

## MARKET TRENDS

# PORTLAND INDUSTRIAL

### MARKET DRIVERS

Average asking lease rates remain unchanged quarter-over-quarter (QOQ) but fell 3.4% year-over-year (YOY) to \$0.85 NNN. Direct vacancy rates increased by 80 basis points (bps) YOY and surpassed the 4% threshold for the first time in a decade, posting at 5.4% in Q2. Similarly, availability rates jumped by a notable 210 bps YOY to 9.4% in Q2 reaching a 15-year record high.

Leasing activity was quiet for the first half of 2025, dropping almost 50% in volume when compared to the first half of 2024, posting 2.7M SF YTD. Although there were two new leases over 200K SF in Q2, there has been an evident shift away from regional larger sized deals in recent quarters. Industrial sale activity in Q2 experienced a drastic 56% drop QOQ, posting 914K SF. Economic uncertainty coupled with high interest rates continue to limit sales activity in the first half of 2025. 665K SF of industrial space delivered in Q2, with another 2.6M SF of projects currently underway. Construction starts have been down the first half of 2025, helping any further upward pressure to vacancies and availabilities.

### ECONOMIC REVIEW

In May, the Manufacturing sector within the Portland-Vancouver-Hillsboro MSA decreased by 5.3% YOY to 116.6K jobs, and the Trade, Transportation, and Utilities sector fell by 0.5% to 219.7K jobs. As of May 2025, the unemployment rate for the Portland-Vancouver-Hillsboro MSA was 4.4%, up from 3.6% at the same time last year. This is compared to 4.8% for the state of Oregon and 4.2% for the nation.

### NEAR-TERM OUTLOOK

Space decommitments from large users over the past year have resulted in a record high sublease availability, which is expected to continue into the second half of 2025. Additionally, elevated commercial mortgage rates continue to limit capital market liquidity, keeping acquisition activity subdued. Furthermore, the shifts in tariff policies have created ongoing uncertainty among businesses which could stall commitments in the near-term.

## Market Summary

	2Q25	1Q25	2Q24	YOY Change
Direct Vacancy Rate	5.4%	4.9%	4.6%	<b>80 bps</b>
Total Availability Rate	9.4%	8.0%	7.3%	<b>210 bps</b>
Direct Asking Lease Rate	\$0.85	\$0.85	\$0.88	<b>-3.4%</b>
	2Q25	YTD 2025	YTD 2024	YOY Change
Total Lease Transactions	876,153	2,732,492	5,352,864	<b>-49.0%</b>
Sale Transactions	914,713	3,003,851	1,969,640	<b>52.5%</b>
Direct Net Absorption	-949,910	-323,625	-1,122,593	<b>N/A</b>

↓ **876K SF**  
LEASING ACTIVITY

↑ **-950K SF**  
NET ABSORPTION

↑ **5.4%**  
VACANCY RATE

↓ **\$0.85/SF**  
ASKING RENT (AVG)

