Industrial Market Report

Salem - OR

PREPARED BY

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INDUSTRIAL MARKET REPORT

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Overview

Salem Industrial

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
151K	(300K)	5.4%	4.3%

Salem's industrial sector will face some lingering uncertainty due to the coronavirus pandemic. Still, the sector is better positioned to navigate COVID-19 than many other commercial sectors.

Prior to the pandemic, the strong fundamentals of Salem's industrial sector had long been evident. Benefiting from strong demand, vacancies have significantly tightened in the past five years from their high of 12% at the end of the Great Recession. In the past decade, rents increased by about 54%. And with Amazon's new 1-million-SF fulfillment center raising the profile of Salem's industrial sector, speculative construction was on the rise. However, the bankruptcy of NORPAC Foods did prompt some local turmoil.

Several large trades closed in January 2020, most related to the NORPAC bankruptcy. In July 2019, the Amazon building sold for $105.5 million, likely marking Salem's largest-ever industrial deal. By contrast, the metro's historical average for industrial sales volume is near $30 million, and both buyers and sellers are typically local.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	16,874,151	5.1%	$8.12	5.7%	(82,809)	0	70,000
Specialized Industrial	11,638,964	6.3%	$7.71	7.7%	74,761	0	0
Flex	1,542,432	1.9%	$13.62	2.0%	74	0	0
Market	**30,055,547**	**5.4%**	**$8.25**	**6.3%**	**(7,974)**	**0**	**70,000**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.5%	6.9%	5.6%	12.7%	2010 Q3	2.7%	2016 Q4
Net Absorption SF	(300K)	182,673	132,230	1,588,857	2015 Q3	(1,436,450)	2006 Q4
Deliveries SF	151K	223,522	197,623	1,235,309	2018 Q4	0	2012 Q4
Rent Growth	4.3%	2.7%	4.0%	7.0%	2016 Q2	-4.2%	2009 Q4
Sales Volume	$55.8M	$31.7M	N/A	$210.7M	2020 Q1	$0	2006 Q2

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The industrial sector may be best positioned among commercial real estate property types to endure the lingering effects of the pandemic. Demand may increase for distribution and last-mile industrial facilities as consumers continue online shopping for necessity-based goods. By contrast, manufacturers may experience difficulty, with trouble accessing materials and supplies, reduced customer orders, and labor shortages.

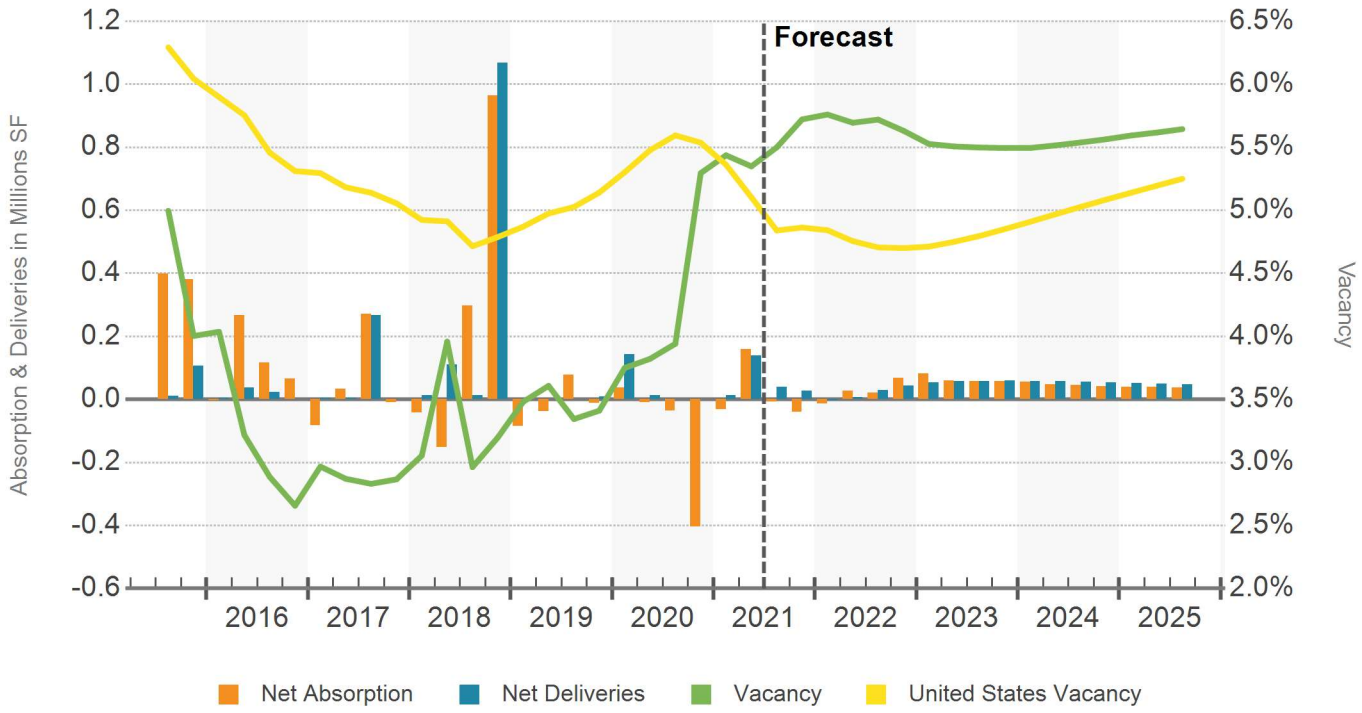
In October 2020, a 496,000 SF cold storage facility came on the market for lease, formerly occupied by NORPAC Foods. This pushed Salem's retail vacancy rate above 4% for the first time in years. NORPAC Foods, which employed about 1,500 local workers, announced its bankruptcy in August 2019. In January 2020, it sold two local industrial portfolios, totaling about 1.4 million SF, in a bankruptcy sale.

The NORPAC bankruptcy aside, vacancies have significantly compressed in the face of strong absorption and limited inventory expansion. In the spring of 2018, solar manufacturer Panasonic Eco Solutions Solar America closed its 129,000-SF Salem plant, and 92 employees lost their jobs. Despite this, the property was acquired in March 2018 by the Reich Brothers for $7.7 million. The firm specializes in value-add acquisitions of dormant manufacturing facilities. After renovations, the entire facility was leased to Amazon for use as a last-mile delivery warehouse. The lease was signed in October 2019 and the property is now listed for sale at $28.5 million ($219/SF) at a 5.09% cap rate. In addition, Amazon's new 1-million-SF fulfillment center in Salem at the Mill Creek Corporate Park brought 1,000 new local jobs, underscoring the continued attractions of the region's industrial sector.

In general, Salem's manufacturing sector is centered on food processing. One of the metro's largest tenants is Americold Realty Trust, occupying 800,000 SF. Winco Foods owns and occupies an 828,000-SF building in Woodburn. Kettle Foods, a Diamond Foods-brand potato chip manufacturer, is locally headquartered. Two hardware stores also have a large industrial footprint: Home Depot occupies a 466,000-SF distribution center in Mill Creek Corporate Center, while Do It Best occupies 380,000 SF in Woodburn.

With large tracts of land available for development, Salem aggressively solicits investment. SEDCOR—the Mid-Willamette Valley's Strategic Economic Development Corporation—is the state's largest economic development group and helps to secure regional capital investment. State and local tax incentives, financing options and assistance, and other incentive programs are available to businesses locating in Salem.

NET ABSORPTION, NET DELIVERIES & VACANCY



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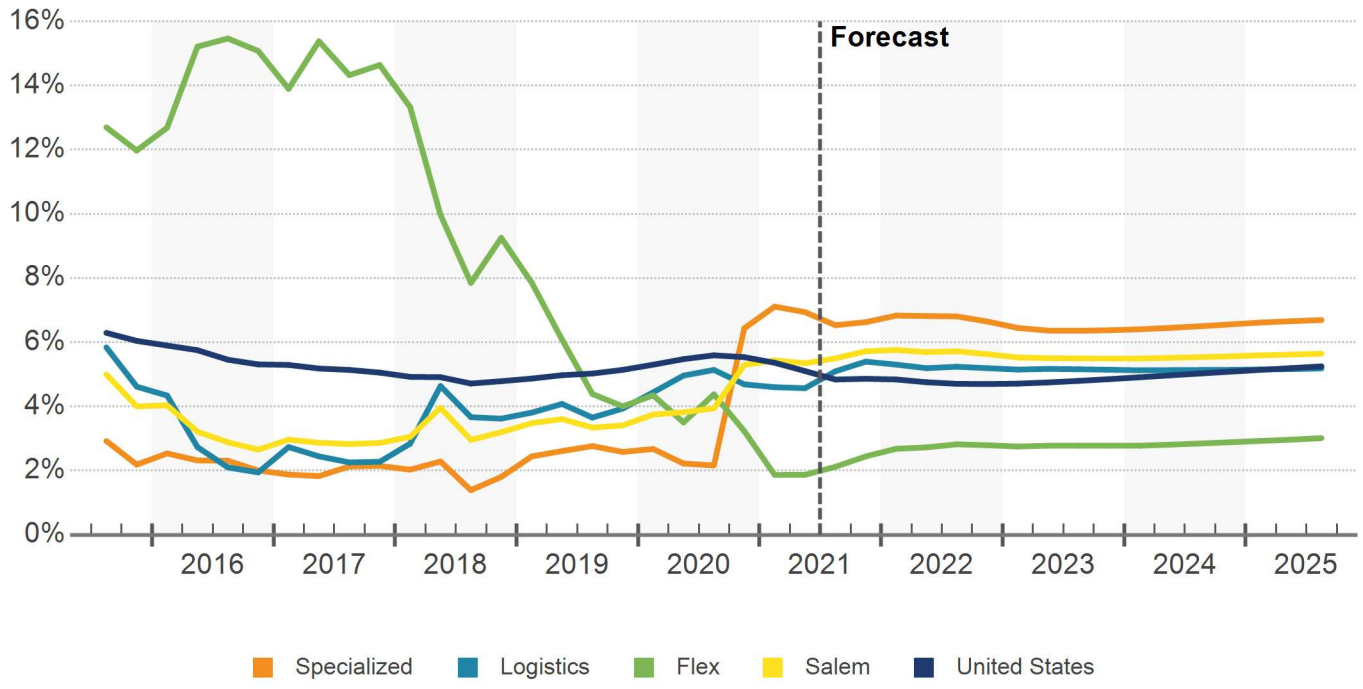
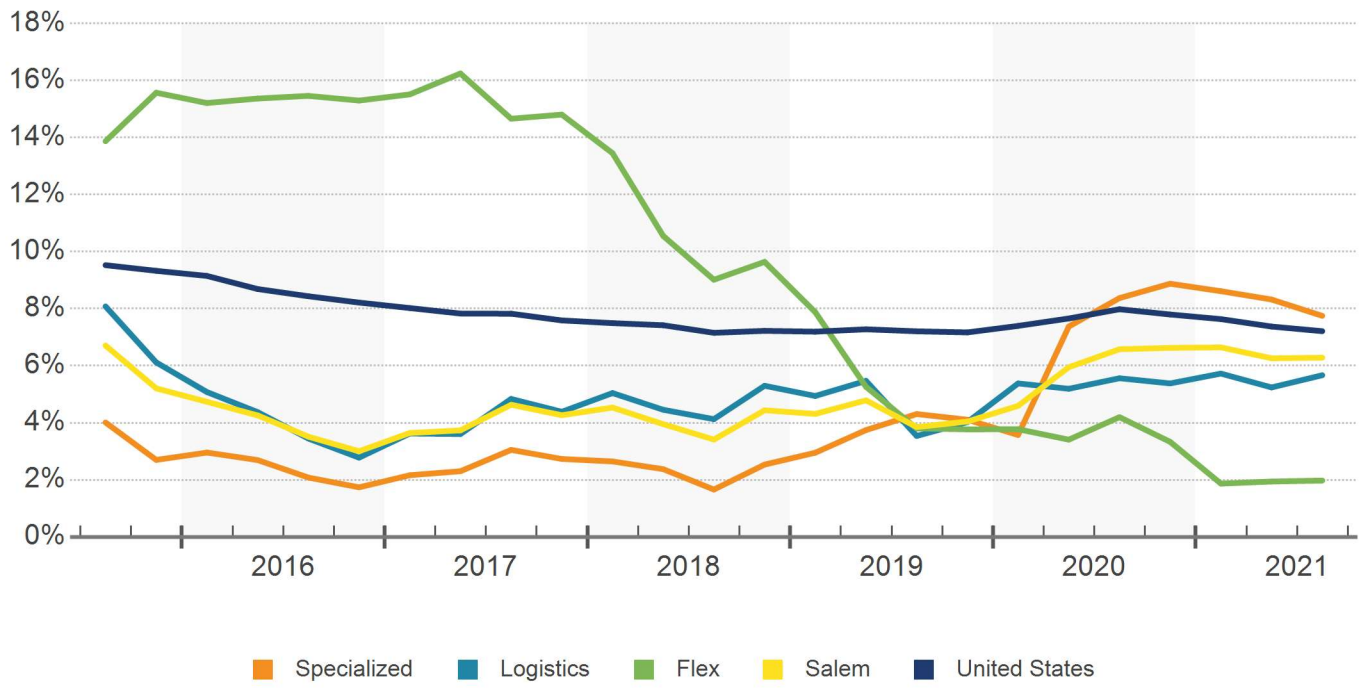
VACANCY RATE



