



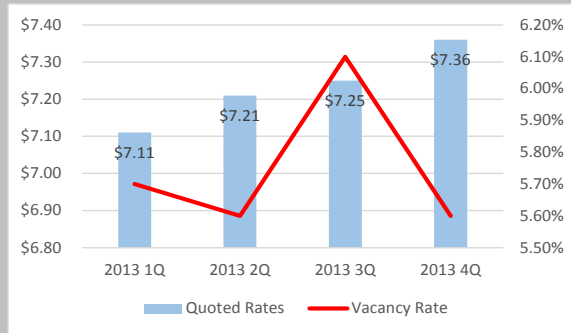
Industrial Market Report

Q4 2013

Market Overview

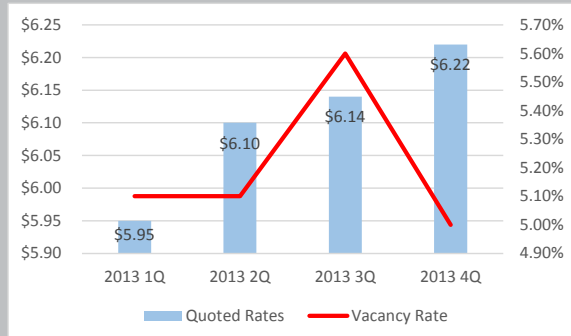
Total Overall Industrial Market Statistics

▼ Vacancy	5.6%
▲ Quoted Rates	\$7.36
▲ Net Absorption	1,412,782



Warehouse Only Market Statistics

▼ Vacancy	5.0%
▲ Quoted Rates	\$6.22
▲ Net Absorption	1,465,717



Source: CoStar Group

Puget Sound Industrial Market

The Seattle/Puget Sound overall industrial market (flex and warehouse space) ended the fourth quarter 2013 with a vacancy rate of 5.6 percent, representing a decline of 0.5 percent from the previous quarter. Flex projects reported a vacancy rate of 10.6% at the end of the fourth quarter 2013, 10.4% at the end of the third quarter 2013, 10.8% at the end of the second quarter 2013, and 10.3% at the end of the first quarter 2013. Warehouse projects reported a vacancy rate of 5.0% at the end of the fourth quarter 2013, 5.6% at the end of third quarter 2013 and 5.1% at the end of the second and first quarter 2013.

Rental rates ended the fourth quarter at \$7.36 per square foot per year, marking continual growth throughout the year and the highest average rental rate since 2008. Net absorption for the overall Seattle/Puget Sound industrial market was 1,412,782 square feet, compared to 888,224 square feet in the third quarter 2013.

There were 2,618,050 square feet of industrial space under construction at the end of the fourth quarter 2013. This compares to six buildings totaling 2,400,396 square feet that were completed in the third quarter 2013, one building totaling 240,500 square feet completed in the second quarter 2013, and 135,000 square feet in one building completed in the first quarter 2013.

Source: CoStar Group

Major Lease Transactions During 2013

Tenant	SF	Building	Submarket
GSA	381,800	Sumner Distribution Center	Puyallup/S Hill
US Navy	166,822	Prologis Fife DC	Port of Tacoma/Fife
Farwest Sports	153,000	Prologis Park Trans-Pacific	Port of Tacoma/Fife
Coca-Cola	137,520	Renton Logistics Center	Renton
Coast Aluminum	135,300	Creekside DC	Kent Valley N
Progressive Int'l	130,650	Emmons Building	Puyallup/S Hill
Evolucion	123,257	2601 W Valley Hwy N	Auburn
Saddle Creek	123,257	Oakesdale Business Campus	Renton

