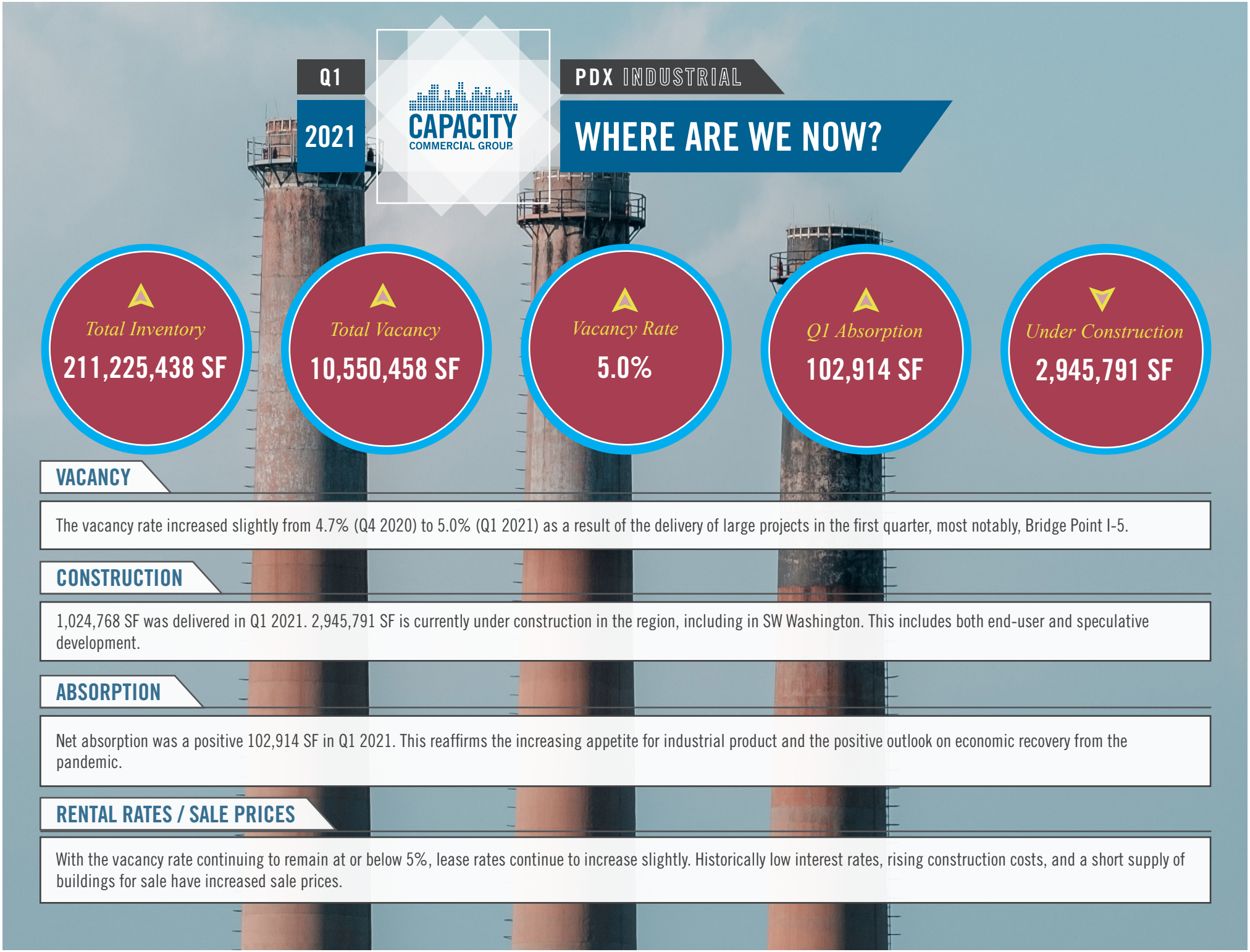
CAPACITY
COMMERCIAL GROUP LLC

PDX INDUSTRIAL MARKET REPORT

1ST QUARTER - 2021



Q1

2021

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WHERE ARE WE NOW?

