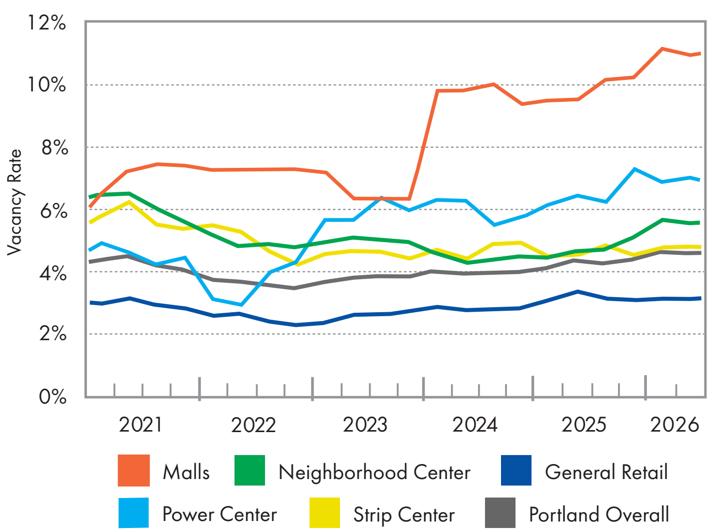
Retail Market Report | Q2 2026

Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

Speculative retail development remained limited throughout 2025 and has yet to gain momentum in 2026. Over the past year, approximately 280,000 square feet of new retail space was delivered, with about 10% still available for lease. Of the 530,000 square feet currently under construction, roughly 225,000 square feet is being built for owner occupancy, primarily for a new auto dealership in Vancouver.

Historically slow population growth has made retailers cautious about projecting stronger same-store sales, limiting their willingness to pay higher rents. As a result, annual asking rents declined 0.9% over the past year, a sharp reversal from the previous decade's average annual growth of 2.5%. Local rent growth has also lagged the national average of 1.7% since mid-2021.

VACANCY RATES BY BUILDING TYPE
2021 - 2026



VACANCY

After trending below 4.5% from 2022 to early 2025, Portland's overall vacancy rate ended the second quarter of 2026 unchaged from the previous quarter at 4.6%.

Retail Overall:	4.6% ↔	Neighborhood Center:	5.6% ↓
General Retail:	3.1% ↓	Power Center:	7.0% ↑
Shopping Mall:	11.0% ↓	Strip Center:	4.8% ↑

PORTLAND MARKET SNAPSHOT

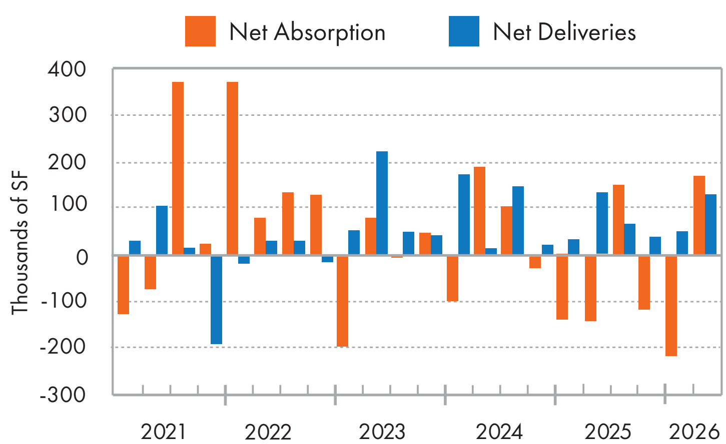
VACANCY **4.6%** ↔	RENTAL RATE **$24.59** ↓
CONSTRUCTION **527,080 SF** ↓	ABSORPTION **169,610 SF** ↑

ABSORPTION & DELIVERIES

Retail demand continues to show signs of weakening, with trailing 12-month net absorption totaling negative <23,318> square feet, a sharp decline from the prior decade's annual average of 230,000 square feet. Tenant move-outs also increased, exceeding 3.0 million square feet over the past 12 months, compared with a pre-pandemic average of 2.7 million square feet from 2015 to 2019. Much of this weakness has been concentrated in power centers, where retailer bankruptcies—including Joann Fabrics—have contributed to elevated vacancy as stores continue to close.

