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BELLEVUE HITS THE BIG TIME

From nightlife to shopping to big business, Bellevue is on the rise, with some of the largest real-estate projects in the Puget Sound region.

The Eastside prepares for an unprecedented proliferation of office towers, condo units and upscale retail—and there’s still room for expansion.
Just what you’d expect from a convention center in Bellevue. A facelift.

Yes, we’ve had a little work done.

Our newly renovated 36,000 square foot Center Hall now features new carpet, new lighting, new acoustic wall panels, new ceiling treatments, and an inviting new color scheme.

The changes, we’re proud to say, are rather dramatic:

Naturally, we still have all the features that have made us the area’s go-to convention center for upscale events – world-class cuisine, a planning staff that’s second-to-none, spectacular surroundings, and unrivaled shopping just outside our doors.

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We can’t wait to show off our new look.
OWNTOWN BELLEVUE is enjoying the biggest real estate boom in its 55-year history.

A whopping 30 projects, worth more than $4 billion, are either being built or under review in downtown alone. Five office towers under construction will boost office space by nearly a third. Eight housing projects now under way will add 2,000 housing units, which will increase the number of downtown households by nearly 58 percent.

It took a decade—from 1990 to 2000—for Bellevue to add 2.2 million square feet of office space to its downtown core. Right now, there are 2.2 million square feet of office space under construction downtown, and another 2.6 million square feet of residential space are on the way.

When current construction is completed in 2009, Bellevue’s downtown will consist of 8.1 million square feet of office space. That’s more than double the 3.6 million square feet downtown had in 1990.

“Bellevue is on fire,” says Mark Anderson, a senior vice president at Colliers International, who has specialized in downtown Bellevue for nearly two decades. “It’s changing dramatically at a lightning pace.”

Developers initially worried that downtown’s rapid pace of development would send office vacancy rates soaring back into the double digits and hurt expansion.

But those fears were erased in April when Microsoft announced it would take all of the office space in The Bravern, Schnitzer West LLC’s new urban mixed-use complex on Northeast Eighth Street. The software giant will also fill Schnitzer’s new office project Advanta, near I-90. Some 4,000 Microsoft employees will be housed in these two new office complexes when they are completed.

This stunning announcement comes on top of Microsoft’s decision last year to lease 317,000 square feet of office space in Lincoln Square’s new office tower to house 1,400 employees. Northwest clothing Ed Bauer is leasing the rest of the Lincoln Square office space for its headquarters.

Microsoft’s announcement to lease the additional space at The Bravern, coupled with the sell-off of Equity Office’s many Bellevue buildings, has calmed commercial fears and has brokers predicting low vacancy rates for at least the next three years.

SLEEPY ‘BURB TO BOOM CITY

Downtown Bellevue has been a sleepy suburb of Seattle for much of its history. But that image has been shattered by market
Developers are transitioning from the traditional shopping-mall retail format of Bellevue Square (above) to the mixed-use model, as seen in the Washington Square project (artist's rendering below).

Drugstore.com and Expedia — fueled an upsurge in housing on the Eastside. As the region grew, traffic snarls into Seattle led new companies to add more jobs in Bellevue, Kirkland, Issaquah and Redmond.

Such growth also created a greater demand for condominium-style living. As more companies located downtown, more developers decided that it was finally time to bring housing to downtown Bellevue.

In 1990, Bellevue's city center was home to just 634 households. By 2000, that figure grew to 2,064, and it jumped to 3,500 by 2006. Currently, there are some 2,000 condo and apartment units under construction in downtown. Citywide, Bellevue now has more than 117,000 residents, making it Washington state's fifth largest city.

"We are really implementing the plan we adopted in the early 1980s, and it's been remarkably consistent," says Robert Derrick, Bellevue's director of economic development on the city's plan to increase density.

Although Bellevue is experiencing a huge construction boom, Derrick estimates that nearly two-thirds of downtown is still ripe for development. And one of the individuals who is going to help lead that continued development is Kemper Freeman.

SKY'S THE LIMIT FOR FREEMAN
HE OWNS only 10 percent of downtown Bellevue's 410 acres, but Freeman, who runs the Kemper Development Company, is an integral part of the city's growth and success.

It was Freeman's family that turned a former strawberry farm into Bellevue Square, a regional shopping mall that gets national attention for its record-breaking sales. Freeman built the Bellevue Place office tower in 1988 and, one year later, followed it with the 382-room Hyatt Hotel.

In 2003, Freeman rescued Lincoln Square, located across the street from Bellevue Square. The stalled project was a casualty of the dot-com downturn. At the time Freeman acquired it, Lincoln Square wasn't much more than an elevator shaft and a 12-acre parking garage five levels deep.

