

VII. STANDING COMMITTEE

C. Capital Assets Committee

Metropolitan Tract Quarterly Report

See Attached

METROPOLITAN TRACT

PERFORMANCE REPORT

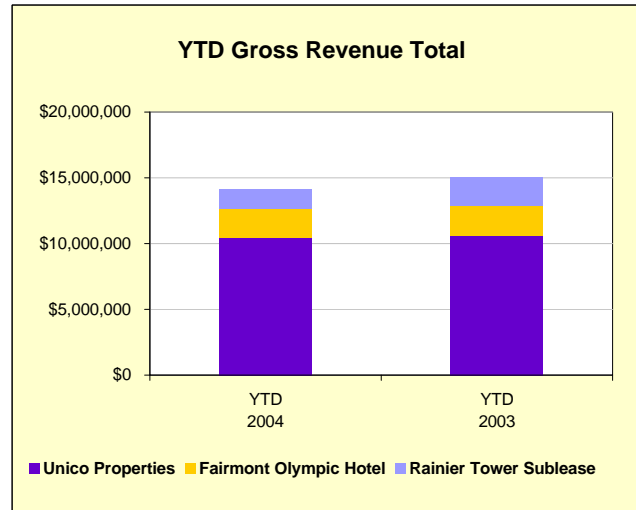
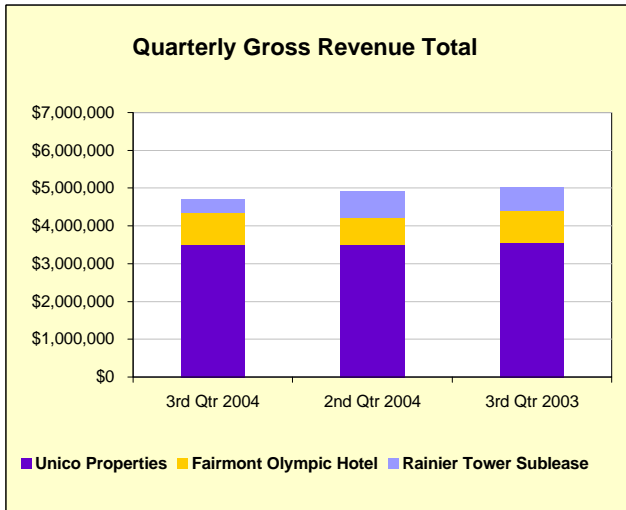
**For the Quarter Ended
September 30, 2004**



Capital Assets Committee

November 18, 2004

University of Washington Metropolitan Tract
CONSOLIDATED METROPOLITAN TRACT PROPERTIES
Quarterly Summary
Quarter Ending September 30, 2004



CURRENT QUARTER							
Gross Revenue to University	3rd Qtr 2004	Prior Qtr 2nd Qtr 2004	Prior Year 3rd Qtr 2003	Change from Prior Qtr		Change from Prior Year	
				\$	%	\$	%
Unico Properties	3,497,657	3,506,655	3,549,701	(8,998)	(0.3%)	(52,044)	(1.5%)
Rainier Tower Sublease	365,058	700,219	620,513	(335,161)	(47.9%)	(255,456)	(41.2%)
Fairmont Olympic Hotel	848,561	713,129	864,822	135,432	19.0%	(16,261)	(1.9%)
TOTAL GROSS REVENUE	\$4,711,276	\$4,920,003	\$5,035,037	(\$208,727)	(4.2%)	(\$323,761)	(6.4%)

	CALENDAR YEAR TO DATE				ANNUAL	
Gross Revenue to University	YTD 2004	YTD 2003	Change from Prior YTD		Projected 2004	Actual 2003
			\$	%		
Unico Properties	10,460,732	10,636,469	(175,737)	(1.7%)	14,628,589	14,122,293
Rainier Tower Sublease	1,500,157	2,213,910	(713,753)	(32.2%)	1,510,081	2,267,710
Fairmont Olympic Hotel	2,156,994	2,237,681	(80,688)	(3.6%)	3,077,644	2,896,955
TOTAL GROSS REVENUE	\$14,117,883	\$15,088,061	(\$970,178)	(6.4%)	\$19,216,314	\$19,286,958

CONSOLIDATED METROPOLITAN TRACT PROPERTIES

Quarterly Summary

Quarter Ending September 30, 2004

CONSOLIDATED METROPOLITAN TRACT SUMMARY

Revenue from the Metropolitan Tract totaled \$4.7 million in the third quarter 2004, which represents a decrease of 4.2% from 2nd quarter 2004. The discrepancy in year-to-date performance between 2003 and 2004 can be primarily attributed to leasing costs related to the Rainier Tower Sublease. As new tenants move in and free rent concessions burn off, we expect to see revenue levels rise by year end. In addition, the continued capital investment in the Unico Properties has resulted in a decrease in the Met Tract cash account balance and a corresponding decrease in interest earned on the account.

