

CLARK COUNTY INDUSTRIAL MARKET
Vancouver, WA

PROJECT NAME	TYPE	# OF BLDGS	PROJ SQ FT	AVAIL SQ FT	% VACANT	ASKING RATES					RAIL	CLEAR HT	ABSORPTION	
						SHELL	OFFICE	BLEND	DOCK	GRADE			3rd QTR	YTD
1 112th Business Park I & II	IND	4	126,185	22,790	18.10%	0.45	0.70	0.00	Yes	Yes	No	22	(16,800)	(3,465)
2 121st Ave. Business Park	IND	2	93,921	20,000	21.29%	0.40	0.75	0.00	Yes	Yes	No	19	-	-
3 Barberton Ind. Center	IND	3	204,000	133,912	65.64%	0.37 to 0.45	0.70	0.00	Yes	Yes	No	30	-	3,132
4 Andresen Plaza (2700 NE And)	IND	2	50,000	5,756	11.51%	0.30	0.40	0.00	Yes	Yes	No	24	-	-
5 Central Industrial Park	IND	3	68,840	3,450	5.01%	0.50	0.65	0.00	Yes	Yes	No	22	-	4,000
6 Cold Creek Industrial Park	IND	2	58,000	16,716	28.81%	0.25	0.55	0.00	Yes	Yes	No	24	4,246	13,706
7 Columbia Business Center	IND	27	2,469,104	348,760	14.12%	0.45	0.75	0.00	Yes	Yes	Yes	26	(97,367)	(104,872)
8 Davis Industrial Park (Van.)	IND	3	120,160	-	0.00%	0.35	0.65	0.00	Yes	Yes	No	22	-	-
9 East First St. Distribution Ctr.	IND	1	61,350	-	0.00%	0.35	0.65	0.00	Yes	Yes	No	24	-	-
10 Eastridge Business Park	BP	14	273,132	175,881	64.40%	0.35	0.65	0.00	No	Yes	No	17	(97,445)	(109,987)
11 Fourth Plain Industrial Plaza	IND	2	43,000	-	0.00%	0.00	0.00	0.60	No	Yes	No	18	-	-
12 Fruit Valley Business Center	IND	2	42,000	3,000	7.14%	0.42	0.65	0.00	Yes	Yes	No	19	3,000	3,000
13 Harlen's Industrial Park	IND	5	61,700	-	0.00%	0.00	0.00	0.60	No	Yes	No	14	-	-
14 Hart Industrial Park	IND	2	152,700	-	0.00%	0.40	0.65	0.00	Yes	Yes	No	24	-	-
15 Lile Business Center	IND	1	146,200	-	0.00%	0.35	0.65	0.00	Yes	Yes	No	22	-	-
16 Luukkala	IND	5	115,600	2,000	1.70%	0.00	0.00	0.50	Yes	Yes	No	20	15,000	15,000
17 Minnehaha Business Park	IND	7	75,000	75,000	100.00%	0.50	0.65	0.75	No	Yes	No	18	-	-
18 North Park Industrial	IND	3	158,000	5,000	3.20%	0.45	0.70	0.00	Yes	Yes	No	22	(5,000)	3,500
19 Ogden Business Park	IND	5	214,201	37,500	17.51%	0.30	0.65	0.00	Yes	Yes	No	24	-	-
20 Opus Dist. Center	IND	2	128,000	-	0.00%	0.45	0.75	0.00	Yes	Yes	No	24/26	-	6,000
21 Padden Business Center	IND	5	75,000	-	0.00%	0.45	0.65	0.00	No	Yes	No	19	-	-
22 Port of Camas/Washougal	IND	10	151,030	11,250	7.45%	0.45	0.65	0.00	Yes	Yes	Yes	30	-	19,875
23 Port of Vancouver	IND	20	1,770,900	105,800	5.90%	0.39	0.65	0.00	Yes	Yes	Yes	24	39,100	163,100
24 Quad 205 Business Park	BP	4	108,625	27,750	25.50%	0.45	0.65	0.00	Yes	Yes	No	18	6,720	15,902
25 Quad 205 Distribution II	IND	1	84,480	63,363	75.00%	0.37	0.65	0.00	Yes	Yes	No	22	-	-
26 Salmon Creek Business Park	IND	4	75,000	26,354	35.10%	0.45	0.75	0.00	Yes	Yes	No	22	(11,108)	(5,744)
27 Salmon Creek Commerce Park	IND	2	78,186	-	0.00%	0.53	0.75	0.00	Yes	Yes	No	19	-	-
28 Vancouver Business Park	IND	2	108,000	29,900	27.69%	0.45	0.65	0.00	No	Yes	No	21	-	(2,900)
29 Vancouver Commerce Park	IND	3	82,460	13,647	16.55%	0.45	0.75	0.00	Yes	Yes	No	22	-	-
30 View Point Business Park	IND	2	106,000	49,000	46.23%	0.45	0.75	0.00	No	Yes	No	16	-	-
31 Westside Business Ctr.	IND	2	164,100	-	0.00%	0.38	0.75	0.00	Yes	Yes	No	24	24,466	24,466
32 Wubben Industrial Park	IND	3	205,000	41,663	20.32%	0.45	0.75	0.00	Yes	Yes	No	22	-	-
TOTALS			7,669,874	1,218,492	15.89%								(135,188)	44,713

