

# Real Estate Market Forum Industrial Update

February 15, 2022

Jamie M Traeger, CCIM, CPM®

Senior Vice President, Leavitt Capital Companies



**LEAVITT**  
CAPITAL COMPANIES



An aerial photograph of a roller coaster with a blue steel frame and light green tracks. The coaster features several loops and drops. A semi-transparent circular overlay is positioned on the left side of the image, containing the title and a list of market factors.

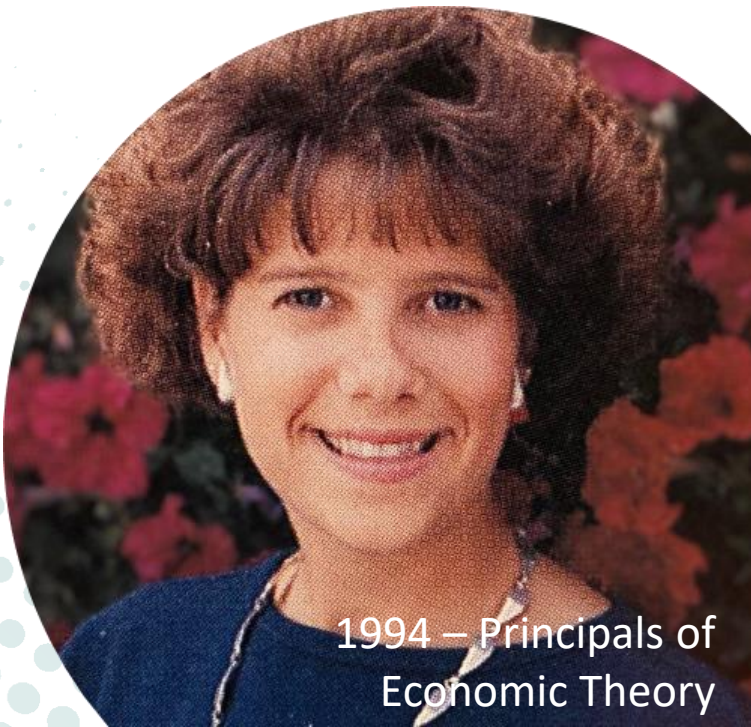
## Roller Coaster Naming Options

---

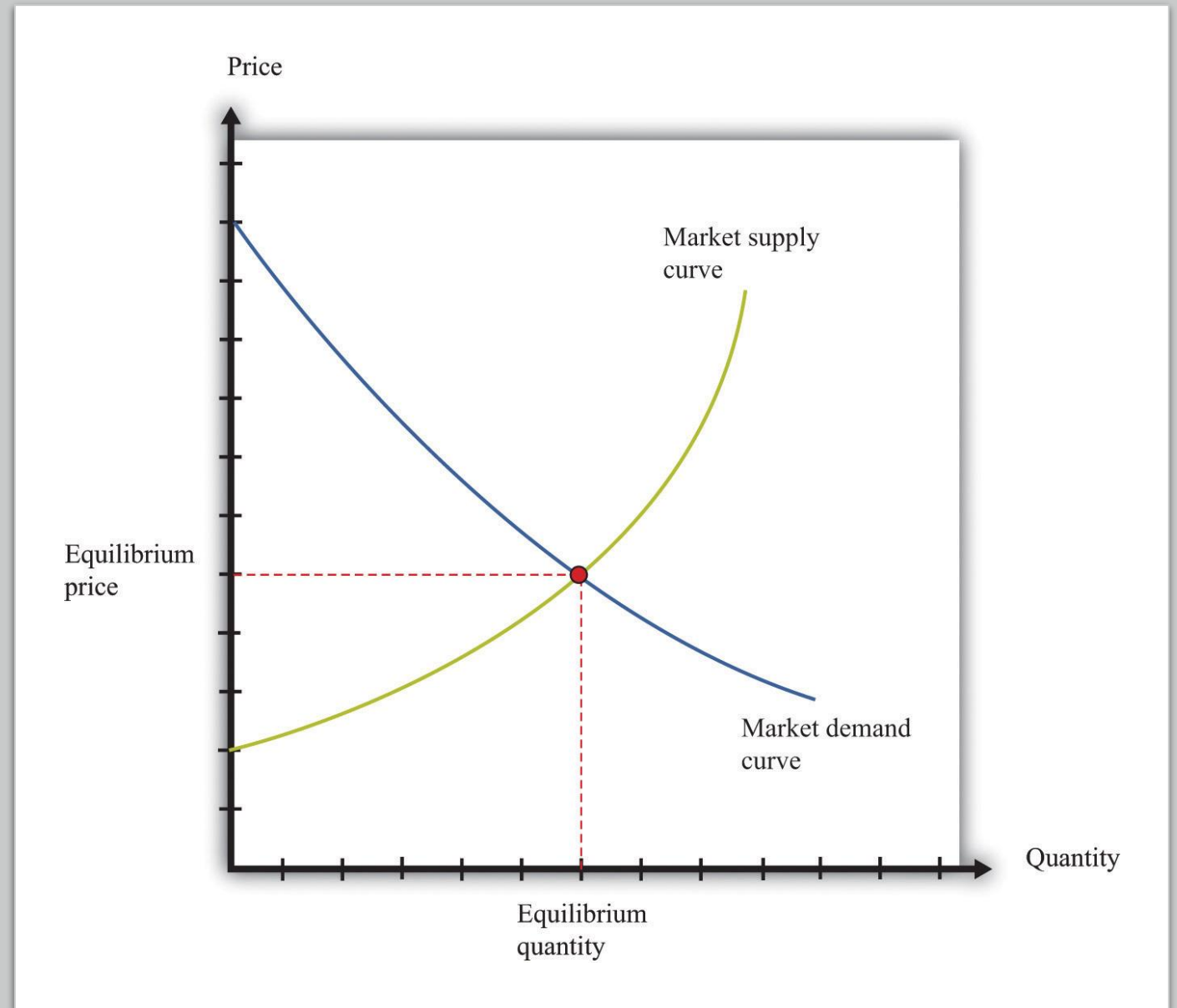
- Astronomical Demandinator
- Low Supply Coaster
- Rising Rents of Amazement
- The Market of Extremes



# Supply & Demand



1994 – Principals of  
Economic Theory



## Class C Warehouse Rental Rates

Older Buildings  
No Preventative Maintenance  
No Building Amenities  
Cold Storage

\$.15 - \$.25/square foot per month NNN  
\$1.80 - \$3.00  
per square foot per year NNN

## Class A Warehouse Rental Rates



New Construction  
Location, Location, Location  
Building Amenities

\$.45 - \$.55/square foot per month NNN  
\$5.40 - \$6.60  
per square foot per year NNN

## Spokane Industrial Real Estate Average Warehouse Rental Rates



Source: 2004 - 2008 Surveys of Industrial Space Aulsebrook & Gentry

