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The Benson Blocks

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An aerial architectural rendering of a modern urban development. The central focus is a large, multi-story building complex with a mix of glass facades and dark, textured roofs. Some buildings feature green rooftop gardens. The development is situated in a city with various other buildings, streets, and green spaces visible in the background. The overall scene is presented in a semi-transparent, ethereal style.

The Benson Blocks

BOMA Real Estate Development

Workshop

September 28, 2011

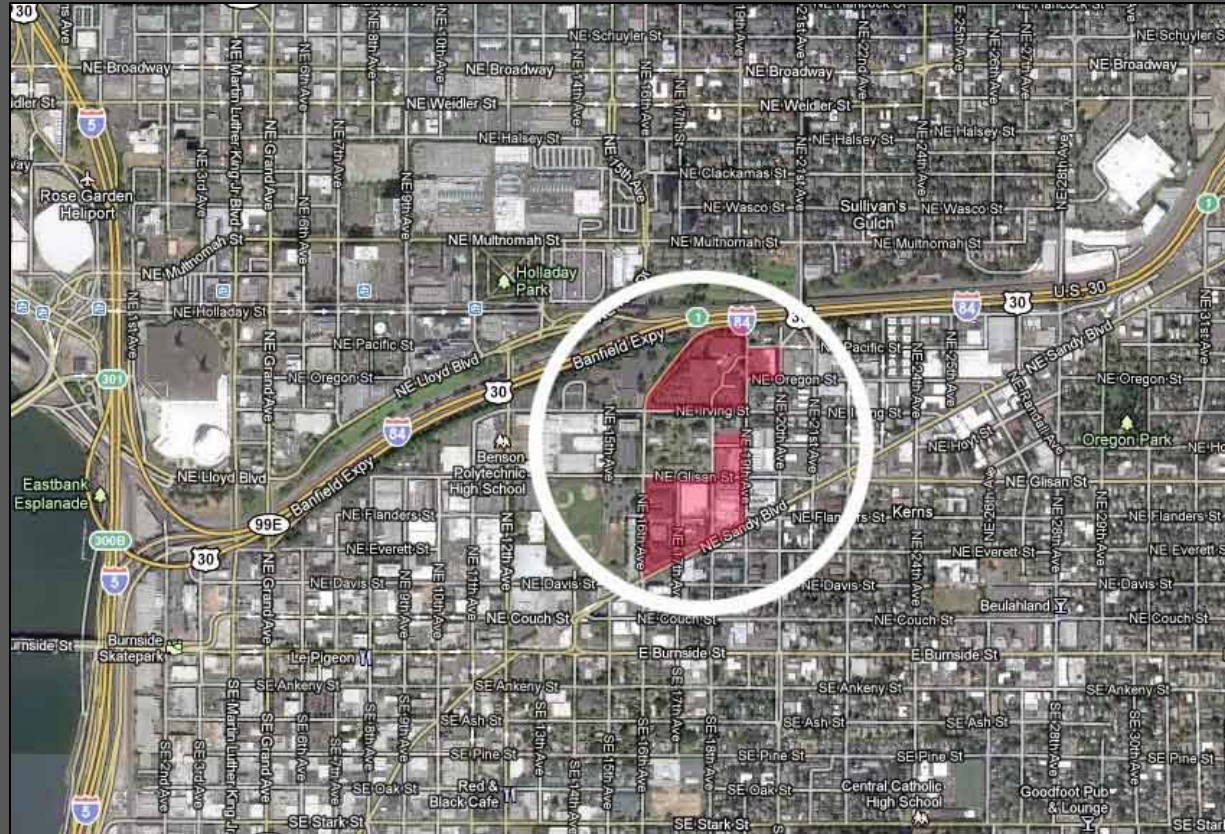
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Agenda

- Existing Site Conditions & Ownership
- The Surrounding Neighborhood
- Redevelopment Vision – Benson Blocks
- Market Analysis
- Development Program & Principles
- Scenario A
- Scenario B
- Acknowledgements

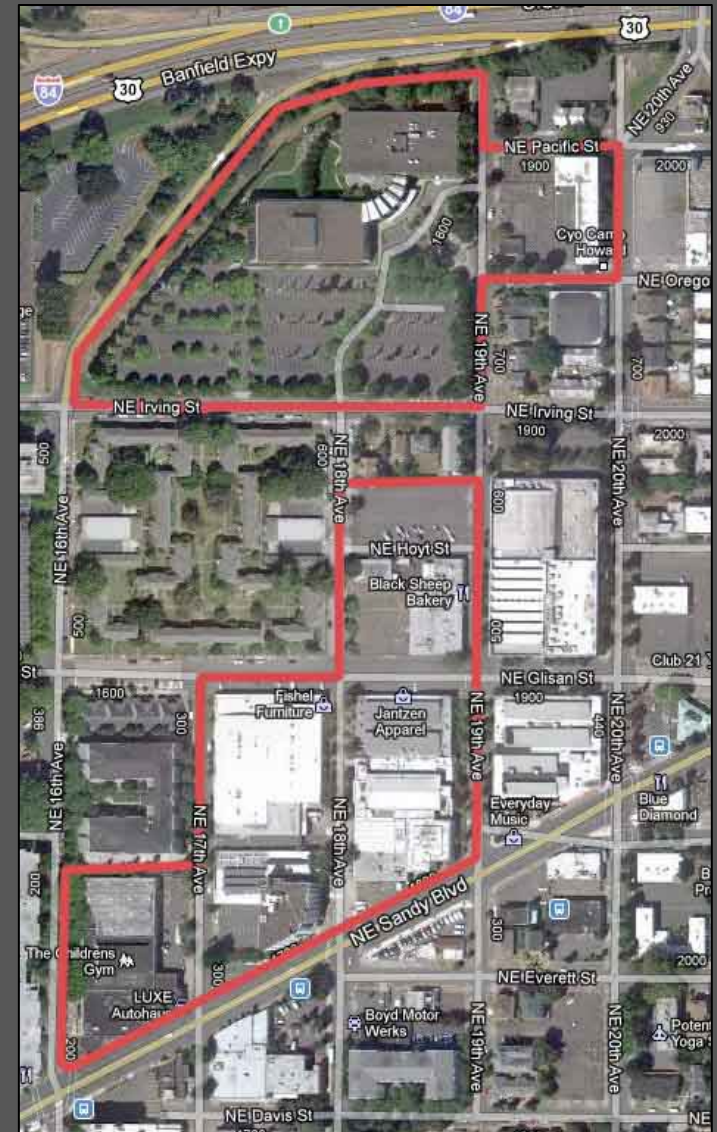
The Site

- Site bounded by Sandy, 16th, 20th and the Banfield
- Located in Kerns neighborhood
- Lloyd District and Sullivan's Gulch nearby
- Approx. 14 acres
- 6 blocks
- Approx. 400,000 SF of buildings currently



EXISTING SITE CONDITIONS

- Owned by Joseph E. Weston / Weston Investment Company
- Current inventory predominantly Class B and C office and industrial
- Former Jantzen Apparel Co HQ



Existing Zoning

- EXd – Blocks 1,2,3, & 4
- CXd – Blocks 5 and 6
- Superblocks
- Parking



Redevelopment Vision / Brand

- Mixed Use, vibrant and walkable neighborhood
- Regional destination with local flavor
- Community focus for surrounding neighborhoods
- Enhancing property tax revenue
- Increased reliance for alternative modes of transportation
- The Benson Blocks



Market Analysis

	Portland Vacancy Rates	NE Close- In Vacancy Rates	Lloyd Vacancy Rates	Portland Rental Rates	NE Close- In Rental Rates	Lloyd Rental Rates
Apartments	3.8%	4.3%	4.5%	\$1.51/ SF/year	\$1.07/SF/ year	\$1.49/SF/ year (avg)
Retail	6.3%	4.0%	3.6%	\$16.45/ SF/year	\$16.89	\$13.78/SF/ year
Class A/Class B Office	11.0%	1.4% (A) 3.5% (B)	3.9% (A) 9.9% (B)	\$19.45/ SF/year	\$19.26 - \$21.75/SF/ year	\$17.67 - \$23.63/SF/ year
Condominiums (sales)				\$260 - \$270 / SF	Average \$289,950	
Hotel*	72.9%	71.6%**		\$132.88	\$116.67**	

*Numbers for Hotel represent Occupancy Rate and Room Rates

** Market area is Rose Quarter

PROJECTED INCOME

Product Type*	Revenue
Retail	\$18.00 - \$25.00 / SF/Year
Office	\$16.00 - \$27.00/SF/Year
Residential – Apartments	\$2.00/SF/Month
Residential – Assisted Living	\$7.00/SF/Month
Condominiums	\$375 - \$435/SF
Hotel	\$85,000/Month HOA
Institutional	\$255,000/Month HOA
YMCA	Ground Lease - \$58,400/Year
Costco	Ground Lease –\$850,000/Year
Parking	\$110 - \$190/Stall/Year

