

Industrial Market Report - 2014

Kootenai County, Idaho



| Annual Comparison | 2012 | | 2013 | | 2014 |
|---|---------|---|---------|---|---------|
| Overall Market Vacancy | 9.0% | ▼ | 7.69% | ▼ | 5.76% |
| Average Asking Rent (per sq. ft.) (Warehouse) * | \$5.81 | ▲ | \$6.29 | ▲ | \$7.29 |
| Vacant Inventory Available (sq. ft.) | 526,978 | ▼ | 451,884 | ▼ | 352,873 |

| Actual | Forecast |
|--------------|--------------|
| ▼ Vacancy | ▼ Vacancy |
| ▲ Rents | ▲ Rents |

Please note: Actual—Compared to the preceding year. Forecast—Next 12 months compared to last 12 months.

* Note: Rental basis for the "average asking rent" is a mix of full-service, modified, and triple net rents, as well as rentable and useable areas. The rates are not adjusted to one specific basis and should only be considered as an economic indicator.

Key Findings and Trends

- Overall vacancy decreased to 5.76%; a reduction of 99,009 square feet.
- Survey reflects rental rates moving upward from \$6.29 to \$7.29.
- Post Falls reflects a 75,262 square foot reduction in vacancy (4.42% vacancy).
- Coeur d'Alene market reflects rental rates moving upward from \$9.79 to \$12.81.



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Spokane Industrial Market Report

