

The background of the image is a blue-tinted aerial photograph of a city, likely Portland, Oregon, with a large mountain (Mount Hood) visible in the distance. The text is overlaid on this image.

MARCH BROKER AWARDS MEETING

APRIL 13, 2022

MONTHLY STATISTICS

LEASING

	# OF TRANSACTIONS	TOTAL \$ VALUE
March 2020	12	\$3,081,476
March 2021	26	\$8,210,035
March 2022	25	\$6,455,899

SALES

	# OF TRANSACTIONS	TOTAL \$ VALUE
March 2020	2	\$905,000
March 2021	2	\$4,040,000
March 2022	6	\$11,355,000

YTD STATISTICS

LEASING

OF TRANSACTIONS

TOTAL \$ VALUE

March 2020

43

\$8,537,829

March 2021

68

\$13,087,790

March 2022

51

\$12,451,352

SALES

OF TRANSACTIONS

TOTAL \$ VALUE

March 2020

8

\$23,983,000

March 2021

12

\$41,515,000

March 2022

12

\$31,701,352

The image is a full-page background featuring a blue-tinted aerial photograph of a city, likely Seattle, with a prominent mountain (Mount Rainier) in the distance. The city's skyline is visible with various skyscrapers and buildings. The text 'TOP LEASES' is centered over the image in a large, white, sans-serif font.

TOP LEASES

3RD TOP LEASE

Tigard Central Industrial Park
12700 SW Hall Blvd, Units E & F and Mods 1 & 2
Tigard, OR

Lessor: The McLellan Company

Lessee: Green Rhino Recycling, LLC

Lease Value: \$959,633

Lease Rate: \$0.68 PSF + NNN

Leased Area: 47,303 SF

Lease Term: 84 months

TI's & Concessions: No heat or air conditioning in a metal building, carpet and paint in office pod



SCOTT
FINNEY



GREG
NESTING



2ND TOP LEASE

9400 Place
9400 SW Beaverton Hillsdale Hwy, Suite 205
Beaverton, OR

Lessor: 9300 Hillsdale, LLC

Lessee: Northwest Occupational Medicine

Lease Value: \$1,214,380.20

Lease Rate: \$18.50 PSF + 3% increases

Leased Area: 12,346 SF

Lease Term: 60 months

TI's & Concessions: TI – Paint, partial carpet, locks changed, wash windows



**DUANE
LINK**



TOP LEASE

Keyscaper Building
9675-B SW Tualatin Sherwood Road
Tualatin, OR

Lessor: The McLellan Company

Lessee: Pinnacle Automotive Group, LLC

Lease Value: \$1,223,256

Lease Rate: \$0.78 PSF + 4% increases

Leased Area: 11,400 SF

Lease Term: 86 months

TI's & Concessions: \$175,000 of TI
due to horrible building conditions;
not upgraded since purchase



SCOTT
FINNEY



NICK
CHESSAR



The background is a blue-tinted photograph of a city skyline, likely Portland, Oregon, with a large mountain (Mount Hood) visible in the distance. The text "TOP SALES" is overlaid in the center in a large, white, sans-serif font.

TOP SALES

3RD TOP SALE

435 NE Tillamook St
Portland, OR

Seller: Reasonable Volume, LLC

Buyer: Henre J Andosca DC

Sale Price: \$1,200,000

Price per SF: \$404.04 PSF

Property Size: 2,970 SF

Cap Rate: Owner/User

Financing: SBA \$1.6M including TIs



DOUG
CARTER



2ND TOP SALE

16321 SE Stark Street
Gresham, OR

Seller: Gateway Elks Lodge No. 2411,
Benevolent & Protective Order Of Elks Of
The United States of America

Buyer: Mohammad Kasimi and
Mahnaz Behashti

Sale Price: \$2,105,000

Price per SF: \$143.31 PSF

Property Size: 14,689 SF

Cap Rate: N/A

Financing: Cash



GREG
NESTING



GABE
SCHNITZER



TOP SALE

One Stop Shopping Center
3504-3536 NE 3rd Avenue
Camas, WA

Seller: Perseverance, L.L.C.

Buyer: KH Properties LLC

Sale Price: \$5,350,000

Price per SF: \$137.71 PSF

Property Size: 38,850 SF

Cap Rate: 6.85%

Financing: 70% LTV, WA State
Employee Credit Union @ 4%,
10 year term, 25 year amortization



TODD
VANDOMELEN



A blue-tinted photograph of a city skyline, likely Seattle, with a large mountain (Mount Rainier) in the background. The text "TOP DOGS" is overlaid in white, bold, sans-serif font.

TOP DOGS

LEASING BROKER OF THE MONTH



SCOTT FINNEY

SALES BROKERS OF THE MONTH



TODD VANDOMELEN

PRESIDENT'S AWARD



LUIS MARTIN DEL CAMPO

TOP 5 PRODUCERS

1



TODD VANDOMELEN

2



GREG NESTING

3



TIM BUDELMAN

T4



CAMERON MERCER

T
4



DAVID CHATFIELD

A blue-tinted photograph of a city skyline, likely Portland, Oregon, with a large mountain (Mount Hood) in the background. The word "ANNOUNCEMENTS" is overlaid in large, white, sans-serif capital letters.

