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| Improvement Description |

**Property Name:** ${property\_name}

**General Description:** Two-story, multi-tenant, ${bclass} office building; built in ${yearb}, wood-frame construction with brick veneer. Average quality / condition .

**Building Area:**

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|  | **Gross**  **Building** | **Net**  **Rentable** |
| **Building Component** | **Area (SF)** | **Area (SF)** |
| Main Level | ${footprint} | ${f1nra} |
| Upper Level | ${floor2} | ${floor2nra} |
| Finished Basement | ${basegba} | ${basenra} |
| **TOTAL GBA / NRA** | **${gba}** | **${nra}** |

The building area calculations are based on county records, with verification based on our physical inspection and measurement.

Note that the gross building area (GBA) differs from the building net rentable area (NRA) as a result of (2) vertical penetrations observed during the appraiser’s inspection (the main stairwell and a small chase void). These are detailed in floor plan schematics and an appraiser’s sketch presented following this section.

Further note that while of estimate of the subject’s GBA matches the county and the listing broker, the appraiser’s estimate of the individual office suite / total NRA is slightly different. We did not have sufficient confidence in the rent roll provided by the listing broker, nor the floor plan provided. Therefore, we will rely upon our estimates of NRA as more accurate for purposes of this assignment.

Overall, the project has an efficiency ratio of 96.8% (NRA ÷ GBA), which is within the range for typical multi-tenant buildings. However, based on our calculations, the subject’s net usable office suites (4,370 SF NUA) require a total load factor of 32.5% to arrive at the total NRA (${nra} SF). This is well above the market standards of 10% to 20% for most suburban office properties. This would suggest the current interior configuration may not be fully functional relative to the market, though the feasibility of such a reconfiguration lies outside the scope of this assignment. In any event, this above-market load factor has been taken into account in our analysis and estimations of market rent later in the Income Approach.

**Site Configuration:** The two-level building is situated perpendicular to the SW 72nd Avenue and occupies the north portion of the site. The subject parking area forms the south / front portion and is accessed via an upward sloping, asphalt paved driveway on the northwestern boundary of the property. The building is semi-rectangular. The main level entry is along the south side of the building facing the parking lot.

**Interior Layout:** Main Level: The main entry leads to a lobby. There are several private office suites along the south, west and north walls. Two single-user restrooms are located in the NWC of the building. Intra-floor access is provided by an interior stairwell along the south / front elevation just off the entry lobby. Note that we were not able to inspect office Suite 101 (currently occupied by a medical tenant), and therefore do not have an accurate concept of any interior partitioning of this office area). This suite is assumed to include minor partitioning with private exam rooms.

Upper Level: The upper level floor plan mimics the main level with private, single-room offices along the perimeter of a main hallway. Two single-user restrooms are also located in the NWC of the upper level, stacked on top of the main level restrooms. Note that we were not able to inspect office Suite 201 (currently occupied by a law firm tenant), and therefore do not have an accurate concept of any interior partitioning of this office area). This suite is assumed to include minor partitioning with private offices.

**Exterior Finishes:** Wood-frame construction with full brick veneer exterior. The foundation is a concrete slab. There are double pane, vinyl frame windows along the building exterior. Entry doors are storefront glass in metal frame with a metal door in metal frame emergency exit door located on the rear / north elevation on the main level. The roof of the building is a multi-hip design with a good quality, asphalt shingle roof cover over insulation.

**Interior Finishes:** The building has average quality interior finishes with 9’ ceilings on the main level and 9’ on the upper level. The floor covering is a combination of low cost commercial carpeting and stone in the main entry lobby. The restrooms include tile flooring. Interior walls are textured drywall. Ceilings have drop-grid acoustic ceiling tiles in the main and upper level office suites, plus painted drywall or hard cap ceilings in the common areas. Interior doors are wood within wood frames and wood baseboard trim throughout. Lighting consists of flush mount fluorescent light fixtures in the office suites, plus incandescent can light fixtures in the common areas. The building has installed window AC units for each suite (screened by black louvered panels – considered below average in quality), with central heating. However, Suite 101 has been upgraded by (3) ground-mounted air conditioning units located on the rear / north exterior of the building. There are (4), over-sized single-user restrooms (2 on the main level / 2 on the upper level); each with a toilet and sink.

**Fire Sprinklers:** None.

**Site Improvements**

**and Landscaping:** The subject has been heavily improved with elevated retaining walls to counteract the sloping nature of the property. There is significant landscaping along the west, and south boundaries and around the perimeter of the parking lot. Landscaping beds have been raised along the west property line and SWC of the parking lot. The landscaping consists of trees, shrubbery, and ground cover as well as a grass lawn near the site entry. Additionally, a stone accent wall lines at the site entry to supply business signage. The remainder of the site is asphalt-paved parking area with an asphalt paved parking lot with sloped access drive from SW 72nd Avenue and cement walkways which includes an ADA ramp. Ample lighting is provided in the parking area by metal halide, metal light poles. Finally, there is a trash enclosure (14’ x 17’) with wood fencing along the south side of the parking lot.

**Fire Sprinklers:** None

**Site Improvements**

**and Landscaping:** The building footprint backs to the rear / north property line. The paved asphalt parking lot is situated in the southwest corner of the site. There is average quality landscaping around the perimeter of the building which includes an inground irrigation system.

**Interior and**

**Exterior Condition:** Overall, the subject is in average, adequately maintained condition with no significant deferred maintenance observed. However, it is noted that minor items of deferred maintenance were observed during our inspection– primarily need is the replacement of the existing low cost carpeting with minor interior painting likely required.

According to information provided by the owner, after purchasing the property they spent $492,049 ($154.73 per SF GBA) on fully renovating the interior and exterior of the subject in 2017. Email correspondence documenting this estimate from the owner is contained in the Addenda of this report.

**Year Built (Remodeled):** ${yearbuilt}

**Actual / Effective Age:** The existing subject was constructed in ${yearb} (35 years) and was renovated in 2017. The overall effective age is estimated at 10 years.

**Economic Life:** 50 years (±40 years remaining, assuming prudent regular maintenance).

**Site Coverage Ratio:** ${siteprim} (${footprint} SF Footprint ${primsf} SF Land Area)

**Land-to-Bldg. Ratio:** ${landprim} to 1 (${primsf} SF Land Area ${gba} SF GBA)

**Parking:** The subject has ${pspaces} delineated surface parking spaces at the east end of the site. This infers a parking ratio of ${pratio} NRA. Market parking standards for Class C suburban office buildings range from 3.0 to 5.0 spaces per 1,000 square feet of net rentable area. Therefore, the subject is concluded to be slightly under-parked for a typical office use, however, there is off-site parking along SE 6th Avenue. Furthermore, the subject’s low-end parking ratio is typical for the highly built-up nature of the immediate neighborhood, where parking tends to be scarce for most commercial properties.

**Utility:** The subject improvements are of overall average Class C quality in average, well maintained condition (except for noted items of deferred maintenance) and is generally functional design for office use by multiple tenants / occupants. Overall, the building is considered to compete adequately in the general office markets of the suburban SW Portland metro area.

Note that the current interior configuration of the subject does not wholly lend itself well to single-tenant occupancy; either on each level, or for the entire building. This is evidenced by the above-market load factor noted at 32.5%. A more efficient interior layout might be possible with the consolidation of space on each level (ideally one tenant per floor, or one tenant for the entire building). However, this would require significant interior re-partitioning of the interior suites to reduce the large amount of common area space that currently exists within the building (especially the main level).

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| **Site Plan** |
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| **Floor Plan** |
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| **Elevations** |
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| **Appraiser Sketch** |
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