

MARKET TRENDS

PORTLAND INDUSTRIAL

MARKET DRIVERS

Asking rents remain in the mid-\$0.80s to low-\$0.90s PSF NNN range, though increased concession activity is putting pressure on effective rents. Newly delivered assets continue to outperform, achieving rents above \$1.00 PSF NNN, while elevated sublease availability tempers rent growth by introducing lower-cost alternatives. Vacancy and availability reached 15-year highs in Q1, rising to 6.5% and 10.9%, respectively, driven in part by weakness in the small-bay segment under 50,000 SF, where vacancy has more than doubled after a period of outperformance.

Occupiers are reassessing space needs amid economic uncertainty, softening demand for large-format space and increasing decommitments. Leasing remains focused on newer properties, particularly in Vancouver's south and west submarkets, supported by cross-border access, highway connectivity, and tax advantages.

ECONOMIC OVERVIEW

As of December 2025, the most recent available unemployment rate for the Portland-Vancouver-Hillsboro MSA was 4.9%, up from 4.1% at the same time last year. This compares to 5.2% for the state of Oregon and 4.4% nationally.

The manufacturing labor sector within the Portland-Vancouver-Hillsboro MSA decreased by 4.3% YOY to 114.7k jobs, losing 5,100 jobs in the past year whereas the Trade, Transportation, and Utilities sector remained unchanged YOY at 228.4k jobs.

NEAR-TERM OUTLOOK

Industrial market conditions in Portland remain soft, with elevated vacancy levels reflecting a sustained imbalance between supply deliveries and leasing velocity. Ongoing supply additions are expected to limit vacancy compression until at least 2027.

Absorption is expected to remain uneven, with stronger submarkets better positioned to backfill new space, while broader market availability remains elevated. A more meaningful recovery in leasing will depend in part on improved population growth trends and improving labor markets, which are influencing occupier willingness to expand.

Market Summary

	1Q26	4Q25	1Q25	YOY Change
Direct Vacancy Rate	6.5%	6.0%	4.9%	160 bps
Total Availability Rate	10.9%	9.8%	8.2%	272 bps
Asking Lease Rate/SF/Mo	\$0.87	\$0.90	\$0.85	2.4%
	1Q26	4Q25	1Q25	YOY Change
Total Lease Transactions (SF)	2,498,422	2,140,859	1,910,293	30.8%
Sale Transactions (SF)	1,212,650	3,204,252	1,390,205	-12.8%
Direct Net Absorption (SF)	-872,345	-521,304	684,054	N/A

↑ **2.5MSF**
LEASING ACTIVITY

↓ **-872K SF**
NET ABSORPTION

↑ **6.5%**
VACANCY RATE

↑ **\$0.87**
ASKING RENT (AVG)

