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Real Estate Buzz: Julie Benezet: 'one hell of a haggler'

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Several years ago she was director of global real estate for amazon.com and one of the most sought-after interviews on the real estate beat. But **Julie Benezet** was rarely available for a one-on-one.

She was just a tad busy, overseeing the planning and delivery of more than 7 million square feet of real estate.

The assignment is what Benezet -- a lawyer, psychologist and urban development junkie, who has been known to visit construction sites on weekends just for kicks -- thrives on: bringing order to chaos.

To do that at amazon she created a real estate SWAT team. Once a week, she met with leaders of each business unit to talk about the goal for every piece of property amazon owned or leased. "It was the one place you could find out what was going on," she says.

Benezet, who moved to Seattle in 1980, has worked with a number of firms, including Wright Runstad & Co., which did the controversial deal to make the Pac Med Tower amazon's headquarters. By that time, Benezet was on amazon's side of the table.

"It shortened the conversations," she says. Still, the parties had some lively discussions, says Benezet, who realized early in life that she is "one hell of a haggler."

One could argue that amazon took on too much real estate. It gave back a distribution center in the southeast United States, and ended up subletting space at Union Station.

"I don't think we could have done much better because we were using the best information we had at the time," Benezet says, adding the plan all along was to sublet a portion of the Union Station space. "We ended up sub-letting more than that" because the company became more efficient. "I have no heartburn about that."

Benezet left amazon in June 2002. Now she's one of two principals of Business Growth Consulting, the Seattle company she founded. Benezet also teaches classes on leadership and corporate real estate at the Harvard Graduate School of Design, The Zell-Lurie Real Estate Center at Wharton and CoreNet Global.



Benezet

Her company's specialty is marrying strategic thinking and operational expertise to help businesses that are going through change. "It's like being a freelance executive," she says. "We like to be the place people come to ask the tough questions about how they grow."

Of the company's 40 clients, about half are in real estate. It's a sector that Benezet expects will continue to see significant changes.

The biggest factor on the office front, she says, is broadband's continued expansion. It's making the work force more mobile. Look at most any office and you can see the impact. At any time, up to 70 percent of the chairs are empty.

"Working virtually is now a reality," she says, so companies need less space. The average used to be 250 to 300 feet per worker. That's now down to 150 to 200 feet per person.

Companies will continue to send call center work overseas, but Benezet says don't expect them all to go away in the U.S. because they're still what she calls the "essential ingredient" of e-commerce.

And warehouses? They're not really warehouses anymore, they're "fulfillment centers." While they're becoming more automated, they still require a lot of people to tend the equipment.

Video conferencing, outsourcing and more efficient fulfillment centers: It all adds up to less demand for space, but Benezet says the commercial real estate industry is not going to go away.

Tenants used to be concerned about appearance. Now they're focused on functionality. These days, Benezet says, it's less about marble and more about cable. "Providers will have to be smarter about the spaces they provide."

They meet again

The paths of Benaroya Capital Co., and Sound Transit have crossed again, this time in downtown Seattle.

Three years ago, Benaroya purchased the 22-acre old Rainier Brewery site for \$17.6 million. Benaroya subsequently sold half that property to the transit agency for \$24.3 million for a light rail maintenance base.

Last week, Benaroya bought a 28,000-square-foot parcel next to the Camlin Hotel at the northeast corner of Eighth Avenue and Pine Street for \$12.2 million. A surface parking lot and a small building occupy the property. **Melvin Brady's** Pine Center LLC was the seller.

Brady had secured a master-use permit for 377,000 square feet of office, and Benaroya had a couple of potential users for the new tower, said **Marc Nemirow**, a Benaroya executive.

Late last spring, Benaroya had the site tied up. "We were moving along with due diligence and getting close to waiving it when Sound Transit came in and gave notice that they'd use it for a temporary staging facility," Nemirow said. "That sort of changed the entire plan for the acquisition of that property."

Sound Transit will occupy the site until at least the fall of 2006. The potential users couldn't wait that long for the office.

Benaroya went ahead with the purchase anyway. The property is near the freeway, other Benaroya holdings and mass transit. And it's not as though the company won't have an income stream: Sound Transit will pay about \$1 million a year to lease the site.

Despite having a master use permit for office space, Nemirow is not sure what will happen on the site. "We're going to maintain our due diligence on the property, evaluate the market conditions and determine what to do as time goes on."

Bob Watson of RM Watson Co., represented Benaroya in the sale, and **Tom Craig** of TSC negotiated for Brady.

Like this is a big surprise

The Washington Association of Realtors has made its endorsements for several statewide races, and you'll never guess whom the group's backing for governor: Former state Sen. **Dino Rossi**, a Republican who is a commercial real estate broker.

A partisan pick it was not. WAR is splitting its ticket by backing three Democrat incumbents: Lt. Gov. **Brad Owen**, Auditor **Brian Sonntag** and Insurance Commissioner **Mike Kreidler**.

Republican incumbents **Sam Reed**, secretary of state, and **Doug Sutherland**, commissioner of public lands, will get the group's support. So will two challengers from the GOP -- U.S. Rep. **George Nethercutt**, who's trying to unseat Sen. **Patty Murray**, and King County Councilman **Rob McKenna**, who's running for attorney general.

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