

FIGURES | PORTLAND INDUSTRIAL | Q3 2026

Portland Industrial Market Gains Momentum Despite Headwinds

▲ 10.1%
Availability Rate

▲ 7.7%
Vacancy Rate

▼ 109.0
KSF Net Absorption

▼ 343.4
KSF Construction Delivered

▼ 3.3
MSF Under Construction

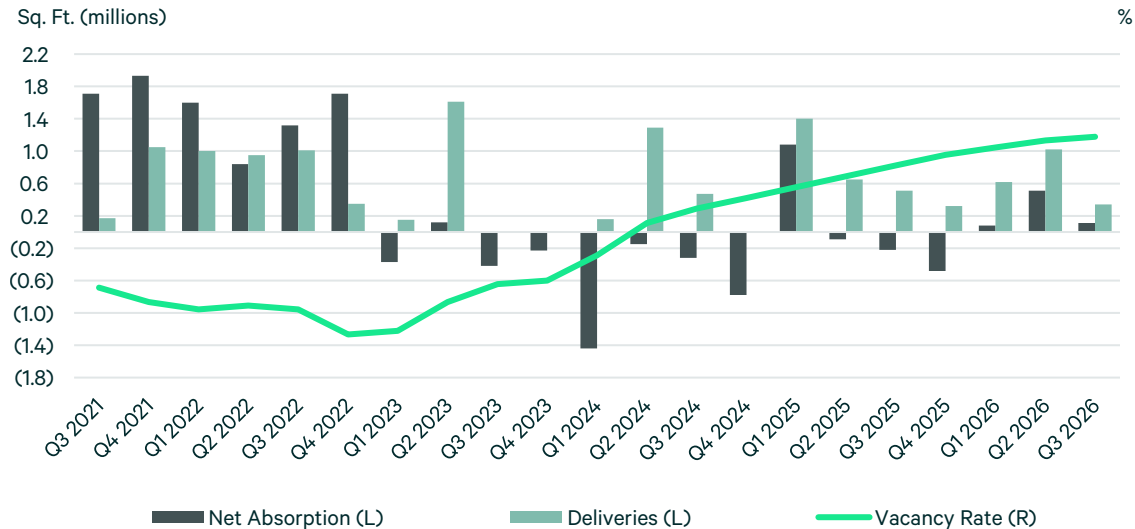
Note: Arrows indicate change from previous quarter.

Market Overview

Market conditions remained soft in Q3 2026 as vacancy and availability increased while leasing activity slowed. Net absorption totaled 109,000 square feet (sq. ft.), down from 508,000 sq. ft. in Q2 2026, while the vacancy rate rose to 7.7% and availability increased to 10.1%, both up 10 basis points (bps) quarter-over-quarter (QoQ). Leasing volume declined to 1.7 million sq. ft. from 3.4 million sq. ft. in Q2 2026. Deliveries totaled 343,000 sq. ft. during the quarter, while space under construction declined slightly to 3.3 million sq. ft. across 10 projects.

Since 2021, the market has shifted from historically tight conditions to a more tenant-favorable environment characterized by higher vacancy. Vacancy declined to a cycle low of 2.2% in late 2022 before rising to 7.7% as demand moderated and new supply entered the market. While asking rents remain well above pre-2022 levels, they have eased from their peak of \$1.06 per sq. ft. NNN in Q1 2023 to \$0.97 per sq. ft. in Q3 2026. Leasing activity has also normalized from the record levels achieved earlier in the cycle. The largest lease of the quarter was signed by Javelin Logistics for 99,000 sq. ft. at 138 Logistics Center – Bldg A in the Northeast submarket.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research, Q3 2026

Vacancy Rate

In Q3 2026, overall vacancy stood at 7.7%, with direct vacancy at 6.4%, and market conditions remained markedly softer than in earlier years. The overall rate rose 10 bps quarter-over-quarter (QoQ), compared with 7.6% in Q2 2026. Year-over-year (YoY), overall vacancy increased 80 bps from 6.9%, underscoring a further expansion of available space over the past year. Compared with the 3.6% overall vacancy reported in Q3 2023, the market was 410 bps higher, highlighting how availability widened over the three-year period.

