

Guilds Lake Northwest Portland NEWSLETTER

Summer 2021

Excuse my
Typos

Covering: Real Estate, Projects, Issues, Topics and More in Northwest Portland & Guilds Lake
Todd and Cascade Commercial Real Estate have been providing Superior Commercial Real Estate Brokerage Services for Over 20 years.

About Me and This Newsletter

I have been successfully involved in representing a wide range of businesses, organizations, developers, investors and property owners in crafting and executing commercial real estate strategies for close to 30 years. I feel I bring a depth of experience and knowledge of the commercial real estate markets in Portland and beyond to help those I represent make the best possible decisions about leasing, buying/selling or developing commercial spaces, buildings and land. Whether it is assisting small, medium and even large national companies find better and larger space to take their business to the next level; helping developers target, negotiate, develop and lease up a large development; working with a family owned real estate company to reposition and maximize the value of multiple tenants and buildings; structure a sale of a building and then locate and negotiate a complex 1031 exchange for an investor or assist a non-profit workforce housing developer to acquire a site for development of a \$50 million affordable housing project...I believe in my ability to intimately understand a company, organization, or individual/family's commercial real estate needs and goals and then devising and executing a well thought out and

Continued on page 2

Covid Commercial Real Estate Fundamentals (And some amateur Economic Analysis)

2020 was (and now 2021) has been a wild ride! I am sure many of you can think of more poignant and probably negative descriptions to use about this past year. Part of the issue I think in many minds is just how blazing quick, uncertain and deep the Covid shock was to our society and economy starting early last spring, all colored with what we found out pretty quickly was how unprepared, chaotic and slow our health, economic, government and private sector capabilities dealt with this pandemic maelstrom. Within a couple months we basically came to a reverberating thud of a stop to our lives with schools and business closing; people hibernating at home; travel halted, "chicken with its head cut off" scrambling by health and government systems to understand the unfamiliar and quickly murky specifics of what this virus was all about. The rest of the year brought push and pull of measures regarding restrictions and mandates as Covid cases (fatalities too) ping ponged up and down which left many feeling frustrated, unhinged and grasping at how to make any sort of long or short term decisions regarding their lives and businesses. We learned a lot but it was a painful education but now in spring- summer 2021, there are some rays of sun with cases coming down consistently, vaccines out there, more testing, businesses and schools reopening and normalcy (whatever that is) on the horizon.

Layer on some rather destructive and often mis-directed social unrest, uptick in crime and exacerbated homelessness and Portland has been hammered a bit more than most major US cities. Here are some basic economic facts and factoids as we are looking at 2021 and watching the economy bounce back and hopefully planning summer vacations.

- Portland unemployment sits at a surprising 6.6% as of May which aligns right with similar numbers for Oregon and nationally...it just feels worse doesn't it? Though not tracked many believe there is considerably more people out of the workforce, under-employed, furloughed or just not counted.
- State Tax revenues are crazily forecast to increase by \$ 2 billion from a grim May 2020 forecast which shows how Covid has not affected those on the higher echelons of the income scale and how resilient many companies and major parts of the economy have been. Local governments being more dependent on fees, property taxes, license taxes etc. have seen significantly less funding and look to be headed for cuts. The stimulus bill passed in February looks to lessen that blow.
- Portland in-migration of new residents continues but is slowing with 7500 (1.8%) new residents moving into Portland in 2020. This has been the trend from the highs of 2016-2017 which doubled those numbers. Portland and Oregon is still perceived as an attractive lifestyle and employment option compared to many larger more expensive locales. Having dealt with Covid comparably well, along with access to some space and natural amenities while also maintaining considerable cultural; food/beverage; entertainment and desirable lifestyle characteristics, Portland and Oregon will continue to be a hub for in-migration.
- Stock Market up over 15% in the trailing 12 months. \$ 5 trillion in government stimulus has been injected into the economy. Interest rates continue at all-time lows but bumping up a bit. Inflation in check but starting to bubble slightly.



Todd DeNeffe 503-705-6380
todd@cascadecre.com

About Me and This Newsletter

Continued from page 1

flexible game plan to get to the best possible solution.

I have been writing about Portland's commercial real estate market and all the related issues and topics in the political, policy and social realms in the form of numerous newsletters, published articles, blogs and more for over two decades. This newsletter covering Northwest Portland expands on that edifying tendency to provide valuable information to help property owners and businesses understand "what is going on" and why and where we are going as city, all with commercial real estate focus. Right now I am intent on hopefully providing some uplifting news and positivity as Portland (and the world) comes out of a rough Covid year. Portland has just too much going for it to stay down for long and already in 2021 there is considerable optimistic activity. Quick Bio: I am a 4th generation Portlander. I worked for two large national brokerage companies but found the transactional and impersonal corporate approach less my style after 15 years and started Cascade Commercial in 2000 to provide a bit more "hands on" and personal approach to specialize in assisting local and regional businesses and organizations; property owners and developers in commercial real estate. Though I have successfully represented larger companies like PGE; Land O Lakes; Waste Management etc. My emphasis is and always has been helping Portland and Northwest business and property owners in making successful decisions about their facilities and commercial real estate assets and investments.

I always welcome your input, criticisms, questions, opinions and of course your commercial real estate aspirations, goals and needs even more.

Commercial/Industrial Real Estate... Story of Have and Have Nots

Since Commercial Real Estate is what I do every day and what is at the core of this newsletter, I have to wade through some very choppy information...it is a very cloudy picture. Commercial Real Estate in general is a lagging economic indicator as it is a mostly illiquid and prodding asset class and moves often like an aircraft carrier to economic trends. Businesses, investors, and property owners cannot readily sell, purchase, lease, down-size/expand promptly to respond to swift economic changes. Right now if the commercial real estate markets were lanes on the economic highway there would be some rather disparate road conditions. Industrial properties would be in the express lane with cars speeding by unabated as logistics, e-commerce, supply chains, technology and a lot of manufacturing had like all everyone some frozen months last spring but remained resilient as the year progressed and even expanded as several sectors (food; building materials) have flourished. Industrial warehouse rents are steady, values unabatedly strong and demand resilient. The office lane is bumpy and pretty curvy with little clear visioning out the windshield on the road ahead as many firms have pivoted (term of the year) to remote work and many questioning the long term viability of large aggregated office environments. In Portland we already had a glut of office space prior to the pandemic so covid has piled on to a somewhat pre-existing anemic office market. Yes, downtown is in a world of hurt where unrest and general livability has deteriorated making it feel empty and downtrodden. Already several large office users have temporarily or in certain cases permanently exited downtown if they have any lease flexibility. Though somewhat anecdotal (read rumor), with known vacancy, subleases and "shadow" vacancy the downtown and surrounding core may have a vacancy rate close to 35% with what could be 7 million square feet of available space...Ouch! I have heard that no less than 1 million square feet of tenants needs are looking for space in the suburbs and these are some big named firms. The slow lane with many gapping potholes is populated with retail; travel and leisure and entertainment with some scary increasing vacancy, lower rents and empty spaces. Hospitality (read hotels/

motels) took a huge body blow in an already saturated market (we have added over 2000 hotel rooms in the core in the last 5 years) but a significant demise is maybe premature and recent predictions are that there is incredible pent up travel demand once there is wide spread perception of Covid being under control which could push occupancy up somewhat close to per-Covid numbers but not till early 2022. Retail while battered is showing increasing activity and interest in spring 2021 but mainly towards suburban markets as people couped up have been starting to flock back to restaurants and retail establishment. Apartments have held up better than anticipated with better than predicted rent collections but higher end properties are suffering the most with oversupply and very slack demand so vacancy and concessions are up and rents down especially in Portland's core areas while suburban markets have been have hardly been dented. It will take considerable time (2 years?) to absorb all of the existing unites and those coming on-line with lots of free rent and slower lease up timelines again with the core areas of Portland the most challenged.

