

MARKET TRENDS | PORTLAND INDUSTRIAL

MARKET DRIVERS

ASKING LEASE RATES 4.4% year-over-year (YOY) from \$0.69/SF NNN in 2020 to \$0.72/SF NNN for 2021.

LEASING ACTIVITY climbed 15.6% YOY from 9.9 million SF in 2020 to 11.4 million SF in 2021. The most active submarket clusters for the year were Southeast and I-5 Corridor with 35.8 million SF and 29.4 million SF respectively.

DIRECT VACANCY RATES decreased 22.4% from 4.0% in 2020 to 3.2% in 2021.

TOTAL NET ABSORPTION for 2021 was 3.6 million SF, 2.3 million of which occurred in 4Q 2021.

SALES VOLUME dropped 24.2% YOY from 10.4 million SF in 2020 to 7.9 million SF in 2021.

THERE IS CURRENTLY 4.9 million SF under construction, while 1.8 million SF was completed in 2021. The Bridgepoint I-5 development delivered 677,568 SF to the Airport Way submarket. Portside Industrial Park added 192,960 SF to the CBD/West Vancouver submarket.

ECONOMIC OVERVIEW

MANUFACTURING JOBS for the Portland-Vancouver-Hillsboro MSA gained 2.9% YOY to 123,100 jobs.

TRANSPORTATION and warehousing jobs also rose 4.1% YOY to 231,200 jobs.

NEAR-TERM OUTLOOK

THE PORTLAND INDUSTRIAL MARKET continues to hum along as the economy recovers during 2021. Demand sparked by e-commerce and logistics companies drive vacancies downwards and stoke increases in asking lease rates. There are currently 4.9 million SF under construction to help meet these requirements.

Market Summary

	2021	2020	2019	Annual Change
Direct Vacancy Rate	3.1%	4.0%	3.2%	-22.44%
Availability Rate	4.9%	6.4%	5.4%	-23.44%
Asking Lease Rate (NNN)	\$0.72	\$0.69	\$0.71	4.35%
Leasing Activity (SF)	11,443,590	9,899,788	12,980,261	15.59%
Sale Volume (SF)	7,850,945	10,360,273	13,756,538	-24.22%
Net Absorption (SF)	3,616,938	1,118,888	819,884	N/A

▲ **3.6M**
NET ABSORPTION (SF)

▼ **3.1%**
VACANCY RATE

◀ **\$0.72**
AVERAGE ASKING RENT (NNN)

▼ **1.8M**
SF CONSTRUCTION DELIVERIES

YEAR OVER YEAR TREND

Market Highlights

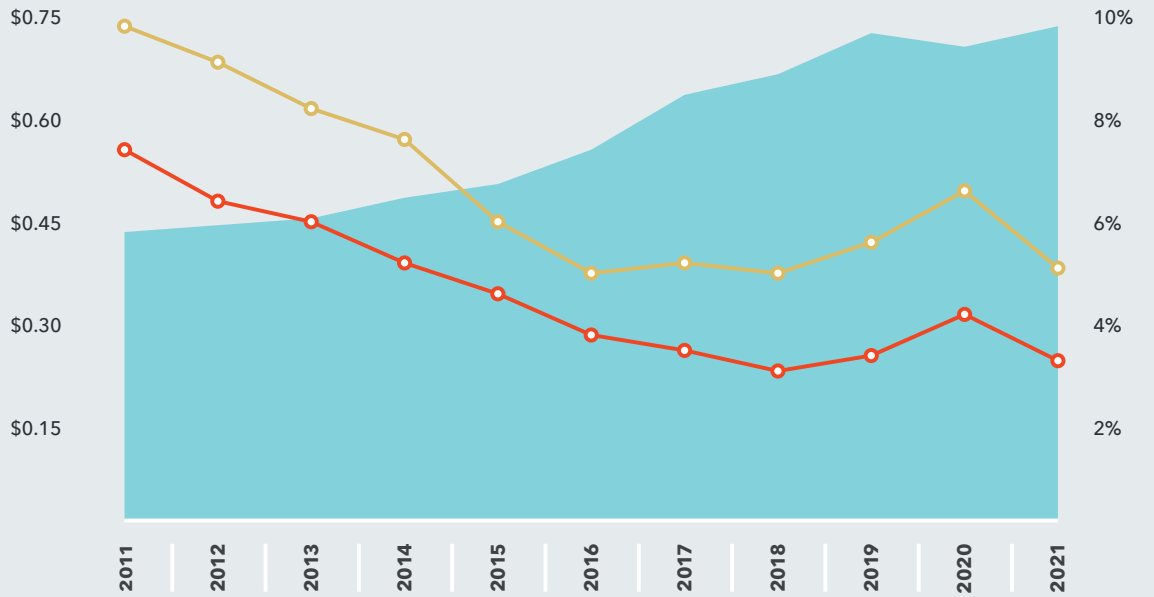
ASKING LEASE RATES rose 4.4% YOY to \$0.72/SF NNN.

