

Office Market Report | Q3 2025

Norris & Stevens

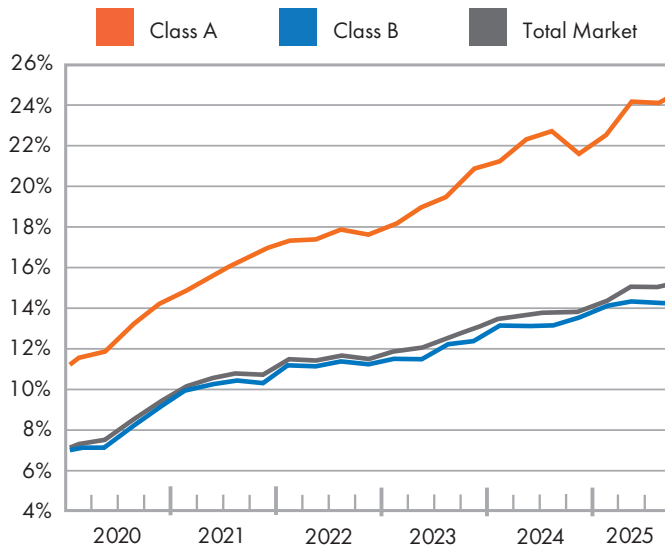
INVESTMENT REAL ESTATE SERVICES

OVERVIEW

Considering current demand indicators, Portland is not likely to experience an influx of speculative supply anytime soon. Average annual groundbreakings over the last three years has been less than 300,000 square feet, a 66% decrease from the trailing 10-year rate. While trophy asset construction has remained resilient, it is almost entirely at the expense of lower-tier assets. Occupancy gains in the most desirable towers are usually not expansions, but reflect downsizing activity.

Vacancy Rates by Class

2020 - 2025



Source: CoStar Group

ABSORPTION & DELIVERIES

The overall office market ended the third quarter of 2025 at 105,003 square feet in net absorption, compared to negative <894,845> square feet at the end of the previous quarter.

Class A:	38,977 SF
Class B:	94,060 SF
Class C:	Negative <28,034> SF

PORTLAND MARKET SNAPSHOT

VACANCY

15.0%



RENTAL RATE

\$30.10



CONSTRUCTION

102,000 SF



ABSORPTION

105,003 SF



VACANCY

Office vacancy rates decreased slightly in the third quarter of 2025 to 15.0%, down from 15.1% in the previous quarter, but above the national average of 14.07%. Sublease availability still currently trends to 2.1 million square feet, a decline from the high water mark of 2.5 million square feet in late 2023.

