

Q2 2023

Portland Industrial Newsletter

Key Market Takeaways

Current Sentiment for Industrial Tenants

- 75% of today's total industrial inventory is 20+ years old
- A seven-year lease signed in 2015 is still ~40% under market
- Industrial occupiers keep a close eye on the health of the American consumer to forecast future demand
- The large amount of space under construction will test the lease rate gains of the past three years, as occupiers watch to see if rate growth slows

Occupier Insights

It is critical to harness a tactical approach in understanding your operation and identifying efficiency improvements. Consider these while forming a strategy:

1. **Prepare a plan in advance of critical dates**, to address long-term real estate goals and be prepared to act quickly in a competitive market.
2. **Evaluate space utilization & process improvement** to implement the latest innovative solutions and best practices to improve performance.
3. **Utilize location strategy and economic incentives** to identify geographies that support your operational goals and long-term business strategy.
4. **Evaluate facility options** (lease, purchase, and build-to-suit) to maximize economic and functional flexibility.

Real Estate Trends

- ▼ Vacancy: **2.80%**
- ▲ Availability: **5.6%**
- ▲ Avg NNN Rent: **\$10.04**
- ▼ Under Construction: **2.2 MSF**
- ▼ Leasing Activity: **1.5 MSF**

Economic Trends

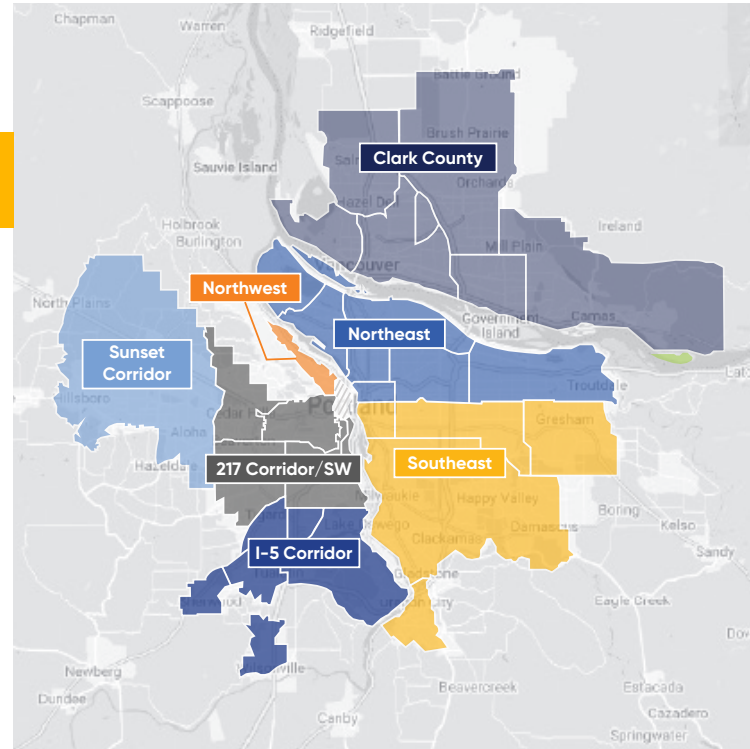
- Job Growth: **3.7%**
- Unemployment: **3.3%**
- Home Prices: **\$565,575**
- Cost of Living Index: **121.1**
- CPI (12 Months): **3.10**

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Submarket Statistics

Net Rate (PSF)



Submarket Overview

Market	Inventory SF	Vacancy	Availability	NNN Rental Rate	YOY Rent Growth	Leasing Activity Q2
1 Clark County	21,332,034	4.70%	10.90%	\$10.26	-7.80%	226,166
2 Northeast	77,663,714	3.30%	6.70%	\$9.64	16.10%	556,571
3 Southeast	33,451,222	2.60%	4.20%	\$9.32	2.10%	402,154
4 Northwest	13,203,306	3.10%	6.30%	\$10.81	29.20%	108,713
5 217 Corridor/SW	5,728,255	2.40%	3.60%	\$11.45	-8.70%	8,290
6 I-5 Corridor	29,972,336	0.90%	4.10%	\$9.30	19.40%	356,047
7 Sunset Corridor	20,597,224	0.60%	1.60%	\$11.27	6.20%	45,284
Total	196,319,576	2.80%	5.60%	\$10.04	10.90%	1,579,782

Notable Lease Transactions

Tenant	Size (SF)	Market
1. North Coast Electric	293,000	North Portland
2. Flowserve Corporation	123,372	Clark County
3. Thermal Supply Inc	171,848	Clark County
4. SureWerx	154,648	Northeast
5. Outside Van	142,315	Northeast

