

MARKET TRENDS

PORTLAND INDUSTRIAL

MARKET DRIVERS

Average asking lease rates gained 17.31% year-over-year (YOY) from \$0.71/SF NNN in 3Q 2021 to \$0.83/SF NNN in 3Q 2022.

Direct vacancy rates dropped 25% YOY from 4.0% in 3Q 2021 to 3% in 3Q 2022. Total availability rates decreased 2.17% YOY from 4.6% in 3Q 2021 to 4.5% in 3Q 2022.

Leasing activity decreased 21.06% YOY from 3.52 million SF in 3Q 2021 to 2.77 million SF in 3Q 2022. The most active submarkets were the Northeast and Clark County submarkets with 759,885 SF and 744,055 SF of total leasing activity respectively.

Sales volume grew by 62.2% YOY from 1.41 million SF in 3Q 2021 to 2.28 million SF in 3Q 2022.

1,137,126 SF of industrial space was delivered this quarter. There is currently 3.18 million SF of industrial space under construction.

ECONOMIC REVIEW

Manufacturing industries within the Portland-Vancouver-Hillsboro MSA gained 7.1% YOY to 131,900 jobs. Companies in the trade, transportation, and utilities fields grew 1.9% YOY to 225,900 jobs.

For August 2022, the Oregon unemployment rate increased slightly by 10 basis points (bps) to 3.7%. Comparatively, the Portland-Vancouver-Hillsboro MSA reported a 3.6% unemployment rate during this period.

NEAR-TERM OUTLOOK

The industrial market remains strong with extremely limited supply. Increased interest rates may decrease new speculative development further restricting supply.

MARKET SUMMARY

	3Q22	2Q22	3Q21	Annual Change
Direct Vacancy Rate	3.0%	3.2%	4.0%	-25.00%
Availability Rate	4.5%	4.6%	4.6%	-2.17%
Asking Lease Rate	\$0.83	\$0.78	\$0.71	17.31%
Leasing Activity (SF)	2,777,976	2,526,850	3,519,107	-21.06%
Sale Volume (SF)	2,287,839	1,698,693	1,410,482	62.20%
Net Absorption (SF)	1,431,875	2,529,421	960,092	N/A

↓ **2.7M SF**
LEASING ACTIVITY

↑ **1.4M SF**
NET ABSORPTION

↓ **3%**
VACANCY RATE

↑ **\$0.83**
ASKING RENT (AVG)