When it finally did open in 2005, the 1.4 million-square-foot, mixed-use development included the 42-floor Lincoln Tower One, Bellevue's tallest building, and was reportedly the second-largest high-rise, mixed-use project in the country, after New York City's AOL Time Warner Center.

The first three floors of the two-towered Lincoln Square structure feature 310,000 square feet of retail space. A 19-story, 337-room Westin hotel and a 41-floor condominium tower sit
Kemper Freeman's Lincoln Square development is a magnet for both shoppers and corporate tenants.

BELLEVUE HITS THE BIG TIME

The expansion will bring the Hyatt to some 730 rooms. The building is already connected to Lincoln Square and the Westin by a new sky bridge, which allows the two hotels to be marketed together, Freeman says.

Next on tap for Freeman is developing two projects just south of Lincoln Square that, while still in the formative stages, are expected to include luxury boutique shops, a hotel and even more restaurants.

SCHNITZER'S GATEWAY ACROSS TOWN, Dan Ivanoff, the founder and managing investment partner at Bellevue-based Schnitzer West LLC, is developing a mixed-use center of his own.

When completed, Schnitzer West's Bravern development will be home to not just Microsoft and Neiman Marcus, but new restaurants, residential units and an additional 180,000 square feet of upscale retail space.

The site's crown jewel, at least so far, is Neiman Marcus. The luxury retailer is scheduled to open a three-level, 125,000-square-foot store, the first of its kind for the retailer in the Northwest. All told, the development — already under construction at the corner of 112th and Northeast Eighth — will include 1.8 million square feet, including 450 upscale condominiums. There will also be a subterranean garage for 3,100 vehicles.

"We're at the front door to Bellevue with two of the strongest brands you could have in Microsoft and Neiman Marcus," Ivanoff says.

This increased business activity has also resulted in major growth for conference facilities like the Meydenbauer Center.

VACANCY RATES TO STAY LOW THE OTHER two large office projects in downtown Bellevue include Tower 333, which will be completed at the end of this year, and City Center Plaza, which will come online in late 2008. These two projects alone represent about 1 million square feet.

Despite all this development, Gary Guenther, senior vice president at GVA Kidder Mathews, says vacancy rates should remain below 5 percent downtown.

"There is enough demand to absorb the new construction square footage coming to market to keep vacancy rates low and provide upward pressure on rental rates through at least 2010," he says. Companies such as Google, Expedia, Nintendo and T-Mobile are potential tenants looking for more space. Higher prices, he adds, won't necessarily drive them farther into the suburbs.

He says the Bellevue central business district offers an increasingly vibrant variety of amenities and housing options, attracting both companies and their employees.

"It's an amazing time," Freeman sums up. "If this isn't as good a market as there is in America right now, I don't know where it would be. This is as good as it gets."

BELLEVUE: SHOPPER'S PARADISE

Long a major retail draw, Bellevue continues to develop into one of the nation's elite luxury shopping destinations.

NEIMAN MARCUS won't arrive in Bellevue until 2009, but industry players and watchers are already comparing the city's downtown shopping experience to world-class retail destinations like Chicago's Magnificent Mile and California's Rodeo Drive.

Shoppers have flocked to Bellevue Square for decades, with visitors coming from across the Northwest and many nearby states. That retail firepower has now been increased with The Bravern, a $500-million, mixed-use development being built by Schnitzer West adjacent to the Meydenbauer Center.

A NEW ELITE ADDRESS BUT THE DALLAS-BASED retailer's arrival may be just the beginning. Other luxury retailers are joining what developer Kemper Freeman refers to as the "Bellevue Collection" (the moniker for his var-
Upscale boutiques, such as the Posh on Main shoe store, are the new norm in Bellevue retail.

A UNIQUE VARIETY

NOT ALL OF THE CITY'S retail charm can be found in the glitzy stores that currently fill the Bellevue Collection or are coming to The Bravern.

The city's quaint "Old Bellevue" also attracts its share of renewed attention thanks to the revitalization that includes improvements to the waterfront on Meydenbauer Bay. In fact, many observers expect the city's shopping district to continue to expand along Bellevue Way as well as west along Main Street.

"Just around me there are five or six new stores and restaurants," says Self, who's shoe shop is located at 10245 Main St. "I had one customer come in who has lived here for 50 years and she just can't believe how much Main Street is changing."

With Lincoln Square nearing completion, the Kemper Development Co. is preparing for more projects in Bellevue's core. While still in the formative stages, the plan calls for the construction of a mixed-use luxury retail building on the current site of the city's downtown Safeway, at 410 Bellevue Way, across the street from Bellevue Square.

Another project, a little further along in development, calls for construction of a 330,000 square-foot building to house luxury boutique shops and a six-story, 180-room hotel. It will be located on the northwest quadrant of the intersection of Bellevue Way and Northeast Fourth Street. The site currently is home to a parking garage between the J.C. Penney and Macy's stores.

