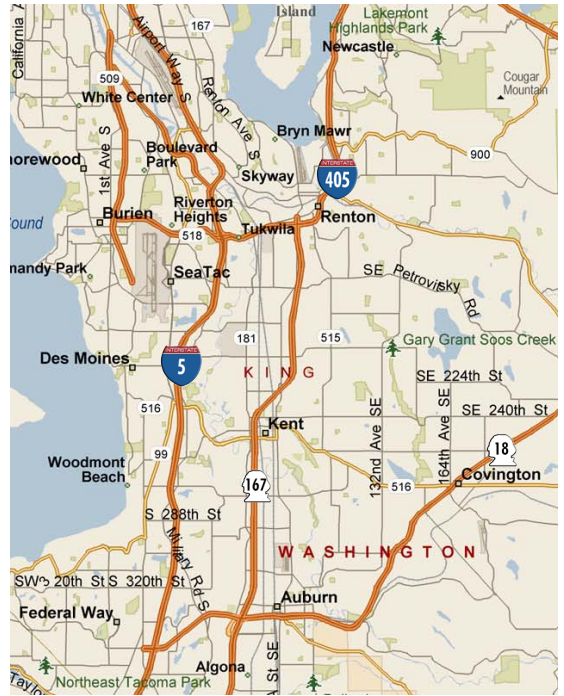


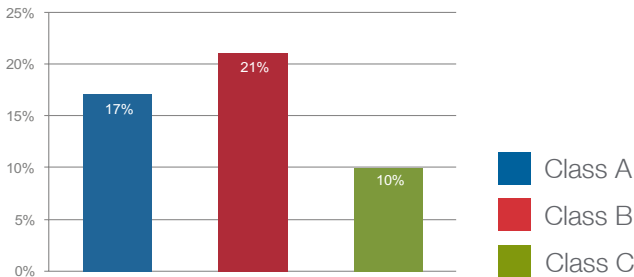
South King County Market Snapshot

# OF BUILDINGS	280
MARKET SIZE	11,600,690 SF
OVERALL VACANCY	18.4%
DIRECT VACANCY	18.2%
SUBLEASE VACANCY	0.2%
3Q13 ABSORPTION	(135,882) SF
YTD ABSORPTION	126,719 SF
UNDER CONSTRUCTION	0 SF

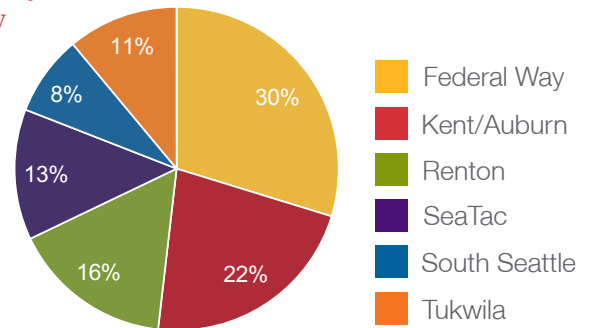


Market Trends Vacancy Rate Net Absorption Asking Rents

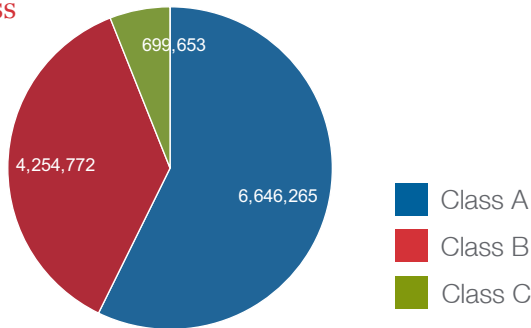
Vacancy Rate by Class Type



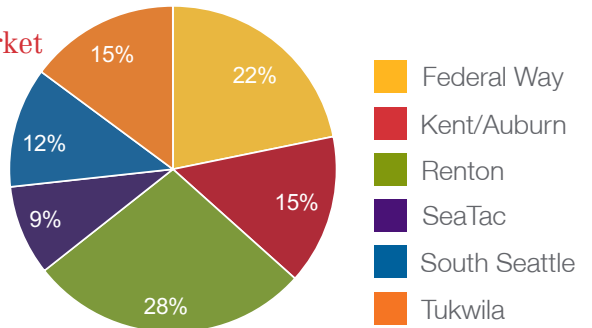
Inventory by City



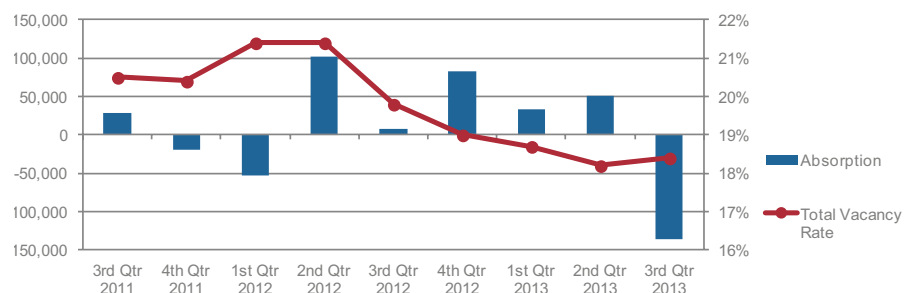
Market Size by Class Type



Submarket Share of Market



Historical Vacancy



Market Summary

The South King County market continues to show signs of improvement. The vacancy rate for the 3rd Quarter of 2013 is 18.4%, down nearly three percentage points from the 1st Quarter 2012. Leasing velocity has been relatively steady. While there are occasional peaks and valleys in activity levels, most agree that leasing velocity has increased in all submarkets. Landlords and brokers expect this trend to continue for the foreseeable future.

We think a positive indication of confidence in the market is tenant activity amongst small businesses. The small businesses that drive the South King County Market are slowly returning in the market. What leads us to optimism is these small tenants that were previously signing short-term renewals as they weathered the economic storm are now signing longer term leases, with many looking for additional office space. The larger corporations continue to take advantage of the market conditions signing longer, tenant favorable leases.

3Q 2013 Highlights

- Progressive International signed a 72-month lease at Creekside at Centerpointe. They occupy 19,529 square feet and moved in October 2013. Creekside is 70% leased.
- Sur la Table has leased 55,000 square feet at Sixty 1 Hundred, owned by The Benaroya Company, in South Seattle.
- Aviation Partners signed a 64-month lease at Riverfront Technical Park. They occupy 32,000 square feet.
- Benefit Mall has renewed their lease at Southcenter Corporate Square. They consolidated and will now occupy 10,319 square feet.

For specific details regarding any of these transactions, please call.

Things to Watch

- There is one institutional quality investment opportunity currently on the market for sale, Triton Towers (407,481 square feet, 90% leased). Investors are anxious to see where pricing comes in for this asset.
- Creekside at Centerpointe, a 70% leased, 218,585 square foot, 3-building project in Kent is currently under contract to be sold.
- King County will be bringing a building in Renton to market in the near future, Blackriver 900. King County moved several departments to the Eastside, and they will be selling this 74,280 square foot building. The building is mostly vacant with King County only retaining 12,000 square feet.

Forecast

- We expect the market to slowly and steadily improve with vacancy decreasing.
- The story of office buildings being either “Haves or Have Nots” will continue with the “Haves” leading the recovery and pushing rents in some instances.
- Concessions are tightening slowly and this can be expected over the next 12 months as the market continues to strengthen.



Mike George

+1 425 586 5618
mgeorge@nai-psp.com

Blaine Burk

+1 425 586 5647
bburk@nai-psp.com