

THE ROBERTSON BUILDING

1215-1241 State Street, Salem, OR



TABLE OF CONTENTS

01
EXECUTIVE
SUMMARY

02
FINANCIAL
SUMMARY

03
BUILDING
TENANCY

04
MARKET
OVERVIEW



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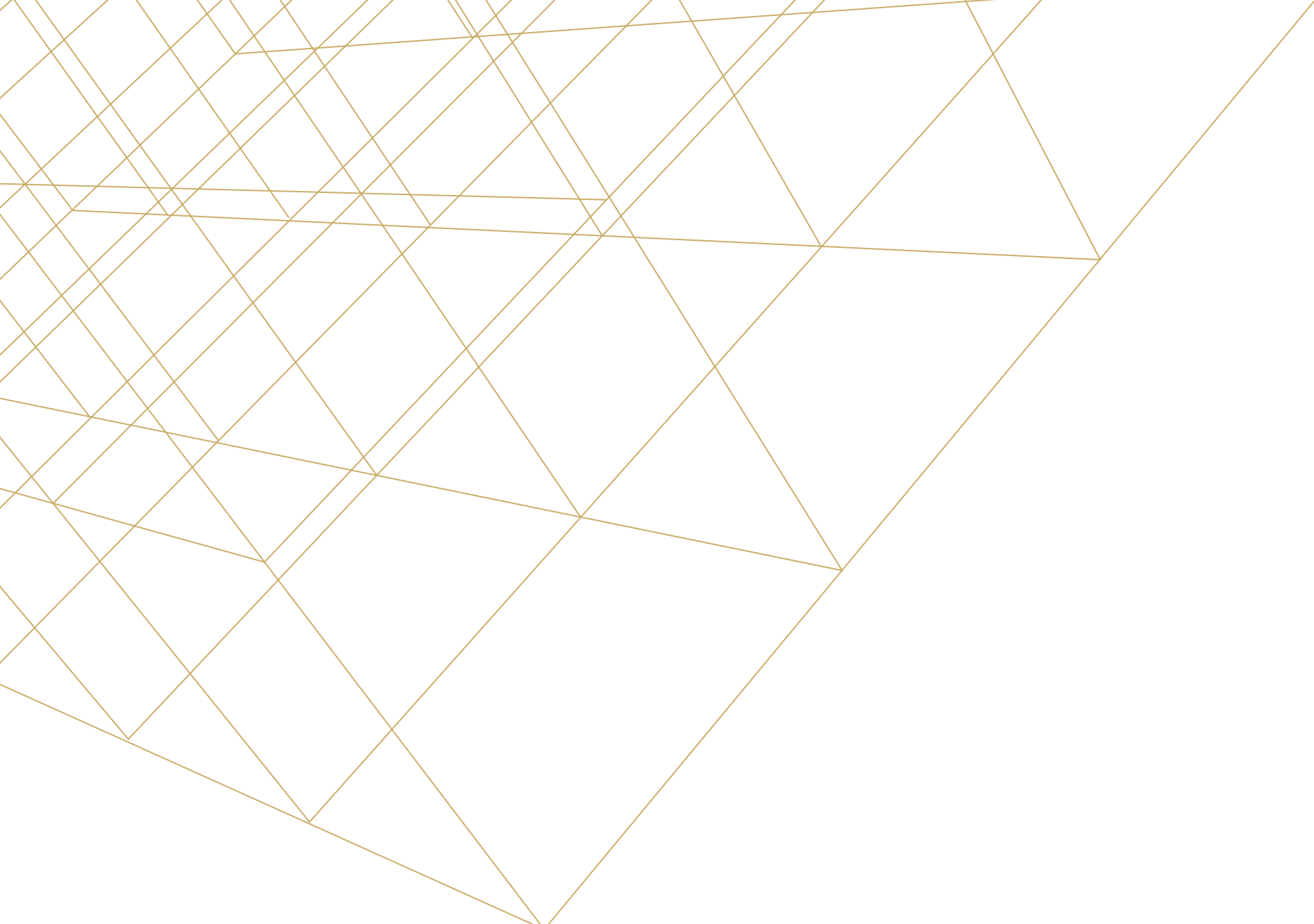
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01

**EXECUTIVE
SUMMARY**



EXECUTIVE SUMMARY

Kidder Mathews is pleased to present the Robertson Building for sale in the Capitol Mall District of Salem, Oregon.

THE OFFERING

The Robertson Building is a four-story, with lower level, 77,384-square foot, office building that is 100% leased to the State of Oregon and the Department of Justice. The building and site are strategically located in the Capitol Mall District, a several block area surrounding the State Capitol Building.

RECENT UPGRADES

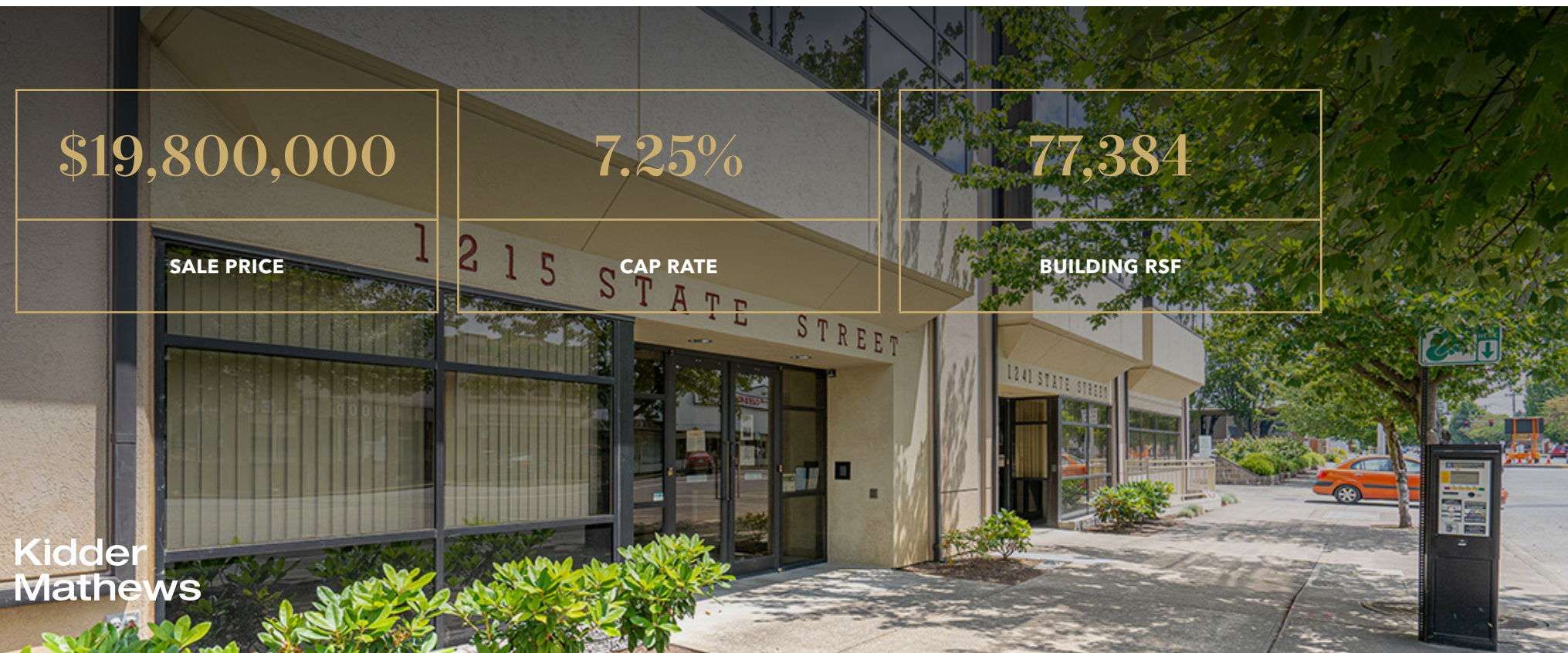
OVER \$2M in capital improvements from 2018-2020 including new HVAC in Robertson 1, roof upgrades to the majority of the building, South and West walls. Full building was recently painted.

2017/2018 the Judicial Department replaced all flooring and paint throughout their suite

OCT 2019 the Department of Justice installed new walls, doors and electrical on floors 3 and 4

PROPERTY OVERVIEW

Address	1215-1241 State Street, Salem, Oregon
Property Type	Class A office building
Year Built	This property was built in two phases in 1996 & 1997
Square Feet	77,384 RSF
Site Area	17,563 SF
# of Tenants	Two
Tenancy	Phase I (1996) State of Oregon's Dept of Justice - 49,753 SF Phase II (1997) State of Oregon's Judicial Dept - 18,349 SF State of Oregon's Dept of Justice - 9,282 SF



\$19,800,000

SALE PRICE

7.25%

CAP RATE

77,384

BUILDING RSF

Kidder Mathews

FINANCIAL HIGHLIGHTS

Price	\$19,800,000
Occupancy	100%
Net Operating Income	\$1,432,549
Cap Rate	7.25%
State of Oregon Credit Rating	AA+



INVESTMENT HIGHLIGHTS

CAPITOL MALL LOCATION

The Robertson Building is located in the Capitol Mall District, a several-block area surrounding the State Capitol Building. The Capitol Mall houses the largest concentration of government tenants in the state. The Robertson Building is strategically located adjacent to the Justice Building and State Supreme Court, and one block east of the State Capitol Building. Willamette University, one of the Northwest's premier private schools, borders the Capitol Mall and Robertson Building to the south, giving the area a vibrant campus feel.

