CENTRAL CITY PLANNING AREA OFFICE MARKET STUDY

FINAL REPORT

RESULTS: OFFICE SPACE DEMAND PROJECTIONS
EXECUTIVES INTERVIEWS
TENANT SURVEY

Prepared for: PORTLAND DEVELOPMENT COMMISSION

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EXECUTIVE SUMMARY
CCPA OFFICE MARKET STUDY

This executive summary covers material contained in the consultants' final report and appendices.

A. PURPOSE AND METHODOLOGY

This study of office space supply and demand is part of a larger analysis of future development opportunities for the Central City Planning Area (CCPA) of Portland. The twofold purpose of the study is to examine current office market conditions in the CCPA and to project future supply and demand conditions to the year 2005.

To do this, the consultants analyzed quantitative office market data, interviewed 13 key office market executives, surveyed 173 tenants in 10 office buildings, and used a computerized office supply and demand projection model to create five scenarios of future market conditions.

B. HISTORICAL OFFICE DEVELOPMENT PATTERNS IN THE CCPA

In the CCPA, more than one-third of the current office space inventory (4,822,595 square feet) has been constructed within the last five years, with 81.8 percent of that amount located in the Downtown district (3,944,595 square feet).

Construction of office buildings in the Downtown district over the last five years has equaled the number built (18) during the decade of the 1970's and exceeded the number built (15) during the 1960's.

In the Downtown district, construction trends demonstrate an increasing average building size. So far, 1980 buildings average nearly 220,000 square feet, with the largest building containing 752,000 square feet.

At least 31.2 percent of the total CCPA office building inventory has been renovated. The majority of renovation activity has occurred in buildings constructed before 1960, 47 out of 49 reported renovations. Out of those 47 buildings, 29 are designated as Historic. Out of the 49 reported renovations, 69.4 percent (34 buildings) has occurred between 1980 and 1985.

C. CURRENT OFFICE MARKET CONDITIONS

KAREN MYERS & ASSOCIATES maintains a computerized inventory of office space in the Portland area. As of March 1986, the CCPA inventory contains 157 buildings with 13,936,744 total net rentable square feet.

Of all the CCPA districts, Downtown contains the vast majority of the existing office market supply, both in terms of total buildings (144 out of 157, 91.7 percent) and total net rentable square footage (12,468,561 out of 13,936,744 square feet, 89.5 percent).

Overall for the Westside portion of the CCPA, vacancy currently stands at 20.6 percent. Buildings constructed prior to 1960 have the highest vacancy rate, at 26.5 percent. Buildings constructed during the 1970-1979 period have the lowest, at 12.4 percent.

Overall for the Eastside portion of the CCPA, vacancy currently stands at 13.3 percent. Because of the relatively small number of buildings in the Eastside inventory, vacancy rates by year built are comparatively insignificant. It should be noted, however, that the largest number (4) of buildings and amount of space (724,000 square feet) date from the 1980-1985 period, at that these buildings have the second lowest vacancy rate, 11.7 percent.

Office buildings classified as "A" and "B" type space presently have the lowest vacancy rate in the CCPA, 17.9 percent and 17.8 percent respectively.

Planned projects, for which square footage is announced, total 2,292,854 square feet including new construction and renovations. Scheduled for completion in 1986 are 589,354 square feet of renovated space. In 1987, 330,000 square feet of new Class A space and 30,000 square feet of renovated space are scheduled. The balance of planned space is scheduled for post 1987 completion; none of this space has announced start dates.

Utilization of space per employee in the Downtown has increased from 202 square feet in 1980 to 228 in 1985 according to the Building Owners and Managers Association. The "national average" is 200 square feet per employee for office workers. The average per employee in the 1986 tenant survey was 251 square feet.

D. ABSORPTION OF OFFICE SPACE

Office space absorption since 1980 was estimated using two alternative approaches: (1) by examining actual reported occupancy data for buildings in the KAREN MYERS & ASSOCIATES inventory; and (2) by analyzing historical office employment growth in conjunction with changes in density (square feet per employee).

The two methods yield virtually identical results for the CCPA as a whole: a 6-year total of about 2,852,000 square feet from the building inventory versus 2,870,000 from the employment-based approach. On an annual basis, the estimated average absorption is 475,300 net rentable square feet from the building inventory model and 478,400 from the employment model.

E. COMPARISON OF THE DOWNTOWN AND LLOYD CENTER OFFICE MARKETS

Downtown and Lloyd Center are two distinct market areas although for statistical purposes they have been united in the past (primarily because the Lloyd Center is so close to Downtown and, until recently, has been the only other submarket with similar building construction to Downtown).

The Lloyd Center office market is different from Downtown because: the area has relatively more parking; is perceived to be less congested and to have easier freeway access; and does not have the "image" attached to Westside space.

The Lloyd Center and Downtown office markets are similar in that: there is a cost for parking compared to suburban locations; both offer Class A office tower construction; rents are comparable; and both suffer from security problems.

F. COMPETITION WITH SUBURBAN OFFICE MARKETS

The suburban office markets are expected to increase their share of the region's new office space construction for several reasons:

- Parking restrictions in the Downtown are a competitive disadvantage to attracting tenants.

- Comparatively, there is less land to develop Downtown.

- Generally, the Downtown is perceived as a more expensive office location (land, rents, parking costs, commuting costs).

- Building quality in the suburbs has reached par with the Downtown.

The Downtown offers locational opportunities to certain tenants types including: law, accounting, finance, real estate, and other related fields. These types of tenants are perceived to "need" a Downtown location or "presence". Generally, Downtown offices for these types of tenants are "headquarters" locations.

G. RELATIONSHIP BETWEEN OFFICE DEVELOPMENT AND RETAIL AND PERSONAL SERVICE ESTABLISHMENTS

In a large office building, retail and personal services are an extra-added convenience for office tenants, but generally are not key location decision factors. It is more important to have a good mix in the area of the building. The Downtown district, in particular, already has this kind of mix. Comparatively, some of the suburban markets do not, but are expected to develop the needed services before too long (e.g., Kruse Way).

From an office leasing standpoint, other issues are more influential in the location decision including: image, parking, safety/security, public transportation, proximity to clients/customers/competitors and government offices/-courthouses.

H. SCENARIOS OF OFFICE SUPPLY AND DEMAND IN THE CCPA

The consultants used a computer "spreadsheet" model to project office space absorption from 1986 through 1990, and from 1991 through 2005 for the CCPA. Five "scenarios" were created corresponding to different assumptions about key variables: employment growth; trends in square footage per employee; and additions to the existing space inventory (plus absorption of existing vacant space).

The scenarios are labeled "A" through "E". Each scenario was chosen to represent circumstances with a reasonable chance of occurring based on different key variable assumptions.

The assumptions underlying the three projections are:

Variables	Scenarios A	B	C	D	E
Average Annual Employment growth after 1990:	1.5%	2.5%	2.0%	1.5%	2.5%
Sq. Ft. Per Employee:					
1990	213	213	228	243	243
2005	190	190	200	210	210
Office space additions (NRSF, millions):					
1986 - 1990	1.50	1.20	1.20	1.50	1.20
1991 - 2005	0	2.25	1.50	0	2.25

Based on these assumptions, the projected occupancy of office space in the CCPA under the postulated scenarios are:

Year	Scenarios A	B	C	D	E
1986 (actual)	80%	80%	80%	80%	80%
1990	75%	77%	82%	86%	88%
1995	78%	81%	85%	88%	91%
2000	81%	84%	87%	91%	94%
2005	84%	87%	89%	93%	96%

Target occupancy is considered to be 90 percent based on the executive interviews. The number of years required to reach 90 percent occupancy is 5.5 years in scenario E, 11.4 years in scenario C, 12.5 years in scenarios B and D, and 28.6 years in scenario A.

Since current office space occupancy in the CCPA is only about 80 percent and significant additions to the supply of space are under way or planned to begin soon, it should not be surprising that it could take five or more years to reach 90 percent occupancy overall, and perhaps much longer. Public policy initiatives aimed at increasing office employment growth in the CCPA beyond the Metro-based projections could improve the picture somewhat. These initiatives could include economic development activities to attract new businesses and expanded efforts to solve some of the perceived problems that mitigate against the Downtown.

CHAPTER I - INTRODUCTION

A. PURPOSE

The City of Portland is presently analyzing future development opportunities for a geographic region called the Central City Planning Area (CCPA). From the overall analysis, the city intends to develop a plan for the area, which will be used to guide development activities over the next 20 years.

The purpose of this study is to describe existing and future office space supply and demand in the CCPA. The study examines factors which have influenced growth to date and those expected to do so in the future. Office market trends are examined relative to the CCPA as a whole and its individual districts. Opportunities for the CCPA are examined in the contest of increasing competition from suburban office markets.

The study follows traditional research procedures to identify: net rentable office space inventory; construction trends; occupancy and vacancy rates; absorption patterns; planned office projects and opportunity parcels; employment; and square footage per employee.

A computerized supply/demand model projects future office space demand through the year 2005. Variables in the model are employment, square footage per employee, and absorption of existing vacant and planned new office space. The model describes three scenarios of future office market demand.

While it is impossible to accurately predict the future, this study uses the best information available today to create three "futures" based on realistic assumptions about the key variables. The three scenarios present a range of future market conditions: low, medium, and high. The projection period is divided into two parts: short-term (1986-1990) and long-term (1991-2005).

B. METHODOLOGY

The consultants performed the following tasks:

- An analysis of quantitative information from several sources including: Portland Development Commission; Metropolitan Service District; Portland Metropolitan Building Owners and Managers Association; Urban Land Institute; Norris, Beggs & Simpson; Cushman & Wakefield; Coldwell Banker; KAREN MYERS & ASSOCIATES computerized office space inventory (157 existing office buildings in the CCPA, plus space under construction and planned).

- Personal interviews with 13 key executives knowledgeable about the Portland area office market, in general, and the CCPA, in particular.

- A telephone survey of tenants in 10 Portland area office buildings (171 tenants). Supplementing this information are data from a July 1985 tenant survey performed by the consultants for Pacific Square Associates. Their willingness to allow use of that data for this study is appreciated.

- Development of future scenarios depicting the office market in the central city based on assumptions about office space supply and demand variables (employment, square footage per employee, and absorption of existing vacant office space and planned new, including renovated, office space). The consultants worked with Portland Development Commission staff to formulate assumptions.

- Preparation of the final report.

The report describes existing office market conditions and future opportunities. It also suggests options for public policy and activities which may, or may not, be used in the city's overall development of the Central City Plan.

C. INVENTORY OF OFFICE SPACE AND ASSUMPTIONS

KAREN MYERS & ASSOCIATES maintains a computerized inventory of office space in the Portland area. This study uses the inventory to examine historical trends, current conditions, and office space planned for the CCPA.

The inventory data includes: building name, address, district, market classification, year built, total net rentable square footage, occupied space, and vacant space.

Planned projects are similarly identified based on data known at this time (excepting, of course, occupied and vacant space). Other potential office properties are also identified. Properties in this latter category reflect office project opportunities based on locational factors, ownership, and market trends. They may, or may not, develop into actual office projects.

The inventory excludes: small single tenant buildings, such as bank branches; most government buildings; and other owner-occupied or major tenant-occupied buildings which are not tracked by the real estate community since they seldom, if ever, are available for lease. In addition, when a building is being renovated from another use into office space, a time lag sometimes occurs before it is included in published office market reports.

Inventory data are based on the most current information available to KAREN MYERS & ASSOCIATES from a variety of sources. Considerable variation in information exists among sources. The consultants were able to perform only limited validity checks within the scope of this contract.

Published data generally reflect major buildings dedicated to office uses. (That is, office space included with some other primary use is exempted). Most data report office buildings 10,000 square feet or larger; exceptions are usually older, often historic, buildings. We estimate that the KAREN MYERS & ASSOCIATES inventory for the Westside portion of the CCPA includes about 75 percent of all occupied office space.

To maintain consistency of data for statistical purposes, square footage information is reported from the same source. If not so identified by the source, square footage data is assumed to be net rentable space, as that is the usual, and most useful, office market measure.

Sources for the office market inventory pertaining to the CCPA include:

- Portland Development Commission, Briefing Paper 3, Historic & Current Office Space Development Trends in the Portland Metropolitan Area, March 1986.

- Portland Development Commission, Project Reference File (Draft Update), February 1986.

- Cushman & Wakefield, 4th Quarter 1985 Office Space Market, Central Business District and Lloyd Center, January 28, 1986.

- Norris, Beggs & Simpson, Survey of Class A Office Space Inventory, Downtown Core (CBD) - Lloyd Center Corporation - Historical Rehabs, January 15, 1986.

- Norris, Beggs & Simpson, 1985 Summary Class A & B Space, Downtown and Lloyd Center, January 7, 1986.

- Cushman & Wakefield, 1985 Year-End Statistical Summary, Westside Suburban Office Market, January 6, 1986.

- Portland Association of Building Owners and Managers, 1986 Portland Metropolitan Office Leasing Guide, Published 1985.

- Cushman & Wakefield, 1985 Year-End Statistical Summary, Central Business District, December 3, 1985.

- Portland Development Commission, Skidmore/Old Town Historic District Building List, Yamhill Historic District Building List, and Individual Historic Building List, August 28, 1985.

- Coldwell Banker, Summary of Available Office Space, Computer Printout, Portland Area Office Markets, July 29, 1985.

- Cushman & Wakefield, Office Space Survey, Central Business District and Lloyd Center, May 23, 1985.

