

FIGURES | PORTLAND OFFICE | Q2 2026

Office fundamentals stabilize amid improving demand trends

▼ 27.0%

Vacancy Rate

▲ 114,831

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 0

SF Under Construction

▼ \$32.71

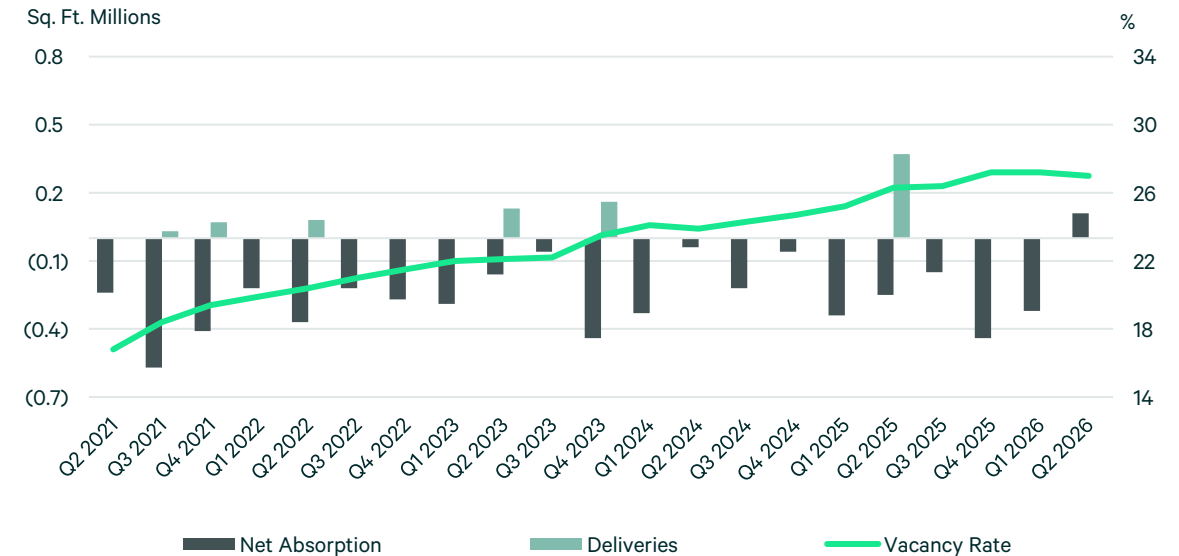
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

The Portland office market showed further signs of stabilization in the second quarter, recording approximately 115,000 square feet (sq. ft.) of positive net absorption. While year-to-date (YTD) absorption remained negative at 202,000 sq. ft., this represented a substantial 392,000-sq.-ft. improvement from the same period one year ago. Overall vacancy declined 20 basis points (bps) quarter-over-quarter (QOQ) to 27.0%, though it remained above year-ago levels. Average asking rents reached \$32.71 per sq. ft., reflecting continued resilience despite elevated vacancy. Leasing activity was led by professional and financial services firms, highlighted by Merrill Lynch's 35,000-sq.-ft. renewal at PACWEST, Perkins & Co.'s 31,000-sq.-ft. relocation to First & Main, and Geffen Mesher & Co.'s 30,000-sq.-ft. lease at 200 Market, following the property's recent off-market acquisition by Melvin Mark Investors and Swickard Automotive. While speculative office construction remains absent, a notable exception is a new 40,000-sq.-ft. Class A flex/R&D facility under development at Columbia Tech Center, which will serve as a Toyota training center for the Pacific Northwest upon completion later this year; the project is classified within and accounted for in the Q2 industrial under-construction inventory.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy

