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# Office Space 2.0

Today's vibrant commercial campuses are changing urban landscapes

BY MATT VILLANO

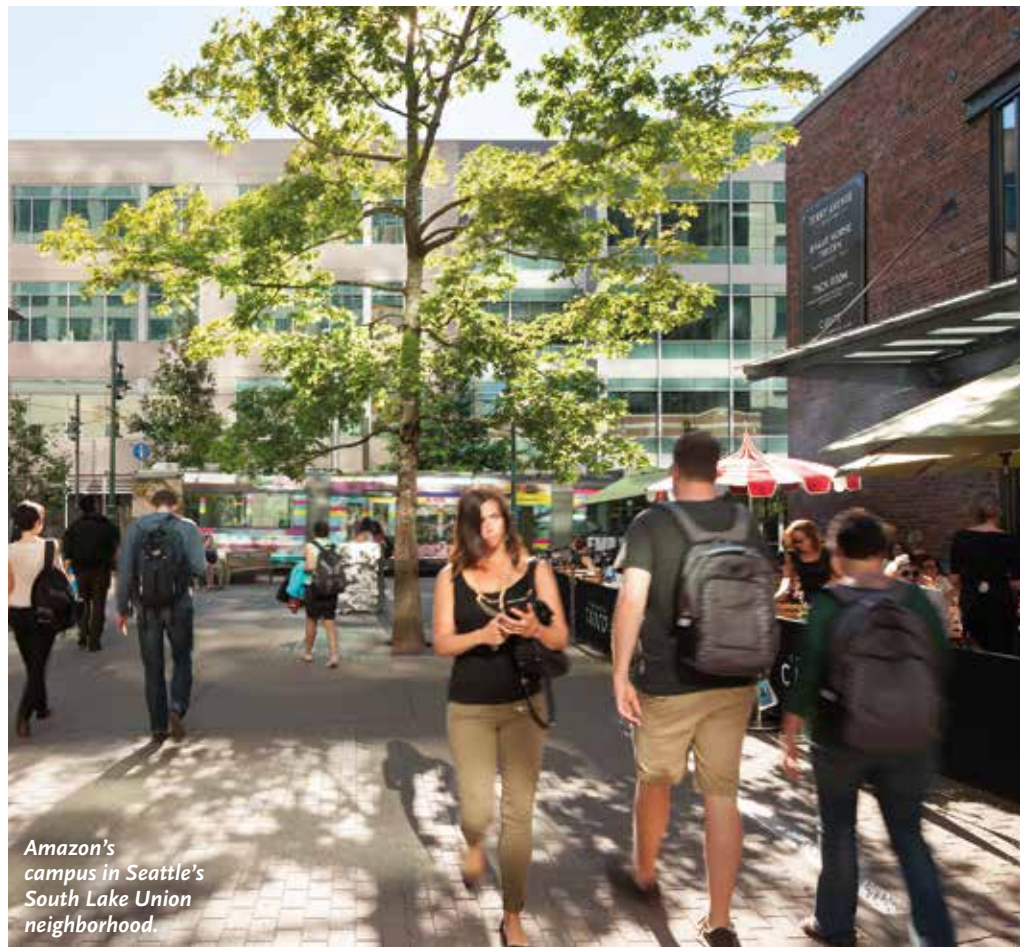


Seattle's South Lake Union and nearby neighborhoods look a lot different today than they did 10 years ago.

Back then, traffic in this section of the city was scant, and parking was abundant. While glimmering new buildings were rising elsewhere, this area remained relatively quiet—populated by small industrial companies, car-rental agencies and motels.

Today, the region is one of the hottest patches of real estate in town. Amazon is in the process of expanding south of Lake Union in the Denny Triangle. When finished, the company will have more than 10 million square feet of office space in Seattle. Meanwhile, Microsoft has built close to the lake, and other technology and health-sciences companies are also developing nearby. Even the University of Washington is getting into the mix with new buildings for its School of Medicine.