- Coldwell Banker, Historic Absorption, Downtown Core and Lloyd Center Mid-Rise and High-Rise Class A & B, January, 1985.

Data shown in tables in the report reflect these sources as compiled into the CCPA office market inventory.

D. THE STUDY AREA

Exhibit 1 is a map of the CCPA showing the seven districts within the area. Wherever possible, the tables in this report provide data corresponding to the planning area and district boundaries. In some cases, the report presents data using alternative area definitions which correspond as closely as possible, but not exactly, to the CCPA boundaries.

In the case of employment and employment projections, the Metropolitan Service District presents data by census tracts. The relevant census tracts total an area somewhat larger than the CCPA. Exhibit 2 is a map showing the relationship between relevant census tracts and the CCPA.

E. ACKNOWLEDGMENT

We would like to thank Portland Development Commission staff for their cooperation and assistance during this project, especially Ms. Cheryl Twete.

EXHIBIT 1 - MAP OF CENTRAL CITY PLANNING AREA

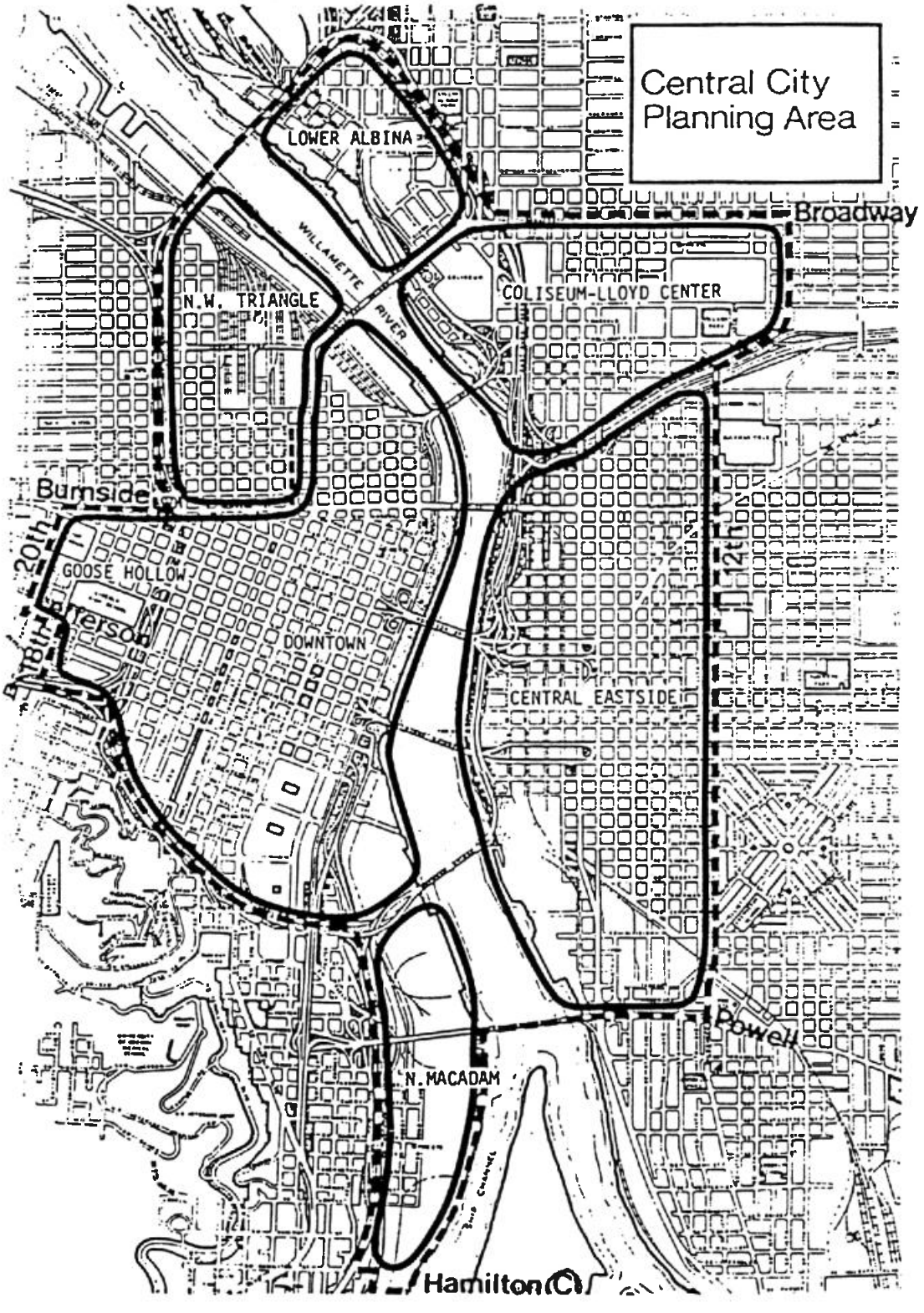

EXHIBIT 2 - MAP OF RELEVANT CENSUS TRACTS

CHAPTER II - CURRENT OFFICE MARKET CONDITIONS

This chapter describes current office market conditions in the CCPA. Elements of the description include: historical development and absorption of space, occupancy and vacancy patterns; space under construction and planned; trends in utilization of space, specifically, square footage per employee; and employment and employment projections.

The consultants note differences between information presented in this chapter and Briefing Paper 3 (Historical & Current Office Space Development Trends in the Portland Metropolitan Area, Portland Development Commission, March 1986), also prepared in connection with the CCPA research program. The consultants believe that this report is based on a more thorough documentation of existing office market conditions in the CCPA. Overall, the two documents present similar general conclusions about trends affecting the CCPA office market.

A. OFFICE SPACE SUPPLY AND OCCUPANCY STATUS

The office space inventory includes 157 existing buildings within the boundaries of the CCPA (see Exhibit 1). These buildings total 13,936,744 net rentable square feet.

Table 1 breaks down the existing inventory by CCPA district and Westside/Eastside sectors. The vast majority of office space is located in the Downtown district, 12,468,561 square feet (89.5 percent of the total inventory).

Dividing the CCPA into Westside and Eastside sectors shows 90.7 percent of the square footage located in the Westside and 9.3 percent located in the Eastside.

With the exception of the three Lloyd Center towers, the Downtown district contains all of the high-density, high-rise office buildings in the CCPA. For the most part, the Lloyd Center portion of the Eastside office market has been developed by one company, Lloyd Center Corporation. Whereas, a myriad of developers/owners have been responsible for development of the Westside office market.

Table 2 shows the current (year-end 1985) occupancy/-vacancy status for Westside office buildings by year built. Data are available to report this information for 95.8 percent (12,113,517 net rentable square feet) of the Westside inventory. Currently, 79.4 percent of the office space is occupied and 20.6 percent is vacant.

Considering that 33.6 percent of the Westside inventory has been constructed between 1980-1985, it is not surprising that buildings dating from this period would have a comparatively high vacancy rate. At 23.4 percent, it is the third highest rate among the four construction time periods. Major reasons include: poor overall economic conditions during recent years; time required to absorb new space entering the market; and increasing competition from suburban office markets. (See Chapter IV - Summary of Executive Interviews.)

Table 3 shows the same information for the Eastside. Occupancy/vacancy data are known for 96.9 percent of the Eastside inventory. Currently, 86.7 percent of the space is occupied and 13.3 percent is vacant.

Less office space overall and relatively lower lease rates and transportation costs are the major reasons for higher occupancy rates in Eastside buildings compared to Westside buildings. (See Chapter IV - Summary of Executive Interviews.)

The real estate community classifies office space for marketing purposes. The most frequently used designations are "A", "B", "C", and "Historic". Classification of buildings is often based on subjective evaluation. The consultants use these designations in their inventory and have defined them by combining often-used subjective wording as well as quantitative guidelines. The definitions below come from Briefing Paper 3 with the consultants added guidelines shown in parentheses.

Class A: These properties usually command the highest rentals because they are the most prestigious in their tenancy, location, and overall desirability. (Built since 1960; usually 200,000 square feet or more. Note: Some brokers use 1970 as a break-off date. However, the difference is not significant as only 2 buildings built between 1960 and 1969 would be affected.)

Class B: These buildings are yesterday's Class A structures and are priced slightly below those that qualify as Class A. (Built since 1980 but less than 200,000 square feet; built since 1960 and between 50,000 and 200,000 square feet; built since 1960 and also renovated since 1960; pre-1960 but renovated since 1960.)

Class C: These properties are older and reasonably well-maintained, but are below current standards. (Pre-1960 without renovation; built since 1960 and less than 50,000 square feet.)

Historic: Structures individually designated on city or national registers, or considered significant (primary or secondary) contributing buildings in areas designated as city or national historic districts.

Table 4 portrays the CCPA office market by type or "class" of space. Occupancy and vacancy data are available for 129 buildings, 82.2 percent of the inventory. For these buildings, Class "B" space has the lowest occupancy at 17.8 percent, followed closely by Class "A" space at 17.9 percent. Historic buildings have the highest vacancy at 33.8 percent.

Many reasons exist for the differences in occupancy rates among types of office space including:

- Space in Class A and B buildings is generally the most desirable; hence lower vacancy rates.

- The overall poor economy during the first half of the 1980's caused a "softening" in rental rates (less rate increases and more negotiated rates in the "tenants' market"). As a result, tenants have been able to move up to "better" space with relatively little, if any, increase in lease rates.

- Historic space is in a difficult position. While renovated, it is still "older" and may lack some of the amenities available in the newer A and B space. But, because it is renovated, it is generally offered at higher rates than Class C space (also older). The higher rates bring it more into competition with the "effective" or negotiated rates being offered in the newer A and B space.

Table 1

INVENTORY OF OFFICE SPACE BY CCPA DISTRICT

CCPA District	Office Buildings		Net Rentable S. F.	
	Number	Percent	Number	Percent
Downtown	144	91.7%	12,468,561	89.5%
North Macadam	1	0.6	154,000	1.1
Goose Hollow	2	1.3	19,800	0.1
Northwest Triangle	0	0	0	0
Subtotal Westside:	147	93.6%	12,642,361	90.7%
Coliseum/Lloyd Center	3	1.9	861,000	6.2%
Central Eastside	7	4.5	433,383	3.1
Lower Albina	0	0	0	0
Subtotal Eastside:	10	6.4%	1,294,383	9.3%
Total CCPA:	157	100.0%	13,936,744	100.0%

Source: KM & A Inventory, March 1986.

KEY FINDINGS: Of all the CCPA districts, Downtown contains the vast majority of the existing office market supply, both in terms of total buildings (144 out of 157 buildings in the inventory) and total net rentable square footage (12,468,561 out of 13,936,744 square feet).

Table 2

WESTSIDE OCCUPANCY AND VACANCY STATUS
YEAR-END 1985 BY BUILDING COMPLETION DATE

Westside Buildings with Reported Occupancy Data: (95.8 percent of the total Westside inventory of 12,642,361 net rentable square feet).

Building Date	Number of Buildings	Net Rentable Square Feet			
		Occupied	Vacant	Total	% Vacant
Pre-1960 1/	73	2,747,519	989,836	3,737,355	26.5%
1960-1969	15	906,523	156,009	1,062,532	14.7
1970-1979	16	2,844,965	401,070	3,246,035	12.4
1980-1985	17	3,116,511	957,084	4,067,595	23.4
Total	121	9,615,518	2,297,999	12,113,517	20.6%

Westside Buildings with No Reported Occupancy Data: (4.2 percent of the total Westside inventory).

Building Date	Number of Buildings	Total NRSF
Pre-1960	20	368,515
1960-1969	1	88,900
1970-1979	2	38,429
1980-1985	2	31,000
Unknown	1	2,000
Total	26	528,844

1/ The inventory contains 37 buildings constructed prior to 1960 which were renovated between 1972 and 1985. The consultants believe some of these buildings were not in office use prior to renovation. However, data are not available at this time to accurately determine which buildings or how much square footage actually represents "new" office space from the time of renovation. Year built data are not available for 2 buildings in the Downtown; inventory assumes they were built prior to 1960.

Source: KM & A Inventory, March 1986.

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KEY FINDINGS: Overall for the Westside office market, vacancy currently stands at 20.6 percent. Buildings constructed prior to 1960 have the highest vacancy rate, at 26.5 percent. Buildings constructed during the 1970-1979 period have the lowest, at 12.4 percent.

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Table 3

EASTSIDE OCCUPANCY AND VACANCY STATUS
YEAR-END 1985 BY BUILDING COMPLETION DATE

Eastside Buildings with Reported Occupancy Data: (96.9 percent of the total Eastside inventory of 1,294,383 net rentable square feet.)

Building Date	Number of Buildings	Net Rentable Square Feet			
		Occupied	Vacant	Total	% Vacant
Pre-1960 1/	1	47,684	3,316	51,000	6.5%
1960-1969	1	6,520	5,000	11,520	43.4
1970-1979	2	394,147	73,853	468,000	15.8
1980-1985	4	639,322	84,678	724,000	11.7
Total	8	1,087,673	166,847	1,254,520	13.3%

Eastside Buildings with No Reported Occupancy Data: (3.1 percent of the total Eastside inventory).

Building Date	Number of Buildings	Total NRSF
Pre-1960	1	23,863
1960-1969	0	
1970-1979	1	16,000
1980-1985	0	
Total	2	39,863

1/ 2 Central Eastside buildings, constructed prior to 1960, were previously in other uses. They are shown in the 1980-1985 period as that was when they were renovated into office space and added to the inventory as "new" space.

