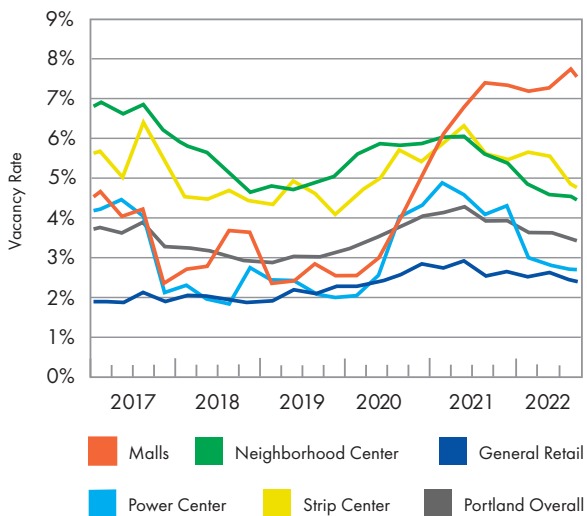


OVERVIEW

Retail demand in the Portland metro area has continued to rebound from the COVID-19 pandemic. Leasing volume and sales activity has continued to heat back up as businesses look to capitalize on renewed foot traffic. While employment levels in Portland's leisure and hospitality sector have not yet reached pre-pandemic levels, an uptick in tourism will surely boost physical retail space demand.

A lack of new development in the area due to land constraints is creating favorable conditions for owners and landlords. This should help lower vacancy and increase rents in the near term.

Vacancy Rates by Building Type 2017 - 2022



Source: CoStar Group

VACANCY

The overall Portland retail vacancy rate decreased to 3.5% in the third quarter of 2022, down from 3.7% in the second quarter.

While most sectors saw a decrease or stagnation in vacancy rates from the previous quarter, shopping malls were the only sector that saw an increase, going from 7.5% in the second quarter to 7.7% in the third quarter of 2022.

PORTLAND MARKET SNAPSHOT

VACANCY
3.5%



RENTAL RATE
\$23.41



CONSTRUCTION
527,822 SF



ABSORPTION
(34,434) SF

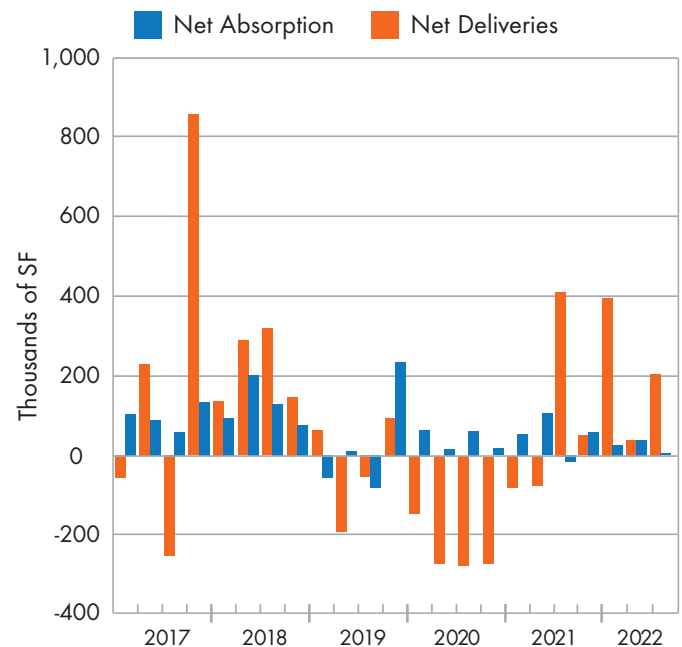


ABSORPTION & DELIVERIES

The Portland Metro posted negative (34,434) square feet in net absorption in the third quarter of 2022, compared to negative (23,020) square feet in the second quarter. The neighborhood center sector posted the largest absorption increase from the previous quarter, increasing from negative (33,498) square feet to negative (12,383) square feet at the end of the third quarter.

Absorption & Deliveries

2016 - 2022



Source: CoStar Group

DELIVERIES AND CONSTRUCTION

While the previous quarter saw 19,349 square feet added to the marketplace, the third quarter of 2022 saw no new deliveries. Only 315,000 total square feet has been added in Portland over the past 12 months, and 527,822 square feet remained under construction at the end of the third quarter.

