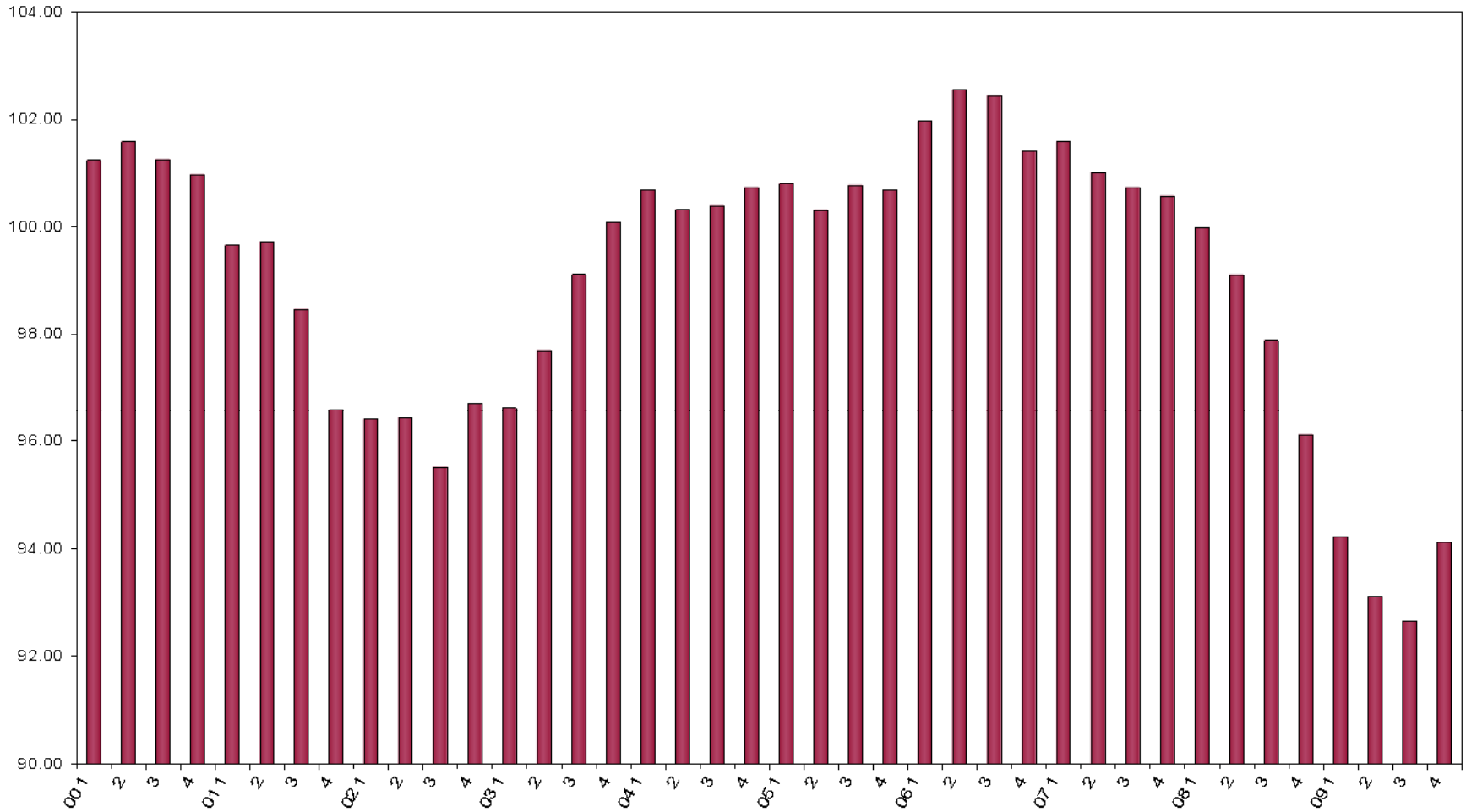

Kirkland Business Roundtable

Prepared by Hebert Research

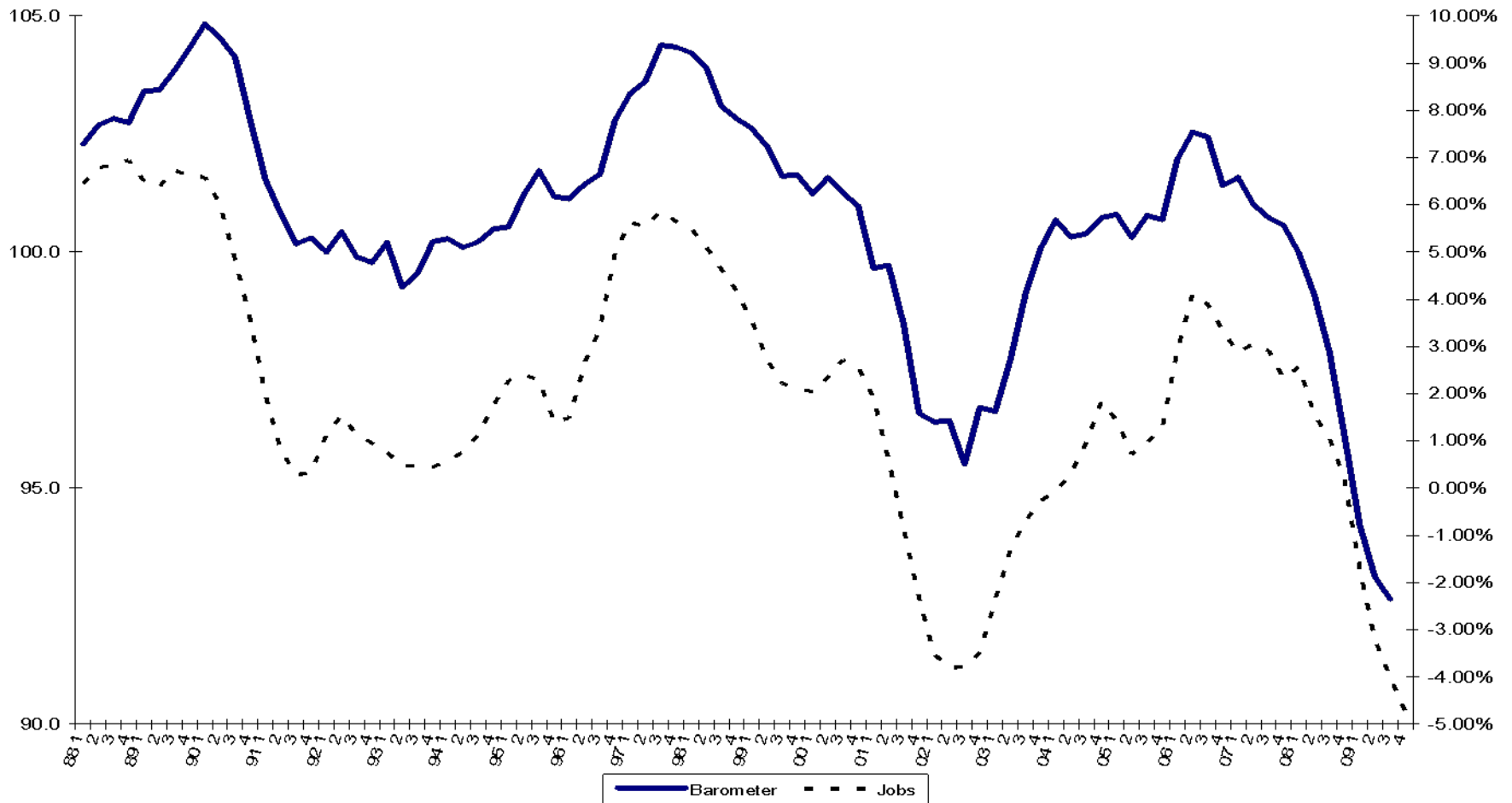
January 13, 2010



Recent Economic Barometer Index Values



Economic Barometer and Rate of Job Growth

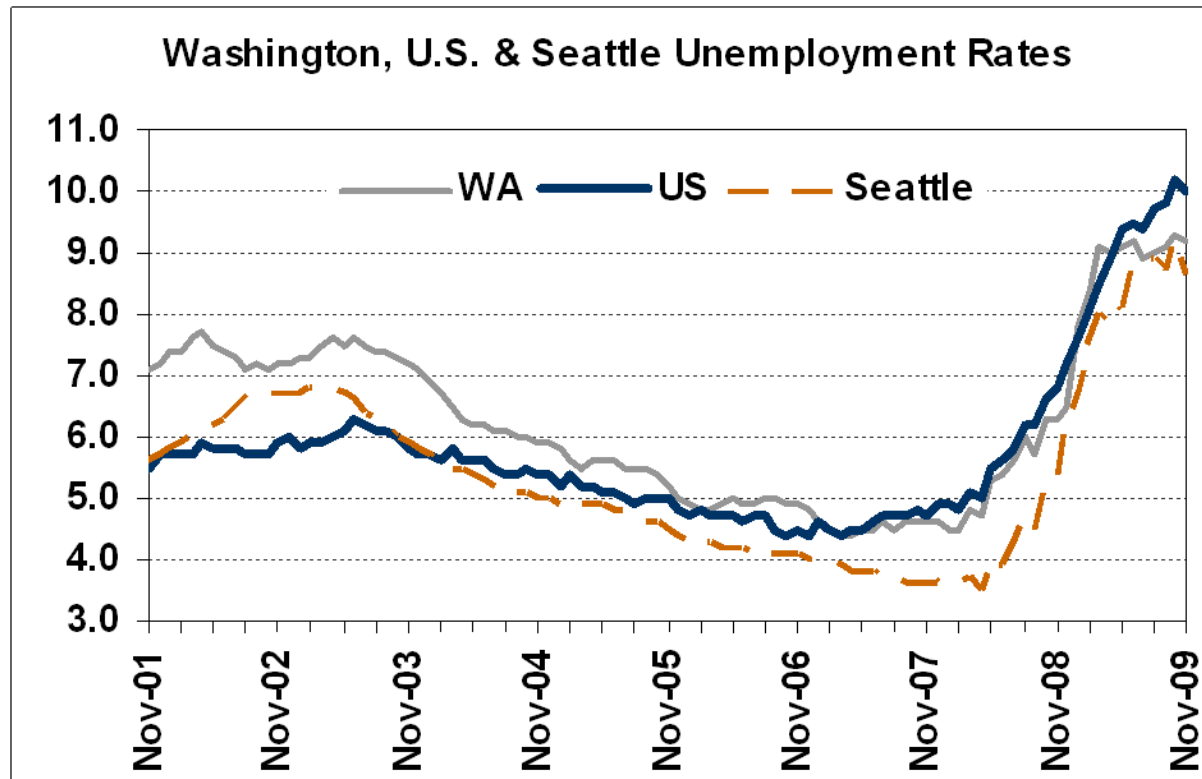


Employment in the Seattle-Bellevue-Everett MSA, 2009

	Annual										Revised	Prelim.
**NAICS Industry (in thousands)	Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Total Nonfarm	1407.0	1429.3	1424.0	1414.3	1408.4	1411.6	1415.2	1407.0	1396.0	1391.9	1389.3	1389.8
Total Private	1201.4	1223.4	1217.0	1206.5	1197.4	1200.5	1204.4	1204.6	1201.2	1194.5	1184.5	1181.9
Goods Producing	234.9	246.5	244.2	238.5	235.9	234.6	234.3	235.0	233.7	231.3	226.6	223.0
Service Providing	1172.1	1182.8	1179.8	1175.8	1172.5	1177.0	1180.9	1172.0	1162.3	1160.6	1162.7	1166.8
Trade, Transportation, and Utilities	254.4	261.0	257.0	254.5	252.3	253.5	253.9	255.1	253.1	251.6	251.5	255.0
Wholesale Trade	69.2	71.2	70.4	69.8	69.4	69.1	68.9	69.0	68.2	68.7	68.6	68.3
Retail Trade	137.7	140.8	138.5	137.0	135.6	136.9	137.4	138.7	137.4	135.8	136.4	139.9
Transportation, Warehousing and Utilities	47.5	49.0	48.1	47.7	47.3	47.5	47.6	47.4	47.5	47.1	46.5	46.8
Information	84.6	85.6	86.0	85.7	84.5	84.7	85.1	85.0	84.1	83.6	82.9	82.9
Software Publishers	50.5	51.2	51.2	51.3	50.6	50.6	50.5	51.2	50.3	49.9	49.5	49.5
Telecommunications	17.7	18.0	18.1	17.9	17.8	17.6	17.6	17.5	17.5	17.4	17.3	17.5
Financial Activities	82.7	84.7	84.5	83.4	83.2	83.2	83.2	81.9	81.9	81.2	81.1	81.0
Finance and Insurance	54.9	56.5	56.4	55.4	55.3	55.1	54.8	54.3	54.4	54.0	54.1	54.1
