

MARKET TRENDS

PORTLAND INDUSTRIAL

MARKET DRIVERS

Portland's industrial market continued to soften during the third quarter, with availability reaching a record 11.9% after nearly three years of subdued tenant demand. Unlike earlier increases driven by rising sublease inventory, the latest expansion came primarily from direct space, while sublease availability has largely stabilized. Asking rents edged lower as elevated availability, concessions and competing options continued to pressure effective rents, although newer Class A properties remain better positioned to maintain premium pricing.

Leasing activity remained near historically low levels as occupiers continued to approach expansion plans cautiously, particularly smaller tenants. This has contributed to continued occupancy losses and negative absorption across the broader market. Performance remains uneven, however, with Clark County capturing roughly 24% of leasing activity relative to its inventory and leading the region in YTD positive net absorption at 648K SF. Larger occupiers seeking tax relief are increasingly favoring the Washington side of the Columbia River, which, alongside cross-border access and transportation connectivity, should help limit occupancy erosion by keeping these users in the Portland region.

ECONOMIC OVERVIEW

As of July 2026, the unemployment rate for the Portland-Vancouver-Hillsboro MSA was 4.9%, down from 5.2% at the same time last year. The manufacturing labor sector decreased by 4.0% YOY and the Trade, Transportation, and Utilities sector decreased by 1.4% YOY.

NEAR-TERM OUTLOOK

Elevated availability and subdued leasing are expected to keep Portland's industrial market in an adjustment period through the remainder of 2026. New construction remains manageable as starts have slowed, limiting the risk of significant oversupply; however, ongoing deliveries could prolong the recovery while demand remains soft.

Improvement will likely vary by submarket and building type, with newer facilities and well-located distribution corridors better positioned to capture demand. A broader recovery will depend on stronger small-business activity, improving labor conditions and renewed expansion activity, while broader economic and trade policy uncertainty could continue to temper occupier decision-making.

Market Summary

	3Q26	2Q26	3Q25	YOY Change
Direct Vacancy Rate	6.9%	6.7%	5.6%	127 bps
Total Availability Rate	11.9%	10.6%	9.4%	245 bps
Asking Lease Rate/SF/Mo	\$0.85	\$0.89	\$0.90	-5.6%
	3Q26	2026 YTD	2025 YTD	YOY Change
Total Lease Transactions (SF)	1,553,522	6,807,342	6,461,274	5.4%
Sale Transactions (SF)	1,032,323	4,424,852	3,622,775	22.1%
Total Net Absorption (SF)	-617,434	-1,492,314	756,462	N/A

↓ **1.6M SF**
LEASING ACTIVITY

↓ **-617K SF**
NET ABSORPTION

↑ **6.9%**
VACANCY RATE

↓ **\$0.85**
ASKING RENT (AVG)

