



The newly completed Drake Building is the Barkley Company's first foray into residential properties. The mixed-used building features street-level commercial space, parking garage and 36 condominium units.

Anatomy of an urban village

Barkley plans for residential in a 'big way'

By John Kinmonth

INITIALLY PLANNED AS an extra site to store Alaskan seafood and local agricultural goods, Bellingham's Barkley District could hardly be further from its original vision.

Purchased in the mid-1970s by the Talbot family – who also own Bellingham Cold Storage – the approximate 250 acres just east of I-5 has evolved from a destiny consisting of frozen salmon and crabmeat to a reality of being one of the flagship “urban villages” in the region.

After a few planning misfires for the property, the Talbot Real Estate company welcomed aircraft interior manufacturer Britax (now Heath Tecna) in 1988 as its first tenants. From there, the concept of an urban village evolved into its present form as the Barkley District, which includes every-

thing from a shoe store to the massive 650-employee Olympic Health Management.

With only about 20 percent of the property developed, Barkley Company President Jeff Kochman says not to expect the area to be finished any time soon.

“As each project was developed the big picture was always kept in mind.”

Jeff Kochman,
Barkley Company

“The Talbot's are not looking to get this done overnight,” he said. Kochman cites the fact that they're not looking

to sell parcels as one of the reasons for the gradual development of the overall property.

“We aren't selling the land, we're using internal resources to develop it,” he said. John Arrigoni, Barkley Co. vice president of leasing and property development, sees this as a strength in terms of architectural design standards, which includes using brick and stone and avoiding setting buildings back from the sidewalks.

“As each project was developed the big picture was always kept in mind,” said Kochman.

Despite success in attracting a variety of commercial clients including the new People's Bank Financial Center, the Barkley District is still lacking an important ingredient that makes an urban village an actual village: people who live there.

But, according to Kochman, that's about to change.

AREA REPORT

"We are going to do residential in a big way," he said. "But, we have to be smart about it."

POPULATING THE URBAN VILLAGE

With the residential and commercial market slowdown largely affecting the country and also the region to a lesser extent, Barkley developers are cautiously making their first foray into the housing market with the newly completed Drake Building.

The five-story Drake Building on Newmarket Street offers 36 residential units above 6,000 square feet of ground-floor retail and office space and a second-story secured parking deck. According to the company Web site, seven residential units have been sold and one additional sale is pending.

While the Drake Building offers only studio and one-bedroom condos, the Barkley Co. has another residential project in the works that promises more variety. According to Kochman, the Cornerstone Building is currently in the permitting process with the city of

Bellingham and will feature 70 residential units including two-bedroom condos and approximately 10,000 square feet of retail space on the ground floor. Situated on the corner of Newmarket and Barkley Boulevard across the street from the Drake Building, construction

"We're busiest Monday through Friday and I think that's unique for a retail store."

Andrea Evans,
Apple Yarns

on the Cornerstone is expected to start sometime this year.

As far as breaking ground on a large residential building in the face of a market slowdown, Kochman said they're conservatively moving forward.

"The market's not blazing," he said. "We could see it coming, but we still wanted to go forward with the Cornerstone."

In the long-term, the Barkley Co. plans to add significant residential development mostly in the form of condos and apartments with some additional single-family homes on the eastern edge of the property near existing neighborhoods. Mixed among the residential housing would be ground-floor retail such as coffee shops. The idea, according to Kochman, would be to create "nodes of activity" away from the commercial core of the district. These nodes should be within a five-minute walk or about 600 feet of each residence, he said.

"Residential is a big deal for us," said Kochman. "Where some developments typically work on the residential first and then the commercial, ours is the reverse."

The vision of more residential development is consistent with the city of Bellingham's current growth plan, which designates the Barkley District as an urban village that is prime for additional population infill. And, unlike many of the sites chosen by the city for high-density infill, the Barkley District only has one owner.

"In our case we have enough sensitivity and interest to retain ownership long term," said Kochman.

While the vision for the property includes considerable residential in the future, there are currently no concrete plans beyond the Cornerstone for additional housing.

"You have to walk before you can run," he said.

FINDING COMMUNITY IN COMMERCIAL DEVELOPMENT

Emerging from an age where active corporate business parks are rarely found in mixed company with retail storefronts, the Barkley District is trying to create a community feel amongst its varied tenants.

"As deals come to us, we figure out how it fits into the mix," said Kochman. "A strong part of what we're focusing on is community."

After opening in August 2007, Apple Yarns owner Andrea Evans has seen a symbiotic relationship between her store and some of the larger commercial tenants of the district such as accounting and consulting giant Moss Adams, who employs 90 at their Barkley location.

“We get a surprising amount of drop-in traffic,” said Evans, who employs four. “We’re busiest Monday through Friday, and I think that’s unique for a retail store.”

For a self-described destination store, Evans attributes this anomaly to workers on their lunch break from her fellow Barkley businesses.

“I get the business workers such as the people from Heath Tecna,” she said. Evans, whose picture adorns the sides of Whatcom Transit Authority buses in a Barkley District marketing effort, said she chose Barkley for its proximity to her own home in nearby Silver Beach.

“I wanted my kids to be able to ride their bikes to the store,” she said. “It



The Dahlia Building, on Barkley Boulevard, is home to a Washington Mutual branch, offices for Olympic Health Management, retail stores and a real estate office.

was just a natural extension.”

