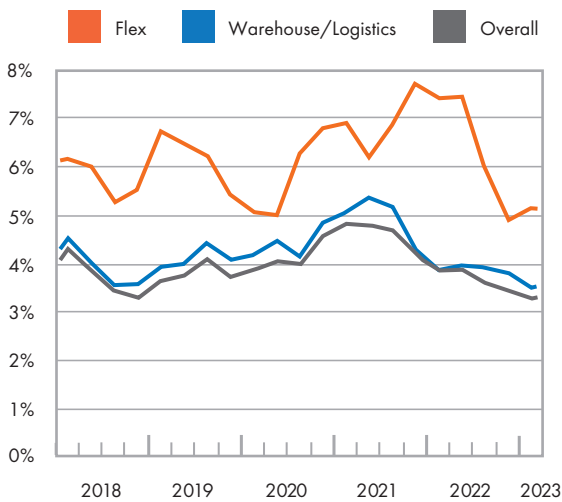


## OVERVIEW

Portland's industrial leasing activity in the first quarter of 2023 stands just over 40% below recent trends. This comes after averaging over 2.6 million square feet of signed transactions per quarter from early 2021 through the end of 2022. The current lease pattern suggests more of a return to pre-pandemic levels when taking into account deals that might still be discovered by investigation after the quarter's end.

### Vacancy Rates by Building Type Years 2018 - 2023



Source: CoStar Group

## ABSORPTION & DELIVERIES

The overall Portland industrial market absorbed 445,483 square feet in the first quarter of 2023, down from 1,314,017 square feet in the fourth quarter of 2022.

A net absorption of negative (61,118) square feet was recorded for the flex building market in the first quarter of 2023, which compared to 271,139 square feet from the previous quarter.

The warehouse building market recorded net absorption of 566,481 square feet in the first quarter, down from 876,652 square feet at the end of 2022.

## PORTLAND MARKET SNAPSHOT

VACANCY

**3.2%**



RENTAL RATE

**\$11.95**



CONSTRUCTION

**3,612,984 SF**



ABSORPTION

**445,483 SF**



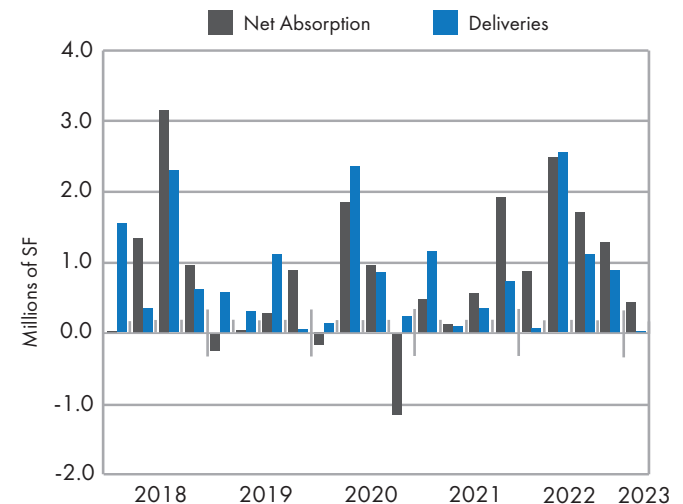
## VACANCY

Portland's current vacancy rate of 3.2% remains below the metro's historical average of 6.4%, yet tracks well with the national average of 4.1% and has decreased from 3.4% at the end of 2022.

The vacancy rate for flex properties increased to 5.1% in the first quarter of 2023, up from 4.6% in the fourth quarter of 2022.

Warehouse vacancy rates decreased from 3.8% at the end of the fourth quarter to 3.5% to close out the first quarter of 2023.

