

NAIOP Capital Markets

2013 investment overview



Office market statistics

Submarket	Size (RSF)	Vacancy	Avg. Rental Rate	Net Absorption RSF
Downtown Seattle	47,607,281	11.4%	\$32.21	2,017,744
Eastside	24,888,462	11.5%	\$31.84	169,956
Northend	7,557,060	15.8%	\$27.60	40,358
Southend	8,407,564	18.0%	\$23.21	357,578
2013 Total Market	88,460,367	12.5%	\$30.40	2,585,636
2012 Total Market	88,135,765	14.7%	\$28.52	2,190,824








Sales matrix (over \$10 Million)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of Sales	48	55	131	7	5	10	23	38	39
Price/SF Highest	\$438	\$575	\$531	\$342	\$405	\$548	\$557	\$642	\$745
CAP Rate Average	6.82%	6.07%	5.20%	6.20%	9.50%	7.20%	6.80%	5.50%	6.10%
Sales Volume	\$1.7B	\$2.7B	\$9.6B	\$0.4B	\$0.37B	\$1.2B	\$1.7B	\$4.9B	\$2.8B

Office market statistics include Class A and B office buildings over 30,000 s.f., single-tenant and multi-tenant.

Seattle office sales (\$10M+)



Property	Closing Date	Total SF Year Built	Sale Price \$ Per SF	Cap rate	Buyer Seller	Comments
 Wells Fargo Center 999 3rd Ave Seattle, WA	5/31/2013	983,600 1983	\$389,900,000 \$396	4.20%	Callahan Capital Partners / Ivanhoe Cambridge Beacon Capital Partners	<ul style="list-style-type: none"> • 70% leased at time of sale • Off market transaction
 Portfolio Sale 505 First & 83 King 83 S King St Seattle, WA	7/31/2013	492,504 1904 / 2000	\$224,900,000 \$457	5.20%	Hudson Pacific Spear Street Capital	<ul style="list-style-type: none"> • 90% leased at time of sale • Part of three property portfolio sale • EMC Isilon occupies over 50% of 505 First • Off market transaction
 Metropolitan Park North 1220 Howell St Seattle, WA	7/31/2013	188,396 2000	\$106,400,000 \$565	5.80%	Hudson Pacific Spear Street Capital	<ul style="list-style-type: none"> • 99% leased at time of sale • Part of three property portfolio sale • Amazon occupies 73% of the building • Off market transaction
 Northview Corporate Center 20700 44th Ave W Lynnwood, WA	7/31/2013	176,664 1991	\$48,500,000 \$275	5.85%	Hudson Pacific Spear Street Capital	<ul style="list-style-type: none"> • 89% leased at time of sale • Part of three property portfolio sale
 Redmond Town Center Office 7227-7277 164th Ave NE Redmond, WA	5/29/2013	582,000 1997-1998	\$185,000,000 \$318	5.80%	Shorenstein Macerich / Cadillac Fairview	<ul style="list-style-type: none"> • 100% leased at time of sale • Six building office portion of Redmond Town Center • AT&T leases 287,000 SF through 2018 and Microsoft leases 295,000 SF through 2017
 Westlake Terry 320 Westlake Ave N Seattle, WA	1/16/2013	320,399 2007	\$169,975,000 \$531	6.50%	Kilroy Vulcan / Group Health	<ul style="list-style-type: none"> • 100% leased at time of sale • Two building portfolio sale • Major tenants are Group Health and Microsoft
 Schnitzer North Creek 11724 NE 195th Ave Bothell, WA	10/15/2013	711,542 1999 / 2009	\$169,460,000 \$238	7.00%	Grosvenor Americas Schnitzer West	<ul style="list-style-type: none"> • 95% leased at time of sale • 11 building portfolio sale

Industrial market statistics

Submarket	Size (RSF)	Vacancy	Average Rental Rate	Net Absorption RSF
Seattle	48,212,874	3.9%	\$0.63	-110,091
Eastside	27,516,239	8.9%	\$0.71	506,123
Northend	13,194,092	9.7%	\$0.62	338,313
Kent Valley	108,278,861	4.7%	\$0.39	1,534,485
Pierce County	59,506,401	5.7%	\$0.40	2,049,972
2013 Total Market	256,708,467	5.5%	\$0.59	4,318,802
2012 Total Market	253,656,754	6.1%	\$0.57	3,566,291








Industrial market statistics include industrial and flex inventory over 10,000 s.f., single-tenant, multi-tenant and owner-occupied.

