

[Puget Sound BizTalk](#)

May 8, 2014, 1:41pm PDT

**Terms of the deal: UW regents committee  
OK's Rainier Square plan**



University of Washington

This is an aerial view of concept design for a 1.2-million-square-foot mixed-use project on part of Rainier Square in downtown Seattle. The University of Washington owns the property. A Board of Regents committee on Thursday approved a deal to lease the ground to Seattle real estate company Wright Runstad, which will develop a project there.



[Marc Stiles](#)

Staff Writer- *Puget Sound Business Journal*

[Email](#) | [Twitter](#)

It took only about five minutes Thursday for a committee of the [University of Washington](#) board of regents to approve a deal for Seattle company [Wright Runstad](#) to redevelop a prime piece of property in downtown Seattle.

The full Board of Regents is expected to approve the deal.

Under the proposal, [Wright Runstad & Co.](#) would lease the ground, which makes up 1.4 acres of Rainier Square, for 80 years. [Wright Runstad](#) would develop a 1.15-million square project with a 50-story office tower that also would have apartments and retail. Next door, a 15-story luxury hotel project is planned as part of the deal.

The agreement calls for [Wright Runstad](#) to pay the university a base rent of 8 percent of adjusted gross income for the office tower and 3 percent to 4 percent of adjusted gross income on the hotel. Minimum rent would be \$500,000 for the first five years and \$2 million after that, with rents expected to rise subsequently, according to a document handed out at the committee meeting.

UW Chief Real Estate Officer [Todd Timberlake](#) said it's a good deal for the university because [Wright Runstad](#) is taking the construction, financing and lease-up risks. He and some regents also talked about how the Rainier Square property needs a boost because it is looking tired. Much of the energy has been sucked out of this part of downtown and moved to South Lake Union where [Amazon.com](#) is headquartered.

"This Rainier Square area used to be the 50-yard line in downtown Seattle," Regent [Herb Simon](#) said. "This project will make it the 50-yard line again."

Images of the concept show a uniquely designed high rise on most of the block between Fourth and Fifth avenues and Union and University streets. The taller tower would start out broad at the base and taper as it rises. That's somewhat the opposite of the existing Rainier Tower next door,

which sits on a narrow pedestal that looks like the stem of a champagne glass. Rainier Tower will remain.

Here [is more information about the Wright Runstad proposal and another picture](#).

Under the "transition structure" of the deal, [Wright](#) Runstad would have 60 days to investigate before committing. The pre-development agreement would cost [Wright](#) Runstad \$2.5 million and could run for up to six years. Of that money, \$1.5 million would be refunded once [Wright](#) Runstad submits a master-use permit to the city and schematic design drawings to the UW. Another \$500,000 would be refunded if the city issues a decision on the permit within three years. The rest would be refunded if the permit is issued in three years.

The 80-year ground lease would start when the pre-development period ends. [Wright](#) Runstad must have the high-rise permitting and financing in place before executing a lease, and construction must start within 120 days of lease execution.

There would be a separate ground lease for the hotel, which could be built after the office/residential/retail tower, though hotel construction has to begin within seven years after execution of the pre-development agreements.

Marc Stiles covers commercial real estate and government for the Puget Sound Business Journal.

***Related links:***

[Construction](#), [Hospitality](#)

## [Puget Sound BizTalk](#)

May 8, 2014, 9:25am PDT Updated: May 8, 2014, 9:57am PDT

# First look: Wright Runstad tees up 1.2M-square-foot mixed-use project at Rainier Square



University of Washington



[Marc Stiles](#)

Staff Writer- *Puget Sound Business Journal*

[Email](#) | [Twitter](#)

[Wright Runstad](#) & Co. would build [a 50-story tower and smaller hotel](#) building on downtown Seattle's Rainier Square site if a deal with the [University of Washington](#) is approved.

The UW Board of Regents' Finance and Asset Management Committee is scheduled to vote on the proposal Thursday morning. The deal includes two 80-year ground leases and a pre-development agreement.

According to the committee's agenda packet, Wright Runstad's project will total 1.15 million square feet in the taller tower and a separate-but-connected 15-story hotel. The taller building will include approximately 750,000 square feet of office, 182 apartments and 30,000 square feet of retail. The luxury hotel will have 198 rooms, and the project would have a 1,200-stall parking garage.

The project schedule calls for design and entitlement to occur in 2015-16, with early construction targeted for 2017 and completion three years later. Also listed in the agenda is a late construction start date of 2021, with completion in 2024.

The 1.4-acre project site occupies the block between Fourth and Fifth avenues and Union and University streets, except the 40-story Rainier Tower at the southeast corner of the block. The redevelopment site is made up of low-slung buildings occupied by shops and restaurants. It's part of the larger, [UW-owned Metropolitan Tract](#).

The new development by Seattle-based Wright Runstad "will be an asset for the university and for the city as a whole," the committee agenda item states. "It will bring vibrant density with at-street destination retail activity, highly desirable residential and hotel units and world-class office space." The agenda goes on to call the project an "iconic development" that "will enhance and sustain the value of the Metropolitan Tract..."

Marc Stiles covers commercial real estate and government for the Puget Sound Business Journal.