MARKETBEAT

PORTLAND

INDUSTRIAL Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.6% Vacancy Rate	▲	▲
1.4M YTD Net Absorption, SF	▲	▲
$0.91 Asking Rent, PSF *(Overall, Net Asking Rent)*	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.3M Portland Employment	▲	▲
4.5% Portland Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY: Labor Trends Show Favorable Conditions

Portland's industrial sector remains on solid footing, supported by steady job growth and a resilient logistics and distribution base. The metro area added 3,900 jobs year-over-year (YOY), bringing total employment to 1.3 million. Key industrial related sectors including trade, transportation, and manufacturing contributed to these gains, reflecting continued consumer demand and supply chain activity. While the unemployment rate increased by 50 basis points (bps) to 4.5%, it remains relatively aligned with national trends and has yet to significantly impact industrial occupier activity. New construction deliveries and slow leasing velocity have pushed vacancy upward in some submarkets, but overall market fundamentals remain healthy. Leasing demand is expected to remain steady in the second half of the year, supported by economic stability and growing regional employment.

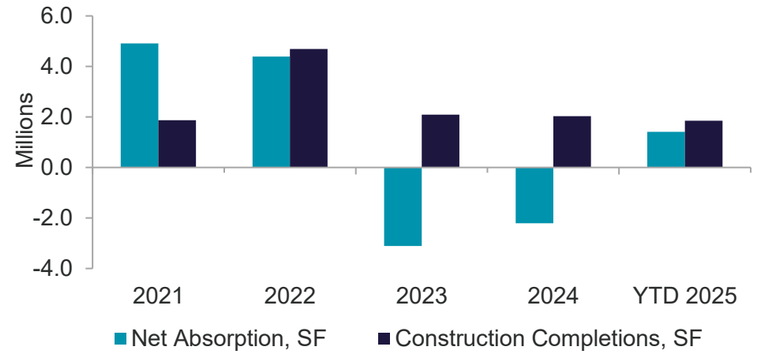
SUPPLY and DEMAND: Availability Edges Up Amid Delivery Wave

The Portland industrial market witnessed availability rise to 7.5% in Q2 2025, up from earlier in the year, as 1.8 million square feet (msf) of new product hit the market. This surge in supply outpaced demand, resulting in negative quarterly net absorption of 84,000 square feet (sf). While this marks a softening from earlier quarters, year-to-date (YTD) absorption remains in positive territory at over 1.4 msf, underscoring continued user interest despite recent delivery pressures. The most significant new supply came on in the North/Northeast, Southwest, and Vancouver/Clark County submarkets, which together accounted for nearly all completions this quarter. However, absorption did not keep pace, with key areas like Southwest and Beaverton/Highway 217 recording notable move-outs.

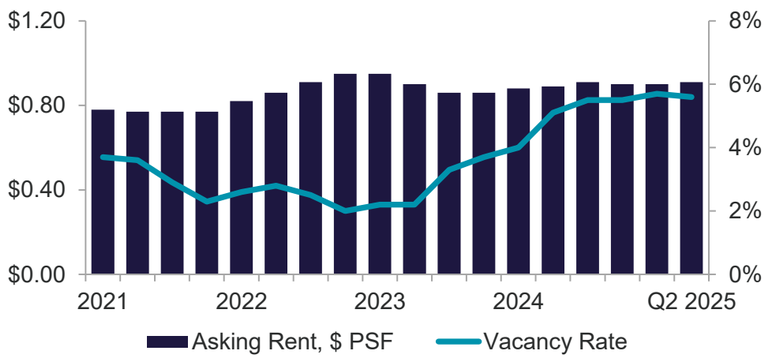
PRICING: Pricing Holds Steady Amid Market Shifts

Average asking rents remained stable at $0.91 per square foot (psf) on a monthly triple net (NNN) basis, with warehouse/distribution space averaging $0.90 psf. Rents varied by submarket, ranging from $0.74 psf in Rivergate to $1.16 psf in Beaverton/Highway 217. Despite rising availability, most submarkets are maintaining asking rates, relying on concessions and flexibility in deal terms rather than lowering base rents. Newer, well-located product continues to command premium pricing.

