

MARKET TRENDS

PORTLAND INDUSTRIAL

MARKET DRIVERS

Average asking lease rates fell year-over-year (YOY) but increased quarter-over-quarter (QOQ); dropping \$0.03 and increasing \$0.01 respectively to \$0.85 to start off the year. Direct vacancy rates grew 100 basis points (bps) YOY from 3.8% to 4.8%, while total availability rates also increased by 130 bps YOY to 8.3% in 1Q, both holding steady at 10-year record highs from the previous quarter.

Leasing activity decreased approx. 41% YOY from 2.6M SF to 1.5M SF in 1Q, partially due to the drop in larger sized deals across the region. This notable decline in leasing volume marks a new low not experienced since 4Q 2008. Although industrial sales activity increased 20% YOY to 667K SF, this is still a drastic drop from last quarter which posted at 1.86M SF and well below the 5-year average of 1.5M SF in sales volume. New construction posted at 729K SF for industrial space to start off 2025 in Q1, with another 4M SF of industrial space under construction, approximately 2.5M SF of the pipeline projected to complete by year end.

ECONOMIC REVIEW

In January, the Manufacturing sector within the Portland-Vancouver-Hillsboro MSA decreased by 3.7% YOY to 117.9K jobs, and the Trade, Transportation, and Utilities sector fell by 0.5% to 221.5K jobs. The statewide unemployment rate in Oregon increased slightly from 4.3% to 4.4% QOQ, while the Portland-Vancouver-Hillsboro MSA reported 5.0%, up from 4.0% last quarter.

NEAR-TERM OUTLOOK

Inflation and other economic uncertainties over the past year have forced tenants to carefully evaluate expansions and, in some cases, reduce space as their requirements change. Additionally, there have been several proposed policies such as tariffs, reduced corporate taxes, and deregulation. These policies have yet to be implemented, making it difficult to predict the future direction of the market. Once decisions are made about which policies will be enacted, there will be greater clarity regarding their impact on the market, enabling decision makers to respond accordingly.

Market Summary

	1Q25	4Q24	1Q24	YOY Change
Direct Vacancy Rate	4.8%	5.0%	3.8%	100 bps
Total Availability Rate	8.3%	8.3%	7.0%	130 bps
Direct Asking Lease Rate	\$0.85	\$0.84	\$0.88	-3.4%
	1Q25	4Q24	1Q24	YOY Change
Total Lease Transactions	1,504,446	1,883,486	2,551,068	-41.0%
Sale Transactions	667,488	1,864,481	556,042	20.0%
Direct Net Absorption	372,601	-581,061	-229,142	N/A

↓ **1.5M SF**
LEASING ACTIVITY

↑ **372K SF**
NET ABSORPTION

↑ **4.8%**
VACANCY RATE

↓ **\$0.85/SF**
ASKING RENT (AVG)

