



NEWMARK

Portland
Industrial Market Overview

1Q26

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Market Observations



Economy

- The Portland-Vancouver-Hillsboro MSA unemployment rate held at 5.6% in February, 120 basis points above the national rate of 4.4%, as nonfarm payroll growth fell to -3.1% YOY, per BLS.
- Manufacturing posted the steepest sector decline at -6.7% YOY in Q1, with mining and construction contracting -3.9%, reflecting broad-based weakness across industrial-occupying industries.
- Trade, transportation, and utilities reversed two consecutive quarters of modest gains, declining -0.9% YOY in Q1, leaving both of Portland's major industrial-linked employment sectors simultaneously negative for the first time since 2020.



Leasing Market Fundamentals

- Vacancy edged down to 7.2% in Q1 from 7.3% in Q4 2025, with net absorption turning positive at +337,238 sf, though the market remains well above the 15-year average.
- Available sublease space reached 4.8 million sf in Q1, more than three times the long-term quarterly average of 1.5 million sf, with no signs of reversal heading into mid-2026.
- Total leasing volume recovered to 2.2 million sf in Q1, up from the Q4 2025 low of 1.6 million sf, with Class A product accounting for roughly 30% of activity, near its highest share since 2021.



Major Transactions

- On the leasing side, Celestica renewed 165,000 sf at Southshore Commerce Center and UPS Supply Chain Solutions renewed 164,626 sf at Rivergate Logistics Center, while Southland Industries committed to 161,301 sf at Hidden Glen Industrial in Clark County in the quarter's largest new direct lease.
- Individual asset sales totaled \$89.4 million across 10 transactions in Q1, led by the YRC Freight facility at 6845 N Cutter Circle, 96,077 sf that traded at \$40.5 million (\$422/sf). Two portfolio trades contributed an additional \$94.4 million, led by ScanlanKemperBard's \$81.2 million acquisition of a two-property Blackstone portfolio totaling 514,900 sf.



Outlook

- Vacancy edged down to 7.2% in Q1 and net absorption turned positive at +337,238 sf, but sublease availability at 4.8 million sf, more than three times the long-term average, signals that meaningful recovery remains constrained.
- Asking rents declined to \$10.22/sf NNN in Q1, a -1.3% YOY decrease, with submarkets split evenly between gains and declines: Rivergate (+7.6%), NE/Columbia (+4.8%), and I-5 South (+9.7%) improved, while Milwaukie/Clackamas (-1.4%), Clark County (-4.9%), and Sunset Corridor (-6.7%) fell.
- Large-block developments over 500,000 sf are on track to deliver with limited preleasing commitments, and vacancy relief is not expected until absorption improves further across the market's major submarkets.

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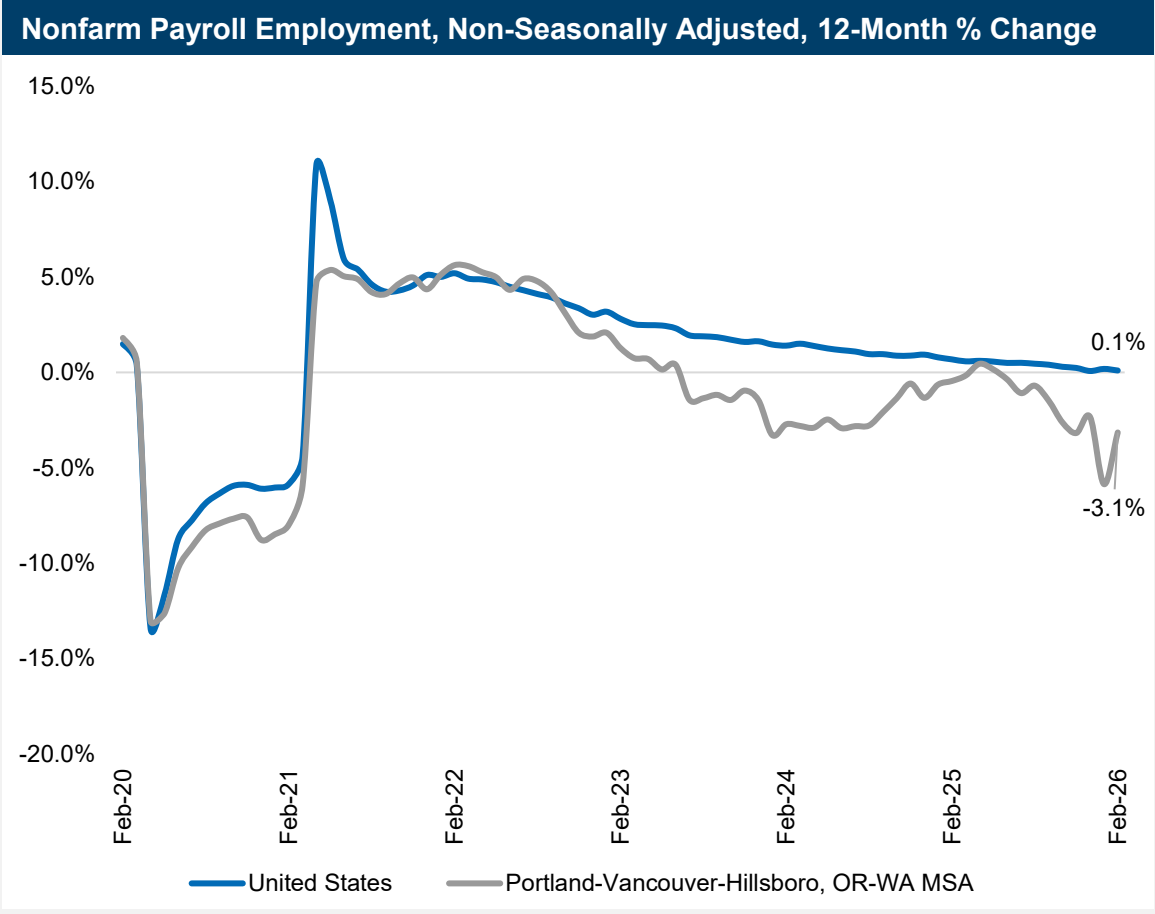
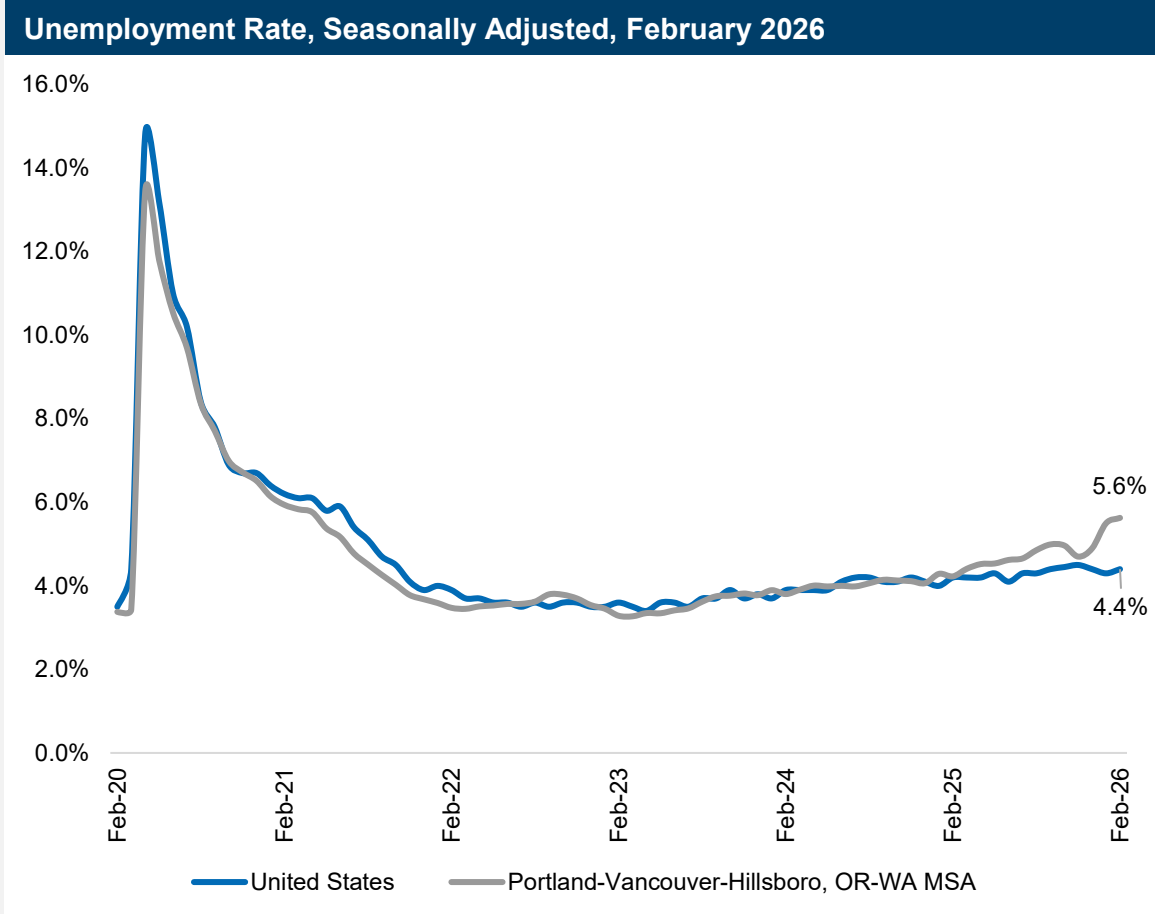
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Economy