100% LEASED TO GOVERNMENT TENANTS

The State of Oregon (S&P AA-) Justice and Judicial Departments lease 77,384 SF on the net basis under three separate leases.

ANNUAL RENTAL INCREASES

The current leases provide for annual rental increases of 3%. The combination of location, tenant stability, growing rent, and long-term leases presents an exceptional investment opportunity.

GOVERNMENT STABILITY

Salem, the state capitol and county seat, is dominated by government tenants, with over 58 government agencies calling Salem home. In total, there are 39,600 government employees in the Salem MSA as of 2017. The heavy concentration of government tenants, combined with government's seemingly perpetual growth, provides the Salem office market with a high level of stability, thus reducing investment risk.

LONG-TERM TENANCY

The existing government tenants have occupied the property since it was constructed for them in 1996 and 1997, and the building continues to serve their needs very well.

STATE MORATORIUM ON

The State of Oregon initiated a moratorium on facility relocation in 2003, which largely remains in effect today. The moratorium requires that agencies considering a move must undergo a cost/benefit analysis taking into account rent, operating costs, tenant improvements, and all related moving and relocation expenses. Based on the location of the Robertson Building and lack of competitive property, this building has several inherent advantages that makes future relocation of the government tenants difficult to justify.

NEARBY AMENITIES

Located in the heart of government, business, and educational activity, the Robertson Building offers access to numerous nearby amenities, including mass transit, restaurants, banks, and other retail locations.

STRONG OFFICE LEASING

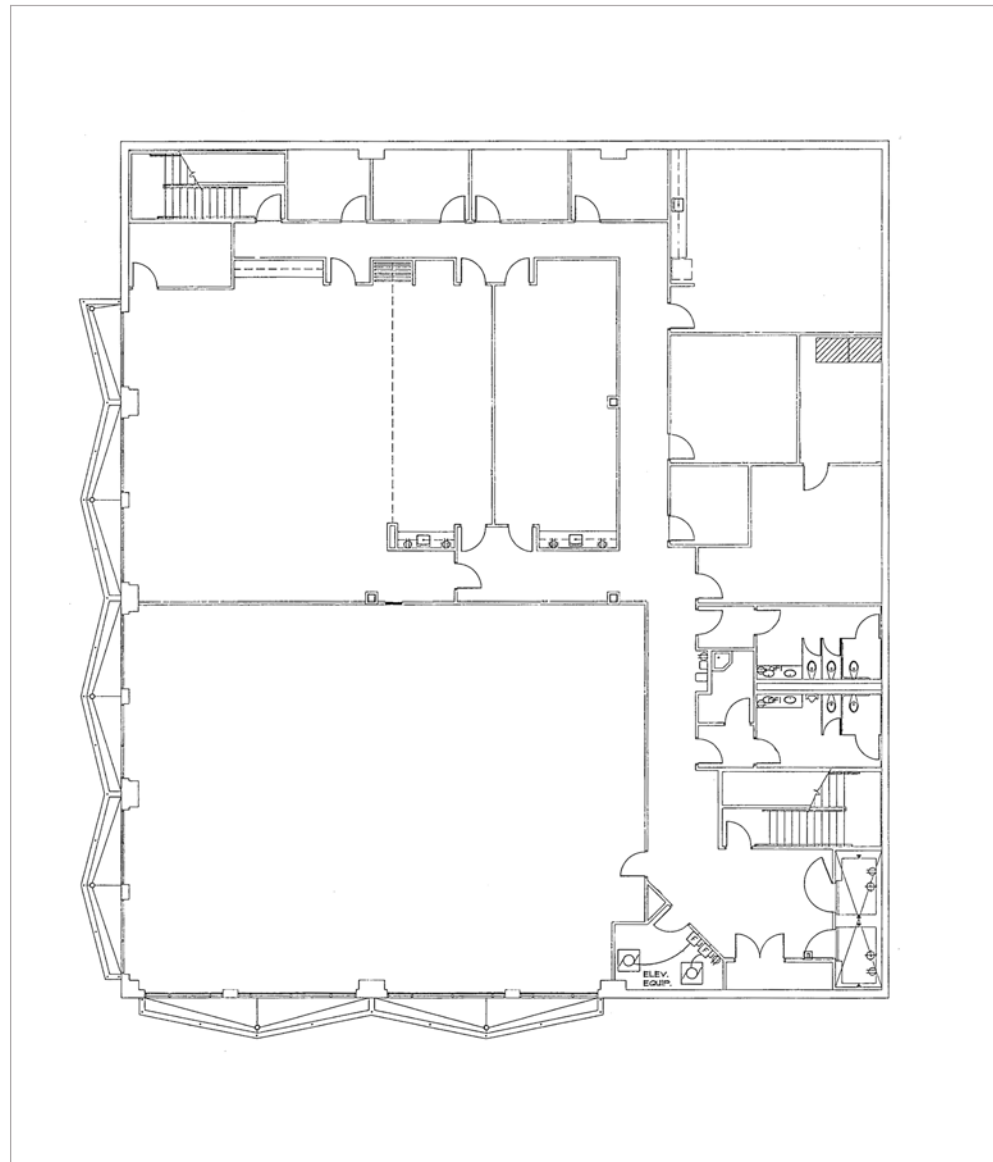
At the beginning of Q2 2020, the vacancy rate for office space in Salem stood at a low 4.4%, from 4.9% at the beginning of Q2 2019. With very little new product coming to market, the rates should improve even further over the next few years.



