



# TIMBER TERRACE

8332 SW 21<sup>st</sup> AVE, PORTLAND, OR 97219

**SMA** REAL ESTATE





# INVESTMENT OVERVIEW

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TIMBER  
TERRACE

# TIMBER TERRACE

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Timber Terrace presents a great opportunity for an investor to acquire a value-add asset in a desirable location with a proven strong rental market.

Located in Southwest Portland, Timber Terrace is conveniently located near the I-5 corridor with easy access Multnomah Village, downtown Portland, OHSU and PSU. With proximity to essential shopping, dining and entertainment, Timber Terrace provides residents great flexibility.

Built in 1978 Timber Terrace is a Fourteen (14) unit apartment complex comprised of (3) 1 bed/1 bath and (11) 2 bed/1 bath units. The units average 674 square feet and 774 square feet, respectively.

The current owner has reinvested over \$120,000 in the property over the last several years.

Improvements include but are not limited to newer decks, windows, gutters, partial siding, plumbing and fence.

This property presents investors with an opportunity complete the work and to acquire a value-add asset in a desirable location and to capitalize on the below market rents, \$222 and \$209 (\$35,632 combined annually) for 1- and 2-bedroom units, respectively.

Timber Terrace is expected to benefit from continued long-term demand for Southwest Portland. This is reflected in comparable Market Rents which average \$1,450, \$1,550 for 1- and 2-bedroom units, respectively.\*

## INVESTMENT HIGHLIGHTS

- Value-Add Opportunity
- Recent Updates: Decks, Windows, Partial Siding, Plumbing, Gutters, and Fence.
- Below Market Rents
- No Utility Bill Back in Place
- Spacious Units with Off-Street Parking
- Laundry Facilities & In-Unit W/D (2) Units
- Convenient Location - Near Major Thruways with Access to Downtown

