Westside Specialists
Market Snapshot
24Q3

"It's been an exciting 3rd Quarter for land activity! The Governor, through authority granted through SB4, has initiated bringing in 373 acres of the 1,700 acres identified as able to be brought into the Urban Growth Boundary (UGB), for the specific purpose of semiconductor industry support and growth. The City of Hillsboro is pursuing one of the 3 National Semiconductor Technology Centers (NSTC), and it's presumed that a portion of the 373 acres is to accommodate the NSTC and supporting companies. The questions is, *"will it be enough?"* It is important to note that land brought in via SB4 authority must be used to support the semiconductor industry. This move won't measurably affect the industrial and land scarcity experienced by non-semiconductor, general industrial users. "

- Mike Thomas & Karen Lisignoli - *Westside Specialists*

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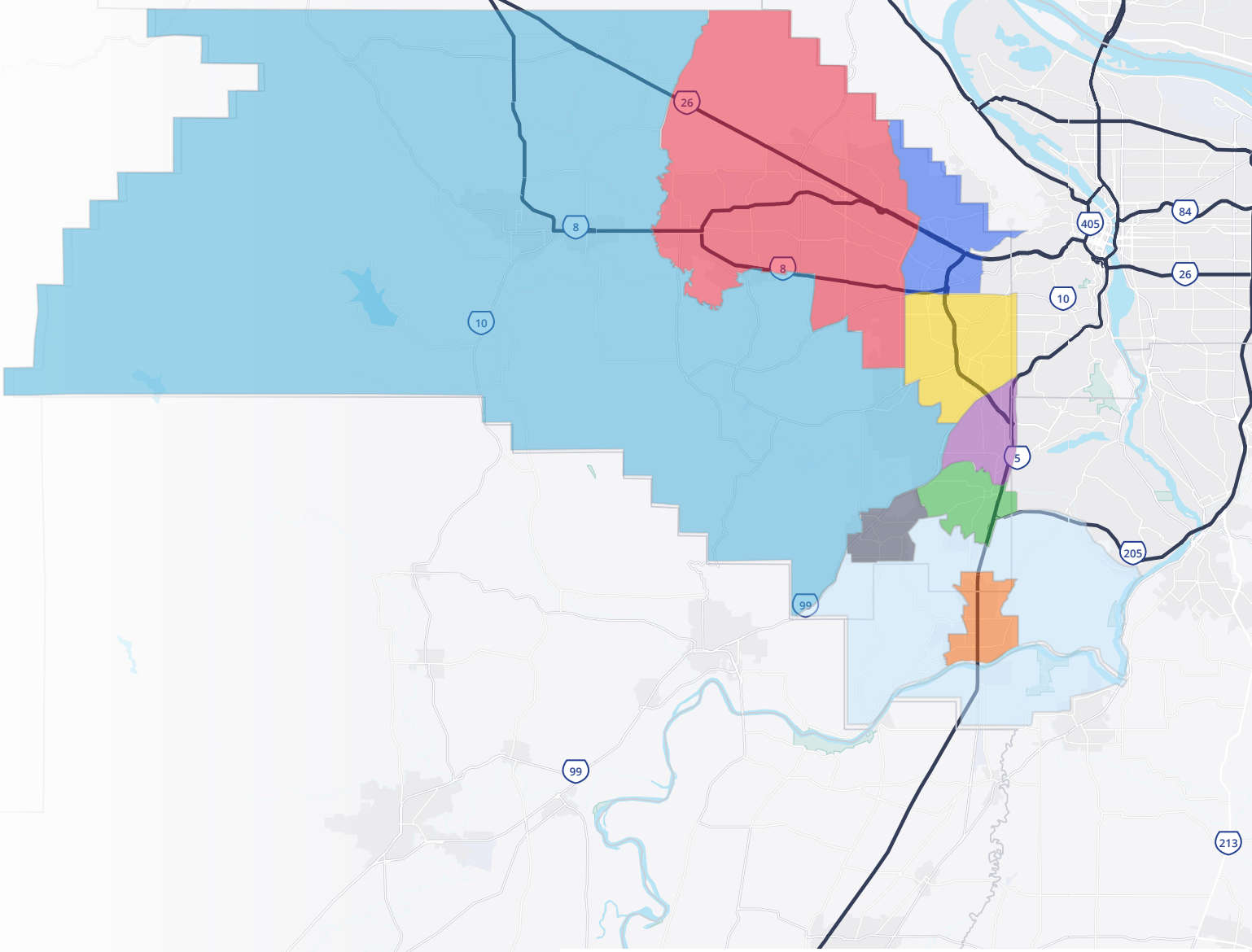
Accelerating success.

