

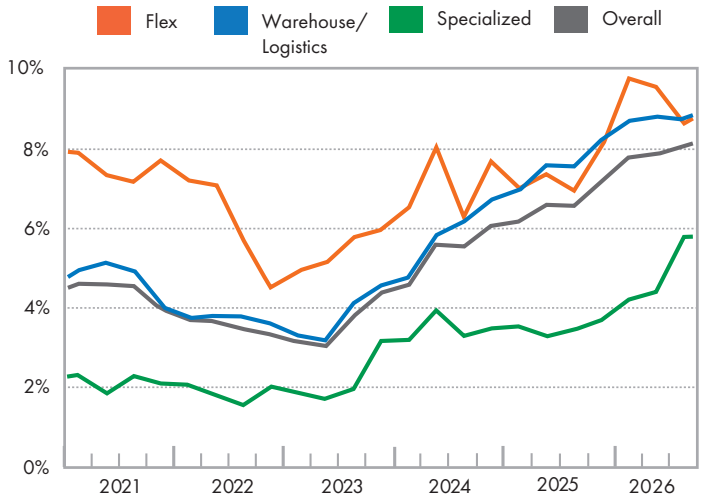
Industrial Market Report | Q3 2026

Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

For the Portland Metro area, Industrial vacancy is forecast to continue to rise through the end of 2026. By 2028, steady new supply could align with growing tenant demand, lifting annual rent growth back above 3% later that year. That recovery, however, hinges on stronger small-business activity and labor markets. Ongoing trade uncertainty could delay major expansions in the coming quarters, leaving the forecast tilted downward.

VACANCY RATES BY BUILDING TYPE

2021 - 2026



PORTLAND MARKET SNAPSHOT

VACANCY **8.1%**	RENTAL RATE **$12.17**
CONSTRUCTION **5,558,531 SF**	ABSORPTION **- <399,220> SF**

VACANCY

Portland's overall industrial vacancy rate ended the third quarter of 2026 at 8.1%, up 1.6 percentage points over the past year. Warehouse assets sit at 8.8%, and buildings over 100,000 square feet are well above 10%. To return to expansion and slow the rise, leasing will need to spread beyond the west side and Vancouver, where advanced manufacturing and other entrenched demand drivers have kept activity concentrated. Until trade-policy uncertainty fully clears and more industrial users see Portland as worth expanding into, vacancy will likely keep inching higher.

Flex:	8.7%	↓
Warehouse:	8.8%	↓
Specialized:	5.8%	↑

ABSORPTION & DELIVERIES

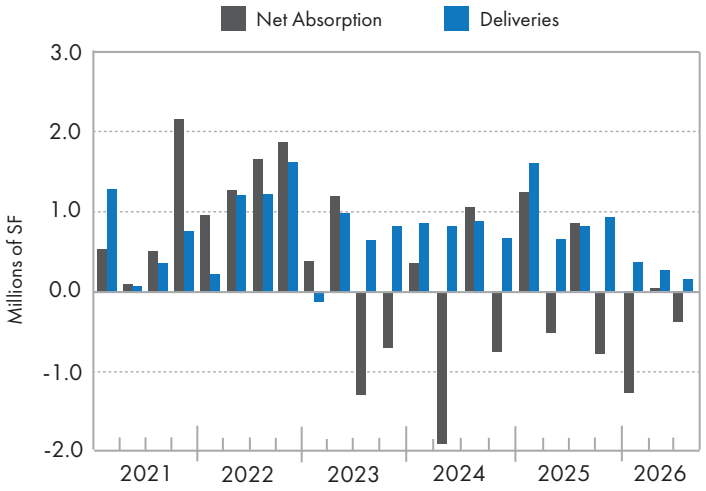
Over the past 12 months, net absorption slid to negative <2.6 million> square feet, a sharp reversal from its late-2022 peak of 6.0 million square feet. Leasing has held steady at roughly 2.5 million square feet per quarter for the past two years and topped 3 million square feet in the second quarter of 2026, yet a handful of large move-outs still pushed the quarter's net absorption to negative <399,220> square feet.

