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PORTLAND BUSINESS JOURNAL

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Civic turns Burnside into middle-income lure

The Portland Business Journal - April 21, 2006 by [Wendy Culverwell](#) Business Journal staff writer

When the Gerding/Edlen development team first contemplated a retail/condominium project on West Burnside at PGE Park, the gritty thoroughfare was not supposed to feature prominently in the plans.

Traffic would turn off potential buyers -- or so the reasoning went as Gerding/[Edlen Development Co.](#) and its partners set about building The Civic, a 16-story, 261-unit project at Southwest 19th Avenue and Burnside.

But the more the team studied the market, the more it learned that would-be buyers saw Burnside as a positive feature, not a negative one. The resulting building, now under construction, is oriented toward Burnside instead of against it.

Success is measured in sales -- more than 80 percent of the units have sold with almost no advertising beyond a sign posted at the construction site.

The buyers that this project appeals to were starving for a more cutting-edge environment -- grittier and urban, said Todd Prendergast, principal at The [Realty Trust](#), which is handling sales.

They celebrate Burnside, with its signature occupants, like Powell's City of Books, the Crystal Ballroom, the [Uptown Shopping Center](#) and the redeveloped Brewery Blocks.

Significantly, The Civic's buyers are younger than those who lined up for some of Gerding/Edlen's recent and ongoing projects, which include the Henry in the Pearl District and three condominiums in development at the South Waterfront. The Civic's tend to be in their 20s and 30s and a significant portion are first-time buyers or already live in the urban core in rentals.

In contrast, high-end projects like the Henry and the Meriwether sold to buyers who, on average, were in their mid-50s. The John Ross, another South Waterfront property in construction, is selling to buyers in their early 40s, which until now was Gerding/Edlen's youngest crowd.

As a result, The Civic could signal a different kind of condominium development in Portland -- one that aims for younger, creative-class buyers.

Prendergast said buyers are split among first-time home buyers, people returning to the urban core who may have owned one of two residences in the past, and buyers relocating from somewhere else in the urban core.

Seventy-five percent are unmarried and the building has tended to appeal to men -- perhaps because of a recent run of sales to firefighters.

Prendergast agrees the middle market has been underserved by developers and he expects more projects to target that group in the future as a result of The Civic's success.

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Tom Cody, the Gerding/Edlen principal in charge of The Civic project, said he wasn't surprised at how well it has sold and promised that there will be more like it.

The Civic isn't exactly inexpensive, but with at least a few units starting below \$200,000 and three-quarters of all units priced below \$350,000, it is among the least expensive option for condo buyers who want new construction in Portland's urban core.

Until now, downtown buyers who didn't have the money -- or desire -- for the South Waterfront had little choice but to look at converted apartments. The former [Portland Center Apartments](#), being redeveloped as the Harrison condominiums, is a prime example.

The high cost of land explains why developers target the high end of the market, said Larry Remmers, senior vice president and manager for the real estate group at Wells Fargo, one of the leading construction lenders for Portland condominiums.

With land priced at between \$3 million and \$4 million a block, builders have to command high prices to get their projects financed.

As a result, condominiums priced between \$200,000 to \$300,000 are in short supply unless you consider converted apartments, he said.

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