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Originally published December 12, 2011 at 5:51 PM | Page modified December 13, 2011 at 10:14 PM

Downtown's Russell Investments tower up for sale

Downtown Seattle's Russell Investments Center is for sale by Russell's parent company, which could turn a hefty profit on the building that it bought in the aftermath of Washington Mutual's collapse.

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Downtown Seattle's Russell Investments Center is for sale.

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Owner Northwestern Mutual listed the 42-story tower earlier this month, spokesman Mark Lucius said: "The building's value has substantially increased, and this gives us an opportunity to realize those gains for our policy owners."

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The insurance giant's move isn't surprising, brokers said: Northwestern Mutual bought the tower for a bargain-basement price in September 2009, when it was mostly empty.

Now it's 96 percent leased, according to commercial real-estate database Officespace.com, and Northwestern Mutual stands to make a hefty profit selling it.

Craig Hill, a senior vice president with brokerage Grubb & Ellis, said the 890,000-square-foot tower could fetch four or five times as much as the \$115 million the insurance company paid. "It makes sense for them," Hill said.

Northwestern Mutual hasn't set an asking price, Lucius said.

The biggest real-estate transaction so far this year in King County is the \$350 million sale in August of a newer downtown office tower, 669,000-square-foot 1918 Eighth. Like Russell, it's also almost completely leased, mostly to Amazon.com.

The Russell Center, once Washington Mutual's headquarters, became a high-rise symbol of the recession's impact on Seattle after the bank was seized by regulators in late 2008. Northwestern Mutual bought the tower when its subsidiary, Russell Investments, decided to move its headquarters to the building from Tacoma.

Since then the tower, at Second Avenue and Union Street, has attracted an all-star cast of tenants, including Nordstrom, Boeing, biotech Dendreon and real-estate marketplace Zillow.

A chart on Northwestern Mutual's website indicates the company invested another \$15.3 million in the Russell Center after buying it. The firm assigned the tower a "fair value" of \$159 million a year ago, when it was only about half leased.

The building's gross income in 2010 was \$6.9 million, while taxes, repairs and other expenses totaled about \$8.2 million, according to the chart.

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