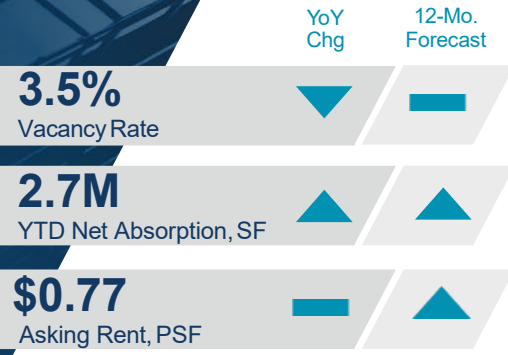


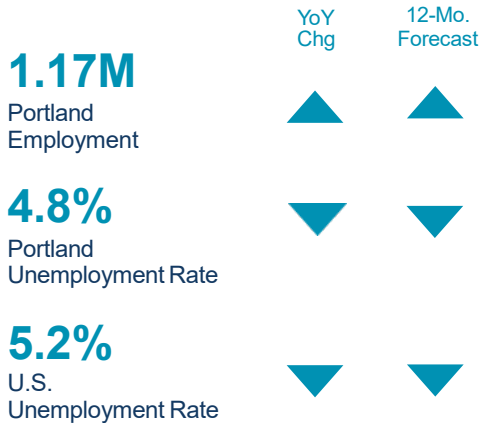
Portland, OR

Industrial Q3 2021



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2021



Source: BLS, Moody's Analytics
2021Q3 data are based on latest available data

ECONOMY

Despite recent struggles, in the long-term, Portland's metro area will remain an attractive alternative for new and expanding businesses and young professionals. The existing diverse industrial economy made up of ecommerce, logistics, high-tech manufacturing occupiers and others, have supported stronger real estate fundamentals for Portland's industrial market. At the close of the third quarter 2021, Portland's unemployment rate, at 4.8%, remains below the national rate of 5.2%. Total non-farm employment for the metro area reached 1,177,200 at the close of the third quarter, a 4.5% year-over-year (YOY) increase. The start-up culture in Portland and a continued tech migration to the region, paired with re-openings of consumer facing retail businesses will contribute to Portland's overall economy rebounding and outperforming the U.S. in the long run.

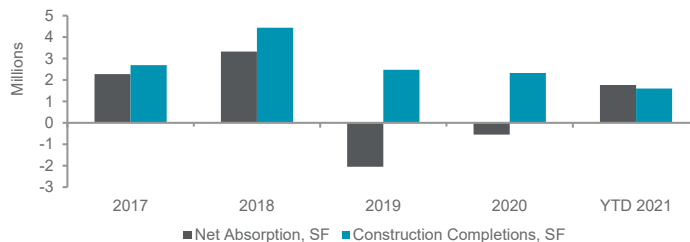
SUPPLY & DEMAND

The Portland industrial market continues to fire on all cylinders, with overall net absorption totaling nearly 1.7 million square feet (msf) in the third quarter of 2021. Year-to-date (YTD) overall net absorption currently stands at 1.8 msf, and at 3.5%, the market's strong occupancy gains have led to a 40 basis point (bp) drop in the overall vacancy rate YOY. Portland's industrial development pipeline has grown from this time last year. The 3.3 msf of space currently under construction represents a 73% YOY increase from the 1.9 msf tracked in the third quarter 2020. The most notable construction completion in the third quarter was LogistiCenter I-84 Bldg. C, a 165,000 sf - modern warehouse in the East Columbia submarket, fully leased by Amazon. Leasing activity has been strong through the first three quarters of the year, with the YTD figure standing at 8.8 msf, outpacing new leasing activity through the first three quarters of 2020 by 1.6 msf. Additionally, construction is set to begin in October at Brookwood II in Hillsboro, as Amazon signed a 269,045 sf - lease there in the third quarter. The largest deal executed during the third quarter 2021 was GXO Logistics at their 269,975 sf - build-to-suit (BTS), also in Hillsboro. Activity continues in the food & beverage segment. The new 242,250 sf lease signed by Mondelez International at Rivergate Corporate Center in the third quarter 2021 helps reflect the trend. Consumer behavior and the current supply chain structure will continue to drive demand in Portland.

