

2004

Mid-Year Commercial Real Estate Reports

Investment and Development Industrial, Office & Retail

Eric Fuller, Land Development
Deborah Ewing, Retail
Bill Connelly, Industrial
Byron Roselli, Office



Deborah D. Ewing



Deborah Ewing joined Eric Fuller & Associates, Inc. in January of 1998. Debi is responsible full time for the marketing of retail properties for sale or lease in Southwest Washington.

Prior to joining Eric Fuller & Associates, Inc., Deborah began her career in property management and development. In 1985 she joined Norris, Beggs & Simpson as a retail leasing specialist. While at Norris, Beggs & Simpson, she received the designations as “Rookie of the Year” and Associate Vice President. She has been responsible, over the past 19 years for leasing major retail centers and significant land sales to developers and national retail clients.

Deborah attended Portland State University and is an Executive Board Director with the Commercial Association of Realtors, Portland/Vancouver, the International Council of Shopping Centers, Vancouver Chamber of Commerce and has served as present and past Board of Director of Columbia River Development Association, Downtown Vancouver Redevelopment Authority, and Public Facilities District, SWIFT, YWCA, Campfire Girls, Evergreen School District Advisory Board, Shared Leadership Board, and Boundary Review Committee.

Past and/or Present Client List

Applebee’s Restaurant
Chevron
Fred Meyer
Hi-School Pharmacy
Jack-in-the-Box
Lacamas Credit Union
McDonalds
Nextel
Sherwin-Williams
Texaco

Arco
Chipotle
Gramor Development
Holland Corp.
Kindercare
NAPA Auto Parts
Shari’s Restaurant
Taco Bell
Hollywood Video

MID YEAR COMMERCIAL REAL ESTATE RETAIL REPORT

Deborah Ewing

Vice President
Eric Fuller & Associates, Inc.

Retail sales in Clark County present an improved picture over previous years. Sales in the fourth quarter 2003 experienced the strongest increase in the past five years; up nearly 8% from the same quarter 2002. When considering increases in Clark County, retail sales in 2003 exceeded \$3.7 billion, which is up 6.7% over the previous year. This is not only good news for our community in sales tax revenues, but also in attracting additional commercial developments for new retailers and existing retailers.

I discuss "Big Box" retailers annually at this forecast, however it is interesting that while large national and regional specialty retailers including home electronics, furniture, toys and sporting goods continue to pass on locating to Clark County, Super Wal-Mart, WinCo, Target, Costco, Lowe's Home Improvement and Home Depot find our community ripe to sell their wares. The demographics of Clark County, with the average household income of \$70,000 and fast growing population have encouraged these retailers to open not only one store, but in some cases multiple stores. Super Wal-Mart (including grocery) has announced plans to anchor Eastgate Plaza, a 455,000 square foot power center to be developed at Fourth Plain and Ward Road. This development will provide opportunities for several junior anchors, restaurants, financial institutions and smaller retailers as well. Super Wal-Mart represents 203,000 square feet within

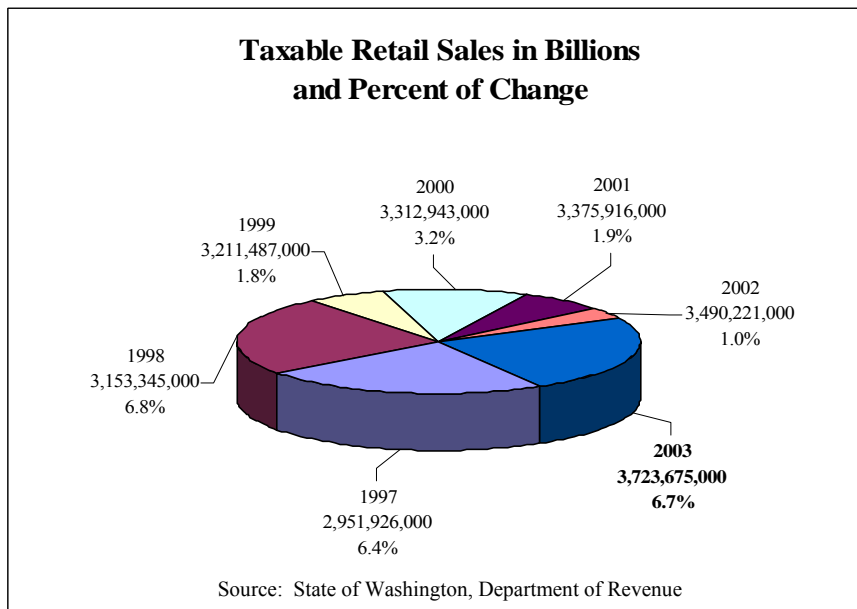
the development. Wal-Mart has other sites under consideration in Clark County as they believe our community can support more Super Wal-Marts. Although nationally there is resistance to large discounters, with jurisdictions creating road blocks to development, our local officials and commissioners recognize the need to encourage retail sales on this side of the river and are working towards ensuring there is land available and zoned for these developments.