\$1,725,000

PRICE

\$123,214

PRICE PER UNIT

6.11%

CURRENT CAP RATE

7.77%

STABILIZED CAP RATE

14 UNITS

(3) 1 BD (11) 2 BD

10,320

GBA SF

752

AVERAGE UNIT SF

0.35

ACRES

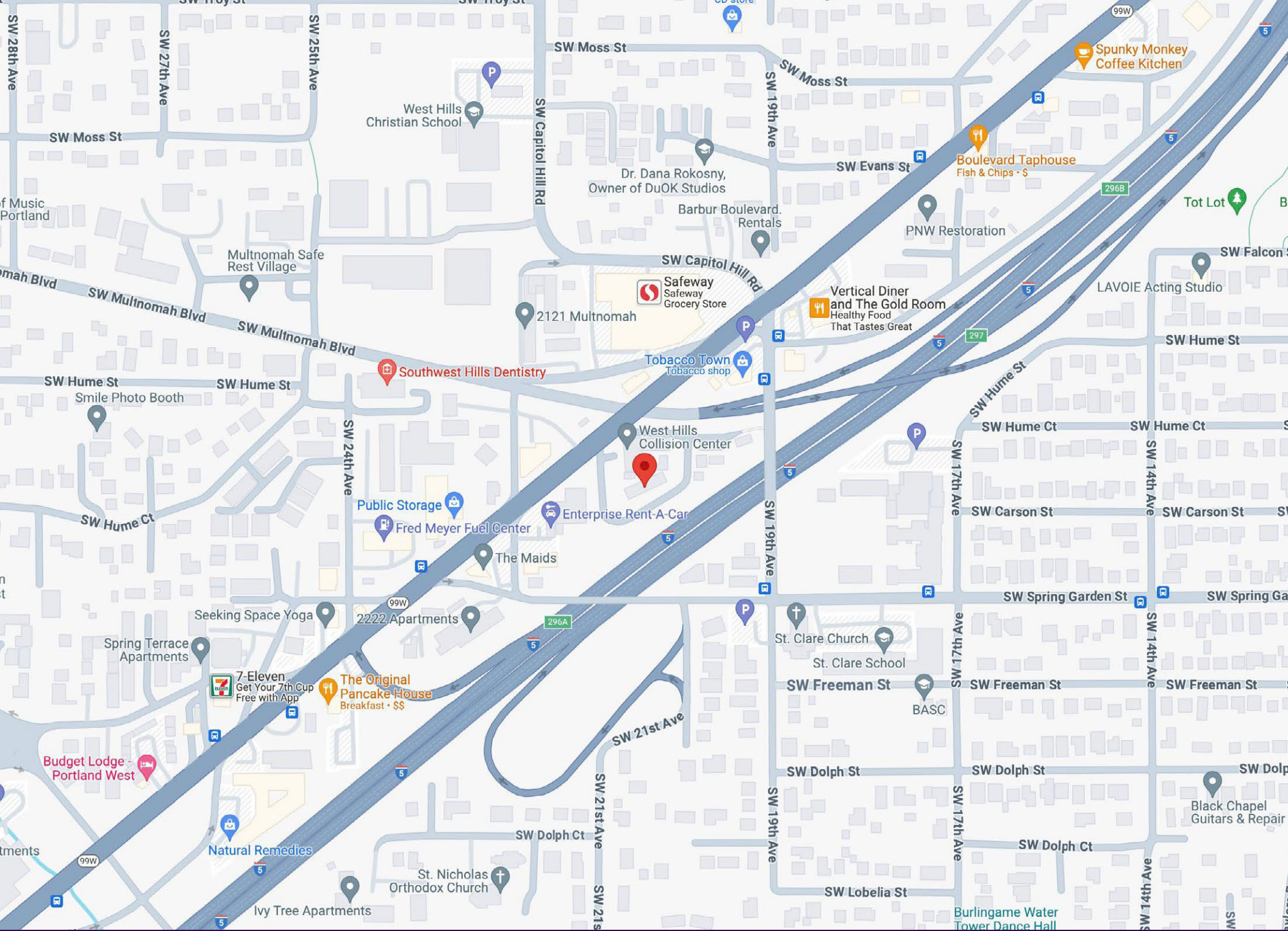
CE MU-C

ZONE

1978

BUILT

\*Market Rents based on 12-month average rents for 1BR/1BA and 2BR/1BA units within a 1 mile and 1.5-mile radius of subject property. Sample Size: 23 properties and 21 properties, respectively. **Source:** Rentometer 3/25/2025



# SOUTHWEST PORTLAND

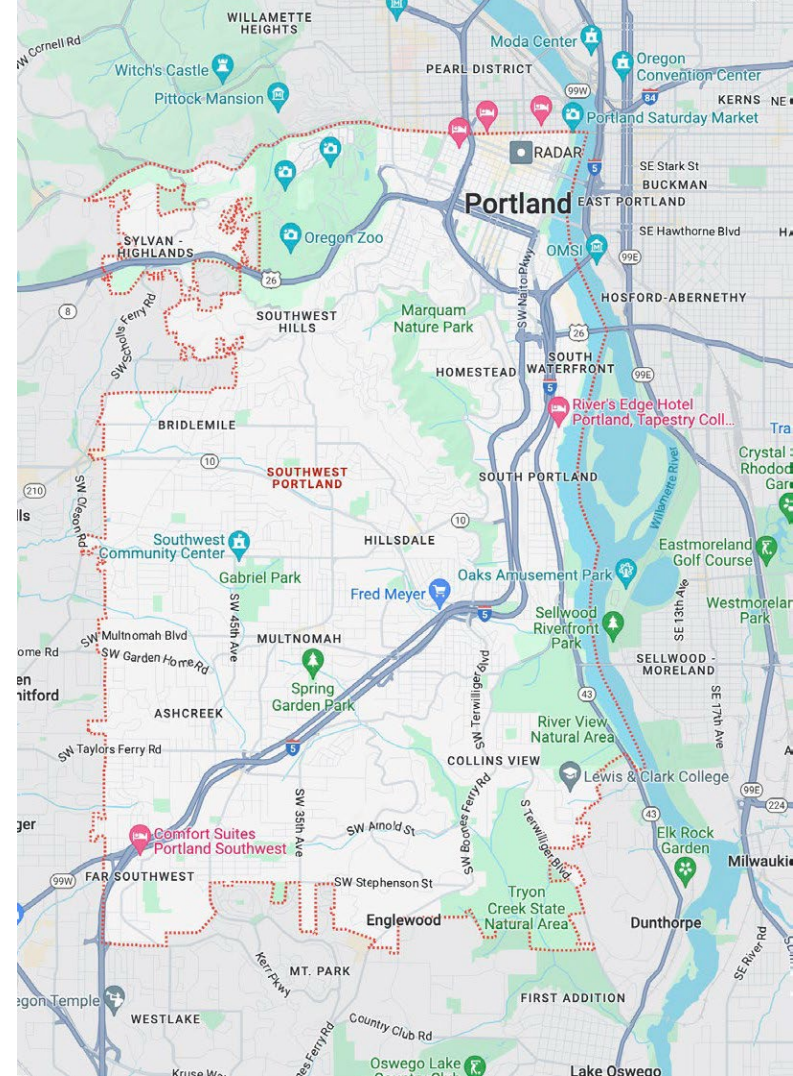
Bordered by West Burnside to the north and the city of Lake Oswego to the south, Southwest Portland's varied environments range from urban bustle to quiet residential streets to interwoven public parks. Laterally, this quadrant extends from Southwest 65th Avenue in the west to the edge of up-and-coming South Portland to the east. (source: Travel Portland 2024)

