



NEWMARK

Portland Industrial Market Overview

4Q25

NMRK.COM

U.S. Market Observations



Economy

- Unemployment reached 5.0% in the Portland market, with the Portland–Vancouver–Hillsboro MSA continuing to outpace the national average.
- The Manufacturing sector posted deep losses for the third consecutive quarter, with year-over-year job growth declining by 5.6% in the market's second-largest industrial industry.
- Job growth was negative market-wide, as two of the three major industrial-occupying sectors recorded year-over-year declines in the fourth quarter.
- The Trade, Transportation & Utilities sector was the lone bright spot for the industrial market, recording positive job growth with year-over-year gains of 0.5%.



Leasing Market Fundamentals

- Year-end industrial vacancy reached 7.3%, a 70-basis-point increase from the third quarter of 2025.
- Quarterly net absorption totaled negative 792,369 SF, driven by large-block space returning to the market in the I-5 South and NE/Columbia Corridor submarkets.
- Leasing activity declined from the third quarter of 2025, with the market showing continued signs of softening to close the year. Total leasing volume for the year reached 8.2 million SF.
- Construction activity continued in the fourth quarter, with the total under-construction footprint reaching 4.5 million SF, supported by a 931,186 SF industrial project in Woodland, WA.



Major Transactions

- Clarion Partners sold 1250 NW Swigert Way, a 857,379-SF industrial property in Troutdale to CIRE Equity. The property sold for \$113.21 million, or \$132/SF. The property is 100% leased to Amazon through 2033.
- KAI USA acquired a 69,332-SF building located at 18544-18555 SW Teton Ave, for \$13.40 million, or \$193/SF. The buyer exercised a purchase option and will occupy the building as an owner-user. The seller was Menashe Properties.
- LBA Logistics acquired Riverside Industrial Park, a 129,155-SF two-building industrial park in the NE/Columbia Corridor submarket. The properties were purchased for \$23.30 million or approximately \$180/SF from a private estate.



Outlook

- Vacancy rates are expected to rise as the industrial leasing market continues its prolonged softening into 2026.
- Average asking rates are likely to remain volatile, with rising vacancy levels tempering overall rate growth. Submarkets with constrained availability should continue to outperform the market average.
- Sublease inventory remains near all-time highs and is expected to persist at elevated levels, as demand continues to lag the growing surplus of available space.
- Submarkets with a higher concentration of high-quality, well-located assets should continue to capture a larger share of overall deal activity, as tenants increasingly prioritize best-in-class product.

Table of Contents

1. Economy
2. Leasing Market Fundamentals
3. Appendix / Tables

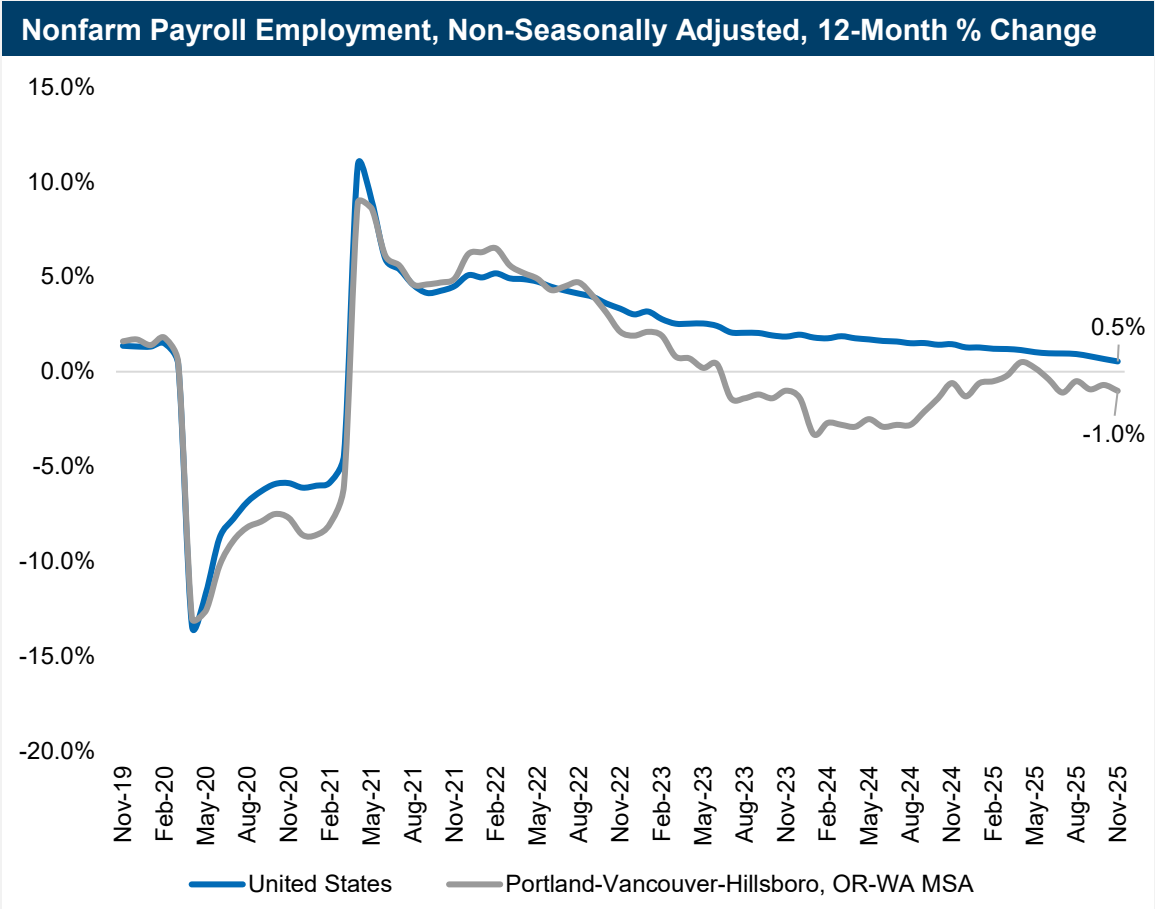
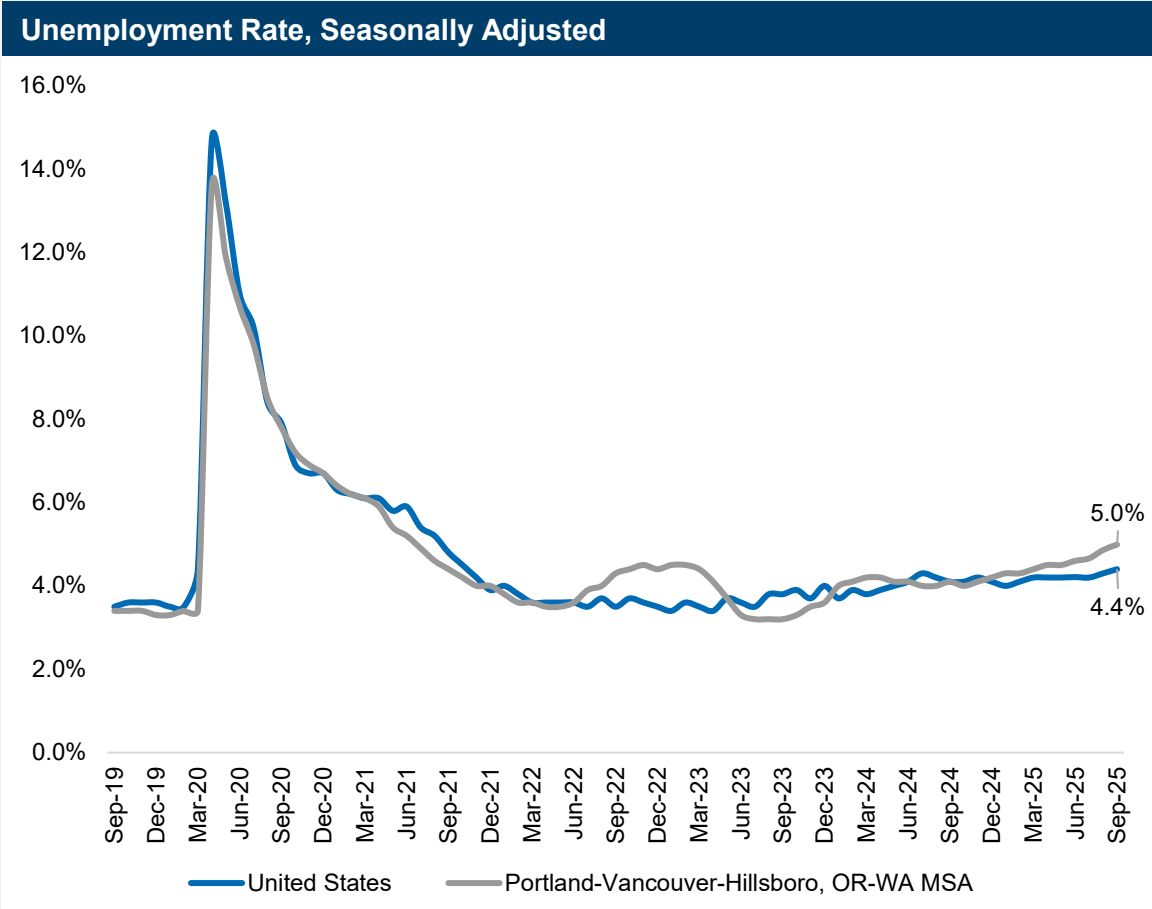
01