## Spokane Industrial Real Estate Average Market Vacancy Rate



Source: 2004 - 2008 Surveys of Industrial Space Aulsebrook & Gentry

## Class B Warehouse Rental Rates

Clean  
Older Projects  
Well Maintained  
Building Amenities  
\$.30 - \$.40/square foot per month NNN  
\$3.60 - \$4.80  
per square foot per year NNN



## 2008 Industrial Sales



- Sales Prices - Land
  - Between \$1.00 - \$4.50 per square foot
  - Dependent on Location, Size of Parcel, Amenities to Site
- Owner/Occupant Building Purchases
- Investment Opportunities
  - Cap Rates 7.5% - 9.5%
  - Always Exceptions

# 2009 Industrial Market Update

# The Climb: 2009 – 2015



Oct. 2009	10.19%
Feb. 2010	10.85%
Oct. 2010	10.55%
Feb. 2011	9.86%
Oct. 2011	10.90%
Feb. 2012	8.92%
Oct. 2012	8.61%
Feb. 2013	8.81%
Oct. 2013	9.41%
Feb. 2014	7.74%
Oct. 2014	6.17%
Feb. 2015	6.29%
Oct. 2015	4.83%



# 2017 Industrial Market Update



**LEAVITT**  
CAPITAL COMPANIES



# Top of the Ride



**LEAVITT**  
CAPITAL COMPANIES





Current Industrial Market Conditions



# Astronomical Demandinator

amazon

Checkout (1 item)

1 Shipping address

Jamie Traeger  
12709 E MIRABEAU PKWY STE 10  
SPOKANE VALLEY, WA 99216-1665  
[Add delivery instructions](#)  
Or pick up from an Amazon Locker - 20 locations near this address

Change

2 Payment method

VISA Visa ending in 7609

[Billing address:](#) Jamie M Traeger, 1120 S Bernard, Spokane...

