MARKETBEAT

PORTLAND

OFFICE Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
23.4% Vacancy Rate	▲	▲
-1.0M YTD Net Absorption, SF	▼	▼
$33.82 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M Portland Employment	▼	▼
4.8% Portland Unemployment Rate	▲	▲
4.3% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY: Portland Employment Softens as Unemployment Rises

Portland's economy softened in the third quarter of 2025, with nonfarm employment declining by 0.6% and the unemployment rate rising 70 basis points (bps) to 4.8%, remaining above the US average of 4.3%. Despite the slowdown, Intel led regional hiring during the quarter, driven by continued investment in semiconductor manufacturing and technology-related roles, helping to offset broader job losses across other sectors.

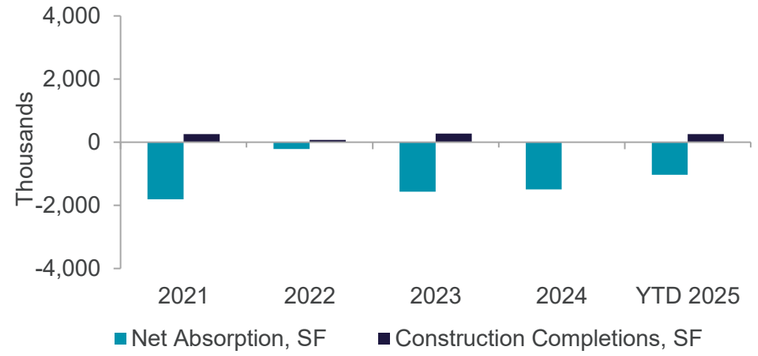
SUPPLY and DEMAND: Submarket Nuances Reflect Tenant Preferences

The overall Portland office market posted net absorption of negative 620,518 square feet (sf) in the third quarter, in what was more a reflection of size requirements and location rather than a lack of interest. The CBD and Central Core recorded net absorption of negative 570,394 sf and negative 434,061 sf year-to-date (YTD), respectively, driven by flight to quality moves from tech and professional services into newer, more efficient office buildings. In contrast, the submarkets of Lake Oswego/Kruse Way and Portland west recorded positive activity, with 34,363 sf and expanding in suburban locations seeking flexibility and cost efficiency. Sublease space remained elevated at nearly 1.0 million square feet (msf), yet steady leasing activity, totaling over 1.1 msf YTD reflected growing tenant confidence. With no new construction deliveries this year across the metro, the market is gradually moving toward better balance between supply and demand, creating opportunity for both landlords and tenants to negotiate attractive, value driven deals.

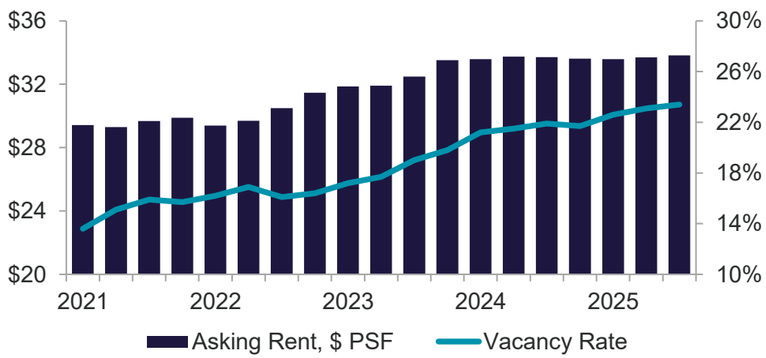
PRICING: Rent Growth Holds as Tenants Seek Quality

