

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Metropolitan Tract Quarterly Report for the Quarter Ended June 30, 2012

For information only.

Attachment

Metropolitan Tract Quarterly Report for the Quarter Ended June 30, 2012

Metropolitan Tract Quarterly Report

Q2 ended 6/30/2012

Q2 Performance Notables:

- Leasing activity was strong in Q2 with increased interest in both office and retail space
- Total occupancy on the Metropolitan Tract is 89%. Vacancies are concentrated in low rise office space and retail space
- The Olympic Hotel occupancy has increased 14% year-to-date along with slight rate increases
- Capital expenditures have been in line with the budget which is set at \$5 million for 2012
- Revenue exceeded the budget for the quarter due to an increase in office and parking revenues across the portfolio

Market News:

- The Seattle office market is showing continued signs of strength as net absorption during Q2 reached 600,000 square feet
- Office vacancy in the Seattle Central Business District is currently at 14.5%, representing a 2% decrease from Q1
- Property sales of \$500 million closed in the CBD office market during Q2
- The largest lease transaction involved Nordstrom's 350,000sf lease of Qwest Plaza

Operations & Cash Flow

(Millions \$)

	Quarter Ended 6/30		YTD	
	Actual	Budget	Actual	Budget
Revenues ¹	\$ 5.8	\$ 5.6	\$ 11.7	\$ 11.3
Operating Expenses ²	\$ (1.3)	\$ (1.2)	\$ (2.3)	\$ (2.3)
NOI	\$ 4.5	\$ 4.4	\$ 9.4	\$ 9.0
Non-Operating Expenses ³	\$ (0.4)	\$ (0.7)	\$ (1.0)	\$ (1.3)
Net Income	\$ 4.1	\$ 3.7	\$ 8.4	\$ 7.7
Capital & TIs	\$ (1.4)	\$ (1.3)	\$ (1.4)	\$ (2.5)
Net Cash Flow	\$ 2.7	\$ 2.4	\$ 7.0	\$ 5.2
Distribution to University	\$ -	\$ -	\$ -	\$ -
Increase/(Decrease) in Cash	\$ 2.7	\$ 2.4	\$ 7.0	\$ 5.2

¹ Revenues include rent from tenant leases, operating savings payments from Unico and Leasehold Excise Tax receipts from tenants.

² Operating Expenses include Leasehold Excise Tax payments, earthquake insurance, professional fees and Met Tract Real Estate Office management expenses.

³ Non-Operating Expenses include funding for the UW Real Estate office for non-Metro Tract University real estate services

Metropolitan Tract Portfolio



Unico Portfolio		Olympic Hotel		Cobb Building		Rainier Tower Sublease	
Rainier Tower	569,155	Luxury Hotel Rooms	450	Residential Units	91	Sublease Space	379,463
Financial Center	339,527	Office Space	15,500	Retail Space	18,171	Lease Expiration	10/31/2014
Puget Sound Plaza	274,885	Retail Space	28,000	Lease Expiration	3/22/2050	Annual Revenue	\$1M (net)
IBM Building	225,129	Parking Stalls	787	Annual Revenue	\$200K		
Skinner Building	193,672	Lease Expiration	10/1/2040				
Total Office	1,602,368	Annual Revenue	\$3M				
Retail Space	141,806						
Parking Stalls	744						
Lease Expiration	10/31/2014						
Annual Revenue	\$16.5M						