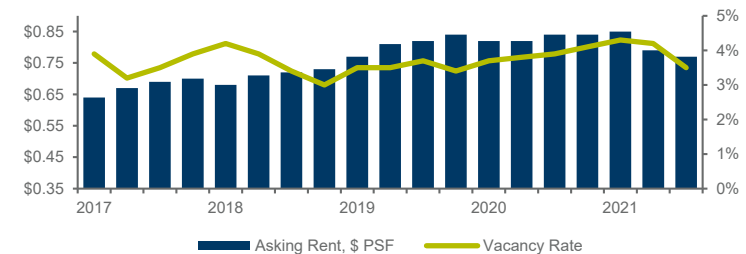
PRICING

Industrial rent growth in Portland continues to outperform the other three property types. Specifically, in the third quarter 2021, rental rates on warehouse distribution properties across the market were \$0.77 psf on a triple net basis, a roughly 15% premium on pricing from a year ago. Additionally, industrial land values have risen 40-50% from six months ago. As an example, Phelan Development acquired the 20-acre Supreme Steel property at roughly \$14.00 psf earlier this year. In the third quarter, new industrial land properties are now trading above \$20.00 psf.

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 (WD)	TOTAL OVERALL WEIGHTED AVG NET RENT
Northeast Portland	6,212,796	237,294	3.8%	68,621	90,463	0	0	\$1.44	\$1.45
Swan Island	9,834,378	854,925	8.7%	38,012	45,020	0	0	\$0.67	\$0.67
Rivergate	15,964,761	827,940	5.2%	112,325	-344,356	40,890	0	\$0.54	\$0.54
Airport Way	16,437,414	1,167,327	7.1%	107,973	-6,592	352,970	330,000	\$0.66	\$0.67
East Columbia	32,814,516	964,533	2.9%	976,600	1,144,329	187,400	831,808	\$0.77	\$0.83
NORTH/NORTHEAST	81,263,865	4,052,019	4.4%	1,303,531	928,864	581,260	1,161,808	\$0.72	\$0.73
Southeast Portland	5,096,354	186,966	3.7%	-13,426	-25,118	0	0	\$1.06	\$1.06
Clackamas/Milwaukie	25,173,267	882,888	3.5%	94,212	483,045	49,100	0	\$1.27	\$0.65
SOUTHEAST	30,269,621	1,069,854	3.5%	80,786	457,927	49,100	0	\$1.10	\$0.81
Macadam	636,266	0	0.0%	19,000	17,500	0	0	\$0.85	\$0.85
Wilsonville	8,792,368	164,167	1.9%	-7,188	-16,704	110,366	0	\$0.65	\$0.65
Canby	1,468,186	5,132	0.3%	90,000	112,850	0	90,000	N/A	N/A
Tualatin/Sherwood	14,018,015	277,372	2.0%	36,219	308,687	802,389	0	\$0.81	\$0.90
Tigard/Lake Oswego	8,639,225	197,596	2.3%	13,885	-135,616	0	0	\$0.56	\$0.60
Beaverton/Highway 217	8,472,303	339,471	4.0%	54,843	35,315	0	0	N/A	\$0.67
Hillsboro/Sunset Corridor	24,166,926	532,331	2.2%	-8,585	-27,300	1,261,275	36,000	\$1.38	\$1.33
SOUTHWEST	66,193,289	1,516,069	2.4%	198,174	294,732	2,174,030	126,000	\$0.84	\$0.82
Northwest Portland	12,857,628	338,695	2.6%	95,799	77,259	187,546	0	\$0.57	\$0.57
NORTHWEST	12,857,628	338,695	2.6%	95,799	77,259	187,546	0	\$0.57	\$0.57
Vancouver/Clark County	25,807,602	601,801	2.3%	50,710	5,363	325,789	312,600	N/A	\$1.41
VANCOUVER/CLARK COUNTY	25,807,602	601,801	2.3%	50,710	5,363	325,789	312,600	N/A	\$1.41
PORTLAND TOTALS	216,392,005	7,578,438	3.5%	1,729,000	1,764,145	3,317,725	1,600,408	\$0.77	\$0.77

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

**Not reflective of U.S. Overview

W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4800 NE 30th Ave	Hillsboro/Sunset Corridor	GXO Logistics	269,975	New Lease
Brookwood Pkwy & Huffman St	Hillsboro/Sunset Corridor	Amazon	269,045	New Lease
Rivergate Corporate Center	Rivergate	Mondelez International	242,250	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Tanasbourne Business Center	Hillsboro/Sunset Corridor	Technapack, Inc. / EverWest Real Estate Investors	101,500	\$15M / \$147.78
Beaverton Industrial Center	Beaverton/Highway 217	Fry Warehouse LLC / BKM capital Partners	121,200	\$15.4M / \$127.06

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