

PORTLAND OFFICE

MARKET DRIVERS

Direct vacancy rates have peaked at new record highs quarter after quarter consecutively for the past 10 quarters. Q1 proves no different, surpassing 13% and reaching a new historical new high of 14.0%.

With the exception of last quarter in 4Q 2024 that posted positive net absorption, the Portland office market has experienced six consecutive quarters of negative net absorption, with 1Q 2025 posting negative 422K SF. There have only been six quarters that posted positive net absorption since 1Q 2020.

Leasing activity fell almost 37% for Q1 YOY, hitting a record low of 582K SF. The only time the market experienced a lower lease volume was shortly after the pandemic hit in 3Q 2020. Sales activity rebounded in 2024 when compared to the past four years, and the start of 2025 showed promise posting a 47% increase YOY at 403K SF.

ECONOMIC REVIEW

As of January 2025, the unemployment rate for the Portland-Vancouver-Hillsboro MSA was 5.0%, up from 4.4% at the same time last year. This is compared to 4.4% for the state of Oregon and 4.0% for the nation.

Although Portland's economy was among the fastest growing in the country in the past decade, population growth has been on the decline in the past year due to high housing costs and taxes. Additionally, the market experienced job losses although the nation's labor market grew which is a rarity for the Portland metro. Although the local market has some economic headwinds and challenges to overcome, Portland has previously overcome big challenges and local analysts are optimistic they can trend in that direction again.

NEAR-TERM OUTLOOK

Inflation and other economic uncertainties over the past year have forced tenants to carefully evaluate expansions and, in some cases, reduce space as their requirements change. Additionally, there have been several proposed policies such as tariffs, reduced corporate taxes, and deregulation. These policies have yet to be implemented, making it difficult to predict the future direction of the market. Once decisions are made about which policies will be enacted, there will be greater clarity regarding their impact on the market, enabling decision makers to respond accordingly.

Market Summary

	1Q25	4Q24	1Q24	YOY Change
Direct Vacancy Rate	14.0%	13.4%	12.6%	140 bps
Availability Rate	17.8%	16.9%	16.6%	120 bps
Asking Lease Rate	\$29.64	\$28.32	\$28.44	4.2%
	1Q25	4Q24	1Q24	YOY Change
Leased SF	582,350	803,305	926,346	-37.1%
Sold SF	403,817	929,259	274,999	46.8%
Total Net Absorption	-422,031	384,902	-661,365	N/A

1Q 2025

↓ **582K SF**
LEASING ACTIVITY

↓ **-422K SF**
NET ABSORPTION

↑ **14.0%**
VACANCY RATE

↑ **\$29.64**
ASKING RENT (AVG)

