



# REAL ESTATE AUCTION

**ONE MILLION DOLLAR PRICE REDUCTION!**

**INVESTMENT OPPORTUNITY**

*59,798± Square Foot Office and Warehouse Complex*

*Leased to Mt. Hood National Forest Headquarters*

*Sandy, Oregon*

- *GSA lease expires October 31, 2019. Estimated monthly NOI of \$73,000*
- *Strategic location along Highway 26 within Enterprise Zone. Proximity to I-84 and I-205, and to both Portland and Vancouver*
- *Total of 220 parking spaces. Opportunity for additional development on 6.8± acres*
- *Seller financing available*



**Published Reserve: \$4,300,000**  
**Sealed Bids Due May 16, 2018**



# The Opportunity

The 59,798± square foot office and warehouse complex in Sandy, Oregon on a 6.8± acre site along Highway 26, within a 30 minute drive of Portland, is one of the largest commercial investment opportunities available for sale in the market and is leased by the General Services Administration (GSA). The building complex at 16400 Champion Way, adjacent to Fred Meyer retail center, has been leased to the Mt. Hood National Forest operational and business office since it was built in 1997.

The three story building complex has two levels of offices, basement with warehouse, and parking for 220. There is a total of 45,942± square feet of net rentable space with 37,084± square feet of office and 8,858± square feet of warehouse.

The GSA lease terminates on October 31, 2019 with a projected 16 month pro forma from July 1, 2018 to October 31, 2019 of a total net operating income of \$1,168,000 over this remaining term of the modified gross lease, or monthly NOI of \$73,000. The GSA and its consultant, Cushman & Wakefield, are currently evaluating relocation options due to the need to consolidate office and warehouse space for the U.S. Forest Service.

The seller has reduced the price by \$1,000,000 and has established a Published Reserve Price of \$4,300,000, or less than \$72 per square foot, with the added incentive of special short-term seller financing to accelerate a sale by June 30, 2018. Acquisition of the leased building complex at the \$4,300,000 Published Reserve Price provides a rare opportunity within the Portland/Vancouver market to obtain a 25% return on investment within sixteen months.

The office and building complex is located in both E-Commerce and Enterprise Zones, promoting financial incentives for new employment and investment in equipment from Clackamas County and State of Oregon. The City of Sandy has high speed optical cable providing a competitive location for business. Sandy, one of Oregon's fastest growing communities, is within proximity of both I-84 and I-205, with excellent access to Portland International Airport and port facilities in Portland, Oregon and Vancouver, Washington. Lower cost of housing and excellent schools have made Sandy an attractive location for families, as well as being an easy commute to employment centers in Gresham.

Light Industrial Zoning will allow a wide range of reuse options for the 59,798± square foot complex and 6.8± acre site, which could accommodate additional development of warehouse and flex space. The complex could be used as a corporate, religious, or educational campus, and could easily accommodate multiple tenants after investment to reconfigure the building.

Purchase of the 59,798± square foot office and warehouse complex leased to the U.S. Forest Service provides an exceptional opportunity for the buyer to obtain significant near-term income over sixteen months, providing time to evaluate reuse options as an investor, and prepare plans for an orderly relocation as a user, while reducing acquisition cost by up to 25%. In addition to price, the combination of size, location, special tax incentives, and flexibility of zoning creates a rare investment opportunity in the Portland metropolitan market.

