

VII. STANDING COMMITTEES

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.

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						