

A panoramic view of the Portland, Oregon skyline. In the foreground, a row of pink cherry blossom trees lines a walkway next to a river. Behind them is a multi-story brick building. In the background, several modern skyscrapers are visible under a blue sky with scattered white clouds. A large yellow rectangular graphic is overlaid on the left side of the image, containing the text 'Q1 2023 Market Insight Report'.

Portland Metro

Q1 2023

Market Insight Report

Q1 2023 Office Market

cresa





# Portland Metro Overview

With the new year and a new quarter, comes a renewed sense of optimism for the future! Well...most of the time! Q1 2023 saw some bright spots, with leasing activity having a slight upward trend from its historic low in Q1 2021, but that remains a fairly low bar. Some of the same tones continue to ring true: substantial sublease space remains on the market, continued rightsizing of space from occupiers and the belief that the grass is greener outside Multnomah County. The reality is, that grass is only greener where it's watered, and as we've seen from recent surveys/reports from PSU/Corenet and others, the grass is not getting watered downtown and in Multnomah County. We are still seeing significant incentives for rent abatement, tenant improvement costs, move allowances, etc., while face rents are attempting to stay strong. As future leases get set to expire in the coming 18-24 months, many tenants will likely rightsize their footprints or relocate to higher quality assets (flight to quality), and we believe buildings with high vacancies may start to default and become troubled assets, and in some cases be returned to the lenders. This is something we are making sure we keep an eye out for. We've seen some of this happen already with more on the horizon.



## Flight to Quality

As leases get set to expire, many tenants are considering optimizing and rightsizing their footprints, while relocating to higher quality assets that meet their business model.



## Suburban Strength

The suburban submarkets continue to water their grass, as seen in the stronger vacancy and rental metrics, with Kruse Way increasing rates nearly \$10/rsf over the last 3 years alone.



## Delinquents

With the continued demand erosion, keep your eyes out for more buildings hitting the default line and going back to the lenders. This is not a good scenario, and one that tenants/occupiers need to be very careful about.