*All rents are NNN, except the residential which is FSG
Additional Revenue Sources

Development Program

SCENARIO A “MODEST”

- Build to existing height & FAR
- Residential composed of rental units only
- Urban Costco as a large retailer tenant
- Smaller scale open spaces

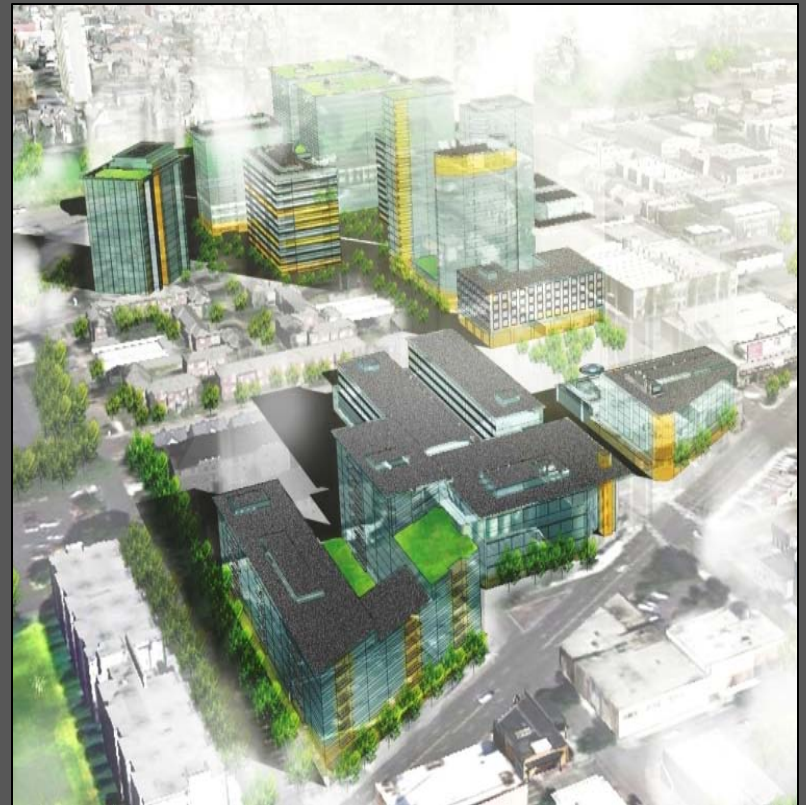
SCENARIO B “ROBUST”

- Site is in Central Eastside URA
- Increased density, heights & FAR
- Streetcar along Sandy Blvd.
- Increased bus routes
- “Point” Towers
- PCC Associates Campus
- Limited-Service Hotel

Scenario A

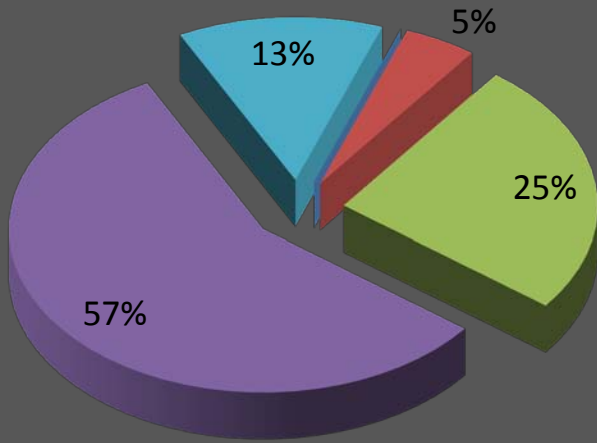


Scenario B

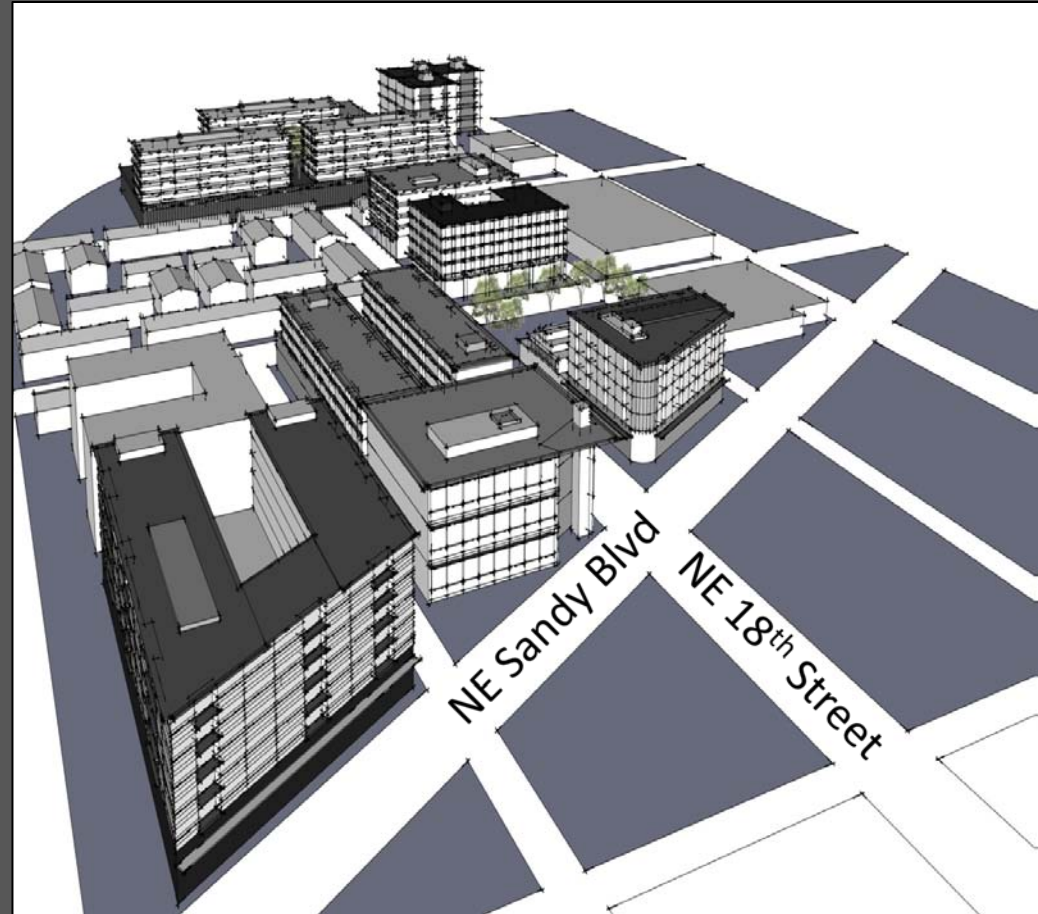
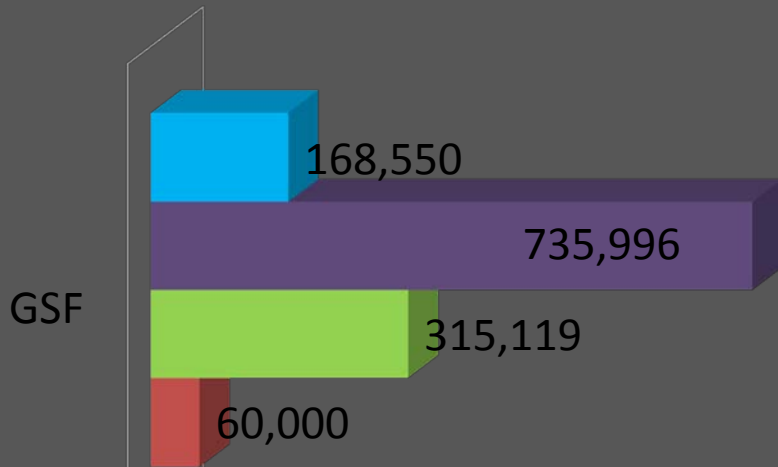


