

# INDUSTRIAL/FLEX REPORT

Portland Metro Area | Fourth Quarter 2011



## TRENDS:

### Vacancy Rate

INDUSTRIAL FLEX



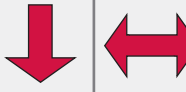
### Net Absorption

INDUSTRIAL FLEX



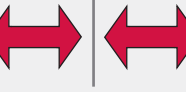
### Construction

INDUSTRIAL FLEX



### Asking Rents

INDUSTRIAL FLEX



## OVERVIEW

**Industrial** vacancy fell slightly during Fourth Quarter to 14.22%, with about 9,000 sf of positive absorption. The industrial market ended 2011 with positive absorption of more than 300,000 sf for the year. The only delivery during Fourth Quarter was Subaru's 413,700 sf facility at Rivergate Corporate Center III in North/Northeast.

**Flex** vacancy fell significantly to 17.51% during Fourth Quarter. This was largely due to 126,000 sf in leases at Evergreen Corporate Center, bringing that park to full occupancy and pushing vacancy in Southwest Sunset down more than three percentage points to 19.18%. At Nimbus Corporate Center in Southwest 217, Building 14 (28,850 sf) became available after Bally Total Fitness closed in December.

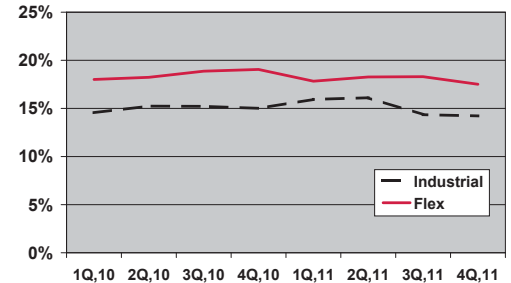
## Market Trends

Nationally, the manufacturing market has been a positive force in America's economic recovery. The Institute for Supply Management's manufacturing index rose significantly in November, and its employment index in December was the highest in six months.

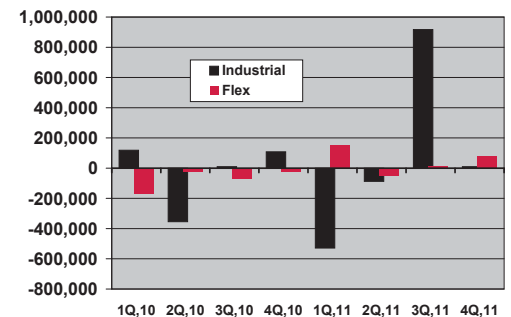
Locally, leaders are anticipating continued high demand for large parcels of industrial land. The Metro Council voted in October to add a 330-acre industrial area north of Hillsboro to the Urban Growth Boundary (UGB), but local stakeholders remain concerned that more developable industrial land needs to be added in the UGB to attract significant new manufacturing business to the area.

The Port of Portland is working on industrial expansion, as well. It paid \$26.5 million for the 222-acre LSI Logic Corp. site in October; it will work with the City of Gresham to prepare the property for development and market it, and expects that the project will create about 2800 jobs. And the Port continues to explore the annexation of West Hayden Island and the development of a 300-acre marine terminal there,

## Vacancy Comparison (%)



## Absorption Comparison (SF)



though significant opposition from environmental groups concerned about the impact on animal habitat has slowed progress. The Port of Vancouver is also working on increasing its rail capabilities by investing about \$150 million on the West Vancouver Freight Access project, which will add 27 miles of tracks.

## Major Lease Transactions

Tenant:	Building:	Size (SF):	Submarket:
Power Freight Systems	22310 NW Wagon Way	85,600	Southwest Sunset
Ajinomoto	4901 SE 24th Avenue	79,556	Southeast
DW Fritz	Leveton Corporate Center - Bldg B	60,040	Southwest I-5

Source: CoStar, Oregonian, Portland Business Journal, Daily Journal of Commerce

## Major Sale Transactions

Buyer:	Building:	Price:	Submarket:
Huntair Properties LLC	19855 SW 124th Avenue	\$17,700,000	Southwest I-5
Lumber Products	11555 SW Myslonny Street	\$7,250,000	Southwest I-5
Oregon Worsted Company	6803 SE Johnson Creek Boulevard	\$5,350,000	Southeast

Source: CoStar

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SUBMARKET	INVENTORY (SF)	TOTAL AVAILABLE (SF)	% VACANT	TOTAL ABSORPTION	UNDER CONSTRUCTION
<b>INDUSTRIAL*</b>					
North/Northeast	21,360,549	3,346,802	15.67	12,232	0
Northwest	1,478,250	157,698	10.67	(15,100)	0
Southeast	6,586,097	916,507	13.92	(28,563)	0
Southwest 217	2,677,218	508,330	18.99	19,090	0
Southwest I-5	8,965,346	1,284,790	14.33	(22,850)	150,423
Southwest Sunset	3,273,692	154,148	4.71	(14,791)	0
Vancouver	8,318,937	1,118,659	13.45	59,334	341,000
<b>TOTAL</b>	<b>52,660,089</b>	<b>7,486,934</b>	<b>14.22</b>	<b>9,352</b>	<b>491,423</b>
<b>FLEX*</b>					
North/Northeast	564,955	100,686	17.82	(18,158)	0
Southeast	263,229	31,538	11.98	(401)	0
Southwest 217	2,932,674	501,397	17.10	(18,956)	0
Southwest I-5	1,042,316	78,386	7.52	(15,643)	0
Southwest Sunset	5,240,661	1,005,117	19.18	178,009	0
Vancouver	976,178	212,456	21.76	(48,817)	0
<b>TOTAL</b>	<b>11,020,013</b>	<b>1,929,580</b>	<b>17.51</b>	<b>76,034</b>	<b>0</b>

\*Additions and Subtractions to the numbers above are in our detailed report.

## Featured Deals



### Power Freight Systems Lease

Power Freight Systems, a third party logistics company, leased 85,600 sf at the former USPS Hillsboro Distribution Center, 22310 NW Wagon Way, Hillsboro. Real Estate Broker Scott Pierce and Vice President Ken Boyko represented the lessor.



### Gran Prix Imports Sale

Toma Properties, LLC purchased Gran Prix Imports, a 23,136 sf flex/industrial building in Wilsonville, for \$2.3 million from Management West, LLC. Senior Vice President Scott MacLean and Real Estate Broker Scott Pierce represented both parties.

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