Office Market Report | Q2 2026

Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

Portland's office market remains challenged by inconsistent return-to-office trends, muted hiring among office-using industries, and workforce reductions at major employers, contributing to persistently elevated vacancy rates despite almost no new speculative construction. While premier office buildings have held up better as tenants relocate to higher-quality space, overall demand remains weak, with the downtown core continuing to feel the biggest impact through elevated vacancies and negative absorption. Looking ahead, vacancies are expected to edge higher into early 2027 while rent growth remains subdued, with downside risks tied to slower employment growth, economic uncertainty, and continued tenant downsizing.

PORTLAND MARKET SNAPSHOT

VACANCY **15.0%** ↓	RENTAL RATE **$29.77** ↓
CONSTRUCTION **18,000 SF** ↓	ABSORPTION **21,004 SF** ↓

VACANCY

Overall vacancy ended the second quarter at 15.0%, down from 15.1% in the previous quarter, and now resting well above the national average of 13.9%. Sublease availability stands near 1.9 million square feet in the metro area, making market recovery more complicated.

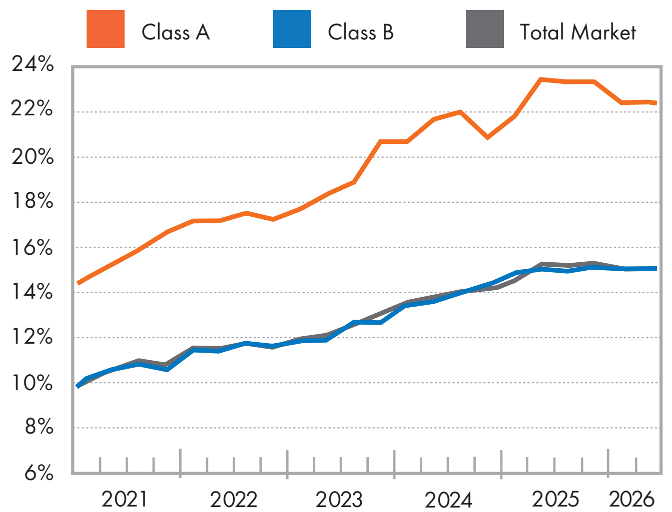
Class A:	23.5%	↑
Class B:	13.6%	↓
Class C:	6.7%	↓

ABSORPTION & DELIVERIES

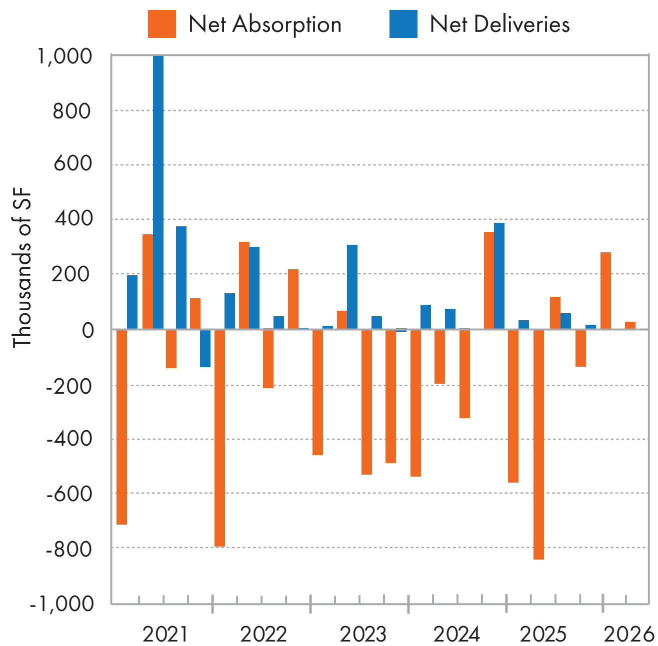
The overall office market ended the second quarter of 2026 at 21,004 square feet in net absorption, a significant decrease from 278,309 square feet at the end of the previous quarter.

