

# REAL REPORT

EASTSIDE | THIRD QUARTER 2011



Commercial Real Estate Services

## Eastside Office Market Quarterly Change

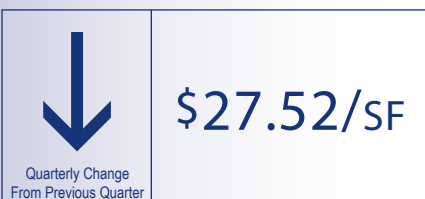
### Office Vacancy Rate (with sublet)



### Year to Date Net Absorption



### Average Office Full Service Asking Rate per SF



## Eastside Office Market Update

### CURRENT STATE OF THE MARKET:

The market saw continued positive net absorption in the third quarter, bringing the year to date number to 698,598 SF. Vacancy rates, however, increased very slightly due to the addition of the recently completed Overlake Medical Building (160,000 RSF vacant) to the market. The Eastside Office Market saw average rental rates decrease from the previous quarter. That being said, leasing activity from tenants 10,000 RSF and larger remains extremely slow and until there is a considerable increase, rental rates will not spike upwards anytime soon.

### SUMMARY:

- **Vacancy has increased slightly** from 15.2% to 15.3% across the Eastside Office Market.
- **Net absorption was again positive**, with **134,717 square feet** absorbed in the **third quarter**, putting **year to date absorption** at **698,598 SF**.
- **Average asking rates decreased** in the previous quarter to \$27.52/SF, gross.

### FORECAST:

At the current pace of absorption, it will be 2014 before we see sub 10% vacancy rates, which is typically the point at which the pendulum swings to a Landlord market and rental rates spike upward.

While development has been quiet for a couple of years now, and likely will remain stagnant for the immediate future until rental rates recover considerably, here are a couple of reasons why it could happen sooner rather than later:

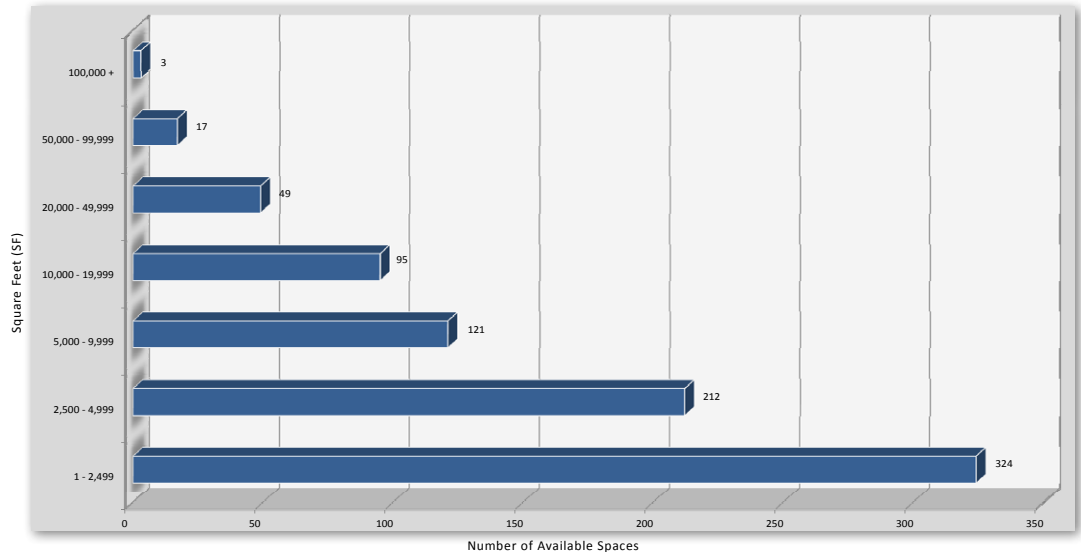
- There is a lack of large, contiguous space available for Tenants 100,000 RSF and larger (3 options at 100,000 RSF, no options over 150,000 RSF).
- There is a presence of strong, Seattle/Eastside based Tech companies, which is an industry that historically has shown it can produce quick and rapid expansion.