Together, the South Portland and the South Waterfront neighborhoods contain about half of Southwest Portland's total inventory, with about 85% of the units in these locations built since 2015. Drilling down further, in these two neighborhoods, around 70% of units are 4 & 5 Star. Less than 5% of the remaining units in the submarket are rated 4 & 5 Star. The current inventory expansion can be partially attributable to job growth.

Oregon Health & Science University, with 16,500 employees and 3,000 students, maintains a dominant presence in Southwest Portland. OHSU ranks among Portland's largest employers and a major hospital expansion by the health services provider that will bring thousands of additional employees to the area is also underway.

Assets that trade here generally reflect 1 & 2, as well as 3 Star quality. Volume has gone relatively dormant in recent quarters, likely partially attributable to the lack of available debt and equity. Instead, institutional money entering the submarket has been focused on ground-up development. Some stakeholders have thus built in longer investment time horizons for their projects, which leaves a relatively smaller pool of assets available to trade.

The submarket's large office tenants include Under Armour, with 108,000 SF, and auto dealership software company CDK Global, with 70,000 SF. Downtown Portland is nearby, offering abundant work and play opportunities for Southwest Portland residents. Despite current supply hurdles, the area figures to be one of Portland's more permanent fixtures in terms of apartment demand.



# PORTLAND METRO MARKET HIGHLIGHTS

Anchored by the Port of Portland which boasts the 3rd largest wheat export in the world, largest bulk mineral import on the West Coast and the 5th largest auto import in the country, the Portland Metro boasts strong long-term growth metrics. Coupled with a strong workforce, National and Global Fortune 500 Companies, including but not limited to Nike, Intel, Precision Cast Parts, and Adidas the Portland Metro is built to withstand economic headwinds and to continue to grow and evolve as a regional and national leader.

Despite experiencing the largest demand surge in over 20 years, Elevated material costs, due to the global supply chain crunch, coupled with labor shortages, is hindering the groundbreaking of new projects. Further, the previous development boom beginning in 2015 gobbled up many vacant and severely underdeveloped sites. As such, available land within the central portion of the city is now nearly impossible to find. This means the prospect of development is likely to involve the purchase of an underdeveloped site, with subsequent demolition of existing structures. Thus, even the most savvy and deep-pocketed developers face hurdles to bringing supply to Downtown Portland.

\*Source: US Census and PSU Center for population research for four-county metro area.

\*\*Multifamily NW Apartment Report. US Bureau of Labor Statistics.

