VII. STANDING COMMITTEES

F–7

B. Finance, Audit and Facilities Committee

Metropolitan Tract Quarterly Report – Quarter Ended December 31, 2012

For information only.

Attachment Metropolitan Tract Quarterly Report – Quarter Ended December 31, 2012

Metropolitan Tract Quarterly Report Q4 ended 12/31/2012

Q4 Performance Notables:

-Leasing activity was strong in 2012 and vacancy decreased by 2.5% to 89% overall -Vacancy is concentrated in low rise office space and retail space without street frontage -The Olympic Hotel occupancy increased 6% in 2012 to 79% and revenue increased 9% -Capital expenditures were less than budgeted due to the timing of completion of projects -A distribution of \$8 million was made to the University in November

Market News:

-Office vacancy in the Seattle Central Business District (CBD) at 12/31/2012 was 13.8%, which is slightly lower than at the end of 2011 -Market asking rates are slowly increasing, and landlords are pulling back on concession packages -The largest office sale in the country for 2012 was Amazon's purchase of its headquarters in South Lake Union for \$1.16 billion (\$644/sf)

Operations & Cash Flow

(Millions \$)

	Quarter Ended 12/31			Year Ended 12/31			
	Actual	Budget		Actual		Budget	
Revenues ¹	\$ 5.4	\$	5.6	\$	22.8	\$	22.4
Operating Expenses ²	\$ (1.1)	\$	(1.2)	\$	(4.6)	\$	(4.8)
NOI	\$ 4.3	\$	4.4	\$	18.2	\$	17.6
Non-Operating Expenses ³	\$ (0.6)	\$	(0.7)	\$	(2.1)	\$	(2.8)
Net Income	\$ 3.7	\$	3.7	\$	16.1	\$	14.8
Capital & TIs	\$ (1.5)	\$	(1.3)	\$	(3.0)	\$	(5.0)
Net Cash Flow	\$ 2.2	\$	2.4	\$	13.1	\$	9.8
Distribution to University	\$ (8.0)	\$	(8.0)	\$	(8.0)	\$	(8.0)
Increase/(Decrease) in Cash	\$ (5.8)	\$	(5.7)	\$	5.1	\$	1.8

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.

Metropolitan Tract Portfolio

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

450

787

\$3M



Unico Portfolio



Olympic Hotel



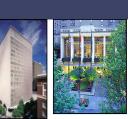
Residential Units

Lease Expiration

Annual Revenue

Retail Space

Cobb Building



Rainier Tower Sublease

91	Sublease Space	379,463
18,171	Lease Expiration	10/31/2014
3/22/2050	Annual Revenue	\$1M (net)
\$200K		

Rainier Tower 569,155 Luxury Hotel Rooms **Financial Center** 339,527 Office Space 15,500 Puget Sound Plaza 274,885 Retail Space 28,000 IBM Building 225,129 Parking Stalls 10/1/2040 Skinner Building 193,672 Lease Expiration Total Office 1,602,368 Annual Revenue Retail Space 141,806 744 Parking Stalls 10/31/2014 Lease Expiration Annual Revenue \$16.5M

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ATTACHMENT