Flex:	200,958 square feet	↑
Warehouse:	158,535 square feet	↑
Specialized:	Negative <758,713> square feet	↓

(Includes manufacturing, cold storage, and data centers)

ABSORPTION & DELIVERIES

2021 - 2026



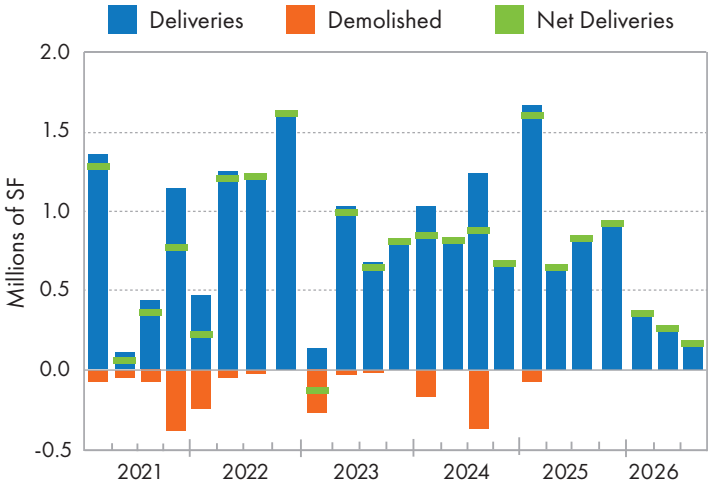
DELIVERIES AND CONSTRUCTION

The third quarter of 2026 saw 151,205 square feet of new product added to the market, while 5,558,531 square feet remains under construction. A total of 1,682,694 square feet has been added in the last 12 months.

The largest project set for delivery before the end of 2026 is Mt. Vista Logistics in Vancouver, WA. When completed in November, the property will add 583,278 square feet to the market. Set for delivery in December is the Vanrose Technology Center in Hillsboro, adding a total of 303,969 square feet to the market upon completion.

HISTORICAL CONSTRUCTION DELIVERIES

Square Footage Per Quarter



RENTAL RATES

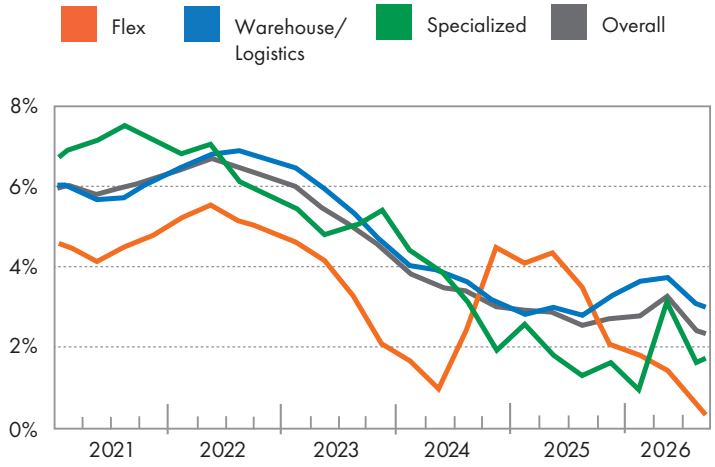
Portland industrial rents rose 2.4% over the past year, well below the 6.7% peak of mid-2022. With vacancies climbing and a growing supply of sublet space offering tenants cheaper alternatives to new, higher-priced product, landlords have lost pricing power, and rent growth will likely stay muted through at least mid-to-late 2027.

Portland's overall rental rate ended the third quarter of 2026 at $12.17, down slightly from $12.21 at the close of the second quarter.

Flex:	$17.94	↓
Warehouse:	$11.27	↑
Specialized:	$12.70	↑

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	7	1,793,000	1,068,000	59.6%	49,988	256,147
SE Outlying	3	1,143,000	348,000	30.4%	21,358	380,855
Orchards	3	597,000	0	0%	28,600	199,026
Clackamas/Milwaukie	3	586,000	338,000	57.6%	34,462	195,384
I-5 Corridor Outlying	2	312,000	0	0%	63,106	155,875
Airport Way	1	269,000	269,000	100%	31,920	268,749
Cascade Park	1	240,000	240,000	100%	92,843	240,000
Tualatin	2	199,000	0	0%	42,199	99,535
Wilsonville	1	145,000	145,000	100%	62,699	144,532
CBD/West Vancouver	1	124,000	0	0%	45,202	123,630
All Other	5	152,000	146,000	96.0%	31,951	30,395
Totals	**29**	**5,559,000**	**2,552,000**	**45.9%**	**34,567**	**191,673**

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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