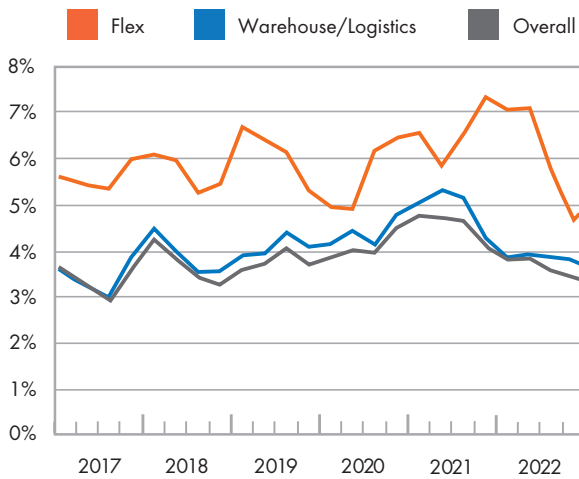


OVERVIEW

The expansion of e-commerce and delivery services has continued to benefit the Portland Metro's industrial market, with key indicators such as vacancy and rent growth outperforming historical averages. Vacancies have been squeezed by this record demand, and as a result, construction has started to heat back up. However, geographical constraints in Portland make new development more difficult than most other western U.S. metro areas.

Vacancy Rates by Building Type Years 2017 - 2022



Source: CoStar Group

ABSORPTION & DELIVERIES

The overall Portland industrial market absorbed 1,309,700 square feet in the fourth quarter of 2022, down from 1,725,159 square feet in the third quarter of 2022.

A net absorption of 262,987 square feet was recorded for the flex building market in the fourth quarter of 2022, which compared to 349,574 square feet from the previous quarter.

The warehouse building market recorded net absorption of 880,487 square feet in the fourth quarter, up from 844,219 square feet in the third quarter of 2022.

PORTLAND MARKET SNAPSHOT

VACANCY

3.4%



RENTAL RATE

\$11.15



CONSTRUCTION

2,876,885 SF



ABSORPTION

1,309,700 SF



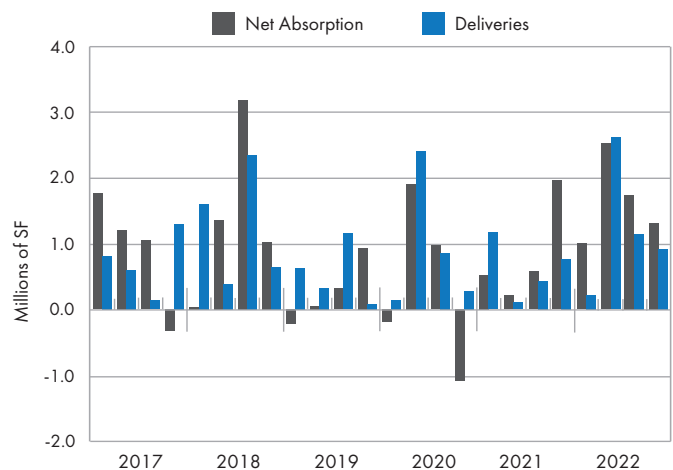
VACANCY

Portland's current vacancy rate of 3.4% remains below the metro's historical average of 6.5%, yet tracks well with the national average of 4.1%. The overall vacancy rate from the third quarter of 2022 was 3.6%.

The vacancy rate for flex properties decreased to 4.6% in the fourth quarter of 2022, down from 5.7% in the third quarter.

Warehouse vacancy rates decreased slightly from 3.9% at the end of the third quarter to 3.8% to close out the year.

