

The background of the image is a blue-tinted aerial photograph of a city, likely Portland, Oregon, with a large mountain (Mount Hood) visible in the distance. The text is overlaid on this image.

NOVEMBER BROKER AWARDS MEETING

December 13, 2023

MONTHLY STATISTICS

LEASING

OF TRANSACTIONS

TOTAL \$ VALUE

November 2021

24

\$10,638,449

November 2022

18

\$3,822,971

November 2023

22

\$6,346,647

SALES

OF TRANSACTIONS

TOTAL \$ VALUE

November 2021

7

\$7,671,560

November 2022

3

\$10,500,000

November 2023

6

\$25,630,000

YTD STATISTICS

LEASING

OF TRANSACTIONS

TOTAL \$ VALUE

November 2021

284

\$72,585,420

November 2022

201

\$55,904,829

November 2023

239

\$57,622,582

SALES

OF TRANSACTIONS

TOTAL \$ VALUE

November 2021

48

\$123,273,332

November 2022

38

\$119,603,602

November 2023

31

\$67,575,177

The image is a full-page background featuring a blue-tinted aerial view of a city, likely Portland, Oregon. In the foreground, a dense urban landscape is visible with numerous skyscrapers and buildings. In the background, a large, snow-capped mountain (Mount Hood) rises prominently against a clear sky. The text "TOP LEASES" is overlaid in the center in a large, white, sans-serif font.

TOP LEASES

3RD TOP LEASE

Industrial on Pilkington
17425-A Pilkington Rd
Lake Oswego, OR

Lessor: **Steven Joint Venture**

Lessee: **Team Ward Enterprises**

Lease Value: **\$389,976.00**

Lease Rate: **\$1.33 PSF, MG**

Leased Area: **± 4,500 SF**

Lease Term: **60 Months**

TI's & Concessions: **No tenant improvements; No free rent; 5 yr deal; Tenant pays difference in taxes and insurance yearly**



SCOTT
FINNEY



NICK
CHESSAR



2ND TOP LEASE

9400 Place
9400 SW Beaverton Hillsdale Hwy, Ste 100
Beaverton, OR

Lessor: **9300 Hillsdale, LLC**

Lessee: **Leonard Adams Insurance, Inc.**

Lease Value: **\$1,602,931.55**

Lease Rate: **\$21 PSF starting rate w/
3% bumps**

Leased Area: **± 6,551 SF**

Lease Term: **126 Months**

TI's & Concessions: **\$492,000 TI**



DUANE
LINK



TOP LEASE

Stonemill Business Park
312 SE Stonemill Dr, Ste 120
Vancouver, WA

Lessor: **FKR Properties, LLC**

Lessee: **State of WA Dept. of Labor
& Industries**

Lease Value: **\$1,719,219**

Lease Rate: **\$23.64 PSF**

Leased Area: **± 14,545 SF**

Lease Term: **60 Months**

TI's & Concessions: **\$20 PSF TI**



TIM
PFEIFFER



CAMDEN
MULLER



The image is a full-page background with a blue tint. It shows an aerial view of a city, likely Portland, Oregon, with a dense urban area in the foreground and a large, snow-capped mountain (Mount Hood) in the background. The text "TOP SALES" is overlaid in the center in a large, white, sans-serif font.

TOP SALES

3RD TOP SALE

The Couve Apartments
7308 NE 51st St
Vancouver, WA

Seller: **Genesis Rentals, LLC**

Buyer: **F. Raymond and Grace E.
Lester Family LP**

Sale Price: **\$4,750,000**

Price per Unit: **\$316,667**

No. of Units: **15**

Cap Rate: **5.50%**

Financing: **All Cash**



DAVID
CHATFIELD



CAMERON
MERCER



2ND TOP SALE

Touchstone Preschool
6355 NE Cornelius Pass Rd
Hillsboro, OR

Seller: **DDP Properties, LLC et al.**

Buyer: **Perseverance, LLC**

Sale Price: **\$5,300,000**

Price PSF: **\$457.84**

Property Size: **± 11,576 SF**

Cap Rate: **6.84% / 6.00% after
Covid rent deferral is paid off**

Financing: **Seller financing; \$2M
5.25% interest only; 10 year term**



TODD
VANDOMELEN



MICHAEL
BROWN



TOP SALE

3324 & 3302 NW Marine Dr
Troutdale, OR

Seller: **JLPS, LLC**

Buyer: **LNR Holding, LLC**

Sale Price: **\$12,450,000**

Price PSF: **\$182.51**

Property Size: **± 37,304 & 29,808 SF**

Cap Rate: **Owner/User**

Financing: **Owner financing 5% P/I
w/ \$2.5M down**



TIM
BUDELMAN



The image is a full-page background featuring a blue-tinted aerial photograph. In the foreground, a dense urban landscape is visible, with numerous skyscrapers and smaller buildings. In the background, a large, prominent mountain with a snow-capped peak rises above the city. The sky is a clear, light blue. The text "TOP DOGS" is centered over the image in a large, white, sans-serif font.

TOP DOGS

LEASING BROKER OF THE MONTH



DUANE LINK

SALES BROKER OF THE MONTH



TIM BUDELMAN

PRESIDENT'S AWARD



TODD VANDOMELEN

FINALISTS FOR PINNACLE AWARD



GREG NESTING

QUALIFIED!



LUIS MARTIN DEL CAMPO

QUALIFIED!



SCOTT FINNEY

QUALIFIED!



TIM BUDELMAN

QUALIFIED!

A blue-tinted photograph of a city skyline, likely Portland, Oregon, with a large mountain (Mount Hood) in the background. The word "ANNOUNCEMENTS" is overlaid in large, white, sans-serif capital letters.

ANNOUNCEMENTS

SALES MEETING SCHEDULE

December 20th

No Meeting – Christmas Holiday

December 27th

No Meeting – Happy New Year

January 3rd

All Broker Meeting

January 10th

No Meeting

January 17th

Broker Awards Meeting for December 2023

Market Report by Adrian Vidican

January 24th

Annual Broker Awards Breakfast – Portland City Grill

UPCOMING LOCAL EVENTS

Norris & Stevens

INVESTMENT REAL ESTATE SERVICES

Norris & Stevens Apartment On-Site Holiday Party

Wednesday, December 13th @ 11:00 AM – 2:00 PM

DoubleTree Hotel – 1000 NE Multnomah St, Portland

Swan Island
Business Association
SwanIslandBusiness.org



COLUMBIA
CORRIDOR
ASSOCIATION

Annual Luncheon

Wednesday, December 13th @ 11:30 AM – 1:00 PM

Sheraton Portland Airport Hotel – 8235 NE Airport Way, Portland



WEA Holiday Open House

Wednesday, December 13th @ 5:30 – 7:00 PM

WEA – 10220 SW Nimbus Ave K12, Tigard



36th Annual IREM Forecast Breakfast

Thursday, December 14th @ 7:30 – 9:30 AM

Oregon Convention Center – 777 MLK Jr. Blvd, Portland



Chamber Unwind – Sip & Shop

Thursday, December 14th @ 5:00 – 6:30 PM

Wine Birch – 137 SE 2nd Ave, Hillsboro

UPCOMING LOCAL EVENTS

Norris & Stevens

INVESTMENT REAL ESTATE SERVICES

Norris & Stevens Company Holiday Party

Friday, December 15th @ 11:30 AM

Sentinel Hotel – 614 SW 11th Ave, Portland



Economic Forecast Breakfast

Friday, January 12th @ 7:00 – 9:15 AM

Hyatt Regency Oregon Convention Center – 375 NE Holladay St, Portland

EXECUTIVE CORNER





INVESTMENT MARKET REPORT

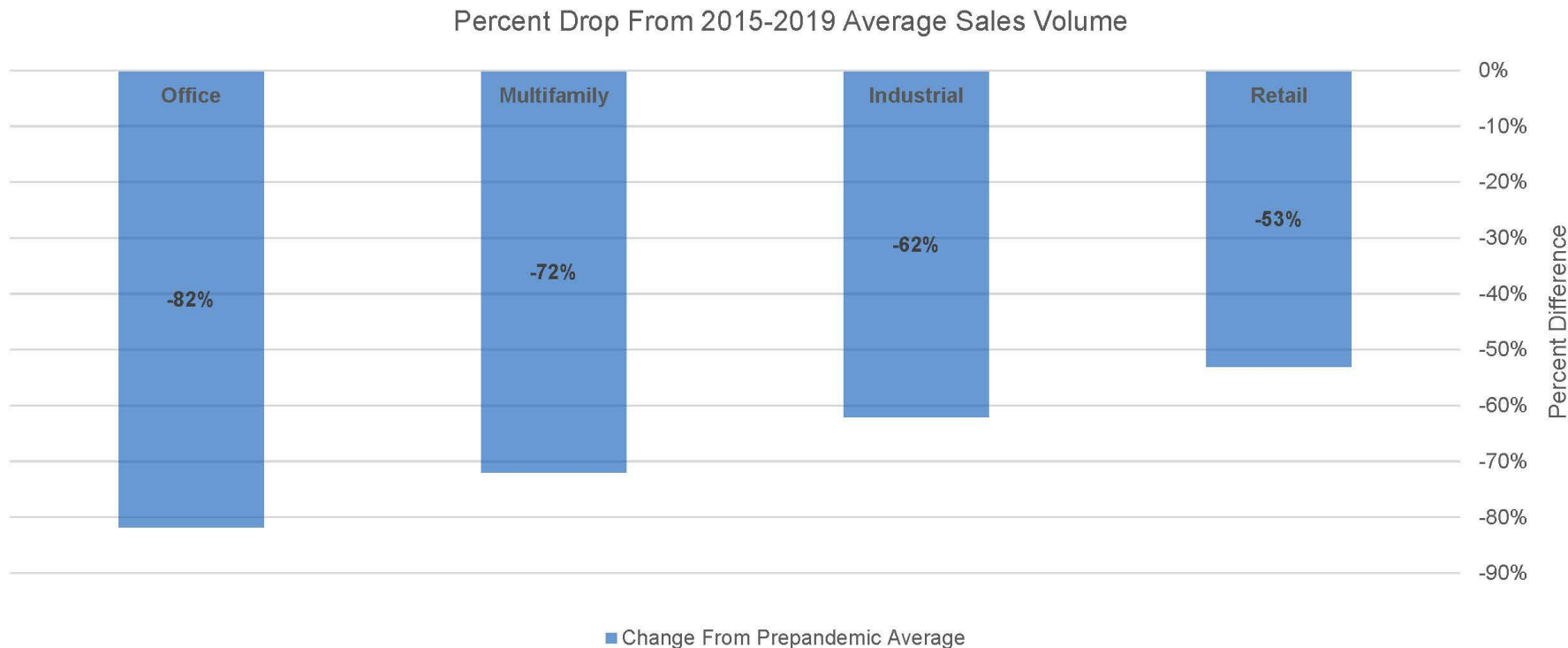
BY TODD VANDOMELEN

AGENDA

- Introduction
- Economic Overview
- Office Market
- Industrial Market
- Retail Market
- Multifamily
- Financing
- Conclusion



