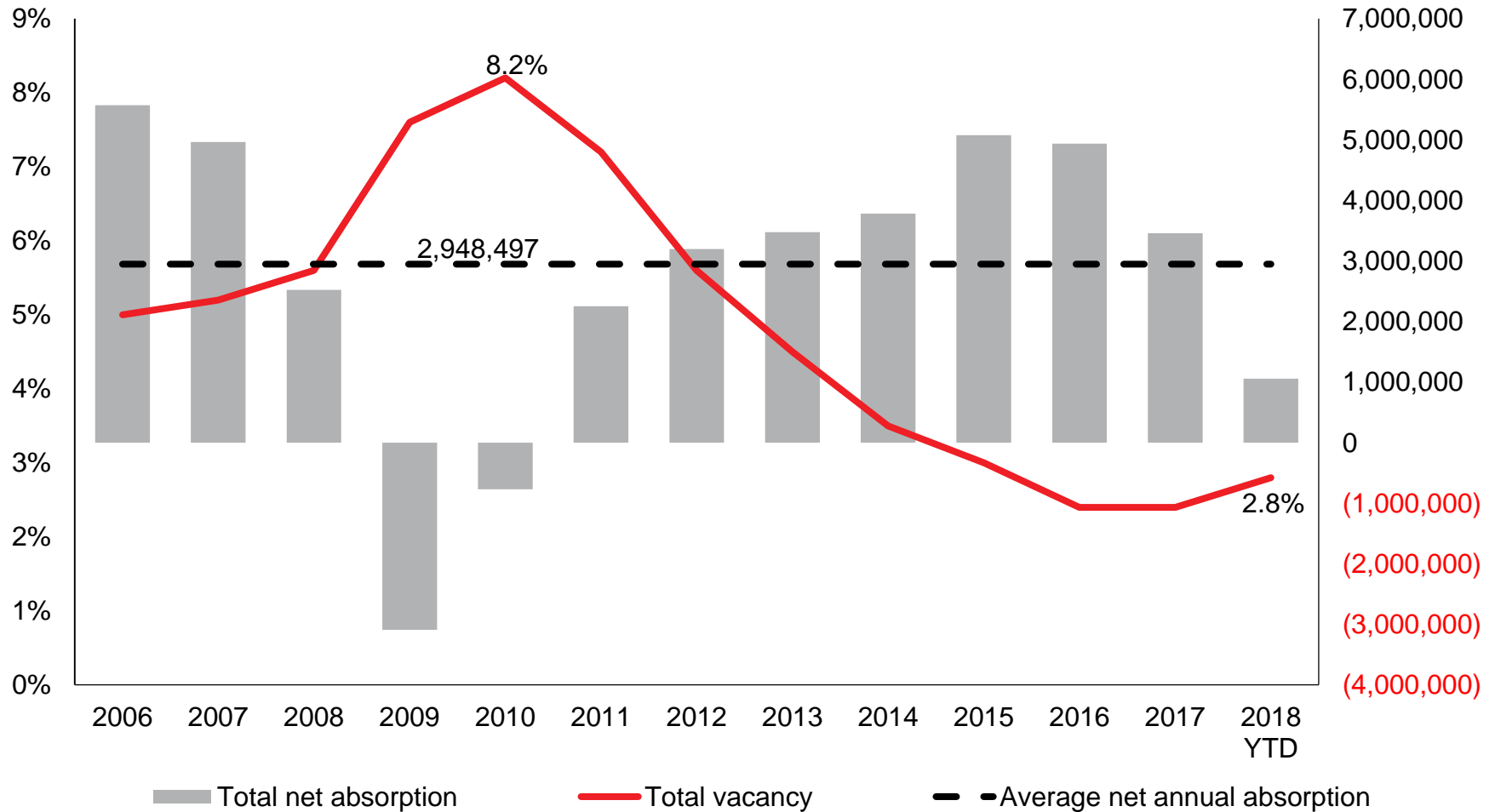# Puget Sound Industrial Outlook

Scott Carter, Managing Director, JLL
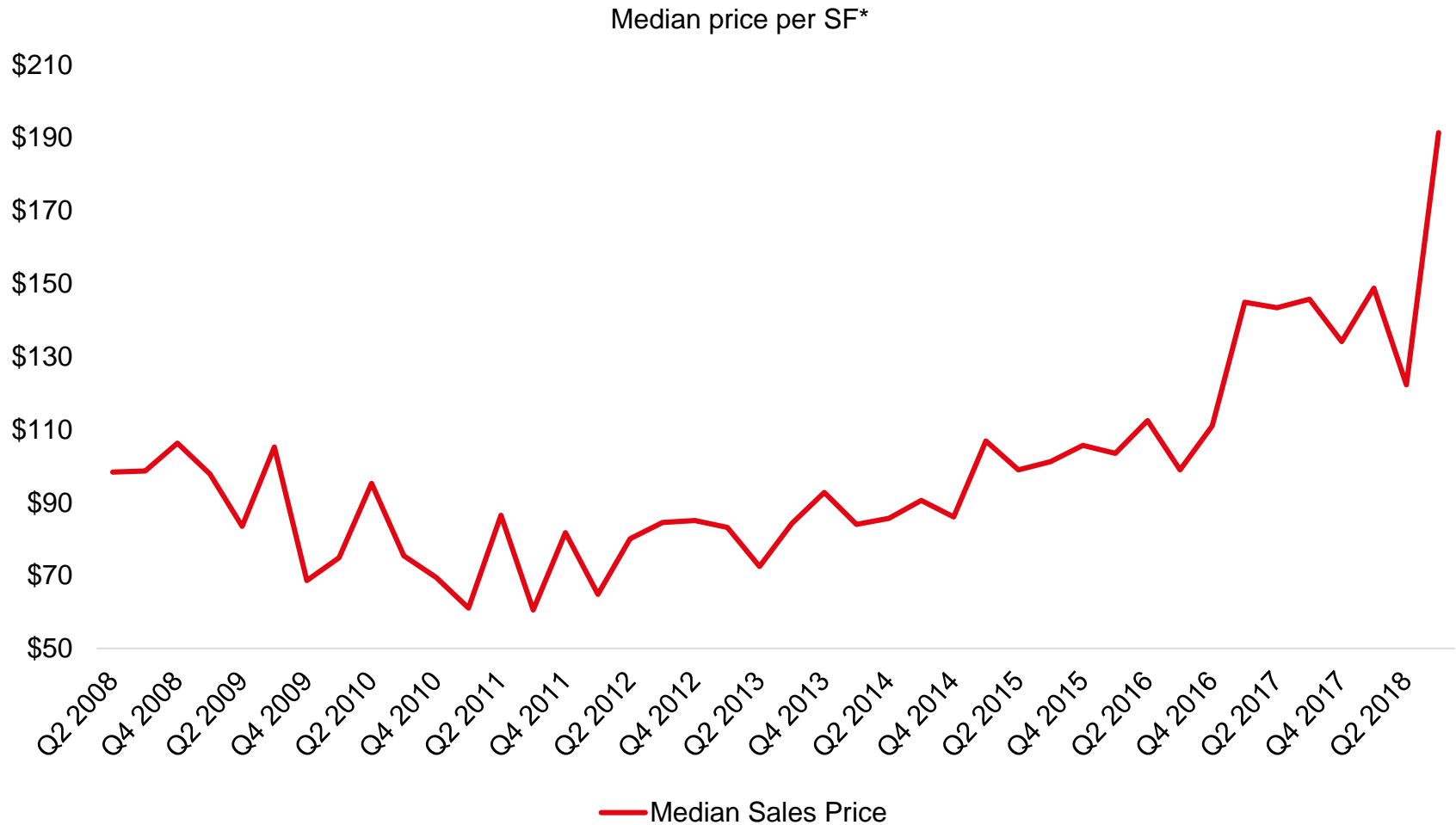
September 2018 | American Association of Port Authorities

