
Eastside Office Market Overview

January 2011



BRODERICK
• GROUP •

Commercial Real Estate Services

BELLEVUE OFFICE

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Eastside Office Market Overview

Historical Summary 2000 – Q4 2010

Forecast 2011 – 2014

Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption	Vacancy Rate	Annual Growth
2000	\$31.83	26,024,063	3,439,643	1,301,189	2,091,340	5.0%	8.0%
2001	\$26.98	27,734,217	1,710,154	4,325,548	(1,314,205)	15.6%	-4.7%
2002	\$22.57	28,506,905	772,454	5,128,063	(29,827)	18.0%	-0.1%
2003	\$22.96	28,618,767	111,862	4,899,946	339,979	17.1%	1.2%
2004	\$26.13	28,636,567	17,800	4,431,257	486,489	15.5%	1.7%
2005	\$23.69	28,667,611	31,044	2,816,200	1,646,101	9.8%	5.7%
2006	\$28.10	28,716,409	48,798	2,506,657	358,341	8.7%	1.2%
2007	\$32.30	29,749,898	1,033,489	2,708,737	831,409	9.1%	2.8%
2008	\$32.63	31,485,199	1,735,301	4,085,772	358,216	13.0%	1.1%
2009	\$28.29	33,083,869	1,598,670	5,341,242	343,200	16.1%	1.0%
2010	\$27.61	33,425,234	341,365	5,619,933	62,674	16.8%	0.2%
Projected - End of Year							
2011	\$27.00	33,425,234	0	5,269,933	350,000	15.8%	1.0%
2012	\$28.62	33,425,234	0	4,869,933	400,000	14.6%	1.2%
2013	\$30.90	33,425,234	0	4,369,933	500,000	13.1%	1.5%
2014	\$34.00	34,081,034	655,800	4,150,733	875,000	12.2%	2.6%
Summary 2011-2014			Total	Average	Total	Average	Average
			655,800	4,665,133	2,125,000	13.9%	1.6%

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 New supply 2011-2014 is product of known projects and estimated probability of completion/financing based on average vacancy of 2 years (BGI)
- 4 All data are from end of the quarter specified.
- 5 Annual growth is net absorption divided by inventory.
- 6 Data from January 24, 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 (Year to Date)	Vacancy Rate	Annual Growth
2000	\$36.69	4,650,417	477,899	315,398	352,457	6.8%	7.6%
2001	\$29.33	5,435,635	785,218	1,285,192	(184,576)	23.6%	-3.4%
2002	\$23.07	5,969,267	533,398	1,346,350	472,240	22.6%	7.9%
2003	\$26.88	5,969,267	0	1,244,015	102,335	20.8%	1.7%
2004	\$34.52	5,969,267	0	977,203	266,812	16.4%	4.5%
2005	\$28.35	6,000,311	31,044	570,599	437,648	9.5%	7.3%
2006	\$32.53	6,000,311	0	323,068	247,531	5.4%	4.1%
2007	\$38.08	6,540,311	540,000	443,867	419,201	6.8%	6.4%
2008	\$39.28	6,955,275	414,964	737,839	120,992	10.6%	1.7%
2009	\$35.23	8,286,454	1,331,179	1,127,841	941,177	13.6%	11.4%
2010	\$32.80	8,286,454	0	1,274,401	(146,560)	15.4%	-1.8%
BELLEVUE SUBURBAN							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption (Year to Date)	Vacancy Rate	Annual Growth
2000	\$30.99	3,445,980	451,942	221,812	79,560	6.4%	2.3%
2001	\$24.71	3,514,399	68,419	519,987	(229,756)	14.8%	-6.5%
2002	\$21.27	3,514,399	0	591,672	(71,685)	16.8%	-2.0%
2003	\$20.50	3,514,399	0	471,770	119,902	13.4%	3.4%
2004	\$19.82	3,514,399	0	389,139	82,631	11.1%	2.4%
2005	\$21.57	3,514,399	0	253,921	135,218	7.2%	3.8%
2006	\$25.39	3,548,197	33,798	376,415	(88,696)	10.6%	-2.5%
2007	\$30.20	3,548,197	0	323,037	53,378	9.1%	1.5%
2008	\$30.74	3,581,353	33,156	388,812	(32,619)	10.9%	-0.9%
2009	\$26.86	3,599,095	17,742	453,065	(46,511)	12.6%	-1.3%
2010	\$25.59	3,643,095	44,000	480,304	16,761	13.2%	0.5%
SR-520 CORRIDOR							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption (Year to Date)	Vacancy Rate	Annual Growth
2000	\$32.02	2,718,301	54,252	81,015	(1,055)	3.0%	0.0%
2001	\$24.73	2,753,213	34,912	281,976	(166,049)	10.2%	-6.0%
2002	\$20.58	2,753,213	0	329,738	(47,762)	12.0%	-1.7%
2003	\$19.40	2,753,213	0	319,700	10,038	11.6%	0.4%
2004	\$19.56	2,753,213	0	336,775	(17,075)	12.2%	-0.6%
2005	\$20.23	2,753,213	0	326,337	10,438	11.9%	0.4%
2006	\$23.37	2,753,213	0	227,087	99,250	8.2%	3.6%
2007	\$28.93	2,819,949	66,736	91,371	202,452	3.2%	7.2%
2008	\$28.97	2,819,949	0	184,124	(92,753)	6.5%	-3.3%
2009	\$26.87	2,819,949	0	350,069	(165,945)	12.4%	-5.9%
2010	\$25.17	2,819,949	0	380,997	(30,928)	13.5%	-1.1%
I-90 CORRIDOR							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption (Year to Date)	Vacancy Rate	Annual Growth
2000	\$33.65	3,700,211	424,983	99,564	205,171	2.7%	5.5%
2001	\$25.74	3,871,269	171,058	687,288	(416,666)	17.8%	-10.8%
2002	\$20.79	3,871,269	0	583,297	103,991	15.1%	2.7%
2003	\$21.60	3,871,269	0	668,844	(85,544)	17.3%	-2.2%
2004	\$21.82	3,871,269	0	552,322	116,522	14.3%	3.0%
2005	\$23.22	3,871,269	0	354,484	197,838	9.2%	5.1%
2006	\$30.01	3,871,269	0	228,291	126,193	5.9%	3.3%
2007	\$34.61	3,919,792	48,523	265,017	11,797	6.8%	0.3%
2008	\$35.50	4,583,364	663,572	696,702	232,531	15.2%	5.1%
2009	\$31.04	4,583,364	0	781,824	(85,122)	17.1%	-1.9%
2010	\$30.37	4,748,684	165,320	830,227	116,917	17.5%	2.5%

