

MERCER
MEGA
BLOCK

2.86-ACRES | 124,395 SF

REQUEST FOR PROPOSALS:

UNIQUE DEVELOPMENT OPPORTUNITY
PREMIER SEATTLE LAND SITE
LOCATED IN SOUTH LAKE UNION





MERCER
MEGA
BLOCK

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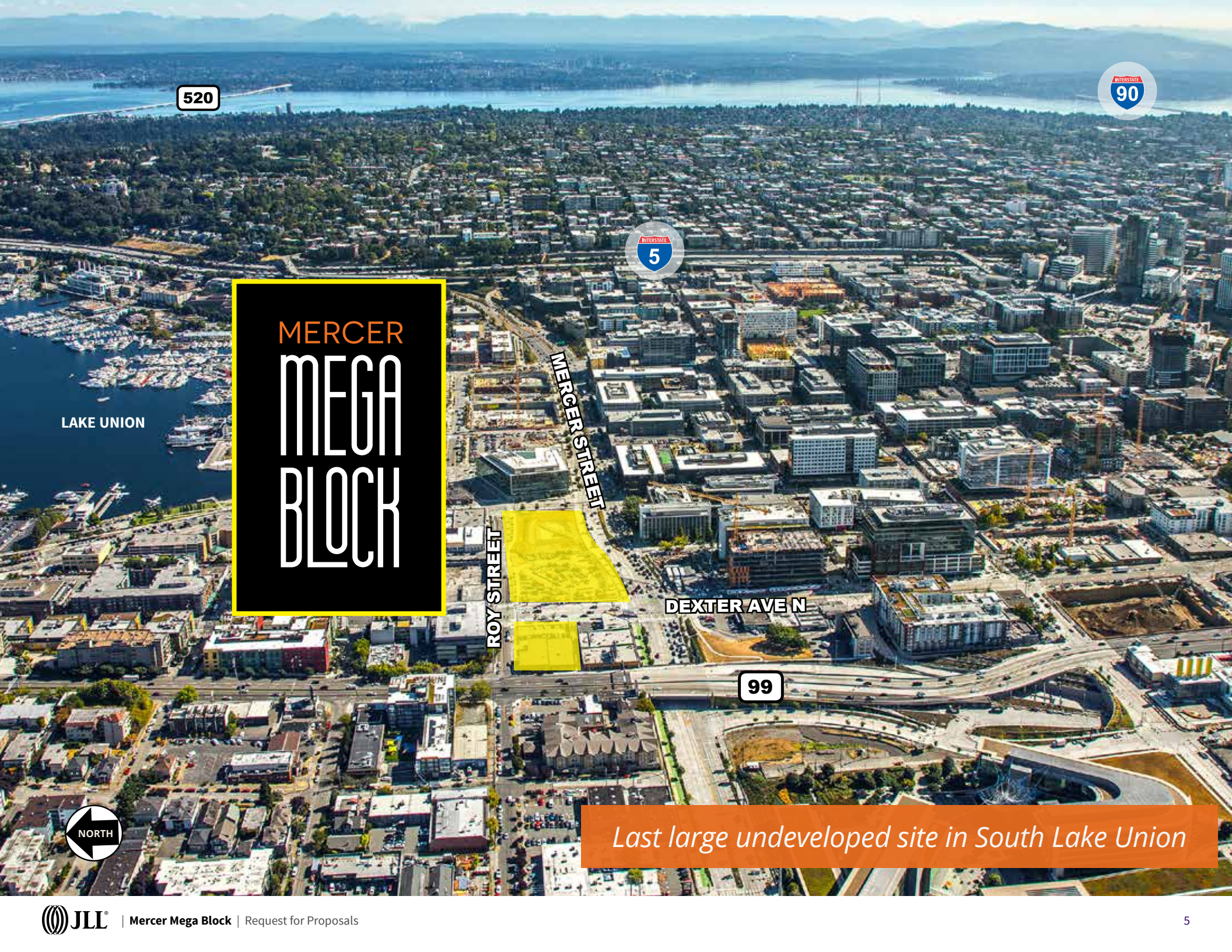
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Section I **THE OFFERING**





520

INTERSTATE
90

INTERSTATE
5

LAKE UNION

MERCER MEGA BLOCK

MERCER STREET

ROY STREET

DEXTER AVE N

99



Last large undeveloped site in South Lake Union

INTRODUCTION

MERCER MEGA BLOCK

JLL is pleased to present the Mercer Mega Block, a 2.86-acre site acquisition opportunity. This premier site is located on approximately three blocks in Seattle's South Lake Union neighborhood, and contains three City of Seattle-owned parcels with a combined land area of 124,395 SF (the "Property"). Flexible zoning allows for office, retail, life sciences, multifamily, and hotel development. Located on Mercer Street, the primary thoroughfare connecting Queen Anne and South Lake Union to Interstate 5, the asset is ideally positioned within the city's most thriving neighborhood to live, work and play. The property is within walking distance to award-winning restaurants, a variety of retail and entertainment venues, major employers, and multiple transit options.

South Lake Union is arguably the hottest office market in the country, as evidenced by 14 consecutive years of positive net absorption of Class A space.

Housing prices have grown at the fastest rate in the country for the past 17-consecutive months. The 12.9% year-over-year growth is more than double the national growth rate. Multifamily rents increased by 3.1% year-over-year and vacancy is just 4.2%.

The site offers investors the opportunity to develop more than one million square feet ("SF") in the most dynamic and desirable submarket in Seattle. South Lake Union boasts an impressive roster of well-known employers such as **Amazon.com, Google, Facebook, Apple, Twitter, Uber, and Tommy Bahama**. It is the epicenter for world-renowned life sciences research institutions like **Seattle Cancer Care Alliance, Fred Hutchison Cancer Research Center, The Allen Institute for Brain Science, and Juno Therapeutics**. The area is also home to the **Bill & Melinda Gates Foundation**, the largest private foundation in the world. This adaptable neighborhood continues to welcome and encourage innovation and prosperity.



INVESTMENT HIGHLIGHTS

SUPERB LOCATION

The 2.86-acre land site is ideally positioned within South Lake Union, located on Mercer Street (between 9th Avenue North and Dexter Avenue North). South Lake Union is Seattle's fastest growing neighborhood, with a current workforce of 58,000, a population of 32,000, and over 240 restaurants and 260 retail establishments.

CENTRAL TO MAJOR EMPLOYMENT

Positioned just north of the Seattle Central Business District ("CBD") submarket and adjacent to the shores of Lake Union, this continually evolving submarket has a diverse product and tenancy type that has continued to mature over the last decade. The result of this growth has brought high demand from major tech and life sciences tenants now anchored in South Lake Union.

SUPERIOR TRANSPORTATION

Mercer Mega Block boasts a transit score of 87 and is well connected to the region. The site offers access to metro bus routes, RapidRide express transit, the South Lake Union Streetcar, and easy freeway access to SR-99, I-5, and SR-520. Additionally, once construction is complete, the Alaskan Way Viaduct replacement will connect to SR-99 just a block from the site. The light rail system (located less than one mile from the site) currently stretches from the University of Washington to the SeaTac Airport and will expand further north, south, and east in the coming years. Private bike share programs Spin, Ofo, and VBikes have launched pilot programs in Seattle and hope to install up to 20,000 bikes around the city in the next three years.

FAVORABLE DEMOGRAPHICS

45.3% of households in the area earn more than \$75,000 annually, and 32.7% earn more than \$100,000. Seattle is ranked as the number one best-paying city for computer programmers and number three for software engineers, who make average salaries of \$109,345 and \$122,125, respectively. Younger South Lake Union workers, those under the age of 30, are more likely than their older colleagues to live close to work. More than half of the people living in South Lake Union are in the peak earning ages of 25 to 44 years old. Additionally, 72.1% of the residents aged 25 and older have attained at least a Bachelor's degree.

DEVELOPMENT POTENTIAL

The site is zoned Seattle Mixed South Lake Union ("SM-SLU") 175/85-280. The site allows for mixed-use development of approximately 1.23M chargeable SF, or 9.87 FAR, with a net site area 124,395 SF. For residential use, the net site area is 113,160 SF, providing 1.2M chargeable SF and a FAR of 10.60 (1,358 units). Commercial consideration would equate to a net site area of 124,395 SF, 996,652 chargeable SF and a FAR of 8.01.

The Mercer Mega Block site provides maximum flexibility, with development potential for a variety of uses including office, retail, life sciences, multi family or hotel, all with extraordinary water, mountain and city skyline views

58,221

LOCAL
EMPLOYMENT

#1
ECONOMY

IN THE NATION FOR 2017

45.3% OF
HOUSEHOLDS
EARN \$75K+ ANNUALLY

2.9%
JOB GROWTH
2017 STATE OF WA

3.9%
POPULATION
2017 GROWTH IN SEATTLE



99

MERCER
MEGA
BLOCK

LAKE UNION

8TH AVE N

9TH AVE N

ROY STREET

DEXTER AVE N

MERCER STREET



SITE SUMMARY

Site Detail	Mercer East	Mercer West	Dexter
Address	800 Mercer St	800 Mercer St	615 Dexter Ave N
Size	44,067 sf	56,568 sf	23,760 sf
Acres	1.01 acres	1.30 acres	0.55 acre
Parcel #s	APN 224900-0006	APN 224900-0055	APN 224900-0120
Zoning	SM-SLU 175/85-280	SM-SLU 175/85-280	SM-SLU 175/85-280

Height Limit (feet)

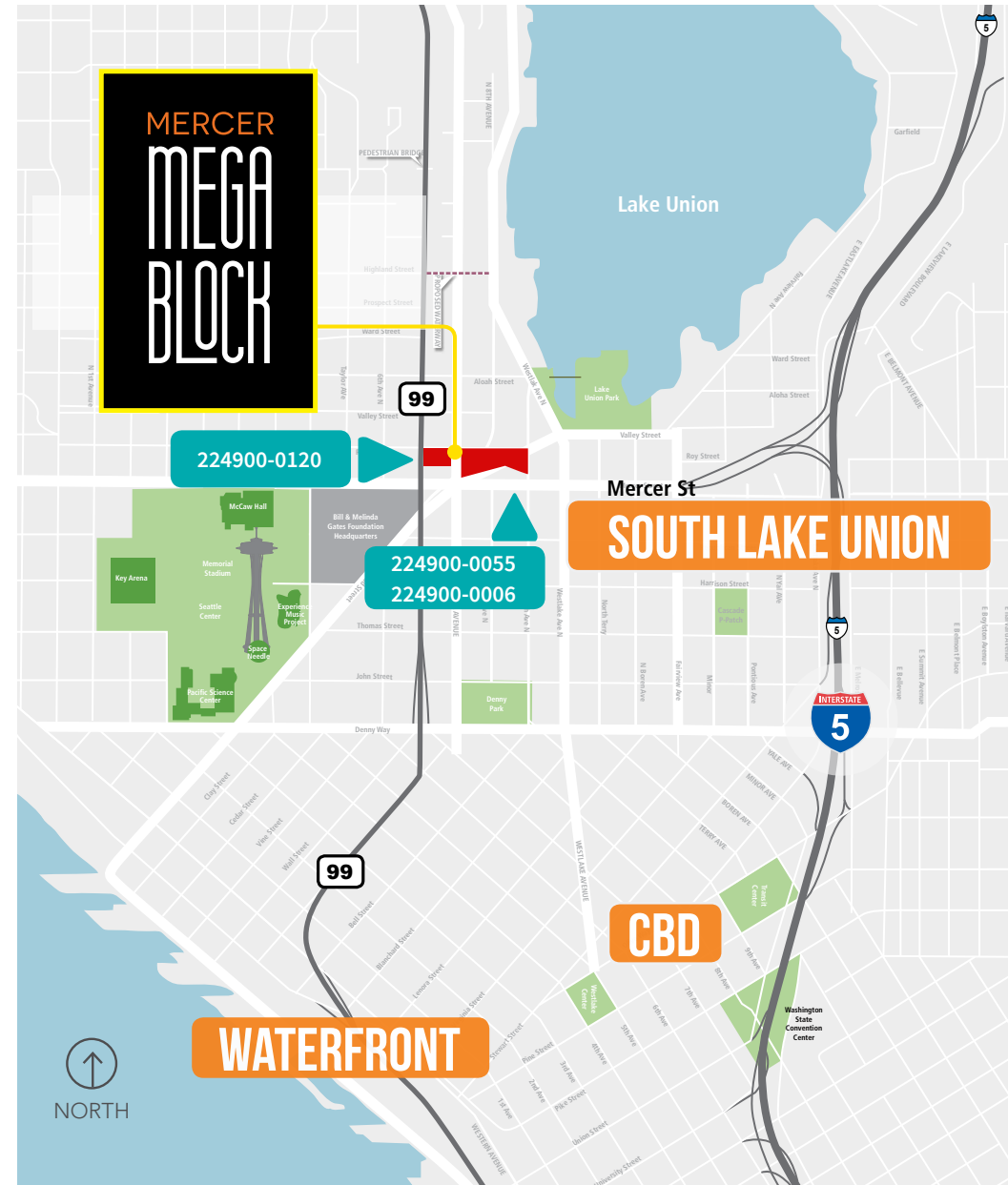
Residential	280	280	280
Commercial	175	175	175
Mixed-Use	280	280	280

Total Development Potential (sf)

	Buildable Sq. Ft.	Units	FAR
Residential	1,199,013	1,358	10.60
Commercial	996,652	N/A	8.01*
Mixed-use	1,228,060	563	9.87

*Over FAR, limit development of 8.0

2.86 acres / 124,395 SF / 1.2 million SF of development potential in the heart of Seattle's hottest submarket



OBJECTIVE AND REQUIREMENTS

PURPOSE OF SOLICITATION

Through a competitive Request for Proposal (“RFP”) process, the City of Seattle is planning on offering for redevelopment the three sites. The City’s vision is to secure a world-class developer to design, construct and operate an iconic development that is characterized by well-integrated commercial uses, mixed-use, residential housing, and community benefits (the “Project”). The selected developer (“Developer”) will be required to provide certain uses on the site and will be further encouraged to provide a variety of community benefits in addition to the required development. Through this disposition, the City is seeking to achieve a collective neighborhood benefit that will build upon and grow the vitality, affordability, and economic development of the South Lake Union Urban Center.