AVAILABILITY RATE



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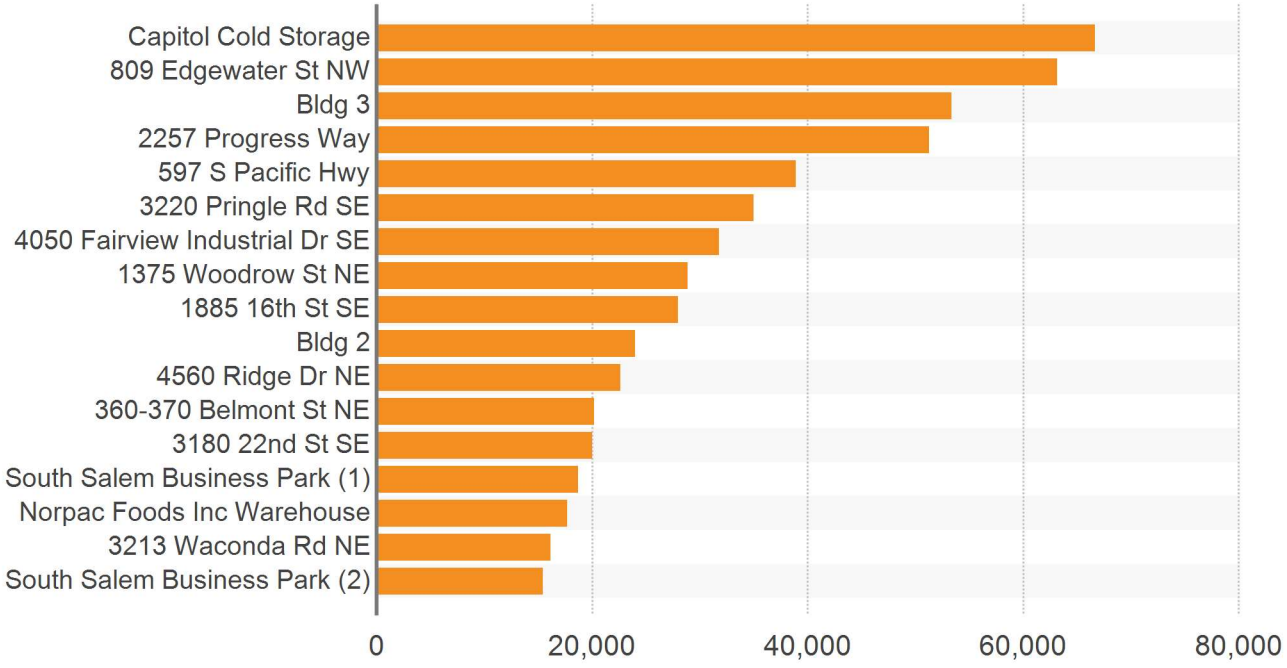
12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Capitol Cold Storage	Marion County	66,660	0	0	0	0	0	66,660
809 Edgewater St NW	Polk County	111,076	12,000	0	0	39,065	0	63,199
Bldg 3	Marion County	62,550	0	0	0	47,220	0	53,385
2257 Progress Way	Marion County	51,274	0	0	0	0	0	51,274
597 S Pacific Hwy	Marion County	65,112	0	0	65,112	0	0	38,925
3220 Pringle Rd SE	Marion County	55,015	0	35,000	0	0	0	35,000
4050 Fairview Industrial Dr SE	Marion County	47,900	3,600	0	0	31,800	0	31,800
1375 Woodrow St NE	Marion County	28,894	0	28,894	0	0	0	28,894
1885 16th St SE	Marion County	28,000	0	0	0	0	0	28,000
Bldg 2	Marion County	48,000	0	0	0	0	0	24,016
4560 Ridge Dr NE	Marion County	22,769	0	0	22,652	0	0	22,652
360-370 Belmont St NE	Marion County	42,604	19,300	0	0	0	0	20,183
3180 22nd St SE	Marion County	20,000	0	0	0	20,000	0	20,000
South Salem Business Park (1)	Marion County	47,500	28,767	0	18,733	0	0	18,733
Norpac Foods Inc Warehouse	Marion County	315,911	0	0	0	0	0	17,677
3213 Waconda Rd NE	Marion County	77,000	0	27,000	0	0	0	16,141
South Salem Business Park (2)	Marion County	41,001	25,582	0	7,764	7,655	0	15,419
Subtotal Primary Competitors		**1,131,266**	**89,249**	**90,894**	**114,261**	**145,740**	**0**	**551,958**
Remaining Salem Market		28,924,281	1,526,445	(121,989)	43,853	(153,714)	0	(852,032)
Total Salem Market		**30,055,547**	**1,615,694**	**(31,095)**	**158,114**	**(7,974)**	**0**	**(300,074)**

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TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
3455 Aumsville Hwy SE	Marion County	47,220	Q3 21	The State of Oregon	-	Kidder Mathews;SVN C…
3220 Pringle Rd SE	Marion County	43,408	Q4 20	-	-	Gall Real Estate Servic…
2210 Madrona Ave SE	Marion County	40,561	Q4 20	-	-	JLL;SVN Commercial A…
4050 Fairview Industrial Dr SE	Marion County	35,400	Q2 21	NPJ	-	SVN Commercial Advis…
1375 Woodrow St NE	Marion County	28,894	Q4 20	-	-	Colliers International
1885 16th St SE	Marion County	28,000	Q3 20	Innovative Manufacturing…	-	Gall Real Estate Servic…
1150 Hawthorne Ave NE	Marion County	22,615	Q3 21	-	-	Mid-Valley Commercial…
2710 Pringle Rd	Marion County	16,800	Q1 21	-	-	Nathan Levin Co
8860 Pueblo Ave NE	Marion County	15,940	Q3 20	-	-	Coldwell Banker Comm…
2710 Pringle Rd	Marion County	13,400	Q3 20	-	-	Nathan Levin Co
2019-2025 Vista Ave SE	Marion County	13,135	Q1 21	-	-	Tradition Real Estate P…
4935 Commercial St SE	Marion County	12,400	Q2 21	FAMRV	-	SMI Real Estate
7167 3rd St SE	Marion County	10,800	Q3 21	Salem City Police Depart…	-	R&K Rentals LLC
1947 Claxter Rd NE	Marion County	10,481	Q4 20	-	-	First Commercial Real…
4445 Independence Hwy	Polk County	10,000	Q3 21	-	-	Coldwell Banker Comm…
2500 Industrial Ave *	Marion County	10,000	Q4 20	Maxim Crane Works	-	-
1518 McGilchrist St SE	Marion County	10,000	Q4 20	-	-	Hancock Real Estate
3992 Fairview Industrial Dr SE	Marion County	9,783	Q2 21	-	-	Pacific NW Properties
8810 Huff Ave NE	Marion County	9,720	Q4 20	-	-	First Commercial Real…
2019-2025 Vista Ave SE	Marion County	9,438	Q2 21	Atlantis Van LInes	-	Tradition Real Estate P…
2290 Judson St SE	Marion County	9,210	Q2 21	ServiceMaster of Salem	Mosar Commercial…	SVN Commercial Advis…
2460 Turner Rd SE	Marion County	9,000	Q4 20	-	-	SVN Commercial Advis…
2661 Cascadia Industrial St SE	Marion County	7,764	Q1 21	-	-	Pacific NW Properties
1460-1476 McDonald St NE *	Marion County	7,748	Q2 21	Power Sports	-	State Investments LLC
395 Market St NE	Marion County	7,600	Q2 21	-	-	Mosar Commercial Pro…
2050 Mcgilchrist St SE	Marion County	7,200	Q4 20	-	-	Hancock Real Estate
3540 Brooks Ave NE	Marion County	7,100	Q4 20	Vero Naturals	-	Fuller Group CRE
1385 Industrial Ave	Marion County	7,000	Q4 20	Patriot Products Group, LLC	-	KW Commercial
8855 Pueblo Ave NE	Marion County	6,900	Q3 20	-	-	Coldwell Banker Comm…
3855 Cascadia Canyon Ave	Marion County	6,004	Q3 20	-	-	Grid Property Manage…
3855 Cascadia Canyon Ave	Marion County	6,004	Q3 20	-	-	Grid Property Manage…
1125 NE Salem Industrial Dr	Marion County	6,000	Q4 20	-	-	Coldwell Banker Comm…
8920 Huff Ave NE	Marion County	4,880	Q4 20	-	-	SMI Real Estate
2355-2365 Hyacinth St NE	Marion County	4,750	Q4 20	-	-	Nathan Levin Co
565 Lloyd Ln	Polk County	4,400	Q3 21	-	-	Coldwell Banker Comm…
3992 Fairview Industrial Dr SE	Marion County	4,241	Q2 21	-	-	Pacific NW Properties
3220 Pringle Rd SE	Marion County	4,230	Q4 20	Bridgeway Recovery Serv…	-	Gall Real Estate Servic…
2661 Cascadia Industrial St SE	Marion County	4,029	Q2 21	-	-	Pacific NW Properties
2661 Cascadia Industrial St SE	Marion County	3,626	Q2 21	-	-	Pacific NW Properties
360-370 Belmont St NE	Marion County	3,500	Q3 20	-	-	Tradition Real Estate P…

*Renewal

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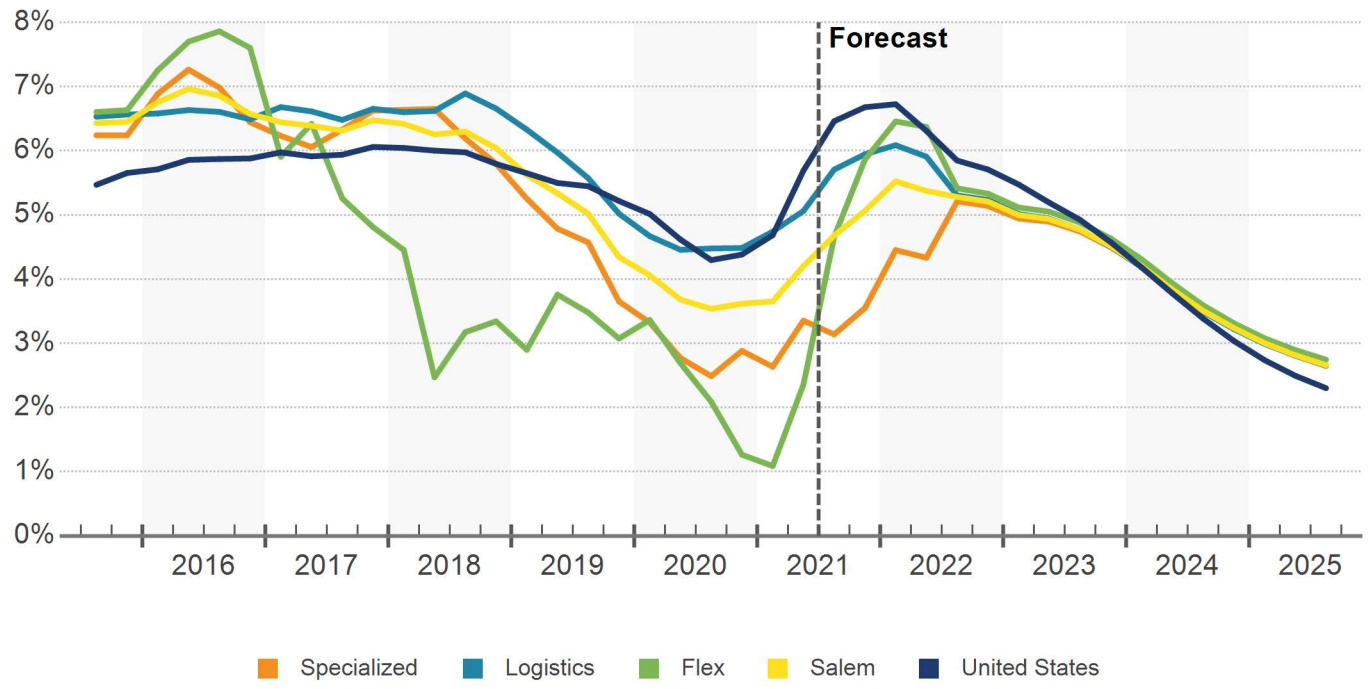
Influenced partially by COVID-19, Salem has seen slowing rent growth over the past two years. But despite the pandemic, growth is forecast to remain positive, and may have reached its low point in 21Q1. The industrial sector is faring relatively well in comparison to other commercial real estate sectors, particularly retail and hospitality.

