

CANNABIS CHANGES THE GAME OF REAL ESTATE

Local businesses worry the cannabis industry is edging them out.

While Oregon may still be the new kid on the legalization block, the two states that beat us to the punch, Washington and Colorado, might have a lesson or two to teach us about what's to come.

There's no doubt that states have benefited financially from taxing the recently legalized industry and are looking at dramatic declines in crime rates, according to a 2015 study by the Drug Policy Alliance.

Oregon's Department of Revenue started collecting taxes on recreational cannabis for the first time beginning Feb. 1, and by March 4 the state had collected \$3.48 million from dispensaries statewide.

But growing and processing cannabis takes up space — a lot of it. In fact, it takes up so much space that the Washington State Liquor and Cannabis Board tasked the University of Washington's Cannabis Law and Policy Project with a study quantifying how much space is needed to feed the state's appetite. The study found that the current 12.3 million square feet — three times the size of the Mall of America — licensed by the WSLCB is enough to provide for the state's total market, while the medical cannabis industry only needs between 1.7 million and 2 million square feet to reach the state's needs.

According to a study published last October by commercial real estate firm CBRE, the cannabis industry accounted for 3.7 million square feet of Denver's occupied industrial space.

At the time, the study found the average industrial lease rates were \$7.05 per square foot across the Denver metro area, and that rates for Class B and C warehouse spaces had jumped 56 percent, from \$4.06 to \$6.34 per square foot, in the past five years.

According to *The Denver Post*, cannabis tenants tend to pay two to three times the average lease rates. This also seems to be the case in Eugene, according to John Erving, a representative of commercial real estate firm Evans, Elder and Brown, who says, "If you're renting a space for a dispensary, you're most likely going to have to pay above market for rent."

Erving says this is due to the fact that cannabis is still deemed illegal by the federal government, and most renters are wary of leasing

space to those in the cannabis industry.

The cannabis industry isn't alone in its battle for space in Eugene. On the other side of the coin, local non-cannabis businesses are having trouble coping with the change in leasing prices and sharing the space.

Mancave Brewing Company owner Brandon Woodruff says he was leasing a space on Fifth and Fillmore that saw its rates jump from about 33 cents per square foot to a dollar per square foot. The business was unable to cope with the increase, leaving Woodruff and his business without a location to operate.

"We even offered them more than double what we were paying," Woodruff says. "They wanted a buck. I don't even know where they come up with these numbers."

Woodruff suspects the raise in rental costs is due to the recent legalization of cannabis.

Erving says it's difficult to put all of the blame on the cannabis industry, because leasing rates have increased across the board in the last year or two.

"It's hard to say it's due to marijuana licensing for cultivation," Erving says. "It's also just because the economy started turning around and buildings started going up."

Woodruff's old neighbors still worry, despite no change in their rental agreement. Owner of Mora Auto Repair Jose Mora says that if his rent does go up, he worries about losing the space.

"It's been stressful," Mora says. "Marijuana is destroying certain businesses."

While he says he doesn't have any gripes with those in the cannabis industry, he worries about it negatively affecting small businesses like his own.

"We feel like we have a rope around our neck," says Mora mechanic Pablo Alvarez. "We're just waiting for someone to kick the stool."

The landlord of the spaces where Mora's business is currently located and Woodruff had previously leased from confirmed that the space is going to be taken over by a grow operation.

"I own a 21,000-square-foot building on 5th and Fillmore that I'm leasing to people who grow dope," Darrel Mansell says. He says he plans on raising the rents on the remaining tenants. ■

'If you're renting a space for a dispensary, you're most likely going to have to pay above market for rent.'

— JOHN ERVING,
EVANS, ELDER AND BROWN



• On Friday, May 20, **J-Tea opens its second location** on 19th Avenue, right next to the new Sweet Life Petite. Called "The Oolong Bar," this location will serve "tea-inspired beverages and snacks" and will sell loose-leaf tea as well as made-to-order drinks and teas on nitro. The store will be open 9 am to 9 pm on May 20, and all attendees will receive coupons and free samples. The CABA Lion Dancers are booked to perform at 6:30 pm. See jteainternational.com for more info.

• **Pedalers Express**, Eugene's first bicycle delivery service (which delivers *EW* on Thursdays), has a new addition. The Distro Cycle "can now deliver 800 pounds of product in one run," Pedalers tells *EW*. The Distro Cycle "has three wheels, a durable frame, an enclosed cargo container on the back, electrical assistance," and the courier sits in the front steering with his/her feet while pedaling. The bike delivery company uses the cycle primarily to deliver GloryBee products such as "50-pound bags of flours and sugars, buckets of honey and syrup" to places such as Wandering Goat Coffee, Keystone Café and more. Pedalers Express can be contacted at pexed@catoregon.org.

• **PeaceHealth Sacred Heart Medical Center at RiverBend** has received the American Heart Association/American Stroke Association's Get With The Guidelines® — Stroke Gold Plus Quality Achievement Award for 2016. This award recognizes PeaceHealth Sacred Heart Medical Center at RiverBend's commitment and success in implementing a high standard of stroke care by ensuring that their stroke patients receive treatment that meets nationally accepted, evidence-based standards and recommendations. This marks the fifth consecutive year PeaceHealth has received this award.

LANE COUNTY AREA SPRAY SCHEDULE

Oregon Department of Transportation is spraying roadsides. Call 503-986-3010 to talk with a vegetation management coordinator or call 1-888-996-8080 for recent herbicide application information. Highways I-5, 58, 99, 105, 126 and Beltline were recently sprayed.

Cadore Timber, 485-1500, plans to hire Strata Forestry Inc., 726-0845, to backpack spray 41.3 acres south of Hwy. 58 near Noisy Creek with triclopyr, Brush & Basal Oil and MSO Concentrate, targeting Scotch broom. See ODF notification 2016-771-05938, call Tim Meehan at 541-726-3588 with questions.

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POLLUTION UPDATE

Oregon Department of Environmental Quality (DEQ) recently sent a warning letter to the **Springfield Target Store** (store # 612, located at Gateway Mall) for hazardous waste law violations. The store is designated as a "large quantity generator" of hazardous waste because it generates more than 2,200 pounds of hazardous waste per month. DEQ's warning letter identifies reporting and inspection violations, and notes that DEQ had to contact Target Headquarters due to the unavailability of records at the Springfield store. DEQ also recently sent Maryland-based **W.R. Grace & Co. — Conn.** a warning letter for failing to repair leaks in reactors at its Albany facility within 15 days of discovery. Grace waited more than 100 days to repair leaks discovered in two of its reactors. As noted previously in this space (goo.gl/MXPh4n), Grace was fined by DEQ in April for illegally transporting hazardous waste from Portland to its Albany facility.

Doug Quirke/Oregon Clean Water Action Project