

Tower changes focus as Portland housing market shifts

Alison Ryan

As the number of choices for Portland condominium buyers grows, developers are looking toward a housing market where the choices aren't as broad - apartments.

"We've actually had apartment guys who had been doing condos coming back to us and saying, 'we want to do apartments again, can you find us land,'" said Gary Winkler, a multifamily investment specialist at the Portland office of Colliers International, a real estate firm.

Developers announced late last week that Ladd Tower, planned as condominiums, would be developed as high-end apartments. The decision, said John Bartell, vice president and general manager for Opus Northwest, which had partnered with Carroll Investments to develop the tower, was based on the city's quickly improving condo market.

"If you want to go out and buy a condo today in Portland, there are a number of options," he said. "If you want to go out and rent a nice new apartment, you're going to be on a list."

Other Portland developers have apartment projects on the horizon as well. Harsch Investment Properties has plans for an apartment tower at the Federal Reserve building site at Southwest Ninth and Oak streets. The project, which would hold a mix of retail, office, and apartment floors, joins another planned apartment project in the city's west end - Gerding Edlen's development of the Zimmer Gunsul Frasca headquarters at Southwest 12th and Washington streets.

The Ladd Tower will now include 220 apartments, with rents projected to be more than \$2 per square foot on average, Bartell said. Four retail tenants - including Gifford's Flowers, slated to take the spot at Southwest Jefferson and Broadway streets - and 20,000 square feet of space for First Christian Church are still included. Plans to preserve the Ladd Carriage House remain unchanged.

John Carroll, whose Carroll Investments will not continue with the apartment project, said he "would have loved" to stay on board. But, he said, the transformation to apartments still meets the hoped-for goals of Ladd Tower.

"The Opus twist doesn't change it," he said. "There's still going to be more eyes on the street, there's going to be more safety, there's still going to be quality materials and design. - There's an opportunity for Opus to move forward, and fulfill the commitment to the city."

About 40 percent of Ladd Tower's units had been pre-sold. Carroll said that he and sales team Debbie Thomas Real Estate called everyone who had reserved a unit or signed a contract before making the apartment announcement.

"The last thing we wanted to have unfold," he said, "was them to find out that their home was not going to be built."

Buyers were angry, he said, but understood the economic realities behind the decision.

More developers, Winkler said, are beginning to understand those realities as well.

"What's starting to really work is apartments," he said. "Aggressive rents, no concessions, low vacancy rates - it's basically saying, it's time to go after apartments."

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