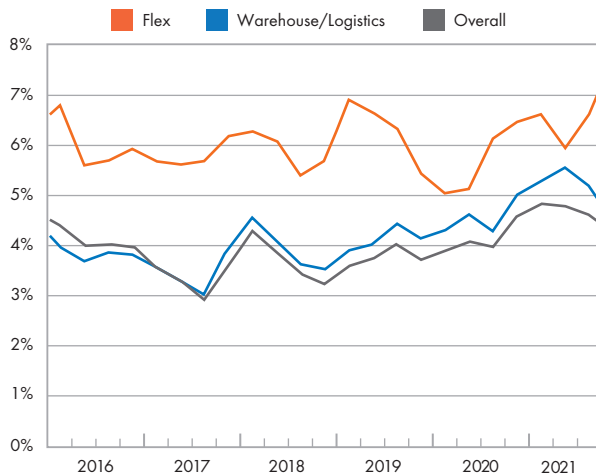


## OVERVIEW

Portland's industrial market has remained one of the strongest sectors throughout the COVID-19 pandemic. The growth of e-commerce and delivery services has been boosting the industrial sector even before the pandemic began. Increased demand for distribution and last-mile industrial facilities should remain elevated in the near-term, as consumers have become accustomed to online shopping for certain necessity-based goods.

### Vacancy Rates by Building Type Years 2016 - 2021



Source: CoStar Property

## ABSORPTION & DELIVERIES

The overall Portland Industrial market absorbed 774,584 square feet in the third quarter of 2021, compared to 371,415 square feet in the second quarter of 2021.

A net absorption of negative (162,455) square feet was recorded for the flex building market for the third quarter 2021, which compared to negative (72,137) square feet from the previous quarter.

The warehouse building market recorded net absorption of 840,185 square feet in the third quarter, up from 458,712 square feet in the second quarter 2021.

## PORTLAND MARKET SNAPSHOT

VACANCY

**4.3%**



RENTAL RATE

**\$10.18**



CONSTRUCTION

**4,681,285 SF**



ABSORPTION

**774,584 SF**



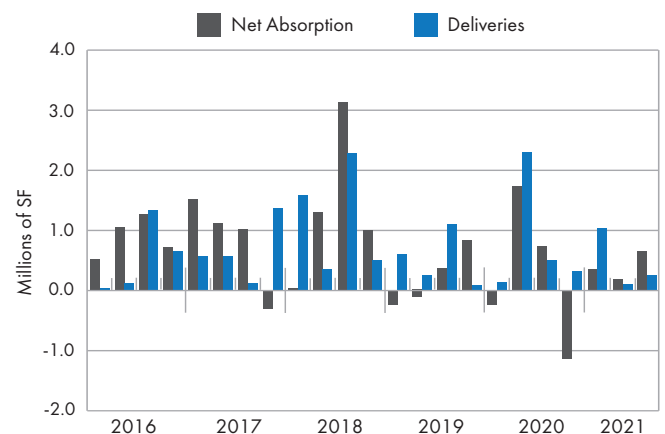
## VACANCY

Portland's current overall vacancy rate of 4.3% remains below the long-term average for the metro area, and is keeping pace with the national average of 4.6%. The overall vacancy rate from the second quarter of 2021 was 4.9%.

The vacancy rate for flex projects increased to 7.3% in the second quarter, after closing out the first quarter at 6.5%.

Warehouse vacancy rates decreased to 4.7% in the third quarter of 2021, down from 5.6% in the second quarter 2021.

## Absorption & Deliveries 2016 - 2021



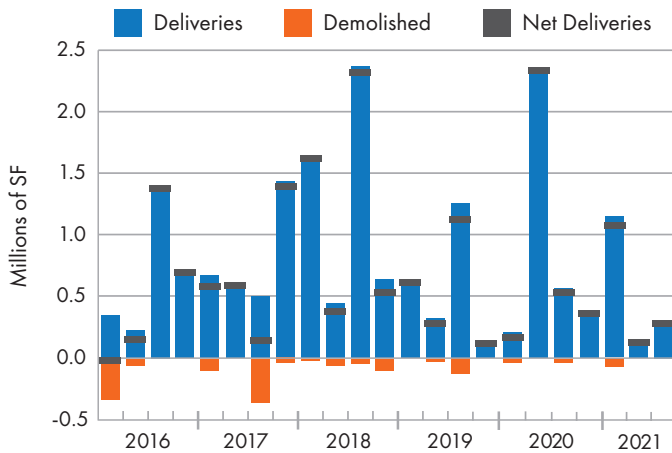
Source: CoStar Property

## DELIVERIES AND CONSTRUCTION

As was the case with the first two quarters of 2021, no new square footage was delivered to the market in the third quarter. Despite the lack of deliveries, 4,681,285 square feet of industrial space remains under construction, with a notable percentage being destined for owner occupancy.

Some of the largest projects underway include the Intel expansion at 1,500,000 square feet, set for a December 2021 completion, and Portland-Hillsboro 3 in Hillsboro, OR, at 358,000 square feet, scheduled for completion in November 2021.

### Historical Construction Deliveries Square Footage Per Quarter



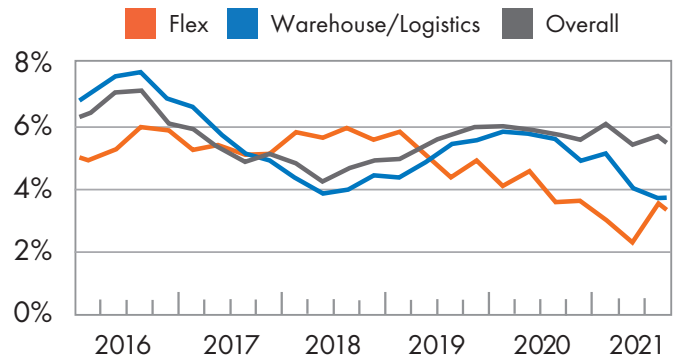
Source: CoStar Property

## RENTAL RATES

Despite the effects of the pandemic, Portland's industrial rents continued to grow at a healthy pace, maintaining a decade-long trend that saw cumulative industrial rent growth of nearly 64.7%.

As a result, the overall quoted rental rate increased slightly in the third quarter of 2021 to \$10.18, up from \$9.96 in the previous quarter. The flex sector's average quoted rental rates also increased, ending the quarter at \$15.19 per square foot, as did warehouse average quoted rental rates, increasing to \$9.25 per square foot from \$9.17 in the second 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	5	2,504,000	2,504,000	100%	47,992	500,705
I-5 Corridor Outlying	3	478,000	0	0%	21,717	159,434
Clark County Outlying	2	476,000	5,000	1%	65,858	238,147
Airport Way	1	200,000	200,000	100%	30,315	200,000
East Columbia Corridor	2	188,000	1,000	0.3%	60,173	93,996
Guilds Lake	1	188,000	0	0%	41,574	187,546
Orchards	2	181,000	11,000	5.9%	23,176	90,425
St Johns/Cntrl Vancouver	3	142,000	142,000	100%	27,667	47,447
Wilsonville	1	110,000	0	0%	60,779	110,366
Hazel Dell/Salmon Creek	1	77,000	77,000	100%	14,119	77,000
All Other	5	137,000	73,000	53.6%	29,102	27,415
<b>Totals</b>	<b>26</b>	<b>4,681,000</b>	<b>3,013,000</b>	<b>64.4%</b>	<b>33,610</b>	<b>180,049</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).