



# Property Inventory & Due Diligence Report - Phase 1

## SHERWOOD DEVELOPMENT OPPORTUNITY

21370 SW Oregon Street | Sherwood, OR 97140

FOR SALE



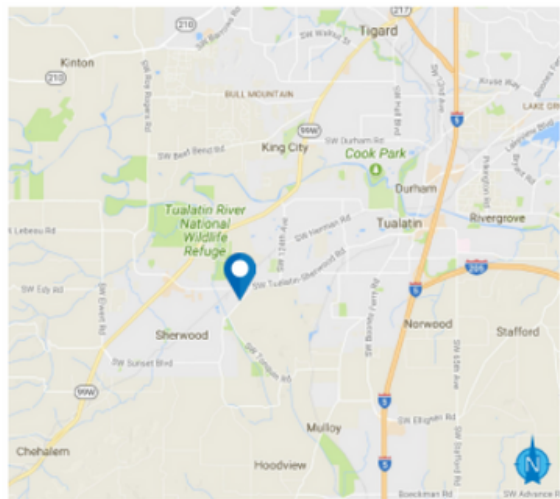
### AVAILABLE FOR SALE

#### DETAILS

- Price: \$1,250,000
- Price/SF: \$6.21/SF
- Area: ± 4.62 Acres

#### FEATURES

- Excellent frontage on SW Oregon Street
- Located in Active Tualatin-Sherwood Market
- Close to Interstate 5, Interstate 205, and HWY 99W
- Located within the Urban Growth Boundary (UGB)
- Targeted by the City of Sherwood for annexation and industrial zoning



Presented by  
**Chris Humphries**

Presented to  
**Confidential Client**

**June 2022**



# INTRODUCTION

## Property Inventory Report & Due Diligence Evaluation - Phase 1

Evaluating commercial real estate property requires a careful consideration of the property's current value and estimation of the costs and timeframe required to achieve its investment potential or a profitable exit milestone along the way. But you don't want to spend a lot of money or time on a property that may not meet your goals.

This preliminary value and risk evaluation provides a prospective investor with an affordable and expedited set of information that can be used to inform a "go / no-go" decision and determine what, if any next steps are appropriate.

Through this report, the client will get a complete context of available information regarding the property's size, condition, entitlements, access and utilities and how this information affects the value of the property and relative development risks anticipated.

3cd then provides a qualitative "score" for each value and risk criteria based on 3cd's 25+ years' experience performing due diligence, securing land use approvals and delivering award-winning commercial construction projects of all sizes and types throughout the metropolitan area.

### **The deliverable for this evaluation includes:**

- 2-page graphical report in "dashboard" format.
- Executive summary in bullet point format with qualitative scores for the property's value and risk potential.
- Appendix with detailed information including preliminary Right-of-Way takings and development potential, vendors with experience at the property, and next steps to secure and develop the property.

If the client wishes to move forward, information in this report can be used to inform the terms of an offer and purchase and sale agreement and to get a head start on issues that could otherwise delay your development project.

Thank you for choosing 3cd to help you evaluate this investment opportunity!

**Sincerely,**

**Chris Humphries**





# Property Inventory & Due Diligence Report

21370 SW Oregon St - 2S128C000700

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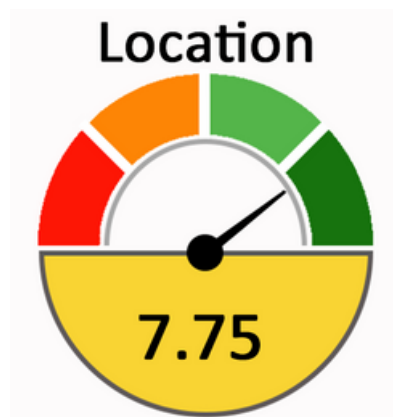
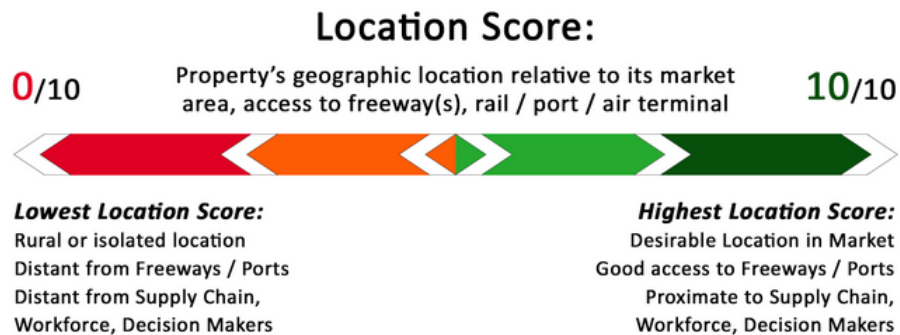
**11** Next Steps

# Executive Summary - *Property Value*

## Geographic Location

### Relevant Statistics

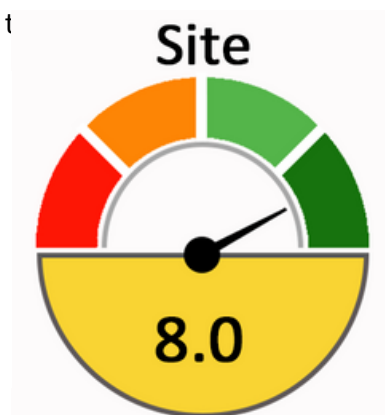
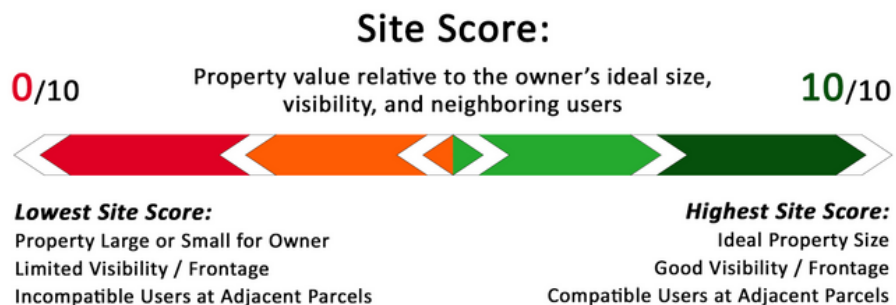
- Located in Sherwood, OR
- Connects to major arterial Tualatin Sherwood Highway via traffic signal 0.3 Miles away.
- Two potential routes to I-5; one to the North and another to the South within approximately 3.6 miles of the site.
- Access to 205 North is approximately 4 miles from the site.
- Centrally located among other investor-owned businesses and investor's residence.