ANNOUNCEMENTS

SALES MEETING SCHEDULE

April 20th

No Meeting – Broker Awards Trip

April 27th

Continuing Education/Guest Speaker

Charlie Kokernak, Gantry

May 4th

All Broker Meeting

May 11th

Broker Awards Meeting for April 2022

Market Reports by Nick Chessar & Luis Martin del Campo

May 18th

Continuing Education/Guest Speaker

May 25th

Brokers Meet by Industry Group

June 1st

No Meeting – Post Memorial Day

UPCOMING LOCAL EVENTS



The Art of Badassery

Thursday, April 14th @ 2:00 – 5:00 PM

Amaterra Winery – 8150 SW Swede Hill Drive, Portland



PSU's MRED Information Session

Tuesday, April 26th @ 5:30 – 6:30 PM

Virtual



2022 Real Estate Trends and Forecasts

Wednesday, April 27th @ 7:30 – 9:00 AM

Sheraton Portland Airport Hotel – 8235 NE Airport Way, Portland



Oregon/SW Washington
CCIM Chapter

YTD 2022 Portland Metro Apartment Market Update

Wednesday, May 4th @ 12:00 – 1:15 PM (Networking @ 11:15 AM – 12:00 PM)

Celebrate Catering – 15555 SW Bangy Road, Lake Oswego



Reverse Trade Show

Thursday, May 5th @ 2:00 – 6:00 PM

US Bancorp Tower – 111 SW 5th Avenue, Portland



Discover the Central Eastside

Monday, May 9th @ 5:00 PM

The Melody Event Center – 615 SE Alder Street, Portland

UPCOMING LOCAL EVENTS



Oregon/SW Washington
CCIM Chapter

CI 101: Financial Analysis for Commercial Investment Real Estate

Monday – Thursday, May 16th – 19th @ 8:00 AM – 5:00 PM

Grand Hotel at Bridgeport – 7265 Southwest Hazel Fern Road, Portland



Building Self-Awareness + Relational Effectiveness

Tuesday, May 17th @ 1:00 – 4:00 PM

Perlo Construction – 11450 SW Amu Street, Tualatin

Norris & Stevens

INVESTMENT REAL ESTATE SERVICES

Employee Appreciation Dinner

Thursday, May 26th @ 5:00 PM

Adrianna Hill Grand Ballroom - Pythian Building, 918 SW Yamhill Street, Portland



Night of Excellence in Commercial Real Estate

Thursday, June 2nd @ 4:00 – 8:00 PM

The Foundry – 320 Oswego Pointe Dr, Lake Oswego



CAB Golf Tournament

Wednesday, June 29th

Langdon Farms – 24377 Airport Road NE, Aurora



ACG Portland 24th Annual Golf Tournament

Wednesday, July 20th

Langdon Farms – 24377 Airport Road NE, Aurora

TCN SPRING CONFERENCE 2023

Wednesday, February 8th – Friday, February 10th, 2023

Barceló Bávaro Palace, Punta Cana, Dominican Republic



EXECUTIVE CORNER



The background of the entire image is a blue-tinted aerial photograph. In the foreground, a dense urban landscape is visible, featuring numerous skyscrapers and smaller buildings. In the background, a large, prominent mountain with a sharp peak rises above the city. The sky is a clear, light blue.

OFFICE & RETAIL INVESTMENT REPORT

BY THOMAS MCDOWELL

INTRODUCTION

- Retail – Portland Metro
- Keys to a Successful Career
- Office – Portland Metro
- Interest Rates
- Investment Forecast



CURRENT NATIONAL RETAIL TRENDS

- Market rents moving up quickly
- Vacancy at an all-time low
- Development remains conservative
- Buyers actively seeking retail investment, no sellers

RETAIL MARKET SALES LAST 12 MONTHS

PORTLAND METRO OVERALL SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$269.06	185	6.6%
2025	-	-	-	-	-	-	\$266.07	183	6.5%
2024	-	-	-	-	-	-	\$262.54	181	6.5%
2023	-	-	-	-	-	-	\$257.02	177	6.5%
2022	-	-	-	-	-	-	\$248.90	171	6.5%
YTD	146	\$313.9M	1.5%	\$3,488,280	\$210.63	6.1%	\$244.91	168	6.5%
2021	637	\$910M	4.6%	\$2,182,227	\$198.91	5.9%	\$241.63	166	6.5%
2020	442	\$460.2M	2.4%	\$1,776,730	\$216.36	6.7%	\$234.52	161	6.5%
2019	597	\$795.8M	4.1%	\$2,313,301	\$230.62	6.2%	\$226.24	156	6.6%
2018	661	\$734.9M	5.7%	\$1,851,141	\$200.38	6.1%	\$218.79	150	6.6%
2017	642	\$737.3M	4.0%	\$2,036,839	\$218.99	6.1%	\$213.86	147	6.6%
2016	626	\$844.6M	3.9%	\$1,889,541	\$220.15	6.6%	\$205.99	142	6.7%
2015	585	\$889.8M	4.7%	\$2,078,980	\$198.09	6.6%	\$198.15	136	6.8%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

