VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

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

For information only.

Attachment
Metropolitan Tract Quarterly Report for the Quarter Ended September 30, 2012

Metropolitan Tract Quarterly Report

Q3 ended 9/30/2012

Q3 Performance Notables:

-Leasing activity was strong in Q3 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 6% year-to-date and revenue has increased 9%

-Capital expenditures are significantly less than budgeted due to the timing of completion of projects and cash outflow

-Revenue was less than budgeted due to the timing of rent concessions made in Q3 and the seasonality of percentage rents from retail tenants

-A distribution of $8 million was made to the University in November

Market News:

-Office vacancy in the Seattle Central Business District (CBD) is currently 14.4% and relatively unchanged from Q2

-Leasing activity slowed slightly in Q3 with positive absorbtion of only 20,000 square feet in the CBD

-Property sales transactions of $2.18 billion have occurred Year-to-Date in the Seattle commercial office market

Operations & Cash Flow

(Millions $)

	Quarter Ended 9/30		YTD	
	Actual	**Budget**	**Actual**	**Budget**
Revenues[1]	**$ 5.4**	$ 5.6	$ 17.4	$ 16.8
Operating Expenses[2]	**$ (1.0)**	$ (1.2)	$ (3.6)	$ (3.6)
NOI	**$ 4.4**	$ 4.4	$ 13.7	$ 13.3
Non-Operating Expenses[3]	**$ (0.5)**	$ (0.7)	$ (1.5)	$ (2.1)
Net Income	**$ 3.9**	$ 3.7	$ 12.3	$ 11.2
Capital & TIs	**$ -**	$ (1.3)	$ (1.4)	$ (3.8)
Net Cash Flow	**$ 3.9**	$ 2.4	$ 10.9	$ 7.4
Distribution to University	**$ -**	$ -	$ -	$ -
Increase/(Decrease) in Cash	**$ 3.9**	$ 2.4	$ 10.9	$ 7.4

[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	
Rainier Tower	569,155
Financial Center	339,527
Puget Sound Plaza	274,885
IBM Building	225,129
Skinner Building	193,672
Total Office	1,602,368
Retail Space	141,806
Parking Stalls	744
Lease Expiration	10/31/2014
Annual Revenue	$16.5M

Olympic Hotel	
Luxury Hotel Rooms	450
Office Space	15,500
Retail Space	28,000
Parking Stalls	787
Lease Expiration	10/1/2040
Annual Revenue	$3M

Cobb Building	
Residential Units	91
Retail Space	18,171
Lease Expiration	3/22/2050
Annual Revenue	$200K

Rainier Tower Sublease	
Sublease Space	379,463
Lease Expiration	10/31/2014
Annual Revenue	$1M (net)