Sales matrix (over \$10 million)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of Sales	22	14	35	19	9	11	14	20	25
Price/SF Highest (ind)	\$126	\$140	\$164	\$151	\$100	\$115	\$187	\$125	\$287
CAP Rate Average	6.8%	6.8%	5.9%	6.6%	9.2%	7.4%	7.2%	6.5%	6.3%
Price/SF Highest (flex)	\$212	\$206	\$237	\$199	\$207	\$156	\$257	\$180	\$190

Seattle industrial-flex sales (\$10M+)



Property	Closing Date	Total SF Year Built	Sale Price \$ Per SF	Cap rate	Buyer Seller	Comments
 <p>Northwest Corporate Park 20201-20427 87th Ave S Kent, WA</p>	7/2/2013	2,768,456 1982	\$170,000,000 \$61	N/A	KTR Capital Partners CalSTRS / Principal Global Investors	<ul style="list-style-type: none"> 80% leased at time of sale 19 property portfolio sale
 <p>Dexus Portolio Sale Various</p>	2/23/2013	1,429,143 1989-2009	\$116,255,000 \$81	6.10%	Heitman Dexus Property Group	<ul style="list-style-type: none"> Part of 22 property Dexus portfolio sale Total portfolio price was \$542.8M Whirlpool Distribution Center - \$81.4M (\$90.45/SF) Kent West - \$23.5M (\$58.34/SF) Riverbend Commerce Center - \$11.4M (\$89.85/SF)
 <p>FedEx Distribution Center 18795 NE 73rd St Redmond, WA</p>	10/25/2013	210,761 2013	\$60,625,000 \$287	5.80%	PMF Investments SunCap Development Group	<ul style="list-style-type: none"> 100% leased to FedEx Land was purchased for \$16.9M in October 2012 Build to suit facility
 <p>3100 112th Street Southwest Everett, WA</p>	1/1/2013	384,381 1993	\$48,735,000 \$127	N/A	Boeing Aviation Technical Services	<ul style="list-style-type: none"> 100% leased to Boeing
 <p>Spokane Street Distribution Center 3800 1st Ave S Seattle, WA</p>	12/27/2013	323,030 1949 / 1990	\$38,700,000 \$120	5.25%	LaSalle Metzler	<ul style="list-style-type: none"> 100% leased to Charlie's Produce, City of Seattle, and Cascade Designs
 <p>Sumner Distribution Center 3700 150th Ave Ct E Sumner, WA</p>	7/26/2013	430,880 2012	\$31,293,000 \$73	N/A	Industrial Income Trust The Benaroya Company	<ul style="list-style-type: none"> New construction - 0% leased at time of sale IIT closed upon completion of spec construction
 <p>Schnitzer North Creek - Bus Ctr / Tech Ctr 11810-11824 North Creek Pkwy Bothell, WA</p>	2/7/2013	156,919 1986 / 2006	\$25,800,000 \$164	9.03%	Rosen-Harbottle Schnitzer West	<ul style="list-style-type: none"> North Creek Bus Center (125,850 sf in 6 bldgs) - 93% leased at time of sale North Creek Tech Center II (31,069 sf) - 100% leased at time of sale Seven building portfolio sale

Retail market statistics






Submarket	Size (RSF)	Vacancy	Average Rental Rate	Net Absorption RSF
Downtown Seattle	26,955,343	2.8%	\$22.11	87,824
Eastside	27,289,816	4.4%	\$22.83	354,105
Northend	45,338,540	5.4%	\$16.73	298,476
Southend	31,671,803	6.7%	\$15.62	19,626
Tacoma	40,237,474	7.5%	\$14.77	-26,526
2013 Total Market	171,492,976	5.6%	\$17.18	733,505
2012 Total Market	170,791,473	5.6%	\$17.33	2,148,395

Sales matrix (over \$10 million)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of Sales	22	28	19	4	8	7	15	16	18
Price/SF Highest	\$368	\$518	\$467	\$380	\$404	\$305	\$387	\$512	\$509
CAP Rate Average	6.3%	6.4%	5.9%	7.2%	8.8%	N/A	7.0%	6.4%	6.4%

Seattle retail sales (\$10M+)



