

MARKET FUNDAMENTALS

	YOY Chg	Outlook
23.9% Vacancy Rate	▲	▲
-627k YTD Net Absorption, SF	▲	▼
\$32.54 Asking Rent, PSF (Overall, All Property Classes)	▼	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M Portland Employment*	▼	▲
5.0% Portland Unemployment Rate*	—	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS

*Q3 2026 figures are based on latest available data

ECONOMY: Labor Market Moderates

Economic conditions in the Portland region moderated during the third quarter of 2026. Total nonfarm employment declined 1.7% to just over 1.2 million jobs, while the Portland unemployment held steady year-over-year – at 5.0%, it remained 80 basis points higher than the national rate of 4.2%. Looking ahead, while employment growth is expected to remain muted, relatively stable labor market conditions should support a gradual recovery in office leasing activity as occupiers gain greater confidence in long-term space planning.

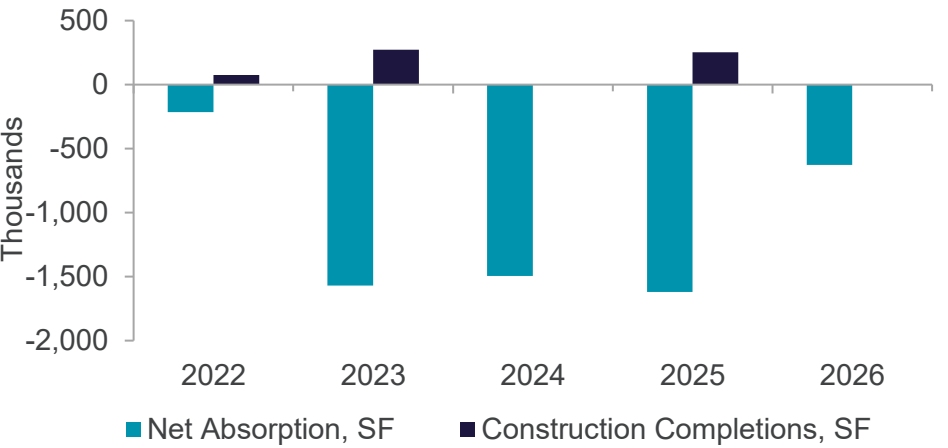
SUPPLY and DEMAND: Market Continues to Rebalance

The Portland office market continued to navigate challenging demand conditions during the third quarter, as occupiers remained selective and continued to prioritize efficiency in their space requirements. Overall vacancy rose to 23.9%, while quarterly net absorption was minimally negative at 21,000 square feet (sf), bringing year-to-date absorption to negative 627,000 sf. Despite ongoing occupancy hurdles, leasing activity remained relatively active with nearly 1.4 million square feet transacted year-to-date. New construction remains effectively absent, with no office space currently under construction, limiting future supply additions and allowing market fundamentals to gradually stabilize as vacant space is naturally absorbed over time.

