

FIGURES | PORTLAND INDUSTRIAL | Q1 2026

# Modest Uptick in Vacancy as New Supply Outpaces Demand

▲ 7.6%  
Vacancy Rate

▲ (173,500)  
SF Net Absorption

▲ 619,555  
SF Construction Delivered

▼ 3.1M  
SF Under Construction

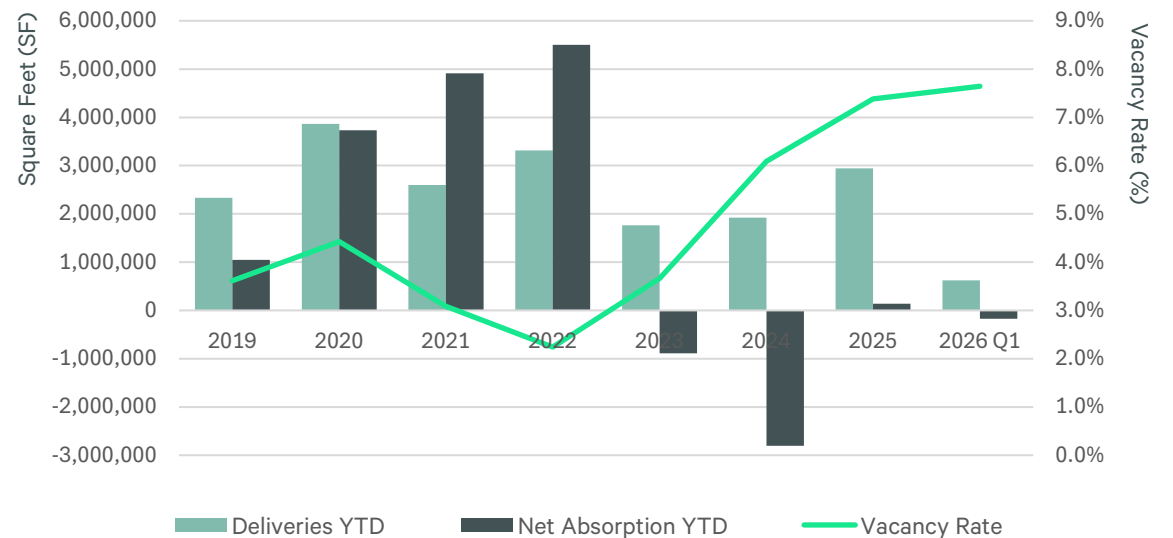
▶ \$0.88  
NNN/MTH Direct Lease Rate

Note: Arrows indicate change from previous quarter.

## Market Overview

Industrial market activity strengthened in Q1 2026, led by a pickup in leasing momentum despite continued supply-side pressure. Total leasing volume reached 2.2 million square feet (sq. ft.), marking solid quarter-over-quarter (QoQ) and year-over-year (YoY) growth, with demand concentrated in large-format logistics facilities. Notable transactions included a 1.2 million square foot new lease at Mid I-5 Industrial Park in Cowlitz County, as well as renewals by Celestica and UPS Supply Chain Solutions, underscoring occupier commitment to established distribution corridors in the Portland metro area. There is approximately 3.0 million sq. ft. of active tenant requirements being tracked. However, market fundamentals remain in transition. Vacancy rose to 7.6%, driven by recent deliveries and elevated sublease availability. Construction and investment trends point to cautious optimism tempered by macroeconomic uncertainty. Development activity remains elevated, with 3.1 million sq. ft. under construction. While asking rents showed mixed performance, constrained availability in certain submarkets continues to support pricing. On the investment side, industrial sales totaled approximately \$170 million, with stable values near \$170 per square foot driven by a handful of notable transactions.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