Real Estate and Rental and Leasing	27.7	28.2	28.1	28.0	27.9	28.1	28.4	27.6	27.5	27.2	27.0	26.9
Professional and Business Services	198.1	204.6	202.2	200.1	197.4	196.3	196.9	197.0	196.7	196.0	196.1	195.6
Education and Health Services	165.7	163.1	164.9	165.0	164.7	165.5	165.2	164.6	164.2	167.2	169.1	169.7
Leisure and Hospitality	130.7	127.8	127.9	128.8	128.9	132.0	134.7	135.1	136.4	133.3	127.6	125.0
Other Services	50.4	50.1	50.3	50.5	50.5	50.7	51.1	50.9	51.1	50.3	49.6	49.7
Government	205.5	205.9	207.0	207.8	211.0	211.1	210.8	202.4	194.8	197.4	204.8	207.9

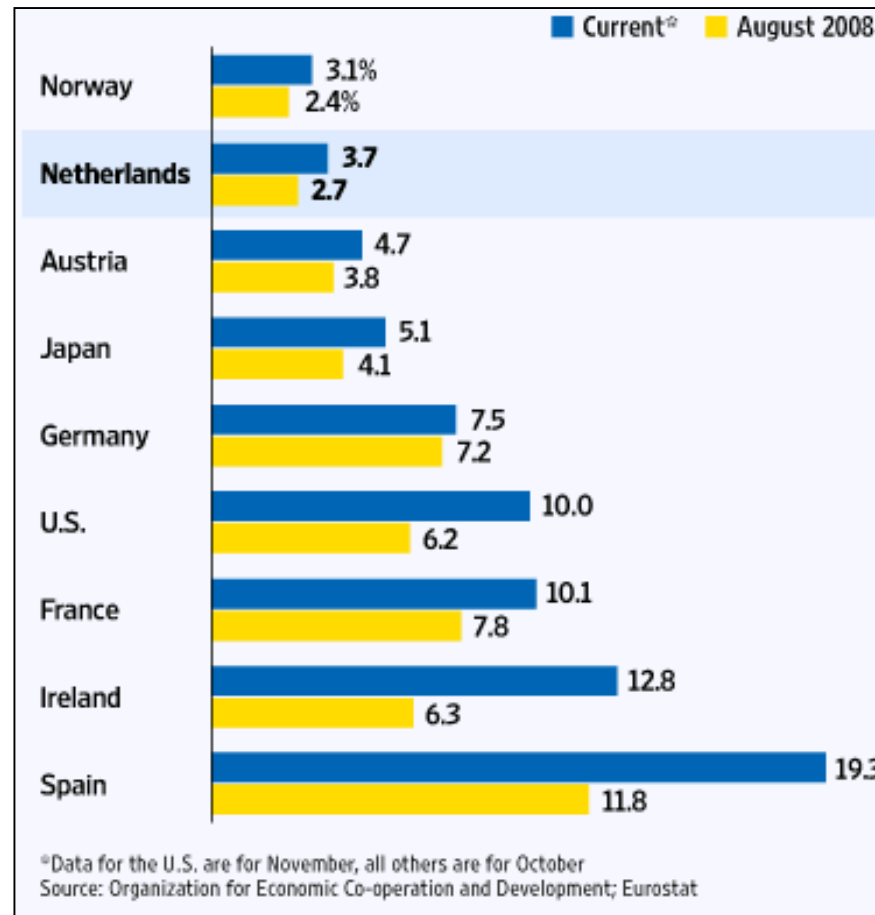
Source: BLS.gov

Unemployment Rates



Source: BLS.gov

Sustaining Jobs



Central Puget Sound Office Market Trends

Office Market Q3	Net Rentable Area	Total Vacancy Rate	Class A Avg. Asking Total Lease Rate	Q3 Net Absorption	Last 4 Qtrs Net Absorbtion	Under Construction
Seattle CBD	20,093,454	20.90%	\$30.26	-713,355	-1,537,349	—
Downtown Seattle	40,205,585	18.20%	\$29.27	-831,255	-2,112,909	2,657,223
Bellevue CBD	7,913,943	13.20%	\$32.70	-128,178	1,389,377	—
I-405	2,909,251	16.60%	\$26.07	-66,187	-158,200	—
SR-520	2,571,507	17.20%	\$26.78	-88,173	-143,058	—
I-90	6,526,424	16.10%	\$29.58	-34,756	-594,389	165,320
Bel-Red Rd	1,384,897	9.30%	\$26.98	-14,314	-55,948	—
Kirkland	1,560,047	27.60%	\$34.05	-12,057	-90,700	—
Redmond	4,042,634	23.30%	\$27.24	-303,392	-280,192	—
Bothell	3,076,863	22.50%	\$24.02	-77,910	139,581	—
Eastside	29,985,566	17.40%	\$29.09	-724,967	206,471	165,320
Puget Sound Total	93,458,631	18.20%	\$27.60	-1,752,950	-2,209,862	2,822,543

