

## MARKET TRENDS

# PORTLAND INDUSTRIAL

### MARKET DRIVERS

Average asking lease rates did not change year-over-year (YOY) or quarter-over-quarter (QOQ); remaining at \$0.88 in all three timeframes. Although asking rates haven't changed, the net effective rates have lowered due to increased tenant improvement allowances and free rent.

Direct vacancy rates grew 210 basis points (bps) YOY from 2.4% to 4.5% in 2Q 2024. This increase is just above the previous 5-year high of 4.0% measured in 2Q 2021. Total availability rates increased by 240 bps YOY from 5.2% to 7.6% in 2Q 2024, also a new high for seen in the past 5-years.

Leasing activity decreased 53.1% YOY from 2.9M SF to 1.4M SF in 2Q 2024. This is an improvement from last quarter, but cumulatively, there has been a 32.8% dip in activity when comparing the first half of each year.

Industrial sale activity dropped from 1.2M SF in 2Q 2023 to 1.0M SF, a reassuring bounce back from the last quarter.

445.0k SF of industrial space was delivered in 2023, with another 2.3M SF of industrial space under construction.

### ECONOMIC REVIEW

In April, the Manufacturing sector within the Portland-Vancouver-Hillsboro MSA fell by 2.9% YOY to 123.0k jobs, and the Trade, Transportation, and Utilities sector fell by 1.1% to 221.4k jobs.

The statewide unemployment rate in Oregon was 4.2% and the Portland-Vancouver-Hillsboro MSA reported 3.6%.

### NEAR-TERM OUTLOOK

Direct vacancy and total availability increased QOQ to 4.5% and 7.6% respectively.

Net absorption posted its fourth consecutive negative quarter at -1.2M SF. The last time the market saw four quarters of negative net absorption was in 2009, which was the lowest year recorded for this metric.

## Market Summary

	2Q24	1Q24	2Q23	YOY Change
Direct Vacancy Rate	4.5%	3.9%	2.4%	<b>210-bps</b>
Total Availability Rate	7.6%	7.5%	5.2%	<b>240-bps</b>
Direct Asking Lease Rate	\$0.88	\$0.88	\$0.88	<b>0.0%</b>

	2Q24	YTD 2024	YTD 2023	YOY Change
Total Lease Transactions	1,393,434	3,104,770	4,617,902	<b>-32.8%</b>
Sale Transactions	1,000,799	1,542,450	2,445,688	<b>-36.9%</b>
Direct Net Absorption	(1,189,664)	(1,669,895)	1,128,938	<b>N/A</b>

↓ **1.4M SF**  
LEASING ACTIVITY

↓ **-1.2M SF**  
NET ABSORPTION

↑ **4.5%**  
VACANCY RATE

↔ **\$0.88/SF**  
ASKING RENT (AVG)

