

Harsch confirms purchase in heart of city's West End

Federal Reserve building has several factors in its favor

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Harsch Investment Properties confirmed it is buying the Federal Reserve Bank of San Francisco's former Portland branch, a Class B office in downtown's emerging West End neighborhood.

The \$12 million sale is expected to close on Monday, said Jordan Schnitzer, president of the Portland-based real estate investment, development and management company with holdings throughout the West.

It is Harsch's second major downtown purchase in less than a year. In October, the company purchased the Pacific First Center from longtime owner Prudential Real Estate Investors for \$39.8 million, or about \$174 a square foot.

Schnitzer called the Federal Reserve building a "stunning architectural jewel" that lends itself to redevelopment. The building and associated parking lot occupies the block bordered by Southwest Oak and Stark streets and Southwest Ninth and 10th avenues.

The Federal Reserve surplussed the property, which includes a half-block parking lot that fronts the Portland Streetcar line, after transferring much of the work done in Portland to the Puget Sound area. The remaining staffers were moved to another building on the other side of downtown.

The government's departure left an intriguing vacancy in the fast-growing West End of downtown. Gerding/Edlen Development Co., Zimmer Gunsul Frasca Partnership and the Goodman family are teaming up to develop a residential tower nearby, and other promising developments include the transformation of the Clyde Hotel into an outlet for Seattle's hipster Ace Hotel brand.

"I think that whole part of town is going to take off," Schnitzer said.

The government renovated the Federal Reserve building's mechanical systems

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THE LOCAL BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO

came on the market after the Fed decided to "surplus" some buildings and moved most of the Portland branch's functions to Puget Sound.

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The building has extra features such as a shooting range, gun turrets, a gold vault and an incinerator for old currency.

about 10 years ago and Schnitzer said added improvements could be in the works, though it's too early to guess at a potential use. Several tenants have inquired about occupying the entire building.

Harsch could even consider using it for its own headquarters.

The company is currently split between offices on Southwest Salmon and at Pacific First Center, 851 S.W. Sixth Ave.

The real potential may well rest in the 23,000-square-foot parking lot. Zoning codes allow for taller, multiuse development in that corridor. Ideas include a boutique hotel with room for offices and retail.

The Federal Reserve building has four stories and two basements.

The ground floor has 22-foot ceilings and marble details. Because of its former use, the Federal Reserve building has some unusual amenities as well, including storage vaults for gold, a currency incinerator, a shooting range, gun turrets and other post-9/11 security measures.

Built in 1950, the Federal Reserve building has approximately 87,000 square feet of rentable space, with 12,500-square-foot floors and 32,000 square feet in the basements. According to the Multnomah County Assessor, it has a market value of \$11.5 million.

Rich Sabel of CB Richard Ellis Inc. represented the Federal Reserve, which couldn't be reached for comment on the pending sale on Wednesday.