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| **Highest and Best Use Analysis and Valuation Report** |
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| http://www.opb.org/images/upload/c_limit,h_730,q_90,w_940/wapato2_gtjdk1.jpg |
| **Prepared For:** |
| **Multnomah County**  |
| **Department of County Assets** |
| 501 SE Hawthorne Boulevard, Suite 400 |
| Portland, Oregon 97214 |
|  |
| **Subject Property:** |
| **Multnomah County Wapato Facility** |
| 14355 N. Bybee Lake Court |
| Portland, Oregon 97203 |
|  |
| **Prepared By:** |
| **Joe Sledzieski** |
| Commercial Property Appraiser  |
|  |
| with the assistance of: |
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| **John Botaitis** |
| Commercial Valuation Supervisor |
|  |
| **Bruce Barclay** |
| Commercial Property Appraiser |
|  |
| **Jeffrey Marks** |
| Industrial Property Appraiser |
| Multnomah County |
| Department of Assessment, Recording & Taxation |

June 29, 2016

Sherry Swackhamer

CIO & Director, Department of County Assets

Multnomah County

501 SE Hawthorne Boulevard, Suite 400

Portland, Oregon 97214

RE: **Multnomah County Wapato Facility**

 14355 N. Bybee Lake Court

 Portland, OR 97203

 Account No.: R518996

Ms. Swackhamer:

The purpose of this report is to provide a highest and best use analysis and valuation of the Wapato Facility for internal decision-making purposes. Due to the specialized nature of the facility, as well as the extent of available information on the property, this report is limited in scope and subject to certain extraordinary assumptions and hypothetical conditions. The effective date of value is consistent with the date of inspection, or June 14, 2016.

The subject is Multnomah County’s Wapato Facility, which was originally built in 2004 as a minimum-security detention center. The facility has 155,400 square feet of building area and is situated on 18.24 acres of industrial-zoned land in Portland’s Rivergate Industrial District. The facility has never been operated for its intended purpose, and apart from occasional use for film and television production, has remained vacant.

The site and improvements are described briefly in this report, and in greater detail in the 2014 RFI produced by Facilities & Property Management. The following table summarizes our value conclusions, based upon our investigation and analysis of available information:

|  |
| --- |
| **Scenario 1: Value as a Detention Center** |
| Replacement Cost Approach – Detention Center | $25,050,000 |
| Less: Costs for upgrading and repairs | ($5,000,000) |
| **“As Is” Value** | **$20,050,000** |

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| **Scenario 2: Value as an Industrial Building** |
| Hypothetical Value as an Industrial Building | $10,055,000 |
| Less: Alteration and conversion costs | ($1,500,000) |
| **“As Is” Value** | **$8,555,000** |

**Property Name:** Multnomah County Wapato Facility

**Property Type:** Minimum-security detention facility

**Address:** 14355 N. Bybee Lake Ct

 Portland, OR 97203

**Assessor’s Parcel No.:** R518996

**Site Description:**

 Size: 18.24 acres (794,681 square feet)

 Topography: Generally level

 Zoning: IH (Heavy Industrial)

 Flood Zone: Not located in a FEMA Special Flood Hazard Area

**Improvement Description:**

 Size: 155,400 square feet (GBA)

 Type: Minimum-security detention facility

 Construction: Concrete block, concrete with steel reinforcement

 Capacity: 525 inmates

**Highest & Best Use:**

 As Vacant: Industrial use

 As Improved: Conversion for warehouse or manufacturing use

**Property Rights Appraised:** Fee simple estate

**Date of Inspection:** June 14, 2016

**Effective Date of Value:** June 14, 2016

**Scope of Work**

We were asked to provide a valuation and highest and best use analysis of Multnomah County’s Wapato Facility. In addition, we were asked to consider the value of the property as a sound stage or similar production use. This analysis is intended to be limited in scope, and used for internal decision-making purposes only. Further description of the property and history of operation can be found in the 2014 RFI produced by Facilities and Property Management.

Limited information was made available to us for this assignment, which hinders the reliability the resulting conclusions. We recommend a full feasibility analysis to explore the costs of converting the facility from a detention facility to a marketable use.

