DEVELOPMENT SITE IN OPPORTUNITY ZONE

1.01 ACRE DEVELOPMENT SITE IN DOWNTOWN GRESHAM
SUMMARY
Located just blocks from Gresham’s popular historic downtown district, the subject redevelopment site is located at 225 W Powell Blvd, in a designated Opportunity Zone, and includes just over an acre of commercially developable land with 160 feet of excellent street frontage along Powell Blvd, and just a 5 minute walk to bustling Main Street. Zoned DCC (Downtown Commercial Core), the site is ideal for multifamily or mixed use developments, as well as retail or office. The flexible zoning provides investors with numerous development opportunities, allowing for development of up to 220,000 SF. In addition to the tax benefits of being in an opportunity zone, several additional development incentives are available, including City of Gresham SDC waivers, a Vertical Housing Development Zone tax abatement, and a Transit-Oriented Development Grant through Metro. While the highest and best use of the site is as a redevelopment, it does have two existing buildings, including a usable 3,395 SF restaurant space with a large paved parking lot. The property has a clean Phase I environment report.

Gresham’s downtown core features more than 150 local businesses and storefronts that exude the city’s historic charm and appeal. This neighborhood is walkable, bikeable, and transit oriented, just blocks from the Gresham Central Transit Center serving TriMet’s award winning MAX light rail line.

Executive Summary

1.01 Acres of prime multifamily zoned development land
Frontage on W Powell Blvd (major arterial) and NW 1st St (quiet neighborhood road)
Located in designated “Opportunity Zone”
Transit-oriented location blocks from the Gresham Central Transit Center
20 Minutes to Downtown Portland
Walking distance to Gresham’s Historic Downtown
Top performing rental market with 3.4% vacancy
Development incentives are available
Flexible commercial zoning

Zoning Code for Development

<table>
<thead>
<tr>
<th>DCC</th>
<th>Downtown Commercial Core (4.1110)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Zoning Uses</td>
<td>Residential, Retail, Service, and Office</td>
</tr>
<tr>
<td>Allowable FAR</td>
<td>5:1 with Bonuses</td>
</tr>
<tr>
<td>Max Bldg Height</td>
<td>85’</td>
</tr>
<tr>
<td>Max Bldg Coverage</td>
<td>100%</td>
</tr>
<tr>
<td>Min Residential Net Density</td>
<td>17 units per acre</td>
</tr>
<tr>
<td>Min Landscape Area</td>
<td>15%</td>
</tr>
<tr>
<td>Setbacks</td>
<td>Front: 0’ Street: 0’ Side &amp; Rear: 0’ Garage Entrance: 0’</td>
</tr>
</tbody>
</table>

Proposed Property Information

Address  
225 W Powell Blvd
Gresham, OR

Property ID
R338654

Land Area
1.01 acres

Existing Buildings
3,395 SF

Topography
Flat

Pricing
$1,800,000
THE OPPORTUNITY

DEVELOPMENT INCENTIVES

City of Gresham - Fee Reduction

The City of Gresham’s proactive city government has put into place a “One Gresham” development initiative, designed to promote development in the Historic Downtown, Civic Center, and Rockwood areas of the city. (www.onegresham.com/) Among other things, the initiative includes expedited development review timeline; City-funded pre-development services including conceptual architectural and design services, early design advice with the Design Commission, parking study evaluating potential ratio reduction, and pre-development conceptual cost estimates; updated and reduced System Development Charge rates; and potential 0% SDC financing with $60,000 in credits.

Opportunity Zone

The project is located in an opportunity zone under the Federal Tax Cuts and Jobs Act of 2017. This new tax incentive pertains to the capital gains invested initially through a qualified opportunity fund, as well as capital gains earned from businesses or projects in an opportunity zone, delivering tax savings on medium- to long-term investments. The private capital for projects in an opportunity zone will arise from the unrealized gains—the increased value of assets since they were originally purchased by the investor currently holding the asset. When an asset is sold and the gains realized, an income tax liability is normally generated. With the opportunity zone incentive, gains that are transferred into an opportunity fund within 180 days of realization will have their tax liability deferred until December 2026. The taxpayer decides how much of his newly realized gains to invest, when to sell/exit that investment, or even whether to invest other money alongside. In addition to deferring income taxes, by the time the investment of tax deferred gains in the opportunity zone is sold or the end of 2026, the amount subject to taxes shrinks by 10% if the investment has been held for at least five years. If held for at least seven years, the basis increases by an additional 5%, and the amount subject to tax is the fair market value of the investment. If the investment of tax deferred gains appreciates after having been held for at least 10 years, then the new capital gains earned are themselves completely tax free.

Vertical Housing Development Zone ("VHDZ")

The VHDZ program, established in 2005 initially under the auspices of the Oregon Department of Housing and Community Services, was transferred in 2017 to cities such as Gresham for direct oversight. The VHDZ program is a development tool created to encourage mixed use development in Gresham’s regional center (Historic Downtown and Civic Neighborhood). Eligible projects include commercial/retail space on the ground floor with housing above. Those projects that meet the criteria receive a partial property tax exemption for 10 years, based on the number of equalized floors of residential development (the abatement is 20% to 80%). The partial property tax exemption applies only to the building value (not land), unless there is affordable housing included. If affordable housing is included in the project, a proportional amount of taxes on the land can also be abated. This project is located within a VHDZ zone, and is expected to qualify for an 80%, 10-year property tax exemption.

