

# MARKET ROUNDUP!

Eastside Office Space – 3<sup>rd</sup> Quarter, 2015

# SARATOGA

Equities, LLC

Corporate Real Estate Advisory and Investments

## Eastside – Market Statistics

Submarket	# Bldgs.	Total Square Feet	Vacant Square Feet	Vacancy Rate	Sublease Available	Vacant w/ Sublease	Future Available	Average Rental Rate	Absorption (YTD)
520/Overlake	126	3,759,832	574,078	14.55%	194,640	19.73%	31,255	\$25.08	(70,444)
Bellevue CBD	67	9,450,498	665,555	7.04%	440,918	11.71%	360,091	\$38.07	130,197
Bellevue Suburban	220	4,897,552	785,826	16.05%	109,011	18.27%	49,783	\$25.51	118,185
Bothell/Woodinville	76	3,307,782	340,689	10.30%	41,340	11.55%	179,901	\$23.13	(17,966)
I-90 Corridor	170	7,975,701	813,032	10.19%	206,590	12.78%	400,711	\$29.00	(134,754)
Kirkland/Totem Lake	112	3,350,586	359,343	10.72%	83,002	13.20%	243,069	\$29.21	(90,400)
Redmond/Willows	72	3,652,812	529,637	14.50%	112,076	17.57%	33,850	\$24.26	37,751
<b>GRAND TOTAL</b>	<b>843</b>	<b>36,394,763</b>	<b>4,041,160</b>	<b>11.10%</b>	<b>1,298,660</b>	<b>14.37%</b>	<b>1,298,660</b>	<b>\$29.81</b>	<b>(27,431)</b>

Despite the Bellevue CBD space crunch, vacancy rates have risen modestly, while net absorption has decreased slightly since early 2015. However, the downtown CBD could be on the precipice of a space glut that can result in a “ripple effect” for other submarkets and the overall Eastside. Microsoft is currently subleasing +/-167K/SF at The Bravern and other sizable CBD leases are rolling over in the next two years. Expedia is relocating its headquarters to Seattle in early 2018, and several new projects without a prelease commitment are under construction. The first of which is the 929 Office Tower set for completion at the end of this year (see below). Plaza Center can accommodate three contiguous lower floors (68K/SF). There is good leasing activity in the marketplace, but Bellevue is going to need a couple elephants to absorb the coming space inventory.

## Eastside – New Office Projects

Building	Submarket	Total RSF*	Available RSF	Percent Pre-leased	Asking rate	
					Min	Max
929 Office Tower (Trammell Crow)	Bellevue CBD	466,000	466,000	0.00%	N/A	N/A
400 Lincoln Square Expansion (Freemen)	Bellevue CBD	715,240	545,707	23.70%	N/A	N/A
Summit III (Bentall)	Bellevue CBD	332,303	332,303	0.00%	\$2.33N	\$2.92N
*Sterling Center (Rockefeller)	Bellevue CBD	On Hold	On Hold	0.00%	N/A	N/A
Center 425 (Schnitzer West)	Bellevue CBD	354,000	354,000	0.00%	N/A	N/A
The Spring District – Block 16	Bellevue Suburban	325,000	94,799	70.83%	\$2.67N	\$2.92N
The Spring District – Block 24	Bellevue Suburban	165,000	26,405	84.00%	\$2.67N	\$2.92N
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 – Mount Si	I-90 Corridor	100,000	100,000	0.00%	\$1.71N	\$1.71N
Talus Corporate Center	I-90 Corridor	612,568	612,568	0.00%	N/A	N/A
Kirkland Parkplace II (Talon/Prudential RE)	Kirkland/Totem Lake	350,000	350,000	0.00%	\$2.92N	\$2.92N
Parkplace North (Talon/Prudential RE)	Kirkland/Totem Lake	59,689	59,689	0.00%	\$2.50	\$2.67
Esterra Park	520/Overlake	1,030,000	1,030,000	0.00%	\$3.00N	\$3.17N
Redmond Ridge Corporate Center (16)	Redmond/Willows	41,850	41,850	0.00%	\$1.50N	\$1.50N
Redmond Ridge Corporate Center (17)	Redmond/Willows	36,000	36,000	0.00%	\$1.58N	\$1.58N
<b>TOTAL</b>	<b>16 Buildings</b>	<b>5,265,650</b>	<b>4,727,321</b>	<b>11.22%</b>		

\*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.

Capstone’s Esterra can break ground in 90 days with the first of five office buildings for a late 2017 delivery (Bldg #3 - 229K/SF). Bellevue’s Spring District signed UW/Microsoft and Chinese venture called GIX as its first office tenant (+/- 100K/SF). Align Real Estate and PCCP have formed a JV to acquire the six floors of office Bellevue Pacific Center, currently 95% leased. Clarion paid \$75.1 M for the Plaza East building at corner of 112<sup>th</sup> Ave N.E. and N.E. 8<sup>th</sup> in Bellevue. Spear Street paid Kilroy \$51.2M for a Microsoft leased building (122K/SF) at 15050 N.E. 36<sup>th</sup> Street. The Totem Lake Mall is getting a \$200M improvement project. Sammamish Town Center could have as much as 600K/SF of commercial office/retail space and 2,000 housing units. TRF will be developing a portion of the Town Center. They are planning to begin construction of “The Village”, in July consisting of approx. 113 units and 116K/SF of commercial space.

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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.

### **Brent Nelson**

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