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## Judge puts Talon in control of 11-building office portfolio

Puget Sound Business Journal by Jeanne Lang Jones, Staff Writer

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Competition for office tenants likely will pick up now that a large portfolio of office buildings is under new management.

King County Superior Court Commissioner [Nancy Bradburn-Johnson](#) on Monday appointed a prominent local real estate executive as general receiver for 11 office buildings totaling 2.6 million square feet in Seattle, Bellevue, Mercer Island and Kirkland.

The buildings are owned by Whitehall Street Global Real Estate, a fund affiliated with Goldman Sachs. Whitehall had borrowed approximately \$900 million to purchase the buildings in 2007. [But in the economic downturn, Whitehall struggled](#) with declining rents and growing vacancies, and defaulted on its note on April 9, court records show. CT Investment Management Co. LLC was then appointed special servicer and in late June requested the receivership, citing concerns over the growing number of vacancies and declining values of the properties under Whitehall's management.

[Bill Pollard](#) of Kirkland-based Talon Portfolio Services LLC will take over management of the properties starting July 9. As a general receiver, Pollard will have the ability to collect rent, operate the properties and, subject to court approval, sell the buildings, said Talon's attorney, [Chuck Shigley](#), of Seattle law firm Alston, Courtnage & Bassetti LLP.

Pollard was out of the country and unavailable for comment, but his partner [Jim Neal](#) said the court order would enable Talon to bring the "portfolio back up to the standards everyone expects it to be."

"The portfolio is open for business again," Neal said.

The portfolio includes: 1111 Third Avenue and Second and Spring in Seattle; Symetra Financial Center, One Bellevue Center, 110 Atrium Place, Bellefield Office Park, Bellevue Gateway I and II, and Gateway 405 in Bellevue; Island Corporate Center on Mercer Island and the 10700 Building in Kirkland.

Pollard and Neal formed Talon Portfolio Services last summer to provide asset management, construction management and consulting services. The company does not provide brokerage services and does not handle leasing or investment sales.

The firm, which now has 14 employees, is separate from the two men's investment vehicle, Talon Private Capital.

"Pollard is certainly totally qualified and he has built a pretty good team to handle this," said [Parker Ferguson](#) of **Flinn Ferguson Corporate Real Estate** in Seattle. Ferguson isn't anticipating any bargains. He expects that leases will be negotiated at current market rates.

Talon will prepare a business plan for each property in coming weeks and, once the plans are approved by the court, will begin marketing the buildings. Under the terms of the loans, there are funds available to upgrade the properties, pay for tenant improvements and pay leasing commissions, Neal said. "We have all the means behind us to be competitive," he said.

OfficeSpace.com co-founder [Kip Spencer](#) does not expect a big impact on the leasing market.

"This has long been anticipated," Spencer said. "It will have little if any impact on the local real estate market. These are all signature properties that have had a history of relatively high occupancy and I would expect that trend to continue as the portfolio is stabilized."

Jeanne Lang Jones covers retail and real estate for the Puget Sound Business Journal.