## Supply and Demand

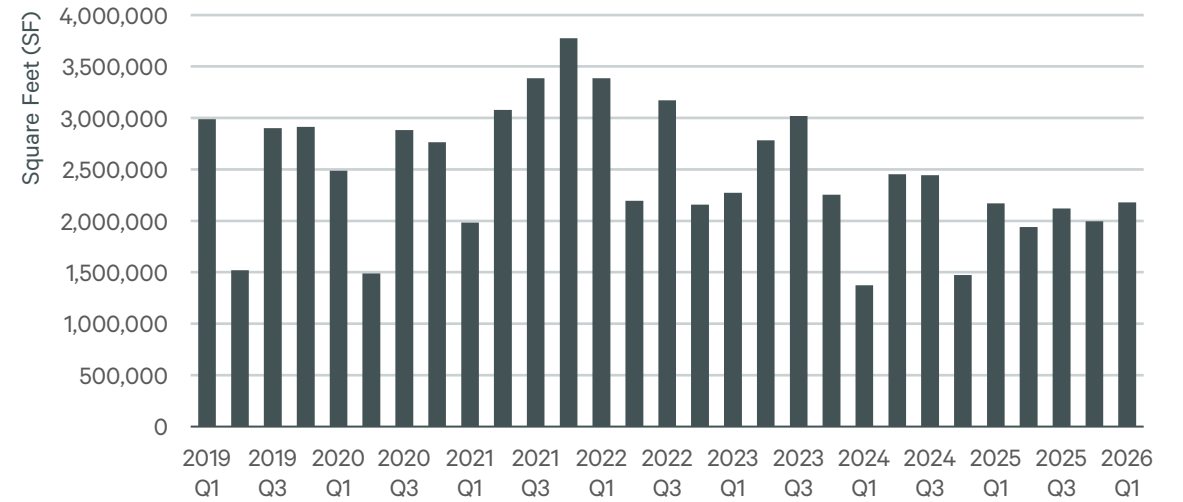
Leasing activity gained traction in Q1 2026, signaling a notable uptick in tenant demand. Total leased space reached 2.2 million sq. ft., representing an 10.7% increase QoQ and a 1.8% gain compared to the same period last year. The largest transaction of the quarter occurred outside the Portland MSA in Cowlitz County, where a confidential tenant leased 1.2 million sq. ft. at the recently completed Mid I-5 Industrial Park.

The second and third-largest transactions reflected meaningful tenant recommitments within established logistics corridors. Celestica renewed 165,000 sq. ft. at Southshore Commerce Center in the Northeast submarket, while UPS Supply Chain Solutions renewed an additional 165,000 sq. ft. at Rivergate Logistics Center in the Northwest submarket. Other notable lease transactions included NVIDIA’s 65,000 square foot new lease at SunTech Corporate Park in the Sunset Corridor and Novolex’s 63,215 square foot lease at the newly delivered Fruit Valley Logistics development in Clark County.

Overall vacancy continued to trend higher through the first quarter. By the end of Q1 2026, the industrial vacancy rate rose to 7.6%, increasing 20 basis points (bps) QoQ and marking a notable jump from 6.4% recorded one year earlier. Viewed in a broader context, vacancy has more than tripled over the past three years, rising from just 2.3% in Q1 2023, reflecting the market’s ongoing adjustment from historically tight conditions.

Vacancy levels do vary meaningfully by submarket. The Southeast submarket remains the tightest, posting the lowest vacancy rate at 4.0%, followed closely by the Sunset Corridor at 4.4%. In contrast, the Northwest submarket continues to carry the highest level of available space, with vacancy reaching 10.5% in Q1 2026.

Figure 2: Leasing Activity Trend



Source: CBRE Research, Q1 2026

Table 1: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	1,185,327	New Lease	Mid I-5 Industrial Park	Cowlitz County
Celestica Oregon	165,000	Renewal	18550-18870 NE Riverside Pkwy	Northeast
UPS Supply Chain Solutions	165,000	Renewal	8929 N Ramsey Blvd	Northwest
Southland Industries	161,000	New Lease	6920-7000 NE St Johns Rd	Clark County
Harder Mechanical Contractors	119,000	New Lease	3340 NW St Helens Rd	Northwest
Ryder Integrated Logistics	89,000	Renewal	4131-4293 NE 189th Ave	Northeast
PODS of Portland	75,000	Renewal	15925 N Lombard St	Northwest
NVIDIA	65,000	New Lease	3445 NW Aloclek	Sunset Corridor
Novolex	63,215	New Lease	6112 NW Fruit Valley Rd	Clark County

Source: CBRE Research, Q1 2026

Sublease availability also edged upward during the quarter, increasing from 2.3% to 2.4% quarter-over quarter. In total, 5.3 million sq. ft. of sublease space is currently being marketed, contributing to elevated near-term supply.

