

# PORTLAND OFFICE MARKET

Yardi® Matrix

## Market Analysis

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## Supply Arrives to Serve Demand



Portland continues to strengthen its technology-driven market appeal, providing an attractive mix of highly amenitized office buildings, lower housing costs and available local talent.

Recently announced changes in taxation policies are expected to boost employment in the information sector, which has seen a slight slide due to low international immigration and a loss of talent to other major coastal markets in the West. Several tech companies have been adding jobs, including Genetech, Palo Alto Software and Act-on-Software. But education and health services had the most significant employment growth, at 8.9%, as 14,200 jobs were added in the 12 months ending in September. At the other end of the spectrum, professional and business services and the public sector lost a combined 8,000 jobs.

Demand for office space is expected to be balanced by the significant wave of upcoming supply. More than 450,000 square feet of office space was due to come online by the end of 2018, on top of the 1.1 million square feet that had already been delivered through the year's first 10 months. The average vacancy rate for office space, which stood at 11.2% at the end of September, is expected to rise as a result of upcoming development and moderate pre-leasing activity. Investment activity stayed solid in the metro, with total transaction volume amounting to \$670 million in September. Amid a dearth of available assets, investors have pivoted to properties with higher yields.