



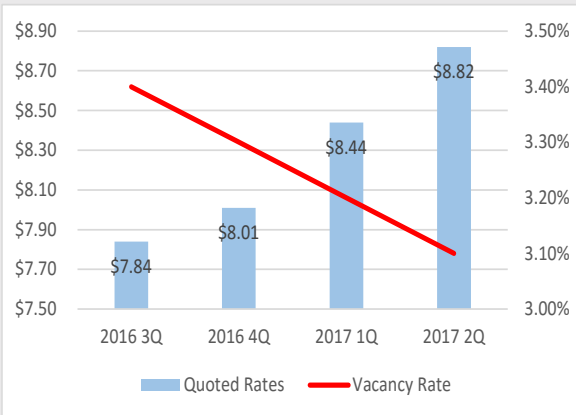
## Industrial Market Report

Q2 2017

### Market Overview

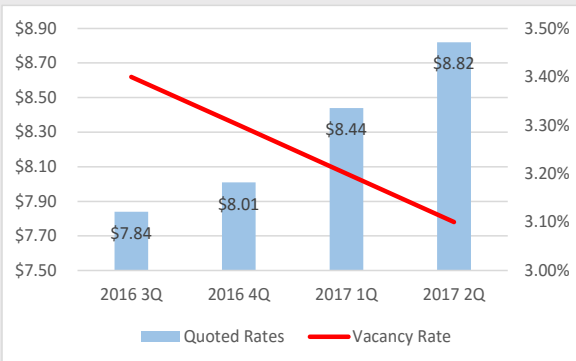
#### Total Overall Industrial Market Statistics

▼ Vacancy	3.1%
▲ Quoted Rates	\$8.82
▲ Net Absorption	1,173,479



#### Warehouse Only Market Statistics

▼ Vacancy	2.9%
▲ Quoted Rates	\$7.61
▲ Net Absorption	1,359,519



Source: CoStar Group

### Puget Sound Industrial Market

The Seattle/Puget Sound overall industrial market (flex and warehouse space) ended the second quarter 2017 at 3.1%. Flex projects reported a vacancy rate of 5.2% at the end of the second quarter 2017, while warehouse projects reported a vacancy rate of 2.9%.

Rental rates for industrial space ended the second quarter 2017 at \$8.82 per square foot per year, marking a 4.6% increase from the previous quarter. Net absorption for the overall industrial market was positive 1,173,479 square feet in the second quarter 2017. That compares to positive 1,503,402 square feet in the previous quarter.

There were 3,452,246 square feet of industrial space under construction at the end of the second quarter 2017. During this quarter, 7 buildings totaling 953,017 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 North Country Business Park - Building A, a 267,703-square-foot building that delivered in second quarter 2017 and is now 53% occupied.

Total year-to-date industrial building sales activity in 2017 was up compared to the previous year (2016). Total dollar volume was \$291,032,601 compared to \$1,042,046,759 the previous year. Cap rates have been lower in 2017, averaging 5.99%, compared to 6.54% 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
Bartell Drugs	268,013	Des Moines Creek BP Phase IV Bldg A	Seatac/Burien Ind
Ply Gem Windows	261,696	Park 277- Bldg B	Auburn Ind
Associated Materials, Inc.	250,490	EFife I-5 Commerce Center	Puyallup/S Hill Ind
3PL Cold Storage	241,140	Bridge Pointe Burien	Tukwila Ind

## Total Southend Industrial Market Statistics by Year

Period	Existing Inventory		Vacancy		Net Absorption	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		
2017 2Q	1,964	110,758,839	3,089,738	2.8%	251,882	\$7.62
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

## 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	1,996	57,953,276	930,523	1.6%	300,614	27,700	589,615	\$12.07
Eastside Ind	772	21,413,929	642,769	3.0%	(9,885)	44,072	0	\$14.39
Northend Ind	1,665	52,162,123	2,057,891	3.9%	333,260	224,375	199,700	\$11.23
Southend Ind	1,964	110,758,839	3,089,738	2.8%	206,792	758,967	525,335	\$7.62
Tacoma Ind	1,939	73,937,926	3,095,350	4.2%	1,849,100	796,773	2,137,596	\$5.85
<b>Totals</b>	<b>8,336</b>	<b>316,226,093</b>	<b>9,816,271</b>	<b>3.1%</b>	<b>2,676,881</b>	<b>1,851,887</b>	<b>3,452,246</b>	<b>\$8.82</b>

## Major Sale Transactions Q1 2016 through Q2 2017

Buyer	Seller	SF	Property	City	Price
Swire CocaCola, USA	BCI Coca-Cola Bottling Co.	159,396	Coca Cola	Bellevue	\$170,100,000
Boeing Employee's Credit Union	RREEF Management LLC	371,167	Gateway Corporate Center	Tukwila	\$78,000,000
LaSalle Investment Mgmt., Inc.	Panattoni Development Company	109,679	Des Moines Creek B.P. Bldg 1B	Des Moines	\$46,500,000
Pine Forest Properties, Inc.	Onward Investors LLC	184,000	Westview 522	Woodinville	\$32,200,000

Information provided by CoStar Group

Q2 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
North Country Business Park - Bldg A	Tacoma Ind	267,703	53%	N/A
Fife I-5 Commerce Center	Tacoma Ind	250,490	0%	N/A
Bridge Pointe Burien	Southend Ind	241,140	100%	Bridge Dev. Partners
LogistiCenter at I-5	Tacoma Ind	210,700	0%	N/A

Information provided by CoStar Group

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Select Andover Properties Available

Property	Address	SF	Loading/Rates	Agents
<p><b>East Campus Landing Development</b></p> 	344th & S. Weyerhaeuser Way	225,950	DH/GL Loading	Brian Bruininks Mike Hemphill Jim Bisset
<p><b>Andover Park West &amp; Minkler Blvd</b></p> 	Andover Park West & Minkler Blvd	62,726	Commercial Land Sale Price: \$4,068,740	Jeff Crane
<p><b>Federal Way Corporate Center</b></p> 	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
<p><b>Elstrom Building</b></p> 	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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