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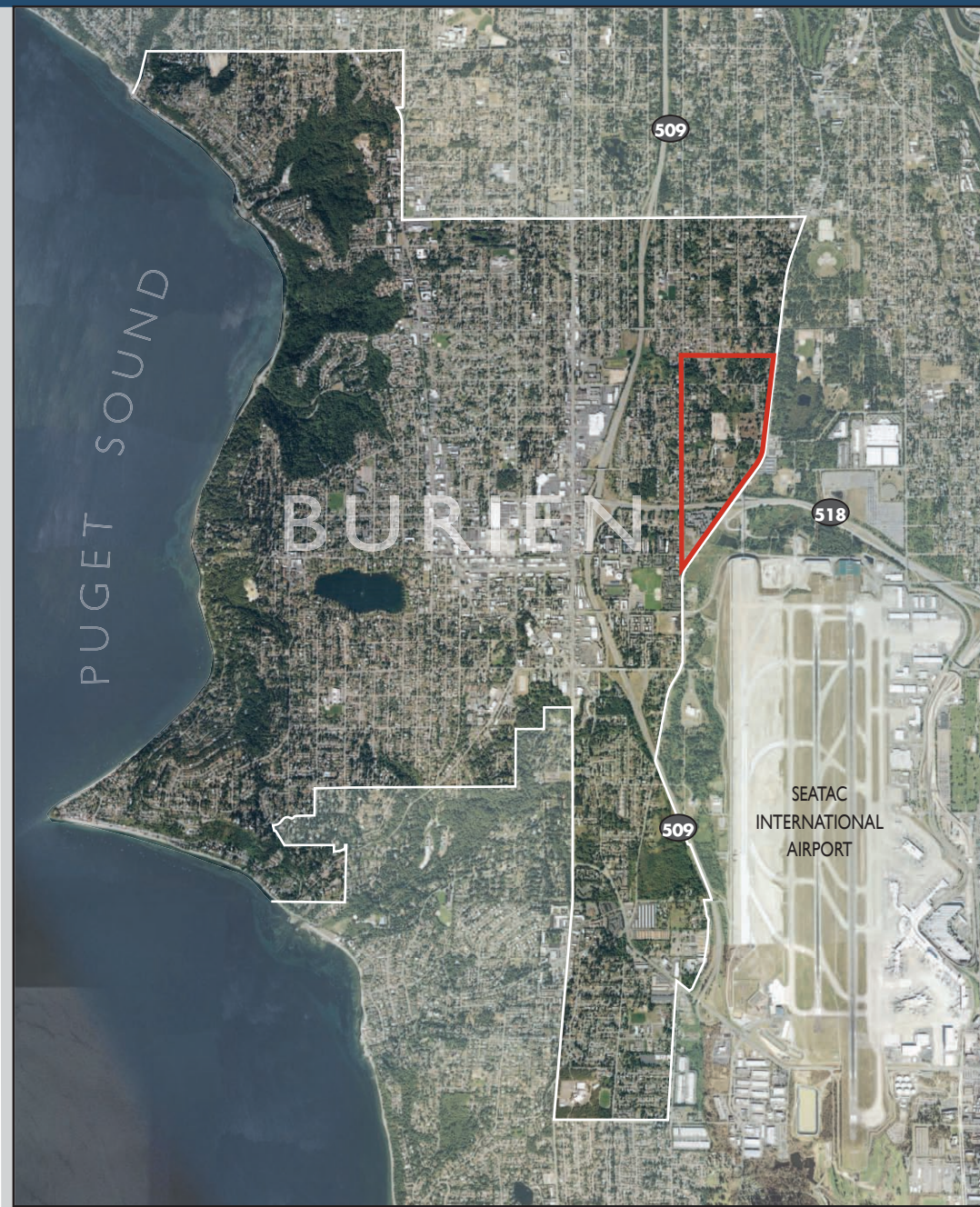
Appendix - Section 2

NERA Market Conditions Report



CITY OF BURRIEN

NE REDEVELOPMENT AREA Market Conditions Report



HEARTLAND
JULY 2008

Burien NERA Market Conditions Report

Introduction & Scope

In 2003 Burien joined the NEST Partnership to explore economic growth potential in South King County. A result of this partnership was the identification of the Burien Northeast Redevelopment Area, or NERA, as an assemblage of underutilized properties adjacent to SeaTac airport that could be potentially redeveloped. Following this, Otak, Inc. was retained by the City of Burien as lead consultant to create a redevelopment strategy for NERA. Heartland was engaged by Otak as a sub-consultant for this project to provide services related to existing conditions research and market analysis. Data gathered in this market assessment will be included in the consultant team’s Existing Conditions Summary Report for NERA.

This market assessment presents market conditions for four general land use categories—industrial, office, retail and residential—that may be used to inform financial modeling in support of alternative redevelopment strategies developed by the consultant team in conjunction with the City of Burien and the Port of Seattle. New residential uses are not contemplated for NERA, but an understanding of the area’s residential market is needed to inform economic development strategies that may seek to encourage non-residential uses on land that is currently in residential use.

Executive Summary & Key Findings

While this assessment was not intended as a highest-and-best use analysis for the NERA property, the information gained in the process of investigating market conditions can help to identify opportunities for the NERA site and be used alongside public policy objectives to frame alternative economic development strategies.

