

FIGURES | PORTLAND INDUSTRIAL | Q4 2025

Healthy leasing amid softening conditions cap a volatile year for industrial fundamentals

▲ 7.2%
Vacancy Rate

▼ (545K)
Q4 2025 Net Absorption SF

▲ 318K
YTD Net Absorption SF

▼ 3.5M
SF Under Construction

▲ 3.0M
YTD Construction Delivered SF

Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

The Portland area industrial market closed 2025 with strong leasing, but some signs of ongoing softening. Year-end overall gross leasing activity reached 8.6 million square feet (sq. ft.), up 10.7% compared to the same period 2024, with the fourth quarter being the strongest. Renewals accounted for nearly a quarter of leasing, while some tenants pursued flight-to-quality relocations. Rising vacancy, now at 7.2%, and increased sublease availability present challenges. However, year-to-date (YTD) net absorption closed 2025 on a positive note at 318,416 sq. ft., reversing two consecutive years of negative net absorption.

Construction costs are stabilizing, supporting a pipeline that delivered nearly 3.0 million sq. ft. and left roughly 3.5 million sq. ft. under construction, with limited pre-leasing in build-to-suit (BTS) projects. Annual investment volume declined to \$630 million in 2025, yet pricing held near \$170 per sq. ft., and fourth-quarter sales accelerated. Federal tax incentives under the One Big Beautiful Bill Act may boost investor confidence, improve cash flow, and support continued industrial and commercial development, setting the market up for a better 2026.

FIGURE 1: Historical Annual Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2025

Supply and Demand

By the end of 2025, YTD gross industrial leasing activity, including new leases and renewals, totaled approximately 8.6 million sq. ft., representing a 10.7% increase over 2024. Leasing momentum accelerated in the fourth quarter, which recorded 2.5 million sq. ft. of gross activity, including three transactions exceeding 250,000 sq. ft., making it the strongest quarter of the year. The largest deal was a 318,972 sq. ft. renewal by Wagner Industries at North PDX Logistics Center I in the Northwest submarket. Overall, renewals accounted for roughly 23.0% of total industrial leasing activity in 2025.

Notable new leases also shaped the quarter. Southland Industries signed a fourth-quarter lease and relocated to 122,321 sq. ft. at Hidden Glen Industrial Center in Clark County. After vacating approximately 52,000 sq. ft. in the Northwest submarket, the relocation reflects a significant flight-to-quality expansion. Thermo Fisher Scientific occupied its 41,303 sq. ft. facility at Sewell Corporate Park – Building 1 in the Sunset Corridor, while HSS Logistics vacated 195,432 sq. ft. in the Northwest submarket.

Supply dynamics continued to show softness toward year-end, with overall industrial vacancy rising to 7.2% in the fourth quarter, an increase of 30 basis points from the prior quarter and 110 basis points (bps) year-over-year (YoY). Sublease availability climbed approximately 16.0% during the quarter, surpassing 5.0 million sq. ft. for the first time. For tenants seeking flexibility and cost efficiencies without the long-term commitment of a direct lease, the Southwest submarket may present an attractive opportunity, as roughly 35.0% of all available sublease space is concentrated there.

Net absorption in the fourth quarter totaled negative 544,658 sq. ft., bringing YTD net absorption to a modest 318,416 sq. ft. Despite some headwinds, early signs of recovery emerged in select submarkets in 2025: the Northeast and Clark County submarkets recorded positive net absorption of 412,840 sq. ft. and 1.1 million sq. ft., respectively, in 2025.

FIGURE 2: Leasing Activity Trend – Leases 1,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 1: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Property	Submarket
Wagner Industries	318,972	Renewal	North PDX Logistics Center I	Northwest
Confidential Tenant	271,828	New Lease	Prologis Broadmoor	Northeast
NUNA Baby Essentials	259,148	New Lease	3204 NW 38 th Circle	Clark County
U.S. Venture	139,987	New Lease	Prologis PDX 20	Northeast
Southland Industries	122,321	New Lease	Hidden Glen Industrial Center	Clark County
IZ11	80,170	New Lease	Portland Portal Industrial Center – Phase 2	Northeast
Tillamook Country Smoker	75,018	Renewal	Denney Road Commerce Center	Southwest
Supply Network	49,829	New Lease	Barberton Industrial Park	Clark County

Source: CBRE Research, Q4 2025

Construction Activity

Construction costs have largely stabilized, reinforcing developers’ generally positive outlook for the Portland metro area. During the fourth quarter, Logisticenter at Clackamas was the only project to break ground; the 248,532-square-foot class A warehouse and distribution facility is scheduled for delivery in December 2026.

