



COMMERCIAL REAL ESTATE SERVICES





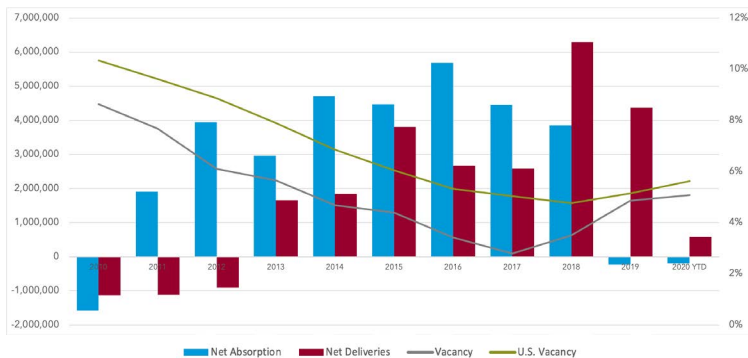
INDUSTRIAL MARKET OVERVIEW

ZANE SHIRAS, CCIM, *Principal*

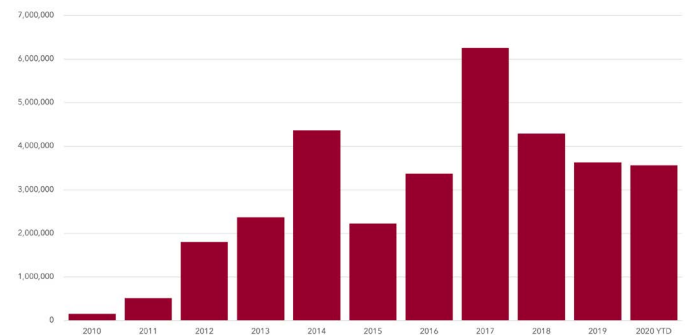
The Seattle industrial market has not been “immune” from the impact of the COVID-19 shutdowns and the resulting economic fallout – as evidenced by a ~25% reduction in trade volumes at the Northwest Seaport Alliance. Despite the economic slow-down, the effects on the industrial market have been manageable. Leasing activity has slowed considerably, except for large-box leasing by the likes of Amazon and other large companies. Lease rates have declined only modestly, but other concessions are increasing. The industrial vacancy rate is still low, but is likely to increase in the months ahead, due to anticipated deliveries of speculative large-box developments, coupled with a glut of sublease space offerings that have begun hitting the market.

MARKET INDICATORS	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
▼ Net Absorption	(576,146) SF	1,985,334 SF	(226,698) SF	711,523 SF	2,600,343 SF
▲ Vacancy Rate	5.1%	4.7%	4.9%	4.6%	4.2%
▼ Avg NNN Asking Rate	\$11.31 PSF	\$11.35 PSF	\$11.10 PSF	\$10.92 PSF	\$10.77 PSF
▲ Under Construction	3,561,569 SF	3,369,742 SF	3,625,229 SF	4,363,135 SF	3,364,410 SF
▲ Inventory	328,728,690 SF	328,672,249 SF	328,149,222 SF	327,146,807 SF	326,064,795 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1525 E. D St Tacoma, WA	443,622 SF	\$31,961,402 \$72.05 PSF	Industrial Realty Group, LLC United Natural Foods, Inc.	Class C
4620 "B" Street NW Auburn, WA	67,800 SF	\$10,500,000 \$155.00 PSF	Cabot Properties TTF Aerospace (Receivership)	Class B
1640 E. Marc St Tacoma, WA	43.4 Acres	\$33,500,000 \$17.74 PLSF	Prologis Tye Management (McFarland)	Development Site

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
19000 38th Ave Frederickson, WA	478,235 SF	Logistics Property Company (LPC)	Ikea	Retailers
1525 E. D St Tacoma, WA	326,345 SF	Industrial Realty Group	PCC Logistics	3PL
2701 142nd Avenue E Sumner, WA	245,209 SF	Clarion Partners	Scott's Company	Lawn & Garden Products