**LAST ASKING:** \$5,300,000

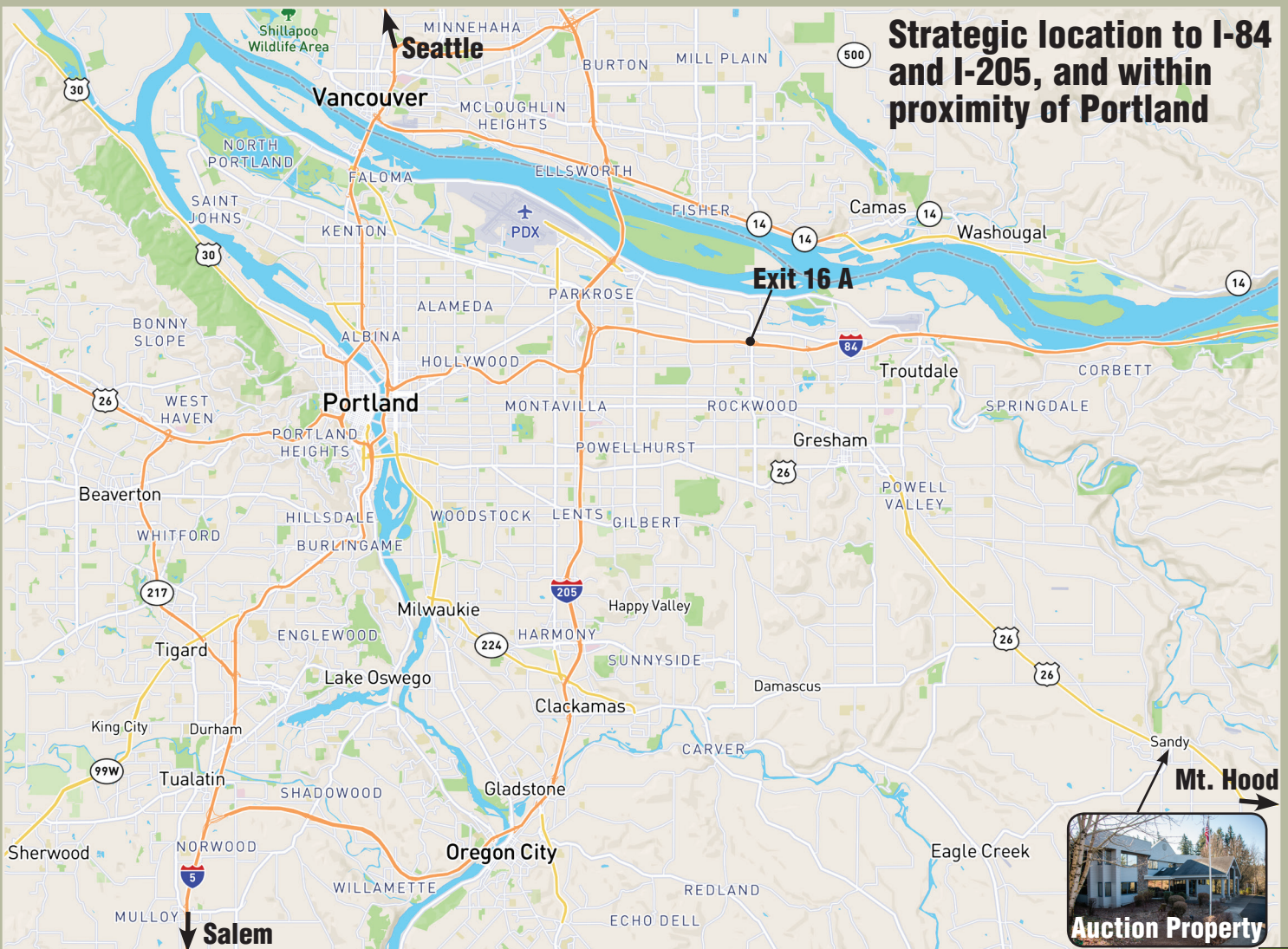
**PUBLISHED RESERVE:** \$4,300,000

**FINANCING:** Seller financing available subject to seller approval of purchaser's credit: A 30% down payment with monthly principal and interest payment of \$50,000 at 5.75%, all due and payable at the end of three years

**PROPERTY INSPECTION:** Dates and times have been set aside for inspections. Appointments are required - please call Auction Information Office to schedule. 1-800-845-3524

**SUPPLEMENTAL INFORMATION PACKAGE WITH BID DOCUMENTS:** The Supplemental Information Package with Bid Documents is available by contacting the Auction Information Office and signing a Confidentiality Agreement. A data site has been established for property documents. The package includes the following information:

