
Broker Market Rent Opinion



Client: Port of Pasco

3508 N. Stearman Avenue
Pasco, WA 99301
Building #68

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

Effective Date:
September 26, 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 within Building #68 at 3508 N. Stearman Avenue, Pasco, Washington ("Subject Property").

The purpose of this report is to assist the 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 Client'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 Tippetts Company of Washington, LLC has prepared this Broker Market Rent Opinion for the 3,575-square-foot lease premises located within Building #68 at 3508 N. Stearman Avenue in Pasco, Washington. The Subject Property also includes customary supporting land and an additional 0.52-acre fenced storage yard.

The 3,575-square-foot lease premises are part of an approximately 10,972-square-foot building. For purposes of this opinion, Broker assumes that the premises are accompanied by approximately 18,000 square feet of customary supporting land, together with the additional 0.52-acre fenced storage yard.

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-land 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 \$0.45 to \$0.76 per square foot per month, equivalent to \$5.40 to \$9.12 per square foot per year, for the building and assumed customary supporting land. For the 0.52-acre fenced storage yard, Broker applied the \$1,135 per acre per month rate noted in Broker's September 2026 Market Rent Opinion for land located in the TCAIP.

Based on the available market evidence, assumed lease terms, and stated assumptions and limiting conditions, Broker concludes the following market rent as of September 26, 2026:

- **Building premises and customary supporting land:** Approximately \$2,040 to \$2,250 per month
- **Additional 0.52-acre fenced storage yard:** Approximately \$590 per month
- **Total indicated market rent:** Approximately \$2,630 to 2,840 per month

The building-and-supporting-land component represents approximately \$0.63 to \$0.69 per square foot per month, or \$7.56 to \$8.28 per square foot per year, when expressed over the 3,575-square-foot building area.

Rent Comparison

- Current contract rent: \$1,347.45 per month
- Indicated market range: approximately \$2,630 to 2,840 per month
- Indicated increase above current contract rent: approximately \$1,282 to \$1,493 per month

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

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PROPERTY INFORMATION

Address:	3508 N. Stearman Avenue Building #68 Pasco, WA 99301
Type:	Office/Shop with Fenced Storage Yard
Parent Parcel ID:	113-290-029
Owner of Record:	Port of Pasco
Lease Premises:	Approximately 3,575 square feet within an approximately 10,972-square-foot building, together with an additional 0.52-acre fenced storage yard
Zoning:	Light Industrial (I-1)
Utilities:	City sewer and water
Improvement Description	
Building:	10,972 SF (approximately)
Year Built:	1942
2026 County Assessment:	Tax-Exempt

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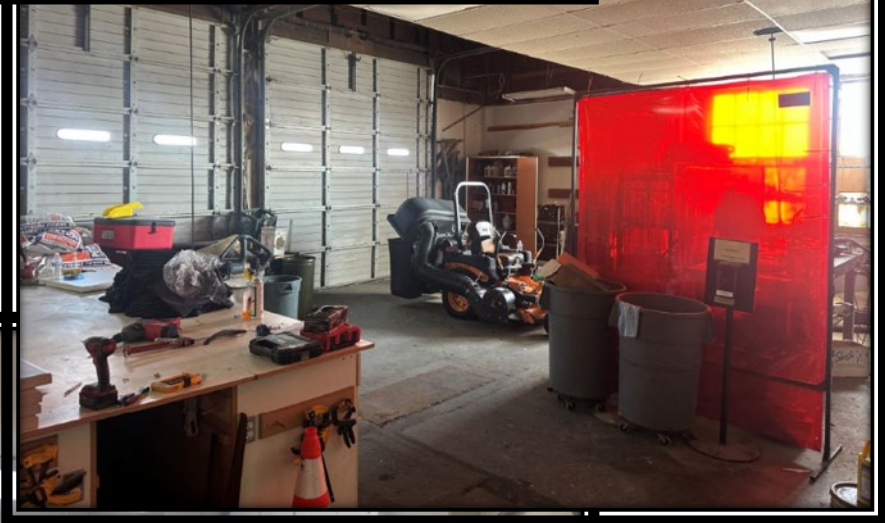