Economy

4Q25

Unemployment Remained Elevated, Above National Average

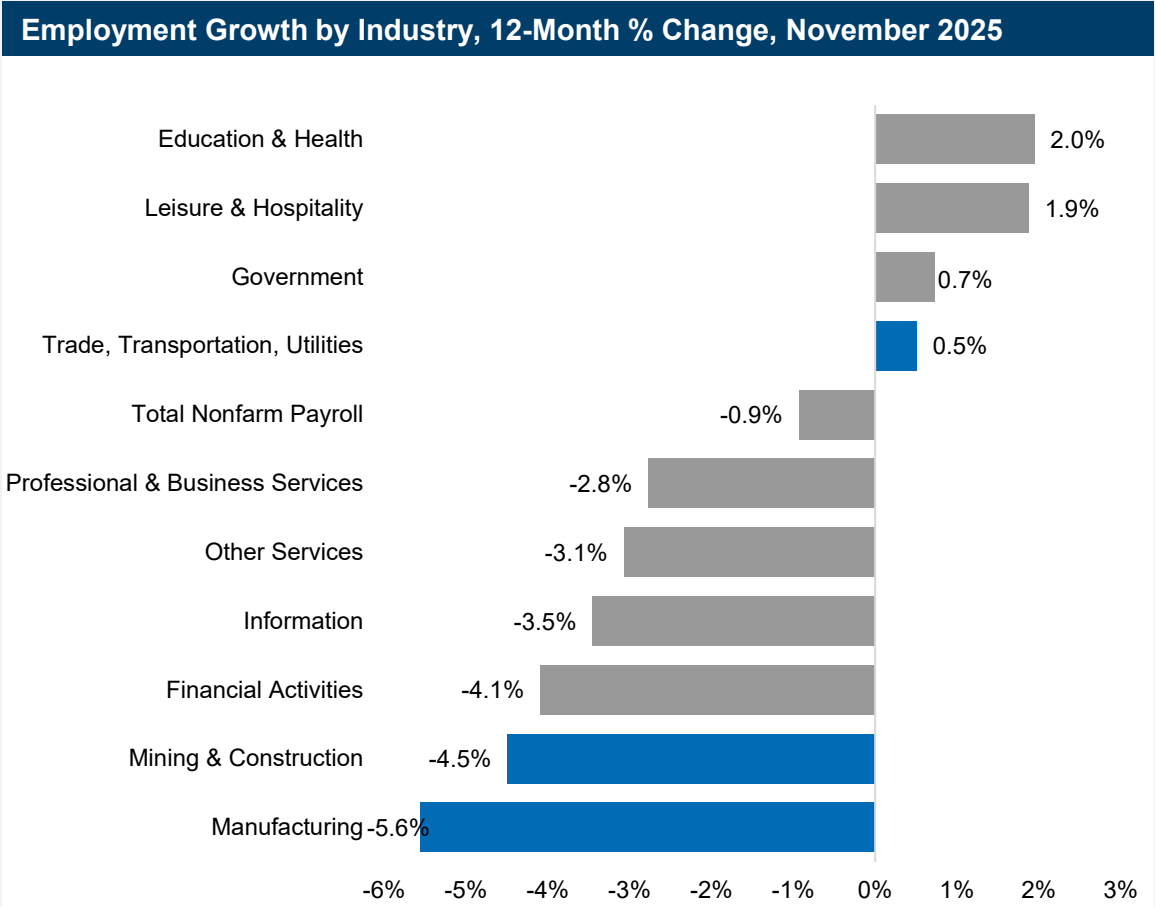
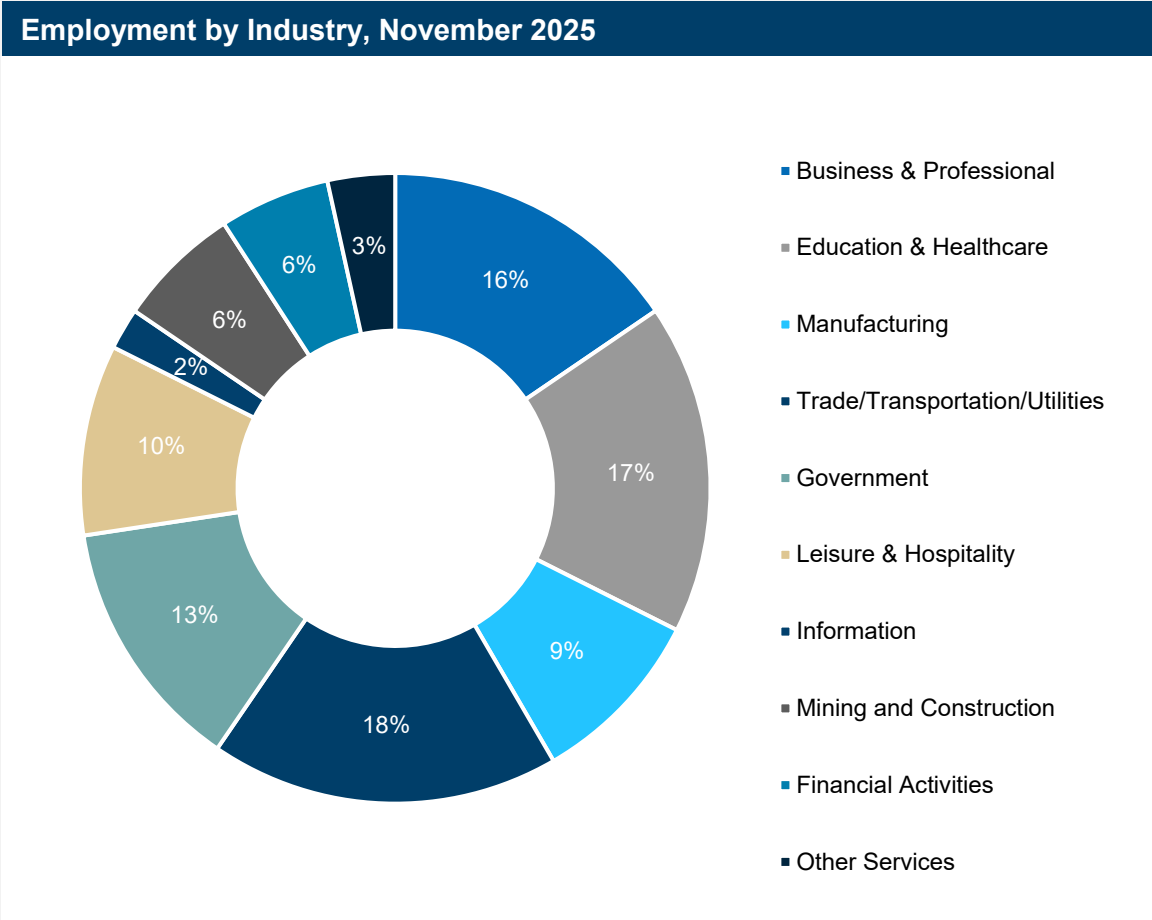
Unemployment in Portland continued to outpace the rising national average, reaching 5.0% market-wide—60 basis points above the national rate—as deep losses in industrial-occupying industries persisted into the close of 2025. Significant contractions in two industrial-using sectors, along with broader job losses across several major industries in the fourth quarter, contributed to the increase. On a year-over-year basis, Portland recorded a 100-basis-point decline in overall employment growth following a strong 2024.



