SEPTEMBER BROKER AWARDS MEETING

OCTOBER 12, 2022

MONTHLY STATISTICS

LEASING	# OF TRANSACTIONS	TOTAL $ VALUE
September 2020	14	$4,841,722
September 2021	29	$7,254,011
September 2022	**16**	**$2,792,048**

SALES	# OF TRANSACTIONS	TOTAL $ VALUE
September 2020	3	$2,190,000
September 2021	4	$4,375,264
September 2022	**5**	**$18,335,000**

YTD STATISTICS

LEASING	# OF TRANSACTIONS	TOTAL $ VALUE
September 2020	149	$32,993,448
September 2021	233	$56,729,829
September 2022	**166**	**$44,930,166**

SALES	# OF TRANSACTIONS	TOTAL $ VALUE
September 2020	22	$64,048,000
September 2021	37	$112,607,772
September 2022	**34**	**$108,353,602**

TOP LEASES

3RD TOP LEASE

Willamette 205
1800 Blankenship, Suite 240
West Linn, OR

Lessor: **Black Hawk, LLC**

Lessee: **Robert L. Sepp Attorney at Law**

Lease Value: **$398,964**

Lease Rate: **$29.00 PSF**

Leased Area: **± 1,200 SF**

Lease Term: **120 months**

TI's & Concessions: **Turn Key 10 year**

TIM PFEIFFER

CAMDEN MULLER

2ND TOP LEASE

South Trail Center
61303 South Hwy 97
Bend, OR

Lessor: **South Trails LLC**

Lessee: **Journey Church in Bend**

Lease Value: **$617,557**

Lease Rate: **$5.56 NNN Renewal; $11.00 NNN Expansion**

Leased Area: **± 34,761 SF**

Lease Term: **49 months expansion; 24 months renewal**

TI's & Concessions: **Tenant shall perform buildout with 9 months free on expansion. LL to provide demising wall with power and ready for paint.**

LUIS MARTIN
DEL CAMPO

TOP LEASE

Butterfly Dance Building
3305 19th Avenue, Suite 1
Forest Grove, OR

Lessor: **Butterfly Dance, LLC**

Lessee: **Therapeutic Associates, Inc.**

Lease Value: **$721,910**

Lease Rate: **$23.50 w/ 3% bumps NNN**

Leased Area: **± 2,673 SF**

Lease Term: **121 months**

TI's & Concessions: **1 month free; $10.00 PSF TI Allowance**

TIM BUDELMAN

TOP SALES

3RD TOP SALE

5037 SE Alexander St.
Hillsboro, OR

Seller: **3 of a Kind, LLC**

Buyer: **First American Exchange as Qualified Intermediary for TTG TV Hwy LLC**

Sale Price: **$1,275,000**

Price per SF: **$325.26**

Property Size: **± 3,920 SF**

Cap Rate: **N/A – Sold vacant**

Financing: **Cash**

MATT
LYMAN

JACK
SCHAUB

2^{ND} TOP SALE

201 NW Medical Loop
Roseburg, OR

Seller: **The Estate of Leroy L. VanDomelen**

Buyer: **Denise L. Duyck Living Trust**

Sale Price: **$2,835,000**

Price per SF: **$260.76**

Property Size: **± 10,872 SF**

Cap Rate: **6.26%**

Financing: **1031 Exchange – All Cash**

TODD VANDOMELEN

TIM BUDELMAN

TOP SALE

El Moro Apartments
2016 SE 122nd Ave
Portland, OR

Seller: **El Moro, LLC**

Buyer: **Midland Apartments, LLC**

Sale Price: **$12,000,000**

No. of Units: **94**

Price per Unit: **$127,660**

Property Size: **± 87,111**

Price per SF: **$150.98**

Cap Rate: **3.8%**

Financing:

- **$13,500,000 acquisition and rehab loan**
- **$2,788,750 holdback**
- **Buyers funds to close = $2,397,357**
- **Parkview Financial REIT / Parkview Financial LLC**

DAVID CHATFIELD

TIM MITCHELL


TOP DOGS

LEASING BROKER OF THE MONTH

LUIS MARTIN DEL CAMPO

SALES BROKER OF THE MONTH

DAVID CHATFIELD

PRESIDENT'S AWARD

MIKE BROWN

TOP 5 PRODUCERS

1

TODD VANDOMELEN
QUALIFIED!

