

## Transformation of a neighborhood

By: Chuck Slothower in Scrolling Box June 2, 2016 1:58 pm



Cairn Pacific's planned Block 294E development at the Con-way site in Northwest Portland will include three mixed-use buildings. (GBD Architects, courtesy of Cairn Pacific)

Cairn Pacific's largest project to date requires the developer to deliver on a tall order – help create a neighborhood in the Con-way area, sandwiched between the Northwest District and Interstate 405, while playing off the successes and avoiding the mistakes made in the South Waterfront District and Pearl District.

The \$175 million build-out encompasses the soon-to-be-built Leland James and east block buildings. The developments involve a

mix of heights and uses, including residential, office and commercial.

Cairn Pacific, led by co-founders Tom DiChiara and Rob Hinnen, is leading the remake of the Northwest Portland neighborhood. The new developments are envisioned to link easily with the existing neighborhood to the west, including the retail- and restaurant-heavy blocks of Northwest 23rd Avenue, and eventually the Pearl District.

"We're trying to get the right blend of residential, office, retail so the neighborhood can thrive," DiChiara said.

A master plan completed in 2012 envisions Raleigh Street becoming the main east-west artery, and Cairn Pacific is planning retail spaces along Raleigh.

"Raleigh is going to be a primary artery between 23rd and 21st (avenues), with a lot of development going on," DiChiara said.

The \$40 million L.L. Hawkins mixed-use building completed last year was a joint venture of Cairn Pacific and Capstone Partners.

Another partnership between the two firms is taking place at Block 295W, where the Leland James three-story office building will feature 11,000 square feet of ground-floor retail space. The office floors will have relatively large 34,000-square-foot plates. A rooftop wood-frame penthouse will add 16,000 square feet.

The project team will retain the skeleton of the existing building at 1621 N.W. 21st Ave., but a thorough rebuild will clad the building in red brick and aluminum. SERA Architects is designing the Leland James building, and Andersen Construction and JBA will build it. A leasing push for the building, represented by David Squire at Newmark Grubb Knight Frank, is under way.

DiChiara believes the Leland James' large floor plates could attract a tech tenant, although he's open to other uses as well.

"It certainly can cater to the tech guys, but it's not exclusively tech-oriented," he said.

The Leland James is named for the local businessman who founded Consolidated Truck Lines, which later became Con-way Inc.

### Different uses, building heights, tenants

Nearby, on Block 294E, Cairn Pacific plans to construct three mixed-use buildings, of three, nine and 14 stories. Excavation on the parking areas on 294E is expected to begin in mid-June, after a sewer line is rerouted.

On Block 295E, the developer plans two residential buildings, one with three stories and one with six. Together they will add 385 market-rate residential units to the neighborhood. The east block developments will call for the use of two tower cranes.

The mix of heights is an important aspect of the growth in Northwest Portland, DiChiara said. In part, it's a reaction to the point tower approach taken in the South Waterfront, and the flatter look of the Pearl District. In old cities, DiChiara said, a mix of heights arises naturally amid growth. He wants to recreate that aesthetic in Northwest Portland.

"There is a mix of heights," he said. "The Pearl and the South Waterfront, it's all the same height."

New York-based investment firm BlackRock is Cairn Pacific's investor for the Leland James project, and Wells Fargo is the lender. For the east block projects, Prometheus Real Estate Group of San Mateo, Calif., is the investor. A lender has not yet been chosen.

Cairn Pacific is looking to build upon the success of L.L. Hawkins. The building at 1515 N.W. 21st Ave. has 113 residential units, which are 90 percent leased. Notably, the leasing team has eschewed national chain businesses, instead luring local tenants with loyal followings.

Tenants include the Slabtown New Seasons grocery store, a Breakside Brewery pub, a pizzeria from the Breakside partners and the new home of Besaw's, a landmark Portland restaurant. Besaw's owner Cana Flug is also opening a dessert bar and patisserie called Solo Club; tenant improvements are under way now.

The grocery store gives the Northwest Portland neighborhood a leg up on the South Waterfront, which lacks one. New Seasons' Slabtown location offers 28,000 square feet of high-end grocery products, and DiChiara said the store has been successful. He credited Capstone Partners with helping to lure the local grocery chain.



Developer Tom DiChiara, co-founder of Cairn Pacific, speaks about the L.L. Hawkins mixed-use building that was completed last year at the Con-way site in Northwest Portland. (Sam Tenney/DJC)

Cairn Pacific, working with GBD Architects and Holst Architecture, designed L.L. Hawkins to have various step-backs from the sidewalk and different aesthetic treatments to avoid a monolithic look and provide sidewalk seating.

"The small boutique retail spaces all have their own personality," DiChiara said.

Each shop is encouraged to use unique signage, mostly lighted. As a result, the building has a

nighttime presence.

"You come here at night, and there's a feel," DiChiara said.

Both the Leland James and the L.L. Hawkins have dozens of parking spaces.

"All of our projects have adequate parking," DiChiara said. "Cars aren't going anywhere."

The developments are divided by pedestrian-friendly strips and green spaces. The east blocks will have a grove of 35-foot-tall sequoia trees and sitting areas. The L.L. Hawkins has an outdoor patio with a small rooftop garden that overlooks New Seasons.

Cairn Pacific's ambitious plans extend further. The developer has also placed the George Morlan Plumbing building, at 2222 N.W. Raleigh St., under contract and likely will pursue entitlements this fall, DiChiara said. The developer plans to convert the building to housing above ground-floor retail space.

"It's a lot of change coming. It's a lot of construction coming," DiChiara said. "I think it's going to fit in well. It's all quality brick buildings and durable materials."

### Space for storage and motor vehicles

Cairn Pacific and Capstone Partners aren't the only developers at work in the area. At Northwest 21st Avenue and Quimby Street, Guardian Real Estate Services and Andersen are building a seven-story mixed-use tower. Designed by YBA Architects, the building will have 163 market-rate apartment units, 11,000 square feet of offices and 16,000 square feet of ground-floor retail space.

A nearby parcel was snatched up last week by a storage company, Security Public Storage-Portland LLC, for \$8.75 million. The sale, brokered by CBRE Group, included two industrial buildings located at 2012 and 2050 N.W. Vaughn St.

The buildings are 25,500 and 28,456 square feet, respectively, on approximately 1.73 acres. The final sale price equated to a land value of more than \$116 per square foot.

DiChiara said Cairn Pacific had the property under contract at one time, and was planning to build public storage units. But Cairn Pacific opted to focus on its other projects, he said.

"We couldn't quite make sense of the economics," he said.

DiChiara said he remains interested in doing more as the neighborhood develops.

"We'll see what happens with the other real estate," he said. "We're certainly interested in being involved with more."

The developments follow the Con-way master plan, adopted in 2012. XPO Logistics has taken over Con-way's existing facilities.

John Bradley, planning committee chairman of the Northwest Neighborhood Association, said area residents have enjoyed a good working relationship with Cairn Pacific. The neighborhood association includes residents with professional expertise in architecture, land-use planning and law, he said.

Cairn Pacific "came in early, and they're willing to listen," Bradley said. "I think most of our concerns are traffic concerns. These were and still are fairly small streets."

Bradley also noted that developers are pursuing market-rate housing to the exclusion of affordable units.

"It's important to us to see a little bit of low-income housing, and most of what we're seeing is market rate," he said. "It just doesn't seem like we've got a handle on how to (build) anything else but market rate, but hopefully that'll change."