These large discounters have multiple positive impacts on our community. The first is employment. Of the ten largest employers within Clark County, two are retailers (five are non-profit/government, two are manufacturers and one is research and development). The second positive impact is sales tax revenue. The average Costco generates over \$105,000,000.00 in sales annually, which equates to \$1,680,000.00 in local government sales tax revenue (annually). Costco is scheduled to open late August 2004 at NE Andresen & NE 83rd Street. Expansions of other discount retailers include WinCo at NE Andresen & 18th Street and a new Home Depot at Columbia Tech Center.

Hazel Dell Towne Center is well under construction in Hazel Dell with Target opening this month. Other businesses will include office products, a pet store, sporting goods and possibly Clark County's first Kohl's Department Store.

Several retailers have expanded their businesses by finding their "nitch" to compete

with the discounters. Nitch retailers have figured out what they can provide "better" than their competitors. They discover what they do well and, as Nike would



say “just do it.” Hi-School Pharmacy did such a great job at finding their niche, eleven locations have been converted to Walgreens Drug Stores. Another example of niche marketing is Parkrose Hardware, who opened their first Vancouver location; occupying in excess of 30,000 square feet of space. Their claim to fame is excellent customer service and being well located on SE 164th Avenue & SE First Street. Niche retailing isn’t limited to smaller retailers. Fred Meyer has completed over \$20 million in renovations at Fisher’s Landing and Orchards with merchandise changes and a fresh atmosphere to maintain customer loyalty.

The most significant retail development on the east side is Mill Plain Plaza at SE Mill Plain Blvd. and SE 164th Avenue. Wild Oats and Borders Bookstores are under construction with room for additional businesses. Goodwill’s east Vancouver store is under construction south of SE 15th Street. These businesses are scheduled to open soon.

On the restaurant front, Boston’s Pizza and Sports Bar has taken Vancouver restaurant customers by storm including their first restaurant on SE 164th Avenue in Fisher’s Landing and

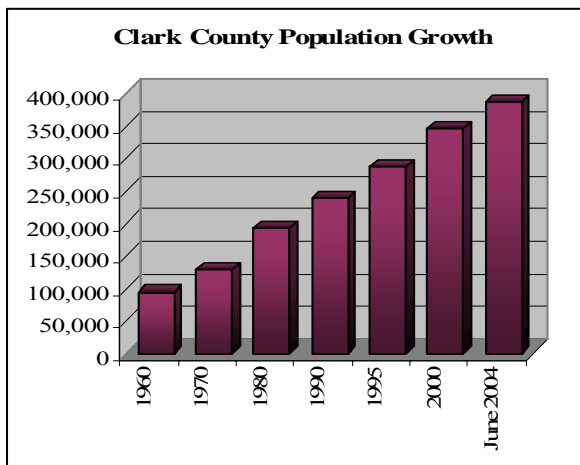
Subway and Quizno’s have reworked their menu items to include low carb and several salad choices.

Smaller developments around Vancouver have included strip centers such as Salmon Creek Square, developed by Gramor Development which is strategically located in Salmon Creek next to Fred Meyer. This center is an excellent example of creating shopping opportunities on major arterials, next to anchored shopping centers which reduce traffic and create popular tenant options including dentists, deli’s, dry cleaning, etc. Another Gramor Development center is planned on NE Fourth Plain & Vancouver Place in Orchards. This center will welcome Walgreens and several smaller businesses.

Battle Ground will welcome its first multi-plex theater in 2005 located off of SR-503 and NE 199th Street along with additional retailers.

With all this activity, retail rates continue to increase, in some cases \$2.00 to \$3.00 per square foot above last year, now reaching \$22.00 to \$28.00 per square foot in well located anchored centers. And, with rates increasing, vacancies are decreasing; down from 2002.





My forecast for the upcoming year:



second on SR-503 in Orchards. Boston’s has a

Source: State of Washington, Office of Financial Management and the U.S. Census Bureau

third store planned on the west side and possibly Battle Ground. Red Robin has opened on SE 164th Avenue and is their second location in Clark County. The opening of Carl’s Jr. at the Lowe’s center in Orchards is somewhat unique in that most fast food restaurants have slowed down their new store construction to create new menu items to compete with the fast casual restaurant segment, such as Baja Fresh. As we have seen,

-  Retail sales to increase by 5%
-  Continued interest from Big Box Retailers
-  Retail rates in anchored centers to increase to \$24.00 – \$30.00 per square foot.
-  Vacancy in all retail centers to decrease below 4%.