OBJECTIVES AND REQUIREMENTS

The City is seeking an appropriate balance between the financial offer for the Mega Block and the community benefits provided in the Project. In addition to the minimum development requirements shown in the adjacent table, this RFP requests the Developer to provide a mix of community benefits which will be left to the discretion of the Developer to propose and will be evaluated as part of the RFP process.



DEVELOPMENT REQUIREMENTS

The following development requirements are minimum commitments to be considered responsive to the RFP; and will be contractual agreements between the Developer and the City of Seattle as terms in the Disposition and Development Agreement (“DDA”).	
1.	Sustainability Standards. The development must meet or exceed sustainability standards of LEED Gold for commercial / mixed-use, except that any affordable housing financed with tax-exempt bonds or low income housing tax credits may instead meet the Washington State Evergreen Sustainable Development Standard (“ESDS”).
2.	Labor Harmony Agreement. Any and all hotel operators that are part of the development will enter into a Labor Harmony Agreement for the initial and any subsequent hotel.
3.	Remediate Environmental Contamination. Developer will be responsible for the incremental cost to remediate environmental contamination.
4.	Project Labor Agreement. Developer will enter into a project labor agreement for the initial phase of construction.
5.	Fair Market Value. The properties must be sold or ground leased at Fair Market Value.
The following Broad Street Vacation requirements shall be contractual agreements between the Developer and the City of Seattle as terms in the DDA, shall be implemented by the Developer during development of the site, and shall comply with and be designed to City standards and as modified by terms and conditions within Appendix B.5 Broad Street Conditions of Approval.	
6.	Access Easement or Right-of-Way. Eighth Avenue N will provide 11,000 square feet of public open space via a 60-foot wide access easement or right-of-way through the site (from Mercer to Roy). The 60-foot wide pedestrian street will further establish the neighborhood street grid and connect the neighborhoods north and site of Mercer Street. Appropriate signage and departmental reviews from the City and Seattle Department of Transportation (“SDOT”) will be required.
7.	Eighth Avenue Improvements. Eighth Avenue improvements between Mercer and Roy will implement the South Lake Union Urban Design Framework and will be consistent with Eighth Avenue North Design Guidelines. Please note Design Commission review will be required.
8.	Cycle Track Extension. Extend the two-way protected bike lanes in accordance with SDOT design criteria (see Appendix B.1) on the north side of Mercer from Dexter to Ninth, providing a key link in the bicycle network.

OBJECTIVE AND REQUIREMENTS (continued)

PRIORITIES

The City will prioritize development proposals that exhibit exemplary strength in sustainability, equity, design excellence, and provides a mix of uses that will build on the uniqueness and character of the South Lake Union community, activate the site and provide places for the community to gather.

1. AFFORDABLE HOUSING

The City has a strong interest in maximizing benefits for affordable housing through this RFP, either through direct production of affordable units on the site, or by maximizing the financial offer in order to create revenue that will be invested in affordable housing at another location. It shall be left to the City's discretion to determine which option maximizes affordable housing benefits. In order to make this determination, the City strongly encourages all respondents to submit bids both with and without an on-site affordable housing component.

For bids that include on-site affordable housing, the City is seeking proposals that meet the following goals:

- » Production of at least 175 apartment units of affordable housing, which shall be income- and rent-restricted for households earning up to 60% of Area Median Income ("AMI"), as defined by U.S. Department of Housing and Urban Development ("HUD"), for a period of not less than 50 years;
- » Delivery of a range of affordable unit sizes, including family-sized housing with 2 and 3-bedroom units; and
- » Inclusion of units affordable to households with incomes at 30% and 50% AMI.

Note: Developers should not assume any capital subsidy from the Seattle Office of Housing or other public funders, but may make reasonable assumptions about non-competitive resources such as 4% Low Income Housing Tax Credits and tax exempt bonds. In addition, affordable housing counted toward the above goals must be separate from any housing provided towards the Developer's requirements under the City's Mandatory Housing Affordability ("MHA") program, or Multi-Family Tax Exemption program.



OBJECTIVE AND REQUIREMENTS (continued)



2. TRANSACTION STRUCTURE

The City has a strong preference to structure the transaction for the site as an unsubordinated long-term ground lease (a subordinated ground lease would be considered non-responsive); however, the City will consider alternative acquisition offers including a fee simple sale.

3. BUILDING AND PUBLIC SPACE

Of key importance will be the inclusion of strong, street-level activation and the provision of actively managed open space that incorporates place-making best practices and becomes a place of local and regional pride. Characteristics of successful public spaces typically include:

- » Active edge uses;
- » Strong gateways and entrances;
- » Focal points inside the spaces and vistas through them;
- » Choices of things to do within the space;
- » Showcase local assets, culture & civic identity;
- » Educational opportunities;
- » Comfortable places to sit;
- » Designed to attract a cross section of users;
- » Overlapping and changing uses;
- » Creative use of art; and
- » Provide seasonal strategies for active uses (diverse retail, music, entertainment, cultural festivals, farmers markets, art shows, etc.).

OBJECTIVE AND REQUIREMENTS (continued)

4. COMMUNITY BENEFITS

The City is also interested in developments that include uses that will benefit the broader community, such as:

- » School;
- » Local business micro retail;
- » Performing arts space;
- » Maker space;
- » Career training center/community space; and
- » Daycare.

5. SUSTAINABILITY

The City desires a development that meets a high level of sustainability in its design, construction and operations. In particular, the City desires development that is LEED Gold or higher.

Development is to exhibit strength in sustainability, equity, design excellence, providing mixed-use alternatives consistent with the uniqueness and character of the South Lake Union community



MERCER MEGA BLOCK

LAKE UNION

99

Dexter Ave N

8th Ave N

9th Ave N

Mercer Street



TRANSACTION GUIDELINES

GUIDELINES

Mercer Mega Block is being offered without a list price. We are requesting that written offers be submitted no later than **4:00 pm (PT), Friday, October 05, 2018**. Although JLL is available to assist prospective developers/investors with their review of the offering, Respondents are encouraged to perform their own due diligence and investigations as needed prior to submitting a response. Respondents should rely upon their own evaluations and base offers and pricing on the “As-Is, Where-Is” condition of the Property.

Tours of the market may be arranged with JLL.

All offers should, at a minimum, include:

- » The site acquisition price or proposed terms for an unsubordinated ground lease, as further outlined in RFP Requirements;
- » The source of capital, both equity and debt, for the transaction;
- » The amount of earnest money deposit;
- » Detail on the closing expenses to be borne by either buyer or seller (i.e. escrow, title, insurance, transfer taxes, etc.);
- » A detailed schedule/timeline of the due diligence and requisite approval process; and
- » A description of assumptions utilized for the offer.

The RFP Process and Requirements is further detailed in Section III starting on page 34.

DISCLAIMER

The information contained in this RFP is confidential, furnished solely for the purpose of considering the site acquisition of the Mercer Mega Block located in Seattle, Washington and is not to be used for any other purpose or to be made available to any other person without the express written consent of Jones Lang LaSalle (“JLL”) and the City of Seattle (“Owner”). The information contained herein shall not be photocopied or disclosed to any other party and shall not be used for any other purpose. Neither the Owner, nor JLL, nor any of their officers, directors, employees or agents, assume any responsibility or make any representations or warranties, whether express or implied, by operation of law or otherwise, with respect to the Property or this RFP or any information or statements (including financial statements and/or projections) contained herein or relating hereto, including the accuracy or completeness of such information or statements and the condition, quality or fitness of the Property. Such information and statements have, in many circumstances, been obtained from outside sources, have not been tested or verified and may be subject to errors or omissions. The only party authorized to represent the Owner of the Property is Jones Lang LaSalle, and the Owner shall not be obligated to pay any fees or commissions to any other advisor, broker or representative. Any party entering into a transaction with the Owner shall be obligated to pay any fees or commissions due any advisors, brokers or representatives, other than JLL, dealing with such party. In no event shall the delivery or receipt of this RFP be deemed to create any legal obligation to enter into any transaction with respect to the Property, and only a definitive agreement signed by all parties shall create a binding commitment to enter into a transaction. Copyright © Jones Lang LaSalle IP, Inc. 2018 | Jones Lang LaSalle Americas, Inc. License # 3662.

MERCER MEGA BLOCK

Mercer Mega Block is situated in the heart of South Lake Union at the epicenter of Seattle's growing technology/life sciences hub. Millennials and a highly skilled workforce also gravitate to these neighborhoods based on the countless opportunities, plentiful lifestyle amenities, parks, bike lanes, waterfront access and mass transit.



PROJECT OVERVIEW & DEVELOPMENT POTENTIAL



SOUTH LAKE UNION MAP

MERCER
MEGA
BLOCK

PROJECT OVERVIEW & DEVELOPMENT POTENTIAL

Google is leasing 600,000 SF in South Lake Union's Lakefront Blocks

The Gates Foundation's global headquarters is in South Lake Union (600,000 SF). More than 1,000 people are employed there

Facebook's new offices at Dexter Station and Eleven01 Westlake, will have roughly 3,000 employees

Google

facebook

LAKE UNION

Home to some of the largest companies in Washington State, major employers, and an abundance of residential, office and mixed-use of development

For the 11th year in a row, U.S. News & World Report has named Seattle Cancer Care Alliance/University of Washington Medical Center one of the top 10 Best Hospitals in the Nation for Adult Cancer Treatment

- Residential
- Office
- Medical
- Amazon
- Facebook
- Hotel



SOUTH LAKE UNION MAP LEGEND

Residential

1 Premier on Pine Apts 815 Pine St Holland Partner Group	15 8th & Republican 430 8th Ave N The Wolff Co	29 AMLI 528 Pontius Ave N AMLI Residential Partners
2 Cirrus 2030 8th Ave GID Development Group	16 Fox & Finch 525 Boren Ave N Wilshire Capital Partners	30 Block 11 1255 Harrison St Vulcan
3 Insignia Towers 2301 6th Ave Bosa Properties Inc	17 Holiday Apartments 1001 John St Mack Urban	31 1200 Stewart Project 1200 Stewart St Lexas Companies
4 Dimension 225 Cedar St Holland Residential	18 H5 SLU Site 121 Boren Ave N H5 Capital	32 Apartment Dvlpt 1901 Minor Ave Crescent Heights
5 Verve 2720 4th Ave HB Capital / Columbia Pacific	19 Onni SLU Site 1120 Denny Way Onni Group	33 Former Daola Site 1121 Stewart St RBF Property Group
6 Century 101 Taylor Ave N RD Merrill Co	20 Onni SLU Site 1120 John St Onni Group	34 Denny Centre 2014 Fairview Ave Bosa Properties
7 Aperture on 5th 500 John St L&P Partners	21 425 Fairview Apts. 425 Fairview Ave N Greystar Dvlpt	35 701 Valley Apartments 701 Valley St City of Seattle
8 Metropolitan Apartments 408 Aurora Ave N Metropolitan Companies	22 Cascade II 222 Fairview Ave N Equity Residential	36 Juxt 810 Dexter Avenue N Holland Partner Group
9 Condominium 403 Dexter Ave N Wilshire Capital Partners	23 Cascade I 221 Minor Ave N Equity Residential	37 True North 801 Dexter Holland Partner Group
10 Modera South Lake Union 435 Dexter Ave N Mill Creek Development	24 Chroma SLU 1212 Harrison St Holland Partner Group	38 Oakwood SLU 717 Dexter Ave N Holland Partner Group
11 Block 56E 401 8th Ave N Vulcan	25 Stack House Apts 1280 Harrison Vulcan	39 Radius 400 Boren Ave N Greystar
12 Compass on Dexter 756 John St Compass Housing Alliance	26 Rivet 1201 Mercer St Holland Partner Group	40 Union SLU 901 Dexter Ave N Holland Partner Group
13 Westlake & John 201 Westlake Ave MacFarlane Partners	27 Mercerview Apartments 1200 E Mercer St Reside Partners	41 Westlake Steps 1209 Westlake Ave N Holland Partner Group
14 Landes Apartments 901 Harrison St MacFarlane Partners	28 Yale Avenue 624 Yale Ave N NBBJ	42 Neptune 912 Dexter Ave N Simpson Property Group

Office

1 Hill7 1821 Boren Ave Touchstone Corp
2 Block 48 Westlake Ave N & Denny Vulcan Inc
3 400 Fairview 400 Fairview Ave N Skanska
4 Arbor Blocks 300 & 333 8th Ave N Vulcan
5 503 Westlake 503 Westlake Ave N Vulcan
6 Block 38 520 Westlake Ave N Vulcan
7 King 5 Headquarters 333 Dexter Ave N Kilroy Realty Corp

Hotel

1 Hyatt Regency 808 Howell R. C. Hedreen
2 Staybridge Suites 1119 Mercer St IHG
3 Courtyard by Marriott 925 Westlake Washington Holdings
4 Moxy Seattle 1016 Republican St Stonebridge Companies
5 Residence Inn 800 Fairview Ave Apple Hospitality

Medical

1 Bill & Melinda Gates Foundation 440 5th Ave N
2 UW Medicine 500 Dexter Ave Mill Creek
3 UW School of Medicine 850 Republican St
4 UW Medicine SLU 850 Republican
5 Allen Institute 615 Westlake Ave N
6 Allen Institute (expansion) 701 Westlake Ave N Vulcan
7 University of WA Physical Imm 307 Westlake Ave Blackstone / Biomed
8 Seattle Children's Research Institute 1920 Terry Ave
9 Novo Nordisk 530 Fairview Ave N #2000 Blackstone / Biomed
10 Seattle Cancer Care Alliance 1100 Fairview Ave
11 Fred Hutchinson Cancer Research Center 1100 Fairview Ave N
12 Seattle Cancer Care Alliance 825 Eastlake Ave E ZGF
13 Juno Therapeutics 400 Dexter Ave N Alexandria Real Estate

PROJECT OVERVIEW

UNPARALLELED DEVELOPMENT INVESTMENT

This is a rare opportunity to control a significant development site in one of the strongest markets in the country. The property, located prominently on Mercer Street, receives high visibility from the more than 80,000 cars that use the primary thoroughfare daily. Timing is a plus given that the development cycle in Seattle is very strong and this is one of the last land sites in the area. More than 3,800 apartment units and 3.7 million square feet of office space have been delivered in South Lake Union in the last three years. Despite this increase in inventory, demand in the area remains at an all-time high, as evidenced by sub-6% vacancy for both the residential and commercial sectors. Current zoning allows for mixed-use, office, life sciences, and residential development while research and development uses are FAR exempt under certain conditions.



