

MARKET ROUNDUP!

Eastside Office Space – 2nd 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 with Sublet	Future Available	Avg. Rental Rate	Absorption (YTD)
520/Overlake	134	3,882,794	445,787	11.48%	169,740	15.85%	102,761	\$23.82	(18,615)
Bellevue CBD	64	9,340,339	819,425	8.77%	462,032	13.72%	48,052	\$37.38	(108,759)
Bellevue Suburban	209	4,723,052	966,014	20.45%	63,460	21.80%	116,096	\$26.77	7,469
Bothell/Woodinville	76	3,249,793	303,178	9.33%	34,329	10.39%	6,618	\$22.95	237,119
I-90 Corridor	167	7,863,497	1,233,737	15.69%	161,591	17.74%	221,896	\$31.74	34,076
Kirkland/Totem Lake	111	3,325,953	309,286	9.30%	53,171	10.90%	182,784	\$28.79	71,787
Redmond/Willows	76	3,688,071	583,358	15.82%	123,313	19.16%	10,580	\$24.24	28,779
Grand Total	837	36,073,499	4,660,785	12.92%	1,067,636	15.88%	688,787	\$29.66	251,856

As projected, Tenants are being forced out of downtown Bellevue, and relocating into the suburban Bellevue markets as a result of tightening supply. This has led to positive absorption in all the suburban markets, except 520/Overlake where a few large sublease spaces became available. Average downtown Bellevue rates for Class A CBD space now exceed \$40 PSF. Expect tenants to continue to be pushed out of Bellevue "Class A" core assets until new product is delivered to the CBD market. However, we are hearing of pre-leasing activity from tenants whose leases are set to roll over in the next two years. The average office lease rate across the U.S. rose approximately 1.7% per Q1, 2014.

Eastside - New Office Projects

Building	Submarket	Total RSF*	Available RSF	Percent Preleased	Asking Rate	
					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
*Sterling Center (Rockefeller)	Bellevue CBD	465,000	465,000	0.00%	N/A	N/A
Centre 425 (Schnitzer West)	Bellevue CBD	300,000	300,000	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	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	16 Buildings	5,803,708	5,806,378	-0.05%		

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

Kemper Freeman begins construction of the first speculative office project with his 700K/SF – \$1.2B Lincoln Square expansion. We think second will be either Trammell's 929 Office Tower, Bentall's Summit III, or perhaps Schitzer West's 300K/SF Center 405. We have added the 20 story 465K/SF *Sterling Center planned to be constructed at the corner of NE 8th & 106th Ave N.E. This is the first phase of the 2.4M/SF project to be constructed on the 5 acre site. KBS Capital Advisors purchased the "Plaza Buildings" (Plaza Center & U.S. Bank Plaza - 489K/SF total) in downtown Bellevue for \$189M. The sale includes the 1,036 stall shared parking garage between the buildings.

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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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