↑ **1.1M SF**
NEW DELIVERIES

Year-Over-Year Trend

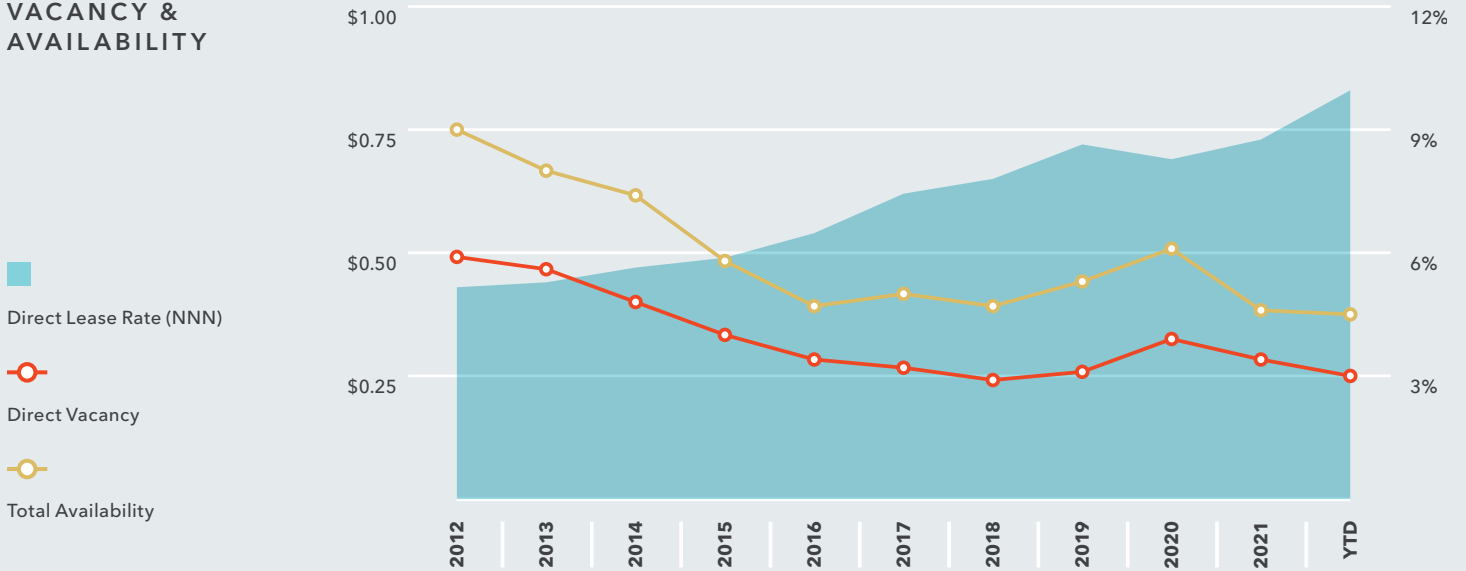
MARKET HIGHLIGHTS

Asking lease rates on average, rose 17.31% YOY to \$0.83/SF NNN

Direct vacancy rates decreased 25% YOY to 3%.

1,137,126 SF of industrial properties delivered this quarter

LEASE RATE, VACANCY & AVAILABILITY

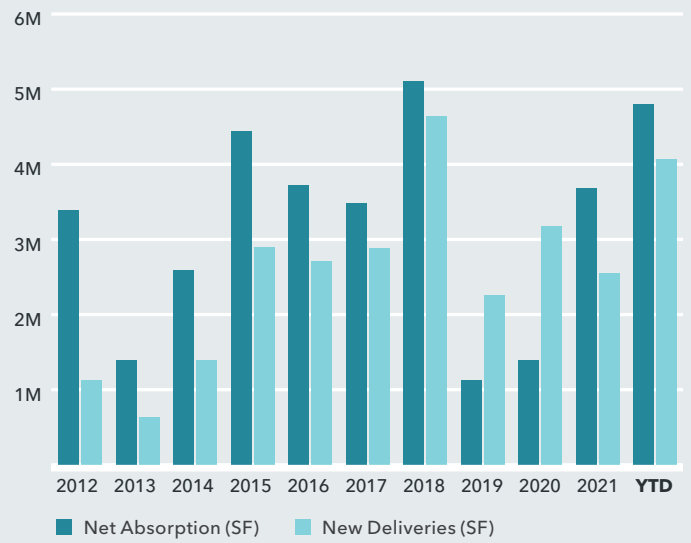


BIGGEST SALE OF THE QUARTER

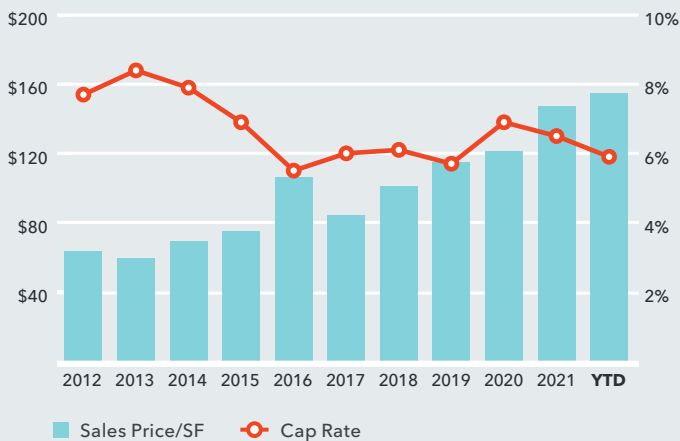
*Marine Drive Distribution Ctr
Portland, OR 97203*



