3Q25

Portland Industrial Market Overview

NEWMARK

Market Observations

Economy

- Unemployment across Portland rose significantly in the third quarter of 2025, reaching 4.9%, a 40-basis-point increase from the previous quarter.
- Job growth was negative, as all three major industrial-occupying sectors recorded year-over-year declines in the third quarter of 2025.
- Manufacturing recorded its second consecutive quarter of substantial job losses, with employment in the sector down 5.3% compared to the same period in 2024.
- Industrial employment marked its fourth consecutive quarter of contraction. Softening employment conditions persisted across the Portland market, with overall job growth at -0.5% in the third quarter—well below the national average gain of 0.9%.

Leasing Market Fundamentals

- Absorption in the third quarter totaled 24,762 SF, as vacancy rates remained at 6.6% marketwide.
- Positive leasing gains in the Rivergate and Swan Island/Close-in NE submarkets were offset by weak performances in the I-5 South Corridor and Clark County submarkets.
- Leasing activity was slightly down from the second quarter of 2025, as the market as a whole experienced less volatility than in recent quarters.
- The construction pipeline remained healthy, with several large projects breaking ground in the third quarter. Sewell Corporate Park in the Sunset Corridor submarket delivered 396,712 SF of Warehouse/Distribution space to the market.

Major Transactions

- Fjord Limited sold 3099 N Pacific Hwy, a 142,000-SF industrial property in the I-5 South Corridor to Tegra Global. The property sold for $18.50 million, or $130/SF.
- Outpost purchased a 44,647-SF building located at 110 N Marine Dr, for $17.36 million, or $388/SF. The seller was Wilson Logistics.
- In-N-Out Burger acquired 18365 NE Sandy Blvd, an 71,600 industrial building in the NE/Columbia Corridor submarket. The property was purchased for $16.65 million or approximately $232/SF from Panattoni Development.

Outlook

- Market vacancy is expected to continue rising, driven by weakened demand and a substantial pipeline of vacant deliveries slated for the fourth quarter of 2025 and early 2026.
- Sublease inventory remains substantially elevated, as tenants adjust their space needs and offload unnecessary space to the secondary market.
- Rental trends are anticipated to vary by property subtype, with high-quality industrial properties retaining strong demand and pricing power, while older or less ideally positioned spaces may need to adjust rates to remain competitive.

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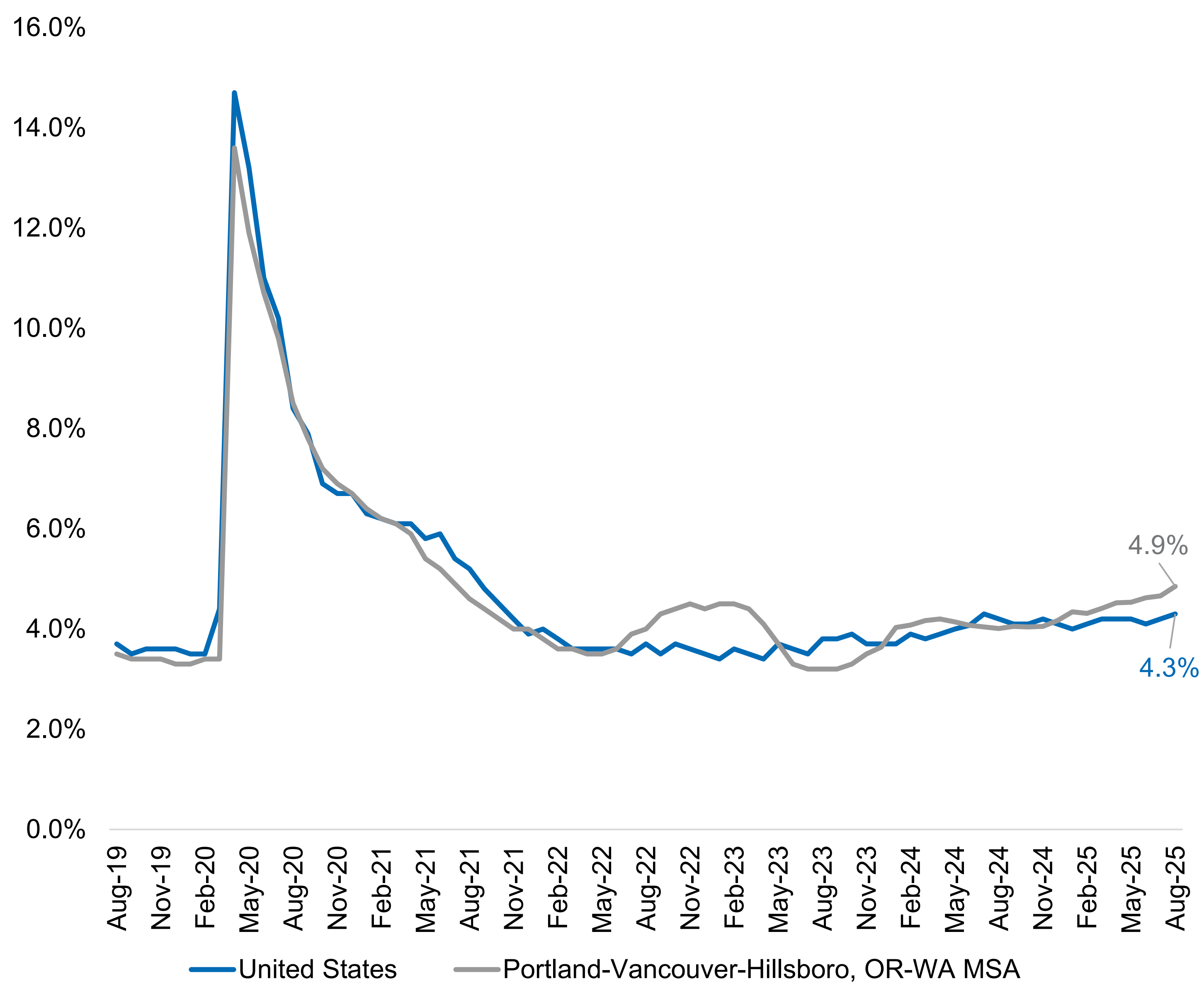
Leasing Market Fundamentals