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

Main Industrial Sectors Recorded Year-Over-Year Losses

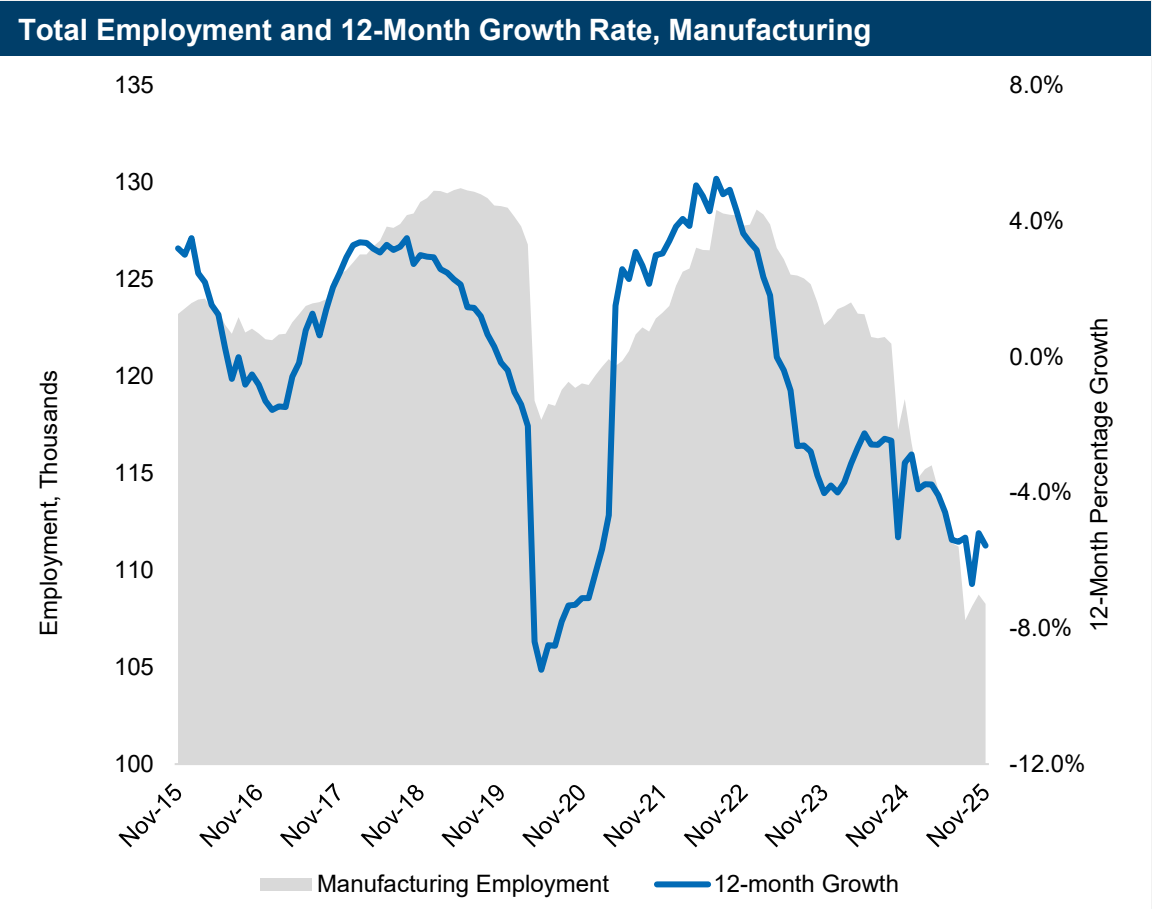
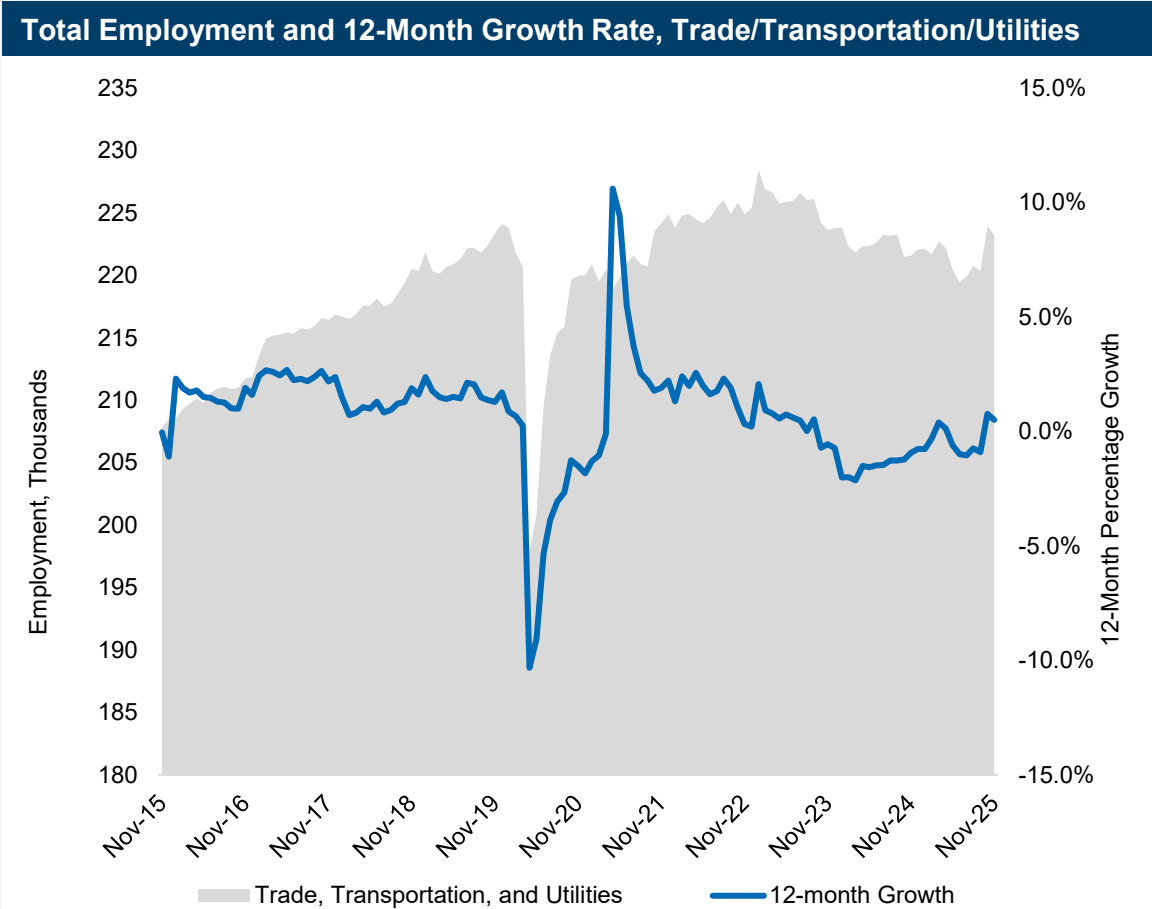
Manufacturing, Portland’s second-largest industrial sector by employment, continued to decline in the fourth quarter of 2025, with employment down 5.6% compared to the same period a year earlier. Trade, Transportation, and Utilities was the lone industrial sector to post growth during the quarter, recording a 0.5% year-over-year gain that was insufficient to offset losses across the other major employment sectors.



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

Major Industrial Sectors Diverge in 4Q25

After multiple years of strong performance, the Manufacturing sector has experienced a sustained decline in employment, with growth remaining negative throughout 2025. In contrast, the Trade, Transportation, and Utilities sector—Portland’s largest by total employment—posted its second consecutive quarter of growth, with year-over-year gains of 50 basis points.



