

An interview with a Seattle real estate icon.



Tim Jones, JLL Broker, recently sat down with Kevin Daniels of Daniels Real Estate, the man behind some of the most well known Seattle real estate projects (including the forthcoming The Mark building at 5th and Columbia). Learn what Kevin had to say about his wealth of experience, vision for the Seattle market, and more.

Where did you grow up?

The metropolis of Nampa, Idaho.

When did you leave Idaho?

In 1975, right after I graduated from high school. I moved to Spokane, WA for four years at Gonzaga University.

What was your major at Gonzaga?

My degree is in accounting. I was a certified public accountant for 8 years.

Has an accounting background been helpful in real estate development?

Absolutely. As a CPA, you get to see different businesses, different business plans, and meet different people. It helps you learn a lot about what you should and shouldn't do. I would put a CPA above an MBA because it offers real world experience rather than just theoretical experience.

What was your first job in real estate?

I left the CPA firm to start Nitze-Stagen (in New York) with my two partners, Peter Nitze and Frank Stagen. We worked on Eastman Kodak's corporate real estate office in Rochester, New York. We also took over and managed a building in the Bay Area that was owned by Kodak.

What was your first project in Seattle?

On December 7, 1990, Nitze-Stagen bought the Sears Catalogue Distribution Center for storage and renamed it SODO Center. The Port of Seattle stored Cabbage Patch Dolls there until September of 1993, when Starbucks moved in on a temporary basis while they planned a corporate campus that was going to be built in Kent. At the end of the day, Starbucks never left the building and it's now called Starbucks Center. There is only one building larger than the Starbucks Center in Washington – the Boeing Factory in Everett.



How large is Starbucks Center?

2.1 million square feet.

Did you coin the term SODO?

My partner Frank Stagen did in 1990. We had to take the "Sears" name off the tower at Starbucks Center and put something else up that fit the building and the area. Frank, a former British resident, drew inspiration from the Soho neighborhood in London and the SoHo neighborhood in Manhattan. Initially I wasn't a huge fan of "SoDo" [South of the Kingdome, now South of Downtown] so Frank gets the credit, but it was the right choice. The first time we knew it stuck was when I was coming into work and heard a helicopter news reporter say: "There is a wreck by SODO Center." It gained traction from there.

What was the next project after Starbucks Center?

We did Union Station in September 1997 with Paul Allen as our investor. We gave Union Station to Sound Transit for \$1, but we still own the land underneath.

Why did you give Union Station to Sound Transit for \$1?

It was a win-win. Sound Transit gave us credibility, and they hired us for the retro-fit. That was the first private-public\real estate partnership in Seattle that I know of.

What drew you to the Union Station project?

Nampa, Idaho, where I grew-up, is a Union Pacific town. I love trains and I love the station. At the time, people were starting to talk about mass transit, and we saw a lot of opportunity in Pioneer Square given that Paul Allen was showing interest in buying the Seahawks. Union Station had been mothballed for 27 years. We actually took 2,000 tons of pigeon poop out of the building before starting construction.

The Mark is a 43-story Class A high-rise currently under construction on the site of the First United Methodist Church at 5th & Columbia. The Mark includes the church as part of the project. When did that become part of your plan for the building?

In 2004 and 2005 we got interested in trying to save the First United Methodist Church, which is over a hundred years old (construction of the church started in 1908). Martin Selig had submitted an offer on the site contingent on being able to demolish the church and build a 34-story building in its place. Dave Sabey was also interested in the site, and we submitted an offer that included plans to save the church. Ultimately Martin withdrew his offer and Nitze-Stagen's offer was accepted.

Is it correct that you had a permit to demolish the church?

We had the demolition permit from when we bought the site. It has since expired, but I have it framed in my office.

The Puget Sound Business Journal recently published an article saying that you regret saving the church. Did the article get the story right?

I never said that. That was the author's headline. But if you take the headline away, everything else in the article is accurate. I don't regret saving the church, but if I knew what I knew now I wouldn't have even made the effort. It's just been too problematic with obstacles artificially placed on it by the City.

Did your plans for The Mark change between the time when you submitted your offer and started construction?

We knew it could be an office tower, but we had the challenge of working with smaller floor plates because of the constraints of the site. Working through that challenge led to the design we have today. The exterior design is the same as it was when we got our initial building permit in 2008.