The Subject Property is located within the Tri-Cities Airport Industrial Park (TCAIP), west of Fourth Avenue and east of the Tri-Cities Airport. The TCAIP is approximately 0.7 miles north of the I-82/U.S. Highway 12 interchange. Nearby uses include air-transport services, irrigation-equipment suppliers,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

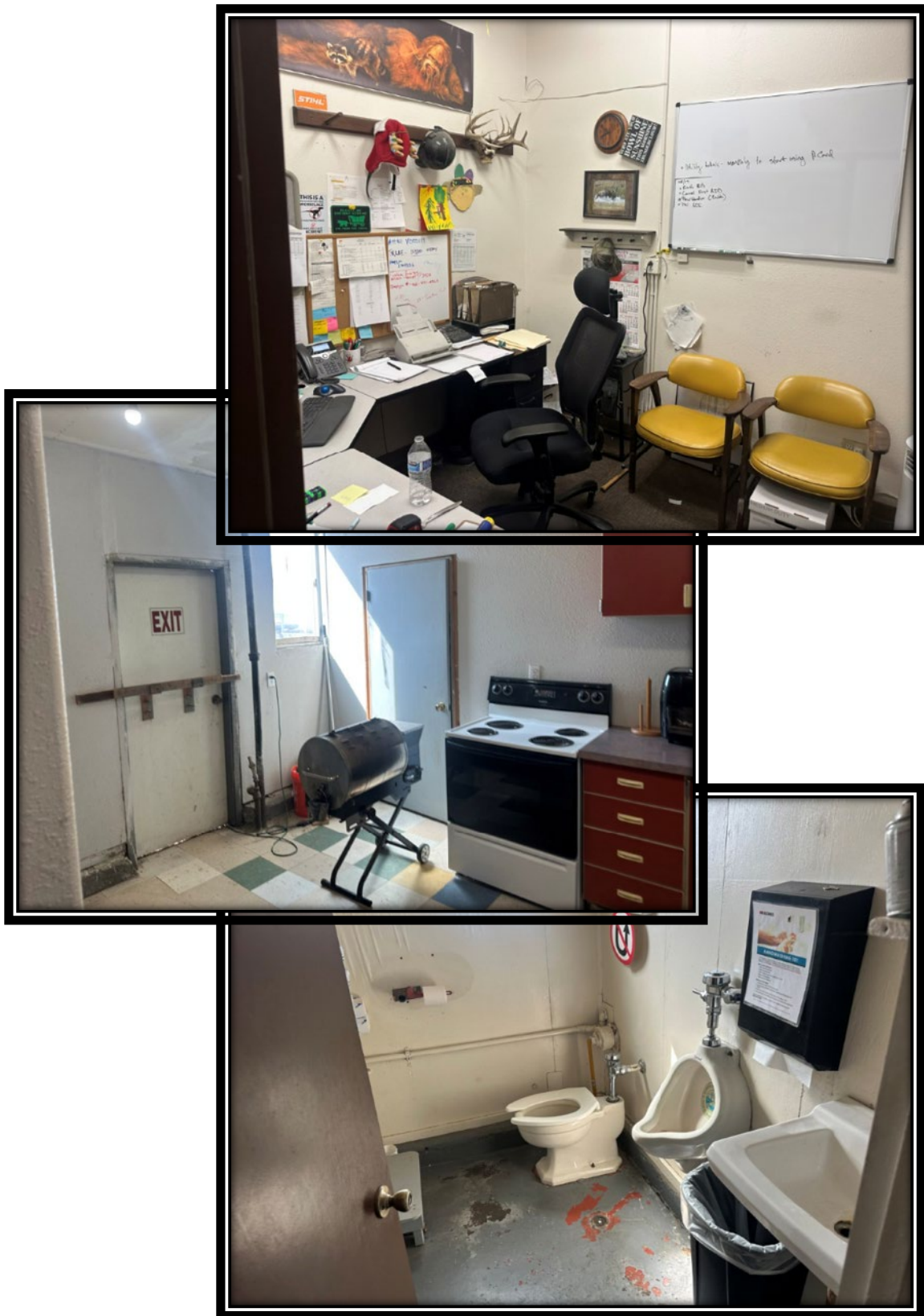
Per information provided by the City of Pasco, Subject Property is served by city sewer and water, as shown on the City Utility Map contained herein.

