

Industrial Market Report | Q4 2025

Norris & Stevens

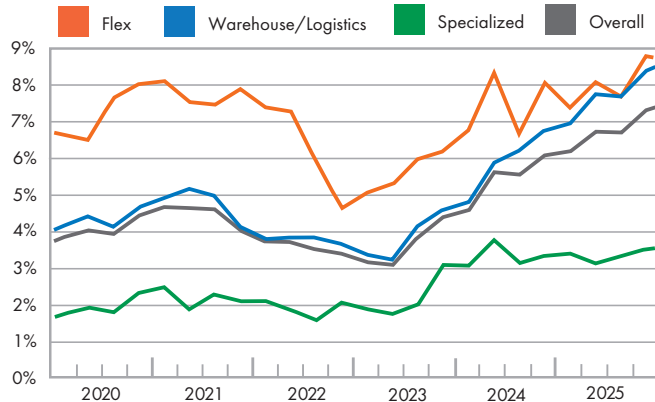
INVESTMENT REAL ESTATE SERVICES

OVERVIEW

Compared to a nationwide average of 1.4%, Portland has just over 4 million square feet under construction, or 1.5% of total inventory. Approximately 50% of space underway is available. Recently, starts were down 60% relative to the 10-year quarterly average, representing the slowest quarter of groundbreakings in two years. This has helped the region maintain a slightly tighter availability rate of 9.6% compared with the U.S. average of 9.7%.

Vacancy Rates by Building Type

Years 2020 - 2025



Source: CoStar Group

ABSORPTION & DELIVERIES

The overall Portland industrial market saw negative <793,471> square feet in net absorption in the fourth quarter of 2025, compared to 730,600 square feet in the third quarter.

A net absorption of negative <234,192> square feet was recorded for the flex market to close out the fourth quarter, as compared to 112,566 square feet at the end of the third quarter.

The warehouse market saw a net absorption of negative <448,766> square feet in the fourth quarter, compared to 759,498 square feet in the previous quarter.

The specialized market (including manufacturing, cold storage, and data centers) saw a net absorption of negative <110,513> square feet in the fourth quarter, which compared to negative <141,465> square feet to close out the previous quarter.

PORTLAND MARKET SNAPSHOT

VACANCY

7.3%



RENTAL RATE

\$11.93



CONSTRUCTION

4,264,103 SF



ABSORPTION

<793,471> SF



VACANCY

The industrial sector in Portland continues to see the largest increase in vacancies in the past decade as a result of weakened tenant demand. Even though the vacancy rate of 7.3% is relatively close to the historical average of 6.2%, further increases are expected in 2026.

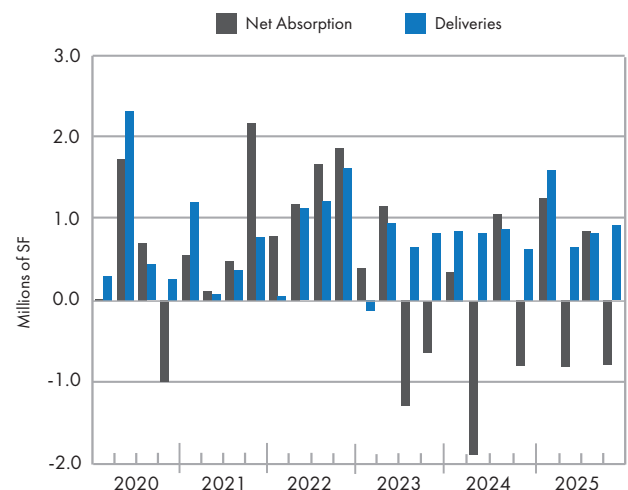
Flex properties saw an increase in its vacancy rate, going from 6.9% in the third quarter of 2025 to 8.8% at the end of the fourth quarter.

Warehouse vacancy rates also saw an increase, ending the fourth quarter at 8.4%, up from 7.7% at the end of the third quarter.

The vacancy rate for specialized properties saw only a modest increase, going from 3.4% in the third quarter to 3.5% to close out the year.