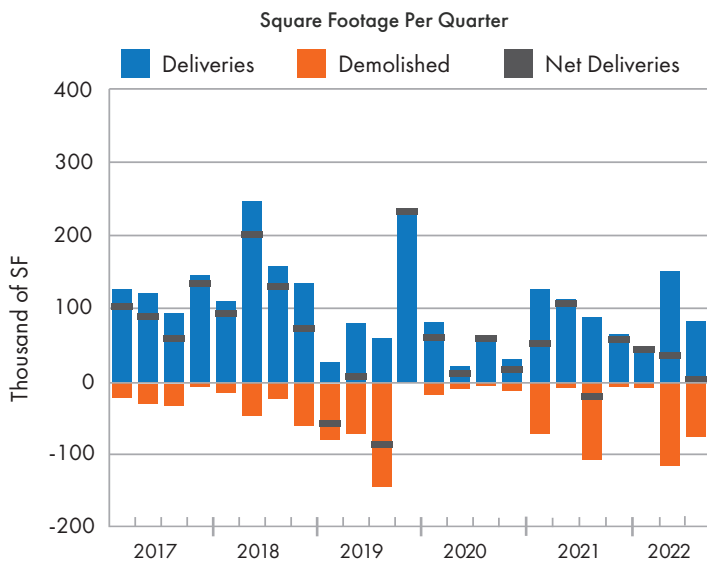
A few projects set for completion in 2022 include a 22,000 square foot addition to Millcreek Town Center in Battleground, Washington, set for completion in November, and Kirkland Place in Beaverton at 21,700 square feet, also set for completion in November.

RENTAL RATES

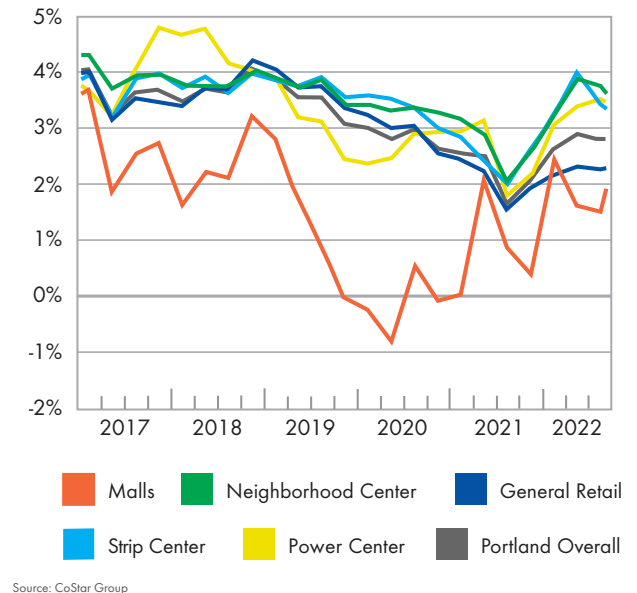
The retail sector continues to heat back up and businesses are confident that patrons will continue to return, causing available space to continue to dwindle and rent growth to accelerate. Retail rental growth posted gains of 2.4% year-over-year, compared to the national performance gains of 4.1% during the same period.

Average quoted rental rates increased to \$23.41 per square foot per year, compared to \$23.38 per square foot in the second quarter of 2022, and \$22.79 per square foot in the third quarter of 2021.

Historical Construction Deliveries & Demolitions



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	2	162,000	151,000	93.30%	13,213	80,850
Hazel Dell/Salmon Creek	7	126,000	59,000	46.60%	13,088	17,979
East Columbia Corridor	1	88,000	66,000	75.00%	12,932	88,108
St Johns/Cntrl Vancouver	3	44,000	39,000	88.40%	9,942	14,518
Camas/Washougal	2	33,000	6,000	16.90%	9,485	16,450
Clark County Outlying	5	26,000	19,000	74.70%	8,094	5,118
Orchards	1	22,000	0	0%	12,279	22,000
Yamhill County	1	13,000	0	0%	7,900	13,201
Hayden Island/Swan Island	1	6,000	0	0%	7,543	6,000
Westside Outlying	1	6,000	0	0%	9,673	5,700
All Other	1	3,000	3,000	100%	10,455	3,220
Totals	25	528,000	342,000	64.80%	10,442	21,113

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.