

14.2%

Vacancy Rate

YoY Chg



12-Mo. Forecast



-1.8K

YTD Net Absorption, SF



\$29.52

Asking Rent, PSF



(Overall, All PropertyClasses)

Note: Vacancy and Rents not reflective of U.S. MarketBat Tables

ECONOMIC INDICATORS Q3 2021

1.17M

Portland Employment

YoY Chg



12-Mo. Forecast



4.8%

Portland Unemployment Rate



5.2%

U.S. Unemployment Rate



*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 office-using economy made up of government, professional services, and an increasing number of tech employers will support stronger real estate fundamentals and key economic indicators moving forward. At the close of Q3 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.

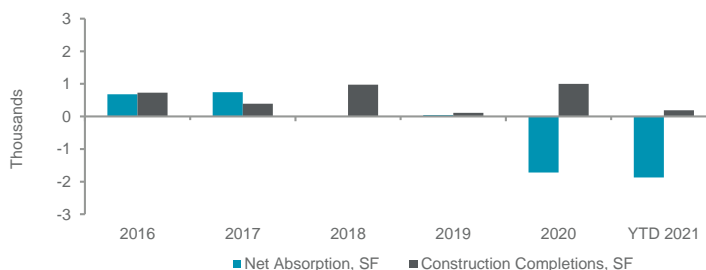
SUPPLY & DEMAND

Across the market, overall office vacancy remains elevated. However, Portland's suburban submarkets have recently outperformed the central business district (CBD). At the close of the third quarter 2021, suburban office vacancy was 9.7%, up only 30 basis points (bps) YOY in comparison to the CBD, which posted an overall vacancy rate of 18.4%, up 400 bps in the same time frame. The uptick in vacancy in the CBD over the third quarter can be partially attributed to a few large blocks of Class A office space coming available. Overall net absorption recorded another consecutive quarter in the red, coming in at -327,368 square feet (sf) and bringing the year-to-date figure to -1,872,254 sf. Leasing activity is picking up, particularly in the suburbs. With the largest lease recorded so far this year, subscription-based software as a service (SaaS) company ZoomInfo signed a 366,000 sf lease at the proposed Terminal 1 development at the Vancouver Waterfront - lease expected to begin in 2025. Business services firm, Q5id signed a 67,000 sf new lease at 6799 NE Bennett in Hillsboro, and Planar Systems signed a significant 76,161 sf renewal at 1195 AmberGlen, also in Hillsboro. Portland's office inventory welcomed 162,829 sf of new office space to the market in the third quarter. The delivery of The Angelo Tower in Suburban Vancouver, 52,800 sf, and the PAE Living Building in the Central Core downtown, 60,860, are notable, as they've both seen significant pre-leasing. There remains 1.1 million square feet of new office space actively under construction, on level with the 5-year average. The development at Block 216 – The Ritz Carlton is exciting for downtown. Construction started in the summer of 2019, and in the first quarter of 2023 the project is expected to deliver. Along with 250 hotel rooms, the property will bring 160,000 sf of premier Class A office space to the downtown office market.