UNICO PROPERTIES

Revenue from the Unico properties totaled \$3.49 million in the 3rd quarter, compared to \$3.5 million the prior quarter, representing a slight decrease of 0.3%. Compared to 3rd quarter of last year, revenue from the Unico properties was down 1.5%. While office revenues saw minimal change from 2nd quarter, retail and parking revenue account for the negative variance. There was a slight decline in occupancy finishing the quarter at 87.8%. The relocation of some Cobb Building tenants in anticipation of the residential redevelopment accounts for some of the change. Unico continues to stay in front of all new tenant activity in the market, although don't anticipate a large increase in occupancy by year-end.

RAINIER TOWER SUBLEASE

Revenue from the Rainier Tower Sublease totaled \$365,058 in the 3rd quarter 2004 down 47.9%, reflecting an interest adjustment made last quarter in the amount of \$314,106. The Key Bank lease also commenced last quarter with rents to follow in October. Their occupancy shall represent for a strong start to 2005.

FAIRMONT OLYMPIC HOTEL

It appears that the Fairmont is continuing to discount rates in order to capture market share. Although this was expected from the beginning, the Fairmont's market share does not seem to be growing as a result of this strategy. Some of the competitive hotels complain that the Fairmont is discounting too aggressively, thereby dropping rate integrity and negatively impacting the rest of the market. Historically, the Olympic held the market rate at a high level, pulling up competitive properties and the current change in strategy has affected more than just the Fairmont.

During the third quarter, the Hotel's RevPar decreased slightly all three months. Although the RevPar for the competitive set in the STAR report went up \$4.20 from last year, the Fairmont dropped \$9.66. Additional, average room rates were down slightly over the last three months, but saw a \$10.52 negative difference over the prior year. These rates are consistent with the flux in the occupancy rates over the 3rd quarter 2004, in comparison to 2nd quarter 2004.

MARKET UPDATE

Office - In the greater Seattle office market, vacancy totaled 13.94% at the end of 3rd Quarter 2004. Sublease vacancy was 3.63% as of 3rd Quarter 2004, and continues to decline as space is either leased or converted to direct space as the sublease term expires. Led by the strength and resilience of the Seattle CBD market, the greater Seattle is expected to outperform the other major submarkets in the region. Overall the Seattle business climate continues to improve, with a strong sense of optimism surrounding the ever improving economy.

Total vacancy for the Seattle CBD was just over 14.49% at 3rd Quarter 2004, with a direct vacancy rate of only 10.31%. Sublease space, which has been a large contributor to reduced rental rates, continues to fall and is becoming less and less of a factor for tenants looking to secure space in the Seattle CBD. The CBD vacancy rate is expected to drop at a faster rate than any of the region's other submarkets due to the consistent drawing power of Seattle's downtown, and the relatively competitive rates being offered by the traditionally exclusive downtown office buildings. As local and national economic conditions strengthen, and market conditions improve, the Exchange Building will be well-positioned to attract tenants who are pursuing quality, Class A view office space in the desirable Seattle CBD.