Evans said she was also attracted to the location due to the overall “feel” of it.

“I wanted a certain atmosphere,” she said. Evans liked certain design touches such as the well-manicured flowers as well as the perceived safety,

which she said appeals to some of her demographic.

“I’ve got ladies easily into their 70s driving to my store,” she said. Evans said her clients also like being able to combine a stop at Apple Yarns with grocery shopping at the nearby Haggen or visit-



Barkley Company Vice President John Arrigoni (L) and President Jeff Kochman anticipate big things for the future of this urban village.

ing the Starbucks around the corner.

The diversity of the Barkley District is seen in having a specialty shop such as Apple Yarns within walking distance of the district's lone industrial plant and original tenant Heath Tecna.

Pre-dating the Talbot's urban village concept for the property, aircraft interior manufacturer Heath Tecna has seen the landscape literally transform from empty fields to brick facades and financial firms. With approximately

525 employees, a quarter of whom are in production, Heath Tecna is the second largest employer in the area behind Olympic Health Management.

Janet Kloos, Heath Tecna's human resources director, said the changes have been largely favorable.

"There's increased traffic, but that gave us a bus route out front, which helps some of our employees," she said.

As Barkley Co. seeks to add more high-density residential in the future, Kloos thinks Heath Tecna would still be compatible with the development.

"I think people would be surprised that they're living next to an industrial plant," she said. Kloos doesn't see the need for a move anytime in the near future.

"We could expand our production capacity without having to add-on or move," she said. "We currently only do two shifts of production; we could go to three." Plus, Kloos said there's an additional benefit to being so close to the half-dozen restaurants in Barkley Village.

"We don't have to go as far to find lunch," she said.

Other community-oriented features include the planned addition of a satellite branch of the Bellingham Public Library in the ground floor of the Drake Building. The site will include a selection of books and a drop-off box. There's also been talk of a Whatcom Transit Authority transit hub being placed in Barkley as a means to relieve traffic congestion, according to Kochman.

FILLING IN THE GAPS

Besides the new Cornerstone Building, the Barkley Co. is interested in filling in the gap between Barkley Village – the Haggen Food and Pharmacy-anchored cluster of shops and restaurants – and the main Barkley office buildings along Rimland Drive. They are looking to build an additional 150,000 square feet of retail space along Newmarket Street, connecting the existing storefronts of Barkley Village to the office buildings.

To attract new stores, Barkley Co. has a local advertising budget. However, to draw attention from national and

international businesses, they rely on their membership in the International Council of Shopping Centers and also word-of-mouth amongst the international brokerage community, according to Arrigoni. But at this point, with the majority of available commercial space leased, Arrigoni pointed out that they don't have to work too hard to be noticed when a business is looking to relocate to Bellingham.

"If a business comes to Bellingham, they consider Barkley," he said. With a conservative business plan for new commercial buildings, Arrigoni said they typically like to have one main anchor tenant before breaking ground on a new building.

"About 75 percent capacity is where you break even," added Kochman. According to Arrigoni, convincing tenants to sign on before seeing a building can be tough.

"It's difficult to lease a piece of dirt, but we have a proven product," he said. One difference between Barkley and other shopping centers throughout the nation is that the Barkley Co. refrains from using brokerage firms to make deals with potential business tenants.

"We broker our own deals," said Arrigoni, citing that the tenants they deal with end up being their neighbors. And, with the area's largest employer Olympic Health Management going through an extended merger with Sterling Life Insurance and currently hiring for positions across the board, Barkley Co.'s neighbors are frequently looking for more room.

Rather than looking at other developments to satisfy growth needs, Olympic Health Management's 650 employees are now spread between four buildings in Barkley: the Olympic Building, the Dorothy Hagen Building, the Dahlia Building, and the Medical Center.

"We have the ability to make room for tenants when they expand or grow," said Kochman. "We've done that now more than 20 times."

According to Liz Bardon, Olympic communications coordinator, the company doesn't expect to have to relocate as they continue to grow.

"It would depend on the space needs, but if they're met, I think we're comfortable here," she said.

NEW KIDS ON THE BLOCK

Seemingly out-of-place amongst Barkley's professional core, the U.S. Drug Enforcement Agency recently chose Barkley as the location of their regional headquarters, replacing the current Blaine facility. The 20,000-square-foot, two-story building will be located near Heath Tecna on Barkley Boulevard. The DEA is planning on moving in sometime in April.

Besides the DEA, Ron Moreno DDS and Schmidt Orthodontist are also planning on moving to Barkley in a new two-story building by next summer. A new chiropractic clinic is also expected to make a debut sometime this year.

The new People's Bank building, the mixed-use Laurel Building, and a new office building for Westcom Properties are also new additions to the Barkley corporate landscape.

But, as the Barkley Co. continues

to move forward with their long-term vision for the Talbot property, they are hoping that the residential property will match the commercial success in order to avoid what Kochman called "dead zones," which he described as "an area where everybody goes home after the day is over." With the current stunted residential market, Kochman said they would continue to be cautious and try to "respond to the market."

"You have to watch what's going on in the world," he said.

While the market might continue to change, this urban village has already far exceeded the original vision for the property. From frozen seafood to forward-thinking development practices, the Barkley District has proven its flexibility throughout its multi-decade history, a trait that the Barkley Co. hopes will continue to serve it well as the face of Bellingham changes in the decades to come. ■