Net absorption remained in the red in Q1 2026, totaling negative 174,000 sq. ft. While still in contraction, activity improved noticeably from the 581,000 sq. ft. of negative absorption recorded in Q4 2025, though it fell well short of the 985,000 square foot gain achieved one year earlier. The most significant move-out during the quarter was Samuel & Sons vacating its 125,420 square foot space at Vista Logistics Park in the Northeast submarket, which is now being offered as sublease space. Offsetting some of this impact, Graybar took occupancy of its 133,828 square foot facility at Sandy Logistics Center, following the execution of its lease in the third quarter of 2025, also in the Northeast submarket.

### Construction Activity

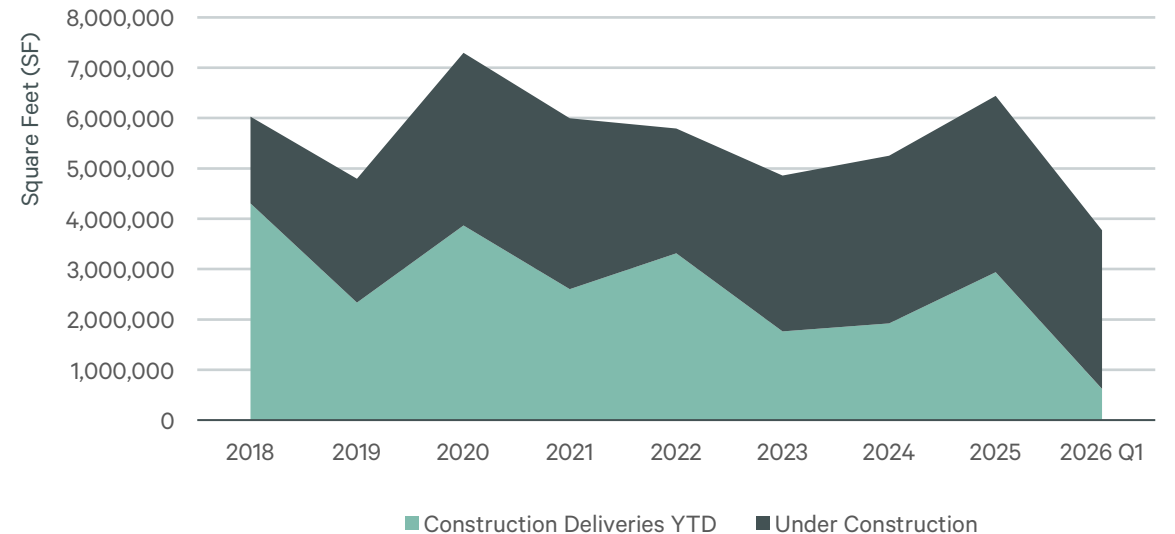
Development remains a major spotlight in the market. As of Q1 2026, there is 3.1 million sq. ft. under construction, alongside 620,000 sq. ft. delivered during the quarter. The construction pipeline has shifted slightly in the short term, down 10.0% from the previous quarter, but still up significantly (62.7%) compared to a year ago. Most of the current development is concentrated in a few key areas. Southeast leads with 1.1 million sq. ft. underway, including the Sequoia Logistics Center, a speculative 779,000 sq. ft. project, not yet pre-leased, expected to deliver in Q1 2027 and the Oregon Liquor and Cannabis Commission’s 348,000 sq. ft. build-to-suit project, expected to complete in Q2 2026. Clark County also has significant activity, with 583,000 sq. ft. under construction at Mt. Vista Logistics, which is not yet pre-leased and expected to deliver in Q4 2026. Additional projects include the VanRose Technology Center in the Sunset Corridor (304,000 sq. ft., not pre-leased, expected to deliver in Q2 2026) and Prologis Broadmoor in the Northeast (269,000 sq. ft., fully pre-leased, expected to deliver Q1 2027).