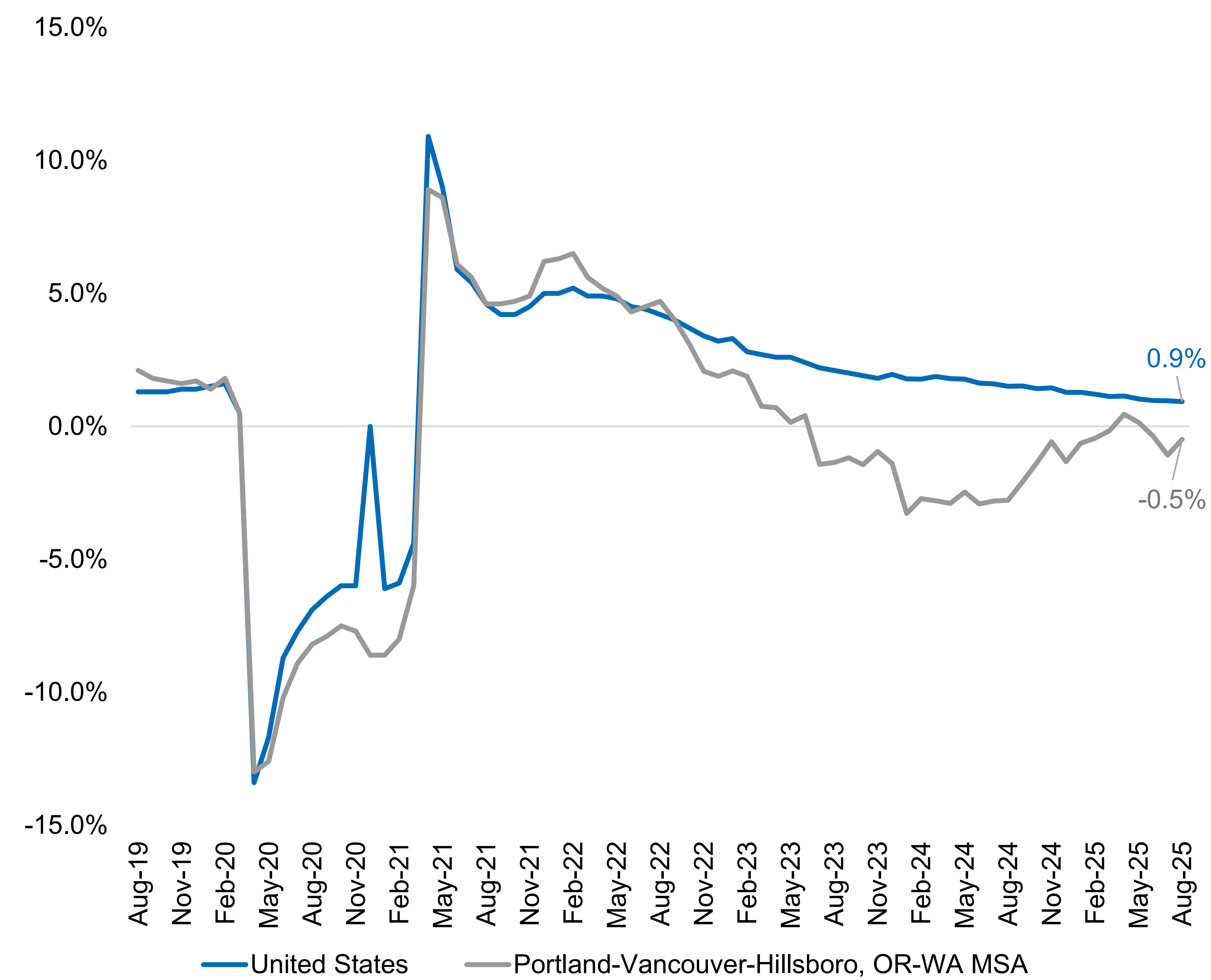
Portland Area Unemployment Records Notable Increase

Unemployment rose significantly in the third quarter, reaching 4.9%—60 basis points above the national average and notably higher than in the second quarter. Despite the increase, year-over-year employment growth remained slightly positive, though still trailing the national pace.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

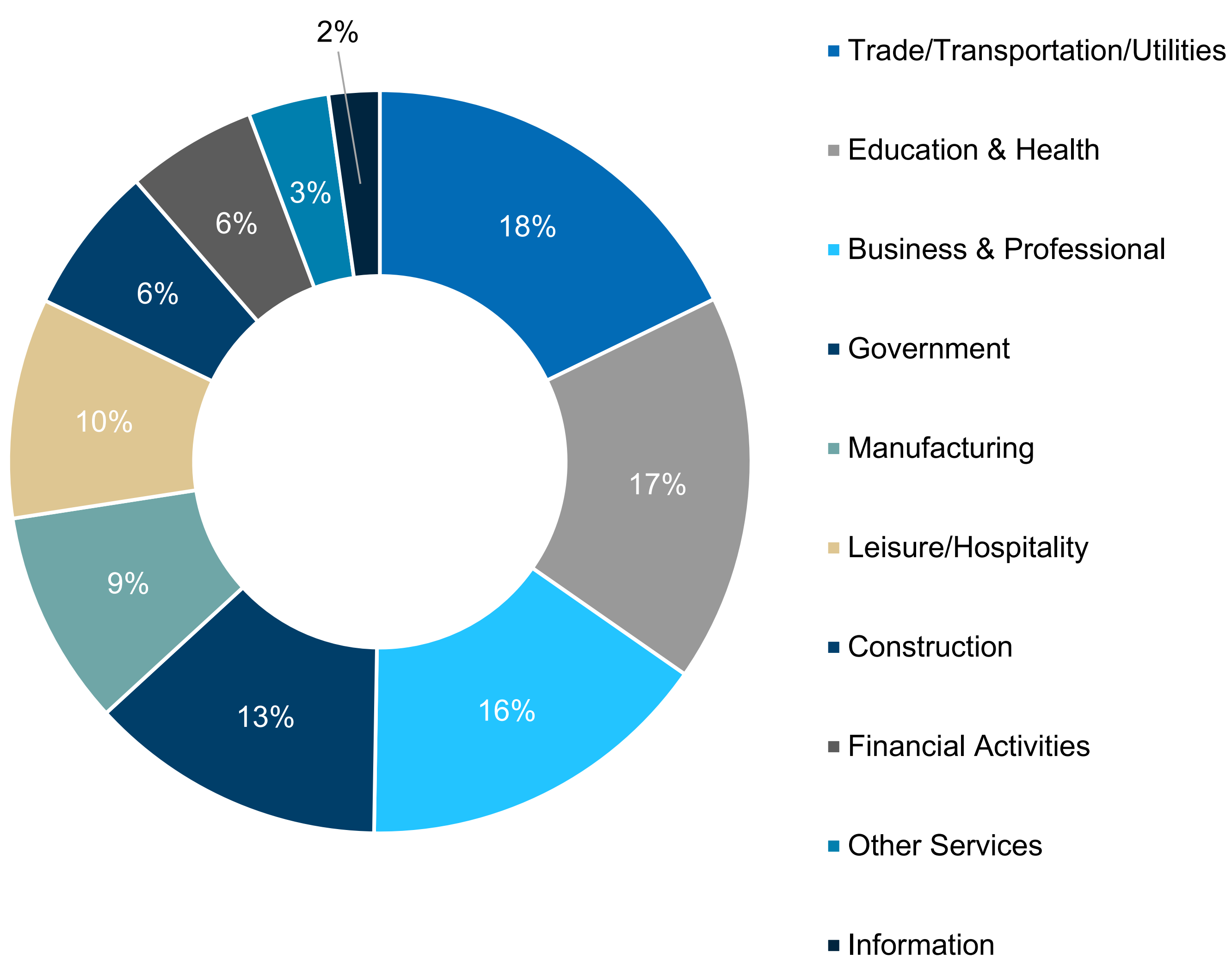


Source: U.S. Bureau of Labor Statistics, Portland-Vancouver-Hillsboro, OR-WA MSA. Data is preliminary.

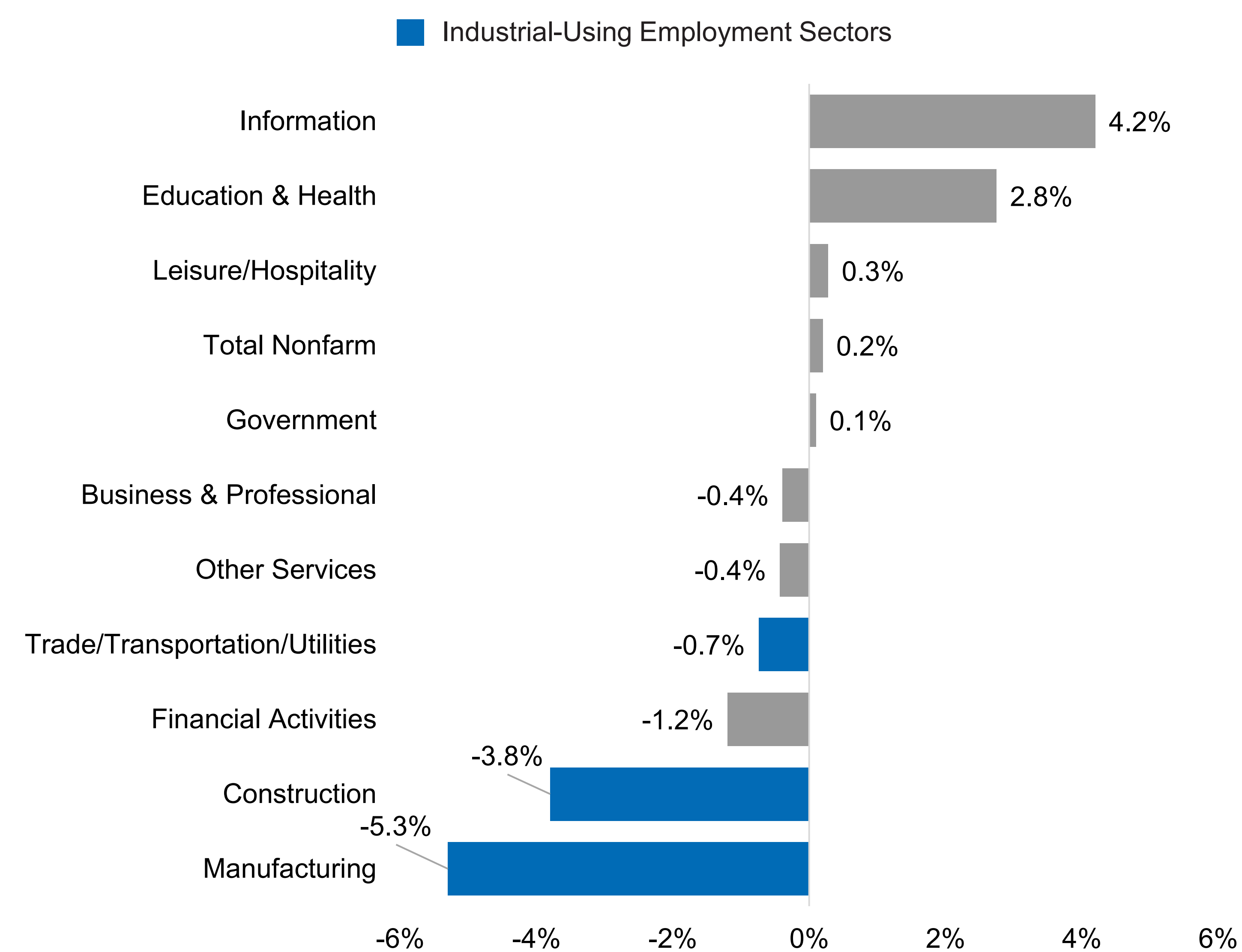
Major Industrial Sectors Recorded Job Losses

