

# City of Edmonds Five Corners: Alternatives Analysis



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HEARTLAND

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# Project Overview

## Context:

- The City of Edmonds is considering a form-based code for the Five Corners area.
- Five Corners area has potential to add increased density and additional housing with newer building stock.
- Goal: explore the feasibility of re-development of four sites within current market conditions under draft code.

## ReVisioning FIVE CORNERS

### CORE CONCEPTS

The intent for Five Corners is to create a vibrant mixed-use activity center that enhances economic development, provides housing, and retail/office uses that support the surrounding neighborhood. Core concepts include:



**Emphasis on creating a lively pedestrian environment** with wide sidewalks and buildings placed close to the street.



**A requirement for 15% landscaped open space.** All units shall meet a minimum Green Factor score of .30. Green Factor is a score-based code requirement developed by the City of Seattle to improve the quality of landscaping in new development.



**Retain and infiltrate stormwater on private property** through use of low-impact development techniques.



**Increase affordable housing and housing options.** Require 10% of new housing units to be made affordable to low- to moderate-income households and require a mix in housing unit size — ranging from 900- to 1,600-sf.



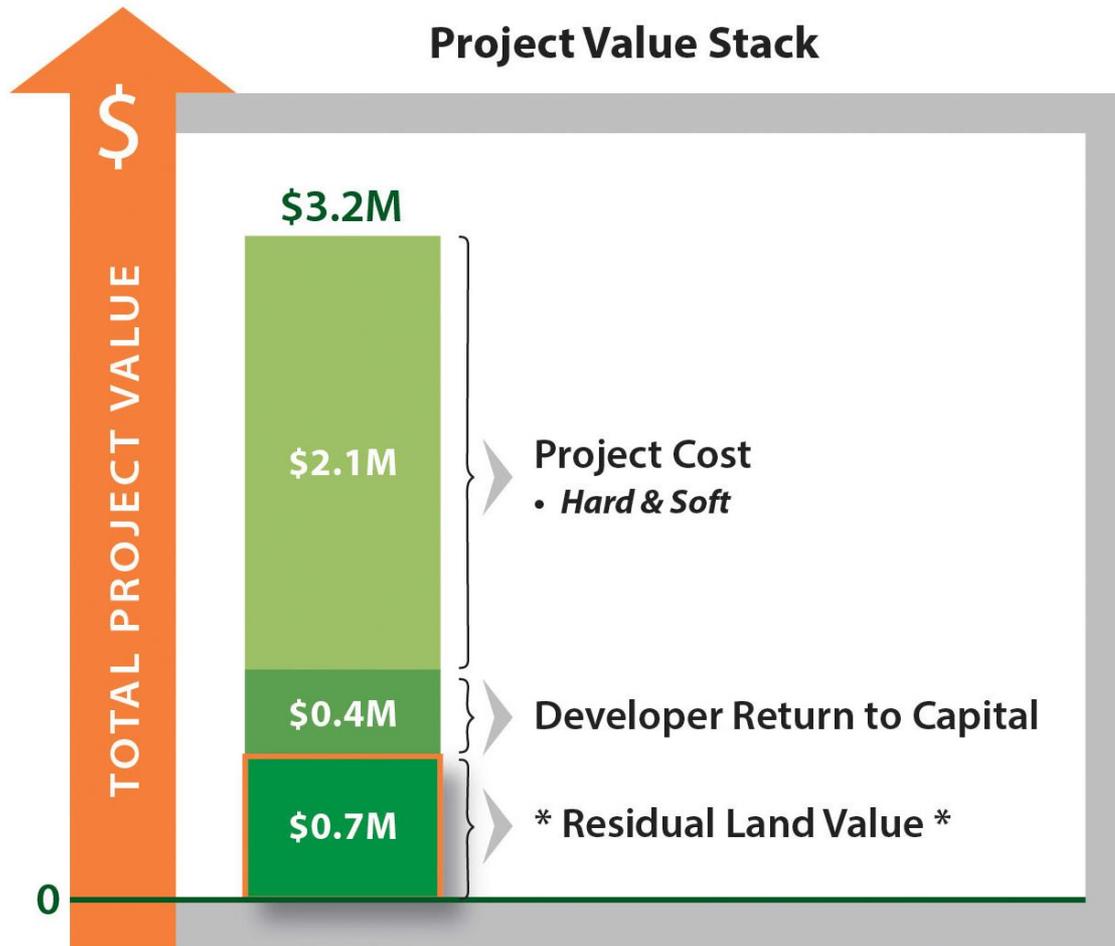
**Provide options for active transportation** by installing new bike lanes and enlarging sidewalks.

# Property Overview



# Methodology

## Feasibility of Redevelopment from Developer's Perspective

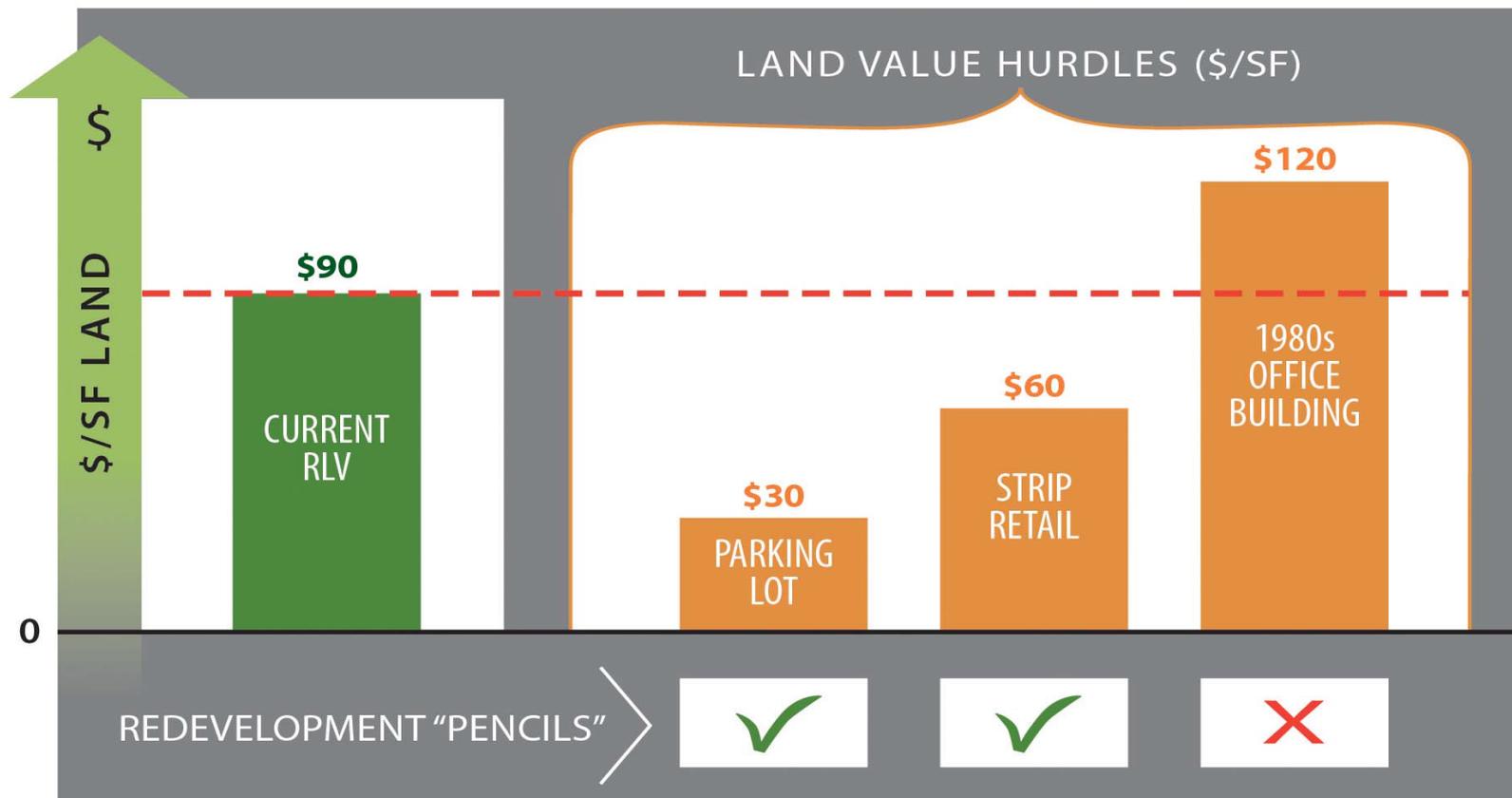


- Developer analyzes project-specific returns to make “go/no-go” decision
- *Residual Land Value (“RLV”)*: Amount the developer can afford to pay for the “land”
- Assuming the developer maximizes allowed buildable square feet, the total value of developed project is set
- Any additional project costs push down the residual land value, while additional entitlements can increase it

# Methodology (Cont'd)

Redevelopment occurs when the residual land value is higher than the value of the site's current use.