Westside **Submarkets**



- Westside Outlying
- Sunset Corridor/ Hillsboro
- N. Beaverton
- 217 Corridor/Beaverton
- Tigard
- Tualatin
- Sherwood
- Wilsonville
- I-5 Corridor Outlying

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Westside

Industrial & Flex 24Q3

Vacancy Rate 4.8% YOY ▲ FORECAST ▲

Net Absorption 43K SF YOY ▼ FORECAST ▲

Under Construction 1.5M SF YOY ▲ FORECAST ▲

Ind/Flex Direct Asking Avg Lease Rate (NNN) $1.09/SF YOY ▼ FORECAST —

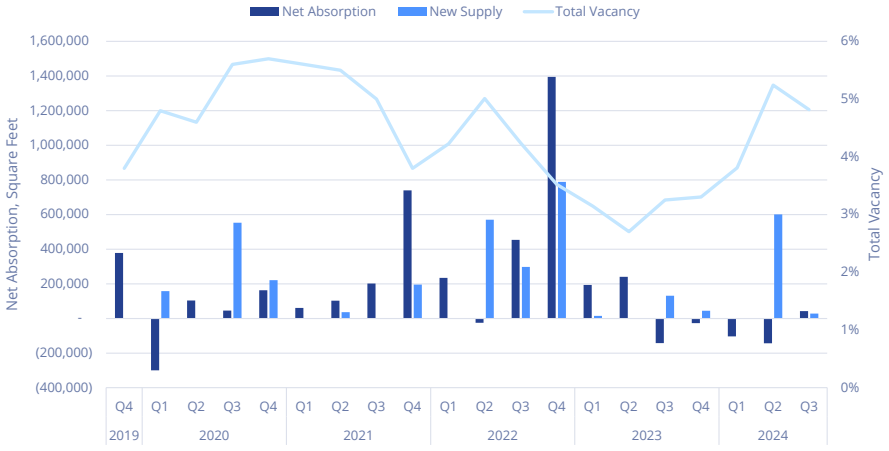
Industrial/Flex Key Takeaways

- Governor Tina Kotek exercised her authority through SB4 to bring in an additional 373 acres into the Urban Growth Boundary at Meek Rd, East of Jackson School Road. An appeal is expected, which would swiftly be escalated to Oregon's Supreme Court for a final decision.
- Intel was granted an additional $3.5 million in federal CHIPS act funding to make semiconductors for the defense department. Intel also announced a multi-year, multi-billion dollar deal with Amazon Web Services to produce an AI fabric chip.
- The City of Sherwood's Urban Growth Boundary (UGB) application continues through the process with Metro.
- At 2.2% direct vacancy in the Sunset Corridor of warehouse/distribution space and 0.8% of manufacturing space, there's still a lack of supply required to support the demand.
- Smaller, stand-alone industrial buildings suitable for an owner/user continue to receive multiple offers, leading to frustration with Buyers who find themselves in a bidding war.