Notable Sale Transactions

Building	Size (SF)	Price/SF	Market
1. 27255 SW 95th Ave	508,277	\$119.23	I5 Corridor
2. 3204 NW 28th Cir	306,000	\$151.96	Clark County
3. 6309-6310 N Marine Dr	225,250	\$175.71	Northeast
4. 12300 SE Carpenter Dr	182,884	\$205.59	Southeast
5. 7405-7433 N Leadbetter Rd	166,020	\$194.24	Northeast

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Industrial Activity

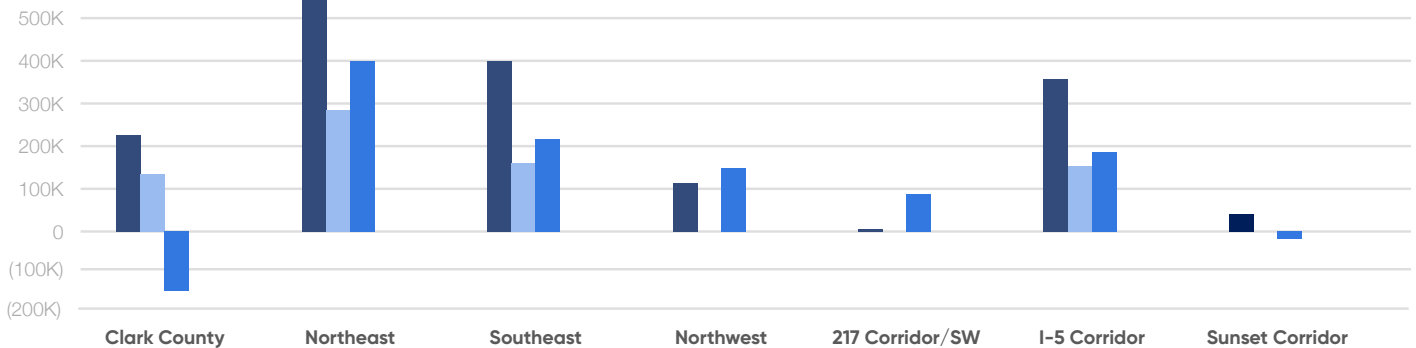
Development Pipeline

■ Proposed ■ Under Construction

	Name/Address	Developer	Size (SF)	Market
1	27255 SW 95th Ave	508,277	\$119.23	I5 Corridor
2	3204 NW 28th Cir	306,000	\$151.96	Clark County
3	6309-6310 N Marine Dr	225,250	\$175.71	Northeast
4	12300 SE Carpenter Dr	182,884	\$205.59	Southeast
5	7405-7433 N Leadbetter Rd	166,020	\$194.24	Northeast
6	6103 NE 152nd Ave	Panattoni	304,379	Clark County
7	4203-4215 NE 78th St.	PacTrust	293,262	Clark County
8	6920-7000 NE St. Johns Rd	Panattoni	286,600	Clark County

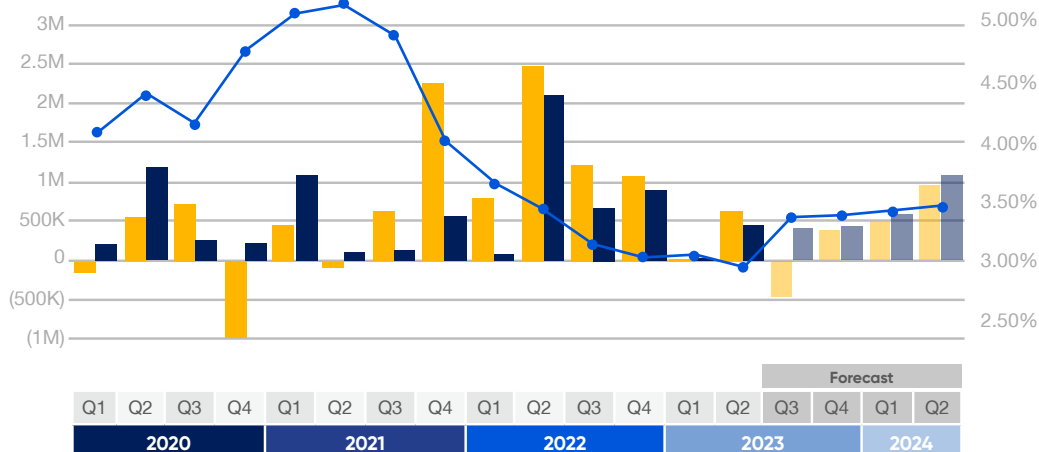
Leasing Activity, Deliveries and Under Construction

■ Leasing Activity ■ Net Absorption ■ Deliveries



Net Absorption, New Deliveries & Vacancy

■ Net Absorption ■ Net Delivery ■ Vacancy



Industrial Trends

The Portland Industrial market is likely to remain structurally tight under current economic projections.

Between low vacancies and the minimal oversupply risk that is sheltering the market from extreme downward pressure on rents, the region has become a magnet for large, institutional investors.

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