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Portland Payroll Growth Diverges Sharply from National Trend

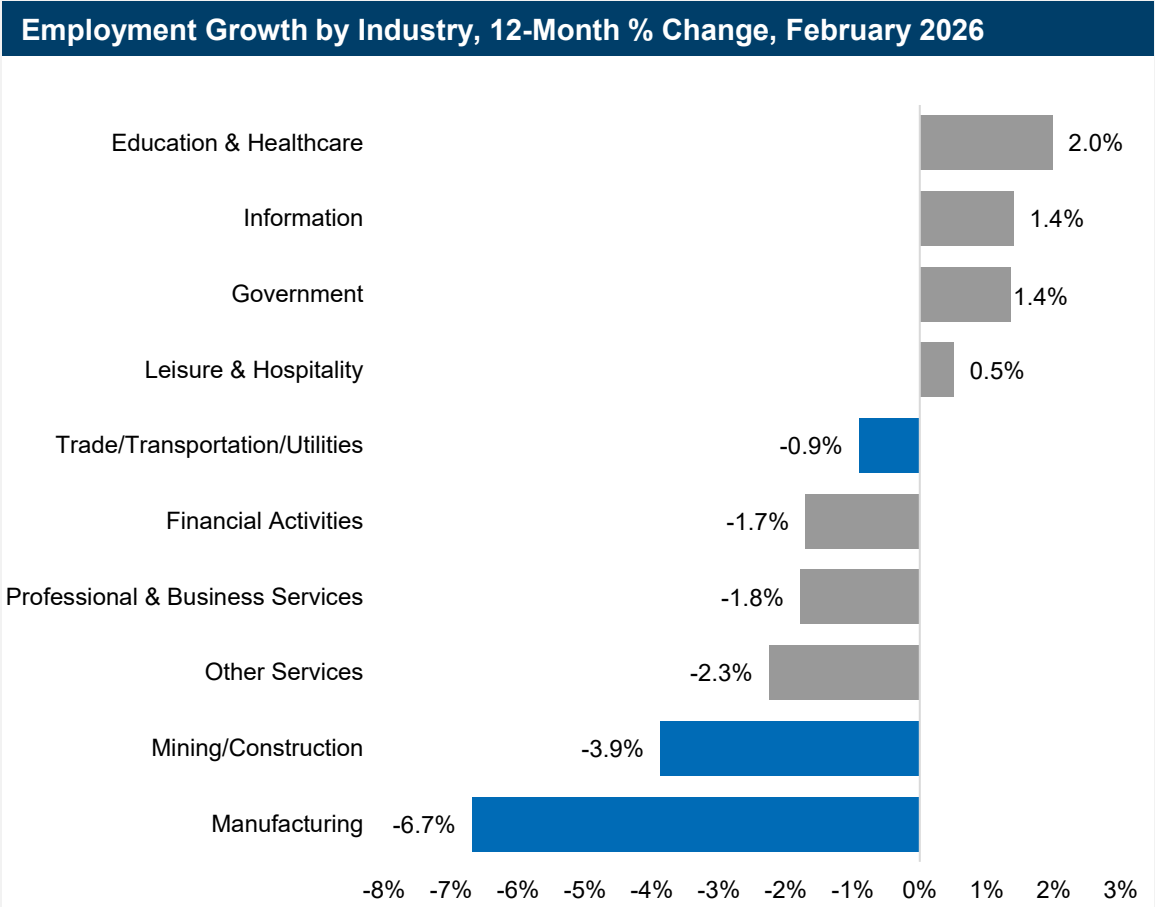
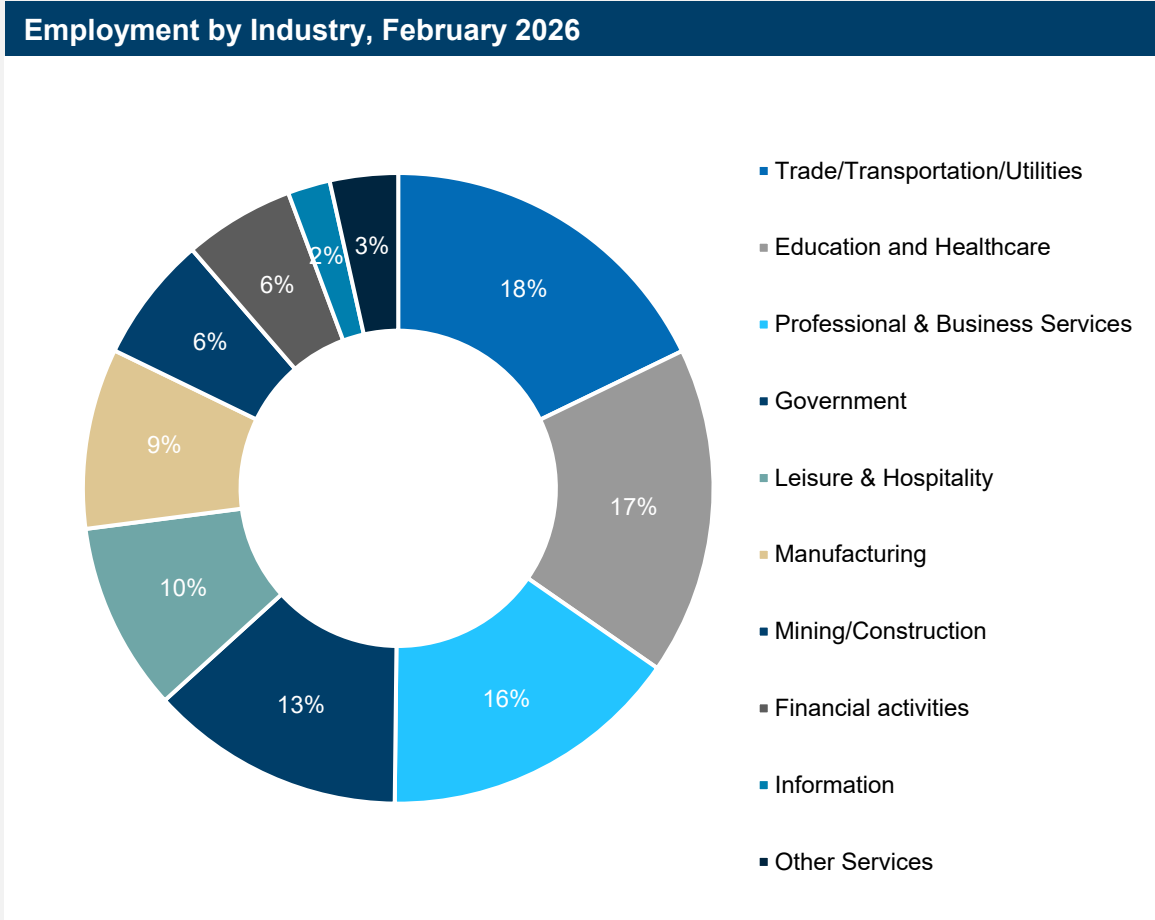
The Portland MSA unemployment rate reached 5.6% in February 2026, 120 basis points above the national rate of 4.4%. Nonfarm payroll growth fell to -3.1% YOY in Q1 2026, contrasting sharply with the U.S. rate of +0.1%. The gap between Portland and the national trend widened considerably from the parallel trajectory both markets shared through 2024.