RETAIL SUBMARKET SALES LAST 12 MONTHS

Submarket Name	Sales Volume	Transactions	Transacted SF	Avg SF	Mkt Cap Rate	Mkt Sale Price/SF
Clackamas/Milwaukie	\$158,835,018	78	1,299,543	16,661	6.7%	\$228
Sunset Corridor/Hillsboro	\$115,558,737	34	427,747	12,581	6.4%	\$289
Mall 205	\$94,463,025	48	766,332	15,965	6.5%	\$237
Yamhill County	\$55,373,736	46	290,332	6,312	6.5%	\$190
Hazel Dell/Salmon Creek	\$52,805,799	19	381,435	20,076	6.6%	\$236
Orchards	\$46,153,758	22	130,733	5,942	6.6%	\$224
North Beaverton	\$43,578,797	19	347,219	18,275	6.3%	\$274
CBD	\$42,709,652	17	154,621	9,095	6.3%	\$237
NW Close-In	\$42,640,000	14	97,947	6,996	6.0%	\$337
East Columbia Corridor	\$42,036,828	19	169,799	8,937	6.6%	\$221
Oregon City	\$36,921,679	11	318,686	28,971	6.7%	\$229
Gateway	\$34,030,400	39	220,745	5,660	6.4%	\$242
Cascade Park	\$32,184,432	12	301,928	25,161	6.4%	\$264
Tigard	\$29,242,043	14	124,169	8,869	6.5%	\$238
Gresham	\$26,864,026	20	223,428	11,171	6.8%	\$207
NE Close-In	\$26,860,850	25	108,119	4,325	6.1%	\$274
Tualatin	\$26,536,605	7	206,268	29,467	6.5%	\$266
St Johns/Cntrl Vancouver	\$22,319,500	21	94,164	4,484	6.4%	\$214

RECENT SALES

10052 SE Washington St

Portland, OR 97216

- Sale Date: Jan 2022
- Sale Price: \$40,000,000
- PSF: \$132 PSF
- RBA: 303,876 SF
- Year Built: 1971
- Renov.: 2002
- Sale Type: Investment



RECENT SALES

2105-2231 SE Tualatin Valley Hwy

Hillsboro, OR 97123

- Sale Date: Mar 2022
- Sale Price: \$18,300,000
- PSF: \$185 PSF
- RBA: 98,768 SF
- Year Built: 1989
- Sale Type: Investment



2305-2643 SE Tualatin Valley Hwy

Hillsboro, OR 97123

- Sale Date: Mar 2022
- Sale Price: \$27,500,000
- PSF: \$225 PSF
- RBA: 122,169 SF
- Year Built: 1989
- Sale Type: Investment



2022 CREDITINTELL RETAIL PREDICTIONS

Retailer Outlook: 2022 Special Analysis

Apparel

Retailer Predictions



Following over a year of pandemic-related struggles, the apparel industry reversed course in 2021. As stores reopened, students returned to schools, and social gathering resumed, consumer spending was redirected to apparel categories other than loungewear and sportswear. This pent-up consumer demand, aided by government stimulus and child tax credits, drove a rebound in discretionary apparel spending. To meet demand, retailers focused on adjusting merchandising mix, improving product assortment, sourcing, and sustainability, rationalizing their store footprint, and accelerating investments in digital expansion. Most apparel retailers are now reporting double-digit comp growth and positive comp growth even on a two-year basis.

Mass merchants, digital marketplaces, and retailers with omnichannel infrastructures continued to be apparel market share winners, with the pandemic exacerbating share gains. The off-price channel also continued to rebound with the return to in-store shopping, reporting improved results across the board. However, FY21 was not without challenges, as supply chains experienced unprecedented levels of disruption, while rising shipping costs and product and resource shortages hindered revenue growth and challenged operations. An immediate response was to pull back on promotions, which in the short-term improved margins.

Unlike 2020's bankruptcy theme, IPOs were also more prevalent last year, with companies such as Lululemon, Rent the Runway, and Torrid going public, among others. Looking ahead, the apparel industry is set to continue its momentum into FY22; however, supply chain and inflationary pressures are expected to linger, with longer delivery times, backlogs, and higher transportation costs expected to pose ongoing challenges. While store traffic remains highly volatile, e-commerce penetration will likely continue to grow and omnichannel offerings will remain popular.

There are also potential speculative investment opportunities in emerging non-fungible tokens (NFT). Some luxury brands have already experimented in virtual e-commerce including Gucci and Balenciaga.

Segment Averages

\$284 Sales per gross sf -7.4% Change in sales per gross sf

Retailer Outlook: 2022 Special Analysis

Arts and Crafts

Retailer Predictions



Results in the arts and crafts space picked up in the second half of 2020 and continued, and even improved, in the first half of 2021 due to easy comparisons with 2020, which included temporary store closures and consumers sheltering at home.

Michaels' performance spiked during this time frame prompting a \$5.50 billion buyout by private equity firm Apollo in April 2021, resulting in it going private. JOANN Inc. also benefited from the demand of fabric and sewing supplies for PPE equipment facilitating an IPO in March 2021. Beginning in 2Q21 Jo-Ann's results began to heavily sag, giving back as much as half of the previous year's sales gains. 3Q sewing related revenues were down 20% while A&C and home décor fell a more manageable 8%. The latter trend (non-sewing) is what we also anticipate for Michaels. Jo-Ann's EBITDA is down nearly 40% YTD as it faces ballooning supply chain costs that will continue to pressure margins through at least the first half of 2022; the return of promotional activity and rising cost of e-commerce fulfillment will also provide headwinds.

