

MARKET TRENDS

PORTLAND INDUSTRIAL

MARKET DRIVERS

Average asking lease rates saw slight increases both year-over-year (YOY) and quarter-over-quarter (QOQ); Starting at \$0.86/SF NNN in 1Q 2023, increasing to \$0.86/SF NNN in 4Q 2023, and ending at \$0.88/SF NNN in 1Q 2024. Although face rental rates are maintaining stable, net effective rates persist at lower levels, primarily attributed to heightened instances of rental abatement and above-standard tenant improvements as well as the significant amount of quality sublease space coming on the market.

Direct vacancy rates grew 130 basis points (bps) YOY from 2.6% in 1Q 2023 to 3.9% in 1Q 2024. Total availability rates increased by 300 bps YOY from 4.7% to 7.7% in 1Q 2024. This increase is just below the 5-year high of 4.0% measured in 1Q and 2Q of 2021.

Leasing activity decreased 40.0% YOY from 1.9M SF in 1Q 2023 to 1.1M SF in 1Q 2024. This is the lowest recorded quarter in the past 2 decades. Throughout 2023, there was 9.8M SF of activity, the lowest since 2020. To reach these marks, there will need to be a large uptick in activity in the following quarters.

Industrial sale activity dropped from 1.2M SF in 1Q 2023 to 360.3k SF, a steep departure from previous quarters.

2.5M SF of industrial space was delivered in 2023, with another 3.2M SF under construction.

ECONOMIC REVIEW

In February, the Manufacturing sector within the Portland-Vancouver-Hillsboro MSA fell slightly by 3.7% YOY to 122.5k jobs. The Trade, Transportation, and Utilities sector also fell YOY by 2.1% to 220.7k jobs. The statewide unemployment rate in Oregon was 4.2% and the Portland-Vancouver-Hillsboro MSA reported 4.7%.

NEAR-TERM OUTLOOK

Direct vacancy and total availability ticked up QOQ to 3.9% and 7.5% respectively.

Net absorption totaled 13.6k SF in 2023, the lowest annual total recorded this century. The Rivergate submarket accounted for negative 1.3M SF of the region's net absorption in 2023, and continues to drag the region down, accounting for 68.2% of the negative 763.7k SF.

Market Summary

	1Q24	4Q23	1Q23	YOY Change
Direct Vacancy Rate	3.9%	3.7%	2.6%	130-bps
Total Availability Rate	7.5%	6.7%	4.7%	280-bps
Direct Asking Lease Rate	\$0.88	\$0.87	\$0.86	2.3%
	1Q24	2023 Total	1Q23	YOY Change
Total Lease Transactions	1,145,771	9,826,910	1,911,165	-40.0%
Sale Transactions	360,250	4,152,542	1,199,338	-70.0%
Direct Net Absorption	(763,687)	13,613	512,533	N/A

↓ **360K SF**
LEASING ACTIVITY

↓ **-764K SF**
NET ABSORPTION

↑ **3.9%**
VACANCY RATE

↑ **\$0.88/SF**
ASKING RENT (AVG)

