

MARKET ROUNDUP!

Eastside Office Space – 1st Quarter, 2014

SARATOGA

Equities, LLC

Corporate Real Estate Advisory and Investments

Eastside - Market Statistics

Submarket	# Bldgs	Total Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	Sublease Available	Vacancy w/Sublet	Future Available	Average Rental Rate	Absorption (YTD)
520/Overlake	134	3,873,964	454,038	11.72%	87,245	13.97%	128,041	\$26.37	55,629
Bellevue CBD	65	9,376,798	843,587	9.00%	262,008	11.79%	48,365	\$35.94	67,103
Bellevue Suburban	213	4,707,683	937,463	19.91%	74,277	21.49%	81,219	\$27.51	25,203
Bothell/Woodinville	76	3,229,492	555,110	17.19%	28,430	18.07%	7,901	\$23.69	(8,914)
I-90 Corridor	166	7,858,889	1,260,576	16.04%	160,331	18.08%	322,782	\$28.29	8,497
Kirkland/Totem Lake	108	3,238,394	334,031	10.31%	77,618	12.71%	146,933	\$28.95	22,595
Redmond/Willows	80	3,681,193	607,774	16.51%	125,476	19.92%	54,852	\$24.46	2,200
Grand Total	842	35,966,413	4,992,579	13.88%	815,385	16.15%	790,093	\$29.14	172,313

The downtown Bellevue submarket continues its tightening supply, which will consequently push tenants into the suburban office markets in 2014. Tertiary markets continue to remain challenged for positive absorption, but we anticipate an increase in leasing activity about Q3/4 of 2014. Regus Office Suites has leased 22.5K/SF square feet at Ridgewood Corporate Center in Bellevue. It's Regus' 16th location in the region, and the company now occupies a total of approximately 350K/SF square feet. Symetra extended its lease of 218K/SF at Key Center through 2025. A few Bellevue CBD buildings are undergoing interior renovations including 110 Atrium Place, Skyline Tower and Bellevue Corporate Plaza. PCL Construction leased 35K/SF at Newport Tower in the I-90 submarket.

Eastside - New Office Projects

Building	Submarket	Total	Available	Percent	Asking Rate	
		RSF*	RSF	Preleased	Min	Max
The Offices at Overlake Village	520/Overlake	1,109,500	1,109,500	0.00%	\$36.00N	\$38.00 N
929 Office Tower (Trammell)	Bellevue CBD	462,000	462,000	0.00%	N/A	N/A
Lincoln Square Expansion (Freeman)	Bellevue CBD	712,000	712,000	0.00%	N/A	N/A
Summit III (Bentall)	Bellevue CBD	332,303	332,303	0.00%	\$28.00N	\$35.00N
116th Medical Development	Bellevue Suburban	35,000	35,000	0.00%	\$33.00N	\$33.00N
The Spring District - Block 16	Bellevue Suburban	325,000	327,670	-0.82%	N/A	N/A
The Spring District - Block 24	Bellevue Suburban	165,000	165,000	0.00%	N/A	N/A
Woodlands Tech Center @ Canyon Park II	Bothell/Woodinville	621,798	621,798	0.00%	N/A	N/A
Nexus Snoqualmie II	I-90 Corridor	76,000	76,000	0.00%	N/A	N/A
Snoqualmie Ridge Business Park - Mt. Si Bldg	I-90 Corridor	100,000	100,000	0.00%	\$20.50N	\$20.50N
Talus Corporate Center	I-90 Corridor	612,568	612,568	0.00%	N/A	N/A
Kirkland Park Place (Office) II (Prudential RE)	Kirkland/Totem Lake	350,000	350,000	0.00%	\$35.00N	\$35.00N
Park Place North (Prudential RE)	Kirkland/Totem Lake	59,689	59,689	0.00%	\$30.00N	\$32.00N
Redmond Ridge Corporate Center (16)	Redmond/Willows	41,850	41,850	0.00%	\$18.00N	\$18.00N
Redmond Ridge Corporate Center (17)	Redmond/Willows	36,000	36,000	0.00%	\$19.00N	\$19.00N
Subtotal	15 Buildings	5,038,708	5,041,378	-0.05%		

*The above table represents space available or being marketed for lease. Does not include build-to-suit development(s).

Schnitzer West purchased the site at 106th Ave N.E. and NE. 4th St. and plans to build a 16-story, 360K/SF office building. The First Congressional Church property located at the corner NE 8th and 108th Ave is 1.6 acres and sold for \$30M. The new ownership plans build a 500k office building or apartments. Clise Properties acquired three Bothell properties at Highlands Corporate Center for \$38.8M, a likely exchange from its Denny Triangle sale(s) to Amazon. Beacon Capital Partners sold Plaza Center (337K/SF) and U.S. Bank Plaza (136K/SF) to KBS Realty Advisors for \$186.4M. Teacher's Retirement of Illinois sold the four building Corporate Campus East off 520 to TA Realty of Boston for \$43.4M.

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ABOUT SARATOGA EQUITIES

Saratoga Equities, LLC was founded in 2007 with the goal of providing exceptional corporate real estate advisory services by way of:

- **KNOWING THE MARKET**
- **IDENTIFYING OBJECTIVES**
- **UNDERSTANDING THE DEAL**
- **REPRESENTING CLIENTS AND INVESTORS WITH INTEGRITY**
- **HARD WORK**

Brent Nelson is the founder and designated broker of Saratoga Equities, LLC. Brent has been in the commercial real estate industry for over 15 year and has successfully represented a vast multitude of companies.

The principles above are achieved through a myriad of experience and through the utilization of the following tools and services:

- Strategic Planning/Needs Analysis
- Market Surveys
- Site Selection
- Lease/Sales Comps
- Request for Proposal "RFP"
- Letter of Intent to Lease and/or Purchase (binding/nonbinding)
- Lease Drafting
- Sublease Drafting
- Operating Expense Review/Audits
- Investment Analysis incl. Lease vs. Purchase
- REPSA Drafting (Real Estate Purchase and Sale Agreement)
- Earnest Money Note
- Amending/Addendum Documentation
- Title Exception Letters
- Contingency Deadline Letters
- Title Review Services
- Lease Abstract Services
- Legal Review (w/ Disclaimer and Recommendation of Counsel)
- Tenant Improvement Analysis (Allowance, Shell, Bid Process)

TOTAL PROCESS MANAGMENT

We direct all of our resources to meet the needs of our corporate clients, from the first meeting to well beyond contract execution. In so doing, we approach each project from the client's perspective, providing due diligence, employing sophisticated management tools and assistance with making informed decisions to help improve the bottom line.

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