

Campbell goes on the hunt for Kent property

Estate of Hawaiian pioneer wants to invest \$300M nationwide within 12 months

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STAFF WRITER

Caretakers of a \$2 billion fortune built by a Hawaiian businessman more than a century ago are eyeing the Kent Valley for possible additional future investment.

The Estate of James Campbell plans to invest about \$300 million in office and industrial properties in 17 markets nationwide over the next 12 months.

"We'd love to acquire more industrial property in the Kent Valley where our other properties are. We like that market and we have been successful there," said Steve MacMillan, chief executive of the Estate of James Campbell.

A carpenter by trade, Campbell arrived in Hawaii on a whaling ship in 1850, having survived an earlier shipwreck and capture by hostile islanders near Tahiti. Campbell won over his captors by offering to fix a broken musket stock. He later escaped the island by drifting out to a passing schooner. Once safely in Hawaii, Campbell got into home building. Soon he was able to invest in a sugar mill with several partners. When Campbell died in 1900, he left a \$3 million estate. Since then, his estate has grown in value to more than \$2 billion. Revenue last year was in excess of \$183 million.

The private family trust started investing in commercial properties in the Puget Sound region in 1985. The estate's first purchase was Northgate Village Shopping Center, located on Northeast Northgate Way in Lynnwood. The estate sold the shopping center in 2001.

Over the years, the estate has bought and sold other retail, office and industrial property locally. But the trust still owns industrial properties in Kent and Tukwila along with a prime, 1.4-acre parcel at 800 Fifth Ave. in downtown Seattle. The site, which contains the Bank of America Fifth Avenue Plaza building, is under a ground lease to the Texas-based developer, Hines Interests LP.

"Seattle continues to be on our acquisition criteria list, but acquisitions continue

to be very difficult to find at this point," MacMillan said, citing intense competition among institutional investors for attractive properties.

The estate is working with the Boston-based consulting firm T.A. Realty to identify prospective office and industrial investments in its 17 target markets.

The estate's entire portfolio includes just under 60,000 acres in Hawaii and 12.9 million square feet of office, industrial and retail space in 59 properties on the mainland United States. The trust's biggest development is in Kapolei, Oahu.

Recently, the trust raised \$645 million in unsecured debt from a group of lenders to use as operating capital for its real estate portfolio.

"Our major assets are in land, so this is not a very liquid type of company," MacMillan said. "We are not cash rich, so we either have to sell or borrow money, and we'd rather borrow than sell property."

In the meantime, the trust is restructuring itself into a private company, the James Campbell Co. LLC, that will continue its operations after the trust itself expires in 2007. It took nearly 15

years to win consent from the estate's family beneficiaries, MacMillan said.

Asked about the estate's financial performance, MacMillan said the trust measures itself against other fiduciary-run organizations tracked by the National Council of Real Estate Fiduciaries.

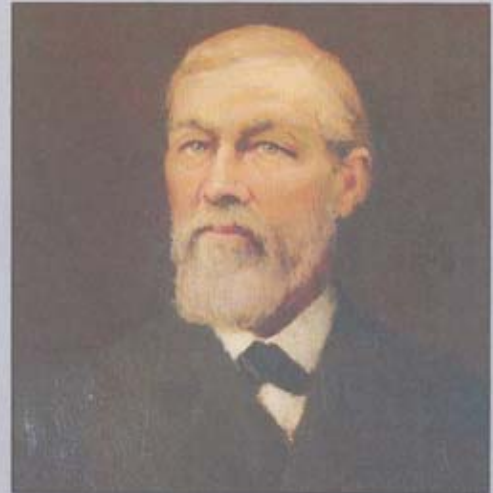
"We have outperformed those types of entities in terms of our real estate performance — I'd have to say it's good management," MacMillan said with a chuckle.

"Because we are a trust, we tend to make conservative investments. We also buy very high-quality properties in good locations, and that has paid off over time," he added.

The estate uses local leasing and management companies to operate its properties. The trust's properties in the Puget Sound area are managed by GVA Kidder Mathews, with Colliers International handling leasing.

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LARGE ESTATE



ESTATE OF JAMES CAMPBELL

James Campbell landed in Hawaii in 1850 and left a \$3 million estate that is now worth more than \$2 billion.

Estate of James Campbell has invested in the following properties in central Puget Sound:

- **Northgate Village Shopping Center, Seattle**
A 97,155 square-foot retail center. Sold in 2001 for \$13.6 million.
- **Alderwood Plaza Shopping Center, Lynnwood**
A 178,851 square-foot retail center. Sold in 2003 for \$20 million.
- **Skyline Tower, Bellevue**
A 24-story, 407,344 square-foot Class A office building; and,
- **400 Building, Bellevue (now First Mutual Center)**
A seven-story, 66,440-square-foot Class B office building. Both buildings were sold in 1998 for a total of \$88.97 million.
- **Bank of America Fifth Avenue Plaza, Seattle**
The trust owns the 1.4-acre parcel with Texas-based developer Hines Interests LP holding a ground lease on the 905,000 square-foot Class A office building. Acquired in 1987.
- **Green River Corporate Park, Kent**
Three industrial buildings totaling 238,574 square feet. Acquired in 1993.
- **Southcenter South, Tukwila**
Eight industrial buildings totaling 700,428 square feet. Acquired in 1993.

Source: Estate of James Campbell