Scenario A

Development Mix



■ Senior Housing ■ Apartments
■ Retail/Restaurant ■ Office



Scenario A - Phasing

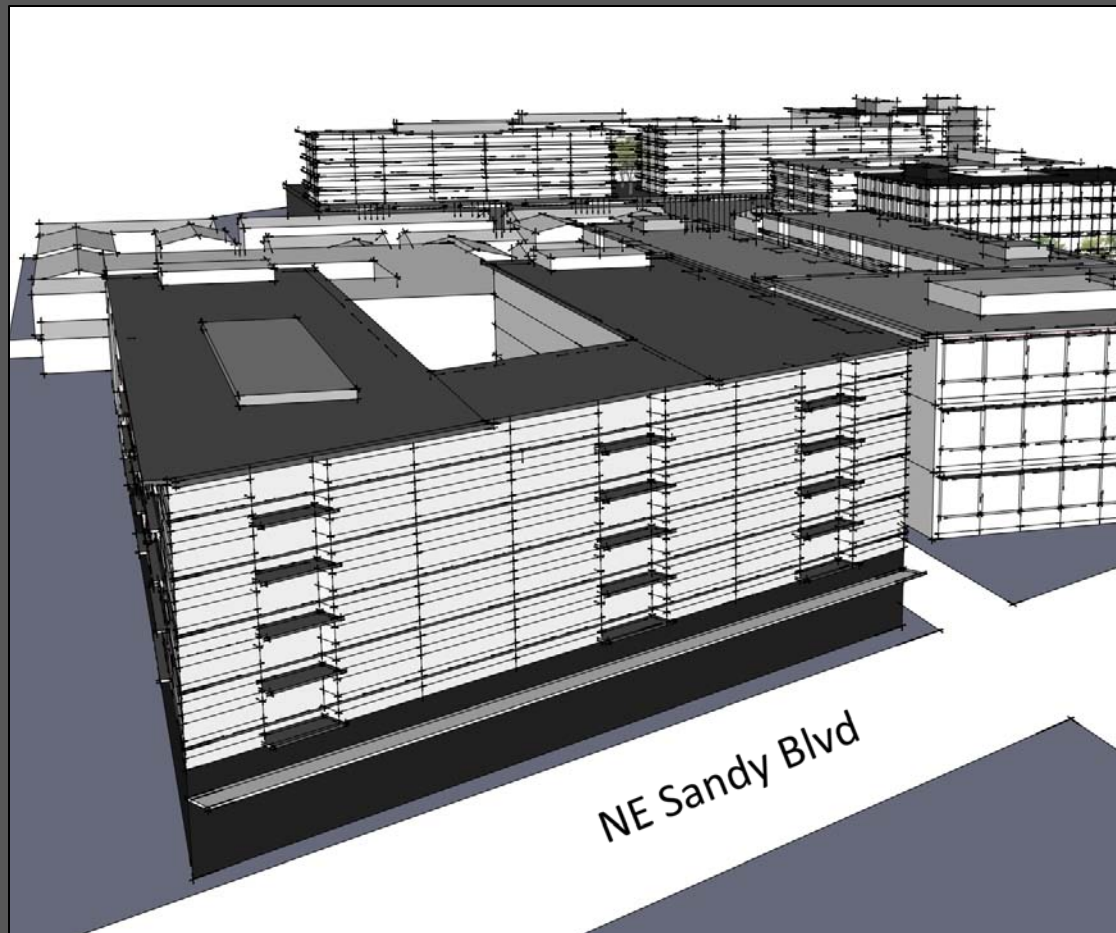


Scenario A – Phase 1

- YMCA
- Market of Choice
- Oregon Beer Garden
- Apartments
- Hardscaped Park
- Structured Parking
- Walking Corridor – NE 18th Ave



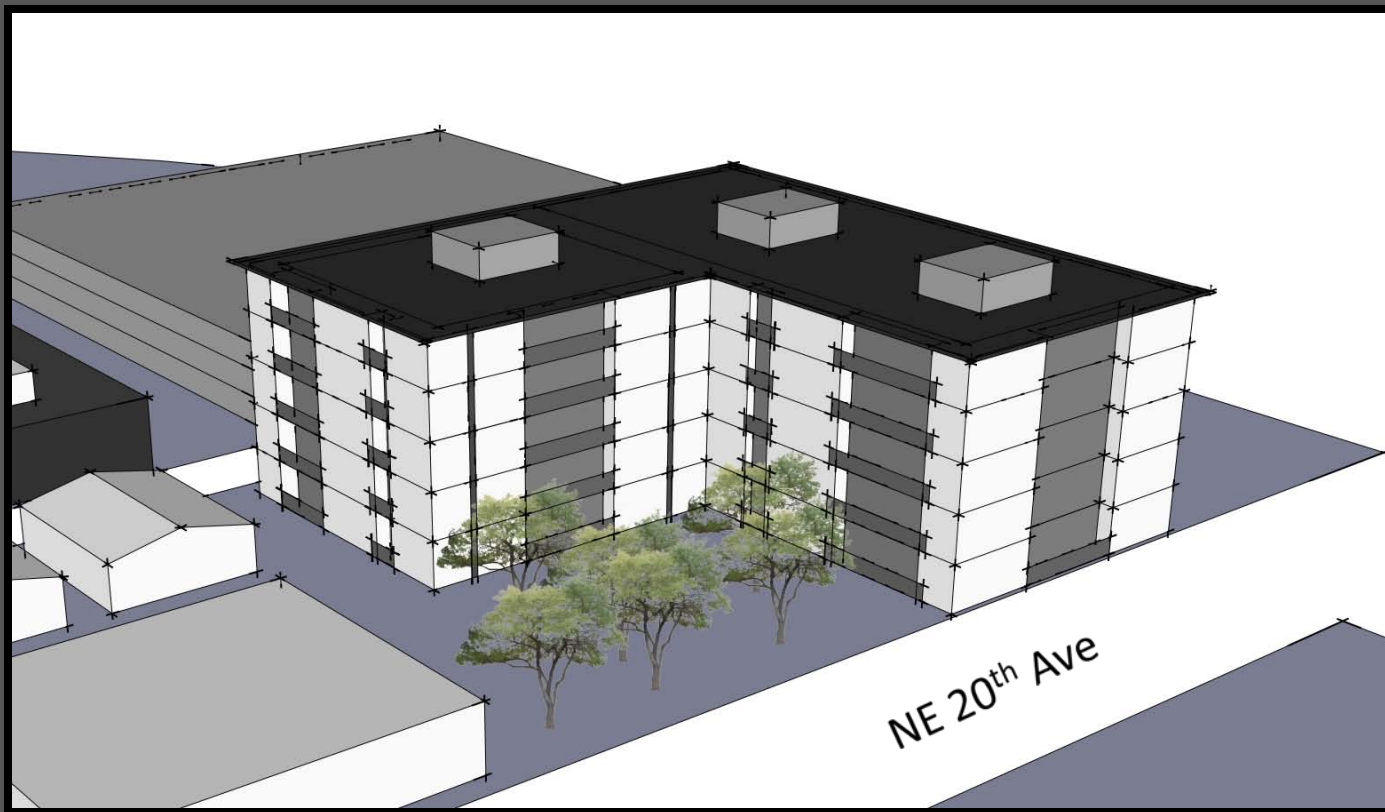
Scenario A – Phase 2



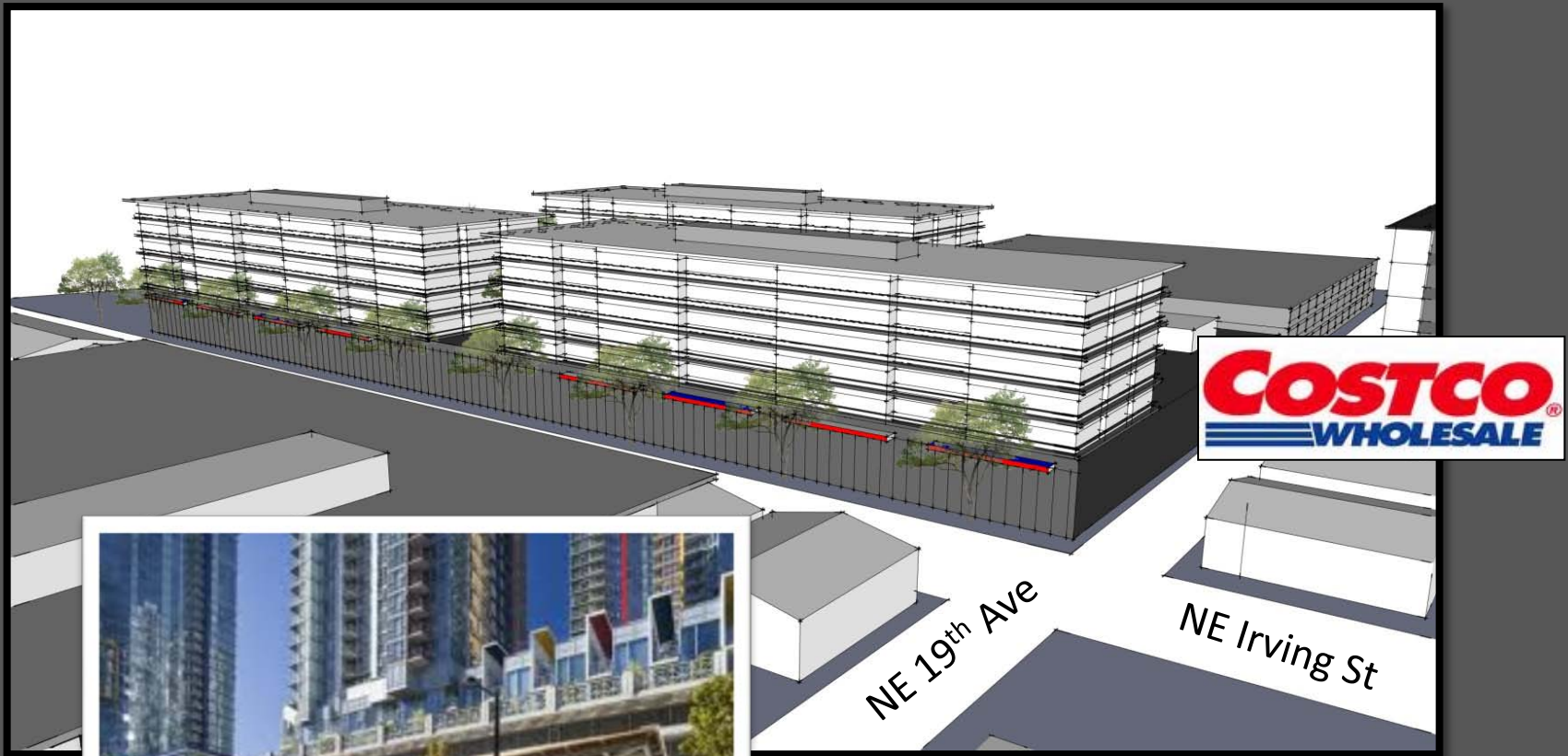
- Retail – 24,000 GSF
- Apartments – 139,500 GSF (182 units)
- Structured Parking