↓ **41K SF**
NEW DELIVERIES

Year-Over-Year Trend

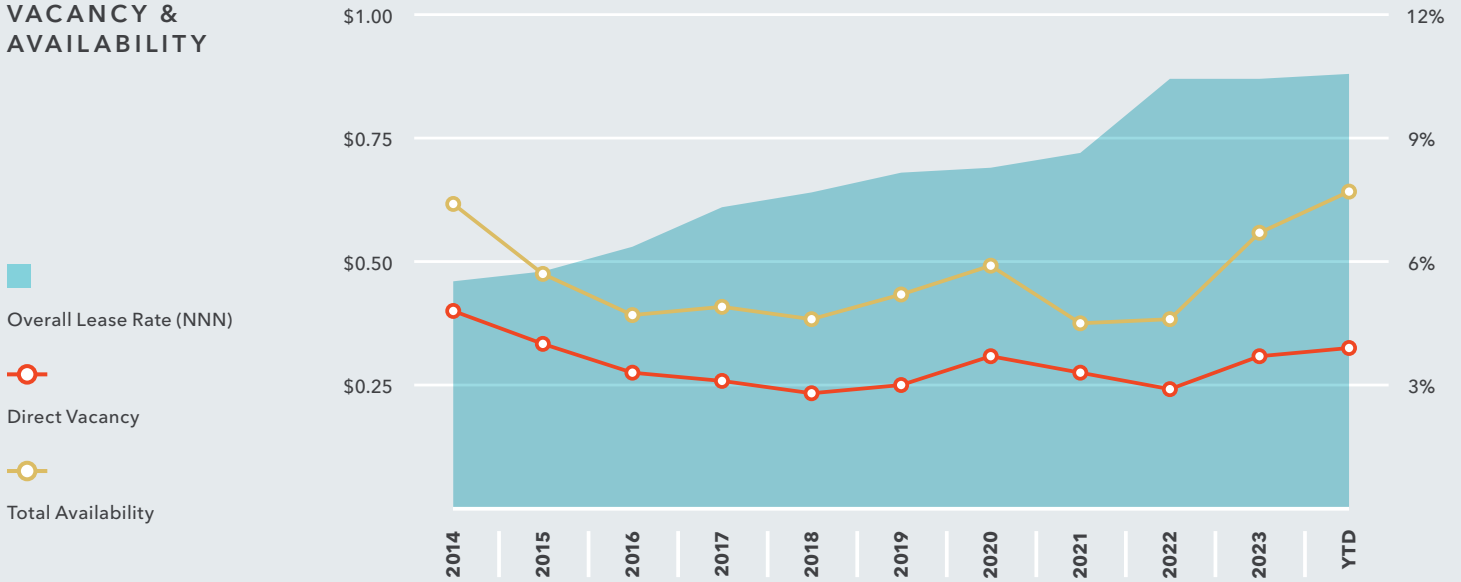
Market Highlights

DIRECT VACANCIES increased by 130 bps YOY to 3.9%

AVERAGE ASKING RATES have steadily increased from \$0.86/SF NNN to \$0.88/SF since 1Q 2023