LOWER LEVEL FLOOR PLANS

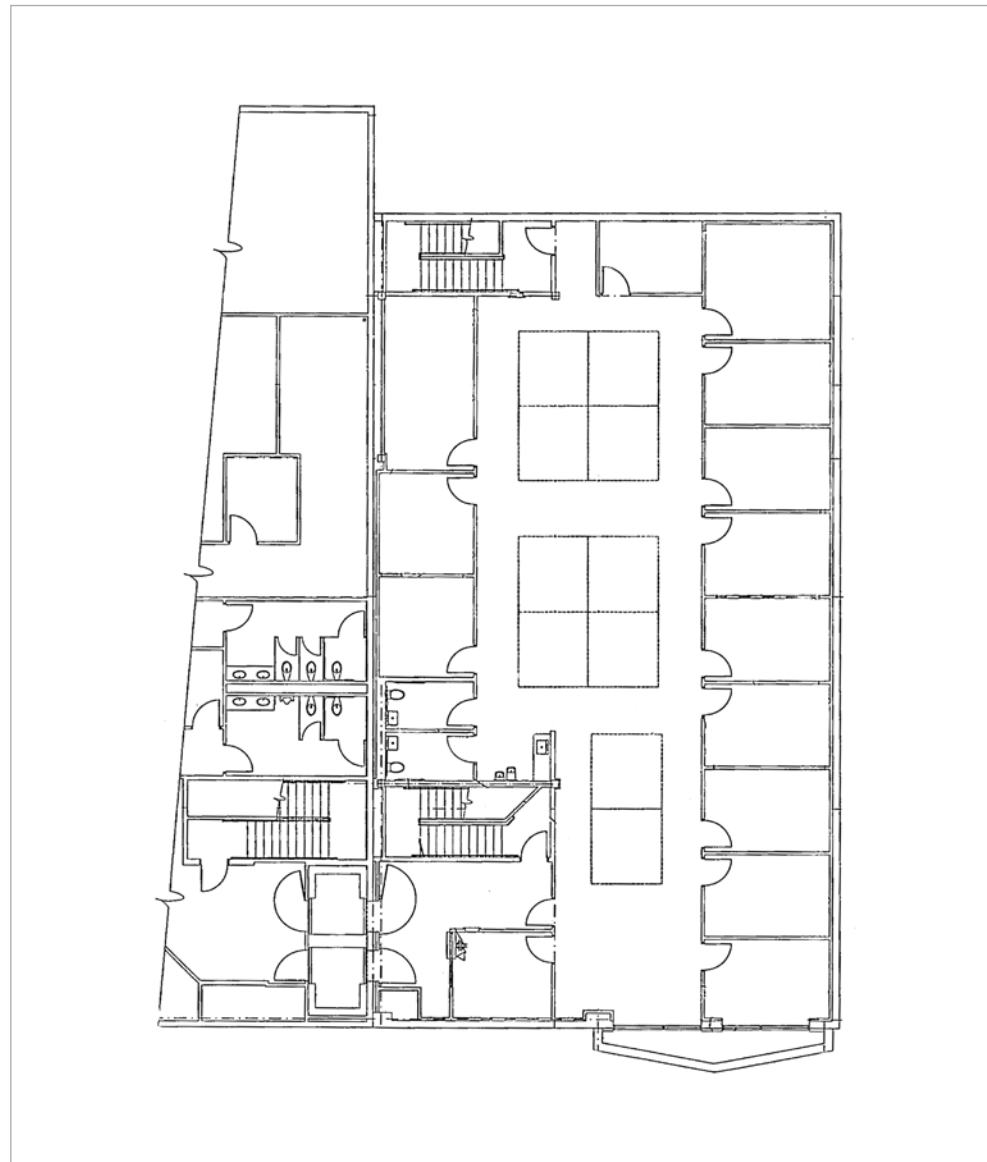
1215 STATE STREET

Department of Justice



1241 STATE STREET

Department of Justice



TENANT SUMMARY

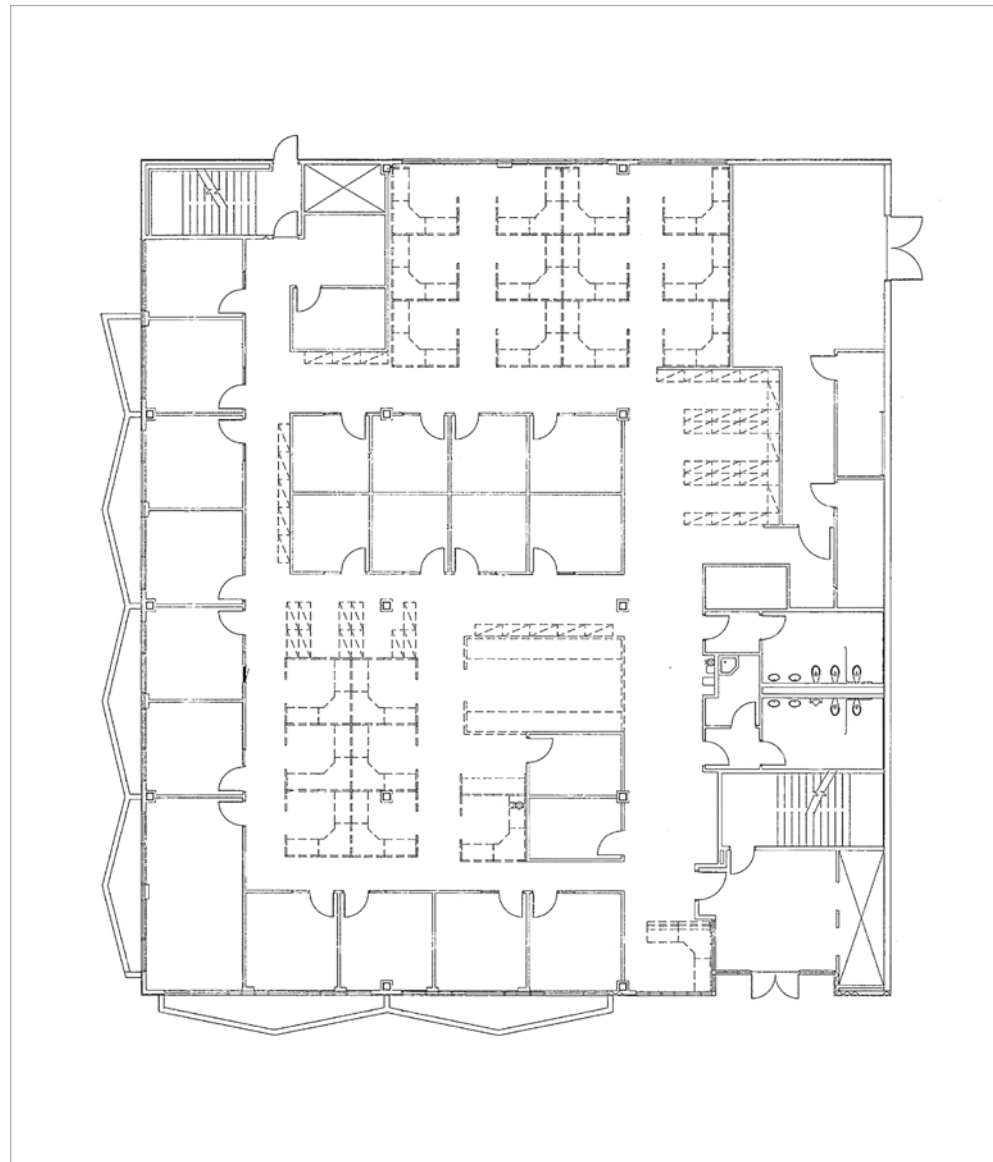
State of Oregon Department of Justice

The Oregon Department of Justice (DOJ), headed by the Oregon Attorney General (currently Ellen Rosenblum), is the main legal branch of the government of the U.S. state of Oregon. The DOJ is part of Oregon's executive branch, and most of its employees work in Oregon's capital, Salem. Employing about 1200 employees statewide, the department's biennial budget is approximately US\$280 million. The DOJ provides legal counsel to the state anytime Oregon is a party or has an interest in a civil action or other legal proceeding. As ordered by the Oregon State Legislature, the Department of Justice is also tasked with running programs concerning child support payments, charitable activity enforcement, district attorney assistance, crime victim compensation, and protecting consumers.

