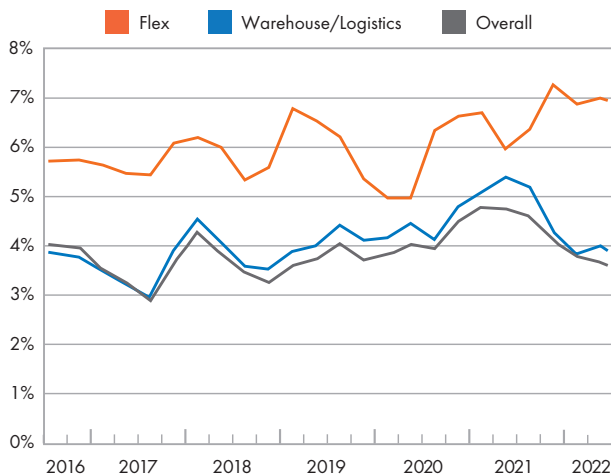


OVERVIEW

The Portland Metro area is experiencing record demand for logistics space amid supply chain constraints and the rise in e-commerce and delivery services. This is forcing companies to bolster domestic shipping assets. The industrial sector's tight vacancies and minimal supply for space is pushing rents to a new high, drawing more investors to the region. Favorable demographics, the presence of an international airport and maritime ports make Portland an attractive industrial market.

Vacancy Rates by Building Type Years 2016 - 2022



Source: CoStar Group

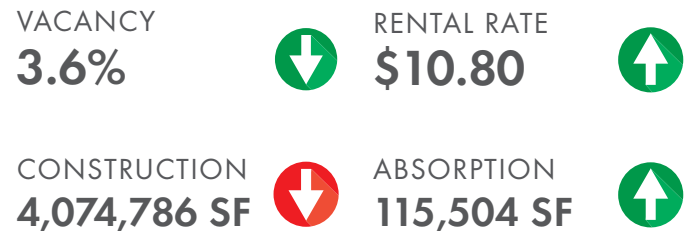
ABSORPTION & DELIVERIES

The overall Portland industrial market absorbed 115,504 square feet in the second quarter of 2022, up significantly from 9,079 square feet in the first quarter of 2022.

A net absorption of 61,943 square feet was recorded for the flex building market in the second quarter of 2022, which compared to negative (27,298) square feet from the previous quarter.

The warehouse building market recorded net absorption of 56,742 square feet in the second quarter of 2022, down from 150,644 square feet in the first quarter of 2022.

PORTLAND MARKET SNAPSHOT



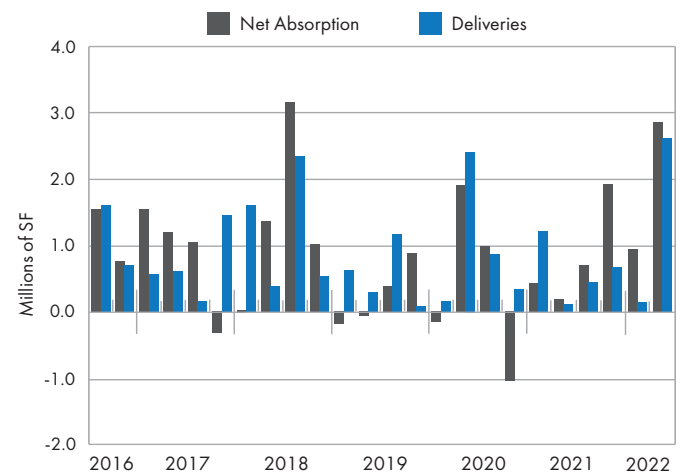
VACANCY

Portland's current vacancy rate of 3.6% remains below the metro's historical average of 6.6%, yet tracks well with the national average of 3.9%. The overall vacancy rate from the first quarter of 2022 was 3.9%.

The vacancy rate for flex projects decreased to 6.7% in the second quarter of 2022, down from 7.0% in the first quarter.

Warehouse vacancy rates increased slightly from the previous quarter, going from 3.8% to 4.0%, however, this was down from 5.6% in the second quarter of 2021.

