

## Cover Story: Towers are rising in Portland's Pearl District

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Courtesy of Hoyt Street Properties

Hoyt Street Properties' The Cosmopolitan will be a 340-foot, 28-story tower with 150 condominium units. Valued at more than \$110 million, the project will be the tallest residential building in Portland.

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Next month, [Hoyt](#) Street Properties will close on the sale of a unique and, some might say, symbolically infamous condominium in The Encore, a 177-unit building at the northern edge of the Pearl District.

The closing is unique in that the unit is the last one to be sold in the building; it's symbolically infamous because it's taken five years for [Hoyt](#) to finally sell through the Encore's inventory, which hit the market in 2009, when demand for condos had dried up. By the end of that year, [Hoyt](#) had sold just nine of the units.



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"It was a very scary time for all of us, to have so little going on and to be out there at the north end all by ourselves," said [Hoyt](#) Street President [Tiffany Sweitzer](#). "Nothing was happening."

The next few years were empty for just about every developer in the Pearl. [Sweitzer](#) called them "the worst in [Hoyt](#) Street Properties' history." Condo projects converted to apartments; some never came to fruition at all. Residents in the tony neighborhood settled in and enjoyed the relative quiet that came from the lack of construction and thundering pile drivers.

But markets thaw and demand returns. [Hoyt](#) Street sold 55 units at The Encore one year, 76 the next. Well into 2011, it became clear to developers like [Bob Ball](#), [Joe Weston](#), [Sweitzer](#) and others that the time was near for the next chapter of the Pearl to begin — the North Pearl.

And begin it has. Ball's apartment building, The Parker, got a head start, breaking ground in the North Pearl in 2012 and opening its doors this fall. But there are others hot on the trail. No fewer than six multifamily projects are underway or within months of breaking ground in the North Pearl, projects that will add close to 1,300 units, block and create views with towering new heights, populate a quiet quadrant of the city and further define Portland's most urban neighborhood.

The next phase of the Pearl is also bringing more affordable housing units to the well-heeled 'hood, as well as street closures and construction headaches that not everyone is pleased about. But for developers, the Pearl revival is gold.

"It's just nice to see cranes in the air again, to see people working and all the activity that comes with it," [Sweitzer](#) said. "It's happening again and it's great to see."

Sky high

The current phase of construction in the Pearl includes a mix of different buildings and projects, some of which will bring a flavor to the district that it's lacked before. One of the biggest differences this time around: height. The first buildings to go up in the Pearl around two decades ago were limited to 75 feet. Developers worked with the city to extend that to 150 feet, and now the restrictions on height have all but been removed.

As a result, some of the new buildings in the Pearl will tower over their neighbors. Unico Properties LLC, the Seattle company that also built the Asa Flats & Lofts building and The Lovejoy, both in the Pearl, broke ground in August on The Overton. The 284-unit apartment tower at Northwest 12th Avenue and Overton Street will include several work-live lofts, town homes and street-level retail; it will also be 250 feet tall. "We were able to purchase a full block, and the increased height limits have allowed us to densify with a tower," said [Julie Currier](#), senior development manager for Unico. "We think it will really add some nice color and interest to the skyline."

For as tall as Unico's new building will be, however, it will still be looking up at [Hoyt](#) Street's Cosmopolitan, a 340-foot, 28-story tower with 150 condominium units. Valued at more than \$110 million, the project will be the tallest residential building in Portland. For comparison, the U.S. Bancorp Tower, Big Pink, is 42 stories and 536 feet tall. The Cosmopolitan is one of two projects that [Sweitzer](#) has underway in the Pearl. The other is a 281-unit complex that [Sweitzer](#) paired up on with [Clay Fowler](#), one of the partners at [Hoyt](#) Street, and Wood Partners Inc. She also said that even though [Hoyt](#) Street has worked closely with neighbors, there have been some who are miffed to see the new buildings going up, blocking views and adding construction chaos.

"Because we haven't been building, you get to where you have to tell the story again, of what this place can become," she said. "Some people are like, 'What do you mean you're building next to me?' They've known that something was going to be there, but it's only once it happens that nobody wants it."

[Ben Andrews](#) has lived in the Pearl District for 10 years. He said the Asa Flats building shattered his westward view years ago. A real estate broker and owner of Willamette Realty Group, Andrews said he's used to that now, and he's glad to see the district return to life.

"It sure is nice to see it coming back," he said, noting that he's already done more than \$8 million worth of business in the Pearl this year, a pace that he said has picked up of late.

"The thing about the Pearl," he added, "is that no matter where you go, people know about it. I was in Hawaii last week and talking to some people, and it came back to the Pearl. Portland is not all 'Portlandia.' People everywhere know the Pearl, too."

