



# Retail Market Report | Q3 2018

**Norris & Stevens**

INVESTMENT REAL ESTATE SERVICES

## OVERVIEW

The retail market in Portland experienced a minor improvement from the second quarter 2018, going from 3.2% to 3.0%. Net absorption was a positive 449,541 square feet and vacant sublease space increased by (46,448) square feet. Quoted rental rates increased slightly, ending at \$17.45 per square foot per year. Six buildings were delivered to the market in the third quarter 2018 and 862,344 square feet are still under construction.

## PORTLAND MARKET SNAPSHOT

VACANCY  
**3.0%**



RENTAL RATE  
**\$17.45**



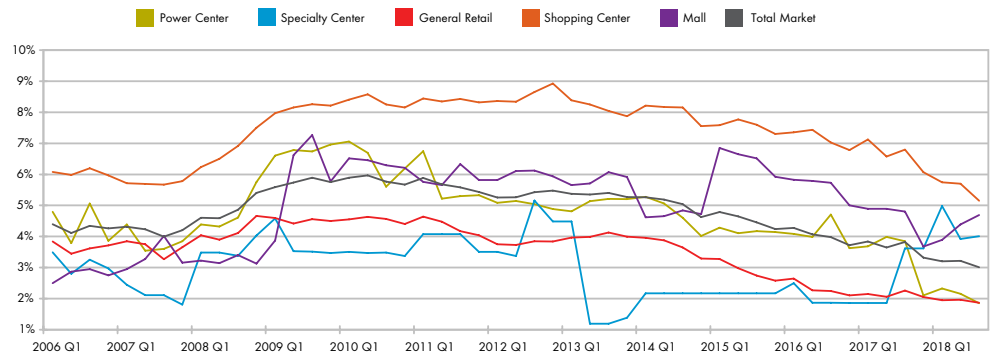
CONSTRUCTION  
**862,344 SF**



ABSORPTION  
**449,541 SF**



## Vacancy Rates by Building Type Years 2006 - 2018



## VACANCY

The vacancy rate went down in the third quarter 2018, ending at 3.0%. The vacancy rate has steadily decreased over the past four quarters.

Vacant sublease space has gone down over the past four quarters. At the end of the fourth quarter 2017 there were 202,642 square feet of vacant sublease space and the current quarter ended with 193,938 square feet vacant.

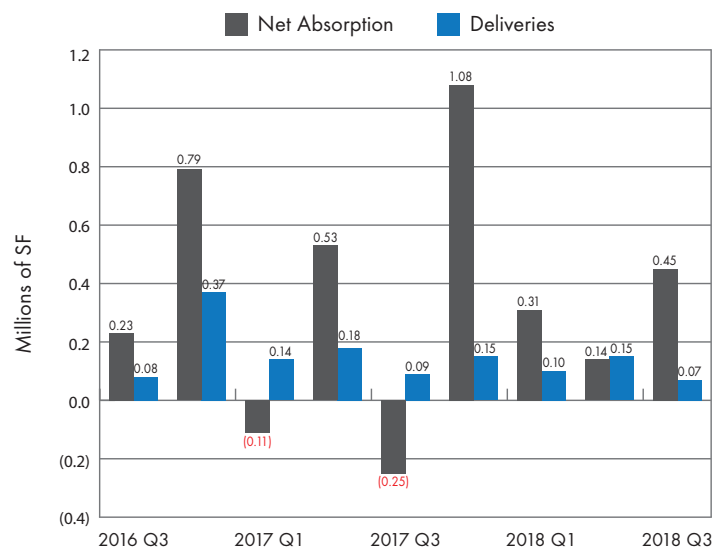
## ABSORPTION & DELIVERIES

With positive 449,541 square feet absorbed, net absorption was moderate in third quarter 2018. The second quarter saw positive absorption at 142,941 square feet.

Tenants vacating large spaces include Nordstrom moving out of 72,000 square feet and Sears moving out of 71,400 square feet.

## Absorption & Deliveries

Past 9 Quarters



Source: CoStar Property



## DELIVERIES AND CONSTRUCTION

Six buildings totalling 70,233 square feet were completed and delivered during the second quarter 2018. 462,616 square feet in total have been built in Portland over the past four quarters. 862,344 square feet remain under construction at the end of the quarter.

