

MARKET TRENDS | PORTLAND

INDUSTRIAL

MARKET DRIVERS

ASKING LEASE RATES rose 5.7% year-over-year (YOY) from \$0.70/SF NNN in 1Q2021 to \$0.74/SF NNN for 1Q2022.

LEASING ACTIVITY decreased 22.9% YOY to 2.1 million SF for Q1 2022. The most active submarkets were Northeast and the I-5 Corridor with 751,828 SF and 516,009 SF respectively.

AFTER A STELLAR 4Q 2021 with 5.1 million SF of sales activity, the industrial market started Q1 2022 slowly with 1 million SF of sales volume.

211,579 SF of industrial space was delivered this quarter. Notable buildings under construction include the 1.5 million SF for the Intel Expansion Project in Hillsboro, OR and the 468,810 SF Ridgefield Industrial Center in Ridgefield, WA.

DIRECT VACANCY RATES decreased 26.2% YOY from 4.2% in 1Q 2021 to 3.1% in 1Q 2022. The total availability dropped 17% YOY from 5.9% in 1Q 2021 to 4.9% in 1Q 2022.

THERE IS CURRENTLY 5.9 million SF under construction.

ECONOMIC OVERVIEW

MANUFACTURING INDUSTRIES within the Portland-Vancouver-Hillsboro MSA gained 4.9% YOY to 125,200 jobs. Transportation and warehousing companies within the region also rose 1.2% YOY to 49,000 jobs.

FOR FEBRUARY 2022, Unemployment in Oregon decreased to 4.0%. Comparatively, the Portland-Vancouver-Hillsboro MSA reported a 3.8% unemployment rate during this period.

NEAR-TERM OUTLOOK

SHRINKING DIRECT VACANCY RATES and availability rates showcase the high demand for industrial properties. 5.9 million SF of construction projects are on the horizon to help alleviate the lack of supply.

DATA SOURCE: COSTAR, U.S. BUREAU OF LABOR STATISTICS

Market Summary

	1Q 2022	4Q 2021	1Q 2021	Annual Change
Direct Vacancy Rate	3.1%	3.3%	4.2%	-26.19%
Availability Rate	4.9%	4.6%	5.9%	-16.95%
Asking Lease Rate (NNN)	\$0.74	\$0.73	\$0.70	5.71%
Leasing Activity (SF)	2,089,527	3,034,026	2,710,195	-22.90%
Sale Volume (SF)	1,030,522	5,086,696	1,769,251	-41.75%
Net Absorption (SF)	648,870	2,241,951	526,842	N/A

1Q 2022

▲ **648,870**

NET ABSORPTION (SF)

▼ **3.1%**

VACANCY RATE

▲ **\$0.74**

ASKING LEASE RENT (NNN)

▼ **211K**

SF CONSTRUCTION DELIVERIES

YEAR OVER YEAR TREND

Market Highlights

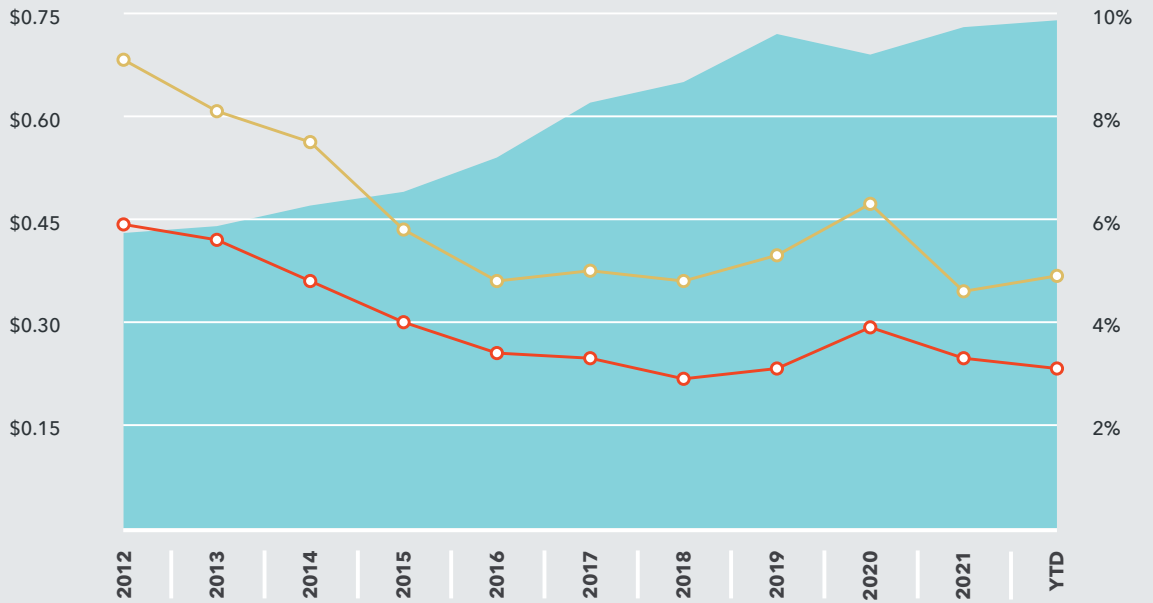
ASKING LEASE RATES rose 5.7% YOY to \$0.74/SF NNN