↓ **260K SF**
NEW DELIVERIES

Year-Over-Year Trend

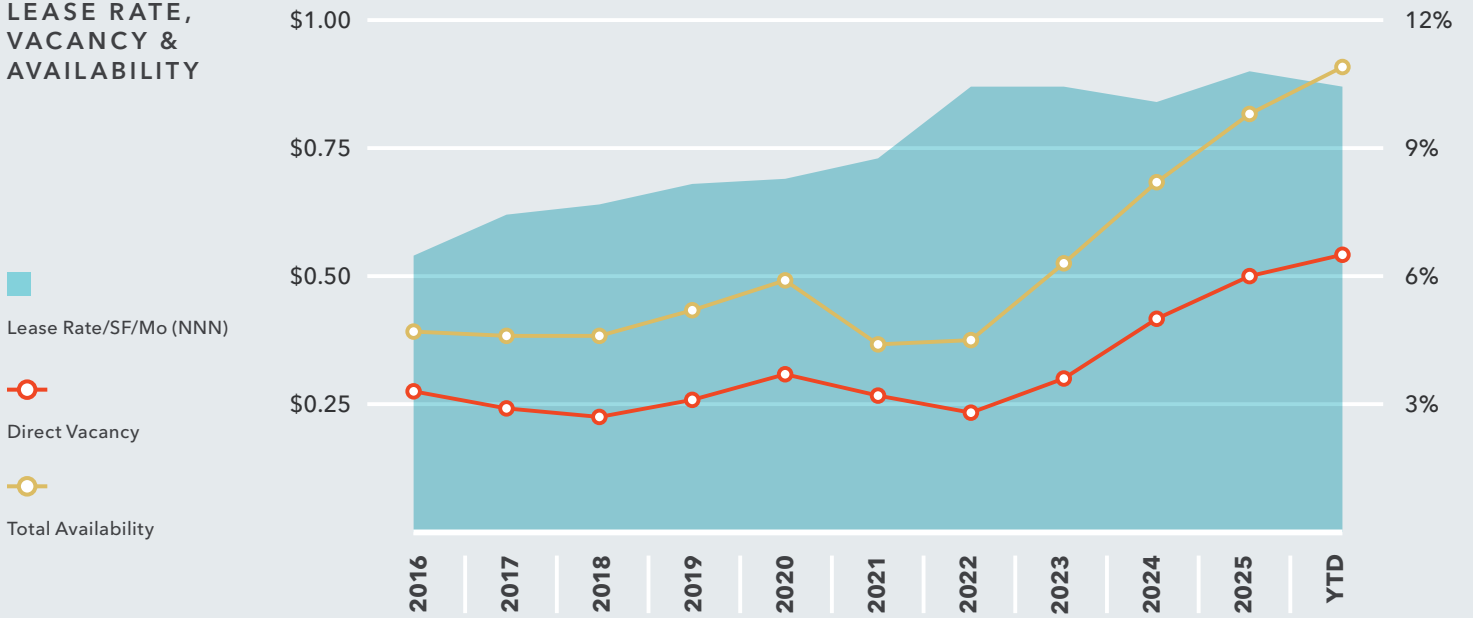
Market Highlights

ASKING LEASE RATES
decreased slightly QOQ to \$0.87 NNN

DIRECT VACANCY RATES
increased by 160 bps YOY to 6.5%

TOTAL NET ABSORPTION
posted -872K SF for 1Q 2026

LEASE RATE, VACANCY & AVAILABILITY

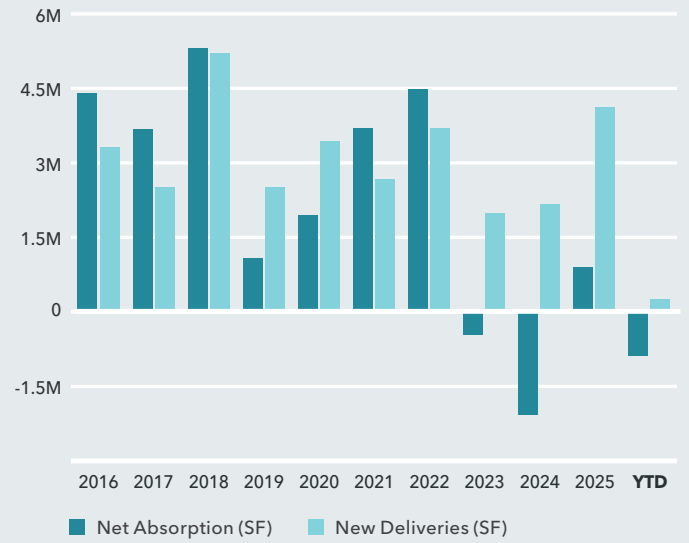


BIGGEST SALE OF THE QUARTER

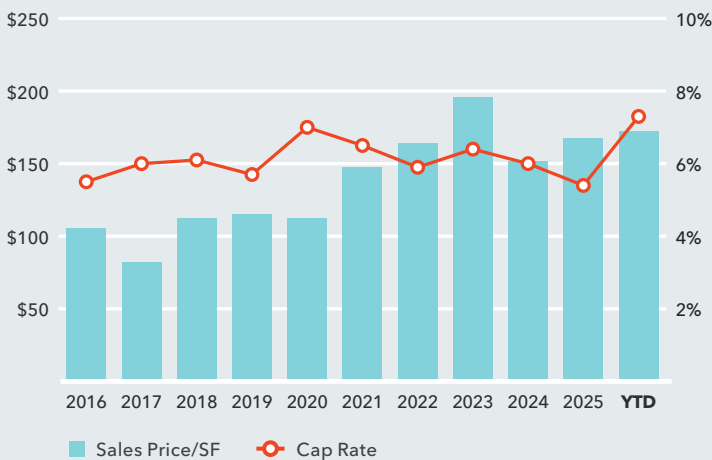
*Columbia River Collection
Portland, OR*



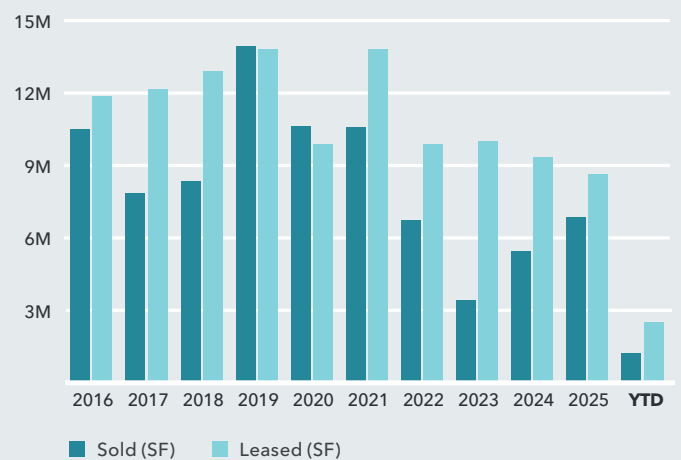
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	1Q 2026 Total Net Absorption	2025 Total Net Absorption	1Q 2026 Total Leasing Activity	2025 Total Leasing Activity	Total Rental Rate
Lloyd District	2,162,132	13.3%	13.3%	16.8%	-4,901	43,020	0	34,805	\$0.80
Airport Way	17,755,378	7.1%	8.1%	10.6%	-125,209	-269,981	84,769	830,323	\$1.00
East Columbia Corridor	31,209,049	6.4%	8.2%	12.9%	187,558	603,542	495,762	1,499,441	\$0.87
Gateway	2,994,898	3.3%	3.5%	10.8%	-16,160	91,881	10,240	191,378	\$0.94
Gresham	1,295,116	6.5%	6.5%	5.9%	-14,400	16,116	36,496	2,242	\$0.94
Hayden Island/Swan Island	10,468,477	4.2%	5.8%	7.9%	-6,914	-251,313	33,464	74,659	\$0.83
NE Close-In	3,993,123	8.1%	8.1%	8.6%	-49,348	-22,407	26,638	64,283	\$0.94
NE Outlying	84,266	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Rivergate	16,677,829	10.9%	11.6%	15.0%	-268,914	-227,400	239,421	1,156,726	\$0.59
Northeast	84,478,136	7.1%	8.4%	11.8%	-293,387	-59,562	926,790	3,819,052	\$0.85
CBD	797,919	14.1%	14.7%	16.6%	23,247	-43,000	0	0	\$1.00
Guilds Lake	12,096,062	8.7%	8.8%	12.8%	-144,340	369,077	204,414	247,162	\$0.95
NW Close-In	790,281	5.3%	5.3%	10.4%	14,000	-10,195	4,000	11,800	\$1.22
NW Outlying	133,800	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