Current and future spikes in COVID-19 may propel more home entertainment purchases but overall, we anticipate consumers to shift some of their collective spending back to outdoor activities.

Segment Averages

\$140 Sales per gross sf -13.0% Change in sales per gross sf

2022 CREDITINTELL RETAIL PREDICTIONS

Retailer Outlook: 2022 Special Analysis

Auto Parts

Retailer Predictions



As a result of COVID-19-related stay at home and work from home requirements, total miles driven fell sharply in 2020. The future looks strong, however, with the 12-month moving average increasing each month since February 2021, as consumers remain enamored with their cars and are still somewhat reluctant to use public transportation; others switched from public transportation to driving themselves. Further, there are more cars on the road, estimated at about 290 million in 2021, up from 287 million in 2020. Cars are also getting older. According to the latest data provided by research firm IHS Markit, the average age of vehicles on the road is 12.1 years, an all-time high. IHS has projected that the number of vehicles that are at least 16 years old will increase 22% by 2023, which bodes well for continued strong demand for aftermarket parts.

Several factors beyond the pandemic have pushed the average vehicle age upwards this year, including higher average prices and the fact that many new vehicles last longer. The average price of a new vehicle in November 2021 was \$46,329, a 13% increase from November 2020, according to Kelley Blue Book. Thus, while 2021 saw production slowdowns and the economic impact of the coronavirus forcing consumers to either delay or forgo purchasing new vehicles, the high cost of new vehicles coupled with extreme inflation in other sectors of the economy may have the same effect in 2022, further increasing the average age of U.S. vehicles on the road. As a result, as the number of older vehicles being operated increases, so does demand for repair parts.

Looking further down the road, we believe that the encroachment of electric vehicles poses only a slight threat to the current business model of players within the sector. In the U.S., electric cars are expected to account for just 4% of U.S. sales in 2021, compared with 9% in China and 14% of new sales in Europe. So, while electric vehicles are growing in popularity, they are not expected to significantly penetrate the overall market within the next five to ten years, providing ample lead time for auto parts retailers to adjust to shifts in vehicle mix.

Segment Averages

\$302 Sales per gross sf 11.7% Change in sales per gross sf

Retailer Outlook: 2022 Special Analysis

Convenience Stores

Retailer Predictions



Since the start of the COVID-19 pandemic, convenience stores were often favored by consumers for their shopping needs since they are typically less crowded than larger grocery outlets and allow customers to have a quicker shopping experience. However, as the pandemic dragged on, more traditional retailers upped their own convenience game, blurring the lines between the two. As a result, c-store operators have been making investments in technology that will help them stay competitive in a changing marketplace; those investments are expected to continue in 2022.

Operators worked towards building more efficient mobile apps and mobile-optimized websites to engage their customers and facilitate the use of technology for purchases. Now, conveniences such as mobile order and pay, delivery, drive-thru and curbside pickup have become a permanent alternative to shopping in stores. But there is still room for improvement in 2022. According to a mid-2021 survey, only about 50% of c-store chains offer some form of curbside pickup, and only half of those make it available at all or most of their stores.

Inside the store, foodservice formats have shifted away from self-serve during the pandemic in response to consumers' greater concern for food safety and sanitation. Meanwhile, we expect packaged grab-and-go and made-to-order formats will grow in popularity.

Finally, mergers and acquisitions activity picked up significantly at the end of 2021, and we expect to see that trend continuing into 2022, as operators take advantage of higher purchase multiples bolstered by above-average fuel margins and low interest rates. However, with the potential for "blockbuster" type deals significantly diminished as a result of heavy consolidation activity over the past few years, we see the larger players actively picking up smaller "mom and pop" type operations of less than 200 stores.

Segment Averages

N/A Sales per gross sf 42.8% Change in sales per gross sf

2022 CREDITINTELL RETAIL PREDICTIONS

Retailer Outlook: 2022 Special Analysis

Department Stores

Retailer Predictions



The department store sector recovered quicker than expected in 2021 buoyed by pent up demand for apparel, government stimulus and a shift in consumer spending from services to goods. The sector overcame COVID resurges and supply chain issues, with most retailers reporting sales above pre-pandemic levels. With a very non-promotional environment and lean inventory levels, gross margin hovered near historical highs. However, with the Omicron variant hitting the country hard and supply chain issues persisting, we expect sales will begin to slow in 2022.

In 2H22, we anticipate that sales and gross margin trends will normalize, and the market share pressures department stores faced pre-pandemic will return. However, we expect the off-price sector to continue to thrive. The value proposition and treasure hunt it offers will resonate even more with consumers in the current environment. Off-price retailers are also ramping up expansion in 2022.

Department stores continue to try to differentiate from competitors mostly via shop-in-shops; Kohl's with Lands' End and Sephora, Macy's with Toys R Us and Nordstrom with Fanatics for instance. Other than department stores expanding their off-mall presence and experimenting with small format stores, there is essentially no store growth planned. During 2021, Hudson's Bay (HBC) spun off the e-commerce businesses of Saks and OFF 5TH as separate companies. HBC plans to separate the Hudson's Bay e-commerce business in 2022.

