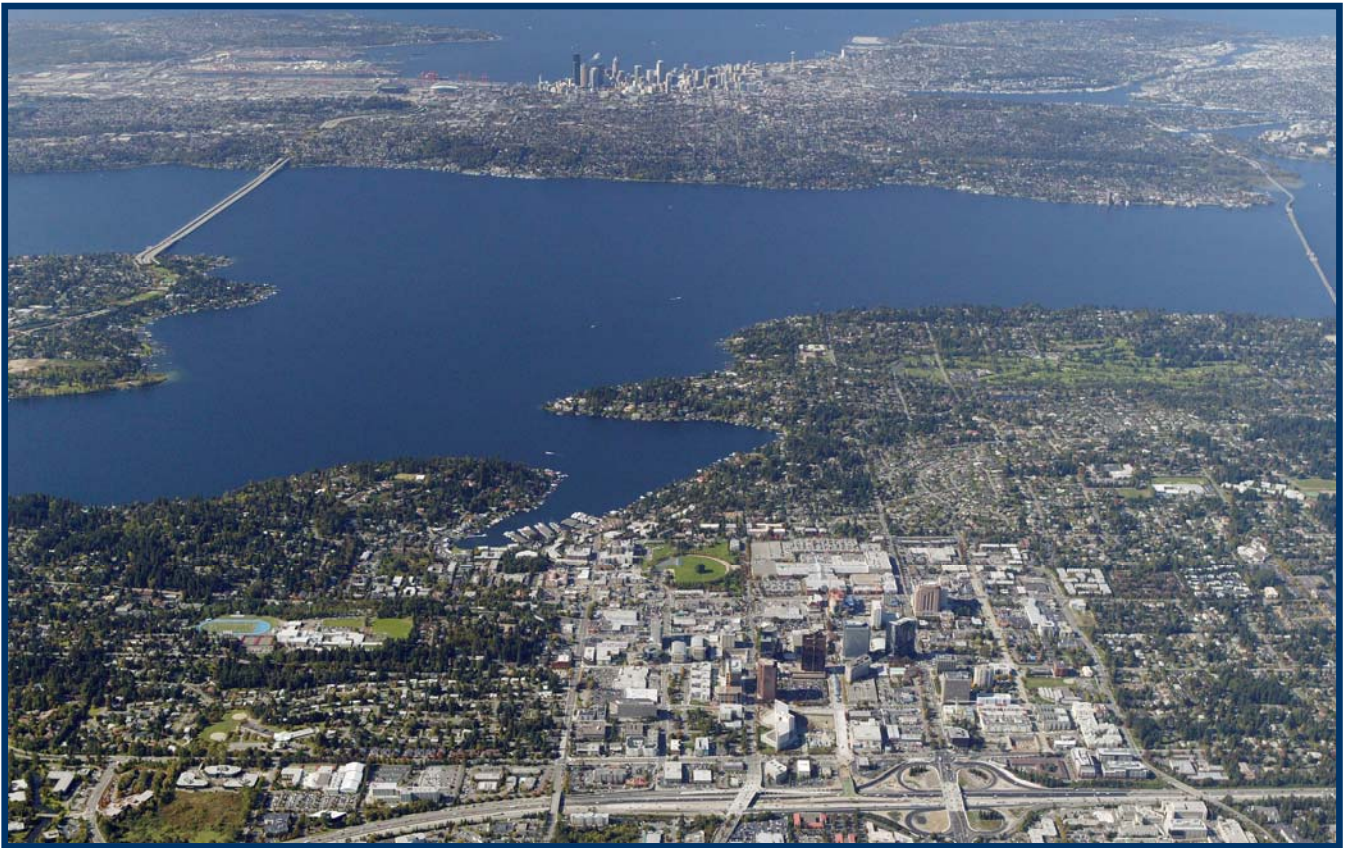


Eastside Office Market Overview January 2010



Bellevue Office

10500 NE 8th Street, Suite 900
Bellevue, WA 98004
425.646.3444

Seattle Office

601 Union Street, Suite 3430
Seattle, WA 98101
206.838.5775

Eastside Office Market Overview

Historical Summary 1998 - Q4 2009

Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption	Vacancy Rate	Annual Growth
1998	\$25.11	19,215,623	1,898,248	786,823	1,647,494	4.1%	8.6%
1999	\$27.07	22,157,973	2,942,350	863,193	2,865,980	3.9%	12.9%
2000	\$32.22	25,317,713	3,325,064	1,282,289	1,981,588	5.1%	7.8%
2001	\$27.19	26,916,813	1,599,100	4,196,025	(1,314,636)	15.6%	-4.9%
2002	\$22.58	27,710,365	793,552	4,928,322	61,255	17.8%	0.2%
2003	\$22.99	37,810,536	100,171	4,723,170	305,323	12.5%	0.8%
2004	\$26.15	27,840,336	29,800	4,270,865	482,105	15.3%	1.7%
2005	\$23.73	27,871,380	31,044	2,633,521	1,668,388	9.4%	6.0%
2006	\$28.13	27,905,178	33,798	2,301,356	360,963	8.2%	1.3%
2007	\$32.37	28,938,667	1,033,489	2,523,356	811,489	8.7%	2.8%
2008	\$32.76	30,672,380	1,733,713	3,928,042	329,027	12.8%	1.1%
Q4 2009	\$28.29	32,284,653	1,595,432	5,333,984	189,490	16.5%	0.6%

Notes:

- 1 Quarter end inventory, Eastside (including Bothell/Issaquah), Class A&B office, 10,000 SF and greater buildings (CoStar). Excludes owner/user buildings
- 2 Vacant square feet and total absorption statistics provided by CoStar. Includes direct and sublease space.
- 3 All data are from end of the quarter specified.
- 4 Annual growth is net absorption divided by inventory.
- 5 Data from January 6, 2010 (4th Quarter Report).



Eastside Submarket Historical Overview

2000 - Present

BELLEVUE CBD							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption	Vacancy Rate	Annual Growth
2000	\$36.69	4,656,468	477,899	315,398	352,457	6.8%	7.6%
2001	\$29.33	5,441,686	785,218	1,285,192	(184,576)	23.6%	-3.4%
2002	\$23.07	5,975,084	533,398	1,346,350	472,240	22.5%	7.9%
2003	\$26.88	5,975,084	0	1,244,015	102,335	20.8%	1.7%
2004	\$34.52	5,975,084	0	977,203	266,812	16.4%	4.5%
2005	\$28.35	6,006,128	31,044	570,599	437,648	9.5%	7.3%
2006	\$32.53	6,006,128	0	323,068	247,531	5.4%	4.1%