## Siting of the Property

### Relevant Statistics

- 636 LF of frontage on Oregon Street (Arterial)
- Corner location at Oregon Street and Future Ice Age Drive will be the main entrance of business park.
- Curb appeal and neighboring users trending positively in the near t

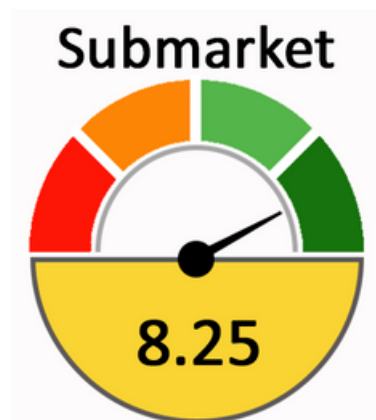
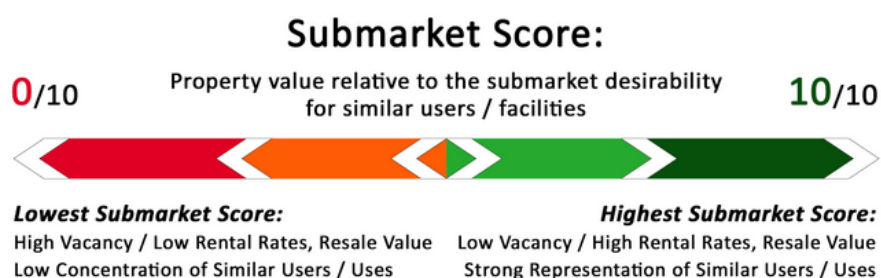


# Executive Summary - *Property Value*

## Submarket Desirability

### Relevant Statistics

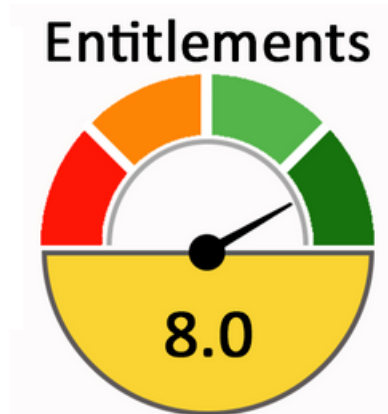
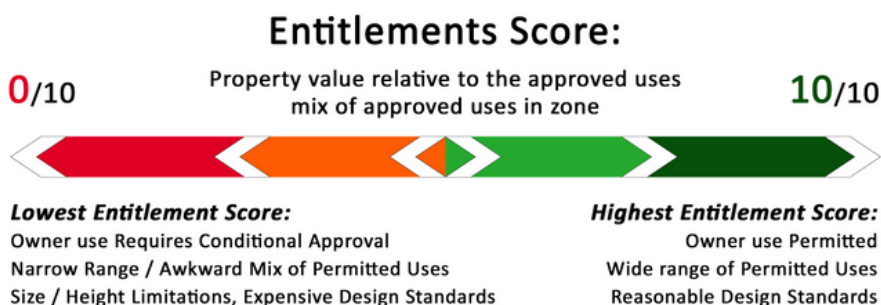
- I-5 South Corridor enjoys proximity to I-5 and I-205 freeways
- Central location for businesses that need access to Seattle and California markets.
- 29 million SF of current inventory, \$0.89 / SF average asking rent is amongst, highest in metro area.



## Entitlement / Market Fit

### Relevant Statistics

- Current zoning FD-20 is limited to residence, farming and related structures, contractor's establishment.
- Future Employment Industrial (EI) zoning includes a wide range of light industrial and office uses including construction contractors and suppliers.
- Conditional use for retail, distribution, warehouse and storage associated with permitted uses.
- Does not permit wholesale sales.

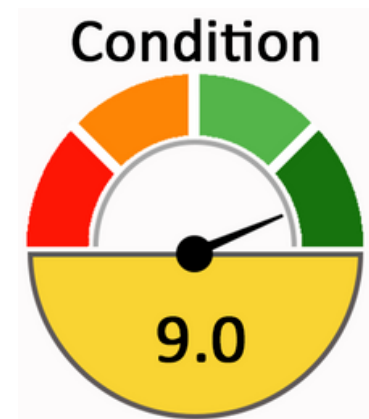
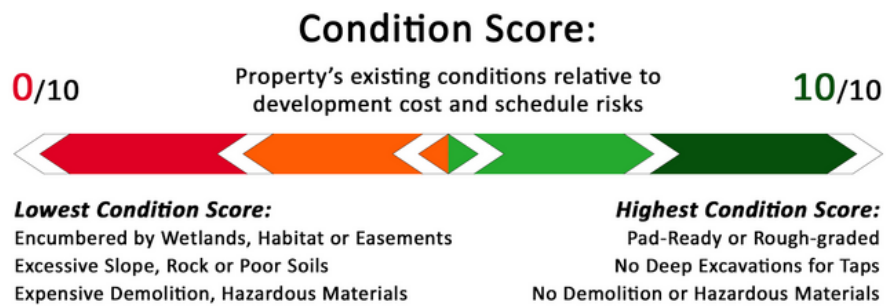


# Executive Summary - *Development Risk*

## Property Condition

### Relevant Statistics

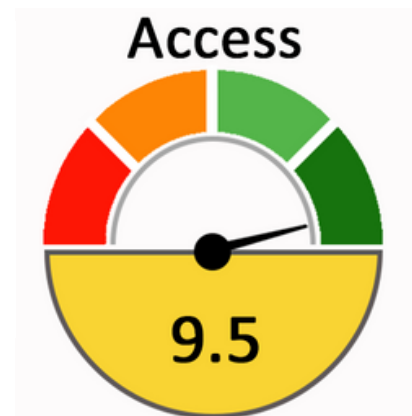
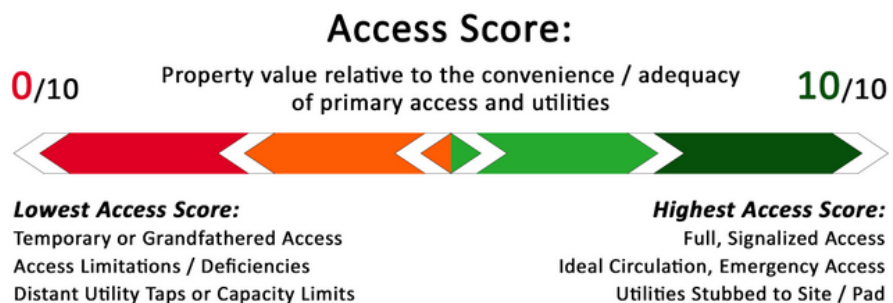
- Generally flat with a couple of trees on the property line and no significant structures.
- No wetlands on the property.
- No overhead power lines or known easements hindering development.