The market added 382,518 sq. ft. of new industrial space across two fourth-quarter deliveries: Harmony Industrial Park – Building A (324,393 sq. ft.) in Clark County and Garydel Center (58,125 sq. ft.) in the Southwest submarket. By the close of 2025, total construction deliveries reached 2.9 million sq. ft., representing a YoY increase of roughly 53%. About 13% of the current development pipeline is pre-leased, driven largely by a 347,650 sq. ft. (BTS) facility for the Oregon Liquor and Cannabis Commission in Canby, Oregon. Beyond the metro area, construction is also underway on Woodland Industrial Park, a two-building, 931,186-square-foot project in Cowlitz County.

Investment and Rental Rate Trends

Average asking shell rental rates exhibited mixed performance in 2025, ranging between \$0.80 and \$1.05 per square foot triple-net (NNN) for large Class A warehouse spaces. While rising vacancy has tempered near-term rent growth expectations across much of the metro area, select submarkets continue to outperform due to constrained availability.

Industrial sales volume totaled approximately \$630 million in 2025, down about 9.0% YoY, though values remained stable, near \$170 per sq. ft. Transaction activity accelerated in the fourth quarter, with sales reaching roughly \$213 million, driven by a few high-profile deals, including JH Kelly’s \$38 million owner-user acquisition in Vancouver and CIRE Equity’s \$113 million purchase of a large distribution facility in Northeast Portland. Looking ahead, provisions within the One Big Beautiful Bill Act, enacted in 2025, may support commercial real estate owners by reducing near-term tax burdens, improving cash flow, and encouraging continued investment and development, particularly across industrial and commercial sectors.

FIGURE 2: Notable Projects Under Construction

Property Name	Submarket	SPEC/BTS	Size (SF)	Est. Completion
Woodland Industrial Park (Two buildings)*	Cowlitz County*	SPEC	931,186	Q4 2026
Sequoia Logistics Center	Southeast	SPEC	778,720	Q1 2027
Mt. Vista Logistics Center	Clark County	SPEC	583,278	Q4 2026
Sherwood Commerce Center Phase II (Four buildings)	Southwest	SPEC	554,550	Q2 2026
Hedges Creek Industrial Park (Three buildings)	Southwest	SPEC	442,035	Q1 2026
Oregon Liquor and Cannabis Commission	Southeast	BTS	347,645	Q1 2026
VanRose Technology Center	Sunset Corridor	SPEC	303,969	Q2 2026

Source: CBRE Research, Q4 2025 ** Signifies property located outside of Portland MSA, not included in stats.

FIGURE 3: Class A Direct Asking Shell Rental Rate Range (For existing spaces 50k+ Sq. Ft.)



