2026 Greater Portland Office Market Survey

Mid-Year Update

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Survey period: Because a Year-End 2025 survey was not produced, this edition compares Mid-Year 2026 directly to Year-End 2024. All change, absorption, and vacancy figures below therefore reflect an approximately 18-month period rather than a single year.

OUTLOOK

For the first time since the pandemic, the Greater Portland office market showed signs of stabilizing rather than sliding. Overall vacancy improved to **13.11%** at Mid-Year 2026, down from 14.09% at Year-End 2024, and the weighted average asking rate held essentially flat at **$20.32/PSF**. Beneath that steady top-line number, however, the two halves of the market moved in opposite directions. The Suburban market staged a real recovery — posting roughly 168,000 SF of positive net absorption over the period — while Downtown gave back nearly the same amount, leaving the region close to break-even on net occupancy.

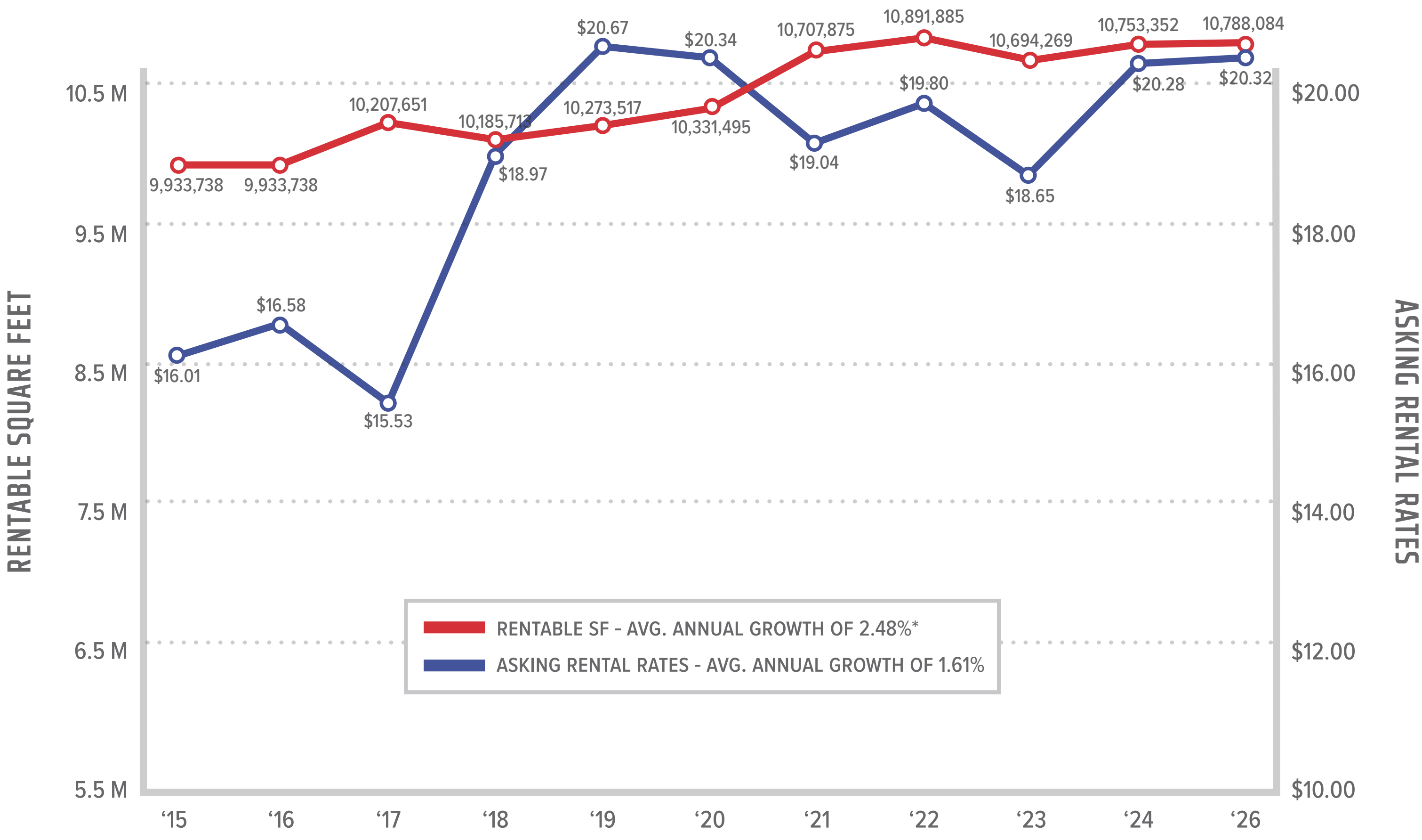
The recovery was led by owner-users rather than investors or expanding tenants. Companies continued to buy buildings to occupy themselves pulling large blocks of space off the availability rolls in the process. Leasing demand remained dominated by smaller local tenants renewing or relocating into comparable footprints, while several national and regional users continued to shed or sublease space.