Prepared by: Deborah Ewing
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Columbia Square Shopping Center

Tenant: Spanky's

Location: SE Mill Plain Blvd & SE 136th Avenue

Term: 5 years

Square Footage: 7,000 SF



Sherwin-Williams Building

Buyer: Bitar Investments

Location: SE 15th Street – Fisher's Landing

Price: \$1,154,000



Orchard's Retail Center

Tenant: Walgreens Drug Store

Location: NE Fourth Plain & Coxley Road

Term: 5 years

Square Footage: 30,000 SF



Prune Hill Property

Buyer: Vancouver Housing Authority
 Location: Prune Hill, Camas, Washington
 Price: \$500,000
 Square Footage: 3 acres



Fred Meyer Hazel Dell

Tenant: Nextel
 Pacific Beach Tans
 Location: NE 78th Street & Highway 99
 Term: 5 years
 Square Footage: 5,600 SF



Hazel Dell Auto Center

Tenant: Jiffy Lube
 Location: NE 68th Street & Highway 99
 Term: 15 years
 Square Footage: 2,500

William M. Connelly, CCIM



Bill Connelly joined Eric Fuller & Associates in January of 1998. Bill is responsible full time for the marketing of industrial properties for sale or lease in Southwest Washington.

Prior to joining Eric Fuller & Associates, Bill began his career at Norris, Beggs & Simpson as an industrial sales and leasing specialist in June of 1987. He has been responsible for leasing major industrial projects such as the Quad 205 Business Park, Central Business Park, and the North Park Industrial Center. Before joining Norris, Beggs & Simpson, he was a marketing representative and account executive for Northwest Telecommunications and American Business Machines. Mr. Connelly graduated from Georgetown University in 1976 with a Bachelor of Science Degree in Business Administration/Economics. He maintains a real estate license in Oregon and Washington. He is a member of the National Association of Realtors, the Portland Board of Realtors, and Clark County Board of Realtors, the National Association of Industrial and Office Parks (NAIOP), Columbia River Economic Development Council Board Member, Boy Scouts of America, and is a Certified Commercial Investment Manager (CCIM).

Bill has obtained a diversified and thorough knowledge over the last 17 years of the complexities that are involved in the consummation of industrial leasing and sales transactions. Bill has represented a multitude of clients, a sample of which includes the following:

Past and/or Present Client List

Accra-Fab, Inc.
Bonneville Power Administration
C-Tran Weyerhaeuser
Educational Service District #112
Frito lay, Inc.
General Electric
Hewlett-Packard
Hinton Development
Keller Supply
Radial-Larsen, Inc.
McMorgan & Company
McStevens Company
Nautilus Group

n Light Photonics
North Coast Electric, Inc.
NW Aluminum
NW Natural
Panther Systems
Penske Truck leasing
Prairie Electric
Schnitzer Investment Corp.
Sunlight Supply
Shitu-Etsu (SEH) America, Inc.
Vancouver School District
Vancouver Warehouse Association
Weyerhaeuser

Currently, Bill specializes in the leasing and sales of industrial properties in the SW Washington and has been recognized as "Power Broker" by the CoStar Group.

MID YEAR COMMERCIAL REAL ESTATE INDUSTRIAL REPORT

William Connelly, CCIM

Vice President
Eric Fuller & Associates, Inc.

Once again, if you focused on national news you missed the Clark County industrial story – 2003 was our bottoming out year. We turned the corner last year and are continuing to report good news in 2004. The activity in our market is being driven by locally owned and operated companies. Large national and international companies are still on the side lines domestically. They are reporting increased earnings, but it appears that the recovery is indeed “jobless” – at least locally.

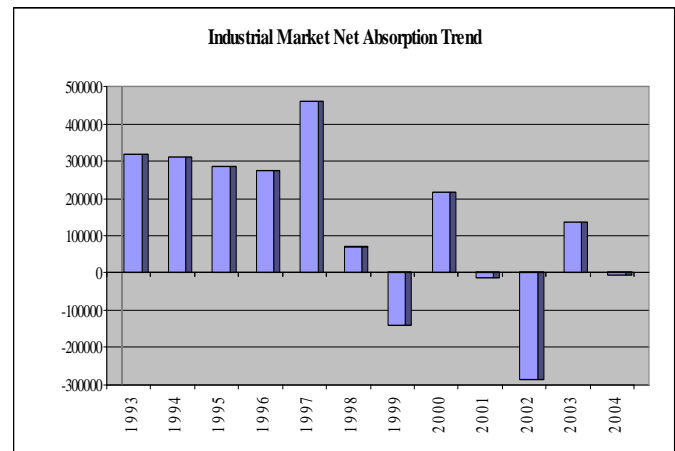
It is a different story for our locally owned companies. They are healthy, expanding and taking advantage of low interest rates to convert rental payments into mortgage payments. This trend developed in the late '90's and continues unabated today. Last year I reported over 150,000 square feet of industrial buildings sold to local business owners. Since July 2003 another 290,000 square feet have been sold. Since 1999, we are approaching 1,000,000 square feet that has been converted from rental space to owner occupied space.

These local companies are not only purchasing their real estate, they are also expanding their operations and hiring more people. This increased level of local business investment shows up in regional numbers reported by Marple's Newsletter.