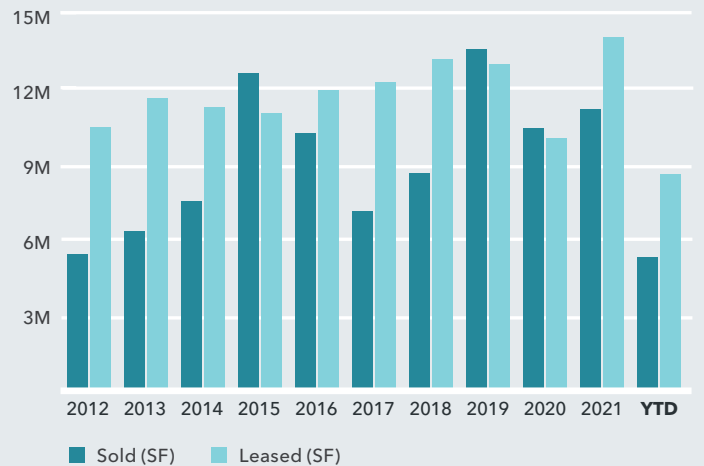
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Available Rate	3Q22 Total Net Absorption	YTD Total Net Absorption	3Q22 Total Leasing Activity	YTD Leasing Activity	Total Rental Rate (NNN)
Lloyd District	2,002,991	11.2%	11.2%	8.3%	-63,825	-59,135	0	88,695	\$1.57
Northeast	81,911,463	3.0%	3.4%	5.9%	582,859	1,138,663	759,885	3,547,965	\$0.76
Airport Way	17,057,365	4.0%	4.2%	4.6%	-19,110	177,402	279,140	1,134,396	\$0.76
East Columbia Corridor	30,134,936	1.8%	2.9%	7.0%	80,821	-70,261	281,676	1,227,612	\$0.79
Gateway	2,783,373	1.1%	1.7%	2.4%	-2,950	19,731	5,000	27,734	\$1.13
Gresham	1,190,911	4.4%	4.4%	7.7%	0	0	0	0	\$0.78
Hayden Isl/Swan Isl	10,064,955	4.3%	4.3%	5.6%	316,227	485,607	163,061	493,889	\$0.69
NE Close-In	3,950,142	1.9%	2.4%	2.9%	11,340	17,286	4,708	61,072	\$1.22
NE Outlying	59,724	0.0%	0.0%	0.0%	0	8,385	0	0	0
Rivergate	16,670,657	3.7%	3.8%	6.6%	196,531	500,513	26,300	603,262	\$0.55
CBD/Northwest	13,799,424	3.8%	3.9%	6.2%	-59,741	166,294	110,383	401,057	\$0.75
CBD	694,758	4.3%	4.3%	4.3%	0	26,823	0	26,823	-
Guilds Lake	12,240,855	3.9%	4.0%	6.3%	-62,741	132,537	110,383	371,984	\$0.73
NW Close-In	757,411	2.4%	2.4%	7.7%	3,000	6,934	0	2,250	\$0.80
NW Outlying	106,400	0.0%	0.0%	0.0%	0	0	0	0	0
Southeast	36,328,174	2.7%	2.8%	3.9%	149,229	405,088	311,424	1,060,166	\$0.82
Clackamas/Milwaukie	24,631,917	2.3%	2.3%	3.2%	102,729	504,935	282,856	942,509	\$0.74
Mall 205	386,208	6.0%	6.0%	6.0%	0	-9,134	0	0	\$0.72
Oregon City	1,194,439	0.2%	0.2%	0.2%	0	0	0	0	\$1.25
SE Close-In	5,839,419	5.1%	5.2%	6.6%	25,163	-32,277	26,568	91,497	\$0.89
SE Outlying	4,276,191	2.8%	2.8%	5.2%	21,337	-58,436	2,000	26,160	\$0.85
Southwest	6,001,521	5.1%	5.4%	4.9%	-2,194	-77,002	66,906	305,704	\$1.02
217 Corridor/Beaverton	3,874,914	6.0%	6.4%	4.5%	-694	-57,778	66,906	305,704	\$0.88
Barbur Blvd/Capitol Hwy	149,811	0.0%	0.0%	27.2%	0	0	0	0	-
Johns Landing	265,547	5.7%	5.7%	5.7%	-1,500	-1,500	0	0	\$1.50
North Beaverton	1,509,619	0.0%	0.0%	0.0%	0	0	0	0	-
SW Close-In	184,126	32.4%	32.4%	32.4%	0	-17,724	0	0	-
Sylvan/Hillsdale	17,504	0.0%	0.0%	0.0%	0	0	0	0	-
Westside	20,677,050	1.3%	1.4%	1.6%	396,961	1,899,848	296,625	461,869	\$0.97
Sunset Corridor/Hillsboro	17,537,387	1.1%	1.2%	1.3%	290,301	1,833,848	237,375	318,459	\$0.97
Westside Outlying	3,139,663	2.4%	2.4%	3.0%	106,660	66,000	59,250	143,410	-
I-5 Corridor	30,095,649	2.7%	2.8%	2.8%	189,687	484,546	485,698	1,477,357	\$0.74
Yamhill County	4,957,278	0.4%	0.4%	0.4%	11,535	-4,714	3,000	3,000	\$0.97
Skamania County	96,285	0.0%	0.0%	0.0%	0	0	0	0	-
Columbia County	2,402,532	19.5%	19.5%	20.9%	15,350	49,383	0	72,272	-
Clark County	27,255,012	3.1%	3.3%	2.7%	212,014	788,801	744,055	1,116,069	\$0.87
Camas/Washougal	2,213,975	0.8%	0.8%	2.1%	0	189,767	0	2,800	\$1.23
Cascade Park	182,788	1.9%	1.9%	1.9%	0	-3,429	0	0	-
CBD/West Vancouver	6,000,570	0.7%	0.7%	1.0%	20,450	180,758	261,450	262,700	\$0.88
Clark County Outlying	4,301,106	11.5%	11.5%	3.6%	-1,133	-19,101	345,886	365,886	-
Hazel Dell/Salmon Creek	1,558,586	0.3%	0.9%	3.5%	4,580	25,001	53,517	120,521	\$0.80
Orchards	5,981,832	3.2%	3.3%	4.1%	32,779	129,485	55,156	113,190	\$0.98
St. Johns/Central Vancouver	6,996,722	1.0%	1.6%	2.5%	155,338	286,320	28,046	250,972	\$0.90
Vancouver Mall	19,533	16.2%	16.2%	16.2%	0	0	0	0	-
Portland Total	225,527,379	3.0%	3.3%	4.5%	1,431,875	4,791,772	2,777,976	8,534,154	\$0.83
10,000-49,999 SF	9,585,722	2.3%	3.1%	4.1%	-12,262	20,923	129,170	547,066	\$0.98
50,000-149,999 SF	17,196,482	2.6%	3.0%	6.6%	76,407	179,038	463,125	1,383,547	\$0.74
150,000+ SF	12,116,282	3.6%	3.8%	2.2%	109,222	394,441	190,367	1,116,137	\$0.73
Business Parks Total	38,898,486	2.9%	3.3%	4.6%	173,367	594,402	782,662	3,046,750	\$0.86

