

# Portland Industrial Newsletter

## Key Market Takeaways

### Current Sentiment for Industrial Occupiers

- Sublease space is increasing in the market, accounting for approx. 2.5 Million SF in Portland Metro at the end of Q1 2024, compared with 1.35 Million SF in Q1 2023.
- Rate increases have continued to hold, however second generation space is now becoming more readily available as occupiers move into new space.
- Emerging markets with lower costs such as labor and real estate are becoming increasingly desirable.
- A drop in home sales is causing disruptions for housing retail suppliers and companies including Bed, Bath, & Beyond and Ashley Furniture closing distribution centers.

### Occupier Insights

Tenants/Occupiers are beginning to have leverage as more space becomes available. It is critical to have a plan for your renewal or relocation to create the most leverage in the current market.

- 1. Prepare a plan in advance of critical dates** to address long-term real estate goals and be prepared to act quickly in a competitive market.
- 2. Evaluate space utilization & process improvement** to implement the latest innovative solutions and best practices to improve performance.
- 3. Utilize location strategy and economic incentives** to identify geographies that support your operational goals and long-term business strategy.
- 4. Evaluate facility options** (lease, purchase, and build-to-suit) to maximize economic and functional flexibility.

## Real Estate Trends

- ▲ Vacancy: **4.8%** +0.4%
- ▲ Availability: **7.5%** +0.7%
- ▲ Avg NNN Rent: **\$10.23** +0.014%
- ▼ Net Absorption: **-814,389 SF** -607,389 SF
- ▼ Leasing Activity: **1.1M SF** -1.25M SF

## Economic Trends

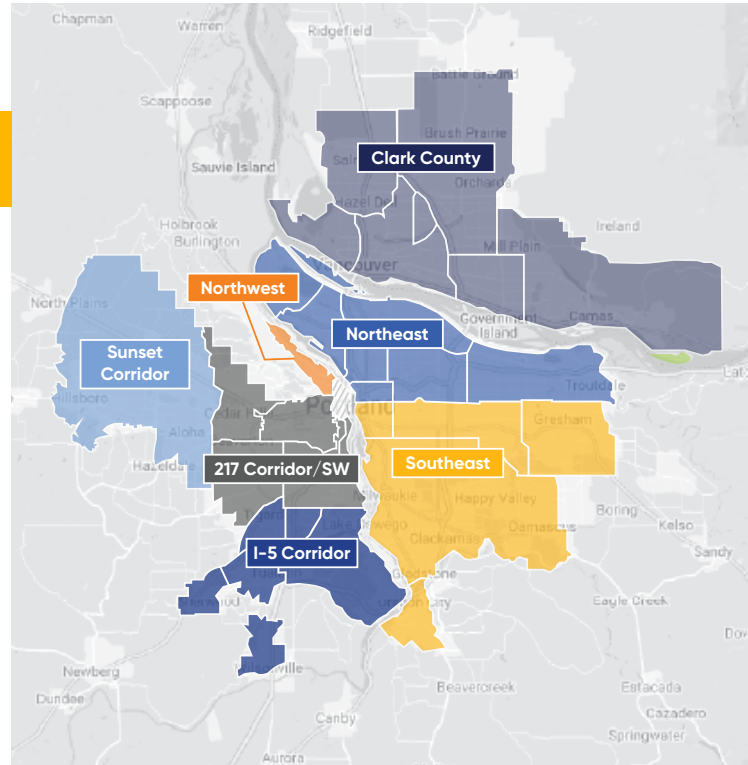
- Job Growth: **1.1%**
- Unemployment: **3.6%**
- Home Prices: **\$519,000**
- Cost of Living Index: **121.1**
- CPI (12 Months): **3.6%**

Q1 2024

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## Submarket Statistics

### Q1 2024 NNN RENT



### Submarket Overview

	Submarket	Inventory SF	Vacancy Rate (% Qtr change)	Availability Rate (% Qtr change)	Net Absorption	NNN Rent	YOY Rent Growth	Sale Price
1	Clark County	22,591,687	5.9% -0.5%	11.6% +0.4%	103,020	\$10.26	-3.9%	\$156.00
2	Northeast	79,827,116	6.9% +1.2%	7.8% +1.4%	-996,678	\$9.70	2.9%	\$156.00
3	Southeast	34,206,610	2.5% -0.6%	4.3% -0.2%	80,121	\$10.17	1.7%	\$172.00
4	Northwest	13,289,522	6.6% +0.1%	12.2% -0.2%	-10,735	\$9.88	3.1%	\$157.00
5	217 Corridor/SW	6,107,238	1.6% +0.0%	1.0% +1.1%	-3,483	\$10.55	0.4%	\$166.00
6	I-5 Corridor	29,840,134	1.9% +0.0%	5.5% +0.7%	-27,223	\$10.42	-8.1%	\$174.00
7	Sunset Corridor	20,213,734	1.8% +0.7%	2.0% +1.2%	100	\$11.41	-8.0%	\$176.00
	<b>Total</b>	<b>200,294,793</b>	<b>4.8% +0.4%</b>	<b>6.8% +0.7%</b>	<b>-814,389</b>	<b>\$10.23</b>	<b>1.5%</b>	<b>\$163.00</b>