Salem industrial rents have increased by about 54% over the past decade, reaching $8/SF. With negative performance from 2008–11, annual rent gains then shot up, rounding to 6% or higher from 2015–17.

There is a significant gap between rates in Marion and Polk counties, largely because the City of Salem—and accordingly, the bulk of the metro's population—is located in Marion County. The premium for industrial space in Marion over Polk County is about 50%.

MARKET RENT GROWTH (YOY)



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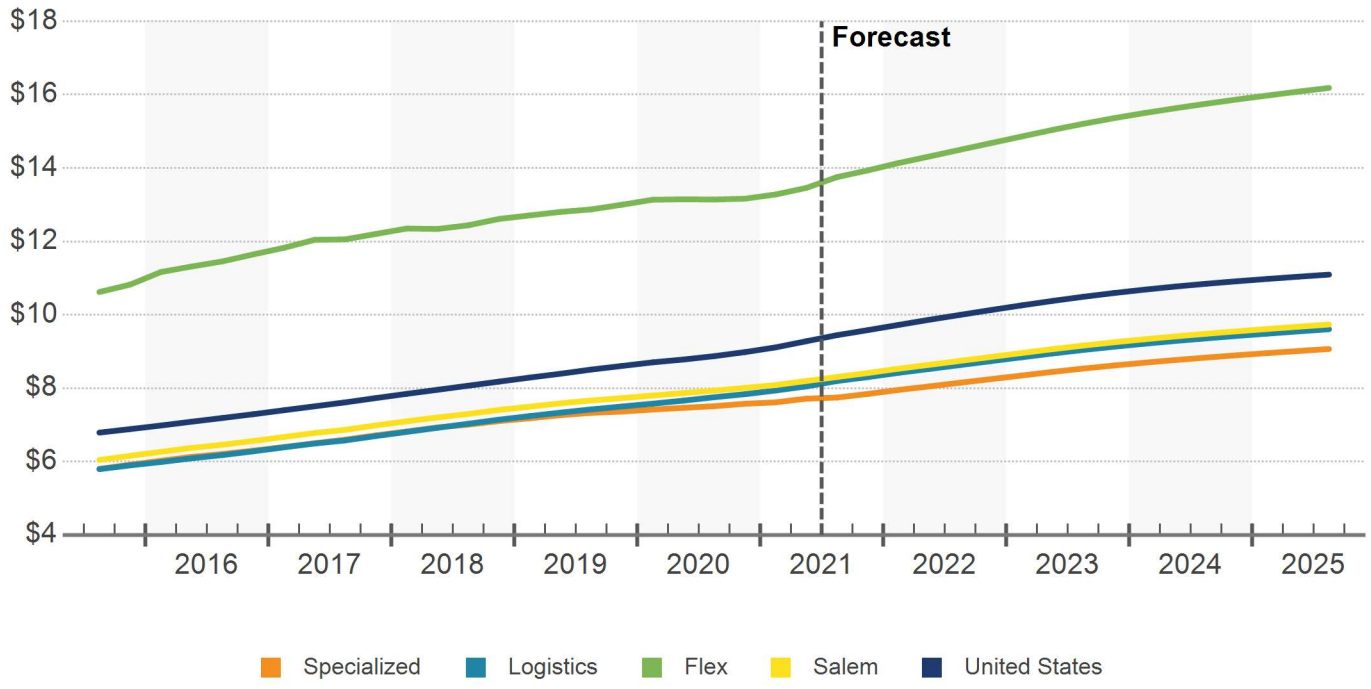
MARKET RENT PER SQUARE FEET



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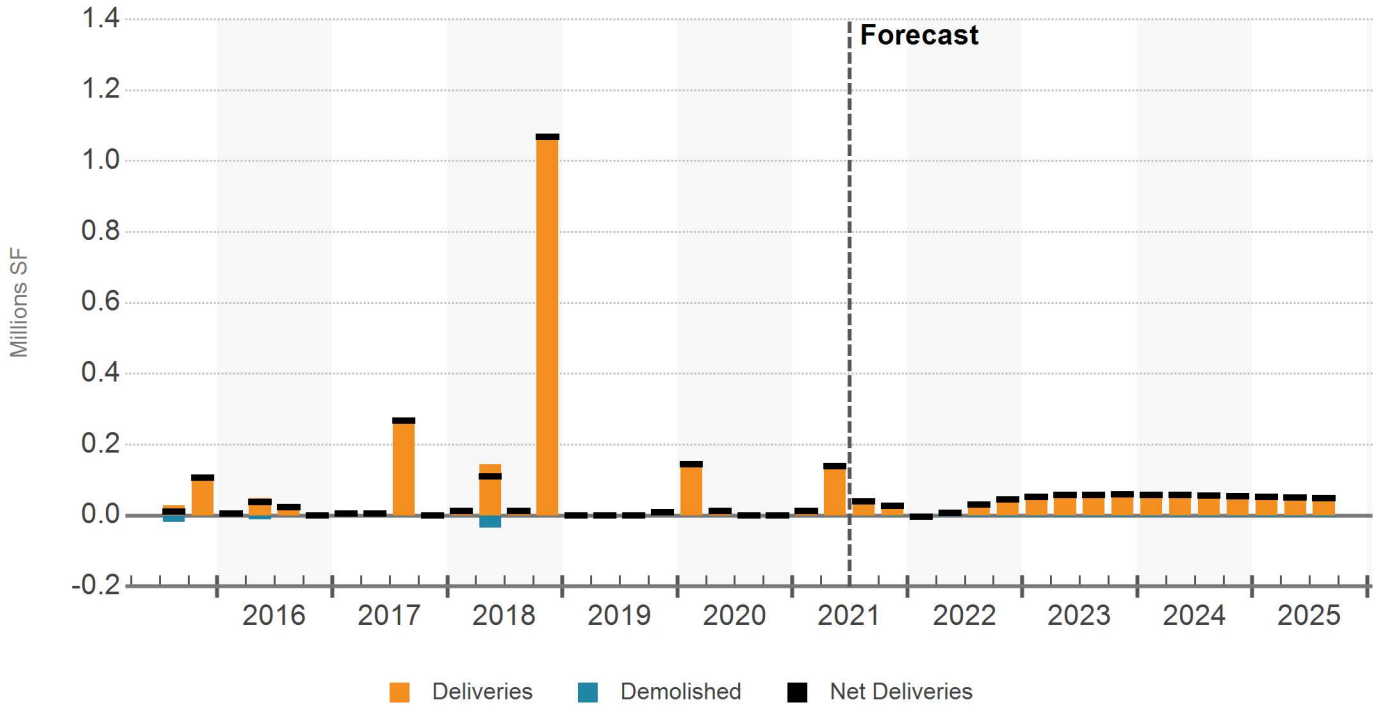
Multiple smaller projects came on line in 2020, with developers likely seeking to capitalize on Salem's strong rent growth and tight vacancies. The largest were two warehouses located in PacTrust's Mill Creek Corporate Center. Raw Advantage Processing preleased a 55,000-SF building before it broke ground; a neighboring 62,000-SF development is speculative, and 47,000 SF remains available for lease. Just one 9,000-SF industrial building came on line in 2019.

Pacific NW Properties is continuing development of its South Salem Business park, located in the Fairview Industrial area south of the airport. The park will include two buildings totaling nearly 90,000 SF. The buildings offer smaller suites with office and warehouse buildout.

The 1-million-SF Amazon Fulfillment Center in Mill Creek Corporate Center delivered in 18Q4, at $90 million in construction costs. It is estimated to employ about 1,000 workers. The building was one of three new Amazon fulfillment centers to deliver across Oregon in the fall of 2018, all three sites chosen with proximity to Portland in mind.

The vast majority of development in the past decade has been in buildings smaller than 50,000 SF. But since January 2010, Salem has seen four developments in excess of 200,000 SF. All are build-to-suits occupied by a single tenant. In addition to the Amazon project, the Hazelnut Growers of Oregon occupy a 239,000-SF project that delivered in 2017; Henningsen Cold Storage occupies a 225,000-SF development that came on line in 2014; and in 2010, the 466,000-SF Home Depot Distribution Center delivered.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

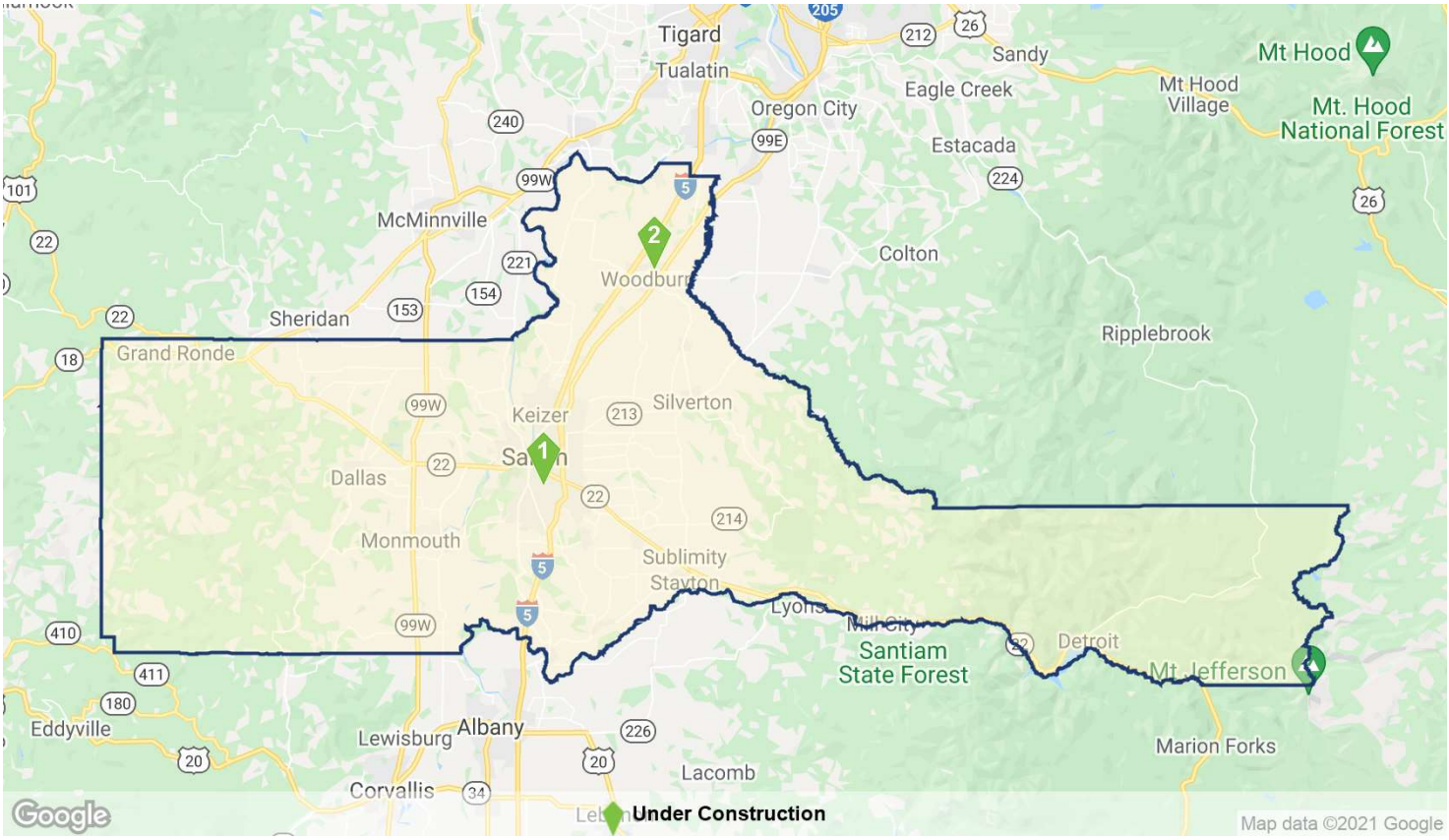
		Under Construction Inventory					Average Building Size		
No.	Submarket	Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Marion County	2	70	38	54.3%	1	27,138	35,000	1
2	Polk County	0	-	-	-	-	25,518	-	-
Totals		**2**	**70**	**38**	**54.3%**		**26,980**	**35,000**	

Under Construction Properties

Salem Industrial

Properties	Square Feet	Percent of Inventory	Preleased
2	70,000	0.2%	54.3%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	2192 Vista	★★★☆☆	40,000	1	Apr 2020	Sep 2021	- North Lot Investments LLC
2	2215 Progress Way	★★★☆☆	30,000	1	Jul 2020	Sep 2021	- Ivanov Investment Group LLC

Industrial investment in Salem is typically moderate, with the historical average around $30 million. Sales are often owner/user, and both buyers and sellers are generally based within the metro. This is primarily a local market, with little institutional investment, despite one notable recent exception: the Amazon distribution center sale in July 2019. Thus far in 2021, sales volume has been relatively understated.

