

MARKET TRENDS

PORTLAND INDUSTRIAL

MARKET DRIVERS

Average asking lease rates fell year-over-year (YOY) and quarter-over-quarter (QOQ); dropping \$0.04 and \$0.01 respectively to \$0.83 to end the year.

Direct vacancy rates grew 120 basis points (bps) YOY from 3.7% to 4.9%, while total availability rates also increased by 180 bps YOY to 8.4% in 4Q 2024, both posting 10-year record highs at year-end. Net absorption posted negative 610.2K SF for 4Q 2024, and the cumulative year ended at negative 1.9M SF which is a record high for the Portland industrial market.

Leasing activity decreased approx. 67% YOY from 2.5M SF to just over 800K SF in 4Q 2024. This sharp dip in leasing volume marks an approx. 15-year record annual low.

Industrial sale activity jumped this quarter to 1.56M SF in 4Q 2024 from just under 1M SF in 4Q 2023, and sales are up 54.2% cumulatively for the year.

Deliveries have reached 2.2M SF for industrial space at year end 2024, with another 2.7M SF of industrial space under construction.

ECONOMIC REVIEW

In October, the Manufacturing sector within the Portland-Vancouver-Hillsboro MSA decreased by 1.3% YOY to 121.7 jobs, and the Trade, Transportation, and Utilities sector fell by 0.6% to 225.4k jobs.

The statewide unemployment rate in Oregon increased slightly to 4.1% QOQ, while the Portland-Vancouver-Hillsboro MSA reported 4.0%, unchanged from last quarter.

NEAR-TERM OUTLOOK

Weak tenant demand over the past year has led to record high vacancy and availability rates throughout the market. Consequently, asking lease rates have dropped steadily over the past few quarters and tenants seeking space are capitalizing on these lower rates as well as taking advantage of the increase in TI allowances and concessions. This trend of vacancies expanding and activity remaining low are expected into the new year as the market navigates a slowdown in tenant movement.

Market Summary

	4Q24	3Q24	4Q23	YOY Change
Direct Vacancy Rate	4.9%	4.6%	3.7%	120-bps
Total Availability Rate	8.4%	7.7%	6.6%	180-bps
Direct Asking Lease Rate	\$0.83	\$0.84	\$0.87	(4.6%)
	4Q24	2024	2023	YOY Change
Total Lease Transactions	806,425	5,635,596	7,573,791	(25.6%)
Sale Transactions	1,564,531	4,552,145	2,952,166	54.2%
Direct Net Absorption	(610,188)	(1,690,353)	(1,011,079)	N/A