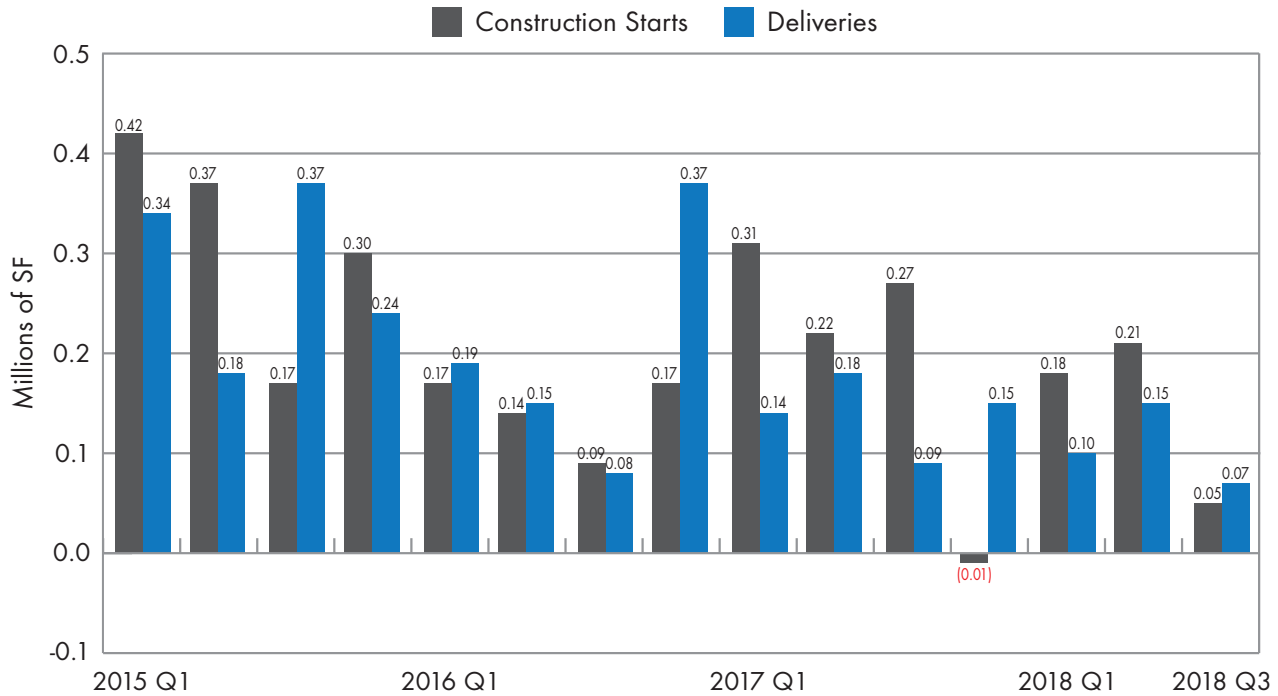
At the end of the quarter in the Portland area, there are 18,346 buildings and 1,169 centers totaling 189,396,976 square feet of total retail inventory.

## RENTAL RATES

Average quoted rental rates have increased steadily over the past four quarters, ending the third quarter 2018 with a 1.3% increase. Third quarter 2017 reported a quoted rate of \$16.74, while the third quarter 2018 ended at \$17.45 per square foot per year. This represents a 1.55% increase from one year ago.

## Historical Construction Starts & Deliveries

Square Footage Per Quarter



Source: CoStar Property

## Construction Activity | Markets Ranked UNDER CONSTRUCTION SF

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Clark County	27	198,314	112,137	56.5%	12,491	7,345
I-5 Corridor	5	133,369	84,358	63.3%	14,857	26,674
Polk County	1	130,000	130,000	100.0%	7,873	130,000
Lane County	8	103,721	81,489	78.6%	9,283	12,965
Deschutes County	7	52,561	45,607	86.8%	11,792	7,509
CBD	2	48,000	10,590	22.1%	13,946	24,000
Northeast	3	40,040	24,040	60.0%	8,317	13,347
Northwest	1	36,000	36,000	100.0%	7,239	36,000
Southwest	4	29,147	17,843	61.2%	13,509	7,287
Lloyd District	1	20,000	14,600	73.0%	14,462	20,000
All Other	13	71,192	59,235	83.2%	9,653	5,476
<b>Totals</b>	<b>72</b>	<b>862,344</b>	<b>615,899</b>	<b>71.4%</b>	<b>10,324</b>	<b>11,977</b>

Source: CoStar Property

For detailed information regarding this report, and to discuss how Norris & Stevens can assist with your real estate needs, please contact us at (503) 223-3171 or visit us at [www.norris-stevens.com](http://www.norris-stevens.com).