

EXPERT DISCUSSES RENTS FROM STANDPOINT OF THE LANDLORD

The subject of rents from the landlord's standpoint has always been a mystery to the tenant and always will be for the reason that he has no comprehension of the infinite number of things to be taken into consideration by the prospective builder, all affecting the income to be derived from an improved property before he begins work on his proposed structure.

An authority on rents, a man who probably knows more about rental values than any other man on the Pacific coast, recently, in a lecture before a building managers' association said in part:

"The owner of a piece of property after determining to improve it, first has to ascertain what character of building is best suited to the size of the lot and its location with reference to transportation, both freight and passenger, and its nearness to certain well defined characters of business, makes up his mind just what improvement he will make. First he must be absolutely certain that he is going to get a satisfactory earning on the value of the ground plus the cost of the building. In city 20,000 people we'll say it is just possible that his building is not adaptable altogether to the uses of one class of business or to one profession.

"In arriving at an average of the requirements to the varied needs of several classes of business and professions the landlord and his architect must exercise good judgment and foresight, and this foresight is supplied by calling into consultation men who have had extensive experience in the management of all classes of buildings. The landlord's object of course is to build such a structure as will produce the largest possible net rental income per year, where the rental rates will automatically increase from the pressure of increasing demand, keeping the earning percentage at right figures as the ground value in increment piles up.

Looks Far Into Future.

"The owner has in mind the class of tenants to whom he wishes to rent his space. He has just so many thousand square feet, according to the location, before he decides on this rate, he must from his own or some other owner's experience, estimate the cost of keeping this building. If it be an office building, he must keep it in a tenable condition for the business world that he proposes to create in it; in fact, this applies to any other class of building. He wonders first what the assessor is going to do when comes the question of insurance, then comes the innocent looking heading entitled 'repairs, renewals and alterations.' Elevator service demands a considerable margin in estimating; heat, light, power and water can be reckoned quite closely.

"Allowance must be made for at least 10 per cent for vacancies in the offices. At last the manager thinks he has the expense of operating ser-

regated and knows the aggregate. He adds up the column and wonders how he is ever to surmount the courage to demand the stupendous sum for operating expenses, and at the same time produce the necessary profit on his investment.

"Here is another interesting step. He has to analyze the question of the rental rate that must be charged in order to meet competition, cover this operating expense and pay fair dividends. If a property must net 10 per cent, which by the way is very rare, the owner cannot spend any more for the janitor or elevator service than his competitor, who is earning 10 per cent on the same class of building in the same locality; therefore his rental rate must be practically the same as that of his competitor and his competitor doubtless has a modern building also and will very likely hold his tenants.

Site Most Important.

"If the owner is fortunate enough to possess a lot in the best location in the city, in the very heart of the financial center of a very progressive city where the supply of first class office space is somewhat meager, the building of course, will promptly fill up with tenants and but little trouble will ever be experienced in holding them. Next, he must keep the building habitable, care for the wants of the tenants, keep out undesirable tenants, so that the building may be maintained at a high standard of reputation. The ownership of a central business property in a growing city is the most remarkable and valuable public utility franchise in the world, and yet it seems to have been largely overlooked and incorrectly estimated by the unearned authority has said, 'financial men understand the tremendous value of even a fifty year franchise to operate a water plant, a street railway, a lighting plant or a telephone plant in a growing city, carrying the right to tax out ever increasing population, but it does not seem to have occurred to them that the ownership of highly improved, centrally located business property is a perpetual franchise to collect an ever increasing rent-

tax from the same ever increasing population.

"The rental rate for a square foot of floor space in a central business building increases as the population of the community increases, and the value of the property likewise increases and the highest space values occur only at points where great numbers of people throng together at the congested centers to transact their daily business. There these skyscrapers rise to meet the pressure for space at that particular spot and nowhere else. There the rental value per square foot for store, bank and office space advances from \$1 to \$2, \$3 and on up to as high as \$10 per square foot per year, according to the number of people delivered at or passing the location per day, and according to the character of the business they come to transact.

Where Rents Are Fancy.

