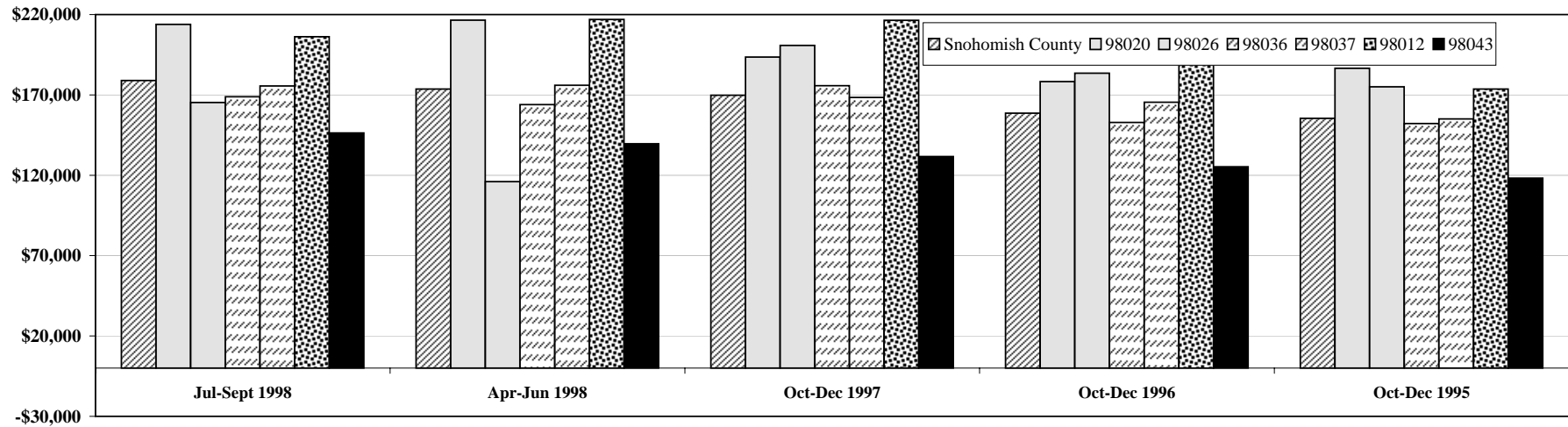


Group C

Real Estate Market Overview

Table 12. Mean Sales Price of Single-Family Homes by Geographic Area

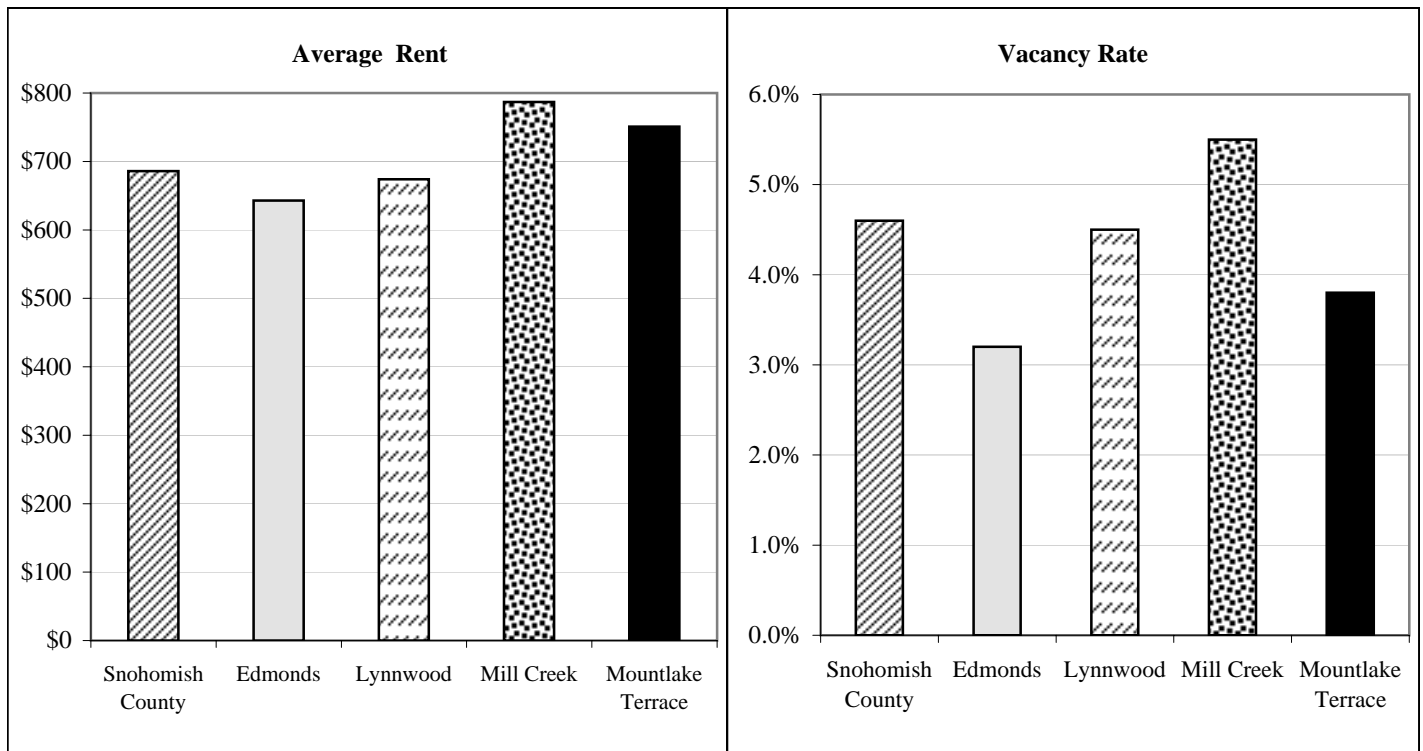


Area	Jul-Sept 1998	Apr-Jun 1998	Jan-Mar 1998	Oct-Dec 1997	Jan-Feb 1997	Oct-Dec 1996	Jul-Sept 1996	Apr-Jun 1996	Jan-Mar 1996	Oct-Dec 1995	Jul-Sept 1995
Snohomish County	\$179,010	\$173,606	\$174,254	\$169,843	\$160,511	\$158,626	\$159,718	\$156,836	\$155,580	\$155,396	\$154,792
Edmonds											
98020	\$213,848	\$216,528	\$213,188	\$193,562	\$186,294	\$178,301	\$196,103	\$198,324	\$191,550	\$186,535	\$191,400
<i>% of County</i>	<i>119.5%</i>	<i>124.7%</i>	<i>122.3%</i>	<i>114.0%</i>	<i>116.1%</i>	<i>112.4%</i>	<i>122.8%</i>	<i>126.5%</i>	<i>123.1%</i>	<i>120.0%</i>	<i>123.6%</i>
98026	\$165,249	\$116,029	\$184,197	\$200,793	\$205,279	\$183,474	\$171,855	\$175,489	\$169,823	\$175,079	\$162,220
<i>% of County</i>	<i>92.3%</i>	<i>66.8%</i>	<i>105.7%</i>	<i>118.2%</i>	<i>127.9%</i>	<i>115.7%</i>	<i>107.6%</i>	<i>111.9%</i>	<i>109.2%</i>	<i>112.7%</i>	<i>104.8%</i>
Lynnwood											
98036	\$168,882	\$163,919	\$167,327	\$175,780	\$156,751	\$152,854	\$148,839	\$155,137	\$146,992	\$152,176	\$151,379
