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Two Sections

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Governor Atiyeh

The Business Journal

Serving Greater Portland

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shalls Inc. Ross chain ase battle

FRIEDMAN

s Inc., the nation's larg- e retailer, is coming to to battle Loehmann's for ungry, fashion-conscious oppers.

ls edged out one of its petitors, Newark, Calif.- s Stores, as the anchor Canyon Place, a 155,000- t shopping center at the Southwest Canyon Road Av e in Beaverton. ace pen next April. ores, a chain of 75 off- en's apparel stores, and both signed leases to e new center. At one center's developers tried stores to anchor the cen- ch decided it didn't want ompetitor next door. months of negotiations, Canyon Place owner, d, Wash.-based First evelopment Co., decided had the retail clout to shoppers into the center. major league operation, hink they're going to eir operations in the ," said Mark Zenger, ern Development's treas-

n's Marshalls will be the first entry into Oregon, e chain operates a store The first Portland-area is scheduled to open in this fall.

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Cascade Airways hits heavy weathe

Airline scatters bounced checks around the Northwes

By JOHN M. VILLAUME

Cascade Airways, a major regional airline with 28 daily flights in Portland, is battling to keep flying into and out of Portland International and several other Northwest airports.

In the past month, airports in Portland, Spokane, Seattle and several smaller towns have forced the Spokane, Wash.-based airline to make good on insufficient fund checks, agree to imposed payment schedules and, in at least one instance, sign a six-month interest bearing promissory note with Cascade's equipment as collateral.

Company officials said increased operating costs resulting from the inauguration of jet service last year plus a slump in passenger traffic gave rise to Cascade's current financial difficulties.

Cascade president Mark Chestnutt said Cascade had reached understandings with its airport creditors. He looked to continued increased sales as a means for Cascade's weathering the present storm. But Chestnutt acknowledged Cascade three weeks ago entered negotiations with a group of eastern U.S. investors interested in buying a major stake in Cascade.

A check at airports served by Cascade revealed the airline had fallen behind in landing fees and lease payments, owing some airports more than $130,000.

At Portland International Airport, for example, Cascade early last week owed about $130,000, said El Sheldon, manager of aviation marketing at the Port of Portland. A portion of that amount was ni months in arrears.

Earlier this month Cascade h responded to the port's demand to p approximately $47,000 for landing fees a lease payments and delivered a check f that amount. But when the check bounce the port issued Cascade a double-barrel ultimatum: Make the check good by 5 p. last Wednesday evening and submit a sat factory repayment schedule by July Cascade failed to meet either demand, t port would terminate Cascade's operati agreement, terminating the airline's lease facilities at the airport and thus shutti Cascade down in Portland.

Terminating Cascade's local operatio

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BenjFran Development aims huge parcel through hoops

By KEVIN RENNER

BenjFran Development Inc., taking a major policy twist, has bought land for what could become Washington County's largest industrial park.

The development arm of Portland's Benj. Franklin Federal Savings and Loan Association has purchased the 87-acre Roseway Industrial Park, and has taken an option on the adjacent 460 acres. The combined property, along a 1.8-mile strip of the Tualatin Valley Highway south of Hillsboro, could become the second largest industrial park in the Portland area, second only to the Port of Portland's Rivergate Industrial District.

BenjFran's recent moves are the first in what will be a long process, full of political and developmental hurdles for the company.

Last week, BenjFran bought the undeveloped 87-acre industrial park at 234th Avenue, for about $2.3 million, said company executives Dale Johnson and Michael Nelson. Norris Beggs & Simpson represented both BenjFran and the seller, Sparta Corp., based in Washington County. BenjFran will develop the land, or prepare it for building, at a cost of about $2.6 million.

BenjFran plans to begin developing the

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Veteran's home loan program is in the doghouse

In the magazine

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Transpacific will be the developer of Tom Moyer's downtown Fox Block.