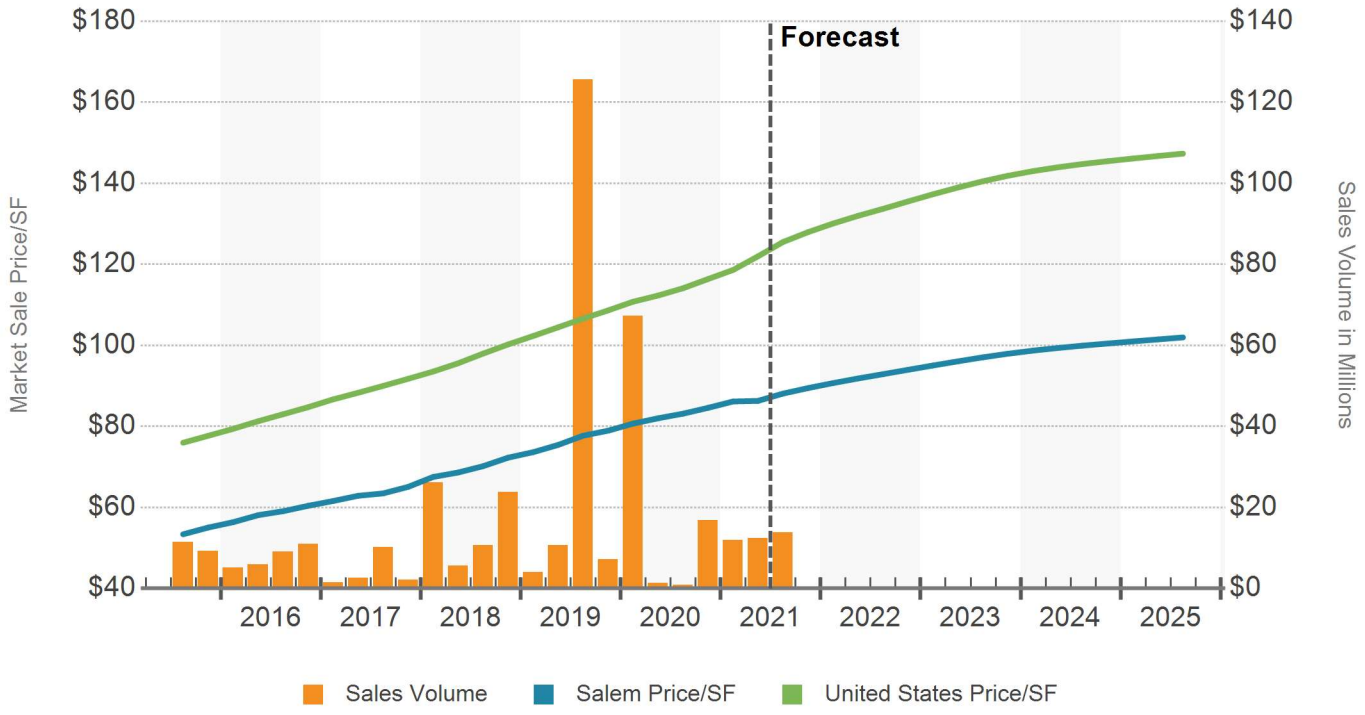
As part of Chapter 11 bankruptcy proceedings, NORPAC Foods sold two industrial portfolios in January 2020. Three food processing plants totaling 112,000 SF, located in Stayton and Brooks, sold for $17.3 million to the Oregon Potato Company. Additionally, three assets totaling 1,279,000 SF, located in Brooks and Salem, sold for $49 million to Michigan-based buyer Lineage Logistics.

Also in January 2020, the 15-building, 187,000-SF Columbia Helicopters property in Aurora sold for $23.8 million ($127/SF). W.P. Carey Inc. was the buyer, and the seller Columbia Helicopters will continue leasing the property.

In July 2019, the 1-million-SF Amazon distribution center at Mill Creek Logistics Center sold for $105.5 million ($104/SF). This transaction marked Salem's largest industrial sale of the decade, and probably ever. Amazon secured a 12-year lease on the property, which delivered in 18Q4. Capstone Partners and PCCP LLC were the sellers; AFL-CIO Building Investment Trust acquired the asset in an all-cash transaction.

The 239,000-SF Building B at Wilco Industrial Park sold in October 2018 for $22.5 million ($94/SF) at a 5.75% cap rate. Until the Amazon deal closed, this was the metro's biggest industrial sale of the decade. Occupied by Wilco and the Hazelnut Growers of Oregon, the property delivered in 17Q3. Pacific NW Properties acquired the asset from Sutherland Development.

SALES VOLUME & MARKET SALE PRICE PER SF



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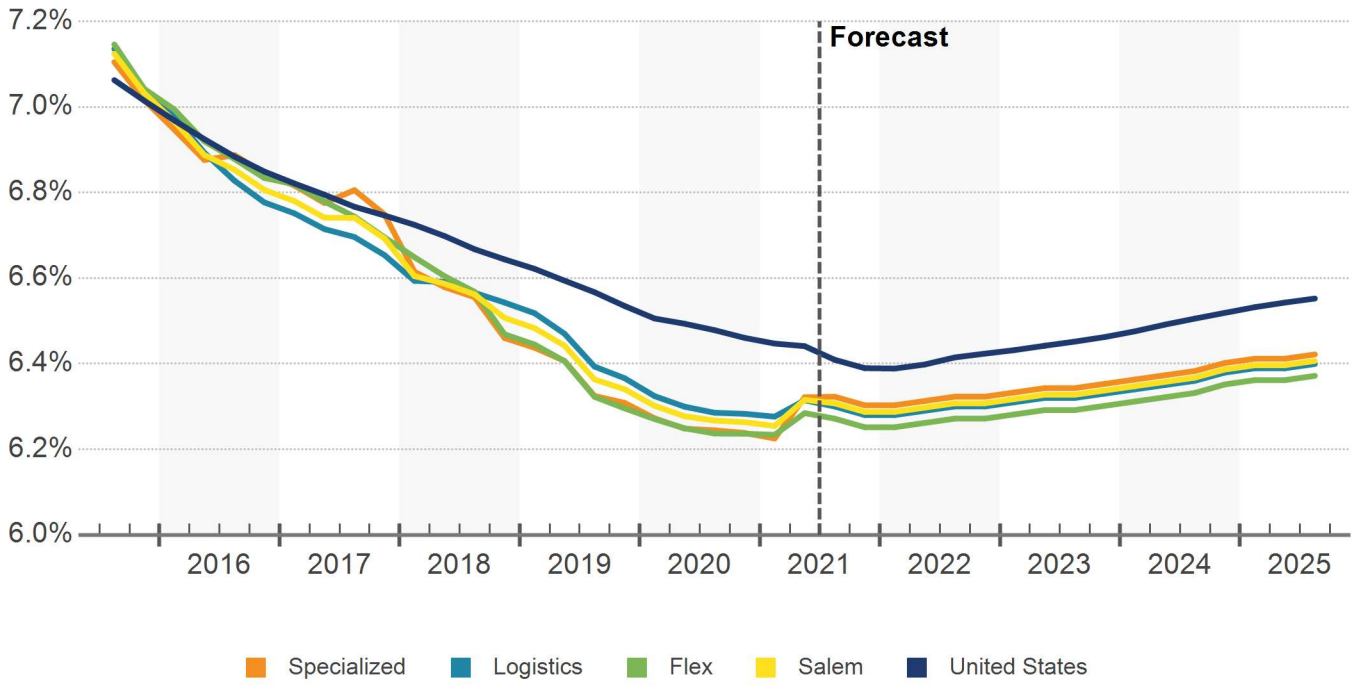
MARKET CAP RATE



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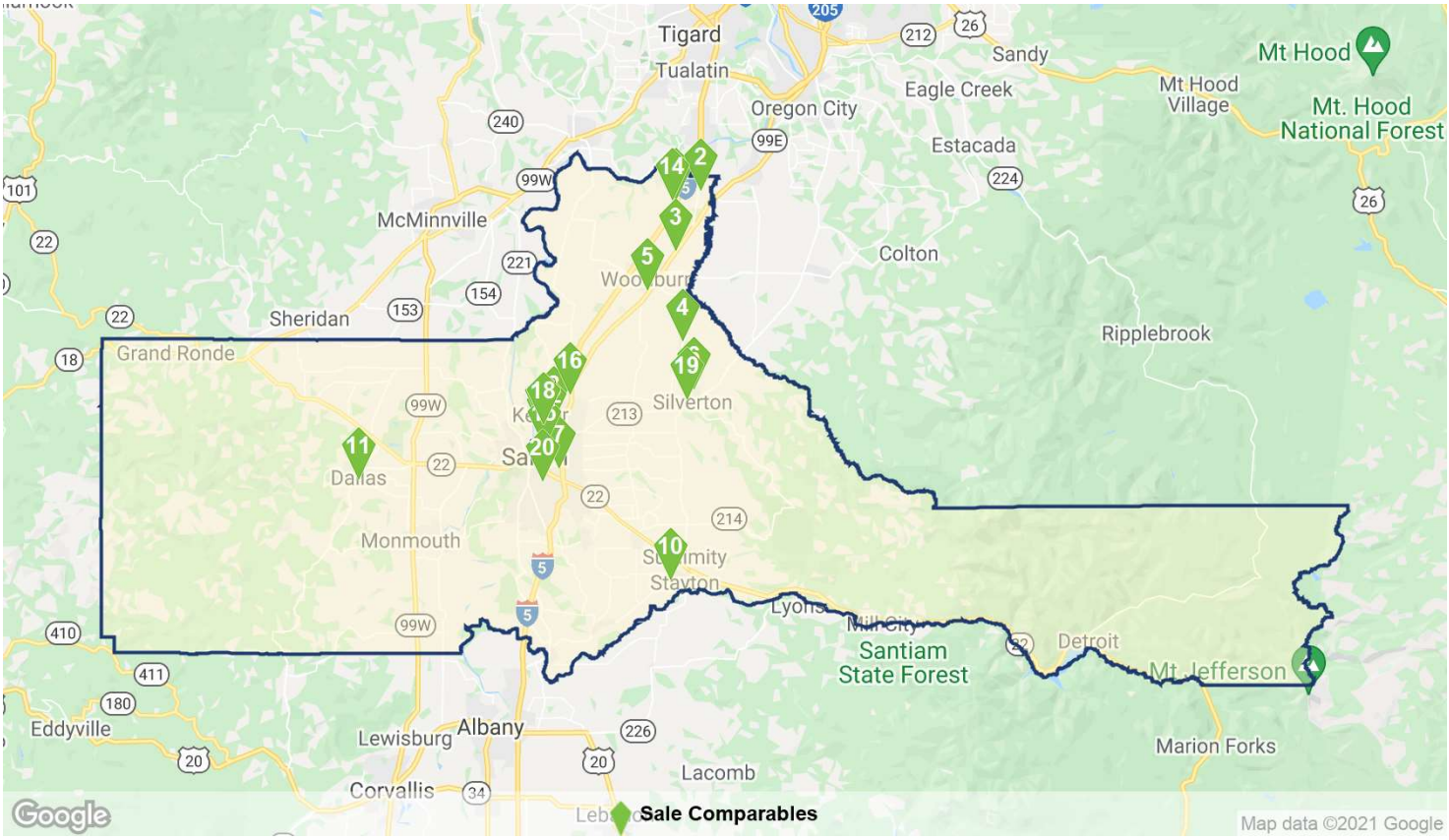
Sales Past 12 Months

Salem Industrial

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
44	6.5%	$103	8.8%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	$135,000	$1,830,138	$642,500	$7,199,778
Price/SF	$9.06	$103	$104	$636
Cap Rate	6.0%	6.5%	6.5%	7.0%
Time Since Sale in Months	0.0	6.3	5.8	11.9
Property Attributes	**Low**	**Average**	**Median**	**High**
Building SF	1,681	14,197	5,947	65,112
Ceiling Height	12'	17'11"	17'	26'
Docks	0	0	0	5
Vacancy Rate At Sale	0%	8.8%	0%	100%
Year Built	1928	1982	1989	2020
Star Rating	★☆☆☆☆	★★☆☆☆ 2.0	★★☆☆☆	★★★☆☆