^ Add a gift card or promotion code or voucher

Enter code

Change

3 Review items and shipping

DEBIT CARD

1234 5678 9101 1011

Add a backup card for peace of mind.

Estimated delivery: April 6, 2022 - April 9, 2022

Items shipped from Amazon.com

FIFTHMIN 4 Pack Stores City Building Blocks, Building Bricks Party Favors, Educational House Building Kit Birthday Gifts for Kids(503 PCS)

FIFTHMIN

Prime FREE Delivery

Choose your Prime delivery option:

Wednesday, April 6 - Saturday, April 9

FREE Prime Delivery

Place your order

By placing your order, you agree to Amazon's privacy notice and conditions of use.

Order Summary

Items:

\$39.99

Shipping & handling:

\$0.00

Total before tax:

\$39.99

Estimated tax to be collected:

\$3.56


Order total:

\$43.55

How are shipping costs calculated?

Prime shipping benefits have been applied to your order.

```
graph TD; Consumer -- Demand --> RawMaterials[Raw Materials]; RawMaterials -- Logistics --> Supplier; Supplier -- Logistics --> Manufacturer; Manufacturer -- Logistics --> Distributer; Distributer -- Logistics --> Retailer; Retailer -- Logistics --> Consumer;
```



LEAVITT  
CAPITAL COMPANIES



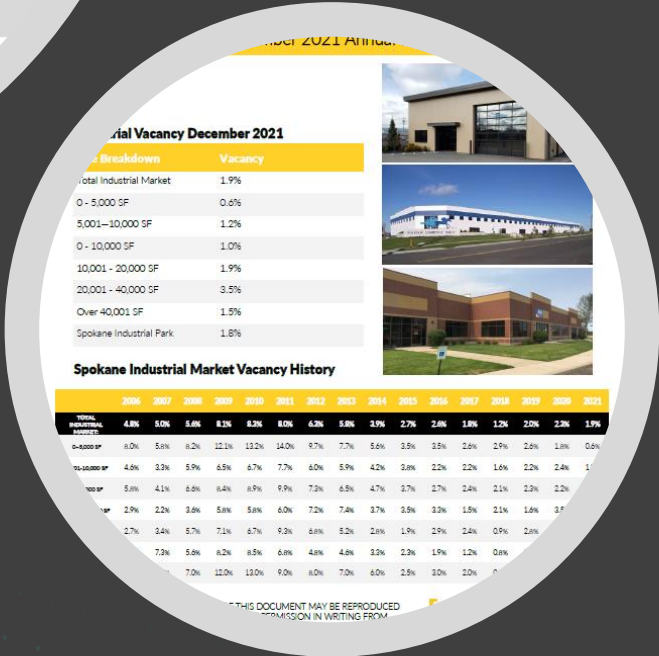
Significant Increase in Demand for Industrial Real Estate



SURVEY OF INDUSTRIAL SPACE FALL 2021 SURVEY					
GOODALE & BARBIERI COMPANY/CROWN WEST REALTY)					
SURVEYED TOTAL BLDG. AREA (SF)	SURVEYED VACANT BLDG. AREA (SF)	SURVEYED PERCENT VACANT	AVERAGE RENTAL RATE \$/SF/MO OFFICE	AVERAGE RENTAL RATE \$/SF/MO WAREHOUSE	AV RE RENT \$/SF/M
1,098,472	380,556	4.70%	\$0.76	\$0.45	\$
287,768	1,875	0.65%	N/A	N/A	
1,270,490	69,882	2.14%	\$0.66	\$0.40	
1,905,376	146,924	3.00%	\$0.61	\$0.36	
26,851	338,855	2.04%	\$0.75	\$0.37	
7	46,619	3.15%	\$0.83	\$0	
	984,711	2.84%	\$0.73		