4Q 2024



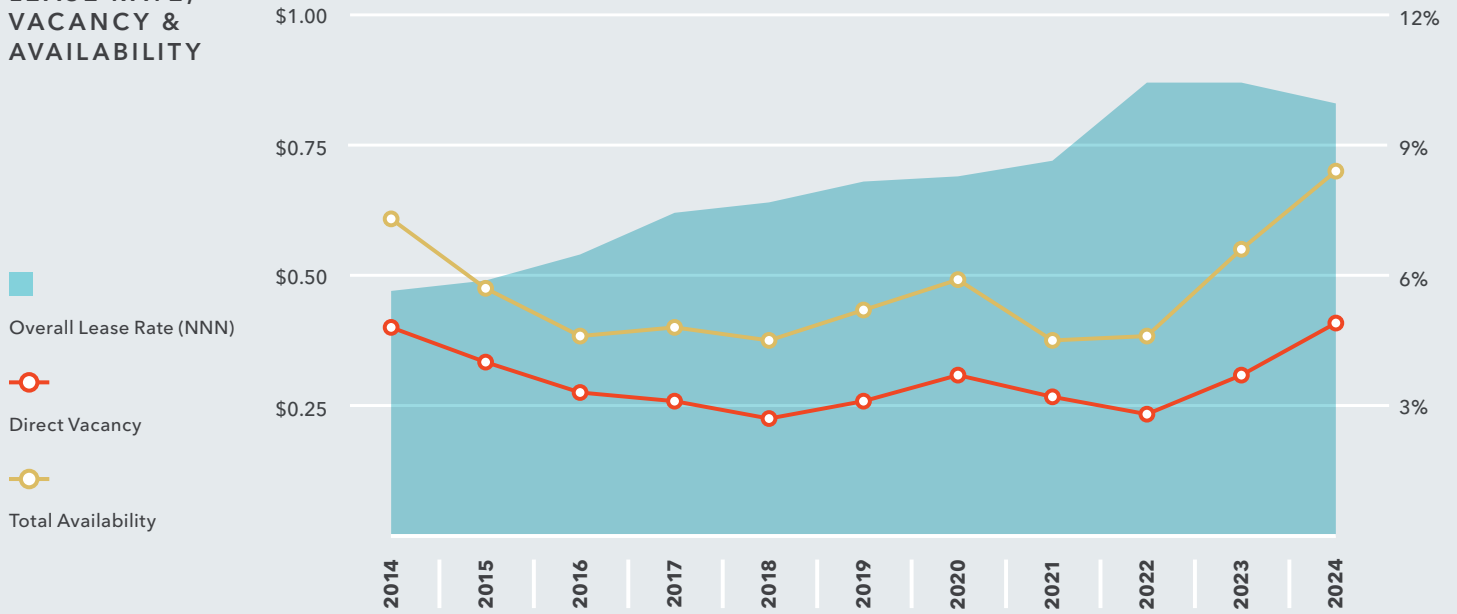
Market Highlights

DIRECT VACANCIES increased by 120 bps YOY to 4.9%.

ASKING LEASE RATES dropped to \$0.83 NNN, down from \$0.87 YOY.

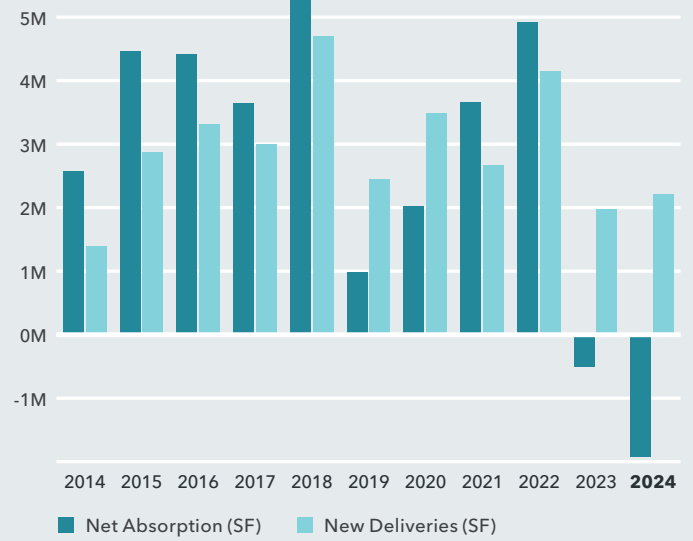
TOTAL NET ABSORPTION in 4Q 2024 posted negative 610K SF.

