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Speculation grows about Amazon.com's real estate moves

Puget Sound Business Journal (Seattle) - June 22, 2007 by [Jeanne Lang Jones](#)

A report Friday in the Daily Journal of Commerce added to speculation among local real estate people that **Amazon.com** may be in negotiations for a major office-space deal.

The Seattle-based newspaper said the online bookseller is negotiating to lease as much as 1 million square feet of office space in Seattle's South Lake Union area for a new headquarters campus.

Several real estate brokers have also told the Puget Sound Business Journal that Amazon.com Inc. (NASDAQ: AMZN) has been looking for roughly a million square feet for some time now.

Amazon is reportedly negotiating to lease approximately 400,000 square feet in the Interurban Exchange complex, with the remainder of the space leased on other property in an area owned by Vulcan Inc., according to the Daily Journal of Commerce.

The Interurban Exchange is being developed jointly by Vulcan and Bellevue-based Schnitzer West. The partially completed project stretches along Terry Avenue in the South Lake Union area.

Amazon.com and Vulcan declined to comment on the report.

"We never comment on rumors and speculation," Amazon.com spokeswoman Patty Smith said.

Robert Arron, Vulcan's director of marketing and leasing, said: "All I can tell you is we talk to a lot of tenants and we just don't make any comment."

"We're constantly talking to tenants in South Lake Union," he said.

Arron said the only project that Vulcan currently has on the boards to deliver within the next three years is 2201 Westlake, which has 300,000 square feet of office space, along with 135 luxury condominiums and 25,000 square feet of retail space. That project is expected to be completed in mid-2009.

Interurban Exchange does not appear to be large enough to meet all of Amazon's space needs, but if Amazon also were to lease 2201 Westlake, that would bring it closer to meeting its needs. The properties would be connected by the Seattle Streetcar.

Amazon's 190,000-square-foot lease of its Beacon Hill headquarters in Seattle is expected to expire in 2010. The company also has offices scattered across downtown.

Amazon leases about 180,000 square feet of space in Columbia Center in downtown Seattle, about 100,000 square feet on Rainier Avenue South and more than 400,000 square feet of space in Union Station, just south of downtown, according to Kip Spencer, co-founder of **OfficeSpace.com** and chief strategy officer for NuMark Office Interiors.

With new construction taking roughly two years, now would be the time for Amazon to lasso some new space.

"Based on current market conditions, the demand for office space could remain very strong," said Spencer, who was cautious about speculating on where the office market might be three years from now.

But if such a lease were completed, it would be good news for other downtown Seattle office tenants.

"If Amazon.com frees up its existing facilities, that would be a healthy scenario for the office market," Spencer said. "It would free up some larger chunks of contiguous space that is presently in short supply in the downtown market right now."

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