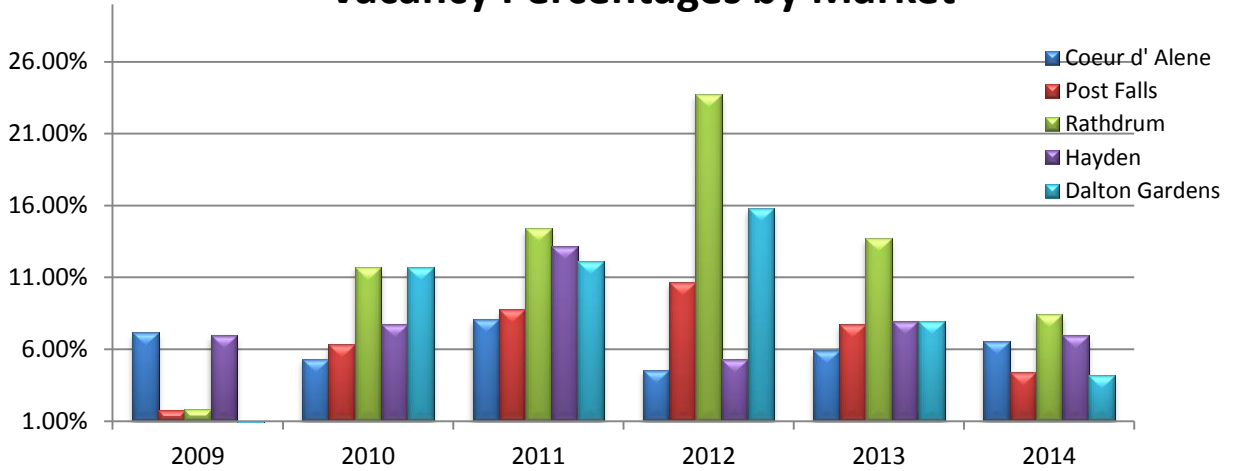
| Coeur d'Alene | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Building Area Sq. Ft. | 1,334,859 | 1,618,207 | 1,587,457 | 1,621,676 | 1,665,163 | 1,667,849 |
| Vacant Sq. Ft. | 95,551 | 86,313 | 128,638 | 74,115 | 98,405 | 109,636 |
| Vacant % | 7.16% | 5.33% | 8.10% | 4.57% | 5.91% | 6.57% |
| Avg. Rental Rate per sq. ft. whse | \$9.96 | \$9.89 | \$9.55 | \$9.30 | \$9.79 | \$12.81 |
| Post Falls | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Total Building Area Sq. Ft. | 1,991,162 | 2,083,420 | 2,386,217 | 2,517,909 | 2,518,442 | 2,717,451 |
| Vacant Sq. Ft. | 34,880 | 131,605 | 209,039 | 268,782 | 195,413 | 120,151 |
| Vacant % | 1.75% | 6.32% | 8.76% | 10.67% | 7.76% | 4.42% |
| Avg. Rental Rate per sq. ft. whse | \$7.44 | \$7.26 | \$5.15 | \$4.06 | \$5.66 | \$4.33 |
| Rathdrum | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Total Building Area Sq. Ft. | 377,190 | 382,890 | 397,567 | 427,389 | 408,595 | 420,715 |
| Vacant Sq. Ft. | 6,800 | 44,900 | 57,276 | 101,444 | 55,941 | 35,424 |
| Vacant % | 1.80% | 11.73% | 14.41% | 23.74% | 13.69% | 8.42% |
| Avg. Rental Rate per sq. ft. whse | \$5.88 | \$6.02 | \$7.92 | N/A | \$6.72 | N/A |
| Hayden | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Total Building Area Sq. Ft. | 1,125,982 | 1,122,940 | 1,095,651 | 1,153,607 | 1,150,239 | 1,175,975 |
| Vacant Sq. Ft. | 78,345 | 87,335 | 144,294 | 61,037 | 91,225 | 81,664 |
| Vacant % | 6.96% | 7.78% | 13.17% | 5.29% | 7.93% | 6.94% |
| Avg. Rental Rate per sq. ft. whse | \$5.76 | \$5.86 | \$4.76 | \$5.20 | \$4.59 | \$4.74 |
| Dalton Gardens | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Total Building Area Sq. Ft. | 23,872 | 110,142 | 133,935 | 136,748 | 136,748 | 144,182 |
| Vacant Sq. Ft. | 12,900 | 12,900 | 16,253 | 21,600 | 10,900 | 6,000 |
| Vacant % | 54.04% | 11.71% | 12.13% | 15.80% | 7.97% | 4.16% |
| Avg. Rental Rate per sq. ft. whse | | \$5.40 | \$4.68 | \$4.68 | \$4.68 | N/A |
| Totals | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Total Building Area Sq. Ft. | 4,853,065 | 5,317,599 | 5,600,827 | 5,857,329 | 5,879,187 | 6,126,172 |
| Vacant Sq. Ft. | 228,476 | 363,053 | 555,497 | 526,978 | 451,884 | 352,875 |
| Vacant % | 4.71% | 6.83% | 9.92% | 9.00% | 7.69% | 5.76% |
| Avg. Rental Rate per sq. ft. whse | \$5.81 | \$6.89 | \$6.41 | \$5.81 | \$6.29 | \$7.29 |

Methodology:

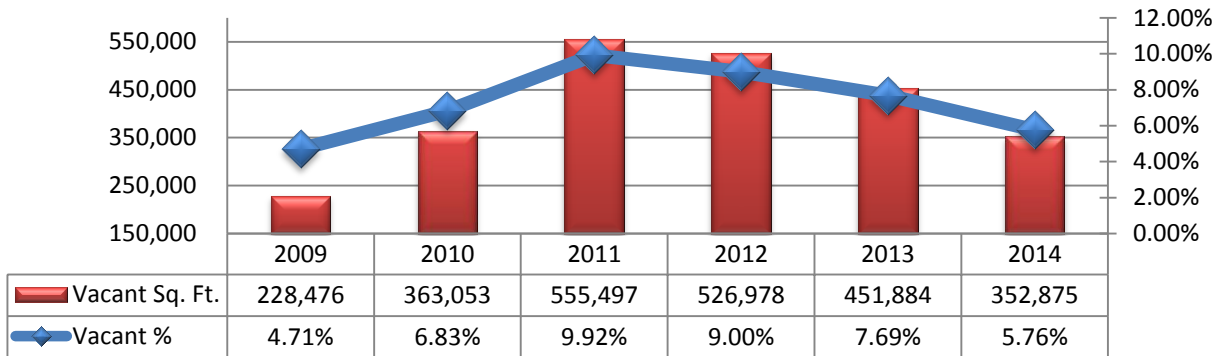
This survey includes industrial space broken down by geographic area. This survey covers the majority of industrial space in Kootenai County giving the reader a concise picture of market trends. This is a proprietary survey by Valbridge Property Advisors and NAI Black, et al.

