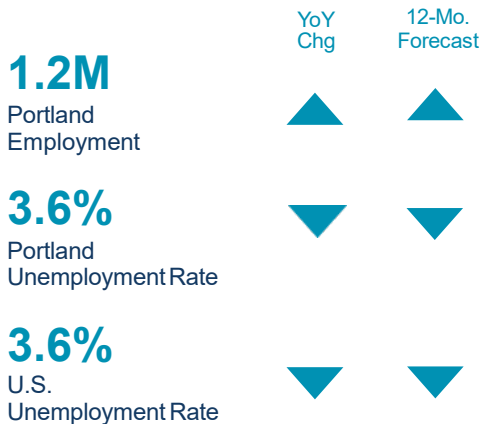


(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2022



Source: BLS, 2022Q2 data are based on latest available data

ECONOMY

Like much of the nation, Portland is experiencing a paradox of a 3.6% unemployment rate nearing the record low for the city alongside a state-wide spike in the job openings rate (7.6%), and a relatively high rate of new hires (5.0%). The rate of employees quitting their jobs (2.8%) hasn't fluctuated significantly in Oregon and layoffs and discharge rate (0.6%) has dropped from the April 2020 high of 11.8%. The Oregon Office of Economic Analysis reports that only the lowest-paid 20% of workers have seen wages increase faster than inflation, while the remaining 80% of the workforce has seen a decrease in purchasing power relative to their income.

SUPPLY & DEMAND

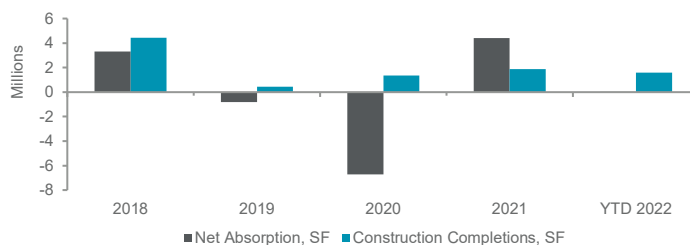
At the halfway point of 2022, Portland's industrial market continues to see high competition for space, with low inventory and increasing asking rates. Across the market, bidding wars have become common for prospective 3PL tenants over limited warehouse and manufacturing space. Users of all sizes are actively seeking space, with a concentrated demand in buildings with 10,000-30,000 square feet (sf) of available space. Specialized Class B inventory with features such as cranes, yards, and rail access are in high demand, while high land prices and supply chain issues only exacerbate a market with low industrial inventory.

Demand from large users for land and build-to-suit options is pushing the bounds of the market further, expanding users search area from Portland to Centralia or Salem. Flex space and advanced manufacturing in the 217 Corridor are continuing to expand, including the completion of Intel's Gordon Moore Park, a 500-acre Research and Development Campus for semi-conductor research and manufacturing. Despite significant supply chain issues and rising land prices across the market, developers are looking to greatly expand inventory in the market. Over 2 million square feet (msf) of industrial space is currently under construction, and an additional 1.2 msf of proposed space is scheduled to break ground by the end of 2022.

PRICING

Rents are appreciating rapidly in the market, especially among specialized buildings. Average asking rates overall sat at \$0.98 per square foot (psf) on a triple net basis, a 92-basis point (bps) increase since the first quarter of 2022, and a 123-bps since the second quarter of 2021. Across inventory, rates are regularly jumping over \$0.10 psf higher than asking price, even higher for mid-sized buildings with specialized inventory.

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)**	YT CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (WD)	TOTAL OVERALL WEIGHTED AVG NET RENT
Northeast Portland	5,823,550	241,525	4.2%	-12,437	-27,005	0	0	\$1.17	\$1.18
Swan Island	10,184,359	610,420	6.0%	150,364	306,628	0	0	\$0.96	\$0.96
Rivergate	16,325,068	792,525	4.9%	-50,790	-63,573	0	0	\$0.60	\$0.60
Airport Way	17,140,325	601,757	3.5%	-34,137	396,264	293,480	352,970	\$0.73	\$0.74
East Columbia	32,905,057	925,153	2.8%	-97,021	-229,680	273,500	137,991	\$0.50	\$0.50
NORTH/NORTHEAST	82,378,359	3,171,380	4.2%	-44,021	382,634	566,980	490,961	\$0.87	\$0.71
Southeast Portland	5,179,442	233,405	4.5%	-32,191	-41,036	0	0	\$0.64	\$0.79
Clackamas/Milwaukie	25,286,264	799,298	3.2%	-35,151	-76,759	10,855	0	\$2.05	\$1.62
SOUTHEAST	30,465,706	1,032,703	3.5%	-67,342	-117,795	10,855	0	\$1.00	\$1.43
Macadam	702,266	13,590	1.9%	0	0	0	0	N/A	N/A
Wilsonville	8,784,579	134,990	1.5%	-29,940	2,993	110,366	0	\$0.30	\$0.32
Canby	1,468,186	3,632	0.3%	0	0	0	0	N/A	N/A
Tualatin/Sherwood	14,611,504	735,529	5.0%	-19,364	-90,887	493,170	478,301	\$0.81	\$0.81
Tigard/Lake Oswego	8,767,372	199,350	2.3%	-38,350	-13,505	0	0	N/A	\$0.73
Beaverton/Highway 217	8,585,080	425,882	5.0%	53,053	36,300	0	0	N/A	\$1.03
Hillsboro/Sunset Corridor	24,831,793	883,689	3.6%	-72,151	8,353	539,020	195,550	N/A	\$1.10
SOUTHWEST	67,750,780	2,396,662	4.0%	-106,752	-56,746	1,142,556	673,851	\$0.45	\$0.92
Northwest Portland	13,052,022	477,443	3.7%	33,928	13,562	0	187,546	\$0.97	\$1.09
NORTHWEST	13,052,022	477,443	3.7%	33,928	13,562	0	187,546	\$0.97	\$1.09
Vancouver/Clark County	26,879,170	798,082	3.0%	-218,236	-210,111	549,597	230,057	N/A	\$1.31
VANCOUVER/CLARK COUNTY	26,879,170	798,082	3.0%	-218,236	-210,111	549,597	230,057	N/A	\$1.31
PORTLAND TOTALS	220,526,037	7,876,270	3.6%	-402,423	11,544	2,269,988	1,582,415	\$0.81	\$0.98

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

**Statistics not reflective of U.S. MarketBeat Tables W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
12300 SE Carpenter Dr	Clackamas	J & D Refrigerated Services	182,884	Direct
Bennett Business Center	Beaverton	Acme Construction Supply	94,609	Direct
T-S Corporate Park, Bldg B	Tualatin	DW Fritz Automation	80,057	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Poorman Douglas Corporation	Beaverton/Highway 217	Weston Investment Co LLC / Watumull Properties	86,313	16.75M / \$194
Trader Publishing Co.	East Columbia	Gill Willis & Elizabeth / Cref3 Rafael Street Owner LLC	50,000	\$7.95M / \$159

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