

## CALENDAR

- ▶ 2013 NOVEMBER  
NIGHT OF THE STARS  
Fri. Nov 8, 2013  
6:00 PM – 10:00 PM



- ▶ 2013 NOVEMBER  
SOUTH SOUND HOLIDAY EVENT  
Thu. Nov 14, 2013  
5:00 PM – 7:00 PM



- ▶ 2013 NOVEMBER  
BREAKFAST MEETING  
Wed. Nov 20, 2013  
7:30 AM – 9:00 AM



# NAIOP

COMMERCIAL REAL ESTATE  
DEVELOPMENT ASSOCIATION  
WASHINGTON STATE CHAPTER

# MONTHLY The Deal NEWSLETTER

## NAIOP 2013 COMMUNITY ENHANCEMENT PROJECT

By Michael Newbury, Sparling

On Saturday October 5th, nearly 300 volunteers helped transform the Northwest Center for Kids (Queen Anne) into an attractive site that will allow the staff, students and parents to be as proud of their campus as the fantastic work that goes on inside of the building. The Center is located in an aging former elementary school. There were more than 50 projects, including: improving the safety and attractiveness of the entrance, repairing plumbing, replacing flooring, fixing windows, roof repair, removing overgrowth, upgrading landscaping, pressure washing and brightening up the interior and exterior with fresh coats of paint. The army of dedicated volunteers consisted of NAIOP members, contractors, architects, engineers, commercial real estate community, family, friends and Queen Anne community members. The amount of work that was completed was astonishing. It is amazing the amount of impact NAIOP has on a facility in just one day.



Many of the contractors and volunteers spent days onsite ahead of time to plan, prep and carry out work that needed to be complete prior to the day of the event. There were also several projects that individuals completed following the big day. The NAIOP Community Enhancement Committee raised nearly \$40,000 in

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## NAIOP PROFILE

As told to Dail Bodziony, Columbia Bank

**Name:** Jim Kleppe

**Title & Company:** US Urban Development and Infrastructure Sector lead; Golder Associates

**Brief description, size and scope of Company:** Golder is a national and global firm with 172 employees in Redmond, WA; nearly 1,400 in 50 offices across the US; 3,000 in Canada (800 in BC); and nearly 9,000 staff globally in over 160 offices.

**How long have you been with your Company?**

I worked at Golder in the early '80s and then rejoined the firm in early 2011.

**Previous companies and/or previous career fields:**

I have worked in the Seattle area since 1981. I worked for a couple of regional consulting firms and my own firm which provided client relations consulting to the A/E industry.

**How did you get into your field?** Oddly, I was at a party between high school and college and met a guy who was going to the same college. I asked what he was going to major in and he said "civil engineering – because I like to build sh\*\*t." I liked that answer and followed suit. The rest is history.

**What would you be doing if you weren't at firm?** I really enjoy making things happen and, as such, could see myself helping startup firms (did a bit of this in my own firm) or just helping individuals achieve their goals.

**What do you like best about your industry?**

Speaking of the entire real estate and development industry, I am always impressed with the creativity and talents of the professionals in this line of work that are equally balanced with fun attitudes and zests for life. Great folks to work and interact with.

## Chapter Members in the News

### Ryan Douglas Joins Wells Fargo Insurance

The Seattle office of Wells Fargo Insurance is pleased to announce the addition of Ryan Douglas to its property and casualty practice group. Previously employed at Propel, Ryan will concentrate his time on new insurance business generation and client retention.

With over 15 years of experience in the property and casualty insurance arena, Ryan helps clients conduct a strategic risk management review of their operations to help identify gaps or duplication in coverage. That way, he helps them get the most for their insurance dollar. He has extensive experience in the areas of construction and real estate, where he will focus on companies over \$10 million in annual revenue and provide solutions from general liability to workers' compensation.

Another element of Ryan's work will be to facilitate interaction with Business and Commercial Banking partners, helping them provide innovative insurance solutions to their existing clients - allowing those clients to reduce risk and improve cash flow.