“Investment in equipment and software has risen in 5 of the past 6 quarters. The 3rd quarter of 2003 in particular was a sizzler – with annualized growth of over 18%, the highest rate since July 1998.”

Portland-based US Bancorp economist, John Mitchell also ticks off the pluses: “Profits are up, which should support capital spreading. The airlines are looking better, which should support Boeing. Technology is looking better. And the world economy is looking better. Even reading your 401k statement is fun again.”

All this purchasing activity continues to impact the rental market. Clark County vacancy rate has jumped from approximately 6% in 2000 to approximately 12% currently. Clark County ended 2003 with over 130,000 square feet of positive net absorption. The 1st and 2nd quarter of 2004 has been basically breakeven with a slight negative absorption of 5,000 square feet.

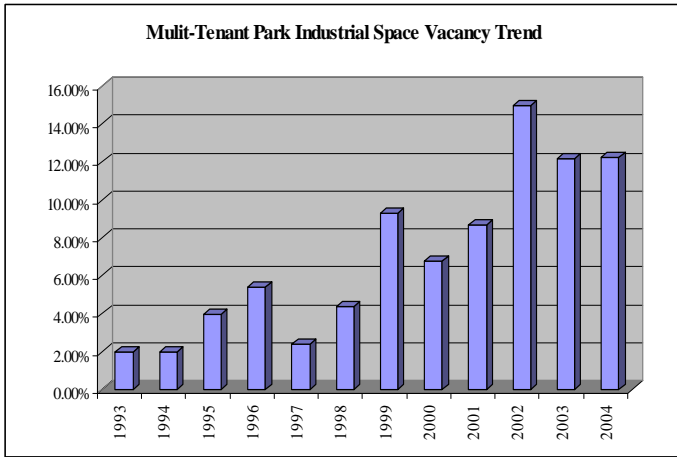


Source: Eric Fuller & Associates, Inc.

These persistent vacancy rates above 12% have kept a lid on new industrial construction and rental rates. At today's rental rates and the increased cost of new construction, it is very difficult for new construction to make economic sense. Clark County is a tenant's market with multiple landlords competing for every lease. The good news is if you are a tenant, there is ample space available at very reasonable rental rates.

If interest rates increase as expected, and construction costs continue to escalate, then local companies will not qualify for new building financing.

If Clark County does not increase the amount of land available for industrial companies to locate on, they will make the decision for us and relocate their businesses to communities where they can prosper and grow.



Source: Eric Fuller & Associates, Inc.

Woodland/Longview are prime examples of communities with an adequate supply of industrial land and have captured expanding manufacturing companies relocating to SW Washington.

For the moment, one plus not on most radar screens that is a significant factor; the State of Washington beckons to California and Oregon (individuals and companies) looking to escape political, and especially tax turmoil in our neighbors to the South.

The lack of new construction in multi-tenant business parks means any projected new tenant lease completed will have to come from existing inventory.

My forecast for next year:

Higher interest rates and lack of new construction indicate the long dry spell for landlords may be ending and vacancies will start to decline to below 10%.



No new construction



Lease rates flat at \$.35/SF to \$.38/SF NNN



Land prices increasing to \$3.00/SF to \$6.00/SF; Depending on size and location



Net absorption a positive 150,000 SF



Vacancy rate decreasing to under 10%

Speaking of “existing inventory,” every time an acre of industrial land is sold, it is not being replaced. The lack of an adequate industrial land base hurts the economic vitality of our community for one simple reason – manufacturing companies are the most sensitive to land cost.

Manufacturing companies simply cannot afford to pay the higher cost per square foot of land that commercial and residential users pay. Many times companies only alternative is to relocate to a community that can provide low cost and adequate supply of industrial zoned land.



Prepared by: Bill Connelly
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Buyer: Reign, LLC

Location: North Park Industrial Center, Bldg. D-2

Price: \$2,214,000.00

Square Footage: 30,000 SF



Buyer: Cardinal Associates

Location: 807 Jefferson Street

Price: \$675,000.00

Square Footage: 8,100 SF



Tenant: MSI, Inc.

Location: Port of Vancouver

Term: 3 years

Square Footage: 41,000 SF



Tenant: Amfit, Inc.

Location: North Park Industrial Center, Bldg. D-1

Term: 5 years

Square Footage: 26,250 SF



Tenant: Composites One

Location: 121st Avenue Business Park, Bldg. A

Term: 10 years

Square Footage: 30,000 SF



Tenant: McStevens, Inc.

Location: North Park Industrial Center, Bldg. F

Term: 5 years

Square Footage: 35,000 SF

Byron T. Roselli



Byron Roselli joined Eric Fuller & Associates in April of 1999. He is responsible full time for the marketing of office properties for sale or lease in Southwest Washington.