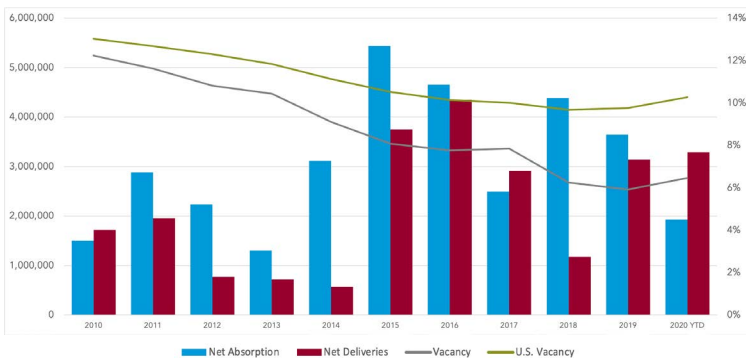
OFFICE MARKET OVERVIEW

JIM BOWLES, SIOR, *President*

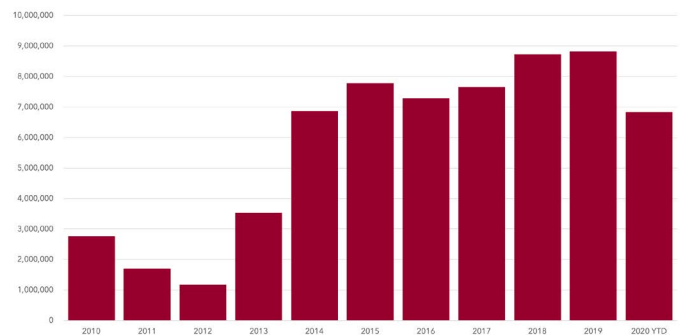
Apart from Seattle based Amazon who is rapidly expanding in the region, the Puget Sound office market is currently a reflection of our Covid-19 driven economic uncertainty. Office leasing activity has retreated by as much as 50% and tenants are exploring short-term “as-is” renewals as they rethink their space requirements. Some tenants are sub-leasing part or all of their facilities as they embrace a new “work from home” culture. Office rental rates have remained stable but lease terms have become more flexible. Even with economic uncertainty we remain optimistic about our office market going forward due to our robust tech-driven economy.

MARKET INDICATORS	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
▼ Net Absorption	4,310,104 SF	5,716,596 SF	3,642,256 SF	4,089,033 SF	3,250,059 SF
▲ Vacancy Rate	6.3%	6.1%	5.9%	5.8%	6.2%
▼ Avg NNN Asking Rate	\$38.41 PSF	\$38.55 PSF	\$38.30 PSF	\$38.00 PSF	\$37.40 PSF
▼ Under Construction	6,837,210 SF	6,923,194 SF	8,824,462 SF	8,178,339 SF	7,752,084 SF
▲ Inventory	212,796,714 SF	212,132,007 SF	209,512,424 SF	208,546,783 SF	208,003,892 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1019 Pacific Ave Tacoma, WA	221,000 SF	\$13,700,000 \$61.99 PSF	Unico Properties Pinnacle Partners	Class C
3003 77th Avenue SE Mercer Island, WA	156,768 SF	\$46,450,000 \$296.30 PSF	HAL Real Estate, Inc. VEREIT, Inc.	Class B
15319 Northeast 45th St Redmond, WA	71,000 SF	\$15,350,000 \$216.20 PSF	Microsoft Corporation Liberty Mutual Holding Company	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
7400 166th Avenue NE Redmond, WA	111,368 SF	Fairbourne Partners	Amazon	Retailers/Wholesalers
1001 4th Ave Seattle, WA	56,677 SF	Vestas Investment Management	Board of Regents University of Washington	Personal Services
11611 Willows Road NE Redmond, WA	47,158 SF	Pietromonaco Jackson Properties	Undisclosed	Undisclosed



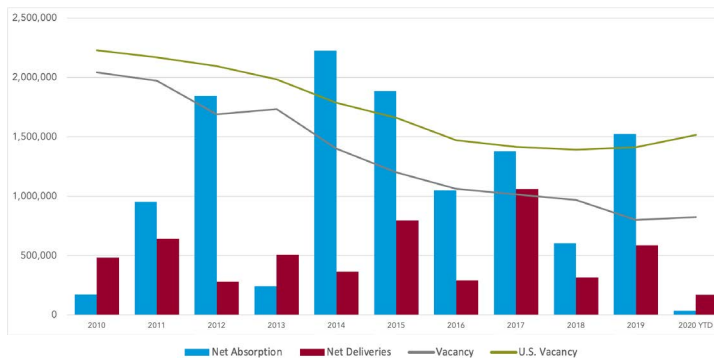
RETAIL MARKET OVERVIEW

KYLE PROSSER, *Vice President*

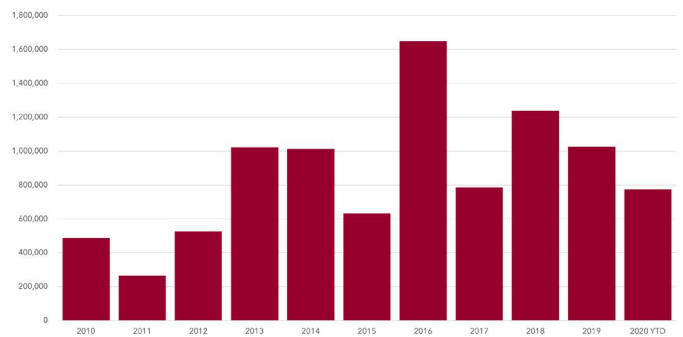
Q2 of 2020 found us in the new normal of COVID 19. Vacancy rates remained low despite the entire quarter being affected. The retail sector was the hardest hit. Restaurants struggled to remain open. Rent was paid for the first few months but then renegotiated where and when possible. Discussions centered around negotiating retail deals while including COVID language to offset rent scenarios where they were forced to shut down or operate at 50-75% capacity. In the end, most restaurants and retailers agreed that if they were able, a percentage rent deal of 6-7% was the most fair for all parties. There has been very little shakeout as of yet compared to the downturn 10-12 years ago.

