

Q4 2023

Portland Industrial Newsletter

Key Market Takeaways

Current Sentiment for Industrial Occupiers

- Sublease space is increasing in the market, accounting for nearly 2 Million SF in Portland Metro, compared with 745,000 SF in 2022.
- Rate increases have continued to hold, however second generation space is now becoming more readily available as occupiers move into new space.
- Emerging markets with lower costs such as labor and real estate are becoming increasingly desirable.
- A drop in home sales is causing disruptions for housing retail suppliers and companies including Bed, Bath, & Beyond and Ashley Furniture closing distribution centers.

Occupier Insights

Tenants/Occupiers are beginning to have leverage as more space becomes available. It is critical to have a plan for your renewal or relocation to create the most leverage in the current market.

- 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: **4.4%** +1.5%
- ▲ Availability: **6.8%** +2.0%
- ▲ Avg NNN Rent: **\$10.08** +0.04%
- ▲ Under Construction: **2.2M SF** +527K SF
- ▼ Leasing Activity: **2.3M SF** -1.1M SF

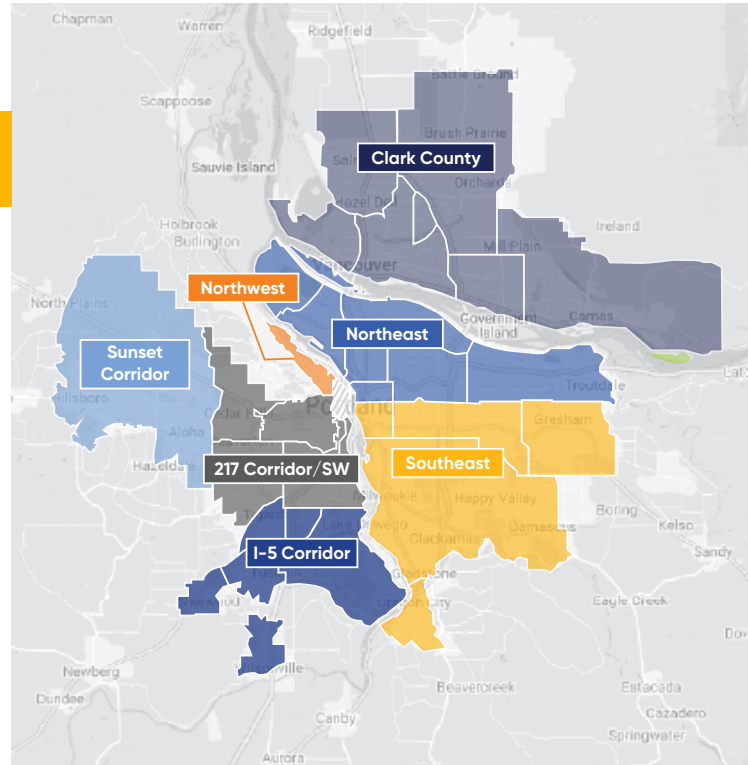
Economic Trends

- Job Growth: **1.1%**
- Unemployment: **3.6%**
- Home Prices: **\$519,000**
- Cost of Living Index: **121.1**
- CPI (12 Months): **3.6%**

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Submarket Statistics

Net Rate (PSF)



Submarket Overview

	Submarket	Inventory SF	Vacancy Rate	Availability Rate	NNN Rental Rate	QTR Growth	Average Sales
1	Clark County	21,620,611	6.40%	11.60%	\$10.68	0.60%	\$153.00
2	Northeast	78,483,621	5.80%	7.80%	\$9.43	-5.60%	\$154.00
3	Southeast	33,672,869	2.70%	4.30%	\$10.00	10.60%	\$173.00
4	Northwest	13,317,271	6.50%	12.20%	\$9.58	7.80%	\$153.00
5	217 Corridor/SW	6,069,255	1.60%	1.00%	\$10.51	-9.20%	\$162.00
6	I-5 Corridor	30,087,342	1.90%	5.50%	\$11.34	21.20%	\$175.00
7	Sunset Corridor	20,096,113	1.10%	2.00%	\$12.40	13.20%	\$162.00
	Total	197,694,458	4.40%	6.80%	\$10.08	0.40%	\$161.00

Notable Lease Transactions

	Tenant	Size (SF)	Address	City, State	Type	Date Signed
1.	Interstate Batteries	161,151	5050 NW camas Meados	Camas WA	New Lease	Dec 2023
2.	Nike	112,034	11065 SW 11th	Beavertonn OR	Renewal	Dec 2023
3.	DB Schecker	201,750	10875 NW 292nd Ave	North Plans OR	New Lease BTS	Nov 2023
4.	OnTrac	163,328	3665 NW 32nd Ave	Vancouver OR	Renewal	Oct 2023
5.	Cummins Inc	119,995	9601 NE Alderwood Rd	Portland OR	Renewal	Oct 2023
6.	KINCO	99,862	18712 NE Portal Way	Portland OR	Renewal	Sept 2023

