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## **Carillon Heights sold for \$47.5M**

By [MARC STILES](#)  
Journal Staff Reporter

One of the Eastside's top-tier apartment communities, Carillon Heights in Kirkland, sold for \$47.5 million.

Archstone, which Sam Zell's Equity Residential is maneuvering to buy, bought 131 units from Continental Properties of Bellevue. The deal's cap rate is in the low 4 percent range, said Continental Properties President Claudio Guincher.

CBRE brokers Jon Hallgrimson and Frank Bosl put the deal together. Hallgrimson said Carillon Heights is about 95 percent occupied. Units average about 1,350 square feet, and rents are around \$1.80 a square foot. Archstone plans to upgrade the kitchen and bathroom finishes, he said.

Carillon Heights, 5304 Lake Washington Blvd., is a high-end, garden-style apartment and is perched above Carillon Point, a mixed-use development on Lake Washington. The apartments have views of downtown Seattle and the Olympic Mountains. The Skinner Corp. of Seattle developed the apartments as part of Carillon Point.

In 2005, Continental Properties and equity partner Broadreach Capital Partners paid \$66.8 million for 179 units at Carillon Heights. The group converted 48 apartment to condos. Guincher said those were sold starting in 2007 for an average of around \$650 and \$700 a square foot.

The 2005 sale set what was then the Seattle region's per-unit price of \$373,184. Last week's sale works out to nearly \$362,600 a unit. Most of the units are larger ones built in 1990, though 29 were constructed in 1968 and are smaller, Guincher said.

The region's per-unit record is \$452,040, according to Dupre + Scott Apartment Advisors. That was set last summer with the sale of a Eden Hill, a 36-unit project on top of Queen Anne.

Continental Properties and its predecessor companies have built more than 2,700 multi-family units in the Northwest. It was one of the Seattle area's busiest builders during the 2004-07 boom, developing 800 units of mostly condos. The company stopped buying land in the region in the summer of 2007, when prices skyrocketed. Continental Properties re-emerged as an active buyer and developer in late 2010.

The sale of Carillon Heights is a redeployment of capital for the Continental Properties, which has four projects under construction or in the pipeline. Guincher said he's looking to buy more sites.

In Newcastle, Continental Properties is building a 56-unit project called Lake Boren Townhomes. Pevoto Architecture is the architect of record. Sechrist Design Associates is designing the interiors and Thomas Rengstorf & Associates is the landscape architect. Compass Construction is the general contractor.

In Seattle, Continental Properties has two Capitol Hill apartment projects and one in the Uptown area of Queen Anne. Construction has begun on a 58-unit project at 15th Avenue and East Pine. Seventy apartment units are planned at 10th Avenue East and East Highland Drive. The Queen Anne project will be 80 to 85 units at 500 Third Ave. W.

Compass Construction is the general contractor on the 15th and Pine project. Guincher said he's in early discussions with Compass for 10th and Highland. No contractor has been officially selected

for the Uptown project. Studio Meng Strazzara is the architect on all three projects.

Last month, The Wall Street Journal reported that Equity Residential struck a deal to buy a 26.5 percent stake in Archstone. That could undercut plans by the estate of Lehman Brothers Holdings to unwind one of its largest remaining assets. Lehman owns a 47 percent stake in Archstone and thinks an initial public offering in the next few years would result in the greatest value, though Bank of America and Barclays, which own the other 53 percent of Archstone, were opposed to the strategy.

The newspaper reported that Equity agreed to buy half of Barclays and Bank of America's stake for \$1.33 billion. Equity Residential's Zell has made it clear he is maneuvering to own all of Archstone and combine it with Equity Residential in what would be the country's largest apartment building owner, according to the paper.

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