Westside Industrial
Average Direct Asking Rates (NNN) by Subtype

Source: Colliers

Westside Industrial
Market Fundamentals - Net Absorption, New Supply & Total Vacancy



Source: Colliers

Market Indicators

* as of October 10, 2024

3.3% Washington County Unemployment Rate

3.79% U.S. 10 Year Treasury Yield

2.4% September CPI Increase

The Consumer Price Index for the month of September was higher than economists anticipated, increasing 2.4% over the prior year in September. That was still a slight deceleration compared to August's 2.5% annual gain in prices.

Q3 2024 | Westside Specialists

Market Snapshot

Industrial/Flex | Market Statistics

Submarket/ Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy SF	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Avg Direct Asking Rate (NNN)
Westside Markets Total (All Submarkets)										
Warehouse/ Distribution	31,502,643	5.9%	1.7%	7.5%	1,351,428	4.3%	5.1%	80,016	11,437	$0.97
Manufacturing	7,168,655	1.0%	1.7%	2.6%	164,428	2.3%	2.1%	(11,154)	(106,966)	$1.07
Flex	12,456,357	9.0%	3.8%	12.8%	946,451	7.6%	7.4%	(25,930)	(110,213)	$1.22
TOTAL	51,127,655	5.9%	2.2%	8.1%	2,462,307	4.8%	5.2%	42,932	(205,742)	$1.09
217 Corridor/Beaverton										
Warehouse/ Distribution	2,763,719	2.2%	3.9%	7.1%	128,422	4.6%	2.6%	(57,675)	(72,653)	$0.88
Manufacturing	204,948	0.0%	0.0%	0.0%	-	0.0%	0.0%	-	-	$0.00
Flex	1,590,916	13.3%	2.7%	15.9%	247,929	15.6%	14.3%	(21,062)	(35,639)	$1.23
TOTAL	4,559,583	6.0%	3.9%	9.9%	376,351	8.3%	6.5%	(78,737)	(108,292)	$1.13
North Beaverton										
Warehouse/ Distribution	230,523	0.0%	0.0%	0.0%	-	0.0%	0.0%	-	-	$0.00
Manufacturing	142,131	0.0%	0.0%	0.0%	-	0.0%	0.0%	-	-	$0.00
Flex	565,968	7.7%	0.0%	7.7%	43,421	7.7%	7.7%	-	-	$1.46
TOTAL	938,622	4.6%	0.0%	5.3%	43,421	4.6%	4.6%	-	-	$1.46
Sunset Corridor/Hillsboro										
Warehouse/ Distribution	6,709,105	2.5%	0.5%	3.0%	148,619	2.2%	2.7%	32,016	22,905	$1.09
Manufacturing	2,411,558	0.4%	0.3%	0.7%	20,048	0.8%	2.3%	35,715	15,667	$1.14
Flex	7,048,840	8.8%	5.9%	14.7%	423,160	6.0%	5.7%	(23,882)	6,221	$1.26
TOTAL	16,169,503	4.9%	2.8%	7.7%	591,827	3.7%	2.0%	43,849	44,793	$1.19
Tigard										
Warehouse/ Distribution	5,016,941	4.0%	1.6%	5.5%	256,946	5.1%	5.7%	27,558	(207,402)	$1.03
Manufacturing	309,475	0.0%	0.0%	0.0%	-	0.0%	0.0%	-	6,234	$1.10
Flex	1,678,867	9.1%	0.9%	10.0%	104,921	6.2%	7.4%	18,887	(32,382)	$1.22
TOTAL	7,005,283	5.0%	1.3%	6.4%	361,867	5.2%	5.8%	46,445	(233,550)	$1.12
Tualatin										
Warehouse/ Distribution	6,981,454	8.6%	3.3%	11.9%	369,867	5.3%	2.9%	(178,054)	(62,468)	$0.88
Manufacturing	2,577,749	0.1%	3.5%	3.7%	86,780	3.4%	1.5%	(46,869)	(83,744)	$1.13
Flex	544,954	0.7%	0.0%	0.7%	4,085	0.7%	0.7%	-	(785)	$1.21
TOTAL	10,104,157	6.0%	3.2%	9.2%	460,732	4.6%	2.4%	(224,923)	(146,997)	$0.94