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



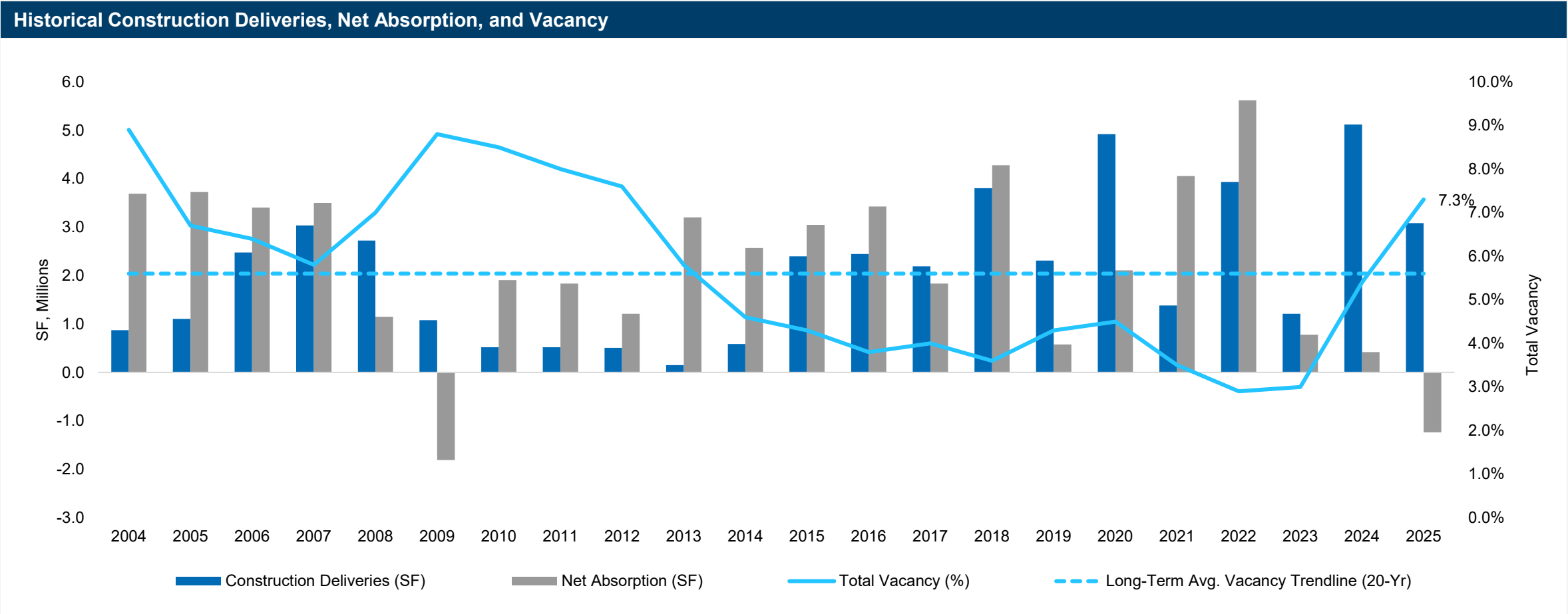
02

Leasing Market Fundamentals

4Q25

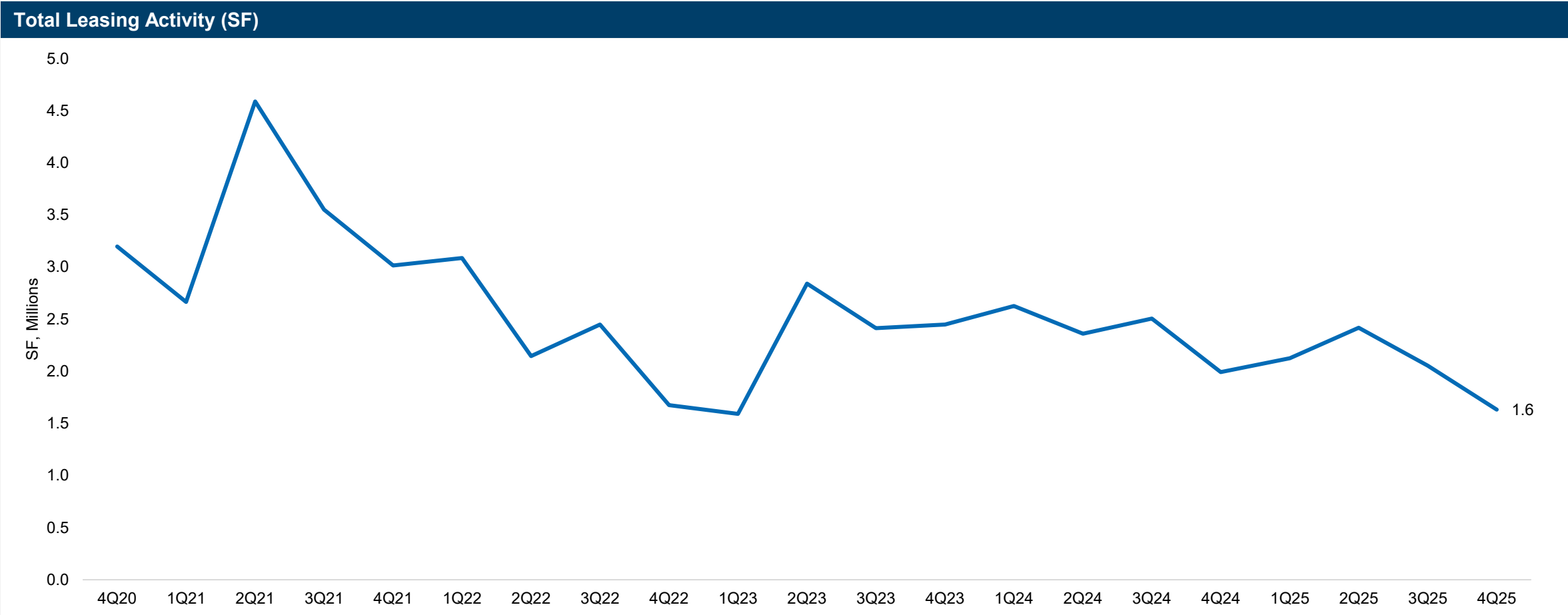
Vacancy Reached 7.3% Amidst Surge in Available Space

The industrial leasing market continued to soften in the fourth quarter, with vacancy rising to 7.3% across the Portland market. Vacancy has not exceeded 7.0% since 2012, marking a 170-basis-point year-over-year increase from 5.6% in the fourth quarter of 2024. Construction deliveries totaled 2.7 million SF, led by the completion of Hedges Creek Industrial Park in the I-5 South Corridor, which added nearly 500,000 SF of vacant new construction to the market.



