

# leftbankbuilding

240 N BROADWAY | PORTLAND, OREGON



# leftbank building

## EXCLUSIVELY LISTED BY

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# Executive Summary

## THE OFFERING

Kidder Mathews, as exclusive advisor, is pleased to present the opportunity to acquire the fee simple interest in the Leftbank ("The Property"), a five-level, approximate 67,100 square-foot, adaptive re-use creative office project located in Portland's dynamic close-in eastside urban area. What was once the iconic Hazelwood building, built by renowned Portland architect A.E. Doyle in 1923, serves as the centerpiece of Leftbank, one of Portland's first and foremost creative office projects. For close to a decade, Leftbank has been providing tenants with the type of truly creative, collaborative, urban office space community that has now become the standard demanded by progressive, talent-driven companies. For the first time since its conception and development, Leftbank is being offered for sale.

The property ownership has created and operated a highly desirable creative tenant community and real estate asset in Leftbank. That said, they have chosen to operate without significant involvement from real estate leasing agents and have knowingly leased space at tenant-friendly rent levels, with existing contract rents estimated to average approximately 25% below market rents.

Between existing vacancy and tenant lease expirations 46% of the space is available to lease within the first 2.5 years, providing an excellent opportunity to take advantage of the strong leasing momentum in Portland's creative office market and dramatically increase rent levels and income in the near term. At the same time, 37% of the space is leased for approximately 5 years or longer, providing income stability.

New ownership will have the opportunity to leverage all of the positive factors that exist at Leftbank and in the market and put their own specific concepts and strategies in place to further raise the level of the asset.



<b>ADDRESS</b>	240 N Broadway Portland, Oregon 97227	
<b>GROSS BUILDING AREA</b>	67,100 SF	
<b>NET RENTABLE AREA</b>		
	Basement	11,994 SF
	First Floor	10,017 SF
	Mezzanine	10,417 SF
	Second Floor	16,363 SF
	Third Floor	11,404 SF
	<b>Total NRA</b>	<b>60,195 SF</b>
<b>OCCUPANCY</b>	85%	
<b>YEAR BUILT / RENO</b>	1923-1949 / 2007-2008	
<b>NO. OF TENANT SUITES</b>	22+	
<b>CURRENT SUITE SIZES</b>	373 SF to 6,611 SF	
<b>SITE SIZE</b>	29,011 SF / 0.67 AC	
<b>ZONING</b>	CXd; Central Employment	
<b>WEBSITE</b>	<a href="http://www.leftbank-building.squarespace.com">www.leftbank-building.squarespace.com</a>	

## INVESTMENT HIGHLIGHTS

### The Project Everyone is Trying to Create

The Portland CBD and Close-In Eastside submarkets have seen a rush of new construction and redevelopment projects over the past few years, effectively all promoting a “creative” office environment. The majority of these projects are still in the initial development, construction, or lease-up phase. Leftbank was far ahead of this recent wave of projects having been created and stabilized for a decade. Few adaptive re-use creative office projects can match the unique and collaborative environment delivered by Leftbank and even fewer that have been successfully completed.

### Desirable Close-In Eastside Urban Location

Leftbank is located in the close-in urban eastside, just across the Willamette River from the Portland CBD. This area has become increasingly popular and seen unprecedented residential and commercial development and redevelopment projects in recent years. Leftbank is located just across the Broadway Bridge, one-half mile from the Pearl District. It has excellent bike, pedestrian and transit access, including its location adjacent to the Portland Street Car line. It also has outstanding regional access with on/off ramps to Interstate 5, and Interstate 84 nearby.

### Significant In-Place Income with Dramatic Near-Term Upside

Leftbank is currently 85% occupied. Approximately 36% of the property has lease terms of approximately 5 years or longer providing some income stability. At the same time, 46% of the space is available to lease within the first 2.5 years. With current contract rents averaging approximately 25% below market, there is dramatic near-term upside in income and value.

### Low Re-Tenancing Costs

No two tenant spaces are the same at Leftbank, with a wide variation in size, shape, building materials, and natural light. However, one character they

effectively all have in common is an open, creative environment that meets the needs of a broad range of creative tenants. Little if any tenant improvement expenditures are typically required to re-tenant these spaces, enhancing cash flow relative to more traditional office space.