Scenario A – Phase 3

- Retail – 5,000 GSF
- Senior Housing – 168,550 GSF
- 2nd Floor Sandwich Parking



Scenario A – Phase 4



- Urban Costco – 135,000 GSF
- Apartments – 264,000 GSF (345 units)
- Parking structure

Scenario A – Phase 5

- Creative Office – 60,000 GSF
- Retail – 20,000 GSF
- Apartments – 108,016 GSF (141 Units)
- Structured Parking

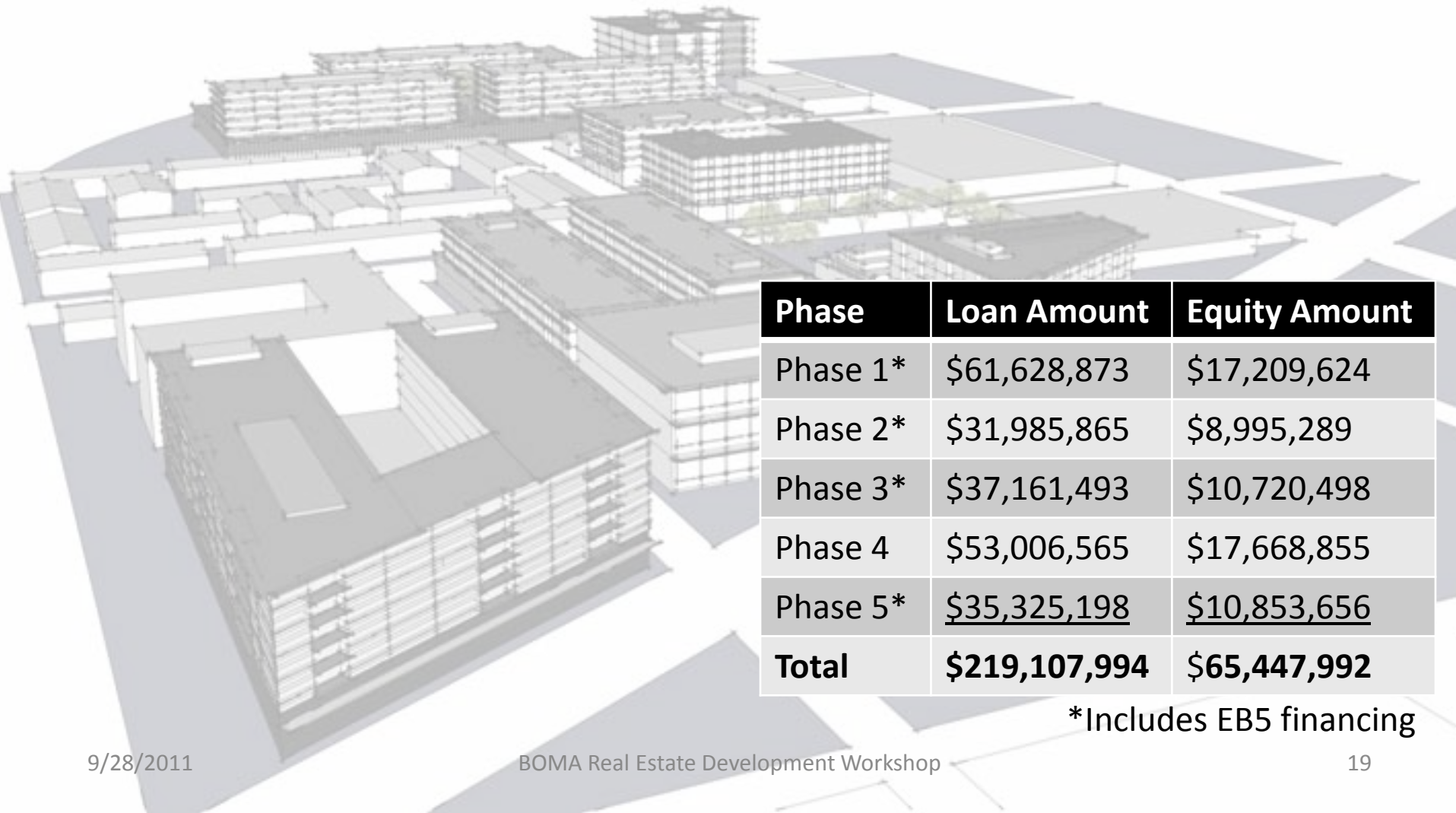


COSTS – SCENARIO A

- 1,949,572 GSF – total development
- 1,208 – total housing units
- 1,450 – total structured parking spaces

- \$284,555,928 – total construction costs (minus YMCA & Costco)
- \$38,375,966 – total land costs
- \$322,931,894 – total construction and land costs

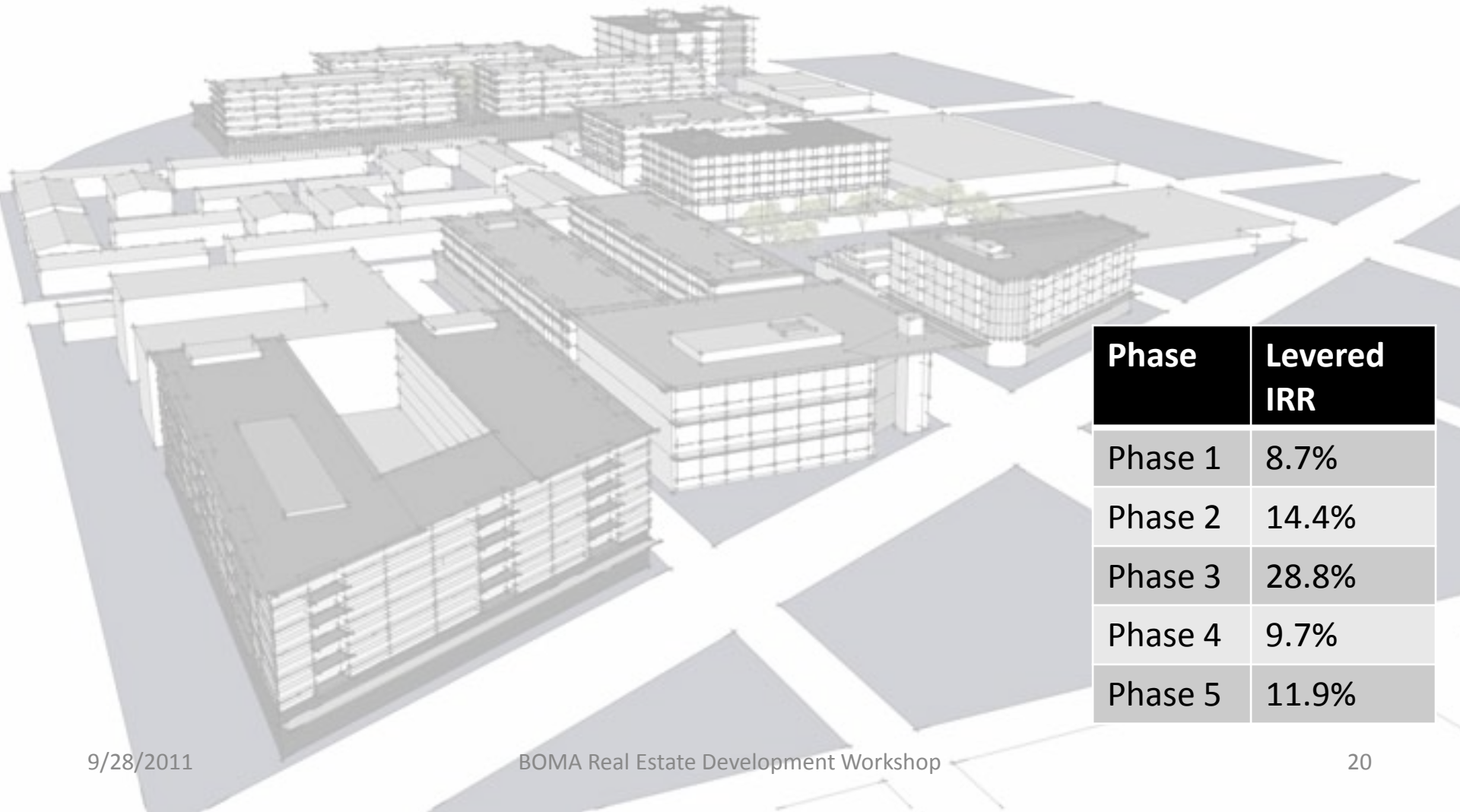
FINANCING – SCENARIO A



Phase	Loan Amount	Equity Amount
Phase 1*	\$61,628,873	\$17,209,624
Phase 2*	\$31,985,865	\$8,995,289
Phase 3*	\$37,161,493	\$10,720,498
Phase 4	\$53,006,565	\$17,668,855
Phase 5*	<u>\$35,325,198</u>	<u>\$10,853,656</u>
Total	\$219,107,994	\$65,447,992

