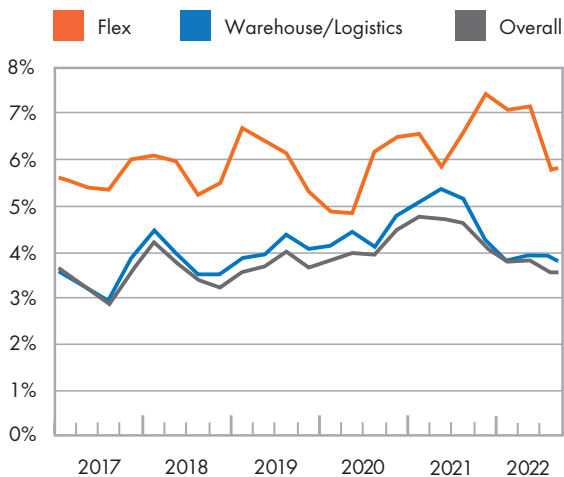


OVERVIEW

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 the Portland Metro area an attractive industrial market.

Vacancy Rates by Building Type Years 2017 - 2022



Source: CoStar Group

ABSORPTION & DELIVERIES

The overall Portland industrial market absorbed 53,746 square feet in the third quarter of 2022, down significantly from 115,504 square feet in the second quarter of 2022.

A net absorption of 20,686 square feet was recorded for the flex building market in the third quarter of 2022, which compared to 61,943 square feet from the previous quarter.

The warehouse building market recorded net absorption of 61,564 square feet in the third quarter of 2022, up from 56,742 square feet in the second quarter of 2022.

PORTLAND MARKET SNAPSHOT

VACANCY

3.5%



RENTAL RATE

\$10.95



CONSTRUCTION

3,492,973 SF



ABSORPTION

53,746 SF



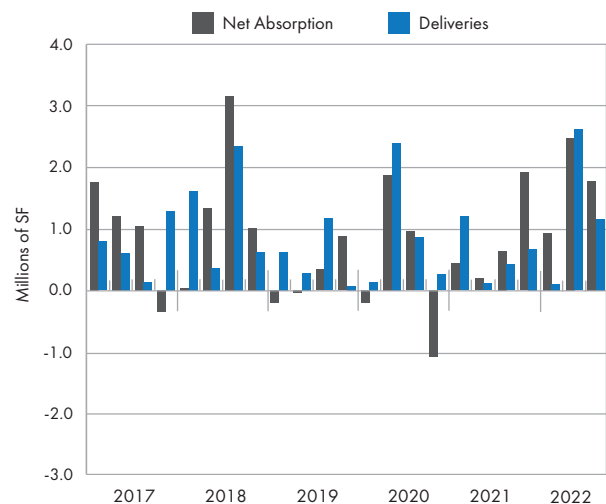
VACANCY

Portland's current vacancy rate of 3.5% remains below the metro's historical average of 6.5%, yet tracks well with the national average of 4.0%. The overall vacancy rate from the first quarter of 2022 was 3.9%.

The vacancy rate for flex projects decreased to 5.7% in the third quarter of 2022, down from 6.7% in the second quarter.

Warehouse vacancy rates decreased slightly from the previous quarter, going from 4.0% to 3.8%, however, this was down from 4.7% in the third quarter of 2021.

Absorption & Deliveries 2017 - 2022



Source: CoStar Group

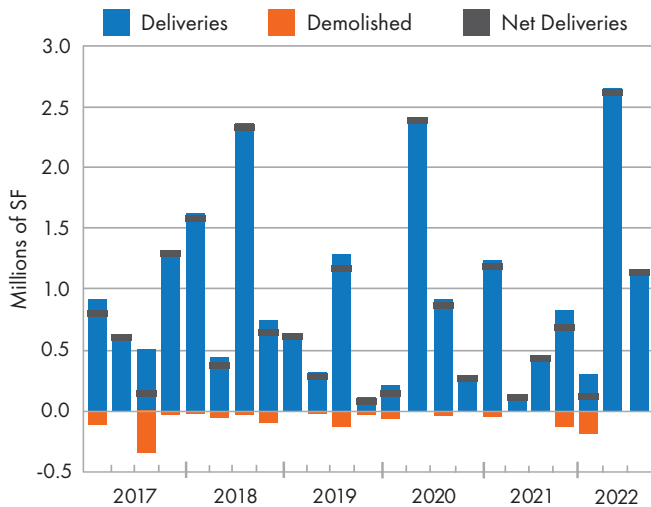
DELIVERIES AND CONSTRUCTION

Just like the second quarter of 2022, the third quarter saw no new square footage added to the market, while 3,492,973 square feet remains 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 GXO Logistics building in NE Portland at 269,975 square feet, also scheduled for completion in November 2022.

Historical Construction Deliveries

Square Footage Per Quarter



Source: CoStar Group

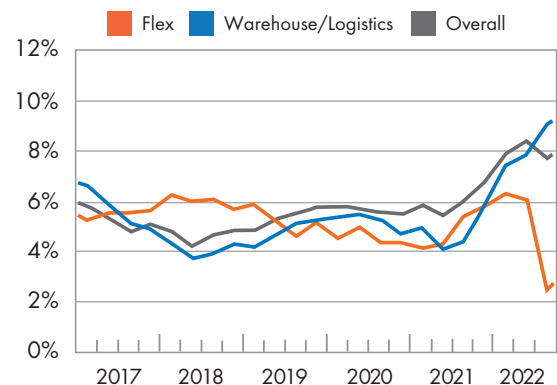
RENTAL RATES

Portland's industrial rents still continue to grow at a healthy pace, far better than comparable rent gains for the retail or office sectors. Rents will be tested in upcoming quarters by a moderate supply pipeline, while investor and developer confidence in the region should keep speculative projects flowing into the market as land supply allows.

Overall quoted rental rate increased in the third quarter of 2022 to \$10.95, up from \$10.80 in the previous quarter. Although the flex sector's average quoted rental rates decreased ending the quarter at \$15.93 per square foot, the warehouse average quoted rental rates increased to \$10.01 per square foot from \$9.65 in the second quarter of 2022.

Market Rent Growth

2017 - 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	5	800,000	787,000	98.30%	52,704	160,088
Airport Way	1	700,000	700,000	100%	30,433	700,000
I-5 Corridor Outlying	2	583,000	435,000	74.60%	38,402	291,693
East Columbia Corridor	2	490,000	0	0%	61,040	244,850
Hazel Dell/Salmon Creek	1	293,000	162,000	55.30%	14,125	293,262
Orchards	2	166,000	141,000	84.90%	24,522	82,894
Cascade Park	2	156,000	0	0%	73,014	77,800
Tualatin	1	139,000	139,000	100%	39,680	138,598
SE Outlying	1	85,000	85,000	100%	19,608	85,105
Columbia County	1	32,000	32,000	100%	32,060	32,205
All Other	4	49,000	1,000	1.30%	30,927	12,223
Totals	22	3,493,000	2,482,000	71.10%	34,195	158,772

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.