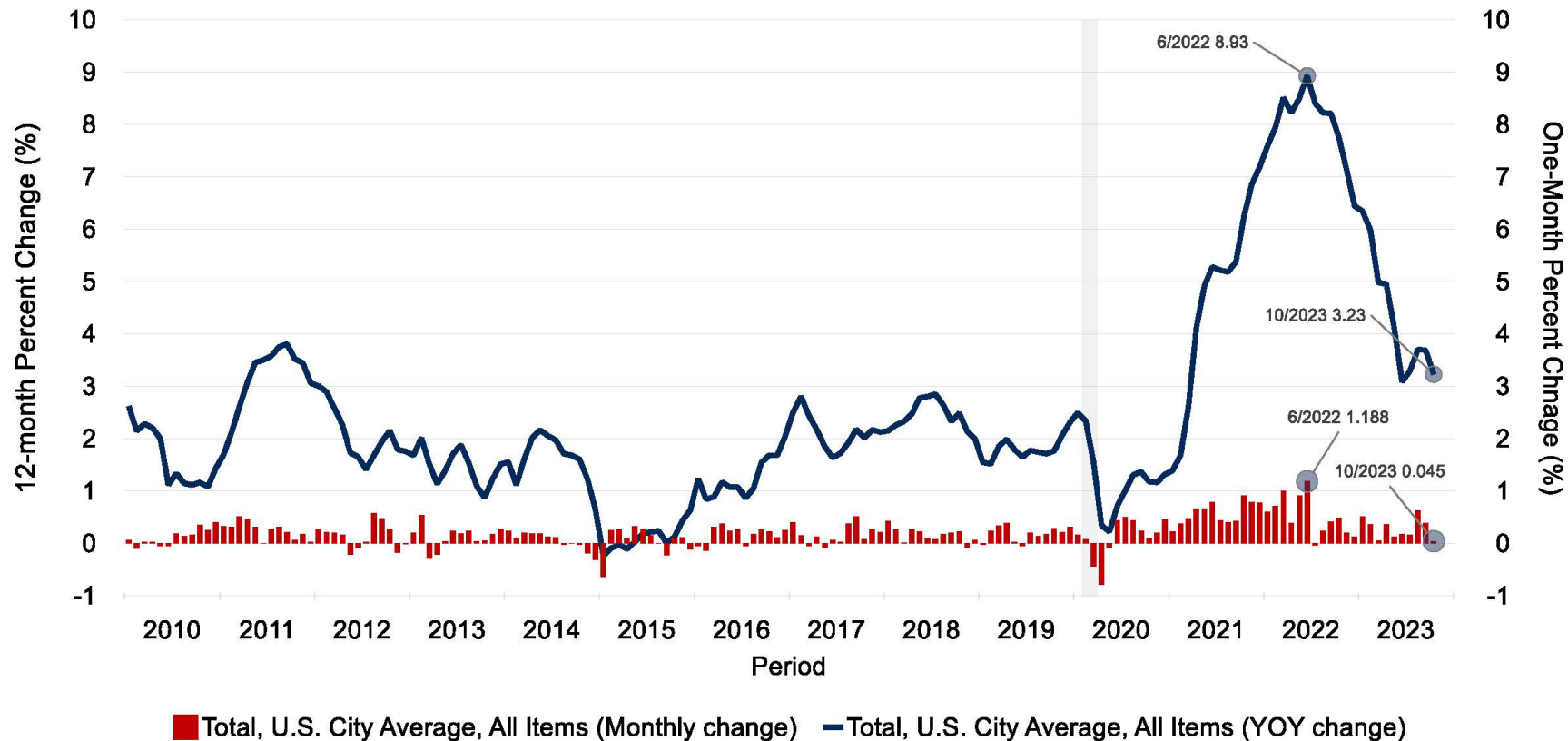
Sales Down Across All Property Types Heading into Q4





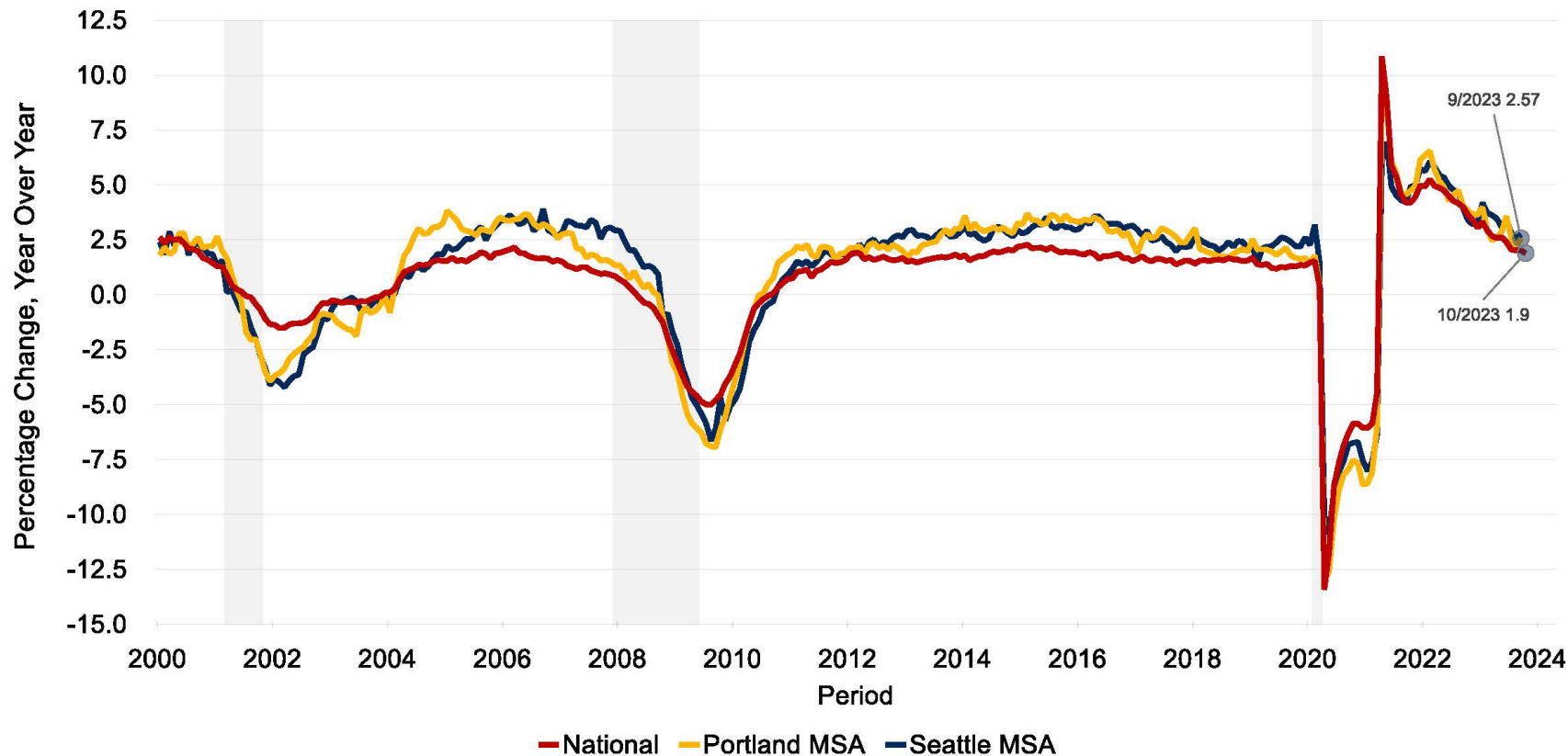
ECONOMIC OVERVIEW

CPI Growth On The Decline, Does Deceleration Continue?



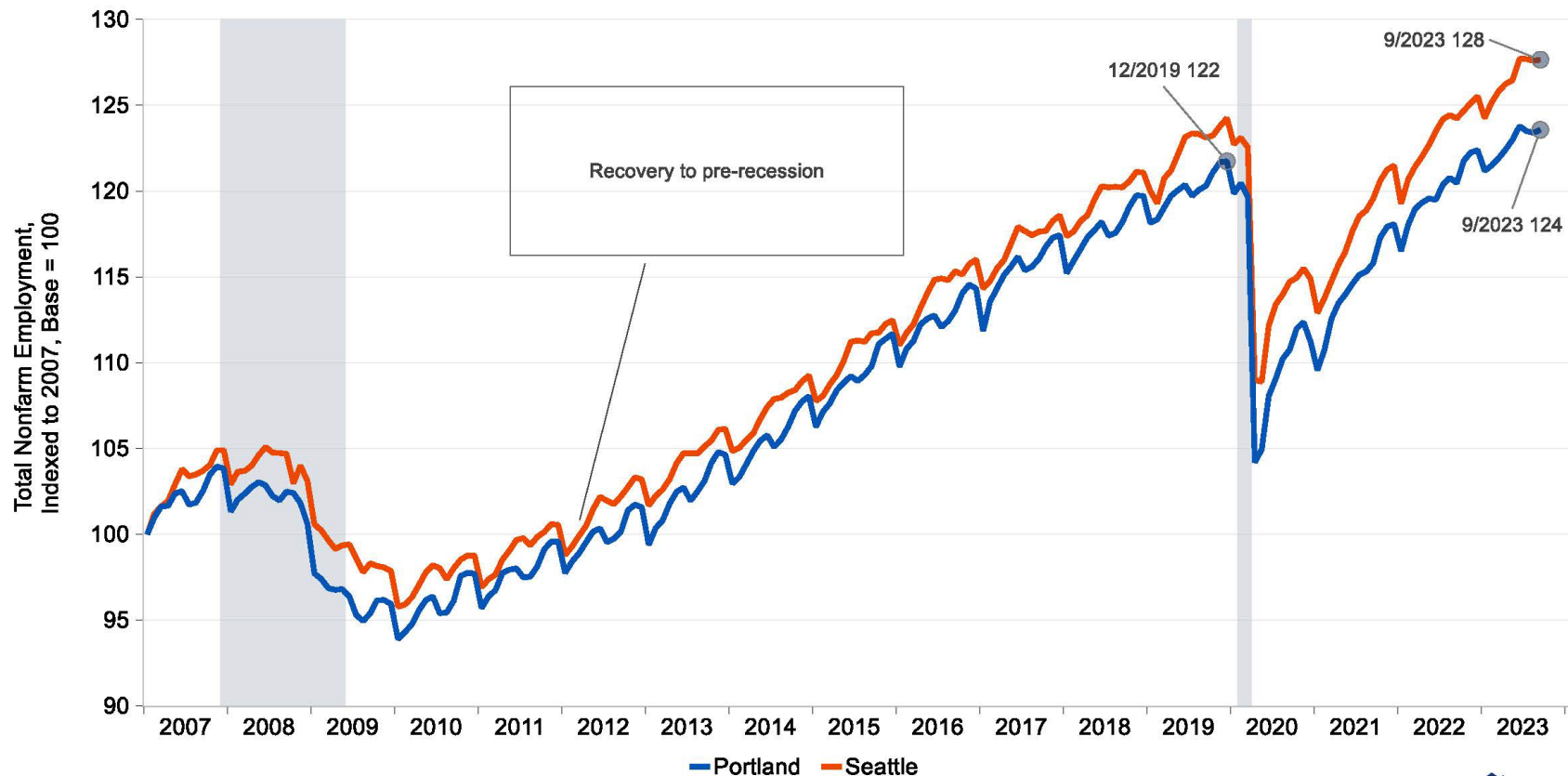
Source: Bureau of Labor Statistics, CoStar, and Macrobond