Since my background is most heavily industrially real estate focused and what Northwest Portland (Guilds Lake) hangs its hat on, I wanted to focus a bit more in this area.

Overall Industrial Market: Portland's Industrial Real Estate market did not skip a beat in 2021...go figure. But as Amazon packages pile up on our doorstep and grocery stores are often crowded, it is not hard to figure this out as consumer buying and then later in the year, business inventory and investment snapped back. The warehouse vacancy rate for Portland held steady at just under 5% this spring with lots of leasing but also lots of new warehouse product hitting the market too which totaled over 2,000,000 sf: so stability was the word. We absorbed tons of new space coming on to the market along with some older empty warehouse product as firms expanded into newer projects or new tp Portland firms took space. Rents are steady too so those looking for warehouse space are not getting too many concessions or screaming deals. Rents for warehouse shell still hover in the

\$.50 psf up to \$.70 (for new product) for the larger spaces and start going up for the smaller spaces (10,000 sf or less) especially in core locations which can have a 10-20% premium than say the airport of suburban areas.

Guilds Lake and Northwest: I look at all the big boy brokerage's statistics and only a couple break out where you live in the Northwest industrial areas so it takes a bit of digging and extrapolation to get to a coherent view of this industrial real estate sub-market, and with that any specific numbers need qualifications. Generally industrial vacancy in Guilds Lake and Northwest are somewhat lower than the market in general at around 4% as this area is and has always been historically very stable with not a lot of movement and additionally, businesses own a higher degree of buildings in this submarket and firms come and stay a long time. Rents vary with larger spaces (20,000 and above) in the mid \$.50' bumping into \$.60 psf for the shell and smaller spaces ticking up 10-30% higher depending on amenities and as you move more towards closer in Northwest.

Valuations are also steady but a bit harder to pin down as the volume of sales of industrial buildings in 2020 fell off the table with few industrial transactions in 2020 which was not surprising as even in good times Guilds Lake and Northwest does not turnover much. But demand is very strong to purchase by both investors and owner/users industrial buildings that are in decent shape (concrete tilt built after 1960) with desirable ceiling heights; power; loading and some parking can easily fetch on either side of \$150 psf plus

financing at low rates for this product is mostly plentiful especially for owner-users which provides lubricant for keeping values strong. There are some older doggy buildings that need tons of work that can inch down to \$100 but pretty rare. Larger buildings head south a bit price wise but not too much. Covid has had very little impact on industrial warehouse valuations metro wide and is predicted to be much of the same in 2021 and beyond and with many even predicting decent value increases as inventory for buildings for sale (just like residential) remain pretty darn low. Demand is strong by users

looking to expand or go from leasing to ownership and investors looking to place money in "sturdy" low maintenance and management investments that warehouses represent.

Generally Northwest Portland along with Swan Island; Close in North and Southeast (core industrial markets) have taken pandemic hits well and continue to be strong resilient industrial investment and leasing markets with demand still healthy and rents and values very stable at historically high levels.

175-foot tall...three years of Challenges All in the Review Mirror.

Lincoln Property Company (LPC) the developer behind Fremont Place, a 17 story apartment building under construction along the river at NW Front deserves a medal for its tenacity. Approved in 2018, Fremont Place was appealed by the Pearl District Neighborhood Association because it was perceived to block views of the bridge and river. Really? Did not know the Fremont Bridge was like the Golden Gate Bridge but there was also issues regarding the size and access to the River Greenway too. The appeal was stupidly enough upheld then reversed in a moment of common sense by City Council but resulted in a two year delay and was a symbolic move that caused (and rightly so) a kerfuffle for developers holding this up as Portland being anti-development for even well thought out and needed core residential development. This may prove lucky as if Fremont Place got underway



back then it would be hitting a very shaky Covid apartment market. Now hopefully we may be back to "health" in two years when this beauty of a building is ready for residents. The building has a great articulated design reaching full height on just one half of the site. Employing 100 pilings going 100' deep down to bedrock into the sketchy river soils, the building will have art installations and studios; commercial space; outdoor patios and will be a great addition knitting the Pearl closer to the river and providing continued transformation of NW Front Avenue into a more active inviting boulevard that are seen over 1000 apartments and 400,000 sf of office development over the last 5-6 years.

“ Todd was a knowledgeable and instrumental part of our team when we made the decision to sell our Southeast Portland properties and relocate our growing 100 year old Portland business. We wanted to stay close in to Portland. We reviewed dozens of properties but with Todd's market knowledge, negotiation and connections we were able to secure a fantastic 10 acre property in Northwest Portland on Yeon/205 at a good price while selling our original 4 properties in the close in eastside . It was a complicated transaction with a reverse exchange and had multiple timing and logistical issues which Todd handled expertly. With Todd's help, we now have a 150,000 sf state of the art building in one of the best locations in Portland”.

Ken Francis: President of Dealers Supply

Early Portland Beer Icon...Portland Brewing Calls it Quits



With coffee in my cup holder, I was tooling around industrial Northwest one early Sunday weeks back, when a bit of melancholy came over me as I swung around in front of the forlorn Portland/Pyramid Brewing complex on NW 31st/Industrial. I already had read about this revered foundational brewery shutting things down a few months ago, but it hit me that the pandemic has hastened what was already happening in Portland's once robust brewing scene...lots of closures...21 breweries in fact around the state throwing in the towel in the last year. Founded early in Portland's march toward Brewvana in 1986 by Art Larrance and Fred Bowman with Robert "Mac" MacTarnahan as a major investor, Portland Brewing was innovative, fun and set some high standards in food and beer. Starting in small warehouse on NW 14th and Flanders that was a great, loud, small and sweaty music friendly pub like you may find in Dublin, Portland Brewing went big with building

Fremont Place Undergoing Renovation.

