

TWO BIG SALES ARE FEATURE OF WEEK

Nortonia Hotel Sale for \$260,000 and Royal Arms for \$160,000 Noteworthy.

CASH SHOWS IN TRANSFER

Properties Exchanged Are Conspicuous Holdings and Cause Optimistic Comment—Other Transactions Go on Record.

Decidedly the outstanding features of the realty market in Portland during the past month were two large exchange transactions announced originally in The Oregonian Friday which involve the sale of the Nortonia Hotel, valued at \$260,000 and the Royal Arms Apartment building, valued at \$160,000.

The Nortonia hotel, located on the southwest corner of Eleventh and Stark streets, is the most valuable parcel of inside city realty that had been sold for about a year through the terms of the deal, virtually completed Thursday, S. Morton Cohn, a prominent theatrical manager, sells the hotel to Charles R. Frazier, president of the Crescent Paper Company, and his mother, Mrs. M. E. Frazier.

In return for the \$260,000 value in the hotel, Mr. Cohn is to receive the two-story brick building on the northeast corner of Ninth and A streets, several properties in the locality of East Seventh, East Pine and East Oak streets and over \$100,000 in cash and its equivalent.

The Nortonia is a six-story building covering 100 feet square. It was built in 1907 at a cost of \$150,000 and was sold in 1911 by M. E. Holbrook and the late R. B. Lamson, with the property for approximately the present sale price.

Philip Fry, of the Fred A. Jacobs Company, is representing Mr. Cohn and LeRoy Fields, of the realty firm of Fields & Honeyman, is representing Mr. Frazier in closing up the transaction.

\$165,000 Deed Christmas Gift. The transfer of the \$165,000 Royal Arms Apartment building located on the northeast corner of Nineteenth and Lovejoy from its builders, D. E. McCarty, R. E. W. Taylor and A. C. Goings to R. F. Lytle, a prominent lumberman, who came to Portland from Hoquiam, Wash., furnishing the other half of the total of last week, Mr. Lytle will give the building to Mrs. Lytle for a Christmas present.

For the Royal Arms, Mr. Lytle paid the Royal Arms Company some \$55,000 or \$60,000 in cash, \$50,000 in stock in the Lumbermen's National Bank and gave it title to his palatial home at East Twenty-second and Hancock streets, Irvington, valued at about \$55,000. It cost considerably over \$100 in war stamps to record the transfer of the property at the courthouse.

The Royal Arms, completed last week, is a five-story brick structure containing about 60 apartments. It covers a full quarter block. The building permit covering its erection called for an expenditure of \$100,000.

Many Sales on East Side. On the Foster road a sale of land involving \$10,000 was made last week by J. H. Brown, who has been building another tract on East Thirty-ninth street was purchased by J. C. Pope from Lottie Olson for \$5000. On Johnson Creek 2.25 acres was sold for \$1150. A lawyer Dondrowski from William J. Parzyty for \$3500.

In the Jacob Johnson Donation Land Claim near Astoria a tract of land was sold by Robert H. Wall to Robert A. Fleming for \$8000. Sales of lots in Laurelhurst aggregated \$5000 and sales in St. Johns \$4000.

"Now is the time to invest in real estate," said J. J. Oelker, "while property is moderate in price. Every investment made now is absolutely safe anywhere in Portland."

William Bain Buys Home. William Bain purchased of the United States Mortgage & Investment Company a house and lot in Rose City Park for \$6000.

Two lots in Terminus Addition were sold to C. H. Gossett for \$1200. J. H. Brown made the sale of this property.

Sale in Irvington Park. Victor Hammar transferred to Mrs. W. Wilkins a house and two lots in Irvington Park for \$2500.

Laurelhurst Lots Sold. Frank L. McGuire purchased a lot from Herbert M. Ware in Laurelhurst for \$1000. Mary E. Shubert purchased a lot in Laurelhurst for \$1325.

W. R. Cochran Buys. W. R. Cochran purchased three lots in University Park, from Helen V. Weinberg for \$500. T. H. Reid transferred a lot in Beaumont from the Columbia Realty Company. The Overlook Land Company sold to Joseph C. Potter two lots in Irvington for \$1150.