CONSOLIDATED METROPOLITAN TRACT PROPERTIES

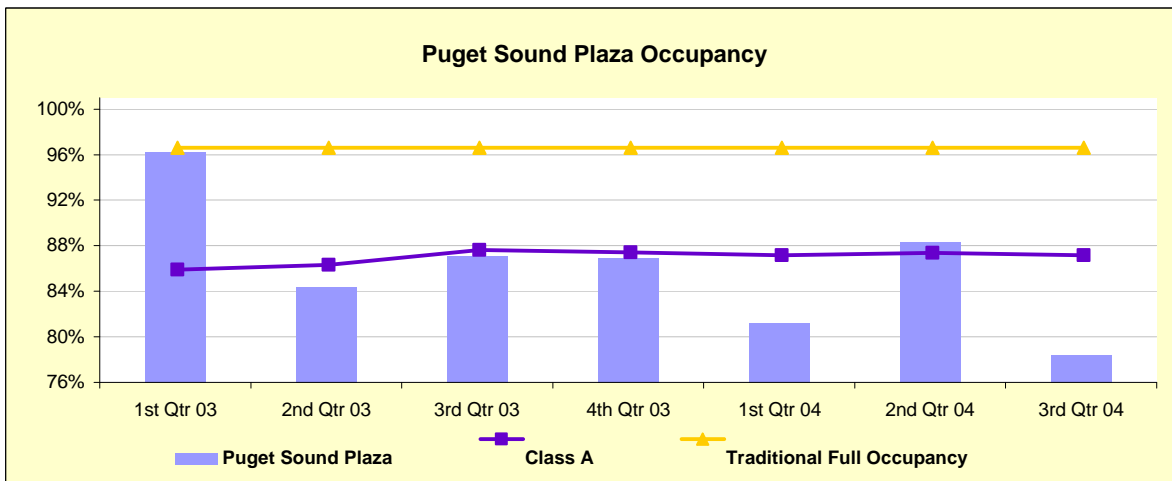
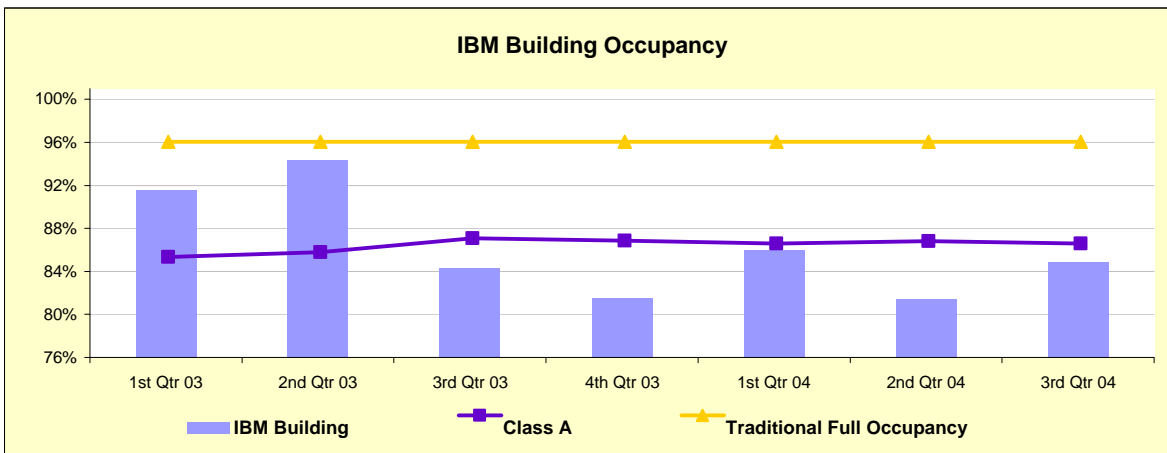
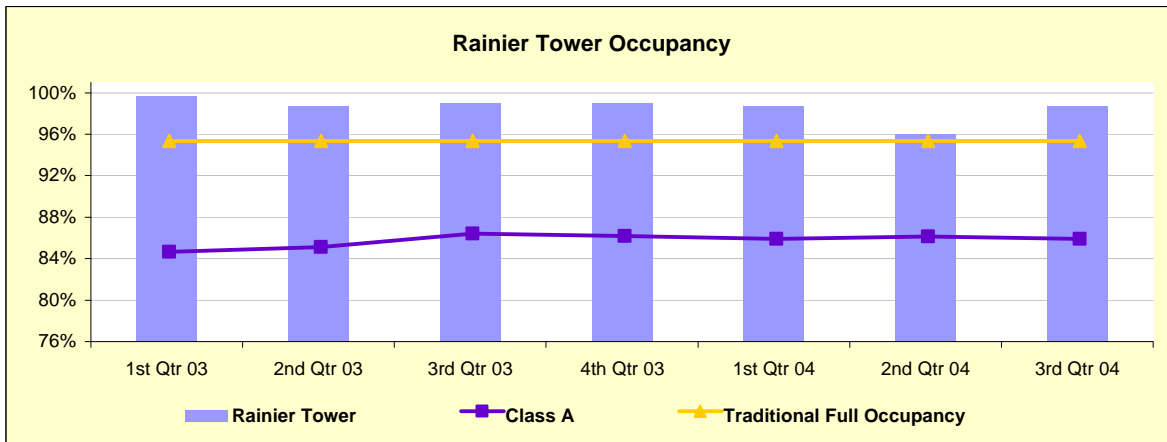
Quarterly Summary - continued

