FEB 20

SALEM CONVENTION CENTER
WILLAMETTE BALLROOM 2ND FLOOR
200 COMMERCIAL STREET SE
SALEM, OREGON 97301

SVN COMMERCIAL ADVISORS, LLC

2018 SVN COMMERCIAL REAL ESTATE

ECONOMIC FORUM

7:00AM - NETWORKING
7:30AM - DOORS OPEN
BREAKFAST SERVED
8:00AM - PROGRAM BEGINS
9:15AM - CONCLUSION

TITLE SPONSOR

usbank

FORUM LINEUP

MASTER OF CEREMONIES
NICK WILLIAMS

AGRICULTURE
GEORGE GRABENHORST

INDUSTRIAL
CHAD FREEMAN

RETAIL
CURT ARTHUR

TITLE SPONSOR
RYAN ALLBRITTON | U.S. BANK

INVESTMENTS & MULTI-FAMILY
KATHERINE POWELL BANZ

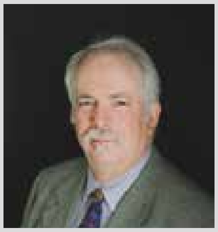
OFFICE
CURT ARTHUR

COMMUNITY PARTNERS AND TABLE SPONSORS
THANK YOU FROM SVNCA

GUEST
SPEAKERS

Master of Ceremonies
Nick Williams, CEO
Salem Area Chamber of Commerce

Nick Williams has served at the Salem Area Chamber of Commerce for over 5 years, and became Chief Executive Officer on July 1 2017. At the Chamber, his work focuses on public policy relative to our local business community for the purpose of cultivating a vibrant Mid-Valley economy that leads to workforce multiplication.



Agricultural Market
George Grabenhorst
SVN Commercial Advisors

George Grabenhorst has been in the real estate business for 33 years and is a fourth-generation Realtor. George is well known in the community and among his peers for his insight, energy and expertise in the field of property and development. His real estate industry involvements include two-time Past President of the Salem Association of Realtors, two-time Realtor of the Year, Member of the Oregon Association of Realtors, and has been involved in or is a part of many committees and boards for both agencies. George is the Immediate Past President of the Oregon Association of Realtors.

Industrial Market
Chad Freeman, CEO
SEDCOR

Chad Freeman is the president of Strategic Economic Development Corporation (SEDCOR), celebrating its 35th anniversary as the lead economic development organization for Oregon's Mid-Willamette Valley. With broad experience in real estate, economic development and running workforce organizations, Chad has a strong understanding of industry and public/private projects. He earned an undergraduate degree in Finance, as well as a Masters in Business Administration from Colorado State University.

Multi-Family
& Investments Market
Katherine Powell Banz, MAI
Powell Banz Valuation, LLC.

Katherine Powell Banz, MAI is a Principal and Certified General Appraiser with Powell Banz Valuation, LLC. Katie is licensed in Oregon and Washington and has performed a diverse range of commercial valuation assignments throughout the Northwest since joining the firm in 2002. Professional experience includes a wide variety of valuation-related work, including consultation, appraisal, expert witness testimony, and feasibility analysis of income-producing properties; including retail, office, development land, industrial, single and multi-family residential, and special use properties such as churches and schools. Katie is the 2018 President of the Greater Oregon Chapter of the Appraisal Institute (GOCAI).

Office and Retail Market
Curt Arthur, SIOR
SVN Commercial Advisors

Curt Arthur, SIOR, serves as a Managing Director for SVN Commercial Advisors, in Salem, Oregon, and is a member of the Advisory Board for SVN International. He has over 25 years in the industry and specializes in larger office and industrial sales and leases throughout the Mid-Willamette Valley. He is the only member of the Society of Industrial and Office Realtors (SIOR), one of the industry's most prestigious designations, in the Mid-Valley. He has repeatedly obtained Partners Circle status with SVN International as one of the top 1% of advisors worldwide. Curt takes great pride in his service to his community and to his industry.

TITLE SPONSOR

RYAN ALLBRITTON

PACIFIC WEST DIVISION

REGION PRESIDENT OF U.S. BANK
OF THE OREGON MID-VALLEY REGION

Ryan Allbritton is the Region President of U.S. Bank of the Oregon Mid-Valley Region, Community Banking Division. His region is comprised of 25 local branches in the Mid-Willamette Valley and his responsibilities include: Commercial Banking, Consumer Banking, Private Banking, Trust and Wealth Management services.

Allbritton has been with U.S. Bank for 19 years and has served in many different capacities. Presently, Allbritton serves as a Director on the following Boards: SEDCOR, Salem Health Foundation and CornerPeace. He is actively involved as an Advisor to CTEC and Liberty House.

Ryan and his wife, Janna, have been married for 25 years and have two children, Hayden – 20 and Kendall - 16, and they reside in Salem, Oregon.

