



Portland Metro

Q4 2023 Market Insight Report

Q4 2023 Office Market

cresa



Portland Metro Overview

4th Quarter! Crunch time! Put the hand up with 4 fingers! Time for the full court press! 2 minute drill! Make the last ditch effort to get things across the finish line before the year closes! Those are all the hopeful attitudes of the commercial real estate industry. Well...did it happen?? What's the sentiment??

Well, there was a push and movement, but not necessarily in the best direction with vacancy creeping up, availability increasing and leasing activity on the downswing. According to some reports, since early 2020 (onset of Covid), the market has given back over 5.5 M square feet of vacant space, which is a massive number. There remains over 30% of the downtown market vacant at the end of 2023.

Outlook for 2024 remains tepid, kind of like the 1st quarter of a game. Feeling out the landscape, determining how strict the referees (city) and others may be, who's in the market to take advantage of the opportunities. We will see how the start of the 2024 game plays out. We're hopeful it's a close game, and not a blow out in the wrong direction.



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 an eye out for more buildings hitting the default line and going back to the lenders. This is not a good scenario, and is one that tenants/occupiers need to be very careful about.

Portland Metro



Market Supply (SF)
107.47M SF



Vacancy
13.6%



Availability
15.1%



Leasing Activity (SF)
620K SF



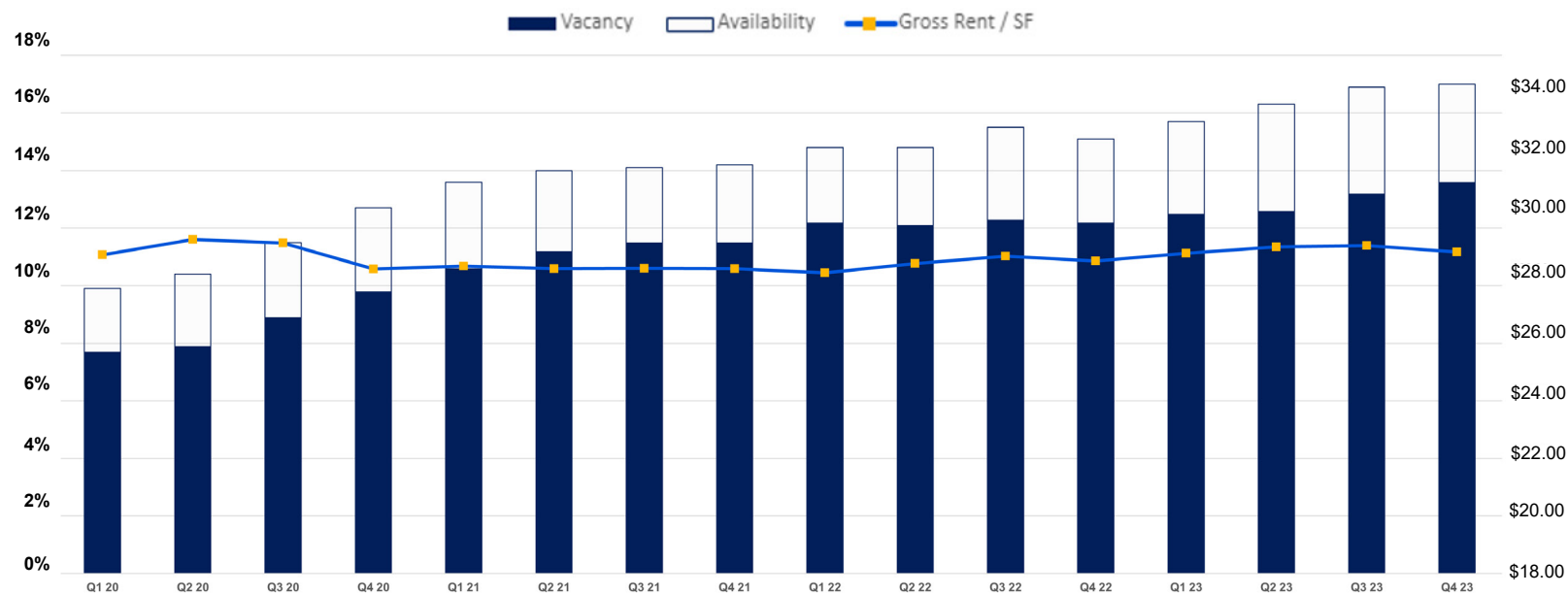
Gross Rent/SF Class A
\$33.18



Gross Rent/SF Class B
\$27.16

Arrows Indicate One Year Change

Historical Rent, Availability, & Vacancy



Data: Q4 2023 CoStar. Portland Metro Submarkets. Class A, B, C Office Buildings above 5,000 SF