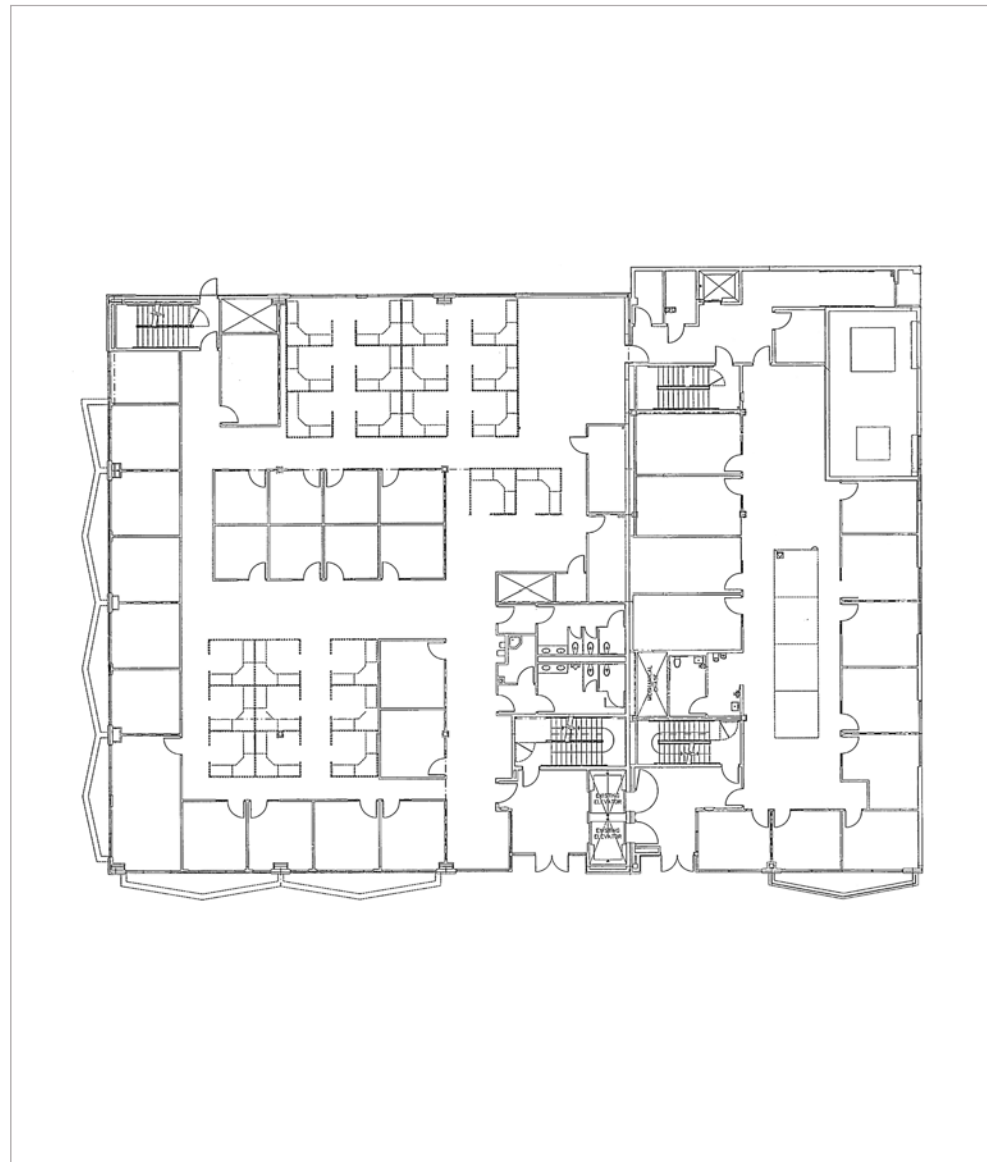


MAIN LEVEL FLOOR PLANS

1215 STATE STREET
Department of Justice



1241 STATE STREET
Department of Justice



1241 STATE STREET



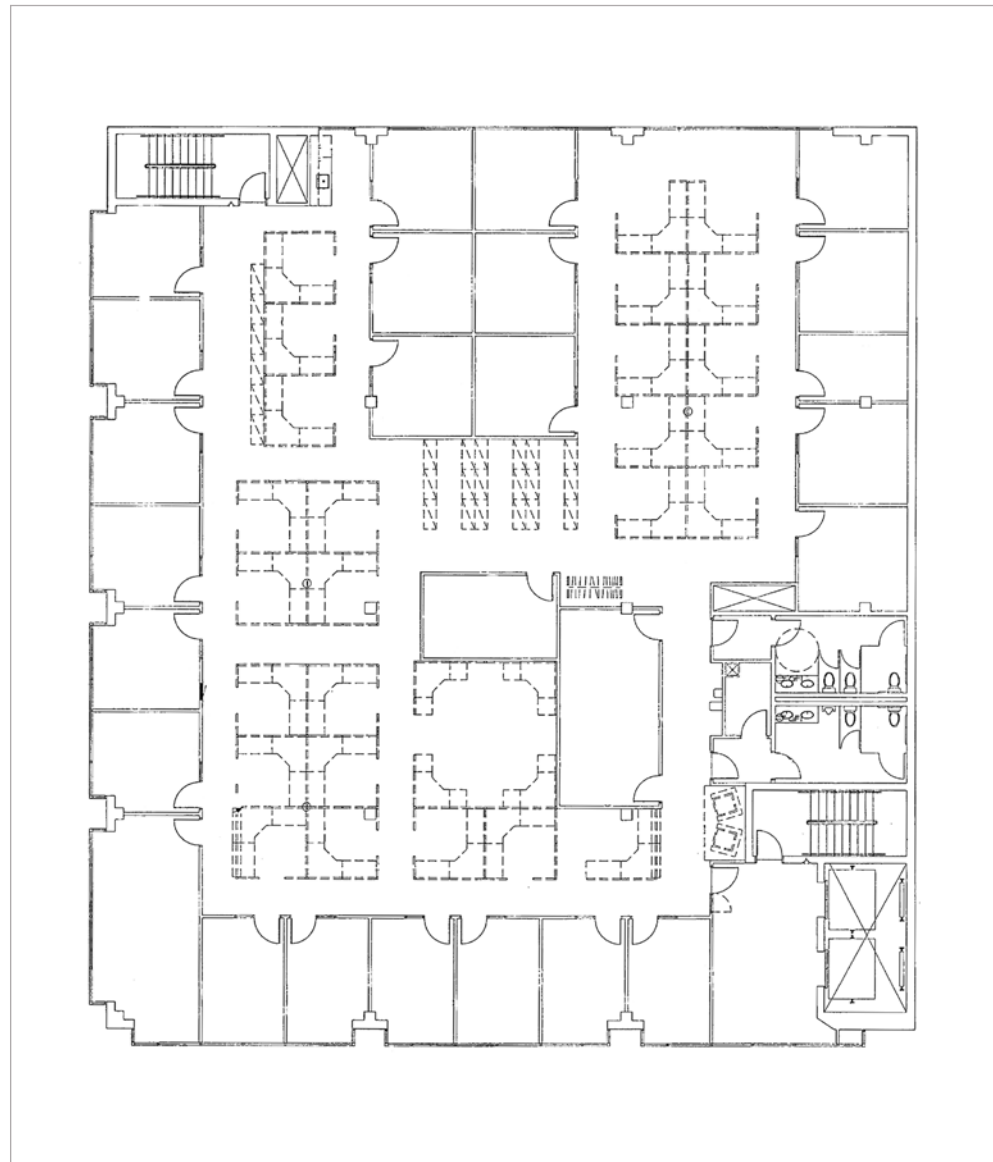
1241 STATE STREET



SECOND LEVEL FLOOR PLANS

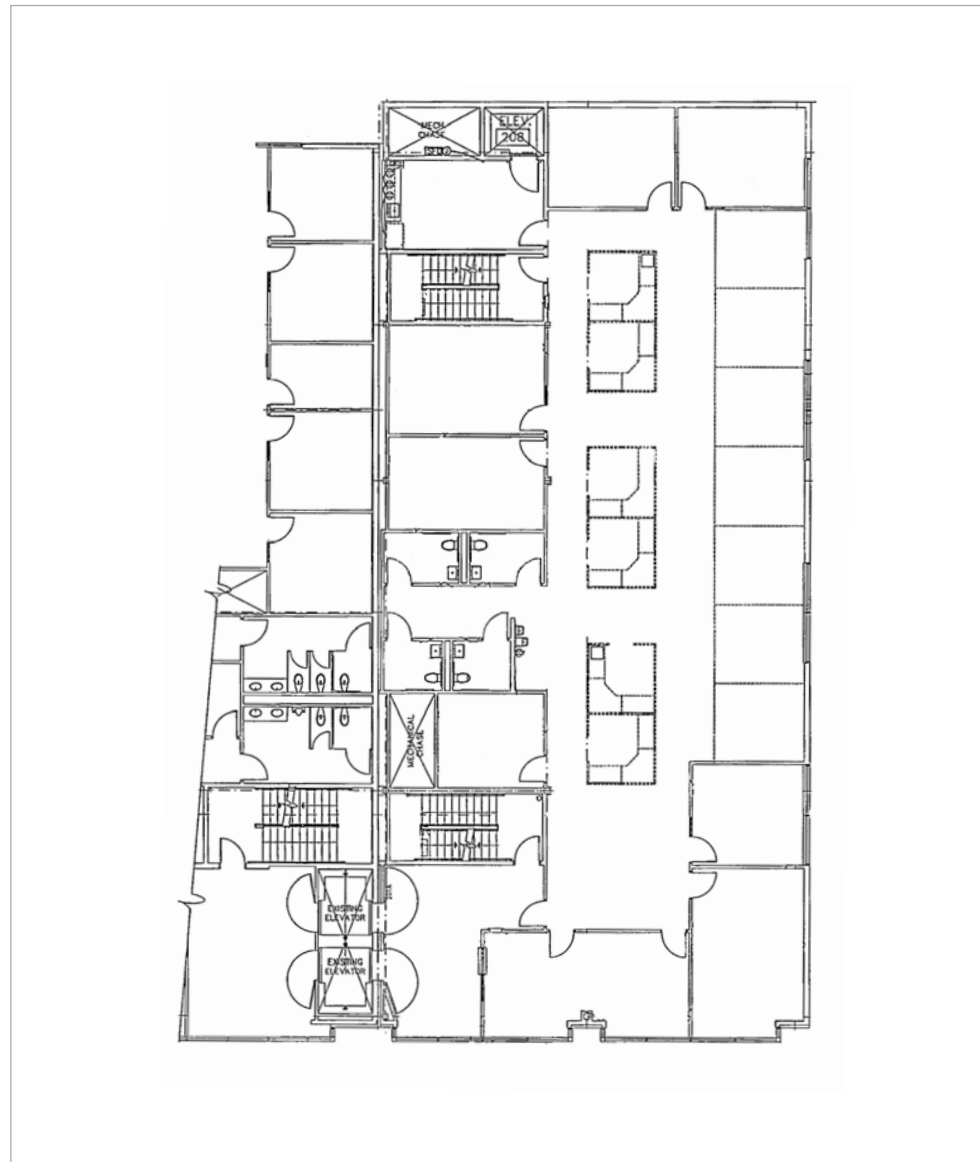
1215 STATE STREET

Department of Justice



1241 STATE STREET

Department of Justice



TENANT SUMMARY

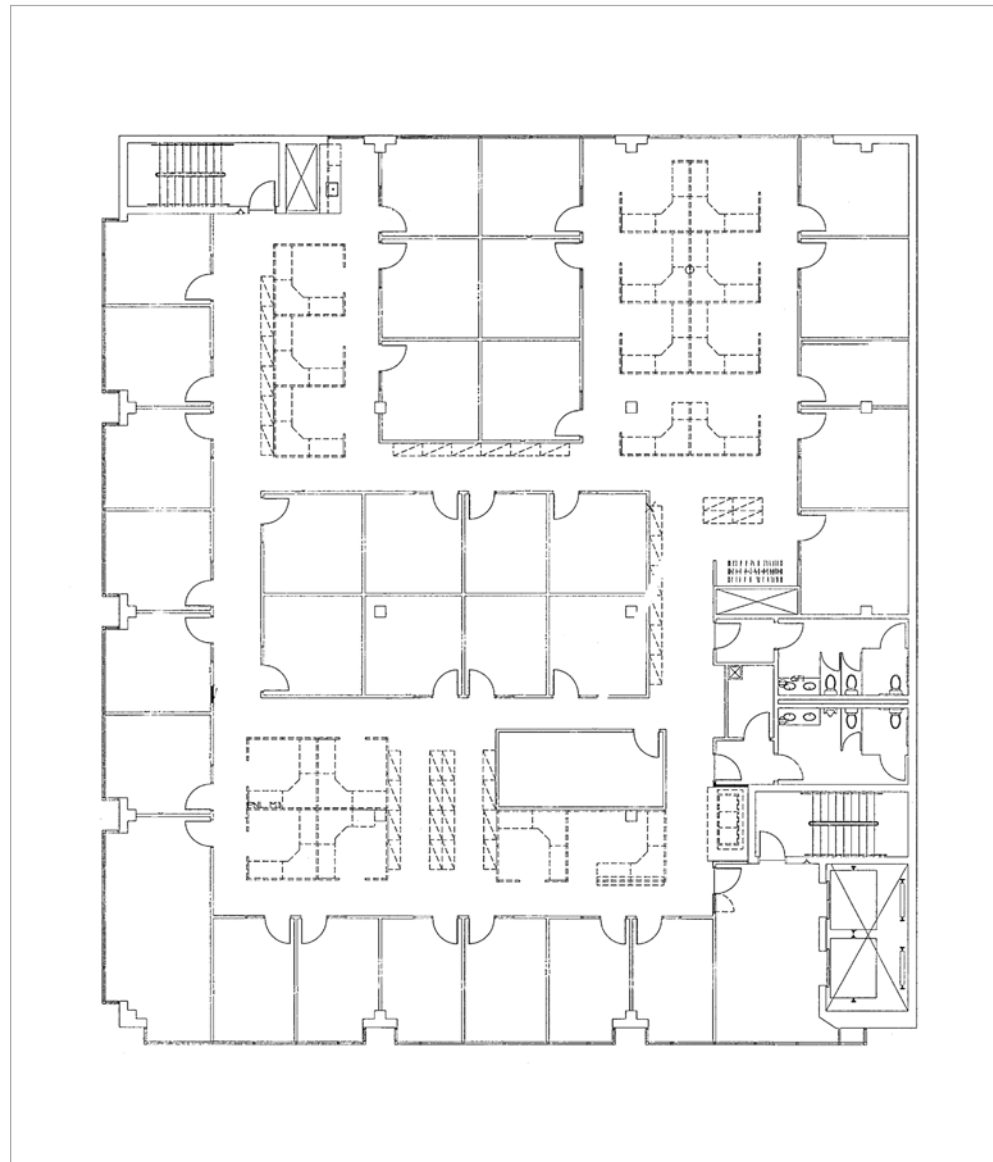
State of Oregon Judicial Department

The Oregon Judicial Branch is a unified system of state circuit courts (trial courts), appellate courts (Oregon Supreme Court and Oregon Court of Appeals), and the Tax Court, known together as the Oregon Judicial Department (OJD). Its judges have the responsibility to enforce the rule of law by deciding criminal, civil, family, and other types of legal disputes; to interpret and apply the state and federal constitutions and statutes in decisions on cases; and to hold hearings and trials throughout the state. The role of the state courts is to ensure that all Oregonians receive fair and accessible justice by providing due process (respecting all legal rights that are owed to a person), protecting individual rights, and preserving community welfare.