2

GREG NESTING
QUALIFIED!

3

SCOTT FINNEY
QUALIFIED!

4

DAVID CHATFIELD
QUALIFIED!

5

CAMERON MERCER


ANNOUNCEMENTS

Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

SALES MEETING SCHEDULE

October 19th	**Joint Meeting w/ Property Managers**
October 26th	**No Meeting**
November 2nd	**All Broker Meeting**
November 9th	**Broker Awards Meeting For November 2022** ***Market Report by David Chatfield***
November 16th	**Continuing Education/Guest Speaker**
November 23rd	**No Meeting – Thanksgiving Holiday**

UPCOMING LOCAL EVENTS

Senator Wyden Breakfast Forum
Friday, October 14th @ 7:30 – 9:00 AM
Embassy Suites – 9000 SW Washington Square Rd, Tigard

Business After Hours
Wednesday, October 19th @ 5:00 – 7:00 PM
Markowitz Herbold – 1455 SW Broadway (Suite 1900), Portland

Hillsboro Young Professionals
Thursday, October 20th @ 4:30 – 6:00 PM
Steepjack Brewing Co. – 5834 NE Pinefarm Ct, Hillsboro

Power Breakfast with Dan McMillan (CEO of StanCorp)
Thursday, October 20th @ 8:00 AM
Sentinel – 614 SW 11th Ave, Portland

Congresswoman Suzanne Bonamici Breakfast Forum
Thursday, October 27th @ 7:30 – 9:00 AM
Embassy Suites – 9000 SW Washington Square Rd, Tigard

UPCOMING LOCAL EVENTS

BOMA Oregon

Ask a Lawyer

Thursday, October 27th @ 3:00 – 5:00 PM

Embassy Suites – 9000 SW Washington Square Rd, Tigard

WASHINGTON COUNTY CHAMBER of COMMERCE

Chamber Unwind – Spooktacular!

Thursday, October 27th @ 5:00 – 6:30 PM

Nonna Emilia's Italian Restaurant – 17210 SW Shaw St, Aloha

PORTLAND BUSINESS ALLIANCE
Commerce · Community · Prosperity

Unlock Your Benefits

Thursday, October 27th @ 9:00 – 10:30 AM

Portland Business Alliance – 121 SW Salmon St (Suite 1440), Portland

CCIM Oregon/SW Washington CCIM Chapter

November Lunch

Wednesday, November 2nd @ TBA

Location TBA

TCN SPRING CONFERENCE 2023

Wednesday, February 8th – Friday, February 10th, 2023

Barceló Bávaro Palace, Punta Cana, Dominican Republic

TCN WORLDWIDE REAL ESTATE SERVICES

EXECUTIVE CORNER


MARKET
REPORT
BY SCOTT FINNY, SIOR

Thank you for the opportunity to update you on what is currently going on in the Portland economy.

What are you currently seeing in the market?

What can you do now?

What are you telling your owners?

What are you telling your buyers or lessors?

Buildings Currently Just Built or Going to be Built and Land Possibilities

NEW/FUTURE BUILDINGS

NEW/FUTURE BUILDINGS

NEW/FUTURE BUILDINGS

NEW/FUTURE BUILDINGS

NEW/FUTURE BUILDINGS

NEW/FUTURE BUILDINGS

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NEW/FUTURE BUILDINGS

Rates

Renewals and Increases in Rent

How far out should you be doing your renewals?

Getting your tenant’s expectations with rental increases with no TI’s or free rent

Currently, rental vacancy in Portland varies depending on size

• Less than 10k SF:	less than 2% vacant
• 10 – 30K SF:	2.99% vacant
• 30 – 100K SF:	3% vacant

Things you can do right now...

Call your old clients and reestablish relationships

When was the last time you called a tenant you did a lease with 2 years ago?

Interest Rates

How is it affecting CAP rates, and buyer's and seller's expectations?

- **Sellers still thinking about 5% CAP**
- **Buyers in new market thinking 6 – 7% CAP**

How do you bridge the gap?