Absorption & Deliveries 2017 - 2022



Source: CoStar Group

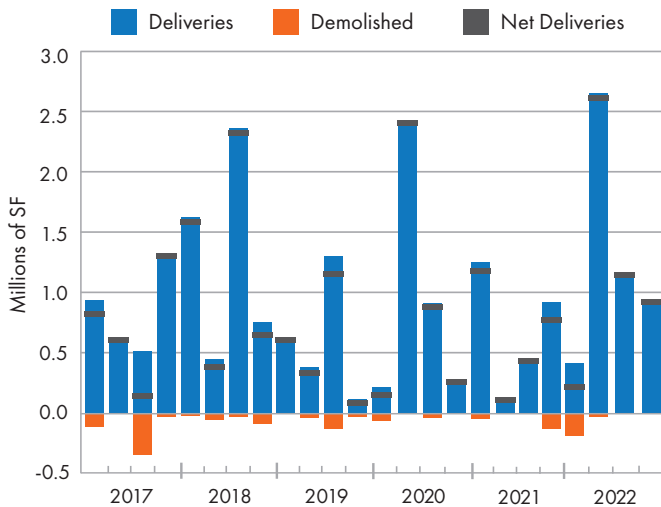
DELIVERIES AND CONSTRUCTION

The fourth quarter of 2022 saw 924,572 new square feet added to the market, while 2,876,885 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 set for delivery in 2023 include the PacTrust Corporate Park in Vancouver at 293,262 square feet, set for completion in February, and the Prologis Meadows Building E in north Portland at 281,345 square feet, set for a March completion.

Historical Construction Deliveries

Square Footage Per Quarter



Source: CoStar Group

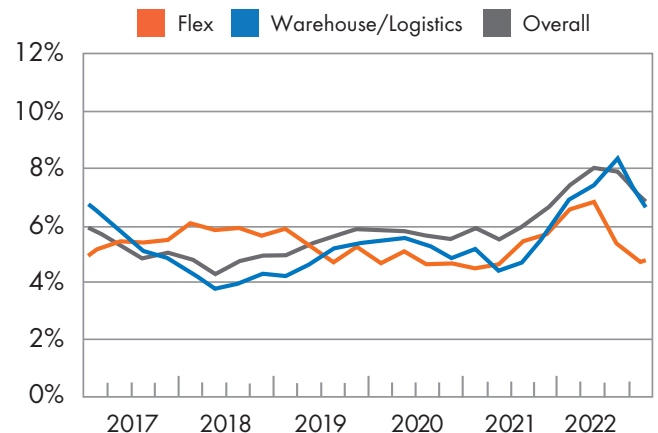
RENTAL RATES

Portland's industrial rents continue to grow in response to an increase in demand and absorption, as well as a lack of new construction. A lack of available land has constrained new construction starts in the Portland metro area. These factors will likely give landlords pricing power and leverage on lease rates in the near-term.

Overall quoted rental rate increased in the fourth quarter of 2022 to \$11.15, up from \$11.04 in the previous quarter. The flex sector's average quoted rental rates increased from \$16.42 to \$16.67 per square foot at the end of the fourth quarter. The warehouse average quoted rental rates increased slightly to \$10.12 per square foot from \$10.08 in the third 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
I-5 Corridor Outlying	4	593,000	0	0%	37,262	148,322
East Columbia Corridor	2	490,000	0	0%	59,534	244,850
Orchards	4	299,000	99,000	33.0%	24,307	74,665
Hazel Dell/Salmon Creek	1	293,000	226,000	77.0%	14,103	293,262
Airport Way	1	281,000	281,000	100%	30,635	281,345
Tualatin	4	194,000	0	0%	40,460	48,560
Cascade Park	3	167,000	0	0%	75,610	55,733
Westside Outlying	1	156,000	0	0%	24,246	155,500
Sunset Corridor/Hillsboro	2	150,000	137,000	91.2%	53,623	75,233
Camas/Washougal	3	104,000	64,000	60.9%	28,739	34,775
All Other	4	149,000	133,000	89.4%	30,719	37,226
Totals	29	2,877,000	940,000	32.7%	34,269	99,203

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.