Ryan and his wife Niki live in Maple Valley with their two sons. He is also proud of his two dogs - a mini American Eskimo and Bernese mountain dog. He enjoys skiing, golfing, and anything related to the outdoors. Ryan is actively involved in the community, particularly with the South Sound Committee and other charitable organizations.



*When you next see --- or create --- news, please let us know. Send us your news releases and article links, or just drop us a line when you want us to know about chapter newsmakers, at [pr@naiopwa.org](mailto:pr@naiopwa.org).*

## RETAIL: IMPORTANT TRENDS AND CASE STUDIES FROM THE SEATTLE AREA FALL SEMINAR RECAP

By: Ed Scherer, Avidex Industries, LLC

NAIOP members attended our annual Fall Seminar that explored trends and case studies focused on the retail market. The Fall Seminar consisted of a breakfast presentation and two case studies. The Breakfast session looked at Local and National trends in retail and was moderated by Marc Stiles from The Puget Sound Business Journal. Marc posed questions to the panel that consisted of Pat Johnson and Dick Outcalt from Outcalt and Johnson, LLC, Susie Detmer from Cushman Wakefield, and M.J. Munsell of MulvannyG2.

Marc kicked off the discussion with a national forecast that showed unemployment falling and GDP increasing. Retail rental rates are recovering from the lows in 2009-2010 with growth forecast for the next 2 years. Locally, Seattle employment is rising and the Retail vacancy rates are low in Seattle and the Eastside but lagging somewhat in the South end. The first question posed to the panel was ‘Can Local Specialty retailers make it in our market?’ Susie Detmer offered that Seattle area retailers are well known for their innovative approaches which lead to an answer of “Yes”; our local retailers can survive and thrive. M.J. Munsell offered that local retailers are offering a high touch localized experience that is serving the local retailers well. On-line retail activity appears to be offering bi-directional advantages to our local retailing community. Pat Johnson stated that a competitive edge is required in order to survive in the market. Dick Outcalt said that the Northwest customer demands respect. To paraphrase Frank Sinatra, if you can make it here, you can make it anywhere.

The next question revolved around Landlords taking on the role of quasi - banker by supporting local retailers, and giving them lower lease rates to incentivize retailers to open locations. Susie said that she has seen some of this from property owners willing to take the risk, specifically in University Village and Bellevue Square.

Marc asked the panel to paint a picture of the e-commerce and distribution portion of the industry. Dick noted that the Customer wants immediate gratification, which leads to geographically closer and more nimble delivery methodology, which leads to more e-retailers and distribution facilities opening locally. Pat made mention of “multi-channel retailing” which leads to more speedy delivery. She also noted that the newer generation of consumers speak “social” which has led retailers to design stores to allow the customer to “step into the website”. M.J. supported the previous comments and added that retailers are utilizing spaces for new uses such as fashion shows on video walls.



*From Left to Right: Dick Outcalt, Pat Johnson, from Outcalt and Johnson, LLC, M.J. Munsell of MulvannyG2, Marc Stiles PSBJ, Susie Detmer from Cushman Wakefield*

Marc posed the question about trends in restaurants, an important sector to the overall retail economy. Susie led off by saying that restaurants are more utilized now than in times past so restaurants are not only serving food but also providing entertainment. Developments such as Via 6 are bringing restaurants physically closer to the customers. Dick took a slightly different tack and talked about how traditional retailers are using food service to encourage customers to linger longer in the store.

Marc asked the panel to comment on what design elements, specifically in the restaurant sector, are being accentuated in the local market. M.J. spoke to the blend of types in the marketplace to create a local look and feel and how the Asian market sees food as a big driver in the retail locations. This is a trend that is becoming more prevalent in the US market. Susie spoke of some of the unique construction elements that are required in restaurants.

