
Broker Market Rent Opinion

Client: Port of Pasco

3408 N. Swallow Avenue
Pasco, WA 99301
Building #A85

By:
Kirt R. Shaffer
Tippett Company
of Washington, LLC

Effective Date:
September 15, 2026



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STATEMENT OF WORK

At the request of the Port of Pasco (Client), Kirt R. Shaffer, of Tippet Company of Washington, LLC (Broker), has prepared this Broker Market Rent Opinion for the real property located at 3408 N. Swallow Avenue, Building #A85, Pasco, Washington ("Subject Property").

The purpose of this report is to assist Client in evaluating rental-rate positioning and lease terms for current or prospective tenants. The opinion is subject to the assumptions, limiting conditions, qualifications, and lease terms stated in this report.

Kirt R. Shaffer is a licensed real estate broker in the State of Washington and has prepared this report on behalf of Tippet Company of Washington LLC. Neither Kirt R. Shaffer nor Tippet Company of Washington, LLC has acted as a licensed or certified real estate appraiser in preparing this report. This report constitutes a professional brokerage opinion and is not an appraisal.

This report was prepared solely for the Port of Pasco's internal use in evaluating rental-rate positioning and potential lease terms for the Subject Property. No other party is an intended user of this report, and no third party may rely on it without Broker's prior written consent.

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EXECUTIVE SUMMARY

At the request of the Port of Pasco, Kirt R. Shaffer of Tippet Company of Washington, LLC has prepared this Broker Market Rent Opinion for the 15,000-square-foot building located at 3408 N. Swallow Avenue, Building #A85, Pasco, Washington.

For purposes of this opinion, Broker assumes that the premises contain approximately 15,000 rentable square feet and the associated site area described in this report.

Broker analyzed the lease comparables presented in this report and adjusted them, as applicable, for differences in lease structure, expense responsibilities, timing, location, physical and functional characteristics, and supporting site contribution. Broker also considered the limited inventory of comparable buildings actively marketed for lease as of the effective date. The adjusted comparable indications range from \$0.38 to \$0.62 per square foot per month, equivalent to \$4.56 to \$7.44 per square foot per year.

Based on the available market evidence, the assumed lease terms, and the assumptions and limiting conditions stated in this report, Broker concludes that as of September 15, 2026, market rent for the Subject Property is **\$0.42 to \$0.47 per square foot per month, equivalent to \$5.04 to \$5.64 per square foot per year, or expressed as a monthly total, approximately \$6,300 to \$7,050 per month.**

Rent Comparison

- Current contract rent: \$5,871.00 per month
- Indicated market range: approximately \$6,300 to \$7,050 per month
- Indicated increase above current contract rent: approximately \$430 to \$1,180 per month

The concluded market-rent range assumes a 36- to 60-month lease and does not include any premium associated with month-to-month occupancy. Any such premium should be evaluated separately based on the flexibility provided to the tenant and the corresponding uncertainty borne by the landlord.

This report is a professional brokerage opinion and is not a licensed or certified appraisal.

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PROPERTY INFORMATION

Address:	3408 N. Swallow Avenue Building #A85 Pasco, WA 99301
Type:	Warehouse
Parent Parcel ID:	113-290-029
Owner of Record:	Port of Pasco
Lease Premises:	15,000 SF Building and approximately 0.7 acres of associated land
Zoning:	Light Industrial (I-1)
Utilities:	City sewer and water
Improvement Description	
Building:	15,000 SF
Year Built:	1940s
2026 County Assessment:	Tax-Exempt

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The Subject Property is located within the Tri-Cities Airport Industrial Park (TCAIP), west of Fourth Avenue and east of the Tri-Cities Airport. The TCAIP is approximately 0.7 miles north of the I-82/U.S. Highway 12 interchange. Nearby uses include air-transport services, irrigation-equipment suppliers, automotive-parts distribution, school-district transportation facilities, and other light-industrial users.

Per information provided by the City of Pasco, Subject Property is served by city sewer and water, as shown on the City Utility Map contained herein.