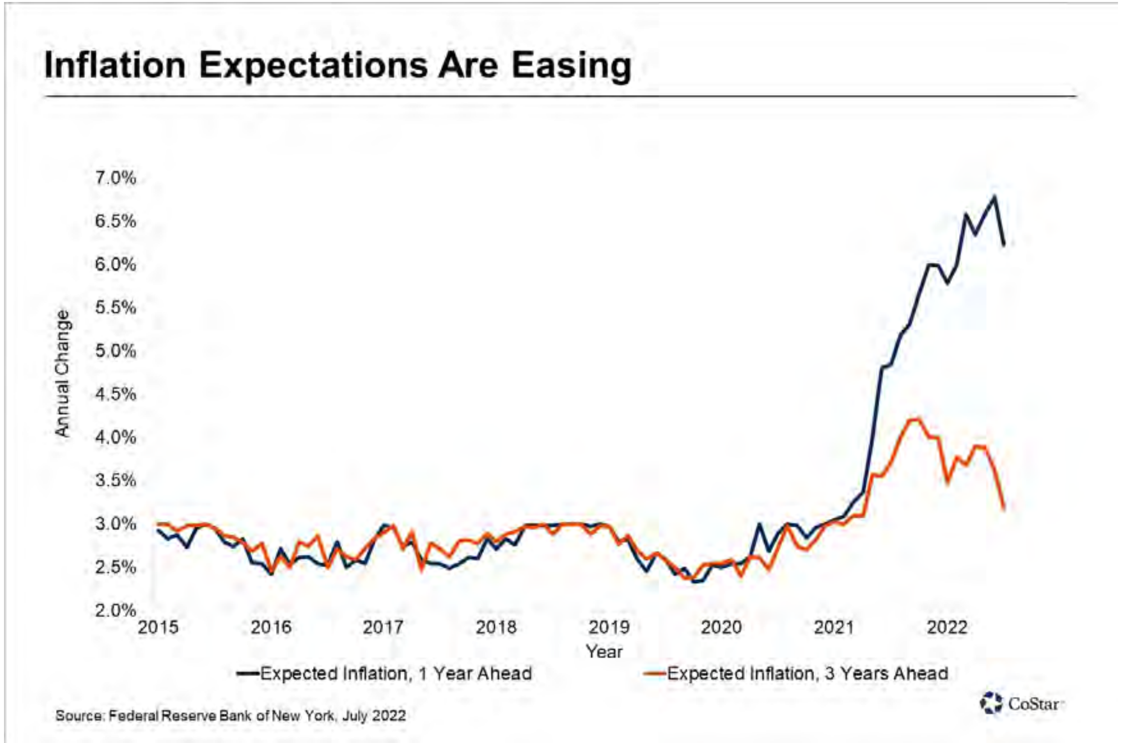
Keep your head down
Don't listen to negativity
Do your thing
Stay focused

KICK YOUR OWN BUTT!

