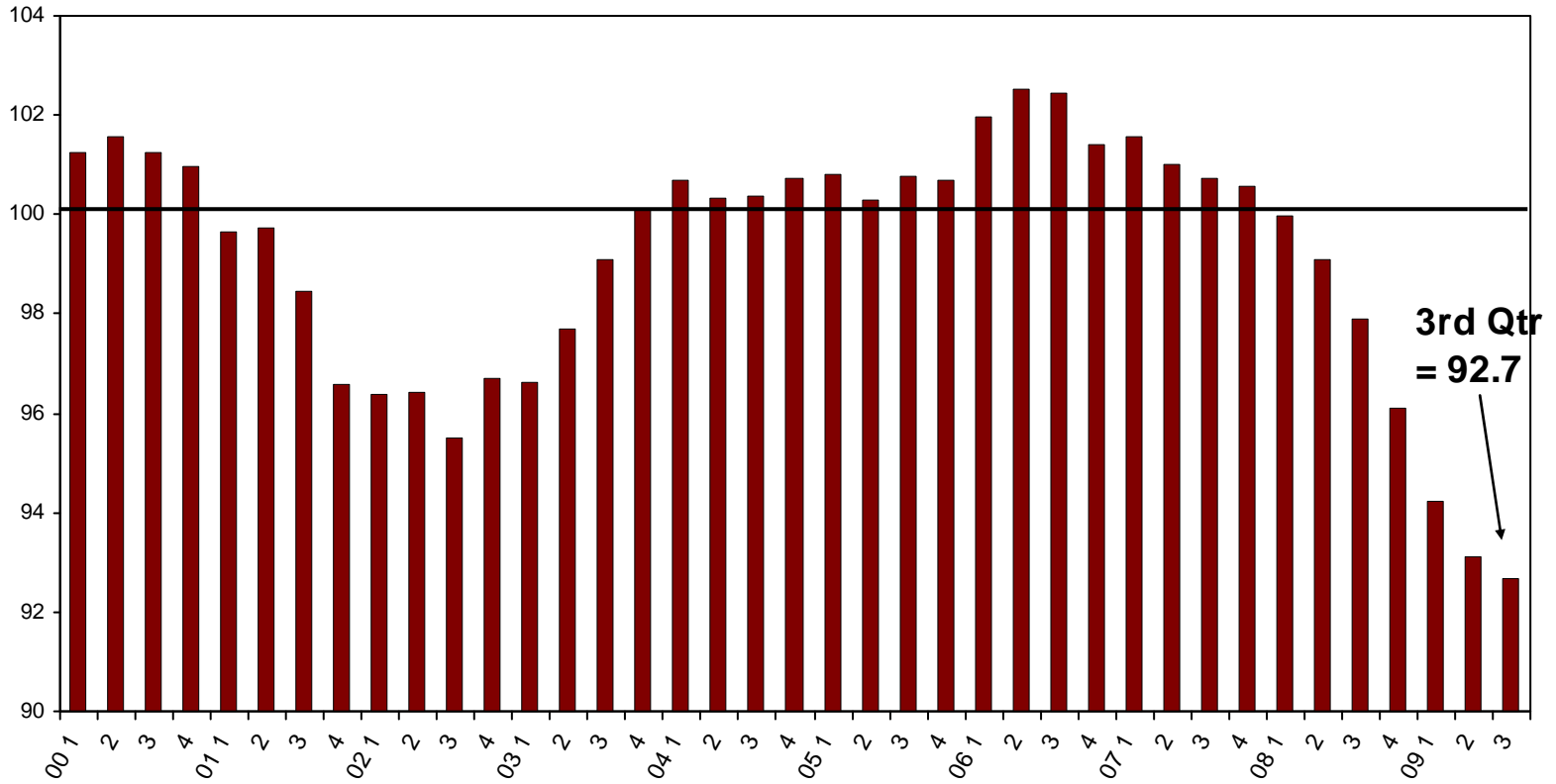

Economic, Real Estate and Employment Trends

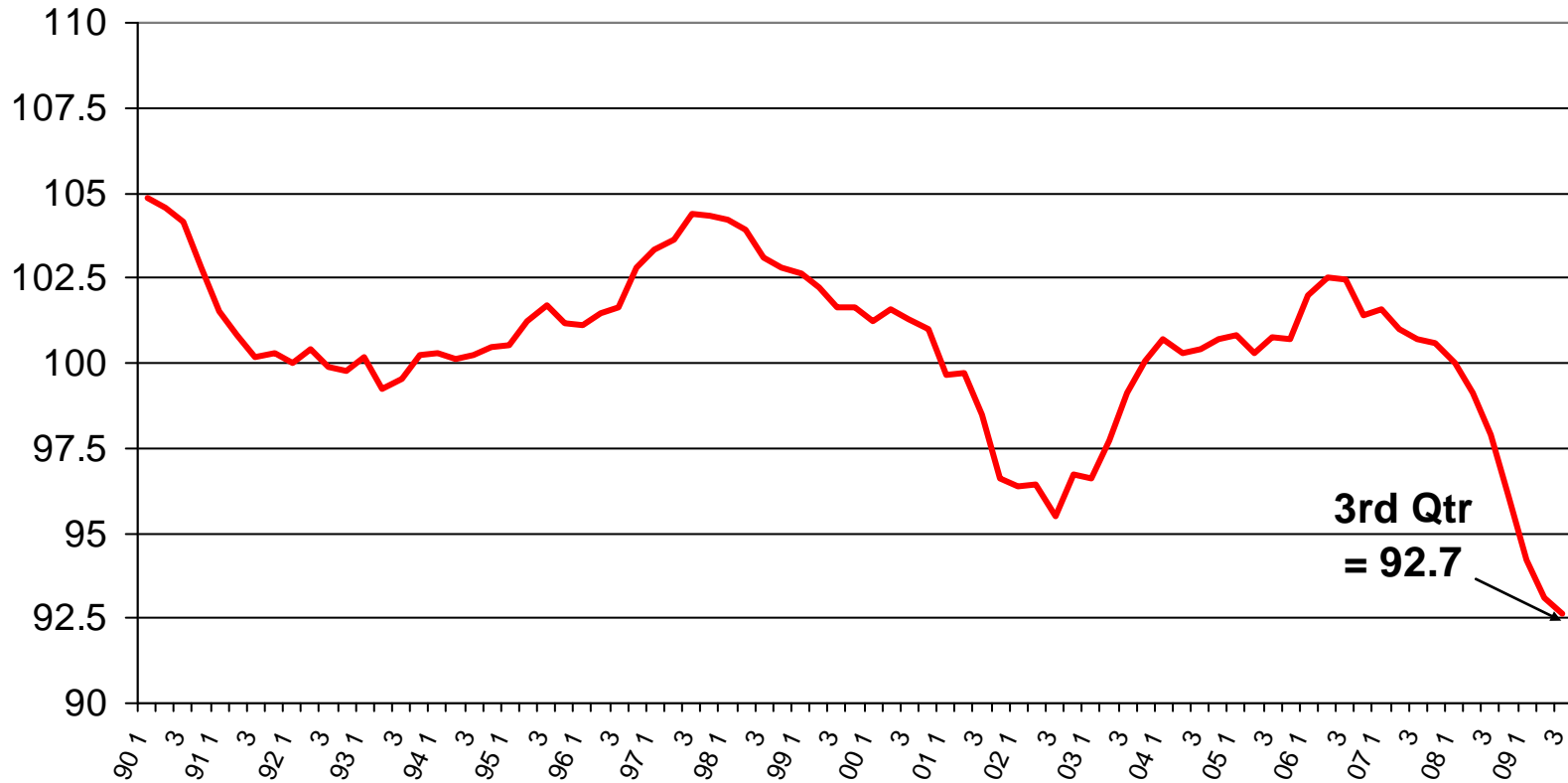
Prepared by Hebert Research

Recent Economic Barometer Index Values

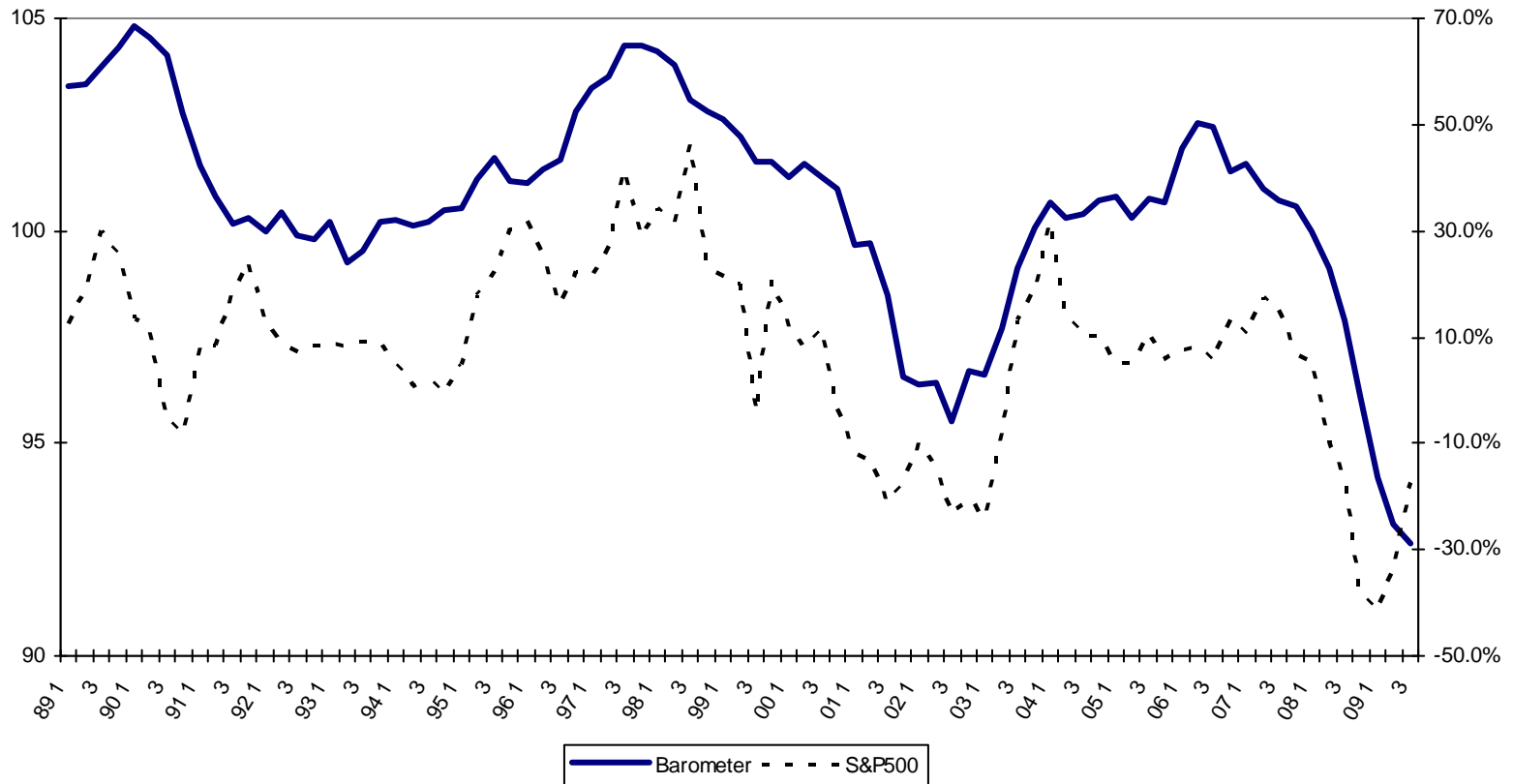


Historical Economic Barometer

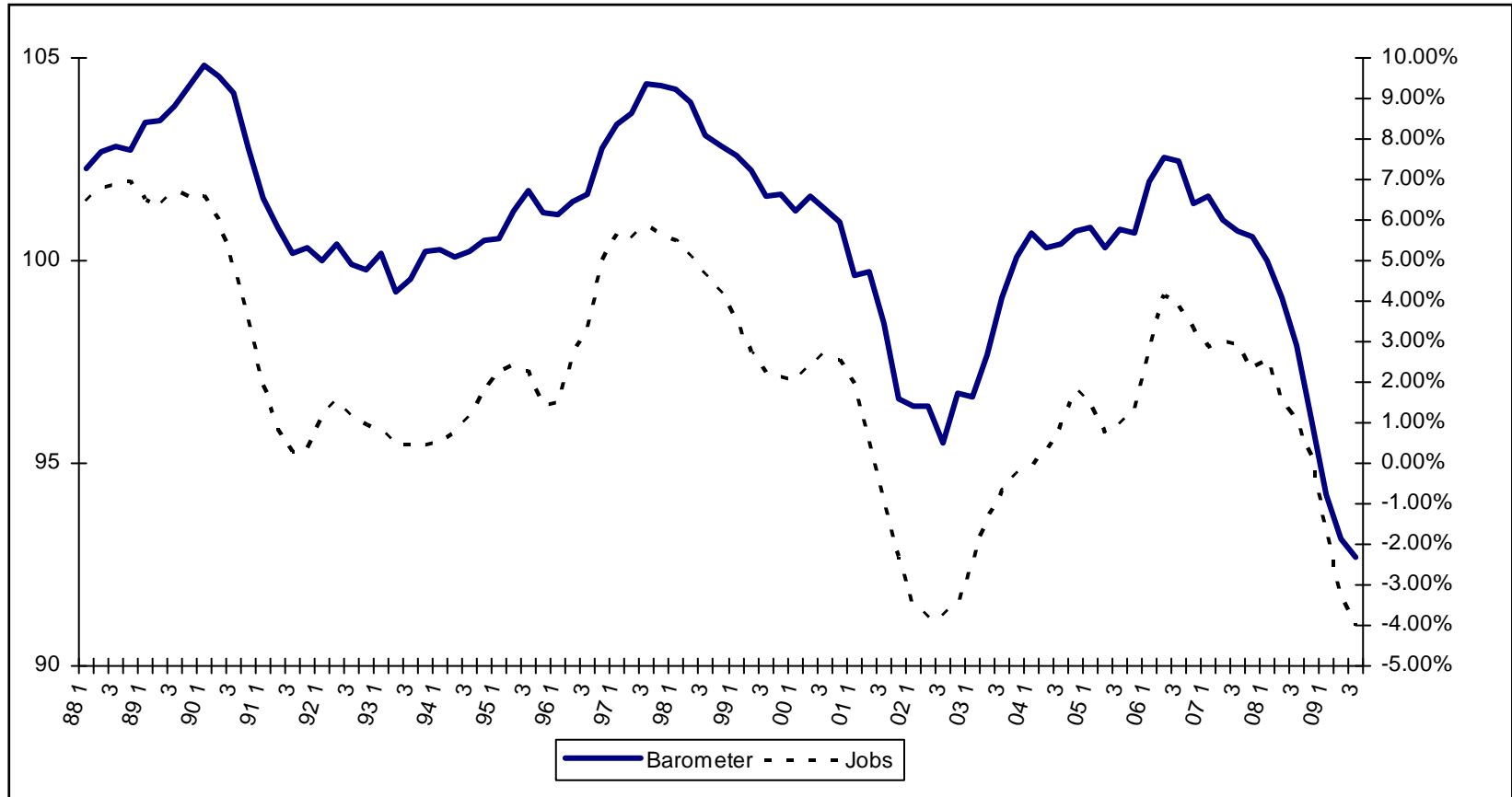
3rd Qtr 09



Economic Barometer and U.S. Stock Market (Percent Change in S&P 500 Index)



Economic Barometer and Rate of Job Growth

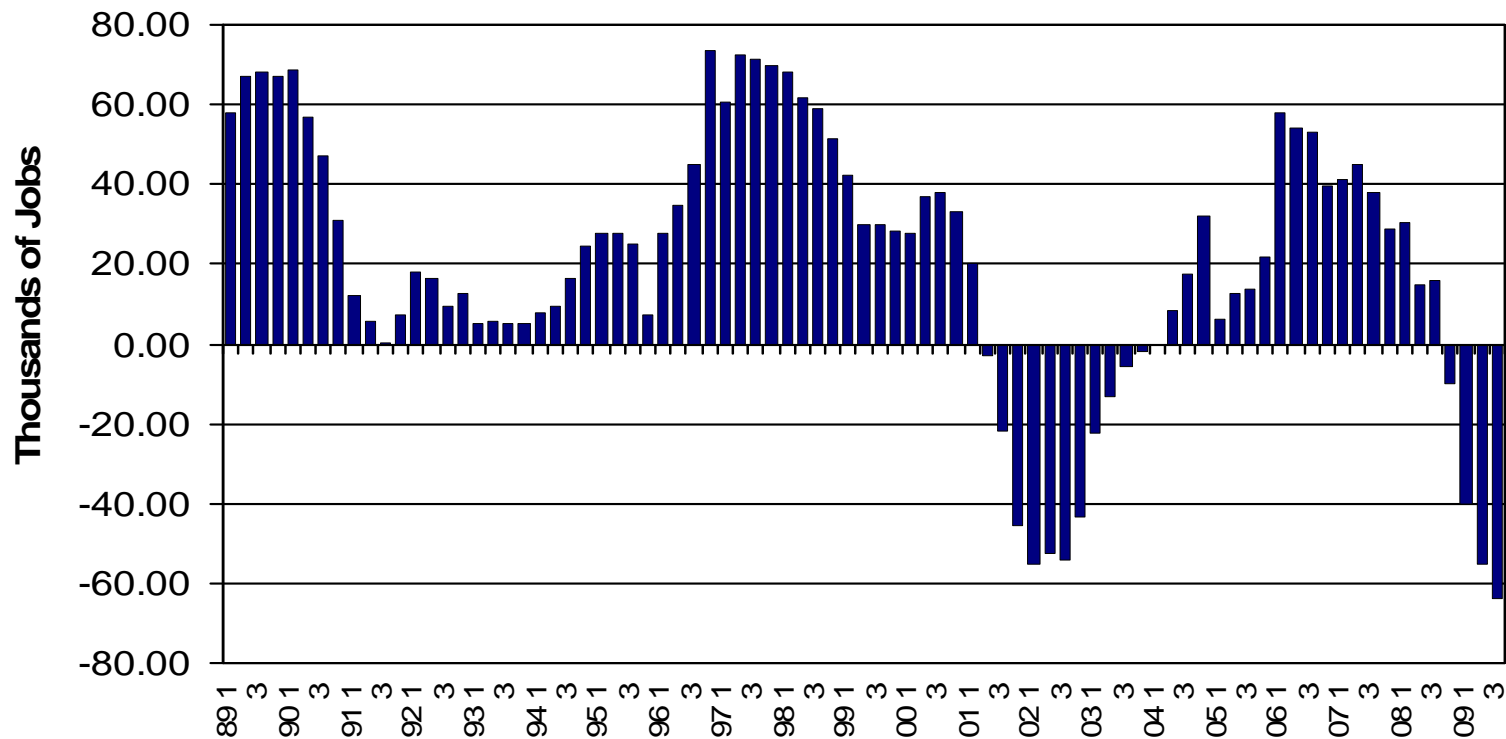


Employment in the Seattle-Bellevue-Everett MSA, 2009

NAICS INDUSTRY (in thousands)	Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Total Nonfarm	1,426.5	1,430.1	1,428.6	1,421.3	1,423.0	1,428.7	1,434.2	1,428.1	1,418.0
Total Private	1,222.7	1,225.9	1,222.5	1,215.4	1,215.7	1,220.9	1,229.0	1,228.9	1,223.5
Goods Producing	245.3	249.9	248.1	244.7	242.9	243.2	244.6	245.3	243.8
Services Providing	1,181.2	1,180.2	1,180.5	1,176.6	1,180.1	1,185.5	1,189.6	1,182.8	1,174.2
Trade, Transportation and Utilities	258.5	261.7	258.6	256.3	255.7	257.4	259.6	260.7	257.9
