

MARKET TRENDS

PORTLAND INDUSTRIAL

MARKET DRIVERS

Leasing momentum weakened further in Q4, reaching its lowest level in nearly two decades and contributing to upward pressure on marketwide vacancy. Asking rents remain largely stable in the mid 0.80s to low \$0.90s PSF NNN range, though more aggressive concession packages continue weighing on effective rates. Newly delivered product outperforms with rents holding above \$1.00 PSF NNN. Vacancy and availability both reached 15-year highs, with vacancy at 6.1% and availability at 10.1%, driven in part by record-high sublease inventory.

Economic uncertainty has led occupiers to reassess space needs, reducing demand for larger blocks and increasing space decommitments, with leasing activity increasingly concentrated in newer, more efficient properties. Industrial sales activity improved in Q4, totaling 2.55M SF and pushing year-end volume up 27.2% Speculative construction has slowed modestly, though steady deliveries amid weakened demand may continue to place upward pressure in coming quarters.

ECONOMIC OVERVIEW

As of September 2025, the unemployment rate for the Portland-Vancouver-Hillsboro MSA was 4.9%, up from 4.1% at the same time last year. This is compared to 5.2% for the state of Oregon and 4.4% for the nation.

The manufacturing labor sector within the Portland-Vancouver-Hillsboro MSA decreased by 5.6% YOY to 116.5k jobs, losing 6,900 jobs in the past year whereas the Trade, Transportation, and Utilities sector fell to 219K jobs YOY, losing 2,400 jobs.

NEAR-TERM OUTLOOK

Portland's industrial market is undergoing a period of recalibration after weaker tenant demand over the past two years has driven a sharp increase in industrial vacancy across the region, marking the fastest expansion in 15 years. With leasing activity remaining subdued, vacancy may continue to trend higher into 2026 as the market works through this adjustment phase.

Limited near-term construction is expected to curb oversupply risks, even as demand has softened from recent peaks. Continued economic headwinds suggest market conditions will remain steady but restrained in the near term, with growth likely to remain gradual.

Market Summary

	4Q25	3Q25	4Q24	YOY Change
Direct Vacancy Rate	6.1%	5.6%	5.0%	110-bps
Total Availability Rate	10.1%	9.7%	8.1%	160-bps
Asking Lease Rate/SF/Mo	\$0.90	\$0.90	\$0.84	7.1%
	4Q25	2025	2024	YOY Change
Total Lease Transactions (SF)	1,634,674	8,204,360	9,326,427	-12.0%
Sale Transactions (SF)	2,551,100	6,877,030	5,405,933	27.2%
Direct Net Absorption (SF)	-593,566	1,127,608	-2,068,054	N/A

↓ **1.6MSF**
LEASING ACTIVITY

↓ **-601K SF**
NET ABSORPTION

↑ **6.1%**
VACANCY RATE

↑ **\$0.90**
ASKING RENT (AVG)

