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# BUSINESS

## ISILON, BLUE NILE PLANNING TO MOVE

### TO PIONEER SQUARE

New arrivals to boost historic neighborhood after loss of bookstore

BY ERIC PRYNE  
*Seattle Times business reporter*

Pioneer Square got a double dose of good news Friday.

Data-storage company Isilon Systems said it is moving to the historic neighborhood to accommodate anticipated growth. It has signed a 10-year lease for 140,000 square feet at Starbucks' recently completed 505 First Avenue South Building.

Online diamond retailer Blue Nile said it is moving to Pioneer Square as well, leasing 29,000 square feet in the Merrill Place building at 411 First Ave. S.

The new arrivals will provide a boost for the neighborhood, which suffered a blow last year when longtime retail mainstay Elliott Bay Books moved to Capitol Hill, said Leslie Smith, executive director of the Alliance for Pioneer Square.

"It's going to help us a great deal," she said. "We're drawing in a lot of people who have the energy to help rebuild the neighborhood."

Isilon's lease is for about half of seven-

story 505 First, which Starbucks began building in 2007 for its own expected growth. A year later, with its business slumping and employment shrinking, the coffee giant said it no longer needed the space.

It began seeking tenants or a buyer for the unfinished building and for 83 South King Street, a neighboring office building it had bought in 2006.

Isilon's new headquarters space is significantly larger than the 87,000 square feet it now leases at developer Martin Selig's 3101 Western building on the downtown waterfront.

"We are on a fairly aggressive growth plan," said Gwen Weld, a company vice president.

Isilon employs about 300 in Seattle, she said, and plans to hire about 200 more this year. The homegrown firm, which was acquired late last year by storage giant EMC, also has options to lease more space at 505 First and 83 South King, she added.

Isilon plans to move into 505 First in early October after the space is built out, Weld said.

Before Isilon, 505 First was more than 80 percent unleased. The building, completed last spring, was one of nearly a dozen office buildings in the greater downtown area that broke ground before the economy tanked, only to find tenants scarce and rents declining by the time the projects were finished.

Some now are fully leased, but others remain mostly vacant. Several have encountered serious financial troubles.

Isilon, which builds systems to manage large amounts of data, was founded in 2001 with money from Seattle venture capitalist Madrona Venture Group, among others. It went public in 2006, raising \$108 million.

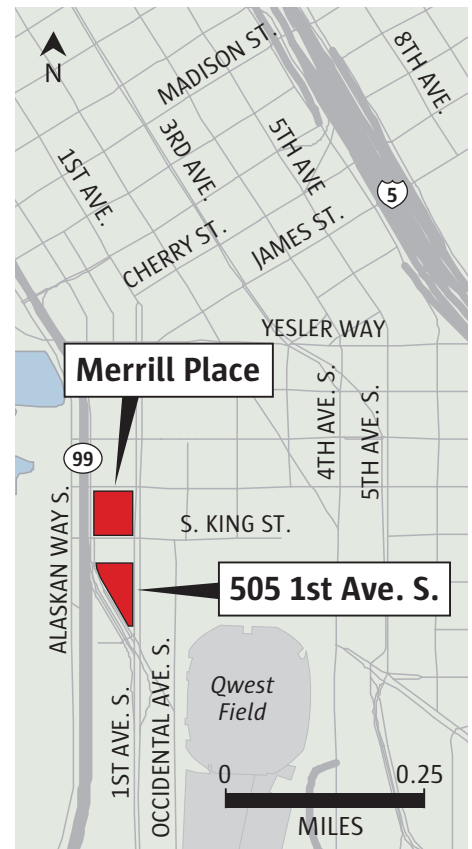
EMC acquired Isilon in November for \$2.25 billion cash.

Weld said Isilon was attracted to Pioneer Square by the neighborhood's look and feel, and by its abundant public transportation. The company also wanted a new building that isn't a high-rise.

The Isilon lease means Starbucks has filled about three-fourths of the nearly

## Two companies moving to Pioneer Square

Isilon Systems has leased half the new 505 First Avenue South Building. Blue Nile is moving to Merrill Place, a block away.



Source: ESRI, TeleAtlas  
A. RAYMOND / THE SEATTLE TIMES

500,000 square feet of unneeded office space at 505 First and 83 South King Street that Kinzer Real Estate Services of Seattle began marketing for the coffee

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company in 2008.

Other major tenants include online brokerage Sharebuilder, a subsidiary of Dutch financial-services giant ING, and Nuance Communications, a Massachusetts-based firm that makes speech and imaging software.

Blue Nile, with about 200 employees, plans to move to Merrill Place in April. Its headquarters now is at 705 Union Station, in the Chinatown International District.

“Moving to Pioneer Square places us in the middle of one of Seattle’s most dynamic startup communities, ensuring we stay close to our own startup roots and continue to innovate for our customers,” CEO Diane Irvine said in a prepared statement.

Blue Nile and Isilon will help Pioneer Square retailers, said William Justen, until last week managing director of Samis Land Co., a major neighborhood property owner.

But, to flower fully, the neighborhood needs more unsubsidized housing, he said.

Elliott Bay Books’ departure was “a real gut-wrench for everyone” in Pioneer Square, said Kevin Daniels, president of developer Nitze-Stagen, Blue Nile’s new landlord. “But it woke us up.”

It got city officials and Pioneer Square landowners, merchants and residents to work together, he said, embarking on a revitalization campaign based on a blueprint developed by the National Trust for Historic Preservation.

That effort may have helped attract Isilon and Blue Nile, Daniels said. “Things are changing for the better here.”