Acres Sale Reported. A tract of land on Johnson Creek was sold by William J. Parzyty to Brown-Blaw Dondrowski for \$3500.

George E. Hubbard purchased four lots in the Northern Hill Addition, Lower Peninsula, from Bertha Lehmkuhl for \$1000.

The Riverside Homestead Company transferred to Minnie Winters a lot in Benedictine Heights for \$1482.

Tract Sold for \$5000. A tract located on East Thirty-ninth street was purchased by J. C. Pope from Lottie Olson for \$5000.

C. W. Pallett bought a lot in Ladd's Addition from Sadie Gevurtz for \$1000.

Southern Home Lot. In Southside Home Lot, a four-acre tract was purchased by H. Rodstad for \$3000. Two lots in Concord Heights were sold by Rev. W. T. Kerr to Harry A. Hampton for \$1200. In Tremont a house and lot were sold to Anton Stiekel by George W. Betts for \$770.

Rose City Park Home Sold. John J. Chamberlain purchased a house and lot in Rose City Park from W. H. Bailey, for \$4000.

TWO PROMINENT BUILDINGS FIGURE IN BIG SALES OF WEEK



Nortonia Hotel.



Royal Arms Apartments.

for \$1050. The Swinton Land Company transferred to Tullie Pilgerrim two lots in Swinton on the Peninsula for \$1000.

Sales Pile Up Fast. The realty firm of Umbdenstock & Larson reports the following sales closed during three or four days last week: To A. D. Hanson, house and lot on East Seventy-fourth street, in Jonesmore, \$2350; to R. M. Speelman, house and lot on Albina avenue, in Cumberland, \$3500; Roy Orey, four-room house and lot on East Seventy-fourth street, in Jonesmore, \$1500; to B. Z. Walrad, four tracts in Bristol, near Gresham, four tracts in Bristol, near Gresham, three-acre tract and house at Pleasant Home, \$1650; to J. A. Schmedtmeyer, house and lot at East Eighty-seventh and Haasalo streets, in Lee Brow Park, \$1700, and to L. H. Young, G. W. King

and a court leading up through the center, with formal gardens and ornamental shrubbery on either side, with a very attractive ornamental entrance on East Forty-first street for 2 per cent.

"We have expended a great deal of money during the past couple of months in securing plans of some of the most attractive bungalows that have been built on the Pacific Coast, principally those that have been built in Southern California."

"It is our purpose to give the people of Portland something that they have never had before, and from the inquiries we are receiving from our advertising our bungalows are going to make quite a hit."

Chinaman Makes Investment. Chin Quong, a Portland Chinaman, last week paid Nelson Giles \$3800 cash for the frame building covering a 50 by 100-foot corner on East Forty-third street and Hawthorne avenue. The building is divided into three stores. The property is described as lots 1 and 2, block 3, Hawthorne avenue addition. The purchase was made as an investment. The sale was made through the realty office of Benedict Brothers.

Two Houses Started in Beaumont. O. L. Ferris and G. E. Maxwell obtained building permits last week for the construction of two one-story bungalows at 497 and 701 East Forty-fifth street, North, in Beaumont. One will cost \$2000, the other \$2500. Mr. Maxwell, who drew the plans for both buildings, is also erecting a bungalow at 40 East Forty-first street, North, in Laurelhurst.

Sever Bids Up Again. Bids will be received until 2:30 tomorrow night for the construction of the proposed East Eighty-second and 83rd streets, covering the area between previous bids were rejected recently. The proposals will be opened at the Council meeting Wednesday. The estimated cost of the work is \$187,612.

Movie Theater to Cost \$6000. The F. E. Bowman Company is preparing to erect a \$6000 moving picture theater and store building on the northeast corner of East Thirty-seventh and East Caruthers streets, in Swan addition. The exterior will be of Denitrolotta blocks, over a four-story building 40 by 100 feet in area. The work will be done by day labor and it is expected that it will be completed within a few days. Competitive bids will be received on the wiring and tin work.