↑ **63.9K SF**
NEW DELIVERIES

Year-Over-Year Trend

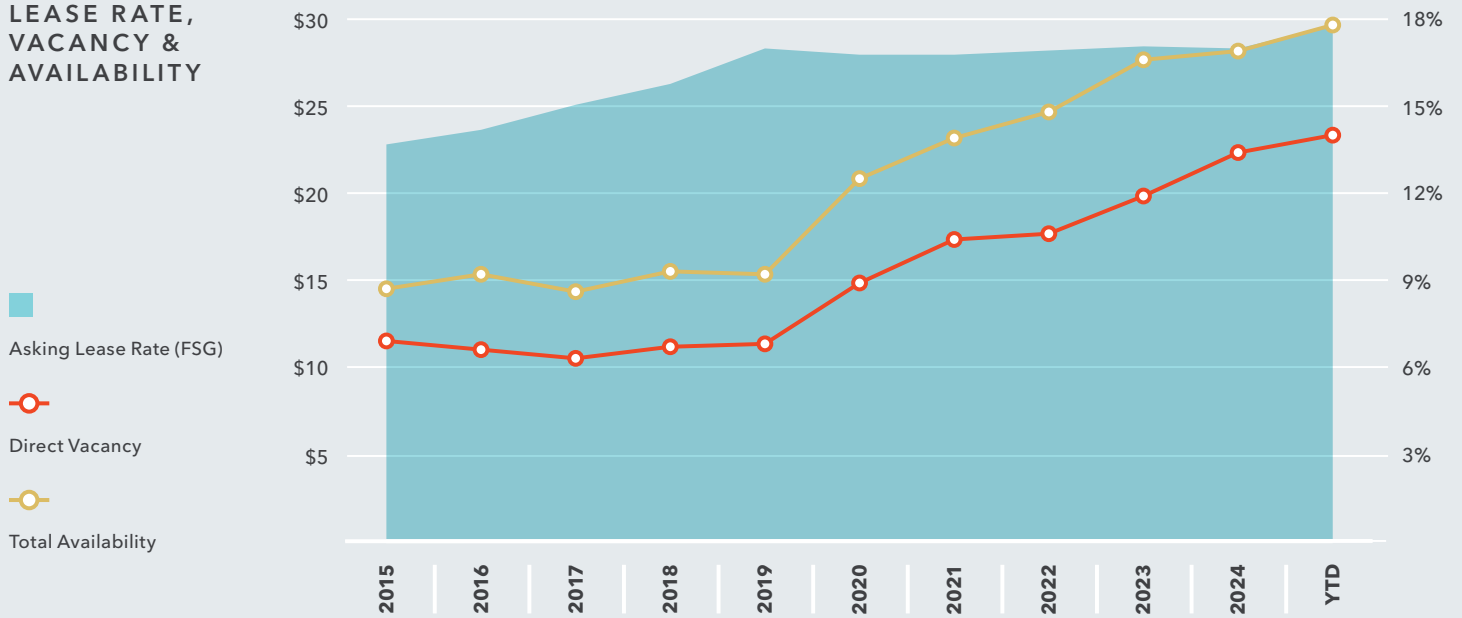
Market Highlights

ASKING RENTAL RATES
increased YOY to
\$29.64/SF FSG.

DIRECT VACANCY RATES
reached a new record high
of 14.0%.

SALES VOLUME grew 47% YOY
to 403K SF.