Submarket patterns in Q3 2026 showed a widespread in vacancy across the metro. The Southeast recorded the lowest overall vacancy at 3.6%, followed by the Sunset Corridor at 5.3%. At the high end, the Northwest posted the highest overall vacancy at 10.2%, with the Southwest close behind at 10.0%, illustrating a sizeable gap between the tightest and loosest submarkets.

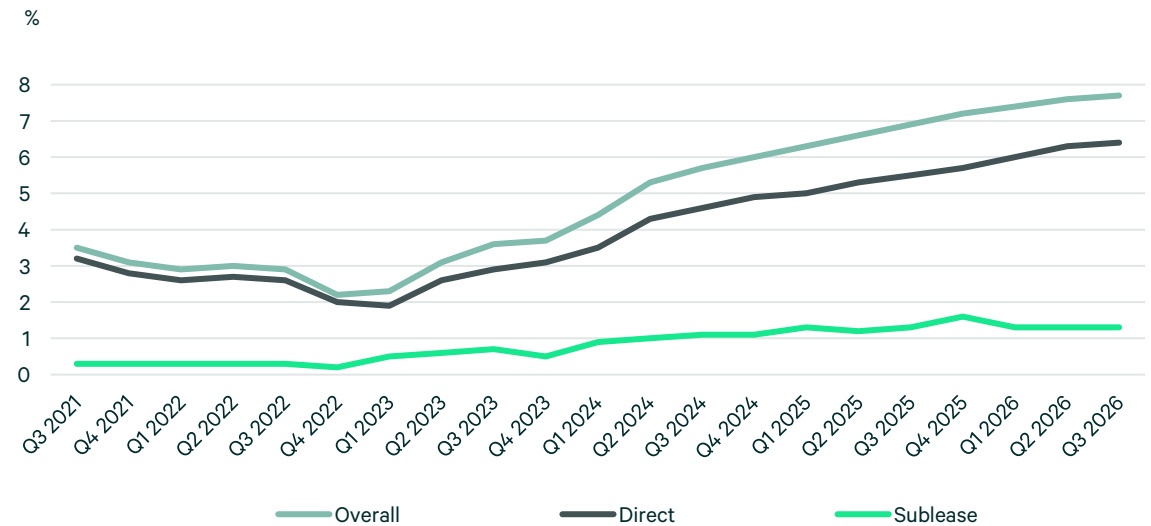
Sublease vacancy remained stable QoQ, holding at 1.3% in Q3 2026, unchanged from Q2 2026. Across the major submarkets, sublease availability totaled 2.9 million sq. ft. of vacant space, providing occupiers with additional options beyond direct listings.

Net Absorption

Occupancy growth in Q3 2026 remained positive but slowed sharply from recent quarters. Net absorption totaled 109,000 sq. ft. for the quarter, indicating that tenants took slightly more space than they returned. This level was below the Q2 2026 total, as net absorption fell 78.5% QoQ from 508,000 sq. ft. On a YoY basis, net absorption exceeded the volume recorded in Q3 2025, improving from negative 223,000 sq. ft. in that quarter to 109,000 sq. ft. in Q3 2026.