Eastside Submarket Historical Overview

2000 – Present (continued)

KIRKLAND							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption (Year to Date)	Vacancy Rate	Annual Growth
2000	\$34.64	3,288,714	242,506	42,866	69,978	1.3%	2.1%
2001	\$27.47	3,350,165	61,451	426,241	(321,924)	12.7%	-9.6%
2002	\$23.84	3,462,076	111,911	655,930	(117,778)	18.9%	-3.4%
2003	\$21.19	3,519,421	57,345	653,025	60,250	18.6%	1.7%
2004	\$22.16	3,519,421	0	508,901	144,124	14.5%	4.1%
2005	\$24.24	3,519,421	0	269,389	239,512	7.7%	6.8%
2006	\$28.55	3,519,421	0	390,674	(121,285)	11.1%	-3.4%
2007	\$31.25	3,519,421	0	249,081	141,593	7.1%	4.0%
2008	\$33.00	3,788,121	268,700	497,936	19,845	13.1%	0.5%
2009	\$27.63	3,851,087	62,966	759,721	(198,819)	19.7%	-5.2%
2010	\$27.25	3,851,087	0	763,088	(3,367)	19.8%	-0.1%
REDMOND							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption (Year to Date)	Vacancy Rate	Annual Growth
2000	\$26.58	3,255,612	827,611	85,727	881,568	2.6%	27.1%
2001	\$26.67	3,279,612	24,000	237,734	(128,007)	7.2%	-3.9%
2002	\$22.05	3,328,886	49,274	434,708	(147,700)	13.1%	-4.4%
2003	\$20.45	3,328,886	0	510,566	(75,858)	15.3%	-2.3%
2004	\$19.09	3,328,886	0	788,163	(277,597)	23.7%	-8.3%
2005	\$19.91	3,328,886	0	445,316	342,847	13.4%	10.3%
2006	\$21.50	3,328,886	0	238,307	117,009	7.2%	3.5%
2007	\$28.81	3,328,886	0	263,879	64,428	7.9%	1.9%
2008	\$28.95	3,538,343	209,457	427,252	46,084	12.1%	1.3%
2009	\$25.06	3,607,767	69,424	797,661	(300,985)	22.1%	-8.3%
2010	\$24.41	3,693,767	86,000	744,143	139,517	20.1%	3.8%
BOTHELL / KENMORE							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption (Year to Date)	Vacancy Rate	Annual Growth
2000	\$23.85	3,005,594	387,350	209,354	337,465	7.0%	11.2%
2001	\$22.31	3,223,457	217,863	513,997	(86,780)	15.9%	-2.7%
2002	\$22.93	3,245,810	22,353	577,298	(40,948)	17.8%	-1.3%
2003	\$20.30	3,245,810	0	763,023	(185,725)	23.5%	-5.7%
2004	\$21.79	3,245,810	0	673,423	89,600	20.7%	2.8%
2005	\$21.22	3,245,810	0	507,977	165,446	15.7%	5.1%
2006	\$24.74	3,245,810	0	541,806	(33,829)	16.7%	-1.0%
2007	\$26.19	3,554,640	308,830	906,020	(55,384)	25.5%	-1.6%
2008	\$26.25	3,603,165	48,525	974,831	(20,286)	27.1%	-0.6%
2009	\$23.48	3,708,524	105,359	817,230	262,960	22.0%	7.1%
2010	\$23.54	3,708,524	0	775,520	41,710	20.9%	1.1%
MERCER ISLAND							
Year	Avg. Gross Rental Rate	Year-End Inventory	New Construction	Vacant Square Feet	Net Absorption (Year to Date)	Vacancy Rate	Annual Growth
2000	\$27.00	332,791	0	6,156	(1,134)	1.8%	-0.3%
2001	\$27.98	332,791	0	9,248	(3,092)	2.8%	-0.9%
2002	\$30.02	349,003	16,212	30,329	(4,869)	8.7%	-1.4%
2003	\$23.25	349,003	0	32,281	(1,952)	9.2%	-0.6%
2004	\$25.89	349,003	0	15,098	17,183	4.3%	4.9%
2005	\$26.31	349,003	0	5,018	10,080	1.4%	2.9%
2006	\$26.44	364,003	15,000	3,241	16,777	0.9%	4.6%
2007	\$31.53	364,003	0	21,465	(18,224)	5.9%	-5.0%
2008	\$34.20	364,003	0	28,377	(6,912)	7.8%	-1.9%
2009	\$28.29	364,003	0	49,020	(20,643)	13.5%	-5.7%
2010	\$27.59	364,003	0	52,308	(3,288)	14.4%	-0.9%

