

FIGURES | PORTLAND OFFICE | Q4 2025

Navigating repricing and capital discipline amid softening fundamentals

▲ 27.3%

Vacancy Rate

▼ (544,187)

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 0

SF Under Construction

▼ \$32.95

FSG/YR Direct Lease Rate

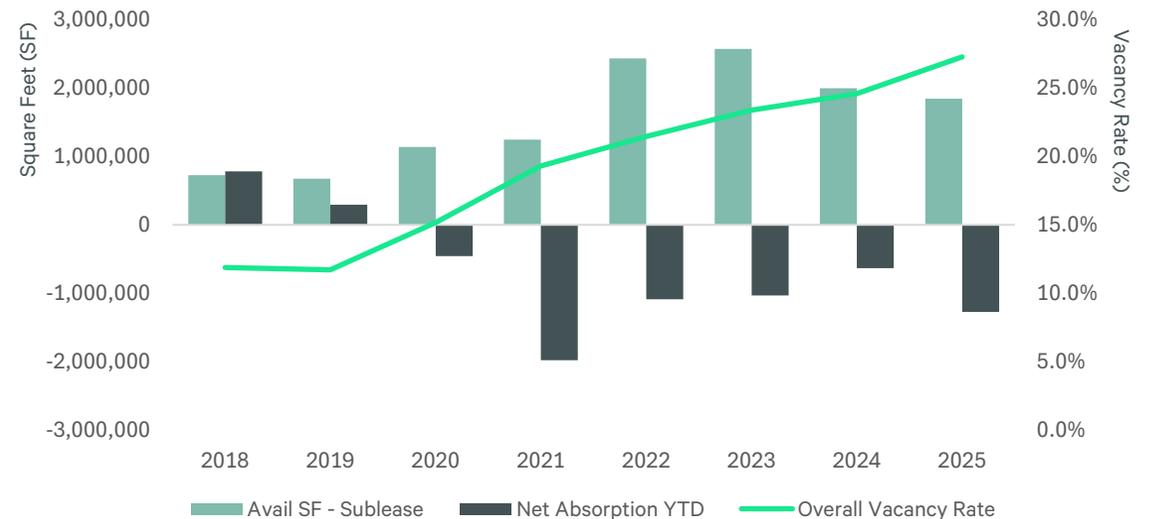
Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

In 2025, the office market navigated a period of adjustment marked by softer demand, recalibrated valuations, and selective signs of stabilization. Leasing activity totaled 2.6 million square feet (sq. ft.) for the year, down approximately 12% from 2024, as professional services firms remained the primary drivers of demand. Market fundamentals weakened modestly, pushing overall vacancy to 27.3% and year-to-date (YTD) net absorption to negative 1.27 million sq. ft. Sublease availability declined to 1.84 million sq. ft., a 7.5% year-over-year (YoY) decrease, signaling some easing in secondary supply.

Investment activity remained subdued as asset values largely reset, with total sales volume reaching approximately \$313 million in 2025. Transactions throughout the year reflected repriced valuation benchmarks, while leasing economics underscored a competitive environment. Average direct asking rents held relatively steady at \$32.95 per sq. ft. on a full-service gross (FSG) basis, with Class A properties commanding higher rates, though landlords continued to offer substantial concessions to attract tenants.

FIGURE 1: Historical Absorption, Sublease Availability, and Vacancy



Source: CBRE Research, Q4 2025

Supply and Demand

In 2025, professional services firms led leasing activity across the market. Total gross leasing reached 2.6 million sq. ft. for the year, representing a roughly 12% decline year over year. Leasing momentum softened toward year-end, with the fourth quarter posting approximately 556,000 sq. ft. of activity, nearly 75% of which occurred in suburban submarkets. The largest transaction of the quarter was The Greenbrier Companies’ 56,983-sq. ft. renewal at One Centerpointe in Kruse Way. Other notable deals included OnPoint Credit Union’s 22,315-sq. ft. expansion at Montgomery Park and PacificWRO’s 15,530-sq. ft. lease at 5 MLK, reflecting a strategic relocation from Lloyd Center Tower.

