

Portland's office market continues to be a telling a story of hesitation and recalibration rather than recovery.

Return-to-office momentum among the city's largest tenants continues to ebb and flow, never quite settling into a clear direction. Even with one of the lowest levels of new speculative office development in recent history, vacancy remains stubbornly high reflecting uncertain demand as opposed to oversupply.

Leasing activity underscores this imbalance. Over the past two years, more quarters have seen tenants give back space than take it, resulting in a net absorption of negative <595,120> square feet over the past year alone. While the first quarter of 2026 offered a modest positive reading, it does little to shift the broader narrative.

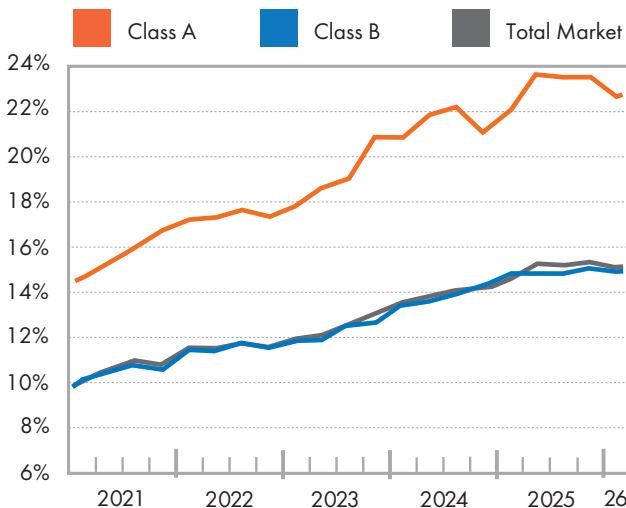
VACANCY

Overall vacancy ended the first quarter at 15.1%, with downtown Portland bearing the brunt of the pressure. The urban core, ending the quarter at 31.1% availability, has been the primary driver of negative absorption—far more so than in peer West Coast markets like San Francisco or Seattle.

Class A:	23.3%	↓
Class B:	13.7%	↑
Class C:	7.0%	↓

VACANCY RATES BY CLASS

2021 - 2026



PORTLAND MARKET SNAPSHOT

VACANCY

15.1%



RENTAL RATE

\$30.08



CONSTRUCTION

123,600 SF



ABSORPTION

278,309 SF



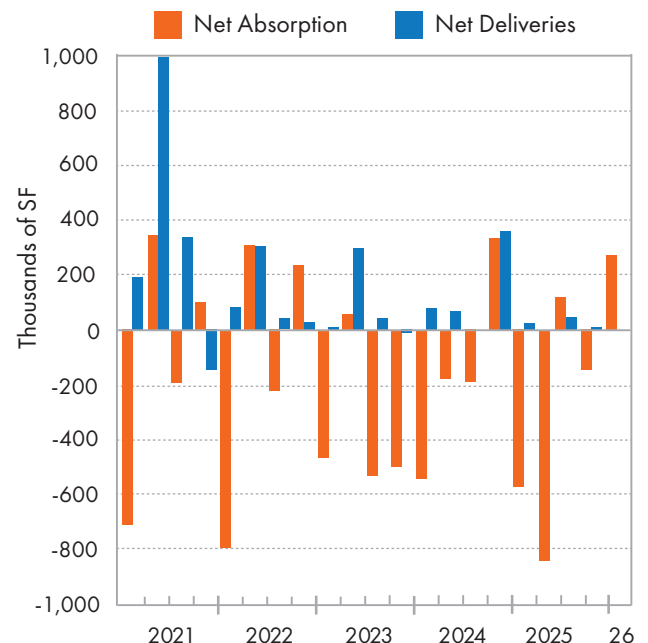
ABSORPTION & DELIVERIES

The overall office market closed out the first quarter of 2026 on a positive note, ending at 278,309 square feet in net absorption, compared to negative <143,385> square feet at the end of the previous quarter.

