

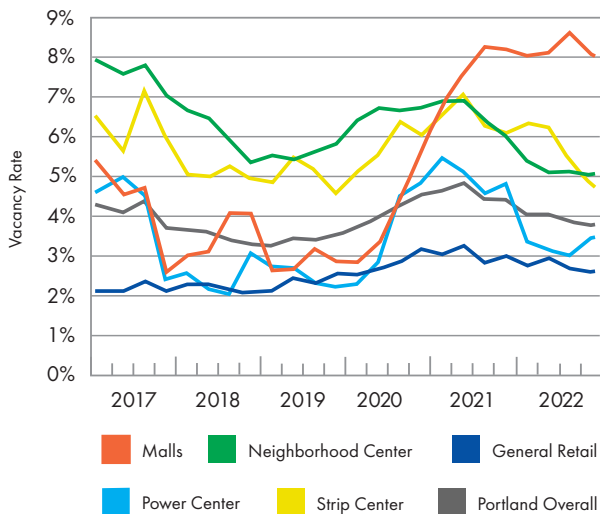
## OVERVIEW

Retail demand in the Portland metro area is positioned to withstand a shock of job loss that might be brought on by the Federal Reserve's strict monetary policy in the face of persistently high inflation. As the region continues to spring back to life following the lifting of COVID-19 restrictions, retailers will likely continue to seek additional space in faster growing areas of the city.

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 3.4% to end the year, down from 3.5% in the third quarter of 2022.

While the vacancy rate for many retail sectors saw a decrease from the previous quarter, power centers saw an increase, going from 2.7% in the third quarter to 3.1% in the fourth quarter of 2022.

## PORTLAND MARKET SNAPSHOT

VACANCY

3.4%



RENTAL RATE

\$23.64



CONSTRUCTION

638,681 SF



ABSORPTION

159,681 SF

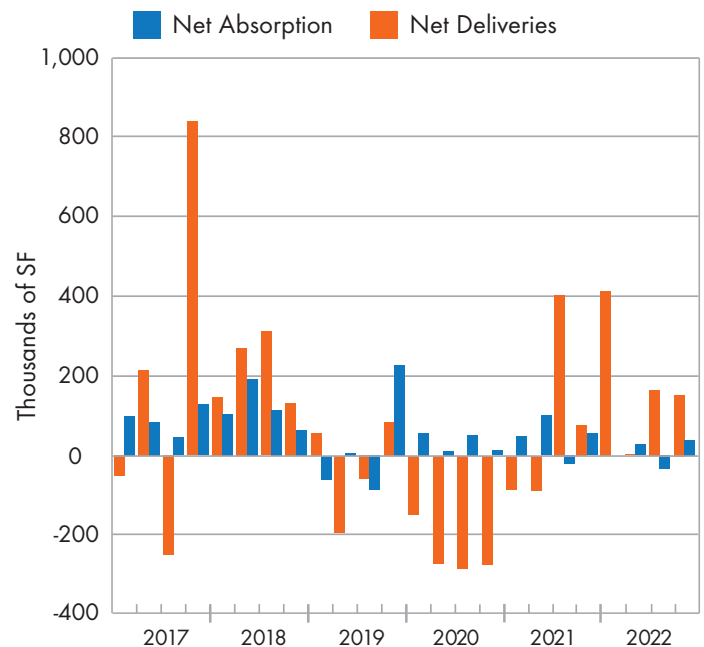


## ABSORPTION & DELIVERIES

The Portland Metro posted 159,681 square feet in net absorption in the fourth quarter of 2022, compared to 173,020 square feet in the third quarter. The shopping mall sector posted the largest absorption increase from the previous quarter, increasing from 13,604 square feet to 38,102 square feet at the end of the fourth quarter.