DIRECT VACANCY stood at 3.1%.

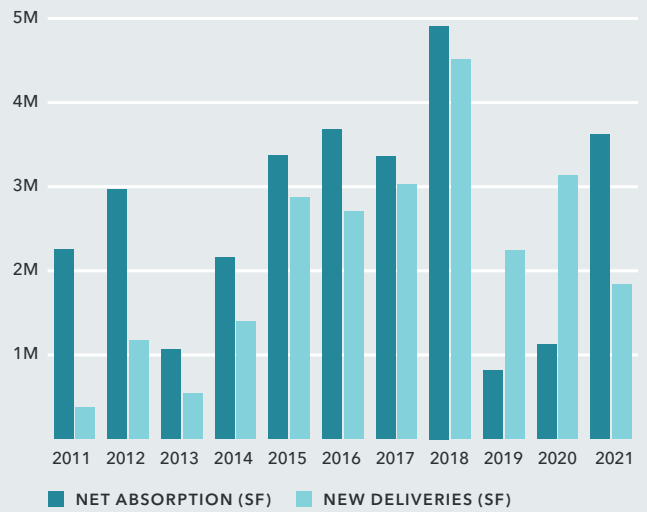
TOTAL NET ABSORPTION for 2021 was 3.6 million SF.

Lease Rate, Vacancy & Availability

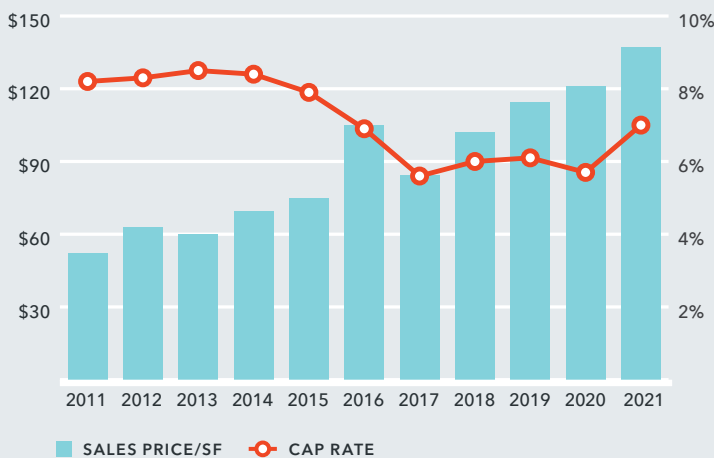
- ASKING LEASE RATE (NNN)
- DIRECT VACANCY
- TOTAL AVAILABILITY



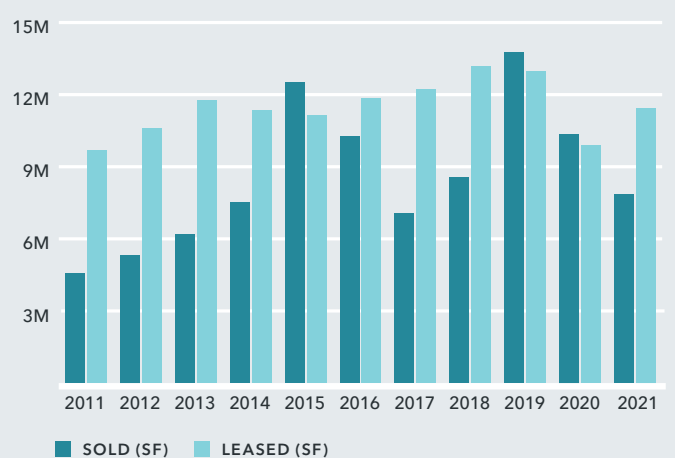
Net Absorption & New Deliveries



Average Sales Price/SF & Cap Rate



Sale Volume & Leasing Activity



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	4Q 2021 Total Net Absorption	2021 Total Net Absorption	4Q 2021 Total Leasing Activity	2021 Total Leasing Activity	Total Rental Rate (NNN)
Lloyd District	2,179,264	7.6%	7.6%	8.4%	8,000	55,143	0	78,863	\$1.59
Northeast	80,183,658	3.8%	4.2%	5.6%	1,348,968	1,870,928	512,921	5,390,317	\$0.66
Airport Way	16,783,171	3.8%	4.3%	6.1%	648,180	421,576	179,042	1,298,997	\$0.67
East Columbia Corridor	29,296,514	1.4%	2.0%	4.0%	407,369	1,636,815	82,691	2,287,145	\$0.73
Gateway	2,806,157	1.6%	2.4%	2.2%	-1,430	-22,727	10,466	62,084	\$0.90
Gresham	1,142,705	1.8%	1.8%	5.9%	9,621	25,800	1,344	13,748	\$0.77
Hayden Isl/Swan Isl	10,040,298	9.0%	9.1%	10.4%	-4,822	27,542	75,150	201,310	\$0.64
NE Close-In	3,975,447	2.8%	2.9%	3.2%	13,299	14,130	1,700	94,146	\$1.10
NE Outlying	64,692	13.0%	13.0%	13.0%	0	-8,385	0	0	-
Rivergate	16,074,674	5.4%	5.7%	6.3%	276,751	-223,823	162,528	1,432,887	\$0.49
CBD/Northwest	13,402,501	1.0%	3.7%	7.4%	186,941	1,703	0	243,182	-
CBD	707,564	8.0%	8.0%	8.0%	30,000	33,993	0	0	\$0.70
Guilds Lake	11,762,880	3.0%	3.6%	7.5%	133,229	-43,600	0	237,182	\$0.68
NW Close-In	825,657	1.9%	1.9%	6.0%	10,272	-2,130	0	6,000	\$0.65
NW Outlying	106,400	0.0%	0.0%	0.0%	13,440	13,440	0	0	-
Southeast	35,793,615	2.9%	3.5%	4.0%	124,385	748,592	152,824	1,191,025	\$0.86
Clackamas/Milwaukie	24,684,384	3.0%	3.8%	3.9%	33,266	507,128	131,749	915,289	\$0.74
Mall 205	364,242	2.1%	2.1%	6.1%	15,998	-2,577	0	5,000	\$0.72
Oregon City	1,194,439	0.2%	0.2%	0.2%	0	1,700	0	16,542	\$1.25
SE Close-In	5,857,142	4.7%	4.7%	6.5%	20,311	1,262	16,635	141,736	\$1.09
SE Outlying	3,693,408	0.8%	0.8%	1.5%	54,810	241,079	4,440	112,458	\$0.64
