

FIGURES | PORTLAND INDUSTRIAL | Q4 2024

Sales volume picks up; investors show interest



Note: Arrows indicate year-over-year change

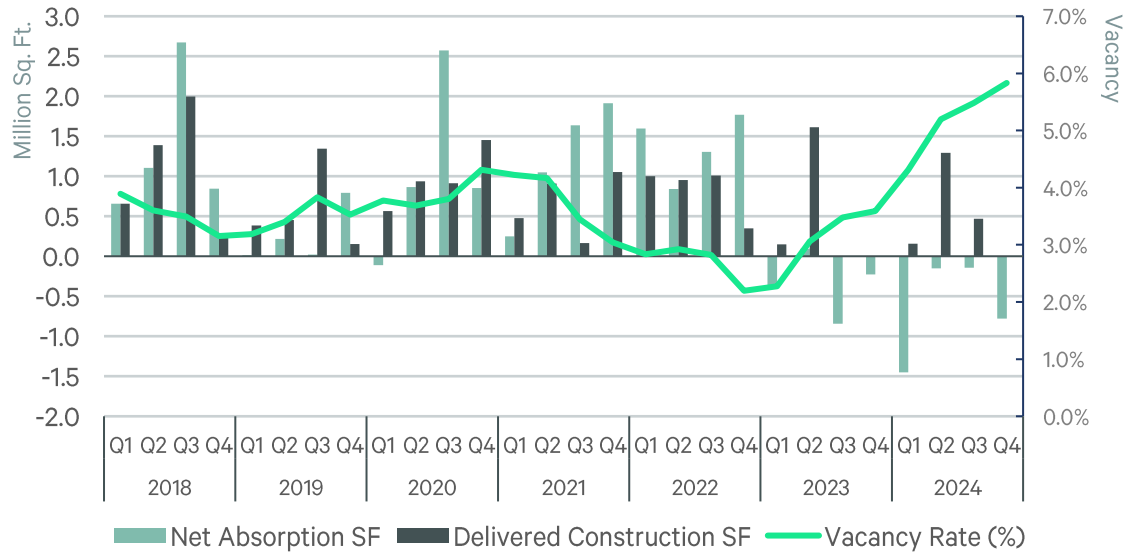
MARKET OVERVIEW

Of the total 222 million square feet (sq. ft.) of industrial inventory across the Portland MSA, roughly 209 million sq. ft. was occupied at the end of 2024, resulting in a vacancy rate of 5.8%. While this vacancy was nearly identical to the total industrial vacancy at the end of 2021, new deliveries in the intervening years have boosted the net rentable area (NRA) in Portland by over 9 million sq. ft. As such, the vacancy rate in Q4 2021 was only 3.0%, compared to 5.8% in Q4 2024 at a similar gross occupied square footage. The Portland industrial market had 780,122 sq. ft. of negative net absorption in the fourth quarter, driving net absorption to negative 2.5 million sq. ft. for 2024.

The shift in leasing fundamentals has put pressure on landlords to get deals done, giving tenants more leverage over the course of 2024, particularly compared to 2022 and 2023 when vacancy bottomed out at 2.2%. However, there are still many size ranges and submarkets with tight vacancy and little slack, where landlords retain more bargaining power.

While the Portland market has seen vacancy rise in recent quarters, the region saw a total of 1.9 million sq. ft. of new construction deliver in 2024 after several projects pushed projected completion dates into 2025. This figure makes up less than one percent of the current Portland industrial inventory. Investors and leasing professionals remain confident that Portland’s industrial supply and demand dynamics are healthy enough for the market to move forward with speculative construction projects.

FIGURE 1: Net Absorption, Construction, and Vacancy



Source: CBRE Research Q4 2024

Net Absorption and Leasing Trends

Leasing activity landed at 1.1 million sq. ft. in Q4, with the Year-to-date (YTD) figure reaching 7.2 million sq. ft. leased, the lowest year-end leasing figure since 2018. Net absorption hit negative 780,122 sq. ft. for the quarter, bringing the YTD net absorption to negative 2.5 million sq. ft. Northeast and Northwest saw the most move-out activity, with negative 1.4 million sq. ft. and negative 1.0 million sq. ft. of net absorption YTD, respectively. Clark County saw the strongest move-in activity, reaching positive 346,046 sq. ft. net absorbed YTD.

