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Weatherly Bldg.

Weatherly's Worth Triples in Six Years

By Brian K. Miller

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PORTLAND-Six years of waiting was worth \$5 million to Larry and Nancy Bissett. The local couple paid \$2.4 million for the historic Weatherly Building in 1995, according to Oregon Title Insurance Co. Three weeks ago, they sold the 12-story, 70,000-sf eastside landmark to Palo Alto, Calif.-based Mayfield Investment Co. for \$7.4 million.

John Klimp, president of Palo Alto, Calif.-based Mayfield Investment Co., tells GlobeSt.com that based on the property's current income and how Mayfield runs its operations, the capitalization rate on his investment is "north of 9%," adding, "we ended up with a different pro forma than the seller sold it to us at."

The building, completed in 1929, was developed by an ice cream baron by the name of Weatherly. It consists of a quarter-block office tower on a base that spans one-half block. The base was reportedly built to hold a second tower that never got built due to a stock market crash later that year.

The building is currently about 95% leased and Bank of America is its ground-floor retail tenant. Some of the office tenants are signed on for three- and five-year terms. Quite a few are leasing on a month-to-month basis. Klimp says he plans to spend under \$500,000 on renovations and hopes to push rents from the \$12-to-\$17-per-sf range to the \$15-to-\$20-per-sf range.

"I've been investing in office and multifamily here since 1977 and most of them we've repositioned and sold at a profit," says Klimp. "This will be on the bigger side of what we've done."

How much the Bissetts spent upgrading the property was not immediately available, as the Bissetts did not return a Friday phone call seeking comment. Susan Deane, the Marcus & Millichap broker who brokered both sides of the transaction, says the Bissetts made many electrical and mechanical

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improvements, including re-lamping the entire building around 1998.

"The owner has an architectural background and understood how buildings functioned; this is a guy who rolled up his sleeves," says Deane. "It's difficult for many to believe, but it's one of the more energy efficient buildings in the city."

Klimp tells GlobeSt.com he tied up the building in July 2001, shortly after it was listed, and due diligence revealed that the building had been well taken care of. "I was weary at first," says Klimp. "But I've had experience with buildings like this and it was clear that (Larry Bissett) restored that building like it was an antique car."

By the time he was confident of its bones, however, it was after Sept. 11 and the banks were skittish. "Lenders were quite shy," says Klimp, who sought loans from four banks. Umpqua was the one that eventually stepped up to the plate.

Klimp says Mayfield Investments will be moving its local office into 2,000 sf on the 9th floor of the building. The building is wired for high-speed Internet access but, likely many buildings, the dot-com crash confused the provider issue. In addition to straightening that out, Klimp says is currently working to lease some roof space to a cellular provider and a recently-renovated ground-floor retail space to a restaurant.

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