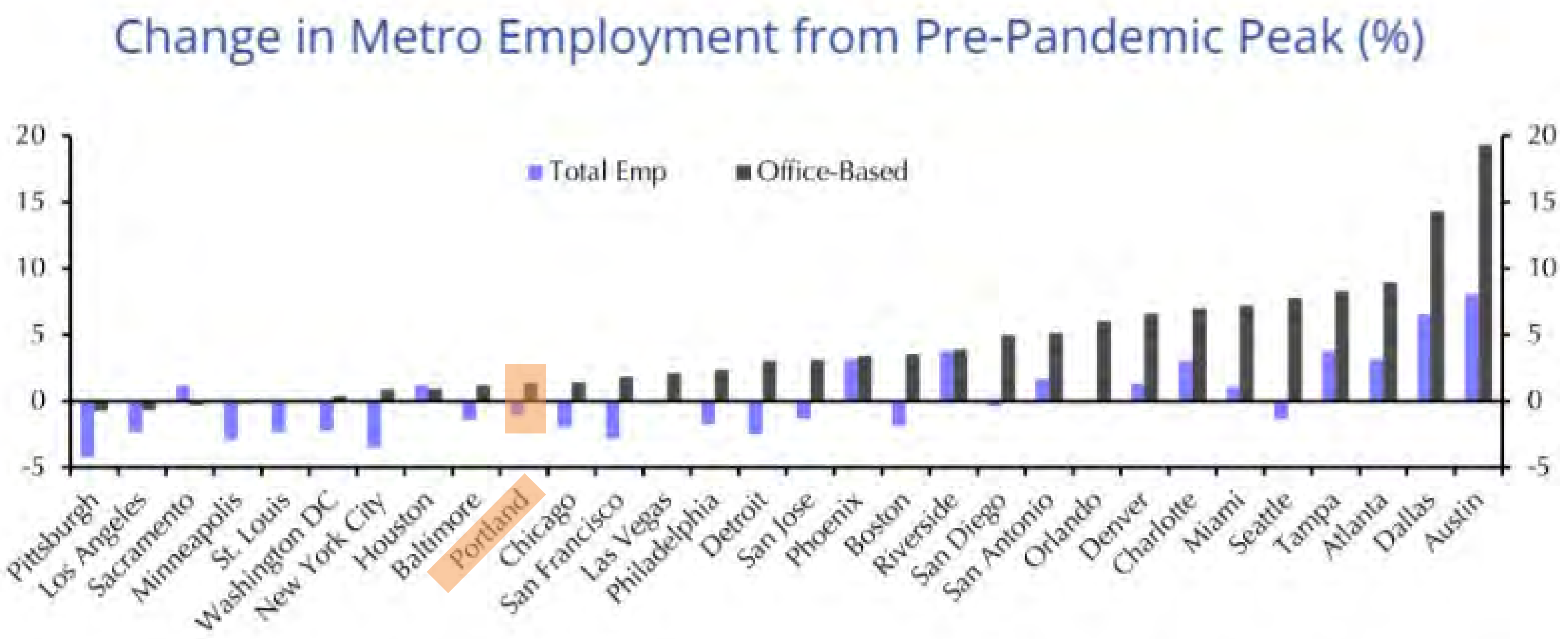

MARKET
REPORT
BY TIM PFEIFFER

ECONOMIC ANALYSIS

- It will take time for price increases to slow down to reasonable rates
- Inflation persisting near these high rates through the end of the year before slowing meaningfully in 2023
- Federal Reserve will likely stay the course with its aggressive plans



ECONOMIC ANALYSIS



Source: Capital Economics

ECONOMIC ANALYSIS

“Organizational power has shifted. The workforce is mobile, global, highly diverse, and employees are standing up to the status quo. Learn from leaders rather than resist and aggravate”.

Source: Portland Business Journal

ECONOMIC ANALYSIS

- Institute of Supply Management (ISM) provided additional evidence that consumer spending has been shifting from goods to services.

- The ISM Manufacturing Index fell to 52.8, the lowest level since June 2020. By contrast, the ISM Services Index rose to 56.7. Levels above 50 indicate that the sectors are expanding.

- During the second quarter, GDP fell at an annualized rate of 0.9%—far below the consensus forecast for an increase of 0.5%, but an improvement from a decline of 1.6% during the first quarter.

- Many components had negative readings, including inventories, private investment, consumer spending on goods, and government expenditures. Consumer spending on services was one of the few areas showing strength.