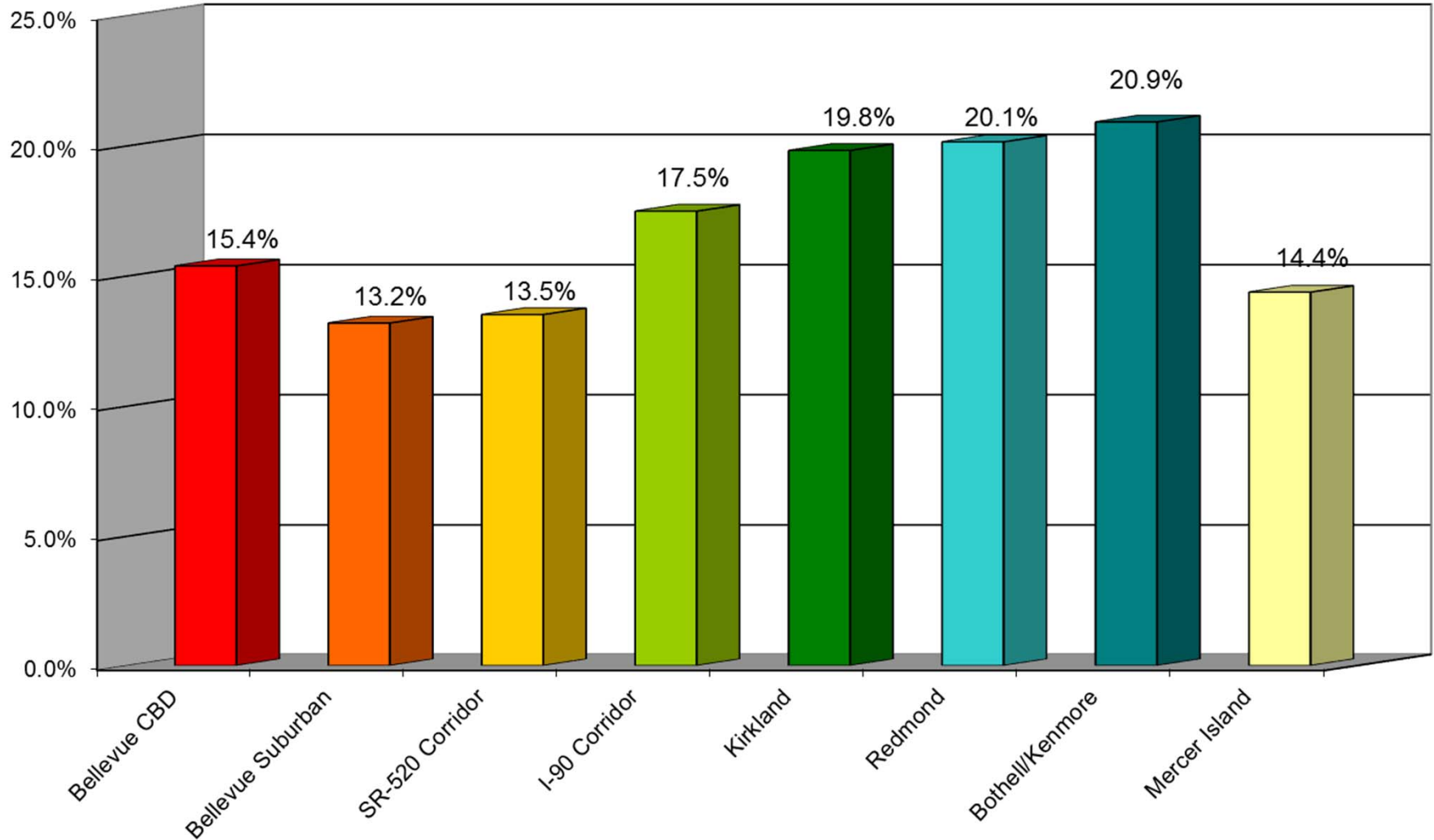
Notes:

