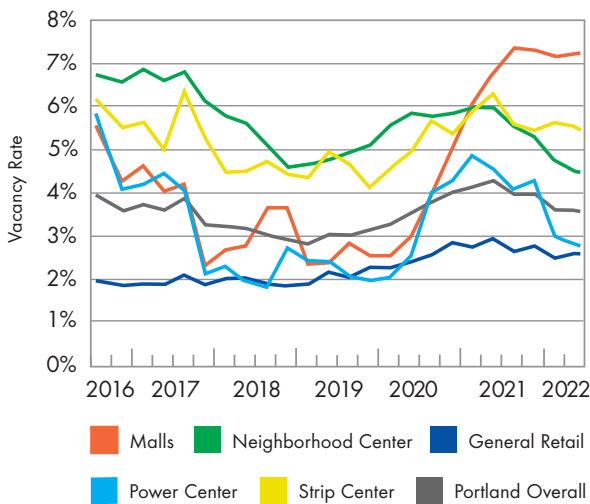


OVERVIEW

Retail demand in the Portland metro area is finally stabilizing since the onset of the COVID-19 pandemic and is positioned for a rebound in the second half of 2022. Leasing volume has risen over the last few quarters as businesses look to capitalize on renewed foot traffic, and sales activity is heating back up as well. Tourists have also begun returning to Portland, which should boost the demand for retail space going forward.

Another factor working in the region's favor is a light development pipeline and the demolition of a substantial portion of retail space in the area. This should help lower vacancy and increase rents in the near term.

Vacancy Rates by Building Type 2016 - 2022



Source: CoStar Group

VACANCY

The overall Portland retail vacancy rate remained unchanged from the first quarter of 2022 at 3.7%.

As demand for retail goods and experiences begins to rise, many businesses are accelerating hiring, driving the need for more physical space. As a result, vacancy rates should continue to fall as we move into the second half of 2022.

PORTLAND MARKET SNAPSHOT

VACANCY
3.7%



RENTAL RATE
\$23.38



CONSTRUCTION
404,322 SF



ABSORPTION
(23,020) SF

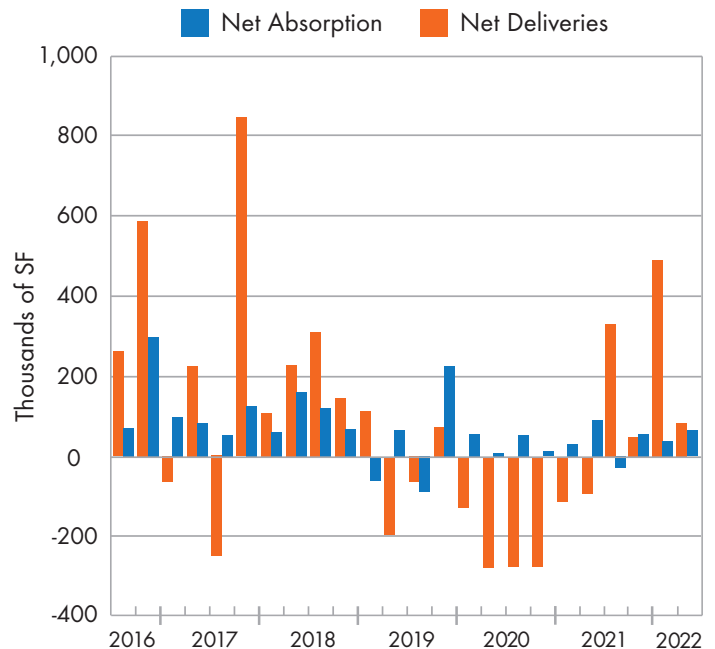


ABSORPTION & DELIVERIES

The Portland metro posted negative (23,020) square feet in net absorption in the second quarter of 2022, compared to negative (54,054) square feet in the first quarter. The General Retail sector posted the largest absorption increase from the previous quarter, increasing from negative (45,490) square feet to negative (4,292) square feet at the end of the second quarter.

