

COMMERCIAL BLACK

We help small businesses control their expenses, fix their costs and build real equity by investing in a secured asset, their real estate. When people own both their business and their building, they have the capability to sell to other small local businesses, benefitting future generations.

We are experienced in complex sales ranging from properties that require use / occupancy changes and seismic retrofitting to environmental contamination issues with DEQ prospective purchaser agreements. Sellers utilize our expertise in order to close and preserve their equity. We have negotiated complicated lease options to purchase, deed in lieu of foreclosure, and everything in between. We are an invaluable asset to small businesses wanting to know how best to proceed with their building needs.

We start with your use and occupancy

Use and Occupancy

Use and occupancy ratings in the City of Portland are the drivers behind existing values for various properties. The reason is that the leasing market and its rates are used to derive the value of any property that could be traded on any market. As an example, a medical building would have the highest rating (I-2 or I-3) and therefore generate higher rents correlating to increased value. Where an auto repair building will have an S-1 or F-1 Rating and generate lower rents resulting in a lower value.

Even today, office (B) and retail (M) occupancies are classified at the same "hazard level", and the building code requirements are very similar. The Bureau of Development Services has a Fire and Life Safety Guide for Existing Buildings that allows a change from retail to office, or office to commercial, to be reviewed more like a remodel than most changes of occupancy. A change of use, for purposes of the zoning code, may require bike parking, additional vehicle parking and/or changes to the parking, paving and landscaping on the site. Exterior changes to a building, in many areas of the city, must go through a design review process to make sure that the proposed changes meet any special design guidelines for the area in which the project is located. The requirement for design review can be triggered by a very minor change, such as installing a replacement window that is not identical to the original. In addition, changes in occupancy use can trigger major structural modifications such as seismic upgrades. For more information on this topic, please refer to the following links:

<https://www.portlandoregon.gov/bds/49394>

<https://www.portlandoregon.gov/bds/38578>

TABLE 208-A		
Existing Hazard Classification	OSCC Occupancy Classification	Seismic Improvement Standard
5 (Highest)	A, E, I-2, I-3, H-1, H-2, H-3, H-4, H-5	OSCC or ASCE 41-BPOI
4	B-1, A-2, B-1, I-1, I-4	
3	B, M	
2	F-1, F-2, S-1, S-2	41-BPOE
1 (Lowest)	R-3, U	

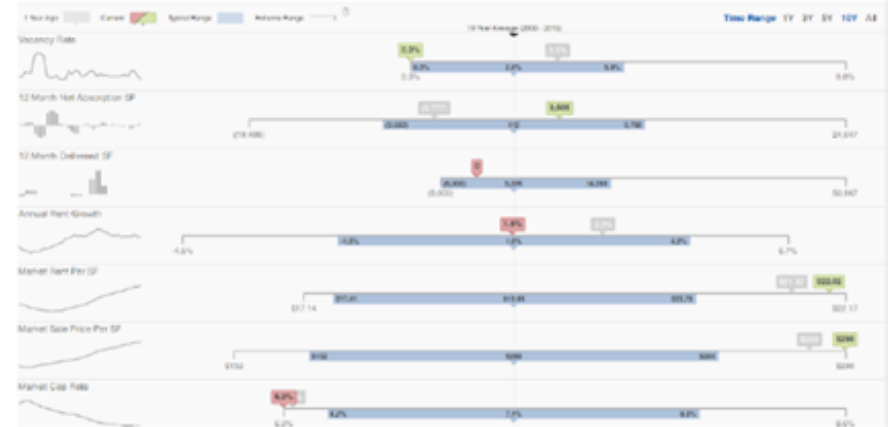
TABLE 208-B			
Percentage of Building Net Floor Area Changed	Occupant Load Increase	Required Improvement Standard	Existing Hazard Classification
1/2 of area or less	and Less than 100	None	1 through 5
More than 1/2 of area	or 150 and above	ASCE 41-BPOE	1, 2, and 3
More than 1/2 of area	or 150 and above	OSCC or ASCE 41-BPOI	4 and 5

We analyze the leasing market

The Leasing Market Analysis - Property Analytics



Key Performance Indicators



Maximizing Value with Market Knowledge

ANALYZING - COMMERCIAL REAL ESTATE

We analyze your value as a user

Owner User Market Analysis: East Burnside Street

The **Owner User Market** - The market for unique owner user buildings is always in demand. During the 2008 recession, the price per SF on the owner user properties sold by CB continued to increase. Owner occupied companies purchase and occupy the real estate as opposed to leasing. In the close in eastside Portland market, there aren't many buildings similar to Burnside. Most do not have this type of mixed use. Is a well appointed property in location that has constant demand. This is the epicenter of the Eastside where NE & SE intersect with Laurelhurst.

