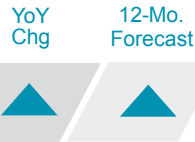


Industrial Q2 2020

3.8%
Vacancy Rate



538K
YTD Net Absorption, SF



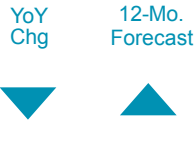
\$0.73
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

1.07M
Portland
Employment



14.4%
Portland
Unemployment Rate



13.0%
U.S.
Unemployment Rate



*Source: BLS, Moody's Analytics
2020Q2 data are based on latest available data*

ECONOMY

Over the past decade, Portland has experienced extremely strong employment growth, continuously outpacing the national average. However, due to COVID-19 our economic indicators have shifted. Year-over-year (YOY) total non-farm job growth for the Portland MSA was -12.2% and the total number of jobs was 1,070,100. After being closed for months, certain nonessential businesses have reopened their doors following certain guidelines. The retail and hospitality commercial real estate sectors have been impacted immensely. But with our metro's diverse economy, compared to some other markets, Portland is better positioned to endure. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

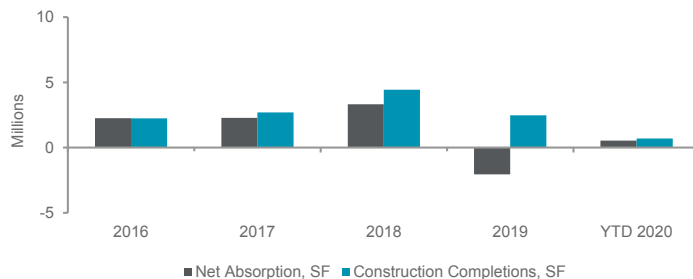
SUPPLY & DEMAND

The Portland industrial market experienced a strong close to the first half of 2020, absorbing 1 million square feet (msf) in the second quarter bringing the year-to-date total to 538,000 square feet (sf) of net absorption. Over the second quarter of 2020, Portland's overall vacancy rate increased by 10 basis points (bps) to 3.8% from the recorded first quarter figure, and remains slightly elevated from the 3.5% recorded one year ago. In the face of looming uncertainty concerning the impacts of COVID-19, there remains a healthy demand for industrial space across the market. Total leasing activity in the second quarter was 1.1 million square feet (msf), bringing the total mid-year leasing figure to 2.6 msf, with the Airport Way and Clackamas submarkets leading the way. The largest new lease signed in the second quarter of 2020 by Javelin Logistics was for 123,114 sf at Prologis Park 17 in the Airport Way submarket. Currently, there is 2.2 msf of industrial product under construction of which 1.9 msf (90%) is speculative warehouse/distribution product. As expected, our construction pipeline did shrink slightly with the completions of Blue Lake Corporate Park and Sandy Industrial Park in the East Columbia Corridor, and Ridgefield Commerce Center delivering in the outlying Clark County submarket.

PRICING

Portland overall industrial asking rents held flat from the second quarter 2019 to the second quarter 2020, closing the first half of the year at \$0.73 per square foot (psf) on a triple net basis. However, there was some increase recorded in the average asking rent across the three product types within the second quarter with the figures closing at \$1.27 psf for flex, \$0.65 psf for manufacturing and \$0.65 psf for warehouse/distribution.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (FLX)	OVERALL WEIGHTED AVG NET RENT (W/D)
Northeast Portland	5,715,539	193,855	3.4%	17,042	34,084	0	0	\$1.54	\$1.68	\$1.45
Swan Island	9,667,517	580,004	6.0%	-12,176	-175,957	0	0	\$1.09	\$0.00	\$0.68
Rivergate	15,872,318	823,692	5.2%	-38,626	-152,626	0	0	\$0.46	\$0.00	\$0.44
Airport Way	15,794,325	747,366	4.7%	12,747	-44,071	956,900	0	\$0.45	\$1.03	\$0.64
East Columbia	30,765,318	1,902,204	6.2%	175,729	507,273	365,930	573,500	\$0.57	\$1.03	\$0.54
NORTH/NORTHEAST	77,844,317	4,247,121	5.5%	154,716	168,002	1,322,830	573,500	\$0.61	\$1.10	\$0.60
Southeast Portland	5,055,993	301,142	6.0%	-31,017	-59,237	0	0	\$1.88	\$1.00	\$1.09
Clackamas/Milwaukie	24,869,216	772,275	3.1%	-67,601	-243,581	0	0	\$0.57	\$1.48	\$0.65
SOUTHEAST	29,925,209	1,073,417	3.6%	-98,618	-302,818	0	0	\$0.57	\$1.43	\$0.85
Macadam	636,266	19,000	3.0%	0	-19,000	0	0	\$0.00	\$1.63	\$0.85
Wilsonville	8,213,542	158,665	1.9%	24,344	-198,225	0	0	\$0.67	\$0.92	\$0.69
Tualatin/Sherwood	13,635,874	487,311	3.6%	-76,357	5,649	234,100	0	\$0.64	\$1.27	\$0.72
Tigard/Lake Oswego	8,410,859	239,837	2.9%	6,492	-34,949	0	0	\$0.00	\$1.25	\$0.59
Beaverton/Highway 217	8,433,758	552,930	6.6%	92,651	-106,624	0	0	\$0.90	\$1.20	\$0.64
Hillsboro/Sunset Corridor	23,802,676	507,566	2.1%	-104,472	-204,230	68,840	0	\$0.98	\$1.22	\$0.99
SOUTHWEST	63,132,975	1,965,309	3.1%	-57,342	-557,379	302,940	0	\$0.65	\$1.21	\$0.69
Northwest Portland	12,939,036	235,236	1.8%	-44,032	32,825	0	0	\$0.58	\$0.00	\$0.86
NORTHWEST	12,939,036	235,236	1.8%	-44,032	32,825	0	0	\$0.58	\$0.00	\$0.86
Vancouver/Clark County	24,694,837	365,982	1.5%	1,064,903	1,196,923	530,760	117,415	\$1.08	\$1.66	\$0.67
VANCOUVER/CLARK COUNTY	24,694,837	365,982	1.5%	1,064,903	1,196,923	530,760	117,415	\$1.08	\$1.66	\$0.67
PORTLAND TOTALS	208,536,374	7,887,065	3.8%	1,019,627	537,553	2,156,530	690,915	\$0.65	\$1.27	\$0.65

*Rental rates reflect weighted net asking \$psf/month

FLX = Flex MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Prologis Park 17	Airport Way	Javelin Logistics	123,114	New Lease
11401 SE Jennifer St.	Clackamas/Milwaukie	Miles Fiberglass	69,888	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Multi-Property Portfolio	Airport Way	Ascend Holdings, Inc./Adler Realty Investments	135,440	\$134.01
2600 NW Lower River Rd – Bldg. D	Vancouver	EverWest Real Estate Investors/Iron Mountains	289,737	\$127.40

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