Next Door to the LPC's "Persistence Tower" on Front, a renovation and repositioning is underway of Northwest Portland's first real office/flex project from the late 80's that encroached into what was mostly a pure industrial area along NW Front; Fremont Place. Built by dapper Portland developer of the 80's and 90's Pat Prendergast, this pioneering development was somewhat of an office island (except for maybe Albers Mill) for many years which is now surrounded by big apartment projects like Waterline, Rivage and office complexes like the Fields. A Miami based commercial real estate investment company, Rialto Capital picked up the building for right around \$37 million putting the price psf at \$300 psf. The unique thing (at least to me) and maybe a bit distressing if it was my dough, is that this sale closed

in February of last year...millimeters from when the Covid typhoon came blowing in which now has thrown the office market into what many think maybe is a generational game changer of companies not totally going back into traditional office space. The maxim of real estate has always been "location, location, location" but my premise for many years has been also "timing, timing, timing" and this like multiple other office projects that have hit the market in the last year, may have at least here in 2021 and into 2022 an upstream swim against lots of available space and slack and changing demand. There are two buildings totaling 123,000 sf with the buildings just over 60% leased but both are slated for million dollar upgrades this year and next into a more modern riverfront office campus.

a much larger Northwest Industrial complex with a sort of quizzical Italian/Spanish motif in the early 90's that probably was part of their slow demise which many breweries followed; going too big and spending too much dough for a brewing palace. MacTarnahan, which had a popular namesake beer, bailed the declining operation out in 1998 as Larrance said so long and successfully pivoted to creating sour beer innovator Cascade Brewing while also running the iconic Oregon Brewer's festival each summer. Portland Brewing never seemed to really regained its footing and was sold to Seattle based Pyramid in 2004. It changed hands two more times but really never could connect and find a niche in our crowded beer universe. It closed the restaurant a few years ago and just seem to keep fading so its recent shutdown seemed to be inevitable and anti-climatic. The current owner which is based in all places, Costa Rica, has been pretty mum except for a quick press release thanking everyone for "34 Great years of beer" With our brew scene probably in what many think is a needed permanent retrenchment and reshuffling which as seen stalwarts like Widmer and Bridgeport close or scale back, it may be a tough sell/lease to another brewer unless it is a fire sale. But then again some of the big craft brewers that are consolidating and pivoting to seltzers, canned cocktails and other beverages may want a turnkey presence in a great beer town...are you listening Sierra Nevada...Boston Beer... Fat Tire or the great Eugene brewery.. Ninkasi?? I can only hope..



Baseball Has Officially Faded at Terminal 2

I get it...Covid put a lot of plans...projects... actions on hold for quite some time and in some cases permanently. The Portland Diamond project, the well-publicized campaign starting in 2018 to bring a major league baseball team to Portland covid or no covid seems to be slipping. While I don't have any sort of "inside baseball" knowledge here, the symptoms of retrenchment on this pie in the sky effort are present. As you know, after playing with various sites around the city such as the Portland Public Schools Campus near Moda; Esco and a couple of suburban sites they ended up at the Port's under-used moribund 50 acres along NW Front over a year and half ago called Terminal 2. Even though sipping a beer on a warm breezy summer evening watching large men hit a ball with big sticks next to the river sounds appealing, this site to me had some real tough issues and seemed like fitting a large round baseball into a small square hole. First it is zoned industrial and that land would need to find similar replacement industrial land; Second, access really sucks with the railyards being a big barrier and Front Avenue being a two lane road and lastly though they want to create a small village of interesting mixed uses next to any stadium, there is just nothing to start with at Terminal 2. It is surrounded by industrial uses. No hotels, housing, retail... nothing other than a huge factory making railroad cars down the street and a hodge podge of other industrial uses nearby. So I have reached out to the Portland Diamond folks several times for updates... nothing. So news that they let go of their \$38,000 a month option on Terminal 2 earlier this year ago proved my thinking of the difficulty of this site. Their twitter feed has been somewhat dormant and the last press was from last July, where those involved said even in Covid they "were positive and hopeful in moving ahead and they were in constant contact with Major League baseball" and all things still were a "go". While the main guys, Mike Barrett (former Blazer guy) and Nike former exe Greg Cheek seem to be great well-meaning dudes trying to do our sports anemic town a big baseball solid, these are just massively challenged and complicated efforts. Plus their secrecy about revealing any of their big dollar backer(s) (sorry Russell Wilson does not qualify) which I get, has always been a PR hindrance to

many. I do want to see this effort move forward as we have been on the MLB radar for two decades and I hope all this is them going underground a bit because of Covid and they are just shoring up their efforts and outreach more quietly. In fact John McIssac a Diamond Project spokesperson said in the NW Examiner that them letting go of Terminal 2 was by no means a negative and says little about baseball prospects in Portland and "we have a couple of other sites identified and there will be an announcement soon". As Nashville, Charlotte, Las Vegas and other cities with more public support and bigger dollars also compete Portland has and will always have a steep baseball mountain to climb.

Flash: Now with Oakland Athletics abandoning their plans, the Diamond project may get a bit more life.

So in my commercial real estate brain I pivot to **What will happen at Terminal 2?** The place is empty and contains almost 50 acres of prime industrial land which could accommodate up to a

Camping/RV's in Guilds Lake/Northwes

Alright need to mention this "elephant in the room" which during Covid has really made parts of Portland look like a third world country in many parts and I am not even touching on the fires and breaking of windows stupidity. While Northwest Portland in the industrial areas looks like a manicured lawn next to the huge weeds and crabgrass in many other sections... have you been out to Delta Park/NE 33rd avenue recently?

Anyhow there are pockets of campers and mainly in Guilds Lake decrepit RV's are really the issue. Having dealt with these issues being on committees with the city, the best way is to call, report, call then report again using the City's **One Contact portal** on their website. <https://www.portlandoregon.gov/toolkit/index.cfm?&c=70039> I know that to many this may seem like a hassle and futile but the city does log these and the more they get on one site or problem it moves up the list to be dealt with. For abandoned vehicles or RV's you can report at 503-823-3333 to PBOT. Granted if someone is living in



million square feet of close in warehouse space. Plus the Port in a recent Business Journal article is reevaluating all of their real estate as Portland's days of an active deep water port are long past gone and being land constrained it is way overdue to rethink their very well located real estate assets. I know it is, not as fun and sexy as a glitzy baseball stadium but industrial development at Terminal 2 still could be home to a couple thousand jobs and significant tax dollars which is much better than what is going on now. Back to baseball...always liked it at the ghost town of Lloyd Center as a great but struggling inter-city location with tons of transit which needs a big thoughtful investment injection???

there it will be tough for enforcement to do much but I have started to see parking enforcement tell them to move but again it is a game of whack of mole. More nefarious activity should be reported to Police non-emergency which is same as above and you will be directed to the right area.

The city basically was shut down last year in dealing with camping and garbage but we have seen some renewed action on cleanups and camp removal in the last 90 days but it is like turning a battleship but there are few positive signs out there of improvements but the problem is deep and chronic. One good tool is on the **One Point of Contact** website there is on the left column a link to "Campsite Report" which shows you for each week what they have cleaned up and removed and all the complaints filed. At least there is some information and transparency out there but it has got to such a point that it will be months and fall until we see much improvement.