Job Growth Decelerates, But Remains above National Trends

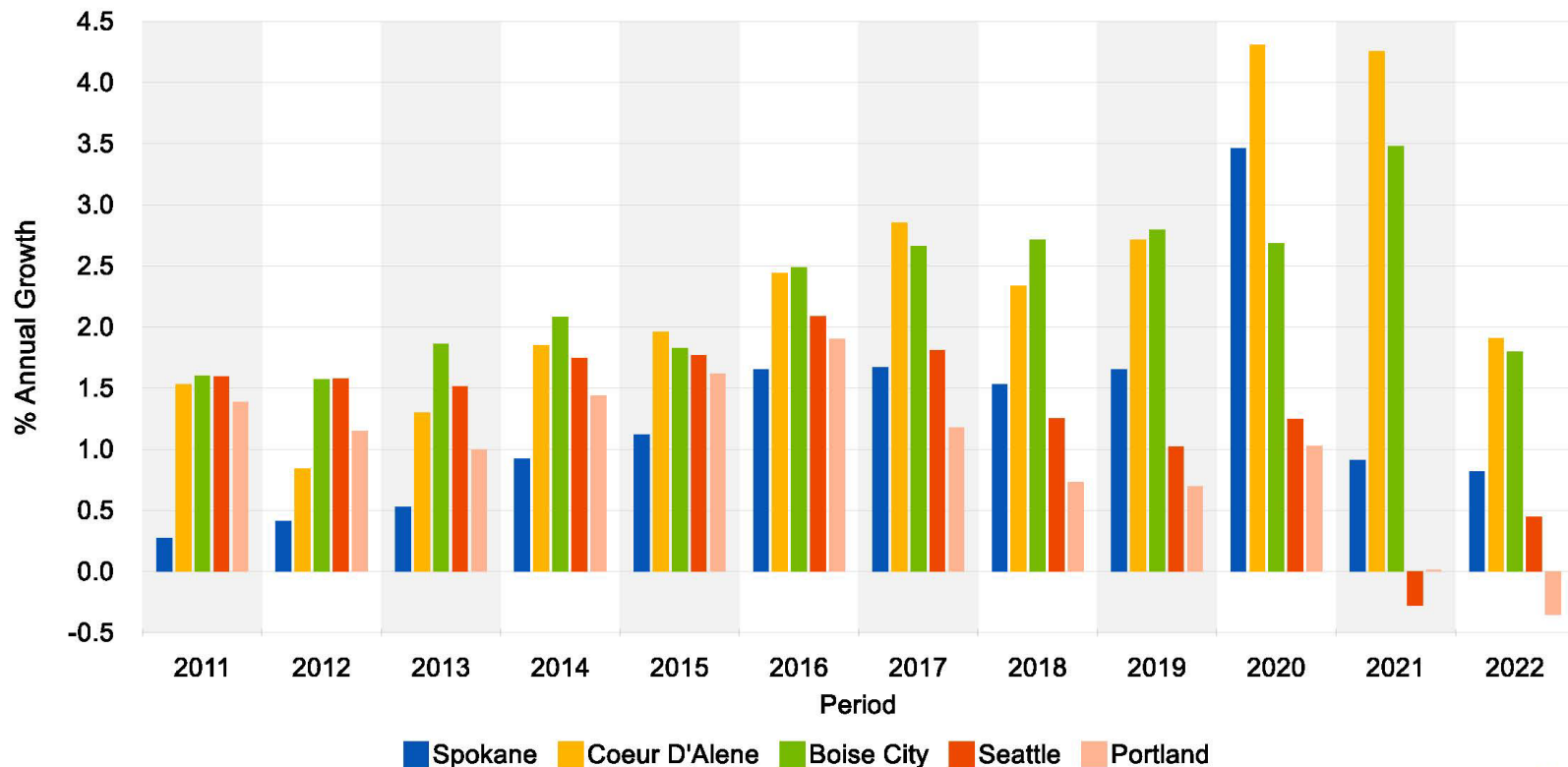


Source: Bureau of Labor Statistics, CoStar, and Macrobond

Portland and Seattle Nonfarm Payroll Growth (Indexed to 2007)



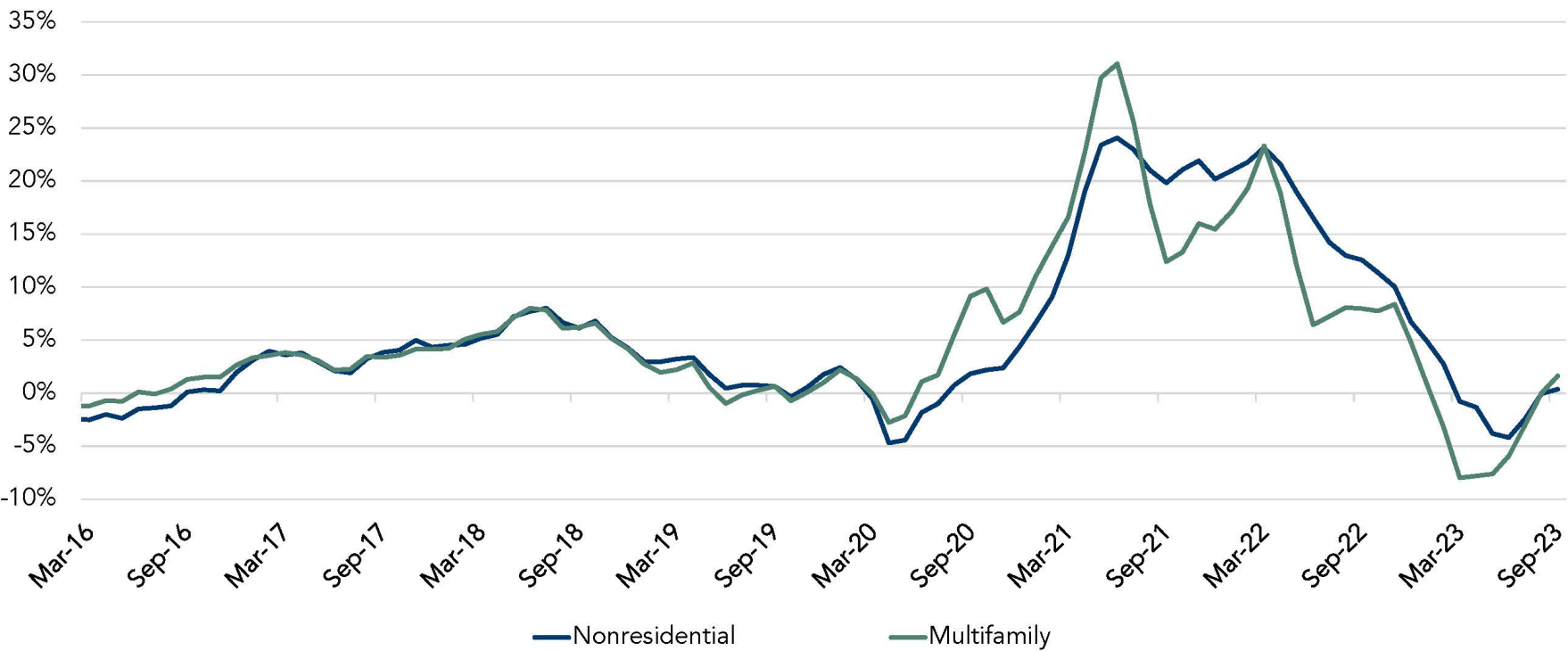
Population Growth Returned to Seattle in 2022, Portland Saw Negative Growth



Source: U.S. Census Bureau

Construction Prices Increased in September After Falling For Most of 2023

Annual Growth in Inputs to Construction Prices



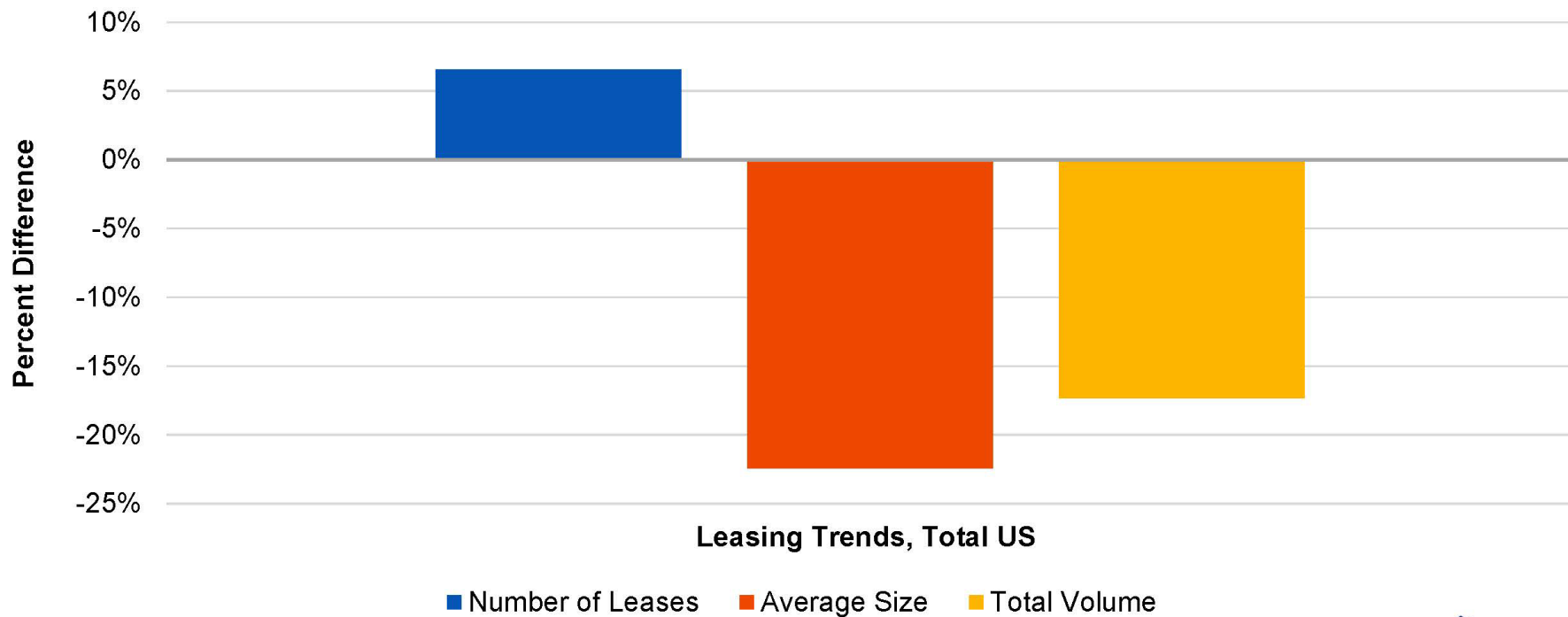
Source: U.S. Bureau of Labor Statistics, Sep. 2023

A low-angle, upward-looking photograph of a modern skyscraper with a glass facade. The building's structure is composed of a grid of dark metal frames and large glass panels. The perspective creates a sense of height and scale. A semi-transparent blue rectangular box is centered over the middle of the image, containing the word "OFFICE" in white, uppercase, sans-serif font. The sky is a pale, clear blue.