## Hypothetical Residual Land Value



# Scenarios Considered

## Scenarios Considered

1. Value in Use: existing site value
2. Draft Form-Based Code: site value under proposed code
3. Flexible Form-Based Code: site value under proposed code with greater flexibility

**Analysis of redevelopment focused on highest intensity use (Commercial Block Mixed-Use).**

# Draft Form-Based Code Assumptions

## Draft Form-Based Code Assumptions:

1. 75% site area developable
2. Maximum height of four stories (three stories residential over one story retail)
3. Parking Minimums – 1 Stall/Residential Unit + 1 Stall/500 square foot retail
4. 15% units affordable at 80% AMI
5. Average unit size = 600 SF (20% of units < 900 SF, no units over 1,600 SF)

# Flexible Form-Based Code Assumptions

## Flexible Form-Based Code Assumptions:

1. Maximum height of five stories (four stories residential over one story retail)
2. Parking Minimums – 0.5 Stalls/Residential Unit + 1 Stall/500 square foot retail
3. Combined maximum height of five stories and parking minimums of 0.5 stall/residential units

# Findings

**Existing buildings on the four tested sites in the Five Corners area are currently 100% occupied with relatively high market rents.**

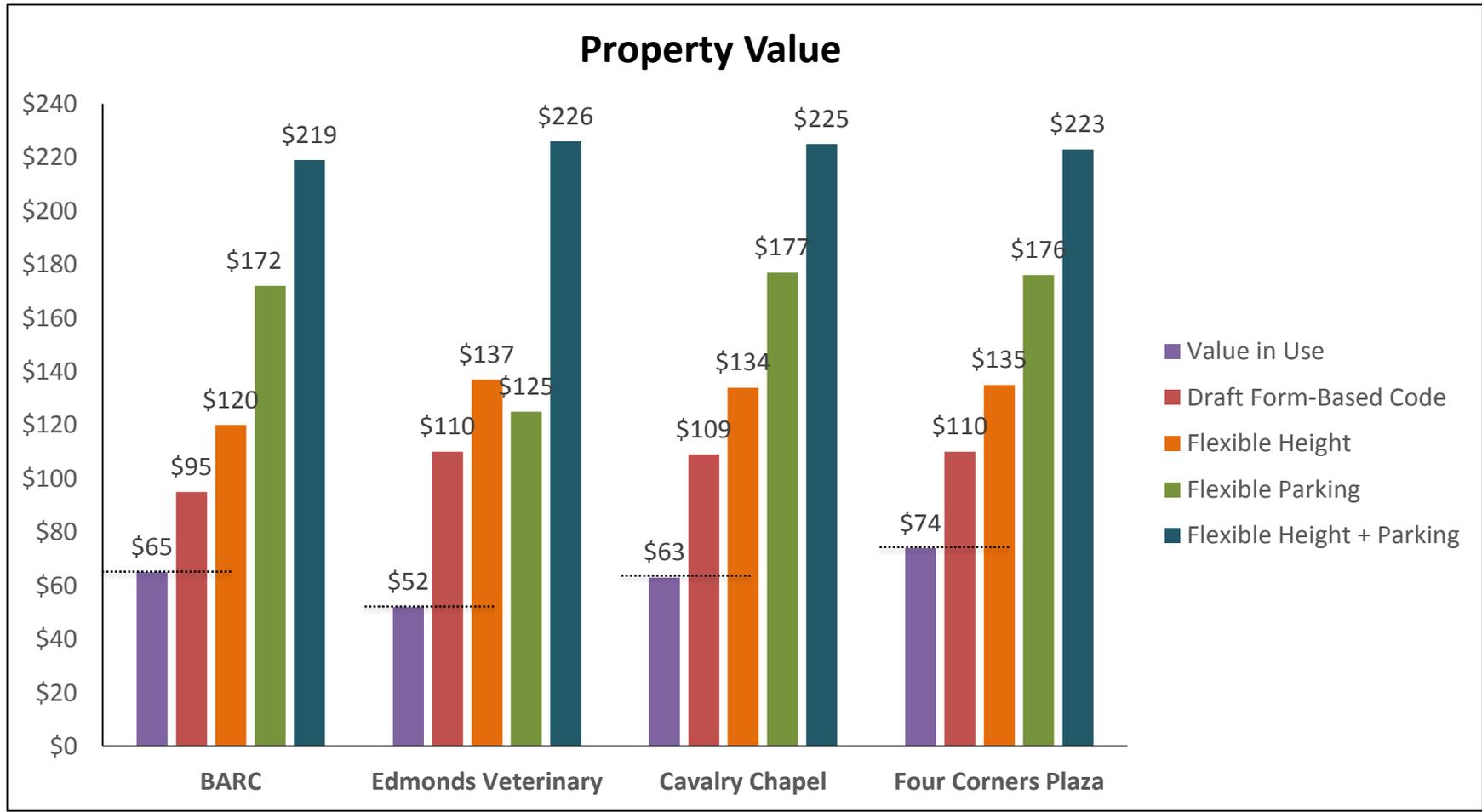
- Current zoning prohibits multi-family or buildings with heights over 25 feet.

**The new draft Form-Based Code for Five Corners increases development capacity enough to make redevelopment financially feasible.**

**Additional enhancements to the code would increase redevelopment value.**

- For medium-sized and large sites, decreasing required parking minimums provides the highest lift to land value
- For small sites, allowing an extra floor of building height provides the most additional value.
- A combination of decreased parking minimums and an extra floor of building height would provide the highest additional value for all sites.

# All Properties Scenarios: Comparative Performance Summary



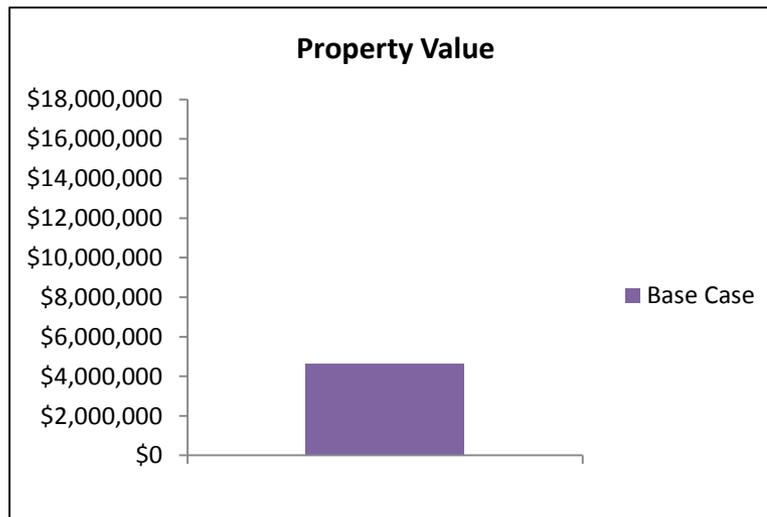
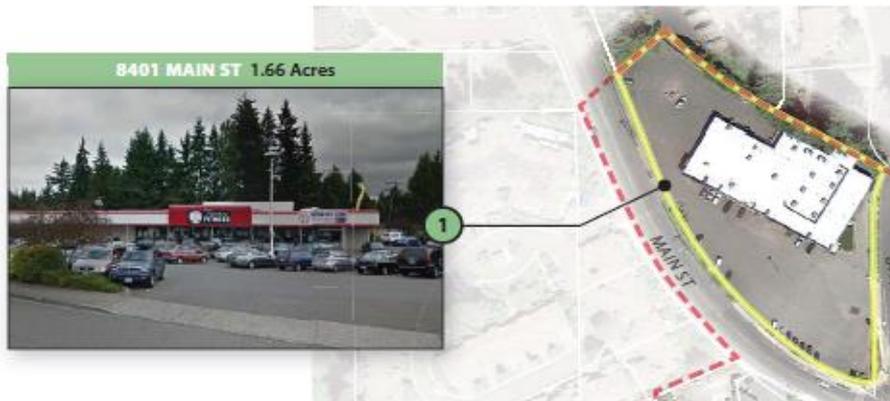
..... = Hurdle Value

# Site One: BARC



# BARC: Value in Use

- Land Value Under Current Use ~\$65 Per Square Foot



Space Program	
Land SF	72,310 SF
Building SF	17,504 SF
Use	Retail
Tenant	BARC

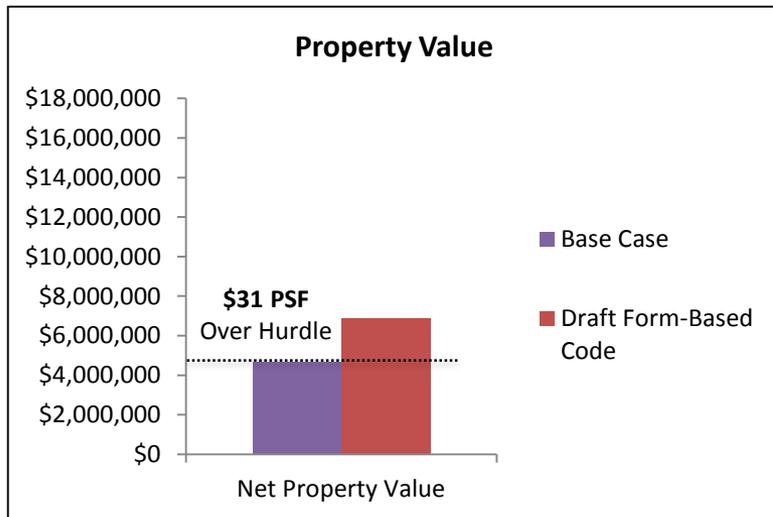
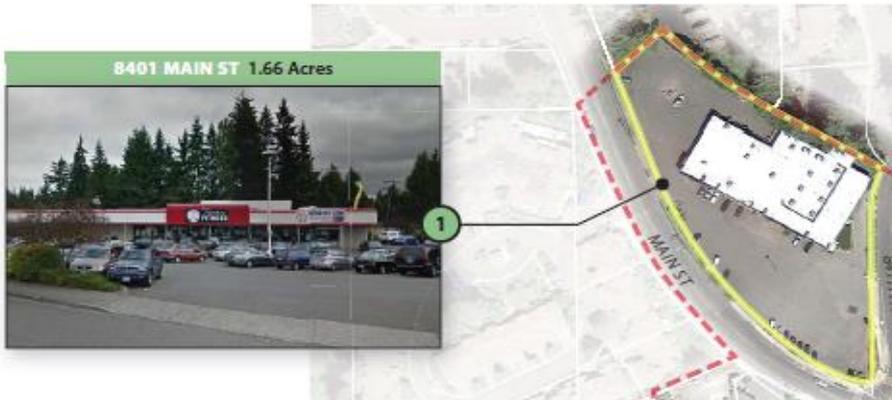
Revenue Metrics	
Market Rent/ SF	\$24 NNN
Net Operating Income*	\$400,000
Market Cap Rate	9%