↑ **729K SF**
NEW DELIVERIES

Year-Over-Year Trend

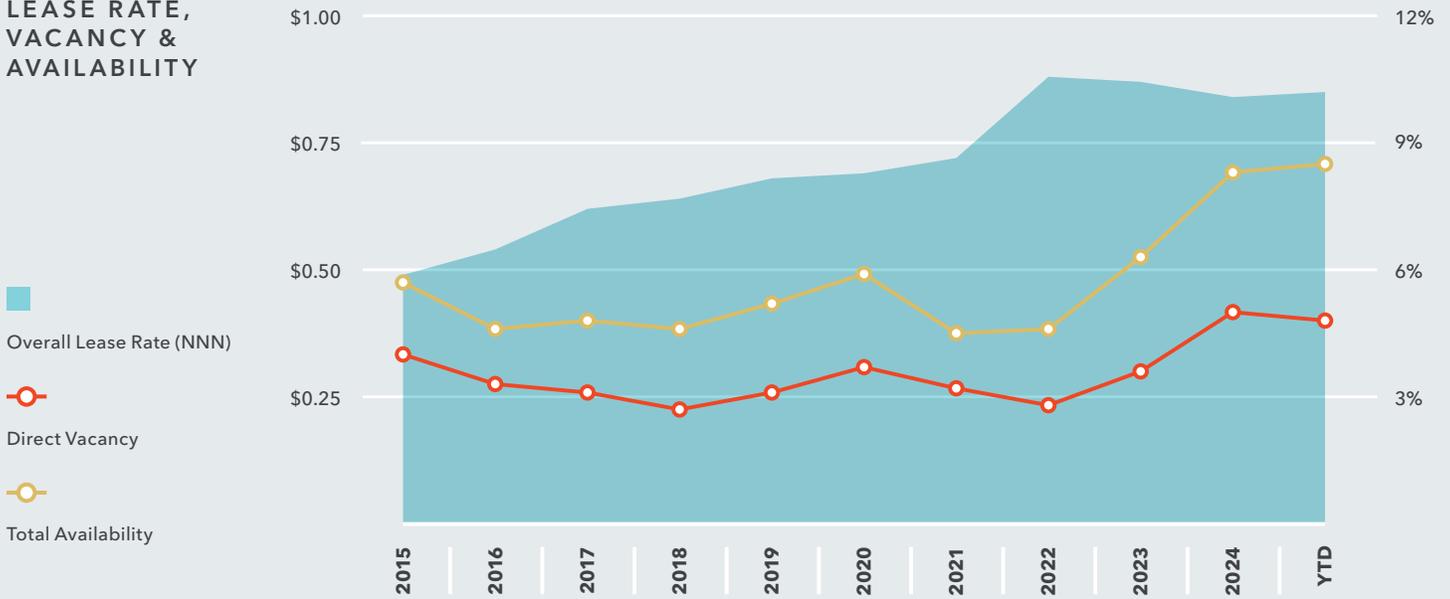
Market Highlights

DIRECT VACANCIES increased by 100 bps YOY to 4.8%.

ASKING LEASE RATES dropped to \$0.85 NNN, down from \$0.88 YOY.

TOTAL NET ABSORPTION posted positive 372.6K SF.

