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Big deal for Benaroya family

Company is selling three complexes in Kent Valley to N.Y. pension fund

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Seattle's Benaroya family is poised to make another blockbuster commercial real estate deal, defying a difficult economy yet again.

The Benaroya Co. has agreed to sell three Kent Valley industrial complexes to New York-based TIAA-CREF, one of the nation's largest pension systems. The surprise deal, disclosed last week in letters to tenants of the properties, would be the biggest sale of industrial real estate in the region in more than two years.

Benaroya had not been seeking to sell the properties, said Louis Richmond, a spokesman for the company. TIAA-CREF sparked the deal with an unsolicited offer. The company and the pension system hope to complete the sale by the end of the year.

The three complexes -- in Renton, Kent and Auburn -- contain seven buildings with more than 1.5 million square feet of industrial and office space. That's roughly equal to the amount of space in downtown Seattle's tallest skyscraper, the 76-story Bank of America Tower.

The purchase price was not disclosed. The total assessed value of the buildings and land is more than \$63 million, according to the King County Assessor's Office. The assessed value of a property is typically less than its market value.

The sale will give the Benaroya Co. an opportunity "to seek other opportunities in the real estate market," Richmond said.

An inquiry yesterday to the TIAA-CREF regional office in Kirkland was referred to its New York headquarters, where spokespeople were not available to comment.

It will not be the first time the Benaroya family has fared well in the real estate market. The Benaroya Co. sold its entire portfolio of properties for \$315 million in 1984, allowing it to completely avoid the slump of the late 1980s and early 1990s -- a painful time for many property owners.

Jack Benaroya, who would later become the major benefactor to Seattle's symphony hall, started the business in 1956. His son, Larry Benaroya, now leads the company.

After concentrating on venture capital for several years, the Benaroyas got back into the real estate business in 1995, buying properties including the Metropolitan Park office complex near Interstate 5 in Seattle's Denny Triangle neighborhood. In addition to its real estate in the Kent Valley, the company owns several Eastside properties and the Park Place office tower in Seattle.

The company also owns the former Rainier Brewery in Seattle, which houses the corporate headquarters and roastery of Tully's Coffee Corp. Benaroya put that building up for sale earlier this year, but no deal has been announced there yet.

The sale of the three Kent Valley complexes to TIAA-CREF won't result in any layoffs within the Benaroya Co., Richmond said. The company employs about 45 people.

Each of the properties to be sold to TIAA-CREF was developed by the Benaroya Co. within the past five years. They are the Benaroya Business Park -- Auburn, a two-building industrial and office park; Benaroya Business Park at Van Doren's West, a three-building complex in Kent; and Benaroya Business Park -- 405, a two-building complex in Renton.

Although sales of investment properties have declined with the economic slump, brokers said Benaroya's pending deal shows there's still a market for quality industrial buildings with relatively low vacancies.

"The Benaroya family does a very good job of leasing and maintaining their properties," said Reynolds Haas, an investment broker in the Seattle office of the Cushman & Wakefield real estate company.

One of the buildings to be sold, a 313,000-square-foot distribution facility in the Benaroya Business Park -- 405, was vacated by Webvan Group when the online grocer went out of business last year. Benaroya, however, refilled most of the space in the building by signing a deal with outerwear company London Fog.

The deal with TIAA-CREF does not include two smaller Kent Valley industrial properties owned by Benaroya, on South 216th Street and South 236th Street in Kent.

TIAA-CREF is an acronym for Teachers Insurance and Annuity Association-College Retirement Equities Fund, a financial services provider for educators.

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