Ryan Allbritton
U.S. Bank
Pacific West Division - Region President
of U.S. Bank of the Oregon Mid-Valley Region
503.399.4142 | ryan.allbritton@usbank.com

LAND VALUES ARE RISING

This last year has been a year with prices stabilizing throughout the Willamette Valley for farm land. Prices seem to have now have stabilized acrossed the board. For the most part it looks as if we have found the market peak so the question remains if we will see prices continue to rise. Demand for land has changed over the last year. The expanding hazelnut industry seems to have reached its peak. There are still buyers looking for land for hazelnuts but nowhere near the rate of last year. There have been well over 3,000 acres planted last year with over 67,000 acres in Oregon total. Since cannabis was legalized statewide we have seen widespread demand from producers for land but with Marion County does not allow production of cannabis outside of the Urban Growth Boundaries (UGB) of cities countywide. This use has not had the impact we expected. Land for wine grape production may have plateaued as well. The market is still strong but land prices may be at its height as we see a shift from bare land to land and facilities. Out of state buyers are flourishing with the Jackson Family Wines $4.6 million dollar acquisition of properties at the McMinnville Airport, in addition to the construction of an 80,000 sq. ft. production facility, as a case in point.

Jackson Family Production Facility

CHANGES IN OREGON'S TOP 20 COMMODITIES

2015 TOP COMMODITIES

RANK	COMMODITY	VALUE - DOLLAR
1	Cattle & calves	914,324,000
2	Greenhouse & nursery	894,833,000
3	Hay	604,062,000
4	Milk	474,486,000
5	Grass seed	383,972,000
6	Wheat	217,433,000
7	Potatoes	176,450,000
8	Pears	152,497,000
9	Grapes for wine	147,550,000
10	Onions	125,273,000
11	Christmas Trees	123,857,000
12	Eggs	116,161,000
13	Blueberries	104,307,000
14	Hazelnuts	86,800,000
15	Cherries	68,102,000
16	Mint for oils	52,544,000
17	Apples	44,383,000
18	Corn, sweet	39,493,000
19	Blackberries	38,036,000
20	Crab	33,900,000

