
Alaska Building to be a hotel/condo combo

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Photo by Ben Minnick

The developers are scrapping plans for office space in the building in favor of 50 housing units.

Owners of Seattle's historic Alaska Building will develop it as a hotel and condos, ditching a planned office component in favor of hospitality to boost the project's long-term return, according to Kauri Investments CEO Kent Angier.

There will be approximately 50 housing units in the structure at Second Avenue and Cherry Street. They will be rented as apartments for the first five years and then sold as condos, priced in the \$300,000 to \$600,000 range, he said.

Angier said the Alaska must be used as income property for five years in order for the development group to get federal tax credits from the historic 1904 building.

Seattle-based Kauri and its partner in the Alaska, Ariel Development, will spend \$30 million to \$35 million doing a seismic upgrade and renovation, with work starting early next year, he said.

The hotel will cost more to build than office space, Angier said, but the developers expect to be compensated over time.

"The building will generate more cash flow as a hotel than as an office," he said.

Kauri and Seattle-based Ariel bought the 15-story Alaska, Seattle's first steel-frame skyscraper, from the city for \$8.5 million last year. A city lease for a substantial portion of the building expires in July.

The developers expect to have the work completed in mid-2008, Angier said. The building will have ground-floor retail, nine floors with 160 hotel rooms and 50 condos above that, Angier said.

As part of the upgrade, a new concrete-and-steel structure will be attached to part of the inside of the L-shaped building.

Seattle-based Clark Design Group is the architect and Coughlin Porter Lundeen, also based here, is the structural engineer. A contractor has

not been selected.

The 140,000-square-foot Alaska has high ceilings and Carrera marble on the lobby walls and ceilings and back stairway. The Kauri-Ariel partnership will restore some of the historic character lost in earlier renovations.

Two hotel operators are being considered. One is a boutique hotel specialist and the other is a limited-service vendor, Angier said.

The Alaska is just blocks from the waterfront, near Safeco and Qwest fields, and in the heart of the business district, all of which will be a draw, said Angier.

Bus access is good in the area, he said, but the building has no parking. The developers plan to rent parking for hotel guests and condo owners from nearby vendors.

The Alaska is near the historic Arctic Club Building, an iconic 1917 10-story structure known for its terra cotta facade, complete with walrus heads. A member of the limited liability company that bought it last year said then that the Arctic, at Third Avenue and Cherry Street, would be converted into a boutique hotel.

Both the Alaska and Arctic are on the city's historic landmark list. The Arctic, built as a hotel with office and retail space, is on the National Register of Historic Places.

Andy Olsen, managing director with The Chambers Group, a Seattle-based hospitality consulting and management company, said there are a significant number of condo/hotel projects in the works locally and nationally.

One issue, however, is providing separate hallways, elevators and lobbies for hotel guests and condo owners, he said.

Olsen said some older buildings in the city have been retrofitted to accommodate hotels, including the Hotel Monaco, a former office building.

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