↑ **445K SF**  
NEW DELIVERIES

Year-Over-Year Trend

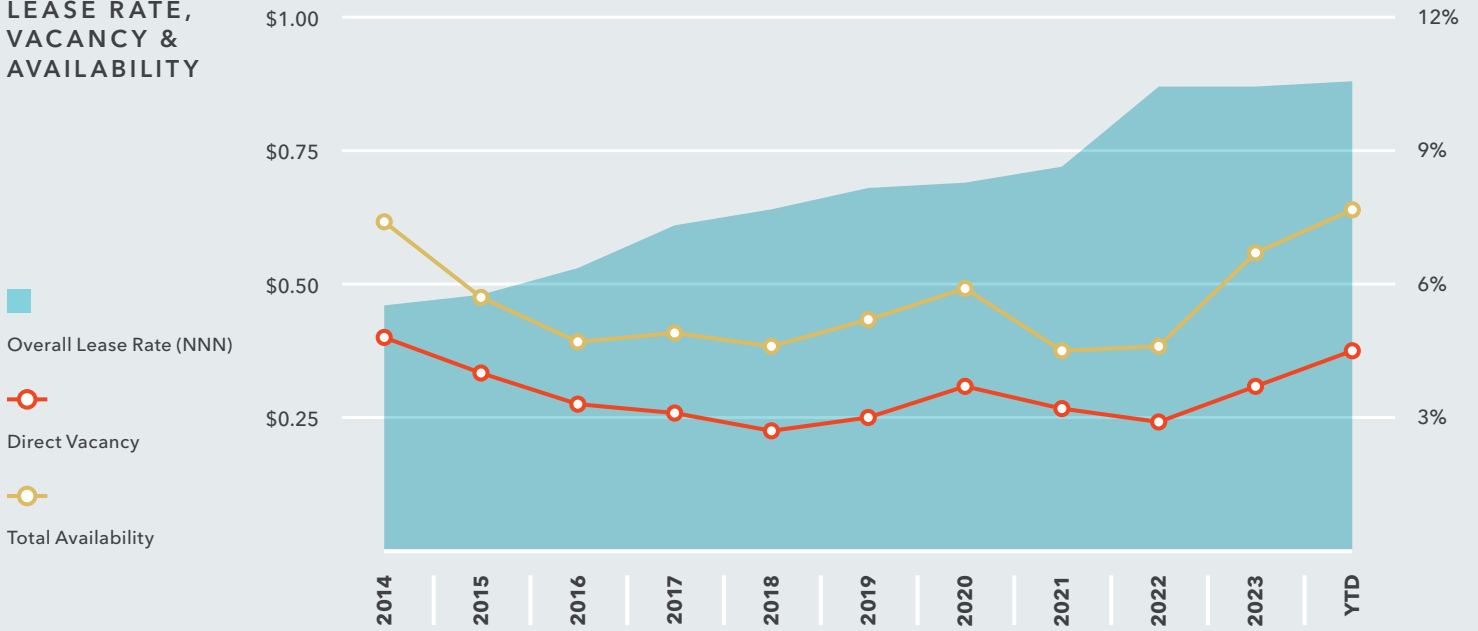
## Market Highlights

**DIRECT VACANCIES** increased by 210 bps YOY to 4.5%.

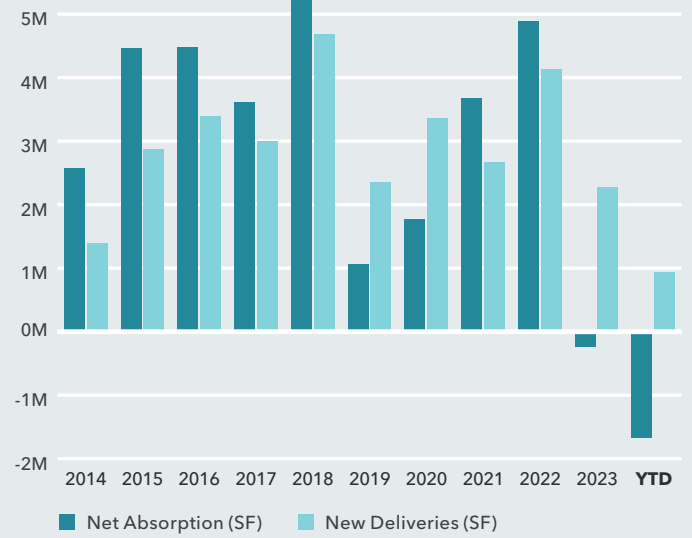
**AVERAGE ASKING RATES** were measured at \$0.88 NNN in 2Q 2023 and 2024.

