MARKETBEAT

PORTLAND

INDUSTRIAL Q1 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.7% Vacancy Rate	▲	▲
-231K YTD Net Absorption, SF	▲	▼
$0.90 Asking Rent, PSF *(Overall, Net Asking Rent)*	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.3M Portland Employment	▲	▲
4.3% Portland Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY: Labor Market Resilient – For Now

The Portland metro area reached 1.3 million total jobs in the first quarter of 2025, continuing a trend of steady growth. However, the unemployment rate inched up to 4.3%, slightly above the national average of 4.1%. Logistics and manufacturing remain key employment drivers, especially for the industrial sector. Despite job gains, some companies are slowing hiring due to rising costs and economic headwinds. Portland's higher cost of living, particularly in housing and healthcare, continues to strain household budgets. Overall, the labor market is resilient but entering a more cautious phase. Job openings remain available, but employers are taking longer to fill them. As economic uncertainty looms, workforce decisions are becoming increasingly strategic.

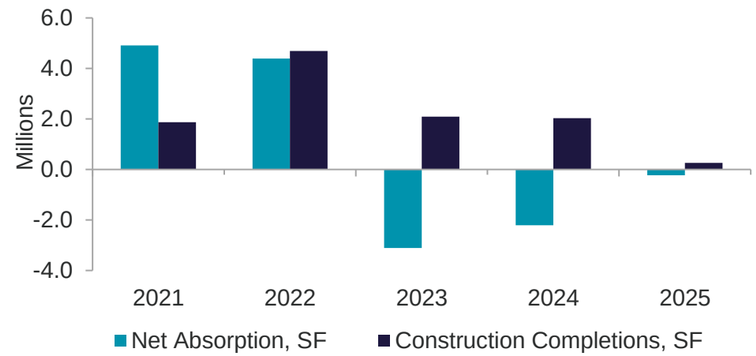
SUPPLY and DEMAND: Industrial Momentum Slows As Vacancy Rises

The Portland industrial market posted -231,000 square feet (sf) of net absorption in the first quarter, indicating softening demand. Vacancy rose to 5.7%, a noticeable increase from a year ago. After years of expansion, many tenants are now pausing or downsizing as they reassess their needs. New construction deliveries have slowed considerably, helping to avoid an oversupply scenario. While demand remains in certain core submarkets, larger leasing deals are becoming less common. The market is in a transitional period as supply and demand rebalance. Sublease availability is also creeping upward, adding more options for cost-conscious tenants. Landlords may need to offer more concessions to compete in the quarters ahead.