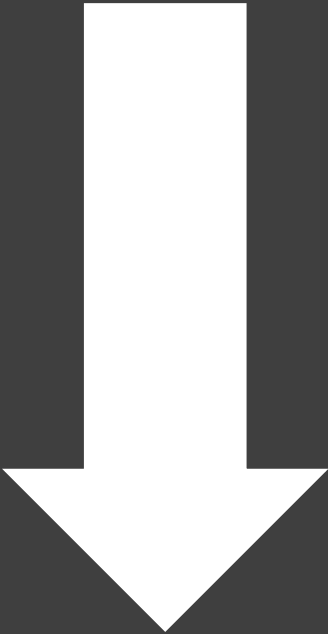
Pacific Northwest (509-747-0999)  
Post. Reprinted here with

COUNTY	BLDG AREA (SF)	NO. BLDG
2002	1,141	21,645,436
Feb. 2003	1,019	20,645,873
Oct. 2003	996	21,387,616
Feb. 2004	973	22,791,579
Oct. 2004	1,006	23,995,004
Feb. 2005	1,031	24,362,058
Oct. 2005	1,052	24,531,614
Feb. 2006	1,072	25,383,969
Oct. 2006	1,071	25,332,493
Feb. 2007	1,082	25,610,612
Oct. 2007	1,084	25,757,767
Feb. 2008	1,086	25,865,032
Oct. 2008	1,093	26,122,784
Feb. 2009	1,168	26,698,853
Oct. 2009	1,176	26,836,025
Feb. 2010	1,180	26,823,579
Oct. 2010	1,167	26,170,765
Feb. 2011	1,167	26,059,037
Oct. 2011	1,196	26,541,047
Feb. 2012	1,198	26,601,615
Oct. 2012	1,206	27,300,128
Feb. 2013	1,208	27,321,766
Oct. 2013	1,228	27,594,012
Feb. 2014	1,223	27,850,547
Oct. 2014	1,273	29,023,711
Feb. 2015	1,237	28,071,864
Oct. 2015	1,248	28,441,583
Feb. 2016	1,267	28,725,106
Oct. 2016	1,291	28,678,167
Feb. 2017	1,301	28,828,824
Oct. 2017	1,318	29,129,419

