

**TESTIMONY
FOR
Development of 300 Acres: West Hayden Island
(Port of Portland)
Submitted by: Tom Dechenne
Industrial Real Estate Broker
December 18, 2013**

My name is Tom Dechenne. I am a Commercial Industrial Real Estate Broker with Norris, Beggs and Simpson and have been a member of the Portland Freight Committee for the past ten years. I am also a member of the Industrial Lands and Watershed PEG. My full time profession is the sales and leasing of industrial properties, including land. I am here today to testify in support of the Port of Portland's plan to enhance the green space of approximately 500 acres on the West and South side of West Hayden Island and the development of approximately of 300 acres on the North side as an intermodal freight and distribution center. I would like to emphasize three main points:

1. Overall industrial land inventory is in extreme short supply, not just within Portland but the entire Portland metropolitan area.
 2. Emphasize the TYPE of industrial use and how it relates to the shortage.
 3. Emphasize the need for balance and to create an adequate inventory of industrial land.
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1. Regarding the land it is now recognized and agreed the metro area is short of industrial land. It took about fifteen to twenty years to conclude this point based on the most recent studies. As a practitioner, policy makers and planners can "say" there is adequate supply but that does not necessarily reflective the marketplace. Market land values and supply determine if property is developed. Just because certain inventory maps show adequate supply, if availability and values are out of balance, Portland in essence, will not be competitive for anticipated future growth.
 2. When considering industrial land we have got to be aware of the different types of uses and their intensity as far as jobs per acre. We need all uses to fulfill our need and create balance in growth. By those uses I am referring to:
 - A. Warehousing: This has very low intense jobs per acre but is the very basic and necessary distribution type facilities and use.
 - B. Manufacturing: Manufacturing is obviously higher, dense jobs per acre and fulfill very important, economical, good paying jobs.
 - C. Portland is predominantly a combination of the two, including some warehousing and some manufacturing. The average user size, in the metro area is approximately 13,000-15,000 square feet of building area.
 - D. Rail Served: These industrial uses are extremely slow intensity per acre but serve a vital need for the distribution of goods and services. There are very few sites, if any, that could be this use.
 - E. Marine Related Industrial Land: Again, these are very low jobs/acre and are very limited due to the fact that there are very few land parcels available that are also

served by water. And that are economically viable and deep enough to provide for shipping.