Quarter Ending September 30, 2004

Hotel -

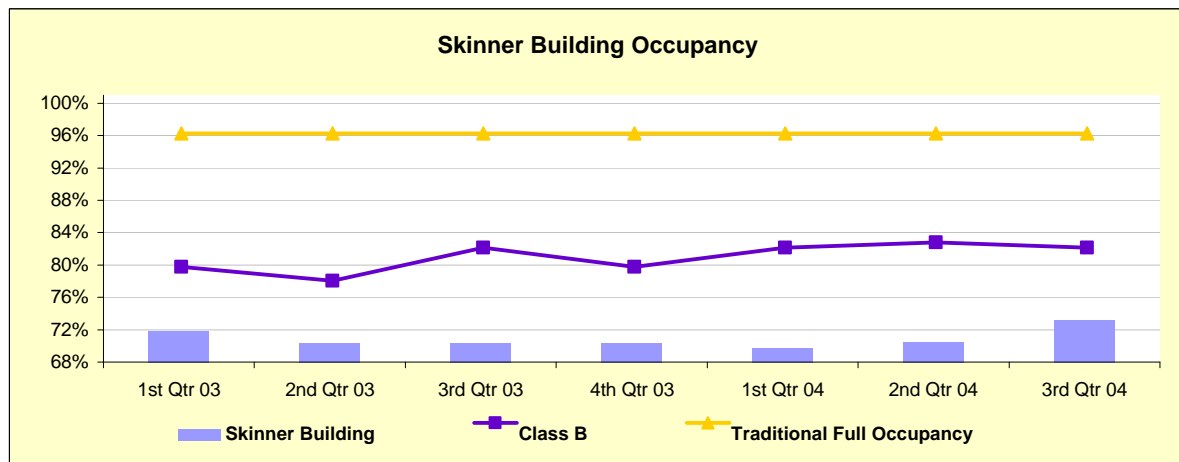
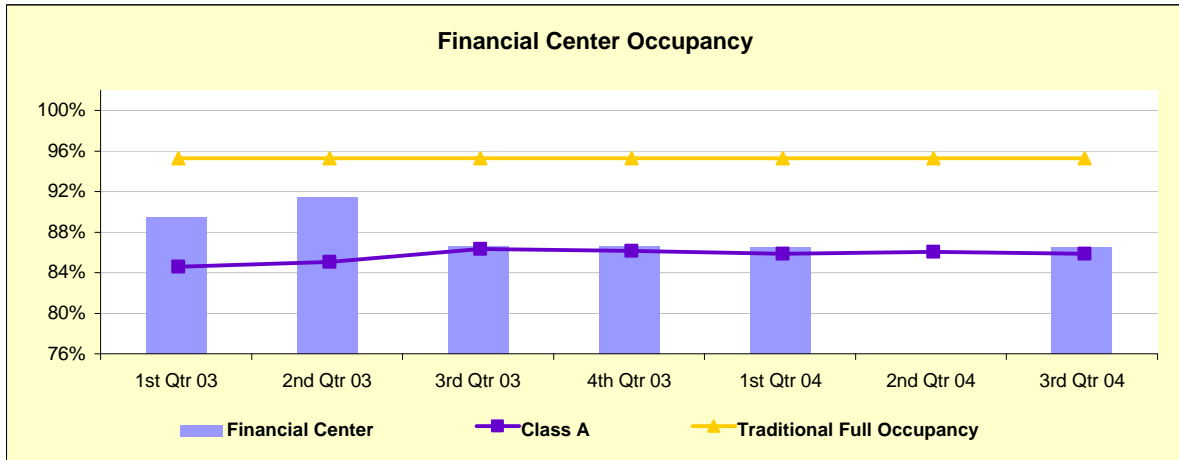
Rate discounting continues to be a concern in the market, especially for the upper scale hotels. Nonetheless, there is an increased interest in hotel development with every supposed positive sign that the market is stabilizing. There have been several recent announcements of new projects including the Four Seasons (at First & Union), Pan Pacific, the Sheraton expansion and a new hotel proposed by Dick Hedreen. Although these are not particularly large hotels, they will certainly dilute the market and there do not appear to be any significant new sources of demand on the horizon. The Eastside is also seeing a great deal of interest in new hotel development. Kemper Freeman recently announced Westin as the brand/operator of the Lincoln Square hotel in downtown Bellevue.

University of Washington Metropolitan Tract
OFFICE BUILDING OCCUPANCY COMPARISON CHARTS
 Last Six Quarters
 Quarter Ending September 30, 2004
 Includes Direct and Sublease Vacancy

