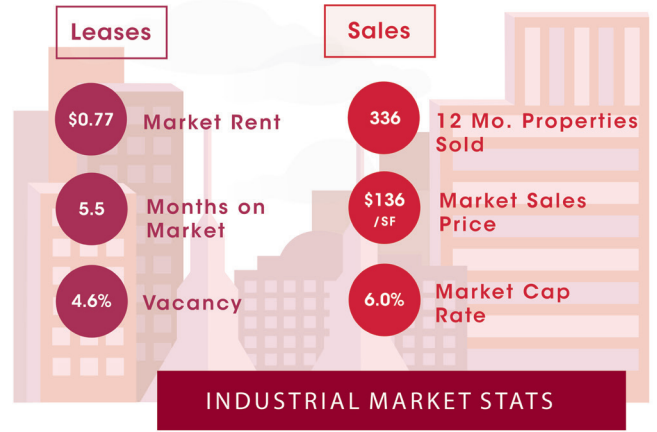


PORTLAND INDUSTRIAL

Sales In September, multiple Beaverton assets traded in a \$555.7 million bulk portfolio, the sale also including properties in San Diego. The Beaverton properties, in Cornell Oaks Corporate Center and in Creekside Corporate Park, consist of 10 flex buildings, 12 office buildings, and two acres of land. The Beaverton flex portion totals 281,000 SF, and CoStar estimates a value of \$43 million (averaging \$153/SF) for these flex assets in the transaction.

Leases Portland is home to many retailers and wholesalers, as well as a growing number of logistics and distribution companies. A majority of these tenants favor Rivergate, East Columbia Corridor, and Airport Way. The recent vacancy uptick was influenced by the former Boyd Coffee Company and SoloPower buildings coming on the market in 19Q1, but more generally, vacancy volatility is due to speculative construction.



WAREHOUSE

	Core	East	I-5	Vancouver	West
MARKET SALE \$/SF	↑ \$154 \$146 4Q2018	↑ \$134 \$128 4Q2018	↑ \$141 \$113 4Q2018	↑ \$128 \$106 4Q2018	↑ \$162 \$132 4Q2018
LEASE VACANCY	↑ 5.0% 3.9% 4Q2018	↓ 5.9% 6.2% 4Q2018	↑ 5.1% 4.0% 4Q2018	↑ 4.5% 4.3% 4Q2018	↑ 3.7% 2.9% 4Q2018
BLENDED LEASE RATE	↑ \$0.85 \$0.83 4Q2018	↑ \$0.72 \$0.60 4Q2018	↑ \$0.73 \$0.57 4Q2018	↑ \$0.70 \$0.53 4Q2018	↓ \$0.80 \$0.87 4Q2018



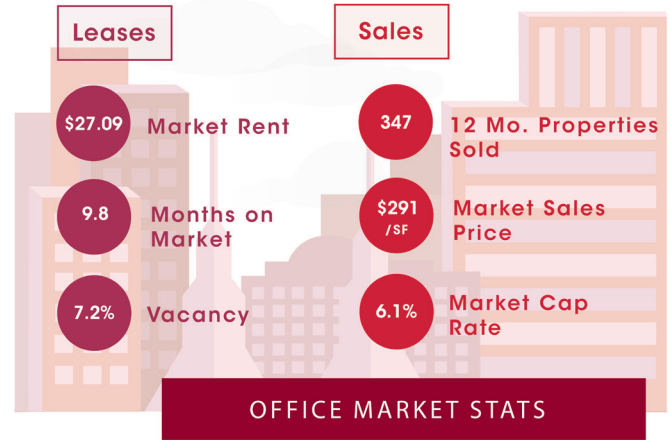
FLEX

	Core	East	I-5	Vancouver	West
MARKET SALE \$/SF	↑ \$199 \$190 4Q2018	↑ \$205 \$165 4Q2018	↑ \$213 \$203 4Q2018	↑ \$197 \$186 4Q2018	↑ \$183 \$175 4Q2018
LEASE VACANCY	↑ 10% 9.3% 4Q2018	↑ 8.2% 5.1% 4Q2018	↑ 9.6% 7.3% 4Q2018	↑ 14.2% 10.4% 4Q2018	↑ 5.4% 4.8% 4Q2018
BLENDED LEASE RATE	↓ \$1.28 \$1.51 4Q2018	↑ \$1.11 \$1.06 4Q2018	↑ \$1.19 \$1.14 4Q2018	↑ \$1.24 \$0.99 4Q2018	↑ \$1.12 \$1.08 4Q2018

PORTLAND OFFICE

Sales Across Portland, office investment has exceeded \$1.25 billion for each of the past four years. Market cap rates have held steady at around 6%, with no significant changes anticipated. Sales volume is consistently concentrated in the CBD, which saw 42% of total office investment in 2018.

Leasing Quarterly vacancy has consistently rounded to 7% since the start of 2016. However, some high-profile, recent speculative deliveries are lingering on the market, and 27% of square footage delivered in 2018 remains available for lease. Similarly, 27% of space now under construction is available for lease.



OFFICE - ALL CLASSES

	Core	East	I-5	Vancouver	West
MARKET SALE \$/SF	↑ \$326 <small>\$310 4Q2018</small>	↑ \$257 <small>\$246 4Q2018</small>	↑ \$278 <small>\$263 4Q2018</small>	↑ \$241 <small>\$230 4Q2018</small>	↑ \$282 <small>\$269 4Q2018</small>
LEASE VACANCY	↑ 9.6% <small>9.5% 4Q2018</small>	↓ 2.6% <small>3.1% 4Q2018</small>	↑ 8.9% <small>8.5% 4Q2018</small>	↑ 5.6% <small>5.5% 4Q2018</small>	↓ 5.6% <small>6.7% 4Q2018</small>
LEASE RATE	↑ \$31.75 <small>\$28.72 4Q2018</small>	↑ \$21.29 <small>\$20.73 4Q2018</small>	↑ \$26.66 <small>\$25.83 4Q2018</small>	↑ \$22.99 <small>\$21.80 4Q2018</small>	↑ \$22.85 <small>\$21.38 4Q2018</small>

Source: CoStar

Market Location Definitions

Core: Downtown, Close-In Northwest, Close-In Northeast, Close-In Southwest, Close-In Southeast

East: Hollywood, Gateway, Airport, Milwaukie, Clackamas, Gresham

I-5: Tigard, Lake Oswego, Kruse Way, Tualatin, Wilsonville, Sherwood

Vancouver: Vancouver, Hazel Dell, Salmon Creek, Five Corners, Mill Plain, Ellsworth, Camas

West: Beaverton, Hillsboro, Aloha, Cornell

Established in 1978, Macadam Forbes, Inc. is a significant force in Portland's commercial real estate history.

Macadam Forbes' sales and leasing team members average 20 years of experience in commercial real estate. Locally owned by active brokers, the company continues to grow into a market leader in office, industrial, investment, and land/development transactions throughout the Portland metropolitan area and beyond.