



# MARKET ROUNDUP!

## Eastside Office Space – 4th Quarter, 2017

**SARATOGA**  
Corporate Real Estate Advisory

### Puget Sound Vacancy & Rent Statistics

Submarket	# Bldgs	Total Sq.Ft.	Vacant Sq. Ft.	Vacancy Rate	Sublease Available	Vacancy w/Sublet	Future Available	Average Rent	Absorption (YTD)
Downtown	657	54,705,243	6,149,598	11.24%	2,206,183	15.27%	1,180,592	\$35.95	(466,223)
Eastside	1,135	45,804,814	6,844,802	14.94%	1,905,677	19.10%	1,495,699	\$32.31	(1,515,692)
Northend	750	18,293,409	3,383,688	18.50%	228,483	19.75%	251,237	\$24.73	(713,666)
Southend	808	27,453,760	4,518,072	16.46%	895,518	19.72%	987,933	\$28.85	(624,854)
Tacoma	487	1,1699,405	3,072,530	26.26%	159,499	27.63%	205,929	\$23.66	(916,693)
<b>Grand Total</b>	<b>3,837</b>	<b>157,956631</b>	<b>23968690</b>	<b>15.17%</b>	<b>5,395,360</b>	<b>18.59%</b>	<b>4121390</b>	<b>\$31.69</b>	<b>(4,237,128)</b>

**LEASING MARKET** – Despite Amazon’s quest for HQ2, the Puget Sound region remains among the country’s strongest office leasing markets. Net effects remain unchanged in both Seattle and Bellevue CBD markets, net absorption has caught up with new project deliveries. Amazon pre-leased the entire 58-story Rainier Square development and Center 425 in Bellevue. Companies such as Oracle, F5 Networks, Valve Software, Tableau, Big Fish Games, Google and Facebook have all made it difficult for other tenants with sizable space requirements. Co-working space contributes to net absorption as companies WeWork and Spaces have averaged +100K/sf over the past five years. WeWork leased 57k/sf at Hill7 and is rumored to be leasing 73k/sf at 4<sup>th</sup> & Madison. With these spaces WeWork would have approx. 650k/sf locally, which makes it the 6<sup>th</sup> largest tenant in the marketplace. Lyft leased 75k/sf from Hudson Pacific at 83 King in Pioneer Square.

### Eastside – New Office Projects

Building	Submarket	Total RSF*	Available RSF	Percent Preleased	Asking Rate Min	Asking Rate Max
400 Lincoln Square South	Bellevue CBD	719,623	253,318	64.80%	N/A	N/A
Summit III	Bellevue CBD	332,303	332,303	0.00%	\$2.33N	\$2.92N
1229 124 <sup>th</sup> Ave Northeast	Bellevue Suburban	166,614	166,614	0.00%	N/A	N/A
The Spring District - Block 24	Bellevue Suburban	332,506	26,405	92.06%	\$2.67N	\$2.92N
The Spring District - Block 16	Bellevue Suburban	325,000	94,461	70.94%	\$2.67N	\$2.92N
Esterra Park	Bothell/Woodinville	1,030,000	1,030,000	0.00%	\$3.00N	\$3.17N
CP XVIII	Bothell/Woodinville	116,400	116,400	0.00%	N/A	N/A
North Creek Office Plaza	Bothell/Woodinville	101,000	101,000	0.00%	\$2.08N	\$2.08N
Woodlands Tech Center @ Canyon Park	Bothell/Woodinville	602,000	602,000	0.00%	N/A	N/A
Middle Fork Business Park – Phase 1	I-90 Corridor	300,000	300,000	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	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
Sammamish Village Medical Pavilion	I-90 Corridor	30,819	12,758	58.60%	\$3.33N	\$3.33N
Kirkland Park Place (Office) II	Kirkland/Totem Lake	350,000	350,000	0.00%	\$2.92N	\$2.92N
Kirkland Urban	Kirkland/Totem Lake	1,200,000	417,527	65.21%	\$3.17N	\$3.17N
Lakeview Lane	Kirkland/Totem Lake	20,363	20,363	0.00%	\$2.92N	\$2.92N
Parkplace North	Kirkland/Totem Lake	59,689	59,689	0.00%	\$2.50N	\$2.67N
112 Lake Street	Kirkland/Totem Lake	105,000		0.00%	N/A	N/A
<b>Subtotal</b>	<b>19 Buildings</b>	<b>6,579,885</b>	<b>4,674,531</b>	<b>28.96%</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.

**SALES AND TIDBITS** – Urban Land Institute ranks Seattle as 2018’s top real estate market. A Singapore REIT paid KBS \$239M for Plaza Center and US Bank Plaza in Bellevue. Unigard sold the 9 building 46-acre Bellevue Tech Center to KBS for \$131M (NE 24<sup>th</sup> St & 158<sup>th</sup> NE). Legacy Partners sold the Hadley a 209-unit apartment building on Mercer Island for \$95.75M. Skansa paid \$21.6M for an apartment site (346 unit) at 4<sup>th</sup> Ave between Bell and Blanchard. That land price of \$1,111 psf is a record. Reno based Dermody has acquired the industrial Meridian Campus in Lacy which has three buildings (460k/sf) with room for another large distribution center (320k/sf). REI bought the Spring District (400k/sf) for \$49M.

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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 (dba Saratoga Corporate Real Estate Advisory). Brent has been in the commercial real estate industry for 20 years 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 MANAGEMENT

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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