

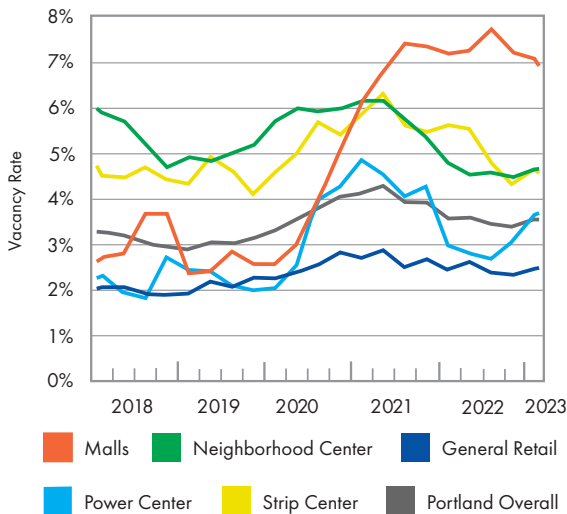
OVERVIEW

As downtown Portland continues to struggle due to a variety of factors, leasing and absorption in the suburbs is projected to over perform in the coming quarters. This trend is being driven by population growth in these less populated areas since some locals don't yet seem to be convinced that they need to live near urban job centers in the era of remote and hybrid work.

A lack of new development in the Portland metro area and the demolition of a substantial amount of retail space 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

2018 - 2023



Source: CoStar Group

VACANCY

The overall Portland retail vacancy rate increased to 3.6% to end the first quarter of 2023, up from 3.4% in the fourth quarter of 2022.

While the vacancy rate for nearly all retail sectors saw an increase from the previous quarter, shopping malls saw a slight decrease, going from 7.2% in the fourth quarter of 2022 to 7.1% in the first quarter of 2023.

PORTLAND MARKET SNAPSHOT

VACANCY
3.6%



RENTAL RATE
\$23.96



CONSTRUCTION
470,191 SF



ABSORPTION
(159,848) SF

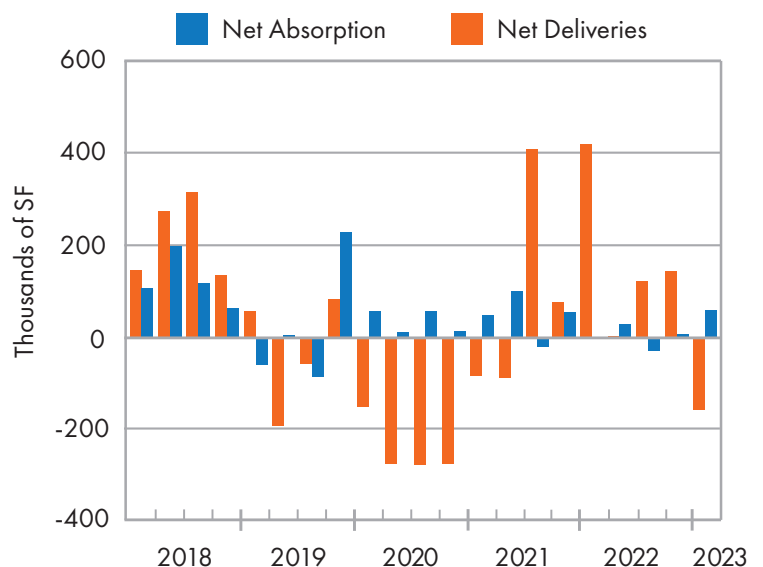


ABSORPTION & DELIVERIES

The Portland Metro posted negative (159,848) square feet in net absorption in the first quarter of 2023, compared to 159,681 square feet at the end of 2022. The shopping mall sector posted the only positive absorption numbers for the first quarter at 11,383 square feet, which was still a decrease from the 38,102 square feet posted in the fourth quarter of 2022.

