

# Portland, OR

## Industrial Q1 2021

**3.3%**

Vacancy Rate

YoY Chg



12-Mo. Forecast



**-66K**

YTD Net Absorption, SF



**\$0.73**

Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q1 2021

**1.13M**

Portland Employment

YoY Chg



12-Mo. Forecast



**6.1%**

Portland Unemployment Rate



**6.0%**

U.S. Unemployment Rate



Source: BLS, Moody's Analytics  
2021Q1 data are based on latest available data

### ECONOMY

At the close of Q1 2021, Portland's unemployment rate was 6.1%, slightly above the national average of 6.0%. As we look for signs of a stronger recovery than in past recessions, the restaurant and hospitality & leisure sectors are still feeling the impact the most, while the office market is on the mend and the industrial sector continues an expansion. Total non-farm employment for Portland's MSA is 1,134,700, recovering at a modest rate, though not back to pre-pandemic levels. Two of Oregon's largest employers, Nike, Inc. and Intel Corporation, have recently completed substantial construction projects in the expansions of their local headquarters. Additionally, home values in Portland are up, and rents have stabilized. The city's reputation for offering many lifestyle options has kept the flow of in-migration to the region, which will in-turn, assist with the broader economic recovery.

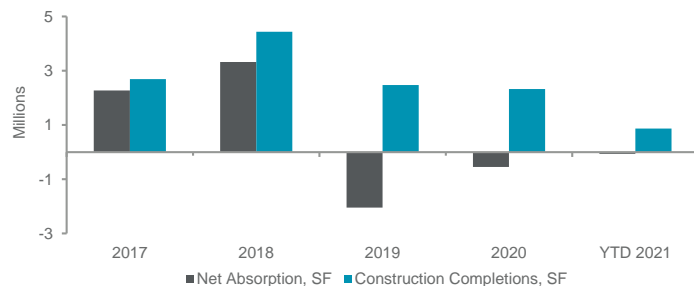
### SUPPLY & DEMAND

The industrial market continues to be a bright spot for Portland. Increased interest in the region and infrastructure improvements have led to more strength with speculative warehouse developments. Currently, there is 1.1 million square feet (msf) of industrial product under construction, of which nearly half is concentrated in Tualatin at T-S Corporate Park, a project that will deliver over 530,000 square feet (sf) of state-of-the-art tilt warehouse construction to the Tualatin/Sherwood submarket. Portland's construction pipeline did shrink slightly in the first quarter with the completions of Bridge Point I-5 in the Airport Way submarket, and Big River Logistics delivering in Vancouver. Industrial land that is preferred and developable still remains hard to find, as developers continue to explore their options to build along the I-5, north of Vancouver to Centralia, WA and south of the Portland metro to Salem, OR. Overall net absorption began the year in the red at negative 65,631 sf. Total leasing activity in the first quarter was 1.6 msf, with the Airport Way and East Columbia submarkets leading the way. The largest new lease signed in the first quarter of 2021 by Amazon was for 250,000 sf at Prologis Meadows in the Airport Way submarket. Owen's Corning signed the second largest lease of the quarter for 146,000 sf at Glisan Corporate Park in the East Columbia Corridor. Despite the headlines garnered by the big-box lease transactions, smaller occupiers made up a sizeable share of warehouse demand in Portland in the first quarter, as there has been an uptick in interest and leasing activity in the 40-50,000-sf box-size, all the way down to the 5-10,000-sf product. Spaces that were sitting on the market for an extended period of time are again becoming active.

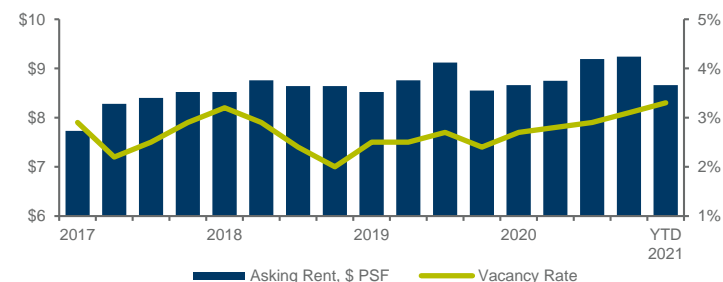
### PRICING

Overall industrial weighted average asking rates saw a marginal year-over-year (YOY) increase to \$0.73 per square foot (psf) on a triple net basis, from the \$0.72 psf recorded at the close of the first quarter 2020. The direct average asking rate for warehouse distribution space increased, 4.6% to \$0.68 psf from the \$0.65 psf recorded at the end of the first quarter 2020. A healthy development pipeline of Class A, speculative warehouse is expected to drive 5-6% rent growth over the next two years.