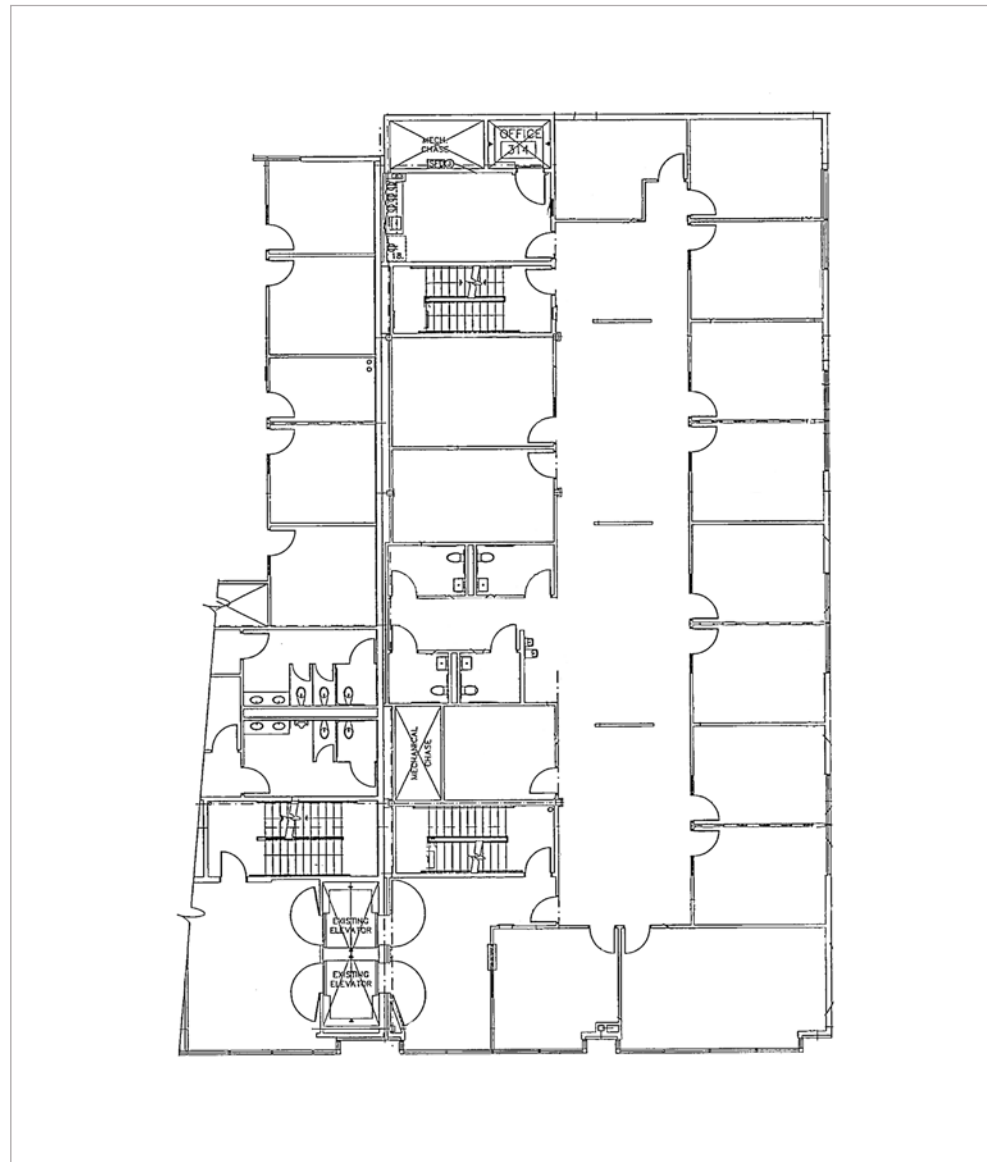


THIRD LEVEL FLOOR PLANS

1215 STATE STREET
Department of Justice



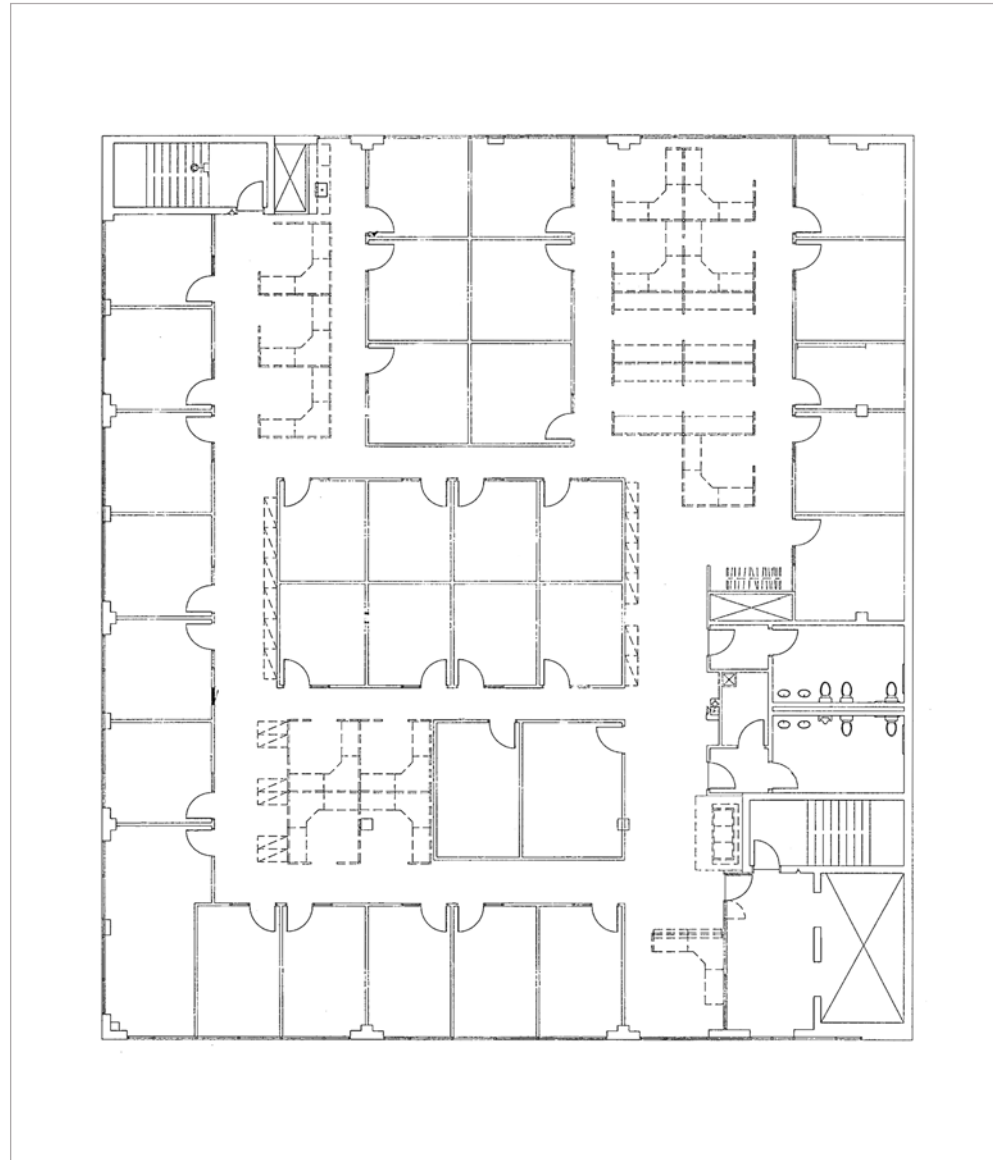
1241 STATE STREET
Judicial Department



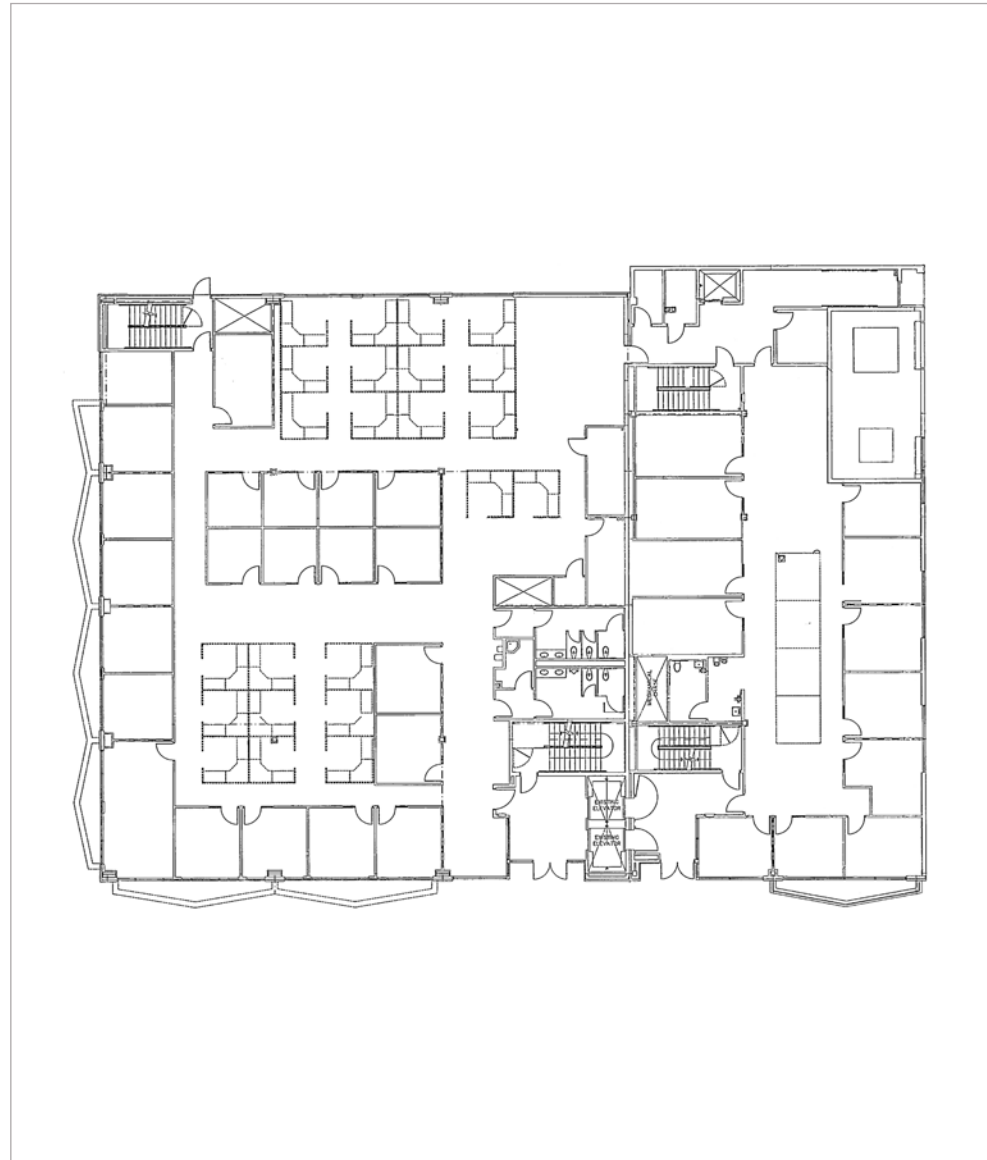


FOURTH LEVEL FLOOR PLANS

1215 STATE STREET
Department of Justice



1241 STATE STREET
Judicial Department



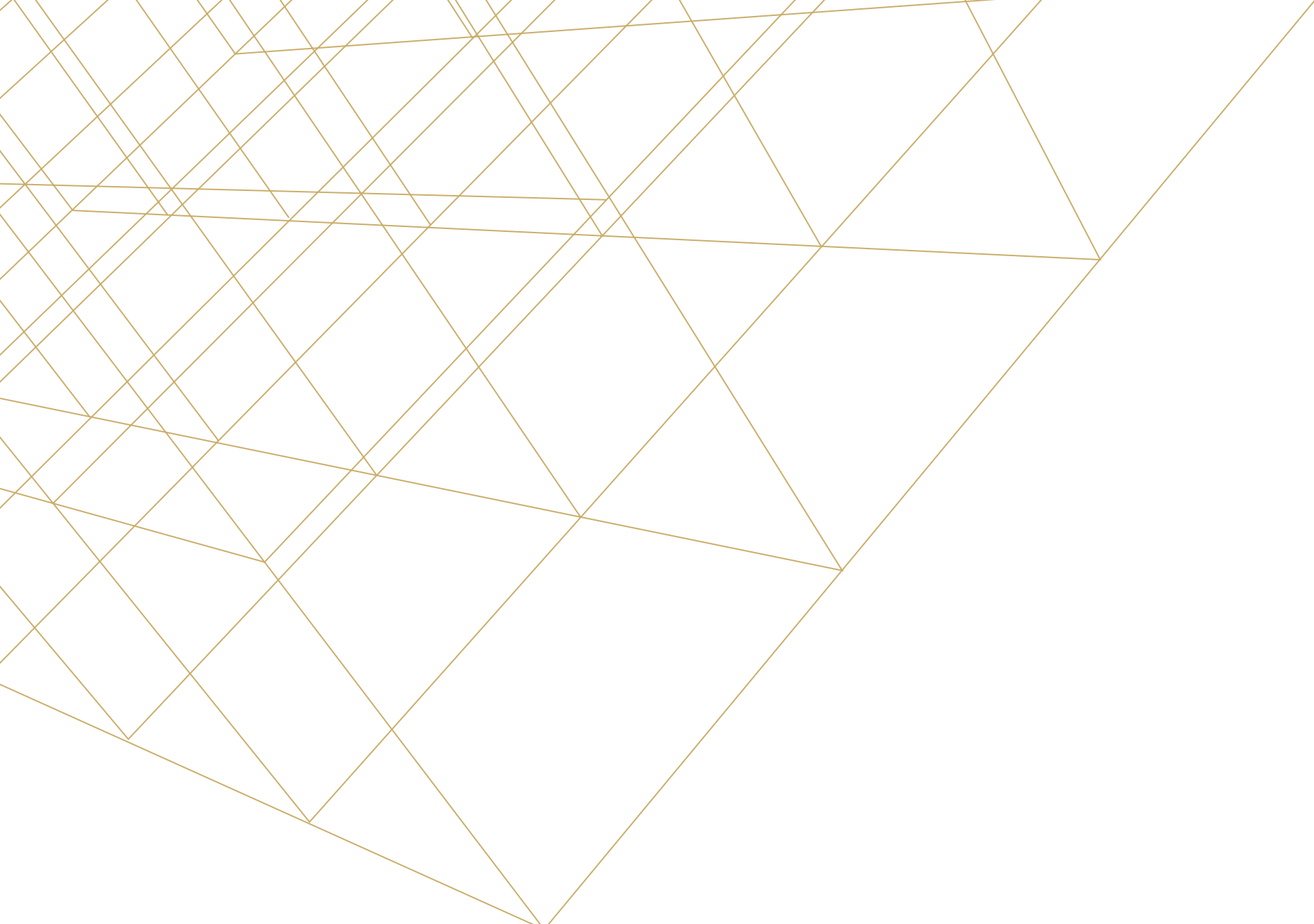
1241 STATE STREET



1241 STATE STREET







02

**FINANCIAL
SUMMARY**



FINANCIAL SUMMARY

RENT ROLL

1215/1241 STATE STREET
 DEPARTMENT OF JUSTICE
 Size: 59,035 SF
 Term: 1/1/2017 - 12/31/2023

1241 STATE STREET
 JUDICIAL DEPARTMENT
 Size: 18,349 SF
 Term: 5/16/2017 - 5/31/2022

Rent Schedule	Net Rent	Base Taxes**	Base Expenses**	Maintenance Expenses*	Monthly Base Rent	Annual Base Rent
01/01/17-12/31/17	\$92,158.27	\$8,745.95	\$13,886.65	\$1,771.05	\$116,561.92	\$1,398,743.04
01/01/18-12/31/18	\$94,462.23	\$8,745.95	\$13,886.65	\$1,771.05	\$118,865.88	\$1,426,390.56
01/01/19-12/31/19	\$96,823.79	\$8,745.95	\$13,886.65	\$1,771.05	\$121,227.44	\$1,454,729.28
01/01/20-12/31/20	\$99,244.38	\$8,745.95	\$13,886.65	\$1,771.05	\$123,648.03	\$1,483,776.36
01/01/21-12/31/21	\$101,725.49	\$8,745.95	\$13,886.65	\$1,771.05	\$126,129.14	\$1,513,549.68
01/01/22-12/31/22	\$104,268.63	\$8,745.95	\$13,886.65	\$1,771.05	\$128,672.28	\$1,544,067.36
01/01/23-12/31/23	\$104,268.63	\$8,745.95	\$13,886.65	\$1,771.05	\$128,672.28	\$1,544,067.36
05/16/17-05/31/17	\$14,739.59	\$2,176.63	\$2,723.92	\$378.82	\$19,924.25	\$239,091.00
06/01/17-05/31/18	\$28,557.95	\$4,217.22	\$5,277.59	\$733.96	\$38,786.72	\$465,440.64
06/01/18-05/31/19	\$29,271.90	\$4,217.22	\$5,277.59	\$733.96	\$39,500.67	\$474,008.04