## Access & Utilities

### Relevant Statistics

- Property allowed temporary driveway access at existing arterial (Oregon Street).
- Permanent access is provided by new collector to be built by City.
- All major utilities available in Oregon St ROW and future collector.

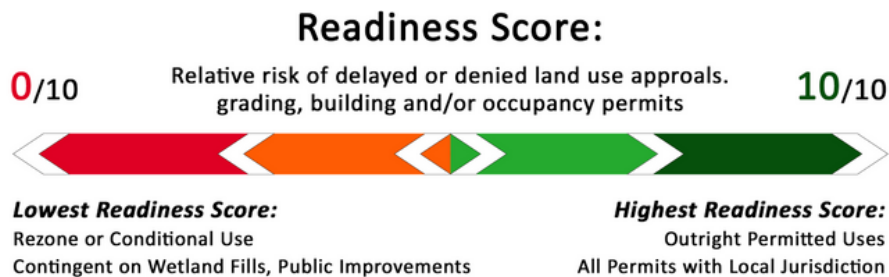


# Executive Summary - *Development Risk*

## Permit Availability

### **Relevant Statistics**

- Qualified for annexation to City of Sherwood.
- Annexation 90 days from complete application.
- Site plan approval 120 days from complete application.
- One approved and one pending application in TEA streamlines future approvals by resolving access, utility and entitlement grey areas.



## Property Value / Risk Notes:

### **Property Value Note:**

- Property location value score is relative to this client due to the relative convenience / distance / proximity to client's other business interests and home.

### **Property / Development Risk Note:**

- Baseline development risk for a commercial property is relatively high. Both permits and construction include substantial risk of delays and additional costs that should be carefully quantified and strategized at each phase.

### **Market Risk Note:**

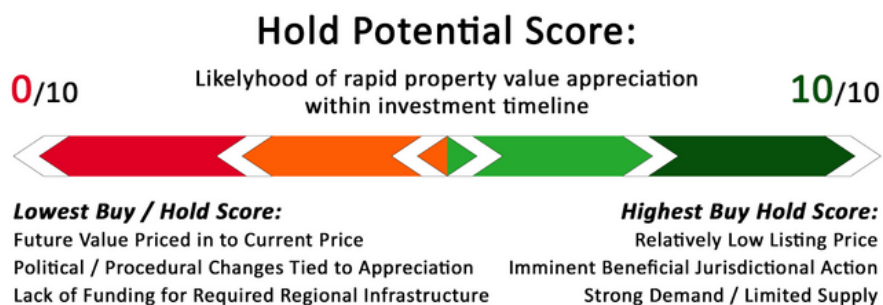
- Market risk tolerance should be considered in context with an investor's appetite for uncertainty, capital availability to carry costs and finance changes and investment timeline / exit strategy. Each development or hold strategy has a unique return and risk profile.

# Executive Summary - *Market Risk*

## Buy / Hold Investment

### Relevant Statistics

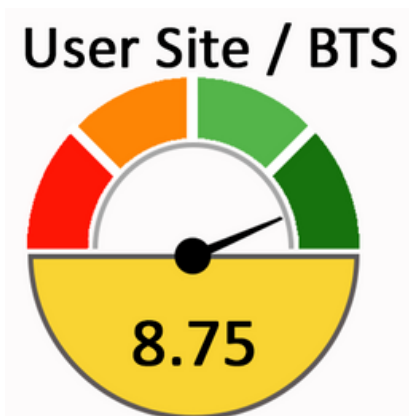
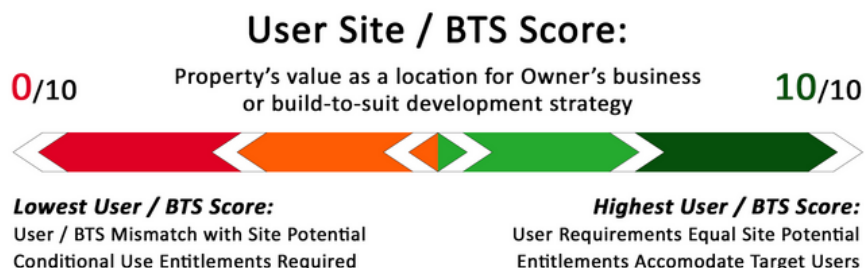
- Property is priced roughly equal to market valuation. Equity to date is priced in to listing price.
- Current curb appeal is low due to lack of visibility and legacy salvage uses adjacent and in area. Near term development will drastically improve curb-appeal and spur neighboring development.
- Upside will depend on competing property availability, overall market conditions and property / prospect fit.



## User Site Investment

### Relevant Statistics

- Centrally located to client's other businesses and residence.
- Development potential may be larger than user requirements.
- Wholesale is not approved use but may be negotiable with City.
- Site size and zoning is ideal for many user-occupied businesses and for sale sites are uncommon and attract high sales prices.



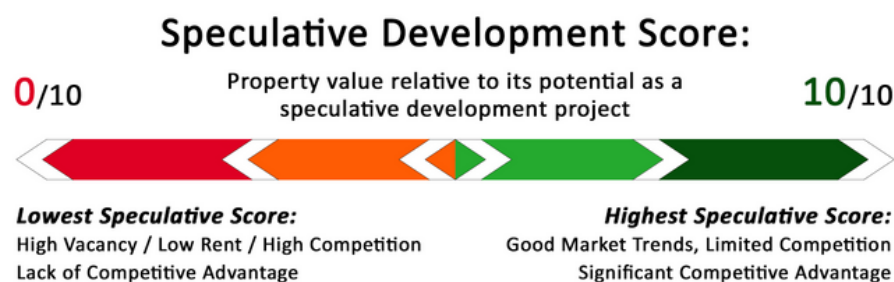


# Executive Summary - *Market Risk*

## Speculative Development

### **Relevant Statistics**

- Most likely uses are multi-tenant flex space or industrial condo space.
- Lot 500 currently seeking approval for 115,000 sf of speculative flex space.
- Lot 600 currently approved for 435,000 sf of distribution / warehouse / flex space.



