

Retail Market Report | Q2 2018

Norris & Stevens

INVESTMENT REAL ESTATE SERVICES

OVERVIEW

The retail market in Portland did not experience much change during the second quarter. With the vacancy rate at 3.2%, net absorption was a positive 83,327 square feet and vacant sublease space increased by 29,737 square feet. There was a slight increase in quoted rental rates, ending at \$17.35 per square foot per year. Seven buildings were delivered to the market and 1,129,274 square feet are still under construction.

PORTLAND MARKET SNAPSHOT

VACANCY

3.2%



RENTAL RATE

\$17.35



CONSTRUCTION

1,129,274 SF

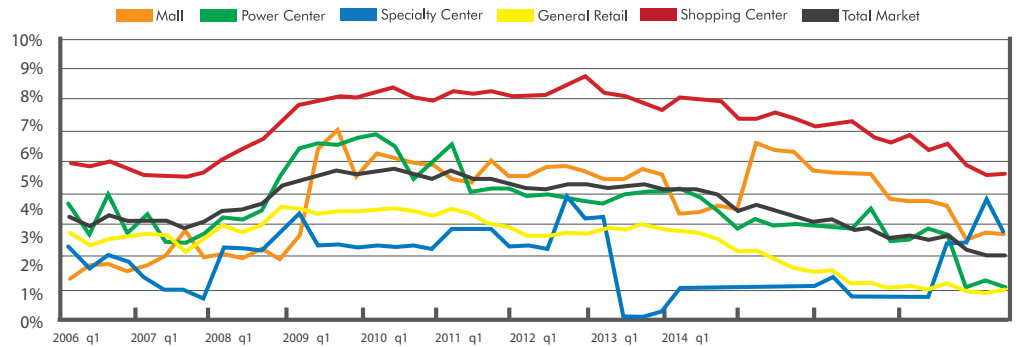


ABSORPTION

83,327 SF



Vacancy Rates by Building Type Years 2006 - 2018



VACANCY

While the vacancy rate hasn't changed since the first quarter, it has decreased over the past four quarters.

Vacant sublease space has gone up over the past four quarters. In the third quarter of 2017, there was 184,347 square feet of vacant sublease space. At the end of the second quarter 2018, the market had 240,386 square feet of vacant space.

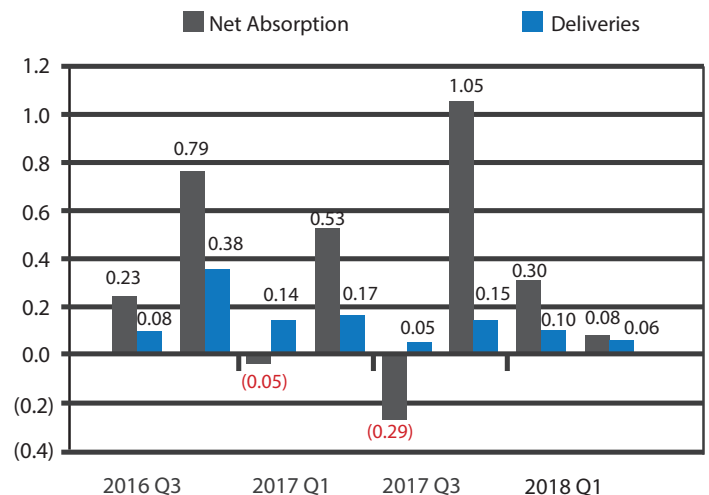
ABSORPTION & DELIVERIES

With positive 83,327 square feet absorbed, this quarter ended down compared to the first quarter, which had positive 303,072 square feet of net absorption.

Sears moved out of 111,645 square feet of space at Lloyd Center and Kmart moved out of 96,805 square feet at 2470 Mission Street.

Absorption & Deliveries

Past 8 Quarters



Source: CoStar Property

DELIVERIES AND CONSTRUCTION

During this quarter, 55,011 total square feet were delivered to market in seven buildings. 357,363 square feet in total have been built in Portland over the past four quarters.

At the end of the quarter, 1,129,274 square feet remain under construction.