Activist investors are now pressuring other department stores, specifically Macy's and Kohl's to follow suit. Macy's commented that it hired advisors to explore the possibility and Kohl's noted that it is "constantly examining measures to increase shareholder value." While it may make short-term sense for investors, given the blurring of lines between physical and digital due to omnichannel, we believe the business separations would damage a department store's ability to compete in the long-term. In the current environment it is imperative that a retailer "own" the entire shopping experience. What Macy's and Kohl's and perhaps others decide to do with their e-commerce businesses may shape retail in 2022 and beyond.

Segment Averages

\$198 Sales per gross sf 6.0% Change in sales per gross sf

Retailer Outlook: 2022 Special Analysis

Drug Stores

Retailer Predictions



The pandemic has had a mixed impact on the retail drug sector. Acute scripts fell as many patients continue to defer doctor office visits and elective procedures; however, this has been offset by the benefit from COVID-19 testing and vaccinations. More significantly, the pandemic has accelerated efforts by CVS Health and Walgreens to reinvent their store model, shifting from a focus on convenience to expanding their healthcare role with primary care and clinics staffed with doctors and physician assistants. After decades of rapid expansion, store counts are now retrenching with each of the Big Three chains announcing significant closures. We applaud the efforts to reinvent their business model, but the transformation investments by CVS and Walgreens will not only be costly, but disruptive. Although during the pandemic consumers increasingly adopted alternative healthcare options, like telehealth, there is a risk this trend may reverse, with consumers forgoing the new drugstore offerings.

Rite Aid has not moved to adopt to a similar strategy, and instead remains focused on expanding the role of pharmacists, and developing synergies with its PBM business, which heretofore have been lacking. The sector still faces the ongoing headwinds from reduced pharmacy reimbursement rates, increasing front-end and potential pharmacy online competition, including from Amazon. Meanwhile, there remains significant liability risk from the lingering opioid lawsuits.

While all three retailers are quarters if not years away from generating meaningful progress with their respective strategies, CVS and Walgreens are well positioned, with solid B1/B2 credit ratings, reflecting their larger scale, strong profit margins, stable capital structures, and robust cash flows, while Rite Aid remains an E1.

Segment Averages

\$830 Sales per gross sf 6.4% Change in sales per gross sf

2022 CREDITINTELL RETAIL PREDICTIONS

Retailer Outlook: 2022 Special Analysis

Electronics/Office

Retailer Predictions



The retail consumer electronics and appliance industries prospered during the pandemic due to a non-promotional retail environment and an unusual increase in consumer demand for these products. The strong housing market led to more home renovations and remodels, which resulted in a pull-forward in demand for appliances, while more time spent working in the home precipitated greater expenditures on computers, mobile phones, and electronics products. Technological changes continue to reduce demand for office products, which has pressured operations at office supply retailers. Concurrently, competition has intensified, as Amazon captures a larger share of the market.

Segment Averages

\$317 Sales per gross sf 13.2% Change in sales per gross sf

Retailer Outlook: 2022 Special Analysis

Footwear

Retailer Predictions



The footwear sector quickly rebounded in 2021, with many retailers reporting sales and profits above the pre-pandemic period, partially due to government stimulus, pent-up demand and strong full price selling. E-commerce sales tapered as in-store traffic increased, though online penetration remains well above the pre-pandemic period.

By category, athleisure-focused footwear retailers such as Foot Locker have been benefitting from strong demand. While dress wear has been improving sequentially, demand remains significantly below pre-pandemic levels. For example, Designer Brands reported that the women's dress category was down 34% in 3Q21, a modest trend improvement from negative 40% in 2Q21.

On the real estate side, many of the leading players continued rationalizing their store footprints, and investing heavily in their omnichannel capabilities, as the pandemic accelerated the e-commerce trend.

Heading into 2022, an uptick in COVID cases remains a key concern, particularly for the dress category. Additionally, while footwear retailers have so far been able to mitigate inflationary supply chain pressures by passing the costs on to consumers, slowing demand in 2022 may result in more normalized sales and earnings levels.

Segment Averages

\$306 Sales per gross sf -23.0% Change in sales per gross sf

2022 CREDITNTELL RETAIL PREDICTIONS

Retailer Outlook: 2022 Special Analysis

Furniture/Mattress

Retailer Predictions



The strong demand for furniture and mattresses instigated by a thriving housing market and customers shifting their spending towards their homes during the pandemic continued into FY21. Most companies in these industries have spent the year working through their record order backlogs and investing to increase production capacity. However, they have also had to deal with significant supply chain disruptions and rising raw materials costs; some importers that shifted sourcing from China to Vietnam and other Southeast Asian countries to avoid tariffs were left flat footed when COVID-19 breakouts temporarily shut down production, especially in Vietnam.

Supply chain issues are expected to continue into FY22, and demand is likely to finally taper off after being high for such an extended period. This in turn will challenge margins.