↓ **162K SF**
NEW DELIVERIES

Year-Over-Year Trend

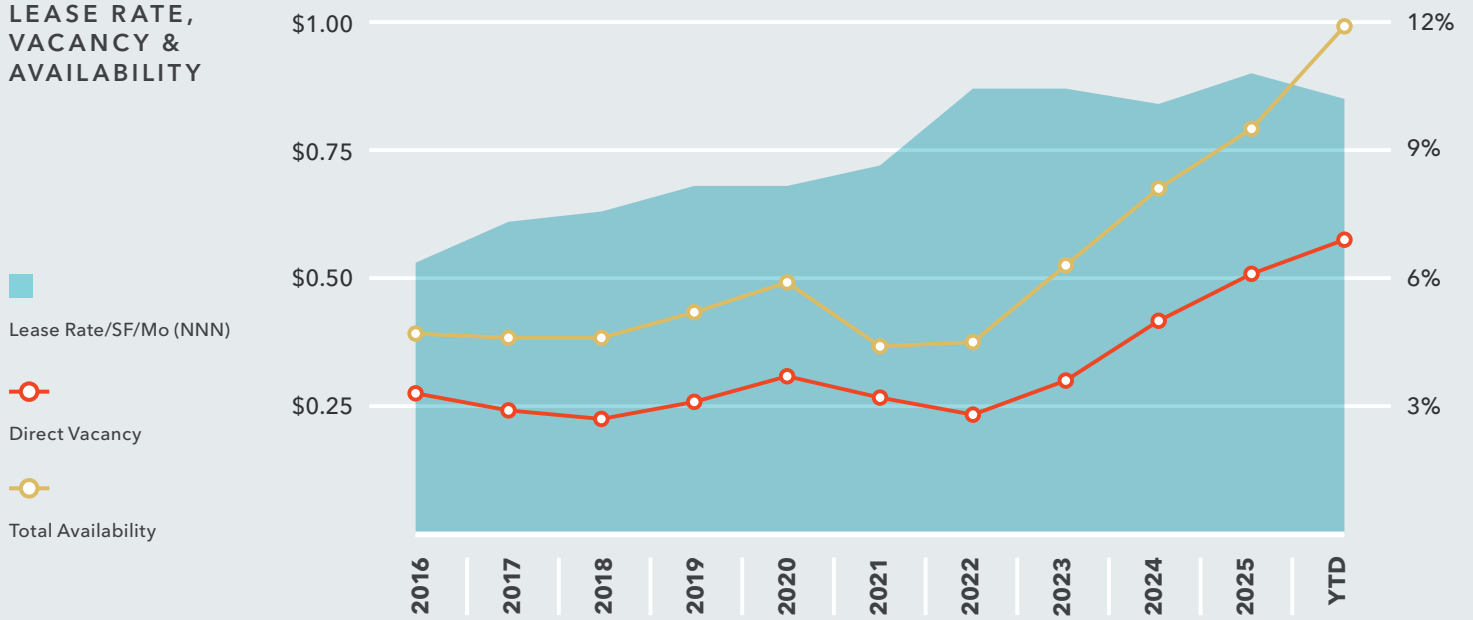
Market Highlights

ASKING LEASE RATES
decreased slightly QOQ
to \$0.85 NNN

DIRECT VACANCY RATES
increased by 127 bps
YOY to 6.9%

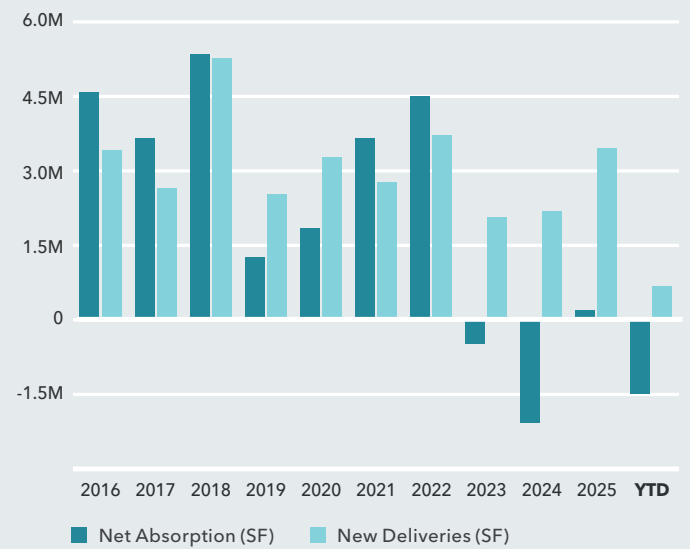
TOTAL NET ABSORPTION
posted -617K SF for 3Q 2026

