

COLUMBIA CORRIDOR NEWS

COMMERCIAL
REAL ESTATE
MARKET INFORMATION

March 2008



INDUSTRIAL DEVELOPMENT EXPLODES IN THE COLUMBIA CORRIDOR:

Columbia Corridor 2008 Commercial Property Newsletter

Todd DeNeffe, Cascade Commercial Ilc. President

The industrial real estate bulls are running wild throughout the Columbia Corridor this year. This mostly industrial area stretches from the confluence of the Willamette and Columbia Rivers (Rivergate) in the west to Troutdale to the east. The Columbia Corridor, which includes the airport is the backbone of Portland's industrial and employment base with over 50,000 employees and a payroll approaching \$2 billion, is seeing unprecedented new industrial construction. Developers are constructing over 2,500,000 sf of new speculative warehouse space in the area with the hopes of landing tenants here in 2008 when most of this space will be ready for occupancy. "Basically there has been little new industrial construction in this desirable industrial area for the last three years, so there is pent up demand for industrial space" says Steve Wells, director of Trammell Crow Company who has the biggest bet on the area with two projects totaling almost 900,000 sf of new space.

Most of the new warehouse space being built is designed to cater to larger distribution type tenants with ceiling heights of 30' in concrete tilt warehouses and who need liberal trucking areas for the multitude of trucks required to move the massive amounts of product. These "high cube" warehouses have found a receptive audience with a multitude of local, regional and national distribution companies that look at Portland as a flexible place to distribute products to the Pacific Northwest or the whole Western US. A slightly different phenomenon that characterizes this new wave of industrial construction from previous spurts of development is the move to larger buildings with more contiguous space. "We are seeing an increased amount of interest from prospective tenants that need 200,000 sf or more in one building therefore it makes sense to build buildings larger that can accommodate these type of users while also being able to separate them for smaller users" Wells of Trammell Crow believes. In fact a recent national survey found the size of the average distribution facility has nearly doubled in the last 10 years from 160,000 sf to 340,000 sf. Three of the new projects contain buildings totaling over 275,000 sf under one roof with Trammell Crow's "big bomber" in the Rivergate area the square foot champion with close to 600,000 sf in one facility. Larger buildings also allow for better building coverage and lower costs of construction.

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A BRIEF BREAKDOWN OF THE MAJOR PROJECTS ARE AS FOLLOWS:

Birtcher Center at Townsend Way: Located at the farther end of the Columbia Corridor in Fairview along Sandy Blvd, this project encompasses three buildings totaling 397,000 sf . This project is the first pure industrial play in the Portland metro area for Irvine based investor/developer Birtcher Development who previous experience locally was most prominent in the flex and office development in the Sunset Corridor with Amberglen Business Park. Birtcher acquired the land from the long term owners, the Townsend Family which is known for its berry and fruit growing and packing operations and spent many years preparing the site for development. With good access to Interstate 84 and encroaching industrial development nearby, the Townsends realized that this former berry farm was quickly becoming more valuable as industrial land. They embarked on clearing the land and extending infrastructure and roads into the site several years ago. Initial land sales to Knight Trucking, Thermacold and also to a developer who built a large parts distribution center for Navistar solidified this site as a desirable industrial area and helped to offset the substantial construction costs of the infrastructure. Mark Child's of ICPS, the broker for the project states: "The goal is to provide a variety of opportunities in multiple buildings for prospective tenants. We can lease or sell the property which is unique."

The project is currently complete but there are no notable deals in place. "It has been somewhat slow in activity which is normal towards the end of the year but we expect to see more activity as we move into spring" Child's notes. Birtcher also will look to sell individual buildings for \$89 psf. Rental Rates are \$.41 psf on the shell with \$.75 psf for office surcharge.