Listed below are key findings from research of each of the identified land use categories:

- Industrial
 - Regional fundamentals for industrial/distribution are strong .
 - The NERA site is well position to compete with existing and proposed off-airport industrial space because of its access to Highway 509, very close proximity to the airport in general and to the airport entrance and on-airport industrial space at the north end of the airport.
 - Industrial land near the airport is poised to experience continued demand through regional cargo trade.
 - Burien could take advantage of the trend in industrial users moving south from the Duwamish Industrial Center .

- Office
 - Burien has experienced little new office construction as a secondary suburban office hub and represents a small portion of regional office supply.
 - Current Burien office stock is generally comprised of low-rise Class B space for small users.
 - Burien contains a node of medical office space with Highline Medical Center affiliation.

- The NERA site could support professional offices, medical office and other office uses that are not very location-sensitive, but the amount of existing available office space in the market suggests that a professional/medical office complex in NERA would have to differentiate itself from existing product to be viable.
 - The site's size and location near the airport may make it desirable for a larger build-to-suit project for a corporate user seeking proximity to the airport.
- Retail
 - The regional retail market has grown very quickly and is likely oversupplied given the contraction in consumer spending and planned slowdowns in expansions and in many cases, store closures, by national retailers.
 - With the exception of car dealerships, Burien does not have many retailers that draw from outside the local trade area; regional retail opportunities are limited because Burien, and the NERA site itself, are within the trade area of Southcenter Mall and regional retailers in Tukwila.
 - While the retail vacancy rate in Burien is low, the area has experienced negative absorption over the past year.
 - Redevelopment projects within downtown are seeking to re-format the Burien retail experience.
 - Most of the NERA site is not ideal for general or large-format retail given the lack of visibility from major arterials. That said, should large contiguities of land be assembled, the site could be viable for large-format retail given the seeming lack of large, appropriately zoned sites in the trade area.
 - The Lora Lake triangle presents much more favorable conditions for retail, and presents an opportunity for large-format retail given the size of the land assemblage south of Highway 518.
 - Residential
 - The regional residential market is more stable than many others in the nation but is weak due to a contraction of credit, the expansion of which in previous years had fueled rapid price escalations.
 - In the short-term, lower home prices and a lack of credit for developers will likely limit new supply.
 - Further softening of the housing market could aid redevelopment of existing residential land to non-residential uses.
 - Assemblage of small parcels would be critical to facilitating a transition to non-residential uses on existing residential land.

Industrial Market Analysis

Regional Trends & Activity

Domestic and international trade is a foundation of the Puget Sound region's economy. Import and export of containerized cargo, particularly through the marine terminals at the Ports of Seattle and Tacoma, has supported a robust regional industrial real estate market and has led to sustained strong growth in industrial development over the last decade. The regional market is generally divided into six submarkets—Northend, Seattle Close-In, Eastside, Kent Valley, Tacoma/Fife and Southend—with development of industrial buildings, distribution centers and warehousing facilities driven by proximity to rail and interstate highway transportation access, port facilities and land availability. The Kent Valley contains the largest percentage of regional industrial space and has largely been built out, pushing development south to the Tacoma/Fife area and in the last few years further south into Thurston and Lewis Counties as developers search for less expensive large developable parcels of land.

Despite weakened national economic conditions, the Puget Sound industrial market has remained relatively strong largely due to the area's constrained land supply and the low value of the dollar. The weak dollar has sustained overseas demand for goods that is in turn driving international exports and subsequently driving industrial growth. Although decreasing consumer confidence resulting from depressed economic conditions is likely to curb import activity of goods in the near term, the regional industrial market outlook is still positive. As of the end of the first quarter of 2008, the regional vacancy rate was very low at 5.6 percent. Strong absorption of 750,000 square feet of space was recorded and construction activity is very strong with 3,860,000 square feet under construction. Over two-thirds of this construction activity is occurring in the Tacoma-Fife and Southend submarkets as industrial uses move further south along the I-5 corridor. The region's average lease rate for distribution and warehouse space is \$0.45 per square foot and \$1.30 per square foot for office space that is found in flex industrial space.

Burien / SeaTac Sub-Market Trends & Activity

The Burien/SeaTac area is located within the larger Kent Valley industrial submarket and contains approximately 1.7 million square feet of space. The area's close proximity to SeaTac Airport and regional connectivity via Highway 509 to I-5 make the area ideally suited for air cargo distribution centers and other airport-related industrial development and users. Although the building types are similar to more traditional industrial space, airport-related development uses serve a smaller niche market and are highly desirable spaces to companies and site users who ship high value and/or time sensitive products via airplanes to domestic and international markets or serve airlines, such as caterers or parts suppliers. Most of the industrial space in the Burien/SeaTac market is positioned to serve airport-related users and this proximity increases rental rates above traditional industrial space like that found in the other areas like the Kent Valley. The industrially zoned areas within Burien itself are largely developed with mini-storage and light manufacturing uses however.

The airport-related industrial market can be divided into two categories: on-airport and off-airport. The on-airport market area is defined by the boundary of SeaTac Airport and contains a limited and highly constrained amount of land. At SeaTac Airport, there are currently approximately 635,000 square feet of on-site industrial space and 167,000 square feet of associated flex office space in 19 buildings at the northeast area of the airport. Most of this space is in average to good condition and is leased mainly to private sector companies who need direct runway access to load and unload cargo from airplanes. Some of the existing lessees include FedEx, SEKO, AMB and airlines including Alaska, United and Delta. The United States Postal Service also has a large warehouse including office space in this area. This direct runway access is the defining characteristic of on-airport real estate and is critical to the business operations of these lessees.