Source: CBRE Research, Q4 2025

Market Statistics by Submarket

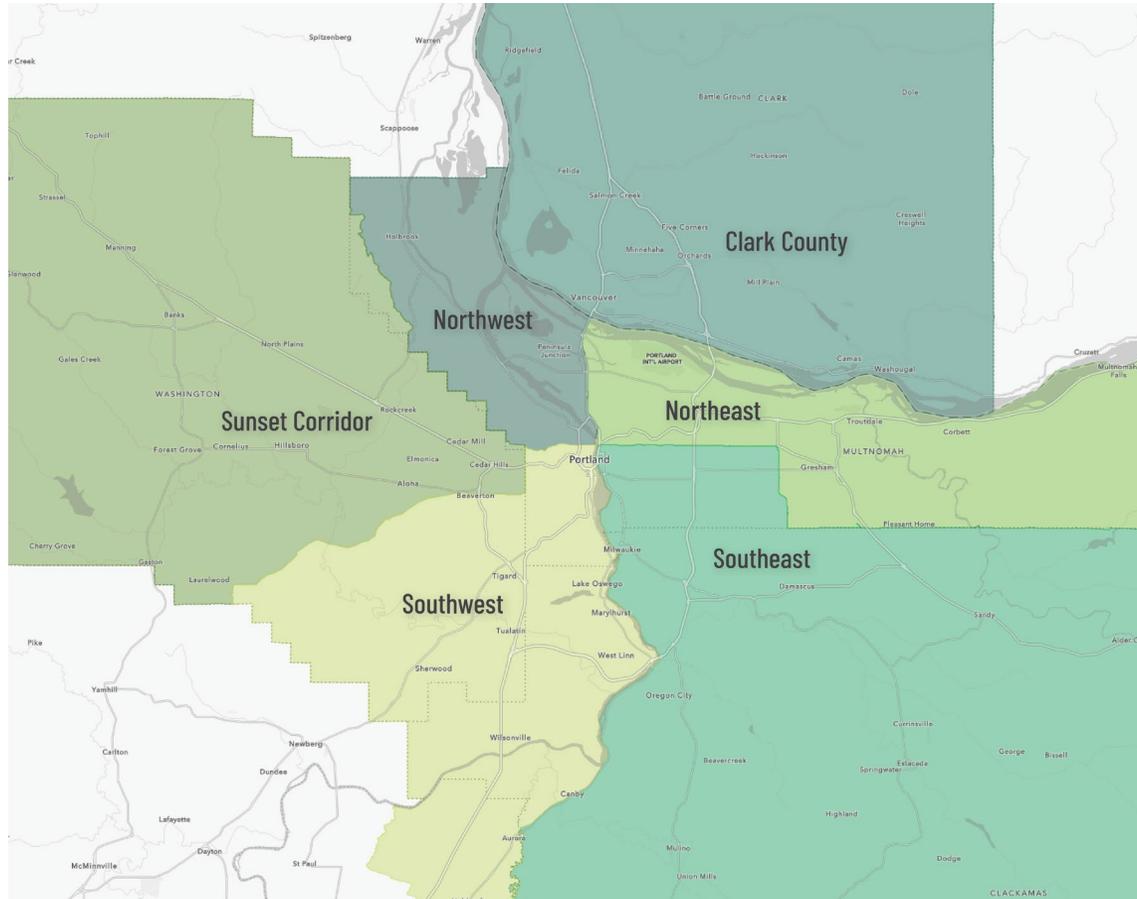
Submarket	Market Rentable Area (SF)	Vacancy Rate (%)	Availability Rate (%)	Available Sublease (SF)	Q4 2025 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	YTD Deliveries (SF)
Northeast	51,188,922	7.8	9.3	1,247,088	130,805	582,467	57,520	789,835
Northwest	39,641,001	10.4	13.0	1,204,247	(229,820)	(398,798)	0	0
Southeast	30,791,284	4.0	4.6	278,313	(79,366)	(259,288)	1,374,897	0
Southwest	40,531,221	7.7	10.0	1,754,186	(522,452)	(874,991)	996,585	465,388
Sunset Corridor	28,085,409	3.6	4.7	245,171	(106,177)	179,083	303,969	590,851
Clark County	28,886,059	8.3	9.3	221,435	262,352	1,089,943	766,493	1,093,761
Total	219,123,896	7.2	8.9	4,950,440	(544,658)	318,416	3,499,464	2,939,835

Market Statistics by Building Size Range

0-49,999 SF	63,426,009	5.2	6.1	611,950	20,441	(439,004)	57,520	0
50,000-99,999 SF	45,438,280	7.7	10.0	1,437,946	(463,929)	(1,131,469)	150,015	58,125
100,000-249,999 SF	57,793,294	8.6	10.4	1,275,500	(321,972)	105,018	1,278,317	712,457
250,000-599,999 SF	39,121,076	7.2	9.2	1,458,530	220,802	1,174,838	1,234,892	1,521,491
600,000+ SF	13,345,237	9.6	10.6	166,514	-	609,033	778,720	647,762
Total	219,123,896	7.2	8.9	4,950,440	(544,658)	318,416	3,499,464	2,939,835

Source: CBRE Research Q4 2025

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Multnomah, Washington, Clackamas, and Clark counties. Buildings which have begun construction as evidenced by site excavation or foundation work.

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