

CHASING VITALITY

A vibrant downtown is a hallmark of the globally competitive city.

Lively, 24/7 urban hubs attract world-class knowledge workers and entrepreneurs. They nurture innovation. In spite of the Great Recession, Seattle's downtown has captured this lightning in a bottle. Now it needs to keep the lid on.

By Lisa Wogan

Photographs by Matthew Williams

For decades, Pier 57 owner Hal Griffith dreamed of building a Ferris wheel at the end of the historic landing he owns. But it wasn't until he thought the Seattle waterfront faced real peril in the form of the Alaskan Way Viaduct replacement tunnel that he put his money where his dreams were.

"We thought this was the perfect time to make a project like this work," says Griffith, who owns the recently opened Seattle Great Wheel with his sons, Troy and Kyle. "The waterfront businesses will benefit from the new tunnel, but first we have to survive the construction."

The 17-story-tall, white observation wheel is either a multimillion-dollar Hail Mary or a harbinger of things to come, a new jewel in the crown of a vibrant downtown.

There's no denying downtown Seattle is on the verge of the big time. Home to the city's fastest growing neighborhoods during the past 20 years, downtown has also defied recent regional and national business trends. "Through the teeth of the worst recession of any of our lifetimes, there were thousands of jobs that were created, six million square feet [of commercial/office space] created and an additional \$5 million in tax revenue," says Stephen Johnson, director of Seattle's Office of Economic Development.

These positive trends are only the beginning. In the pipeline are several large projects that will significantly reshape downtown, including the mixed-use Stadium Place development just north of CenturyLink Field, the possibility of an NBA/NHL arena in SoDo, the public-private redevelopment of Yesler Terrace on First Hill and Ama-

zon's three-million-square-foot headquarters complex in the Denny Triangle. Add to these a multitude of civic projects, including the University Link Light Rail connection, First Hill streetcar, Mercer Corridor improvement, redevelopment of Seattle Center, Bell Street Park project and, of course, the massive, superlative-evoking viaduct/tunnel/seawall/waterfront project. All of which promise to make a good thing even better.

But those with their hands on the wheel are cautious, realizing everything could go south in a heartbeat. "The one word that best describes what we have downtown is 'fragile,'" Downtown Seattle Association Chair Jack McCullough said during an address at the DSA's annual meeting earlier this year. "The line between success and failure for retailers, hoteliers, residents, restaurants and employers downtown is so thin. It's why we show up every day to fight for the vitality of downtown."

It's a fight that matters because a successful downtown drives a successful Seattle, which, as a regional powerhouse, helps drive the Puget Sound region and beyond. And while Seattle sometimes competes with other cities in Washington state, more often it helps to attract new business and trade to the entire area. More than 220,000 people work downtown, which represents nearly half of all employees in Seattle. Downtown retail supplies 40 percent of the city's sales tax revenue. And, like it or not, the urban core, with its iconic views and graffiti-covered parking meters, is the physical and symbolic gateway to Seattle—it's where our reputation is made or ruined.



The new Seattle Great Wheel on Pier 57.

THE ECONOMICS OF VITALITY

Downtowns are vibrant when street-level retail, a diverse commercial/business base, residential density and cultural institutions support each other in a positive feedback loop. More people living, working and playing downtown add more than bustle to sidewalks. A dynamic urban core also fuels retail, attracts business and helps squeeze out pockets of crime and street disorder, which, in turn, draws more investment, energy and people—especially the all-important under-40 knowledge worker.

"When we recruited Russell [Investments] to downtown," explains SSA President and CEO Kate Joncas, "the CEO said, 'I need to be someplace where I can attract the best financial graduates in the world.' He could have been anywhere but he said, 'I think that can happen in Seattle.'"

In other words, "live-work-play" is a more than a marketing tag; it's a real economic asset.

Jim Hendricks, president of Seattle Children's Research Institute, one of the country's top five pediatric research institutions, says he can recruit the world's greatest researchers from any institution. "I can compete with Harvard, Stanford, you name it, because of this place. It's exciting." Not only for the lifestyle but also the synergy created by a critical mass of life sciences companies. Situated in the Denny Triangle, the institute rubs shoulders with Amgen, ZymoGenetics, Seattle BioMed,

Novo Nordisk, Fred Hutchinson Cancer Research Center, the University of Washington and more.

