

Friday, April 11, 2008

Construction & Development

Residential roulette: Unico bets on Pearl apartments

Portland Business Journal - by [Melody Finnemore](#) Contributing writer

When [Unico Properties](#) began sketching out plans for a mixed-use project in the Pearl District three years ago, the Seattle real estate investment firm got more than a few raised eyebrows when it decided to include rental apartments rather than condos for sale.

The decision turned out to be serendipitous. The rental housing market continues to hold steady while condo sales struggle amidst a nationwide housing downturn. When The Lovejoy is completed in December, its 231 residential units will be among the few rental properties available in the Pearl.

"When we started this project and said we were going to do rental apartments, people told us we were nuts," said Brian Pearce, general manager of Unico's Portland office. "It wasn't because of any crystal ball we looked into -- it was just Unico's preference to have a long-term holding and steady cash flow. As the condo market has gone through a meltdown, apartment rentals have gone through the roof. That's been great for us."

Bordered by Northwest 12th and 14th avenues and Lovejoy and Marshall streets, the \$130 million project spans two blocks. Block One, between 13th and 14th avenues, will consist of a nine-story structure designed by Portland's LRS Architects. The building will feature a two-story [Safeway](#) on the ground floor, multiple levels of parking and three stories -- 82,000 square feet -- of Class A office space.

Pearce said office space is expected to lease for \$27 per square foot. Law firm Ater Wynne LLP has signed on as the anchor tenant, and [Pacific Cataract and Laser Institute](#) also will move into the building. Amenities include a seventh-floor garden terrace, bike parking, showers on every level, and the nearby Portland Streetcar line.

Block Two, designed by GGLO of Seattle, will house 16 levels of retail space and apartments. Its 20,000 square feet of retail space will include accommodations for restaurants in the northwest and southeast corners. Apartments will range in size from 600-square-foot studios to 1,100-square-foot, two-bedroom apartments to larger penthouses. Unico is still determining its rental rates, but the average is about \$2.30 per square foot, according to Greg Van Patten, Unico's manager of multifamily investments.

Both blocks are designed for LEED Silver certification under the [U.S. Green Building Council's](#) Leadership in Energy and Environmental Design rating system. A 20,000-square-foot ecoroof and landscaped terrace will incorporate water-efficient landscaping to reduce runoff and better manage storm water. The roof also serves as a natural insulator and air filter, and tall windows allow natural daylight. General contractor [Andersen Construction](#) Co. is recycling much of the construction debris and using locally manufactured materials when possible.

The Lovejoy has not come without its challenges.

"Certainly the mix of uses on Block One presented some design challenges, but also our decision to incorporate above-ground parking raised some issues because the city does not look favorably on above-ground parking," Pearce said. "The city's desire to have the parking below ground and our desire to have it above ground for ventilation caused some problems. In fact, that was probably our biggest challenge."

The resolution came about in the form of a high-tech polycarbonate material that looks like frosted glass and allows light to pass through the parking levels on Block One. Louvers enable the air to flow through and ventilate the 360-stall parking area. Block Two incorporated a horizontal band element that looks like a façade treatment and also allows airflow, Pearce said.

Van Patten said Safeway's inclusion altered the design plans because a more visible, open space is necessary to draw customers. That eliminated the possibility of a traditional core, reduced the number of shear walls and pushed the remaining shear walls out to the perimeter. In addition, retail stores tend to incorporate as few columns as possible, which led to the use of pre-cast concrete sections in addition to traditional cast-in-place sections, he said.

"We had a lot of engineers on this job and it took a great deal of coordination to bring those pieces together," Van Patten said.

And a great deal of pile-driving. Specifically, 840 pilings support the two buildings and each piling is an average of 65 feet deep. It took 650,000 blows and five months to install them all.

By early this month Block One's precast structure was in place through the building's seventh-floor deck, and the eighth floor was under way as well as Safeway's tenant improvement work. On Block Two, the structure's floors and roof deck were in place. Exterior walls and build-out of unit interiors were progressing throughout the tower, Van Patten said.

Both buildings will be ready for occupancy in December, and Safeway will open by the end of the year. Pearce said the area's office vacancy rate of less than 5 percent bodes well for The Lovejoy's creative space, which already is 50 percent pre-leased.

"Our office space is going to come online at the perfect time. It's turned out to be exactly the right size of mix and uses," he said.