2007	\$38.08	6,546,128	540,000	447,307	415,761	6.8%	6.4%
2008	\$39.28	6,961,092	414,964	717,764	144,507	10.3%	2.1%
Q4 2009	\$35.23	8,289,033	1,327,941	1,144,555	901,150	13.8%	10.9%
BELLEVUE SUBURBAN							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption	Vacancy Rate	Annual Growth
2000	\$31.03	3,608,375	451,942	231,324	79,192	6.4%	2.2%
2001	\$24.92	3,676,794	68,419	535,444	(235,701)	14.6%	-6.4%
2002	\$21.56	3,676,794	0	629,957	(94,513)	17.1%	-2.6%
2003	\$20.78	3,676,794	0	537,023	92,934	14.6%	2.5%
2004	\$20.10	3,676,794	0	447,119	89,904	12.2%	2.4%
2005	\$21.59	3,676,794	0	296,015	151,104	8.1%	4.1%
2006	\$25.55	3,710,592	33,798	424,027	(94,214)	11.4%	-2.5%
2007	\$30.34	3,759,115	48,523	347,841	124,709	9.3%	3.3%
2008	\$30.82	3,790,683	31,568	424,639	(45,230)	11.2%	-1.2%
Q4 2009	\$26.52	3,808,425	17,742	473,073	(30,692)	12.4%	-0.8%
SR-520 CORRIDOR							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption	Vacancy Rate	Annual Growth
2000	\$32.02	2,607,822	54,252	72,103	913	2.8%	0.0%
2001	\$24.18	2,642,734	34,912	268,019	(161,004)	10.1%	-6.1%
2002	\$19.70	2,642,734	0	293,453	(25,434)	11.1%	-1.0%
2003	\$18.63	2,642,734	0	256,147	37,306	9.7%	1.4%
2004	\$18.94	2,642,734	0	208,245	(24,098)	7.9%	-0.9%
2005	\$20.08	2,642,734	0	300,913	(20,668)	11.4%	-0.8%
2006	\$22.62	2,642,734	0	179,691	121,222	6.8%	4.6%
2007	\$28.68	2,709,470	66,736	71,819	174,608	2.7%	6.4%
2008	\$28.57	2,709,470	0	164,090	(92,271)	6.1%	-3.4%
Q4 2009	\$26.75	2,709,470	0	325,176	(161,086)	12.0%	-5.9%
I-90 CORRIDOR							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption	Vacancy Rate	Annual Growth
2000	\$33.65	3,598,570	424,983	99,564	205,171	2.8%	5.7%
2001	\$25.74	3,772,223	173,653	687,288	(414,071)	18.2%	-11.0%
2002	\$20.79	3,772,223	0	539,479	147,809	14.3%	3.9%
2003	\$21.60	3,772,223	0	625,026	(85,544)	16.6%	-2.3%
2004	\$21.82	3,772,223	0	508,504	116,522	13.5%	3.1%
2005	\$23.08	3,772,223	0	334,484	174,020	8.9%	4.6%
2006	\$29.59	3,772,223	0	137,566	196,918	3.6%	5.2%
2007	\$34.75	3,772,223	0	174,292	(36,726)	4.6%	-1.0%
2008	\$35.80	4,435,795	663,572	631,461	206,403	14.2%	4.7%
Q4 2009	\$31.04	4,380,863	0	791,151	(159,690)	18.1%	-3.6%