LEASE RATE, VACANCY & AVAILABILITY



BIGGEST SALE OF THE QUARTER

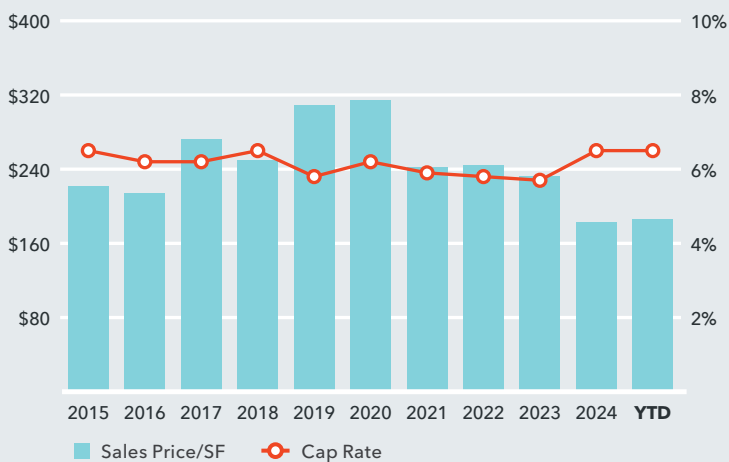
55 West Hillsboro, OR



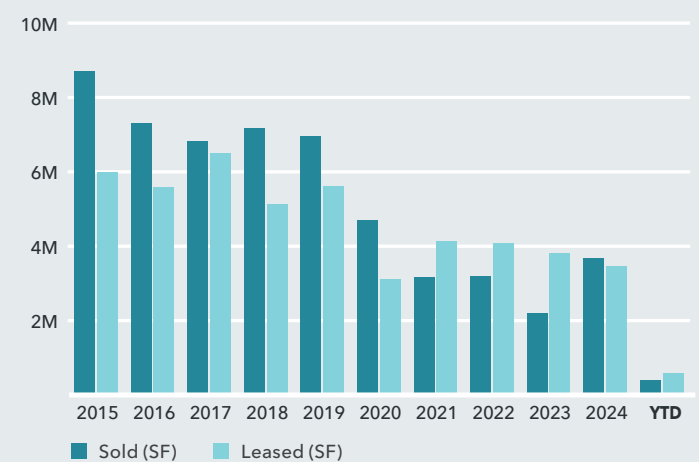
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	1Q25 Total Net Absorption	2024 Total Net Absorption	1Q25 Leasing Activity	2024 Total Leasing Activity	Direct Rental Rate
CBD	29,495,961	25.1%	26.9%	30.7%	-369,724	-388,657	115,671	1,043,999	\$28.20
Pearl District/Chinatown	3,454,350	29.1%	29.2%	27.2%	73,004	-340,900	47,909	82,584	\$30.00
Downtown	32,950,311	25.5%	27.1%	30.4%	-296,720	-729,557	163,580	1,126,583	\$28.32
217 Corridor/Beaverton	2,610,361	18.5%	19.6%	20.6%	-42,039	-2,568	30,981	122,149	\$26.76
Airport Way	1,120,170	14.3%	14.9%	15.4%	72	-44,345	3,225	42,917	\$23.40
Barbur Blvd/Capitol Hwy	1,433,145	7.8%	7.8%	9.0%	-6,934	34,852	3,715	26,005	\$18.48
Camas/Washougal	1,104,066	6.7%	6.7%	6.7%	2,375	-11,358	0	20,952	\$28.92
Cascade Park	3,111,834	9.8%	10.3%	13.8%	-9,394	-2,342	15,715	112,871	\$28.44
CBD/West Vancouver	3,622,513	5.9%	6.5%	12.7%	-6,151	309,616	12,192	73,623	\$30.72
Clackamas/Milwaukie	3,275,414	6.3%	6.3%	8.5%	5,736	-14,023	14,428	98,266	\$28.92
East Columbia Corridor	1,064,376	3.0%	3.0%	3.0%	-10,594	-9,365	0	8,423	\$31.92
Gateway	2,154,096	3.1%	4.0%	4.1%	3,618	11,217	0	48,541	\$21.36
Gresham	1,106,823	3.0%	3.1%	6.9%	6,494	11,965	1,761	23,814	\$20.88
Guilds Lake	517,632	12.2%	13.8%	20.1%	-35,800	39,277	1,438	55,124	-
Hayden Island/Swan Island	2,021,122	0.9%	0.9%	3.3%	0	5,485	0	6,400	\$15.00
Hazel Dell/Salmon Creek	912,086	4.5%	4.5%	4.1%	-1,935	-31,411	4,118	7,091	\$27.84
Johns Landing	1,936,453	12.7%	13.5%	16.8%	40,394	-65,523	15,774	112,080	\$30.96
Kruse Way	2,802,579	21.9%	23.1%	23.7%	12,669	8,436	26,569	149,892	\$42.12
Lake Oswego/West Linn	964,072	10.6%	11.1%	14.6%	-16,101	-39,332	6,400	34,621	\$33.12
Lloyd District	5,792,525	9.5%	10.8%	12.4%	142,449	-97,864	54,262	201,574	\$35.40
Mall 205	851,082	4.5%	6.3%	6.4%	6,912	-3,222	4,223	21,212	\$18.12
NE Close-In	1,754,999	5.6%	6.1%	7.1%	9,967	-1,511	16,246	39,261	\$31.08
North Beaverton	2,890,258	7.5%	7.9%	9.7%	-44,095	-50,025	2,054	57,735	\$33.36
Orchards	824,443	4.7%	4.7%	4.8%	-1,581	1,002	4,166	15,497	\$25.80
Oregon City	909,242	5.1%	5.1%	5.9%	-11,263	-12,760	6,026	11,017	\$26.16
Rivergate	69,186	10.1%	10.1%	10.1%	0	1,186	0	0	-
SE Close-In	3,651,210	12.4%	15.6%	20.2%	5,795	-6,062	18,796	147,893	\$30.24
Sherwood	149,574	4.8%	4.8%	4.8%	0	7,719	0	0	\$37.20
St. Johns/Central Vancouver	1,685,155	3.4%	3.4%	4.6%	-11,232	8,751	500	17,638	\$28.20
Sunset Corridor/Hillsboro	18,293,845	5.6%	6.2%	9.9%	-15,227	-119,673	135,511	416,918	\$26.52
SW Close-In	749,144	28.9%	28.9%	35.8%	14,275	30,659	794	81,437	\$19.56
Sylvan/Hillsdale	786,506	13.2%	13.2%	10.9%	-1,368	-37,983	23,708	20,800	\$19.08
Tigard	4,577,032	14.3%	14.9%	18.1%	-48,146	-33,666	3,534	208,813	\$32.76
Tualatin	1,275,017	18.3%	18.8%	24.0%	-14,442	-5,750	5,009	57,717	\$26.76
Vancouver Mall	865,873	5.4%	8.8%	9.7%	3,769	12,350	2,987	70,990	\$23.04
Wilsonville	1,272,604	19.7%	20.9%	21.7%	-103,534	-128,513	4,638	8,640	\$30.00
Suburban	76,154,437	8.94%	9.70%	12.32%	-125,311	-234,781	418,770	2,319,911	\$30.48
Portland Total	109,104,748	14.0%	15.0%	17.8%	-422,031	-964,338	582,350	3,446,494	\$29.64
Class A	35,577,230	18.6%	20.5%	24.3%	-243,276	-243,276	195,152	195,152	\$36.24
Class B	54,817,591	12.6%	13.5%	16.0%	-53,723	-53,723	310,777	310,777	\$27.72
Class C	18,523,866	9.0%	9.0%	10.8%	-124,001	-124,001	76,421	76,421	\$21.60