TOTAL NET ABSORPTION in 1Q 2024 was -763.7k SF

LEASE RATE, VACANCY & AVAILABILITY

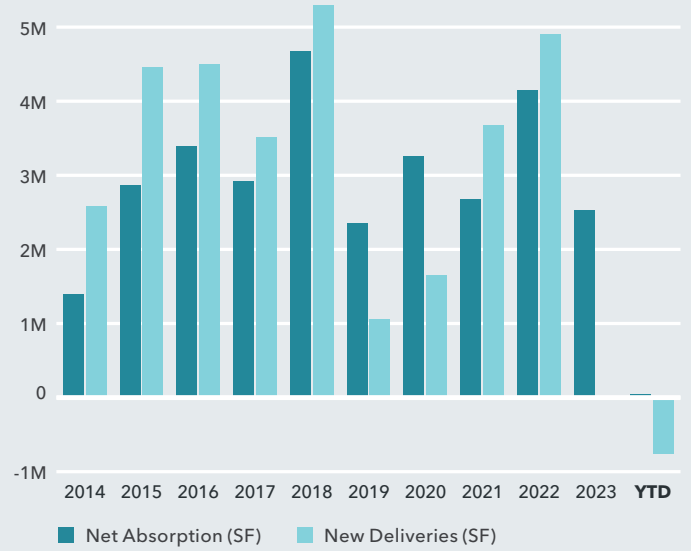


BIGGEST SALE OF THE QUARTER

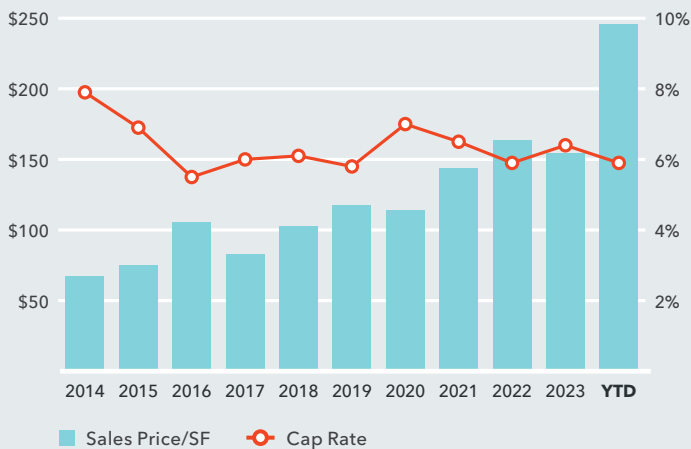
*3380 NW 215th Ave
Hillsboro, Oregon*



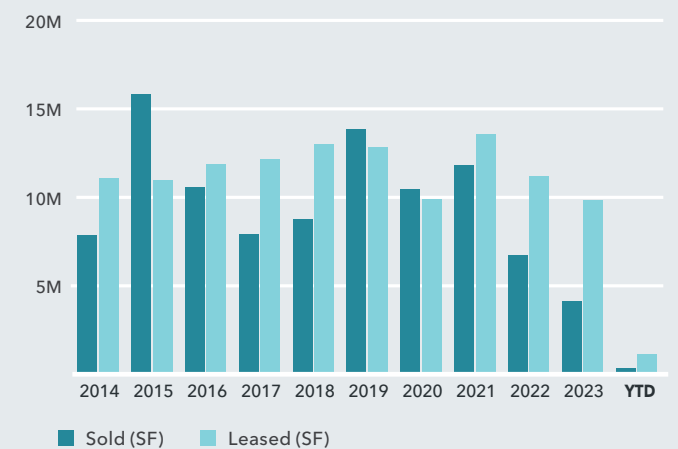
NET ABSORPTION & NEW DELIVERIES



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 2024 Total Net Absorption	YTD Total Net Absorption	Q1 2024 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
Lloyd District	2,154,193	6.2%	6.2%	14.6%	51,646	51,646	0	0	\$1.28
Airport Way	17,436,097	4.0%	4.9%	5.1%	-71,856	-71,856	75,377	75,377	\$0.78
East Columbia Corridor	30,563,246	4.0%	6.2%	9.6%	-206,474	-206,474	397,851	397,851	\$0.87
Gateway	2,778,320	5.7%	5.7%	11.9%	-126,735	-126,735	0	0	\$0.83
Gresham	1,196,761	9.1%	9.1%	12.7%	-16,185	-16,185	0	0	\$0.85
Hayden Isl/Swan Isl	10,532,464	2.0%	2.0%	5.5%	-49,348	-49,348	6,951	6,951	\$1.14
NE Close-In	4,026,565	3.2%	3.3%	6.3%	-12,441	-12,441	1,455	1,455	\$1.22
NE Outlying	65,497	11.9%	11.9%	11.9%	-7,805	-7,805	0	0	0
Rivergate	16,976,796	9.5%	13.3%	15.5%	-520,676	-520,676	0	0	\$0.62
Northeast	83,575,746	5.0%	6.7%	9.3%	-1,011,520	-1,011,520	481,634	481,634	\$0.82
CBD	666,194	13.9%	13.9%	13.9%	0	0	0	0	0
Guilds Lake	13,048,817	6.4%	6.4%	11.4%	11,240	11,240	117,086	117,086	\$0.83
NW Close-In	720,076	5.3%	5.3%	10.9%	-20,000	-20,000	0	0	\$1.04
NW Outlying	133,800	0.0%	0.0%	0.0%	0	0	0	0	0
CBD/Northwest	14,568,887	6.6%	6.6%	11.4%	-8,760	-8,760	117,086	117,086	\$0.84
Clackamas/Milwaukie	25,379,608	1.3%	1.4%	2.6%	88,101	88,101	79,442	79,442	\$0.87
Mall 205	401,785	2.7%	2.7%	6.8%	185	185	1,420	1,420	\$1.50
Oregon City	1,352,205	1.4%	1.4%	9.2%	-2,030	-2,030	4,450	4,450	\$1.02
SE Close-In	5,676,954	7.2%	7.6%	9.7%	-16,875	-16,875	12,177	12,177	\$0.98
SE Outlying	4,544,148	2.7%	2.8%	6.1%	10,645	10,645	15,600	15,600	\$0.79
Southeast	37,354,700	2.4%	2.6%	4.4%	80,026	80,026	113,089	113,089	\$0.92