Total Inventory	Total Vacancy	Vacancy Rate	Q1 Absorption	Under Construction
211,225,438 SF	10,550,458 SF	5.0%	102,914 SF	2,945,791 SF

VACANCY

The vacancy rate increased slightly from 4.7% (Q4 2020) to 5.0% (Q1 2021) as a result of the delivery of large projects in the first quarter, most notably, Bridge Point I-5.

CONSTRUCTION

1,024,768 SF was delivered in Q1 2021. 2,945,791 SF is currently under construction in the region, including in SW Washington. This includes both end-user and speculative development.

ABSORPTION

Net absorption was a positive 102,914 SF in Q1 2021. This reaffirms the increasing appetite for industrial product and the positive outlook on economic recovery from the pandemic.

RENTAL RATES / SALE PRICES

With the vacancy rate continuing to remain at or below 5%, lease rates continue to increase slightly. Historically low interest rates, rising construction costs, and a short supply of buildings for sale have increased sale prices.

Q1

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UNDER CONSTRUCTION [PARTIAL LIST]

DEVELOPMENT	DEVELOPER / OWNER	SUBMARKET	DELIVERY	TOTAL SF
BRIDGE POINT I-5	BRIDGE DEVELOPMENT	AIRPORT WAY	Q1 2021	632,250
LOGISTICENTER @ I-84	DERMODY PROPERTIES	EAST COLUMBIA CORRIDOR	Q2 2021	165,000
PROLOGIS MEADOWS	PROLOGIS	AIRPORT WAY	Q3 2021	1,130,280
MYSLONY INDUSTRIAL PARK	PHELAN DEVELOPMENT	TUALATIN	Q3 2021	317,125
NORTHWEST LOGISTICS CENTER	PROLOGIS	GUILD'S LAKE	Q3 2021	187,546
VANCOUVER LOGISTICS	PANATTONI	VANCOUVER	Q4 2021	170,089
COFFEE CREEK LOGISTICS	PANATTONI	WILSONVILLE	Q2 2022	108,983
RIDGEFIELD INDUSTRIAL CENTER	SPECHT DEVELOPMENT	RIDGEFIELD	Q2 2022	468,793
BROADMOOR	PROLOGIS	ECC	Q4 2022	268,000
CANBY SOUTH	TRAMMELL CROW	CANBY	Q4 2022	800,000
BAKER CENTER	TRAMMELL CROW	CANBY	Q4 2022	600,000
I-5 LOGISTICS CENTER (PLANNED)	SPECHT DEVELOPMENT	WOODBURN	TBD	514,416 (ADDITIONAL 1,674,800 SF PROPOSED)
MAJESTIC BROOKWOOD (PLANNED)	MAJESTIC REALTY	HILLSBORO	TBD	850,000
SCHMEER ROAD (PLANNED)	PROLOGIS	AIRPORT WAY	TBD	TBD

* NOTE: THE TOTAL UNDER CONSTRUCTION INCLUDES BUILD-TO-SUIT PROJECTS AND PLANNED PROJECTS. THE ABOVE SPECULATIVE LIST IS A PARTIAL LIST.

MARKET WIDE CONSTRUCTION TOTAL: 2,945,791 SF

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NOTABLE TRANSACTIONS

NOTABLE SALES - 1ST QTR

7820-7832 N LEADBETTER ROAD PORTLAND, OR

729,610 SF
$82,500,000 ($113.07 / SF)

Buyer: PCCP LLC
Seller: Washington Capital Management, Inc.

WILSONVILLE BUSINESS CENTER WILSONVILLE, OR

397,143 SF (6 buildings)
$61,357,491 ($158.00 / SF)

Buyer: Blackstone
Seller: LBA Realty

3201 NW 32ND AVENUE VANCOUVER, WA

192,960 SF
$26,724,960 ($138.50 / SF)

Buyer: Aurora Fast Logistics, LLC
Seller: Panattoni Development Co.

4600 NE 138TH AVENUE PORTLAND, OR

128,350 SF
$14,759,130 ($114.99 / SF)

Buyer: 138 Avenue Lit LLC
Seller: Supreme Steel 2016 Inc.

