

Portland Property Sales Cause Major Tax Revenue Drop

August 8, 2025

— Categories: Real Estate



Download IPFS

Portland, Oregon, is facing significant property tax revenue losses following a series of steep declines in downtown commercial real estate values. The sale of prominent office buildings at fraction-of-previous prices is triggering a broad reassessment of property values, impacting local government budgets.

One notable example is the U.S. Bancorp Tower, also known as Big Pink, which recently sold for \$45 million, just over one-tenth of its 2015 sale price of \$372.5 million. This sharp drop reflects wider challenges in Portland's office market, which has struggled with low occupancy rates following the pandemic-driven shift to remote work.

County assessor Mike Vaughn says these declining values are causing "tax compression," a result of Oregon's 1990s property tax rules designed to cap tax increases. When property values fall significantly, the tax revenue collected is reduced to prevent dramatic drops in individual tax bills, but this also means less revenue for public services.

The decrease in property tax revenue has direct consequences for local governments, school districts, and public safety funding. Vaughn highlighted that every uncollected dollar could otherwise pay for essential services like firefighter positions or road repairs.

Despite these setbacks, industry experts see the price correction as a necessary step toward stabilizing the market. Lower office rents may attract new tenants and encourage reinvestment in the downtown area over time.

Portland's recovery, however, faces headwinds. The city has experienced slower population and job growth compared to other metropolitan areas since 2020. Additionally, social challenges, including protests and spikes in crime early this decade, have deterred investment.

Another major property, Montgomery Park, recently sold for \$33 million, down from \$255 million in 2019. Such sales serve as benchmarks for reassessing similar properties across the city, contributing to further tax revenue reductions.

Vaughn's office plans to apply valuation adjustments from recent sales to comparable buildings, which could significantly lower tax bills for owners. For instance, Big Pink's tax bill could drop by at least \$1.2 million due to its new valuation and tax compression effects.

New owner Jeff Swickard expressed optimism about Portland's prospects, noting his commitment to revitalizing the U.S. Bancorp Tower despite its current challenges.

While commercial property taxes form a smaller portion of overall property tax revenue compared to residential taxes, local officials warn that continued declines could force difficult budget decisions, including potential job cuts.

City economist Peter Hulseman pointed out that the volatility of commercial property values adds unpredictability to municipal budgets, complicating financial planning.

Mayor Keith Wilson affirmed the city's dedication to protecting funding for essential services as it navigates the ongoing impact of declining office building values.

The recent sales and valuation resets underscore the challenges facing Portland's downtown real estate market, as local governments work to balance tax revenues with community needs in a changing economic environment.