**TOTAL NET ABSORPTION** in 2Q 2024 was -1.2M SF.

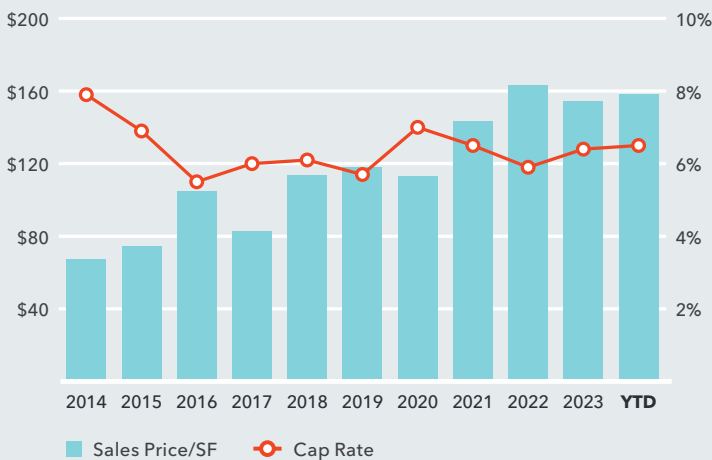
### LEASE RATE, VACANCY & AVAILABILITY



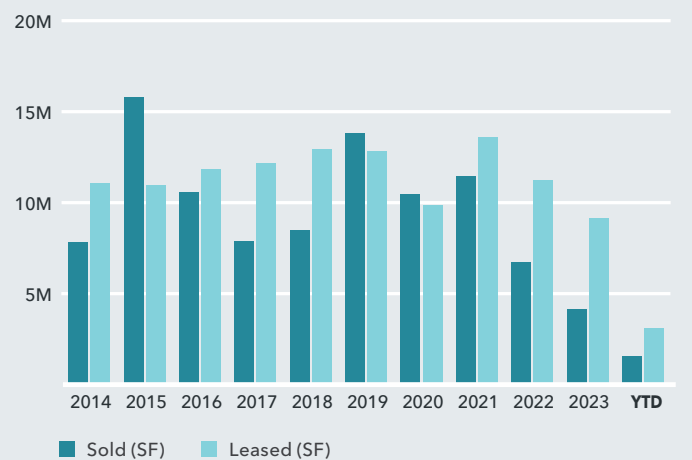
### NET ABSORPTION & NEW DELIVERIES



### AVERAGE SALES PRICE/SF & CAP RATE



### SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q2 2024 Total Net Absorption	YTD Total Net Absorption	Q2 2024 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
<b>Lloyd District</b>	<b>2,154,193</b>	<b>7.3%</b>	<b>7.3%</b>	<b>13.8%</b>	<b>-11,262</b>	<b>27,016</b>	<b>11,844</b>	<b>11,844</b>	<b>\$1.28</b>
Airport Way	17,580,778	4.0%	4.9%	6.2%	-8,590	-87,946	11,262	100,280	\$0.79
East Columbia Corridor	30,275,746	4.6%	7.3%	10.3%	-320,519	-538,653	153,668	555,220	\$0.86
Gateway	2,784,320	7.1%	7.1%	11.1%	-37,215	-166,450	18,000	18,000	\$0.82
Gresham	1,210,301	8.0%	8.0%	11.1%	-2,612	-4,797	0	0	\$0.86
Hayden Isl/Swan Isl	10,764,456	1.9%	1.9%	5.1%	13,372	257,024	23,239	144,382	\$1.12
NE Close-In	4,027,532	4.9%	5.0%	6.1%	-67,026	-79,467	12,943	17,398	\$1.17
NE Outlying	65,497	9.8%	9.8%	9.8%	1,385	-6,420	0	0	0
Rivergate	16,763,228	11.1%	13.5%	14.7%	-42,656	-548,860	60,352	60,352	\$0.64
<b>Northeast</b>	<b>83,471,858</b>	<b>5.6%</b>	<b>7.3%</b>	<b>9.5%</b>	<b>-463,861</b>	<b>-1,175,569</b>	<b>279,464</b>	<b>895,632</b>	<b>\$0.83</b>
CBD	666,194	13.9%	13.9%	13.9%	0	0	0	0	0
Guilds Lake	13,035,416	10.3%	10.3%	13.2%	-502,444	-491,204	58,386	326,835	\$0.87
NW Close-In	720,076	5.0%	5.0%	10.6%	2,130	-17,870	0	0	\$1.04
NW Outlying	133,800	0.0%	0.0%	0.0%	0	0	0	0	0
<b>CBD/Northwest</b>	<b>14,555,486</b>	<b>10.1%</b>	<b>10.1%</b>	<b>13.0%</b>	<b>-500,314</b>	<b>-509,074</b>	<b>58,386</b>	<b>326,835</b>	<b>\$0.88</b>
Clackamas/Milwaukie	25,511,738	1.7%	2.0%	3.0%	-137,537	-49,436	139,559	233,450	\$0.84
Mall 205	401,785	1.7%	1.7%	6.2%	4,152	4,337	0	1,420	\$1.50
Oregon City	1,357,285	1.6%	1.6%	9.3%	-2,000	-4,030	680	5,130	\$1.02
SE Close-In	5,668,179	6.2%	6.6%	8.4%	56,790	40,545	4,690	17,367	\$0.92
SE Outlying	4,559,540	3.1%	3.2%	3.6%	-19,505	-8,860	64,000	79,600	\$0.82
<b>Southeast</b>	<b>37,498,527</b>	<b>2.6%</b>	<b>2.8%</b>	<b>4.2%</b>	<b>-98,100</b>	<b>-17,444</b>	<b>208,929</b>	<b>336,967</b>	<b>\$0.89</b>
217 Corridor/Beaverton	3,906,050	1.9%	2.1%	3.2%	-14,833	-18,268	27,694	35,115	\$0.84
Barbur Blvd/Capitol Hwy	152,131	0.0%	0.0%	0.0%	0	0	0	0	0
Johns Landing	248,404	0.0%	0.0%	0.0%	9,429	16,381	9,429	9,429	\$1.54
North Beaverton	1,906,485	0.2%	0.2%	0.2%	4,000	-3,000	9,380	9,380	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
<b>Southwest</b>	<b>6,414,700</b>	<b>1.5%</b>	<b>1.6%</b>	<b>2.3%</b>	<b>-1,404</b>	<b>-4,887</b>	<b>46,503</b>	<b>53,924</b>	<b>\$0.97</b>
Sunset Corridor/Hillsboro	18,428,551	1.3%	1.4%	1.7%	-40,799	-44,276	68,176	80,135	\$1.22
Westside Outlying	3,239,873	7.2%	9.0%	9.2%	-113,188	-113,188	0	750	0
<b>Westside</b>	<b>21,668,424</b>	<b>2.2%</b>	<b>2.5%</b>	<b>2.8%</b>	<b>-153,987</b>	<b>-157,464</b>	<b>68,176</b>	<b>80,885</b>	<b>\$1.05</b>
<b>I-5 Corridor</b>	<b>31,240,776</b>	<b>2.9%</b>	<b>3.5%</b>	<b>5.1%</b>	<b>-30,532</b>	<b>-56,339</b>	<b>646,359</b>	<b>829,912</b>	<b>\$0.84</b>
<b>Yamhill County</b>	<b>4,767,734</b>	<b>0.7%</b>	<b>0.7%</b>	<b>2.2%</b>	<b>17,900</b>	<b>13,520</b>	<b>0</b>	<b>148,985</b>	<b>\$1.25</b>
<b>Skamania County</b>	<b>103,485</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Columbia County</b>	<b>2,493,546</b>	<b>18.3%</b>	<b>18.3%</b>	<b>30.2%</b>	<b>-18,500</b>	<b>2,619</b>	<b>0</b>	<b>0</b>	<b>0</b>

