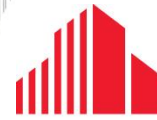


Industrial Snapshot Q1 2016

Puget Sound
Eastside, WA



EASTSIDE INDUSTRIAL

Economic Indicators

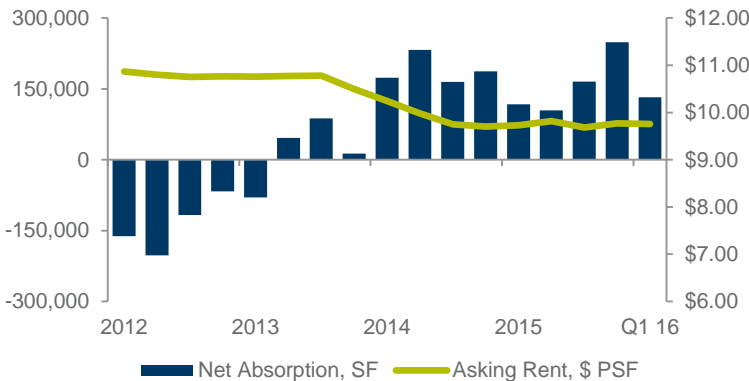
	Q1 15	Q1 16	12-Month Forecast
Seattle-Bellevue-Tacoma Employment	1,872k	1,920k	▲
Seattle-Bellevue-Tacoma Unemployment	4.7%	4.8%	■
U.S. Unemployment	5.6%	4.9%	▼

Market Indicators

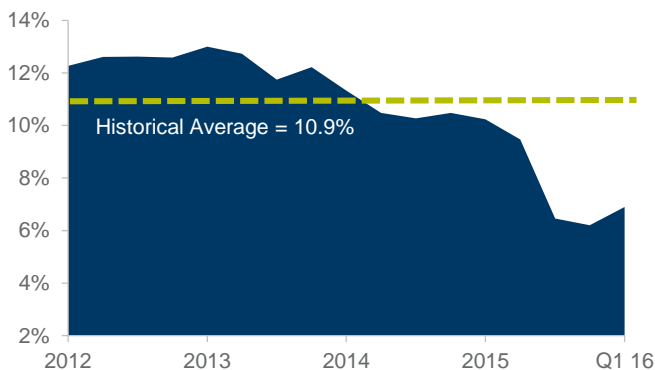
	Q1 15	Q1 16	12-Month Forecast
Overall Vacancy	10.2%	6.9%	■
Net Absorption	148k	-318k	▲
Under Construction	228k	0	▲
Overall Average Asking Rent	\$9.95	\$9.89	▲

Net Absorption/Asking Rent

TRAILING AVERAGE



Overall Vacancy



Economy

Economic growth remained modest across most of the U.S. as job growth continued. Despite strong job growth, wages and inflation remained flat to moderate. With the expansion of jobs across the country, the overall unemployment rate dropped to just 4.9%.

The Seattle-Tacoma-Bellevue unemployment rates ticked upward for the fourth consecutive quarter to 4.8%. Although the unemployment rate has increased, so has the labor participation rate, indicating that more people have inserted themselves back into the workforce. To put this change into perspective, although the unemployment rate rose from 3.9% in April 2015 to 4.8% in the most recent reading, the number of employed persons has declined by only 21,771.

Market Overview

Overall vacancy increased slightly this quarter to 6.9%, down 3.3 percentage points (pps) on a year-over-year basis. The overall average asking rent decreased only \$0.06 per square foot (psf) to \$9.89 psf from Q1 2015.

Overall absorption was negative 318,429 square feet (sf), partly due to B/E Aerospace vacating 131,406 sf at Marine View Technology Center. Leasing activity totaled 403,614 sf. Although renewals are not counted towards leasing activity, the most significant transaction was Travis Industries 326,447-sf renewal at Center 41 @ Harbour Pointe in Mukilteo. The largest industrial investment transaction of the quarter occurred in Kirkland. Par 5 Park 118, LLC purchased two buildings, totaling 76,172 sf, from Expert Drywall for \$13.9 million (\$183 psf).

First quarter new deliveries totaled 230,378 sf in four buildings with 64% vacancy. Land prices remain high at \$12 psf to \$25 psf due to the limited available land ready for development.

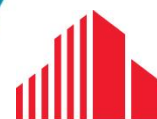
Outlook

The area will continue to attract tenants demanding improved flex or high tech spaces, higher rates of occupancy, and a greater parking ratio than what Kent Valley can provide. Tech companies will continually be drawn to and/or expand in the area because of the culture that supports innovation throughout the community. There is sufficient housing in downtown Bellevue to attract millennials, which will bring companies that are looking for an urban center location. Investment activity could see record breaking sales with current property owners capitalizing on low vacancy, rising rental rates, and international demand from investors throughout the year.