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Q3 2024 | Westside Specialists

Market Snapshot

Industrial/Flex | Market Statistics

Submarket/ Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Avg Direct Asking Rate (NNN)
Sherwood										
Warehouse/ Distribution	1,427,542	1.8%	0.0%	1.8%	20,700	1.5%	4.4%	42,138	25,304	$1.10
Manufacturing	54,854	0.0%	0.0%	0.0%	-	0.0%	0.0%	-	-	$0.00
Flex	97,551	0.0%	0.0%	0.0%	-	0.0%	0.0%	-	960	$1.02
TOTAL	1,579,947	1.6%	0.0%	0.0%	20,700	1.3%	4.0%	42,138	26,264	$1.08
Wilsonville										
Warehouse/ Distribution	4,764,970	1.0%	0.9%	1.9%	70,298	1.5%	1.0%	(22,695)	46,087	$0.83
Manufacturing	936,026	4.8%	2.3%	7.1%	45,123	4.8%	4.8%	-	(45,123)	$0.92
Flex	776,694	8.9%	0.7%	9.6%	105,335	13.6%	13.6%	127	(48,588)	$1.07
TOTAL	6,477,690	2.5%	1.1%	3.6%	220,756	3.4%	3.0%	(22,568)	(47,624)	$0.91
I-5 Corridor Outlying										
Warehouse/ Distribution	1,617,334	41.8%	0.0%	41.8%	269,355	16.7%	38.0%	98,028	175,652	$0.93
Manufacturing	-	-	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-	-	-
TOTAL	1,617,334	41.8%	0.0%	41.8%	269,355	38.0%	38.0%	98,028	175,652	$0.93
Westside Outlying - Cornelius/Forest Grove/North Plains										
Warehouse/ Distribution	1,991,055	3.3%	0.0%	3.3%	87,221	4.4%	11.3%	138,700	84,012	$0.95
Manufacturing	531,914	2.3%	0.0%	2.3%	12,477	2.3%	2.3%	-	-	$0.81
Flex	152,567	11.5%	0.0%	11.5%	17,600	11.5%	11.5%	-	-	$1.17
TOTAL	2,675,536	3.5%	0.0%	3.5%	117,298	4.4%	9.6%	138,700	84,012	$0.96

Notable Transactions

Lease
STUDSON
Sherwood Commerce Ctr
21600 SW Oregon Street
Sherwood | 42,815 SF

Lease
Confidential Tenant
Cipole Ind. Park
12905 SW Tualatin Sherwood
Sherwood | 92,282 SF

Sale
Laika Studio
LAIKA, Inc.
22990 NE Bennett St
& 6750 NE Bennett St
Hillsboro | 211,500 SF

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Q3 2024 | Westside Specialists

Team Activity

FEATURED PROPERTIES FOR LEASE/SALE (click for flyers)

Visit www.westsidespecialists.com for more information

				
Evergreen North Hillsboro, Oregon	Croeni Avenue Hillsboro, Oregon	Cascade Annex Beaverton, OR	Cascade Square Beaverton, Oregon	D&G Industrial Park Hillsboro, Oregon
Available SF: 100 - 300k	Available SF: 6,134	Available SF: 5,000 - 10,000	Available SF: 2,300 - 7,800	Available SF: 1,300 - 3,500
Lease Type: NNN	Lease Type: NNN	Lease Type: Full Service	1.27 Acres - IP Industrial	Oversize Grade Doors
For Sale or Lease BTS or Land	For Lease	For Lease	For Lease	For Lease
Type: Industrial/Flex	Type: Industrial (Close to Intel)	Type: Creative Office	Type: Office	Type: Industrial