Eastside Submarket Historical Overview

2000 – Present (continued)

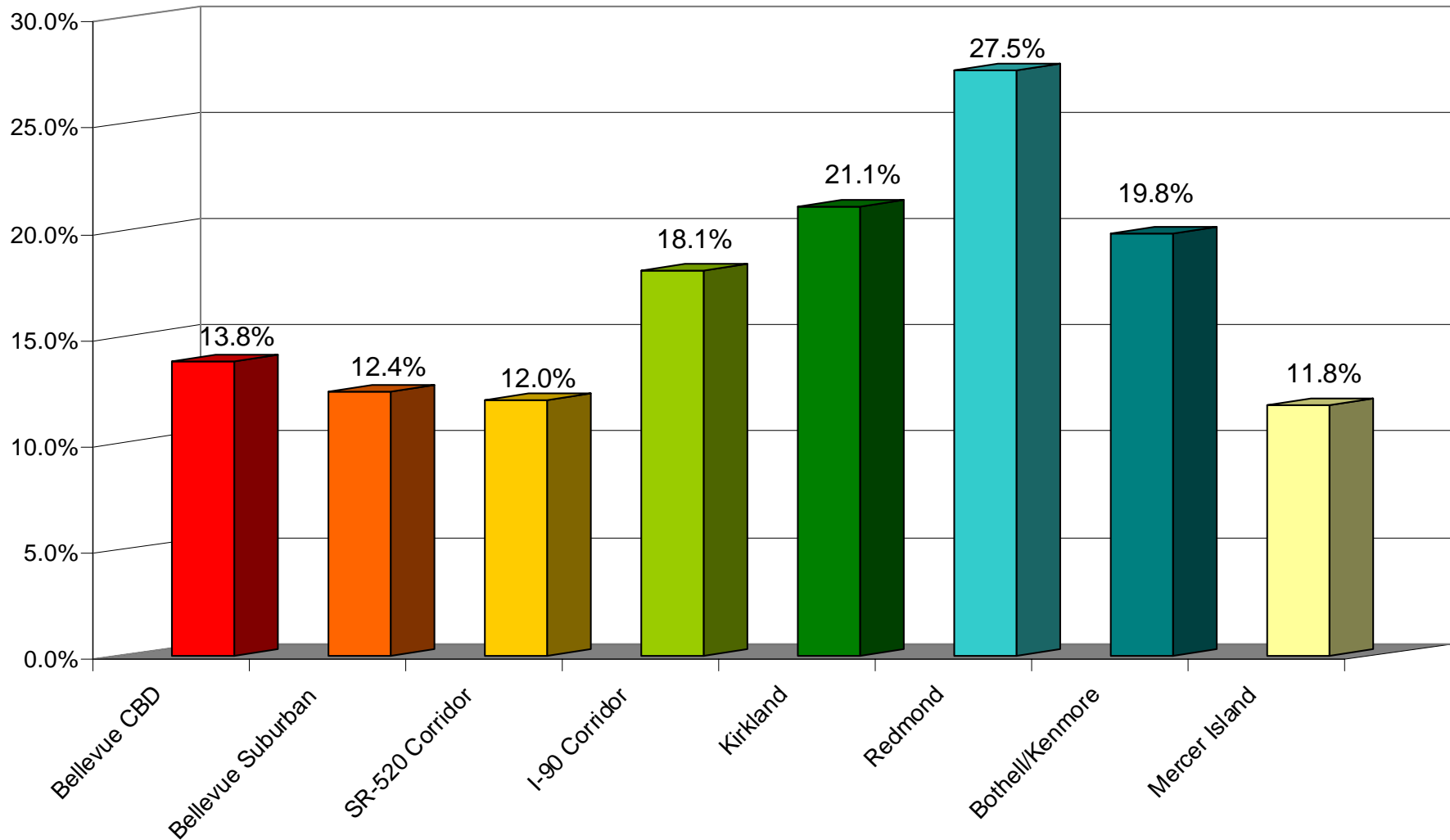
KIRKLAND							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption	Vacancy Rate	Annual Growth
2000	\$34.87	3,252,795	242,506	42,366	69,978	1.3%	2.2%
2001	\$27.74	3,293,148	40,353	403,943	(321,269)	12.3%	-9.8%
2002	\$23.84	3,426,157	133,009	654,130	(117,178)	19.1%	-3.4%
2003	\$21.19	3,483,502	57,345	651,225	60,250	18.7%	1.7%
2004	\$22.16	3,483,502	0	507,201	144,024	14.6%	4.1%
2005	\$24.24	3,482,502	0	267,589	239,612	7.7%	6.9%
2006	\$28.55	3,482,502	0	389,074	(121,485)	11.2%	-3.5%
2007	\$31.25	3,482,502	0	248,281	140,793	7.1%	4.0%
2008	\$33.00	3,752,202	270,075	546,063	(29,082)	14.6%	-0.8%
Q4 2009	\$27.63	3,815,168	62,966	804,236	(195,207)	21.1%	-5.1%
REDMOND							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption	Vacancy Rate	Annual Growth
2000	\$26.61	2,721,384	730,986	66,727	781,846	2.5%	28.7%
2001	\$26.64	2,721,384	0	192,167	(125,440)	7.1%	-4.6%
2002	\$22.06	2,770,658	49,274	361,229	(119,788)	13.0%	-4.3%
2003	\$20.43	2,770,658	0	446,682	(85,453)	16.1%	-3.1%
2004	\$19.09	2,770,658	0	697,906	(251,224)	25.2%	-9.1%
2005	\$19.92	2,770,658	0	327,680	370,226	11.8%	13.4%
2006	\$21.48	2,770,658	0	260,257	67,423	9.4%	2.4%
2007	\$28.74	2,770,658	0	234,479	25,778	8.5%	0.9%
2008	\$29.74	2,980,115	209,457	432,736	11,200	14.5%	0.4%
