



PDX INDUSTRIAL MARKET REPORT

2ND QUARTER - 2021



Q2

2021



PDX INDUSTRIAL

ABOUT CAPACITY COMMERCIAL GROUP

BACKGROUND

Founded in 2004, Capacity Commercial Group has been a consistent market leader assisting clients with the leasing, selling, and managing of industrial, office, and retail properties in the Portland metro area and greater United States. The business landscape has transformed over time, but one thing has remained consistent--our commitment to delivering creative solutions for our clients while making the process enjoyable and seamless. Capacity Commercial Group is an owner-operated private company with a proven track record in the Portland market. On average, our Capacity team members have over 20 years of experience in the market and have completed over 7,000 transactions for more than \$6 Billion total aggregate since the founding of the company.

Q2

2021



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WHERE ARE WE NOW?



Total Inventory

211,926,861 SF



Total Vacancy

10,496,261 SF



Vacancy Rate

5.0%



Q2 Absorption

-37,397 SF



Under Construction

3,508,513 SF

VACANCY

The vacancy rate remained steady from Q1 2021 to Q2 2021.

CONSTRUCTION

119,400 SF was delivered in Q2 2021. 3,508,513 SF is currently under construction in the region, including in SW Washington. This includes both owner-use and speculative development.

ABSORPTION

Net absorption was a negative 37,397 SF in Q2 2021.

RENTAL RATES / SALE PRICES

With the vacancy rate continuing to remain at or below 5%, in addition to the increasing cost of land, construction materials, and labor, lease rates continue to increase on a quarterly basis.

Q2

2021



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UNDER CONSTRUCTION [PARTIAL LIST]

DEVELOPMENT	DEVELOPER / OWNER	SUBMARKET	DELIVERY	TOTAL SF	CLEAR HEIGHT
LOGISTICENTER @ I-84	DERMODY PROPERTIES	EAST COLUMBIA CORRIDOR	Q3 2021	165,000	30'
PROLOGIS MEADOWS	PROLOGIS	AIRPORT WAY	Q3 2021	1,130,280	36'
MYSLONY INDUSTRIAL PARK	PHELAN DEVELOPMENT	TUALATIN	Q3 2021	317,125	32'
NORTHWEST LOGISTICS CENTER	PROLOGIS	GUILD'S LAKE	Q3 2021	187,546	32'
VANCOUVER LOGISTICS	PANATTONI	VANCOUVER	Q4 2021	170,089	32'
TS CORPORATE PARK	TRAMMELL CROW	TUALATIN	Q2 2022	478,301	30' - 36'
COFFEE CREEK LOGISTICS	PANATTONI	WILSONVILLE	Q2 2022	108,983	30'
RIDGEFIELD INDUSTRIAL CENTER (PLANNED)	SPECHT DEVELOPMENT	RIDGEFIELD	Q2 2022	468,793	36'
BROADMOOR	PROLOGIS	ECC	Q4 2022	268,749	36'
BAKER CENTER	TRAMMELL CROW	CANBY	Q4 2022	800,000	TBD
CANBY SOUTH	TRAMMELL CROW	CANBY	Q4 2022	600,000	TBD
AMAZON WOODBURN (BUILD-TO-SUIT)	TRAMMELL CROW	WOODBURN	2023	3,840,000	TBD
MAJESTIC BROOKWOOD (PLANNED)	MAJESTIC REALTY	HILLSBORO	TBD	850,000	TBD
SCHMEER ROAD (PLANNED)	PROLOGIS	AIRPORT WAY	TBD	TBD	TBD

MARKET WIDE CONSTRUCTION TOTAL: 2,945,791 SF

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

Q2

2021



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NOTABLE LEASES

BRIDGE POINT i5

755 NE COLUMBIA BOULEVARD
PORTLAND, OR



**701 NE COLUMBIA BOULEVARD
PORTLAND, OR**

438,051 SF

Lessee: FedEx Ground Shipping
Lessor: Bridge Industrial



**17625 NE SANDY BOULEVARD
PORTLAND, OR**

126,388 SF

Lessee: Coast Aluminum Inc.
Lessor: Dutton Acquisitions LLC

Q2

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NOTABLE LEASES



**10675 N LOMBARD STREET
PORTLAND, OR**

106,000 SF

Lessee: Richard's Homewares Inc.
Lessor: Everwest Real Estate Investors LLC



**12225 NE 60TH WAY
PORTLAND, OR**

98,400 SF

Lessee: RJ Schinner Company
Lessor: Nuna Baby Essentials Inc.