Portland Metro



Market Supply (SF)  
103.23M SF



Vacancy  
12.9%



Availability  
16.4%



Leasing Activity (SF)  
701K SF



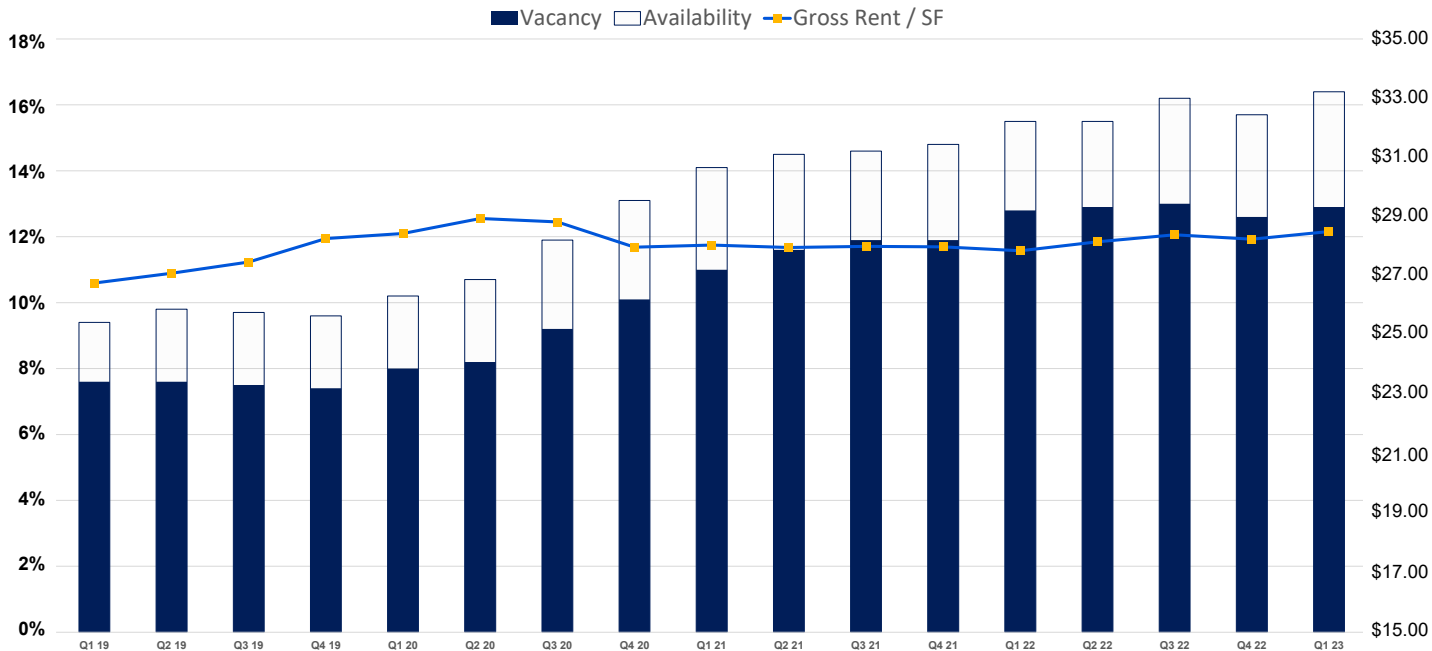
Gross Rent/SF Class A  
\$33.09



Gross Rent/SF Class B  
\$27.12

Arrows Indicate One Year Change

Historical Rent, Availability, & Vacancy



Data: Q3 2023 CoStar. Portland Metro Submarkets. Class A, B, C Office Buildings above 5,000 SF

In the News



**PDX Executive Podcast: An update on Portland's CRE Market with Blake St. Onge**



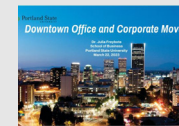
**Economic & Market Conditions (Central City Subdistricts) EcoNorthwest + Prosper Portland Report**



**What's Next for Zidell Yards?**

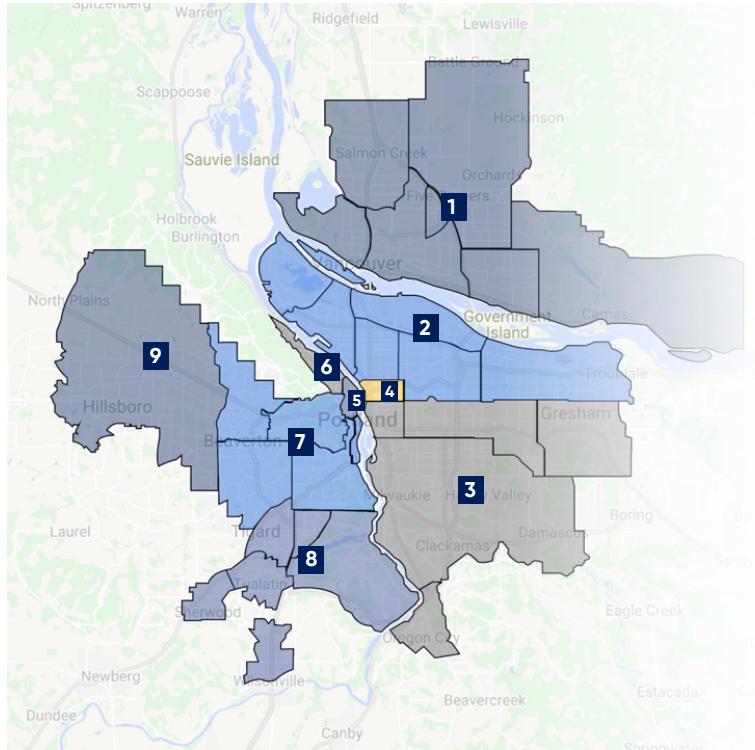


**The Downtown Comeback, Portland vs. Others**



**Portland State University + Corenet Global Study: Downtown Office + Corporate Moves:**

# Submarket Overview



Submarket	OVERALL - CLASS A, B, C						CLASS A		CLASS B	
	Market Size (SF)	Vacancy %	Available Sublet (%)	Available Sublet SF	Leasing Activity Deals	Vacancy %	Gross Rent/SF	Vacancy %	Gross Rent/SF	
<b>1</b> Clark County	11.42 M	6.1%	0.9%	108,710	35	9.2%	\$26.91	6.1%	\$23.74	
<b>2</b> Northeast	8.94 M	3.3%	1.1%	102,118	13	3.5%	\$27.54	4.4%	\$21.74	
<b>3</b> Southeast	8.34 M	10.2%	1.5%	151,157	29	29.1%	\$31.72	9.2%	\$24.31	
<b>4</b> Lloyd District	5.57 M	10.3%	0.8%	83,675	21	16.1%	\$36.77	6.2%	\$26.97	
<b>5</b> CBD	29.42 M	21.4%	2.1%	1,045,727	53	21.5%	\$31.97	21.8%	\$26.62	
<b>6</b> Northwest	3.65 M	24.2%	5.6%	245,430	5	54.2%	\$30.44	25.6%	\$26.87	
<b>7</b> 217 Corridor/SW	10.34 M	13.0%	1.9%	248,206	59	22.6%	\$30.23	12.4%	\$23.39	
<b>8</b> I-5 Corridor	10.96 M	12.8%	1.4%	261,422	48	19.1%	\$36.70	14.8%	\$33.43	
<b>9</b> Sunset Corridor (Hillsboro)	14.58 M	4.2%	3.0%	122,233	14	2.6%	\$33.09	7.1%	\$24.98	
<b>Overall Market</b>	<b>103.23 M</b>	<b>12.6%</b>	<b>1.4%</b>	<b>2.37 M</b>	<b>277</b>	<b>16.2%</b>	<b>\$32.62</b>	<b>12.6%</b>	<b>\$27.12</b>	

