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Amazon's people will fill up 11 buildings in trendy area

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Office workers break for lunch at the Whole Foods Market on a rare warm February day. On their way back to work, they chat over the growl of jackhammers, dodge around closed sidewalks and look up at cranes that swing over construction sites.

Welcome to one of the few bright — if noisy — spots in the economic landscape of the Puget Sound area. The South Lake Union area of Seattle seems almost immune to bad news.

This is the home of the new Amazon.com Inc. headquarters, an urban campus of 11 buildings that will house thousands of Amazon employees now scattered over five different sites.

The project is on schedule, according to Amazon and Vulcan Real Estate officials. Next year employees are to begin moving into the buildings now under construction, representing about 400,000 square feet of space.

Another phase of construction breaks ground in March, and the entire 1.8 million-square-foot campus is to be completed and occupied in 2011. Amazon, a company spokeswoman said, has no intention of backing off on the schedule.

"We are still moving ahead with our plans to begin moving there in 2010," spokeswoman Patty Smith said.

Vulcan is the real estate arm of billionaire Paul Allen, Seattle Seahawks owner and co-founder of Microsoft. He owns about 60 acres in the South Lake Union area, which he has steadily acquired over the last two decades.

Amazon agreed to pay as much as \$1.5 billion in leases over 16 years if it occupies all 11 buildings, the Seattle-based online retailer said in a 2007 Securities

and Exchange Commission filing. The company's current headquarters is located on Seattle's Beacon Hill in the historic brick Pacific Medical Center tower, which it will vacate next year.

Inside the hushed interior of Vulcan's South Lake Union sales office, Rob Arron, senior director of real estate, flicks his laser pointer around a scale mockup of the new Amazon campus. The seemingly random construction going on outside begins to make sense.

Phases 1 and 2 are due to open in May 2010. Phases 3 through 5 will open on a rolling schedule through 2011. When all the phases are built, 1.7 million square feet of office and 97,800 square feet of retail space — which is yet to be leased — will have been created.

It's good news for the city and the area in general, said Jesse Ottele, a vice president of CB Richard Ellis in Seattle who specializes in office leasing and is familiar with the project. The Amazon deal, he said, was the largest signed lease of any collection of properties in the Seattle area last year.

Listing the Who's Who of tenants already in the South Lake Union area — Microsoft Corp., Fred Hutchinson



VULCAN REAL ESTATE RENDERING

PHASE II: This building is under construction at Boren Avenue and Mercer Street.

Amazon rises

After agreeing to pay up to \$1.5 billion over the 16-year lease term, online retailer Amazon.com Inc. will occupy a new urban campus to be built in five phases on a streetcar line in Seattle's South Lake Union neighborhood.



Cancer Research Center, clothing retailer Tommy Bahama and Group Health Cooperative — Ottele noted that this zone between the downtown core and Lake Union is one of the tightest commercial real estate areas in Seattle.

Pulling the deal together was a major achievement for developers Vulcan and Schnitzer West, said Stuart Williams, principal with Pacific Real Estate Partners, a brokerage and consulting firm, who is familiar with the project.

Key to Amazon's agreement to locate in South Lake Union was the City Council signing off on lifting height limits to 160 feet — up from limits of 65 to 85 feet — in two of the six blocks where Amazon wanted to move. Once the City Council approved that increase, the deal was quickly made public in late 2007.

The first buildings to be occupied by local Amazon employees will be five stories tall, according to plans provided by Vulcan and the city. The later phases to

Amazon to pay up to \$1.5B

break ground later this year and in 2010 will include four 12-story buildings. In return for increasing the height limits, Vulcan agreed to build the taller buildings to tough environmental standards and pay \$6.5 million to the city's affordable housing fund.

"This really seemed to be an optimal location for them," said Nathan Torgelson, senior adviser to the mayor's office on community development issues. "It's unclear what they would have done if they hadn't gone here. They wanted a site that had potential for growth."



VULCAN REAL ESTATE RENDERING

PHASE III: Two five-story Amazon buildings will rise at Terry Avenue and Republican Street.



VULCAN REAL ESTATE RENDERING

COURTYARD VIEW: Visitors wander between the two buildings of Phase III of Amazon's new headquarters campus, which will include shops and restaurants open to the public and be connected to the urban street grid.

Not only will there be room for Amazon's 4,000 local employees at the site, but the company wanted the potential to accommodate 2,000 more employees at the same location, Torgelson confirmed.

Amazon rejected the idea of building a monolithic, suburban-style campus in an eclectic urban area such as South Lake

Union. Vulcan hired three different architects to design the buildings, Torgelson said, so they would all have a different character. The buildings will be connected to the street grid and include restaurants and shops open to the public.

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