CENTER FOR
REAL ESTATE
PORTLAND STATE UNIVERSITY

INDUSTRY PANEL RECAP | MARKET SENTIMENT

The Pulse of the City: Why You Need to Care About Commercial Real Estate

What do the numbers actually mean for the future of the Portland metro area? To find out, the PSU Center for Real Estate gathered a panel of local industry insiders to break down our inaugural 2026 sentiment survey. Featuring experts from NAI Elliott, Killian Pacific, and Oakleaf redevelopment, the panel translated the data into real-world insights for our community.

270 commercial real estate professionals surveyed	**Winter 2026** survey fieldwork period	**1st** inaugural edition of the survey

Every day, you pass downtown offices, neighborhood cafes, warehouses, apartment buildings and shopping centers without giving them a second thought. To most of us, commercial real estate is just the background scenery of our daily lives; a collection of glass, steel, and concrete owned by faceless corporations. But look closer, and you'll see that these buildings are actually the beating heart of our communities.

When a downtown office tower sits empty, it isn't just a headache for the landlord, but a direct threat to the funding for your local public schools, the safety of your streets, and the survival of your favorite neighborhood coffee shop. To understand the future of our city, region, and even your own wallet, you have to understand the forces shaping the walls around us.

The first edition of the commercial real estate sentiment survey by the PSU Center for Real Estate and an industry expert panel provides insights into these forces. The survey of 270 mostly seasoned commercial real estate professionals was conducted in Winter 2026, captures perceptions of current market conditions and serves as a starting point for engaging different stakeholders. The following presents more insights into these forces, the survey results, expert comments, and why this matters to you.

MARKET ASPECT · 01

Capital Markets

How it works: Just like homebuyers, commercial real estate developers and investors rely on a mix of loans (debt) and their own capital (equity) to fund their projects. Because these projects are so expensive, local developers and investors must pitch outside investors to help pool the necessary cash, promising them an appropriate return to compete with other investment options. Before anyone cuts a check, however, banks and outside investors meticulously calculate the risk. The riskier a project seems, the higher the interest rates and returns they demand. When capital costs spike too high, the financial math behind a development or investment project falls apart, and the entire project gets canceled.

Why you should care: If a property owner can't borrow money to fix up an older building, tenants will leave, the property will deteriorate, and the neighborhood loses a vibrant space.

If out-of-state investors lose interest in Portland, local developers are left with fewer places to turn for equity funding. On the other hand, when outside investors compete to bring their money here, that high demand works in Portland's favor. It creates a bidding war, allowing local developers to raise cash more cheaply and on better terms, ultimately making it easier to jumpstart new development projects. This is why attracting outside investment matters.

What the experts say: The vast majority of survey respondents reported that getting a bank loan to build or buy properties is currently difficult or somewhat difficult (83% and 69% respectively). Geographically, it is easier to secure these loans in Clark, Washington, and Clackamas County than it is in Multnomah County. Meanwhile, when it comes to attracting outside investor cash, about 82% of respondents describe out-of-state interest in the Portland metro area as low to very low.

83%
say loans to build are difficult or somewhat difficult

69%
say loans to buy are difficult or somewhat difficult

82%
call out-of-state investor interest low to very low

Neal Swanson of NAI Elliott put this into perspective with a simple rule: money always flows toward low risk and high returns. By that logic, the downhearted mood captured in the survey isn't necessarily a final verdict on our region. It is just a math problem that doesn't add up yet for many investors. To get things moving again, Portland needs to find ways to lower the perceived risks of doing business here and increase the potential rewards until outside investors are willing to jump back in.

Right now, when national investors look at Portland, they are heavily influenced by negative headlines, which forces our region to work twice as hard to compete for their dollars. Ultimately, Swanson notes that this survey is just a baseline meant to track how our local economy shifts over the next several years, rather than a single year's final judgment.