Plans Drawn for Big Plant. Plans for the new plant of the Western Co-operative Company, to be built near the drydock in St. Johns, are being prepared by L. R. Bailey, architect. It is announced that construction will start in a short time. The City of St. Johns has completed the roadway leading from the Laurelhurst boulevard, at its intersection with Pierce street, the site of the plant, according to its agreement with the Co-operative Company providing the company will locate its plant in St. Johns. The cost of the roadway was \$6000.

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CITY BOND ISSUE NEAR

BIDDING FOR \$150,000 WORTH TO CLOSE TUESDAY.

Denominations of \$1000, Bearing 6 Per Cent Interest and Payable in 10 Years, Will Prevail.

The fact that all municipal and county bonds recently sold in Portland have attracted premiums lends additional interest to the bidding for the purchase of \$150,000 worth of city improvement bonds that will be closed Tuesday at 2 P. M. by City Commissioner Bigelow.

These bonds will be issued in denominations of \$1000 bearing 6 per cent interest and payable in ten years. They will not be sold for less than par and accrued interest. As usual, all bids must be accompanied by a certified check for 5 per cent.

Bridges Work May Go Ahead Soon. Morris Brock submitted the best bid among seven proposals last week for the purchase of the \$1,000,000 interstate bridge bonds. They offered a premium of \$1,900 for the bonds, which bear a rate of 5 per cent interest redeemable at the rate of \$40,000 each year. In view of the favorable bids, it is regarded as probable that the plans and specifications drawn up by the bridge engineers will be adopted soon by the Bridge Commission and bids invited for the construction work.

\$180,000 Bond Issue Up. A Baker election will be held at an early date to vote bonds in the sum of \$180,000, the proceeds of which are to be used in the construction of a municipal lighting plant. L. R. Stockman was selected to prepare plans for the plant and J. L. Stannard is consulting engineer.

Soda Spring to Vote on Bonds. A special election has been called at Soda Spring, Idaho, for December 28 to vote on the issuance of \$15,000 worth of bonds for installation of a municipal lighting plant. J. F. Woodall is chairman of the Town Board.

NEW BUNGALOWS PLANNED Prosperity Here, Says Laurelhurst Company Official.

Paul C. Murphy, vice-president of the Laurelhurst Company, reports that in his judgment the business outlook is extremely encouraging and says his company is receiving flattering reports of increases in business from every section of the country, including every line of industry.

"The general increase of business throughout the Nation is noticeable. The reports for October jump far above those of September," said Mr. Murphy yesterday. "Money is becoming much easier all over the country. The loan brokers in Portland all report that they have plenty of money to loan, but have difficulty in finding good loans."

"The foreign commerce for October greatly exceeded that of September. The bank deposits are near the highest total ever reported in the city. The farmers throughout the country are receiving higher prices for their products than ever before. In fact, there is every indication that prosperity is here."

"We feel so much encouraged over the general outlook that we have decided to re-design one of our largest blocks into 23 building sites especially for bungalows. The block is admirably located and the new plan will provide

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SAVING'S EASE MARKS BIG PROJECT

Summer and Abert in Deschutes Country to Be Worked for Nitrate.

\$6,000,000 TO BE SPENT

Operation of Properties Awaits Legislature's Ratification of Action of State Board in Granting Permit.

One of the most gigantic private development projects ever put forward in Oregon was initiated last week when the State Land Board granted to Jason C. Moore, head of a New York syndicate, a 45-year lease on Lakes Summer and Abert, in the Deschutes country, for the construction of plants that will manufacture nitrate potassium, sodium carbonate, bi-carbonate and other materials obtainable from the rich salts deposits in the lakes.

The action of the state board in granting the lease must be ratified by the legislature before the leasing company will operate the properties.

Mr. Moore will leave Portland this morning for New York to pass the holidays with his family who ultimately will return with him to Oregon. He is acting as principal manager of the plant when it is built as well as a principal owner. It is understood that the Gould interests are associated with him in the Oregon enterprise.

Consulting Engineer Commissioned. J. G. Kelley, who already has done preliminary investigation work, has been commissioned as consulting engineer for the project. He should have attorneys as Sheppard and Brock, of Portland. C. A. Sheppard was largely instrumental in urging Mr. Moore to invest in Oregon and to him is credited that the great wealth-producer and developer is about to be placed in operation.

