

Portland Metro

2022 Year End Market Insight Report



Q4 2022 Office Market

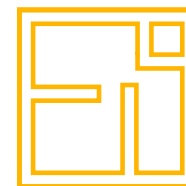
cresa

Portland Metro



Portland Metro Overview

We all know the song, “I’m Dreaming of a White Christmas....Just like the ones I used to know...”, which is what the Portland real estate industry was dreaming of for Q4, a dynamic market just like the ones we used to know. Unfortunately, what we heard was “Jingle bells, Batman smells Robin laid an egg Batmobile lost a wheel and Joker got away!” With the continuation of negative absorption for the year (-470k), continued increased sublease space (2.3 M SF) and the continued challenges of Portland’s recovery, there’s good reason to be a Grinch at year end. Shadow vacancy is still likely near 40%, while the numbers have the vacancy rate hovering in the mid-high 20%. In the midst of the vacancy, we are all eagerly awaiting the completions of Block 216 (Ritz Carlton) and 11W, Downtown Developments mixed-use project at SW 11th & Washington, both of which plan to deliver in mid 2023. While both projects are speculative (meaning not built for a specific user or pre-leased), it will be interesting to see the tenants’ and market’s reactions, as companies consider a flight to quality, when evaluating renewals.



Griswald Family Christmas

With all good intentions, sometimes things just don’t go as planned. We all hoped for positive marketing activity, increased interest in the metro in Q4, yet, what we got is a bit of a dry turkey!



Home Alone

Downtown Portland continues to feel a bit like Kevin. Waking up, looking around, and realizing no one is around! He made his family disappear! Sometimes with all the challenges in downtown, we feel like some of the policies and structures in Multnomah County has made corporate in-migration disappear! But...at the end of the story, the McCallisters come home, so we are hopeful that, like Jordan Ramis coming back downtown, we will see some more positivity in 2023. Hopefully it won’t take another 1-2 movies to get there!



It’s a Wonderful Life

As we reflect on the past 3 years, it seems we can all be a bit like George Bailey! Beyond the real estate markets, we’ve had the uneasy feeling about what’s next, how to get out, move forward, find the bright spot. Spoiler alert, with the guidance of family, friends and a dedicated community, there is a very happy ending! Sorry, not really a real estate story, but we will rise, in due time!

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Market Supply (SF)
102.95M SF