Segment Averages

\$187 Sales per gross sf 11.0% Change in sales per gross sf

Retailer Outlook: 2022 Special Analysis

Gym/Fitness

Retailer Predictions



After a near death spiral in 2020 and the loss of many smaller fitness chains, the fitness sector rebounded nicely in 2021. For example, Planet Fitness, the largest health club chain by unit and membership count, reported that memberships recovered to within 97% of pre-pandemic levels heading into 4Q. Club usage across all markets was around 90%, as consumers continued returning to the gym. We also saw the IPO's of premium health club operator Life Time, which went public in October 2021, and boutique-studio franchisor Xponential Fitness, which went public in July 2021. Both Life Time and Xponential Fitness have been reporting sequential membership growth throughout 2021, after bottoming out in late 2020.

While the value segment has been recovering, mid-priced chains such as LA Fitness and 24 Hour Fitness have been struggling given limited differentiation. Heading into 2022, health clubs should benefit early in the year as they historically have, particularly as the pandemic highlighted the importance of health and wellness. However, the new COVID strain adds an element of uncertainty, as increased health concerns may weigh on membership. One bright spot includes market share gains for the largest chains, given the permanent shuttering of more than one in five domestic health clubs throughout 2020 and 2021.

Segment Averages

\$55 Sales per gross sf -52.0% Change in sales per gross sf

2022 CREDITINTELL RETAIL PREDICTIONS

Retailer Outlook: 2022 Special Analysis

Grocery

Retailer Predictions



Grocery has been one of the most consistent beneficiaries of the pandemic and sales are expected to remain elevated in 2022, as inflation and eat-at-home trends continue to provide topline tailwinds. However, profitability is expected to retreat, yet remain well above pre-pandemic levels, as consumer demand becomes more price elastic, igniting the return of promotions, while inflation and omnichannel fulfillment keeps costs high.

Enhancing e-commerce capabilities will continue to be the first use of capital investments; however, as Instacart starts building its own fulfillment centers, expect a renewed focus by grocers to bring e-commerce fully in-house. Scale will be key in this endeavor given the massive capital required to develop a successful e-commerce platform; this will provide a further rationale for mergers and acquisitions in the coming year.

Segment Averages

\$641 Sales per gross sf 4.0% Change in sales per gross sf

Retailer Outlook: 2022 Special Analysis

Housewares and Home Furnishings

Retailer Predictions



2021 was a home run for the home furnishings segment as the strong close to 2020 continued straight through 2021 on the back of sustained spending on the home. Record demand, coupled with supply chain issues resulted in higher mark-ups, less write downs and a surge in margins, despite the enormous rise in shipping costs. However, this pace cannot last forever.

Quarterly sales began to normalize in late summer as comps rose a more realistic 10.3% in the CreditIntell Index, way down from the 66.7% spike in the previous quarter. Early indications suggest a decline in sales starting in 2022 and into 2023. Bed, Bath & Beyond, Kirkland and Wayfair have already fallen short of the previous year's sales pace. A reversal of sales leverage, along with an expected return of promotions, will also challenge margins going forward.

Fortunately, the huge swell of cash flow over the past year and a half helped many players get healthy. The luxury and top brands, led by RH, Williams Sonoma, HomeGoods and Crate & Barrel should continue to thrive. Others may revert to the challenging trends they faced prior to COVID-19.

Segment Averages

\$258 Sales per gross sf -4.4% Change in sales per gross sf

2022 CREDITNTELL RETAIL PREDICTIONS

Retailer Outlook: 2022 Special Analysis

Home Improvement/Building Materials

Retailer Predictions



The home improvement and building supply sector experienced exceptional growth in 2020 as the pandemic set in and it has continued through the first three quarters of 2021. In 3Q21 retailer's comps averaged 6.1% with a 20.7% average sales growth, which was partially inflation driven. Consumers are still improving their residences and demand in the housing and construction sectors stayed elevated.

Looking forward, the Federal Reserve estimates full year 2021 GDP growth is projected to come in at about 5.5% with growth moderating to 4% in 2022. Supply chain constraints continue to slow the delivery of goods and are expected to linger through at least 1H22. Risks to the sector include the recent uptick in COVID-19 cases with the new Omicron and other variants possibly restraining economic activity.

In addition, cost inflation, and a pullback in consumer spending from the cessation of most government stimulus programs, may have a negative impact on the home improvement sector. There are no real losers in this segment.

Segment Averages

\$334 Sales per gross sf **13.4%** Change in sales per gross sf

Retailer Outlook: 2022 Special Analysis

Mass Merchandisers/Warehouse Clubs

Retailer Predictions



In 2021 the mass merchandise sector was a victim of its own success. It generated solid growth in 2021, despite lapping the pandemic fueled results of 2020. Several retailers continued to turn in impressive results including low double-digit comps. Consumers returned to in-store shopping as we saw traffic increases driving comps instead of average ticket growth. Online sales growth eased from triple digits in some cases, down to high single-digits.

We also saw a shift away from food and other consumables as product mix returned to more pre-pandemic levels. The move to higher margin items bolstered gross margins, however, inflation is moderating some of those gains. Most of these retailers import a significant portion of their products and have faced supply chain headwinds. The backlog at the west coast ports along with a shortage of truckers caused inventory shortages across the board. Store expansion will continue in 2022 as most of our covered retailers indicate they will open a similar number of stores as they did in 2021.