Southend historical vacancy & absorption

Southend median sales pricing
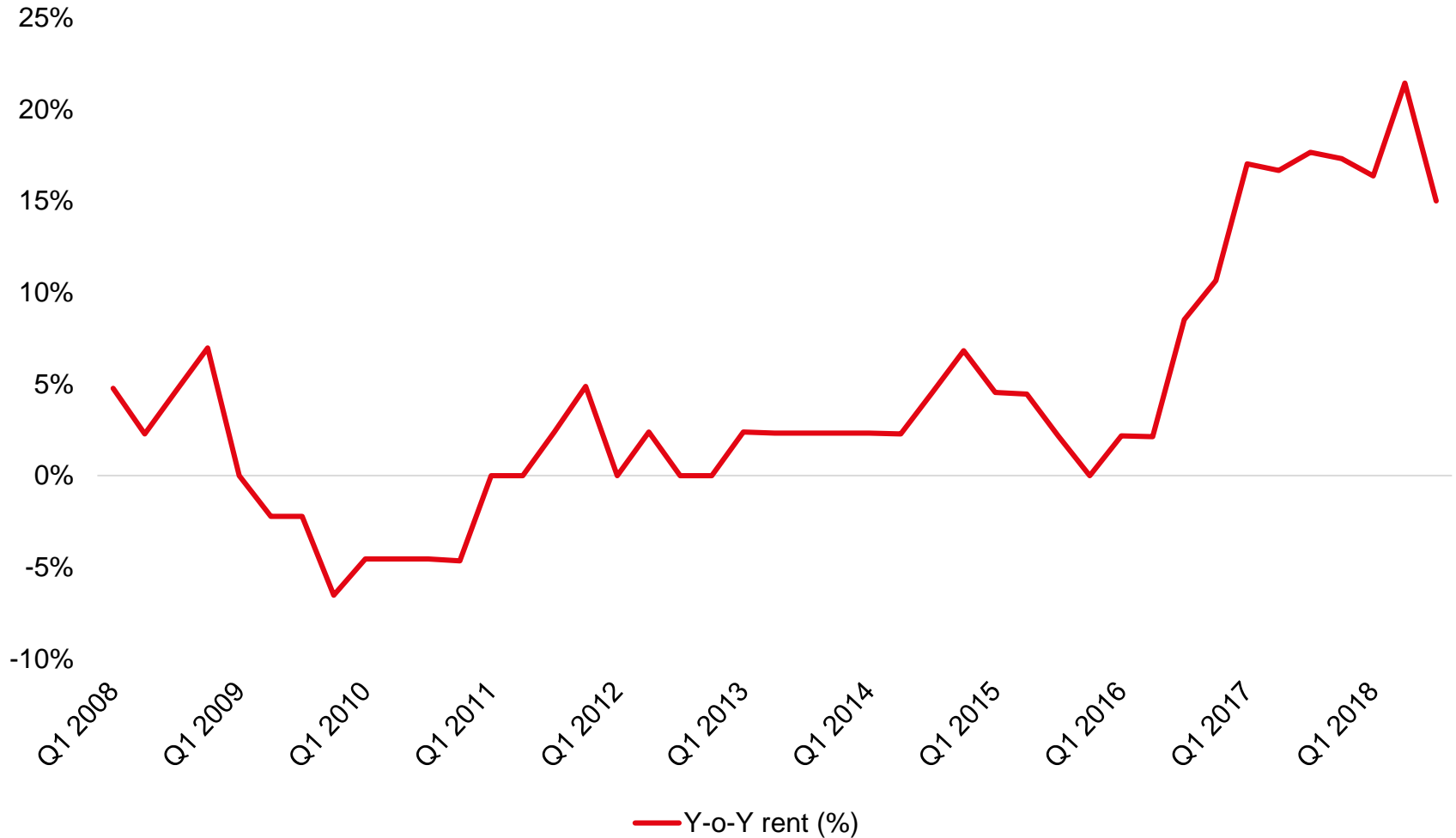
Median price per SF*