Absorption & Deliveries

2018 - 2023



Source: CoStar Group

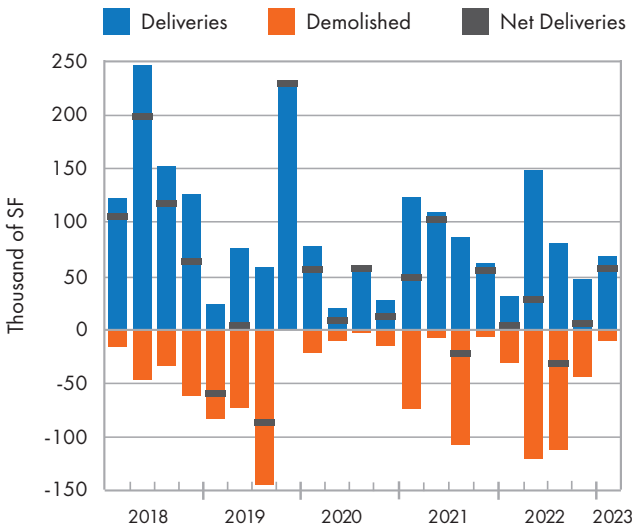
DELIVERIES AND CONSTRUCTION

68,374 square feet of new product was delivered to the marketplace in the first quarter of 2023. Only 337,000 total square feet has been added to Portland over the past 12 months, and 470,191 square feet still remained under construction as the first quarter came to a close.

A few larger projects set for completion in 2023 include Skyview Station in Vancouver at 80,150 square foot, set for completion in May; Renaissance Boardwalk on Vancouver's waterfront at 50,000 square feet, set for completion in July; and a 21,930 square foot retail space in Ridgefield, Washington, set for completion in August.

Historical Construction Deliveries & Demolitions

Square Footage Per Quarter



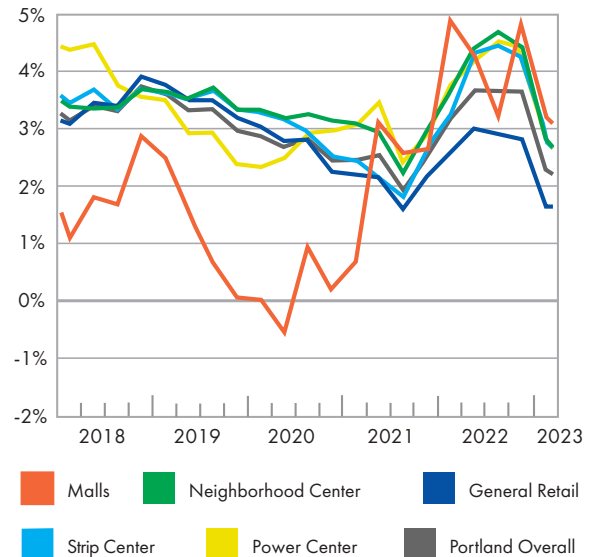
Source: CoStar Group

RENTAL RATES

Retail leasing continued to increase in the first quarter of 2023 and construction activity has remained muted in relation to historical averages. As a result, Portland's retail rent growth has continued to increase, with gains of 2.2% year-over-year compared to gains of 3.8% nationally for the same time period. Portland has historically reported an average yearly rent growth rate of 2.0%.

Average quoted rental rates increased to \$23.96 per square foot per year, compared to \$23.64 per square foot in the fourth quarter of 2022. Shopping malls saw the largest increase, going from \$23.99 per square foot at the end of 2022 to \$25.12 per square foot in the first quarter of 2023.

Market Rent Growth 2018 - 2023



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
Hazel Dell/Salmon Creek	6	116,000	62,000	53.9%	13,053	19,265
Westside Outlying	9	107,000	0	0%	9,722	11,893
Clark County Outlying	11	75,000	59,000	79.5%	8,069	6,778
North Beaverton	2	67,000	56,000	83.8%	13,238	33,350
St Johns/Cntrl Vancouver	2	59,000	59,000	100%	10,379	29,257
Orchards	2	25,000	3,000	10.6%	12,372	12,311
Yamhill County	1	13,000	0	0%	7,823	13,201
Sunset Corridor/Hillsboro	2	13,000	13,000	100%	13,747	6,438
Mall 205	2	4,000	4,000	100%	8,085	2,150
217 Corridor/Beaverton	0	-	-	-	11,604	-
All Other	0	-	-	-	10,356	-
Totals	37	477,000	256,000	53.6%	10,492	12,902

Source: CoStar Group

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.