↑ **927K SF**
NEW DELIVERIES

Year-Over-Year Trend

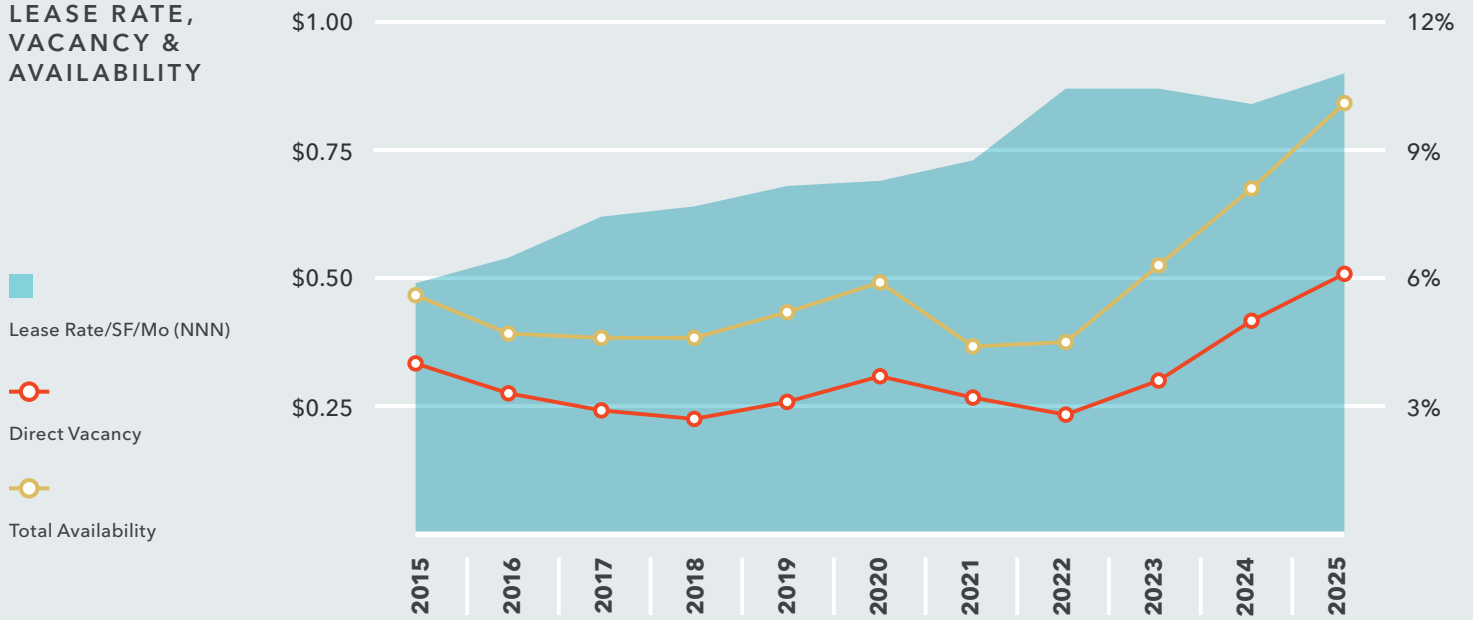
Market Highlights

ASKING LEASE RATES
hovered at a record high
of \$0.90 NNN

DIRECT VACANCY RATES
increased by 110 bps
YOY to 6.1%

TOTAL NET ABSORPTION
for the year posted
positive 486K SF

LEASE RATE, VACANCY & AVAILABILITY

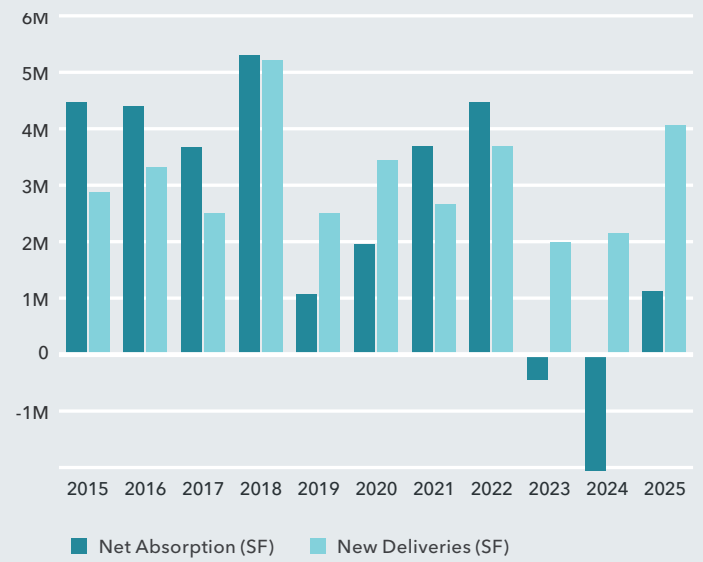


BIGGEST SALE OF THE QUARTER

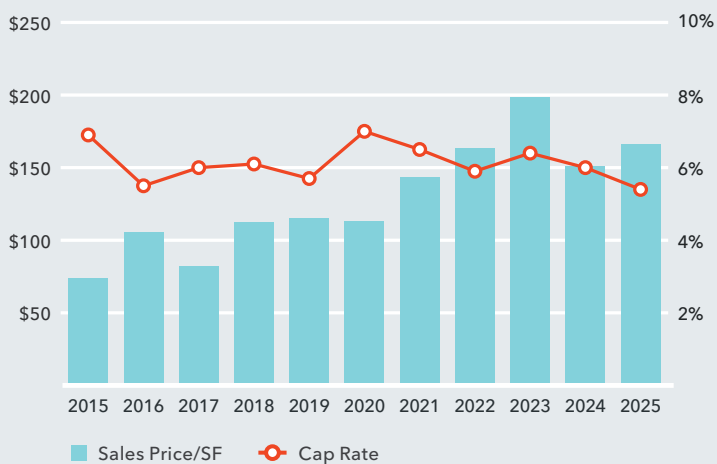
1250 NW Swigert Wy, Troutdale



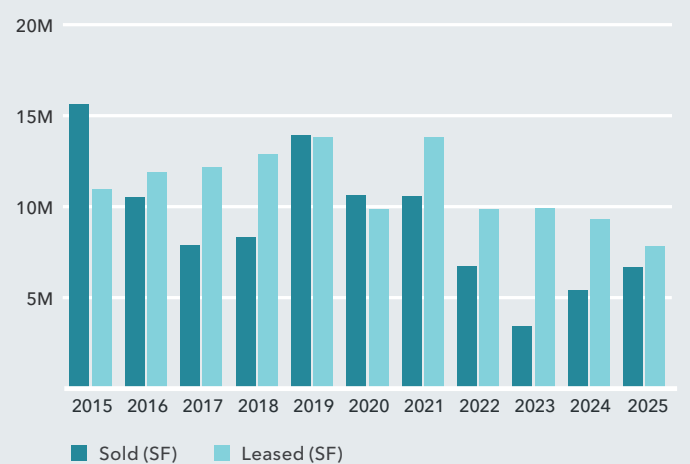
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	4Q 2025 Total Net Absorption	2025 Total Net Absorption	4Q 2025 Total Leasing Activity	2025 Total Leasing Activity	Total Rental Rate
Lloyd District	2,160,551	13.1%	13.1%	16.2%	34,828	43,020	9,579	34,805	\$0.79
Airport Way	17,705,412	6.6%	7.5%	9.9%	-82,854	-269,981	309,747	1,140,070	\$0.99
East Columbia Corridor	31,252,889	6.0%	8.7%	11.2%	-66,772	603,542	263,321	1,499,441	\$0.85
Gateway	2,994,898	2.7%	3.0%	7.8%	2,512	91,881	23,753	191,378	\$0.91
Gresham	1,280,716	5.5%	5.5%	7.7%	0	16,116	0	2,242	\$0.88
Hayden Island/Swan Island	10,465,880	4.2%	5.8%	7.9%	-200,225	-251,313	7,430	74,659	\$0.78
NE Close-In	4,012,296	6.5%	6.5%	9.0%	5,439	-22,407	5,100	64,283	\$0.90
NE Outlying	81,863	0.0%	0.0%	9.7%	0	0	0	0	\$0.00
Rivergate	16,655,983	11.3%	12.0%	11.8%	-202,452	-227,400	318,972	1,156,726	\$0.74
Northeast	84,449,937	6.9%	8.4%	10.4%	-544,352	-59,562	928,323	4,128,799	\$0.87
CBD	797,919	17.0%	17.7%	17.7%	-38,000	-43,000	0	0	\$1.00