Source: U.S. Bureau of Labor Statistics, Portland-Vancouver-Hillsboro, OR-WA MSA.

Majority of Industries Posted Losses as Manufacturing Led Declines

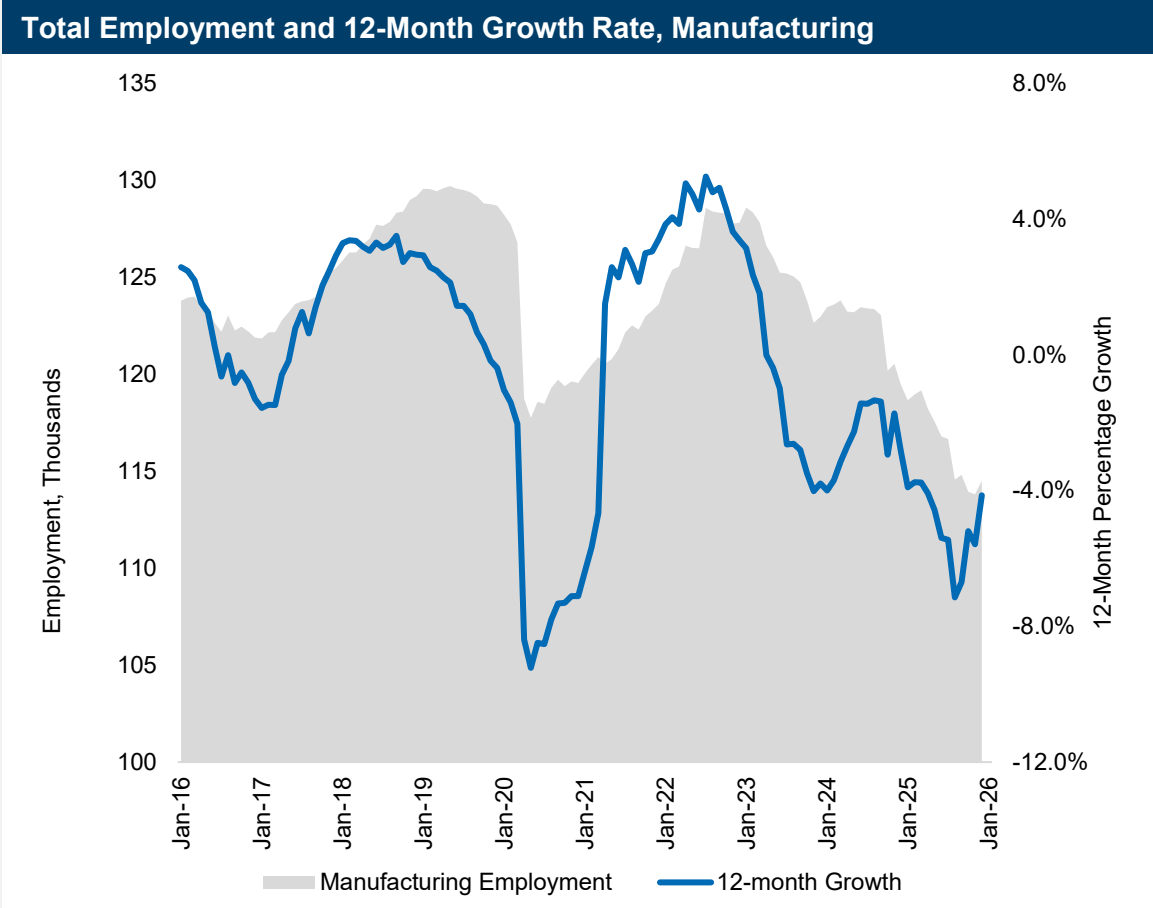
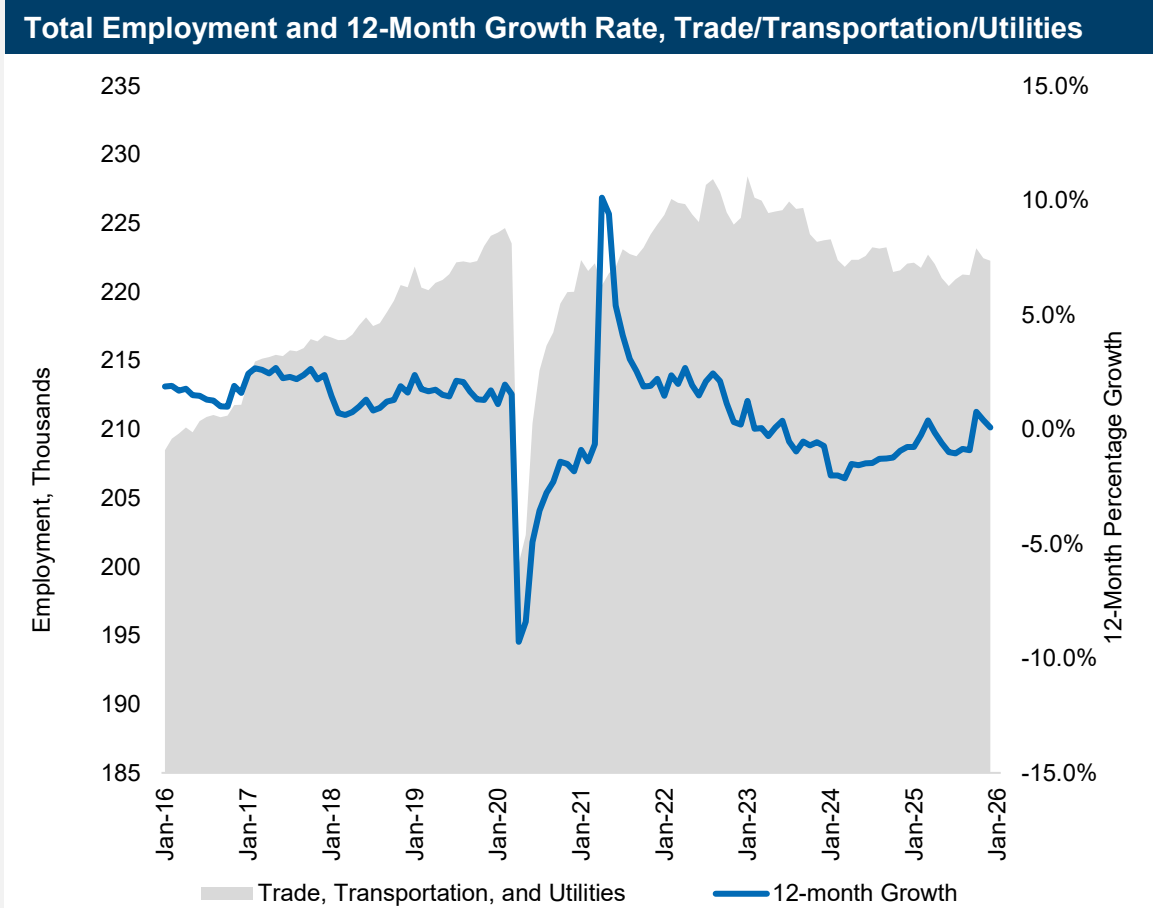
In Q1 2026, manufacturing recorded the steepest YOY decline at -6.7%, followed by mining and construction at -3.9%. Trade, transportation, and utilities turned negative at -0.9%, reversing prior quarter gains. Four sectors posted positive growth: education and healthcare (+2.0%), information (+1.4%), government (+1.4%), and leisure and hospitality (+0.5%).



Source: U.S. Bureau of Labor Statistics, Portland-Vancouver-Hillsboro, OR-WA MSA. November data is preliminary.

