



Photo Source: CenterCal Properties, LLC

CASCADE STATION

PORTLAND, OREGON

TYPE: MIXED-USE

SIZE: 117 ACRES

USE:

RETAIL: 800,000 SF

OFFICE: 1,100,000 SF

HOTEL: 400+ ROOMS

DURATION: 1997-PRESENT

PUBLIC PRIVATE PARTNERS:

PORT OF PORTLAND

PORTLAND DEVELOPMENT COMMISSION

CITY OF PORTLAND

TRIMET

BECHTEL

GROUND LESSOR: PORT OF PORTLAND

The site is situated adjacent to Portland International Airport, and the land is owned by the Port of Portland. As part of a public/private partnership formed in 1999, between the Port, PDC, Trimet, the City of Portland, TCC and Bechtel, Bechtel/TCC constructed and partially funded a 5.5 mile extension of the Max Light Rail to the airport, installed streets and utilities, and obtained the right to lease 117.5 acres of Port. The area was named Cascade Station and a zoning district was established allowing a mix of uses including office, hotel, and retail.

TCC and Bechtel completed the Max LRT extension and the project infrastructure in 2001, but no development had occurred on the property for a variety of reasons including: a prohibition on retailers larger than 60,000 square feet which precluded strong retail anchors; unrealistic, New Urbanist design rules imposed by the city; Bechtel's inflexible financial structure and poor sponsorship; and poor timing.

In 2004, Bechtel agreed to sell its interest to TCC. We worked with the public agencies and Bechtel to restructure the project. We obtained new FAA approvals, restructured the ground lease, obtained a zoning code amendment allowing retail anchors and softening the New Urbanist design requirements, executed agreements to eliminate the senior debt (tax exempt debt), and junior debt (held by PDC) in exchange for 36 acres of lease rights, and executed agreements with IKEA and Costco to anchor the project.

Due to our knowledge of ground leases, complex financial structures, a variety of product types and to our skill in working with the public partners (particularly the Port), we turned the project into a huge success. The property includes 800,000 square feet of retail, 287,000 square feet of office, and 400 hotel rooms for a total value of \$300+ million. An additional 750,000 square feet of office is planned. This property is being developed under 10-15 different ground leases with the Port of Portland.