Property Value	
Property Value Total*	\$4.7 Million
<b>Value/ Land SF (RLV Hurdle)</b>	<b>\$65/LSF</b>

\* Rounded to nearest hundred-thousand

# BARC: Draft Form-Based Code

- Land Value Under Draft Form-Based Code ~\$95 Per Square Foot



Space Program	
Land SF	72,310 SF
Maximum Building SF	216,929 SF
• Residential Units	264 Units
• Retail SF	30,000 SF
• Parking Spaces	324 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

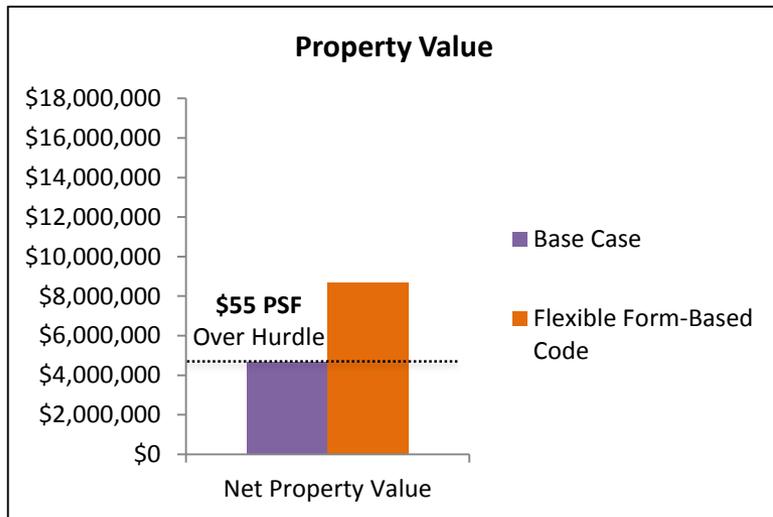
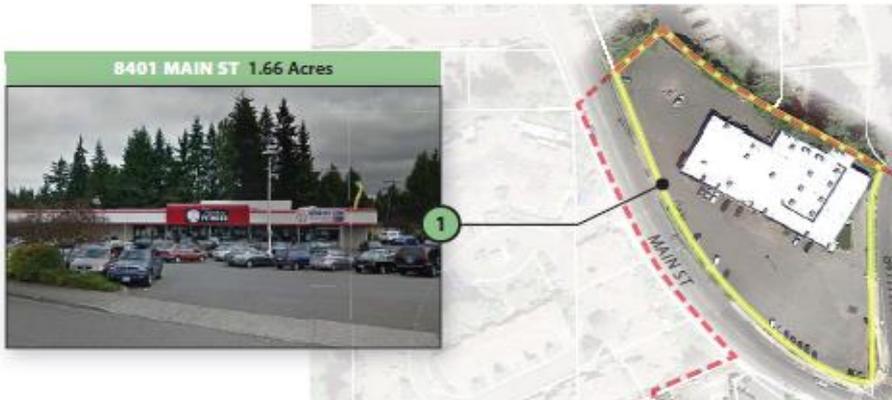
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$3.4 Million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$26,090/Unit
Multi-family Contribution to Value	\$59/LSF
Retail Contribution to Value	\$37/LSF
<b>Value/ Land SF</b>	<b>\$95/LSF</b>

\* Rounded to nearest hundred-thousand

# BARC: Flexible Height

## Land Value Under Flexible Form-Based Code ~\$120 Per Square Foot



Space Program	
Land SF	72,310 SF
Maximum Building SF	271,161 SF
• Residential Units	361 Units
• Retail SF	30,000 SF
• Parking Spaces	401 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

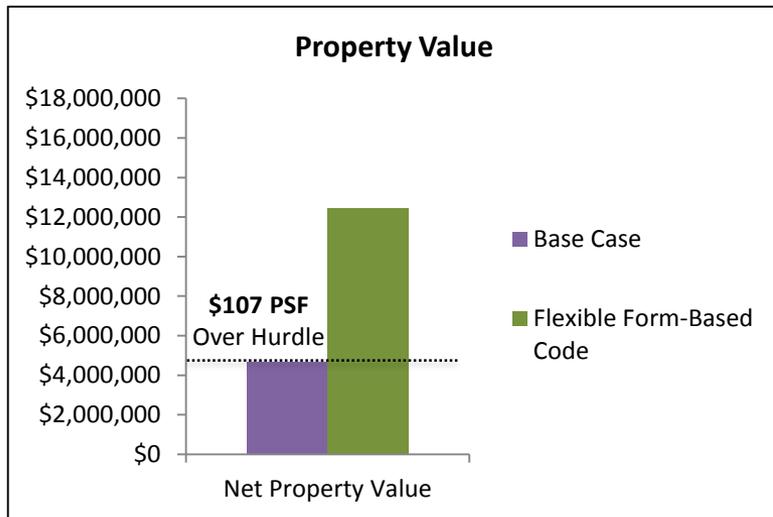
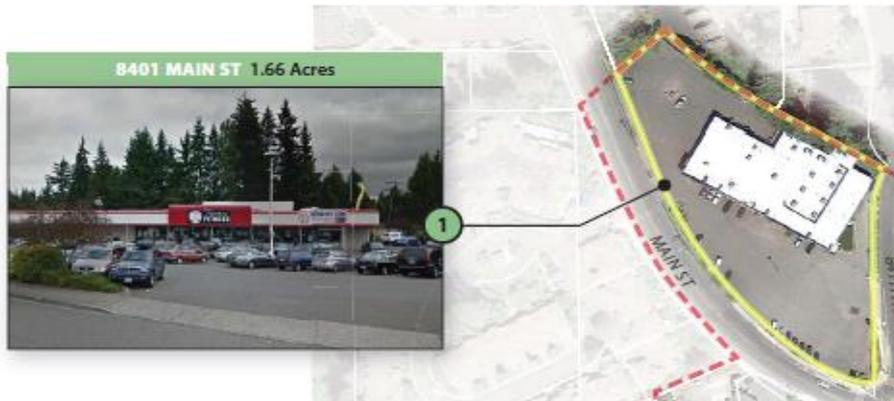
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$4.2 Million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$25,408/Unit
Multi-family Contribution to Value	\$83/LSF
Retail Contribution to Value	\$37/LSF
<b>Value/ Land SF</b>	<b>\$120/LSF</b>

\* Rounded to nearest hundred-thousand

# BARC: Flexible Parking

## Land Value Under Flexible Form-Based Code ~\$172 Per Square Foot



Space Program	
Land SF	72,310 SF
Maximum Building SF	216,929 SF
• Residential Units	264 Units
• Retail SF	30,000 SF
• Parking Spaces	192 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

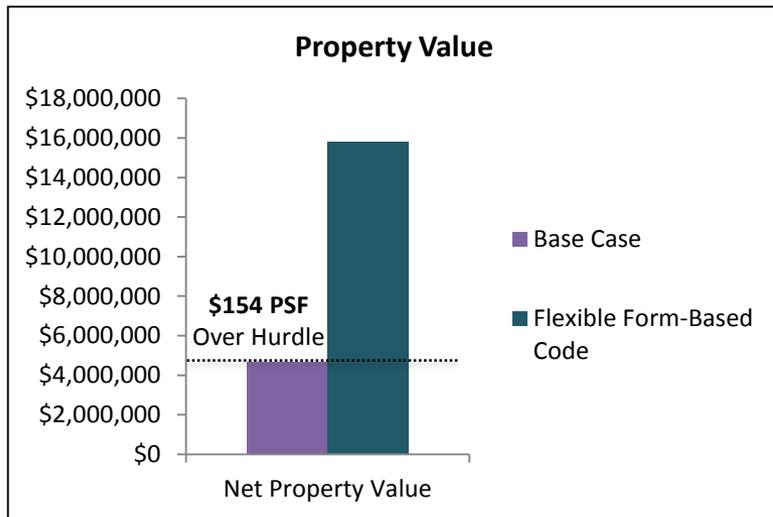
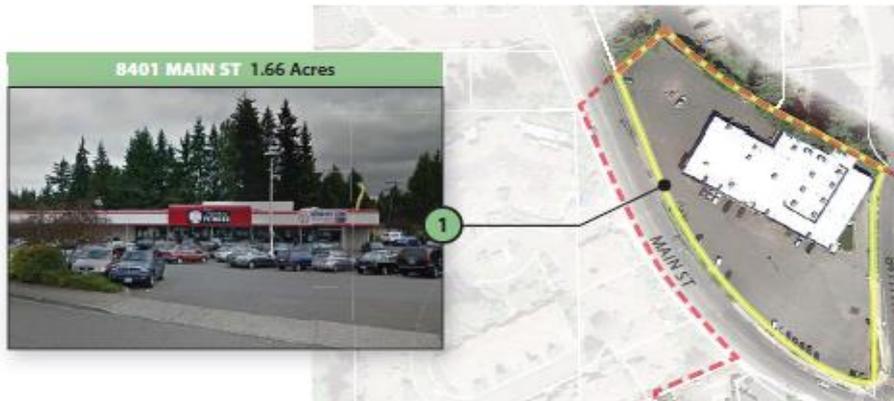
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$3.4 Million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$47,090/Unit
Multi-family Contribution to Value	\$135/LSF
Retail Contribution to Value	\$37/LSF
<b>Value/ Land SF</b>	<b>\$172/LSF</b>

