








Portland's industrial market has faced weakening tenant demand over the past two years, driving vacancy up to 7.8%—above its historical average—and pushing net absorption into negative territory, including -1 million square feet over the past year. Although new construction remains active with 4.9 million square feet underway and over 40% still available, the market is not severely oversupplied, but continued deliveries amid weak demand are keeping availability elevated. Rent growth has slowed considerably to 1.5%, giving tenants greater negotiating leverage, and some larger users continue to opt for nearby Vancouver, Washington for tax advantages.

PORTLAND MARKET SNAPSHOT

VACANCY	7.8%		RENTAL RATE	\$11.85	
CONSTRUCTION	4,872,676 SF		ABSORPTION	<1,248,058> SF	

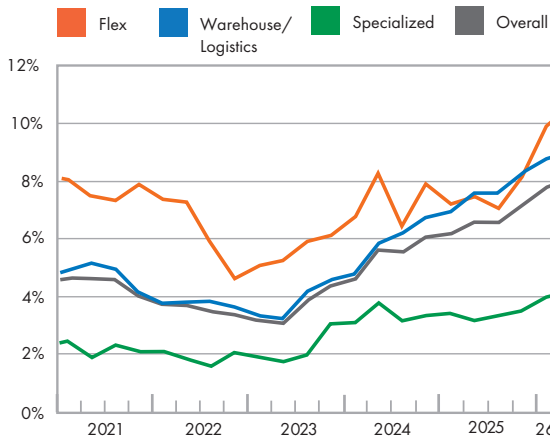
VACANCY

Portland's overall industrial vacancy rate has risen to 7.8%, up 1.7% over the past year. Logistics-focused properties are experiencing slightly higher vacancy at 8.9%, with buildings larger than 100,000 square feet exceeding 9%. For the market to shift back into an expansion phase and stabilize vacancies, leasing activity will need to extend beyond the west side and the Vancouver area that benefit from strong, established demand. Until trade policy uncertainty subsides and a broader range of industrial users sees Portland as a viable place to grow, vacancy rates are likely to continue increasing gradually.

Flex:	9.9%	
Warehouse:	8.8%	
Specialized:	4.0%	




VACANCY RATES BY BUILDING TYPE

2021 - 2026



ABSORPTION & DELIVERIES

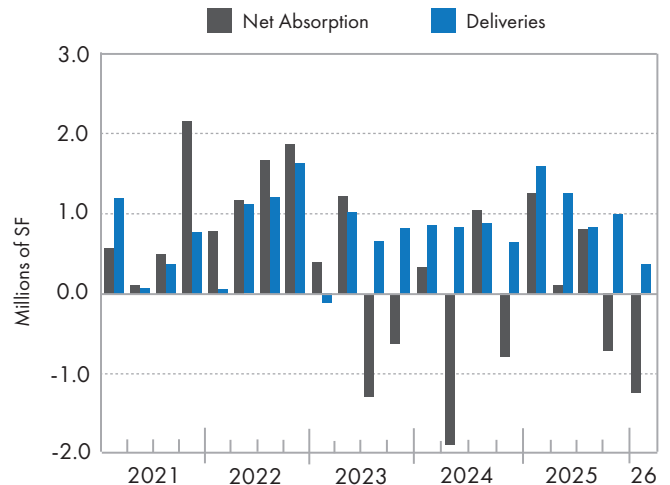
In sharp contrast to the late-2022 peak of 5.7 million SF, net absorption declined to negative <1,084,719> square feet over the previous 12 months. Over the past two years, quarterly leasing activity remained consistent in the 2.5 million square foot range; however, it slowed slightly towards the end of 2025, resulting in an absorption number of negative <1,248,058> square feet to close out the first quarter of 2026.