4.9%

METRO-AREA VACANCY

37.7%

METRO AREA RENTER - OCCUPIED HOUSING RATE

46.9%

CITY OF PORTLAND RENTER - OCCUPIED HOUSING RATE

\$77,511

MEDIAN HOUSEHOLD INCOME

3.7%

UNEMPLOYMENT RATE  
(August 2023)

11.8%

CITY OF PORTLAND POPULATION GROWTH  
(April 2010-July 2020)\*

46.5%

PORTLAND RESIDENTS AGE 25+ YEARS  
(With a bachelor's degree or higher)







# FINANCIAL SUMMARY

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TIMBER  
TERRACE

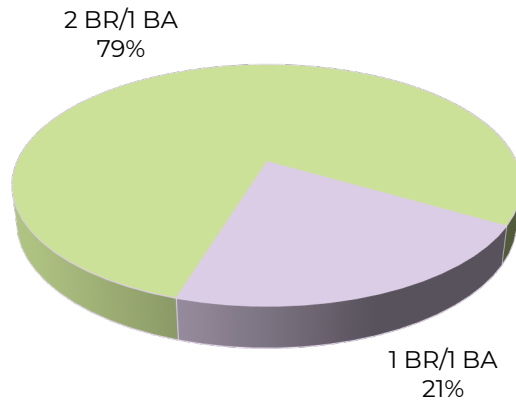
# RENT ROLL SUMMARY

## AS OF MARCH 2025

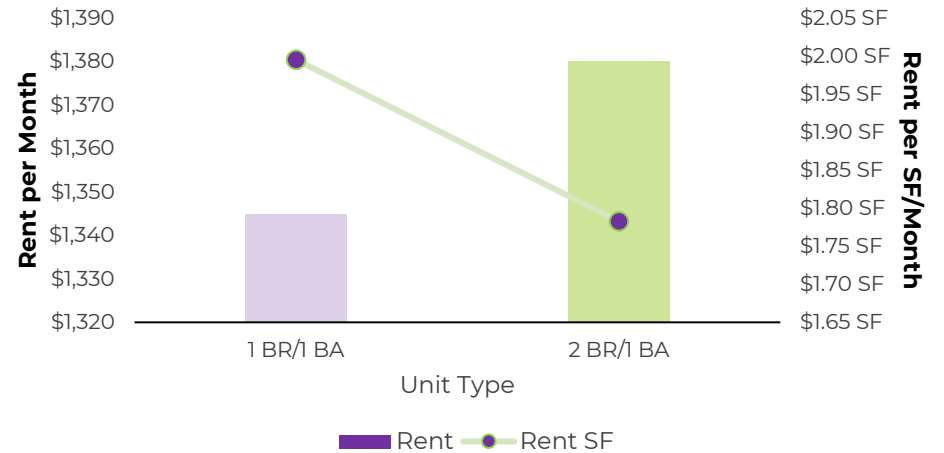
UNIT TYPE	# OF UNITS	AVERAGE SF	RENT RANGE	AVERAGE CURRENT			AVERAGE MARKET		
				RENT	RENT/SF	MONTHLY INCOME	RENT	RENT/SF	MONTHLY INCOME
1 BR/1 BA	3	674	\$1,195 - \$1,245	\$1,228	\$1.82	\$3,685	\$1,450	\$2.15	\$4,350
2 BR/1 BA	11	774	\$1,000 - \$1,495	\$1,341	\$1.73	\$14,746	\$1,550	\$2.00	\$17,050
<b>TOTALS/WEIGHTED AVERAGES</b>	<b>14</b>	<b>753</b>		<b>\$1,331</b>	<b>\$1.75</b>	<b>\$18,431</b>	<b>\$1,529</b>	<b>\$2.03</b>	<b>\$21,400</b>
<b>GROSS ANNUALIZED RENTS</b>				<b>\$221,168</b>			<b>\$265,800</b>		

**Note:** Market Rents based on average rents for 1BR/1BA and 2BR/1BA units withing a 1 mile radius of subject property. Sample Size: 23 properties and 21 properties respectively.  
**Source:** Rentometer 3/24/2025.

