

March 13, 2014



Nat Levy
Real Estate
Reporter

Real Estate Buzz: Talon now working on Parkplace

By NAT LEVY
Real Estate Reporter

Prudential Real Estate Investors has a new partner in the development of Parkplace in Kirkland: Talon Private Capital.

Kirkland Planning and Community Development Director **Eric Shields** said Talon officials **Bill Pollard** and **Jim Neal** and representatives of Prudential met with the city recently to discuss the project. They talked about the possibility of scaling back from the planned 1.2 million square feet of office space, 300,000 square feet of retail space, a hotel, 3,500 underground parking spaces and 3.5 acres of public open space.

Pollard declined to comment.

Rumor had it Google was going to take most of the office space. But the company last year decided instead to start work on an addition of two new office buildings to its campus at 747 Sixth St.

Shields said the meeting didn't lead to any concrete changes in plans. Talon and Prudential wanted to know what their options were on the site. They talked about possibly adding residential units and doing less office space.

"My sense is they felt the magnitude of the current planned project was greater than what they wanted to proceed with," Shields said.

Prudential was working with Touchstone Corp., but Touchstone pulled out last year and sold its interest in the project.

Touchstone and Prudential bought property for Parkplace at the corner of Central Way and Sixth Street for nearly \$60 million in 2007. The companies worked with the city of Kirkland from 2007 to 2010 to plan the project and get it approved, but **A-P Hurd** of Touchstone told the DJC last year that Prudential and Touchstone could not come to an agreement on how to develop the project.

The city has already approved the project. Any major changes could take anywhere from four months to more than a year to get through the city, Shields said.

Prudential and Talon have worked together before. The firms in 2011 bought a 16-story office building at 1800 Ninth Ave. in Seattle for \$77 million. Talon and Prudential renovated the building, signed Amazon.com to a 200,000-square-foot lease and sold it for more than \$150 million last year.



Image by Studio 216 [\[enlarge\]](#)

Talon Private Capital is now working with Prudential on Parkplace, an office and retail project in Kirkland.

Parkplace now is anchored by a QFC store, a movie theater, several restaurants and office space.

Jeff Chaney, senior vice president at Kidder Mathews, said taking advantage of the retail already on the site, especially the QFC, makes sense in a potentially revamped Parkplace project.

“Those office tenants would love to have those retail amenities there, and even more if they could be added,” Chaney said.

He said apartments or condos in the project could be a good idea as well. The location is right on the waterfront and is near a park.

Chaney said Kirkland has traditionally been a strong office market, with high rents and good absorption numbers.

Sam Ziemba, vice president at Colliers International, said Kirkland has the live-work-play elements that companies are looking for, but downtown is short on office space.

According to a fourth quarter 2013 office report from Colliers there is approximately 3.6 million square feet of office space in Kirkland. If Parkplace were built to its full 1.2 million square feet, that would represent a 33 percent increase in Kirkland's total office space.

“It's quite a sizable shift,” Ziemba said of Parkplace. “There hasn't been much new product in the downtown Kirkland area for a very long time.

Ziemba said Kirkland's office market has been stable over the past five years with vacancy dropping as rents continue to climb toward pre-recession highs.

According to the Colliers report, Kirkland's office vacancy rate is 11.69 percent, and 7.95 percent for “Class A” space. Asking rents there average \$28.70 per square foot overall, and \$34.14 for “Class A” space.

Parkplace has been a controversial project in Kirkland. It faced opposition from some residents, and the city held more than 60 public meetings over four years to review the proposal.

The city has invested a lot of time and resources in the planning of the project, and Shields said he would like to see Parkplace come to fruition.

“It's a big chunk of our downtown, and we'd like to see it be successful and contribute to the dynamic energy of downtown,” he said.

ULI Spring Meeting in Vancouver

From its transportation systems to its waterfront, Vancouver, B.C., is often held up by planners as the kind of international city that Seattle could be.

If you haven't already, you can see what all the hype is about at the Urban Land Institute's Spring Meeting in Vancouver from April 9-11. The three-day session covers many real estate, transportation and civic topics. Vancouver Mayor **Gregor Robertson** will talk about Vancouver's rise to a global, Olympic city.

There will be panel discussions on numerous subjects and tours of places like Whistler; UniverCity, which is a transit-oriented development neighborhood around Simon Fraser University on Burnaby Mountain; the newest light rail line from downtown Vancouver to the airport; and trendy neighborhoods like Gastown and the West End.

For more information, or to register, visit: <http://spring.uli.org/>