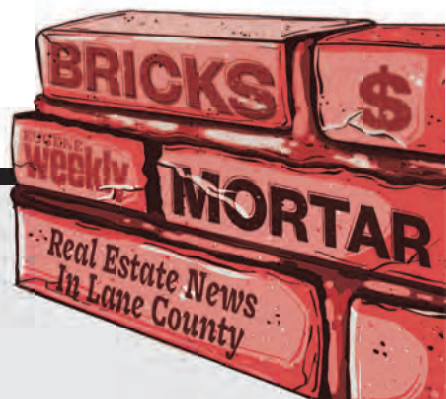




PEACEHEALTH EUGENE CAMPUS UP FOR GRABS

Hospital, parking garages, offices, the works

BY CHRISTIAN WIHTOL

This may be the biggest real estate news to hit Eugene-Springfield in decades. No, we're not talking about Chick-fil-A opening in Gateway.

We're talking about PeaceHealth's announcement earlier this week that its sprawling University District campus in Eugene is up for sale, lease, demolition, redevelopment or a mix of all of the above.

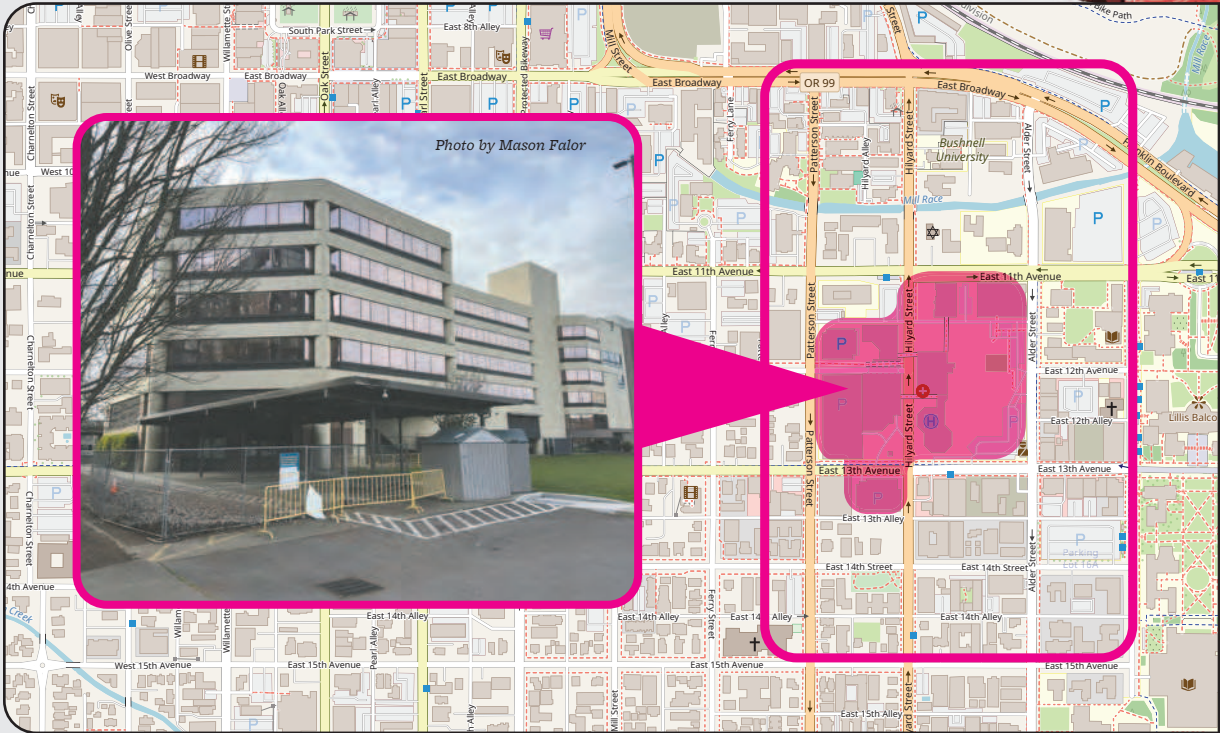
The 12.5-acre property includes the aging, largely empty two-building PeaceHealth Sacred Heart University District hospital; two medical/office buildings occupied by medical and other tenants; three under-used parking garages; retail spots rented to a multitude of tenants; a four-acre parcel of open land; and a PeaceHealth inpatient behavioral health center that any buyer must keep as a tenant. PeaceHealth isn't publicly disclosing a sale price.

A brochure for the property lists the two University District hospital buildings as "planned for demolition." PeaceHealth is thinking big: To market the site it has signed up Jones Lang LaSalle, a Chicago-based global real estate and investment brokerage.

One potential buyer has already taken itself out of the running. The UO says in a statement: "We were aware that the property was going on the market and have no plans to purchase it." The UO leases about 24,000 square feet of office space at the hospital campus, but "we are already in the process of moving those employees to our building at 1700 Millrace," the UO says.

Vancouver-based PeaceHealth's announcement is no surprise.

The nonprofit hospital chain has been vacating the University District campus in fits and starts, folding services into its flagship RiverBend hospital in Springfield. It took a key step last year by closing the University District emergency department. PeaceHealth is in financial straits, so selling excess real estate is an obvious move.



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Who will want this grab-bag, or pieces of it? "PeaceHealth seeks bids for all or portions of the property. The successful bidders will combine compelling economics with creative development schemes," JLL says.

In real estate circles, rumors run from more student housing on the vacant acreage, to establishing a teaching hospital in the old hospital building. One of its current uses is as a SWAT training ground (see story this issue).

Will PeaceHealth be willing to sell off pieces of the property, or will it want a single buyer to take it all, and to deal with the headache of handling the disparate elements? Time will tell.

Either way, few development deals in Eugene-Springfield involve so much land and so many buildings. The apartment construction at the former Eugene Water & Electric Board operations site along the Willamette River might be somewhat comparable — except that property was mostly bare land to begin with.

At the University District site, the simplest component may be the four-plus empty acres that have landscaping and surface parking. Putting apartments on them — for students or others — might be straightforward.

Beyond that, the site becomes tangled. The parking garages, with 1,552 parking spaces, are currently short on customers, because one big user, the University District hospital, has eliminated most of its services

and employees. The medical/office buildings have tenants with leases. These buildings compete in a market already awash in vacant office space. PeaceHealth has an inpatient behavioral health facility on the property — and PeaceHealth says that must stay put and lease its space from a new owner until PeaceHealth follows through on its plan to build an inpatient behavioral health center near RiverBend.

Then there's the hospital itself. It's a faded reminder that the city once was home to the region's premiere medical center. The two buildings date to 1965, and reportedly have substantial amounts of asbestos — a common feature of buildings from that era. On its promotional flyer, JLL says the two hospital buildings are "planned for demolition." Parts of them "are currently being decommissioned and abated for reuse or demolition," it says.

On the plus side, the entire property is zoned commercial, a broad category that gives developers a relatively free hand.

JLL says the whole site is a "high-profile development opportunity."

For more information, visit JLL's website: US.jll.com.

Bricks \$ Mortar is a column anchored by Christian Wihtol, who worked as an editor and writer at The Register-Guard in Eugene 1990-2018, much of the time focused on real estate, economic development and business. Reach him at Christian@EugeneWeekly.com.

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