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Continental Properties fires back up in Seattle area

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After a hiatus of more than three years, developer Continental Properties is buying property again and gearing up to build in the Seattle area.

First up is a townhouse project in Newcastle. Company President Claudio Guincher said the 56-unit lakefront project will be phased, starting with 14 townhouses. He anticipates breaking ground next year on the project whose working title is Lake Boren Townhomes.

In addition, Guincher is homing in on another site in Newcastle, looking at townhouse opportunities on the Eastside and considering buying sites for mid-rise apartment projects in close-in Seattle neighborhoods.



Rendering courtesy of Continental Properties [\[enlarge\]](#)

Longtime developer Continental Properties of Bellevue is ramping up operations. Its first project is Lake Boren Townhomes, a phased, 56-unit project in Newcastle.

"I'm now here full time," Guincher said.

Continental Properties and its predecessor companies have built more than 2,700 multi-family units in the Northwest. The company's re-emergence here is another sign that the Seattle-area market is on its way back.

Continental Properties was one of the Seattle area's busiest builders during the 2004-07 boom. "We were really going gang-busters," said Guincher. The company developed 800 units, mostly condos, including the Cosmopolitan high-rise in downtown Seattle.

When the market collapsed in 2008, the company had sold all but 60 units. Continental Properties cut prices on those by 15 percent and negotiated further discounts with buyers. The strategy worked with the inventory selling out two months ago.

Guincher and his business partners, institutional investment advisers and developers Mark Shuparski and Jon Rees, stopped buying land in the Puget Sound area in the summer of 2007, when land prices skyrocketed. Continental Properties was used to paying \$25,000 to \$40,000 per housing unit. As competition intensified, the company upped the ante, offering \$50,000 to \$60,000. But by then the market had spiraled out of control. Guincher said others paid up to \$120,000 per unit.

So Continental Properties downsized its operations and concentrated on Canadian markets, where Guincher, Shuparski and Rees operate Pacific Capital Real Estate Corp. The Vancouver, B.C., company built 500 condos and "patio homes," which are single-story residences designed for retirees, as well as commercial projects in British Columbia and Alberta. The residential projects are essentially sold out, according to Guincher.

Focusing on affordability

Guincher noticed a shift in the Seattle market in May of this year. He started looking at the Lake Boren Townhomes property, a 5-acre site that Continental Properties bought last week for just under \$1.8 million from Sterling Savings Bank. The per-unit price works out to just over \$32,000. Records indicate that Golf Savings Bank, which merged with Sterling, had foreclosed on a previous owner of the property.

"Our approach is to stick to the affordable market where most of the [sales] activity is," said Guincher, who anticipates the 1,100- to 1,500-square-foot townhouses will be marketed for \$300,000 to \$380,000 when sales begin in early 2012.

The development site comes with 80 linear feet of waterfront. Continental Properties plans to build a dock, kayak rack, barbecues and other shared amenities.

Pevoto Architecture is the architect of record for the project. Sechrist Design Associates is designing the interiors, and Thomas Rengstorf & Associates is the landscape architect. Other team members are BTL Engineering, structural; PACE Engineers, civil; and Robinson Noble. geotechnical; Morrison Hershfield, envelope; Wetland Resources; and Environmental Associates.

In the past, Continental Properties did its own general contracting on wood-frame construction and hired outside companies for high-rise projects. Guincher said the company may hire contractors going forward, or resurrect its in-house construction arm. For Lake Boren Townhomes, Continental is evaluating hiring Compass Construction.

Some Seattle-area developers are bullish on the for-rent market. They think that rents could increase dramatically in the coming years as the members of Gen Y move out on their own, and fewer people in general rent rather than buy homes.

"I do think over the next five years rents will increase, but I'm not relying on it," said Guincher, who is scouting for mid-rise apartment sites in Seattle's First Hill, Queen Anne and Capitol Hill neighborhoods. He's proceeding with caution, underwriting to current rental rates, not projected ones. He's looking at raw land mostly for developments that would range from 75 to 250 units.

Guincher, Shuparski and Rees' Canadian company, Pacific Capital Real Estate, remained active while their U.S. company retreated. Canada escaped the sub-prime lending debacle due to what Guincher called that country's "very prudent" lending regulations.

In Washington state, buyers have to put down only 5 percent nonrefundable deposits. In Canada, the nonrefundable amount is 15 to 20 percent. Plus, developers can sue to force buyers to close, or pay to cover the loss sustained because a deal didn't close. Canadians are "much more serious" about putting a deposit on a property. "People don't walk away from that kind of money," said Guincher.

Pacific Capital Real Estate will be Continental Properties' limited partner on Lake Boren Townhomes. Beyond that, Guincher said he will operate in the U.S. as Continental Properties LLC, which he'll wholly own.