06/01/19-05/31/20	\$30,003.70	\$4,217.22	\$5,277.59	\$733.96	\$40,232.47	\$482,789.64
06/01/20-05/31/21	\$30,753.79	\$4,217.22	\$5,277.59	\$733.96	\$40,982.56	\$491,790.72
06/01/21-05/31/22	\$31,522.63	\$4,217.22	\$5,277.59	\$733.96	\$41,751.40	\$501,016.80



INCOME & EXPENSES

ESTIMATED INCOME

Base rent for the period 6/1/20 - 5/31/21		\$1,559,978.00
Rent increase over base rent (2021 increase)	\$12,405.55	
Estimated expense recovery	\$613,582.00	
Estimated Scheduled Gross Income		\$2,185,965.55
Total Effective Gross Income		\$2,185,965.55









ESTIMATED EXPENSES

CAM / Repairs	\$299,947.43	
Property Tax	\$361,445.00	
Insurance	\$26,912.00	
Management Fee	\$62,112.03	
Total Estimated Operating Expenses		\$750,416.46
Estimated Net Operating Income		\$1,435,549.00

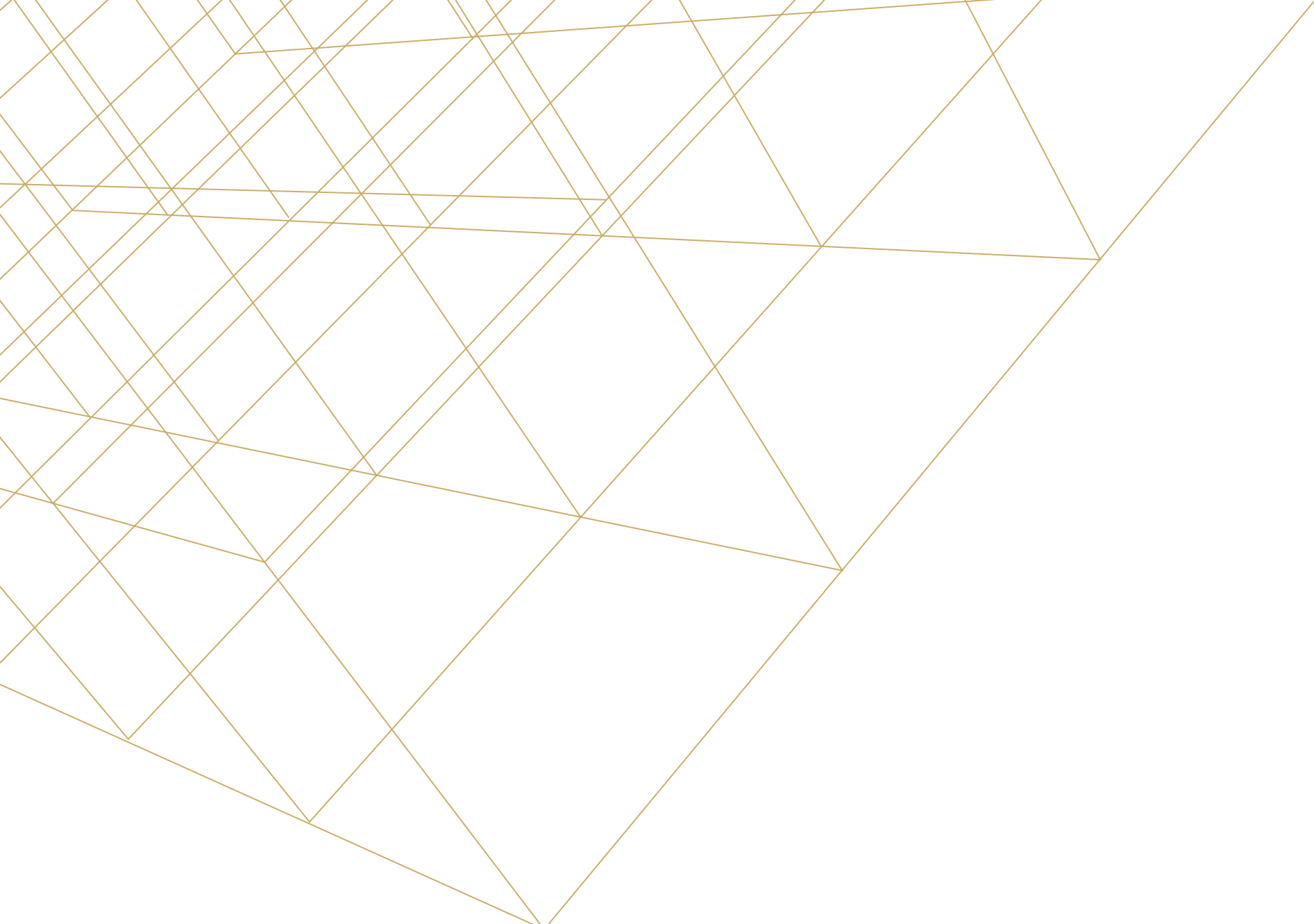




SALES COMPARABLES

	Property	Building SF	Occupancy	Year Built	Sale Price	Sale Date	Price Per SF	Cap Rate
01	 1200 EXECUTIVE PARKWAY Eugene, OR	50,124	100%	1997	\$7,700,000	12/14/2018	\$153.62	6.30%
02	 5050 SKYLINE VILLAGE LOOP S Salem, OR	34,554	100%	1996	\$12,035,000	04/17/2018	\$348.30	7.30%
03	 360 SW BOND ST Bend, OR	81,679	100%	2008	\$25,500,000	05/01/2017	\$312.20	7.34%
04	 150 NW PACIFIC PARK LN* Bend, OR	20,258	100%	2000	\$6,029,353	04/13/2017	\$297.63	5.80%
05	 7185 SW SANDBURG ST Tigard, OR	11,490	100%	1978	\$1,999,999	04/23/2019	\$174.06	7.34%
06	 2999 SW 6TH ST Redmond, OR	77,484	100%-	2003	\$12,100,500	09/03/2019	\$156.17	6.75%
07	 1660 OAK ST SE* Salem, OR	29,966	100%	2002	\$6,595,000	12/23/2019	\$220.08	6.14%
08	 3525 TRELSTAD AVE* Salem, OR	118,763	100%	2016	\$44,100,000	07/01/2019	\$371.33	6.03%