Flex:	Negative <382,038> square feet	
Warehouse:	Negative <668,665> square feet	
Specialized:	Negative <197,355> square feet	

(Includes manufacturing, cold storage, and data centers)

ABSORPTION & DELIVERIES

2021 - 2026



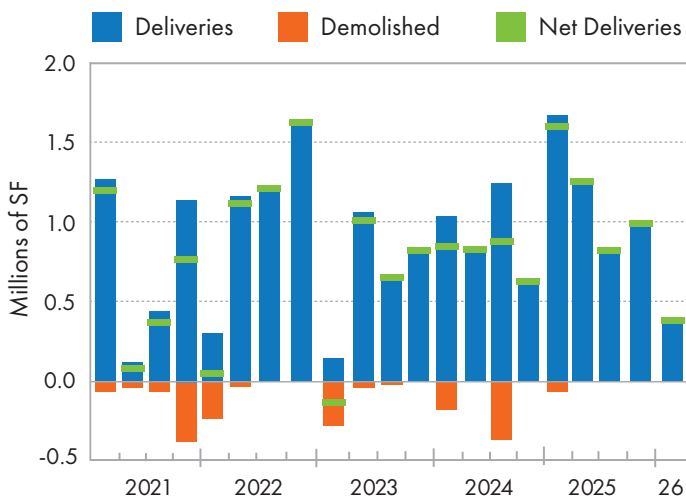
DELIVERIES AND CONSTRUCTION

The first quarter of 2026 saw 358,449 square feet of new product added to the market, while 4,872,676 square feet remains under construction. A total of 3,402,034 square feet has been added in the last 12 months.

The largest project set for delivery in the second quarter of 2026 is the Mt. Vista Logistics facility in Vancouver, WA. When completed in June, the property will add 583,278 square feet to the market. Also set for delivery in the first quarter is a Class A building on SW Oregon Street in Sherwood, adding a total of 358,556 square feet upon delivery in May.

HISTORICAL CONSTRUCTION DELIVERIES

Square Footage Per Quarter



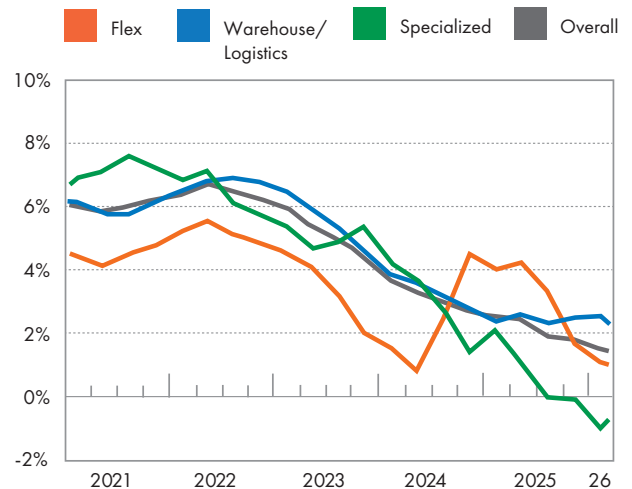
RENTAL RATES

Portland's industrial rents rose 1.5% over the past year, down sharply from the 6.8% peak in mid-2022. With vacancies continuing to climb, rent growth is expected to remain subdued through early 2027. Increasing sublet availability is also putting pressure on pricing, offering tenants lower-cost alternatives to newer, higher-priced space. Overall asking rents ended the first quarter at \$11.85 per square foot, though the figure is skewed by flex and specialized manufacturing properties, which make up roughly one-third of inventory.

Flex:	\$17.67	↑
Warehouse:	\$11.02	↑
Specialized:	\$12.18	↓

MARKET RENT GROWTH

2021 - 2026



CONSTRUCTION ACTIVITY | Markets Ranked Under Construction RBA

MARKET	UNDER CONSTRUCTION INVENTORY				AVERAGE BLDG SIZE	
	# Bldgs	Total RBA	Released SF	Released %	All Existing	U/C
I-5 Corridor Outlying	4	1,131,000	1,131,000	100%	73,814	282,720
SE Outlying	2	1,126,000	348,000	30.9%	21,330	563,183
Sunset Corridor/Hillsboro	5	627,000	316,000	50.4%	50,005	125,470
Orchards	2	594,000	10,000	1.8%	29,078	296,859
Clackamas/Milwaukie	2	338,000	338,000	100%	34,694	168,811
217 Corridor/Beaverton	2	313,000	313,000	100%	35,900	156,682
Cascade Park	1	235,000	235,000	100%	95,576	235,000
Wilsonville	2	203,000	145,000	71.3%	62,722	101,329
CBD/West Vancouver	1	124,000	0	0%	45,432	123,630
Hazel Dell/Salmon Creek	1	120,000	120,000	100%	17,827	120,000
All Other	4	62,000	13,000	21.7%	32,845	15,523
Totals	26	4,873,000	2,969,000	60.9%	34,717	187,411

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