Freeman says that the Bellevue Collection of properties will also continue offering new shops, restaurants and entertainment options. They may even introduce a few spas in the future. He notes that such a variety of restaurants is a far cry from two decades ago when there were only a handful of eateries in the downtown area.

Still, even with this expansion, Freeman says the demand for new restaurants and luxury retail remains strong.

Brenda Bolvin of Ambiente European Tile Design can attest to that. Ambiente, which is located on the Northeast 20th and 130th Northeast corridor, has seen a major increase in the amount of traffic since the store opened in late 2006.

"We have had a strong interest in the Bellevue market for some time, anticipating the tremendous growth that has occurred in the past couple of years," says Bolvin. "The opening of Neiman Marcus is yet another leap in development for Bellevue. Anytime a high-end, luxury business enters the market, it is good for everyone."
After all, no one actually lived downtown. Today, residents are snapping up these high-end condos like crazy, despite a national slowdown in the condominium market.

Seemingly overnight, Bellevue has been transformed into a vibrant, urban city that many people hope to call home. And developers are rushing to cater to an upscale market that's looking for luxury.

Eugene Gershman, chief operating officer of GIS International Group, hopes to deliver just that with the European Tower, offering 16 residential floors that will include only 15 units. Located at 930100th Avenue Northeast, near the heart of the downtown area, European Tower will be the first condo development in the Seattle area to offer the European-style single-floor units.

When construction of the project is completed late next year, each condominium will cover a complete floor of the building and measure about 2,700 square feet. The price for the condominiums begins at about $2 million. But the real high rollers can combine the building's top two floors into one lavish penthouse for $10 million.

THE HIGH-END CONDO CRAZE THAT A DEVELOPER would even try such a concept in Bellevue, an area that currently boasts only about 5,000 residents in its downtown core, is a testament to the strong economy and the potential many developers see for luxury condominium development.

"All of sudden, the market has fallen in love with the idea" of luxury living in downtown, says Kemper Freeman, whose $500 million, mixed-use Lincoln Square develop-
hands are going for $250,000 to $1 million, more than what we sold them for,” Freeman says. “Most people are hanging on, but those few sales have been real eye-openers.”

The buying craze developing around some of the most sought-after units has become legendary, including the tale of one 2,500-square-foot Lincoln Square condominium that sold for $1.8 million and then traded hands 30 days later for $2.5 million.

Developers at The Bravern Signature Residences tell a similar story. One of the city’s largest new developments, the two 29-story residential towers are part of The Bravern project, which encompasses a super-block bounded by Northeast Eighth and 110th Avenue Northeast and is scheduled to be completed in 2010. The project will offer more than 540 condominiums, with units expected to range in price from about $400,000 to more than $8 million for the project’s ultra-exclusive penthouses.

At Washington Square, yet another one of Bellevue’s mega-developments, some 2,000 people lined up recently to make reservations to buy one of more than 900 one- and two-bedroom condos that were priced from $575,000 to $3 million.

When completed, Washington Square (located on the super block of 106th Avenue Northeast and Northeast Eighth) will offer five condominium towers—including 25 ex-

clusive townhouses—an upscale boutique hotel, a 500,000-square-foot office tower, retail shops, a 50,000-square-foot fitness and amenities center, and even a dog park.

“We were 99 percent sold out within minutes,” says Robyn Clark, director of sales and marketing for Utah-based Wasatch Development, which is building Washington Square. “It was just insane,” she says. “On the second day, I was walking my dog by at 6 a.m. and there was a line of over 100 people waiting for our opening, which wasn’t until 4 p.m. It was pretty crazy.”

GROWING URBAN CENTER
THIS OVERHEATED housing market is heady stuff for a city that has grown from a small suburb to an economic power in just a few decades.

By 2000, Bellevue’s economy and its population had both expanded to the point where a critical mass was being reached that would spur even more development. Since then, the number of Bellevue residents living in the downtown core has nearly doubled to 5,000.

Soon, it will get a lot bigger. Currently,
there are eight housing projects under construction. When completed, they will add 2,000 housing units. City officials are also in the process of reviewing plans for another 1,200 units being proposed in nine other residential projects.

Some real estate watchers worried earlier this year that Bellevue might be in danger of overbuilding for the current housing market.

"It was looking pretty lofty, but those lofty goals are now going to be met," says a principal with CVA Kidder Mathews, Mark McAlister, who specializes in condo conversions.

Microsoft's decision to move about 4,000 workers to Bellevue's downtown core has alleviated many of those earlier worries, McAlister maintains. "Bellevue is now a great place to be," he says.