The other persistent theme was conversion. More than 250,000 SF of Class B Downtown office has now been removed for residential, hospitality, or retail reuse, and that pipeline kept growing this period with 50 Monument Square, 482 Congress Street, 54 York Street, and 531–541 Congress Street all moving toward residential use. Construction and labor costs remained elevated, keeping new development and large-scale repositioning on the sidelines and reinforcing landlords' reliance on free rent and tenant improvement allowances over headline rate cuts.

SIGNIFICANT TRANSACTIONS

COMPANY	SQUARE FOOTAGE	TYPE	LOCATION
Norman Hanson & DeTroy, LLC	26,565 SF	Renewal	220 Middle Street, Portland
Spurwink Service, Inc.	19,405 SF	New Lease	6 Ashley Drive, Scarborough
Fisher & Phillips, LLP	12,670 SF	New Lease	One Monument Square, Portland
Avangrid Management Company, LLC	16,462 SF	Renewal	One City Center, Portland
Drummond Woodsum & MacMahon	52,224 SF	New Lease	68 Marginal Way, Portland
R.M. Davis	24,185 SF	New Lease	One Portland Square, Portland

GREATER PORTLAND OFFICE MARKET
GROWTH TRENDS : RENTABLE SF/ASKING RENTAL RATES



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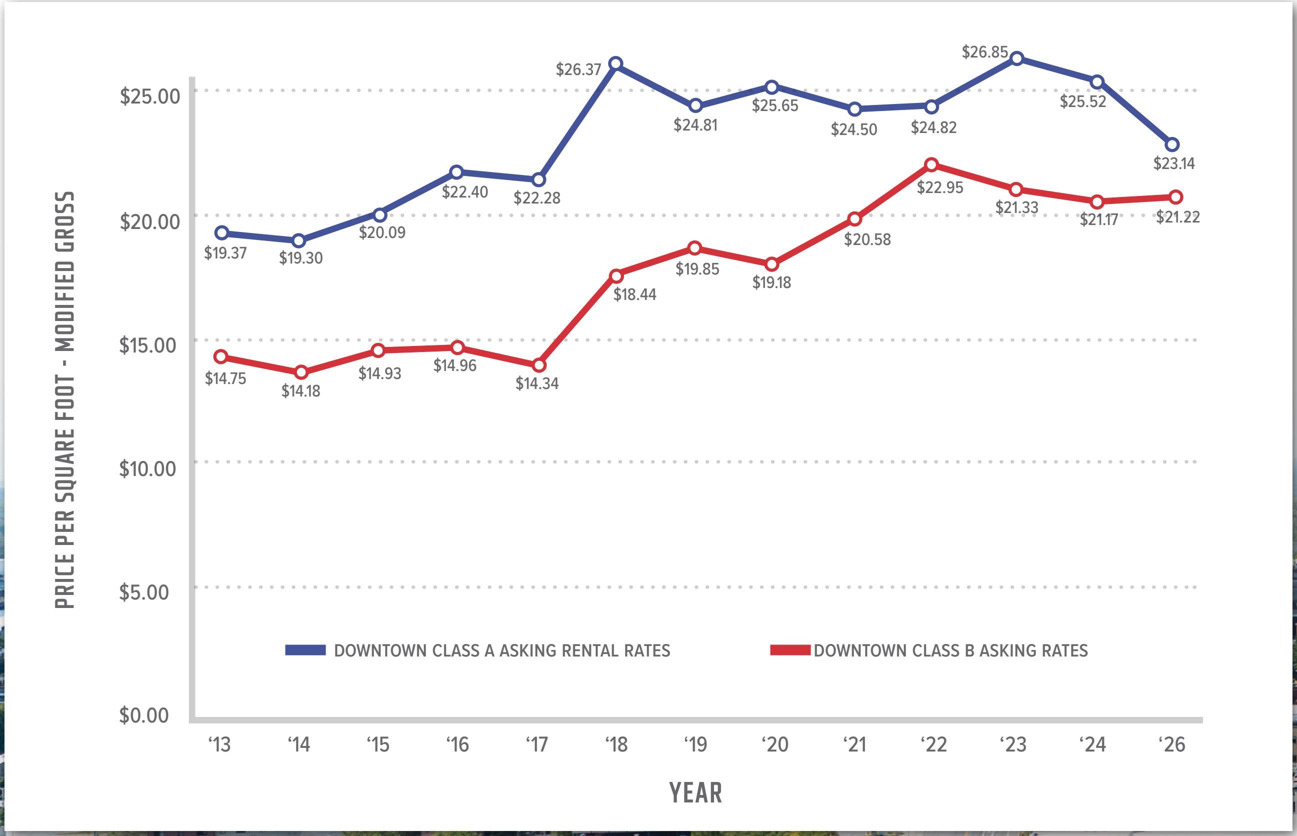
DOWNTOWN MARKET

