

CALENDAR

▶ **2014 MARCH
WOMEN'S LUNCHEON**
Wed Mar 12, 2014
11:30 AM



▶ **2014 MARCH DEVELOPING LEADERS
ST. PATRICK'S DAY EVENT**
Wed Mar 12, 2014
4:30 PM



▶ **2014 MARCH BREAKFAST MEETING /
REAL ESTATE CHALLENGE**
Wed Mar 19, 2014
7:00 AM



NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION
WASHINGTON STATE CHAPTER

The Deal

MONTHLY NEWSLETTER

Urban Apartments: Not Just a Residential Play

By Ed Scherer, Avidex Industries, LLC

With Seattle making the national news recently, an overflowing crowd turned out for an update on the growth in the urban apartment market in Seattle. Sponsored by DP Incorporated, Dylan Simon Multifamily Investment Sales from Colliers International moderated a panel of industry experts including:

- **Martha Barkman – VP of Development at Mack Urban**
- **Alison Jeffries – Director of Possibilities at Red Propeller**
- **Scott Shapiro – Managing Director of Eagle Rock Ventures**

The discussion was framed by the almost 7,500 apartment units built in Seattle in 2013, the greatest number since 1991, and the 40,000+ apartments planned for the region. The question of impact of this rapidly growing urbanism began with the locations that the majority of the new apartments are being built; urban centers and neighborhoods.

The first question asked was about what renters are looking for. Jeffries offered that renters are looking for walk-ability and for the overall neighborhood experience. Some of those include:

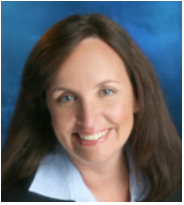


- **Retail**
- **Restaurants**
- **Transportation**
- **Employment**

Barkman talked about the unique experiences that residents gain from the 39 different neighborhoods in Seattle. Jeffries added that for the new renters in Seattle, the residence is a consumer product and the decision on where to live has a lot to do with available amenities such as the speed of the Internet connection.

Shapiro stated that residential neighborhoods have followed job growth with the South Lake Union neighborhood being a great example.

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NAIOP PROFILE

As told to Dail Bodziony, Columbia Bank

Name: Kris Beason

Title & Company: Construction Executive, Mortenson Construction

Brief description, size and scope of

Company: Mortenson Construction is a family owned company, founded in 1954 with headquarters in Minneapolis, MN. Annual revenues are in excess of \$2.3 billion. Mortenson's Seattle office was established in 1982 and has completed more than \$4 billion worth of construction in the Pacific Northwest. The company operates as a diversified construction organization, offering general contracting, construction management, and program management. The versatility of the Seattle office is demonstrated by the quality and diversity of our projects, which range in size from less than \$10,000 to more than \$300 million.

How long have you been with your Company? I started with Mortenson in December of 2012.

Previous companies and/or previous career fields: My entire career has been associated with construction in the Seattle area. My experience has varied from a construction trade association, a local General contractor, to an international general contractor.

How did you get into your field? I was very fortunate to grow up in a family where my aunt was a pipefitter and my mother a Construction Project Manager; their hard work and perseverance have allowed many other women to follow in their footsteps. Surrounded by non

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NAIOP LEGISLATIVE DAY 2014

By: Nancy Bainbridge Rogers, Cairncross & Hempelmann



Many statewide organizations host a "Legislative Day" for their membership to meet, greet and assist in lobbying elected officials regarding issues of concern to the organization. NAIOP's highly active Government Affairs (GA) committee sponsored its annual Legislative Day for NAIOP members on Wednesday January 29. The primary purpose of NAIOP's Legislative Day was to introduce local legislators to NAIOP members living in their Districts, to ensure that our elected officials have the real face of a voter to associate with our industry's concerns. All NAIOP members were invited, and this year, eleven NAIOP members made the trip to Olympia for an interesting afternoon of discussions.

NAIOP's Legislative Day is organized by the chapter's State government lobbyist, Greg Hanon. The day began with a lunch meeting in which Greg described the status of the 2014 Legislative Session, and some of the bills of interest to NAIOP members. A handy "cheat sheet" was also provided, summarizing key points for those bills. In addition, Representative Joe Fitzgibbon, D-34th District, joined the luncheon. The 34th District includes Vashon Island, part of the City of Burien, and West Seattle. Rep. Fitzgibbon is chair of the Environment Committee and a member of the Local Government, Transportation and Finance Committees of the House of Representatives. Rep. Fitzgibbon discussed land use issues, including potential changes to environmental review procedures for urban development, and two pending bills affecting vesting of permit applications. Following lunch, NAIOP attendees walked to short meetings with the two Representatives and the Senator from their legislative districts, and/or sometimes the elected official's staff. These meetings had been previously scheduled by Greg Hanon's office, and were generally 15 to 20 minutes long.