11406 NE ROSEWOOD AVENUE VANCOUVER, WA

397,143 SF
$4,100,000 ($101.99 / SF)

Buyer: David J. Guild Investment Properties
Seller: Grimm Living Trust

5800-6132 NE 112TH AVENUE PORTLAND, OR

290,000 SF
$43,000,000 ($148.28 / SF)

Buyer: DWS / RREEF
Seller: Pacific NW Properties

NOTABLE LEASES - 1ST QTR

15745 N LOMBARD STREET PORTLAND, OR

250,000 SF

Landlord: Prologis
Tenant: Terminal Transfer

14601-14651 N BYBEE LAKE CT. PORTLAND, OR

123,120 SF

Landlord: PCCP LLC
Tenant: JCB Packaging, LLC

8929 N RAMSEY BOULEVARD PORTLAND, OR

63,495 SF

Landlord: Dermody Properties
Tenant: UPS

3003 NE 172ND PLACE PORTLAND, OR

60,529 SF

Landlord: Downtown Development Group
Tenant: Stuart C. Irby Company

10730 SW DENNEY ROAD BEAVERTON, OR

36,000 SF

Landlord: Harsch Investment Properties
Tenant: Shift

Q1
2021
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MARKET TRENDS – VACANCY
CLARK COUNTY 2.2%
RIVERGATE 7.2%
GUILDS LAKE 2.6%
AIRPORT WAY 6.6%
HILLSBORO 3.2%
217 CORRIDOR 9.6%
ECC 7.7%
CLACKAMAS / MILWAUKIE 5.0%
TIGARD 4.5%
TUALATIN 2.9%
OREGON CITY 0.3%
WILSONVILLE 6.3%
Google earth

Q1

2021

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PREDICTIONS FOR 2021 & BEYOND

1. OUR PREDICTION FOR THE OVERALL VACANCY RATE IS TO SHOW A DECREASE IN Q2 2021 DUE TO THE CONSUMMATION OF SEVERAL PENDING LEASE TRANSACTIONS.
2. LEASE RATES HAVE REMAINED STABLE SINCE THE PREVIOUS QUARTER AND WE ANTICIPATE RISING COSTS OF CONSTRUCTION MATERIALS TO DRIVE INCREASED LEASE RATES OVER 2021. THIS WILL BE NECESSARY TO PROVIDE A REASONABLE ROI ON COST.
3. THE INCREASED DEMAND FOR HIGH CUBE DISTRIBUTION CENTERS TO FULFILL LOGISTICAL REQUIREMENTS WILL REMAIN STEADY.
4. HOME IMPROVEMENTS AND RENOVATIONS ARE ON THE RISE, INCREASING DEMAND FOR COMMODITIES SUCH AS LUMBER, DRYWALL, FIXTURES, FLOORING, ETC., WHICH WILL FUEL THE DEMAND FOR WAREHOUSE SPACE THROUGH 2021.
5. COSTS FOR RAW MATERIALS (STEEL, LUMBER, CONCRETE, PIPE, ETC.) HAVE RISEN TO THE POINT THAT IT'S MUCH MORE DESIRABLE (AND FEASIBLE) TO PURCHASE AN EXISTING BUILDING VERSUS BUILD. UNFORTUNATELY, THIS IS ONE OF THE PRIMARY REASONS WHY WE ARE SEEING ALL-TIME HIGHS ON EXISTING BUILDINGS FOR SALE AND AN EXTREMELY LOW INVENTORY.
6. LAND VALUES ARE NOW APPROACHING LEVELS (PER SF) THAT WE'VE NEVER SEEN IN THE PORTLAND METRO AREA, IN SOME CASES NORTH OF $22.00 PER SF.

Oregon's 2018 Most Admired Companies

CORFAC International

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PORTLAND OREGON

INDUSTRIAL ADVISORS

LOCALLY OWNED. GLOBALLY CONNECTED.

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JOHN FETTIG, SIOR

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ALLEN PATTERSON, SIOR

MARK CHILDS, SIOR

LAURA GENTRY, CPM

JEFF VALDES

DAVE ELLIS

DAN SLEVIN

MIKE HALE

SCOTT MILLER

KENNY HOUSER

TOM KNECHT

DANIEL HELM

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