Market fundamentals weakened modestly, as overall vacancy rose to 27.3%, an increase of 90 basis points (bps) quarter over quarter. Year-to-date net absorption totaled negative 1.27 million sq. ft. Despite these headwinds, early signs of stabilization emerged in Vancouver, where the submarket recorded approximately 283,000 sq. ft. of positive absorption, driven in part by ZoomInfo and Trend Capital Holdings occupying new space at Terminal 1. No speculative office projects are currently under construction; however, future development is anticipated, with Adre’s Building United Futures Complex and Williams & Russell Business Hub, planned in partnership with the Albina Vision Trust, positioned as significant additions to the market upon their expected delivery in 2027.

FIGURE 2: Quarterly Leasing Activity, New Leases and Renewals



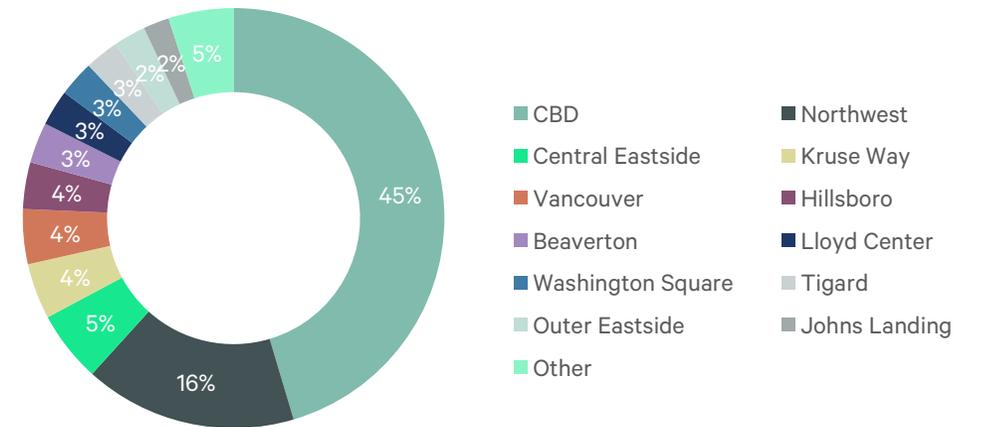
Source: CBRE Research, Q4 2025

TABLE 1: Key Lease Transactions

| Tenant | Sq. Ft. Leased | Transaction Type | Property | Submarket |
|---|----------------|------------------|----------------------|------------------|
| The Greenbrier Companies, Inc. | 56,983 | Renewal | One Centerpointe | Kruse Way |
| OnPoint Credit Union | 22,315 | Expansion | Montgomery Park | Northwest |
| PacificWRO | 18,530 | New Lease | 5 MLK | Central Eastside |
| Direct Marketing Solutions | 14,174 | New Lease | 224 Corporate Center | Clackamas |
| American Federation of State, County, and Municipal Employees | 13,257 | New Lease | Montgomery Park | Northwest |
| Radius Recycling | 12,747 | Expansion | KOIN Tower | CBD |
| Pace Engineering | 12,263 | Renewal | Kruseway Plaza I | Kruse Way |
| Summa Institute | 11,559 | New Lease | 2510 Building | CBD |
| ADP | 11,336 | Renewal | One Town Center | Clackamas |