Byron began his career in commercial real estate in 1995 and prior to joining Eric Fuller & Associates Inc., represented clients in office, retail and industrial property transactions. He has been responsible for leasing major office projects such as the Four Towncenter Office Development, Investment Plaza, the Oak Place Professional Center, One Towncenter, and the Tidewater Cove Waterfront Office Building. Prior to his career in commercial real estate, Byron was co-owner and founder of a manufacturer representative firm specializing in the wholesale distribution of automotive parts. Mr. Roselli moved into the Vancouver area from Seattle in 1973 with his wife Mary. They have four sons. He maintains a sales associate real estate license in Washington is a member of the National Association of Realtors, the Commercial Association of Realtors and the Certified Commercial Investment Manager Institute (CCIM).

Byron has obtained a diversified and thorough knowledge of the complexities that are involved in the consummation of office leasing and sales transactions. He has represented a multitude of clients, a sample of which includes transactions involving the following buildings and corporations:

Past and/or Present Client List

1 st Independent Bank	EES Consulting
Bay Mortgage	First Pacific Mortgage
Boise Cascade	Four Towncenter
Bratrud Middleton Insurance	Home Depot
Chevron Oil Company	Investment Plaza
Clark County Association of Realtors	Kinko's
Clark County School Employees Credit Union	Oak Place Professional Center
Columbia Resources Company	Office Max
Columbia Shores Office Building	Park Tower at Mill Plain One
Congressman Brian Baird	Southwest Washington Medical Center
Columbia Tech Center	Tidewater Cove Waterfront Office Building
Eastridge Business Park	Washington State

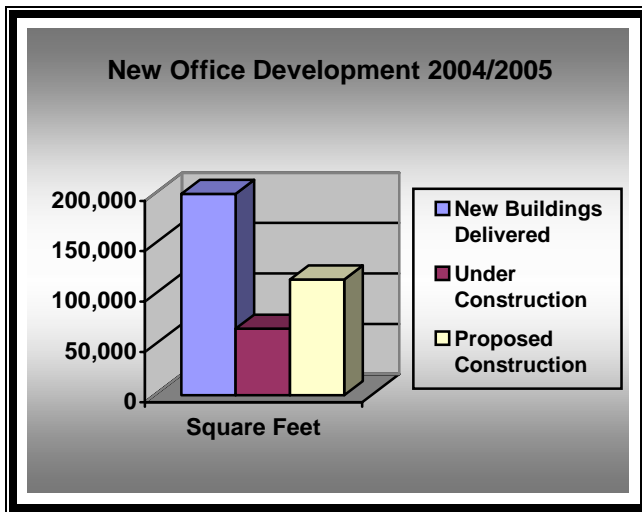
MID YEAR COMMERCIAL REAL ESTATE OFFICE REPORT

Byron Roselli

Vice President
Eric Fuller & Associates, Inc.

The local and national economy continues to improve and the unemployment rate for the Metro counties and the states of Oregon and Washington have improved to two-year lows. Expansion and job growth is the predicted outlook by major employers in the Metro area. Oregon companies continue to look north of the river for office expansion or relocation requirements. The major reasons for this interest in Clark County are:

1. Proximity to the Portland International Airport
2. Business and personal tax issues
3. Quality of life issues primarily dealing with schools, crime and cost of living
4. Available work force



Clark County continues to see moderate to strong office leasing activity; however landlord concessions in the way of rental rate reduction and/or free rent are considered the norm in today's market. Above standard tenant improvements are also prevalent in this market which is still considered a "tenants" market.

Downtown and East Vancouver continue to be the most active office leasing areas. The Vancouver Mall area has seen vacancy rates increase primarily because of the relocation of City University (25,000 square feet) to the Mill Plain One Development. As a result of

continued losses and layoffs at Electric Lightwave, the company has elected to lease a full floor of their headquarters building. The tenant is Columbia Ultimate Business Systems, a software company relocating from the East Vancouver area.

New office construction, although slowed, continues to provide new competitive space to this market. The Tidewater Cove Waterfront Office Building is moving towards its opening in October. The 66,000 square foot Class "A" development is a one-of-a-kind office opportunity on the banks of the Columbia River.

Parkway Plaza IV, located at the Vancouver Mall area is open and awaiting tenants after construction was halted pending tenant demand in the market. Prestige Care is the anchor tenant in the building occupying the entire top floor of 17,000 square feet.

The North Office Tower of Vancouvercenter (100,000 SF) is open and the developer continues to promote the commencement of construction of the South Office Tower late this summer.

Building permits for Park Tower V office building in Mill Plain One are being secured. The proposed 50,000 square foot glass and steel building resembling the others in the development is expected to be ready for occupancy in the second quarter of 2005.

Approximately 381,000 square feet of new office development will be added to the market in Class "A" office buildings that have either recently been completed or planned for construction and are currently under construction. The new 150,000 square foot Legacy medical office building is not included in my calculations.