LEASE RATE, VACANCY & AVAILABILITY

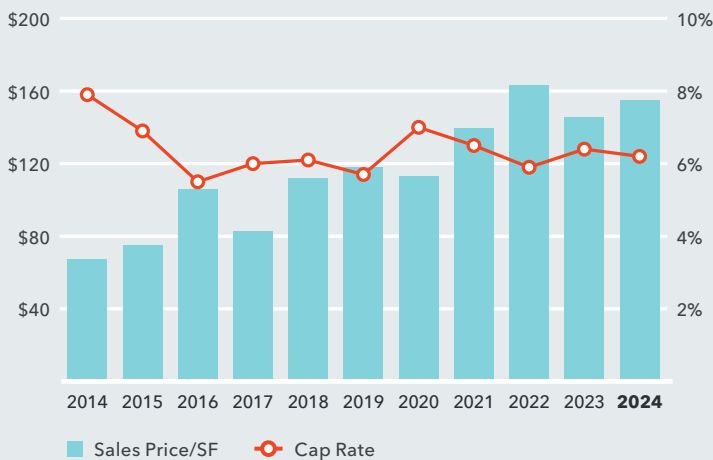


BIGGEST LEASE OF THE QUARTER
2909 NW 31st Ave
Portland, OR

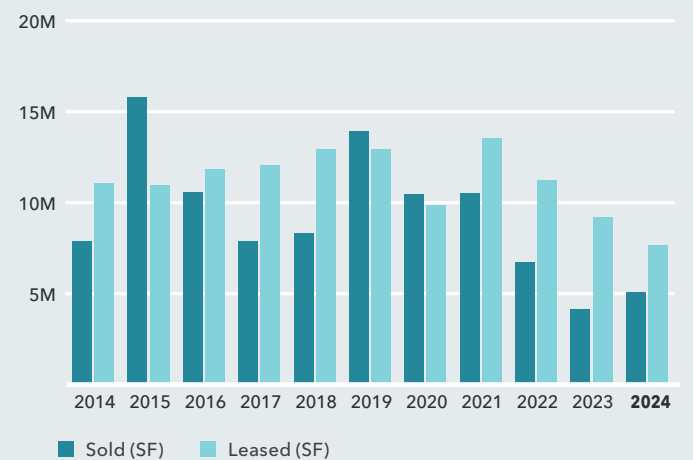
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q4 2024 Total Net Absorption	2024 Total Net Absorption	Q4 2024 Total Leasing Activity	2024 Total Leasing Activity	Total Rental Rate
Lloyd District	2,143,740	15.2%	15.2%	17.0%	(186,046)	(161,643)	0	26,814	\$0.80
Airport Way	17,551,309	5.1%	6.1%	7.4%	(140,917)	(289,432)	131,102	285,849	\$0.89
East Columbia Corridor	30,603,704	5.3%	8.1%	11.8%	(31,453)	(523,918)	100,724	1,073,735	\$0.81
Gateway	2,861,046	5.6%	6.0%	11.8%	(18,780)	(141,535)	0	63,315	\$0.84
Gresham	1,225,682	6.8%	6.8%	9.2%	4,549	6,215	6,762	11,042	\$0.85
Hayden Island/Swan Island	10,410,482	3.4%	4.1%	7.4%	(69,904)	35,363	1,988	201,204	\$0.97
NE Close-In	4,079,009	5.9%	5.9%	7.4%	69,519	(118,105)	0	82,499	\$0.99
NE Outlying	67,457	0.0%	0.0%	0.0%	6,420	0	0	0	0
Rivergate	16,861,673	8.5%	10.8%	10.9%	191,122	(101,203)	59,280	597,538	\$0.72
Northeast	83,660,362	5.7%	7.5%	9.9%	10,556	(1,132,615)	299,856	2,315,182	\$0.82
CBD	676,194	13.7%	14.5%	14.5%	0	(5,000)	0	0	0
Guilds Lake	13,106,951	10.3%	10.3%	13.6%	(19,625)	(506,478)	175,170	648,197	\$0.85
NW Close-In	781,712	5.9%	5.9%	11.0%	(2,500)	(27,770)	0	600	\$1.05
NW Outlying	133,800	0.0%	0.0%	0.0%	0	0	0	0	0
CBD/Northwest	14,698,657	10.1%	10.2%	13.4%	(22,125)	(539,248)	175,170	648,797	\$0.86
Clackamas/Milwaukie	25,598,942	4.5%	5.2%	6.1%	(653,514)	(872,035)	50,302	466,110	\$0.83
Mall 205	406,585	1.6%	1.6%	2.8%	6,500	4,337	0	1,420	\$1.50
Oregon City	1,365,288	2.8%	2.8%	2.3%	62,393	(20,424)	0	102,247	\$1.03
SE Close-In	5,722,930	6.2%	6.3%	7.9%	60,040	56,140	9,668	109,671	\$0.78
SE Outlying	4,723,983	3.6%	3.7%	4.8%	(52,150)	(34,537)	4,000	102,973	\$0.88
Southeast	37,817,728	4.5%	5.0%	6.0%	(576,731)	(866,519)	63,970	782,421	\$0.82
217 Corridor/Beaverton	3,915,068	2.6%	5.0%	7.2%	(50,875)	(131,158)	7,290	124,305	\$0.81
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%	0	16,381	0	9,429	\$1.67
North Beaverton	1,906,485	0.3%	0.3%	0.3%	3,000	(5,200)	3,000	12,380	\$1.28
SW Close-In	144,530	12.3%	12.3%	12.3%	0	0	0	0	0
Sylvan/Hillsdale	17,504	0.0%	0.0%	0.0%	0	0	0	0	0
Southwest	6,384,122	1.9%	3.4%	4.7%	(47,875)	(119,977)	10,290	146,114	\$0.88
Sunset Corridor/Hillsboro	18,829,021	1.0%	1.1%	3.7%	14,147	20,661	17,256	207,867	\$1.28
Westside Outlying	3,237,633	6.1%	7.9%	8.1%	0	(83,988)	0	157,750	\$0.49
Westside	22,066,654	1.7%	2.1%	4.3%	14,147	(63,327)	17,256	365,617	\$0.58
I-5 Corridor	31,419,960	2.4%	3.6%	7.0%	50,662	(86,828)	115,725	1,690,567	\$0.88
Yamhill County	4,823,134	1.1%	1.1%	1.1%	3,481	(5,809)	1,720	179,706	\$1.32
Skamania County	103,485	0.0%	0.0%	0.0%	0	0	0	0	0
Columbia County	2,488,547	1.3%	1.3%	12.5%	17,116	417,086	22,500	22,500	0

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SUBMARKET STATISTICS CONTINUED