The next question revolved around the use of technology in retailing. Pat gave a great example of Pointer Jeans and how they are using technology to make it easier for men to shop. She also sparked some controversy over the metrics that are being gathered by the technology systems in the stores. M.J. added that more men are shopping, leading to a fast, direct, efficient approach in stores that cater to them. M.J. also talked about how Nordstrom is offering a personal shopper service via text messaging. Dick stated that technology can be a real field leveling factor, allowing even the smallest local retailers to compete nationally and internationally.

Marc finished the breakfast session with a question about the Rainier Square redevelopment. Dick suggested that a twin building with retail in the middle would be a major draw for tourists and locals alike. M.J. was not certain that was the best approach but agreed that changes needed to be made to revitalize the retail sector in that block. Pat mentioned the way finding signage drives shoppers away from Rainier Square.

The first breakout session looked at the Grand Ridge Plaza at Issaquah Highlands. Presenting were Tim Diller – Vice President

## MENTOR PROGRAM 2013 KICK OFF AT HAGERTY'S

By: **Merissa Benitez Western Office Interiors**

This year, the NAIOP Mentor Program kicked off at the WAC inside Hagerty's Pub. It was a great success, with equal parts Mentor and Mentee. Thanks to the work by Travis Andrews and Alex Ratner. HomeStreet Bank and Touchstone sponsored the hosted bar.

The enthusiasm of the potential Mentees was expected, but what surprised me was the interest of the Mentor crowd. Scott Combs of Colliers was one of the first Mentors to introduce himself in the crowded room. He said, "Don't hesitate to ask questions. We are here because we want to be here". It was a great way to open the door. The variety of experience was well distributed: Mortgage Banking, Real Estate Brokerage, General Contracting, Environmental Consulting and Architects gathered to open up and be a possible Mentor for the younger class in the room.

I wasn't looking for a mentor, but now I am considering it!



*Travis Andrews talks about the Mentor Program*

## BREAKFAST LINKS – THE 2015 U.S. OPEN CHAMPIONSHIP AT CHAMBERS BAY

By **Chris Miller, Barghausen Consulting Engineers**

On Friday, October 25, the South Sound Committee hosted approximately 80 NAIOP members and guests at the Pacific Grill Event Center in Tacoma for breakfast and a presentation on the upcoming U.S. Open Championship golf tournament to be played at Chambers Bay in University Place. Danny Sink, Championship Director for the United States Golf Association (USGA) and the event's main speaker, oversees the planning and execution of the renowned international competition. Mr. Sink discussed the process by which Chambers Bay and the Puget Sound region were chosen as the host for the 2015 Championship and commended both Pierce County government and citizens for their unwavering support of the event. Mr. Sink, who relocates every three years to coordinate the next championship, heralded the local community for its welcoming spirit as well as pointing out the region's natural beauty calling it "the perfect place to host a championship". He is extremely excited to show off the region to the international golf community, as the event will be shown globally on television as well as host over 200,000 attendees from around the world. Mr. Sink explained that hosting this event will put the Puget Sound region both on the map in the golf world, as well as earn a place in golf history. The 2015 U.S. Open Championship may also make history, as Mr. Sink feels confident that it will be the first U.S. Open to include mass transit rail service to the event.



Joining Mr. Sink from the USGA were Eric Reinhardt, Operations Manager, and Eric Steimer, Assistant Manager. Mr. Reinhardt is in charge of all logistics for the Championship,

which, as he described, is equivalent to building a small city. With large bleachers and canvas tent structures ranging from an enormous 36,000 SF merchandise pavilion to individual 30'x30' suites on the course, there is a vast amount of planning, permitting and coordination involved in hosting the Championship. Not only will this infrastructure need to be constructed, but there is also a massive deconstruction effort as it is all temporary. Mr. Steimer, on the other hand, is charged with coordinating the massive volunteer effort at the 2015 U.S. Open. This huge endeavor, which includes about 5,000 volunteers on 25 separate committees, will begin in early 2014 and require coordination all the way through the event. Mr. Steimer explained that volunteers receive unlimited access to the Championship, as well as official U.S. Open Championship attire in return for their service.