PORTLAND INDUSTRIAL MARKET



OVERVIEW

PORTLAND'S VACANCY DECREASES TO 8.4% Net Absorption Positive 897,938 SF in the Quarter

The Portland Industrial market ended the third quarter 2011 with a vacancy rate of 8.4%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 897,938 square feet in the third quarter. Vacant sublease space decreased in the quarter, ending the quarter at 396,689 square feet. Rental rates ended the third quarter at \$5.91, a decrease over the previous quarter. There was 2,489,494 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Portland Industrial market was positive 897,938 square feet in the third quarter 2011. That compares to positive 687,083 square feet in the second quarter 2011, positive 163,026 square feet in the first quarter 2011, and positive 289,818 square feet in the fourth quarter 2010.

Tenants moving out of large blocks of space in 2011 include: Georgia-Pacific LLC moving out of (225,250) square feet at Marine Drive Dist Ctr - Bldg 1, Qwest Communications International, Inc. moving out of (173,395) square feet at Endsley Building, and Intel Corporation moving out of (93,938) square feet at Parkside Bldg A.

Tenants moving into large blocks of space in 2011 include: Georgia-Pacific LLC moving into 275,000 square feet at I-5 Logistics Center, Solopower, Inc. moving into 225,250 square feet at Marine Drive Distribution Center - Bldg 1, and OIA Global Logistics moving into 156,330 square feet at Bybee Lake Logistics Center - Phase I.

The Flex building market recorded net absorption of nega-

tive (88,165) square feet in the third quarter 2011, compared to positive 140,518 square feet in the second quarter 2011, positive 144,663 in the first quarter 2011, and positive 26,048 in the fourth quarter 2010.

The Warehouse building market recorded net absorption of positive 986,103 square feet in the third quarter 2011 compared to positive 546,565 square feet in the second quarter 2011, positive 18,363 in the first quarter 2011, and positive 263,770 in the fourth quarter 2010.

Vacancy

The Industrial vacancy rate in the Portland market area decreased to 8.4% at the end of the third quarter 2011. The vacancy rate was 8.9% at the end of the second quarter 2011, 9.2% at the end of the first quarter 2011, and 9.3% at the end of the fourth quarter 2010.