The third quarter of 2025 saw all three major industrial-occupying sectors record negative year-over-year job growth. The largest industrial sector in the area, Trade, Transportation, and Utilities, was the least impacted, with employment 70 basis points below 2024 levels in the third quarter.

Employment by Industry, August 2025



Employment Growth by Industry, 12-Month % Change, August 2025

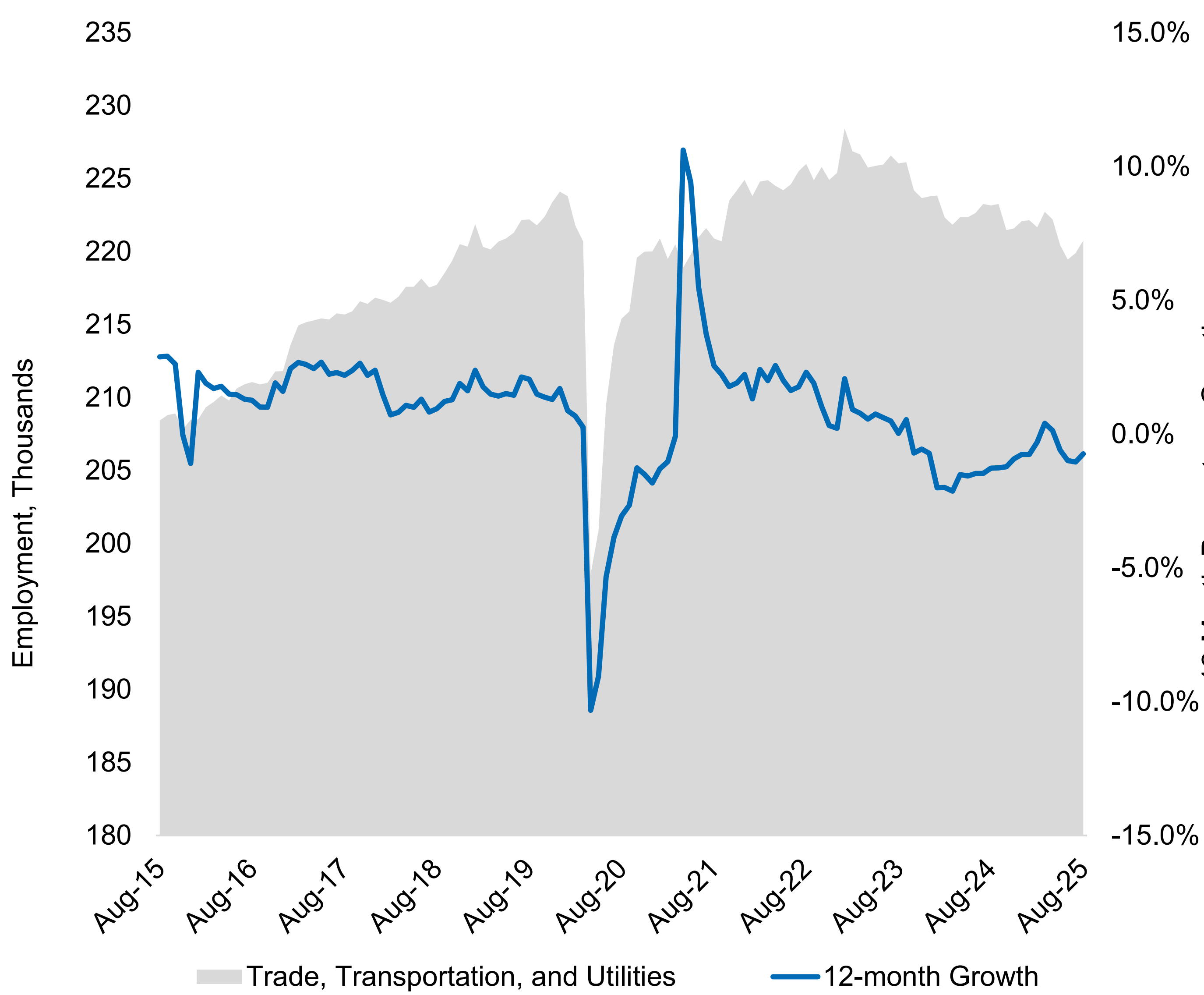


Source: U.S. Bureau of Labor Statistics, Portland-Vancouver-Hillsboro, OR-WA MSA. Data is preliminary.

