

PORTLAND OFFICE MARKET

Yardi® Matrix

Market Analysis

Second Quarter 2019

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Limited Supply Lags Demand



The metro's economy remains strong, bolstered by growing interest from tech companies and an influx of highly educated Millennials—despite a marked slowdown in population gains compared to the 2016 high point of 1.8%. Oregon's new rent control regulation is likely to hinder in-migration levels in the metro in the coming quarters.

Portland has seen healthy gains in multiple employment sectors over the 12 months ending in March. A total of 21,800 jobs were added during this interval, with the most gains coming from the education and health services (6,100) and manufacturing (4,500) sectors. Office-using jobs accounted for 23.1% of the metro's total employment pool, well above the national average of 21.5%. Professional and business services remains one of the top employment sectors in Portland (with 15.1% of the job pool), despite a slight decrease of 70 basis points year-over-year. Meanwhile, job gains in the information and financial activities sectors continue to lag, accounting for as little as 2.1% of the metro's total workforce. Beginning July 1, the metro's minimum wage is set to increase by 4.2% to \$12.50 per hour.

Construction activity is moderate, with only 454,000 square feet scheduled for delivery by year-end. This accounts for a 68.5% decrease from last year's record completion levels (1.4 million square feet). Portland's office vacancy rate of 12.3% at the end of April is likely to contract in the coming quarters, as demand for quality office space continues to grow amid limited availability.