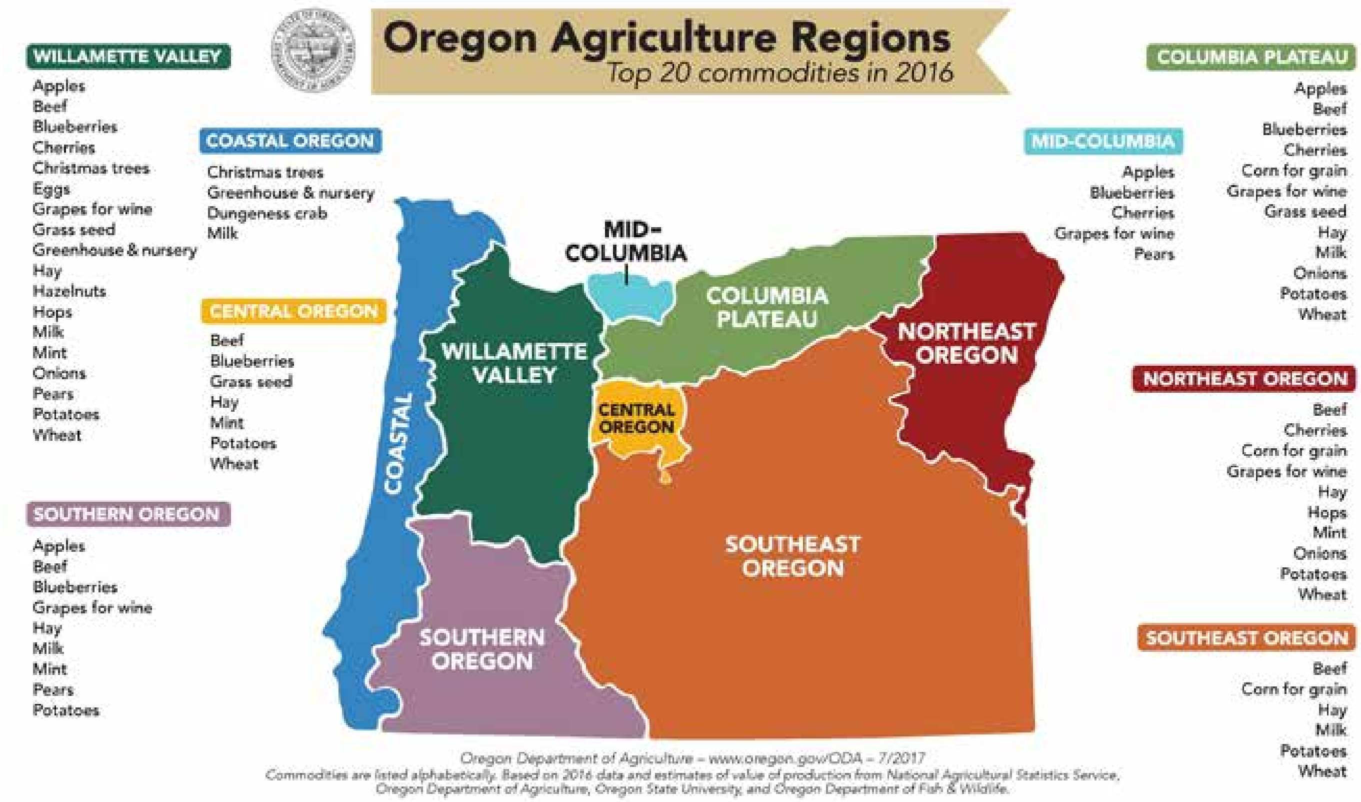
2016 TOP COMMODITIES

RANK	COMMODITY	VALUE - DOLLAR
1	Greenhouse & nursery[1]	909,493,000
2	Cattle & calves	701,147,000
3	Hay	661,299,000
4	Milk	469,333,000
5	Grass seed[2]	436,022,000
6	Potatoes	187,051,000
7	Wheat	185,929,000
8	Pears	181,552,000
9	Grapes for wine	143,380,000
10	Onions	125,273,000
11	Hazelnuts	118,800,000
12	Blueberries	104,580,000
13	Christmas trees[1]	90,791,000
14	Cherries	79,235,000
15	Hops	65,075,000
16	Apples	59,779,000
17	Dungeness crab[3]	55,734,458
18	Eggs	42,447,000
19	Mint for oil	41,115,000
20	Corn for grain	38,123,000

1 Oregon Department of Agriculture estimate 2 Oregon State University estimate,
3 From Oregon Department of Fish & Wildlife, RESOURCE: Oregon Department of Agriculture

WHAT IS DRIVING THE MARKET

The availability of our land, much of which has water, will keep our market strong for some time to come. However, one thing to keep an eye on is Oregon's land use system. I foresee for the first time in decades a wind of change coming. Oregon is #2 in the nation for incoming migration. As cities push to the UGB limits, while still having to provide a 20-year buildable supply of land, expect to see encroachments on agricultural land.   There are many areas within the Valley defined as high value farm ground which have never seen crops, and possibly never will, that should be considered if expansion is needed. High demand, changes to more sustainable crops in the marketplace, and strong demand from out of state buyers will keep the land value high for the next year.



NOTABLE REPORTED SALES

Most of the farm sales reported to the Multiple Listing Service have been relatively small acreages. (5 to 80 acres). Here are two notable sales for 2017. 209 acres sold for 1.9 million cash in West Stayton, closing in September 2017. This is a great sale for this area, an area that is often not seen as great farm land when it is indeed just that. The sale of the old Malarie's dairy property has finally been completed. The last part sold in August 2017 for $30,000 an acre. This sell included barns, office and land.

Bare Land West Stayton

Mallorie's Dairy

2018 PREDICTIONS

Supplies are tight, demand is strong but land prices look as though they have reached there packs. Wine properties seem to be shifting from just bare land purchase to that of land with facilities, greater price but not because of the land. Crop ground prices will stay stable at a high value but the demand for hazelnut ground will begin to diminish. Pasture land price will also stay stable.

CHAD FREEMAN, CEO
SEDCOR

INDUSTRIAL MARKET UPDATE

2017 RECAP

Last year, there was an imbalance in markets with a low supply and high demand for space which is why in the Portland Market in the fourth quarter of 2017, we saw an industrial rental increase of 8.2 percent, resulting in average rents of $9.19 per square feet.

This lack of inventory in the Portland market has had an impact on the Salem Metro Area. Increased rental rates in Portland have led to business owners looking at industrial property in the Salem area, where rents were $.59 a square foot or $.17 less than Portland. The tight real estate market in both markets is expected to continue due to the lack of availability of rental property and industrial property for sale. When property does come on the market for sale or rent, there has been an increased interest, resulting in property staying on the market fewer days.

This has led to a steady increase in demand for new facilities, and we are beginning to see the results of this construction work. In 2017, the Salem MSA saw several completed and new projects. Henningsen Cold Storage opened the first phase of its 186,000 sq. ft. cold storage facility on 40 acres at the Mill Creek Corporate Center in June. In Donald this fall, Wilco/Hazelnut Growers of Oregon completed its 226,000 sq. ft. facility. While the distribution center is up and running, the hazelnut processing facility will open later in 2018.

Due to its close proximity to the Portland market, the Specht Development in Woodburn is attracting attention as the city of Woodburn has brought more than 1 million square feet of industrial land on the market. At the Mill Creek Corporate Center in Salem, two of the six buildings planned by PacTrust are expected to be completed by March with construction planned on two more buildings this spring. Started in August of 2017, the Amazon fulfillment center at Mill Creek Corporate Center is scheduled to be up and running by August 2018. More than 1 million square feet, the addition of Amazon to the area has attracted attention from other corporations looking to locate in the area.

Anecdotally we are seeing more and more interest from clients looking at moving out of the Portland area and into the Salem market.