Wholesale Trade	70.3	71.1	70.7	70.4	70.2	69.9	70.5	70.6	69.3
Retail Trade	138.9	140.9	138.7	137.0	136.6	138.1	139.6	140.9	139.2
Transportation, Warehousing, and Utilities	49.3	49.7	49.2	48.9	48.9	49.4	49.5	49.2	49.4
Information	83.9	84.7	84.9	84.8	83.8	82.8	83.8	83.8	82.6
Software Publishers	51.0	50.7	50.8	50.9	50.8	50.4	51.1	51.8	51.2
Telecommunications	17.5	17.7	17.7	17.7	17.5	17.3	17.3	17.2	17.2
Financial Activities	85.4	86.0	85.9	84.7	85.9	85.8	86.1	84.6	83.9
Finance and Insurance	55.5	57.1	57.0	55.2	55.4	54.9	55.2	54.6	54.7
Real Estate and Rental Leasing	29.9	28.9	28.9	29.5	30.5	30.9	30.9	30.0	29.2
Professional and Business Services	202.5	205.4	203.2	201.6	201.7	201.0	202.1	202.3	202.6
Educational and Health Services	158.5	158.0	159.6	159.7	160.2	160.4	158.2	156.6	155.1
Leisure and Hospitality	137.2	130.2	131.4	132.5	134.3	138.6	142.4	143.0	145.0
Other Services	51.5	50.0	50.8	51.1	51.2	51.7	52.2	52.6	52.6
Government	203.8	204.2	206.1	205.9	207.3	207.8	205.2	199.2	194.5

