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**Nat Levy**  
Real Estate  
Reporter

## Real Estate Buzz: That's a lofty price for Joseph Arnold Lofts

By NAT LEVY  
Real Estate Reporter

The Schuster Group sold its newest apartment building, Joseph Arnold Lofts, this week for a hefty sum: \$68.2 million.

That breaks down to \$699.63 a square foot, which is a record for this region, according to Dupre + Scott Apartment Advisors. The per unit price — \$511,194 — is the second highest ever paid in this region.

Dupre + Scott said this is the highest sales price so far this year, and the third highest since the start of 2013.

The numbers show how badly Invesco Real Estate wanted the 13-story, 131-unit building at 62 Cedar St. in Belltown. But Invesco representatives did not respond to a phone call requesting comment on the sale.

Last October, Invesco bought The Bravern Signature Residences in Bellevue for \$308 million, which was a record \$690,583 per unit and \$570.83 per square foot. A month later, Invesco bought 206 Bell, an eight-story apartment building with 122 units, for \$41.2 million. That was \$324,803 per unit and \$524.98 per square foot.

Dupre + Scott said Invesco is the only buyer ever to spend more than \$500,000 per unit on a Seattle area apartment complex.

**Mark Schuster**, founder and CEO of The Schuster Group, said location and design made Joseph Arnold Lofts worth the record price. Schuster put the building on the market in March. He wouldn't say how many offers he got, but it was at least six.

The units were originally designed as condos, and Schuster said he would put them up against any in the city in terms of quality.

"It's probably the nicest building in town right now from many aspects," Schuster said. "We really invested very heavily in the quality of design, the quality of finishes and the quality of amenities, and it is a very high-end product."

Both projects were designed by **Stephen W. Cox** and Via Architecture. Turner Construction Co. is the general contractor.

Schuster would not say exactly how much he invested in the building.

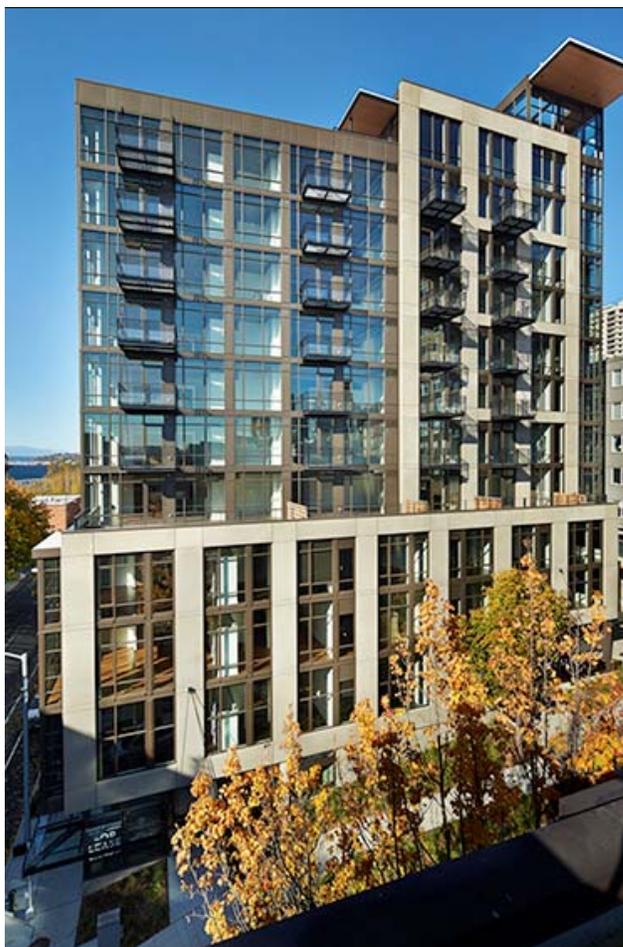
**Jon Hallgrimson, Frank Bosl and Eli Hanacek** of CBRE brokered the sale.

Joseph Arnold Lofts, also known as The Joe, is about 75 percent leased. Rents for available units range from \$1,700 to \$4,300 per month.

