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Barry Menashe bought the Police Headquarters for \$2.5 million. It last sold in 2000 for \$4.9 million.

After Police Headquarters deal, Menashe still buying

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Barry Menashe isn't done buying.

The veteran real estate investor, who bought the historic Police Headquarters building at the end of September, said the economic collapse has brought fresh opportunities to buy properties at deep discounts.

"I'll buy another building in the next 90 days. The fun part is, I don't know what it is yet," he said.

The Police Headquarters deal was a typical Barry Menashe move. He buys when prices are depressed and never strays from his recipe: great location, great curb appeal and a price that lets him compete for tenants with below-market rents.

Menashe emerged as a buyer for the building — which long ago ceased being the actual police headquarters — after avoiding the market during the heyday of 2007 and 2008, when prices soared.

As a low-debt buyer who makes his own decisions, Menashe moves quickly when he finds something he likes.

For his next deal, he plans to return to his residential roots and buy a residential development near Beaverton's Washington Square. The land is prepped for development. He'll sit on it until conditions warrant construction.

The Police Headquarters, 209 S.W. Oak St., languished on the market after originally being listed for \$7.95 million.

Home to law firm Stoel Berne PC, it has about 34,000 square feet of empty space and abuts the Portland Development Commission's Third and Oak development site.

Menashe paid the equivalent of about \$50 a square foot, or \$2.5 million. The last time the 46,000-square-foot building changed hands, in 2000, it sold for \$4.9 million.

For comparison's sake, the average price paid for comparable properties in Portland was \$157.69 per square foot in the 12 months that ended in June, according to CoStar Group Inc., a Washington, D.C. firm.

The low price gives Menashe the ability to woo tenants with low rents. The average asking rent for Class C space in downtown was \$17.22 per square foot at the end of the third quarter. The average for all downtown office space is \$21.35 per square foot.

Menashe will be able to charge much less than that and already is fielding inquiries.

"He's got a basis that is going to allow him to be very competitive," said Chris Johnson,

executive vice president for brokerage for NAI Norris, Beggs & Simpson, a Portland real estate firm.

Johnson said Menashe has a reputation as a shrewd investor with an eye for deals and the ability to close transactions.

Menashe said he wasn't the first choice of buyer for Police Headquarters and only got a shot when the original buyer couldn't get a loan. Paying cash, he closed the deal in 10 days.

Though relatively small, the deal was welcome news in a market that has seen sales volumes plummet with the economy. According to CoStar, the market hasn't regularly exceeded \$100 million in commercial sales per quarter since 2007. In the same period, average prices fell from 2007 high of about \$300 per square foot to about \$130 at the start of 2010.

At 57, Menashe has been active in Portland real estate for 35 years. He sold residential real estate after graduating from the University of Oregon. He parlayed his commissions into a portfolio of rental homes, then graduated

to commercial real estate. He manages his collection of office, industrial and retail buildings from the former Electric Building at 621 S.W. Alder St. He bought the 80,000-square-foot building for \$2.5 million in 1995 and made it his professional home. He manages his properties with a staff of four and engineers to oversee upkeep.

Menashe said he's purely a buyer in this market. None of his holdings are for sale. He doesn't disclose revenue and insists he's never added up his holdings, which include a Class A office complex in Beaverton, a handful of historic buildings in downtown, and westside shopping centers.

He weathered the recession by avoiding the debt trap that tripped up some of Portland's better-known investors. On Oct. 15, ScanlanKemperBard Cos. turned over its East-Ridge Business Center complex in Vancouver to the lender after it failed to renegotiate terms of its \$48 million loan. SKB lost some \$14-plus million in equity in the project.

Menashe cut out a news article about East-Ridge and keeps it on his desk. The lender, Aegon US Realty Advisors LLC, hired a management company and hasn't put it up for sale. Even if it was for sale, Menashe won't say if he's interested.

"But I do track problem situations," he said.

