

MARKET ROUNDUP!

Eastside Office Space - 3rd Quarter, 2013

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	3,866,021	459,556	11.89%	47,198	13.11%	86,013	\$24.03	53,909
Bellevue CBD	64	9,173,113	821,251	8.95%	189,688	11.02%	275,136	\$35.91	17,492
Bellevue Suburban	212	4,699,894	898,449	19.12%	36,543	19.89%	63,921	\$26.71	66,861
Bothell/Woodinville	70	3,035,106	487,307	16.06%	27,357	16.96%	111,948	\$23.90	22,150
I-90 Corridor	162	7,797,042	1,021,459	13.10%	161,365	15.17%	527,276	\$28.20	353,123
Kirkland/Totem	107	3,164,561	332,195	10.50%	65,955	12.58%	152,926	\$29.56	(3,371)
Redmond/Willows	85	3,701,638	645,243	17.43%	49,369	18.76%	169,774	\$24.38	79,781
Eastside Totals	834	35,437,375	4,665,460	13.17%	577,475	14.79%	1,386,994	\$28.90	589,945

With exception to the Bellevue CBD submarket, the overall Eastside office market remains double-digit vacant across the board. I-90 saw significant absorption in the last quarter with Costco's expansion of +/-150k/sf at I-90 Lake Place II, but that submarket gave back space with a big Verizon vacancy and potential vacancies in T-Mobiles Factoria (+/-140k/sf). The downtown Bellevue submarket is tightening, especially for large users as the continuous Amazon take downs across the lake give tenant less bargaining power. Most large tenants will use both sides of the lake to leverage. Several have absorbed space in Bellevue including **Aptio** (60k/sf @ Plaza East), **Blucora** (36k/sf @ Plaza Ctr.) **Concur** (122k/sf @ Key Ctr.) and **eBay** (53k/sf @ One Bellevue Ctr.).

Eastside - New Office Projects

Building	Submarket	Total RSF*	Available RSF	Percent Preleased	Asking Rate Min	Asking Rate Max
9th Street Medical Center	Bellevue CBD	100,000	100,000	0.00%	N/A	N/A
Lincoln Square Expansion	Bellevue CBD	600,000	712,000	-18.67%	\$36.50N	\$40.00N
The Summit III	Bellevue CBD	332,303	332,303	0.00%	\$28.00N	\$35.00N
116th Medical Development	Bellevue Suburban	35,000	35,000	0.00%	\$34.00N	\$34.00N
Spring District Building 16	Bellevue Suburban	325,000	327,670	0.00%	N/A	N/A
Spring District Building 24	Bellevue Suburban	165,000	165,000	0.00%	N/A	N/A
Woodlands Tech Ctr @ Canyon Park	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 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	Kirkland/Totem Lake	350,000	350,000	0.00%	\$35.00N	\$35.00N
Park Place North	Kirkland/Totem Lake	59,689	59,689	0.00%	\$30.00N	\$32.00N
Redmond Ridge Corp Center (16)	Redmond/Willows	41,850	41,850	0.00%	\$18.00N	\$18.00N
Redmond Ridge Corp Center (17)	Redmond/Willows	36,000	36,000	0.00%	\$19.00N	\$19.00N
Subtotal	14 Buildings	3,455,208	3,569,878	-3.24%		

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

Who will pull the trigger and build without a sizable pre-lease? That remains to be seen, but there are a few projects nearing permit-ready, especially in downtown Bellevue. An overseas investor paid record price (\$31m) for the 1.34 acre DNTNO-1site at 435 108th Ave NE in June. Two blocks south, the 0.54 acre Opus Bank site at 200 108th Ave NE closed for \$7.1 million. The land purchases indicate developers are positioning themselves for more new projects in downtown Bellevue. Ending speculation, Google finally announced it will prelease 180k/sf in a two-building Kirkland development by SRM. Expected delivery is 2015 and the new buildings occupy approximately 1000 new employees.

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