↓ **665K SF**  
NEW DELIVERIES

Year-Over-Year Trend

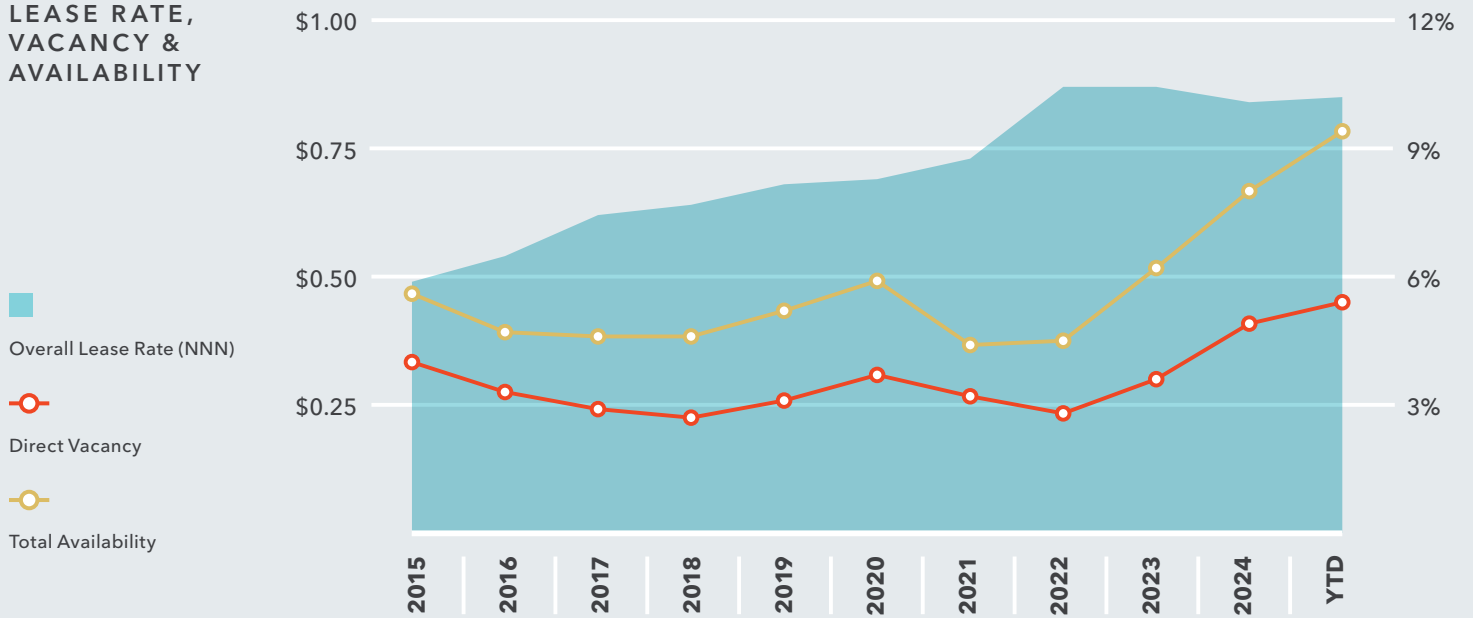
## Market Highlights

**DIRECT VACANCIES** increased by 80 bps YOY to 5.4%.

**ASKING LEASE RATES** dropped to \$0.85 NNN, down from \$0.88 YOY.

**TOTAL NET ABSORPTION** posted negative 949K SF.

## LEASE RATE, VACANCY & AVAILABILITY

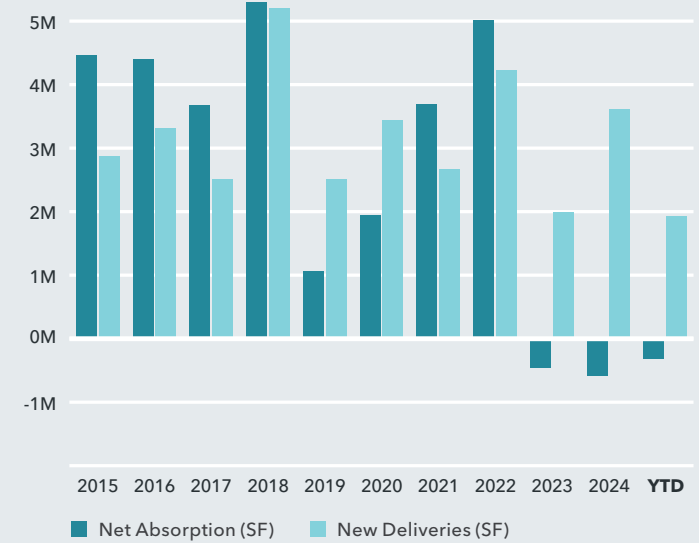


## BIGGEST LEASE OF THE QUARTER

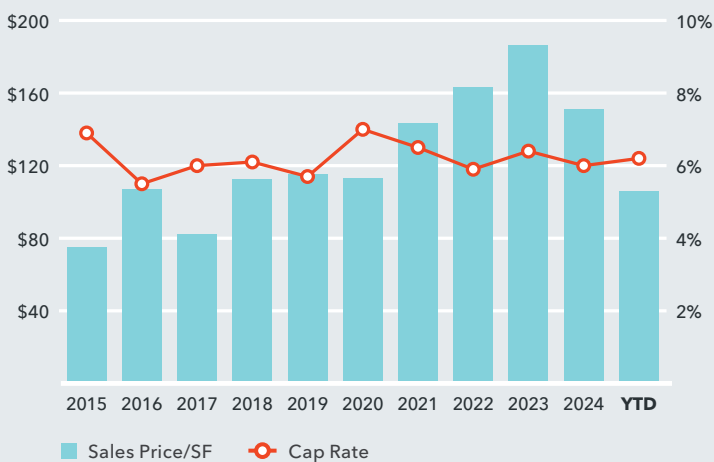
*9555 NE Alderwood Rd  
Portland, OR*



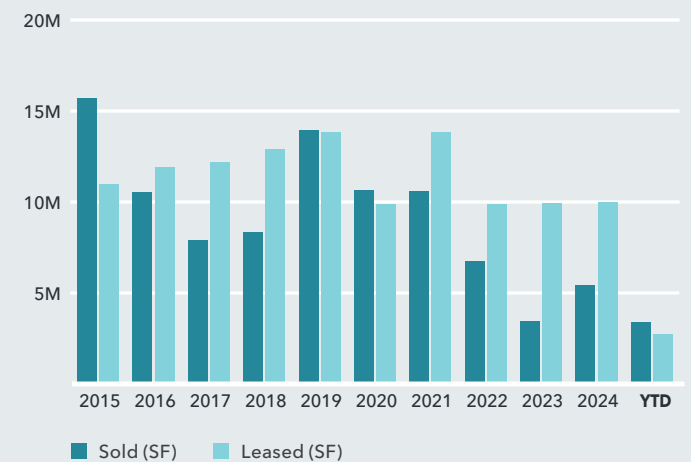
## NET ABSORPTION & NEW DELIVERIES



## AVERAGE SALES PRICE/SF & CAP RATE



## SALE VOLUME & LEASING ACTIVITY



## SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q2 2025 Total Net Absorption	YTD Total Net Absorption	Q2 2025 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
<b>Lloyd District</b>	<b>2,156,363</b>	<b>15.2%</b>	<b>15.2%</b>	<b>17.4%</b>	<b>-16,404</b>	<b>-1,725</b>	<b>1,176</b>	<b>15,226</b>	<b>\$0.77</b>
Airport Way	17,593,088	5.1%	6.1%	10.4%	35,823	-26,738	58,926	182,849	\$0.98
East Columbia Corridor	31,209,979	5.7%	9.0%	10.5%	-232,041	438,704	63,629	405,129	\$0.76
Gateway	2,978,094	2.4%	3.0%	8.1%	-7,156	81,741	2,500	137,425	\$0.88
Gresham	1,223,873	5.4%	5.4%	7.8%	15,421	20,309	0	3,192	\$0.88
Hayden Island/Swan Island	10,444,666	4.5%	5.9%	8.7%	-87,414	-256,219	39,887	43,894	\$0.79
NE Close-In	4,025,478	5.3%	5.3%	7.9%	-21,006	25,985	6,021	32,783	\$0.96
NE Outlying	81,707	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Rivergate	16,662,309	10.2%	13.7%	15.9%	-482,701	-514,173	125,000	237,088	\$0.71
<b>Northeast</b>	<b>84,219,194</b>	<b>6.2%</b>	<b>8.5%</b>	<b>11.1%</b>	<b>-779,074</b>	<b>-230,391</b>	<b>295,963</b>	<b>1,042,360</b>	<b>\$0.86</b>
CBD	779,919	11.9%	12.6%	15.8%	0	0	0	0	\$1.00
