

# HVS Market Pulse: Vancouver, Washington

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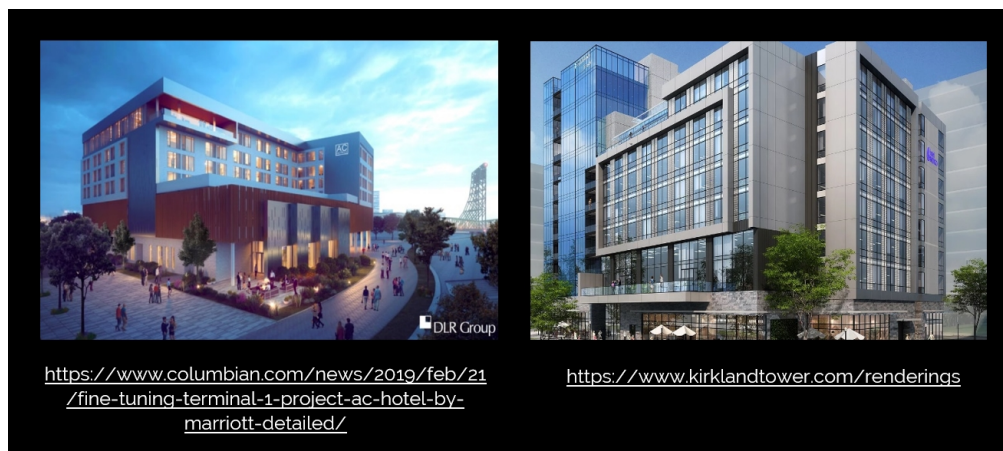
Vancouver is experiencing a development renaissance. Instilled with a new sense of confidence by The Waterfront's ongoing success, Portland's lesser known neighbor is buzzing with new construction projects, including office, multi-family, retail, and hotels along The Waterfront.

As the second-largest city in the Portland metro area, and the fourth-largest city in Washington state, Vancouver will benefit from 5,500 additional housing units in the pipeline, according to city representatives. Among the projects is Murdock Tower, to include 70,000 square feet of Class-A office space and representing the largest tower project in Vancouver in over 20 years, with 90% already leased. Coupled with the residential boom is an unprecedented increase in hospitality operations in historic Downtown Vancouver. In a mere five years, over 47 new restaurants have opened in addition to numerous coffee shops, brew pubs, and wine-tasting rooms. Furthermore, Vancouver's proximity to the Portland metro area has helped to attract corporate businesses seeking to relocate due to the availability of cost-efficient office spaces under development and the benefit of no corporate or personal income taxes. The most recent win for the community is shipbuilder Vigor Industrial's pledge to build a new class of U.S. Army landing crafts in Vancouver. According to the Vancouver Southwest Washington Business Journal, by 2023, the ten-year, \$1-billion expansion plan could create up to 400 employment opportunities on the former Christensen Yachts site in the Columbia Business Park. Other companies investing in their Vancouver facilities are Banfield Pet Hospital, DiscoverOrg, and Sunlight Supply.



Considered a catalyst for these activities, the \$1.5-billion, mixed-use Waterfront development is a public/private collaborative partnership among the City of Vancouver, Columbia Waterfront LLC, and Gramor Development, Inc. Upon completion, 20 blocks are expected to feature residential, office, and retail spaces on 32 acres along the Columbia River. With an estimated \$385-million impact on the local economy through tax collections over the next 20 years, the project is poised to become a major economic anchor for Vancouver. Phase I of the master planned project, which is slated for completion by mid-year 2020, has already added the 90-foot Grant Street Pier, the half-mile-long Waterfront Park, 45,000 square feet of ground-floor retail space, 270 apartment units, and five restaurants. Thus far, \$60 million has been invested in infrastructure to establish West Columbia Way as the new access corridor for The Waterfront. Formerly a mill site blocking the water frontage, the new layout provides residents and visitors alike an urban riverfront retail and living experience. As tourism in Vancouver has recorded rapid growth over the past few years, The Waterfront is anticipated become a new major stop for the increasing cruise lines along the Columbia River. According to the developer, the groundbreaking of Phase II of the project is scheduled to include a senior housing community; a seven-story, 750-space parking structure; and two additional apartment complexes.

Among The Waterfront development there are two hotel developments under construction. The proposed Hotel Indigo, to include 138 guestrooms and 40 condominiums, is scheduled for completion in October 2020. Ground was broken on the 150-room AC Hotel by Marriott in August 2019; the hotel is expected to open mid-year 2021. The AC Hotel by Marriott will be the first completed project of the Port of Washington's Terminal 1 development. These projects are the first hotel developments to occur in Downtown Vancouver since the Hilton, which opened in 2005. The greater Vancouver market has largely been underserved by full-service, upscale to upper-upscale hotels. The opening of these hotels is a strong indication of the growth occurring north of the Columbia River.



Looking to a bright future, Vancouver has certainly caught the eye of national developers, who are hoping to participate in the city's rebirth. Based on the Pacific Northwest's strong economy, the region is poised for future growth and The Waterfront has ushered in a chapter of economic renewal for Vancouver.

HVS continues to regularly consult in this city, with a nearby office in Portland, Oregon, led by Kasia M. Russell, MAI. The

Portland HVS team is ready to assist you on any consulting need you may have. Eric Guerrero with HVS Brokerage can also discuss any asset you may be considering selling in 2019.