Source: CB Richard Ellis

Central Puget Sound Industrial Space Trends

Industrial Market (Q3)	Building SF	Total Vacant	Vacancy %	Total Availability	Direct Asking Rate (NNN/SF/Mo)	Last 4 Qtrs Net Absorption	Under Construction
Seattle Close In	62,402,028	2,223,462	3.60%	5.40%	\$0.55	-996,290	207,834
Ware/Manuf/Bus Pk	60,752,218	2,220,704	3.70%	5.50%	\$0.55	-1,002,361	207,834
Flex/Tech	1,649,810	2,758	0.20%	0.20%	\$1.00	6,071	—
Eastside	24,137,434	3,294,011	13.60%	17.20%	\$0.86	-776,420	—
Ware/Manuf/Bus Pk	18,688,567	2,040,118	10.90%	14.70%	\$0.60	-560,213	—
Flex/Tech	5,448,867	1,253,893	23.00%	25.90%	\$1.30	-216,207	—
Puget Sound Market	242,691,846	19,264,970	7.90%	11.30%	\$0.51	-3,217,846	611,334
Ware/Manuf/Bus Pk	231,333,937	17,487,939	7.60%	10.70%	\$0.44	-3,060,749	611,334
Flex/Tech	11,357,909	1,777,031	15.60%	23.00%	\$1.21	-157,097	—

Source: CB Richard Ellis

Manufacturing Trends (December 2009)

Index	Series Index December	Series Index November	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI	55.9	53.6	2.3	Growing	Faster	5
New Orders	65.5	60.3	5.2	Growing	Faster	6
Production	61.8	59.9	1.9	Growing	Faster	7
Employment	52	50.8	1.2	Growing	Faster	3
Backlog of Orders	50	52	-2	Unchanged	From Growing	1

Source: Institute for Supply Management

Active Listings & Closed Sales - Single Family Residential

Active Listings:	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	% Change vs yr ago
King	8,707	9,006	9,525	9,588	9,608	9,852	9,655	9,857	9,491	9,360	8,869	8,218	6,918	-21%
Snohomish	4,362	4,526	4,587	4,625	4,500	4,592	4,527	4,573	4,491	4,394	4,168	4,024	3,533	-19%
Pierce	5,601	5,506	5,589	5,588	5,502	5,457	5,328	5,470	5,444	5,143	5,027	4,921	4,611	-18%
Skagit	952	956	993	1,041	1,127	745	1,224	1,244	1,232	1,198	1,147	1,095	986	4%
Thurston	1,591	1,522	1,536	1,551	1,582	1,637	1,670	1,789	1,742	1,673	1,656	1,600	1,447	-9%
Kittitas	507	464	443	458	504	558	609	630	620	562	501	462	410	-19%
Whatcom	1,280	1,273	1,352	1,377	1,512	1,547	1,572	1,639	1,625	1,507	1,414	1,317	1,174	-8%
Total	23,000	23,253	24,025	24,228	24,335	24,388	24,585	25,202	24,645	23,837	22,782	21,637	19,079	-17%

Closed Sales:	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	% Change vs yr ago
King	929	674	661	968	1004	1312	1655	1727	1609	1618	1758	1574	1462	57%
Snohomish	346	305	308	395	449	569	619	703	654	634	674	680	654	89%
Pierce	477	352	400	577	544	599	747	853	710	781	807	757	732	53%
Skagit	61	53	50	62	73	74	98	109	92	87	97	113	73	20%
Thurston	170	174	145	214	191	210	303	282	332	260	280	273	220	29%
Kittitas	19	7	14	23	28	22	44	40	38	38	32	36	40	111%
Whatcom	110	91	91	127	144	159	214	213	182	210	182	201	175	59%
Total	2,112	1,656	1,669	2,366	2,433	2,945	3,680	3,927	3,617	3,628	3,830	3,634	3,356	59%

Source: Multiple Listing Service

Months Supply & Median Sale Price - Single Family Residential

Months Supply:	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	% Change vs yr ago
King	9.37	13.36	14.41	9.90	9.57	7.51	5.83	5.71	5.90	5.78	5.04	5.22	4.73	-50%
Snohomish	12.61	14.84	14.89	11.71	10.02	8.07	7.31	6.50	6.87	6.93	6.18	5.92	5.40	-57%
Pierce	11.74	15.64	13.97	9.68	10.11	9.11	7.13	6.41	7.67	6.59	6.23	6.50	6.30	-46%
Skagit	15.61	18.04	19.86	16.79	15.44	10.07	12.49	11.41	13.39	13.77	11.82	9.69	13.51	-13%
Thurston	9.36	8.75	10.59	7.25	8.28	7.80	5.51	6.34	5.25	6.43	5.91	5.88	6.58	-30%
Kittitas	26.68	66.29	31.64	19.91	18.00	25.36	13.84	15.75	16.32	14.79	15.66	12.83	10.25	-62%
Whatcom	11.64	13.99	14.86	10.84	10.50	9.73	7.35	7.69	8.93	7.18	7.77	6.55	6.71	-42%
Total	10.89	14.04	14.39	10.24	10.00	8.28	6.68	6.42	6.81	6.57	5.95	5.95	5.69	-48%

Median Sale Price:	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Avg. 12m onths	% Change vs yr ago
King	\$ 370,700	\$ 364,137	\$ 375,000	\$ 363,850	\$ 380,000	\$ 375,000	\$ 395,000	\$ 384,000	\$ 375,000	\$ 382,160	\$ 377,500	\$ 370,000	\$ 380,000	\$376,334	3%
Snohomish	\$ 307,000	\$ 295,000	\$ 312,000	\$ 315,000	\$ 299,950	\$ 310,000	\$ 307,000	\$ 299,990	\$ 299,950	\$ 295,000	\$ 292,725	\$ 283,129	\$ 287,000	\$300,288	-7%
Pierce	\$ 235,000	\$ 235,000	\$ 245,000	\$ 234,150	\$ 229,475	\$ 230,000	\$ 235,000	\$ 230,000	\$ 235,000	\$ 225,000	\$ 223,350	\$ 222,500	\$ 215,650	\$230,394	-8%
Skagit	\$ 255,000	\$ 246,950	\$ 252,500	\$ 240,000	\$ 230,000	\$ 208,750	\$ 245,950	\$ 245,890	\$ 220,000	\$ 235,000	\$ 235,000	\$ 212,200	\$ 223,810	\$234,696	-12%
Thurston	\$ 249,950	\$ 239,950	\$ 259,800	\$ 240,000	\$ 232,000	\$ 249,925	\$ 240,000	\$ 245,000	\$ 239,950	\$ 242,000	\$ 229,450	\$ 225,000	\$ 229,468	\$240,176	-8%
Kittitas	\$ 215,000	\$ 230,000	\$ 205,000	\$ 214,000	\$ 205,000	\$ 205,500	\$ 227,500	\$ 212,250	\$ 205,750	\$ 224,000	\$ 219,450	\$ 231,000	\$ 226,720	\$217,013	5%
Whatcom	\$250,000	\$245,000	\$254,990	\$269,000	\$260,000	\$ 262,000	\$ 267,500	\$ 262,950	\$ 279,000	\$ 246,000	\$ 258,500	\$ 254,000	\$ 245,500	\$258,034	-2%