- 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 24, 2011



Eastside Office Market

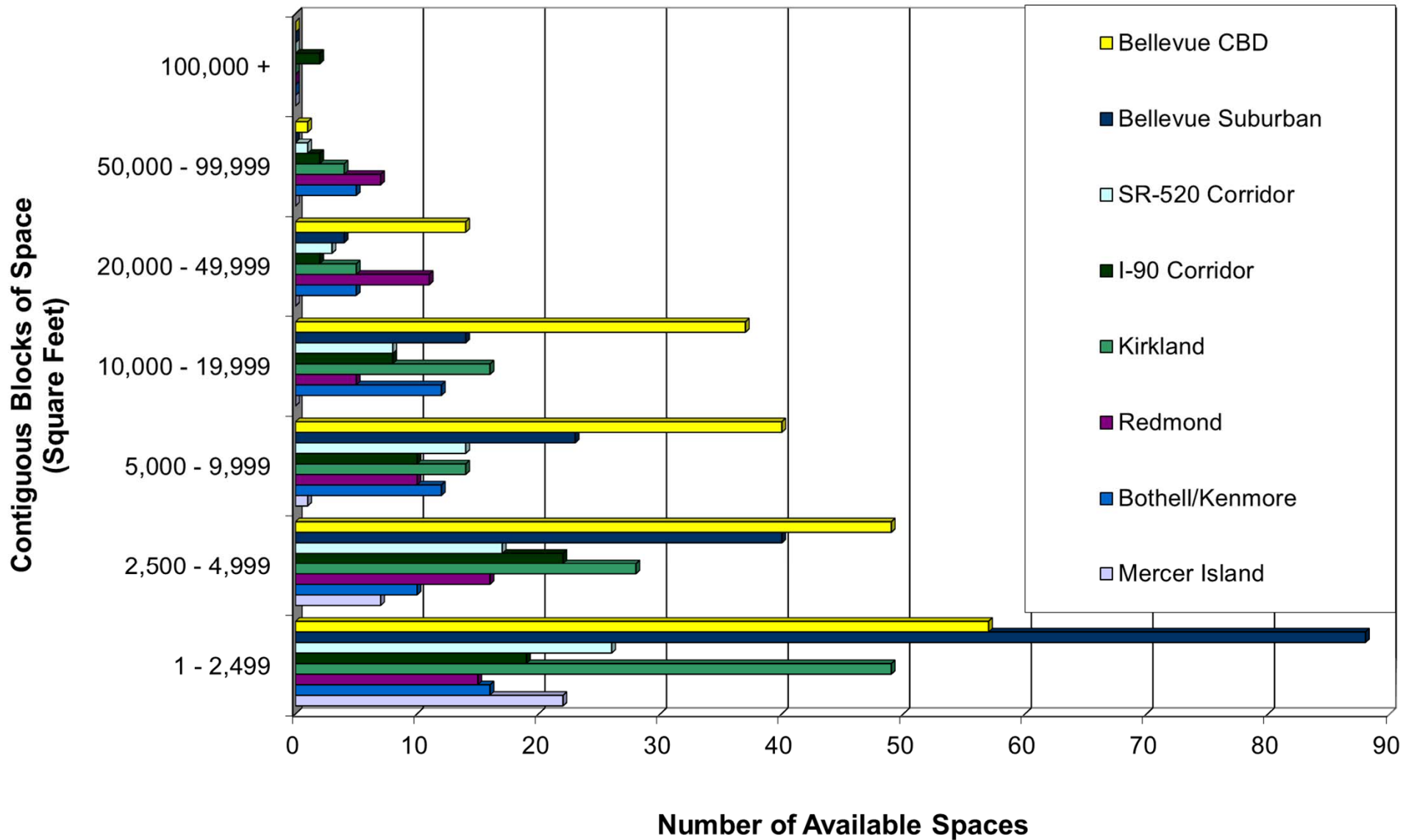
Vacancy by Submarket – 4th Quarter 2010



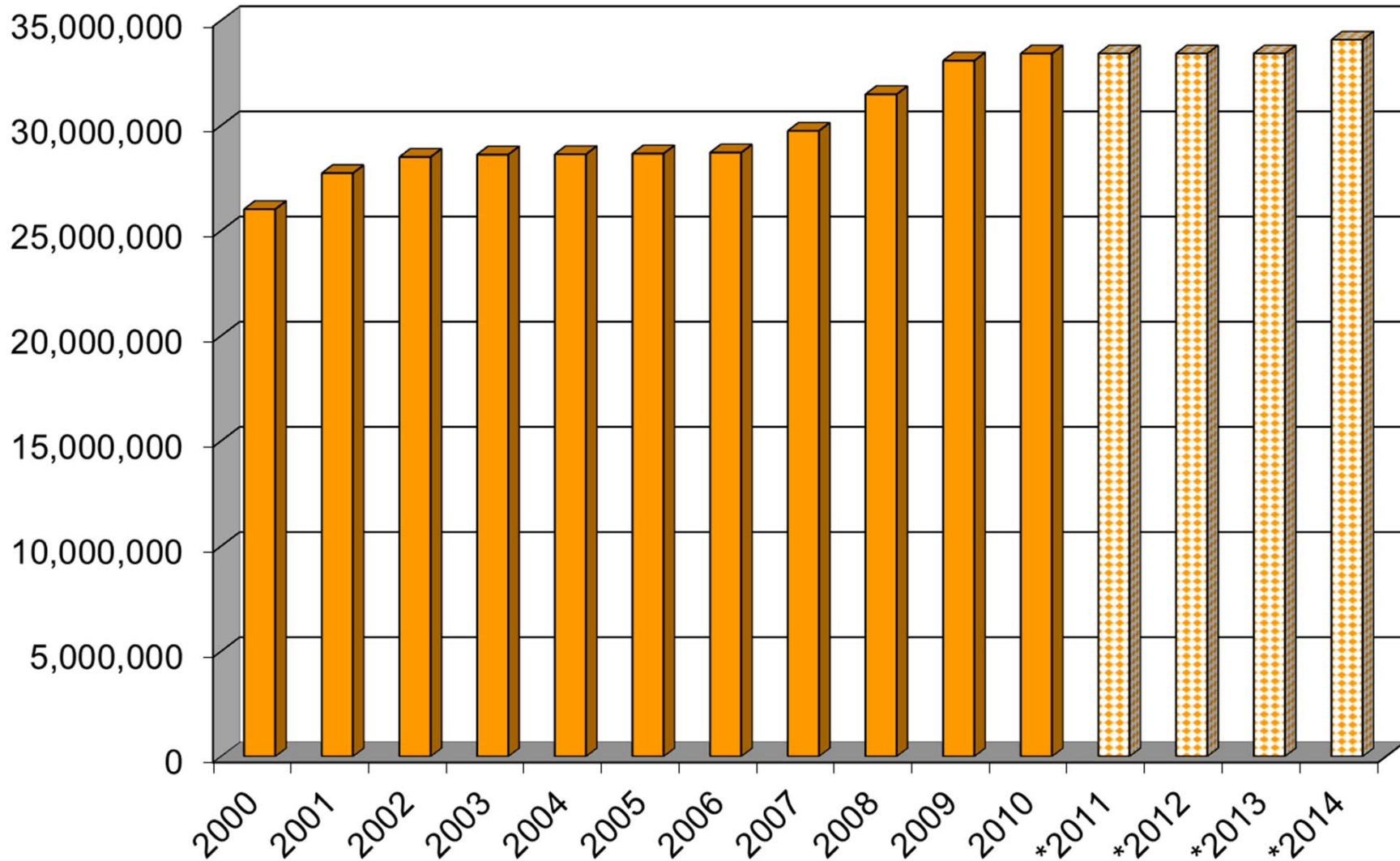