Vacancy and Availability

The market-wide vacancy rate was 5.8% at the end of Q4, up 220 basis points bps Year-over-Year (YoY). The market-wide availability rate rose to 7.0%, up 200 bps YoY. Sublease availability reached 3.4 million sq. ft., up from 2.1 million in Q4 2023.

Northeast and Northwest continue to be the submarkets with the most gross available space, together accounting for 58% of all available space on the market. These two submarkets also have the highest availability rates, at 9.6% and 10.7%, respectively.

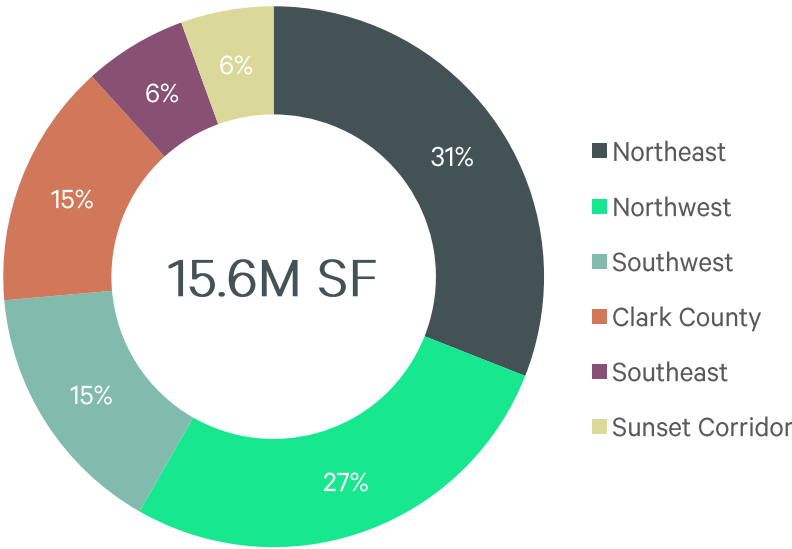
Buildings under 100,000 sq. ft. maintained the lowest levels of vacancy, as seen in Figure 3. Buildings in the 100,000-249,999 sq. ft. range had the highest vacancy rate by size range, at 7.6%.

TABLE 1: Q4 2024 Key Lease Transactions

Tenant	Size (SF)	Location	Submarket	Lease Type
Western Pacific Building Materials	138,740	Northwest Industrial Center	Northwest	Renewal
Performance Foods	131,037	Prologis PDX 21	Northeast	New Lease
BlueLinx	59,800	Columbia Corp Park I	Northeast	New Lease
Undisclosed Food and Beverage	59,280	Rivergate Corp Ctr III	Northwest	Expansion
Straus Services	42,815	Sherwood Commerce Center Building B	Southwest	New Lease