Source: KM & A Inventory, March 1986.

KEY FINDINGS: Overall for the Eastside office market, vacancy currently stands at 13.3 percent. Because of the small number of buildings in the Eastside inventory, vacancy rates by year built are relatively insignificant. It should be noted, however, that the largest number (4) of buildings and amount of space (724,000 total net rentable square feet) date from the 1980-1985 period, and that these buildings have the second lowest vacancy rate, 11.7 percent.

Table 4

OCCUPANCY AND VACANCY STATUS
YEAR-END 1985 BY TYPE OR "CLASS" OF SPACE 1/

Class of Space	Number of Buildings	Occupied	Vacant	Total	% Vacant
A	24	5,934,503	1,292,017	7,226,520	17.9%
B	36	2,650,395	573,504	3,223,899	17.8
C	43	1,664,985	568,196	2,233,181	25.4
Historic	26	453,308	231,129	684,437	33.8
Total CCPA	129	10,703,191	2,664,846	13,368,037	19.9%

1/ Data are available for 129 (82.2 percent) of the 157 buildings in the inventory.

Source: KM & A Inventory, March 1986.

KEY FINDINGS: Office buildings classified as "A" and "B" type space presently have the lowest vacancy rate in the CCPA, 17.9 percent and 17.8 percent respectively.

B. HISTORICAL CONSTRUCTION TRENDS

Table 5 shows office building construction trends by CCPA district for four time periods: pre-1960; 1960-1969; 1970-1979; and 1980-1985 (based on year completed as recorded in the office space inventory). 61.1 percent of the buildings were constructed prior to 1960 and 38.9 percent have been constructed since 1960.

During the 1960's and 1970's, new office building construction in the Downtown totaled 15 and 18 buildings, respectively. With only half of the 1980's decade completed, new construction in the Downtown already totals 18 buildings.

In only four of the 25 years between 1960 and 1985 has there not been a new building added to the Downtown inventory (1962, 1964, 1978, and 1985). (Note: And no new building will complete in 1986).

The Downtown inventory contains 37 buildings constructed prior to 1960 which were renovated between 1972 and 1985. The consultants believe some of these buildings were not in office use prior to renovation. However, data are not available to accurately determine which buildings or how much square footage actually represents "new" office space from the time of renovation. These buildings are classified as Historic or Class B space in the inventory.

On the other hand, 2 Central Eastside buildings were renovated into office use since 1980 (the buildings were previously in other uses). As a result, they are included in the 1980-1985 time period as that is when they were "added" to the inventory.

Table 6 shows office space construction trends by CCPA district for the same time periods shown in Table 5. Pre-1960 construction totals 30.0 percent of the office space inventory and post-1960 construction totals 69.9 percent (percentages do not total 100.0 percent due to rounding).

Shown in Table 7, a separate analysis of the Downtown district further demonstrates construction trends. Average building size increased from 44,098 square feet in pre-1960 buildings to 219,144 square feet in buildings constructed between 1980 and 1985. The largest office building contains 752,000 square feet of net rentable office space.

Table 8 contains a special analysis of renovation trends in the CCPA. The Westside portion of the office space inventory contains most of the reported renovations, 47 out of 49 buildings. Buildings designated as historic structures received 59.2 percent (29 buildings) of the renovation activity; all are located in the Downtown.

The consultants believe there are other buildings which have had varying degrees of renovation over time, but which have not been reported in published real estate reports.

The tables in this report section highlight several important construction trends (which are pertinent to this marketplace and may, or may not, represent real estate industry trends):

- The early 1980's was certainly a construction "boom" period, especially in the Downtown, for both "new" and renovated buildings. One needs to look back to the mid to late-1970's for reasons. During this period, real estate investment returns were comparatively high. Fuelled by economic expansion, tax incentives, and inflation, many construction decisions were made during this period, although the buildings were not completed until the 1980's. It now appears that perhaps not enough intelligence was gathered about potential competition, both in the Downtown and suburban markets. When coupled with the 1980's economic recession, the result is an oversupply of office space and a "tenants'" market.

- The CCPA market is not alone in this situation. Other Portland office markets, as well as other cities around the country, are experiencing similar, or worse, conditions.

- In the Downtown market, several of the newer buildings have major owner-occupants and/or were developed by major institutions, such as, First Interstate Tower, Bank of California Tower, Standard Insurance Center, Willamette Center, Orbanco Building, Pacific First Federal, Blue Cross Headquarters, U. S. Bancorp Tower, One Pacific Square, and Pacwest Center. While these buildings also contain "speculative" space, there may not be many other companies in this market with the resources to make such facility investments, or with the need to take such large amounts of office space. This may imply that a larger proportion of future space will be speculative. It may also imply that a larger percentage of future growth will need to be from firms entering this market for the first time or making major expansions.

- Building size is increasing. Implied reasons include: the higher cost of land in the urban Downtown, in particular, compared to suburban locations; the image and prestige associated with office towers which afford panoramic views and sufficient space to include tenant amenities such as restaurants, health clubs, common conference rooms, and retail and personal services establishments; and a larger amount of space, in general, over which to spread development costs related, not only to the building itself, but to structured parking, higher quality finishes, and other features required by the market or government regulation.

- An increasing amount of space is being renovated, particularly historic space. Economic forces, such as tax benefits and special grants and loan programs, encourage historic renovation. In addition, general community interest in preserving and showcasing the area's heritage positively influence renovation activities. Market demand, however, is lagging behind supply. The inventory contains 33 historic buildings. Occupancy and vacancy data are available for 26 (684,437 square feet) of the 33 buildings (741,820 square feet). Vacancy in these 26 historic buildings is at 33.8 percent, considerably higher than that of the overall marketplace at 19.9 percent. Some of the higher vacancy may be due to the relatively large amount of renovated historic space that has recently come onto the market; 22 (44.9 percent) out of the 49 renovations in the inventory are historic buildings renovated between 1980-1985.

- The executive interviews identified other constructions trends including: advanced building systems (high-speed elevators, electronic heating, cooling, lighting, and security systems), pre-wired and/or built-in communications and data processing systems, more efficient construction techniques, and use of higher quality finishes and tenant improvements. (See Chapter IV and Appendix 2.)

Table 5

OFFICE BUILDING CONSTRUCTION TRENDS BY CCPA DISTRICT

CCPA District	Total Buildings = 157							
	Pre-1960		1960-1969		1970-1979		1980-1985	
	#	%	#	%	#	%	#	%
Downtown 1/	93	59.2%	15	9.6%	18	11.5%	18	11.5%
North Macadam	0	0	0	0	0	0	1	0.6%
Goose Hollow	1	0.6	1	0.6	0	0	0	0
Northwest Triangle	0	0	0	0	0	0	0	0
Subtotal Westside:	94	59.9%	16	10.2%	18	11.5%	19	12.1%
Coliseum/Lloyd Center	0	0	0	0	2	1.3%	1	0.6%
Central Eastside 2/	2	1.3%	1	0.6%	1	0.6%	3	1.9%
Lower Albina	0	0	0	0	0	0	0	0
Subtotal Eastside:	2	1.3%	1	0.6%	3	1.9%	4	2.5%
Total CCPA: 3/	96	61.1%	17	10.8%	21	13.4%	23	14.6%

1/ Footnote 1/ Table 2.
2/ Footnote 1/ Table 3.
3/ Percentages may not total 100.0 percent due to rounding.

Source: KM & A Inventory, March 1986.

KEY FINDINGS: Construction of office buildings in the Downtown district over the last five years has equaled the number built (18) during the decade of the 1970's and exceeded the number built (15) during the 1960's.

Table 6

OFFICE SPACE CONSTRUCTION TRENDS BY CCPA DISTRICT

CCPA District		Total Square Footage = 13,936,744			
		Pre-1960	1960-1969	1970-1979	1980-1985
Downtown 1/	(SF)	4,104,070	1,135,432	3,284,464	3,944,595
	(%)	29.4%	8.1%	23.6%	28.3%
North Macadam		0	0	0	154,000
		0	0	0	1.1%
Goose Hollow		3,800	16,000	0	0
		0.1%	0.1%	0	0
Northwest Triangle		0	0	0	0
		0	0	0	0
Subtotal Westside:		4,107,870	1,151,432	3,284,464	4,098,595
		29.5%	8.3	23.6%	29.4%
Coliseum/Lloyd Center		0	0	468,000	393,000
		0	0	3.4%	2.8%
Central Eastside 2/		74,863	11,520	16,000	331,000
		0.5%	0.1%	0.1%	2.4%
Lower Albina		0	0	0	0
		0	0	0	0
Subtotal Eastside:		74,863	11,520	484,000	724,000
		0.5%	0.1%	3.5%	5.2%
Total CCPA: 3/		4,182,733	1,162,952	3,768,464	4,822,595
		30.0%	8.3%	27.0%	34.6%

1/ See Footnote 1/ Table 2.
2/ See Footnote 1/ Table 3.
3/ Percentages may not total 100.0 percent due to rounding.

Source: KM & A Inventory, March 1986.

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KEY FINDINGS: In the Central City Planning Area, more than one-third of the office space inventory has been constructed within the last five years, with 81.8 percent of that amount located in the Downtown district.

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Table 7

CONSTRUCTION TRENDS IN THE DOWNTOWN

Time Period	Number of Buildings	Total Square Feet	Average Building Size	Largest	Smallest
Pre-1960 1/	93	4,104,070	44,098 2/	252,000	2,000
1960-1969	15	1,135,432	75,695	196,890	14,400
1970-1979	18	3,284,464	182,470	555,000	14,500
1980-1985	18	3,944,595	219,144	752,000	10,000
Total	144	12,468,561	86,587		

1/ Footnote 1/ Table 2.
2/ Actually may be less. Buildings under 10,000 square feet may be underrepresented in the inventory as they are not generally tracked by the real estate community. In addition, data only include buildings which are presently used as office space. Some pre-1960 buildings (that were probably small in size comparatively) may no longer exist.

Source: KM & A Inventory, March 1986.

KEY FINDINGS: In the Downtown district, construction trends demonstrate an increasing average building size. So far, 1980 buildings average nearly 220,000 square feet of net rentable space, with the largest building containing 752,000 square feet.

Table 8

CCPA RENOVATION TRENDS 1/

Building Classification	Time Period of Renovation 1960-1969	1970-1979	1980-1985	Total
Pre-1960 Construction:				
Historic 2/	0	7	22	29
Other: Westside	0	7	9	16
Eastside	0	0	2	2
Subtotal	0	14	33	47
Post-1960 Construction:				
Other: Westside	0	1	1	2
Total CCPA Renovations	0	15	34	49
Percent of CCPA Renovations	0	30.6%	69.4%	100.0%
Percent of Total Inventory (157 buildings)	0	9.6%	21.7%	31.2%

1/ May understate actual renovation activity and its implications. Data sources are not clear as to definition of renovation (i.e., renovation may, or may not, include total renovation of building systems, minor or cosmetic remodeling, and high quality general maintenance). Renovation activity on a building may, or may not, be reported. Some renovations may actually add to the inventory (e.g., space that was previously vacant or in some other use) whereas other renovations upgrade the quality of existing space within the inventory.

2/ Buildings are classified as historic in the inventory if they are individually designated on city or national registers, or if they are considered as primary or secondary contributing buildings in areas designated as historic districts.

Source: KM & A Inventory, March 1986.

KEY FINDINGS: At least 31.2 percent of the total CCPA office building inventory has been renovated. The majority of renovation activity has occurred in buildings constructed before 1960, 47 out of 49 reported renovations. Out of those 47 buildings, 29 are designated as Historic. Out of the 49 reported renovations, 69.4 percent (34 buildings) have occurred between 1980 and 1985.

C. OFFICE SPACE UNDER CONSTRUCTION AND PLANNED

Table 9 summarizes data about office projects under construction and planned. Also identified are other "opportunity" parcels in the Central City Planning Area. These are potential office projects which may actually be in a planning stage, but details are unavailable at this time, or which are frequently considered by the real estate community to have opportunity for future development.

At the present time in the Central City Planning Area, planned renovations total 619,354 square feet: 589,354 square feet (95.2 percent) are being readied for 1986 occupancy and 30,000 square feet (4.8 percent) for 1987 occupancy. Of the 1986 planned renovations, 135,000 square feet (22.9 percent) are located on the Eastside and 454,354 square feet (77.1 percent) are on the Westside.

One major new Class A office project is under construction. One Financial Place with 330,000 square feet is located at S. W. 2nd and Alder. It is scheduled for occupancy in 1987.

Four new office projects are planned which would total 1,023,500 square feet if constructed to the size currently announced. They are: Mark Project, Moyer Project, Pioneer Place, and River Forum II. All announce planned occupancy for 1988 (although two of the four, totaling 303,500 square feet, have indicated 1988 to be the earliest occupancy date).

One project (Terrace Plaza) is projected to be 320,000 square feet, but timing is unannounced at this time. Given current market conditions, the developer and the city are reevaluating development options and are considering housing instead of office for the one-half block site.

The inventory identifies twelve other planned or proposed projects and opportunity parcels. Square footage and timing are not available for these properties at this time. Some of them have been on the "drawing boards" for years, waiting to start for a variety of reasons including: improvement in market conditions (i.e., lowering of vacancy rates); a major tenant to be signed (for the office space itself or other project elements); and/or financing. If all of these potential projects were to be developed at an average of 250,000 square feet each, for example, another 3,000,000 square feet of office space would be added to the market.