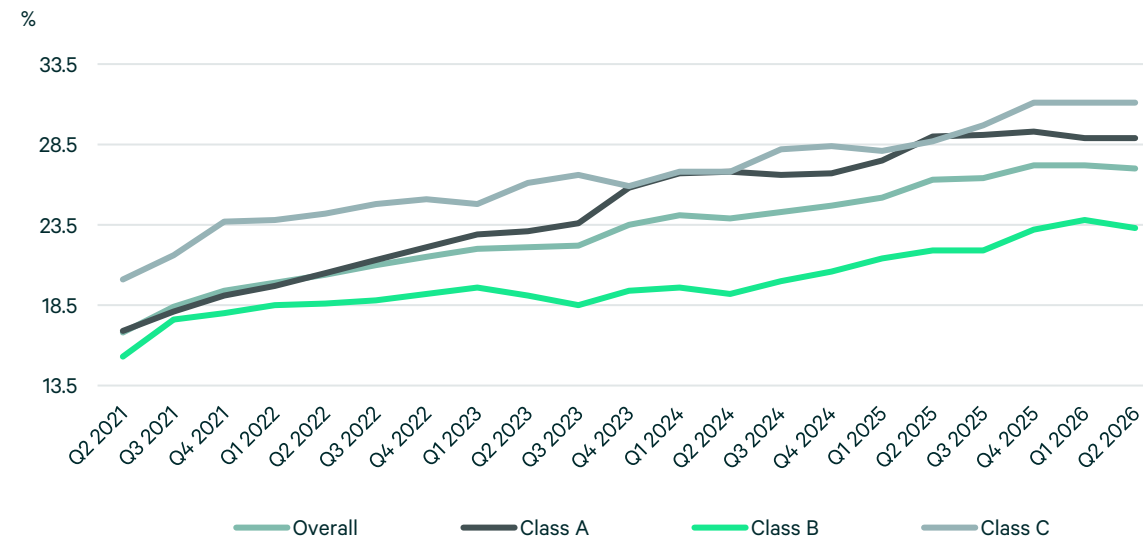
In Q2 2026, overall vacancy stood at 28.9% for Class A, 23.3% for Class B and 31.1% for Class C office buildings. Overall vacancy decreased by 20 bps QOQ. Year-over-year (YOY), Class A edged down by 10 bps, whereas Class B and Class C rose by 140 bps and 240 bps, respectively. By submarket, Wilsonville records the lowest overall vacancy at 4.8%, followed by Clackamas at 7.8%. The CBD posts the highest overall vacancy at 38.5%, with Washington Square and Northwest also elevated at 37.6% and 36.5%, respectively. Sublease vacancy remains modest in Q2 2026 at 2.8% for Class A and 2.4% for Class B; compared with Q1 2026, Class A and Class B sublease vacancy declined by 10 bps and 20 bps quarter-over-quarter. Across all submarkets, sublease availability totals 1.2 million sq. ft. of vacant space in Q2 2026. Total net absorption across all property classes reached 114,000 sq. ft. in the second quarter, marking a return to positive demand. This result exceeded the negative 316,000 sq. ft. recorded in Q1 2026, reflecting a 430,000 sq. ft. improvement QOQ. It also exceeded the negative 255,000 sq. ft. posted in Q2 2025, indicating a substantial YOY recovery in occupied space.

Leasing Activity

Leasing activity totaled 732,000 sq. ft. across Class A and Class B office properties in Q2 2026, representing the strongest quarterly performance of the past year. Class A properties accounted for 399,000 sq. ft. of leasing activity during the quarter, while Class B properties recorded 333,000 sq. ft. Notably, Class B leasing gained momentum compared with both the prior quarter and a year earlier, increasing its share of overall activity to 45.5%. In Q2 2026, the CBD and Vancouver were the most active submarkets, with 220,000 sq. ft. and 127,000 sq. ft. leased respectively across Class A and Class B space.