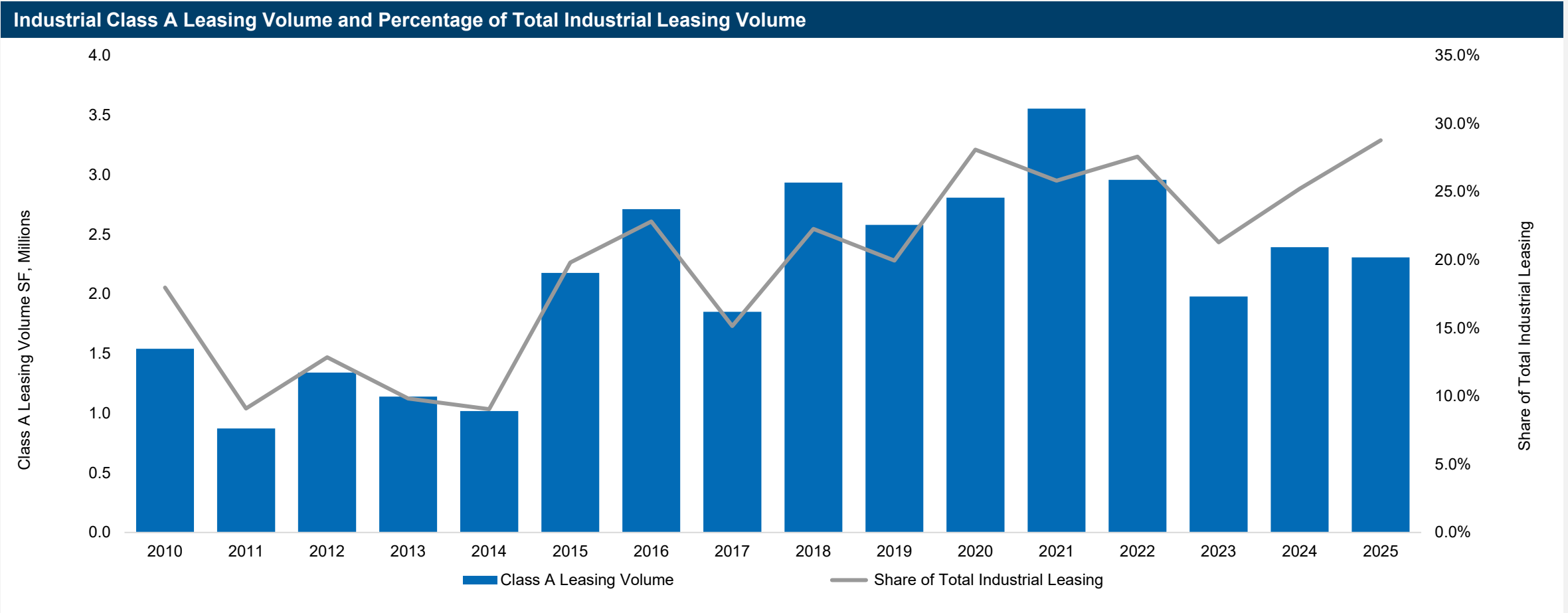
Total Leasing Experienced End of Year Dip in Activity

Leasing activity dipped significantly in the fourth quarter of 2025, registering 1.6 million SF of leasing volume over the three-month period. The fourth quarter historically has been the slowest quarter in recent years for industrial leasing, which is an indicator that the downturn can be attributed more to a subdued holiday season than an outright dip in overall tenant demand and deal volume.



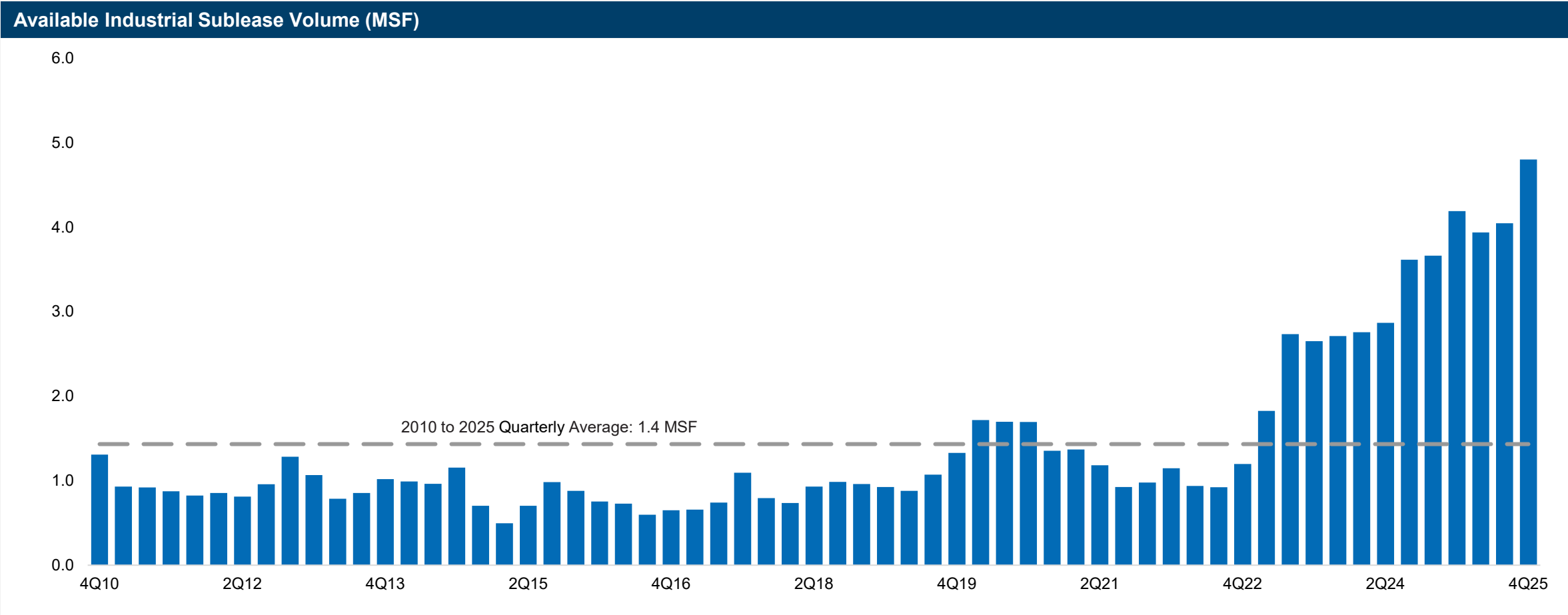
Class A Product Dominated Market Share in 2025

Class A product has steadily gained market share since bottoming at 21.3% of all lease deals in 2023. As of the fourth quarter of 2025, Class A leasing accounted for 28.8% of all leases signed during the year—the highest level recorded in five years. Tenant demand has increasingly shifted toward product quality, location, and incentives as the industrial leasing market adjusts to softer conditions and elevated vacancy levels.



