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Tech company F5 will lease all of downtown's newest office tower

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A rendering of a tower being constructed downtown at 5th and Columbia. F5 Networks will move its headquarters from the Seattle waterfront to the new building, which will be named F5 Tower. (Credit: Courtesy of F5 Networks) (Courtesy of F5 Networks)

The company will move from its waterfront home to take over all 29 floors of office space in one of Seattle's tallest skyscrapers, which is under construction on 5th and Columbia and will be named F5 Tower.

Seattle technology company F5 Networks is making a big move from its waterfront complex to a new tower downtown.

The company will take over all the office space, or 29 floors, in one of Seattle's tallest skyscrapers, which is under construction on 5th and Columbia and will be named F5 Tower.

F5, which helps businesses manage network traffic, has been searching for a new home for a couple years, said spokesman Nathan Misner. It was running out of space in its location on Elliott Avenue, and recently moved part of its team to an additional office across the street.

F5 will be able to move its 1,375 Seattle employees into the new 516,000-square-foot office, and still have room to expand.

"We'll be able to grow there and keep our teams there," Misner said. "Recruitment was certainly a reason why we wanted to move downtown."

The new tower is near many bus lines and freeway onramps, he said, not to mention lunch and activity options. Transportation to F5's current 320,000-square-foot waterfront space could become tricky once Expedia moves in nearby in 2019.

F5 plans to move into the new tower in early 2019. It is starting the process to sublet its current office building, but has not secured a tenant yet.

The company has experienced a growth spurt in recent years, and now counts 4,515 employees.

Kevin Daniels, the tower's developer, said he had about 30 companies interested in the space but only F5 wanted to take the entire building — and F5 signed a long-term lease for the next 14.5 years.

F5 will pay \$359.5 million throughout the lease, or about \$48 per square foot, which is about \$7 higher than the neighborhood average.

Daniels said he never heard from Amazon, which has been gobbling up offices in the region, or Apple, which has been looking for a large office presence in the Puget Sound area.

"Would I have talked to them if they had contacted me? Yes, but they didn't," Daniels said.

He said he felt vindicated securing F5 as the tenant because the project has been designed for a tech company since planning began 11 years ago.

After the financial crash, he took about one-third of the office space out of the plans and converted that to a hotel.

"It's been a process to get through," he said.

The \$450 million tower is the priciest development under construction in Seattle, which is undergoing a record construction boom. At 660 feet, it will be the fifth-tallest building in Seattle.

Originally it was called 5th and Columbia, and then The Mark. Work on the tower began in 2006 but paused during the recession, and it didn't break ground until 2013. It's now set to open in September, but F5 isn't moving for another year and a half after that as it builds out the interior spaces.

The 189-room luxury hotel called SLS Seattle will open in the tower, underneath the office, later this year. The building also has a restaurant and lounge, spa, fitness center and the Sanctuary, a historic church next door preserved as part of the development.

Fueled by Amazon, demand for office in the greater downtown area has been strong: Companies leased nearly 1.4 million square of office space in downtown during the first quarter of this year, double the rate from a year ago, according to Cushman & Wakefield Commerce.

At the same time, vacancy rates have dropped to near a post-recession low of 6.3 percent — about half the historical average. And asking rents for offices are at a record \$41 per square foot average, up from about \$32 two years ago.

The F5 tower is one of two huge offices set to open downtown this year, along with the 764,000-square-foot Madison Centre, which is being partially leased by the law firm Davis Wright Tremaine.