LEASE RATE, VACANCY & AVAILABILITY

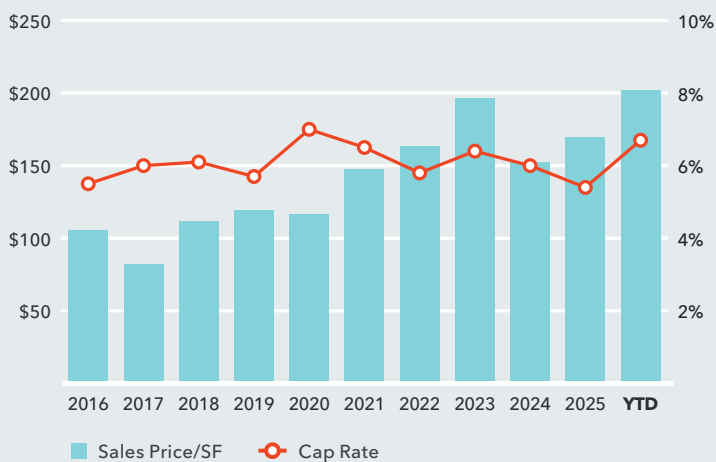


BIGGEST SALE OF THE QUARTER
6317 NE 131st Ave, Vancouver, WA

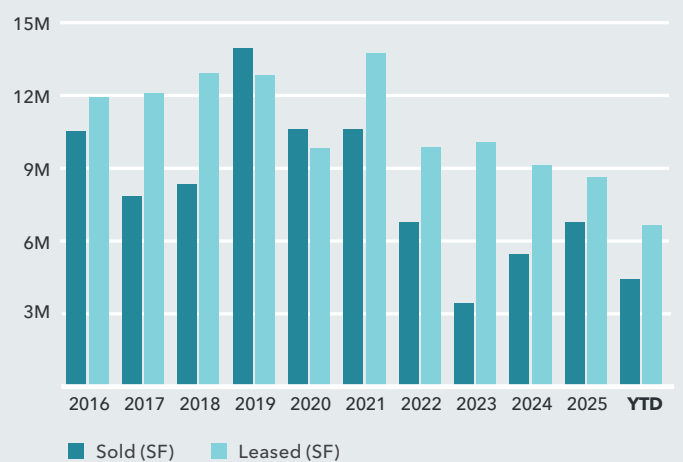
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	3Q 2026 Total Net Absorption	YTD Total Net Absorption	3Q 2026 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
Lloyd District	2,116,817	13.0%	13.0%	16.2%	66,859	-18,645	0	1,052	\$0.81
Airport Way	18,102,776	10.4%	11.1%	13.9%	-573,971	-683,798	160,743	436,654	\$0.71
East Columbia Corridor	30,804,926	6.8%	9.3%	13.0%	-76,717	-121,970	395,160	1,522,321	\$0.85
Gateway	3,002,353	5.8%	6.4%	11.6%	-1,200	-103,555	2,000	76,428	\$0.82
Gresham	1,296,634	6.3%	6.3%	7.3%	-9,150	-11,454	0	36,496	\$0.88
Hayden Island/Swan Island	10,434,703	4.8%	6.3%	8.5%	-40,739	-53,399	67,851	136,683	\$0.99
NE Close-In	4,015,595	5.7%	5.7%	7.4%	9,546	47,807	2,933	47,371	\$0.91
NE Outlying	84,266	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Rivergate	16,678,416	11.3%	12.0%	17.2%	141,671	-320,518	0	500,606	\$0.62
Northeast	84,419,669	8.1%	9.5%	13.1%	-550,560	-1,246,887	628,687	2,756,559	\$0.74
CBD	797,919	15.1%	15.1%	14.5%	6,900	20,447	5,000	11,900	\$0.00
Guilds Lake	12,491,057	9.8%	10.4%	13.9%	-151,426	-260,256	69,918	456,863	\$0.95
NW Close-In	759,880	8.8%	8.8%	13.2%	5,200	-10,714	16,620	20,620	\$1.14
NW Outlying	133,800	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
CBD/Northwest	14,182,656	10.0%	10.5%	13.8%	-139,326	-250,523	91,538	489,383	\$0.91
Clackamas/Milwaukie	25,438,695	4.2%	5.8%	9.2%	-66,729	-62,799	167,396	691,809	\$0.82
Mall 205	399,198	0.6%	0.6%	1.3%	0	0	0	950	\$0.00
Oregon City	1,314,555	1.1%	1.1%	1.1%	-750	12,500	1,250	16,680	\$0.85
SE Close-In	5,644,657	5.3%	5.3%	7.4%	79,418	130,228	18,500	119,445	\$1.08
SE Outlying	5,811,929	6.0%	6.0%	20.5%	-44,871	-96,675	25,000	105,034	\$0.85
Southeast	38,609,034	4.5%	5.6%	10.3%	-32,932	-16,746	212,146	933,918	\$0.90
217 Corridor/Beaverton	5,783,900	2.6%	2.7%	7.1%	55,438	93,089	32,756	156,420	\$1.05
SW Close-In	752,704	8.0%	8.0%	8.0%	11,113	-12,666	6,300	8,300	\$1.36
Southwest	6,560,578	3.2%	3.3%	7.2%	66,551	80,423	39,056	164,720	\$1.04
Sunset Corridor/Hillsboro	22,176,101	2.5%	3.3%	6.9%	54,624	88,499	48,286	173,512	\$1.06
Westside Outlying	3,610,975	5.4%	9.3%	15.2%	1,088	-42,198	0	0	\$0.92
Westside	25,787,076	2.9%	4.1%	8.1%	55,712	46,301	48,286	173,512	\$1.06
I-5 Corridor Outlying	2,251,626	36.6%	39.5%	57.2%	-69,200	167,613	0	80,057	\$0.00
Lake Oswego/West Linn/Kruse Way	1,533,459	0.5%	3.5%	3.7%	-1,142	-35,482	0	8,882	\$0.95
Tigard	6,311,089	3.8%	6.7%	9.0%	26,899	94,475	55,579	215,427	\$0.83
Tualatin/Sherwood	15,129,846	8.8%	11.7%	14.8%	-143,162	-597,903	127,566	297,711	\$0.86
Wilsonville	7,193,066	7.2%	7.8%	19.6%	166,169	-25,936	11,884	234,928	\$1.05
I-5 Corridor	32,419,086	9.0%	11.4%	17.2%	-20,436	-397,233	195,029	837,005	\$0.89
Yamhill County	5,190,194	2.6%	2.6%	4.4%	-82,405	-97,205	0	0	\$0.77
Skamania County	103,485	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Columbia County	2,829,014	10.4%	10.4%	10.4%	-2,100	-240,199	0	42,986	\$0.00

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SUBMARKET STATISTICS CONTINUED