Source: CBRE Research, Q4 2025

FIGURE 3: Overall Vacancy Distribution by Submarket



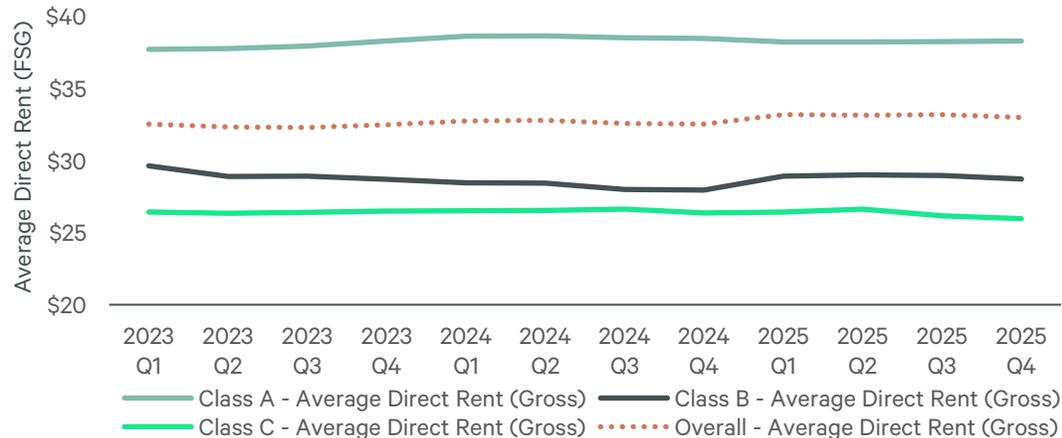
Source: CBRE Research, Q4 2025

Investment and Rent Trends

With asset values largely repriced, investment activity remained restrained in 2025, as total sales transaction volume reached approximately \$313 million. Select trades underscored the extent of market recalibration. Pacwest sold for \$55.7 million, or \$101.64 per sq. ft., with Lincoln Property Company exiting the asset and Fountainhead Development acquiring it at an estimated 67% discount to its 2016 sale price. Similarly, the National University of Natural Medicine completed an owner-user acquisition of Park Square, a two-building office complex, for \$13.8 million, or \$98.95 per sq. ft., further reflecting adjusted valuation benchmarks across the office sector.

Leasing fundamentals remained under pressure, though pricing showed relative stability. Average direct asking rents were \$32.95 per sq. ft. FSG, with Class A assets achieving higher average asking rents of \$38.26 per sq. ft. To support occupancy and preserve cash flow, landlords continued to deploy elevated concession packages. For new leases of 5,000 square feet or greater with terms of five years or longer, incentives averaged approximately \$60 per sq. ft. in tenant improvement allowances alongside seven months of free rent, signaling a competitive leasing environment despite stabilized headline rents.

FIGURE 4: Quarterly Average Direct Rent by Class



Source: CBRE Research, Q4 2025

FIGURE 5: Annual Sales Volume and Average Price Per Sq. Ft.



Source: CBRE Research, Q4 2025

TABLE 2: Key Sales Transactions

| Property | Sale Price | Price Per Sq. Ft. | Buyer | Submarket |
|-----------------------------|------------|-------------------|---|-----------|
| Thurman East | \$18.8M | \$296 | BHRE Group | Northwest |
| Kruse Park Building | \$3.6M | \$272 | Cedar Rock Holdings LLC | Kruse Way |
| Burny Bridge Plaza | \$2.4M | \$120 | State of Washington | Vancouver |
| Block 90 | \$5.5M | \$115 | Julia Winkler | Northwest |
| Pacwest | \$55.7M | \$102 | Fountainhead Development | CBD |
| 300 NW 14 th Ave | \$3.6M | \$85 | Cogency Global | CBD |
| The Morgan Building | \$6M | \$40 | Morgan Portland Building LLC | CBD |
| Park Square | \$13.8M | \$46 | National University of Natural Medicine | CBD |
| Commonwealth Building | \$6.5M | \$29 | Commonwealth Portland Building LLC | CBD |