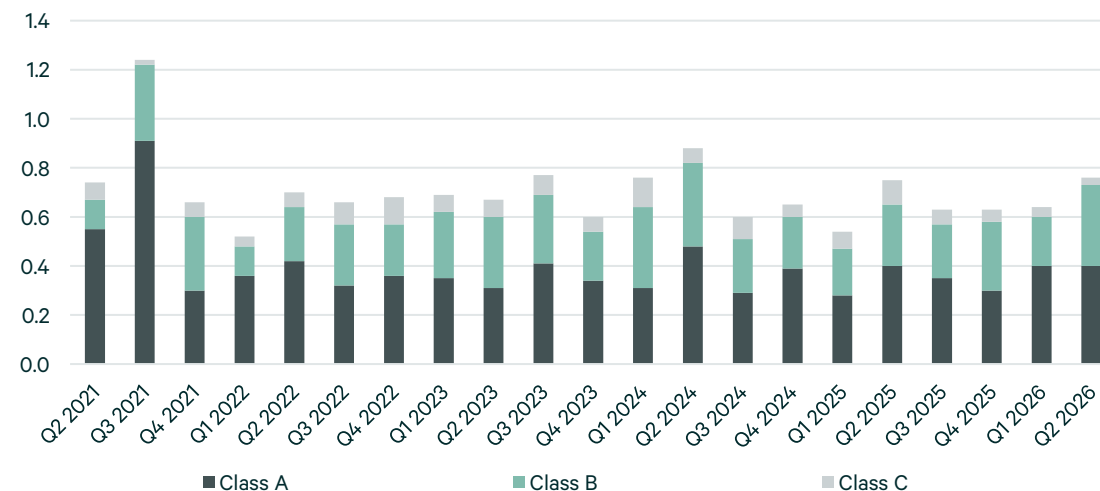
Noteworthy lease transactions during the second quarter included Dext Capital's 23,000-sq.-ft. renewal in Kruse Way at 5500 Meadows Rd and Burns & McDonnell's 15,643-sq. ft. new lease at Columbia Tech Center in Vancouver. Burgess & Niple's expanded with a 14,744-sq. ft. new lease at Wells Fargo Tower in the CBD. In Downtown Portland's Northwest submarket, property technology firm OneApp signed a 16,085-sq.-ft. lease on the sixth floor of the Field Office – East building, reinforcing revived demand from technology-oriented occupiers, and in Vancouver, Schwabe recommitted to 9,547 sq. ft. on the seventh floor of the North Tower, highlighting ongoing tenant preference for well-located, high-quality office space.

