



Pat Schreck, Vice President  
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# SUBURBAN OFFICE & FLEX MARKET UPDATE

## Second Quarter 2011

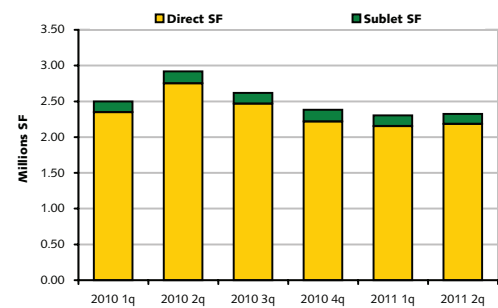


**BROKERAGE | CAPITAL GROUP | CONSTRUCTION | DEVELOPMENT**

### I-5 CORRIDOR MARKET ALL CLASSES

#### VACANT SPACE

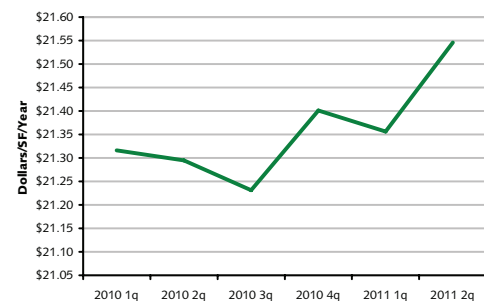
Historical Analysis, All Classes



Source: CoStar Property®

#### QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

### FOR MORE INFORMATION:

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### SUNSET CORRIDOR LEADS CHARGE

Sunset Corridor's submarkets currently lead the way in aggressive, effective rental ranges with free rent and a moving allowance or bonus packs deducted from the contract rent. Large leases in the 15,000-24,000 sf range are still commanding \$13.50 to \$15.85 sf full service effective rates. We are seeing normal spring/summer increased leasing activity mainly due to additional hiring at Intel Corporation, Nike and Columbia Sportswear Company. Expect this to continue but at a cautious, positive trend throughout the next 12 to 18 months. Until the housing market improves both in the Kruse Way and Washington Square areas, submarkets will remain an active tenant's market. Effective rents will be in the \$15.00 to \$17.00 range.

### WHAT'S HAPPENING

#### RENTS

The Central Business District is strengthening. Class B office rents average \$19.00 to \$21.00, riding on coattails of the Class A demand of \$24.00 to \$32.00 full service.

Overall, we have finally hit bottom in suburban rents due to sublease space and pocket spaces absorption. In the Kruse Way area, Hwy 217 corridor and Sunset Corridor, rents have stabilized. In one to two more years, we expect the demand for these areas to increase, strengthening this market. The Macadam Avenue area rents are up from CBD successes by \$2.00/sf.

- Sunset Corridor \$13.00 - \$18.00
- 217 Corridor \$16.00 - \$18.50
- Kruse Way \$17.50 - \$21.00
- Macadam Avenue \$19.00 - \$21.00

#### VACANCY

- CBD 9% and lowering
- Suburban office 18% - 20% still lingering
- Suburban flex 15% - 25% improving

#### SALES

Multifamily apartment sales are improving. According to a reliable source, an institutional sale of the Pearl Apartment Complex is in a bidding war with 70 interested parties and a Sub 5 cap. Prepare for a bubble burst there in less than two years. Office sales in the CBD are still hot at 6.6% to 7.05% caps as compared to 9% cap a year ago. CoStar reports sales in the last three to four quarters are mainly user sales; there have been very few sales in the \$1.5 million to \$5.0 million range.

## OIT WILSONVILLE CAMPUS LEASED

Class A office space located on I-5 in Wilsonville next to Flir Systems, Mentor Graphics, Xerox and Rockwell Collins. Up to 34,180 contiguous RSF in a highly efficient design with on-site cafeteria, shower facilities, multiple conference facilities, and employee courtyard.



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Portland, Oregon 97201  
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## FEATURED PROPERTIES

### HAYDEN ISLAND COMMERCE CENTER

2716 N Hayden Island Drive  
Building A, Suite 2770: 14,259 SF  
Building D, Suite 2762: 22,108 SF



Go to [www.melvinmark.com/properties\\_map.html](http://www.melvinmark.com/properties_map.html) for a lease flyer.

### TANASBOURNE COMMONS

17933 NW Evergreen Parkway  
Suite 206: 2,544 RSF at \$18.50/sf



Visit [www.melvinmark.com/properties\\_map.html](http://www.melvinmark.com/properties_map.html) for a lease flyer.