All Dressed Up and Limited Tenants... Red Fox Commons and Premier Gear Redevelopments Searching looking for “Leasing Love”

There are a couple of very creative and smartly designed redevelopments in Northwest Portland that are geared towards the growing cadre of firms and organizations that were, pre-Covid eschewing the traditional downtown or newer antiseptic buildings for something more earthy, warm and homey. Red Fox Commons is a redevelopment of the former hundred year old steel frame building owned by centuries old Portland based JA Freeman Company on NW Vaughn and 27th next to Montgomery Park is one such nifty renovation project. The Freeman Company was founded in 1889 by John Ambrose Freeman who sold implements of all sorts to farmers initially in Oregon and Washington but morphed with some engineering chops into making some of the most reliable and rugged hay handling and baling equipment that was sold throughout the US and many other countries. J.A. Freeman bailers were the Mercedes (or maybe the Sherman Tank) in their farm implement segment. Simple design; efficient; and could take abuse and keep going. The owners were very family oriented and prided itself on servicing customers and upon a web search, there are lots of on-line stories of employees who loved working there, building great needed US made products and how they would go out of their way to service and get parts to customers all over the west and world! The family cashed out and sold to a larger company in 2004 but the older light blue metal buildings lining NW Vaughn were kept in the family and

had miscellaneous uses and tenants since even as the neighborhood around gradually upgraded and changed. Lots of uses were proposed for the key site; a bowling alley, roller rink and even a friend of mine wanted to put in a 3000 person music venue in the warehouses. Long time commercial real estate mover and shaker, Scott Langley with his daughter Anna, fresh off selling their interest in their real estate management company and teaming up with a small equity opportunistic fund associated with the elephant pension group, CALSTERS saw potential in the Freeman Buildings by buying the site in 2015. They loved of course the location but the cool old industrial bones and architectural details cemented their redevelopment plans to make something old...new again. They salvaged a lot of old timber; added skylights; reclaimed timbers and connected the two buildings with a slick glass entrance and what I like the most, they installed pre-rusted steel panels that vertically coat the exterior and just makes it “lived in” and radiates a great industrial historic vibe. At 60,000 sf of space on two levels, the Red Fox Commons creative office project



was born. Hitting the market in early 2019 when many feel the office market was already starting to erode due to slackening demand and oversupply, the project’s initial excitement has turned more concerning as Covid has halted office leasing almost everywhere but most markedly in the core of Portland. I caught up with Anna Langley, owner and point person to get an update and hopefully some positive input on the future of Red Fox. “It has been slow in Covid but we remain optimistic about Red Fox Commons and this part of Portland that still has a great accessible location in the city and will be a place companies want to be”. Langley thinks that it is not a question of if but when everyone starts migrating back into their offices and that this older classic industrial building will hit many businesses’ buttons and take advantage of many firms looking to inhabit more earthy and hip spaces away from the staid and dull buildings and spaces in downtown and the burbs which was already happening. “We had some really big design, footwear and creative firms give us a look last year but it has been such an uncertain environment for companies to make any long term space decisions but we already see that changing in 2021 with more interest in taking a look. We are patient and we like our mid to long term position given all the new development Unico is proposing next door and the trolley alignment coming in the next few years’. Langley added. With

“ We worked with Todd and Cascade Commercial when we needed to scale our business but wanted to stay in the core of Portland. Todd educated us well and really analyzed what was possible and what was not so that we could better direct and accomplish our real estate and facility needs. Todd listens well and is very candid and is able to support his actions and advice with up to date market knowledge. His expertise helped us find a great 30,000 sf off market HQ facility in the close in southeast that tripled out production and took us to the next level. I would highly recommend Todd as a knowledgeable, pragmatic and hard-working commercial real estate professional”.

Kim Malek: Founder/Owner Salt & Straw

the streetcar planning to extend into the area and some really massive and innovative development plans Unico has for Montgomery Park next door, Langley and Red Fox may be well positioned for what is hopefully a rebound in the office market.

Premier Gear is another very similar bet with Sturgeon Partners/TMT Development taking older concrete industrial buildings down on NW 18th and Vaughn under the Fremont Bridge and crafting a two story creative office project that just finished up its renovation late last summer. "Our timing certainly in hindsight was not all that opportune. It was real quiet through last summer but beginning in fall and now into 2021, we are seeing a bit more interest but it is a slow climb out of 2020" says developer Vanessa Sturgeon. Looking to play off Northwest Portland's slow encroachment of more office and higher density uses into the more industrial parts towards Guilds Lake that has been occurring with renovations of buildings like Fitzgibbon Glass and CMD's headquarters nearby and then Fields Office on NW Front, Premier Gear was a smartly designed knitting together of multiple buildings on one block into a cohesive whole. Bought in 2017 from Premier Gear, a machine shop started in 1923 that moved to Canby, this development was jumping on the train of firms looking for more organic, flexible and somewhat less expensive creative space out of the core but still accessible with many services nearby. The development and design team added some great touches which lately means lots of cool wood glu-lams, a bit of steel and concrete to keep the industrial aesthetic. A mezzanine was added to get to 68,000 sf of leasable space and the place has a warm open feel but walking around the project, there was also a whiff of melancholy with the pandemic infused emptiness. I wanted to see people working...doing stuff and a buzz but again a part of these strange times. Like Langley, Vanessa thinks 2021 will bring some positive changes "I think we are well positioned when people will be back in spaces needing that collaboration and human touch and with vaccinations rolling out and Covid cases starting to ease, there is hope that this "getting back together" in workspaces will happen faster than many think" I hope she and Anna are right...we need that back again...soon.

Lewis Clark Exposition...Wish I was there!

Whenever I write newsletters, articles, my blog et al, I like to get in the Wayback Machine and touch upon some interesting history of an area or neighborhood...and Portland has more than a few interesting stories, events, tragedies, trends and interesting historical figures. During Covid and because I am a fourth generation Portlander/Oregonian, I have delved into our city's and region history a bit more this last year which many of us really only know cursorily. My amateur hackneyed historical research leads me to say that the famous Lewis and Clark Exposition in 1905 probably is one of preeminent

events and important milestones in Portland's history. One factoid I came across jolted me to this conclusion. After this 5 month long extravaganza, Portland's population grew from 160,000 residents in 1905 the year of the fair to over 280,000 just five years later in 1910. Was it much due to the popularity and success of the fair was my mental question. Probably not but it seem as if it was like gasoline on a smoldering fire in Portland's development to a major West Coast city. I am getting ahead of myself here as I want to weave in Guilds Lake and

Continued on next page



Lewis Clark Exposition...Wish I was there!

Continued from previous page

what is now the bulk of the Northwest Portland Industrial Sanctuary into this historical rubix cube. The land around and under the Exposition has a linear line only a couple decades after the Lewis & Clark Exposition to start the development of this close in industrial area that has become a stable and productive industrial engine for Portland that is now home to over 500 businesses and well north of 10,000 employees.

A little over 150 years ago when Portland was a scattered cluster of shacks and a few commercial buildings along the Willamette River, a teetotaler businessman, Peter Guild (rhymes with "smiled" as we know) perfected a claim on a low lying swampy lake and surrounding ground north of the ramshackle Portland center and built a public house. It was big success as the eight sided log structure was built on a peninsula into the lake looking east towards Mt Hood and Helens with waterfowl everywhere and some darn good fishing. It was a sportsman paradise. I envision a bunch of rowdy bearded early Portlanders catching a big fish or shooting a duck with beer in hand? Where do I sign up? The public house had a couple decade run but Guild, a loner moved on as Portland grew and all the land and lake came into the hands of some local real estate speculators who saw it as in the path of progress of a growing city. The lake stretched from the base of the Tualatin Hills near where present day St Helens Blvd starts over to the Willamette River and down past present day NW Kittridge encompassing approximately 300 acres. It was fed by run-off from the hills and Balch Creek and remained connected to the Willamette by an underground water table but the river often overflowed into the Lake on high water years.