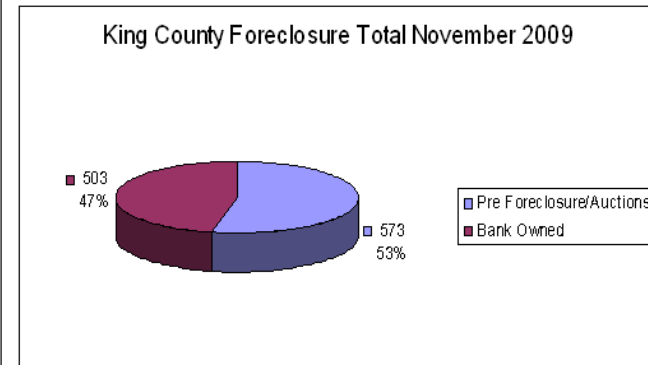
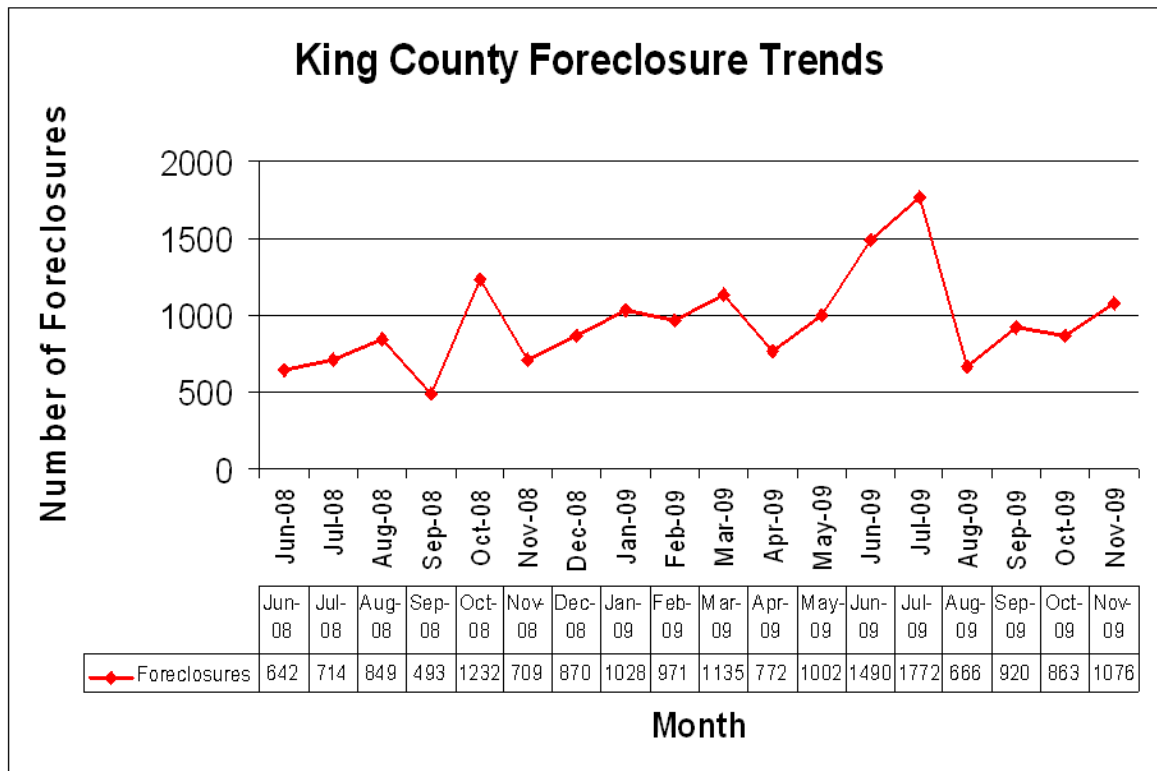
Source: Multiple Listing Service

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

MLS Area Description	Jul-09			Aug-09			Sep-09			Oct-09			Nov-09			Dec-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	47	449	9.6	46	421	9.2	56	407	7.3	52	380	7.3	48	360	7.5	41	287	7.0
Eastside - South of I-90	69	503	7.3	67	478	7.1	52	451	8.7	65	394	6.1	58	370	6.4	62	307	5.0
Mercer Island	23	205	8.9	15	191	12.7	17	180	10.6	24	162	6.8	11	140	12.7	25	117	4.7
Bellevue - West of 405	28	316	11.3	35	291	8.3	25	278	11.2	33	268	8.1	29	233	8.0	31	192	6.2
Bellevue - East of 405	67	274	4.1	48	261	5.4	44	228	5.2	64	241	3.8	46	236	5.1	35	208	5.9
East of Lake Sammamish	131	818	6.2	130	774	6.0	121	726	6.0	118	619	5.2	116	574	4.9	119	475	4.0
Redmond, Carnation	61	389	6.4	43	352	8.2	57	374	6.6	65	343	5.3	62	308	5.0	55	269	4.9
Juanita, Woodinville	95	818	8.6	97	758	7.8	109	768	7.0	136	704	5.2	87	657	7.6	96	549	5.7
Eastside	474	3323	7.0	435	3105	7.1	425	3006	7.1	505	2731	5.4	409	2518	6.2	423	2117	5.0

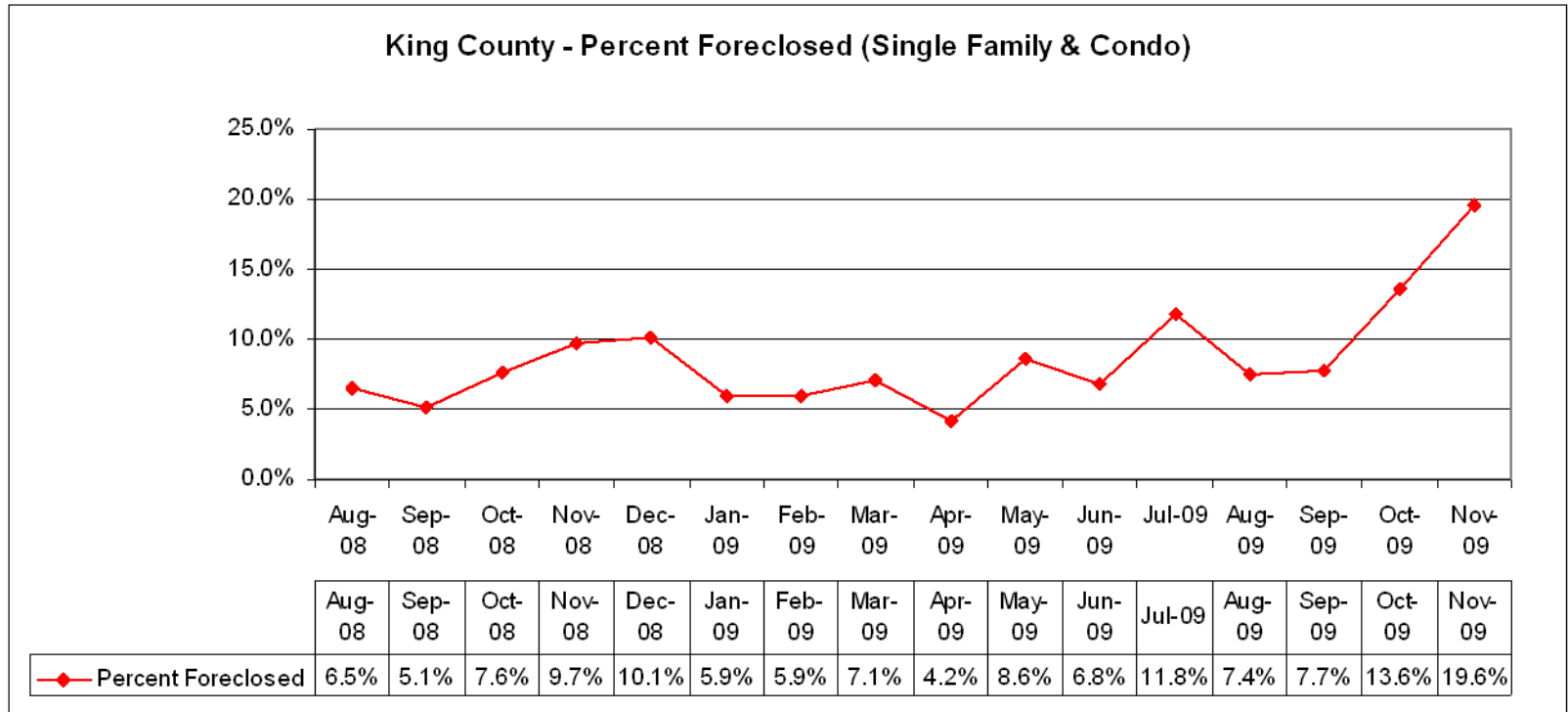
Source: Multiple Listing Service

King County Foreclosure Trends - (Single Family and Condo)