PRICING

Portland's overall average asking rental rate growth remains suppressed. At \$29.52 per square foot (psf) on an annual full-service gross basis, rates are down 4.2% YOY. In the CBD, overall average asking rent is \$31.61 psf, with the Lloyd District and Close-in Northwest submarkets commanding the highest rates. With accelerating interest in the suburbs, asking rates in Lake Oswego/Kruse Way have increased 10.6% YOY, closing the third quarter at \$35.26 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)**	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE**	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)**	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central Core	19,183,614	250,861	3,061,708	17.3%	-138,730	-621,271	353,900	776,587	\$30.37	\$34.64
Lloyd District	1,564,046	26,190	74,256	6.4%	-31,936	-64,786	18,038	0	\$38.13	\$37.00
Close-in Northwest	5,812,111	155,286	1,209,335	23.5%	-79,175	-432,921	236,291	0	\$36.56	\$44.23
Close-in Eastside	3,123,457	82,882	587,910	21.5%	-60,314	-119,761	63,914	154,984	\$30.86	\$36.00
CBD (All Classes)	29,683,228	515,219	4,933,209	18.4%	-310,155	-1,238,739	672,143	931,571	\$31.61	N/A
Class A	15,567,858	345,669	2,835,057	20.4%	-90,687	-602,026	392,721	887,251	\$36.07	\$35.96
Class B	11,306,220	155,825	1,675,560	16.2%	-185,819	-538,768	179,638	0	\$28.80	N/A
Class C	2,809,150	13,725	422,592	15.5%	-33,649	-97,945	99,784	44,320	\$23.	N/A
Johns Landing	1,426,489	2,374	108,427	7.8%	1,522	7,936	14,054	0	\$31.23	\$25.00
Barbur Boulevard	615,209	0	39,139	6.4%	-23,663	-45,296	1,700	0	\$17.00	N/A
Wilsonville	524,637	0	2,202	0.4%	-13,176	-10,463	13,069	0	\$27.95	\$29.00
Tualatin	1,038,529	0	108,494	10.4%	17,323	-2,378	13,997	0	\$25.24	\$27.00
Lake Oswego/Kruse Way	2,926,705	23,080	489,506	17.5%	-30,257	-183,115	124,329	0	\$35.26	\$35.63
Tigard/I-5/Highway 217	2,446,981	34,879	158,364	7.9%	30,939	19,682	146,024	0	\$26.00	\$29.31
Washington Square	2,684,830	71,359	384,326	17.0%	-35,987	-148,403	52,322	0	\$27.65	\$29.97
Beaverton/Beaverton Hillsdale	1,352,727	0	77,812	5.8%	16,231	364	68,386	0	\$17.23	N/A
Cedar Hills/Sylvan	1,244,146	0	117,494	9.4%	-18,453	-228,086	29,969	0	\$26.53	\$31.12
Sunset Corridor	4,245,712	51,026	401,220	10.7%	-53,928	-77,937	224,537	85,000	\$25.83	\$27.19
PORTLAND WEST	18,505,965	182,718	1,886,984	11.1%	-109,449	-667,696	688,387	0	\$28.45	\$31.92
Airport/Columbia Corridor	1,281,259	0	88,271	6.9%	3,266	30,612	41,929	0	\$16.76	N/A
Mall 205/122nd/Gresham	577,045	0	24,264	4.2%	-8,056	-9,153	8,967	0	\$18.82	N/A
Sunnyside/Clackamas	974,702	6,947	56,584	6.5%	-6,335	-11,283	34,136	0	\$25.39	\$27.99
Milwaukie/Oregon City	397,685	0	24,873	6.3%	2,735	-6,009	5,521	0	\$22.04	N/A
PORTLAND EAST	3,230,691	6,947	193,992	6.2%	-8,390	4,167	90,553	0	\$20.08	\$27.99
Downtown Vancouver	2,235,217	9,220	116,277	5.6%	70,159	56,164	397,256	75,000	\$26.56	\$28.19
Suburban Vancouver	2,734,867	11,726	173,439	6.8%	30,467	-26,150	159,450	29,041	\$24.48	\$24.86
VANCOUVER	4,970,084	20,946	289,716	6.2%	100,626	30,014	556,706	104,041	\$25.37	\$26.27
SUBURBS	26,706,740	210,611	2,370,692	9.7%	-17,213	-633,515	1,335,646	189,041	\$27.36	\$30.83
PORTLAND TOTALS	56,389,968	725,830	7,303,901	14.2%	-327,368	-1,872,254	2,007,789	1,120,612	\$29.52	\$33.30

**Not reflective of U.S. Overview

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
100 SE Columbia Way	Downtown Vancouver	ZoomInfo	366,000	New Lease
1223 SW Washington St	Central Core	ZGF Architects	85,691	Renewal
6799 NE Bennett St	Sunset Corridor	Q5ID	67,000	New Lease

*Renewals not included in leasing statistics

2021 KEY SALES TRANSACTIONS

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
5800 & 6000 Meadows	Lake Oswego	Shorenstein Properties LLC / Unico Properties	200,818	\$71.5M / \$356.00

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