

BUSINESS

TECHNOLOGY

Starbucks seeks to sell Pioneer Square buildings

Starbucks has put up for sale two Pioneer Square office buildings that had been part of the coffee company's ambitious pre-recession expansion plans.

BY ERIC PRYNE
Seattle Times business reporter

Starbucks has put up for sale two Pioneer Square office buildings that had been part of the coffee company's ambitious pre-recession expansion plans.

Starbucks bought century-old 83 King Street in 2006, and began building adjacent 505 First Avenue South the following year, to accommodate anticipated growth.

In 2008, however, with its business slumping and employment shrinking, Starbucks decided it no longer needed the 473,000 square feet of additional space and put the buildings up for lease.

They're now 73 percent rented, according to an offering brochure circulated this month on Starbucks' behalf by Kinzer Real Estate Services of Seattle and Eastdil Secured of San Francisco.

The buildings' appeal to potential buyers got a big boost in January when data-storage company Isilon Systems signed a 10-year lease for 140,000 square at 505 First — about half of the new seven-story building.

Office buildings that are mostly leased with creditworthy tenants are getting more interest from investors as the economy picks up and debt becomes more readily available, said Craig Kinzer of Kinzer Real Estate Services.

"A window has opened up, for a number of reasons," he said.

Other downtown office buildings recently listed for sale include 36-story 1918 Eighth, 14-story 818 Stewart, 27-story Seattle Tower, the 21-story office tower at Westlake Center, and Regence Blue Shield's 16-story headquarters.

The offering brochure for 505 First and 83 King lists no asking price for the neighboring properties. For tax purposes, King County appraises 505 First at \$53.9 million and eight-story, remodeled 83 King at \$23.7 million — about \$5 million less than Starbucks paid for it five years ago, according to public records.

While Starbucks has bounced back strongly, spokeswoman Stacey Krum said the company's SoDo headquarters has enough room to accommodate employment needs for the foreseeable future.