## Conclusion

### **Take-aways**

- Political & funding commitment of City of Sherwood and Metro is high.
- Undeveloped, for-sale commercial property under 10 acres is rare. Consequently, demand from small to medium size businesses and private investors is strong.
- Time on market and prices tend to outperform large parcels.
- Buy and hold strategy requires up-front, patient capital or cash for carry costs for loan service, taxes and maintenance.  
Significant price appreciation will take at least 5 years with an ideal hold timeline of 10+ years for maximum appreciation.
- User occupied projects have the lowest cash requirement, set rates based on cost and return requirements that the investor dictates, have no stabilization costs and pay off a portion of the note over time.

### **Blended Score**





## Background & Utility of Report:

3cd was hired to evaluate the subject property for potential purchase of a private investor. Client's state goals for the property include but are not limited to:

- Buy & Hold property for re-sale in the future to capture value appreciation.
- Build-to-suit development for client business(s)
- Speculative development of mini-storage and/or recreational vehicle storage.

### ***Sources and Uses:***

This report gathers information available from on-line and publicly published materials including approved and pending private development applications to City of Sherwood on adjacent parcels in the Tonquin Employment Area. Information used appears reliable and applicable but cannot be warranted by the author of this report without additional services. Information and commentary is offered in good faith in an effort to assist client in evaluating the potential alignment between the property's condition, entitlements and planned improvements and the client's investment goals. No warranty is made or implied by 3cd, LLC as to the accuracy of materials and information relied upon in preparing this report.

# APPENDIX - **PROPERTY INVENTORY**

21370 SW Oregon St

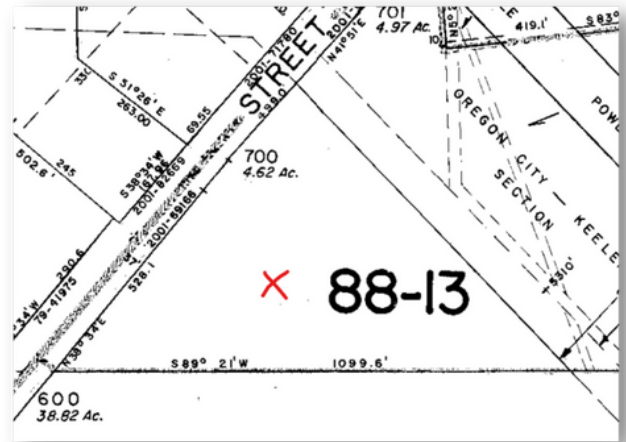
**01**

Lot # 2S128C000700

The subject parcel is located in Unincorporated Washington County bordering the City of Sherwood.

The property was added to the Urban Growth Boundary in 2004, made eligible for annexation to the City of Sherwood through Sherwood City Council Ordinance 2020-08.

Currently the property is entitled with FD-20 zoning which is an interim zoning code intended to accommodate legacy landowners and uses.



**02**

Tonquin Employment Area



The property is located within the Tonquin Employment Area (“TEA”), a planning overlay that guides development standards consistent with the intent of the property when added to the Urban Growth Boundary. Tonquin Employment Area Overlay – Resolution 2015-051 resolution\_2015-051\_accepting\_tea\_implementation\_plan\_06.16.15 .pdf (sherwoodoregon.gov)

# APPENDIX - **PROPERTY INVENTORY**

21370 SW Oregon St

**03**

## Ownership

The Property is listed for sale by Norris & Stevens, a real estate brokerage. According to the website [www.countyoffice.org](http://www.countyoffice.org), the property is currently owned by Vandomelen Joint Trust The original property was built in 1901 and improved in 1920. The current deed is dated 9/24/2019 and lists a sale price of \$750,000. The seller was Oregon Street Property, LLC which appeared to extend a loan of \$250,000 that was due on 4/1/2021. Property was taxed \$3,033.00 for 2021 likely due to maximum assessed value limitations in the Oregon Constitution which limit increases to 3% per year unless there are changes to the property, such as the addition of a new structure, improvement of an existing structure, or subdivision or partition of the property. The 2021 Assessed Value of the Land is \$966,360 and Market Valuation from 5/4/2022 is listed as \$1,020,000 with a range of \$867,000 - \$1,173,000 forecasting 15% increase.

The screenshot shows the Washington County GIS website interface. At the top, there is a navigation bar with the URL: [https://gisims.co.washington.or.us/GIS/index.cfm?tid=29&sid=3&idValue=2S128C000700&x\\_coord=7606310.19881889&y\\_coord=627623.78969817](https://gisims.co.washington.or.us/GIS/index.cfm?tid=29&sid=3&idValue=2S128C000700&x_coord=7606310.19881889&y_coord=627623.78969817). Below the navigation bar, a message states: "If your requested information is not visible, please [click here](#)." The main content area features the Washington County logo and a navigation menu on the left with categories: General Information, Property Search, Survey Search, Land Services, and Building Services. The central panel displays "Overlay Information 2S128C000700" with a table of property details.

Overlay Information 2S128C000700	
Jurisdiction:	Urban Unincorporated Washington Co
Plan Designation: (Zoning)	<a href="#">FD-20 (click to open CDC)</a> - <a href="#">Land Use District Summary</a>
General Setbacks for the Land Use District (May differ depending upon location):	Front: 30 / Side: 10 / Rear: 25 / Street Side: 30 / Alley Loaded Garage:
Within Urban Growth Boundary:	Yes
Within Metro's Urban Service Area (*Updated July 31st each calendar year):	Yes
In Urban Road Maintenance District (**Updated July 31st each calendar year):	No
In ESPD (**Updated July 31st each calendar year):	No
Ground Water Resource Area:	SHERWOOD-WILSONVILLE
Service District for Lighting Assessment Area/zone:	Not in an Assessment Area.
Fire District (**Updated July 31st each calendar year):	TVFR
Fire Management Zone:	6487
Park District:	Not In Park District
North Bethany Plan Area:	Not in North Bethany Sub Area
School District (**Updated July 31st each calendar year):	<a href="#">SHERWOOD</a>
Election Precinct:	425
Commissioner District:	<a href="#">3- Roy Rogers</a>
Assessor Area:	0
Citizen Participation Org:	<a href="#">CPDS</a>
Area of Special Concern - Urban:	4
Historic & Cultural Resource Inventory:	Not located within a Historic and Cultural Resource Inventory Area
Airport Overlay:	Not located within an Airport Overlay
POD Date Zoned:	POD:3-4/19/61
ODOT District:	2B
Plat:	Property is not part of a subdivision
Census Tract:	032107
Census Blockgroup:	410670321071
Census Block:	Block 1023
Zipcode:	97140
Garbage Hauler:	Pride Disposal
Garbage Dropbox:	Pride Disposal

