

# Industrial Market Report | Q4 2018

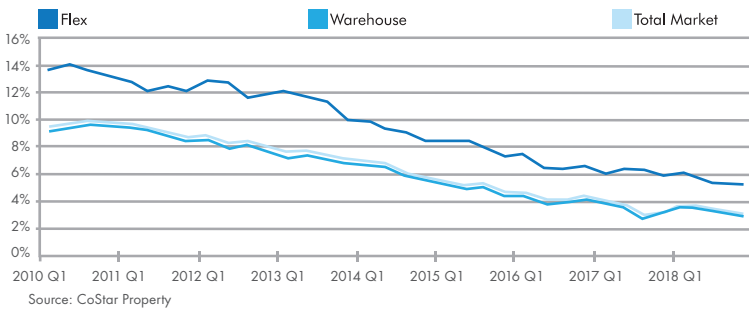
**Norris & Stevens**

INVESTMENT REAL ESTATE SERVICES

## OVERVIEW

The Industrial market in Portland closed out the fourth quarter 2018 with a vacancy rate of 3.1%. Net absorption totaled a positive 2,319,645 square feet and vacant sublease space decreased. Rental rates increased from the previous quarter to \$8.70 and 9 buildings were delivered to the market. Those 9 buildings totaled 1,481,820 square feet and 3,023,734 square feet still remain under construction at the end of the quarter.

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



## ABSORPTION & DELIVERIES

The overall Portland Industrial market absorbed positive 2,319,645 square feet, compared to positive 2,708,016 square feet in the third quarter 2018.

A net absorption of positive 8,776 square feet was recorded for the flex building market for the fourth quarter 2018, which compared to positive 263,966 square feet from the previous quarter.

The Warehouse building market recorded net absorption of positive 2,310,869 square feet in the fourth quarter 2018, compared to positive 2,444,050 square feet in the third quarter 2018.

## PORTLAND MARKET SNAPSHOT

VACANCY **3.1%**  RENTAL RATE **\$8.70** 

CONSTRUCTION **3,023,734 SF**  ABSORPTION **2,708,016 SF** 

## VACANCY

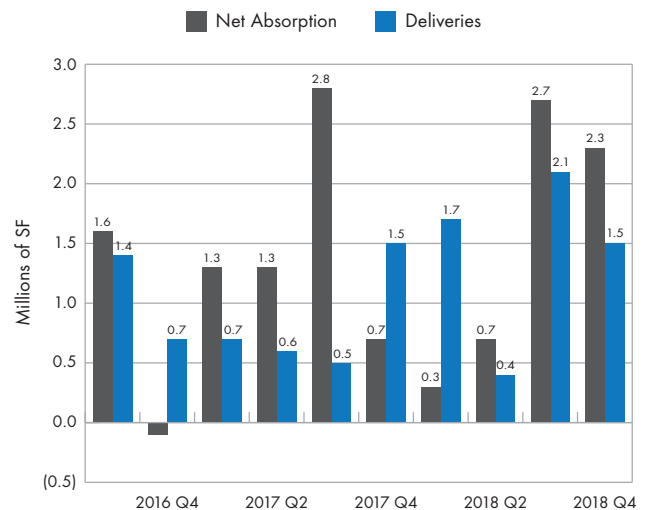
The Portland area vacancy rate decreased to 3.1% at the close of the fourth quarter 2018, down from 3.4% at the end of the third quarter 2018.

Flex projects vacancy rate remained largely unchanged from the previous quarter at 5.3%, but up from the first quarter 2018's rate of 3.5%.

The vacancy rate for Warehouse projects in fourth quarter 2018 was 2.9%, down from 3.2% in the previous quarter.

## Absorption & Deliveries

Past 10 Quarters



## DELIVERIES AND CONSTRUCTION

During the fourth quarter 2018, the Portland market slowed a bit from the previous quarter, delivering nine buildings for a total of 1,481,820 square feet.

There were 3,023,734 square feet of Industrial space under construction at the end of the fourth quarter 2018. Some of the largest projects underway are the Blue Lake Corporate Park - Bldg B, a 378,000 square-foot building with 0% of its space pre-leased, and The Cubes at Troutdale, a 349,080 square-foot facility that is 0% pre-leased.

## RENTAL RATES

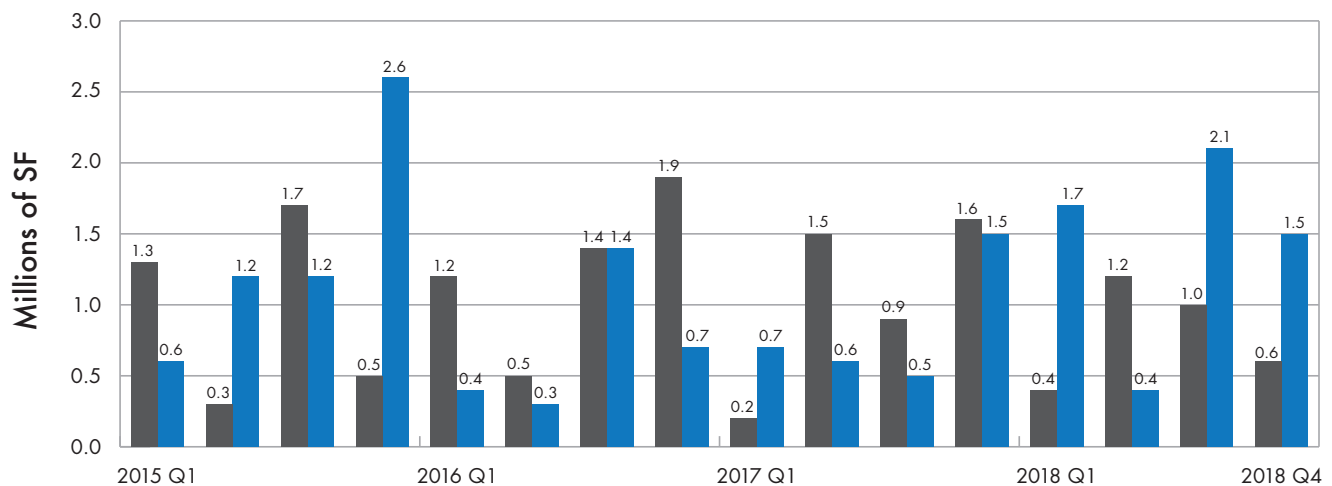
Portland quoted industrial rental rates increased in the fourth quarter 2018 and were on average 6.4% higher than the third quarter with an asking rate of \$8.70 per square foot.

The Flex sector average quoted rental rates also increased, ending the quarter at \$13.13 per square foot and the warehouse average quoted rental rate stood at \$7.88 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	13	1,502,360	28,750	1.9%	38,926	115,566
I-5 Corridor	6	1,033,420	92,142	18.1%	37,024	84,935
Southeast	6	350,400	53,400	15.2%	24,202	58,400
Clark County	8	327,452	190,781	58.3%	29,660	40,931
Deschutes County	12	184,957	37,753	20.4%	15,766	15,413
Yamhill County	1	41,000	41,000	100.0%	25,086	41,000
Lane County	2	99,992	21,000	51.7%	24,197	20,292
Linn County	1	40,000	40,000	100.0%	32,568	40,000
Marion County	1	15,400	0	0.0%	25,290	18,000
Polk County	1	11,968	0	0.0%	25,767	11,968
All Other	0	0	0	0.0%	34,978	0
<b>Totals</b>	<b>51</b>	<b>3,023,734</b>	<b>504,826</b>	<b>16.7%</b>	<b>30,419</b>	<b>59,289</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).