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q4 2024 Total Net Absorption	2024 Total Net Absorption	Q4 2024 Total Leasing Activity	2024 Total Leasing Activity	Total Rental Rate
Camas/Washougal	2,567,496	2.0%	2.0%	5.0%	(5,400)	168,351	22,800	203,951	\$1.12
Cascade Park	456,671	0.0%	0.0%	83.9%	0	0	0	0	0
CBD/West Vancouver	6,025,505	2.4%	2.4%	6.2%	2,400	110,053	2,400	110,857	\$0.98
Clark County Outlying	4,466,231	0.6%	1.8%	8.3%	20,876	115,885	0	9,685	\$0.69
Hazel Dell/Salmon Creek	2,187,886	14.0%	14.0%	14.2%	(11,750)	67,134	22,560	61,546	\$0.83
Orchards	7,248,553	17.1%	17.2%	17.1%	137,408	189,681	42,219	896,021	\$1.16
St. Johns/Central Vancouver	7,043,344	2.4%	2.4%	4.9%	(20,066)	(17,733)	6,800	176,845	\$1.03
Vancouver Mall	14,340	0.0%	0.0%	0.0%	3,159	3,159	3,159	4,870	0
Clark County	30,010,026	6.5%	6.7%	10.5%	126,627	636,530	99,938	1,463,775	\$0.96
Submarket Total	235,616,415	4.9%	5.9%	8.4%	(610,188)	(1,922,350)	806,425	7,641,493	\$0.83

BUSINESS PARK STATISTICS

Business Parks	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q4 2024 Total Net Absorption	2024 Total Net Absorption	Q4 2024 Total Leasing Activity	2024 Total Leasing Activity	Total Rental Rate
10,000-49,999 SF	9,595,842	6.2%	6.7%	7.6%	(120,262)	(193,050)	117,851	544,455	\$1.04
50,000-149,999 SF	17,310,984	6.4%	6.9%	9.1%	(142,876)	(228,299)	122,614	1,332,988	\$0.82
150,000+ SF	12,145,735	9.0%	14.6%	16.9%	(220,788)	(1,046,586)	59,280	463,580	\$0.79
Business Park Total	39,052,561	7.1%	9.3%	11.2%	(483,926)	(1,467,935)	299,745	2,341,023	\$0.88

BIGGEST SALE OF THE QUARTER

6433 SE Lake Rd
Portland, OR



SIGNIFICANT SALE TRANSACTIONS 4Q 2024

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
6433 SE Lake Rd	Clackamas/Milwaukie	877,234	\$82,000,000	93.48	CIRE Partners	Specht/ARES Management Corp
6451 SE Lake Rd	Clackamas/Milwaukie	116,771	\$26,800,000	229.51	LBA Logistics	Specht
2400 NW Front Ave - Terminal 1 North	Guilds Lake	96,000	\$23,000,000	239.58	McConkey Auction Group	Lithia Real Estate, Inc.
27520 SW 95th Ave	Wilsonville	39,616	\$7,300,000	184.27	Walen Construction	Walen Construction
2705 NW Nicolai St	Guilds Lake	35,550	\$6,300,000	177.22	Rapid Response Bio Clean	Rapid Response Bio Clean

SIGNIFICANT LEASE TRANSACTIONS 4Q 2024

Property	Submarket	SF	Transaction Date	Landlord	Tenant
2909 NW 31st Ave	Guilds Lake	101,200	November 2024	Prologis	Western Pacific Building Materials
4630 NE 166th Ave	East Columbia Corridor	59,800	October 2024	Clarion Partners	Bluelinx Corporation
14300-14340 N Lombard St	Rivergate	59,280	December 2024	Port of Portland	Mondelez
13805 SW Industry Ln	I-5 Corridor Outlying	42,815	October 2024	City of Sherwood	Straus Services
6756 NE Alderwood Rd	Airport Way	40,000	November 2024	BKM Capital Partners/TC US Partners	Undisclosed

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Bridge Point Vancouver 600	5500 NE 162nd Ave, Vancouver	Orchards	647,762	Bridge Industrial	2Q 2025
GV5	NE Glisan St, Gresham	East Columbia Corridor	533,212	Gve Associates LLC	2Q 2025
Rock Creek Corporate Center	13700 SW Commerce Ct	I-5 Corridor	407,263	Panattoni Development	1Q 2025
Harmony Industrial Park	18712 SE 1st St, Vancouver	Cascade Park	324,393	City of Vancouver	3Q 2025
Sandy Logistics	12350 NE Sandy Blvd	East Columbia Corridor	259,835	Prologis, Inc.	1Q 2025

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



Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Idaho, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

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COMMERCIAL
BROKERAGE**\$10B**3-YEAR AVERAGE
TRANSACTION VOLUME**31.7M**ANNUAL
SALES SF**42.4M**ANNUAL
LEASING SFASSET
SERVICES**57M SF**MANAGEMENT
PORTFOLIO SIZE**850+**ASSETS UNDER
MANAGEMENT**260+**CLIENTS
SERVEDVALUATION
ADVISORY**2,600+**3-YEAR AVERAGE
ASSIGNMENTS**43**TOTAL
APPRAISERS**27**WITH MAI
DESIGNATIONS

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