Table 10 contains detailed data about the individual planned projects and major opportunity parcels in the Central City Planning Area.

Table 9

SUMMARY OF PLANNED OFFICE PROJECTS
AND OPPORTUNITY PARCELS IN THE CCPA

Project/Property Status 1/	Number	Est. Net Rentable Square Footage	Planned Completion
New Construction:			
Under Construction	1	330,000	1987
Planned with Scheduled Completion Date	4	1,023,500	1988 +
Planned/No Start or Completion Date	1	320,000	NA
Planned/Opportunity/ No Specific Data Available	12 (1 Eastside) (11 Westside)	NA	NA
Renovations:			
Under Renovation	11 (2 Eastside: 9 Westside:	589,354 135,000) 454,354)	1986
Planned with Scheduled Completion	1	30,000	1987
Total CCPA	30	2,292,854 (known)	

Source: KM & A Inventory, March 1986.

KEY FINDINGS: The planned projects, for which square footage is announced, total 2,292,854 square feet including new construction and renovations. Scheduled for completion in 1986 are 589,354 square feet of renovated space. In 1987, 330,000 square feet of new space and 30,000 square feet of renovated square feet are scheduled. Based on projects with announced square footage and completion plans, another 1,023,500 square feet of new construction are planned for 1988 or later. Possible additions include projects for which square footage and timing have not been announced. (Project detail is contained in Table 10.)

Table 10

DETAIL OF PLANNED OFFICE PROJECTS
AND OPPORTUNITY PARCELS IN THE CCPA

Project (Parcel)/ Location	Est. Net Rentable Square Footage	Status/ Scheduled Completion
New Construction:		
One Financial Place Prendergast & Associates 121 S. W. Morrison	330,000	Under Construction 1987
Melvin Mark S. W. 3rd and Alder	360,000	Planned/No Start Date 1988
Moyer Project S. W. Broadway and Yamhill	360,000	Planned/No Start Date 1988
Pioneer Place Rouse Company/PDC S. W. 4th and Yamhill	278,000	Planned/No Start Date 1988-1989
River Forum II North Macadam Waterfront	25,500	Planned/No Start Date 1988+
Terrace Plaza Olympia & York Adjacent to KOIN Tower	320,000	Planned/No Start Date
Two Pacific Square Pacific Square Associates S. W. 2nd and Everett (Old Town)	NA	Planned/No Start Date
Two Main Place S. W. 1st and 2nd between Main and Madison	NA	Planned/No Start Date
Union Pacific Property S. W. 9th and 10th between Alder and Washington	NA	Planned/No Start Date
Winningstad/Heron Property S. W. 4th and 5th between Market and Mill	NA	Planned/No Start Date
River Place S. W. Front	NA	Planned/No Start Date

Table 10 (Page 2)

Project (Parcel)/ Location	Est. Net Rentable Square Footage	Status/ Scheduled Completion
Balance of Pacific Square (Two Blocks) S. W. 3rd between Everett and Glisan	NA	Opportunity Parcels
Beim and James Property S. W. First and Washington	NA	Opportunity Parcel
Greyhound/Miller Estate/ Pacific Building S. W. 5th and 6th between Yamhill and Taylor	NA	Opportunity Parcel
Riviera Motors Property S. W. Market between 1st and Front	NA	Opportunity Parcel
Schnitzer Property S. W. 1st and 2nd between Oak and Stark	NA	Opportunity Parcel
PGE Station L Site Central Eastside Waterfront	NA	Opportunity Parcel
Zidell/Schnitzer Properties North Macadam Waterfront	NA	Opportunity Parcel
Renovations:		
200 Yamhill Building 204 S. W. Yamhill	20,750	Under Construction 1986
George Lawrence Building 300 S. W. 1st	48,000	Under Construction 1986
Police Block 209 S. W. Oak	36,000	Under Construction 1986
Skidmore Fountain Building 24 S. W. 1st	21,000	Under Construction 1986
Wells Building S. W. Broadway and Washington	90,799	Under Construction 1986
Kress Building 638 S. W. 5th	33,000	Under Construction 1986

Table 10 (Page 3)

Project (Parcel)/ Location	Est. Net Rentable Square Footage	Status/ Scheduled Completion
Yamhill Block/Director's 804 S. W. 3rd	77,000	Under Construction 1986
210 N. W. Broadway	82,805	Planned 1986
Dekum Building 519 S. W. 3rd	45,000	Planned 1986
Crossroads Center Hoeck Properties 25 N. E. 3rd	60,000	Under Construction 1986
Crossroads Place Hoeck Properties 17 S. W. 3rd	75,000	Planned 1986
Morrison Hotel S. W. Morrison and 16th	30,000	Planned 1987

Source: KM & A Inventory, March 1986.

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KEY FINDINGS: The inventory identifies 12 renovation projects (11 planned for 1986 and 1 planned for 1987) and 18 new construction projects and/or opportunity parcels. Excepting the 1 project under construction, none of the new construction projects or opportunity parcels have announced start dates.

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D. OFFICE SPACE PER EMPLOYEE

The 1982 Office Development Handbook, published by the Urban Land Institute of Washington D. C., suggests using an average of 200 square feet per employee as a general development guideline. Different types of office employees have different space needs, with some needing more or less than the average, shown in Table 11.

In its 1985 Experience and Exchange Report, the Building Owners and Managers Association reported the statistics shown in Table 12 about office space utilization in Downtown Portland (net rentable office space). In 1985 the average was 228 square feet per employee, compared to 202 square feet in 1980.

In the recently completed tenant survey (see Chapter V and Appendix I), the respondents were asked to report number of employees and square footage of space occupied. For tenants responding to both questions, the average was 251 square feet per employee and the median was 275 square feet per employee for Downtown and Lloyd Center tenants (7 building), as shown in Table 13. The survey was not a random sample of tenants in office buildings, rather it was a selected sample of certain kinds of buildings. As a result, the tenants may not represent an "average" of all tenants in the marketplace; thus, the larger square footage per employee should be taken at face value for those tenants surveyed and not generalized over the entire office market.

In the tenant survey completed in July 1985 by the consultants for Pacific Square Associates (used with permission), square footage per employee was calculated by building based on the relative size of tenants in the particular building. Results from that survey for Downtown and Lloyd Center tenants (6 buildings) are contained in Appendix I. Generally, the two surveys do not conflict. However, buildings in this survey too were selected, not random, and the results should not be generalized over the entire office market.

The executive interview work element probed for perceptions about office space utilization. Generally, the executives indicated a national trend toward fewer square feet per employee, with one executive seeing a move to 150-175 square feet per employee. Some of the reasons for a the downward trend include:

- As rental rates increase, those tenants "needing" to be Downtown will make more efficient utilization of their space;

- Improvements in space design techniques;

- As competition in the general marketplace increases, businesses look for more and better ways to increase productivity and facility efficiency, one element is space utilization; and

- Computers and telecommunications lower storage space needs.

However, the executives also indicated some reasons which portend square footage per employee might stay about the same or increase:

- Computers and telecommunications increase equipment space requirements; and

- As businesses which do not "need" to be Downtown move to suburban office space and/or as companies move their clerical functions out of the Downtown, the ratio of employees requiring larger amounts of space will increase in the Downtown (e.g., attorneys, accountants, and other professionals who occupy private offices which are generally spacious).

Square footage per employee is one of the key variables in the consultants' office space supply/demand projection model. The scenarios presented in Chapter III show the effect of changes in square footage per employee on future absorption of space using low, middle, and high values.

Table 11

NATIONAL OFFICE SPACE DEVELOPMENT GUIDELINES
BY TYPE OF EMPLOYEE - 1982
(Square Footage Per Employee)

Type of Employee	Suggested Square Footage Per Employee
General office worker:	65- 80 square feet
Supervisor:	100-120
Administrative assistant or secretary:	150
Executive assistant or secretary:	200-250
Administrative executive:	300
Executive with private office:	400-500
Average for office space in general:	200 square feet.

Source: Urban Land Institute.

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KEY FINDINGS: Office space utilization varies considerably by type of employee. The findings from the executive interviews indicate that space utilization in the CCPA could be expected to be larger than average due to the perceived preponderance of executives, administrators, and other employees with private offices. (See Chapter IV.)

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Table 12

SQUARE FOOTAGE PER EMPLOYEE BY TYPE OF BUILDING
IN DOWNTOWN PORTLAND - 1985

Type of Building	Square Footage Per Employee
All buildings (45 buildings with 5,802,606 square feet): 1/	228 square feet
Selected categories: 2/	
Downtown buildings less than 50,000 square feet (9 buildings with 254,663 square feet):	213
Downtown buildings between 50,000 and 100,000 square feet (9 buildings with 551,470 square feet)	170
Downtown buildings between 100,000 and 300,000 square feet (10 buildings with 1,524,130 square feet):	196
Downtown buildings between 300,000 and 600,000 square feet (4 buildings with 1,235,494):	228

(Note: 1980 survey of 46 buildings with 4,812,685 square feet showed 202 square feet per employee.)

1/ Represents 46.5 percent of the Downtown office inventory.
2/ Selected categories do not cover all 45 buildings.

Source: Building Owners and Managers Association.

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KEY FINDINGS: At 228 square feet per employee, space utilization in the Downtown is larger than the "national average" shown in Table 11. This finding supports the comments received from the executive interviews reported in Table 11.

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Table 13

TENANT SURVEY RESULTS
CONCERNING SQUARE FOOTAGE PER EMPLOYEE - 1986

Median square footage per employee:	275
Average square footage per employee:	251

Source: Tenant Survey by KM & A. (Detail is reported in Chapter V and Appendix I.)

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KEY FINDINGS: In the 7 Downtown and Lloyd Center buildings surveyed, average office space utilization is 25.5 percent greater than the ULI 1982 "national average" and 10.1 percent greater than the 1985 BOMA report for Downtown Portland. However, the tenant survey represented a small number of total buildings. While the results are indicative of those buildings, they do not necessarily extend across the office market in general.

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E. OFFICE EMPLOYMENT, HISTORICAL AND PROJECTED

Table 14 shows projected office employment growth from 1983 through the year 2005 for the "Westside" and "Eastside" areas shown in Exhibit 1. These two subareas approximate, but are not identical to, the CCPA boundaries on both sides of the Willamette River. The Metro employment data are by census tract and, in the authors' judgment, cannot accurately be allocated to the seven individual CCPA districts based on available information. Appendix III describes the methodology and data used to develop the projections.

Office employment in the CCPA is projected to grow at an average rate of about 1.7% per year from 1980 through 1990 and 2.0% annually from 1991 through the year 2005. The growth rates for the Westside and Eastside after 1990 are nearly identical.

Table 14

CCPA OFFICE EMPLOYMENT ESTIMATES
1980 - 2005

	1980	1990	2005
"Westside" 1/			
Employment (persons)	56,960	67,340	91,110
Annual change:		± /	± /
Number		1,038	1,585
Percent 3/		1.7%	2.0%
"Eastside" 1/			
Employment (persons)	17,960	18,920	25,980
Annual change:		± /	± /
Number		96	471
Percent 3/		0.5%	2.1%
Total			
Employment (persons)	74,920	86,260	117,090
Annual change:		± /	± /
Number		1,134	2,056
Percent 3/		1.4%	2.0%

1/ Approximates the CCPA west of the Willamette River (census tracts 50.00, 51.00, 52.00, 53.00, 54.00, 55.00, 56.00, 57.00)
2/ Approximates the CCPA east of the Willamette River (census tracts 11.01, 11.02, 21.00, 22.02, 23.02, 24.02)
3/ Average annual change divided by the average employment projected for the period.

SOURCE: Derived from Metro projections (see Appendix III).

F. OFFICE SPACE ABSORPTION, 1980 Through 1985 (6 Years)

Office space absorption since 1980 was estimated using two alternative approaches: (1) by examining actual reported occupancy data for buildings in the KAREN MYERS & ASSOCIATES inventory; and (2) by analyzing historical office employment growth in conjunction with changes in density (square feet per employee). Each approach has its relative advantages and disadvantages. By using the two methods, the authors hope to convey a more balanced and accurate picture of the market than if only one approach were used.

1. Methodology

One estimate of historical absorption in the CCPA was derived from OCCUPANCY DATA for the 157 buildings comprising the KAREN MYERS & ASSOCIATES computerized inventory. These are generally multi-tenant buildings with space for lease and contain an estimated 70% of the total office employment in the area. (See "results" section immediately following.) The inventory does not include certain other buildings - mostly single-tenant structures such as bank branches and some government buildings (e.g., City Hall) - which house the rest of the office employment. (As defined here, "office employment" does not include office employees of retail or industrial companies.)

First, the square footage occupied in buildings constructed since 1980 was computed. To this was added an estimate of the space absorbed in older buildings that had been converted to provide office space not available prior to 1980. To identify NET absorption, the estimated loss of occupied square footage in office space existing prior to 1980 and still in use was subtracted from the total occupied new space.

NOTE: The results derived from these three steps overstate actual absorption to the extent that office space existing at the end of 1979, but no longer used or in existence, is omitted from the calculations. This would include buildings demolished during the period to make way for new construction, and vacated office space, for example, in the area of the Pioneer Place project. However, the amount of office space in buildings vacated since 1980 was probably quite small compared to the total space in the marketplace.

The estimates also could understate or overstate actual absorption to the extent there may have been a net loss or gain, respectively, in the occupancy of still existing office space not in the inventory . The consultants believe that most of these buildings contain a single tenant and, in effect, are always completely occupied. Thus, the exclusion of these buildings should not markedly affect the office space absorption estimates.