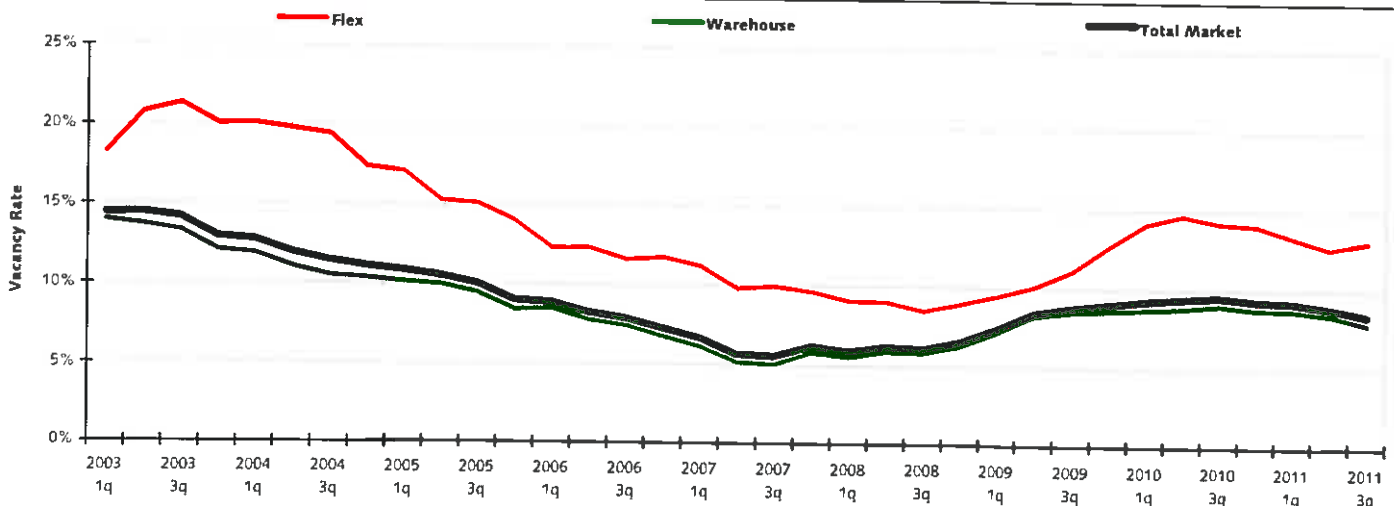
Flex projects reported a vacancy rate of 13.1% at the end of the third quarter 2011, 12.6% at the end of the second quarter 2011, 13.3% at the end of the first quarter 2011, and 14.1% at the end of the fourth quarter 2010.

Warehouse projects reported a vacancy rate of 7.9% at the end of the third quarter 2011, 8.5% at the end of second quarter 2011, 8.8% at the end of the first quarter 2011, and 8.8% at the end of the fourth quarter 2010.

Largest Lease Signings

The largest lease signings occurring in 2011 included: the 275,000-square-foot lease signed by Georgia-Pacific LLC at I-5 Logistics Center in the I-5 Corridor market; the 225,250-square-

VACANCY RATES BY BUILDING TYPE 2003-2011



Source: CoStar Property



PORTLAND INDUSTRIAL MARKET

OVERVIEW

foot deal signed by Solopower, Inc. at Marine Drive Distribution Center - Bldg One in the Northeast market; and the 156,330-square-foot lease signed by OIA Global Logistics at Bybee Lake Logistics Center - Phase I in the Northeast market.

Sublease Vacancy

The amount of vacant sublease space in the Portland market decreased to 396,689 square feet by the end of the third quarter 2011, from 492,992 square feet at the end of the second quarter 2011. There was 656,263 square feet vacant at the end of the first quarter 2011 and 616,470 square feet at the end of the fourth quarter 2010.

Portland's Flex projects reported vacant sublease space of 45,634 square feet at the end of third quarter 2011, down from the 57,900 square feet reported at the end of the second quarter 2011. There were 78,846 square feet of sublease space vacant at the end of the first quarter 2011, and 76,224 square feet at the end of the fourth quarter 2010.

Warehouse projects reported decreased vacant sublease space from the second quarter 2011 to the third quarter 2011. Sublease vacancy went from 435,092 square feet to 351,055 square feet during that time. There was 577,417 square feet at the end of the first quarter 2011, and 540,246 square feet at the end of the fourth quarter 2010.

Rental Rates

The average quoted asking rental rate for available Industrial space was \$5.91 per square foot per year at the end of the third quarter 2011 in the Portland market area. This represented a 0.7% decrease in quoted rental rates from the end of the second quarter 2011, when rents were reported at \$5.95 per square foot.

The average quoted rate within the Flex sector was \$10.32 per square foot at the end of the third quarter 2011, while Warehouse rates stood at \$5.20. At the end of the second quarter

2011, Flex rates were \$10.21 per square foot, and Warehouse rates were \$5.27.

