



Industrial Market Report Q4 2017

Market Overview

Total Overall Industrial Market Statistics

- ▼ Vacancy 3.0%
- ▲ Quoted Rates \$9.97
- ▲ Net Absorption 1,501,452

Quarter	Quoted Rates (\$/sq ft)	Vacancy Rate (%)
2017 1Q	\$8.44	~3.15%
2017 2Q	\$8.82	~3.05%
2017 3Q	\$9.22	~3.40%
2017 4Q	\$9.97	3.0%

Warehouse Only Market Statistics

- ▼ Vacancy 2.6%
- ▲ Quoted Rates \$8.74
- ▲ Net Absorption 1,555,588

Quarter	Quoted Rates (\$/sq ft)	Vacancy Rate (%)
2017 1Q	\$7.23	~3.05%
2017 2Q	\$7.61	~2.95%
2017 3Q	\$7.90	~3.15%
2017 4Q	\$8.74	2.6%

Puget Sound Industrial Market

The Seattle/Puget Sound overall industrial market (flex and warehouse space) ended the fourth quarter 2017 at 3.0%. Flex projects reported a vacancy rate of 6.0% at the end of the fourth quarter 2017, while warehouse projects reported a vacancy rate of 2.6%.

Rental rates for industrial space ended the fourth quarter 2017 at \$9.97 per square foot per year, marking a 9.1% increase from the previous quarter. Net absorption for the overall industrial market was positive 1,501,452 square feet in the fourth quarter 2017. That compares to positive 347,783 square feet in the previous quarter.

There were 5,412,187 square feet of industrial space under construction at the end of the fourth quarter 2017. During this quarter, three buildings totaling 72,032 square feet were completed in the Seattle/Puget Sound market area. Some of the notable 2017 deliveries include: Prologis Park Tacoma Bldg B, a 770,195-square-foot facility that delivered in third quarter 2017 and is now 100% occupied, and Pacific Gateway Business Park - P-152, a 389,670-square-foot building that delivered in second quarter 2017 and is now 0% occupied.

Total year-to-date industrial building sales activity in 2017 was up compared to the previous year (2016). Total dollar volume was \$639,197,122 compared to \$553,068,886 the previous year. Cap rates have been lower in 2017, averaging 6.05%, compared to 6.68% 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 Tacina/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
Pacific Cascade	267,703	North Country Business Park	Puyallup/S Hill Ind
Ply Gem Windows	261,696	Park 277- Bldg B	Auburn Ind
Associated Materials, Inc	250,490	Fife I-5 Commerce Center	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 %		
2017 4Q	1,968	111,267,859	4,068,977	3.7%	166,563	\$8.55
2017 3Q	1,967	111,224,877	4,192,558	3.8%	(863,115)	\$8.00
2017 2Q	1,967	111,244,877	3,329,443	3.0%	255,697	\$7.62
2017 1Q	1,963	110,439,040	2,789,303	2.5%	101,060	\$7.22
2016 4Q	1,962	110,076,240	2,537,563	2.3%	664,330	\$6.98
2016 3Q	1,962	110,076,240	3,201,893	2.9%	599,455	\$7.08
2016 2Q	1,962	110,076,240	3,801,348	3.5%	495,450	\$6.32
2016 1Q	1,960	109,846,542	4,067,100	3.7%	526,008	\$6.19
2015 4Q	1,959	109,742,627	4,489,163	4.1%	476,577	\$6.31
2015 3Q	1,953	109,193,973	4,417,116	4.0%	874,277	\$6.26
2015 2Q	1,949	108,704,736	4,714,727	4.3%	67,571	\$6.19
2015 1Q	1,944	108,448,651	4,526,213	4.2%	578,092	\$6.11
2014 4Q	1,943	108,405,179	5,060,833	4.7%	471,273	\$6.09

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	1,995	58,248,747	871,932	1.5%	328,126	27,700	589,615	\$12.37
Eastside Ind	774	21,790,530	685,729	3.1%	(52,045)	44,072	0	\$16.29
Northend Ind	1,684	52,795,167	2,044,376	3.9%	610,350	454,850	37,363	\$11.03
Southend Ind	1,968	111,267,859	4,068,977	3.7%	(339,795)	1,191,619	1,454,964	\$8.55
Tacoma Ind	1,950	74,935,712	1,760,413	2.3%	4,203,330	1,845,553	3,330,245	\$6.97
Totals	8,375	319,038,015	9,431,427	3.0%	4,749,966	3,563,794	5,412,187	\$9.97

Major Sale Transactions Q3 2016 through Q4 2017

Buyer	Seller	SF	Property	City	Price
Swire CocaCola, USA	BCI Coca-Cola Bottling Co.	159,396	Coca Cola	Bellevue	\$170,100,000
Clarion Partners	Barings Real Estate Advisers LLC	939,958	Greenriver & South Central Park Port	Kent	\$132,699,999
Boeing Employee's Credit Union	RREEF Management LLC	371,163	Gateway Corporate Park	Tukwila	\$78,000,000
Clarion Partners	TIAA	459,349	Renton Logistics Center	Renton	\$67,510,000

Information provided by CoStar Group

Q4 2017

Year-to-Date Deliveries - 2017





Based on Project Square Footage

Name	Submarket	SF	Occupied	Developer
Prologis Park Tacoma Bldg B	Tacoma Ind	770,195	100%	N/A
Pacific Gateway Business Park - P-152	Southend Ind	389,670	0%	N/A
Des Moines Creek Business Park Phase III - 3B	Southend Ind	352,800	100%	Panattoni
North Country Business Park - Bldg A	Tacoma Ind	267,703	100%	N/A
Fife I-5 Commerce Center	Tacoma Ind	250,490	100%	N/A
Bridge Pointe Burien	Southend Ind	241,140	100%	Bridge Dev. Partners

Information provided by CoStar Group

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Select Andover Properties Available

Property	Address	SF	Loading/Rates	Agents
<p>East Campus Landing Development</p> 	344th & S. Weyerhaeuser Way	225,950	DH/GL Loading	Brian Bruininks Mike Hemphill Jim Bisset
<p>Pacific Logistics South</p> 	942-1045 Valentine Avenue SE	128,262	DH/GL Loading	Jeff Crane/ Brian Bruininks
<p>Fiserv Building</p> 	19615 Russell Road	48,683	DH/GL Loading	David Baumer
<p>Federal Way Corporate Center</p> 	34210 9th Avenue S Federal Way, WA	32,202	DH/GL Loading Zoned CE, Federal Way \$0.50/SF shell, \$0.85/SF office	Jeff Crane Brian Bruininks



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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