Downtown lost ground, with overall vacancy rising to **12.97%** and roughly 168,000 SF of negative net absorption. The Class A market held relatively steady on an overall basis at 11.29%, but its composition shifted: direct vacancy climbed to 7.43% as previously subleased space rolled to direct availability, with sublease inventory falling from 140,938 SF to 86,913 SF. The single biggest mover was 511 Congress Street, where the long-planned apartment conversion was abandoned and the landlord is now marketing roughly 66,900 SF — about 52% of the building — directly. One Monument Square also weakened sharply, to over 30% overall vacancy, as Dechra returned a full floor to its Boston office and Certify vacated a floor, partially backfilled by Fisher Phillips on the 8th floor. Class A direct space grew further as Eaton & Peabody vacated the West Tower at 100 Middle Street and both Beacon Group — since acquired by Accenture — and Braincube left 280 Fore Street, the latter relocating to 511 Congress Street. Bright spots included Camden National taking 13,050 SF at 1 Market Street, continued lease-up at 12 Mountfort Street (Vetro Fiber Map, OnPoint Health Data, and Haley Ward), and Medical Mutual insurance company of Maine's 16,624 SF lease at 100 Middle Street.

Class B Downtown deteriorated more notably, with overall vacancy jumping to **14.46%** from 10.15% and direct vacancy rising to 11.70%. Tenant losses were broad-based: MaineHealth vacated all 33,074 SF at 165 Lancaster Street, Diversified Communications gave back roughly 40,000 SF at 562 Congress Street (relocating to about 20,000 SF at Two Portland Square), Liquid Wireless left 66 Pearl Street — pushing it to 60% available — and Albin, Randall & Bennett vacated 8,153 SF at 130 Middle Street, moving to a larger footprint at 27 Pearl Street, with additional blocks opening at 100 Commercial Street and 415 Congress Street — even as conversions steadily pulled the weakest inventory out of the count. Expect additional Class B buildings to follow into residential and hospitality reuse as tenants continue migrating toward Class A product.