ZONING

South Lake Union was designated as an Urban Center by the City of Seattle in 2007 while the area was beginning to grow. It is the City's continued goal to support and encourage development of South Lake Union as a neighborhood of regional significance with a concentration of jobs and housing. Therefore, zoning includes MHA to create opportunities for affordable housing and also requires incorporating community benefits. Other critical components of zoning requirements include ensuring active public spaces through well-designed ground floor retail along key streets, encouraging façade transparency, enforcing parking standards, and strengthening incentives to preserve landmark properties and create open space are also critical components of the zoning.

Under the Seattle Comprehensive Plan, these three sites are within the South Lake Union Urban Center and this Land-Use District lies within the Seattle Mixed ("SM") Zone. The SM zone is a commercial zone that promotes a diverse, mixed-use community with a strong pedestrian orientation. This zoning designation balances the need for flexibility and a variety of activities with the need to provide adequate housing and commercial activities critical to the success of an urban neighborhood.

This zoning limits the Floor Area Ratio ("FAR") to 8.0 and floor plate sizes to 24,000 SF for any one commercial tower, with a 65' maximum front setback and 175' maximum height. Extra floor area may be achieved by providing certain public amenities to include affordable housing, child care, mid-block corridors, and public viewpoints, for example. The sites are subject to MHA requirements and current zoning is SM-SLU 175/85-280 (Height Limit: commercial – 175 feet; residential – 280 feet). However, due to the South Lake Union Seaport Flight Corridor, there will be height limitations on a portion of the site which is explained in further detail on page 24.

MHA requirements refer to the Mandatory Housing Affordability policy requiring new development in Seattle to offer affordable housing units or contribute to a fund specifically designated for affordable housing. The policy applies to both commercial and multifamily developments and has taken effect in areas where new height and/or floor area limits were approved to increase development capacity.

Development Standards highlights

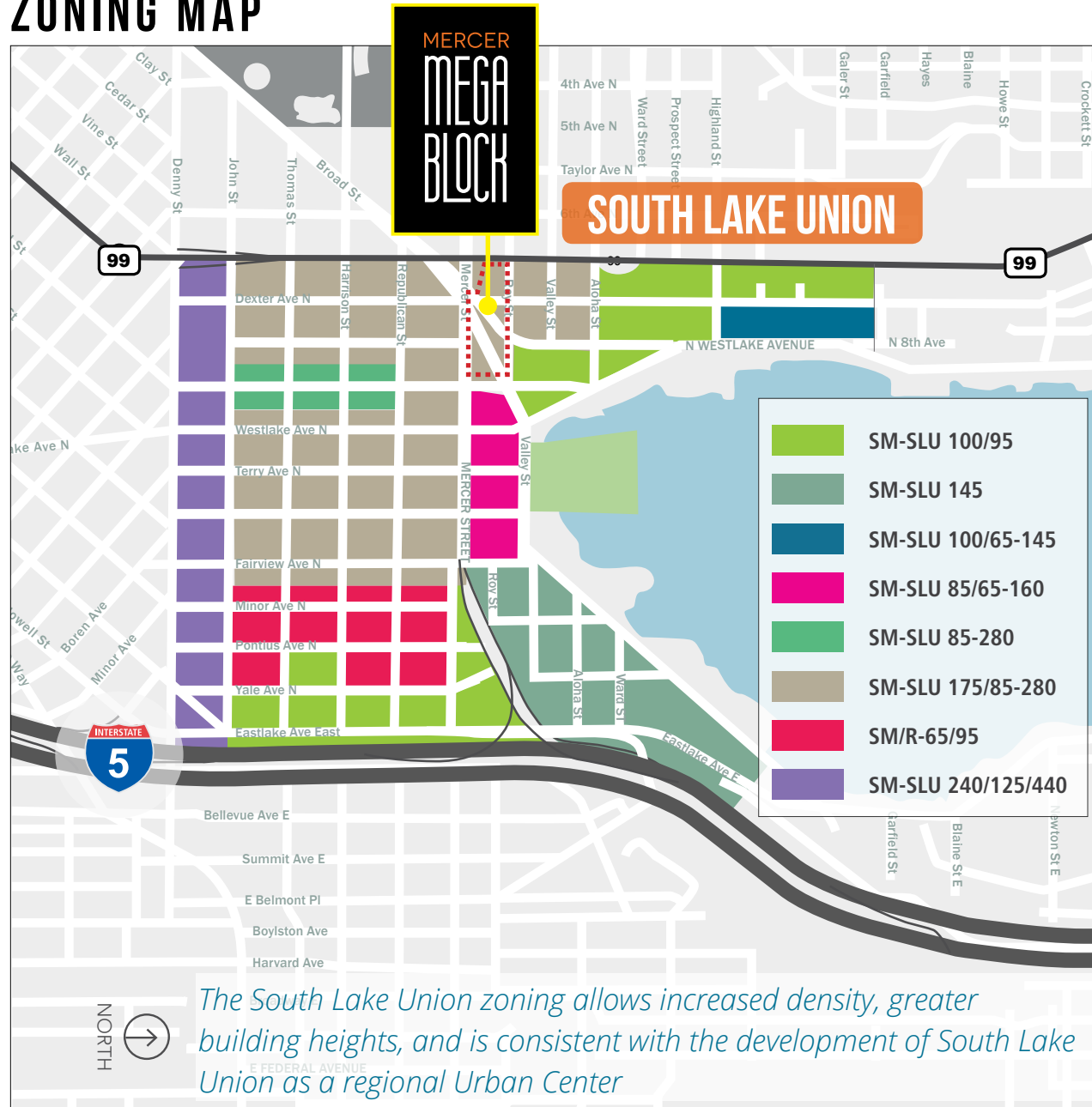
Provisions that provide for an increase in affordable housing in the city and investments in public amenities to promote a vital pedestrian environment and support the needs of a growing residential population

Sufficient development capacity that allows the neighborhood to accommodate future residential and employment growth

Standards that emphasize the pedestrian experience and encourage development of a pedestrian and open space network



ZONING MAP



*Information regarding podium heights is included in the Appendix.

The primary goals of the South Lake Union Zoning:

- Advance the City's growth management strategy as set out in the Comprehensive Plan and South Lake Union Neighborhood Plan
- Promote a neighborhood that will provide a diverse mix of housing and employment
- Support the continued growth of the city's economy and encourage a safe and active pedestrian environment
- Create new infrastructure financing tools that will provide the critical public infrastructure and ensure South Lake Union remains an attractive and livable neighborhood for all who live and work



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DEVELOPMENT CONSIDERATIONS

MHA PROGRAM

The goal of the City of Seattle's MHA Program is to help meet both current and projected regional housing needs of all economic and demographic groups. This can be accomplished by requiring new development to offer affordable housing which will increase Seattle's housing choices. For more information regarding MHA: <http://www.seattle.gov/hala>.

SOUTH LAKE UNION SEAPORT CORRIDOR

Development standards for the South Lake Union Urban Center control tower density for a multitude of reasons, including maintaining a flight corridor for South Lake Union Seaport operations. Developers shall be responsible for verifying the South Lake Union Flight Corridor overlay, and for conducting all project-level studies as needed to identify any potential conflicts with the air corridor and to determine the allowable building height on the site for ensuring safe aircraft operations.

Heights are not measured from sea level, but from the average surface elevation of Lake Union or approximately 18 feet above mean sea level ("AMSL"). Preliminary analysis indicates height limitations of 216 feet will be required for a portion of the project. Please see Appendix A.1 in Section V for a graphic of the South Lake Union Seaport Flight Path.

BIKEWAY REQUIREMENTS

The goal of the Seattle Department of Transportation's Bicycle Master Plan is to build a network of cycling routes using approximately 100 miles of protected bike lanes and 250 miles of neighborhood greenways. With large paths along Westlake and parts of Mercer already in place, South Lake Union will continue to see the City tie the network together. Some planned routes such as the protected bike lane on 9th Ave N running from Westlake Ave N to Harrison Street will be right next to the Mercer Mega Block.



DEVELOPMENT CONSIDERATIONS

8TH AVENUE CONSIDERATIONS

The City of Seattle will require that 8th Avenue N be established and maintained as either a 60-foot wide easement or dedicated right-of-way to provide through-way connections for pedestrians between Roy and Mercer streets, and function as a fully activated high-quality public open space (refer to Evaluation Criteria on pages 45-46). The space should employ a design vocabulary that embraces nature, integrates seamlessly into the surrounding streetscape and street network.

In order to achieve the maximum development potential for residential use of this site, 8th Avenue N would need to be treated as a dedicated right-of-way. This would increase the number of “block fronts” and permit two towers on both the Mercer East and Mercer West blocks.

As for nonresidential use, 8th Avenue N would be included as part of the development site and treated as a pedestrian easement. This easement would serve as a creative and open public space. Given a maximum FAR of 8.0, this will allow for an additional 80,000 SF of development.

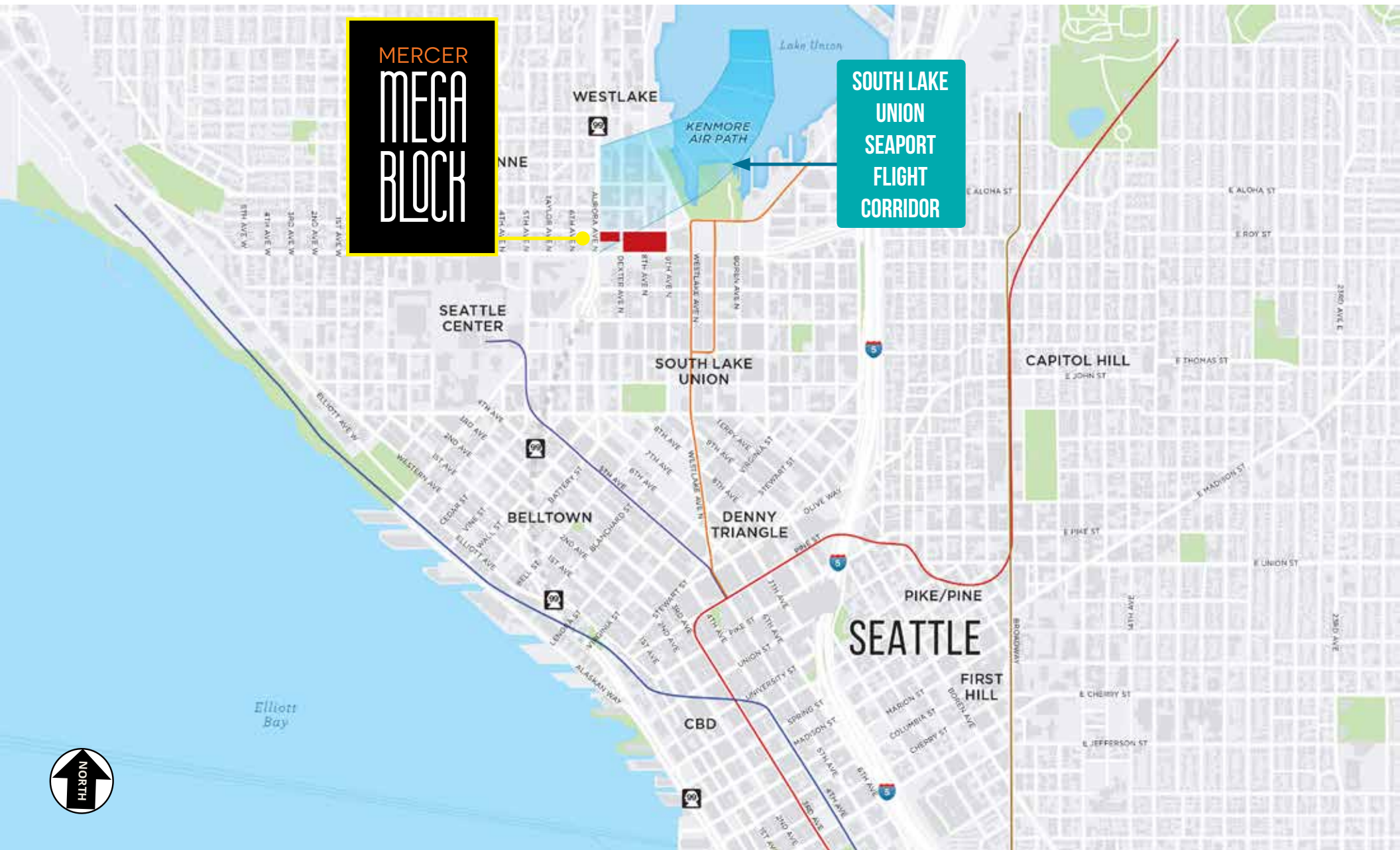
Both scenarios comply with SDOT’s “Broad Street Vacation 8th Avenue N Pedestrian Through-Block Design & Operations Guidelines” (See Appendix B.1). These guidelines would allow the street to be used for a variety of events such as festivals and markets and also address the need for enhanced landscaping, strategically-placed street furniture, and public art.

Mercer East and Mercer West include an utility easement over which structures are allowed within the language of the easement. It will be up to the prospective developer to determine requirements for the following, based on their intended use or uses:

- Building setbacks
- Open space/Landscaping
- FAR Bonuses/Exemptions/ Limitations
- Development standards
- Transfer development right
- Payment and MHA payment



DEVELOPMENT CONSIDERATIONS (continued)



DEVELOPMENT POTENTIAL

Southwest aerial view

RESIDENTIAL DEVELOPMENT

The residential net site area is 113,160 SF, 1,199,013 chargeable SF, and a FAR of 10.60. The residential development would provide for 1,358 units.



