

FIGURES | PORTLAND METRO RETAIL | Q1 2023

# Shopping center transaction volume doubles quarter over quarter



Note: Arrows indicate change from previous quarter.

## MARKET OVERVIEW

The commercial real estate market in Portland has continued to be a mixed bag; while the suburbs are witnessing strong growth, the downtown area continues to flounder. Despite this disparity, the overall market is seeing an increase in rents and strength in occupancy, indicating an overall positive trend for the asset class.

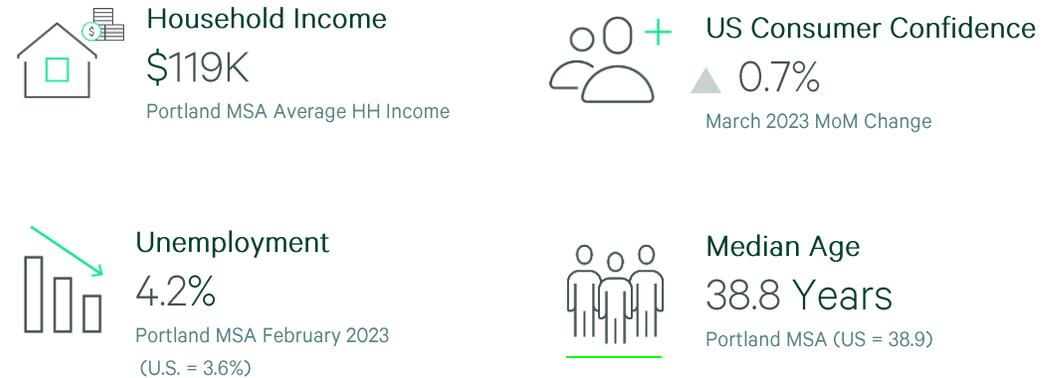
A collection of relatively small new vacancies added up to roughly negative 127k square feet (sq. ft.) across metro shopping centers. Of those, 30,000 sq. ft. at Columbia Gorge Outlet Center in Troutdale and 25,750 sq. ft. at the Columbia Tech Center in Clark County were the largest new vacancies. Given the amount of demand for retail space, strong preleasing numbers in the suburbs, and little expected construction, CBRE leasing professionals consider negative absorption to provide an opening for market-rate-paying tenants to come in rather than a worrying market trend.

Sales volume in the Portland metro area's shopping centers hit just over \$100M in Q1, a roughly 115% increase quarter over quarter and above the 5-year average of \$74M.

As they continue to close stores across the country, Bed Bath & Beyond is slated to vacate over 150,000 sq. ft. of retail space in the Portland metro area and nearly 300,000 sq. ft. in the state of Oregon.

The proposed Senate Bill 340 changes to the Oregon criminal code could have an impact on the retail CRE market. The bill, if passed, would increase penalties for certain crimes, including theft.

FIGURE 1: Retail Market Indicators



Source: CBRE Research, Q1 2023; Bureau of Labor Statistics, The Conference Board

FIGURE 2: Market Statistics by Submarket, Q1 2022

Submarket	Net Rentable Area (SF)	Total Availability Rate (%)	Total Vacancy Rate (%)	QTD Net Absorption (SF)
Beaverton	4,042,798	5.5	3.5	29,809
Clackamas/Milwaukie	6,427,849	3.8	4.0	5
Close-in SW	722,099	5.4	4.5	(3,405)
Columbia County	442,792	1.1	1.1	-
Downtown	597,023	7.4	2.3	(3,262)
Eastside	5,393,320	6.5	3.3	(12,399)
Gresham	4,731,644	7.0	6.5	(40,876)
Hillsboro-Aloha	5,618,232	4.7	3.8	6,239
I-5 Corridor	4,875,242	6.1	4.2	(12,642)
North Portland	1,241,834	5.3	9.7	(25,611)
Northwest	324,138	11.7	11.7	(9,384)
Tigard	2,907,258	4.0	3.9	2,544
Vancouver/Inner Suburbs	7,823,662	6.9	6.0	(45,481)
Clark County Outlying	3,463,257	5.6	4.7	(1,625)
Yamhill County	955,721	1.6	1.6	3,000
<b>Market Total</b>	<b>50,862,124</b>	<b>5.8</b>	<b>4.6</b>	<b>(127,238)</b>