Source: RealtyTrac

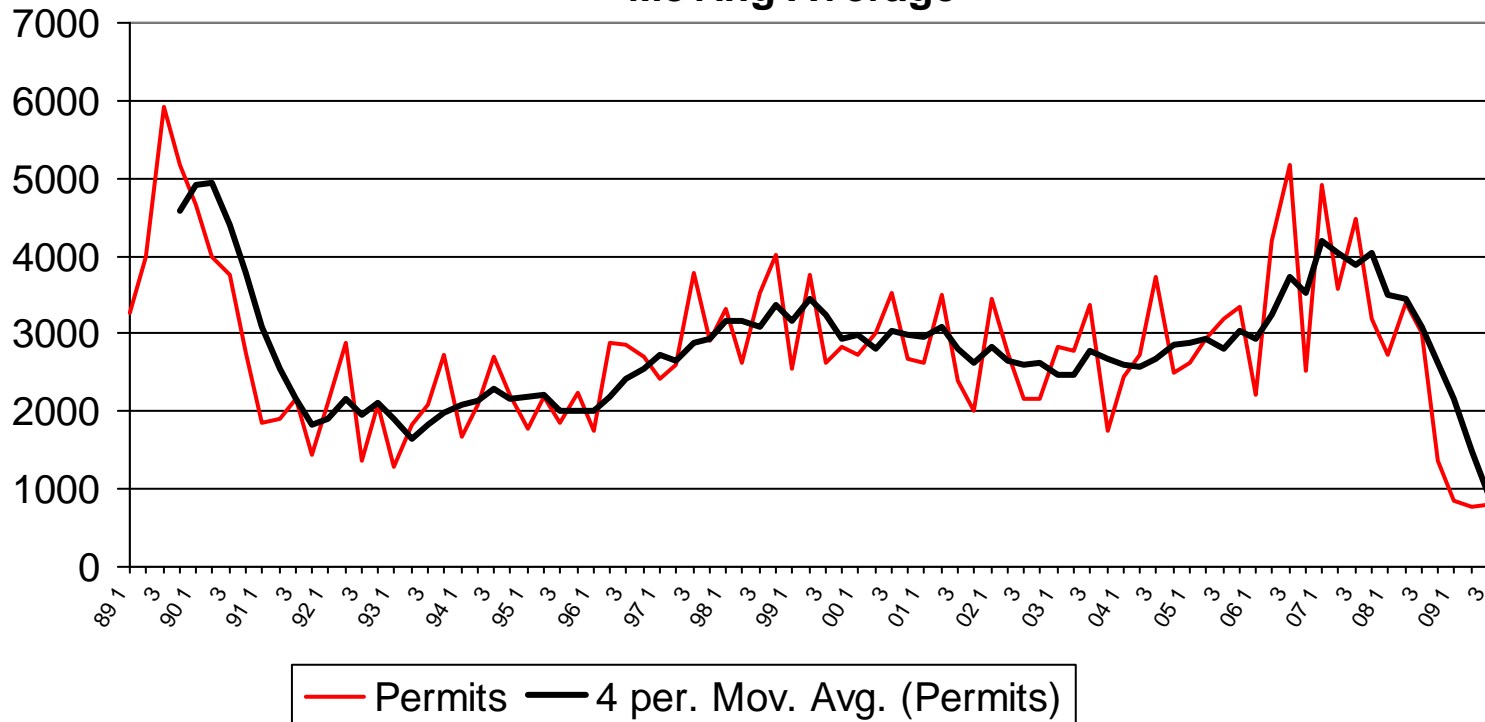
REO Properties as a Percent of Total New Active Listings (Single Family and Condo) – King County