CBD/Northwest	13,818,062	8.7%	8.8%	12.7%	-107,093	315,882	208,414	258,962	0.97
Clackamas/Milwaukie	25,463,314	4.5%	5.9%	7.9%	-75,540	-96,490	186,233	766,999	\$0.82
Mall 205	403,598	1.6%	1.6%	1.6%	0	-20	950	1,420	\$1.50
Oregon City	1,319,055	2.0%	2.0%	1.9%	70	8,324	4,430	11,500	\$1.39
SE Close-In	5,625,223	6.1%	6.1%	8.5%	86,798	-89,190	43,148	88,773	\$0.99
SE Outlying	5,702,537	5.3%	5.3%	20.1%	-58,767	-67,412	10,160	53,990	\$0.93
Southeast	38,513,727	4.8%	5.7%	9.5%	-47,439	-244,788	244,921	922,682	\$0.89
217 Corridor/Beaverton	5,875,489	4.0%	4.4%	7.3%	-13,052	-3,892	2,500	253,361	\$1.01
SW Close-In	757,620	4.5%	6.4%	6.4%	-1,300	-29,643	2,000	0	\$1.57
Southwest	6,657,083	4.0%	4.6%	7.2%	-14,352	-33,535	4,500	253,361	\$1.07
Sunset Corridor/Hillsboro	21,925,690	2.4%	3.4%	4.6%	53,629	795,257	161,008	444,652	\$0.92
Westside Outlying	3,509,884	3.6%	7.7%	13.9%	23,998	-26,958	0	6,300	\$0.38
Westside	25,435,574	2.6%	4.0%	5.9%	77,627	768,299	161,008	450,952	\$0.75
I-5 Corridor Outlying	2,563,326	22.2%	24.7%	50.0%	80,813	523,755	0	116,263	\$0.00
Lake Oswego/West Linn/Kruse Way	1,557,656	0.3%	2.0%	3.6%	-12,850	-14,832	0	4,800	\$-
Tigard	6,284,266	5.3%	7.3%	9.1%	70,367	-268,154	56,165	291,037	\$0.81
Tualatin/Sherwood	15,118,702	7.0%	10.0%	12.3%	-338,024	-172,937	30,481	281,846	\$0.84
Wilsonville	7,133,526	8.1%	9.3%	19.8%	-183,831	-364,889	87,567	224,528	\$1.08
I-5 Corridor	32,657,476	7.8%	10.1%	15.9%	-383,525	-297,057	174,213	918,474	\$0.86
Yamhill County	5,199,007	0.8%	0.8%	3.8%	-2,800	17,225	0	13,260	\$0.21
Skamania County	103,485	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Columbia County	2,826,526	11.8%	11.8%	10.7%	-278,613	-17,118	42,986	16,382	\$1.04