RIVERGATE CORPORATE CENTER III:

Trammell Crow Company will deliver one of the larger buildings in this new spate of development with a 573,000 sf building in Rivergate area near the Port of Portland's main shipping and container terminals. "This will be one of the largest facilities in Rivergate" Joe Mollusky, real estate marketing manager for the Port of Portland said recently in an article in the Daily Journal of Commerce earlier in the year. This behemoth may be only the start of "high cube goliaths" to come to the Rivergate area as Trammell Crow has swung a long term ground lease with the Port for a total of 113 acres which could accommodate over 2,000,000 sf of warehouse space. With it's proximity to the Port's facilities one of the main target audiences will be distribution companies looking for proximity to cargo handling capabilities and the bulk of products being shipped in from the far east. Mollusky adds in the same article "Congestion at other ports has made Portland more attractive to importers. Portland competes with others along the West Coast and the bulk of imports are still coming through Long Beach, but we're seeing a shift in the market and feel the timing is right for us to be an alternative gateway". Trammell is no stranger to Rivergate with several previous phases of industrial development under their belt in the area totaling over 1,000,000 sf. So with Trammell's experience and capability made them a known entity and most likely a preferred partner for the Port who was looking for a company to jumpstart warehouse development on their large land holdings in Rivergate.

This first phase located on 27 acres, will be available in February 2008. This first phase will stay true to form with the latest amenities with 30' ceilings and ample dock high truck doors but this project will have additional land for ample trailer parking that distributors are giddy about. Larger buildings mean slightly lower construction costs and the Rivergate location with its sandy and loamy soils require less surcharging thus reducing site costs even further. This results is a slightly lower shell rental rate than the other projects with rates of \$.36-\$.38 psf. Steve Wells of Trammell Crow mentions "We have had strong interest from larger 200,000 sf plus users, so we believe the timing is right". Wells admits however that there are no signed deals as many of these large mostly national companies are looking at multiple west coast locations but many believe that is a matter of time before a large distributor lands in Rivergate.

UNDER CONSTRUCTION:



CONTINUED FROM PAGE 2

RREEF:

While part of a large real estate investment management company associated with the huge Deutsch Bank, RREEF has had a long term presence owning industrial real estate in Portland. When REEFF purchased the former Tyco Toys 500,000 sf distribution facility in Rivergate almost 10 years ago they also got 30 undeveloped industrially zoned acres in the deal. As Dave Kotansky, Portland district manager for REEFF explained “The land has been sitting there for some time so we felt it was time to develop” What has resulted is two new buildings totaling 405,000 sf that are finished and ready for occupancy and are the same high cube model with extensive dock loading and 30’ ceilings with a shell rental rate of \$.38 psf. “When we decided to build in 2006, there was strong demand and very few large spaces in Rivergate or even in the Columbia Corridor in general. That obviously has changed somewhat” He is of course referring to the rush of new product coming to completion or under construction which has multiplied options for large cube users looking for space. “We feel we have a superior product because of our ability to deliver variety of sizes and we have a large very maneuverable site for trucks. Plus Marine Drive provides great trucking access”. Kotansky offers. However, no leases have been signed as of yet. “We have four active proposals out to local based operations but it is anyone’s guess where they will land” explains Kotansky.



CASCADE DISTRIBUTION CENTER/SANDY BOULEVARD BUSINESS PARK:

OPUS has two projects within blocks of each other both fronting on NE Sandy. Located at the corner of N.E. Sandy and 201st, Cascade Distribution is a single building development totaling 303,000 sf and is completed waiting eagerly for tenants. OPUS Northwest, one the largest development firms in North America, bought this property from Cascade Corporation which has its HQ next door and this project is adjacent to Boyd’s Coffee’s headquarters and down the street from Boeing’s Gresham facility. “The property was well priced with a good location and a layout that allowed us to maximize building coverages”, explains OPUS’ manager John Bartell.

This facility mirrors other distribution facilities in the Corridor with 30’ ceilings and massive truck loading and staging areas. This property has already changed hands with Principal Real Estate Investors which is a unit of the insurance giant, Principal Group, swinging a deal to purchase the empty warehouse facility for \$66 psf of just over \$20 million at the end of 2007. “We build to sell and leasing up these buildings can be a pain and we just saw this as an opportunity to make some money and move on”. Nothing will change with Principal stepping in to continue to aggressively try to find new tenants, in fact they have dropped rates to \$.39 psf on the shell.

Opus is also developing a two building park on NE Sandy/189th totaling 96,000 sf that will be ready this spring catering to smaller users. Rates are \$.42 psf and they are offering the buildings for sale at \$100 psf.