Southwest	6,097,731	6.2%	6.2%	5.5%	-49,039	16,916	10,820	373,642	\$0.89
217 Corridor/Beaverton	3,967,239	8.1%	8.1%	7.1%	-50,539	11,506	9,320	353,142	\$0.77
Barbur Blvd/Capitol Hwy	132,443	0.0%	0.0%	0.0%	0	0	0	0	-
Johns Landing	265,547	5.1%	5.1%	5.1%	1,500	5,410	1,500	20,500	\$1.50
North Beaverton	1,509,619	0.0%	0.0%	0.0%	0	0	0	0	-
SW Close-In	205,379	20.4%	20.4%	20.4%	0	0	0	0	-
Sylvan/Hillsdale	17,504	0.0%	0.0%	0.0%	0	0	0	0	-
Westside	18,927,662	1.6%	1.7%	2.0%	24,572	-13,807	4,876	483,292	\$0.82
Sunset Corridor/Hillsboro	15,787,617	1.0%	1.1%	1.5%	23,101	100,293	4,876	478,892	\$0.82
Westside Outlying	3,140,045	4.5%	4.5%	4.7%	1,471	-114,100	0	4,400	\$0.77
I-5 Corridor	29,441,305	1.8%	2.0%	4.8%	366,138	847,767	157,148	1,490,883	\$0.65
Yamhill County	4,916,931	0.3%	0.3%	0.3%	18,033	40,134	7,500	40,149	\$0.99
Skamania County	96,285	0.0%	0.0%	0.0%	0	0	0	0	-
Columbia County	2,089,421	24.6%	24.6%	23.7%	-401,358	-404,450	20,161	20,161	-
Clark County	25,928,986	1.6%	1.7%	4.2%	676,514	451,260	315,022	1,631,559	\$0.70
Camas/Washougal	2,215,135	0.9%	0.9%	0.9%	189,767	-9,816	0	189,767	-
Cascade Park	179,199	0.0%	0.0%	0.0%	0	0	0	0	-
CBD/West Vancouver	5,882,303	0.1%	0.1%	0.1%	185,460	233,460	119,232	446,730	\$0.64
Clark County Outlying	3,806,582	0.1%	0.1%	12.4%	149,470	144,884	0	157,698	-
Hazel Dell/Salmon Creek	1,563,354	1.8%	2.8%	5.5%	42,124	58,335	13,398	52,073	\$0.82
Orchards	5,362,582	1.3%	1.5%	4.3%	48,639	116,502	160,391	448,231	\$0.99
St. Johns/Central Vancouver	6,900,298	4.2%	4.2%	4.0%	64,213	-88,946	19,531	330,963	\$0.71
Vancouver Mall	19,533	16.2%	16.2%	16.2%	-3,159	-3,159	2,470	6,097	-
Portland Total	219,057,359	3.1%	3.4%	5.0%	2,303,154	3,614,186	1,181,272	10,943,073	\$0.73
Business Parks									
10,000-49,999 SF	9,563,877	3.2%	3.5%	4.5%	167,288	120,683	90,225	971,191	\$0.85
50,000-149,999 SF	17,276,626	3.7%	4.5%	5.1%	103,734	218,179	137,872	1,689,565	\$0.53
150,000+ SF	12,119,105	4.2%	5.9%	7.3%	178,650	51,262	150,000	1,189,873	\$0.52
BUSINESS PARKS TOTAL	38,959,608	3.7%	4.7%	5.7%	449,672	390,124	378,097	3,850,629	\$0.63