"Historically, cities have always been and, I think, are returning to the place where people get stimulated and energized, and we know that innovation advances occur when you mix things up. Your chocolate bar falls into the peanut butter, so to speak," says Johnson.

He cites as an example the collaboration between PATH, the global health nonprofit that moved from Ballard to South Lake Union in 2010, and Cascade Designs in SoDo. PATH paired up with the family-owned camping supply company to efficiently and cost-effectively bring to market a device for sterilizing water.

"That synergy wouldn't happen if Cascade Designs was located somewhere out in the suburbs," Johnson says.

It's not just biotech on the north end of downtown that's cashing in on the buzz of interaction. A lively economic story is unfolding on the upper floors of Pioneer Square, despite the papered-over windows and "for lease" signs at street level.

Mike McDevitt, principal at Foundry Interactive, is a typical case. He moved his web development agency from Fremont to Pioneer Square shortly after Elliot Bay Book Company relocated to Capitol Hill. Although "the neighborhood [Pioneer Square] had been declared dead," McDevitt was lured to the historic district by convenient transit—his employees commute

by bike or bus—plus great restaurants, neighborhood character and the "density of startups and startup-centric services." Most meetings with clients and partners occur within walking distance of his building.

Foundry's offices back up to Nord Alley, a reclaimed space between Occidental Square and First Avenue South, where art and activities bring together workers from Isilon Systems, ING Direct, Zynga, Onehub, Discovery Bay Games, Ratio Interactive and Spring Creek.

STRENGTH IN DIVERSITY

Although service and government jobs make up 61 percent of downtown employment, the urban core is home to a variety of business sectors that are well positioned for future growth. Such companies include interactive media and casual gaming firms in Pioneer Square and Belltown, life sciences and global health in South Lake Union, finance in the urban core and health care on First Hill.

Plus, the downtown area is home to several major corporate headquarters, including Starbucks, Nordstrom and Amazon.com. While Amazon has been criticized for its virtually invisible civic role in Seattle, its 10,000 employees in north downtown are a rising tide that can't help but lift nearby boats.

Nordstrom's influence downtown reaches far beyond its flagship store and the Nordstrom Rack, which moved to a new 42,500-square-foot space in Westlake Center earlier this year. Nordstrom employs more than 1,000 people downtown; this number includes the recent addition of 400 employees "to help drive our growth online," says Nordstrom spokesman Colin Johnson. Nordstrom leases space in five buildings downtown, plus an additional 300,000 square feet at 1600 Seventh Avenue this fall.

Even Boeing is back, in a way, with a full floor in Russell Investments tower, the former headquarters of Washington Mutual.

Another sign of strategic importance of these downtown business sectors is the expansion of education opportunities geared specifically to them. In May, Boston-based Northeastern University became Washington state's first private research university. Still looking for a downtown location at

NUMBER CRUNCHING

59,884

People living downtown

72

Percent downtown population grew from 1990 to 2012

25-34

Largest age cohort living downtown

38

Percent of downtown residents who also work downtown

221,989

People employed downtown

17

Multifamily projects under construction at end of 2011

1.9 million

Amount, in dollars, contributed to the local economy each time a cruise ship docks

45

Restaurants opened downtown in 2011

2,000+

Hotel rooms added downtown between 2005 and 2011

20,426

Graffiti tags and stickers removed from public structures by Metropolitan Improvement District ambassadors in 2011

40

Percent of Seattle sales tax revenue generated by downtown retail

10 million

Visitors to Pike Place Market each year

press time, Northeastern will offer 16 graduate degrees in line with many downtown sectors, including cybersecurity, computer science, digital media and engineering. In addition, City University of Seattle is moving to the Denny Triangle from Bellevue and will open in January 2013.

"I think Seattle's strength is its diversity," Johnson says. A more varied mix should better position the city center to absorb negative hits, like the collapse of Washington Mutual in 2008. That event subtracted thousands of jobs from downtown and left



Amazon's new headquarters complex will encompass three blocks in the Denny Triangle.



Seattle with no bank headquarters, a vacancy that has yet to be filled.