Portland got slammed by a nationwide depression in 1893. As the city limped along for years, some of the city leaders were looking for something big and unique to boost Portland's image and economy. Fairs and Expositions of all sorts were common and big events around the world in the late 1800's as a cultural and technological resurgence picked up steam. The supposition of an "International Fair" was bandied about by a few Portland

bigwigs as a way to pull Portland out of the doldrums and set it apart from its west coast city cousins. It simmered for years until 1900 when an official board was conceived with companies like Portland General Electric, Henry Weinhard Brewery, local banks and other companies jumping on board. They devised plans and then actually sold stock certificates which 3000 average citizens purchased seeing the vision and potential positive returns associated with the event. The big deal was the Oregon legislature appropriating \$500,000 for the fair. With some savvy input from the then fledgling Oregon Historical Society, the idea of celebrating the 100 year anniversary of the Lewis & Clark Expedition to include both historical commemoration and mostly regional boosterism was the agreed upon theme. The motto "Westward: The Course of Empire Takes Its Way" though not all too catchy, was coined. Not quite "Just Do It" but it served the purpose. With financial backing in hand, securing a site was front and center as the Expo committee looked at various spots on both sides of the river and while Guilds Lake was initially way down the list it soon rose to the top for many reasons: The Lake provided a very interesting amenity to design around; two trolley lines stopped blocks away; the fairly new Vaughn Street Baseball Stadium was nearby and potentially useful; it was adjacent to Willamette river for steamer transport of visitors and most importantly the land was all under one ownership. A lease deal with the owners was struck who saw long term value creation from the fair and Exposition and the idea was off and running.

It was an all-out effort as 3 years of planning and design and two years of construction were timed to hit the 100 year anniversary of Lewis and Clark's journey in 1905. Once it started rolling it garnered incredible momentum. The famous landscape designers, the Olmstead Brothers laid out the site and numerous other architects added their touches of numerous palatial buildings with lots of flourishes such as domes, arched bridges, statues, cupolas, red-tiled roofs; all weirdly done in Spanish Renaissance style. There was scientific demonstrations; circus acts; a huge theater showing the latest movies; exotic animals; concerts day and night

and numerous food vendors and small shops selling oddities and souvenirs from all over the world with most centered around a main promenade across the lake that was shoulder to shoulder on summer weekends. The whole fair was lit up at night with over 100,000 incandescent lights giving the place a fairy tale ambience. One of the biggest most memorable buildings was the soaring gargantuan log structure called the Forestry Center, near the entrance to the Fair by present day Montgomery Park. A million board feet of lumber with huge old growth trees as colonnades reaching 80 ft. lined the massive main central space with everything promoting Oregon's growing lumber capabilities. It was a huge and successful party lasting 137 days with over 1.6 million visitors from almost every state and many countries. As stated after the fair in the Oregonian, Portland's image was creatively burnished, "It got people talking and it was a mind shift for our city and community after the fair. It was like a new Portland was born" All the structures were designed to be temporary and the deal with the landowners was that most if not all buildings would be removed which happened within 18 months except for the massive Forestry Center that stood for another 60 years. It was bold gamble that really paid off pushing Portland into the 20th century with wind behind its back.

As the Willamette River started getting dredged to increase shipping capabilities, a new investor group figured out how to drain the shallow Guilds Lake as a great place for the deposit of the millions of yards of dredged soil along with thousands of truckloads of dirt coming from residential development occurring at the time in the West Hills. By 1920 Guilds Lake was completely gone and hundreds of acres of prime flat industrial land with service by several railroads started its industrial development march with many new industrial warehouses and operations picking up steam with tons of work from WW II and the boom afterward in the 50's-60's adding to much needed well located industrial development.

Ken Unkles is trying to keep Portland...well Portland

More than 30 years ago Ken Unkles first began renting space in his family's collection of mostly riverfront warehouses to artists, craft people and of course to a term not used then but now is everywhere...CREATIVES! The Carton Service Building on NW Front was built in 1911, (a good little factoid, it was at one time the home to the largest prune-processing plant in the US) and then during and after WW II, it served as part of a large ship building complex Portland enjoyed and then into the 1960's was the Standard Steel warehouse.

Unkles' family took their box and recycling business to this classic industrial building in the early 1980's. This was a building that was akin to a rabbit warren, with lots of small under-utilized spaces and the



family started almost by accident renting to artists who loved the industrial chic of the space and of course the price was always very "economical". Ken developed a "soft spot" for these artists and creators and their devotion to their work. Word spread in the artists community about these spaces that led Ken to find other under used warehouse spaces usually close to the river, that he could cheaply convert to satisfy what seemed like an insatiable demand for small creative spaces especially when many older warehouses in Northwest and the close in eastside started getting purchased and redeveloped to higher uses (and rents) thus dislocating Portland's large cadre of smaller crafters, makers, tinkerers, small business people and artists that make Portland so special. Over the years, his portfolio of converted warehouses grew to encompass a couple of buildings just north of the Coliseum along the

river; North Coast Seed Building/River Studios; a huge behemoth of a complex of 260,000 sf in St Johns called Cathedral Park which he sold last year and his baby, the Northwest Marine Artworks on NW 29th on two acres in older connected WW II buildings with huge soaring ceilings in many sections of the building. Unkeles bought this hodge podge of 65,000 sf of connected buildings in 1992, working with "guerilla" architects and construction folks to provide the basic amenities but keep the rough edges and space cheap in the building that had over 20 spaces for a variety of users that now inhabit woodworkers, welders, sculptors, printing and of course multiple artists in all sorts of mediums. In the early development of the building, Unkeles admits he cut some corners and found a more flexible city about his bootstrap improvements but that faster, cheaper and elastic process with the city is gone. "Rules have tightened progressively for the last 10 years and especially since the Oakland Ghost ship tragedy, so the fire, life and safety issues and requirements have really increased often times to the point of being overkill and often hard to satisfy especially in older buildings" sighs Unkeles. Now passed away city commissioner Nick Fish was a fan and came and saw what Unkeles was trying to do to retain and develop spaces for Portland's creatives and created a liaison to help Unkeles and other organizations get through the city's byzantine and time consuming city code



and permitting process. Though it took years, Unkeles was able to get some of the plans examiners at the city to come see the spaces and understand the "bigger picture". Unkeles is done with new renovations and is standing pat with what he has because of the cost and hassle of trying to recreate more inexpensive places and spaces for Portland's vibrant artists and maker scene plus very few "worn" industrial buildings exist anymore that are good candidates which is a story heard in many cities. A recent open house at Marine Artworks I attended, the first in Covid, showed a great diversity of the tenants discussing, selling and educating a nice stream of people looking, buying and browsing their wares. Bravo to Ken for what he has done up to this point to provide spaces and environments that keep Portland's very valuable artistic and entrepreneurial spirit alive.