**Sources of Information**

Our analysis relied on the following information:

* A site visit conducted with Property Manager Mark Gustafson on Tuesday, June 14th, 2016. In attendance were John Botaitis, Bruce Barclay, and Joe Sledzieski from the Commercial Valuation section, and Jeffrey Marks from the Industrial Valuation section.
* Discussions with knowledgeable parties within Multnomah County Facilities and Property Management, as well as County management.
* The 2014 Request for Interest (RFI) issued by Multnomah County Facilities & Property Management.
* Electronic plans and occupancy areas
* Land use consulting provided by Peter Finley Fry
* Our databases of land and improved property sales, as well as lease data for the Portland metro area.
* A national search of detention facility sales using CoStar’s comparable sales search.
* Zoning and land use records available through the City of Portland.
* Recorded plat maps and aerial imagery available through PortlandMaps.com.

We requested additional information from DCA including: 1) formal or informal purchase offers for the property, 2) cost estimates to convert the facility to another use, including film/sound production and general manufacturing/warehouse uses, 3) cost estimates to bring the facility to operation as a detention facility, and 4) supporting documentation used to produce the 2014 RFI. This information was not available as of the publication of this report.

**Extraordinary Assumptions**

The Appraisal Institute defines an extraordinary assumption as “an assumption, directly related to a specific assignment, […] which, if found to be false, could alter the appraiser’s opinions or conclusions.”

One of the valuation scenarios considered in this report assumes the subject could be altered in a way that would make it functional and marketable as a manufacturing or warehouse facility, including reinforcing areas of flooring with high strength concrete, installing roll-up or dock-high doors in the dormitories to accommodate the movement of materials and equipment, and building additional interior roads to provide access to these areas. Depending on the specific user, the structural columns may need to be removed in these dormitories, and the roofing supported with structural steel to create several clear-span production areas. This report employs an extraordinary assumption that these alterations are possible from an engineering perspective, and within the cost estimates we developed using the Marshall Cost Service.

Additionally, this report relies on the extraordinary assumption that the facility could be operated as a detention facility, although the prospect faces considerable hurdles including zoning and land use restrictions by way of the Conditional Use Permit, as well as potential legal and political hurdles. In addition, there does not appear to be the need for additional inmate beds in Multnomah County in the near term.

**Hypothetical Conditions**

The Appraisal Institute defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.”

One of the valuation scenarios in this report considers the value of the property as an operational detention facility, followed by deducting the estimated costs required to convert or alter the building for such use. This hypothetical condition is necessary to arrive at an “as is” value of the property on the date of inspection.

The second valuation scenario in this report considers the subject as a manufacturing or warehouse building, followed by deducting the estimated costs required to convert or alter the building for such use. This hypothetical condition is necessary to arrive at an “as is” value of the property on the date of inspection.

**Highest and Best Use**

According to the *Appraisal of Real Estate*, the highest and best use of a property is the “reasonably probable and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.” An appraiser’s conclusion of highest and best use is fundamental to the development of any opinion of value.

A proper highest and best use analysis of an improved property involves considering the optimal uses of the site as if vacant, as well as improved.

**As Vacant**

The analysis of a property as though vacant guides an appraiser’s conclusion of the optimal improvement for a site, and in the case of improved properties, helps to determine what, if any, contribution the improvements have to the overall value.

**Physically Possible Uses**

The site has mostly level topography, good access to utilities, and adequate access to local and regional transportation networks. The property is located outside of the Special Flood Hazard Area, but is located in a known seismic hazard area as is the case with much of the Pacific Northwest. The size and shape of the site is adequate to support future development. Given the neighboring developments, it would appear the soils are adequate to support development of the site. From a physical perspective, there does not appear to be any limitations towards future development.

**Legally-Permissible Uses**

The subject is zoned IH (Heavy Industrial) by the City of Portland, which is one of three zones that implement the Industrial Sanctuary map designation of the Comprehensive Plan.

According to Title 33, Chapter 33.140 (Employment and Industrial Zones) of the Portland Planning and Zoning Code, uses which are permitted outright include vehicle repair, self-storage, manufacturing and production, warehouse and freight movement, wholesale sales, and industrial service. Uses that may be permitted upon approval of a Conditional Use Permit include household living, offices, retail sales & service, detention facilities, and community service uses (which include mass shelters and short-term housing). Group living, which includes programs that provide care and training or treatment for psychiatric, alcohol or drug problems, is not allowed under the IH zone.

Given the above, the highest and best use of the property, as vacant, would likely be for some type of industrial manufacturing or warehouse use.

