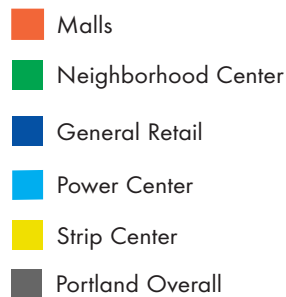


OVERVIEW

The COVID-19 pandemic brought immense challenges to the retail sector, which had already been struggling for years due to the growth of e-commerce. 16 months of intermittent lock downs and social distancing caused many retailers and restaurants to close. With the state officially reopened as of June 30th, Portland's retail market could bounce back in response.

Vacancy Rates by Building Type Years 2016 - 2021



PORTLAND MARKET SNAPSHOT

VACANCY
4.1%



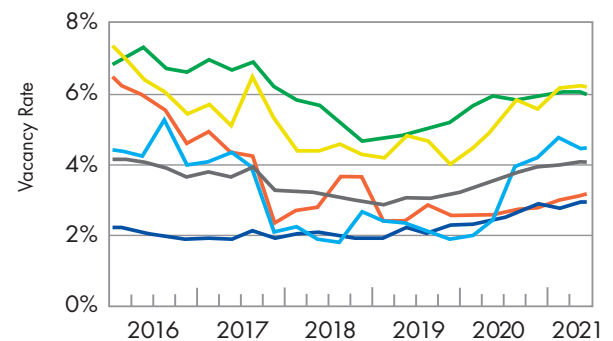
RENTAL RATE
\$22.85



CONSTRUCTION
811,480 SF



ABSORPTION
1,072 SF



VACANCY

At 4.1%, the Portland retail vacancy rate rose slightly from 4.0% at the end of the first quarter 2021.

While still relatively healthy, Portland's retail vacancy rates are rising across the board, due in part to coronavirus-related bankruptcies and the rise of e-commerce nationwide.

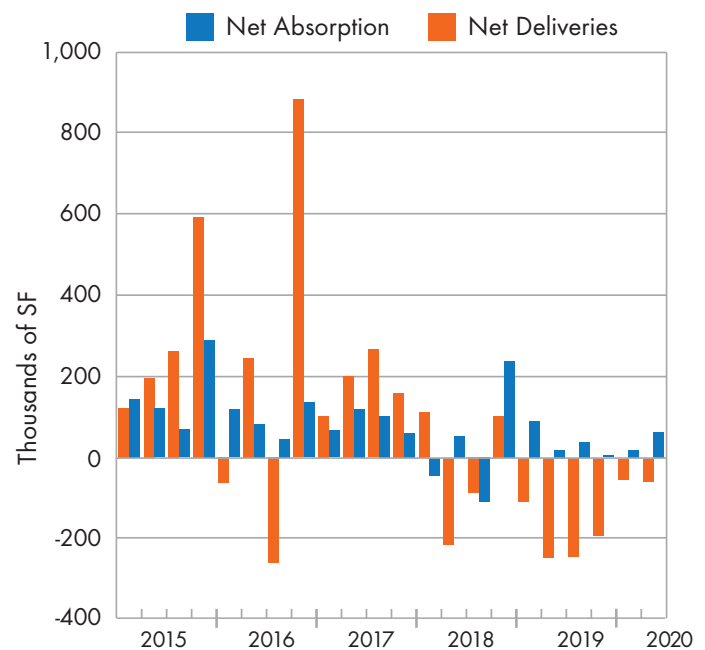
In pricey coastal metros such as the Bay area and Seattle, some companies are looking to make telework a permanent option. With the ability to work from home, residents in those areas are looking to Portland as a more affordable living option. This should lead to higher retail sales going forward.

ABSORPTION & DELIVERIES

Net absorption finally rose into positive numbers for the first time since Q4 2018, with positive 1,072 square feet absorbed, up from negative (12,525) square feet in the first quarter 2021.