A second estimate of historical office space absorption was derived from EMPLOYMENT DATA contained in two Metropolitan Service District publications (see Appendix III for details). The consultants estimated total office employment in the Westside and Eastside subareas of the CCPA. (See Exhibit 1 and the footnotes to Table 14 for area definitions.)

The authors believe that total office employment in the defined "Westside" area is very close to the total in the part of the CCPA lying west of the river. Nearly all of the office space is located in the overlapping portion of these two areas. Consequently, the Metro total office employment figures were used to estimate office employment in the corresponding western part of the CCPA.

On the other hand, the defined "Eastside" area includes a significant number of office buildings that are near, but not in, the CCPA. However, the authors believe there is sufficient overlap to assume that the percentage change in office employment has been about the same in the part of the CCPA lying east of the river as in the defined "Eastside" area. This percentage was used to calculate the eastside CCPA absorption estimates, as shown in Table 15.

In deriving the employment-based absorption estimates, it was assumed that the average space per office worker increased from 202 square feet in 1980 to 228 square feet in 1985. These figures were taken from data published by BOMA International and obtained from surveys of Portland office buildings. (See Tables 12 and 13).

2. Results

Table 15 shows the estimated net absorption of office space in the CCPA from 1980 through 1985 using the building inventory data. Table 16 provides absorption estimates based on the office employment data. Assumptions are identified in footnotes to each table.

The two methods yield virtually identical results for the CCPA as a whole: a 6-year total of about 2,852,000 square feet from the building inventory versus 2,870,000 from the employment-based approach. On an annual basis, the estimated average absorption is 475,300 NRSF from the building inventory model and 478,400 from the employment model.

Although the CCPA totals from the two approaches are almost the same, the Westside/Eastside breakdowns differ substantially. The employment model suggests that nearly all of the office space absorption occurred on the west side of the river. In the consultants' judgment, this apparent discrepancy reflects the difficulty of using the Metro data for small area analysis. The projections were not intended to be highly accurate at this level. Building inventory data indicate that the employment model overstates the Westside absorption during the past 6 years, while understating Eastside absorption.

The employment data imply that there is currently almost 15 million square feet of occupied office space in the CCPA, including all buildings that house "office employment." If this is true, there is much more office space in the central city than is normally reported. The KAREN MYERS & ASSOCIATES inventory of 157 buildings covers about 11.2 million NRSF of currently occupied space, or about 75% of the apparent total.

The employment model provides the ability to separate the increased office occupancy into two components: (1), that due to employment growth and (2), that due to increased space per office worker. In this case, occupied square feet per office worker in the CCPA increased an estimated 13% during the 6-year period (from 202 to 228), whereas office employment growth was about 9%. That is, employment increases have apparently accounted for less than half of the office space absorption during the past 6 years.

The increase in occupied space per office worker could mean that there is a trend for companies in Portland to need more space. (See key executive interviews.) Alternatively, it could simply reflect local market conditions. For example, companies may have leased more space than currently needed in order to "lock in" the favorable lease rates available during the past few years. Also, when building occupancies are low, it is much easier to find larger blocks of space than when occupancies are high. (Average office occupancy in Portland dropped from about 95% in 1979 to about 80% currently.)

If the increased space per office worker is based on need rather than market conditions, then it may be reasonable to expect the trend to continue, or at least for space per employee to remain at present levels. On the other hand, if this phenomenon mainly reflects the conditions of a "buyer's" market, then one would expect the trend to reverse eventually; i.e., companies could add employees without a proportional increase in the amount of space occupied. Then, space per employee would decline.

As shown in the next section of the report, the assumption regarding future trends in space per office worker is a critical factor in projecting future office space demand in the CCPA.

Table 15

CCPA OFFICE SPACE ABSORPTION
1980 - 1985
(Based on KM & A Office Building Inventory)

WESTSIDE:		
Newly occupied space -		
New buildings (since 1980) 1/		3,140,511
New space in renovated buildings 2/		241,495
Subtotal		3,382,006
less: loss of occupancy in pre-1980 office space still in use -		
Total NRSF 3/	8,176,970	
x 1979 occupancy rate 4/	x 0.95	
NRSF occupied in 1979	7,768,122	
less: NRSF now occupied 5/	6,658,154	1,109,968
Net absorption in still-existing buildings		2,272,038
(Average net absorption per year = 378,673 NRSF)		
EASTSIDE:		
Newly occupied space -		
New buildings (since 1980)		393,392
New space in renovated buildings 6/		246,000
Subtotal		639,392
less: loss of occupancy in pre-1980 office space still in use -		
Total NRSF	570,383	
x 1979 occupancy rate 4/	x 0.95	
NRSF occupied in 1979	541,864	
less: NRSF now occupied 7/	482,040	59,824
Net absorption in still-existing buildings		579,568
(Average net absorption per year = 96,595 NRSF)		
CCPA Total Net Absorption:		2,851,606
(Average net absorption per year = 475,268 NRSF)		

FOOTNOTES APPEAR ON THE NEXT PAGE.

FOOTNOTES FOR TABLE 15

Except as noted, the base data referenced in the following footnotes are from Table 2 above.

1/ 3,116,511 SF in buildings with recent occupancy data available, plus an estimated 23,476 in buildings with unknown occupancy. This assumes that the latter have the same overall vacancy rate as the former (23.4%).

2/ Briefing Paper 3, Table 9 identifies an increase of 729,592 NRSF of office space in historic/renovated buildings since the end of 1979. We have been unable to determine how much of this space was formerly used for office purposes (that, is, prior to renovation) and have arbitrarily assumed that it was 50%, or 364,796 NRSF. Conversely, we assumed that 50% represents an addition to the supply of office space. Current occupancy of this space was assumed to be the same as the overall occupancy of downtown historic buildings (66.2%), based on the KAREN MYERS & ASSOCIATES inventory. (66.2% x 364,796 = 241,495)

3/ 8,541,766 SF in buildings originally constructed prior to 1980, less the 364,796 SF in historic/renovated buildings assumed to represent an addition to the office space supply since the end of 1979. (See also footnote 2/.)

4/ From Briefing Paper 3, Table 4. Assumes that the overall occupancy rates were the same on the westside as on the eastside.

5/ 6,899,649 SF less the 241,495 SF estimated occupied space in the portion of older buildings that is assumed to represent an addition to the office space supply since the end of 1979. (See also footnote 2/.)

6/ Includes Crossroads Square and the Benjamin Franklin Financial Center.

7/ 448,351 SF in buildings with recent occupancy data available, plus an estimated 33,689 in buildings with unknown occupancy. This assumes that the latter have the same overall vacancy rate as the former (15.5%).

Table 16

CCPA OFFICE SPACE ABSORPTION
1980 - 1985
(Based on Employment Projections)

WESTSIDE:	
Estimated office employment at 12/31/85 1/	62,669
x average square feet per employee 2/	x 228
Total occupied space (NRSF) at 12/31/85	14,288,532
less:	
Estimated office employment at 12/31/79 1/	56,960
x average square feet per employee 2/	x 202
Total occupied space (NRSF) at 12/31/79	11,505,920
= Estimated increase from 12/31/79 - 12/31/85	2,782,612
(Average net absorption per year = 463,769 NRSF)	
EASTSIDE: 3/	
Estimated NRSF occupied at 12/31/79 4/	541,864
x factor for employment growth (2.9%) 1/	x 1.029
x factor for increased space per employee (228 divided by 202) 2/	x 1.129
= Estimated NRSF occupied at 12/31/85	629,506
less: estimated NRSF occupied at 12/31/79	541,864
= Estimated increase from 12/31/79 - 12/31/85	87,642
(Average net absorption per year = 14,607 NRSF)	
CCPA Total Net Absorption:	2,870,254
(Average net absorption per year = 478,376 NRSF)	

FOOTNOTES APPEAR ON THE NEXT PAGE.

FOOTNOTES FOR TABLE 16

1/ Derived from Metro projections. Assumes that Metro data are mid-year estimates and that office employment growth had recovered to the 10-year trend by the end of 1985. See Appendix III for further details.

2/ BOMA data for downtown Portland, 1980 and 1985 surveys. See Table 12.

3/ Used percentage increase rather than absolute increase in employment for reasons stated in the "methodology" section of the narrative. Also see footnote 1/.

4/ From Table 15.

CHAPTER III - PROJECTIONS OF FUTURE CONDITIONS

This chapter contains projections of future office space absorption in the CCPA based on five scenarios. These scenarios correspond to different assumptions about key variables: employment growth; trends in square footage per employee; and additions to the existing space inventory.

A. METHODOLOGY

The consultants used a computer "spreadsheet" model to project office space absorption from 1986 through 1990, and from 1991 through 2005. The model performs the following calculations:

1. Compute the projected percentage increase in occupied square footage from the base year, taking account of employment growth and change (if any) in average space per office worker.

2. Determine the projected square footage of office space to be absorbed during the period as follows: multiply the amount of currently occupied space (NRSF) by the percentage calculated in step 1. Divide by the number of years in the period to get the projected average annual absorption.

3. Compute the supply of office space available at the end of the period by adding projected new space to square footage existing at the beginning of the period.

4. Multiply the supply of office space (NRSF) by the assumed target occupancy percentage. The result is the total space that would have to be occupied to reach the target occupancy. Subtract the NRSF occupied at the beginning of the period, thus obtaining the net additional amount of space that would have to be absorbed to achieve the target.

5. Divide the total net absorption required to reach target occupancy (step 4) by the average annual projected absorption (step 2) to project the number of years needed to reach the target occupancy.

6. Interpolate projected occupancy levels for the interim years 1995 and 2000 (straight line growth assumed).

The projected average annual absorption differs between the 1986 - 1990 and the 1991 - 2005 periods. Wherever necessary, the estimated number of years required to reach target occupancy takes account of this change.

B. ASSUMPTIONS

Projections were developed for five scenarios, labeled "A" through "E", corresponding to the resulting projected office space occupancy percentage (A with low occupancy percentage and E with high occupancy percentage). Each scenario was chosen to represent circumstances with a reasonable chance of occurring. That is, the "high" occupancy scenarios are not intended to be the "best of all possible worlds", nor are the "low" scenarios "worst case" situations.

The following table summarizes the principal assumptions underlying the five projections. The assumptions pertain to the CCPA as a whole. Immediately thereafter is a brief discussion of trends or developments that could manifest themselves in these assumptions.

Table 17

ASSUMPTIONS FOR OFFICE SPACE OCCUPANCY PROJECTIONS

Variables	Scenarios A	B	C	D	E
Average Annual Employment growth after 1990:	1.5%	2.5%	2.0%	1.5%	2.5%
Sq. Ft. Per Employee:					
1990	213	213	228	243	243
2005	190	190	200	210	210
Office space additions (NRSF, millions):					
1986 - 1990	1.50	1.20	1.20	1.50	1.20
1991 - 2005	0	2.25	1.50	0	2.25

1. Assumptions Concerning Annual Employment Growth

Each of the scenarios assumes that the Metro-based employment projections are valid through 1990. From 1991 through 2005, however, the mid-range scenario (C) assumes that the Metro-based projections occur, whereas scenarios A and D assume average annual rates of one-half percent below and scenarios B and E assume average annual rates of one-half percent above the Metro rate.

The low employment projection (used in scenarios A and D) might occur in the CCPA if the new office space outside the central city is successful in drawing office employment away from the Downtown. Difficulties in attracting new companies to locate Downtown could also have this result, as could failure to resolve the perceived negative aspects of the Downtown, such as lack of parking, undesirable street people, and security problems.

The high employment projections (used in scenarios B and E) could result if the opposite occurs, compared to the possible trends discussed in relation to the low projections.

2. Assumptions Concerning Office Space Per Employee

The mid-range scenario (C) assumes that space per employee remains at current levels until 1990 and then gradually declines to the present national average by 2005.

Scenarios A and B assume that space per employee drops to 213 by 1990 (15 NRSF lower than now, but 13 NRSF above the national average), and then to 190 square feet per office worker by 2005, or 10 NRSF below today's national average. This could occur if the trend toward companies taking more space than needed to meet existing requirements is outweighed by growth occurring within existing space. This assumes that companies have taken more space than needed during the past few years because of favorable market conditions. The longer term projection assumes that space per office worker will generally decline due to factors other than current market conditions (per key executive interviews).

Scenarios D and E assume that companies continue to take more space than needed for current office employment while occupancies remain low, with the result that average space per employee continues to increase through 1990. Thereafter, as office occupancy rates climb and market conditions become less favorable to tenants, it is assumed that space per employee declines, albeit not quite reaching the current national average.

3. Assumptions Concerning Office Space Additions

Scenarios B, C, and E assume that the only additions to the office space inventory between 1986 and 1990 are projects that are under way or planned to begin in 1986, plus the office space component of the Pioneer Place project. Scenarios A and D assume that an additional 300,000 square foot building, or the equivalent thereof, will be available for occupancy by 1990.

After 1990, scenario A assumes there is no additional office space construction between 1991 and 2005, due to the projected decline to 75% occupancy by 1990. If the "low" assumptions are realized through 1990, it is assumed that developers and/or lenders will no longer be interested in further office space development Downtown until occupancy rates rise to reasonable levels. This will not occur until after 2005 under scenario A. Scenario D also assumes no additions after 1990, as projected employment is absorbed within existing space.