LEASE RATE, VACANCY & AVAILABILITY



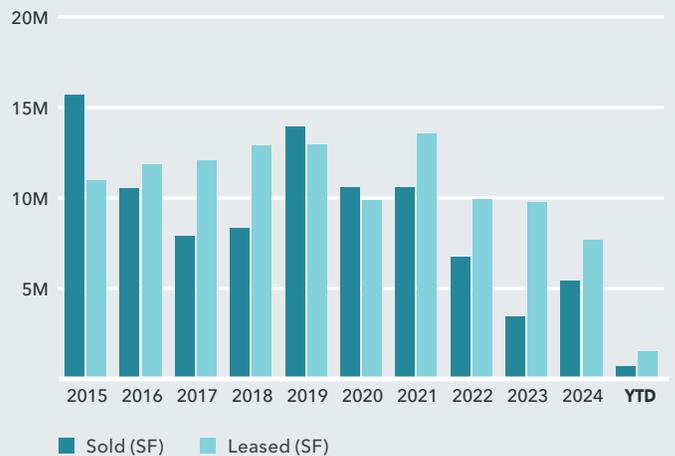
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q1 2025 Total Net Absorption	2024 Total Net Absorption	Q1 2025 Total Leasing Activity	2024 Total Leasing Activity	Total Rental Rate
Lloyd District	2,192,030	14.2%	14.2%	16.4%	14,679	-161,643	4,050	26,814	\$0.78
Airport Way	17,571,874	5.5%	6.5%	7.6%	-83,242	-289,432	113,255	285,849	\$0.92
East Columbia Corridor	30,669,830	4.8%	8.4%	10.7%	160,163	-523,918	204,824	1,073,735	\$0.85
Gateway	2,983,758	2.2%	2.8%	7.9%	87,507	-141,535	131,925	63,315	\$0.90
Gresham	1,233,561	6.6%	6.6%	8.9%	4,888	6,215	950	11,042	\$0.88
Hayden Island/Swan Island	10,464,582	3.6%	5.0%	8.2%	-162,305	35,363	4,007	201,204	\$1.06
NE Close-In	4,018,319	4.8%	4.8%	6.5%	46,991	-118,105	26,762	82,499	\$0.93
NE Outlying	81,707	0.0%	0.0%	0.0%	0	0	0	0	0
Rivergate	16,862,048	8.4%	10.7%	11.0%	-31,472	-101,203	112,088	597,538	\$0.71
Northeast	83,885,679	5.5%	7.6%	9.5%	22,530	-1,132,615	593,811	2,315,182	\$0.85
CBD	779,919	11.9%	11.9%	15.1%	5,000	-5,000	0	0	\$1.00
Guilds Lake	12,342,357	7.2%	7.2%	10.9%	474,271	-506,478	10,841	648,197	\$0.90
NW Close-In	780,344	5.9%	5.9%	11.0%	0	-27,770	0	600	\$1.05
NW Outlying	133,800	0.0%	0.0%	0.0%	0	0	0	0	0
CBD/Northwest	14,036,420	7.3%	7.3%	11.1%	479,271	-539,248	10,841	648,797	\$0.91
Clackamas/Milwaukie	25,423,287	4.7%	6.0%	6.3%	-214,099	-872,035	259,213	466,110	\$0.80
Mall 205	403,844	3.2%	3.2%	3.2%	-6,220	4,337	0	1,420	\$1.50
Oregon City	1,365,288	2.7%	2.7%	0.9%	-1,500	-20,424	1,500	102,247	\$1.24
SE Close-In	5,673,383	7.0%	7.0%	7.5%	-47,521	56,140	15,714	109,671	\$0.82
SE Outlying	4,882,187	3.9%	3.9%	4.8%	-22,490	-34,537	13,780	102,973	\$0.85
Southeast	37,747,989	4.9%	5.7%	6.0%	-291,830	-866,519	290,207	782,421	\$0.82
217 Corridor/Beaverton	3,917,981	2.7%	5.0%	5.2%	-2,200	-131,158	89,193	124,305	\$0.96
Barbur Blvd/Capitol Hwy	147,131	0.0%	0.0%	0.0%	0	0	0	0	0
Johns Landing	249,384	0.0%	0.0%	4.8%	0	16,381	0	9,429	\$1.67
North Beaverton	1,906,485	0.3%	0.3%	0.3%	0	-5,200	0	12,380	\$1.25
SW Close-In	144,530	12.3%	12.3%	12.3%	0	0	0	0	0
Sylvan/Hillsdale	17,504	0.0%	0.0%	0.0%	0	0	0	0	0
Southwest	6,383,015	2.0%	3.4%	3.8%	-2,200	-119,977	89,193	146,114	\$0.98
Sunset Corridor/Hillsboro	19,010,021	1.1%	1.4%	4.0%	-32,268	20,661	125,266	207,867	\$1.01
Westside Outlying	3,358,175	5.9%	7.6%	7.8%	0	-83,988	0	157,750	\$0.49
Westside	22,368,196	1.8%	2.3%	4.6%	-32,268	-63,327	125,266	365,617	\$0.67
I-5 Corridor	31,878,004	4.5%	6.2%	9.3%	-352,938	-86,828	139,085	1,690,567	\$0.87
Yamhill County	4,939,580	1.4%	1.4%	1.5%	-14,000	-5,809	2,960	179,706	\$0.94
Skamania County	103,485	0.0%	0.0%	0.0%	0	0	0	0	0
Columbia County	2,509,907	0.7%	0.7%	13.4%	16,400	417,086	0	22,500	\$1.01

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SUBMARKET STATISTICS CONTINUED

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q1 2025 Total Net Absorption	2024 Total Net Absorption	Q1 2025 Total Leasing Activity	2024 Total Leasing Activity	Total Rental Rate
Camas/Washougal	2,608,081	3.9%	3.9%	4.6%	-10,770	168,351	0	203,951	\$1.00
Cascade Park	456,671	0.0%	0.0%	112.9%	0	0	0	0	0
CBD/West Vancouver	6,003,005	1.2%	1.2%	6.3%	67,430	110,053	43,370	110,857	\$1.47
Clark County Outlying	4,367,586	3.2%	4.4%	7.8%	-112,642	115,885	55,160	9,685	\$0.69
Hazel Dell/Salmon Creek	2,189,786	13.7%	13.7%	13.4%	27,850	67,134	9,575	61,546	\$1.38
Orchards	7,271,553	7.7%	8.4%	17.2%	663,370	189,681	60,559	896,021	\$1.16
St. Johns/Central Vancouver	7,036,989	4.0%	4.0%	6.3%	-102,281	-17,733	36,809	176,845	\$0.99
Vancouver Mall	14,340	0.0%	0.0%	0.0%	0	3,159	0	4,870	0
Clark County	29,948,011	4.8%	5.2%	11.2%	532,957	636,530	205,473	1,463,775	\$0.96
Portland Total	235,992,316	4.8%	6.0%	8.5%	372,601	-1,922,350	1,460,886	7,641,493	\$0.85