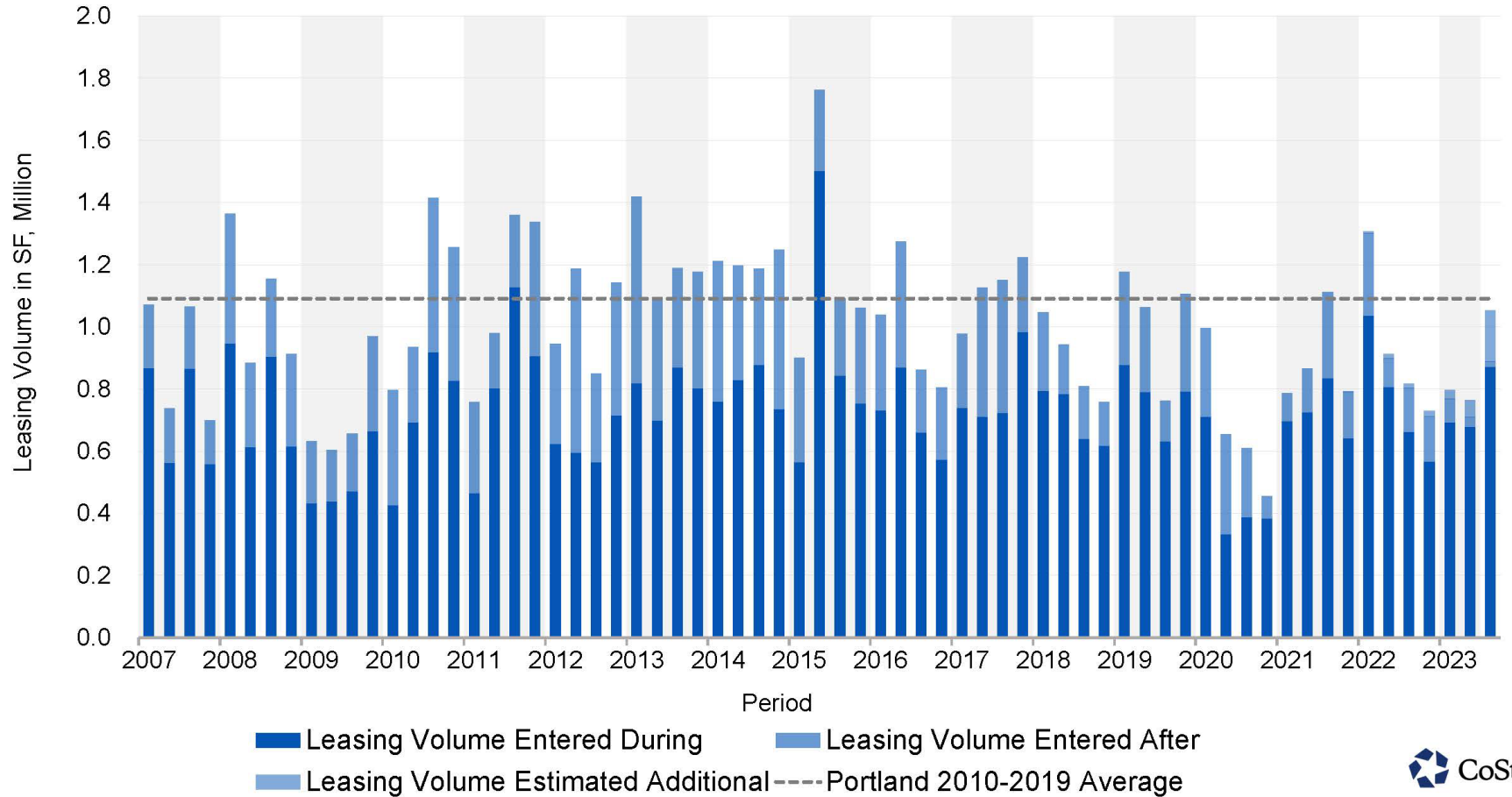
OFFICE

Leasing Volume in 2023 is Well Below 2019 Levels Through Three Quarters, Driven by Smaller Lease Sizes

New Office Leasing, 2023 YTD vs. 2019 YTD



Quarterly Office Leasing Volume Below Long-Term Average



Erosion of Footprints is Evident, Despite New Space Signings

US Bancorp Tower



-57,000 SF



Net erosion in space
occupancy = (25,000 SF)

11W



+32,000 SF

11W – Delivered 23Q1

Signed **Miller Nash** to a 15-year term

Space buildout (semi-shell)

Sales Examples: Office Assets Repricing, But



American Bank Building – Downtown

In September, Menashe Properties picked up the 183,735-square-foot American Bank Building for \$13.6 million, or \$74 per square foot. The prominent office in downtown Portland, across the street from Pioneer Courthouse Square, had previously been involved in a \$53 million disposition and recapitalization in 2017 with Lionstone Investments.



Leland James

Bay Area firm Spear Street Capital added to their multi-billion-dollar portfolio with the purchase of the Leland James. The 118,104-square-foot asset traded for \$41 million, or \$347 per square foot, but even at full occupancy at the time of sale, the price represented a 39% discount from its previous May 2019 sale of \$67.5 million.

OFFICE SALE COMPARABLE



10215 SW Hall Blvd

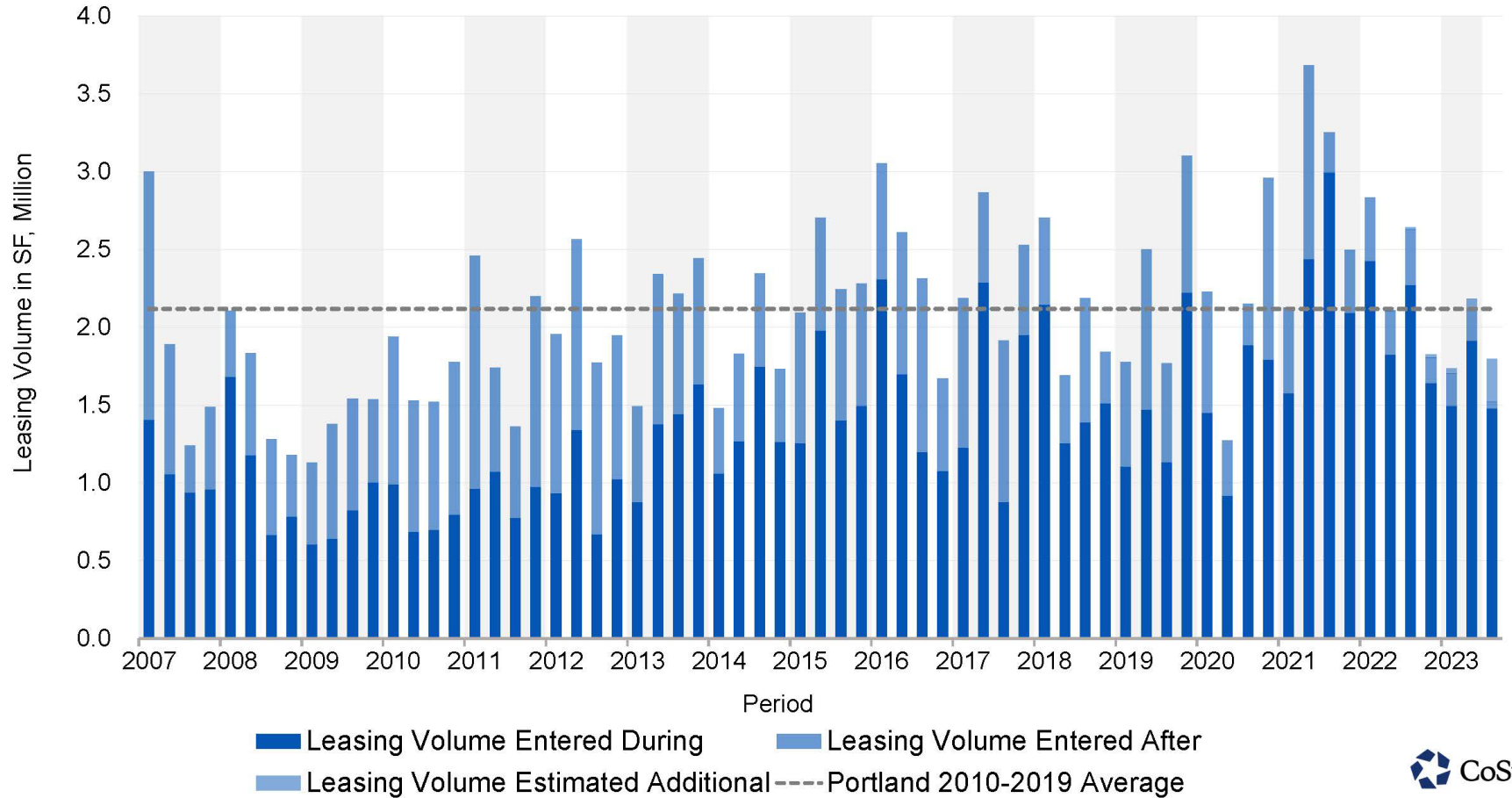
Portland, OR 97223

Sale Price	\$2,650,000	Sale Date	11/30/2023
Price per SF	\$283.67	Actual Cap Rate	6.00%
Building Size	9,342 SF	Land Area	0.67 AC (29,185 SF)
Year Built	2004	Zoning	MUR-2