Sales Past 12 Months

RECENT SIGNIFICANT SALES

	Property Name - Address	Property Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Sale Price	Price/SF	Cap Rate
1	21593 Dolores Way NE	★★☆☆☆	1982	11,320	0%	2/22/2021	$7,199,778	$636	-
2	Artex Aircraft Supply 14401 Keil Rd	★★★☆☆	1999	57,420	0%	8/10/2021	$6,500,000	$113	-
3	2500 Industrial Ave	★★☆☆☆	1998	10,000	0%	10/13/2020	$6,200,000	$620	6.0%
4	725 N Main St	★★★☆☆	2002	46,827	0%	12/7/2020	$5,100,000	$109	-
5	597 S Pacific Hwy	★★☆☆☆	1974	65,112	0%	5/24/2021	$4,300,000	$66	-
6	1302 Eska Way	★★★☆☆	1993	44,000	0%	7/26/2021	$3,650,000	$83	-
7	3350 Pipebend Pl NE	★★☆☆☆	1993	26,964	92.7%	4/13/2021	$3,500,000	$130	-
8	2282 Claxter Rd NE	★★☆☆☆	1997	22,040	0%	4/22/2021	$2,780,000	$126	-
9	2828 Cherry Ave NE	★★☆☆☆	-	65,000	0%	8/9/2021	$1,850,000	$28	-
10	1075 Wilco Rd	★★☆☆☆	-	9,500	0%	10/28/2020	$1,750,000	$184	-
11	1350 SE Shelton St	★★★☆☆	2000	22,000	0%	2/16/2021	$1,700,000	$77	-
12	1750 Salem Industrial Dr…	★★☆☆☆	1979	16,673	0%	3/23/2021	$1,655,000	$99	-
13	1130 Candlewood Dr	★★★☆☆	2020	8,549	0%	3/12/2021	$1,190,000	$139	7.0%
14	12148 Sky Ln NE	★★☆☆☆	2004	9,800	0%	10/15/2020	$1,175,000	$120	-
15	1380-1390 Madison St NE	★★☆☆☆	1936	9,544	0%	4/7/2021	$675,000	$71	-
16	6492 Portland Rd NE	★★☆☆☆	1991	8,242	0%	6/22/2021	$610,000	$74	-
17	FLEX - IG Zone 3603-3633 Candlewood Ct…	★★☆☆☆	2015	5,101	17.8%	12/8/2020	$599,588	$118	-
18	Flex - IG Zone 3643-3647 Candlewood Ct…	★★☆☆☆	2018	4,097	0%	12/8/2020	$568,707	$139	-
19	446 McClaine St	★☆☆☆☆	1945	4,080	0%	8/6/2021	$495,000	$121	-
20	2130 Davcor Ct	★☆☆☆☆	1994	5,894	0%	12/9/2020	$475,000	$81	-

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Fifty miles south of Portland on the I-5 corridor, Salem is the capital city of Oregon and the second-largest metro in the state. The COVID-19 pandemic was particularly devastating to the leisure and hospitality and retail trade sectors in the metro area. From an unemployment rate of 3.5% in March, unemployment reached 13.1% in April following record-breaking job losses. However, Oregon's business related restrictions to combat the outbreak have since been lifted and stores and restaurants can now operate at full capacity.

With its high concentration of government jobs, Salem is better positioned than many other metros to weather storms such as the pandemic. Still, during the Great Recession, the stark job losses across Salem mirrored the national trend line. Salem did not see positive job growth until 2012. But from 2013 through 2019, Salem's employment growth outpaced national performance.

Salem is home to two mid-sized universities: Willamette University, the oldest institution of higher education in the American West, with 2,400 enrolled students, and Western Oregon University in Monmouth, with 5,200 students. The metro also contains four state prisons, including the Oregon State Penitentiary, Oregon's only maximum security prison. As a hub for area farming communities, Salem is a major agricultural food processing center.

According to the City of Salem's 2020 Fiscal Year Comprehensive Annual Financial Report, the State of Oregon is by far the city's largest employer, with 20,100 employees. Six total employers have more than 1,000 employees, including Salem Health/Salem Hospital (5,200 employees), Salem-Keizer School District (4,759), the federal government (1,800), Marion County (1,757), and the City of Salem (1,305). Amazon joined this list in August 2019, commencing operations at its new 1-million-SF distribution center with 1,000 employees, but the staff has since been reduced to 800 temporarily. Norpac Foods Inc., with 1,200 employees, was the city's largest non-governmental employer until its bankruptcy in 2019.

SALEM EMPLOYMENT BY INDUSTRY IN THOUSANDS

	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
Industry	**Jobs**	**LQ**	**Market**	**US**	**Market**	**US**	**Market**	**US**
Manufacturing	12	0.8	4.66%	5.12%	0.50%	0.66%	0.37%	0.07%
Trade, Transportation and Utilities	30	0.9	4.89%	6.07%	2.03%	0.95%	0.81%	0.39%
Retail Trade	19	1.1	5.21%	6.25%	1.34%	0.46%	1.00%	0.33%
Financial Activities	7	0.7	3.94%	2.45%	0.02%	1.43%	1.18%	0.59%
Government	40	1.6	0.89%	0.13%	0.02%	-0.16%	0.66%	0.85%
Natural Resources, Mining and Construction	14	1.5	4.58%	6.39%	6.65%	2.60%	1.85%	0.76%
Education and Health Services	31	1.1	5.10%	6.08%	3.31%	1.71%	1.60%	1.43%
Professional and Business Services	15	0.6	9.05%	7.42%	3.22%	1.96%	1.60%	1.27%
Information	2	0.5	17.29%	6.14%	3.39%	0.40%	0.07%	1.93%
Leisure and Hospitality	15	0.9	16.17%	23.39%	2.26%	1.02%	2.92%	2.94%
Other Services	5	0.8	8.87%	9.42%	0.47%	0.52%	0.57%	0.87%
Total Employment	**171**	**1.0**	**5.35%**	**6.67%**	**1.88%**	**1.10%**	**1.24%**	**1.08%**

Source: Oxford Economics

LQ = Location Quotient

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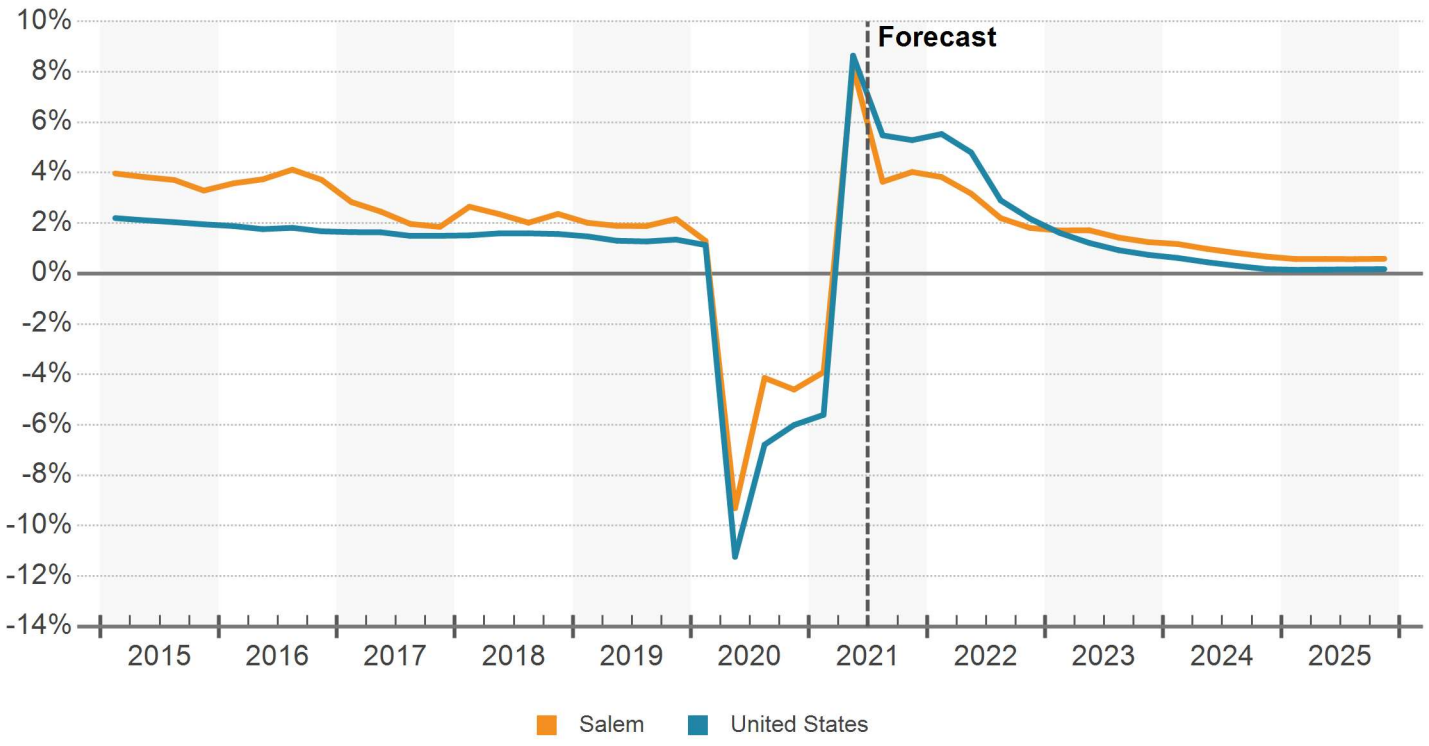
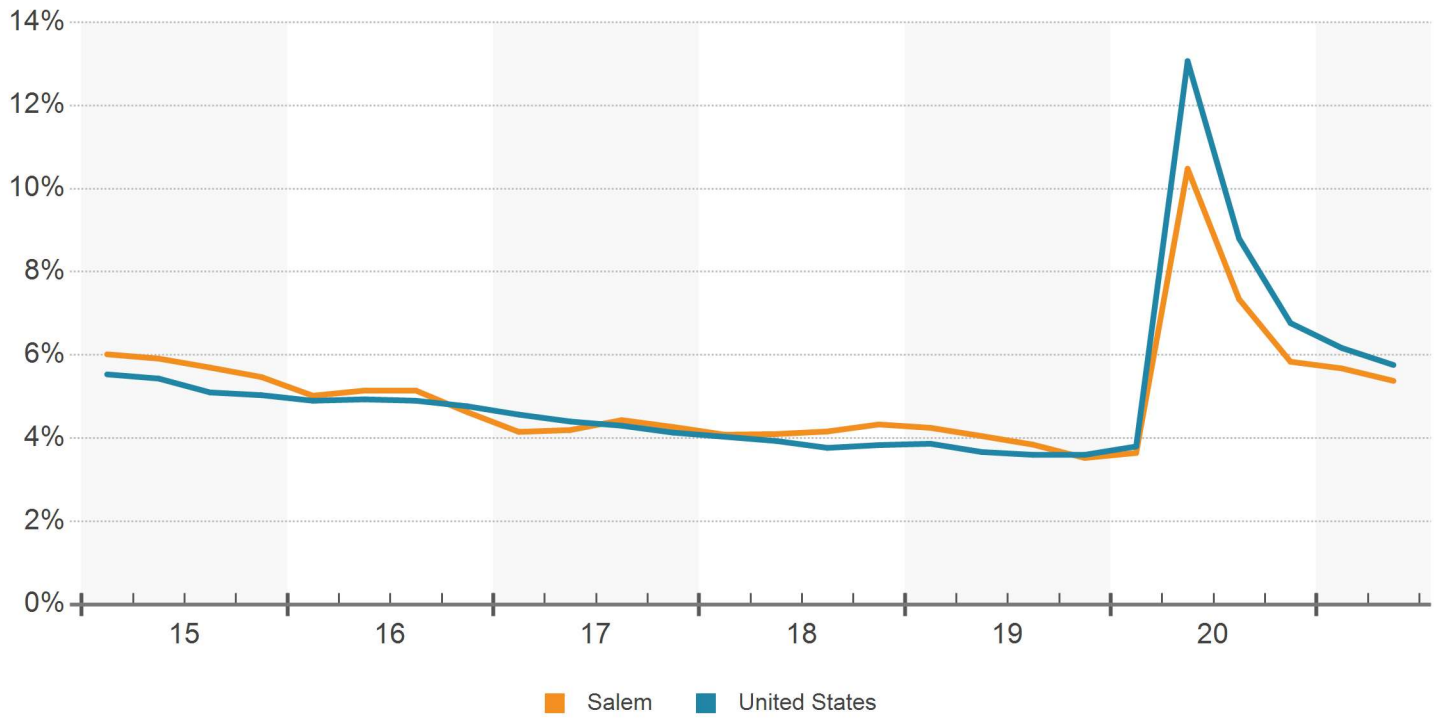
JOB GROWTH (YOY)