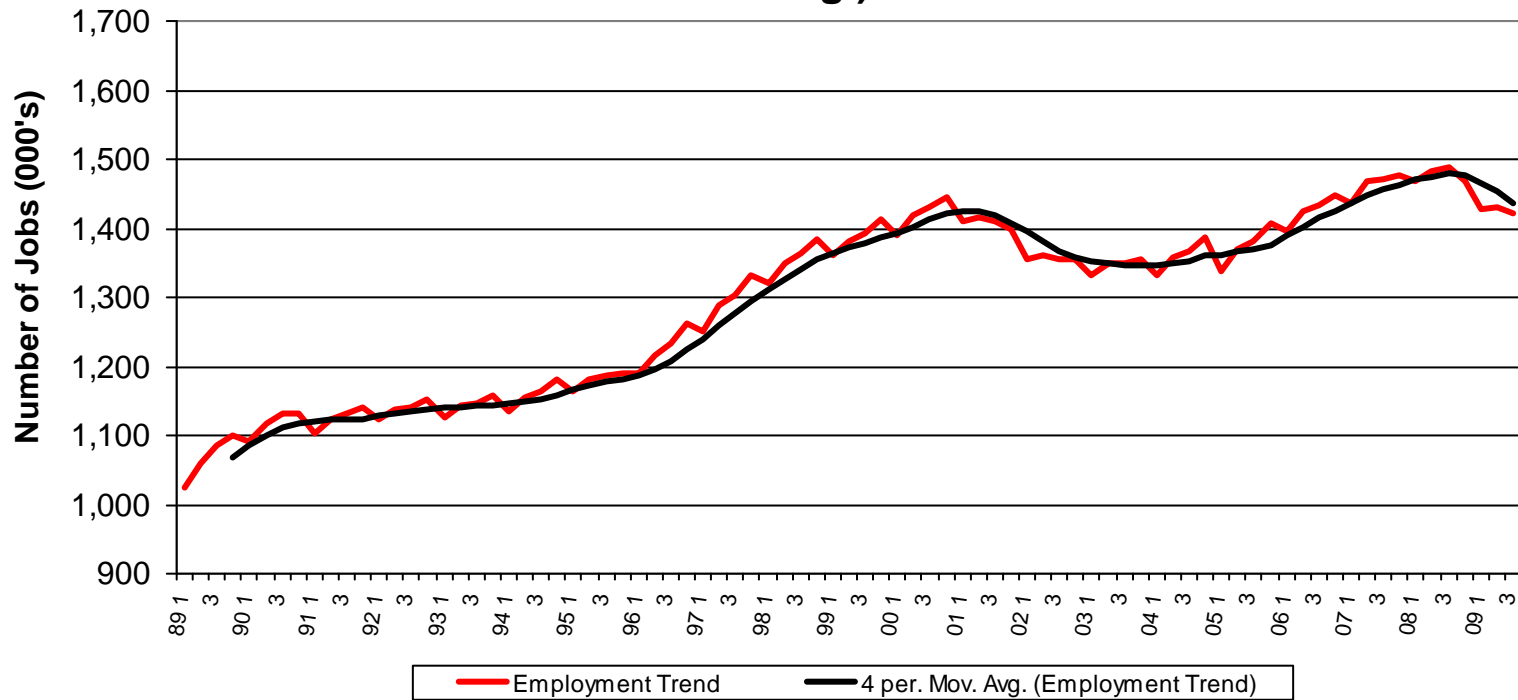
Employment Change - Current Quarter versus Same Quarter in Previous Year

Employment Change - Current Quarter versus Same Quarter in Previous Year

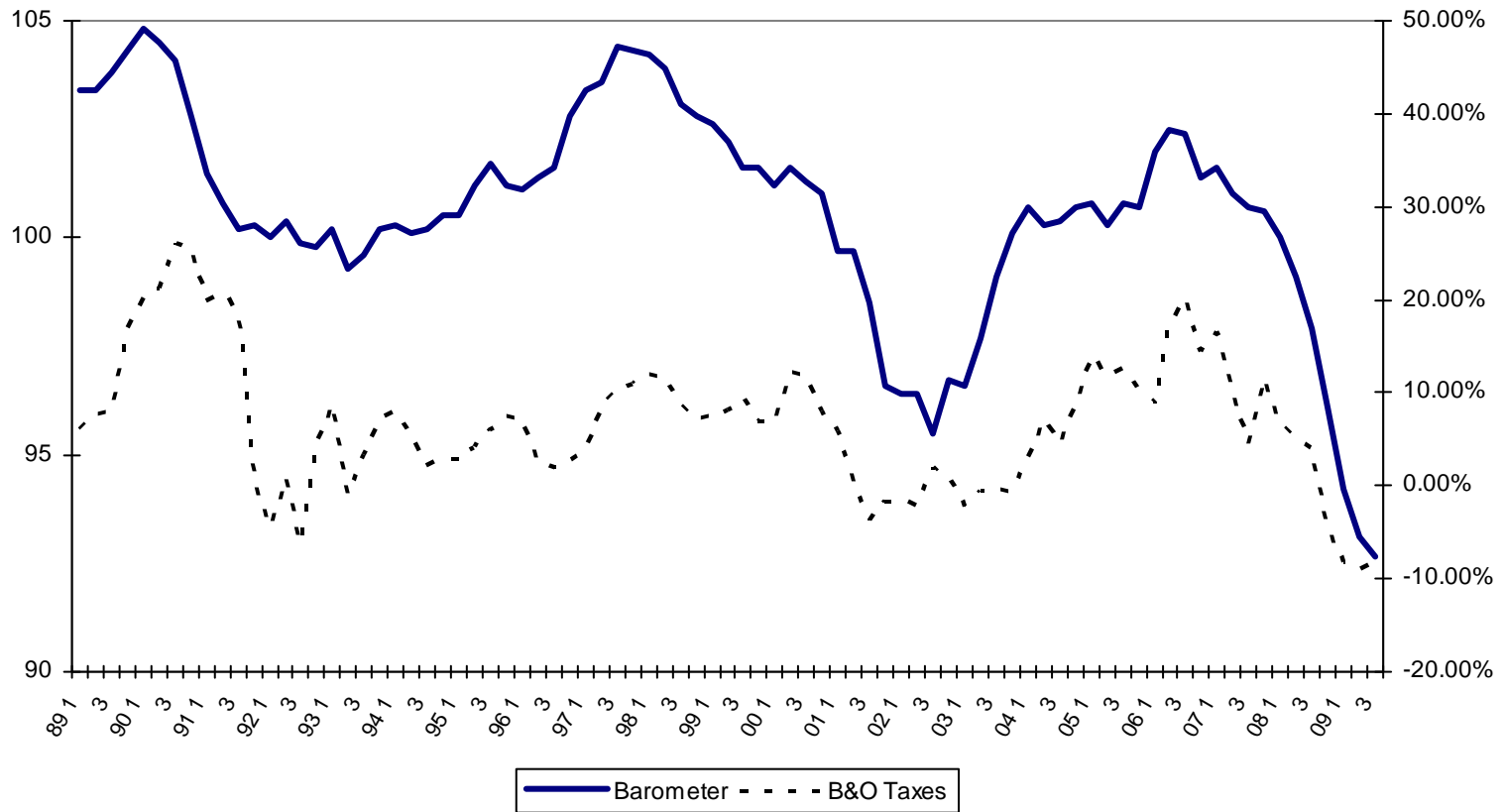


Employment Trend: Seattle - Everett MSA

Seattle-Everett MSA Employment (Actual and 1 Qtr Moving Avg.)



Economic Barometer and Increase in B&O Taxes Paid



Economic Barometer and Increase in Other Taxable Sales in King County



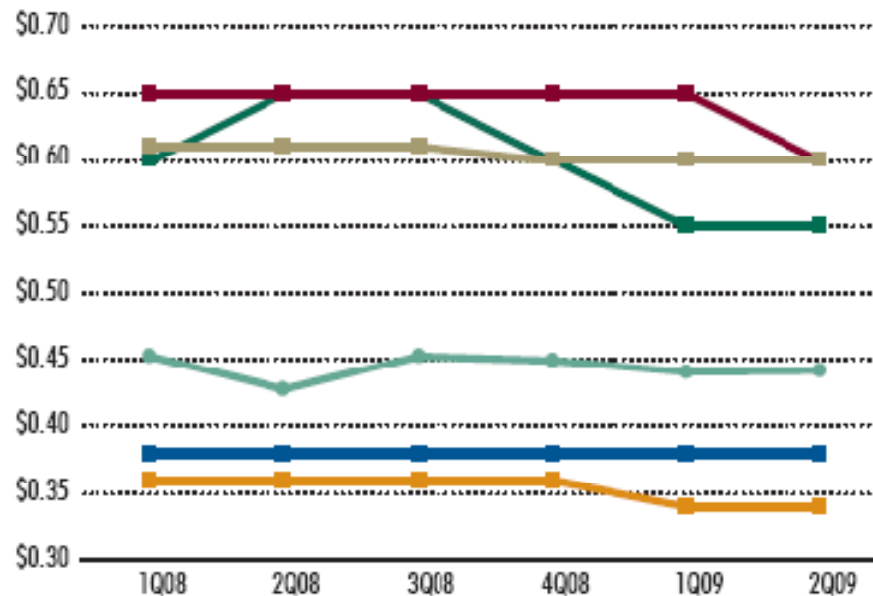
Central Puget Sound Industrial Space Trends

Industrial Market	Net Rentable Area	Total Vacant	Total Vacancy Rate	Total Absorption SF	Under Construction SF	Direct Asking Rate (NNN/SF/Mo)
Seattle Close-In	62,680,096	1,764,243	2.80%	-349,638	149,924	\$0.55
Ware/Manuf/Bus Pk	61,030,286	1,755,788	2.90%	—	—	\$0.55
Flex/Tech	1,649,810	8,455	0.50%	—	—	\$1.00
Eastside	23,282,869	2,690,733	11.60%	-257,349	196,680	\$0.90
Ware/Manuf/Bus Pk	17,849,020	1,457,387	8.20%	—	—	\$0.60
Flex/Tech	5,433,849	1,233,346	22.70%	—	—	\$1.30
Puget Sound Market Total	240,405,396	16,883,509	7.00%	-305,008	706,979	\$0.52
Ware/Manuf/Bus Pk	229,099,990	15,103,481	6.60%	—	—	\$0.44
Flex/Tech	11,305,406	1,780,028	15.70%	—	—	\$1.20