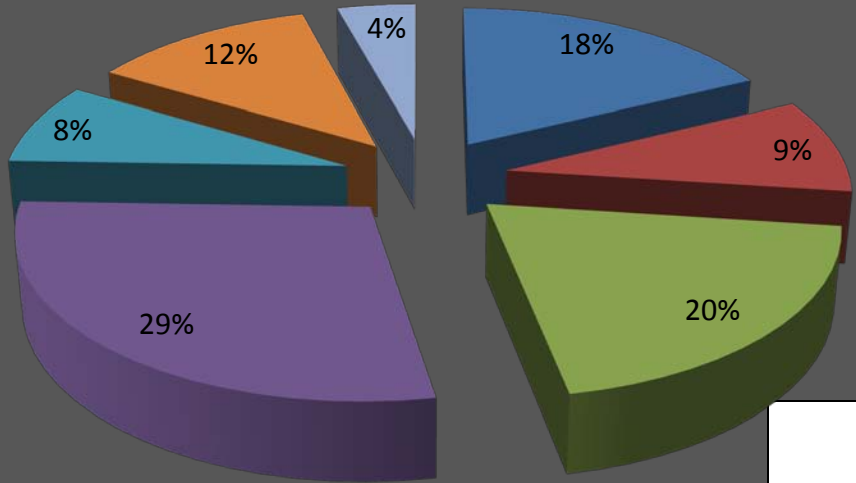
*Includes EB5 financing

PERFORMANCE – SCENARIO A

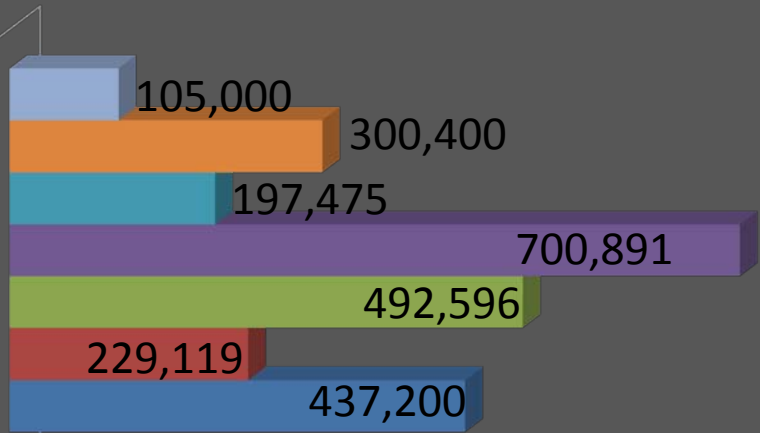


Phase	Levered IRR
Phase 1	8.7%
Phase 2	14.4%
Phase 3	28.8%
Phase 4	9.7%
Phase 5	11.9%

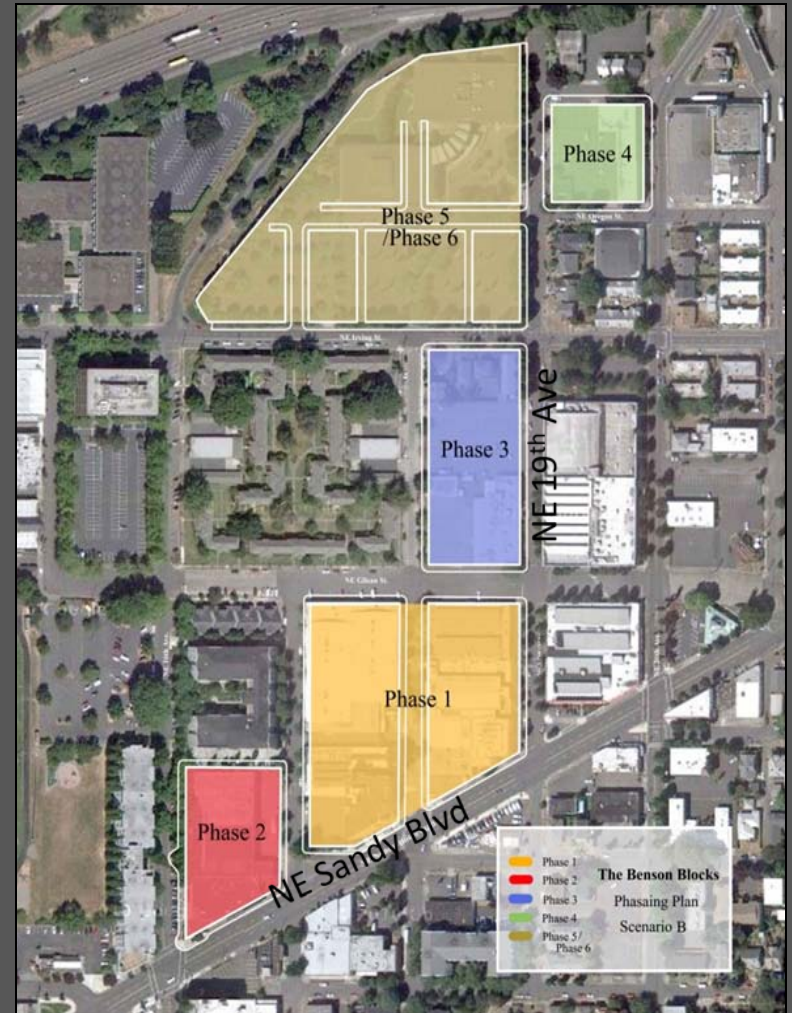
Scenario B Development Mix



- Hotel
- Institutional
- Senior Housing
- Condominiums
- Apartments
- Retail/Restaurant
- Office