A FAMILY-FRIENDLY GROOVE

During the past two decades, Seattle's downtown population grew by 72 percent. In contrast, the fastest growing Seattle neighborhood outside downtown was the Central District, with a growth rate of 29 percent. More than 3,000 downtown apartment units were under construction at the end of 2011. Yesler Terrace alone is projected to add 3,000 more units in 10 to 15 years. The Seattle City Council is currently reviewing the land-use code to encourage still greater residential density in South Lake Union.

But one piece of the density puzzle hasn't fallen into place: families. Downtown-based parents migrate to leafier neighborhoods and suburbs as their children get a little older. Downtown has the highest attrition rate for children under 5 of all Seattle neighborhoods.

"I think the one thing that downtown lacks as far as vibrancy goes is more families," says Speck Gallery owner Alex Landes, who raised her daughter in Belltown. "To me, the pulse isn't down here as much, due to the lack of families."

Seattle has long waved its banner as unchurched and childless, but the latter reputation isn't good for downtown. Almost everyone agrees that families are a net-plus for neighborhoods. "If families

and kids want to be here, everyone wants to be here," DSA's Joncas says. "It makes it a real place. Otherwise, it's just a sterile, go-to-work place."

A key culprit from Landes' point of view is a lack of playgrounds. "It's weird to me that in a city this size there isn't one playground right downtown," she says. "Not one."

The DSA's five-year strategic plan includes making downtown more family friendly, starting with a two-year pilot project for a fenced play area between the tree grove and See's Candies in Westlake Park. Demonstrating business support for the idea, Seattle Children's Research Institute made the inaugural donation of \$40,000, nearly one-third of the play area budget.

A second front in the family-friendly movement is a downtown school. Earlier this year, DSA partnered with the city and Seattle Public Schools to research the need for and feasibility of opening a public school somewhere in the downtown area. Comparable cities—San Diego, Boston, San Francisco, Portland and Vancouver, B.C.—all have public or charter schools in their downtowns.

"Parents who live downtown are drawn here because of the ease of lifestyle, the ability to walk to most places and the opportunity to expose their children to an

urban environment," says Jon Scholes, vice president of Advocacy and Economic Development for the DSA. "So the neighborhood school model that the district has adopted is particularly important within a dense community like downtown." Scholes moved downtown from Madison Valley with his wife and 3-year-old twins in June.

If the numbers pencil out, the DSA hopes the school district will consider incorporating funding for a downtown school (age ranges and exact location to be determined) in the February 2013 levy.

REVITALIZING RETAIL

A variety of interlocking pieces make a downtown vibrant. Take away one and the lights go dim. Think back to downtown's dark days in the early 1990s, when the Frederick & Nelson department store vacated its Fifth Avenue and Pine Street flagship—sucking the energy out of the retail sector.

"When [then-mayor] Norm Rice made the decision to help keep Nordstrom downtown, he effectively saved the retail district," says Craig Kinzer, CEO and founder of Kinzer Real Estate Services, about the controversial deal that launched

Nordstrom's move into the old Frederick & Nelson building, the construction of Pacific Place and the concession to reopen Pine Street to car traffic. "I don't think people understand how incredibly important that was."

Kinzer, who brokered Russell Investments' move from Tacoma to the empty Washington Mutual tower on Second Avenue as well as the Bill and Melinda Gates Foundation headquarters near Seattle Center, has been active in downtown real estate since the late 1970s. He says, "Having a strong retail presence downtown is as important as almost anything I can think of. Everyone will talk about transportation and safety. But where you'll see a huge difference in cities is your retail."

Even as the Pike Place Market prospered during the recession and Seattle was selected as one of only five cities for Target's new urban concept store (which opened in late July at Second Avenue and Pike Street), many downtown watchers think retail in the urban core needs a jump-start.