### Unit Distribution



### Unit Rent



# OPERATING STATEMENT

INCOME	CURRENT		STABILIZED		NOTES	PER UNIT	PER SF
Rental Income							
Gross Potential Rent	256,800		256,800			18,343	24.37
Loss / Gain to Lease	(35,632)	13.9%	0	0.0%	[1]	0	0.00
Gross Current Rent	221,168		256,800			18,343	24.37
Physical Vacancy	(8,847)	4.0%	(10,272)	4.0%	[2]	(734)	(0.97)
TOTAL VACANCY	(\$8,847)	4.0%	(\$10,272)	4.0%		(\$734)	(\$1)
Effective Rental Income	212,321		246,528			17,609	23.40
Pet Rent	1,052		1,105		[3]	79	0.10
Laundry Income	1,176		1,235			88	0.12
TOTAL OTHER INCOME	\$2,228		\$1,235			\$88	\$0.12
EFFECTIVE GROSS INCOME	\$214,549		\$247,763			\$17,697	\$23.52
EXPENSES	CURRENT		STABILIZED		NOTES	PER UNIT	PER SF
Real Estate Taxes	29,653		30,543		[4]	2,182	2.90
Insurance	11,362		11,646		[5]	832	1.11
Utilities - Electric	1,524		1,562		[6]	112	0.15
Utilities - Water & Sewer	15,402		15,787		[7]	1,128	1.50
Garbage-Recycling Service	6,772		6,941		[8]	496	0.66
Landscaping	3,120		3,198		[9]	228	0.30
Marketing & Advertising	4,000		4,100		[10]	293	0.39
General & Administrative	1,000		1,000		[11]	71	0.09
Repairs & Maintenance	8,400		8,610		[12]	615	0.82
Turnover	7,000		7,175		[13]	513	0.68
Operating Reserves	3,500		3,500		[14]	250	0.33
Management Fee	17,335	8.0%	19,697	8.0%	[15]	1,407	1.87
<b>TOTAL EXPENSES</b>	<b>\$109,068</b>		<b>\$113,759</b>			<b>\$8,126</b>	<b>\$10.80</b>
EXPENSES AS % OF EGI	50.8%		45.9%				
<b>NET OPERATING INCOME</b>	<b>\$105,481</b>		<b>\$134,004</b>			<b>\$9,572</b>	<b>\$12.72</b>

Notes and assumptions to the above analysis are on the following page.

# OPERATING STATEMENT NOTES

- [1] Current average rent is \$1,331. Market average rent equals \$1,529. Loss-to-lease represents increasing all rents by the max allowable rate of 10%.
- [2] For analysis purposes, we have applied a 4.0% allocation for stabilized vacancy and credit loss, which is based on the Moody's Analytics CRE Report acceptable to most lenders. This allocation is inclusive of bad debt, which has been nominal.
- [3] Pet and Laundry Income based on Annualized February T2 2025. Stabilized estimates are adjusted 5% for inflation.
- [4] Oregon's property taxes are evaluated on a fiscal year starting July 1. In Oregon, property taxes are not reassessed on sale and are limited to a 3.0% annual increase at the state level. Property taxes paid before November 15 each year receive a 3.0% discount.
- [5] Insurance information provided by Owner and is based on current policy.
- [6] Utility Expense - Electric - based on December T12 2024. Includes vacant unit expense. All units are 100% occupied as of 10/1/2024.
- [7] Utility Expense - WS - based on December T12 2024.
- [8] Garbage & Recycling Expense - Normalized to reflect properties of similar size, type and location. Above 5 Yr Ave \$5,782.
- [9] Landscaping Expense - based on December T12 2024.
- [10] Marketing and Advertising Expense - based on December T12 2024.
- [11] G & A expenses were approximately \$1,200 over the last 12 Months. - For this analysis we normalized this expense to reflect Market Standards for this size property.
- [12] R&M Expenses - We have normalized this expense estimated at \$615 per unit based on similar property types and vintage. This is consistent with current market standards and lender underwriting.
- [13] Turnover Expenses - We have normalized this expense estimated at \$500 per unit based on similar property types and vintage. This is consistent with current market standards and lender underwriting.
- [14] Lenders require reserves to be set aside for future capital costs associated with any property as it ages. The projected operations include reserves of \$250 per unit or \$3500 annually.
- [15] Management Fee Expenses based on Owner's T12 2024 at 8% of gross rents. This analysis assumes current management will remain in place at sale with the existing fee of 8% of gross rents.



