

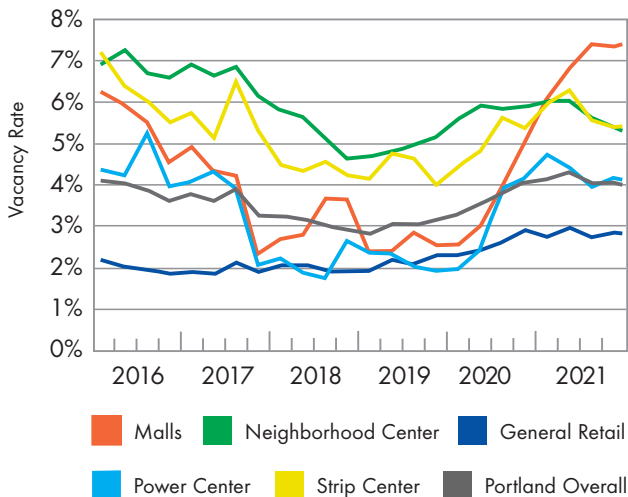
## OVERVIEW

As a result of having most COVID-era business restrictions lifted in 2021, Portland retail demand should begin to bounce back, as people venture out for more in-person activities and shopping.

Some investors are betting on a return to normal in the near- to mid-term. Total sales volume in 2021 eclipsed 2020 figures, and leasing volume has risen over the last few quarters to align more with historical averages.

## Vacancy Rates by Building Type

2016 - 2021



## VACANCY

At 4.1%, the Portland retail vacancy rate increased slightly from 3.9% at the end of the third quarter 2021.

Shopping malls in the Portland metro area saw the biggest increase in vacancy rates, going from 3.5% at the end of the third quarter to 7.3% to close out the fourth quarter of 2021.

In pricey coastal metros such as the Bay area and Seattle, some companies are looking to make telework a permanent option. With the ability to work from home, residents in those areas are looking to Portland as a more affordable living option. This should lead to higher retail activity going forward.

## PORTLAND MARKET SNAPSHOT

VACANCY

4.0%



RENTAL RATE

\$22.76



CONSTRUCTION

530,500 SF



ABSORPTION

64,492 SF

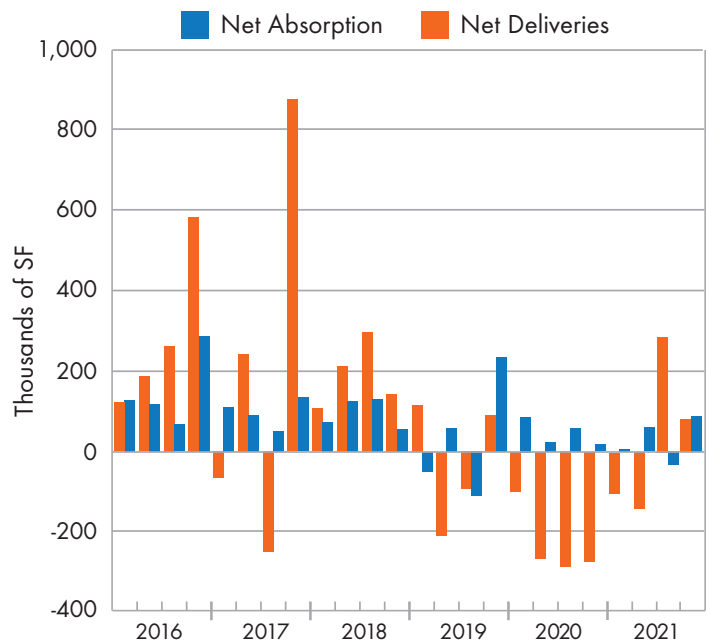


## ABSORPTION & DELIVERIES

After falling into the negative in the third quarter of 2021, Portland metro posted 64,492 square feet in net absorption in the last quarter of 2021. Neighborhood Centers posted the highest absorption numbers at 56,560 square feet, making up a bulk of the overall total. Strip Centers was the only retail sector to post negative absorption at negative (9,961) square feet.