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PROPERTY IMAGES



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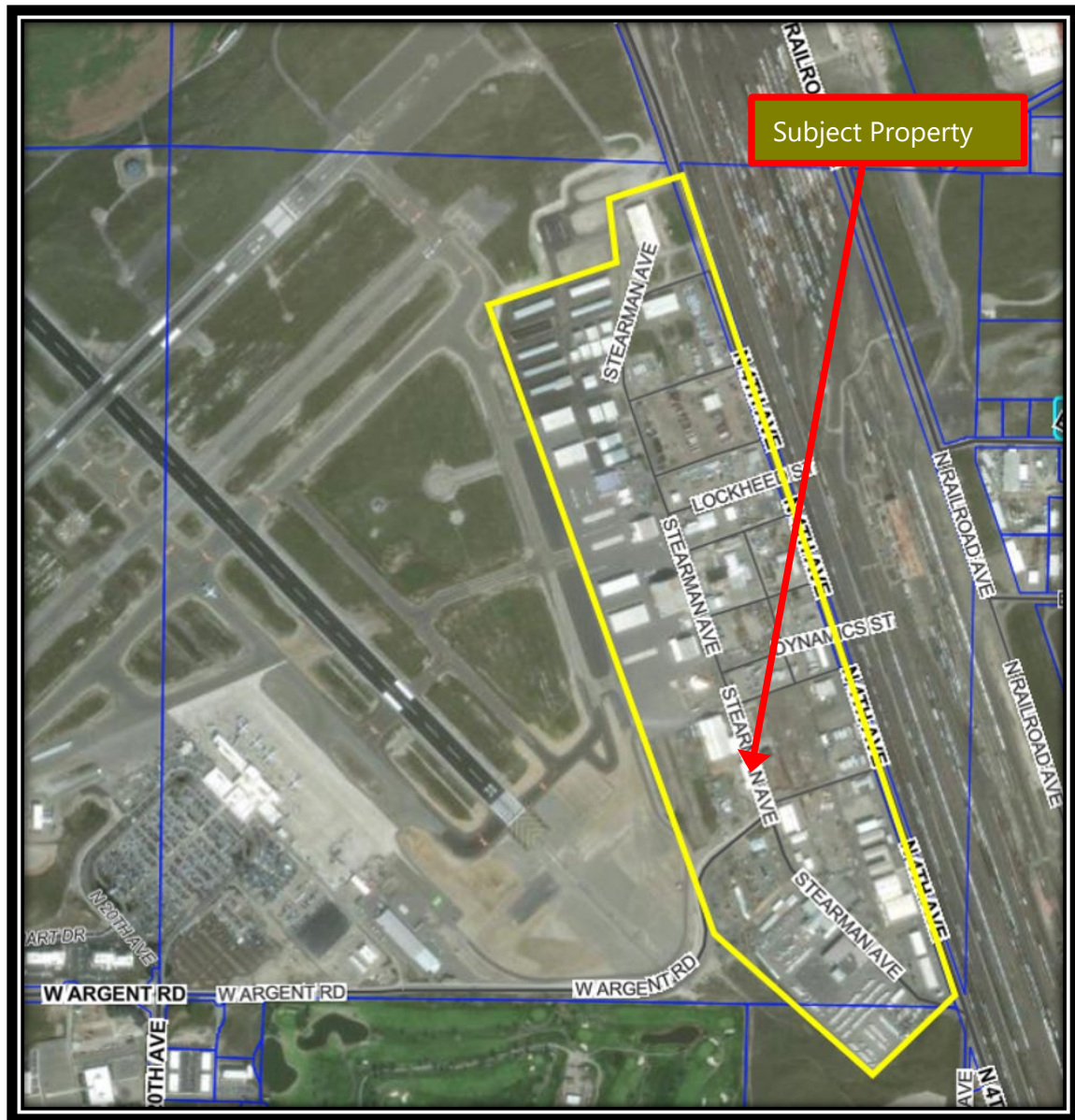