*Includes sublease space

Eastside Office Market

Contiguous Block Size Analysis by Submarket – 4th Quarter 2010



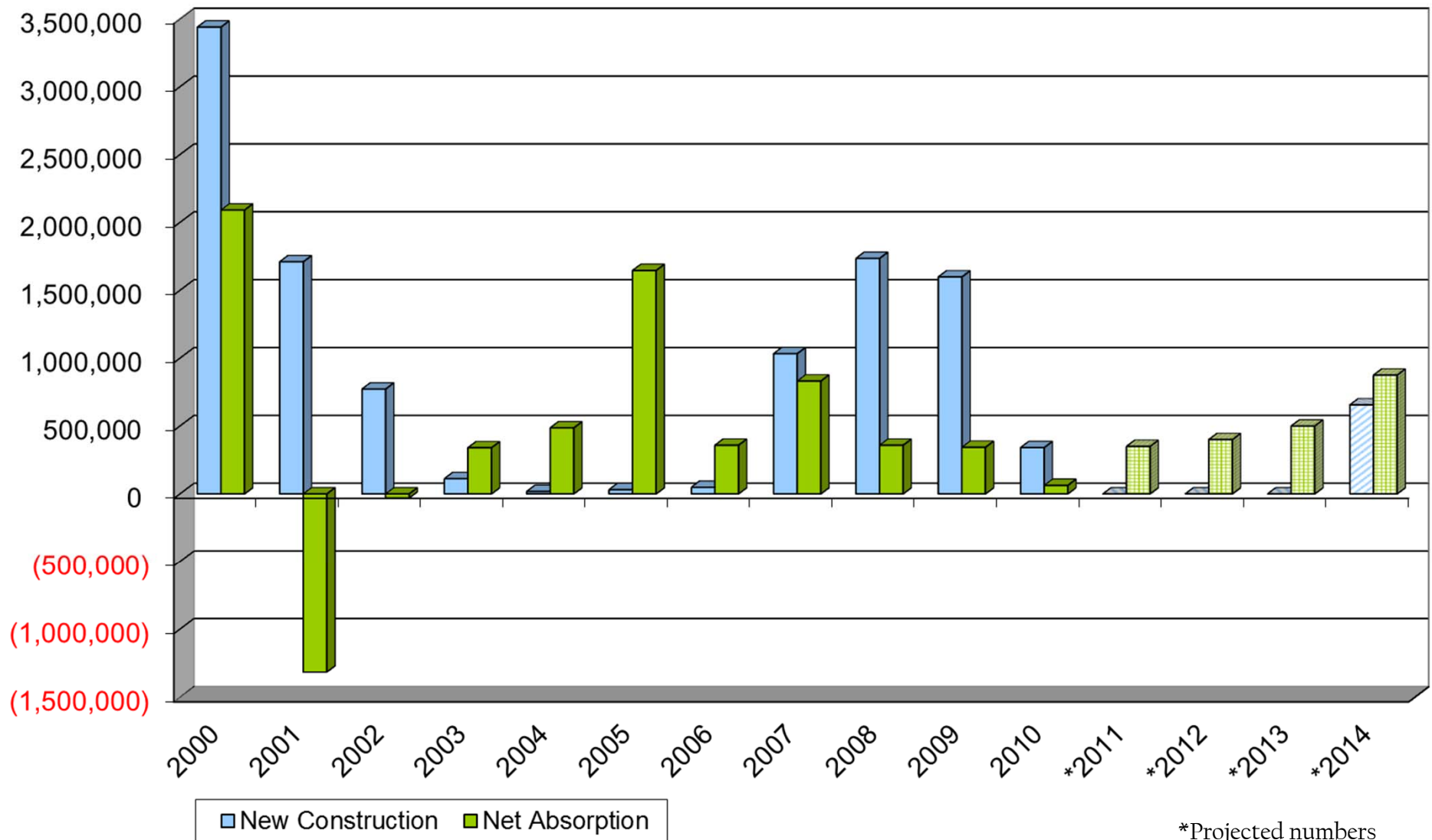