- Maps, aerial and site photos
- Floor plans
- Environmental report
- City of Sandy and Clackamas County Enterprise Zone incentives
- Lease and supplements
- Conceptual sketch plans of reuse options for the property
- Preliminary title report
- Bid information:
  - Bid Instructions and Bid Form
  - Buyer Acknowledgement Form
  - Purchase and Sale Agreement
  - Credit Application for seller financing
  - Agency Disclosure
  - Broker Cooperation



## THE BUILDING COMPLEX

The 59,798± square foot building complex was built in 1997 and is located at the corner of Highway 26 and Champion Way, on 6.8± acres, with 635± feet of frontage along Highway 26 and 350± feet of frontage along Champion Way. The building complex is two levels of office space: the main level is accessed by the upper parking lot, and the lower level basement and warehouse are accessed by the lower level parking lot, which has secured parking for 200 cars.

The building was originally designed to accommodate Mt. Hood National Forest Headquarters, with its staff of



200. The foundation is poured reinforced concrete. The siding is HardiPlank, with masonry and wood facade. The flat roof is built-up composite. There is electric heat, and roof-mounted HVAC units.

Interior finishes are typical of government buildings built in the 1990s, with sheetrock walls, hard surface flooring of vinyl tiles, and carpet. The three-level building has: two floors, each with 18,560± square feet of office space, and lowest level, with 11,048± square feet of warehouse and 11,630± square feet of basement.

An elevator and two stairwells provide access to each level.





Warehouse with loading dock and roll-up doors

Lower level of complex has access from secured parking lot with covered parking for ten cars



Guest parking for 20 cars by main entrance off Champion Way



Multiple conference rooms with large conference space on main floor near reception



Large open work areas located on both floors of offices



Forest supervisor office on second level



Break room with kitchenette located on main floor, with access to outdoor patio



Exercise room located in daylight basement



11,048± square feet of warehouse space with ceiling height of 24 feet



Two roll-up doors and loading dock in warehouse

## OFFICE SPACE

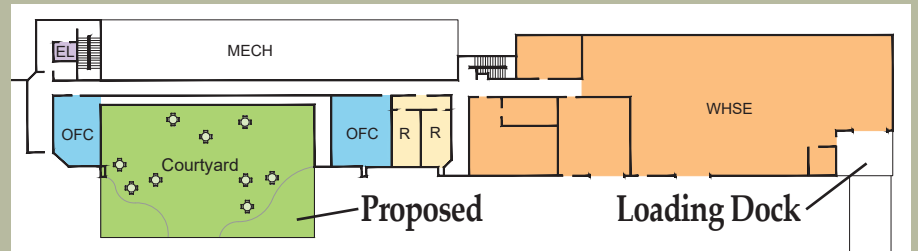
Main level has reception area and is fully built-out with multiple conference rooms, offices, large work areas, break room, and patio.



Second level has Forest Supervisor office, conference room, and a combination of medium to large work spaces and small offices. Two areas at east end of second floor could potentially accommodate a small expansion or use as a deck, using roof area from the main level.

## WAREHOUSE and BASEMENT

11,048± square feet of warehouse is located on lowest level, with loading dock and two roll up doors. There is a vehicle bay and storage with workroom at western end. Warehouse has ceiling height of 24 feet. Daylight basement area is adjacent to warehouse and has restrooms, exercise room, office, and large secured storage area containing the mechanical systems. Covered parking for ten cars is outside entry to basement and warehouse level. This area could be reused for other purposes.



