



## CASE STUDY

### Providence Health System Davis Business Center

DAVIS BUSINESS CENTER  
PORTLAND, OR

LAND LEASE

CORPORATE REAL  
ESTATE CONSULTING

PRE-DEVELOPMENT SERVICES

*“Providence secured a market-rate transaction that enables long-term growth at the current campus.”*

#### TEAM

Mike Holzgang  
Gordon King  
Brad Christiansen

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#### INTRODUCTION

For 10 years prior to working with Colliers, Providence Health System – Oregon, our state’s second largest employer, had worked directly with the owner of the Davis Business Center in anticipation of a need to expand the Providence Office Park. Over the course of that time, the Davis family had entered into a land lease agreement with Home Depot. Home Depot ultimately elected not to develop the site due to neighborhood resistance.

#### CHALLENGE

Providence, recognizing an opportunity to control its property, engaged Colliers not only to provide a fair market valuation of the site, but also to negotiate on behalf of Providence to control the site in anticipation of future growth.

#### SERVICES

Mike Holzgang had previously worked with Mr. Davis and understood some of the nuances of his personality and was able to discern the family’s needs in structuring a new transaction. By utilizing resources including Colliers’ research department and a compilation of considerable information from local appraisers, Providence was able to get comfortable with the financial aspects of a land lease transaction structure to present to Mr. Davis.

At the time, Mr. Davis had multiple other parties looking at redeveloping the property. This motivated all parties to reach agreement. Colliers secured a long-term land lease transaction with a “put” option for the lessor and an option to purchase for the lessee, enabling both parties to address all of their intended goals.

#### RESULTS

Providence secured a market-rate transaction that enables long-term growth at the current campus. For one year, Providence was not responsible for any payments related to the lease as a result of the remaining lease term between Davis Business Center and Home Depot. This enabled Providence to defray holding costs as they engaged in the planning process to ultimately consolidate their various business units into the Davis Business Center site.

Colliers was recently engaged to assist in interviewing developers for the eventual development of this site. The current plan, over the next three years, is to complete a 650,000-square-foot structure for consolidation of nine business and administration units from various Portland area locations. Colliers is presently assisting with the development of internal rental rate pro formas.

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## CASE STUDY

### Providence Health System Bridgeport Commons

#### BRIDGEPORT COMMONS TUALATIN, OR

#### LAND ACQUISITION

#### PRE-DEVELOPMENT CONSULTATION

*“This transaction was a home run for Providence.”*

#### TEAM

Gordon King  
Mike Holzgang  
Brad Christiansen

[www.colliers.com/portland](http://www.colliers.com/portland)

#### INTRODUCTION

In March 2004, Providence Health System – Oregon, Oregon’s largest health care provider, indicated a future need for an approximately six-acre site visible from Interstate 5. Providence planned a future 80,000- to 100,000-square-foot medical clinic in the Tualatin area. Providence Health System had owned the Mercantile Village Retail Center since the mid-1980s, but it was insufficient to meet the need for expanding medical services in the I-5 South region.

#### CHALLENGE

Researching land sales and availability, Colliers International found no sales records for pure office sites of five or more acres except between related entities for the prior decade. At the beginning of the site search process, Colliers International estimated it would take at least five years to find a site located, zoned and entitled within the stated criteria.

The eventual target site, Bridgeport Commons, was actively being marketed for retail use and had a pre-existing lease agreement with a national restaurant chain that impacted common area parking. Since the owners were in active negotiations with retail users such as Nordstrom Rack, Providence was allowed only 120 days to negotiate and close a \$12 million land purchase.

#### SERVICES

Relying upon 25 years of brokerage experience within the suburban marketplace, Gordon King developed initial surveys, contacted all possible ownership groups and, most importantly, assisted Providence in focusing upon unlisted “target” sites. The Bridgeport Commons owners had grown weary of dealing with retail prospects and Colliers had an insider’s understanding of their motivations after working with them on prior transactions. After a year’s worth of conversations, Colliers International was able to convince the owners to provide Providence a defined period of time in which to negotiate and close a transaction.

#### RESULTS

Providence Health System – Oregon will build a medical office building in the next three to four years. This medical building will be located within the new Bridgeport Village retail area, have access via a recent renovated freeway interchange, and benefit from visibility to 150,000 travelers per day. Our brokerage team worked closely with ZGF Partnership and the law firm Dunn Carney et al, which assured proper zoning and infrastructure as well as a timely and accurate closing.

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## Regional Real Estate / Property Management

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January 24, 2007

Michael D. Holzgang  
Senior Vice President  
Corporate Services  
Colliers International  
601 SW Second Avenue, Suite 1950  
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Gordon D. King  
Senior Vice President  
Corporate Services  
Colliers International  
601 SW Second Avenue, Suite 1950  
Portland, OR 97204

Re: Bridgeport Health Center  
Land Acquisition

Dear Mike and Gordon:

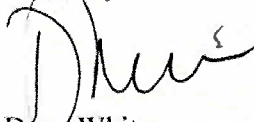
Providence had discussed the strategy of opening a large medical clinic adjacent to Interstate 5 in the Tualatin area for several years when this need was mentioned to you in the spring of 2004.

To my pleasant surprise, your team was able to create an improbable transaction meeting our needs, but seemingly impossible to complete within the timeframe required by the Seller. This was compounded by the fact that this was an unapproved and therefore unbudgeted project.

Nevertheless, Providence was opportunistic. A true team effort ensued using the resources of Colliers International, ZGF Architects, Dunn Carney, and Perkins Coie, as well as our internal executive resources. We were able to make appropriate land use and legal adjustments, as well as a timely purchase of this strategic site.

Thank you for facilitating this unique acquisition. We look forward to continuing to work with your capable team.

Sincerely,



Dana White  
regional director  
regional Real Estate and Property Management  
Providence Health System – Oregon