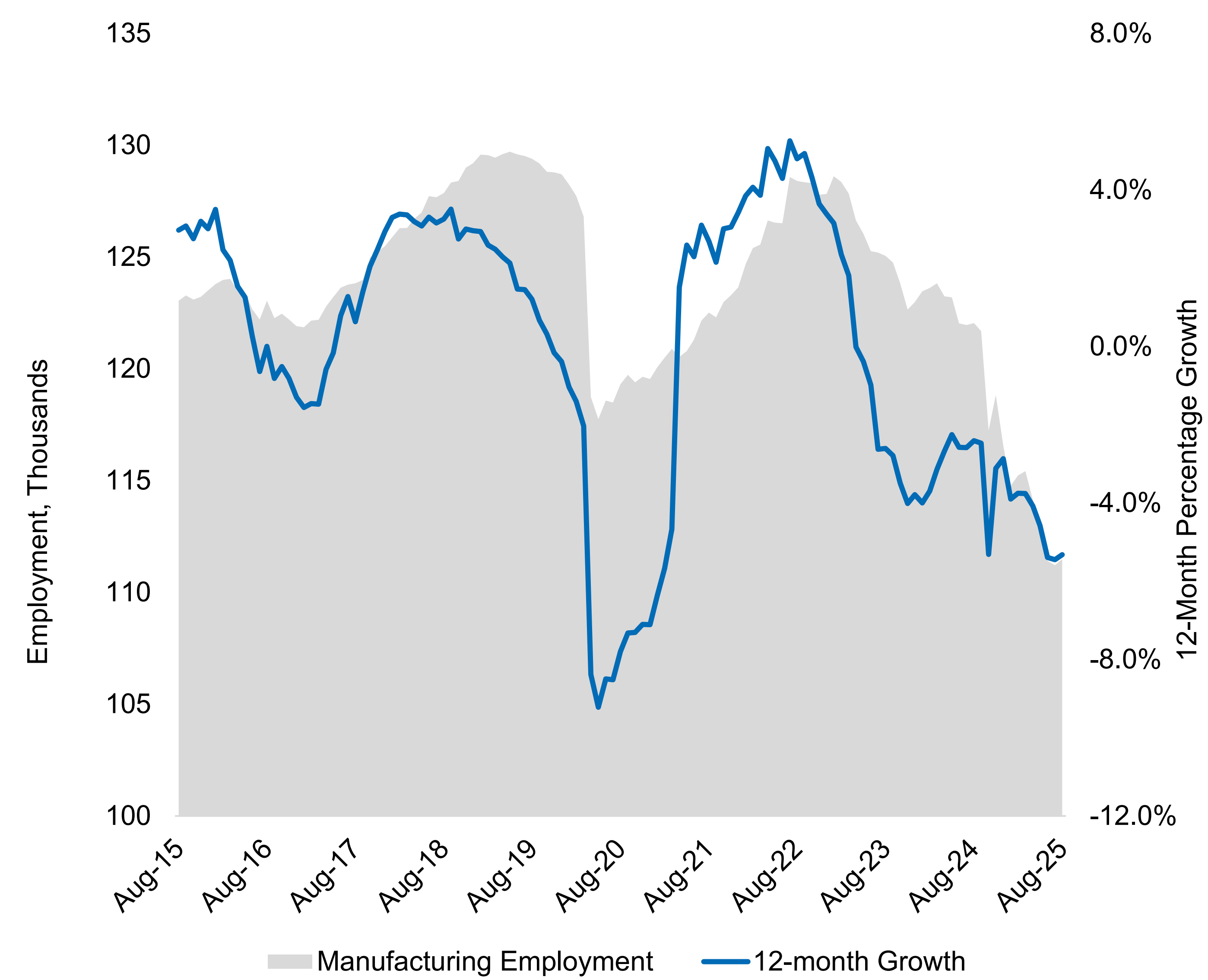
Manufacturing Employment Declined Further in 3Q25

The manufacturing sector continued to record sustained job losses for the third consecutive quarter in 2025, with employment down 5.3% compared to the same period a year earlier. Trade, Transportation, and Utilities remained the strongest-performing industrial sector, though it also recorded negative year-over-year growth.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Portland-Vancouver-Hillsboro, OR-WA MSA.

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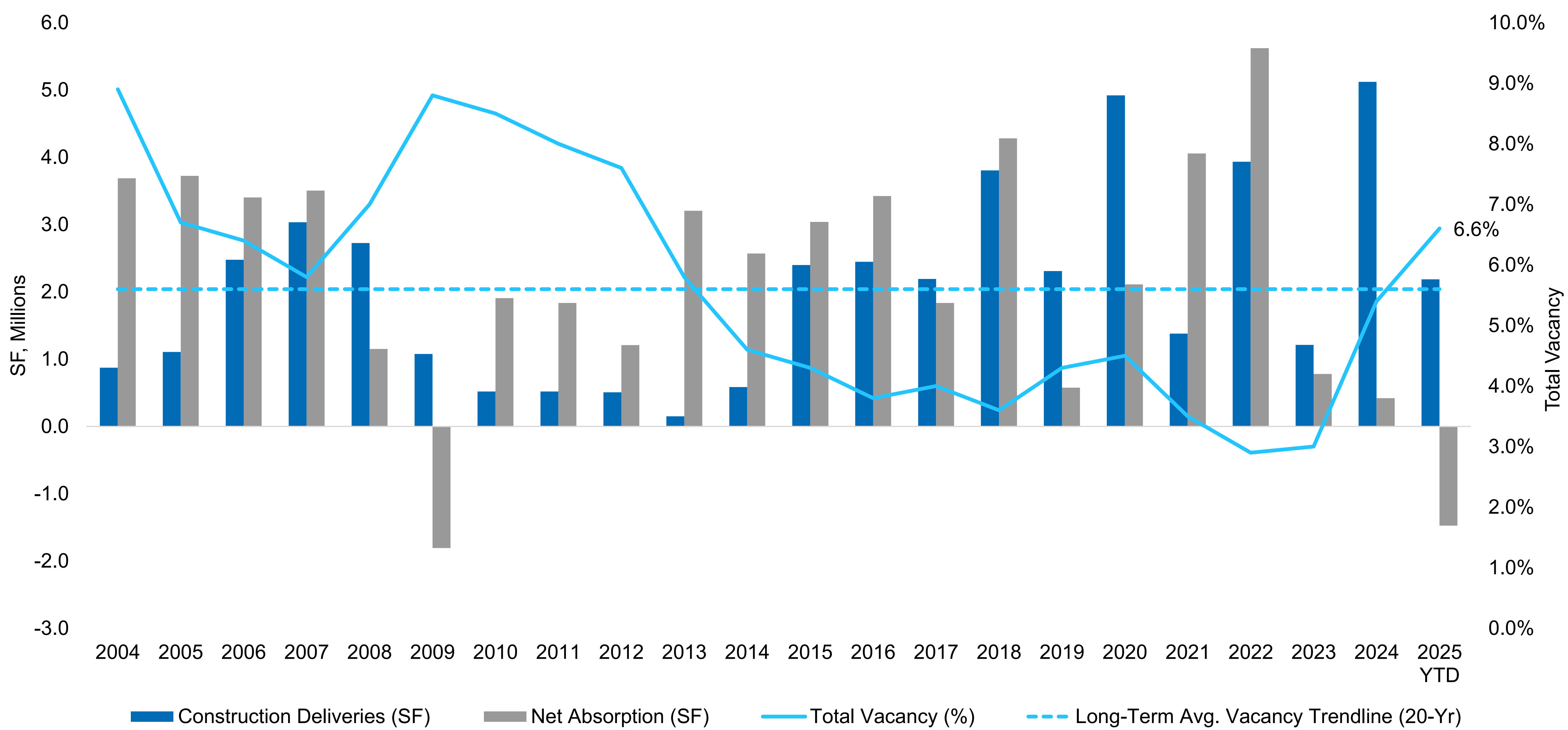
Leasing Market Fundamentals

Vacancy Remained Elevated as Unleased Deliveries Continued

Vacancy remained at 6.6% market wide for the second consecutive quarter, as the market recorded just 24,792 SF of absorption. Construction deliveries continued to contribute to negative net absorption for the year, as the trend of vacant deliverables persisted.