Guilds Lake	12,127,353	8.1%	8.2%	13.0%	39,002	369,077	30,683	247,162	\$0.96
NW Close-In	790,344	7.1%	7.1%	12.2%	5,505	-10,195	0	11,800	\$1.22
NW Outlying	133,800	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
CBD/Northwest	13,849,416	8.5%	8.6%	13.1%	6,507	315,882	30,683	258,962	0.97
Clackamas/Milwaukie	25,463,228	4.3%	5.6%	6.2%	148,993	-96,490	114,548	766,999	\$0.80
Mall 205	403,598	1.6%	1.6%	1.6%	-2,250	-20	0	1,420	\$1.50
Oregon City	1,319,055	2.1%	2.1%	2.1%	-23,350	8,324	0	11,500	\$1.39
SE Close-In	5,635,515	7.8%	7.8%	10.3%	-3,810	-89,190	25,566	88,773	\$1.04
SE Outlying	5,519,982	4.4%	4.4%	18.8%	-54,497	-67,412	0	53,990	\$0.92
Southeast	38,341,378	4.7%	5.6%	8.4%	65,086	-244,788	140,114	922,682	\$0.90
217 Corridor/Beaverton	5,831,318	3.2%	3.5%	5.3%	-12,560	-3,892	81,094	253,361	\$0.95
SW Close-In	766,863	4.3%	6.2%	6.2%	0	-29,643	0	0	\$1.62
Southwest	6,622,155	3.3%	3.8%	5.4%	-12,560	-33,535	81,094	253,361	\$1.01
Sunset Corridor/Hillsboro	21,799,471	2.2%	3.2%	5.1%	99,278	795,257	28,300	444,652	\$0.89
Westside Outlying	3,438,371	4.4%	8.6%	14.4%	-46,600	-26,958	0	6,300	\$0.38
Westside	25,237,842	2.5%	3.9%	6.4%	52,678	768,299	28,300	450,952	\$0.71
I-5 Corridor Outlying	2,563,326	22.3%	27.9%	53.1%	-144,221	523,755	0	116,263	\$0.00
Lake Oswego/West Linn/Kruse Way	1,555,623	0.0%	1.0%	1.0%	-6,082	-14,832	4,800	4,800	\$-
Tigard	6,285,396	6.8%	8.5%	9.3%	-83,270	-268,154	82,803	291,037	\$0.83