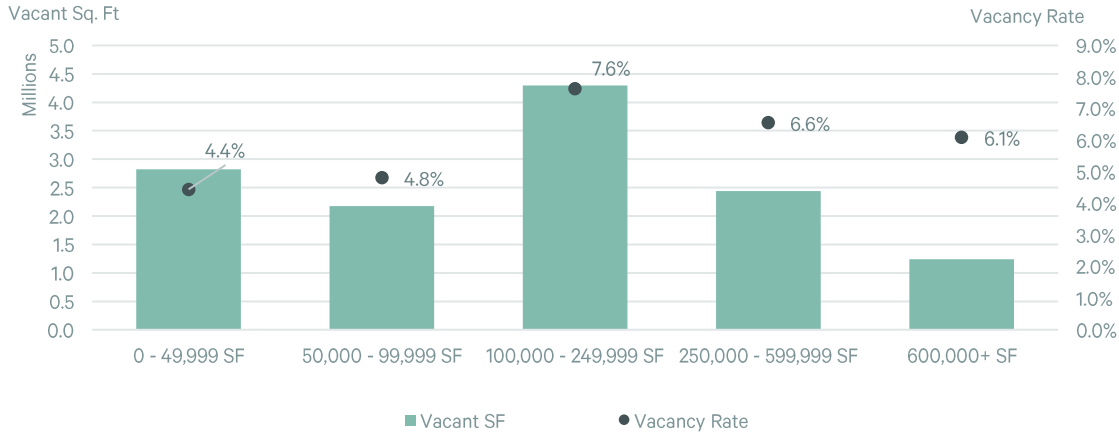
Source: CBRE Research Q4 2024

FIGURE 2: Availability by Submarket



Source: CBRE Research Q4 2024

FIGURE 3: Vacant Sq. Ft. and Vacancy Rate by Building Size Range



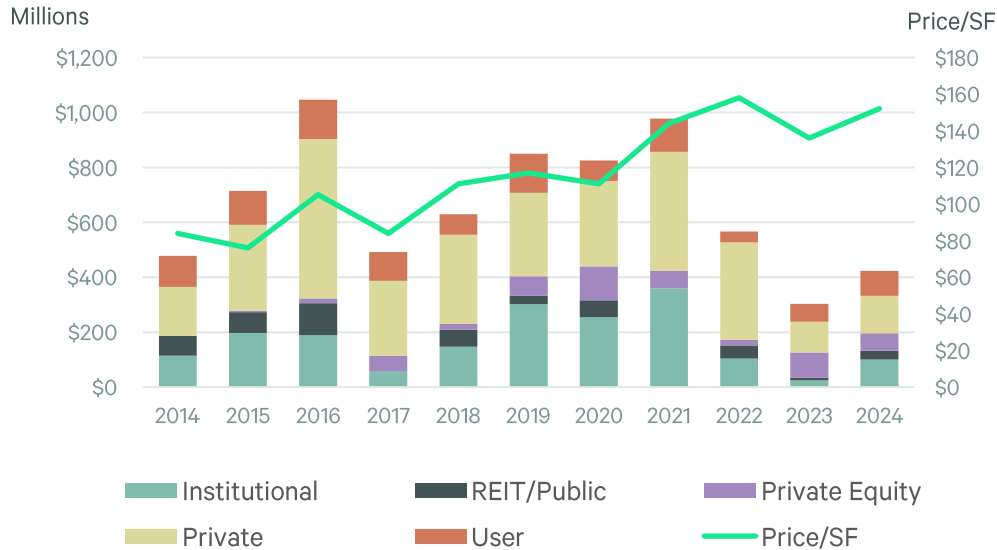
Source: CBRE Research Q4 2024

Industrial Rental Rates and Investment Trends

Average overall shell asking rental rates on new deals and renewals ranged between \$0.80-0.97/sq. ft. NNN for large Class A warehouse spaces. Weakened leasing fundamentals and the relatively modest rate of new construction lease-up has tempered short-term expectations for overall rate growth to continue at the same pace; ranges for rental rates stayed consistent over 2024 after years of significant growth. However, in submarkets and size ranges that still have scarce availability, rent growth will likely continue to outperform the overall market.

The ongoing recovery of the capital markets played out during Q4 despite treasury rates remaining elevated, with strong sales volume and some indications of cap rate compression occurring. Notably, 224 Logistics Park in the Southeast submarket and Coffee Creek Logistics Center in the Southwest submarket sold to institutional buyers. Investors expect this trend to continue in 2025.

