

# Real Estate Deals of the Year

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## BRIEFLY

### Opus close to Union Station sale

Plenty of big real estate deals didn't get done in 1999, among them Opus Northwest's difficult attempt to sell the Union Station buildings that Amazon.com will occupy on downtown Seattle's southern edge.

For all its pioneering glory, Amazon.com loses tons of money, which makes it risky for any landlord to lease the e-tailer space. Part of Opus' risk is whether somebody would want to buy buildings whose profitability depends on a tenant that may have to shrink to become profitable.

After insisting Amazon.com put up a stiff letter of credit, Opus last year leased the e-tailer 450,000 of the 571,000 square feet in the three structures and then put the buildings up for sale.

The buildings haven't gone fast. But a knowledgeable source now says Opus has reached a preliminary agreement with a buyer for one of the three buildings, and that at least part of the buyer's money comes from cellular telephone magnate Craig McCaw. Opus officials and McCaw declined comment.

• Southcenter Mall in Tukwila also went up for sale last year but has yet to sell. The 1.6 million-square-foot mall is considered a top property likely to draw a price of \$200 million or more.

But finding a buyer likely will go slowly, local observers said, because Southcenter is up for sale as part of a large portfolio of malls spread across the country. The owner, the Richard E. Jacobs Group of Cleveland, Ohio, is the fifth largest mall owner in country with 38 malls totaling 41 million square feet.

• The Harvard Market in Seattle's Capitol Hill neighborhood went up for sale several months earlier than Southcenter, but hasn't attracted a buyer willing to pay \$14 million.

Retail broker Susan Zimmerman of Kidder Mathews & Segner said interest lags because the project's anchor, a QFC grocery, owns its portion of the property. Without the QFC, the project consists of 24,000 square feet of retail and 292 parking spaces.

• University Village owners hired a New York investment banking group last year to consider options that included whether to put the marquee Seattle mall up for sale. No "for sale" sign resulted from that.

• Lakewood Mall in Tacoma passed from owner Bentall Corp. to Wells Fargo Bank, but no buyers have emerged because none has figured out a way yet to juice it back up.



BUSINESS JOURNAL PHOTO/DAN SCHLATTER

Claudio Guincher — who along with his father, Louis, is one of the foremost developers of luxury apartments in the region — stands inside his firm's latest development at Seventh and Westlake in Seattle.

## SUITE SUCCESS

*Louis and Claudio Guincher occupy*

*the penthouse of the Puget Sound*

*apartment market*

By JOE NABBefeld  
STAFF WRITER

Louis and Claudio Guincher have been right time and again, to the tune of millions of dollars in profits.

Now they're going to Ballard.

The Bellevue-based father-and-son team established themselves among the area's most-accomplished residential developers during the 1990s by building some of the Eastside's priciest, luxury apartments.

Their projects sold at record prices at least three times, the most recent at an astronomical \$188,000 per unit.

Toward the end of the decade they made an unexpected shift to downtown Seattle. They have three apartment skyscrapers in development that will provide some of downtown's classiest urban dwellings. One of the towers is in construction, two are in permitting.

Peers say the Guinchers have perfected the art of looking ahead to what the market will want next. By the Guinchers' reckoning, that's Ballard.

They plan to start construction there next month on 162 apartments in a Georgian-style complex at 15th Avenue Northwest

between Northwest 56th and 57th streets. Claudio Guincher said the key is land prices.

The cost of land was low on the Eastside, at below \$20,000 per apartment unit, in the early 1990s when his father started accumulating sites there and plotting to provide expensive apartments for young, busy software executives.

"Now people are asking \$30,000 to \$50,000 per unit," Claudio Guincher said. "We haven't been able to find sites that are reasonably priced ever since we did the Heights at Bear Creek (in 1993)."

Instead, they found land for \$11,000 per unit on the north end of downtown Seattle. They paid that for the former Trailways bus depot site at Seventh Avenue and Westlake, on which they're constructing on a 31-story tower that will total 366 luxury apartments.

They've contracted to pay about the same for two lots a block east of the Westlake site. There, on Virginia Street between Eighth and Ninth avenues, they plan two 33-story luxury apartment towers.

While downtown housing was already white-hot before the Guinchers jumped in, their downtown projects still bear a pioneer-

ing vision. Their sites aren't in Belltown, nor along the waterfront. Rather, they're in the Denny Triangle, an area dominated by surface parking where high-rise housing has yet to be tried.

The Guinchers, who recently sold their company to Bentall Corp. and work as Bentall's multifamily development arm, aren't just trying Denny Triangle.

They're going in with both elegantly-clad feet.

The Guinchers next found land at a price they like in Ballard.

The Guinchers' niche of expensive apartments came about because Louis Guincher likes building with quality materials and because he saw the chance to do so with Microsoft creating huge wealth on the Eastside in the early 1990s, said real estate consultant Frank Savereux.

"He saw that there would be a huge transient market with a lot of money and they won't want dumps," said Vancouver, B.C.-based Savereux, who worked as an executive at Bentall before becoming a consultant. "Then at the end of the day, he had created something that institutions wanted to buy,"

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# GUINCHER: Downtown projects focus on Denny Triangle

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which contributes to the lofty prices at which the projects sold.

