



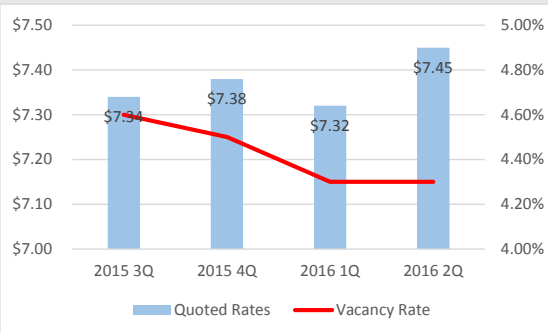
## Industrial Market Report

**Q2 2016**

### Market Overview

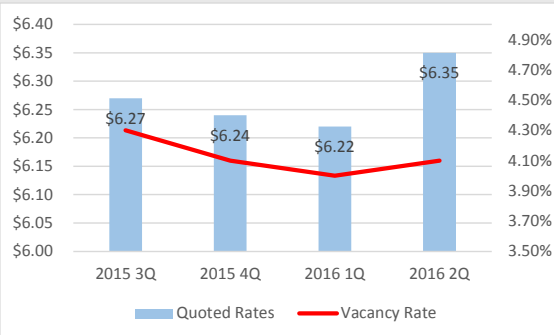
#### Total Overall Industrial Market Statistics

▶ Vacancy	4.3%
◆ Quoted Rates	\$7.45
▼ Net Absorption	749,649



#### Warehouse Only Market Statistics

▲ Vacancy	4.1%
◆ Quoted Rates	\$6.35
▼ Net Absorption	502,344



Source: CoStar Group

### Puget Sound Industrial Market

The Seattle/Puget Sound overall industrial market (flex and warehouse space) ended the second quarter 2016 at 4.3%. This rate remains unchanged over the last quarter. Flex projects reported a vacancy rate of 6.0% at the end of the second quarter 2016, while warehouse projects reported a vacancy rate of 4.1%.

Rental rates for industrial space ended the first quarter 2016 at \$7.45 per square foot per year, marking a 1.8 increase from the previous quarter. Net absorption for the overall industrial market was positive 749,649 square feet in the second quarter 2016. That compares to positive 1,646,188 square feet in the previous quarter.

There were 1,166,505 square feet of industrial space under construction at the end of the second quarter 2016. During this quarter, five buildings totaling 724,043 square feet were completed in the Seattle/Puget Sound market area. This compares to 10 buildings totaling 1,115,205 square feet that were completed in the first quarter 2016. Some of the notable 2016 deliveries include IAC Port 106 - Bldg A, a 398,753-square-foot facility that delivered in second quarter 2016 and is now 68% occupied, and Lakewood Industrial Park - Bldg 28, a 268,300-square-foot building that delivered in first quarter 2016 and is vacant.

Source: CoStar Group

### Major New Lease Transactions Signed in 2016

Tenant	SF	Building	Submarket
Serta Simmons	272,834	IAC Port 167 - Bldg A	Puyallup/S Hill Ind
Amerisource	230,899	Des Moines Creek Bus. Park - Phase III	Rainier/Beacon Hill Ind
Mobis Parts of America	180,718	Cascade Building	Puyallup/S Hill Ind
Helly Hansen	172,105	SeaPORT Log. Ctr, Bldg A - Phase I	Puyallup/S Hill Ind
Partners Crackers	149,600	Des Moines Creek Bus. Park - Phase III	Rainier/Beacon Hill Ind
Dometic Corp.	144,162	Steele Building	Puyallup/S Hill Ind

**Total Southend Industrial Market Statistics by Year**

Period	Existing Inventory		Vacancy		Net Absorption	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		
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
2014 1Q	1,891	66,642,334	3,581,091	5.4%	166,620	\$5.19
2013 4Q	1,889	66,209,682	3,315,059	5.0%	1,265,069	\$5.29

**Total Overall Industrial Market Statistics | Q2 2016**

Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %				
Downtown Ind	2,011	58,213,375	969,581	1.7%	(82,367)	0	518,366	\$10.93
Eastside Ind	773	21,319,969	1,349,153	6.3%	178,770	170,625	0	\$14.01
Northend Ind	1,649	51,756,834	2,259,014	4.4%	244,090	144,753	386,977	\$9.02
Southend Ind	1,948	110,484,454	3,779,007	3.4%	690,243	69,698	0	\$6.35
Tacoma Ind	1,922	71,917,809	4,992,822	6.9%	1,365,101	1,454,172	261,162	\$5.31
<b>Totals</b>	<b>8,303</b>	<b>313,692,441</b>	<b>13,349,577</b>	<b>4.3%</b>	<b>2,395,837</b>	<b>1,839,248</b>	<b>1,166,505</b>	<b>\$7.45</b>

**Major Sale Transactions Q2 2015 through Q2 2016**

Buyer	Seller	SF	Property	City	Price
Hormann UK Ltd	Steve DeWitt	268,185	Hormann High Performance Doors Building	Puyallup	\$24,000,000
CenterPoint Properties	Shelby Company	152,155	Emerald Corporate Park - Bldg. E	Auburn	\$21,900,000
CenterPoint Properties	ITB Holding Company LLC	170,633	West Waterway - Bldg 7-C	Seattle	\$18,250,000
Industrial Property Trust	PropTt USA, Inc.	162,100	Propet USA	Auburn	\$17,015,000

Information provided by CoStar Group

Q2 2016

Year-to-Date Deliveries - 2016





Based on Project Square Footage

Name	Submarket	SF	Occupied	Developer
IAC Port 167 - Bldg A	Tacoma Ind	398,753	68%	N/A
Lakewood Industrial Park - Bldg 28	Tacoma Ind	268,300	0%	N/A
DCT Fife Distribution Center - Bldg B	Tacoma Ind	239,805	100%	N/A
Puyallup West Distribution Center	Tacoma Ind	170,592	0%	N/A
DCT Fife Distribution Center - North	Tacoma Ind	152,325	55%	N/A
Sumner West	Tacoma Ind	120,900	0%	N/A

Information provided by CoStar Group

Q2 2016

Select Andover Properties Available

Property	Address	SF	Loading/Rates	Agents
<b>Norwesco Building Sublease</b> 	3011 70th Avenue E Fife, WA	100,000	DH/GL Loading Outside storage and parking \$0.40/SF shell, NNN	Brian Bruininks, CCIM
<b>Lonestar Building</b> 	6335 1st Avenue S Seattle, WA	58,733	DH/GL Loading Zoned IG1, Seattle SALE: Accepting offers	Bruce Clarkson
<b>West Valley at South 212th</b> 	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
<b>Springbrook II</b> 	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 13th 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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