### Strong Close-In Eastside Office Market

Leftbank is part of the Close-In Eastside office submarket, which is situated directly across the Willamette River from the Portland CBD. More specifically, Leftbank is located within the Lloyd District submarket. The 5.4 million SF of office space has one of the lowest vacancy rates in the Portland metro area reported at only 2.9% Q2 2018, substantially below the CBD at 10.1%. It also has the 2nd highest quoted lease rates behind only the Portland CBD submarket, averaging \$29.64/SF Q2 2018.

### Dramatic Market Rent Growth

As reported by Costar, market rent growth has also been dramatic in the Lloyd District submarket the past several years. Average gross asking rents for office space increased from \$18.73/SF/Year Q4 2013 to \$29.64/SF/Year Q2 2018, representing an average annual increase of 12.9%.

#### FINANCIAL HIGHLIGHTS

**Sale Price** \$17,750,000 (\$295/SF)

**Occupancy** 85%

	IN-PLACE	YEAR 1	YEAR 2	YEAR 3
<b>NOI</b>	\$912,712	\$1,004,985	\$1,151,809	\$1,231,995
<b>CAP Rate</b>	5.14%	5.66%	6.49%	6.94%
<b>Leveraged Cash-on-Cash</b>	5.94%	4.34%	8.31%	7.12%
	UNLEVERAGED		LEVERAGED	
<b>IRR (6-Year Hold)</b>	10.68%		17.67%	



PORTLAND CBD

PEARL DISTRICT



MEMORIAL COLISEUM

Willamette River

Broadway Bridge

leftbankbuilding

N Williams Avenue

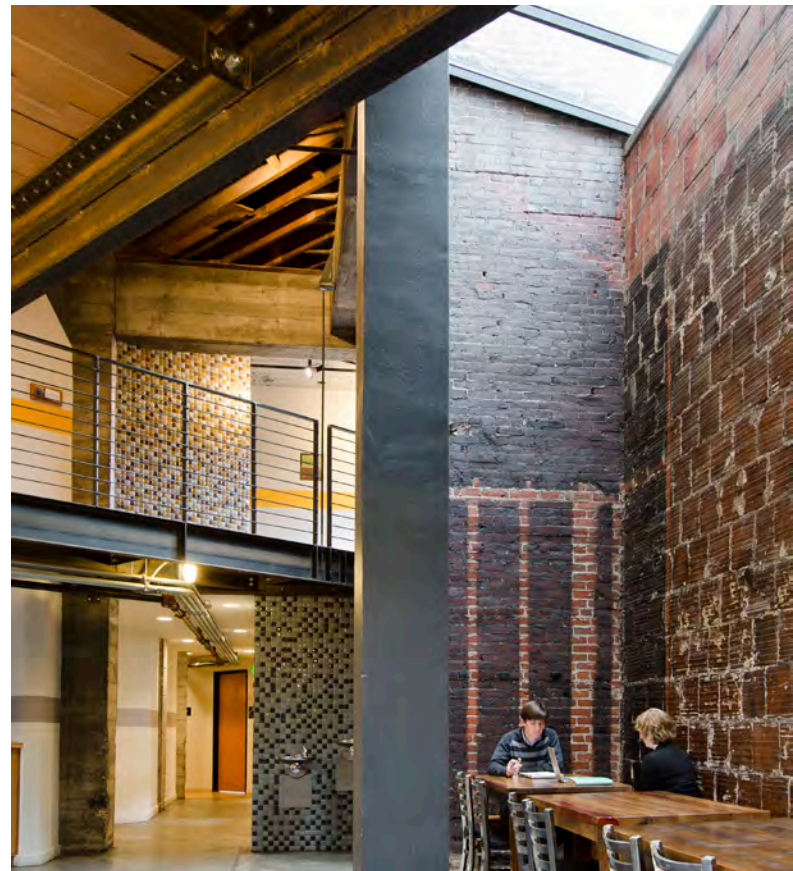
LEFTBANK ANNEX

N Weidler Street

N Vancouver Avenue

N Broadway





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