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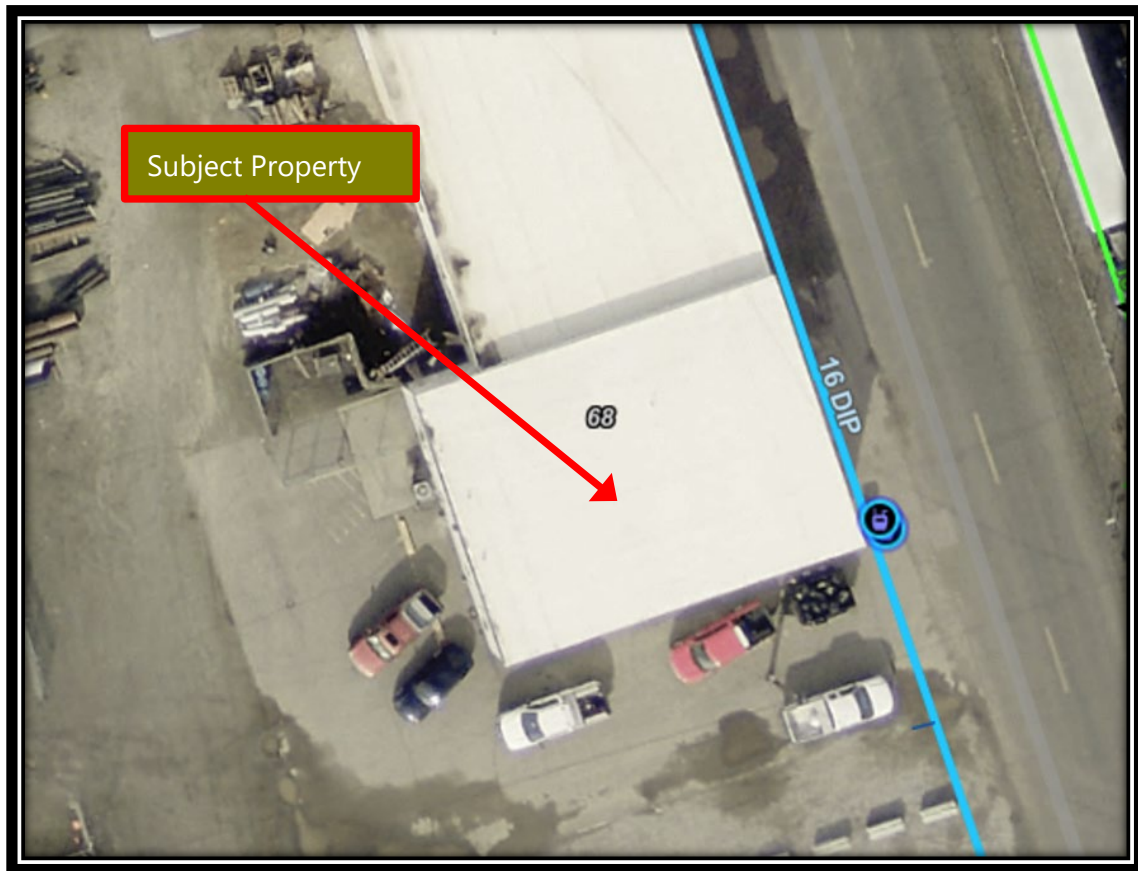
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FRANKLIN COUNTY ASSESSOR AERIAL



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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 condition, subject to the assumptions and limiting conditions stated in this report.

