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Portland's tech scene continues to fuel the office space boom

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Portland's rapidly-growing tech sector is not only adding jobs across the Rose City, but it's helping to [transform the office market](#) here as well.

That's according to JLL's 2015 Technology Office Outlook, a new report that reinforces an ongoing trend that's been unfolding in Portland in recent years.

"It's an exciting time for Portland," said [Craig Reinhart](#), head of JLL's technology practice group in Portland, in a release about the report. "We have a high amenity lifestyle here, just as many other major cities in the region, but our low cost of doing business relative to major markets like New York and San Francisco and the high concentration of creative and educated talent here makes the city an increasingly desirable location for expanding tech companies.

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"We are no longer a 'flyover' market between Seattle and Silicon Valley. We not only attract talent and great companies from around the globe, but also grow great Oregon technology companies."

JLL's report notes that demand for space is being driven in large part by tech-based firms, which employed were responsible for more than 60,000 jobs in Portland last year alone. Recent surges in the sector have helped drive Portland's office vacancy rates to historic lows and driven up overall direct asking rents to \$24.08 per square foot, a 10 percent increase in the past 12 months.

Despite that increase, Portland still lags behind other markets like Seattle, where the average rent is \$33.70 per square foot, and San Francisco, which sits at \$66.80 per square foot.

The result is that Portland's tech companies have lower average real estate costs per employees

than those other markets. According to JLL, the annual total real estate cost per employee in Portland, based on 175 square feet per employee, is \$4,214. In Seattle, the equivalent cost is \$5,898 and in San Francisco it's \$11,690.

In addition to lower real estate costs, living costs are generally lower for tech workers, according to JLL. Portland's average monthly apartment rent is \$1,146 and average wages for tech employees in 2014 were more than \$112,000. In San Francisco, the average monthly rent tops \$3,000.

According to Reinhart, local companies like Puppet Labs, Jama Software and Elemental Technologies, along with firms that have opened offices in Portland in the last two years, such as GuideSpark and Aruba, have helped put the city on the larger technology map.

JLL noted that Portland's ongoing appeal also creates challenges for the tech sector. About 1.5 million square feet of new space will be added to the city's 58 million square foot office sector in the next 18 months; half of that space has already been spoken for by growing area firms.

"This is a dynamic market, especially for urban tech companies," Reinhart said. "Right now, this market really is dictating that companies be nimble, manage an annual real estate plan and in many cases start their real estate search process and negotiations months and often years earlier than previously required."

Jon covers real estate for the Portland Business Journal. [Sign up for his daily newsletter](#) to hear about new projects and get behind-the-scenes looks at Portland's rapidly changing built environment.