### 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	5,724,447	290,030	5.1%	-5,932	-5,932	0	0	\$1.33	\$1.31	\$1.19
Swan Island	9,799,602	703,336	7.2%	27,171	27,171	0	0	\$1.09	\$0.00	\$0.70
Rivergate	15,889,761	716,905	4.9%	-402,981	-402,981	0	0	\$0.46	\$0.00	\$0.50
Airport Way	32,385,664	1,062,148	3.3%	-23,991	-23,991	0	677,568	\$0.45	\$1.15	\$0.64
East Columbia	16,319,933	953,137	6.7%	-71,144	-71,144	45,220	0	\$0.89	\$0.94	\$0.61
<b>NORTH/NORTHEAST</b>	<b>80,119,407</b>	<b>3,725,556</b>	<b>5.2%</b>	<b>-476,877</b>	<b>-476,877</b>	<b>45,220</b>	<b>677,568</b>	<b>\$0.66</b>	<b>\$1.03</b>	<b>\$0.63</b>
Southeast Portland	5,037,954	196,074	3.9%	-25,080	-25,080	0	0	\$1.92	\$1.40	\$1.06
Clackamas/Milwaukie	25,118,472	900,947	3.7%	343,865	343,865	49,100	0	\$0.46	\$1.53	\$0.67
<b>SOUTHEAST</b>	<b>30,156,426</b>	<b>1,097,021</b>	<b>3.7%</b>	<b>318,785</b>	<b>318,785</b>	<b>49,100</b>	<b>0</b>	<b>\$0.46</b>	<b>\$1.52</b>	<b>\$0.83</b>
Macadam	636,266	0	0.0%	-1,500	-1,500	0	0	\$0.00	\$1.63	\$0.85
Wilsonville	8,755,177	246,782	3.0%	17,615	17,615	0	0	\$0.67	\$0.80	\$0.80
Canby	1,378,186	29,482	2.1%	-1,500	-1,500	0	0	\$0.60	\$1.50	\$0.40
Tualatin/Sherwood	13,816,590	288,322	2.3%	109,686	109,686	533,513	0	\$0.59	\$1.30	\$0.66
Tigard/Lake Oswego	8,526,313	153,012	1.8%	-57,247	-57,247	0	0	\$0.00	\$1.15	\$0.54
Beaverton/Highway 217	8,402,376	348,168	4.6%	-9,249	-9,249	0	0	\$0.68	\$1.43	\$0.71
Hillsboro/Sunset Corridor	24,131,376	167,889	0.8%	37,011	37,011	195,550	0	\$0.59	\$1.38	\$0.96
<b>SOUTHWEST</b>	<b>65,646,284</b>	<b>1,233,655</b>	<b>1.8%</b>	<b>94,816</b>	<b>94,816</b>	<b>729,063</b>	<b>0</b>	<b>\$0.60</b>	<b>\$1.17</b>	<b>\$0.72</b>
Northwest Portland	12,743,826	253,489	2.1%	15,522	15,522	0	0	\$0.75	\$0.00	\$0.68
<b>NORTHWEST</b>	<b>12,743,826</b>	<b>253,489</b>	<b>2.1%</b>	<b>15,522</b>	<b>15,522</b>	<b>0</b>	<b>0</b>	<b>\$0.75</b>	<b>\$0.00</b>	<b>\$0.68</b>
Vancouver/Clark County	25,609,249	353,634	1.6%	-17,607	-17,607	289,729	192,960	\$0.57	\$1.33	\$0.73
<b>VANCOUVER/CLARK COUNTY</b>	<b>25,609,249</b>	<b>353,634</b>	<b>1.6%</b>	<b>-17,607</b>	<b>-17,607</b>	<b>289,729</b>	<b>192,960</b>	<b>\$0.57</b>	<b>\$1.33</b>	<b>\$0.73</b>
<b>PORTLAND TOTALS</b>	<b>214,275,192</b>	<b>6,663,355</b>	<b>3.3%</b>	<b>-65,631</b>	<b>-65,631</b>	<b>1,113,112</b>	<b>870,528</b>	<b>\$0.55</b>	<b>\$1.20</b>	<b>\$0.67</b>

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

\*\*Statistics not reflective of U.S. MarketBeat Tables

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

### KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1001 N. Schmeer Rd.	Airport Way	Amazon	250,000	New Lease
23720-23880 NE Glisan St.	East Columbia	Owen's Corning	146,000	New Lease
14601-14651 N. Bybee Lake Ct.	Rivergate	JCB Packaging, LLC	123,120	New Lease

\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
205 Airport Way Business Center	Airport Way	PNW Properties/DWS	292,000	\$148.00
Big River Logistics	Vancouver	Panattoni/Nuna Baby Essentials	192,000	\$138.50

**Samuel I. Hatcher**

Research Analyst

+1 503 279 1716

[samuel.hatcher@cushwake.com](mailto:samuel.hatcher@cushwake.com)

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

[cushmanwakefield.com](http://cushmanwakefield.com)