TOP SALE TRANSACTIONS 3Q 2022

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Marine Drive Distribution Center	Rivergate	590,770	\$105,000,000	\$177.73	LBA Logistics	Clarion Partners
27255 SW 95th Ave	Wilsonville	508,277	\$60,600,000	\$119.23	Nuveen	LXP Industrial Trust
3204 NW 38th Cir.	CBD/West Vancouver	306,000	\$46,500,000	\$151.96	Prologis	Hawthorne Gardening Co.
9400 SW Barber St	Wilsonville	40,000	\$11,170,000	\$279.25	STAG Industrial, Inc.	Makbar LLC
4320 N Suttle Rd- Bldg 1	Rivergate	10,920	\$9,600,000	\$879.12	Jb Hunt Transport Inc.	Triggco Real Estate LLC

TOP LEASE TRANSACTIONS 3Q 2022

Property	Submarket	SF	Transaction Date	Landlord	Tenant
3204 NW 38th Circ.	CBD/West Vancouver	259,148	September 2022	Prologis	Hawthorne Gardening Co.
5505 NW Huffman St	Sunset Corridor/Hillsboro	137,920	August 2022	Majestic Realty Co.	D B Schenker
6800-6840 N Cutter Circ.	Hayden Island/Swan Island	88,212	September 2022	Maletis Real Estate Holding LLC	Focus Global Logistics
29555-29899 SW Boones Ferry Rd	Wilsonville	81,305	August 2022	LBA	PODS Enterprises
23040-23070 NE Townsend Way	East Columbia Corridor	76,000	September 2022	Invesco Advisers, Inc.	Walmart

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Prologis Meadows	1001 N Schmeer Rd, Portland	Airport Way	700,000	Prologis	4Q 2022
Sherwood Commerce Center	21600 SW Oregon St, Sherwood	I-5 Corridor Outlying	435,107	Schnitzer Prop. / Mainlander Inv.	2Q 2023
Pactrust Corporate Park	4203-4215 NE 78th St, Vancouver	Hazel Dell/Salmon Creek	293,262	PacTrust	1Q 2023
138 Logistics Center Building A	4600 NE 138th Ave, Portland	East Columbia Corridor	273,500	Phelan Development Company	2Q 2023
138 Logistics Center Building B	4600 NE 138th Ave, Portland	East Columbia Corridor	216,200	Phelan Development Company	2Q 2023

Data Source: CoStar, U.S. Bureau of Labor Statistics



Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 20 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 ANNUALLY	49.7M ANNUAL SALES SF	43.7M ANNUAL LEASING SF
ASSET SERVICES	52M MANAGEMENT PORTFOLIO SF	875+ ASSETS UNDER MANAGEMENT	270+ ASSET SERVICES CLIENTS
VALUATION ADVISORY	2,600+ ASSIGNMENTS ANNUALLY	47 TOTAL APPRAISERS	24 WITH MAI DESIGNATIONS

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