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PROPERTY IMAGES



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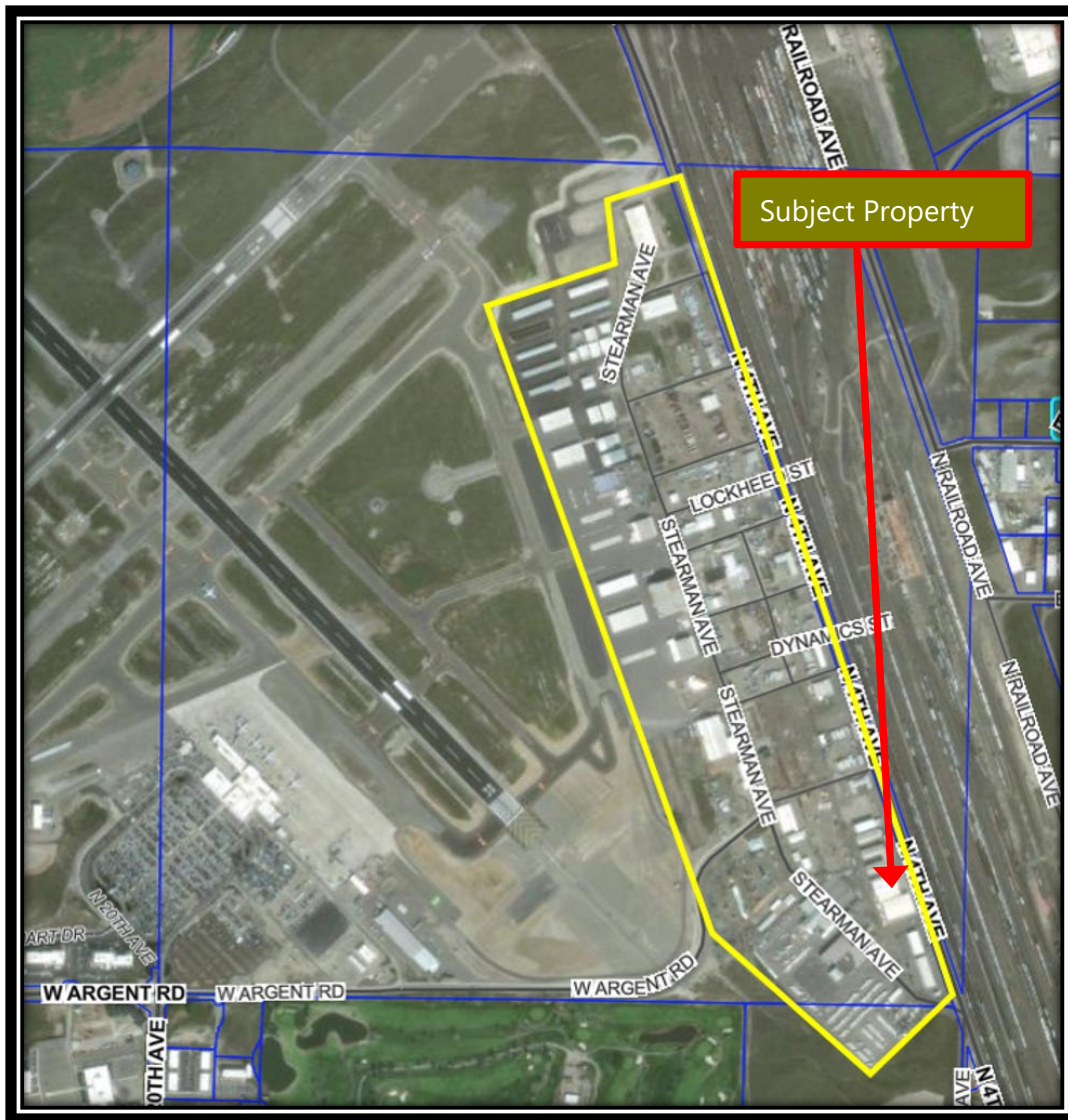


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FRANKLIN COUNTY ASSESSOR AERIAL



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UTILITY MAP



Source: City of Pasco. Utility locations are approximate. Broker has not independently verified utility locations, capacity, condition, or availability. Locations should be considered approximate.

LEGEND

- Water Service Line 
- Sewer Service Line 
- Water Meter 
- Water Hydrant 
- Storm Catch 
- Manholes 

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MARKET ANALYSIS

Market-Rent Analysis

Broker's opinion assumes that the Subject Property is offered for lease in its current physical condition and that, unless otherwise disclosed, it is in leasable condition and free of material deferred maintenance.

Client-provided information noted that the current tenant is paying rent for the building and an adjacent 0.13-acre area of fenced land. In addition, the tenant has a parking area at the front of the building. Using Franklin County GIS mapping and the lease-area information provided by the Client, Broker estimated that the building, associated supporting areas, and the adjacent 0.13-acre area collectively occupy approximately 0.7 acres.