While engaging with elected officials on the details of important legislation like Value Capture Financing or revisions to vesting standards can seem overwhelming, the GA Committee provides excellent background information to assist. Moreover, the most important goal of Legislative Day is to put a human face on what can often otherwise be viewed as merely "industry" or "pro-business" legislation. NAIOP member discussions with legislators and their staff ran the gamut from discussion of substantive details to, more often, general conversations about the importance of the real estate industry to our State's economy.

In between scheduled meetings with elected officials, NAIOP members met informally for coffee and conversation, and some attended and observed other legislative hearings and committee meetings, all across the State Capitol campus. The day concluded with a reception, and an opportunity to talk further with the NAIOP members in attendance, as well as invited legislators about the issues of the day.

COMMITTEE SPOTLIGHT

By: Brendan Mason

The South Sound committee is unique in that at times it functions as a chapter within our chapter of NAIOP. Since its inception in the late 90's, it has grown to include four breakfast/lunch programs, five evening networking functions, and two fundraising events for local charities, with an additional community enhancement project each year. I sat down recently with past co-chair Jeff Davis and current co-chairs Ryan Douglas and Sean Durkin to chat about the committee and what is on the horizon.

For the committee, the term South Sound and what it encompasses has been evolving. Ryan Douglas elaborated, "On my first day (with the committee) I asked 'What does South Sound mean?' Their definition at the time was Highway 18 and south. The reality is it is becoming more I-405 and the I-5 interchange in Tukwila south. The real estate is very similar from the Tukwila – Renton area all the way south through Thurston County. There are many more similarities between who is down there brokering, developing, owning, and assisting in putting deals together." Mr. Davis added, "Over the last few years we have really pushed the envelope of what the South Sound is out to Thurston County, where there are tremendous opportunities. It creates more of a cohesive group of commercial real estate professionals."

During 2012, then co-chairs Layne Alfonso and Mr. Davis started to transition Ryan and Sean into the roles of the new co-chairs for 2013. "The

transition for me was to be able to move onto other things within NAIOP on the Board level. That's what triggered the transition of Ryan and Sean into the leadership roles" explained Mr. Davis. Before Sean and Ryan took the reigns, there had only been four previous chairs for the committee. When I asked Mr. Douglas why he wanted to take on a leadership role with the committee he jokingly replied, "They told us we had to and that's not too far from the truth." After a good laugh he continued, "Sean and I benefited from the fact that we both got tapped at the same time and we are good friends. We knew that we could be partners in this. I knew some of Sean's strengths and I knew some of his weaknesses and he knew the same things about me. He is good at keeping to task and doing things behind the scenes, I'm ok at winging it, getting up in front of people and spouting our wears."

At the heart of the committee are its seventeen members. Said Mr. Douglas, "I couldn't ask for a more engaged committee." The committee has a wealth of experience and program ideas. On March 21st the group will be hosting a breakfast at Pacific Grill in Tacoma that I am sure will sell out. The program is about how the legalization of marijuana will affect commercial real estate. A four-member panel will be focusing on the topics of production, distribution, security, insurance, sales, and leasing.

Coming up this summer, the committee is looking to host evening networking

events at the Narrows Brewery, a driving range, and a return to Griot's Garage. Keep a lookout for those invites as the air gets warmer.

Mr. Davis spoke fondly about the event he is most proud of, "The BIG Invitational golf tournament has been fantastic and is a well recognized event for the South Sound Committee and of course for the Big Brothers Big Sisters, who are the benefactor. Last year we raised \$46,000 for Big Brothers Big Sisters, so they are excited about it and it's for a good cause. At the same time it's creating value for the members." This year's Big Invitation will be taking place on June 26th at Washington National Golf Club. More information can be found on the events page of Big Brothers Big Sisters at www.bbbsps.org.

