

Real Estate

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Metropolitan Tower for sale at \$110M

■ *Continental-Bentall heads into condo conversions*

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The Metropolitan Tower high-rise apartments on the north edge of downtown Seattle are up for sale.

The asking price for the 31-story luxury project is \$110 million, so if Continental-Bentall LLC completes a sale this year it could rank as the largest real estate deal in the region for the year.

The two-year-old structure has 366 apartments above first-floor retail and underground parking on Westlake Avenue at Seventh Avenue.

Continental-Bentall executive Claudio Guincher said the tower is 97 percent occupied at an average rent of \$2 per square foot, so the time has come for the merchant builder to offer it for sale.

"It's just the investment time horizon," he said.

Continental-Bentall is the Bellevue-based multifamily division of Vancouver, British Columbia-based developer Bentall Capital. A Montreal-based real estate investment group that controls Canadian pension funds, Caisse de Depot et Placement du Quebec, owns a majority of Bentall.

Brokers Jon Hallgrimson and Frank Bosl of CB Richard Ellis are handling the marketing, which began three weeks ago.

Continental-Bentall put its 268-unit Portsmouth apartments in Everett up for sale earlier this year and a buyer has that project under contract, Guincher said. Portsmouth is a little over 90 percent occupied at average rents of nearly \$1 per square foot.

Bruce Peart of GVA Kidder Mathews has handled the marketing of that complex.

Continental-Bentall also earlier this year began converting its 105-unit Le Chateau at Richards Creek luxury apartments in Bellevue into condos and selling those.



Photo by Fred Hausel

Continental-Bentall's predecessor company built Le Chateau in the mid-1990s and sold it at the region's record-high price of \$188,000 per unit. Continental-Bentall bought it back last September for \$3.25 million less -- \$16.5 million, or \$134,000 per unit. Guincher said a longer-than-expected street construction project led to getting it back for less.

This spring, Continental-Bentall made the decision to convert Le Chateau to condos "because the market seems to be there," Guincher said. The apartment market, meanwhile, has suffered not only because of the recession, but because historically low mortgage rates have allowed a lot of renters to buy houses or condos.

The firm built and sold a large condo complex in Ballard over the past couple of years. It's now in construction on a second phase of that, the 172-unit Ballard Place.

Le Chateau's 50-unit Building A went up for sale first. Since this spring, nearly 40 units have sold at about \$200 per square foot -- which is considered a moderate price in this area -- Guincher said. The remaining 55 units in Building B will likely go up for sale in September, Guincher said.

Le Chateau is Continental-Ballard's first conversion. Now it is looking for other apartment projects to buy and convert, Guincher said.