

IDAHO BUSINESS REVIEW

Portico debuts upscale office space in Meridian

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by Brad Carlson

The first of two four-story, 80,000-square-foot medical office buildings in the Portico development is slated for completion Dec. 15. An identical building to the east is to be completed Jan. 15 on the 24-acre Portico site in Meridian, in the southeast quadrant of Eagle and Franklin roads just north of St. Luke's Meridian Medical Center.

St. Luke's Outpatient Services leased the first floor of the west building and the first and second floors of the east building, said Sherry Schoen, director of leasing and marketing for Portico owner-developer Gardner Ahlquist Development. Saltzer Medical Group leased the second floor of the west building. A provider of a specialty medical service is strongly considering leasing 80 percent of the west medical office building's fourth floor, she said. She would not identify that potential tenant. Several entities have shown interest in space on the third floor of the west building, and specialty medical practices are looking at space available in the east building, she said. A covered and gated two-story, 160-space parking garage is under way between the medical office buildings.

The six-story, 134,100-square-foot Portico Office Tower is under construction and slated for completion in June 2009. Engineered Structures Inc., the Boise company that is Portico's general contractor, plans to occupy the third and fourth floors, Schoen said. The developer, builder and architect seek Silver LEED certification of the tower from the U.S. Green Building Council, she said. ("LEED" refers to the council's Leadership in Energy and Environmental Design program.) Tom Ahlquist, a Gardner Ahlquist principal involved in Portico's construction management, said the developers saw a need in the immediate area for Class-A office buildings featuring several stories, steel-framed construction, hard exterior finishes and upscale interiors. Portico office buildings are designed to appeal to businesses that look to move into Idaho, though they have generated interest from businesses that already operate here, he said. Current marketing and leasing efforts emphasize large, corporate occupants. Schoen said LEED certification efforts involving Portico Office Tower reflect the building's corporate niche to an extent. "It's a commitment to sustainability for tenants and the community overall," she said. "You see more of it in the Corporate America-type tenant. Now their employees are asking, 'Is it LEED-certified? Is it green?'"

Boise physician Tommy Ahlquist, Tom's son, is a Gardner Ahlquist principal who handles operations and financing. Early leasing results for Portico office buildings exceeded expectations, Tommy said. "The Boise market is not a pre-lease market. You need a building," he said. Economic sluggishness presents another challenge. "The economic downturn affects everyone in every way," said Tommy Ahlquist, who started buying Portico's 19 parcels about three years ago as the market was peaking. "We are just as excited about the project now," he said. "We have been dealing with slow economic conditions for about nine months, and we're more optimistic now" in light of lease signings and negotiations.

Office rents at Portico remain top-end for the Boise-area market, he said. Portico developers retain the financial “cushion” they established through tight internal controls on the project – financed by Wells Fargo Bank and private sources. Gardner Ahlquist has been able to keep borrowing this year due in part to its buy-and-hold track record and 30-year relationship with lenders, he said. The company has borrowed nearly \$90 million combined for Portico, Eagle Island Crossing in Eagle and Ventana in Nampa.

Matthew Gardner, a Gardner Ahlquist principal involved in Portico construction management, said the economic slowdown brings lower costs and greater labor availability. Portico is designed to attract corporate office users who can tap the central location to draw employees and benefit from quick access to the nearby Interstate 84 and Boise Airport, Tommy Ahlquist said.

The central location also can benefit other types of businesses, such as restaurants, he said. Schoen said the Buffalo Wild Wings restaurant chain plans to open in early January in a 6,575-square-foot space within an L-shaped retail building completed at Portico. The 20,000-square-foot building also will house a 3,200-square-foot Huckleberry’s breakfast eatery, expected to open in late spring, and a similarly sized restaurant for which the owner is finalizing concept plans, she said. Starbucks opened in November and Chronic Tacos opened Dec. 4 in a 4,200-square-foot building at the southeast corner of Eagle and Franklin roads, she said. Gardner Ahlquist anticipates a spring construction start for a restaurant building and for an 11,000-square-foot building fronting Franklin, marketed to service retailers.

Portico developers sold property slated to accommodate a four-diamond hotel with about 200 rooms and large meeting-convention space. Construction is expected to start next fall on the hotel, for which a brand and operator have not been announced, she said. Salt Lake City-based VCBO Architecture designs Portico buildings and BRS Architects of Boise designs tenant improvements there.