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Gerding Edlen Closes on Construction Loan for Brewery Block #3

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Full Text (458 words)

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PORTLAND-Gerding Edlen Development has closed on a \$35.7-million construction loan for Block #3 of its five-block redevelopment of the former Blitz Weinhard Brewery on the northwest edge of Downtown Portland.

The short-term loan from the Union Labor Life Insurance Co. will be used to develop The Henry, a 15 story, 123-unit condominium tower with about 14,000 sf of ground floor retail. The site is a former parking lot adjacent the armory building, which occupies half of Block #3. Howard S. Wright is the contractor. GBD Architects is the project designer. Completion is scheduled for March 2004.

John Petersen of LJ Melody sourced the loan for Gerding Edlen. The term and rate of the loan is being kept confidential, but the term for such a loan would be between 2.5 years and 3.5 years, allowing time for construction and sales, while current interest rates for such a deal would be between 200 and 300 basis points over LIBOR. Union Labor Life Insurance's "J for Jobs" separate account is providing the funding on behalf of Pearl Gateway Condominiums LLC.

Gerding Edlen representatives were unavailable for comment on Wednesday on how pre-sales are going for the condo project and how leasing is going for the rest of the 1.7-million-sf development. Last month, Sur la Table, the Seattle-based cookware retailer, opened 6,100-sf location in Block Two. In July, PF Chang's told GlobeSt.com it was looking into opening a 6,500-sf location in the Brewery Blocks, "but nothing is signed yet," and 24-Hour Fitness was said to be negotiating for the afore-mentioned armory building. A year ago, the organic supermarket Whole Foods leased the 43,000-sf ground floor of Block One and Gordon Biersch Brewery and Baja Fresh took a combined 14,000 sf on the ground floors on Block Two.

"We have a deal in the works for just about every retail space in blocks Two and Four," Edlen told GlobeSt.com in late July, the last time new leases were announced. "Before Christmas, we couldn't buy a phone call, but since January it's been very, very active."

As for the office space in the blocks, Block One is 95% leased, Block Four is close to 60% leased and Block 2, which was sold off to finance the rest of the project, was less than 20% leased. The office tenant in Block One is Tycom (80,000 sf). The office tenants in Block Four are the Art Institute of Portland (82,000 sf) and M Financial

(52,000 sf). The tenants announced so far for Block Two are Pacific Real Estate Management, Gerding Edlen and GBD Architects, which have committed to 4,000 sf, 7,000 sf and 15,000 sf, respectively.

John Kellogg of HSM Pacific is handling retail leasing at the project. Gerding Edlen's Scott Eaton is handling office leasing.

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