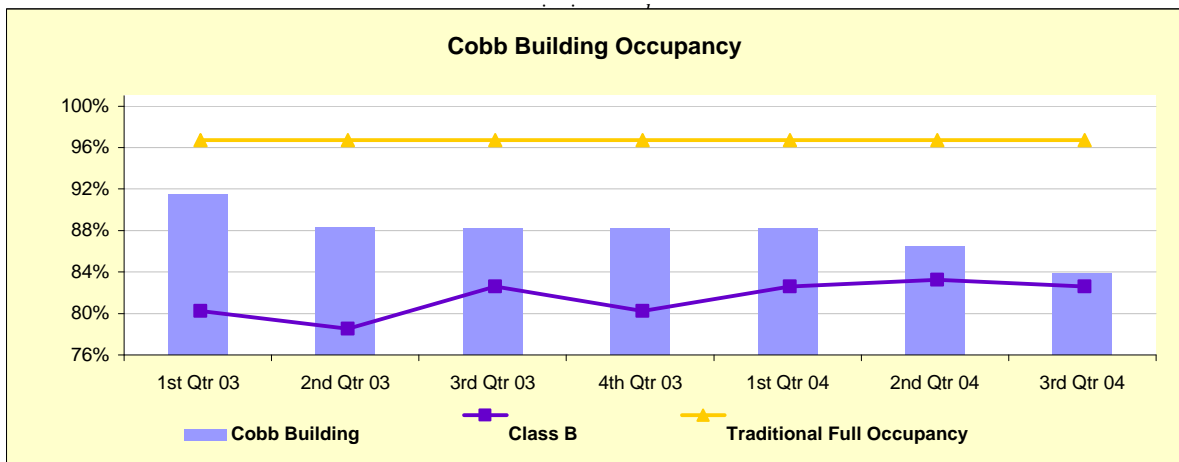


University of Washington Metropolitan Tract
OFFICE BUILDING OCCUPANCY COMPARISON CHARTS
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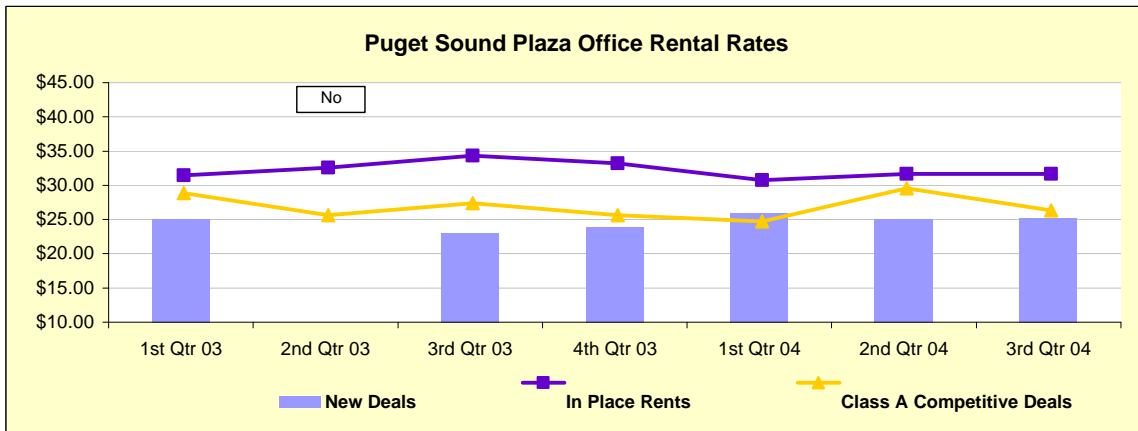
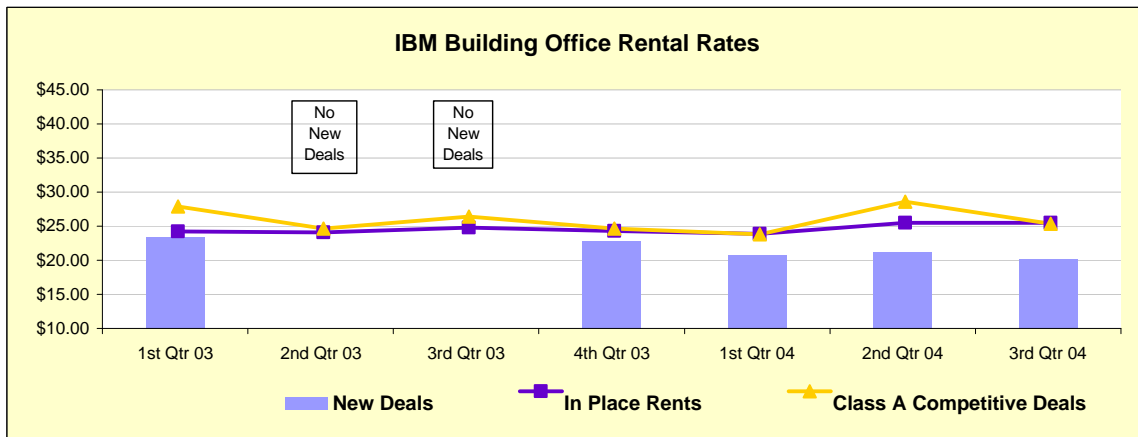
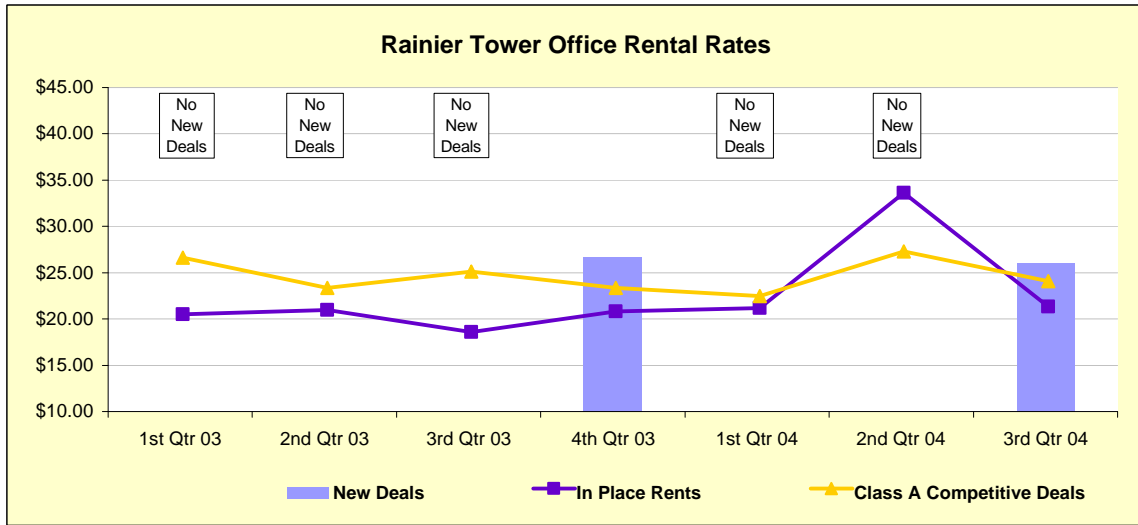
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* Vacancy in the Skinner Building was created by loss of a single, full floor tenant coupled with a disruption due to current construction to complete the