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SUBMARKET STATISTICS CONTINUED

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q2 2024 Total Net Absorption	YTD Total Net Absorption	Q2 2024 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
Camas/Washougal	2,313,240	1.1%	1.1%	2.0%	11,150	8,750	2,400	179,701	\$1.12
Cascade Park	192,888	0.0%	0.0%	0.0%	0	0	0	0	0
CBD/West Vancouver	6,022,614	2.5%	2.5%	2.8%	31,253	103,053	1,000	60,457	\$0.83
Clark County Outlying	4,467,741	1.4%	2.5%	2.3%	51,449	85,324	9,685	9,685	0
Hazel Dell/Salmon Creek	1,861,016	1.8%	1.8%	17.1%	-1,390	34,353	6,620	38,986	\$0.82
Orchards	6,906,514	12.9%	13.0%	28.3%	2,660	54,003	56,602	120,294	\$1.09
St. Johns/Central Vancouver	7,055,452	3.2%	3.2%	5.9%	-23,015	-76,045	14,378	27,575	\$0.95
Vancouver Mall	14,340	34.0%	34.0%	34.0%	-1,711	-1,711	0	0	0
<b>Clark County</b>	<b>28,833,805</b>	<b>4.9%</b>	<b>5.0%</b>	<b>10.4%</b>	<b>70,396</b>	<b>207,727</b>	<b>90,685</b>	<b>436,698</b>	<b>\$0.89</b>
<b>Submarket Total</b>	<b>233,202,534</b>	<b>4.5%</b>	<b>5.3%</b>	<b>7.7%</b>	<b>-1,189,664</b>	<b>-1,669,895</b>	<b>1,410,346</b>	<b>3,121,682</b>	<b>\$0.88</b>

