



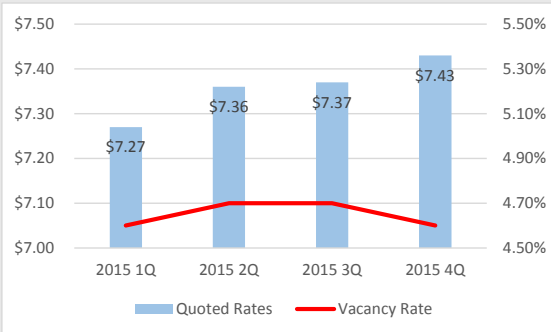
Industrial Market Report

Q4 2015

Market Overview

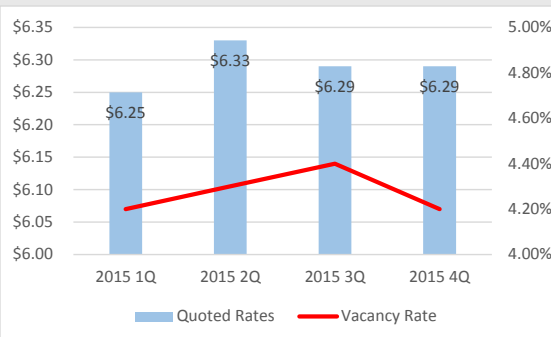
Total Overall Industrial Market Statistics

▼	Vacancy	4.6%
▲	Quoted Rates	\$7.43
▲	Net Absorption	1,579,736



Warehouse Only Market Statistics

▼	Vacancy	4.2%
▲	Quoted Rates	\$6.29
▲	Net Absorption	1,569,271



Source: CoStar Group

Puget Sound Industrial Market

The Seattle/Puget Sound overall industrial market (flex and warehouse space) ended the fourth quarter 2015 with a vacancy rate of 4.6%, a decrease from the previous quarter. Flex projects reported a vacancy rate of 7.8% at the end of the fourth quarter 2015, 8.0% at the end of the third quarter 2015, 8.1% at the end of the second quarter 2015, and 8.2% at the end of the first quarter 2015. Warehouse projects reported a vacancy rate of 4.2% at the end of the fourth quarter 2015, 4.4% at the end of third quarter 2015, 4.3% at the end of the second quarter 2015, and 4.2% at the end of the first quarter 2015.

Rental rates for industrial space ended the fourth quarter 2015 at \$7.43 per square foot per year, marking a 0.8 increase from the previous quarter. Net absorption for the overall industrial market was positive 1,579,736 square feet in the fourth quarter 2015. That compares to positive 1,539,531 square feet in the previous quarter.

There were 1,701,606 square feet of industrial space under construction at the end of the fourth quarter 2015. During this quarter, eight buildings totaling 1,180,506 square feet were completed in the Seattle/Puget Sound market area. This compares to 13 buildings totaling 1,794,101 square feet that were completed in the third 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
Regal West	251,100	Portside Industrial Center - Building A	Port of Tacoma/Fife 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
Expeditors	179,000	S167 - Building 2	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 4Q	8,264	309,355,353	14,097,074	4.6%	1,579,736	\$7.43
2015 3Q	8,258	308,244,317	14,565,774	4.7%	1,539,531	\$7.37
2015 2Q	8,247	306,465,047	14,326,035	4.7%	674,021	\$7.36
2015 1Q	8,243	305,646,759	14,181,768	4.6%	736,409	\$7.27
2014 4Q	8,239	305,307,016	14,578,434	4.8%	902,992	\$7.29
2014 3Q	8,238	305,287,934	15,462,344	5.1%	970,286	\$7.26
2014 2Q	8,240	304,705,733	15,850,429	5.2%	1,469,851	\$7.36
2014 1Q	8,240	303,990,193	16,604,740	5.5%	1,182,528	\$7.33
2013	8,238	303,207,127	17,004,202	5.6%	3,515,779	\$7.22
2012	8,234	300,957,489	18,270,343	6.1%	4,206,381	\$7.06
2011	8,247	301,349,633	22,868,868	7.6%	2,867,857	\$6.84

Total Overall Industrial Market Statistics | Q4 2015

Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %				
Downtown Ind	2,009	58,077,263	942,177	1.6%	266,379	78,250	0	\$9.68
Eastside Ind	768	21,205,251	1,222,548	5.8%	345,025	89,250	85,625	\$12.75
Northend Ind	1,638	51,264,613	2,823,243	5.5%	643,779	639,024	144,753	\$9.27
Southend Ind	1,942	109,238,329	4,206,894	3.9%	1,850,116	1,138,789	500,483	\$6.33
Tacoma Ind	1,907	69,569,897	4,902,212	7.0%	1,424,398	2,398,092	970,745	\$5.31
Totals	8,264	309,355,353	14,097,074	4.6%	4,529,697	4,343,405	1,701,606	\$7.43

Major Sale Transactions Q2 2014 through Q4 2015

Buyer	Seller	SF	Property	City	Price
Vulcan, Inc.	Biomed Realty Trust	116,214	SBRI Building	Seattle	\$89,700,000
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
Precision Castparts Corp.	Clarion Partners	263,291	Algona II Distribution Center	Algona	\$28,253,716

Information provided by CoStar Group

Q4 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
Cascade Building	Tacoma Ind	385,468	0%	Knapp Development
SeaPORT Logistics Center, Bldg A - Phase I	Tacoma Ind	333,180	0%	Tarragon
Portside Industrial Center - Bldg A	Tacoma Ind	251,100	100%	LBA Realty
Northwest Logistics Center - Phase I	Tacoma Ind	225,000	0%	N/A
The Steele Building	Tacoma Ind	206,463	30%	Panattoni Development

Information provided by CoStar Group

Q4 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
Owl Transfer Building 	3623 6th Avenue S Seattle, WA	73,335	DH/GL Loading Zoned IG1, Seattle SALE: Accepting offers	Bruce Clarkson
West Valley at South 212th 	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
Springbrook II 	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 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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