Tualatin/Sherwood	15,105,212	5.3%	7.8%	11.0%	15,733	-172,937	48,517	281,846	\$0.92
Wilsonville	7,120,937	5.6%	6.7%	15.2%	-192,699	-364,889	0	224,528	\$1.15
I-5 Corridor	32,630,494	6.7%	8.9%	14.4%	-410,539	-297,057	136,120	918,474	\$0.91
Yamhill County	5,181,484	0.7%	0.7%	1.8%	-3,600	17,225	0	13,260	\$1.01
Skamania County	103,485	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Columbia County	2,800,995	1.9%	1.9%	12.5%	4,070	-17,118	0	16,382	\$1.04

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SUBMARKET STATISTICS CONTINUED

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	4Q 2025 Total Net Absorption	2025 Total Net Absorption	4Q 2025 Total Leasing Activity	2025 Total Leasing Activity	Total Rental Rate
Camas/Washougal	2,650,898	4.0%	4.1%	4.1%	3,110	6,860	2,730	11,910	\$0.00
Cascade Park	902,670	49.4%	49.4%	49.6%	0	0	0	0	\$0.00
CBD/West Vancouver	6,059,783	1.6%	1.6%	1.7%	-27,565	80,295	12,240	358,758	\$1.24
Clark County Outlying	4,370,739	0.1%	3.3%	3.3%	21,651	-65,302	6,451	205,337	\$0.79
Hazel Dell/Salmon Creek	2,209,057	14.1%	14.1%	14.2%	13,144	19,428	139,710	200,422	\$1.12
Orchards	7,894,733	11.6%	12.0%	19.6%	228,612	949,850	58,471	235,521	\$1.48
St. Johns/Central Vancouver	7,100,636	7.3%	7.5%	8.7%	-24,636	-351,530	60,859	235,733	\$1.00
Vancouver Mall	14,975	29.1%	29.1%	29.1%	0	-4,359	0	0	\$1.46
Clark County	31,203,491	7.7%	8.3%	10.6%	214,316	635,242	280,461	1,247,681	\$1.17
Portland Total	242,581,228	6.0%	7.2%	10.1%	-593,566	1,127,608	1,634,674	8,204,360	\$0.90

