

Industrial Market Report | Q3 2025

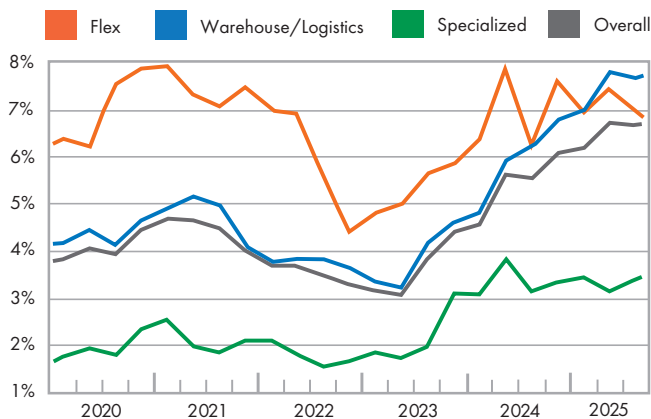
Norris & Stevens

INVESTMENT REAL ESTATE SERVICES

OVERVIEW

As the third quarter of 2025 came to a close, annual rent growth had fallen to 1.2%, well below both the 10-year average of 5.5% and the most recent peak of 7.3%. In the next few quarters, asking rents won't likely have much leeway as tenant demand declines. However, Portland is less likely to see significant declines in asking rental prices over the long run due to a stalling development pipeline.

Vacancy Rates by Building Type Years 2020 - 2025



Source: CoStar Group

ABSORPTION & DELIVERIES

The overall Portland industrial market saw 730,600 square feet in net absorption in the third quarter of 2025, compared to negative <792,604> square feet in the second quarter.

A net absorption of 112,566 square feet was recorded for the flex market to close out the third quarter, as compared to negative <93,232> square feet at the end of the second quarter.

The warehouse market saw a net absorption of 759,498 square feet in the third quarter, compared to negative <856,367> square feet in the previous quarter.

The specialized market (including manufacturing, cold storage, and data centers) saw a net absorption of negative <141,465> square feet in the third quarter, which compared to 163,481 square feet to close out the previous quarter.

PORTLAND MARKET SNAPSHOT

VACANCY

6.7%



RENTAL RATE

\$11.92



CONSTRUCTION

3,154,831 SF



ABSORPTION

730,600 SF



VACANCY

The industrial sector in Portland has had the largest increase in vacancies in the past 10 years as a result of weakened tenant demand. Even though the vacancy rate of 6.7% is close to the historical average of 6.3%, further increases could occur before the end of 2025 as the market deals with a slowdown in new tenant expansions.

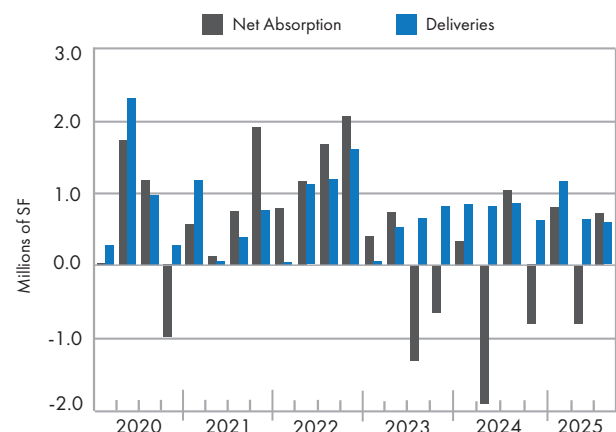
Flex properties saw a decrease in its vacancy rate, going from 7.4% in the second quarter of 2025 to 6.9% at the end of the third quarter.

Warehouse vacancy rates also saw a slight decrease, ending the third quarter at 7.7%, down from 7.8% at the end of the second quarter.

The vacancy rate for specialized properties saw an increase, going from 3.2% in the second quarter to 3.4% at the end of the third quarter.

