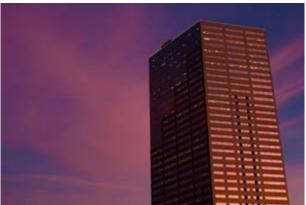
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The Big Shrink at Big Pink: U.S. Bank gives up 200K square feet



U.S. Bancorp renewed its lease at its namesake tower. The Minneapolis-based bank renewed for 277,000 square feet, a 42 percent reduction from its current lease for 480,000 square feet.



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<u>U.S. Bancorp</u> is shedding almost half its downtown Portland office space in the tower that bears its name.

As widely expected, the Minneapolis-based bank signed a new lease that trims its footprint at U.S. Bancorp Tower, 111 S.W. Fifth Ave., by more than 200,000 square feet.

<u>Unico Properties</u> reports it has completed negotiations with its anchor tenant for 277,000 square feet, 42 percent smaller than <u>U.S. Bank's</u> current lease for 480,000 square feet.

Even though U.S. Bancorp is giving back the equivalent of 20 percent of the building's total footprint, <u>Brian Pearce</u>, who manages Unico's Portland operations, called it a win. Unico has long known that the bank occupied too much space and would downsize. The complex deal provides for an orderly giveback of space that is already attracting tenant interest.

"You could look at it as a major win," he said. "Frankly, we need the space."

The bank will give back space in sections through the end of its current lease in 2015. Unico already has <u>leased 65,000 square feet to Webtrends</u> and an additional 55,000 square feet is subleased to six tenants, some of which intend to sign longer-term deals with Unico.

"The level of activity on the space we're getting back is unbelievably good," Pearce said.

U.S. Bancorp Tower, aka "Big Pink," is currently 95 percent occupied. Pearce does not expect that figure to drop below 90 percent as the bank surrenders space, meaning there will be no large swaths of new space coming on the market.

Even with a major reduction, the deal is easily the largest office lease inked in Portland in recent years. U.S. Bank will occupy floors four and six as well as portions of five and seven.

Its remaining space will be fully remodeled to make more efficient use of the space.

Office brokers have long expected the bank to shed a significant amount of space. The bank and its landlord have been in negotiations since 2012.

The other significant driver of office vacancy is the end of the Edith Green Wendell Wyatt federal office remodel.

With the project wrapping up, federal agencies displaced by the construction are vacating their temporary space at American Assets Trust's First & Main.

U.S. Bancorp Tower is Portland's largest office building by square feet, with nearly 1.1 million square feet of office space on 42 floors. It is undergoing a renovation and repositioning that has attracted technology firms and new retail tenants to its spacious plaza level.

<u>Mark Fraser</u>, <u>Brandon O'Leary</u> and Jake <u>Haas</u> of <u>Kidder Mathews</u> represented U.S. Bancorp; <u>Joe</u> Vaughan of Jones Lang LaSalle represented Unico along with Brian Pearce.

Wendy Culverwell covers real estate, retail and hospitality.