DEVELOPMENT POTENTIAL (continued)

RESIDENTIAL

Mercer East

The net site area for a residential development is 38,574 SF. This figure is inclusive of the square footage that must be dedicated to the 9th Avenue turn lane and the 8th Avenue right-of-way. The FAR associated with a residential development is 10.73 and results in a development potential of approximately 413,792 SF of chargeable area across 27 floors and 426 units.

Mercer West

The net site area for a residential development is 50,826 SF. This figure includes the square footage that must be dedicated to create the Roy Street turn lane and the 8th Avenue right-of-way. The FAR associated with a residential development is 10.98 and results in a development potential of approximately 557,963 SF of chargeable area across 26 floors and 630 units.

Dexter

The net site area for residential development is 23,760 SF. This figure includes the square footage required by the City for a two-foot dedication needed to widen the existing alley. The FAR associated with residential development is 9.56 and results in a development potential of approximately 227,258 SF of chargeable area across 18 floors and 302 units.



Residential	Mercer East	Mercer West	Dexter	Total
Net Site Area	38,574	50,826	23,760	113,160
Chargeable Area (SF)	413,792	557,963	227,258	1,199,013
FAR	10.73	10.98	9.56	10.60
Floors	27	26	18	71
Units	426	630	302	1,358

Note: 8th Ave is treated as a right-of-way, thus the development potential will vary from that of commercial and mixed-use.

See Appendix A.1 - Development Summary for detailed area calculations and information relative to the South Lake Union Seaport Flight Corridor restriction.

Residential based on 650 SF average with an 82% efficiency in podium and 86% efficiency in tower.

DEVELOPMENT POTENTIAL (continued)

Southwest aerial view

COMMERCIAL DEVELOPMENT

The net site area for nonresidential is 124,395 SF with a chargeable 996,652 SF and a FAR of 8.01. This is over the FAR standards and development must be limited to a FAR of 8.00. A commercial-only scenario provides 202,361 chargeable SF less than a residential-only scenario.



DEVELOPMENT POTENTIAL (continued)

COMMERCIAL

Mercer East

The net site area for a nonresidential development is 44,067 SF. This figure includes the square footage that must be dedicated to creating the 9th Avenue North turn lane and the 8th Avenue North access easement. The FAR associated with a nonresidential development is 8.43 and results in a development potential of approximately 371,429 SF of chargeable area across 14 floors.

Mercer West

The net site area for a nonresidential development is 56,568 SF. This figure includes the square footage that must be dedicated to create the Roy Street turn lane and the 8th Avenue North access easement. The FAR associated with a nonresidential development is 7.68 and results in a development potential of approximately 434,347 SF of chargeable area across 14 floors.

Dexter

The net site area for nonresidential development is 23,760 SF. This figure includes the square footage required by the City for a two-foot dedication needed to widen the existing alley. The FAR associated with a nonresidential development is 8.03 and results in a development potential of approximately 190,877 SF of chargeable area across 14 floors.

Commercial	Mercer East	Mercer West	Dexter	Total
Net Site Area	44,067	56,568	23,760	124,395
Chargeable Area (SF)	371,429	434,347	190,877	996,652
FAR	8.43	7.68	8.03	8.01*
Floors	14	14	14	42

*Over FAR, limit development of 8.0

Note: 8th Ave is treated as an easement, thus the development potential will vary from that of residential.

See Appendix A.1 - Development Summary for detailed area calculations and information relative to the South Lake Union Seaport Flight Corridor restriction.



DEVELOPMENT POTENTIAL (continued)

Southwest aerial view

MIXED-USE DEVELOPMENT

The net site area for mixed-use is 124,395 with a chargeable 1,228,060 SF, a FAR of 9.87, and a total of 563 residential units. This scenario would provide the most chargeable amount of square footage.



DEVELOPMENT POTENTIAL (continued)

MIXED-USE

Mercer East

The net site area for mixed-use development is 44,067 SF. This figure includes the square footage that must be dedicated to creating the 9th Avenue turn lane and the 8th Avenue access easement. The FAR associated with mixed-use development is 10.73. This results in a development potential of approximately 472,754 SF of chargeable area across 24 floors and includes 135 residential units.

Mercer West

The net site area for mixed-use development is 56,568 SF. This figure includes the square footage that must be dedicated to create the Roy Street turn lane and the 8th Avenue access easement. The FAR associated with mixed-use development is 9.33. This results in a development potential of approximately 528,048 SF of chargeable area across 24 floors and includes 126 residential units.

Dexter

The net site area for mixed-use development is 23,760 SF. This figure includes the square footage required by the City for a two-foot dedication needed to widen the existing alley. The FAR associated with mixed-use development is 9.56. This results in a development potential of approximately 227,258 SF of chargeable area across 18 floors and includes 302 residential units.

Mixed-Use	Mercer East	Mercer West	Dexter	Total
Net Site Area	44,067	56,568	23,760	124,395
Chargeable Area (SF)	472,754	528,048	227,258	1,228,060
FAR	10.73	9.33	9.56	9.87
Floors	24	24	18	66
Units	135	126	302	563

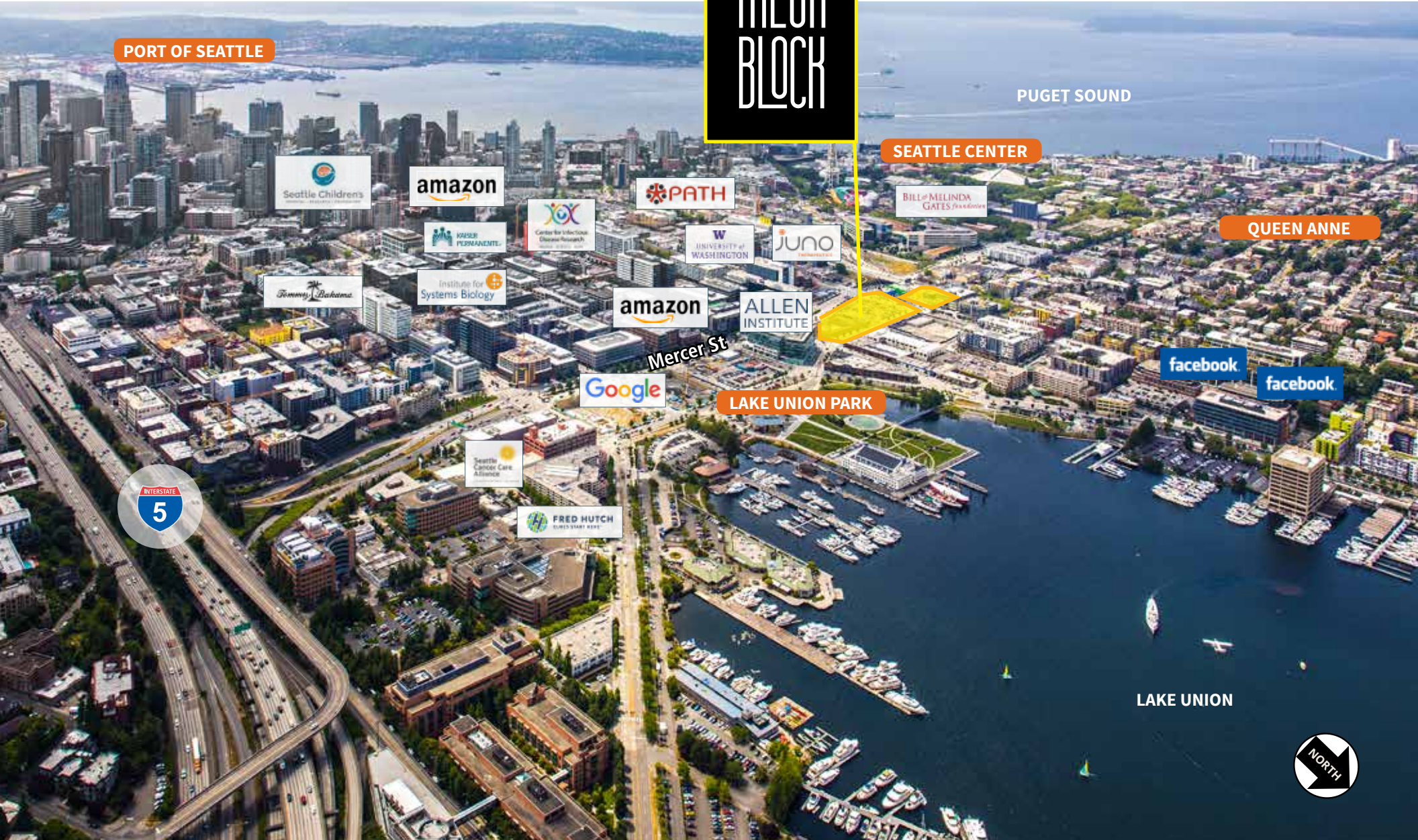


Note: 8th Ave is treated as an easement, thus the development potential will vary from that of residential.

See Appendix A.1 - Development Summary for detailed area calculations and information relative to the South Lake Union Seaport Flight Corridor restriction.

MAJOR AREA TENANTS

PROJECT OVERVIEW & DEVELOPMENT POTENTIAL



RFP PROCESS & REQUIREMENTS



SOLICITATION SCHEDULE

SCHEDULE

The solicitation, receipt and evaluation of the RFP responses and the process for selecting a preferred Respondent are anticipated to follow the basic time frame below. JLL reserves the right to issue a written addendum at any time to alter the dates set forth. In the event of any change to the schedule below, all addenda to the RFP will be posted and will be posted at www.CityofSeattleMercerMegaBlockRFP.com. Respondent is responsible for determining if any addenda to this RFP have been posted on the website up to the final date of submittal.

July				
M	T	W	T	F
2	3	4	5	6
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30	31			

August				
M	T	W	T	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27	28	29	30	31

September				
M	T	W	T	F
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28

October				
M	T	W	T	F
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29	30	31		

November				
M	T	W	T	F
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30



RFP released to market	07/11
Deadline to submit questions	09/10
Initial offers	10/05
Interviews with shortlisted Respondents	10/29-10/30
Best and Final Offer (“BAFO”) issuance to Developer shortlist.....	11/05
BAFO Deadline.....	11/21
Award / commence due diligence	between 12/13 and 12/21

Note: Above dates are subject to change.

INSTRUCTIONS & CONTACTS

SUBMISSION INSTRUCTIONS

RFP submissions shall not exceed a total of 75 single-sided pages, including any appendices and required forms, using a minimum type size of 11. The Respondent shall submit one unbound original, five hard copies and one “high quality” digital unsecured PDF file on a flash drive and delivered no later than: **4:00 pm on Friday, October 05, 2018** directly to:

Lori Hill

Managing Director

JLL

601 Union Street, Suite 2800, Seattle, WA 98101

Email: Lori.Hill@am.jll.com

Incomplete proposals, incorrect information, or late proposals may be cause for disqualification. Copies received by e-mail or fax will not be accepted.

Financial Qualifications and Litigation and Bankruptcy History (RFP Requirements, page 37) SHALL NOT be submitted as part of the hard copy or digital copy, but should be submitted in an unbound, hard copy format, in a sealed envelope(s) marked “[Insert Developer Name] – Financial Capacity/ Litigation History” (“Financial Capacity Envelope”). The sealed Financial Capacity Envelope MUST also contain a self-addressed, stamped envelope(s) to provide for the return of the information if so desired. The sealed Financial Capacity Envelope(s) must be delivered no later than **4:00 pm on Friday, October 05, 2018** directly to:

Lori Hill

Managing Director

JLL

601 Union Street, Suite 2800, Seattle, WA 98101

Email: Lori.Hill@am.jll.com

QUESTIONS

Respondents may submit questions and Requests for Information (collectively “RFIs”) in writing utilizing Appendix C.9 (RFI Template) and send via email to Lori Hill with JLL. RFIs must be submitted by the deadline stated in the Solicitation Schedule herein. JLL will endeavor to answer RFIs in writing on a timely basis; however, JLL is under no obligation to respond to all or any particular RFI.

Questions will be accepted via telephone but oral explanations and instructions shall not be considered binding. If necessary, an addendum will be issued in response to any questions that require a change to the RFP. Other than RFIs, no other communications with JLL or City officials, be it either elected or staff, or City consultants engaged for this project should take place during the selection process in an effort to influence the selection process. Any attempt to influence the selection process could result in the disqualification of the Respondent’s proposal.



RFP REQUIREMENTS

A complete, concise and professional response to the RFP will enable JLL to identify the most qualified Respondents and will be indicative of the level of the Respondents' experience and commitment to the proposed project. Respondents must demonstrate their project concept, design and supporting financing plan necessary to successfully design, develop and deliver the proposed project. The contents of the Proposal must be clear, concise and complete with each section of the RFP Proposal tabbed and labeled in the order shown below.

PROPOSAL COVER LETTER

The Cover Letter shall include the title of the RFP, submittal date, the lead Respondent, principal contact, address, telephone number, fax number, email address and website address, if applicable.

PROJECT EXECUTIVE SUMMARY

A Project Executive Summary, not exceeding two (2) pages, shall be written in a narrated, non-technical style. The Project Executive Summary shall contain sufficient information for reviewers with both technical and non-technical backgrounds to become familiar with Respondent's acquisition price and transaction structure, project concept, Statement of Qualifications ("SOQs"), and its ability to satisfy the financial and technical requirements of the Project. The Project Executive Summary shall also include any relevant information the team believes is necessary to introduce the team and project to the evaluation panel.



RFP REQUIREMENTS (continued)

FINANCIAL QUALIFICATIONS

This section shall be used to provide the financial information for the Respondent team including the prime, any joint venture partners, and letters of interest or commitment from potential lenders and tenants. Form templates shall be used to disclose some of the required information (see Appendix D). Required information includes:

1. Most current unaudited financial statement on a year to date (“YTD”) basis including balance sheet, income statement and cash flow statements. Items submitted under this section will not count against the maximum page count for the RFP response;
2. Last three years of audited financial statements prepared by an independent certified public accounting firm which includes a balance sheet, income statement, cash flow statement and associated notes to the financial statements. If audited financial statements are not available then the Respondent may be required to provide the last three years of tax returns submitted to the IRS or other documentation satisfactory to the City. Respondent may be asked clarifying questions regarding the financial materials submitted. Items submitted under this section will not count against the maximum page count for the RFP Proposal; and
3. Listing of projects financed in the last ten years. Appendix C.4, C.5 and C.6 in Appendix C shall be used to disclose the information. The listing shall include the total project cost, amount of equity placed, the source of the equity, the amount financed, and the source of the financing. The listing of projects should include, but is not limited to, any projects identified under Past Project Qualifications.
4. The Financial Qualifications information required per the above SHALL NOT be submitted as part of the overall RFP, but rather in accordance with the guidelines outlined in accordance with the Submission Instructions on page 36. For purposes of the tabbed RFP Proposal, insert a single page stating that “Requested information for RFP Requirements, Financial Qualifications have been submitted under separate cover per the instruction in the RFP”.