Q4 2009	\$25.07	3,049,539	69,424	838,082	(335,922)	27.5%	-11.0%
BOTHELL / KENMORE							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption	Vacancy Rate	Annual Growth
2000	\$24.87	2,840,911	369,396	208,854	317,965	7.4%	11.2%
2001	\$23.15	2,990,616	149,705	445,339	(86,780)	14.9%	-2.9%
2002	\$23.17	3,012,969	22,353	503,107	(35,415)	16.7%	-1.2%
2003	\$20.42	3,012,969	0	710,194	(207,087)	23.6%	-6.9%
2004	\$21.86	3,012,969	0	666,106	44,088	22.1%	1.5%
2005	\$21.47	3,012,969	0	478,262	187,844	15.9%	6.2%
2006	\$25.26	3,012,969	0	521,146	(42,884)	17.3%	-1.4%
2007	\$26.45	3,321,799	308,830	851,652	(21,676)	25.6%	-0.7%
2008	\$26.76	3,370,324	48,525	849,624	50,553	25.2%	1.5%
Q4 2009	\$23.55	3,492,524	105,359	692,665	260,981	19.8%	7.5%
MERCER ISLAND							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption	Vacancy Rate	Annual Growth
2000	\$27.00	322,021	0	6,156	(1,134)	1.9%	-0.4%
2001	\$27.98	322,021	0	9,248	(3,092)	2.9%	-1.0%
2002	\$30.02	338,233	16,212	30,329	(4,869)	9.0%	-1.4%
2003	\$23.25	338,233	0	32,281	(1,952)	9.5%	-0.6%
2004	\$25.89	338,233	0	15,098	17,183	4.5%	5.1%
2005	\$27.57	338,233	0	5,018	10,080	1.5%	3.0%
2006	\$27.98	338,233	0	3,241	1,777	1.0%	0.5%
2007	\$31.53	338,233	0	21,465	(18,224)	6.3%	-5.4%
2008	\$34.20	338,233	0	28,377	(6,912)	8.4%	-2.0%
Q4 2009	\$29.71	338,233	0	39,866	(11,489)	11.8%	-3.4%