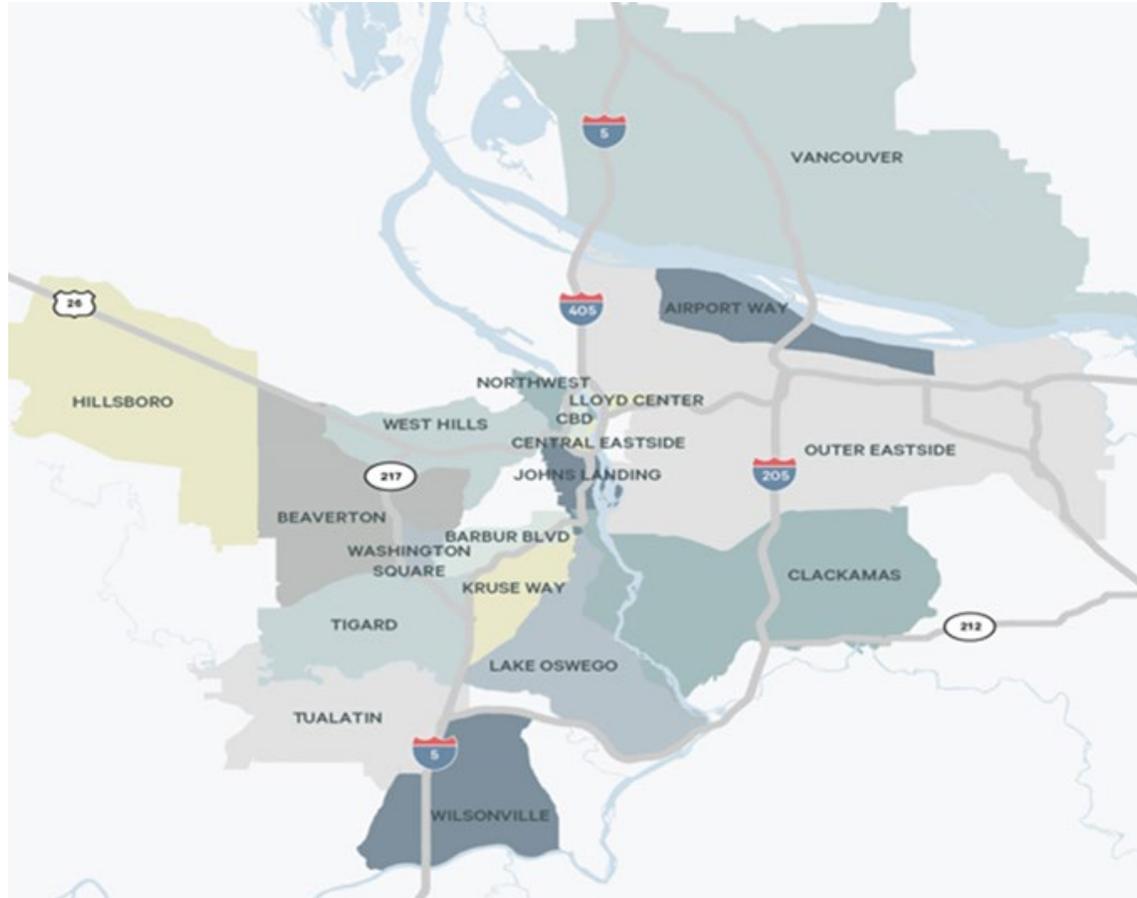
Source: CBRE Research, Q4 2025

TABLE 3: Metro Market Submarket Statistics

| Submarket | NRA (SF) | Vacant Direct (SF) | Vacant Sublease (SF) | Direct Vacancy Rate (%) | Overall Vacancy Rate (%) | Availability Rate (%) | Q4 2025 Net Absorption | YTD Net Absorption | Under Construction (SF) | Average Asking Rate (\$/SF/YR FSG) | Class A Average Asking Rate (\$/SF/YR FSG) |
|-------------------------------|-------------------|--------------------|----------------------|-------------------------|--------------------------|-----------------------|------------------------|--------------------|-------------------------|------------------------------------|--|
| CBD | 16,778,958 | 6,142,915 | 318,337 | 36.6 | 38.5 | 42.9 | (214,126) | (800,683) | 0 | \$34.39 | \$39.27 |
| Central Eastside | 2,278,740 | 678,814 | 100,236 | 29.8 | 34.2 | 35.2 | (115,341) | (148,145) | 0 | \$27.81 | \$41.89 |
| Lloyd Center | 1,812,895 | 394,186 | 0 | 21.7 | 21.7 | 24.1 | (13,756) | 1,336 | 0 | \$35.24 | \$34.90 |
| Northwest | 6,087,965 | 2,137,394 | 183,701 | 35.1 | 38.1 | 41.1 | (10,488) | (227,652) | 0 | \$36.52 | \$44.61 |
| Total Downtown | 26,958,558 | 9,353,309 | 602,274 | 34.7 | 36.9 | 40.6 | (353,711) | (1,175,144) | 0 | \$34.29 | \$39.83 |
| Class A - Downtown | 12,358,380 | 4,307,985 | 323,885 | 34.9 | 37.5 | 41.4 | (118,924) | (536,756) | 0 | \$39.83 | \$39.83 |
| Airport Way | 547,741 | 101,252 | 14,452 | 18.5 | 21.1 | 22.2 | (9,223) | 14,804 | 0 | \$24.55 | \$26.94 |
| Barbur Blvd | 425,159 | 50,345 | 0 | 11.8 | 11.8 | 13.6 | (12,432) | 961 | 0 | \$18.30 | - |
| Beaverton | 3,201,331 | 423,357 | 21,734 | 13.2 | 13.9 | 25.3 | 4,447 | 5,740 | 0 | \$26.03 | \$28.94 |
| Clackamas | 1,179,014 | 97,830 | 1,376 | 8.3 | 8.4 | 8.9 | 17,672 | 27,069 | 0 | \$28.68 | \$31.96 |