**As Improved**

The highest and best use of a property as improved considers several different options, including:

* + Maintaining the improvements “As Is”
	+ Curing items of deferred maintenance and retaining the improvements
	+ Modification of the improvements (e.g. renovate, modernize, or convert)
	+ Demolition of the improvements

**Continued Use as a Detention Facility**

As a detention facility, the facility would have a limited group of potential users. Aside from Multnomah County, potential users may include neighboring counties in Washington or Oregon, the State of Oregon, and the federal government.

The Wapato Facility has not been used as a detention center since its construction in 2004, due in part to a decline in crime rates, and a lack of operating funds due to changes in the state tax system. According to several sources we spoke with, there does not appear to be the need for additional detention capacity in Multnomah County at this time. The County’s Inverness Facility reportedly has excess capacity to accommodate additional inmates. Additionally, it is reasonable to assume there would be considerable legal and political hurdles involved with any proposal to lease the facility to another county in Oregon or Washington.

In an interview with *The Oregonian* in 2013, a State Department of Corrections spokesperson indicated the state had considered the possibility of converting the facility to a state prison on several occasions, but it was determined it was not cost-effective to either lease or acquire the facility, in addition to several other factors that did not make it a viable option.

The nearest U.S. Immigration and Customs Enforcement detention center is the Northwest Detention Center in Tacoma, Washington. The GEO Group, a private prison operator, owns and operates the facility under contract with the federal government. The facility is regional in scope, with detainees transported to the facility from neighboring metropolitan areas such as Seattle and Portland. The facility was expanded in 2009 and currently has a capacity of 1,575, making it one of the largest detention facilities of its kind in the United States. It is unknown whether there is a need for additional capacity at the facility, or demand for a second facility to serve the region. Finally, there does appear to be legal restrictions on private prisons in the State of Oregon, in addition to political obstacles at the local level that would ostensibly make it difficult to allow another operator besides Multnomah County to run the facility.

Assuming it was possible to reopen the facility for its intended use, there would be considerable costs required to do so. There would be some degree of modernization required, as the facility has been vacant for over 10 years. Obsolete building systems would likely need to be upgraded, and equipment that was either never installed or removed or repurposed for other facilities would need to be replaced. Mr. Gustafson opined it would cost approximately $5,000,000 to re-open the facility as a detention center.

At the present time, it does not appear likely the facility would be used again as a detention center.

**Conversion to an alternative use**

Considering the legally-permissible uses of the facility, which include heavy manufacturing, production, and warehousing, the next question is what use would attract the most demand in the marketplace.

From our conversations with Facilities and Property Management, we learned that primary interest in acquiring the property has come from industrial manufacturers, and to a lesser extent, film and television producers. We understand at least two large manufacturing outfits have conducted tours of the facility. Additionally, the facility has reportedly been rented 33 times since 2008 for the filming of commercials, television programs, and movies. However, these instances appear to be somewhat sporadic, with filming typically lasting no longer than two weeks at a time.

To a certain degree, both traditional manufacturing outfits and film/sound production companies would have similar requirements for Wapato Facility. Both users would likely require open, clear-span production areas with no internal support columns, dock high and/or grade-level roll up doors for the movement of machinery and equipment, heavy power capabilities, and office support areas for management and administrative functions. Since the facility was not built with such users in mind, it would need to be retrofitted to make it appealing to a potential tenant or buyer. Otherwise, a more suitable facility could be located that would require less initial investment. The cost to convert the facility to a shell manufacturing or production space would likely vary widely depending on the specific needs of the user. However, according to Mr. Gustafson, the minimum costs to retrofit the facility would be at least $1,000,000. Our own estimates using construction cost data indicate the cost could be at least $1,500,000, and potentially higher.