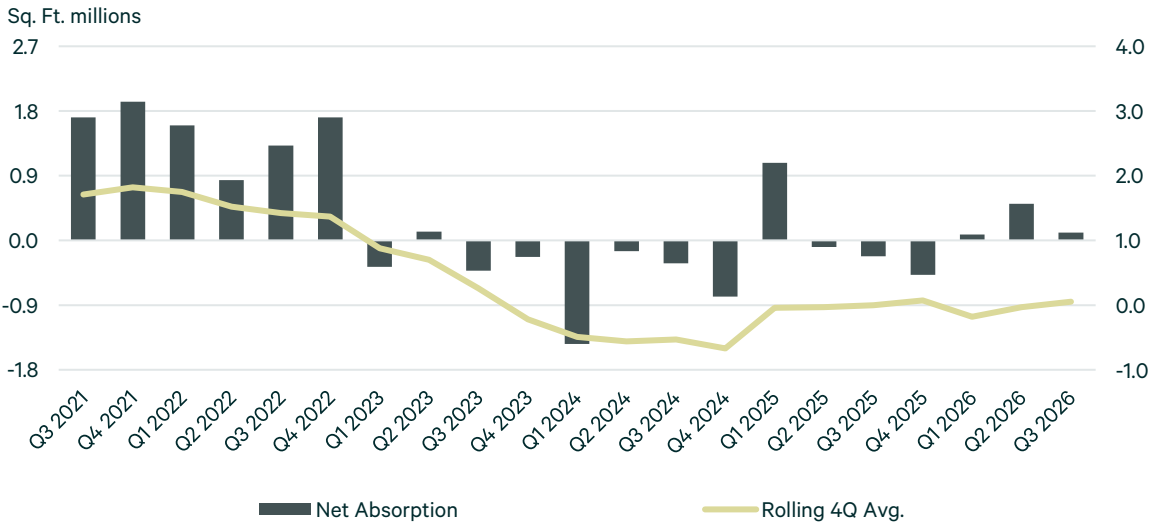
Clark County and Southeast were the only submarkets that recorded meaningful positive net absorption in Q3 2026. Clark County posted 189,000 sq. ft. of net absorption and Southeast achieved 94,000 sq. ft., making these the primary contributors to the market’s overall occupancy gains. At the other end of the spectrum, Northwest and Southwest saw the largest contractions, with net absorption totaling negative 110,000 sq. ft. and negative 42,000 sq. ft., respectively. Sunset Corridor also registered negative 26,000 sq. ft., while Northeast was essentially flat with 4,000 sq. ft. absorbed, highlighting the uneven pattern of demand across submarkets.

Figure 2: Historical Overall, Direct and Sublease Vacancy Rate



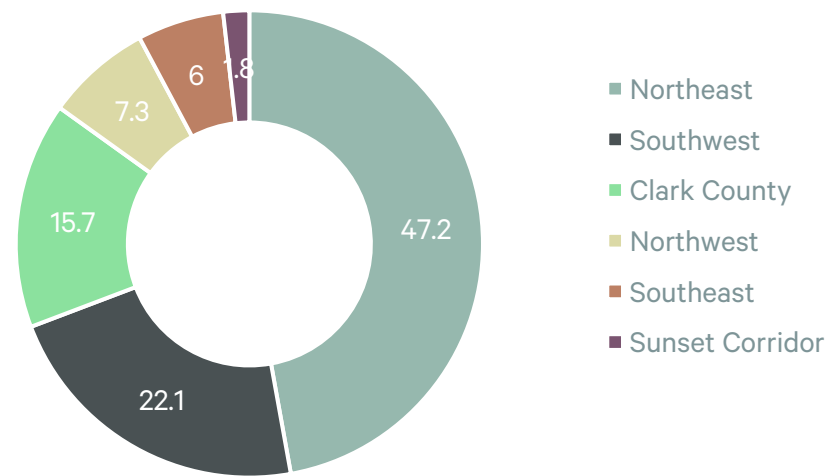
CBRE Research, Q3 2026

Figure 3: Historical Net Absorption Trend



CBRE Research, Q3 2026

Figure 4: Leasing Activity by Submarket (% of Total Activity)