Data: Q1 2023 CoStar. Portland Metro Submarkets. Class A, B, C Office Buildings above 5,000 SF



# Notable Leases

Tenant	Address	Submarket	Size (SF)	Sign Date	Type	Move In
Confidential	1102 SW Washington St	Portland	20,290	March 2023	New - Relocation	Feb 2024
Confidential	1120 SE Madison St	Southeast	48,897	Dec 2022	New - Relocation	May 2023
Native American	355 NW Division	Northeast	27,284	Dec 2022	New - Relocation	May 2023
Rehabilitation Association	355 NW Division	Northeast	27,284	Dec 2022	New - Relocation	May 2023
Confidential	808 Washington St	Clark County	20,340	Sept 2022	New - Relocation	June 2023
Garmin	6600 SW Nimbus Ave	I-5 Corridor	26,899	May 2022	New - Relocation	Sept 2022
Metro. Public Defender Services	101 SW Main St	CBD	26,072	May 2022	New - Relocation	July 2022
HopScotch	975 SE 11th Ave	Southeast	22,303	May 2022	New - Relocation	Oct 2022
Confidential	6600 SW 105th Ave	Sunset Corridor	29,204	April 2022	New - Relocation	Sept-2022
Digimarc	8500 SW Creekside Pl	Sunset Corridor	65,000	Feb 2022	New - Relocation	Sept-2022
Industrious	220 NW Eighth Ave	CBD	41,942	Feb 2022	New - Relocation	April 2022
Confidential	1385 NE Amberglen Pky	Sunset Corridor	25,366	Feb 2022	New - Relocation	July 2022
TriMet	101 SW Main St	CBD	95,000	Jan 2022	New - Relocation	Jan 2022

*\*Data covers the past 12 months*

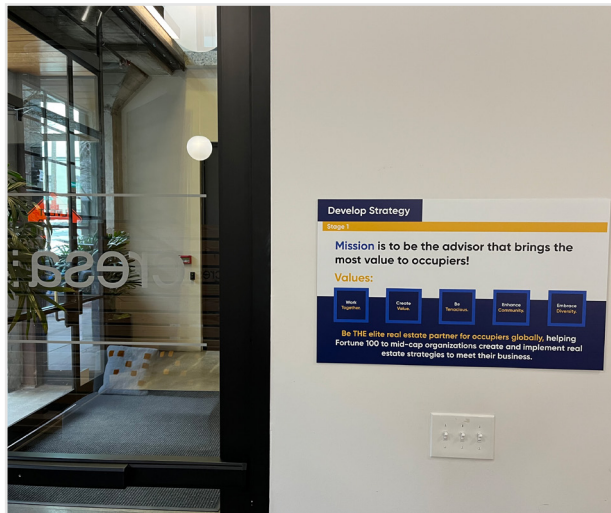
## Notable Subleases

Tenant	Address	Submarket	Size (SF)
CD Baby	9600 NE Cascades Pkwy	Northeast	18,184
AllianceRx	9775 SW Gemini Dr	217 Corridor/ Beaverton	29,806
Adpearance	2035 NW Front Ave	Northwest	30,084
VetSource	9500 NE Cascades Pkwy	Northeast	35,000
Trimble	1510 SE Water Ave	Southeast	39,549
Quest Diagnostics	6600 SW Hampton St	I-5 Corridor	40,250
Dealer Spike	26600 SW Parkway Ave	I-5 Corridor	45,123
Digimarc	9405 SW Gemini Dr	217 Corridor/ Beaverton	47,164
3D Systems	26600 SW Parkway Ave	I-5 Corridor	54,147
Simple	120 SE Clay St	Southeast	55,991
Comcast	9605 SW Nimbus Ave	217 Corridor/ Beaverton	56,146
Daimler	2701 NW Vaughn St	Northwest	78,885
Providence	3601 SW Murray Blvd	Sunset Corridor/ Hillsboro	337,984
Puppet Labs	308 SW 2nd Ave	CBD	39,694
Wacom Technology Corp	1455 NW Irving St	CBD	53,010

## Cresa Portland 2023 Launch

We had our 2023 team launch in January, reflecting on 2022 and the exciting journey ahead in 2023! We've explored and implemented several growth strategies for the team and each person individually.