<i>% of County</i>	<i>94.3%</i>	<i>94.4%</i>	<i>96.0%</i>	<i>103.5%</i>	<i>97.7%</i>	<i>96.4%</i>	<i>93.2%</i>	<i>98.9%</i>	<i>94.5%</i>	<i>97.9%</i>	<i>97.8%</i>
98037	\$175,584	\$176,005	\$172,504	\$168,433	\$164,467	\$165,457	\$156,634	\$155,897	\$157,680	\$155,050	\$154,519
<i>% of County</i>	<i>98.1%</i>	<i>101.4%</i>	<i>99.0%</i>	<i>99.2%</i>	<i>102.5%</i>	<i>104.3%</i>	<i>98.1%</i>	<i>99.4%</i>	<i>101.3%</i>	<i>99.8%</i>	<i>99.8%</i>
Mill Creek											
98012	\$206,192	\$216,975	\$218,723	\$216,407	\$195,977	\$188,581	\$186,916	\$173,448	\$178,040	\$173,652	\$174,138
<i>% of County</i>	<i>115.2%</i>	<i>125.0%</i>	<i>125.5%</i>	<i>127.4%</i>	<i>122.1%</i>	<i>118.9%</i>	<i>117.0%</i>	<i>110.6%</i>	<i>114.4%</i>	<i>111.7%</i>	<i>112.5%</i>
Mountlake Terrace											
98043	\$146,345	\$139,578	\$136,339	\$131,638	\$131,341	\$125,269	\$134,350	\$133,635	\$125,319	\$118,253	\$124,558
<i>% of County</i>	<i>81.8%</i>	<i>80.4%</i>	<i>78.2%</i>	<i>77.5%</i>	<i>81.8%</i>	<i>79.0%</i>	<i>84.1%</i>	<i>85.2%</i>	<i>80.5%</i>	<i>76.1%</i>	<i>80.5%</i>
King County	\$213,876	\$209,352	\$199,022	\$198,176	\$185,749	\$183,598	\$186,943	\$182,127	\$177,128	\$177,792	\$176,232