**Demolition of the facility**

The final test considers the possibility of razing the improvements so the property could be put to a different use. *Marshall Valuation Service* provides cost estimates for demolition that range from roughly $5 to $10 per square foot of building depending on the construction class. However, MVS notes that costs can vary widely depending on the complexity of the job. In the case of the subject, demolition costs would be expected to be higher than average given the specialized nature of the property, as well as the extensive steel reinforcement of the concrete. For further support, we researched examples of costs for similar detention facilities, described below:

* In 2011, San Francisco County demolished their San Bruno Jail #3 at a reported cost of just under $2MM. The exact square footage of the facility could not be located, although reference was made to the structure being 400 feet in length, 34 feet in width, and 6 stories tall, which is 81,600 square feet. Adding a small 3-story attached lobby and administration building, the total size could be closer to 100,000 square feet. This provides a demolition cost of about $20 per square foot.
* The City of Albuquerque, New Mexico is currently exploring options for their long-vacant downtown detention center of approximately 150,000 square feet. The facility is slightly more modern in construction than the San Bruno jail, having been built in the 1970s with concrete and steel construction. The city indicated it would cost roughly $2.5MM to demolish the structure, or about $17 per square foot.

Based on these examples, it is reasonable to assume demolition and removal of the subject’s improvements could cost between $15 and $20 per square foot, or $2,325,000 to $3,100,000. Given our concluded land value (as vacant) of roughly $5,160,000, the resulting value of the subject, less demolition, would range from $2,060,000 to $2,835,000. By comparison, the value as a shell manufacturing building, even with considerable retrofitting and conversion costs, is well above this range. On this basis, the improvements do appear to have some contribution to the overall value, and demolition does not appear to be a productive use of the property.

**Conclusion**

Given the legally permissible, physically possible, and maximally productive uses of the property, it is our conclusion the highest and best use of the property, as improved, would be for the conversion of the facility to some type of industrial manufacturing or warehouse use.

**Valuation of the Subject Property**

As discussed in the Highest and Best Use section, this analysis considers two possibilities for the subject: the first considers the value of the subject as a detention facility, under the extraordinary assumption that it could be upgraded and put into operation by replacing missing equipment and gain the necessary approvals to function in accordance with the Conditional Use Permit granted in 2014. The Replacement Cost Approach will be of primary consideration, with secondary support provided by the Sales Comparison Approach.

Second, we will consider the value of the subject as an industrial property, which is likely the most probable scenario given the zoning and market demand for the property. In addition, this scenario appears to present far fewer legal and political obstacles as compared with re-opening the facility as a detention center. The most applicable approaches to value are the Income Capitalization and Sales Comparison Approaches. Finally, the estimated cost to convert and retrofit the building to accommodate typical industrial users will be deducted to provide an indication of the “As Is” value.

**Valuation Scenario I**

**Replacement Cost Approach**

The Cost Approach is based on the principle that the value of a property is significantly related to its physical characteristics, and that no one would pay more for a facility than it would cost to build a like facility in today’s market, on a comparable site. This approach is most applicable to the valuation of properties with a lower degree of physical depreciation, as well as special-use properties.

Building cost services such as the *Marshall Valuation Service* aggregate the costs to build a variety of structures across a variety of market areas. Section 15, Page 33 of the current MVS handbook provides replacement costs for correctional facilities across a range of construction classes and quality types. The subject was determined to be an average quality, Class C (concrete block) detention facility. MVS describes these facilities as being constructed with “block or brick, concrete, [with] some ornamentation on front.” The interiors feature painted walls, few partitions, some acoustic and vinyl composition. Lighting and plumbing are adequate, and heat is provided by a (non-zoned) heat pump system. According to MVS, the base cost for such facilities include sally ports and jail hardware, including cell blocks and locking equipment. However, the costs do not include service equipment for kitchen, laundry, or recreation facilities. As with all calculator cost sections, the base costs do not include yard improvements such as landscaping, paving, walls, and other additions, which are accounted for separately.

Following the estimation of base costs, and after the application of various multipliers for size, dimensions, and location, it is necessary to estimate the amount of accrued depreciation from all sources. The subject improvements are 12 years old, with a similar effective age. Additionally, there is some functional obsolescence due to its design; in other words, the facility would not be constructed similarly today in terms of design and layout. Adjusting for depreciation provides an indication of the depreciated replacement cost of the improvements.

Next, the value of the underlying land is estimated. Using our database of comparable industrial site sales over the last several years, as well as the valuation model used to value land in the Industrial Appraisal Section, we agree the land should be valued at $6.50 per square foot, or $5,164,474. The market value of the underlying land is added to the depreciated improvement cost to provide an indication of whole property value, as shown below:

|  |
| --- |
| **Scenario 1: Replacement Cost Approach** |
| Depreciated Improvement Value | $19,889,076 |
| Plus Land Value | $5,164,474 |
| **Whole Property Value (rounded)** | **$25,050,000** |

A copy of the cost worksheet can be found in the addendum.