Both Major Industrial Sectors Now Negative

Trade, transportation, and utilities recorded -0.9% YOY growth in February 2026, reversing two consecutive quarters of modest gains. Manufacturing declined -6.7% YOY in Q1 2026, continuing a contraction that persisted throughout 2025. Both of Portland's major industrial-linked sectors are simultaneously negative for the first time since 2020.



Source: U.S. Bureau of Labor Statistics, Portland-Vancouver-Hillsboro, OR-WA MSA. November data is preliminary.



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Leasing Market Fundamentals

1Q26

Access the Extended 1Q26 Portland Industrial Report

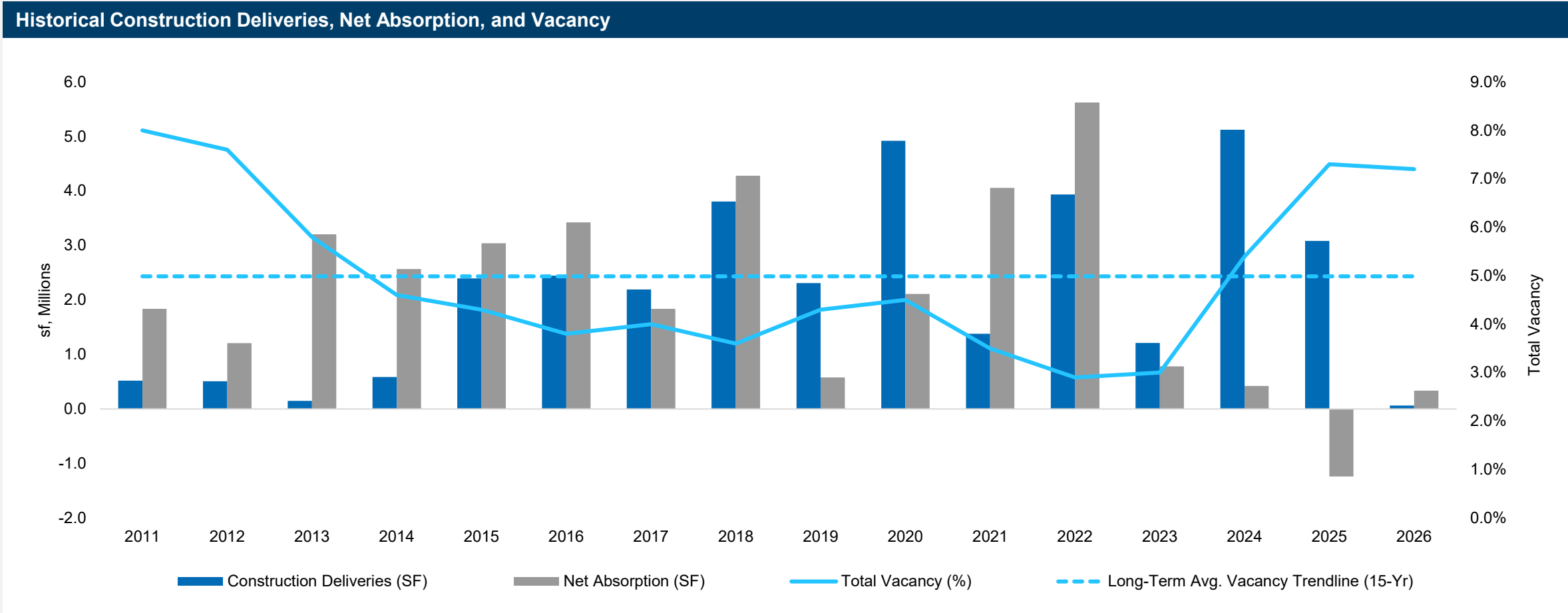
The extended version of this report includes:

- **Data on leasing trends**
 - Sublease data by submarket
 - Preleasing data for new construction projects
- **Market statistics for the overall market and high-level statistics**
- **Vacancy and rent data by submarket**

To access, please reach out to your Newmark contact.

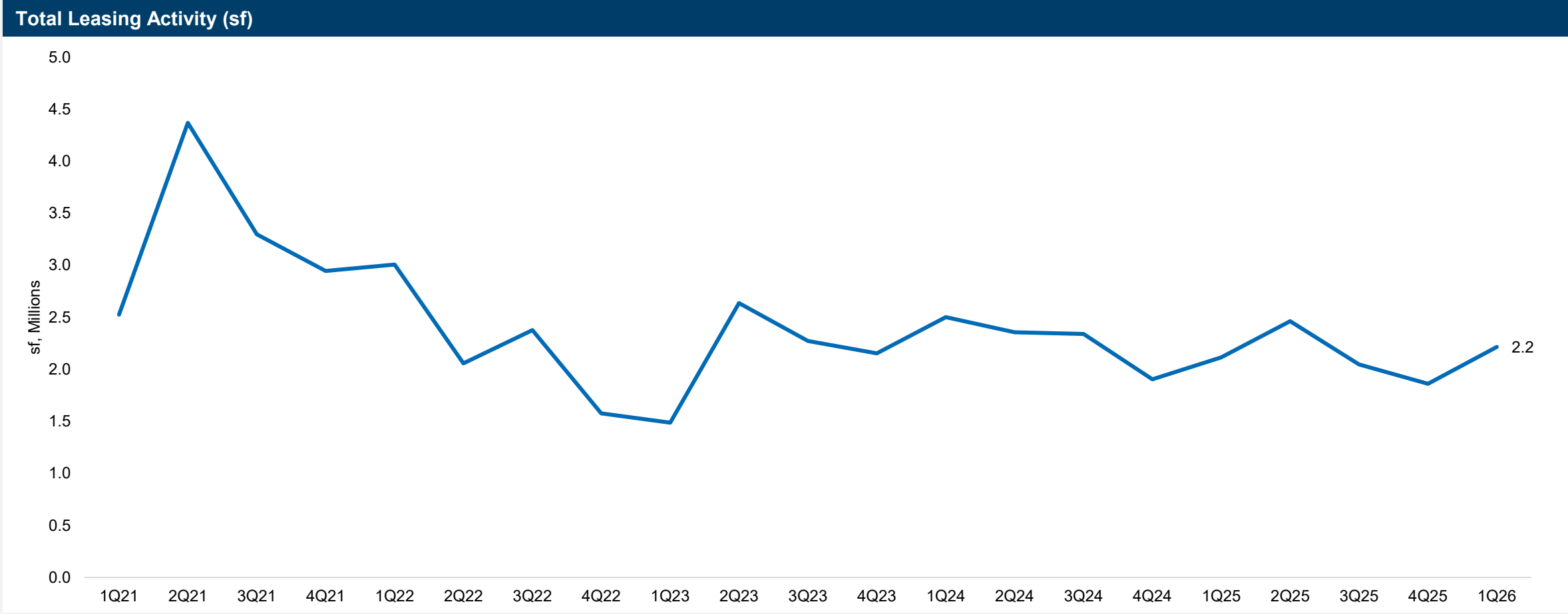
Vacancy Holds Elevated as Market Posts Modest Positive Absorption

Portland industrial vacancy stood at 7.2% in Q1 2026, down from 7.3% in Q4 2025 and up 120 basis points from 6.0% a year ago. Net absorption totaled +337,238 sf in Q1 2026, a positive turn from the prior quarter. Construction deliveries remain elevated, keeping vacancy well above the 15-year average trendline.



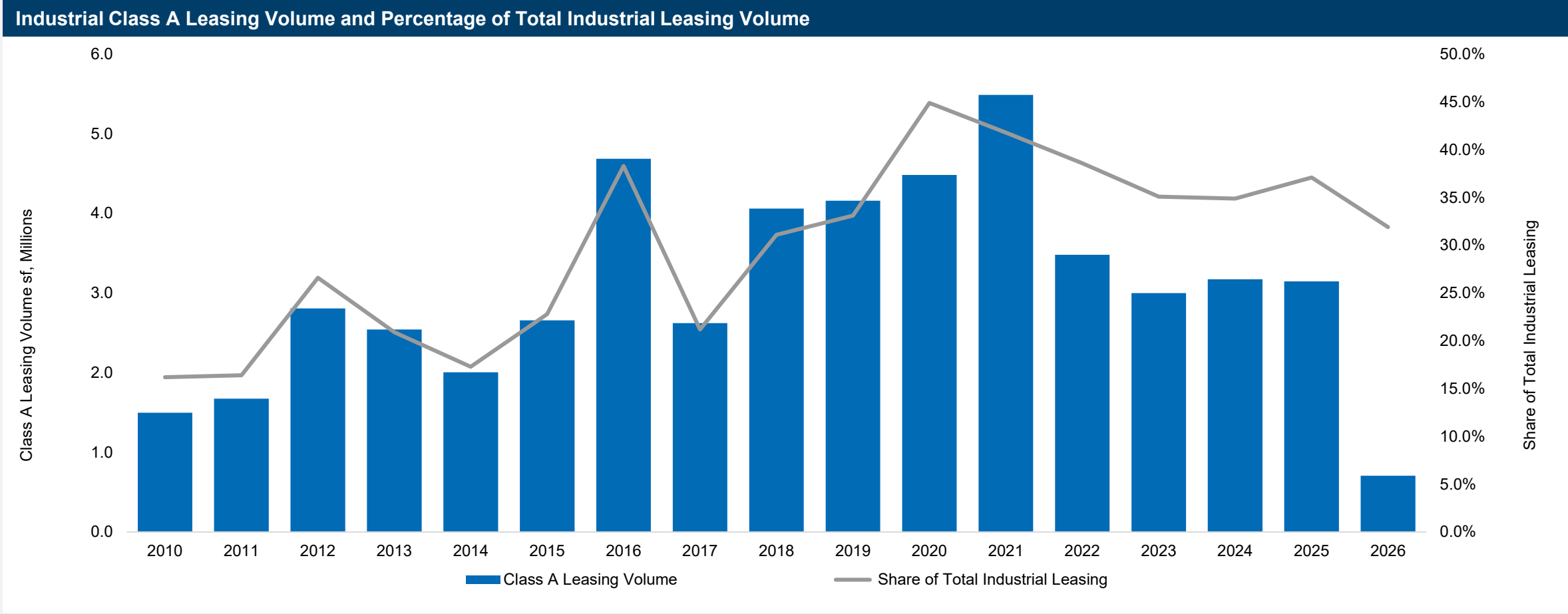
Leasing Improves to 2.2 Million sf After Seasonal Slowdown