Eastside Office Market Inventory, 2000 – 4th Quarter 2010



*Projected numbers

Eastside Office Market: Class A & B

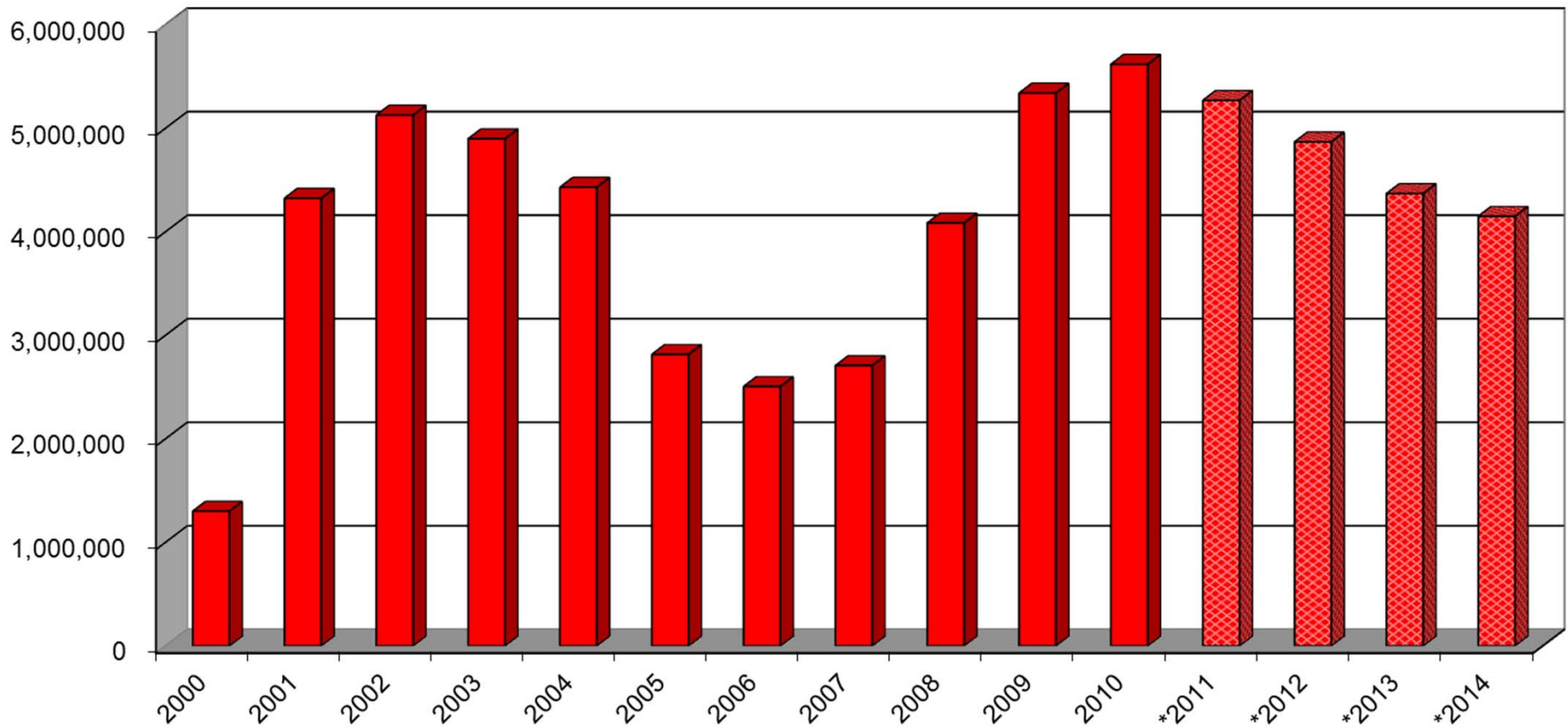
New Construction vs. Net Absorption, 2000 – 4th Quarter 2010



