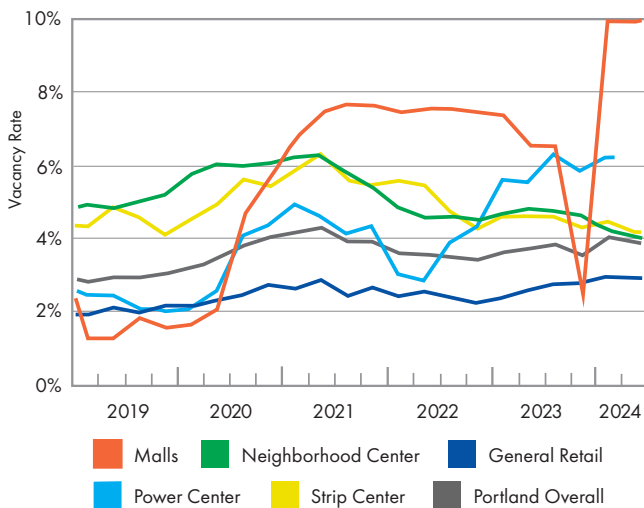


OVERVIEW

Reduced move-outs, slowing construction, and increased demolitions have all contributed to a partial decline in demand for Portland's retail market. Nevertheless, the current figure of 4.5% is still lower than both the 4.7% national rate and the long-run average of 5.2%. Given above-metro-trend population growth and foot traffic counts, suburban and exurban submarkets, such as Hillsboro and Wilsonville, have managed to maintain tighter availabilities. On the other hand, low foot traffic and high crime rates in urban submarkets such as the CBD have resulted in availabilities around twice that of the overall metro average.

Vacancy Rates by Building Type

2019 - 2024



Source: CoStar Group

VACANCY

The overall Portland retail vacancy rate saw a decrease from the previous quarter, going from 4.1% to 3.9% by the end of the second quarter of 2024.

While a few retail sectors remained unchanged from the previous quarter, shopping malls saw the largest fluctuation, going from 11% in the first quarter of 2024 to 9.9% at the end of the second quarter.

PORTLAND MARKET SNAPSHOT

VACANCY

3.9%



RENTAL RATE

\$24.40



CONSTRUCTION

456,037 SF



ABSORPTION

145,708 SF

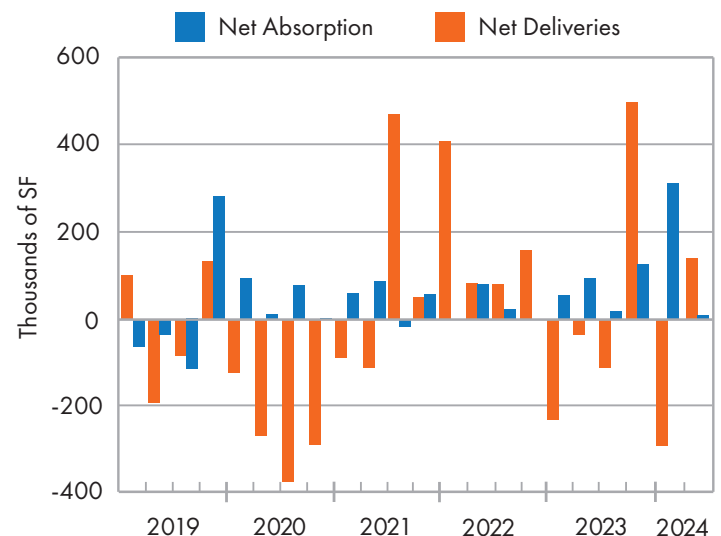


ABSORPTION & DELIVERIES

Portland metro posted 145,708 square feet in net absorption in the second quarter of 2024, compared to negative <346,974> square feet at the end of the first quarter. Shopping malls posted the largest absorption gain for the second quarter, ending at 1,086 square feet, an increase from the negative <602,699> square feet posted in the first quarter of 2024.