Asking rents remained resilient in the third quarter, with the market wide average increasing to $33.82 per square foot (psf), and Class A space commanding $38.24 psf. This continued strength in pricing was due to the sustained demand for high-quality, well-located office assets. Tenants have been prioritizing buildings with strong amenity packages, sustainability features, and proximity to transit. These factors have helped landlords maintain rate integrity even in a competitive environment. As occupiers focus on curated, collaborative office experiences, well positioned assets are expecting to remain in high demand.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	OVERALL AVAILABILITY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central Core	20,061,557	6,373,274	326,343	33.4%	35.8%	-434,061	-582,690	250,831	0	$34.35	$39.32
Lloyd District	1,647,739	423,607	18,293	26.8%	29.1%	663	-90,284	17,285	0	$36.47	$37.11
Close-in Northwest	6,388,985	1,784,810	119,738	29.8%	33.1%	-62,810	-68,726	71,639	0	$38.52	$40.08
Close-in Eastside	3,414,861	693,932	60,469	22.1%	27.4%	-74,186	-93,067	75,362	0	$35.30	$44.83
CBD	31,513,142	9,275,623	524,843	31.1%	34.0%	-570,394	-834,767	415,117	0	$35.25	$39.57
Johns Landing	1,443,618	201,436	16,831	15.1%	17.0%	-20,893	-25,641	49,989	0	$28.63	$30.10
Barbur Boulevard	648,709	42,823	0	6.6%	7.6%	-955	6,162	13,361	0	$19.96	N/A
Wilsonville	533,811	122,500	0	22.9%	22.9%	0	0	7,731	0	N/A	N/A
Tualatin	1,018,928	238,522	7,050	24.1%	24.1%	0	-59,454	46,476	0	$26.62	$27.00
Lake Oswego/Kruse Way	3,107,001	575,988	44,465	20.0%	20.9%	-753	34,363	86,979	0	$41.76	$42.76
Tigard/I-5/Highway 217	2,556,174	196,280	56,921	9.9%	11.7%	-74,346	-45,033	32,007	0	$31.48	$35.32
Washington Square	2,630,149	499,029	0	19.0%	22.6%	37,674	85,875	105,666	0	$30.98	$33.32
Beaverton/Beaverton Hillsdale	1,388,955	108,274	0	7.8%	9.0%	-5,871	-35,021	27,216	0	$24.90	$35.00
Cedar Hills/Sylvan	1,244,146	124,112	5,366	10.4%	8.7%	-21,893	3,362	52,907	0	$29.87	$41.17
Sunset Corridor	4,505,146	788,973	73,067	19.1%	19.0%	-100,510	-135,776	35,082	0	$26.82	$28.28
PORTLAND WEST	19,076,637	2,897,937	203,700	16.3%	18.5%	-187,547	-171,163	457,414	0	$31.68	$36.01
Airport/Columbia Corridor	1,261,819	189,193	15,237	16.2%	17.9%	-4,406	-8,789	35,969	0	$27.79	$30.60
Mall 205/122nd/Gresham	627,460	39,738	0	6.3%	7.3%	-1,138	-4,705	7,987	0	$19.01	N/A
Sunnyside/Clackamas	979,285	129,635	0	13.2%	16.6%	-11,180	-22,572	21,733	0	$29.05	$30.73
Milwaukie/Oregon City	451,580	6,281	0	1.4%	2.0%	-3,499	2,956	5,403	0	$22.69	N/A
PORTLAND EAST	3,320,144	364,847	15,237	11.4%	13.7%	-20,223	-33,110	71,092	0	$27.08	$30.65
Downtown Vancouver	3,016,804	130,546	204,689	11.1%	11.4%	146,653	-35,819	61,316	0	$28.45	$29.99
Suburban Vancouver	2,721,082	266,055	43,418	11.4%	13.4%	10,993	40,667	112,965	0	$26.90	$26.83
VANCOUVER	5,737,886	396,601	248,107	11.2%	12.4%	157,646	4,848	174,281	0	$27.42	$28.03
PORTLAND TOTALS	**59,647,809**	**12,935,008**	**991,887**	**23.3%**	**25.4%**	**-620,518**	**-1,034,192**	**1,117,904**	**0**	**$33.82**	**$38.24**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
South Center – Bldg M	Tualatin	Undisclosed	31,030	New Lease
1250 NW 17th Ave	Close-in Northwest	Bridgette Middle School	30,380	New Lease
Creekside Four	Washington Square	Undisclosed	21,720	New Lease

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
US Bancorp Tower	Central Core	UBS / Swickard Auto Group	1,154,175	$45.0M / $39
205 Business Center	Airport/Columbia Corridor	205 Business Center LLC / PDX Launchpad LLC	30,174	$2.8M / $91

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