Metro - Transit-Oriented Development Program ("TOD")

Metro’s Transit Oriented Development program promotes opportunities for people to live in areas with excellent transit by supporting innovative, affordable, and higher density projects in downtowns and areas served by TriMet MAX and Frequent Service bus lines. Funding commitments are discretionary and subject to staff review of a complete set of application materials as well as approval by the Metro TOD Steering Committee and review by Metro Council. For this site, the incentive could be up to several hundred thousand dollars.
THE OPPORTUNITY

CLOSE-IN AERIAL

HISTORICAL DOWNTOWN GRESHAM

SUBJECT PROPERTY
THE OPPORTUNITY

EXISTING STRUCTURES
THE OPPORTUNITY

AERIAL PERSPECTIVE
LOCATION SUMMARY

CITY OF GRESHAM

Gresham, Oregon is a flourishing city located approximately 11 miles east of Portland. Gresham is the fourth largest city in Oregon, and the second largest in Multnomah County, behind Portland, Gresham’s 111,800 plus residents contributes to 2.4 million total residents that reside in the Portland Metropolitan Area, making it among the top 25 metro areas in the country. Gresham’s population is comprised of young professionals, growing families, and long-time residents. The city boasts a moderate cost of living compared to other Portland submarkets, which has resulted in marked population growth over the last two decades.

The city is well located between the I-205 and I-84 highways, bringing the Portland International Airport and downtown Portland within a 20-minute drive. Gresham’s convenient location has made it a hub for large national distribution and manufacturing facilities, including Amazon. Gresham has also been recognized as one of the “greenest” cities in the state, and boasts excellent parks, natural areas, libraries, schools, and public transportation.

The abundance of new construction in and around downtown Portland and the increasing costs of close-in urban living have spurred a large migration of residents east into Gresham. Despite the increasing population, new construction has been limited as developers have focused on Portland’s core during the economic expansion. The result has been a submarket with some of the tightest vacancy rates and fastest rising rents in the state.

STATISTICS

- 36 median age
- $54,732 median household income
- $340,500 median list price SFR
- 67 percent family households
- 4th largest city in Oregon
- 53% home ownership rate
- 10 bus lines
- 9 light rail stops
- 1,103 acres of parks, natural area trails
- 31 city parks
- 15 miles of trails
- 117 miles of bike lanes

UNITS DELIVERED SINCE 2011

- 119

VACANCY - FALL 2019 MFNW REPORT

- 4.1%

RENT GROWTH IN THE LAST 5 YEARS

- 31%
LOCATION SUMMARY

HISTORIC DOWNTOWN GRESHAM
First incorporated in 1905, the Historical Downtown has retained the city’s historic character and charm, and still serves as the community’s cultural and economic hub. The neighborhood offers more than 150 shops, restaurants, and businesses, with easy access to public transit, including Portland’s award-winning MAX light rail.

ATTRACTIONS
- Gresham Station & Gresham Town Fair regional shopping centers
- Over 150 local shops
- Gresham Arts Plaza
- Springwater Trail
- Main City Park & Heroes Memorial
- Wy’East Way multi-use path
- Gresham History Museum

WALK SCORE: 85
BIKE SCORE: 82
TRANSIT SCORE: 60
GRESHAM – EMPLOYERS & JOBS

Gresham and Troutdale combine to make up one of the larger regional manufacturing and industrial hubs in Portland, accounting for more than 30% of the entire industrial inventory added to the Portland metro this development cycle. One location that has become a center for city’s industry is the Gresham Vista Business Park, a 221-acre space with many speculative spaces still open to new tenants. Located between SE Stark Street, NE 223rd Avenue, and NE Glisan Street, there are 11 lots spread across the park. Several developers are already building on the lots, including Tramell Crowe and Specht Development. Specht is building the largest ever single-phase development in the Portland-metro area at over 730,000 SF. As a tenant, Subaru opened the first center at the Park, a 600,000 SF distribution center, in 2017.

Other nearby industrial parks in the area include the 207 SF Prologis PDX park, and the Gateway Corporate Center, with over 215,000 SF.

According to a recent CoStar East Columbia Corridor Industrial report, economic incentives, like property tax abatements and a 66-day land review period, have contributed to strong demand in the submarket. The East Columbia Corridor has been the focal point of new logistics construction in Portland for most of the past decade, and the development boom has continued to gain momentum recently.

As an indication of this success, 162 industrial tenants moved to the submarket between July 2012 and December 2016, more than three times the number of tenants that moved in from July 2003 through December 2007 during that economic expansion. Amazon’s new fulfillment center in Troutdale is also one of the beneficiaries of a five-year tax abatement worth around $9.6 million, one of the main reasons for the e-commerce giant’s site selection. The 855,000 SF fulfillment center opened in 2018 and has brought more than 2,000 jobs to the area over the last year.