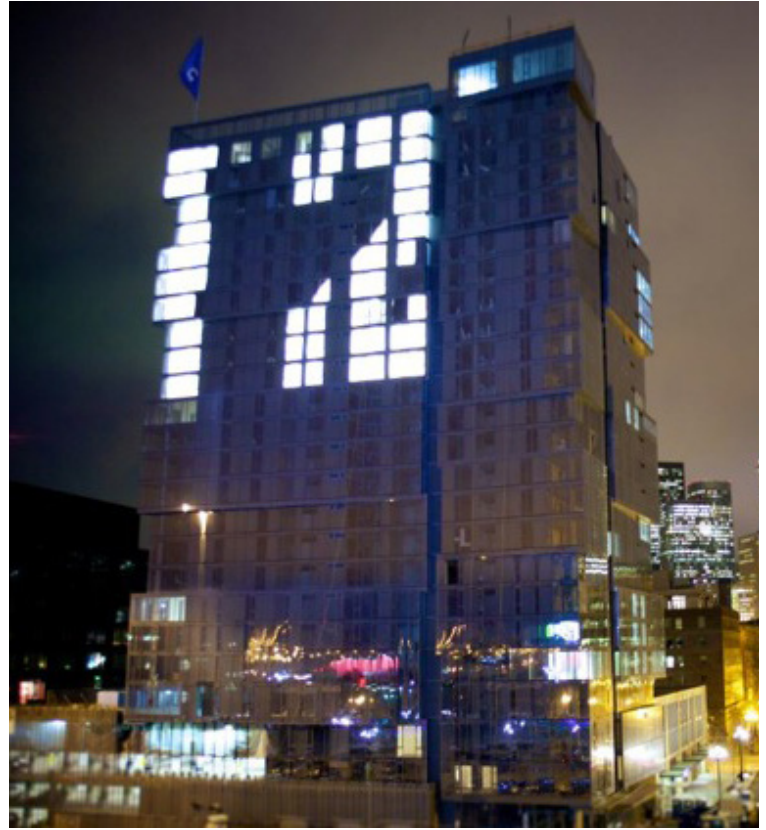
Moving forward Sean and Ryan are excited about what the future holds for the committee. In respects to the mark they would like to leave, Mr. Durkin said, "More principal members is always our goal. It would also be great to have a governmental wing of the committee active in the South Sound. We have been working on diversifying our networking side as well as the community enhancement." Added Mr. Douglas, "What Sean and I want is to start to create a pattern in how to make a transition for the co-chairs. And it is really to give other people the opportunity to showcase who and what they are about."

Stadium Place celebrates the 12th Man

By: Loree Wagner, Merrill Gardens and Julie McAvoy, McAvoy Real Estate

Stadium Place is the new development with two apartment towers just a touchdown pass away from Century Link field. As the new home of the 12th Man, the Stadium Place development team of Pillar Properties and Daniels Real Estate wanted to show support for the Seahawks victory season. Along with JTM Construction and ZGF Architects, they designed a ten story high tribute to the 12th Man in The Wave, the 26 story apartment tower that opens this spring. The glowing 12 required special window coverings and lighting and was soon the talk of the town. It could be seen for miles and was featured on local and national broadcasts. It was a fitting way for Stadium Place to show support for our great Seattle fans and it was also one of the most photographed buildings in the city as the Seahawks made their historic march to the Super Bowl!

For more information about Stadium Place, go to www.stadiumplace.com



DL Ski Day a Success

By Steele Johnson, Skanska

Like clockwork Paige Nilsen with SoundEarth Strategies and her newly acquired sidekick, Adam Brown of Kinzer Real Estate Services, put on another successful NAIOP Developing Leaders Ski Day at Crystal Mountain.

Forty brave professionals met at the Green Lake Park and Ride and boarded a charter bus at 7am. Although numbers were a little down this year (mostly due to a weather report calling for near arctic temperatures), the skiing and networking were on par with other Developing Leaders events. Following the long day of skiing the group met at the Bullwheel Restaurant and Bar for some causal the Après Ski and networking.

The event would not have been possible without the generous sponsorship of Touchstone Corporation and SoundEarth Strategies. The Developing Leaders committee looks forward to more NAIOP members joining the festivities next year.



CAIRNCROSS & HEMPELMANN INTRODUCES TRANSIT-ORIENTED DEVELOPMENT PRACTICE GROUP

Seattle, Washington – In response to the growing real estate development opportunities created by the Puget Sound region’s new light rail and bus rapid transit stations, Cairncross & Hempelmann has formed a Transit-Oriented Development (“TOD”) Practice Group. With its understanding of the fundamental barriers and opportunities involved in transit-oriented development, and its expertise in the areas of land use, real estate acquisition and sale, finance, and litigation, the Cairncross & Hempelmann TOD Group is poised to help clients make their transit-oriented development projects a reality.