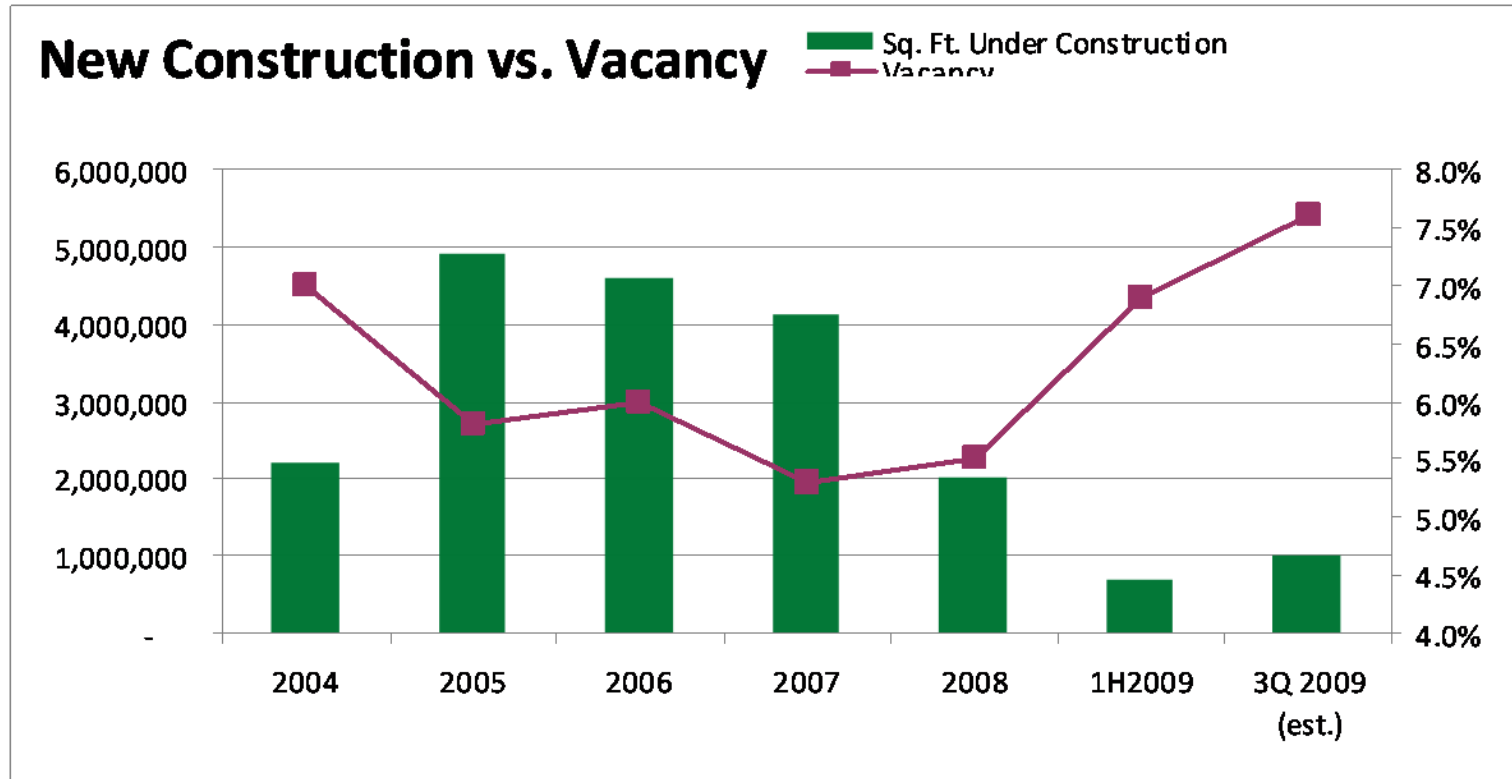
Central Puget Sound Industrial Space Trends

Typical Warehouse Asking Rental Rates

Seattle Close-In \$0.55
Kent Valley \$0.38
Tacoma/Fife \$0.34
Eastside \$0.60
Northend \$0.60
Regional Avg. \$0.44



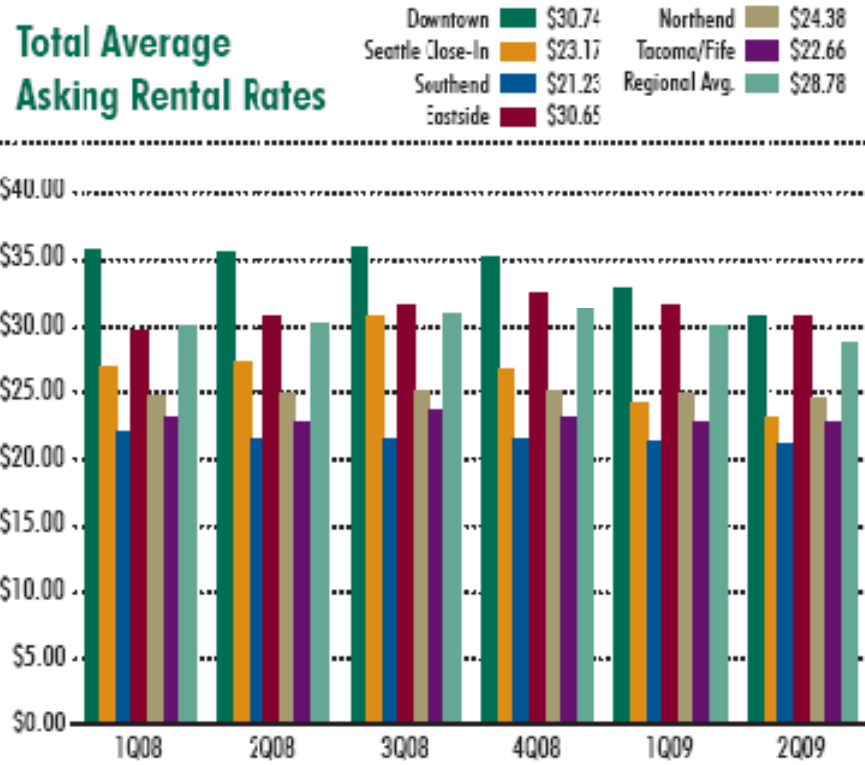
Central Puget Sound Industrial Space Trends



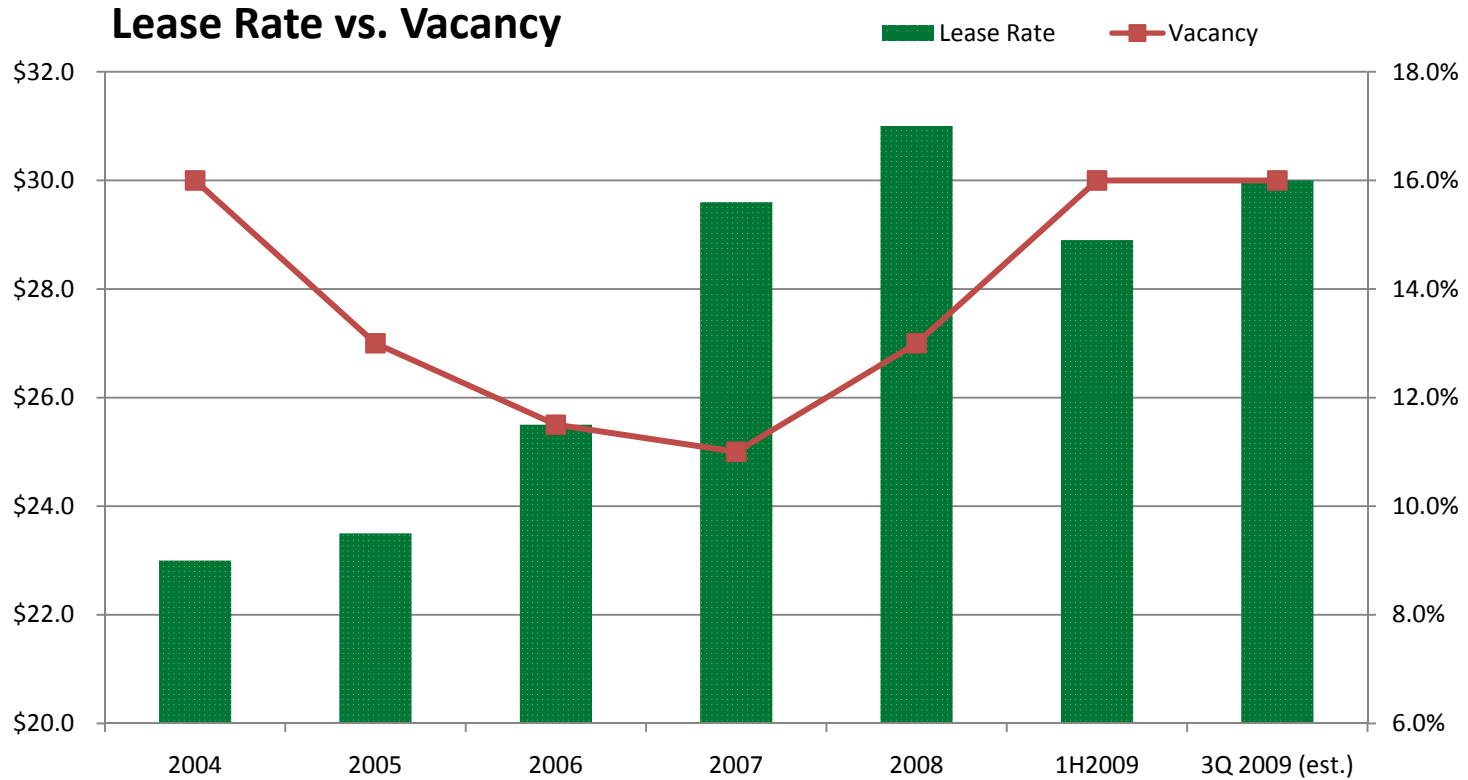
Central Puget Sound Office Market Trends

Office Market	Net Rentable Area	Total Vacancy Rate	Total Absorption SF	Under Construction SF	Direct Asking Rate Class A (Full Service/SF/Yr)	Total Asking Rate Class A (Full Service/SF/Yr)
Seattle CBD	19,870,687	16.20%	-160,700	275,000	\$31.14	\$30.98
Downtown Seattle	39,765,449	14.90%	-386,801	3,266,161	\$31.08	\$30.74
Bellevue CBD	7,913,943	10.90%	1,012,247	330,800	\$37.69	\$35.95
I-405	2,909,251	13.90%	-10,273 —		\$28.54	\$27.90
SR-520	2,571,507	13.80%	1,957	—	\$27.22	\$26.27
I-90	6,526,424	15.60%	-197,911	165,320	\$32.06	\$30.39
Bel-Red Rd	1,384,897	8.30%	-25,286	—	\$30.16	\$24.67
Kirkland	1,379,287	17.20%	-3,440	180,760	\$35.73	\$35.39
Redmond	4,033,602	15.80%	-42,312	—	\$31.20	\$29.90
Bothell	3,076,863	19.90%	97,557 —		\$24.75	\$24.20
Eastside	29,795,774	14.20%	832,539	676,880	\$32.00	\$30.65
Market Total	92,098,472	15.40%	263,860	4,079,228	\$29.38	\$28.78