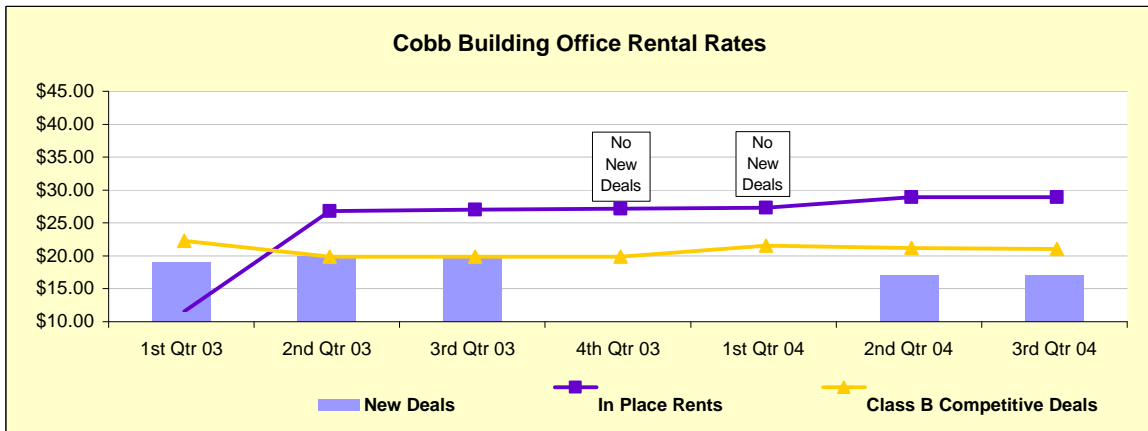
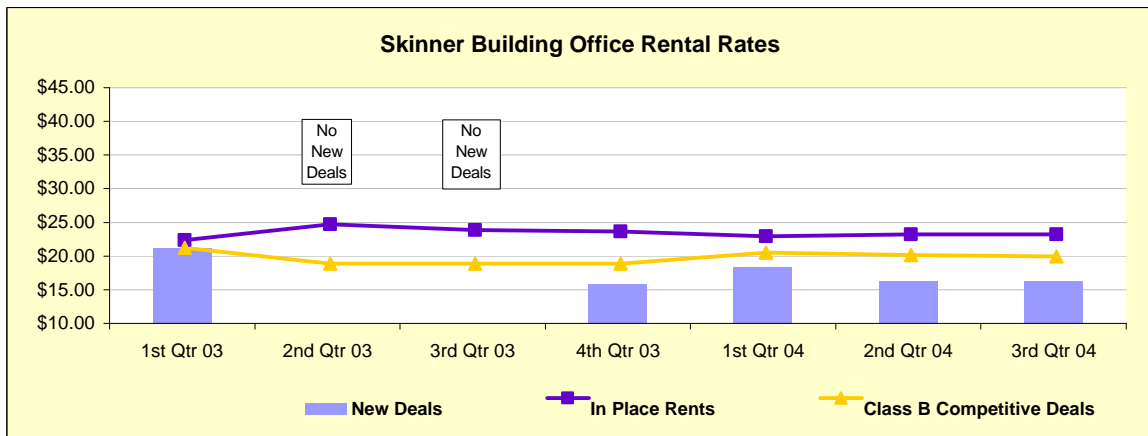
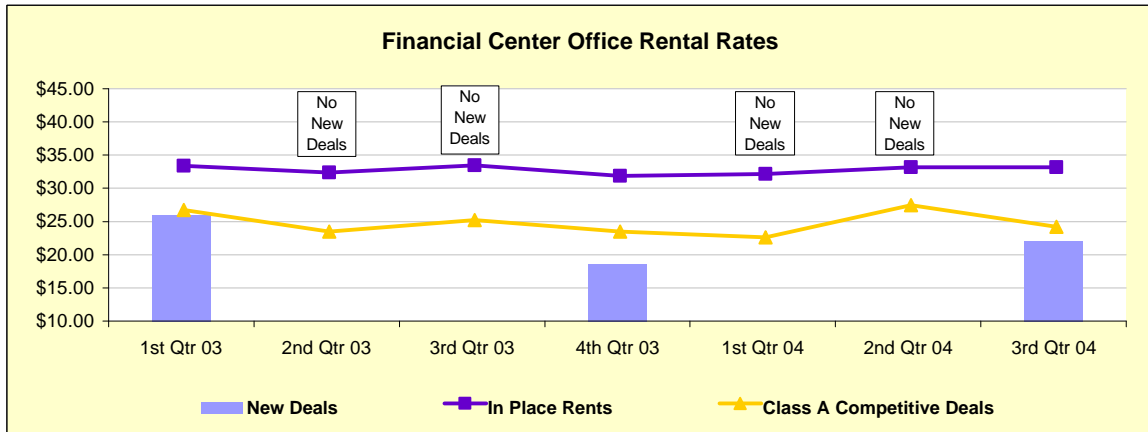