Behemoth Prologis Marches on in Northwest Portland

If there is a White Whale...800 lb. Gorilla...Leviathan...you pick the term... in Industrial Real Estate in the U.S. or even worldwide it is Prologis. Started in the 80's as AMB Real Estate and developing many types of commercial real estate, the company became focused on owning and building warehouses almost exclusively as Security Capital Trust and then went public in 1994 and changing its name to Prologis in 1997. Over the next 2 plus decades, Prologis expanded to overseas markets, made half a dozen major acquisitions of other industrial real estate companies and grew organically to become the largest owner and developer of industrial real estate in the world with just shy of a billion square feet of space located in over 20 countries and 4000 buildings and a market cap exceeding a \$75 billion. Prologis has been in Portland for close to 2 decades but only in the last 5-6 years have they really flexed their muscle to acquire both existing buildings but mostly key development sites to where their portfolio now exceeds 10 million sf with over 2 million square feet of new warehouse space in the pipeline. Prologis in Northwest has two big holdings with the older 70's Northwest Corporate Park catering to small and mid-size industrial users and then a similar vintage cluster of larger warehouses of the former Holman Warehouses on Luzon/Guam for a total of over 800,000 sf of space in Guilds Lake. They added to this Guilds Lake portfolio recently buying the adjacent Mt Hood Beverage Building at 210,000 sf and then a made a bit bolder move when last year they bought the old Oregon Beverage Recycling (OBRC) facility on NW Yeon. They are in process of constructing a state of the art warehouse of 187,000 sf, inevitably to be possible bait for that hot industrial trend...the last mile e-commerce location near core cities. Amenities include which are pretty standard for new warehouses; 32' ceilings; 60 dock doors; good staging and trailer/car parking but with a glassy modern "bump outs" for potential office space. They paid \$20 psf for the 9 acre industrial land site which is good price indicator for large close in distribution land pricing and what many believe was a steal in a very constrained industrial land market. Rents for their older holdings

hover in the low to mid \$.50 psf depending on size and building amenities, but the new building will easily hit \$.60 psf and may inch close to \$.70 and if our virus fueled e-commerce buying continues they should have no problem filling this building. Construction is underway this spring/summer for delivery in twelve months.



City to Recommend Mixed Use Zoning in Northwest Along Trolley Line to Montgomery Park... *What Next?*

It was somewhat pre-ordained after several virtual open houses last summer looking at three different land use scenarios around an extension of the Portland Streetcar from its current alignment in Northwest Portland going along 23rd Avenue north then turning west up NW York and Wilson to Montgomery Park up towards the west hills.

Ok let's see how we got to this point. The Portland Streetcar was launched in 2001 to become the country's first modern-era streetcar system which served downtown/PSU and parts of Northwest and the Pearl District. It was expanded 8 years later across the river to serve Lloyd Center and the rapidly developing Central Eastside then recently as part of the striking and well-designed Tillikum bridge creating a well-integrated loop system. In 2009 a future Streetcar Concept Plan looked at where trolley expansion made the most sense over the coming decades and Montgomery Park up off Vaughn straddling the industrial areas of Guilds Lake and the city's second largest office building along with a line to Hollywood made the most sense and rose to the top of the list. The 2035 Comprehensive Plan reinforced these two potential lines in priority which led to the City Council in 2018 to fund a land use and zoning analysis of the mostly traditional

industrially zoned land in Northwest in 2018 which basically is the area from Vaughn to Nicolai and east across 205 towards Front Avenue (they call this area the "Squish"). The second Phase, coming a bit later, is looking at the best alignment for trolley to Hollywood on the eastside. The idea behind the first phase was to look at land use and development scenarios on a key large piece of land with good transportation access in Northwest Portland that has proximity to well-developed mixed use areas of Northwest/Slabtown and anchored by a large office complex at Montgomery Park and to leverage streetcar for potential mixed income and housing opportunities in the area.

Three land use scenarios were devised for public input and review. Briefly those options can be described as 1. Maintaining the current mix of industrial and employment zonings. 2. A more intensive and dense industrial and employment uses to accommodate tech, design and other creative/maker and institution campus office uses and some supporting retail to serve these uses; 3. By far the most ambitious option, this scenario would allow an orchestrated mix of employment; office, housing and retail with several "urban

Continued on next page

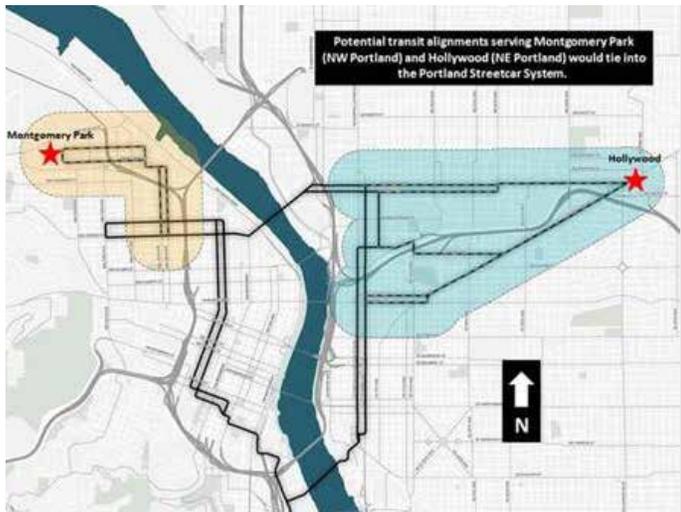
Mixed Use Zoning... What Next?

Continued from previous page

centers” and more bike and pedestrian access; more of a mixed use village concept. When looking at the goals of this whole process it was not hard to discern that there seem to be a bias and proclivity towards creating a more mixed use sort of land use scenario as housing was mentioned three times in the various goals and the mixed use option is the only one of the three to allow substantial housing. This was born out in the public outreach and virtual open houses in mid-2020 where Mixed Use Options were easily the most supported uses but was very much tempered by lots of input for employment uses. While there was considerable concern about displacing existing industrial uses, the consensus surrounded around “new” industrial that has a more dense mix of smaller to

residents and employees can meet a bulk of their needs within a 15 minute walk or bike ride and in this case it may be able to be a “5-10” minute neighborhood. This is a great urban planner blank canvas but being over-inquisitive I have so many questions. I turned to the chief planner on this effort with the Bureau of Development Services (BPS) to get more insight and detail but admittedly this is a work in progress where specific details will get vetted as the process moves along in the next six months which in planner’s time is actually pretty fast. The preferred plan is out and it is termed a “hybrid” model that takes a bit from all three options with a definite bent toward mixed uses. “What we are coming up with is somewhat of a hybrid model because there were fatal flaws with all three

scenarios so the idea is to take the feedback we received and knit it together to try and hit as many of the buttons as we can from all the input we received” offers Barry Manning the planner at the city on what is termed the MP2H project(Montgomery Park to Hollywood). Though having a more 24-7 mixed use area around the former Esco area seems to have general consensus, there were



medium and “clean” light industrial firms and employers mixing in with creative/ office and both market rate and affordable housing, all while encouraging less car dependency and slower bike/pedestrian movement options with strategically located places like plazas or open spaces. A 21st century progressive planners’ dream! While skeptics may think this is all feel good planner’s speak, this 70 acre plus neighborhood with its proximity to good transportation connections of 205/ Vaughn/Front Avenue and proximity to a great and established mixed use neighborhood of Northwest and chunks of land in several large ownerships, is a great petri-dish for establishing a diverse, low-medium scale neighborhood that is a paragon of the “15 minute city” where

concerns about losing some of these industrial and employment zoning/uses when Portland is so lacking in having this type of zoned land. Barry mentioned that there may have to be some sort of offset or mitigation for changing much of the area north of Vaughn from employment/ industrial to mixed use. “There may be up to 30 acres where we need to find suitable lands to replace those up-zoned because



of the lack of inventory of industrial lands in the metro region but there are some innovative ways to do that with bringing brownfields into production” Manning added.