The dollar stores will continue with their rapid expansion; Dollar General is targeting the usual 1,000 or so openings while Dollar Tree should come in at about 500 to 600. Big Lots recently announced it will open 50 stores in FY22 and is targeting 80 per year thereafter. The big boxes should experience only moderate growth as they have shifted much of their capital spending to remodels and digital infrastructure.

The wild cards in the economic outlook remain COVID-19 and inflation. Any further or continued surges in COVID-19 could compel consumers to stock up on essentials once again. If inflation persists, we could see some reduction in consumer spending and a shift to a value offering, which would benefit many in this space.

Segment Averages

\$503 Sales per gross sf **10.6%** Change in sales per gross sf

2022 CREDITNTELL RETAIL PREDICTIONS

Retailer Outlook: 2022 Special Analysis

Movie Theatres

Retailer Predictions



The movie theatre industry continued dealing with the harsh impacts of the pandemic throughout FY21, as health concerns and a limited film slate resulted in significant operational deterioration. Given reduced attendance, EBITDA and cash flow remain highly pressured across the board. However, there has been sequential improvement throughout the year, especially in the third and fourth quarters. The domestic box office improved to within approximately 70% of pre-pandemic levels in 4Q21 despite omicron (compared to approximately 50% in 3Q21), due to a strong film-slate and pent-up consumer demand.

The recovery is expected to continue into 2022, as all major studios return to a theatrical-exclusive model, after experimenting with releasing films directly to streaming platforms during the pandemic. However, the recent uptick due to omicron and the impact of potential future variants may slow the recovery timeline.

Segment Averages

\$139 Sales per gross sf 5.5% Change in sales per gross sf

Retailer Outlook: 2022 Special Analysis

Pet Care

Retailer Predictions



The pet sector enters 2022, in a strong position. 2020 was a year of record-setting pet adoptions and pet food sales growth, which fostered continued gains in 2021 and should grow the pie for years to come.

During 2021, most of the public operators reported double digit gains with PetCo leading the charge with a nearly 20% comp gain. It also didn't hurt that when Pet Valu unwound its U.S. operation, only about 10% of those stores were picked up meaning many markets saw a relief in competition.

Looking forward, while the Pet sector is likely to remain elevated in 2022 there will clearly be a deceleration of gains. Further, though the pandemic e-commerce boost stuck, the physical stores operators are also in those gains as Petco's online revenue is now growing faster than Chewy's. We imagine now that PetSmart is independent of Chewy, management will renew their e-commerce focus and look to participate in this growing segment. Due to the gains, credit concerns aren't as elevated as they were in previous years however there are still soft spots. There is also significant store overlap in key markets. To fight back, Petco and PetSmart are both enhancing their service offerings, now offering veterinary services in addition to grooming and training. They are also looking to expand their e-commerce offerings and earn recurring monthly subscription business by offering major discounts on in-store pickup which also stabilizes foot-traffic.

Segment Averages

\$310 Sales per gross sf 14.1% Change in sales per gross sf

2022 CREDITNTELL RETAIL PREDICTIONS

Retailer Outlook: 2022 Special Analysis Restaurants

Retailer Predictions



2021 was a year of recovery for the restaurant industry, as customers were eager to return to dining out and a sense of normalcy after extended disruptions during 2020. Dine-in traffic improved as the year progressed and traditional full-service restaurants continued to generate solid off-premise volumes, partly reflecting changing customer habits. Most QSR and Fast Casual restaurants built on their strong performance in the latter half of 2020 with further gains in 2021, and many of the larger chains have resumed or plan to ramp up store expansion.

On the margin front, restaurants were not immune to supply chain issues related to the pandemic, but they have largely passed on rising commodity costs to customers through menu price increases. A larger and growing concern is the ongoing labor shortage, which in some cases has resulted in restaurants reducing hours or dine-in capacity as needed. The rise of the quickly spreading omicron variant late in the year will likely exacerbate this issue in the early months of 2022, and may drive traffic back to off-premise channels for the near term.

Segment Averages

\$543 Sales per gross sf
4.6% Change in sales per gross sf

Retailer Outlook: 2022 Special Analysis Sporting Goods

Retailer Predictions



Sporting goods remains one of the strongest retail sectors, benefiting from the pandemic-induced surge in consumer demand for fitness and outdoor activities. This windfall reversed the fortunes of several players, including Big 5, Academy, Sportsman's Warehouse and Camping World. As a result, many of these players are now pursuing more aggressive growth, with plans to add 10 to 20 sites annually. Meanwhile, sector leader Dick's Sporting Goods continues to expand and grow market share, including experimenting with many new formats, from outlets to its experiential store of the future, House of Sports.

However, the competitive issues that existed before the pandemic remain, including growing online competition, particularly for footwear and soft goods and manufacturers selling more direct to consumer, and trimming their retail partners.

These factors, along with the expected return of a more normal sales and promotional environment will pressure sales, margins, profits, and cash flow in 2022. Overexpansion could also exaggerate these challenges.