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	3Q 2026 Total Net Absorption	YTD Total Net Absorption	3Q 2026 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
Camas/Washougal	2,757,663	1.0%	1.0%	1.5%	-15	79,390	1,580	199,476	\$1.50
Cascade Park	606,300	73.2%	73.2%	73.5%	0	0	0	0	\$0.00
CBD/West Vancouver	6,105,247	3.9%	4.1%	6.0%	21,268	-88,146	1,890	77,075	\$1.04
Clark County Outlying	4,395,523	0.7%	0.7%	0.7%	0	115,976	0	183,583	\$1.94
Hazel Dell/Salmon Creek	2,226,075	2.4%	2.6%	2.8%	-31,523	253,329	12,943	205,271	\$1.27
Orchards	8,031,583	11.8%	12.2%	19.5%	20,594	69,668	96,118	292,236	\$1.18
St. Johns/Central Vancouver	7,261,860	5.9%	6.0%	5.8%	10,879	213,824	226,159	446,207	\$0.89
Vancouver Mall	14,975	0.0%	0.0%	0.0%	0	4,359	0	4,359	\$1.46
Clark County	31,399,226	6.9%	7.1%	9.3%	21,203	648,400	338,690	1,408,207	\$1.01
Portland Total	243,616,835	6.9%	8.0%	11.9%	-617,434	-1,492,314	1,553,522	6,807,342	\$0.85

BUSINESS PARK STATISTICS

Business Park Size	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Availability Rate	3Q 2026 Total Net Absorption	YTD Total Net Absorption	3Q 2026 Total Leasing Activity	YTD Total Leasing Activity	Total Rental Rate
10,000-49,999 SF	9,575,795	8.2%	8.7%	9.7%	37,335	-120,262	155,052	544,455	\$1.08
50,000-149,999 SF	17,310,211	11.7%	15.6%	18.3%	134,540	-142,876	301,476	1,332,988	\$0.90
150,000+ SF	11,970,291	13.9%	13.9%	22.1%	193,571	-220,788	85,807	463,580	\$0.84
Business Park Total	38,856,297	11.5%	13.4%	17.4%	365,446	-483,926	542,335	2,341,023	\$0.96



BIGGEST LEASE OF THE QUARTER

4600 NE 138th Ave, Portland, OR

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SIGNIFICANT SALE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
6317 NE 131st Ave	Orchards	74,500	\$11,616,429	\$155.93	Columbia Nutritional	EQT Real Estate
5408 NE 88th St	St. Johns/Cntrl. Vancouver	69,750	\$11,470,000	\$164.44	Sunrise Manufacturing Inc.	Craig Stein Beverage
4201 NE 161st Ave	East Columbia Corridor	26,270	\$4,300,000	\$163.68	Mikhalil Rabinovich	Ivy Deborah
1313 NE Lombard Pl	NE Close-In	25,375	\$4,250,000	\$167.49	Allen Properties, LLC	Laughing Planet
18200 SW Pacific Hwy	Tualatin	12,828	\$4,225,000	\$329.36	Grant McCulloch	Neil Barker

SIGNIFICANT LEASE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
4600 NE 138th Ave	East Columbia Corridor	98,280	August 2026	Phelan Development Co.	Javelin Logistics
2600-2700 SE Mailwell Dr	Clackamas/Milwaukie	91,481	July 2026	Lincoln Property Co.	PCC Structurals
12220-12370 SW Cimino St	Tualatin	86,481	July 2026	Ares Mgmt Corp.	Undisclosed
17363 NE Sacramento St	East Columbia Corridor	82,555	August 2026	Summit Properties	Arnprior Aerospace Portland, Inc.
13539-13551 SE Johnson Rd	Clackamas/Milwaukie	64,322	July 2026	Lincoln Property Co.	PCC Structurals

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Sequoia Logistics Center	S Township Rd	SE Outlying	778,720	Trammell Crow / Affinius	1Q 2027
DSV Hillsboro	5740 NW Jackson School Rd	Sunset Corridor/Hillsboro	750,000	DSV	3Q 2027
Mt. Vista Logistics	17009-16713 NE 50th Ave	Orchards	583,318	Panattoni	4Q 2026
Baker Center	SE 1st Ave & S Walnut St	SE Outlying	347,645	Trammell Crow / Capital Comm. Group	4Q 2026
Vanrose Technology Center	2625 NE Huffman Rd	Sunset Corridor/Hillsboro	303,969	MDI Capital	4Q 2026

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



Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 20 offices in Washington, Oregon, California, Nevada, Arizona, and Texas. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

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 SFASSET
SERVICES

55M+ SF

MANAGEMENT
PORTFOLIO SIZE

800+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,700+

AVERAGE ANNUAL
ASSIGNMENTS

42

TOTAL
APPRAISERS

23

WITH MAI
DESIGNATIONS