Class A:	271,342 SF	↑
Class B:	Negative <29,592> SF	↑
Class C:	36,559 SF	↑

ABSORPTION & DELIVERIES

2021 - 2026



DELIVERIES AND CONSTRUCTION

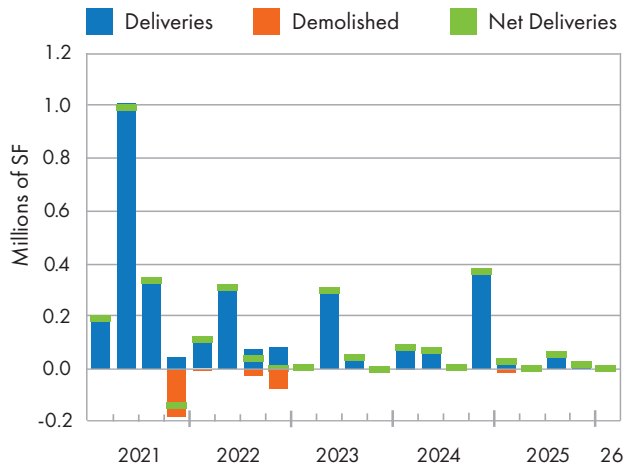
Portland's construction pipeline has been limited by a historically tight lending environment and a muted outlook for office demand overall. The majority of projects that reach the groundbreaking stage are either owner-built or pre-leased, while a number of proposals have been scrapped altogether.

The first quarter of 2026 saw no new product delivered to the market, while 123,600 square feet of inventory remains under construction. Over the last 12 months, 57,605 square feet have been added to the Portland metro area.

The only office project set for delivery in the near future is a three-story office property on SE Foster Road in Portland. Set for completion in October, it will add 18,000 square feet to the market.

HISTORICAL CONSTRUCTION DELIVERIES

Square Footage Per Quarter



RENTAL RATES

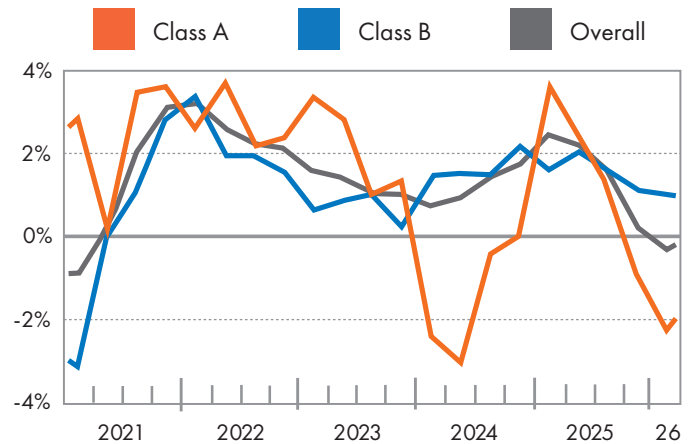
Over the past year, asking rents have remained flat, lagging well behind long-term averages. Any pockets of strength are largely confined to suburban submarkets, where limited new construction, shifting tenant preferences, and relative cost advantages have helped preserve some pricing stability.

As the first quarter of 2026 came to a close, the average quoted asking rental rate for all classes remained unchanged from the previous quarter at \$30.10 per square foot.

Class A:	\$37.11	↓
Class B:	\$28.14	↓
Class C:	\$24.78	↓

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
Hazel Dell/Salmon Creek	1	106,000	106,000	100%	10,221	105,600
Clackamas/Milwaukie	1	18,000	18,000	100%	9,544	18,000
217 Corridor/Beaverton	0	0	0	-	17,169	-
Airport Way	0	0	0	-	16,923	-
Barbur Blvd/Capitol Hwy	0	0	0	-	8,967	-
Camas/Washougal	0	0	0	-	15,320	-
Cascade Park	0	0	0	-	25,255	-
CBD	0	0	0	-	76,259	-
CBD/West Vancouver	0	0	0	-	14,752	-
Clark County Outlying	0	0	0	-	7,213	-
All Other	0	0	0	-	15,437	-
Totals	2	124,000	124,000	100%	18,754	61,800

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