Mr. Sink explained that the Chambers Bay course will be undergoing final preparations for the Championship in early 2015, so get out your clubs this upcoming season and see if you do better than the pros on this beautiful public course!

The South Sound Committee would like to thank the speakers from the USGA as well as the event sponsors; Davis Property & Investment, Phillips Wesch Burgess PLLC, Propel Insurance, GeoEngineers, Inc., DP Incorporated, and Moss Adams LLP for helping us put on a great event. For more information regarding the 2015 U.S. Open Championship at Chambers Bay visit [www.chambersbaygolf.com](http://www.chambersbaygolf.com), and for corporate hospitality options visit this site.

## MEMBER PROFILE - CONTINUED FROM PAGE 2

**What is the most memorable experience of your career (good or bad)?** My most memorable experience was leading a team of engineers on a design-build project in Turkey. I worked with staff from Turkey, the UK, Australia and the US – it was that experience that led me to understand that people around the globe have the same hopes, dreams, and worries – though the details can vary. I learned a lot about myself and other cultures – it was very enlightening.

**What do you do for relaxation/recreation (e.g., hobbies, sports, exercise, travel, etc....)?** Right now, my number one hobby is writing checks for college and premier soccer, but beyond that golfing, gardening, and traveling are some favorite activities.

**What is the number one item on your bucket list?** I'd love to sit down with Warren Buffet and Bill Gates to see how these two great minds interact. Short of that, I'd like to match Mark Ludtka's golf handicap!

**What book did you read most recently (that you want to admit to):** "Brain Rules" by John Medina – my daughter gave it me (was there a message there?). It's a fascinating summary of brain research with applicability to business and life – including the fact that our brains really don't multi-task.

**What advice would you give to someone just starting out in our industry?** I was just asked this question by a high school student and my answer was: "Truly assess who you are and what you'd like to do. Understand your innate gifts and talents – focus on those. Ignore the naysayers and go for your dream. Dream big and pick some big problems to help solve. Work hard, play hard, be balanced, dance like no one is watching, and provide results that others benefit from. In the end, make sure everyone who interacts with you is pleased to have met you and/or worked with you. Give more than you expect to get back."

**What's an interesting or unusual fact that most of your fellow NAIOP colleagues probably don't know about you?** Back to Turkey, I got to spend a few quality hours in a Turkish police station –long story– but a happy ending.

## RECAP OF DEVELOPMENT '13 ANNUAL MEETING

By: Ted Caloger, Mulvanny G2 Architecture

More than 900 of real estate's top developers, owners, brokers and professionals joined together for Development '13: The Annual Meeting for Commercial Real Estate, October 7-9, in San Diego. Led by Glenn Amster, President, and Michelle Mills, Executive Director, our chapter sent a strong contingent of attendees. This year's meeting was especially memorable for our chapter as Vulcan Real Estate was presented with the coveted Corporate Developer of the Year award.

The three days were filled with a full spectrum of activities, starting with corporate committee and National Forum meetings on Monday. The 32 National Forums represent a wide range of special interest groups that include leaders in their respective industries, many from our own chapter. Tuesday, the first day of the meeting for general attendees, started with opening remarks by Thomas Bisaquino, NAIOP President and CEO.

Following Ada Healy's gracious acceptance speech and acknowledgement of her Vulcan team, the first keynote speaker, Hans G. Nordby, Managing Director, PPR, gave a detailed overview of the economic recovery over the past 3 years and how the various markets, e.g. industrial, office, residential and healthcare, look to fare in the future and which geographical locations favor each.

Following throughout the day were sessions with a wide array of topics covering strategies and trends in specific sectors; tips for working with community leaders to make development happen; and how to cultivate your organization's future. Sessions included our own Sharon Coleman, Vulcan, presenting South Lake Union as part of mixed use case studies; and A-P Hurd, Touchstone, who moderated a panel discussing urban office campuses and their impact on the evolving workplace.