Guilds Lake	12,334,515	7.8%	7.8%	11.6%	-31,221	399,337	46,555	100,396	\$0.93
NW Close-In	790,344	7.5%	7.5%	12.5%	-13,000	-13,000	0	0	\$1.12
NW Outlying	133,800	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
<b>CBD/Northwest</b>	<b>14,038,578</b>	<b>7.9%</b>	<b>8.0%</b>	<b>11.8%</b>	<b>-44,221</b>	<b>386,337</b>	<b>46,555</b>	<b>100,396</b>	<b>\$0.94</b>
Clackamas/Milwaukie	25,565,712	4.7%	5.9%	6.2%	13,419	-190,452	85,770	244,121	\$0.82
Mall 205	403,399	5.8%	5.8%	5.8%	1,420	-16,575	1,420	1,420	\$1.50
Oregon City	1,365,288	0.5%	0.5%	0.5%	-2,000	28,174	0	8,500	\$1.24
SE Close-In	5,665,429	7.8%	7.9%	10.8%	-55,391	-96,308	12,946	38,628	\$0.91
SE Outlying	5,318,910	3.0%	3.0%	3.3%	8,450	9,360	14,250	28,030	\$0.92
<b>Southeast</b>	<b>38,316,008</b>	<b>4.8%</b>	<b>5.6%</b>	<b>6.3%</b>	<b>-34,102</b>	<b>-265,801</b>	<b>114,386</b>	<b>320,699</b>	<b>\$0.92</b>
217 Corridor/Beaverton	5,815,122	3.2%	3.8%	3.0%	39,141	-19,520	32,868	146,609	\$1.06
SW Close-In	770,863	2.3%	2.3%	2.3%	176,506	0	0	0	\$0.00
<b>Southwest</b>	<b>6,603,489</b>	<b>3.1%</b>	<b>3.6%</b>	<b>2.9%</b>	<b>215,647</b>	<b>-19,520</b>	<b>32,868</b>	<b>146,609</b>	<b>\$1.06</b>
Sunset Corridor/Hillsboro	19,813,244	1.4%	1.7%	4.5%	-49,012	-90,288	54,802	234,628	\$1.00
Westside Outlying	3,360,215	8.6%	10.4%	14.1%	-92,998	-92,998	0	0	\$0.49
<b>Westside</b>	<b>23,173,459</b>	<b>2.5%</b>	<b>2.7%</b>	<b>5.8%</b>	<b>-142,010</b>	<b>-183,286</b>	<b>54,802</b>	<b>234,628</b>	<b>\$0.67</b>
I-5 Corridor Outlying	2,008,826	30.9%	30.9%	33.3%	115,636	64,106	0	116,263	\$0.00
Lake Oswego/West Linn/Kruse Way	1,555,623	0.0%	0.6%	0.6%	0	-8,750	0	0	\$0.00
Tigard	6,334,994	4.8%	5.9%	6.4%	1,388	-105,904	36,693	117,599	\$0.80
Tualatin/Sherwood	14,660,016	2.2%	5.0%	10.1%	-100,209	-181,562	42,912	77,544	\$0.90