**Sales Comparison Approach**

We performed a national search of detention facilities since the year 2000 using *CoStar*, which yielded roughly 20 results. After discarding bulk or portfolio sales involving several properties, non-arm’s length transactions, and partial interest transfers, the comparable set was reduced to seven closed sales, as shown below:



The sales included both minimum- and medium-security facilities ranging in capacity from 180 to nearly 1,800 inmates, and 60,000 square feet to nearly 275,000 square feet in size. The sale dates range from 2002 to 2013, with *unadjusted* sale prices from about $90 to $400 per square foot, and $15,000 to $50,000 per bed. The average was just over $200 per square foot, or about $35,000 per bed. However, four of the seven sales transacted at unadjusted prices of around $40,000 per bed.

Based on the available information, it appears most of the sale transactions involved private prison operators under contract with state or county government agencies to provide correctional services. This would indicate the prices paid reflected the income potential of the contracts rather than the value of the real estate. Additionally, the sales represent a wide range in sizes and market areas, making any comparison with the subject somewhat unreliable. As a result, this approach is given little consideration in the analysis and presented only for information purposes.

Additional information on these sales can be found in the addendum.

**Valuation Scenario II**

**Income Capitalization Approach**

The Income Approach is based on the premise that properties similar to the subject are income producing, and that investors purchase these properties based on their income-producing ability. The two fundamental methods of this valuation technique include Direct Capitalization and Discounted Cash Flow; in this analysis, only the Direct Capitalization method is employed.

In the Direct Capitalization method, market rents for the subject are estimated, applicable operating expenses are deducted, and the resulting net income is capitalized into a value estimate. The advantages of direct capitalization are that it is simple to use, easy to explain, often expresses market thinking, and provides strong market evidence of value when adequate sales are available.

We researched market rents for industrial warehouse and manufacturing buildings in the subject’s Rivergate Industrial Market. As is common practice in the market for industrial properties, rent is applied to the shell in addition to a surcharge for finished areas such as the office, kitchen/break rooms, lobby, and administration areas. Market rent is concluded at $0.25 per square foot per year on a triple net basis for the shell, and $0.75 per square foot for the office surcharge. After deductions for market vacancy and landlord expenses, the net operating income is capitalized by a market-supported capitalization rate, yielding the following value indication:

|  |
| --- |
| **Scenario 2: Income Capitalization Approach** |
| Income Capitalization Approach | $8,820,000 |
| Plus Excess Land | $1,365,000 |
| **Whole Property Value** | **$10,055,000** |

The income proforma used to develop this value can be found in the addendum.

**Sales Comparison Approach**

We researched several recent sales of industrial buildings in the subject’s immediate and competitive market areas. We selected five sales that transacted in the last two years, as shown in the summary chart below:



The above sales provide an *unadjusted* range of $24 to $75 per square foot, with an average sale price of $48 per square foot. After consideration of characteristics such as construction type, condition, size, and amenities, Sales 2 and 4 were chosen as the best comparisons to the subject as a hypothetical industrial building. Considering these two sales, the adjusted value range is narrowed to $55 to $60 per square foot, which provides the following range in value:

|  |
| --- |
| **Scenario 2: Sales Comparison Approach** |
| Sales Comparison Approach – Value Range | $8,550,000 to $9,300,000 |
| Plus Excess Land | $1,365,000 |
| **Whole Property Value Range** | **$9,915,000 to $10,665,000** |

Additional discussion of the sales used to develop this value can be found in the addendum.

**Summary of Findings**

To review, we considered two possibilities for the subject: the first as a detention facility, under the extraordinary assumption that it could be upgraded and put into operation. The estimated costs to upgrade the facility and replace missing equipment required for operation are also considered.

The second scenario considers the property as a potential industrial warehouse or manufacturing building, which is likely the most probable scenario given the zoning and market demand for the property. Finally, the estimated cost to convert and retrofit the building for industrial use is deducted to arrive at the “As Is” value.

