

MAY 28, 2020

# Office Investment



# Introduction

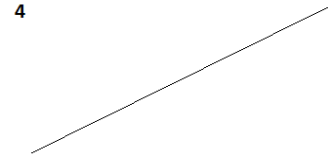
- EBCE is evaluating commercial real estate to serve as new headquarters starting in 2022
- To date EBCE has utilized short-term office space
  - Alameda County (County Development Agency) office in Hayward, CA
  - 18 month term at 1111 Broadway Oakland, CA
  - Current location: 39 month sub-lease at 1999 Harrison St Oakland, CA, ending October 2022
- EBCE is working with Newmark Knight Frank, a commercial real estate broker that assisted in the current office location, to survey available properties
- EBCE is considering a new long-term lease, an extension of the current lease for a short-term period, or real estate purchase

# Real Estate Strategic Goals

- EBCE is seeking a property that is centrally located and has access to public transportation for staff and the community
- A space that can be used to showcase energy efficiency and building electrification upgrades
  - The space may also be used as a pilot to develop local contractor relationships and work with the local AHJ to demonstrate the process to complete retrofits and upgrades
- Public meeting space for CAC and board subcommittee meetings
- An expanded space beyond staff office workspace may be used to launch an advanced energy center (potentially utilizing public funds), induction test kitchen, or community co-working space.

# Survey of Sites

- EBCE has monitored the market and toured properties over the last six months



<b>ADDRESS:</b>	1255 Powell Street	931 Ashby Street	2333 Harrison Street	Hayward or San Leandro
<b>CITY:</b>	Emeryville	Berkeley	Oakland	No office properties in the 10,000 – 15,000 RSF range that are available for sale that are within half a mile of BART.
<b>BUILDING SIZE:</b>	10,077 SF	9,910 SF	9,281 SF	
<b>FLOORS:</b>	1	2	1	
<b>OWNERSHIP:</b>	1255 Powell LLC	TSA Real Estate	Resource Development Associates	
<b>YEAR BUILT:</b>	1983, Renov. 2009	1977	1913, Renov. 2018	
<b>AVAILABLE OR SOLD:</b>	Sold	Available	Available	
<b>ASKING OR SALE PRICE:</b>	\$5,600,000	\$2,500,000	\$4,750,000	
<b>COMMENTS:</b>	<ul style="list-style-type: none"> <li>Recently sold to law firm from San Francisco</li> <li>Freestanding office building in the heart of Emeryville</li> <li>Major remodel in 2009</li> </ul>	<ul style="list-style-type: none"> <li>Good mix of open office space, private office, conference rooms, break room and kitchen</li> </ul>	<ul style="list-style-type: none"> <li>Negotiating with another party</li> <li>Historic building in the heart of Lake Merritt</li> <li>High end creative offices and conference rooms</li> </ul>	