Small businesses cannot typically afford to purchase larger buildings. Properties such as 2937 East Burnside help other small business gain an entry into building equity of their own. The cost of occupying owner user real estate is determined by the taking the annual mortgage payment and dividing it by the square footage of the building. Using the sampling data on Page 5 and comparing it to the cost to own per SF NNN below, the corresponding sales prices are ranges rather than the averages. Essentially this offers a small business an opportunity to purchase and occupy for the same cost as leasing and benefit from tax advantages as well.



PROPERTY TYPE	Retail/Office/Residential				
LAND SQ. FT.	5,000				
BUILDING SQ. FT.	4,307				
	Variable: Cost to Own Per Square Foot				
OPTION	I	II	III	IV	V
SALE PRICE	\$1,200,000	\$1,300,000	\$1,450,000	\$1,500,000	\$1,600,000
% DOWN	10%	10%	10%	10%	10%
DOWN PAYMENT	\$120,000	\$130,000	\$145,000	\$150,000	\$160,000
LOAN AMOUNT	\$1,080,000	\$1,170,000	\$1,305,000	\$1,350,000	\$1,440,000
INTEREST RATE	5.75%	5.75%	5.75%	5.75%	5.75%
TERM (Months)	300	300	300	300	300
MONTHLY PAYMENT	(\$6,794)	(\$7,361)	(\$8,210)	(\$8,493)	(\$9,059)
ANNUAL DEBT SERVICE	(\$81,521)	(\$88,327)	(\$98,510)	(\$101,913)	(\$108,710)
COST TO OWN PER Square foot (NNN)	\$18.93	\$20.51	\$22.87	\$23.66	\$25.24
PRICE PER BLDG SQ. FT.	\$179	\$192	\$137	\$148	\$173

Maximizing Value with Market Knowledge

There are so many decisions that need to be made when purchasing a commercial property. We help you navigate those issues and not make mistakes. From recommendations to lenders, attorneys, tax advisors, contractors, sub-contractors, architects and engineers. Having the right team is critical.

We don't rely on huge firm with call centers staffed by people with scripts to read. We are true specialists in our field. We are a team of two and devote our expert attention to our clients. Our job is to make sure mistakes don't occur. We aren't managing staff, we broker transactions. We walk our clients through the entire way.

We analyze your value to an investor

Investment Market Analysis - East Burnside Street

This building could be generating a lease rate between \$21.00 and \$25.00 per square foot annually, which is consistent with the market data (Costar) provided in this investment overview. The market CAP rate range provided through the Costar data showed an average of 6.50% on annual NOI. Using market leasing rates and applying the Average Annual Cap of 6.50%, the corresponding values range between \$1,800,000.00 and \$1,600,000.00.

The flexible nature of the space and variety of potential uses for the building make it valuable. The low barrier price point will open up to a larger percentage of the population that can cover it, versus \$3,000,000.00 as an example. The location is blue chip and the ability to replace tenants and income is high. There is strong demand for this product type.

This listing should draw interest from investors.



PROPERTY TYPE	Retail/Office/Residential					East Burnside Street					
DATE	Jan-19										
LAND SF	5,000										
BUILDING SF	4,307					Variable: Lease Rate					
OPTION	I	II	III	IV	V						
NNN Lease Rate per SF/YR	\$21.00	\$22.00	\$23.00	\$24.00	\$25.00						
Net Operating Income	\$90,447	\$94,754	\$99,061	\$103,368	\$107,675						
Vacancy Reserves 5%	(\$4,522)	(\$4,738)	(\$4,953)	(\$5,168)	(\$5,384)						
Adjusted Net Operating Income	\$85,925	\$90,016	\$94,108	\$98,200	\$102,291						
Cap Rate	6.50%	6.50%	6.50%	6.50%	6.50%						
SALE PRICE	\$1,321,918	\$1,384,866	\$1,447,815	\$1,510,763	\$1,573,712						
PRICE PER RENTABLE SQ. FT.	\$307	\$322	\$336	\$351	\$365						

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