Retail Overall:	169,610 SF ↑	Nbhd Center:	36,664 SF ↑
General Retail:	141,756 SF ↑	Power Center:	– <11,118> SF ↓
Shopping Mall:	12,906 SF ↑	Strip Center:	– <5,218> SF ↑

ABSORPTION & DELIVERIES
2021 - 2026



DELIVERIES AND CONSTRUCTION

There was 129,710 square feet of new product delivered to the marketplace in the second quarter of 2026, while 527,080 square feet still remains under construction. In the last 12 months, 284,136 total square feet have been added to the Portland market.

There are a few larger projects set for completion in the third quarter of 2026. A 225,000 square foot Lexus dealership in Vancouver, WA is set for completion in August. Set for delivery in September is Discovery Ridge phase 3, a three-building retail project in Ridgefield, WA, which will add 16,000 square feet when completed.

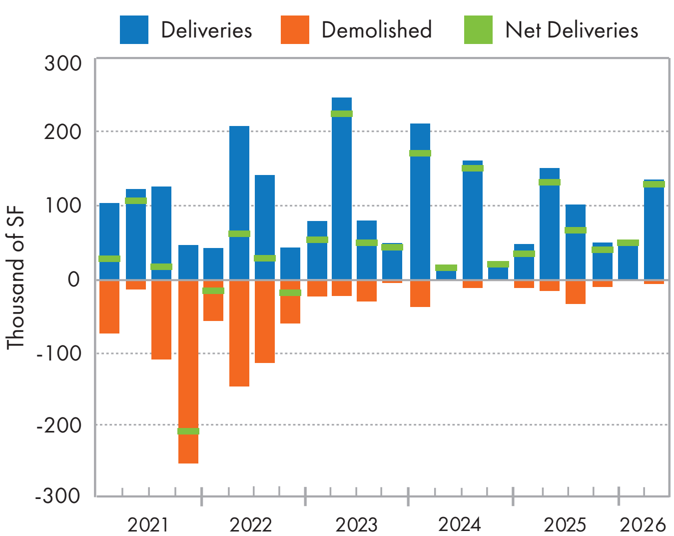
RENTAL RATES

Population growth in Vancouver and nearby communities continues to support strong retail sales and above-average rent growth. In contrast, urban cores face ongoing occupancy challenges tied to crime and higher taxes, while more affordable rural and exurban markets are attracting residents priced out of denser urban areas. Some retailers are willing to pay higher rents for access to these suburban markets as a result.

Retail Overall:	$24.59 ↓	Neighborhood Center:	$27.34 ↓
General Retail:	$22.73 ↓	Power Center:	$29.42 ↓
Shopping Mall:	$25.17 ↓	Strip Center:	$23.87 ↑

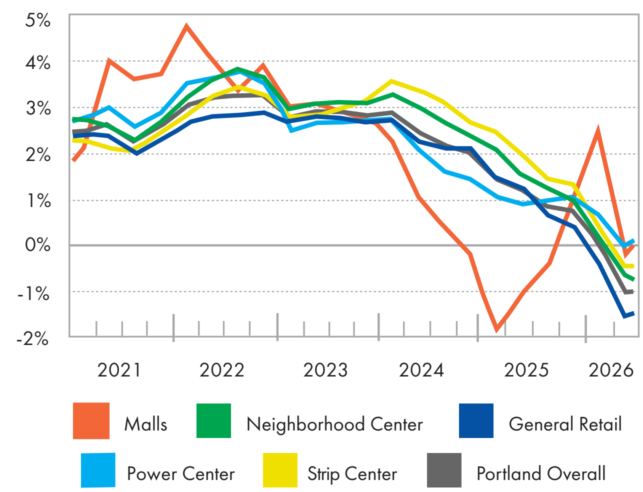
HISTORICAL CONSTRUCTION DELIVERIES

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
Cascade Park	1	225,000	225,000	100%	14,913	225,000
Clackamas/Milwaukie	2	191,000	184,000	96.2%	10,648	95,600
Orchards	5	46,000	30,000	66.0%	11,934	9,231
Clark County Outlying	4	32,000	14,000	43.2%	9,511	7,926
Camas/Washougal	3	14,000	12,000	83.9%	9,400	4,648
Sunset Corridor/Hillsboro	2	10,000	4,000	37.5%	12,888	5,176
Gresham	1	3,000	3,000	100%	12,432	3,330
Westside Outlying	1	3,000	3,000	100%	9,217	2,838
East Columbia Corridor	1	3,000	3,000	100%	12,871	2,559
217 Corridor/Beaverton	0	0	0	-	11,748	-
All Other	0	-	-	-	9,539	-
Totals	**20**	**527,000**	**477,000**	**90.6%**	**10,226**	**26,354**

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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