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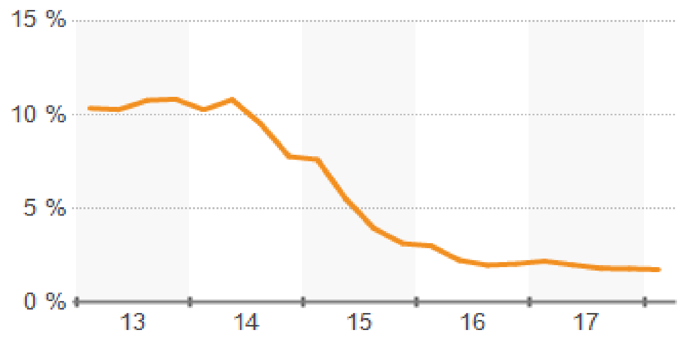
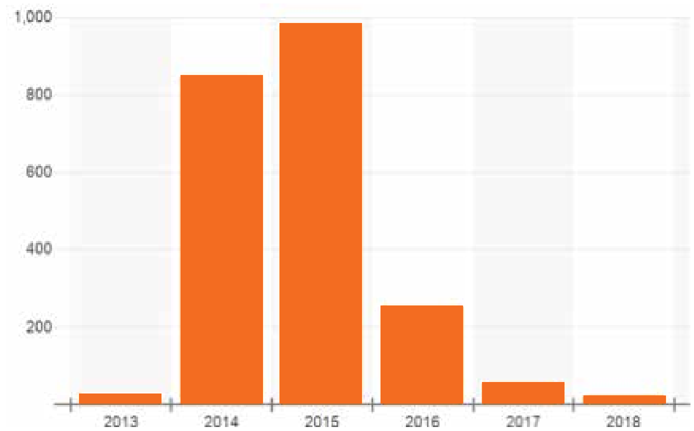
INDUSTRIAL VACANCY RATE



A quick glance at the chart showing Industrial Vacancy Rate compared to the chart outlining Asking Rents Salem Metro provides a clear picture what is happening in the market and why. With the vacancy rate hovering around 1.7 percent, it's evident why asking rent is $0.59 square feet. The lack of inventory will continue to cause rents to increase.

In the last five years, rent has increased $.25 a square foot or 64 percent in the last five years. The combination of high prices and lack of availability in the Portland market is a driving force to the construction uptick happening in the Salem region. In 2017, there was an increase in construction starts. In 2016, construction starts were about 210,000 square feet compared to more than 1,500,000 sq. ft. in 2017.

NET ABSORPTION



Amazon is a prime example of net absorption. With an addition of more than 1 million square feet of industrial space on the market, Amazon's creation of new inventory is already owner occupied. Whatever new inventory there is on the market, it is being quickly rented or sold. In 2016, we saw the market absorption rate was about 280,000 sq. ft. In 2017, it is less than 50,000 sq. ft. and predicted to be even less in 2018.

MARKET QUICK FACTS

AVAILABILITY	2017 SURVEY	2016 SURVEY	5-YEAR AVG
RENT PER SF	$.59	$.46	$.39
VACANCY RATE	1.7%	1.4%	5.8%
VACANT SF	389,998	293,574	1,280,451
AVAILABILITY RATE	4.6%	1.7%	7.4%
AVAILABLE SF	1,119,571	353,289	1,662,319
SUBLET SF	42,606	0	14,378
MONTHS ON MARKET	2.9	7.4	16.5

The Market Quick Facts indicate a submarket reacting to an imbalance from a purely supply and demand standpoint. While there was an increase in the availability of vacant square feet from 389,998 in 2017 compared with 293,574 in 2016, that increase was primarily due to the closing of the Panasonic plant last fall.

The tight real estate market is predicted to continue in 2018, although we will see additional industrial rental inventory available. Besides the 131,000 square feet at the Panasonic Building, PacTrust is expected to complete two buildings, totaling 110,000 square feet by the beginning of April, and construction is scheduled to being on two additional buildings.

Rent per square feet increased by $.13 in one year, from $.46 in 2016 to .59 in 2017. The lack of supply for industrial buildings will continue to increase the value of existing industrial buildings for sale and for lease.

ASKING RENTS SALEM METRO

We have seen some speculative construction being led by PacTrust's project at Mill Creek where they are currently constructing six Class A buildings. The Mid-Willamette Valley continues to need new construction or remodeling of industrial buildings, as it is expected interest in the Salem area will continue as prices become too high for some businesses to compete in the Portland market.

2017 SUMMARY

For industrial property, the laws of supply and demand continued to play out in the Salem Metro Area, while also bringing waves of interest from the Portland market. With low vacancy rates, a healthy business climate, and limited inventory, we have seen rental rates increase and more space being constructed with even more set to be delivered to the market in 2018.

In 2018, we expect to see this market remain strong with new buildings coming on-line, and steady demand from clients. Underlying this is the fact that we are many years into an expansion period and that a slowdown at some point is inevitable. When that will happen is the million dollar question.

NOTEWORTHY PROJECTS

AMAZON

Amazon is building a fulfillment center at the Mill Creek Corporate Center.
• More than 1 million square feet

FORMER PANASONIC BLDG

For rent/sale- expected to close Q1 2018
• 129,850 sq. ft. on 19.66 acres
• includes a multi-purpose industrial/office complex at Salem's Renewable Energy and Technology Center.

PAC TRUST PROJECT

• 49,000 & 67,000 sq. ft. - Phase One
• Six buildings total
• Mill Creek Corporate Center

CURT ARTHUR, SIOR
MANAGING DIRECTOR

RETAIL
MARKET UPDATE

2017 RECAP

Following national trends and our predictions from last year - the last 14 months have seen a roller coaster ride of retail activity in the Salem/Keizer market with the announcements of key store closures as well as additions to the market.