## Absorption & Deliveries

2016 - 2021



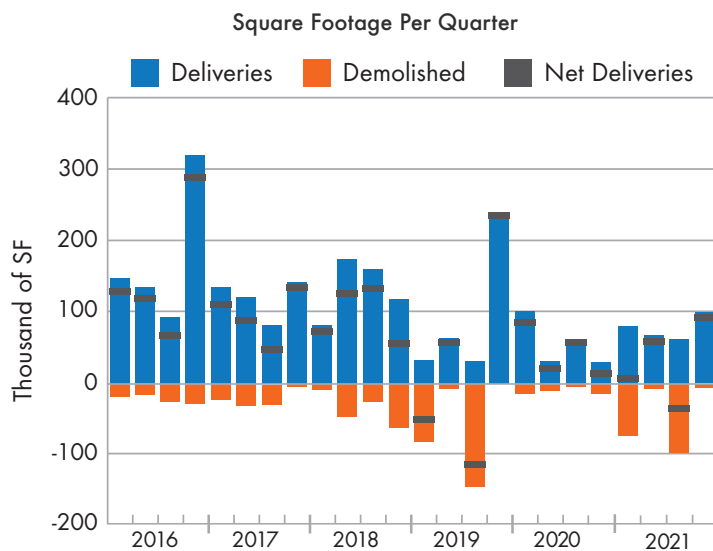
Source: CoStar Property

## DELIVERIES AND CONSTRUCTION

The ongoing shift from in-person shopping to e-commerce has had developers reluctant to break ground on new retail projects even before the COVID-19 pandemic began. As a result, just like the third quarter of 2021, the fourth quarter saw no new deliveries. 284,000 total square feet has been added in Portland over the past 12 months and 530,500 square feet remained under construction at the end of the fourth quarter.

Total retail inventory for the Portland market amounted to 123,630,256 square feet as the quarter came to a close.

### Historical Construction Deliveries & Demolitions



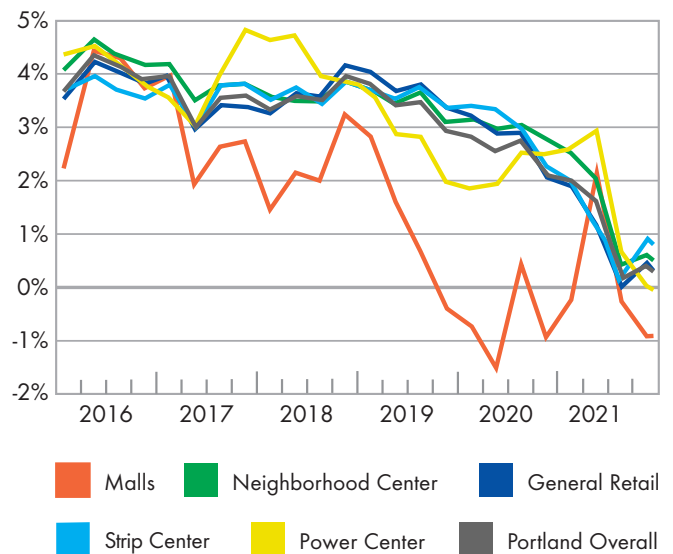
Source: CoStar Property

## RENTAL RATES

Portland's rent growth is projected to remain in flux over the next few quarters, as tenants and businesses wrestle with post-pandemic practices and strategies. Prior to the pandemic, Portland was enjoying a record run of growth, with cumulative gains of 31.8% in the past ten years. Comparatively, rents on a national level grew by 24.5% over the same period.

Average quoted rental rates decreased slightly, ending at \$22.76 per square foot per year, compared to \$22.79 per square foot in the third quarter of 2021.

### Market Rent Growth



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
North Beaverton	8	239,000	223,000	93.5%	13,634	29,826
Westside Outlying	1	108,000	103,000	95.3%	9,854	108,000
Clackamas/Milwaukie	7	64,000	37,000	57.5%	10,693	9,194
Hayden Island/Swan Island	1	55,000	55,000	100%	7,398	54,562
Clark County Outlying	8	37,000	4,000	11.3%	8,171	4,596
Camas/Washougal	1	18,000	8,000	45.3%	9,331	17,750
Sherwood	1	6,000	0	0%	14,316	6,000
Orchards	1	4,000	4,000	100%	12,369	4,450
217 Corridor/Beaverton	-	-	-	-	11,685	-
Airport Way	-	-	-	-	16,241	-
All Other	-	-	-	-	10,240	-
<b>Totals</b>	<b>28</b>	<b>531,000</b>	<b>434,000</b>	<b>81.8%</b>	<b>10,443</b>	<b>18,946</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).