



PUGET SOUND BUSINESS JOURNAL | Anthony Bolante

COUNTER-MOVES: Henry Liebman, in his office adorned with a painter's view of the Seattle Sodo district he has helped reinvent, has dramatically picked up the pace of property development during the U.S. real estate downturn. The money comes from foreigners seeking permanent U.S. residency under a special green card investor program.

Global money magnet

What real estate slump? Seattle's Henry Liebman has pulled in \$700M from overseas investors to build an empire with few rivals. See page 18.

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While others hesitate, Henry Liebman picks up pace

Seattle developer reshapes Sodo and expands empire with cash from immigrant investors

By JEANNE LANG JONES
STAFF WRITER

To build a real estate empire through boom times and busts, you can be a tech billionaire like Paul Allen.

Or you can tap the money from overseas. That's how Henry Liebman did it.

Henry Who?

Starting with just a fraction of Allen's fortune, Liebman has parlayed foreigners' cash into a 50-acre Seattle real estate empire that now rivals Allen's 56-acre Vulcan Inc. holdings in size.

And the nation's real estate meltdown has only speeded Liebman's pace as CEO of Seattle's American Life Inc.

Liebman, in fact, has been so successful at bringing in foreign money — nearly \$700 million, from more than 1,000 overseas investors — that he's inspiring copycats around the country.

"I'm not claiming it's rocket science," Liebman said, "but it does take some skill and application."

The story of how an obscure Seattle immigration lawyer became a land baron shows the value of a global outlook, a zeal for reading the fine print, an eye for opportunity and a willingness to endure controversy.

Fifteen years ago, Liebman used his knowledge of immigration law to set up American Life under a federal program

that grants U.S. residency green cards to foreigners who invest at least \$1 million in property developments or businesses that create 10 or more jobs (or, if investing in economically depressed areas, \$500,000).

Wielding the opportunity more skillfully than most, Liebman has marketed developments in Seattle's Sodo district and nine other areas around the state and nation to the affluent classes of Europe and South Korea, and more recently, fast-developing countries such as China. American Life's website is in five languages.

Most of those who invest, Liebman said, seek U.S. residency to obtain a better education for their children.

Liebman is not the only one tapping the green card program, known as "EB-5" after the section of U.S. immigration law that established the program in 1990. The foreign investments have swelled since the U.S. real estate slump began in 2007, during which the number of projects around the country rose eightfold, to more than 200, and the cash from abroad sometimes supplied a rare infusion of heat in frozen markets.

"The biggest thing fueling the growth of the program has been the capital crisis in the United States," said EB-5 expert Stephen Yale-Loehr, an immigration lawyer at the Ithaca, N.Y., law firm



BUSINESS JOURNAL PHOTO | Anthony Bolante

THE LONG VIEW: American Life's Henry Liebman, in front of an aerial photo on his office wall of Seattle's Sodo area, says immigrant cash enables a developer to "to take a chance not just on that building, but on building the neighborhood around it."

Miller Mayer and professor at Cornell Law School.

Each development that qualifies for green card investments must be approved by U.S. Citizenship & Immigration Services as promoting economic growth in a specified geographic area. Companies set up to channel the investments are known as "regional centers."

But the program's hot recent growth

is not necessarily a good thing; some projects have gone belly-up, leaving hapless investors with neither their principal nor a green card for their trouble.