\* Rounded to nearest hundred-thousand

# BARC: Flexible Height + Parking

## Land Value Under Flexible Form-Based Code ~\$219 Per Square Foot



Space Program	
Land SF	72,310 SF
Maximum Building SF	271,161 SF
• Residential Units	341 Units
• Retail SF	30,000 SF
• Parking Spaces	231 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$4.2 Million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$46,408/Unit
Multi-family Contribution to Value	\$182/LSF
Retail Contribution to Value	\$37/LSF
<b>Value/ Land SF</b>	<b>\$219/LSF</b>

\* Rounded to nearest hundred-thousand

# BARC Scenarios: Comparative Performance

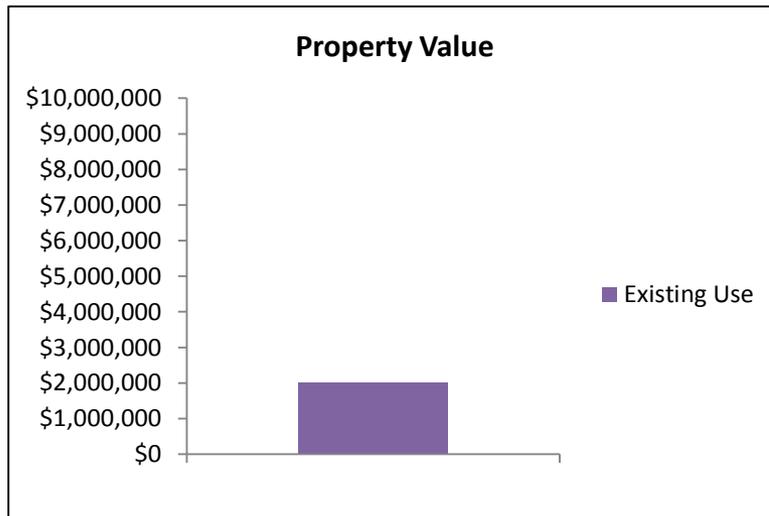
BARC	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Scenario	Value in Use	Draft Form-Based Code	Flexible Height	Flexible Parking	Flexible Height + Parking
<b>Space Program</b>					
Land SF	72,310 SF	72,310 SF	72,310 SF	72,310 SF	72,310 SF
Maximum Building SF	NA	216,929 SF	271,161 SF	216,929 SF	271,161 SF
• Residential Units	--	264 Units	361 Units	264 Units	361 Units
• Retail SF	17,504 SF	30,000 SF	30,000 SF	30,000 SF	30,000 SF
• Parking Spaces	--	324 Stalls	401 Stalls	192 Stalls	231 Stalls
<b>Cost Metrics</b>					
Ground Floor Cost/ SF	--	\$220 PSF	\$220 PSF	\$220 PSF	\$220 PSF
Upper Floor Cost/ SF	--	\$165 PSF	\$165 PSF	\$165 PSF	\$165 PSF
<b>Revenue Metrics</b>					
Multi-Family Market Rent/ SF	--	\$2.40	\$2.40	\$2.40	\$2.40
Retail Market Rent/ SF	\$24 NNN	\$28 NNN	\$28 NNN	\$28 NNN	\$28 NNN
Net Operating Income*	\$0.4 Million	\$3.4 Million	\$4.2 Million	\$3.4 Million	\$4.2 Million
Market Cap Rate	9%	4% MF, 6% Retail	4% MF, 6% Retail	4% MF, 6% Retail	4% MF, 6% Retail
<b>Property Value</b>					
Land Value per Unit	--	\$26,090	\$25,408	\$47,090	\$46,408
Multi-family Contribution to Value	--	\$59/LSF	\$83/LSF	\$135/LSF	\$182/LSF
Retail Contribution to Value	--	\$37/LSF	\$37/LSF	\$37/LSF	\$37/LSF
<b>Value/ Land SF</b>	<b>\$65/LSF</b>	<b>\$95/LSF</b>	<b>\$120/LSF</b>	<b>\$172/LSF</b>	<b>\$219/LSF</b>

# Site Two: Edmonds Veterinary



# Edmonds Veterinary: Value in Use

## Land Value Under Current Use ~\$52 Per SF



Space Program	
Land SF	39,204 SF
Building SF	7,590 SF
Use	Retail
Tenant	Edmonds Veterinary

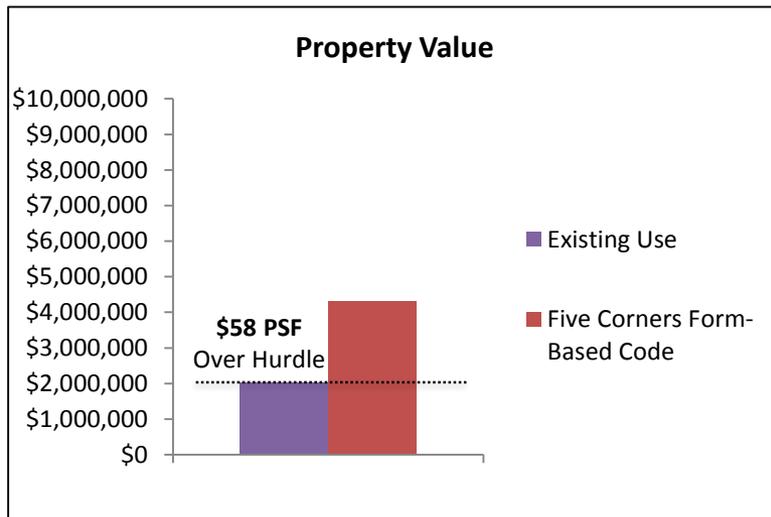
Revenue Metrics	
Market Rent/ SF	\$24 NNN
Net Operating Income	\$182,160
Market Cap Rate	9%

Property Value	
Property Value Total*	\$2.0 Million
<b>Value/ Land SF (RLV Hurdle)</b>	<b>\$52/LSF</b>

\* Rounded to nearest hundred-thousand

# Edmonds Veterinary: Draft Form-Based Code

## Land Value Under Draft Form-Based Code ~\$110 Per Square Foot



Space Program	
Land SF	39,204 SF
Maximum Building SF	117,612 SF
• Residential Units	124 Units
• Retail SF	29,403 SF
• Parking Spaces	183 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

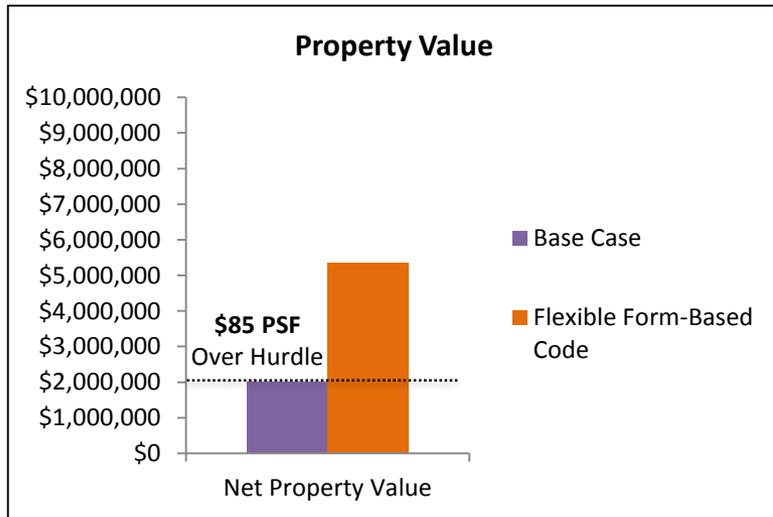
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$2.0 million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$35,000/Unit
Multi-family Contribution to Value	\$68/LSF
Retail Contribution to Value	\$43/LSF
<b>Value/ Land SF</b>	<b>\$110/LSF</b>

\* Rounded to nearest hundred-thousand

# Edmonds Veterinary: Flexible Height

## Land Value Under Flexible Form-Based Code ~\$137 Per Square Foot



Space Program	
Land SF	39,204 SF
Maximum Building SF	147,015 SF
• Residential Units	166 Units
• Retail SF	29,403 SF
• Parking Spaces	225 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