In the News



Five Predictions for 2024's Real Estate Market



These were the Portland Business Journal's Most-Read Stories in 2023



Security Robot Patrols Property Around Downtown Portland's U.S. Bancorp Tower

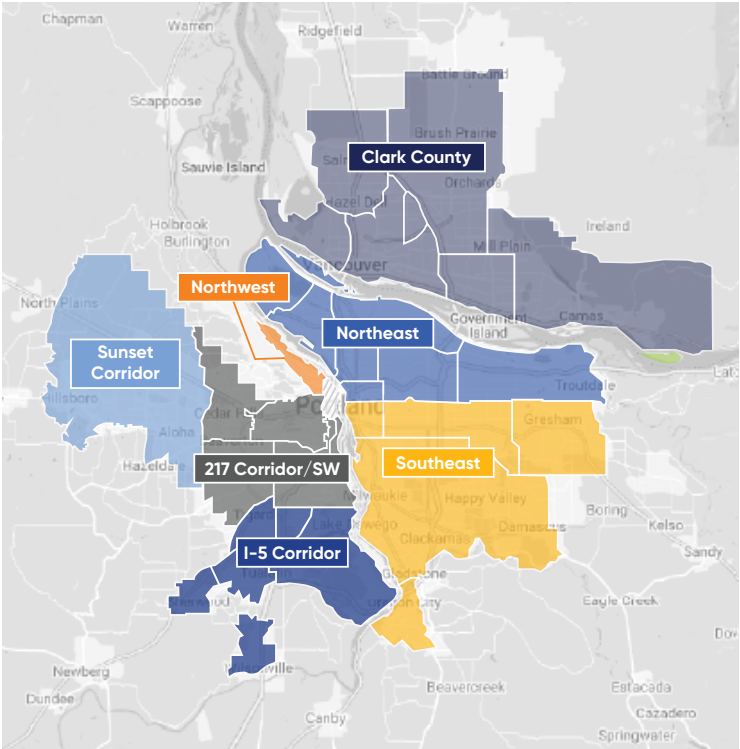


Kotek's Downtown Portland Task Force Releases Recommendations



Portland Tower in Troubled Neighborhood Lands Second Office Tenant

Submarket Overview



OVERALL - CLASS A, B, C							CLASS A		CLASS B	
	Submarket	Market Size (SF)	Vacancy %	Available Sublet (%)	Available Sublet SF	Leasing Activity Deals	Vacancy %	Gross Rent/SF	Vacancy %	Gross Rent/SF
1	Clark County	11.53 M	6.6%	2.2%	261,767	37	8.2%	\$28.38	7.0%	\$24.15
2	Northeast	9.09 M	4.6%	0.6%	58,066	20	6.1%	\$27.12	4.5%	\$22.82
3	Southeast	8.33 M	10.3%	1.5%	207,249	26	26.5%	\$32.18	8.7%	\$23.12
4	Lloyd District	5.59 M	12.1%	0.8%	143,925	10	15.7%	\$36.77	9.5%	\$28.43
5	CBD	29.86 M	23.8%	2.1%	913,749	24	25.4%	\$31.56	22.4%	\$25.88
6	Northwest	3.85 M	21.3%	5.6%	247,355	3	26.2%	\$31.56	22.6%	\$26.01
7	217 Corridor/SW	10.44 M	13.6%	1.9%	198,869	42	23.5%	\$31.77	13.7%	\$24.18
8	I-5 Corridor	10.97 M	14.3%	1.4%	214,597	41	19.3%	\$37.05	14.6%	\$33.75
9	Sunset Corridor (Hillsboro)	17.79 M	5.4%	3.0%	376,688	10	4.4%	\$25.55	7.3%	\$24.10
Overall Market		107.47 M	13.6%	1.4%	2.62 M	213	18.1%	\$33.18	12.8%	\$27.16

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

Portland Metro

Notable Leases

Tenant	Address	Submarket	Size (SF)	Type	Move In
Confidential	5665 Meadows Rd	Kruse Way	34,712	New - Relocation	Aug 2024
The Art of Catering	707 SW Washington St	CBD	16,000	New - Relocation	Jan 2024
Navex Global	5885 Meadows Rd	Kruse Way	25,268	New - Relocation	April 2024
Legacy Health System	501 N Graham	NE Close-In	119,400	Renewal	Oct 2023
Benson Industries, Inc	1400 NW Northrup St	CBD	20,000	New - Relocation	Jan 2024
Confidential	808 Washington St	Clark County	20,340	New - Relocation	June 2023
Kiln	1120 SE Madison St	SE Close-In	36,000	New -	July 2023
Miller Nash LLP	1102 SW Washington St	CBD	34,428	New - Relocation	Feb 2024
Fortis Construction	5331 S Macadam Ave	Johns Landing	20,000	New-Relocation	July 2024
Hoffman Construction	5500 Meadows Rd	Kruse Way	45,304 SF	New-Relocation	March 2025