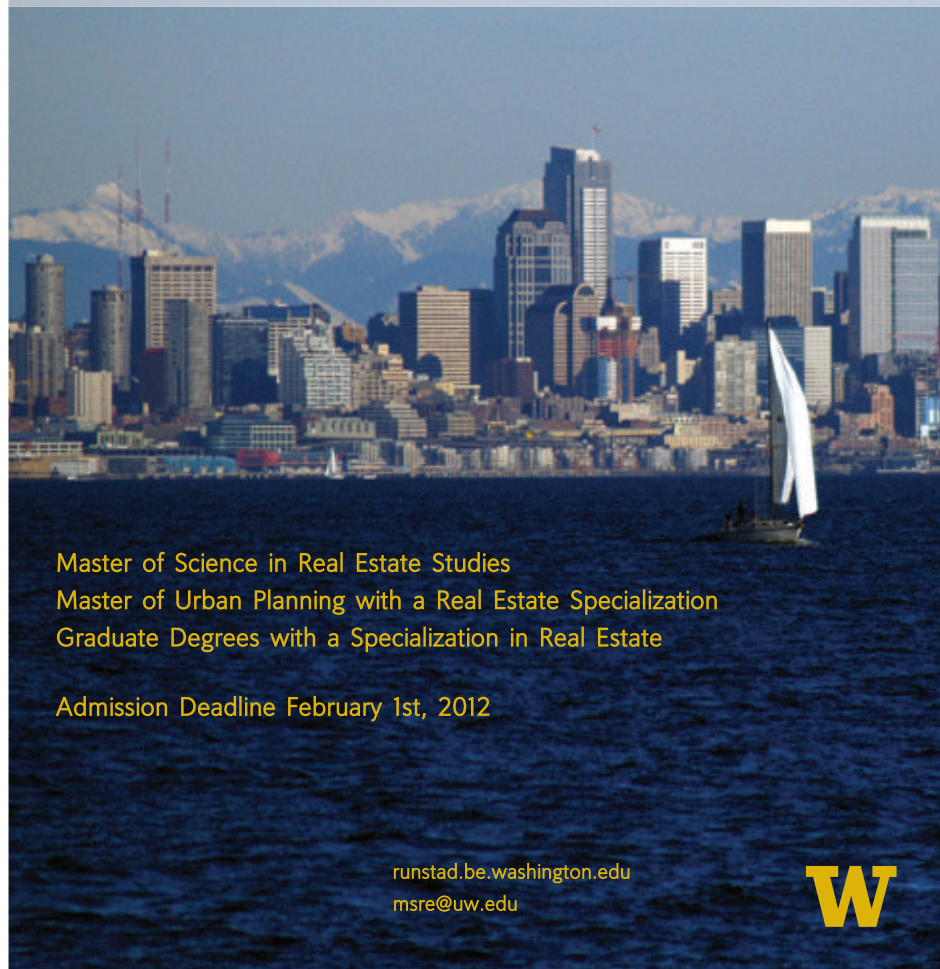
"Everybody and his brother has a regional center. It's like an epidemic," Liebman said. But he cautioned, "It's not so easy finding deals."

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Offering a chance at life in America

LIEBMAN | From 18

Liebman's American Life is one of the oldest and largest operators in the program. In the past four years, according to Liebman, the firm has more than tripled the number of immigrants it has brought to the United States (to about 1,000, from 303), while the amount invested in its projects has swelled to nearly \$700 million, from about \$150 million.

American Life has 2.3 million square feet of commercial property under management in Seattle. As American Life has mushroomed, Liebman's staff has doubled in size, to 30, including those skilled in construction, property management and accounting.

In addition to Seattle, American Life expanded with new regional centers in Everett, Tacoma and Lakewood. The company also now operates in Southern California, Atlanta, Miami and Buffalo, N.Y.

In Washington state, American Life has been joined by seven other EB-5 foreign investment companies (see sidebar, page 20), whose projects run the gamut from vegetable farming, wind farms and water-park hotels, to aerospace and biotech. One Seattle-based participant, Washington Regional Center LLC, has even bought \$47.7 million in state bonds with money from nearly 100 investors — mostly Chinese — to help pay for replacing the SR 520 floating bridge.

Other projects around the nation are often in alternative energy, but they can range from restoring wetlands habitat to investing in tech start-ups.

Because the EB-5 program is intended to

create jobs, federal immigration officials are trying to speed up the process by hiring more people to process applications for regional centers and the special visas. They are also setting up a team of consultants to work with regional center operators to make their projects more successful.

It's not easy to succeed, said Cornell's Yale-Loehr, who counts Liebman as one of the best in the program.

"Of the 200 existing regional centers," he said, "maybe only 10 percent are truly successful."

Regional center operators need to know how to market their projects overseas. They also need to secure the investment in a timely fashion and generate the required jobs within a set time frame.

"To set that up on an ongoing basis is very difficult," Yale-Loehr said.

Fickle industry

Liebman has learned a lot about the fickle nature of the real estate game over the years.

"One humbling thing," he said, "is you can come up with a concept and design a project for a particular class of tenants and, invariably, that is not what happens. The marketplace speaks to you and you have to adjust."

"You have to have the confidence," he added, "that even if you do not know who will come, somebody will come."

Seattle's Sodo neighborhood south of downtown has long been a low-density industrial, wholesale and warehouse hodgepodge dominated by the kind of businesses Liebman describes as "metal-benders."

American Life has had a big impact on the area as it renovated about three dozen aging industrial buildings.

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WAVING THE FLAG: Home Plate Plaza is an American Life project that will add 300,000 square feet of office space across from Safeco Field in Seattle..

BUSINESS JOURNAL PHOTO | Anthony Bolante



Garden Court - Seattle, WA - \$2,755,000



Amara Point - Seattle, WA - \$1,780,000



86th - Seattle, WA - \$588,000

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COMMERCIAL AND MULTIFAMILY LENDING



Sodo district is transformed

GREEN CARDS | From 19

Foreign investment allowed Liebman to take on riskier-than-normal projects in an unproven part of town, and to build them with cash rather than going into debt.