PAST PROJECT QUALIFICATIONS

This section shall be used to provide examples of the Respondent’s experience in the past ten years specifically related to the envisioned scope of the Project. Project related examples shall be submitted by utilizing the template provided in Appendix C.3.

RFP REQUIREMENTS (continued)

PROJECT CONCEPT AND PUBLIC BENEFITS

Respondent shall provide a narrative description regarding the Respondent's vision for each parcel on the site. The project proposal should aim to develop the site to its full potential consistent with applicable zoning and design guidelines.

The narrative should provide a high level summary of the proposed development and architectural concept and should, among other things:

1. Address the City's desire for active space, community space, flex space and gathering spaces, both indoors and outdoors;
2. Describe the intended uses and demonstrate plans to activate the ground floor;
3. Describe plans to activate the 8th Avenue pedestrian way;
4. Describe if affordable housing is provided within the development, including the number, size and affordability level of such units, and whether they will be in a stand-alone building or contained within a larger, market-rate building (Reminder: To better illustrate the price differential between bids including affordable housing versus bids not including affordable housing, Respondents proposing development of affordable housing are strongly encouraged to submit two (2) separate bids: one (1) in which the financial offer is based upon the inclusion of on-site affordable housing, and one (1) in which the financial offer is based upon not including on-site affordable housing;
5. Describe how parking will be integrated into the development and the proposed number of spaces, parking ratios and their location (surface/structured);
6. Describe how the development takes into account the community and the design standards laid out in planning documents;
7. Identify sustainability features for the development;
8. Describe how the site and building utility infrastructure will be addressed; and
9. Identify the public benefits as described on pages 11 and 12 of this RFP which you intend to provide and their location within the Project. Include a thorough and thoughtful explanation why you have chosen to incorporate those particular community benefits, as well as an explanation as to why you opted to not include other public benefits.

RFP REQUIREMENTS (continued)



PROJECT DESIGN

Respondent shall provide a basic concept development plan package that includes, at a minimum, a site plan/ground floor plan, elevations, sections and representative illustrations of the development in scales to be determined by Respondent. All drawings submitted should be legible, orient north-up and should only include one plan or elevation/perspective per sheet. All drawings are to be to scale, with all dimensions, materials and other notes clearly legible at 11X17 inch sheet size.

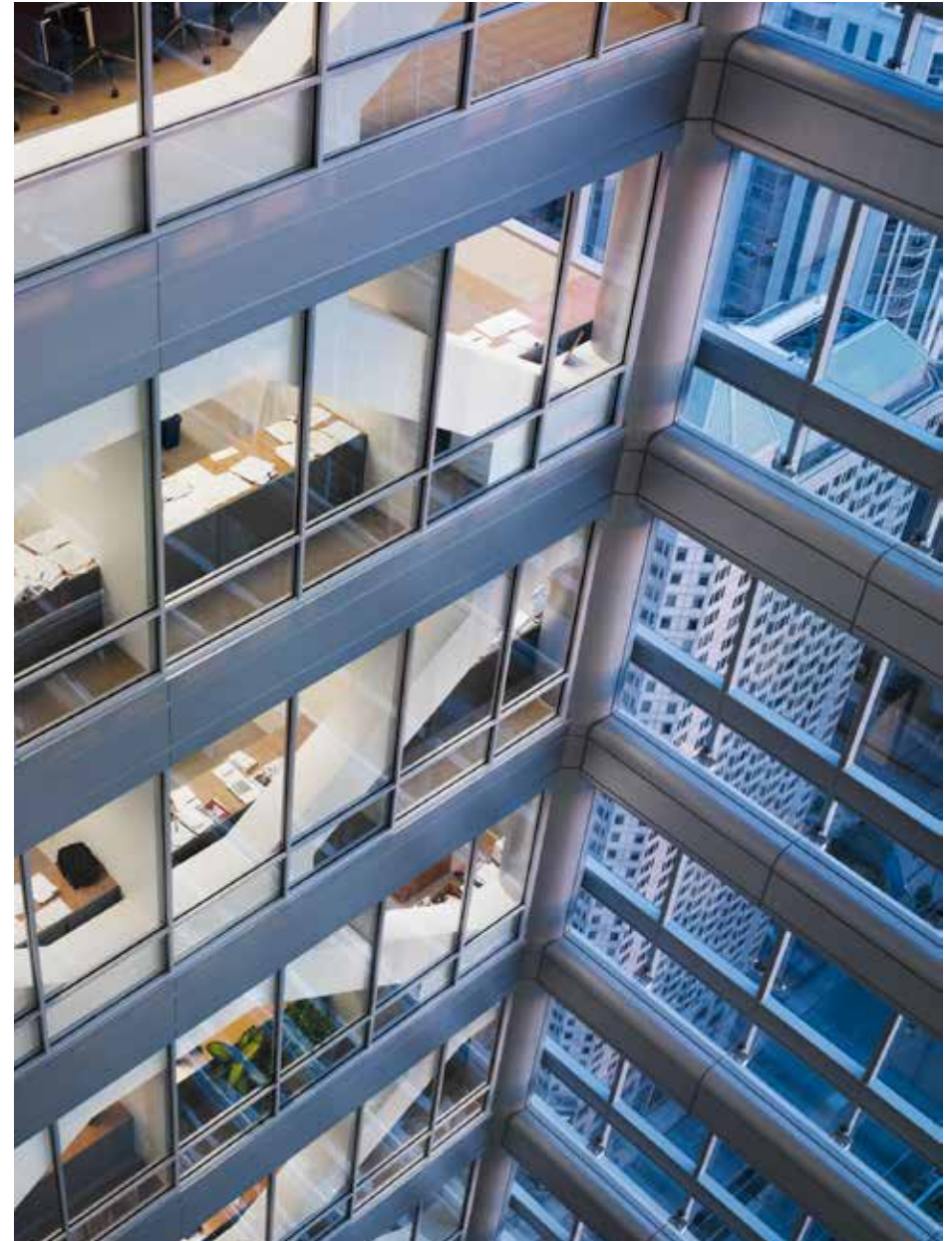
1. **Site Plan/Ground Floor Plan:** Provide a development site plan with all buildings, streets, and project/land uses within 300 feet, with the development site in the center. The site plan should illustrate the proposed development concept for the Project, including proposed building(s) footprint, proposed open spaces and landscape design concept(s), parking with parking counts, vehicular and pedestrian access. The Ground Floor Plan should show proposed ground floor usage with color-coding to distinguish area allocations among commercial, residential, service/parking, and circulation corridors and should illustrate parking layout, identify locations of mechanical and system utilities;
2. **Elevations:** Provide colored architectural exterior elevations for each unique building (indicating the number of buildings represented by each elevation). Elevations should provide a comprehensive view of the entire development and illustrate proposed building massing and height, fenestration, materials and colors of all finishes and related architectural elements;
3. **Context/Perspective Drawings:** Provide a representative illustration of the proposed development (plan, aerial sketch, photomontage, etc.) clearly showing massing and the relationship to adjacent structures and finished grades, open spaces, streets, and any parking areas. This drawing should clearly illustrate the relationship of the proposed project to the adjoining street and the neighborhood. The perspective should show the proposed development in context with the adjacent building masses. Context elements do not need to be photo-realistic, but must accurately convey the bulk, scale and character of the surrounding area.

RFP REQUIREMENTS (continued)

FINANCIAL OFFER

The City has a strong preference to receive offers on the properties with an unsubordinated long-term ground lease (a subordinated ground lease proposal would be considered non-responsive), but will consider alternative site acquisition offers such as a fee simple sale. Respondents shall provide a detailed proposal to acquire the site including, purchase price or ground lease terms and all other terms, conditions, and contingencies based on the transaction structure and the information provided in the Respondent's proforma (RFP Requirements, Project Financing Plan and Supporting Pro-Formas). The City requests Respondents to illustrate the purchase price differential associated with including versus not including on-site affordable housing and to clearly quantify the economic value that is associated with each community benefit element that has been chosen to be included. Other critical elements of the proposal shall include, but not be limited to:

1. Transaction structure (i.e. fee simple or ground lease);
2. Purchase price & earnest money deposit;
3. Payment terms;
4. Ground lease terms and payment structure (if applicable);
5. Conditions & contingencies;
6. Due diligence period; and
7. Closing timeframe.



RFP REQUIREMENTS (continued)

PROJECT FINANCING PLAN AND SUPPORTING PRO-FORMAS

Respondents should provide a narrative describing the Respondent's approach to financing the Project, identification of any perceived challenges to financing the Project and proposed innovations to meet these challenges. Respondents should address their views as to the most significant risks to the Respondent with respect to financing the Project and how those risks can be addressed, mitigated or allocated. The City will not contribute any funding towards the Project.

Within the narrative, Respondent should also include:

1. The entity that will be responsible for financing the Project;
2. The estimated total project cost;
3. The sources of any funding (e.g. private equity, bonds, commercial loan, bond financing, etc.). Include any letters of interest or commitment letters from equity partners or lenders;
4. The estimated financing amount, including rate, term and yields; and
5. Expected cap rates, expected leveraged and unleveraged Internal Rates of Return, yield expectation or other relevant information.

Respondents shall include in their submittal a detailed proforma utilizing the template in Appendix C.7. It requires populating basic project details and the mix of uses, sources and uses, development cost, income statement and a cash flow statement which should include, but is not limited to:

1. An all-in development budget including all direct, indirect, and financing costs, which clearly specifies key assumptions and how calculations are made, including from predevelopment up to, and including, stabilized operation;
2. A stabilized-year operating statement detailing assumptions for all sources of income, a vacancy factor, detailed operating expense budget, Net Operating Income ("NOI"), capital reserves, debt service, and equity returns;
3. A sources and uses table during predevelopment and construction;
4. A sources and uses table during permanent phases of the Project;
5. A clear statement regarding the Respondent's profit/return requirement and how it is calculated; and
6. A long-term projection of operating income and cash flows.

Respondents shall include a market demand analysis and assessment of current and projected market conditions for use and density that the Respondent believes are appropriate for the Project. The analysis should include sufficient information to establish the market support for the Project based upon analysis of demand generators, competitive supply, market pricing, competitive position and anticipated market share/capture.

RFP REQUIREMENTS (continued)

DEVELOPER RESPONSIBILITIES

The selected Developer will be required to enter into a Disposition and Development Agreement (“DDA”) with the City and the property will be subject to easements required by the City of Seattle. The City anticipates that the general scope of the successful development team’s responsibilities under the Disposition and Development Agreement will be as follows:

1. **Project Planning & Design:** The Developer will be responsible for all aspects of the pre-development planning and due diligence activities, environmental review, project refinement and project design. The Developer will be responsible, at its cost, for obtaining all land use entitlements and other government approvals required for its proposed project, and the Developer will be expected to pay all permits, processing, and any other applicable fees related to the development (e.g., traffic and /or transit impact fees), without credit;
2. **Construction:** The Developer will be responsible for construction and commissioning of the Project including obtaining all permits, fees, and approvals necessary for construction of the Project;
3. **Financing:** The Developer will be responsible for providing funding for the Project, whether it be in the form of debt financing, equity, or a combination thereof. In the event of debt financing, it is imperative that no financial or credit risk is imposed upon the City;
4. **Transfer and Development Costs:** The Developer will be solely responsible for construction of all improvements. This includes all on-site or off-site improvements and any changes from existing conditions, including underground utilities, street lighting, curbs, gutters, street trees, and sidewalks. This also includes any and all impact fees assessed by any agency or government body. All title insurance and escrow costs, transfer taxes, parcel or subdivision maps, and any other transfer or development costs will be the sole responsibility of the Developer;
5. **Insurance:** The Developer will obtain insurance as required by the City;
6. **Taxes and Fees:** The Developer will be responsible for paying all taxes and fees, including any possessory interest taxes;
7. **Indemnification:** The Developer will agree to defend, indemnify and hold harmless the City from any and all activities and liabilities associated with the Project site; and
8. **Government & Community Relations:** The Developer will work collaboratively with the City to ensure appropriate outreach and engagement with the neighborhood, as well as with local government officials and agencies.

EVALUATION PROCESS

The proposals will be reviewed by an Evaluation Committee that will make a recommendation to the City Council for approval of the selected Respondent. The Evaluation Committee will review and evaluate proposals using the methodology as described in this section.

JLL will open the proposals and perform a preliminary review on behalf of the City. City action on defective proposals may include refusal to evaluate such Proposal and elimination of Respondents submitting such Proposal from the proposal process. JLL reserves all rights to take any action consistent with the requirements of this Request for Proposals including, without limitation, requesting additional information after receipt and opening of the proposals and waiving any inconsequential defects, or requesting revisions of any minor discrepancies.

Only those proposals which JLL and the City deem responsive, having met the minimum requirements as outlined in the RFP, shall be further evaluated by the Evaluation Committee.

Following receipt and evaluation of proposals, one or more of the Respondents may be invited to confidential and proprietary interviews/presentations. Each invited Respondent will have an opportunity to discuss its Proposal in detail with the Evaluation Committee. This is another opportunity to request additional clarification. In these interviews, the Respondent and its team of contractors, architects, and any other consultants will present their Proposal, and respond to questions from the Evaluation Committee. Each Respondent must have their proposed key personnel assigned to the Project present as the primary representatives during this process. The specific date(s), times, and locations for each Respondent's interview will be established and announced at a later date. The Evaluation Committee reserves the right to request additional information through interviews, presentations, or documentation. Additional information will be requested by JLL through a written notice to each invited Respondent.