"Of course, if a man comes to sell market vegetables or fresh meats or the produce of his farm, no such figures as the last named will be charged for the rental space in that district, but if he comes to consult his lawyer, his banker, his physician or his broker, then it is just possible that figures that are almost inconceivable will be charged for floor space in that district.

"The rents of the business and office buildings are really paid by the customers who purchase goods in the building, by the patrons of the physicians, by the clients of the lawyers and brokers; in fact, by the customers of all of the tenants, and I might say that this holds good wherever rent is collected in a business district. No other income in all the world rests on a broader basis of patronage tested by the number of people who pay it and the variety of occupations from which they derive their money to pay it.

"Upon close investigation we find that the rental rates paid by the various lines of business in the leading commercial cities of the United States vary according to the size and importance of the city and according to the growth of the city. In such cities as St. Paul, Minneapolis, Kansas City, Omaha, Denver, Los Angeles, Portland,

Spokane and Seattle, the rental rate per square foot is very nearly on a par running from \$1 to \$2 per square foot per year for office space, the most popular price being from \$1.25 to \$1.50, while the ground floor locations bring anywhere from \$2 to \$3, according to the location. We also find, in some cases, a wide difference in the rates paid. For instance on Second Avenue, in Seattle, a clothing store merchant is paying \$2 per square foot per year for his location and the sidewalk traffic in front of his door on any business day, from say, 2 o'clock to 4 o'clock in the afternoon to 1500 people per hour. Just across the street is a druggist who pays \$3.50 per square foot per year, with the same amount of sidewalk traffic. We find that the lease carrying the lower rental was made five years prior to the other. The druggist's volume of business is \$150,000 per year; his rental is 5.15 per cent of his gross receipts. The clothing merchant's volume of business is \$250,000 per year, and his rental is 2.35 per cent of his gross receipts.

Metropolitan Rents Enormous.

"We find in cities such as New York, Chicago, Philadelphia, Boston, Pittsburg, St. Louis and Baltimore, that the price paid for ground floor locations reaches enormous rates; one location in New York having the distinction of commanding the highest rental rate per square foot of any location in the world, the rate being \$47.50 per square foot per annum, and this rate is not too great to allow a concern in the cigar and tobacco business to make a decent living.

"The Hudson River Terminal company rents space in the subbasement floors of its building at the rate of \$40 per square foot per year. We have found numerous cases where \$20 to \$25 and \$30 per square foot is paid for ground floor locations in New York and Chicago, while choice office locations bring as high as \$8 to \$12 per square foot. This shows that where vast numbers of people congregate it requires little effort on the part of the owners of central business property to collect large rentals, and merchants and other people spend a large part of their lives in earning money to pay them.

"To the owner of business property the production of rents is the most important consideration, and keeping the operating expenses within reasonable bounds is the next. Any one with capital can produce a business block, but it requires able and intelligent management to make it pay."

RESIDENCE SITES ON HIGH GROUND INCREASE IN VALUE

"Any one familiar with the trend of growth of this and other cities of the United States, saving nothing of the cities of the old world, will realize that all the elevated portions will be sought for residence purposes," says D. E. Keasey, the realty broker. "The high spots are invariably at a premium for residence locations, presumably because they are not suitable for business locations. This attaches or guarantees an exclusiveness to the high portions overlooking the city. It is only a question of time when many of the well to do families now living down on the level land on both sides of the river will seek the high sides overlooking the city on the west side, from which one has a full and unobstructed view of the prettiest scenery the world affords.

"From the tract adjoining what is known as the Old Castle, at the head of Seventh Street, on the south, or westward on Fordham Heights and Council Crest, and then again from the beautiful plateau back of the City Park, or north on Fordham Heights at the head of Lovejoy street, one may look out over an expanse of city and country land larger in extent than some of the European kingdoms. One can trace a snow capped mountain chain, with its climaxes, such as Mount Hood, Jefferson, Adams, St. Helens, Three Sisters, Rainier, etc., for miles and miles.

"Those who have slightly homes do not give them up, and come down the hill to the flat land. It's like owning an automobile. Let a man own one and really learn how they truly annihilate distance, and that man will never give up the use of the horseless carriage unless forced to do so by circumstances over which he has no control.