\* The data layers used to derive items in the report are assembled from multiple sources. Report items flagged with an asterisk (\*) are derived from the taxcode layer maintained by Washington County's Dept of Taxation. The taxcode layer is updated once a year on July 31st and may not reflect final/proposed annexations or boundary adjustments. All information should be verified with individual service districts.

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# APPENDIX - **PROPERTY INVENTORY**

21370 SW Oregon St

## 04 Property Conditions

The property is largely vacant but for a few trailers being used for temporary lodging of forest fire workers. The records indicate a single-family residence of 800sf, but that structure was not visible on my site visit or in the satellite photos available. Project is generally laid flat with temporary gravel driveway and laydown areas. Two significant trees are located along the South property line and the property is fenced by a combination of wire and chain link fences. The surrounding property is underdeveloped and includes several scrap yards.



### Note:

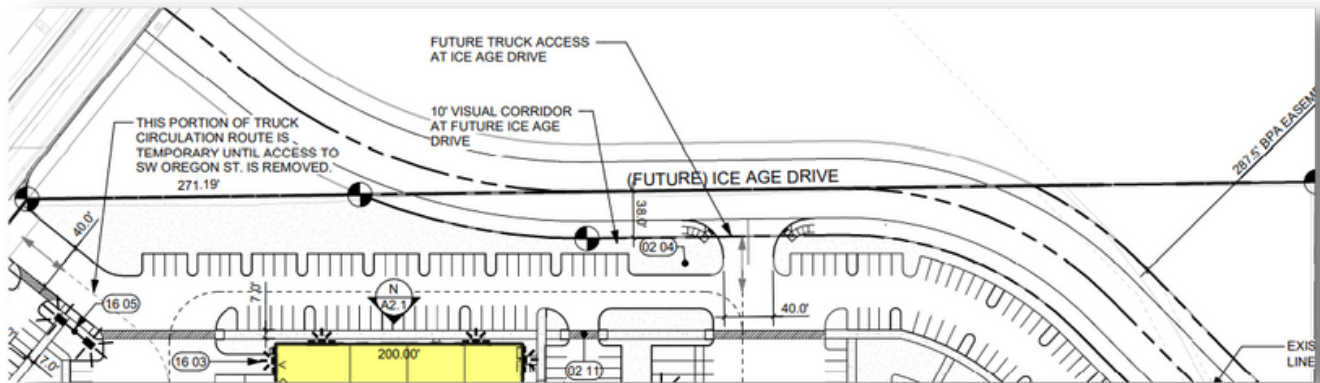
One major development project has already been approved and another is pending in the next 60 days that will dramatically change the perceived quality of the property and add significant improvements to benefit this parcel. Soon, this site will enjoy perhaps the best frontage and access in the TEA.

# APPENDIX - **PROPERTY INVENTORY**

## 21370 SW Oregon St

### 04 Property Conditions - Access

The property is temporarily accessible from Oregon Street by curb cut and temporary gravel driveway. However, Oregon Street is designated an Arterial Street by the City of Sherwood which does not allow direct access. Upon development, property access must be relocated to a new Collector Road on the South edge of the property called Ice Age Drive which planned for construction by the City. Temporary access is likely to be permitted at Oregon Street if development occurs prior to completion of Ice Age Drive by the City.



### 04 Property Conditions - Utilities & Services

On two recent development applications, the City of Sherwood emergency services were willing to provide services to the property upon annexation. All major utilities are currently available within and along Oregon Street except Sanitary Sewer which is being extended up Oregon Street by current development applications and eventually from the future Ice Age Drive collector road.

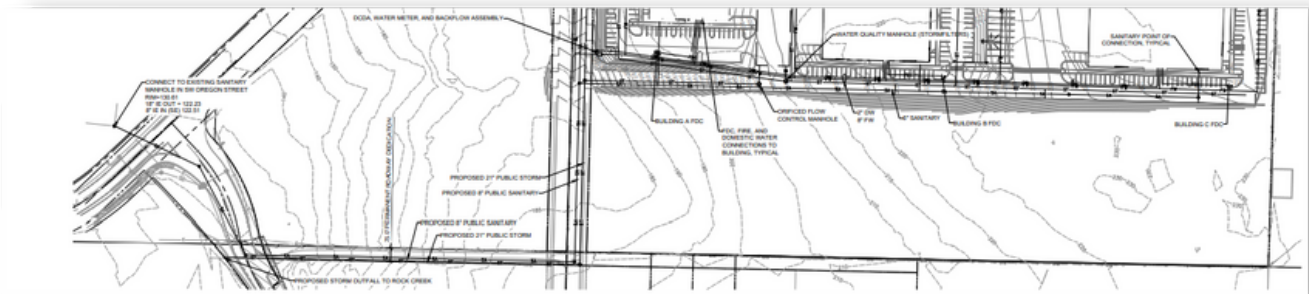
Service	Provider	Size	Location
Water	City of Sherwood	24 inches	SW Oregon Street
Water	City of Sherwood	12 inches	SW Oregon Street
Sanitary Sewer	City of Sherwood	15 inches	SW Oregon Street Roundabout
Storm Sewer	Clean Water Services	12 inches	SW Oregon Street

