

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Metropolitan Tract Quarterly Report for the Quarter Ended December 31, 2011

For information only.

Attachment

Metropolitan Tract Quarterly Report for the Quarter Ended December 31, 2011

Metropolitan Tract Quarterly Report

Q4 ended 12/31/2011

2011 Notables:

- Annual revenue exceeded the budget due to the amendment of the Unico lease, the effect of stepped rents and higher occupancy
- Total occupancy on the Metropolitan Tract is 89%, with office occupancy at 90% and retail at 85%
- The Olympic Hotel recorded improved occupancy as well as rate increases during 2011, and is budgeting for further recovery in 2012
- Capital expenditures during 2011 were on budget & included tenant improvements for over 100,000 sf and building improvements
- In November, \$8 million was distributed to the University for fiscal year 2012

Market News:

- Rents have stabilized and the UW and Unico are focusing on larger office vacancy blocks in the IBM Building and retail spaces across the Tract
- Office vacancy in the Seattle Central Business District is currently at 18% while South Lake Union is 9% vacant
- Russell Center "WAMU" is now fully leased and is for sale

Operations & Cash Flow

(Millions \$)

	Quarter Ended 12/31		YTD		Historical
	Actual	Budget	Actual	Budget	2010
Revenues ¹	\$ 4.2	\$ 5.3	\$ 21.6	\$ 21.4	\$ 22.0
Operating Expenses ²	\$ (1.2)	\$ (1.0)	\$ (3.6)	\$ (3.8)	\$ (4.1)
NOI	\$ 3.0	\$ 4.4	\$ 18.0	\$ 17.5	\$ 17.9
Non-Operating Expenses ³	\$ (0.9)	\$ (0.6)	\$ (2.6)	\$ (2.3)	\$ (2.3)
Net Income	\$ 2.1	\$ 3.8	\$ 15.4	\$ 15.2	\$ 15.6
Capital & TIs	\$ (1.2)	\$ (1.2)	\$ (4.6)	\$ (4.6)	\$ (4.9)
Net Cash Flow	\$ 0.9	\$ 2.7	\$ 10.8	\$ 10.6	\$ 10.7
Distribution to University	\$ (8.0)	\$ (8.0)	\$ (8.0)	\$ (8.0)	\$ (8.0)
Increase/(Decrease) in Cash	\$ (7.1)	\$ (5.3)	\$ 2.8	\$ 2.6	\$ 2.7

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						