MACADAM FORBES
COMMERCIAL REAL ESTATE SERVICES

MARKET NEWS 2026 Q2

INDUSTRIAL

Leasing velocity remained muted in Q2 2026. A number of the requirements that engaged the market over the past 18 months have still not secured lease commitments, pointing to a potential absorption push to close out 2026 and into 2027.

Vacancy continues to climb, but the pace is moderating. Overall vacancy is at 8.1%, the highest level seen in roughly a decade, as several large occupiers have continued to consolidate space and many smaller businesses remain cautious about expansion. Net absorption over the past 12 months totaled approximately -2.0M SF, reflecting ongoing move-outs that have outweighed new leasing. New construction assets in the suburban markets west of Portland continue to see the market's best performance in new leasing activity and lease rates.

It continues to be a "tenant's market." Asking rent increased just 2.9% year-over-year, well below the rapid growth experienced during the pandemic recovery. Landlords of older products are increasingly offering free rent, tenant improvement allowances, and other concessions to remain competitive, while high-quality modern facilities continue to command premium pricing.

Construction remains active but is slowing. Approximately 5.7M SF remains under construction across the metro area, representing about 2.1% of existing inventory. Developers even further reduced new project starts during the first half of the year, which should help bring supply and demand back into balance over the next 18-24 months.

While sales volumes still have a long way to go to catch up to historical norms, Q2 saw some bright spots in capital commitments in the region. Flexential purchased two data center buildings it had been leasing: Hillsboro 5, a brand-new 358,000 SF building, sold for $153.6 million ($429/SF), and the sister building Hillsboro 4 at $503/SF. DCI bought 26440 SW Parkway in Wilsonville and 404 N Holladay St in Cornelius, OR, sold for $29,750,000. 20245 SW 95th Ave in Tualatin sold for $233/SF, a healthy price per foot relative to typical values for an investment sale. Sentiment around investment in the region has improved, but a lack of available leased inventory points to moderate investment sales to close out 2026. Owner-user purchases remain few and far between; however, there has been no demonstrable decline in value based on sales that have occurred.

Vacancy Rate
8.3%↑

Market Asking Rent/SF
$11.45/SF↑

12 Mo Net Absorption (SF)
-1.5M↓

Sale Volume (YoY)
$765M↑

INDUSTRIAL (5K+ SF)

	Inventory SF	Under Construction SF	12 Mo Net Absorption SF	Vacancy Rate	Market Asking Rent/SF	Market Sale Price/SF
I-5 Corridor	32.6M	1.1M	-1.6M	12.5%	$11.20	$179
Westside	22.7M	1.1M	228K	4.2%	$12.66	$190
Close-in	20M	0	-137K	9.2%	$12.18	$181
Clark County	31.2M	843K	888K	7.1%	$11.90	$159
N/NE	82M	317K	-814K	9.0%	$10.96	$180
Southeast	28M	249K	49.8K	5.4%	$11.15	$175