Scenario C assumes that office space supply in the CCPA will increase an average of 150,000 NRSF per year, or the equivalent of one new 300,000 SF building every three years. Scenarios B and E postulate one additional 300,000 SF building, or the equivalent, every two years.

C. RESULTS

The projected occupancy of office space in the CCPA under the postulated scenarios is summarized in Table 18.

Table 18

PROJECTED OFFICE SPACE OCCUPANCY PERCENTAGE

	Scenarios				
Year	A	B	C	D	E
1986 (actual)	80%	80%	80%	80%	80%
1990	75%	77%	82%	86%	88%
1995	78%	81%	85%	88%	91%
2000	81%	84%	87%	91%	94%
2005	84%	87%	89%	93%	96%

Target occupancy is considered to be 90 percent based on the executive interviews. The number of years required to reach 90 percent occupancy is 5.5 years in scenario E, 11.4 years in scenario C, 12.5 years in scenarios B and D, and 28.6 years in scenario A.

The details for these projections are contained in Tables 19.1, 19.2, 19.3, 19.4, and 19.5.

D. DISCUSSION

Since current office space occupancy in the CCPA is only about 80 percent and significant additions to the supply of space are under way or planned to begin soon, it should not be surprising that it could take five or more years to reach 90 percent occupancy overall, and perhaps much longer. Public policy initiatives aimed at increasing office employment growth in the CCPA beyond the Metro-based projections could improve the picture somewhat. These initiatives could include economic development activities to attract new businesses and expanded efforts to solve some of the perceived problems that mitigate against the Downtown. However, the situation could also worsen, for example, if there is an outflow to the suburban office market, resulting in lower employment growth than projected.

The average space per office worker in future years is of striking importance to the office market outlook in the CCPA. If this figure drops to the national average of 200 square feet per person, it would take more than twice as long to reach any given average occupancy level, than if the figure stays at the present level of 228 NRSF per office worker.

Looked at another way, the projected 1990 office employment would occupy about 2.4 million more square feet at 228 NRSF per person than at 200 NRSF per person. This is equivalent to 6 buildings the size of the Standard Insurance Center (former Georgia Pacific Building) at 94 percent occupancy!

The average space per office employee in Portland was about 200 square feet during the low vacancy days of the late 1970s. National data identify 200 NRSF per employee as an overall norm reflecting "need" for space. Key executives interviewed during this study talked about the possibility that the figure could drop to about 175, reflecting current national trends. (They also discussed factors which could cause the space per employee in the Downtown to rise.)

In conclusion, it appears that there is sufficient office space in the Central City Planning Area to meet forseeable needs for at least five years.

Table 19.1

OFFICE SPACE PROJECTION MODEL: Scenario A 1/

	1986 - 1990	1991 - 2005
Projected office employment growth	11.6%	25.4%
Space occupied at beginning of period (NRSF)	11,200,000	11,676,884
NRSF per employee @ end of period	213	190
% increase in occupied office space	4.3%	11.9%
Increase (decrease) in occupied space during period (NRSF)	476,884	1,384,780
Average increase per year	119,221	92,319
Supply at beginning of period (NRSF)	14,000,000	15,500,000
Period additions	1,500,000	0
Current supply plus additions	15,500,000	15,500,000
To reach target occupancy:	Absorption	Years
85%	1,975,000	20.2
90%	2,750,000	28.6
95%	3,525,000	37.0
End of period:		
Occupied NRSF	11,676,884	13,061,664
% Occupancy	75%	84%
Percent occupancy:		
1986	80%	
1990	75%	
1995	78%	
2000	81%	
2005	84%	

1/ Assumptions are discussed in the report narrative, Chapter III.

Table 19.2

OFFICE SPACE PROJECTION MODEL: Scenario B 1/

	1986 - 1990	1991 - 2005
Projected office employment growth	11.6%	46.2%
Space occupied at beginning of period (NRSF)	11,200,000	11,676,884
NRSF per employee @ end of period	213	190
% increase in occupied office space	4.3%	30.4%
Increase (decrease) in occupied space during period (NRSF)	476,884	3,551,308
Average increase per year	119,221	236,754
Supply at beginning of period (NRSF)	14,000,000	15,200,000
Period additions	1,200,000	2,250,000
Current supply plus additions	15,200,000	17,450,000
To reach target occupancy:	Absorption	Years
85%	1,720,000	9.3
90%	2,480,000	12.5
95%	3,240,000	15.7
End of period:		
Occupied NRSF	11,676,884	15,228,192
% Occupancy	77%	87%
Percent occupancy:		
1986	80%	
1990	77%	
1995	81%	
2000	84%	
2005	87%	

1/ Assumptions are discussed in the report narrative, Chapter III.

Table 19.3

OFFICE SPACE PROJECTION MODEL: Scenario C 1/

	1986 - 1990	1991 - 2005
Projected office employment growth	11.6%	35.7%
Space occupied at beginning of period (NRSF)	11,200,000	12,499,200
NRSF per employee @ end of period	228	200
% increase in occupied office space	11.6%	19.0%
Increase (decrease) in occupied space during period (NRSF)	1,299,200	2,379,234
Average increase per year	324,800	158,616
Supply at beginning of period (NRSF)	14,000,000	15,200,000
Period additions	1,200,000	1,500,000
Current supply plus additions	15,200,000	16,700,000
To reach target occupancy:	Absorption	Years
85%	1,720,000	6.7
90%	2,480,000	11.4
95%	3,240,000	16.2
End of period:		
Occupied NRSF	12,499,200	14,878,434
% Occupancy	82%	89%
Percent occupancy:		
1986	80%	
1990	82%	
1995	85%	
2000	87%	
2005	89%	

1/ Assumptions are discussed in the report narrative, Chapter III.

Table 19.4

OFFICE SPACE PROJECTION MODEL: Scenario D 1/

	1986 - 1990	1991 - 2005
Projected office employment growth	11.6%	25.4%
Space occupied at beginning of period (NRSF)	11,200,000	13,321,516
NRSF per employee @ end of period	243	210
% increase in occupied office space	18.9%	8.4%
Increase (decrease) in occupied space during period (NRSF)	2,121,516	1,115,060
Average increase per year	530,379	74,337
Supply at beginning of period (NRSF)	14,000,000	15,500,000
Period additions	1,500,000	0
Current supply plus additions	15,500,000	15,500,000
To reach target occupancy:	Absorption	Years
85%	1,975,000	3.7
90%	2,750,000	12.5
95%	3,525,000	22.9
End of period:		
Occupied NRSF	13,321,516	14,436,576
% Occupancy	86%	93%
Percent occupancy:		
1986	80%	
1990	86%	
1995	88%	
2000	91%	
2005	93%	

1/ Assumptions are discussed in the report narrative, Chapter III.

Table 19.5

OFFICE SPACE PROJECTION MODEL: Scenario E 1/

	1986 - 1990	1991 - 2005
Projected office employment growth	11.6%	46.2%
Space occupied at beginning of period (NRSF)	11,200,000	13,321,516
NRSF per employee @ end of period	243	210
% increase in occupied office space	18.9%	26.3%
Increase (decrease) in occupied space during period (NRSF)	2,121,516	3,509,644
Average increase per year	530,379	233,976
Supply at beginning of period (NRSF)	14,000,000	15,200,000
Period additions	1,200,000	2,250,000
Current supply plus additions	15,200,000	17,450,000
To reach target occupancy:	Absorption	Years
85%	1,720,000	3.2
90%	2,480,000	5.5
95%	3,240,000	8.8
End of period:		
Occupied NRSF	13,321,516	16,831,160
% Occupancy	88%	96%
Percent occupancy:		
1986	80%	
1990	88%	
1995	91%	
2000	94%	
2005	96%	

1/ Assumptions are discussed in the report narrative, Chapter III.

CHAPTER IV - SUMMARY: TENANT SURVEY

In conjunction with the office market supply and demand study, a survey was conducted of tenants in selected office buildings in the CCPA. The purpose of the survey was to interview office tenants about their location decisions, advantages and disadvantages of buildings and areas, business types, employment densities, and other special market characteristics and factors which may influence future absorption of office space in the CCPA. It was intended to secure both qualitative and quantitative information from tenants in a variety of building types and in both urban and suburban settings. (Appendix II contains detailed information about the tenant survey.

A. OFFICE BUILDINGS IN THE SURVEY

Tenants in the ten buildings listed below were surveyed:

Building	Address	Location	Inventory Classification
First Interstate Tower	1300 S. W. Fifth Avenue	Dtwn.	Class A
Crown Plaza	1500 S. W. First Avenue	Dtwn.	Class B
Morgan Building	720 S. W. Washington	Dtwn.	Class C
1020 Taylor Building	1020 S. W. Taylor	Dtwn.	His. Ren.
Blagen Block	34 N. W. First Avenue	Dtwn.	His. Ren.
Mohawk Galleries	220 S. W. Morrison	Dtwn.	His. Ren.
Lloyd 500 Building	500 N. E. Multnomah	C/LC	Class A
Kruseway Plaza	4500 S. W. Kruse Way	L. O.	Class A
Center Plaza West	12955 S. W. Center	Beav.	Class A
One Lincoln Center	10300 S. W. Greenburg Rd.	Tig.	Class A

The the buildings were not selected randomly. As a result, statistics apply only to the buildings surveyed. It should not be assumed that these buildings are representative of office buildings, generally, in the Portland area. The buildings were selected to obtain a cross-section of buildings and tenants: urban, suburban, and Classes A, B, C, and Historic. The selection of buildings to survey was made by PDC staff.

B. METHODOLOGY

Telephone interviews of approximately 10 minutes duration were conducted with tenants during February 1986. Up to three attempts were allowed per tenant. Tenants who had moved or whose telephone numbers were disconnected were dropped from the survey. Tenant lists were derived from the 1985 Portland Oregon City Directory (R. L. Polk & Company Publishers), 1985 Cole's Cross Reference Directory (Cole Publications), and building tenant directories.

The information was provided through telephone interviews without independent verification. The accuracy of the responses cannot be guaranteed.

C. SUPPLEMENTAL DATA

During the summer of 1985, KAREN MYERS & ASSOCIATES conducted a similar survey on behalf of PACIFIC SQUARE ASSOCIATES. With their permission, pertinent results from that survey are included here. We appreciate their interest in and support of the Central City Planning Area process.

Building	Address	Location	Inventory Classification
Pacwest Tower	1211 S. W. Fifth Avenue	Dtwn.	Class A
Parkside Center	2020 S. W. Fourth Avenue	Dtwn.	Class A
US Bancorp Tower	111 S. W. Fifth Avenue	Dtwn.	Class A
Willamette Center Tower	121 S. W. Salmon	Dtwn.	Class A
Duniway Center	2525 S. W. First	Dtwn.	Class B
Lloyd Center Tower	825 N. E. Multnomah	C/LC	Class A

D. RESPONSE RATE DATA

Out of 252 tenants, 171 interviews were successfully completed for a 67.9 percent response rate. Following is detailed response rate information by building.

Building (Number Tenants)	Number Completes	Number Refusals	Unable to Reach	Response Rate
First Interstate Tower (29)	20	5	4	69.0%
Crown Plaza (32)	25	2	5	78.1
Morgan Building (40)	17	5	18	42.5
1020 Taylor Building (29)	22	2	5	75.9
Blagen Block (7)	7	0	0	100.0
Mohawk Galleries (6)	4	1	1	66.7
Lloyd 500 Building (37)	23	5	9	62.2
Kruseway Plaza (11)	10	1	0	90.9
Center Plaza West (26)	22	0	4	84.6
One Lincoln Center (35)	21	5	9	60.0
Total (252)	171	26	55	67.9%

E. KEY FINDINGS

Key findings from the tenant survey include:

1. Year Company Moved into Current Space: The median year for Downtown tenants was 1982. For Suburban tenants, it was 1984. The more recent year for Suburban tenants is to be expected because of the relatively newer age of the buildings. The consultants believe the Downtown median reflects a considerable amount of tenant movement among buildings during the recession as lease rates became more favorable and a larger amount of new space came onto the market.

2. Number of Employees at This Location: The survey represented a total of 4,663 employees; 88.6 percent in Downtown buildings and 11.4 percent in Suburban buildings. One Downtown tenant had 1,657 employees, considerably more than any of the others in the survey. The majority of tenants surveyed (79.5 percent) had 20 or less employees.

3. Planned Changes in Number of Employees at This Location in the Next 12 Months: Downtown tenants expect an 8.2 percent increase in employees and Suburban tenants expect an 18.0 percent increase. The large tenant referred to in "2" above was excluded from this calculation.

4. Total Space Occupied by Survey Respondents: The majority of tenants surveyed (53.8 percent) occupied 3,000 square feet or less.

5. Square Footage Per Employee: The average square footage per employee of surveyed tenants was 250 square feet; the median was 282 square feet. Downtown and suburban tenants were almost equal, at an average of 251 and 249 square feet respectively.

6. Principal Areas Respondents Considered When Choosing Their Current Location: Downtown tenants mainly considered Downtown buildings (mentioned 60 times), with a few mentioning suburban markets. The Downtown was mentioned relatively few times (7) by Suburban tenants.

7. Principal Reasons for Rejecting Alternative Locations: Cost of space was the most frequently mentioned reason (40 times), followed by location/access (29 times).

8. Reasons for Selecting Space: The two highest ranking reasons for selecting space were the same for Downtown and Suburban tenants: lease rate and terms and the quality of tenant improvements.