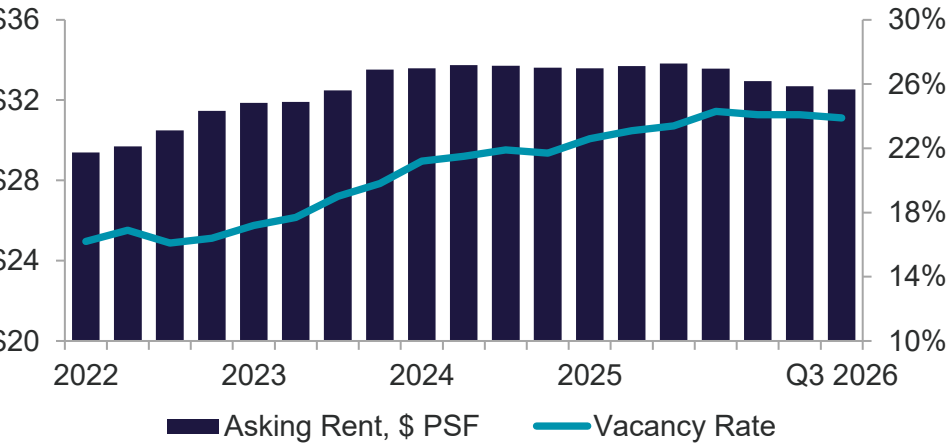
PRICING: Focus on Concession Packages

Average full-service asking rents dropped 3.8% YOY to \$32.54 per square foot (psf), as property owners continued prioritizing occupancy within a highly competitive leasing environment. Rather than significantly reducing quoted rents, many landlords have focused on concession packages including tenant improvement allowances, free rent and flexible lease structures to attract tenants. Premium Class A properties continue to outperform the broader market, with average Class A asking rents reaching \$36.80 psf, reflecting ongoing tenant preference for well-located, amenity-rich buildings that support evolving workplace strategies.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	OVERALL AVAILABILITY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central Core	20,106,375	6,778,104	304,906	35.2%	37.2%	31,781	-261,057	420,727	0	\$32.56	\$36.51
Lloyd District	1,647,739	447,122	0	27.1%	32.9%	0	-14,344	21,139	0	\$36.86	\$37.29
Close-in Northwest	6,405,823	1,836,599	174,438	31.4%	35.0%	-122,317	-166,885	84,902	0	\$35.22	\$38.76
Close-in Eastside	3,410,847	748,236	4,478	22.1%	25.4%	-8,542	-61,636	66,704	0	\$33.53	\$45.71
CBD	31,570,784	9,810,061	483,822	32.6%	35.3%	-99,078	-503,922	593,472	0	\$33.32	\$37.34
Johns Landing	1,438,489	170,212	19,192	13.2%	15.3%	7,176	23,920	36,300	0	\$32.28	\$36.40
Barbur Boulevard	648,709	54,394	0	8.4%	8.4%	0	-6,941	4,121	0	\$19.47	N/A
Wilsonville	603,831	134,563	0	22.3%	20.6%*	-10,000	-8,922	13,166	0	\$26.00	N/A
Tualatin	1,018,928	203,932	10,065	21.0%	19.2%*	180	-5,425	42,215	0	\$26.66	\$27.00
Lake Oswego/Kruse Way	3,142,871	562,767	32,283	18.9%	17.9%*	27,224	17,794	126,340	0	\$41.66	\$42.91
Tigard/I-5/Highway 217	2,456,105	208,254	48,801	10.5%	12.3%	4,226	-27,579	57,284	0	\$31.83	\$35.63
Washington Square	2,564,653	514,560	0	20.1%	20.1%	10,490	-32,561	43,283	0	\$32.44	\$34.19
Beaverton/Beaverton Hillsdale	1,413,573	127,244	0	9.0%	9.3%	4,528	-25,371	19,396	0	\$21.85	\$35.00
Cedar Hills/Sylvan	1,244,146	120,150	5,366	10.1%	10.4%	3,347	18,814	16,360	0	\$29.57	\$44.90
Sunset Corridor	4,505,146	679,681	141,887	18.2%	20.3%	13,241	249	48,534	0	\$27.07	\$28.43
PORTLAND WEST	19,036,451	2,775,757	257,594	15.9%	19.1%	60,412	-46,022	406,999	0	\$31.74	\$36.38
Airport/Columbia Corridor	1,262,679	192,692	18,895	16.8%	18.4%	-3,545	-32,106	22,957	0	\$26.40	\$29.77
Mall 205/122nd/Gresham	627,460	44,246	0	7.1%	7.1%	0	-7,290	22,161	0	\$18.26	N/A
Sunnyside/Clackamas	979,285	71,176	1,980	7.5%	8.1%	14,919	22,072	39,952	0	\$26.47	\$30.42
Milwaukie/Oregon City	451,580	7,309	0	1.6%	1.6%	0	-1,291	0	0	\$23.19	N/A
PORTLAND EAST	3,321,004	315,423	20,875	10.1%	14.0%	11,374	-18,615	85,070	0	\$25.22	\$29.85
Downtown Vancouver	3,022,986	111,264	207,192	10.5%	7.1%*	-2,391	-51,879	220,606	0	\$27.34	\$30.42
Suburban Vancouver	2,745,927	271,786	26,572	10.9%	10.6%	8,636	-6,899	82,929	0	\$26.69	\$27.45
VANCOUVER	5,768,913	383,050	233,764	10.7%	8.7%*	6,245	-58,778	303,535	0	\$26.91	\$28.97
PORTLAND TOTALS	59,697,152	13,284,291	996,055	23.9%	25.4%	-21,047	-627,337	1,389,076	0	\$32.54	\$36.80

*Rental rates reflect full service asking

**Due to some spaces being marked as “vacant, not available”, the availability for certain submarkets fall below vacancy numbers