Median Sales Price

*Industrial properties over 30K SF, sold between 1/1/2008 – 9/10/2018 with sales price over $3M
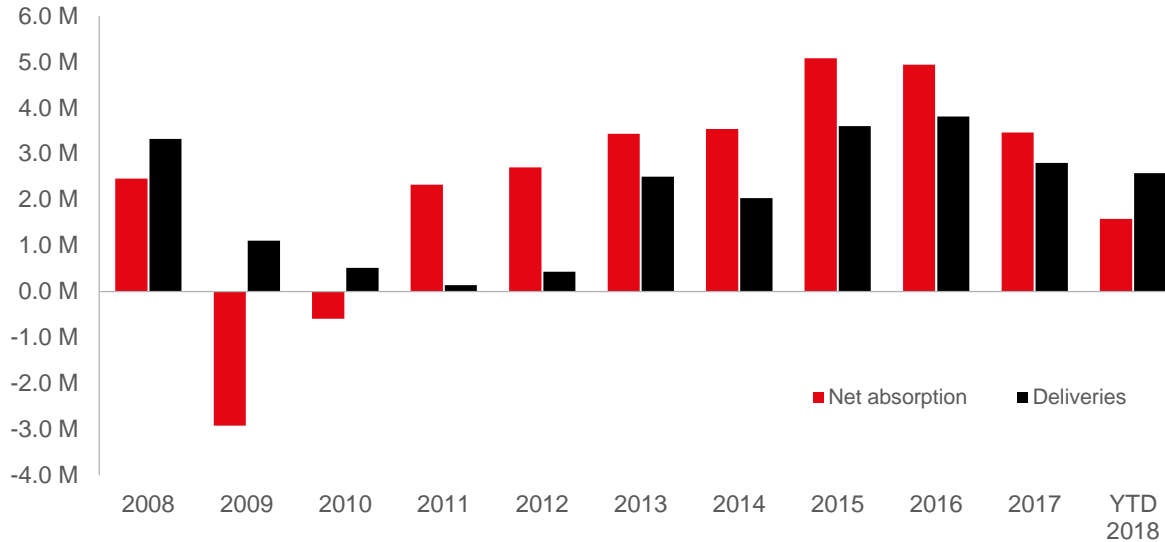
Southend year-over-year rent increases

