

PUGET SOUND BUSINESS JOURNAL

Why innovative companies choose to go where it's crowded.

EMILY PARKHURST,
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Russell Investments and Brooks Sports already know what Weyerhaeuser just discovered.

It's time to relocate to the big city if you want to attract top talent. All moved their headquarters from regional outposts into bustling Seattle.

They're now part of a city in which nearly every major neighborhood has a large anchor company that drives residential and commercial real estate development, ignites a retail and restaurant scene and draws transit service. Think Starbucks in Sodo and Amazon in South Lake Union.

A Brookings Institution study this year calls this trend the rise of the "Innovation District," a geographic area where growing companies cluster and connect with startups and business incubators. The districts are physically compact and transit-accessible with mixed-use offices and retail spaces.

The study cites Seattle's South Lake Union neighborhood as one example of this trend.

Innovation districts "foster innovation across industries by concentrating people with different knowledge and

expertise in dense urbanized areas," the study said. "Experts in technology, for example, work closely with experts in bioscience, finance, education, and energy."

Innovation districts bring with them a diversity of people and businesses, which increases the likelihood that they'll end up working together or inspiring innovation in each other.

They are also often closer to economically disadvantaged areas and, as a result, bring jobs to people who might not otherwise have access to them.

An urban outlook

Seattle isn't the only place where innovation districts flourish. California's suburban Silicon Valley is getting a run for its money up the freeway in urban San Francisco, where tech stars Twitter, Airbnb and Uber are filling up downtown office space.

"If you want to be modern and urban and cutting edge, it's hard to do that from a suburban campus," said Kris Richey Curtis, vice president of Kinzer Real Estate Services, a Seattle company that worked on siting Russell Investments, Starbucks and the Bill & Melinda Gates Foundation headquarters, among others.

It's all about recruiting talent, Cur-

▶ FAST FACTS

Russell Investments decamped to downtown Seattle from Tacoma.

Brooks Sports just relocated from Bothell to a new eco-showpiece in Fremont.

Timber giant **Weyerhaeuser** last week announced that it will uproot from Federal Way to Pioneer Square.



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Construction cranes for Greystar's apartment project rise behind Amazon's South Lake Union campus – where some Greystar residents will likely work. Nearby housing and entertainment is a huge urban recruiting edge.

tis said.

Tech companies understand that the talented recruits want “to have a live-work scenario” where they can go to restaurants and coffee shops and bars, Kinzer Associate Kelley Sigl said.

“Part of the retention and the recruiting is based on what the talent pool wants, and I think that has changed,” she said.

People want to live where they work, and Seattle companies are responding.

Amazon's latest skyscrapers will soon tower above South Lake Union, blocks from its existing 11-building campus. Zillow employees enjoy a pristine view of the downtown corridor and Elliott Bay. Tableau Software hired 172 new employees in the past three months alone at its ever-expanding Fremont headquarters. A whole string of new apart-

ment buildings is going up in the north waterfront/Interbay neighborhood, across the street from F5's trio of headquarters buildings.

“It's about critical mass and marrying jobs and business with residents and entertainment,” said city of Seattle startup liaison Rebecca Lovell.

The University District is poised for similar growth because of the University of Washington's emphasis on commercialization of research and its newfound relationship with the nearby business community.

The Eastside is experiencing the concentration trend, too. Companies and their employees are moving into downtown Bellevue, and new apartment complexes are sprouting next door to Microsoft's sprawling Redmond campus.

Google, which has more than 1,000 employees in a building in Kirkland, also has an office in Seattle's Fremont neighborhood and lets employees choose which location they'd like to work from. Some Seattle Googlers even commute via kayak along the Ship Canal.

Ripple effect

One often-overlooked aspect: The concentration of employers in and around downtown Seattle also gives employees security. If a job or a company doesn't work out, others nearby are likely to have opportunities. The Brookings study called this “labor market pooling.” It offers a major advantage for a growing city like Seattle to lure thousands of new workers to the region.

Urban campuses do have their downsides. The development in South Lake Union has driven up apartment rents in the area and in neighboring Capitol Hill, where the average rent is nearly \$1,400 a month. That is forcing lower-income people to move further from downtown. At the same time, King County Metro has made massive cuts to its bus service, making it more difficult to commute into the city.

It also means the city must invest in infrastructure, both physical – roads, bicycle lanes, transit – and security, including police and emergency services for the growing and diverse downtown population.

All of that will be particularly important in Pioneer Square as it prepares for its newest arrival – Weyerhaeuser, and its executive workforce.