Notes:

- 1 Quarter end inventory Class A&B office, 10,000 SF and greater buildings
- 2 Excludes Owner/User buildings
- 3 Annual growth is net absorption divided by inventory
- 4 Data current as of end of 4th Quarter – January 6, 2010

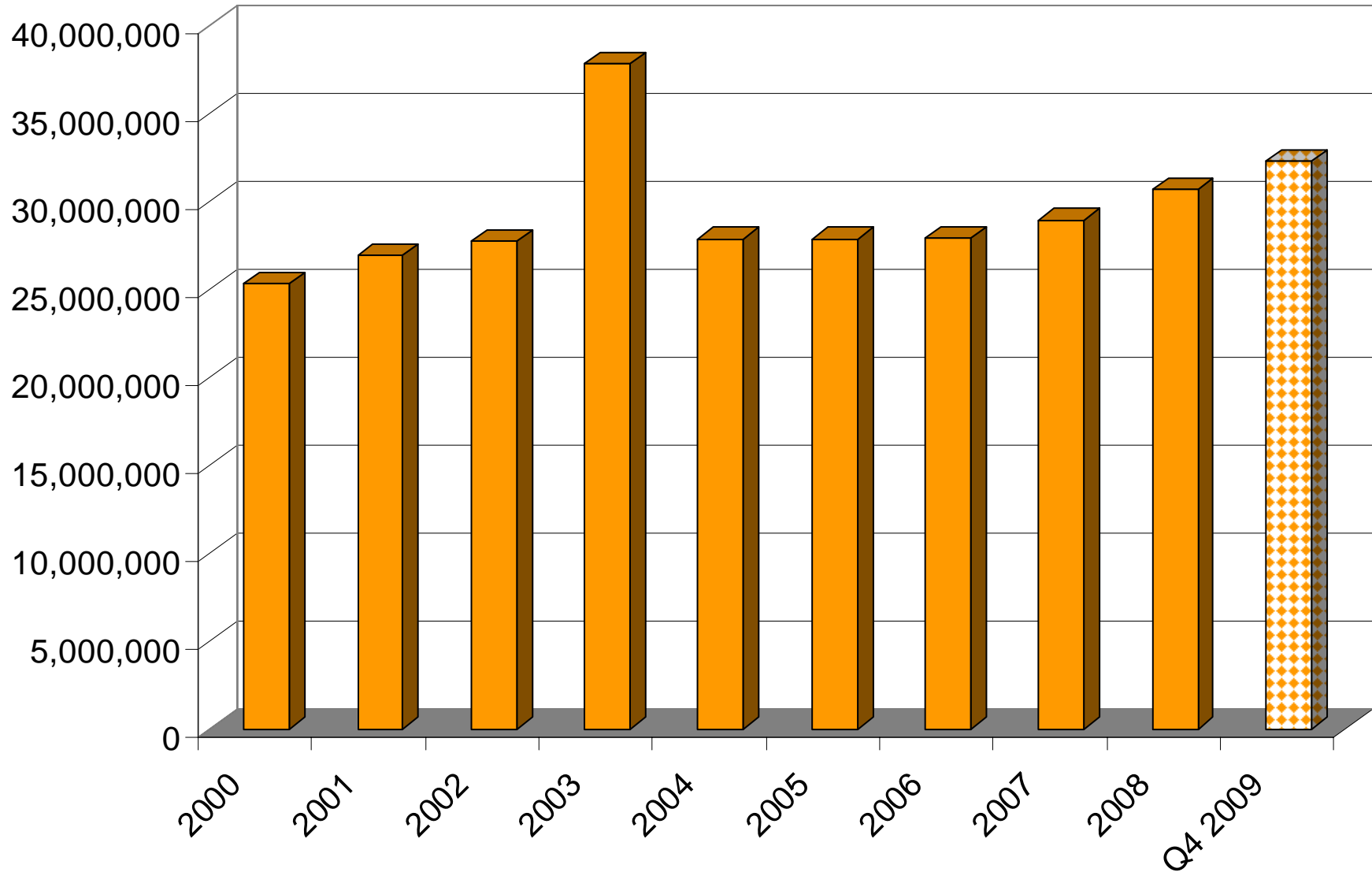