# 251 8<sup>th</sup> Street, Oakland

**3 Floors:**  
**15,031 RSF**

**Asking price:**  
**\$8,500,000**

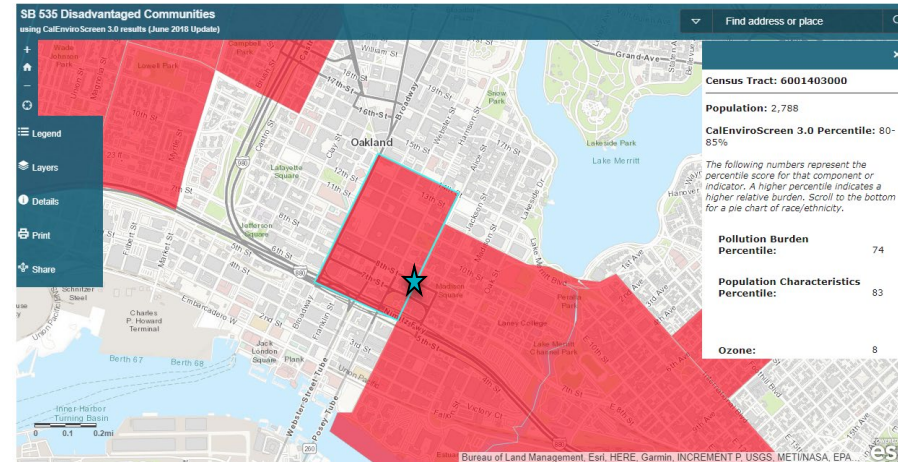
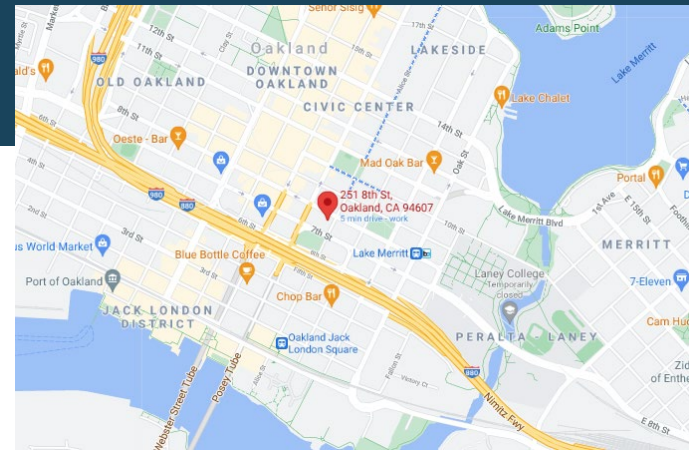
251 8th Street is a seismically upgraded brick and timber building located in downtown Oakland. With a walk score of 100 and located two blocks from the Lake Merritt BART Station, 251 8th Street offers a buyer the opportunity to own one of the most creative buildings in the heart of Oakland.

The subject property has undergone a major rehabilitation, including but not limited to a new roof, new HVAC, new ADA bathrooms, original wood floors, a new elevator, and new retail storefront. The building has also benefitted from an upgraded PG&E service, including a new transformer and switch gear. The ground floor is zoned for either a retail or office use. This is a perfect building for an owner/user who has the option to take between 8,000± SF – 15,031± SF to take advantage of the historically low rate of the SBA 504 loan program and potential to significantly lower their occupancy costs while still being in the heart of the Bay Area with a short drive or BART ride to San Francisco or East Bay suburbs. There is also a cell phone tower on the roof that provides \$4,000 per month in income, it is likely the income stream generated by this cell tower may be able to be sold for a 6.75-7.00% cap, which equates to roughly \$700,000.



# 251 8<sup>th</sup> Street, Oakland

- Located in Oakland Chinatown in a Disadvantaged Community as designated by CalEPA
- Census trac 6001403000
  - Demographics:
    - Asian American: 88%
    - African American: 2%
    - White: 4%
    - Hispanic: 1%
    - Other: 2%
- Property is on the border to 6001403300
  - Demographics:
    - Asian American: 54%
    - African American: 11%
    - White: 25%
    - Hispanic: %
    - Other: 3%