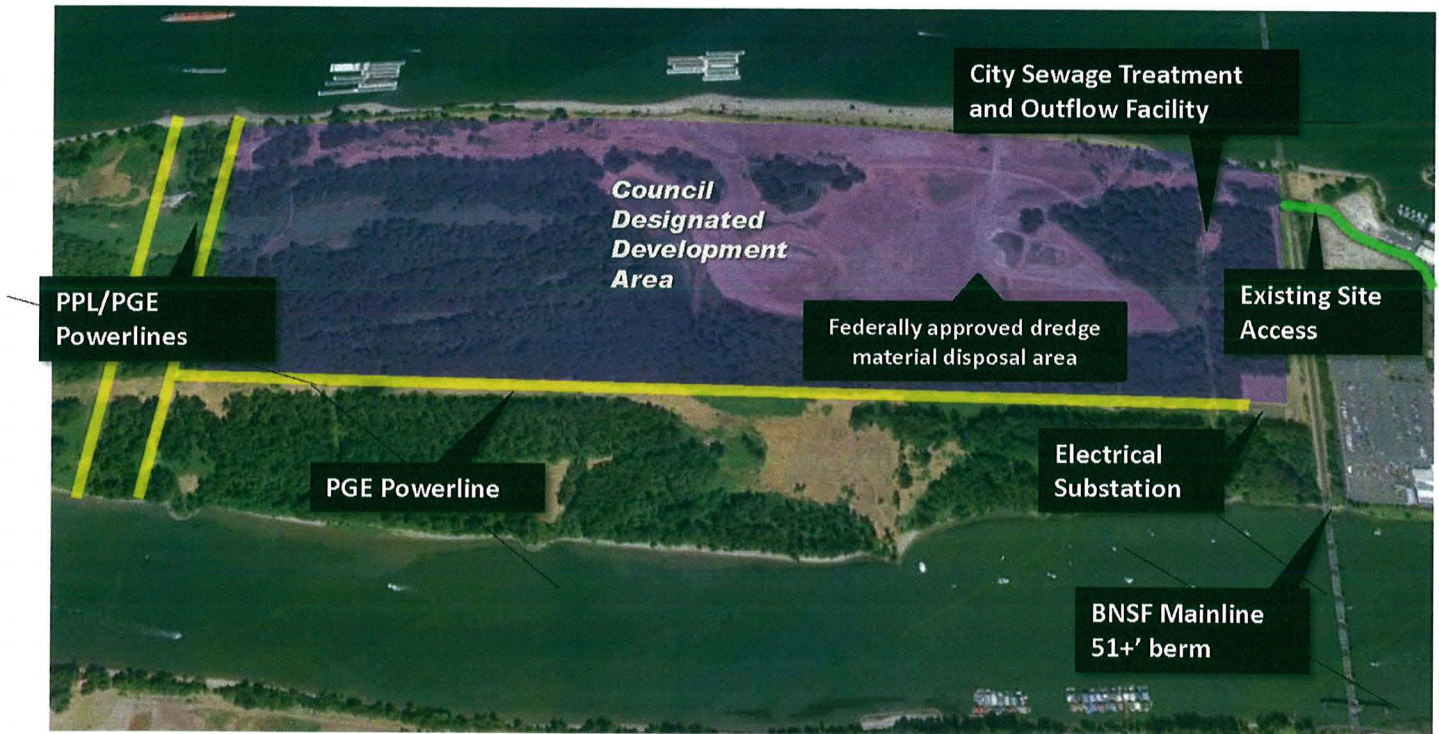
3. Balance: There is an extreme absolute important need to balance these uses in order to fulfill our need to distribute goods as well manufacturing them. Given the fact we now agree there is an industrial land shortage we need to review the types of uses and the intensity in order to be in balance. This is done by two ways:
 - A. Separate the uses for each of the different types.
 - B. Be within the marketplace (economically) to accommodate balanced growth relating to the land value and the cost to develop it.

We don't find that the metropolitan area is in balance today. It is estimated that there are 16-18% of industrial jobs that are export related. Although there is a short supply of all industrial land, the available parcels of 25 acres and larger are extremely rare. In addition, there are very few, if any, other than West Hayden Island that are rail served, as well as Marine served. As we have discussed there are smaller parcels that are in short supply of light industrial and virtually none of these are rail and/or marine served.

Development Cost: The cost to develop the 300 acres is not within today's marketplace. Industrial land values are in the \$5.00-\$7.00 per SF range in today's market. If it costs \$7.00 per SF today to develop, obviously that would put the required price and value in the \$12.00-\$14.00 range, which is certainly out of the marketplace and is not affordable to most industrial users. And, these costs probably won't decrease in the future. We need a situation where this type of use can be economical in the marketplace with competing cities, such as Seattle, Tacoma, and San Francisco. The Port of Portland has the potential financial resources to accommodate this development, whereas no other, private sector entity would invest in this situation.

Conclusion: I'd like to conclude that we have demonstrated that there is a land shortage, and not all uses are of the same intensity. Therefore, there is a need to balance these uses. I strongly agree with the Port of Portland's proposal to develop the 300 acres and to minimize restrictions to meet today's regional emphasis of increasing the industrial land shortage AND enhancing this much needed regional asset and infrastructure.