"One facetious individual has said: 'There is no temptation to talk about your neighbors if you live on the high ground. For you can talk about the scenery.' Some day there will be a rush to reserve choice building sites in the various tracts on the market which afford comprehensive views, and then the truth of my observations today will be appreciated for their full value.

In a new form of electric lighting the lamps are suspended above bowl shaped reflectors of such design that the light is thrown against the ceiling and diffused about a room without casting any shadows.

West Portland Park

LOTS \$50.00

Will Be Worth \$1000 When Portland Reaches the 500,000 Mark

We are heartily in accord with the 500,000 for Portland in 1915 idea and will go one better. Natural conditions, locations, etc., will do that without boosting. When you take into consideration that Portland is the outlet to a scope of country equal to all the New England states, Iowa, Pennsylvania and Missouri, and that it is all down hill to Portland from this immense territory, also that it costs \$1000 more to pull a train of cars over the mountains to Seattle than to drop down to Portland, and that water transportation is only half that of rail, and the Columbia river is now navigable as far as Lewiston, we believe in Portland, and so do you. This is common knowledge—everybody knows this.

But Listen

We are having trouble in handling eastside traffic on account of the bridges now. What will 500,000 do to them? Can you imagine eight or ten bridges at that time, or a subway? No—the expense is too great. Reason: it the same way as you reason Portland becoming a great city. Natural conditions will prevail. We must either move the west side business section to the east side or move some of the east side residences to the beautiful hills on the west side. The tide has already started to the west side—hundreds of people are paying rent on the west side who own homes across the river. Why?

We believe so strongly in west side property that we recently purchased the unsold portion of old WEST PORTLAND PARK, which lies just outside the five-mile circle to the southwest—closer than Montavilla, University Park and other additions where lots sell at \$300 and up.

Just to find a few live ones, we will sell 200 lots in this beautiful addition at \$50 each—\$10 down and \$5 per month. We positively guarantee these lots to be selling at from \$100 up within 90 days. Do you realize that you cannot buy a lot in Estacada at this price?

Do Your Own Thinking

Will you act now and call at our office and make reservation today, or will you in after years say (like our old inhabitants WHO CAN REMEMBER WHEN MOUNT HOOD WAS A HOLE IN THE GROUND and acreage on Washington street was selling at \$10): "I could have bought West Portland lots at \$50, and today they are worth thousands?"

DON'T ask your landlord or other real estate men for advice; it's not natural to expect them to say, "Go to West Portland Park." Oh, no! THEY would not make any money if YOU bought of us.

The Lee-Bowdler Co.