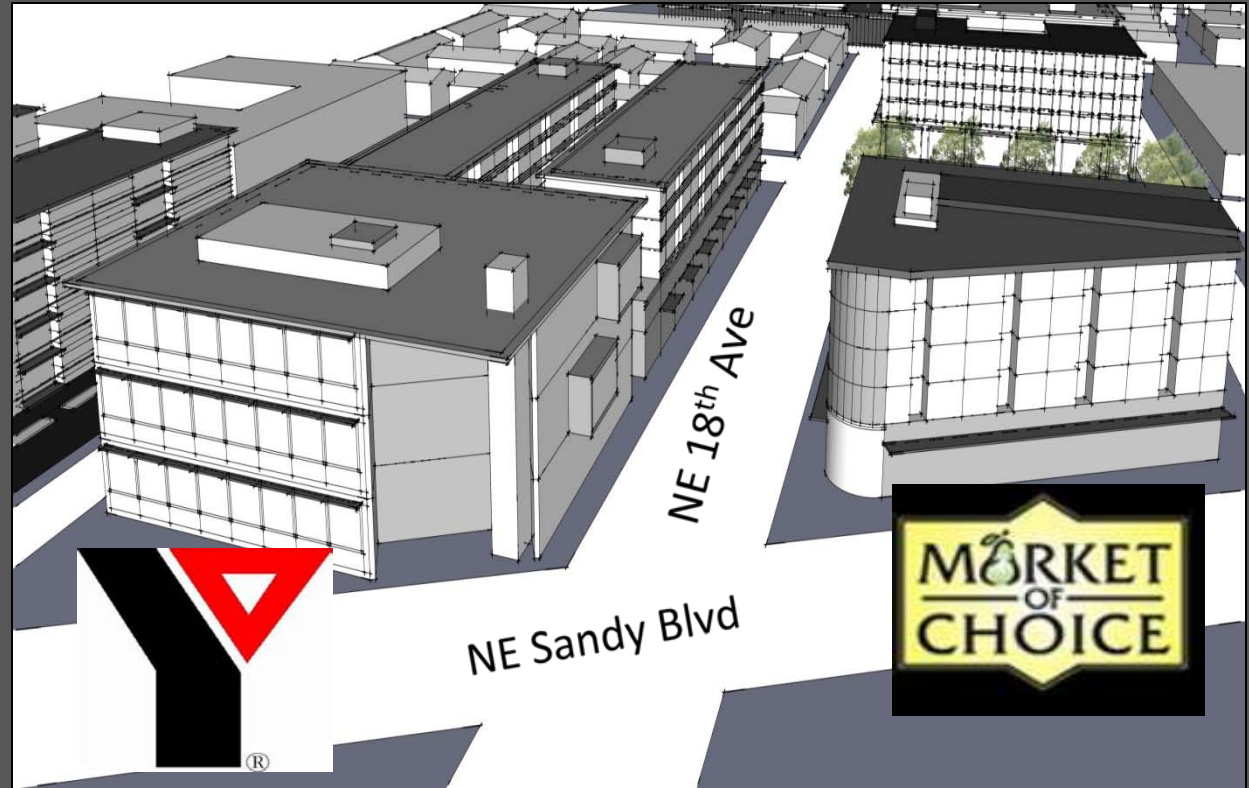
Scenario B - Phasing



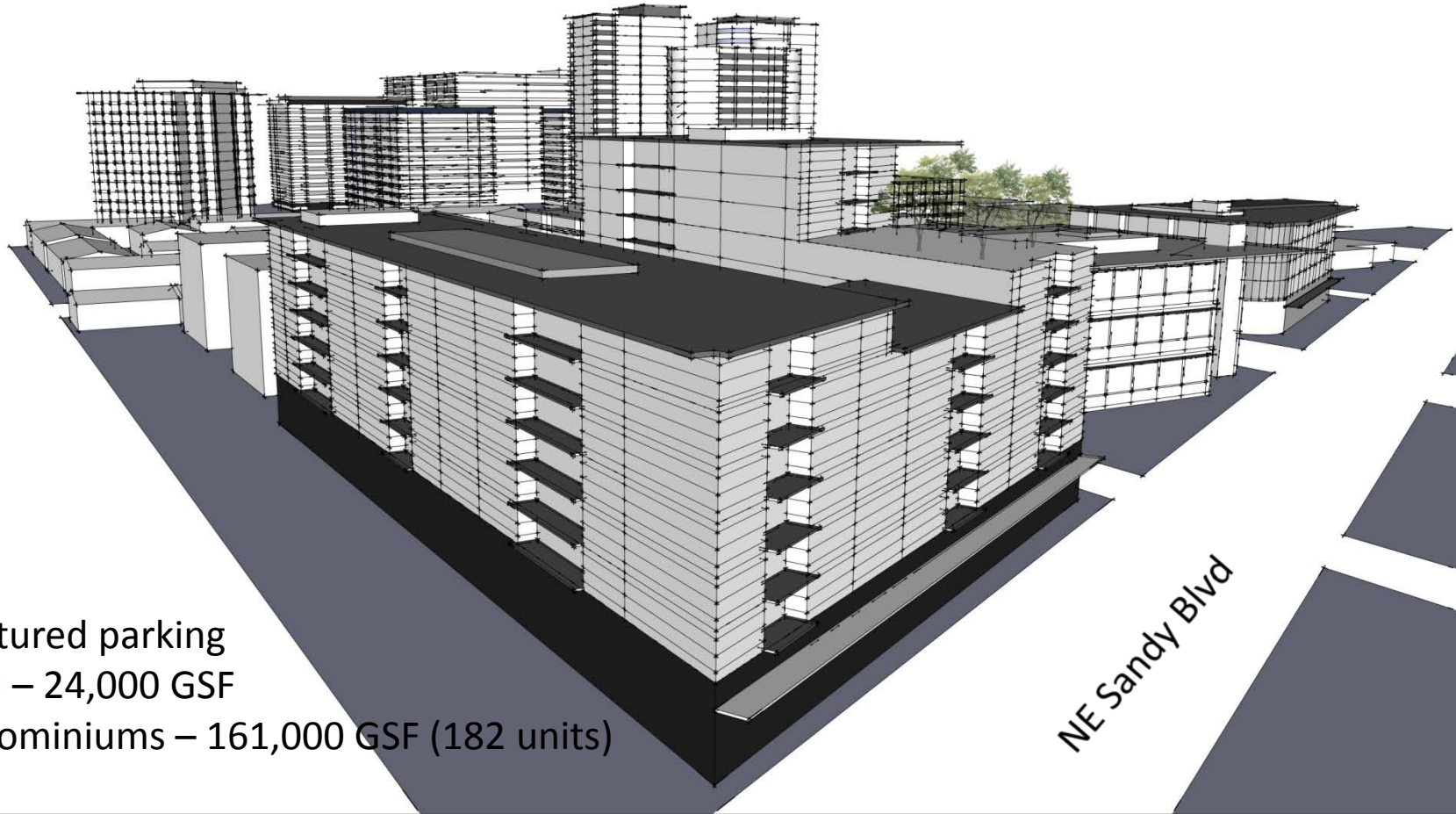
Scenario B – Phase 1

**same as Scenario A Phase 1*

- YMCA
- Market of Choice
- Oregon Beer Garden
- Apartments
- Hardscaped Park
- Structured Parking
- Walking Corridor – NE 18th Ave

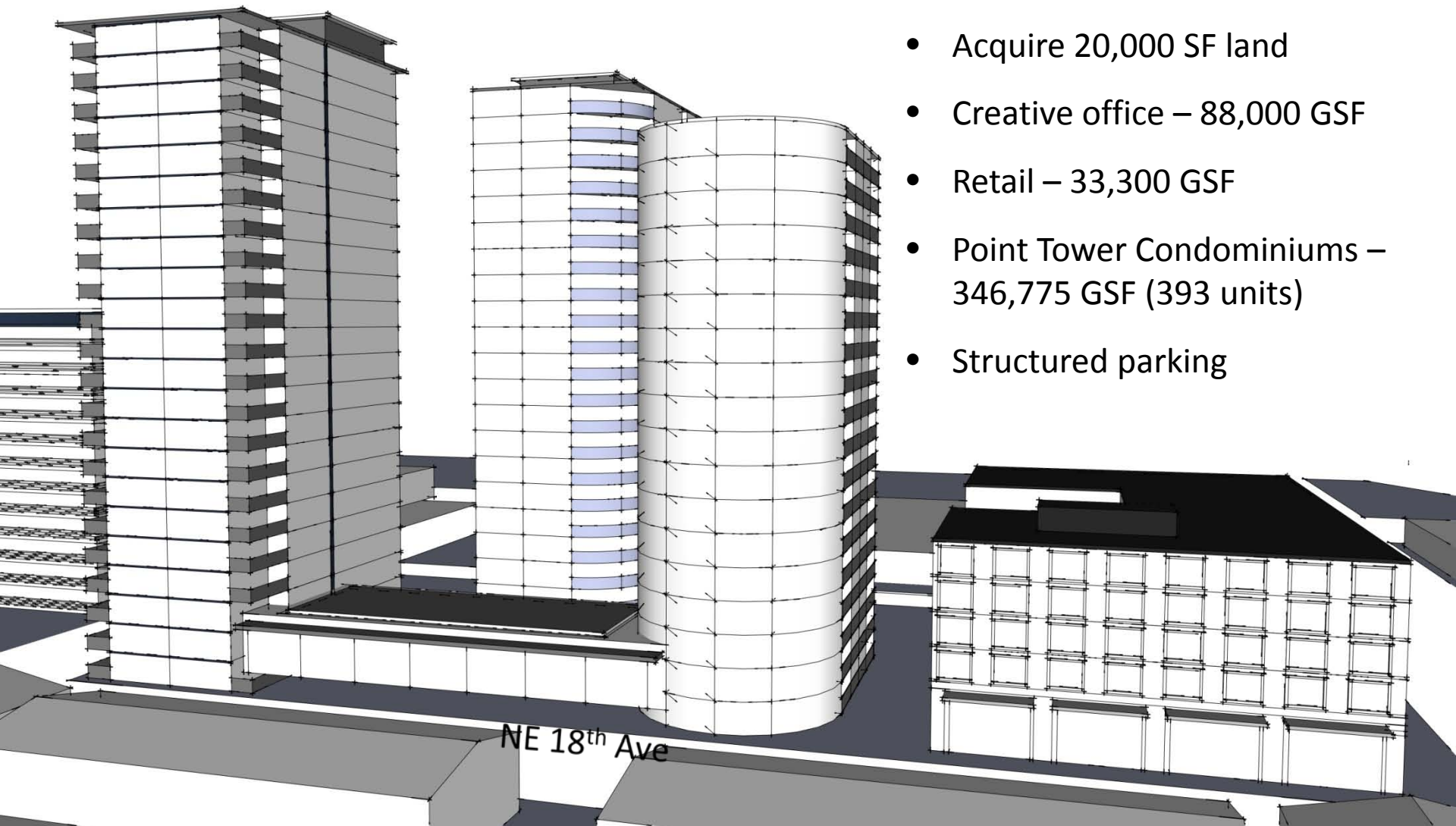


Scenario B – Phase 2



- Structured parking
- Retail – 24,000 GSF
- Condominiums – 161,000 GSF (182 units)