BUSINESS PARK STATISTICS

Business Parks	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q2 2024 Total Net Absorption	YTD Total Net Absorption	Q2 2024 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
10,000-49,999 SF	9,619,527	4.3%	4.4%	5.5%	29,028	23,521	66,276	247,544	\$1.08
50,000-149,999 SF	17,365,335	6.0%	6.5%	9.6%	166,969	-148,619	224,442	583,854	\$0.81
150,000+ SF	11,957,166	8.1%	11.7%	12.3%	-144,499	-672,116	45,240	254,300	\$0.73
<b>Business Park Total</b>	<b>38,942,028</b>	<b>6.2%</b>	<b>7.6%</b>	<b>9.4%</b>	<b>51,498</b>	<b>(797,214)</b>	<b>335,958</b>	<b>1,085,698</b>	<b>\$0.93</b>

BIGGEST LEASE OF THE QUARTER

*Wilsonville Distribution Center  
29555 SW Boones Ferry Rd  
Wilsonville, Oregon*



**SIGNIFICANT SALE TRANSACTIONS 2Q 2024**

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
6447 N Cutter Cir	Hayden Island/Swan Island	212,015	\$32,500,000	\$153.29	Midway Logistics Portland LP	North Cutter LLC
20707 SW Wildrose Pl	Sherwood	100,350	\$16,950,000	\$168.91	STAG Industrial Holdings LLC	Bullfrog, LLC
13636 N Columbia Blvd	Rivergate	140,725	\$14,400,000	\$102.33	Columbia Gateway Llc	PDX 13635 N Lombard LLC
20050 SW 112th Ave	Tualatin	60,405	\$11,000,000	\$182.10	Pacific NW Properties	Tamarish Tualatin LLC
8330 SW Hunziker St	Tigard	21,654	\$4,850,000	\$223.98	Semler Llc	Hunziker Two Llc

**SIGNIFICANT LEASE TRANSACTIONS 2Q 2024**

Property	Submarket	SF	Transaction Date	Landlord	Tenant
29555 SW Boones Ferry Rd	Wilsonville	516,693	May 2024	LBA Logistics	Wymore Transfer Co.
12345 SW Leveton Dr	Tualatin	140,300	May 2024	Newmark Properties	Veris IndustriesCostco
15311-15427 NE Airport Way	East Columbia Corridor	109,200	April 2024	Stockbridge Capital Group, LLC	Costco
20050 SW 112th Ave	Tualatin	60,405	April 2024	Pacific NW Properties	ZINC FIVE
10425 N Bloss Ave	Rivergate	60,352	April 2024	Heron Leasing Company	Swan Island Sheet Metal

**SIGNIFICANT UNDER CONSTRUCTION**

Property	Address	Submarket	SF	Owner	Delivery
Bridge Point Vancouver 600	NE 162nd & 58th St	Orchards	647,762	Bridge Industrial	3Q 2024
GV5	NE Glisan St, Gresham	East Columbia Corridor	533,212	Gve Associates LLC	2Q 2025
Vancouver Logistics Phase II	7704 NE 88th St	Orchards	338,719	Capacity Commercial Group LLC	3Q 2024
Hidden Glen Industrial	6920-7000 NE St. Johns Rd, Vancouver	Hazel Dell/ Salmon Creek	283,662	PCCP/ Panattoni Development	3Q 2024
Camas Meadows Industrial Park	5050 NW Camas Meadows Dr	Camas/Washougal	187,106	Panattoni	3Q 2024

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



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

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<b>COMMERCIAL BROKERAGE</b>	<i>\$10B</i> 3-YEAR AVERAGE TRANSACTION VOLUME	<i>31.7M</i> ANNUAL SALES SF	<i>42.4M</i> ANNUAL LEASING SF
<b>ASSET SERVICES</b>	<i>55M SF</i> MANAGEMENT PORTFOLIO SIZE	<i>800+</i> ASSETS UNDER MANAGEMENT	<i>260+</i> CLIENTS SERVED
<b>VALUATION ADVISORY</b>	<i>2,600+</i> 3-YEAR AVERAGE ASSIGNMENTS	<i>43</i> TOTAL APPRAISERS	<i>27</i> WITH MAI DESIGNATIONS

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