

Industrial Market Report | Q2 2018

Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

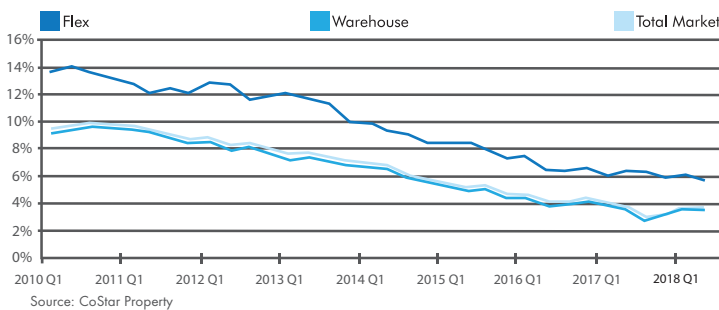
OVERVIEW

The second quarter has come to a close with a vacancy rate of 3.7%. Net absorption totaled a positive 713,455 square feet and vacant sublease space increased. Rental rates increased to \$8.16 and nine buildings were delivered to the market. Those nine buildings totaled 552,369 square feet and 4,846,902 square feet remain under construction at the end of this quarter.

PORTLAND MARKET SNAPSHOT

VACANCY		RENTAL RATE	
3.7%	↓	\$8.16	↑
CONSTRUCTION	↑	ABSORPTION	↑
4,846,902 SF		713,455 SF	

Vacancy Rates by Building Type Years 2003 - 2018



VACANCY

The vacancy rate slightly decreased from the first quarter, but still remains much higher than last year's 3.0% vacancy in the third quarter.

Flex projects' vacancy rate is the lowest it has been in the past year, at 5.7%.

The vacancy rate for Warehouse projects remained unchanged since first quarter at 3.5%.

ABSORPTION & DELIVERIES

The Portland Industrial market absorbed positive 713,455 square feet, largely due to several tenants moving into large spaces throughout the quarter.

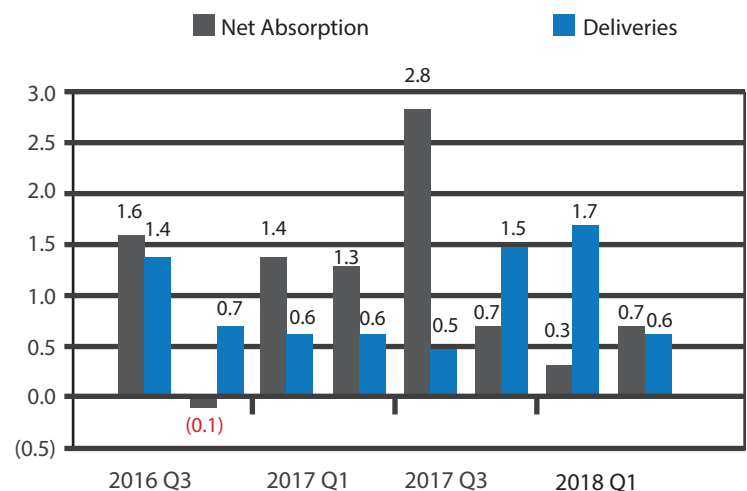
Tenants that moved out of large blocks of space include: Stanley Hydraulic Tools (123,000 SF) and Dolan Co. (76,315 SF).

Tenants that moved into large blocks of space include: Laticrete International (205,000 SF), Hawthorne Hydroponics (124,768 SF) and Eye Level (122,747 SF).

A net absorption of positive 122,425 square feet was recorded for the Flex building market.

Absorption & Deliveries

Past 8 Quarters



DELIVERIES AND CONSTRUCTION

Portland continues its construction boom by completing nine buildings this quarter, totaling 552,369 square feet. First quarter 2018 delivered 1,745,378 square feet and fourth quarter 2017 delivered 1,473,947 square feet.

Some of the largest projects under construction are the Mill Creek Corporate Center - Phase 1 (1,018,020 SF) and Amazon (918,400 SF), both 100% pre-leased.

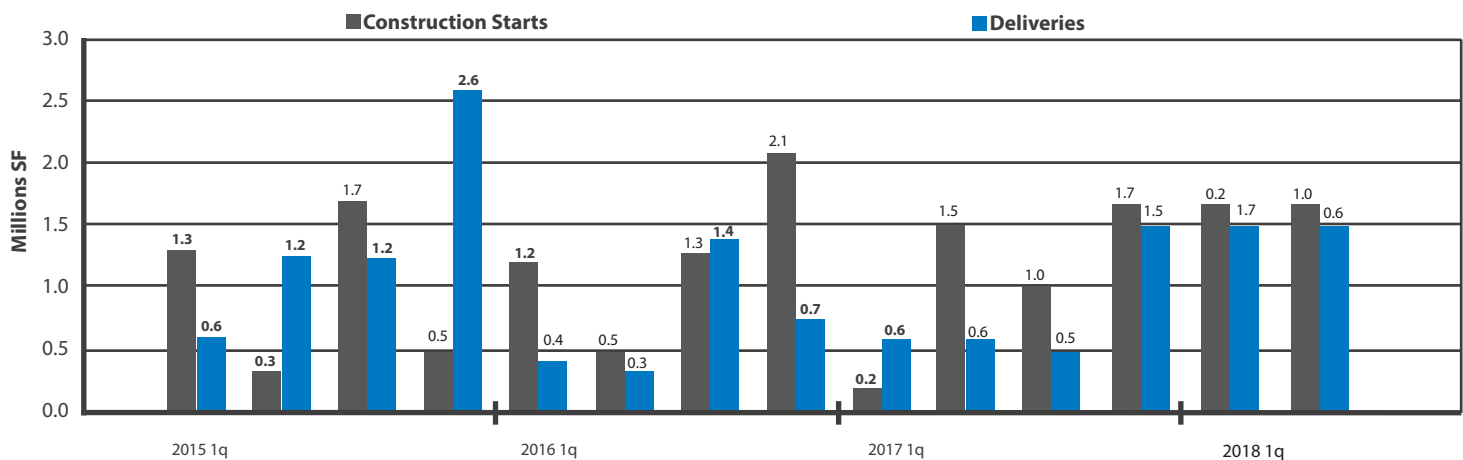
1,846,902 square feet were still under construction at the end of the second quarter.

RENTAL RATES

Portland quoted office rental rates were on average 0.6% higher than the first quarter with an asking rate of \$8.16 per square foot.

The Flex sector averaged a quoted rental rate of \$12.61 per square foot and Warehouse rates remained at \$7.42 per square foot.

Historical Construction Starts & Deliveries Square Footage Per Quarter



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
Northeast	11	2,493,946	1,804,529	72.4%	38,157	226,722
Marion County	2	1,033,420	1,018,020	98.5%	24,465	516,710
Westside	3	471,160	190,000	40.3%	45,290	157,053
I-5 Corridor	5	292,981	67,050	22.9%	36,978	58,596
Clark County	5	133,857	127,137	95.0%	30,168	26,771
Lane County	7	121,896	36,000	29.5%	24,835	17,414
Cowlitz County	1	110,000	70,400	64.0%	25,081	110,000
Yamhill County	3	79,000	69,000	87.3%	25,270	26,333
Deschutes County	3	46,219	20,701	44.8%	15,800	15,406
Southeast	4	35,455	16,455	46.4%	23,946	8,864
All Other	3	28,968	7,000	24.2%	30,747	9,656
Totals	47	4,846,902	3,426,292	70.7%	30,275	103,126

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.