MARKET INDICATORS	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
▼ Net Absorption	1,403,574 SF	1,844,902 SF	1,523,175 SF	1,055,832 SF	1,253,992 SF
▲ Vacancy Rate	2.6%	2.5%	2.6%	2.9%	3.0%
▼ Avg NNN Asking Rate	\$25.95 PSF	\$26.28 PSF	\$26.11 PSF	\$25.93 PSF	\$25.49 PSF
▼ Under Construction	774,044 SF	790,935 SF	1,026,552 SF	1,237,370 SF	1,607,815 SF
▲ Inventory	179,719,670 SF	179,680,379 SF	179,459,395 SF	179,293,700 SF	178,942,999 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
901 South Grady Way Renton, WA	138,439 SF	Undisclosed	Undisclosed Undisclosed	-
8102 Evergreen Way Everett, WA	126,000 SF	\$18,000,000 \$142.86 PSF	DevCo, LLC Arthur Walker	-
24800 West Valley Highway South Kent, WA	84,280 SF	Undisclosed	Undisclosed Undisclosed	-

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
416 Occidental Avenue S Seattle, WA	33,000 SF	Clise Agency, Inc.	King County Print Shop	Business Services
14903-14907 4th Street SW Burien, WA	24,261 SF	Merlone Geier Management, Inc.	Big Lots!	Retailers/Wholesalers
25015 Pacific Highway S Kent, WA	8,948 SF	Scott & Christina Hensrude	Undisclosed	Undisclosed



MULTIFAMILY MARKET OVERVIEW

CANDICE CHEVALLIER, CCIM, *Principal*

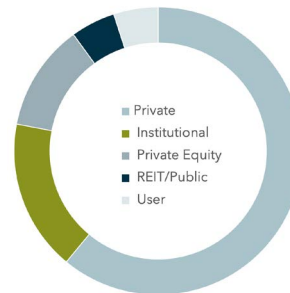
The 2nd quarter of 2020 saw a perfect storm of Covid-19 health concerns, a “Stay at Home” order shut down businesses and resulted in job losses and lost apartment rental income, and an increasingly hostile political and regulatory environment, essentially froze the multifamily transaction market between April and June. Rising infection rates are creating pause with normally bullish investors. Demand for developable sites is still strong since those developments will not come on-line for 3-5 years, likely well beyond the current concerns regarding the virus. Rents are expected to be flat through the end of 2020/2021, after which hampered unit delivery will put upward pressure on rents and hence values in the coming years.

MARKET INDICATORS	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
▼ Absorption Units	7,172	11,110	12,875	12,058	11,470
▲ Vacancy Rate	6.1%	5.9%	5.7%	5.8%	5.7%
▼ Asking Rent/Unit	\$1,731.00	\$1,748.00	\$1,723.00	\$1,716.00	\$1,726.00
▲ Inventory Units	341,386	339,976	337,791	335,605	332,664
▲ Under Const. Units	22,062	21,482	22,488	23,095	23,702

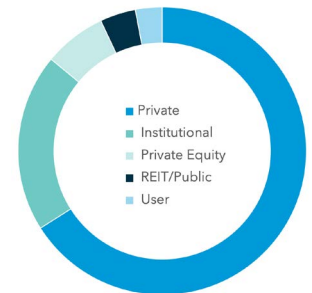
NET ABSORPTION, NET DELIVERIES, & VACANCY



SALE BY BUYER TYPE



SALE BY SELLER TYPE



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	NUMBER OF UNITS	BUYER / SELLER
11801 97th Lane NE Kirkland, WA	181,629 SF	\$92,900,000	197	Stream Real Estate Development UDR, Inc.
329 Ridgeview Drive Kent, WA	164,808 SF	Undisclosed	171	Undisclosed Undisclosed
11239 SE 260th Street Kent, WA	146,810 SF	Undisclosed	215	Undisclosed Undisclosed

TOP SELLERS (PAST 12 MONTHS)	SALES VOLUME
Greystar	\$458,476,340
UDR, Inc.	\$224,873,015
CBRE Global Investors Ltd	\$216,100,000
Columbia Pacific Management	\$210,000,000
Alliance Residential Company	\$198,465,260

TOP (PAST 12 MONTHS)	SALES VOLUME
Thrive Communities	\$446,100,000
Security Properties, Inc.	\$295,700,000
AEGON Real Assets US	\$270,100,000
King County Housing Authority	\$267,500,000
Equity Residential	\$252,358,608