Properties over 30K SF
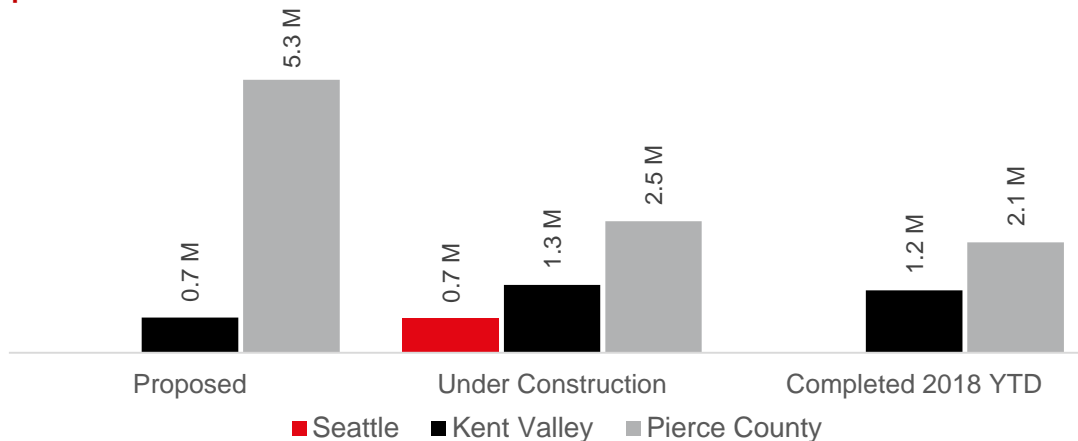

Legend: —— Y-o-Y rent (%)
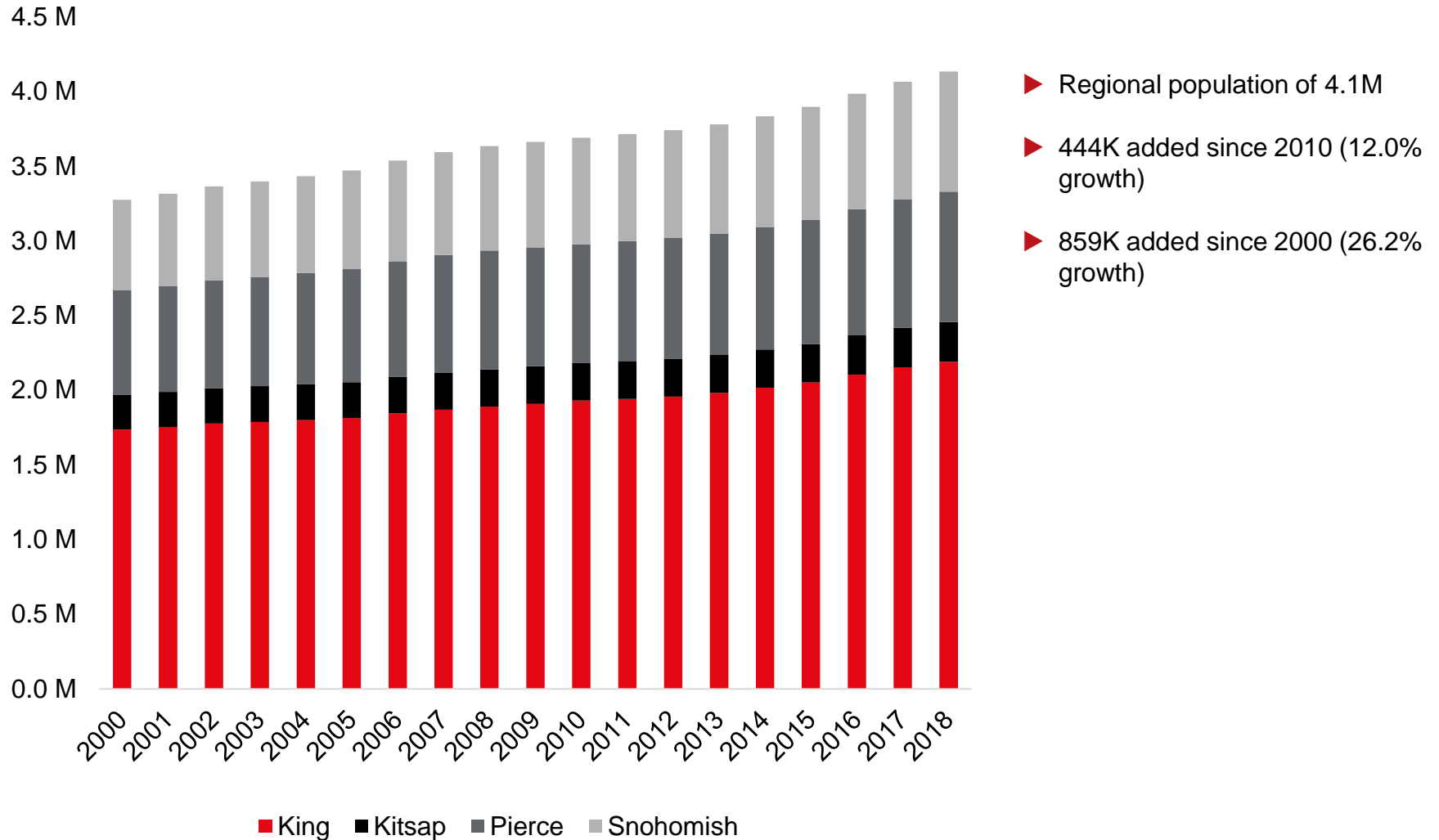
Construction

JLL

Supply & Demand

