



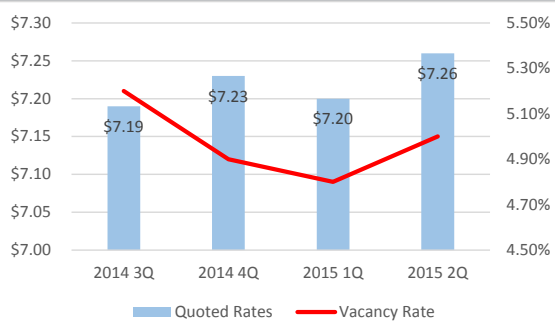
## Industrial Market Report

Q2 2015

### Market Overview

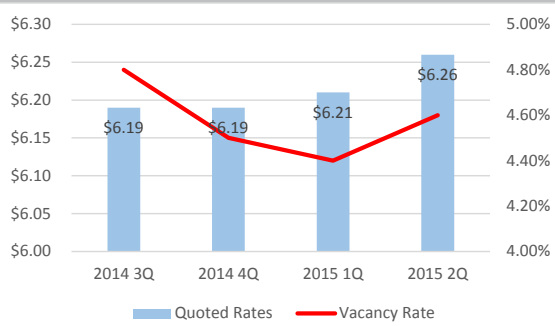
#### Total Overall Industrial Market Statistics

▲ Vacancy	5.0%
▲ Quoted Rates	\$7.26
▲ Net Absorption	633,729



#### Warehouse Only Market Statistics

▲ Vacancy	4.6%
▲ Quoted Rates	\$6.26
▲ Net Absorption	630,111



Source: CoStar Group

### Puget Sound Industrial Market

The Seattle/Puget Sound overall industrial market (flex and warehouse space) ended the second quarter 2015 with a vacancy rate of 5.0%, representing an increase of 0.2 percent from the previous quarter. Flex projects reported a vacancy rate of 8.0% at the end of the second quarter 2015, 8.1% at the end of the first quarter 2015, 8.7% at the end of the fourth quarter 2014, and 9.0% at the end of the third quarter 2014. Warehouse projects reported a vacancy rate of 4.6% at the end of the second quarter 2015, 4.4% at the end of the first quarter 2015, 4.5% at the end of the fourth quarter 2014, and 4.8% at the end of the third quarter 2014.

Rental rates for industrial space ended the second quarter 2015 at \$7.26 per square foot per year, marking a minor increase from the previous quarter. Net absorption for the overall industrial market was positive 633,729 square feet in the second quarter 2015. That compares to positive 700,053 square feet in the previous quarter.

There were 3,558,029 square feet of industrial space under construction at the end of the second quarter 2015. During this quarter, nine buildings totaling 1,261,884 square feet were completed in the Seattle/Puget Sound market area. This compares to seven buildings totaling 488,822 square feet completed in the first quarter 2015.

Source: CoStar Group

### Major New Lease Transactions Signed in 2015

Tenant	SF	Building	Submarket
Office Depot	174,287	Wenatchee Building	Puyallup/S Hill Ind
Cooper Tire & Rubber Co.	140,386	Prologis Park Sumner, Building B	Puyallup/S Hill Ind
ADS Logistics	104,700	Hill IP/187-E	Kent Valley N Ind
N/A	73,086	Prologis Park Tukwila	Tukwila Ind
CTE Logistics	62,895	Sockeye Building	Puyallup/S Hill Ind
Cabela's	59,824	IAC Port 167 - Building B	Puyallup/S Hill Ind
Complete Office Installations	57,600	NW Corporate Park - Building H	Kent Valley N Ind

