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OFFICE

WASHINGTON MUTUAL TOWER

SEATTLE, WASHINGTON

PROJECT TYPE

A 55-story, 1.5 million-square-foot office tower, developed on a steeply sloping, full city block in downtown Seattle. The project incorporates a historic building into its base and also has direct links to a bus tunnel under an adjacent street. The building, which is 98 percent leased, was completed in April 1988.

SPECIAL FEATURES

- Public plaza and atrium
- Direct access to transit tunnel
- Views of Elliott Bay
- Inclusion of historic structure
- Skyscraper

DEVELOPER

Wright Runstad & Company
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206-447-9000

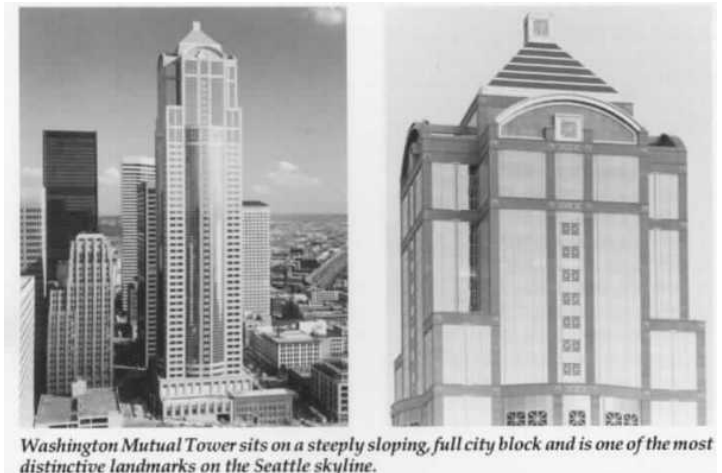
ARCHITECTS

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STRUCTURAL ENGINEER

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GENERAL DESCRIPTION

Washington Mutual Tower, a 55-story stone and emerald-glass office tower, sits on a full city block in downtown Seattle's financial district. While not the tallest building in Seattle, it is certainly the most distinctive, having been enthusiastically received by the community when it opened.

Washington Mutual Tower features 1,098,536 gross square feet of office space (1,012,620 net rentable area), 129,096 gross square feet of retail/atrium space, and 264,481 gross square feet of underground parking for 810 cars, sufficient for office tenants by day and the nearby Seattle Art Museum and other attractions on evenings and weekends. The developer and the local transit authority, Metro, worked together to create access to a transit station at the building for the mile-long bus tunnel running beneath Third Avenue. Despite a market downturn, the office tower achieved 95 percent occupancy within the first three years.

THE SITE AND DEVELOPMENT PROCESS

The 895-foot office tower at 1201 Third Avenue sits on a steeply sloping, full-block site. The Second Avenue side of the building is actually 35 feet lower than the main address on Third Avenue. With 55 stories and a six story rooftop structure, Washington Mutual Tower is Seattle's second tallest building; Columbia Seafirst Center, at 76 stories, is the tallest.

Located in the financial core of downtown and three blocks from the waterfront, the site offers both a strategically attractive location and commanding views. To the south and east of the site are several smaller office buildings. To the north is an entrance to the Seattle Metro transit tunnel and the future home for the Seattle Symphony. To the west is the new Seattle Art Museum and two low-rise buildings. Under a 23-year ground lease with the estate of the former owner, Wright Runstad renovated the latter two buildings, filling them with office and ground level retail tenants. This was done, in part, to upgrade the neighborhood and also to preserve the views of Elliott Bay for tenants of Washington Mutual Tower.

The building site was acquired over an eight-year period from 1978 to 1985. Planning and leasing started in 1985, with construction starting in October 1986. The project was completed in just 18 months, by April 1988.

The development concept for Washington Mutual Tower arose from three objectives: to create a new landmark for Seattle that would make a positive contribution to the skyline; to develop an office building that would command a premium in the market and outperform its competitors; and to meet the office space needs of the city's large, prestigious tenants.

