



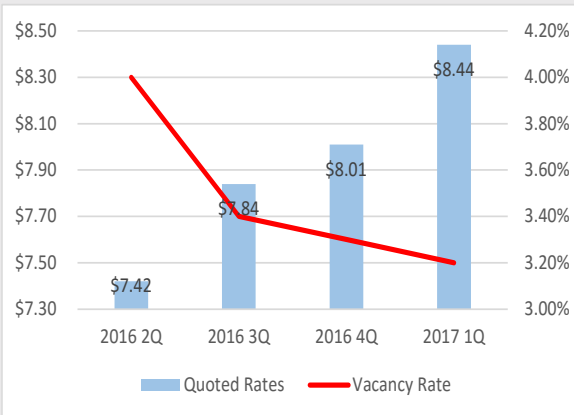
Industrial Market Report

Q1 2017

Market Overview

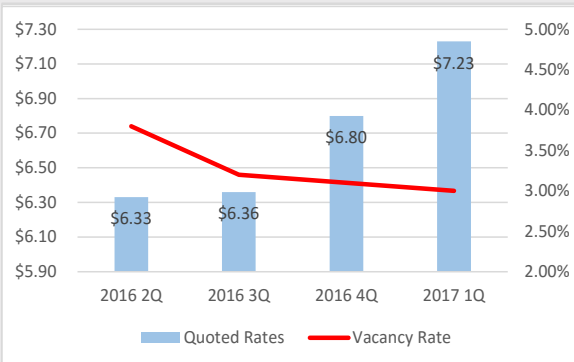
Total Overall Industrial Market Statistics

▼ Vacancy	3.2%
▲ Quoted Rates	\$8.44
▲ Net Absorption	1,432,952



Warehouse Only Market Statistics

▼ Vacancy	3.0%
▲ Quoted Rates	\$7.23
▲ Net Absorption	1,288,469



Source: CoStar Group

Puget Sound Industrial Market

The Seattle/Puget Sound overall industrial market (flex and warehouse space) ended the first quarter 2017 at 3.2%. Flex projects reported a vacancy rate of 5.2% at the end of the first quarter 2017, while warehouse projects reported a vacancy rate of 3.0%.

Rental rates for industrial space ended the first quarter 2017 at \$8.44 per square foot per year, marking a 5.0% increase from the previous quarter. Net absorption for the overall industrial market was positive 1,432,952 square feet in the first quarter 2017. That compares to positive 929,562 square feet in the previous quarter.

There were 2,405,262 square feet of industrial space under construction at the end of the first quarter 2017. During this quarter, 5 buildings totaling 898,870 square feet were completed in the Seattle/Puget Sound market area. Some of the notable 2017 deliveries include Des Moines Creek Business Park Phase III - 3B, a 352,800-square-foot facility that delivered in first quarter 2017 and is now 100% occupied, and Fife I-5 Commerce Center, a 250,490-squarefoot building.

Total year-to-date industrial building sales activity in 2016 was up compared to the previous year (2015). Total dollar volume was \$1,042,046,759 compared to \$916,626,102 the previous year. Cap rates were also higher in 2016, averaging 6.67%, compared to 6.47% of the previous year

Source: CoStar Group

Major New Lease Transactions Signed in 2017

Tenant	SF	Building	Submarket
UPS	770,195	Prologis Park Tacoma Bldg B	Port of Tacoma/Fife Ind
Amazon	401,076	Sumner Corporate Park - Rainier Bldg	Puyallup/ S Hill Ind
Ply Gem Windows	261,696	Park 277 - Bldg B	Auburn Ind
N/A	170,592	Puyallup West Distribution Center	Puyallup/S Hill Ind
FedEx Ground	152,155	Emerald Corporate Park - Bldg E	Puyallup/S Hill Ind
Shaw Industries Group, Inc.	127,651	Shaw Industries	Kent Valley S Ind