Raymond Tonsing shares that sentiment. The California-based developer is building Vida, a 135-unit condominium complex located at Northeast Eighth and 111th Avenue Northeast. The project should be completed at the beginning of 2009. Tonsing's aim is to build slightly smaller and more affordable units, the majority of which will sell for less than $425,000.

"I love what is happening in Bellevue right now," Tonsing says. "I think it's the best market in the country from a residential and office standpoint."

A DIFFERENT TYPE OF LIVING STYLE
THE DEMAND FOR URBAN LIVING has also helped develop an appetite for luxury.

"There's an ultimate demand for a different type of product here in Bellevue," says Gershman of GIS International. "Our buyers expressed an interest for larger homes, more luxury and for more privacy. So we came up with this unique new concept where [they have] the ability to own the entire floor of a high-rise building."

- The European Towers, among the region's most expensive condo towers, will have high-speed elevators, which can only stop at one floor per ride, and a fully automated and mechanized parking garage. All residents will have 360-degree views of Lake Washington, Lake Sammamish and the mountains, two terraces, top-of-the-line Italian and European materials, and 11-foot ceilings.

For those seeking a more residential environment near the city center, there are developments like The Vue at Meydenbauer Bay. This condominium community will be located on the hillside directly above Meydenbauer Bay and the Bellevue Yacht Club. It will offer views of the bay and Lake Wash-
Bellevue hits the big time

ingston. The development is a short walk from old Main Street and the other shopping and entertainment centers.

Buyers looking for town-house living along elegant boulevards with street-level activity should visit Washington Square, where 25 luxury units are now being marketed.

Floor-to-ceiling windows, brick-faced exteriors and spacious courtyards are the hallmarks of these new homes, which will range in cost from $1.2 million to $3 million. Each town house will have a two- or three-car garage and a private elevator. “At Washington Square,” Clark says, “we’re offering resort-style living with five-star amenities.”

Bellevue loves the night life

Today’s Bellevue is poised to become an entertainment and arts rival to Seattle.

Last year, when Steven Olson opened The Parlor Billiards & Spirits, an upscale pool and dining hall in Lincoln Square, waiting in line to get into a venue after midnight was practically unheard of on the Eastside.

Today, lines during Friday and Saturday nights are commonplace. But that wasn’t the case when Olson first started studying the potential for his $4.5 million facility, which includes a restaurant, 34-table pool hall, banquet area and bar with a 42-foot ice rink.

“When I first got here, Bellevue went to

Another great Bellevue development

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The reopening of the Bellevue Arts Museum has helped spark a cultural revival on the Eastside.
bed at 9," Olson says. "All the fast food places closed at 9 o'clock. But we had lines out the door, and people still wanted to come in at 1:30 a.m."

It's taken awhile, but downtown Bellevue is developing its own arts scene and getting some bona fide nightlife.

The Parlor, a new movie theater and new restaurants in Lincoln Square are just the beginning of what city observers say will be a shift toward transforming Bellevue's downtown into a 24-hour city.

On the arts front, a revitalized Bellevue Arts Museum (BAM) has reopened. The Rosalie Wyel Museum of Doll Art, along with BAM's annual Bellevue Arts and Crafts Fair, draw thousands of visitors to downtown.

The Performing Arts Center Eastside, known as PACE, is scheduled to be completed in 2009. The 2,000-seat performance hall will be located north of Bellevue Place and will draw renowned touring musicians, dancers, actors and entertainers for Bellevue-area audiences.

One of the main catalysts that sparked downtown's nightlife was Kemper Freeman. His efforts to develop BAM and raise the money to complete PACE have provided a new arts centerpiece to the region.

Freeman is in the midst of raising $100 million to build the 110,000-square-foot PACE. The arts center will allow Seattle organizations such as the Pacific Northwest Ballet, the Seattle Opera and the Seattle Symphony to perform for Eastside audiences. Also, those who don't want to travel to Seattle will be able to enjoy world-class theater, ballet and music right in their own community, Freeman says.

Plus, art and dance lovers will now be able to get a decent meal after the shows.

"Finally we have a critical mass of restaurants," says Freeman. "It took me 20 years to get people to open here. They always said that no one wanted to dine on the Eastside. To me it seemed that people wanted to do it, but there was no place to go."

In addition to The Parlor, Lincoln Square now boasts Manzana Rotisserie Grill, Maggiano's Little Italy, McCormick & Schmick's, Trader Vic's and Cypress Lounge, as well as smaller quick-service spots.

All are thriving, as is downtown's newest movie theater, the luxurious, 16-screen Lincoln Square Cinemas. Just last month, the theater was the Eastside home of the Seattle International Film Festival for 18 days of the event's three-week run.

Freeman says the rapid growth in Bellevue's nightlife was practically inevitable, given the current economic climate. "This is all happening with normal market forces," he says. "It is a wonderfully healthy economy that we are lucky to be participating in."