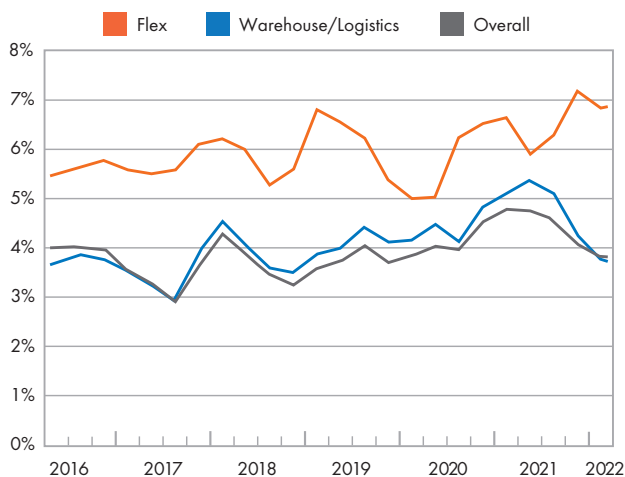


OVERVIEW

The rise in popularity of e-commerce and delivery services has greatly bolstered Portland's industrial market during the COVID era. As a result, distribution and last-mile facilities will remain highly desired in the near- to mid-term. In order to combat supply chain issues that are impacting global markets, companies may look to shore up their domestic shipping assets. Several recent leases over 100,000 SF may be indicative of this trend.

Vacancy Rates by Building Type Years 2016 - 2022



Source: CoStar Property

ABSORPTION & DELIVERIES

The overall Portland industrial market absorbed 9,079 square feet in the first quarter of 2022, down significantly from 393,222 square feet in the fourth quarter of 2021.

A net absorption of negative (27,298) square feet was recorded for the flex building market for the first quarter of 2022, which compared to negative (9,397) square feet from the previous quarter.

The warehouse building market recorded net absorption of 150,644 square feet in the first quarter, up considerably from negative (71,006) square feet in the last quarter of 2021.

PORTLAND MARKET SNAPSHOT

VACANCY

3.9%



RENTAL RATE

\$10.77



CONSTRUCTION

6,505,242 SF



ABSORPTION

9,079 SF



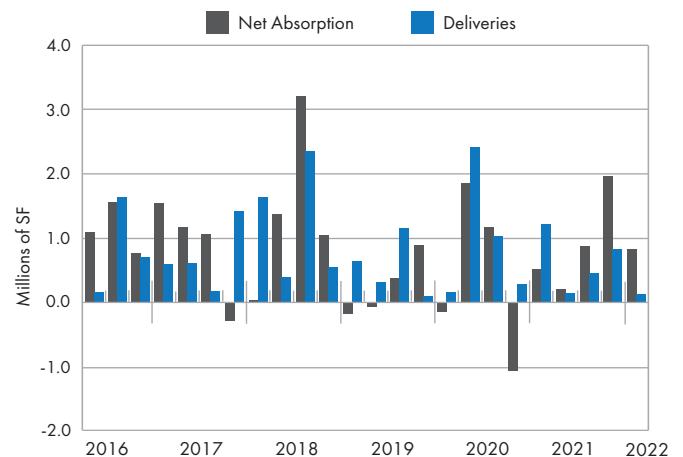
VACANCY

Portland's current vacancy rate of 3.9% remains below the metro's historical average of 6.6%, yet tracks well with the national average of 4.1%. The overall vacancy rate from the fourth quarter of 2021 was 3.8%.

The vacancy rate for flex projects decreased to 7.0% in the first quarter of 2022, down from 7.3% at the end of 2021.

Warehouse vacancy rates remained unchanged from the previous quarter at 3.8%, however, this was down from 5.6% in the first quarter of 2021.

