

**Columbian Market Forecast 2010  
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**THE RECESSION IS OVER, BUT...**

While the great and prolonged recession of 2008-2010 has been declared over according to many economists, regrettably, the reality of owners and users of commercial real estate is not so positive. If anything, owners and users are rather gloomy due to the general lack of confidence in the jobless recovery. In addition, both owners and users struggle to find financing for business expansion. True, the outlook is healthier than last year, but many factors still conspire to keep commercial real estate from making a total recovery for at least the next several years.

**RETAIL MARKET:**

Consumer spending has been the heavy lifter of the commercial real estate retail marketplace. The current outlook for jobs and higher wages have hijacked consumer confidence. While there have been several success stories announced in Clark County, the persistent 12.5% unemployment rate (some people estimate it to be more than 15% if you include the under employed) keeps a damper on retail sales for the future. It is predicted that retail sales for Clark County may increase 1% to 2% for 2011 compared to 10% increases in the boom years.

New jobs, consumer confidence and capital have to flow to the markets to support any significant prolonged upward trend to retail sales. In summary, the multi-tenant retail market for ending 2010 will have a vacancy rate in excess of 9.0% with over 750,000 square feet vacant and available for immediate lease. With the exception of some single-user retail tenant buildings being constructed (Costco, Walgreens and Chase) and a lone multi-tenant development on NE 192nd Avenue, there is no new multi-tenant retail development planned for Clark County in 2011.

**INDUSTRIAL MARKET:**

Industrial multi-tenant properties started the year and will end the year with 14% vacancy with over 1,000,000 square feet available for immediate lease. There was very little industrial lease activity for the year and there will be no new multi-tenant industrial warehouse construction in 2011.

**OFFICE MARKET:**

Multi-tenant Class "A" office market space started the year at 19% vacancy and will end the year at 20% vacancy with over 1,000,000 square feet available for immediate lease. The market seems to be trading tenants between buildings as tenants downsize, which produces a negative absorption of over 50,000 square feet for the year. Many people believe 2011 will be a better year with positive Class "A" office absorption, however, there will be no new Class "A" office buildings starting in construction in 2011.

#### INVESTMENT SALES:

The national investment market is down over 60% for the year with some strength in Tier 1 cities with top of the class properties closing at higher prices. The Clark County market will end the year with less than \$72 million in total investment sales, which is down from the previous year by 46% of the total dollars. The sale of the former Columbian building to the City of Vancouver represented 26% of the total annual investment sales. The investment market will continue to weaken due to the gap of values between Sellers and Buyers.

#### LAND SALES:

2010 commercial and industrial land sales totaled less than \$39 million, which is 7% less than the prior year. The Providence Health System land purchase of 20.0 acres for over \$16 million represented over 41% of the total annual dollars of land sales. 2011 will be another very slow year in land sales as both commercial and industrial users and developers are restricted to expand due to the overall business climate remaining weak and lack of available financing.