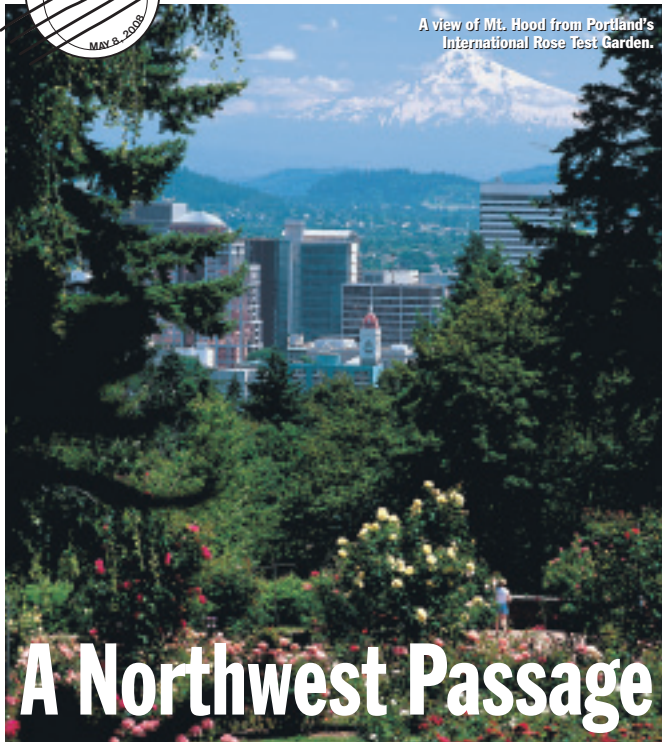


LETTER FROM
PORTLAND
 MAY 8, 2008



A view of Mt. Hood from Portland's International Rose Test Garden.

A Northwest Passage

By Joanna Ramey

THE CITY OF ROSES IN NORTHWEST OREGON MAY BE KNOWN FOR RAINY weather, but even on the wettest days, few people here use umbrellas.

"If you carry an umbrella in Portland, you'll be pegged a tourist," advised Bobbie Parisi, vice president of marketing for Keen, one of several global footwear and activewear companies in the city, the state's largest.

Locals know it's better to wear a hooded jacket or raincoat and hat since much of the October-through-May rainy season is like a mist, helping to keep the city's International Rose Test Garden and organic pinot noir vineyards flourishing.

The weather is hardly news to Portlanders, who are more focused on earthly delights, like hand-roasted coffee from Stumptown cafe, a draught from one of 32 micro-breweries or the celebrated six-course, \$52 fixed-price meal at local favorite Beast.

"There's a great deal of passion in this city," observed Victoria Taylor, owner of Mercantile, a longtime downtown designer sportswear store doing brisk business in Burberry outerwear. "Portlanders are always looking for what's of-the-moment. In fashion, they're open to what's new."

That includes a growing commitment to development of Portland's fashion and design community with the five-year-old Portland Fashion Week, which has focused on sustainable fashion since 2006 and will occur Oct. 8 to 12 on a bamboo runway at the Cascade Shipyard on Swan Island in the Willamette River.

Last year, half the 35 independent designers showing collections used eco-friendly materials like organic cotton or fabric made from wood pulp, corn and recycled fibers. Local designers and labels featuring sustainable fashions included Portlanders Suzi Johnson showing her eco-friendly Souchi knitwear, Anna Blossom Cohen, Leanne Marshall and Sameunderneath, while out-of-towners included NatureVsFuture by Brooklyn, N.Y., designer Nina Valenti; Stewart + Brown from Ventura, Calif.; Lara Miller, Chicago, and Izzy Lane, England.

PFW Productions LLC, which presents the event, plans to make it even more green going forward, including organic gifts in goody bags and eco-friendly wines, said Tito Chowdhury, a show executive producer. "Our goal is to make Portland Fashion Week the fashion week for sustainable designers."