The unique nature of the supply and demand for on-airport industrial space, its role in the regional economy and constrained land area at SeaTac Airport available to accommodate these uses prompted the Puget Sound Regional Council to prepare a study in 2006 that evaluated the regional airport system and its ability to accommodate air cargo needs over the next 20 years. Among other findings, this study concluded that with careful management and site programming the existing land area within the airport boundary will be capable of accommodating demand for on-site air cargo industrial needs for next 20 years. This study and these findings are important because they suggest that expansion of the airport boundary to include adjacent land area is not likely to be necessary.

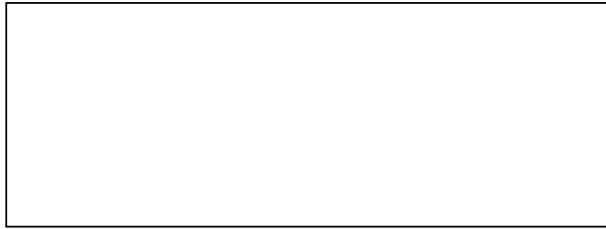
The off-airport industrial market is driven by the need or desire of users to be in close proximity to the airport, which typically translates into time and ultimately cost savings by reducing the travel distance from their location to the airport. Different users have different criteria for what distance is ideal or close enough to the airport to serve their needs, but generally, off-airport air cargo and airport-related users want to be within a 15 minute travel time from the airport. In the Burien/SeaTac market, most existing space is located at the south end of the airport between South 188th Street SW and South 200th Street SW. This concentrated area contains over 1,000,000 square feet of mostly modern space (built between the late 1970's through 2008) that is divided into small to medium sized leasable areas ranging from a few thousand square feet to 40,000 square feet. These smaller spaces are in contrast to the large 100,000 to 500,000 square foot industrial buildings that are common in the traditional distribution center markets of the Kent Valley, Tacoma/Fife and elsewhere. Two new large buildings further to the south completed in 2008 at the ProLogis Park SeaTac are each 122,000 square feet and these represent the largest individual spaces currently on the market in the Burien/SeaTac submarket

Rental rates for off-airport industrial space in the Burien/SeaTac submarket range between \$0.64 and \$0.85 per square foot for warehouse space (triple net, or NNN, which means the lessee also pays for expense like electricity, water, etc.). Much of the space in the submarket is 'flex' space, which is industrial space that has an office component used by owners to run the day-to-day operations of the business. Rental rates for the office portions average between \$1.01 and \$1.20 per square foot (triple net). The tables and photos below provide a representative sample of current listings and building photos that illustrate typical buildings. The attached map also shows the spatial distribution of these listings in the submarket.

	Leasable SF	Avg. \$/SF (Whse.)	Vacancy	2007 Absorption
Puget Sound region	1,100,000	\$0.45	5.3%	752,495
Kent Valley submarket	108,118,000	\$0.38	6.1%	652,558
Burien/SeaTac	1,700,000	\$0.77	9.0%	N/A

INDUSTRIAL LISTINGS: Burien/Seatac submarket

Name	Bldgs.	RSF	ASF	Year Built	Whse. Rate	Office Rate
1 ProLogis Park SeaTac	2	245,420	245,420	2008	\$0.75	-
2 AMB Seattle Logistic Center I	3	244,000	40,661	1999	\$0.84	\$1.01
3 AMB Seattle Logistic Center II	3	229,000	40,143	2002	\$0.82	\$1.09
4 SeaTac Industrial Park Bldg.	1	186,259	8,169	1978	\$0.60	-
5 AMB Des Moines Logistic Center	4	136,584	22,598	1999	\$0.62	\$1.20
6 200th Street Buiding	1	79,050	2325	1984	0.65	-
7 Pacific Gulf Airport 200	1	78,720	4,650	1988	\$0.65	-
8 Leschi SeaTac Industrial Park	1	62,500	3,600	1979	0.36	-
9 Miller Beauty Supply Building	1	15,192	5,000	1975	0.75	-



6. 200th Street Building



Office Market Assessment

Regional Trends & Activity

The Puget Sound office market is relatively stratified, with demand highest in downtown Bellevue and Seattle followed by other Eastside centers (Redmond and Kirkland) and Tacoma, urban centers of Seattle (Queen Anne, Pioneer Square, Lake Union and Denny Triangle) and finally suburban office markets such as Lynnwood, Renton and Federal Way. The Puget Sound office market has sustained exceptional growth over the last five years, fueled by developments in downtown Bellevue and the Denny Triangle area of Seattle. Over 5.1 million square feet of space was under construction in the Puget Sound market as of the end of 2007, with 3.2 million square feet of that space in downtown Bellevue and 1.8 million square feet in downtown Seattle. These two markets have low vacancy rates, ranging from 9.6 percent in Bellevue to 11.1 percent in Seattle, and strong rental rates between \$31 and \$37 per square foot for full service space. There is growing apprehension in the market, however, that rates may decline due to an oversupply of space as these projects come online un-leased. Furthermore, large office space users such as Washington Mutual and Safeco are releasing space back to the market following economic problems and merger-related organization, respectively.