In Broker's experience, supporting yard and parking areas contribute to the functional utility and marketability of industrial/shop properties similar to the Subject Property. Broker also notes that the typical land-to-building ratio for a building similar to the Subject Property is 5.0:1. This ratio indicates that building land and supporting land area for a lease premises similar in size to the Subject Property would be 75,000 square feet, or 1.72 acres. Broker's conclusion takes into account the land-to-building ratio.

For purposes of this report, the land-to-building ratio is calculated by dividing the estimated supporting land area by the building area.

Comparable Lease Method

Adjusted comparable indications: \$0.38 to \$0.62 per square foot per month

Reconciled Opinion

Selected range: \$0.42 to \$0.47 per square foot per month

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Comparable Lease Evidence

Reliable lease data is more limited than sales data because lease transactions are not commonly recorded in public records.

Lease data for older industrial buildings with characteristics similar to the Subject Property is particularly limited in the local market. Broker has participated in lease transactions involving properties with characteristics relevant to the Subject Property and considered those transactions as part of this analysis. Broker analyzed and adjusted the available lease data for material differences between each comparable property and the Subject Property. Adjustments for differences between each comparable and the Subject Property included, but were not limited to, the following:

- Location
- Building age, condition, construction, and finish
- Type of lease (modified gross lease vs modified triple-net lease)
- Timing, including contractual escalations, applicable CPI changes, and observed market-rent trends
- Other property-specific factors considered material by Broker

Adjustments reflect Broker's professional judgment based on available lease information, prior transaction experience, estimated expense responsibilities, and the relative characteristics of each property. The adjustments are intended to develop comparable modified triple-net rental indications and are not based on a formal appraisal adjustment model.

Potential Renewal Considerations

Per information provided by the Client, the Subject Property's reported current monthly rent is \$5,871.00. This rent applies to the 15,000-square-foot building and an area described as approximately 0.13 acres adjacent to the building. For comparison purposes, the indicated rate of approximately \$0.39 per square foot per month is calculated by dividing the total monthly rent by the building area only and therefore includes the contribution of the associated land.

In evaluating a possible renewal, the Client may wish to consider the concluded market-rent range together with the existing tenant's payment and occupancy history, the value of uninterrupted income, anticipated costs and downtime associated with tenant turnover, the condition in which the premises would be returned, and any improvements or other concessions requested by the tenant.

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If retaining the existing tenant is a priority, the Client could consider a structured transition toward the market rent supported at the time of renewal rather than a single adjustment at renewal. Potential structures could include a phased increase during the renewal term, an initial rate below the concluded market-rent range followed by scheduled increases, or a longer lease term in exchange for a moderated initial rate. Any concession should be evaluated in relation to the economic value received by the Client, including lease-term certainty, reduced turnover exposure, tenant-funded improvements, or other favorable lease terms.

These considerations are provided for lease-planning purposes only. They do not alter Broker's opinion of current market rent as of the effective date, and they should be revisited using market information available closer to the expiration of the existing lease.

Market Conditions within the TCAIP

The Client-provided portfolio information offers relevant context regarding leasing conditions within the TCAIP. The building types in the TCAIP that Broker considered range from World War II-era shops, warehouses, and offices to pre-engineered metal buildings and traditional office buildings. Certain Client-owned buildings are not currently in rentable condition and are therefore excluded from this analysis.

The Client reports that the 20 rentable buildings included in the portfolio information contain 171,089 square feet and were fully leased as of the effective date. This represents reported occupancy of 100% within the analyzed Client-owned portfolio, not within the TCAIP as a whole.

Many of the buildings considered within the TCAIP have older construction, more limited finishes, or fewer amenities than conventional industrial properties elsewhere in the market. These characteristics support rental rates below those typically associated with newer, higher-finish industrial properties in the broader market. The reported occupancy indicates tenant acceptance of this category of space at the rents and lease terms historically offered.

The reported occupancy provides relevant evidence of tenant demand for this category of space within the TCAIP as of the effective date. However, occupancy alone does not establish market rent and has therefore been considered together with comparable lease data, the Subject Property's characteristics, historical rental trends, and the assumed lease terms.

