

MARKET ROUNDUP!

Eastside Office Space – 1st Quarter, 2015

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	Avg. Rental Rate	Absorption (YTD)
520/Overlake	130	3,930,500	509,596	12.97%	186,138	17.70%	69,671	\$24.71	(22,762)
Bellevue CBD	67	9,442,437	684,735	7.25%	446,365	11.98%	220,452	\$37.86	105,570
Bellevue Suburban	225	5,004,004	919,282	18.37%	70,594	19.78%	799,172	\$27.67	25,772
Bothell/Woodinville	76	3,307,782	316,700	9.57%	15,306	10.04%	198,510	\$23.09	32,057
I-90 Corridor	175	8,337,805	843,530	10.12%	198,414	12.50%	122,389	\$32.06	(157,076)
Kirkland/ Totem Lake	117	3,832,374	385,578	10.06%	65,206	11.76%	192,790	\$28.87	(98,839)
Redmond/Willows	78	3,865,821	442,780	11.45%	225,205	17.28%	115,168	\$24.25	14,605
Grand Total	868	37,720,723	4,102,201	10.88%	1,207,228	14.08%	1,718,152	\$30.16	(100,673)

Reputable tech companies are continuing to open new offices in the region with a quest to obtain engineering talent. A few include Alibaba, Apple, Ebay, Booking.com/Priceline, Dropbox, Century Link and HTC. Concurrently, companies with an existing footprint in the local market are expanding: Among these are Google, Disney, Tableau, Amazon (of course), Facebook, Twitter and EMC. Elon Musk's SpaceX, HBO and Splunk are coming to the region and absorbing additional space. Steve Ballmer leased the top floor (30th) of Kemper Freeman's Lincoln Square expansion.

Eastside - New Office Projects

Building	Submarket	Total RSF*	Available RSF	Percent Preleased	Asking Rate	
					Min	Max
Esterra Park	520/Overlake	1,030,000	1,030,000	0.00%	\$36.00N	\$38.00 N
929 Office Tower (Trammell)	Bellevue CBD	462,000	462,000	0.00%	N/A	N/A
400 Lincoln Square Expansion (Freeman)	Bellevue CBD	715,240	689,924	3.54%	\$36.00N	\$42.00N
Summit III (Bentall)	Bellevue CBD	332,303	332,303	0.00%	\$28.00N	\$35.00N
*Sterling Center (Rockefeller)	Bellevue CBD	465,000	465,000	0.00%	N/A	N/A
Centre 425 (Schnitzer West)	Bellevue CBD	354,000	354,000	0.00%	N/A	N/A
116th Medical Development	Bellevue Suburban	35,000	35,000	0.00%	\$33.00N	\$33.00N
The Spring District - Block 16	Bellevue Suburban	325,000	325,000	0.00%	\$32.00N	\$35.00N
The Spring District - Block 24	Bellevue Suburban	165,000	165,000	0.00%	\$32.00N	\$35.00N
Woodlands Tech Center @ Canyon Park II	Bothell/Woodinville	602,000	602,000	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 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
TOTAL	17 Buildings	5,761,650	5,736,334	0.44%		

*The above table represents space available or being marketed for lease. Does not include build-to-suit development(s). RED indicates the project has broken ground.

Big news: Urban Renaissance Group purchased Touchstone Corp for approx. \$1B, which includes Touchstone's interest in six new projects. Seven different specialty stores will fill the old JC Penney at Bellevue Square. The Bellevue Red Lion off 112th sold for \$32M. As an owner-user, Evergreen Home Loans paid \$15M for the 50k/sf former PCL Construction Building off I-90. Unico has been on a shopping spree of late, buying the former Pemco building (\$52M), Grand Central building in Seattle (\$16.5M), and the Brooks Sports (\$70M) building in Wallingford. New York Life bought Sunset Corp Campus (307K/SF) off I-90 for \$90M.

The City of Seattle is proposing a "linkage fee" for new development with city council backing. The fee will range from \$5-\$22psf depending on specific areas that will have cost designations. The linkage fee is supposed to incentivize developers to build or incorporate affordable housing. Alternatively, fee collections could allow the city to provide it elsewhere.

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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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