SIGNIFICANT SALE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
55 West Business Park	Sunset Corridor/Hillsboro	196,330	\$25,250,000	\$128.61	CIRE Partners	Westport Capital Partners, LLC
1010 NW Flanders St	CBD	57,606	\$10,000,000	\$173.59	Goodman Realty Group	Specht
1750 SW Harbor Way - Condo	CBD	38,743	\$9,050,000	\$233.59	Geneva Equities	McInnis Group

SIGNIFICANT LEASE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
3320-3340 NE Alcock Dr	Sunset Corridor/Hillsboro	100,746	February 2025	GIC Real Estate	RAJ Capital
1201 NE Lloyd Blvd	Lloyd District	21,646	January 2025	Easterly Government Properties, Inc.	Regional Computer Forensics Lab
2175 NW Raleigh St	NW Close-In	19,500	January 2025	Spear Street Capital	Undisclosed

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
The Waterfront - Block 1	255 W Columbia Way	CBD/West Vancouver	165,000	Lincoln Property Company	Q4 2025
3811 SE Concord Rd	3811 SE Concord Rd	Clackamas/Milwaukie	109,784	North Clackamas Parks & Rec	1Q 2026
4110 NE Halsey St	4110 NE Halsey St	Gateway	102,000	Tri-County Metropolitan Transportation District of Oregon	Q1 2027

Data Source: EDD, CoStar



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COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

26.2M

ANNUAL
SALES SF

36.7M

ANNUAL
LEASING SFASSET
SERVICES

58M+ SF

MANAGEMENT
PORTFOLIO SIZE

850+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,400

AVERAGE ANNUAL
ASSIGNMENTS

39

TOTAL
APPRAISERS

24

WITH MAI
DESIGNATIONS

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