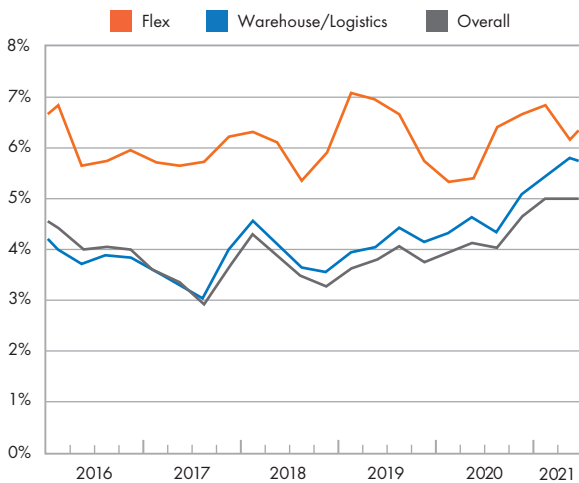


OVERVIEW

Portland's industrial market was better positioned than other markets to navigate the COVID-19 pandemic. This is thanks to the growth of e-commerce and delivery services in the wake of the pandemic. While vacancy and rent growth have softened by mid-year 2021, they are still at healthy levels.

Vacancy Rates by Building Type Years 2016 - 2021



Source: CoStar Property

ABSORPTION & DELIVERIES

The overall Portland Industrial market absorbed 371,415 square feet in the second quarter of 2021, compared to negative (30,780) square feet in the first quarter of 2021.

A net absorption of negative (72,137) square feet was recorded for the flex building market for the second quarter 2021, which compared to negative (24,044) square feet from the previous quarter.

The warehouse building market recorded net absorption of 458,712 square feet in the second quarter, up from 28,253 square feet in the first quarter 2021.

PORTLAND MARKET SNAPSHOT

VACANCY

4.9%



RENTAL RATE

\$9.96



CONSTRUCTION

3,640,853 SF



ABSORPTION

371,415 SF



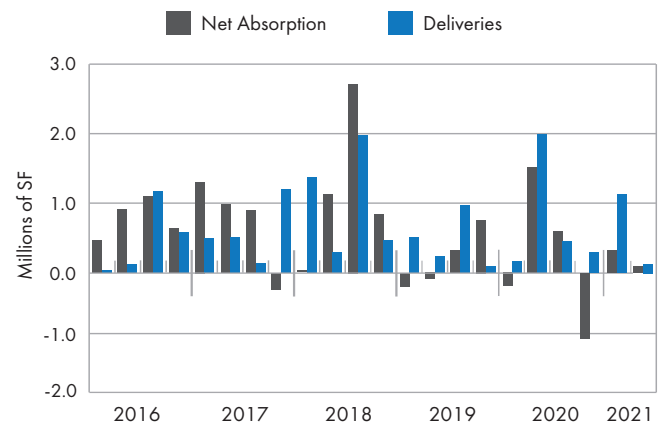
VACANCY

Portland's current overall vacancy rate of 4.9% remains below the long-term average for the metro area, and is keeping pace with the national average of 5.1%. The overall vacancy rate from the second quarter 2020 was 4.3%.

The vacancy rate for flex projects decreased to 6.5% in the second quarter, after closing out the first quarter at 6.8%.

Warehouse project vacancy rates remained unchanged from the first quarter 2021 at 5.6%.

Absorption & Deliveries 2016 - 2021



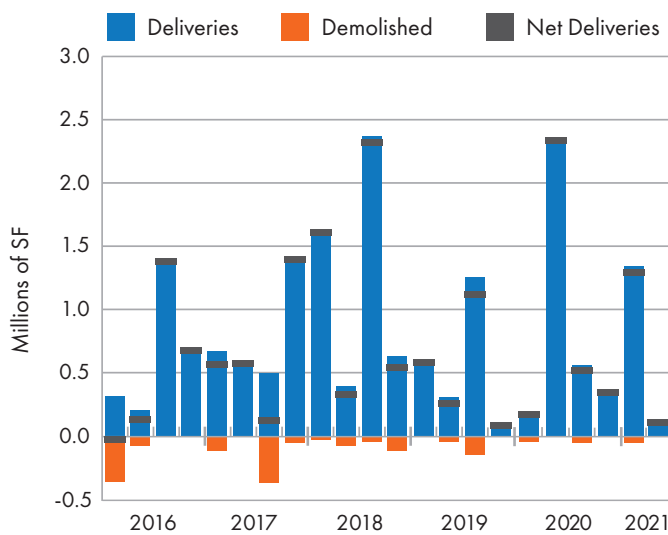
Source: CoStar Property

DELIVERIES AND CONSTRUCTION

While no square footage was delivered to the Portland market in the first quarter of 2021, the second quarter saw 90,000 square feet delivered.

While square footage deliveries have been sparse so far in 2021, there remains 3,640,853 square feet of industrial space under construction. Some of the largest projects underway include the Intel expansion at 1,500,000 square feet, set for a September 2021 completion, and Portland-Hillsboro 3 in Hillsboro, OR, at 358,000 square feet scheduled for completion in August 2021.

Historical Construction Deliveries Square Footage Per Quarter



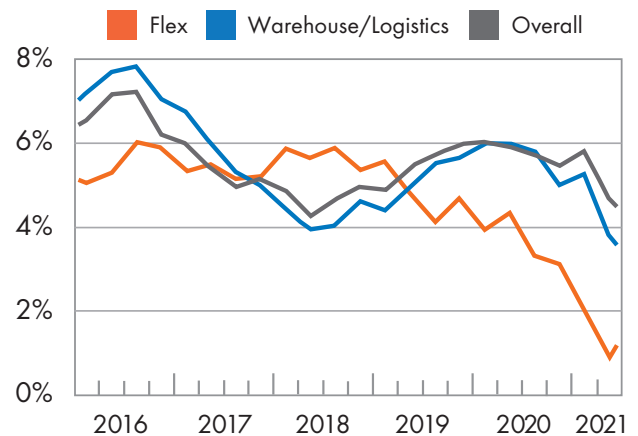
Source: CoStar Property

RENTAL RATES

Despite the effects of the pandemic, Portland's industrial rents maintained their upward trajectory, continuing a decade-long trend that saw cumulative industrial rent growth of nearly 60% since the beginning of 2011.

Despite that, the overall quoted rental rate decreased slightly in the second quarter of 2021 to \$9.96, down from \$9.99 in the previous quarter. The flex sector's average quoted rental rates increased, ending the quarter at \$14.77 per square foot, and the warehouse average quoted rental rate decreased to \$9.17 per square foot, down from \$9.33 in the first quarter of 2021.

Market Rent Growth 2016 - 2021



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
Sunset Corridor/Hillsboro	4	2,234,000	2,234,000	100%	48,389	558,388
I-5 Corridor Outlying	3	478,000	0	0%	22,473	159,434
East Columbia Corridor	5	449,000	261,000	58.2%	59,991	89,764
Orchards	2	181,000	11,000	5.9%	23,259	90,425
St Johns/Cntrl Vancouver	3	145,000	105,000	72.4%	27,758	48,313
Clackamas/Milwaukie	2	49,000	26,000	53.7%	34,784	24,550
Rivergate	1	41,000	0	0%	88,215	40,890
Gresham	1	32,000	5,000	15.2%	15,639	32,454
Vancouver Mall	1	32,000	32,000	100%	9,767	31,949
217 Corridor/Beaverton	-	-	-	-	35,626	-
All Other	-	-	-	-	27,900	-
Totals	22	3,641,000	2,674,000	73.4%	33,666	165,493

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.