Here is the current timeline of the process:

- Discussion Draft which came out in April will have 4-8 weeks for public feedback and comments.
- Planning Staff at the City will consider that input to help find tune and prepare a Proposed Draft in the June-July timeframe.
- The Portland Planning and Sustainability Commission (PSC) could consider this Proposed Draft in late Summer and early Fall 2021 with public testimony most likely over several meetings.
- The PSC then will incorporate their recommendations into a formal proposal that will then be passed along to City Council for consideration/public hearings towards the end of 2021 with adoption probably in early 2022

As in all planning processes, there are multiple opportunities for the process to be adjusted, delayed or changed but there is some real momentum to make significant land use changes to this “next” multi-use neighborhood in Northwest Portland.

You can keep updated by visiting the website at <https://www.portland.gov/bps/mp2h/about>



Esco Buyers and Montgomery Park Updates:

Since I covered the city's planning and thinking for the trolley extension to Montgomery Park, I thought I would give an update on the couple of large property owners who will be most affected by this city process. First former Esco owners. As many of you will recall, our hundred year old bastion of manufacturer of large tools used in mining and construction, Esco, was sold to a Scottish group in this same manufacturing niche, the Weir group in 2018. Weir soon thereafter understood much of the Esco property in Northwest was antiquated and mostly surplus and given the encroachment of commercial and residential uses nearby and decades long battles with the neighborhood over sounds, smells and transportation issues associated with this old school industrial campus. It was time to go or at the very least size down their operations here considerably. The new owners moved quickly on a trying to accomplish a sale of these 22 acres with tight timelines for closing of properties with historic environmental issues, a mish mash of zoning and other uncertainties. Under normal circumstances these deals can take years. Though it was rumored they got offers into the double digits, a local group of investors with deep roots (pockets too) in northwest and Portland business and real estate rose to the top to meet Weir's strict deal requirements. From start to finish the deal closed in less than 6 months which is pretty amazing for such a complex site. Agreements were in place for Esco/Weir to complete on-going remediation of the site and as you



have seen the fading light blue older metal buildings have been removed on much of the site and excavation and grading has occurred and is now completed showing a large barren site. As everyone knew at the time, the Esco site was on the radar by the Portland baseball Group, the Diamond Project as a potential site but



obviously their timelines were no where close to what Esco/Weir wanted and now given the current proposed pathway of the trolley basically running through the middle of the property and the need for further transportation needs, it was not a good fit. I caught up with Warren Rosenfeld one of the investors in the Esco property and is CEO of CalBag Metals that owns a complex nearby about their plans going forward "We always looked at this as a very long term project and most likely our descendants will be the ones looking at how best to utilize and develop this site. It just very difficult to find such large chunks of property in the core of the city with great access and adjacent to one of the best neighborhoods in Portland of Northwest and Slabtown. Because of our knowledge, experience and investment around the site we understood that this area should and is transitioning to higher uses and we just thought it was a great long term land play". With much of the site now cleared, the interim plan is to lease land for any "clean" use that makes sense and wait for infrastructure and land use changes to take place while keeping an eye on behemoth Unico's redevelopment plans for Montgomery Park take place proving a bit of momentum for phased redevelopment which could easily be out 10 years.



Unico's Big Plans for Montgomery Park

As you know Montgomery Park (MP) changed ownership in 2019 as the Naito family led by visionary Bill Naito who redeveloped this old vertical warehouse almost 30 years prior let go of this gem. It was picked up by Seattle based Unico Properties that has a long investment (Big Pink and other properties) history in Portland. They saw a huge potential for the huge old parking structure referred to as American Can adjacent to MP and some of the surface parking areas to the west of behemoth Montgomery Park office building. "We just saw an incredible opportunity with both upgrading the building but also in all the excess land and parking garage next to one of the best neighborhoods of the city of Northwest Portland" says Cody McNeal, an architect and Unico point person on the project. It has been a whirlwind couple of years for Unico to get their hands around the potential of this fantastic site and meeting with the all-powerful Northwest District Association; Northwest Industrial Business Association and various bureaus of the city. With streetcar now proposed to loop up to Montgomery Park's front door, knitting future development plans takes on more of an exciting puzzle to put together. The initial plans and layouts are pretty impressive bringing multiple apartment buildings on the westside and more creative space in the old American Can building and a futuristic plaza and skybridge over to Macleay Park. Admittedly the plans out over a year ago are conceptual and aspirational and will go through multiple iterations and tweaks, but it does give tons of food for thought and for some a bit of alarm of

how much space, people and cars will get crammed into this area. "We know we will have to really be collaborative over years with all the stakeholders in the surrounding area to come up with use, size, flow and layouts that everyone feels works well" says McNeal. With Covid possibly changing the office market permanently and a big glut of apartments probably for the next couple of years and construction costs at all-time highs, Unico will be more patient than ever so their first priority will be a major renovation of the

create a fantastic and activated hub of great design and uses to benefit not only tenants in the building but for the whole neighborhood". Offers McNeal. He did not go into details but all sorts of innovative food and entertainment options are on the horizon which are not present now and thinks this investment could top \$70 million. Further specific designs and plans will be out this summer. Another great idea McNeal related was multiple roof top indoor/outdoor amenities that will have jaw dropping views of the whole city and no less than 5 volcanos on what



existing building. "There is over 2000 people who work at Montgomery Park and we see a really exciting opportunity to activate the first couple of floors of the building with some really fun place-making uses. We think we can

is a gargantuan 2 acre empty canvas on the roof. That to me is a no-brainer and could be off the charts cool! The old American Can building which is basically a beat up but solid parking garage is solid enough structure to be renovated into what could add 300,000 sf of office. Their plan also shows multiple articulated apartment buildings that could house 600 apartments on the large surface parking lot on the back side of the MP but those will come a few years down the road to hopefully correspond with the streetcar being built. Timing is all market driven but the renovation of the main building is moving steadily along and may get going within 18-24 months. Undoubtedly Montgomery Park and the surrounding area will look very different in the coming years.



Georgia Pacific to Give Up Huge NW Front Avenue Distribution Hub – *What's Next?*

Can you name the largest building in Northwest Portland? I know where you are going by naming the most obvious example that sits like a sentinel at the end of Vaughn street...Montgomery Park which I have talked about is going through a bit development thought process. Wrong!... at least by my square footage calculations. While much more mundane (ugly) and hidden, the largest building in northwest Portland is a very non-descript warehouse building along NW Front Avenue that has been used to move tons of paper products for decades from local paper mills to the world that has considerably upped it's usage of toilet paper, tissue and all sorts of paper products in these Covid Days. At 885,000 sf it bests Montgomery Parks 800,000 sf ever so slightly. This building has been leased and used by a variety of paper/ wood products companies dating back to the 1960's when powerhouse Crown Zellerbach ruled the paper products industry in the Northwest and owned and operated multiple mills along the Columbia River including the famous and now slowly shrinking mill in Camas. The warehouse has now been operated by Georgia Pacific which took over CZ mills (James River after that) over 20 years ago and gets most of the product now from the huge Wauna mill 40 miles downriver. What is interesting is that the warehouse received a good portion of its product delivered from the mills via barge that is lifted up to the warehouse from the Willamette river but that has become outdated and inefficient as trucks numbering over 200 a day rumble in and out of the facility. With other leased and owned warehouses out near Rivergate where GP has close to a 1 million sf, this facility with lower ceilings and is basically a tin shed, has long outlived its usefulness but because rents were so low (I heard around \$.10 psf at some point) it kept humming along as a low cost distribution alternative. Now with a new 450,000 sf state of the art warehouse with 36' clear ceilings with mechanized equipment and adjacent to their Rivergate HQ for Oregon coming now on-line, the time has come for GP to cut this old dog loose. Talking to a GP logistics