Q2

2021



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NOTABLE LEASES



***19700-19790 NE RIVERSIDE PARKWAY
GRESHAM, OR***

85,500 SF

Lessee: The Pepsi-Cola Company
Lessor: Trammell Crow Company



***8541 N COLUMBIA BOULEVARD
PORTLAND, OR***

81,270 SF

Lessee: Goodyear Tire & Rubber Company
Lessor: Amco Inc.

Q2

2021



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NOTABLE SALES



***29899 SW BOONES FERRY ROAD
WILSONVILLE, OR***

**250,650 SF
\$36,882,000 (\$147.15 / SF)
Class B**

Buyer: LBA Realty
Seller: The Blackstone Group Inc.



***10675 N LOMBARD STREET
PORTLAND, OR***

**106,750 SF
\$10,050,000 (\$94.15 / SF)
Class C**

Buyer: Everwest Real Estate Investors LLC
Seller: Richard's Homeware, Inc.

Q2

2021



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NOTABLE SALES



**2515-2517 SE MAILWELL DRIVE
MILWAUKIE, OR**

**168,048 SF
\$10,000,000 (\$59.51 / SF)
Class C**

Buyer: ScanlanKemperBard Companies
Seller: Kellogg Investments



**6115 NE 63RD STREET
VANCOUVER, WA**

**101,300 SF
\$9,650,000 (\$95.26 / SF)
Class C**

Buyer: JD Watumull
Seller: Grimm Living Trust

Q2

2021



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RATES & PRICES

NNN SHELL RENTAL RATES

CLASS A

10,000 - 50,000 SF: \$0.70 - \$0.80 / SF
50,000+ SF: \$0.55 - \$0.70 / SF

CLASS B

10,000 - 50,000 SF: \$0.50 - \$0.65 / SF
50,000+ SF: \$0.50 - \$0.65 / SF

CLASS C

10,000 - 50,000 SF: \$0.45 - \$0.50 / SF
50,000+ SF: \$0.45 - \$0.55 / SF

SALES PRICES

CLASS A

10,000 - 50,000 SF: \$150 - \$200 / SF
50,000+ SF: \$150 - \$160 / SF

CLASS B

10,000 - 50,000 SF: \$130 - \$175 / SF
50,000+ SF: \$120 - \$150 / SF

CLASS C

10,000 - 50,000 SF: \$100 - \$130 / SF
50,000+ SF: \$85 - \$120 / SF

Q2

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LAND TRANSACTIONS



**22329 NE MARINE DRIVE
FAIRVIEW, OR**

**12 AC / 522,720 SF
\$7,885,000 (\$5.58 / SF)**

Buyer: Moore Excavation Inc.
Seller: Koch Industries Inc.



**14721 SE 172ND AVENUE
CLACKAMAS, OR**

**9.76 AC / 425,146 SF
\$4,225,000 (\$9.94 / SF)**

Buyer: HV Parklane LLC, Integrated Systems Group
Seller: North Clackamas School District #12