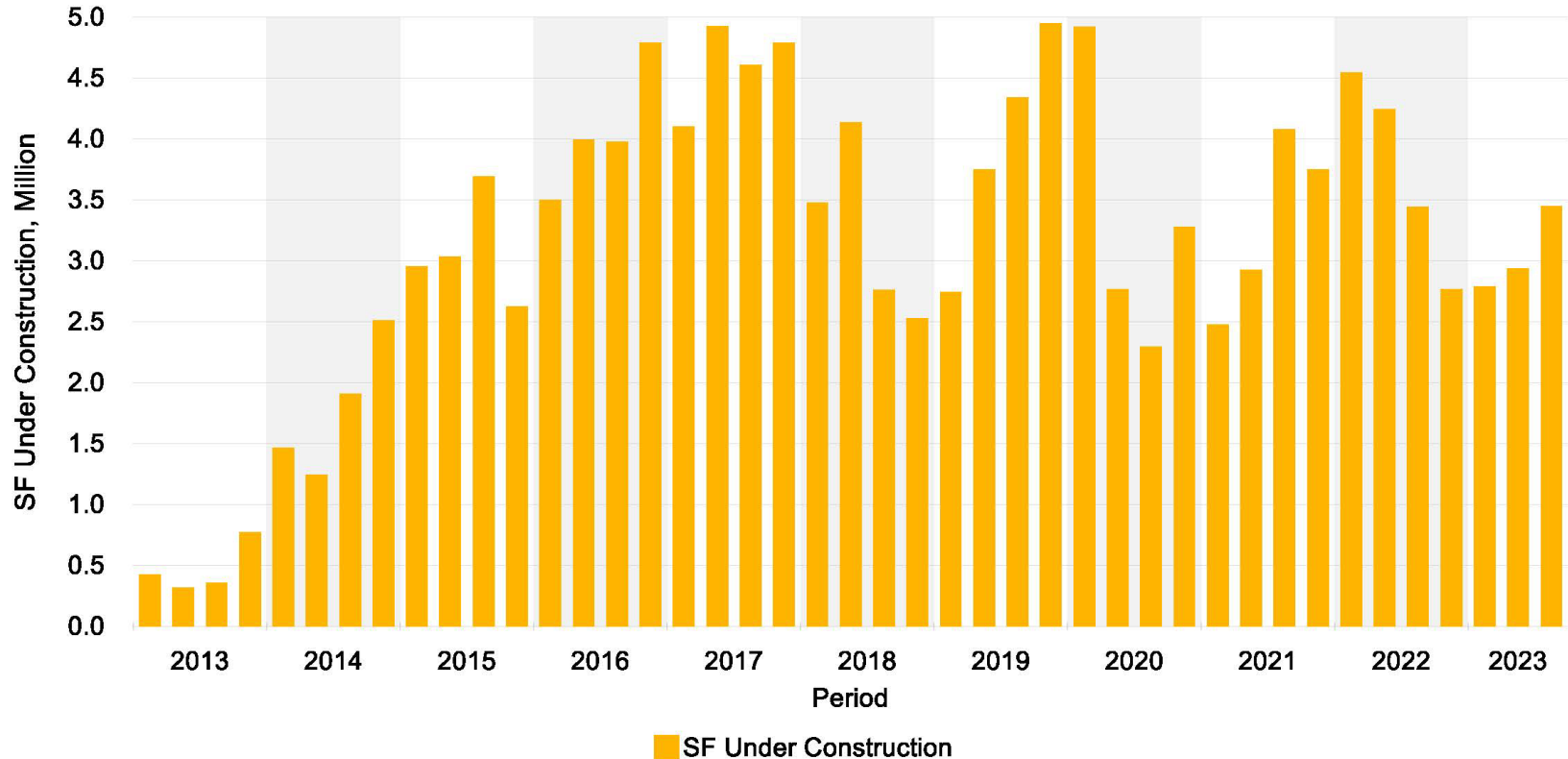


INDUSTRIAL

Quarterly Industrial Leasing Volume Down, But Still Near Historic Averages



PDX - Industrial Construction Slightly Over Half of Prior Peaks

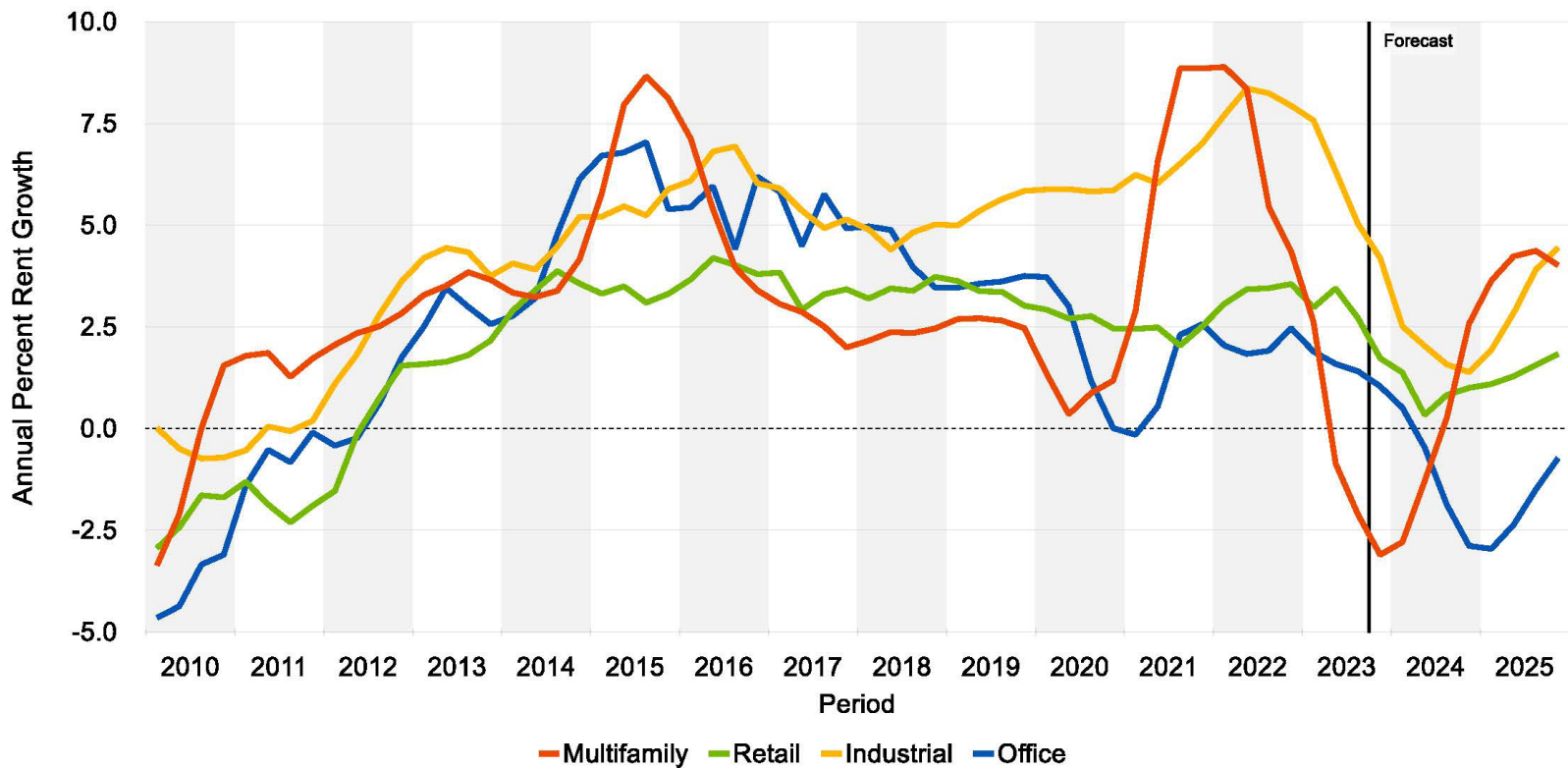


Source: CoStar, Macrobond

Industrial Availability on The Rise



Portland Industrial Properties Outperform On Rent Growth



Source: CoStar

INDUSTRIAL SALE COMPARABLE



18055 Wi NE San Rafael St

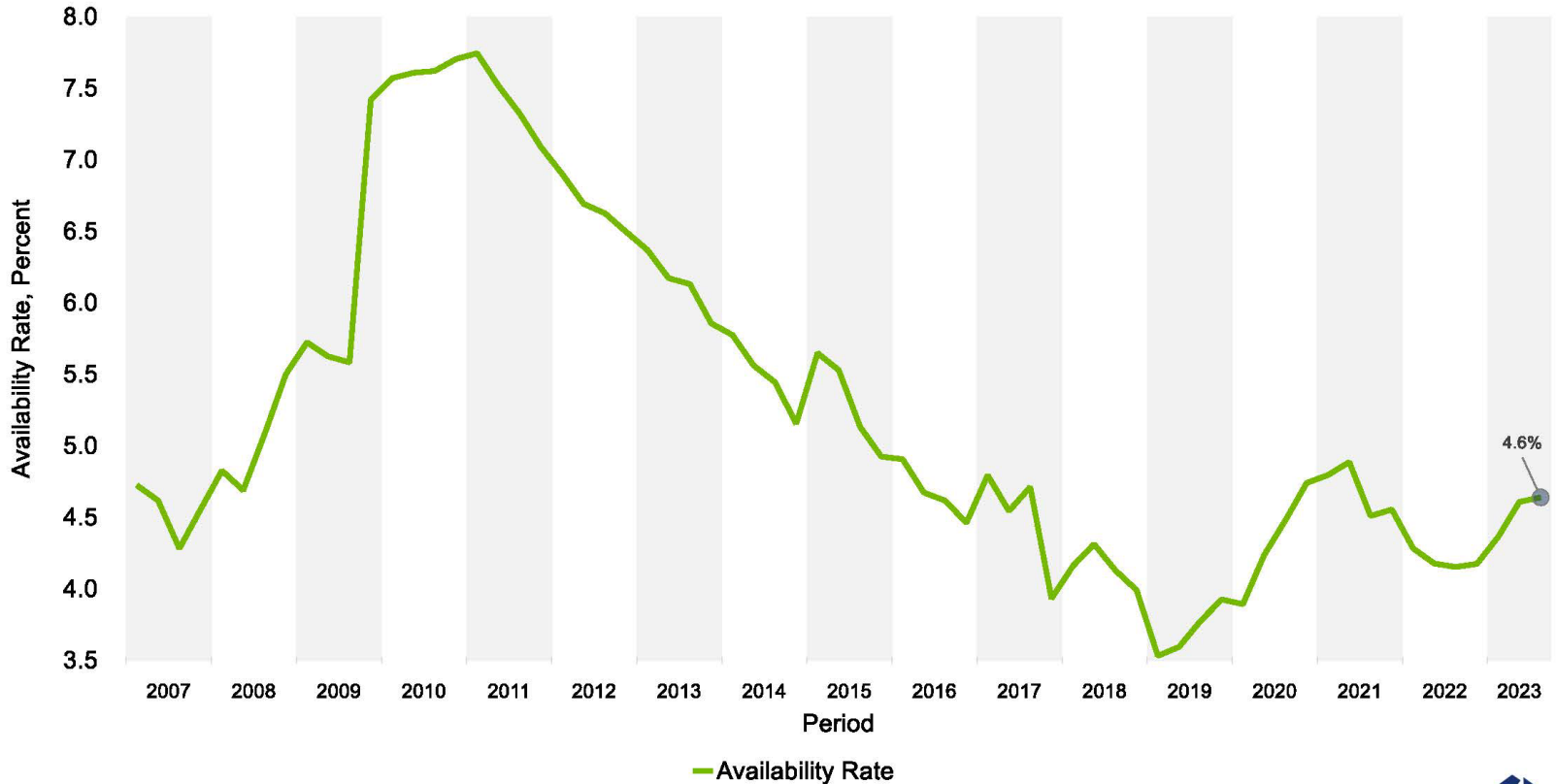
Portland, OR 97230

Sale Price	\$5,700,000	Sale Date	9/8/2023
Price per SF	\$139.05	Actual Cap Rate	7.50%
Building Size	40,992 SF	Land Area	1.87 AC (81,467 SF)
Year Built	1978	Zoning	GI