Southend & Burien / SeaTac Sub-Market Trends & Activity

The Burien/SeaTac submarket is located in the Southend office market, which also includes South Seattle, Tukwila, Renton, Kent, Auburn and Federal Way. Overall, the Southend market contains about 12 percent of the region's office space, most of which is located in Tukwila, Renton and Federal Way. Typical product types in this area are mainly older Class B buildings, although there has been some new construction. There is also a modest amount of Class A space in select areas, particularly around SeaTac Airport, Boeing facilities in Renton and around Southcenter mall in Tukwila. The vacancy rate in this larger area is significantly higher than the Seattle and Bellevue markets at 17.6 percent, and the average rental rates are lower as well, averaging \$21.63 per square foot for full service space.

The Burien/SeaTac submarket contains approximately 865,000 square feet of space that is focused in two main areas: in several large buildings around SeaTac Airport and in a variety of smaller buildings throughout the Burien downtown area. Contrary to the development trends affecting Seattle and Bellevue, there has been very little new office development in the Burien/SeaTac area in recent years. Most of the office space in these areas was built during real estate development cycles in the mid-1960's and during the 1980's, and most is contained in mid or low-rise Class B structures with smaller spaces and floor plates suited for professional office users, service providers or medical offices. The exception to this are the two SeaTac Airport Center towers and an accompanying smaller office/parking structure located in the 18000 block of International Boulevard on the east side of the airport. These three buildings contain approximately 532,000 square feet of space, of which 211,000 square feet is leased to Boeing. The owner of this property also is marketing up to 600,000 square feet of build-to-suit space that could be developed behind these buildings for a large corporate user. A smaller node of office buildings is also located near Angel Lake in the southern area of SeaTac, and there is approximately 100,000 square feet of medical office space surrounding the Highline Medical Center in Burien.

The Burien/SeaTac submarket has approximately 208,000 square feet of available space and a vacancy rate of 13.9 percent. As noted, there has been very little new construction in the area, although in 2006 the 9,000 square foot Burien Professional Building was completed. Other than this building and several others that have been renovated in the last decade, most of the office space in this submarket is older and designed to accommodate small businesses. Rental rates range from \$16 to \$20 per square foot for most space, with asking rates peaking at \$23 per square foot in SeaTac and \$20 per square foot in Burien for new and remodeled space. The tables and photos below provide a representative sample of current

listings and building photos that illustrate typical building size and finishes. The comparables map at the end of this report also shows the spatial distribution of these listings in the submarket.

OFFICE	Leasable SF	Avg. Rate	Vacancy	2007 Absorption
Puget Sound Region	87,365,000	\$30.48	10.9%	1,900,000
Southend Market	11,314,000	\$21.63	17.6%	469,245
Burien/SeaTac Submarket	865,000	\$18.48	13.9%	- 36,722

OFFICE LISTINGS: Burien/Seatac Submarket					
	RSF	ASF	Year Built	Avg. Rate	
1 SeaTac Office Ctr. South	209,904	44,649	1987	\$20.50	
2 SeaTac Office Ctr. III	111,387	43,963	1997	\$23.00	
3 Vintage Park	95,008	2,170	2005	\$13.00	
4 Michigan Building	81,893	30,919	1999	\$21.50	
5 SeaTac Commercial Bldg.	36,724	1,153	1991	\$20.98	
6 Airport Plaza Building	33,600	4,421	2008	\$16.00	
7 Park Place Prof. Center	29,300	11,636	2007	\$18.00	
8 Ambaum Prof. Center	25,984	1,420	1980	\$20.75	
9 3100 Building	24,000	11,738	1987	\$18.00	
10 Prudential Office Bldg.	18,630	2,786	1992	\$19.00	
11 21400 Building	16,573	5,500	1984	\$19.50	
12 Advantage Office Bldg.	16,000	2,500	1970	\$18.50	
13 5303 1st Ave.	15,000	15,000	2006	\$20.00	
14 Highline Prof. Building	14,468	3,053	1985	\$21.80	
15 Park Place Shores	13,869	9,030	1984	\$20.50	
16 Key Bank Building	13,732	2,000	1949	\$14.00	
17 Landmark Square	10,000	4,711	1980	\$17.50	
18 Burien Prof. Center	9,600	4,514	1980	\$11.00	
19 Burien Prof. Building	9,000	5,117	2006	\$20.00	
20 Ibanez Building	5,252	1,800	1980	\$16.00	



15. Park Place Prof. Center



11. 21400 Building



20. Ibanez Building



9. 3100 Building



1. SeaTac Office Center



6. Airport Plaza Bldg.



19. Burien Prof. Building

Retail Market Assessment

Regional Trends & Activity

Market conditions for the Puget Sound retail market has steadily become less sanguine over the past several quarters as reductions in consumer spending on discretionary items have hurt sales, especially among home improvement retailers, car dealers and apparel stores. The pressure is driven by declining home values and reduced levels of credit that have for the most part curtailed mortgage equity withdrawals that had boosted spending in previous years. That said, Puget Sound residents have tended to feel the economics pressures of the declining home prices and rising food and fuel costs less than other parts of the country, due largely to the fact that the region's strong exporting sector, anchored by Boeing and Microsoft, benefited from the weakened U.S. dollar. The Puget Sound region's job growth rate for 2008 is expected to be 1.6 percent, compared to 0.5 percent nationally, and median regional household income stands at \$65,400. These relatively strong economic conditions have led to low retail vacancy rates, 3.4 percent regionally, and substantial new retail construction. However, an additional 2.9 million square feet is under construction in the form of additions to existing malls, new regional and neighborhood commercial centers and mixed-use projects in urban and suburban markets. Vacancy rates can be expected to rise as new product is delivered to the market at a time when fewer national retailers are planning to invest in new locations than in previous years. Over the course of 2007 nearly 1.1 million square feet of retail space was completed. Some of these developments include:

