

## REAL ESTATE INC.



# How Portland's position as a tech magnet is changing how leases get done

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Cathy Cheney | Portland Business Journal

SurveyMonkey was one of several tech companies to move into renovated office space in U.S. Bancorp Tower this year.



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That commercial real estate comfort zone of five- to seven-year office leases is not-so-comfortable territory to startup companies looking for bigger creative space.

"That's an eternity for tech companies," said Brian Pearce, senior vice president of Property Management for Unico Properties LLC, which owns downtown Portland's U.S. Bancorp Tower.

Pearce participated in the Portland Business Journal's commercial real estate roundtable event Friday morning. The consensus among the executives was that the surge of tech companies moving to and expanding in Portland is forcing them to adjust how they go about their business.

Homegrown companies [like Little Bird](#) and [GlobeSherpa in just the last week](#) announced plans to upgrade to larger spaces, while newcomers to the market — including Silicon Valley tech companies like [eBay](#) and Aruba Networks — are [opening Portland outposts](#) that could employ several hundred people.

They're all attracted by the same thing: Portland's favorable lifestyle and culture and the lower costs of real estate and talent relative to Silicon Valley, Seattle, New York and other major markets.

Because of that, leasing agents and property managers are having to rethink and adapt how they sign these companies to offer sheets. Portland startups like Simple, Puppet Labs and Jama Software are outgrowing their spaces within a few years and seem to constantly be planning for their next space. That makes long-term leases less appealing.

"We're going to shorter leases and fewer dollars and trying to get tenants to take as-is space and spend their own money," said Bill [Barendrick](#), CEO, Bill Naito Co., which owns seven Portland properties, including the Albers Mill building on Northwest Naito Parkway and Montgomery Park in Northwest Portland.

It would seem a risky venture, then, to do what U.S. Bancorp Tower did in renovating large chunks of the building to accommodate the creative needs of new tenants like Webtrends, New Relic and Survey Monkey.

Seeing where the demand was coming from, Pearce said Unico took a customer service approach to appealing to these potential tenants, doing "anything to say 'yes'" to their needs.

Yet there was overwhelming confidence among the panelists that even if those companies outgrow the space in two years, the pipeline of potential tech tenants is strong enough to fill any holes.

"They are going to go grow, but there's always someone that will back-fill (the spaces)," said Buzz [Ellis](#), a principal with brokerage JLL.

Erik Siemers is managing editor of the Portland Business Journal.