Based on CoStar data, the 2017 retail vacancy rate in Salem/Keizer fell to a meager 3.4% down from 4.1% in 2016. Marion County vacancy remains constant at 5.6%. The past year has seen positive net absorption of 123,105 square feet, a significant increase from just 28,000 square feet the year prior. 52,000 square feet of retail construction happened in the market in 2017 which is a 30% increase from 2016. Retail leasing in Marion and Polk Counties has remained very consistent since 2010 but the 500,000 square feet of leasing activity was the highest in a decade.

The past year has been a bleak one for many national retailers with over 20 retail chains – including Radio Shack, Toys R Us, and HH Gregg – filing for bankruptcy. Other prominent brands like Sears, Barnes & Noble, JC Penny and others are on life support. The most shocking was the January, 2018 announcement from Nordstrom that they would be closing their Salem Center location in downtown Salem. This was on the heels of Kmart closing on Mission Street.

Conversely many trending retailers such as Hobby Lobby, Home Goods, Sierra Trading, Winco and others added Salem or Keizer to their lists of new or expanded stores.

Willamette Town Center, formerly Lancaster Mall, moved forward with its rebranding and transformation after the loss of Macy's and Sports Authority by eliminating most internal walkways and creating standalone locations and storefronts. This attracted Hobby Lobby, who opened in January, 2018, to be followed by Sierra Trading Post, Ulta, and Home Goods by summer.

VACANCY & ABSORPTION

Quarter	Vacant Percent % Total	Net Absorption SF Total
2017 Q4	3.4	17,970
2017 Q3	3.6	-20,618
2017 Q2	3.4	7,479
2017 Q1	3.4	118,274
2016 Q4	4.1	-8,336
2016 Q3	4.1	38,283
2016 Q2	4.5	-68,038
2016 Q1	4.1	84,398

PENDING SALE

REED OPERA HOUSE
189 LIBERTY ST NE
40,242 SF

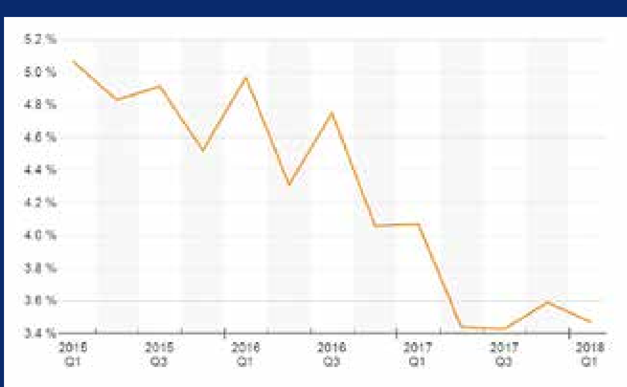
2018 PREDICTION

2018 is likely to be a year of continued gains and losses in the retail market. As Nordstrom closes its doors in April the market expects to see the former Kmart building on Mission Street backfilled with at least two tenants around the same time. Chico's is in the process of closing 120 stores and we await a February announcement if the Salem Center store is on that list.

In South Salem we expect to see movement towards an anchor retailer on the PacTrust development at Battle Creek and Kuebler. Two other retail developments on Commercial Street SE are in design and pre-leasing phase. Out east, Willamette Town Center will welcome both Home Goods and Sierra Trading post to the former Lancaster Mall property by summer and additional pad sites are being marketed as well. In downtown Salem the historic Gray Building at Liberty and State Streets said goodbye to longtime tenant The Brick as owners are undergoing a full building upgrade and remodel.

Keizer has been the hotbed of activity and 2018 will be no different. In January we saw the opening of the much anticipated Waremart grocery to the Keizer Creekside retail center. Keizer Station will see the opening of the Holiday Inn Express and Washington based Hop Jack's in 2018 as well as the relocation of the Chipotle's. In January Keizer City Council approved a long-term land lease for construction of the a new 9 theatre cinema complex at the corner of Lockhaven and Keizer Station Blvd. We should see continued positive absorption of existing space which should lower our vacancy rate under 3% by 2019. Expect to see continued gains in overall rental rates