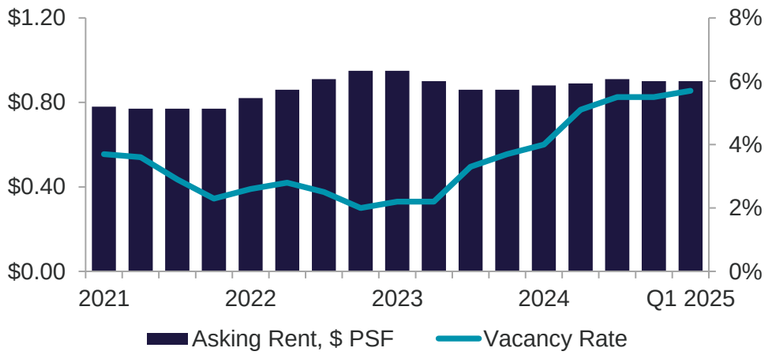
PRICING: Rents Hold The Line

Asking rents held steady at $0.90 per square foot (psf) on a triple-net (NNN) basis in the first quarter. This flat pricing trend reflects a pause in growth after several quarters of strong rent increases. Even as vacancy rises, limited new supply is keeping rates from declining. Some submarkets with tighter availability are still experiencing upward pricing pressure. However, tenants are increasingly cost-conscious, making landlords more flexible on lease terms. Overall, rental rates are holding firm but could soften if vacancies continue to climb. Owners are prioritizing tenant retention through lease renewals and modest tenant improvement packages. Pricing power will depend on how quickly demand recovers later in the year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	OVERALL AVAILABILITY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (W/D)*	OVERALL WEIGHTED AVG NET RENT (ALL)*
Northeast Portland	6,043,342	409,764	6.8%	8.8%	8,800	8,800	28,119	0	0	$1.05	$1.11
Swan Island	10,359,874	261,282	2.5%	4.1%	4,007	4,007	8,014	0	0	$0.99	$0.99
Rivergate	17,036,501	1,535,802	9.0%	8.4%	0	0	100,000	0	0	$0.73	$0.73
East Columbia	34,108,843	2,778,696	8.2%	9.2%	-102,351	-102,351	194,844	533,212	259,835	$0.82	$0.82
Airport Way	18,643,117	1,125,029	6.0%	6.0%	-8,448	-8,448	100,599	0	0	$0.80	$0.86
NORTH/NORTHEAST	86,191,677	6,110,573	7.1%	7.7%	-97,992	-97,992	431,576	533,212	259,835	$0.82	$0.83
Southeast Portland	5,391,543	337,837	6.3%	6.3%	4,268	4,268	0	0	0	$1.02	$0.84
Clackamas/Milwaukie	25,462,334	921,740	3.6%	3.6%	-94,079	-94,079	116,408	0	0	$0.86	$0.91
SOUTHEAST	30,853,877	1,259,577	4.1%	4.1%	-89,811	-89,811	116,408	0	0	$0.90	$0.89
Macadam	796,432	8,407	1.1%	1.1%	0	0	0	0	0	$0.70	$0.70
Wilsonville	9,026,038	223,816	2.5%	4.2%	-10,650	-10,650	66,482	0	0	$1.11	$1.12
Tualatin/Sherwood	15,306,711	761,209	5.0%	5.5%	14,207	14,207	62,948	849,298	0	$1.09	$1.09
Tigard/Lake Oswego	8,591,572	204,433	2.4%	2.5%	-7,865	-7,865	25,474	0	0	$1.06	$1.07
Beaverton/Highway 217	8,587,348	325,764	3.8%	4.9%	-3,706	-3,706	112,618	0	0	$0.72	$1.14
Hillsboro/Sunset Corridor	27,688,056	533,963	1.9%	3.8%	-6,114	-6,114	124,702	396,212	0	$0.86	$0.99
SOUTHWEST**	72,126,448	2,057,592	2.9%	4.1%	-14,128	-14,128	392,224	1,245,510	0	$0.97	$1.07
NORTHWEST	13,215,864	1,309,744	9.9%	11.6%	-26,079	-26,079	30,467	0	0	$0.98	$0.91
VANCOUVER/CLARK COUNTY	29,080,425	2,475,290	8.5%	7.7%	-3,001	-3,001	111,316	1,015,067	0	$0.90	$0.91
PORTLAND TOTAL	**231,468,291**	**13,212,776**	**5.7%**	**6.3%**	**-231,011**	**-231,011**	**1,081,991**	**2,793,789**	**259,835**	**$0.88**	**$0.90**

**Rental rates reflect industrial gross; **Southwest includes Canby, which is not shown on this report*

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Blake-Moffitt & Towne	East Columbia	Undisclosed	123,335	New Lease
Sewell Corporate Park – Bldg 1	Hillsboro/Sunset Corridor	Undisclosed	105,040	New Lease
Kelley Point DC – Bldg 1	Rivergate	Undisclosed	100,000	New Lease
205 Distribution Ctr	Clackamas/Milwaukie	DC Logistics	82,430	New Lease
Grahams Ferry Industrial Ctr	Wilsonville	AFC Industries	49,370	New Lease
Columbia BC – Bldg 46	Vancouver/Clark Co.	Mar-Cone Appliance Parts	45,839	Renewal***

****Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
55 West Business Park (portfolio)†	Sunset Corridor	Westport Capital Partners / CIRE Partners	97,500†	$13.2M / $135
Boones Ferry Business Park	Tigard/Lake Oswego	Leagjeld Construction / Schnitzer Properties	79,404	$13.1M / $165
5585 NE Wagon Dr	Hillsboro/Sunset Corridor	Duo Development LLC / Palisade Group	51,420	$9.6M / $187

†Part of larger portfolio including an office property; stats shown include only the flex portion that sold

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