Development in the South Lake Union area is emblematic of a larger trend. Across the country, a boom in commercial cam-



Amazon's campus in Seattle's South Lake Union neighborhood.

pus is changing landscapes in cities such as Boston, Los Angeles, San Francisco and Raleigh-Durham, North Carolina. Considering that many of these projects include office buildings, restaurants, parks and other public-facing amenities, this change isn't only for workers; it's for everyone in each of the respective locations.

"For employees and laypeople, these campuses blur the lines between public and private space, creating an intermixing that is a necessary ingredient for innovation," says Peter Orser, director of the Runstad Center for Real Estate Studies at the University of Washington.

## BIG AMBITIONS

Amazon's construction near Lake Union represents one of the biggest urban developments in Seattle's history. By the time Amazon's campus is completed—about 2021—Amazon will have room for 55,000 employees, according to multiple reports. That's a big number in a city with a popula-

## INNOVATION STATIONS

According to experts at the Brookings Institution, commercial campuses can be called "innovation districts" and almost always adhere to one of three models.

■ **Anchor Plus.** Campuses primarily found in city downtowns and midtowns. They include large-scale mixed-use development built around a major anchor institution and related entities. The report includes Kendall Square in Massachusetts as an example.

■ **Reimagined Urban Areas.** Campuses found near industrial or warehouse districts experiencing a revival due to public-transit access or proximity to downtown. Examples in the report are Boston's New Waterfront and Seattle's South Lake Union area.

■ **Urbanized Science Park.** Campuses that are urbanizing traditionally isolated suburban and exurban areas. The report names North Carolina's Research Triangle Park as an example.

For more: [brookings.edu/essay/rise-of-innovation-districts](http://brookings.edu/essay/rise-of-innovation-districts). —M.V.



COURTESY: PLAYA VISTA

On-site concerts add a neighborhood vibe to the Playa Vista campus on the west side of Los Angeles.

tion of approximately 686,800.

“It’s a whole-scale transformation integrated within the urban fabric,” says Lori Mason Curran, real estate investment strategy director for Vulcan, which was founded by Microsoft co-founder Paul Allen and has developed much of the South Lake Union area. “It’s really only just begun.”

Elsewhere in Western Washington, Expedia is finalizing plans to renovate and expand a former Amgen campus, a 40-acre parcel on the shores of Elliott Bay for which the travel company paid nearly \$229 million last year.

South of Seattle in Renton, the real estate firm Seco Development is creating Southport on 17 acres of waterfront property. And near CenturyLink Field at the southern end of downtown Seattle, the commercial real estate company Urban Visions is ready to break ground on a project called S, a 7-acre, six-building site that can accommodate up to 1.2 million square feet of office space (depending on the tenants).

Greg Smith, who is in charge of S, says he hopes the development redefines Seattle as a whole. “If you’re coming up from [Seattle-Tacoma International Airport], our campus is at the front door of the city,” says Smith, Urban Visions’ president and CEO. “That’s a great opportunity to have these buildings make a bold statement about what Seattle is all about.”

Commercial campuses are also popular outside of the Emerald City. North Carolina’s Research Triangle Park in the Raleigh-Durham region has been among the particularly acclaimed projects. In November 2012, management unveiled a 50-year master plan that called for more buildings and amenities, the creation of a vibrant central district, the addition of up to 1,400 multifamily housing units, and retail space.

In California, two projects have grabbed many of



the headlines in recent years. One is the Mission Bay, an innovation district in San Francisco that has become a hub for the biotech and life-sciences industries. The Mission Bay includes the University of California–San Francisco’s expanded research campus and medical center, the Alexandria Center for Science and Technology, and a more than 1 million-square-foot campus that is home to top science and technology companies, a public library and residences.

