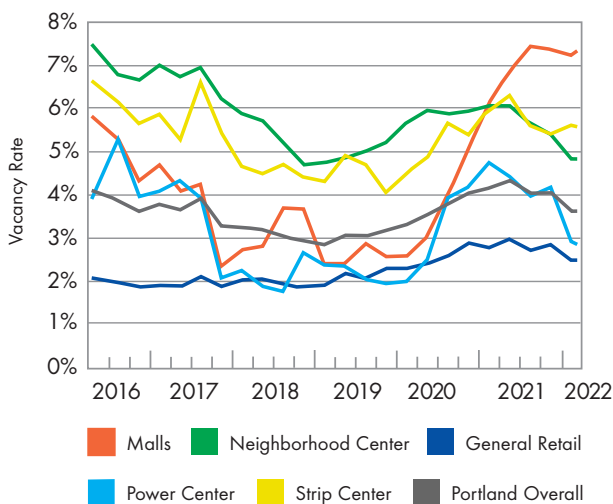


OVERVIEW

On March 12th, 2022, Oregon lifted its statewide mask mandate, marking an end to almost all of the State's COVID-19 era business restrictions. As a result, retail demand in Portland is finally stabilizing and is positioning itself for a rebound in 2022. Barring any major setbacks from emerging variants, Portland might be heading back to a sense of normalcy in 2022.

Portland is still benefiting from COVID-19 era population trends, which should strengthen retail leasing going forward. As more companies in pricey coastal cities such as San Francisco and Seattle shift to a telework model, many of these workers are moving to Portland for more affordable living.

Vacancy Rates by Building Type 2016 - 2022



VACANCY

The Portland retail vacancy rate ended the first quarter of 2022 at 3.7%, down from 4.1% at the end of the fourth quarter 2021.

While most retail sectors remained relatively stable from the previous quarter, power centers in the Portland metro area saw the biggest decrease in vacancy rates, going from 4.1% in the fourth quarter 2021 to 2.8% at the end of the first quarter of 2022.

PORTLAND MARKET SNAPSHOT

VACANCY
3.7%



RENTAL RATE
\$23.19



CONSTRUCTION
564,251 SF



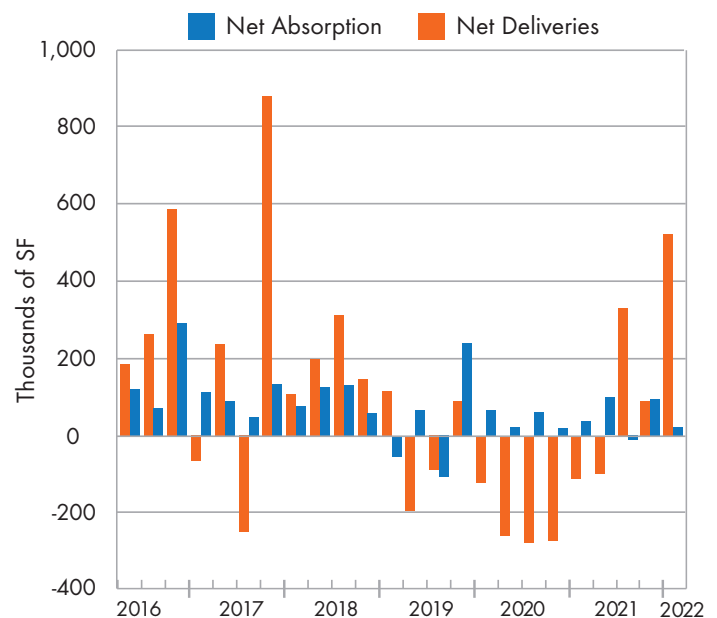
ABSORPTION
(54,054) SF



ABSORPTION & DELIVERIES

The Portland metro posted negative (54,054) square feet in net absorption in the first quarter of 2022, compared to 64,492 square feet at the end of 2021. Power centers posted the only positive absorption numbers at 10,367 square feet. Neighborhood Centers saw the biggest drop, going from 56,560 square feet in the fourth quarter of 2021 to negative (14,236) square feet at the close of the first quarter 2022.