At the time that Washington Mutual Tower was constructed, development controls for office development in the downtown area involved a density bonus system. The developer was permitted, as of right, to build 27 stories. It then was able to add 13 floors because of a \$2.5 million donation to build low- and moderate-income housing units, one additional floor for the on-site entrance to the transit tunnel, 3.5 floors for the public plaza and public atrium, two extra floors to compensate for nonrentable mechanical space, one floor for providing the daycare center, two additional stories that were lost to the sculptured rooftop, two floors for providing retail space within the building, and three stories for providing an outdoor public escalator—to help pedestrians climb Seattle's hills—and a garden terrace open to the public. A CAP (Citizens' Alternative Plan for Downtown Development) Initiative has subsequently restricted new downtown buildings to approximately 500,000 square feet, or one third the size of Washington Mutual Tower.

Washington Mutual Tower is owned by Wright Runstad & Company, the developer; Perkins Coie, the largest law firm in Seattle and the lead tenant; and a subsidiary of Deutsche Bank of Germany. The financing structure includes a significant amount of equity. Long-term debt, provided by Deutsche Bank Capital Group, is in place to the year 2003 at very favorable interest rates.

PLANNING AND DESIGN

Washington Mutual Tower, a modern building with classical references, was the first northwest building for New York architects Kohn Pederson Fox. The tripartite organization of the tower suggests a classical column with a base, a shaft, and a capital. A major challenge in designing the three-level base was to create a space that was open and inviting; the base features a formal entry on the east side of the building, followed by a series of transitions to the public atrium level, eventually arriving at the outdoor plaza on the west side of the building.

The historic 1910-vintage Brooklyn Building, with its Romanesque arches, is incorporated into this base structure and frames one side of the plaza. The tower itself was placed six feet south of center to allow the Brooklyn Building to retain its integrity and still be a part of the public space; this solution also was in deference to the owner of the Seattle Tower office building on Third Avenue, which was concerned with view blockage.

During construction, the north and west facades of the Brooklyn Building were held up by an elaborate steel truss while the rest of the building was demolished. A south facade was created to be a replica of the two remaining facades, and a foundation was poured underneath all the facades.

The basement walls of the tower are shotcrete, which involves spraying a dense mixture of concrete at high pressure to adhere to the vertical wall of the excavation. In this way, the 2.5-foot-thick walls were constructed in a substantially shorter period of time than the traditional method, which involves constructing timber forms beforehand.

The square base of the tower serves as a pedestal from which emerges a smaller square tower, which contains a cylindrical shaft. Toward the top of the building, the cylindrical shape and the corners are eliminated, revealing a cruciform shape, which is topped by a pyramid crown. The granite siding for Washington Mutual Tower was quarried in Brazil, cut into slabs in Italy, and fabricated in Tacoma, Washington.

Floor plates range from 17,000 square feet to over 29,000 square feet. In the years since the building was constructed, floor plates in Seattle buildings are being reduced in size to accommodate a somewhat smaller tenant on a full floor.

The 22 elevators at Washington Mutual Tower serve four vertical zones within the tower, and a separate elevator system connects the plaza levels with the garage. A trip from the ground level to the 55th floor takes approximately 24 seconds.

Seattle's transit authority, Metro, had been developing its mile-long bus tunnel beneath Third Avenue as Washington Mutual Tower was being constructed. The tunnel abuts the tower's foundation and has a station connected to the street level in the tower. Significant coordination was needed because of the adjacency of the construction; in fact, the developer provided an easement to the transit authority.

LEASING AND MARKETING

Washington Mutual Tower was 35 percent preleased prior to construction, 65 percent leased at opening, and achieved 95 percent occupancy approximately three years after opening. Currently the tower is 98 percent leased and has experienced a high rate of renewals. Originally called 1201 Third Avenue, the building was renamed Washington Mutual Tower when Washington Mutual Bank leased over 160,000 square feet in the tower. At that time, the entire building already had been 65 percent leased.