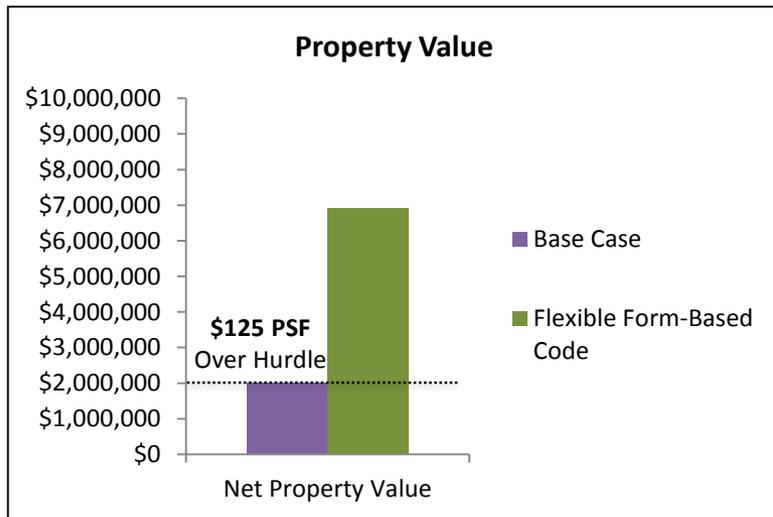
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$2.4 Million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$32,398/Unit
Multi-family Contribution to Value	\$94/LSF
Retail Contribution to Value	\$43/LSF
<b>Value/ Land SF</b>	<b>\$137/LSF</b>

\* Rounded to nearest hundred-thousand

# Edmonds Veterinary: Flexible Parking

## Land Value Under Flexible Form-Based Code ~\$125 Per Square Foot



Space Program	
Land SF	39,204 SF
Maximum Building SF	117,612 SF
• Residential Units	124 Units
• Retail SF	29,403 SF
• Parking Spaces	121 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

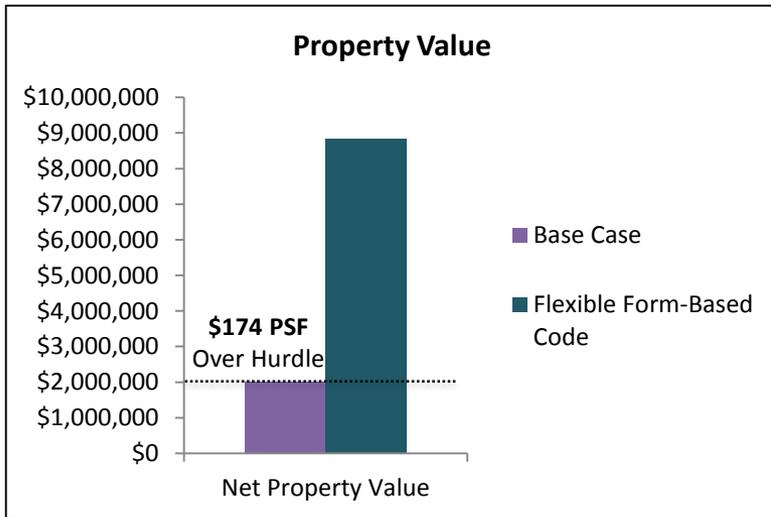
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$2.0 million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$55,794/Unit
Multi-family Contribution to Value	\$134/LSF
Retail Contribution to Value	\$43/LSF
<b>Value/ Land SF</b>	<b>\$125/LSF</b>

\* Rounded to nearest hundred-thousand

# Edmonds Veterinary: Flexible Height + Parking

## Land Value Under Flexible Form-Based Code ~\$226 Per Square Foot



Space Program	
Land SF	39,204 SF
Maximum Building SF	147,015 SF
• Residential Units	166 Units
• Retail SF	29,403 SF
• Parking Spaces	142 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$2.4 million
Market Cap Rate	4% MF, 6% Retail

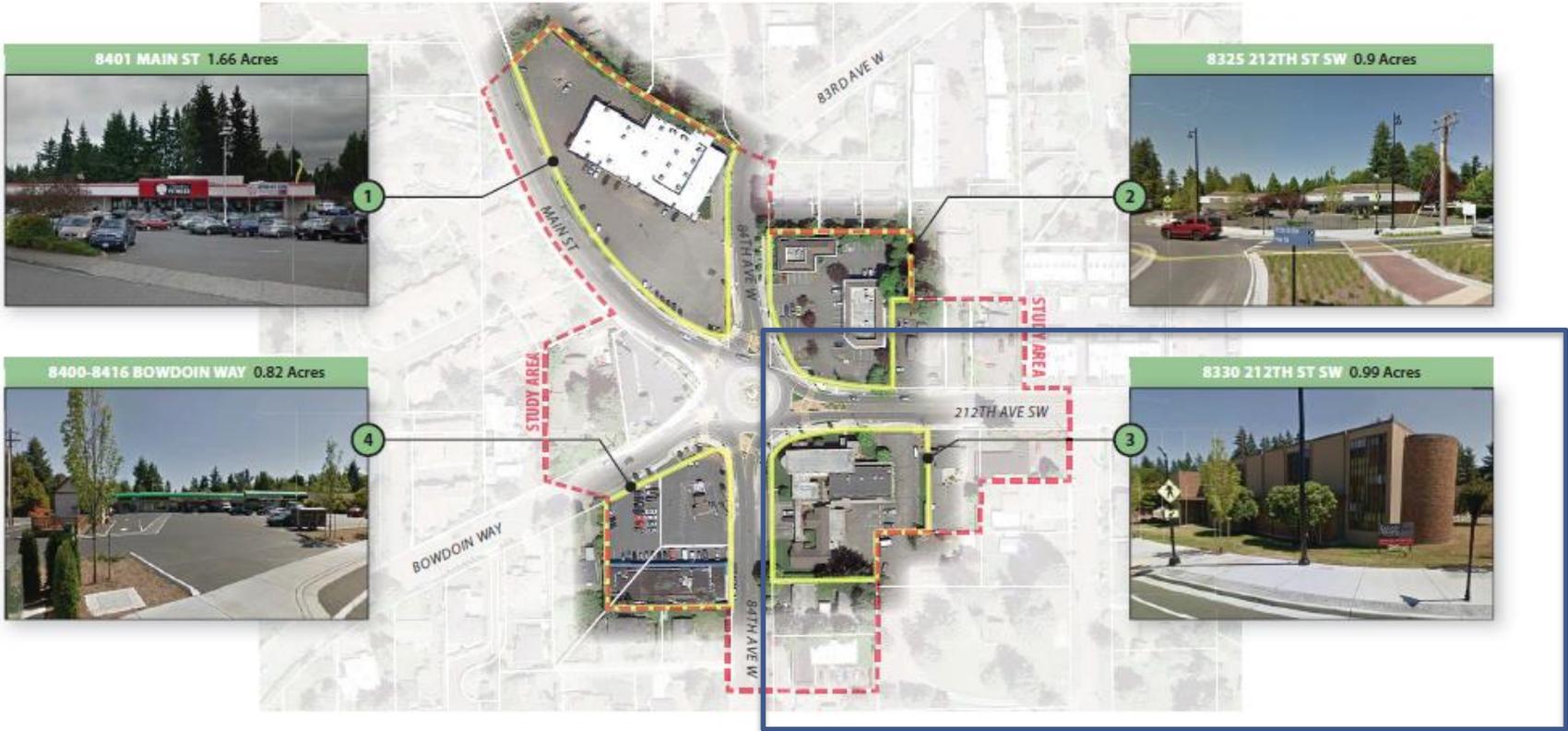
Property Value	
Land Value per Unit	\$53,298/Unit
Multi-family Contribution to Value	\$183/LSF
Retail Contribution to Value	\$43/LSF
<b>Value/ Land SF</b>	<b>\$226/LSF</b>

\* Rounded to nearest hundred-thousand

# Edmonds Veterinary Scenarios: Comparative Performance

Edmonds Veterinary	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Scenarios	Value in Use	Draft Form-Based Code	Flexible Height	Flexible Parking	Flexible Height + Parking
<b>Space Program</b>					
Land SF	39,204 SF	39,204 SF	39,204 SF	39,204 SF	39,204 SF
Maximum Building SF	NA	117,612 SF	147,015 SF	117,612 SF	147,015 SF
• Residential Units	--	124 Units	166 Units	124 Units	166 Units
• Retail SF	7,590 SF	29,403 SF	29,403 SF	29,403 SF	29,403 SF
• Parking Spaces	--	183 Stalls	225 Stalls	121 Stalls	142 Stalls
<b>Cost Metrics</b>					
Ground Floor Cost/ SF	--	\$220 PSF	\$220 PSF	\$220 PSF	\$220 PSF
Upper Floor Cost/ SF	--	\$165 PSF	\$165 PSF	\$165 PSF	\$165 PSF
<b>Revenue Metrics</b>					
Multi-Family Market Rent/ SF	--	\$2.40	\$2.40	\$2.40	\$2.40
Retail Market Rent/ SF	\$24 NNN	\$28 NNN	\$28 NNN	\$28 NNN	\$28 NNN
Net Operating Income*	\$0. Million	\$2.0 million	\$2.4 Million	\$2.0 million	\$2.4 Million
Market Cap Rate	9%	4% MF, 6% Retail	4% MF, 6% Retail	4% MF, 6% Retail	4% MF, 6% Retail
<b>Property Value</b>					
Land Value per Unit	--	\$35,000/Unit	\$32,398/Unit	\$55,794/Unit	\$53,298/Unit
Multi-family Contribution to Value	--	\$68/LSF	\$94/LSF	\$134/LSF	\$183/LSF
Retail Contribution to Value	--	\$43/LSF	\$43/LSF	\$43/LSF	\$43/LSF
<b>Value/ Land SF</b>	<b>\$52/LSF</b>	<b>\$110/LSF</b>	<b>\$137/LSF</b>	<b>\$125/LSF</b>	<b>\$226/LSF</b>

