MARKETBEAT PORTLAND
INDUSTRIAL Q3 2024

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
5.5% Vacancy Rate	▲	▲
-2.3M YTD Net Absorption, SF	▼	–
$0.91 Asking Rent, PSF *(Overall, Net Asking Rent)*	▲	–

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.3M Portland Employment	▼	▲
4.0% Portland Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▼

Source:BLS

ECONOMY: WAITING FOR SIGNALS

Following the first interest rate cut since March of 2020 and inflation falling to 2.5%, just above Federal Reserve target, economic outlook is cautiously optimistic. September job gains pointed to growth across several industries including health care and construction, though trade and transportation sectors employment remained flat. With November elections looming, many decision makers are waiting for clarity on their economic futures. In addition to a contentious federal election, Portland voters will be using single transferable voting for the first time to elect a newly restructured city council based on direct representation, while Oregonians will decide on Measure 118, a 3% tax on sales revenue that would act as a rebate to Oregon residents.

SUPPLY AND DEMAND: LOW ACTIVITY

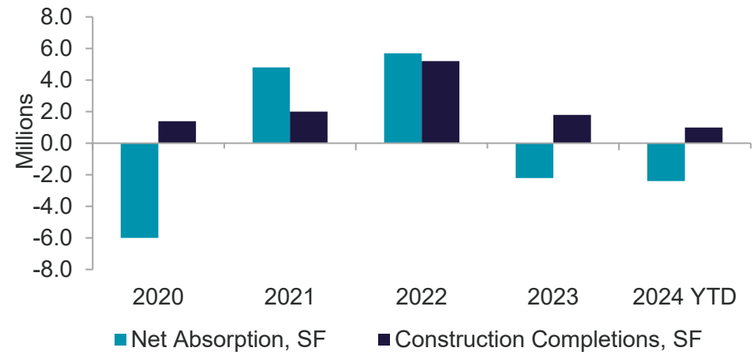
Activity in the market remains low, with several tenants hesitant to move forward on plans in a period of uncertainty. Simultaneously, users are once again returning sublease space to the market while others express intentions to downsize. Landlords in some markets are taking less competitive deals to fill spaces, including increased TI or month to month deals.

However, there are bright spots in the market. Despite significant new construction completions, the Vancouver submarket featured the highest positive net absorption after the full 682,000 square foot (sf) lease of Burnt Creek Logistics. The Tualatin and Hillsboro submarkets are having greater success leasing smaller spaces, and despite vacancy increases the Rivergate submarket featured one of the largest leases this quarter, O'Neill Transfer taking 80,000 sf.

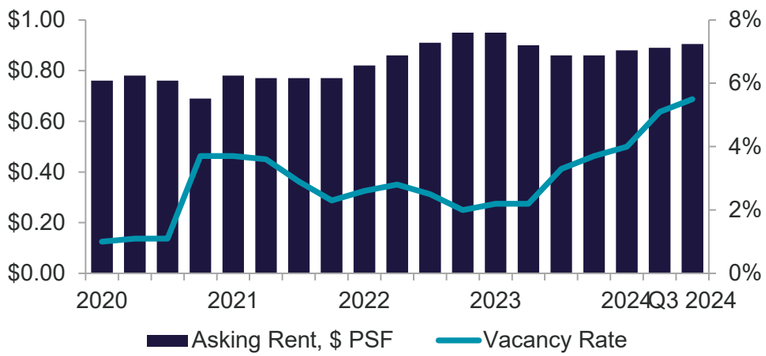
PRICING: STALLED RENTS

Asking rents remained fairly stagnant this quarter with little movement in large vacant space. Newly completed construction continues to influence pricing in submarkets like Vancouver and Airport Way, but have not had any significant jumps. The overall Portland Market has increased just $0.05 year over year, indicating some market reluctance.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	OVERALL AVAILABILITY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Northeast Portland	6,312,717	535,673	8.5%	9.3%	-174,030	-264,132	100,826	0	0	$1.09	$1.04
Swan Island	10,517,364	264,520	2.5%	4.3%	-198,220	-185,872	11,234	0	0	$0.94	$0.94
Rivergate	17,036,064	1,855,239	10.9%	11.1%	-30,000	-492,831	175,911	0	0	$0.72	$0.72
East Columbia	33,978,596	2,224,885	6.5%	9.9%	158,380	-496,704	640,899	793,047	0	$0.84	$0.84
Airport Way	18,483,031	1,011,425	5.5%	6.6%	-142,841	117,841	143,426	149,760	510,176	$0.97	$0.93
NORTH/NORTHEAST	86,327,772	5,891,742	6.8%	8.7%	-386,711	-1,321,978	-1172,296	942,807	510,176	$0.86	$0.84
Southeast Portland	5,390,413	415,887	7.7%	7.3%	-57,631	-145,225	59,022	0	0	$0.98	$1.17
Clackamas/Milwaukie	25,456,815	351,878	1.4%	3.1%	39,068	67,235	326,554	0	0	$0.84	$0.79
SOUTHEAST	30,847,228	767,765	2.5%	3.8%	-18,563	-77,990	385,576	0	0	$0.91	$0.98
Macadam	796,432	8,407	1.1%	1.1%	4,600	20,446	45,960	0	0	$0.70	$0.70
Wilsonville	9,046,538	227,365	2.5%	4.8%	513,157	-86,959	624,071	0	0	$1.16	$1.16
Tualatin/Sherwood	15,336,711	1,012,759	6.6%	7.2%	-291,767	-101,423	325,317	849,298	463,007	$0.90	$0.88
Tigard/Lake Oswego	8,610,886	254,945	3.0%	3.1%	78,264	-179,988	134,620	0	0	$1.05	$1.05
Beaverton/Highway 217	8,587,348	387,080	4.5%	6.2%	-96,500	-207,298	142,826	0	0	$1.17	$0.66
Hillsboro/Sunset Corridor	27,360,597	654,952	2.4%	3.9%	58,653	-10,235	274,804	42,484	166,168	$1.04	$0.99
SOUTHWEST	71,338,803	2,545,508	3.6%	4.8%	266,407	-565,457	1,584,598	891,782	629,175	$1.05	$0.99
NORTHWEST	13,219,681	1,220,781	9.2%	11.4%	-59,970	-520,691	254,231	0	0	$0.91	$0.92
VANCOUVER/CLARK COUNTY	29,002,768	2,249,406	7.8%	8.5%	133,877	199,388	1,030,182	710,762	809,568	$0.90	$0.90
PORTLAND TOTAL	230,736,252	12,675,202	5.5%	7.0%	-64,960	-2,286,728	4,426,883	2,545,351	1,948,919	$0.90	$0.89

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Burnt Creek Logistics	Vancouver	Grocery Outlet	682,000	Direct New
Kelley Point Distribution Center	Rivergate	Purina Animal Nutrition	150,000	Renewal*
Columbia Business Center	Vancouver	Marcone Supply	80,000	Direct New
Upland Distribution Center	Rivergate	O'Neill Transfer & Storage	80,000	Direct New

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
3601-3621 NW Yeon Ave	Northwest	Prologis / EQT Exeter	207,000	$27.7M / $133.96
6750 NW Bennett St	Hillsboro	Lincoln Advisors / LAIKA	140,000	Undisclosed
22990 NW Bennett St	Hillsboro	Lincoln Advisors / LAIKA	72,000	Undisclosed

MICHAELA PARKER
Senior Research Analyst
Tel: +1 424 704 7978
michaela.parker@cushwake.com