Source: Oxford Economics

UNEMPLOYMENT RATE (%)



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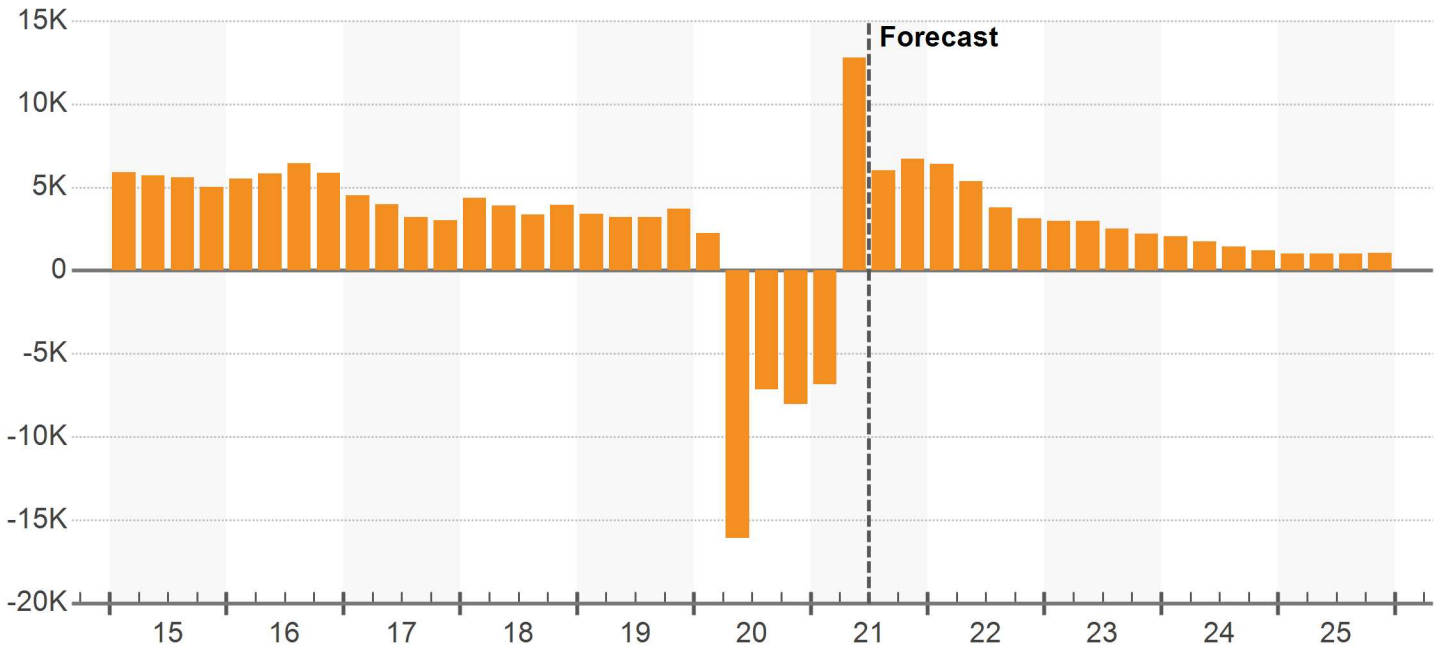
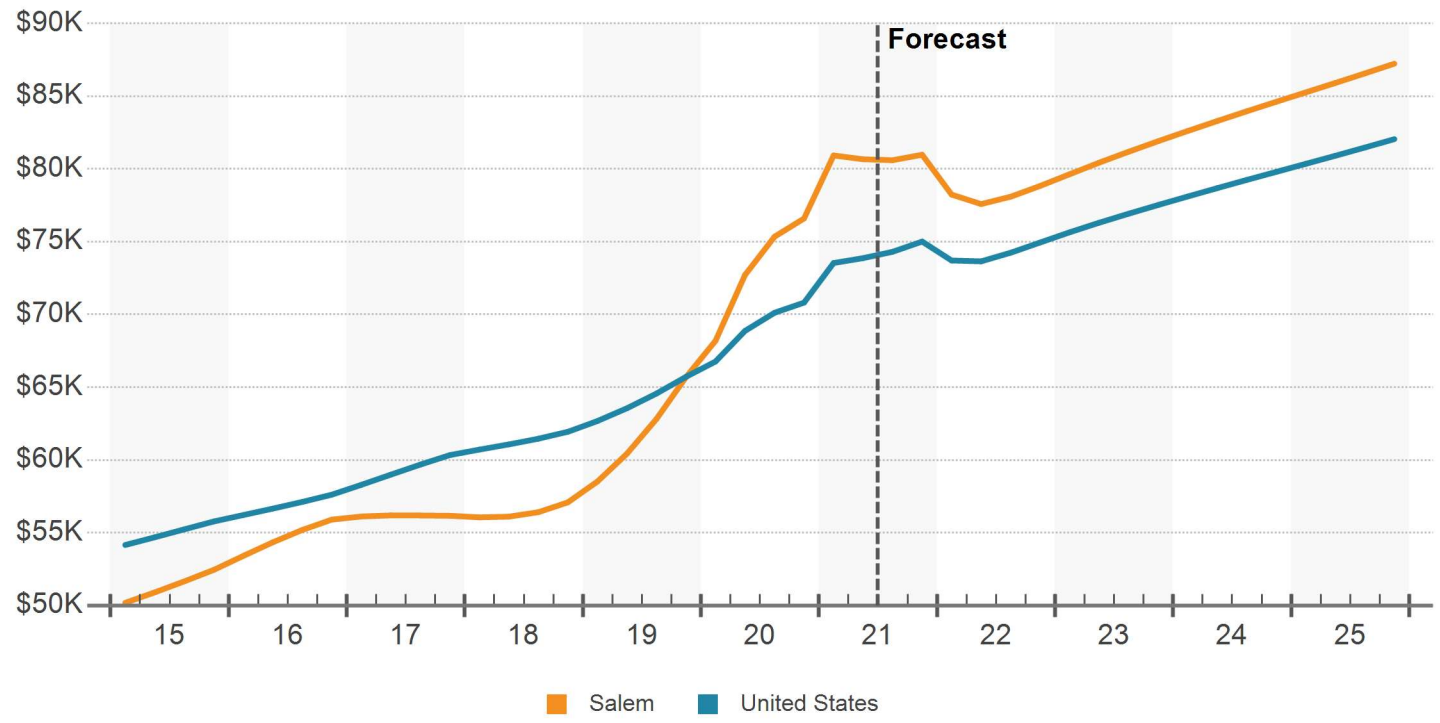
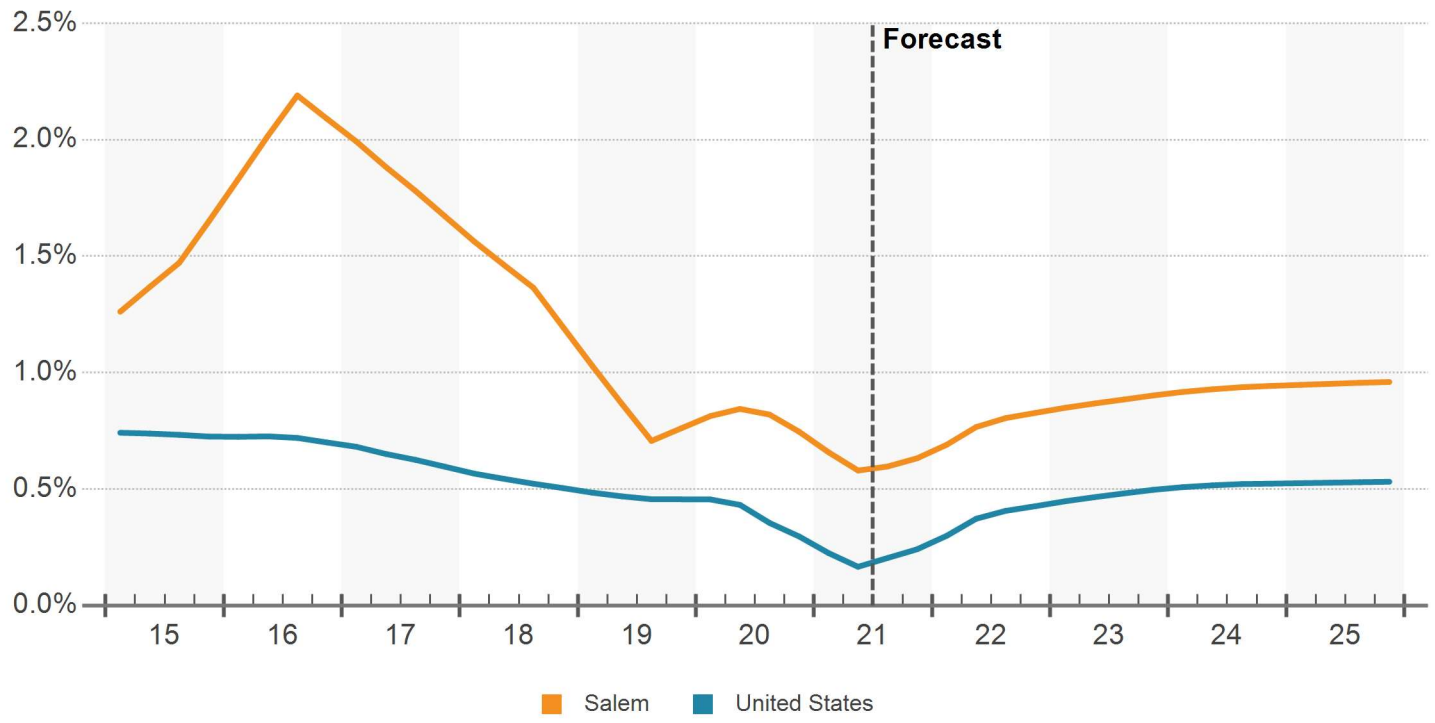
NET EMPLOYMENT CHANGE (YOY)



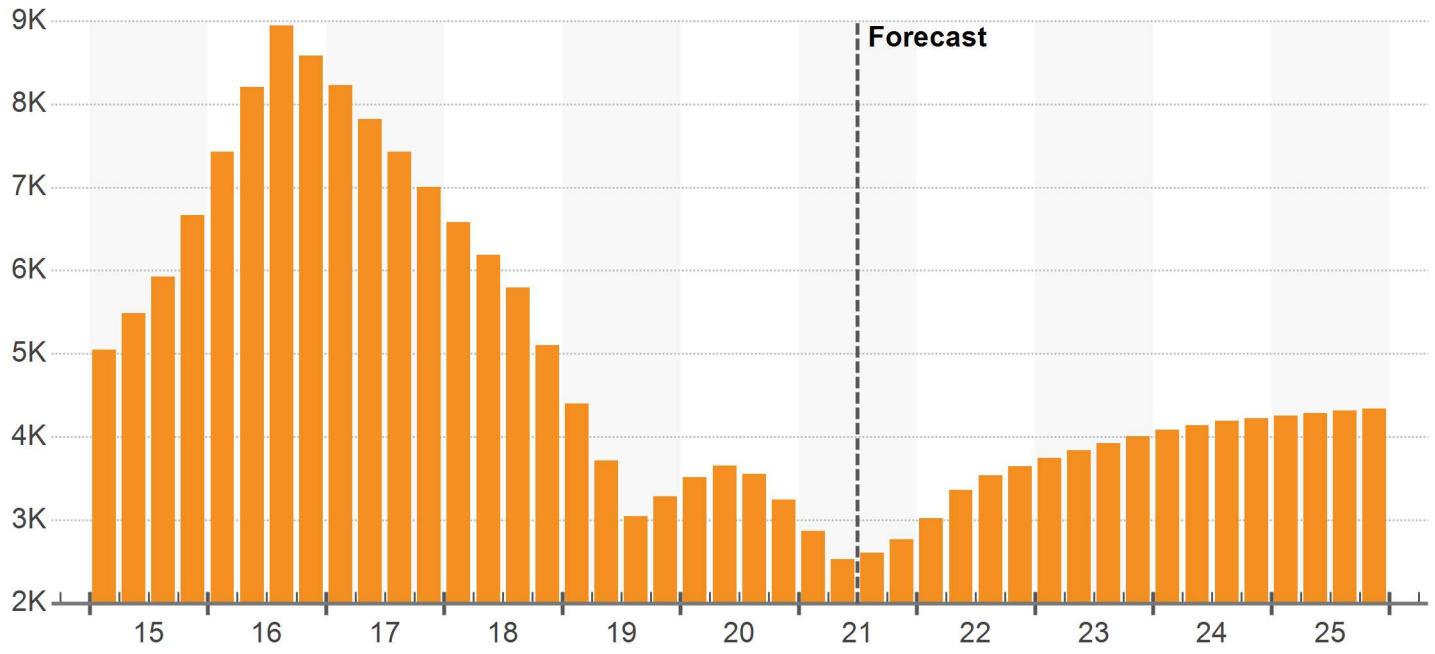
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)