Source: Economic Observer

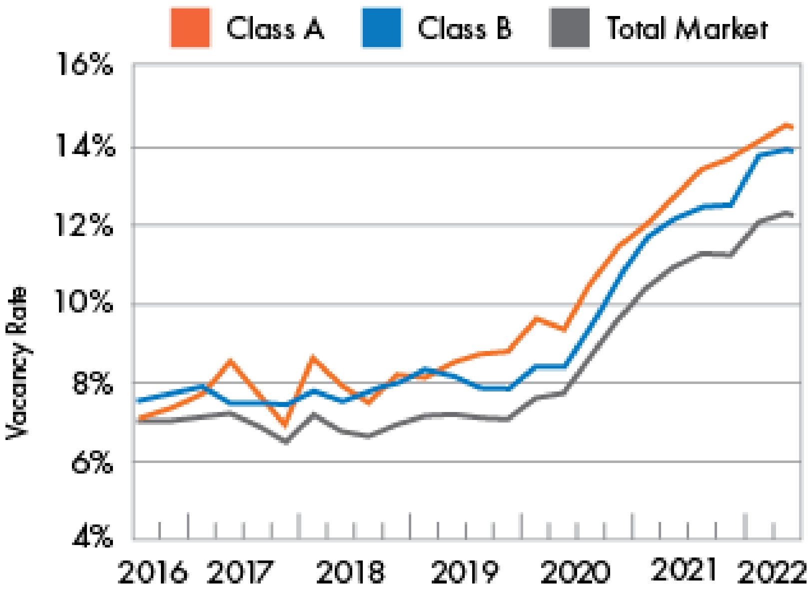
ECONOMIC ANALYSIS

- Cushman data shows that global office leasing volume increased 21% in the first half of 2022.
- U.S. office-using businesses added 635,000 jobs in the first half of 2022.
- There are now 1 million more office-using workers in the U.S., as of June 2022, than prior to the commencement of the pandemic.
- More jobs means more demand for all types of useful space, particularly office.
- Not all of those workers are actually working in offices and that growth doesn't mean office activity will return to pre-pandemic levels anytime soon. Cushman executives acknowledged that probably won't happen until the end of 2024

PORTLAND OVERVIEW

- The demand for Portland office space remains unsteady
- Workforce remains committed to a remote-work model
- Negative net absorption causing increase in vacancies