As one of those explorations, and as most of our clients, and all organizations frankly, continue to navigate the hybrid and WFA environment, we are experimenting with what we call Team Day Wednesdays! This is a time for our collective team to come together and share time together! We recognize that the heads-down "productivity" aspect of Team Day Wednesdays may not always be there, yet the productivity of culture and team building, mixed with ideation, collaboration and breaking bread together will exponentially propel our team forward!



We all realize we are better together, and when we are aligned on mission, strategy and goals, the sky's the limit!

Much like Notre Dame has a sign in their locker rooms reminding every teammate to "Play Like a Champion Today", we've added a sign by our door with our Mission and Values, reminding everyone when they leave, who we are and why we do what we do!

As contributions to what our team is seeing and experiencing in the CRE world, our Managing Principals, **Blake St. Onge** and **Sean Heaton**, were asked to share their perspectives in two very different industry panels and round tables.

Blake St. Onge had the opportunity to share perspectives on the current corporate real estate landscape at the recent **RMA Portland Metro Chapter** spring event!

He shared a dynamic discussion with **Aaron Walker** (**Summit Bank**), **Sarah Zahn** (**Urban Development + Partners**), and moderator **Julia Freybote** (**Portland State University**), covering all aspects of commercial real estate and impact of the lending environment, among many other topics.



Big thanks to **Alexander Gosline, MBA** (**Heritage Bank NW**) for having Blake join the panel!

[READ MORE](#)

Sean Heaton was a roundtable host at the packed-house **SMPS Oregon Chapter** mixer event, sharing insights into what's happening in the Portland CRE markets!

Big THANK YOU to **Caitlin McCann** for the invitation, and what a beautiful venue to host the event, **Oswego Hills Winery!**

[READ MORE](#)





Portland Metro



# Cresa's 2023 Spring Summit

Our Cresa Portland team is looking forward to joining our teammates in other offices for our 2023 Cresa Spring Summit, this time in Atlanta, GA. The Cresa Summit is an excellent place for all of us to come together and share challenges, successes, new ideas, and collaborate on ways we can continue to make Cresa the elite and preminent global partner for real estate occupiers.

We all look forward to some learning opportunities in our breakout sessions, sharing camaraderie at the awards ceremony, and supporting our non-profit, Cresa Cares!

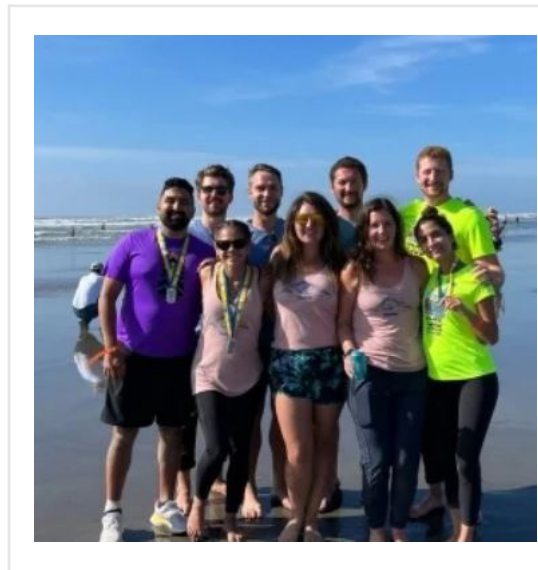
We will report back with a recap in next quarter's report! Stay tuned!

# Cresa Sponsors a Team for 2023 Hood to Coast Relay

Our Portland team is at it AGAIN!

Get ready to lace up your running shoes because Cresa Portland is back and ready to take on the 2023 Hood to Coast Relay! After an incredible showing in 2022, where we raised over \$12,000 for Providence Cancer Institute, we are ready to hit the ground running once again. This year, we are aiming to surpass our previous fundraising total and make an even bigger

impact in the fight against cancer. Join us on this incredible journey and help support a great cause.