Eastside Office Market Vacancy by Submarket - 4th Quarter 2009



*Includes sublease space

Eastside Office Market Inventory, 2000 - 4th Quarter 2009

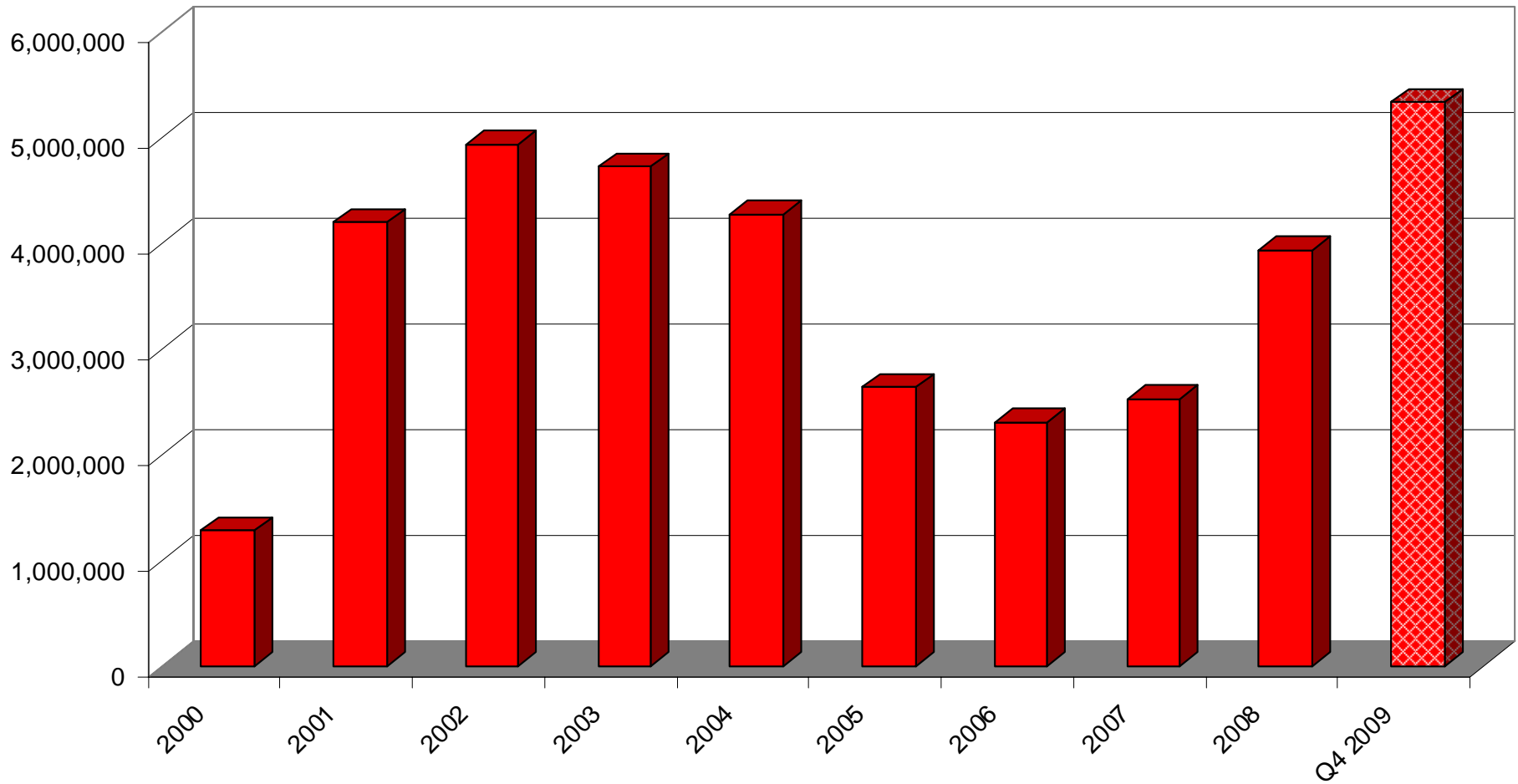


Eastside Office Market: Class A & B

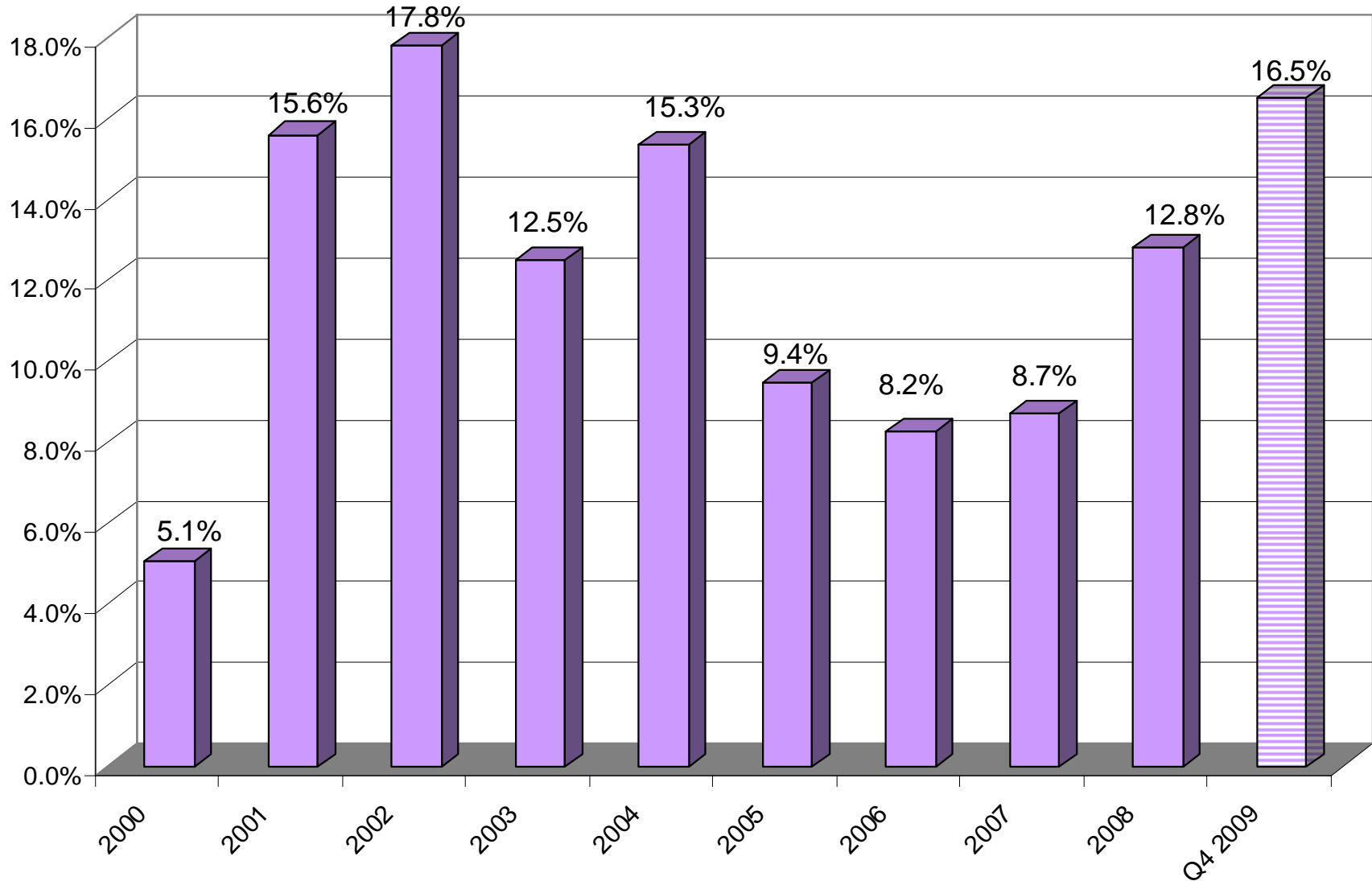
New Construction vs. Net Absorption, 2000 - 4th Quarter 2009



Eastside Office Market Vacant Square Footage, 2000 - 4th Quarter 2009



Eastside Office Market Vacancy Percentage, 2000 - 4th Quarter 2009



Eastside Office Market

Average Gross Rental Rates, 2000 - 4th Quarter 2009