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Assumed Lease Terms

Broker's opinion assumes the following lease terms:

Lease Term: 36 to 60 months

Condition of Premises: Leasable, as-is condition

Tenant Improvements: No landlord-funded tenant improvements

Lease Structure: Modified triple-net

Annual Rent Increase: 3.0% beginning on the first anniversary of lease commencement

Tenant-Paid Expenses:

- Separately metered electricity, water, sewer, natural gas, and garbage service
- Routine maintenance of the leased premises
- Leasehold excise tax, if applicable

Landlord-Paid Expenses:

- Building insurance
- Structural repairs
- HVAC replacement

For purposes of this report, "modified triple-net" means the tenant pays separately metered utilities, routine maintenance, and applicable leasehold excise tax, while the landlord remains responsible for building insurance, structural repairs, and HVAC replacement.

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Property Characteristics

Building

The Subject Property is a wood-frame shop building with metal siding and an arched roof. The interior is a mixture of a small office component with some storage area, a break room, and restrooms. The building's primary space is a high-bay warehouse. The building has two grade-level roll-up doors (one on each end). Interior finishes are functional and generally consistent with a 1940s-era warehouse/shop building.

In 2019, a fire suppression system was installed.

Site

Based on measurements derived from available aerial imagery, Broker estimates that the building, fenced yard, parking, and circulation areas collectively occupy approximately 0.7 acres. This equates to an approximate 2.0:1 land-to-building ratio. The site is partially paved, and a portion of the exterior area is fenced. These measurements are approximate and have not been verified by survey.

Assumptions

This opinion is subject to the following assumptions and limiting conditions:

- Broker has not performed architectural, engineering, environmental, structural, or code-compliance inspections.
- Unless otherwise stated, the Subject Property is assumed to be in leasable condition and free of material deferred maintenance.
- Building areas, site areas, and other physical data were obtained from sources believed reliable but were not independently measured or verified.
- The opinion assumes that the Subject Property may lawfully continue to be used for the uses contemplated in this report.
- The opinion reflects market conditions and information available as of the effective date and may not apply at a later date.
- This report is prepared solely for Client's use for the stated purpose.

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COMPARABLE-LEASE EVIDENCE

Reconciliation

Per information provided by Client, the Subject Property's reported current rent is \$5,871.00 per month (\$0.39 per square foot per month). This monthly rent is for the building and an area described as 0.13 acres adjacent to the building. The per-square-foot rent rate is expressed by dividing the total rent by the 15,000-square-foot building area.

The existing contract rent is relevant property-specific evidence but was not treated as conclusive evidence of current market rent because it reflects the original negotiation date, contractual escalation provisions, expense allocation, and other lease-specific terms. Greater weight was placed on the adjusted indications from more recent market transactions, properties in this market currently available for lease, and Broker's overall opinion of the market.

The concluded range reflects the Subject Property's older construction, industrial-park location, warehouse configuration, limited interior finish, and other functional characteristics described in this report.

Broker first adjusted the comparable rents, as applicable, for lease structure, expense responsibilities, timing, and site contribution. Broker then applied a cumulative 20% downward adjustment to reflect the combined effects of the Subject Property's age, construction, condition, finish, amenities, and functional utility relative to each comparable. The adjusted lease rates shown in the Lease Comparable Summary and on the individual comparable pages reflect all applicable adjustments, including this cumulative Subject Property adjustment. The resulting final adjusted indications range from \$0.38 to \$0.62 per square foot per month.

Broker considered the cumulative adjustment more reliable than multiple separate adjustments because the available market evidence did not support attributing a precise rental effect to each individual physical or functional characteristic.

The concluded range of \$0.42 to \$0.47 per square foot per month brackets the median final adjusted comparable indication of approximately \$0.44 per square foot per month. Broker considers this range reasonable after placing greatest weight on the transactions most similar to the Subject Property in building size, warehouse configuration, loading characteristics, and functional utility, while giving less weight to the upper and lower ends of the adjusted range.

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Broker did not simply average the comparable indications. Greatest weight was placed on the Pasco-area transactions that most closely reflect the Subject Property's industrial-park location, warehouse utility, building size, and lease structure. Less weight was placed on the upper-end indications associated with newer construction, superior loading, greater clear height, or other functional advantages. Among the comparable transactions, Broker placed greatest weight on 4502 N. Stearman Avenue because of its similar building size, location within the TCAIP, industrial utility, and relevance to the Subject Property's market position.

Displayed adjusted lease rates may reflect minor rounding differences. These differences do not materially affect the reconciled market-rent conclusion.

The adjusted lease rates presented in the Lease Comparable Summary and on the individual comparable pages are the final adjusted indications after application of all adjustments described above.

