

Real Estate

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Real Estate Buzz: Guinchers control Le Chateau again

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A combination of oversupply in the Bellevue apartment market and prolonged street construction on Richards Road led Continental-Bentall to buy back its record-breaking Le Chateau Apartments for \$3.25 million less than the firm sold the complex for about three years ago.

Bellevue-based Continental-Bentall is headed by apartment and condo developers **Claudio** and **Louis Guincher** and owned by Vancouver, B.C.-based Bentall Corp.

Continental-Bentall recently formed Bellevue Residential LLC to buy back the 105-unit Le Chateau from **Joseph Wenk's** New York-based Cactus Properties for \$16.5 million, Continental-Bentall said this week.

That price equals \$157,143 per unit -- down from the still-standing area record of \$188,000 per unit, or \$19.75 million, that a Wenk entity paid Continental-Bentall in December 1999.

"It's in excellent shape," Claudio Guincher said of the property at 2220 132nd Ave. S.E., next to Richards Road. The price dropped because of "external conditions," he said, namely "the market's softer with all the supply in downtown Bellevue and they had a lot of road work on Richards Road for the past year that has affected things."

The road work is scheduled to finish in next year's first quarter, Guincher said.



Le Chateau Apartments

The complex is 93 percent leased.

Here's one of the most telling facts: Rent averaged \$1.44 per square foot when the Guinchers sold in 1999. It averages \$1.35 per square foot now, Claudio Guincher said.

The units average about 1,100 square feet, so the average monthly rent is \$1,485 per unit, down \$99 a month, or 6.25 percent, from 1999. That equals \$10,395 less per month, or \$124,740 less per year, in rental income.

Guincher said Cactus Properties indicated it sold as part of rearranging its portfolio. Continental-Bentall doesn't expect to spend significantly on any upgrades, nor did it buy with converting to condos in mind, Guincher said.

The record price paid per apartment rose during the economic boom in the latter half of the 1990s, pushed by some Eastside projects where rents rose because of Microsoft growth, and by some in Seattle where supply is more crimped, job growth was strong and condo conversions occurred.

The record going into the boom was \$171,961 a unit, set in May 1990 for Park View Plaza in Seattle.

Prices reached \$164,000 a unit in 1998 by Alper Northwest for Harbor House in Seattle. The Concerto in Kirkland went for \$162,000 a unit in 1999.

Then Trammell Crow's Avignon in Redmond went for \$176,470 per unit in late 1999 to Clarion Partners to break the record, before Le Chateau quickly raised that to \$188,000. In 2000, Balfour Co. tied that with \$188,000 a unit for a condo conversion of Capitol Heights in Seattle's Capitol Hill area.

Apartment market watchers Dupre + Scott said in 2000 they expected a couple of deals to close soon at over \$200,000 per unit, but then the economy collapsed.

Guincher said he's banking on this region's economy to recover some in 2003 and more in 2004.

New tower passes "significant milestone"

In the past two days, the boards of Washington Mutual Bank, the Seattle Art Museum and the public Museum Development Authority all approved signing development agreements for a roughly 40-story downtown skyscraper.

"The three parties are now working to complete and sign development agreements within the next few weeks," they said in a written statement that described the board votes as "a significant milestone."

"The project needs to pass additional planning and review stages before it is clear it will ultimately proceed," said **Matt Griffin**, a developer hired by WaMu to put the project together with Seneca Real Estate.

The structure, immediately north of SAM, would provide 275,000 square feet of multilevel museum expansion space topped by another 750,000 to 800,000 in WaMu offices. It would have 600 to 800 underground parking spaces, available to Benaroya Hall, Pike Place Market and other users