Historical Construction Deliveries, Net Absorption, and Vacancy

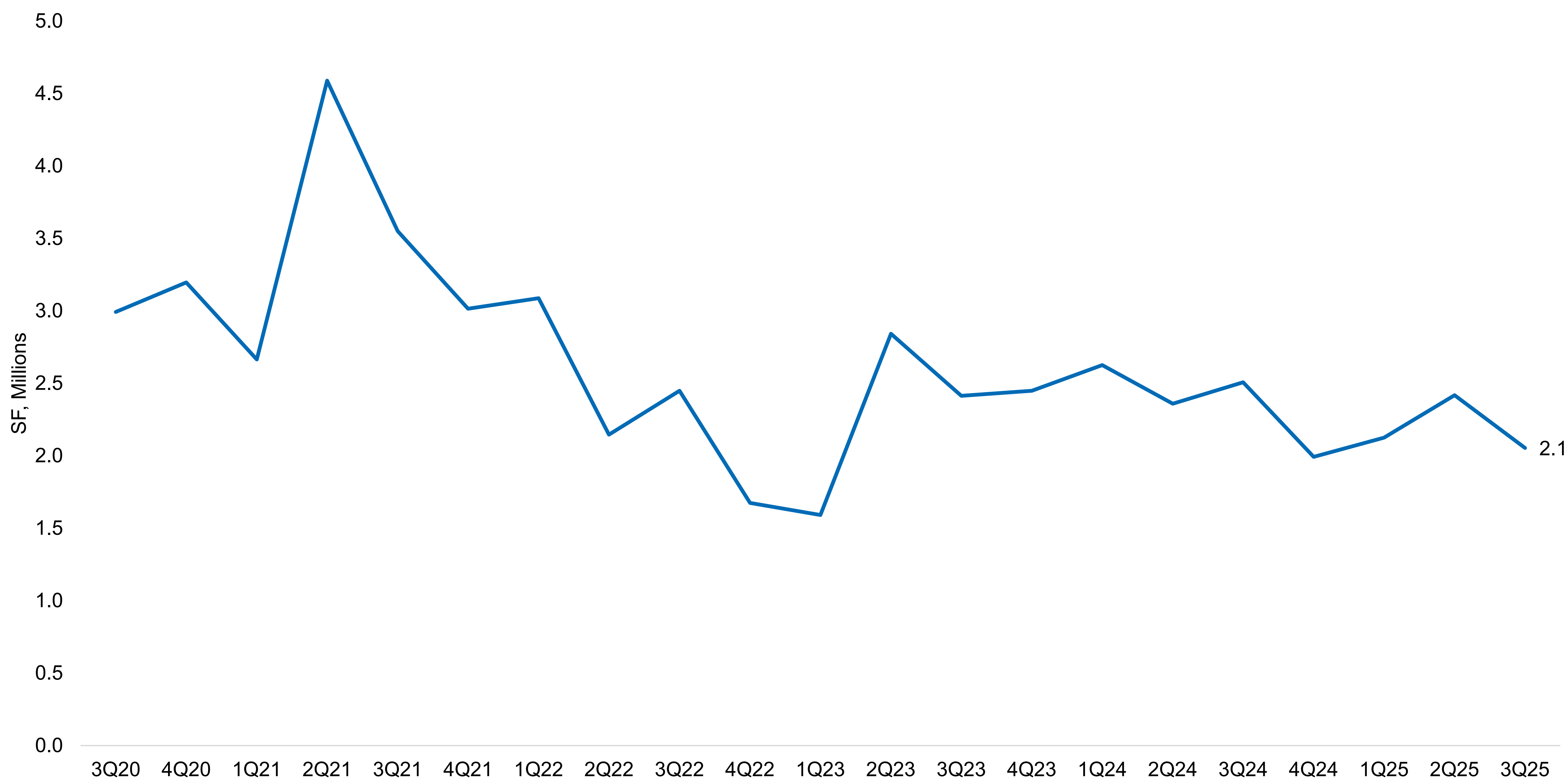


Source: Newmark Research, CoStar

Activity Showed a Slight Regression in 3Q25

Total leasing activity dipped modestly to 2.1 million SF in the third quarter of 2025. Activity picked up around the urban core in the Rivergate and Close-in NE submarkets, with each recording positive net absorption for the quarter. Activity in the historically strong I-5 South Corridor and Clark County submarkets declined from second-quarter levels.

Total Leasing Activity (SF)

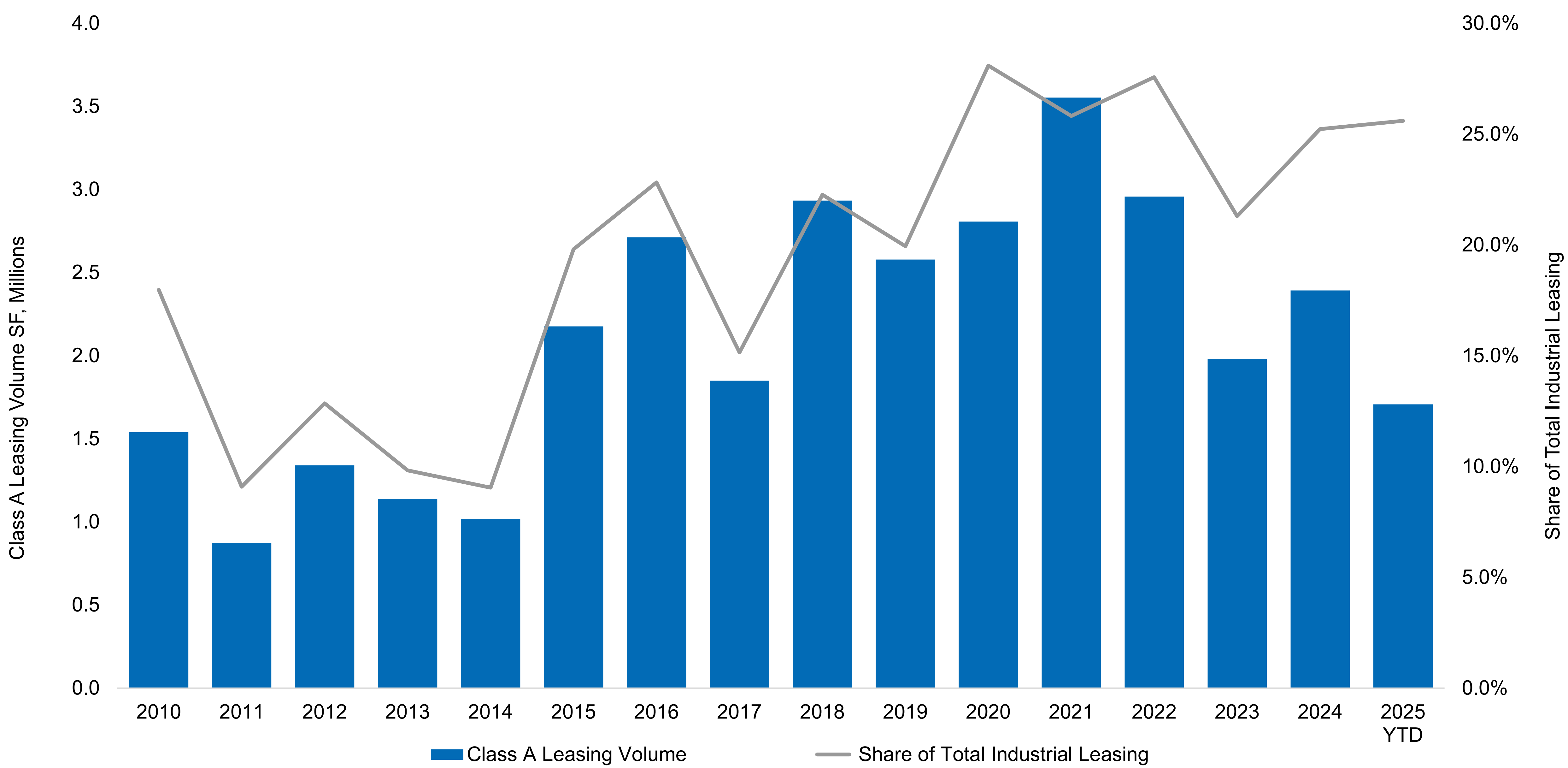


Source: Newmark Research, CoStar

Class A Volume Stayed Above 2024 Levels

Class A leasing volume continued a strong 2025 campaign, remaining on track to surpass 2024 totals in both overall leasing activity and share of total leasing volume. As of the third quarter of 2025, Class A leasing volume accounted for 25.6% of all deals completed in the Portland market year-to-date.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume



Source: Newmark Research, CoStar

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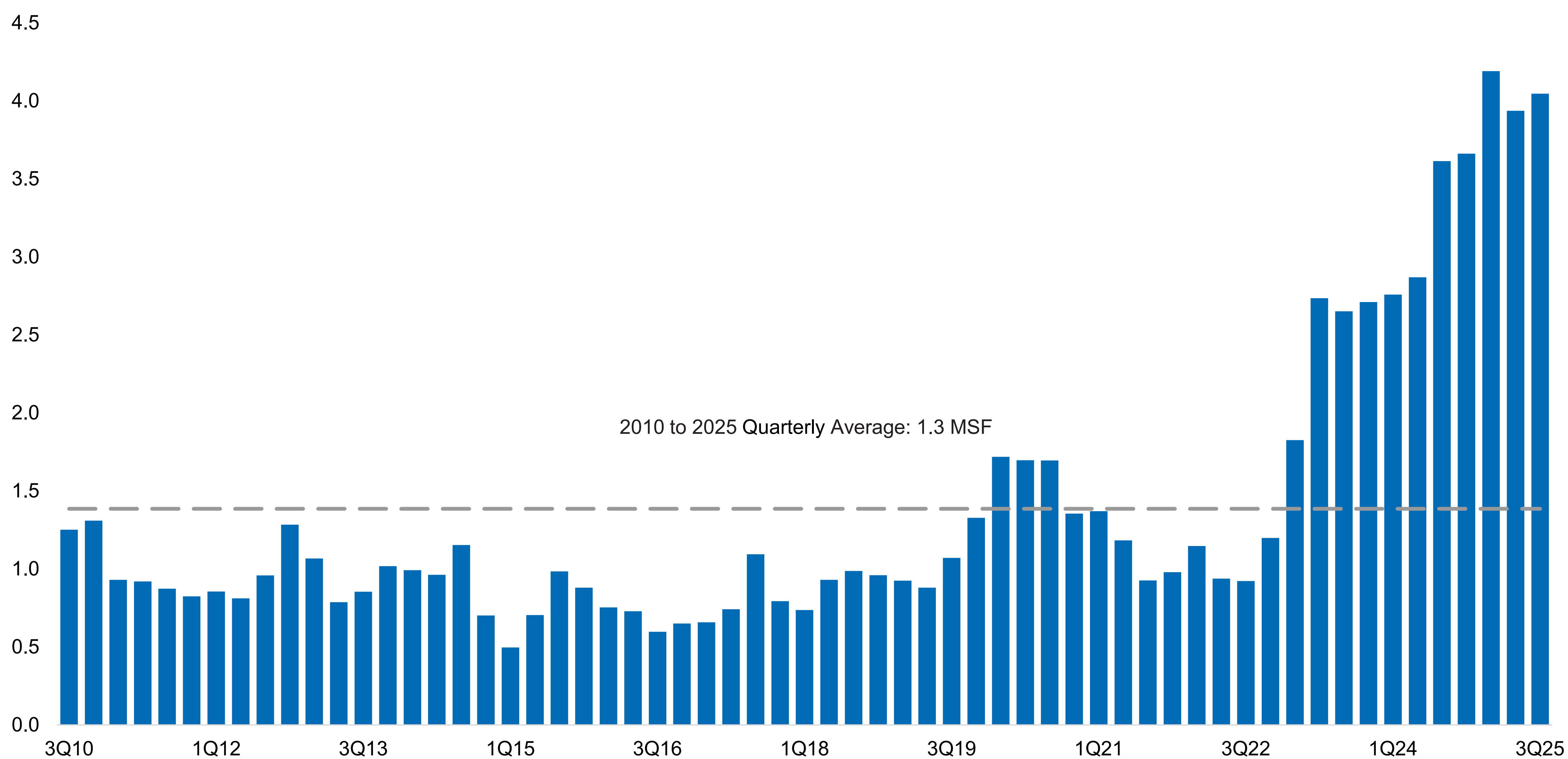
Sublease Availability Saw a Notable Gain

Multiple large blocks of space entered the sublease market in the third quarter. Total sublease inventory tracked in the market exceeded 4 million SF, more than three times the 15-year average.

Available Industrial Sublease Volume (MSF)



Source: Newmark Research, CoStar

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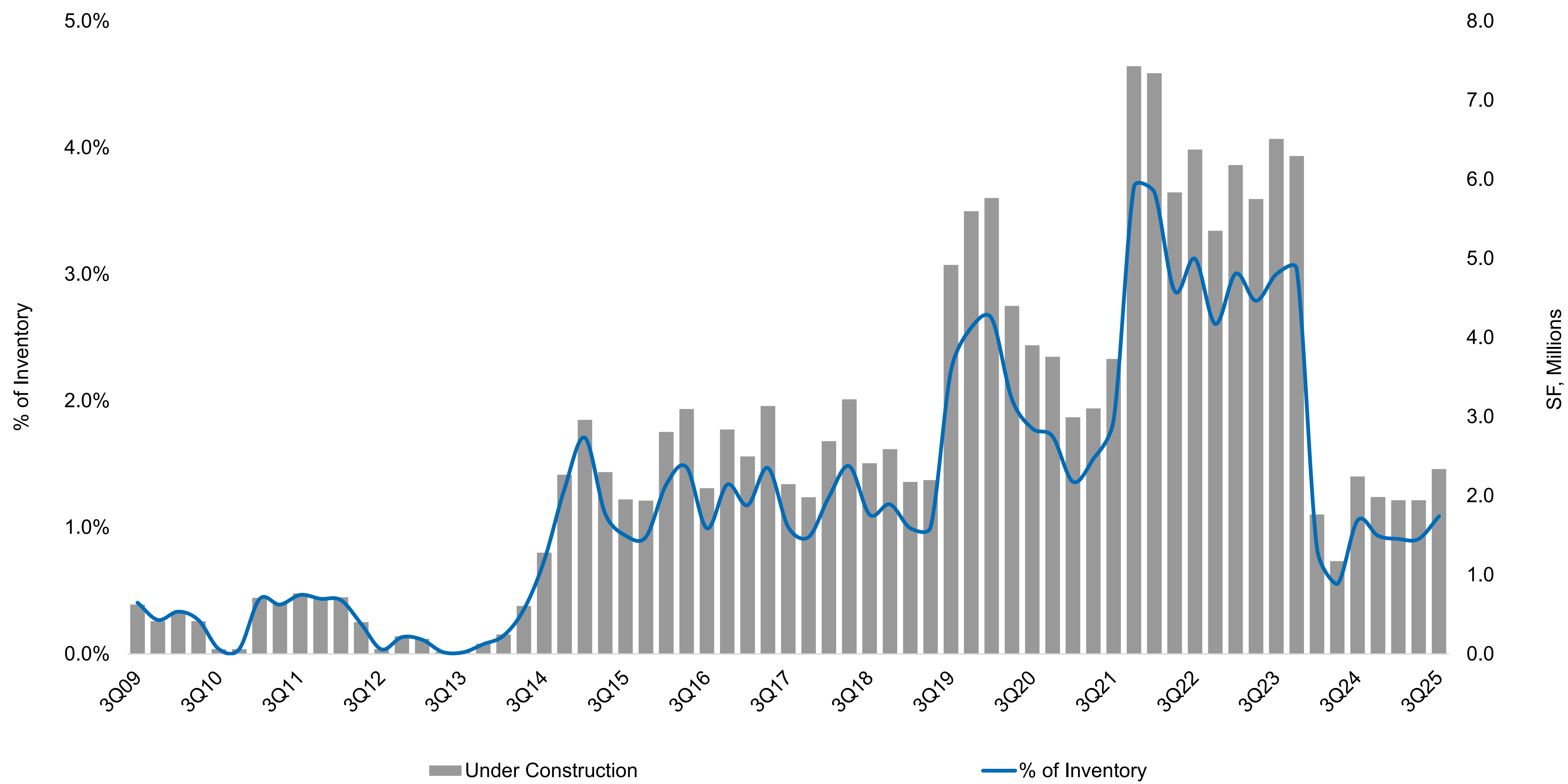
Several Large Construction Projects Broke Ground in 3Q25

The third quarter of 2025 saw multiple large-block construction projects break ground. Trammell Crow accounted for 1.1 million SF of new construction starts, including the 780,000 SF Sequoia Logistics Center in the I-5 South Corridor and the 303,000 SF Vanrose Technology Center in the Sunset Corridor.

Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

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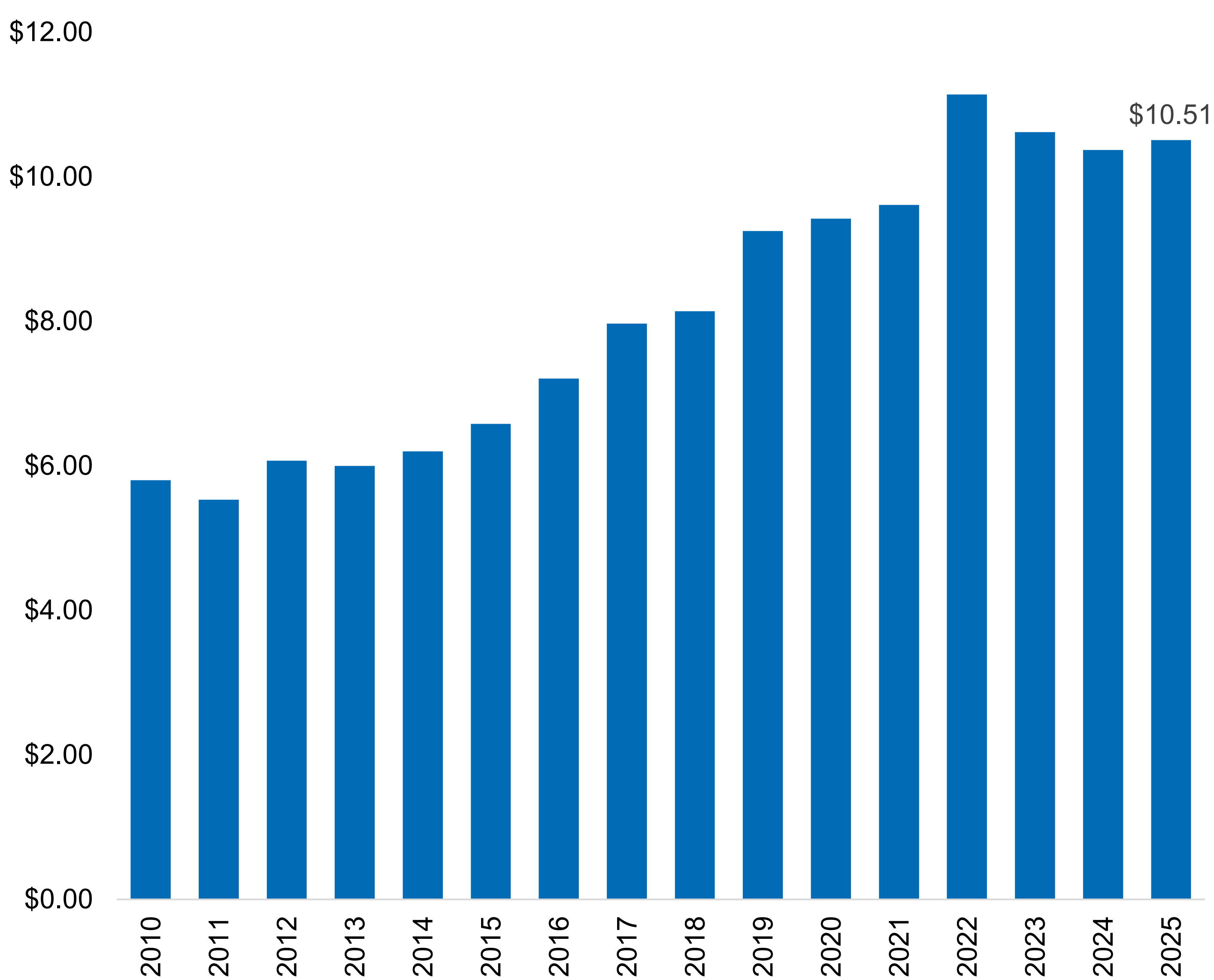
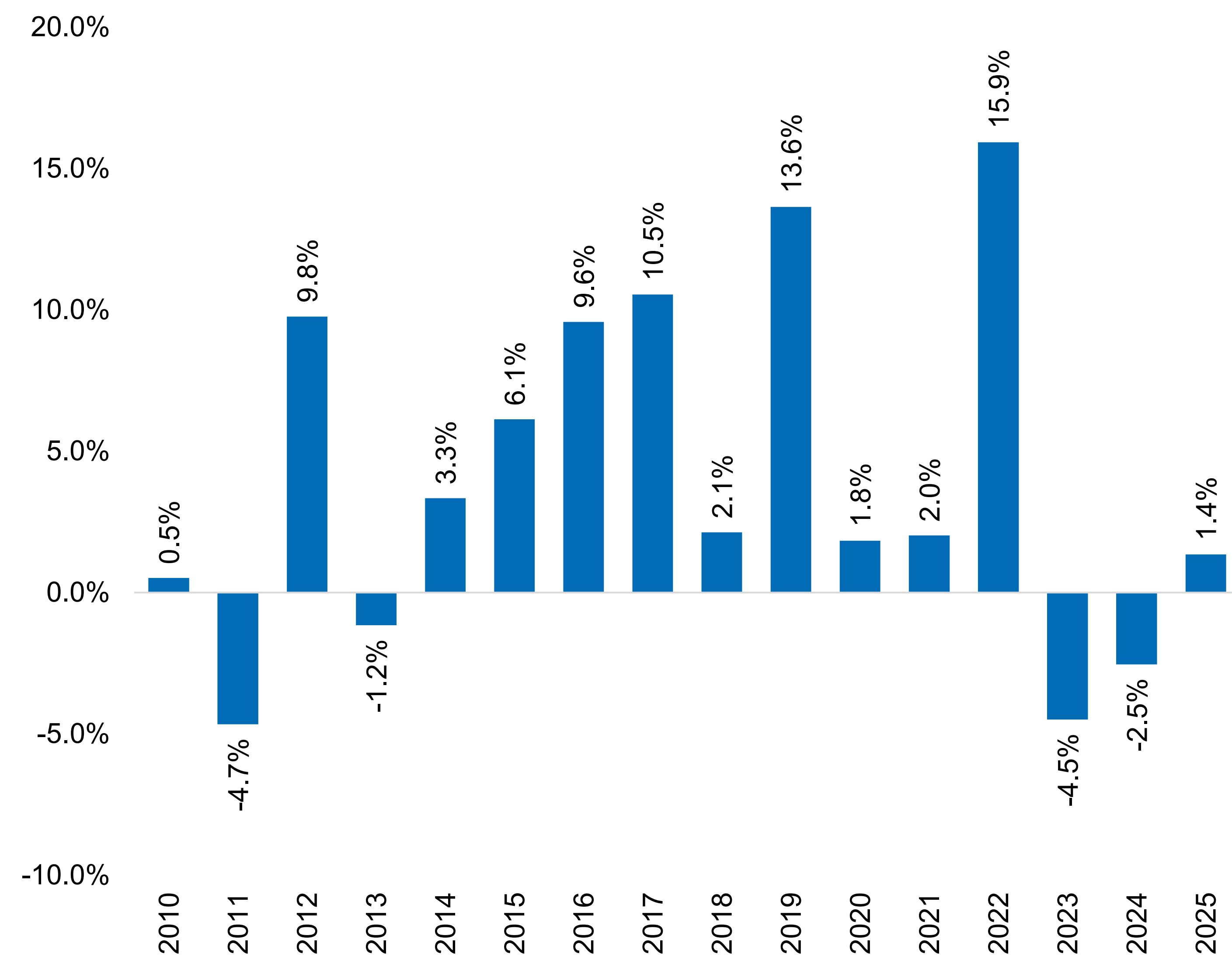
Asking Rents Remained Slightly Above 2024 Numbers

The average industrial asking rent reached $10.51/SF in the third quarter of 2025, representing a 1.4% year-over-year gain despite a notable decline in leasing market fundamentals over the course of the year. Asking rates were supported by Class A and high-quality product, which outperformed the negative rent growth seen in other asset types.