Class A:	Negative <187,829> SF	↓
Class B:	147,675 SF	↑
Class C:	61,158 SF	↑

VACANCY RATES BY CLASS
2021 - 2026



ABSORPTION & DELIVERIES
2021 - 2026



DELIVERIES AND CONSTRUCTION

Inventory increased by 6.2% over the past ten years, with a large portion of that new space being constructed for owner-occupied usage, including significant campus additions for Advantis Credit Union, Nike, and Adidas. Just over 500,000 square feet have been added to the pipeline in the last three years, which is far less than the approximately 5 million square feet of building that took place between 2015 and 2017.

The second quarter of 2026, like the previous quarter, saw no new product delivered to the market, with only one office project set for delivery in the near future. A three-story office property on SE Foster Road in Portland is set for completion in October, and will add 18,000 square feet to the market upon completion.

RENTAL RATES

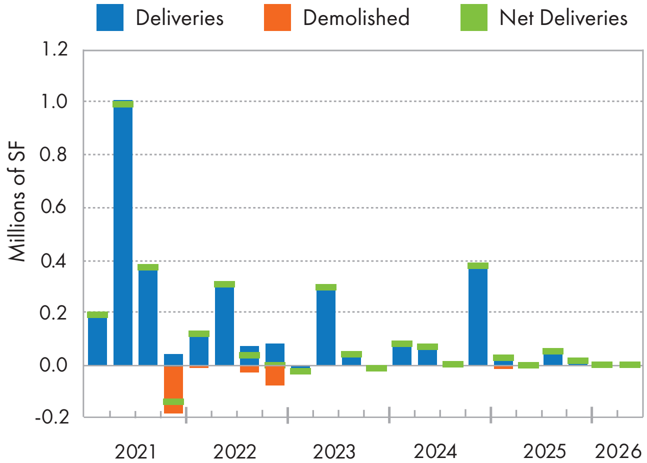
As office availability remains near record highs and space utilization continues to evolve, asking rents fell 0.7% over the past year. This trails both the five-year average of 1.2%, the 10-year average of 2.0%, and the national growth rate of 1.6%.

As the second quarter of 2026 came to a close, the average quoted asking rental rate for all classes decreased from $30.10 per square foot in the previous quarter to $29.77 per square foot.

Class A:	$36.35	↓
Class B:	$28.08	↓
Class C:	$24.63	↓

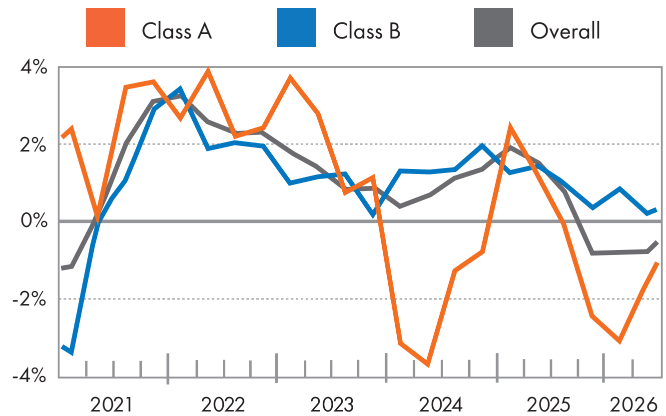
HISTORICAL CONSTRUCTION DELIVERIES

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
Clackamas/Milwaukie	1	18,000	18,000	100%	9,530	18,000
217 Corridor/Beaverton	0	0	0	-	17,175	-
Airport Way	0	0	0	-	16,923	-
Barbur Blvd/Capitol Hwy	0	0	0	-	8,967	-
Camas/Washougal	0	0	0	-	15,294	-
Cascade Park	0	0	0	-	25,121	-
CBD	0	0	0	-	75,946	-
CBD/West Vancouver	0	0	0	-	14,752	-
Clark County Outlying	0	0	0	-	7,022	-
Columbia County	0	0	0	-	5,073	-
All Other	0	-	-	-	15,555	-
Totals	**1**	**18,000**	**18,000**	**100%**	**18,735**	**18,000**

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.

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