manager he mentioned they should be out of the Front Avenue Building by this summer. What is next for this industrial behemoth that is on a heavy industrially zoned 30 acres along with close to a quarter mile of river frontage? Keep it as a still functional cheap distribution hub that easily fits into the new paradigm of "Last Mile" distribution in close in areas? Build a bigger more modern facility? The property is owned by New York City development company BLDG Management and its second generation billionaire leader Lloyd Goldman. Going back decades, their family has amassed one of the largest portfolios of New York (mainly Manhattan) real estate including over 300 properties and an ownership in the "new" World Trade Center along with tons of apartment rentals and office properties. They have ventured albeit gently into owning investments in other cities but a huge beaten up warehouse in Portland Oregon?...does not seem to add up. Only thing I can think of how this NYC owner of offices and apartment came to Portland,

was a one off deal they bought from New York Life in 1990 (for only \$24 psf) who they had a relationship with from their NYC properties. Some guy at New York Life probably called up Lloyd Goldman and said "we have this huge older warehouse in Portland, Oregon leased to a big paper company, do you want it?" Sure why not I envision Lloyd saying. Newsflash: Yes, this old huge industrial dog is for sale. It has been marketed under the radar by CBRE since February with offers that were due May 6th. Given the white hot appetite for industrial real estate almost anywhere by firms with way too much money, I am sure this will be like ice cream at a 6 year olds birthday party especially with the "Last Mile" distribution trend increasing for warehouse space close to the large consumer base in core cities. My bet is on uber-aggressive Prologis or EverWest Real Estate Investors out of Denver who love older neglected industrial buildings in central city locations and has bought several warehouses in Portland recently. Bet they get half dozen or more proposals.



Key Arkema NW Front Industrial Site... Still A Toxic Soup But Progress being Made

The city of Portland and generally the metro area has an industrial lands problem. For years if not decades, there has been a shortage of shovel ready industrial lands to accommodate industrial firms looking to build job creating facilities for companies looking to locate into or expand in Portland. This has become even more urgent with the recent industrial land rush by mostly developers picking up over 250 acres for warehouse development in the last 3 years. This makes the focus even more poignant for lands that have "issues" or brownfields and one of the most frustrating of these sites in a 60 acre site sitting in a great accessible industrial area of Northwest Portland along Front Avenue. Often referred to as the Akerma site, it has a long and checkered history dating back to 1941 and over the decades has produced some of the more stubborn and poisonous industrial chemicals that reads like a college chemistry handbook with

DDT, rocket fuel, hexavalent Chromium (Erin Brockovich anyone??.love that movie!) and hydrochloric acid being the more notable toxins swimming around this property. Clean up is now going on 25 years from the time the company entered in a voluntary clean-up program with DEQ in 1995. It has been a history of studies; engineering and "baby steps" removing the worse soils to figure out how best to remediate an intense soup of some very yucky (that is a technical term) stuff with state and fed regulators and the large corporate landowner in a laborious tug-of-war of studies; engineering and consultants producing thick reports. I have been checking in on this site for 10 years and you know it is a long time when two of the case workers on the project have retired. The big thing was over 7 years ago when a 1650 ft long groundwater wall buried to 85' to bedrock was built to capture contaminated groundwater and send it to a treatment

plant but so far this "system" is not quite accomplishing the intended purpose of keeping continued pollution out of the Willamette. Oops. While Arkema signed finally an agreement with EPA along with almost a dozen other companies for their share of the clean-up of the Willamette, their land site on Front is probably still years away from being clean enough to develop. In talking to the DEQ case manager of the site, she related that it is a very complicated site because of toxicity and dispersion of the contamination over many years and then with proximity to the river, it is a real engineering challenge. It is seems to be our own little Hanford. With a chronic lack of industrial land especially close in to Portland's core, our metro area needs every employment oriented acre it can so hopefully owners and DEQ can get the clean-up motor going faster to get this key property into "production" sometime before many of us are in wheelchairs. We need the land!!!

Big Changes coming Near Lower McCleay Park

Cairn Pacific which is a Portland Development group that has had its hands full the last few years with multiple development projects on half a dozen blocks in Slabtown that was owned by ConWay/XPO with Bay Area apartment developer Prometheus as their partner. Cairn has another couple of projects located off NW St Helens and 30th just on the backside of Montgomery Park in the works. This area in my mind has been for many years a cornucopia of downtrodden under-utilized industrial buildings in a great location...it was basically a mess. It took years but led

by Noel Johnson at Cairn, this area will be under-going a complete remake with three separate developments. The biggest chess piece on the board is a 144 unit apartment project called Northbound Collaborative in 8 separate buildings in a "checkerboard" pattern that is really innovative allowing for more glass and corner units and then a common courtyard spaces that was a group effort by multiple architects each providing unique individual designs for each structure. "All buildings are a bit different but complementary designs and materials that all relate really well

to each other" said one of the architects involved in the project. Next door will be 14 townhomes for sale with an East Coast Brownstone vibe with each having an ADU with a unique and efficient pre-fab cross laminated timber panel construction method. The last piece is a new home for the Northwest Children's Theater on the corner of NW St Helens, vacating from their NW Everett long time home that will be the last piece to the puzzle but will take some time as the Theater will need to raise dough for their new building and I am sure Covid is not helping right now.



I can help with: Finding Space or a Building to Lease or Purchase as an Owner/ User or as an Investment; Lease or Sell Your Building; Handle from start to finish 1031 Exchanges; Negotiate an Extension of Your Lease; Provide Opinion of Value of Your Building; Determine Market Rate Lease Rates for Given Space or Building; Connect you with a Good General Contractors; Architects or Engineers if you are looking at building or Improving an Existing Building or any aspect of Commercial Real Estate. I may not have all the answers...but I know where to find them.

What Others are Saying about Todd and Cascade Commercial Real Estate:

"Todd negotiated a very competitive lease/option of great warehouse building that had many characteristics we needed for our HGs such as freezer; cooler and room to grow. Then Covid hit and we had to rethink everything. Todd was able to work with the owner to negotiate a price and deal that was a good result in a very uncertain environment and we closed on the building at the end of 2020".

Owner; Laughing Planet Cafes.

"Todd helped us with two warehouse/commercial building acquisitions in the core of Portland as our business has expanded over the last 10 years. He has fantastic market knowledge and knows how to line up a company's needs with appropriate buildings which helped us make the best possible decisions about our space and facility needs. I would highly recommend him as skilled, honest and knowledgeable commercial real estate advisor and broker"

Michael Koerner; Owner of Koerner Camera Systems.

"I have worked with Todd for approximately 15 years and his knowledge of the commercial real estate market in Portland has been invaluable to our family ownership. He helped in leasing our property to various tenants and then orchestrated the sale of our industrial site at a premium price. It was not a easy process but Todd communicated well and helped us from start to finish over a 2 year process to complete an \$18 million deal. It was a great experience for me working with Todd and would recommend him to anyone seeking help in commercial or industrial real estate.

**Gibb Mitchell;
MB Terminal Company**