While it's not so difficult to get a loan when you're building for a specific signed tenant in an established neighborhood, Liebman said, to build a speculative project without a tenant "and to take a chance not just on that building, but on building the neighborhood around it — it needs more patient money from the lender."

Signs of Liebman's influence in Sodo aren't hard to find. Across from Safeco Field, the \$155 million Home Plate Plaza will add nearly 300,000 square feet of rentable space to the neighborhood when the pair of office buildings is completed in 2013. Nearby, American Life wrapped up construction in May on the \$55 million Stadium Innovation Center, adding 173,000 square feet of retail, commercial and light industrial space — with Elliott Bay views from decks on three floors.

Two miles to the south, near the old Rainier Brewery, American Life recently started construction of the \$33 million Urban Work Lofts and Storage phase II, another mixed-use complex whose offerings will include 865 self-storage units.

Liebman's projects have helped attract companies such as AllRecipes.com to the Sodo neighborhood. More recently, he's seen nightclubs move into the buildings

GREEN CARD INVESTMENTS, FROM GRAPES TO GIRDERS

Business activities in Washington state that range from growing wine grapes to selling bridge bonds are being funded by foreign investors seeking permanent U.S. residency through the federal EB-5 green card program.

NAME	LOCATION	ACTIVITIES
Aero Space Port International (ASPI) Group	Moses Lake	Development of space port, data centers, residential
American Life Inc.	Everett, Lakewood, Seattle, Tacoma	Property development and management
Eastern Washington Regional Center	Kittitas County	Wind farm, indoor water park
Farm for America	Benton, Chelan, Douglas, Grant, Franklin, Klickitat, Okanogan, Walla Walla and Yakima counties	Farming wine grapes and vegetables
Path America Sonoco LLC	Snohomish County	Biotech and alternative fuels manufacturing and research, property development and management
Twin Development LLC	Seattle	Property development and management
Washington Regional Center	King, Pierce, Thurston, Grays Harbor, Mason, Lewis and Pacific counties	SR 520 Bridge reconstruction bonds
Western Washington Regional Center LLC	Snohomish, King, Pierce and Kitsap counties	Real estate, construction, retail, professional, scientific and technical services
Whatcom Opportunities	Whatcom County	Retirement facilities

Source: U.S. Citizenship and Immigration Services, company websites

along First Avenue South, replacing some of the home-furnishings companies that still populate the district.

Critics complain Liebman's projects have driven up property values and driven out the manufacturing businesses that used to thrive in Sodo. Moreover, they point out the lack of sidewalks and bus service to match Sodo's redevelopment.

"Who pays for these infrastructure changes?" asked Dave Gering, executive director of the Manufacturing Industrial Council of Seattle. "If you think this is the future garden spot of Seattle, the facts on

the ground will tell you it's not."

Liebman says the changing nature of Sodo is the result of market forces. Some say he is the market.

Without Liebman, "there would have been a whole lot of nothingness" in Sodo, said Mike Perringer, president of the Sodo Business Association.

Liebman has taken old buildings and turned them into something modern and useful, said Perringer. These changes likely would have occurred anyway, but Liebman sped up the renovation of the neighborhood, Perringer said.

The redevelopment of Sodo is inevitable, Liebman believes, now that Seattle's South Lake Union — once a similar bastion of small industrial businesses — is so built out.

"This is the only spot left," Liebman said.

Then, too, the teardown of the Alaskan Way Viaduct is changing traffic patterns, routing more traffic through Sodo and making it harder for 53-foot-long trucks to pick up and deliver goods to the area's remaining industrial businesses.

In coming years, the development of the most northern portion of the Century Link Field parking lot will bring hundreds of new residents to Pioneer Square. They will need services such as a big grocery store, said Liebman.

He would like to see an even wider range of projects allowed in Sodo, but says he won't be at the forefront of advocating for change any longer.

"I've broken my pick on this for a long time," Liebman said. "I can't be the leader for this. Other people have to see it. I have so much land, I can make the case but it would be seen as self-serving."

But he added — with a bit of a twinkle in his eye, "I can be right, and be self-serving."

Liebman's expansion of American Life has been particularly rapid in recent years. He has moved beyond renovating aging industrial buildings, to building hotels such as the Courtyard by Marriott hotel in Seattle's Pioneer Square.

The green card program is set to expire next year, Liebman expects it will again be renewed, but he and other participants would like the program made permanent.

"It would make it a lot easier to invest in and would increase the amount of money coming into this country," Liebman said.

The University of Puget Sound law graduate puzzles a bit about the turn his life has taken since he started American Life.

"I never had an inclination this would happen to me. I was a lawyer. I did OK. All of the sudden I was thrust into this position," Liebman said. "Now people from all over the country call me.

"That's a change that's been pretty interesting and fun," he added. "I wouldn't be doing it if it wasn't fun."



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