Absorption & Deliveries

2016 - 2022



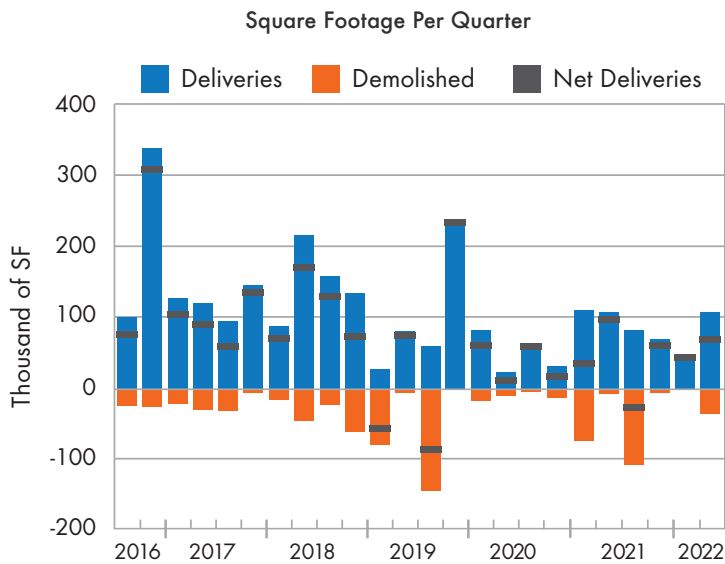
Source: CoStar Group

DELIVERIES AND CONSTRUCTION

The continuing shift from in-person shopping to e-commerce continues to slow the development pipeline for the Portland metro area. After three quarters in which no new inventory was added to the marketplace, the second quarter of 2022 added 19,349 square feet. Only 299,000 total square feet has been added in Portland over the past 12 months, and 404,322 square feet remained under construction at the end of the first quarter.

Total retail inventory for the Portland market amounted to 124,042,658 square feet as the quarter came to a close.

Historical Construction Deliveries & Demolitions

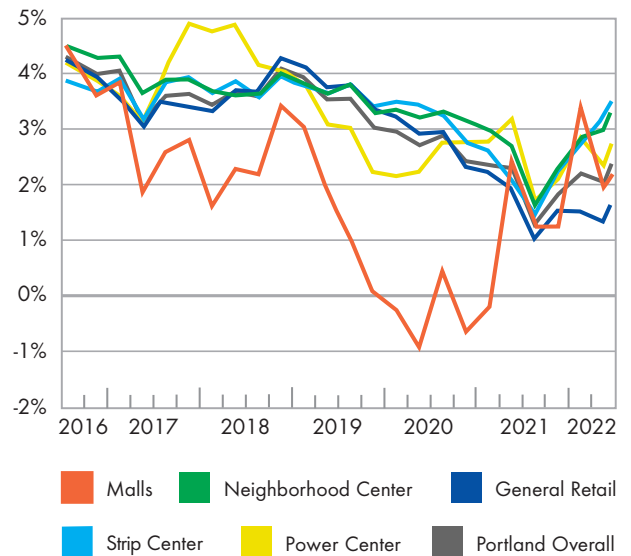


RENTAL RATES

As the retail sector returns back to life in the metro area after the pandemic, available space is starting to dwindle, causing rent growth to accelerate. Retail rental growth posted gains of 2.1% year-over-year, compared to the national performance gains of 4.3% during the same period.

Average quoted rental rates increased to \$23.38 per square foot per year, compared to \$23.19 per square foot in the first quarter of 2022, and \$22.85 per square foot in the second quarter of 2021.

Market Rent Growth



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	4	188,000	177,000	94.3%	13,367	46,998
East Columbia Corridor	1	88,000	66,000	75.0%	12,900	88,108
Hazel Dell/Salmon Creek	5	42,000	0	0%	13,088	8,300
Clackamas/Milwaukie	3	34,000	34,000	100%	10,637	11,182
Camas/Washougal	1	18,000	5,000	30.4%	9,482	17,750
Clark County Outlying	3	14,000	14,000	100%	8,060	4,654
Yamhill County	1	13,000	0	0%	7,877	13,201
St Johns/Cntrl Vancouver	1	5,000	0	0%	9,960	5,041
Guilds Lake	1	3,000	0	0%	4,972	3,220
217 Corridor/Beaverton	0	-	-	-	12,126	-
All Other	0	-	-	-	10,340	-
Totals	20	404,000	296,000	73.3%	10,457	20,216

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.