## Total Southend Industrial Market Statistics by Year

Period	Existing Inventory		Vacancy		Net Absorption	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		
2015 2Q	1,931	107,109,106	4,403,751	4.1%	297,140	\$6.17
2015 1Q	1,929	106,912,866	4,504,651	4.2%	558,163	\$6.13
2014 4Q	1,929	106,884,394	5,034,342	4.7%	468,763	\$6.11
2014 3Q	1,929	106,890,791	5,509,502	5.2%	418,563	\$6.02
2014 2Q	1,930	106,921,599	5,958,873	5.6%	156,329	\$5.90
2014 1Q	1,930	106,921,599	6,115,202	5.7%	705,721	\$5.80
2013 4Q	1,927	106,433,805	6,333,129	6.0%	476,841	\$5.92
2013 3Q	1,927	106,433,805	6,809,970	6.4%	208,917	\$5.82
2013 2Q	1,927	106,417,157	7,002,239	6.6%	146,385	\$5.89
2013 1Q	1,927	106,417,157	7,148,624	6.7%	385,240	\$5.69
2012 4Q	1,927	106,417,157	7,533,864	7.1%	188,338	\$5.64

## Total Overall Industrial Market Statistics | Q2 2015

Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %				
Downtown Ind	2,016	58,152,662	1,199,591	2.1%	92,266	78,250	0	\$8.96
Eastside Ind	767	21,043,973	1,219,750	5.8%	285,191	89,250	0	\$12.42
Northend Ind	1,607	49,725,315	3,001,900	6.0%	(112,135)	0	465,063	\$9.25
Southend Ind	1,931	107,109,106	4,403,751	4.1%	855,303	230,672	1,410,235	\$6.17
Tacoma Ind	1,883	67,729,654	5,270,949	7.8%	213,157	1,352,534	1,682,731	\$5.25
<b>Totals</b>	<b>8,204</b>	<b>303,760,710</b>	<b>15,095,941</b>	<b>5.0%</b>	<b>1,333,782</b>	<b>1,750,706</b>	<b>3,558,029</b>	<b>\$7.26</b>

## Major Sale Transactions Q2 2014 through Q2 2015

Buyer	Seller	SF	Property	City	Price
Prologis	Alaska Distributors	360,058	Seattle Logistics Center	Seattle	\$63,250,000
Principal Global Investors LLC	Northwest Building LLC	1,027,356	Port Commerce Center	Tacoma	\$57,200,000
KBS Realty Advisors	Colony Realty Partners	239,607	Park at Woodinville	Woodinville	\$29,690,000
Precision Castparts Corp.	Clarion Partners	263,291	Algona II Distribution Center	Algona	\$28,253,716

Information provided by CoStar Group

Q2 2015

Year-to-Date Deliveries - 2015





Based on Project Square Footage

Name	Submarket	SF	Occupied	Developer
IAC Port 167 - Building A	Tacoma Ind	398,753	0%	N/A
NW Logistics Center - Phase I	Tacoma Ind	225,000	0%	N/A
Tamarack Building	Tacoma Ind	159,250	0%	N/A
Lakewood Industrial Park - Bldg. 27	Tacoma Ind	136,300	27%	N/A
Salmon Creek Corporate Park - Bldg. A	Tacoma Ind	134,600	26%	Mastro Properties
Riverton Distribution Center - Bldg. A	Southend Ind	117,305	100%	Panattoni Development Company

Information provided by CoStar Group

Q2 2015

Select Andover Properties Available

Property	Address	SF	Loading/Rates	Agents
<b>Lynch Industrial Building</b> 	832 3rd Avenue S. Kent, WA	90,100	DH/GL Loading Zoned M-2  SALE: \$6,000,000	Brian Dennehy
<b>Park 222 - Building B</b> 	8429 S. 222nd Street Kent, WA	51,722 (4,393 ofc)	14 DH, 6 GL, 24' CH Available Now  \$0.41/SF shell, NNN \$0.85/SF office, NNN	Dave Dunn, CCIM
<b>Fiberlay Building</b> 	20-24 S. Idaho Street Seattle, WA	33,987 (3,800 ofc)	DH/GL Loading, 18' CH  \$0.75/SF blended, NNN	Arne Svendsen Bruce Clarkson
<b>Pacific Business Park</b> 	8725 S. 212th Street Kent, WA	17,838 (12,000 ofc)	3 DH, 24' CH Available Now  \$0.48/SF shell, NNN \$0.75/SF office, NNN	Dave Baumer Brian Bruininks, CCIM



## 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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