*STATE OF OREGON LEASE



03

**BUILDING
TENANCY**



BUILDING TENANCY



STATE OF OREGON DEPARTMENT OF JUSTICE

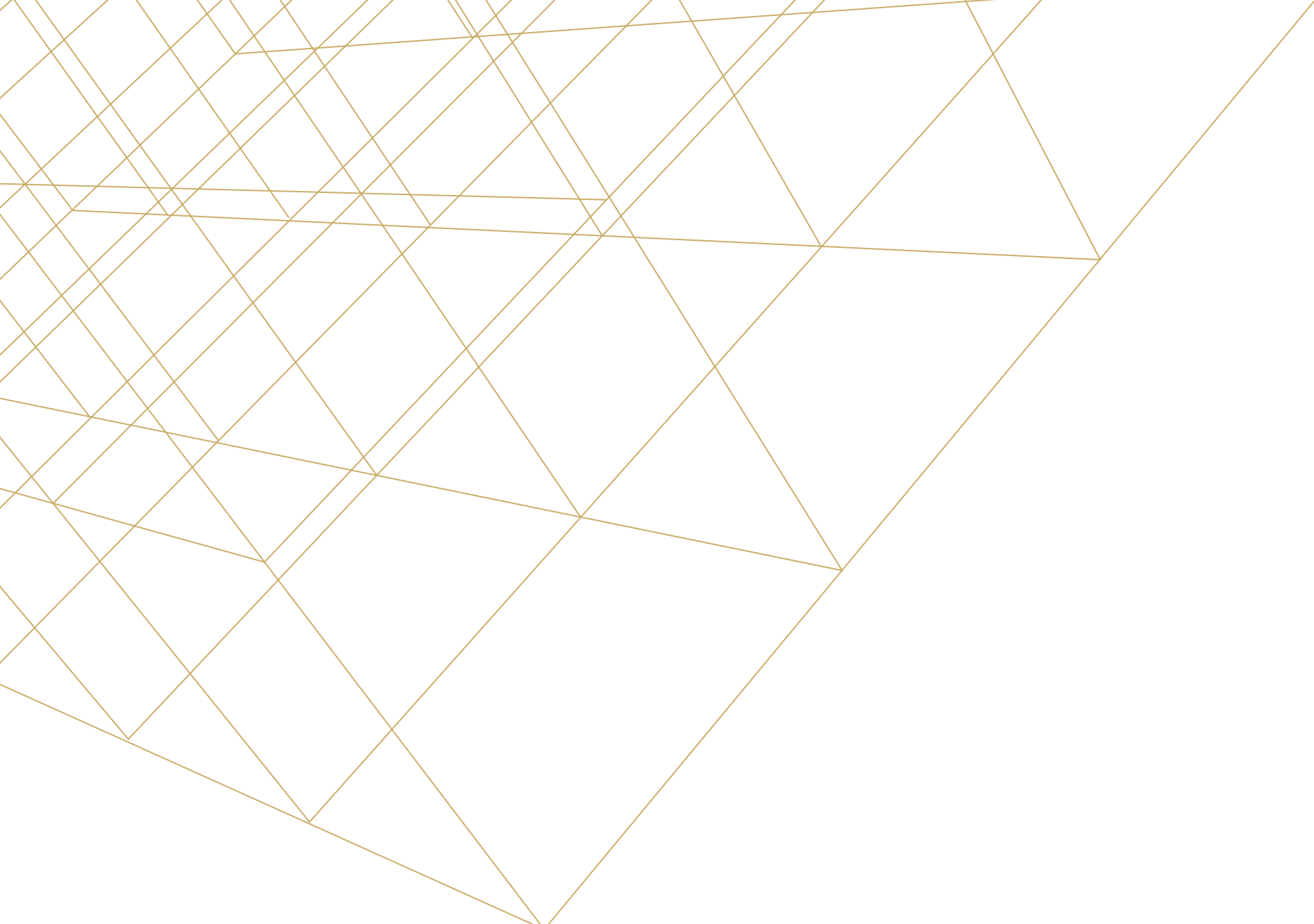
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04

MARKET OVERVIEW



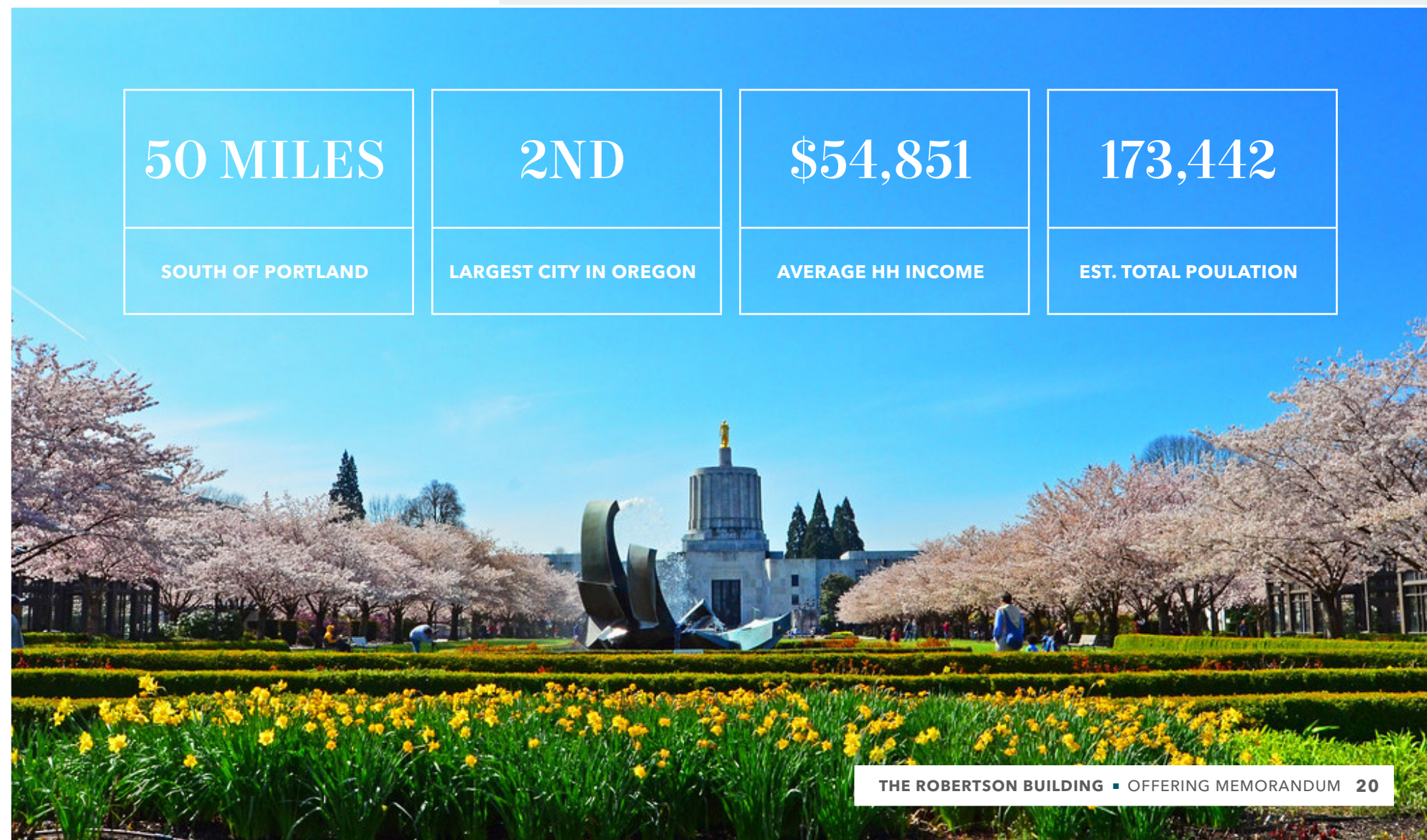
MARKET OVERVIEW

SALEM, OREGON

Fifty miles south of Portland and right on the I-5 corridor, Salem is the capital of Oregon and the third largest city in the state. A significant rise in demand over the last few years has compressed vacancies in the Salem office market, a trend magnified by construction levels well below the historical average. Office using employment, still below its prerecession peak, builds on a sizeable government employment floor. The metro's median household income is near the national figure, increasing at roughly the same rate. Metro job growth is above average, as is population growth.

The prevalence of government sector employment is reflected in some of the largest tenants, which include the Oregon Department of Human Services and the Department of Fish and Wildlife, each of which occupy 110,000 SF. Government jobs aside, employment is most highly concentrated in Trade, Transportation, and Utilities as well as Education and Health Services, both with 27,000 employees. Consistently exhibiting solid growth, both sectors continue to bring new jobs to the metro.

With large tracts of land available for development, Salem aggressively solicits investment. SEDCOR— the Mid/Willamette Valley's Strategic Economic Development Corporation—is the state's largest economic development group, and in 2016 helped secure \$60.4 million in regional capital investment. State and local tax incentives—including Oregon's lack of sales tax along with financing options and other incentive programs are available to businesses locating in Salem.



50 MILES

SOUTH OF PORTLAND

2ND

LARGEST CITY IN OREGON

\$54,851

AVERAGE HH INCOME

173,442

EST. TOTAL POULATION

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