FIGURE 4: Historical Sales Volume by Buyer Type & Sale Price Per SF



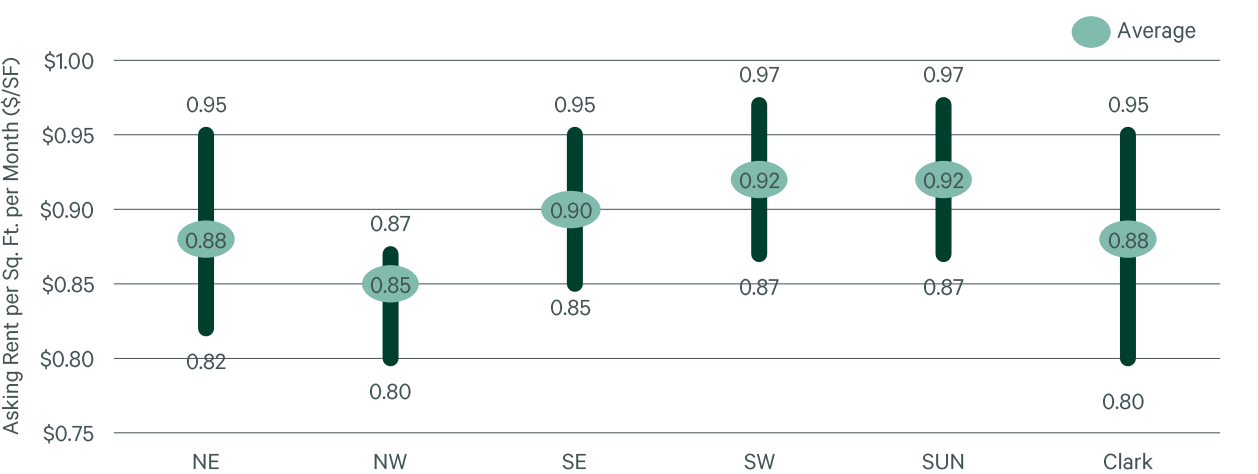
Source: CBRE Research Q4 2024, Costar

TABLE 2: Q4 2024 Key Sales Transactions

Property	Size (SF)	Land Area (AC)	Submarket	Sale Price	Price/Sq. Ft.	Buyer	Seller
224 Logistics Park	829,087	41.20	Southeast	\$82,500,000	\$100	CIRE Partners	Specht Ares Management Corp
Coffee Creek Logistics Center	110,366	5.84	Southwest	\$21,150,000	\$192	Ares Management Corp	LaSalle Investment Management
1200 W 8 th St	133,723	6.48	Clark County	\$51,431,519	\$385	Knife River Corporation	Albina Holdings Inc
224 Logistics Freezer Building	116,771	9.30	Southeast	\$26,800,000	\$230	LBA Logistics	Specht Ares Management Corp
Terminal 1 North	96,000	14.48	Northwest	\$23,000,000	\$240	McConkey Auction Group	Lithia Real Estate, Inc.

Source: CBRE Research Q4 2024, Costar

FIGURE 5: Class A Direct Asking Shell NNN Rental Rate Range (For Existing Spaces 50k+ Sq. Ft.)