OFFICE BUILDING RENTAL RATE COMPARISON
 Last Six Quarters
 Quarter Ending September 30, 2004



Note: Due to a decline in leasing velocity in the last several quarters, the competitive deals included in the charts above are based heavily upon asking rents, which are higher compared to where lease deals are actually being done. The result is a gap between New Deals in the Metropolitan Tract and Competitive Deals in the market.

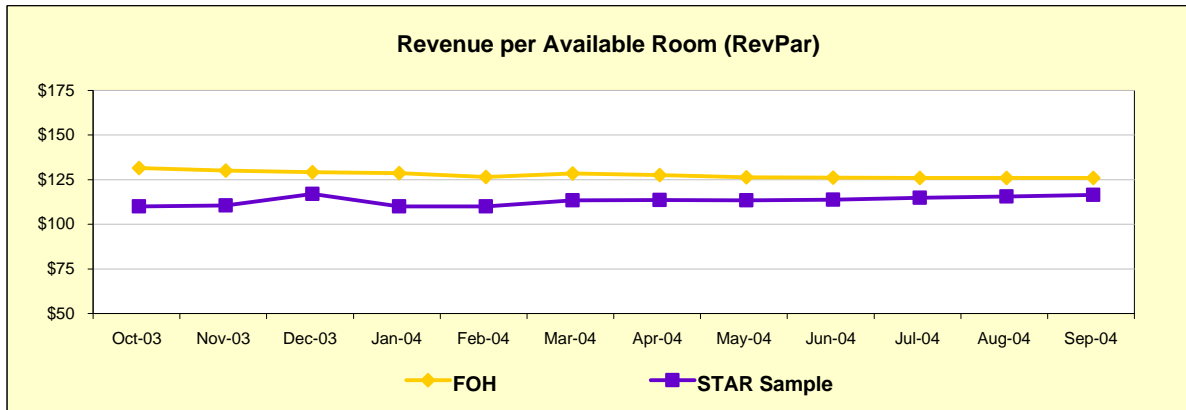
University of Washington Metropolitan Tract
OFFICE BUILDING RENTAL RATE COMPARISON
 Last Six Quarters
 Quarter Ending September 30, 2004



1st Qtr 03 - BofA received a credit of \$87,948 as a result of settlement regarding 1999 thru 2001 operating cost pass-throughs.

