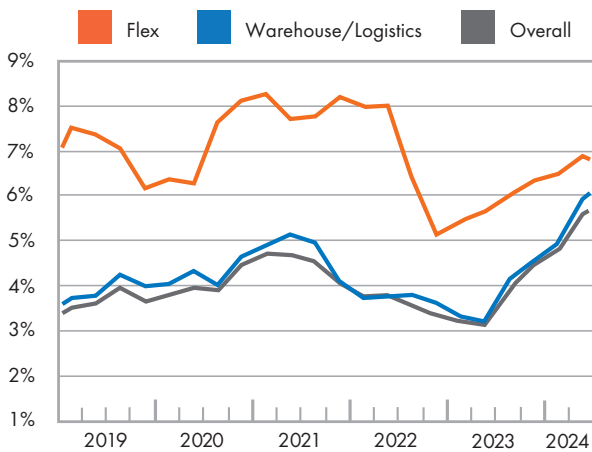


OVERVIEW

While industrial rent growth has slowed, the Portland Metro Statistical Area has little chance of asking rates experiencing significant and prolonged losses. This is due in part to a limited pipeline of development projects and structurally low vacancies. In addition, Vancouver has become a more popular destination for tenants looking for tax savings. This has limited occupancy erosion that would have otherwise occurred if companies had decided to move outside of the area.

Vacancy Rates by Building Type Years 2019 - 2024



Source: CoStar Group

ABSORPTION & DELIVERIES

The overall Portland industrial market saw 1,582,060 square feet become vacant in the second quarter of 2024, compared to 831,063 square feet in the previous quarter.

A net absorption of negative <94,239> square feet was recorded for the flex building market in the second quarter, which compared to negative <39,343> square feet from the end of the first quarter of 2024.

The warehouse building market recorded net absorption of negative <1,556,010> square feet as the second quarter came to a close, which compared to negative <702,162> square feet in the first quarter of 2024.

PORTLAND MARKET SNAPSHOT

VACANCY

5.6%



RENTAL RATE

\$11.84



CONSTRUCTION

2,629,877 SF



ABSORPTION

<1,582,060> SF



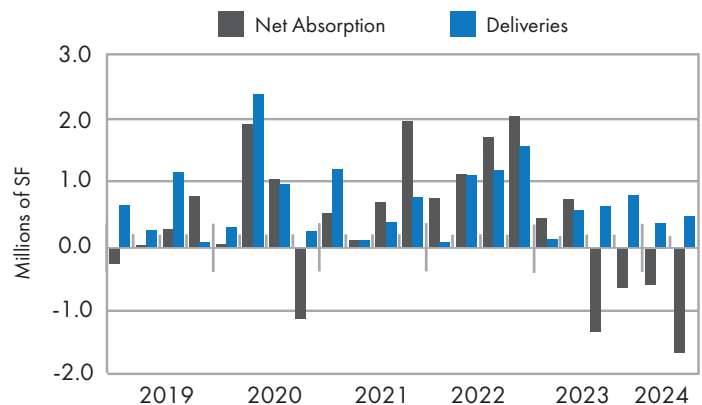
VACANCY

The metro area's overall vacancy rate increased to 5.6% from the end of the first quarter of 2024, and is expected to continue to rise over the next 6 to 12 months. However, rates may peak at a relatively low level given the current lack of speculative construction, which should enable the market to tighten rather quickly if the economy improves.

The vacancy rate for flex properties increased to 6.9% in the second quarter of 2024, up from 6.4% in the first quarter.

Warehouse vacancy rates increased from 5.0% at the end of the first quarter to 5.9% to close out the second quarter of 2024.