# Site Three: Cavalry Chapel



# Cavalry Chapel: Value In Use

## Land Value Under Current Use ~\$58 Per SF



Space Program	
Land SF	43,124 SF
Building SF	12,192 SF
Use	Institutional
Tenant	Cavalry Chapel

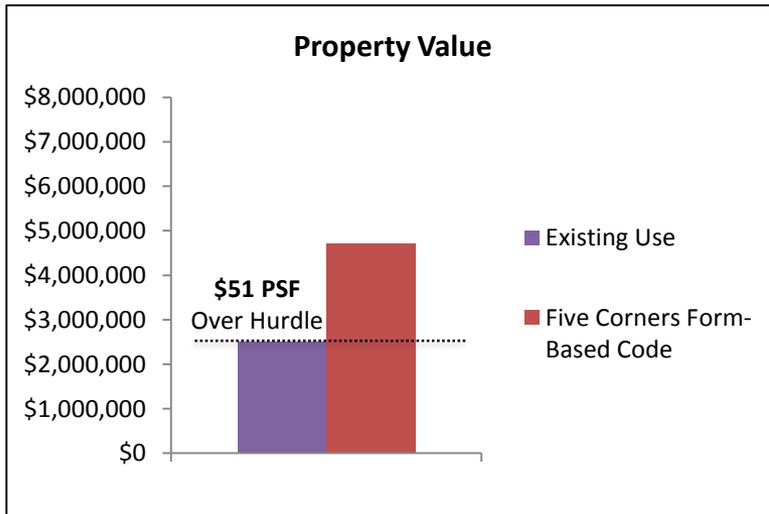
Property Value	
Property Value Total*	\$2,500,000
<b>Value/ Land SF (RLV Hurdle)</b>	<b>\$58/LSF</b>

\* Rounded to nearest hundred-thousand

\*Due to special use, used escalated 2012 sale price rather than capped income to impute value

# Cavalry Chapel: Draft Form-Based Code

## Land Value Under Draft Form-Based Code ~\$109 Per Square Foot



Space Program	
Land SF	43,124 SF
Maximum Building SF	129,373 SF
• Residential Units	140 Units
• Retail SF	30,000 SF
• Parking Spaces	200 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

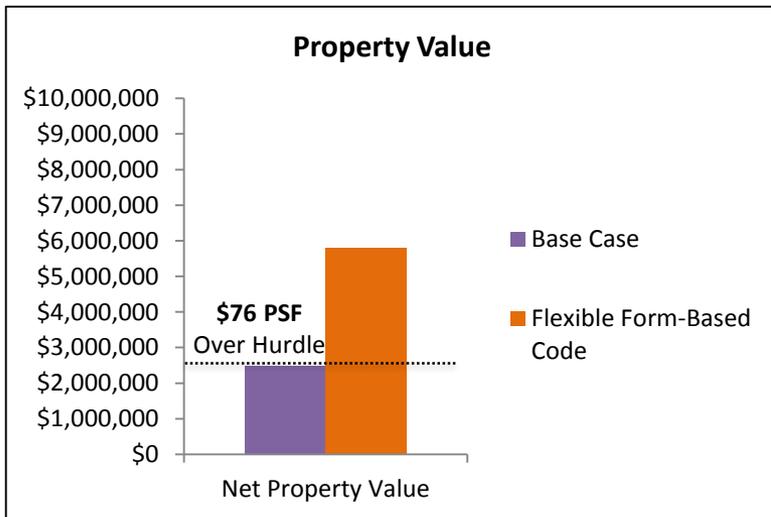
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$2.2 million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$34,000/Unit
Multi-family Contribution to Value	\$66/LSF
Retail Contribution to Value	\$43/LSF
<b>Value/ Land SF</b>	<b>\$109/LSF</b>

\* Rounded to nearest hundred-thousand

# Cavalry Chapel: Flexible Height

## Land Value Under Flexible Form-Based Code ~\$134 Per Square Foot



Space Program	
Land SF	43,124 SF
Maximum Building SF	161,717 SF
• Residential Units	186 Units
• Retail SF	30,000 SF
• Parking Spaces	246 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

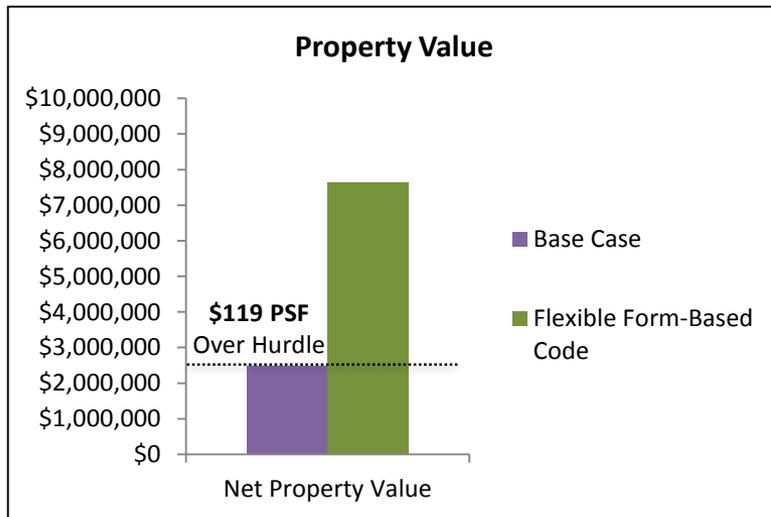
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$2.6 Million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$31,164/Unit
Multi-family Contribution to Value	\$91/LSF
Retail Contribution to Value	\$43/LSF
<b>Value/ Land SF</b>	<b>\$134/LSF</b>

\* Rounded to nearest hundred-thousand

# Cavalry Chapel: Flexible Parking

## Land Value Under Flexible Form-Based Code ~\$177 Per Square Foot



Space Program	
Land SF	43,124 SF
Maximum Building SF	129,373 SF
• Residential Units	140 Units
• Retail SF	30,000 SF
• Parking Spaces	130 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

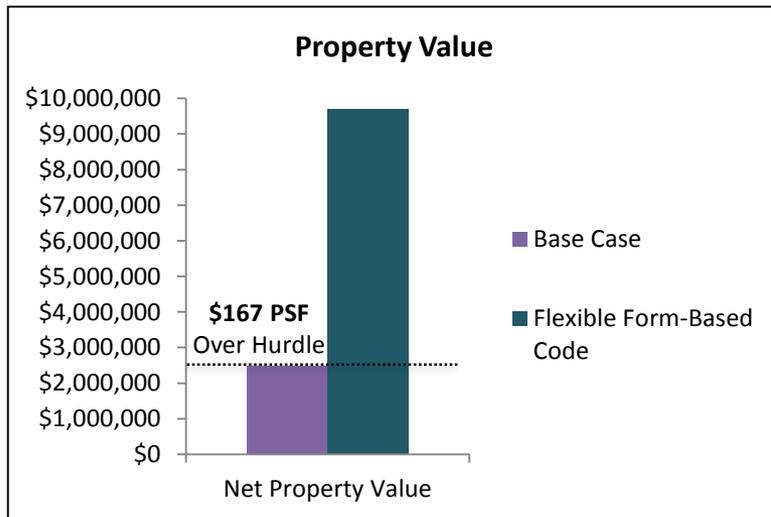
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$2.2 Million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$54,651/Unit
Multi-family Contribution to Value	\$134/LSF
Retail Contribution to Value	\$43/LSF
<b>Value/ Land SF</b>	<b>\$177/LSF</b>

\* Rounded to nearest hundred-thousand

# Cavalry Chapel: Flexible Height + Parking

## Land Value Under Flexible Form-Based Code ~\$225 Per Square Foot



Space Program	
Land SF	43,124 SF
Maximum Building SF	161,717 SF
• Residential Units	186 Units
• Retail SF	30,000 SF
• Parking Spaces	153 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$2.6 Million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$52,164 /Unit
Multi-family Contribution to Value	\$182/LSF
Retail Contribution to Value	\$43/LSF
<b>Value/ Land SF</b>	<b>\$225/LSF</b>

