

## CALENDAR

- ▶ **JULY BREAKFAST MEETING**  
**HOW TECHNOLOGY IS CHANGING**  
**THE FACE OF COMMERCIAL**  
**REAL ESTATE**

July 15, 2015

7-9 a.m.

Cinerama



- ▶ **2015 PROPERTY TOUR**  
**FREMONT:**  
**SEATTLE'S "SILICON CANAL"**

July 22, 2015

10:30 a.m. – 6 p.m.



# NAIOP

COMMERCIAL REAL ESTATE  
DEVELOPMENT ASSOCIATION

WASHINGTON STATE CHAPTER

# MONTHLY The Deal NEWSLETTER

## Equity Residential Brings Local Art to Junction 47 Project

By Richard Kendall



PHOTO: EQUITY RESIDENTIAL

More than ever before, developers are incorporating public art into their projects in the interest of adding both aesthetic beauty and brand distinction to their real estate investments. They realize that art—if done thoughtfully and collaboratively—can serve to draw positive attention to their buildings, particularly in mixed-use buildings that bring together an eclectic mix of urban audiences.

A new mixed-use project in West Seattle has taken this strategy to the next level, using two locally renowned sculpture artists to create a range of pieces that pay tribute to a neighborhood's deep and proud history. It's part of Equity Residential's "Artist

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## NAIOP PROFILE

**As told to Dail Bodziony,  
Columbia Bank**

**Name:** Noah Martin

**Title & company:** Project Engineer,  
GLY Construction

**Brief description, size and scope of company:** Commercial General Contractor, 500+ employees, 3rd largest GC in the Northwest per Puget Sound Business Journal.

**How long have you been with your company?** One year.

**Previous companies and/or previous career fields:** Did a year of Architecture school before finding my love in construction. Graduated from WSU with a CM degree in 2014.

**How did you get into your field?** I have never had a job that was not construction related. At 13, I painted my uncle's house and from then on it was labor every summer and cabinet manufacturing in a small custom shop during the school year.

**What would you be doing if you weren't at your firm?** I would be building. Even if I was stranded on a desert island, I would find a way to build and sell shelter.

**What do you like best about your industry?** The opportunity to create the environment which we as humans interact with for the majority of our lives. Daily, we have the chance to

Engagement Program" at Junction 47, a 206-unit apartment building opening this month at 4076 California Ave. SW in West Seattle. The building, located in the popular Alaska Junction neighborhood, also includes 19,814 square feet of street-level retail.

Equity Residential First Vice President Bradley Karvasek says public art is an important component to successful urban mixed-use development. "We believe our apartment projects need to reflect the local neighborhoods, and public art provides a medium to accomplish that in a very creative and functional way."

He continued, "This area is home to so many talented artists, and a community-based engagement program that leverages their artistic vision made perfect sense—especially in an iconic neighborhood like West Seattle."

To manage the Junction 47 Artist Engagement Program, Equity Residential commissioned the help of Sara Everett, a local artist who works with developers on the public-art commissioning process. Everett, who curated public art at the Youngstown Flats project in the Delridge neighborhood, coordinated Equity's requests for proposals at Junction 47, a process that started months ago as the project moved through the design and development process.

By no means was Everett alone in this process. She managed the curatorial process in cooperation with leaders from the West Seattle Junction Association and the West Seattle Junction Neighborhood Organization (JuNO), among other local stakeholders. That collaboration was a key driver to success, according to Karvasek. "Having the constant support of these local stakeholders and community organizations was paramount—their knowledge of the neighborhood and passion for creating something very special through sculpture art was a game-changer."

The West Seattle stakeholders, in cooperation with Everett and Equity's executive team, chose West Seattle native Lezlie Jane and local Seattle artist Miguel Edwards to create 20+ exterior art pieces that will adorn the project's support columns and public space. The art, currently in development and slated for installation within the next 6-9 months, will be created from glass, steel and bronze and range in size between 1 and 3 feet tall. Together, they'll tell the story of the West Seattle's rich history at an intersection where the neighborhood was started decades ago.

Aside from honoring the past, Karvasek believes the public art at Junction 47 will help to define the future of the Alaska Junction. "We create our apartment buildings to stand the test of time. We think this building—and this art—will be a very important part of West Seattle's tomorrow. That makes us very proud as a developer, owner and community steward."

Weber Thompson is the project's architect, and Andersen Construction is Junction 47's general contractor. More information on Junction 47 is available by calling 206-223-1431. Background on the artists and samples of their work can be found at [http://lezziejane.com/Lezzie\\_Jane/Home.html](http://lezziejane.com/Lezzie_Jane/Home.html) and <http://www.miguelledwards.com/>.