DIRECT VACANCY rates decreased to 3.1%

TOTAL NET ABSORPTION for 1Q 2022 was 648,870 SF

Lease Rate, Vacancy & Availability

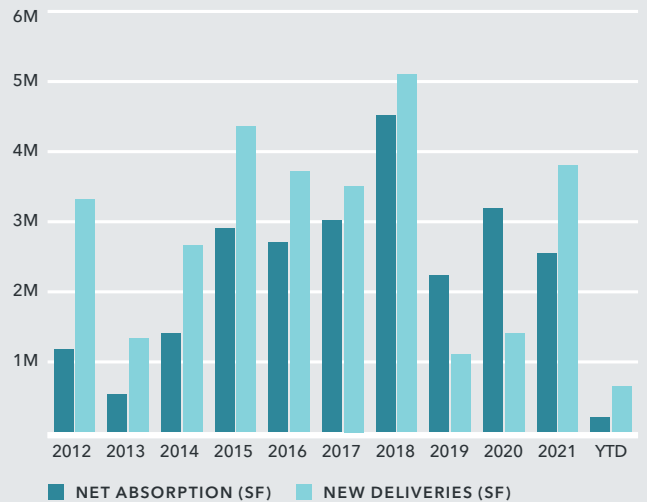
- ASKING LEASE RATE (NNN)
- DIRECT VACANCY
- TOTAL AVAILABILITY



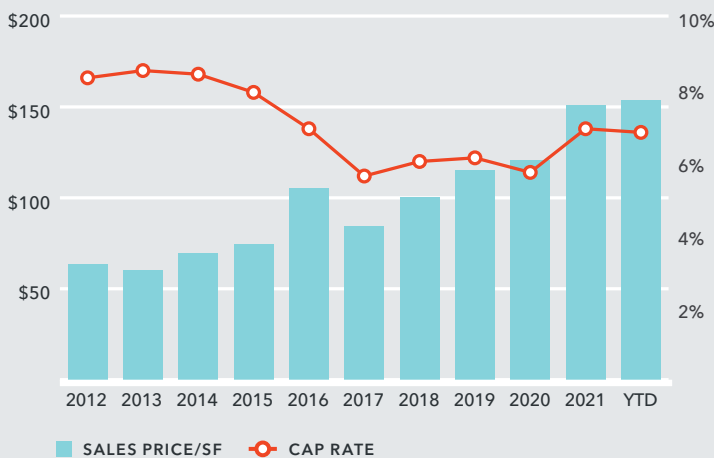
BIGGEST SALE OF THE YEAR

**9735 SW Sunshine Ct,
Beaverton, OR**

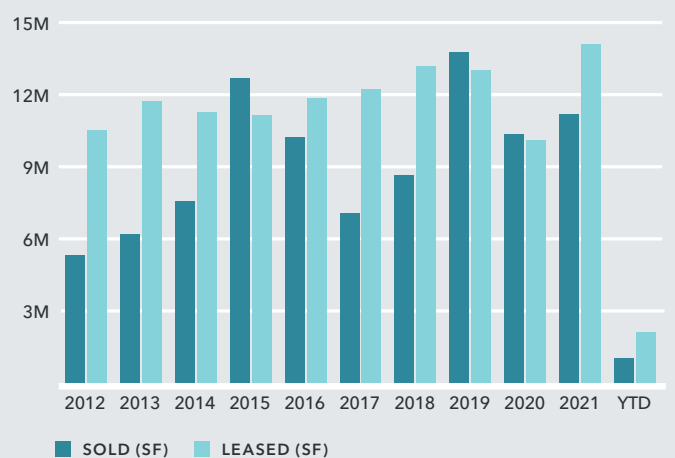
Net Absorption & New Deliveries



Average Sales Price/SF & Cap Rate



Sale Volume & Leasing Activity



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q1 2022 Total Net Absorption	2021 Total Net Absorption	Q1 2022 Total Leasing Activity	2021 Total Leasing Activity	Total Rental Rate (NNN)
Lloyd District	2,159,776	7.1%	7.1%	7.9%	12,845	55,143	0	78,863	\$1.54
Northeast	80,558,225	4.0%	4.7%	6.1%	-15,861	1,870,928	751,828	5,390,317	\$0.67
Airport Way	17,103,260	4.9%	5.6%	5.8%	-60,632	421,576	105,576	1,298,997	\$0.64
East Columbia Corridor	29,282,763	2.1%	3.4%	6.4%	-402,275	1,636,815	463,467	2,287,145	\$0.81
Gateway	2,809,511	1.1%	1.7%	1.5%	20,771	-22,727	19,004	62,084	\$0.86
Gresham	1,175,159	3.7%	3.7%	5.8%	10,054	25,800	0	13,748	\$0.77
Hayden Isl/Swan Isl	10,061,798	7.4%	7.4%	8.0%	170,618	27,542	55,988	201,310	\$0.68
NE Close-In	3,961,204	2.3%	2.6%	3.1%	11,042	14,130	14,656	94,146	\$1.11
NE Outlying	64,692	13.0%	13.0%	13.0%	0	-8,385	0	0	-
Rivergate	16,099,838	5.2%	5.4%	5.9%	234,561	-223,823	93,137	1,432,887	\$0.49
CBD/Northwest	13,537,224	0.7%	3.4%	7.0%	36,749	1,703	194,747	243,182	-
CBD	699,553	4.3%	4.3%	4.3%	26,823	33,993	26,823	0	-
Guilds Lake	11,905,614	3.0%	3.6%	7.3%	1,676	-43,600	165,674	237,182	\$0.67
NW Close-In	825,657	0.9%	0.9%	5.7%	8,250	-2,130	2,250	6,000	\$0.63
NW Outlying	106,400	0.0%	0.0%	0.0%	0	13,440	0	0	-
Southeast	36,028,890	2.4%	2.7%	3.2%	267,973	748,592	365,551	1,191,025	\$0.84
Clackamas/Milwaukie	24,540,643	1.9%	2.3%	2.9%	354,549	507,128	319,413	915,289	\$0.77
Mall 205	386,208	6.8%	6.8%	6.8%	-12,392	-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	5,866,100	5.8%	5.8%	5.9%	-72,024	1,262	35,978	141,736	\$0.92