My office survey shows the Clark County market is performing as follows:

Central Business District (CBD):

Thirteen Class "A" buildings totaling approximately 758,000 square feet are tracked and show availability of approximately 159,666 square feet or a vacancy rate of approximately 21%. Rates range from \$18.50 - \$28.50 per square foot on an annual full service basis.

East Vancouver:

Fourteen Class “A” buildings totaling approximately 656,000 square feet are tracked and show availability of approximately 59,288 square feet or a vacancy rate of approximately 9%. Rates range from \$18.50 - \$24.00 per square foot on an annual full service basis.

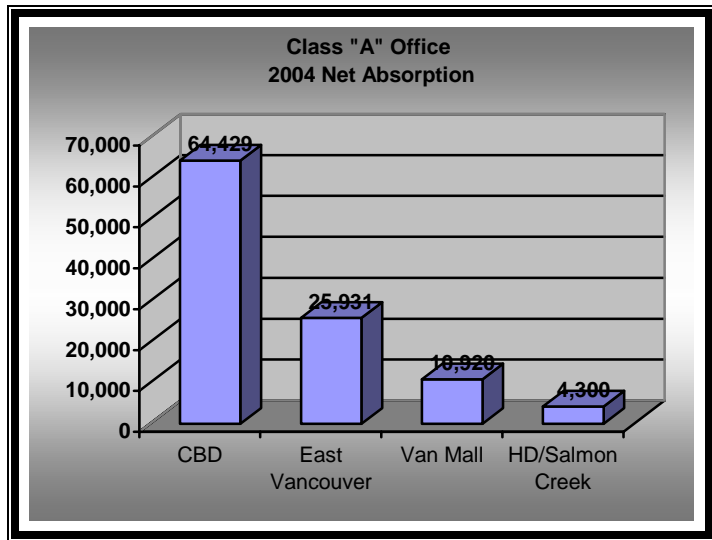
Vancouver Mall Area:

Eight Class “A” buildings totaling approximately 509,000 square feet are tracked and show availability of approximately 91,000 square feet or a vacancy rate of approximately 18%. Rates range from \$19.00 - \$23.50 per square foot on an annual full service basis.

Hazel Dell / Salmon Creek:

Five Class “A” buildings totaling approximately 160,000 square feet are tracked and show availability of approximately 25,000 square feet or a vacancy rate of approximately 18%. Rates range from \$21.50 - \$23.75 per square foot on an annual full service basis.

(40 Properties Surveyed – Approximately 2,083,834 square feet with a vacancy rate of 16.1% or 335,687SF) Class “A” rent range \$18.50SF/fs - \$28.50SF/fs



While the office survey numbers above do not include Class “B” and Class “C” buildings, consideration should be given to the impact these office building categories may have on the market over the next few months. Twenty Class “B” buildings totaling approximately 935,000 square feet are currently at 70% vacant. This number is abnormally high because of the vacant (488,000 square feet) Consolidated Freightways Building in East Vancouver. Without this building, the Class “B” vacancy rate would be 17%. Class “C” vacancy currently stands at 16%.

Significant office lease transactions in the past year include:

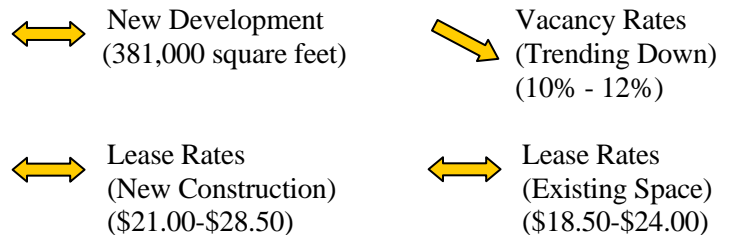
1. City University – 25,468 SF
Park Tower IV at Mill Pain One, East Vancouver
2. Columbia Ultimate Business Systems – 19,432 SF
Electric Lightwave Building, Vancouver Mall area
3. Prestige Care – 17,178 SF
Parkway Plaza IV, Van Mall area
4. Landerholm Law Firm – 15,000 SF
Bank of America Financial Center, CBD
5. Bratrud Middleton Insurance – 10,851 SF
Independent Plaza, East Vancouver
6. University of Phoenix – 10,000 SF
West Coast Bank Building, CBD
7. State Attorney General – 9,172 SF
First Independent Place, CBD

Summary

The outlook for Clark County in the next 12 months is more of the same. The County will continue to experience new construction in the Class “A” office market although not as strong as in the recent past. The County remains attractive to employers due to an educated work force, close proximity to the airport and a solid hi-tech infrastructure. Budgetary problems in Oregon and uncertainty with funding sources are enticing more companies to look north of the river.

My forecast for the next year:

The market for Class “A” office space remains active. Currently at 16.1%, vacancy rates will begin to drop due to a lack of new product delivered into the market. Space adaptable to medical use will be attractive in the Salmon Creek and Central Vancouver area.