Absorption & Deliveries 2019 - 2024



Source: CoStar Group

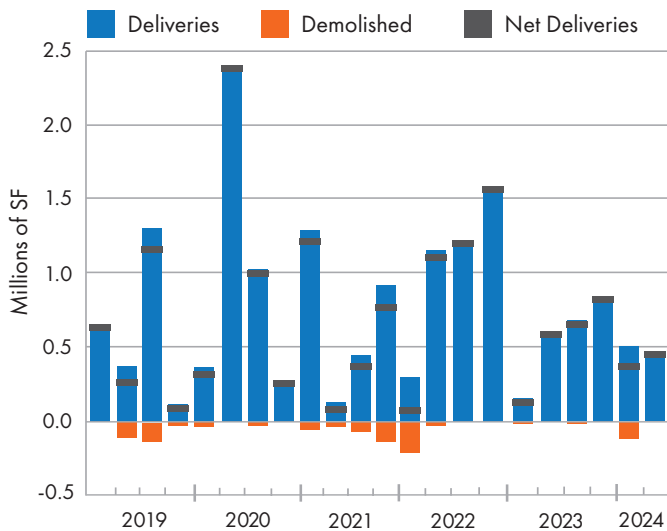
DELIVERIES AND CONSTRUCTION

The second quarter of 2024 saw 445,007 new square feet added to the market, while 2,629,877 square feet remains under construction.

Some of the largest projects set for delivery in the second half of 2024 include Hidden Glen Industrial in Vancouver for a total of 283,622 square feet, set for completion in August, and Bridge Point Vancouver 600 in the Burnt Bridge Creek neighborhood for a total of 647,762 square feet, set for a September completion. Looking ahead to 2025, GV5 on NE Glisan Street in Gresham will add 533,212 square feet to the marketplace when completed in June of that year.

Historical Construction Deliveries

Square Footage Per Quarter



Source: CoStar Group

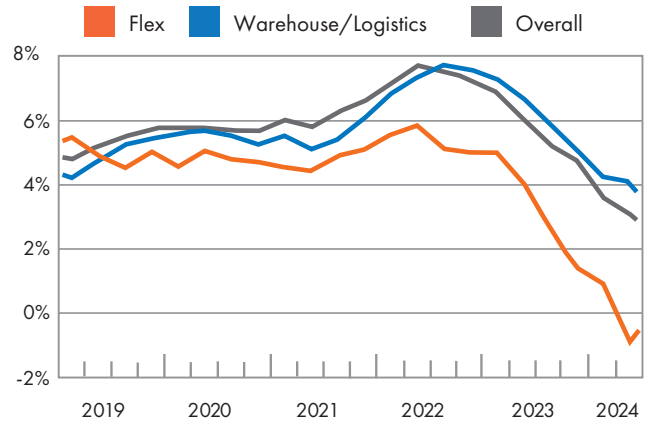
RENTAL RATES

Portland's industrial rents increased by 3.1% in the last year, reflecting a significant decrease from the cycle peak of 7.7% attained in mid-2022. A contributing element to the slowdown in growth is the rise of sublease offerings, which has somewhat saturated the market. Because of this, landlords now have less negotiating leverage when it comes to pricing against more affordable spaces.

Overall quoted rental rates increased slightly in the second quarter of 2024 to \$11.84, up from \$11.83 in the previous quarter. The flex sector's average quoted rental rates decreased from \$17.06 to \$16.58 per square foot at the end of the second quarter. The warehouse average quoted rental rates remained unchanged from the previous quarter at \$11.12 per square foot.

Market Rent Growth

2019 - 2024



Source: CoStar Group

Construction Activity | Markets Ranked UNDER CONSTRUCTION RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
East Columbia Corridor	4	1,010,000	533,000	52.8%	60,203	252,429
Orchards	4	886,000	0,000	0%	27,016	221,452
Hazel Dell/Salmon Creek	1	284,000	0	0%	15,980	283,622
Camas/Washougal	1	187,000	163,000	86.9%	28,542	187,106
Sunset Corridor/Hillsboro	2	53,000	0	0%	48,105	26,576
SE Outlying	1	29,000	29,000	100%	19,916	28,800
Tualatin	1	18,000	18,000	100%	40,337	18,000
217 Corridor/Beaverton	0	-	-	-	35,999	-
Airport Way	0	-	-	-	31,189	-
Barbur Blvd/Capitol Hwy	0	-	-	-	7,287	-
All Other	0	-	-	-	31,477	-
Totals	14	2,466,000	743,000	30.1%	34,159	176,157

Source: CoStar Group

For detailed information regarding this report, and to discuss how Norris & Stevens can assist with your real estate needs, please contact us at (503) 223-3171 or visit us at www.norris-stevens.com.

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