Bothell											
98011	\$208,904	\$197,378	\$191,132	\$194,038	\$169,711	\$172,683	\$171,359	\$177,728	\$170,877	\$136,931	\$167,251
<i>% of County</i>	<i>97.7%</i>	<i>94.3%</i>	<i>96.0%</i>	<i>97.9%</i>	<i>91.4%</i>	<i>94.1%</i>	<i>91.7%</i>	<i>97.6%</i>	<i>96.5%</i>	<i>77.0%</i>	<i>94.9%</i>
Lake Forest Park											
98155	\$197,197	\$199,324	\$183,371	\$178,773	\$159,043	\$161,862	\$172,380	\$146,225	\$155,622	\$148,501	\$158,052
<i>% of County</i>	<i>92.2%</i>	<i>95.2%</i>	<i>92.1%</i>	<i>90.2%</i>	<i>85.6%</i>	<i>88.2%</i>	<i>92.2%</i>	<i>80.3%</i>	<i>87.9%</i>	<i>83.5%</i>	<i>89.7%</i>
Shoreline											
98133	\$177,285	\$174,981	\$166,048	\$159,544	\$142,317	\$151,647	\$144,272	\$142,715	\$136,140	\$136,155	\$135,905
<i>% of County</i>	<i>82.9%</i>	<i>83.6%</i>	<i>83.4%</i>	<i>80.5%</i>	<i>76.6%</i>	<i>82.6%</i>	<i>77.2%</i>	<i>78.4%</i>	<i>76.9%</i>	<i>76.6%</i>	<i>77.1%</i>
98177	\$274,465	\$260,964	\$249,918	\$243,120	\$238,957	\$201,855	\$202,413	\$206,603	\$217,739	\$214,386	\$204,752
<i>% of County</i>	<i>128.3%</i>	<i>124.7%</i>	<i>125.6%</i>	<i>122.7%</i>	<i>128.6%</i>	<i>109.9%</i>	<i>108.3%</i>	<i>113.4%</i>	<i>122.9%</i>	<i>120.6%</i>	<i>116.2%</i>