Deliveries and Construction

During the third quarter 2011, no new space was completed in the Portland market area. This compares to one building totaling 71,000 square feet that were completed in the second quarter 2011, nothing completed in the first quarter 2011, and nothing completed in the fourth quarter 2010.

There were 2,489,494 square feet of Industrial space under construction at the end of the third quarter 2011.

The only delivery in 2011 has been Powin Corporation, a 71,000-square-foot facility that delivered in second quarter 2011 and is now 100% occupied.

The largest projects underway at the end of third quarter 2011 were Intel - D1X, a 1,800,000-square-foot building with 100% of its space pre-leased, and Rivergate Corporate Ctr III - Bldg B - Subaru, a 413,700-square-foot facility that is 100% pre-leased.

Inventory

Total Industrial inventory in the Portland market area amounted to 188,955,793 square feet in 5,722 buildings as of the end of the third quarter 2011. The Flex sector consisted of 19,680,970 square feet in 774 projects. The Warehouse sector consisted of 169,274,823 square feet in 4,948 buildings. Within the Industrial market there were 291 owner-occupied buildings accounting for 21,393,779 square feet of Industrial space.

Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Portland industrial sales figures fell during the second quarter 2011 in terms of dollar volume compared to the first quarter of 2011.

In the second quarter, 21 industrial transactions closed with a total volume of \$64,825,973. The 21 buildings totaled 1,138,115 square feet and the average price per square foot equated to \$56.96 per square foot. That compares to 18 transactions totaling \$68,092,543 in the first quarter. The total square footage was 2,545,019 for an average price per square foot of \$26.76.

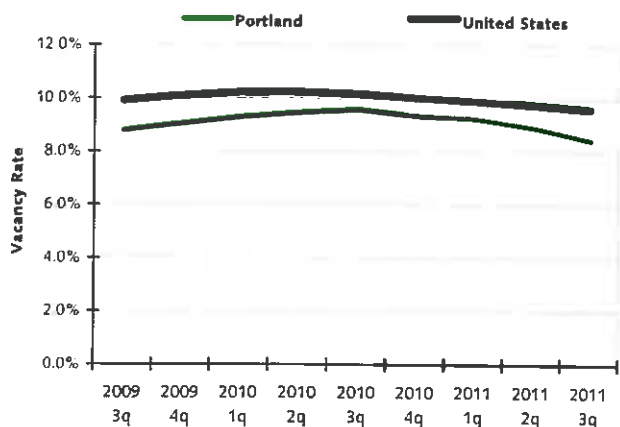
Total year-to-date industrial building sales activity in 2011 is up compared to the previous year. In the first six months of 2011, the market saw 39 industrial sales transactions with a total volume of \$132,918,516. The price per square foot has averaged \$36.09 this year. In the first six months of 2010, the market posted 28 transactions with a total volume of \$62,244,816. The price per square foot averaged \$55.43.

Cap rates have been higher in 2011, averaging 8.51%, compared to the first six months of last year when they averaged 8.30%.

One of the largest transactions that have occurred within

U.S. VACANCY COMPARISON

Past 9 Quarters



Source: CoStar Property*

PORTLAND INDUSTRIAL MARKET



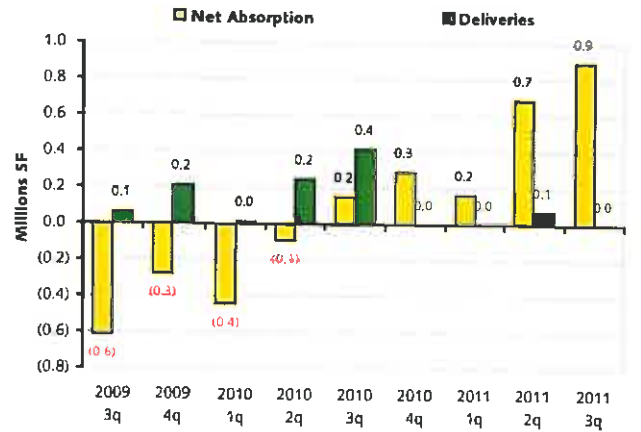
OVERVIEW

the last four quarters in the Portland market is the sale of 18285-18557 NE Halsey St in Portland. This 420,690-square-foot industrial building sold for \$14,300,000, or \$33.99 per square foot. The property sold on 7/19/2011, at a 10.70% cap rate.