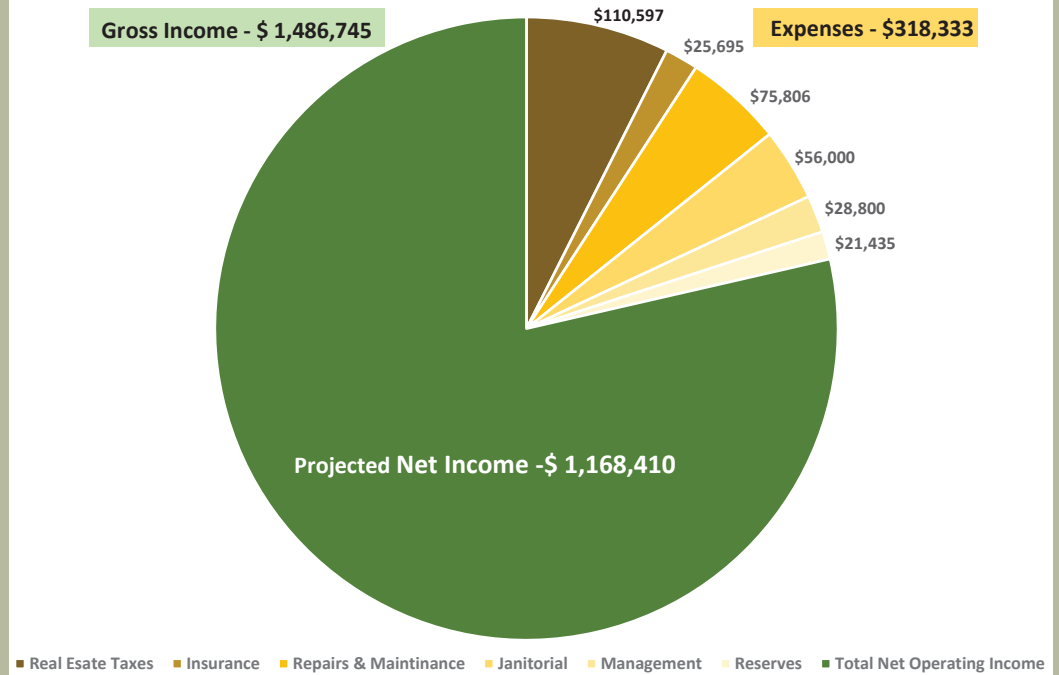
Warehouse space could be expanded to flex space for multiple users

## GSA LEASE

United States Government General Services Administration (GSA) has leased the property since January 1997, for a term of twenty years, which was subsequently extended to October 31, 2019. Current lease rate is \$78,869 per month through April 30, 2019, at which time the lease rate increases to \$106,478 per month until its expiration.

The modified gross lease is scheduled to generate from July 1, 2018 to October 31, 2019, an estimated \$1,168,000 Net Operating Income. Tenant is responsible for all utilities. Other expenses are responsibility of owner. Landlord/owner is reimbursed for real estate taxes in excess of \$38,557 base amount included in the lease rate. Lease documents are included in Supplemental Information Package.

## Projected 16 Month Pro Forma - July 1, 2018 to October 31, 2019



## ENTERPRISE and E-COMMERCE

Property is within Clackamas County Enterprise Zone and City of Sandy E-Commerce Zone, both of which provide financial and tax incentives for businesses locating, or expanding, within City of Sandy.

### Enterprise Zone

Businesses eligible for Enterprise Zone include manufacturers, processors, shippers and other trade-sector businesses, as well as call centers and headquarter facilities. Hotel and resort businesses are also eligible. There is property tax abatement for a period of from three to five years for new investments in building, construction and improvement, machinery and equipment.

### E-Commerce Zone

City of Sandy is one of fifteen cities within Oregon that has received E-Commerce Zone to encourage electronic commerce investments. There is a credit towards annual state income tax or corporate excise tax liability for investment in capital assets used in electronic commerce. Information pertaining to eligibility and incentives are found at [www.ci.sandy.or.us/local-incentives-for-business-in-sandy](http://www.ci.sandy.or.us/local-incentives-for-business-in-sandy) by contacting David Snider, Economic Development Manager, at 503-489-2159 or [dsnider@cityofsandy.com](mailto:dsnider@cityofsandy.com)

## ENVIRONMENTAL ASSESSMENT

The Seller had a Phase Environmental Site Assessment prepared in January 2017, by Alpine Environmental Consultants, LLC. Based on the report, the property does not have any recognized environmental conditions. Report is part of Supplemental Information Package with Bid Documents.