Source: RealtyTrac

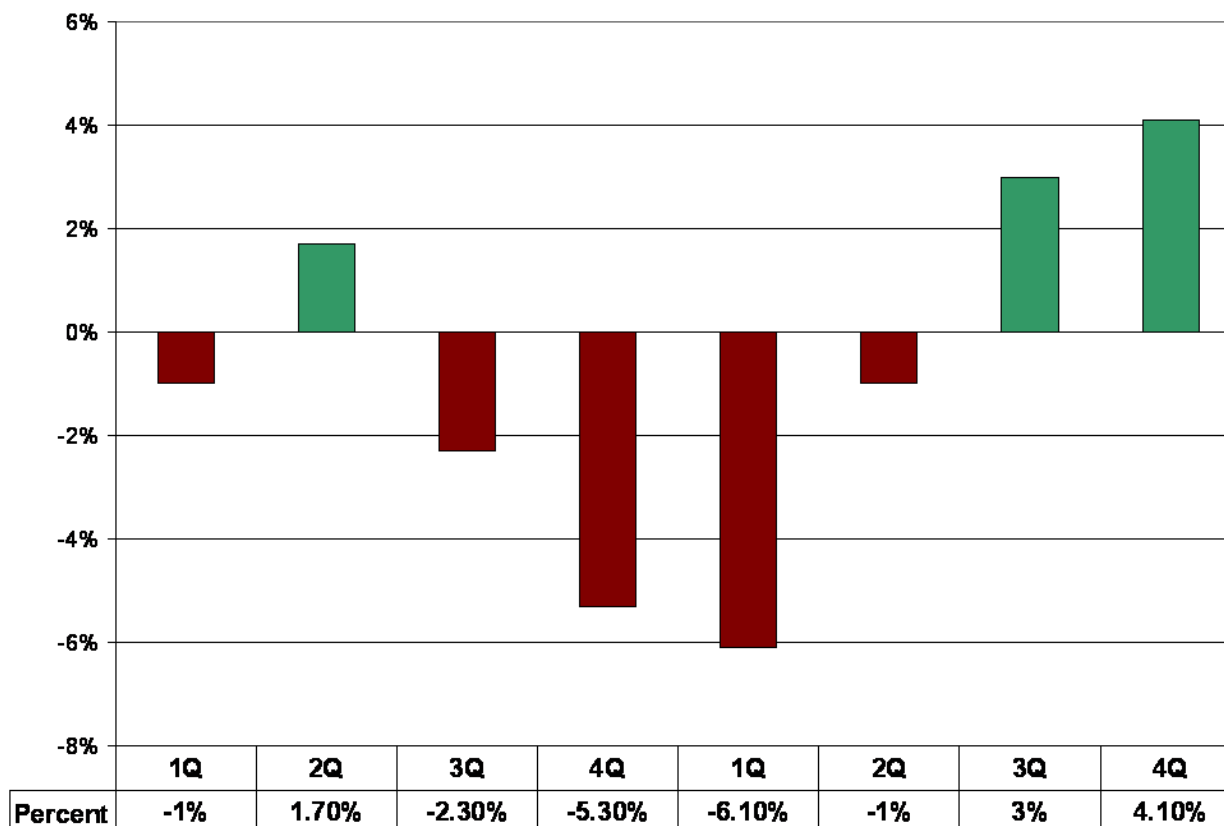
King County Housing Permits Authorized

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

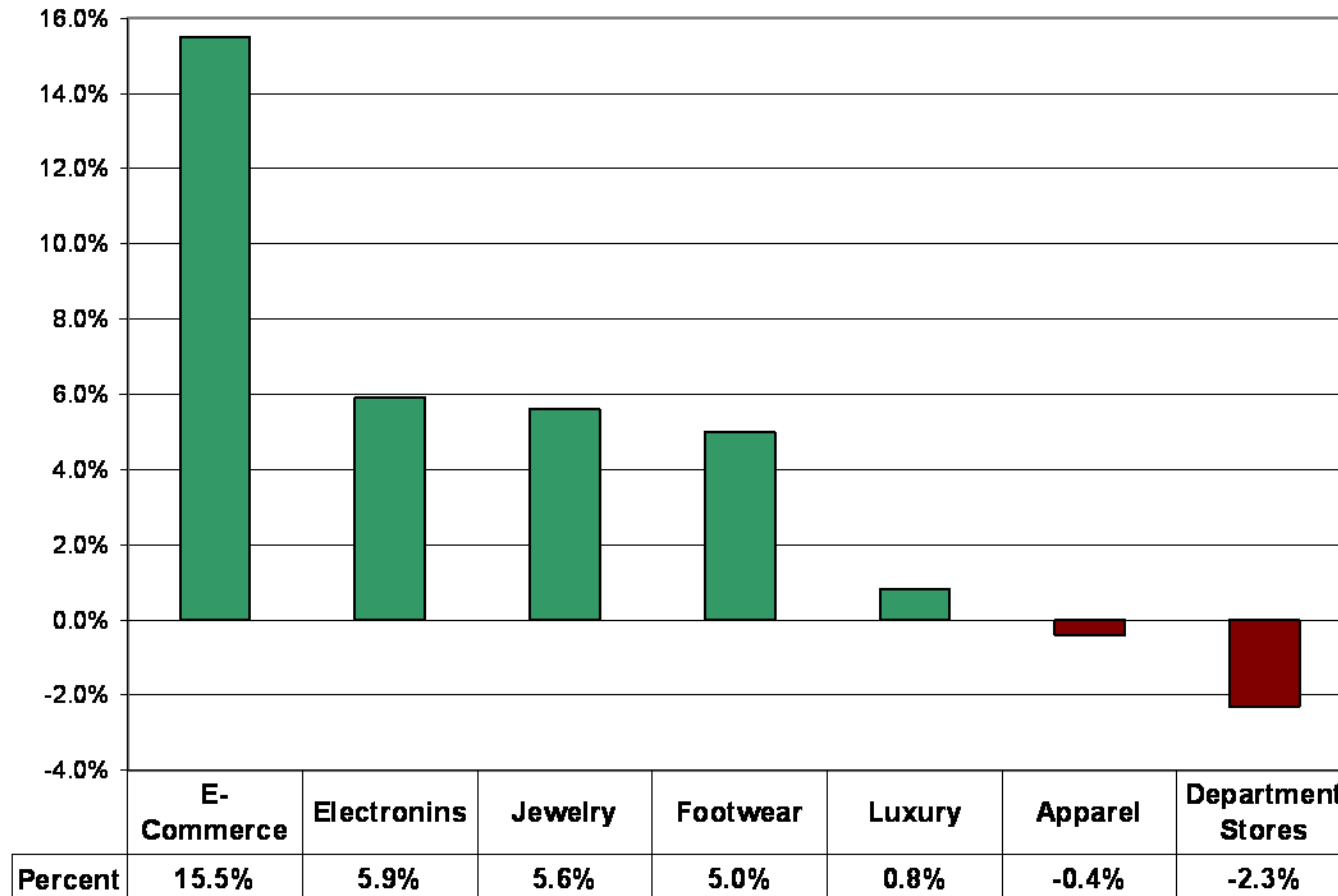


Source: US Census

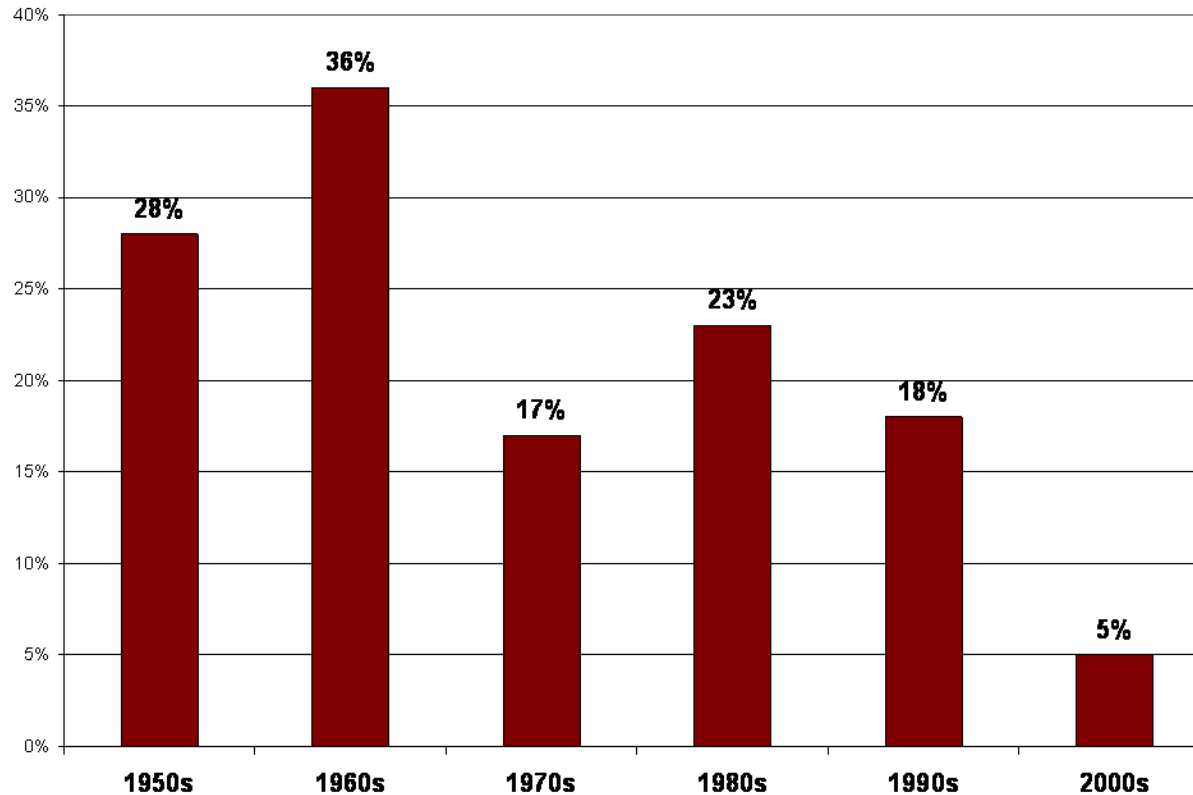
Growth Domestic Product Annualized Growth