Vacancy Rates by Class
2016 – 2021



Source: CoStar

PORTLAND OVERVIEW

Absorption & Deliveries

Class A:	Negative (2,508) SF
Class B:	39,972 SF
Class C:	Negative (37,876) SF

Portland Market Snapshot

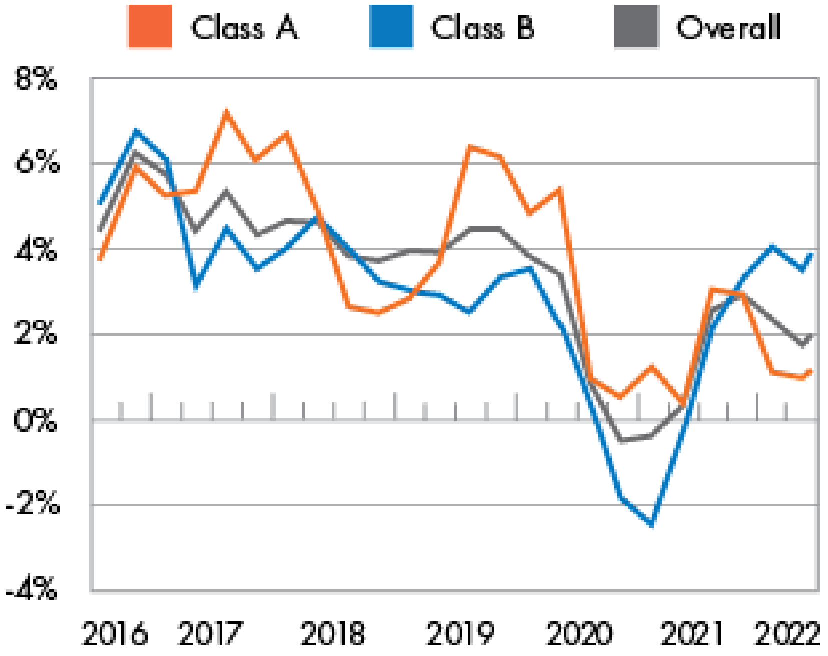
VACANCY
12.3%

RENTAL RATE
$29.01

CONSTRUCTION
570,477 SF

ABSORPTION
38 SF

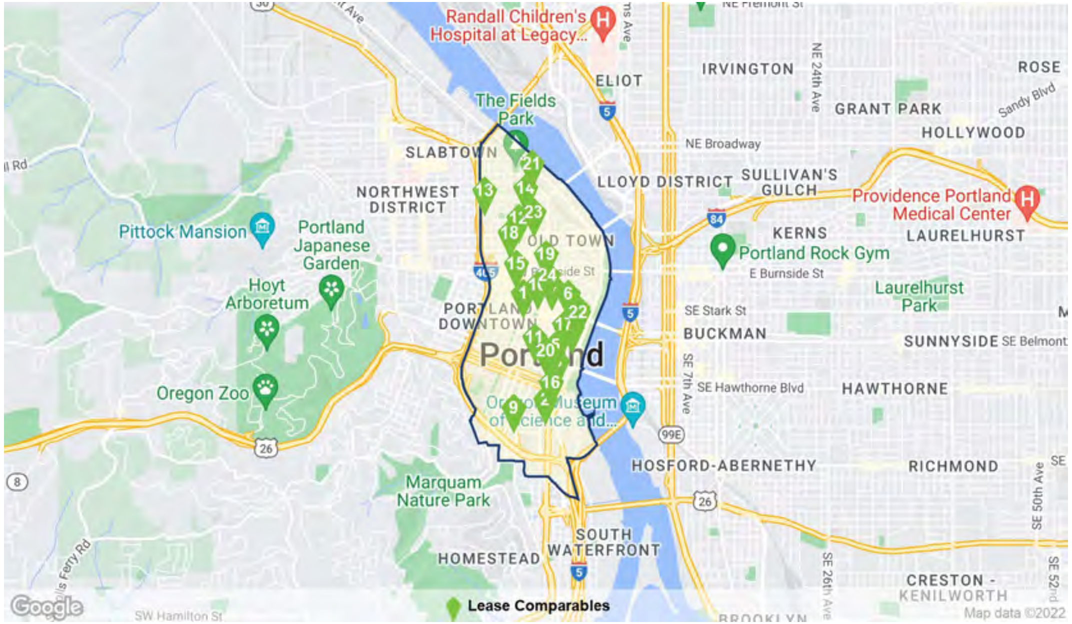
Market Rent Growth
2016 – 2021



Source: CoStar

LEASE COMPS – PORTLAND

Deals	Gross Asking Rent Per SF	Gross Starting Rent Per SF	Avg. Months On Market
36	$31.57	$29.11	24



Gross Asking Rate PSF; Low: **$21.00** Average: **$31.57** High: **$49.81**

Source: CoStar

LEASE COMPS – PORTLAND

26 SW SALMON ST - WORLD TRADE CENTER 3
PORTLAND, OR 97204

Tenant Name:	Multnomah Defenders, Inc	**Industry:**	Law
NAICS:	Offices of Lawyers	**SF Leased:**	23,000 SF
Sign Date:	Aug 2022	**Space Use:**	Office
Lease Type:	Direct	**Suite:**	N/A
Rent:	$31.00 PSF	**Rent Type:**	Full Service

Source: CoStar

LEASE COMPS – PORTLAND

621 SW MORRISON ST - AMERICAN BANK BUILDING
PORTLAND, OR 97205

Tenant Name:	Descenzo Gates Intellectual Property Law	**Industry:**	Professional, Scientific, Tech
NAICS:	Offices of Lawyers	**SF Leased:**	11,496 SF
Sign Date:	Aug 2022	**Space Use:**	Office
Lease Type:	Direct	**Suite:**	11
Rent:	$29.00 PSF	**Rent Type:**	Full Service

Source: CoStar

LEASE COMPS – PORTLAND

1125 NW COUCH ST - M FINANCIAL PLAZA
PORTLAND, OR 97209

Tenant Name:	Deloitte	**Industry:**	Finanical Services
NAICS:	N/A	**SF Leased:**	11,593 SF
Sign Date:	May 2022	**Space Use:**	Office
Lease Type:	Direct	**Suite:**	650
Rent:	$34.50 PSF NNN	**Rent Type:**	Asking