▶ Deliveries are catching up to demand and market is seeing new large blocks come to market.
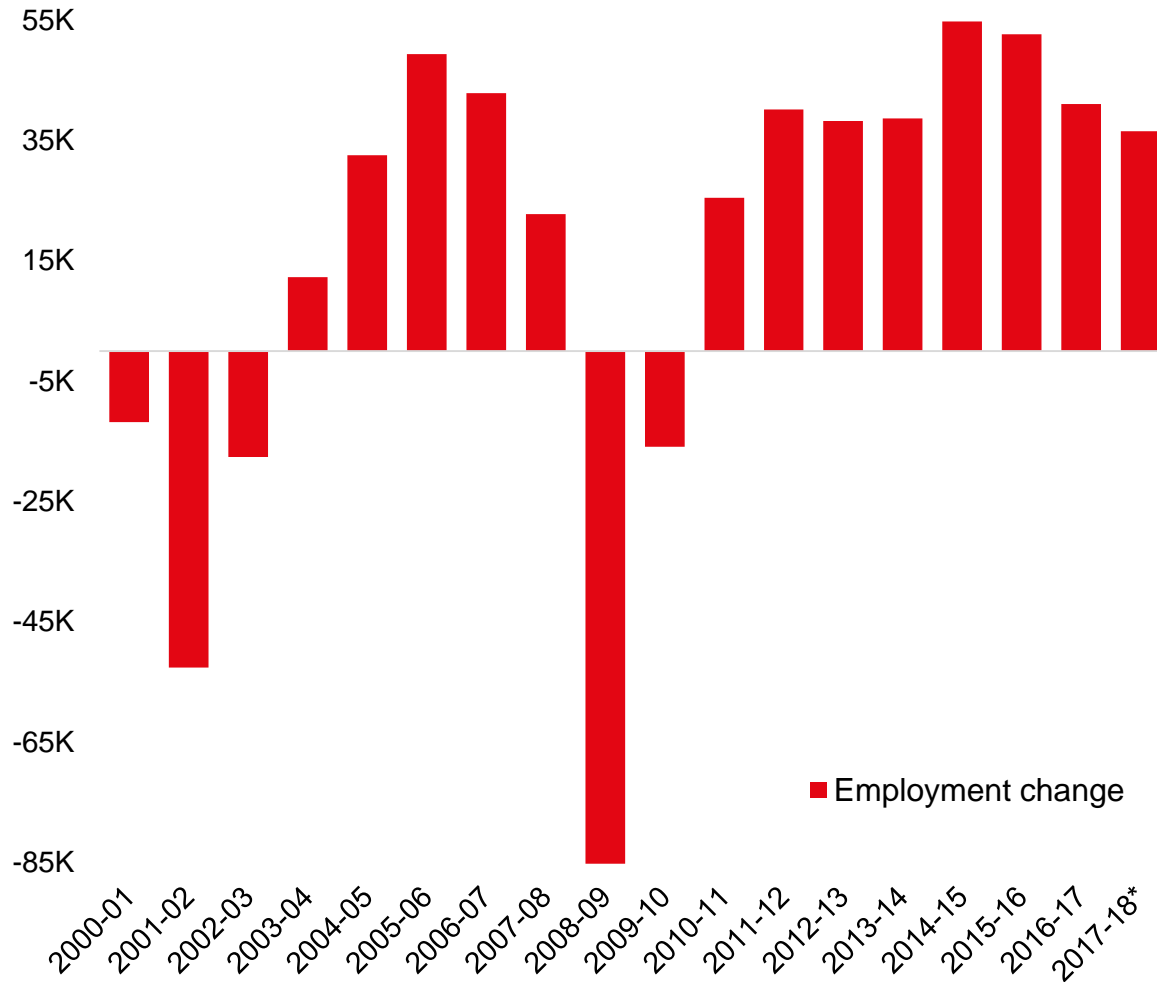
▶ Preleasing is common in current market.

