

The Portland Business Journal - July 10, 2006

<http://portland.bizjournals.com/portland/stories/2006/07/10/story1.html>

PORTLAND BUSINESS JOURNAL

BUSINESS PULSE SURVEY: [Where will you spend vacation time in Oregon this summer?](#)

O.C.'s future focus

City that long reveled in its past is enjoying a development spurt

The Portland Business Journal - July 7, 2006 by [Wendy Culverwell](#) Business Journal staff writer

Daniel McGinley and Garrin Royer had a pretty good idea Oregon City would embrace a sit-down coffee shop when the young developers spotted attorneys sitting on the sidewalk outside the Clackamas County Courthouse.

They were proven correct when, after investing \$3 million to renovate the Main Street building that once housed the Clackamas County Commission, Coffee Rush leased the corner suite and reported a booming business.

Without the resources to compete with more established and deep-pocketed developers for sites in Portland, McGinley and Royer set out to make their name in Oregon City, a historic city dominated by paper mills but not much else in recent years. What development there has been occurred in the so-called Hilltop neighborhood, about a mile up the hill from the city's historic, but shabby, downtown.

Oregon City essential is built on three levels -- the downtown strip bordered by McLoughlin Boulevard and the Willamette River to one side; the businesses and houses located on top of the bluff that borders the other side of downtown; and the Hilltop area located on yet a third level.

McGinley and Royer, who formed [Redside Development](#) four years ago, started in property management and have ventured into real estate development with several successful projects to their credit. Their first speculative project was the successful -- and sustainable -- transformation of Oregon City's 900 Main building, now home to Coffee Rush and a Subway franchise.

The building leased far faster than expected, prompting the pair to launch a second project in Oregon City, the ongoing \$6 million redevelopment of a former Copeland Lumber store on Molalla Avenue. The building will reopen this fall as a premier office and retail spot. Just across the street is one of the city's few dinner-only tablecloth restaurants, Flambe, and a bustling traditional Mexican restaurant, Cafe Mitzl, that features authentic posole on Saturdays.

It's these kinds of developments that caused McGinley and Royer, who have regional aspirations, to locate their small company in Oregon City.

"We've sort of fallen in love with downtown Oregon City," said McGinley, a Portland-area native who is the company's idea man. Royer, originally from the Bay Area, brings the development expertise to Redside.

The feeling is more than reciprocated by Oregon City Mayor Alice Norris, who credits Redside with proving the market to other new development.

"They took a risk very early," she said.

But thanks in part to Redside, serious developers have big designs on Oregon City. One would

build a residential community near the Clackamas River and the other would turn the 100-plus acre former Rossman Landfill at the north end of town into a Bridgeport Village-type shopping center. A Home Depot outlet already is located near the old dump, and Metro operates a transfer and recycling center across the street.

Redside's interest arrived at a fortuitous moment for Oregon City. The three-tiered city is the seat of Clackamas County government, which dominated Main Street. Main Street in turn is somewhat isolated from the rest of town by a steep hill -- which is why the city operates a giant municipal elevator to keep the two connected.

But the county's moved much of its business operations to a new hilltop office, leaving lots of empty space and anxious landlords on Main Street.

The owners of 900 Main Street were more than willing to work with buyers in that climate. Redside acquired the 15,000-square-foot building for about \$650,000.

A down-to-the-studs renovation included new mechanical and HVAC systems, a seismic update and, thanks to a rezone, new retail spaces as well. They emphasized sustainable building practices as well -- recycling material from the building and using low-impact building materials.

An innovative heating and cooling system uses heat from a restaurant tenant's ovens to help heat the rest of the building.

Coffee Rush opened in one corner. Subway occupies another space and the Center for Continuous Improvement leased the entire second floor. Redside leased its current office from the new owner as well.

McGinley and Royer share the mayor's sunny view of Oregon City.

The city is hungry for new development, it has the kind of solid Main Street charm that builders try to replicate.

It is situated between two affluent suburbs -- West Linn and Happy Valley -- and is home to two of the last three Street of Dreams luxury home showcase developments.

The combination of higher-end housing on both sides and proximity to affordable housing to the south makes it attractive to potential office tenants, the Redside team says.

That led them to buy the long-vacant Copeland building on Molalla Avenue.

The team is investing \$6 million to redevelop it.

The renovation will add a second floor within the building's existing shell. The footprint will remain largely unchanged, but leasable area will nearly double to 36,000 square feet.

The final configuration will have about 25,000 square feet of office space and 10,000 square feet for retail. With help from Portland's Green Building Services, the 221 Molalla Ave. project is on track for a "gold" project award from the U.S. Building Council's Leadership in Energy and Environmental Design program.

Norris said the city is an enthusiastic supporter of the plans, but regardless of the outcome, the state's oldest city is poised for great things.

"We've been a city with great potential for 160 years. It's our time to shine," she said. Proof rests in the city's new municipal dock at Clackamette Park, located near the confluence of the Clackamas and Willamette Rivers, and plans to open its first new parks in more than two decades, she said.

All contents of this site © American City Business Journals Inc. All rights reserved.

Amber Holveck, president and chief executive officer of Oregon City's chamber of commerce, echoed Norris. Redside has been a catalyst for the city.

"It's fantastic to have a visionary developer," she said. In addition to proposed new development, she said efforts to promote tourism and capitalize on the Street of Dreams program are additional evidence of interest in the community.

wculverwell@bizjournals.com / 503-219-3415

[Send us your comments](#)

[More Latest News →](#)

[Subscribe or renew online](#)
