383              | 163,548          |
| Real Estate Taxes                 | 61,000             | 62,220             | 63,464             | 64,734             | 66,028             | 67,349             | 68,696             | 70,070             | 71,471             | 72,901              | 74,359              | 742,292          |
| <b>Total Operating Expenses</b>   | <b>171,743</b>     | <b>175,178</b>     | <b>178,681</b>     | <b>182,255</b>     | <b>185,900</b>     | <b>189,618</b>     | <b>193,411</b>     | <b>197,279</b>     | <b>201,224</b>     | <b>205,249</b>      | <b>209,354</b>      | <b>2,089,892</b> |
| <b>Net Operating Income</b>       | <b>337,652</b>     | <b>446,698</b>     | <b>485,074</b>     | <b>485,740</b>     | <b>482,578</b>     | <b>551,830</b>     | <b>555,129</b>     | <b>551,774</b>     | <b>548,352</b>     | <b>544,861</b>      | <b>541,301</b>      | <b>5,530,989</b> |



# ADDITIONAL PROPERTY PHOTOS

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*Section 03*

## ADDITIONAL PROPERTY PHOTOS



## ADDITIONAL PROPERTY PHOTOS

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## ADDITIONAL PROPERTY PHOTOS

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**DSHS  
FEDERAL WAY CSO  
616 SO 348TH**

*Exclusively listed by*

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