Q2

2021



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LAND TRANSACTIONS



**16255 SW UPPER BOONES FERRY ROAD
TIGARD, OR**

**1.3 AC / 56,628 SF
\$1,345,000 (\$23.75 / SF)**

Buyer: Kalvi LLC
Seller: Coleman Boulderling LLC



**7510 NE 9TH STREET
VANCOUVER, WA**

**1.59 AC / 69,261 SF
\$5,540.88 (\$0.08 / SF / Mo.) - Land Lease**

Lessee: State Plate LLC
Lessor: Margaret H. Bloomquist

Q2

2021



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LAND VALUES

CURRENT VALUES



LAND VALUE

\$10 - 20 / SF



SURFACE LEASE RATE

**\$0.10 - \$0.20 / SF /
MO.**

HISTORICAL VALUES

2005

LAND VALUE: \$2 / SF

SURFACE LEASE RATE: \$0.02 / SF

2010

LAND VALUE: \$4 / SF

SURFACE LEASE RATE: \$0.05 / SF

2015

LAND VALUE: \$7 / SF

SURFACE LEASE RATE: \$0.08 / SF

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MARKET TRENDS – VACANCY

HILLSBORO

2.6%

RIVERGATE

7.5%

GUILDS LAKE

3.7%

217 CORRIDOR

9.5%

AIRPORT WAY

7.6%

EAST COLUMBIA CORRIDOR

5.3%

TIGARD

4.3%

TUALATIN

3.0%

WILSONVILLE

6.1%

OREGON CITY

0.6%

CLACKAMAS / MILWAUKIE

5.3%

CLARK COUNTY

3.4%

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INDUSTRIAL MARKET OUTLOOK & CCG INSIGHTS

1

CONSTRUCTION COSTS HAVE REACHED ALL-TIME HIGHS.

2

LEASE RATES CONTINUE TO INCREASE DUE TO DEVELOPMENT COSTS.

3

WITH THE RISE OF INFLATION DUE TO FEDERAL COVID RELIEF PACKAGES, LANDLORDS ARE CONSIDERING SIGNING NEW LEASES WITH ANNUAL INCREASES TIED TO THE CONSUMER PRICE INDEX (CPI), INSTEAD OF THE TRADITIONAL 2-3% ANNUAL INCREASE.

4

LAND PRICES ARE INCREASING MARKET WIDE BECAUSE OF LACK OF SUPPLY AND STRONG DEMAND.

5

ONE OF THE BIGGEST CHALLENGES THAT BUSINESSES ARE CURRENTLY ENCOUNTERING IS THE LACK OF SKILLED LABOR.

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CCG IN THE NEWS

CCG TEAM REPRESENTS TENANT AND LANDLORD IN 126,388 SF LEASE

Capacity Commercial Group represented both sides of a lease transaction in a Q2 deal in the East Columbia Corridor submarket. Coast Aluminum leased 126,388 square feet of office and warehouse space at 17625 NE Sandy Blvd., Portland, OR. Dan Slevin and Dave Ellis represented the tenant in the transaction and Don Ossey, SIOR, Tom Knecht, and Stephen Ossey represented the Landlord in the long-term lease transaction. Coast Aluminum is a west coast aluminum supplier with 15 locations along the west coast and one locally in Portland which will be relocated to Sandy Blvd.

The lease is a symbol of strong demand in the market for functional warehouse space. This building was appealing in many ways, but one was the competitive lease rate compared to slightly more expensive new construction spaces. The building was built in 1998 and has 24' clear height, 7,050 square feet of office, 14 dock doors and an ESFR sprinkler system.

OREGON'S 2018
**MOST
ADMIRED
COMPANIES**

CORFAC
International



PORTLAND OREGON

INDUSTRIAL ADVISORS

LOCALLY OWNED. GLOBALLY CONNECTED.



DON OSSEY, SIOR



JOHN FETTIG, SIOR



SCOTT KAPPES, SIOR



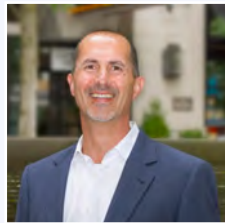
ALLEN PATTERSON, SIOR



MARK CHILDS, SIOR



LAURA GENTRY, CPM



JEFF VALDES



DAVE ELLIS



DAN SLEVIN



MIKE HALE



SCOTT MILLER



KENNY HOUSER



TOM KNECHT



DANIEL HELM



RUSS MAHAN



BRODY COHEN



DANIEL SAYLES



STEPHEN OSSEY



CHRISTOPHER KAPPES

Landlord / Tenant / Buyer / Seller Representation | Property Management | Multi-Market Services

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