

# INDUSTRIAL/FLEX REPORT

Portland Metro Area | Second Quarter 2010



## TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



## OVERVIEW

**Industrial** vacancy rose less than a percentage point to 15.24% during Second Quarter, with negative 354,330 sf absorbed. Southeast saw a significant increase in vacancy, to 14.35%, as United Stationers Supply Co. vacated 40,608 sf at Commerce Park – McLoughlin and relocated to 195,510 sf at Rivergate Corporate Center III in the North/Northeast submarket. Vancouver vacancy also increased about four percentage points to 15.44%, and Columbia Business Center had more than 450,000 sf available. Significant leases of the quarter included Consolidated Molding & Millworks leasing 48,000 sf and Stanton Furniture leasing 92,960 sf at 115th Commerce Park in Southwest I-5.

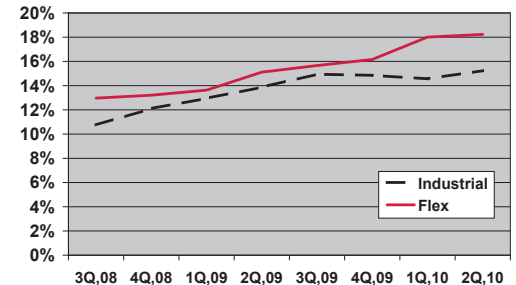
**Flex** vacancy increased slightly to 18.23%, with negative 23,633 sf absorbed, down considerably from First Quarter's negative 166,559 sf of absorption. Vacancy in the North/Northeast submarket fell about 5% to 12.09%, and Columbia Gorge Corporate Center saw considerable activity, with Multnomah County leasing 18,150 sf and Pac/West leasing 11,950 sf.

## Market Trends

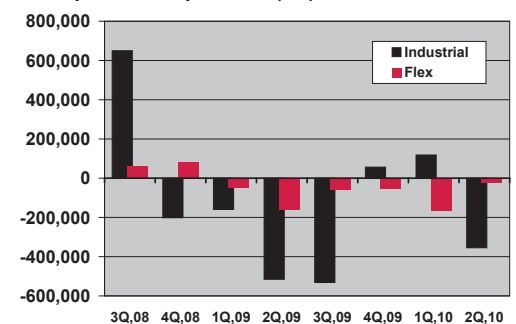
Greenlight Greater Portland, a privately funded economic development group, released a report in June suggesting that manufacturing will be a major factor in Portland's economic recovery. It predicted that the manufacturing sector could grow by 14% in the next five years.

Renewable energy companies, particularly solar power companies, continue to be active players in the Portland industrial market. Solexant Corp. is expected to receive a \$25 million state loan to build a factory in the metro area to develop ultra-thin-film solar cells. The plant would initially employ 100, and could rise to the same capacity as SolarWorld in Hillsboro, which will employ 1,000 by this fall when its expansion is completed. ReVolt Technology, a battery maker, also won a \$5 million U.S. government grant that will help it build a Portland plant to develop a battery for plug-in vehicles.

## Vacancy Comparison (%)



## Absorption Comparison (SF)



In other major transactions, Farwest Steel will acquire more than 20 acres from the Port of Vancouver for about \$5 million. The company will build a \$20 to \$30 million steel processing and distribution facility that will create 125 new jobs and employ about 200 overall.

## Major Lease Transactions

Tenant:	Building:	Size (SF):	Submarket:
United Stationers Supply Co.	Rivergate Corporate Center III	195,510	North/Northeast
Stanton Furniture	115th Commerce Park	92,960	Southwest I-5
West Coast Metals	2455 NW Nicolai St.	78,375	Northwest

## Major Sale Transactions

Buyer:	Building:	Price:	Submarket:
Clackamas County	Silver Oak Business Center	\$4,844,816	Southeast
Killian Pacific	1709 SE 3rd Avenue	\$3,480,000	Vancouver
Richard J. Hinkes	12451 SW Leveton Drive	\$3,200,000	Southwest I-5

# INDUSTRIAL/FLEX REPORT

Portland Metro Area | Second Quarter 2010



SUBMARKET	INVENTORY (SF)	**TOTAL AVAILABLE (SF)	**% VACANT	**TOTAL NET ABSORPTION	UNDER CONSTRUCTION
<b>INDUSTRIAL*</b>					
North/Northeast	20,843,897	3,639,703	17.46	24,731	415,000
Northwest	1,477,860	151,677	10.26	6,860	0
Southeast	6,459,788	926,807	14.35	(174,266)	0
Southwest 217	2,684,302	647,544	24.12	(25,482)	0
Southwest I-5	8,790,119	987,929	11.24	156,500	0
Southwest Sunset	3,122,351	242,793	7.78	13,508	0
Vancouver	8,123,228	1,254,305	15.44	(356,181)	0
<b>TOTAL</b>	<b>51,501,545</b>	<b>7,850,758</b>	<b>15.24</b>	<b>(354,330)</b>	<b>415,000</b>
<b>FLEX*</b>					
North/Northeast	569,462	68,873	12.09	29,950	n/a
Southeast	263,229	33,655	12.79	800	n/a
Southwest 217	2,932,650	498,135	16.99	22,740	n/a
Southwest I-5	1,059,645	151,225	14.27	(10,161)	n/a
Southwest Sunset	4,932,172	1,012,078	20.52	(39,718)	n/a
Vancouver	802,080	161,381	20.12	(27,244)	n/a
<b>TOTAL</b>	<b>10,559,238</b>	<b>1,925,347</b>	<b>18.23</b>	<b>(23,633)</b>	<b>n/a</b>

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

\*\*Numbers only reflect direct space.

## Featured Deals

### **STORABLES**™ Storables Lease Make room for living.™

Storables renewed its lease of 45,890 sf at Yeon Business Center, 3250 NW Yeon Avenue, Portland. Storables provides a number of different storage solutions for home organizing. Vice President Scott MacLean and Vice President Michael Merino, CCIM, SIOR, represented the landlord.



### **Pennykat, LLC Sale**

Pennykat LLC purchased 211 SE Madison in Portland, a 20,000 sf industrial building, for \$1.05 million. The purchaser is a local store fixture wholesaler that needed room to expand. Associate Vice President Tom Dechenne represented the seller, Honeycutt Properties LLC.

The information supplied herein is from sources we deem reliable. It is provided without independent verification and without any representation, warranty or guarantee, expressed or implied as to its accuracy. NAI Norris, Beggs & Simpson accepts no responsibility should the information prove to be inaccurate or incomplete.