



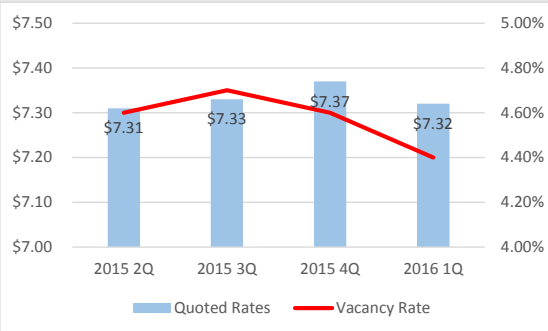
## Industrial Market Report

**Q1 2016**

### Market Overview

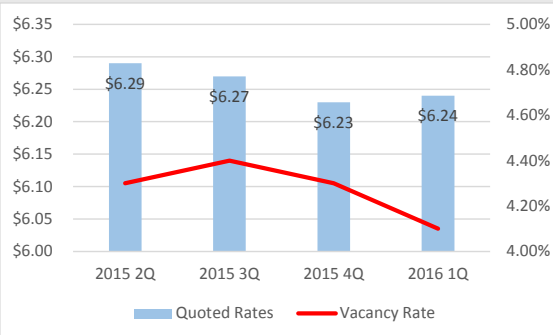
#### Total Overall Industrial Market Statistics

▼ Vacancy	4.4%
▼ Quoted Rates	\$7.32
▼ Net Absorption	1,346,913



#### Warehouse Only Market Statistics

▼ Vacancy	4.1%
▼ Quoted Rates	\$6.24
▼ Net Absorption	1,162,601



Source: CoStar Group

### Puget Sound Industrial Market

The Seattle/Puget Sound overall industrial market (flex and warehouse space) ended the first quarter 2016 at 4.4%. The rate has continuously fallen over the last three quarters. Flex projects reported a vacancy rate of 7.0% at the end of the first quarter 2016, while warehouse projects reported a vacancy rate of 4.1%.

Rental rates for industrial space ended the first quarter 2016 at \$7.32 per square foot per year, marking a 0.7 decrease from the previous quarter. Net absorption for the overall industrial market was positive 1,346,913 square feet in the first quarter 2016. That compares to positive 2,139,062 square feet in the previous quarter.

There were 1,718,904 square feet of industrial space under construction at the end of the first quarter 2016. During this quarter, eight buildings totaling 723,075 square feet were completed in the Seattle/Puget Sound market area. This compares to 12 buildings totaling 1,815,162 square feet that were completed in the fourth quarter 2015. Some of the notable 2016 deliveries include Lakewood Industrial Park - Bldg 28, a 268,300-square-foot facility, and Sumner West, a 120,900-square-foot building. Both buildings are currently vacant.

Source: CoStar Group

### Major New Lease Transactions Signed in 2015

Tenant	SF	Building	Submarket
Serta Simmons	272,834	IAC Port 167 - Bldg A	Puyallup/S Hill Ind
Helly Hansen	172,105	SeaPORT Log. Ctr, Bldg A - Phase I	Puyallup/S Hill Ind
Dometic Corp.	144,162	Steele Building	Puyallup/S Hill Ind
PODS	102,770	Des Moines Creek Bus. Park - Bldg 1A	Seatac/Burien Ind
Niagra Waters	95,600	IAC Port 167 - Bldg B	Puyallup/S Hill Ind
Funko LLC	82,956	Powder Mill Bus. Ctr - Bldg C	S Everett/Harbor Pt Ind
Onamac Industries, Inc.	59,972	Merrill Creek Center, Bldgs A & B	S Everett/Harbor Pt Ind

**Total Southend Industrial Market Statistics by Year**

Period	Existing Inventory		Vacancy		Net Absorption	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		
2016 1Q	8,281	312,184,339	13,644,354	4.4%	1,346,913	\$7.32
2015 4Q	8,274	311,480,254	14,287,182	4.6%	2,139,062	\$7.37
2015 3Q	8,265	309,739,318	14,685,308	4.7%	1,395,046	\$7.33
2015 2Q	8,254	307,960,048	14,301,084	4.6%	679,708	\$7.31
2015 1Q	8,250	307,143,265	14,164,009	4.6%	750,066	\$7.22
2014 4Q	8,246	306,803,522	14,574,332	4.8%	4,535,891	\$7.24
2014 3Q	8,246	304,705,650	17,012,351	5.6%	3,515,436	\$7.18
2014 2Q	8,244	302,470,512	18,292,649	6.0%	4,593,719	\$7.03
2014 1Q	8,256	302,487,656	22,903,512	7.6%	2,844,815	\$6.80
2013	8,252	304,705,650	25,680,783	8.5%	(486,502)	\$6.79
2012	8,245	302,470,512	18,833,209	8.4%	(4,786,149)	\$7.12