- *The Landing in Renton*: 800,000 square feet of retail accompanied with 900 residential units, a 140-room hotel and 57,000 square feet of office space; anchors include Target, Staples and Regal Cinemas.
- *Southcenter Mall*: 75 additional retailers in 400,000 square feet of retail with six restaurants, two parking structures and a cinema.
- *Tacoma Mall*: 105,000 square foot lifestyle-center addition to existing mall
- *Federal Way Crossing*: 218,000 square foot retail center; anchors include Sportsman's Warehouse and LA Fitness.
- *Normandy Park Town Center*: 54,000 square foot neighborhood retail center; anchored by Normandy Park Athletic Club.

Burien / SeaTac Sub-Market Trends & Activity

The Burien/SeaTac submarket is part of the Southend retail market, which contains approximately 403,000 square feet of space. Similar to the larger regional market, the Burien/SeaTac submarket is experiencing very low vacancy of 2.6 percent. Average asking rents of \$21.65 are on the lower range compared with other submarkets but this is due in part to the larger stock of older buildings that are in the submarket.

Most of the retail in the Burien/SeaTac submarket is located along main arterial roadways and is occupied by a mix of general and convenience retail, restaurants and services that serve local residents and to some extent, commuters traveling along Highway 99 and 509. The retail environment in Burien and the submarket as a whole is characterized by low-density, low-rise retail with surface parking. The Burien area does not contain a significant number of 'big box' retail buildings that are commonly developed by national discount retailers and home improvement stores like Target, Costco and Home Depot. These buildings are designed to serve large, regional trade areas and are usually 100,000 square feet or greater with hundreds of surface parking stalls.

The retail building stock in the Burien area can be generally divided into four main categories:

- Older individual single-story buildings that contain one or two tenants;
- Newer big box retailers and automobile dealerships;
- New neighborhood shopping centers; and,
- Boutique retail in new mixed-use developments.

Retail development activity in the Burien area has been focused mainly on several large new developments in the downtown area as well as new and remodeled automobile dealerships, such as Burien Nissan, along 1st Avenue South. Like many other regional cities, Burien is trying to revitalize itself and attract neighborhood-oriented mixed use and pedestrian friendly development. As part of this initiative the City teamed with a local developer, Urban Partners, to begin development of the Burien Town Center project, which will ultimately contain 40,000 square feet of retail space (18,000 square feet is under construction in Phase I of the project). Additionally, the nearby Burien Town Plaza is a 127,000 square foot grocery-anchored neighborhood shopping center that was completed in 2007. The combined 167,000 square feet of general retail, restaurants and services (non-big box) in these two projects alone is considered to be a substantial quantity for a market area the size of Burien.

Including space that is available or under construction in these two projects, the Burien area has approximately 35,000 square feet of retail space currently available. Asking rents in new projects range from \$18.00 to \$27.00 per square foot (NNN) while rents for older buildings range from approximately \$9.00 to \$14.00 per square foot (NNN). The tables and photos below provide a representative sample of current listings and building photos that illustrate typical building size and finishes. The attached map also shows the spatial distribution of these listings in the submarket.

RETAIL	Leasable SF	Avg. Rate	Vacancy	2007 Absorption
Puget Sound Region	42,500,000	\$24.06	3.4%	1,100,000
Southend Market	11,300,000	\$24.70	3.9%	344,000
Burien/SeaTac Submarket	403,000	\$21.65	2.6%	- 2,800

RETAIL LISTINGS: Burien/Seatac Submarket

	NAME	RSF	ASF	Year Built	Avg. Rate
1	Burien Plaza	130,786	4,559	2000	\$22.75
2	SeaTac Center	65,230	41,466	1954	\$19.50
3	Normandy Park Town Ctr.	52,670	28,977	2009	\$30.00
4	Manhattan Village	49,681	4,412	1962	\$26.00
5	JB Block Building	28,482	4,500	1957	\$14.00
6	Mansfield Shopping Ctr.	23,576	2,163	1960	\$12.00
7	Burien Town Square Ph. I	19,671	-	2008	\$35.00
8	Landmark Square	17,066	4,711	1988	\$17.50
9	Burien 152nd Center	14,734	1,200	1956	\$12.00
10	Scott Plaza	13,500	5,613	2008	\$18.00
11	Rahul Building	7,386	7,386	2009	\$22.00
12	Five Corners Bldg.	6,250	6,250	1966	\$13.57
13	Mud Bay Pet Supply	4,356	4,356	1965	\$12.40
14	Burco Building	3,600	1,600	1961	\$12.00
15	Normandy Place	2,350	2,350	2008	\$19.00
16	Ambaum Retail	1,498	1,498	2006	\$15.00