### Recent Major Eastside Lease Transactions

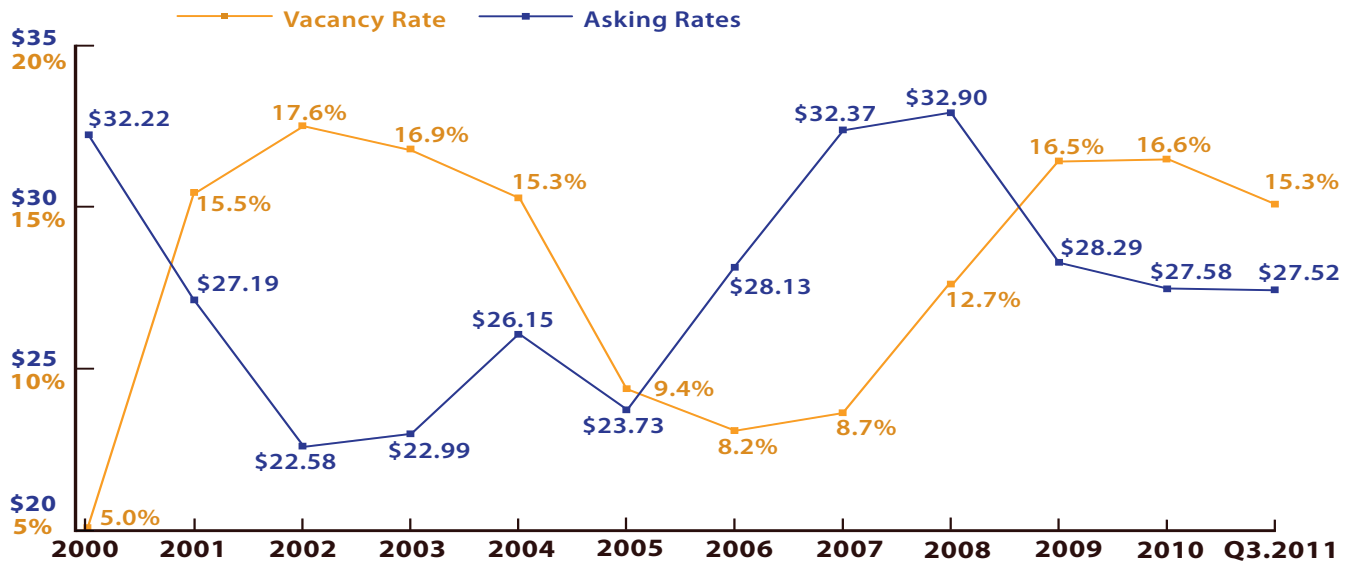
Tenant	Square Footage	Project / Location	Submarket
Google	60,000	Schnitzer North Creek	Bothell
Ekos Corporation (renewal)	42,749	The North Creek Building	Bothell
Cascade Investment LLC (renewal)	34,838	Carillon Point	Kirkland
Coca-Cola Bottling Company	20,777	One Twelfth @ Twelfth	Bellevue CBD
Allyis (renewal)	20,500	Plaza at Yarrow Bay	Kirkland
Wipro Limited	9,684	One Bellevue Center	Bellevue CBD
Fairplay Financial	8,927	Carillon Point	Kirkland
Pivot Link Corporation (renewal)	8,572	Eastgate Office Park	I-90

### Contiguous Space Analysis - Eastside Office

While there are only a few options for large tenants on the Eastside, there is an abundance of smaller spaces available, making competition fierce amongst Landlords.



### Eastside Office Market Historical Vacancy and Asking Rates



### Eastside Office Market Inventory

Submarket/Market	Total Square Feet	Total Vacant SF	Vacancy Rate (including Subleases)	New Construction (SF) (YTD)	Average Asking Rate (Full Service)
Bellevue CBD	8,308,329	1,223,127	14.7%	0	\$32.12
Bellevue Suburban	3,763,852	754,519	20.0%	190,000	\$29.33
520 Corridor	2,463,149	288,085	11.7%	0	\$23.80
I-90 Corridor	4,756,056	598,257	12.6%	0	\$29.53
Kirkland	3,830,125	518,841	13.5%	0	\$26.84
Redmond	3,800,473	783,458	20.6%	42,240	\$23.83
Bothell/Woodinville	3,809,560	598,109	15.7%	0	\$23.71
Mercer Island	519,203	62,733	12.1%	0	\$27.19
Coal Ck./Issaquah/E. King Co.	2,392,400	320,953	13.4%	0	\$27.13
<b>Eastside Totals</b>	<b>33,643,147</b>	<b>5,148,082</b>	<b>15.3%</b>	<b>232,240</b>	<b>\$27.52</b>

\* Please note: Numbers are based off of Class A and B buildings, 10,000 SF and larger.

Broderick Group, Inc. is a Bellevue and Seattle based commercial real estate services firm which specializes in office, high-tech, and industrial leasing and sales. Broderick Group professionals take great pride in the expert services we deliver to our valued clients.

The name of the company is derived from Henry Broderick, a revered Seattle area commercial realtor from 1908 to 1975. Henry Broderick was known for a passionate commitment to the representation of his clients and to the community in which he lived.

Broderick Group, Inc. is founded on the same principles:

**Uncompromised Focus**  
**Team Approach**  
**Quality People**  
**Value Added Services**



Commercial Real Estate Services

#### Bellevue Office

10500 NE 8<sup>th</sup> Street, # 900  
Bellevue, Washington 98004  
Main. 425.646.3444  
Fax. 425.646.3443

#### Seattle Office

600 University Street, #2220  
Seattle, Washington 98101  
Main. 206.838.5775  
Fax. 206.838.7640

#### OUR TEAM:

John Black	Jason Furr	Steve Henderson	Al Hodge
Paul Jerue	Jim Kinerk	Chris Langer	Paul Sweeney
Jeff Watson	Oscar Oliveira	Damon McCartney	Trevor Clark
Joe Razore	Matt Schreck	Grant Yerke	Tyler Slone
Tony Ulacia	Eric Meussner	Zach Zaborowski	John Coombs
Charlie Farra			

[www.broderickgroup.com](http://www.broderickgroup.com)

PLEASE VISIT OUR WEBSITE FOR AVAILABLE PROPERTIES