KEY LEASE TRANSACTIONS Q3 2026

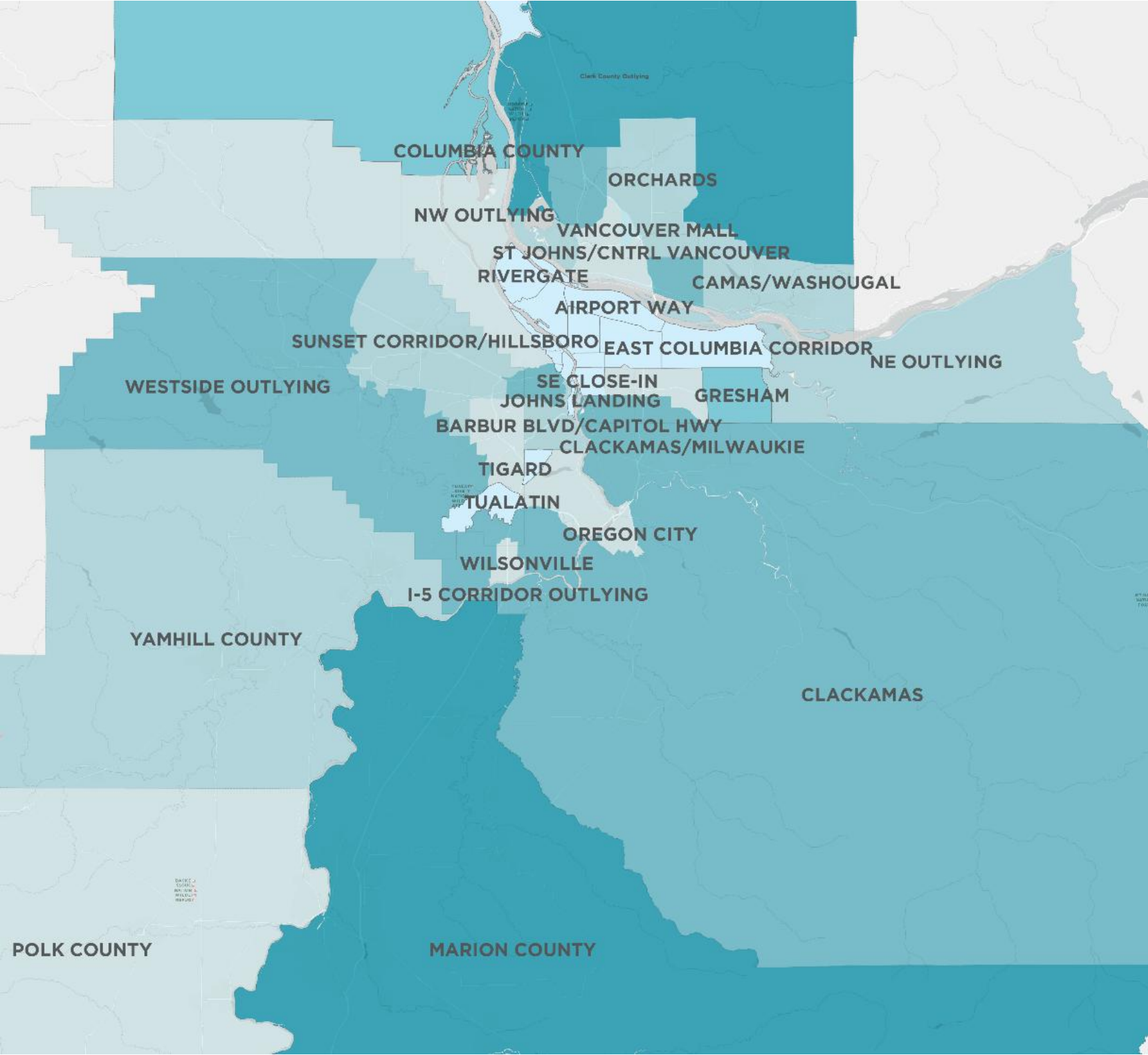
PROPERTY	SUBMARKET	TENANT	SF	TYPE
Kruse Oaks I	Lake Oswego/Kruse Way	Milestone Systems	24,945	Renewal***
Johns Landing (5550 S Macadam)	Johns Landing	Sightline Intelligence	15,246	Renewal***
Two Centerpointe Dr	Lake Oswego/Kruse Way	Kernutt Stokes	11,592	Sublease

***Renewals are not tracked in Statistics

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Kruse Woods – 4949 Meadows	Lake Oswego/Kruse Way	Meadows Road LLC / Richarz Family Trust	125,522	\$4.0M / \$32
Mohawk Bldg	Central Core	Alterman & Runstein LLP / Healthpeak Properties	71,568	\$2.9M / \$40
11000 SW Stratus St	Washington Square	Meriwether Partners / The Oregon Clinic	63,992	\$17.3M / \$270
Jackson Tower	Central Core	LaeRoc Partners / Hadi Nouredine	53,774	\$3.3M / \$60

OFFICE SUBMARKETS



BRIAN CAGAYAT
Research Manager – Pacific Northwest
Tel: +1 206 521 0296
brian.cagayat@cushwake.com

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