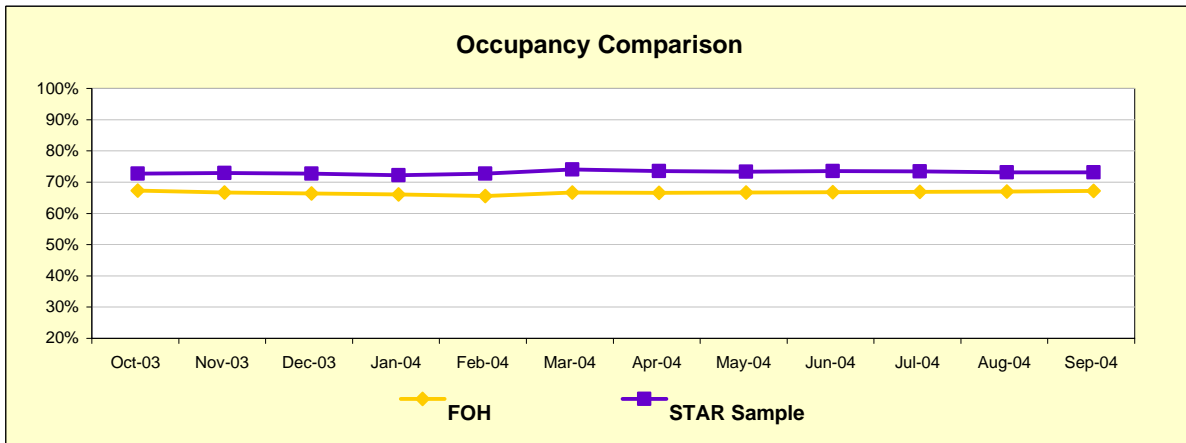
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FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS
Twelve Months Ended September 30, 2004



RevPar 12-months Average	Sep-04	Sep-03	Change from Prior Year \$
FOH	\$124.49	\$134.15	(\$9.66)
STAR Sample Avg <1>	\$114.98	\$110.78	\$4.20

RevPar Current Month Ended	Sep-04	Sep-03	Change from Prior Year %
FOH	\$146.74	\$145.54	\$1.20
STAR Sample Avg <1>	\$141.37	\$130.74	\$10.63

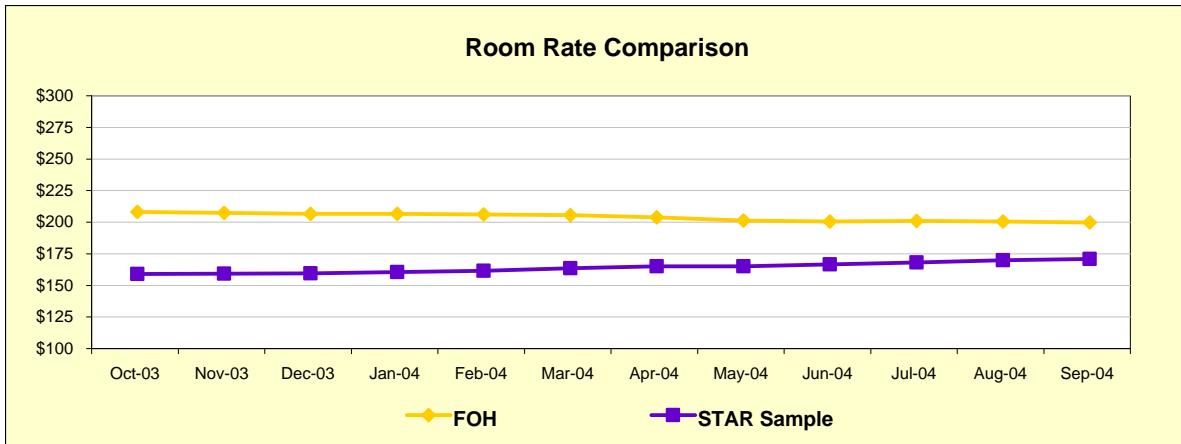


Occupancy 12-months Average	Sep-04	Sep-03	Change from Prior Year %
FOH	63.1%	64.4%	(1.3%)
STAR Sample Avg <1>	69.0%	69.3%	(0.3%)

Occupancy Current Month Ended	Sep-04	Sep-03	Change from Prior Year %
FOH	71.6%	68.8%	2.8%
STAR Sample Avg <1>	79.0%	78.0%	1.0%

<1> Information is based on Smith Travel Research (STAR) Report for the Sheraton Hotel, Hotel Vintage Park, Hotel Monaco, Seattle Alexis, Sorrento, Westin, W Hotel, Madison and Inn at the Market.

FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS
Twelve Months Ended September 30, 2004



Average Daily Rate 12-months Average	Sep-04	Sep-03	Change from Prior Year \$
FOH	\$197.85	\$208.36	(\$10.52)
STAR Sample Avg <1>	\$168.78	\$159.87	\$8.91

Average Daily Rate Month Ended	Sep-04	Sep-03	Change from Prior Year \$
FOH	\$204.99	\$211.57	(\$6.58)
STAR Sample Avg <1>	\$178.91	\$167.85	\$11.06

<1> Information is based on Smith Travel Research (STAR) Report for the Sheraton Hotel, Hotel Vintage Park, Hotel Monaco, Seattle Alexis, Sorrento, Westin, W Hotel, Madison and Inn at the Market.