The event now is the second-longest running fashion week on the West Coast, according to producers, presenting runway shows to consumers, buyers and press. From construction of the runway using eco-friendly materials to eco-safe styling products for models, the show is dedicated to the cause, even using sustainable-certified hotels for guests.

While Portland's economy used to focus largely on the timber industry, an influx of high-tech jobs earned the region the moniker Silicon Forest. But more recently the activewear and footwear industries turned Portland into an industry hub, following Nike Inc.'s phenomenal growth since it bowed in the Seventies in nearby Beaverton.

Divided by the Willamette River and with dormant volcano Mt. Hood and the Columbia River Gorge out its back door, the city has long been known for sturdy apparel, with the opening of Columbia Sportswear, Pendleton Woolen Mills and Jantzen Inc. swimwear in the early 20th century.

The tradition continues with companies like Lucy, the women's-only active line bought by VF Corp. last year. Adidas North America is based here, as is New Zealand-based Icebreaker's regional operation. After buying California-based Mountain Hardware, Columbia Sportswear picked Portland as the location of its first store. AQX Sports, which designs aquatic training shoes, and hiking boot brand Esatto Inc. also are here.

The U.K.'s Dr. Martens moved its regional home to Portland, one of the top U.S. markets for its thick-soled boots. "Portland's got an independent spirit that goes a long way with our brand," said Kimberly Barta, vice president of marketing for North America.

Portlanders' joie de vivre adopts many forms, like the popular makeshift food carts serving international fare from prime downtown real estate. There's the vegan Voodoo Doughnut shop, which also performs weddings for \$175 and offers Swahili lessons. In the summer, bicyclists can celebrate drier weather with a nude ride through downtown, keeping true to the locals' longtime motto, "Keep Portland Weird." ("The Simpsons" creator, Matt Groening, is a Portland native.)

There's also a group of Portlanders who love quality jewelry, like items found at three locations of Twist, an artisan jewelry and crafts store selling \$14,800 aquamarine and diamond gold bracelets by Darlene de Sedle and a \$12,400 platinum and diamond Cathy Waterman talisman. On a recent visit, co-owner Paul Schneider was awaiting a Nike executive's shopping visit for his wife's 50th birthday present, for which a box in the shape of a layer cake had been specially made.

"People here don't mind paying for quality," Schneider asserted. Examples of the city's evolution include the Pearl District, where old warehouses and factories were replaced by low-rise condominiums with fashion boutiques, cafes and restaurants on their first floors.

The city's West End, the old red light district, now includes boutiques like Odessa. "My customers are urban casual, but very sophisticated," said owner Susan Tompkins, who had just sold an Adidas executive a \$696 Jane Mayle ivory silk dress with black trim.

Portland's economy is feeling some effects of the national downturn and credit crunch. The city's unemployment rate in March was a seasonally adjusted 5.6 percent, unchanged from February, and higher than the national 5.2 percent rate. Portland activewear start-up Nau just shuttered and laid off 60 people after loans to finance expansion dried up.

High-tech firms are eliminating bonuses, said Mary Allender, an economics professor at the University of Portland, but there haven't been layoffs in the sector and the region's housing prices are only down slightly. "The economic news for the city, overall, is positive," Allender said.

STORE SCENE

Portland may practice eco-friendly policies such as promoting sustainable construction and urban planning that favors open space over development, but that's not stopping retail.

The city is gentrifying its retail core, with changes radiating from Pioneer Place Courthouse Square over the past year.

"Many retailers want to be here," said Lisa Frisch, downtown retail development manager for the Portland Business Alliance, noting a shortage of larger downtown spaces. "We have 3,000- to 5,000-square-foot places readily available. For an H&M or Zara that want at least 15,000 square feet, it's a little more difficult."