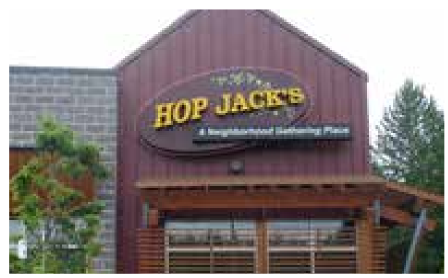
RETAIL VACANCY RATES



NOTEWORTHY PROJECTS

KEIZER CINEMA 9
KEIZER STATION
OPENING MARCH, 2019

THE POINTE AT GLEN CREEK
GLEN CREEK & WALLACE RD NW
COMING FALL 2018



HOP JACKS
6295 KEIZER STATION BLVD NE
COMING SPRING 2018

THE GRAY BUILDING
105-135 LIBERTY ST. NE - SALEM
FULL BUILDING REMODEL

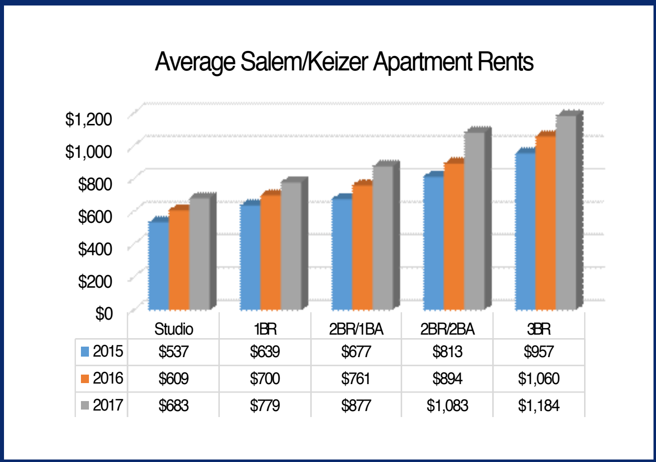
2017 RECAP

The multi-family sector continues to perform well in Salem/Keizer and throughout the Willamette Valley. This is most evident in the average 2017 vacancy rate of 1.70%, as reported by Powell Banz Valuation in their 2017 survey, which reflects data gathered in the spring of each year.

***Preliminary**

While vacancy remained low during most of 2017, a slight increase beginning in the second half of the year and trending into 2018 was noted. Preliminary estimates for early 2018 reflect a slightly higher vacancy of 1.98%. However, market participants and property managers report continued overall low vacancy, with nominal turnover and waiting lists for available units.

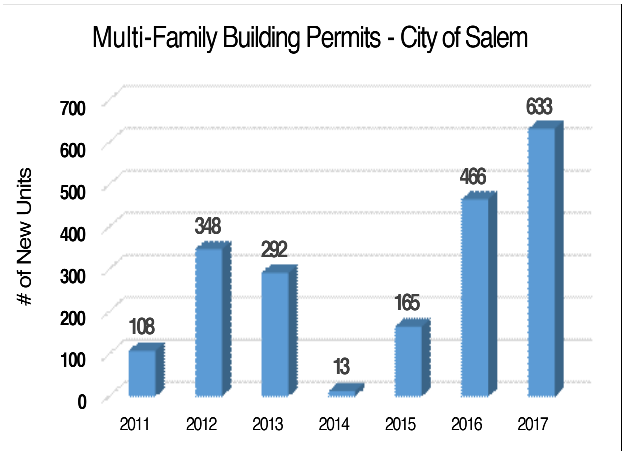
Rent appreciation in Salem/Keizer averaged 14% over the past year, with 2BR/2BTH units capturing the highest increase of 21%. 2BR/1BTH units followed suit at 15%. This rent growth is significantly higher than the average rent appreciation of 3% reported across the country, according to Freddie Mac.



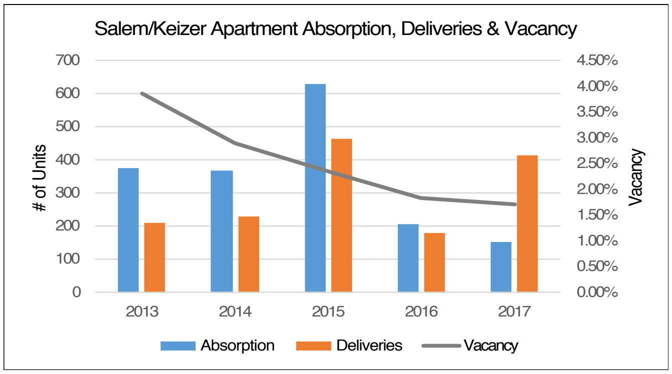
***Source: Powell Banz Valuation**

The disparity between median family income and rent appreciation continues to increase and will prove to be unsustainable over the long term. The proposed rent control legislation in early 2017 spurred much of the rent growth over the past year as property owners and managers took preemptive measures to raise rents in an effort to push the market prior to the institution of rent caps. The legislation ultimately faltered. Without that threat, and noting the new inventory slated to come on line over the next year, the velocity of rent growth is anticipated to slow.

In response to the record low vacancy and undersupply, local developers responded with several new apartment projects that entered the market in 2016 and 2017. The number of units permitted by the City of Salem increased to levels not seen in recent memory. In 2017, permits were issued for 633 new multi-family units, exceeding the number of units permitted annually over the past six years.



Through 2016, all units brought to market were quickly absorbed due to an undersupply of available units. In 2017, several new projects entered the market, and positive absorption continued. Most properties being developed are preleasing, with full absorption expected upon completion of construction.



As of January 2018, 1,799 multi-family units were in various stages of planning and construction. There are at least 705 units currently being developed in Salem/Keizer, with another 1,094 units in planning, review, and permitting. With the influx of new supply, vacancy is anticipated to increase slightly as the need for additional units is filled. Absorption of new products entering the market over the past year averaged 18 units per month, with one large project experiencing a higher absorption of approximately 25 units per month. With continued low vacancy, new units are absorbed quickly, exceeding the market norm of 12 units per month. While demand remains high for additional inventory, some developers and market participants are reporting hesitation with regard to planning additional new projects. A "wait and see" sentiment is beginning to emerge. With new subdivision development gaining momentum in 2017 and rising interest rates, there is speculation that apartment demand will stabilize. However, renters continue to outpace home ownership for now, and changing demographics suggest the overall demand for apartments will continue. Baby boomers are downsizing and millennials are waiting longer before investing in their first homes. After watching many of their parents lose significant equity during the Great Recession, investing in home ownership is not viewed as the guaranteed future revenue source that it was for prior generations.

