

As seen in 2025, fewer industrial assets were sold in Q1 2026 relative to historical norms; the pricing for the sales that did occur remained strong, showing little to no value erosion for most industrial assets, while users and investors became more selective. Leasing demand remained softer than is typical, with large regional bright spots like Amazon's recent 1.2M lease in Kelso, WA, buoying absorption and pointing to a potential boost in activity for the remainder of 2026.

New construction inventory continues to account for the bulk of new leasing activity, while time-on-market continues to lengthen for older, functionally challenged buildings. The suburban markets on the west side of the Portland Metro continued to experience strong rents and consistent activity relative to the rest of the Metro. The conversion rate from a tenant requirement to a signed lease has diminished, suggesting strong absorption over the next 18 months as recent requirements are reactivated and new requirements are activated.

On the investment-sale side, SKB and RGA purchased the "Columbia River Collection in NE Portland," demonstrating a local player's commitment to the market. Outside of that, Q1 did not produce any investment sale data points of scale. Both individual investors and institutions remain liquid and eager to invest, but with limited options. Meaningful investment sale data points would likely help catalyze investment and move investors out of a period of stagnation. Construction costs continue to stabilize as contractors look to refill their future work pipelines, which benefits the small set of proposed projects in the region.

Vacancy Rate
8.0%↑

Market Asking Rent/SF
\$11.13/SF↓

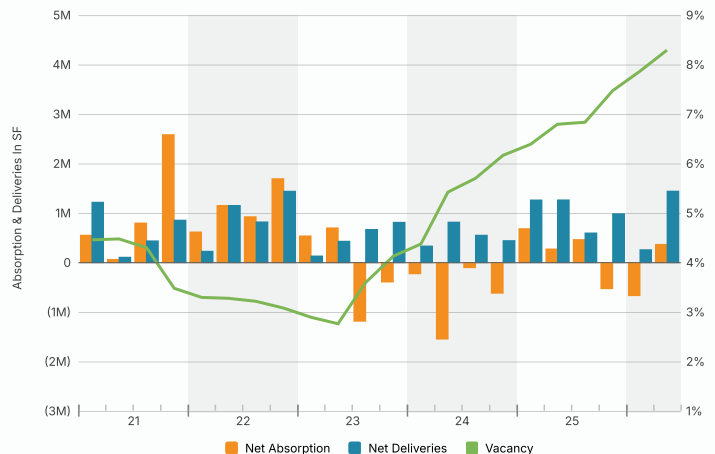
12 Mo Net Absorption (SF)
665K↓

Sale Volume (YoY)
\$716M↑

INDUSTRIAL (5K+ SF)

	Inventory SF	Under Construction SF	12 Mo Net Absorption SF	Vacancy Rate	Market Asking Rent/SF	Market Sale Price/SF
I-5 Corridor	32.5M	1.2M	-331K	10.3%	\$10.89	\$176
Westside	22.7M	447K	163K	4.3%	\$12.27	\$190
Close-in	19.7M	0	20.6K	8.2%	\$11.88	\$180
Clark County	31.2M	837K	394K	8.2%	\$11.58	\$165
N/NE	82.1M	48.6K	800K	8.7%	\$10.65	\$176
Southeast	27.9M	0	-232	5.8%	\$10.85	\$172

NET ABSORPTION, NET DELIVERIES & VACANCY



NOTABLE COMPS

7000 SW Sandberg Rd, Tigard, OR

32,330 SF \$8,000,000 (\$247.45/SF)

3431 SE River Rd, Hillsboro, OR

5,655 SF \$1,500,000 (\$265.25/SF)

16027 NE Cameron Blvd (multiple tax lots in a portfolio sale)

520,872 SF \$81,200,000 (\$155.89/SF)

Portland's office market in Q1 is still, bluntly, a tenant's market with little momentum. Vacancy is sitting at or near all-time highs (~24–27%), leasing volume is hovering near record lows, and absorption remains firmly negative with no real sign of reversal. The reality is that companies aren't expanding; they're shrinking their footprints, delaying decisions, and demanding flexibility, which has continued to force landlords to win deals through concessions rather than rent growth. Even as asking rents appear stable on paper, effective rents are getting quietly hammered.