*Projected numbers

Eastside Office Market

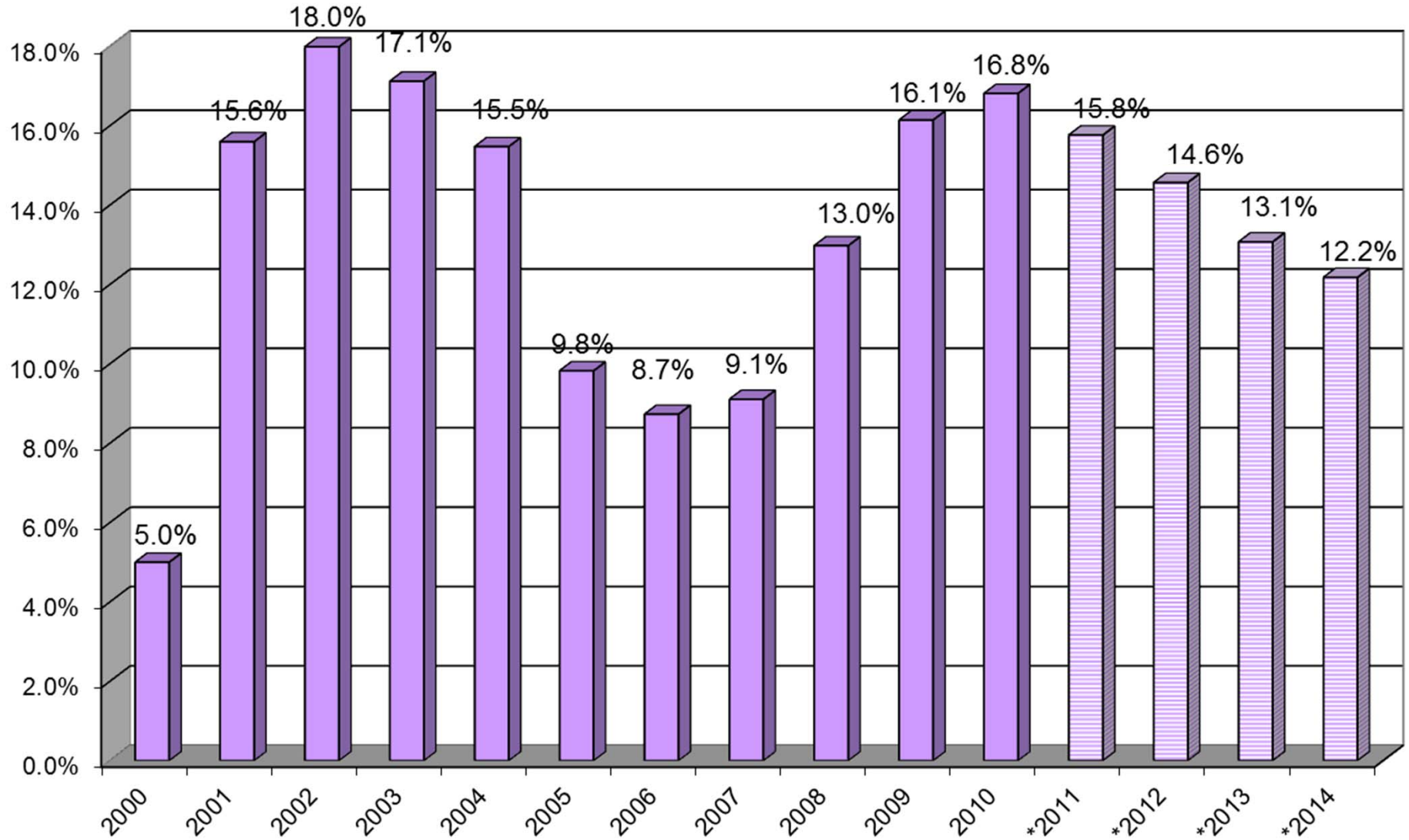
Vacant Square Footage, 2000 – 4th Quarter 2010



