

PORTLAND INDUSTRIAL

The Portland Metro market continues to see significant new construction specifically in the East submarket with Portland Portal Industrial (1) and Blue Lake Corporate Park (2) delivering a total of 823,500 SF. As evidenced with the recent lease of 300,000 SF at Vista Logistics (3), there remains a lack of large industrial spaces in the market. Demand continues to be stronger for warehousing and logistics-related needs, particularly those companies with a connection to Amazon. In contrast, companies who once operated out of close-in locations, are driving demand for well located industrial properties with access to major freeways outside the urban core. As a result, rental rates remain steady for business park and flex space, as absorption continues to increase in the area.



WAREHOUSE

Core	East	I-5	Vancouver	West
392,174 SF Leased	1,596,228 SF Leased	328,778 SF Leased	706,510 SF Leased	192,478 SF Leased
↑ VACANCY 4.3% <i>3.9% 4Q2017</i>	↑ VACANCY 7.0% <i>5.5% 4Q2017</i>	↑ VACANCY 3.3% <i>1.7% 4Q2017</i>	↓ VACANCY 3.6% <i>6.7% 4Q2017</i>	↓ VACANCY 4.1% <i>4.8% 4Q2017</i>
↓ RENTAL RATE \$0.81 <i>\$0.97 4Q2017</i>	↓ RENTAL RATE \$0.61 <i>\$0.65 4Q2017</i>	↑ RENTAL RATE \$0.62 <i>\$0.58 4Q2017</i>	↓ RENTAL RATE \$0.53 <i>\$0.56 4Q2017</i>	↑ RENTAL RATE \$0.88 <i>\$0.67 4Q2017</i>



FLEX

Core	East	I-5	Vancouver	West
4,9622 SF Leased	43,306 SF Leased	123,353 SF Leased	166,022 SF Leased	242,955 SF Leased
↓ VACANCY 9.1% <i>10.0% 4Q2017</i>	↑ VACANCY 6.2% <i>5.7% 4Q2017</i>	↓ VACANCY 7.1% <i>8.6% 4Q2017</i>	↓ VACANCY 10.3% <i>16.4% 4Q2017</i>	↓ VACANCY 3.4% <i>4.8% 4Q2017</i>
↑ RENTAL RATE \$1.44 <i>\$1.31 4Q2017</i>	↑ RENTAL RATE \$0.91 <i>\$0.90 4Q2017</i>	↓ RENTAL RATE \$1.12 <i>\$1.18 4Q2017</i>	↓ RENTAL RATE \$0.81 <i>\$0.82 4Q2017</i>	↓ RENTAL RATE \$1.10 <i>\$1.14 4Q2017</i>

Source: CoStar

PORTLAND OFFICE

Vacancy rates have remained constant in the face of new construction delivery, indicating a continued demand for office space. The two new major deliveries, the Field Office Project(1) and the Heartline Building(2), totaling 360,152 SF of office, are 50% pre-leased. The close-in Eastside submarket largely contributed to strong occupancy with 151,427 SF of positive net absorption. Office demand will need to continue to match the roughly 500,000 SF being delivered by the end of 2018.



OFFICE - ALL CLASSES

Core
1,346,558 SF Leased



↑ **VACANCY**
9.2%
7.7% 4Q2017

↑ **RENTAL RATE**
\$28.54
\$28.04 4Q2017

East
259,681 SF Leased



↓ **VACANCY**
3.6%
5.4% 4Q2017

↑ **RENTAL RATE**
\$20.69
\$18.37 4Q2017

I-5
398,390 SF Leased



↓ **VACANCY**
9.4%
10.0% 4Q2017

↓ **RENTAL RATE**
\$25.38
\$26.16 4Q2017

Vancouver
385,401 SF Leased



↓ **VACANCY**
6.2%
6.5% 4Q2017

↑ **RENTAL RATE**
\$20.54
\$19.66 4Q2017

West
483,118 SF Leased



↓ **VACANCY**
6.4%
7.3% 4Q2017

↓ **RENTAL RATE**
\$21.47
\$21.63 4Q2017

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

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