It will be one of the greatest plants of its kind in the world. Within 30 days after the legislature lends its sanction to the lease actually the construction of the plant will be instituted. The proposed plants are to be located near the intersection of the Deschutes and Columbia rivers in the county of Wheeler.

By the terms of the tentative lease already consummated Mr. Moore has deposited \$10,000 with the state to guarantee annual royalties of at least \$25,000.

\$160,000 Permit Obtained. The contracting firm of Boyce-John-Arnold last week took out a building permit for the construction of the two-story \$160,000 Shattuck school building on the school block bounded by Broadway, Hall, Collins and Park streets. The structure, which is to be of fireproof construction, will be similar to the \$100,000 Couch school now under way at Twentieth and Gilsan streets. F. A. Naramore drew the plans.

The plans for the \$55,000 annex to the Richmond school were filed with the building inspector last week by James S. Winters, who has the general contract for the work, and construction will be started as soon as the permit is granted.

Way Paved for Market Building. The concrete for the construction of the concrete market building to rise soon at the southwest corner of Third and Yamhill streets, a contract was let last week for the erecting of the building. The building now located on the site, Frank Frye, officer of the Frye-Bruhn company, who has the general contract for the erection of the building, when in Portland last week, announced that the building will extend two stories or higher.

Plastering Jobs are Up. It has been estimated that the plastering work on the new Meier & Frank building, for which contracts will be let in the near future, will cost about \$140,000. The contract will be let by the Dinwiddie Construction Company, which has the general contract on the building.

The Boyce-John-Arnold Company is receiving bids for the plastering work on the University of Oregon administration building at Eugene and the Couch and Shattuck school buildings in Portland, each of which is under way.

Big Water Award Made. The Oregon Engineering and Construction Company of Oregon City, backed by the Willamette Iron and Steel Works, of Portland, were awarded a provisional contract by the Water Commission of Oregon City last week for the construction of the proposed water works at the intersection of West Linn.

The successful bid was \$315,000 for riveted steel material. In case the bond election next month carries the contract will be adopted and the work started at once. Plans were prepared by Hurlburt & Rands, engineers of Portland and Oregon City.

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KNOWLEDGE OF VALUES NECESSARY ESSENTIAL

Ignorant Often Do Property Injustice by Fearing to Place Proper Worth on Realty Because of Lack of Information and Judgment of Market.

BY EDWARD E. GOUDY.

(Second of a series of three chapters on Mortgages.)

THE determination of the actual value of real estate is a complex problem that is often essayed lightly and declaimed with the greatest assurance by some who are the least equipped with the fundamental knowledge of the elements of such values. The result of appraisal by six of these persons, who did not have access to each other, was a variation of more than 100 per cent.

Many, without study of each, will readily place values on several widely-separated properties with which they are not slightly familiar. It is well to avoid making loans on the basis of such appraisals. If the lender is not entirely satisfied that he knows the worth of the security presented, it is wise to seek an estimate of the value from one who, by reason of being in constant touch with Portland real estate, of having studied the science of appraisal and of being experienced in applying that science, is fully able to offer competent advice.

Appraiser's Equipment Necessary. Merely to give an indication of the value of a property should have, it is thought, the following equipment: only some of the principles to be used in determining values and availability of real estate from a loan standpoint. There is no attempt made to do a scientific analysis of appraisal. The subject is much too large and complicated to be fully covered herein.

Realty of the neighborhood under consideration, extending over a period of years, should be before the appraiser. He should be able to determine which of these sales were below the real value and which above, and why one piece of ground of the same size and location as the street is of greater or less worth.

The value determined by the sale prices should be checked against capitalization based on the future income as it would be if the land were adequately improved. Capitalization should not always be figured on a basis of 6 per cent, but on the basis of the proper net return for the improvement suitable to the location. This amended method should be used in every case considered in relation to the advancing or declining tendency of the neighborhood and allowance either way be made.

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Mortgages Versus Bonds Considered. Railroad, industrial and other corporation bonds based on mortgages secured on property of various kinds, as compared with simple mortgages on real estate securities, are a development of comparatively recent years.

The real estate mortgage supplied the needs of early financiers, but as requirements became larger mortgages grew in size and were made the basis of units of security issued against them and called bonds. These, because of their smaller denomination, enabled those having smaller amounts of money to invest to participate in these loans of magnitude.