217 Corridor/Beaverton	3,887,127	1.7%	1.7%	2.5%	-3,435	-3,435	7,421	7,421	\$0.76
Barbur Blvd/Capitol Hwy	152,131	0.0%	0.0%	0.0%	0	0	0	0	0
Johns Landing	248,404	3.8%	3.8%	3.8%	6,952	6,952	0	0	\$1.59
North Beaverton	1,890,277	0.2%	0.2%	0.2%	-4,000	-4,000	0	0	0
SW Close-In	184,126	9.6%	9.6%	9.6%	0	0	0	0	0
Sylvan/Hillsdale	17,504	0.0%	0.0%	0.0%	0	0	0	0	0
Southwest	6,379,569	1.5%	1.5%	2.0%	-483	-483	7,421	7,421	\$0.88
Sunset Corridor/Hillsboro	17,820,090	1.1%	1.2%	1.7%	-1,461	-1,461	7,955	7,955	\$1.11
Westside Outlying	3,084,373	0.6%	0.7%	6.0%	0	0	750	750	0
Westside	20,904,463	1.0%	1.1%	2.3%	-1,461	-1,461	8,705	8,705	\$1.11
I-5 Corridor	30,679,001	1.8%	2.0%	6.3%	-25,807	-25,807	100,557	100,557	\$0.88
Yamhill County	4,757,294	1.1%	1.1%	2.4%	-4,380	-4,380	5,725	5,725	\$0.99
Skamania County	103,485	0.0%	0.0%	0.0%	0	0	0	0	0
Columbia County	2,482,466	17.7%	17.7%	29.5%	21,119	21,119	0	0	0

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SUBMARKET STATISTICS CONTINUED

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q1 2024 Total Net Absorption	YTD Total Net Absorption	Q1 2024 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
Camas/Washougal	2,326,040	1.5%	1.5%	2.3%	-2,400	-2,400	6,250	6,250	\$1.36
Cascade Park	192,888	0.0%	0.0%	0.0%	0	0	0	0	0
CBD/West Vancouver	6,022,614	3.0%	3.0%	4.5%	71,800	71,800	22,800	22,800	\$0.78
Clark County Outlying	4,459,330	2.0%	3.6%	3.6%	33,875	33,875	0	0	0
Hazel Dell/Salmon Creek	1,849,266	1.7%	1.7%	15.6%	35,643	35,643	32,366	32,366	\$0.84
Orchards	6,908,970	13.0%	13.1%	28.1%	50,043	50,043	62,392	62,392	\$1.10
St. Johns/Central Vancouver	7,034,954	3.0%	3.0%	5.2%	-54,710	-54,710	11,060	11,060	\$0.93
Vancouver Mall	14,340	22.0%	22.0%	22.0%	0	0	0	0	0
Clark County	28,808,402	5.0%	5.3%	10.7%	134,251	134,251	134,868	134,868	\$0.88
Submarket Total	231,768,206	3.9%	4.6%	7.7%	-765,369	-765,369	969,085	969,085	\$0.88