Total Southend Industrial Market Statistics by Year

Period	Existing Inventory		Vacancy		Net Absorption	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		
2013 4Q	8,157	300,648,137	16,823,800	5.6%	1,412,782	\$7.36
2013 3Q	8,156	300,645,837	18,234,282	6.1%	888,224	\$7.25
2013 2Q	8,151	298,373,150	16,849,819	5.6%	264,220	\$7.21
2013 1Q	8,150	298,132,650	16,873,539	5.7%	1,129,618	\$7.11
2012 4Q	8,149	297,997,650	17,868,157	6.0%	749,097	\$7.12
2012 3Q	8,148	297,886,650	18,506,254	6.2%	279,824	\$7.08
2012 2Q	8,152	297,977,420	18,876,848	6.3%	1,818,115	\$7.03
2012 1Q	8,154	298,028,120	20,345,791	6.8%	1,818,115	\$6.91
2011	8,161	298,168,874	22,304,660	7.5%	3,215,754	\$6.95
2010	8,157	298,101,330	25,452,870	8.5%	(521,919)	\$6.86
2009	8,149	298,238,297	25,067,918	8.4%	(4,855,774)	\$7.25

Total Overall Industrial Market Statistics | Year-End 2013

Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %				
Downtown Ind	2,027	52,828,413	1,931,097	3.7%	40,385	0	0	\$10.12
Eastside Ind	755	21,118,496	1,531,258	7.3%	269,273	347,000	0	\$12.48
Northend Ind	1,588	49,429,888	3,738,977	7.6%	654,733	240,500	40,000	\$9.09
Southend Ind	1,930	112,447,828	6,094,893	5.4%	956,106	144,357	537,333	\$5.96
Tacoma Ind	1,857	64,823,512	3,527,575	5.4%	1,774,347	2,046,339	2,040,717	\$5.55
Totals	8,157	300,648,137	16,828,800	5.6%	3,694,844	2,778,196	,618,050	\$7.36

Major Sale Transactions During 2013

Buyer	Seller	SF	Property	City	Price
Industrial Income Trust	The Benaroya Company	441,358	Sumner DC	Sumner	\$31,293,234
Hospital Central Services Assoc	Panattoni Development Company	144,357	HCSA Laundry Facility	Auburn	\$25,565,665
Industrial Income Trust	Guardian Life Insurance Co. of America	283,450	Auburn 18 DC	Auburn	\$24,750,000
Panattoni Development Company	WA State Office of FM	223,227	Skyline DC	Seattle	\$23,400,000

Information provided by CoStar Group

Q4 2013

Year-to-Date Deliveries - 2013





Based on Project Square Footage

Name	Submarket	SF	Occupied	Developer
Amazon Distribution Center	Tacoma Ind	1,000,000	100%	Duke Realty Corporation
Sumner Distribution Center	Tacoma Ind	441,358	87%	N/A
Wenatchee Building	Tacoma Ind	350,075	0%	Knapp Development
Prologis Fife Distribution Center	Tacoma Ind	252,606	66%	N/A
B/E Aerospace	Northend Ind	240,500	100%	Capstone Partners, LLC
FedEx Distribution Center	Eastside Ind	212,000	100%	SunCap Property Group

Information provided by CoStar Group

Q4 2013

Select Andover Properties Available

Property	Address	SF	Loading/Rates	Agents
<p>Algona II Distribution Center</p> 	701 Milwaukee Ave. N Algona, WA	143,398 (26,468 ofc)	14 DH, 2 GL, 24' CH Available 4Q 2014 \$0.36/SF shell, NNN \$0.75/SF office, NNN	Brian Bruininks, CCIM
<p>Algona I Distribution Center</p> 	652-654 Milwaukee Ave. N Algona, WA	106,427 (4,271 ofc)	10 DH, 2 GL, 3 Rail Doors, 24' CH Available March 2014 \$0.35/SF shell, NNN \$0.75/SF office, NNN	Brian Bruininks, CCIM
<p>West Park Corporate Campus</p> 	West Valley Hwy and 37th Street Auburn, WA	40,539	GL and DH Loading Available Now \$0.38/SF shell, NNN \$0.75/SF office, NNN	Arne Svendsen Sean Durkin Brian Bruininks, CCIM
<p>West Valley DC - Kent 3</p> 	19030-19042 72nd Ave. S Kent, WA	28,000	GL Loading, 16' CH Available Now For Sale or Lease	Sean Durkin Jeff Crane



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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