That evening, while others were off having dinner with their compadres, our Washington contingent was treated to a sunset cruise on the Yacht America, a replica of one of the original America's Cup sailing ships, hosted by Vulcan to celebrate their Developer of the Year award. Although the weather was reminiscent of Seattle – cloudy – a good time was had by all with great appetizers and abundant libations. A number of hearty souls helped the crew raise the main sail and fortunately, no 'mates' went overboard! The evening was topped off by a lively dinner in the Gas Lamp District of approximately 15 chapter members.

Wednesday morning provided additional sessions surrounding the industrial, capital and office markets. Suffice to say that a number of the

**RETAIL: IMPORTANT TRENDS - CONTINUED FROM PAGE 3**

of Port Blakely Communities and Craig Ramey – Senior Vice President of Regency Center. Tim gave a historical perspective of the project and the principles that guided Port Blakely as they undertook the project. The project was operating under a Master Planned Community permit from the local governments. This led to a very collaborative approach with the local community stakeholders. Tim outlined what Port Blakely brought to the table as contributions. He also talked about some of the advantages that the site offered and some notable events such as the Sunset interchange on I-90 that allowed for the size and scope of the project to evolve into what it has become today. This Master Planned Community offers schools, housing, retail, fire services, medical facilities, and a Community Center. Tim also outlined the economic impact to date of the project.

Craig began his part of the presentation speaking about what Regency Center does which is to create retail centers anchored predominantly by grocery stores. He talked about the major tenants in the retail portion of Grand Ridge which include:

- Safeway
- Dick's
- Marshall's
- Regal Cinemas
- Many boutique style shops

Tim and Craig talked also about lessons learned. These included:

- Collaboration and compromise were key elements in success
- It is important to have the right mix of retailers
- Community involvement and vision is key
- Sometimes crisis = opportunity. This development broke ground during the height of the recession!
- Stay true to the vision and weather the storms

The second breakout session highlighted the new McLendon's store in West Tacoma that was a remodel of an existing grocery store. Introduced by Kris Beason, Construction Executive of Mortenson Construction; Kathy Craft-Reich, Principal of Craft Architects; and Nic Shackelton, Store Development Manager from McLendon's presented a comprehensive overview of the McLendon's philosophy and the drivers that led to the opening of this store in March of 2013. This was the first new McLendon's store in 17 years and was developed as a prototype for the new approach by this revered and innovative retailer. However, McLendon's has remained true to the "old school" values of this mostly family run business. Kathy talked about why now was the perfect time for McLendon's to expand. Basically, the "do it yourself" upturn during the recession made now a great time to break ground on this project. Kathy spoke of the "keys are the milk" philosophy that McLendon's operates under. This means that the key cutting center is at the back of the store to allow customers to have the full experience of the store. Also noted was that McLendon's does not really compete with the big box hardware stores as they offer:

- Localized approach
- More products

- Support for the do it yourself approach
- Extremely knowledgeable staff

One of the themes that resonated throughout the Fall seminar that McLendon's embraced with their new retail outlet was the idea of the store being a destination. Keeping customers at the store through innovative and quality design elements supports this.

This store was completed in record time, 12 months from purchase to opening. One of the key lessons learned was that in order to make the aggressive schedule work, the permitting process was broken into packages to allow work to continue while the process unfolded.

The Fall seminar highlighted that retail and specifically brick and mortar retailing remains a viable and vibrant contributor to the economic landscape. While customers have more diverse choices in how to spend their retail dollars, the traditional retailing approach works, albeit with more innovation and the concept that a store or a restaurant is a destination. Design elements, technology, and innovation are required to remain competitive but the local retailers are doing it right!

## COMMITTEE OF THE MONTH SPOTLIGHT SHINES ON GOVERNMENT AFFAIRS

**AUTHOR: Nancy Bainbridge Rogers, Cairncross & Hempelmann**

In a continuing series of articles spotlighting NAIOP committees, this month we turn to the Government Affairs, or, GA Committee. The GA Committee maintains political advocacy programs at both the state and local levels. These advocacy programs seek to achieve favorable political and legal conditions for the Puget Sound region's commercial real estate activities. The GA Committee also coordinates federal government activities with NAIOP's corporate staff and communicates with the state's congressional delegation in Washington D.C.

