

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Metropolitan Tract Quarterly Report, Quarter Ended March 31, 2013

For information only.

Attachment

Metropolitan Tract Quarterly Report, Quarter Ended March 31, 2013

Metropolitan Tract Quarterly Report

Q1 ended 3/31/2013

Q1 Performance Notables:

- UW net cash flow is ahead of budget by \$1.9M due to \$200K higher NOI and \$1.5M lower capital expenditures
- Total portfolio occupancy dropped slightly from 88% to 87% due to normal rollover and the timing of tenant move-ins
- Vacancy is concentrated in low rise office space and retail space without street frontage
- Capital expenditures were less than budgeted due to the timing of project starts and completions
- Revenue was flat for the Olympic Hotel during Q1 in comparison to prior year as rates and occupancy held steady

Market News:

- Office vacancy in the Seattle Central Business District (CBD) at 3/31/2013 was 12%, which is 2% lower than at the end of 2012
- Market asking rates are increasing with tech companies leading the charge and average Class A asking rates at \$33.85/sf
- Largest sale in Q1 was Vulcan's Westlake Terry building (320,000 sf South Lake Union). Sold to Kilroy for \$170M (\$531/sf)

Operations & Cash Flow

(Millions \$)

	Quarter Ended 3/31		Year to Date	
	Actual	Budget	Actual	Budget
Revenues ¹	\$ 6.3	\$ 6.2	\$ 6.3	\$ 6.2
Operating Expenses ²	\$ (1.2)	\$ (1.3)	\$ (1.2)	\$ (1.3)
NOI	\$ 5.1	\$ 4.9	\$ 5.1	\$ 4.9
Non-Operating Expenses ³	\$ (0.4)	\$ (0.6)	\$ (0.4)	\$ (0.6)
Net Income	\$ 4.7	\$ 4.3	\$ 4.7	\$ 4.3
Capital & TIs	\$ (1.3)	\$ (2.8)	\$ (1.3)	\$ (2.8)
Net Cash Flow	\$ 3.4	\$ 1.5	\$ 3.4	\$ 1.5
Distribution to University	\$ -	\$ -	\$ -	\$ -
Increase/(Decrease) in Cash	\$ 3.4	\$ 1.5	\$ 3.4	\$ 1.5

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 Taxes, earthquake insurance, professional fees and real estate management expenses.

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

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6/13/13

ATTACHMENT