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Real Estate Buzz: The warts-and-all story of Mosler Lofts

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Seattle developer Mark Schuster is out with a new book, "Lofty Pursuits: Repairing the World One Building at a Time." It's the inside story on Mosler Lofts, one of the new downtown condo high-rises that has succeeded.

Whether you're a real estate veteran, a rookie or just interested in what it takes to pull off an $80 million project, it's a good read. It distills financing and other complexities of development, and shows once again that if something can go wrong on a big, high-stakes project, it probably will — no matter how well prepared the team is.

Soon after construction started in 2006 on the 240,000-square-foot Mosler Lofts in Belltown, the owner of the neighboring Kroll Map Building found large cracks in his floor and foundation.

"We had a large hole on our site with a building teetering on the edge," wrote Schuster, who hired a specialty structural consultant to stabilize the building.

Published by Brown Books, "Lofty Pursuits" is a warts-and-all tale of other near catastrophes and the gut-wrenching tension they produce. Schuster is quite open about usually hard-to-come-by details, such as the full financing of Mosler Lofts by Benaroya Cos. and sticky situations with the general contractor, JE Dunn.

While the back story of Mosler Lofts's development is compelling, the personal stories about the people and experiences who shaped Schuster and his eponymously named company are the main thrust of the story.

Completion of the 150-unit project fulfilled a longtime dream to honor Schuster's grandfather, **George Mosler**. Schuster writes that Mosler was "a man with an unwavering moral compass who never failed to distinguish right from wrong." He instilled these values in his grandson, who decided to pay tribute to his long-time Seattle family's legacy by creating a building for the future.

Image courtesy of The Schuster Group [enlarge]
Mark Schuster, developer of the critically acclaimed Mosler Lofts, has written a book called "Lofty Pursuits" about making a difference by honoring his family's legacy. Mithun designed Mosler Lofts.

Mosler Lofts was Seattle's first residential high-rise to be certified LEED silver. Schuster writes that his father, **Joe**, "embodied the notion of

sustainable living and nurturing sustainable environments long before the trend took hold." To the Schusters, sustainability is about more than preserving the environment. It's "equally about preserving the family legacy and about social justice."

Over coffee at Street Bean Espresso, a neighborhood shop that employs young adults who have been living on the streets, Schuster said he thinks "finding more meaning in your business (leads to) success in your life."

"That's really what this book is about," said Schuster, a philanthropist who focuses on civil rights, the environment and fighting hunger.

Schuster

For Schuster and his company doing well by doing good culminated in an impeccably timed project that struck a chord with buyers and the public.

The National Association of Home Builders named Mosler Lofts high-rise community of the year, and architecture critic **Lawrence Cheek** called it "the most interesting and provocative residential high-rise to appear in Seattle since World War II."

Schuster, whose company also raises funds from co-investors, created a $40 million fund to buy housing, retail, office and mixed-use. "We're looking at a number of deals," he said, adding patience is key as the market bumps along the bottom and values reset.

Meanwhile, he has another Belltown condo project in the works. LMN Architects has worked on the project at the northeast corner of Cedar Street and Elliott Avenue, and Schuster is now doing design programming in-house. No contractor has been selected for construction, which won't start anytime soon due to the overly saturated market.

7th & Madison: We have a winner

With some high-profile, distressed office properties now on the market, we're getting a glimpse at what the bottom will look like.

Exhibit No. 1 is 7th & Madison, the empty new building on Seattle's First Hill. Thirty-one offers were received for the 205,000-square-foot building, and the winners are two local entities teamed with a local user. The price: just over $150 a square foot, or about 60 percent less than replacement cost.

This information is from Talon Private Capital's **Bill Pollard**, who talked about the deal at yesterday's Urban Land Institute's annual forecast, but he didn't name the buyers.

GVA Kidder Mathews' **Garth Olsen** is handling the disposition for US Bank, which took the building back from developer Opus Northwest, but he couldn't comment other than to say expect a deal by year's end.

1100 Eastlake facing foreclosure

Another new project — the Blume Co.'s 1100 Eastlake in Seattle's South Lake Union area — is facing foreclosure.

The Seattle Times reported that the lender, KeyBank, served notice that if the $46 million construction loan isn't repaid by Jan. 7, the building will be sold.

Bruce Blume said he is close to bringing in new investors and is quite certain the situation will be resolved by the end of the year. He said he's in negotiations with two companies, including a biotech firm, to lease three of the 177,000-square-foot building's five floors.

Skillet puts down roots at Chloe

Skillet, the peripatetic Seattle restaurant in an Airstream, has landed a bricks-and-mortar location: the Chloe mixed-use apartment building on 14th and Union.

Anne Marie Koehler, the CB Richard Ellis broker who's marketing the space for Chloe developer Barrientos, and Skillet owner **Josh Henderson** confirm the deal. Koehler said the diner will occupy about 2,200 square feet when it opens next spring.

Graham Baba and Medium Rare Consulting are designing the space, and **Greg Prindle** will act as general contractor. Henderson said he wants to open other permanent locations. “I don't know where and when, but that's the hope.”

Henderson was represented in lease negotiations with Barrientos by **Matt Holzemer** of Medium Rare.

Broker loses faith in psychic

To succeed in the commercial leasing game, you need to be able to tell if prospective tenants are real or real flaky.

Janet Backus, a broker at Grubb & Ellis, received a call from a psychic interested in renting some retail space next to Icon Grill in downtown Seattle.

The day they were supposed to meet, the psychic called to cancel, citing unforeseen circumstances. They rescheduled a few more times, only to have the psychic cancel, again blaming unexpected conflicts.

Despite the prospect's perseverance, an exasperated Backus gave up, telling the psychic that she didn't have much hope for a business run by a psychic unable to predict her own future.

Got a Buzz tip? Send it to marc@djc.com or call (206) 219-6517.

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