



“The acquisition was completed at \$142 per square foot, well below the sale price of other like-kind downtown projects.”

SUCCESS STORY

CAREOREGON



315 SW Fifth Avenue
Portland, Oregon

TEAM

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SERVICES PROVIDED

Headquarters Relocation
and Consolidation
Project Acquisition
Transaction Management

www.colliers.com

CHALLENGE

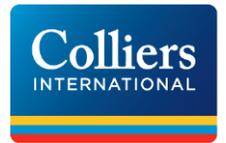
CareOregon (a Medicaid-managed health care plan serving Oregonians eligible for the Oregon Health Plan) engaged Colliers International to provide real estate advisory services in anticipation of a major upcoming expansion. CareOregon also needed to solve the increasingly crowded and inefficient conditions at its headquarters and, within 90 days, had to face the forced relocation of an off-site claims office. The strategic decision of whether or not to combine all business units under one roof had to be answered within a very short timeframe.

STRATEGY

Colliers International immediately prepared a lease abstract to determine the baseline financial and contractual conditions for the organization and concurrently engaged WGS Design to serve as the interior planning group for CareOregon. WGS Design developed a space needs analysis for the existing operations and all projected growth.

SERVICES

After defining the need, both lease and purchase options were proposed. Within the first month, the board authorized a plan to consolidate all offices under one roof. Three sets of plans were prepared for each prospective building, despite a one-year lease overhang beyond the target relocation date. After considerable financial analysis, it was determined that the purchase opportunity was the best long-term solution for CareOregon. The purchase opportunity would control occupancy costs in a rapidly increasing health care cost environment. Interestingly, one of the board members of CareOregon, the CEO of ODS, formerly had his headquarters in this building.



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RESULTS

The building chosen by the CareOregon team had three offers under consideration prior to CareOregon's interest. It was incumbent upon our team to convince the seller -- through their Pension Fund Advisory Group -- that we were the most viable purchaser. Accordingly, the team was presented with an unusually short due diligence time frame for appraisal and inspections. Colliers coordinated a team that included Group McKenzie, Glumac International, PGP Valuation, and USI Insurance (which prepared a binder overnight) to allow construction to begin before closing of the purchase.

Overall, Colliers and WGS were successful in delivering the entire project on time. Since completing the transaction, Colliers has worked with CareOregon in the disposition of surplus furniture systems, and arranged for non-profit subtenants aligned with the CareOregon mission to move into the former CareOregon offices. The acquisition of this 99,000-square-foot building was completed at \$142 per square foot, well below the \$200 to \$250 per square foot pricing that other downtown Class A office projects were sold for during the same calendar year.