The principal, if not the only objection to the early bonds still remains, being the inability of the individual investor to control or even to appraise his security adequately. As time passed, however, and a certain kind of man saw the opportunities that the bonding method opened to them, great abuses crept in. Until bonds were issued of a face value much greater than the mortgage, reckless would ascribe to the property covered thereby.

Thus the bond, which should be of stable value at par, reached any price below par that could be obtained. Moreover, the word "bond" nearly lost its meaning, being applied to almost anything on paper the vendor wished to market, regardless of whether the issue were based upon a mortgage or not.

Mortgages Do Not Depreciate. The first mortgage on real estate, on the other hand, owned wholly and not in part only by the investor, is not subject to manipulation by anyone and, therefore, does not depreciate in value. It usually provides a higher rate of interest and the security is entirely under control of the individual investor.

Only a few years ago bonds were the favorite of those Eastern investors who leaned toward conservatism. But there was practically no market for them here. The Eastern attitude has changed and mortgages are in demand but the Portland attitude, being the right one, has not had occasion to change. There is no doubt but that the well selected loan on Portland real estate is one of the safest and most remunerative investment securities to be found.

Mortgage is Liquid Asset. It is contended that the mortgage is a less liquid asset than the bond; that if the investor wishes to turn his holdings into money, he cannot realize on mortgages as quickly as on bonds. To a certain extent this is true. If the mortgage is of the right sort, however, the difference is only a matter of hours and does not, in normal times, affect the private investor.

The comparative virtues are best shown when hard times prevail. It has been said quite truly that if the holder of good first mortgages will discount his securities to equal the depreciation in the market price of bonds, he will not lack an immediate market.

Community Bonds Excepted. The above criticisms are not aimed at municipal, county, school and other bonds of governmental character. These are of a different class, but are sometimes bought by the less experienced investor under a misapprehension as to the net interest yield. As with other bonds, they are sold at par or above or below par, according to market conditions and the rate of interest at which the issue is offered.

The net yield from such bonds is usually below six per cent and is common with mortgages on central business property, they are more suitable for the Eastern or foreign investor who is accustomed to lower rates of interest than may be expected by the local investor.

It should always be borne in mind that the premium paid for bonds must be spread over their actual life and the yearly proportion of that premium deducted from the interest rate to show what will be the net return. For example, a six per cent bond bought at 104, or at four per cent above par, as paid at the end of the term, will actually net five per cent, less the interest lost on the premium, which is, of course, paid in advance. Thus \$104, the \$100 paid for each \$100 of face value of these bonds, \$100 only is returned, with interest only on the \$100.

Between the Port of Portland drydock and the Hooker of Portland and Seattle Railway, on a fill 600 by 300 feet, which will be occupied by the buildings, including a printing press, and a building for the company. Between 300 and 400 men will be employed. The product of the plant will be covered goods such as wool, cotton, and other goods, and hemlock from Clatsop County, where the company owns much land, will be used.

Gresham School to Cost \$25,000. Gresham High School district, with Gresham as the center, will erect a high school building on the Gresham site to cost, with the equipment, \$25,000. At the meeting of the directors on December 12, a levy of 2 mills was made on the five districts which make up the Union district. The levy will be in effect until it is planned to issue compound notes bearing 6 per cent interest, running for several years to raise the money from the levy will provide the equipment. However, this is only tentative and the plan may be adopted.

The structure will be brick construction, and will be large enough to take care of the work of the school. There are five districts in the union at present, but it is announced that several more may join before the new building is completed. Portland architects will be asked to submit plans for the schoolhouse.

C. W. Wells Builds Home. C. W. Wells has commenced a story-and-a-half dwelling on Fortlieth avenue between East Sixtieth and East Sixty-second streets, to cost \$1800. W. H. Smith is the builder.

Laurelhurst Home is Started. Work has been started on a one-story dwelling to be built for the Laurelhurst addition on East Broadside street between East Forty-first and East Forty-third streets, to cost \$4000. E. L. Sanborn is the builder.

J. J. Metzger has started a dwelling on East Sixteenth