

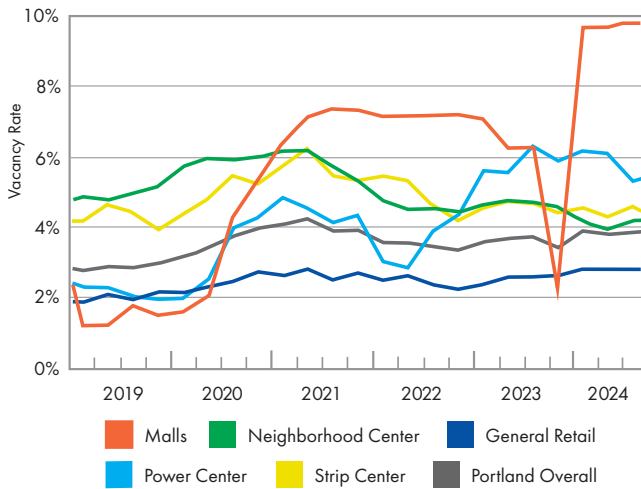
OVERVIEW

Retail leasing activity has continued to decline in the Portland Metro area, a trend that began back in 2014. This is due to many factors, including minimal space availabilities, a lack of new construction, and tenant hesitancy over rising costs and declining consumer spending. A majority of deals being signed are under 5,000 square feet, driven by the growth of local retail businesses and national quick-serve restaurant brands, such as Starbucks and Raising Cane's.

Suburban leasing has outpaced urban and downtown markets by a wide margin, due in part to the availability of larger spaces to accommodate big-box retailers.

Vacancy Rates by Building Type

2019 - 2024



Source: CoStar Group

VACANCY

The overall Portland retail vacancy rate remained unchanged from the previous quarter, holding at 3.9%.

While most retail sectors remained unchanged from the previous quarter, power centers saw the largest fluctuation, going from 6.1% in the second quarter of 2024 to 5.4% at the end of the third quarter.

PORTLAND MARKET SNAPSHOT

VACANCY
3.9%



RENTAL RATE
\$24.21



CONSTRUCTION
297,278 SF



ABSORPTION
65,882 SF

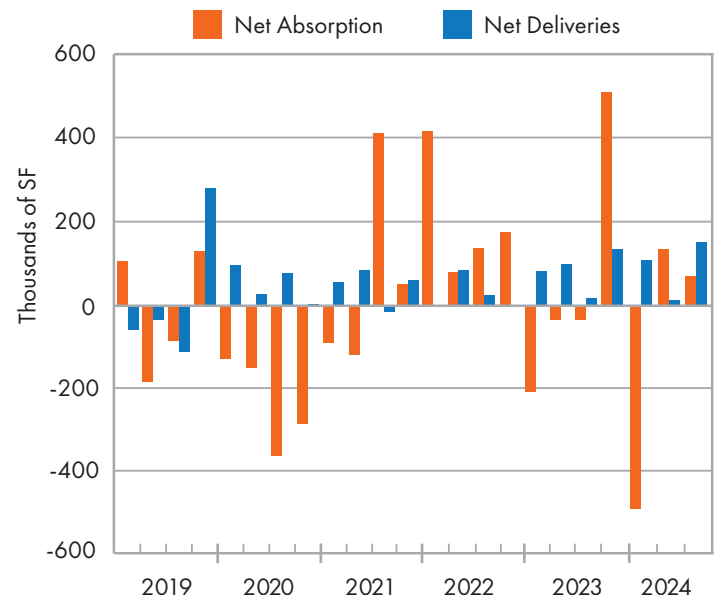


ABSORPTION & DELIVERIES

Portland metro posted 65,882 square feet in net absorption in the third quarter of 2024, compared to 145,708 square feet at the end of the second quarter. Power centers posted the largest fluctuation from the second quarter, going from 5,983 square feet to 60,431 square feet to end the third quarter.

Absorption & Deliveries

2019 - 2024



Source: CoStar Group

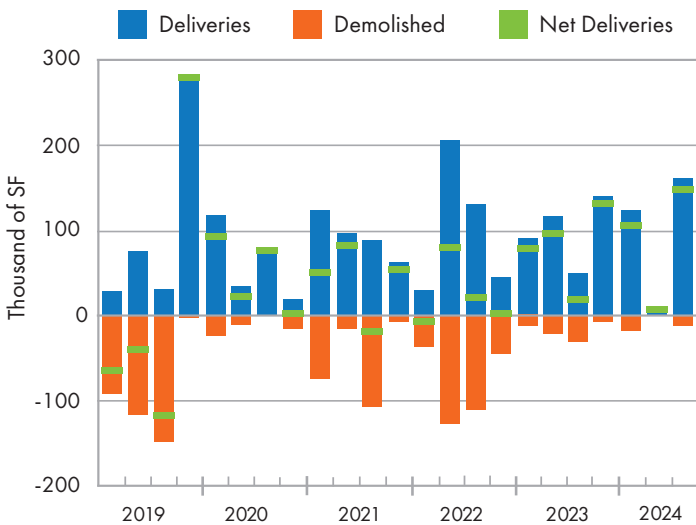
DELIVERIES AND CONSTRUCTION

There was 160,044 square feet of new product delivered to the marketplace in the third quarter of 2024, while 297,278 square feet still remained under construction. In the last 12 months, 517,000 total square feet have been added to the Portland market.

A few larger projects set for completion in the second half of 2024 include Reed's Crossing Town Center in Hillsboro, at 80,380 square feet, set for completion in November; and Pop Blocks - Pavillion on Sandy in NE Portland, a new mixed-use development with 12,271 square feet of retail, set for completion in December.

Historical Construction Deliveries & Demolitions

Square Footage Per Quarter



Source: CoStar Group

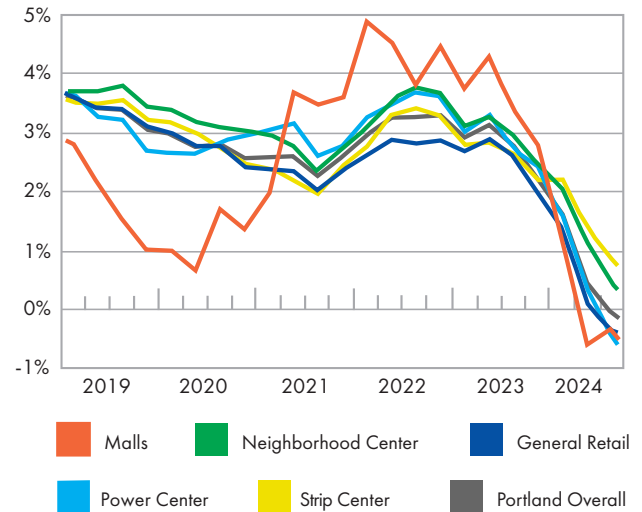
RENTAL RATES

Retail asking rents decreased to \$24.21 per square foot in the third quarter down from \$24.40 in the previous quarter. Rent growth is expected to slow in the coming quarters due to a continuing decline in population growth.

Nearly all sectors saw a decrease in asking rates, with shopping malls posting the largest drop, going from \$26.49 in the second quarter of 2024, to \$26.14 at the end the third quarter.

Power centers were the only sector to see an increase, going from \$29.47 per square foot to \$30.02 per square foot to end the third quarter.

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.