

Digging Mississippi mud



Cathy Cheney | Portland Business Journal

Trammell Crow Residential's mixed-use development starts off with a **huge hole.**

Construction proceeds on a 188-unit multifamily project. The so-far unnamed development is expected to open in the summer of 2009.

Developer tailors residential project to N. Portland neighborhood scale

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One of the largest excavation projects ever launched on Portland's eastside has swallowed an entire block along North Mississippi Avenue.

But the impressive full-block hole in the ground belies the intimate scale of the apartment buildings and retail stores that will eventually be constructed at Mississippi and Failing Street.

Construction on the 188-unit apartment project by Trammell Crow Residential will start when excavators finish digging the underground parking garage.

Dubbed the North Mississippi Apartments and slated to be formally named in a community naming contest later this summer, the mixed-use property is being constructed at the site of a former warehouse and bowling alley, in the middle of a quirky and thriving Portland neighborhood. The apartments, plus some ground-level retail space, are set to open in the summer of 2009.

Trammell Crow Residential is a national developer and operator of multifamily projects. Its 2004 Pearl District project, the 10th@Hoyt apartments, sold last year for more than \$300,000 per unit, the standing record paid for a multifamily project in the Portland area.

Knitting its latest undertaking into the Mississippi neighborhood meant putting parking underground; hence the need to excavate 20 feet or so of soil from the site.

Even though the project will eventually fit with the smallish scale of its Mississippi neighborhood, the gaping hole startles even the developers and designers working on the project.



In Trammell Crow Residential's North Mississippi project, angled roofs and limited height will allow the buildings facing North Albina Avenue to blend in with neighboring homes.

"Right now, it looks giant," agreed Kurt Schultz, of Sera Architects, who notes that as underground parking goes, the one-story edition at North Mississippi is pretty tame.

Underground parking is the key to creating a project that blends into the surroundings, said Thomas DiChiara, managing director for Trammell Crow in Portland.

By putting all parking below street level, the entire property is opened up for pedestrian walkways, bike lanes and a series of retail plazas and green spaces that will beckon visitors as well as residents to criss-cross the property.

Still, underground parking is a new concept on the east side and represents a departure even for Trammell Crow, which is installing cheaper above-ground parking at the 294-unit Lexan South Waterfront project it is building near downtown Portland.

Schultz said the benefits of underground parking will become obvious once construction starts on the three buildings that will make up the North Mississippi project.

Two are three-story walk-up apartment buildings that will front Albina Avenue. Angled roofs and the height is intended to echo the single-family homes that face the project from the opposite side of Albina Avenue, Schultz said.

The third building will be an L-shaped construct packed with apartments and retail space along the corner at Mississippi and Failing. The building will give the appearance of being two structures, with six stories on the Failing side and five on the Mississippi one.

"The buildings will get it back down to the neighborhood scale," said Schultz, the architect.

DiChiara said Trammell Crow had long wanted to do a project in the historic Mississippi neighborhood. Last fall, it paid \$5.1 million for a former warehouse that offered the size it needed to do something significant. Still, working in the Mississippi neighborhood means complementing what's already there, not overwhelming it, he said.

"Part of our design was to break up the scale of the buildings," he said.

To do that, the development team punctuated the oversized lot with plazas and open space as well as buildings. It answered neighborhood requests to reopen the alley between Mississippi and Albina, which had been closed. The alley will serve walkers and bicyclists, but not cars.

DiChiara said it's easy to love the neighborhood.

"Mississippi's got the 'there' there already," he said, chronicling the mix of restaurants, bars, boutiques and retail shops that attract residents and visitors. There are, however, relatively few for-rent apartments, a niche Trammell Crow aims to fill.

"It was a natural fit for providing for the rental community there," he said.

The Mississippi apartments are being constructed as market rate units, with no public funds involved to sponsor affordable units.

The Mississippi project together with its 22-story sister at South Waterfront will likely open to strong demand from renters next year. Both projects are scheduled to open in mid-2009, following a period of slow apartment construction.

That slow period translates to relatively few new units available during a period when homebuying has slowed, the economy continues to add jobs and existing apartments continue to be converted into condominiums, though at a significantly slower pace.

Together, the combination of limited supply and rising demand is pushing up both occupancy rates and rents, according to the winter edition of The Barry Apartment Report, compiled by multifamily appraiser Mark Barry.

According to Barry, homeownership rates in greater Portland have dropped more than two full points since the heady days of 2005. That alone is the leading reason for occupancy rates that are approaching 97 percent, which allowed landlords to hike the rent on units being turned over to new renters by as much as 10 percent in 2007.

Barry estimates that local permitting agencies approved about 1,500 units of new apartment construction in 2007, among the lowest levels in recent memory.

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