Total leasing reached 2.2 million sf in Q1 2026, up from 1.6 million sf in Q4 2025. Q4 has historically been the slowest leasing quarter in the dataset, making the Q1 rebound consistent with the seasonal pattern observed in prior years.



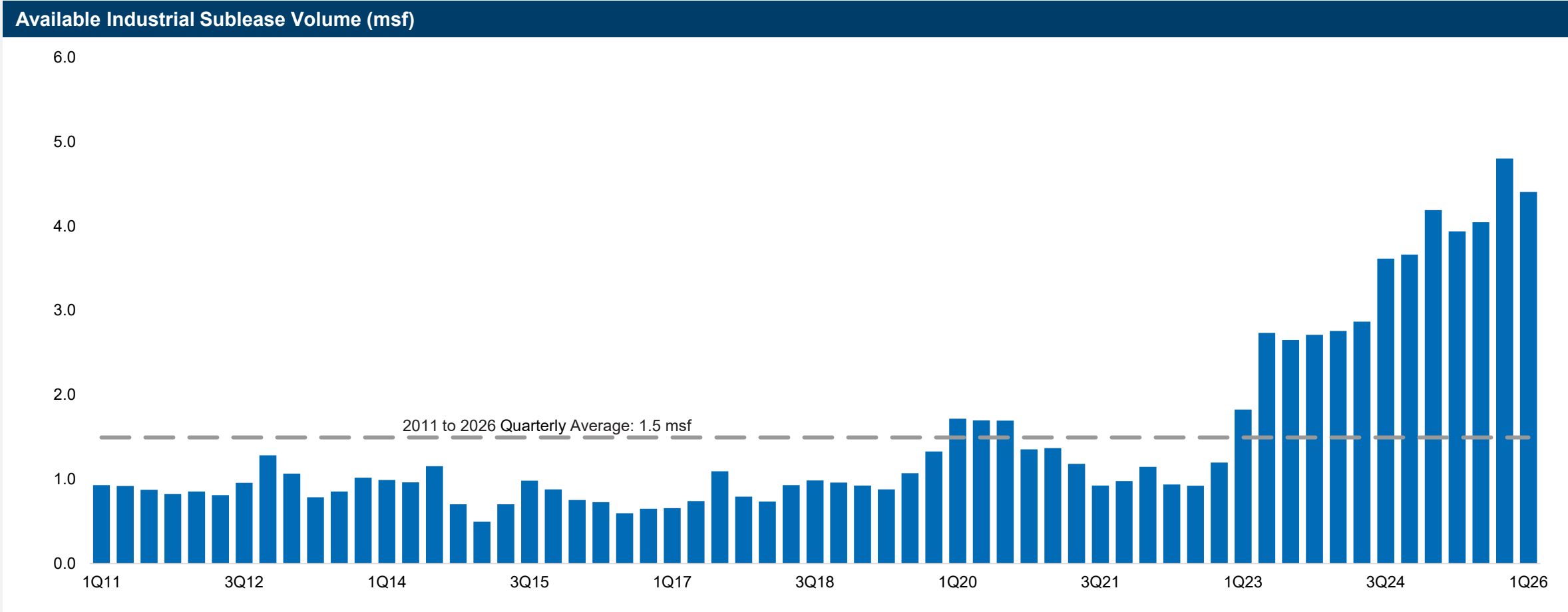
Class A Share Holds Near Five-Year High Despite Softer Overall Volumes

Class A leasing accounted for roughly 30% of total leasing volume in Q1 2026, near the highest share recorded since 2021. In absolute terms, Class A volume was approximately 0.7 million sf in Q1 2026, consistent with recent quarters despite softer overall market conditions.



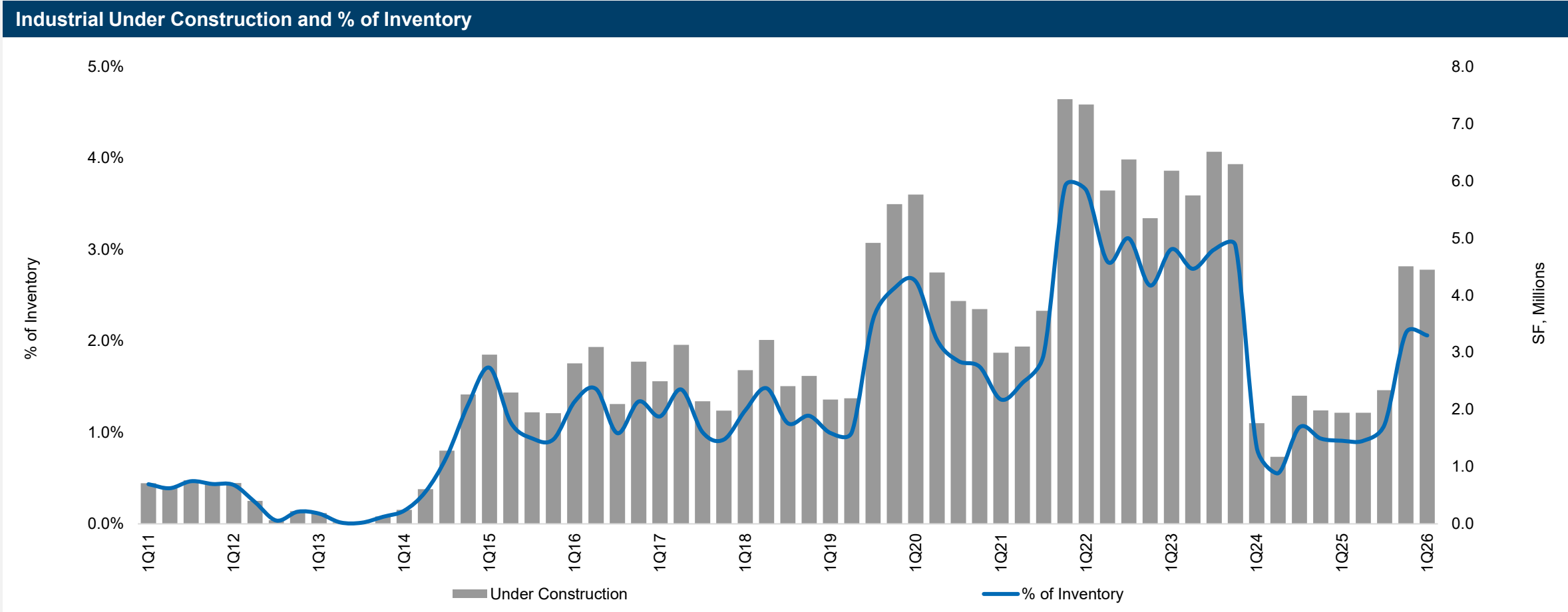
Sublease Inventory Reaches More Than Three Times the Long-Term Average