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## Washington State Legislative Update

By Greg Hanon

**T**he Washington State Legislature did not complete its business by the end of the regular session on April 26. Governor Inslee called a special session starting April 29 to focus on budget and environmental issues. No resolution was reached during the first special session and a second 30-day special session was called on May 29. The fiscal year ends on June 30, and the threat of a government shutdown looms over the negotiations. In late June, the state will notify non-essential state employees that they will be on leave on July 1 if no budget is adopted by June 30.

**Budget and Taxes:** Negotiations on the operating budget are at a standstill over the House Democrats and Governor Inslee's insistence that the budget include raising taxes. Senate Republicans remain firm in their position that tax increases are unnecessary given the \$3.2 billion in additional revenue (9.2%) generated by existing sources when compared to the previous biennium. Originally, the House proposed over \$1.5 billion in increased taxes, including increasing the B&O tax, adopting a cap and trade program and dedicating the revenue to transportation and education, and adopting a capital gains tax. Both the B&O tax proposal and the cap and trade proposal have fallen off the table as the improving economic climate in Washington forecasted additional revenue being available. The focus is now on a proposed capital gains tax or the closing of various tax preferences. Senate Republicans are holding firm on their position that existing revenues are sufficient to fund budget priorities.

**Transportation Plan:** The Senate has passed a 15-year, \$16 billion transportation package that includes an 11 cent gas tax increase and increases to various transportation-related fees. The Senate plan also includes various reforms as well as a provision that would block the governor's ability to implement a Low Carbon Fuels Standard. The House removed some of the reforms as well as the LCFS provision. Negotiations continue on a transportation package, but have recently been called off while negotiators resolve the operating budget issues. It is unclear if the transportation package will come together before the end of the special session.

**Vesting:** NAIOP and several other real estate organizations supported legislation in 2015 to address the recent court case that eliminated common law vesting in Washington State. The Senate passed Senate Bill 5921, but the bill stalled in the House. In the interim, members of the House Judiciary Committee will convene meetings of the various stakeholders to discuss approaches to dealing with the issue, including providing a statutory recognition of vesting. NAIOP will be an active participant in these interim discussions.

### PROFILE - CONTINUED FROM PAGE 2

work with great teams and provide projects with the greatest possible value for both the owners and the communities.

**What is the most memorable experience of your career (good or bad)?** The two record-setting mat pours on the Lincoln Square Expansion project are two events the likes of which I may never see again. Twenty hours of straight concrete pumping each, both requiring nearly 1,500 concrete trucks to supply the 14,000+ yards of concrete, which will anchor their respective 31- and 41-story towers.

### Which NAIOP committee do you serve on and why did you choose that committee?

I joined the MARCOM committee for the opportunity to help craft the message which NAIOP gets out not only to members but to the entire greater Seattle Community.

### What do you do for relaxation/

**recreation?** Anything I can break a sweat doing, whether that is lifting, running up mountains or biking. Or the exact opposite, I am a bit of a nerd when it comes to reading as much as I can get my hands on.

### What book did you read most recently (that you want to admit to):

"Reinventing Organizations" by Frederic Laloux. A very informative look at the emergence of organizations with extremely decentralized control and highly empowered teams. With the emphasis on the organization providing their employees with the best environment to succeed, the results are far more efficient and cost-effective than a more "traditional" office environment.

### What advice would you give to someone just starting out in our industry?

Ask questions, understand and admit that you don't know everything, but be willing to put in the work required to learn.



# Capital Markets Report 2015: What Are the Drivers and Where Are We Headed?

By Edward Scherer

On June 17, the NAIOP Breakfast attendees were presented with our annual program about Capital Markets. The breakfast was sponsored by Lydig Construction and Norris, Beggs, and Simpson - we sincerely thank them for their continued support. President Sharon Coleman began the meeting and gave the assembly an update on new members, the Sustainable Development Roundtable and the July Breakfast program. We also heard about the upcoming Property tour in Fremont, the Night of the Stars, the 2015 Community Enhancement Event and the upcoming Seattle City Council election.

Mike Wood, Principal at NBS Financial Services, moderated the discussion. Panelists included:

- **Jason Flynn, Managing Director, Eastdil Secured**
- **Frank Bosl, SVP, CBRE Capital Markets**
- **Kevin Catlett, Asst. Managing Director, Principal Real Estate Investors**

Mike kicked things off with a question about the themes that permeate the Seattle market. Jason responded that the following themes attracted Capital investment to the Puget Sound region:

- **Economic diversity**
- **Regional company success**
- **The pool of talent available to companies in the Puget Sound**

Jason also looked to the future and described the following foundational aspects of the Puget Sound Capital market that result in a healthy and vibrant environment:

- **In comparison to other areas, we have more room for office rents to grow.**
- **Ownership has increased in diversity as the tech giants have spawned new companies.**
- **Offshore investment is strong, especially from Asia, which has achieved a 74% CAGR since 2010.**

Frank then addressed the fundamentals of the Puget Sound market. His assertions:

- **Seattle is a Top 5 market.**
- **Multi-family is strong with 4,000 new units per year over the last 10 years.**
- **Multi-family needs to increase and the market is responding with 11,000 new units coming on line in 2015 and 2016.**

Frank stated that these fundamentals should continue with the following factors being key:

- **A robust economy**
- **Job growth**
- **Wage growth**

Frank also related some interesting correlations between rent/ft<sup>2</sup> with Uber rides and the number of happy hours.