### Zoning

The property is zoned I 2 – Light Industrial. A wide range of manufacturing, assembly, automotive, retail, and self-storage uses are allowed, along with a variety of community services which include academic, religious, community centers and government buildings. Zoning and contact information for City of Sandy is included in Supplemental Information Package.

### Utilities

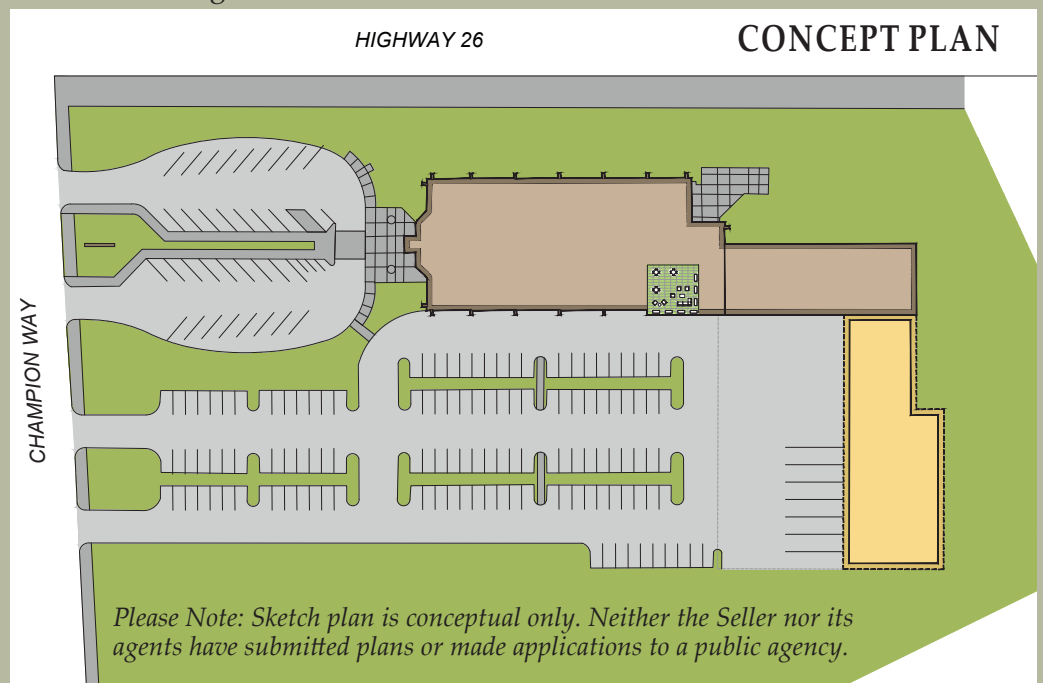
The complex is serviced by all utilities.

### Gigabit Fiber

High speed internet service is available from SandyNet, City of Sandy municipal-owned internet provider.

### Taxes

Total 2017 real estate taxes were \$81,164. Property Taxes are reimbursed to seller by tenant.



*Opportunity to develop additional warehouse or flex-space to provide re-use options for building complex*



## TERMS AND CONDITIONS OF THE AUCTION – CATALOG 1802-#100

### REALTY MARKETING/NORTHWEST AUCTION INFORMATION OFFICE

Oregon Office:  
522 S.W. 5th Avenue, Suite 725  
Portland, OR 97204

#### Phone:

Portland Metro Area (503) 228-3248  
Toll-free (800) 845-3524  
Facsimile (503) 242-1814

#### Email:

info@rmnw-auctions.com

### SUPPLEMENTAL INFORMATION PACKAGE

A Supplemental Information Package with Bid Documents, which includes all pertinent data provided by the seller, is available by contacting the Auction Information Office and signing a Confidentiality Agreement. A data site has been established for property documents.

### PUBLISHED RESERVE

This property is offered with a Published Reserve of \$4,300,000. This means that when the bidding reaches or exceeds the amount of the Published Reserve, the Seller is committed to sell the property to the high bidder. Should the bidding fail to reach the amount of the Published Reserve, Seller reserves the right to accept, counter or reject the high bid no later than five business days following the Auction.