Table 2: Notable Projects Under Construction

Property Name	Submarket	SPEC/BTS	Size (SF)	Est. Completion
Woodland Industrial Park (Two buildings)*	Cowlitz County*	SPEC	931,186	Q4 2026
Sequoia Logistics Center	Southeast	SPEC	778,720	Q1 2027
Mt. Vista Logistics Center	Clark County	SPEC	583,278	Q4 2026
Sherwood Commerce Center Phase II (Four buildings)	Southwest	SPEC	554,550	Q2 2026
Oregon Liquor and Cannabis Commission	Southeast	BTS	347,645	Q2 2026
VanRose Technology Center	Sunset Corridor	SPEC	303,969	Q2 2026
Prologis Broadmoor	Northeast	BTS	268,749	Q1 2027

Source: CBRE Research, Q1 2026

Figure 3: Construction Activity



Source: CBRE Research, Q1 2026

## Investment and Rental Rate Trends

Average asking shell rental rates exhibited mixed performance in the first, ranging between \$0.80 and \$1.10 per square foot NNN for large Class A warehouse spaces. While rising vacancy has tempered near-term rent growth expectations across much of the metro area, select submarkets continue to outperform due to constrained availability.

Industrial sales volume totaled approximately \$170 million in Q1 2026, down 42.0% quarter-over-quarter but up nearly 47.0% year-over-year. Despite reduced transaction volume, pricing remained stable, with values holding near \$170 per square foot. First-quarter activity was driven by a number of high-profile transactions, including R+L Carriers' acquisition of 6845 N Cutter Circle for \$48.5 million. The 102,278-square-foot cross-dock truck terminal was valued at \$40.5 million, or \$396 per square foot.

Additional investment activity included RGA Recap Incorporated and SKB's acquisition of an eight-property portfolio totaling 520,872 sq. ft. across the Northeast and Northwest submarkets. Purchased from Link Logistics, the portfolio traded for \$81.2 million, contributing meaningfully to total quarterly volume.

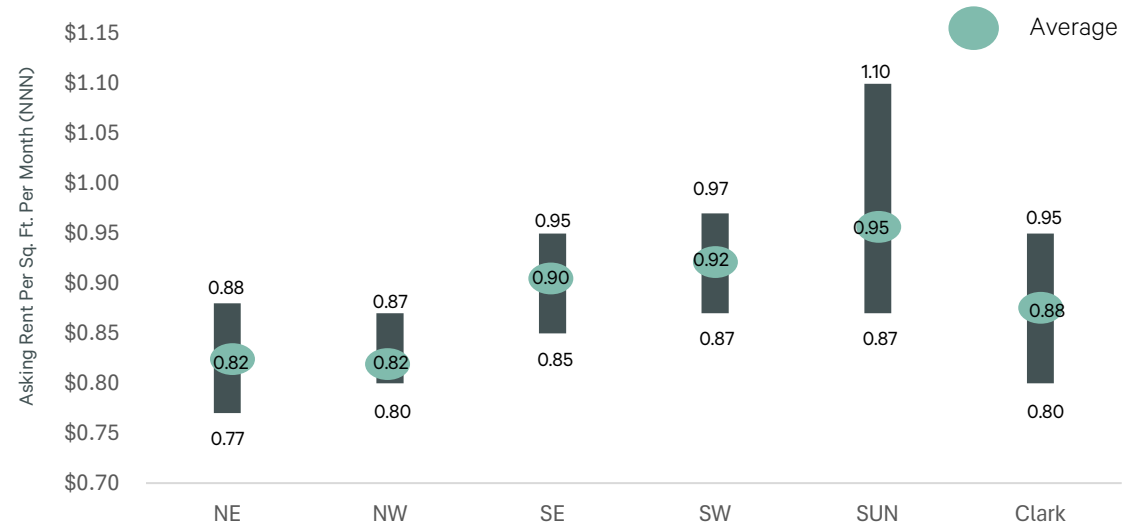
Global uncertainty has risen sharply amid the near closure of the Strait of Hormuz, a critical corridor accounting for approximately 25% of global seaborne oil trade. While rising oil prices have yet to materially impact commercial real estate investor sentiment or occupier demand, prolonged disruption could place upward pressure on cap rates. Given their sensitivity to long-term interest rates, sustained inflation driven by higher energy costs may challenge pricing and financing conditions if geopolitical tensions persist.