Central Puget Sound Office Market Trends



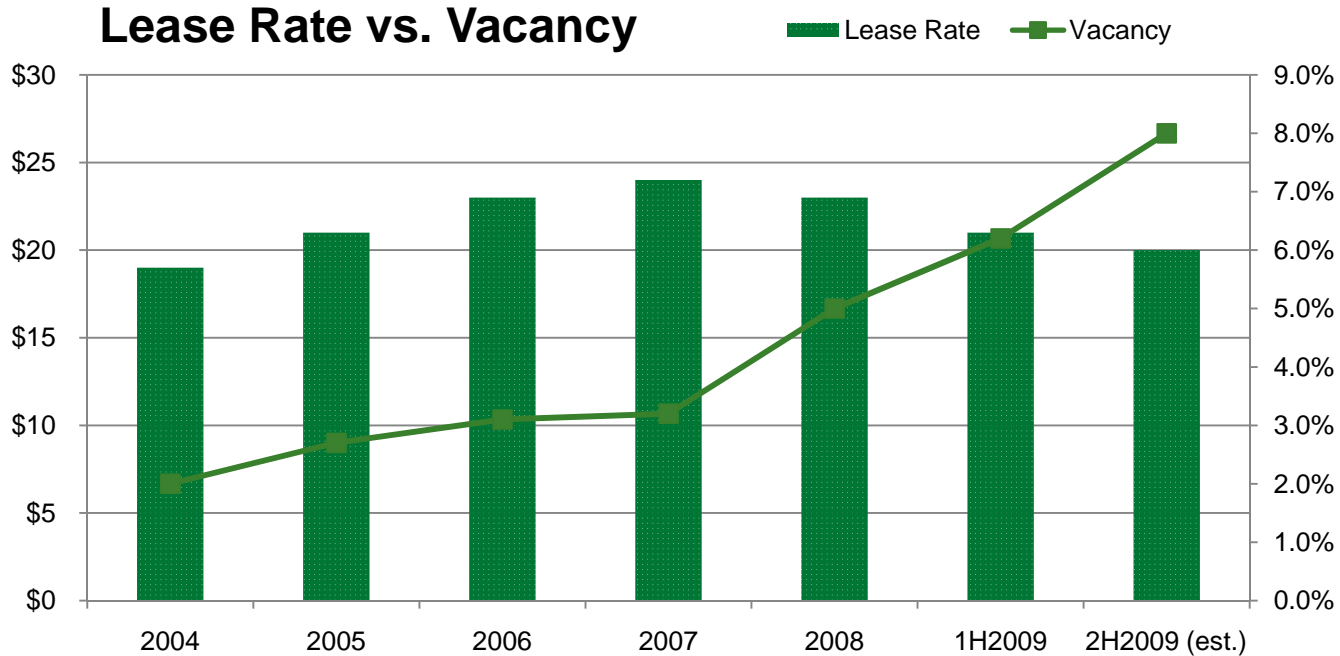
Central Puget Sound Office Market Trends



Central Puget Sound Retail Space Trends

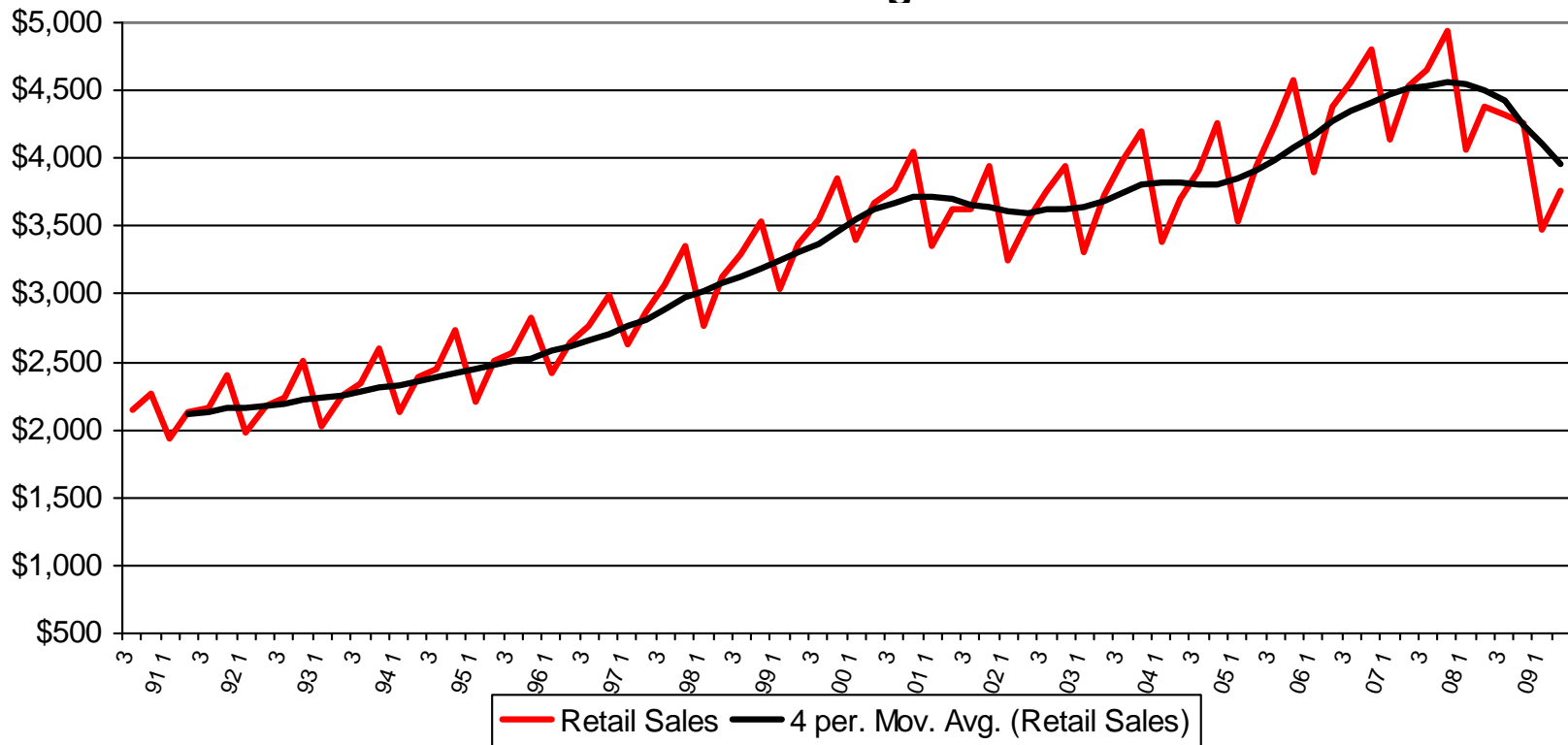
Retail Market	Gross Leasable Area	Total Vacant	Total Vacancy Rate	Total Absorption SF (1st Half)	Under Construction	Direct Asking Rate (NNN/SF/Yr)
Downtown/Lake Union	1,346,854	79,285	5.89%	-12,655	\$38.58	
Downtown Seattle	1,346,854	79,285	5.89%	-12,655	—	\$38.58
Southend	12,409,704	885,021	7.13%	-187,060	—	\$19.80
Bellevue CBD	2,004,284	49,461	2.47%	-27,461	\$28.89	
Bellevue Suburban/I-90 Corridor	4,353,038	281,157	6.46%	-110,205	\$28.27	
Kirkland/Totem Lake	778,431	175,591	22.56%	-30,144	\$15.27	
Redmond/Willows	2,087,028	87,699	4.20%	-16,186	\$27.63	
Bothell/Woodinville	1,838,696	72,613	3.95%	5,096	\$21.02	
Eastside/Bellevue	11,061,477	666,521	6.03%	-178,900	300,000	\$25.39
Market Total	47,893,854	3,232,226	6.70%	-797,283	494,000	\$21.27

Central Puget Sound Retail Space Trends



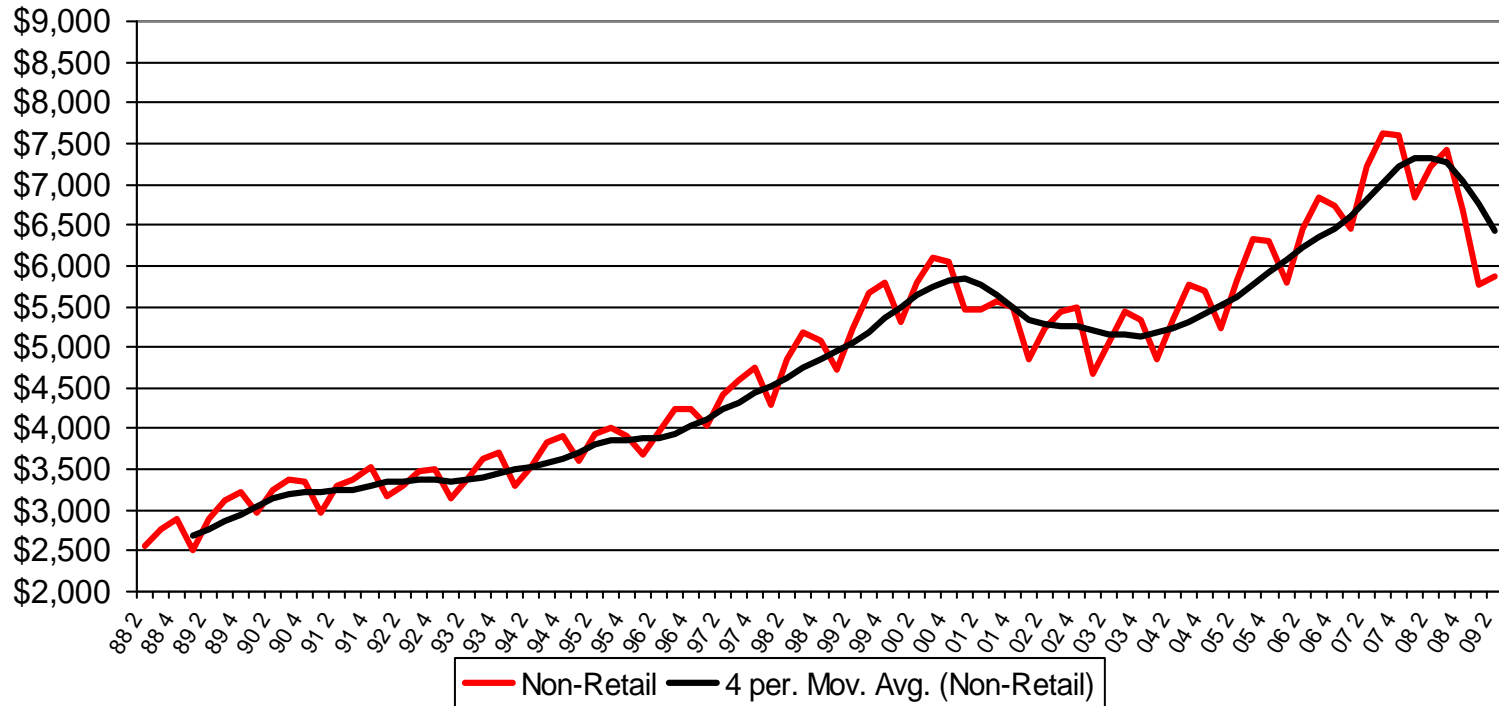
King County Retail Sales (In Thousands)