### Notable Lease Transactions

	Tenant	Size (SF)	Address	City, State	Type	Date Signed
1.	Ball Corporation	122,810	5545 NE 148th Ave	Portland, Or	Sublease	Mar 2024
2.	DSV Solutions LLC	57,757	11950 SW Leveton Dr	Tualatin, Or	New Lease	Mar 2024
3.	GTS Interior Supply	151,363	4033 NW Yeon	Portland, Or	Renewal	Mar 2024
4.	WEG	70,153	22657 NE Townsend Way	Fairview, Or	New Lease	Jan 2024
5.	Performance Contracting	86,250	3571-3599 NW Yeon Ave	Portland, Or	New Lease	Jan 2024
6.	Looptworks	92,162	17401 NE Halsey St	Portland, Or	New Lease	Dec 2023
7.	Interstate Batteries	161,151	5050 NW Camas Meados	Camas WA	New Lease	Dec 2023
8.	DB Schecker	201,750	10875 NW 292nd Ave	North Plans OR	New Lease BTS	Nov 2023

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## Industrial Activity

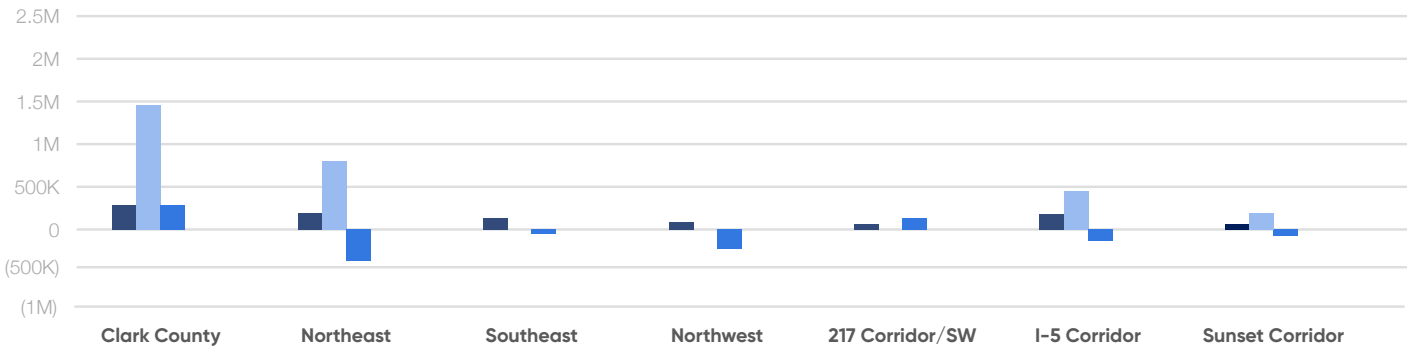
### Development Pipeline

■ Proposed ■ Under Construction

	Name/Address	Size (SF)	Market	Status	Delivery
1	1301 S Wynooski St	1,200,000	Newberg, OR	Proposed	2025
2	Vancouver Logistics Phase II	338,719	Vancouver, WA	Under Construction	2025
3	Bridge Point Vancouver 600	647,762	Vancouver, WA	Under Construction	2024
4	Mt Vista Logistics	583,318	Vancouver, WA	Proposed	2024
5	North Plains Logistic Center	400,000	North Plains, OR	Proposed	2024
6	Prologis Park Clackamas	385,910	Clackamas, OR	Proposed	2024
7	Prologis Park Vancouver	566,800	Vancouver, WA	Proposed	2024
8	Sherwood Commerce Center	445,000	Sherwood, OR	Under Construction	2023

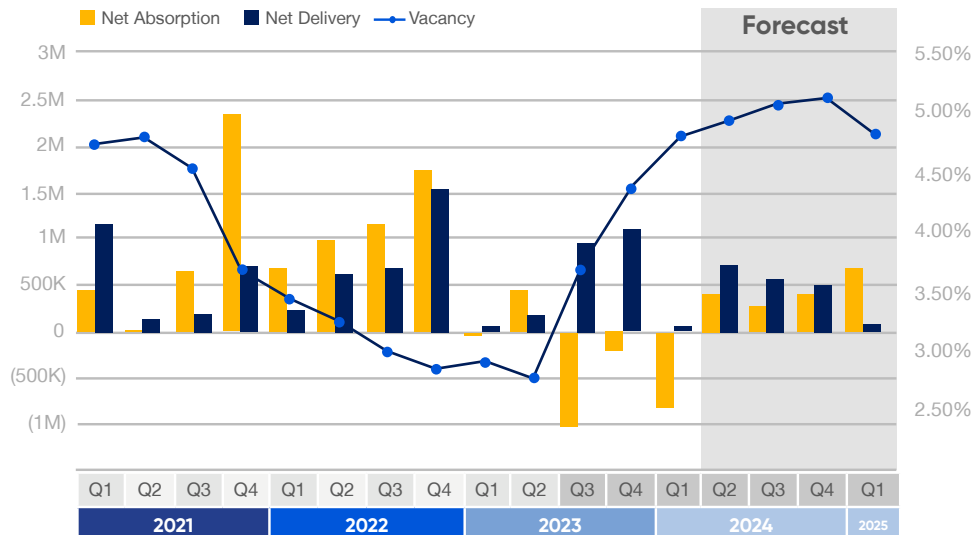
### Leasing Activity, Deliveries and Under Construction

■ Leasing Activity ■ Under Construction ■ Net Absorption



### Net Absorption, New Deliveries & Vacancy

■ Net Absorption ■ Net Delivery — Vacancy



## Industrial Trends

Portland is likely to remain a structurally tight industrial market under most foreseeable economic scenarios.

However, an increase in availability will start to impact the rental rate in the foreseeable future. Tenants are beginning to see more leverage when negotiating.

Q1 2024

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## A Sampling of Our Portfolio Clients



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