FEATURED LEASED/SOLD

 Leased - Tenant Rep	 Sold - Buyer Rep	 Leased - Landlord Rep	 Leased - Sublessee Rep	 Leased - Landlord Rep
Parkside Business Ctr Beaverton, Oregon	NW Portland Office Portland, OR	Multiple new leases Hillsboro, Oregon	Virtual Supply Hillsboro, Oregon	Cascade Square Beaverton, Oregon
SF Leased: 9,100	SF Sold: 2,968	SF Leased: 6,000 | 10,500 14,500	SF Subleased: 7,500 SF	SF Leased: 3,456
Lease Type: NNN	Owner-User	Lease Type: Modified Gross	Lease Type: Gross	Lease Type: Gross
Leased	Sold	Leased	Subleased	Leased
Type: Industrial	Type: Office	Type: Industrial	Type: Industrial	Type: Office

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Westside Office 24Q3

Vacancy Rate 21.1% — YOY ▲ / FORECAST ▲

Net Absorption -99K SF — YOY ▲ / FORECAST ▲

Under Construction 0k SF — YOY — / FORECAST —

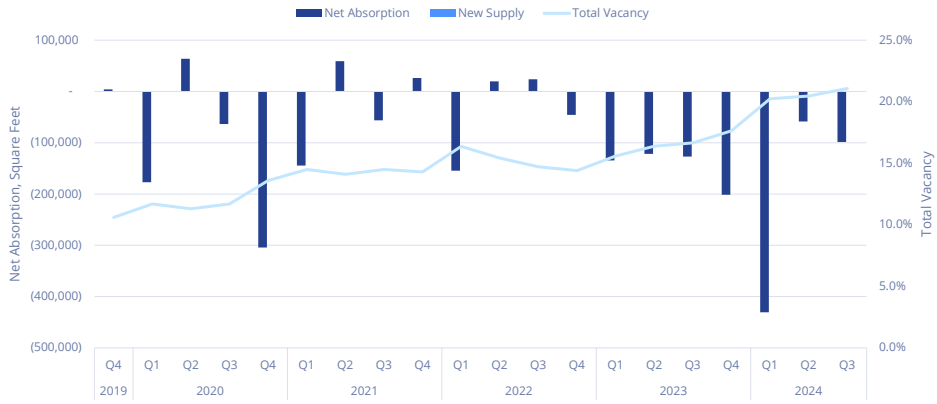
Average Direct Asking Lease Rates (Gross) $31.41/SF — YOY ▲ / FORECAST ▼

Office Key Takeaways

- The office market continued to experience softening of market fundamentals, though some experts believe the "bottom" of the office market will be reached within the next two years.
- The sublease availability rate has remained stable. Overall availability reflects a slight decrease.
- Vacancy continues to creep upward, with a large disparity on the Westside between Class A & B vacancy hovering around 23% and Class C vacancy at 5%.
- The Synopsys campus of two midrise office buildings and 52% occupancy housing Salesforce and Synopsys closed at $75/sf. Unbeknownst to the value-add buyer, Salesforce subsequently announced they are closing this satellite location.
- Look for some positive news next quarter from other high-tech companies leasing flex-office space in the Sunset Corridor.