Figure 2: Vacancy Rates by Class



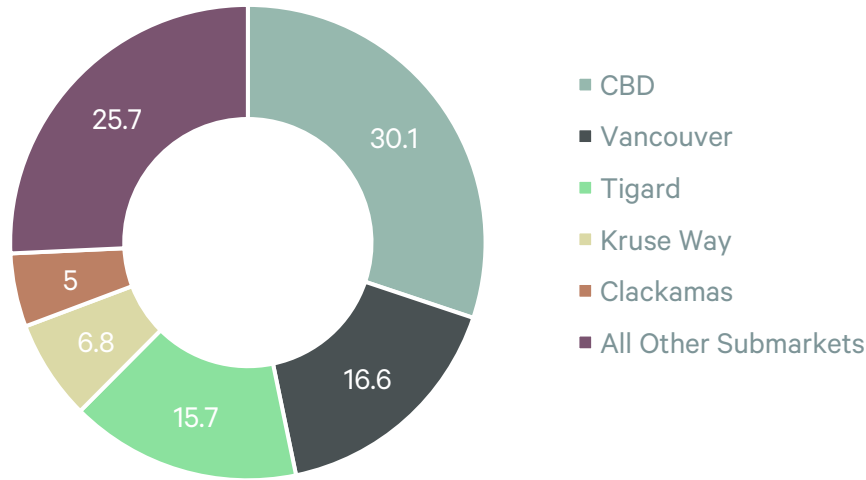
Source: CBRE Research, Q2 2026

Figure 3: Leasing Activity Trend (Sq. Ft.) Millions



Source: CBRE Research, Q2 2026

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



Source: CBRE Research, Q2 2026

Figure 6: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Comcast	87,250	Renewal	11308 SW 68th Pkwy	Tigard
Regence BlueCross BlueShield of Oregon	46,062	Expansion	200 SW Market St	CBD
Merrill Lynch	35,197	Renewal	1211 SW 5th Ave	CBD
Perkins & Co	30,892	New Lease	100 SW Main St	CBD
Geffen Mesher and Co	29,928	New Lease	200 SW Market St	CBD
Dext Capital	22,647	Renewal	5500 Meadows Rd	Kruse Way
Schrödinger	17,348	Renewal	101 SW Main St	CBD
OneApp	16,085	New Lease	1895 NW Front Ave	Northwest

Source: CBRE Research, Q2 2026

Figure 5: Net Absorption Trend

(Sq. Ft.) Millions



Source: CBRE Research, Q2 2026

Figure 7: Key Sales Transactions

Property	Size (SF)	Submarket	Sale Price (\$)	Price/Sq. Ft. (\$)	Buyer	Seller
200 SW Market St	417,956	CBD	\$39.5M	\$94.51	Swickard Auto Group Melvin Mark Companies	Russell Development
30470 SW Parkway Ave	11,376	Wilsonville	\$1.9M	\$164.38	Tim Cox	Mark A Nyman James S Bruce
9 SE 3rd Ave	19,474	Lloyd District	\$1.9M	\$97.57	Derek Deborde	Lauren Noecker
17933 NW Evergreen Pl	60,115	Sunset Corridor	\$4.8M	\$79.02	Thomas Fischer	Sean Keys
121 NW Everett St	160,048	CBD	\$11.0M	\$68.73	Central City Concern	Houghton Mifflin Harcourt
3250 SE 164th Ave	23,000	Vancouver	\$900K	\$39.13	Todd Hillyard	Kirk Davis

Asking Rent Trends

As of Q2 2026, the overall market average asking rent is \$32.71 per sq. ft., essentially unchanged QOQ and down 0.8% YO. Across the full data series, seen in Figure 7, overall asking rents have moved from \$30.62 per sq. ft. in Q2 2021 to \$32.71 per sq. ft. in Q2 2026, a 6.8% increase. Class A space remains priced above the market average at \$38.09 per sq. ft., up 0.2% quarter-over-quarter, down 0.3% year-over-year from \$38.19 per sq. ft.

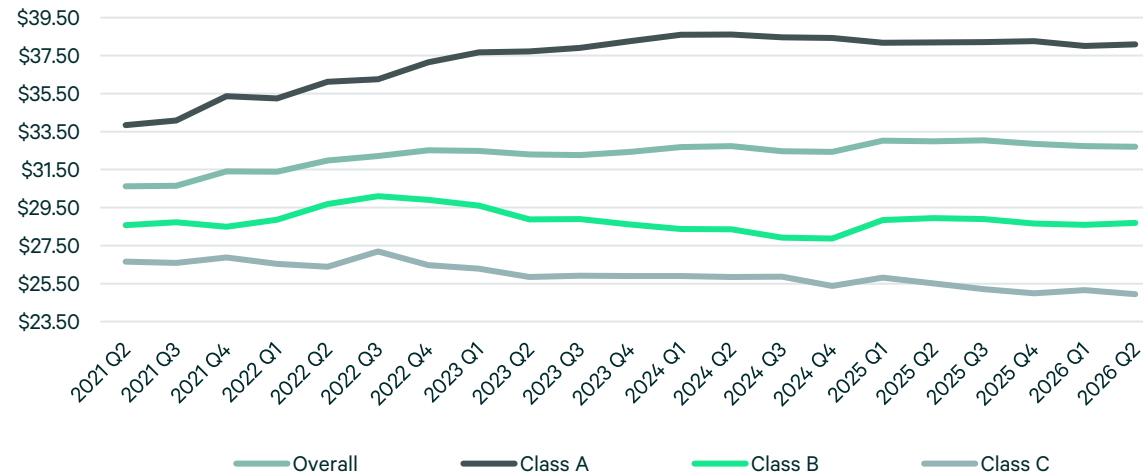
Class A asking rents are highest in Northwest at \$44.71 per sq. ft. and Kruse Way at \$43.66 per sq. ft. Other submarkets with elevated Class A rates include the CBD at \$39.04 per sq. ft., Washington Square at \$34.81 per sq. ft., and Lloyd Center at \$34.92 per sq. ft. Lower asking rents appear in Class C space in Outer Eastside at \$15.44 per sq. ft. and Barbur Blvd at \$17.31 per sq. ft., while Class B rents in Beaverton, Tigard, Tualatin, Vancouver and Washington Square range from \$22.41 to \$27.07 per sq. ft. So far in 2026, on 10,000-sq. ft. or larger new leases with a 5-year or longer term, tenants are receiving approximately \$85.00 per sq. ft. on average in tenant improvement allowances, 6 months of free rent in additional concessions.