## Absorption & Deliveries 2018 - 2023



Source: CoStar Group

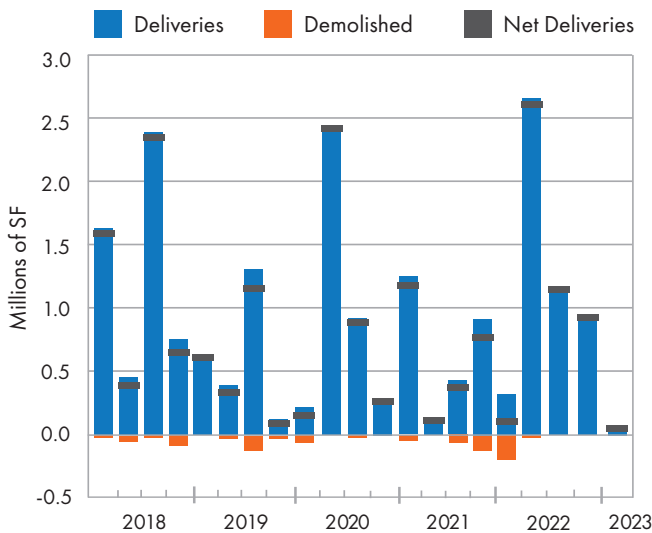
## DELIVERIES AND CONSTRUCTION

The first quarter of 2023 saw 40,088 new square feet added to the market, while 3,612,984 square feet remains under construction.

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 May, and the Prologis Meadows Building E in north Portland at 281,345 square feet, set for a June completion. The largest project under construction, the Burnt Creek Logistics Center in Vancouver, will add 681,780 square feet when it is completed in January 2024.

### Historical Construction Deliveries

Square Footage Per Quarter



Source: CoStar Group

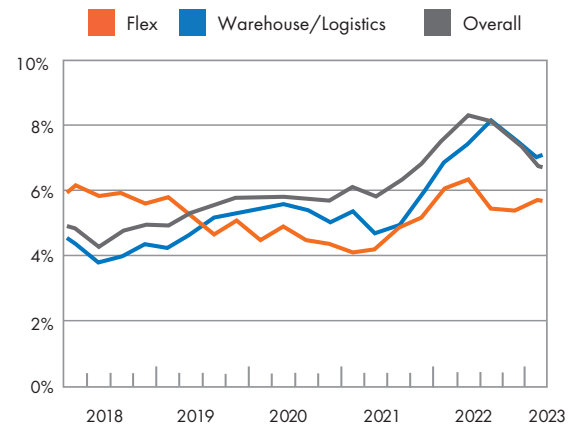
## RENTAL RATES

Despite investor and developer confidence, the rate of industrial development starts in the area has decreased since 2014, with the exception of several significant owner/user projects. These elements, when combined with high absorption rates, will likely provide landlords a slight advantage in pricing power and control over lease rates in the near future.

Overall quoted rental rates increased in the first quarter of 2023 to \$11.42, up from \$11.15 in the previous quarter. The flex sector's average quoted rental rates increased from \$16.67 to \$17.06 per square foot at the end of the first quarter. The warehouse average quoted rental rates also increased, going from \$10.12 per square foot at the end of 2022 to \$10.86 per square to close out the first quarter of 2023.

### Market Rent Growth

2018 - 2023



Source: CoStar Group

## Construction Activity | Markets Ranked UNDER CONSTRUCTION RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Released SF	Released %	All Existing	U/C
Orchards	2	857,000	0	0%	24,411	428,450
I-5 Corridor Outlying	4	593,000	0	0%	37,262	148,322
East Columbia Corridor	2	490,000	0	0%	59,585	244,850
Hazel Dell/Salmon Creek	1	293,000	226,000	77.0%	14,124	293,262
Airport Way	1	281,000	281,000	100%	30,611	281,345
Tualatin	4	194,000	45,000	23.0%	40,400	48,557
Cascade Park	3	167,000	0	0%	76,218	55,733
Westside Outlying	1	156,000	0	0%	24,152	155,500
Sunset Corridor/Hillsboro	2	148,000	137,000	92.8%	53,507	73,935
Clark County Outlying	1	100,000	100,000	100%	70,962	100,000
All Other	8	249,000	202,000	81.3%	30,155	31,087
<b>Totals</b>	<b>29</b>	<b>3,528,000</b>	<b>991,000</b>	<b>28.1%</b>	<b>34,270</b>	<b>121,655</b>

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](http://www.norris-stevens.com).