TOP AREA TRADED SECTOR EMPLOYERS

<table>
<thead>
<tr>
<th>NUMBER OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMAZON</td>
</tr>
<tr>
<td>2,000 (2019)</td>
</tr>
<tr>
<td>US BANK</td>
</tr>
<tr>
<td>1,500-2,000</td>
</tr>
<tr>
<td>BOEING</td>
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<tr>
<td>1,500-2,000</td>
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<tr>
<td>ON SEMICONDUCTOR</td>
</tr>
<tr>
<td>700-1,499</td>
</tr>
<tr>
<td>MICROCHIP</td>
</tr>
<tr>
<td>600-699</td>
</tr>
<tr>
<td>ALBERTSONS</td>
</tr>
<tr>
<td>500-699</td>
</tr>
<tr>
<td>CHIETSON ELECTRIC, INC.</td>
</tr>
<tr>
<td>400-499</td>
</tr>
<tr>
<td>BOYD’S</td>
</tr>
<tr>
<td>100-399</td>
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<tr>
<td>Frito Lay</td>
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<tr>
<td>100-399</td>
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<tr>
<td>XEROX</td>
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<td>100-399</td>
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</tbody>
</table>
Portland is considered one of the nation’s most livable cities.

CITY OF PORTLAND

Located on the banks of the Willamette River only 90 minutes from snow-capped peaks and the Pacific Ocean, one might not realize Portland’s bustling downtown and waterfront are the heart of a metropolitan region with more than 2 million people. Twelve bridges span a wide elbow of the Willamette River, connecting the east and west sides of town. Throughout the metro area are thriving neighborhoods filled with restaurants, record shops, bars, funky clothing stores, antique malls and art galleries.

Portland is known for its progressive bike-friendly attitude, lively music and restaurant scenes, food carts, farmers' markets, and endless recreation possibilities. Beyond the metro area residents enjoy the Pacific Northwest’s natural beauty via slopes, sails, surf and trails.

Portland is a walkable and bikable city. Within walking distance of most parts of downtown is the campus of Portland State University, the world-class Portland Art Museum, Waterfront Park, Pioneer Courthouse Square, the Oregon Historical Society, a performing arts complex and a concert hall. For the sports-minded, Portland is home of the MLS Timbers, NBA Trail Blazers, and WHL Winterhawks. Outdoor enthusiasts love Forest Park, the largest city park in the nation, with 5,000 acres of hiking and biking trails, a zoo, public gardens and beautiful old-growth woods. The downtown core is connected by one of the world’s leading public transportation systems, a combination of buses, streetcars, and light-rail trains, putting the entire metro area only a couple stops away.
MARKET OVERVIEW

INVESTING IN PORTLAND


In 2018, at 5.2% Oregon personal income growth was above the national average of 4.1%.

Portland ranked #6 on Business Insider’s Top 50 Best Places to Live in 2018.

Portland MSA multifamily vacancy is below 4.95%.

Portland’s current unemployment rate is 3.8%, a 42-year low.

Intel announced plans for a multi-billion-dollar expansion of their Hillsboro lab.

GROWING POPULATION

Oregon was the #2 moving destination in 2018 for people moving from one state to another, according to a United Van Lines Study in 2019.

Portland has added 42,000 residents over the last three years, an increase of 1.7%; above national average.

Portland ranked 19th in the nation in population growth ahead of San Francisco, Boston, and New York City.

Portland was named the 25th largest city in the U.S. in 2019.

More than 34% of Portland residents have a bachelor’s degree or higher, above the national average of 28%.

EMPLOYMENT

Portland MSA employment is at an all-time high, employing more than 1,240,000 workers.

In the past year, Portland has added 30,800 jobs, a 1.6% increase.

Oregon Wages averaged $26.16 at the close of 2018, a 1.9% increase over 2017.

Portland MSA is expected to add an additional ±48,000 jobs over the next two years.

Nike is in the midst of a $1 billion expansion.

Intel’s lab expansion will add a predicted 1,750 jobs by 2022.
Portland Rankings

#1 BEST PLACE FOR BUSINESS & CAREERS – FORBES

#1 MOST DESIRABLE PLACE TO LIVE – US NEWS, 2019

#1 IN US FOR PUBLIC PARK SPENDING – TRUST FOR PUBLIC LAND, 2018

#1 SAFEST PLACE TO LIVE – RENTAL HOUSING JOURNAL, 2017

#2 MOVING DESTINATION OF 2018 – UNITED VAN LINES, 2019

2,753,168

POPULATION

$423,200

MEDIAN HOME VALUE

3.3%

PORTLAND MSA UNEMPLOYMENT RATE

$22.3B

EXPORTED SHIPMENTS IN 2018
EXCLUSIVELY REPRESENTED BY

JORDAN CARTER
503.221.2280
jordan.carter@kidder.com

CLAY NEWTON
503.721.2719
clay.newton@kidder.com

TYLER LINN
503.721.2702
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