Wilsonville	7,092,512	2.7%	3.8%	9.1%	1,390	-161,010	23,900	48,051	\$0.96
<b>I-5 Corridor</b>	<b>31,651,971</b>	<b>4.5%</b>	<b>6.3%</b>	<b>10.2%</b>	<b>18,205</b>	<b>-393,120</b>	<b>103,505</b>	<b>359,457</b>	<b>\$0.86</b>
<b>Yamhill County</b>	<b>4,999,909</b>	<b>0.9%</b>	<b>0.9%</b>	<b>1.1%</b>	<b>25,550</b>	<b>11,550</b>	<b>10,300</b>	<b>13,260</b>	<b>\$1.02</b>
<b>Skamania County</b>	<b>103,485</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0.00</b>
<b>Columbia County</b>	<b>2,568,756</b>	<b>2.3%</b>	<b>2.3%</b>	<b>14.1%</b>	<b>-41,460</b>	<b>-25,060</b>	<b>5,300</b>	<b>5,300</b>	<b>\$1.04</b>

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### SUBMARKET STATISTICS CONTINUED

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q2 2025 Total Net Absorption	YTD Total Net Absorption	Q2 2025 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
Camas/Washougal	2,649,613	6.7%	6.7%	6.7%	-37,232	-48,002	9,180	9,180	\$0.00
Cascade Park	456,671	0.0%	0.0%	112.9%	0	0	0	0	\$0.00
CBD/West Vancouver	6,024,693	0.8%	0.8%	8.8%	24,470	95,100	0	43,370	\$1.47
Clark County Outlying	4,370,739	0.6%	3.8%	3.8%	25,689	-86,953	104,228	159,388	\$0.79
Hazel Dell/Salmon Creek	2,189,786	14.4%	14.4%	14.2%	-15,193	10,932	9,903	40,028	\$1.25
Orchards	7,896,249	15.7%	15.9%	15.6%	-21,015	642,355	37,510	113,786	\$1.18
St. Johns/Central Vancouver	7,119,735	5.5%	5.5%	7.8%	-128,760	-216,041	50,477	128,805	\$0.98
Vancouver Mall	14,975	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
<b>Clark County</b>	<b>30,736,711</b>	<b>7.2%</b>	<b>7.7%</b>	<b>11.3%</b>	<b>-152,041</b>	<b>397,391</b>	<b>211,298</b>	<b>494,557</b>	<b>\$1.15</b>
<b>Portland Total</b>	<b>238,558,364</b>	<b>5.4%</b>	<b>6.8%</b>	<b>9.4%</b>	<b>-949,910</b>	<b>-323,625</b>	<b>876,153</b>	<b>2,732,492</b>	<b>\$0.85</b>