BUSINESS PARK STATISTICS

Business Parks	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q1 2024 Total Net Absorption	YTD Total Net Absorption	Q1 2024 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
10,000-49,999 SF	9,594,657	4.7%	4.8%	6.1%	-5,507	-5,507	165,611	165,611	\$1.10
50,000-149,999 SF	17,360,480	6.7%	7.4%	9.6%	-309,428	-309,428	262,477	262,477	\$0.80
150,000+ SF	11,947,203	6.7%	10.5%	12.5%	-527,617	-527,617	209,060	209,060	\$0.73
Business Park Total	38,902,340	6.2%	7.7%	9.7%	(842,552)	(842,552)	637,148	637,148	\$0.92

BIGGEST LEASE OF THE QUARTER

5545 NE 148th Ave
Portland, Oregon



SIGNIFICANT SALE TRANSACTIONS 1Q 2024

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
3380 NW 215th Ave	Sunset Corridor/Hillsboro	90,792	\$31,750,000	\$349.70	Landmark Dividend	Washington Capital Management, Inc.
12055-12067 NE Glenn Widing Dr*	Airport Way	132,294	\$24,525,000	\$185.38	BKM PDX Distribution Center 916, LLC	Stockbridge Airport Way, LLC
29125 SW Casting St	Wilsonville	37,027	\$8,150,000	\$220.11	The SMARTCAP Group, Inc.	NBP Capital
2818 E 2nd St	St Johns/Cntrl Vancouver	27,390	\$4,346,500	\$158.69	Lsp Outdoor LLC	3530 Nw LLC
16791 SE 120th Ave	Clackamas/Milwaukie	8,476	\$3,600,000	\$424.73	H&R Homes & Development Inc	CMT Properties LLC

SIGNIFICANT LEASE TRANSACTIONS 1Q 2024

Property	Submarket	SF	Transaction Date	Landlord	Tenant
5545 NE 148th Ave	East Columbia Corridor	122,810	March 2024	Prologis, Inc	Ball Corporation
3571-3599 NW Yeon Ave	Guilds Lake	86,250	January 2024	Prologis, Inc	Performance Contracting
22657 NE Townsend Way	East Columbia Corridor	70,153	January 2024	Invesco Advisers, Inc.	WEG
18285-18557 NE Halsey St	East Columbia Corridor	60,000	March 2024	Undisclosed	Interstate Batteries
24001 NE Sandy Blvd	East Columbia Corridor	37,769	March 2024	Undisclosed	BMW Constructors

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Bridge Point Vancouver 600	NE 162nd & 58th St, Vancouver	Orchards	647,762	Bridge Industrial	3Q 2024
GV5	NE Glisan St, Gresham	East Columbia Corridor	533,212	Gve Associates LLC	2Q 2025
Prologis Meadows West	1501 N Schmeer Rd, Portland	Hayden Island/ Swan Island	293,000	Prologis	2Q 2024
Hidden Glen Industrial	6920-7000 NE St. Johns Rd, Vancouver	Hazel Dell/ Salmon Creek	283,662	PCCP/ Panattoni Development	2Q 2024
Camas Meadows Industrial Park	5050 NW Camas Meadows Dr, Camas	Camas/Washougal	187,106	Panattoni	2Q 2024

Data Source: EDD, CoStar



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COMMERCIAL BROKERAGE	\$10B 3-YEAR AVERAGE TRANSACTION VOLUME	31.7M ANNUAL SALES SF	42.4M ANNUAL LEASING SF
ASSET SERVICES	51M SF MANAGEMENT PORTFOLIO SIZE	750+ ASSETS UNDER MANAGEMENT	250+ CLIENTS SERVED
VALUATION ADVISORY	2,600+ 3-YEAR AVERAGE ASSIGNMENTS	43 TOTAL APPRAISERS	25 WITH MAI DESIGNATIONS

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