The assumed 5:1 ratio equates to approximately 17,875 square feet, rounded to 18,000 square feet of customary supporting land associated with the 3,575-square-foot premises. The separate 0.52-acre fenced yard is in addition to this supporting-land allocation.

In Broker's experience, supporting yard and parking area contribute to the functional utility and marketability of industrial/shop properties similar to the Subject Property. Broker's rent range therefore reflects the assumed supporting-land allocation described above.

If the supporting land area associated with the lease premises materially differs from the assumed 5:1 land-to-building ratio, an adjustment to rent may be appropriate during lease negotiations.

The following summarizes the market-rent indications for the 3,575-square-foot building premises and approximately 18,000 square feet of customary supporting land. The separate 0.52-acre fenced storage yard is analyzed using the rental rate concluded in Broker's September 2026 Market Rent Opinion for land in the TCAIP.

Comparable Lease Method

Adjusted blended equivalent indications: \$0.45 to \$0.76 per square foot per month

Reconciled Opinion

Selected blended equivalent range: \$0.63 to \$0.69 per square foot per month

Additional Fenced Storage Yard

Concluded Yard-Rental Rate: \$1,135 per acre per month

Indicated Rent for 0.52 Acre: Approximately \$590 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 (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

The current monthly contract rent of \$1,347.45 is below Broker's opinion of market rent as of the effective date.

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.

If tenant retention is a priority, the Client may consider transitioning toward market rent over the renewal term rather than applying the entire increase at commencement. Options could include phased increases, an initial rate below the concluded market range followed by scheduled increases, or a longer lease term in exchange for a moderated initial rate. Any concession should be weighed against the value received by

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the Client, including income continuity, reduced turnover costs, lease-term certainty, tenant-funded improvements, or other favorable 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 portfolio information provided by the Client represents a meaningful concentration of rentable space within the TCAIP and provides relevant context for leasing conditions within the industrial park. 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.

According to information provided by the Client, the portfolio includes 20 buildings containing 171,089 square feet of rentable space. The Client further reports that all rentable buildings included in this analysis are currently leased, representing reported occupancy of 100% as of the effective date.

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.

Assumed Lease Terms

Broker's opinion assumes the following lease terms:

Lease Term: 36 to 60 months

Condition of Premises: Leasable, as-is condition

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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.

Property Characteristics

Building

The Subject Property is a wood-frame shop building with metal siding and a sloped roof. The interior contains a mix of office and shop space, with a small mezzanine area above a portion of the shop space. The office space accounts for approximately one-half of the building's square footage. The ceiling height is approximately 16 feet. The building has two grade-level roll-up doors. Interior finishes are functional and generally consistent with a 1940s-era repair shop building.

Broker observed several areas of apparent interior disrepair. Broker has not determined whether responsibility for these conditions rests with the Client or the current tenant. This opinion assumes that the observed conditions do not materially impair the premises' functional utility or marketability. If that assumption is incorrect, the concluded rent may require reconsideration.

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Site

The site is generally level and paved and includes a 0.52-acre fenced storage yard in addition to land area supporting the lease premises.

Assumptions

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

- Broker has not performed architectural, engineering, environmental, structural, or code-compliance inspections.
- Except for the conditions described or depicted in this report, the Subject Property is assumed to be in leasable condition and free of material deferred maintenance that would materially affect market rent.
- 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

The Subject Property's current total monthly rent is \$1,347.45, representing a blended equivalent rate of approximately \$0.38 per square foot per month when expressed over the 3,575-square-foot building area. The total consists of \$879.45 per month attributable to the building premises and customary supporting land and \$468.00 per month attributable to the additional 0.52-acre fenced storage yard.

