



Market News 1ST QUARTER 2018

PORTLAND INDUSTRIAL

Timing is of the essence when reporting market data. Normal market trends reflect a nominal decrease in rental rates as vacancy rates increase. This quick snapshot of the Flex market shows some adverse trends for 1Q2018. One reason for the disparity could be the construction deliverables. Out of the twelve buildings delivered in 1Q2018, five reported zero space preleased at the time of completion, which would cause an uptick in vacancy rates. Rental rates are affected by the class of space that's available on the market at the time of reporting as well as the rates of build-to-suit tenants that delivered in the first quarter.



Volume: **\$44,629,105**
Avg \$/SF: \$101.29



1,656,564
Total SF



WAREHOUSE

Core	East	I-5	Vancouver	West
119,861 SF Leased	574,379 SF Leased	89,506 SF Leased	188,700 SF Leased	53,349 SF Leased
↑ VACANCY 4.3% <i>3.9% 4Q2017</i>	↑ VACANCY 7.5% <i>5.5% 4Q2017</i>	↑ VACANCY 2.9% <i>1.7% 4Q2017</i>	↑ VACANCY 7.5% <i>6.7% 4Q2017</i>	↓ VACANCY 4.6% <i>4.8% 4Q2017</i>
↓ RENTAL RATE \$0.82 <i>\$0.97 4Q2017</i>	= RENTAL RATE \$0.65 <i>\$0.65 4Q2017</i>	↓ RENTAL RATE \$0.47 <i>\$0.58 4Q2017</i>	↓ RENTAL RATE \$0.54 <i>\$0.56 4Q2017</i>	↑ RENTAL RATE \$0.72 <i>\$0.67 4Q2017</i>



FLEX

Core	East	I-5	Vancouver	West
4,659 SF Leased	20,467 SF Leased	46,941 SF Leased	12,967 SF Leased	78,504 SF Leased
↓ VACANCY 9.6% <i>10.0% 4Q2017</i>	↑ VACANCY 6.5% <i>5.7% 4Q2017</i>	↓ VACANCY 7.6% <i>8.6% 4Q2017</i>	↓ VACANCY 15.7% <i>16.4% 4Q2017</i>	↑ VACANCY 5.0% <i>4.8% 4Q2017</i>
↓ RENTAL RATE \$1.29 <i>\$1.31 4Q2017</i>	↑ RENTAL RATE \$1.02 <i>\$0.90 4Q2017</i>	↓ RENTAL RATE \$1.14 <i>\$1.18 4Q2017</i>	↓ RENTAL RATE \$0.80 <i>\$0.82 4Q2017</i>	↓ RENTAL RATE \$1.13 <i>\$1.14 4Q2017</i>

Source: CoStar



A total of 11 buildings were delivered in 1Q2018, causing an uptick in overall vacancy rates for the Portland market. Conversely, individual submarkets realized net absorption gains over last quarter. Pre-leasing of speculative construction still to be completed has decreased in recent months so watch for rising vacancy rates to continue throughout 2018.



Volume: \$201,242,273
Avg \$/SF: \$259.19



430,255
Total SF

Core
508,974 SF Leased



↑ VACANCY
8.7%
7.7% 4Q2017

↑ RENTAL RATE
\$28.44
\$28.04 4Q2017

East
54,462 SF Leased



↓ VACANCY
2.5%
5.4% 4Q2017

↑ RENTAL RATE
\$19.66
\$18.37 4Q2017

I-5
161,070 SF Leased



↓ VACANCY
9.7%
10.0% 4Q2017

↓ RENTAL RATE
\$25.12
\$26.16 4Q2017

Vancouver
114,004 SF Leased



= VACANCY
6.5%
6.5% 4Q2017

↓ RENTAL RATE
\$19.40
\$19.66 4Q2017

West
110,214 SF Leased



↓ VACANCY
6.5%
7.3% 4Q2017

↓ RENTAL RATE
\$20.75
\$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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1800 SW First Avenue, Suite 650 | Portland, OR 97201
503.227.2500 | www.macadamforbes.com

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