CBRE Research, Q3 2026

Leasing Activity

In Q3 2026, leasing activity totaled 1.7 million sq. ft., and year-to-date 2026 volume reached 7.2 million sq. ft. Leasing in the quarter declined 50.3% QoQ from 3.4 million sq. ft. in Q2 2026 and was 19.5% lower YoY than Q3 2025. Despite the pullback, year-to-date (YTD) leasing in 2026 remained above the 6.5 million sq. ft. recorded over the same period of 2025, indicating stronger overall activity this year. Northeast and Southwest were the top submarkets for positive leasing activity, with 800,000 sq. ft. and 374,000 sq. ft. of space transacted, respectively. Clark County, Northwest, Southeast and Sunset Corridor also registered positive deal volume, with 266,000 sq. ft., 124,000 sq. ft., 102,000 sq. ft. and 30,000 sq. ft. leased, respectively. Javelin Logistics and Newrest Group International both signed new leases at 4600 NE 138th Avenue, combining for 161,000 sq. ft. of absorption within the same building. Renewal activity also remained strong, highlighted by M S International’s 86,000 sq. ft. renewal in the Southwest submarket and Arnprior Aerospace’s 61,000 sq. ft. renewal in the Northeast. The Northeast industrial submarket led leasing activity, accounting for six of the eight largest transactions in Q3 2026.

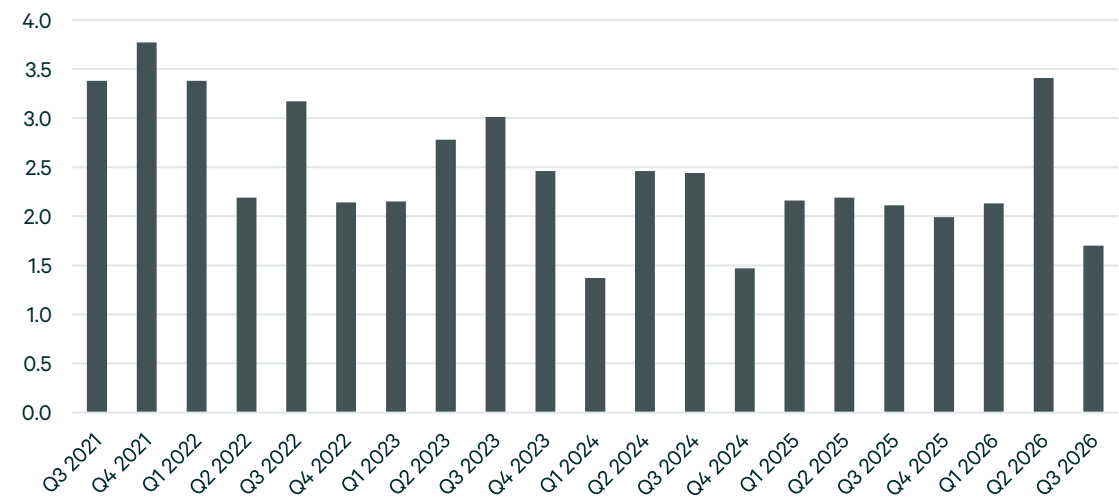
Table 1: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Property	Submarket
Javelin Logistics	99,000	New Lease	138 Logistics Center – Bldg A	Northeast
M S International	86,000	Renewal	Tualatin Distribution Center	Southwest
Newrest Group International	62,000	New Lease	138 Logistics Center – Bldg A	Northeast
Arnprior Aerospace	61,000	Renewal	Summit Business Center – Bldg A	Northeast
Hoffman Construction Company	60,000	New Lease	7735-7737 NE Killingsworth St	Northeast
Birch Community Services	52,000	New Lease	18700 NE San Rafael St	Northeast
Confidential Tenant	50,000	New Lease	Wilsonville Corporate Center East – Bldg C	Southwest
Columbia Distributing	50,000	New Lease	Columbia Business Center – Bldg 47	Northeast

Source: CBRE Research, Q3 2026

Figure 5: Historical Leasing Activity Trend

Sq. Ft. millions



CBRE Research, Q3 2026

Construction Activity

In Q3 2026, under construction space totaled 3.3 million sq. ft. while construction deliveries amounted to 343,000 sq. ft. Under construction volume fell 6.3% quarter-over-quarter as the pipeline downshifted from 3.49 million sq. ft. in Q2 2026, while deliveries decreased 66.5% quarter-over-quarter from 1.0 million sq. ft. in Q2 2026. Year-over-year, under construction space declined 10.0% and deliveries fell 32.9%, indicating a smaller flow of new product compared with Q3 2025.

