

From the Puget Sound Business Journal:

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R.D. Merrill has a strategy for the ages

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Imagine if everyone in the United States – about 330 million people – were over the age of 65. That's how large the senior population in China will become over the next 30 years, said Bill Pettit, president of R.D. Merrill Co., the parent company of Merrill Gardens, which owns and operates 33 senior communities in eight states.

Merrill Gardens is now pursuing the huge opportunity presented by the demand for senior housing in China.

The Chinese government invited R.D. Merrill and other select senior housing operators to come there seven years ago to help it introduce modern senior housing.

After opening an office in Shanghai in 2011 and spending several years consulting with Chinese senior housing providers, Merrill Gardens has contracts to manage two communities — one in Harbin with 215 units and one in Guilin with 80 units.

The company's first joint ownership venture – 153 units developed in partnership with China Railways – will open in October in Guiyang. More joint ventures will follow.

"We envision (launching) China very similarly with how we launched Merrill Gardens here in the U.S.," Pettit said. "I don't know that China will ultimately be any bigger ... but certainly we'll be looking for the same kind of quality characteristics in China that we have evolved here."

R.D. Merrill is also busy back home. The Seattle company's development arm, Pillar Properties, recently announced a joint venture with Innovation Realty Partners to develop phase one of the Sammamish Town Center, an ambitious vision for the community's business district based on a city of Sammamish master plan.

Although half a world apart, the expansion in China and the Sammamish Town Center partnership share the ideals of the company's founder, Richard Dwight Merrill, who launched the business as a timber company in the 1890s.

Family-owned R.D. Merrill Co. still owns and manages 25,000 acres of timberland in Western Washington and British Columbia. The evolution into a diversified holding company began in 1993 with the founding of Merrill Gardens. The company launched Pillar Properties in 2010 to develop apartments and town centers and take over the development side of Merrill Gardens. R.D. Merrill Co. had \$281.2 million in revenue last year, including both Merrill Gardens, Pillar and the company's other holdings.



ANTHONY BOLANTE | PSBJ

R.D. Merrill Co. President Bill Pettit stands at the Merrill Gardens property in North Seattle that combines both senior living and regular residential units.

“R.D. Merrill Co. is a great example of being in one industry, never leaving that industry, but migrating the same principles of investment, commitment to quality and long-term vision into other fields,” said Pettit, who runs the organization as a non-family member. “We’ve developed over \$2 billion in real estate, but we’re only developing what we want to own long-term.”

Focusing on future generations is important for R.D. Merrill, but that doesn’t always mean forever. A shift in market strategy led Merrill Gardens to sell dozens of senior housing communities between 2007 and 2013. That set the stage to focus on developing a new breed of senior housing communities with more types and sizes of units on sites closer to urban cores with stores, restaurants and other amenities within walking distance.

That also created an opportunity to develop town centers with housing for all ages and shopping, dining and jobs right outside the door. The company’s town center projects in the University District, Kirkland, Ballard and Burien made it the first choice of Innovation Realty Partners to develop Sammamish Town Center.

Although the timing initially wasn’t right for Merrill, Innovation Realty Partners didn’t rush to find someone else.

On May 17, two years after first talking, the companies signed a deal to develop 500 apartments, 24 town homes and 100,000 square feet of retail on 9 acres of phase one. They also will develop a Merrill Gardens senior housing campus in phase two and may

continue to work together in future phases.

“Bill Pettit and I see the world the same way, so our companies see the world the same way — legacy assets, high quality and always cutting

the square corners as we go through this,” said Matthew Samwick, operating manager for Innovation Realty Partners.

R.D. Merrill Co.

Founded: 1890

President: Bill Pettit

Lines of business: Pillar Properties, Merrill Gardens, [Merrill Gardens China](#) and some timber holdings

Revenue

R.D. Merrill: \$281.2 million (includes revenue from Merrill Gardens and Pillar)

Pillar: \$68.7 million

Merrill Gardens: \$198.4 million

Employees

R.D. Merrill: 10

Pillar: 70

Merrill Gardens: 1,978

Family member employees: 3 — Charlie Wright, chairman; Cole Wright, senior vice president, R.D. Merrill Co. and managing director, China; Kyle Reiter, vice president of operations

Lessons Learned

Take a quality-first approach to building businesses. Be patient, build the right culture around the right people and place quality ahead of pace of growth.

Be aware of the power of a disciplined culture and how it permeates every aspect of the team and the mission.

Value integrity demonstrated through the practice of “doing what is right” regardless of what any contract says. It builds long-term business relationships strengthened through trust and confidence.

Editor's note: This story has been updated to change the acreage of timber that R.D. Merrill owns to 25,000 acres.