8. Burien 152nd Center



4. Manhattan Village



9. Scott Plaza



7. Burien Town Square Ph. I



1. Burien Plaza

Residential Market Overview

Assessment Goals for Residential Data

As mentioned in our memorandum dated May 23, “Discovery Day Notes and Gap Analysis,” a key task in the NERA consultant team’s work in moving forward will be determining the degree to which the residential portions of the study area, including the entirety of Subarea “A” and portions of Subarea “B,” could be feasibly redeveloped to more intense uses and in what time horizon would such redevelopment be possible. We posed three questions:

- Should the City allow a greater range of uses (for example, small office, duplex/triplex, *etc.*) that could allow property values to be supported but could also undermine long-term ability for land to redevelop to non-residential uses?
- Are properties in Subarea “A” likely to redevelop during the planning horizon given parcel assemblage challenges, economics of redevelopment and the topographic separation from the Subarea “B” that makes momentum from any catalyst projects in Subarea “B” difficult to leverage in the development of Subarea “A”?
- Under what conditions could Subarea “A” be expected to redevelop, and how far in the future would that be likely to occur given market trends in residential and commercial development?

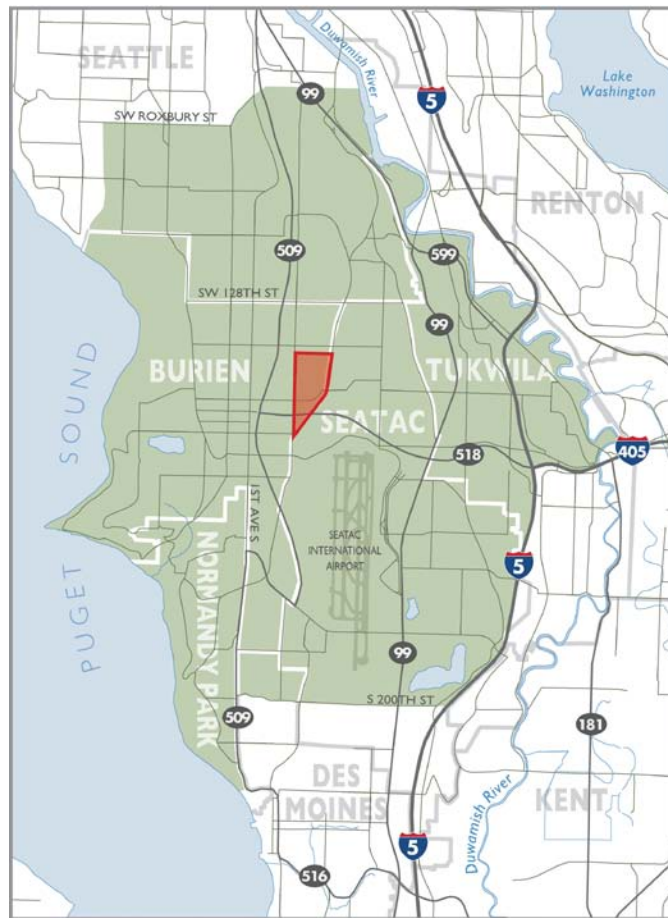
Should a rezone of single-family land occur, site-specific conditions would determine the rate at which properties redevelop. In general, the larger the gap in value between existing land values and potential land values under redevelopment, the sooner redevelopment would occur. In preparation of our team’s work in answering these questions within the context of public policy goals, we have assembled the sale prices, land prices and value trends data that we believe will be useful to the analysis.

Sub-Market Trends & Activity

The local residential market trends mirror those of the majority of the Puget Sound region. Both condominium and for-sale inventory has grown substantially year-over-year while sales have decreased dramatically. Sales prices have not dropped significantly from the peak prices of the market set in summer 2007, but, should indicators from other markets be a guide for the Seattle region, the large number of homes for sale will eventually result in reductions in home prices, which would factor into the NERA consultant team’s redevelopment alternatives analysis.

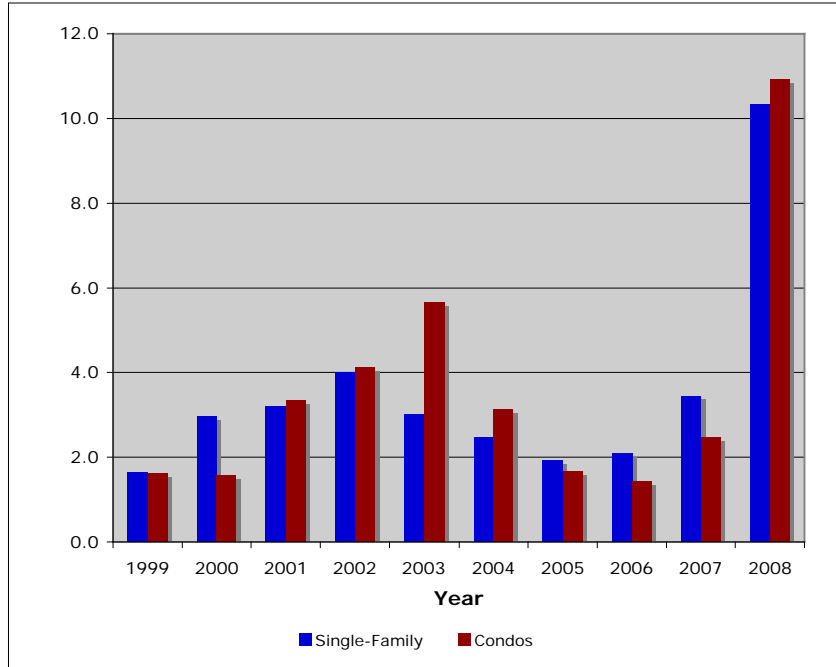
Residential data was gathered using MLS Area 130, which contains all of Burien, and portions of Sea-Tac, Des Moines, Tukwila and south Seattle, as identified in the map on the following page. Inventory of single-family homes in this area is up 15% while condominium inventory is up 77% year-over-year. Although the level of increase in single-family home inventory is gentle compared to many areas in the region year-over-year, the inventory of single-family homes is up 86% since summer 2006, suggesting that the market may have slowed in Burien sooner than in many other parts of the region. Both single-family and condominium sales are down 60% year-over-year, resulting in a inventory of homes for-sales that has spiked over 10 months for both single-family homes and condominiums. Generally, anything over 6 months of inventory is a buyers market.