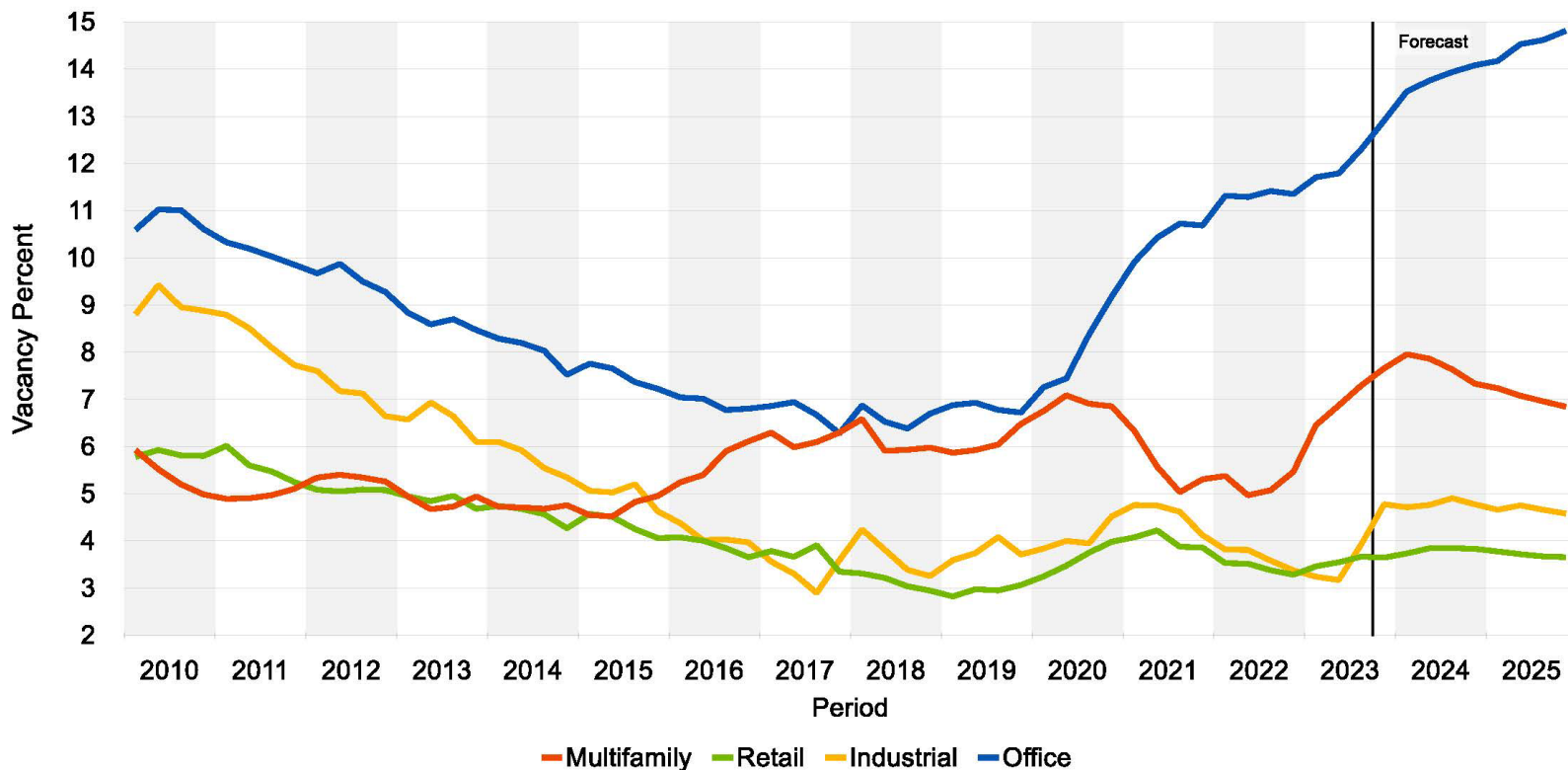


RETAIL

Retail Availability On Rise, but Below Pandemic Peak

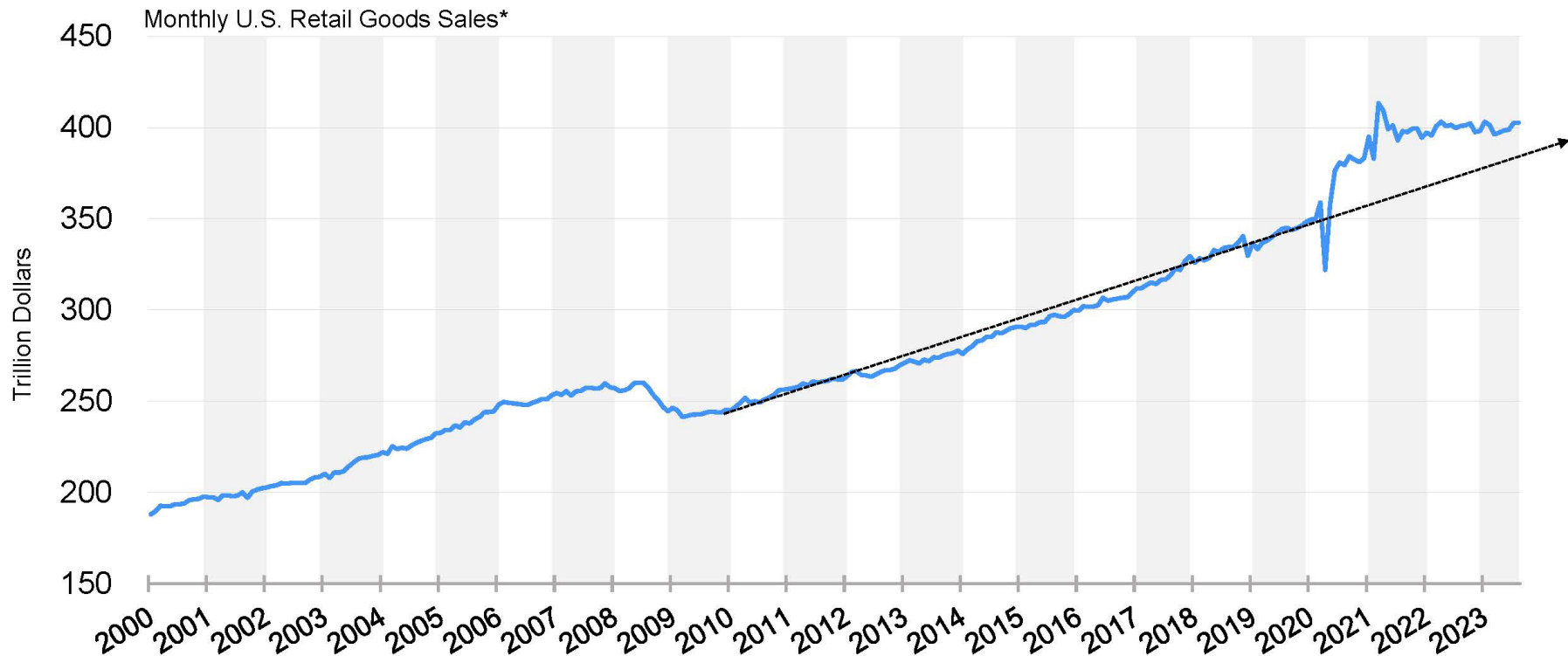


Retail Properties Maintain Stable Occupancy Levels



Source: CoStar

Retail Good Sales Still Healthy (Even When Adjusted For Inflation)



*Excludes sales at gas stations, auto dealers, and food service/drinking places. Each category within retail sales is adjusted for inflation within the CPI's most comparable category and expressed in 2022 dollars.

Source: U.S. Census Bureau

RETAIL SALE COMPARABLES



1520 SW 32nd Ave

Portland, OR 97214

Sale Price	\$2,000,000	Sale Date	9/20/2023
Price per SF	\$237.39	Actual Cap Rate	6.45%
Building Size	8,425 SF	Land Area	0.26 AC (11,326 SF)
Year Built	1925	Zoning	CS



8112 SE 13th Ave

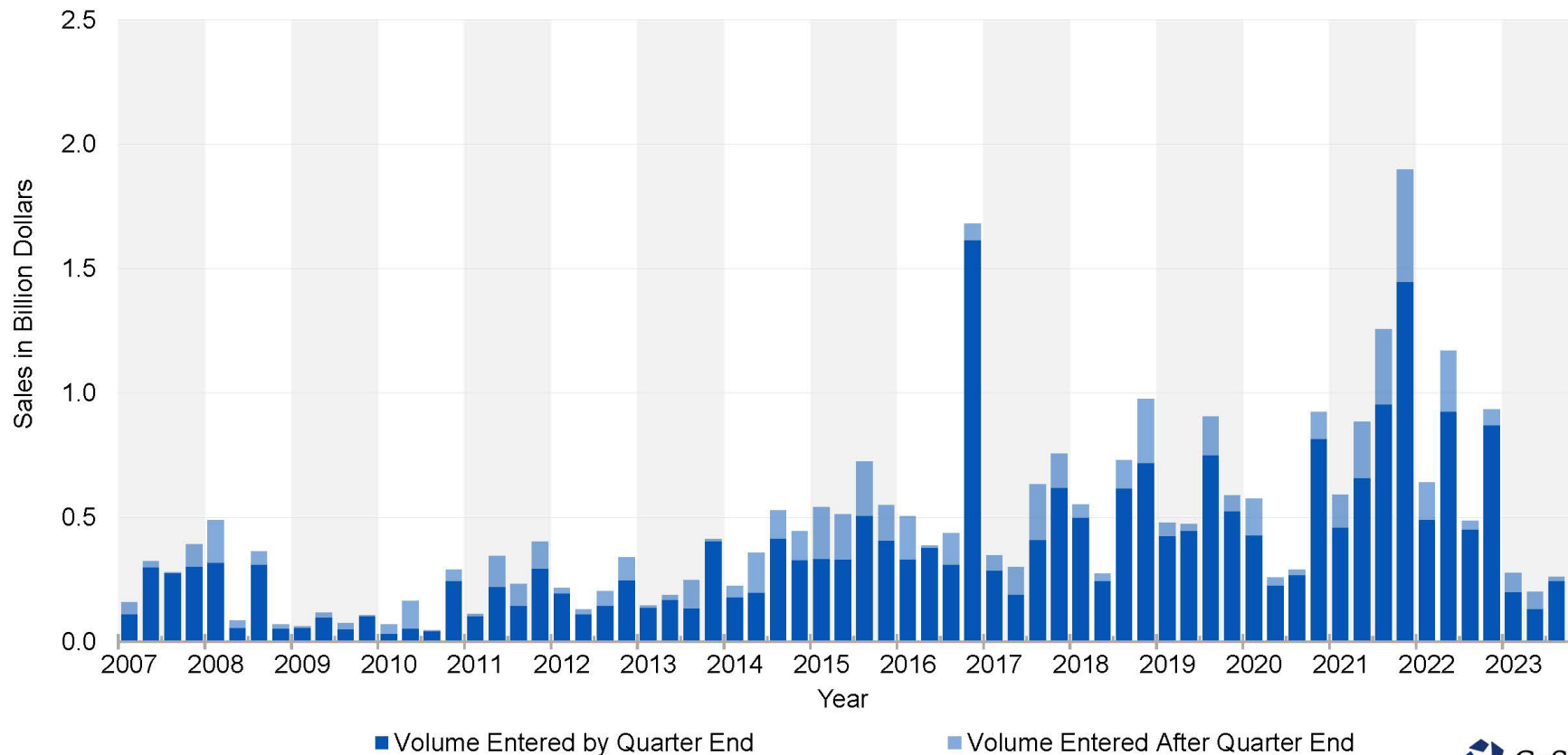
Portland, OR 97202

Sale Price	\$3,475,000	Sale Date	9/13/2023
Price per SF	\$556.00	Actual Cap Rate	6.32%
Building Size	6,250 SF	Land Area	0.29 AC (12,500 SF)
Year Built	2000	Zoning	Commercial/ Mixed Use

A photograph of a modern multi-story multi-family residential building. The building features a mix of green and blue siding, with numerous windows and balconies. A semi-transparent blue rectangle is overlaid on the center of the image, containing the text "MULTI-FAMILY" in white. The building is situated on a street with parked cars and trees in the foreground. The sky is overcast.

MULTI-FAMILY

Portland Multifamily Sales “Stabilizing” Near All-Time Lows



Sales Examples: Multifamily Investors Using Varied Strategies



Parker – Pearl District

In 23Q2, Chicago-based Waterton, with \$10.7 billion in total assets re-entered the market with the purchase of the 177-unit Parker in the Pearl District.

Closing price was equal to \$52 million (\$294,000/unit). 2015 - \$63.5 million. A light refresh of some of the luxury units is anticipated, along with a new operating strategy to boost occupancy and ROI.



Lumina Apartments

440 Units

\$98M (\$223k/unit)

Buyer: Abacus Capital Group

Seller: Grand Peaks (Colorado)



Perch PDX and Sandy28

347 units

\$74M

Buyer: Greenleaf (CA)



MULTI-FAMILY SALE COMPARABLES



The York by Trion Living

7582 SW Hunziker St | Tigard, OR 97223

Sale Price	\$10,850,000	Sale Date	8/14/2023
Price per SF	\$233.99	Actual Cap Rate	6.83%
Building Size	46,370 SF	Land Area	2.21 AC (96,268 SF)
Year Built	1969	Zoning	C-P, Tigard
No. of Units	52	Price per Unit	\$208,654



Cedarbrook Apartments

5102-5110 SW 45th Ave | Portland, OR 97221

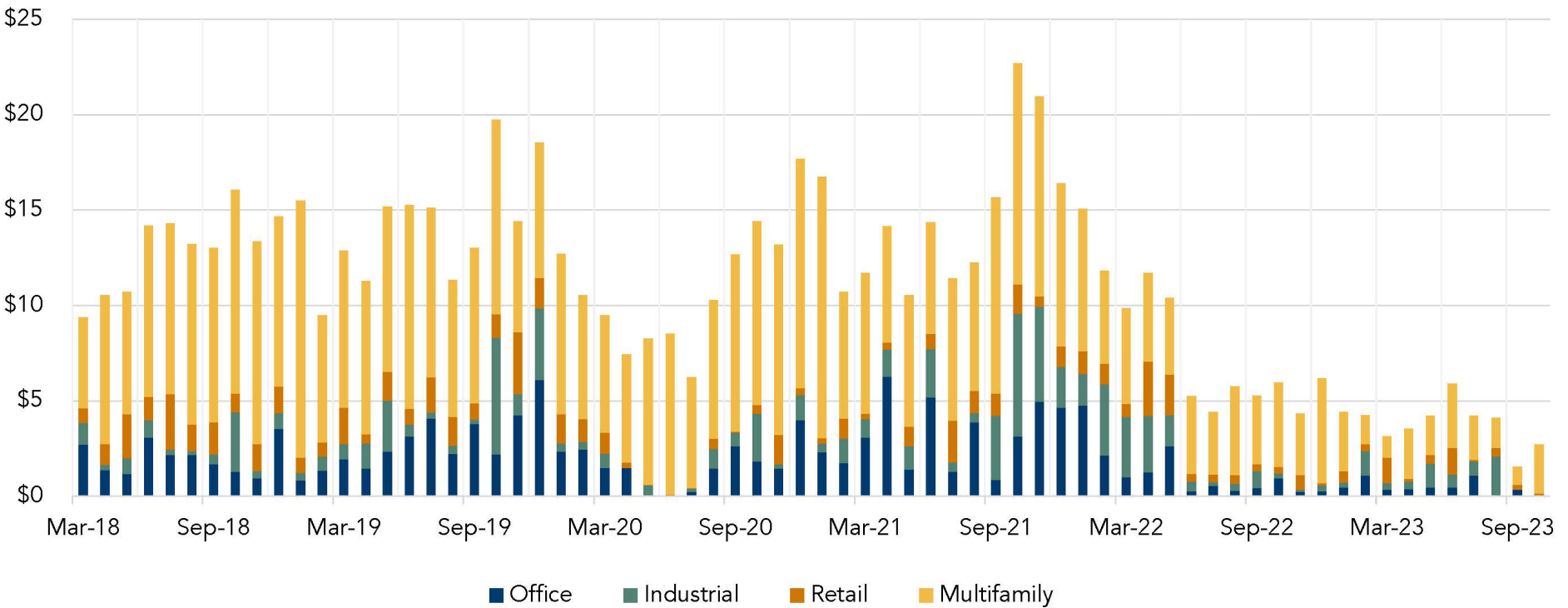
Sale Price	\$2,750,000	Sale Date	8/4/2023
Price per SF	\$203.36	Actual Cap Rate	5.60%
Building Size	13,400 SF	Land Area	0.46 AC (20,042 SF)
Year Built	1969	Zoning	R1, Portland
No. of Units	17	Price per Unit	\$160,294



