Hancock REAL ESTATE

MID-VALLEY MARKET UPDATE

First Quarter 2026

LEASE TRENDS

	Market Asking Rent Per SF		Vacancy Rate	
	Current	12 mo. growth	Current	Historical average
Industrial	$0.81	0%	4.9%	6%
Office	$2.08	0.3%	4.6%	5%
Retail	$1.55	0.7%	3.9%	3.8%

SALE TRENDS

	Market Sale Price Per SF		Sales Volume Past 12 mo.	
	Current	Avg Cap Rate	Current	Vacancy at sale
Industrial	$109	6%	55	8.6%
Office	$187	10.1%	60	2.5%
Retail	$187	6.8%	139	6.1%

Commercial real estate continues its recalibration as we move into Q2 2026. While higher-for-longer interest rates and ongoing geopolitical uncertainty still shape capital markets and underwriting, the market is demonstrating more consistent signs of stabilization. Pricing expectations continue to align, transaction activity is gradually improving, and market participants are increasingly confident operating within the current environment.

Deals are advancing where fundamentals support them, with motivated buyers and sellers finding common ground. For those positioned to act strategically, the current market offers opportunities to reposition assets, secure well-located space, and plan for the next phase of the cycle. As always, your needs may extend beyond the scope of this report, and we welcome the opportunity to discuss how we can support your investment objectives, asset strategies, and long-term space planning.

INDUSTRIAL

The Willamette Valley's industrial vacancy rate is 4.9%, compared to the market's 5-year average of 5% and the 10-year average of 4.1%. There is currently 2.5M SF listed as available, with 340,000 SF under construction as of 2Q26. Rents have been flat year over year, compared to a 1.2% increase nationally. The current local market cap rate is estimated at 7.4%, while the national average is 7.3%.

OFFICE

The Salem office market has a vacancy rate of 4.6%, which is just below the 5-year average. There is currently 670,000 SF of office space listed as available on the market with 3,200 SF under construction as of April '26. In comparison, the market has averaged 22,000 SF annual new construction inventory over the past 10 years. Asking rents have increased 0.3% annually and average $2.08/SF. The average office cap rate over the last 12 months was 10%.

RETAIL

The local retail market has a vacancy rate of 3.9%, compared to the five-year average of 2.9%. There is currently 910,000 SF of space listed as available with 3,800 SF of retail space under construction as of April. Rents have changed 0.7% compared to a national change of 2%. Over the past year, 122 retail properties traded hands in Salem, made up of $77.54M. The Willamette Valley is well poised for revitalization based on the strong population and employment base.

To read the full market reports, contact team@hancockre.com.

CoStar™ LoopNet™ *Research data and some language used in our market update reports come from CoStar and Loopnet.*

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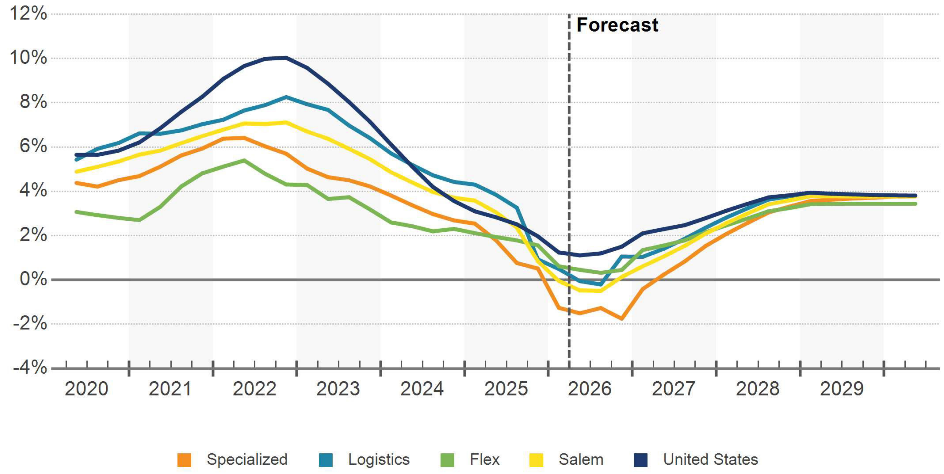
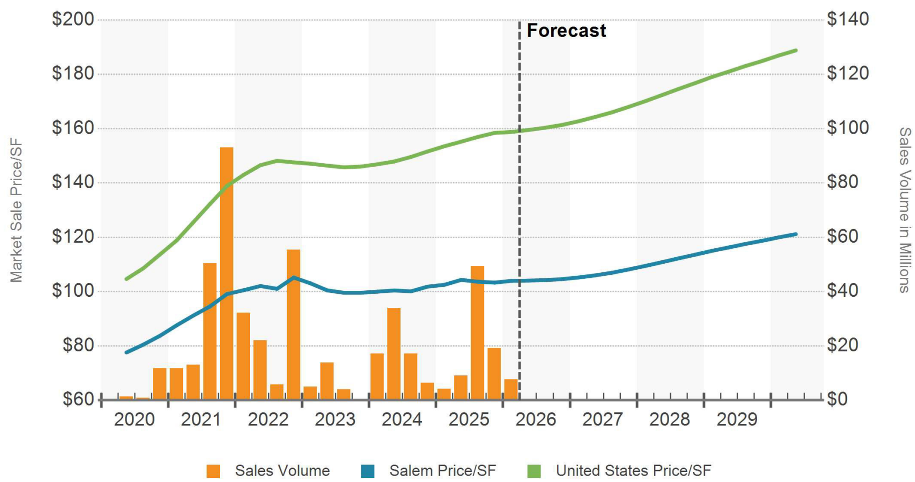
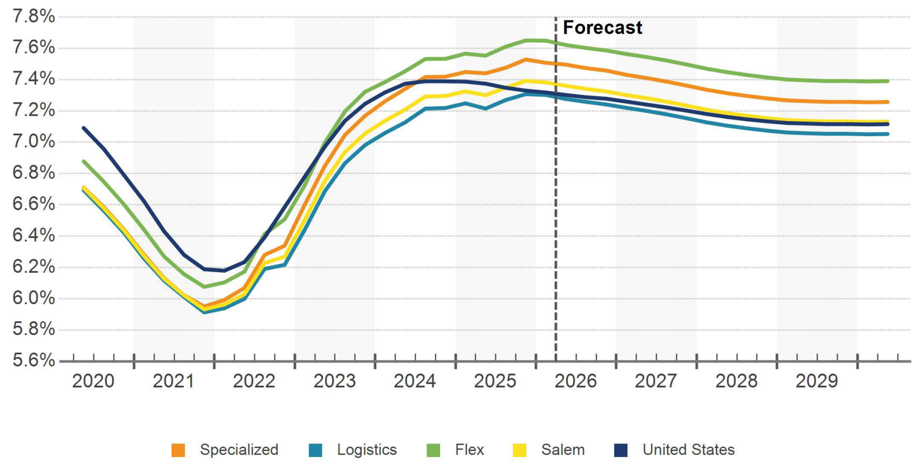
Market Asking Rent Growth (YOY)



