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**CONDO-HOTEL LIVING**

By Olga Kharif

## The Right Design for Condo Marketing

To lure buyers for their new high-end towers, two Oregon developers took the radical step of turning the job over to a design firm

**SPECIAL REPORT** CONDO-HOTEL LIVING

Two years ago, Steve McCallion spent numerous weekends jogging along the broken pavement through an old industrial area between downtown Portland, Ore., and the quiet suburban neighborhood overlooking the Willamette River. It was a no-man's-land. Hopping over ditches and cracks, McCallion didn't have exercise on his mind. This was work.

McCallion, a creative director at the Portland-based design firm Ziba, had been hired for an unusual project: to create a marketing strategy for real-estate developers Williams & Dame Development and Gerding/Edlen Development, which were transforming the 38-acre site into high-end condo towers and retail spaces. Called the River Blocks in South Waterfront, the project won't be completed until 2010, though individual buildings will start welcoming residents as early as 2006. It's expected to cost some \$1.9 billion.

The project was a first for both Ziba, a firm better known for its high-tech and consumer-electronics work, and for the developers, which had never worked with a design firm before. But selling a whole neighborhood without a prior identity was no easy task. Worse, after a decadelong building boom, Portland was facing the possibility of a cooling market.

**MUD ZONE.** In the next two years, some 2,700 new condos will go on sale -- up from 400 to 800 units in a typical two-year period, according to land-use economist Jerry Johnson, principal at Johnson Gardner. And as supply increases, Portland's condo prices could plummet 15% to 20%. Only strong marketing will separate the winners from the losers.

So as McCallion ran, he contemplated how to persuade buyers to purchase a condo at the River Blocks -- still a construction zone of mud, cranes, and men in hard hats -- when plenty of cleaner and cheaper options are available. In place of the standard approach -- a crammed sales office with a building model and bowl of hard candy -- McCallion developed a marketing strategy that focused more on the people than on the buildings.

The Ziba team began by interviewing some 60 Portlanders, all of whom had expressed interest in the development, about their daily routines. What emerged was, "People are moving back to the city to spend more time in cultural and social interactions," says McCallion. "They have an image in their head of how they want to live, an aspiration of a lifestyle." McCallion's goal was to show how the River Blocks met those aspirations.

**MUSEUM PIECE.** That consumer research led Ziba to develop the 12,000-square-foot Discovery Center, a space designed to give buyers a feel for the neighborhood, its buildings, and what it would be like to live there. Situated right next to the construction site, the center has a spacious front patio with a fountain. Lounge chairs are positioned around an outdoor hearth, which Ziba found resonated with buyers as a symbol of quality family time. The building itself was inspired by a New York art museum. It also features the

word "venture" prominently imprinted on its concrete facade, a nod at prospective buyers' love of travel.

Inside, the open showroom, with its floor-to-ceiling glass wall, is partitioned into distinct areas devoted to the neighborhood and to the two buildings under construction. In the neighborhood space, a large model of all buildings in the development stands illuminated beneath glass, like a museum artifact.

The two other spaces look like furnished condo mockups, with full-scale kitchens complete with coffeemakers and living-rooms filled with modern sofas and flat-screen TVs. One wall might feature a large-scale photograph of downtown Portland at night. Building models and floor plans are displayed like works of art. Without actually showing a model condo, "these elements give someone an overall sense of what this lifestyle will look like and feel like," says McCallion.

**STORYTELLERS.** Ziba also designed guidebook-like brochures with maps of the future neighborhood and suggestions of places to eat, biking paths, and destinations that can be reached on the streetcar and tram lines due to come online next year. One page describes sitting next to interesting people at a neighborhood coffeeshop. The heading -- "Coffee with a Nobel laureate. Well, maybe next to her" -- refers to possible encounters with brainy inhabitants of the planned 400,000-square-foot, 16-story research building that's part of nearby Oregon Health & Sciences University.

Other brochures tell the "story" of each building. The elliptical John Ross tower is expected to attract professionals in their 40s who secretly wish they lived in Manhattan. The large-format brochure, with its black cover and dramatic color scheme of white, black, and silver, evokes a cosmopolitan city. It describes the panoramic cityscapes and easy access to the best restaurants that residents will enjoy.

The brochure for the two Meriwether towers, designed to attract empty-nesters in their 50s, features more subdued gray and beige tones and floral patterns, a reference to the nearby river where inhabitants can take walks or go bird-watching.

**SPEEDY DELIVERY.** Certain design elements of the brochures are influencing the artworks and materials used in the buildings. For instance, the pattern of plants that Portland artist Kay French designed for the Meriwether brochure will be used in that complex's lobby, says McCallion.

While the use of design firms is virtually unheard of in real-estate circles, the approach might become more widespread in the coming years. "People are quick to copy success," says Anthony Licata, an adjunct professor of real estate at Northwestern's Kellogg School of Management.

And so far, this unusual marketing approach seems successful. The 245 condos, townhouses, and penthouses in the development's first complex -- the Meriwether -- sold in a little over six months. The developers sold 84% of the 287 condos in the John Ross building in a mere six days.

Such results have others in the field paying attention. Homer Williams, co-founder of Williams & Dame, plans to work with Ziba to market a new development in Los Angeles. Says Williams: "Even if [Ziba] cost us a little more, we would be happy to use them." Success speaks for itself.

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