LOGISTICOURT AT PORTAL WAY:

DP Properties, based in Reno Nevada and relatively new to the Portland industrial development market, has purchased 13.5 acres of land from the Portland Development Commission off N.E. 185th and Portal Way last spring for the development of a one building 262,640 project ready for this spring. Kirk Olsen, Business Development Manger for DP properties explains his firm’s draw to Portland and this particular project. “We feel Portland is a good long term investment because they have a constrained development market due to the Urban Growth Boundry. In many markets, when vacancies rates fall, developers have a large inventory of developable land to build on to bring supply relatively quickly onto the market. Portland does not have that situation with a finite amount of industrial land which bodes well for long term asset protection and rental rate stability”. The building can be demised down to 40,000 sf spaces but he thinks three to four tenants will mostly likely be the make-up of the future tenants for the whole building. Olson does not seem to be worried about the large amount of industrial product coming on to the market “ This rush is typical when vacancy rates get low. There should be enough tenants to fill the space and we are pleased with the initial activity in our project”. This has proved correct with the recent lease of 103,000 sf to food distributor:vistar



CONSTRUCTION continued:



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COLUMBIA GORGE CORPORATE CENTER:

Taking a bit different strategy to the market is Weston Investment Company with the construction of two buildings at their 29 acre business park located at N.E. 172nd and Sandy Blvd. With one building totaling 24,000 sf and the other 36,000 sf, this project is geared more towards smaller tenants with space needs as small as 4500 sf. that may require higher office components and a more polished corporate environment geared less to distribution but more towards service and light manufacturing. In addition, Columbia Gorge will include higher parking ratios, more landscaping and buildings featuring less trucking facilities but more glass and flexibility. "We think the market is deeper for smaller tenants plus our property on a beautiful sloping site with views of the river and mountains lends itself to a more corporate business park development." says owner Joe Weston.

Columbia Gorge has room for another 300,000 sf of space that would most likely be spread among four additional buildings. These buildings will be based upon the activity on the initial phase but most likely will break ground later in 2008 or early 2009.

ROCKWOOD CORPORATE CENTER:

Another Trammell Crow project located in Gresham, this five building project straddles both sides of NE San Rafael at 201st Avenue. This project was blessed to have an early commitment from Allegro a Portland based independent distributor of Entertainment Products that has leased the largest 131,000 sf building with an option to purchase. "They came to us early on and we were able to cater a building around their needs and it was good deal for everyone" Steve Wells of Trammell Crow relates. Four smaller buildings across NE San Rafael range from 26,000-46,000 sf remain available for lease or for sale.

CONCLUSION:

With financial markets tumbling; banks still reporting subprime woes and the probability of recession looking more a question of "when and how long rather than if", the initial view of filling all this new space looks challenging. "2008 may be a bit tough with a glut of product" opines Alex Vulic of Prologis the largest industrial property owner in Portland with over 3,400,000 sf. "It may get ugly in the short term with probably 18 months of absorption but looking out two years Portland's distribution market will be fine with probably more problems being with the lack of good sites to build more supply rather than worrying about an overbuild situation", Vulic adds who has several large distribution buildings along Airport Way under construction.

We have seen this movie before as the the current situation in the industrial distribution market in the Columbia Corridor is not a new occurrence or an anomaly but is one of the more common negative results of commercial real estate development in general. Namely, from project conception, design, financing to delivery of a building for occupancy can often be 18 months which allows a significant change in the market to occur. When the product is first conceived, vacancy rates and demand can be very attractive but can change markedly by the time the building gets completed as the economy slows and demand becomes more picky or disappears. Just ask some of the condo developers how this works. This combined with large sums of money flowing into industrial real estate regionally and nationally has prompted numerous other developers to join in the rush to fill the perceived demand for warehouse space and then you may have the makings of an overbuilt market. Do we have a overbuilt market? Ask me in July. But it is certain that it will be tough for the owners of these new buildings to hit their performa rents and free rent and other concessions may be standard as competition sharpens for a potentially dwindling list of tenants.

For 2008, firms looking to lease large chunks of warehouse space will have many options with the possibility of making some favorable deals. As one developer lamented "Concessions will be inevitable this year and there may be some sweet deals for tenants for state of the art space".