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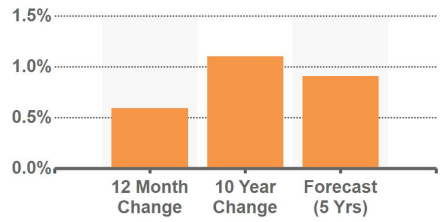
DEMOGRAPHIC TRENDS

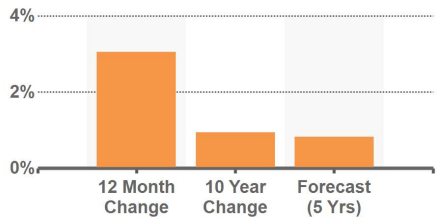
	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
Demographic Category	**Metro**	**US**	**Metro**	**US**	**Metro**	**US**	**Metro**	**US**
Population	439,510	330,242,875	0.6%	0.2%	1.1%	0.6%	0.9%	0.5%
Households	154,256	123,357,375	0.5%	0.1%	1.0%	0.7%	0.9%	0.4%
Median Household Income	$80,619	$74,132	8.5%	6.5%	5.8%	4.0%	2.0%	2.4%
Labor Force	208,219	162,105,313	3.0%	1.6%	0.9%	0.5%	0.8%	0.7%
Unemployment	5.4%	5.8%	-3.2%	-4.7%	-0.5%	-0.3%	-	-

Source: Oxford Economics

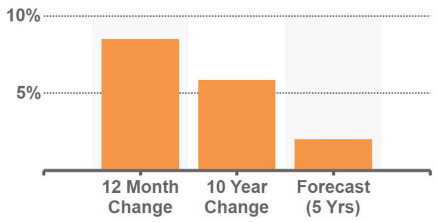
POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH



Source: Oxford Economics

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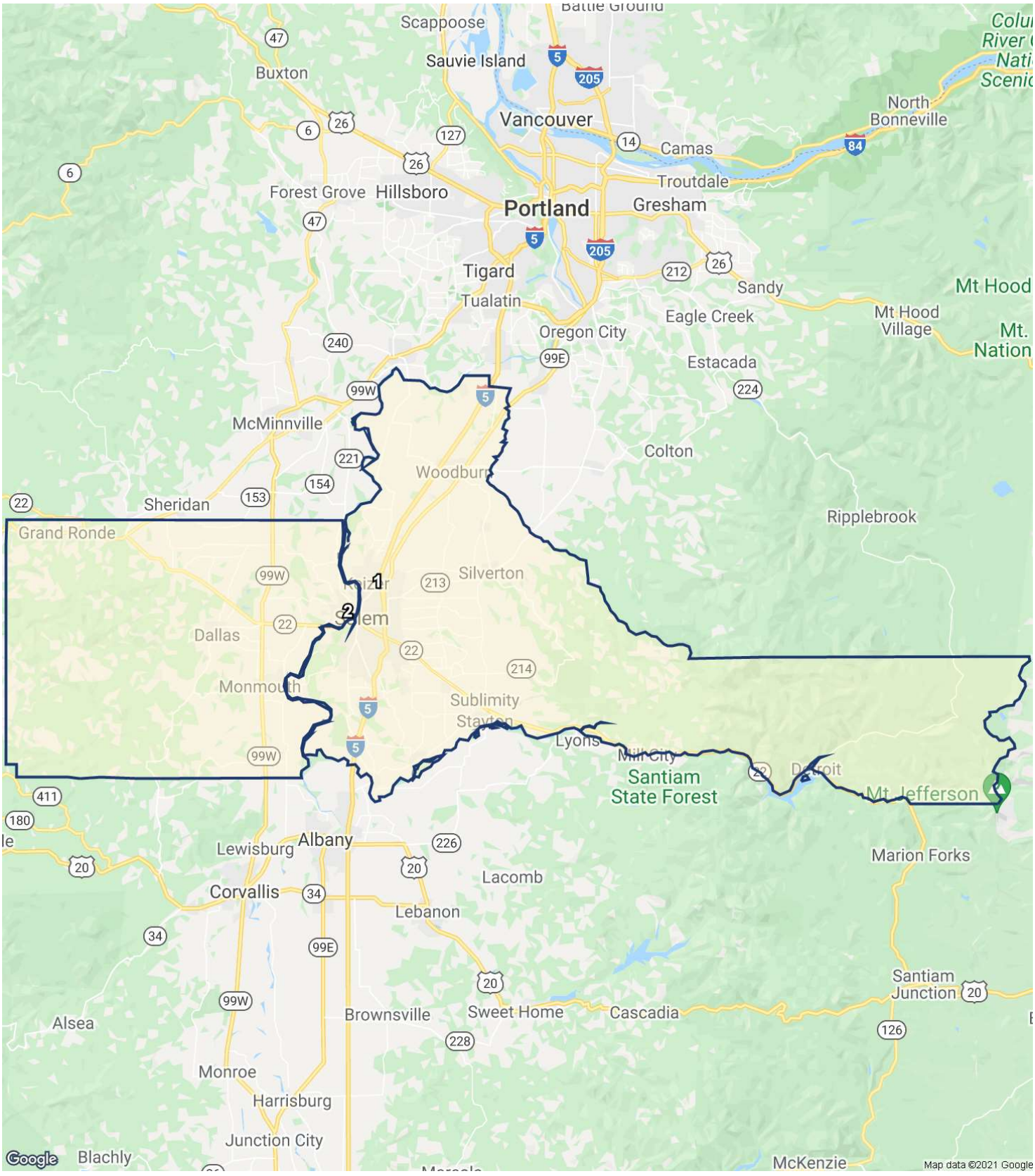
SALEM SUBMARKETS



Submarkets

SUBMARKET INVENTORY

		Inventory				12 Month Deliveries				Under Construction			
No.	Submarket	Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Marion County	1,005	27,274	90.7%	1	5	151	0.6%	1	2	70	0.3%	1
2	Polk County	109	2,781	9.3%	2	0	0	0%	-	0	-	-	-

SUBMARKET RENT

		Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
No.	Submarket	Per SF	Rank	Growth	Rank	Growth	Rank
1	Marion County	$8.49	1	4.3%	2	3.9%	2
2	Polk County	$5.81	2	4.3%	1	5.7%	1

SUBMARKET VACANCY & NET ABSORPTION

		Vacancy			12 Month Absorption			
No.	Submarket	SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Marion County	1,094,004	4.0%	1	(76,556)	-0.3%	1	-
2	Polk County	521,690	18.8%	2	(223,519)	-8.0%	2	-

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Supply & Demand Trends

OVERALL SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	30,842,959	194,379	0.6%	148,232	0.5%	1.3
2024	30,648,580	222,742	0.7%	188,365	0.6%	1.2
2023	30,425,838	226,523	0.8%	255,131	0.8%	0.9
2022	30,199,315	76,688	0.3%	100,994	0.3%	0.8
2021	30,122,627	218,381	0.7%	78,386	0.3%	2.8
YTD	30,055,547	151,301	0.5%	119,045	0.4%	1.3
2020	29,904,246	155,482	0.5%	(413,192)	-1.4%	-
2019	29,748,764	8,963	0%	(54,444)	-0.2%	-
2018	29,739,801	1,200,919	4.2%	1,067,493	3.6%	1.1
2017	28,538,882	276,052	1.0%	209,020	0.7%	1.3
2016	28,262,830	64,473	0.2%	442,524	1.6%	0.1
2015	28,198,357	231,416	0.8%	1,529,518	5.4%	0.2
2014	27,966,941	168,760	0.6%	1,043,444	3.7%	0.2
2013	27,798,181	85,241	0.3%	(10,980)	0%	-
2012	27,712,940	0	0%	(105,016)	-0.4%	-
2011	27,712,940	91,901	0.3%	285,160	1.0%	0.3
2010	27,621,039	465,600	1.7%	130,529	0.5%	3.6
2009	27,155,439	(127,652)	-0.5%	(844,967)	-3.1%	-

SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	11,616,264	(5,631)	0%	(24,770)	-0.2%	-
2024	11,621,895	(5,438)	0%	(25,681)	-0.2%	-
2023	11,627,333	(5,261)	0%	27,083	0.2%	-
2022	11,632,594	(5,314)	0%	(6,703)	-0.1%	-
2021	11,637,908	(1,056)	0%	(23,057)	-0.2%	-
YTD	11,638,964	0	0%	16,408	0.1%	0
2020	11,638,964	0	0%	(448,297)	-3.9%	-
2019	11,638,964	0	0%	(90,617)	-0.8%	-
2018	11,638,964	18,923	0.2%	58,366	0.5%	0.3
2017	11,620,041	12,800	0.1%	(4,112)	0%	-
2016	11,607,241	0	0%	21,294	0.2%	0
2015	11,607,241	102,084	0.9%	550,356	4.7%	0.2
2014	11,505,157	225,000	2.0%	559,708	4.9%	0.4
2013	11,280,157	(9,204)	-0.1%	(86,449)	-0.8%	-
2012	11,289,361	0	0%	(6,630)	-0.1%	-
2011	11,289,361	91,901	0.8%	255,040	2.3%	0.4
2010	11,197,460	0	0%	(296,101)	-2.6%	-
2009	11,197,460	(318,752)	-2.8%	(440,747)	-3.9%	-

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Supply & Demand Trends

Salem Industrial

LOGISTICS SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	17,662,222	194,008	1.1%	170,047	1.0%	1.1
2024	17,468,214	221,331	1.3%	209,081	1.2%	1.1
2023	17,246,883	224,738	1.3%	221,025	1.3%	1.0
2022	17,022,145	79,749	0.5%	110,782	0.7%	0.7
2021	16,942,396	219,546	1.3%	89,409	0.5%	2.5
YTD	16,874,151	151,301	0.9%	81,596	0.5%	1.9
2020	16,722,850	138,829	0.8%	7,216	0%	19.2
2019	16,584,021	0	0%	(52,051)	-0.3%	-
2018	16,584,021	1,141,699	7.4%	893,079	5.4%	1.3
2017	15,442,322	263,252	1.7%	206,660	1.3%	1.3
2016	15,179,070	64,473	0.4%	467,028	3.1%	0.1
2015	15,114,597	122,332	0.8%	960,709	6.4%	0.1
2014	14,992,265	(56,240)	-0.4%	425,871	2.8%	-
2013	15,048,505	54,945	0.4%	27,122	0.2%	2.0
2012	14,993,560	0	0%	(58,011)	-0.4%	-
2011	14,993,560	0	0%	62,184	0.4%	0
2010	14,993,560	465,600	3.2%	383,435	2.6%	1.2
2009	14,527,960	191,100	1.3%	(345,600)	-2.4%	-

FLEX SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	1,564,473	6,002	0.4%	2,955	0.2%	2.0
2024	1,558,471	6,849	0.4%	4,965	0.3%	1.4
2023	1,551,622	7,046	0.5%	7,023	0.5%	1.0
2022	1,544,576	2,253	0.1%	(3,085)	-0.2%	-
2021	1,542,323	(109)	0%	12,034	0.8%	-
YTD	1,542,432	0	0%	21,041	1.4%	0
2020	1,542,432	16,653	1.1%	27,889	1.8%	0.6
2019	1,525,779	8,963	0.6%	88,224	5.8%	0.1
2018	1,516,816	40,297	2.7%	116,048	7.7%	0.3
2017	1,476,519	0	0%	6,472	0.4%	0
2016	1,476,519	0	0%	(45,798)	-3.1%	-
2015	1,476,519	7,000	0.5%	18,453	1.2%	0.4
2014	1,469,519	0	0%	57,865	3.9%	0
2013	1,469,519	39,500	2.8%	48,347	3.3%	0.8
2012	1,430,019	0	0%	(40,375)	-2.8%	-
2011	1,430,019	0	0%	(32,064)	-2.2%	-
2010	1,430,019	0	0%	43,195	3.0%	0
2009	1,430,019	0	0%	(58,620)	-4.1%	-