> *"Money always flows toward low risk and high returns."*
> **Neal Swanson** · NAI Elliott

MARKET ASPECT · 02

Real Estate Development

How it works: It is a myth that developers just buy land, pour concrete, and pocket a massive profit. In reality, building a property is less like a simple construction project and more like conducting a massive symphony orchestra where half the musicians are reading from different sheet music, the instruments keep changing price mid-song, and the audience gets to vote every five minutes on whether the concert should be canceled. The price of admission for this chaotic show is incredibly steep, driven not just by the fluctuating costs of land, labor, capital, and materials, but also by months or years of tangled bureaucratic paperwork and permitting. To make matters tougher, developers can't touch a dime of bank loan money until construction actually begins. That means they must spend years burning through their own upfront capital just to get to the starting line. And it will be years more before the building opens, tenants move in, and the project finally sees its first dollar of profit.

Why you should care: Think of development as the physical evolution of our city. When commercial real estate development stalls, the city stops growing to meet the changing needs of its people. It starts a damaging chain reaction: when development slows, housing supply freezes, instantly driving up rents for everyday residents. These increased living costs then deter new companies from moving to our city, starving the local economy of fresh jobs. Ultimately, this economic stagnation starves the city of the tax revenues needed to fund public schools, maintain parks, and support the local small businesses that give our neighborhoods their character.

What the experts say: The majority of survey respondents (60%) consider development conditions in Portland to be poor, no matter the property type. Geographically, these hurdles are felt most acutely in Multnomah County, which ranked worse than the other three metro counties.

Underneath all the talk about tight bank loans and missing cash, the experts kept returning to one simple truth: you can't build a thriving city without traded-sector job growth. Buildings don't just appear because developers want to build; they appear because growing companies need space for new employees and residents need housing. Right now, Portland's economic engine is idling, and much of our region's recent job growth has actually leaked across the river into Southwest Washington. The panel's message was loud and clear: if we want to see cranes in the sky, more housing built, and neighborhoods revitalized, we have to attract businesses that want to hire.

Robert Pile of Oakleaf reDevelopment pointed out that since the pandemic, Portland has bounced back much slower than peer cities like Seattle and San Francisco. Because of this, outside investors are grilling local developers about our job numbers before they even consider funding a project here. To an investor, employment data isn't just a boring statistic. It is a crystal ball that tells them whether a city will have tenants in the future. As Pile put it, focusing on economic growth and job creation fixes almost everything else. The problem is it doesn't feel like our local leadership has a coordinated, clear, and concrete plan to make that happen yet.

> *"Focusing on economic growth and job creation fixes almost everything else."*
>
> **Robert Pile** · Oakleaf reDevelopment

MARKET ASPECT · 03

Real Estate Investment

How it works: You might not own a downtown office tower, but your retirement fund likely does. Pension funds are some of the biggest real estate buyers, investing your money in large properties for three reasons: to earn steady income from rent, to protect your savings from losing value as everyday prices rise, and to avoid putting all your retirement eggs in the stock market basket. When evaluating a new property or city, these funds look far beyond the building itself and carefully weigh local economic health, job growth, and population trends to protect their investments and your financial future.

Why you should care: When investment conditions sour and commercial real estate buyers pull back from a city, the lack of demand causes commercial property prices to plummet. This drop in value quickly triggers a direct financial squeeze on everyday residents by shifting the burden of funding the city. Local governments rely heavily on the massive property taxes paid by commercial property owners to fund essential public services like schools, parks, road repairs, and emergency responders. If a skyscraper's market value drops by half, the property taxes paid also drop, leaving a massive hole in the city budget. Because the fixed costs of running a city do not disappear, everyday citizens are ultimately left to pick up the tab, for example, through budget cuts to their neighborhood services or higher property taxes levied on local homeowners.

What the experts say: A staggering 78% of local real estate insiders rate investment conditions in the region as either poor or fair, with Multnomah County facing the toughest road ahead compared to its neighboring counties.

78%
rate investment conditions poor or fair

73%
describe the market as essentially frozen

53%
recommend holding rather than buying or selling

Portland is also facing a serious "liquidity" crisis, meaning properties have become incredibly difficult and slow to sell. In fact, 73% of survey respondents describe the market as essentially frozen. When a market loses its liquidity, property owners become trapped; they cannot quickly convert their buildings into cash without taking a devastating financial loss. This "locked" cash in a building can't be converted into developing a new project or renovating an old building and a community's health declines.

