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Business group urges caution on cap-and-trade effort

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The Oregon Business Association has lately become a big champion of the state's "green economy," saying it could help the state pull out of a nasty recession.

It comes as a little surprise, then, that the group's leaders are waving yellow flags in front of Gov. Ted Kulongoski's signature climate change effort.

Kulongoski wants to establish the nation's first state-based cap-and-trade system for greenhouse gas emissions. Such a system, which Kulongoski wants to enact in 2012, would essentially reward companies that don't pollute and encourage others to reduce their emissions.

Business Association leaders want lawmakers to consider economic costs before implementing cap-and-trade.

Some businesses have argued that cap-and-trade could significantly increase power costs.

Business Association leaders also said a federal solution is preferred to a statewide law.

The group also affirmed its support for two other major environmental polices.

The OBA wants legislators to expand existing tools that increase energy efficiency incentives, such as those related to the Business Energy Tax Credit and Energy Trust of Oregon. Such moves would encourage businesses to meet Oregon's ambitious greenhouse gas reduction goals.

Business leaders also want the Legislature to expand the 2007 bottle bill, adding more beverages to the list of redeemable containers and increasing refund values.

Is there light at the end of the tunnel

That was the topic of Rance Gregory's remarks when the Commercial Association of Realtors met early last week at the Multnomah Athletic Club.

Gregory, a real estate investor and CEO of NBS Real Estate Capital, looked at the question, projected on a screen and quipped, "I'm missing the slide that says, 'No'".

Through its Morrison Street series of funds, NBS Real Estate Capital has invested more than $109 million in commercial real estate throughout the U.S.

Gregory told the crowd of commercial real estate brokers that 2009 and 2010 will be difficult years, especially for commercial real estate sales, hindered by the collapsed of the market for securities backed by commercial real estate.

The volume of large transactions fell from $427 billion in 2007 to $114.6 billion in 2008. So far, 2009 isn't shaping up well.

Interestingly, however, an estimated $1.92 trillion in commercial debt will mature in the coming three years and Gregory said most activity will stem from owners selling buildings when loans expire.

But that could be tricky. There's "just" $1.2 trillion in the system for commercial mortgages, leaving a shortfall of $710 billion.

Banks, he said, will have to extend loans or engage in a round of financial musical chairs.

"If they foreclose today, at the end of the foreclosure sale, the buyer is going to want financing. Where are they going to get it?"

Hotel business has room(s) for growth

There was a little bit of everything in Jeff Miller's annual state of the tourism industry report, given Thursday at Travel Portland's yearly breakfast.

Miller, president and CEO, said there was bad news and good in the year that just ended, and reason to be somewhat optimistic in 2009 and beyond.

The bad news: Portland occupancy rates were off by 22 percent in December, compared with 11 percent for Denver and 12 percent for San Diego, two of the Rose City's chief competitors for convention dollars.

Portland's numbers were somewhat skewed by the loss of a single convention (4,400 room nights) and the opening of The Nines, a 334 -

room hotel that added more than 10,000 room nights to Portland's monthly hotel capacity.

Looking ahead, Miller said occupancy and revenue will drop in 2009 but recover slightly in 2010.

On a more positive note, slightly more hotel rooms were booked in July through December than the year before, thanks in part because several conventions will bring thousands of visitors to town this summer.

In business we (don't) trust

When businesses hit hard times, they tend to lose the trust of customers.

That's the conclusion of the 2009 Edelman Trust Barometer, which tracks how much trust consumers place in businesses.

The survey found that trust in business is at a 10-year low in the U.S. and citizens worldwide want more government regulation.

Richard Edelman, the public relations firm's CEO, will present the survey's findings in Portland on Feb. 17.

Nearly two-thirds of those surveyed said they trust corporations less than they did a year ago, according to Edelman, which has performed the study for 10 years.

Only 38 percent of United States respondents said they trust business "to do what is right," a 20 percent drop since last year.

Just 17 percent said they trust information provided by CEOs.

Edelman said trust levels are lower than 2002, when Enron Corp. burst into the headlines.

Seventy-seven percent of those surveyed said they've refused to buy products or services from a company they distrusted.

By a three-to-one margin, respondents believe that government should intervene to regulate industry or nationalize companies if it would restore the public's trust. Much of that support comes from European countries. Forty-nine percent of Americans want more government intervention.

It raises the question: Does trust matter?

Luckily, Edelman answers it, noting that, globally among 25-to-64-year-olds, trust ranks just below product quality and treatment of employees in terms of customer attraction.

—Contributed by Andy Giegerich and Wendy Culverwell