The Schuster Group began construction in February on Walton Lofts, a 12-story, 136-unit project nearby at 2521 Western Ave. Schuster said it will open in summer 2015.

Schuster names his projects after someone who has been important in his life. Joseph Arnold Lofts was named for his father, an environmentalist and avid outdoorsman, and this influenced the project's sustainable design. The Joe received a Three Globes certification from Green Globes, which is a program developed in the U.S. and Canada, and run by the Green Building Initiative.

Walton Lofts is named for **W. Berry Fowler**, who mentored Schuster early in his career. Fowler was a teacher and founded Sylvan Learning Centers, so Schuster decided to have a "grand library" as the main amenity in the complex.



Photos courtesy The Schuster Group [\[enlarge\]](#)

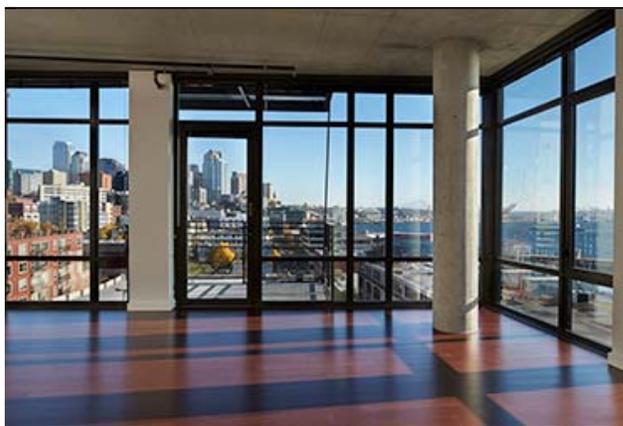
Joseph Arnold Lofts sold for \$511,194 per unit, or \$699.63 a square foot. The building opened last November and is 75 percent leased.

### Who bought Triton Towers?

It looks like the buyer of Triton Towers, a three-building office complex in Renton, is an entity related to Oaktree Capital Management of Los Angeles.

Information on the buyer, Triton Towers Acquisition Partners, was not available at press time Tuesday, but public records show that entity shares a Los Angeles address with Oaktree.

Oaktree paid \$59.96 million for the nearly 400,000-square-foot office complex. That's about \$151 per square foot.



[\[enlarge\]](#)

Units were designed as condos, with high-end finishes and expansive views.

Oaktree has more than \$5.6 billion in real estate assets around the world, and its biggest local investment is Suncadia resort. Oaktree joined the ownership group in 2012.

Triton Towers is a turnaround story. HAL Real Estate Investments bought the seven-story buildings from Unico Properties in 2001 as part of an eight-building, \$83.2 million transaction. In 2005, the space was basically empty but after some renovation work HAL landed several tenants, primarily The Boeing Co. The space was full in 2009.

Today buildings one and three each have about 20,000 of available space and building two is full.

According to officespace.com, the vacancy rate in Triton Towers is 10.9 percent, much lower than the Southend's vacancy rate of 17.33 percent.

### **Seattle 11th 'most resilient' city**

According to a report from the British real estate company Grosvenor, Seattle is the 11th most prepared city when it comes to recovering from a disaster or other adverse event.

Understanding cities' vulnerability and resiliency can influence how investors value properties, Grosvenor said. Even the best real estate projects will suffer if a city is devastated.

Geographic location, governance, population growth and resources all play into a city's resiliency.

Grosvenor's research puts Seattle in the middle of the pack in terms of vulnerability to factors such as climate, environment, resources, infrastructure and strength of the community.

But Seattle excels, according to the report, in its ability to adapt. It is ranked the 11th most adaptive city in the world thanks to governance and technological knowledge. Funding structures, disaster plans and ability of non-government institutions to complete projects are also factors in a city's ability to adapt.

The three most resilient cities are all Canadian: Toronto, Vancouver and Calgary. Grosvenor said these cities aren't at high risk for climate disasters, and have recovery plans in place and enough resources to implement them.

To see the full report, visit: <http://bit.ly/1ghiftI>

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