### BID PROCESSING AND CLOSING

Sealed Bids are due May 16, 2018 by 5:00 p.m. Bid must be accompanied by a certified or cashier's check in the amount of Two Hundred Fifty Thousand Dollars (\$250,000), made payable to Ticor Title Company. Prior to making a bid, refer to the Supplemental Information Package with regard to customary closing costs including, but not limited to, recording fees, normal prorations, title fees, transfer and/or excise taxes (if applicable), sales tax on personal property (if applicable), local improvements and irrigation district assessments (if applicable), and document preparation fees. Buyers will be responsible for any real estate compensation taxes or rollback taxes and penalties as a result of a change in use or designation of the property including, but not limited to, a change from open space, agriculture, forest or recreation land. Due diligence must be completed prior to bid submission.

Bidders will be notified of acceptance or rejection of bid no later than May 23, 2018. Earnest money deposit from the successful bidder will be considered earned and becomes non-refundable liquidated damages in the event of Buyer default.

Unsuccessful bidders' earnest money will be returned within three business days of Seller's rejection.

Closing of the transaction will be no later than June 29, 2018.

### FINANCING

Seller financing available subject to seller approval of purchaser's credit: A 30% down payment with monthly principal and interest payment of \$50,000 at 5.75%, all due and payable at end of three years.

### COOPERATING BROKERS

Broker cooperation is invited. A commission of 1.5% will be paid to the real estate agent whose Buyer closes on the purchase of the Auction Property located at 16400 Champion Way in Sandy. The real estate agent must be a broker currently li-

censed by his/her state of residence or a salesperson licensed under such broker. Cooperating broker commission will be paid only upon close of escrow. Cooperating brokers will not share in any payment of liquidated damages.

Buyers must register their real estate agent on the Sealed Bid Form.

No real estate agent will be recognized for a Buyer where that Buyer has previously contacted, or been contacted by, the Seller, or Realty Marketing/Northwest, concerning the Auction Property purchased. No commission will be paid to any real estate agent participating as a principal in the purchase of the property. The commission will be earned and paid only upon the full and final closing by the Buyer on the conveyance of the property and the receipt of the full purchase price by Seller. No exceptions to this procedure will be made.

### ADDITIONAL CONDITIONS

(A) No claim will be considered for allowance, adjustment or rescission based on failure of property to correspond to any particular expectation or standard (except the Preliminary Title Report).

(B) Title insurance is available for the property, ensuring the title of such property to be in fee simple, subject to no encumbrances except for current taxes and assessments, easements, rights-of-way, reservations, covenants, conditions and restrictions of record, purchase money financing and printed exceptions in the standard form Owner's Title Policy. A copy of the Preliminary Title Report for each property is included in the Supplemental Information Package.

(C) To the extent permitted by law, properties will be sold "As Is". Prospective buyers should examine the property and all supporting documentation carefully. Each bidder is responsible for evaluating the property and shall not rely on the Seller or sales agents. Buyer will take possession at close of escrow.

(D) Sizes and square footages set forth for the property are approximations only, based on the best information available, but the actual sizes and square footages may be different. All sketch plans are conceptual in nature and neither Seller nor its agents have submitted plan or made applications to any public agency.

(E) Agency Disclosure. The listing broker, Realty Marketing/Northwest, represents the Seller in this transaction.

(F) Seller has the right to postpone or cancel the Auction in whole or in part, at its sole discretion, and to modify or add any terms and conditions of sale.

(G) Offer void where prohibited. Catalog will not be mailed to residents of any state for which this offering is not in compliance with the real estate laws or other laws of that state.

(H) The information contained herein has been gathered from sources deemed reliable; however, Realty Marketing/Northwest makes no warranties expressed or implied as to the accuracy of the information contained herein.

### Need Help?

Realty Marketing/Northwest prides itself on the quality of its service. If at any time you need special assistance, please contact John Rosenthal, President at (800) 845-3524 or (503) 224-1906.

Auction Conducted by Realty Marketing/Northwest, Broker

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