Scenario B – Phase 3



- Acquire 20,000 SF land
- Creative office – 88,000 GSF
- Retail – 33,300 GSF
- Point Tower Condominiums – 346,775 GSF (393 units)
- Structured parking

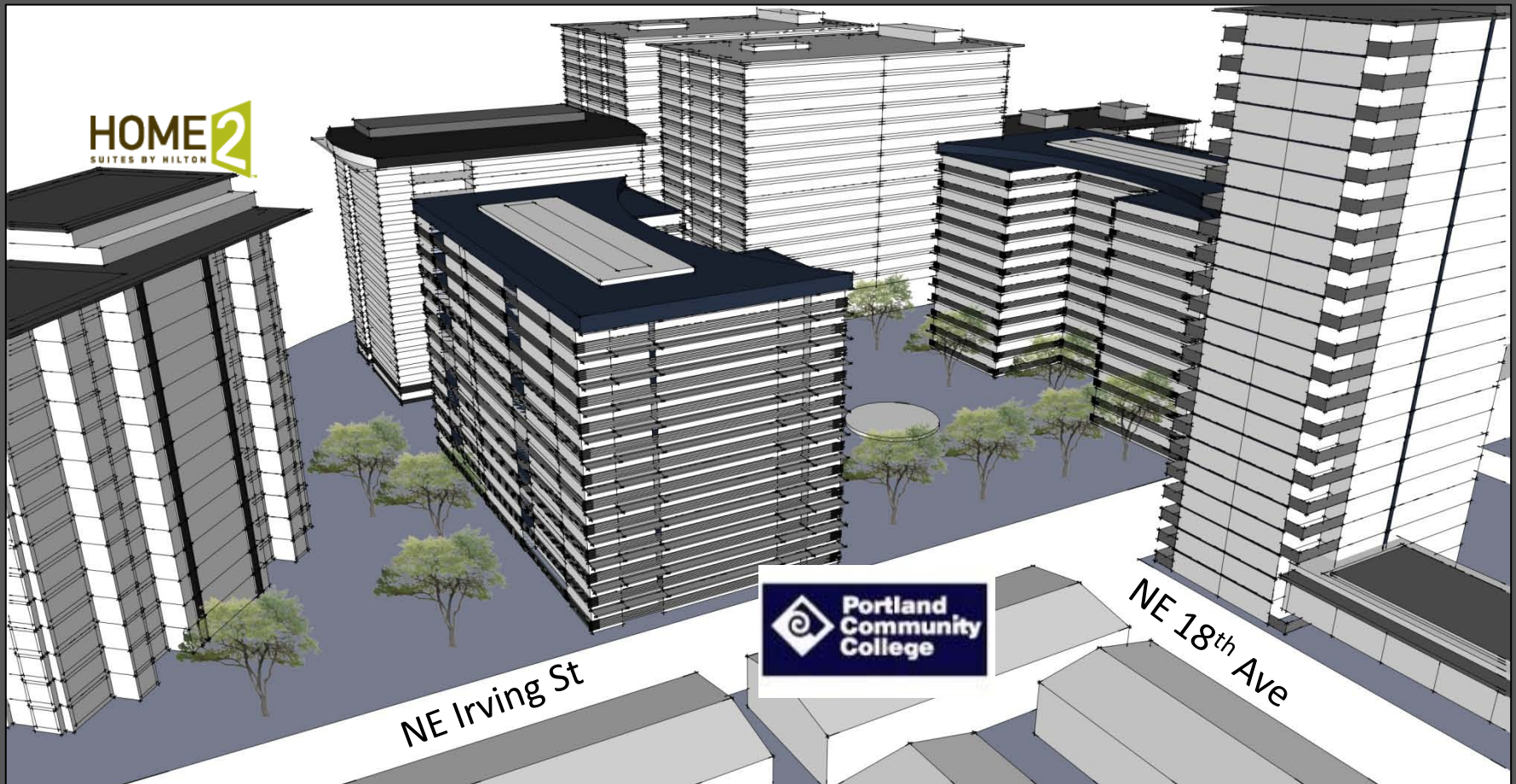
Scenario B – Phase 4

- Structured parking
- Retail – 5,000 GSF
- Senior Housing – 197,475 GSF



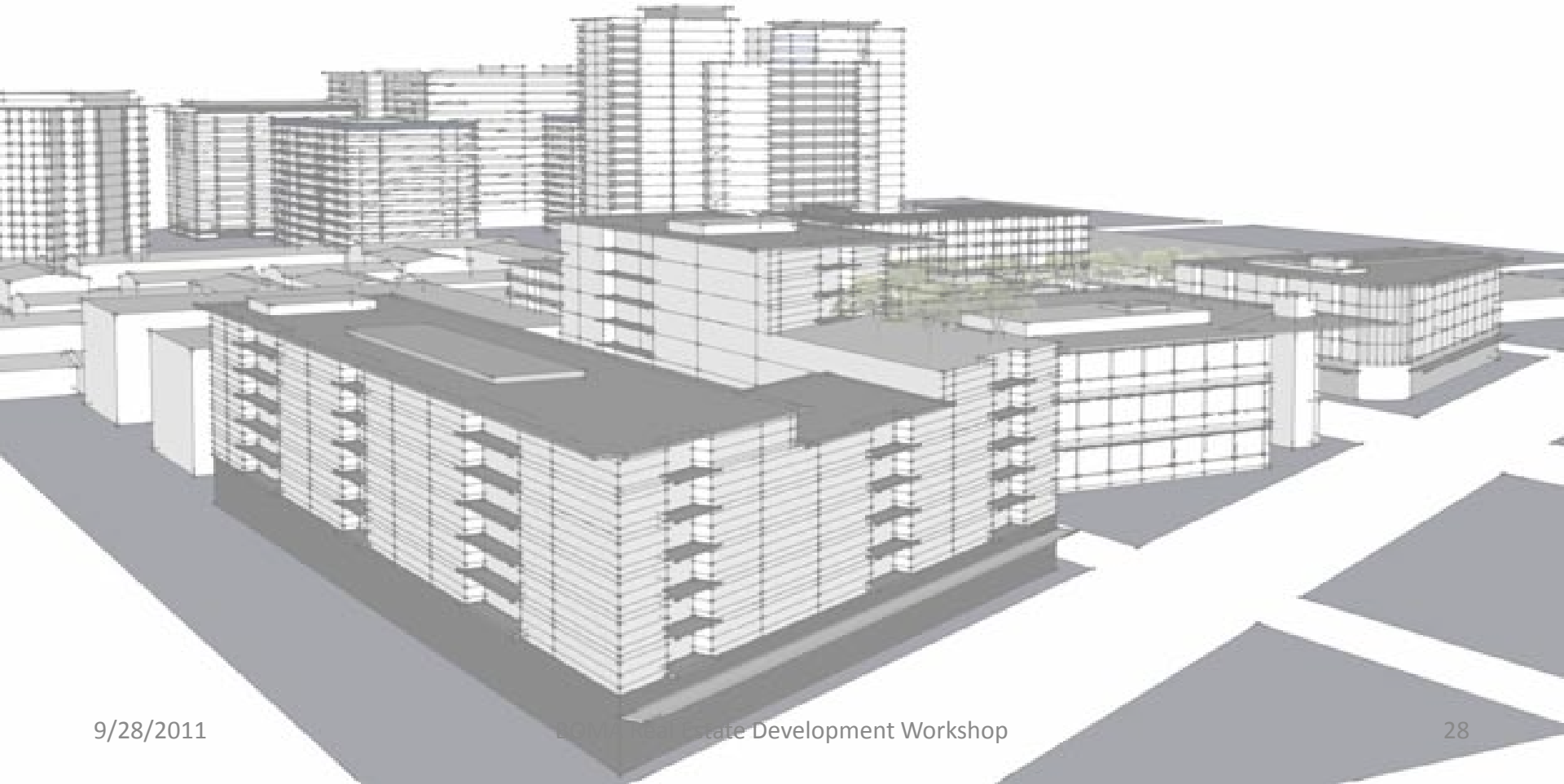
Scenario B – Phases 5 & 6

- Hotel – 105,000 GSF (142 rooms)
- Class A Office – 349,200 GSF
- Retail – 35,700 GSF
- Apartments – 268,116 GSF (351 units)
- Condominiums – 193,116 GSF (219 units)
- Institutional (PCC) – 300,400 GSF

