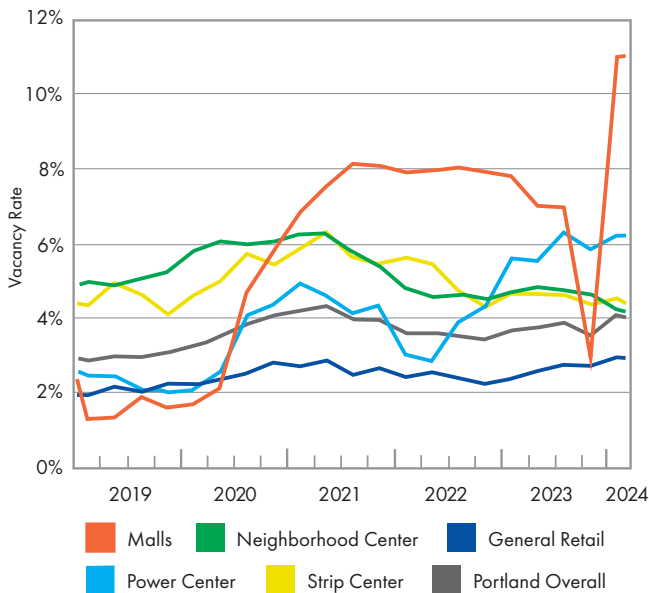


OVERVIEW

Portland's retail market ended the first quarter of 2024 in a state of balance. Market tightness has been driven by a slight pullback in tenant move-outs and little new speculative building. Retail tenants wanting to leave the CBD have found a lack of viable space in the suburban shopping corridors, causing them to stay put. On the supply side, accelerating demolitions and slowing deliveries resulting from a lack of groundbreakings have also contributed to market tightness.

Vacancy Rates by Building Type

2019 - 2024



Source: CoStar Group

VACANCY

The overall Portland retail vacancy rate increased from the previous quarter, going from 3.4% to 4.1% to end the first quarter of 2024.

While the vacancy rate for most retail sectors fluctuated from the previous quarter, shopping malls saw a large increase, going from 2.8% in the fourth quarter of 2023 to 11.0% to end the first quarter of 2024.

PORTLAND MARKET SNAPSHOT

VACANCY

4.1%



RENTAL RATE

\$24.35



CONSTRUCTION

260,811 SF



ABSORPTION

(346,974) SF

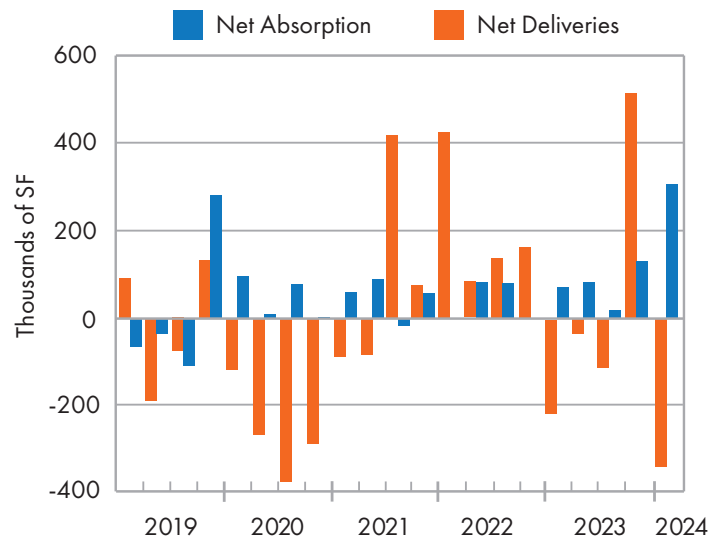


ABSORPTION & DELIVERIES

The Portland Metro posted negative (346,974) square feet in net absorption in the first quarter of 2024, compared to 524,322 square feet at the end of 2023. Neighborhood shopping centers—ranging from 30,000-100,000 square feet and typically anchored by a grocery or drug stores—posted the highest positive absorption numbers for the first quarter at 184,875 square feet, an increase from the 53,948 square feet posted in the fourth quarter of 2023.