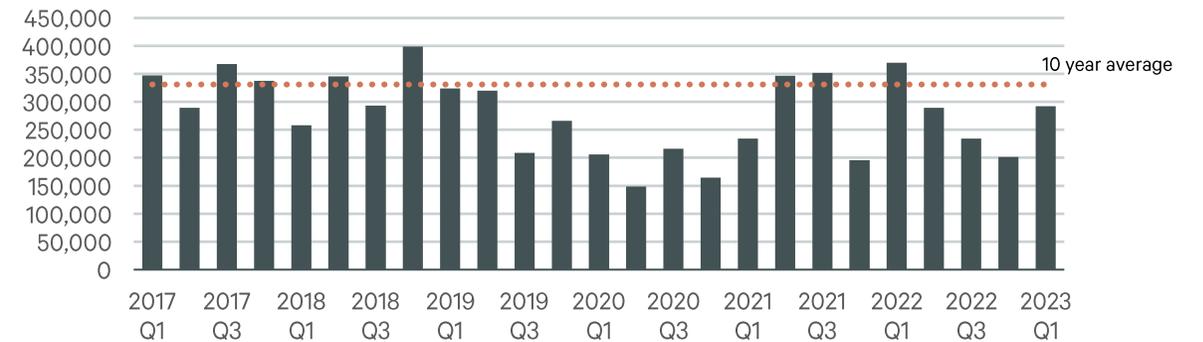
Source: Costar, CBRE Research Q1 2023

FIGURE 3: Construction Activity & Completions vs. Vacancy Rate



Source: Costar, CBRE Research Q1 2023

Figure 4: Leasing Activity (Sq. Ft.)



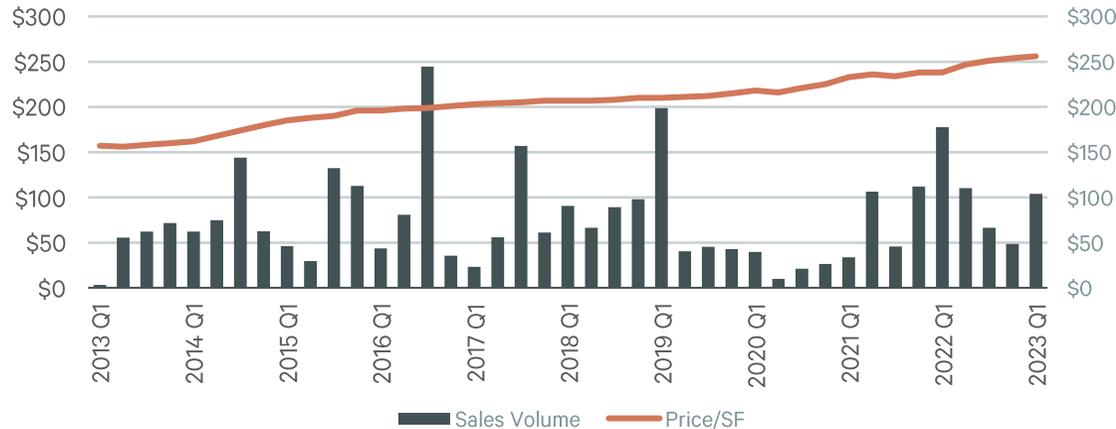
Source: Costar, CBRE Research Q1 2023

FIGURE 5: Notable Sale Transactions Q1 2023

Name	Submarket	Property Type	SF	Sale Price	Price Per SF
Beaverton Town Square	Beaverton	Community Center	303,876	\$35,238,594	336.69
Oregon Trail Shopping Center	Gresham	Community Center	337,055	\$25,100,311	132.32
Progress Square	Beaverton	Neighborhood Center	129,052	\$15,700,000	376.37
Tigard Towne Square	Tigard	Community Center	130,862	\$11,290,000	223.12

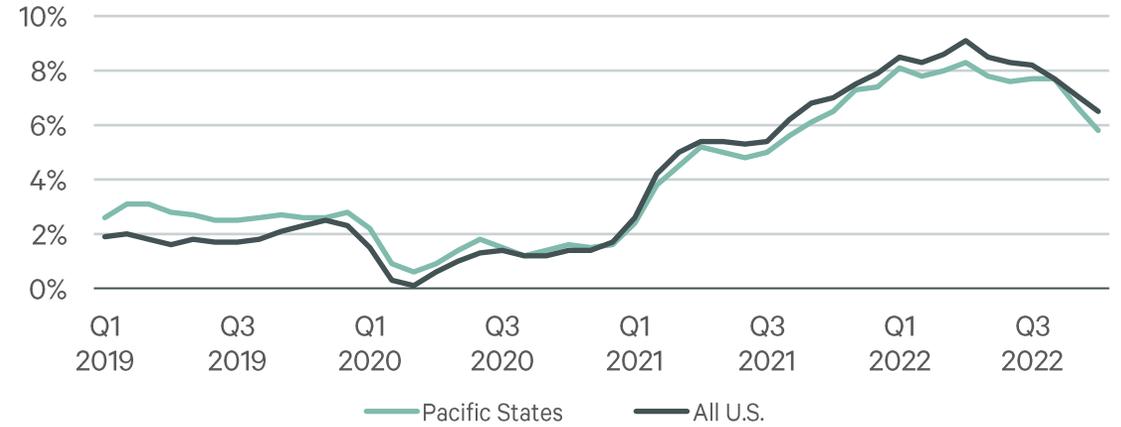
Source: Costar, CBRE Research Q1 2023

FIGURE 6: Total Retail Sales in Millions (USD)