Available industrial sublease space reached approximately 4.8 million sf in Q1 2026, more than three times the long-term quarterly average of 1.5 million sf. Sublease inventory has risen sharply since 2023 and shows no signs of reversal heading into mid-2026.



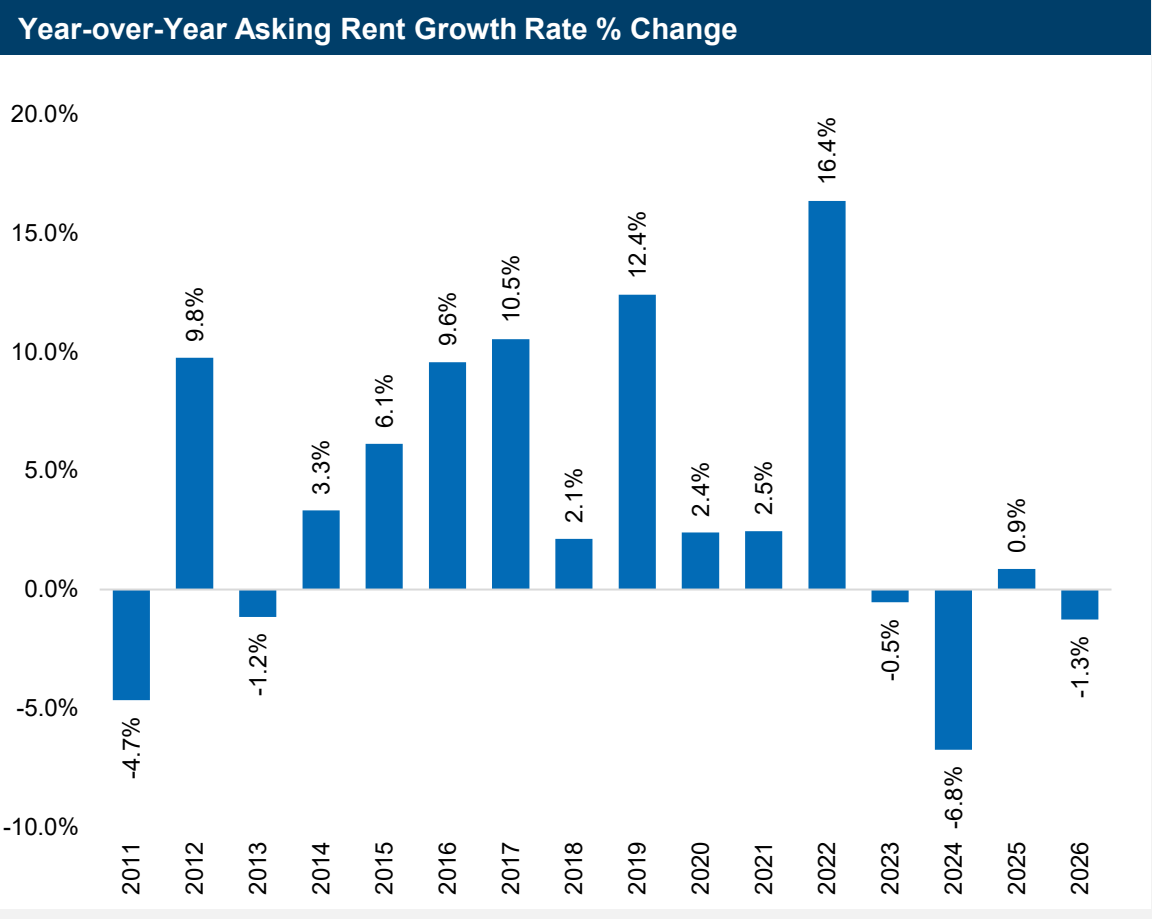
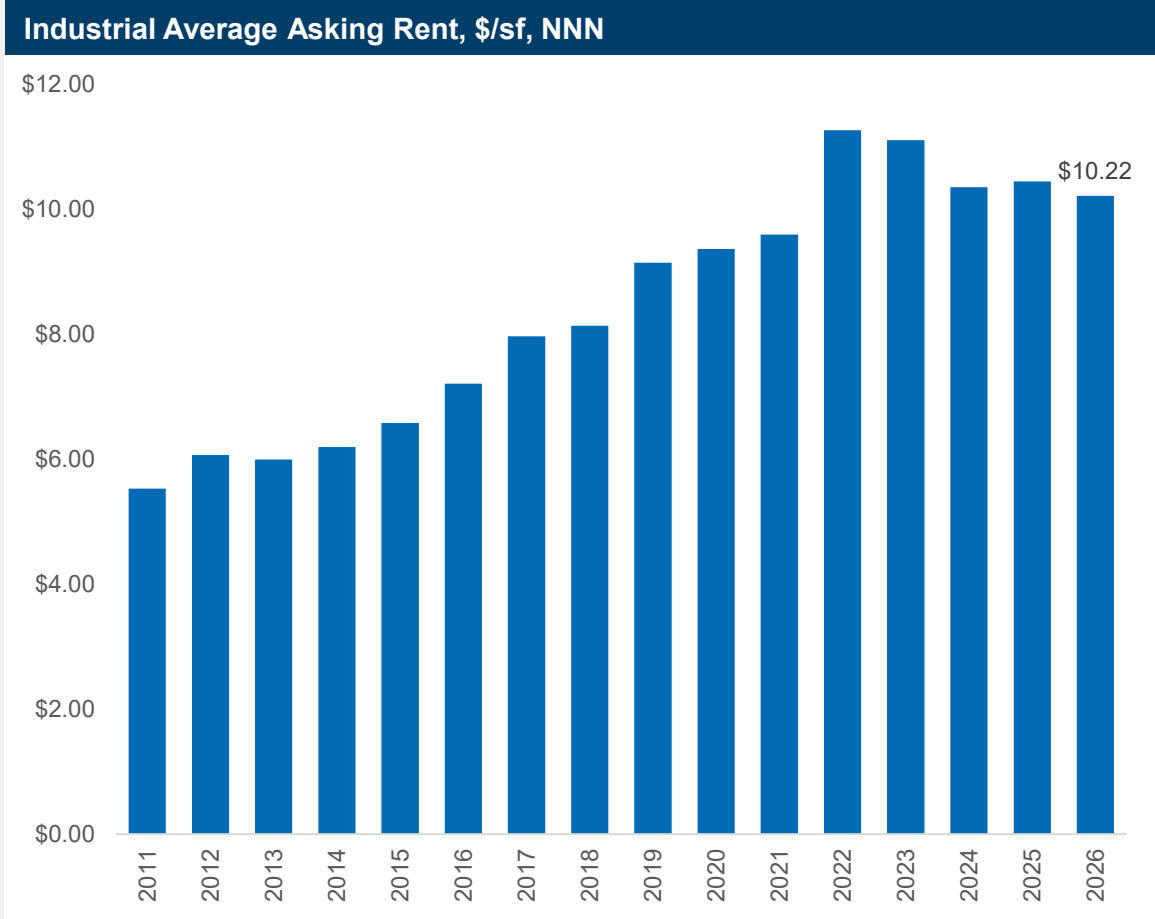
Construction Pipeline Stands at 2.1% of Inventory with Major Projects Underway