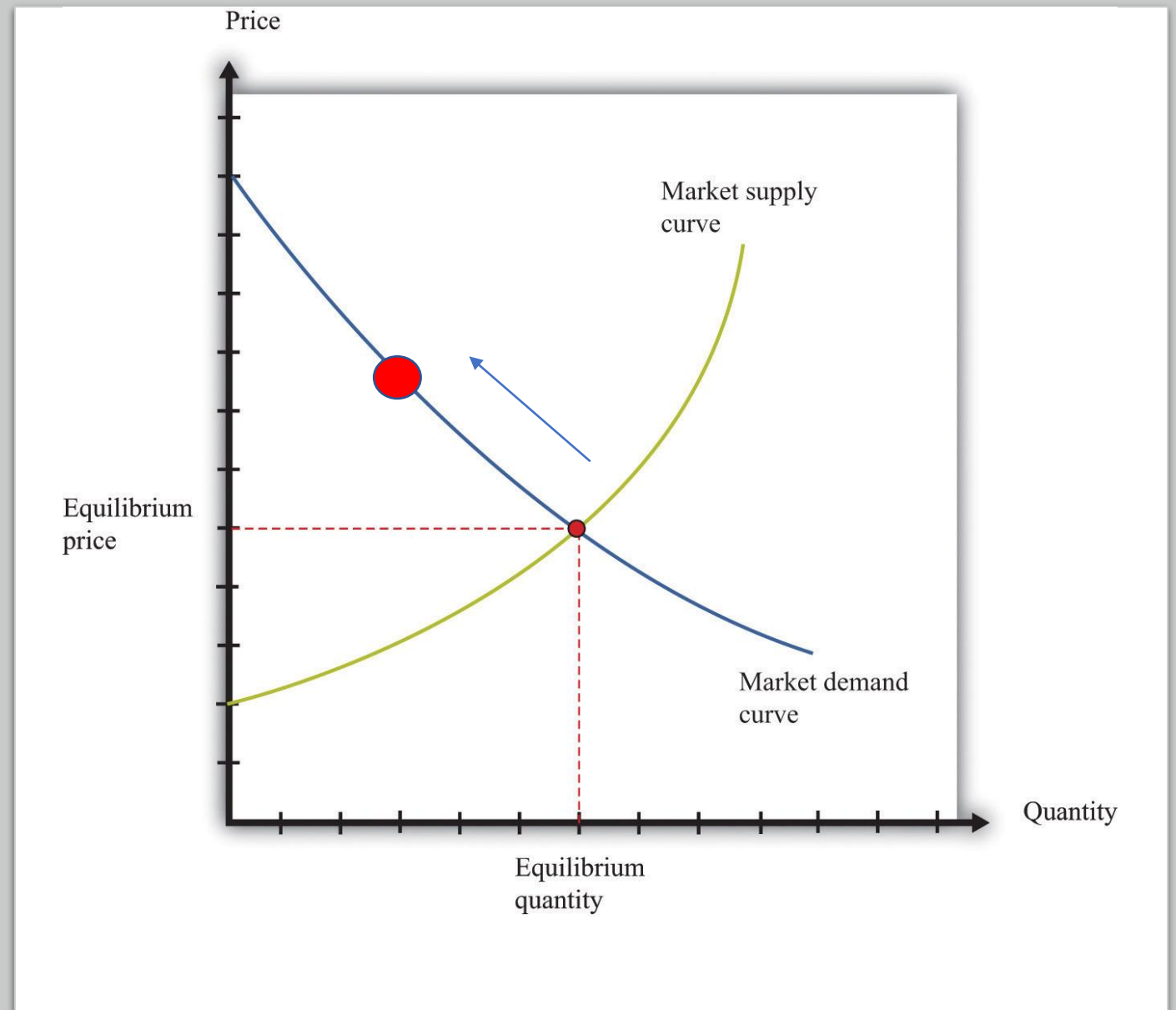


# Low Vacancy Rates

## 1.9% - 2.8%



# Supply & Demand





# Low Supply Coaster

## 5,000 – 10,000 Sqft Search

 6,400 SF \$9.00 Annual/SF Warehouse/Office	 9,360 SF \$100 Annual/SF Warehouse/Office	 6,872 SF \$12.24 Annual/SF Mixed Use	 5,400 SF \$11.16 Annual/SF	 8,364 SF \$60.64 Annual/SF
 \$9.00 - \$18.00 Annual/SF Warehouse/Office	 \$8.28 Annual/SF Warehouse/Distribution	 \$6.80 Annual/SF	 \$9.00 Annual/SF Warehouse/Office	

## 25,000+ Sqft Search

 13,400 SF - 36,000 SF \$6.12 Annual/SF	 44,318 SF - 50,636 SF \$5.04 Annual/SF Manufacturing	 59,096 SF \$8.00 Annual/SF Warehouse/Office	 75,000 SF - 80,000 SF Negotiable 2 matching spaces	 27,335 SF \$8.00 Annual/SF Mixed Use
 25,000 SF \$8.40 Annual/SF 2 matching spaces	 40,000 SF - 307,660 SF Negotiable 3 matching spaces	 33,884 SF \$7.08 Annual/SF Light Industrial	 14,560 SF - 218,400 SF Negotiable Warehouse/Distribution	 77,300 SF \$4.08 Annual/SF Warehouse/Distribution
 10,800 SF - 187,600 SF \$79.20 Annual/SF	 15,000 SF - 67,500 SF \$8.40 Annual/SF Self Storage	 \$8.28 Annual/SF Warehouse/Distribution	 70,000 SF \$9.00 Annual/SF Warehouse/Office	

## 10,000 – 25,000 Sqft Search

 11,880 SF \$10.00 Annual/SF Warehouse/Office	 15,707 SF \$11.46 Annual/SF Warehouse/Office	 13,400 SF - 36,000 SF \$6.12 Annual/SF	 20,119 SF \$7.20 Annual/SF Warehouse/Office	 25,000 SF \$8.40 Annual/SF 2 matching spaces
 14,560 SF - 218,400 SF Negotiable Warehouse/Distribution	 10,800 SF - 187,600 SF \$79.20 Annual/SF	 11,137 SF \$0.01 Annual/SF Warehouse/Distribution	 15,000 SF \$8.40 Annual/SF Warehouse/Distribution	 1,475 SF - 41,163 SF \$9.00 - \$18.00 Annual/SF Warehouse/Office
 15,000 SF - 67,500 SF \$8.40 Annual/SF Self Storage	 11,250 SF Negotiable	 10,000 SF - 42,000 SF \$8.28 Annual/SF Warehouse/Distribution	 4,500 SF - 15,000 SF \$6.60 Annual/SF	 3,920 SF - 19,601 SF \$9.00 Annual/SF Warehouse/Office