Absorption & Deliveries

2019 - 2024



Source: CoStar Group

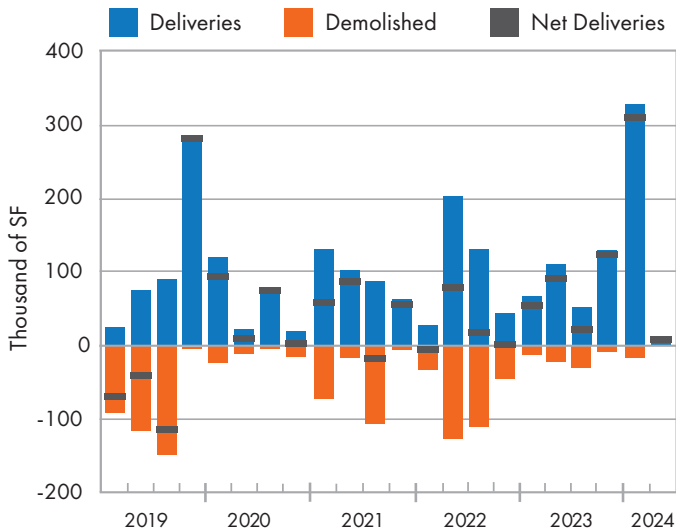
DELIVERIES AND CONSTRUCTION

There was 7,855 square feet of new product delivered to the marketplace in the second quarter of 2024 and 456,037 square feet still remained under construction. In the last 12 months, 466,995 total square feet have been added to the Portland market.

A few larger projects set for completion in the second half of 2024 include a new Costco location in Ridgefield, WA at 151,000 square feet, set for completion in October; and Reed's Crossing Town Center in Hillsboro, at 80,380 square feet, set for completion in November.

Historical Construction Deliveries & Demolitions

Square Footage Per Quarter



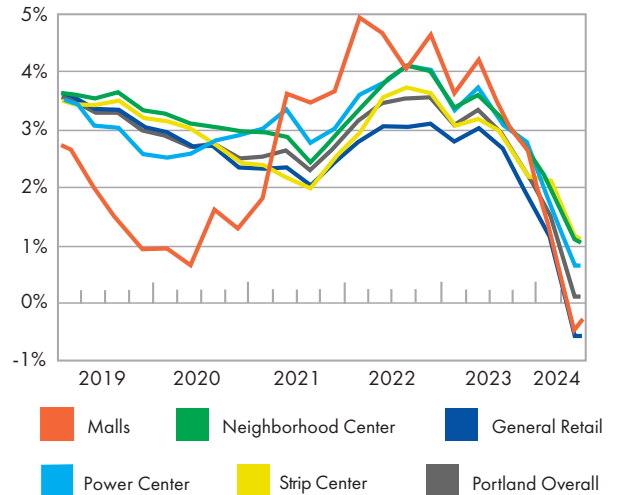
Source: CoStar Group

RENTAL RATES

While market asking rents have increased to \$24.40 per square foot, the rate of increase has slowed over the last year from an average of 3.0% over the previous ten years to just 0.1%. This is partly due to a forecasted slowdown in consumption, which may get worse in Portland given the city's stagnant population growth over the last two years.

While nearly all sectors saw an increase, Shopping Malls saw the largest increase, going from \$25.83 per square foot to \$26.49 per square foot to end the second quarter. General Retail (single-tenant, freestanding retail buildings with parking) was the only sector to experience a decrease, ending the second quarter at \$22.38 per square foot, down from \$22.44 per square foot from the first quarter of 2024.

Market Rent Growth 2019 - 2024



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
Clark County Outlying	3	166,000	161,000	97.0%	8,065	55,320
Westside Outlying	4	114,000	31,000	27.5%	9,616	28,499
Tigard	1	58,000	56,000	97.0%	19,191	58,027
Cascade Park	4	51,000	49,000	97.5%	15,627	12,684
Sunset Corridor/Hillsboro	1	37,000	28,000	75.5%	13,704	37,000
Orchards	1	22,000	0	0%	12,061	22,000
Lloyd District	1	8,000	0	0%	11,466	8,321
217 Corridor/Beaverton	0	-	-	-	11,340	-
Airport Way	0	-	-	-	16,157	-
Barbur Blvd/Capitol Hwy	0	-	-	-	5,852	-
All Other	0	-	-	-	9,717	-
Totals	15	456,000	326,000	71.5%	10,482	30,402

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.