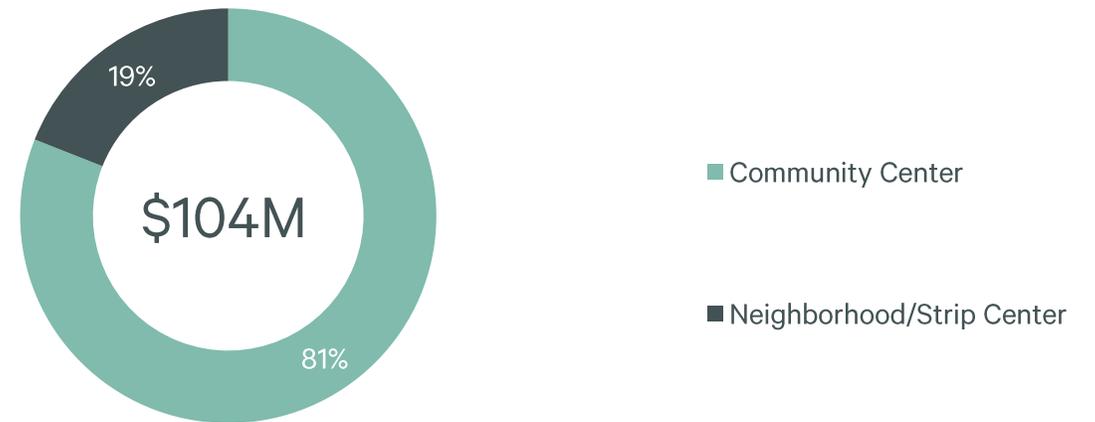
Source: Costar, CBRE Research Q1 2023

FIGURE 7: 12-month Change in Consumer Price Index for Pacific States and U.S. (%)



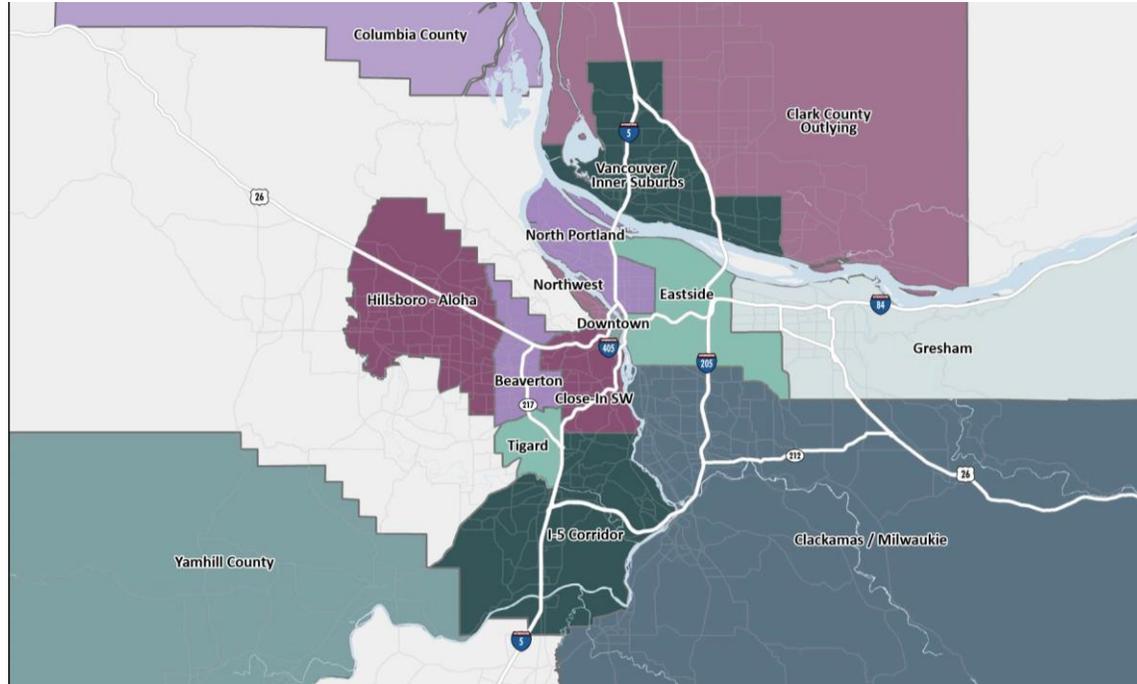
Source: Bureau of Labor Statistics, January 2023

FIGURE 8: Percentage of Total Sales Volume (\$) by Shopping Center Type Q1 2023



Source: Costar, CBRE Research Q1 2023

## Market Area Overview



### Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied immediately.

### Survey Criteria

The survey covers retail shopping centers in the Portland MSA. Buildings surveyed are 1,000+ Sq. Ft. Net Rentable Area within the following types of shopping centers: community center, lifestyle center, neighborhood center, outlet center, power center, regional mall, and strip center.

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