Leasing activity reflects that same hesitation. Quarterly deal volume has fallen to historically weak levels; roughly 250K SF per quarter in 2025, far below pre-pandemic norms. The only real traction is in smaller, efficient spaces and suburban class B/C product, where tenants can right-size without committing long term. Notable recent leases include RAJ Capital taking ~100K SF in Hillsboro and the Regional Computer Forensics Lab leasing ~21K SF in the Lloyd District, both reinforcing that demand is fragmented and driven more by specific use cases than by broad recovery.

On the sales side, activity is up, but for the wrong reasons. Investors are circling, but mostly for distressed or deeply discounted assets, with some downtown buildings trading at massive losses compared to prior valuations. A notable recent example is the sale of 200 Market (\$70 million), which traded after distress pressures, and reflects the broader repricing happening across the CBD. Another benchmark from recent comps is 55 West Business Park, trading around \$128/SF, highlighting the growing gap between suburban stability and urban core distress. Bottom line: Portland office isn't crashing, but it is resetting, repricing, and redefining what "normal" demand looks like.

Vacancy Rate

16.8%

12 Mo Net Absorption (SF)

-637K

Asking Rent

\$30.97/SF

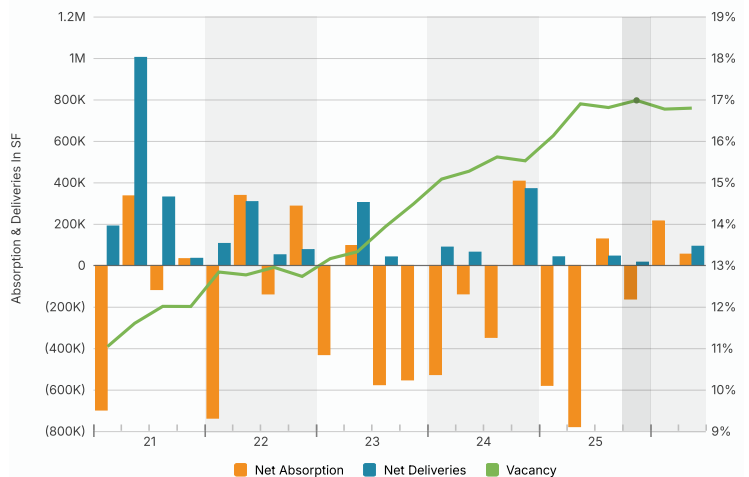
Avg. Sale Price

\$234/SF

OFFICE (10K+ SF)

	Inventory SF	Under Construction SF	12 Mo Net Absorption SF	Vacancy Rate	Market Asking Rent/SF	Market Sale Price/SF	Market CAP Rate
I-5 South	8.3M	0	149K	17.6%	\$33.73	\$238	8.6%
Hwy 217	7.4M	0	-85.5K	20.0%	\$28.92	\$207	8.6%
Kruse Way	2.5M	0	51.4K	22.8%	\$39.97	\$280	8.0%
Westside	19.2M	0	-15.3K	7.8%	\$30.46	\$217	8.7%
CBD	26.2M	0	-684K	30.2%	\$32.64	\$257	8.5%
Close-in NW	9.9M	0	196K	25.1%	\$31.98	\$245	8.9%
Clark County	11M	106K	-51.9K	8.0%	\$31.54	\$226	8.7%
Close-in Eastside	7.7M	0	-147K	18.3%	\$29.77	\$230	8.7%
Eastside	5.2M	18K	11.3K	6.1%	\$28.14	\$214	9.1%
Milwaukie/Clackamas	2.1M	0	187	9.0%	\$29.19	\$213	8.9%