If you have any questions regarding your office space requirements or availability, please contact me.



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Independent Plaza

Lessor: Independent Investors, Inc.

Location: 1408 SE 164th Avenue

Term: 10 years

Square Footage: 10,851



First Independent Place

Lessor: First Independent

Location: 1220 Main Street

Term: 5 years

Square Footage: 9,172 SF



Vancouvercenter

Lessor: Vandevco

Location: 700 Washington

Term: 5 years

Square Footage: 5,284 SF



Riverstone Marketplace

Lessor: Fisher's Terrace V, LLC

Location: 3421 SE 192nd Avenue

Term: 10 years

Square Footage: 4,852 SF



West Coast Bank Building

Lessor: West Coast Bank

Location: 500 East Broadway

Term: 5 years

Square Footage: 3,366 SF



Independent Plaza

Lessor: Independent Investors, Inc.

Location: 1408 SE 164th Avenue, Suite 100

Term: 10 years

Square Footage: 3,002 SF

Eric Fuller, CCIM



Mr. Fuller opened Eric Fuller & Associates, Inc. in January 1997 for the purpose of offering clients quality commercial real estate services within the Vancouver/Portland Metropolitan marketplace. Prior to establishing his own firm, Eric Fuller was one of the principals who, in 1985, opened the Vancouver office of Norris, Beggs & Simpson, the Northwest's largest commercial real estate firm.

Eric was honored as one of the Top Five Salespeople at Norris, Beggs & Simpson for 1992, 1993, 1994, and 1995. Eric was a vice-president and principal-in-charge of the Vancouver Office for Norris, Beggs & Simpson for the 12 years that he was with the company. Eric, over the past 19 years has been instrumental in the sale of hundreds of acres of land and leasing of office and warehouse space in addition to the sale of many improved properties in Clark County.

Mr. Fuller's professional affiliations include Oregon and Washington Realtors Associates, Columbia River Economic Development Council, Vancouver Chamber of Commerce, Responsible Growth Forum and Commercial Association of Realtors – Portland/Vancouver, Vancouver Area Development Authority, Vancouver Historic Reserve and is a Certified Commercial Investment Manager (CCIM).

Eric has represented some of the largest companies and public agencies in Clark County including:

Albertson's

Alexandria Investments

Clark County

City of Vancouver

Columbia Colstor

C-TRAN

ESD #112

First Independent Bank

Fred Meyer

Killian Pacific

Legacy Hospital

NERCO

Newland NW

NW Natural

Pomajevich Properties

Resolution Trust

Safeway

Sharp Microelectronics

SW Washington Medical Center

Vancouver Fire District

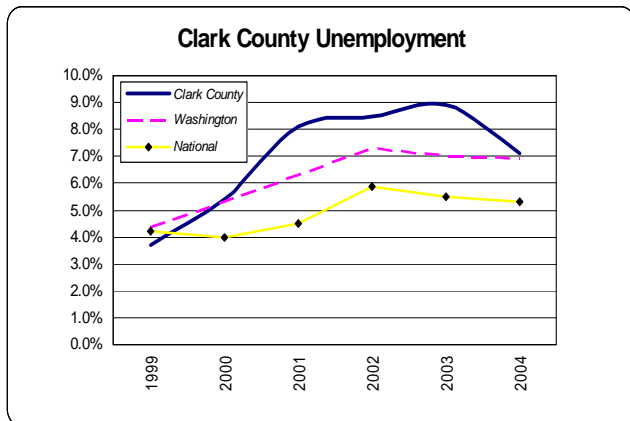
Washington Mutual Bank

MID YEAR COMMERCIAL REAL ESTATE

Eric Fuller, CCIM

President/Broker
Eric Fuller & Associates, Inc.

A lot of people are asking, what is the problem? The economists for the states of Oregon and Washington have repeatedly indicated that the state economies are growing and may provide budget surpluses in the near future. The private economists are predicting a long steady growth in both manufacturing and job growth for both states. The two-state unemployment rates are falling to almost historic levels from the historic highs of the recent two years.

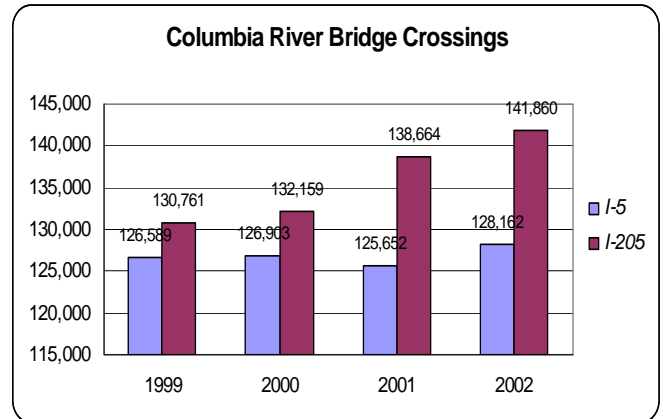


Source: State of Washington, Labor Market & Economics
*2004, Second Quarter

Columbia River Economic Development Council is busier in servicing outside business inquiries and site selections compared to the past five years of inquiries. Clark County population has continued to grow above 3%.