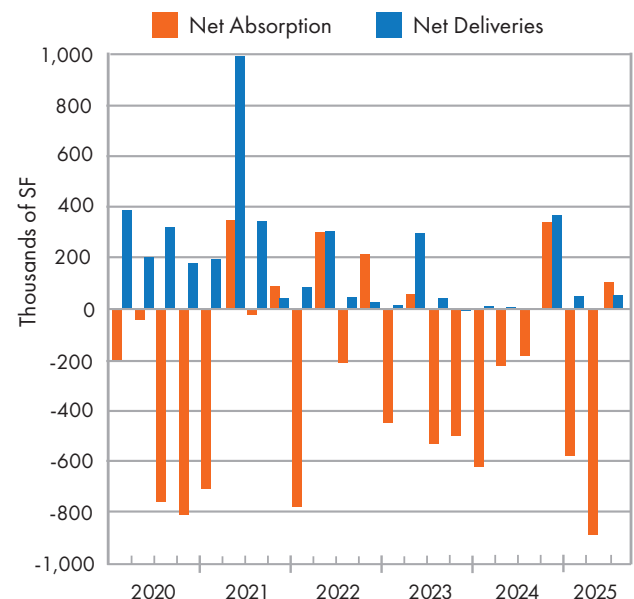
Class A: 23.3%

Class B: 13.7%

Class C: 7.3%

Absorption & Deliveries

2020 - 2025



Source: CoStar Group

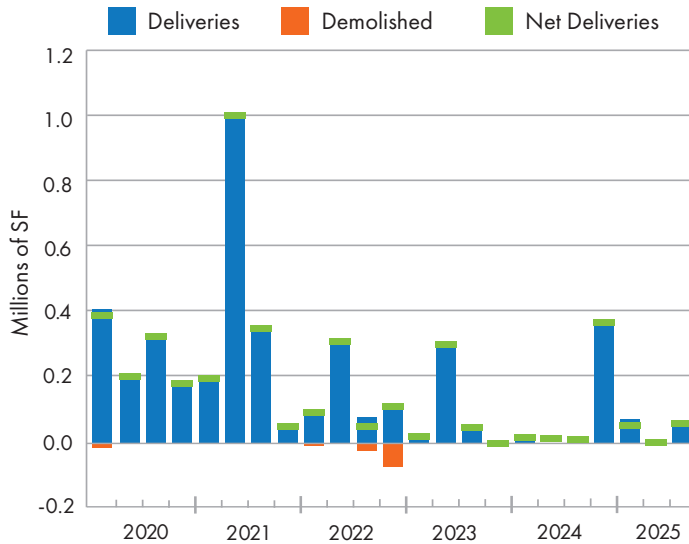
DELIVERIES AND CONSTRUCTION

The third quarter of 2025 saw 51,690 square feet delivered to the market, while 102,000 square feet of inventory remains under construction. Over the last 12 months, 417,333 square feet has been added to the Portland metro area.

Currently there is only one office project set for delivery in the foreseeable future. A two-story office property on N Clark Street in Cornelius, Oregon is set for completion in January of 2026, and will add 102,000 square feet to the market.

Historical Construction Starts & Demolitions

Square Footage Per Quarter



Source: CoStar Group

RENTAL RATES

As the third quarter of 2025 came to a close, the average quoted asking rental rate for all classes increased slightly from \$30.01 in the previous quarter to \$30.10 per square foot. Portland continues to offer a sizable discount to the national index of \$36.22 per square foot. Portland's noticeably softer rents are partly due to the fact that 40% of the metro's inventory is made up of Class B properties.

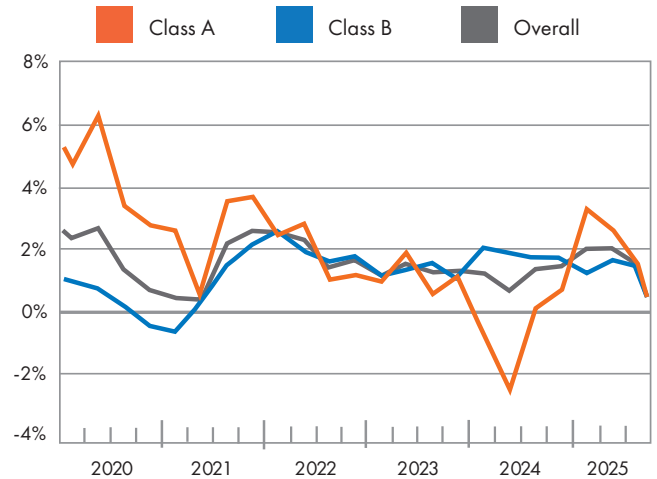
Class A: \$37.84

Class B: \$28.11

Class C: \$24.45

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
Westside Outlying	1	102,000	102,000	100%	8,327	102,000
217 Corridor/Beaverton	0	0	0	—	17,226	—
Airport Way	0	0	0	—	16,923	—
Barbur Blvd/Capitol Hwy	0	0	0	—	8,966	—
Camas/Washougal	0	0	0	—	15,677	—
Cascade Park	0	0	0	—	24,930	—
CBD	0	0	0	—	75,893	—
CBD/West Vancouver	0	0	0	—	14,665	—
Clackamas/Milwaukie	0	0	0	—	9,541	—
Clark County Outlying	0	0	0	—	7,490	—
All Other	0	0	0	—	15,543	—
Totals	1	102,000	102	100%	18,820	102,000

Source: CoStar Group

For detailed information regarding this report, and to discuss how Norris & Stevens can assist with your real estate needs, please contact us at (503) 223-3171 or visit us at www.norris-stevens.com.