Investment Trends

The quarter's key sales transactions totaled approximately \$59.9 million across six properties, with activity spread across Portland's urban core and several suburban submarkets. The most significant sale was 200 SW Market St in the CBD, which traded for \$39.5 million, accounting for roughly two-thirds of the total transaction volume. The 417,956-sq. ft. property was both the largest asset sold and the highest-priced transaction, achieving \$94.51 per square foot. The CBD also saw the sale of 121 NW Everett St, a 160,048-sq. ft. property purchased by Central City Concern for \$11.0 million, or \$68.73 per square foot.

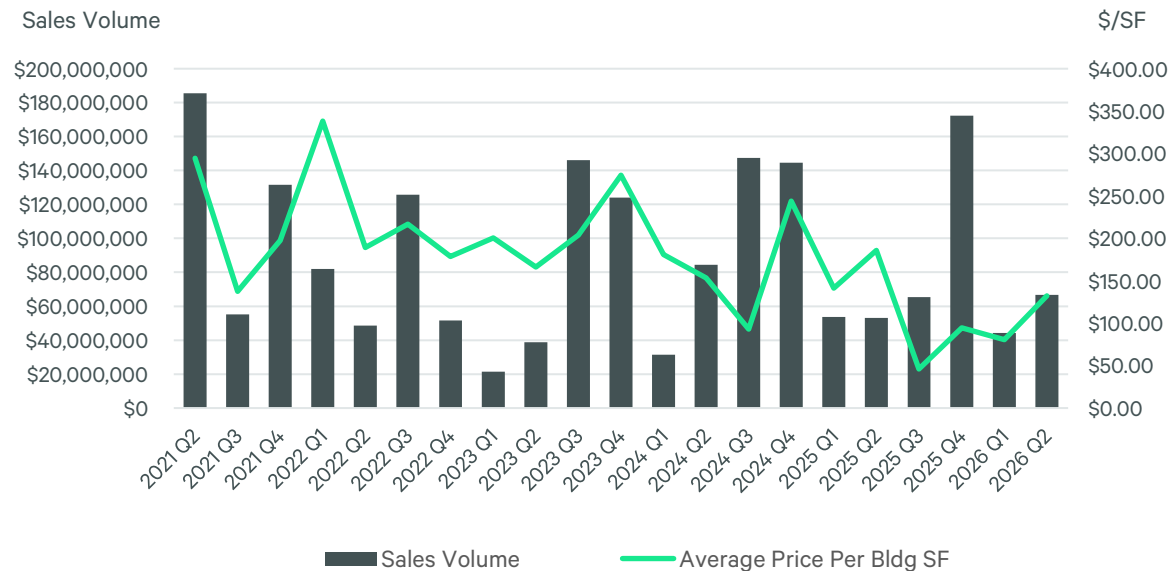
Outside of downtown, several smaller transactions highlighted continued buyer interest across the region. 30470 SW Parkway Ave in Wilsonville sold for \$1.9 million and achieved one of the highest pricing metrics in the group at \$164.38 per square foot, while 9 SE 3rd Ave in the Lloyd District traded for \$1.9 million, or \$97.57 per square foot. In the Sunset Corridor, 17933 NW Evergreen PI sold for \$4.8 million (\$79.02 per sq. ft.), and 3250 SE 164th Ave in Vancouver changed hands for \$900,000, representing the lowest price per square foot among the transactions at \$39.13.