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SUBMARKET STATISTICS CONTINUED

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	1Q 2026 Total Net Absorption	2025 Total Net Absorption	1Q 2026 Total Leasing Activity	2025 Total Leasing Activity	Total Rental Rate
Camas/Washougal	2,715,764	2.0%	2.0%	2.0%	53,420	6,860	9,180	11,910	\$0.00
Cascade Park	944,957	47.0%	47.0%	47.2%	0	0	0	0	\$0.00
CBD/West Vancouver	6,147,998	1.8%	2.3%	3.1%	18,397	80,295	72,035	358,758	\$1.00
Clark County Outlying	4,425,601	0.2%	3.3%	3.3%	-1,752	-65,302	5,000	205,337	\$1.51
Hazel Dell/Salmon Creek	2,208,757	14.7%	14.7%	1.9%	-12,757	19,428	313,665	78,101	\$1.07
Orchards	7,964,379	13.1%	13.4%	20.1%	-71,062	949,850	155,251	235,521	\$1.34
St. Johns/Central Vancouver	7,237,334	6.2%	6.2%	7.6%	195,892	-351,530	180,459	235,733	\$0.89
Vancouver Mall	14,975	29.1%	29.1%	29.1%	0	-4,359	0	0	\$1.46
Clark County	31,659,765	7.7%	8.3%	9.6%	182,138	635,242	735,590	1,125,360	\$1.07
Portland Total	243,510,973	6.4%	7.5%	10.9%	-872,345	1,127,608	2,498,422	7,813,290	\$0.87