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gh on, Haynie put business on display

EGLE

g a booth at a trade show demands four slabs of pegboard and a handful icks. But an elaborate, custom-built cost as much as $1.5 million, a figure ch for the blood of most small firms.

tlanders recognized that and estab- rdable Exhibits Co., the area's first specialize in lightweight, inexpensive displays.

Leighton and Orson Haynie, it took borrowed cash and a lot of faith to obs to start Affordable.

wed a lot of money from friends and d took out a second mortgage on my et started," said Leighton. "And his house in Seattle to help finance ss." Between them, they raised open their business at 905 N.E. Union dwarfed by current sales.

hed the break-even point in March, ill reach roughly $350,000 this year,"

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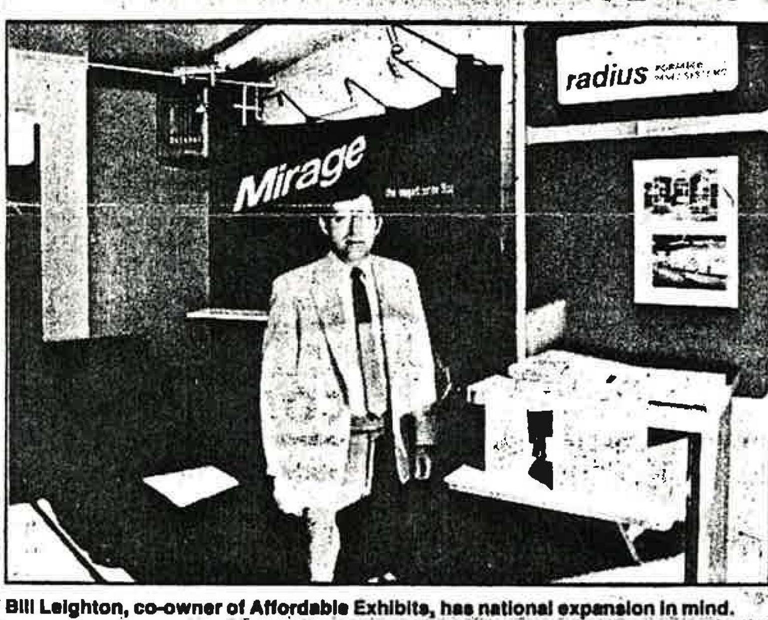

Bill Leighton, co-owner of Affordable Exhibits, has national expansion in mind.

Matt Herbst

Official pegs park's chances at only a 'generous' 50-50

Continued from page 1

87 acres in August, and will prepare the land over two or three phases during the next two years, said Nelson, BenjFran's vice president and Portland manager.

That 87 acres, said Johnson and Nelson, would be the "front door" to what they hope will become a 547-acre industrial park. But, they quickly pointed out, that is assuming all goes according to BenjFran's plans and the wishes of officials in Hillsboro, who would like to add the land to their city's industrial and tax base. Previous plans for the land could snag development of the 460-acre parcel under option.

That 460 acres lies just outside Hillsboro's urban growth boundary, the legal boundary that separates agricultural land from urban land that can be developed. Getting the urban growth boundary extended to include the land will not be a rubber-stamp process, Nelson and Johnson acknowledge.

"Calling it a 50-50 proposition would be generous," said Johnson, BenjFran's president and a former Washington County planning director. "It will be a difficult fight. Logic is on our side, but sometimes that doesn't work."

BenjFran will have to get approvals from several state and local governments and agencies, including the city of Hillsboro, Washington County, Metro and the state Land Conservation and Development Commission.

Such a large addition to the city's urban land stock would be unusual, said Hillsboro planning director Wink Brooks. "There have been minor changes, but no 400-acre additions," Brooks said.

Metro's approval, moreover, could be tough to land, noted one close observer. That regional body is governed by a board with members from Washington, Multnomah and Clackamas counties. The latter two counties, which have watched Washington County snare the bulk of new industry, may not be too sympathetic with their western neighbor's request for yet more industrial capacity, he noted.