OAKLAND RELOCATION OPTIONS - CASH FLOW SUMMARY COMPARISON

Prepared by Newmark Knight Frank

Assumes no property tax for purchase

	RSF	From To	Sep-21 Aug-22	Sep-22 Aug-23	Sep-23 Aug-24	Sep-24 Aug-25	Sep-25 Aug-26	Sep-26 Aug-27	Sep-27 Aug-28	Sep-28 Aug-29	Sep-29 Aug-30	Sep-30 Aug-31	TOTAL	AVG ANNUAL	NPV 7.00%	EQVLT LEVEL
<b>1999 Harrison / Remaining Obligation</b>																
			\$4.25 pcf/mo - FS w Fixed Increase, No Passthrough Expenses													
Existing Location • Remaining Term • 8,528 SF @ \$4.25 FS LC 9/12/1 - LX 10/3/102	8,528 Per Sq Ft		444,066 \$52.07	74,737 \$8.76	-	-	-	-	-	-	-	-	518,892 \$60.94	444,688 \$52.14	499,569 \$58.58	444,579 \$52.13
<b>1A. 251 8th St / EBCE Occupies Entire Building</b>																
			\$8,300,000 Purchase Price / \$1,125,000 Buildout Costs / -\$5,810,000 Debt Financing / \$3,615,000 Buyer Equity / \$10,117,654 Exit Value / \$6,356,005 Net Sale Proceeds \$0.00 pcf/mo Tax Expense / \$1.00 pcf/mo NNN Expenses / \$0.35 pcf/mo Utilities & Janitorial / \$2.34 pcf/mo Debt Service													
251 8th Street • Potential Relocation • Purchase 10YR Hold • \$8.3M, 70% LTV, 3.5% Int., 20-Yr LC 9/12/1 - LX 8/31/31	15,000 Per Sq Ft		4,264,772 \$284.32	657,170 \$43.81	664,790 \$44.32	672,638 \$44.84	680,722 \$45.38	689,049 \$45.94	697,625 \$46.51	706,459 \$47.10	715,557 \$47.70	(5,631,076) (\$378.41)	4,117,787 \$274.91	411,771 \$27.45	5,358,541 \$358.70	741,168 \$49.41
Cumulative Cost of Occupancy			4,264,772	4,921,942	5,586,732	6,259,370	6,940,093	7,620,142	8,326,767	9,033,226	9,748,784	4,117,707				
<b>1B. 251 8th St / EBCE Occupies 10,000 SF, Subleases 5,000 SF</b>																
			\$8,300,000 Purchase Price / \$1,125,000 Buildout Costs / -\$5,810,000 Debt Financing / \$3,615,000 Buyer Equity / \$10,117,654 Exit Value / \$6,356,005 Net Sale Proceeds \$0.00 pcf/mo Tax Expense / \$1.00 pcf/mo NNN Expenses / \$0.35 pcf/mo Utilities & Janitorial / \$2.34 pcf/mo Debt Service													
251 8th Street • Potential Relocation • Purchase 10YR Hold • \$8.3M, 70% LTV, 3.5% Int., 20-Yr LC 9/12/1 - LX 8/31/31	15,000 Per Sq Ft		4,264,772 \$284.32	657,170 \$43.81	664,790 \$44.32	672,638 \$44.84	680,722 \$45.38	689,049 \$45.94	697,625 \$46.51	706,459 \$47.10	715,557 \$47.70	(5,631,076) (\$378.41)	4,117,707 \$274.91	411,771 \$27.45	5,350,541 \$356.70	741,168 \$49.41
251 8th Street • Potential Relocation • Projected 5K Sublease • 10YR Lease @ \$3.50 FS LC 9/12/1 - LX 8/31/31	(5,000) Per Sq Ft		(211,620) (\$42.32)	(220,399) (\$43.08)	(229,441) (\$45.89)	(238,754) (\$47.75)	(248,346) (\$49.67)	(258,227) (\$51.65)	(268,404) (\$53.68)	(278,886) (\$55.78)	(289,682) (\$57.94)	(300,803) (\$60.16)	(2,544,560) (\$169.61)	(254,456) (\$16.97)	(1,796,090) (\$119.74)	(248,798) (\$16.58)
Total Projected Occupancy Costs			4,053,152 \$405.32	436,771 \$43.68	435,349 \$43.53	433,885 \$43.39	432,376 \$43.24	430,822 \$43.00	429,222 \$42.92	427,573 \$42.76	425,875 \$42.59	(5,931,879) (\$395.19)	1,573,147 \$104.87	157,315 \$10.51	3,554,451 \$236.95	492,370 \$32.82