Pipeline

▶ Pierce County, where much of the remaining developable land is located, is seeing the majority of construction activity.

▶ Tight market conditions are pushing tenants and developers further south to Pierce and Thurston Counties.

Puget Sound population by county

- ▶ Regional population of 4.1M
- ▶ 444K added since 2010 (12.0% growth)
- ▶ 859K added since 2000 (26.2% growth)

Legend: ■ King ■ Kitsap ■ Pierce ■ Snohomish
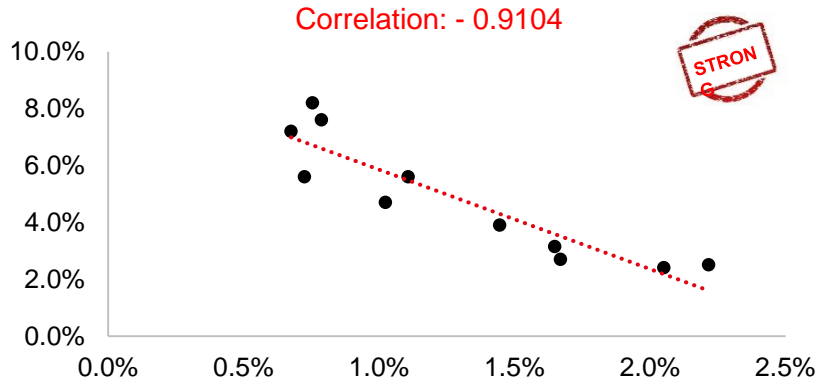
Annual job growth

- ▶ 41.1K jobs added to region last year (2.5% increase)

- ▶ 36.6K new jobs YTD.

- ▶ 332K jobs added since 2010.