Vacancy
12.7%



Availability
15.8%



Leasing Activity (SF)
627K SF



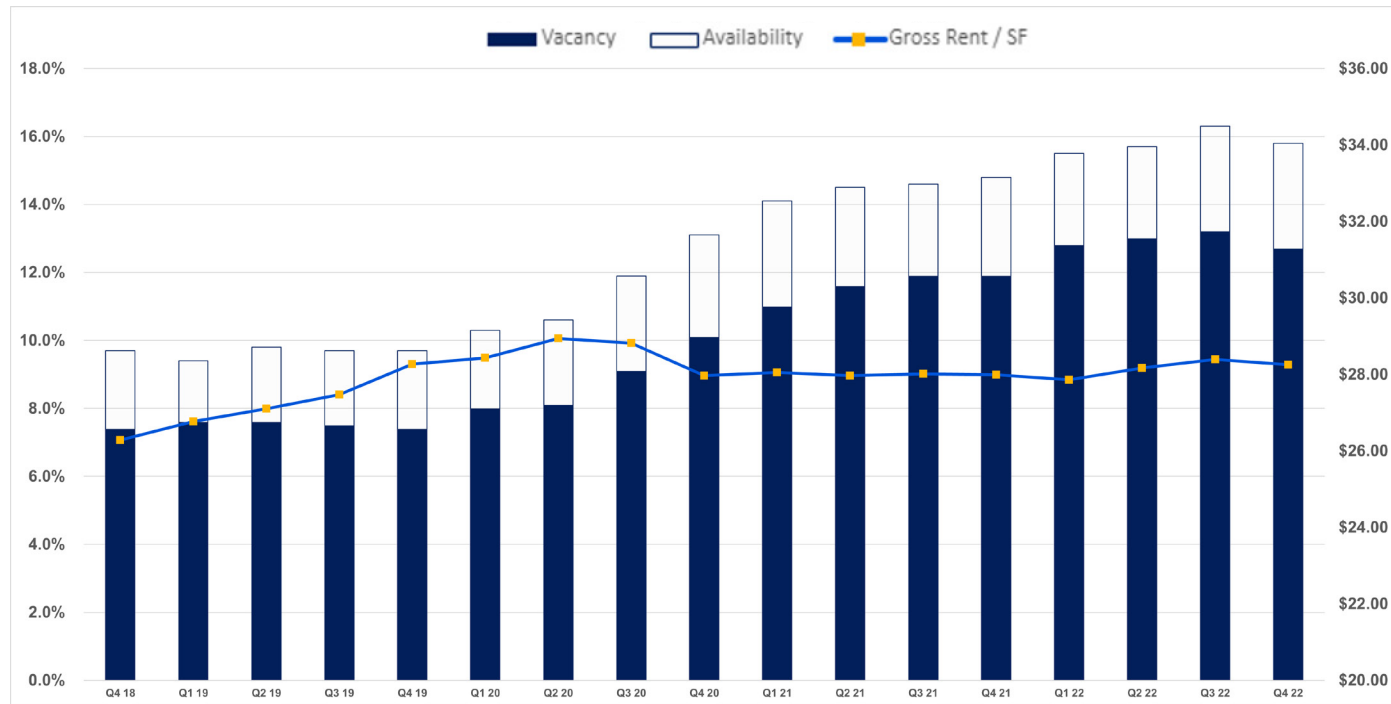
Gross Rent/SF Class A
\$32.62



Gross Rent/SF Class B
\$26.88

Arrows Indicate One Year Change

Historical Rent, Availability, & Vacancy



Data: Q4 2022 CoStar. Portland Metro Submarkets. Class A, B, C Office Buildings above 5,000 SF

In the News



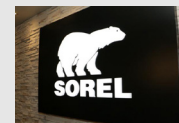
Thousands of downtown Portland businesses moved since 2019



12 real estate developments that will transform Portland in 2023



Downtown Portland's U.S. Bancorp Tower loses two tenants, report says

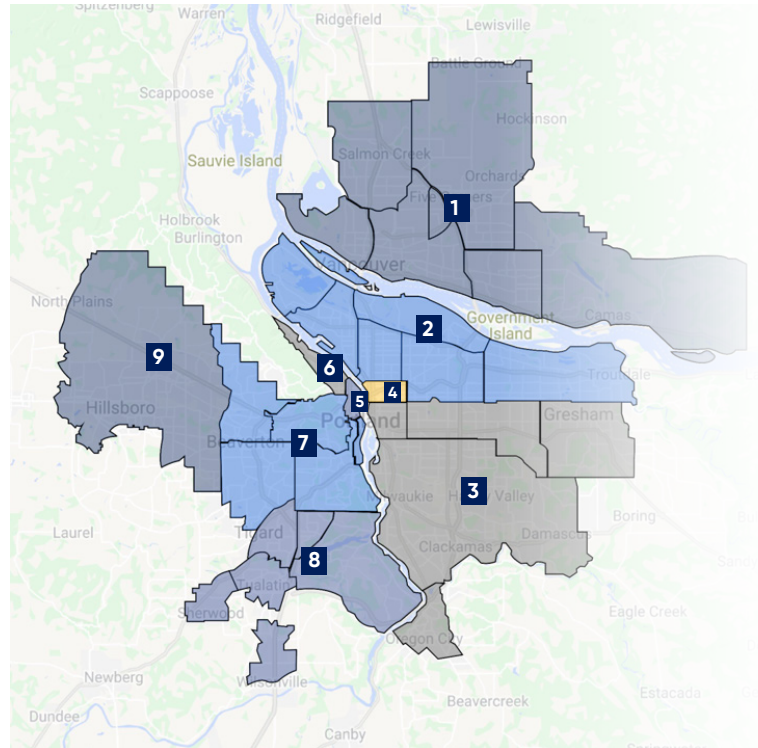


Sorel, other Portland departures drove the news on the real estate beat this year



Venerable Lake Oswego law firm decamps to downtown Portland

Submarket Overview



OVERALL - CLASS A, B, C							CLASS A		CLASS B	
	Submarket	Market Size (SF)	Available %	Available SF	Available Sublet SF	Leasing Activity: Deals YTD	Vacancy %	Gross Rent/SF	Vacancy %	Gross Rent/SF
1	Clark County	11.40 M	6.1%	0.9%	108,710	26	9.4%	\$27.09	5.4%	\$23.65
2	Northeast	8.89 M	3.4%	1.1%	102,118	11	1.3%	\$27.74	4.3%	\$20.28
3	Southeast	8.33 M	10.2%	1.5%	151,157	28	27.5%	\$32.97	9.3%	\$24.54
4	Lloyd District	5.37 M	10.7%	0.8%	83,675	19	13.0%	\$36.62	8.4%	\$26.58
5	CBD	29.41 M	21.4%	2.1%	1,045,727	47	21.5%	\$30.50	22.1%	\$26.36
6	Northwest	3.64 M	24.2%	5.6%	245,430	4	57.9%	NA	28.2%	\$26.72
7	217 Corridor/SW	10.35 M	13.0%	1.9%	248,206	46	21.8%	\$29.99	13.3%	\$23.38
8	I-5 Corridor	10.95 M	13.0%	1.4%	261,422	42	17.1%	\$36.39	13.2%	\$32.83
9	Sunset Corridor (Hillsboro)	14.60 M	4.6%	3.0%	115,481	14	2.5%	\$28.00	5.9%	\$24.83
	Overall Market	102.95 M	12.7%	1.4%	2.36 M	237	15.4%	\$32.62	12.6%	\$26.88