Sales from Black Friday through Christmas Eve compared with a year ago

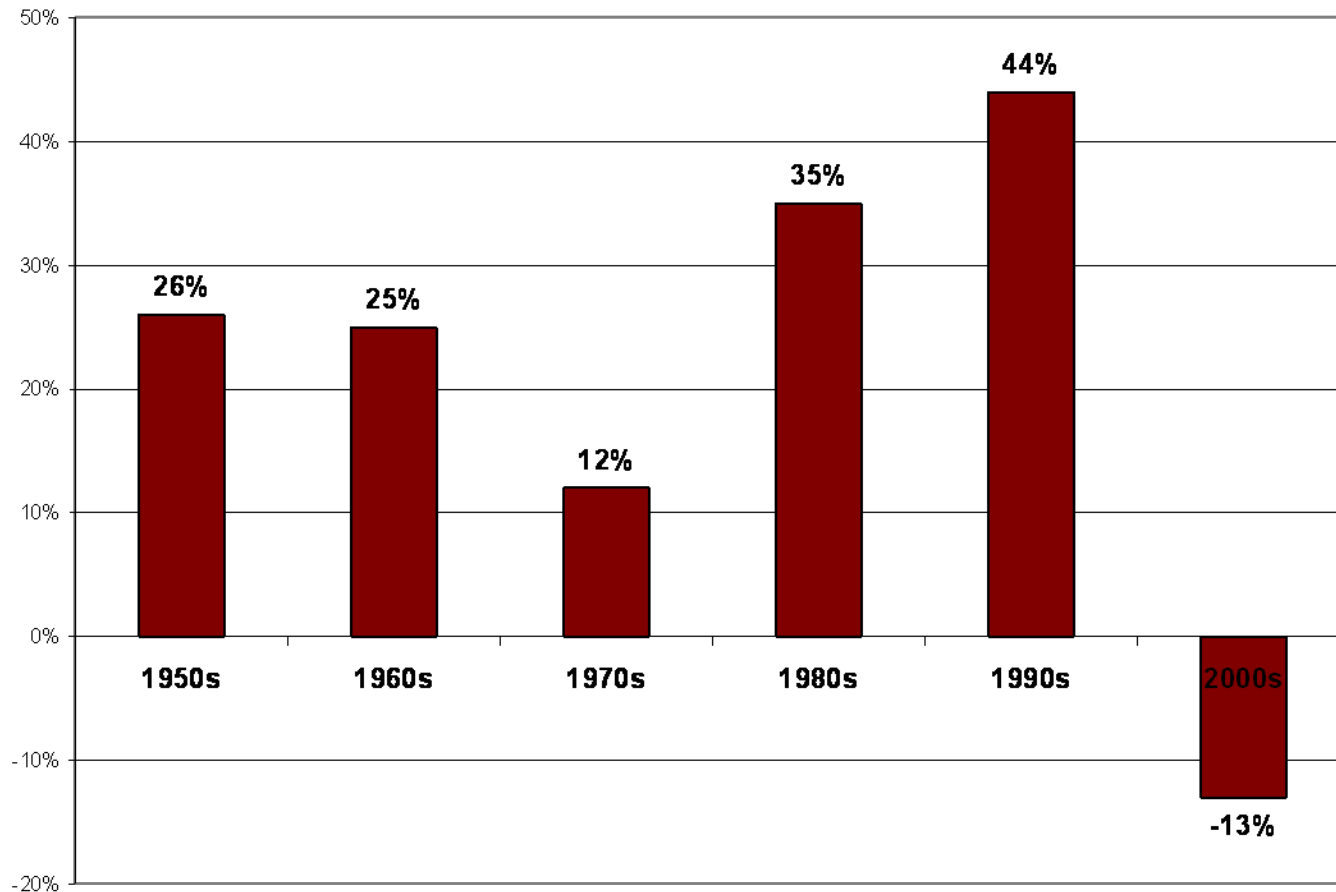


Change In Personal Income



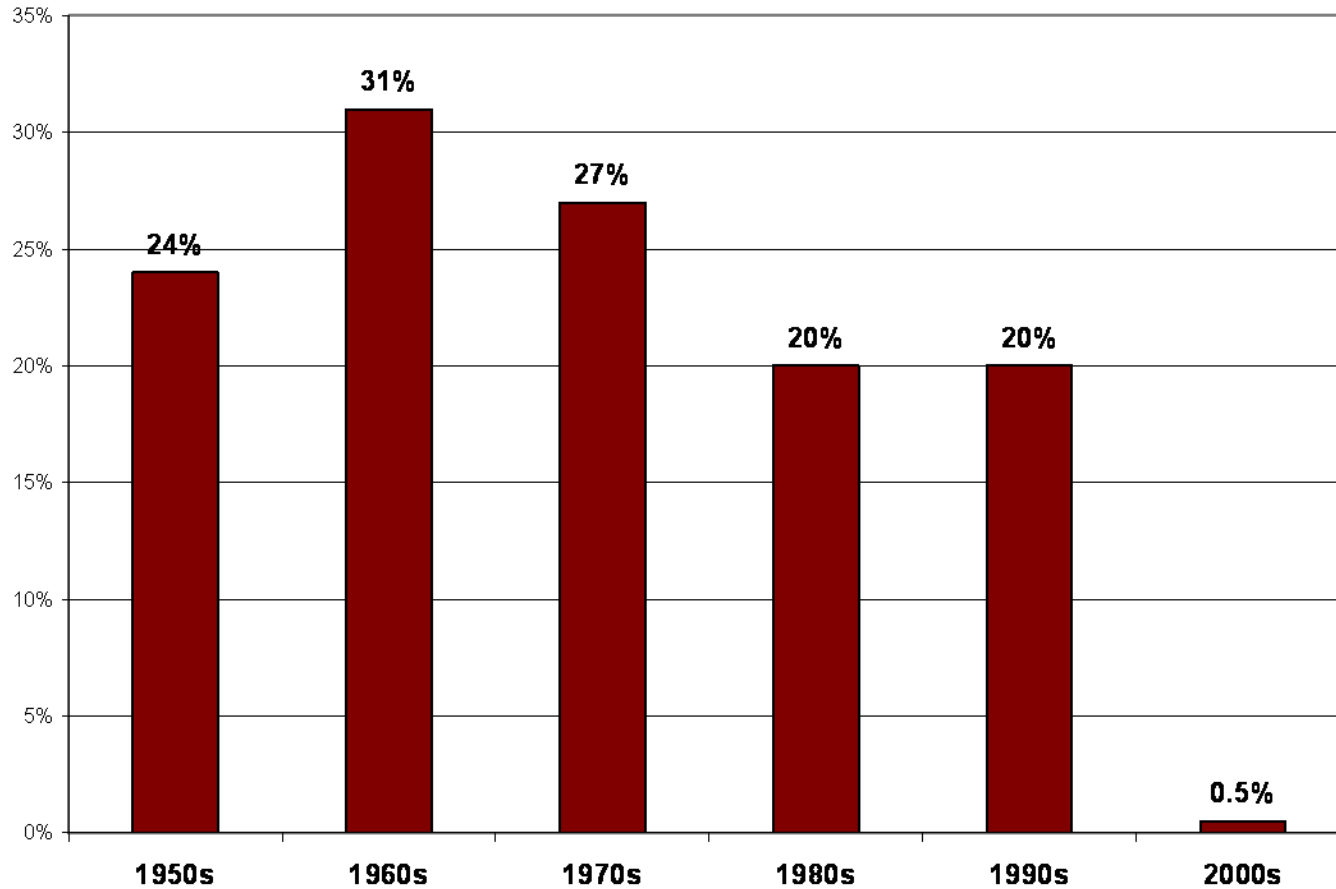
Source: Bureau of Economic Analysis

Change in Net Worth



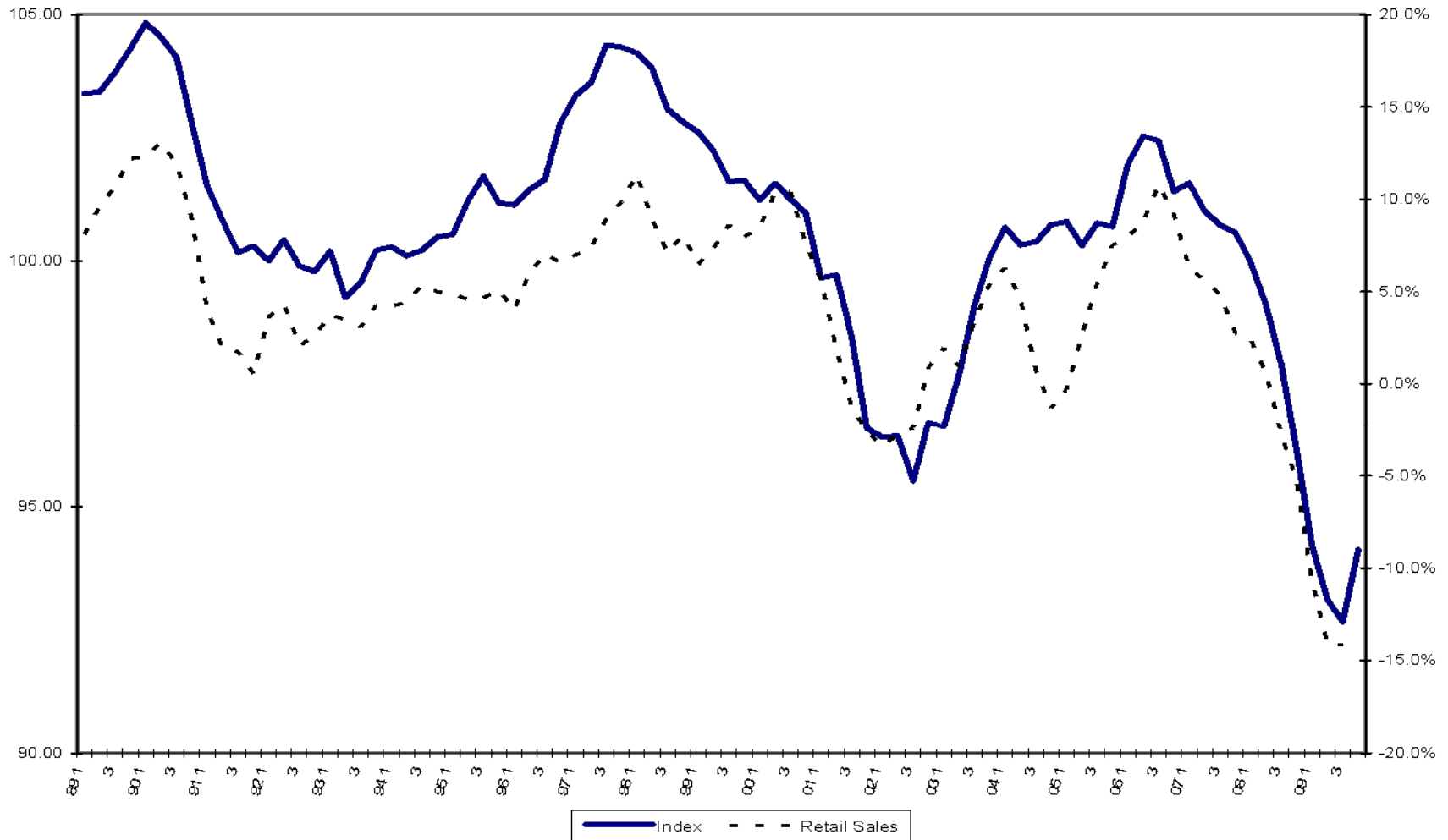
Source: Bureau of Economic Analysis

Change in Employment

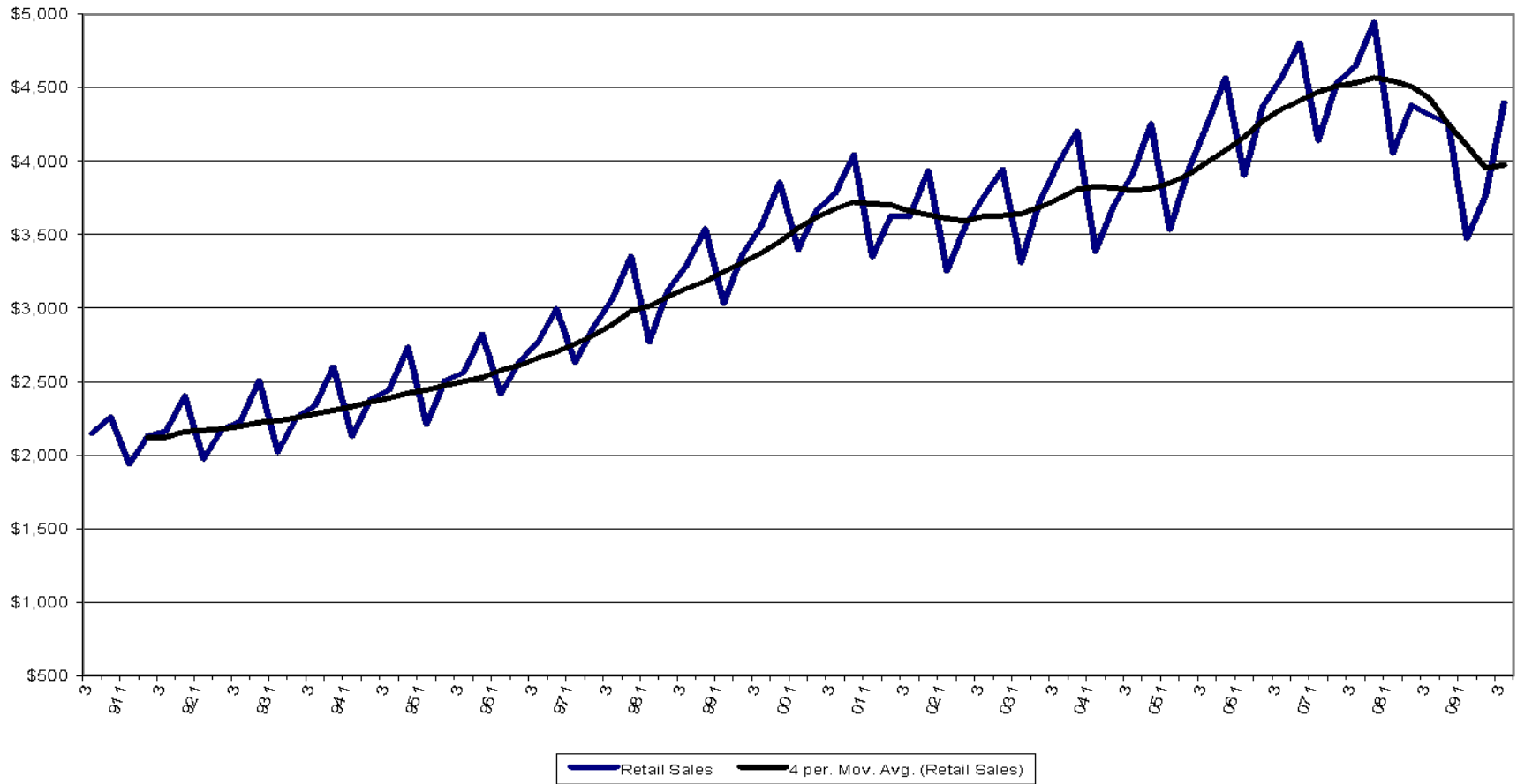