DOWNTOWN ASKING RENTAL RATES

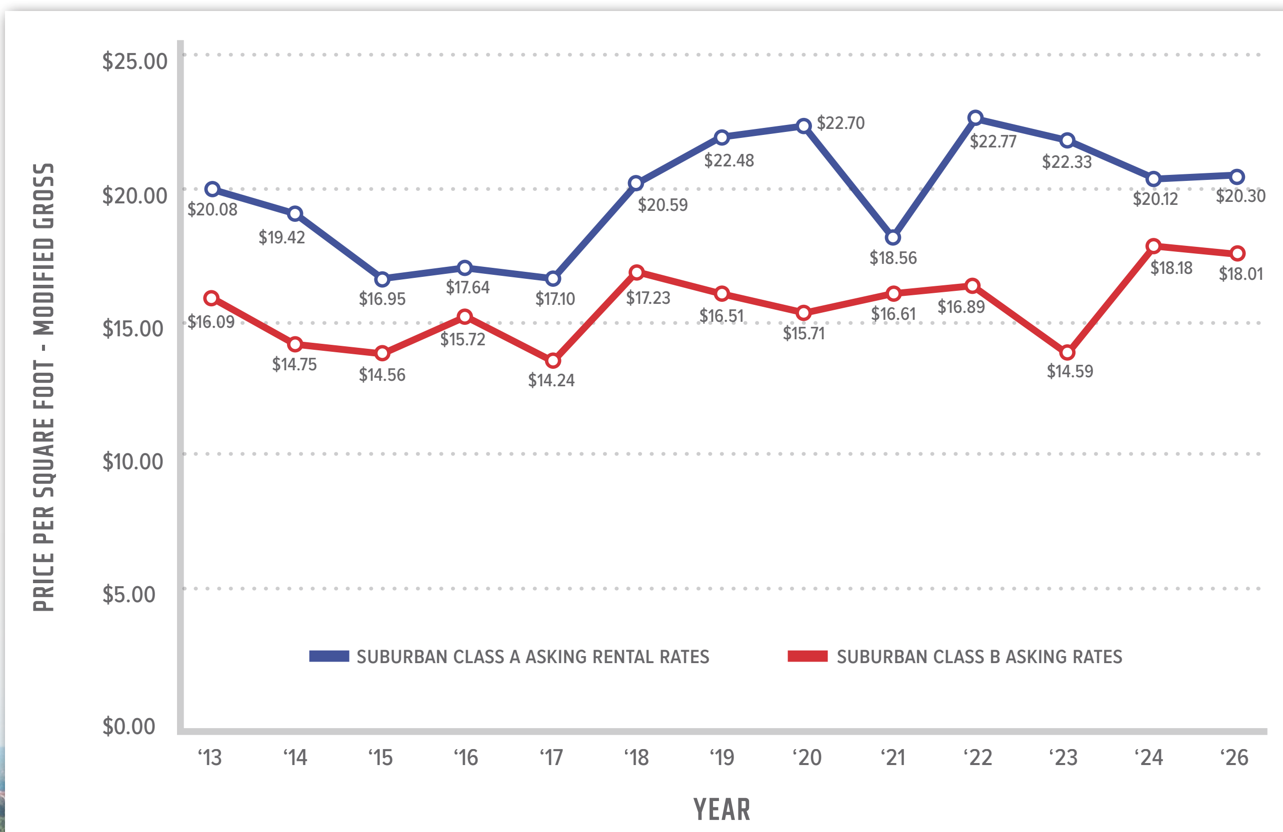


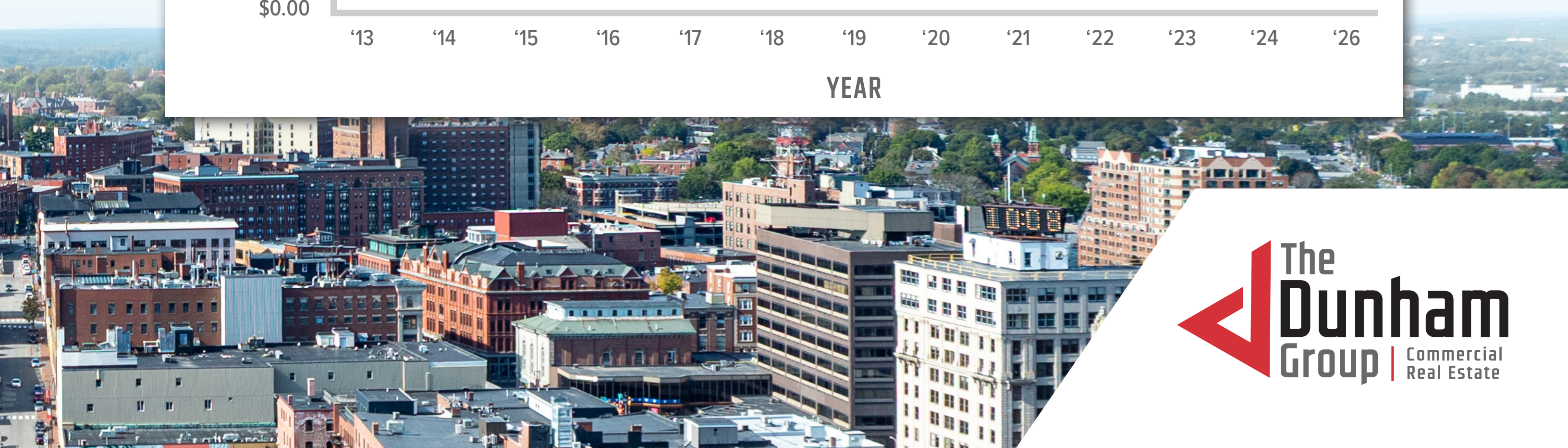
SUBURBAN MARKET

The Suburban market was the clear good-news story, with overall vacancy improving to **13.23%** from 16.91% and positive net absorption of roughly 168,000 SF. Class A led the turnaround — overall vacancy fell from 22.77% to 18.82% and direct vacancy dropped from 18.48% to 13.29%, good for about 130,000 SF of positive absorption. The catalyst was MaineHealth's purchase of 300 Southborough Drive in September 2025 to build an orthopedic surgery center, which alone removed roughly 68,000 SF of vacancy, alongside Spurwink Services taking 19,405 SF at 6 Ashley Drive and TD Bank leasing 24,934 SF at 2211 Congress Street. The sector's overhang nonetheless remains real: the 143,000 SF former TD Bank space at 70 Gray Road (Falmouth Crossing) has now rolled fully to direct vacancy, and the 104,752 SF Anthem BC/BS sublease at 2 Gannett Drive is still on the market.

Class B Suburban improved the most on a percentage basis, with overall vacancy falling to **9.19%** from 12.68% as sublease space all but evaporated, from 91,631 SF down to just 3,800 SF. Owner-user purchases again drove the gains — SAVE Care Residential's acquisition of 123 Darling Avenue and Spurwink's lease at 895 Washington Avenue — and Acadia Insurance's 22,000 SF lease at 7 Rand Road finally backfilled one of the long-standing vacancies that had weighed on the suburban numbers. The notable remaining block is the 45,657 SF of former L.L. Bean space at 75 Northport Drive, now listed for by the developer.

SUBURBAN ASKING RENTAL RATES





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SALES ACTIVITY

Sales activity remained owner-user driven, with investor demand still constrained by interest rates and lingering caution toward the office sector. The period's most consequential transactions were occupiers buying their own real estate rather than investors trading product: MaineHealth's acquisition of 300 Southborough Drive, SAVE Care Residential's purchase of 123 Darling Avenue, the Portland Museum of Art's purchase of 110 Free Street (with a short-term MaineHealth leaseback), and Old Port Advisors' office-condo purchase at 16 Middle Street. Realistically priced assets continued to draw competitive interest, while overpriced listings lingered.