Kevin stated that Principal Real Estate Investors is bullish on the Pacific NW Marketplace.

Mike asked the panel about whether we were in a bubble and the panelists responded with an emphatic “no!” Reasons cited:

- **Difference in leverage between now and 2007/08**
- **New money coming into the market**
- **More long-term owners**

There was also talk about the impending re-financing liability. Kevin suggested that although this is a concern, it has been well forecast and the potential downside has been minimized.

The Breakfast concluded with several questions from the audience. This was a very upbeat analysis of the market and we should feel confident about the future.

## CHAPTER MEMBERS IN THE NEWS

# Davis Property & Investment's Portside Industrial Center Recognized by the Pierce County Economic Development Board



The Portside Industrial Center was recently recognized as one of the 2015 Excellent 10 in Pierce County.

Davis Property & Investment's Portside Industrial Center was recently recognized by the Pierce County Economic Development Board (EDB) as one of the annual Excellent 10 in Pierce County. The award honors projects with significant contribution to economic development in the region. Portside Industrial Center was highlighted at Pierce County EDB's annual meeting in March at the Tacoma Convention Center.

The project, owned by LBA Realty and developed by Davis Property & Investment, encompasses six buildings on 28 acres in Fife, WA. The speculative project will total approximately 485,000 square feet and is expected to be completed by the fall of 2015. Adolfson & Peterson is the general contractor of the master planned park.

For more information, visit [www.DavisPropertiesllc.com](http://www.DavisPropertiesllc.com).

## NELSON Acquires EHS Design to Expand Services in Seattle Office

In a move that unites a Seattle boutique architecture and interior design firm with a global multi-discipline powerhouse, EHS Design is joining operations with NELSON. The combined firm will be a true "one-stop shop" to clients, combining EHS's excellent interior design, architecture and planning with NELSON's branding, engineering and other consulting services. The merger will help expand EHS Design's reach and NELSON's services to clients in the Seattle office and surrounding West Coast region.

"This joining achieves one of NELSON's goals to continue to expand our services to new geographies, and with the EHS team, continue to build on their strong presence in Seattle and relationships with clients across North America. EHS's ability to quickly move into action and respond to

clients' needs with our network of nearly 500 Teammates will bring enormous opportunities on a national scale," said John "Ozzie" Nelson Jr., Chairman and CEO of NELSON.

An exciting part of the transition is the shift of firm management to Mia Marshall, who currently serves on NAIOP Washington's Board of Directors, to Managing Principal of the Seattle office. "This is a terrific opportunity to bring EHS to amazing new heights, and I am thrilled to see our firm taking this step," stated Marshall. "I am delighted that all of the EHS principals are moving forward together on this new path, and the legacy of EHS's leadership, entrepreneurial spirit and responsiveness to our clients will continue seamlessly through this transition."

For more information, visit [www.NELSONonline.com](http://www.NELSONonline.com).

## CHAPTER MEMBERS IN THE NEWS

## MulvannyG2 Architecture Opens New Seattle Headquarters, Unveils New Name: MG2



MG2, formerly MulvannyG2 Architecture, recently opened its new Seattle headquarters located in the 1101 Second Building. The company also announced a new, more concise name — MG2 — and an overall brand refresh that presents a clearer reflection of the firm’s work around the world with

leading retailers and commercial developers, and their client partner of more than 30 years, Costco Wholesale.

“Continuing to drive connectivity with our clients and the community is the central vision for our new workspace,” said CEO Mitch Smith, AIA. “With the Seattle office, we found a unique opportunity to support business efficiencies while bringing the next evolution of our brand to life and creating a space that enables people to do their best work.”

MG2 revitalized approximately 64,000 square feet on three floors of the four-story 1101 Second Building. The design takes advantage of the building’s mid-century aesthetic and expansive floor plates to create an open, flexible environment that supports different work styles while creating new opportunities for collaboration. The variety of workspaces available includes individual workstations, open and enclosed meeting areas of all sizes, and “quiet rooms” for individual work or small-group meetings.

For more information, visit [www.MG2.com](http://www.MG2.com).