



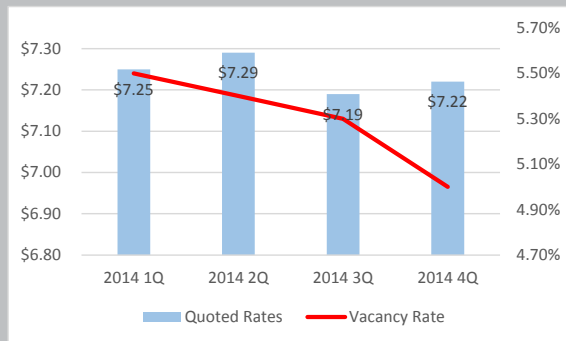
## Industrial Market Report

Q4 2014

### Market Overview

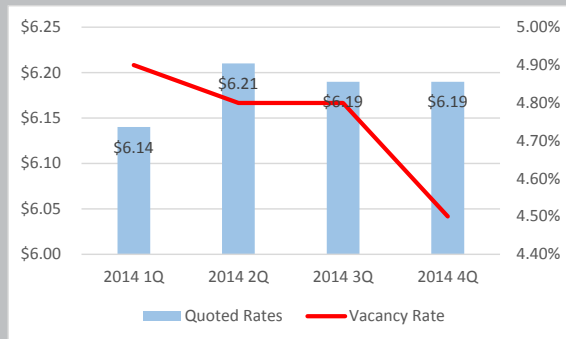
#### Total Overall Industrial Market Statistics

▼ Vacancy	5.0%
▲ Quoted Rates	\$7.22
▼ Net Absorption	848,041



#### Warehouse Only Market Statistics

▼ Vacancy	4.5%
▲ Quoted Rates	\$6.19
▲ Net Absorption	3,608,681



Source: CoStar Group

### Puget Sound Industrial Market

The Seattle/Puget Sound overall industrial market (flex and warehouse space) ended the fourth quarter 2014 with a vacancy rate of 5.0 percent, representing a decline of 0.3 percent from the previous quarter. Flex projects reported a vacancy rate of 9.1% at the end of the fourth quarter 2014, 9.3% at the end of the third quarter 2014, 10.5% at the end of the second quarter 2014, and 10.6% at the end of the first quarter 2014. Warehouse projects reported a vacancy rate of 4.5% at the end of the fourth quarter 2014, 4.8% at the end of the third quarter 2014, 4.8% at the end of the second quarter 2014, and 4.9% at the end of the first quarter 2014.

Rental rates for industrial space ended the fourth quarter 2014 at \$7.22 per square foot per year, marking a minor increase from the previous quarter. Net absorption for the overall industrial market was positive 848,041 square feet in the fourth quarter 2014. That compares to positive 980,253 square feet in the previous quarter.

There were 3,831,245 square feet of industrial space under construction at the end of the fourth quarter 2014. During the fourth quarter 2014, one building totaling 25,479 square feet was completed in the Seattle/Puget Sound market area. This compares to one building totaling 648,679 square feet that was completed in the third quarter 2014.

Source: CoStar Group

### Major New Lease Transactions Signed in 2014

Tenant	SF	Building	Submarket
Amazon.com	811,000	Stryker Business Ctr. - 1	Kent Valley N Ind
Pepsico/Quaker Distribution	444,450	Port Commerce Ctr. 1	Port of Tacoma/Fife Ind
Amazon.com	318,195	Stryker Business Ctr. - 1B	Kent Valley N Ind
Samsung	175,788	Wenatchee Bldg.	Puyallup/S Hill Ind
Ricardo Beverly Hills	145,871	Distribution Ctr.	Kent Valley S Ind
Direct Connect Group	133,532	Skyline Dist. Ctr.	Gtown/Duwamish N Ind
AIM Aerospace	127,500	AIM Aviation Bldg.	Renton Ind