\* Rounded to nearest hundred-thousand

# Cavalry Chapel Scenarios: Comparative Performance

Cavalry Chapel	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Scenarios	Value in Use	Draft Form-Based Code	Flexible Height	Flexible Parking	Flexible Height + Parking
<b>Space Program</b>					
Land SF	43,124 SF	43,124 SF	43,124 SF	43,124 SF	43,124 SF
Maximum Building SF	NA	129,373 SF	161,717 SF	129,373 SF	161,717 SF
• Residential Units	--	140 Units	186 Units	140 Units	186 Units
• Retail SF	12,192 SF	30,000 SF	30,000 SF	30,000 SF	30,000 SF
• Parking Spaces	--	200 Stalls	246 Stalls	130 Stalls	153 Stalls
<b>Cost Metrics</b>					
Ground Floor Cost/ SF	--	\$220 PSF	\$220 PSF	\$220 PSF	\$220 PSF
Upper Floor Cost/ SF	--	\$165 PSF	\$165 PSF	\$165 PSF	\$165 PSF
<b>Revenue Metrics</b>					
Multi-Family Market Rent/ SF	--	\$2.40	\$2.40	\$2.40	\$2.40
Retail Market Rent/ SF	\$20 NNN	\$28 NNN	\$28 NNN	\$28 NNN	\$28 NNN
Net Operating Income*	\$0. Million	\$2.2 million	\$2.6 Million	\$2.2 Million	\$2.6 Million
Market Cap Rate	9%	4% MF, 6% Retail	4% MF, 6% Retail	4% MF, 6% Retail	4% MF, 6% Retail
<b>Property Value</b>					
Land Value per Unit	--	\$34,000/Unit	\$31,164/Unit	\$54,651/Unit	\$52,164
Multi-family Contribution to Value	--	\$66/LSF	\$91/LSF	\$134/LSF	\$182/LSF
Retail Contribution to Value	--	\$43/LSF	\$43/LSF	\$43/LSF	\$43/LSF
<b>Value/ Land SF</b>	<b>\$63/LSF</b>	<b>\$109/LSF</b>	<b>\$134/LSF</b>	<b>\$177/LSF</b>	<b>\$225/LSF</b>

# Site Four: Five Corner Plaza



# Five Corner Plaza: Value in Use

## Land Value Under Current Use ~\$74 Per SF



Space Program	
Land SF	35,719 SF
Building SF	9,974 SF
Use	Retail
Tenant	5 Corner Plaza

Revenue Metrics	
Market Rent/ SF	\$24 NNN
Net Operating Income	\$239,376
Market Cap Rate	9%

Property Value	
Property Value Total*	\$2.7 Million
<b>Value/ Land SF (RLV Hurdle)</b>	<b>\$74/LSF</b>

\* Rounded to nearest hundred-thousand

# Five Corner Plaza: Draft Form-Based Code

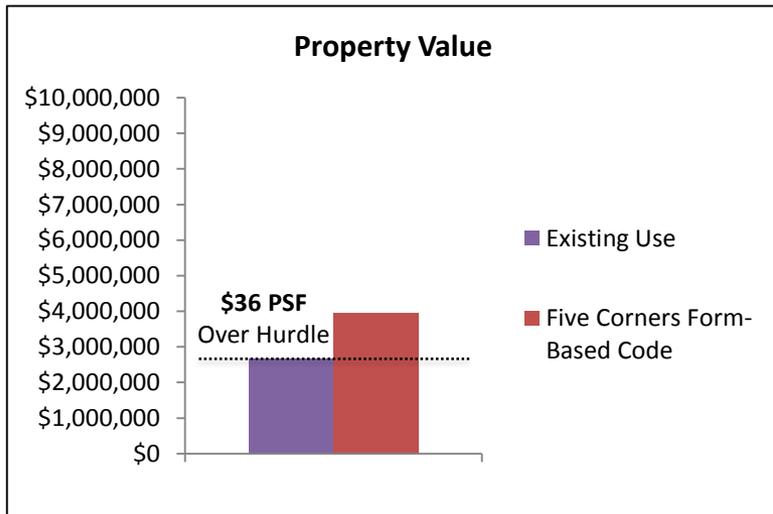
## Land Value Under Draft Form-Based Code ~\$110 Per Square Foot



Space Program	
Land SF	35,719 SF
Maximum Building SF	107,158 SF
• Residential Units	113 Units
• Retail SF	26,789 SF
• Parking Spaces	167 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$1.8 million
Market Cap Rate	4% MF, 6% Retail

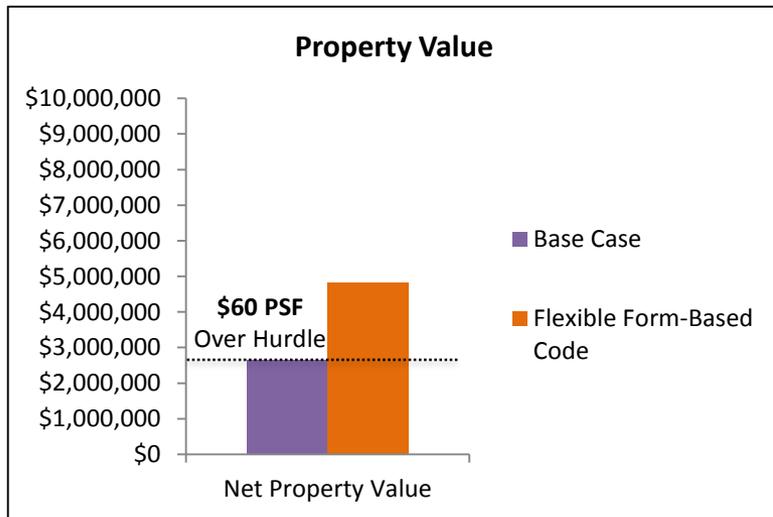


Property Value	
Land Value per Unit	\$35,000/Unit
Multi-family Contribution to Value	\$68/LSF
Retail Contribution to Value	\$42/LSF
<b>Value/ Land SF</b>	<b>\$110/LSF</b>

\* Rounded to nearest hundred-thousand

# Five Corner Plaza: Flexible Height

## Land Value Under Flexible Form-Based Code ~\$135 Per Square Foot



Space Program	
Land SF	35,719 SF
Maximum Building SF	133,947 SF
• Residential Units	151 Units
• Retail SF	26,800 SF
• Parking Spaces	205 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

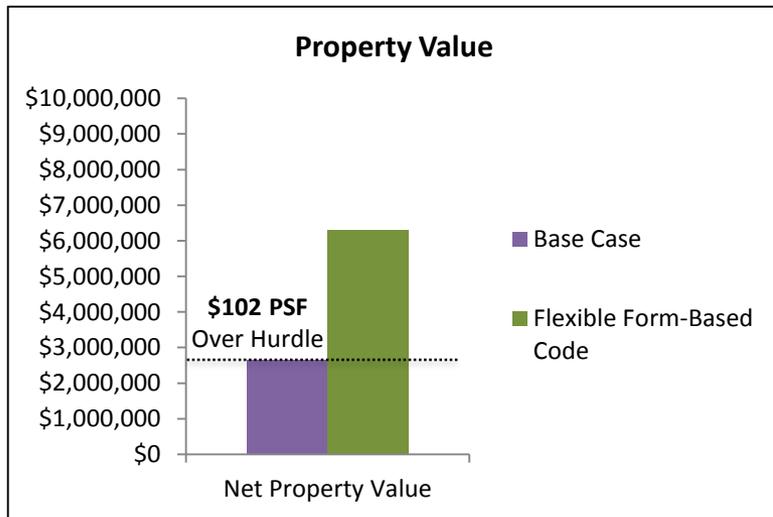
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$2.2 Million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$31,857/Unit
Multi-family Contribution to Value	\$92/LSF
Retail Contribution to Value	\$42/LSF
<b>Value/ Land SF</b>	<b>\$135/LSF</b>

\* Rounded to nearest hundred-thousand

# Five Corner Plaza: Flexible Parking

## Land Value Under Flexible Form-Based Code ~\$176 Per Square Foot



Space Program	
Land SF	35,719 SF
Maximum Building SF	107,158 SF
• Residential Units	113 Units
• Retail SF	26,789 SF
• Parking Spaces	111 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

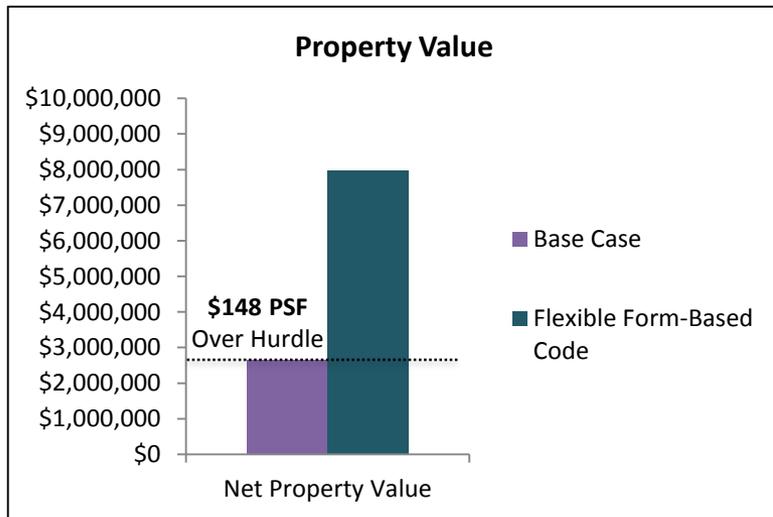
Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$1.8 million
Market Cap Rate	4% MF, 6% Retail