| Hillsboro | 2,240,546 | 338,293 | 173,543 | 15.1 | 22.8 | 23.6 | (7,404) | (136,143) | 0 | \$27.92 | \$28.48 |
| John's Landing | 1,467,467 | 267,247 | 16,468 | 18.2 | 19.3 | 22.7 | (12,564) | (11,117) | 0 | \$27.82 | \$33.22 |
| Kruse Way | 2,571,786 | 566,188 | 44,465 | 22.0 | 23.7 | 25.5 | (11,071) | 18,847 | 0 | \$42.71 | \$43.74 |
| Lake Oswego | 441,831 | 43,888 | 4,645 | 9.9 | 11.0 | 11.8 | 380 | 9,691 | 0 | \$30.82 | \$31.55 |
| Outer Eastside | 2,018,780 | 300,779 | 51,057 | 14.9 | 17.4 | 17.1 | (49,468) | (83,895) | 0 | \$22.35 | \$34.14 |
| Tigard | 2,192,535 | 307,030 | 63,251 | 14.0 | 16.9 | 19.7 | (61,746) | (124,461) | 0 | \$26.96 | \$29.45 |
| Tualatin | 753,286 | 228,641 | 7,050 | 30.4 | 31.3 | 31.5 | (66,902) | (57,381) | 0 | \$26.87 | \$31.75 |
| Vancouver, WA | 5,165,978 | 397,693 | 203,572 | 7.7 | 11.6 | 13.9 | 42,434 | 283,019 | 0 | \$26.30 | \$28.24 |
| Washington Square | 1,195,521 | 387,484 | 3,924 | 32.4 | 32.7 | 33.4 | (21,896) | (16,902) | 0 | \$33.17 | \$33.55 |
| West Hills | 870,944 | 114,186 | 0 | 13.1 | 13.1 | 13.5 | (10,114) | (24,407) | 0 | \$21.51 | \$34.00 |
| Wilsonville | 722,324 | 22,307 | 15,138 | 3.1 | 5.2 | 6.9 | (4,367) | (19,831) | 0 | \$27.01 | \$29.72 |
| Total Suburban | 24,994,243 | 3,646,520 | 620,675 | 14.6 | 17.0 | 19.7 | (202,254) | (114,006) | 0 | \$29.65 | \$34.42 |
| Total Market | 52,185,923 | 13,009,472 | 1,222,949 | 24.9 | 27.3 | 30.5 | (554,187) | (1,288,665) | 0 | \$32.95 | \$38.26 |
| Class A - Total Market | 23,481,796 | 6,257,123 | 680,130 | 26.6 | 29.5 | 32.2 | (186,703) | (509,130) | 0 | \$38.26 | \$38.26 |
| Class B - Total Market | 20,367,109 | 4,259,697 | 485,532 | 20.9 | 23.2 | 27.3 | (260,369) | (560,956) | 0 | \$28.70 | - |

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.

Survey Criteria

Includes all office 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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