Since there were three other office buildings under construction in Seattle at the time Washington Mutual Tower was being built, and since the developers realized that the Seattle office market was deteriorating, an aggressive marketing program was employed to get the building leased quickly. The primary challenge was to gain market advantage by opening first. The developer was able to accelerate the entire development schedule, including construction; the tower was built in 18.5 months and opened a year earlier than any of its competitors. Two competitors, which opened in 1989, have only recently achieved 85 to 90 percent occupancy. The third competitor, which opened in 1990, remains at 65 percent occupancy. It is estimated

that Washington Mutual Tower commands a \$2 to \$4 premium per square foot over its competitors, largely due to the timing of its opening and its overall design quality.

The tenant roster has been very stable since initial leaseup because of initial long-term leases and a high percentage of lease renewals. The few tenant losses that have occurred since the five-year mark primarily have been caused by the lack of available space for tenant growth needs.

Retail and service tenants include a 7,627-square-foot restaurant, a 2,046-square-foot art gallery, an antique shop, a fitness center, and a child care center. The developer contributed space and all construction costs for the YWCA child care center. The center provides services on a sliding scale to make it available to the full income range of employees in the building.

The building also sponsors annual festivals and frequent lunchtime concerts in the plaza, and the atrium is often booked in the evenings with a variety of public and private events. The building has won numerous awards, including a 1994 ULI Award for Excellence. In addition, in March 1993 the tower was named number one in a "best buildings" poll of *Seattle Post-Intelligencer* readers.

EXPERIENCE GAINED

- Since the developer has planned to hold the property in its own portfolio, it did not offer any significant rent concessions to tenants, even though the building was competing with three other buildings coming on the market at about the same time. The lack of concessions did not put the project at a disadvantage.
- Although there are approximately 3,500 employees at Washington Mutual Tower, the developer did not anticipate fully the amount of pass-through traffic in the building, estimated at 17,000 foot-trips daily. The foot traffic results from a combination of Seattle's hilly terrain and its rainy weather, which encourages people to take escalators and elevators under cover rather than walking the hill. The result has been higher than expected maintenance costs.

PROJECT DATA

LAND USE INFORMATION

Site Area: 1.3 acres

Gross Building Area (GBA):

Office	1,098,536
Retail/Lobby/Common Area	129,096
Parking	264,481
Penthouse (mechanical)	<u>17,862</u>
Total	1,509,975

Net Rentable Area (NRA):

Office	1,012,620
Retail	<u>35,810</u>
Total	1,048,430

Floor Area Ratio: 19.7

Typical Floor Size: 17,146 to 29,947 square feet

Total Parking Spaces: 810

OFFICE TENANT INFORMATION

Percent of NRA Occupied: 98 percent

Average Annual Rents: \$21.77 per square foot

Average Length of Lease: 5 to 10 years

Typical Terms: Base rents subject to increases in operating expenses and taxes.

MAJOR OFFICE TENANTS

SquareFeet

Perkins Coie (legal)	175,466
Washington Mutual (bank)	166,000
Simpson Investment	47,000
Dain Bosworth (brokerage)	39,000
Stewart Title	30,000
Prudential Bache (brokerage)	21,000

RETAIL TENANT INFORMATION

Percent of GLA Occupied: 100 percent

Number of Tenants: 11

Average Tenant Size: 300 to 8,500 square feet

Annual Rents: \$16 to \$32 per square foot

Average Length of Lease: 5 years

Typical Terms of Lease: Base rent subject to increases in operating expenses and taxes plus percentage rent.

DEVELOPMENT COST INFORMATION

<i>Site Acquisition Cost:</i>	\$ 21,520,000
<i>Construction Cost:</i>	94,633,000
<i>Tenant Improvements:</i>	41,084,000
<i>Soft Costs:</i>	<u>25,875,000</u>
<i>Total Development Cost:</i>	\$185,690,000

Total Development Cost per Gross Square Foot: \$122.98

ANNUAL OPERATING EXPENSES (Estimate For 1995)