Because of this, the majority of respondents (53%) recommend a strategy of simply doing nothing: holding onto properties rather than buying or selling. Put simply, many owners currently owe more on their mortgages than their buildings are actually worth. Instead of selling at a massive loss, they are hunkered down, keeping their keys, and waiting for property values to rise again.

The root cause of this gridlock is a severe lack of buyer demand. **Kevin Clark of Killian Pacific** points out that this is in part driven by an image problem. When out-of-state investors look at Portland, they often only see negative national headlines. These bad narratives make Portland an incredibly "hard sell" to corporate boards, scaring away the outside cash needed to get the market moving again, even when the actual financial fundamentals of a specific local building are sound.

> *“These bad narratives make Portland an incredibly ‘hard sell’ to corporate boards.”*
> **Kevin Clark** · Killian Pacific

THE BIG PICTURE

Portland’s Opportunities and Challenges

When asked what Portland still has going for it, local real estate insiders pointed to the region’s access to the outdoors, a highly educated workforce and demographics. However, those strengths are being heavily weighed down by three major hurdles: the local tax structure, the political climate, and public safety.

WHAT PORTLAND HAS GOING FOR IT	WHAT'S WEIGHING IT DOWN
— Access to the outdoors	— The local tax structure
— A highly educated workforce	— The political climate
— Strong demographics	— Public safety

In fact, these challenges have allowed Vancouver, Washington, to emerge as a fierce competitor for investment. **Neal Swanson of NAI Elliott** warned against dismissing our neighbor to the north, drawing a historical parallel: people used to doubt that Bellevue could ever rival Seattle, yet Bellevue is now a massive economic powerhouse. The lesson for Portland is clear: competitive shifts happen much faster than cities expect.

Rather than viewing Vancouver’s rise as a threat to fight against, the panel argued for a shift in perspective. Instead of local cities bickering over boundaries, the goal should be regional teamwork and pooling the unique strengths of the entire metropolitan area.

A major roadblock to this vision is the disconnect between the public sector (city planners and policy makers) and the private sector (developers and investors). **Julia Freybote of PSU’s School of Business/Center for Real Estate** noted that while both sides want a thriving, beautiful city, they are speaking completely different languages. Public officials often misunderstand or outright distrust how market realities and investor motivations work. Until city leaders and the private sector get on the same page, the coordinated action needed to fix Portland’s economy will remain stalled.

Guy Benn with TriMet in the audience highlighted this exact disconnect using public transit as an example: the riders who still haven’t returned to the transit in numbers are the daily commuters, and one driving force behind their absence is the perceived higher post-pandemic safety risks of bus and light rail travel, even though the statistical likelihood of serious injury through a car accident remains much higher.

If the panel agreed on one final takeaway, it was that Portland needs to stop playing policy “whack-a-mole.” Much of the city’s current energy is diverted to temporary, short-term band-aids that consume time and tax dollars without fixing the root problems. To truly recover, the region must focus on the long-term structural fixes such as lowering the risks of doing business, boosting job growth, and restoring public safety.

> *“Portland needs to stop playing policy ‘whack-a-mole.’”*
> **The 2026 sentiment panel** · PSU Center for Real Estate

Jobs are the lifeblood of any thriving community; when businesses grow, they don’t just fill office and apartment buildings, they create the steady income families spend at local restaurants, grocery stores, and neighborhood shops. Ultimately, fixing these root issues to bring back jobs is the only way to protect the city’s tax base, ensuring that everyday residents aren’t stuck paying higher bills out of their own pockets for deteriorating neighborhoods and diminished public services.

Panelists: Dr. Julia Freybote (PSU Center for Real Estate/School of Business, MSRE Academic Director), Neal Swanson (NAI Elliott), Robert Pile (Oakleaf redevelopment) and Kevin Clark (Killian Pacific), with comments from the audience. Hosted by the PSU Center for Real Estate.