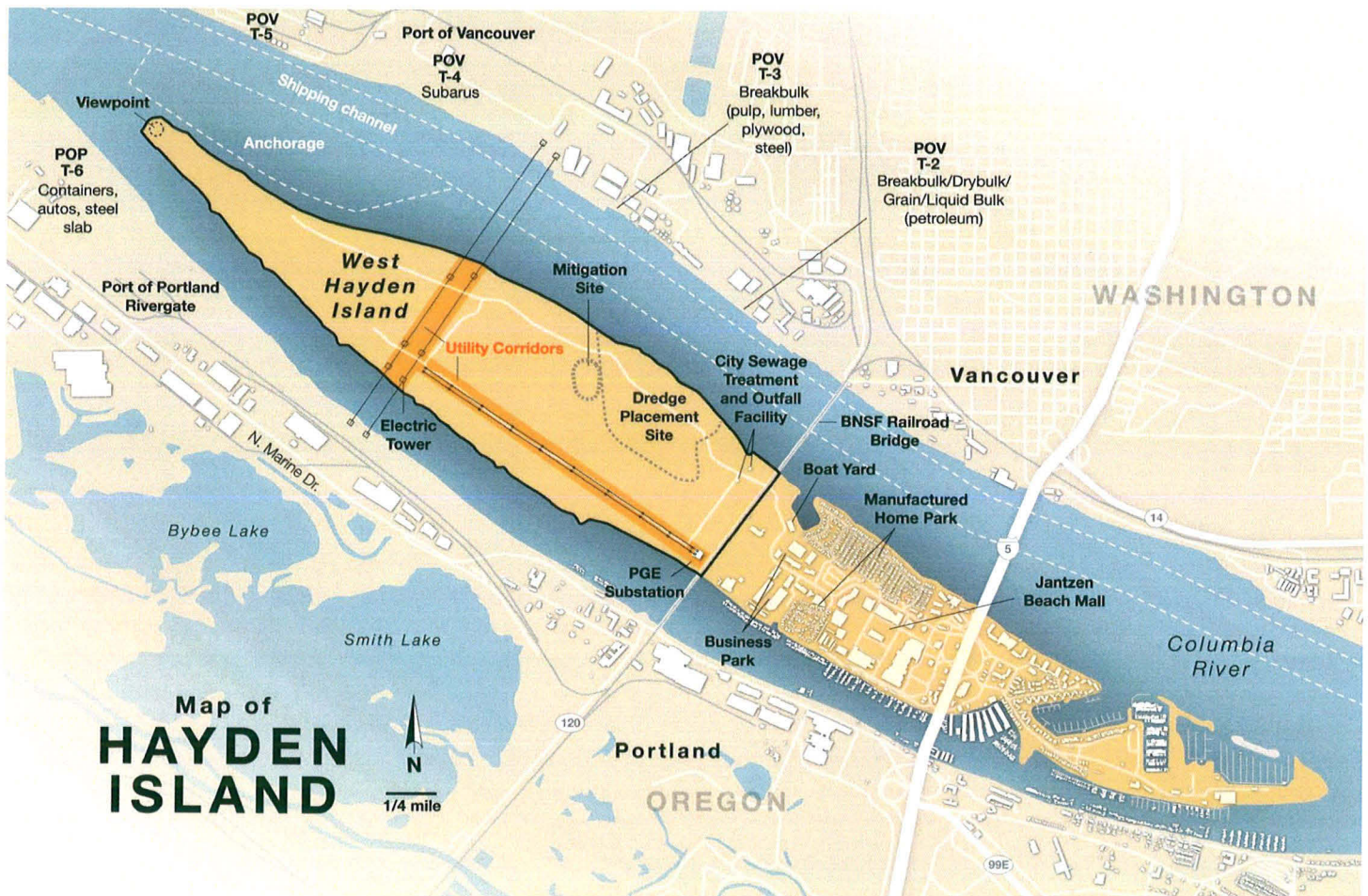
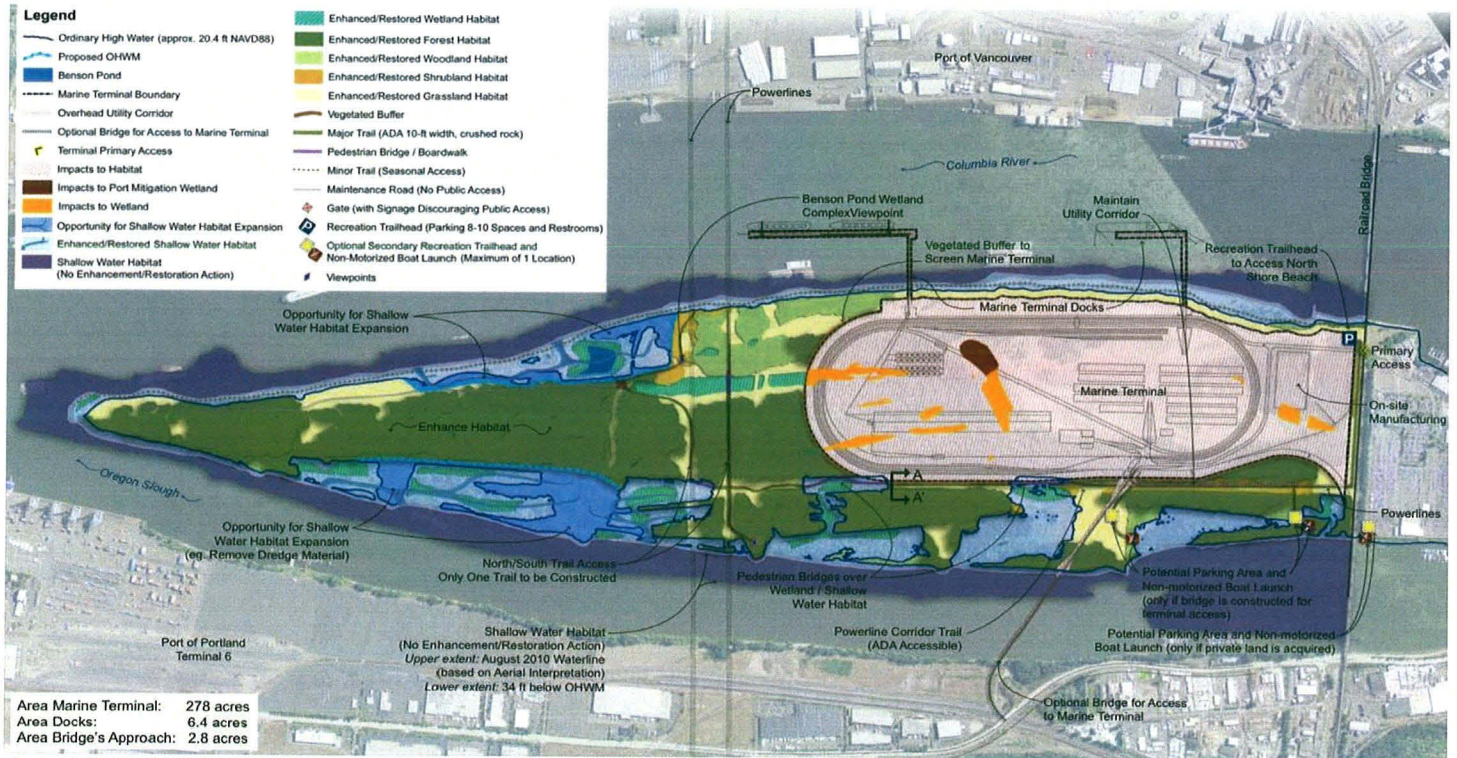
Existing Site Characteristics