- ▶ Seattle metro area current unemployment rate: 3.6%

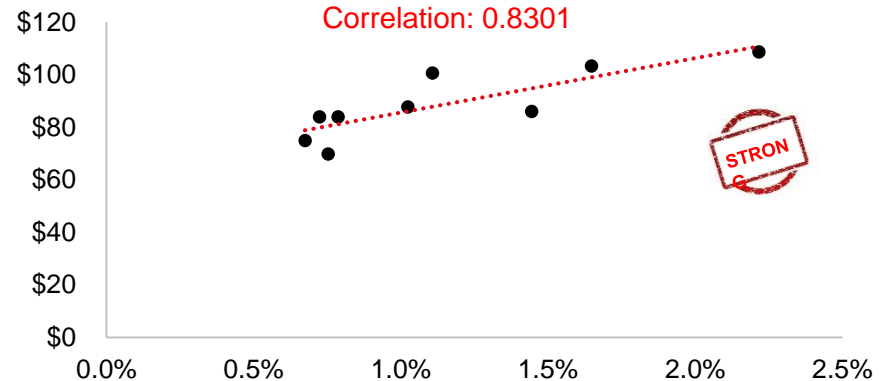*2017 – 2018 numbers include jobs added between 1/1/2018 and 7/31/2018
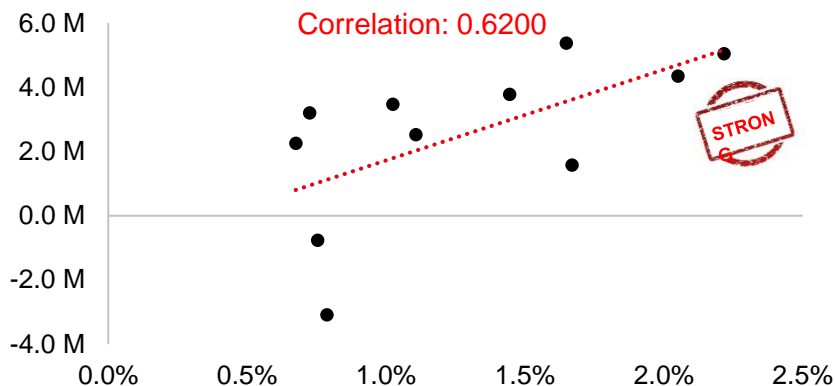
Population Growth Correlation
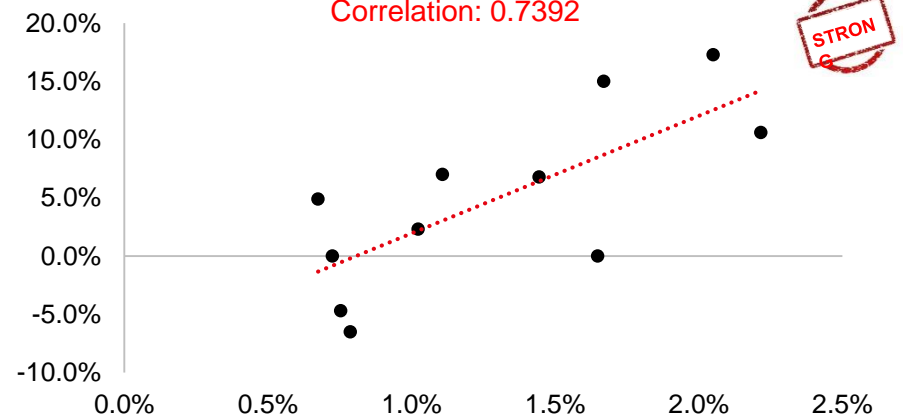