Source: Seattle-Everett Real Estate Research Report, Spring & Fall, 1998, and Spring, 1997.

	Jul-Sept 1998	Apr-Jun 1998	Oct-Dec 1997	Oct-Dec 1996	Oct-Dec 1995
Snohomish Coun	\$179,010	\$173,606	\$169,843	\$158,626	\$155,396
98020	\$213,848	\$216,528	\$193,562	\$178,301	\$186,535
98026	\$165,249	\$116,029	\$200,793	\$183,474	\$175,079
98036	\$168,882	\$163,919	\$175,780	\$152,854	\$152,176
98037	\$175,584	\$176,005	\$168,433	\$165,457	\$155,050
98012	\$206,192	\$216,975	\$216,407	\$188,581	\$173,652
98043	\$146,345	\$139,578	\$131,638	\$125,269	\$118,253

Table 13. September 1998 Apartment Rent and Vacancy Rates by Geographic Area



Geographic Area	All	Studio	1 Bed	2/1 Bath	2/2 Bath	3/2 Bath
Snohomish County						
Actual Rent	\$686	\$540	\$588	\$661	\$759	\$923
Market Vacancy	4.6%	2.9%	3.8%	4.0%	5.7%	6.6%
Edmonds						
Actual Rent	\$643	\$521	\$565	\$688	\$755	\$906
Market Vacancy	3.2%	3.3%	3.1%	2.8%	2.7%	10.0%
Lynnwood						
Actual Rent	\$674	\$468	\$581	\$656	\$770	\$950
Market Vacancy	4.5%	3.0%	4.6%	2.6%	6.3%	4.1%
Mill Creek						
Actual Rent	\$787	\$614	\$668	\$746	\$828	\$1,000
Market Vacancy	5.5%	0.0%	4.0%	7.0%	6.0%	6.5%
Mountlake Terrace						
Actual Rent	\$751		\$633	\$731	\$830	\$1,030
Market Vacancy	3.8%		3.6%	3.1%	6.2%	2.7%
King County						
Actual Rent	\$739	\$553	\$645	\$718	\$878	\$1,000
Market Vacancy	3.4%	2.8%	2.7%	3.4%	4.1%	5.3%
Bothell						
Actual Rent	\$788	\$519	\$675	\$780	\$892	\$1,113
Market Vacancy	3.0%	0.0%	2.0%	1.6%	5.9%	1.3%
Lake Forest Park / Shoreline						
Actual Rent	\$720	\$489	\$624	\$736	\$855	\$1,071
Market Vacancy	1.7%	1.6%	1.5%	1.5%	1.9%	4.2%

Source: Seattle-Everett Real Estate Research Report, Fall, 1998.

Avg. Rent

Snohomis	\$686
Edmonds	\$643
Lynnwood	\$674
Mill Creek	\$787
Mountlake	\$751

Vacancy

Snohomis	4.6%
Edmonds	3.2%
Lynnwood	4.5%
Mill Creek	5.5%
Mountlake	3.8%

Retail Market Overview - Second Half 1998

Table 15. Retail Market Net Absorption* (Net Increase in Occupied Area in Sq. Ft.)

Market Area	1992	1993	1994	1995	1996	1997	Second Half 1998
Downtown Seattle	37,424	-746,139	-35,354	218,993	269,634	52,042	897,585
Northend	196,875	92,965	23,012	454,320	-97,503	1,409,091	805,240
Southend	127,139	-163,375	178,567	1,410,478	-262,852	1,474,549	3,062,303
Bellevue/Eastside	21,933	138,093	5,506	129,572	196,496	741,261	1,677,208
Puget Sound Region	402,764	-711,141	171,731	2,213,363	105,775	3,676,943	6,442,336

*The sum of the changes in occupied square feet over the completed year or quarter. Calculated quarterly on a building-by-building basis. Reflects both positive and negative changes in occupancy.

Table 16. Asking Lease Rates by Sub-Market

Market Area	Inventory		Available		Asking	Under Construction		Planned	
	Buildings	Total	Sq. Ft.	%	Lease Rate	Projects	Sq. Ft.	Projects	Sq. Ft.
Downtown Seattle	56	3,627,914	81,969	2.26%	\$22.78	6	696,000	7	523,727
Northend	94	14,419,662	782,182	5.42%	\$13.03	7	323,000	8	706,159
Southend	172	26,721,964	1,968,671	7.37%	\$12.29	0	0	8	1,051,168
Bellevue/Eastside	77	9,861,030	476,879	4.84%	\$14.72	4	886,783	13	1,717,500
Puget Sound Region	425	57,680,961	3,692,585	6.40%	\$12.25	20	2,205,783	37	4,078,557

Table 17. Asking Lease Rates by Project Type

Puget Sound Region Project Type	Inventory		Available		Asking	Under Construction		Planned	
	Buildings	Total	Sq. Ft.	%	Lease Rate	Projects	Sq. Ft.	Projects	Sq. Ft.
Freestanding	92	9,424,216	399,496	4.24%	\$8.85	2	585,000	2	300,000
Commercial/Neighborhood	225	25,111,773	1,209,354	4.82%	\$14.46	3	844,249	10	1,134,345
Strip/Specialty	64	4,385,721	350,007	7.98%	\$14.05	0	0	3	930,000
Power Center	15	5,552,459	208,311	3.75%	\$18.09	0	0	6	1,166,000
Retail/Office & Hotel	40	1,473,933	29,223	1.98%	\$31.68	1	25,000	3	90,000
Regional Center	14	13,082,255	417,045	3.19%	\$21.84	0	0	0	0
Puget Sound Region Total	425	59,030,357	2,613,436	4.43%	\$15.21	6	1,454,249	24	3,620,345
Northend Market Project Type	Inventory		Available		Asking	Under Construction		Planned	
	Buildings	Total	Sq. Ft.	%	Lease Rate	Projects	Sq. Ft.	Projects	Sq. Ft.
Freestanding	31	2,453,713	204,173	8.32%	\$8.88	1	165,000	0	0
Commercial/Neighborhood	53	5,887,168	273,328	4.64%	\$14.80	1	136,000	3	367,000
Strip/Specialty	20	1,240,241	119,876	9.67%	\$10.73	0	0	1	330,000
Power Center	4	1,260,611	18,920	1.50%	\$16.61	0	0	0	0
Regional Center	5	4,310,692	62,193	1.44%	\$23.48	0	0	0	0
Northend Total	113	15,152,425	678,490	4.48%	\$13.15	2	301,000	4	697,000

