Summer 2011

The Benson Blocks: BOMA Real Estate Development Workshop

Suvi Wesa  
Portland State University

Evan Abramowitz  
Portland State University

Kyle Brown  
Portland State University

Jennifer Hanna  
Portland State University

Chris Longfield  
Portland State University

See next page for additional authors

Let us know how access to this document benefits you.
Follow this and additional works at: http://pdxscholar.library.pdx.edu/realestate_workshop

Part of the Real Estate Commons

Recommended Citation
Wesa, Suvi; Abramowitz, Evan; Brown, Kyle; Hanna, Jennifer; Longfield, Chris; and Reeves, Karen, "The Benson Blocks: BOMA Real Estate Development Workshop" (2011). Real Estate Development Workshop Projects. 5.
http://pdxscholar.library.pdx.edu/realestate_workshop/5

This Report is brought to you for free and open access. It has been accepted for inclusion in Real Estate Development Workshop Projects by an authorized administrator of PDXScholar. For more information, please contact pdxscholar@pdx.edu.
The Benson Blocks
BOMA Real Estate Development Workshop
September 28, 2011

Evan Abramowitz
Kyle Brown
Jennifer Hanna
Chris Longfield
Karen Reeves
Suvi Wesa
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

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

*Numbers for Hotel represent Occupancy Rate and Room Rates
** Market area is Rose Quarter
## PROJECTED INCOME

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

*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
Development Mix

- Senior Housing: 13%
- Apartments: 25%
- Retail/Restaurant: 5%
- Office: 57%

GSF

- Senior Housing: 168,550
- Apartments: 735,996
- Retail/Restaurant: 315,119
- Office: 60,000
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

9/28/2011 BOMA Real Estate Development Workshop
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

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

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

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

*Includes EB5 financing
PERFORMANCE – SCENARIO A

<table>
<thead>
<tr>
<th>Phase</th>
<th>Levered IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>8.7%</td>
</tr>
<tr>
<td>Phase 2</td>
<td>14.4%</td>
</tr>
<tr>
<td>Phase 3</td>
<td>28.8%</td>
</tr>
<tr>
<td>Phase 4</td>
<td>9.7%</td>
</tr>
<tr>
<td>Phase 5</td>
<td>11.9%</td>
</tr>
</tbody>
</table>
Scenario B
Development Mix

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

9/28/2011 BOMA Real Estate Development Workshop
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
<table>
<thead>
<tr>
<th>Phase</th>
<th>Loan Amount</th>
<th>Equity Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1*</td>
<td>$61,628,873</td>
<td>$17,209,624</td>
</tr>
<tr>
<td>Phase 2*</td>
<td>$43,853,124</td>
<td>$12,951,042</td>
</tr>
<tr>
<td>Phase 3**</td>
<td>$112,052,762</td>
<td>$44,165,470</td>
</tr>
<tr>
<td>Phase 4*</td>
<td>$45,035,923</td>
<td>$12,678,641</td>
</tr>
<tr>
<td>Phase 5**</td>
<td>$103,825,193</td>
<td>$35,925,083</td>
</tr>
<tr>
<td>Phase 6</td>
<td>$112,836,544</td>
<td>$37,612,182</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$479,232,419</strong></td>
<td><strong>$160,542,042</strong></td>
</tr>
</tbody>
</table>

*Includes EB5 financing
** Includes EB 5 and TIF financing
PERFORMANCE – SCENARIO B

<table>
<thead>
<tr>
<th>Phase</th>
<th>Levered IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>8.7%</td>
</tr>
<tr>
<td>Phase 2*</td>
<td>10.5%</td>
</tr>
<tr>
<td>Phase 3*</td>
<td>6.5%</td>
</tr>
<tr>
<td>Phase 4</td>
<td>30.3%</td>
</tr>
<tr>
<td>Phase 5</td>
<td>25.0%</td>
</tr>
<tr>
<td>Phase 6*</td>
<td>14.6%</td>
</tr>
</tbody>
</table>

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

• BOMA, Portland Chapters
• Joe Weston, Weston Investment Co
• Doug Lindholm, Weston Investment Co
• Gerard Mildner, PSU
• Abe Farkas, ECONorthwest
• Agustin Enriquez, GBD Architects
• Debbie Thomas, Debbie Thomas Real Estate
• Steve Wells, Trammell Crow
• Brian Pearce, Unico
Acknowledgements

- Peter Andrews – Melvin Mark
- Taylor Bailey - GBD Architects
- Laura Belzer – Norris Beggs & Simpson
- Chris Delengis - Ankrom Moisan
- Kurt Doerr – Fairfield Inn & Suites by Marriott
- Ed Dundon – The Dundon Company
- Bob Hall – YMCA
- Kia Hartley – Urban Works
- Steve Iwata – Bureau of Planning & Sustainability
- Jeff Lyon – Q10 National Mortgage Co.
- Steve McArthur – Northwest Atlantic
- Randy McEwen - PCC
- Michael Meyers – Business Oregon
- Bruce Patton - YMCA
- Anastasia Perrigo - BEBA
- Steve Poland – Ankrom Moisan
- Larry Remmers – Wells Fargo
- David Shaeffer – Melvin Mark
- Damin Tarlow - Gerding Edlen
- Rick Williams – Lloyd Transportation Management Assoc.
- Greg Wimmer – Fortis Construction