

BLOG: Chinese couple develop Tukwila's tallest building



The entrance of Hotel Interurban (Photo by Suzi Pratt)

Developer Omar Lee never imagined that his property would be a landmark in Tukwila, now the tallest building in the city and even beyond Tacoma, despite unexpected challenges.

King County Executive Dow Constantine, who was at the July 26 grand opening of the 19-story building, Airmark Apartments and Hotel Interurban, said the project has “transformed Tukwila. It’s a stunning asset of King County.” Constantine praised Lee for his pioneering spirit.

Lee and his wife Christine, majority owners of the building, which has 185 hotel rooms and 371 apartment units, were also developers of the Great Wall Mall in Kent. Lee said the project budget doubled from \$68 million to \$138 million. He bought the property in 2010, formerly a Circuit City site.

The building is financed through the EB-5 investors visa program. Lee called it a “successful loan model.” There are 160 investors from China, the Philippines, Vietnam, Indonesia, and Hong Kong involved in the project. (Lee is an immigrant from Hong Kong, and Christine from China.)

In name, EB-5 applicants are called immigrant investors. In reality, they are lenders, and they have no ownership of Lee’s building. The Lees have to return the money after six to eight years. Because of the investors’ intent to invest \$500,000 in jobs for America, they qualified for a temporary green card (permanent residency) for themselves and their families, a process leading

to permanent residency. Currently, Hotel Interurban employs 100 people. Tukwila is considered an at-risk area for economic development. If the project was in Seattle, it would require each EB-5 applicant to invest \$1 million.

Lee said when he returns the money to all his EB-5 lenders, he would like to give a red envelope, not as interest, but to show his appreciation towards his supporters, and also for good luck.



Christine Lee (third from left), Omar Lee (6th from left), standing next to King County Executive Dow Constantine and State. Sen. Bob Hasegawa. (Photo by Suzi Pratt)

Unexpected challenges

Very few could have predicted King County's booming economy, especially in the construction industry. Lee said many contractors have three jobs lined up simultaneously. Construction costs have doubled, even tripled from five years ago. Not many contractors are willing to take on new jobs.

Then there are unknowns, which lead to unexpected costs, such as the discovery of bad soil underground during the initial phase.

"You can't just dig it out," Lee said. "You have to put in good soil to fill in the hole for the ground. We had to dig deeper and lay 380 of steel piling for the engineering, to make sure it's done right."

That bad soil ordeal cost an additional \$5 million for soil export and import, and delayed the project for five months.

Change of plans

Lee's change of plans to build the first high-rise in Tukwila posed instant difficulties.

The Lees' original idea was to build apartments only. "It doesn't make any sense financially to build three or four stories of apartments," he said. To expand on his idea, the hotel concept came up.

No bankers wanted to finance hotels other than in Seattle.

Although the city of Tukwila has developed a 15-year-old plan to implement housing density around Southcenter, the height of new housing developments is set only for seven or eight floors, according to Mayor Allan Ekberg.

When a zoning change was required, Lee had to go through lots of red tape, paperwork, and lobbying to convince the City Council to agree to his plan.

Already, there are two brand name hotels on the same street, where the new hotel is located. Lee argued that the presence of the other hotels reflects the strength of the market. Now, his hotel stands out among his competitors, because of its size and height.

Changes in Tukwila

"Before Lee's hotel, there was virtually no housing around the mall radius," said Ekberg.

"Our region needs more housing. We want Southcenter to be a place for work, entertainment, shopping, and to live. Omar's building is not only the first (to provide housing), it's the biggest, tallest, and anchor of the area." Ekberg attributed Lee's building as the catalyst for two more housing projects around Southcenter.

Hotel Interurban's location is central — it's a 14-minute walk to Westfield Southcenter Mall, 2.8 miles to Sea-Tac Airport, and light rail. Also, it is within walking distance (less than a mile) to the Sounder Train station via a newly-built bridge across the Duwamish River. Tukwila has a population of close to 20,000, and with an area of close to 10 square miles.

Despite the challenges, Lee is happy that he's now spurred other developments in Tukwila. "I might be gone, but the building will remain for a long time. That's our legacy. Our project is a game changer for others to follow."

*Hotel Interurban is located at
223 Andover Park E, Tukwila.
For more info, go to hotelinterurban.com.*

*Airmark Apartments is located at
229 Andover Park E, Tukwila.
For more info, go to airmarkapartments.com.*