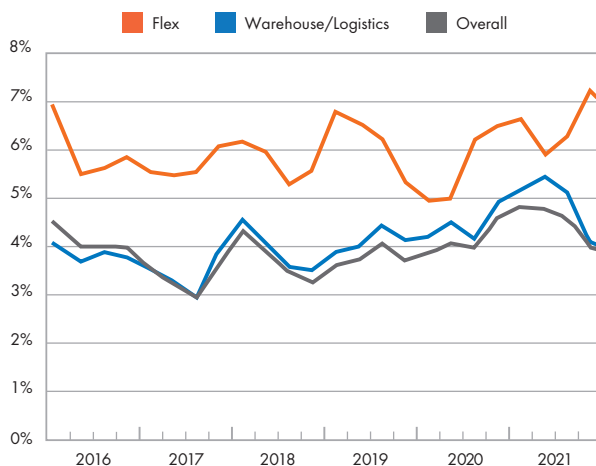


OVERVIEW

As the year came to a close, Portland's industrial sector remained strong due to the continued growth of e-commerce and delivery services. Historically high demand for logistics space continues, especially given current supply chain constraints that are forcing companies to shore-up domestic shipping assets. In response, the development and construction pipeline has heated back up.

Vacancy Rates by Building Type Years 2016 - 2021



Source: CoStar Property

ABSORPTION & DELIVERIES

The overall Portland Industrial market absorbed 393,222 square feet in the fourth quarter of 2021, compared to 774,584 square feet in the third quarter of 2021.

A net absorption of negative (9,397) square feet was recorded for the flex building market for the fourth quarter of 2021, which compared to negative (162,455) square feet from the previous quarter.

The warehouse building market recorded net absorption of negative (71,006) square feet in the fourth quarter, down significantly from 840,185 square feet in the previous quarter.

PORTLAND MARKET SNAPSHOT

VACANCY

3.8%



RENTAL RATE

\$10.40



CONSTRUCTION

4,924,546 SF



ABSORPTION

393,222 SF



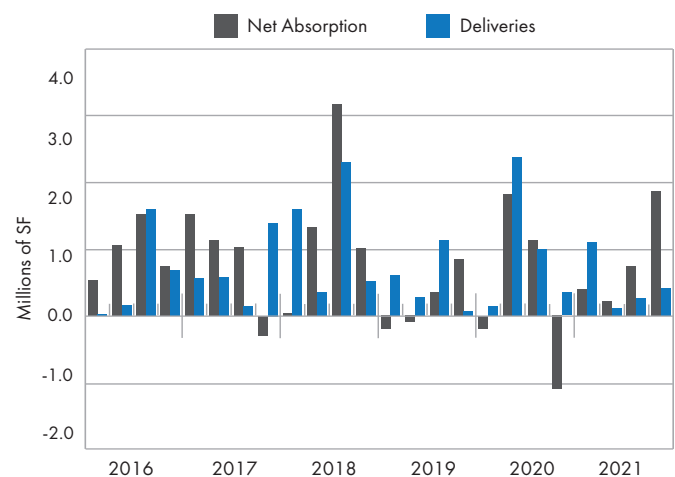
VACANCY

Portland's current vacancy rate of 3.8% remains significantly below the metro's historical average of 6.7%, and tracks well with the national average of 4.3%. The overall vacancy rate from the third quarter of 2021 was 4.3%.

The vacancy rate for flex projects remained unchanged from the previous quarter at 7.3%.

Warehouse vacancy rates decreased to 3.8% in the fourth quarter of 2021, down from 4.7% in the second quarter 2021.

Absorption & Deliveries 2016 - 2021



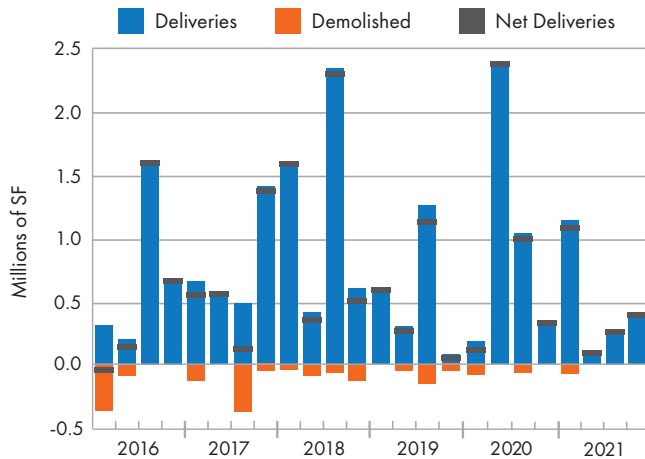
Source: CoStar Property

DELIVERIES AND CONSTRUCTION

While no new square footage was delivered throughout all of 2021, the fourth quarter ended with 4,924,546 square feet of industrial space under construction. Many of these projects are owner-occupied or pre-leased, and thus won't impact market dynamics significantly.

Some of the largest projects underway include the Intel expansion at 1,500,000 square feet, set for a March 2022 completion, and the Ridgefield Industrial Center in Ridgefield, WA, at 468,810 square feet, scheduled for completion in June 2022.

Historical Construction Deliveries Square Footage Per Quarter



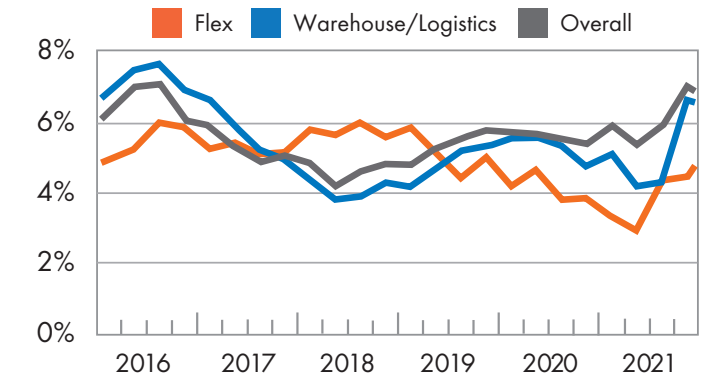
Source: CoStar Property

RENTAL RATES

Portland's industrial rents continued to grow at a healthy pace, maintaining a decade-long trend that saw cumulative industrial rent growth of nearly 66.4%, far better than comparable rents gains for the retail or office sectors.

As a result, the overall quoted rental rate increased slightly in the fourth quarter of 2021 to \$10.40, up from \$10.18 in the previous quarter. The flex sector's average quoted rental rates also increased, ending the quarter at \$15.53 per square foot, as did warehouse average quoted rental rates, increasing to \$9.48 per square foot from \$9.25 in the third 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	6	2,517,000	2,504,000	99.5%	49,774	419,464
I-5 Corridor Outlying	3	478,000	0	0%	22,375	159,434
Clark County Outlying	2	476,000	5,000	1.1%	65,694	238,155
Tualatin	2	326,000	0	0%	39,014	162,774
Orchards	4	301,000	129,000	42.9%	23,097	75,251
Airport Way	1	200,000	200,000	100%	30,056	200,000
Guilds Lake	1	188,000	48,000	25.6%	41,602	187,546
East Columbia Corridor	2	179,000	41,000	23%	60,106	89,616
Wilsonville	1	110,000	110,000	100%	60,696	110,366
St Johns/Central Vancouver	1	105,000	105,000	100%	27,679	105,000
All Other	2	44,000	14,000	31.3%	28,007	22,227
Totals	25	4,925,000	3,156,000	64.1%	33,734	196,982

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.