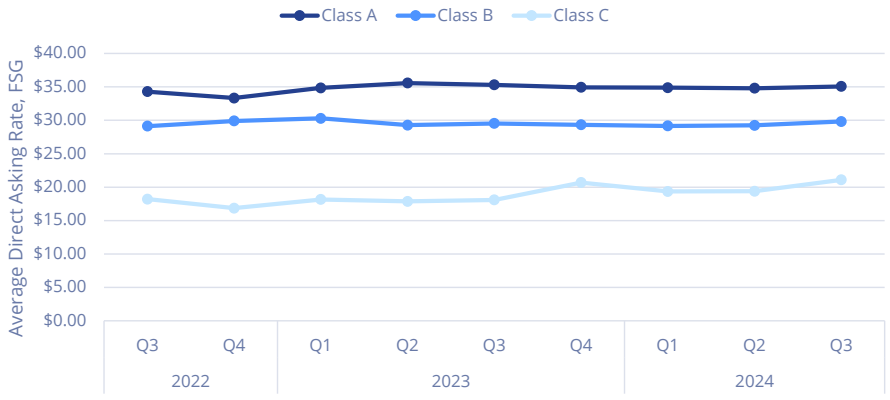
Westside Office

Market Fundamentals - Net Absorption, New Supply & Total Vacancy



Source: Colliers

Average Direct Asking Rates (FSG by Subtype



Source: Colliers

Market Indicators

* as of October 10, 2024

3.3% Washington County Unemployment Rate

3.79% U.S. 10 Year Treasury Yield

2.4% September CPI Increase

The Consumer Price Index for the month of September was higher than economists anticipated, increasing 2.4% over the prior year in September. That was still a slight deceleration compared to August's 2.5% annual gain in prices.

Westside Specialists | Q3 2024 | Office | Market Statistics

Submarket/ Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Total Availability Rate	Total Vacant Square Feet	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Avg Direct Asking Rate (FSG)
Westside Markets Total										
Class A	4,494,819	21.1%	1.4%	22.5%	1,035,661	23.0%	22.3%	(31,536)	(85,016)	$35.07
Class B	9,967,231	17.8%	2.9%	20.7%	2,265,291	22.7%	22.2%	(54,425)	(483,603)	$29.81
Class C	1,616,850	3.9%	0.0%	3.9%	87,925	5.4%	4.7%	(12,595)	(18,898)	$21.08
TOTAL	16,078,900	17.4%	2.2%	19.5%	3,388,877	21.1%	20.5%	(98,556)	(587,517)	$31.41
217 Corridor / Beaverton										
Class A	201,649	39.2%	1.4%	40.6%	79,088	39.2%	42.3%	6,252	3,387	$33.48
Class B	1,619,140	18.4%	2.1%	20.5%	343,206	21.2%	22.5%	21,630	(27,343)	$26.13
Class C	256,971	5.9%	0.0%	5.9%	8,499	3.3%	4.1%	2,042	(1,643)	$17.00
TOTAL	2,077,760	18.5%	1.8%	20.3%	430,793	20.7%	22.2%	29,924	(25,599)	$27.49
North Beaverton										
Class A	160,024	19.5%	0.0%	19.5%	27,121	16.9%	16.7%	(373)	(5,739)	$34.00
Class B	866,549	11.9%	0.0%	11.9%	110,065	12.7%	12.2%	(4,091)	(7,903)	$28.49
Class C	256,785	0.7%	0.0%	0.7%	1,800	0.7%	0.7%	0	14,000	$19.00
TOTAL	1,283,358	10.6%	0.0%	10.6%	138,986	10.8%	10.5%	(4,464)	358	$29.63
Sunset Corridor / Hillsboro										
Class A	1,135,650	24.1%	0.0%	24.1%	266,618	23.5%	26.5%	33,868	(24,703)	$29.77
Class B	3,302,625	18.0%	5.0%	23.0%	861,877	26.1%	26.7%	19,254	(312,017)	$26.32
Class C	314,860	0.0%	0.0%	0.0%	-	0.0%	0.0%	0	1,817	- -
TOTAL	4,753,135	18.2%	3.5%	21.7%	1,128,495	23.7%	24.9%	53,122	(334,903)	$27.40
Kruse Way										
Class A	1,416,778	15.5%	4.1%	19.7%	298,095	21.0%	19.3%	(24,985)	(5,935)	$44.53
Class B	1,046,154	31.9%	2.0%	33.9%	341,183	32.6%	35.2%	27,301	8,425	$41.49
Class C	43,914	22.8%	0.0%	22.8%	-	0.0%	0.0%	0	0	$32.00
TOTAL	2,506,846	22.5%	3.2%	25.7%	639,278	25.5%	25.6%	2,316	2,490	$42.51
Tigard										
Class A	1,201,245	25.1%	0.2%	25.3%	321,113	26.7%	21.3%	(65,189)	(56,166)	$34.41
Class B	1,937,122	11.9%	2.0%	13.9%	249,355	12.9%	11.8%	(19,864)	(23,213)	$29.36
Class C	418,338	8.2%	0.0%	8.2%	66,749	16.0%	12.5%	(14,637)	(33,977)	$21.43
TOTAL	3,556,705	16.0%	1.1%	17.1%	637,217	17.9%	15.1%	(99,690)	(113,356)	$31.56