Data: Q4 2022 CoStar. Portland Metro Submarkets. Class A, B, C Office Buildings above 5,000 SF

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Notable Leases

Tenant	Address	Submarket	Size (SF)	Sign Date	Type	Move In
Garmin	6600 SW Nimbus Ave	I-5 Corridor	26,899	May 2022	New - Relocation	Sept 2022
Metro. Public Defender Services	101 SW Main St	CBD	26,072	May 2022	New - Relocation	July 2022
TriMet	101 SW Main St	CBD	95,000	Jan 2022	New - Relocation	Jan 2022
Digimarc	8500 SW Creekside Pl	Sunset Corridor	65,000	Feb 2022	New - Relocation	Sept 2028
Industrious	220 NW Eighth Ave	CBD	41,942	Feb 2022	New - Relocation	April 2022
HopScotch	975 SE 11th Ave	Southeast	22,303	May 2022	New - Relocation	Oct 2022

Notable Subleases

Tenant	Address	Submarket	Size (SF)
CD Baby	9600 NE Cascades Pkwy	Northeast	18,184
AllianceRx	9775 SW Gemini Dr	217 Corridor/Beaverton	29,806
Vacasa	850 NW 13th Ave	CBD	30,076
Adpearance	2035 NW Front Ave	Northwest	30,084
Jama Software	135 SW Taylor St	CBD	34,804
VetSource	9500 NE Cascades Pkwy	Northeast	35,000
Quest Diagnostics	6600 SW Hampton St	I-5 Corridor	40,250
Dealer Spike	26600 SW Parkway Ave	I-5 Corridor	45,123
Digimarc	9405 SW Gemini Dr	217 Corridor/Beaverton	47,164
3D Systems	26600 SW Parkway Ave	I-5 Corridor	48,243
Simple	120 SE Clay St	Southeast	55,991
Comcast	9605 SW Nimbus Ave	217 Corridor/Beaverton	56,146
Puppet Labs	308 SW 2nd Ave	CBD	74,784
Daimler	2701 NW Vaughn St	Northwest	78,885
Providence	3601 SW Murray Blvd	Sunset Corridor/Hillsboro	337,984

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Christmas Adopt-a-Family Project

December 2022 was our 5th year of participating in the Adopt-a-Family project through local nonprofit **Christmas Family Adoption Foundation**. We chose a family from the website and then worked together as a team to purchase presents for each family member, then wrapped and delivered the gifts to their house. The experience gives us the joy of helping a family in our own community, while also building our team comraderie on something we are all emotionally invested in. We are all looking forward to participating next year!

[WATCH THE VIDEO](#)

Cresa Portland's Build Day with [Habitat for Humanity](#)

Cresa Cares: Highlights from 2022

At Cresa, we pride ourselves on our collaborative culture and desire to enhance the communities where we live and work. In 2013 we formed our own 501c3 organization, Cresa Cares, with the purpose of impacting communities across the globe through volunteer initiatives and financial donations. Cresa Cares raises funds through a wide variety of events and sponsorship opportunities throughout the year. Those funds are then distributed to non-profit organizations identified by fellow employees and clients. In addition, we hold a company-wide Impact Week where each office is encouraged to donate time to a charity that is making a difference in their local neighborhoods. At Cresa, people are at the core of everything we do. Through Cresa Cares' initiatives, we support our external community while elevating our individual and collective commitments.

[READ MORE](#)

Cresa Acquires Elevate Growth Partners in Austin, TX



Cresa, the world's leading occupier-focused commercial real estate firm, has acquired Elevate Growth Partners (Elevate), Austin's premier tenant representation firm. The firm's staff of 12 makes the move and will immediately operate under the Cresa banner. Leading the new team will be Principals Scott Studzinski and Logan Dalglish, while founder Chris Skyles shifts his focus away from the firm to oversee active development projects and AnthemIQ, a proptech company started by Elevate, which is not part of the acquisition. Karra Guess, a Cresa Managing Principal already based in Austin, will join Studzinski and Dalglish to help lead and grow the office.