Sales Volume and Market Sale Price PSF

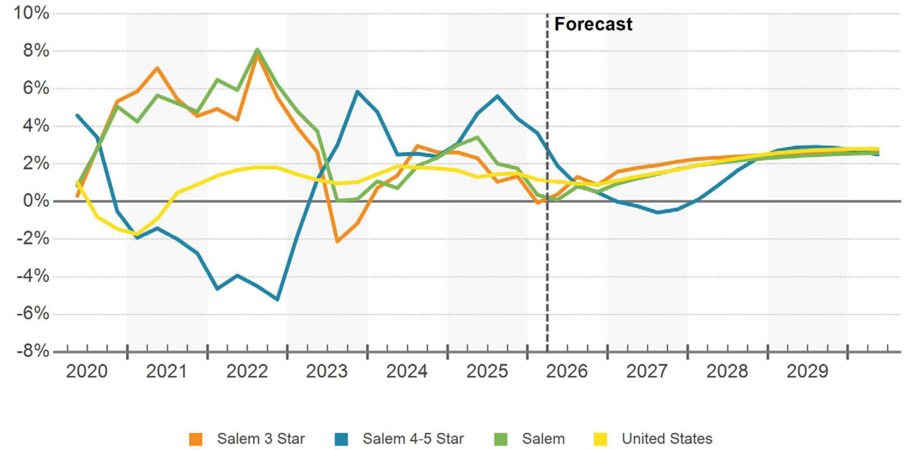


Market Cap Rate

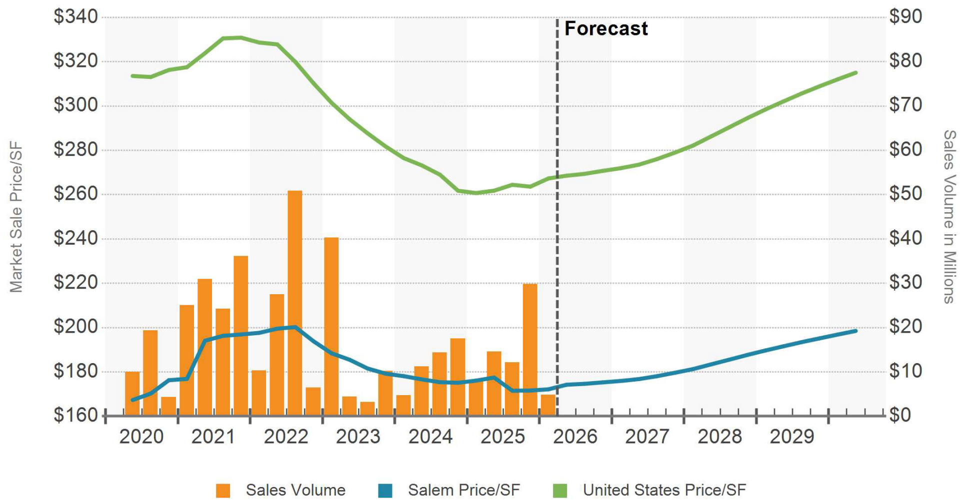


SALEM OFFICE

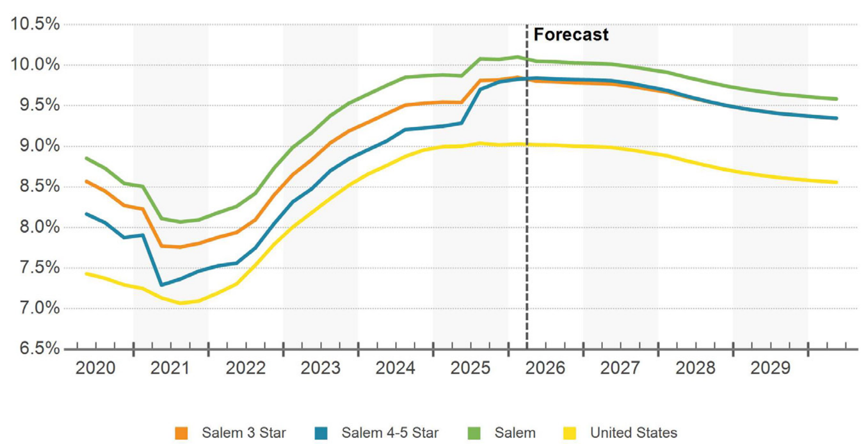
Market Asking Rent Growth (YOY)