Is Audrey Hepburn the mascot for The Mark?

No – she was the inspiration. Look at her photo holding the cigarette holder from the poster for the movie Breakfast

at Tiffany's. You can see her hip, elbow and cigarette. One of the steel frames, called a diagrid, is at the same angle as her cigarette holder. I wanted to mimic elements from the photos while maximizing the number of floors and increasing the size of each floor to 20,000 sf. The building is cantilevered, but you can only cantilever over private property, so we bought air rights over the Rainier Club. We didn't need to buy air rights over the church because we already owned it.

What are some top features of The Mark?

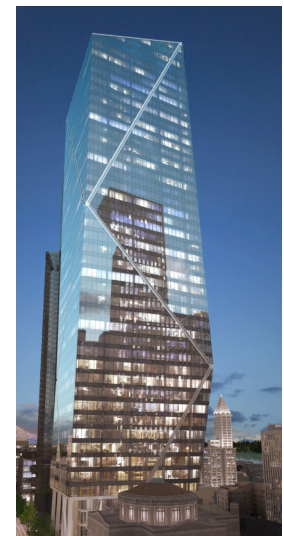
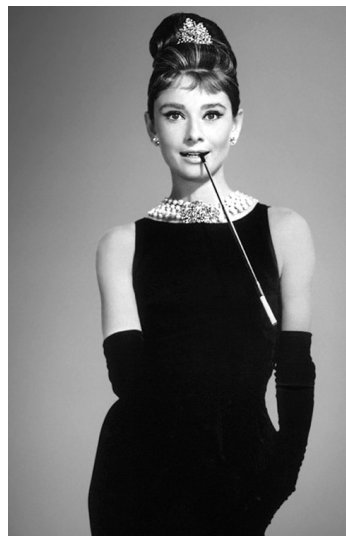
It is a mixed use building that includes office floors and a luxury hotel. It's not an 8am to 5pm building, it's a 24/7/365 building. There will always be something going on there, which enlivens the building. In the hotel, we have Ciel Spa from the SLS Beverly Hills, a full fitness facility, a restaurant with a bar on the 16th floor, and more square feet of meeting rooms per key than any hotel in the city. Office tenants get to use these amenities without having to pay for them in their load factor.

Why are the floors 13.6 feet in height?

The building itself is best in its class. 13.6 ft. allows us to have 9.6 foot tall windows, thereby allowing more light into the building. The floor height also allowed us to grow the building vertically, and helped make the overall design more elegant.

What is Philippe Starck's role in The Mark?

He designed the hotel. SLS had an agreement with Philippe to design 10 hotels in the US, and - we are one of them. Philippe is a famous designer who designed the ghost chair and a number of other well-known pieces and spaces. Everything we are doing in the hotel is his design, including the church.



Why did you pick SLS as the hotel for The Mark?

My financial partner was doing a deal with them in Las Vegas and the more I got to know what SLS means, the more I thought they would be a perfect fit for Seattle. We are a global entry city, but we don't have any trademark buildings except for the Space Needle that was built in 1962. SLS brings panache, excitement and a reason to stay in Seattle for the other 6 months of the year. I also feel like Seattle is a great city for boutique hotels, I didn't want to bring in another big chain.

I know you have a preference for local vendors, how does that come to life at The Mark?

We like to buy everything local when we can. Keeping your money in your community benefits everyone.

What have you learned from doing a big, speculative office development?

You have to have patience, perseverance, and luck – P.P.L. – to survive it. Building spec is the way Seattle builds high-rise office towers. We aren't a city that preleases.

What is your favorite project to date?

Probably Union Station. It is a magnificent structure, and I personally painted some of the gold leaf in the space. People thought we were nuts to do that project, but that's not unusual. They call me Mikey [from the Life cereal commercials] in some circles. If no one else wants the project, give it to Mikey.

Do you travel often for work?

Yes, I travel to China to raise money. To accomplish all that we want to do I need to travel where the money is.

What do you like to do in your free time?

I'm a tennis player and I love to travel. I like wine, especially Pinots. Most of the wine I buy is from Gonzaga alums like Russell Bevan of Bevan Cellars, who are some of the top winemakers in the U.S.

Family?

Married with three boys.

You mentioned earlier in this interview that that you have never chosen a bad partner. Does that include your wife?

Absolutely. We've been married 32 years.

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