COLWOOD GOLF COURSE



COLWOOD GOLF COURSE MOVES TOWARD INDUSTRIAL PARK REALITY:

After almost three years of planning, discussions, presentations, proposals etc. the Colwood Golf Course located on a 137 acre chunk of land on North Columbia Blvd is picking up steam towards potentially becoming an industrial development. Opening play in 1929 as the Meadowbrook golf course, Colwood National Golf club is owned by members of the Saunders family which has had long term interests in a variety of golf courses on the west coast and still owns Meriwether National in Hillsboro. They have partnered with long time Portland developer Roland Haertl to achieve a zone change for the property from Open Space to General Industrial (IG2) Once a rural farming area, the area around the golf course is now surrounded by industrial development with a high emphasis on warehouses and construction machinery businesses for which Columbia Blvd is known. With the high costs of maintaining a golf course and increased options for golfers, it is not difficult to see that more value would be derived from this real estate being developed as industrial space which better corresponds to the surrounding neighborhood.

The potential rezone of this property has several interesting aspects associated with it. The property is bisected by a slough on the north end and the Port of Portland has intensive interest in the 47.9 acres north of the slough and abuts other Port owned property and was included in the Portland International Airpor Masterplan of 2000 and was identified as land needed to support future expansion of the ariport. Bill Saunders one of the owners explains “When we approached them, we knew we were slated for acquisition at some point, so we wanted to control the process rather than be condemned at the point when we didn’t want to be.” This arrangement has concerned many residents throughout the area that feels such a deal for a swath of land will help the Port in its quest to build a third runaway which many feel will have problematic impacts throughout the Columbia Corridor. While the Port has discussed a third runaway for over a decade and the idea is contained in the most recent masterplan, it would have a multitude of hurdles and approvals involving the city, the FAA, neighbors etc. that would take decades if not longer. “I don’t think this property sale furthers the issue of a third runaway one way or another.” Says City Councilor Dan Saltzman. The Saunders family says it is in the final stages of completing a Purchase and Sale Agreement with the Port for the 47 acres which they anticipate will be approved by the Port Commission in February/March.

Mr. Haertl has been very busy trying to touch all the bases with all the various groups and government entities so as to smooth the way forward towards a zone change on the property to bring more industrial land into Portland’s inventory that is lacking in sites for businesses to locate. “Portland needs industrial land to attract businesses for relocation and to help those firms located in Portland to grow” As part of this process, the property owners have also approached the Portland Park and Recreation Department about potentially donating approximately 22.5 acres along the slough thus leaving about 67 acres or industrial development on the southside of the property with frontage on North Columbia Blvd. One of the biggest hurdles as in most redevelopment scenarios is traffic. While Haertl has solved a key component of access and signalization at Cully and Columbia with the city, ODOT has proved less responsive regarding their perceived increase traffic that will use the Killingsworth/1-205 interchange as result of the development of Colwood. “ODOT has not been logical in their concerns about how this redevelopment affects capacity on 205 as we should not be held up due to their concerns for increased traffic on Interstate 205 which serves a whole regional area with the bulk of that traffic going to and coming from Clark County. It is a regional issue. It does not make any sense”, Haretl explains.



GETTING COLDER IN GRESHAM:



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In the meantime, the ownership is moving ahead with pursuing the zone change. "We believe we will have the Port of Portland, staff and the neighborhood with us and we will be in-front of a hearings officer at the city in early 2008". Haertl says. In fact the initial hearings at the city are scheduled for March 28, 2008

The Cully Neighborhood Association has not taken a formal stance on the project and zone change yet. Kathy Fuerstenau, president of the neighborhood association adds "It would be a bit sad to see so much open space go away". With recent passage of the bond measure giving Metro another \$200 million for open space acquisitions in 2006, another idea has surfaced. "We would like to see about the possibility of Metro looking into acquiring additional land at Colwood to keep as open space". Fuerstenau mentions an additional 47 acres rather than the 22.5 acres Haertl and the ownership has proposed as a target for preserving which obviously would diminish the amount of industrial land that would be available for development substantially.

The rezoning process of the Colwood Golf Course should bring into vivid focus a very interesting test of Portland's commitment to economic development and its ability to provide a building block for job and business creation and retention which is an increase in the inventory of well located, utility served industrially zoned land. Many firms especially those that want to build and/or own their own facilities find it extremely difficult to achieve that goal within the City of Portland because of the lack of affordable and ready to build land sites thus driving many companies to other suburban cities or even across the river to Washington thus depriving the City of all the positive attributes that go with having viable industrial businesses. Having leased and sold industrial properties in Portland for 20 years, I cannot forsee a better location for the creation of much needed industrial land that the Colwood Golf Course because of its excellent location near the airport and major transportation connections whereby freight movement can easily be accommodated. With an surrounding environment of older, often time dilapidated and haphazard industrial development with less than attractive areas of outside storage, the Colwood site is an opportunity to actually upgrade an industrially blighted area with newer more polished business park development.