Broker considered the current rent to be historical, property-specific evidence. Broker did not treat the lease rate as conclusive evidence of current market rent because it reflects the timing, escalation provisions, and negotiated terms of the existing lease. Greater weight was placed on the adjusted indications from more recent market transactions, with available asking-rent information considered as secondary market context.

The lease transactions analyzed represent the most comparable data reasonably available to Broker as of the effective date. Broker's preliminary adjustments shown on the comparable pages address lease structure, expenses, timing, and land contribution. Unless expressly shown, they do not include the cumulative Subject Property adjustment for age, construction, condition, finish, amenities, and functional utility. Broker reconciled the adjusted lease data by placing the greatest weight on comparables most similar to the Subject Property in building size, configuration, and functional utility.

Broker placed the greatest weight on Comparables 1 and 3 because of their relative similarity to the Subject Property in building size, location, configuration, and functional utility. Comparable 2 received secondary weight and provides support for the lower end of the indicated range. Comparables 4 and 5 were used primarily to establish the broader range of market indications.

Less weight was placed on properties having materially different lease structures, superior arterial exposure, newer construction, or superior site functionality. The concluded range reflects the Subject Property's mixed office/shop utility, older construction, industrial-park location, fenced yard, and the limited utility of any mezzanine area.

Broker adjusted the comparable lease data to reflect a 5:1 land-to-building ratio to match the Subject Property's building and assumed approximately 18,000 square feet of supporting land. After adjusting for the land ratio, Broker adjusted for lease structure, property-specific differences, and the Subject Property's relative age, condition, finish, amenities, and functional utility. The adjustment for age, condition, finish, amenities, and functional utility is based on Broker's professional judgment. Because available market

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evidence does not permit reliable isolation of these factors, this adjustment is subjective and represents a principal source of uncertainty in the concluded rent range.

The adjusted indication range of \$0.45 to \$0.76 per square foot per month supports Broker's concluded range. The adjusted comparable rental rates do not include the separate 0.52-acre fenced storage yard. Broker valued the yard separately at \$1,135 per acre per month, based on Broker's September 2026 Market Rent Opinion for land in the TCAIP. Applied to 0.52 acres, this indicates yard rent of approximately \$590 per month.

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

Lease Comparable Summary

	<u>Address</u>	<u>City</u>	<u>SF</u>	<u>Adjusted Rate/SF/MO</u>	<u>Subject Comparison</u>
Comp 1	836 S 3rd	P	4,670	\$ 0.66	Slightly Superior
Comp 2	6120 W Brinkley #B	K	2,700	\$ 0.45	Slightly Superior
Comp 3	707 S Oregon	P	4,670	\$ 0.76	Slightly Superior
Comp 4	710 N California	P	2,400	\$ 0.61	Superior
Comp 5	1857 Bronco Ln	R	1,800	\$ 0.72	Superior
			Median	\$ 0.66	
			Average	\$ 0.64	
	*Reflects adjusted rates as noted in report				

(City Legend: K=Kennewick, P=Pasco, R=Richland)

Broker reviewed six active industrial and warehouse listings ranging from 3,000 to 6,000 square feet as secondary market evidence. Because these properties are offered rather than completed transactions, Broker applied an estimated 10% downward adjustment to asking rents to reflect potential negotiation between asking and contract rent and other transaction-specific concessions. Of the active listings identified in the PAC MLS, a local multiple-listing service that member brokers use to market listings, Broker considered all superior due to age of construction and amenities. However, Broker concluded that none of these locations would accommodate any fenced yard space, as the Subject Property does. Accordingly, the active listings were considered secondary market context and were not relied upon as the primary basis for the market-rent conclusion.

