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Nat Levy
Real Estate
Reporter

Real Estate Buzz: Lobsang Dargey gets OK for Kirkland project

By NAT LEVY
Real Estate Reporter

Developer **Lobsang Dargey** won a key court decision earlier this month that will let him move forward with a lakefront project in Kirkland.

A King County Superior Court judge ruled that he can build Potala Village at 10th Avenue South and Lake Washington Boulevard Northeast with 143 units and ground-floor retail as he proposed.

Dargey applied for a shoreline substantial development permit with those specifications, but neighbors didn't like the project. The city then adopted more restrictive zoning that would allow only 58 units on the site, and argued in court that because he hadn't yet applied for a building permit, he could be

forced to change the project size.

Dargey said in an interview this week that he will talk with the neighbors and could downsize the project somewhat, but he has spent two and a half years on this and wants to get going. "At the end of the day, even though there is strong disagreement with our development, I am trying to compromise as much as possible with neighbors."

He wants to start construction this year.

Studio 19 Architects is designing the project.

Dargey's patience and temperament reflect his life story. He was raised in Tibet and grew up on a family farm with no electricity. He later studied to become a buddhist monk.

When Dargey came to the U.S. in 1997 he spoke little English, but through hard work he has achieved his version of the American dream.

He lived in Seattle first, and spent some time in New York before returning to Seattle in 2000. He worked at Sprint until 2007.

His first experience with American real estate came when he and a friend flipped a house in Green Lake. They bought it for \$150,000 and sold it two years later for \$400,000.

Dargey started looking for larger projects, first in Everett because prices for property there were so much lower.

"In places like Seattle you have to have a lot of money to make money," he said. "When the cost is already really high, you can't make money out of that."

For his first project, Dargey bought the Everett Public Market at Grand Avenue and California Street in 2006 for \$2.5 million. He did a renovation and created spaces for smaller tenants to avoid the risk of having a single large tenant.

Two years later he bought a more than 90-year-old building at 3006 Colby Ave. for \$2.4 million. It was the former home of Henry Cogswell College. Dargey renovated it and leased it to Chicago Title Insurance Co.



Photos courtesy of Studio 19 Architects [\[enlarge\]](#)

Construction has started on Pagoda Village Everett, which will have a year-round indoor farmers market, 220 housing units and a 110-room hotel.

His first ground-up project was completed in 2011: Potala Village Everett at 1315 Pacific Ave. The 108-unit mixed-use complex has 15,000 square feet of retail.

Dargey said this project was hard. Just as he was closing on the loan, the economy collapsed, so rents fell and he had a tough time finding retail tenants.

“I never realized that the economy was going to go that bad,” he said.

Everett's market hasn't recovered like Seattle's, Dargey said, and he thinks it could be years before Everett starts growing again.

He has leased retail space in Potala Village to Subway, a medical clinic and a Mexican restaurant.

Dargey said he wants to expand his reach. After completing Potala Village Everett, Dargey switched his financing source to EB-5 visas, which allow people to obtain permanent visas and a path to citizenship if they invest \$500,000 in a qualifying real estate project. He changed his company name from Dargey Enterprises to Path America.



[\[enlarge\]](#)

Lobsang Dargey can go ahead with this apartment complex in Kirkland, but he said he is talking with the neighbors about redesign some aspects.

He has started building his first EB-5 project and it's ambitious: the \$63 million Pagoda Village on Grand Avenue and Wall Street in Everett. It will have 220 units above a year-round farmers market. There will also be a 110-unit Hampton Inn by Hilton.

Studio 19 Architects is also designing that project. Completion is expected by the end of next year.

Dargey is working to get approval to build EB-5 projects in King and Pierce counties, and may have another project to announce later this year.

Wood Partners likes Seattle's prospects

Wood Partners recently sold the 91-unit Jasper by Alta in Wedgwood — the company's first Seattle project — for \$29.4 million, and plans to reinvest in other properties.

The buyer was Calfox Inc., a San Francisco real estate investment company that also bought The Landes apartments on First Hill last year.

Wood Partners opened a Northwest office about three years ago and is looking for its next project. **Steve Yoon**, vice president of development for the Northwest office, didn't drop many hints, but did say the company is looking all over the region.

“Ideally, we like to do projects near transit in urban areas,” he said. “But we would be willing to explore other projects in other areas. We don't want to limit ourselves to one type of product.”

The company's other active project — a 27-story apartment tower at Third and Cedar — is under construction and should be complete next summer, with 298 units, mostly 600- to 700-square-foot one-bedrooms.

Hewitt is designing that project and Anderson Construction is the general contractor.

Wood Partners has offices in 16 U.S. cities, and Yoon said Seattle is among the strongest. The company likes the job growth here and high demand for housing in the city. People come here for the jobs, but they stay for the entertainment and vibrancy of the region, Yoon said.

That's why Yoon said he's not worried about overbuilding. With software giants like Microsoft and Amazon, he said there will always be a healthy supply of new residents and they have to live somewhere.

The company's Northwest office is also doing projects in Portland, including a two-building complex with Hoyt Street Properties in the Pearl District. It will have a 16-story building with 210 units and a five-story building with 70 units. Construction is expected to begin by the end of this year.

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