



New Chapter for Successful Real Estate Developer

Touchstone brand acquired as a subsidiary by Urban Renaissance Group

Touchstone's success is underpinned by its disciplined approach to development, its willingness to view complex sites and projects as an opportunity to create value, and its commitment to being a positive and long term member of the Seattle community.

PAST SUCCESS MEASURES FUTURE GOALS

In the early 1980s, Douglas Howe founded Touchstone with the goal of helping rehabilitate historic projects in the Tacoma, Washington area. By 1990, Douglas had refocused on the wealth of opportunities available in the greater Seattle area. The size and scope of the projects were getting larger and increasingly complex and to continue his vision, Douglas added two new partners to the team: Jim O'Hanlon and Shawn Parry. With Douglas's vision and intuition for the market and its future, Jim's analytical process and Shawn's deep construction experience, Touchstone was an immediate player in the Seattle real estate development market.

By 2007, Touchstone sold nearly all of its completed projects, ensuring the company was well-capitalized to

take advantage of the economic downturn and allowed it to acquire sites that would be in high job growth areas.

AN ESTABLISHED BRAND

By 2005, Douglas, Jim and Shawn wanted to ensure their vision and ingenuity continued, and they put together a succession strategy. The principals assembled a new management team, including A-P Hurd, Troy Black, Kristin Jensen, Paul Klansnic and Joe Polito, that would eventually take their brand of real estate development and provide it a future under new leadership.

The new management team not only ensured that Touchstone's work would continue, but brought with them experience in residential and commercial real estate, mixed-use development, construction and accounting that would continue to push the boundaries of innovation in the Puget Sound market and beyond.

By 2011, with the new team in place and seven projects in pre-development, Touchstone began seeking a partner that would see the significant opportunities for additional growth, but with existing institutional investor

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relationships that would allow Touchstone's vision to thrive in the post-recession Seattle real estate market. To this end, Touchstone engaged with real estate advisory and investment firm Heartland LLC to help identify the perfect partner.

THE PROJECTS

Along with the new leadership team, the deal also included an interest in a portfolio of seven development sites with projects in various pre-development stages. These projects were located in premier Seattle and Puget Sound locations where current and projected job growth was driving the local economy, including the Seattle neighborhoods of South Lake Union and North Lake Union, as well as Issaquah and Everett.

The total portfolio included 1.6 million square feet of Class A office space, 15,000 square feet of retail, more than 675 keys of business hotel rooms, and two high-rise multifamily projects, all included among the following:

- Troy Block (South Lake Union) – 810,000 square feet of office space at Fairview Avenue and Harrison Street
- Hill7 (Denny Triangle) – 280,000 square feet of office space at Boren Avenue and Stewart Street with 222 room Hilton Garden Inn
- Tilt49 (Denny Triangle) – 300,000 square feet of office space across from the Hill7 project, plus a separate 41-story multifamily tower
- First & Stewart (Central Business District) – a 12-story building with a 160-room boutique hotel, 97 units of residential and ground-floor retail
- NorthEdge (North Lake Union) – 210,000 square feet of office space in Seattle's Fremont neighborhood
- Courtyard by Marriott (Everett) – an eight-story 156-room hotel
- Springhill Suites by Marriott (Issaquah) – a five-story, 145-room hotel

Each of these projects involved one or more institutional investors and complex debt and equity structures to construct and complete the projects.

THE PERFECT PARTNER

Urban Renaissance Group ("URG") had not developed large projects before. It was known as one of the region's fastest-growing real estate management and consulting firms with projects throughout the Puget Sound region, as well as Denver, Colorado and Portland, Oregon. URG had also undergone its own increase in investment potential with the November 2012 acquisition of a substantial stake in the company by the Joshua Green Corporation.

URG was the perfect match for Touchstone. Founder Patrick Callahan has more than 20 years of experience in the real estate industry and previously held key roles at Equity Office Properties Trust and had a similar vision for innovation. The company had a genuine interest in the Puget Sound region, a quality team under Callahan's leadership and an interest in continuing development under the Touchstone brand. The sale was completed in December 2014.

WHAT'S NEXT?

With the sale completed, the Touchstone brand is flourishing as a subsidiary of URG and under its new leadership, along with continued involvement of Touchstone's original principals. The team is focused on planning for the next cycle of development opportunities in Seattle and the Puget Sound region.

In June 2016, Touchstone was named NAIOP's "Developer of the Year," the real estate association's highest honor. The "Developer of the Year" award has been presented annually since 1979 to one developer that best exemplifies leadership and innovation in the commercial real estate market.

Foster Pepper is honored to have been a part of Touchstone's history and looks forward to the future under the leadership of the Touchstone and URG teams.