

RETAIL REPORT

Portland Metro Area

3Q15



Portland's **retail** vacancy held steady at to 6.08% Third Quarter with 170,836 sf absorbed. 4 buildings totaling 45,267 sf are currently under construction.

In the Central City, Eddie Bauer moved into 4,738 sf at Pioneer Place. In the Southwest, Makato Japanese Buffet moved into their 9,600 sf restaurant at Tigard Marketplace. Also in the Southwest, discount party superstore Party Fair signed the largest lease of the quarter with its 9,509 sf store at the Tigard Triangle Center. In the Eastside submarket, an 8,203 sf Green Zebra Grocery is set to anchor the new Lloyd Center project, Hassalo on Eighth, and will open in early 2016.

Vancouver's vacancy dwindled down to a low 8.34%. It's been in the works since 2006, but the long-awaited, 155,961 sf Walmart Supercenter at Evergreen Crossing finally opened its doors on September 23. A grand ceremony for the gas station was held on October 3. Hazel Dell Marketplace also gained a new 21,500 sf Marshalls, which will open summer 2016.

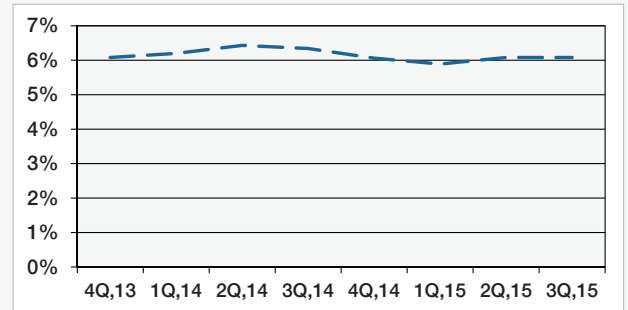
Noteworthy News

Grocery and supermarkets continue to be a major source of retail activity for the Portland metro-area. Lake Oswego will welcome Whole Foods' newest venture, Whole Foods 365. Targeted toward millennials and focused on value, the new store will be much smaller, interactive and ideal for lower income customers wanting better access to fresh foods. The Haggen grocery chain filed for Chapter 11 bankruptcy in the wake of the stores it bought from the \$9.4 billion merger of Albertsons and Safeway. The company will close 127 of its 164 existing stores. To date, 12 Oregon stores will close including Ashland, Baker City, Beaverton, Milwaukie, Sherwood, Springfield and Tigard. Haggen will shutter a total of 15 stores in Washington.

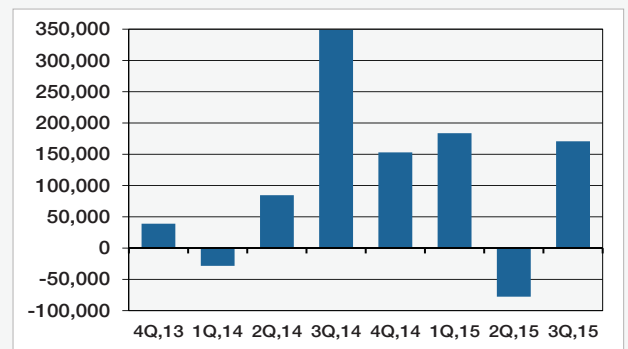
After October 1, Oregonians best prepare for a 'green rush'. Oregon passed legislation allowing dispensaries to sell to recreational customers beginning on October 1. Portland also plans to accept license applications for all marijuana business on this date. City officials project 360 marijuana businesses with \$1.1 million in revenue in city fees, which will undoubtedly boost the local economy.

Nationally, Americans stepped up their spending on cars, restaurants, groceries and clothing in August, suggesting resilience in the U.S. economy versus the current global slowdown. Overall, retail sales have kept up with solid job gains during Third Quarter. The nation added another 2.9 million jobs over the past 12 months, which is evident by the spending surge on luxury goods and disposable income items like cars, clothing and restaurants. However, improved retail sales weren't shared by all and a lag of growth at furnishers and home improvement stores forewarn a potential cooling down of the housing market.

Vacancy Comparison (%)



Absorption Comparison



Trends for 3Q15

VACANCY RATE

NET ABSORPTION

CONSTRUCTION

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Market Overview*

SUBMARKET	# BLDGS.	INVENTORY (SF)	TOTAL AVAILABLE (SF)	VACANCY(%)	TOTAL ABSORPTION	UNDER CONSTRUCTION
122nd/Gresham	40	5,741,796	568,473	9.90	(1,847)	0
Central City	54	2,228,740	126,700	5.68	(432)	0
Eastside	28	5,724,959	250,497	4.38	32	0
Southeast/East Clackamas	30	5,331,641	304,287	5.71	19,334	0
Southwest	100	12,197,099	460,532	3.78	30,529	22,368
Sunset Corridor	43	5,321,551	271,627	5.10	(29,454)	3,858
Vancouver	96	10,524,720	877,710	8.34	152,674	19,041
TOTAL	391	47,070,506	2,859,826	6.08	170,836	45,267

*Additions and subtractions to the numbers above are in our detailed report.

Significant Lease Transactions

TENANT	BUILDING	SIZE	SUBMARKET
Party Fair	Tigard Triangle Center	9,509 sf	Southwest
Green Zebra Grocery	Hassalo on Eighth	8,203 sf	Eastside
Dogstar	Barrows Crossing	5,540 sf	Southwest

Source: CoStar, Oregonian, Portland Business Journal, Daily Journal of Commerce

Significant Sales Transactions

BUYER	BUILDING	PRICE	SUBMARKET
Retail Opportunity Investments Corp.	Tigard Promenade & Sunnyside Shop Ctr	\$38,500,000	Southwest
Geneva Equities	Mt. Baker Building	\$3,550,000	Eastside
Trinsic Residential Group	419 E Burnside St.	\$2,795,000	Eastside

Source: CoStar

Featured Deals



Party Fair Lease

Party Fair, a discount party superstore, has leased 9,509 sf at the Tigard Triangle Center. NAI Norris, Beggs & Simpson Associate Vice President Jack Gallagher and Real Estate Broker R. Tom Smith represented the tenant. Matt Sichel of Elliott Associates represented the landlord, American Industries, Inc.



Campbell Thrifty Buildings Sale

The Campbell Thrifty Buildings were sold for \$2.85 million. President Chris Johnson, Senior Vice President MaryKay West and Vice President Denis O'Neill represented the seller, John Balwit and Julie Weinstein Balwit. Located at 303-325 NE 3rd Street in McMinnville, the 20,574 sf buildings are seismically retrofitted historic buildings with 100% occupancy.