SE Outlying	4,041,500	0.9%	0.9%	1.4%	-2,160	241,079	10,160	112,458	\$0.68
Southwest	6,070,103	6.6%	6.6%	6.6%	-154,285	16,916	39,325	373,642	\$0.96
217 Corridor/Beaverton	3,927,598	7.7%	7.7%	7.7%	-109,285	11,506	39,325	353,142	\$0.79
Barbur Blvd/Capitol Hwy	144,456	0.0%	0.0%	0.0%	0	0	0	0	-
Johns Landing	265,547	5.1%	5.1%	5.1%	0	5,410	0	20,500	\$1.50
North Beaverton	1,509,619	0.0%	0.0%	0.0%	0	0	0	0	-
SW Close-In	205,379	42.4%	42.4%	42.4%	-45,000	0	0	0	-
Sylvan/Hillsdale	17,504	0.0%	0.0%	0.0%	0	0	0	0	-
Westside	19,155,992	1.7%	1.8%	2.2%	-18,707	-13,807	61,178	483,292	\$0.89
Sunset Corridor/Hillsboro	16,016,329	0.9%	1.1%	1.5%	7,293	100,293	61,178	478,892	\$0.89
Westside Outlying	3,139,663	5.3%	5.3%	5.5%	-26,000	-114,100	0	4,400	\$0.77
I-5 Corridor	29,452,292	1.6%	1.7%	5.6%	-32,386	847,767	516,009	1,490,883	\$0.67
Yamhill County	4,911,577	0.6%	0.6%	0.6%	-16,249	40,134	0	40,149	\$0.99
Skamania County	96,285	0.0%	0.0%	0.0%	0	0	0	0	-
Columbia County	2,098,471	24.1%	24.1%	22.6%	9,511	-404,450	49,922	20,161	-
Clark County	26,030,783	1.4%	1.5%	4.0%	559,280	451,260	110,967	1,631,559	\$0.73
Camas/Washougal	2,215,135	0.8%	0.8%	0.8%	189,767	-9,816	0	189,767	-
Cascade Park	179,199	0.0%	0.0%	0.0%	0	0	0	0	-
CBD/West Vancouver	5,874,203	0.2%	0.2%	0.2%	190,960	233,460	0	446,730	\$0.64
Clark County Outlying	3,827,296	0.3%	0.3%	12.4%	-10,000	144,884	10,000	157,698	-
Hazel Dell/Salmon Creek	1,536,010	3.3%	4.2%	3.9%	-25,874	58,335	38,823	52,073	\$0.76
Orchards	5,401,488	0.8%	1.2%	4.2%	49,034	116,502	22,344	448,231	\$1.08
St. Johns/Central Vancouver	6,977,919	3.3%	3.3%	3.8%	165,393	-88,946	39,800	330,963	\$0.83
Vancouver Mall	19,533	16.2%	16.2%	16.2%	0	-3,159	0	6,097	-
Portland Total	220,099,618	3.1%	3.4%	5.1%	648,870	3,614,186	2,089,527	10,943,073	\$0.74
Business Parks									
10,000-49,999 SF	9,555,101	2.6%	3.3%	4.3%	4,955	120,683	155,839	971,191	\$0.89
50,000-149,999 SF	17,269,797	3.5%	4.4%	4.8%	-78,741	218,179	344,644	1,689,565	\$0.54
150,000+ SF	12,119,105	4.3%	4.6%	5.1%	303,586	51,262	224,698	1,189,873	\$0.52
BUSINESS PARKS TOTAL	38,944,003	3.5%	4.2%	4.8%	229,800	390,124	725,181	3,850,629	\$0.65