In addition, there continues to be a deficit of readily developable land available for multi-family construction. Most new projects require a zone change and creative site planning. In conjunction with increased construction costs, there is less margin for error on the part of developers. The high returns on investment that have been commonplace in the last few years will be tested. It is now commonplace for multi-family transactions to occur without being exposed to the open market. Most properties are either sold to buyers who proactively seek out opportunities, contacting owners of properties that are not listed, or via brokers who can match buyers and sellers prior to listing a property. Many of these transactions are not included in the sales volume analytics, suggesting the volume of sale transactions is likely higher than reported.

The average sale price was $82,694 per unit in 2017, according to CoStar, comprised of 40 transactions totaling 886 units. This is a 6.36% increase over the average sale price reported in 2016. With increased average rents and continued positive cash flows, it is not surprising to see the market respond with higher prices.

However, on balance, sales continue to reflect a lower tier of product, which generally includes properties with potential issues such as needed repairs or struggling cash flows. Available properties with a secure income stream and no issues are limited and tend to be sold before hitting the open market. With such a tight rental market, owners are holding on to their investments, taking advantage of the steady income stream and increasing revenues.

The average Salem/Keizer apartment capitalization rate was 6.1% in 2017, down from 6.3% reported in 2016. Source: CoStar

NOTEWORTHY PROJECTS

Oakbrook, Salem

Highest Price Sale in 2017
Largest # of Units
April 2017
$13,450,000 / 156 Units
$86,218/Unit
6.00% Capitalization Rate
98% occupied ATOS

Royal Oaks, Salem

October 2017
$6,575,000 / 72 Units
$91,319/Unit
1031 Exchange
6.57% Capitalization Rate
98% occupied ATOS

Beverly Plaza, Salem

May 2017
$5,400,000 / 60 Units
$90,000/Unit
1031 Exchange
5.66% Capitalization Rate
97% occupied ATOS

2018 FORECAST

The multi-family sector is expected to remain stable during 2018. With several additional new projects slated to come on line during the year, rent appreciation will likely slow. However, opportunity for rent growth remains due to increased population and a shortage of readily developable land available for new projects. A slight uptick in vacancy is anticipated, albeit, not in excess of 100 to 200 basis points; remaining well below the 5% industry benchmark.

The Federal Reserve has indicated there will be three additional rate increases in 2018, which may temper development and real estate transactions, overall. However, multi-family investment is anticipated to remain a viable option for those desiring a stable income stream. Investors continue to hold on to well-performing assets, resulting in a lack of transactional activity. If interest rates continue to climb, capitalization rates will follow suit.

SVN COMMERCIAL ADVISORS, LLC

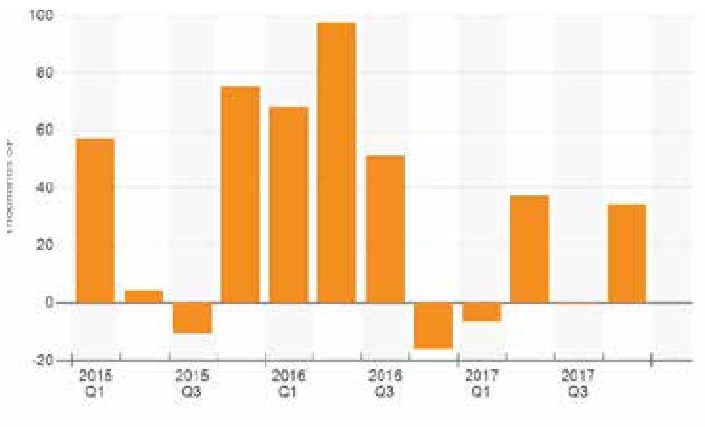
CURT ARTHUR, SIOR
MANAGING DIRECTOR

OFFICE MARKET UPDATE

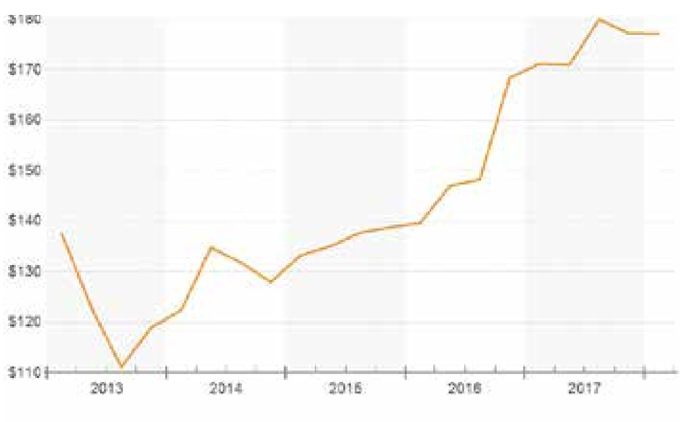
2017 RECAP

We surveyed 532 non-owner occupied office buildings measuring 3,000 square feet and larger in Salem/Keizer this year and the vacancy factor finished the year at 7.0%. This is down from 7.5% in 2016 and 9.1% in 2015. The office market showed a slowing in the absorption of space in the last year of just 39,806 square feet compared to 169,287 the year before.

