

Real estate developers from up north are transforming the Seattle region

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It's often said Seattle's commercial real estate development tracks San Francisco's, but it is Vancouver, Canada, that the Puget Sound region actually follows.

You can see the Seattle area's future in the urban core of Vancouver and in surrounding suburbs where skylines are dominated by tall, slender residential towers. Development follows the 50-mile SkyTrain network with tremendous density around the system's 53 stations.

Thirty-five years after the first SkyTrain line opened, Sound Transit is building a \$54 billion expansion that will add 62 miles of light rail with 38 new stations. Developers, both domestic and not, are jockeying to build big projects along the network, which at full buildout in 2041 will snake over and under 116 miles dotted by 83 stations.

Canadian developers are in the Seattle region en masse re-creating this template, especially along the Denny Way corridor near Amazon's headquarters, where they're under construction on billions of dollars of tower developments, most residential but some with large amounts of commercial office and retail space.

Welcome to Little Canada, ground zero in Seattle for British Columbia building companies. They've also expanded into downtown Bellevue where they've proposed two massive projects, including one with a dozen towers.

This is what Canadian developers do. They're coming to Seattle – one of the fastest growing metros in the country – just 160 miles south of Vancouver, armed with a lot of capital and know-how gleaned from decades of development in Vancouver. The trend to a more urban lifestyle started in Vancouver a generation before it did in Seattle, fueled in large part by immigration, especially from Asia.

"To them (the Seattle region) does look like a wide-open market," said [Claudio Guincher](#), who grew up in Canada but is a longtime resident of the Seattle area where his father started Continental Properties 43 years ago. The

Bellevue-based company's development portfolio includes 32 multifamily projects totaling nearly 5,200 condominium and apartment homes.

Go big

The Canadians also are showing up with the chutzpah that most American developers lack.

"That's the biggest difference. They have more guts, I'd say," said [Jamie Boyd](#), a managing director at Seattle investment bank Cascadia Capital who grew up in Vancouver.

The relatively low cost of land in the Puget Sound region is among the factors spurring Canadian development. Over the last five years, the average per square foot cost in Vancouver was \$2,505 (US) compared to \$983 in Seattle, according to [Colliers International](#).

Only a handful of developers from Canada are developing in the Seattle region, but most of their projects are huge and some brash, like the pair of 33-story apartment towers going up on Seattle's First Hill. The buildings are designed to appear as though they lean apart from each other, and they will be connected by a sky bridge 300 feet above the ground.



GRAPHITE DESIGN GROUP

The Onni Group is the new owner of a half block at 2301 Seventh Ave. in Seattle, where this two-tower, mixed-use project. An Onni official said his company will increase the height of the buildings 10 percent, or 40 feet.

It's one of three current Seattle projects by Vancouver-based Westbank Corp., and together they're worth about \$1.5 billion, said company founder [Ian Gillespie](#), who has much bigger plans for Seattle.

Other factors have attracted Gillespie and his peers here, including new real estate taxes in Canada and the geographical similarities between the two regions. There's also a relative lack of condo towers in this region, which Canadian companies excel at building.

"They're doing everything they were doing in Vancouver. They're just doing it 150 miles south of the border creating a Vancouver déjà vu," said Seattle real estate executive [Dean Jones](#), who grew up in Vancouver.

Gillespie said the Canadians' capital stems from very strong banking relationships.

"It gives us the ability to finance these larger projects and not have to syndicate the loans," said Gillespie, who also is under construction here on a two-tower mixed-use apartment building. Construction of a third project, a condo tower, is imminent, and he said he has seven or eight more in planning with additional ones to come.

Westbank bills itself as Canada's leading luxury developer, but hopes to announce by year's end "a very large affordable housing initiative" in Seattle, Gillespie said.

All in the families

[Nat Bosa](#) kicked off the Canadians' Seattle building boom this cycle in 2012 with the Insignia, a two-tower Seattle condo project. Around this time he said he would finance the development himself with "well north of \$100 million."

"That shows the kind of confidence and bravado that (Canadian developers) have, which is sometimes needed," said Jones, owner of Realogics Sotheby's International Realty in Seattle.

People thought Bosa was overreaching. They were wrong. The last of the project's nearly 700 units sold in early 2017.

Today Bosa Development is building a 21-story condo tower in Bellevue, where it's planning two other similar-sized projects. Bosa also is planning a 58-story condo in Seattle. The company said earlier it doesn't know when construction of the full-block 3rd and Cherry tower will begin.

The Bosas emigrated from Italy to Vancouver in the 1960s and started a small construction firm. Nat's brother, Robert, founded Bosa Properties, which is under construction on an eye-catching 41-story Seattle apartment tower at 2014 Fairview Ave.

It's mind-boggling how active a different pair of British Columbia brothers, the De Cotiises, are in the Puget Sound region.

Vancouver-based [Onni Group](#) of Cos., founded by Inno De Cotiis, is building the first phase of a two-block, mixed-use project with nearly 1,200 rental homes and 960,000 square feet of office. A half mile to the southwest Onni has scraped a half block lot in preparation for a two-tower, 42-story project.

In Bellevue, Onni has proposed three 600-foot-tall towers with about 1,300 residences, 900,000 square feet of office spaces and a hotel.

De Cotiis' youngest brother, Mike, is founder of Pinnacle International, which has proposed a 12-tower mixed-use project north of Bellevue Square mall.

Representatives of these companies either declined to be interviewed or did not respond to Business Journal inquiries.

Changing the city's trajectory

Of the Canadian developers in Seattle Gillespie has the most unconventional approach to development.

"I'll leave the construction of square footage to other folks," he said. "What I'm trying to do is create inspired buildings."

In addition to the leaning towers project on First Hill, which he's developing in partnership with the Frye Art Museum, Westbank is developing a striking, 46-story two-tower mixed-use project at 1200 Stewart St., where he said Live Nation will operate a performance venue. Live Nation did not respond to a Business Journal inquiry.

"(1200 Stewart is) 1,000 residential units on top of a music venue, on top of a galleria with a Boeing 747 hanging through the middle of the galleria," Gillespie said.

The 747 art installation is meant to remind people of Boeing's influence on the region, which has become better known as home to Amazon and Microsoft.

“That’s the kind of experimentation and creativity that differentiates what we do,” he said.

Westbank is about to begin construction on First Light, a 500-foot-tall mixed-use office and condo project. The residential lobby will be a gallery, and the rooftop will have hot tubs and a swimming pool that will cantilever over the tower.

Of the 440 First Light condos, around 300 have been presold, according to Gillespie, who has developed high profile properties like the new curving Vancouver House high-rise, which CNN named one of the world’s most anticipated buildings of 2020.

“People like [Ian Gillespie](#) and Westbank are brands,” Jones said, explaining the companies take “everything they know, including huge databases of buyers both locally and overseas and say, ‘Follow me to Seattle,’ and no surprise they do.”

Gillespie expects his projects to collectively contribute to the markets where Westbank works – Vancouver, Toronto, Seattle, Tokyo and the Bay Area.

Westbank’s three Seattle projects on their own won’t change the trajectory of the city, he said.

“But if I look at it 10 years from now and I’ve got 15 or 20 large projects in Seattle, then that’s probably enough to have changed the direction of the community, hopefully in a very positive way,” he said.

Rents for apartments in Westbank’s stylish apartments will be more expensive, but for Gillespie, it’s “not about poshness and luxury;” instead he wants to create something that’s “really beautiful and inspires.”

“The kinds of people who will live in our buildings are people that value that,” he said.

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