Absorption & Deliveries

2019 - 2024



Source: CoStar Group

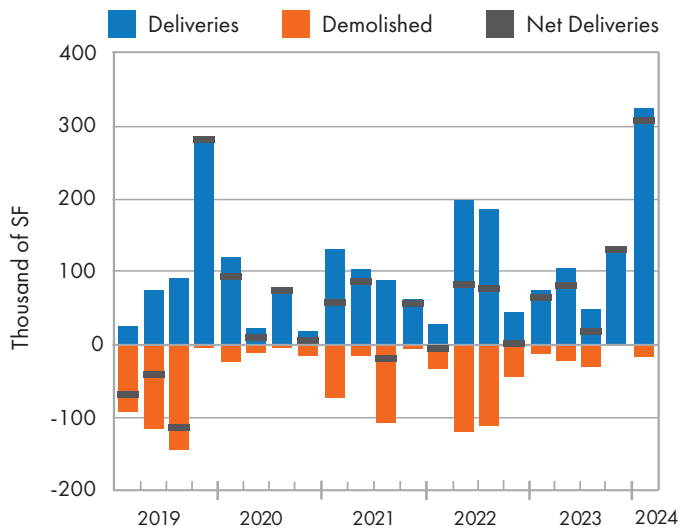
DELIVERIES AND CONSTRUCTION

There was 307,203 square feet of new product delivered to the marketplace in the first quarter of 2024 and 260,811 square feet still remained under construction. In the last 12 months, 533,423 total square feet have been added to the Portland market.

A few larger projects set for completion in early 2024 include Ridgefield Pioneer Village #3 in Ridgefield, WA at 11,800 square foot, set for completion in May; and a 37,000 square foot addition to the Tanasbourne Town Center anchored by New Seasons, set for completion in June.

Historical Construction Deliveries & Demolitions

Square Footage Per Quarter



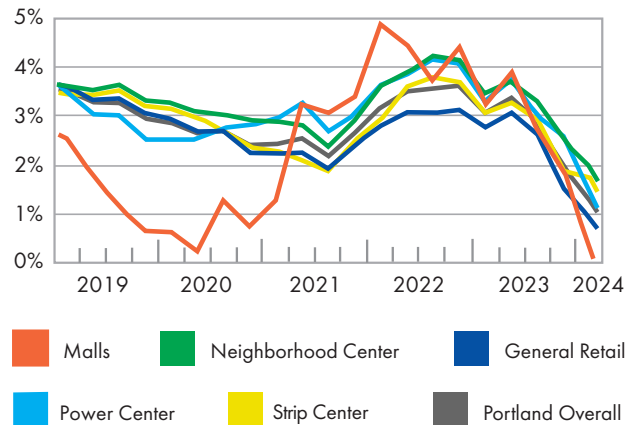
Source: CoStar Group

RENTAL RATES

All ten of the submarkets with the highest growth rates during the previous year were suburban, and several of them were found in counties on the Washington side of the metro where population growth has continued to expand. Retail asking rents posted gains of 1.3% year-over-year as of the first quarter of 2024, versus national performance of 3.0% gains over the same period.

Average quoted rental rates increased to \$24.35 per square foot per year, compared to \$24.23 per square foot in the at the end of 2023. While all sectors saw only a minor fluctuation in their rental rates, Power Centers saw the most significant decrease, going from \$30.33 per square foot in the fourth quarter of 2023 to \$29.86 to end the first quarter of 2024.

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
Westside Outlying	3	94,000	14,000	14.6%	9,646	31,332
Sunset Corridor/Hillsboro	2	44,000	35,000	79.3%	13,574	21,875
Clark County Outlying	4	31,000	15,000	50.4%	8,096	7,639
SE Outlying	1	30,000	30,000	100%	8,023	30,466
Cascade Park	4	24,000	24,000	100%	15,672	5,946
Orchards	1	22,000	0	0%	12,030	22,000
Lloyd District	1	8,000	0	0%	11,572	8,261
Clackamas/Milwaukie	2	8,000	8,000	100%	10,686	4,000
217 Corridor/Beaverton	0	—	—	—	11,296	—
Airport Way	0	—	—	—	16,452	—
All Other	0	—	—	—	9,946	—
Totals	18	261,000	126,000	48.3%	10,456	14,490

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.