**Total Overall Industrial Market Statistics | Q1 2016**

Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %				
Downtown Ind	2,006	58,109,753	938,492	1.6%	(33,495)	0	0	\$10.42
Eastside Ind	769	21,232,994	1,131,214	5.3%	158,079	85,625	17,000	\$13.43
Northend Ind	1,644	51,655,986	2,955,019	5.7%	14,938	144,753	0	\$9.03
Southend Ind	1,947	110,331,618	4,219,817	3.8%	325,068	0	565,123	\$6.23
Tacoma Ind	1,915	70,853,988	4,399,812	6.2%	882,323	498,697	1,136,781	\$5.32
<b>Totals</b>	<b>8,281</b>	<b>312,184,339</b>	<b>13,644,354</b>	<b>4.4%</b>	<b>1,346,913</b>	<b>723,075</b>	<b>1,718,904</b>	<b>\$7.32</b>

**Major Sale Transactions Q1 2015 through Q1 2016**

Buyer	Seller	SF	Property	City	Price
Prologis	Alaska Distributors	360,122	4201 & 4601 6th Ave S.	Seattle	\$63,250,000
Principal Global Investors LLC	Northwest Building LLC	1,027,356	Port Commerce Center	Tacoma	\$57,200,000
Precision Castparts Corp.	Clarion Partners	263,291	Algona II Distribution Center	Algona	\$28,253,716
CenterPoint Properties	Gibraltar Industries, Inc.	324,220	3011 70th Ave E.	Fife	\$26,353,618

Information provided by CoStar Group

Q1 2016

Year-to-Date Deliveries - 2016





Based on Project Square Footage

Name	Submarket	SF	Occupied	Developer
Lakewood Industrial Park - Bldg 28	Tacoma Ind	268,300	0%	N/A
Sumner West	Tacoma Ind	120,900	0%	N/A
PowderMill Business Center - Bldg C	Northend Ind	82,956	100%	Panattoni Development
3424 Freeman Rd E	Tacoma Ind	67,260	0%	N/A
PowderMill Business Center - Bldg D	Northend Ind	61,797	0%	N/A
BP-117	Eastside Ind	45,000	0%	N/A

Information provided by CoStar Group

Q1 2016

Select Andover Properties Available

Property	Address	SF	Loading/Rates	Agents
<p><b>Norwesco Building Sublease</b></p> 	3011 70th Avenue E Fife, WA	100,000	DH/GL Loading Outside storage and parking  \$0.40/SF shell, NNN	Brian Bruininks, CCIM
<p><b>Lonestar Building</b></p> 	6335 1st Avenue S Seattle, WA	58,733	DH/GL Loading Zoned IG1, Seattle  SALE: Accepting offers	Bruce Clarkson
<p><b>West Valley at South 212th</b></p> 	West Valley and S. 212th Kent, WA	21,922	DH/GL Loading, 30' CH  \$0.55/SF shell, \$0.90/SF office, NNN	George Rockwell, SIOR
<p><b>Springbrook II</b></p> 	7681 S. 180th Street Kent, WA	13,107	DH/GL Loading, 24' CH High quality image project  \$0.50/SF shell, \$0.80/SF office, NNN	Mike Hemphill Jim Bisset



## Our Services

- Tenant and Buyer Representation
- Industrial Leasing and Sales
- Site Selection and Acquisition
- Build-To-Suit Analysis
- Consulting and Research
- Design & Construction Coordination
- Market Surveys and Submarket Analysis
- Marketing Program & Brochure Development
- Landlord and Seller Representation
- Office Leasing and Sales
- Retail Leasing and Sales
- Investment Sales
- Team Project Marketing and Leasing
- Land Sales and Acquisitions
- Asset Management / Property Management



For the 12th year in a row, The Andover Company has been recognized by the CoStar Group as a corporate real estate powerhouse in the Puget Sound area. This distinction is a testament to our knowledge of the market and dedication to our clients.

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