The committee meets monthly to review reports from NAIOP's local and state lobbyists, on local and state legislative and policy initiatives. Committee members are often involved in local and state appointed commissions studying issues related to the industry. Recent issues addressed by the committee include local zoning amendments such as South Lake Union, potential building code changes, local and state-wide transportation planning issues, and finance issues, such as amendments to State law to authorize value capturing financing to aide infrastructure development necessary for new commercial real estate projects.

The GA committee members understand and strive to communicate to others the relevance of the political realm to NAIOP. One means is through publication of the semi-annual "The Voice" newsletter distributed to all NAIOP members. Look for the next issue of "The Voice" after the November elections.

You can find more information on the GA committee at: <http://www.naiopwa.org/government-affairs-overview>.

## COMMUNITY ENHANCEMENT - CONTINUED FROM PAGE 1



cash, plus in-kind donations, to assist in the overall success of the project. Some of the money raised at the Summer Social Event was specifically targeted for the Community Enhancement Event.

The Northwest Center for Kids is the Northwest's largest community service program serving special needs children. While the Center started as a school for children with developmental disabilities, it now serves children of all abilities, including early intervention services, early learning programs, day care, before and after school care and summer camp. For its children with disabilities, it also has an early intervention program that provides speech, occupational and physical therapy, as well as nutritionists, special educators and resources for families. The Center has been in the building since 1985 and provides vital services to Seattle's kids. Executive Director Jane Dobrovolny was very excited for the event and said how much the Center could really use the help. "All kids are special," Dobrovolny said. "We think our kids are even more special, and this is a really old building. We're a nonprofit so it's difficult to do all of the things to make it the nicest environment for the kids."

Thank you to all of the volunteers! Your commitment to this project has not only made an impact on the staff and students, but also the Queen Anne community. Everyone should be very proud of their efforts!

## RECAP OF DEVELOPMENT '13 - CONTINUED FROM PAGE 5

panelists in the office session were very bullish on the Seattle area!! The conference wrapped up with recognition of the 2013 Developing Leaders awards, followed by lunch and the closing keynote speaker, futurist Dr. James Canton, who shared his vision of 'The Extreme Future; The World of 2025. His prediction: among other factors, changes in population centers, demographics, immigration, energy and climate change will significantly alter every aspect of the real estate market.

I personally came away energized and enlightened from the information presented at this year's annual meeting, also having made new connections and renewing some old ones. I highly recommend you consider attending next year's meeting in Denver, Colorado to take full advantage of your NAIOP membership. Also, as Glenn Amster noted at this month's breakfast meeting, next year the National Forums Symposium will be held in Seattle May 5 – 7, enabling many of our industry's 'movers and shakers' to see first-hand our thriving real estate environment in the Puget Sound area.

## NEW MEMBERS

Rob Anderson	Kidder Mathews
Adam Brenneman	Kinzer Real Estate Services
Marjan Disler	Short Cressman & Burgess PLLC
Eric Featherstone	GB Systems Inc.
Kristin Glandon	AHBL Inc.
Mike Hassenger	Seneca Group
Elaine Haun	Haworth
Greg Hixson	Short Cressman & Burgess PLLC
Andrew Hunt	University of Washington
James Hypes	Runstad Center for Real Estate
Tom Kilbane	Short Cressman & Burgess PLLC
Reda Mikhail	Golder Associates Inc.
Michael Miller	UW - Urban Design and Planning
Tony Miltenberger	Kidder Mathews
Brian Moore	City of Richland
Alex Mundy	JPMorgan Chase
Tony Pai	Wells Fargo Bank
Andy Read	PSF Mechanical Inc.
Tom Sager	Seneca Group
Athan Tramountanas	Short Cressman & Burgess PLLC
Lei Wu	Runstad Center for Real Estate