MARKETBEAT

PORTLAND

INDUSTRIAL Q4 2024

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.5% Vacancy Rate	▲	▲
-2.2M YTD Net Absorption, SF	▲	▼
$0.90 Asking Rent, PSF *(Overall, Net Asking Rent)*	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M Portland Employment	▲	▲
4.0% Portland Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY: Job Count Climbs

The Portland Metro area added 4,900 jobs year-over-year (YOY), bringing the year-end total to over 1.2 million. The unemployment rate, however, climbed 10 basis points (bps) to 4.0%, just below the national average. Portland's Consumer Price Index remained slightly higher than the nation's due mostly to housing and health care costs.

SUPPLY and DEMAND: Demand Wanes Amid Increased Supply

Leasing activity for new deals regressed in the fourth quarter, with only 500,000 square feet (sf) of new deals. Year-to-date (YTD) activity reached nearly 5.6 msf. However, this was due to strong demand throughout the first three quarters of 2024 in which 1.2 msf of deals were inked. Demand in the market remains low, with several tenants hesitant to move forward on plans in a period of uncertainty. Vacancy climbed by 180 bps YOY to 5.5%, and more increases are expected due to rises in subleases and new inventory without preleases in place.

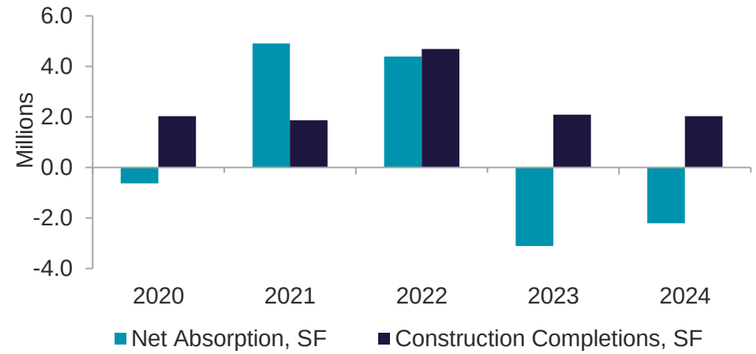
Despite 39.7% of the 2.0 msf delivered during the year completed with tenants in place, net absorption finished at negative 2.2 msf. This was fueled by more space entering the market – vacancy has been rising steadily since the 2.0% reported at the end of 2022. Absorption was negative in most submarkets, with only the Hillsboro/Sunset Corridor submarket managing to climb over the 100,000-sf figure.

PRICING: Rents Stable

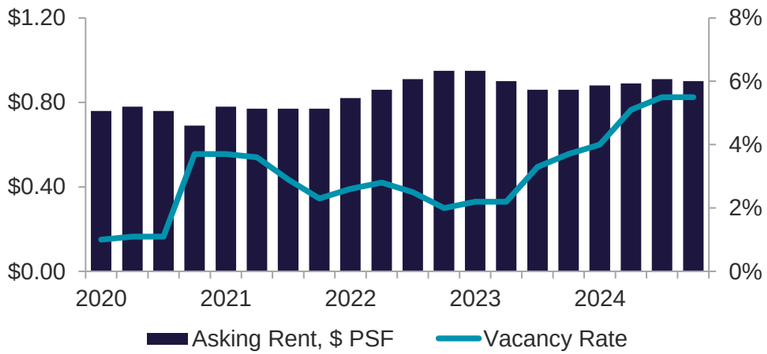
Asking rents for the overall Portland market retreated somewhat in the fourth quarter, dropping $0.01 per square foot (psf), with little pricing movement in large vacant space. There was an increase of just $0.04 YOY, indicating a hesitation to push pricing higher. Rents were highest in the Southwest, with an average of $1.11 psf on a triple-net (NNN) basis, and lowest in the North/Northeast, with an average of $0.82 psf NNN.

Newly completed construction continued to influence pricing, especially in the Vancouver and Airport Way submarkets, though there weren't any substantial increases.