Absorption & Deliveries 2016 - 2022



Source: CoStar Group

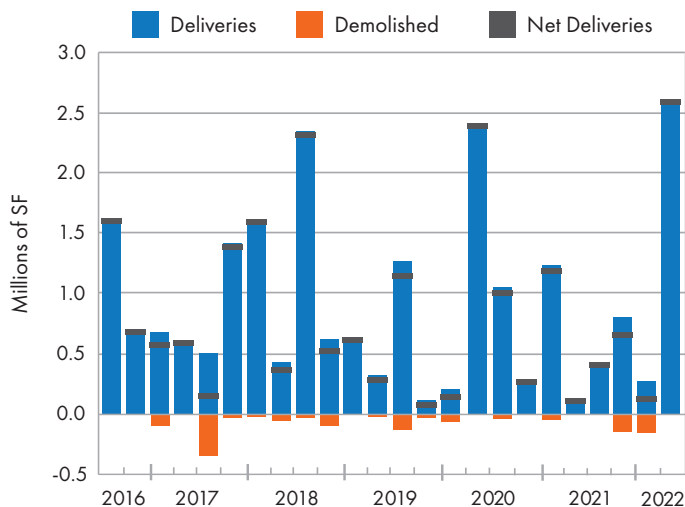
DELIVERIES AND CONSTRUCTION

While 206,431 square feet were delivered in the first quarter of 2022, the second quarter saw no new square footage added to the market, with 4,074,786 square feet still under construction. Many of these projects are owner-occupied or pre-leased, and therefore won't impact market dynamics significantly when delivered.

Some of the largest projects underway include the Prologis Meadows Building E in North Portland at 700,000 square feet, set for a November 2022 completion, and the Ridgefield Industrial Center in Ridgefield, Washington at 468,810 square feet, scheduled for completion in September 2022.

Historical Construction Deliveries

Square Footage Per Quarter



Source: CoStar Group

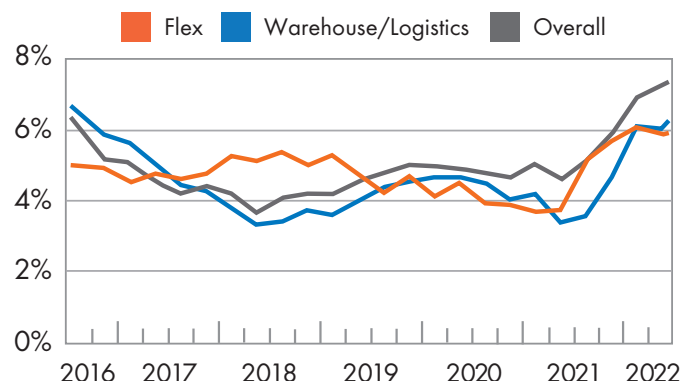
RENTAL RATES

Portland's industrial rents still continue to grow at a healthy pace, far better than comparable rent gains for the retail or office sectors. In the past 12 months, rental rates have posted gains of around 8.2% compared to the national average of 11.8%.

While rent growth varies across Portland's many submarkets, every industrial hub saw solid growth over the last 12 months, especially those adjacent to the Columbia River and Willamette River.

Overall quoted rental rate increased in the second quarter of 2022 to \$10.80, up from \$10.77 in the previous quarter. The flex sector's average quoted rental rates also increased, ending the quarter at \$16.40 per square foot, while warehouse average quoted rental rates decreased to \$9.65 per square foot from \$9.82 in the first quarter of 2022.

Market Rent Growth 2016 - 2022



Source: CoStar Group

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	1,158,000	1,145,000	98.9%	52,652	193,073
Airport Way	1	700,000	700,000	100%	30,262	700,000
East Columbia Corridor	2	490,000	0	0%	61,205	244,850
Clark County Outlying	1	469,000	345,000	73.7%	64,750	468,810
I-5 Corridor Outlying	1	435,000	435,000	100%	38,189	435,107
Tualatin	2	326,000	139,000	42.6%	39,240	162,774
Hazel Dell/Salmon Creek	1	293,000	68,000	23.1%	14,255	293,262
Wilsonville	1	110,000	110,000	100%	60,807	110,366
Orchards	1	81,000	81,000	100%	24,241	80,787
Clackamas/Milwaukie	1	12,000	0	0%	34,710	11,650
All Other	1	1,000	0	0%	28,095	1,116
Totals	18	4,075,000	3,023,000	74.2%	34,056	226,377

Source: CoStar Group

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.