King County Retail Taxable Sales - Actual and Four Quarter Moving Average

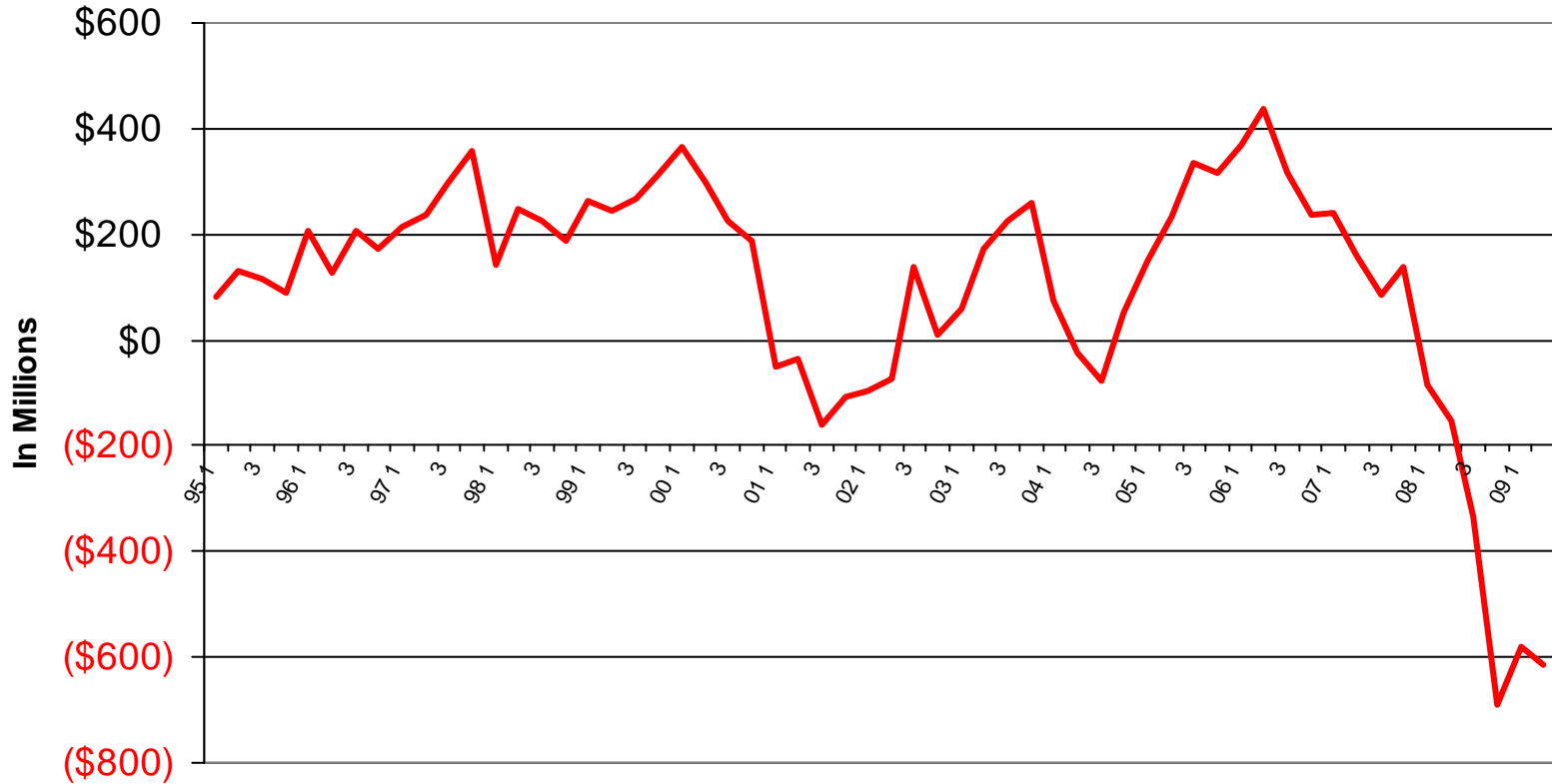


King County Non-Retail Taxable Sales (In Thousands)

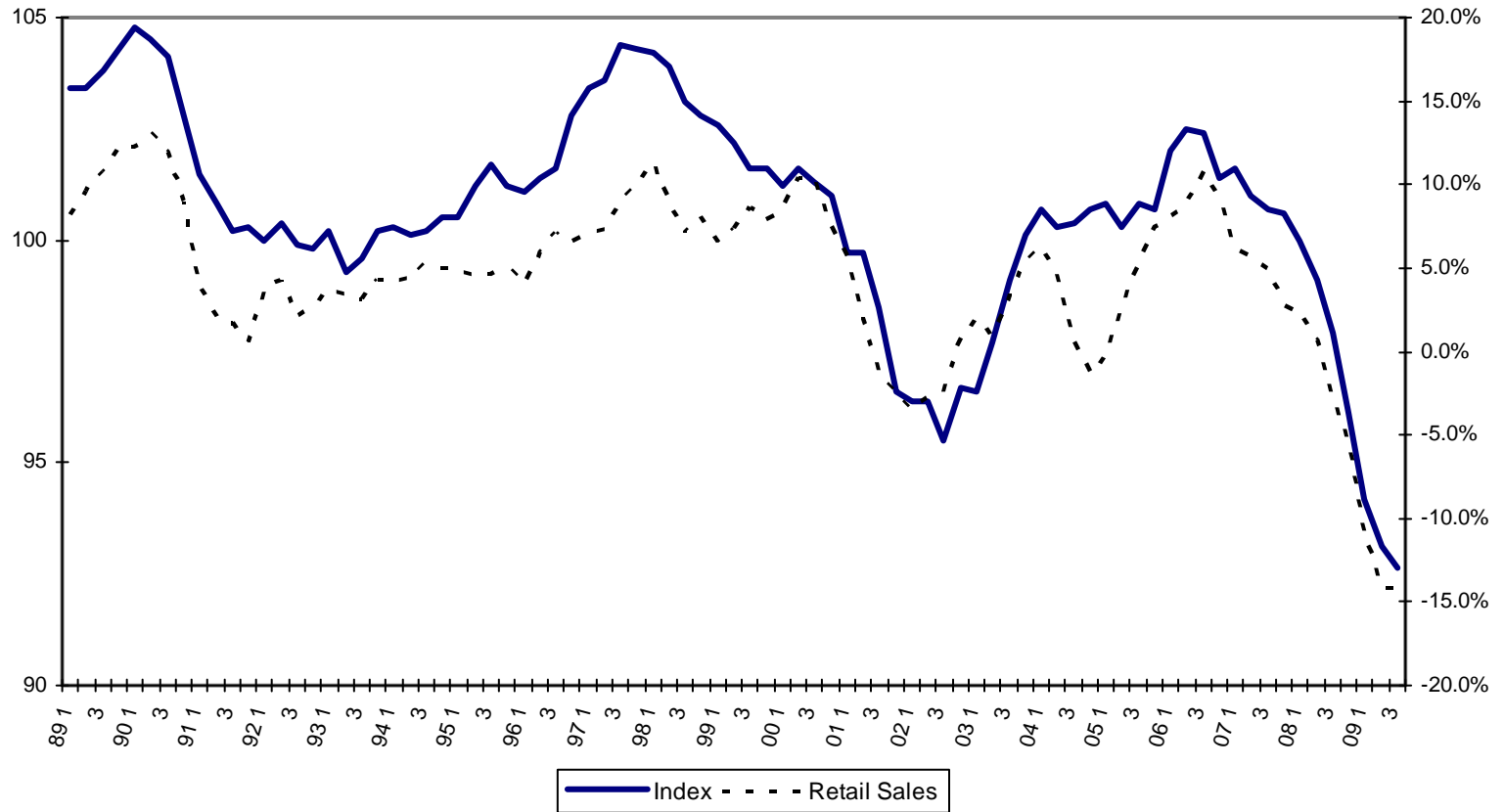
King County Non-Retail Taxable Sales - Actual and Four Quarter



1 yr Change in King County Retail Sales



Economic Barometer and Increase in Retail Sales in King County



Active Listings & Closed Sales - Single Family Residential

Active Listings:	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	% Change vs yr ago
King	11,949	11,610	11,050	10,174	8,707	9,006	9,525	9,588	9,608	9,852	9,655	9,857	9,491	9,360	-19%
Snohomish	6,058	5,749	5,471	5,170	4,362	4,526	4,587	4,625	4,500	4,592	4,527	4,573	4,491	4,394	-24%
Pierce	7,167	6,929	6,509	6,264	5,601	5,506	5,589	5,588	5,502	5,457	5,328	5,470	5,444	5,143	-26%
Total	25,174	24,288	23,030	21,608	18,670	19,038	19,701	19,801	19,610	19,901	19,510	19,900	19,426	18,897	-22%

Closed Sales:	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	% Change vs yr ago
King	1,533	1415	1319	869	929	674	661	968	1004	1312	1655	1727	1609	1618	14%
Snohomish	605	553	473	309	346	305	308	395	449	569	619	703	654	634	15%
Pierce	675	695	651	418	477	352	400	577	544	599	747	853	710	781	12%
Total	2,813	2,663	2,443	1,596	1,752	1,331	1,369	1,940	1,997	2,480	3,021	3,283	2,973	3,033	14%