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<u>Address</u>	<u>City</u>	<u>Asking Rate/SF/MO</u>	<u>Rate/SF/MO</u>	<u>AvailSQFT</u>
			<u>with 10% Adjustment</u>	
6509 W Rio Grande 110-130	K	\$1.17	\$1.05	4,100
5820 Rd 92	P	\$1.04	\$0.94	4,140
2331 W A St.	P	\$1.02	\$0.92	4,400
2445 Robertson Dr	R	\$1.00	\$0.90	4,500
2746 Battelle Blvd	R	\$0.90	\$0.81	5,000
1342 Saint Helens St.	P	<u>\$1.37</u>	<u>\$1.23</u>	5,400
	Median	\$1.03	\$0.93	

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Conclusion

Based on the available comparable lease evidence, secondary asking-rent information, the Subject Property's physical and functional characteristics, and the assumptions and limiting conditions stated in this report, Broker concludes that total market rent for the 3,575-square-foot lease premises, customary supporting land, and the additional 0.52-acre fenced storage yard is approximately **\$2,630 to 2,840 per month**.

Approximately **\$590 per month**, based on a rate of approximately \$1,135 per acre per month, is attributable to the separate 0.52-acre fenced storage yard. The remaining **\$2,040 to \$2,250 per month** is attributable to the building premises and customary supporting land, equivalent to approximately **\$0.63 to \$0.69 per square foot per month**, or **\$7.56 to \$8.28 per square foot per year**, when expressed over the 3,575-square-foot building area.

When the total rent, including the separately valued fenced yard, is expressed over the building area, it represents a **total blended equivalent rate of approximately \$0.74 to \$0.79 per square foot per month**, or **\$8.83 to \$9.53 per square foot per year**.

This conclusion assumes a 36- to 60-month modified triple-net lease, annual rent increases of 3.0%, delivery of the premises in leasable, as-is condition, and no landlord-funded tenant improvements. Tenant-paid expenses are assumed to include separately metered utilities, routine maintenance of the leased premises, and leasehold excise tax, if applicable.

The concluded rent does not include a premium for month-to-month occupancy or an allowance for landlord-funded tenant improvements. Any such premium or allowance should be evaluated and negotiated separately. The final lease terms may also be affected by the tenant's proposed use, credit profile, improvement requirements, expense allocation, and other transaction-specific considerations.

This report is 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 26, 2026

Date

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REFERENCED COMPARABLES

1. 836 S 3rd Ave, Pasco, WA

Lease Commencement Date: 4/30/2026

Tenant: Undisclosed

Zoning: Light Industrial

Year Built: 1979

Lease Premises: 5,000 SF

Lease Type: Modified Triple-Net

Additional Rent: Utilities

Annual Escalations: 3.0%

Current Lease Rate: \$0.80/SF/MO

Adjusted Lease Rate: \$0.66/SF/MO

Comments: The leased premises comprise a portion of a 25,000-square-foot multitenant building. The tenant has no dedicated yard area for its exclusive use.

Adjustments include normalization to the Subject Property's assumed supporting-land allocation and a 25% downward adjustment for the comparable's superior physical and functional characteristics.

Subject Land Ratio	\$ 0.08
Subject Property Adjustment (25%)	\$ (0.22)
TOTAL ADJUSTMENT	\$ (0.14)



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2. 6120 W Brinkley Rd, Kennewick, WA

Lease Commencement Date: 6/30/2025

Tenant: Undisclosed

Zoning: Light Industrial

Year Built: 2005

Lease Premises: 2,700 SF

Lease Type: Gross

Additional Rent: Utilities

Annual Escalations: N/A

Current Lease Rate: \$0.74/SF/MO

Adjusted Lease Rate: \$0.45/SF/MO

Comments: The leased premises comprise one of three buildings situated on a half-acre parcel and include approximately one-quarter acre of yard area. The premises consist primarily of warehouse space with a small office and restroom. The building has two grade-level roll-up doors.

Adjustments include estimated lease-structure and expense adjustments, normalization to the Subject Property's assumed supporting-land allocation, and a 25% downward adjustment for relative physical and functional differences.