# INITIAL AGENCY DISCLOSURE PAMPHLET

*Consumers: This pamphlet describes the legal obligations of Oregon real estate licensees to consumers. Real estate brokers and principal real estate brokers are required to provide this information to you when they first contact you. A licensed real estate broker or principal broker need to provide the pamphlet to a party who has, or may be reasonably assumed to have, received a copy of the pamphlet from another broker.*

*This pamphlet is information only. Neither the pamphlet nor its delivery to you may be interpreted as evidence of intent to create an agency relationship between you and a broker or a principal broker.*

## Real Estate Agency Relationships

An "agency" relationship is a voluntary legal relationship in which a licensed real estate broker or principal broker (the "agent") agrees to act on behalf of a buyer or a seller (the "client") in a real estate transaction. Oregon law provides for three types of agency relationships between real estate agents and their clients:

**Seller's Agent** – Represents the seller only.

**Buyer's Agent** – Represents the buyer only.

**Disclosed Limited Agent** – Represents both the buyer and seller, or multiple buyers who want to purchase the same property. This can be done only with the written permission of all clients.

*The actual agency relationships between the seller, buyer and their agents in a real estate transaction must be acknowledged at the time an offer to purchase is made. Please read this pamphlet carefully before entering into an agency relationship with a real estate agent.*

## Definition of "Confidential Information"

Generally, licensees must maintain confidential information about their clients.

"Confidential information" is information communicated to a real estate licensee or the licensee's agent by the buyer or seller of one to four residential units regarding the real property transaction, including but not limited to price, terms, financial qualifications or motivation to buy or sell. "Confidential information" does not mean information that:

- (1) The buyer instructs the licensee or the licensee's agent to disclose about the buyer to the seller, or the seller instructs the licensee or the licensee's agent to disclose about the seller to the buyer; and
- (2) The licensee or the licensee's agent knows or should know failure to disclose would constitute fraudulent representation.

## Duties and Responsibilities of a Seller's Agent

Under a written listing agreement to sell property, an agent represents only the seller unless the seller agrees in writing to allow the agent to also represent the buyer. An agent who represents only the seller owes the following affirmative duties to the seller, the other parties and the other parties' agents involved in a real estate transaction:

- (1) To deal honestly and in good faith;
- (2) To present all written offers, notices and other communications to and from the parties in a timely manner without regard to whether the property is subject to a contract for sale or the buyer is already a party to a contract to purchase; and
- (3) To disclose material facts known by the agent and not apparent or readily ascertainable to a party;

### A seller's agent owes the seller the following affirmative duties:

- (1) To exercise reasonable care and diligence;
- (2) To account in a timely manner for money and property received from or on behalf of the seller;
- (3) To be loyal to the seller by not taking action that is adverse or detrimental to the seller's interest in a transaction;
- (4) To disclose in a timely manner to the seller any conflict of interest, existing or contemplated;
- (5) To advise the seller to seek expert advice on matters related to the transaction that are beyond the agent's expertise;
- (6) To maintain confidential information from or about the seller except under subpoena or court order, even after termination of the agency relationship; and
- (7) Unless agreed otherwise in writing, to make a continuous, good faith effort to find a buyer for the property, except that a seller's agent is not required to seek additional offers to purchase the property while the property is subject to a contract for sale.

None of these affirmative duties of an agent may be waived, except (7). The affirmative duty listed in \*7) can only be waived by written agreement between seller and agent. Under Oregon law, a seller's agent may show properties owned by another seller to a prospective buyer and may list competing properties for sale without breaching any affirmative duty to the seller. Unless agreed to in writing, an agent has no duty to investigate matters that are outside the scope of the agent's expertise, including but not limited to investigation of the condition of the property, the legal status of the title or the seller's past conformance with law.