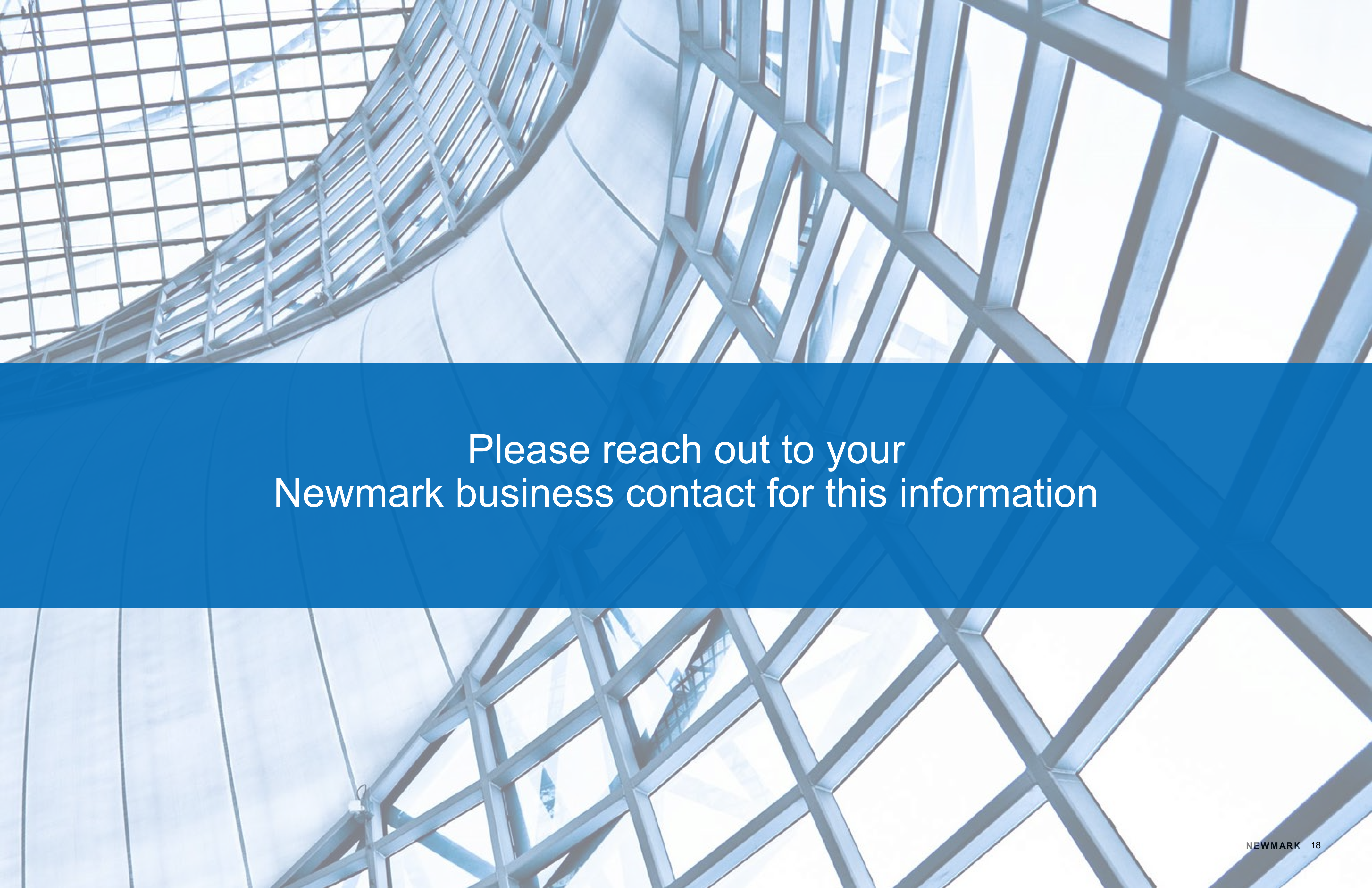
Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar



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Notable 3Q25 Lease Transactions

Direct new deals accounted for the bulk of the largest transactions in the quarter. Clark County saw the largest lease transaction, while the NE/Columbia Corridor recorded multiple large-block deals, benefiting from a strong third quarter.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Nuna	3204 NW 38th Cir	Clark County	Direct New	259,148
Nuna leased the entire building footprint at 3204 NW 38th Circle in Vancouver.				
Mazda	6308-6310 N Marine Dr	Rivergate	Direct New	141,825
The japanese auto manufacturer signed a direct deal to establish their footprint in the Rivergate submarket.				
Graybar	4570 NE 122nd Ave	NE/Columbia Corridor	Direct New	133,828
The Missouri based wholesaler will occupy half of Sandy Logistics Center.				
Logisticus Group	92 SE 223rd Ave	NE/Columbia Corridor	Sublease	98,481
Logisticus Group committed to second-generation space in Gresham.				
Hardwood Specialty Products	29889 SW Boones Ferry Rd	I-5 South Corridor	Direct New	77,000
Hardwood Specialty Products relocated within the I-5 South Corridor.				

Source: Newmark Research

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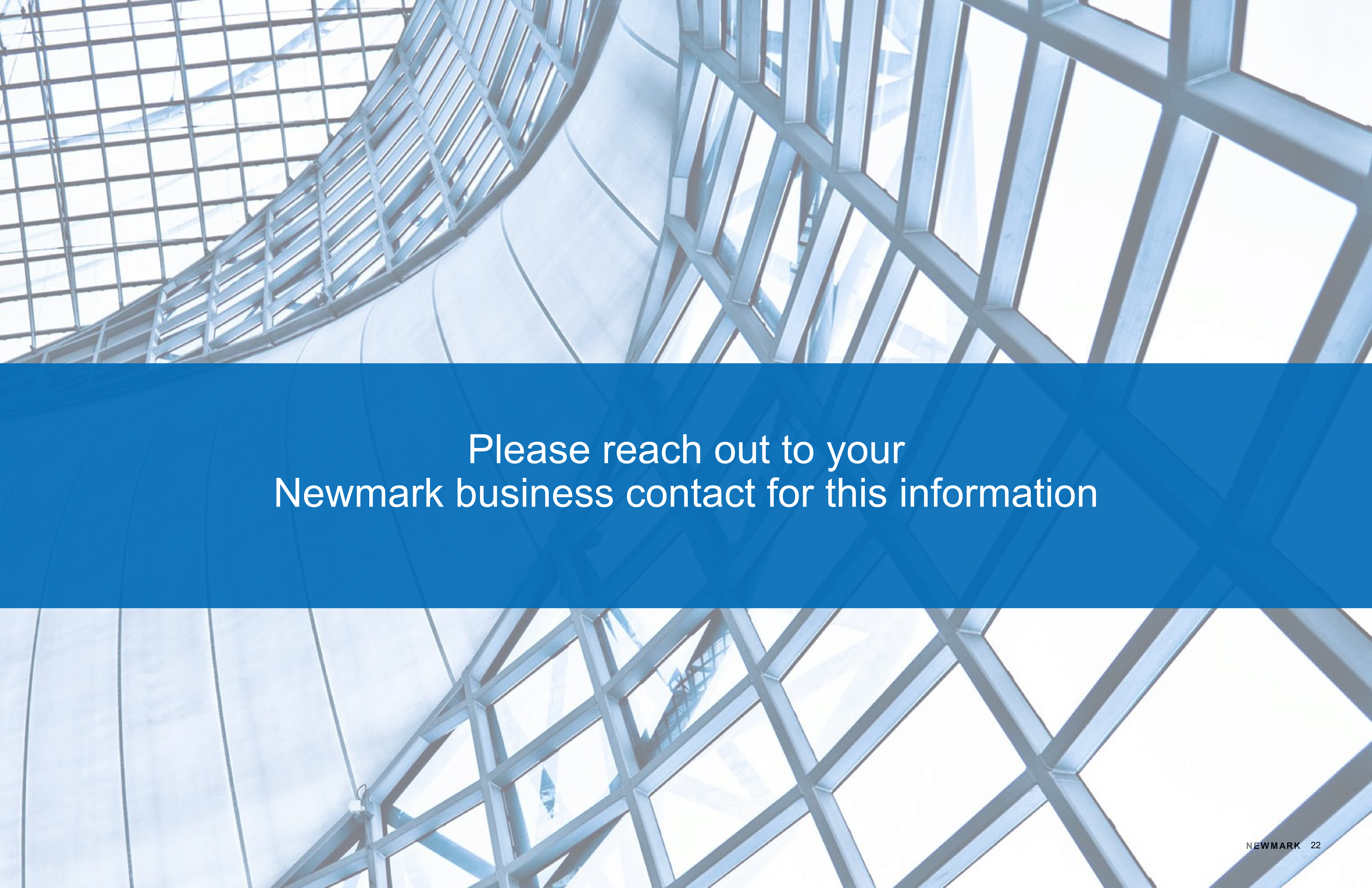
Appendix / Tables



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