The other is the Playa Vista development, which comprises more than 300 acres on the west side of LA. Playa Vista is a mixed-use project on the former site of the Hughes Aircraft Company, and the campus sports more than 2.5 million square feet of office space that has been

#### COMMON THEMES

Shoobox-style offices are out; open floor plans that inspire collaboration are in. That’s the viewpoint from those behind some of the biggest and boldest commercial campuses today.

While each individual building has its own unique design traits, a basic survey of real estate experts indicates that many structures possess similarities in their approaches to workplace design. Among those similarities: newsroom-style footprints, high ceilings, natural light, and spaces to facilitate interactions among employees.

An example is S, the 7-acre project set to break ground in Seattle near CenturyLink Field. Greg Smith, president and CEO of Urban Visions, says in blueprinting the buildings for this project, his company hired a scientist to consult on what sort of floor plans and overall building design would be most conducive to creative thought and employee wellness.

“Windows, water features, open-air decks and balconies, and layouts that force employees to get up and move: These all are the wave of the future,” says Smith. “There was a time when we didn’t think about any of this stuff. Now we know enough to know it can make a huge difference.” –M.V.

rented by Facebook, Microsoft and Electronic Arts, just to name a few.

The list of tenants has prompted many to refer to the development as “Silicon Beach.” However, Adrian Foley, chief operating officer of project developer Brookfield Residential, says this nickname tells only part of the story.

“Our office space is desirable, but Playa Vista is so much more,” he says, referring to the extensive retail and residential sections. “West LA is a difficult place to get around, so once you get to a location, you want to be able to park and do your business, then walk around and enjoy the place as opposed to getting in your car and driving somewhere.”

## AMENITIES ABOUND

Dennis, who has lived in the heart of Playa Vista since 2008, takes advantage of the convenience. He and his wife walk with their baby around on-site parks, eat at on-site restaurants, shop at the grocery store and exercise at the fitness center. This summer, they attended free movie nights and free concerts. Every spring, they contribute to a silent auction that benefits the Playa Vista Elementary School.

“Everything we could possibly need is right here,” says Dennis, a 38-year-old real estate agent. “Our favorite weekends are ones when we never have to leave.”

Many other U.S. projects include similar features that give the campuses a neighborhood feel to help people manage their busy schedules. Curran, with Vulcan, says such amenities are critical in an urban setting. “You need to have a holistic community approach and think about what you can do to make it an attractive place, not just for the people working there but also everybody else.”

The Doppler building, which opened on Seattle’s new Amazon campus in December 2015, has one of the most scenic dog playgrounds in the area, an outside space on the 17th floor complete



with fake fire hydrants and a view of skyscrapers. The new Expedia complex is expected to have a backyard lawn where employees can relax and enjoy an array of outdoor events.

A handful of commercial campuses also have or will have tourism draws that provide vibrancy. For instance, when Southport opens south of Seattle in June 2017, the project's 12-story, 347-room Hyatt Regency Lake Washington will be a premier hotel located on the shores of Lake Washington and close to Sea-Tac Airport. Amazon's campus will include glass biosphere domes that will house more than 300 plants from 30 countries.

San Francisco's Mission Bay will eventually grow to include a new arena for the NBA's Golden State Warriors, as well as a new headquarters for Uber.

"When building these projects, diversity is the name of the game," says Stephen Richardson, chief operating officer of Alexandria Real Estate Equities, which has developed and continues to develop in the Mission Bay. "The goal is to make a campus a 24/7 destination."

### POTENTIAL PITFALLS

Despite many promising benefits, commercial-campus developments include some amount of inherent risk. Orser, the real estate expert from the University of Washington, cautions that when companies invest in a campus, they may be locked into a long-term commitment they ultimately can't maintain.

"It's a huge management responsibility," says Orser. "Some companies aren't prepared to take that on."

Other experts warn of overdevelopment—that point when supply exceeds demand. Still, so far, in places such as South Lake Union, business is booming. To paraphrase Shoeless Joe Jackson from the 1989 movie *Field of Dreams*, if you build responsibly, they will come. ▲

*Matt Villano writes from California.*