Population growth vs. vacancy
Correlation: - 0.9104

Population growth vs. median sales price per SF
Correlation: 0.8301

Population growth vs. net absorption
Correlation: 0.6200

Population growth vs. Y-o-Y rent growth
Correlation: 0.7392

*Correlation is displayed between -1 and 1. +1 is a positive correlation which means if one variable increases, the other also increases and if one variable decreases, other variable also decreases. -1 is a negative correlation, which means if one variable increases, the other decreases, and vice versa. **A correlation of above 0.50 or below -0.50 is considered an area where the correlation is strong.** Zero means there is no correlation.
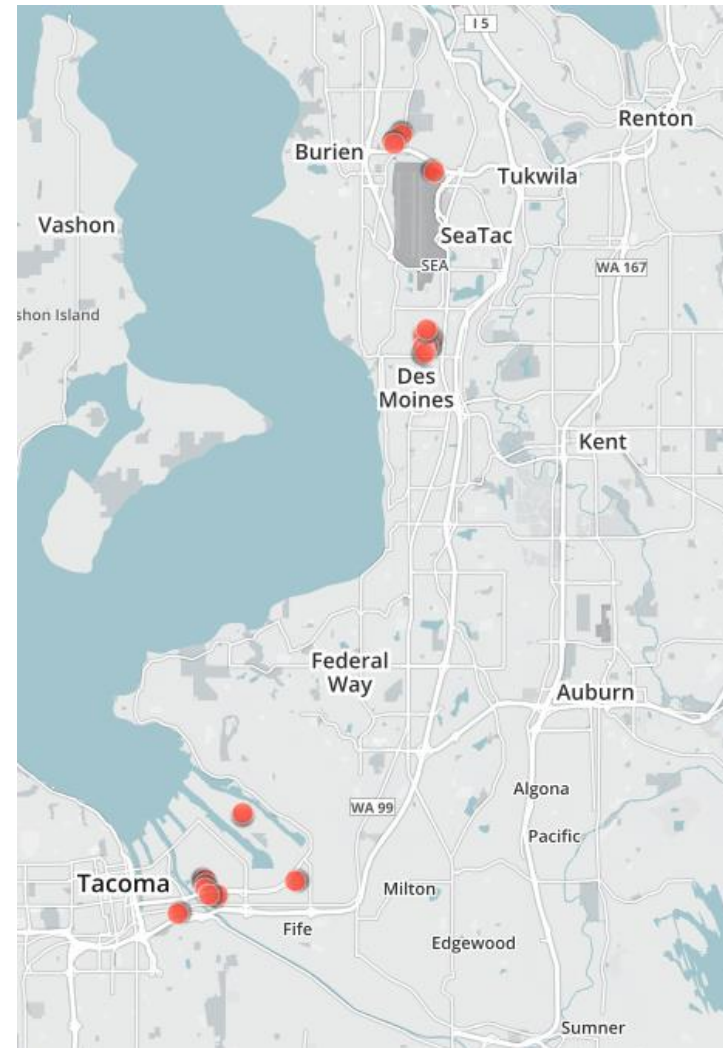
Ground Leases – 2008 & 2018 sites

2008
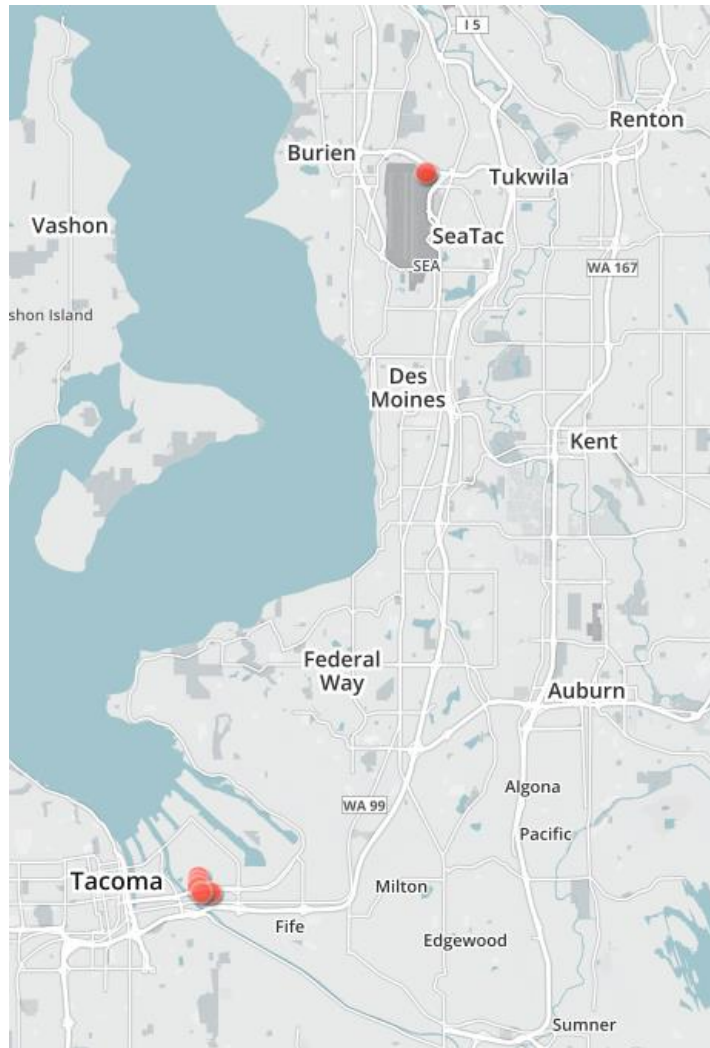
2018

Unlocking Value (private sector view)

» **Long enough term**

» **Constant and collars**

» **Conditions and restrictions**

» **Selection process**

» **Benefits**
    » Surrounding properties
    » Tax payers