With every step we take, we are raising awareness and funds for cancer research and treatment. Cheer us on as we run towards the finish line and make a difference in the lives of those affected by cancer. Stay posted on our social media channels for updates as we look to support Providence Cancer Institute and help #FinishCancer



Team Captains Sean Connors and Kelsey Machuca chat about the relay



Donate Here!



In line with our 2023 Launch, we welcomed two excellent teammates to our office in Q1!

## SEAN BRENNECKE

### Senior Advisor

We are excited and grateful to have **Sean Brennecke** join our team! His experience and expertise in the healthcare space is an incredible addition to what we're building, and his philosophy of teamwork and collaboration couldn't be a better fit! We're pumped to do great things together!

Sean brings five years of experience as a specialist in both healthcare (i.e. medical, dental, veterinary) and office real estate services.

Focusing on tenant representation, he will help clients with all leasing, acquisition, and disposition requirements across Oregon and Washington. He is tasked with assisting with the development of Cresa's local and national healthcare practice group and is thrilled to join the Cresa Portland team!

[View Sean's Bio Video](#)



## ANDREW DAVIS

### Advisor, Project Management

We are excited to have **Andrew Davis**, MRED join our Cresa Portland team! With his background in development and construction project management, aligned with his knowledge gained from his **MRED program at Auburn University**, we look forward to continuing our mission of being the advisor that brings the most value to the occupier!

Andrew brings five years of project management experience from entitlement and underwriting work to land development and construction projects. Focusing on active communication, efficiency, and time management, Andrew is an advocate for the tenant and ensuring that the project is executed on time and on budget. He is tasked with the management of Cresa's active and future projects and is thrilled to join the Cresa Portland team!

[View Andrew's Bio Video](#)





Portland Metro

# Cresa's Healthcare Practice Group

In life, timing is EVERYTHING!

With the addition of **Sean Brennecke** to our team, we are elevating our expertise and ability to further guide and advise healthcare practices (medical, dental, veterinary, etc.) and all real estate related solutions! In parallel with Sean helping to build a robust practice group, the larger Cresa organization is deeply in the process of building a national Healthcare Practice Group, catalyzed by all the great work that our teams are performing across the country.

Mix in our propriety technology solutions to provide valuable and strategic insights into patient and labor/talent analytics, among other defined criteria, makes for a specialized team with a mission to be the advisor that brings the most value to the occupier.

In aligning your real estate strategy with your broader mission, we offer custom solutions that support your talent and the community you serve.



Project management build-out in 2022 for **OHSU Foundation** on SW 4th Avenue



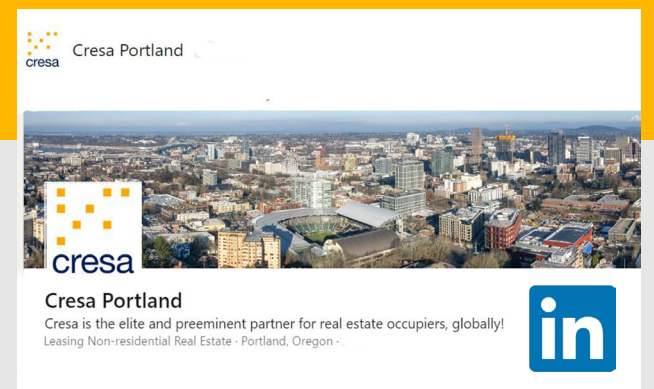
## Cresa Portland's podcast!

From the people, the culture and their thoughts on the future of work, host Blake St. Onge interviews leaders from Portland's most respected companies to learn about what makes their workplace unique. We also dive into the commercial real estate market & workplace trends that will help shape the future of business in Portland for years to come.

## Tune in to our YouTube channel!



## Connect with us on LinkedIn!



# Meet the Team



Click to learn more about our advisors



**Blake St. Onge**  
Managing Principal



**Sean Heaton**  
Managing Principal



**Josh Haynes**  
Vice President



**Michael Whitten**  
Vice President



**Kelsey Machuca**  
Vice President



**Sean Connors**  
Senior Advisor



**Sean Brennecke**  
Senior Advisor



**Roberto Nelson**  
Advisor



**Andrew Davis**  
Advisor



**Hayley Mueller**  
Advisor



**AJ Peash**  
Account Manager



**Chelle Dey**  
Operations Associate



## About Cresa Portland

Cresa is the world's largest commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We work with our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to tenants' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

## Contact

For more information about Cresa and the Portland CRE Market, please contact:

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