Months Supply & Median Sale Price - Single Family Residential

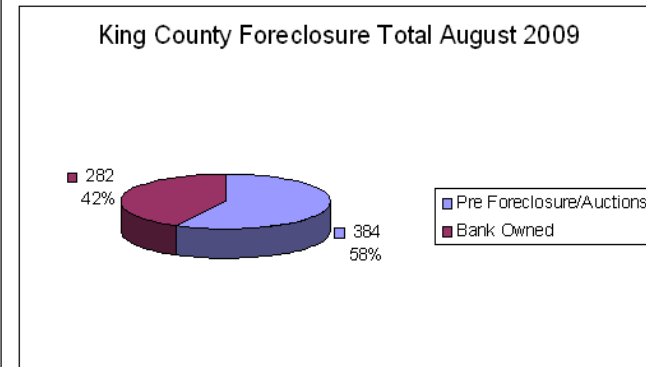
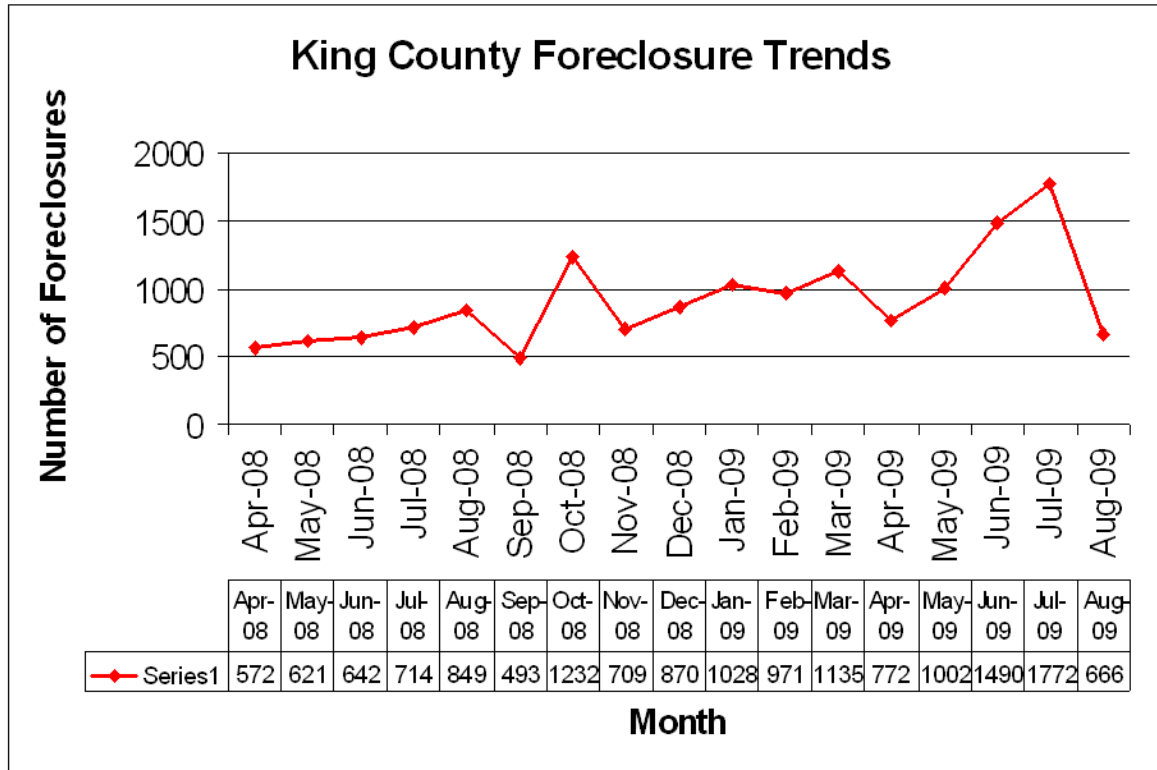
Months Supply:	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	% Change vs yr ago
King	7.79	8.20	8.38	11.71	9.37	13.36	14.41	9.90	9.57	7.51	5.83	5.71	5.90	5.78	-29%
Snohomish	10.01	10.40	11.57	16.73	12.61	14.84	14.89	11.71	10.02	8.07	7.31	6.50	6.87	6.93	-33%
Pierce	10.62	9.97	10.00	14.99	11.74	15.64	13.97	9.68	10.11	9.11	7.13	6.41	7.67	6.59	-34%
Total	8.95	9.12	9.43	13.54	10.66	14.30	14.39	10.21	9.82	8.02	6.46	6.06	6.53	6.23	-32%

Median Sale Price:	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Avg. 12months	% Change vs yr ago
King	\$477,345	\$ 380,315	\$ 358,500	\$ 365,000	\$ 370,700	\$ 364,137	\$ 375,000	\$ 363,850	\$ 380,000	\$ 375,000	\$ 395,000	\$ 384,000	\$ 375,000	\$ 382,160	\$374,512	0%
Snohomish	\$375,000	\$ 318,000	\$ 317,000	\$ 310,000	\$ 307,000	\$ 295,000	\$ 312,000	\$ 315,000	\$ 299,950	\$ 310,000	\$ 307,000	\$ 299,990	\$ 299,950	\$ 295,000	\$306,607	-7%
Pierce	\$291,500	\$ 241,950	\$ 241,000	\$ 230,000	\$ 235,000	\$ 235,000	\$ 245,000	\$ 234,150	\$ 229,475	\$ 230,000	\$ 235,000	\$ 230,000	\$ 235,000	\$ 225,000	\$234,352	-7%

Active Listings, Closed Sales and Months Supply - Single Family Residential

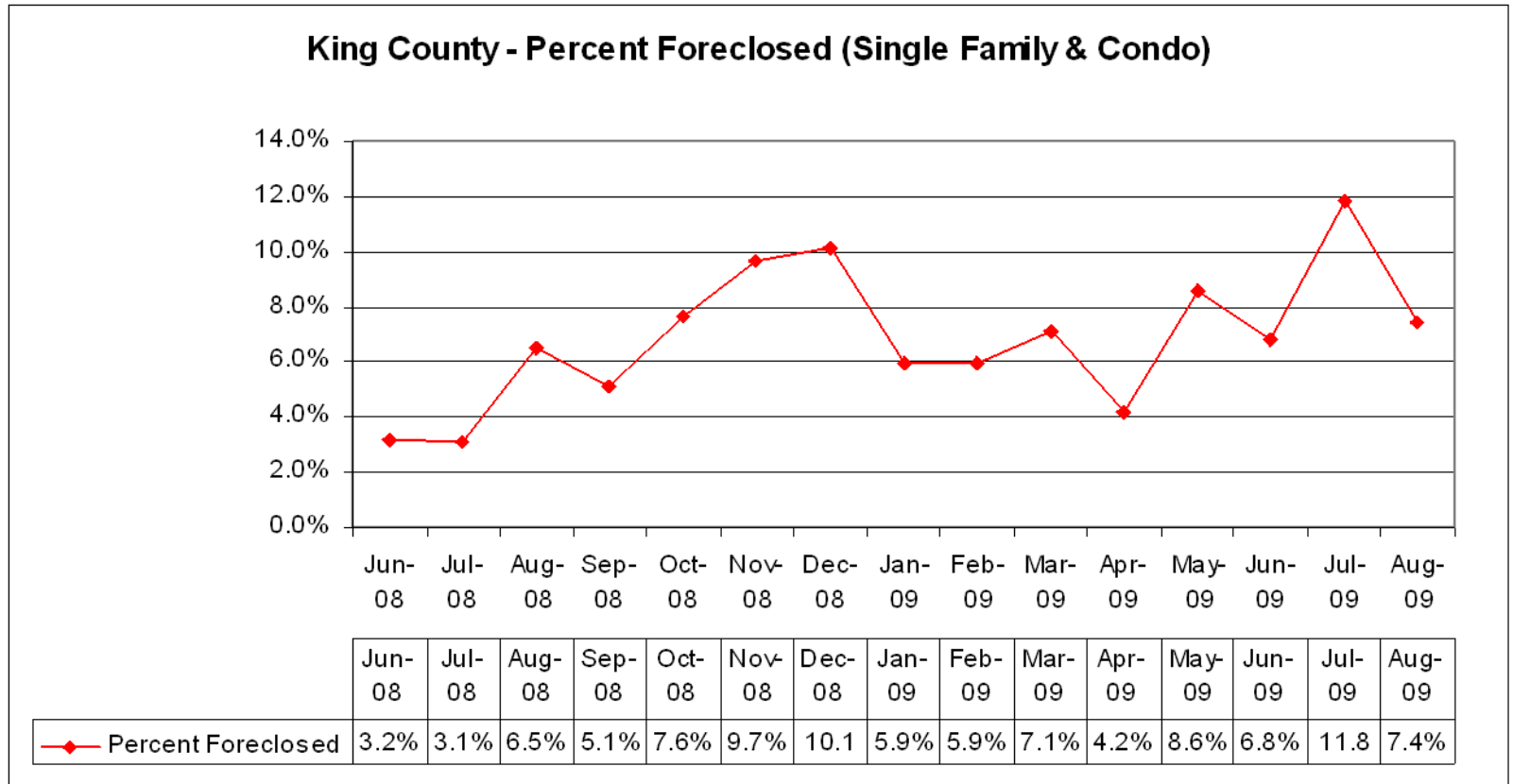
MLS Area Description	Apr-09			May-09			Jun-09			Jul-09			Aug-09			Sep-09		
	Closed Sales	Active List	Months Supply	Closed Sales	Active List	Months Supply	Closed Sales	Active List	Months Supply	Closed Sales	Active List	Months Supply	Closed Sales	Active List	Months Supply	Closed Sales	Active List	Months Supply
Kirkland-Bridle Trails	26	455	17.5	30	478	15.9	44	433	9.8	47	449	9.6	46	421	9.2	56	407	7.3
Eastside - South of I-90	41	456	11.1	53	480	9.1	74	487	6.6	69	503	7.3	67	478	7.1	52	451	8.7
Mercer Island	11	199	18.1	10	190	19.0	21	193	9.2	23	205	8.9	15	191	12.7	17	180	10.6
Bellevue - West of 405	12	315	26.3	25	308	12.3	27	312	11.6	28	316	11.3	35	291	8.3	25	279	11.2
Bellevue - East of 405	28	271	9.7	45	292	6.5	47	287	6.1	67	274	4.1	48	261	5.4	44	228	5.2
East of Lake Sammamish	60	846	14.1	70	885	12.6	115	845	7.3	131	818	6.2	130	774	6.0	121	726	6.0
Redmond, Carnation	40	402	10.1	38	412	10.8	68	390	5.7	61	389	6.4	43	352	8.2	57	374	6.6
Juanita, Woodinville	56	736	13.1	80	779	9.7	111	746	6.7	95	818	8.6	97	758	7.8	109	768	7.0
Eastside	248	3225	13.0	321	3346	10.4	463	3260	7.0	474	3323	7.0	435	3105	7.1	425	3006	7.1

King County Foreclosure Trends - (Single Family and Condo)



In King County 666 homes were listed as foreclosed for the month of August, down a staggering 1106. Over half of (58%) foreclosures in August were new foreclosures (Pre-foreclosure or listed for Auction) and 42% were previously foreclosed homes which were purchased back by the lender from an auction (REO Properties).

REO Properties as a Percent of Total New Active Listings (Single Family and Condo) – King County



REO (Real Estate Owned by the lender) properties are properties that have gone through the entire foreclosure process and are repossessed by the lender, also known as bank-owned properties (Real Estate Owned by the lender). These properties are listed as new active listings for their respective counties.

