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A Streetcar Runs Through It

Despite some growing pains, the South Lake Union neighborhood is flourishing

BY
Michelle Feder

PHOTOGRAPHY
courtesy The Fearey Group

If having a namesake cocktail is any indication of its arrival as Seattle's it neighborhood, South Lake Union has officially arrived. The "Seattle SLU" margarita served by the area's Venik Lounge bears homage to this up-and-coming corner of the world—with stylish ingredients that include black tequila, Cointreau, apple and pomegranate.

The neighborhood is on the rise with incoming retail and restaurants such as a new Tutta Bella pizzeria, high-end pet stores and all of the amenities essential for downtown living—dry cleaners, hardware stores and pharmacies—that have long eluded other downtown districts.

Ben Kakimoto, a condominium specialist with John L. Scott, says it's hard to compare South Lake Union values with other parts of the Puget Sound area because the neighborhood is so new. "It's not as established as Belltown, but once it's built, it will probably surpass Belltown as a very trendy, active neighborhood," he predicts. Kakimoto says SLU is probably a good investment, especially for patient buyers who get in on the ground floor, before the area is fully developed. "It will take over a decade to realize Vulcan [Real Estate]'s plan for South Lake Union," he cautions.

Typically, the neighborhood—bounded by Highway 99 to the west, I-5 to the east, Denny Way to the south and Lake Union to the north—attracts 30-something tech professionals. But one recently arrived denizen is Barbara Daniels, a Capitol Hill native who lived for more than 30 years in Bellevue while raising a family. A public-policy maven, she was interested in the evolution of South Lake Union as an urban neighborhood with density, diversity and mixed-income housing. She wanted to drive less, both for convenience and to reduce pollution, and in SLU, she and her also-retired husband, Ted, could share one car and either walk or ride public transit to most in-city activities.

The first building the couple visited was 2200 Westlake, where they bought a condo for the sense of community; convenient, on-site 50,000-square-foot Whole Foods; and the new streetcar, which was expected to begin service in December, running 1.3 miles between downtown and the Fred Hutchinson Cancer Research Center. Daniels loves that her new neighborhood is home to different kinds of people—young, old, families seeking an urban atmosphere—as well as new shops and galleries. "Everything is new and exciting here," she says.

With Paul G. Allen's development company, Vulcan Real Estate, responsible for 2200 Westlake and spearheading much of the once-underdeveloped area, the Denny Regrade is neighborhood growth writ large. Tenants include Microsoft, Group Health and soon—rumor has it—Amazon. Over the past five years, 1.7 million square feet have been developed, 1 million square feet are currently under construction and about 2 million square feet are in predevelopment planning, according to Vulcan spokesperson and market research manager Lori Mason Curran.

"What you have at South Lake Union is one of the last very close-in neighborhoods that still has development potential and can



accommodate more," Curran says. "Most of the neighborhoods in Seattle have been fully built up. South Lake Union is an opportunity for continued growth in the way of residents and employees."

While the boom continues, the supply of condos runs the risk of diluting values. "The [2200] building itself is a great community, but because of the number of properties that came on the market as soon as the project was completed, there was a lot of competition," Kakimoto says. The number of investors "flipping" units—purchasing property with the intent to sell rather than dwell—at 2200 and other buildings meant short-term values didn't keep pace with expectations.

At Vulcan's three under-construction condo projects, the company is restricting the number of investment units. At Rollin Street and Enso (slated to open in spring 2009), only 15 percent of the units are open to investors, and Veer Lofts, geared toward first-time buyers, will have no units available to investors.

The Asian-inspired Enso, on the corner of Westlake and Denny, features 135 luxury condos ranging from the \$400,000s to more than \$2 million. The condominiums will be part of 2201 Westlake, a massive mixed-use building with Lake Union, city and Puget Sound views. Enso and Rollin Street, an 11-story project featuring 208 homes with open floor plans inspired by New York City lofts and London flats, are across the street from 2200 Westlake on the new streetcar line. Veer Lofts offers open living spaces and prices that start in the \$200,000s. Toward Vulcan's vision of an in-city, environmentally sustainable neighborhood, the three condo projects will pursue LEED (Leadership in Energy and Environmental Design) certification.

From March 2004 to August 2007, Vulcan completed nine projects in the SLU neighborhood, including eco-friendly apartments, University of Washington research facilities and high-performance office space. "The inspiration for South Lake Union comes from a desire to create a 24/7 community that encompasses all of the ingredients that make for a great neighborhood," Curran says. That includes housing for a variety of income levels and a range of ages, areas for recreation such as parks, buildings that attract a diverse mix of residents, employees and retailers, and cutting-edge businesses as well as transportation linkages such as the Seattle Streetcar.

With rapid-pace growth comes unavoidable growing pains, however. In March 2007, 2200 buyer Jerry O'Leary filed suit in King County Superior Court against Vulcan, asserting that his condo was "substantially [different] from the scope, nature and extent of the project as it was described" when he purchased the property in February 2005, with a down payment of more than \$100,000 toward a new million-dollar condo.

In response, the blogosphere erupted with complaints about everything from locks to fitness center hours. That month, 2200 Westlake residents were notified of a design modification on kitchen halogen lights, which were retrofitted to emit less heat, and shower doors and panels that had to be reworked because they leaked too much water. "Many residents are upset at the slow pace of the work being done," one critic asserted. "The lawsuit has been resolved by all parties," says Vulcan spokesperson Curran, who adds that all complaints have been addressed.

Real estate agent Kakimoto takes buyers' griping with a grain of salt. "I think a lot had to do with it being a brand-new building," he says. "People were moving in while contractors were still completing a lot of amenities." Kakimoto believes the building management just needed time to work out the kinks and that 2200 is a good long-term investment. Vulcan rep Curran agrees. "We did work with every property issue that was brought to our attention and want to make sure buyers are satisfied," she says.

Certainly 2200 resident Daniels, whose two-bedroom condo sits above the luxury Pan Pacific Hotel that anchors the complex, is happy with her move to South Lake Union. The dust from construction is still in the air, but Daniels trusts that good things are in the works. "It's fun to be part of something new," she says, relishing her easy access to theater, restaurants and the downtown scene. "It's a very interesting, happening place to be."

Development with Momentum

In the January/February 2006 issue of *Seattle Homes & Lifestyles*, we spotlighted South Lake Union as one of the 100 People, Places and Things That Define Seattle Design. "What would happen if an entire Seattle neighborhood were cast as a benefactor's pet project?" we mused. At press time two years ago, the city was anticipating the construction of 2200 Westlake, with its confirmed tenants the Pan Pacific Hotel and Whole Foods—the first large downtown supermarket in a century. To date, Vulcan has delivered nine commercial-biotech, residential and mixed-use projects in South Lake Union, totaling 1.7 million square feet. Five

more buildings are under construction. SLU is participating in the LEED Neighborhood Development Program, a nationwide pilot program for environmentally sustainable neighborhoods—and it's sure to keep eyes focused on the Emerald City as a green leader.

Contributing editor Michelle Feder lives on Mercer Island.