Market Area Definitions: The Downtown Seattle market extends from the Ship Canal south to the West Seattle Bridge including the CBD, Denny Regrade, Lower Queen Anne, Pioneer Square, West Lake Union, Capitol Hill and the Central District. The Northend includes the area north of the Ship Canal up to and through Snohomish and the northern counties. The Southend goes south from the West Seattle Bridge and includes south King County, Pierce and Thurston. The Bellevue/Eastside market includes all of King County east of Lake Washington, including Bellevue, Kirkland, Redmond, Issaquah, Bothell, Mercer Island and Woodinville.

Office Market Overview - 3rd Quarter 1998

Table 18. Regional Inventory

Market Area	Inventory		Vacant	Vacancy Rates				Under Construction		Planned	
	Buildings	Sq. Ft.	Sq. Ft.	Class A	Class B	Class C	Total	Projects	Sq. Ft.	Projects	Sq. Ft.
Downtown Seattle	214	27,221,087	1,357,797	3.78%	5.94%	9.53%	4.73%	10	1,778,754	16	4,119,380
Northend	24	1,135,559	32,934	2.51%	4.81%	0.00%	2.90%	0	0	1	45,000
Southend	124	5,243,575	407,804	4.24%	13.77%	5.75%	7.15%	1	40,000	4	2,902,435
Tacoma/Federal Way	88	3,387,964	191,376	2.61%	7.86%	8.06%	5.65%	0	0	4	275,400
Eastside	292	15,828,081	282,737	1.59%	1.38%	2.25%	1.56%	23	3,321,828	34	114,336,000
Snohomish County	58	2,448,318	172,860	5.19%	7.67%	9.56%	7.06%	4	416,600	1	241,000
Puget Sound Region	800	55,264,584	2,445,508	3.16%	5.71%	7.84%	4.17%	38	5,557,182	60	19,016,815

Table 19. Historic Market Vacancy

Market Area	Year End						1st Qtr	2nd Qtr	3rd Qtr
	1992	1993	1994	1995	1996	1997	1998	1998	1998
Downtown Seattle	15.35%	12.98%	10.89%	7.59%	6.30%	5.02%	4.79%	5.20%	4.99%
Northend	7.11%	4.34%	7.66%	10.04%	10.22%	4.69%	5.60%	4.25%	2.90%
Southend	22.19%	38.28%	38.28%	28.39%	27.08%	10.84%	8.61%	9.64%	7.78%
Tacoma/Federal Way	10.92%	9.71%	12.01%	13.92%	11.95%	6.45%	5.83%	6.80%	5.65%
Eastside	9.70%	8.50%	7.33%	5.60%	5.08%	2.32%	1.67%	1.47%	1.79%
Snohomish County	6.63%	9.37%	11.92%	12.50%	8.73%	7.31%	6.91%	6.66%	7.06%
<i>Edmonds</i>						6.38%	6.38%		6.38%
<i>Everett</i>						11.08%	10.37%		9.45%
<i>Lynnwood</i>						1.12%	1.49%		4.15%
<i>Mountlake Terrace</i>						3.40%	2.44%		2.63%
Puget Sound Region	15.55%	15.42%	12.39%	9.69%	8.48%	4.99%	4.44%	4.62%	4.43%