MARKETBEAT

Industrial Snapshot Q1 2016

Puget Sound
Eastside, WA



**CUSHMAN &
WAKEFIELD**
Commerce

SUBMARKET	TOTAL BLDGS	INVENTORY	OVERALL AVAILABLE SF	OVERALL VACANCY RATE	YTD OVERALL ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CNSTR	DIRECT WEIGHTED AVG. NET RENT (HT)	DIRECT WEIGHTED AVG. NET RENT (MF)	DIRECT WEIGHTED AVG. NET RENT (OS)	DIRECT WEIGHTED AVG. NET RENT (W/D)
Bellevue	117	4,526,482	299,597	6.6%	10,050	0	0	\$24.00	\$9.72	\$13.08	\$7.68
Issaquah/East I-90	47	3,247,149	76,239	2.3%	(9,744)	0	0	\$12.00	\$13.92	\$18.96	\$8.64
Redmond (Overlake)	35	1,076,392	15,830	1.5%	4,485	0	0	\$0.00	\$0.00	\$15.96	\$0.00
Redmond (Willows)	148	5,700,511	252,912	4.4%	(19,433)	0	0	\$14.04	\$9.12	\$11.88	\$0.00
Redmond (East)	101	3,819,019	183,682	4.8%	15,459	85,625	0	\$13.92	\$0.00	\$20.04	\$16.68
Kirkland	82	2,775,132	274,033	9.9%	8,885	0	0	\$0.00	\$10.44	\$15.96	\$10.08
Woodinville/522 Corridor	236	9,441,333	721,949	7.6%	(23,968)	0	0	\$6.60	\$7.80	\$9.12	\$8.52
Bothell	109	6,112,404	478,313	7.8%	(46,164)	0	0	\$17.40	\$9.36	\$15.60	\$20.16
EASTSIDE SUBURBAN	875	36,698,422	2,302,555	6.3%	(60,430)	85,625	0	\$15.47	\$8.19	\$13.11	\$10.47
Edmonds/Lynnwood	109	3,120,966	63,757	2.0%	(10,974)	0	0	\$0.00	\$0.00	\$8.64	\$0.00
Mukilteo	97	3,992,750	111,446	2.8%	(4,404)	0	0	\$12.48	\$9.60	\$13.68	\$8.40
Everett	190	12,810,762	1,104,618	8.6%	15,151	144,753	0	\$9.60	\$7.92	\$9.24	\$8.28
North Snohomish	87	4,409,772	607,819	13.8%	(257,772)	0	0	\$0.00	\$5.40	\$0.00	\$8.16
NORTHEND	483	24,334,250	1,887,640	7.8%	(257,999)	144,753	0	\$10.34	\$6.07	\$11.73	\$7.96
EASTSIDE/NORTHEND TOTAL	1,358	61,032,672	4,190,195	6.9%	(318,429)	230,378	0	\$13.82	\$6.59	\$12.58	\$9.14

*Rental rates reflect asking \$psf/year

HT = High Tech MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

Key Lease Transactions Q1 2016

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
4800 Harbour Pointe Blvd	326,447	Travis Industries	Manufacturing	Mukilteo
Willows Commerce Park II – Bldg A	98,411	Oculus VR	High Tech	Redmond (Willows)
6307 36 th Ave W	82,956	Funko. LLC	Warehouse/Distribution	Everett
Merrill Creek Center – Bldgs A & B	59,972	Onamac Industries, Inc.	Warehouse/Distribution	Everett

Key Sales Transactions Q1 2016

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
11710 & 11730 118 th Ave NE	76,172	Expert Drywall Inc. / Par 5 Park 118, LLC	Office Service/Flex & Warehouse	\$13,916,000 / \$183	Kirkland
10801 120 th Ave NE	52,646	AIDLIB, LLC / Systema Technologies	Office Service/Flex	\$7,750,000 / \$147	Kirkland

About Cushman & Wakefield

Cushman & Wakefield is a global leader in commercial real estate services, helping clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms in the world with revenues of \$5 billion across core services of agency leasing, asset services, capital markets, facilities services (branded C&W Services), global occupier services, investment management (branded DTZ Investors), tenant representation and valuations & advisory. To learn more, visit www.cushmanwakefield.com or follow @Cushwake on Twitter.

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