NWMLS Area 130 Boundaries

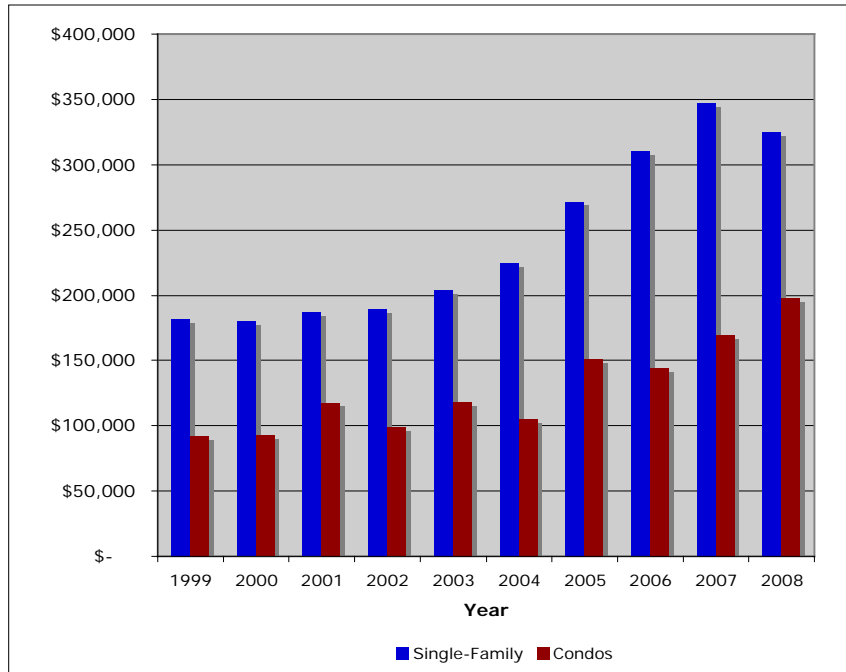


As of June 2008, median single-family home prices in MLS Area 130 have declined 6%, while median condominium prices have increased 16%. That said, median prices are not always reliable indicators of trends in value because the set of sales data is constantly changing. For example, in mid-2007, when the sub-prime crisis was in full bloom, the composition of sales sets may have been skewed toward larger homes and, conversely, as the access to jumbo mortgages is reduced, the sales set may increasingly be weighted with lower-end homes, which we would expect to cause the median homes sales price to drop. The more commoditized and similar the stock of homes is in the market area, the more reliable and valuable the median prices homes sales data. A better method for measuring trends in sales prices is the paired sales methods employed by the S&P/Case Shiller Index, whose data is aggregated on a metropolitan area basis but can be used as another point of reference to place the MLS' median sales data in perspective. S&P/Case Shiller data indicates the Seattle region's median price declined by 6.3% year-over-year as of its May data set.

Months of Inventory (NWMLS Area 130)



Median Sales Prices (NWMLS Area 130)



NERA Market Activity

Moving from the MLS sub-area to NERA, there have only been seven “arms-length” home sales in the last 24 months captured on the MLS and only five properties are listed for sale presently, providing a less-than-perfect sample set. That said, the sales prices and listing prices seem to be slightly less than those of the subarea as a whole, with median sales prices of \$309,000 and listing prices of approximately 350,000. Because of the small sample size and because the sales occurred over the past 24 months, exact comparison to June 2008 sales prices across the MLS Area 130 is not possible.

Land prices will be important to consider in the event that the NERA team wants to analyze redevelopment scenarios for single-family zoned land in Subarea ‘A.’ It should be noted that several properties would be large enough to subdivide should the moratorium on subdivisions be lifted. The relatively high sales price per square foot for several of the homes in combination with the large lot sizes suggests that the speculative value of potential future subdivision may be priced into several of the sales. Land prices for the seven ranged from \$9 to \$46 per square foot of lot area, for an average of approximately \$23 per square foot. This range of values can be contrasted with potential values of office, retail or multi-family uses to determine the likelihood and potential for development should a zoning change occur in the future.

