

KING FOR A DAY

Schuler Properties' January 2007 Market Update & Space Available

Deals in the Market

Comfort Design Window Manufacturing on River Road signed a lease for 70,000 feet and is moving to Panattoni's Lakewood Corporate Center leaving 130,000 square feet available in this building with I-5 exposure. Comfort Design has sold its 4 acres with buildings to Ceccanti Construction, for use as an auxiliary yard to supplement its Midland operations.*

** For those of you who actually read our market update, please be aware we made a mistake in this quarter's issue. While we strive for accuracy, errors happen.*

I wrote about the Comfort Design move and property sale to Ceccanti. It was actually sold to Active Construction, Inc. Active is owned by a Ceccanti, but is not Ceccanti Construction, nor should it be confused as such. Mea culpa.

As long as I am sending a note, I would be remiss in not reminding you of the Boys & Girls Clubs Youth of the Year event being held this Thursday night, February 1st, at Mt. Tahoma High School, 5:30pm. There is no charge for admission, hors d'oeuvres will be served, and the top kids from our seven clubs will each recite their winning speech. One of them will be named Boys & Girls Clubs of South Puget Sound 2007 Youth of the Year. Click on this link for more information. http://bgclubs.net/extras/2007_YouthOfTheYear_Invitation.pdf

On a separate and unrelated note, Boys & Girls Clubs of South Puget Sound has now tilted walls for the gymnasium on its new Gary & Carol Milgard Family HOPE Center in Lakewood. If you click on this link, you can look at Kemer Nelson's aerial photographs of the projects progress. http://bg-clubs.com/extras/new_facilities/lakewood/construction.htm

Gale Insulation has moved into 50,000 square feet vacated by Northwest Door when it moved to its new plant at the Port of Tacoma's Frederickson Industrial Park a couple of months ago.

SGA Development has now closed on its acquisition of the 10-acre Burgi-Dacca-Hickman properties and the 20-acre Sterino property on 20th Street in Fife, at a looks-good-today average price of \$9.00 per square foot, and is planning a mixed office retail industrial complex for that location. The "Fife Assemblage" 110 acres along Freeman Road between 70th and Valley, picked up two short years ago for \$2.50 per square foot by George Heidgerken's Golden Eagle Properties, is rumored to be under contract at an unheard of \$9.00 per square foot for raw industrial land. Of course, the buyer expects to unload a fair portion of this to you and me, via the Washington State Department of Transportation. DOT announces plans for roads, but can't ever seem to get out in front of the crowd and buy the land it needs for those roads before others either develop buildings there or jack-up the prices. If I were King for a day, one of the things DOT would do is buy land like this before it is developed, punch the road through it, and then re-sell the surplus for a freeway frontage premium.

Laura Fox's client SGS Hardware took the 38,500 square feet in Building 4 at the Trans Pacific Industrial Park, recently vacated by the News Group / Prologix. SGS is vacating a space on Puyallup Avenue, which we understand will be backfilled by Habitat for Humanity's Building Materials Resale Shop.

IKEA has announced plans to build a million +/- square feet of space on 75 acres owned by the Port of Tacoma at the Frederickson Industrial Area. The unusual thing about this building is that portions of it would be up to 150 feet high, and use a very sophisticated racking system to store and pick the product.

Back out to Fife

Opus Northwest LLC, in an effort to manage risk, has agreed to sell Phase 2 of its Pacific Coast Corporate Park, 550,000 square feet, pre-completion, to ING Real Estate, along with LaSalle and AMB. ING has been very aggressive pursuing industrial opportunities the last couple of years. This is the same group which bought the Opus Fife Landing North project, although that came with a tenant, expeditors for the majority of the project.

And Puyallup

Riverside Industrial Park, the AMB Development in Puyallup, though not yet finished, is about fifty percent leased with its Building B completely full. IDX took 300,000 square feet, and Jack in the Box took 90,000 square feet. AMB now plans to start Building "A" for completion late this year.