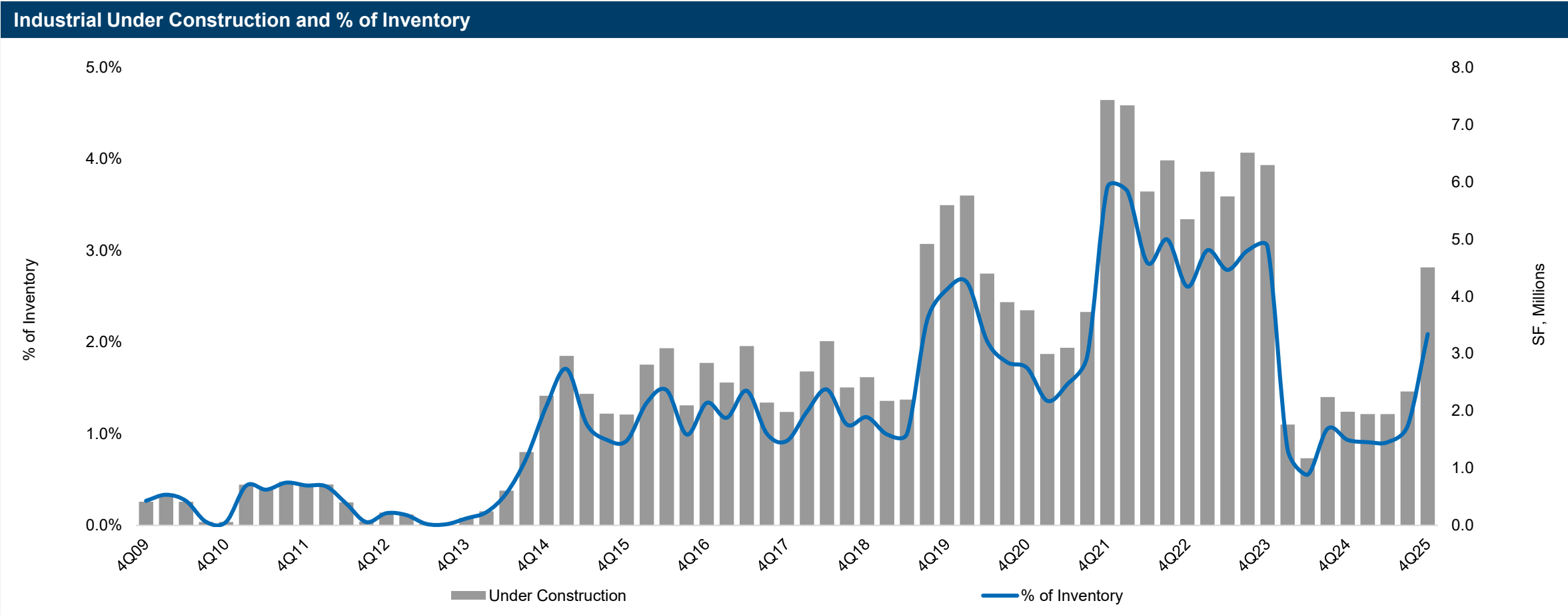
Sublease Inventory Rose on Large Block Additions

Available sublease inventory rose again in the fourth quarter, with 4.8 million SF of space being marketed for sublet. Total sublease availability remained more than three times higher than the 15-year average of 1.4 million SF. Continued softening in the industrial leasing market has contributed to the rise in sublease availability, as tenants seek to offload unused footprints.



