PORTLAND OFFICE MARKET

Yardi® Matrix

Market Analysis

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Maintaining Balance

During the last four quarters, Portland's office market has been in a kind of expectation state, trying to adjust to the **changes in the tech sector**: a focus shift from electronics hardware and manufacturing toward software and web services; the sale of companies such as Cascade Microtech, Planar Systems and TriQuint Semiconductor; and a slowing startup sector. Although tech companies continue to see Portland as a more lucrative alternative to more expensive West Coast cities, employment in the information segment registered a 3.9% decrease in November.

To retain employees and find new talent, several businesses have relocated from the suburbs to the better-transited, highly amenitized Central Business District (CBD) and Pearl District. Vacancy rates in these submarkets were lower than the average, at 5.2% and 9.7%. On the other hand, startup- and entrepreneur-friendly suburban locations such as the Sunset Corridor and Beaverton posted vacancy rates as high as 12.8% and 17.1%. The metro's **overall 10.5% vacancy** might decrease further as new supply is limited and companies such as Amazon, WeWork and Adidas are drafting lease agreements for business expansion.

Demand for new Class A office space remains healthy, especially in high-profile submarkets such as the CBD and Pearl District. Nearly **1.1 million square feet** was under construction at the end of December, and another 4 million is in the planning or permitting stage.

Transaction activity has been robust, with almost **$1 billion** in sales volume.

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