Table 20. Asking Lease Rates

Office Market	Class A Space			Class B Space			Class C Space		
	Range	Typical	Operating Expenses	Range	Typical	Operating Expenses	Range	Typical	Operating Expenses
Downtown Seattle	\$19.00-\$24.00	\$27.00	\$4.50-\$8.00	\$14.00-\$26.00	\$20.00	\$4.00-\$6.50	\$12.00-\$21.00	\$18.00	\$4.00-\$5.00
Northend	\$14.00-\$25.00	\$19.50	\$5.50-\$6.50	\$15.00-\$22.00	\$18.50	\$4.50-\$6.50	n.a.	n.a.	n.a.
Southend	\$15.00-\$21.00	\$18.00	\$4.00-\$6.00	\$14.00-\$17.00	\$15.50	\$4.50-\$6.50	\$13.00-\$17.00	\$15.00	\$4.00-\$6.00
Tacoma/Federal Way	\$15.00-\$19.00	\$17.00	\$4.50-\$6.00	\$13.00-\$17.50	\$15.25	\$4.00-\$5.50	\$12.00-\$16.50	\$14.25	\$4.00-\$5.00
Eastside	\$21.00-\$40.00	\$24.50	\$5.50-\$9.00	\$18.75-\$28.00	\$21.50	\$5.00-\$6.50	\$15.00-\$21.00	\$17.50	\$5.00-\$6.50
Snohomish County	\$18.00-\$24.00	\$21.00	\$6.00-\$7.50	\$14.50-\$17.50	\$15.50	\$4.50-\$5.50	\$12.00-\$14.00	\$13.50	\$4.50-\$5.50

n.a. not available.

Area Definitions: Downtown Seattle includes the submarkets of the CBD, Waterfront, Pioneer Square, Pike Place, Denny Regrade, Lower Queen Anne, Westlake, Lake Union and the Ship Canal.

Northend includes the area north of the Ship Canal to the King/Snohomish County line; includes the University District and Northgate.

Southend includes Auburn, Kent, Renton, SeaTac, South Seattle and Tukwila.

Tacoma/Federal Way includes the Cities of Federal Way in King County and Tacoma, Fife and Puyallup in Pierce County.

Snohomish County includes the Cities of Arlington, Edmonds, Everett, Lynnwood and Mountlake Terrace.

Source: CB Richard Ellis, 1998.

Notes:

Downtown Seattle includes the submarkets of the CBD, Waterfront, Pioneer Square, Denny Regrade, Lower Queen Anne, Land Union and the Canal.

Northend includes the area north of the Ship Canal to the King/Snohomish County line; includes the University District and Northgate.

Southend includes Auburn, Kent, Renton, SeaTac, South Seattle and Tukwila.

Tacoma/Federal Way includes the Cities of Federal Way in King County and Tacoma, Fife and Puyallup in Pierce County.

Snohomish County includes the Cities of Arlington, Edmonds, Everett, Lynnwood and Mountlake Terrace.

Source: Colliers Macaulay Nicolls International, 1996; CB Commercial, 1996.

Industrial Market Overview - Third Quarter 1998

Table 21. Regional Inventory

Market Area	Number of	Existing Building Square Feet			Under Construction		Planned	
	Buildings	w/o High Tech	High Tech	Total	Projects	Sq. Ft.	Projects	Sq. Ft.
Seattle Close-In	2,264	72,960,927	1,220,412	74,181,339	0	0	3	526,060
Kent Valley	1,195	82,711,085	1,834,164	84,545,249	12	2,762,422	30	3,373,965
Tacoma/Fife	83	7,506,659	0	7,506,659	2	710,700	4	1,033,540
Eastside	358	15,607,674	5,153,614	20,761,288	6	1,153,095	19	3,677,218
Snohomish County	129	5,797,770	171,246	5,969,016	4	272,661	10	787,335
Puget Sound Region	4,029	184,584,115	8,379,436	192,963,551	24	4,898,878	66	9,398,118

Table 22. Market Availability

Market Area	Available Square Feet			Availability Rates		
	w/o High Tech	High Tech	Total	w/o High Tech	High Tech	Total
Seattle Close-In	1,333,618	43,447	1,377,065	1.83%	3.56%	1.86%
Kent Valley	4,745,727	251,639	4,997,366	5.74%	13.72%	5.91%
Tacoma/Fife	387,459	0	387,459	5.16%	n.a.	5.16%
Eastside	665,657	267,546	933,203	4.26%	5.19%	4.49%
Snohomish County	480,805	61,000	541,805	8.29%	35.62%	9.08%
Puget Sound Region	7,613,266	623,632	8,236,898	4.12%	7.44%	4.27%