The following tables summarize the estimated value conclusions based upon our investigation and analysis of available information:

|  |
| --- |
| **Scenario 1: Value as a Detention Center** |
| Depreciated Cost Approach – Detention Center | $25,050,000 |
| Less: Costs for upgrades and replacement | ($5,000,000) |
| **“As Is” Value** | **$20,050,000** |

|  |
| --- |
| **Scenario 2: Value as an Industrial Building** |
| Hypothetical Value as an Industrial Building | $10,055,000 |
| Less: Alteration and conversion costs | ($1,500,000) |
| **“As Is” Value** | **$8,555,000** |

**Addendum**

**A. Scenario I - Replacement Cost Approach**



**A. Scenario I - Replacement Cost Approach (continued)**



**B. Scenario I - Detention Facility Sales**


**Sale 1 – Joe Corley Detention Facility**Sold by Mongtomery County to the GEO Group, a private prison operator. A highly modern detention facility that was designed for future expansion, and is used as a U.S. Immigration and Customs Enforcement detention facility.

**Sale 2 – Lake Erie Correctional Institution**
Sold by the State of Ohio to Corrections Corporation of America, a private prison operator. Owned by private prison operator CCA under contract with the Ohio Dept. of Rehabilitation. The facility is the largest of the seven sales, with a capacity of nearly 1,800.

**Sale 3 – Rolling Plains Regional Jail**The City of Haskell, Texas sold the detention facility to InvenTrust Properties, a Real Estate Investment Trust (REIT), who then leased the property to Emerald Correctional Management, a private prison operator. ECM has a contract with the federal government, who uses the facility as a U.S. Immigrations and Customs Enforcement detention center.

**Sale 4 – High Plains Correctional Facility**GRW Corporation, a builder and operator of correctional facilities, sold this facility to Cornell Companies, another private prison operator. GRW was later acquired by the GEO Group. The facility later closed in 2010 due to a declining inmate population.

**Sale 5 – High Desert Detention Facility**This is the sale of a former private prison that was acquired by San Bernadino. The facility reportedly needed $3MM in renovations, and had functional and design issues. It was later expanded with an adjacent facility that is managed by the GEO Group and used to house U.S. Immigrations and Customs Enforcement detainees.

**Sale 6 – Florence West Prison**This was a sale between private prison operators, and is currently managed by the GEO Group under a contract with the State of Arizona.

**Sale 7 – Phoenix West Prison**
Minimum-custody, privately operated prison operated by GEO Group under contract with state of Arizona. Specializes in housing inmates with substance abuse issues.

**C. Scenario II - Income Capitalization Approach**



**D. Scenario II - Sales Comparison Approach**



**Sale 1 – 10200 N. Lombard St, Portland, OR**This is the sale of a 1960s era manufacturing building that was previously home to Crown Cork & Seal. The facility has 11,715 square feet of office, heavy power, and is rail-served. The property sold in April 2016 for about $24 per square foot. After deducting the value of the underlying land from the sale price, the residual building value is about $5 per square foot.

**Sale 2 – 13635 N. Lombard St, Portland, OR**
This is the May 2015 sale of a concrete warehouse/distribution center constructed in 1990. The property was previously used as a distribution warehouse for Sealy mattresses, but was vacant at the time of sale. The listing flyer indicated the property is suited for either warehouse or manufacturing uses, however. The property sold for about $58 per square foot. After deducting the value of the underling land from the sale price, the residual building value is about $38 per square foot.

**Sale 3 – 3747 N. Suttle Rd, Portland, OR**This is the May 2015 sale of a 1960s era manufacturing/warehouse building located in the Rivergate submarket. The property was never on the market, and was purchased by the tenant. The price was reduced due to some contaminated soils that had to be removed. The property sold for about $46 per square foot. After deducting the value of the underling land from the sale price, the residual building value is about $16 per square foot.

**Sale 4 – 8826 N. Harborgate St, Portland, OR**This is the March 2015 sale of a heavy manufacturing building constructed in the late 1990s. The building is an example of a good quality, functional manufacturing facility. It was acquired by a local investor for the existing income stream. The property sold for about $75 per square foot. After deducting the value of the underling land from the sale price, the residual building value is about $54 per square foot.

**Sale 5 – 5000 N. Basin Ave, Portland, OR**This is the September 2014 sale of a warehouse/distribution building constructed in the 1950s-60s, that was in below-average condition at the time of sale. It was purchased by Premier Press, who invested a considerable amount in renovating the building. The property sold for about $38 per square foot. After deducting the value of the underling land from the sale price, the residual building value is about $25 per square foot.

**E. Estimated Conversion Costs**