The Guinchers are operating a long way from South America, where both were born.

Louis Guincher, the 65-year-old patriarch, was born in Argentina and moved as a teen to Santiago, Chile. He started his career as an engineer then became a general contractor.

Claudio, 35, was born in Chile but the rise of Salvador Allende's communist regime in 1970 drove the Guinchers out. They moved to Tel Aviv, Israel, where Louis Guincher worked as a general contractor mostly on public projects such as schools. After four years in Israel, the Guinchers moved to Vancouver, B.C.

After working a year with general contractor Haebler Construction in Vancouver, Louis Guincher became a condominium developer, building in Vancouver and Edmonton.

*"Dad's always had the philosophy that people will pay for quality."*

**Claudio Guincher, about his father, Louis**



When Vancouver's economy softened in 1977, Guincher tried the Seattle area.

He started with developing "woody walkup" office projects in Redmond and Bellevue. Woody walkups are clusters of small, one- or two-story wooden office buildings with a lot of landscaping around them.

Guincher spent work weeks in Seattle and commuted home to his family in Vancouver on weekends, a routine he maintained for more than a decade.

Guincher went straight to producing expensive projects made with expensive materials and high craftsmanship. "Dad's always had the philosophy that people will pay for quality," Claudio Guincher said.

Guincher's first woody walkup, Westpark, on the Sammamish River flats in Redmond, was one of his largest. He bought the 40 acres in 1979 and finished the last phase in 1993.

Claudio Guincher, who has one sister,

reached college age when his family lived in Vancouver, where he received his bachelor of commerce degree. Then he started his career in Vancouver as a construction lender for a year at First City Trust, principals of which had lengthy business relationships with Louis Guincher.

Claudio Guincher next worked for two years in mortgage banking for Edgecomb Properties and then joined his father in Seattle in the early 1990s.

"They were way ahead of everybody on the stick stuff," Saveroux said, referring to the woody walkups.

Louis Guincher made his move into Eastside residential in the early '90s with luxury garden apartments.

"He saw the market and decided to do it but do it a little better," Saveroux said. "His trick was to do an upscale clubhouse."

"He decided to build Four Seasons, versus the Motel 6's everybody else was building," said Claudio Guincher.

The 227-unit Heights at Bear Creek in Redmond sold at the end of 1993 to G.E. Investments. No apartments in the region had sold for more than \$75,000 per unit before that. The Guinchers asked \$110,000 per unit and received \$97,000.

Aspen Creek in Kirkland came next. The Guinchers sold the 148 units at \$143,000 per unit in July 1997.

By then, Bentall had entered the picture. Bentall is a large, publicly traded Vancouver development company that has built mostly office complexes. Bentall had developed an industrial project in Kent in the early 1990s and wanted to diversify more into the United States, starting with Seattle.

"Bentall is very conservative and would never go into a market on its own," Saveroux said. "We decided the smart route would be to hook up with someone who already knows Seattle, do a deal, see if we can walk before we dance."

So in 1995 Bentall invested in Guincher's next apartment project, the 248-unit Montebello in Kirkland. BRE Properties of California bought Montebello in March 1998 for \$135,000 per unit.

Bentall liked what it saw so much that it bought the Guinchers' company, Continental Pacific, and put the Guinchers in charge of Bentall's new residential division, called Continental-Bentall LLC.

The deal included Bentall taking over a long-incoming Guincher office development in Redmond called Millennium Corporate Park. Bentall's U.S. head, Gary Carpenter, oversees Millennium, which is under construction and has several

signed tenants. Bentall hired Carpenter, an experienced Seattle office developer, in 1997 when it bought a large portfolio of Puget Sound-area office properties from the estate of the late Basil Vyzis.


Carpenter described the Guinchers as "silent-type residential builders who did real quality without a lot of fanfare." He called them "really savvy position players who know how to move in and out of markets."

In January 1999, Claudio Guincher took over day-to-day operation of Continental-Bentall. His father shifted from president to chairman and cut back to working half-time. Claudio rose from vice president to chief operating officer. The firm has no president.

"He's just like Louis," Saveroux said. "I've never seen anything like it. He's as conservative, as smart, and he's got the moxie to walk away, to say no. We lucked out: We got Louis and they threw in Claudio."

Continental-Bentall's next apartment complex, Le Chateau on Richards Creek in Bellevue, sold last year to a New York investment adviser for \$188,000 per unit.

The company has 268 units in Everett under construction called Portsmith. Claudio Guincher said Portsmith will probably sell for a little over \$100,000 per unit. That price doesn't seem like Guincher territory, but then again it would probably break the Snohomish County record.

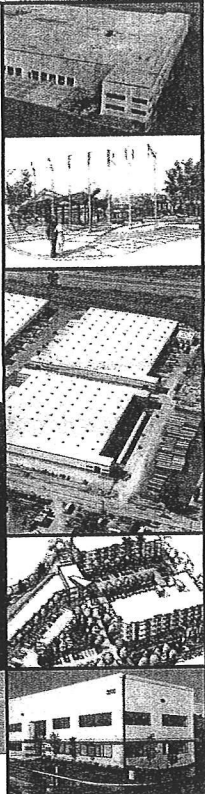



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