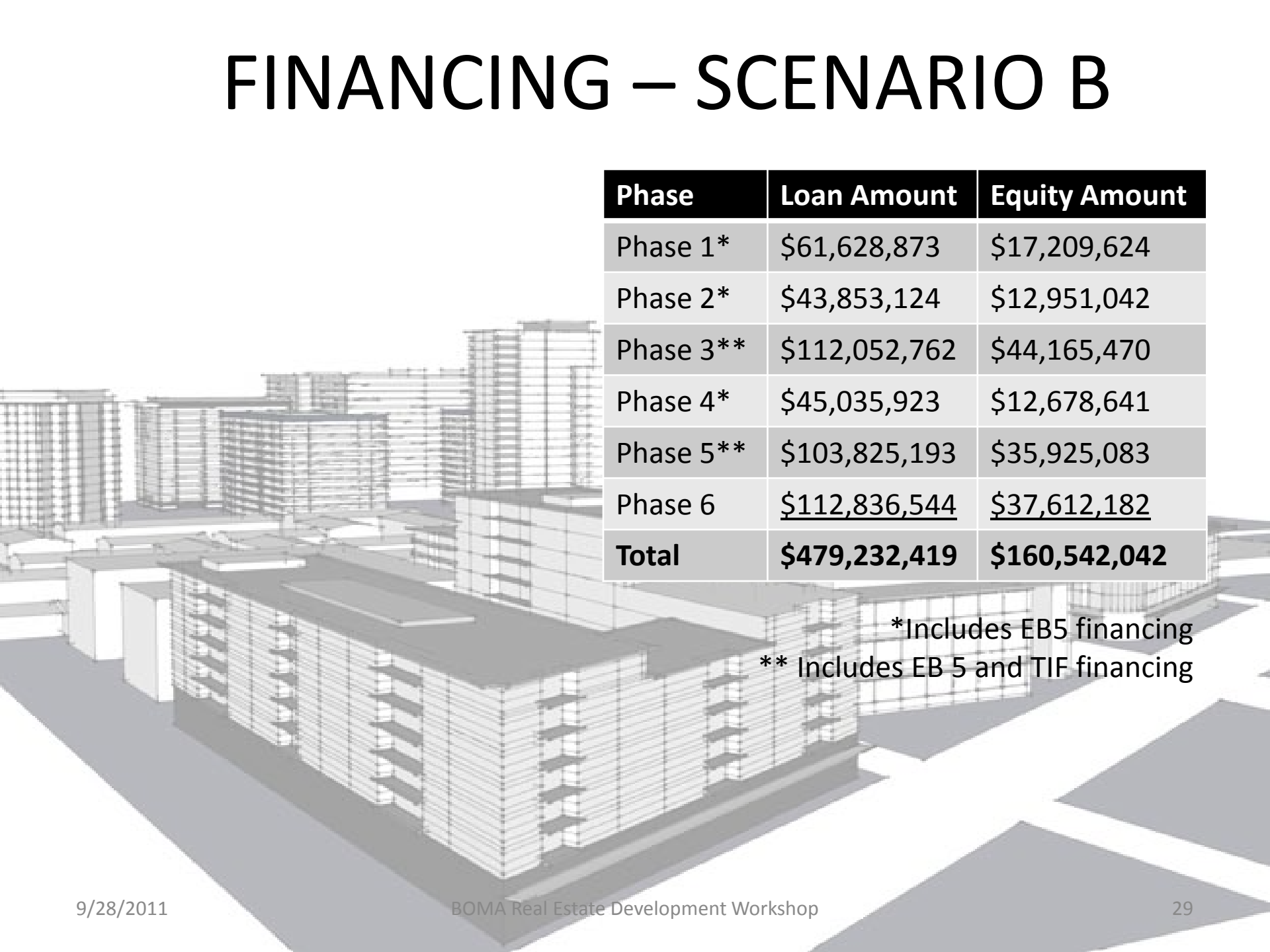


COSTS – SCENARIO B

- 3,550,989 GSF – total development
- 1,749 - total residential units
- 2,921 – total parking spaces
- \$639,774,459 – total construction costs (minus YMCA, PCC, hotel)
- \$39,375,966 – total land costs
- \$679,150,425 – total construction and land costs



FINANCING – SCENARIO B

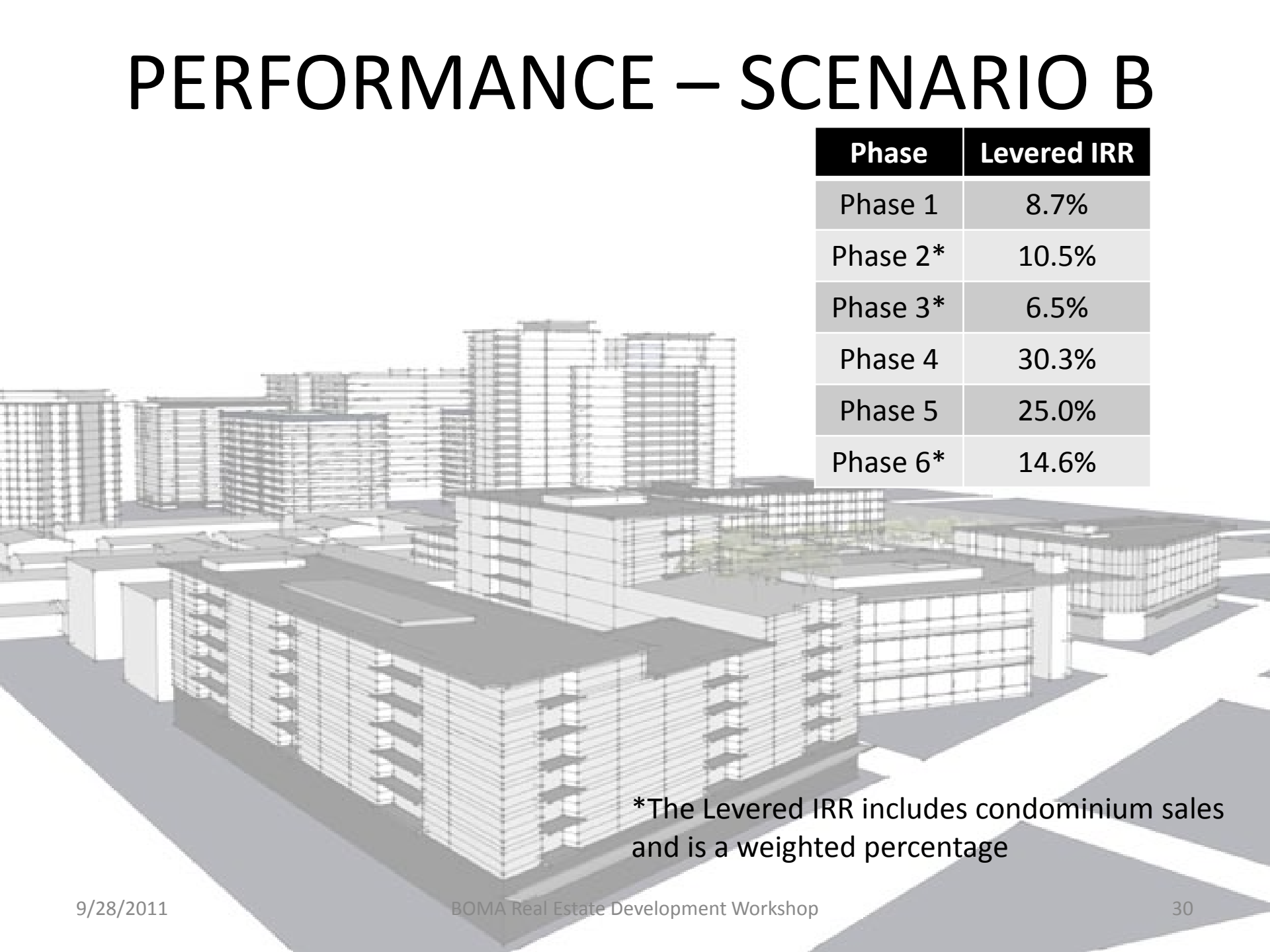


Phase	Loan Amount	Equity Amount
Phase 1*	\$61,628,873	\$17,209,624
Phase 2*	\$43,853,124	\$12,951,042
Phase 3**	\$112,052,762	\$44,165,470
Phase 4*	\$45,035,923	\$12,678,641
Phase 5**	\$103,825,193	\$35,925,083
Phase 6	<u>\$112,836,544</u>	<u>\$37,612,182</u>
Total	\$479,232,419	\$160,542,042

*Includes EB5 financing

** Includes EB 5 and TIF financing

PERFORMANCE – SCENARIO B



Phase	Levered IRR
Phase 1	8.7%
Phase 2*	10.5%
Phase 3*	6.5%
Phase 4	30.3%
Phase 5	25.0%
Phase 6*	14.6%

*The Levered IRR includes condominium sales and is a weighted percentage

Acknowledgements

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