Industrial Market Report | Q2 2026

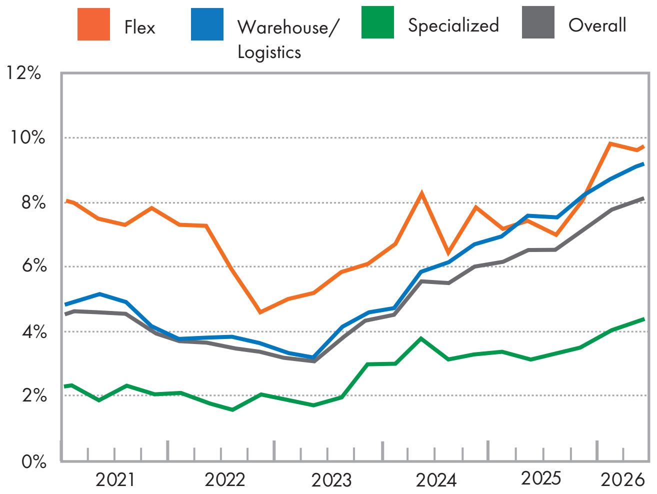
Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

In the past few quarters, leasing volume in the Portland metro area has exceeded two million square feet, extending a trend that began in 2023. Deal flow has stabilized far below peak activity, as the market averaged roughly three million square feet per quarter during 2021–2022. The decrease in regional megadeals is one of the main causes for the downturn. Portland only had six quarters without a lease over 250,000 square feet between 2016 and 2022. Since then, there have been nine quarters without a lease of that size.

PORTLAND MARKET SNAPSHOT

VACANCY **8.1%**	RENTAL RATE **$12.08**
CONSTRUCTION **5,664,587 SF**	ABSORPTION **<733,657> SF**

VACANCY RATES BY BUILDING TYPE
2021 - 2026



VACANCY

Portland's overall industrial vacancy rate has risen to 8.1%, up 1.5 percentage points over the past year. To stabilize the market and reduce vacancies, leasing activity will need to expand beyond the Westside submarkets and Vancouver, where demand has remained strongest. Small-bay industrial properties under 50,000 square feet, which account for more than one-third of Portland's industrial inventory, have weakened after several years of outperforming larger facilities. Recently, vacancies have more than doubled from 2.6% to nearly 6%, resulting in a 1.5 million square feet decline in occupancy and adding to overall market softness.

Flex:	9.7% ↓
Warehouse:	9.2% ↑
Specialized:	4.3% ↑

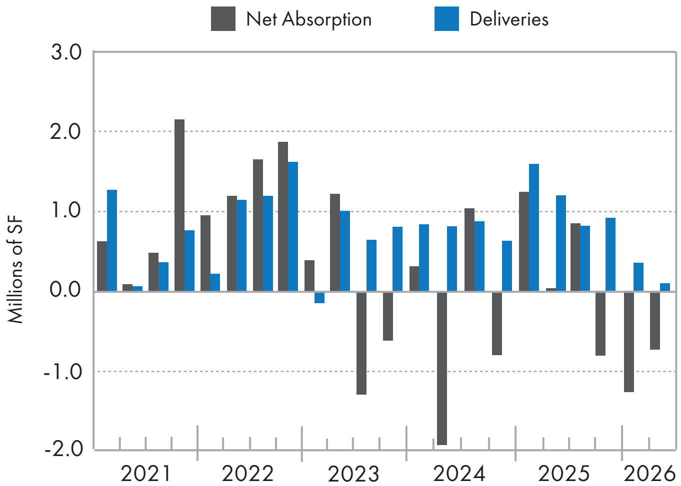
ABSORPTION & DELIVERIES

Quarterly leasing activity over the last two years has remained steady in the range of 2.5 million square feet in the Portland metro. It even moved past 3.1 million square feet in the first quarter of 2026, but several larger move-outs drove a net absorption figure of negative <733,657> square feet. In the past 12 months, net absorption receded to negative <2.0 million> square feet, a sharp contrast to the late-2022 peak of 6.0 million square feet.

Flex:	44,658 square feet	↑
Warehouse:	Negative <662,526> square feet	↑
Specialized:	Negative <115,789> square feet	↑

(Includes manufacturing, cold storage, and data centers)

ABSORPTION & DELIVERIES
2021 - 2026



DELIVERIES AND CONSTRUCTION

The second quarter of 2026 saw 100,173 square feet of new product added to the market, while 5,664,587 square feet remains under construction. A total of 2,193,451 square feet has been added in the last 12 months.