The state's fastest growing county in terms of population, Washington County now has 2,778 acres in its 26 industrial parks, more than any other jurisdiction in Oregon, according to recent research by the Portland Chamber of Commerce. Clackamas County, by comparison, has 692 acres in industrial parks of 20 acres or more, that research shows—barely more land than the park envisioned by BenjFran.

The entire approval process could take as long as 18 months, Johnson and Nelson said. If BenjFran gets its approvals, it will exercise its option and buy the additional 460 acres for about $12.2 million from Sisters of St. Mary's of Oregon Inc., the present owner.

Land development costs, at today's prices, would be another $30,000 an acre, or about $13.8 million, Nelson and Johnson said.

The project would be developed over 10 to 12 years, according to market demand, they added. Should a new north-south freeway being discussed in Washington County get approved, the land development and marketing would move faster, they noted.

For BenjFran, meanwhile, the development marks a dramatic turn from a residential lot supplier to what Nelson and Johnson claim will be a full-service development company.

Since Benj. Franklin's merger three years ago with Equitable Savings and Loan, the merged firms' development subsidiary, BenjFran, has developed primarily housing lots in the Portland and Puget Sound areas.

In Portland, the company has developed about 4,500 lots, said Johnson and Nelson. BenjFran's major developments in the Portland area include the 150-acre Waterhouse Project in the Sunset Corridor, Hunters Highland at Northeast 182nd Avenue and Powell Boulevard, and Burnt Wood West near Beaverton. The company claims a total of $30 million in real estate investments to date, in a portfolio of 45 properties.

BenjFran's diversification into industrial real estate is a move to counter the ups and downs of the cyclical residential market, said Johnson.

"We've been married to income in residential real estate, and when that's not there, there's no income," he said. "Our major concern is to generate a constant stream of income."

The company's new and optioned property is located several miles southwest of Washington County's Sunset Corridor. BenjFran's move, said Johnson and Nelson, is the first by a developer to position itself with a major project near but outside the corridor.

And that location, they suggested, would offer competition to developers in the corridor.

"With prices being driven up in the corridor, service firms will find this more affordable," said Johnson. He and Nelson said other firms such as suppliers, wholesalers and distributors would find BenjFran's location to be a better deal than higher-priced Sunset Corridor land for some of their operations.

At $26,500 an acre, or about 60 cents a square foot, BenjFran's new land compares with industrial parcels in the Sunset Corridor selling for $1 a square foot and more.

Nelson and Johnson said BenjFran may elect to develop the property all the way through to putting a final "product" or buildings on the market. That product, they said, would be "a tier down from the campus park you see on the corridor."

BenjFran will use its parent company's money to develop its new land. Benj. Franklin has more than $3 billion in assets, Nelson said, of which no more than 3 percent can be invested legally by a federally chartered savings and loan in one of its subsidiaries.

Even using 2 percent of its parent company's assets, BenjFran could put another $30 million into development, Nelson noted, not counting the development company's own operating profits.

While Nelson and Johnson said their company "is not trying to become a Koll or a Quadrant" (larger developers with regional operations), they said BenjFran could grow by as much as 18 percent yearly.

That growth will depend not only on public approvals but on a successful marketing campaign and response by buyers. On the latter point, Johnson and Nelson hint they are optimistic, saying they've already had "casual conversations" with unnamed potential users.

Approval, meanwhile, will depend as much on the international economy and strength in industries such as semiconductors and computers, noted one public official. A soft economy and a glut of industrial land next year could make a new industrial park harder for state and local planners to justify, he noted.

Then again, a hot economy and booming demand for parcels of 100 acres and more demanded by large manufacturers could tilt the scales in favor of a new industrial park.

"They could use the large-parcel argument," the official noted. "There's a short supply of 100-acre parcels for the NECs and Fujitsus."