



The Schuster Group

Specialty: Private equity real estate investment, management and development

Management: Mark Schuster, CEO and chairman; Mark Walsh, chief operating officer; Scott Bevan, senior development manager

Founded: 1989

Headquarters: Seattle

Current projects: Future development of a 14-story residential building at Cedar Street and Elliott Avenue in Belltown; redeveloping part of the Madison Center, which has a 25,000-square-foot office/retail building; continued development of Holmes Harbor Golf & Beach Club on Whidbey Island

Schuster Group CEO and Chairman Mark Schuster said commercial real estate firms are managing the challenges of their existing portfolios while trying to take advantage of distressed prices.

Landlords are facing lower rents and higher vacancies, and that won't change for some time, he said.

"I think we're talking about a complete recalibration of the (economy)," he said.

McMansions out

With some properties and projects, it will be two development cycles before investors and developers meet their original projections, Schuster said.

However, he said, "I don't think that's going to be the case in housing. The indicators are clear that Seattle's going to be strong."

Going forward, people will be more inclined to live within their means, and partly as a consequence, urban housing units will continue to get smaller, he said.

"(People) want to pay for less space not more," Schuster said. "It's

going to have to be more efficient. In single-family I think the McMansions are out.”

More caution

Urban dwellers want proximity to transit, cultural facilities and parks, and also attractive amenities in buildings, he said.

The trend in office development continues to be less square footage per worker and more people working remotely, using offices for limited times, he said.

More new and redeveloped office buildings will have showers for people who bike to work or jog during breaks, or even gyms, a relatively cheap option that keeps workers on-site, he said.

The recession and financial crisis have given The Schuster Group “experiences that we never expected to deal with and I think that are consistent with most of my colleagues in the industry,” Schuster said.

They have made his firm more cautious about what it invests in and develops and more patient about when to re-enter the market, he said. In the near term, the firm is looking to purchase undervalued properties and reposition them, he said.

“I think there’s a tremendous outlook ahead for those with resolve,” Schuster said. “I think there’s light at the end of the tunnel. I just think the tunnel is longer than most people had projected.”

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