

Kirkland feeling pinch of office-space shortage

Kirkland a top destination for employers, but lacks enough premium office space

By JORDAN LINDSTROM
Editor

Already facing an affordable housing shortage, premium office space is becoming nearly as difficult to come by in Kirkland, according to City officials and local real estate professionals.

Currently seen by area employers as perhaps the top place to operate on the East side, but with its 4.9 million square feet of office space constituting only about 20 percent of the total space in the same area, Kirkland faces a shortage of space for businesses to relocate and grow, said Ellen Miller-Wolfe, Kirkland's economic development manager.

"We have some of the most well-known companies in the country in Kirkland," Miller-Wolfe said. "Companies like Google, Clearwire and IBM are magnets for others. And the kind of people those companies want are attracted to Kirkland, our waterfront, our vibrant downtown. We compete with some of the best places to live in the country. A lot of people want to be here."

Miller-Wolfe said she knows of at least four companies 30 to 40 people in size needing to

find more space in Kirkland within the next year. She declined to give the names of the businesses, saying she wanted to protect the hopefuls from real estate solicitations.

John Cox, branch manager of Bellevue commercial real estate services firm GVA Kinder Mathews, has seen the same problem. "The issue for Kirkland is that it's such a small [commercial real estate] market with not a lot of space to grow," he said. "There haven't been enough new projects in Kirkland to meet the demand."

Cox said Kirkland companies face a quandary. They could find space in downtown Bellevue or Redmond, but they would "give up a lot by leaving." He said Kirkland is a prime spot for employers primarily because, traffic-wise, it's more centrally located on the Eastside than Bellevue.

Jan Link, who three years ago started her own academic services company, Academic Link, knows how difficult it can be to find space in Kirkland. Starting from scratch in a Rose Hill office, she built up a clientele and grew her busi-

ness to 13 employees. After a little over a year, however, the building she worked from was sold, and she was forced to look for a new location.

It was a difficult task, taking more than three months to find her current Houghton office.

"I honestly think I lucked out," Link said. "I knew it was hard to find a place. But it was even harder to find a place I could afford."

According to statistics from an Aug. 23 Central Puget Sound Real Estate Research Report, Kirkland's "Class A" office space - a marketing term for premium space - currently ranges in price from \$27 to \$36 per square foot. In comparison, office space in downtown Bellevue goes for \$25 to \$38.50 per square foot, while Redmond ranges from \$26 to \$28 per square foot.

Link said she considered moving her offices to places such as Bellevue and

Mukilteo, but decided to stay in Kirkland because of her local clients and some strong support from the City and the Kirkland Chamber of Commerce, which helped her find her current location. She said if Academic Link grows much further, however, she'll look to expand into satellite offices in nearby cities.

The office she moved her company into is upstairs with a small reception area and even smaller personal offices attracting well-paying jobs - such as found in the financial services, real estate, health care and information technology sectors - in Kirkland with prime office space is an immediate goal. New premium office space would help connect residents with local high-income jobs and reduce the traffic caused by commuters.

She said the City is most interested in enabling residents to both live and work in Kirk-

land - a place where the median price for a single-family home in 2007 is \$959,975, according to the Association of Realtors.

She also said the City is currently looking at ways to increase Kirkland's affordable housing.

Kirkland has the potential for approximately 2.7 million square feet more office space if all commercially zoned land within the current city limits is fully developed - a number that could go up if a proposed annexation of neighboring unincorporated areas goes forward, Ellen-Wolfe said.

The problem, however, is getting those spaces developed.

The city is currently looking at proposals for redevelopment of the Park Place and the Totem Lake Mall commercial areas, which could add more than 1 million square feet of offices to the pool.

Washington State law allows municipalities few avenues for providing incentives - such as tax breaks - to developers to build more offices. The city can, however, make areas more attractive through capital improvements to roads and parks.

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Ellen Miller-Wolfe, City of Kirkland economic development manager