Columbian Market Forecast 2009
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There was no relief during 2009 for the local commercial real estate market. The forecast for the local commercial real estate markets in 2010 is generally "hold on as long as you can" if you are an owner or tenant. 2010 looks like another year of the "double D's". There is little demand or debt to help fuel the job market and retail consumption that is fundamental to having an expanding demand for commercial real estate. Clark County has a surplus of over 3,000,000 square feet available for immediate occupancy in the office, retail and industrial markets. There will be no new multi-tenant commercial or industrial construction in 2010.

OFFICE MARKET:
The Class "A" office market started the year at 20% vacancy and will end the year at 19.5% vacancy with over one million square feet of vacant Class "A" office space available. However, the Class "A" office market did experience over 100,000 square feet of net absorption during the year. During the year the new Angelo Building at 400 E. Mill Plain captured its first tenants and is nearly 60% leased. Class "A" rental rates dipped to a 5-year low during the year with tenants obtaining very attractive rental rates, free rent and above standard tenant improvements from landlords during lease negotiations. With no new Class "A" office construction planned for 2010, vacancy rates should trend down to 16% by the end of 2010 with fewer landlord concessions required to attract tenants. The continued bright spot for Class "A" office market is the former Boise Cascade site which will be in the planning stages for a new mixed-use urban development, including Class "A" office space with construction scheduled to start in 2011-2012.

INDUSTRIAL MARKET:
With the unemployment rate exceeding 12% locally, there was little demand for industrial or manufacturing expansion in Clark County. The industrial market started the year at 13.5% vacant and will end the year at 13.5% vacant with over one million square feet of vacant multi-tenant industrial space available. 2009 will be the third consecutive year of negative absorption of industrial square feet in Clark County. With no new multi-tenant industrial construction planned for 2010, rental rates should stabilize at $0.40 to $0.45 per square foot on a triple net basis. This forecasted rental rate is down from $0.55 to $0.60 per square foot in 2007. 2010 is forecasted to be slow during the first half of the year with projected increase in industrial leasing activity during the last part of the year based upon new jobs and industrial production demands creating demand. Vacancy rates are forecasted to remain at 12% by year end 2010.

RETAIL MARKET:
With total retail sales in Clark County being down for the second straight year from the high of 2007, there was virtually no demand for new national retailers entering into Clark County. The exception for 2010 will be certain food services, including fast food and casual dining that will expand nationally including Clark County. The vacancy rate, again, increased to over 12% from

the low of 4% in 2007 with over one million square feet of vacant retail space available for lease. The retail tenant was king when negotiating with landlords regarding rental rates and other landlord concessions. Rental rates for newer construction fell 20% to 25% from the asking rates of 2007. 2010 vacancy rates are forecasted to increase to over 15% based upon continued weak retail sales during the year. No new multi-tenant retail construction is planned in Clark County for 2010.

INVESTMENT SALES:

Investment sales were up 52% over last year with a total sales volume of approximately $134 million. Two transactions represented over 52% of the total closings for 2009. The Hewlett Package plant sale to SEH America and the 4400 Class “A” office building at Vancouver Mall represented more than half of the total sales volume for the year. Without those two transactions, investment sales would have been flat compared to 2008 and 80% less than the high during 2006−2007.

LAND SALES:

Commercial land and industrial land sales during 2009 totaled slightly over $64 million. However, again, two purchase transactions both by the Port of Vancouver represented over 73% of the total land sales closed during the year. The Port of Vancouver purchased the old Alcoa and Evergreen Aluminum sites for expanding the Port’s operations. The land sales to private development and/or investments were at the lowest level in several years due to the lack of demand for new construction and available debt financing. 2010 looks like another very weak volume of commercial and industrial land sales.