Source: CBRE Research Q4 2024

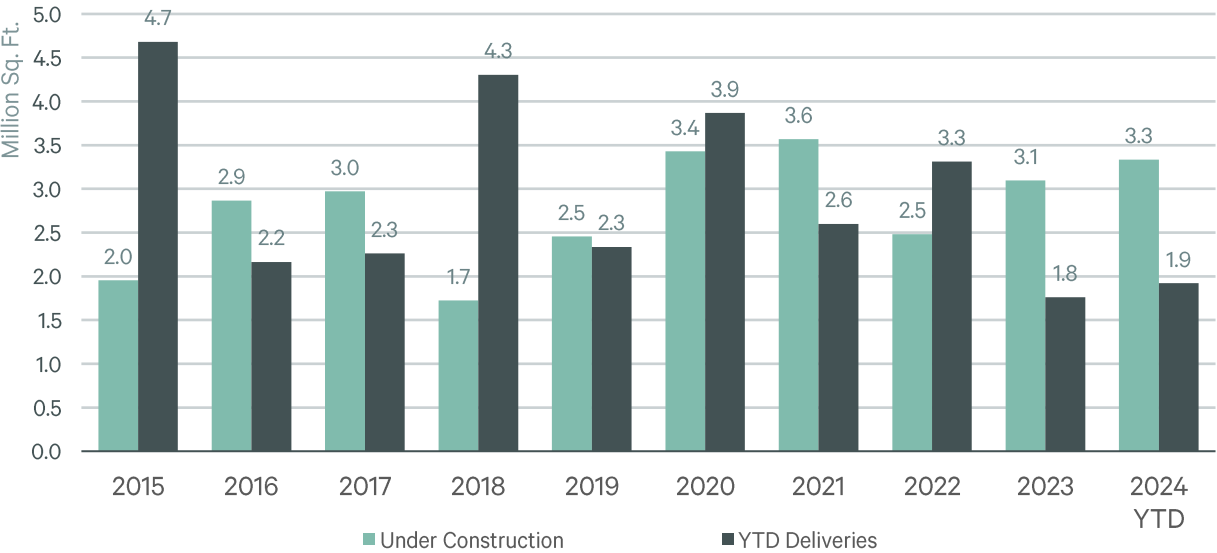
Development Activity

Portland's industrial development pipeline consists of approximately 3.3 million sq. ft. across various active construction projects. While the Portland MSA had no new project starts and didn't see any new deliveries in Q4 2024, the Trammell Crow Company delivered Mid I-5 Industrial Park about 50 miles north of Portland. The project's delivery marks the largest speculative development delivery in the Pacific Northwest at 1.2 million sq. ft. Overall, investor demand for industrial land remains high, and developers generally remain bullish about Portland's prospects as a market to build in on a speculative basis.

There was 1.9 million sq. ft. of industrial space delivered in the Portland market in 2024, less than one percent of the current Portland industrial inventory. While this may drive vacancy in the short term, most industry professionals assert that Portland's supply and demand dynamics are healthy and stable, particularly when compared to fast-growing markets with millions of sq. ft. in their active development pipelines.

In Portland, buildings built in 2024 were 73% available by sq. ft. at the end of 2024. Buildings built since the beginning of 2022 were 27% available by sq. ft. at the end of 2024.

FIGURE 6: Annual Development Activity



Source: CBRE Research Q4 2024

TABLE 3: Notable Projects Under Construction

Submarket	Property Name	Address	Developer	SPEC/BTS	Size (SF)	Est. Completion
Clark County	Bridge Point Vancouver	NE 162nd Ave & 58 th St	Bridge Industrial	SPEC	646,274	Q1 2025
Northeast	Grainger Industrial Supply	NE Glisan St	Specht	BTS	530,000	Q2 2025
Clark County	Harmony Industrial Park (2 Buildings)	18712 SE 1 st Ave	Panattoni	SPEC	456,698	Q2 2025
Southwest	Hedges Creek Industrial Park (3 Buildings)	SW Myslony St	Phelan	SPEC	442,035	Q3 2025
Southwest	Rock Creek Corporate Center	13700 SW Commerce Cir	Panattoni	SPEC	407,263	Q1 2025
Sunset Corridor	Sewell Corporate Park (2 Buildings)	4915 NE Sewell Ave	Trammell Crow	SPEC	388,958	Q2 2025
Northeast	Sandy Logistics Center	12350 NE Sandy Blvd	Prologis	SPEC	256,548	Q1 2025