# McFARLANE II

10921 W McFarlane Road, Spokane, WA 99224

**218,400 SF DIVISIBLE DOWN TO +/- 14,560 SF**

DEVELOPED BY:

@ industrial





# New Development Projects

**For Lease**  
Warehouse/Flex/Tech/Manufacturing Buildings  
**Douglass Legacy Park**



**5010 S Thomas Mallen Road**  
Spokane WA 99224

**Property Description**

- Building 12: 75,000 SF +/-
- Building 14: 80,000 SF +/-
- Building 15: 96,000 SF +/- **LEASED**
- Clear Height: 30'
- Proposed Dock Doors: 4 on Grade, 12 Loading Dock Doors
- For the 96,000 SF +/- Buildings, Can Accommodate as



**AVAILABLE SPRING 2022**



**51,000 SF AVAILABLE**  
**DIVISIBLE TO 8,000 SF**

**FOR LEASE New Construction**

**Playfair Building 14**  
Spokane, WA 99202

**PROPERTY DETAILS**

- Concrete Tilt-Up Building
- 30' Clear Height
- 80' x 50' Column Spacing
- ESFR Sprinkler System
- LED Efficient Lighting
- Super Insulated Building
- Ample Parking

**Additional Features**

- 1 Minute from Future North-South Freeway
- 6 Minutes to Downtown Spokane
- 13 Minutes to Spokane International Airport
- Two Class I Railroads On Site

**OPEN LISTING FOR ALL BROKERS**

**LBSTONE** PROPERTIES GROUP  
509.343.9042  
LBStoneProperties.com

**PLAYFAIR 14**  
2910 E. MAIN AVE  
SPOKANE, WA 99202  
010022

**AVAILABLE SPRING 2022**



**LEAVITT**  
CAPITAL COMPANIES

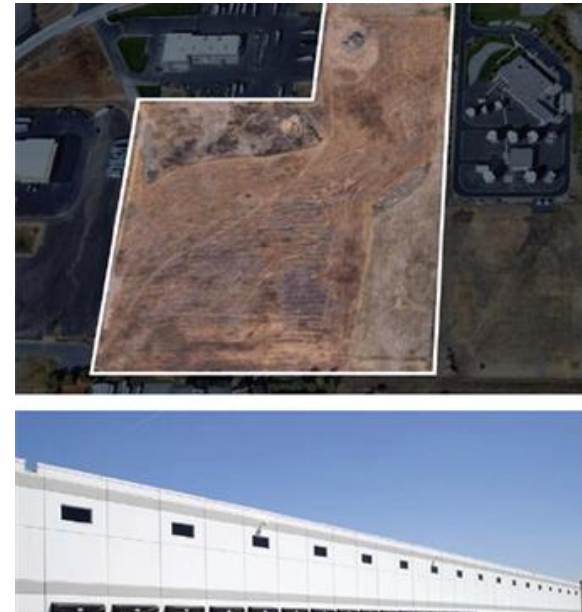
# New Development Projects

## BARKER LOGISTICS CENTER

BARKER ROAD & GARLAND AVENUE

**PHASE 1 - SPRING 2022**  
131,000 SF • 36' CLEAR • 150' TRUCK COURTS

**40-ACRE  
BUILD-TO SUIT SITE**  
BARKER ROAD & GARLAND AVENUE



## WEST PLAINS LOGISTICS

9813 W HALLETT RD | SPOKANE, WA 99224

**CLASS A INDUSTRIAL  
562,000 SF**

Developed By:

 **PANATTONI®**



**LEAVITT**  
CAPITAL COMPANIES





# Rising Rents of Amazement



**LEAVITT**  
CAPITAL COMPANIES





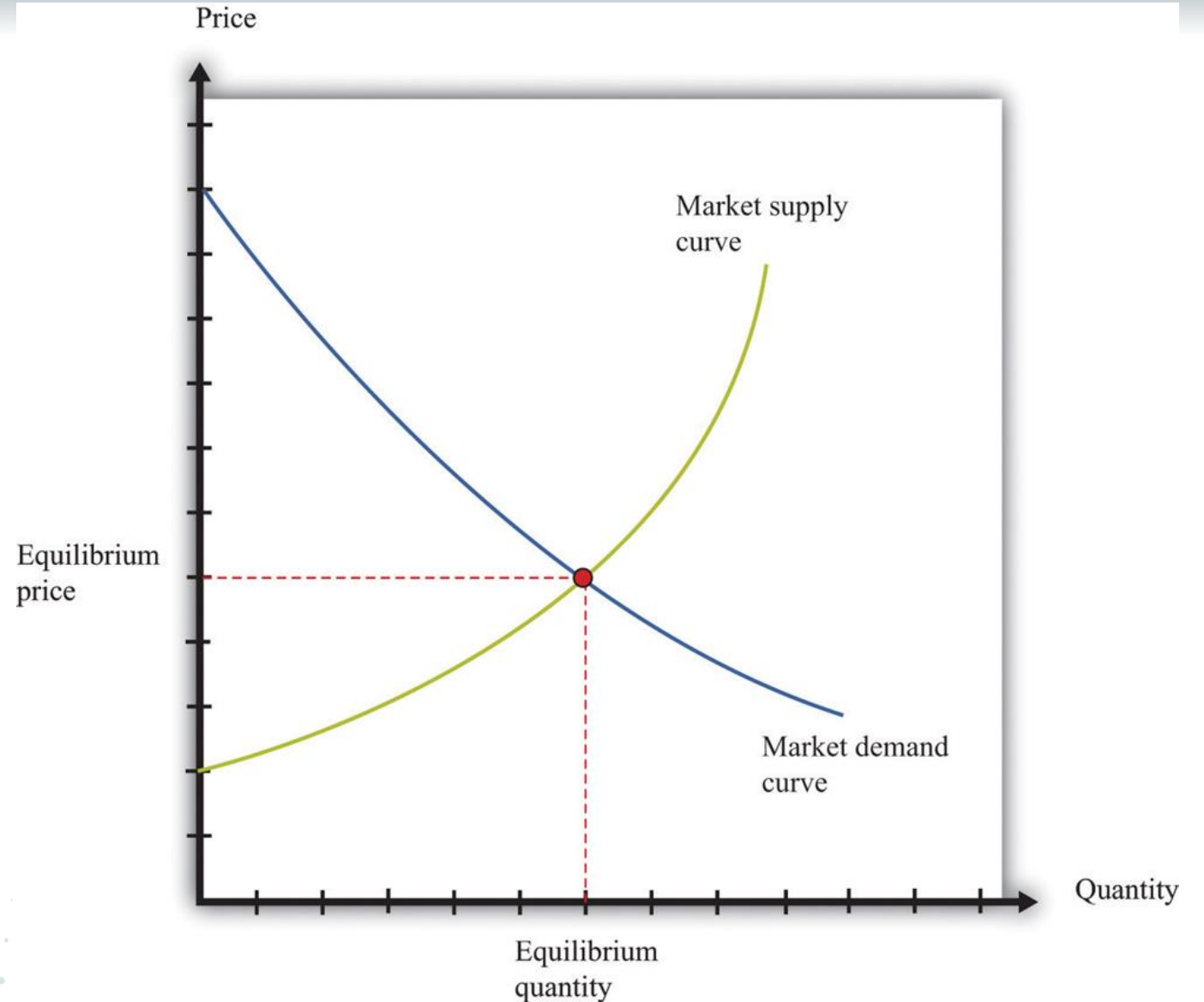
# Substantial Construction Cost Increases





Where and when will rents stabilize?

What is the  
“New  
Normal”?



**LEAVITT**  
CAPITAL COMPANIES



A low-angle shot of a roller coaster. A dark-colored car with several passengers is suspended in mid-air, having just cleared a loop. The track is a vibrant green, supported by grey metal pillars. The background is a clear, bright blue sky with a few wispy clouds at the bottom.

# The Market of Extremes