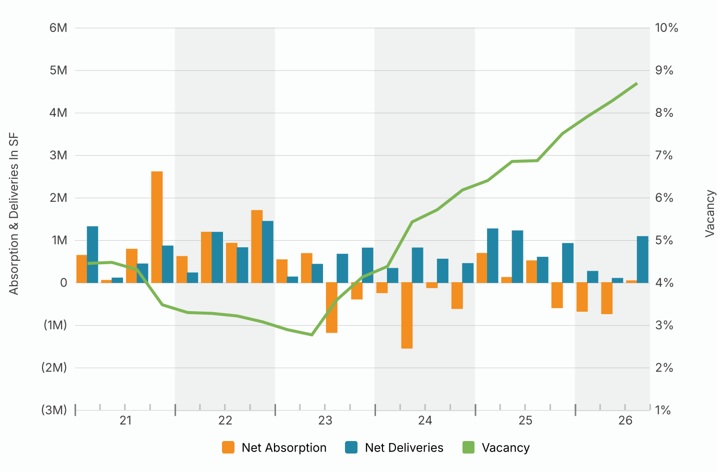
NOTABLE COMPS

26440 SW Parkway, Wilsonville, OR
204,158 SF $31,000,000 ($151.84/SF) June 2026

404 N Holladay, Cornelius, OR
154,646 SF $29,750,000 ($192.37/SF) May 2026

20245 SW 95th Ave, Tualatin, OR
59,756 SF $13,930,000 ($233.03/SF) May 2026

NET ABSORPTION, NET DELIVERIES & VACANCY



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OFFICE

Leasing Activity

Leasing activity in the Portland Metro office market remained steady, as occupiers prioritized efficiency, flexibility, and high-quality work environments over expansion. Demand focused on Class A assets, suburban campuses, and well-amenitized buildings, while commodity office properties faced longer marketing periods and higher concession packages. Landlords continued to invest in tenant improvements and flexible lease terms to attract and retain tenants, leading to increased tours and more mid-sized transactions in Washington County, Lake Oswego, Johns Landing, and other suburban submarkets. Although overall vacancy remained high, the rate of decline has slowed, indicating the market is moving from correction toward gradual stabilization.

Sales Activity

Office investment activity was led by value-oriented investors seeking well-located assets at significant discounts. Institutional capital remained mostly inactive, while local and regional private investors increased activity, capitalizing on prices that are often well below pre-pandemic levels. Despite ongoing financing challenges, transaction volume improved as buyers gained confidence in the market reset and saw opportunities to reposition quality assets. Properties with strong occupancy, medical tenants, or clear redevelopment potential attracted the most interest, while distressed downtown office towers set new pricing benchmarks. These sales are expected to influence valuations through 2026 and create opportunities for long-term investors to reposition aging office inventory.

Vacancy Rate
18.0%

12 Mo Net Absorption (SF)
-85.1K

Asking Rent
$30.36/SF

Avg. Sale Price
$230/SF

OFFICE (10K+ SF)

	Inventory SF	Under Construction SF	12 Mo Net Absorption SF	Vacancy Rate	Market Asking Rent/SF	Market Sale Price/SF	Market CAP Rate
I-5 South	8.4M	0	83.5K	17.8%	$33.25	$235	8.6%
Hwy 217	7.4M	0	-52.1K	19.6%	$28.83	$205	8.6%
Kruse Way	2.5M	0	39.1K	21.5%	$39.53	$276	8.0%
Westside	19.2M	0	68.3K	7.5%	$29.83	$208	8.8%
CBD	25.9M	0	-435K	30.9%	$31.89	$256	8.4%
Close-in NW	9.6M	0	298K	25.5%	$31.45	$243	8.8%
Clark County	11M	0	245K	7.5%	$31.95	$231	8.7%
Close-in Eastside	8M	0	47.9K	17.0%	$29.54	$231	8.6%
Eastside	5.2M	18K	11.1K	6.5%	$27.64	$210	9.0%
Milwaukie/Clackamas	2.1M	0	16.8K	8.0%	$28.96	$216	8.8%

LEASE COMPS

Hillsboro Headquarters Expansion
~90,000 SF | RAJ Sports | Expansion & consolidation

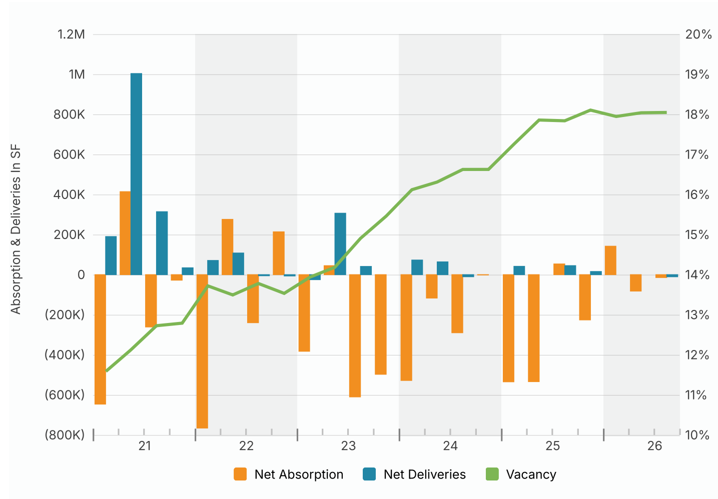
First & Main, 100 SW Main Street
~30,000 SF | Perkins & Co | 11 year term