303 TO 313 ABINGTON BUILDING

PRICES ADVANCED APRIL 1

Notice Is Given That Prices of Metzger Acre Tracts Will Be Advanced on April 1

Only 10 Days More to Secure These Tracts at Present Low Prices

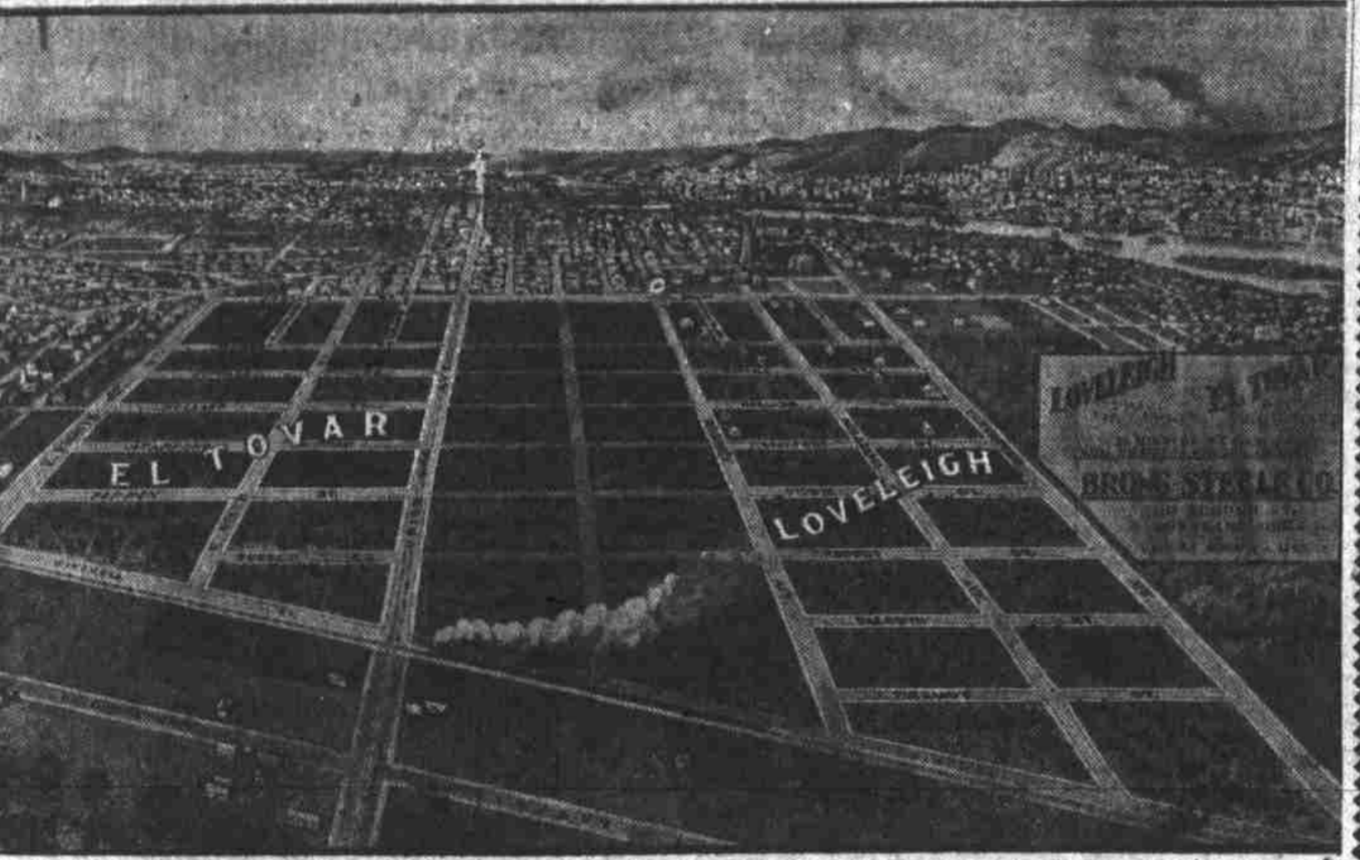
METZGER ACRE TRACTS

Are the best investment you can make. If you are wise, you will buy a few before the advance. Visit Metzger today and make selections. Twenty-nine minutes' ride on the Oregon Electric will land you on the tract. Our agents are there daily. Remember, there is only one more Sunday before the advance. If you cannot get out through the week, GO OUT TODAY. Something may prevent you from going next Sunday.

PRICES TILL MARCH 31 ONLY
\$200 UP PER ACRE

REMEMBER THE ADVANCE APRIL 1 AND ACT QUICKLY

HERMAN METZGER, Owner.
236 AND 238 FRONT STREET
Portland: Phones Main 274, A-1374 Branch Phone Main 6409



THESE BEAUTIFUL SISTER ADDITIONS

LOVELEIGH AND EL TO VAR

ARE THE CENTER OF ATTRACTION OF ALL THE DIFFERENT PROPERTIES ON THE PENINSULA

FROM THE INVESTOR'S STANDPOINT THEY OUTSHINE ALL FROM THE HOME BUILDER'S STANDPOINT THEY OUTCLASS ALL

A splendid view of the mountains from every lot. They are near good schools, car service unequalled, both Woodlawn and Vancouver cars run to the property, only 18 minutes from the west side business district. The great steam whistles of the Swift Packing Plant and Monarch Lumber Company's sawmills will be plainly heard by the residents living on these sister additions, and still they will not get any of the bad effects (if any) from these great hives of industry.