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Westside Specialists | Q3 2024 | Office | Market Statistics

Submarket/ Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Total Availability Rate	Total Vacant Square Feet	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Avg Direct Asking Rate (FSG)
Tualatin										
Class A	299,009	15.0%	0.0%	15.0%	43,626	14.6%	16.5%	5,565	(9,721)	$28.97
Class B	602,065	21.2%	2.4%	23.6%	178,950	29.7%	33.1%	20,579	(236)	$26.81
Class C	23,757	0.0%	0.0%	0.0%	-	0.0%	0.0%	0	0	-
TOTAL	924,831	20.7%	1.6%	20.2%	222,576	24.1%	26.9%	26,144	(9,957)	$27.37
Sherwood										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	41,299	2.9%	0.0%	2.9%	3,182	7.7%	7.7%	0	1,049	$27.00
Class C	22,712	0.0%	0.0%	0.0%	-	0.0%	0.0%	0	0	-
TOTAL	64,011	1.8%	0.0%	1.8%	3,182	5.0%	5.0%	0	1,049	$27.00
Wilsonville										
Class A	80,464	0.0%	0.0%	0.0%	-	0.0%	16.6%	13,326	13,861	-
Class B	385,423	15.9%	3.9%	19.8%	148,849	38.6%	7.1%	(121,604)	(120,654)	$24.92
Class C	197,276	0.0%	0.0%	0.0%	-	0.0%	0.0%	0	0	-
TOTAL	663,163	9.2%	2.3%	11.5%	148,849	22.4%	6.1%	(108,278)	(106,793)	$24.92
I-5 Corridor Outlying										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	22,167	0.0%	3.4%	3.4%	761	3.4%	14.1%	2,370	(761)	-
Class C	10,000	100.0%	0.0%	100.0%	10,000	100.0%	100.0%	0	0	$12.00
TOTAL	32,167	31.1%	2.4%	33.5%	10,761	33.5%	40.8%	2,370	(761)	$12.00
Westside Outlying - Cornelius / Forest Grove / North Plains										
Class A	-	-	-	-	-	-	-	-	-	-
Class B	144,687	18.4%	0.0%	18.4%	27,863	19.3%	19.3%	0	(950)	$37.53
Class C	72,237	1.2%	0.0%	1.2%	877	1.2%	1.2%	0	905	$20.52
TOTAL	216,924	12.7%	0.0%	12.7%	28,740	13.2%	13.2%	0	(45)	$36.98

Notable Transactions

Lease
Dext Capital
5500 Meadows Road
Sublease | 22,647 SF

Lease
MEGI Engineering
5005 Meadows
Direct | 17,317 SF

Sale
Willamette Crossing
8995 SW Miley Rd
I-5 Corridor | $248/SF
$7,175,000

Sale
NW Wellness Center
8600 SW Salish Lane
Wilsonville | $196/SF
$2,350,000

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498 offices in 68 countries on 6 continents

United States: 147
Canada: 41
Latin America: 17
Asia Pacific: 28
EMEA: 115

$4.3B
in revenue

2B
square feet under management

19,000 +
professionals and staff

About Colliers

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View our current availabilities and recent transactions here

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