9. Positive Factors Regarding the Area Where Respondent's Office is Located: The most frequently mentioned factor for both Downtown and Suburban tenants was location/access (68 times).

10. Negative Factors Regarding the Area Where Respondent's Office is Located: A comparatively large number of Downtown tenants mentioned street people (23 times) and parking (17 times) as negative factors. Location/access was the only negative factor mentioned (8 times) by Suburban tenants.

11. If Relocating, Would Respondent Move to Another Building/-Area: 69.0 percent of the tenants indicated they would seek space in the same building. Of the 28 Downtown tenants indicating they would move to another building, 71.4 percent said they would stay in the Downtown and 28.6 percent said they would relocate to the Suburban Southwest.

12. Principal Reasons for Moving to Another Area/Building: Location/access was the most frequently mentioned reason (15 times) for moving given by Downtown tenants.

13. Most Frequently Mentioned Recommended Actions by the City to Improve the Area: Improve parking was mentioned about 2.5 times more than any other suggestion (mentioned 43 times).

F. DATA SUMMARY

Following, in table form, are summary data from the tenant survey. The tables are numbered to correspond to the questions asked of the respondents (Table 1 corresponds with Question 1 and so on). The tables show the data in three ways: for urban buildings (7); for suburban buildings (3); and in aggregate form for all buildings surveyed (10).

Questions 4b, 6b, 7b, 8 were "open-ended" (i.e., tenants responded in their own words rather than selecting from among answers provided by the interviewer). Summary tables for these questions represent the author's interpretation of the responses.

The supplemental information from the Pacific Square survey can be found at the end of Appendix II. Because the questions were asked in a slightly different way, this information is presented building by building for comparison with the current survey data.

Appendix II also contains a copy of the questionnaire.

Table 1 (Question 1)

YEAR COMPANY MOVED INTO CURRENT SPACE

Year	Downtown 1/ Tenants		Suburban Tenants		Total	
	#	%	#	%	#	%
Before 1964	1	0.8	0	0.0	1	0.6
1964-1969	4	3.4	0	0.0	4	2.3
1970-1974	12	10.2	1	1.9	13	7.6
1975-1979	16	13.6	2	3.8	18	10.5
1980-1984	67	56.8	29	54.7	96	56.1
1985-1986	12	10.2	21	39.6	33	19.3
Unknown/Not Reported	6	5.1	0	0.0	6	3.5
Total 2/	118	100.1%	53	100.0%	171	99.9%
Earliest	1934		1974		1934	
Newest	1985		1985		1985	
Median	1982		1984		1983	

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ Percentages may not total 100.0% due to rounding.

Table 2a (Question 2a)

NUMBER OF EMPLOYEES AT THIS LOCATION

Number of Employees	Downtown 1/ Tenants		Suburban Tenants		Total	
	#	%	#	%	#	%
1- 10	69	58.5	41	77.4	110	64.3
11- 20	21	17.8	5	9.4	26	15.2
21- 30	7	5.9	3	5.7	10	5.8
31- 40	3	2.5	1	1.9	4	2.3
41- 50	5	4.2	2	3.8	7	4.1
51-100	7	5.9	1	1.9	8	4.7
101-200	5	4.2	0	0.0	5	2.9
200+	1	0.8	0	0.0	1	0.6
Total 2/	118	99.8%	53	100.1%	171	99.9%
Total Current Employees	4,131		532		4,663 3/	

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ Percentages may not total 100.0% due to rounding.
3/ Total reduces to 3,006 employees without First Interstate Bancorp (includes building, not company); Downtown reduces to 2,474. Percentage increase in employees next 12 months (Table 2b) is calculated using 3,006 employees as base.

Table 2b (Question 2b)

PLANNED CHANGES IN NUMBER OF EMPLOYEES
AT THIS LOCATION IN THE NEXT 12 MONTHS

Number Employees	Downtown 1/ Tenants		Suburban Tenants		Total	
	#	%	#	#	#	#
Decrease	0	0.0	0	0.0	0	0.0
No Change	67	56.8	25	47.2	92	53.8
Add 1- 5	34	28.8	20	37.7	54	31.6
Add 6-10	7	5.9	5	9.4	12	7.0
Add 11-20	2	1.7	1	1.9	3	1.8
Add 20+	2	1.7	0	0.0	2	1.2
Unknown/Not Reported	6	5.1	2	3.8	8	4.7
Total 2/	118	100.0%	53	100.0%	171	100.1%
Total Additional Employees	202		96		298	
% Increase Over Current (See Table 2a and Footnote 3/)	8.2%		18.0%		9.9%	

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ Percentages may not total 100.0% due to rounding.

Table 3a (Question 3a)

TOTAL SPACE OCCUPIED BY SURVEY RESPONDENTS 2/

Office Square Footage	Downtown 1/ Tenants #	Downtown 1/ Tenants %	Suburban Tenants #	Suburban Tenants %	Total #	Total %
0- 999	21	22.3	12	25.5	33	23.4
1,000- 1,999	18	19.1	18	38.3	36	25.5
2,000- 2,999	21	22.3	2	4.3	23	16.3
3,000- 3,999	6	6.4	7	14.9	13	9.2
4,000- 4,999	2	2.1	2	4.3	4	2.8
5,000- 9,999	7	7.4	4	8.5	11	7.8
10,000-19,999	10	10.6	2	4.3	12	8.5
20,000+	9	9.6	0	0.0	9	6.4
Total 3/	94	99.8	47	100.1	141	99.9
Unknown	24		6		30	

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ Percentage figures exclude unknown square footage.
3/ Percentages may not total 100.0% due to rounding.

Table 3b (Question 3b)

OFFICE SQUARE FOOTAGE PER EMPLOYEE 2/

Office Square Footage	Downtown 1/ Tenants		Suburban Tenants		Total	
	#	%	#	%	#	%
0-199	18	15.3	7	13.2	25	14.6
200-299	40	33.9	16	30.2	56	32.7
300-399	23	19.5	7	13.2	30	17.5
400-499	3	2.5	8	15.2	11	6.4
500+	10	8.5	9	17.0	19	11.1
Unknown	24	20.3	6	11.3	30	17.5
Total 3/	118	100.0%	53	100.0%	171	99.8%
Median	275		314		282	
Average	251		249		250	

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ Calculated based on tenants responding to both questions 2 and 3.
3/ Percentages may not total 100.0% due to rounding.

Table 4a (Question 4a)

PRINCIPAL AREAS RESPONDENTS CONSIDERED WHEN CHOOSING THEIR CURRENT LOCATION (Number of Times Mentioned) 2/

Area	Downtown 1/ Tenants	Suburban Tenants	Total
Downtown	60	7	67
Beaverton	2	23	25
Wash. Square/Tigard Kruse Way	3	11	14
Johns Landing	5	3	8
Lloyd Center	4	3	7
Central East Side	3	0	3

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ Some tenants mentioned more than one building and area; the data reflect the number of times an area was mentioned not the total number of tenants mentioning an area.

Table 4b (Question 4b)

PRINCIPAL REASONS FOR REJECTING ALTERNATIVE LOCATIONS
(Number of Times Mentioned) 2/

Reason	Downtown 1/ Tenants	Suburban Tenants	Total
Cost	21	19	40
Location/Access	19	10	29
Quality of Building	11	9	20
No Suitable Space	8	6	14
Parking	4	6	10

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ Some tenants mentioned more than one alternative location and reason; the data reflect the number of times a reason was mentioned not the total number of tenants mentioning the reason.

Table 5 (Question 5)

REASONS FOR SELECTING SPACE

Reasons for Decision	Downtown 1/ Tenants 2/ Score	Rank	Suburban Tenants 2/ Score	Rank	Total 2/ Score	Rank
Lease Rate and Terms	1.72	1	1.74	1	1.73	1
Quality of Tenant Improvements	1.52	2	1.67	2	1.57	2
Always Located Dtwn	1.34	3	N/A	N/A	1.34	3
Availability and Cost of Parking	1.15	6	1.39	3	1.22	4
Image and Prestige of Dtwn	1.18	5	N/A	N/A	1.18	5
Architectural Style/ Amenities/View	0.93	8	1.34	4	1.05	6
Proximity to Similar Businesses	1.20	4	0.68	9	1.04	7
Proximity to Customers	0.99	7	0.94	7	0.97	8
Proximity to Personal Services	0.84	10	1.02	5	0.90	9
Relationship to Building Owner	0.86	9	0.85	8	0.85	10
Proximity to Government/ Financial Center	0.67	12	N/A	N/A	0.67	11
Availability and Cost of Transit	0.81	11	0.30	11	0.66	12
Proximity to Employees Residences	0.40	13	1.02	5	0.58	13
Special Mechanical or Technology Systems	0.36	14	0.46	10	0.39	14

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ Scores computed based on "2" for response "very important", "1" for "somewhat important", and "0" for "not important". Maximum score equals 2.00.

N/A means not available. Question was not asked of suburban tenants.

Table 6a (Question 6a)

POSITIVE FACTORS RE THE AREA WHERE RESPONDENT'S OFFICE IS LOCATED (Number of Times Mentioned) 2/

Positive Factors	Downtown 1/ Tenants	Suburban Tenants	Total
Location/Access	46	22	68
Close to Customers/ Clients	9	6	15
Near Personal Services	9	4	14
Milieu 3/	4	5	9
Parking	3	1	4
Safety/Security	4	0	4

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ Some tenants mentioned more than one positive factor; the data reflect the number of times a factor was mentioned not the total number of tenants responding to the survey.
3/ Relates to comments about environment, general satisfaction, etc.

Table 6b (Question 6b)

NEGATIVE FACTORS RE THE AREA WHERE RESPONDENT'S OFFICE IS LOCATED (Number of Times Mentioned) 2/

Negative Factors	Downtown 1/ Tenants	Suburban Tenants	Total
Street People	23	0	23
Parking	17	0	17
Safety/Security	8	0	8
Location/Access	2	8	10
Not Near Personal Services	6	0	6
Not Near Customers/ Clients	1	0	1

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ Some tenants mentioned more than one negative factor; the data reflect the number of times a factor was mentioned not the total number of tenants responding to the survey.

Table 7a and 7b (Questions 7a and 7b)

IF RELOCATING, WOULD RESPONDENT MOVE
TO ANOTHER BUILDING/AREA? IF SO, TO WHAT AREA?

Status	Downtown 1/ Tenants	Suburban Tenants	Total
Would Stay in Same Building	78	40	118
Would Move to Another Building/Area	28	13	41
Don't Know	12	0	12
Would Relocate To: 2/			
Downtown	20	0	20
Suburban Southwest	8	9	17
Don't Know/No Response	0	4	4

1/ Lloyd 500 Building tenants are included with Downtown tenants.
2/ For those tenants indicating a move to another building/area.

Table 7c (Questions 7c)

PRINCIPAL REASONS FOR MOVING TO ANOTHER AREA/
BUILDING (Tenants Who Answered No to Question 7a)

Reasons	Downtown 1/ Tenants	Suburban Tenants	Total
Location/Access	15	2	17
Closer to Customers/ Clients	6	6	12
Rental Rates	5	4	9
Parking	5	2	7
Better Building	2	1	3
More Space	3	0	3
Safety/Security	1	0	1
Communications Systems	1	0	1
Total	38	15	53

1/ Lloyd 500 Building tenants are included with Downtown tenants.

Table 8 (Question 8)

FIVE MOST FREQUENTLY RECOMMENDED ACTIONS
BY THE CITY TO IMPROVE THE AREA

Recommendation	Number of Times Mentioned
Improve Parking	43
Encourage Development	17
Reduce Number of Street People	16
Maintain/Improve Police	12
Improve Public Transit	11

CHAPTER V - SUMMARY: EXECUTIVE INTERVIEWS

During February 1986, thirteen key executives familiar with the office market in the Portland area were interviewed about general market conditions and specific issues and opportunities related to the CCPA. The executives were selected so as to obtain a cross-section of opinion about the office market: four are real estate brokers; five are developers; three are lenders; and one is an appraiser. As time allowed, each was asked the same questions. Detailed results of the interviews are presented in Technical Appendix II along with a copy of the questionnaire.

Following is a summary of key points made by the executives about the Portland and CCPA office markets:

A. GENERAL MARKET CONDITIONS

A 5 percent vacancy rate is generally considered to be the ideal or target rate; 10 percent is acceptable. The balance between vacancy and occupancy is considered normal when occupancy rates are between 90 and 95 percent.

Overall, estimates range from 18 months to 4 years for all types of office space to return to a 10 percent vacancy rate, followed by absorption to 5 percent vacancy, given current vacancies and space under construction.

Factors influencing absorption and the time required to improve the current vacancy condition include:

- The amount of new space in projects under construction or planned.
- The Oregon economy, in general, and its tax structure, in particular, as they relate to the potential for absorption by companies not presently located here.

Future construction of new space is anticipated to average one major project per year. A return to the high construction levels of the early 1980's may occur if:

- Existing space is absorbed to a level where effective rents are more in balance with asking rents than they are at present.

- The business climate is altered so as to make the area more attractive for new tenants to enter the market and for existing tenants to expand, e.g., changes in the current tax structure.

B. DOWNTOWN AND LLOYD CENTER VS. SUBURBAN OFFICE MARKETS

The suburban office markets are expected to increase their share of the region's new office space construction for several reasons:

- Parking restrictions in the Downtown are a competitive disadvantage to attracting tenants (both parking for employees and for visitors).

- Comparatively, there is less land to develop Downtown.