Table 3: Key Sales Transactions

Property	Size (SF)	Submarket	Sale Price	Price/Sq. Ft. (\$)	Buyer	Seller
6845 N Cutter Cir	102,278	Northwest	\$40.5M	\$395.98	R+L Carriers	Winkler Development Corporation
7000 SW Sandberg Rd	32,330	Southwest	\$8.0M	\$247.45	Pape Group, Inc.	Dian Tooke
6823-6829 NE 59 <sup>th</sup> PI	33,600	Northeast	\$6.5M	\$193.45	BIP Management	Daniel Temkin
1725 and 1825 NW 167 <sup>th</sup> PI	60,389	Sunset Corridor	\$11.0M	\$182.15	Sunshine Elite Education	Newmark Properties
4720 SE 26 <sup>th</sup> Ave	15,904	Southeast	\$2.5M	\$154.68	OSF International	Deal D. Harris
8 Property Portfolio	520,872	Northeast/Northwest	\$81.2M	\$152.58	RGA Recap Inc.   SKB	Link Logistics
4600 N Suttle Rd	25,580	Northwest	\$3.3M	\$127.05	Silbrico Corporation	Supreme Perlite Co.

Source: CBRE Research, Q1 2026

Figure 4 Class A Direct Asking Shell Rental Rate Range (For existing spaces 50k+ Sq. Ft.)



Source: CBRE Research, Q1 2026

## Market Statistics by Submarket

Submarket	Market Rentable Area (SF)	Vacancy Rate (%)	Availability Rate (%)	Available Sublease (SF)	Q1 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	YTD Deliveries (SF)
Northeast	51,343,102	8.1	11.1	1,094,933	53,613	53,613	268,749	57,520
Northwest	39,662,540	10.5	12.8	1,343,170	(126,270)	(126,270)	0	0
Southeast	30,793,284	4.0	4.8	363,663	1,086	1,086	1,374,897	0
Southwest	40,984,078	8.9	12.1	1,883,002	(94,212)	(94,212)	554,550	442,035
Sunset Corridor	28,093,004	4.4	5.7	313,838	(132,296)	(132,296)	303,969	0
Clark County	28,976,059	8.3	8.2	264,267	124,579	124,579	646,493	120,000
<b>Total</b>	<b>219,852,067</b>	<b>7.6</b>	<b>9.7</b>	<b>5,262,873</b>	<b>(173,500)</b>	<b>(173,500)</b>	<b>3,148,658</b>	<b>619,555</b>

## Market Statistics by Building Size Range

0-49,999 SF	219,852,067	7.6	9.7	5,262,873	(173,500)	(173,500)	3,148,658	619,555
50,000-99,999 SF	63,439,926	5.1	6.3	545,431	(18,054)	(18,054)	0	57,520
100,000-249,999 SF	45,579,677	8.5	10.8	1,625,850	(351,985)	(351,985)	150,015	0
250,000-599,999 SF	58,366,151	9.7	12.3	1,763,542	146,711	146,711	716,282	562,035
600,000+ SF	39,121,076	7.1	9.5	1,161,536	49,828	49,828	1,503,641	0
<b>Total</b>	<b>13,345,237</b>	<b>11.8</b>	<b>13.1</b>	<b>166,514</b>	<b>-</b>	<b>-</b>	<b>778,720</b>	<b>0</b>

Source: CBRE Research Q1 2026

## 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

[Insert survey Criteria here. Contact your manager for specific criteria]

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