Absorption & Deliveries 2016 - 2022



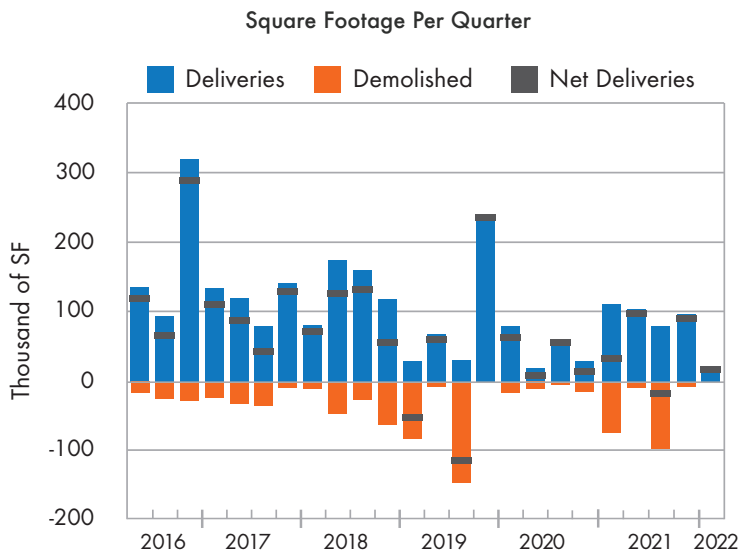
Source: CoStar Property

DELIVERIES AND CONSTRUCTION

The continuing shift from in-person shopping to e-commerce has had developers wary to break ground on new retail projects, even before the COVID-19 pandemic began. As a result, just like the last two quarters, the first quarter of 2022 saw no new square feet delivered. 292,000 total square feet has been added in Portland over the past 12 months, and 564,251 square feet remained under construction at the end of the first quarter.

Total retail inventory for the Portland market amounted to 123,745,476 square feet as the quarter came to a close.

Historical Construction Deliveries & Demolitions

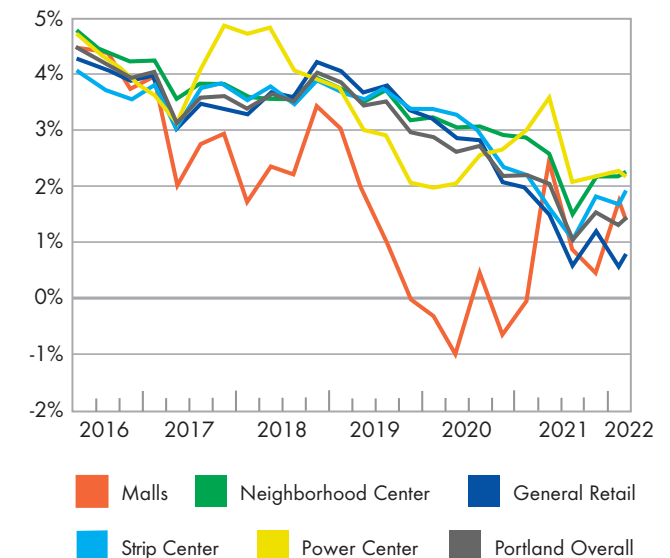


RENTAL RATES

While tenants and business owners navigate post-pandemic practices and strategies, strong leasing activity—particularly in experiential retail—is expected to drive rents higher in 2022. Retail rental growth posted gains of 1.3% year-over-year, compared to the national performance gains of 3.6% during the same period.

Average quoted rental rates increased to \$23.19 per square foot per year, compared to \$22.76 per square foot in the fourth quarter of 2021.

Market Rent Growth



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	9	256,000	239,000	93.2%	13,392	28,479
Westside Outlying	1	108,000	103,000	95.3%	9,809	108,000
Clackamas/Milwaukie	6	62,000	37,000	59.0%	10,585	10,333
Hayden Island/Swan Island	1	55,000	55,000	100%	7,391	54,562
Hazel Dell/Salmon Creek	5	42,000	0	0%	13,167	8,300
Camas/Washougal	1	18,000	5,000	30.4%	9,339	17,750
Clark County Outlying	3	14,000	14,000	100%	8,038	4,654
Orchards	1	4,000	4,000	100%	12,406	4,450
Guilds Lake	1	3,000	0	0%	4,972	3,220
217 Corridor/Beaverton	1	3,000	3,000	100%	11,685	2,500
All Other	—	—	—	—	10,344	—
Totals	29	564,000	459,000	81.4%	10,452	19,457

Source: CoStar Property

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.