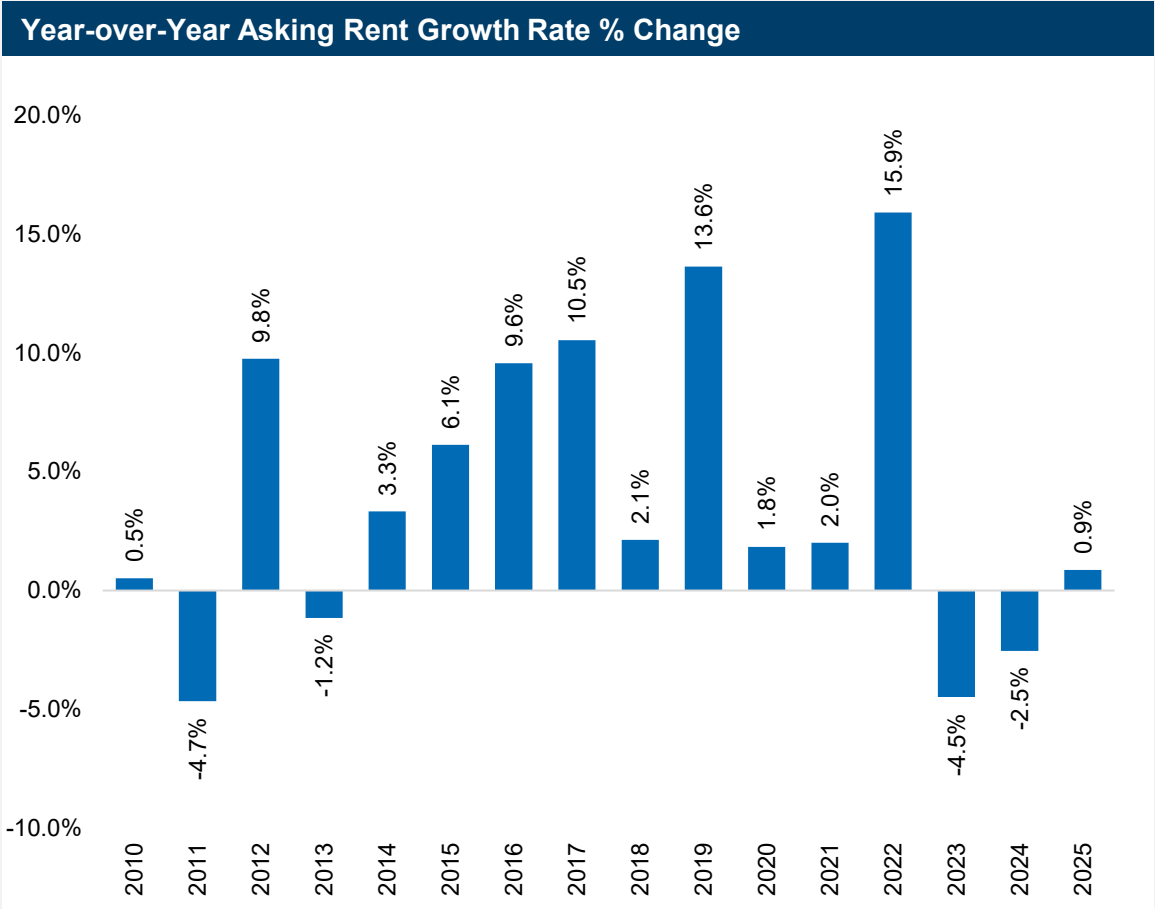
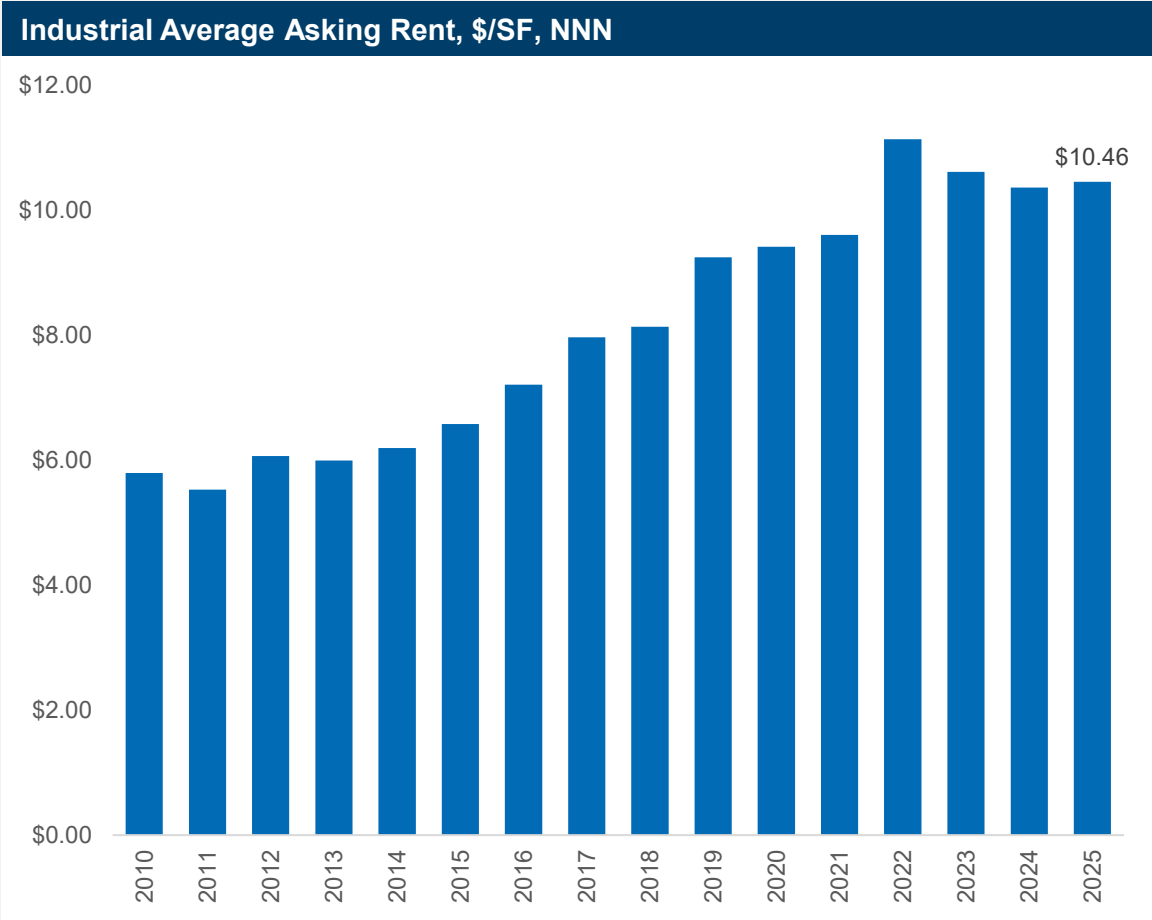
Construction Pipeline Gained Again, Above 2024 Numbers

New construction starts continued through the end of 2025, with 4.5 million SF of projects currently tracked in the Portland market. This sharp rise is largely attributable to new groundbreakings in the I-5 South Corridor and Clark County, including a 931,186 SF warehouse/distribution building that broke ground in Woodland, WA. In the fourth quarter, Portland had 2.1% of its total market footprint under construction.



Market Asking Rent Saw Positive Year-Over-Year Growth

The industrial average asking rent was \$10.46/SF across the Portland market in the fourth quarter. Year-over-year growth registered 0.9%, marking the first positive annual rent increase since 2022. Rates remain below the highs set in 2021, a period defined by aggressive leasing activity and historically low vacancy. Rent growth was supported by increases in Class A product, as demand remained healthy for best-in-class inventory.



Notable 4Q25 Lease Transactions

Wagner Industries recorded the largest lease of the fourth quarter with their renewal at their long-time location in the Rivergate submarket. An undisclosed tenant preleased the entire footprint of the upcoming Prologis Broadmoor industrial development in the NE/Columbia Corridor, where three of the largest leases of the quarter were signed during a very active quarter for the submarket.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Wagner Industries <i>Wagner Industries renewed their lease of the entire building at North PDX Logistics Center I.</i>	7825 N Leadbetter Rd	Rivergate	Renewal	318,972