## Duties and Responsibilities of a Buyer's Agent

An agent, other than the seller's agent, may agree to act as the buyer's agent only. The buyer's agent is not representing the seller, even if the buyer's agent is receiving compensation for services rendered, either in full or in part, from the seller or through the seller's agent.

An agent who represents only the buyer owes the following affirmative duties to the buyer, the other parties and the other parties' agents involved in a real estate transaction:

- (1) To deal honestly and in good faith;
- (2) To present all written offers, notices and other communications to and from the parties in a timely manner without regard to whether the property is subject to a contract for sale or the buyer is already a party to a contract to purchase; and
- (3) To disclose material facts known by the agent and not apparent or readily ascertainable to a party;

### A buyer's agent owes the seller the following affirmative duties:

- (1) To exercise reasonable care and diligence;
- (2) To account in a timely manner for money and property received from or on behalf of the buyer;
- (3) To be loyal to the buyer by not taking action that is adverse or detrimental to the seller's interest in a transaction;
- (4) To disclose in a timely manner to the buyer any conflict of interest, existing or contemplated;
- (5) To advise the buyer to seek expert advice on matters related to the transaction that are beyond the agent's expertise;
- (6) To maintain confidential information from or about the buyer except under subpoena or court order, even after termination of the agency relationship; and
- (7) Unless agreed otherwise in writing, to make a continuous, good faith effort to find property for the buyer, except that a buyer's agent is not required to seek additional properties for the buyer while the buyer is subject to a contract for purchase.

None of these affirmative duties of an agent may be waived, except (7). The affirmative duty listed in \*7) can only be waived by written agreement between buyer and agent.

Under Oregon law, a buyer's agent may show properties in which the buyer is interested to other prospective buyers without breaching any affirmative duty to the buyer.

Unless agreed to in writing, an agent has no duty to investigate matters that are outside the scope of the agent's expertise, including but not limited to investigation of the condition of the property, the legal status of the title or the seller's past conformance with law.

## Duties and Responsibilities of an Agent Who Represents More than One Client in a Transaction

One agent may represent both the seller and the buyer in the same transaction, or multiple buyers who want to purchase the same property, only under a written

"Disclosed Limited Agency Agreement" signed by the seller and buyer(s).

Disclosed Limited Agents have the following duties to their clients:

- (1) To the seller, the duties listed above for a seller's agent;
- (2) To the buyer, the duties listed above for a buyer's agent; and
- (3) To both buyer and seller, except with express written permission of the respective person, the duty not to disclose to the other person:
  - (a) That the seller will accept a price lower or terms less favorable than the listing price or terms;
  - (b) That the buyer will pay a price greater or terms more favorable than the offering price or terms; or
  - (c) Confidential information as defined above.

Unless agreed to in writing, an agent has no duty to investigate matters that are outside the scope of the agent's expertise.

When different agents associated with the same principal broker (a real estate licensee who supervises other agents) establish agency relationships with different parties to the same transaction, only the principal broker will act as a Disclosed Limited Agent for both the buyer and seller. The other agents continue to represent only the party with whom the agents have already established an agency relationship unless all parties agree otherwise in writing. The principal real estate broker and the real estate licensees representing either seller or buyer shall owe the following duties to the seller and buyer:

- (1) To disclose a conflict of interest in writing to all parties
- (2) To take no action that is adverse or detrimental to either party's interest in the transaction; and
- (3) To obey the lawful instructions of both parties.

No matter whom they represent, an agent must disclose information the agent knows or should know that failure to disclose would constitute fraudulent misrepresentation.

*You are encouraged to discuss the above information with the licensee delivering this pamphlet to you. If you intend for that licensee, or any other Oregon real estate licensee, to represent you as a Seller's Agent, Buyer's Agent, or Disclosed Limited Agent, you should have a specific discussion with the agent about the nature and scope of the agency relationship. Whether you are a buyer or seller, you cannot make a licensee your agent without the licensee's knowledge and consent, and an agent cannot make you a client without your knowledge and consent.*

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