Cumulative Cost of Occupancy			4,053,152	4,489,923	4,925,273	5,359,157	5,791,534	6,222,356	6,651,577	7,079,151	7,505,026	1,573,147				
<b>2. Oakland DT &amp; Dublin / 10 YR Leases</b>																
			\$5.35 pcf/mo - FS w 3.0% Inc. / 0 Mos. Free / \$21.00 pcf BY-2021 Opex													
Oakland DT - TBD • Potential Relocation • Projected 10YR Lease • 15,000 SF @ \$5.35 FS LC 9/12/1 - LX 8/31/31	15,000 Per Sq Ft		969,300 \$64.62	1,007,829 \$67.19	1,047,514 \$69.83	1,088,389 \$72.56	1,130,491 \$75.37	1,173,856 \$78.26	1,218,521 \$81.23	1,264,527 \$84.30	1,311,913 \$87.46	1,360,720 \$90.71	11,573,060 \$771.54	1,157,306 \$77.15	8,175,478 \$545.03	1,132,485 \$75.50
Dublin - TBD • Potential Relocation • Projected 10YR Lease • 2,000 SF @ \$2.60 FS LC 9/12/1 - LX 8/31/31	2,000 Per Sq Ft		63,120 \$31.56	66,094 \$33.05	69,156 \$34.58	72,311 \$36.16	75,560 \$37.78	78,907 \$39.45	82,354 \$41.18	85,905 \$42.95	89,562 \$44.78	93,329 \$46.66	776,300 \$388.15	77,630 \$38.81	546,564 \$273.28	75,711 \$37.86
Total Projected Occupancy Costs			1,032,420 \$68.18	1,073,923 \$71.34	1,116,670 \$71.69	1,160,700 \$77.02	1,206,051 \$79.94	1,252,763 \$83.52	1,300,876 \$85.92	1,350,432 \$87.44	1,401,475 \$89.44	1,454,049 \$93.60	12,349,360 \$826.43	1,234,936 \$79.66	8,722,042 \$578.31	1,208,196 \$80.56
Cumulative Cost of Occupancy			1,032,420	2,106,343	3,223,013	4,383,713	5,589,765	6,842,528	8,143,403	9,493,836	10,895,311	12,349,360				
<b>3. San Leandro 15K Occupancy / 10 YR Lease @ \$3.50 FS</b>																
			\$3.50 pcf/mo - FS w 3.0% Inc. / 0 Mos. Free / \$18.00 pcf BY-2021 Opex													
San Leandro - TBD • Potential Relocation • Projected 10YR Lease • 15,000 SF @ \$3.50 FS LC 9/12/1 - LX 8/31/31	15,000 Per Sq Ft		635,400 \$42.36	662,562 \$44.17	690,330 \$46.04	719,355 \$47.96	749,036 \$49.94	779,687 \$51.97	811,895 \$54.07	843,528 \$56.24	876,934 \$58.46	911,342 \$60.76	7,679,396 \$511.96	767,940 \$51.20	5,417,391 \$361.16	750,429 \$50.03
Cumulative Cost of Occupancy			635,400	1,297,962	1,988,501	2,707,856	3,456,892	4,236,498	5,047,593	5,891,121	6,768,055	7,679,396				
<b>4. Dublin 2K Occupancy / 10 YR Lease @ \$2.60 FS</b>																
			\$2.60 pcf/mo - FS w 3.0% Inc. / 0 Mos. Free / \$18.00 pcf BY-2021 Opex													
Dublin - TBD • Potential Relocation • Projected 10YR Lease • 2,000 SF @ \$2.60 FS LC 9/12/1 - LX 8/31/31	2,000 Per Sq Ft		63,120 \$31.56	66,094 \$33.05	69,156 \$34.58	72,311 \$36.16	75,560 \$37.78	78,907 \$39.45	82,354 \$41.18	85,905 \$42.95	89,562 \$44.78	93,329 \$46.66	776,300 \$388.15	77,630 \$38.81	546,564 \$273.28	75,711 \$37.86
Cumulative Cost of Occupancy			63,120	129,214	198,370	270,681	346,242	425,149	507,503	593,408	682,971	776,300				

NOTES:

- Purchase option assumes exit at end of 10YR hold period w exit value at 2% annual appreciation and 3.5% selling costs
- NPV comparison adjusts for time value of high upfront costs and large back end payoff on Purchase scenario





# Thank You!



Questions? Give us a call:  
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