That renown is part of the reason that Mill Creek Residential Trust had its eye on a project in the North Pearl. The national development company picked up the property now occupied by wholesale food and restaurant equipment supplier Cash & Carry at Northwest 14th Avenue and Pettygrove Streets in 2013 and plans a nine-story building called Modera Pearl with 290 apartments. Construction is scheduled to begin in the first half of 2015, after Cash & Carry exits the property.



Modera Pearl, a 290-unit apartment building at 1420 N.W. 14th Ave., will break ground next spring. It is one of at least six multifamily projects comprising a new wave of development in the Pearl District.

Rendering: SERA Architects

"The Pearl is a phenomenal location that has provided some amazing comps for all these new projects to happen," said [Sam Rodriguez](#), managing director of Mill Creek's Pacific Northwest division. "It's known nationally for proven high rents, proven high occupancy, proven desirability close to downtown. It is a market that has proven itself."

### Keeping it real

Though the Pearl is known for its wealthy residents and pricey accommodations, the district has always bordered one of the city's more impoverished areas, Old Town Chinatown. The neighborhood is home to many social service agencies and shelters, which draws homeless to the area and has created tension

nearby. That tension flared up last summer when Pearl residents threatened to sue over the city's effort to relocate the homeless camp Right 2 Dream Too to the Pearl.

And while developers may be cheering the new energy and increased demand in the Pearl, there are critics of the way the neighborhood has evolved.

Long before ground was broken on the first Pearl project, planners envisioned a neighborhood that would include not only the pricey lofts and condos located within formerly derelict warehouses and in new high rises, but also affordable housing. In fact, [Hoyt](#) Street Properties' development agreement with the city of Portland actually required that 35 percent of the units in the district be affordable.

Some question whether [Hoyt](#) Street and others have included enough affordable housing in the mix. Of the roughly 2,000 units constructed thus far, about 600 of them — in buildings like the Sitka, the Ramona and Lovejoy Station — are considered affordable based on federal income guidelines. But more are planned for the district in this phase of construction

[Hoyt](#) Street Properties sold one of its blocks in the North Pearl to BRIDGE Housing, a California nonprofit that develops, owns and manages affordable housing projects. The organization will break ground on The Abigail, a 155-unit apartment project at Northwest 13th and Raleigh next week. The building, one of several affordable housing projects in the district, will have 127 units along with 27 market rate apartments and a manager's unit. The project includes \$12.6 million worth of funding from the River District Urban Renewal Area.

"There is definitely a demand for affordable housing in the Pearl, just as there is in most central city neighborhoods," said Nicole Peterson, BRIDGE's Northwest director. "The wait-lists for affordable housing there are long."

Beyond providing affordable housing, the Abigail will also offer a family-focused development. Sixty percent of its units will be two- or three-bedrooms, and it's located not far from The Fields Neighborhood Park, the Zimmerman Community Center and Portland Public Schools' Early Learners Academy in the Ramona, another affordable housing project.

The introduction of more families and children is another differentiator in this phase of the Pearl's development. In addition to The Abigail, The Overton will offer 88 apartments of two bedrooms and one or two bathrooms, which it deems family friendly, as well as an outdoor area for kids.

That's something that was part of the long-term view for the North Pearl, according to [Troy Doss](#), a senior city of Portland planner who worked on the city's North Pearl District Plan, which was adopted in 2008. That plan went so far as to recommend incentives for builders who offered units with two or three bedrooms. Doss said the population data, which showed an average of 50 children being born to families in the Pearl District every year, merited the focus on families.

"That's two-and-a-half to three kindergarten classes a year," he said, "which was telling us that the next phase of development really needed to have a family component."

### The bubble zone

For anyone who remembers the condo boom and bust of the late 2000s, it's only fair to ask if the latest development craze in the Pearl might seem a tad familiar — and on a similar track to over saturation and collapse. Developers acknowledge as much, but they're confident that the time is right. [Bob Ball](#)'s project,

The Parker, leased nearly a quarter of its units while it was still under construction. [Sweitzer](#) said [Hoyt Street](#) has 400 prospects in its database for the Cosmopolitan, though she's still gun-shy after what happened during the Great Recession.

"That is what keeps me awake at night," she said. "This is the biggest project we will do and it's at a time when the market is not completely stable."

Still, 18 or so years after [Hoyt Street](#) started defining the Pearl, their future looks fairly bright. [Sweitzer](#) said the company has worked its way through about three-quarters of its 34-acre holdings in the Pearl. She'd like to see more office space in the district, possibly even with [Hoyt's](#) next project. She, along with other developers, also sounds optimistic when talking about what's left to develop in the Pearl.



Pearl West will add much-needed office space to the Pearl District when it opens for business in February 2016.

Rendering: GBD Architects

"I wouldn't be surprised if the rest of the Pearl gets developed in this cycle," said Mill Creek's [Rodriguez](#). "The Pearl is one of those self-fulfilling prophecies. Everyone thinks that it's great and so it becomes great. It's an ascending spiral."