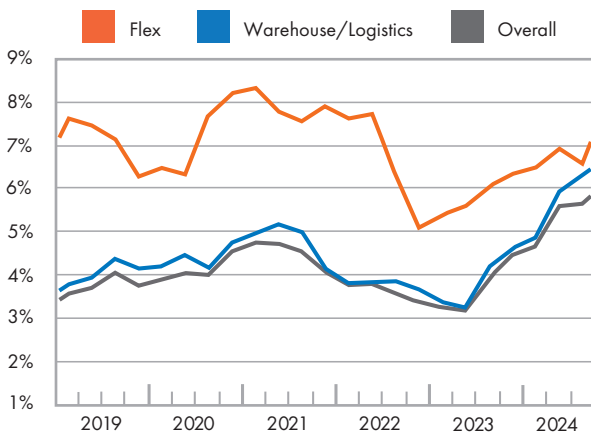


## OVERVIEW

Since the beginning of 2024, the amount of sublease space available in Portland's industrial market has increased by about 1 million square feet, indicating a more defensive approach by industrial occupiers. Weak regional home sales, declining activity at the Port of Portland, and a significant layoff announcement by UPS at its North Portland sorting facility hint at headwinds going forward.

### Vacancy Rates by Building Type Years 2019 - 2024



Source: CoStar Group

## ABSORPTION & DELIVERIES

The overall Portland industrial market saw 328,767 square feet in net absorption in the third quarter of 2024, compared to negative <1,582,060> square feet in the previous quarter.

A net absorption of 81,890 square feet was recorded for the flex building market in the third quarter, which compared to negative <94,239> square feet at the end of the second quarter of 2024.

The warehouse building market recorded net absorption of negative <143,738> square feet as the third quarter of 2024 came to a close, which compared to negative <1,556,010> square feet in the second quarter.

## PORTLAND MARKET SNAPSHOT

VACANCY

5.6%



RENTAL RATE

\$11.82



CONSTRUCTION

2,252,463 SF



ABSORPTION

328,767 SF



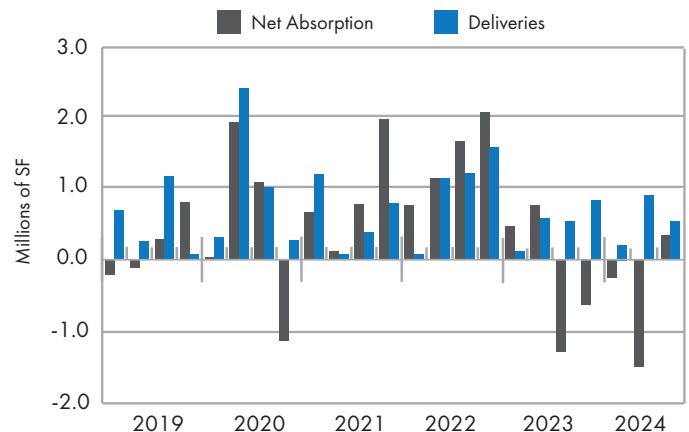
## VACANCY

The metro area's overall vacancy rate remained unchanged from the second quarter of 2024. While still below the all-time average, it is expected to increase over the remainder of the year as the market navigates the slowest period for new tenant expansions since the Great Recession.

The vacancy rate for flex properties decreased to 6.5% in the third quarter of 2024, down from 6.9% in the second quarter.

Warehouse vacancy rates saw an increase from 5.9% at the end of the second quarter to 6.3% to close out the third quarter of 2024.

## Absorption & Deliveries 2019 - 2024



Source: CoStar Group

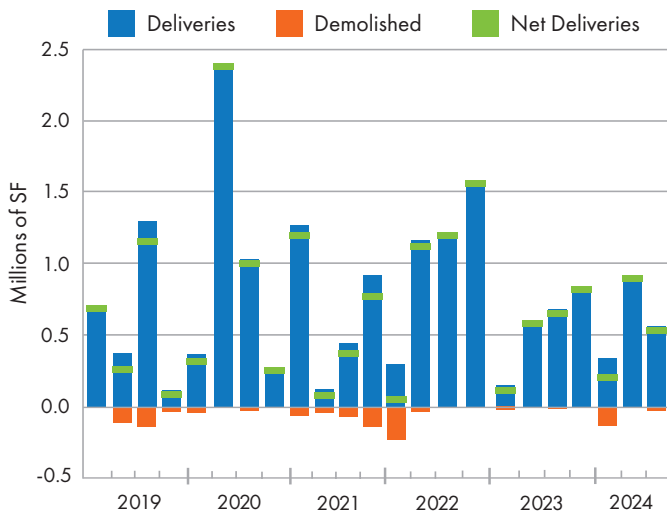
## DELIVERIES AND CONSTRUCTION

The third quarter of 2024 saw 527,383 new square feet added to the market, while 2,252,463 square feet remains under construction.

Some of the largest projects set for delivery in the second half of 2024 include Bridge Point Vancouver 600 in the Burnt Bridge Creek neighborhood for a total of 647,762 square feet, set for completion in November, and Hidden Glen Industrial in Vancouver for a total of 283,622 square feet, also set for completion in November. 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

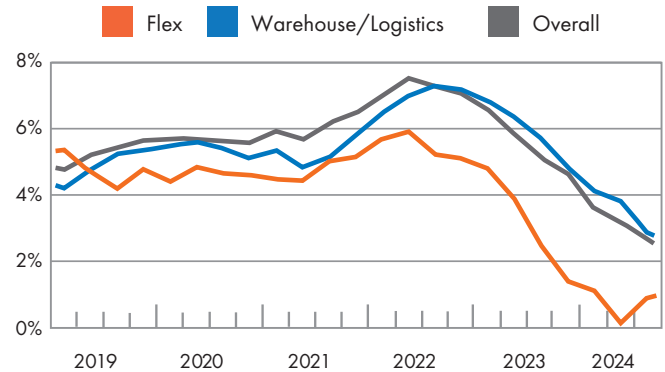
## RENTAL RATES

Over the previous 12 months, Portland's industrial rents increased by 2.6%, a significant decline from the cycle peak of 7.5% that was attained in mid-2022. Large occupiers around the metro are leasing more cautiously, which is anticipated to cause further slowing and vacancy rates to climb as we continue to navigate the second half of 2024.

Overall quoted rental rates decreased slightly in the third quarter of 2024 to \$11.82, down from \$11.84 in the previous quarter. The flex sector's average quoted rental rates increased from \$16.58 to \$16.68 per square foot at the end of the third quarter. The warehouse average quoted rental rates decreased to \$10.98, down from \$11.12 per square foot in the second quarter of 2024.

### 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	2	793,000	533,000	67.2%	60,693	396,524
Orchards	3	711,000	40,000	5.6%	26,917	236,921
I-5 Corridor Outlying	1	407,000	0	0%	50,573	407,263
Hazel Dell/Salmon Creek	1	284,000	0	0%	15,970	283,622
Sunset Corridor/Hillsboro	1	42,000	0	0%	48,827	42,484
Camas/Washougal	1	15,000	2,000	10.7%	30,268	15,285
217 Corridor/Beaverton	0	-	-	-	36,033	-
Airport Way	0	-	-	-	31,260	-
Barbur Blvd/Capitol Hwy	0	-	-	-	7,287	-
Cascade Park	0	-	-	-	78,711	-
All Other	0	-	-	-	31,222	-
<b>Totals</b>	<b>9</b>	<b>2,252,000</b>	<b>575,000</b>	<b>25.5%</b>	<b>34,315</b>	<b>250,274</b>

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](http://www.norris-stevens.com).

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