Real Estate Taxes	\$ (0.07)
Maintenance	\$ (0.08)
Insurance	\$ (0.03)
Subject Land Ratio	\$ 0.05
Subject Property Adjustment (25%)	\$ (0.15)
TOTAL ADJUSTMENT	\$ (0.29)



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3. 707 S Oregon Ave, Pasco, WA

Lease Commencement Date: 10/1/2024

Tenant: Undisclosed

Zoning: Light Industrial

Year Built: 1965

Lease Premises: 4,670 SF

Lease Type: Modified Triple-Net

Additional Rent: Utilities

Annual Escalations: N/A

Current Lease Rate: \$1.00/SF/MO

Adjusted Lease Rate: \$0.76/SF/MO

Comments: This lease includes two buildings totaling 4,670 square feet. One is a 3,230-square-foot concrete-block shop/office building; the other is a 1,440-square-foot stand-alone metal building.

Adjustments include normalization to the Subject Property's assumed supporting-land allocation and a 25% downward adjustment for the comparable's superior physical and functional characteristics.

Subject Land Ratio	\$ 0.01
Subject Property Adjustment (25%)	\$ (0.25)
TOTAL ADJUSTMENT	\$ (0.24)



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4. 710 N California Ave, Pasco, WA

Lease Commencement Date: 5/30/2024

Tenant: Undisclosed

Zoning: Commercial General

Year Built: 2001

Lease Premises: 2,400 SF

Lease Type: Gross

Additional Rent: Utilities

Annual Escalations: N/A

Current Lease Rate: \$1.00/SF/MO

Adjusted Lease Rate: \$0.61/SF/MO

Comments: This building is one of two buildings situated on 1.46 acres. The leased premises include the "front" building and approximately 0.5 acre of yard area.

The listing broker reports the building was remodeled just before it was listed for lease.

The second building is a mini-storage facility requiring traffic through the lot past the leased premises.

Adjustments include estimated lease-structure and expense adjustments, normalization to the Subject Property's assumed supporting-land allocation, and a 30% downward adjustment for relative physical and functional differences.

Real Estate Taxes	\$ (0.18)
Maintenance	\$ (0.08)
Insurance	\$ (0.03)
Subject Land Ratio	\$ (0.00)
Subject Property Adjustment (30%)	\$ (0.21)
TOTAL ADJUSTMENT	\$ (0.51)



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5. 1857 Bronco Ln, Richland, WA

Lease Commencement Date: 2/17/2025

Tenant: Undisclosed

Zoning: Light Industrial

Year Built: 2007

Lease Premises: 1,800 SF

Lease Type: Gross

Additional Rent: N/A

Annual Escalations: N/A

Current Lease Rate: \$1.00/SF/MO

Adjusted Lease Rate: \$0.72/SF/MO

Comments: The 1,800-square-foot leased premises comprise one-half of a 3,600-square-foot metal building. The building has a grade-level roll-up door and a dock-high door. The space is configured with 150 square feet of office and 1,650 square feet of warehouse space.

There is no yard space associated with this lease space.

Broker understands that the current underlying land rent is approximately \$953.88 per acre per month, plus leasehold excise tax.

Adjustments include estimated lease-structure and expense adjustments, normalization to the Subject Property's assumed supporting-land allocation, and a 30% downward adjustment for relative physical and functional differences.

Real Estate Taxes	\$ (0.01)
Maintenance	\$ (0.08)
Insurance	\$ (0.03)
Subject Land Ratio	\$ (0.02)
Subject Property Adjustment (30%)	\$ (0.26)
TOTAL ADJUSTMENT	\$ (0.40)



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COMPARABLE LEASES MAP



Legend

Comp 1	836 S 3rd Ave
Comp 2	6120 W Brinkley Rd
Comp 3	707 S Oregon Ave
Comp 4	710 N California Ave
Comp 5	1857 Bronco Ln

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