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Industrial Activity

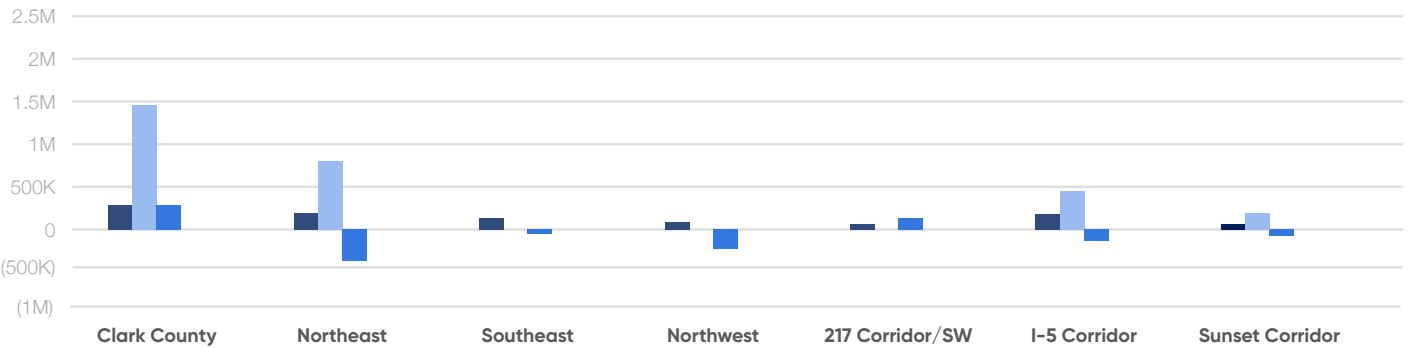
Development Pipeline

■ Proposed ■ Under Construction

	Name/Address	Size (SF)	Market	Status	Delivery
1	1301 S Wynooski St	1,200,000	Newberg, OR	Proposed	2025
2	BTS - Burnt Creek Industrial	681,780	Vancouver, WA	Under Construction	2023
3	Bridge Point Vancouver 600	647,762	Vancouver, WA	Under Construction	2024
4	Mt Vista Logistics	583,318	Vancouver, WA	Proposed	2024
5	North Plains Logistic Center	400,000	North Plains, OR	Proposed	2024
6	Prologis Park Clackamas	385,910	Clackamas, OR	Proposed	2024
7	Prologis Park Vancouver	566,800	Vancouver, WA	Proposed	2024
8	Sherwood Commerce Center	445,000	Sherwood, OR	Under Construction	2023

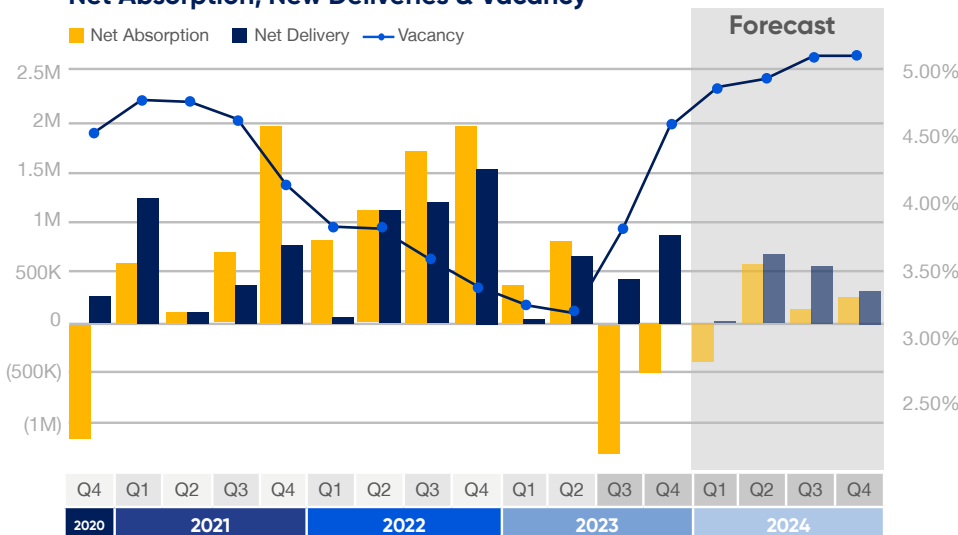
Leasing Activity, Deliveries and Under Construction

■ Leasing Activity ■ Under Construction ■ Net Absorption



Net Absorption, New Deliveries & Vacancy

■ Net Absorption ■ Net Delivery — Vacancy



Industrial Trends

Portland is likely to remain a structurally-tight industrial market under most foreseeable economic scenarios.

With low vacancies and minimal oversupply risk sheltering the market from extreme downward pressure on rents, national investors have been drawn to the region.

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A Sampling of Our Portfolio Clients



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