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)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (W/D)*	OVERALL WEIGHTED AVG NET RENT (ALL)*
Northeast Portland	6,040,254	414,969	6.9%	9.6%	7,571	18,620	47,494	0	0	$1.10	$1.15
Swan Island	10,359,874	267,454	2.6%	4.2%	5,037	-2,084	13,051	0	0	$0.98	$0.98
Rivergate	17,032,450	1,366,352	8.0%	10.8%	30,085	132,125	229,900	0	0	$0.74	$0.74
East Columbia	34,590,030	2,414,117	7.0%	9.8%	-27,882	777,712	493,552	0	793,047	$0.84	$0.85
Airport Way	18,604,650	1,090,221	5.9%	8.3%	-1,431	-30,289	209,935	0	0	$0.83	$0.87
NORTH/NORTHEAST	86,627,258	5,553,113	6.4%	9.0%	13,380	896,084	993,932	0	793,047	$0.84	$0.85
Southeast Portland	5,390,876	351,868	6.5%	7.2%	-11,573	-7,305	2,458	0	0	$1.05	$0.86
Clackamas/Milwaukie	25,559,334	881,386	3.4%	3.8%	90,609	-24,489	355,616	0	0	$0.86	$0.87
SOUTHEAST	30,950,210	1,233,254	4.0%	4.4%	79,036	-31,794	358,074	0	0	$0.90	$0.87
Macadam	796,432	8,407	1.1%	1.1%	0	0	0	0	0	$0.70	$0.70
Wilsonville	9,015,736	221,005	2.5%	7.2%	-4,089	-1,539	101,516	0	0	$1.14	$1.13
Tualatin/Sherwood	15,732,589	1,128,369	7.2%	7.3%	21,633	44,590	128,898	442,035	407,263	$1.07	$1.07
Tigard/Lake Oswego	8,627,044	235,942	2.7%	4.6%	-9,377	-12,626	53,638	0	0	$1.06	$1.06
Beaverton/Highway 217	8,541,443	352,323	4.1%	5.5%	-21,446	-31,773	146,371	0	0	$0.72	$1.16
Hillsboro/Sunset Corridor	27,688,047	626,806	2.3%	4.2%	-104,843	-98,957	132,465	396,212	0	$0.91	$1.00
SOUTHWEST**	72,531,582	2,572,852	3.5%	5.3%	-118,122	-100,305	562,888	838,247	407,263	$1.01	$1.07
NORTHWEST	13,215,814	1,352,424	10.2%	11.7%	-41,825	-68,759	79,872	0	0	$0.97	$0.92
VANCOUVER/CLARK COUNTY	29,863,187	2,411,248	8.1%	9.9%	-16,301	716,861	1,052,665	367,305	647,762	$0.92	$0.93
PORTLAND TOTAL	**233,188,051**	**13,122,891**	**5.6%**	**7.5%**	**-83,832**	**1,412,087**	**3,047,431**	**1,205,552**	**1,848,072**	**$0.90**	**$0.91**

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

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Kelley Pt I DC – Bldg II	Rivergate	American Beverage Crafts	100,000	New Lease
7000 S 10th St	Vancouver/Clark Co.	Undisclosed	61,028	New Lease
Du Rhone Bldg	Tualatin/Sherwood	Beynon Sports	30,854	Renewal***
Sandy Blvd BP – Bldg 1	East Columbia	National Glass	28,000	Renewal***

****Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
Allen 217 BP	Beaverton/Beaverton Hillsdale	Tualatin Hills Parks & Rec / Peregrine Training	89,000	Undisclosed
100 NE Farragut SE	Northeast Portland	Reworks / 100 NE Farragut LLC	70,633	$12.1M / $171
Flowserve Bldg	Vancouver/Clark Co.	Private Investor / Kawa Capitol Ptrs LLC	56,375	$8.6M / $152

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