Cairncross & Hempelmann has been involved with some of the region’s most successful TOD projects, including:

- **Performing land use analysis and planning for a TOD Master Plan adjacent to the East Link Light Rail Station at 120th Avenue NE in Bellevue;**
- **Conducting land use analysis and consultation regarding design and construction of a project in the Bel Red area near the East Link Light Rail Station at 130th Avenue NE in Bellevue;**
- **Counseling on the design and development adjacent to the East Link Light Rail Hospital Station in Bellevue;**
- **Providing guidance and advice regarding development adjacent to the East Link Light Rail Station at 156th Avenue NE next to the Microsoft Campus in Redmond; and**
- **Serving on the Technical Assistance Panel for the City of SeaTac in connection with the new South Link Light Rail Station at Angle Lake.**

Randall Olsen, Chair of the new TOD Group, is excited about the many transit-oriented development opportunities that exist in the Puget Sound region today. “Rapid transit, coupled with great



John Hempelmann and Randall Olsen

transit-oriented development, will help decrease our region’s carbon footprint and redefine how people live, work, and play for the next 100 years. We’re excited to help increase the functionality and overall success of our expanding regional transit system by bringing our legal expertise to the task of creating these exciting new mixed-use developments near existing and future transit stations.”

John Hempelmann, the Chairman of Cairncross & Hempelmann, and the Vice Chair of the Urban Land Institute’s TOD Council, stressed that “the Region and all its jurisdictions have committed to accommodating a large part of new growth of housing and jobs in the areas around high capacity transit nodes.” Hempelmann said: “We need to connect people with housing, jobs and transportation so we can grow without more crippling congestion. Our firm is very committed to this effort and we are happy that so many clients are letting us help them make TOD a reality.”

Cairncross & Hempelmann’s TOD Group is built upon the firm’s existing foundation of over 25 years of solid legal work in the Puget Sound region. With over \$15 billion in rapid transit projects being planned and built in the region, Cairncross & Hempelmann’s TOD Group is poised to help property owners, for-profit and not-for-profit developers and lenders navigate the sometimes complex and ever-changing regulatory environment to ultimately create dense, walkable communities near transit stations.

About Cairncross & Hempelmann: With six active NAIOP members, Cairncross & Hempelmann is a nationally-recognized, client-focused law firm with offices located in Seattle’s historic Pioneer Square District. Founded in 1987, the firm represents businesses with their legal needs across all major industries.

NAIOP FORMS A NEW ALLIANCE

By: Roger Valdez, Smart Growth



Smart Growth Seattle started as a part time effort by small-lot supporters and Roger Valdez, a local writer and affordable housing developer. Valdez and early supporters at Blueprint Capital designed Smart Growth Seattle to make a broad case for growth, economic development and more housing choice and supply. Smart Growth Seattle adopted these principles:

- **Housing Choice**
- **Urban Density**
- **Sustainable Development**
- **Economic Opportunity**
- **Architectural Diversity**

Since then, efforts to defend new housing and office development against efforts to slow it and to make the positive case for why more housing can keep prices low, has expanded to microhousing and the City's efforts to impose fees on new growth with "incentive" zoning.

With the support of a diverse group of sponsors, Smart Growth Seattle has now hired Valdez as full time director. The Seattle development community now has a voice for growth and more housing supply. NAIOP joined this effort with Blueprint Capital, Eagle Rock Ventures, Footprint Investments, the Master Builders Association, Touchstone, and Vulcan Inc.

This year Smart Growth Seattle will incorporate as a non-profit and work on legislation impacting small-lot development, microhousing, and incentive zoning before council. Smart Growth Seattle intends to make 2014 the year when the city shifted to a discussion about the best way to increase the supply of new housing and work space for the city's growing economy.

URBAN APRTMENTS - CONTINUED FROM PAGE 1

Simon asked about the characteristics of the renters who are creating the boom market in Seattle. Barkman mentioned that the new renters are:

- **Smarter about their apartment search**
- **Have studied more information via the Internet on neighborhoods and buildings**
- **Are less and less likely to own a car**

Barkman followed up with the fact that between 30% and 50% of the renters new to the Seattle market are bicycle owners.

Jeffries talked about the unique amenities available in a number of multifamily residences such as climbing walls and gear storage. This leads to a larger emphasis on branding for the building.