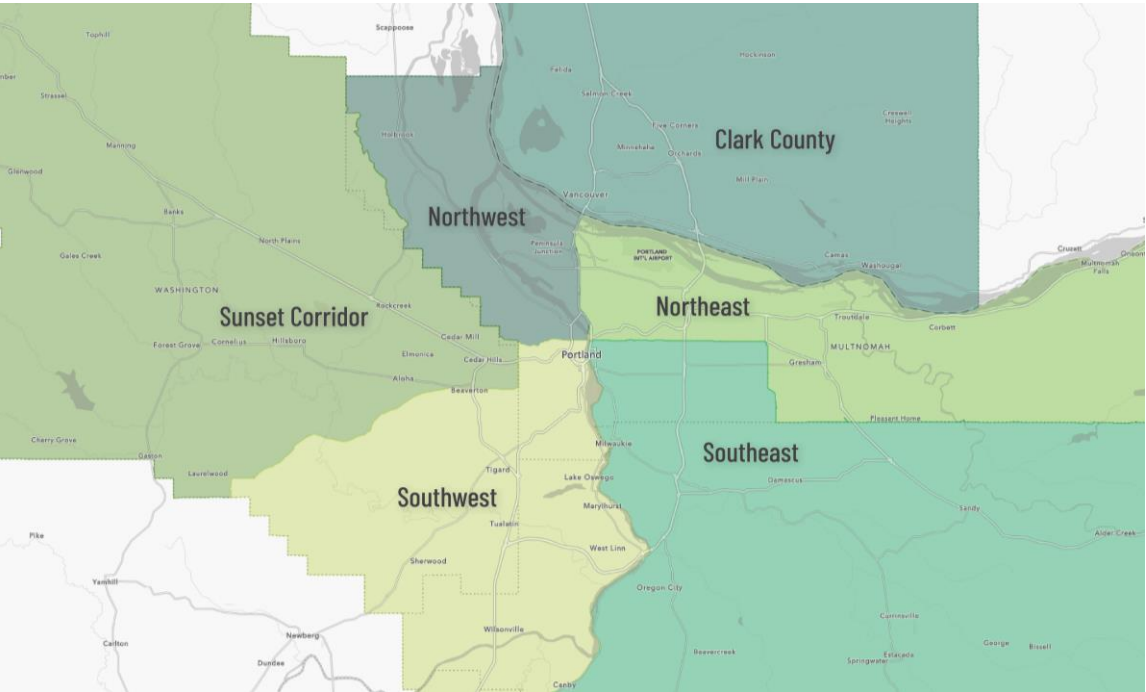
Source: CBRE Research Q4 2024.

TABLE 4: Market Statistics by Submarket and Size Range

Submarket	Market Rentable Area (SF)	Vacancy Rate (%)	Availability Rate (%)	Available Sublease (SF)	Q4 2024 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	YTD Deliveries (SF)
Base Figures								
Northeast	50,537,446	8.0	9.6	1,444,408	(551,460)	(1,423,552)	789,835	216,669
Northwest	39,816,010	9.1	10.7	747,789	173,873	(1,014,972)	0	293,480
Southeast	31,333,727	2.4	3.1	93,215	(249,454)	(176,919)	0	0
Southwest	40,044,419	4.3	6.0	750,662	(120,560)	(287,673)	849,298	445,007
Sunset Corridor	32,437,552	2.0	2.7	93,305	4,566	34,995	590,708	155,500
Clark County	28,265,556	7.8	8.1	245,320	(37,087)	346,046	1,104,460	809,568
Total	222,434,710	5.8	7.0	3,374,699	(780,122)	(2,522,075)	3,334,301	1,920,224
Figures by Size Range								
0-49,000 SF	63,443,870	4.4	5.5	580,847	(385,131)	(843,897)	0	0
50,000-99,999 SF	45,119,212	4.8	6.1	654,310	(208,414)	(487,024)	0	71,600
100,000-249,999 SF	56,296,380	7.6	10.4	1,158,052	(330,277)	(560,538)	1,165,048	1,271,522
250,000-600,000 SF	37,199,585	6.6	7.9	966,490	143,700	(598,489)	1,521,491	577,102
600,000+ SF	20,375,663	6.1	2.7	15,000	0	(32,127)	647,762	0
Total	222,434,710	5.8	7.0	3,374,699	(780,122)	(2,522,075)	3,334,301	1,920,224

Source: CBRE Research Q4 2024

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied immediately..

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Multnomah, Washington, Clackamas, and Clark counties. Buildings which have begun construction as evidenced by site excavation or foundation work.

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