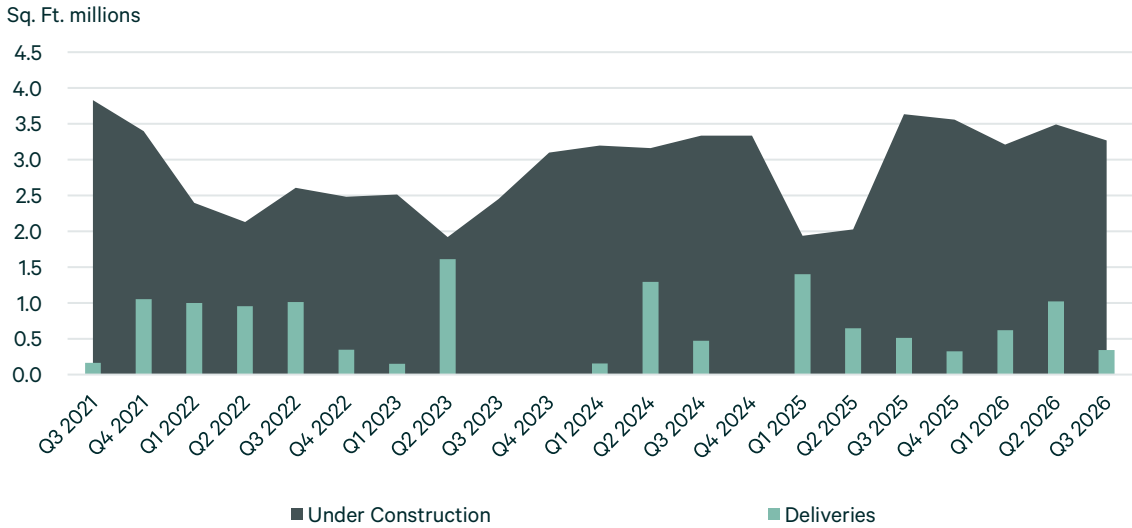
Within the market, Southeast and Sunset Corridor had the highest under construction activity this quarter, with 1.03 million sq. ft. underway in Southeast and 770,000 sq. ft. in Sunset Corridor, led by major logistics projects such as Sequoia Logistics Center, Logisticenter at Clackamas, and DSV Hillsboro. Other submarkets with under construction activity above zero were Clark County and Northeast.

Asking Rent

In Q3 2026, the average blended NNN asking rent was \$0.97 per sq. ft., down from \$0.99 per sq. ft. in Q3 2025. The rate declined 100 basis points quarter-over-quarter and 200 bps year-over-year, extending a gentle downward drift that followed the market’s peak of \$1.06 per sq. ft. in Q1 2023. Across the full data series from Q3 2021, when rents averaged \$0.69 per sq. ft., pricing increased overall despite recent easing, and it recorded a gain of \$0.28 per sq. ft. by this quarter.