Due to activity like the rapid filling of the River Side Industrial Park, and some delays in developers' receipt of Certificates of Occupancy, Pierce County Industrial vacancy remains below five percent, but is up from three percent vacant at the end of September.

With activity like this, the Pierce County Industrial Market vacancy remains at about 4% year-end, but this number will spike up the 1st and 2nd quarter as Panattoni, OPUS and the Summit continue to bring four to five hundred thousand square feet of spec buildings online in the Port of Tacoma, Fife and Sumner.

Downtown Tacoma

Downtown, Lourig Associates has just completed its "on-campus" apartment house at 17th and Market Streets, while right up the hill at 15th and Tacoma Avenue, the blank unit Mercado condominiums are ready for occupancy. Elsewhere, the Bella on Broadway apartments have opened to rave reviews and the Metropolitan on St. Helens is adding phase 2 at the corner of 4th and St. Helens. Prium Development Company has started excavation work for Jay Heights, a hundred-plus unit condominium at 6th and St. Helens, while just up the street at 6th and Fawcett it nears completion of its Hanna Heights condominiums.

PCS Engineers (fka Putnam Collins & Scott) and BLRB Architects (fka Burr Lawrence Rising + Bates Architects) have been selected by the City of Tacoma to partner with the City on redevelopment of the Park Plaza South parking garage. When finished, the project will add a couple of floors of office space, and a new skin on what has become a pretty ugly, if functional, building separating two of Tacoma's office building jewels, the Wells Fargo building and the Tacoma Financial Center. Originally built in the 1970's, Plazas South and North were urban renewal projects, which removed a blight at the time, though in later years have become blights themselves. They accomplished their secondary mission of blight removal, but never accomplished their primary mission to lure the shoppers back downtown to the retailers they abandoned in their flight to the Tacoma Mall.

LandAmerica Title has now moved to the Wells Fargo building, the former owners of which long ago chased Chicago Title out of the building by selling it at a time when Chicago Title was a tenant, and buying the title insurance through TransNation (now LandAmerica).

Speaking of selling office buildings, the Frank Russell building has sold for the third time in about six years. The first sale was to Lars Jonsson's Stellar Corporation for \$29.8 million dollars, when Russell had fifteen years left on its lease. The next time was to Wells REIT about three years ago, when Russell had ten years left on its lease; the price was \$52 million dollars. Last month, with seven years left on the lease, the sale price was \$63.7 million dollars to 909 A Street, LLC. What do you suppose it will be three years from now when there are only four years left on the lease? Perhaps \$75 million?

And, in the Port

The Pony Lumber property at Taylor Way and Highway 509, purchased early in 2006 by the Port of Tacoma, with Pony Lumber in place as a tenant, will soon be vacant. The former owner, Louisiana Pacific had intended to shut down the lumber mill several years ago and some of the management team bought the mill themselves. They are now offering the 31-acre site with 50,000+ square feet of buildings for sublease for about \$75,000.00 per month, triple net, if anyone is interested.

The buildings are now gone from the 20-acre Wattles property, which the Port of Tacoma will buy later this month for a "looked-high-then" but "looks-good-now" price of \$10.50 per square foot. The Port has not yet gone public with its plan for the site, other than to state its anti-plan of no housing.

We are hopeful your new year is off to a great start and that we have an opportunity to do business with you in 2007.

Listings:

[available] For sale, lease, or build-to-suit. Cascade Park of Industry in Frederickson. 100,000 – 970,000 sq ft available. Please call for more details, or click here:
<http://cba.epropertydata.com/ePropertyData/70681258512340> . [sale/lease/BTS]

[available] 3737 S. Puget Sound – former WA State Patrol Headquarters. 45,625 sq ft available with 6,840 sq ft masonry bldg and 1,560 sq ft metal warehouse. 100-ft cell tower on site. Asking \$950,000.00. [sale]

[available] 4110 Marine View Dr. 5,000 +/- sq ft warehouse/office. 2.89 acres zoned heavy industrial. Asking \$1.3 Million. [sale]

[sale pending] 1703 Portland Ave. 4,700 sq ft office/warehouse plus additional storage. Approximately ½ acre of yard. [sale pending]