[Read More](#)

Cresa is National Sponsor for EY's Entrepreneur of the Year Program

The Entrepreneur of the Year program has been celebrating the ambitious visionaries who are leading successful, dynamic businesses for nearly four decades. Founded in 1986, the program has recognized more than 10,000 entrepreneurs throughout the US and has expanded to nearly 60 countries globally. Explore the program history to learn more about the impact of these entrepreneurs.

The Mountain West program includes Oregon, Washington, Utah, Idaho, Wyoming, Montana, Colorado and Alaska. Each year, a panel of independent judges selects regional finalists and winners who are recognized during an awards

celebration in June. The regional award winners compete for national recognition the following November at the Strategic Growth Forum®, where National finalists and award winners are announced. The overall National winner then goes on to represent the US at the EY World Entrepreneur Of The Year™ competition the following June.

Cresa is a proud sponsor of the [Entrepreneur of the Year 2023 Mountain West](#) program in the Oregon market.



Portland Metro

The New Cresa Headquarters Office is a Real-life Example of What's Working Now

At Cresa, we find and foster the best environment for every business, and we took this mission seriously when addressing our own need for a new headquarters location. We are heavy users of office space and demand a lot from it, understanding that space is not just a place to work, but can have a key role in productivity, recruiting and retention, culture and ultimately business success.

We used the pandemic remote work experience as an opportunity to rethink the importance and place of office space and created a plan to add space back in smartly, with specific goals in mind. We used it as an opportunity to rediscover the importance of the company office and created a space that is uniquely ours, fostering a feeling of belonging and collaboration that is core to our culture. While we embrace hybrid work and the work/life balance it enables, a remote-only strategy isn't enough. Our team is more productive, collaborative, engaged and creative when they are together for at least some portion of the week.

[READ THE FULL ARTICLE](#)

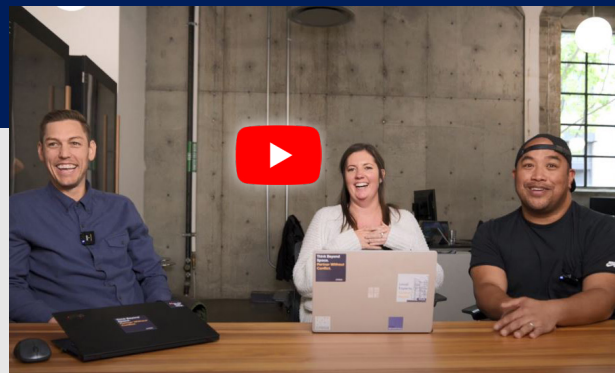
“The space needed to accommodate a hybrid work strategy and serve as a launching pad for local and global business. It needed to facilitate getting work done independently, meeting and convening, exchanging ideas, and working in teams.”



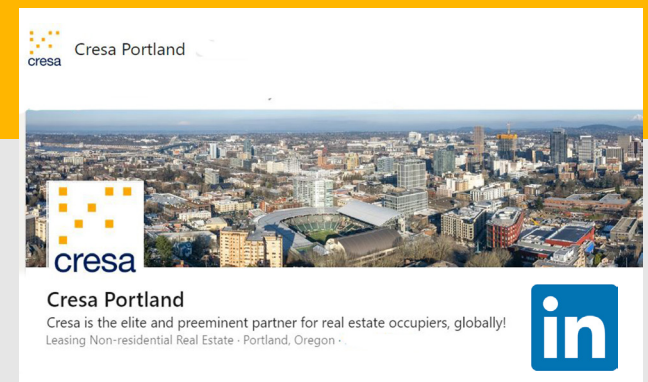
Cresa Portland's podcast!

From the people, the culture and their thoughts on the future of work, host Blake St. Onge interviews leaders from Portland's most respected companies to learn about what makes their workplace unique. We also dive into the commercial real estate market & workplace trends that will help shape the future of business in Portland for years to come.

Tune in to our YouTube channel!



Connect with us on LinkedIn!



Meet the Team



Click to learn more about our advisors



Blake St. Onge
Managing Principal



Sean Heaton
Managing Principal



Josh Haynes
Vice President



Kelsey Machuca
Vice President



Michael Whitten
Vice President



Sean Connors
Senior Advisor



Hayley Mueller
Advisor



Roberto Nelson
Advisor



AJ Peash
Account Manager



Chelle Dey
Operations Associate



About Cresa Portland

Cresa is the world's largest commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We work with our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to tenants' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

Contact

For more information about Cresa and the Portland CRE Market, please contact:

Cresa Portland
1355 NW Everett St., Suite 100
Portland, OR 97209
503.455.8655
cresa.com/Portland

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