[Home](#)



Possible Future Concept



AUDITOR 11/04/13 PM12:07

Parsons, Susan

From: Tom Dechenne [tdechenne@nai-nbs.com]
Sent: Monday, November 04, 2013 11:41 AM
To: Parsons, Susan
Cc: Raihana Ansary; bbottomly@portlandalliance.com
Subject: Request to testify: W. hayden Island Hearing: Dec. 18 (or Dec. 9, if available time slots)

12/18

Susan,

I'm writing to request a time slot to testify at the above hearing(s). (Either time will work for me.)

As a member of the Portland Freight Committee the last several years, as well as a member of the Portland Comprehensive Plan, Industrial Lands/ Watershed PEG (Group), I'd like to provide testimony of the importance of furthering the proposal to use a portion of W. Hayden Island for industrial land purposes. Having been an industrial real estate broker involved with industrial land sales and building sales/leases for over 30 years, perhaps this pertinent information may be of value in the decision making process.

Please advise if there's an opening and the time slot.

Thanks for your consideration.

Sincerely,

Tom Dechenne
Tom Dechenne
Associate Vice President
tdechenne@nai-nbs.com



Commercial Real Estate Services, Worldwide.

121 SW Morrison, Suite 200

Portland, OR 97204

tel 503 273 0356 | cel 503 349 5998 | efax 503 467 7456

www.nai-nbs.com

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11/4/2013

Request of Tom Dechenne to address Council regarding West Hayden Island
(Communication)

DEC 18 2013

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Filed DEC 13 2013

LaVonne Griffin-Valade
Auditor of the City of Portland

By 

COMMISSIONERS VOTED AS FOLLOWS:		
	YEAS	NAYS
1. Fritz		
2. Fish		
3. Saltzman		
4. Novick		
Hales		