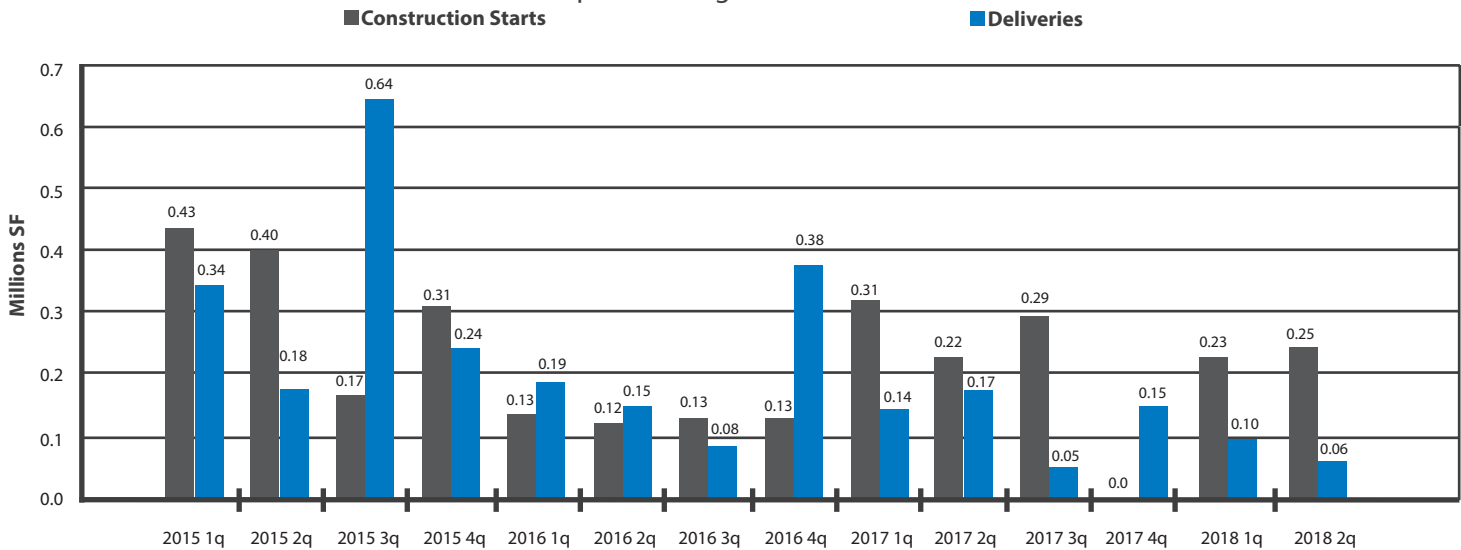
In the Portland area at the end of the quarter, there is 189,755,970 square feet of total retail inventory in 18,309 buildings and 1,167 centers.

RENTAL RATES

Since the previous quarters, average quoted rental rates have increased. Over the past four quarters, quoted rental rates have increased 3.52%, with \$16.74 reported in third quarter 2017. The rates then steadily increased over the next few quarters, up to 17.25 and \$17.31. The second quarter 2018 ended with average quoted rental rates at \$17.35.

Historical Construction Starts & Deliveries

Square Footage Per Quarter



Source: CoStar Property

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	30	267,557	136,506	51.0%	12,572	8,919
I-5 Corridor	5	147,474	111,468	75.6%	14,878	29,495
Southwest	4	146,495	137,519	93.9%	13,446	36,624
Polk County	1	130,000	130,000	100.0%	7,943	130,000
Deschutes County	9	85,447	70,917	83.0%	11,799	9,494
Westside	5	62,612	56,170	89.7%	12,701	12,522
Lane County	3	61,689	57,489	93.2%	9,440	20,563
Southeast	3	51,300	44,800	87.3%	8,884	17,100
CBD	1	41,000	4,920	12.0%	14,054	41,000
Northeast	3	40,040	24,040	60.0%	8,364	13,347
All Other	11	95,660	87,769	91.8%	9,748	8,696
Totals	75	1,129,274	861,598	76.3%	10,364	15,057

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.