*Projected numbers

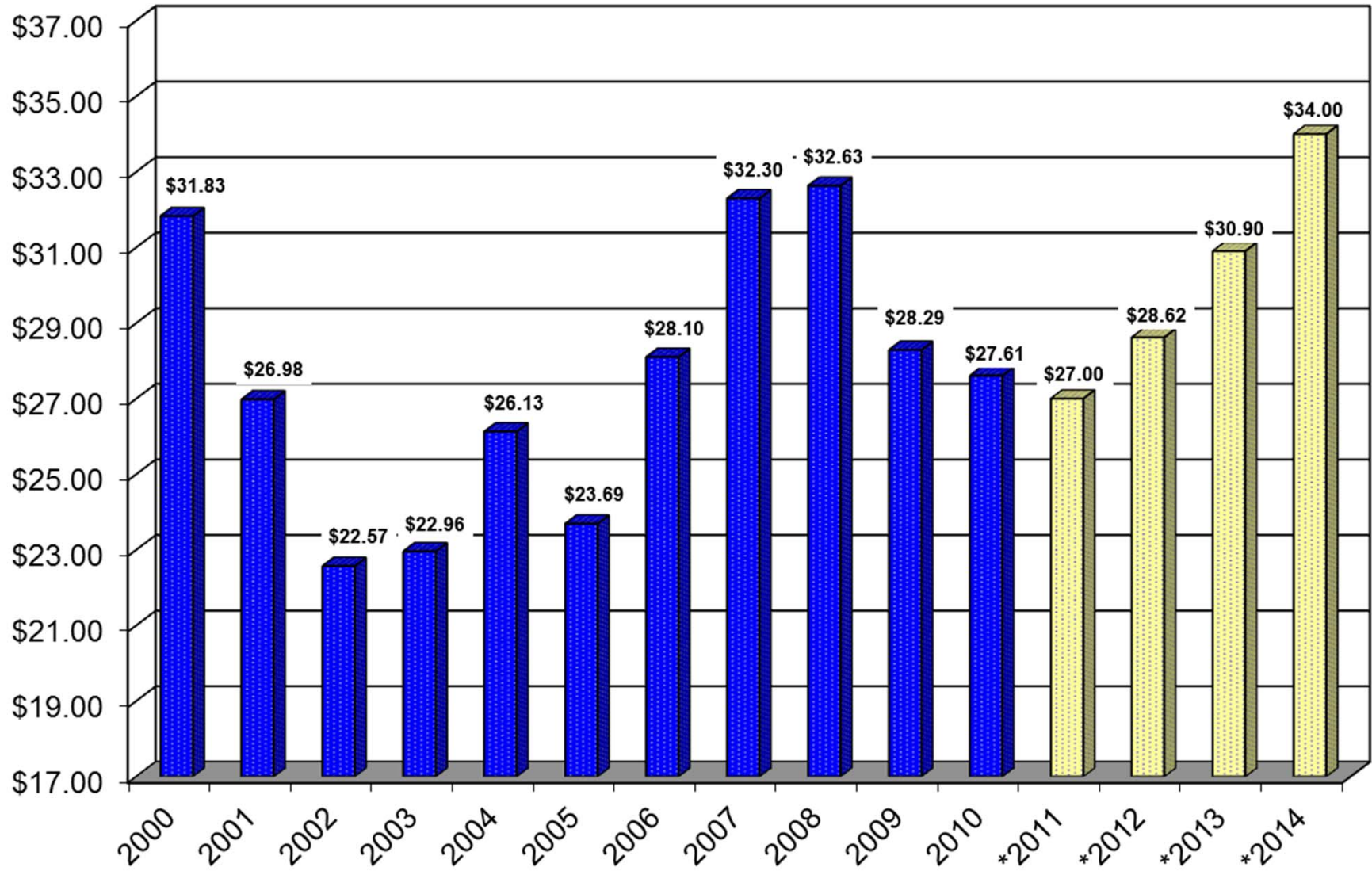
Eastside Office Market

Vacancy Percentage, 2000 – 4th Quarter 2010



Eastside Office Market

Average Gross Rental Rates, 2000 – 4th Quarter 2010



*Projected numbers