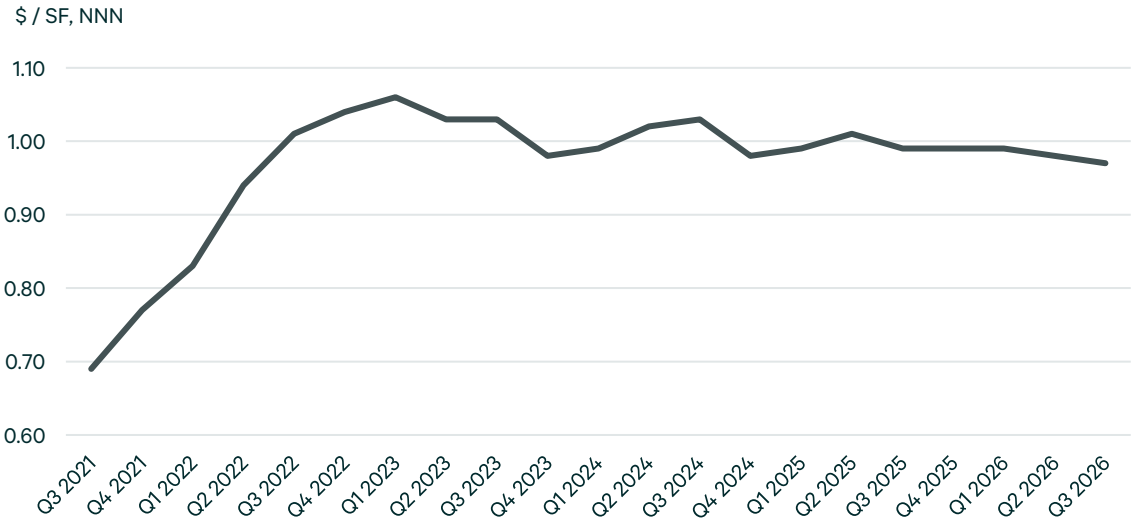
Southwest and Southeast were the highest-priced submarkets this quarter, with average blended asking lease rates of \$1.07 per sq. ft. and \$1.06 per sq. ft., respectively, while Northeast offered the lowest pricing at \$0.83 per sq. ft. Clark County at \$0.98 per sq. ft., Northwest at \$0.90 per sq. ft., and Sunset Corridor at \$1.03 per sq. ft. rounded out the range of options, underscoring meaningful variation in occupancy costs across the market.

Figure 6: Historical Construction Activity



CBRE Research, Q3 2026

Figure 7: Blended NNN Asking Rent Trends



CBRE Research, Q3 2026

Market Statistics by Submarket

Table 2

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rent (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Clark County	29.01M	6.8	7.2	6.7	0.4	0.98	189,000	607,000	39,000	707,000
Northeast	51.48M	8.2	11.2	8.8	2.3	0.83	4,000	(94,000)	-	272,000
Northwest	39.16M	10.2	13.4	10.2	3.3	0.90	(110,000)	(46,000)	-	-
Southeast	31.05M	3.6	4.7	3.5	1.2	1.06	94,000	468,000	-	1.03M
Southwest	41.57M	10.0	13.4	9.4	3.9	1.07	(42,000)	(147,000)	-	199,000
Sunset Corridor	28.41M	5.3	7.4	6.1	1.3	1.03	(26,000)	(89,000)	304,000	1.06M
Total	220.67M	7.7	10.1	7.8	2.2	0.97	109,000	699,000	343,000	3.27M

Source: CBRE Research, Q3 2026

Market Statistics by Size

Table 3

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rent (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	63.71M	5.2	6.4	5.6	0.8	1.18	(26,000)	9,000	39,000	-
50K-99,999 SF	45.81M	8.3	10.6	7.7	2.9	0.96	(120,000)	(272,000)	-	71,000
100K-249,999 SF	58.08M	9.9	12.8	9.6	3.1	0.79	168,000	409,000	-	795,000
250K-499,999 SF	33.25M	8.0	11.1	9.4	1.7	0.51	135,000	600,000	304,000	272,000
500K-749,999 SF	9.79M	8.0	13.3	8.0	5.3	0.82	-	-	-	583,000
750,000 SF +	10.03M	6.8	8.1	6.0	2.1	-	(49,000)	(49,000)	-	1.55M
Total	220.67M	7.7	10.1	7.8	2.2	0.97	109,000	699,000	343,000	3.27M

Source: CBRE Research, Q3 2026

Note: Numbers presented throughout this report have been rounded for readability. As a result, individual line items may not sum to totals shown. All figures should be considered approximate.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Multnomah, Washington, Clackamas, and Clark counties. Buildings which have begun construction as evidenced by site excavation or foundation work.

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