



MELVIN MARK

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Five Centerpointe

The Situation

In May of 2018, a real estate private equity partnership formed by the principals of Melvin Mark and Becker Capital Management acquired the property of Five Centerpointe Drive, LLC. The seller was an entity affiliated with Urban Renaissance Group, a Seattle-based commercial real estate investor. Our partnership acquired the property in an off-market transaction agreed upon by the seller.

Our Approach

With ideal suburban office space and a per-square-foot rental price that's lower than our competition, our company has long respected Five Centerpointe's position in the Lake Oswego/Kruse Way market. Five Centerpointe is one of the only buildings on Kruse Way with visible signage for the I-5 freeway as well as direct access to two major arterials: I-5 and HWY 217.

The building is also within walking distance of Kruse Way's myriad amenities and has a higher-than-market parking ratio at almost four spaces per 1,000 square feet. In addition, Five Centerpointe boasts a diverse and credit-worthy tenant roster, making it a highly attractive suburban office investment opportunity for our partnership.

The Results

Our partnership has plans to re-position Five Centerpointe and make select design improvements in 2019. These improvements include new carpeting, lighting, furniture, and artwork in the common areas as well as trimmed and refined landscaping outside of the building. Tenants will also notice new monument signage and updated branding on the building's exterior. These aesthetic improvements will better the overall tenant experience and ensure that Five Centerpointe remains at the top of its competitive set. As always, we will continually make upgrades to the building's major systems with the constant goal of improving comfort and operation efficiency.

Acquisition Details

Our acquisition was structured in a model typically found in real estate private equity. Both Melvin Mark and Becker Capital Management contributed their own equity to the new partnership to form the manager of the purchaser entity. The remaining equity required for the purchase was raised from local investors. Additionally, Prudential Insurance Company provided a \$14,500,000 ten-year loan for which we have modeled a ten-year hold period. We do, however, have some flexibility to consider a sale at a different time, should the market present an attractive opportunity.

Five Centerpointe has historically enjoyed relatively stable occupancy. At the time we put Five Centerpointe under contract in November of 2017, the building was 83% leased. By the time we closed on our acquisition in May of 2018, occupancy had reached 98% thanks to improved leasing activity. With

the asset now stabilized, our business plan involves focusing on tenant retention and leasing remaining vacancies to new credit-worthy tenants.

Key Facts

- *Property:* Five Centerpointe Drive, LLC
- *Address:* 5 Centerpointe Drive, Lake Oswego, OR 97035
- *Built:* 1988
- *Building Size:* 114,000 square feet; 6 stories
- *Land:* 5.6 acres
- *Acquired By:* Melvin Mark & Becker Capital Management
- *Acquisition Date:* May 2018
- *Acquisition Price:* \$27,850,000 (\$244 per square foot)
- *Acquisition Cap Rate:* 6.8%
- *Current Occupancy:* 98%