HENNINGSON SET TO EXPAND IN GRESHAM:

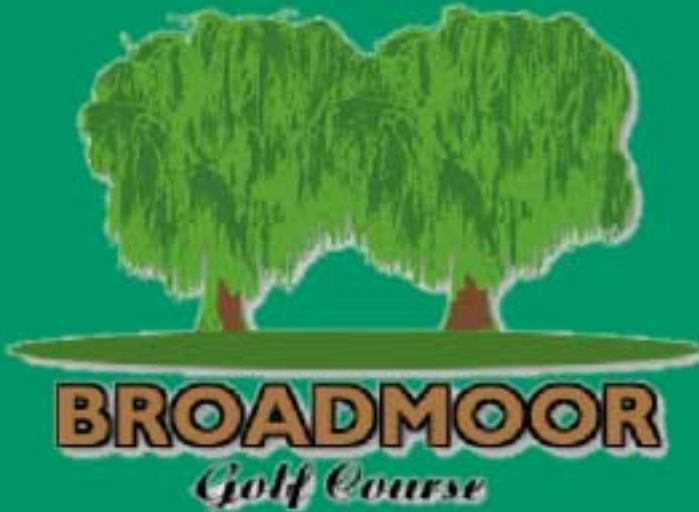
Henningsen Cold Storage which is headquartered in Gresham has acquired a 14 acre site on Northeast San Rafael and Halsey in Gresham for the development of additional cold storage warehouse space.

Henningsen is an 84 year old full service public refrigerated warehousing company offering over 37 million cubic feet of frozen and refrigerated warehousing space in six different states stretching across the country. Henningsen offers a wide range of trucking and logistics services to regional and national firms in the food industry.

Paul Henningsen, VP of Corporate Development explains: "We are landlocked in our current location and when this opportunity came available we felt it was important to secure more property for expansion in the area". The site has been owned for many years by the Schmidt Family which owns the J. Frank Schmidt Company one of the largest wholesale growers of shade, flowering and specialty and ornamental trees in the United States based in Boring, Oregon. The gently sloping site which has been contract farmed for many years will provide Henningsen the ability to construct over 300,000 sf of new specialty freezer warehouse space at full build out with construction value exceeding \$20 million. "We have broken ground on a new facility on the north side of the property in a first phase with the ability to had on to the building in the future which will be determined by interest in our cold storage capabilities" Henningsen adds. This new 5.3 million cubic foot temperature controlled Logistics Center should be done in late summer of this year with the ability to add about double that amount of space on the northern half of the property. This is the first new logistics center that Henningsen has opened since 1999 and it will be a new generation facility with maximum flexibility. This facility adds to the already brisk amount of industrial construction in the City of Gresham. Currently there is over 900,000 sf of warehouse space under construction or recently completed in the city with most of this speculative with limited tenant precommitments.



BROADMOOR GOLF COURSE GOES ON THE BLOCK:



Do you like golf? Do you have \$26 million sitting around in your checking account? Boy, do I have a deal for you. The Broadmoor Golf Course is for sale as the long term family owners are looking to cash in on the demand for industrial land while they jettison what most likely is a marginally profitable operation.

The Broadmoor Golf Course has a long and storied history as one of the oldest in the city of Portland. Built in 1931 the course ranges over 183 undulating acres across two sloughs north of NE Columbia Blvd and south of PDX. Scott Krieger the current pro and club manager is also one of the family members of the original owners reminisces "My grandmother and her sisters who used to live on the property developed the course over 80 years ago. Before that they operated a dairy on the site". The course has come to have a soft spot for many "budget" duffers with green fees often less than \$28 and a challenging layout over 6400 yards. With a driving range, an accessible location, cheap greens fees and the classic after golfing watering hole named "The Divot Room"; Broadmoor is somewhat of a iconic "old school" institution to enjoy a afternoon on the links in Portland.