The Evaluation Committee may request one or more Respondents to submit best and final proposals, and if award is to be made, it will be based on all materials submitted including the information contained in the original Proposal and the best and final Proposal. The Evaluation Committee will consider all submission materials, presentations, and interviews when making a final decision.

EVALUATION CRITERIA

The shortlisted Respondents for the RFP will be evaluated according to the criteria set forth below. This evaluation process will guide the Evaluation Committee's decision, but will not control the Evaluation Committee's decision. The Evaluation Committee will consider all submission materials, presentations, and interviews when making a final decision. Except as otherwise expressly specified below, the order in which the evaluation criteria appears within each category below is not an indication of weighting or importance. Proposals shall be evaluated based on the following:

1. Financial offer and associated terms, including financial capabilities
2. Affordable Housing
3. Building and Public Space Activation, Community Benefits, and Sustainability
4. Proposed project and development team

EVALUATION PROCESS (continued)

Proposal responsiveness will be measured against criteria including, but not limited to, the following:

FINANCIAL OFFER AND CAPABILITIES

Evaluation Criteria

A	Evaluation of the team's past ability to commit sufficient equity to the Project to satisfy conventional lending requirements.
B	Evaluation of the team's past ability to secure financing for similar projects, including relationships with current lenders.
C	The purchase price or ground lease terms offered to the City for the purchase of the properties.
D	Any contingencies or other conditions associated with the purchase offer.

COMMUNITY BENEFITS

Evaluation Criteria

A	Development concepts that create a range of housing, and/or affordable housing and <u>the financial impact of creating such housing</u> , specifically considering: 1. How well the development provides a range of affordable unit sizes, including family-sized 2 and 3-bedroom units; 2. The number of units affordable to households with incomes at 30%, 50% and 60% AMI; and 3. Whether the affordable housing will be developed, owned and operated by an experienced affordable housing provider.
B	To the degree the community benefits provided on the ground floor activate the 8th Avenue pedestrian easement and provide specific and unique benefits to the surrounding neighborhood.
C	The overall development's provision of community benefits such as local school, micro-retail, community space, daycare, maker space, etc.
D	Evaluation of sustainability features that exceed the minimum baseline of LEED Gold or maximize ESDS points.

Note: Respondent shall clearly quantify the economic value associated with each chosen community benefit included as well as articulate why Respondent opted to not include other community priorities and benefits.



EVALUATION PROCESS (continued)



PROPOSAL AND DEVELOPMENT TEAM

Evaluation Criteria

A	Evaluation of the project concept and vision.
B	How well does the project concept take advantage of the unique attributes of this premier site and integrate with its surroundings to create a sense of place and destination along the Mercer Street Corridor.
C	How strong is the proposed development's connectivity with the adjacent neighborhood and open spaces, and the strengthening of the streetscapes.
D	Evaluation of past project performance.



POST SELECTION PROCESS

EXCLUSIVE NEGOTIATION AGREEMENT

Immediately after the City Council selects a Preferred Respondent the City, in conjunction with JLL and the Preferred Respondent, shall enter into an Exclusive Negotiation Agreement (“ENA”). The negotiations will address all documents necessary to successfully perform all components of the Respondent’s proposal, which may include, but is not limited to, a Disposition and Development Agreement (“DDA”). The ENA will document procedural and substantive performance benchmarks for preparing and executing the DDA and required project documents, and remedies for failure to meet the benchmarks (including termination of negotiations). The essence of the ENA will be to establish an exclusive period of good faith negotiations to achieve goals that are mutually agreed, and if the negotiations are not successful under parameters documented in the ENA, the parties will have the right to terminate negotiations.

After execution of the ENA, the City and the Respondent shall commence good faith negotiation of the DDA. The agreements shall be subject to approval by the City Council.

The parties shall also take all other actions documented in the ENA, which are anticipated to include:

- A. The Preferred Respondent will commence its due diligence review of the site(s);
- B. The Preferred Respondent will complete the project entitlement approval processes, public outreach and any required environmental review;
- C. The Preferred Respondent will negotiate the DDA and other related documents or agreements for the development of the project incorporating specific terms, including the City’s and Respondent’s respective responsibilities, the economic parameters, development standards and requirements and performance schedules;
- D. The City and the Preferred Respondent will negotiate the terms of the agreements; and
- E. Obtain any further City Council approve of the project as may be necessary.

If an agreement cannot be negotiated with the Preferred Respondent that is satisfactory to the City after the parties have negotiated in good faith, the City, at any time and in its sole discretion during the negotiating period, may formally end discussion with the Preferred Respondent and:

- A. Reject the submittal;
- B. Issue a request for revisions to submittal;
- C. Extend the period for negotiations; or
- D. Move to proceed with negotiation with another Respondent that has the next highest evaluation score based upon the Evaluation Criteria.

POST SELECTION PROCESS (continued)

FURTHER STUDIES AND ANALYSIS

Any further studies and analysis required to further define the project during the negotiating period will be the responsibility of the Preferred Respondent.

ENVIRONMENTAL REPORTS / CONSIDERATION

Appendix A contains Environmental Reports and are available for reference purposes only.

UTILITIES

Appendix A contains reference materials for understanding the current status of utilities on the Property.

ENTITLEMENTS, PERMITS, AND APPROVALS

The Preferred Respondent will be responsible for obtaining all entitlements, permits, and approvals necessary for the development of the Mega Block. This section outlines the necessary steps that the Preferred Respondent has sole responsibility to obtain all entitlements, permits, and approvals necessary for the development of the Project.

In reviewing and approving development plans and discretionary permits, the City shall be guided by the goals and policies of the Comprehensive Plan for the City of Seattle, the development and use standards set forth by the Zoning Ordinance and applicable standards including South Lake Union design guidelines, the City's Design Guidelines and the 8th Avenue N Pedestrian Through-Block Design & Operations Guidelines.

DISCLOSURES

CITY'S RIGHTS PERTINENT TO THIS SOLICITATION

The City reserves the right to reject any and all proposals or to cancel this solicitation.

The City may amend this solicitation by addendum. Addendums will be posted at www.CityofSeattleMercerMegaBlockRFP.com. It will be the Respondent's responsibility to check the web site up to the final date of Proposal for any possible addendums.

The City accepts no financial responsibility for any cost incurred by the Respondent during either phase of the selection process. All proposals become the property of the City and may be used in any way deemed appropriate.

1. The City reserves the right, at any time and in its sole and absolute discretion, to reject any or all proposals, to waive any irregularities or informality with respect to any proposal, to modify the review period and/or request additional information from proposers to inform and support the evaluation process, and to amend or withdraw the RFP without notice. No agreements or understandings between the City and any proposer(s) shall be binding until agreement documents have been duly executed following an authorizing ordinance by the Seattle City Council.
2. After submission of a proposal, and before acceptance of any proposal, the City may request, and proposers shall furnish, such additional information related to the proposal and their financial status as the City may reasonably request.
3. If a Selected Proposer does not execute an agreement, the City may select another proposer for negotiations, may call for new proposals, or may contract with another party to take any other action the City deems to be in its best interest.
4. This process does not commit the City to award a contract.
5. This process is not intended to be a low bid process, and the City reserves the right to negotiate with a Selected Proposer to modify, amend or change the terms of the proposal for incorporation into a final agreement, as the City determines to be in its best interest.
6. All materials submitted in response to this RFP will become the property of the City.
7. The Respondent agrees that, if selected, the City will review and approve all news releases and other public comment pertaining to this solicitation and/or subsequent will be submitted in advance in writing to the City's project manager.
8. The City reserves the right to withdraw this solicitation at any time without prior notice and makes no representation that any agreement will be awarded to any Respondent. Additionally, the City expressly reserves the right to postpone opening responses to this solicitation for its own convenience, and/or to waive any informality or irregularity in the responses received.

MARKET CHARACTERISTICS





MARKET OVERVIEW

OFFICE MARKET

The Lake Union submarket remains in high demand, demonstrated by 14 consecutive years of positive net absorption. Its Class A space is the highest in the region, at **\$48.49** per square foot and Class A vacancy is just **4.3%**. While 2017 was the third straight year with new deliveries of over 1 million SF of new office space, vacancy rates have continued to fall to their current level.

In the Seattle market, a major trend is preleasing of new office space by single tenants. Three-quarters of the deliveries since 2016 (3.3 million SF) were preleased by single tenants, and over 800,000 additional SF were preleased by tenants not taking a full building, but committing to 90,000 square foot blocks and larger. In South Lake Union, four new buildings were delivered in 2017, three of which were fully leased to single tenants: Troy Block North (Amazon), Tilt49 (Amazon) and the Alexandria Center (Juno Therapeutics). Additionally, of the 1.8 million SF currently under construction in Lake Union, over 1.0 million is preleased to Google, and Facebook. Momentum is so high, that Kilroy recently broke ground on 333 Dexter despite not having a lease in place. The 630,000 square foot spec project is scheduled to deliver in late 2019.

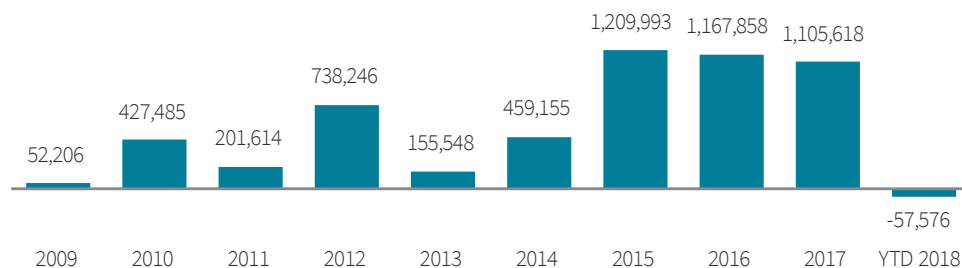
Amazon occupies 13 million SF of space in the Lake Union and Belltown/Denny Regrade submarkets including buildings under construction and planned, making it the largest employer in Seattle, and the largest occupier of downtown office space by one company in the U.S.

The Fred Hutchinson Cancer Research Center is the second largest office tenant, with 1.5 million SF in Lake Union. Facebook is currently in Eleven01 Westlake and Dexter Station, and will bring their occupied total in South Lake Union to nearly 900,000 SF with the delivery of Arbor Blocks in 2019. Google, with the occupancy of 600,000 SF in Lakefront Blocks, will occupy over 750,000 SF within a 2-mile radius of Mercer Mega Block. Other tenants with over 500,000 SF of space in South Lake Union include the Bill & Melinda Gates Foundation (600,000 SF) and UW Medicine (545,000 SF).

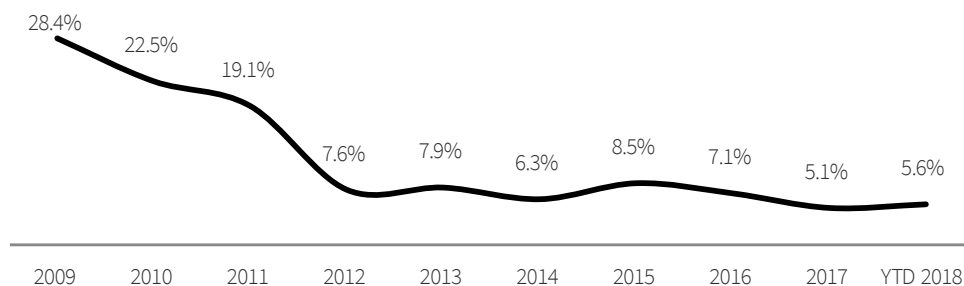
MARKET OVERVIEW (continued)

SOUTH LAKE UNION OFFICE MARKET

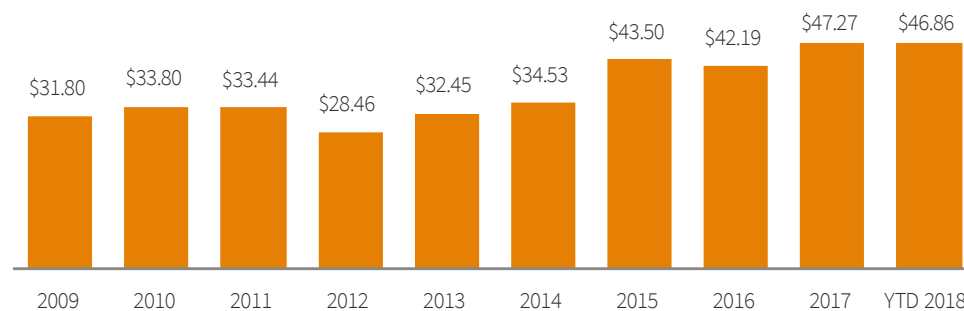
TOTAL NET ABSORPTION



TOTAL VACANCY RATE



DIRECT AVERAGE ASKING RENTS (\$/PSF)



9.9 MILLION SF

Inventory

1.8 MILLION SF

Under Construction

\$48.49

Class A Average Direct Asking Price

\$36.04

Class B Average Direct Asking Price

0

Available Class A Blocks Greater than 100,000 SF

5.6%

Total Vacancy

MARKET OVERVIEW (continued)



LIFE SCIENCES/MEDICAL TECHNOLOGY

South Lake Union has become a biotech hub, ranking in the national top 10 in VC and NIH funding as well as patents issued. It is home to **Fred Hutchinson Cancer Research Center, Institute for Systems Biology, Allen Institute for Brain Science, Juno Therapeutics, Infectious Disease Research Institute, PATH, Seattle Biomedical Research Institute and UW Medical Research**. Many of these are supported by the Bill & Melinda Gates Foundation, which has an endowment of more than \$40.3 billion, and currently employs over 1,000 people and expects to grow this number significantly.

The presence of the life sciences community plays a large role in Lake Union being the most expensive submarket in the Downtown Seattle cluster. Average asking rates for lab space are **\$60.55** per square foot, FS. This is an increase of **20.3%** year-over-year and represents a **29.2%** premium over traditional Lake Union office space.