BUSINESS PARK STATISTICS

Business Park Size	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q1 2025 Total Net Absorption	2024 Total Net Absorption	Q1 2025 Total Leasing Activity	2024 Total Leasing Activity	Total Rental Rate
10,000-49,999 SF	9,603,294	6.0%	7.3%	10.0%	-81,113	-120,262	138,762	544,455	\$1.03
50,000-149,999 SF	17,321,618	6.1%	7.8%	10.7%	-162,081	-142,876	122,167	1,332,988	\$0.80
150,000+ SF	12,145,735	9.5%	15.2%	17.0%	-120,495	-220,788	100,000	463,580	\$0.82
Business Park Total	39,070,647	7.2%	10.0%	12.5%	-363,689	-483,926	360,929	2,341,023	\$0.91

BIGGEST SALE OF THE QUARTER

19730 NE Sandy Blvd
Gresham, OR



SIGNIFICANT SALE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
19730 NE Sandy Blvd	Gresham	297,116	\$29,900,000	\$100.63	Project Northwest/Mapei	Dermody Properties/ AXA Investments Managers
5585 NE Wagon Dr	Sunset Corridor/Hillsboro	51,420	\$9,620,000	\$187.09	Palisade Group	Robert Roth
9665 SW Tualatin Sherwood Rd	Tualatin	51,362	\$9,300,000	\$181.07	Far West Recycling	Roberta Raymond
15561 SW Oregon St	Sherwood	43,000	\$6,150,000	\$143.02	Mob Investments Inc.	The McLellan Company
10626-10630 SW Barbur Blvd	Barbur Blvd/Capitol Hwy	40,790	\$5,800,000	\$142.19	Pro Heating and Cooling, Inc.	Marsden LLC

SIGNIFICANT LEASE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
5536 NE Hassalo St	Gateway	123,335	February 2025	Oregon Catholic Press	Lone Gull Holdings/Panthalassa
1740 SE Ochoco St	Clackamas/Milwaukie	120,000	March 2025	Heleco Center Distribution	Gourmet Foods International
4600 NE 138th Ave	East Columbia Corridor	113,500	March 2025	Pheland Development Company	OMNI Logistics
4915 NE Sewell Ave	Sunset Corridor/Hillsboro	104,540	February 2025	Stephen Holmes	Oregon Electric Construction, Inc./OEG
15645 N Lombard St	Rivergate	100,000	January 2025	Prologis, Inc/Norges Bank Investment Mgmt	American Beverage Crafts/Tilray

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Bridge Point Vancouver 600	5500 NE 162nd Ave, Vancouver	Orchards	647,762	Bridge Industrial	2Q 2025
GV5	NE Glisan St, Gresham	East Columbia Corridor	533,212	Gve Associates LLC/Grainger	2Q 2025
Harmony Industrial Park	18712 SE 1st St, Vancouver	Cascade Park	324,393	Panattoni	3Q 2025
Sewell Corporate Park	4630 NW 273rd Ave, Hillsboro	Sunset Corridor/Hillsboro	247,461	Trammel Crow Company	2Q 2025
Hedges Creek Industrial Park	SW Myslony Rd - Building C	Tualatin	151,250	Phelan Development Co./Clarion Partners	3Q 2025

Data Source: Kidder Mathews Research, CoStar, U.S. Bureau of Labor Statistics



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COMMERCIAL BROKERAGE	<i>\$9B</i> AVERAGE ANNUAL TRANSACTION VOLUME	<i>26.2M</i> ANNUAL SALES SF	<i>36.7M</i> ANNUAL LEASING SF
ASSET SERVICES	<i>58M+ SF</i> MANAGEMENT PORTFOLIO SIZE	<i>850+</i> ASSETS UNDER MANAGEMENT	<i>250+</i> CLIENTS SERVED
VALUATION ADVISORY	<i>2,400</i> AVERAGE ANNUAL ASSIGNMENTS	<i>39</i> TOTAL APPRAISERS	<i>24</i> WITH MAI DESIGNATIONS

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