Absorption & Deliveries 2016 - 2022



Source: CoStar Property

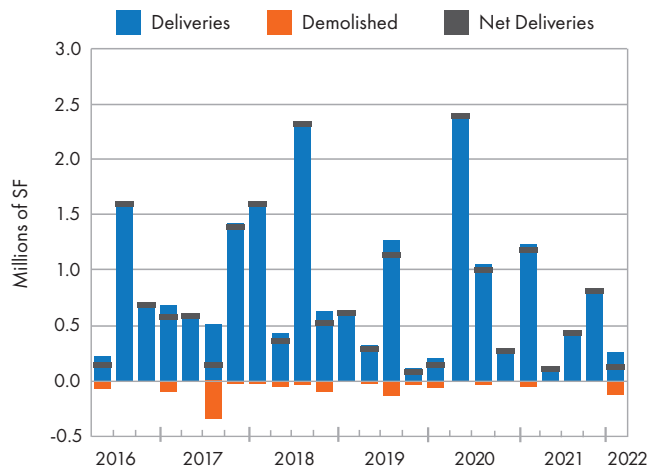
DELIVERIES AND CONSTRUCTION

While no new square footage was delivered throughout all of 2021, the first quarter of 2022 saw 206,431 square feet delivered to the market, with 6,505,242 square feet still under construction. Many of these projects are owner-occupied or pre-leased, and thus won't impact market dynamics significantly when delivered.

Some of the largest projects underway include the Intel expansion at 1,500,000 square feet, now set for a June 2022 completion, and the Portland-Hillsboro 3 in Hillsboro at 358,000 square feet, scheduled for completion in May 2022.

Historical Construction Deliveries

Square Footage Per Quarter



Source: CoStar Property

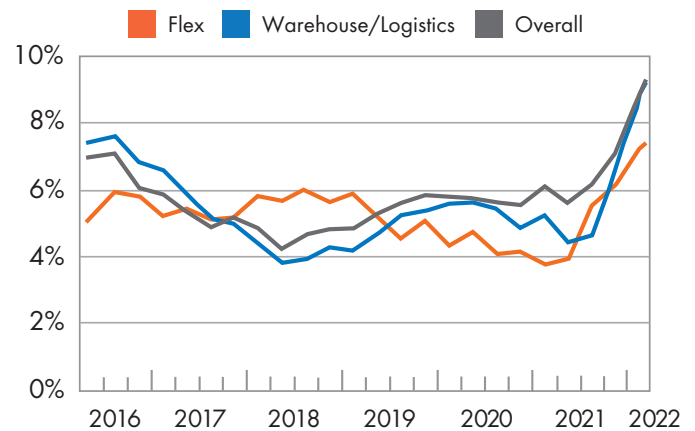
RENTAL RATES

Portland's industrial rents continued to grow at a healthy pace, far better than comparable rents gains for the retail or office sectors. In the past 12 months, rental rates have posted gains of around 8.8% compared to the national gains of 1.6%.

Overall quoted rental rate increased in the first quarter of 2022 to \$10.77, up from \$10.40 in the previous quarter. The flex sector's average quoted rental rates also increased, ending the quarter at \$16.06 per square foot, as did warehouse average quoted rental rates, increasing to \$9.82 per square foot from \$9.48 in the fourth quarter of 2021.

Market Rent Growth

2016 - 2022



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
Sunset Corridor/Hillsboro	7	2,526,000	2,508,000	99.3%	50,066	360,834
I-5 Corridor Outlying	3	1,142,000	435,000	38.1%	28,842	380,695
Orchards	3	976,000	81,000	8.3%	23,071	325,445
East Columbia Corridor	4	669,000	179,000	26.8%	59,985	167,233
Clark County Outlying	2	476,000	8,000	1.6%	65,689	238,155
Tualatin	2	326,000	139,000	42.6%	39,125	162,774
Guilds Lake	1	188,000	48,000	25.6%	41,608	187,546
Wilsonville	1	110,000	110,000	100%	60,807	110,366
Sherwood	1	92,000	92,000	100%	30,706	92,282
217 Corridor/Beaverton	0	—	—	—	35,600	—
All Other	0	—	—	—	28,002	—
Totals	24	6,505,000	3,600,000	55.3%	33,780	271,052

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.