Energy	\$ 712,642
Cleaning	1,280,795
Electrical	67,550
HVAC	124,690
Plumbing	13,300
Other utilities	116,910
Elevators	311,915
General building	908,072
Administration (includes management fee)	1,252,839
Common area alterations	229,250
Other repairs	107,100
Insurance	151,979
Other taxes	220
Lighting retrofit amortization	190,592
Real estate taxes	<u>1,757,632</u>
Total	\$7,225,487

DEVELOPMENT SCHEDULE

Planning Started: 1985
Site Purchased: 1978 to 1985
Construction Started: October 1986
Leasing Started: 1985
Project Completed: April 1988

DIRECTIONS

From Seattle-Tacoma International Airport: Take Interstate 5 north to Seneca Street (left exit 165). Follow Seneca Street to Third Avenue. Building is on the northwest corner of Seneca Street and Third Avenue.

Driving Time: 20 minutes in non-peak-hour

The Project Reference File is intended as a resource tool for use by the subscribers in improving the quality of future projects. Data contained herein were made available by the Development team and constitute a report on, not an endorsement of, the project by ULI - The Urban Land Institute.

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DOCUMENT IMAGES



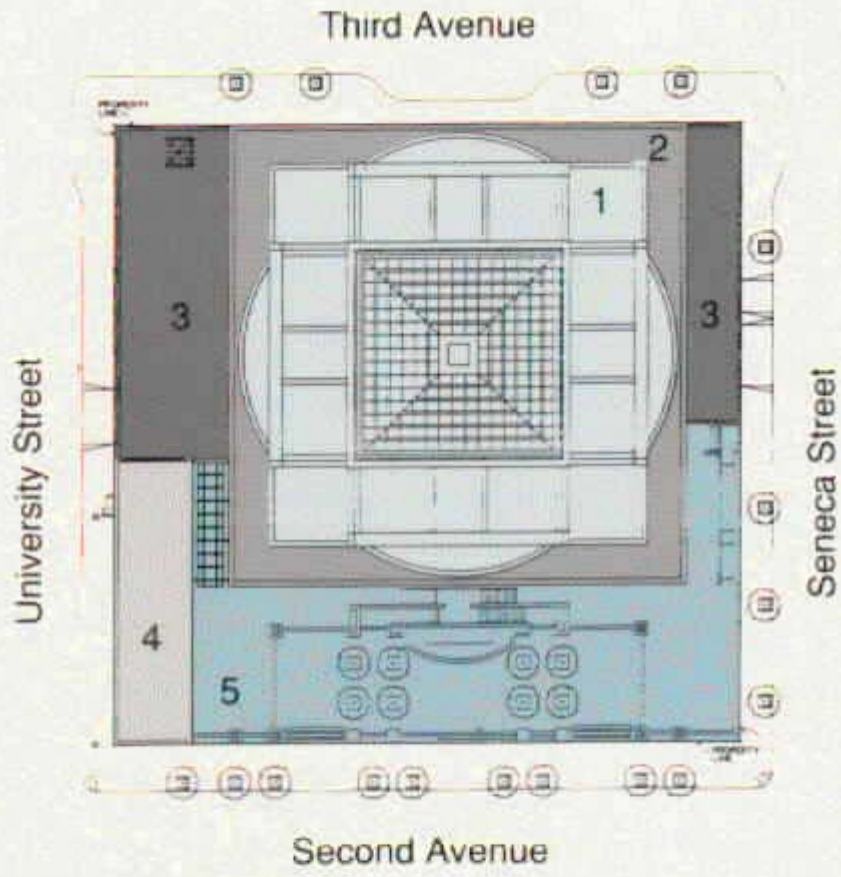
Washington Mutual Tower sits on a steeply sloping, full city block and is one of the most distinctive landmarks on the Seattle skyline.



A public plaza fronts on Second Avenue and is framed on one side by the historic Brooklyn Building.