NERA Home Sales (7/20/07-7/20/08)

MLS Number	Sold Price	Sold Date	Address	Beds/Baths	Sq Foot	Age	Price/S F Bldg	Lot Size	Price/SF Land
26141894	\$309,000	9/29/06	14103 9th Pl S	3/1.75	1,140	1979	\$271	23,291	\$13.27
27026368	\$294,000	6/20/07	828 S 147th St	3/1	1,050	1962	\$280	7,169	\$41.01
27046864	\$313,000	4/23/07	14445 8th Ave S	3/1	1,030	1954	\$304	7,800	\$40.13
27127425	\$310,000	9/26/07	1266 S 140th St	3/1.5	1,660	1947	\$187	10,803	\$28.70
27177247	\$334,000	11/16/07	1018 S 138th St	3/2.5	1,600	1999	\$209	7,200	\$46.39
27199761	\$279,500	3/18/08	14110 9th Pl S	3/1	1,000	1979	\$280	28,577	\$9.78
28077573	\$308,000	6/16/08	818 S 143rd Pl	4/1.75	1,880	1962	\$164	10,454	\$29.46
	\$309,000				1,337	1969	\$229	13,613	\$22.54

NERA Active Listings in NERA

MLS Number	List Price	List Date	Address	Beds/Baths	Sq Foot	Age	Price/S F	Lot Size	Price/SF Land
28096594	\$329,000	6/3/08	14841 8th Ave S	4/1.75	2,120	1936	\$155	7,344	\$44.80
28104566	\$549,950	6/16/08	1034 S 140th St	6/3.5	3,850	1942	\$143	41,127	\$13.37
28106418	\$250,000	6/18/08	1266 S 140th St	3/1.5	1,660	1947	\$151	10,803	\$23.14
28125303	\$270,000	7/17/08	14709 8th Ave S	2/1.75	1,900	1974	\$142	10,141	\$26.62
	\$349,738				2,383		\$147	17,354	\$20.15

Land Sales

Moving into the next phase of work on NERA, it will be important to have an understanding for land sales for varying land uses in the area to anticipate the effect that zoning changes may have on land values, and in turn, anticipate what, if any, "lift" in values might occur should rezones be enacted. In general, the greater the level of lift in land values, the more likely redevelopment to new, higher value uses is likely to occur. The interface of building rents and land raw land values is important in analyzing economic development strategies because "as improved" values for redevelopment land may exceed what users can afford to pay for raw land. In this case, rezoning to more intense uses may not trigger redevelopment to what might seem like higher value uses.

COMMERCIAL LAND LISTINGS: Burien/Seatac submarket					
PROPERTY ID	ADDRESS	SALE PRICE	LOT SIZE	PRICE/SF	SALE DATE
2923049057	215 S. 160th St.	\$3,250,000	132,585	\$24.51	2/26/08
2823049185	S. 176th & 32nd Ave. S.	\$849,900	22,694	\$37.45	2/18/08
1923049328	415 SW 150th St.	\$2,882,393	141,831	\$20.32	12/21/07
3445000126	20440 Pacific Hwy. S.	\$5,000,000	290,545	\$17.21	10/26/07
8709600015	168th and International Blvd.	\$260,000	7,610	\$34.17	6/9/07
5379801770	3766 S. 164th St.	\$1,700,000	78,843	\$21.56	5/16/07
2823049108	16802 S. International Blvd.	\$1,285,000	28,457	\$45.16	8/21/05
9409400195	164th and International Blvd.	\$3,120,000	72,000	\$43.33	12/27/04
1899400045	SW 149th St. & 8th Ave. SW	\$225,000	16,213	\$13.88	5/21/04

INDUSTRIAL LAND LISTINGS: Burien/Seatac submarket					
PROPERTY ID	ADDRESS	SALE PRICE	LOT SIZE	PRICE/SF	SALE DATE
2023049370	S. 144th St. & S. 146th Pl.	\$132,900	58,806	\$2.26	12/2/05
1723049039	1022 144th St.	\$850,000	423,838	\$2.01	7/12/05
3223049096	18017 Des Moines Mem. Dr.	\$525,000	115,856	\$4.53	4/28/04
522049039	1106 S. 192nd St.	\$215,000	33,357	\$6.45	8/18/03

MULTI-FAMILY RESIDENTIAL LISTINGS: Burien/Seatac submarket					
PROPERTY ID	ADDRESS	SALE PRICE	LOT SIZE	PRICE/SF	SALE DATE
2923049057	215 S. 160th St.	\$3,250,000	132,858	\$24.46	2/26/08
1823049138	13608 12th Ave. SW	\$530,000	455,323	\$1.16	1/16/08
3445000126	20440 International Blvd.	\$5,000,000	290,545	\$17.21	10/26/07
7637400110	2100 SW 146th St.	\$750,000	396,381	\$1.89	9/24/07
2923049501	176th & Des Moines Mem. Dr.	\$662,257	173,412	\$3.82	6/7/07
3223049049	18420 8th Ave. S.	\$1,150,000	132,987	\$8.65	4/13/07
1723049045	518 S. 140th St.	\$1,890,000	161,172	\$11.73	3/29/07
3023049089	162nd & SW 3rd Ave.	\$970,000	116,305	\$8.34	6/15/06
922049061	21428 Pacific Hwy. S.	\$840,000	68,800	\$12.21	8/25/05

Sources

The following sources were referenced in the compilation of this document:

- NEST Study and Market Analysis Appendix, December 2004
- 2006 City of Burien Comprehensive Plan
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- Colliers International Knowledge Report: South King County Office (1Q08)
- City of Burien Community Profile, September 2003
- Commercial Brokers Association, www.commercialmls.com
- CoStar Group Inc., www.costar.com
- PSRC Regional Air Cargo Strategy Final Report, October 2006
- OfficeSpace.com, www.officespace.com