Absorption & Deliveries

2020 - 2025



Source: CoStar Group

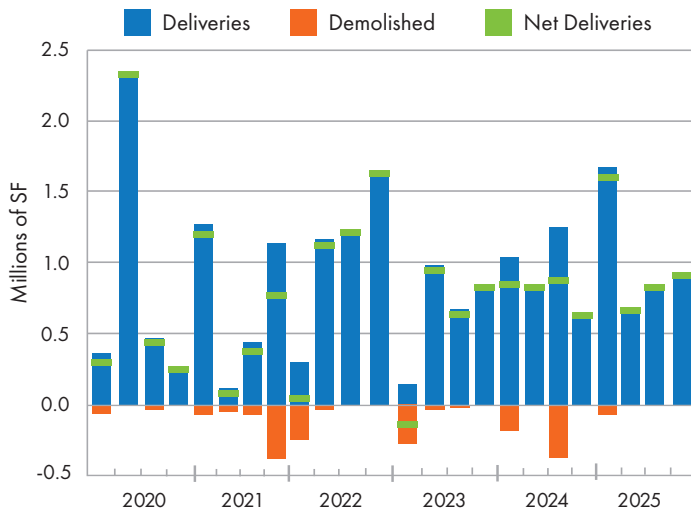
DELIVERIES AND CONSTRUCTION

The fourth quarter of 2025 saw 910,694 square feet of new product added to the market, while 4,264,103 square feet remains under construction.

The largest project set for delivery in the first quarter of 2026 is a Class A building on SW Oregon Street in Sherwood. When completed in March, the property will add 358,555 square feet to the market. Also set for delivery in the first quarter is a warehouse facility in Vancouver on NE 15th Street, adding a total of 120,000 square feet upon delivery in February.

Historical Construction Deliveries

Square Footage Per Quarter



Source: CoStar Group

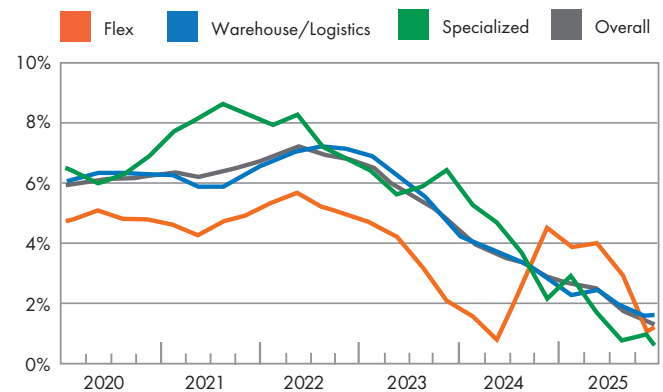
RENTAL RATES

Overall market rent across Portland for industrial properties ended the fourth quarter at \$11.93 per square foot, up from \$11.92 at the end of the third quarter. With vacancies drifting higher as large occupiers lease more cautiously, rent growth is likely to remain muted through mid-to-late 2026.

Flex property's average quoted rental rates saw an increase from the previous quarter, going from \$17.27 to \$17.53 per square foot as 2025 came to a close. The warehouse sector average quoted rental rates saw a modest increase from \$10.96 in the previous quarter to \$10.97 per square foot at the end of the fourth quarter. The quoted rental rates for specialized properties also saw an increase, ending the year at \$12.81 per square foot, up from \$12.73 at the end of the third quarter.

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
SE Outlying	3	1,132,000	348,000	30.7%	21,168	377,375
I-5 Corridor Outlying	4	1,131,000	1,131,000	100%	59,677	282,720
Sunset Corridor/Hillsboro	6	719,000	415,000	57.7%	49,843	119,812
Orchards	5	623,000	22,000	3.6%	29,415	124,504
Cascade Park	1	235,000	235,000	100%	99,734	235,000
Hazel Dell/Salmon Creek	1	120,000	120,000	100%	17,829	120,000
St Johns/Cntrl Vancouver	2	116,000	104,000	89.6%	28,118	58,167
CBD/West Vancouver	1	63,000	0	0%	45,676	63,215
Wilsonville	1	58,000	0	0%	62,631	58,125
East Columbia Corridor	2	49,000	0	0%	62,015	24,309
All Other	2	18,000	18,000	100%	30,567	9,212
Totals	28	4,264,000	2,393,000	56.1%	34,630	152,289

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.

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