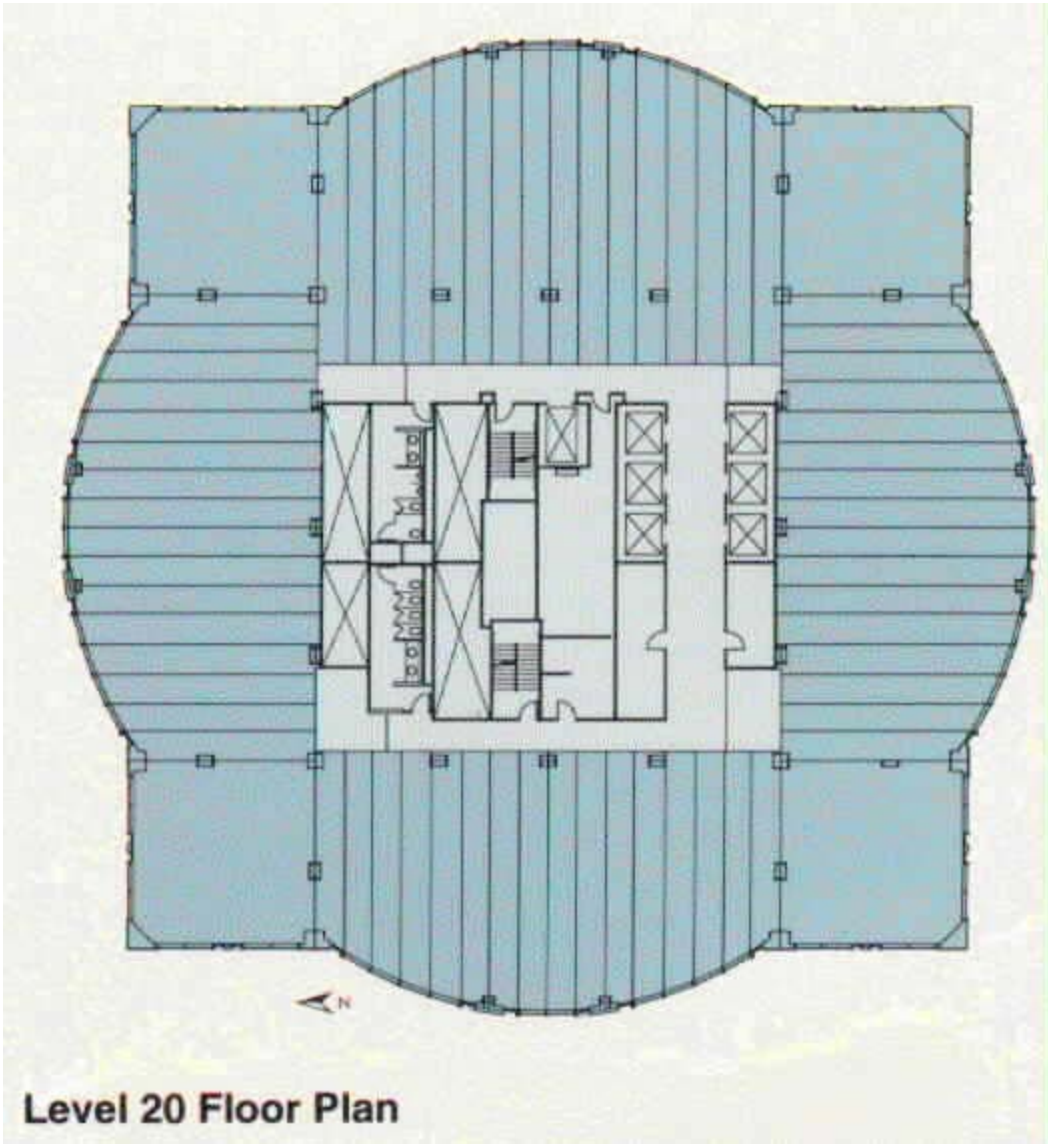
The facade of the historic Brooklyn Building was preserved, and the structure was incorporated into the base of the tower complex.



Key:

- 1 High-Rise Tower
- 2 Low-Rise Base Structure
- 3 Low-Rise Streetfront Structures
- 4 Historic Brooklyn Building
- 5 Plaza Areas

Site Plan



Level 20 Floor Plan



*Washington Mutual Tower
section looking north.*