*Data covers the past 12 months



Notable Subleases

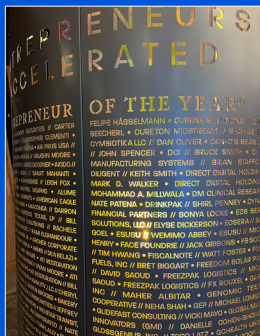
Tenant	Address	Submarket	Size (SF)
AllianceRx	9775 SW Gemini Dr	217 Corridor/Beaverton	29,806
Adpearance	2035 NW Front Ave	Northwest	30,084
VetSource	9500 NE Cascades Pkwy	Northeast	35,000
Trimble	1510 SE Water Ave	Southeast	39,549
Quest Diagnostics	6600 SW Hampton St	I-5 Corridor	40,250
Dealer Spike	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	47,167
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
Stroom	915 SW Harvey Milk St	CBD	23,346

Strategic Growth Forum Recap

2023 was Cresa's true inaugural year being involved in the incredible EY Entrepreneur of The Year Program! And....what a year it was! Over the course of the year, our Cresa Portland team worked hand in hand with **EY** and **PNC Bank** to nominate some of the region's most innovative and transformational leaders! Our efforts resulted in 6 finalists from Oregon, with one regional winner from Oregon, **John Spencer** (founder and CEO of **DCI**), who was announced and honored at the Regional Event in Park City!

The 2023 Program culminated in Palm Springs for the Strategic Growth Forum! Talk about a center of influence! The SGF did not disappoint! Surrounded by inspirational founders, CEO's and game changers really makes you think BIG! The keynote speakers, from Daniel Lubetzky to Reese Witherspoon among many others, had us blown away. The event was nothing like we've ever seen before! We're SO EXCITED to get the 2024 program off and running.

Watch the Video



Entrepreneur of the Year Nominations are Now Open

We are thrilled to announce nominations are now officially open for the 2024 **EY Entrepreneur of the Year** program! **Cresa** is a proud sponsor of this global program. As representatives for the Mountain West region, our one and only **Cresa Portland** team plays a pivotal role in selecting nominees who will represent our vibrant community.

The **EY** Entrepreneur of the Year is more than just an award. It's a global recognition program that honors extraordinary entrepreneurs who are redefining our way of life. These individuals stand out for their creativity, dedication, and vision, significantly impacting our community through their business achievements. This prestigious program provides a unique platform to showcase the world's most innovative and visionary entrepreneurs. Participants gain the opportunity for industry-wide recognition, access to an elite network of exceptional business minds, and extensive media exposure both nationally and internationally.

Are you a business owner or founder based in Oregon? An entrepreneur(s) with a compelling success story driven by innovation, strong financial performance, and a deep commitment to their business and community? An Individual(s) who exemplify the spirit of entrepreneurship.

Does this describe you or someone you know? We encourage you to come forward. Let's celebrate the entrepreneurial spirit that fuels progress in our community!

For any inquiries about the program or the nomination process, please feel free to reach out to our Cresa Portland team. We're here to provide you with all the necessary information.



EY Entrepreneur Of The Year®

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Employee Spotlight on Hayley Mueller

Hayley Mueller is an Advisor at our **Cresa Portland** office. She assists with office and industrial transaction management for occupiers throughout the Portland area. As a Portland native, she is passionate about advocating for occupiers in her community and is dedicated to aligning clients' real estate and business goals to develop effective real estate strategies.

[WATCH THE SPOTLIGHT VIDEO](#)

Hayley comes to Cresa's Portland office from the commercial banking industry and utilizes her background in financial data analytics to bring value to our clients through evidence-based strategies and market research.

Cresa is committed to building an inclusive workplace that encourages, supports, and celebrates the diverse voices of our employees. Our employee spotlight series gives our team members the opportunity to share their unique experience.

Cresa Portland volunteers with Christmas Family Adoption Foundation

Each Christmas season, our **Cresa Portland** team works together to choose a local family in need from the **Christmas Family Adoption Foundation's** website and shop for items on their wish list. Together we wrap the gifts and then personally deliver them to the family the week before Christmas.

A tradition we started in 2018, spearheaded by the one and only **Chelle Dey**, has become one of our team's beloved annual activities. Every year, we eagerly anticipate the opportunity to bring joy to these families and spread some Christmas cheer.



Portland Metro

Promotions



Congratulations to **Kelsey Machuca** in her recent promotion to Senior Vice President! Kelsey continues to exemplify what it means to be a teammate, client advocate, community leader and partner! Her commitment to Cresa Portland, her deep involvement with **CREW Portland** and her willingness to pursue excellence inspire us all!