# APPENDIX - **PROPERTY INVENTORY**

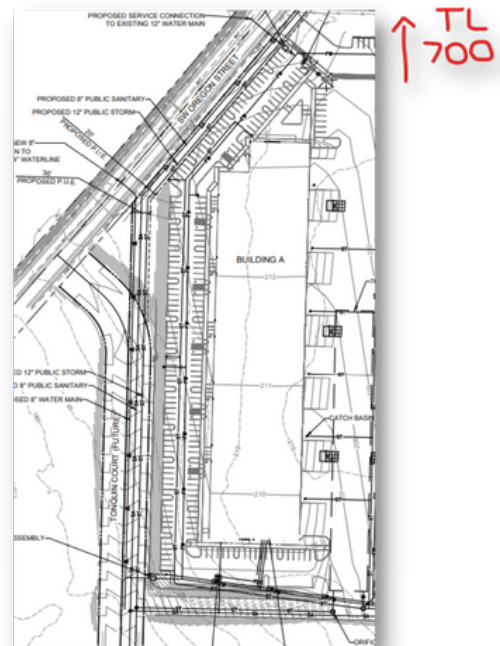
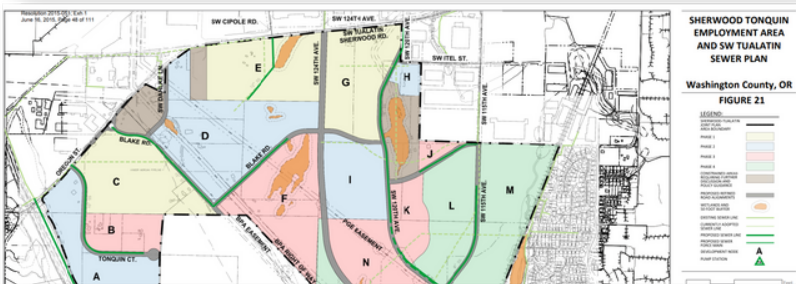
21370 SW Oregon St

## 04 Property Conditions - Sanitary Sewer

Sanitary Sewer Extension Phase 1 – Oregon Street Business Park will extend SS from tap at Oregon Street roundabout to Tonquin Ct. Sherwood Business Park will extend SS up Oregon Street just South of TL 700.



Sanitary Sewer Extension Phase 2 – Masterplan from TEA shows sanitary sewer main being extended in the collector to the South of the property (Blake Road Collector is now Ice Age Drive)



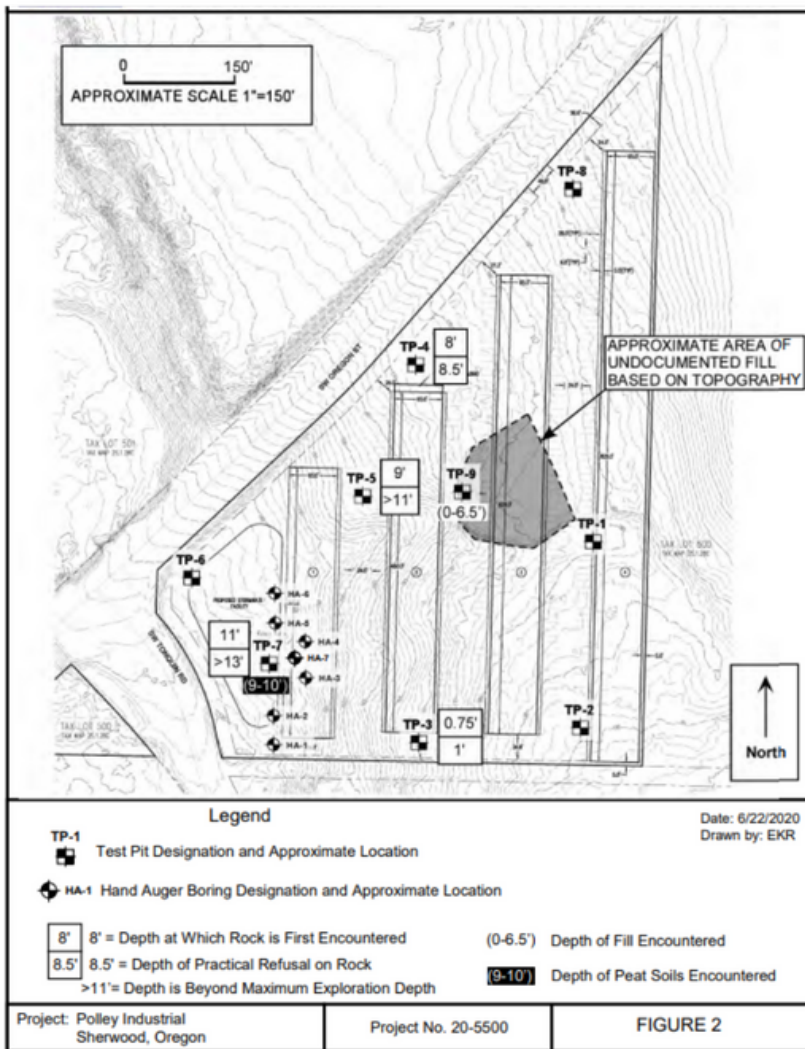
Private Utilities – 8' Public Utilities Easement along Oregon Street will provide access to dial tone and broadband services

# APPENDIX - **PROPERTY INVENTORY**

21370 SW Oregon St

## 04 Property Conditions - Soils

Two soils reports that were submitted for adjacent development projects are highly predictive of the soil conditions on this property. Sherwood Commerce Center hired GeoDesign, Inc to evaluate their 38.7 acre, big-box industrial project and Oregon Street Business Park hired GeoPacific Engineering to evaluate their multi-tenant industrial project on 9.53 acres.



Both companies did physical inspections including test pits and provided reports of their findings. Generally, the sites have over 20" of topsoil with silty, rocky soils to 8' BG with up to 24-30" boulders. Under these layers is gravel and basalt at about 9-10 BG. Soils are generally supportive of shallow foundations, but do not infiltrate and are difficult and expensive to re-use. Developers should expect above average excavation, trenching, export, and import costs.