NNN $16.00 PSF

TI $100 PSF

+10 year lease

Source: CoStar

LEASE COMPS – PORTLAND

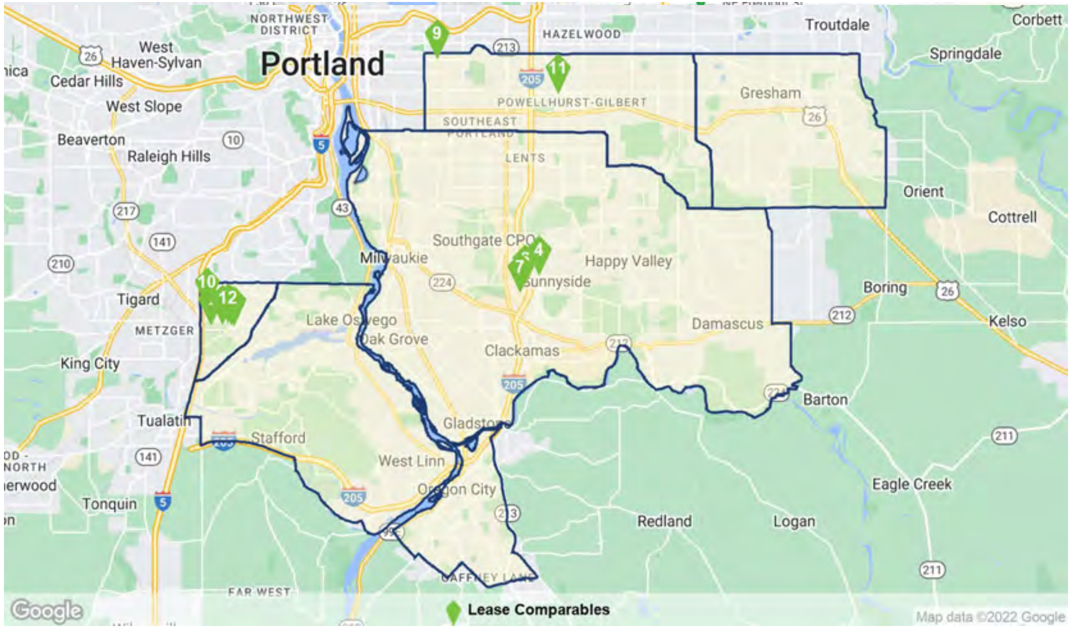
101 SW MAIN ST - ONE MAIN PLACE
PORTLAND, OR 97204

Tenant Name:	TriMet	**Industry:**	Transportation
NAICS:	Offices of Laywers	**SF Leased:**	70,000 SF
Sign Date:	May 2022	**Space Use:**	Office
Lease Type:	Direct	**Suite:**	1040, 1070, 1100
Rent:	$33.00 PSF	**Rent Type:**	Full Service

Source: CoStar

LEASE COMPS – SUBURBAN

Deals	Gross Asking Rent Per SF	Gross Starting Rent Per SF	Avg. Months On Market
15	$37.60	-	19



Gross Asking Rate PSF; Low: **$25.50** Average: **$37.60** High: **$44.00**

Source: CoStar

LEASE COMPS – SUBURBAN

6000 MEADOWS RD - CARTER CREEK MEADOWS
LAKE OSWEGO, OR 97035

SF Leased:	9,293 SF	**Sign Date:**	Aug 2022
Space Use:	Office	**Lease Type:**	Direct
Suite:	410	**Rent:**	$41.00 PSF FS
Rent Type:	Asking		

Source: CoStar

LEASE COMPS – SUBURBAN

4800 MEADOWS RD - 4800 MEADOWS
LAKE OSWEGO, OR 97035

SF Leased:	9,922 SF	**Sign Date:**	Aug 2022
Space Use:	Office	**Lease Type:**	Direct
Suite:	200	**Rent:**	$42.00 PSF FS
Rent Type:	Asking		

Source: CoStar

LEASE COMPS – SUBURBAN

12550 SE 93RD AVE - ONE MONARCH CENTER
CLACKAMAS, OR 97015

SF Leased:	9,789 SF	**Sign Date:**	Aug 2022
Space Use:	Office	**Lease Type:**	Direct
Suite:	340	**Rent:**	$34.00 PSF FS
Rent Type:	Asking		

Source: CoStar

LEASE COMPS – SUBURBAN

5300 MEADOWS RD - KRUSE OAKS I
LAKE OSWEGO, OR 97035

SF Leased:	13,003 SF	**Sign Date:**	Jun 2022
Space Use:	Office	**Lease Type:**	Direct
Suite:	300	**Rent:**	$44.00 PSF
Rent Type:	Asking		

Source: CoStar