Lease Comparable Summary

	<u>Address</u>	<u>City</u>	<u>SF</u>	<u>Adjusted Rate/SF/MO</u>	<u>Subject Comparison</u>
Comp 1	9310 W 10th Avenue	K	8,484	\$ 0.62	Comparable
Comp 2	4502 N Stearman Avenue	P	14,460	\$ 0.44	Comparable
Comp 3	620 N Venture Road	P	13,800	\$ 0.38	Comparable
Comp 4	421 N Freya Street	S	44,200	\$ 0.49	Superior
Comp 5	14820 E Sprague Avenue	S	25,818	\$ 0.39	Superior
			Median	\$ 0.44	
			Average	\$ 0.47	
	*Reflects adjusted rates as noted in report				

Broker also reviewed two active industrial and warehouse lease listings between 13,000 and 17,000 square feet. These are the only two existing buildings being marketed on the local realtor multiple-listing service. Broker represents one of the active listings. As of the effective date, lease negotiations were underway, but no completed lease transaction had occurred.

Because these listings represent asking rents rather than completed transactions, Broker applied an estimated 10% downward adjustment, based on professional judgment, to reflect potential negotiation and concessions. Broker considered the adjusted indications as secondary evidence of current market positioning and did not rely on them as direct evidence of achieved market rent. The resulting adjusted range of \$0.83 to \$1.04 per square foot per month provides general market context.

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Active Lease Listings: 13,000 SF to 17,000 SF

<u>Address</u>	<u>City</u>	<u>Asking Rent</u>	<u>Rate/SF/Month</u>	<u>AvailSQFT</u>
			<u>with 10% Adjustment</u>	
2943 Belmont Blvd	R	\$ 1.16	\$ 1.04	14,000
4502 Stearman Ave	P	\$ 0.83	\$ 0.75	14,460

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Conclusion

Based on the available comparable lease evidence, the Subject Property's physical and functional characteristics, and the assumptions and limiting conditions stated in this report, Broker concludes that market rent for the Subject Property as of September 15, 2026, is **\$0.42 to \$0.47 per square foot per month**, equivalent to **\$5.04 to \$5.64 per square foot per year**. Applied to 15,000 rentable square feet, the concluded range equates to approximately **\$6,300 to \$7,050 per month in base rent**.

This conclusion assumes a 36-to-60-month modified triple-net lease, annual rent increases of 3.0%, delivery of the premises in good, leasable, as-is condition, and no landlord-funded tenant improvements. The tenant is assumed to pay separately metered utilities, routine maintenance of the leased premises, and leasehold excise tax, if applicable. The landlord is assumed to remain responsible for building insurance, structural repairs, and HVAC replacement.

The concluded rent applies only to the premises and land area described and assumed in this report. Any additional exclusive-use yard area, month-to-month occupancy premium, landlord-funded improvements, or other transaction-specific consideration should be evaluated separately. Final lease terms may also be affected by the tenant's proposed use, credit profile, improvement requirements, expense allocation, and other negotiated provisions.

This report constitutes a professional brokerage opinion prepared for the Client's stated use. It is not an appraisal and should not be relied upon as one.



Kirt R. Shaffer - Managing Broker

September 15, 2026

Date

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REFERENCED COMPARABLES

1. 9310 W 10th Ave, Kennewick, WA

Lease Commencement Date: 8/17/2026

Tenant: Cochrane Electric

Zoning: Commercial Retail

Year Built: 2001

Lease Premises: 8,484 SF

Lease Type: Modified Triple-Net

Additional Rent: Utilities

Annual Escalations: 3% Annually

Current Lease Rate: \$1.12/SF/MO

Adjusted Lease Rate: \$0.62/SF/MO

Comments: This building is a pre-engineered metal building with multiple grade-level doors and some office space. The listing broker reports that, at the time of the lease execution, the building had no deferred maintenance.

The adjusted lease rate reflects the comparable's larger site-to-building ratio relative to the Subject Property.