NAI Black is a leading Inland Northwest manager of industrial parks, shopping centers, conventional and governmentally assisted apartments, CBD, suburban and medical office buildings, business and industrial parks, corporate and governmental facilities, and common interest associations; as well as a leading commercial brokerage in Spokane, eastern Washington, and northern Idaho.

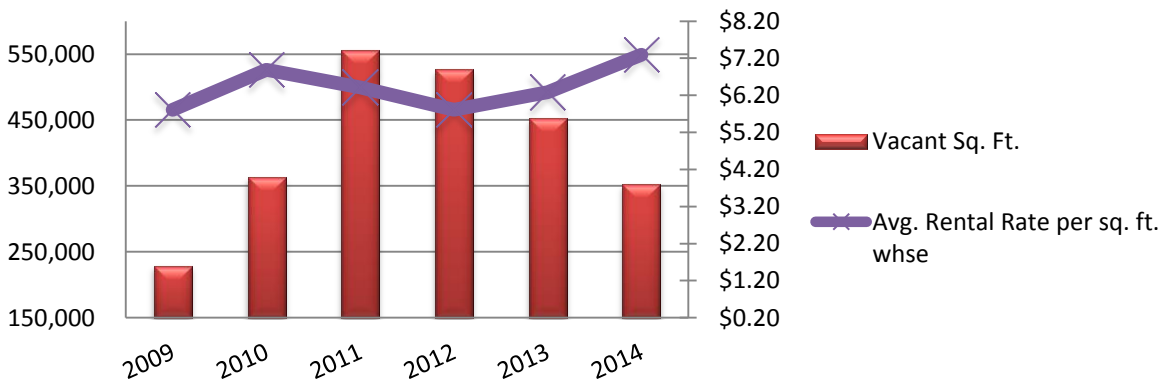
Vacancy Percentages by Market



Total Industrial Vacancy



Total Vacant Sq. Ft. and Rental Rates



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Austria, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Kazakhstan, Kuwait, Latvia, Norway, Qatar, Romania, Russia, Serbia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine, United Arab Emirates, United Kingdom

Latin America and the Caribbean
Argentina, Bahamas, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Paraguay, Peru, The Caribbean, Uruguay, Venezuela

United States
Alabama, Arizona, Arkansas, California, Colorado, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin

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- Tenant/Buyer Representation
- Investment Services
- Auction/Accelerated
- Marketing Programs
- Sale-Leaseback
- Net Lease Transactions
- Market Reports & Opinions of Value
- Contact Center/Site Selection Services

Technology Services

- CLAS™ Project & Portfolio Administration & Analysis
- REALTrac™ Online Transaction Management



Asset Services

- Asset Management
- Property Management
- Corporate Facilities Management
- Build-to-Suit/Development Services

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- Capital Markets
- Acquisition/Disposition
- Investment Services
- Mortgage Brokerage
- Structured Lease Finance
- 1031 Exchange Services
- Trade Credits



Advisory Services

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- Lease & Utility Audits
- Lease Administration
- Location Benefits Analysis
- Move Management
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- Site Location Modeling
- Six Sigma Consulting
- Strategic Planning

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- NAI Global Life Sciences Group
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- NAI Global Market Analytics
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- NAI ReStore Retail Services