The property is listed with Katherine Laird/David Caldwell, commercial brokers from Seattle and has a listing price of \$26,500,000. But that is where the challenges start. The property has a cornucopia of issues that need to be addressed for much of the property to ever see heavy equipment moving dirt for development. There is over 50 acres of existing wetlands much of it in the north parcel that is zoned industrial. There is a Landing zone; Environmental Protection and Environmental Conservation overlays that cover 42 % of the site. A portion of the site is also within the 100 year flood plain and if that is not challenging enough, the acreage where the golf course lies is zoned Open Space which most likely will require a time consuming and difficult zone change to most likely an IG2 industrial zoning. This would be further complicated by the fact that the owners of the Colwood Golf Course down the street are far ahead in their efforts to rezone that golf course from Open Space to Industrial and the landscape looks favorable that they will get their zone change this year. This occurrence may make it more difficult for any current owner or future buyer to also achieve a zone change as resistance to further large scale industrial development and the perceived impacts of traffic, noise etc. may embolden opposition. "The property obviously will need to be master-planned and a zone change will need to occur on the Open Space property" Ms Laird says. When asked about the reasoning for the property being offered for sale, the broker offers "It is basically a third generation looking at obtaining value for an asset that has appreciated substantially whereby the golf operation is not overly profitable compared to the value of the property". Laird adds that she has sent out numerous packages to interested buyers and has one offer on the table with others expected in the coming weeks.

Any transaction obviously will have substantial caveats and long timeframes to address the aforementioned issues. I will keep you posted.

BOBS METAL: FEDERAL EXPRESS:



BOB'S METAL PURCHASES LAND ON N. COLUMBIA BLVD.

The New 30 story condo towers in the south waterfront represented the proverbial "writing on the wall" for a metals recycling outfit located nearby. Bob's Metals which has been located and renting from Zidell Marine in the south waterfront for almost 20 years have realized for the last few years that their existence in the neighborhood was coming to a end. "We had a good run in the area but we no longer fit into our facility and the neighborhood has changed dramatically" voiced owner Bob Weinstein. After an almost 3 year search they purchased 14 acres from international plumbing distributor Ferguson Enterprises on North Columbia Blvd. Bob's paid the asking price of \$3,400,000 for 11 usable acres of the site which contained miscellaneous metal sheds which are conducive to the metals recycling business.

"We did not steal the property but there are just not many larger sites in the city with good access to freeways. It took almost three years for us to find this site so we were not going to lose it so we were aggressive" Bob's Metals which has been in business for 25 years and recycles all metals and is a feeder yard for the larger processors like Schnitzer is using less than half the site and looking to lease up to 7 acres.

FEDEX AND NEW INDUSTRIAL PARK APPEARING IN TROUTDALE



It will total over 440,000 square feet and look a lot like a airport terminal and sling thousands of packages at 32 miles per hour in a state of the art high tech conveyor system and will cost north of \$100 million dollars. This is the Northwest's version of Federal Express' regional distribution strategy where Troutdale will be the seventh of nine regional facilities around the country that is projected to employ over 1000 employees by 2013. FedEx will be purchasing 77 acres of the former Reynolds/Alcoa Aluminum Smelter property. The Port of Portland who has spent much of the last three years wrapping up the complex transaction which involved environmental remediation as well a myriad of other issues that prolonged the purchase of this key eastside site. Joe Molluskey, real estate manager with the Port of Portland relates that the Port has just completed the purchase of the whole 700 acre site and has accomplished a great deal of work in developing the masterplan for the industrial park. "We have closed on the land and will be shortly concluding our deal with Federal Express who hopes to start immediately surcharging the site with construction to begin this summer on their distribution center".