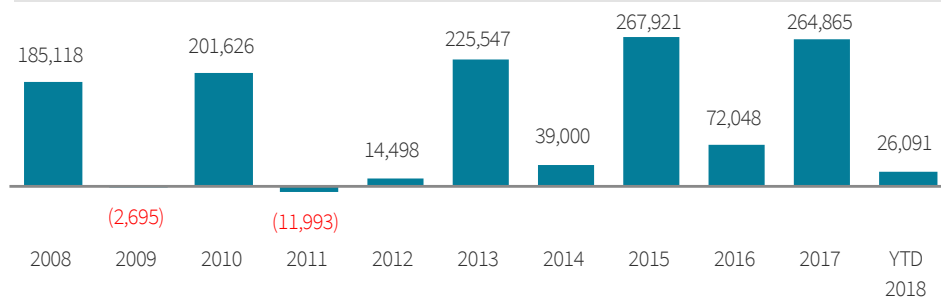
Even within the tight South Lake Union office market, lab space has an extremely low vacancy rate of **1.4%**. The most recent life sciences project delivered in Q2 2017 fully leased by Juno Therapeutics. 1818 Fairview, a 205,000 square foot lab project being developed by Alexandria, is scheduled for completion in Q1 2019.

Lake Union's global health and bio-technology industry is thriving with the presence of companies like Institute for Systems Biology, Pacific Northwest National Laboratory, Allen Institute for Brain Science, Pacific Northwest Research Institute, Infectious Disease Research Institute, and UW Medical Research.

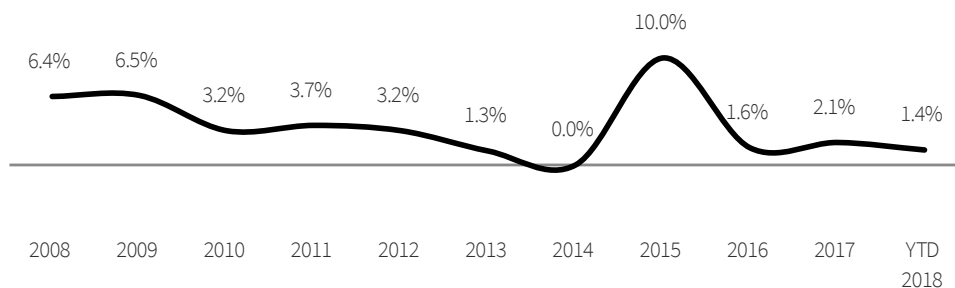
MARKET OVERVIEW (continued)

SOUTH LAKE UNION LIFE SCIENCES MARKET

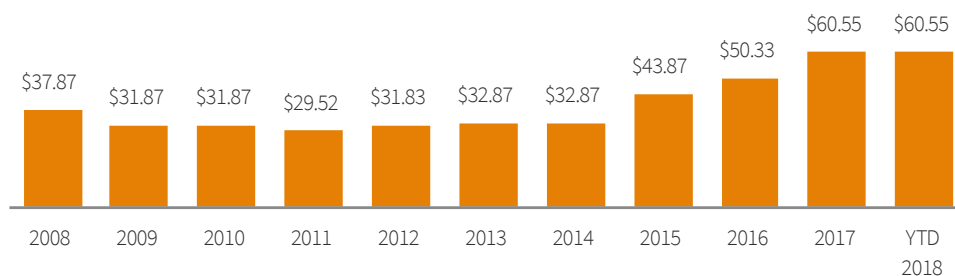
TOTAL NET ABSORPTION



TOTAL VACANCY RATE



DIRECT AVERAGE ASKING RENTS (\$/PSF)



3.7 MILLION SF

Inventory

205,000 SF

Under Construction

\$60.55

Average
Asking Price

20.3%

Rent Growth
Y-o-Y

0

Available Blocks Greater
than 100,000 SF

1.4%

Total Vacancy

MARKET OVERVIEW (continued)

SOUTH LAKE UNION MULTIFAMILY MARKET

Currently, there are **11,254** residential units in South Lake Union. There are **4,903** units under construction and an additional **6,421** units planned/proposed or in an early planning/holding stage of development to help satisfy the immense demand for housing in Seattle, and specifically in South Lake Union. With 5,869 units added since 2010, the supply has more than doubled while vacancy rates have stayed below 5%. (currently vacancy is at 4.8%).

Increased demand with rising rents and robust job growth are all part of why South Lake Union continues to be a top option for residential living. The area has evolved into a major hub for both local and out-of-state companies. The two biggest factors driving this trend are the large talent pool in the area and relatively low cost of living, when compared to major hubs like San Francisco. Due to the strong job market and high quality of living, South Lake Union continues to attract residents, particularly Millennials, at a continually fast pace.

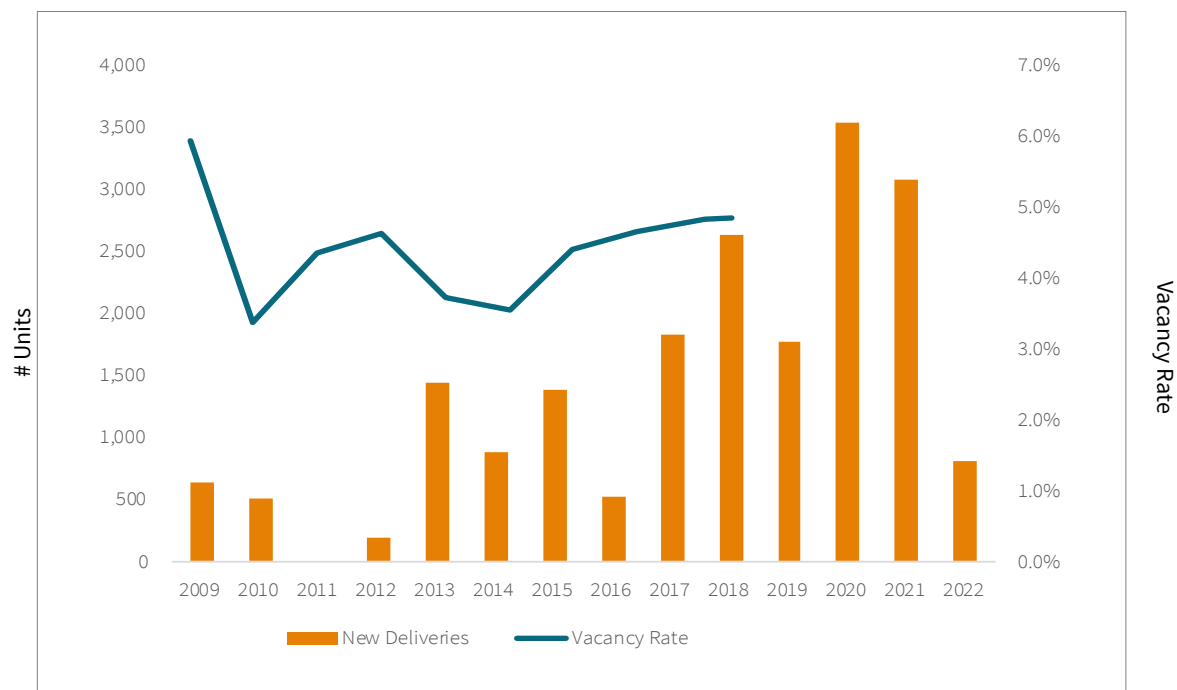
Demand for residential is high and there are currently 4,903 units under construction and 6,421 proposed in South Lake Union





MARKET OVERVIEW (continued)

SOUTH LAKE UNION MULTIFAMILY MARKET



11,254
units in
South Lake Union

6,421
planned units

\$2,430
Average new
construction rent

5,198
units added
since 2010

\$3.29
Average rent
p.s.f.

4.8%
Current vacancy

OFFICE LEASE COMPARABLES

Photo	Property	Tenant	Sign Date	Term (mos)	Square Feet	Yr-1 Rental Rate/ SF (NNN)	Annual Increases	TI's \$/SF / Free Rent (mos)	Comments
	9th & Thomas 234 9th Ave N Seattle, WA	Amazon	Nov - 2017	180	159,037	\$38.00	2.50%	\$75.00 0	New Lease
	Tilt49 1812 Boren Ave Seattle, WA	Amazon	Feb - 2017	180	288,927	\$36.00	2.50%	\$100.00 0	New Lease
	Eleven01 Westlake 1101 Westlake Ave N Seattle, WA	Facebook	Dec - 2016	180	150,621	\$37.50	\$1.00	\$90.00	New Lease
	Westlake Terry 320 Westlake Ave N Seattle, WA	Amazon	Nov - 2016	144	272,798	\$38.00	3.00%	\$72.00	New Lease
	400 Fairview 400 Fairview Ave N Seattle, WA	Delta Dental	Oct - 2016	144	61,556	\$37.75	3.00%	\$85.00 2	New Lease
	Midtown21 1007 Stewart St Seattle, WA	Amazon	Oct - 2016	186	362,892	\$35.00	2.50%	\$100.00 5	New Lease
	Hill7 1099 Stewart St Seattle, WA	Redfin	May - 2016	126	112,990	\$35.00	\$1.00	\$100.00 6	New Lease

MULTIFAMILY COMPARABLES

Photo	Property	Year Built	# Units	Avg. Market Rents	Avg. Rent/SF	Avg. Size (SF)
	Stratus 820 Lenora St Seattle, WA	2018	396	\$3,647	\$3.92	930
	AMLI Arc 1800 Boren Ave Seattle, WA	2018	393	\$3,319	\$4.26	779
	Helios 1600 2nd Ave Seattle, WA	2017	398	\$3,019	\$3.99	757
	Tower 12 2015 2nd Ave Seattle, WA	2017	314	\$3,311	\$3.80	871
	Radius 400 Boren Ave N Seattle, WA	2016	282	\$2,381	\$3.48	684

Photo	Property	Year Built	# Units	Avg. Market Rents	Avg. Rent/SF	Avg. Size (SF)
	JUXT 810 Dexter Ave N Seattle, WA	2016	361	\$2,245	\$3.27	687
	Mark on 8th 285 8th Ave N Seattle, WA	2016	174	\$2,267	\$3.41	665
	8th + Republican 430 8th Ave N Seattle, WA	2016	211	\$2,376	\$3.09	769
	Cirrus 2030 8th Ave Seattle, WA	2015	355	\$3,030	\$3.49	868
	Premiere on Pine 1525 9th Ave Seattle, WA	2015	386	\$3,257	\$4.01	812

LAND COMPARABLES

Property	Sale Date	Land sf / Potential sf	Sale Price \$/sf	Max FAR \$/FAR	Zoning	Developer / Seller
701 Dexter	Under Contract	27,127	\$33,500,000	8.00	SM-SLU 175/85-280	Alexandria
701 Dexter Ave		217,016	\$1,235	\$154		Unico + Franklin Templeton
1916 Boren Ave	May-2017	22,799	\$25,000,000	8.00	DMC 240/290-440	GZI Boren
1916 Boren Ave		182,392	\$1,096	\$137		Concerto Investments
753 9th Ave N	Mar-2017	14,030	\$16,000,000	6.75	SM-SLU 100/95	Vulcan
753 9th Ave N		94,703	\$1,140	\$169		Olson Real Estate Group
ArtMarble 21	Feb-2017	13,198	\$12,850,000	6.75	SM-SLU 100/95	Vulcan
731 Westlake Ave N		89,087	\$974	\$144		Kenney Family Properties
Video Only	Feb-2017	18,000	\$16,500,000	6.75	SM-SLU 100/95	Vulcan
707 Westlake Ave N		121,500	\$917	\$136		Kenney Family Properties
901 Harrison	Oct-2016	21,600	\$28,500,000	8.00	SM-SLU 175/85-280	Vulcan
901 Harrison St		172,800	\$1,319	\$165		Macfarlane Partners
306 Dexter	Sep-2016	12,000	\$20,820,000	8.00	SM-SLU 1175/85-280	Vulcan
306 Dexter Ave N		96,000	\$1,735	\$217		Samuel & Maria Wagoner Trust / J Michael Wilderman
UW Medicine Land Sale	Aug-2016	104,544	\$133,599,000	8.00	SM-SLU 175/85-280	Shidler Group
850 Republican St		836,352	\$1,278	\$160		Vulcan
Ivey Seright Print	May-2016	14,418	\$16,250,000	8.00	SM-SLU 175/85-280	Create World America
427 9th Ave N		115,344	\$1,128	\$141		Wilshire Capital
Buca di Beppo	Mar-2016	29,620	\$35,000,000	6.75	SM-SLU 100/95	Vulcan
701 9th Ave N		199,935	\$1,191	\$175		Walton Street Capital / Talon





NEIGHBORHOOD SUMMARY

UNPARALLELED LOCATION

Mercer Mega Block is located in the heart of the South Lake Union neighborhood. With a nearly perfect Walk Score of 92, the city is literally at your feet. Step outside to world-class entertainment, Seattle Center festivals, and endless dining options, or pop down the street for groceries and everyday essentials. Walk to work at Amazon, the Gates Foundation or anywhere in South Lake Union, or hop on the Seattle Center Monorail to the downtown core.

The site is in close proximity to numerous metro bus lines (stops only one block away); Highway 99 entrances (one block North, and one block South); the South Lake Union Street Car (one block to the east), the regional Light Rail system (tracks run underground approximately eight blocks to the south), and Sea-Tac Airport (accessible via Light Rail). Additionally, the site is just two miles from the Washington State Ferry terminal, a major commuter network. Nearby major freeways and arterials include Highway 99/Alaskan Way Viaduct, Interstate 5 (I-5), Interstate 90 (I-90) and State Route 520 (SR 520).

Seattle was ranked as the number one economy in the nation for 2017 (Business Insider) and is listed by ULI Emerging Trends as having the strongest local outlook in the West Region. South Lake Union is key to Seattle's, and the region's, continued success. Hotel bookings are up and retail sales are outpacing the region. Existing businesses are expanding while new businesses are being launched, creating a growing desire for companies and residents to be in the "center of Seattle". Amazon continues to expand in South Lake Union, while an increased number of startup tech firms are moving to the area.

Amazon has 5,900 Seattle job openings posted and orientates about 500 new hires weekly. Currently about 32,000 people call this neighborhood home and projections by the City report that the number of residents will increase by 12.6% to more than 36,000 by 2022.