So what is the problem? Maybe Clark County's problem is that we expect the growth of the 90's to continue indefinitely into the future. The 90's were a decade of "green field" development for industrial, commercial, retail, and housing uses. Clark County had an abundant supply of vacant buildable land for development to meet these market demands. Maybe the answer is that the future will be different (maybe much different) than the past. To quote Will Rogers, "It's not what we don't know that hurts, it's what we know that ain't so." Clark County does not have the abundant

inventory of vacant buildable land that allowed the growth in the 90's. There have been reports in the media that Clark County has thousands of



Source: Regional Transportation Council

acres of ready-to-build (shovel-ready) industrial land, hundreds of acres of ready-to-build commercial and residential vacant land. – "It ain't so." As indicated by Bart Phillips, President of CREDC, the inventory of large or medium-sized, shovel-ready industrial zoned sites is shrinking in Clark County and may be exhausted in the very near future. Ask yourself, where in Clark County can an industrial user purchase 40 to 50 acres of vacant, ready-to-build, zoned land? The answer may only be at the Ridgefield Junction

The same question can be asked regarding shovel-ready, vacant buildable land for commercial, retail, office and residential uses. Clark County has very few vacant, ready-to-build sites for services, office users, medical providers, industrial job growth or manufacturing and distribution.

The I-5 Bridge counts continue to demonstrate the problem of lack of job growth (vacant industrial and commercial lands).

The Interstate system has over 250,000 daily trips (60,000+ employees commuting to Oregon for jobs) each day between Vancouver and Portland.

To be successful in the future, Clark County will require a new model for job expansion, site

selection; it will not be the past model of having an extraordinary supply of vacant buildable lands. The new model will be a mixed use, urban density, redevelopment of existing, underutilized sites. The model will be the “redevelopment” versus the “green field” expansion.

Downtown Central Business District and Highway 99 Corridor offer future opportunities of redevelopment. Both examples will provide an exciting redevelopment of underutilized land to be more productive and provide more jobs and services in the future. Mixed use developments (including Columbia Tech Center, Birtcher Business Center Vancouver and Union Ridge) will be the norm in the future. These development sites offer a variety of uses including commercial, retail, industrial, manufacturing and residential into one master planned development. The redevelopment of the former Jantzen facility on SR-14 is also a trend of the future for the conversion of low impact employment to a new economic node of commercial activity. Clark County’s vacant land inventory will only be moderately expanded every ten years and by the expansion itself, will not provide the inventory of new vacant land to meet the economic growth in the future.

Land Prices:






The Clark County market has already adjusted for the decrease in vacant buildable lands. The cost of industrial, commercial, office, retail and residential lands are experiencing all-time highs and will continue to rise in the near future. These escalating land prices place a market dampener on continued economic growth for Clark County. Industrial, commercial, retail and residential users will only pay so much for land. And when its economic cost is greater than what can be supported from operations of industrial or commercial uses, the users will immediately look at other geographic areas for expansion. One only has to look north to Cowlitz and Lewis Counties for significant, vacant buildable land at about 50% of the cost of vacant buildable land in Clark County.

Clark County has and will continue to experience retail expansion upon the continued population growth, which creates greater household incomes for purchasing all types of services. Hazel Dell Towne Center, Eastgate Plaza, and Columbia Tech Center will collectively add over 1,500,000 square feet of new retail, commercial services during the next two years.

Investment Sales:

The maturity of the Clark County market has created a national appetite for all types of income-generated, investment properties. The owners of income-generated properties will continue to benefit by increasing market values (lower capitalization rates) because of the increased demand and lack of available investment properties for sale. Investment properties priced at less than five million dollars generally are sold in less than eight months of being available for sale.

Forecast for the next 12 months:

-  Commercial land prices
-  Commercial land sales
-  Investment property values will increase
-  Population will increase faster than Clark County’s forecast
-  Interstate Bridge Crossing



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Purchaser: Alexandria Investment Company

Location: Fourth Plain & Ward Road

Purchase Price: \$8,411,000

Acres: 48.0 Acres



Purchaser: Alexandria Investment Company

Location: Fourth Plain & Ward Road

Purchase Price: \$9,908,000

Acres: 22.52 Acres



Purchaser: Alexandria Investment Company

Location: Hazel Dell Towne Center

Purchase Price: \$16,511,000

Acres: 42.0 Acres



Purchaser: Target Corporation

Location: Hazel Dell Towne Center

Purchase Price: \$5,000,000

Acres: 9.84 Acres



Purchaser: Alexandria Investment Company

Location: Salmon Creek, 139th Street

Purchase Price: \$9,700,000

Acres: 24.5 Acres