

# Industrial Market Report | Q3 2018

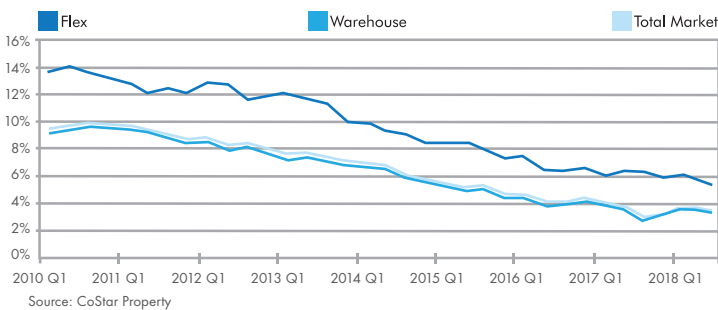
**Norris & Stevens**

INVESTMENT REAL ESTATE SERVICES

## OVERVIEW

The Industrial market closed the third quarter 2018 with a vacancy rate of 3.4%. Net absorption totaled a positive 2,699,826 square feet and vacant sublease space increased. Rental rates increased from the previous quarter to \$8.18 and 15 buildings were delivered to the market. Those 15 buildings totaled 2,080,890 square feet and 3,956,841 square feet still remain under construction at the end of this quarter.

### Vacancy Rates by Building Type Years 2010 - 2018



## ABSORPTION & DELIVERIES

The Portland Industrial market absorbed positive 2,699,826 square feet, largely due to several tenants moving into large spaces throughout the quarter.

Tenants that moved out of large blocks of space include: Microsoft (165,814 SF) and Tharco (126,388 SF).

Tenants that moved into large blocks of space include: Amazon (two locations totaling 1,775,779 SF), and EyeLevel (122,747 SF).

A net absorption of positive 211,933 square feet was recorded for the Flex building market for the third quarter 2018.

## PORTLAND MARKET SNAPSHOT

VACANCY

**3.4%**



RENTAL RATE

**\$8.18**



CONSTRUCTION

**3,956,841 SF**



ABSORPTION

**2,699,826 SF**



## VACANCY

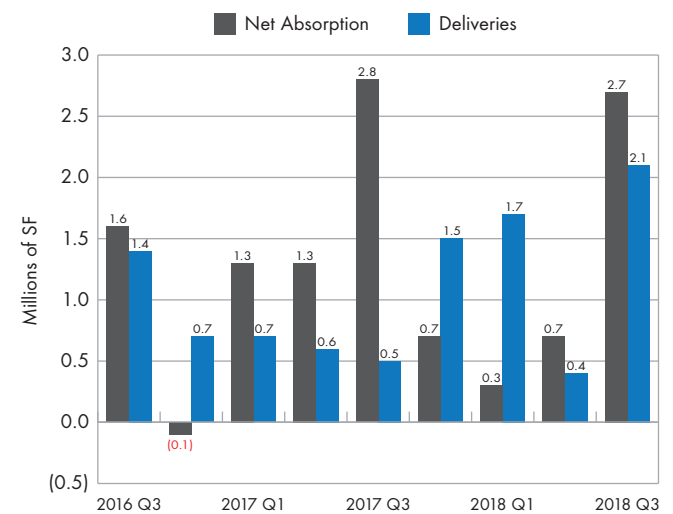
The vacancy rate decreased slightly from the second quarter, but still remains higher than last year's 3.3% vacancy in the fourth quarter.

Flex projects' vacancy rate dropped again in the third quarter 2018 to 5.2% remaining the lowest it has been in the past year.

The vacancy rate for Warehouse projects dropped to 3.2% in the third quarter, after remaining unchanged through the first and second quarters of 2018.

## Absorption & Deliveries

Past 9 Quarters



## DELIVERIES AND CONSTRUCTION

During the third quarter 2018, the Portland market continued its construction boom by completing 15 buildings, totaling 2,080,890 square feet. Second quarter 2018 delivered 415,137 square feet and first quarter 2018 delivered 1,741,378 square feet.

Some of the largest projects underway are the Mill Creek Corporate Center - Phase 1 (1,018,020 SF) that is 100% pre-leased and Blue Lake Corporate Park - Bldg B, (378,000 SF) that is 0% pre-leased.