Table 23. Historic Market Vacancy

w/o High Tech	Year End						1st Qtr	2nd Qtr	3rd Qtr
Market Area	1992	1993	1994	1995	1996	1997	1998	1998	1998
Seattle Close-In	5.19%	3.96%	5.55%	4.47%	3.83%	3.14%	2.73%	2.33%	1.83%
Kent Valley	6.33%	7.05%	5.74%	4.81%	5.49%	5.45%	5.68%	6.55%	5.74%
Tacoma/Fife	4.10%	3.73%	2.77%	9.25%	19.61%	11.14%	12.41%	10.08%	5.16%
Eastside	10.73%	7.48%	5.85%	4.85%	6.12%	4.41%	4.55%	4.75%	4.26%
Snohomish County	20.30%	8.50%	15.60%	8.76%	7.97%	9.30%	9.11%	9.85%	8.29%
Puget Sound Region	6.08%	5.44%	5.44%	4.92%	5.54%	4.84%	4.86%	4.90%	4.12%
High Tech	Year End						1st Qtr	2nd Qtr	3rd Qtr
Market Area	1992	1993	1994	1995	1996	1997	1998	1998	1998
Seattle Close-In	6.90%	11.36%	8.96%	4.11%	8.70%	6.86%	2.61%	1.63%	3.56%
Kent Valley	3.85%	6.90%	13.25%	3.70%	5.03%	8.64%	7.09%	14.75%	13.72%
Eastside	4.77%	7.99%	7.75%	6.36%	6.21%	3.79%	3.81%	5.37%	5.19%
Snohomish County	100.00%	100.00%	100.00%	76.47%	76.47%	35.29%	35.88%	40.99%	35.62%
Puget Sound Region	7.42%	10.87%	10.81%	6.88%	7.92%	6.19%	5.04%	7.89%	7.44%

Industrial Market Overview - Continued

Table 24. Asking Lease Rates

Industrial Market	New Buildings	Older Buildings	Operating Expenses	High-Tech
Seattle Close-In	\$0.38-\$0.42/sf shell + \$0.60-\$0.65/sf office	\$0.25-\$0.38/sf shell + \$0.55-\$0.65/sf office	\$0.05-\$0.16/sf per month	\$0.65-\$1.00/sf
Kent Valley	\$0.32-\$0.37/sf shell + \$0.60-\$0.65/sf office	\$0.28-\$0.32/sf shell + \$0.50-\$0.60/sf office	\$0.07-\$0.12/sf per month	\$0.75-\$1.15/sf
Tacoma/Fife	\$0.30-\$0.35/sh shell + \$0.60-\$0.65/sf office	\$0.25-\$0.30/sf shell + \$0.50-\$0.55/sf office	\$0.06-\$0.10/sf per month	n.a.
Eastside	\$0.50-\$0.65/sh shell + \$0.90-\$1.15/sf office	\$0.40-\$0.50/sf shell + \$0.95-\$1.10/sf office	\$0.10-\$0.26/sf per month	\$1.00-\$1.30/sf
Snohomish County	\$0.50-\$0.65/sf shell + \$0.95-\$1.10/sf office	\$0.32-\$0.40/sf shell + \$0.75-\$0.85/sf office	\$0.10-\$0.30/sf per month	\$0.80-\$1.10/sf

Table 25. Market Purchase Values

Industrial Market	Land Values		Building Values	
	Low	High	Warehouse	High-Tech
Seattle Close-In	\$6.00-\$25.00	\$8.00-\$50.00	\$28.00-\$55.00	\$70.00-\$90.00
Kent Valley	\$3.50	\$6.00	\$35.00-\$55.00	\$55.00-\$85.00
Tacoma/Fife	\$3.25	\$6.00	\$30.00-\$55.00	n.a.
Eastside	\$5.00	\$16.00	\$40.00-\$100.00	\$65.00-\$132.00
Snohomish County	\$3.75	\$9.00	\$52.00-\$80.00	\$85.00-\$105.00

Market Area Definitions: Seattle Close-In includes the area south from the King/Snohomish County line to Tukwila.

Kent Valley includes the Cities of Tukwila, Renton, Kent, Auburn and SeaTac.

Tacoma/Fife is centered around the Port of Tacoma but includes Fife and Sumner.

Eastside includes the Bothell/Woodinville area, Kirkland/Totem lake, Willows, Marymoor, Redmond/Overlake, Bellevue and the I-90 corridor.

Snohomish County includes the area from the I-5/I-405 interchange to Marysville and Arlington.

New buildings are defined as those built in 1982 and above for all industrial markets except the Eastside, which defines new buildings as those built in 1989 and above.

Source: CB Richard Ellis, Fall, 1998.