Standard Center Renewal
Norris & Stevens | 7 year lease renewal | Downtown

SALE COMP

200 SW Market Street
April 2026 | Swickard Group & Melvin Mark Investors

NET ABSORPTION, NET DELIVERIES & VACANCY



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MARKET NEWS 2026 Q2

MULTIFAMILY

The Portland Metro Region is still facing headwinds in terms of rent growth. Q2 2026 average rents dropped by $7.00 to $1,674 per key, or a .44% drop. The winner in rent growth has been 1- and 2-star properties, which saw positive rent growth of 0.3% in Q2. The MSA vacancy rate is still hovering at 7.1%, with 4- and 5-star properties having the highest rate at 8.3% and 1- and 2-star properties at 5.9%. Concessions have remained flat but are primarily affecting 4- and 5-star properties. The short story is that we are seeing an influx of young renters moving to Portland for the lifestyle and outdoor amenities.

Average market cap rates increased slightly in Q2 from 5.63% to 5.70%. 4- and 5-star properties are still seeing trades in the 5.0%-5.5% cap rate range, while 1- and 2-star properties are trading in the 5.75%-6.25% range.

The 10-year trailing average of multifamily units in the Portland MSA is $9,839 units per year. There are only 2,552 units currently under construction in the Portland MSA, which is 26% of the 10-year trailing average. The 10-year trailing average absorption has been 5,528 units per year, or more than twice the current number of units under construction. Vacancy rates will drop. Rents will increase. Concessions will go away. Cap Rates will compress.

Vacancy Rate	Current Concession Rate	Market Sale Price/Unit	Market Asking Rent/Unit	Market Cap Rate
7.1%	**4.2%**	**$242K**	**$1,674**	**5.8%**

MULTIFAMILY

	Inventory Units	Units Under Construction	12 Mo Absorption Units	Vacancy Rate	Market Asking Rent/Unit	Market Sale Price/Unit	12 Mo Sales Volume
Vancouver	39,514	1,170	734	6.7%	$1,723	$246K	$202M
Hillsboro	21,268	0	373	7.6%	$1,833	$294K	$122M
Southeast Portland	24,478	27	589	7.1%	$1,501	$221K	$71.2M
Downtown Portland	13,438	0	9	7.9%	$1,842	$323K	$75.2M
Beaverton	16,402	369	185	6.2%	$1,636	$227K	$54.9M
Northwest Portland	14,517	0	429	9.3%	$1,667	$246K	$60.5M
Gresham/Troutdale	16,382	117	143	7.1%	$1,555	$195K	$174M
Damascus	13,706	174	17	5.9%	$1,717	$219K	$32.9M
Northeast Portland	8,662	32	301	9.1%	$1,551	$241K	$47M
Southwest Portland	7,910	0	-64	6.9%	$1,725	$264K	$53.4M
Tigard	7,869	411	87	7.8%	$1,697	$250K	$25.4M
East Portland	10,817	0	-14	6.3%	$1,337	$151K	$35M
North Portland	5,605	0	126	6.6%	$1,524	$225K	$32.3K
Lake Oswego	4,158	0	50	6.3%	$2,028	$285K	$4.6M
Tualatin/Sherwood	4,157	27	39	4.3%	$1,840	$289K	2.8M
Central Northeast	4,526	0	3	6.4%	$1,400	$177K	$0.0

NOTABLE TRANSACTIONS

Ladd Tower | 1300 SW Park Ave. Portland, OR 97201

May 7, 2026 $63,300,000- $190,663 per unit 332 units

Buyer: Guardian Real Estate/ PCCP

Carriage Park | 5000 NE 72nd Ave. Vancouver, WA 98661

April 24, 2026 128 Units Built in 1994

$29,400,000- $229,688 per unit Buyer: Toro Street Capital

Grant Park Village Quimby | 1580 NE 32nd Ave. Portland, OR 97232

April 22, 2026 167 Units 4.89% CAP Rate

$30,700,000- $183,832 per unit Buyer: Laurel Property Group

NET ABSORPTION, NET DELIVERIES & VACANCY