[available] For sale or build-to-suit. 13+ usable acres at Mountain Highway & 8th Ave. E., can accommodate 70,000 square feet of retail. Asking \$6.8 Million for sale. [sale]

[available] 6.04 acres of land at 2001 Bishop Road in Chehalis. Asking \$525,000.00. [sale]

[sale pending] 25 acres of land on Bishop Road in Chehalis. Zoned industrial, adjacent to the Port of Chehalis. Asking \$2,175,000.00. [sale pending]

[sale pending] 15,000 square foot building on 1 acre, located at 1970 Milwaukee Way. Sale pending at \$1.2 Million. [sale pending]

[BTS/lease available] 8,000 square foot build-to-suit on 18,000 square foot site. Office or retail. Near Cheney Stadium, Highway 16 off-ramp, across the street from the Shell Station. 10,000 – 20,000 car count per day. Excellent auto-related business. \$16.00 - \$18.00 per square foot, NNN. [lease]

[for lease] Bridgeport Professional Center – medical office suites at \$16.00 per square foot, NNN. 1,500 square feet or 3,000 square feet, across from St. Claire Hospital, generous parking. [lease]

[for lease] Clover Park Professional Building, center of Lakewood Business District. \$14.00 per square foot, plus electricity. 960 - 1,900 sq ft suites available. [lease]

[for lease] 80th & South Tacoma Way retail spaces: 900 - 3,000 sq ft and 1 acre of fenced & graveled yard. Negotiable rates. [lease]

[for lease] Two warehouse spaces north of the Tacoma Dome. Grade level doors. 1,300 square feet and 3,000 square feet available. [lease]

[lease available] FS Harmon. 16,000+ sf of 1st floor space with 1 grade and 2 loading doors. 16,000+ sf on 4th floor, loading with 5,000 lb freight elevator. Another 16,000 sf of “½ floor” storage space. Please call for more info. [lease]

[available] Retail land, corner of South 82nd and Hosmer Street (next to Value Village). 48,000 square feet, Southbound I-5 visibility, zoned C-2, \$15.00 per sq ft. [sale]

[lease available] 18,020 square feet, with fenced yard, at 525 E. 15th Street, asking \$11,000.00 per month, NNN. [lease]

[lease available] 5202 S. Proctor/South Tacoma Industrial Park, Tacoma, 98409: 6,279 sq ft manufacturing space with 1,500 +/- sq ft office, \$0.29/sf NNN, additional yard available. [lease]

[lease available] 5202 S. Proctor/South Tacoma Industrial Park, Tacoma, 98409: 5 acres of yard available for \$10,000.00 per month, NNN, or \$2,500.00 per acre, in pieces. [lease]

[available] 6902 176th St. E., Puyallup. 42,000 sq ft of raw land zoned EC. Utilities to site. Current owner approved to build 8,000 sq ft warehouse with yard. Asking price: \$417,000.00. [sale]

Schuler Properties

1109 'A' Street, Suite 6, P.O. Box 2015
Tacoma, WA 98401-2015
Phone: 253-383-6000 Fax: 253-383-4820
www.schulerproperties.com

AGENTS

Raymond C. Schuler, SIOR, CCIM
President
Cell: 253-691-6900
Ray@schulerproperties.com

Theron C. Meier
Partner
Cell: 253-988-2649
Theron@schulerproperties.com

Brandon D. Gates
Sales Associate
Cell: 253-370-5548
Email: Brandon@schulerproperties.com

Christian "Kit" Mattson
Sales Associate
Cell: 253-677-5433
Christian@schulerproperties.com

Kimberly S. Smart
Sales Associate
Cell: 253-228-7542
Kim@schulerproperties.com

SECRET AGENTS

Rebecca R. Snyder
Partner
Rebecca@schulerproperties.com

Amber Marie Reasoner
Transaction Coordinator
amber@schulerproperties.com

Jozie R. Greenmyer
Operations Coordinator
Jozie@schulerproperties.com