



## CASE STUDY

### Premier Gear Seismic Upgrade

PropertyFit financing enabled seismic retrofit as part of major redevelopment

#### Background

Sturgeon Development Partners used PropertyFit commercial property assessed clean energy (CPACE) financing to quickly implement a seismic retrofit as part of the adaptive reuse project on the Premier Gear Building in Portland, OR. The project transformed the industrial building into mixed-use creative class A office and retail space while improving the building's seismic resiliency.

#### Project Overview

The Premier Gear Building—located one mile northwest of downtown Portland's central business core—was built in 1944 and operated as a single-tenant industrial building until its acquisition by Sturgeon Development Group in 2017. Sturgeon Development planned a \$26M redevelopment of the property to transform it into 65,000 sq. ft. of leasable class A office space with an additional 2,000 sq. ft. of ground floor retail. Part of the redevelopment plan includes a seismic retrofit to comply with local codes that require buildings with increases in total occupancy to meet seismic improvement standards. Sturgeon Development wanted to offer future tenants maximum space flexibility with the ability to host large events, which required a significant investment in order to meet the high standards.

After exploring different financing options, Sturgeon Development chose to finance the seismic improvements using PropertyFit. The \$3M commercial PACE loan provided by PACE Loan Group enabled the team to move forward with the project quickly and at a lower overall cost than other debt financing options. PropertyFit financing altered the makeup of the project's capital stack by replacing expensive debt with 25-year, fully amortized financing—reducing the blended cost of capital for the project.

The improvements installed through PropertyFit financing include a timber framed second floor, concrete masonry shear walls, steel

#### PROJECT AT-A-GLANCE

##### CPACE FINANCING

\$3 million

##### INSTALLED MEASURES

Seismic improvements

##### IMPACT

Increased earthquake resilience and asset repositioning

##### TERM

25 years

##### PROPERTY TYPE

Commercial office/retail

##### CAPITAL PROVIDER

PACE Loan Group

##### DEVELOPMENT TEAM

Sturgeon Development Partners  
Lorentz Bruun Construction  
LRS Architects



*We were evaluating a range of financing options for this major renovation. The more we dug in, the more we realized that PropertyFit CPACE financing provided by PACE Loan Group was an excellent way to replace high-leverage debt and lower our blended cost of capital.*

– Nick Fritel

CFO | STURGEON DEVELOPMENT

buckling restrained braced frames, and other seismic improvements that increase earthquake resistance and minimize the impact to building productivity, building-use, and business operation if an earthquake were to occur. In addition to creating a safer property, these improvements increase the value of the Premier Gear Building and allow for greater marketability to potential tenants.

## Why PropertyFit?

PropertyFit provides strategic, long-term financing for energy efficiency, renewable energy, water conservation, and seismic resiliency, enabling owners of commercial, industrial, and multifamily properties to accelerate investments in building performance and unlock value. The benefits of PropertyFit CPACE financing include:

**TARGETED:** Specifically designed to fund building investments that are often misunderstood by traditional financing and "value-engineered out" through building design and construction.

**ACCESSIBLE:** Up to 100% financing, with no out-of-pocket costs or personal guarantee, and personalized support to make your project a success.

**COMPETITIVE:** Long-term financing that is competitively priced, fully amortized, and repaid through assessments that cannot accelerate.

**TRANSFERABLE:** Secured by a benefit assessment lien which automatically transfers to the new owner upon sale of the property, improving liquidity.

**STRATEGIC:** Turns an expense into an investment, often generating immediate cashflows, increasing the market appeal of a property, and accelerating progress toward business and environmental goals.

## About PropertyFit

PropertyFit is a collaboration between Prosper Portland, Multnomah County, and Energy Trust of Oregon to support a variety of carbon reduction, water conservation, redevelopment, and economic development goals. It was created to help property owners invest in energy efficiency, renewable energy, water conservation, and seismic resiliency projects in Multnomah County.

To learn more about PropertyFit, visit [propertyfitoregon.com](http://propertyfitoregon.com) or email us at [support@propertyfitoregon.com](mailto:support@propertyfitoregon.com).



PROSPER  
PORTLAND



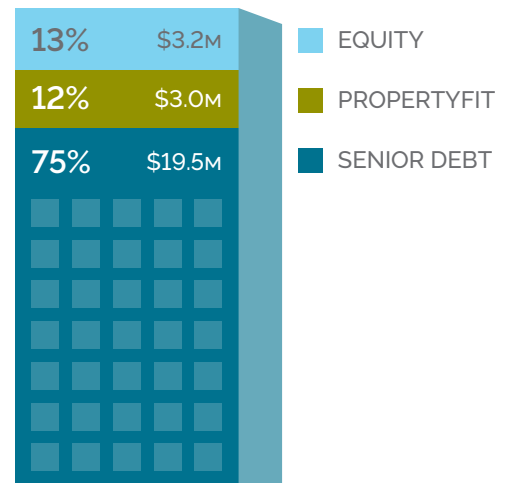
Multnomah  
County



*As a real estate-focused lender, we see Portland as a priority market and thought Premier Gear was a good deal with a large and reputable sponsor. Through the PropertyFit program, we were able to move quickly to provide low-cost, patient, long-term financing to get the project moving.*

– Rafi Golberstein

PRESIDENT | PACE LOAN GROUP



Premier Gear capital stack



Interior rendering of Premier Gear Building