The downtrodden neighborhood is one of the last in the city without a major anchor tenant – although CapitalOne's online investing arm ShareBuilder (which moved there from Bellevue in

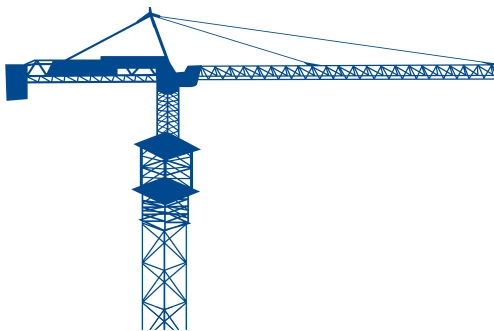
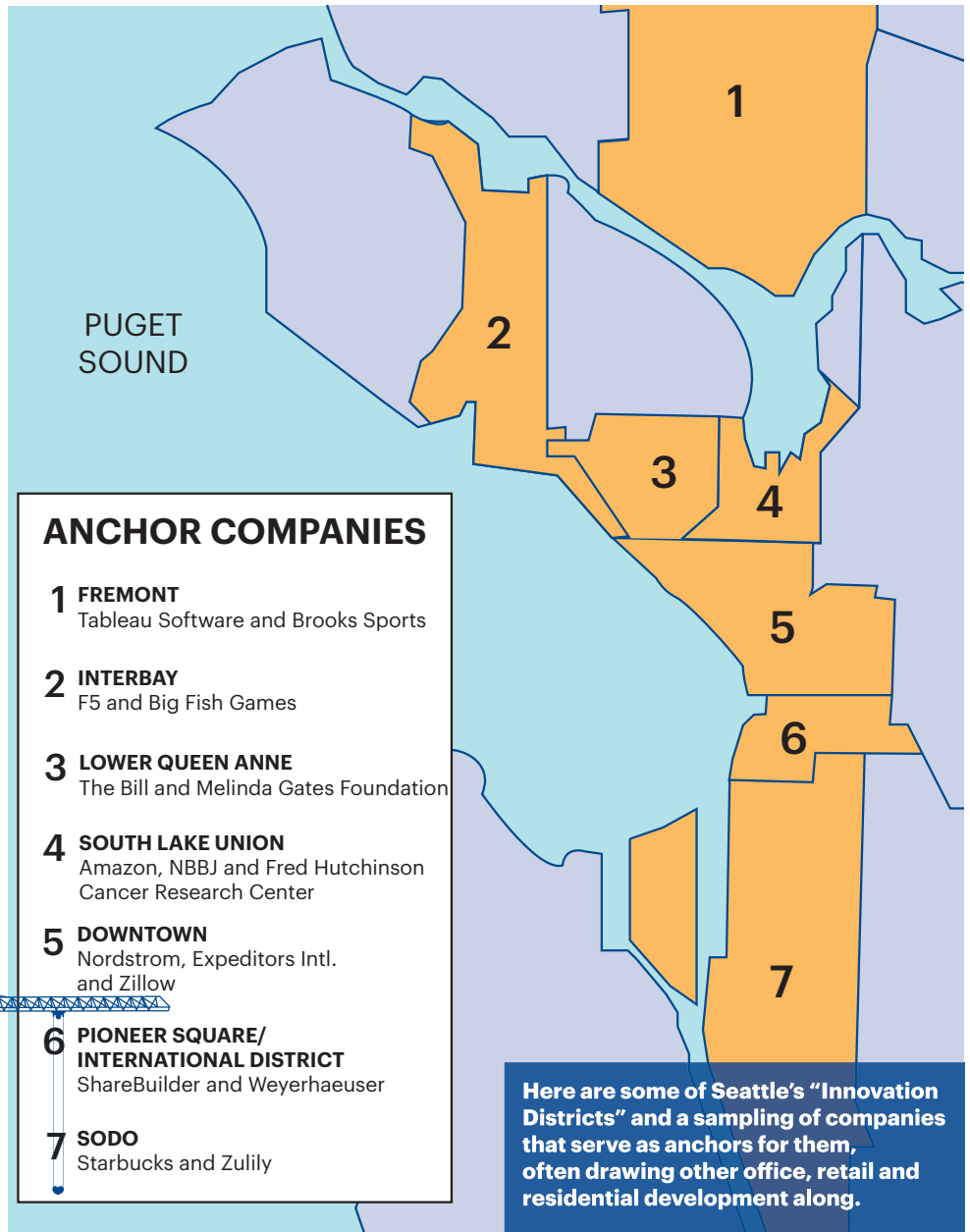


2009), cloud storage firm EMC Isilon and the rising Stadium Place project have provided momentum. And Starbucks Corp. isn't far away in Sodo.

Seattle Mayor Ed Murray, at a press conference announcing the Weyerhaeuser move, said the reason the company was moving to Seattle from Federal Way was to attract talented workers. Weyerhaeuser CEO Doyle Simons said the same thing in a press release announcing the move, which is slated to take effect in 2016.

"Nine-hundred new employees who are going to come to work (in Pioneer Square) every day, a building that's going to be constructed here, the number of restaurants that don't exist today that will exist as a result of this," Murray said. "It's going to be a significant financial plus."

Reporters Rachel Lerman and Marc Stiles contributed to this story.



► BY THE NUMBERS

DOWNTOWN NEIGHBORHOODS AT A GLANCE

BELLTOWN

8,953
Population

16,973
Jobs

99
Restaurants

SOUTH LAKE UNION

10,755
Population

41,775
Jobs

148
Restaurants

PIONEER SQUARE

5,502
Population

6,811
Jobs

193
Restaurants

SODO

2,352
Population

38,158
Jobs

24
Restaurants