- Generally, the Downtown is perceived as a more expensive office location (rents, parking costs, transportation costs). Out-of-pocket costs for employees are perceived to be higher in the Downtown than in the suburbs.

- Building quality in the suburbs has reached par with the Downtown.

The Downtown offers locational opportunities to certain tenant types including: law, accounting, finance, real estate, and other related fields. Reasons include: proximity to courthouses, government offices, library, and competitors; central location within the region; availability of "professional" meeting places including clubs and restaurants. Conversely, some types of tenants are perceived to have less "need" to be Downtown, e.g., those with large clerical staffs, those without a pressing need for access to the Downtown amenities mentioned above, and those wishing to be closer to clients/customers located in other areas.

Tenants in the above fields are considered to "need" a Downtown location or "presence". A Downtown location is seen as having more prestige, and for tenants perceiving that as important to business growth, it is a rationalization for higher rent, parking, and transportation costs.

Downtown and Lloyd Center are two distinct market areas although for statistical purposes they have been united in the past (primarily because the Lloyd Center is so close to Downtown and, until recently, has been the only other submarket with similar building construction to Downtown). Comparing the two areas shows:

The Lloyd Center market is different from Downtown because: the area has more parking; is perceived to be less congested and to have easier freeway access; contains tenants with larger clerical staffs; and does not have the "image" attached to Westside space.

The Lloyd Center and Downtown office markets are similar in that: there is a cost for parking compared to suburban locations; both offer Class A office tower construction; rents are comparable; and both suffer from security problems (related to employees and visitors).

The major Portland area office markets compare as follows:

Office Submarket	Strengths	Limitations
Downtown	Government offices Courthouses Library Service firms' hdqtrs Public transit Physical center of region "Image" and "presence" Personal services	Amount of parking Cost of parking Security Congestion Time to commute
Lloyd Center	Amount of parking Freeway access Personal services	Cost of parking Security
All Suburbs	Amount of parking Free parking "Environment" Proximity to residences Overall newer space	Distance from Downtown
Johns Landing	Established market Personal services River orientation Quality of space	Congestion
Washington Square	Established market Proximity to industry Transportation Personal services Quality of space	
Beaverton	Established market Personal services Proximity to industry	Congestion

Office Submarket	Strengths	Limitations
Kruse Way/I-5	Proximity to industry Transportation Quality of space	Emerging market Lack of personal services Congestion (future)
Sunset Corridor/ Peterkort	Transportation	Emerging market

C. OFFICE SPACE DEVELOPMENT OPPORTUNITIES FOR CCPA DISTRICTS

For a variety of reasons, each district in the CCPA offers more or less opportunity for future office space development:

District	Opportunity for Future Office Space Development
Downtown	Area of highest potential: history; image; center of region; FAR's; tenant types; new and rehab opportunities; river; convention center and sports complex.
North Macadam	Some potential: river; convention center; new space would be stimulated more by growth in the Johns Landing market than Downtown; difficult access.
Coliseum/Lloyd Center	Some potential: history.
Central Eastside	Some potential: river and proximity to Downtown although still eastside image; not yet proven market.
Northwest Triangle	Some potential: proximity to Downtown and river; rehab opportunities.
Goose Hollow	Limited potential: strong residential focus; lack of land without displacement; not yet proven market.
Lower Albina	Area of least potential: strong industrial orientation; development would probably require public subsidy.

Within the CCPA, no major new office projects, except possibly Rouse's Pioneer Place, are considered to be ready to start this year. Several developers have begun to analyze feasibility and design. However, none have announced specific development timing (those that had previously announced timing have postponed starting until market conditions improve).

Within the CCPA, specific properties are viewed as having potential for future office development:

- Rouse project: most likely the next major new construction project to start; due to the city's involvement and the poor condition of the property now (vacant and unmaintained buildings), it is considered very important to move ahead and complete this project.

- Additional phases existing projects: Pacific Square, Fountain Plaza, River Place.

- Opportunity parcels: Mark/Goodman, Two Main Place, Union Pacific, Fox, Moyer, Pacific Building/Greyhound, Zidell/-Schnitzer (mixed-use, flex-space), Biem and James, PGE Station L, other riverfront properties. (See Chapter II for data about these properties.)

D. POTENTIAL ACTIONS TO STIMULATE OFFICE DEVELOPMENT

By itself, the private sector can do little to stimulate office development. Private development is generally market and lender-driven. When market conditions are less than desired, as is the case presently, development stalls waiting for opportunity to rise again (note the current focus on absorbing existing vacant space and the lack of new construction in 1985 and 1986). In the meantime, efforts are made to improve market conditions by concentrating on general economic and political forces and activities that may influence existing business expansion and new business attraction. However, actions in these areas have to be done by the private and public sectors working together assuming both have the same goal, that is, to stimulate office development.

Generally, private development follows public policy, investment, and improvements. If the city wants to encourage new or rehabbed office development in the CCPA over the next 20 years, several actions are suggested:

- At the present time, the political "climate" is perceived as being less than favorable to development. Business attraction and expansion efforts need to be continued and enhanced. City leaders need to be personally committed to policies encouraging economic development in general, and office development in particular. The primary difficulty is an aura of unwelcomeness which generally greets the private sector at the project-specific level.

- Better define policies and procedures for development approvals: policies appear to be interpreted in the most restrictive way possible and the interpretation varies according to who is reading policy and code at any given time.

- Assist the neighborhood associations to better understand the benefits of development: the issues presented are often valid, however, the usual adversarial position is detrimental both in terms of developer time and cost.

- Re-examine the parking policy: the amount of parking needs to be increased and the cost decreased; the Downtown is at a disadvantage competitively under current policy.

- Provide land mass for development: River Place is cited as a good example of such a public action which has benefited the community as well as the developer. Other types of financial incentives are also encouraged such as grants related to historical preservation, property tax abatement, and "below-market" financing.

- Improve traffic circulation, street and directional signage, and lighting.

- Attend to safety and security issues including the transient population.

- Continue efforts to enhance the area visually: plant more trees and flowers. Continue efforts to make the river an accessible part of the community.

- Develop the convention center and sports complex in the Downtown.

- Work at both local and state levels to improve economic conditions, especially related to taxes.

E. RETAIL AND PERSONAL SERVICES ESTABLISHMENTS AS SUPPORT FOR OFFICE TENANTS

In a large office building, retail and personal services are an extra-added convenience, but generally are not key location decision factors. It is more important to have a good mix in the area of the building. Even when the services are in the building tenants will walk out to others for variety.

A building's "market-area" is limited to a few-block radius. This area is generally how far a person can walk, shop, and eat during the lunch hour. As a result, the Downtown really needs to be analyzed as a group of markets, each with its own sphere of attractions (and detractions).

From an office leasing standpoint, other issues are more influential in the location decision. These issues include: image, parking, safety/security, public transportation, proximity to clients/customers/competitors and government offices/courthouses.

F. EXPECTATIONS ABOUT FUTURE OFFICE SPACE ABSORPTION

Opinions vary widely as to whether future office space absorption will be higher or lower than historical averages in the CCPA:

Reasons to expect lower or the same absorption:

- Continued growth of suburban office markets and loss of clerical-type functions not needing to be Downtown.
- Poor economic climate generally and the tax situation specifically.
- Expanding use of computers and telecommunications results in more productivity from the existing employment base.
- Current parking situation.
- Growth has historically come from within the existing tenant base; little, if any, in-migration has occurred and the market has even experienced out-migration of major companies.
- A national trend toward fewer employees per square foot.

Reasons to expect higher absorption:

- Public relations efforts nationally and internationally broadcast quality of life assets.

- An increased number of tenants seem to be looking for space.
- If political attitude and tax system are improved.
- If business attractions efforts are enhanced.
- If employment increases.
- If major industrial announcements continue.
- The business cycle will swing upward again; any given up or down trend may be longer or shorter than others, but the cyclic pattern will recur.

METHOD FOR EMPLOYMENT PROJECTIONS

Data Sources:

1. "Year 2000 Growth Allocation Workshops", March - April 1981, Metropolitan Service District (Metro).

2. "A Regional Population & Employment Forecast to 1990 and 2005", Portland Metropolitan Area, July 1985, Metropolitan Service District.

Sequence of Calculations:

1. Identify the census tracts that most closely approximate the portions of the CCPA lying east and west of the Willamette River. (See map in Exhibit 2 in the body of the report.)

2. Compute the office percentage of non-retail employment for 1980 and 2000 for each census tract, using source #1.

3. Apply the percentages from step 1 to the 1983 and 2005 non-retail employment projections from source #2. This yields office employment estimates for 1983 and 2005. (Source #2 does not provide separate office employment projections. We assumed that the office percentage of non-retail employment for each census tract was the same in 1983 as in 1980 and will be the same in 2005 as in 2000.)

4. Interpolate the 1990 office percentages of non-retail employment from the 1983 and 2005 estimates.

5. Apply the percentages from step 4 to the Metro 1990 non-retail employment projections. This yields 1990 office employment projections by census tract.

6. Total the projections for the defined "eastside" and "westside" areas.

The source data and projections are shown in the exhibit on the following page.

Employment Projections
1980 - 2005
(Based on METRO 1981 & 1985 Projections)

March 9, 1986

		1980				2000			
CT	Loc.	Office	Retail	Indust.	Total	Office	Retail	Indust.	Total
11.01	E	2,970	1,450	3,190	7,610	3,220	1,530	3,210	7,960
11.02	E	1,650	370	2,860	4,880	1,780	390	2,880	5,050
21.00	E	3,450	810	4,220	8,480	3,740	860	4,250	8,850
22.02	E	1,580	310	1,900	3,790	1,710	330	1,930	3,970
23.02	E	4,730	1,520	2,590	8,840	7,680	1,600	2,600	11,880
24.02	E	3,580	2,560	530	6,670	4,530	2,780	540	7,850
50.00	W	1,550	330	3,140	5,020	1,680	350	3,380	5,410
51.00	W	3,760	1,000	2,710	7,470	14,470	1,990	2,930	19,390
52.00	W	3,490	1,810	1,340	6,640	3,930	1,970	1,450	7,350
53.00	W	23,630	5,560	9,760	38,950	36,960	6,010	10,500	53,470
54.00	W	7,170	1,200	2,280	10,650	17,510	1,580	2,450	21,540
55.00	W	300	70	160	530	340	80	170	590
56.00	W	7,960	570	1,420	9,950	9,630	640	1,520	11,790
57.00	W	9,100	790	5,220	15,110	15,650	1,010	5,600	22,260
		74,920	18,350	41,320	134,590	122,830	21,120	43,410	187,360
Eastside:									
Total		17,960	7,020	15,290	40,270	22,660	7,490	15,410	45,560
Percent		24.0%	38.3%	37.0%	29.9%	18.4%	35.5%	35.5%	24.3%
Westside:									
Total		56,960	11,330	26,030	94,320	100,170	13,630	28,000	141,800
Percent		76.0%	61.7%	63.0%	70.1%	81.6%	64.5%	64.5%	75.7%

		1983				1990				2005			
CT	Loc.	Office	Retail	Indust.	Total	Office	Retail	Indust.	Total	Office	Retail	Indust.	Total
11.01	E	2,137	1,102	2,295	5,534	2,273	1,289	2,351	5,913	2,479	1,458	2,471	6,408
11.02	E	1,375	106	2,382	3,863	1,670	264	2,797	4,731	2,278	411	3,687	6,376
21.00	E	3,122	1,044	3,818	7,984	3,277	1,099	3,863	8,239	3,474	1,146	3,948	8,568
22.02	E	696	213	838	1,747	740	229	863	1,832	808	243	913	1,964
23.02	E	5,195	2,632	2,845	10,672	6,690	2,787	2,914	12,391	9,646	2,920	3,266	15,832
24.02	E	2,887	3,520	427	6,834	4,268	2,838	569	7,675	7,292	2,188	869	10,349
50.00	W	1,320	348	2,673	4,341	1,351	398	2,728	4,477	1,382	444	2,779	4,605
51.00	W	3,794	1,376	2,735	7,905	6,513	1,929	2,708	11,150	12,573	2,440	2,546	17,559
52.00	W	2,862	1,081	1,099	5,042	2,951	1,184	1,111	5,246	3,053	1,276	1,127	5,456
53.00	W	21,069	4,868	8,702	34,639	24,906	5,118	8,604	38,628	32,053	5,333	9,106	46,492
54.00	W	9,505	1,685	3,022	14,212	12,453	1,895	2,771	17,119	18,402	2,085	2,575	23,062
55.00	W	271	71	144	486	277	71	143	491	278	71	139	488
56.00	W	7,111	382	1,268	8,761	7,611	420	1,279	9,310	8,483	453	1,339	10,275
57.00	W	9,278	557	5,322	15,157	11,278	680	5,163	17,121	14,883	793	5,326	21,002
		70,620	18,985	37,572	127,177	86,259	20,201	37,863	144,323	117,086	21,261	40,089	178,436
Eastside:													
Total		15,411	8,617	12,606	36,634	18,918	8,506	13,357	40,781	25,978	8,366	15,153	49,497
Percent		21.8%	45.4%	33.6%	28.8%	21.9%	42.1%	35.3%	28.3%	22.2%	39.3%	37.8%	27.7%
Westside:													
Total		55,209	10,368	24,966	90,543	67,341	11,695	24,506	103,542	91,108	12,895	24,936	128,939
Percent		78.2%	54.6%	66.4%	71.2%	78.1%	57.9%	64.7%	71.7%	77.8%	60.7%	62.2%	72.3%