BUSINESS PARK STATISTICS

Business Park Size	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	1Q 2026 Total Net Absorption	2025 Total Net Absorption	1Q 2026 Total Leasing Activity	2025 Total Leasing Activity	Total Rental Rate
10,000-49,999 SF	9,573,119	7.3%	8.1%	9.9%	-73,413	-120,262	183,186	544,455	\$1.04
50,000-149,999 SF	17,349,307	11.0%	14.1%	18.3%	-168,932	-142,876	541,575	1,332,988	\$0.89
150,000+ SF	11,983,250	14.7%	14.7%	19.3%	79,044	-220,788	464,021	463,580	\$0.82
Business Park Total	38,905,676	11.2%	12.8%	16.5%	-163,301	-483,926	1,188,782	2,341,023	\$0.95

BIGGEST LEASE OF THE QUARTER

6920-7000 NE St. Johns Rd, Vancouver, CA



SIGNIFICANT SALE TRANSACTIONS 1Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Columbia River Collection	Multi Portfolio Sale	513,275	\$81,200,000	\$158.20	RGA ReCap Inc./ScanlanKemperBard Co.	Link Logistics R.E.
6845 N Cutter Cir	Hayden Island/Swan Island	102,278	\$40,500,000	\$395.98	R+L Carriers	Winkler Dev. Corp.
7000 SW Sandberg Rd	Tigard	32,330	\$8,000,000	\$247.45	Pape Group, Inc.	Dian Tooke
14200 SW 72nd Ave	Tigard	76,640	\$7,250,000	\$94.60	Swickard Auto Services	Kevin Keithley
1810 W 39th St	CBD/West Vancouver	69,557	\$7,200,000	\$103.51	PPC	Dodger Enterp. II, LLC

SIGNIFICANT LEASE TRANSACTIONS 1Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
6920-7000 NE St. Johns Rd	Hazel Dell/Salmon Creek	283,622	February 2026	Panattoni Development Co., Inc.	Undisclosed
18550-18870 NE Riverside Pkwy	East Columbia Corridor	165,000	March 2026	Link Logistics Real Estate	Celestica
8929 N Ramsey Blvd	Rivergate	164,626	February 2026	Dermody/Healthcare of Ontario Pension Plan	UPS
3340 NW St Helens Rd	Guilds Lake	118,764	February 2026	Melvin Mark Companies	Harder Mechanical
9213 NE 72nd Ave	Orchards	105,000	March 2026	Panattoni Development Company, Inc.	Undisclosed

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Sequoia Logistics Ctr	S Township Rd	SE Outlying	778,720	Trammell Crow / Affinius	1Q 2027
Mt Vista Logistics	17009-16713 NE 50th Ave	Orchards	583,318	Panattoni	2Q 2026
Sherwood Commerce Ctr - Phase 2	SW Industry Ln & SW Commerce Ct	I-5 Corridor Outlying	554,500	Schnitzer Properties	3Q 2026
Baker Center	SE 1st Ave & S Walnut St	SE Outlying	347,645	Trammel Crow Co./Capital Comm. Group	3Q 2026
Vanrose Technology Ctr	2625 NE Huffman Rd	Sunset Corridor/Hillsboro	303,969	Trammel Crow Co./MDI Capital, LLC	3Q 2026

Data Source: Kidder Mathews Research, CoStar, U.S. Bureau of Labor Statistics



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The information in this report was composed by the Kidder Mathews Research Group.

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COMMERCIAL BROKERAGE	\$9B AVERAGE ANNUAL TRANSACTION VOLUME	32.4M ANNUAL SALES SF	32.5M ANNUAL LEASING SF
ASSET SERVICES	55M SF MANAGEMENT PORTFOLIO SIZE	800+ ASSETS UNDER MANAGEMENT	250+ CLIENTS SERVED
VALUATION ADVISORY	2,700 AVERAGE ANNUAL ASSIGNMENTS	42 TOTAL APPRAISERS	23 WITH MAI DESIGNATIONS