

New buildings reflect tenants' green desires

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When Redside Development remade a vacant Copeland Lumber building in Oregon City into offices and retail space, it built a project that won praise for its sensitive redevelopment and "Gold" level certification in the U.S. Green Building Council's Leadership in Energy and Environmental Design building rating system.

The investment has paid off handsomely for the Redside team: The 221 Molalla complex is 75 percent leased with tenants such as the city of Oregon City, Clackamas County and the U.S. Government.

"It's going as anticipated," said Jason Green, a CB Richard Ellis broker who represents the 36,339-square-foot building to prospective tenants.

221 Molalla is one of 23 LEED-rated commercial buildings offering office space in the Portland Metro area. In many ways, it shows just how important green features have become to an increasing number of clients.

Government agencies were among the first to demand offices that use less water, less energy and offer healthier environments for workers. 221 Molalla, located on a commercial corridor in Oregon City, could have been a tough sell if not for the government, brokers say. Its green features attracted public sector tenants.

But government isn't the only tenant demanding sustainably built — or rebuilt — quarters anymore.

Peter Mark, an office broker with Melvin Mark Brokerage Co., said two clients won't consider office space that isn't in LEED-rated buildings. Still another is starting to consider its options as its lease for 15,000 square foot in downtown Portland winds down. The company has three years, but Melvin Mark's Scott Andrews said the unnamed firm already has decided green features will play a strong role as it contemplates its next move.

"Any new building that you see in the marketplace is going to do a LEED certification at a minimum," he said.

The market increasingly demands it. RREEF Research said in a report issued last fall through the U.S. Green Building Council. The real estate industry giant, citing leasing data compiled by CoStar, said "green buildings lease up quicker, at higher rents and maintain higher occupancy levels than conventional buildings".

Nationwide, there were more than 800 LEED-rated buildings in the United States, representing nearly 100 million square feet of commercial space, representing less than one percent of the total office market.

Still, it's a safe bet in Portland that most if not all new office buildings will seek a LEED award, predicts Andrews, who is part of the leasing team for One Waterfront Place, a 12-story, 270,000-square-foot office complex slated for 1201 N.W. Naito Parkway.

The team put One Waterfront's sustainable features front and center in the marketing materials, noting that it has been pre-certified at the LEED platinum level.

"It's a major part of what the developers were seeking to present," said Andrews, who reports "great activity" among pro-



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Developers are heavily marketing the green features under construction at One Waterfront Place, 1201 N.W. Naito Parkway.

NOTED LEED OFFICE BUILDINGS IN PORTLAND

- Regional Training & Distribution Center, American
- Honda Motor Co., Gresham
- Jean Vollum Natural Capital Center, aka Ecotrust, Portland
- Toyota Motor Sales Facility, Portland
- M Financial Plaza (The Brewery Blocks), Portland
- 200 Market Place, Russell Development Co. Inc., Portland
- 221 Molalla Ave., Oregon City
- RiverEast Center, Portland

spective tenants. "We are very busy."

First and Main, a 16-story office tower being constructed for Shorenstein Realty Services, is pursuing LEED "gold" certification.

Anything else would be unthinkable, said Sean Turley, a broker with NAI Norris Beggs & Simpson who is on the team representing the building to prospective tenants. Turley said developers have to go green if they want to attract tenants. The U.S. Government, the largest landlord and tenant in the country, won't consider anything that's not green and an increasing number of private firms are following suit, he said.

"It's absolute, especially in Oregon," said Turley, who said that in the current market, a LEED rating is one of the three top amenities tenants want to see.

It isn't just Portland businesses demanding greener space.

Curt Arthur, a broker with Sperry van Ness represents a six-story office building being developed by CB12 Architects/Construction in downtown Salem. It is designed to be Salem's first privately built LEED "gold" building. Arthur said half the building's 40,000 square feet have been preleased. One tenant had even threatened to move its sustainability practice to Portland if it hadn't been able to find suitable quarters in Salem.

"It's really been met with open arms," Arthur said.