Absorption & Deliveries

2020 - 2025



Source: CoStar Group

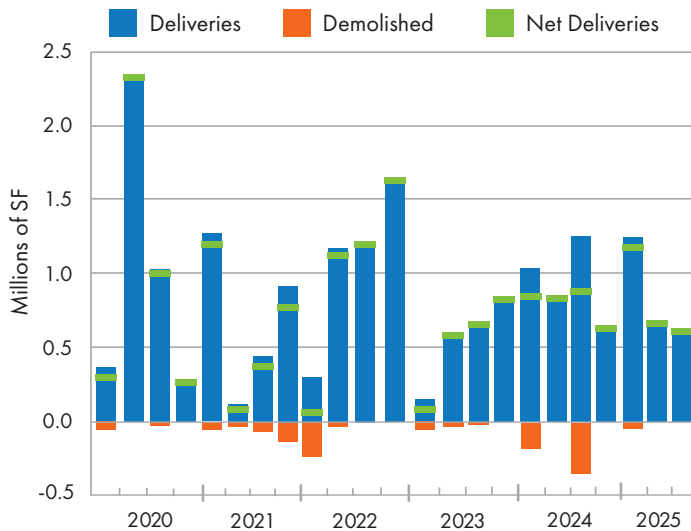
DELIVERIES AND CONSTRUCTION

The third quarter of 2025 saw 597,962 square feet of new product added to the market, while 3,154,831 square feet remains under construction.

The largest project set for delivery before the end of 2025 is Hedges Creek Industrial Park in Tualatin. When completed in November, the property will add 442,035 square feet across three buildings. Also set for delivery in the fourth quarter is Building A of Harmony Industrial Park in Vancouver, which will add a total of 324,393 square feet upon delivery.

Historical Construction Deliveries

Square Footage Per Quarter



Source: CoStar Group

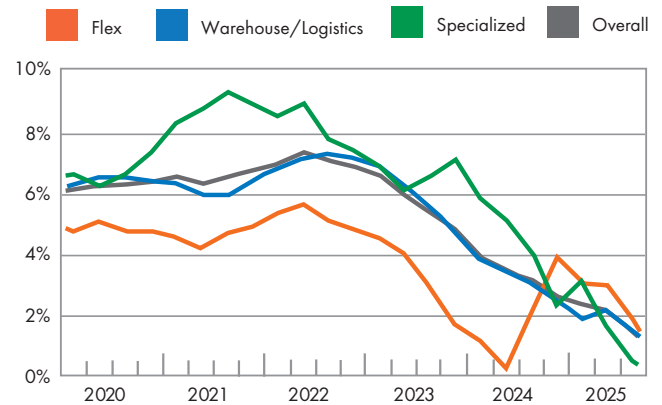
RENTAL RATES

Overall market rent across Portland for industrial properties ended the third quarter at \$11.92 per square foot, up from \$11.82 at the end of the second quarter. Flex properties with a heavy office component, and specialized manufacturing properties comprise around one-third of Portland's industrial inventory, skewing this figure higher.

Flex property's average quoted rental rates increased from the previous quarter, going from \$16.83 to \$17.27 per square foot at the end of the third quarter of 2025. The warehouse sector average quoted rental rates saw a modest increase from \$10.93 in the previous quarter to \$10.96 per square foot at the end of the third quarter. The quoted rental rates for specialized properties saw an increase, going from \$12.55 in the previous quarter to end the third quarter at \$12.73.

Market Rent Growth

2020 - 2025



Source: CoStar Group

Construction Activity | Markets Ranked UNDER CONSTRUCTION RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Sunset Corridor/Hillsboro	7	779,000	475,000	61.0%	50,363	111,267
SE Outlying	1	779,000	0	0%	20,703	778,720
Cascade Park	3	681,000	235,000	34.5%	85,578	227,000
Tualatin	3	442,000	0	0%	41,065	147,345
Hazel Dell/Salmon Creek	1	120,000	120,000	100%	17,905	120,000
St Johns/Cntrl Vancouver	2	116,000	102,000	87.7%	28,089	58,167
CBD/West Vancouver	1	63,000	0	0%	46,212	63,215
Wilsonville	1	58,000	0	0%	62,576	58,125
East Columbia Corridor	2	49,000	0	0%	62,060	24,318
Orchards	4	39,000	22,000	57.2%	29,403	9,810
All Other	1	6,000	6,000	100%	29,971	6,000
Totals	26	3,132,000	960,000	30.7%	34,534	120,468

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