Figure 7: Average Direct Asking Rate by Class Per Sq. ft.



Source: CBRE Research, Q2 2026

Figure 8: Quarterly Sales Volume



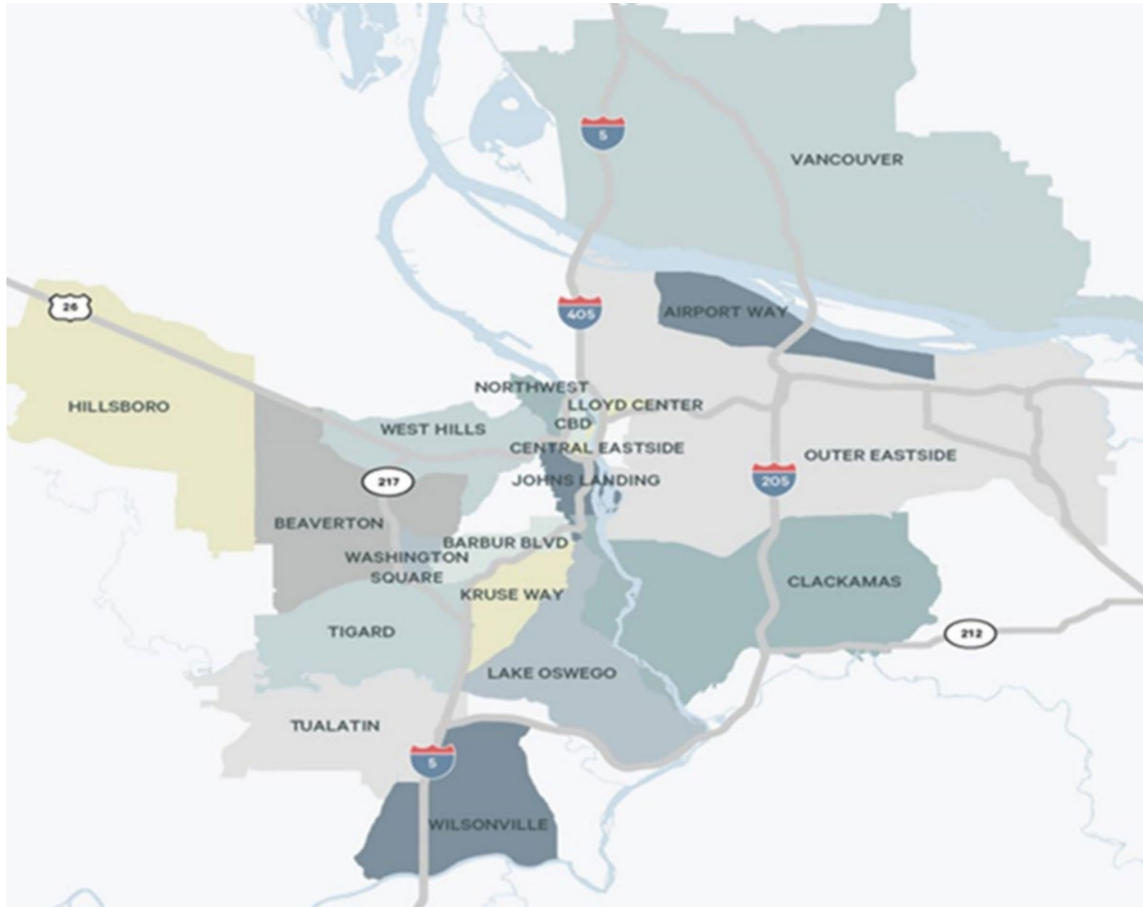
Market Statistics by Submarket

Figure 8

Submarket	Net Rentable Area (SF)	Vacant Direct (SF)	Vacant SF - Sublease	Direct Vacancy Rate (%)	Overall Vacancy Rate (%)	Overall Availability Rate (%)	QTD Net Abs.**	YTD Net Abs.**	Under Construction (SF)	Avg. Direct Rent*	Class A Average Asking Rate (\$/SF/YR FSG)
CBD	16,907,560	6,175,335	337,635	36.5	38.5	41.8	38,393	(171,934)	0	\$34.05	\$39.04
Central Eastside	2,327,544	678,366	84,572	29.1	32.8	35.2	(3,651)	16,112	0	\$26.83	\$40.46
Lloyd Center	1,812,895	394,906	0	21.8	21.8	28.6	(26,856)	(17,008)	0	\$35.26	\$34.92
Northwest	6,029,934	2,043,679	157,539	33.9	36.5	38.8	11,703	4,030	0	\$35.12	\$44.71
Total Downtown	27,077,933	9,280,338	579,746	34.3	36.5	39.7	19,589	(168,800)	0	\$33.82	\$39.66
Class A - Downtown	12,521,097	4,251,061	249,509	34.0	35.9	39.2	(11,933)	(51,274)	0	\$39.66	\$39.66
Airport Way	547,741	128,364	3,847	23.4	24.1	31.2	(11,667)	(16,507)	0	\$23.60	\$25.97
Barbur Blvd	425,159	50,502	0	11.9	11.9	12.0	3,612	(157)	0	\$18.36	-
Beaverton	3,199,931	408,368	26,459	12.8	13.6	25.8	(4,925)	(11,295)	0	\$25.84	\$28.81
Clackamas	1,179,014	88,676	3,356	7.5	7.8	8.5	18,184	7,174	0	\$24.51	\$30.41