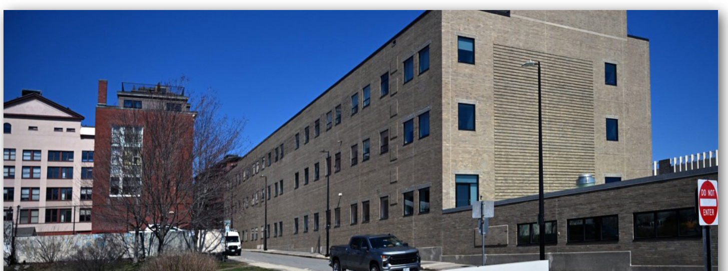
NOTABLE OFFICE SALES

300 Southborough Drive, South Portland

$20,000,000

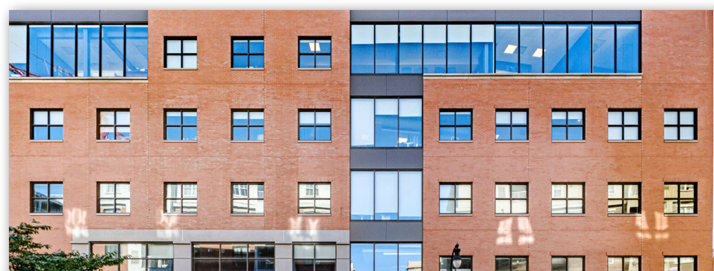
123 Darling Avenue, South Portland

$6,000,000



110 Free Street, Portland

$14,000,000



16 Middle Street, Portland

$2,650,000

FORECAST

Looking ahead to the rest of 2026:

- Suburban recovery to continue, led by owner-users and medical / health-system demand, though large single-floor-plate Class A blocks (70 Gray Road, 2 Gannett Drive) will remain difficult to absorb or subdivide.
- Downtown to stay under near-term pressure as national and regional tenants give back space and shadow vacancy (R.M. Davis's pending move to One Portland Square) works through the system.
- Class B Downtown conversions to accelerate, gradually tightening the remaining office inventory.
- Owner-user sales to keep outpacing investment sales while interest rates and investor confidence recover slowly.
- Asking rents to hold roughly flat, with landlords competing on concessions rather than face rates.

GREATER PORTLAND OFFICE MARKET SURVEY : YEAR-END 2024 vs. MID-YEAR 2026

	RSF	Dir. Vac.	Sublease	Overall Vac.	RSF	Dir. Vac.	Sublease	Overall Vac.	Avg Rent
DOWNTOWN									
Class A	2,248,671	4.84%	140,938	11.11%	2,248,671	7.43%	86,913	11.29%	$23.14
Class B	2,593,126	9.60%	14,127	10.15%	2,529,939	11.70%	69,780	14.46%	$21.22
Sub-Total	**4,841,797**	**7.39%**	**155,065**	**10.59%**	**4,778,610**	**9.69%**	**156,693**	**12.97%**	
SUBURBAN									
Class A	2,517,033	18.48%	108,091	22.77%	2,517,033	13.29%	139,162	18.82%	$20.30
Class B	3,488,423	10.06%	91,631	12.68%	3,492,441	9.08%	3,800	9.19%	$18.01
Sub-Total	**6,005,456**	**13.59%**	**199,722**	**16.91%**	**6,009,474**	**10.85%**	**142,962**	**13.23%**	
TOTAL	**10,847,253**	**10.82%**	**354,787**	**14.09%**	**10,788,084**	**10.33%**	**299,655**	**13.11%**	**$20.32**

The Importance of Tenant Representation : What is it? And why do you need it?

Experts in the Market: Dunham Group Tenant Representatives are well-versed in the commercial real estate market. They know the ins and outs of all the inventory, have good relationships with local owners, landlords and other brokers, and are up to date on local and regional market trends. This expertise can be invaluable in helping the tenant make informed and educated decisions.

Negotiation Skills: Negotiating a lease agreement with a landlord or landlord broker can be a complex and sometimes adversarial process. Dunham Group Tenant Representatives have excellent negotiation skills and can secure favorable lease terms, always saving the client money and time in the long run.

Protection of Your Interests: Tenant Representatives are fiduciaries for their clients. This means they have a legal and ethical obligation to act in your best interest. They ensure you get a fair deal and that the lease agreement is favorable and protective of your business and interests.

Cost-Effective Services: Most do not know that hiring a tenant representative isn't likely to add to your expenses, in many cases, their services are cost-effective, as Tenant Brokers are almost always paid directly by the Landlord.

When choosing a Tenant Representative, the Dunham Group knows how important it is to have someone who not only has experience in commercial real estate, but a strong track record in getting deals done. Reach out today to start a conversation with one of our Tenant Representative Brokers.

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