Shapiro's firm is a market leader in the micro development arena. Shapiro talked about how the micro apartments in Seattle are a reinvention of ideas that are quite prevalent in Europe and on the East Coast. For micro apartments, the neighborhood is the amenity and residents are looking for vibrancy and variety in the experiences that the neighborhood offers.

The panel also discussed how apartment rents have some of the same desires of office works and that "experience" is the driver

in filling up both offices and residences. With high demand for quality knowledge workers, developers of all assets classes must provide the best quality experience for their customer.

The next subject that Dylan raised was the way that Seattle was implementing the mixed use development. Often times in Seattle, the ground floor is used for retail whereas other cities will use the ground floor as employment centers or residences.

Overall it was clear that we are seeing a revolution of housing in Seattle. A number of people want to live near their work. They want to spend less time commuting and more time being a part of their neighborhood. Employers are looking to attract the best talent and that talent is getting used to having unique amenities available to them where they live AND work.

The panel gave great insight into what is happening now with the multifamily residences. That insight gives great food for thought of the future of Seattle, both in residential and commercial properties.

An apartment market study was provided to all attendees and it can be downloaded using the following link:

<http://www.dylansimon.com/wordpress/wp-content/uploads/2014/01/2014-Seattle-Multifamily-Urban-Market-Study-Dylan-Simon-Feb.-2014.pdf>

NAIOP PROFILE - CONTINUED FROM PAGE 2

traditional women growing up, I had no realization that becoming a Construction Executive would be unusual. In hindsight, they were not only unique in their career pursuits, they were inspirational to all that followed.

What would you be doing if you weren't at your firm? I would love to be a personal coach and provide leadership training to the commercial real estate industry. Having a career champion and mentor can support individuals in fulfilling their career goals. I enjoy watching others be successful and achieving their full potential.

What do you like best about your industry? Working in the construction industry provides an opportunity to work with all types of individuals; from carpenters in the field, to building owners, architects, engineers and tenants, all with a very diverse skill set and perspective. By understanding and developing relationships with all, the team can achieve greater success.

What is the most memorable experience of your career (good or bad)? One of my most memorable moments of my career occurred in 2011, when I was a CREW Network Board Director and the CREW Seattle & Sound's Past President at the same time. Serving in this capacity provided an opportunity to work with members on both a local and national platform.

Which NAIOP committee do you serve on and why did you choose that committee? I am currently on the Programs Committee. I selected this committee as the monthly programs are critical to the success of our chapter as it may be the first experience a potential member has with our organization.

What do you see as the biggest benefit of becoming involved in a NAIOP committee?

By being involved in an organization, it allows you to meet and develop stronger relationships with other members.

What do you do for relaxation/recreation (e.g., hobbies, sports, exercise, travel, etc....)? You can often find me volunteering on several non-profit boards, taking my dogs to the dog park, waterskiing, snow skiing and traveling.

What is the number one item on your bucket list? I have been a football fan my entire life. My number one item on my bucket list is to go to the Super Bowl to watch the Seattle Seahawks. Go Hawks!

What book did you read most recently (that you want to admit to): Death by Meeting by Patrick Lencioni.

What advice would you give to someone just starting out in our industry? I would tell the younger generation to not compromise your personal integrity and principles, and to treat everyone fairly and with respect.

What's an interesting or unusual fact that most of your fellow NAIOP colleagues probably don't know about you? Most people would be surprised to learn that from 2008 to 2010, I was the Varsity Cheerleading Coach at Seattle Prep. From Contractor by day, to Cheer Coach by night, you never know all of the diverse facets of an individual.

NEW MEMBERS

Chris Ascani

BNBuilders Inc.

Frederick Brown

ESM Consulting Engineers LLC

Chuck Clegern

Express Construction Company Inc.

Brian Dalessi

CenturyLink

Cole Franklin

Coffman Engineers Inc.

Phillip Greany

M.A. Mortenson Company

Eric Hadden

University of Washington

Kathy Kleinhenz

Old Republic Title & Escrow

Yeon Soo Lee

University of Washington Real Estate

Ryan McCarthy

Foster School of Business University of Washington

Ryan McMahan

Auburn Mechanical

Anthony Modica

BNBuilders Inc.

Taralee Muhli

Wells Fargo Bank

Annie Rummelhoff

Mithun Inc.

Marcy Salo

Golder Associates Inc.

Christopher Simmons

Joseph S. Simmons Construction

Janet Stephenson

Glumac