3,956,841 square feet were still under construction at the end of the third quarter.

## RENTAL RATES

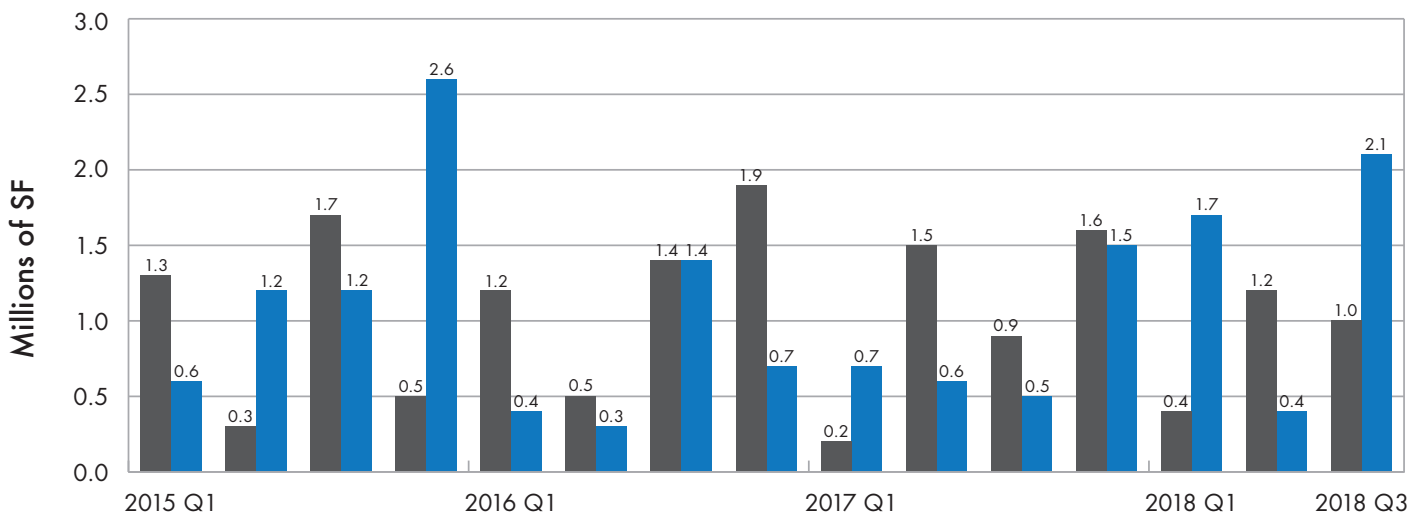
Portland quoted industrial rental rates increased in the third quarter 2018 and were on average 1.2% higher than the second quarter with an asking rate of \$8.18 per square foot.

The Flex sector averaged a quoted rental rate of \$12.57 per square foot and Warehouse rates remained at \$7.42 per square foot.

## Historical Construction Starts & Deliveries

Square Footage Per Quarter

■ Construction Starts ■ Deliveries



Source: CoStar Property

## Construction Activity | Markets Ranked UNDER CONSTRUCTION RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Northeast	14	1,507,360	33,750	2.2%	38,881	107,669
Marion County	2	1,033,420	1,018,020	98.5%	24,465	516,710
I-5 Corridor	5	503,205	58,280	11.6%	36,919	100,641
Westside	1	266,160	0	0.0%	45,236	266,160
Clark County	7	198,857	152,291	76.6%	30,082	28,408
Cowlitz County	1	110,000	70,400	64.0%	25,081	110,000
Lane County	5	99,992	21,000	21.0%	24,761	19,998
Deschutes County	6	87,879	16,710	19.0%	15,783	14,646
Southeast	4	72,000	7,920	11.0%	23,877	18,000
Yamhill County	2	59,000	59,000	100.0%	25,125	29,500
All Other	2	18,968	7,000	36.9%	30,807	9,484
<b>Totals</b>	<b>49</b>	<b>3,956,841</b>	<b>1,444,371</b>	<b>36.5%</b>	<b>30,371</b>	<b>80,752</b>

Source: CoStar Property

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).