The immense traffic between Vancouver and Portland will come over Union Avenue, which lies between these sister additions. No doubt but there will be a great advance on present prices of property when near that great business avenue.

DON'T PUT OFF UNTIL TOMORROW NOW IS THE ACCEPTED TIME

Put a few dollars per month in these beautiful lots, and you are on the road to prosperity. HUSBAND, TALK IT OVER WITH YOUR WIFE and see if you had not best begin to put aside something for a rainy day—or old age.

COME IN AND TALK WITH US

BRONG-STEELE CO.

Phones Main 1743, A 1743 110 Second Street

"Homeseekers, Attention"

NORTHWEST TIMBER CO.

520 LUMBER EXCHANGE BUILDING—PHONE MAIN 5789
H. Banfield, President; H. Viereck Jr., Manager.

CAPITAL \$100,000

Real Estate and Business Financed. Timber and Farm Lands.

One billion feet of timber, spruce, hemlock, fir, silver pine and tamarack. Easy logging to navigation and railroad. We also will locate you on homesteads and relinquishments in all parts of Oregon and Washington. Bank and commercial references.

We do a general brokerage business, buying and selling farms, city homes and timber lands, placing investments for eastern parties, securing profitable business openings for those looking for new locations, and loaning money. Mr. H. Viereck Jr. has been in business in this city for the past 25 years, and is especially qualified to secure the very closest and most desirable business bargains.

His knowledge of the city and state makes his advice to prospective investors of inestimable value. He gives his personal attention to the placing of all eastern capital, and the most conservative propositions only are considered in investing money placed in the hands of the firm for remunerative returns. Any purchases or sales effected through this office are guaranteed by us to be strictly as represented, and any loss accruing to an investor through misrepresentation is thus made impossible.

Truly yours,
Northwest Timber Co.

JACKSON & DEERING

- \$20,000—Half block on York street switch; a "pure cream" offering, and there is no better buy in Portland of its class.
 - \$16,000—6 acres, adjoining North Bank line, on Willamette river, running back to O. R. & N.; an ideal location.
 - \$16,000—An apartment house paying big returns, close in, west side.
 - \$15,000—That 1500-acre stock ranch in Douglas county, Or.; will trade for Portland property.
 - \$12,000—A prominent Williams ave. corner, about 2 1/2 lots, some income.
 - \$12,000—60-foot Nob Hill lot, north front, with splendidly built dwelling that cost \$9000, while lot alone is easily worth \$6000; a choice location for apartments or flats.
 - \$10,000—A splendid home, almost new, full lot, choice Nob Hill locality near 24th.
 - \$700—One of the prettiest homes in the city, north and west front; corner lot; East 28th.
 - \$550—New and up-to-date home, Piedmont, full quarter; \$1500 will handle it.
 - \$5200—Splendid 9 room dwelling, full lot, Savier st.; \$2200 will handle; this is a fine home or will rent well.
 - \$4800—New dwelling, East 28th; room for auto; one-half cash will handle.
 - \$4000—Full lot, with 6-room modern dwelling, splendid view; East Madison and 22d; half cash will handle.
 - \$3750—Full corner lot and three old houses, corner Water and Whitaker, good income; owner wants money; make offer.
 - \$1200—15 lots adjoining Gregory Heights; less than half price surrounding property.
 - \$1100—Good lot, Portland Heights, requires some filling, but splendid outlook and view.
 - \$700—Lot on Florida, 50 feet from Virginia, southern Portland.
 - \$500—Two lots, block 5, Peninsula addition; half cash; near Swift townsite.
- RIVER HOME—About 5 acres on Columbia above Vancouver, on North Bank line, station near, boats can land at tract; price moderate.
- TO TRADE—5 acres irrigated land, choice location, for small house and lot; will assume mortgage or pay cash difference.
- 10-ACRE ORANGE GROVE, Ore., Cal. full bearing, valued \$3500, for good dwelling valued not more than \$7000.

Ask us about other properties.

JACKSON & DEERING

246 STARK STREET
Phones—Main 345, A347

\$3000