TOP SALE TRANSACTIONS FOR 2021

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
29555 SW Boones Ferry Rd, Wilsonville	Wilsonville	766,923	\$107,466,000	\$140.13	LBA Logistics	Blackstone
14601-14621 N Bybee Lake Ct, Portland	Rivergate	729,600	\$82,500,000	\$113.08	PCCP LLC	Washington Capital Management
23720 NE Glisan St, Gresham	East Columbia Corridor	504,528	\$78,233,683	\$155.06	GIC	EQT Exeter

TOP LEASE TRANSACTIONS FOR 2021

Property	Submarket	SF	Sale Date	Landlord	Tenant
751 NE Columbia Blvd, Portland	Airport Way	438,051	June 2021	Bridge	FedEx Ground
4800 NE 30th Ave, Hillsboro	Sunset Corridor/Hillsboro	269,975	August 2021	Trammell Crow	GXO Logistics
14300-14340 N Lombard St, Portland	Rivergate	242,250	September 2021	Port of Portland	Mondelez International

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery Date
Intel Mod 3	2501 NE Century Blvd, Hillsboro	Sunset Corridor/Hillsboro	1,500,000	Intel Corporation	March 2022
Ridgefield Industrial Center	S Union Ridge Pkwy, Ridgefield	Clark County	468,793	Specht	June 2022
T-S Corporate Park Bldg C	21133 SW Cipole Pl, Sherwood	I-5 Corridor Outlying	271,870	Trammell Crow	June 2022

DATA SOURCE: COSTAR

Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 21 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, project and construction management, and debt equity finance services for all property types.

The information in this report was composed by the Kidder Mathews Research Group.

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**Commercial
Brokerage**

\$8B
TRANSACTION
VOLUME (ANNUAL)

23M
SALES SF
(ANNUAL)

42M
LEASING SF
(ANNUAL)

**Valuation
Advisory**

1,800+
ASSIGNMENTS
ANNUALLY

35/23
TOTAL NO.
APPRAISERS/MAI'S

**Asset
Services**

64M
MANAGEMENT
PORTFOLIO SF

\$11B
IN ASSETS UNDER
MANAGEMENT

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