Property	Closing Date	Total SF Year Built	Sale Price \$ Per SF	Cap rate	Buyer Seller	Comments
 The Landing 828 N 10th Pl Renton, WA	12/27/2013	600,000 2007	\$165,400,000 \$276	4.90%	AEW Capital Harvest Partners / Pearlmark RE Partners	<ul style="list-style-type: none"> • 89% leased at time of sale • Major tenants include Staples, Target, Dick's Sporting Goods and Regal Cinemas
 Marketplace at Factoria 3903 Factoria Blvd SE Bellevue, WA	5/16/2013	513,562 1982	\$130,750,000 \$509	N/A	Kimco Realty Corp. Schottenstein Realty Trust	<ul style="list-style-type: none"> • 94% leased at time of sale • This sale represents Kimco acquiring its partner's interest • Kimco previously held a 50% ownership interest in this property • Major tenants include Target, TJ Maxx and Nordstrom
 Kitsap Mall 10315 Silverdale Way NW Silverdale, WA	6/12/2013	670,877 1985	\$127,000,000 \$189	7.40%	Starwood Capital Group Macerich / Cadillac Fairview	<ul style="list-style-type: none"> • 94% leased at time of sale • Three property portfolio sale • Major tenants include JC Penney, Macy's and Barnes & Noble
 Redmond Town Center 7525 166th Ave NE Redmond, WA	8/2/2013	699,437 1996-2003	\$126,000,000 \$180	7.25%	DRA Advisors Macerich / Cadillac Fairview	<ul style="list-style-type: none"> • 91% leased at time of sale • Major tenants include Macy's, 24 Hour Fitness, Bed Bath & Beyond, Eddie Bauer and Overlake Medical Clinic
 Westfield Capital Mall 625 Black Lake Blvd Olympia, WA	11/1/2013	779,268 1977	\$112,164,000 \$144	N/A	Starwood Capital Group Westfield	<ul style="list-style-type: none"> • Part of seven property portfolio sale • Major tenants include Best Buy, JC Penney, Macy's and Century Theaters
 Bellevue Galleria 550 106th Ave NE Bellevue, WA	10/4/2013	203,685 1999 / 2008	\$87,600,000 \$430	7.30%	Madison Marquette RP Realty Partners	<ul style="list-style-type: none"> • 97% leased at time of sale • Major tenants include Bellevue Galleria Stadium 11, LA Fitness and Bungie LLC
 Crossroads Shopping Center 15600 NE 8th St Bellevue, WA	9/30/2013	464,822 1962	\$87,100,000 \$331	6.50%	ROIC Sher Partners	<ul style="list-style-type: none"> • 99% leased at time of sale • Nine property portfolio sale • Partial interest transfer (51%) • Anchor tenants include Bed Bath & Beyond, Sports Authority and Michael's Arts & Crafts


Sales matrix (over \$10 million)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of Sales	153	121	93	57	15	36	45	17	49
Highest Price/Unit	\$373,145	\$285,965	\$407,083	\$417,391	\$211,957	\$321,078	\$350,000	\$509,800	\$690,583
CAP Rate Average	5.8%	5.4%	5.1%	5.8%	6.4%	6.4%	5.8%	5.5%	5.1%
Sales Volume	\$2.4B	\$2.0B	\$2.9B	\$1.6B	\$0.39B	\$0.89B	\$1.5B	\$2.7B	\$2.0B

THE **HIGH WATER MARK FOR 2013** WAS THE SALE OF THE BRAVERN SIGNATURE RESIDENCES IN DOWNTOWN BELLEVUE... AT \$690,583 PER UNIT

Seattle multifamily sales (\$10M+)



	Property	Closing Date	Sale Price \$ Per SF	# of Units	\$ Per Unit	Cap rate	Buyer Seller
	Bravern Signature Residences 688 110th Avenue NE Bellevue, WA	10/15/2013	\$308,000,000 \$571	446	\$690,583	4.20%	Invesco Schnitzer Northwest
	Skye at Belltown 500 Wall Street Seattle, WA	4/18/2013	\$94,000,000 \$362	360	\$253,327	4.50%	Mill Creek Residential Equity Residential
	Veloce 8102 161st Avenue NE Redmond, WA	4/22/2013	\$91,500,000 \$325	322	\$271,917	4.30%	Equity Residential Trammell Crow Residential
	Bridges at Northcreek 20225 Bothell Everett Hwy Bothell, WA	2/20/2013	\$88,000,000 \$200	524	\$167,939	4.80%	Grosvenor Archstone
	Juanita Village 9740 NE 119th Way Kirkland, WA	1/2/2013	\$72,500,000 \$315	211	\$299,621	4.10%	Guardian Cornerstone Real Estate Advisors
	Slate 3040 17th Avenue W Seattle, WA	8/9/2013	\$68,400,000 \$420	236	\$283,817	4.00%	LaSalle Unico
	Westridges 2602 Westridge Avenue W Tacoma, WA	7/18/2013	\$64,500,000 \$97	714	\$90,336	6.80%	JRK Property Holdings Equity Residential
	Alto 311 Cedar Street Seattle, WA	7/18/2013	\$62,300,000 \$554	184	\$338,587	4.90%	Hartz Mountain Industries Mack Urban
	HighGrove 12433 Admiralty Way Everett, WA	1/3/2013	\$59,500,000 \$150	391	\$152,174	N/A	Friedkin Realty Group AvalonBay Communities