Property Value	
Land Value per Unit	\$55,724/Unit
Multi-family Contribution to Value	\$134/LSF
Retail Contribution to Value	\$42/LSF
<b>Value/ Land SF</b>	<b>\$176/LSF</b>

\* Rounded to nearest hundred-thousand

# Five Corner Plaza: Flexible Height + Parking

## Land Value Under Flexible Form-Based Code ~\$223 Per Square Foot



Space Program	
Land SF	35,719 SF
Maximum Building SF	133,947 SF
• Residential Units	151 Units
• Retail SF	26,789 SF
• Parking Spaces	153 Stalls

Cost Metrics	
Ground Floor Cost/ SF	\$220 PSF
Upper Floor Cost/ SF	\$165 PSF

Revenue Metrics	
Multi-Family Market Rent/ SF	\$2.40
Retail Market Rent/ SF	\$28 NNN
Net Operating Income*	\$2.2 Million
Market Cap Rate	4% MF, 6% Retail

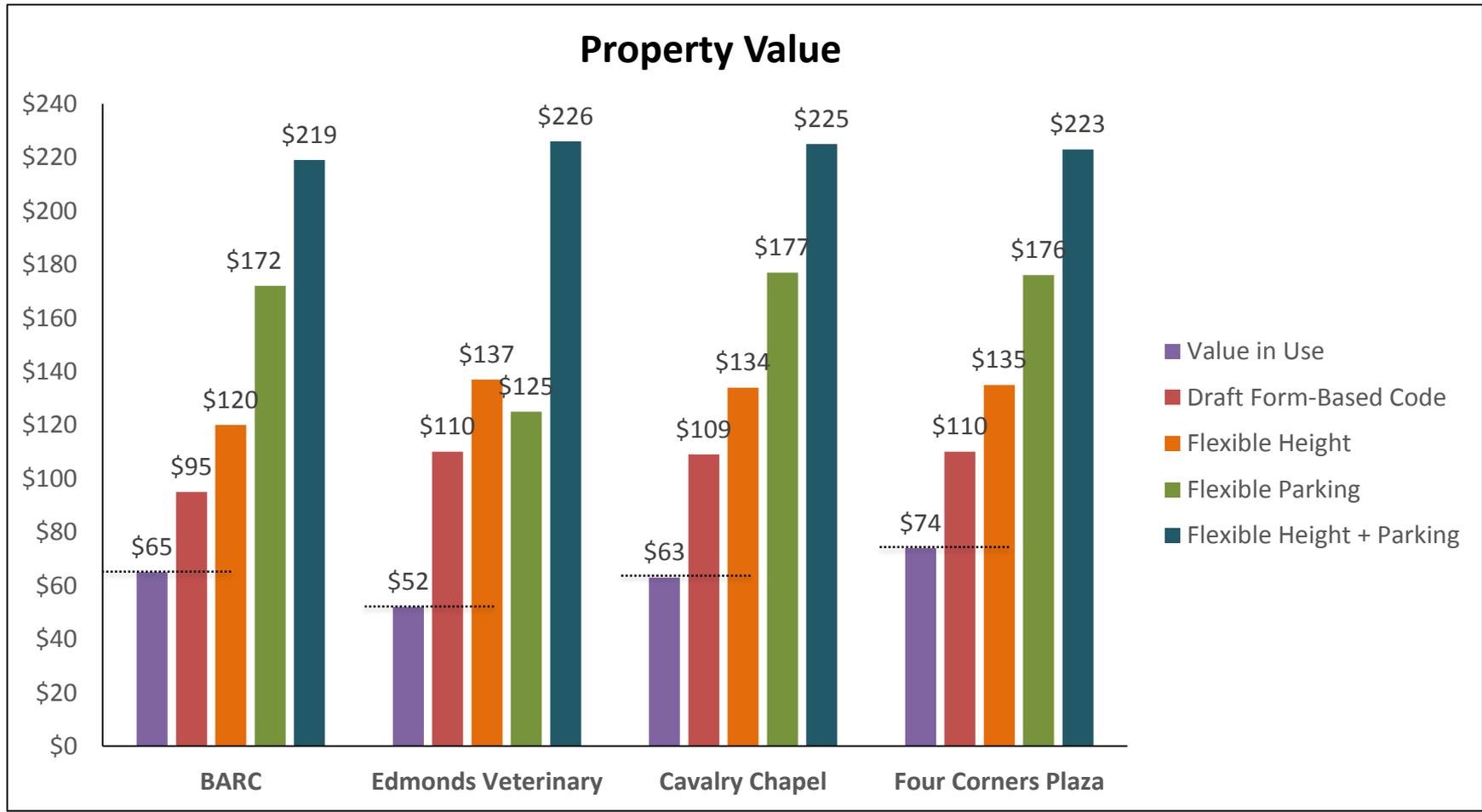
Property Value	
Land Value per Unit	\$52,718/Unit
Multi-family Contribution to Value	\$181/LSF
Retail Contribution to Value	\$42/LSF
<b>Value/ Land SF</b>	<b>\$223/LSF</b>

\* Rounded to nearest hundred-thousand

# Five Corner Plaza Scenarios: Comparative Performance

Five Corner Plaza	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Scenarios	Value in Use	Draft Form-Based Code	Flexible Height	Flexible Parking	Flexible Height + Parking
<b>Space Program</b>					
Land SF	35,719 SF	35,719 SF	35,719 SF	35,719 SF	35,719 SF
Maximum Building SF	NA	107,158 SF	133,947 SF	107,158 SF	133,947 SF
• Residential Units	--	113 Units	151 Units	113 Units	151 Units
• Retail SF	9,974 SF	26,789 SF	26,800 SF	26,789 SF	26,800 SF
• Parking Spaces	--	167 Stalls	205 Stalls	111 Stalls	153 Stalls
<b>Cost Metrics</b>					
Ground Floor Cost/ SF	--	\$220 PSF	\$220 PSF	\$220 PSF	\$220 PSF
Upper Floor Cost/ SF	--	\$165 PSF	\$165 PSF	\$165 PSF	\$165 PSF
<b>Revenue Metrics</b>					
Multi-Family Market Rent/ SF	--	\$2.40	\$2.40	\$2.40	\$2.40
Retail Market Rent/ SF	\$24 NNN	\$28 NNN	\$28 NNN	\$28 NNN	\$28 NNN
Net Operating Income*	\$0. Million	\$1.8 million	\$2.2 Million	\$1.8 million	\$2.2 Million
Market Cap Rate	9%	4% MF, 6% Retail	4% MF, 6% Retail	4% MF, 6% Retail	4% MF, 6% Retail
<b>Property Value</b>					
Land Value per Unit	--	\$35,000/Unit	\$31,857/Unit	\$55,724/Unit	\$52,718/Unit
Multi-family Contribution to Value	--	\$68/LSF	\$92/LSF	\$134/LSF	\$181/LSF
Retail Contribution to Value	--	\$42/LSF	\$42/LSF	\$42/LSF	\$42/LSF
<b>Value/ Land SF</b>	<b>\$74/LSF</b>	<b>\$110/LSF</b>	<b>\$135/LSF</b>	<b>\$176/LSF</b>	<b>\$223/LSF</b>

# All Properties Scenarios: Comparative Performance Summary



..... = Hurdle Value

# Appendix



# Market Stats – Edmonds/Lynwood Market

## Rents

- 4&5 Star Apartments: Average \$2 PSF/mo. Or \$1,560 per mo.
- Retail: Average \$20.60 NNN (Five Corners recent lease: asking \$27.00 PSF NNN)

## Vacancy:

- 4&5 Star Apartments: 5.4%
- Retail (Neighborhood Center): 8.5%

## Building Values

- Apartments cap rates ranges between 3.5% - 4.0% on stabilized income, resulting building values of \$350 - \$400 PSF
- Existing retail cap rates ranges between 9-11%, resulting building values of \$210-300 PSF

## Land Values

- Average \$80 PSF, \$50,000 per residential unit

# Property Detail

FOCUS AREA	ACRES	CURRENT USE	OWNER	RECENT SALE DATE	SALE PRICE	PRICE/ LAND SF	PRICE/ BLDG SF	ASSESSED LAND	ASSESSED IMPROVEMENTS	ASSESSED TOTAL
1	1.66	RETAIL: Edmonds Fitness (1961, 17,504 Sf)	Barc Properties LLC	May-16	\$2,400,000	\$33	\$137	\$876,100	\$1,223,900	\$2,100,000
2	0.9	Signature Styles/Optical (1990, 4,890 Sf) Edmonds Veterinary Hospital (1992, 2,700 Sf)	Lakeshore Investment # 017	N/A	N/A	N/A	N/A	\$730,200	\$749,800	\$1,480,000
3	0.99	Church (1962, 8,140 Sf) Church (1945, 4,052 Sf)	Calvary Chapel Edmonds/ Lynnwood	Sep-12	\$2,099,000	\$49	\$172	\$788,700	\$736,300	\$1,525,000
4	0.82	Espresso Stand (2006, 404 Sf) RETAIL: 5 Corner Plaza (1960, 9,570 Sf) TENANTS: 5 Corner Styling/Tori Teriyaki	Yoo Dyk & Hae Sook	Nov-16	\$2,800,000	\$78	\$281	\$675,100	\$790,400	\$1,465,500