Portland's industrial construction pipeline totaled 4.5 million sf in Q1 2026, representing 2.1% of total market inventory. The pipeline is above the level recorded throughout 2024.



Asking Rents Decline to \$10.22/sf, Reversing 2025 Gains

The Portland industrial average asking rent fell to \$10.22/sf NNN in Q1 2026, a -1.3% YOY decrease. This reverses the +0.9% gain recorded in 2025 and marks a return to negative rent growth after a single year of modest recovery.



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Appendix / Tables

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Access the Extended 1Q26 Portland Industrial Report

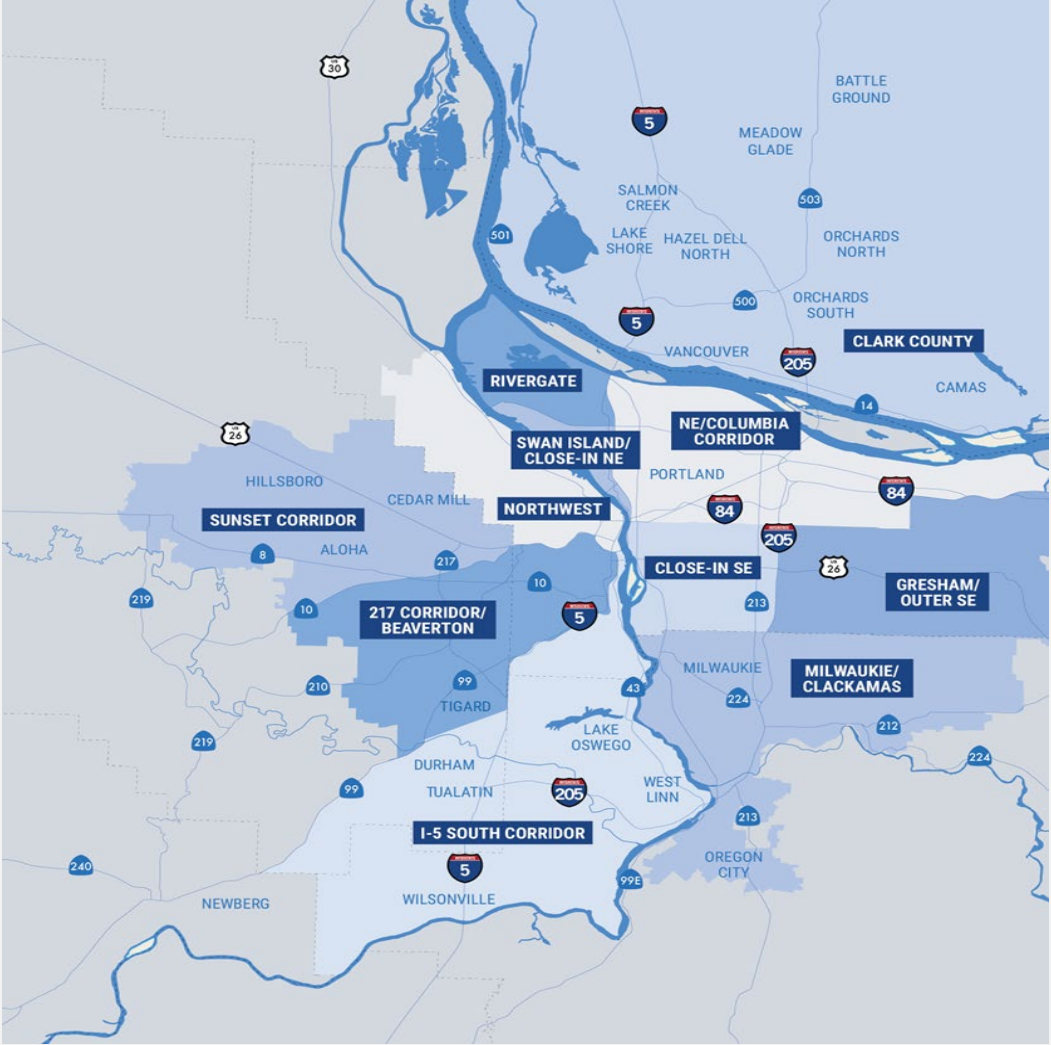
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Portland Submarket Map and High-Level Statistics

Marketwide Statistics 2026 1Q				
	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (sf)	215.7M	215.7M	213.5M	↑
Total Vacancy Rate	7.2%	7.3%	6.0%	↑
Qtr. Net Absp. (sf)	337K	-792K	-71K	↓
Average Asking \$/sf/Mo, NNN	\$10.22	\$10.45	\$10.35	→
Deliveries (sf)	898K	898K	1.1M	↑
Under Const. (sf)	4.5M	4.5M	1.9M	→



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