TOP SALE TRANSACTIONS FOR 1Q 2022

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Quad 217 Corporate Center	Corridor/Beaverton	105,208	\$21,700,000	\$206.26	Nyberg Family LLC	Clayco
9111-9151 SE McBrod Ave	Clackamas/Milwaukie	52,000	\$8,500,000	\$163.46	Joyce Speight	Unicorn Factory LLC
12620 SW Leveton Dr - Building #2	Tualatin	15,036	\$6,179,600	\$410.99	Anodize Solutions LLC	JC Ventures LLC
18055 NE San Rafael St	East Columbia Corridor	46,000	\$6,000,000	\$130.43	Deek Heykamp	Mmi Yamham LLC
1871-1891 NW Commerce Ct	East Columbia Corridor	23,896	\$4,500,000	\$188.32	PDX Trans, LLC	Endeavour USA LLC

TOP LEASE TRANSACTIONS FOR 1Q 2022

Property	Submarket	SF	Sale Date	Landlord	Tenant
1001 N Schmeer Rd	Airport Way	352,970	March 2022	Prologis, LP.	Undisclosed
11205 SE Jennifer St	Clackamas/Milwaukie	168,480	January 2022	Prologis, LP. & Norges Bank Investment Mgmt	Undisclosed
112th & Myslony Rd	Tualatin	138,598	March 2022	Phelan Development Company	Undisclosed
19050 NE Sandy Blvd	East Columbia Corridor	137,991	March 2022	Phelan Development Company	Undisclosed
9650 SW Herman Rd	Tualatin	86,350	January 2022	Oregon Wine Distributors	Ichor Systems, Inc

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery Date
Intel Expansion Project	2501 NE Century Blvd, Hillsboro	Sunset Corridor/Hillsboro	1,500,000	Intel Corporation	2Q 2022
Ridgefield Industrial Center	S Union Ridge Pkwy	Clark County	468,810	Specht Properties	2Q 2022
Portland-Hillsboro 3	4091 NE Constable St, Hillsboro	Sunset Corridor/Hillsboro	358,000	Flexential	2Q 2022
138 Logistic Center	4600 NE 138th Ave, Portland- Building B	East Columbia Corridor	273,500	Phelan Development	2Q 2023
T-S Corporate Park	21133 SW Cipole Pl, Sherwood - Building C	I-5 Corridor	271,870	Trammell Crow	2Q 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.

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**Commercial
Brokerage**

\$10.9B
TRANSACTION
VOLUME (ANNUAL)

49.7M
SALES SF
(ANNUAL)

43.7M
LEASING SF
(ANNUAL)

**Valuation
Advisory**

2,600+
APPRAISALS
ANNUALLY

51/24
TOTAL NO.
APPRAISERS/MAI'S

**Asset
Services**

62M
MANAGEMENT
PORTFOLIO SF

\$11B
IN ASSETS UNDER
MANAGEMENT

**km Kidder
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