City of Beaverton – South Office Building
Construction Hard Cost – Replacement Cost Analysis

Mr. Don Mazziotti
Community & Economic Development Director
City of Beaverton
4755 SW Griffith Drive
Beaverton, OR 97007

February 28, 2012

Dear Don,

At the city's request, Pacific Gateway Development, LLC is pleased to provide a current construction replacement, hard-cost analysis for the Coldwell Banker Building otherwise known as South Office Building, located at 12725 SW Millikan Way, in Beaverton, Oregon.

Introduction & Background:

Pacific Gateway Development is intimately familiar with this property and has produced several, in-depth market, financial and construction related analysis, studies and technical reports on the South Office Building property.

Building Design & Construction:

The South Office Building is five story, above grade, commercial office structure constructed in 2002. The structure is approximately 108,704 square feet in gross area, based upon the January 6, 2002, BOMA calculations conducted by the building's designer, Ankrom Moisan Associated Architects of Portland, Oregon.

The building foundation rests on driven, steel reinforced, concrete pilings. The building's core construction is comprised of a structural steel frame with poured concrete floors over steel pans. The building's envelope consists of precast concrete panels with punched glazing. The roof is a built-up, modified bituminous roofing system.

© PGD 2012

City of Beaverton – South Office Building
Construction Hard Cost – Replacement Cost Analysis

Common areas and tenant improvements are consistent with "Class A" construction finish standards.

Replacement Cost Analysis Methodology:

Pacific Gateway Development, in conjunction with the SD Deacon Company of Oregon, using current, regionally adjusted, commercial construction costs data, determined the replacement construction hard-cost for the South Office Building.

The conclusions of this analysis are based on assumptions consisting of the follow inclusions and exclusions.

Replacement Cost Analysis Inclusions:

- Building Shell Construction Costs
- Tenant Improvement Costs (for all leasable square footage finished to the same level of the existing build-out)
- Site Development Costs: Hardscape & Landscape
- Public Utility Infrastructure Costs: Water, Sewer & Storm.
- Franchise Utility Infrastructure Cost

Replacement Cost Analysis Exclusions:

- Finance & Real Estate Commission Costs
- Property Taxes & Insurance Costs
- Architectural Design, Decorating & Space Planning Costs
- Hardscape & Landscape Design Costs
- Civil, Structural, Mechanical, Electrical & Plumbing Engineering Costs
- Permit & Entitlement Costs
- Public Utility SDCs
- Schools, Parks, Traffic & Transportation Mitigation Fees
- Land Basis Costs
- Fixtures, Furnishings & Equipment Costs.

© PGD 2012

City of Beaverton – South Office Building
Construction Hard Cost – Replacement Cost Analysis

Further, the assumptions embedded in this analysis do not include excess capital equipment costs associated with the "Central Plant" system, as constructed. The Central Plant system provides HVAC service to the South Office Building, adjacent structures and has the capacity to supply HVAC service future structures within "The Round."

For the purpose of this analysis, estimators assumed HVAC costs consistent with a stand-alone system, sized and of a scale that is consistent with the heating and cooling demands a single building of like configuration, size and equivalent thermal performance.

Replacement Cost Analysis Conclusion:

Based upon current commercial construction cost inputs, the February 28, 2012, replacement construction cost of the South Office Building and associated site and infrastructure improvements is estimated at approximately:

$ 17,523,320 USD

Should you have questions regarding the assumptions and conclusions of this report or require further analysis, please feel free to contact us.

Thank you for this opportunity to provide the city with the requested analysis for the South Office Building.

Very truly,

Stuart A. Monson
President – CEO
Pacific Gateway Development, LLC

© PGD 2012