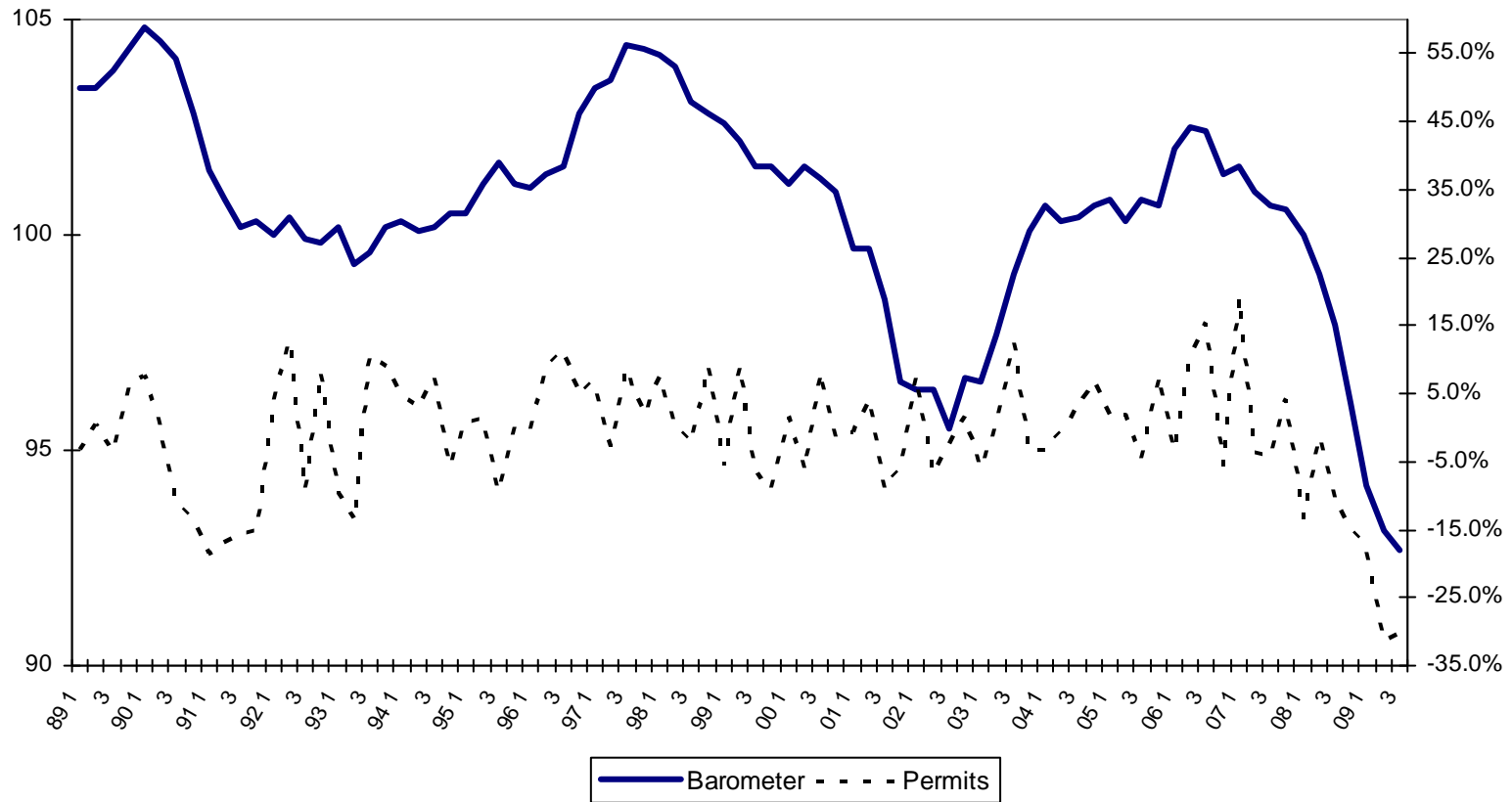
Building Permits - Single Family Residential

Mortgage Rates – Conforming and Jumbo

Interest Rates (Conforming)	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Conforming	6.20%	6.13%	6.05%	6.09%	5.29%	5.10%	5.07%	4.85%	4.81%	4.86%	5.42%	5.42%	5.14%	5.04%
Non-conforming								6.52%	6.46%	6.64%	6.73%	6.60%	6.46%	6.45%

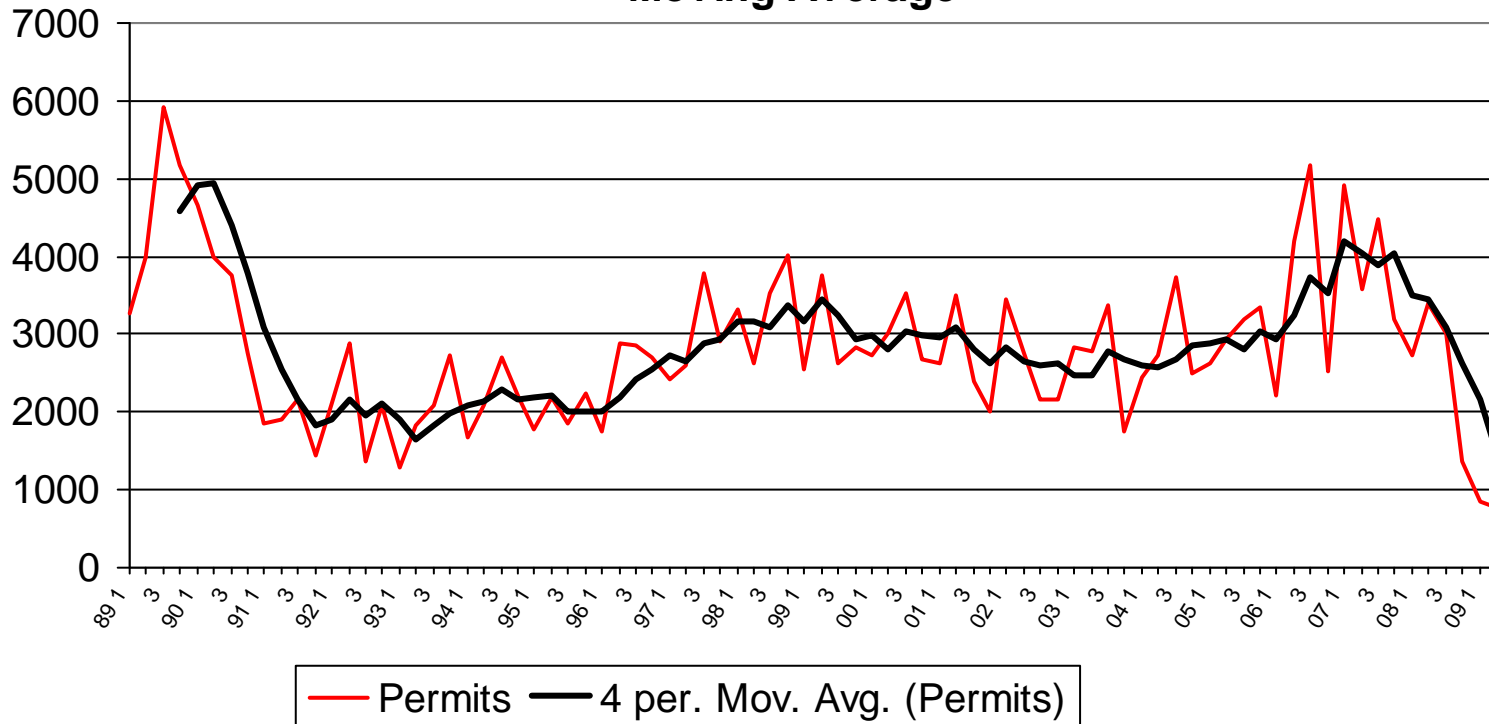
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Month Change	% Change vs yr ago
Building Permits - Sing Family:																
King	272	241	203	163	100	143	106	115	132	135	156	180	180	188	4%	-22%
Snohomish	164	158	107	115	68	68	129	106	127	162	135	152	199	107	-46%	-32%
Pierce	166	130	149	130	77	70	91	62	78	104	95	144	119	121	2%	-7%
Total-3 County	602	529	459	408	245	281	358	329	413	401	386	476	498	416	-16%	-21%

Economic Barometer and Increase in King County Housing Permits Authorized

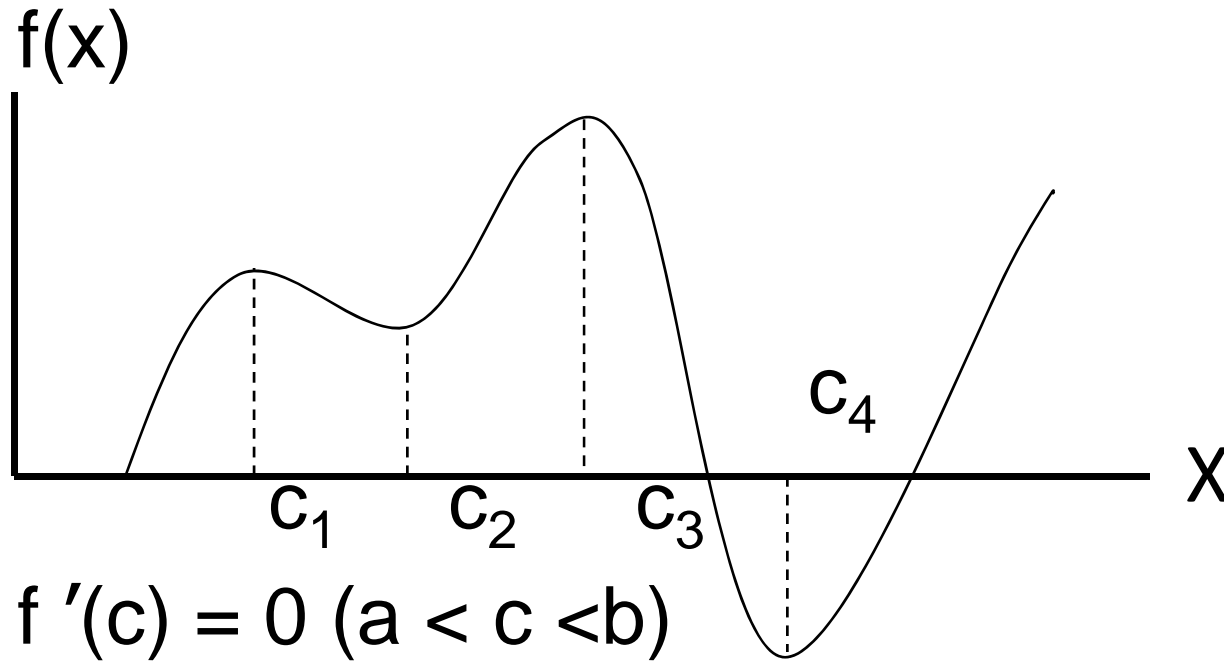


Total Housing Permits Authorized

Total Housing Permits Authorized - Actual and 4-Quarter Moving Average



Mean Value Theorem



Age of Wisdom

1. Economic Velocity

Velocity is the first derivative of distance with respect to time

$$v = \lim_{\Delta t \rightarrow 0} \frac{\dot{s}(t + \Delta t) - \dot{s}(t)}{\Delta t} = \frac{d\dot{s}}{dt}$$

v velocity has direction

$\dot{s} \equiv$ directed distance

(v) velocity is the rate change

\dot{s} is the speed passed per unit of time – the absolute value of velocity

2. Waiting

- a. Absence of motion
- b. Time to observe
- c. Time to build bridges
- d. Time to discover
- e. Time to solve