The Troutdale Reynolds Industrial Park as the development is called will have just under 370 acres of industrially zoned acres for development which after the Federal Express Deal, will mean that there will be approximately 295 acres left for development located in 11 different parcels with sizes ranging from 14-42 acres but large sites can be assembled by combining lots. This purchase and development by the port was to a large degree driven by the lack of large shovel ready industrial sites in the Portland metro area for both regional and headquarter industrial facilities. The whole site was recently awarded Enterprise Zone status which means firms will qualify for tax abatements based upon their dollar value of their investment. The Enterprise Zone means over a \$4 million tax savings for Federal Express and will apply to other investments in the remaining parcels. The park will be developed in phases with Phase I being the Federal Express facility as well as another 50 acres of industrial land that most likely can be delivered in late 2008 or 2009. The Port will be building a new road called Swigert Way to serve Federal Express and this first phase of industrial land. The remaining land parcels have varying degree of wetland mitigation that needs to be accomplished in order to be ready for sale and development which could take 2-4 years in phases 2 & 3. Federal Express paid approximately \$4.80 psf for their site but Molluskey believes that asking prices for land will be in the range of \$6.00 which the Port believes is market for fully served industrial parcels with great access to transportation. "The Federal Express price reflects the fact that they were first in and they bought a very large parcel and basically provided a very good name to kick off the project" Molluskey relates.



SPOTLIGHT:



WHAT ARE YOUR REAL ESTATE GOALS?

Whether you are an investor or business owner that owns real estate you may want to understand more thoroughly options especially in light of a deteriorating economic outlook.

WHAT ARE VALUES? IS IT A GOOD TIME TO SELL OR BUY?

SHOULD I MOVE?

If you are a tenant with a lease coming due in the next year or so, it is time to assess your firm's present and future space needs and how best to accomplish the most flexibility as well as the best rental terms.

With the construction of many new industrial projects, understanding these options, rates, triple net charges, location and amenities are helpful in making valuable comparisons and real estate decisions.

SHOULD I BUILD OR BUY?

Building or buying a building is an age old question that has many facets and considerations.

Understanding financing; land values and locations; hard and soft construction costs and timing are all instrumental in making an adequate comparison.

There is not a one size fits all formula to commercial/industrial real estate questions but I can help provide and sort through the myriad amounts of information that will lead to the best possible strategy.

Todd DeNeffe

Is the Post Office Coming to the Airport Area?



Finding out the real estate maneuverings of the U.S. Postal Service is akin to getting information on the CIA's interrogation secrets. It is no secret however that the main Post Office facility located on some of the most valuable real estate in close in Northwest Portland will be eventually moved. As condo towers now ring the site and dozens of retail stores and density has surrounded this 13 acre parcel over the last 10 years, the momentum for moving the post office is increasing. The city of Portland over the last few years has made it clear that they would like to see this happen for several reasons: Hundreds of large tractor trailers that come and go to the main post office facility do not mix well with the increase in residents, bikes, cars and shoppers. It is in fact becoming a safety issue. In addition, the city would love to see this immensely visible site be redeveloped into an iconic gateway project into the blossoming Pearl and Old Town areas. It is almost impossible to think of a larger more well positioned property in the city that can be redeveloped.

Steve Ross, a real estate specialist for USPS admits that the process is picking up steam and admits the City is quite involved "We are looking at all our options and we have been talking to the city now for a few months about a sale" The city most likely through the PDC might buy the site? Interesting. "If they don't show us the money soon we will proceed with an RFP (Request for Proposal)" Ross adds. USPS is represented by the international brokerage James Lang Wooten and if such a RFP does occur, expect to see firms from all over the country interested in the site. The City's interest in acquiring the site if true, may be a bit controversial among many in the real estate community who believes the private sector/market should dictate the development. But at the same time, it is hard not to fault the city for trying to control and consequently trying to have significant input on how this property gets redeveloped.

There are reports that USPS would move the functions of the main branch in northwest to the Airport area on property that the Port owns adjacent and south of the new Cascade Station retail center which is home to IKEA. Some have said the Port and USPS people have already sat down to discuss this last year. USPS already has a large sorting and distribution center in the neighborhood and the site is ready to go with access to good transportation infrastructure. "We need around 30 acres to construct a highly mechanized sorting facility" Paul Purcell of USPS says about their requirements. "This project is still a ways out and will still take many years because of the scope of the relocation and expansion in Portland"

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COLUMBIA CORRIDOR NEWSLETTER IS
A BI- ANNUAL NEWSLETTER PUBLICATION FOR
THE PORTLAND METROPOLITAN AREA.

THE INTENT OF THIS NEWSLETTER IS TO TRACK
RELEVANT EVENTS, DEVELOPMENTS AND
ISSUES IN A VITAL AREA OF THE PORTLAND
REGION: THE COLUMBIA CORRIDOR

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We would like your opinion and input on our next newsletter! Please email us at:

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