Subject Land Ratio	\$ (0.34)
Subject Property Adjustment (20%)	\$ (0.16)
TOTAL ADJUSTMENT	\$ (0.50)



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2. 4502 N Stearman Ave, Pasco, WA

Lease Commencement Date: 5/1/2023

Tenant: Undisclosed

Zoning: Light Industrial

Year Built: 1986

Lease Premises: 14,460 SF

Lease Type: Modified Gross

Additional Rent: N/A

Annual Escalations: 3%

Current Lease Rate: \$0.69/SF/MO

Adjusted Lease Rate: \$0.44/SF/MO

Comments: According to the current building owner, this building was originally constructed for potato storage. The building is of concrete construction with a flat roof. The current building owner occupies approximately 65% of the building for his irrigation supply business. This lease comparable is for the remaining portion of the building. The lease premises include a dock well with two load levelers and a grade-level door. The space has approximately 18 feet of clear height. The premises also includes a fire suppression system.

The building owner leases the underlying land from the Port of Pasco. The property is located within the TCAIP.

The landlord paid for the utilities as part of the lease terms. Broker adjusted the rent for utilities, the applicable share of the underlying land-lease expense and leasehold excise tax, differences in expense responsibilities, and the property's site-to-building ratio.



Utilities	\$ (0.07)
Real Estate Taxes	\$ (0.04)
Maintenance	\$ (0.03)
Insurance	\$ (0.03)
Subject Land Ratio	\$ 0.04
Subject Property Adjustment (20%)	\$ (0.11)
TOTAL ADJUSTMENT	\$ (0.25)

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3. 620 N Venture Rd, Pasco, WA

Lease Commencement Date: 6/12/2025

Tenant: Undisclosed

Zoning: Agricultural

Year Built: 1981

Lease Premises: 13,800 SF

Lease Type: Modified Gross

Additional Rent: Utilities

Annual Escalations: N/A

Current Lease Rate: \$0.67/SF/MO

Adjusted Lease Rate: \$0.38/SF/MO

Comments: This is a pre-engineered metal building constructed for potato storage. The building has a concrete floor with approximately 18-foot clear height. The lease premises include two acres of land. Rent adjustments accounted for typical modified triple-net expenses and for the excess land compared to the Subject Property.

Real Estate Taxes	\$ (0.02)
Maintenance	\$ (0.03)
Insurance	\$ (0.03)
Subject Land Ratio	\$ (0.11)
Subject Property Adjustment (20%)	\$ (0.10)
TOTAL ADJUSTMENT	\$ (0.29)



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4. 421 N Freya St, Spokane, WA

Lease Commencement Date: 2/1/2025

Tenant: Bella Rose Properties, Inc

Zoning: Industrial (Whse/Prod/Off)

Year Built: 1950

Lease Premises SF: 44,200 SF

Lease Type: Modified Triple-Net

Additional Rent: Utilities

Annual Escalations: 3.0%

Current Lease Rate: \$0.60/SF/MO

Adjusted Lease Rate: \$0.49/SF/MO

Comments: This building was built in phases starting in 1950, with the most recent update being in 2018. The building has a loading dock with four dock-high doors and 12-foot clear height. Broker adjusted the lease rate to account for the comparable's smaller site-to-building ratio relative to the Subject Property.

Subject Land Ratio	\$ 0.01
Subject Property Adjustment (20%)	\$ (0.12)
TOTAL ADJUSTMENT	\$ (0.11)



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5. 14820 E Sprague Ave, Spokane Valley, WA

Lease Commencement Date: 1/1/2020

Tenant: Monaco Property, LLC

Zoning: Light Industrial

Year Built: 1969 Add. 2002

Lease Premises SF: 25,818 SF

Lease Type: Modified TripleNet

Additional Rent: Utilities

Annual Escalations: 2.0%

Current Lease Rate: \$0.62/SF/MO

Adjusted Lease Rate: \$0.39/SF/MO

Comments: The building contains approximately 37,417 square feet, including approximately 11,600 square feet of office space. The available lease evidence separately identifies the rental rate attributable to the warehouse portion. Broker therefore analyzed the 25,818-square-foot warehouse premises as the comparable lease area. The adjusted indication reflects differences in timing, physical characteristics, and land-to-building ratio relative to the Subject Property.

Broker adjusted the reported rental rate for differences in timing, physical characteristics, and site-to-building ratio relative to the Subject Property.

Subject Land Ratio	\$ (0.13)
Subject Property Adjustment (20%)	\$ (0.10)
TOTAL ADJUSTMENT	\$ (0.23)



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COMPARABLE LEASES MAP



Legend

	<u>Address</u>	<u>City</u>
Comp 1	9310 W 10th Avenue	K
Comp 2	4502 N Stearman Avenue	P
Comp 3	620 N Venture Road	P
Comp 4	421 N Freya Street	S
Comp 5	14820 E Sprague Avenue	S

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