NET ABSORPTION



SALES & LEASING VOLUME



The sales volume for office and medical buildings last year saw 40 properties changes hands for $30.5 million compared to $22 million the year before. The most notable sales were that of Oregon Heart Properties, LLC acquiring 610 Hawthorne Ave SE at Creekside Corporate Center from Sage Properties, LLC (28,362 sq. ft. for $5,275,000) and Roger Yost's the sale of the iconic Capitol Center (48,062 sq. ft. for $5,010,000) in downtown Salem.

Leasing activity for 2017 was down finishing with a total of approximately 208,000 square feet leased compared to close to 260,000 square feet in 2016. With little new construction we are seeing a shortening of supply and a tightening of the market. In 2015 the average "months on market" from when a listing hit the market, to when it leased, was at in excess of 2 years. We are now at 9 months.

RENT OVERVIEW

As predicted rents continue their surge upward and with the lack of new product hitting the market, and very little new construction on the horizon, we do not see this slowing down. If construction pricing continues to outpace rents we will continue to see great opportunities for Landlords to increase rents well above the cost of living as it is still generally cheaper to rent than it is to build new. We saw multiple Class A and Suburban Class A properties adjust their asking rents by over $.20/SF. In most cases that was a 15% increase in asking rents.

There continues to be a strong demand for new construction downtown as the Park Front development at Riverfront Park was 100% committed eight (8) months prior to completion. Anchored by Huggins Insurance, this development will also be the new home to the Gatti Law Firm and Kuedell/Morrison Wealth Management

With absorption slowing the market saw a slight dip in overall asking rents for the year but nothing of overall concern. Average full service asking rents by sub-sector are as follows:

2017 FULL SERVICE ASKING RENTS BY CLASS

Downtown Class "A"	$1.85 to $2.50/SF
Suburban Class "A"	$1.75 to $2.10/SF
Existing Medical	$1.95 to $2.50/SF
New Development	$2.40 to $3.25/SF

**rates quoted as full service rents*

MEDICAL

We are seeing aggressive growth in the development of medical properties throughout the Mid-Valley. With the Oregon Health Authority estimating that 94% of all Oregonians currently having health insurance the development growth is meant to meet the demand for services.

Boulder Creek South, a two-story 42,000 square foot building anchored by Surgical Care Affiliates (formerly Northbank) on 12th Street SE, finalized construction February, 2018. Oregon Heart Properties needed to facilitate their expansion needs and sold their 10,473 square foot facility at 885 Mission St. SE to Salem Hospital Inc. for $3,200,000 ($302/SF) and acquired the 28,362 square foot building 610 Hawthorne SE building at Creekside Corporate Center for less than $250/SF including remodel.

Diagnostic Imaging of Salem announced in January they would be shutting down operations at 1165 Union St. NE and have agreed to a sale of their property, and much of their equipment, to a local medical and imaging operation which is set to close in March.

Northwest Rehabilitation Associates will begin construction on a sports training and rehabilitation center on Edgewater in West Salem and Hope Orthopedics will begin work on an expansion of their Inland Shores location in Keizer.

KEY MEDICAL TRANSACTIONS

Boulder Creek South

12th Street SE - Salem, Northbank Surgical Center

Former Diagnostic Imaging (Sale Pending)

1165 Union St. NE - Salem, 20,434 SF

Oregon Heart Center PC

610 Hawthorne Ave NE, 28,362 SF

NOTEWORTHY PROJECTS

388 State St. – Salem

Size: 48,062 SF

Price: $5,010,000 (7.20% Cap Rate)

Date: November 15, 2017

Seller: Roger Yost

Buyer: MT Capitol, LLC of Springfield

610 Hawthorne Ave SE - Salem

Size: 28,362 SF

Price: $5,275,000 ($186/SF before remodel)

Date: December 19, 2017

Seller: Sage Properties, LLC

Buyer: Oregon Heart Properties, LLC

THANK YOU FOR ATTENDING

We are proud to bring you today's event and appreciate your attendance. As the leading provider of commercial real estate services in the Mid-Willamette Valley, our firm is committed to providing our clients and community with the best professional representation and market information. We strongly feel that an educated community makes better economic decisions and hope today's event has armed you with the market knowledge you need for success in 2018.

We sincerely appreciate the support from our community partners who have helped make this event possible. We encourage you to patronize their businesses whenever possible. ***Your gift on your table has a tag with a link to download today's program to share with your clients.***

THANK YOU

TO OUR 2018 COMMUNITY PARTNERS!

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PBV POWELL BANZ | Saalfeld Griggs PC Sound counsel. Smart business. | SSJH Sherman Sherman Johnnie & Hoyt, LLP Attorneys at Law | Willamette COMMUNITY BANK

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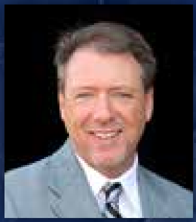
MEET THE TEAM



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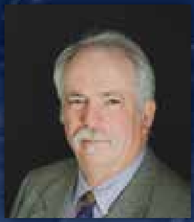

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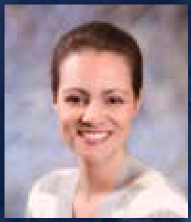

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