The largest project set for delivery in the third quarter of 2026 is a Class A facility on Oregon Street in Sherwood, OR. When completed in August, the property will add 358,556 square feet to the market. Also set for delivery in August is the Vanrose Technology Center in Hillsboro, adding a total of 303,969 square feet to the market upon completion.

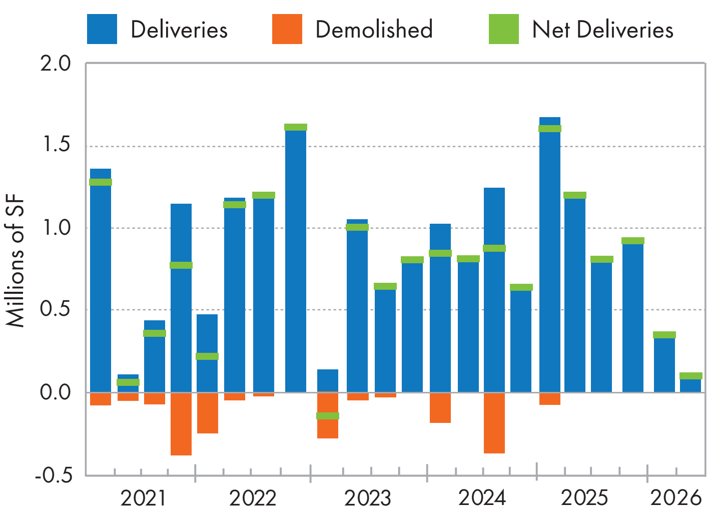
RENTAL RATES

Portland's overall industrial rents ended the second quarter at $12.08, up from $11.85 in the previous quarter. Tax-heavy areas of Multnomah County, such as the East Columbia Corridor, may continue to face pushback on rising rates. Independent of location, TI budgets and free-rent periods are generally rising for pre-2000 buildings with larger footprints. Multiple brokers report a minimum of six months free, plus moving allowances, and TI allowances ranging from $5 to $10 per square foot.

Flex:	$17.97	↑
Warehouse:	$11.19	↑
Specialized:	$12.62	↑

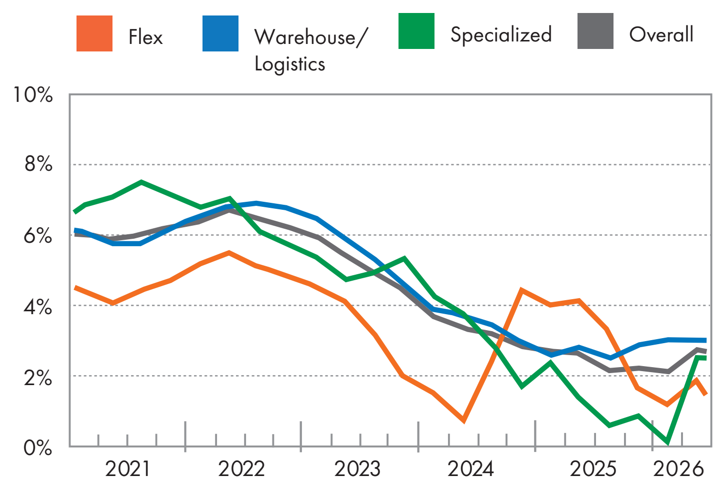
HISTORICAL CONSTRUCTION DELIVERIES

Square Footage Per Quarter



MARKET RENT GROWTH

2021 - 2026



CONSTRUCTION ACTIVITY | Markets Ranked Under Construction RBA

MARKET	UNDER CONSTRUCTION INVENTORY				AVERAGE BLDG SIZE	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Sunset Corridor/Hillsboro	4	1,250,000	946,000	75.7%	50,296	312,492
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%	21,319	563,183
Orchards	2	594,000	10,000	1.8%	28,680	296,859
Clackamas/Milwaukie	3	586,000	338,000	57.6%	34,607	195,384
Airport Way	1	269,000	269,000	100%	31,358	268,749
Cascade Park	1	240,000	240,000	100%	97,320	240,000
Wilsonville	1	145,000	145,000	100%	62,699	144,532
CBD/West Vancouver	1	124,000	0	0%	45,556	123,630
Hazel Dell/Salmon Creek	1	120,000	120,000	100%	17,722	120,000
All Other	6	81,000	26,000	32.1%	33,044	13,432
Totals	**26**	**5,665,000**	**3,572,000**	**63.1%**	**34,648**	**217,869**

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.

All information from the CoStar Group, used with permission