

Office Quarterly Newsletter

A look at the Southend Office Market

Your Commercial Office
Real Estate Specialist



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This Newsletter is intended to give local companies and building owners an accurate, concise overview of current market conditions. Within this newsletter you will find information on current trends in rental rates and sale prices, as well as recent sale comps in the market.

If you would like more information on market conditions for either sales or leasing, please feel free to contact me.

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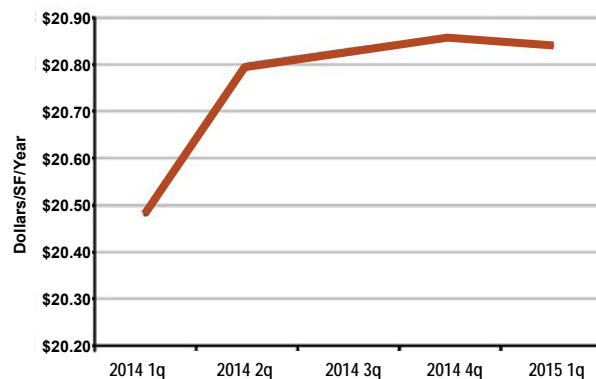
Significant News & Trends

The Southend Office Market is showing signs of life as vacancy in South King County drops, along with the rest of Puget Sound. As a whole, Southend office vacancy now stands at 11.0% compared to 11.4% for the previous quarter. Although this might seem like a small drop in vacancy, the larger overarching trend of a tightening market is the focal point. We are currently seeing the lowest vacancy rate in almost four years!

Certain submarkets within the Southend now have less vacancy than the Puget Sound average for office space. Take for example Renton/Tukwila Class B submarket which stands at 7.0% vacancy-nearly 2.0% less than the Puget Sound region as a whole. This certainly speaks to the desirability and appeal of Southend office markets with higher parking ratios and better rental rates.

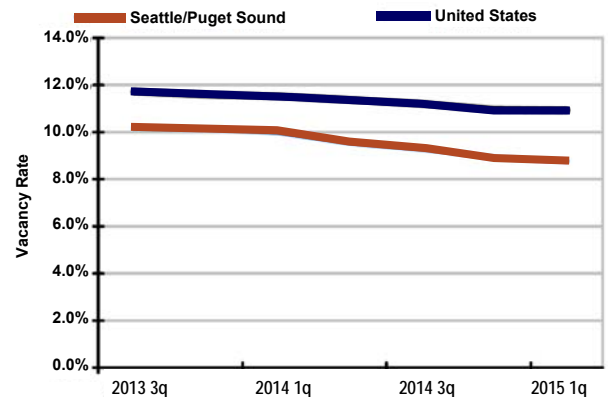
Not only is the Renton/Tukwila market below the Puget Sound average in vacancy rate, but Class C space is now at a premium. The current vacancy rate for Class C space in South King County now stands at 5.3%, well below the market average. Case in point, cheap office space is getting harder to come by.

Southend Historic Rental Rates



seems to be making its way back on the scene and now deserves a seat at the table.

U.S. Vacancy Comparison



Although we're seeing some improvement, the Southend Office Market does still lag in comparison to the Central Business District of Downtown Seattle and other outlying areas such as the Eastside. However, desirable available space is becoming harder to find while rental rates are slowly creeping upwards. Rates have shown a fairly consistent upward trend for almost four years and don't seem to be slowing down much. The long forgotten Southend Office Market

Available Properties For SALE

Building Name Location	Total Bldg SF	# of Floors	Price (Price/SF)
1 Pitney Bowes Building 116 Andover Park E Tukwila, WA	22,318	2	\$3,950,000 (\$176.99)
2 Heritage Plaza 23040 Pacific Hwy S Des Moines, WA	16,450	3	\$2,990,000 (\$181.76)
3 Windermere Building 33405 6th Ave Federal Way, WA	11,137	2	\$1,575,000 (\$141.42)
4 Pacific Engineering Building 15445 53rd Ave S Tukwila, WA	8,700	1	\$1,850,000 (\$212.64)
5 James Street Professional 1042 W James St Kent, WA	4,168	1	\$695,000 (\$166.75)

Available Properties For LEASE

Building Name Location	Total SF Available	Rate Per SF/Year
1 SeaTac Office Center 18000 Pacific Hwy S Seatac, WA	1,409 - 5,422	\$24-\$25 FS
2 Riverview Plaza I 16040 Christensen Rd Tukwila, WA	970 - 5,119	\$24-\$25 FS
3 Bay Equity Building 500 S 336th St Federal Way, WA	674 - 3,634	\$17 MG
4 Burien Professional Building 13512 Ambam Blvd SW Burien, WA	3,122 1,765	\$12 NNN
5 Landmark Office Park 2711 W Valley Hwy N Auburn, WA	1,200	\$16 FS

FS = Full Service | MG = Modified Gross | NNN = Triple Net (expenses not included)

Recent Sales in the Market

Beffa Dentist Office



Sale Date: 6/3/2015
Address: 124 S Normandy Rd, Burien
Bldg Size: 3,272 SF
Sale Price: \$800,000 (\$244.50/SF)
Buyer: Dr. Kyle Beffa
Seller: Thomas C. Beffa

Maplewood Office Building



Sale Date: 5/28/2015
Address: 33915 1st Way S, Federal Way
Bldg Size: 35,500 SF
Sale Price: \$5,850,000 (\$164.79/SF)
Buyer: First American Exchange Company
Seller: CUNA Mutual Investment Corp.

Puyallup Valley Orthopedic Surgeons



Sale Date: 4/17/2015
Address: 702 23rd Ave SE, Puyallup
Bldg Size: 4,134 SF
Sale Price: \$595,000 (\$143.93/SF)
Buyer: Share & Care House
Seller: Donald Mott

East Campus Corporate Park I



Sale Date: 3/30/2015
Address: 32001 32nd Ave S, Federal Way
Bldg Size: 105,807 SF
Sale Price: \$17,900,000 (\$169.18/SF)
Buyer: Sterling Realty Organization Co.
Seller: Ilahie Holdings

R & F Building



Sale Date: 3/24/2015
Address: 33811 9th Ave S, Federal Way
Bldg Size: 5,440 SF
Sale Price: \$610,000 (\$112.13/SF)
Buyer: Ashley House
Seller: Bonney Lake Professional Center

FREE Opinion of Value

Determine your building's value based on recent market information including replacement cost, income approach, and recent sales comparables.

Call me today to receive your Free Opinion of Value!

Neil Walter Company is a full service commercial real estate company offering leasing, sales, property management, and development of commercial real estate throughout the Northwest. Our company manages over 3,500,000 square feet of industrial, office, and retail properties. We specialize in warehouse and distribution facilities, office buildings, retail properties, and land opportunities.

For more information regarding our services, visit our website at www.neilwalter.com

MARINERS DAY GAMES AT HOME

Wed 7/29 12:40 pm Arizona D-backs
Wed 8/12 12:40 pm Baltimore Orioles
Wed 8/26 12:40 pm Oakland Athletics
Mon 9/7 3:40 pm Texas Rangers
Thu 9/10 12:40 pm Texas Rangers

