South Lake Union
Seattle’s Life Sciences Research Center
February 4, 2005

www.vulcanrealestate.com
Vulcan Inc. Ownership in South Lake Union

- **Vulcan Inc. properties**

Goals for South Lake Union

- Promote a thriving life sciences environment
- Create a safe, mixed use neighborhood that offers a variety of housing opportunities
- Build a transit oriented neighborhood
- Cultivate a community that thrives on ideas and creativity
- Create a new model for sustainable urban living
South Lake Union Offers Important Competitive Advantages

- Growing cluster of organizations fosters collaboration
- Existing presence of global leaders—Fred Hutchinson Cancer Research Center & Cancer Care Alliance
- University of Washington building strong presence in South Lake Union
- Available development capacity to handle growth and expansion
- City passed zoning amendments to accommodate special biotech needs
- Offers R&D tax exemption
- Cost of living affordable relative to Boston, San Francisco & San Diego
- Seattle is one of the top biotech centers in the nation
- Supportive City Council—passed resolution affirming the City of Seattle’s commitment to making the South Lake Union area the region’s most competitive location for biotech research

The Important Role of Clusters

- Life science clusters include researchers, entrepreneurs, venture capitalists, well-trained and educated workers and specialized support services.
- The cross fertilization of ideas and skills spawns the discovery of new medicines and innovative therapies.
- Clusters offer a renewable resource of ideas and talent.
- Important recruiting tool for scientists and spouses in related fields.
- Clusters foster “casual accessibility” and frequent opportunities to share knowledge.
- Opportunities for collaboration and partnership are important for smaller/start-up companies.
Important Attributes for Recruiting Biotech Companies

- Critical mass of other life science organizations to share ideas, collaborate on projects, participate in discoveries
- Competitive recruiting environment to attract top talent
- First class education system and proximity to a major research institution
- International airport and seaport
- Physical infrastructure—facilities, room for expansion
- Early stage venture capital
- Entrepreneurial culture
- Political will and integrated biotech development strategy
- Relatively cost effective land, buildings, utilities, work force
- Progressive tax and zoning environment
- Dynamic, robust communities with a mix of uses—shopping, cafes, daylife/nightlife and culture

South Lake Union Biotech Organizations
Growth Strategies for Biotech

- **Big Bang**
  - Huge sums of money and resources invested in single project
  - Scripps Research Inst. - Florida
  - Texas Research Park - San Antonio
  - Stowers Institute - Kansas City

- **Non-Profit**
  - Organizations funded by Federal grants and philanthropic initiatives
  - Fred Hutch Cancer Research Center
  - SBRI Systems Biology
  - Immunex - spin-off from Fred Hutch
  - Corixa - spin-off from Immunex

- **Incubators**
  - Spin-offs and start-ups

Vulcan’s Real Estate Investment

- Land acquisition
- Architecture planning and construction
- Build internal expertise/infrastructure
- Urban planning and design
- Leadership in land use issues
- Open space improvements
- National public relations and marketing campaign
- 11,000 square foot Discovery Center
Challenges Inhibiting Success

Transportation
- Underserved by public transit
- Cut off from the rest of the city
- Mercer, Valley, Aurora barriers to pedestrians and bicyclists

Lack of Open Space
- Inaccessible lakefront

Inadequate Infrastructure
- Inadequate power
- No major public investment for last 50 years

Improving Life & Work for Existing Employees and Attracting More Great Organizations

- UW Medicine - 300 employees in 2004, growing to 2,200 by 2009
- Seattle Biomedical Research Institute - 200 employees in 2004, growing to 300 by 2007
- Children’s Hospital Research - 60 employees in 2004, growing to 100 by 2007
- Rosetta Inpharmatics - 270 employees in 2004
- Fred Hutchinson Cancer Research Center - currently 2,490 employees
- Seattle Cancer Care Alliance - currently 595 employees
- Battelle Memorial Institute - 140 employees in 2004
- Corixa - 300 employees by end of 2004
- Tommy Bahama - 325 employees in 2004
- NBBJ - 430 employees in 2006
- Cornish College - currently 1,200 students and faculty growing to 1,500 by 2006
- Zymogenetics - 390 employees in 2004
- Skanska - 175 employees in 2006
- Whole Foods - 250 employees in 2007
- Pacific Retirement Systems - 650 residents and employees by 2008
**Vulcan’s Current Developments**

9 projects = 1.8 million SF

1. 2200 Westlake
   - Pan Pacific Hotel, Whole Foods Market, condos, retail
2. 307 Westlake
   - SBRI/Children’s Hospital
3. 428 Westlake
   - Tommy Bahama
4. Interurban Exchange II-V
   (3 projects)
   - Merck/Rosetta Inpharmatics
5. Alcyone
   - Market-rate apartments
6. UW Medicine
7. Alley 24
   - NBBJ, Skanska, retail, apartments

**Mixed Use Neighborhood—Life Science**
Mixed Use Neighborhood—Office

Mixed Use Neighborhood—Housing and Retail
Return on Investment

**Economic**
- Positions region to capture next wave of economic growth—life sciences
- Creates new jobs for all skill levels
- Creates new tax revenue for city, county & state for increased social and educational services

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**Employment Growth Projections**

<table>
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<tr>
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<th>Direct Jobs</th>
<th>Indirect Jobs</th>
<th>Total Jobs</th>
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<tr>
<td><strong>Full Build-out</strong></td>
<td>23,710</td>
<td>30,027</td>
<td>53,737</td>
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<tr>
<td><strong>Partial Build-out</strong></td>
<td>15,059</td>
<td>15,014</td>
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</tbody>
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Source: Potential Economic and Fiscal Impacts of South Lake Union Development Report. Dr. Paul Sommers, Ph.D.
Return on Investment

Community
- Allows revitalization of underutilized area
- Creates great streets and improves mobility along the Mercer Corridor
- Creates beautiful, accessible waterfront park
- Improves global health
- Improves the regional quality of life
- Creates new housing across income levels

Return on Investment

Environmental
- Accommodates growth in an urban area
- Supports growth management and prevents sprawl
- Creates a model for sustainable living
- Conserves natural resources
- Creates healthy work and living environments
- Creates green streets and wonderful open areas
- Reduces traffic and pollution