



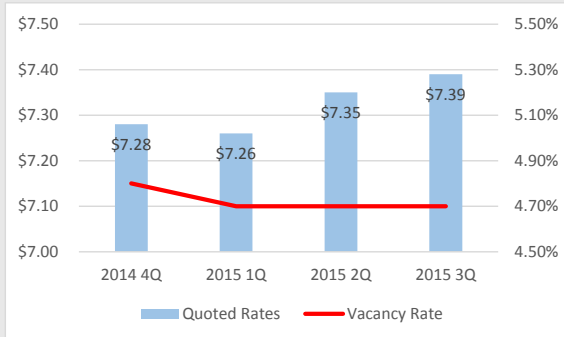
Industrial Market Report

Q3 2015

Market Overview

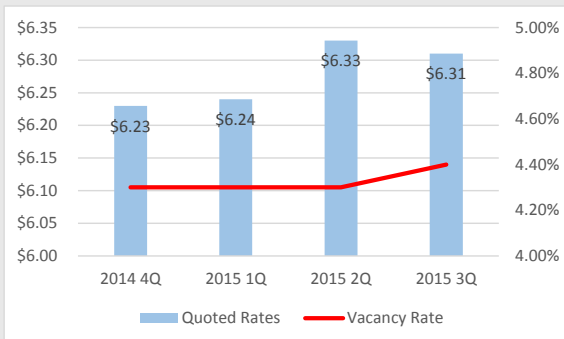
Total Overall Industrial Market Statistics

- ▶ Vacancy 4.7%
- ▲ Quoted Rates \$7.39
- ▲ Net Absorption 1,521,333



Warehouse Only Market Statistics

- ▲ Vacancy 4.4%
- ▼ Quoted Rates \$6.31
- ▲ Net Absorption 1,445,937



Source: CoStar Group

Puget Sound Industrial Market

The Seattle/Puget Sound overall industrial market (flex and warehouse space) ended the third quarter 2015 with a vacancy rate of 4.7%, unchanged from the previous quarter. Flex projects reported a vacancy rate of 7.7% at the end of the third quarter 2015, 7.9% at the end of the second quarter 2015, 8.0% at the end of the first quarter 2015, and 8.6% at the end of the fourth quarter 2014. Warehouse projects reported a vacancy rate of 4.4% at the end of the third quarter 2015, 4.3% at the end of the second quarter 2015, 4.3% at the end of the first quarter 2015, and 4.3% at the end of the fourth quarter 2014.

Rental rates for industrial space ended the third quarter 2015 at \$7.39 per square foot per year, marking a minor increase from the previous quarter. Net absorption for the overall industrial market was positive 1,521,333 square feet in the third quarter 2015. That compares to positive 976,046 square feet in the previous quarter.

There were 1,895,339 square feet of industrial space under construction at the end of the third quarter 2015. During this quarter, 13 buildings totaling 1,794,101 square feet were completed in the Seattle/Puget Sound market area. This compares to nine buildings totaling 882,631 square feet completed in the second quarter 2015.

Source: CoStar Group

Major New Lease Transactions Signed in 2015

Tenant	SF	Building	Submarket
Damco Dist.	350,000	Prologis Park Sumner - Building 4	Puyallup/S Hill Ind
Keystone Automotive	290,420	Coho Building	Puyallup/S Hill Ind
Odum	228,300	East Valley DC	Kent Valley N Ind
UPS	215,434	Coho Building	Puyallup/S Hill Ind
Bargreen Ellingson	197,530	Fife Commerce Center - Building B	Puyallup/S Hill Ind
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

Total Southend Industrial Market Statistics by Year

Period	Existing Inventory		Vacancy		Net Absorption	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		
2015 3Q	8,260	308,135,872	14,627,516	4.7%	1,521,333	\$7.39
2015 2Q	8,249	306,356,602	14,369,579	4.7%	721,106	\$7.35
2015 1Q	8,244	305,527,159	14,261,242	4.7%	718,300	\$7.26
2014 4Q	8,238	305,044,297	14,496,680	4.8%	976,046	\$7.28
2014 3Q	8,237	305,025,215	15,453,644	5.1%	972,086	\$7.25
2014 2Q	8,238	304,418,014	15,818,529	5.2%	1,501,637	\$7.35
2014 1Q	8,238	303,702,474	16,604,626	5.5%	1,200,068	\$7.33
2013	8,235	302,896,648	16,998,868	5.6%	3,504,748	\$7.21
2012	8,230	300,617,370	18,224,338	6.1%	4,203,093	\$7.05
2011	8,243	301,009,514	22,819,575	7.6%	2,872,360	\$6.84
2010	8,239	300,941,970	25,624,391	8.5%	(507,694)	\$6.80

Total Overall Industrial Market Statistics | Q3 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	58,198,988	1,151,323	2.0%	126,203	78,250	25,000	\$9.30
Eastside Ind	768	21,213,425	1,114,245	5.4%	372,718	89,250	85,625	\$12.40
Northend Ind	1,631	50,825,900	2,946,137	5.8%	123,442	227,861	381,788	\$9.22
Southend Ind	1,945	109,193,546	4,542,790	4.2%	1,537,113	1,124,449	517,478	\$6.26
Tacoma Ind	1,900	68,704,013	4,837,943	7.0%	801,263	1,645,744	885,448	\$5.36
Totals	8,260	308,135,872	14,627,516	4.7%	2,960,739	3,165,554	1,895,339	\$7.39

Major Sale Transactions Q2 2014 through Q3 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
CenterPoint Properties	Washington RE Holdings LLC	259,920	Marginal Way South Bldgs A & B	Seattle	\$31,900,000
Precision Castparts Corp.	Clarion Partners	263,291	Algona II Distribution Center	Algona	\$28,253,716

Information provided by CoStar Group

Q3 2015

Year-to-Date Deliveries - 2015





Based on Project Square Footage

Name	Submarket	SF	Occupied	Developer
Stryker Business Center - Bldg. 1	Southend Ind	811,000	100%	IDS Real Estate Group
Portside Industrial Center - Bldg. A	Tacoma Ind	251,100	0%	LBA Realty
NW Logistics Center - Phase I	Tacoma Ind	225,000	0%	N/A
The Steele Building	Tacoma Ind	206,463	0%	Panattoni Development Co.
Tamarack Building	Tacoma Ind	159,250	0%	N/A
Lakewood Industrial Park - Bldg. 27	Tacoma Ind	136,300	27%	N/A

Information provided by CoStar Group

Q3 2015

Select Andover Properties Available

Property	Address	SF	Loading/Rates	Agents
Lynch Industrial Building 	832 3rd Avenue S. Kent, WA	90,100	DH/GL Loading Zoned M-2 SALE: \$5,500,000	Brian Dennehy
Park 222 - Building 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
Fiberlay Building 	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
Pacific Business Park 	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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