As such, the area is friendly to independents and smaller chains. Jeri Rice, a veteran Seattle specialty retailer with stores under her name, recently opened a boutique in the area, selling a mix of ready-to-wear arranged by color and lifestyle — such as a \$1,095 Gaultier black skirt, a \$690 Effetto cashmere and taffeta cocktail dress or a \$325 Ralph Lauren striped blouse.

"Portland has always been a great market for high-end sophisticated clothing," said Rice,

Jeri Rice's new downtown digs.



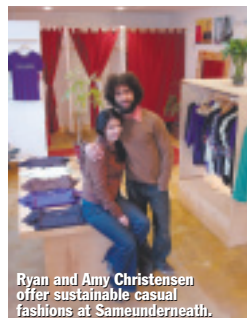
whose mother once dressed the local social set at her legendary Helen's of Course boutique.

Longtime Portland specialty retailer Mario's also has an updated store up the block, catering to the designer customer with labels such as Dolce & Gabbana, Prada, Chloé, 6267, Diane von Furstenberg, Tory Burch, Jimmy Choo and Stella McCartney.

Another independent retailer and manufacturer with two local stores, Sameunderneath, features casual fashion crafted from sustainable materials, especially bamboo and cashmere. The business model of owners Ryan and Amy Christensen includes a strong education component. Ryan

Christensen, who's half Italian and half African-American and whose parents were both teachers, speaks to urban students about how he grew his business using environmentally sound principles. "I tell them how I went to banks with my tattoos and earrings and I didn't get a bank loan the first time," he said, sitting in Sameunderneath's 806 Northwest 23rd Avenue store, a neighborhood of boutiques among Arts and Crafts-style homes, where rents run \$24 to \$28 a square foot. The company now sells to 100 boutiques in four countries.

Besides the city's urban-sophisticate demographics, retailers



Ryan and Amy Christensen offer sustainable casual fashions at Sameunderneath.

appreciate that Oregon has no sales tax, a lure for tourists and visitors from nearby Washington State.

Seattle-based Nordstrom became better positioned to Oregon fashion customers recently, beefing up its downtown Portland store with in-store boutiques for Chanel rtw and accessories, Gucci handbags and labels such as Oscar de la Renta, Burberry Prorsum, Dries Van Noten and Lanvin.

Brooks Brothers relocated to a new 12,000-square-foot store on nearby Southwest Morrison Street, while down the block, a new Macy's occupies the old Meier & Frank department store across from Pioneer Place shopping mall, which is partially underground.

Macy's manager Paul Brown said the store's merchandise is evolving, and the retailer expects a sales boost from guests in a 330-room hotel, The Nines, being constructed on nine floors above the store. "There's room to grow our contemporary fashion business," he said.

But even the big players display an environmental conscience in this town. The six-story Macy's was renovated according to Leadership in Energy and Environmental Design's eco-friendly standards and all waste from the building now is recycled, Brown noted.

—J.R.

VITAL STATS

CITY POPULATION: 568,380

METRO AREA POPULATION:

2,337,565

AVERAGE PRIVATE INDUSTRY

WAGE: \$42,255

SALES TAX: None

AVERAGE DAYS OF RAIN A YEAR:

155

UNEMPLOYMENT RATE: Portland

metropolitan area, 5.6 percent;

state, 6.3 percent

MILES TO THE PACIFIC OCEAN: 78

MILES TO NEAREST GLACIER: 65

(Mt. Hood)

ACRES OF PARKS IN METRO

AREA: 37,000 (including

5,000-acre Forest Park)

● Portland is home to 28 breweries,

the most of any U.S. city.

● Of all the commodities shipped

into the U.S. through the port of

Portland in containers, the volume

of footwear ranks first, tires are

second, furniture is third and

apparel is fourth.

● Portland has the largest

independent bookstore in the

world, Powell's City of Books,

stocking over one million new and

used books.

SOURCES: U.S. CENSUS; OREGON EMPLOYMENT DEPARTMENT CENSUS; PORT OF PORTLAND; OREGON EMPLOYMENT DEPARTMENT

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