## Absorption & Deliveries

2016 - 2022



Source: CoStar Group

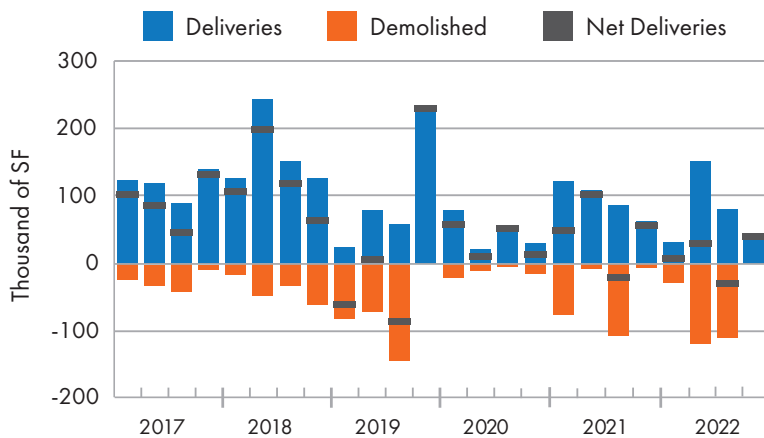
## DELIVERIES AND CONSTRUCTION

38,941 square feet of new product was delivered to the marketplace in the fourth quarter of 2022. Only 293,000 total square feet has been added in Portland over the past 12 months, and 638,681 square feet still remained under construction as 2022 came to a close.

A few projects set for completion in the first part of 2023 include an 88,000 square foot mixed-use project on SE Stark Street with 22,027 square feet of retail, set for completion in April, and Skyview Station in Vancouver at 80,150 square feet, also set for completion in April. Renaissance Boardwalk on Vancouver's waterfront is set for completion in July and will add 50,000 square feet.

### Historical Construction Deliveries & Demolitions

Square Footage Per Quarter



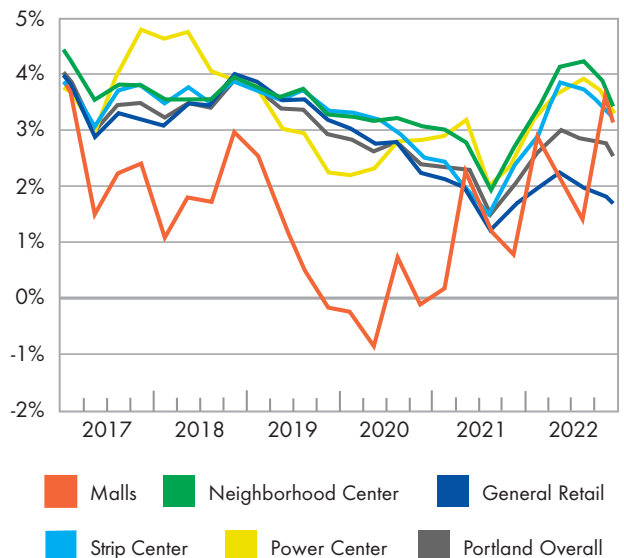
Source: CoStar Group

## RENTAL RATES

As a result of the recent consistent leasing activity, net absorption has increased and space availability has continued to dwindle. In the upcoming quarters, projects in the works should offer a modest test for rents, but construction activity is still tepid compared to historical activity.

Average quoted rental rates increased slightly to \$23.64 per square foot per year, compared to \$23.46 per square foot in the third quarter of 2022, and \$22.76 per square foot in the fourth quarter of 2021. Neighborhood centers saw the largest increase, going from \$25.88 per square foot in the third quarter of 2022 to end the year at \$26.10 per square foot.

### Market Rent Growth



Source: CoStar Group

## 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	3	207,000	196,000	94.8%	13,231	68,900
Hazel Dell/Salmon Creek	8	129,000	62,000	48.1%	13,048	16,180
St Johns/Cntrl Vancouver	3	91,000	91,000	100%	9,894	30,255
East Columbia Corridor	1	88,000	66,000	75.0%	12,945	88,108
Clark County Outlying	8	37,000	35,000	92.9%	8,025	4,678
Orchards	2	25,000	3,000	10.6%	12,281	12,311
Camas/Washougal	1	15,000	0	0%	9,489	15,150
Mall 205	3	14,000	13,000	92.0%	8,016	4,663
Yamhill County	1	13,000	0	0%	7,822	13,201
Sunset Corridor/Hillsboro	1	6,000	6,000	100%	13,635	6,125
All Other	1	5,000	5,000	100%	10,252	5,158
<b>Totals</b>	<b>32</b>	<b>631,000</b>	<b>477,000</b>	<b>75.6%</b>	<b>10,445</b>	<b>19,709</b>

Source: CoStar Property

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