Total Southend Industrial Market Statistics by Year

Period	Existing Inventory		Vacancy		Net Absorption	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		
2017 1Q	1,960	110,742,481	3,005,294	2.7%	(114,740)	\$7.22
2016 4Q	1,958	110,482,285	2,512,554	2.3%	666,117	\$7.03
2016 3Q	1,949	110,229,989	3,098,320	2.8%	533,064	\$7.07
2016 2Q	1,922	71,917,809	4,992,822	6.9%	330,500	\$5.31
2016 1Q	1,920	71,348,464	4,753,977	6.7%	1,034,601	\$5.25
2015 4Q	1,914	70,463,637	4,903,751	7.0%	994,918	\$5.25
2015 3Q	1,910	69,566,635	5,001,667	7.2%	422,233	\$5.29
2015 2Q	1,903	68,874,672	4,731,937	6.9%	216,227	\$5.27
2015 1Q	1,898	68,287,536	4,361,028	6.4%	26,610	\$5.27
2014 4Q	1,896	68,065,515	4,165,617	6.1%	51,754	\$5.28
2014 3Q	1,895	68,040,036	4,191,892	6.2%	(18,032)	\$5.24
2014 2Q	1,894	67,391,357	3,525,181	5.2%	804,933	\$5.26

Total Overall Industrial Market Statistics

Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %				
Downtown Ind	2,001	58,080,923	853,091	1.5%	312,401	27,700	0	\$11.29
Eastside Ind	771	21,382,691	520,271	2.4%	111,927	0	44,072	\$14.42
Northend Ind	1,659	52,043,120	2,053,883	3.9%	310,293	200,000	224,075	\$10.91
Southend Ind	1,960	110,742,481	3,005,294	2.7%	(114,740)	352,800	437,092	\$7.22
Tacoma Ind	1,937	73,305,822	3,608,579	4.9%	813,071	318,370	1,700,023	\$5.65
Totals	8,328	315,555,037	10,041,115	3.2%	1,432,952	898,870	2,405,262	\$8.44

Major Sale Transactions Q4 2015 through Q1 2017

Buyer	Seller	SF	Property	City	Price
Boeing Employee's Credit Union	RREEF Management LLC	371,163	13035 Gateway Dr	Tukwila	\$78,000,000
CAVA Des Moines Industrial LLC	Panattoni Development Company	109,679	Des Moines Creek Business Park-BL	Des Moines	\$46,500,000
Pine Forest Properties, Inc.	Onward Investors LLC	184,000	Westview 522	Woodinville	\$32,200,000
Northwest Building LLC	The Benaroya Company	171,841	Totem Lake Commerce Center	Kirkland	\$28,011,769

Information provided by CoStar Group

Q1 2017

Year-to-Date Deliveries - 2017





Based on Project Square Footage

Name	Submarket	SF	Occupied	Developer
Des Moines Creek Business Park Phase III - 3B	Southend Ind	352,800	100%	Panattoni
Fife I-5 Commerce Center	Tacoma Ind	250,490	0%	N/A
Underwood Garland 62 - Bldg 2	Northend Ind	200,000	81%	N/A
Riverside 5 Industrial Park -1	Tacoma Ind	67,880	52%	N/A
3455 Thorndyke Ave W	Downtown Ind	27,700	47%	N/A

Information provided by CoStar Group

Q1 2017

Select Andover Properties Available

Property	Address	SF	Loading/Rates	Agents
North Country Business Park 	32xx 142nd Avenue E	267,703	DH/GL Loading	Dave Dunn
Andover Park West & Minkler Blvd 	Andover Park West & Minkler Blvd	62,726	Commercial Land Sale Price: \$4,068,740	Jeff Crane
Federal Way Corporate Center 	34210 9th Avenue S Federal Way, WA	32,202	DH/GL Loading Zoned CE, Federal Way \$0.45/SF shell, \$0.85/SF office	Jeff Crane Brian Bruininks
Elstrom Building 	1217 4th Avenue N Kent, WA	22,500	GL/DH Loading \$0.50/SF shell. \$0.75/SF office, NNN	David Baumer



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 14th 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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