Reports compiled by: Pharoeth Em, CoStar Research Manager & Nicholas Bell, Research Associate.

ABSORPTION & DELIVERIES

Past 9 Quarters



Source: CoStar Property*



PORTLAND INDUSTRIAL MARKET

FIGURES AT A GLANCE

FLEX MARKET STATISTICS

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
CBD	4	54,138	5,166	5,166	9.5%	13,834	0	0	\$23.32
Clark County	100	1,741,355	208,678	212,236	12.2%	17,623	0	10,996	\$11.53
I-5 Corridor	115	3,673,508	494,075	499,092	13.6%	(28,185)	0	0	\$11.79
Lloyd District	38	364,519	95,217	95,217	26.1%	(19,151)	0	0	\$8.04
Northeast	131	1,217,689	123,794	141,570	11.6%	34,267	0	0	\$10.10
Northwest	13	159,606	14,000	14,000	8.8%	(14,000)	0	0	\$8.53
Southeast	119	1,299,579	107,375	107,375	8.3%	35,777	0	0	\$10.29
Southwest	114	4,649,226	403,434	416,018	8.9%	74,982	0	0	\$9.07
Westside	140	6,521,350	1,075,794	1,082,493	16.6%	81,869	0	1,800,000	\$10.05
Totals	774	19,680,970	2,527,533	2,573,167	13.1%	197,016	0	1,810,996	\$10.32

Source: CoStar Property®

WAREHOUSE MARKET STATISTICS

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
CBD	40	1,498,743	131,500	131,500	8.8%	71,790	0	0	\$5.92
Clark County	545	16,930,397	1,226,192	1,311,626	7.7%	191,596	0	8,600	\$5.61
I-5 Corridor	572	23,090,485	2,268,662	2,332,572	10.1%	512,012	71,000	256,198	\$5.35
Lloyd District	134	2,432,807	141,113	141,113	5.8%	(8,037)	0	0	\$6.06
Northeast	1,826	67,874,028	4,994,515	5,063,722	7.5%	113,431	0	413,700	\$5.15
Northwest	336	13,244,162	642,984	682,079	5.2%	303,740	0	0	\$4.73
Southeast	1,090	28,326,104	1,737,443	1,773,505	6.3%	171,299	0	0	\$4.75
Southwest	180	6,049,532	806,734	864,081	14.3%	91,073	0	0	\$5.70
Westside	225	9,828,565	1,076,575	1,076,575	11.0%	104,127	0	0	\$5.10
Totals	4,948	169,274,823	13,025,718	13,376,773	7.9%	1,551,031	71,000	678,498	\$5.20

Source: CoStar Property®

TOTAL INDUSTRIAL MARKET STATISTICS

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
CBD	44	1,552,881	136,666	136,666	8.8%	85,624	0	0	\$7.22
Clark County	645	18,671,752	1,434,870	1,523,862	8.2%	209,219	0	19,596	\$6.21
I-5 Corridor	687	26,763,993	2,762,737	2,831,664	10.6%	483,827	71,000	256,198	\$6.13
Lloyd District	172	2,797,326	236,330	236,330	8.4%	(27,188)	0	0	\$6.81
Northeast	1,957	69,091,717	5,118,309	5,205,292	7.5%	147,698	0	413,700	\$5.25
Northwest	349	13,403,768	656,984	696,079	5.2%	289,740	0	0	\$4.86
Southeast	1,209	29,625,683	1,844,818	1,880,880	6.3%	207,076	0	0	\$4.97
Southwest	294	10,698,758	1,210,168	1,280,099	12.0%	166,055	0	0	\$6.96
Westside	365	16,349,915	2,152,369	2,159,068	13.2%	185,996	0	1,800,000	\$7.52
Totals	5,722	188,955,793	15,553,251	15,949,940	8.4%	1,748,047	71,000	2,489,494	\$5.91

Source: CoStar Property®