When she came to Seattle 18 years ago, Joncas says, "Seattle was still the regional center. Everything came here. It was like a pizza with all the pepperoni piled in the

DOWNTOWN'S 12 NEIGHBORHOODS

BELLTOWN

CAPITOL HILL

CHINATOWN/
INTERNATIONAL DISTRICT

DENNY TRIANGLE

FIRST HILL

PIONEER SQUARE

RETAIL CORE

SODO

SOUTH LAKE UNION

UPTOWN

WATERFRONT

WEST EDGE

Source: Downtown Seattle Association

middle. Now," she notes, "it's a typical pepperoni pizza with pepperoni everywhere." Competition comes not just from suburban malls but also from urban villages and neighborhoods, which can offer the city experience without the perceived problems of traffic, street disorder and expensive parking.

The strategy to protect and support downtown's special position is twofold: actively managing the retail mix and improving the street-level experience.

Retail leasing expert Midge McCauley says the focus needs to be on what distinguishes downtown: the independent stores that you won't see out in the malls or neighborhoods, everything from Pike Place Market producers to Utilikilts, Filson and Urban Hardwoods. McCauley is principal and founder of Downtown Works, which helps business associations and developers design retail strategies. She lives in The Olivian, on the eastern edge of the retail core.

Tailoring the merchandise mix takes proactive recruiting, notes McCauley. She helped The Alliance for Pioneer Square hire and train a retail recruiter to tackle that neighborhood's vacancy glut head-on with a mix of demographics, psychographics and shoe leather.

Solutions will also require landlords and brokers to find creative approaches. As McCauley points out, downtown landlords have an advantage over mall owners in that they can count on upper stories to help underwrite retail experiments. She'd like to see more of that variety. For their part, she says, "Cities need to think about balance." Zon-

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— Stephen Johnson



An artist's rendering of the Westlake Park play area.

COURTESY OF MITHUN

ing that requires pervasive street-level retail can result in vacant storefronts, which is far worse than first-floor residential.

Meanwhile, McCauley, Joncas and others say the all-important experience needs to be improved, and property owners have recognized they must fill the gap if they're going to stay competitive.

For more than a decade, DSA's Metropolitan Improvement District has deployed crews in blue-and-yellow uniforms to act as ambassadors and to provide cleaning and outreach services for downtown. Last year alone, they removed 20,426 graffiti tags and stickers from public structures. Belltown business owners are currently exploring the possibility of creating their own business improvement district.

Hand in hand with issues of attractive sidewalks are concerns about crime and safety. Many downtown advocates and business owners were dismayed when Mayor Michael McGinn vetoed aggressive panhandling legislation in 2010. Since then, they've beat a steady drum about security in areas like the International District, the Third Avenue transit corridor and Belltown.

A pilot project in Belltown that allows police to refer drug offenders for treatment rather than jail time and an undercover drug sting in the transit corridor in June are signs of a newly energized approach to the open-air drug markets that plague these problem areas. Interestingly, King County Metro's decision to discontinue the downtown ride-free zone (projected to yield \$2 million) could inadvertently deter transit-hub crime by taking away an easy escape for troublemakers.

Cleaning up and activating streets is also a priority. The City Council added \$500,000 to the 2012 budget for street improvements and more frequent cleaning in the transit corridor, as well taking steps to streamline the process for opening outdoor cafés and encouraging street food vending. Downtown/Center City Parks are deploying everything from public art (such as the blue tree trunks in Westlake Park) and concierges to concerts to moveable furniture to reverse the parks' reputation as magnets for trouble. (Sound trivial? Keeping graffiti off subway trains was a key first step in restoring New York City's vitality.)

Ultimately, the public-private revival designed to assist retail will probably require a



Kate Joncas, CEO of the Downtown Seattle Association, with Jim Hendricks, president of Seattle Children's Research Institute.

few pioneering retailers to establish robust outposts in these trouble zones.

TWEAKING THE BALANCE

The future is bright if city and business leaders can keep recalibrating the balance of forces that make a downtown vibrant. Currently, the city sees its role as proactive.

"What the recession really taught us was not to take [the economy] for granted," Johnson says. "The city tended to think its role was more managing growth than helping facilitate it and being a partner. That's the transition that's occurred under Mayor McGinn."

With the line between supporting/inter-

ferring and success/failure so thin, the future on Seattle's downtown through a period of enormous change depends on getting the balance right.

"I think [Seattle] is on the cusp of reaching a whole different level," says Maud Daudon, CEO of the Seattle Metropolitan Chamber of Commerce. "We need to seize that opportunity." **SB**