

Friday, October 1, 2010

Real estate giants SKB and Unico Properties team up

Seattle firm will manage Portland-based SKB's 7-million-square-foot portfolio

Portland Business Journal - by [Wendy Culverwell](#) Business Journal staff writer

Two commercial real estate heavyweights have teamed up in a partnership that could have implications up and down the West Coast.

This week [Unico Properties LLC](#), the Seattle-based owner of Portland's [U.S. Bancorp Tower](#), said it will start managing most of the 7-million-square-foot portfolio of Portland-based [ScanlanKemperBard Cos.](#)

SKB owns buildings in eight western states, including Oregon, Washington, California and Hawaii.

Financial terms were not disclosed. The agreement takes effect today.

The deal creates a formal partnership between two of the Northwest's leading real estate firms and will likely lead to joint investments in markets from Utah to Hawaii.

The deal also helps Unico diversify by more than doubling its management business, which accounts for less than a third of its 10-million-square-foot portfolio.

Bob Scanlan, principal and founder of SKB, sought the deal after he grew frustrated with a management network that was strong in some markets and weak in others.

"It's a tough business to administer on a consistent basis," he said.

SKB raises funds from wealthy investors to acquire commercial real estate. After expanding rapidly prior to the recession, it has kept a low profile for the past two years while struggling with vacancies, stagnant rents, declining real estate values and lenders taking back some of its holdings, including the John Ross condominiums in Portland and a specialty office complex in San Francisco.

"SKB is coming out of its slumber," Scanlan said. "This is our kickoff."

The management deal expands Unico's portfolio to about 16 million square feet, including four markets where it does not currently operate: Los Angeles, Phoenix, Salt Lake City and Honolulu.

That's important since Unico just launched a fund to buy commercial real estate in markets where it operates.

Unico announced the [Unico Diversified Fund 1](#) on Sept. 13.

The firm and its partners are raising \$100 million to \$150 million to invest in office and apartment properties.

[Laird Norton Co.](#), a seventh-generation Seattle firm with roots in the timber industry, will contribute \$40 million as the fund's lead investor.

Unico will contribute an additional \$10 million.

The balance will be raised from wealthy investors, the same group SKB serves.

SKB won't directly participate in the fund at the outset. However, Scanlan said his firm could provide information about the Unico fund to its client list.

The deal also will help SKB grow by giving Unico the first opportunity to participate in future SKB deals.

"We want to grow. We've been on the sidelines for two and a half years and I'm frankly sort of beating myself up a bit," Scanlan said.

In SKB, Unico saw an opportunity to branch into new territory.

"We said, 'Wow. Strategically this makes a lot of sense for us,'" said John Lamb, Unico's chief financial officer and senior vice president for property management.

The deal between two well-positioned real estate investors is a good idea, said Joe Vaughan, an office broker with [Pacific Real Estate Partners](#) and board member of the Portland chapter of Building Owners and Managers Association, an industry trade group.

Unico has a proven management team that will serve SKB well, he said.

The deal should not affect overall employment, but will result in job changes for many.

Lamb said Unico will hire four people from SKB's accounting staff and an additional 35 people to manage the properties, chiefly people working on SKB-owned projects.

Lamb said Unico's agreement includes leasing duties in markets where it already has a presence.

In others, it will use outside brokers more familiar with local conditions.

The responsibilities of Unico's highest-profile employee in Portland will grow. Brian Pearce, its general manager in Portland, will take on responsibility for the Los Angeles and Honolulu markets.

Unico's Portland portfolio includes U.S. Bancorp Tower (1.07 million square feet), the Lincoln building (255,000 square feet), the Commonwealth building (215,000 square feet), the Lovejoy/Asa Flats project in the Pearl District and several suburban office complexes.

It is Portland's 16th-largest commercial property management firm.

SKB's Portland portfolio includes Lake Place Shopping Center in Lake Oswego and Uptown Shopping Center in Northwest Portland.

The firm previously sold several older downtown office buildings as well as its stake in eight buildings in Hillsboro's [AmberGlen Business Center](#).