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## A conservative approach pays off for local developer Claudio Guincher

■ *Having avoided much of the pain of the economic crash, Guincher now has half a dozen projects in design and construction in Seattle and on the Eastside.*

By NAT LEVY  
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One sign of a skilled gambler is knowing when to cash out the chips.

With millions bet on rising rents and falling vacancies, the multi-family housing market can sometimes resemble a high-stakes card game.

But Claudio Guincher is not one for taking unnecessary risks. In 2007, as towers popped up all over the region, Guincher pulled his chips off the table when the price of land skyrocketed, even after selling a number of his properties for record prices. His philosophy is to avoid basing the viability of his projects on hope.



Images courtesy of Studio Meng Strazzara [\[enlarge\]](#)

**The 10th and Highland apartment complex will have 70 units with landscaped gardens, courtyards and water features.**

“We don’t trend condo values or rents,” he said. “We always put our pro forma together based on today’s values and costs. We’re not sure if projections will ever materialize.”

Having avoided much of the pain of the economic crash, Guincher and his company, Continental Properties, are back in the market with four projects at various points of design and construction: Two are apartments on Capitol Hill, one is an apartment complex on Queen Anne and one is a townhouse project in Newcastle.

The company is also working on two other Eastside projects that would have a total of 200 units, but Guincher declined to discuss the specifics.

Guincher said his company has broken ground on a complex at 10th Avenue East and East Highland Drive, and topped off another — the Vox — at 15th Avenue and East Pine Street.

The 10th and Highland building will have 70 units with landscaped gardens, several courtyards and water features. To match the high-end housing in the North Capitol Hill neighborhood, the building uses architectural elements such as brick, stone and wood paneling.



[\[enlarge\]](#)

**The Vox at 15th and Pine on Capitol Hill has 58 units on six stories.**

It was designed by Studio Meng Strazzara and Compass Construction is the general contractor. Other team members are CT Engineering, structural engineer; Thomas Rengstorf Associates, landscaping; PACE Engineers, civil engineering; and Sechrist Design, interior design. Opening is scheduled for spring 2014.

The Vox at 15th and Pine has 58 units on six stories. Units range from 396 to 1,148 square feet. The building has 28 storage units, a private lounge with a kitchen, ground-floor common area and a rooftop deck with barbecue. There will be 2,500 square feet of retail. Studio Meng Strazzara is the architect and Compass Construction is the general contractor.

Guincher estimated rents for both projects will be around \$2.50 per square foot.

Guincher said both designs avoid flashy colors or other trendy elements because when they go out of style, the buildings will look dated.

Guincher said he always tries to avoid unnecessary risk. His company developed six projects on the Eastside in the early 1990s before taking its first dip into the Seattle market in 1997. Guincher bought land for the 31-story, 366-unit Metropolitan Apartments on Westlake Avenue, and that may have been his biggest risk. He jumped into the market early, but it paid off and the property sold in 2003 for a record-setting price of \$282,000 per unit.

At the same time, Pacific Place was opening and Nordstrom moved its headquarters north. The Westlake area became more attractive, and Guincher was in on the ground floor.

“At that time, he was really ahead of the growth curve,” said Jon Hallgrimson, executive vice president at CBRE, who has been the broker on a few of Guincher’s deals. “All of downtown kind of shifted from being more centered around Rainier Square to more toward the north.”

Guincher increased his Seattle holdings. He developed the Cosmopolitan in Seattle, along with three projects in Ballard, and two in Kirkland as the market continued to sizzle.

Then other developers up and down the coast began to take notice of how quickly condos sold in Seattle and on the Eastside. Hallgrimson said the market was “frothing at the mouth.”

Guincher said prices for land went from \$25,000-\$40,000 per unit up to \$100,000 per unit over a three-year time span. His bids got him nowhere.

“In August 2007, I literally put down my pen and stopped writing offers,” he said. “We decided that we were going to stop buying land because it was a waste of time to make bids.”

Over the next year, his staff dropped from 15 to two.

Guincher decided to head back to Vancouver, B.C., where he grew up. He put his energy into Pacific Capital Real Estate, where he was a partner, and started building townhomes, waiting for his chance to return to Seattle.

That came in 2010, when he moved his family back to town. Capitalizing on his experience with townhomes, Guincher bought a foreclosed property on a small body of water, Lake Boren, in Newcastle for \$32,000 per unit. Permitting was 90 percent complete, which saved him time and meant he could start construction quicker. He has sold 24 of the 56 units. Guincher opted to go with townhomes because they could be built in phases, reducing the risk of having empty units.

He jumped on another property at 15th and Pine where a complex called the Cameo had been proposed. The property sold for \$64,000 per unit, with permits.

Guincher said the market is on the upswing, and he expects that could last another two or three years. Areas such as Capitol Hill and South Lake Union are hot, and Guincher sees Eastside markets catching up as well.

While some people fear all this construction means another housing bubble, Guincher doesn’t see it that way.

“My view is that things will continue to go up,” he said. “More supply will hit. Rents will taper off a bit. I think there is enough demand out there from all the job growth we are having, and people’s reluctance to buy homes.”