Source: Bureau of Economic Analysis

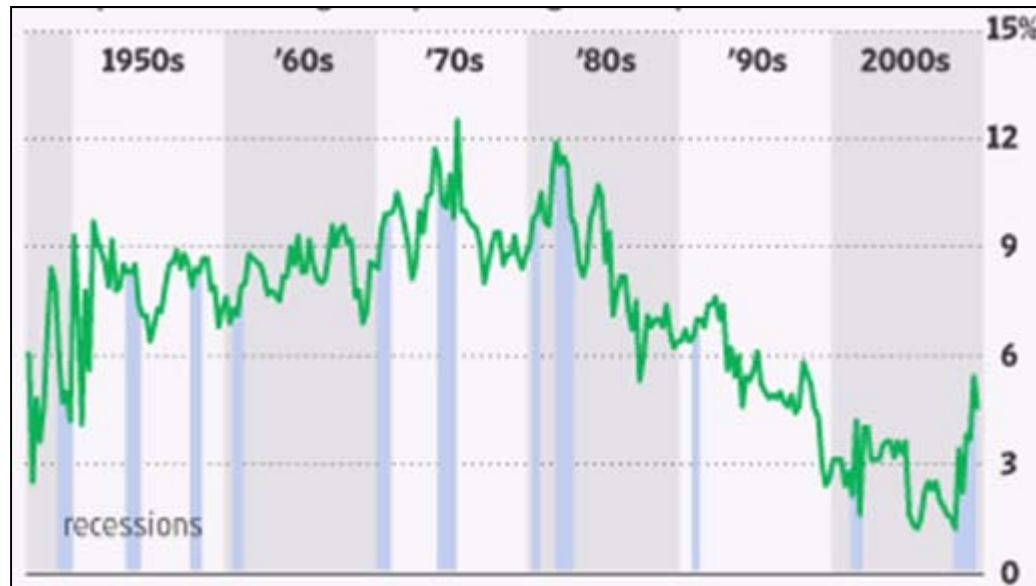
Economic Barometer and Increase in Retail Sales in King County



King County Retail Sales (In Thousands)

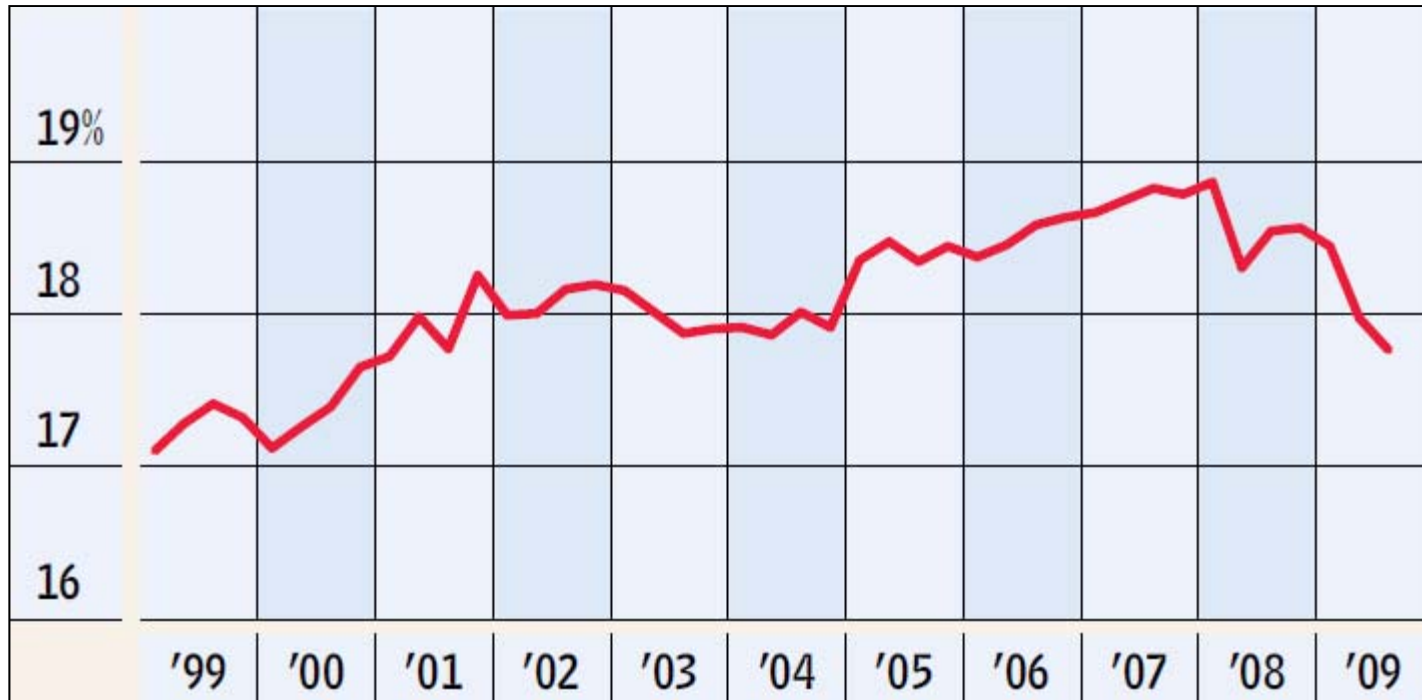


U.S. Personal Savings as a Percentage of Disposable Income



Source: Commerce Department

Financial Obligations Ratio



Source: Federal Reserve

Venture Capital Investment