Absorption & Deliveries

2016 - 2021



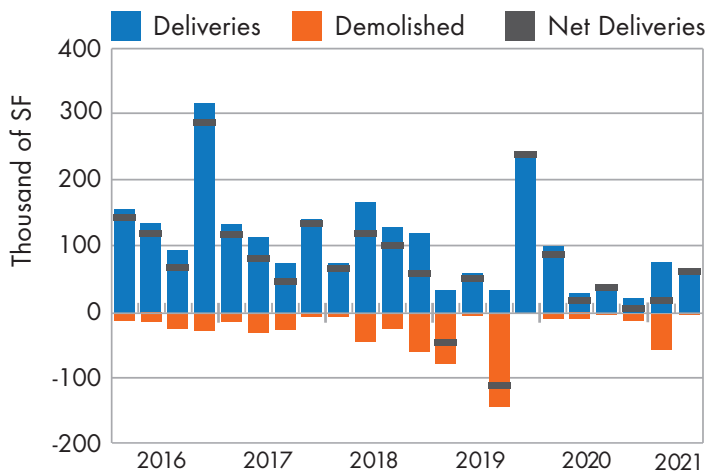
DELIVERIES AND CONSTRUCTION

No new square footage was added in the second quarter of 2021, while only 15,600 square feet was added in the first quarter of the year. 190,000 total square feet has been added in Portland over the past 12 months. There was 811,480 square feet still under construction at the end of the second quarter.

Total retail inventory for the Portland market amounted to 123,150,077 square feet as the quarter came to a close.

Historical Construction Deliveries & Demolitions

Square Footage Per Quarter



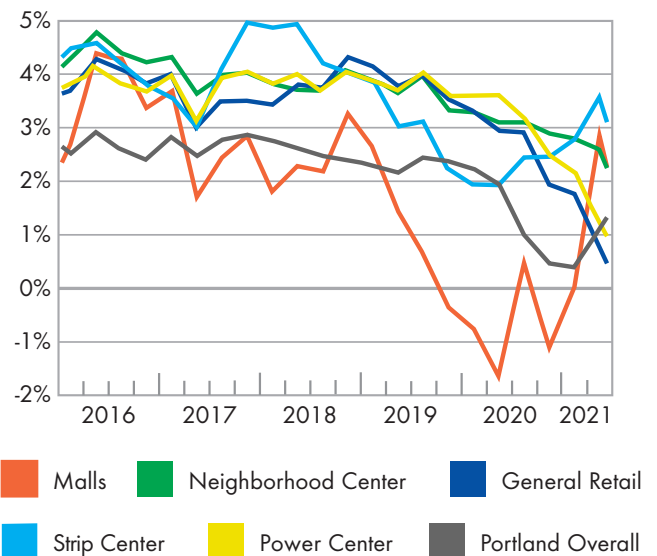
Source: CoStar Property

RENTAL RATES

After losses in the early part of the pandemic, growth picked up slightly in the second half of 2020 and overall rent growth has posted gains of 1.2% over the last 12 months. However, growth is projected to decelerate over the next few quarters, as tenants and businesses wrestle with post-pandemic practices and strategies.

Average quoted rental rates increased from the previous quarter, ending at \$22.85 per square foot per year. This compared to \$22.51 per square foot in the first quarter of 2021, and \$22.74 at the end of the second quarter 2020.

Market Rent Growth



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
Clackamas/Milwaukie	12	230,000	167,000	72.7%	10,628	19,175
North Beaverton	7	209,000	187,000	89.6%	13,652	29,801
Westside Outlying	1	108,000	103,000	95.3%	9,853	108,000
Gateway	1	107,000	107,000	100%	6,162	107,143
Clark County Outlying	5	45,000	33,000	73.1%	8,293	8,903
SE Outlying	1	35,000	25,000	71.9%	7,984	35,280
Hazel Dell/Salmon Creek	1	34,000	34,000	100%	13,014	34,267
Kruse Way	2	17,000	7,000	42.2%	10,916	8,689
East Columbia Corridor	2	10,000	10,000	100%	12,545	5,027
Sherwood	1	10,000	4,000	35.0%	14,070	10,000
All Other	2	6,000	6,000	100%	10,578	3,071
Totals	35	811,000	684,000	84.2%	10,410	23,185

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.