Congratulations to **Sean Brennecke** in his recent promotion to Vice President! Since joining Cresa in early 2023, Sean's philosophy of teamwork and collaboration has proven to be a very successful recipe with our team! Sean has been instrumental in creating and growing our Healthcare Practice Group, both locally and nationally, and we're super excited for what's to come!

Leo Jaimes Navarro Joins the Cresa Portland Team

We're thrilled to announce **Leonel Jaimes Navarro** has now stepped into a full-time role as a Project Coordinator with our Cresa Portland team! Leo first joined us as a bright intern through **The Script (formerly Emerging Leaders)** Internship Program in the summer of 2023.

Starting as an intern, Leo quickly became an integral part of our team, contributing significantly while working part-time through the fall. His passion, skills, and commitment to excellence have not only impressed us all but also demonstrated his readiness for this role.

As a full-time Project Coordinator, Leo is set to bring a fresh perspective and innovative ideas to our projects. His enthusiasm and ability to connect with clients and team members alike make him a valuable asset to our team.



We're excited to see the continued impact Leo will have on our team and projects. His journey from an intern to a full-time role is inspiring, and we look forward to supporting him in his career growth at Cresa Portland.

Portland Metro

Cresa Portland: 2023 Year in Review

As we embrace the opportunities of 2024, we at **Cresa Portland** pause to reflect on a phenomenal 2023. It was a year marked not just by growth, but by innovation, recognition, and community impact. Here are a few of the highlights from an amazing year:

Excellent Revenue Growth: 2023 was another landmark year for us, as we achieved 25% year-over-year revenue growth in a tough Portland market. This marks 7 straight years of 20+% growth! This remarkable milestone is a testament to the hard work, dedication, and expertise of our team.

Pioneering the Healthcare Practice: Understanding the evolving needs of the healthcare sector, we launched our specialized Healthcare Practice. This initiative has not

only expanded our service portfolio but also allowed us to contribute significantly to the healthcare community.

2023 Fastest Growing Private 100: Our efforts and achievements were acknowledged as we were honored by the **Portland Business Journal** as one of the fastest-growing companies in Portland. This recognition fuels our passion to keep pushing boundaries.

As we step into 2024, we are filled with gratitude and optimism. Our journey so far has been incredible, and we're excited about the future. We extend our heartfelt thanks to our clients, partners, and the vibrant Portland community for being a part of our story.

Here's to continued growth, innovation, and success in 2024 and beyond!

2023 In Review

Cresa Portland Year in Review

25%

YoY Overall Revenue Growth

Creation of Healthcare Practice Group

#69

on PBJ's 2023 Fastest Growing Private 100 Company List

\$20,000+

Raised for Local Charities

306+

Projects Completed

3

Promotions

35%+

Social Media Growth

3

New Portfolio Wins

40%

Team Growth

Cresa's Portland office is proud to have represented our esteemed clients across the Portland Metro Area and throughout the world for their real estate requirements.

Cresa is the world's leading occupier-focused commercial real estate firm. We have over 50 offices in North America, each providing occupier-focused, integrated commercial real estate and consulting services. We think beyond space to get occupiers the best results – strengthening those we serve and enhancing quality of life for our clients and employees.

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FIND OUT MORE

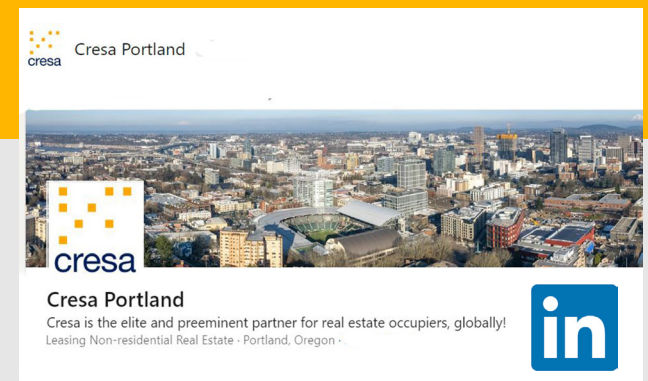
Cresa Portland is hiring!

Our Portland team is growing, and we're looking for CRE advisors wanting to take their game to the next level! Responsibilities include prospecting & business development, and transaction management services for users of office, industrial and healthcare real estate. The role is supported with senior level mentorship and our full array of client services specifically geared towards the occupier including: strategy, transaction management, portfolio management, lease management, logistics, capital markets, construction management and facilities management services.

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



Kelsey Machuca
Senior Vice President



Josh Haynes
Vice President, PM



Michael Whitten
Vice President



Sean Connors
Vice President



Sean Brennecke
Vice President



Hayley Mueller
Advisor



Andrew Davis
Advisor, PM



AJ Peash
Account Manager



Summer Blasquez
Advisor, TM



Leo Jaimes Navarro
Project Coordinator



Chelle Dey
Operations Associate



Mark Chan
Founder, Meddy Marketing
(Marketing Partner)



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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