Undisclosed Tenant <i>Prologis Broadmoor secured an anchor tenant for the upcoming project.</i>	3509 NE Columbia Blvd	NE/Columbia Corridor	Direct New	268,749
U.S Auto Force <i>U.S Auto Force will occupy more than 50% of the building formerly occupied by Bridgestone Tires.</i>	19295-19375 NE Riverside Pky	NE/Columbia Corridor	Direct New	139,987
Southland Industries <i>The national building systems company took additional space in Vancouver.</i>	6920-7000 NE St. Johns Rd	Clark County	Direct New	122,321
IZI1 <i>The Portland based company secured a headquarters in the NE/Columbia Corridor.</i>	3069 NE 170th Pl	NE/Columbia Corridor	Direct New	80,170

03

Appendix / Tables

4Q25

Access the Extended 4Q25 Portland Industrial Report

The extended version of this report includes:

- **Data on leasing trends**
 - Sublease data by submarket
 - Preleasing data for new construction projects
- **Market statistics for the overall market and high-level statistics**
- **Vacancy and rent data by submarket**

To access, please reach out to your Newmark contact.

Dexter Muller*Research Analyst**Portland Research*

Dexter.Muller@nmrk.com

Portland Office760 SW 9th Ave, Suite 200

Portland, OR 97205

t 503-972-5456

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.