Sales Volume and Market Sale Price PSF

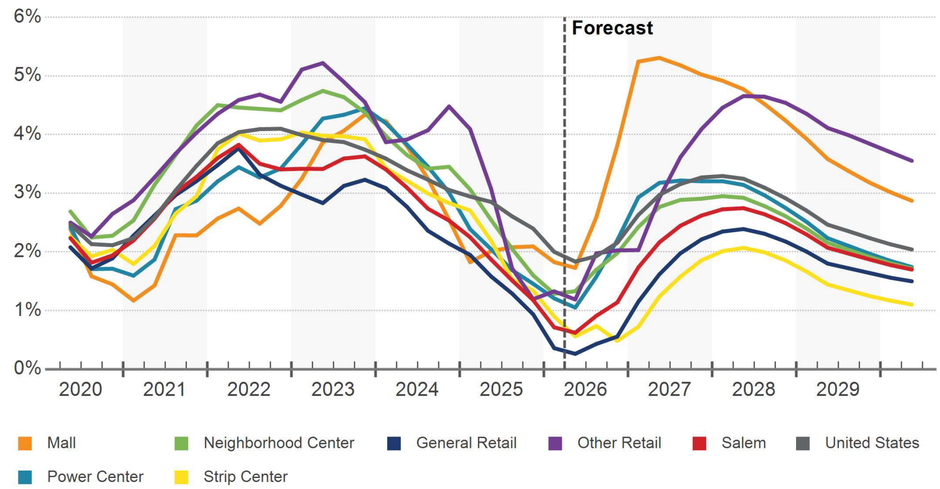


Market Cap Rate

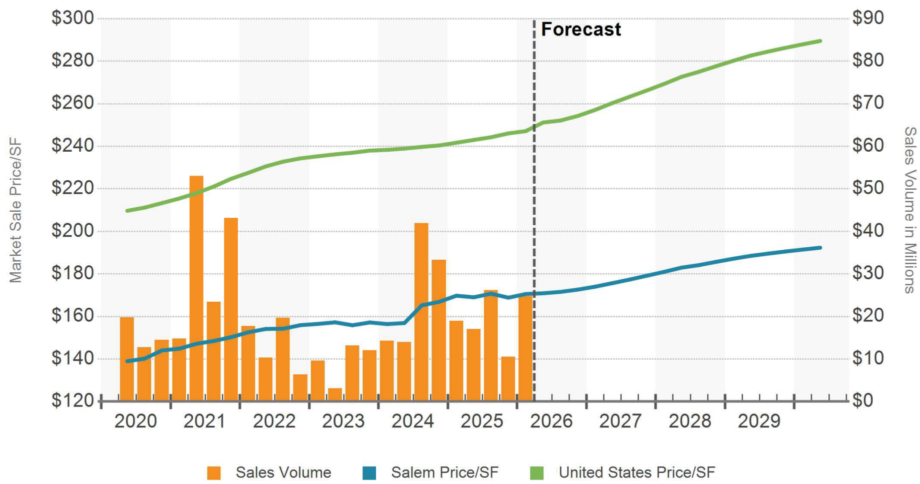


SALEM RETAIL

Market Asking Rent Growth (YOY)



Sales Volume and Market Sale Price PSF



Market Cap Rate