Hillsboro	2,240,969	324,498	149,742	14.5	21.2	25.2	7,442	13,795	0	\$27.26	\$27.63
Johns Landing	1,467,467	239,812	24,897	16.3	18.0	21.1	8,480	19,006	0	\$27.58	\$32.44
Kruse Way	2,571,786	587,919	42,124	22.9	24.5	24.7	10,421	(19,390)	0	\$42.64	\$43.66
Lake Oswego	441,831	47,762	4,645	10.8	11.9	11.5	(1,733)	(3,874)	0	\$31.42	\$32.18
Outer Eastside	2,019,640	287,389	50,868	14.2	16.7	18.2	(9,133)	(11,154)	0	\$22.18	\$31.03
Tigard	2,192,535	320,475	66,635	14.6	17.7	20.8	8,746	(16,829)	0	\$27.74	\$31.36
Tualatin	753,286	184,502	9,992	24.5	25.8	26.8	2,862	6,362	0	\$27.89	\$31.78
Vancouver	5,240,075	393,923	233,347	7.5	12.0	9.8	72,237	45,274	0	\$26.93	\$28.71
Washington Square	1,170,589	435,157	4,681	37.2	37.6	35.9	(16,048)	(48,430)	0	\$34.38	\$34.81
West Hills	882,444	117,418	0	13.3	13.3	14.3	370	(3,232)	0	\$23.05	\$34.00
Wilsonville	722,324	19,232	15,138	2.7	4.8	6.4	1,997	3,075	0	\$26.65	\$19.50
Total Suburban	25,287,913	3,640,222	635,731	14.4	16.9	19.2	95,242	(32,764)	0	\$29.85	\$34.42
Total Market	52,365,846	12,932,508	1,215,477	24.7	27.0	29.8	114,831	(201,564)	0	\$32.71	\$38.09
Class A - Total Market	23,690,984	6,173,968	662,660	26.1	28.9	31.1	7,449	(52,356)	0	\$38.09	\$38.09

Source: CBRE Research, Q2 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

Includes all office 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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