Rent & Vacancy

OVERALL RENT & VACANCY

	Market Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	$9.79	173	2.5%	22.3%	1,750,744	5.7%	0.1%
2024	$9.55	169	3.2%	19.3%	1,705,384	5.6%	0.1%
2023	$9.25	163	4.5%	15.5%	1,671,879	5.5%	-0.1%
2022	$8.85	156	5.2%	10.5%	1,700,618	5.6%	-0.1%
2021	$8.41	149	5.1%	5.1%	1,723,538	5.7%	0.4%
YTD	$8.25	146	4.3%	3.0%	1,615,694	5.4%	0.1%
2020	$8.01	141	3.6%	0%	1,583,438	5.3%	1.9%
2019	$7.73	136	4.3%	-3.5%	1,014,764	3.4%	0.2%
2018	$7.41	131	6.0%	-7.5%	951,357	3.2%	0.3%
2017	$6.98	123	6.5%	-12.8%	817,931	2.9%	0.2%
2016	$6.56	116	6.6%	-18.1%	750,899	2.7%	-1.3%
2015	$6.16	109	6.4%	-23.1%	1,128,950	4.0%	-4.7%
2014	$5.78	102	6.0%	-27.8%	2,427,052	8.7%	-3.2%
2013	$5.45	96	3.3%	-31.9%	3,301,736	11.9%	0.3%
2012	$5.28	93	0.7%	-34.1%	3,205,515	11.6%	0.4%
2011	$5.24	93	-0.2%	-34.5%	3,100,499	11.2%	-0.7%
2010	$5.25	93	-3.2%	-34.4%	3,293,758	11.9%	1.0%
2009	$5.42	96	-4.2%	-32.3%	2,958,687	10.9%	2.7%

SPECIALIZED INDUSTRIAL RENT & VACANCY

	Market Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	$9.12	166	2.5%	20.4%	781,877	6.7%	0.2%
2024	$8.90	162	3.2%	17.5%	762,063	6.6%	0.2%
2023	$8.62	157	4.5%	13.8%	741,321	6.4%	-0.3%
2022	$8.25	150	5.1%	8.9%	773,238	6.6%	0%
2021	$7.84	143	3.5%	3.5%	771,304	6.6%	0.2%
YTD	$7.71	141	3.0%	1.8%	732,855	6.3%	-0.1%
2020	$7.57	138	2.9%	0%	749,263	6.4%	3.9%
2019	$7.36	134	3.7%	-2.8%	300,966	2.6%	0.8%
2018	$7.10	129	5.8%	-6.2%	210,349	1.8%	-0.3%
2017	$6.71	122	6.6%	-11.4%	249,792	2.1%	0.1%
2016	$6.30	115	6.4%	-16.9%	232,880	2.0%	-0.2%
2015	$5.92	108	6.2%	-21.9%	254,174	2.2%	-3.9%
2014	$5.57	102	6.2%	-26.5%	702,446	6.1%	-3.1%
2013	$5.24	96	3.5%	-30.8%	1,037,154	9.2%	0.7%
2012	$5.07	92	0.3%	-33.1%	959,909	8.5%	0.1%
2011	$5.05	92	-0.4%	-33.3%	953,279	8.4%	-1.5%
2010	$5.07	92	-3.2%	-33.1%	1,116,418	10.0%	2.6%
2009	$5.24	95	-4.5%	-30.9%	820,317	7.3%	1.3%

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Rent & Vacancy

LOGISTICS RENT & VACANCY

	Market Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	$9.66	177	2.5%	23.3%	920,923	5.2%	0.1%
2024	$9.42	173	3.2%	20.3%	898,333	5.1%	0%
2023	$9.13	167	4.5%	16.5%	887,423	5.1%	0%
2022	$8.74	160	5.2%	11.5%	884,231	5.2%	-0.2%
2021	$8.30	152	5.9%	5.9%	914,510	5.4%	0.7%
YTD	$8.12	149	5.3%	3.6%	854,015	5.1%	0.4%
2020	$7.84	144	4.5%	0%	784,310	4.7%	0.8%
2019	$7.50	138	5.0%	-4.3%	652,697	3.9%	0.3%
2018	$7.14	131	6.7%	-8.9%	600,646	3.6%	1.3%
2017	$6.70	123	6.7%	-14.6%	352,026	2.3%	0.3%
2016	$6.28	115	6.5%	-19.9%	295,434	1.9%	-2.7%
2015	$5.90	108	6.6%	-24.8%	697,989	4.6%	-5.6%
2014	$5.53	101	6.0%	-29.4%	1,536,366	10.2%	-3.2%
2013	$5.22	96	3.4%	-33.4%	2,018,477	13.4%	0.1%
2012	$5.05	93	0.3%	-35.6%	1,990,654	13.3%	0.4%
2011	$5.03	92	-0.3%	-35.8%	1,932,643	12.9%	-0.4%
2010	$5.05	93	-3.2%	-35.6%	1,994,827	13.3%	0.1%
2009	$5.22	96	-4.3%	-33.4%	1,912,662	13.2%	3.6%

FLEX RENT & VACANCY

	Market Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2025	$16.28	175	2.6%	23.7%	47,944	3.1%	0.2%
2024	$15.87	170	3.3%	20.5%	44,988	2.9%	0.1%
2023	$15.36	165	4.6%	16.7%	43,135	2.8%	0%
2022	$14.68	158	5.3%	11.5%	43,149	2.8%	0.3%
2021	$13.94	150	5.9%	5.9%	37,724	2.4%	-0.8%
YTD	$13.62	146	3.6%	3.4%	28,824	1.9%	-1.4%
2020	$13.16	141	1.3%	0%	49,865	3.2%	-0.8%
2019	$13	140	3.1%	-1.2%	61,101	4.0%	-5.2%
2018	$12.61	135	3.3%	-4.2%	140,362	9.3%	-5.4%
2017	$12.20	131	4.8%	-7.3%	216,113	14.6%	-0.4%
2016	$11.64	125	7.6%	-11.5%	222,585	15.1%	3.1%
2015	$10.82	116	6.6%	-17.8%	176,787	12.0%	-0.8%
2014	$10.15	109	5.3%	-22.9%	188,240	12.8%	-3.9%
2013	$9.64	103	2.0%	-26.8%	246,105	16.7%	-1.1%
2012	$9.45	101	5.0%	-28.2%	254,952	17.8%	2.8%
2011	$9	97	1.3%	-31.6%	214,577	15.0%	2.2%
2010	$8.88	95	-2.8%	-32.5%	182,513	12.8%	-3.0%
2009	$9.14	98	-1.9%	-30.6%	225,708	15.8%	4.1%

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Sale Trends

OVERALL SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	$102.47	235	6.4%
2024	-	-	-	-	-	-	$100.48	231	6.4%
2023	-	-	-	-	-	-	$97.95	225	6.3%
2022	-	-	-	-	-	-	$93.98	216	6.3%
2021	-	-	-	-	-	-	$89.47	205	6.3%
YTD	25	$38M	1.5%	$2,112,415	$91.06	7.0%	$87.16	200	6.3%
2020	35	$86.3M	5.4%	$4,107,535	$74.79	6.0%	$84.59	194	6.3%
2019	39	$147.6M	5.6%	$4,919,780	$93.28	7.6%	$78.95	181	6.3%
2018	45	$66.1M	3.3%	$2,361,808	$76.97	5.8%	$72.30	166	6.5%
2017	47	$16.4M	2.0%	$818,644	$45.38	5.8%	$65.08	149	6.7%
2016	47	$31.1M	1.9%	$817,397	$63.81	5.5%	$60.41	139	6.8%
2015	44	$32.5M	3.9%	$878,362	$34.34	10.8%	$55.05	126	7.0%
2014	28	$24.5M	3.4%	$1,166,066	$26.64	7.4%	$48.88	112	7.5%
2013	34	$24.3M	1.4%	$972,056	$75.41	10.7%	$44.90	103	7.7%
2012	36	$20.2M	3.6%	$879,774	$38.61	-	$42.68	98	7.9%
2011	16	$29.7M	4.1%	$2,471,458	$28.46	9.0%	$41.55	95	8.0%
2010	18	$21.5M	1.7%	$1,263,088	$45.31	-	$40.45	93	8.2%

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SPECIALIZED INDUSTRIAL SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	$86.51	225	6.4%
2024	-	-	-	-	-	-	$84.85	221	6.4%
2023	-	-	-	-	-	-	$82.74	215	6.4%
2022	-	-	-	-	-	-	$79.42	206	6.3%
2021	-	-	-	-	-	-	$75.67	197	6.3%
YTD	7	$5.1M	1.1%	$1,272,423	$46.25	-	$74	192	6.3%
2020	9	$67.2M	11.8%	$9,601,839	$65.75	-	$73.07	190	6.2%
2019	7	$2.6M	0.6%	$518,800	$65.28	6.4%	$68.40	178	6.3%
2018	15	$19.9M	2.6%	$1,660,792	$69.52	-	$62.99	164	6.5%
2017	9	$5.1M	2.1%	$851,229	$25.93	5.9%	$54.66	142	6.7%
2016	4	$2.5M	0.4%	$846,667	$61.95	-	$51.21	133	6.8%
2015	11	$12.6M	4.0%	$1,400,713	$30.87	-	$47.53	124	7.0%
2014	5	$8.3M	4.3%	$1,661,400	$16.87	-	$42.24	110	7.4%
2013	8	$1.9M	0.6%	$375,000	$43.11	-	$39.17	102	7.6%
2012	8	$7M	2.5%	$1,160,799	$29.91	-	$37.47	97	7.8%
2011	5	$22.5M	8.6%	$5,635,000	$23.45	-	$36.67	95	7.9%
2010	7	$14.8M	3.1%	$2,473,061	$43.20	-	$35.81	93	8.1%

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Sale Trends

LOGISTICS SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	$110.70	241	6.4%
2024	-	-	-	-	-	-	$108.54	236	6.4%
2023	-	-	-	-	-	-	$105.81	230	6.3%
2022	-	-	-	-	-	-	$101.52	221	6.3%
2021	-	-	-	-	-	-	$96.61	210	6.3%
YTD	14	$31.1M	1.8%	$2,828,525	$108.58	-	$93.96	205	6.3%
2020	22	$17.7M	1.3%	$1,608,858	$146.18	6.0%	$90.33	197	6.3%
2019	30	$143.2M	9.6%	$6,227,582	$93.96	7.8%	$84.08	183	6.4%
2018	29	$45.8M	4.1%	$3,055,742	$80.76	5.8%	$76.74	167	6.5%
2017	36	$10.4M	2.0%	$870,000	$66.98	5.7%	$70.52	154	6.7%
2016	34	$26.1M	3.0%	$1,005,138	$64.59	5.5%	$65.18	142	6.8%
2015	33	$19.9M	4.3%	$710,464	$36.97	10.8%	$58.75	128	7.0%
2014	22	$16.2M	3.1%	$1,011,274	$37.91	7.4%	$52.14	114	7.5%
2013	21	$12.7M	1.5%	$793,276	$69.49	12.3%	$47.56	104	7.7%
2012	24	$13.3M	3.5%	$780,588	$45.57	-	$45.08	98	7.9%
2011	11	$7.1M	1.1%	$889,688	$88.28	9.0%	$43.76	95	8.1%
2010	11	$6.6M	0.9%	$603,103	$50.89	-	$42.58	93	8.3%

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FLEX SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2025	-	-	-	-	-	-	$132.50	236	6.4%
2024	-	-	-	-	-	-	$129.79	232	6.4%
2023	-	-	-	-	-	-	$126.37	225	6.3%
2022	-	-	-	-	-	-	$121.08	216	6.3%
2021	-	-	-	-	-	-	$115.10	205	6.3%
YTD	4	$1.8M	1.6%	$606,667	$86.81	7.0%	$111.82	199	6.3%
2020	4	$1.3M	0.9%	$449,304	$133.42	-	$108.16	193	6.2%
2019	2	$1.8M	1.2%	$882,500	$97.73	-	$101.87	182	6.3%
2018	1	$365K	0.3%	$365,000	$73.81	-	$93.34	166	6.5%
2017	2	$825.5K	0.5%	$412,750	$103.20	-	$83.65	149	6.7%
2016	9	$2.4M	2.8%	$265,278	$57.98	-	$77.29	138	6.8%
2015	-	-	-	-	-	-	$70.87	126	7.0%
2014	1	$0	0.2%	-	-	-	$63.06	112	7.5%
2013	5	$9.7M	6.8%	$2,433,500	$101.28	9.1%	$58.75	105	7.6%
2012	4	$0	14.1%	-	-	-	$55.40	99	7.8%
2011	-	-	-	-	-	-	$53.88	96	8.0%
2010	-	-	-	-	-	-	$51.99	93	8.2%

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