**Total Southend Industrial Market Statistics by Year**

Period	Existing Inventory		Vacancy		Net Absorption	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		
2014 4Q	1,928	113,185,326	5,233,040	4.6%	368,377	\$6.10
2014 3Q	1,928	113,185,326	5,601,417	4.9%	441,063	\$6.03
2014 2Q	1,928	113,185,326	6,042,480	5.3%	99,338	\$5.90
2014 1Q	1,928	113,185,326	6,141,818	5.4%	705,721	\$5.81
2013 4Q	1,925	112,697,532	6,359,745	5.6%	421,364	\$5.94
2013 3Q	1,925	112,697,532	6,781,109	6.0%	218,917	\$5.85
2013 2Q	1,925	112,680,884	6,983,378	6.2%	18,676	\$5.92
2013 1Q	1,925	112,680,884	7,002,054	6.2%	385,240	\$5.71
2012 4Q	1,925	112,680,884	7,387,294	6.6%	252,184	\$5.66
2012 3Q	1,925	112,680,884	7,639,478	6.8%	(91,444)	\$5.66
2012 2Q	1,926	112,690,736	7,557,886	6.7%	1,302,258	\$5.59

**Total Overall Industrial Market Statistics | Q4 2014**

Market	Existing Inventory		Vacancy		YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %				
Downtown Ind	2,019	51,757,745	1,267,661	2.4%	527,315	11,536	78,250	\$8.78
Eastside Ind	765	21,164,207	1,539,747	7.3%	41,582	0	75,000	\$12.31
Northend Ind	1,602	49,728,718	2,859,365	5.7%	895,419	40,000	265,063	\$8.99
Southend Ind	1,928	113,185,326	5,233,040	4.6%	1,614,499	487,794	1,568,935	\$6.10
Tacoma Ind	1,872	66,128,631	4,179,548	6.3%	1,041,492	1,855,833	1,843,997	\$5.32
<b>Totals</b>	<b>8,186</b>	<b>301,964,627</b>	<b>15,079,361</b>	<b>5.0%</b>	<b>4,120,307</b>	<b>2,395,163</b>	<b>3,831,245</b>	<b>\$7.22</b>

**Major Sale Transactions Q3 2013 through Q3 2014**

Buyer	Seller	SF	Property	City	Price
JLL Income Property Trust, Inc.	Metzler North America	323,030	Spokane Street DC	Seattle	\$38,700,000
CenterPoint Properties	Washington RE Holdings LLC	461,980	Marginal Way S. Buildings A & B	Seattle	\$31,900,000
American Realty Advisors	LaSalle Investment Management	358,673	Sumner One Sixty Seven - Bldg. 2	Sumner	\$29,300,000
Hospital Central Services Association	Panattoni Development Company	144,357	HCSA Laundry Facility	Auburn	\$25,565,665

Information provided by CoStar Group

Q4 2014

Year-to-Date Deliveries - 2014





Based on Project Square Footage

Name	Submarket	SF	Occupied	Developer
Coho Building	Tacoma Ind	648,679	0%	DCT Industrial
Stryker Business Center - 1B	Southend Ind	318,195	100%	IDS Real Estate Group
Niagara Bottling Plant	Tacoma Ind	311,000	100%	Choate Construction Company
Titan Building	Tacoma Ind	306,457	0%	Panattoni Development Company
IAC Port 167 - Bldg. B	Tacoma Ind	254,176	20%	N/A
DCT Sumner South DC	Tacoma Ind	188,390	56%	Davis Property & Investment, LLC

Information provided by CoStar Group

Q4 2014

Select Andover Properties Available

Property	Address	SF	Loading/Rates	Agents
 <p><b>Sixth &amp; Stacy Building</b></p>	2400 6th Avenue S Seattle, WA	66,600 (12,000 ofc)	GL/DH Loading, 20' CH Available 1Q 2015 \$0.70/SF, blended	Bruce Clarkson Jeff Crane
 <p><b>Valley Centre Sublease</b></p>	2530 B Street NW Auburn, WA	45,325 (4,734 ofc)	9 DH, 1 GL, 30' CH Available 60-120 Days \$0.37/SF shell, NNN \$0.75/SF office, NNN	Brian Bruininks, CCIM Sean Durkin, CCIM
 <p><b>Kent West Corporate Park</b></p>	6522 S. 220th Street Kent, WA	36,123 (1,252 ofc)	20 DH, 24' CH Available Now \$0.36/SF shell, NNN \$0.75/SF office, NNN	Brian Bruininks, CCIM Sean Durkin, CCIM
 <p><b>Pacific Business Park</b></p>	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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