LENDING & DISTRESS

CMBS Originations Have Dried up for All Asset Classes

Origination Volume, USD in Billions

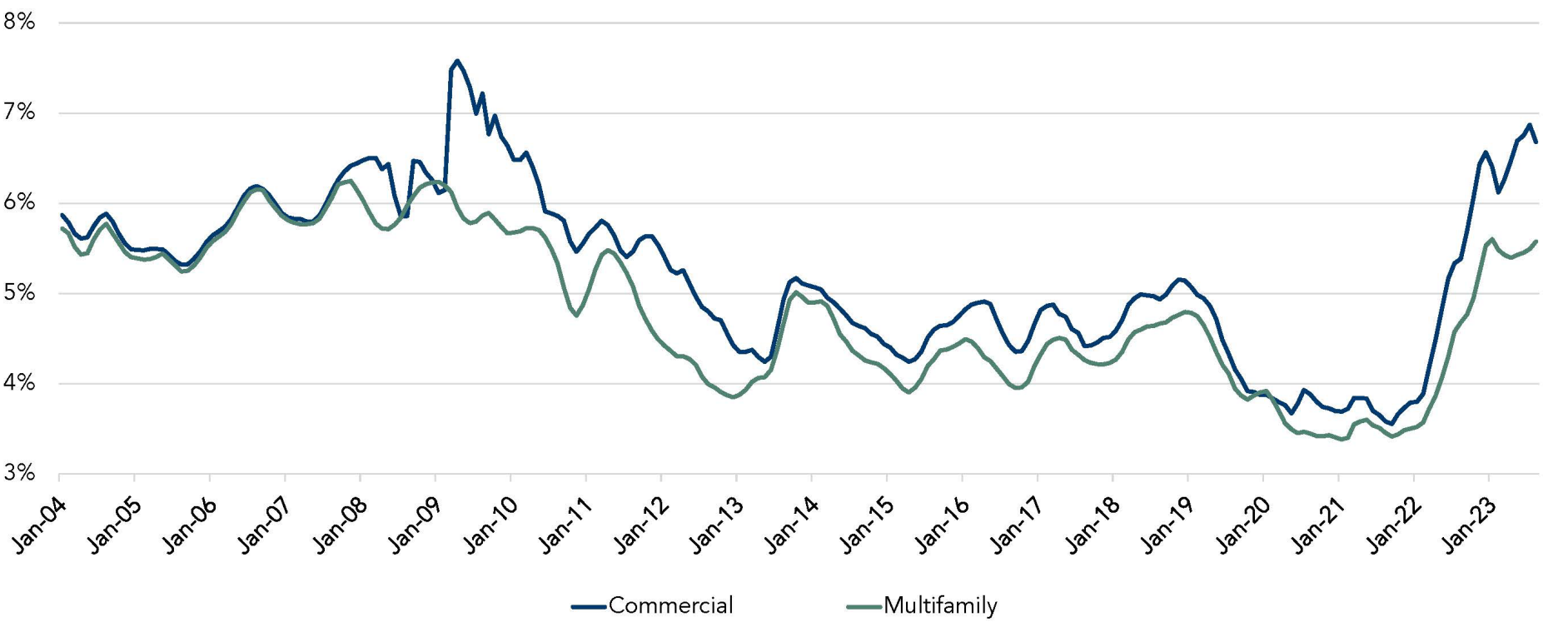


Source: CoStar, Oct. 2023

@XanderSnyderX #FirstAmEcon

Commercial Mortgages Have Become Much Costlier in the Last Two Years

Interest Rates for Commercial Mortgages, First Lien Only, Nonresidential Properties and Multifamily

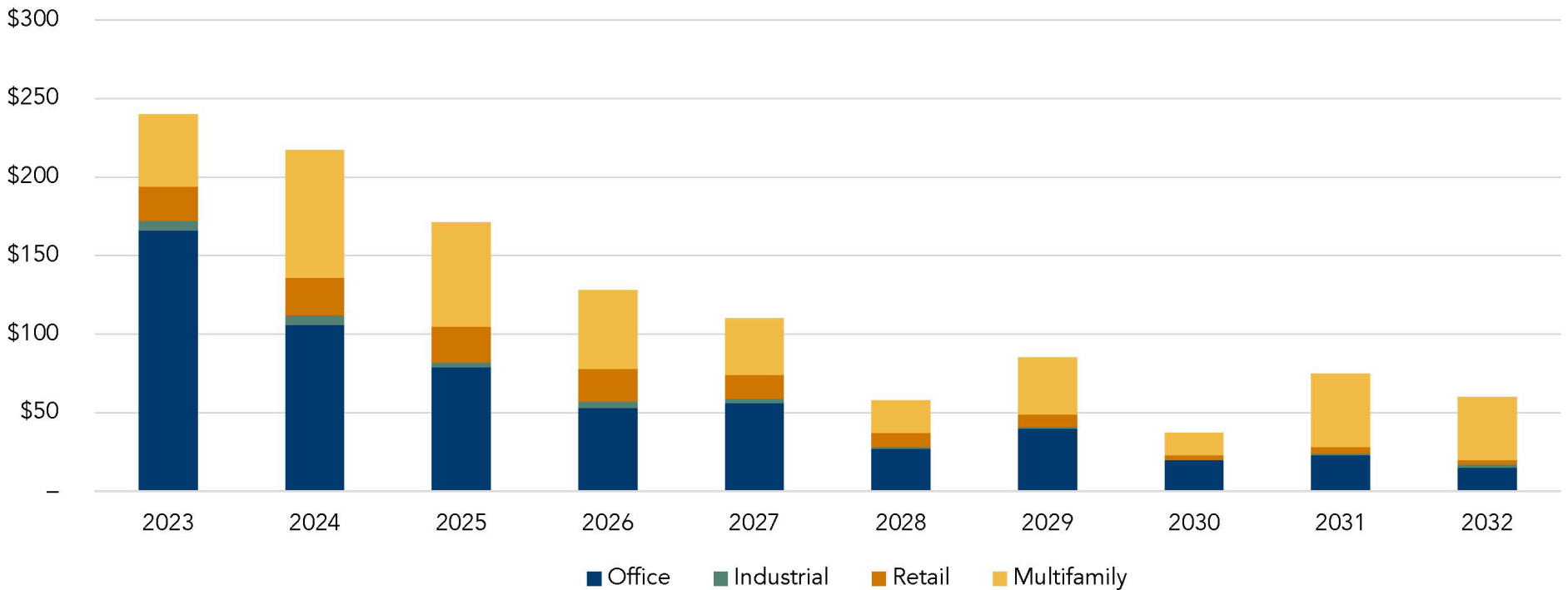


Source: MSCI Real Capital Analytics, Sep. 2023

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Meaningful Amounts of Distressed Debt set to Mature Between Now and 2025

Mortgage Maturities for Properties With LTV > 80%, by Asset Class

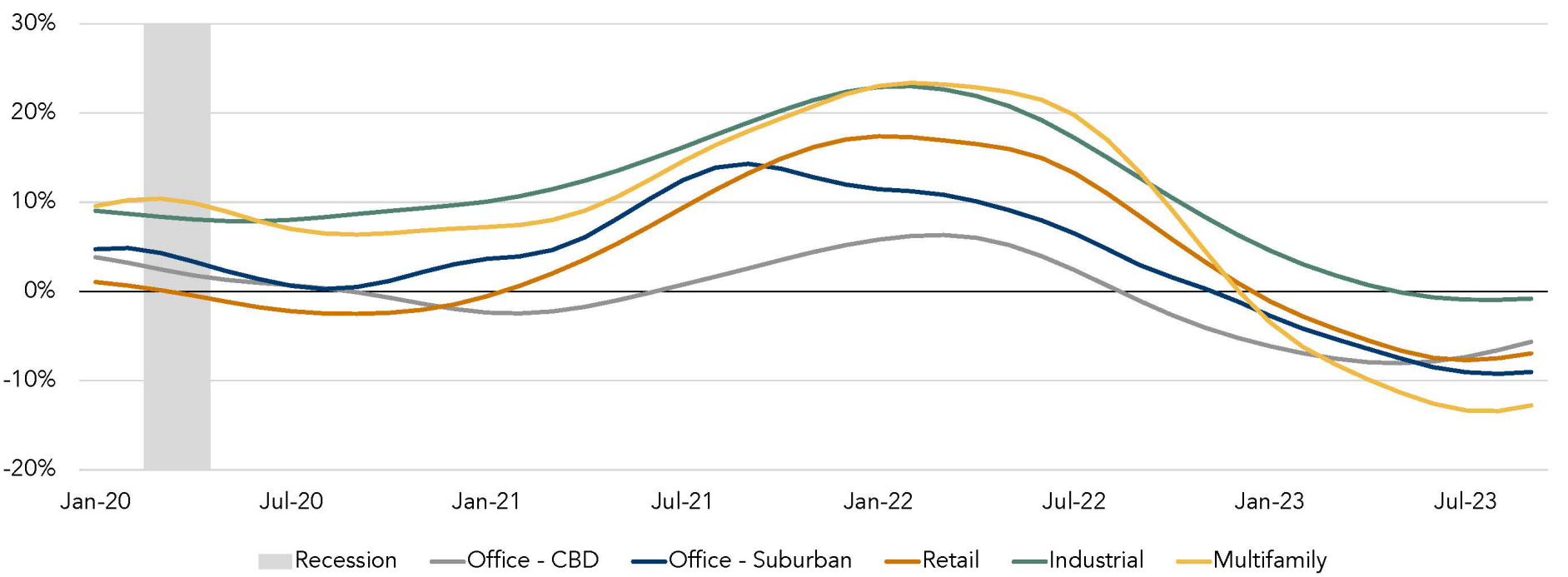


Source: Newmark Group Inc., Aug. 2023

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Annual Price Growth is Negative for All Asset Classes