BUSINESS PARK STATISTICS

Business Park Size	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	4Q 2025 Total Net Absorption	2025 Total Net Absorption	4Q 2025 Total Leasing Activity	2025 Total Leasing Activity	Total Rental Rate
10,000-49,999 SF	9,570,522	6.4%	7.3%	9.4%	104,140	-120,262	66,172	544,455	\$1.05
50,000-149,999 SF	17,347,564	10.6%	13.4%	15.5%	-139,243	-142,876	103,943	1,332,988	\$0.87
150,000+ SF	11,983,250	15.5%	16.3%	16.6%	-583,511	-220,788	7,430	463,580	\$0.82
Business Park Total	38,901,336	11.1%	12.8%	14.4%	-618,614	-483,926	177,545	2,341,023	\$0.93

BIGGEST LEASE OF THE QUARTER

7825 N Leadbetter Rd, Portland



SIGNIFICANT SALE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
1250 NW Swigert Wy - Amazon	East Columbia Corridor	857,379	\$113,210,000	\$132.04	CIRE Equity	Clarion Partners
7704 NE 88th St	Orchards	175,044	\$38,000,000	\$217.09	JH Kelly, LLC	PDC Seattle LPIV BB/TH, LLC
13422-13444 & 13609-13625 NE Jarrett St	East Columbia Corridor	129,142	\$22,300,000	\$172.68	LBA Logistics	Ostling Group
18544-18555 SW Teton Ave	Tualatin	69,332	\$13,400,000	\$193.27	Kai USA	Menashe Prop.
10025 SW Allen Blvd	217 Corridor/Beaverton	50,400	\$9,800,000	\$194.44	Palisade Group	R.M. Wade & Co.

SIGNIFICANT LEASE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
7825 N Leadbetter Rd	Rivergate	318,972	November 2025	PGIM, Inc.	Fulcrum Logistics
3509 NE Columbia Blvd	Airport Way	268,749	December 2025	Prologis, Inc.	Undisclosed
19295-19375 NE Riverside Pkwy	East Columbia Corridor	139,987	December 2025	Prologis, Inc.	U.S. Auto Force
6920 NE St. Johns Rd	Hazel Dell/Salmon Creek	122,321	December 2025	Panattoni Development Co., Inc.	Southland Industries
3069 NE 170th Pl	East Columbia Corridor	80,170	December 2025	Downtown Development Group	IZI 1

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Sequoia Logistics Ctr	S Township Rd	SE Outlying	778,720	Trammell Crow Co. / Affinius	1Q 2027
MT Vista Logistics	17009-16713 NE 50th Ave	Orchards	583,318	Panattoni	2Q 2026
Sherwood Commerce Ctr - Phase 2	SW Industry Ln & SW Commerce Ct	I-5 Corridor Outlying	554,500	Schnitzer Properties	3Q 2026
Baker Ctr	SE 1st Ave & S Walnut St	SE Outlying	334,610	Trammel Crow Co./Capital Comm. Grp.	3Q 2026
Vanrose	2625 NE Huffman Rd	Sunset Corridor/Hillsboro	303,969	Trammel Crow Co./MDI Capital, LLC	3Q 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

53M+ SF

MANAGEMENT
PORTFOLIO SIZE

800+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,400

AVERAGE ANNUAL
ASSIGNMENTS

41

TOTAL
APPRAISERS

23

WITH MAI
DESIGNATIONS