 **92**
walkscore

 **87**
transit score

 **85**
bikeable score

NEIGHBORHOOD SUMMARY (continued)



South Lake Union is the fastest growing neighborhood in the city. Abundant amenities, dozens of small retail shops and restaurants, and a dense residential community have created a round-the-clock live/work/play environment. The vibrant community features events throughout the year like the South Lake Union Block Party, outdoor movies in the summer, several boat shows, art shows, a food truck market on Saturdays, and viewing of Seattle's main 4th of July fireworks show on Lake Union. South Lake Union is home to established retailers, including the flagship store for iconic Seattle outdoor goods retailer REI, as well as hip new retail shops that cater to discriminating buyers.



Bolstered by the office and residential growth of the area, South Lake Union is home to restaurants from notable chefs like Tom Douglas (Brave Horse Tavern, Serious Pie and Biscuit, Cuoco) and Ethan Stowell (another location of Ballard Pizza Company), as well as over 200 more, such as The 100-Pound Clam on the shores of Lake Union, Mbar on the roof of 400 Fairview, trendy eatery re:public, popular neighborhood mainstay Feierabend, local chains Portage Bay Café and Cactus, and hot newcomer 2120 located next to the iconic Amazon spheres.



Lake Union Park is just blocks away from the site. Home to the Museum of History & Industry and the Center for Wooden Boats, the park provides spectacular views across the lake, free concerts in the summer, and a jumping off point for the Cheshiahud Loop to walk, jog, or bike around the lake. In the summer, residents and visitors alike enjoy kayaking, paddleboarding, and boating on Lake Union. Kenmore Air is located on the shores of Lake Union, providing scenic tours and flights by seaplane to the San Juan Islands and Victoria, British Columbia.

The South Lake Union neighborhood delivers the perfect live, work, play arena for businesses, employees and residents.

SOUTH LAKE UNION

#2 BEST
area for STEM
graduates

2.4%
annual population
growth

1.8 MSF
office under
construction

260+ / 240+
retail
establishments
and new restaurants

AMENITIES MAP





2022

Population	32,053	36,106
Households	20,422	23,060
Average HH Income	\$96,244	\$115,196
Median Age	34.9	35.8
Millennial Population	34.9%	33.4%
% Renters	68.3%	69.4%

A man wearing a VR headset is working on a machine, likely a CNC lathe, in a factory setting. He is focused on his work, with his hands on the machine's controls. The background shows industrial equipment and a bright, slightly blurred environment.

26%
employed in scientific
or tech fields



TRANSIT MAP



There are plenty of options for getting around South Lake Union and to and from the community. The neighborhood offers convenient access to I-5 and SR 99 as well as an abundance of public transportation. There is the public rail, Monorail, Seattle Streetcar, metro bus routes and the downtown Central Link light rail, which travels from Downtown to Sea-Tac Airport, making daily trips every 12 to 15 minutes.





REGIONAL ECONOMY

One of the most diverse and thriving markets in the world

The Puget Sound offers an urban environment surrounded by breathtaking sceneries and is home to an impressive list of companies including those previously outlined and situated in South Lake Union. With several of the West Coast's top universities located in the area, including the University of Washington, companies in the region have excellent access to skilled workers.

Known as the Silicon Valley of the Northwest, it is top in the nation for technology/STEM growth. This area is also one of the most dynamic real estate investment markets in the country, benefiting from a combination of strict land use planning, topographical constraints on supply, and employment growth that consistently ranks above the national average. Favorable “renter” demographics, positive job numbers, strong population projections and a low unemployment rate, together with high barriers for entry in home ownership, also position the region as a strategic market for multifamily investment gains.

#1
INVESTMENT
MARKET IN THE
U.S.

#1
MOST ACTIVE
OFFICE MARKET
IN THE U.S.

#1
BEST PAY
FOR CITY SOFTWARE
ENGINEERS

#1
BEST PLACE
IN U.S. TO MAKE
A LIVING

1.33%
POPULATION
ANNUAL GROWTH
2017 - 2022

REGIONAL ECONOMY (continued)

ECONOMY

The Puget Sound region benefits from a combination of strict land use planning, topographical constraints on supply, and employment growth that consistently ranks above the national average. It's strategic location and thriving economy have made Seattle the commercial force in the Pacific Northwest. Seattle has been a top-ten favorite in ULI and PWC's Emerging Trends in Real Estate and this year is no different. Seattle was ranked the #1 overall market in the U. S. for 2018. This is the first time the city has captured the top ranking since 2009.



POPULATION

The Seattle-Tacoma-Bellevue MSA is the 15th largest in the nation, with 3.8 million people calling the area home. Seattle's growth represents the largest concentration of population north of San Francisco and west of Chicago. By 2040, the population is expected to increase by 38%.



EMPLOYMENT

Seattle ranked #1 on the Robert Half Career City Index, due to its attractive career opportunities and relatively low cost of living. Seattle's tech sector continues to anchor the economy as home-grown companies like Expedia and Tableau, as well as Bay Area tech giants like Google and Facebook expand and attract more talent to the area.



TRANSPORTATION

Total passenger traffic at Seattle-Tacoma International Airport increased 2.6% in 2017 to 46.9 million passengers, making Sea-Tac International the 9th busiest airport in the U.S. By 2034, the Port of Seattle projects Sea-Tac will reach 66 million annual passengers and 540,000 annual aircraft operations of landings and departures (up from 416,000 in 2017).

REGIONAL ECONOMY (continued)

ECONOMIC DRIVERS

With a multifaceted economy, the Puget Sound is home to some of the world's most respected companies and organizations. The city has an enviable mix of business sectors from the rapidly growing global health and life sciences to online and traditional retailers to the impassioned world of digital gaming. In addition to established Fortune 500 companies, Seattle features numerous start-up and early stage ventures. Seattle also has an expansive list of companies on Inc. Magazine's Fastest Growing 500 list.



LIFE SCIENCES AND MEDICAL TECHNOLOGY

Known as one of the nation's premier life sciences markets, Seattle has some of the world's largest philanthropic organizations, including the Bill & Melinda Gates Foundation. The market continually ranks in the top ten nationally in VC and NIH funding, as well as patents issued.



AEROSPACE

According to the Seattle Trade Alliance, The Greater Seattle area is home to over 1,350 aerospace-related companies, which are responsible for 95% of the nation's commercial airplane production.



INTERNATIONAL TRADE

Long a leader in international trade, Seattle's naturally deep water port is one shipping day closer to major Asian Pacific Rim ports and handles over 25% of all Pacific Rim imports into the United States. Nearly 75% of Washington's trade traffic passes through the Ports of Seattle and Tacoma.

REGIONAL ECONOMY

ECONOMIC BASE

Housing a number of the world's top companies like Microsoft, Google, Starbucks, Facebook and the world renowned life sciences, Bloomberg's 2016 U.S. Innovation Index ranked Seattle as the 8th most innovative city among top U.S. metro areas. Seattle ranked #1 on the Robert Half Career City Index, due to its attractive career opportunities and relatively low cost of living. Seattle's rich tech sector continues to anchor the economy as home-grown companies like Expedia and Tableau, as well as Bay Area tech giants like Google and Facebook expand and attract more talent to the area. Seattle is three times more high-tech concentrated than the U.S. average, ranking it #2 in the nation. Tech employment has grown by 77.7% since 2001, the fourth highest growth rate in the country.

TOP REGIONAL EMPLOYERS		EMPLOYEES
1	Boeing	65,829
2	JBLM	56,000
3	Microsoft	47,679
4	Amazon	45,000
5	University of Washington	28,800
6	Sea-Tac	21,000
7	Weyerhaeuser	12,800
8	Starbucks	12,610
9	Nordstrom	9,281
10	Costco	8,912
11	Swedish Medical	8,586
12	Group Health	7,833
13	AT&T Wireless	7,300
14	T-Mobile	6,800
15	Alaska Airlines	6,667
16	Expedia.com	3,500





"The growth is incredible. I've seen up to 300 new employees go through on-boarding in a single week"

Amazon Day One North employee



Amazon is expected to occupy 13 million SF of office space by 2022

Imminent job growth for Amazon.com, Google, Facebook, Expedia, and F5 Networks alone holds potential to expand by 67,400 employees

MAJOR EXPANSIONS

Amazon.com

Amazon.com, the world's largest online retailer, has been a strong influencer in the Seattle office market as it continues to grow its presence locally. In addition to their owner-occupied portfolio, Amazon's continued growth has led to them lease most of the large blocks of Class A office space left in the north CBD and South Lake Union submarkets. In June 2017, Amazon surpassed Costco and became the state's largest public company. Broken down by company, Amazon made up about 31% of the total public company revenue in the state in 2016, Costco accounted for 26.8% and Microsoft for 19.3%, according to the Puget Sound Business Journal.

Today, Amazon employs approximately 45,000 people within the City of Seattle and has 5,900 job openings in Seattle posted online. Globally, Amazon said it added more than 225,000 employees during 2017, bringing its total employment to 566,000. Amazon's headcount has grown by a staggering amount over the last few years and company plans call for an additional 100,000 full-time jobs in the U.S. in the next 18 months.

Amazon posted \$51.04 billion in revenue for Q1 2018, up 43% from a year earlier. Amazon shares have skyrocketed to nearly \$1,600.

Google

Google will lease 600,000 SF in the Lakefront Blocks of South Lake Union, which is being developed by Paul Allen's Vulcan Real Estate. This is a clear sign of Google's long-term commitment to the Seattle region, as the company will occupy six stories in four office buildings for 14 to 16 years. The complex, located just east of the Mercer Mega Block, will result in towers reaching as high as 15 stories. Construction will take place in phases, starting in 2017 and ending in 2019. Combined with Google's recently expanded offices in Kirkland and Fremont, the technology giant will surpass one million SF in the region. Roughly 4,400 are expected to be stationed in South Lake Union.



Facebook moves to Dexter Station, a 10-story, 335,000 square foot building, with 1,000 employees

MAJOR EXPANSIONS

Facebook

The social network giant moved into their new South Lake Union offices at Dexter Station in 2016. The 10-story, 335,000 square foot building is home to most of Facebook's roughly 1,000 employees in the area. Facebook leased the entire building, and Dexter Station has room to accommodate a staff up to 2,000. The company is aggressively increasing their hiring to occupy the remaining space, as well as newly secured offices at Eleven01 Westlake. This recently constructed building is fully leased by Facebook with space for approximately 1,000 workers. Additionally in 2016, Facebook preleased the Arbor Blocks development next door to Amazon in South Lake Union. With an estimated delivery of 2018, this development will offer space

for another 2,500 Facebook employees. In total, Facebook now has room to grow to around 5,500 in the core of Seattle.

Expedia

In 2019, Expedia will be opening a new headquarters along the Seattle waterfront. The company will transition 3,500 employees to the Interbay campus with enough space to accommodate 4,500 employees. Expedia recently announced that the City of Seattle has given final approval to the company's "major phased development" plan for the up-to-1.9-million-square-foot campus in the Interbay neighborhood.

F5 Networks

Seattle technology company F5 Networks will be moving from its waterfront complex to a new tower downtown that will be renamed F5 Tower. The company has leased all 28 office floors of the tower that is under construction at 5th Avenue and Columbia Street. F5 will move its 1,375 employees that currently occupy 320,000 SF to the F5 Tower and will ultimately occupy 516,000 SF, leaving the company with room to significantly expand its workforce. F5 Networks has experienced a growth spurt in recent years and now counts 4,515 employees nationwide.



APPENDIX DESCRIPTION

The RFP includes the following appendices, which provide both requirements and reference materials for the Project.

I. **Appendix A – Project Site Conditions and Summary (all information provided for reference only)**

- A.1: *Development Summary*
- A.2: *Environmental Reports*
  - A.2.i: *Phase I Environmental Site Assessment -Broad Mega Block*
  - A.2.ii: *Phase I Environmental Site Assessment - 615 Dexter*
  - A.2.iii: *Phase II Environmental Site Assessment - Broad Mega Block*
  - A.2.iv: *Phase II Environmental Site Assessment - 615 Dexter*
  - A.2.v: *Hazardous Building Materials Survey 615 Dexter*
  - A.2.vi: *Remedial Cost Est. Broad Mega Block & 615 Dexter*
- A.3: *Geotechnical Data Report - Broad Mega Block and 615 Dexter*
- A.4: *Utility Planning Information and Studies*
- A.5: *ALTA Survey - To be issued*
- A.6 - A.9: *Survey Materials*
  - A.6: *Mercer Mega Block Approximate Basemap 2018-07-26*
  - A.7: *Mercer Mega Block Approximate Parcel Limits 2018-07-26*
  - A.8: *Mercer Mega Block CSO Drop Structure Approximate Limits 2018-07-26*
  - A.9: *Mega Block Figures - Known Utilities 2018-07-27*
- A.10: *King County Easement - DRAFT 1 Aug 2018*

II. **Appendix B – Planning and Policies (all information provided for reference only)**

- B.1: *8th Avenue N. Pedestrian Through-Block Design & Operations Guidelines*
- B.2: *South Lake Union Neighborhood Design Guidelines*
- B.3: *Seattle Comprehensive Plan Council Adopted 2016*
- B.4: *City of Seattle Evergreen Standards 2011*
- B.5: *Broad Street Conditions of Approval*
- B.6: *City of Seattle Ordinance 125597*

APPENDIX DESCRIPTION

II. **Appendix B – Planning and Policies (all information provided for reference only) - continued**

- B.7: *City of Seattle Ordinance 125599*
- B.8: *City of Seattle Ordinance 125603 Land Use and Zoning*
- B.9: *City of Seattle - Podium Heights Map*
- B.10: *Lot Boundary Adjustment DRAFT*
- B.11: *Third Public Access Legal Description*

III. **Appendix C – Forms (to be completed as part of Respondent's proposal package)**

- C.1: *Transmittal Letter*
- C.2: *Respondent, Major Team Members, Financially Responsible Parties, and Certificates*
- C.3: *Firm Qualifications & Project Information*
- C.4: *List of Projects Completed*
- C.5: *List of Projects Under Construction*
- C.6: *List of Projects In Pipeline*
- C.7: *Project Pro forma*
- C.8: *Work Product Agreement - To be issued*
- C.9: *Request for Information - Answers 17 Aug 2018*



MERCER
MEGA
BLOCK

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