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 (W/D)	OVERALL WEIGHTED AVG NET RENT (ALL)
Northeast Portland	6,313,317	418,564	6.6%	8.9%	47,789	-136,223	108,626	0	0	$1.02	$1.08
Swan Island	10,517,364	313,656	3.0%	4.6%	-769	-235,008	111,234	0	0	$0.94	$0.94
Rivergate	17,036,064	1,619,365	9.5%	9.9%	168,731	-256,925	358,258	0	0	$0.74	$0.74
East Columbia	33,979,597	2,228,698	6.6%	9.4%	-18,313	-500,517	842,079	793,047	0	$0.82	$0.82
Airport Way	18,483,031	1,111,558	6.0%	6.6%	-72,656	17,213	236,136	149,760	510,176	$0.94	$0.97
NORTH/NORTHEAST	86,329,373	5,691,841	6.6%	8.3%	124,782	-1,111,460	1,656,333	942,807	510,176	$0.84	$0.85
Southeast Portland	5,391,543	365,105	6.8%	6.8%	42,741	-94,443	67,148	0	0	$1.02	$0.84
Clackamas/Milwaukie	25,458,050	665,011	2.6%	3.7%	-420,545	-305,818	348,474	0	0	$0.76	$0.79
SOUTHEAST	30,849,593	1,030,116	3.3%	4.3%	-377,804	-400,261	415,622	0	0	$0.84	$0.82
Macadam	796,432	8,407	1.1%	1.1%	0	20,446	45,960	0	0	$0.70	$0.70
Wilsonville	9,046,538	213,166	2.4%	4.7%	14,199	-72,760	633,598	0	0	$1.16	$1.16
Tualatin/Sherwood	15,336,711	835,616	5.4%	5.7%	135,516	75,720	478,640	849,298	463,007	$1.10	$1.10
Tigard/Lake Oswego	8,591,572	207,171	2.4%	2.8%	31,460	-153,868	172,080	0	0	$1.07	$1.07
Beaverton/Highway 217	8,587,348	332,149	3.9%	6.5%	62,064	-151,083	255,987	0	0	$0.66	$1.19
Hillsboro/Sunset Corridor	27,403,081	537,734	2.0%	4.1%	111,538	147,355	317,395	396,212	208,652	$1.01	$1.07
SOUTHWEST	71,361,973	2,134,243	3.0%	4.5%	354,777	-134,190	1,940,660	1,245,510	671,659	$1.04	$1.11
NORTHWEST	13,215,864	1,288,065	9.7%	11.2%	-66,902	-587,975	291,351	0	0	$0.95	$0.94
VANCOUVER/CLARK COUNTY	29,018,841	2,464,289	8.5%	8.1%	-325,102	28,430	1,176,401	968,522	849,493	$0.90	$0.90
PORTLAND TOTAL	230,775,644	12,608,554	5.5%	6.7%	-290,249	-2,205,456	5,480,367	3,156,839	2,031,328	$0.88	$0.90

**Rental rates reflect industrial gross*

KEY LEASE TRANSACTIONS YE 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Burnt Creek Logistics Center	Vancouver/Clark Co.	Grocery Outlet	681,780	New Lease
Wilsonville Distribution Center II	Wilsonville	Wymore Transfer Co.	516,693	New Lease
Meadowlark Industrial Center	Hillsboro/Sunset Corridor	Omega Morgan	155,500	New Lease
American Steel - Bldg A	Northwest Portland	GTS Interior Supply	150,680	Renewal*

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS YE 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
Columbia Commerce Park	Airport Way	Clarion Ptnrs / BKM Ptnrs	377,293	$62.7M / $166.18
FedEx Bldg (6447 N Cutter)	Swan Island	Cordia Capital / HCA	212,015	$32.5M / $153.29
3601-3621 NW Yeon Ave	Northwest	Prologis / EQT Exeter	207,000	$27.7M / $133.96

BRIAN CAGAYAT
Research Manager – Pacific Northwest
Tel: +1 206 521 0296
brian.cagayat@cushwake.com