### BUSINESS PARK STATISTICS

Business Park Size	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	Q2 2025 Total Net Absorption	YTD Total Net Absorption	Q2 2025 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
10,000-49,999 SF	9,603,522	7.7%	8.8%	8.9%	-138,859	-120,262	138,084	544,455	\$1.07
50,000-149,999 SF	17,391,300	8.1%	10.3%	12.9%	-369,945	-142,876	73,359	1,332,988	\$0.81
150,000+ SF	11,992,823	10.5%	15.3%	23.2%	9,832	-220,788	125,000	463,580	\$0.82
<b>Business Park Total</b>	<b>38,987,645</b>	<b>8.8%</b>	<b>11.5%</b>	<b>15.1%</b>	<b>-498,972</b>	<b>-483,926</b>	<b>336,443</b>	<b>2,341,023</b>	<b>\$0.93</b>

### BIGGEST SALE OF THE QUARTER

7075 S 5th St  
Ridgefield, WA



## SIGNIFICANT SALE TRANSACTIONS 2Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
7075 S 5th St	Clark County Outlying	56,375	\$8,555,000	\$151.75	Kawa Capitol Partners, LLC	Cristina Baldim
1815 Red Soils Ct	Oregon City	33,450	\$7,000,000	\$209.27	Benchmade Knife Co., Inc.	Lisanatti Foods
1901-1907 SE Grand Ave	SE Close-In	23,998	\$6,000,000	\$250.02	Multnomah County	Casa Bella
19495 SW Teton Ave	Tualatin	23,352	\$4,428,000	\$189.62	Pacific NW Properties	FieldTurf USA Inc.
6990 S Anderson Rd	SE Outlying	18,950	\$3,500,000	\$184.70	Donald Braden	MacGregor Properties, LLC

## SIGNIFICANT LEASE TRANSACTIONS 2Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
9555 NE Alderwood Rd	Airport Way	383,040	June 2025	Clarion Partners	Kehe Distributors
15805 N Lombard St	Rivergate	208,036	May 2025	Prologis, Inc.	MOR Furniture For Less, Inc.
15745 N Lombard St	Rivergate	125,000	April 2025	Prologis, Inc.	Undisclosed
7820-7832 N Leadbetter Rd	Rivergate	84,000	June 2025	PCCP	Undisclosed
7000 S 10th St	Clark County Outlying	61,028	May 2025	Real Estate Investment Group	Undisclosed

## SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Hedges Creek Industrial Park	SW Myslony Rd - Building A-C	Tualatin	442,000	Phelan Development Co./Clarion Partners	3Q 2025
Sewell Corporate Park	4630 NW 273rd Ave & 4915 NE Sewell Ave, Hillsboro	Sunset Corridor/Hillsboro	396,212	Trammel Crow Company	3Q 2025
Harmony Industrial Park	18712 SE 1st St, Vancouver	Cascade Park	324,393	Panattoni	3Q 2025
North Plains Logistic Center	10875 NW 292nd Ave	Sunset Corridor/Hillsboro	201,750	STAG Industrial, Inc.	3Q 2025
2336 9th Ave	2336 9th Ave	Westside Outlying	120,000	Elaine Brunold	1Q 2026

Data Source: Kidder Mathews Research, CoStar, U.S. Bureau of Labor Statistics



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The information in this report was composed by the Kidder Mathews Research Group.

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COMMERCIAL  
BROKERAGE

\$9B

AVERAGE ANNUAL  
TRANSACTION VOLUME

26.2M

ANNUAL  
SALES SF

36.7M

ANNUAL  
LEASING SFASSET  
SERVICES

58M+ SF

MANAGEMENT  
PORTFOLIO SIZE

850+

ASSETS UNDER  
MANAGEMENT

250+

CLIENTS  
SERVEDVALUATION  
ADVISORY

2,400

AVERAGE ANNUAL  
ASSIGNMENTS

39

TOTAL  
APPRAISERS

24

WITH MAI  
DESIGNATIONS

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