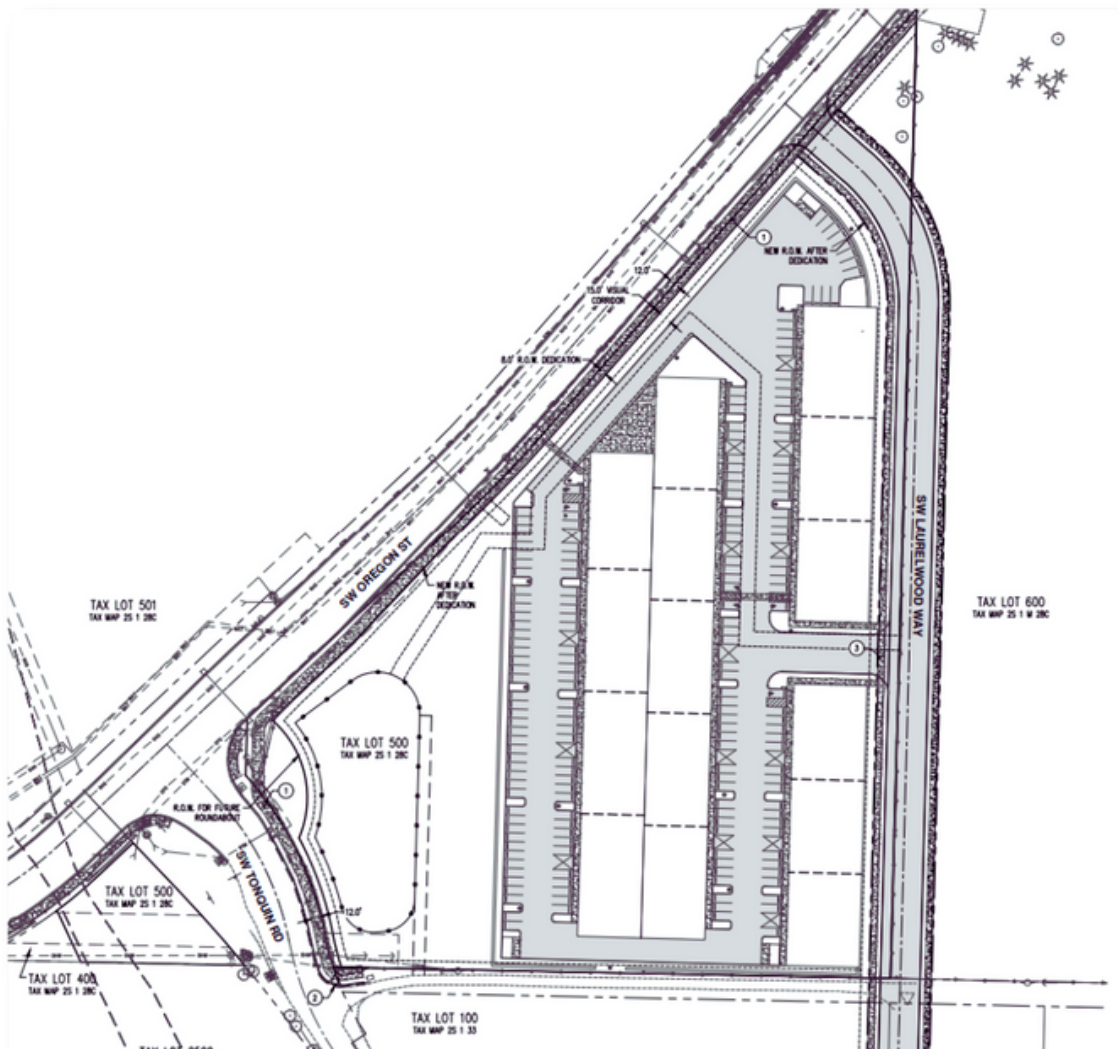


# APPENDIX - **PROPERTY INVENTORY**

21370 SW Oregon St

**05** Active Development - Oregon Street Business Park

Pending application on 9.53-acre parcel (TL500) on the Westernmost parcel immediately West of the roundabout and future Tonquin Court. OSB is proposing development of five industrial buildings totaling 115,170 sf of speculative industrial tenant space. The Design Review Application is currently being reviewed by the City of Sherwood and was prepared by Mimi Dukas of AKS Engineering on 6/23/2021 and updated 9/20/2021. Application was revised and resubmitted on 5/31/2022. Approval / Action is expected in 120 days. Includes \$45k proportionate share contributions to City TSP Project D33.





# APPENDIX - **PROPERTY INVENTORY**

21370 SW Oregon St

**06**

## Current Entitlements Inventory

The current property's FD-20 zone in Washington County is like Multnomah County's RR zoning which allows for a single-family dwelling and accessory structures. FD-20 continues to allow farm use, as defined by Oregon Revised Statutes. FD-20 does include some additional uses not allowed in the RR zone such as, Churches, Schools, Commercial equestrian uses, Contractor's establishment, Cemetery and Public Utility.

The most valuable use for a current development under FD-20 is a "Contractor's establishment" which could resemble a standard industrial development. However, the political commitment of Metro, Washington County and the City of Sherwood to achieving the Employment Industrial and Tonquin Employment Area standards established for the property should not be taken likely.

Note:

The FD-20 zoning requires a minimum lot size of 20 acres and this property is only 4.62. This inconsistency could empower the County to reject any development application forcing annexation as the only method of improving the property.

**06**

## Future Entitlements Potential

Fortunately, the path to full entitlements for this property is ideal. The property has been made eligible for annexation to the City of Sherwood through their 2020-08 ordinance and is directly adjacent to lot 600 which is already incorporated. According to Erika Palmer, the planner at City of Sherwood, annexation can be achieved within 90 days of a complete application from the property owner. Upon annexation the zoning would be Employment Industrial ("EI") which provides for a substantial range of light industrial uses with a focus on uses with employment density of targeted industry and limits to commercial and storage uses. A complete Site Plan Application must be acted on by the Jurisdiction within 120 days. Since there is one approved application and other eminent, the major transportation, easement and utility issues have been resolved. The largest remaining unknown is the timing, ROW dedication and/or cost sharing implications of the City of Sherwood's Ice Age Drive collector project.

# APPENDIX - **PROPERTY INVENTORY**

21370 SW Oregon St

**06**

## Relevant Permitted & Conditional Uses

[https://library.municode.com/or/sherwood/codes/code\\_of\\_ordinances](https://library.municode.com/or/sherwood/codes/code_of_ordinances) 16.31.020US

### **Washington County FD-20: Contractor's office, Residence**

#### **City of Sherwood Employment Industrial ("EI") Permitted Uses:**

1. Single dwelling unit
2. Small scale power generation facilities
3. Motorized vehicle repair and service secondary to permitted use (repair crack filler trailers)
4. Business and Professional Offices Note 3
5. Business Support Services (Fed Ex / Kinkos)
6. Incidental Retail / Display associated with permitted use – Cap of 10% of building area.
7. Tool equipment repair, rental and sales, including truck rental (Uhaul)
8. Manufacturing – no excessive noise or order, no unscreened storage
9. Distribution, WH and Storage associated with a permitted use
10. Medical and Dental Labs, R&D
11. Construction contractors and suppliers (offices)
12. Wireless communication antennas (not exceeding roof of the structure)
13. Health clubs and studios under 5,000 SF
14. Restaurant no drive-through, limited to 5,000 sf per building, 20,000 per development (Commercial uses must follow industrial development)
15. Contractor's storage and equipment yards – If constrained land prevents building.