Annual Price Growth

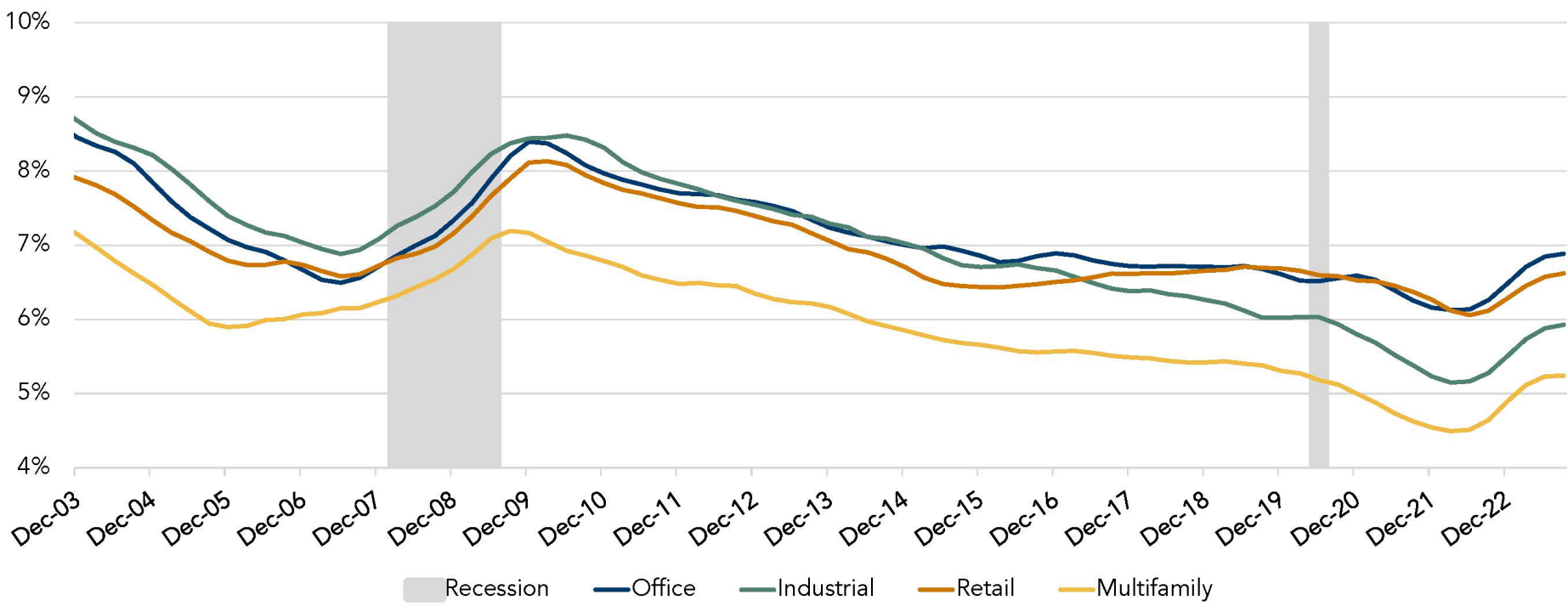


Source: MSCI Real Capital Analytics, Sep. 2023

 @XanderSnyderX #FirstAmEcon

Cap Rates Increasing for All Asset Classes

Quarterly Cap Rates by Asset Class



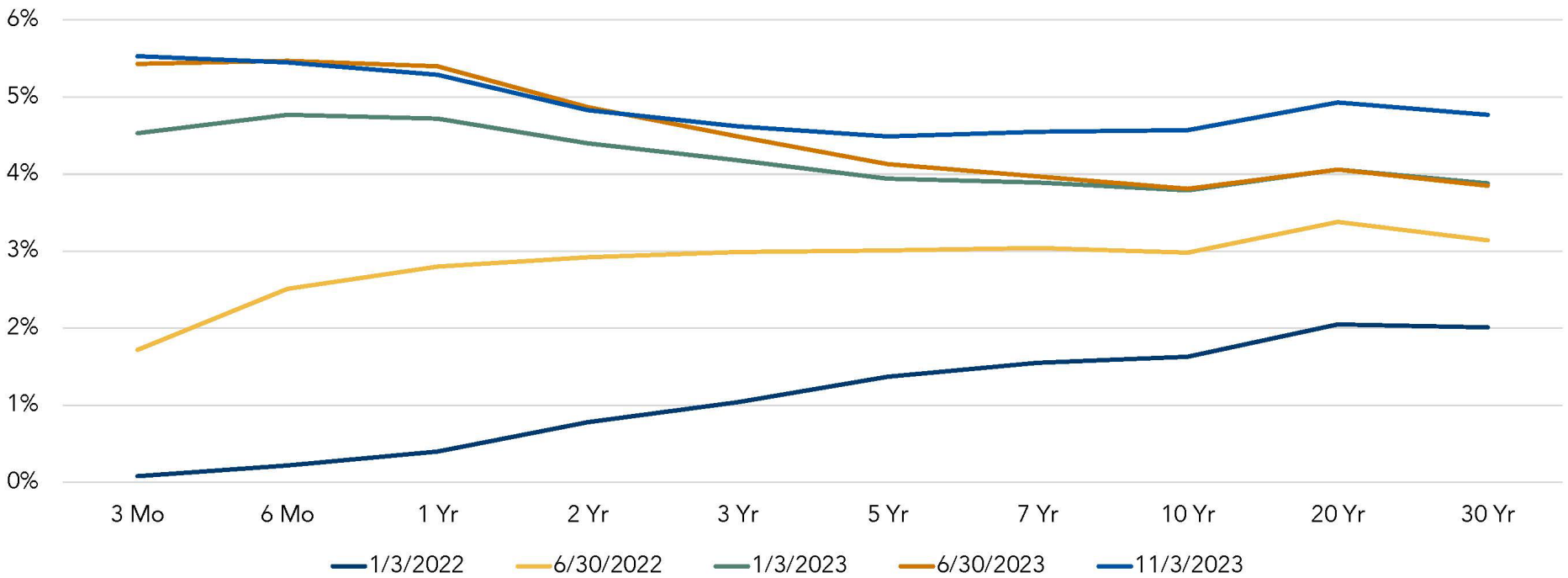
Source: MSCI Real Capital Analytics, Sep. 2023

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Longer-Dated Treasury Rates Have Increased in the Second Half of 2023

Treasury Yield Curve, by Date

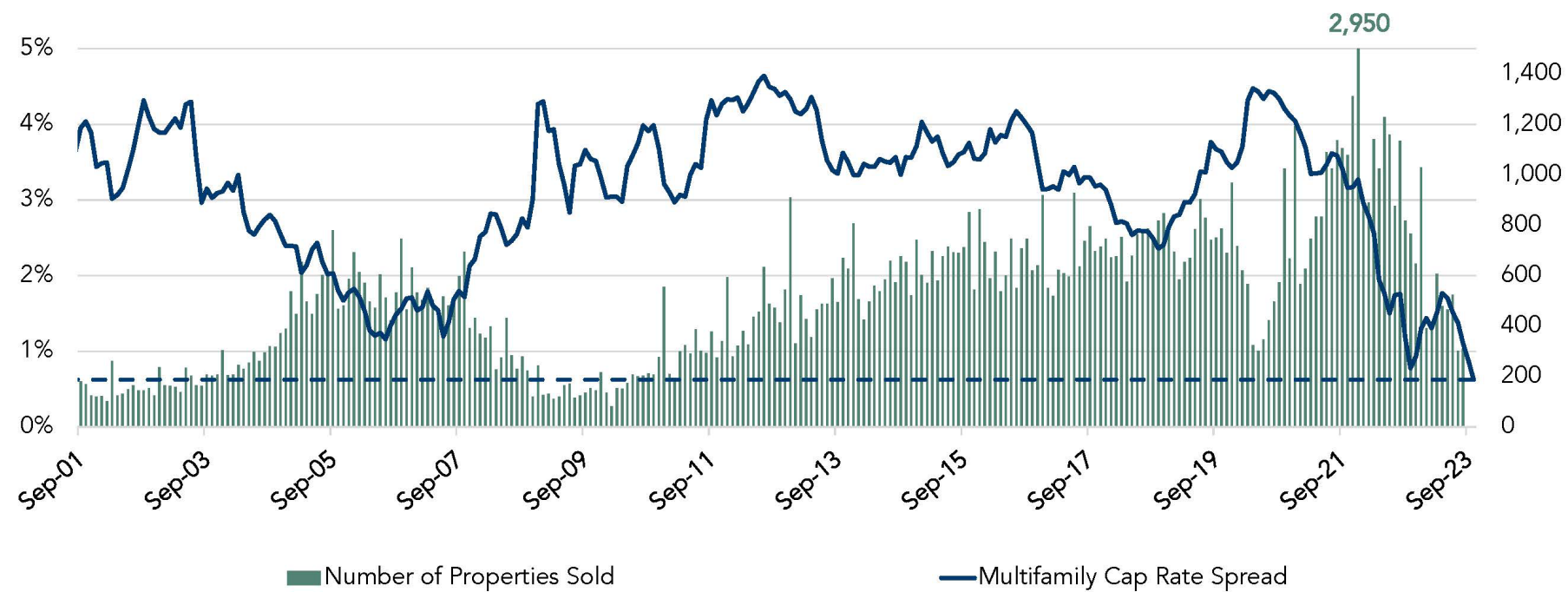


Source: U.S. Treasury, Nov. 3, 2023

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Treasuries Offer Nearly Comparable Yields to Multifamily Cap Rates

Multifamily Cap Rate Spread Over 10-Year Treasury Yield (Left Axis), Multifamily Transaction Volume in Number of Properties (Right Axis)



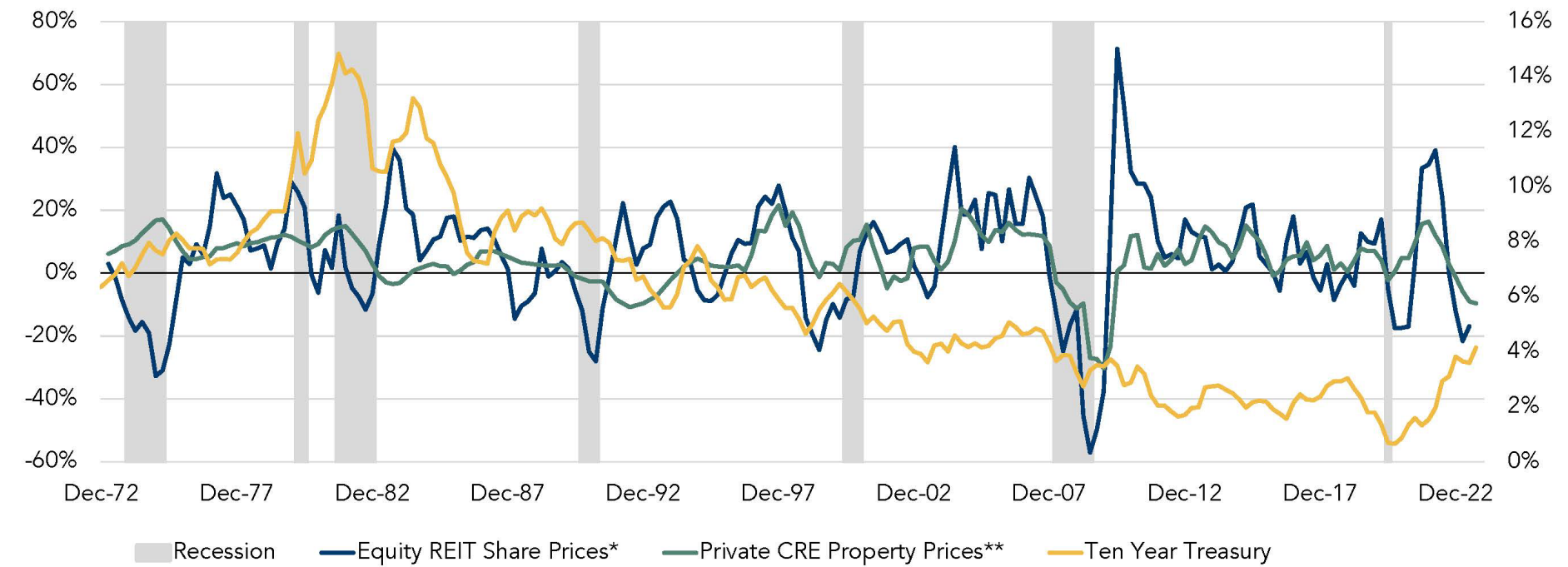
Source: MSCI Real Capital Analytics, Federal Reserve, First American Calculations, Sep. 2023

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How Long Will Price Declines Last?

Annual Change in Equity REIT Prices (Left Axis), Annual Change in Private Property Prices (Left Axis), 10-Year Treasury Yield (Right Axis)



* Excludes dividends.

** Private property prices shown are from BIS except 2023, which are from MSCI.

Source: Bank of International Settlements (BIS), NAREIT, MSCI Real Capital Analytics, Federal Reserve, Sep. 2023

CONCLUSION

Deal activity is slow, but early stages of price discovery is underway.

Be smart and focus on market deals. For investments, well capitalized experienced Buyers and motivated Sellers.

Good time to learn business.

Avoid negative talk.