NET ABSORPTION, NET DELIVERIES & VACANCY



NOTABLE COMPS

Evergreen Corporate Center

3220 & 3340 NE Aloclk Drive, Hillsboro, OR 97214

Leasee: RAJ Capitol

Square footage leased: 100,000 SF

1201 NE Lloyd Blvd, Portland, OR 97232

Leasee: Regional Computer Forensics Lab (RCFL)

Square footage leased: 21,000 SF

The Portland Metro Region is still in the grip of nonexistent rent growth. In Q1 2026, we saw the 12-month average rent decrease from -\$1.00 to \$0.90. Not at all significant. According to Costar data, we will likely see flat rent growth until Q4 2026.

One of the more interesting stats is that the Portland Region has a current average capitalization rate (Cap Rate) of 5.63%. Breaking this down by submarkets shows a narrower range: Wilsonville, Hillsboro, Tualatin, Sherwood, Lake Oswego, and Tigard average 5.00% to 5.40%, while Downtown Portland, East Portland, Southeast Portland, and North Portland average 6.00% to 6.40%. There is a very significant difference in investor location preference. The difference in value between a 5.0% cap rate and a 6.4% cap rate, given \$100,000 of net operating income, is \$437,500.

Vacancy Rate	Current Concession Rate	Market Sale Price/Unit	Market Asking Rent/Unit	Market Cap Rate
7.3%	1.8%	\$252K	\$1,645	5.63%

MULTIFAMILY

	Inventory Units	Units Under Construction	12 Mo Absorption Units	Vacancy Rate	Market Asking Rent/Unit	Market Sale Price/Unit	12 Mo Sales Volume
Vancouver	39,152	2,263	857	6.5%	\$1,703	\$251K	\$150M
Hillsboro	21,248	0	306	8.4%	\$1,795	\$292K	\$122M
Southeast Portland	24,366	175	731	7.3%	\$1,487	\$221K	\$96.5M
Downtown Portland	13,439	0	104	8.0%	\$1,847	\$319K	\$40.7M
Beaverton	16,515	0	183	6.7%	\$1,610	\$222K	\$57.0
Northwest Portland	14,511	0	444	10.3%	\$1,690	\$269K	\$66.7M
Gresham/Troutdale	16,375	0	230	7.3%	\$1,541	\$195K	\$126M
Damascus	13,705	0	71	6.2%	\$1,696	\$217K	\$86.7M
Northeast Portland	8,561	107	381	9.0%	\$1,558	\$243K	\$96M
Southwest Portland	7,902	0	-122	7.9%	\$1,705	\$260K	\$51.3M
Tigard	7,686	183	29	6.2%	\$1,671	\$263K	\$107M
East Portland	10,807	31	-61	6.6%	\$1,334	\$153K	\$28.6M
North Portland	5,610	0	100	8.1%	\$1,528	\$221K	\$30.3M
Lake Oswego	4,213	0	89	6.3%	\$1,997	\$282K	\$4.6M
Tualatin/Sherwood	4,157	0	11	5.2%	\$1,776	\$284k	\$2.8M
Central Northeast	4,526	0	3	6.5%	\$1,388	\$175K	\$1.5M

NOTABLE TRANSACTIONS

Russellville Park | 10202-10230 E Burnside, Portland, OR 97216

Jan. 15, 2026 293 Units 6.36% Cap Rate
\$81,282,550-\$77,415 per unit Buyer: WellQuest Living

Cedar Square Apartments | 10480 SW Eastridge St., Portland, OR 97225

Mar. 12, 2026 156 Units Built in 1979
\$29,580,000-\$191,346 per unit Buyer: Glencrest Group

Timberlee Apartments | 5131 SW 38th Place, Portland, OR 97221

Mar. 18 2026 85 Units Built in 1964
\$12,900,000- \$151,765 per unit Buyer: FPA Multifamily

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