#### **City of Sherwood EI Conditional Uses:**

1. Automotive, boat, trailer and recreational vehicle storage Conditional Note 4.
2. Vehicle fueling station or car wash facilities Note 5 – Conditional. 5 Limited to Cardlock, wholesale or facilities incidental to and solely serving an associated permitted or conditional use - no public retail fuel sales.

#### Note:

EI code does not allow wholesale or retail materials sales including lumber yards. Design Standards include 20' setback at frontage, 50' height limit and 100' x 100' minimum lot dimensions. Some flexibility may be possible as an accessory activity to the primary Permitted use.

# APPENDIX - ***PROPERTY CALCULATIONS***

21370 SW Oregon St

**07**

Property ROW Dedications & Development Capacity

Description	Square Feet	Acres
<b>Gross Parcel</b>	201,247	4.62
A. Oregon Frontage = 621' x 27'	(17,172)	(0.39)
B. Full Collector = 213' x 78'	(16,614)	(0.38)
C. 1/2 Collector = 100' x 39'	(3,900)	(0.09)
D. Orphaned Parcel (Storm?)	(4,186)	(0.10)
<b>Net Remaining Contiguous Parcel</b>	159,375	3.66
<b>Building Floor Area Ration Potential</b>	20.0%	31,875 GSF

Note:

The amount of ROW required is well defined by the previous development applications. The unknown is whether or not the ROW will be purchased by the City of Sherwood, dedication will be required by a development application or a latecomer's fee will be imposed for the collector construction. This analysis assumes the ROW is dedicated and the City builds the roads at no cost to the property Owner.

# APPENDIX - ***PROPERTY CALCULATIONS***

21370 SW Oregon St

**07** ROW Value & Improvement Cost Calculations

Description	Square Feet	Cost / Per SF	Cost Basis
<b>Gross Parcel</b>	201,247	\$6.21	\$1,250,000
A. Oregon Frontage = 621' x 27'	17,172		\$106,660
B. Full Collector = 213' x 78'	16,614		\$103,194
C. 1/2 Collector = 100' x 39'	3,900		\$24,224
D. Orphaned Parcel (Storm?)	4,186		\$26,000
<b>Total Value of ROW Dedications / Takings</b>	41,872		\$260,078
<b>ROW Construction Cost (Oregon Street Frontage)</b>	636 LF	\$500	\$318,000
<b>Remaining Gross Parcel</b>	159,375	\$9.84	\$1,568,000

Note:

Estimates assume that the land for ROW is dedicated to the City, the City pays for the entire cost of the Collector construction (\$435,000.00) and the property owner pays for the cost of the Oregon Street frontage. Assumes that the orphaned land is lost and unbuildable even though that property may be utilized for storm water treatment and/or detainage.

# APPENDIX - **POTENTIAL VENDORS**

21370 SW Oregon St

**08**

## Experienced Engineering & Design Firms

Designers and consultants with prior experience on this property have efficiencies that should reduce the cost of services and expedite approvals. The following vendors are listed in the site plan applications for one approved and one pending land use application at the property:

- Lancaster Mobley – Traffic Engineers. TIA for Oregon Street Business Park
- Kittleson & Associates - Traffic Engineers. TIA for Sherwood Commerce Center
- AKS Engineering and Forestry – Planning, Site Plan, Landscaping, Utilities, Wetlands, Stormwater Engineering for Oregon Street Business Park
- VMLK Engineering & Design - Engineering and architecture for Sherwood Commerce Center
- Weddle Surveying, Inc - Surveyor for Sherwood Commerce Center
- GeoDesign, Inc – Geotechnical Engineering - Sherwood Commerce Center (Prior Explorations)
- GeoPacific Engineering, Inc – Geotechnical Engineering - Oregon Street Business Park
- Otten Landscape Architects – Landscape Architects – Sherwood Commerce Center

# APPENDIX - ***NEXT STEPS***

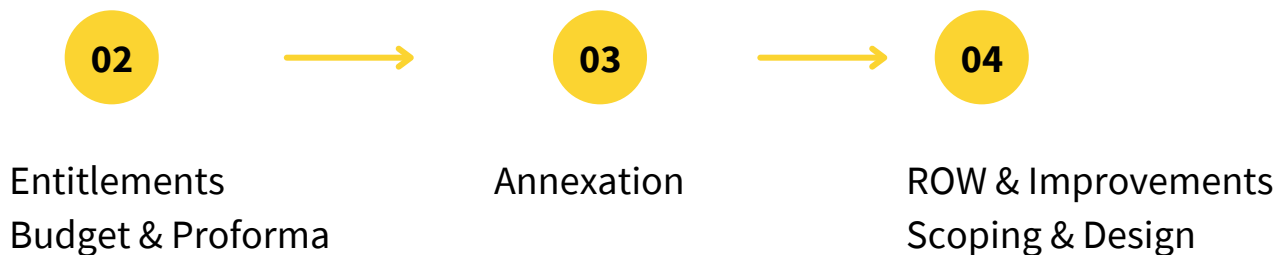
21370 SW Oregon St

## Due Diligence & Acquisition



Establish deposits, contingency subjects, waiver terms and due diligence tasks to be performed prior to closing / release of deposits. Meet with jurisdictions and utilities to confirm requirements and timeframes for approvals.

## Development Services



Prepare development scenarios, schedules and budgets and corresponding rates of return. Assemble preconstruction team, prepare land use applications for annexation and site plan approval. Support ROW negotiations and prepare building permit applications. Develop pricing / contracting strategy and request proposals from contractors.

END OF REPORT



Questions? Contact us.

[www.3cdLLC.com](http://www.3cdLLC.com)  
[Chris@3cdllc.com](mailto:Chris@3cdllc.com)  
503-312-7232