Segment Averages

\$318 Sales per gross sf
11.8% Change in sales per gross sf

KEYS TO A SUCCESSFUL CRE CAREER

- People (Owners & Tenants) are more important than buildings
- Stay in contact with your clients
- Drip on your clients especially the ones with portfolios and major tenants
- Unplanned reasons that commercial properties are sold – 7 D's
 - Divorce
 - Death
 - Distance
 - Disease
 - Disaster
 - Dissolution
 - Debt



OFFICE – PORTLAND METRO

- **Office tenants relocating out of**
 - Downtown – 25.4% vacant, homeless, political marches, etc.
 - City of Portland – very difficult to facilitate TI's, codes, costly
 - Multnomah County – additional taxes, security, homeless
 - High vacancy office buildings—Doug Carter—sell, repurpose, lease



METRO OFFICE SALES

OVERALL SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$381.29	243	6.3%
2025	-	-	-	-	-	-	\$373.52	238	6.3%
2024	-	-	-	-	-	-	\$362.55	231	6.3%
2023	-	-	-	-	-	-	\$347.19	221	6.2%
2022	-	-	-	-	-	-	\$327.58	209	6.2%
YTD	95	\$125M	0.6%	\$2,551,957	\$300.09	5.6%	\$316.21	202	6.3%
2021	371	\$580.8M	2.6%	\$2,361,164	\$243.81	5.8%	\$309.84	198	6.3%
2020	326	\$1.1B	3.8%	\$5,703,735	\$315.90	6.2%	\$310.49	198	6.3%
2019	364	\$1.7B	5.4%	\$7,391,608	\$318.40	6.0%	\$301.24	192	6.3%
2018	376	\$1.4B	5.7%	\$5,728,531	\$248.72	6.6%	\$280.72	179	6.3%
2017	340	\$1.5B	6.1%	\$6,453,218	\$260.36	6.3%	\$273.34	174	6.2%
2016	395	\$1.2B	6.0%	\$4,165,147	\$215.26	6.3%	\$257.81	164	6.3%
2015	325	\$1.3B	6.1%	\$5,015,991	\$218.70	6.6%	\$242.28	155	6.3%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

OFFICE SUBMARKET SALES LAST 12 MONTHS

Submarket Name	Sales Volume	Transactions	Transacted SF	Avg SF	Mkt Cap Rate	Mkt Sale Price/SF
Sunset Corridor/Hillsboro	\$95,333,063	22	353,306	16,059	6.3%	\$317
Kruse Way	\$85,035,000	4	247,496	61,874	6.3%	\$324
Tigard	\$54,098,749	20	240,125	12,006	6.6%	\$272
Clackamas/Milwaukie	\$39,162,661	21	142,887	6,804	6.8%	\$259
Gresham	\$30,853,474	9	108,787	12,087	7.0%	\$227
Gateway	\$28,069,895	32	131,621	4,113	6.5%	\$253
Johns Landing	\$24,785,000	6	83,647	13,941	6.2%	\$320
CBD	\$23,604,398	14	174,589	12,471	5.7%	\$402
Hazel Dell/Salmon Creek	\$22,509,500	9	105,121	11,680	7.0%	\$232
Barbur Blvd/Capitol Hwy	\$19,528,500	18	118,724	6,596	6.7%	\$230
SE Close-In	\$19,083,000	11	96,438	8,767	6.3%	\$311
Orchards	\$17,157,000	9	69,228	7,692	7.0%	\$219
NE Close-In	\$15,768,500	16	200,469	12,529	6.5%	\$259
East Columbia Corridor	\$14,085,086	8	66,401	8,300	6.7%	\$267
NW Close-In	\$13,730,000	5	45,537	9,107	6.1%	\$360
Guilds Lake	\$11,826,000	3	37,729	12,576	6.7%	\$244
Lake Oswego/West Linn	\$11,690,000	16	42,826	2,677	6.5%	\$293
Lloyd District	\$11,062,500	12	88,133	7,344	6.1%	\$331
Mall 205	\$10,968,025	16	67,284	4,205	6.9%	\$226

RECENT SALES

15700 SW Greystone Ct

Beaverton, OR 97006

- Sale Date: Jan 2022
- Sale Price: \$36,200,000
- PSF: \$676 PSF
- RBA: 53,483 SF
- Year Built: 2006
- Sale Type: Owner User



RECENT SALES

3188 NE Aloclek Dr

Hillsboro, OR 97124

- Sale Date: Dec 2021
- Sale Price: \$15,600,000
- PSF: \$278 PSF
- Cap Rate: 7.0% (Actual)
- RBA: 56,000 SF
- Year Built: 1995
- Renov.: 2017
- Sale Type: Investment



RECENT SALES

3175 NE Aloclek Dr

Hillsboro, OR 97124

- Sale Date: Dec 2021
- Sale Price: \$12,200,000
- PSF: \$255 PSF
- Cap Rate: 7.0% (Actual)
- RBA: 47,962 SF
- Year Built: 1995
- Renov.: 2020
- Sale Type: Investment



RECENT SALES

8920 NE Von Neumann Dr

Hillsboro, OR 97006

- Sale Date: Dec 2021
- Sale Price: \$14,700,000
- PSF: \$234 PSF
- RBA: 62,747 SF
- Year Built: 1999
- Sale Type: Investment



RECENT SALES

3200 NW Yeon Ave

Portland, OR 97210

- Sale Date: Dec 2021
- Sale Price: \$10,700,000
- PSF: \$346 PSF
- RBA: 30,774 SF
- Year Built: 1963
- Sale Type: Investment



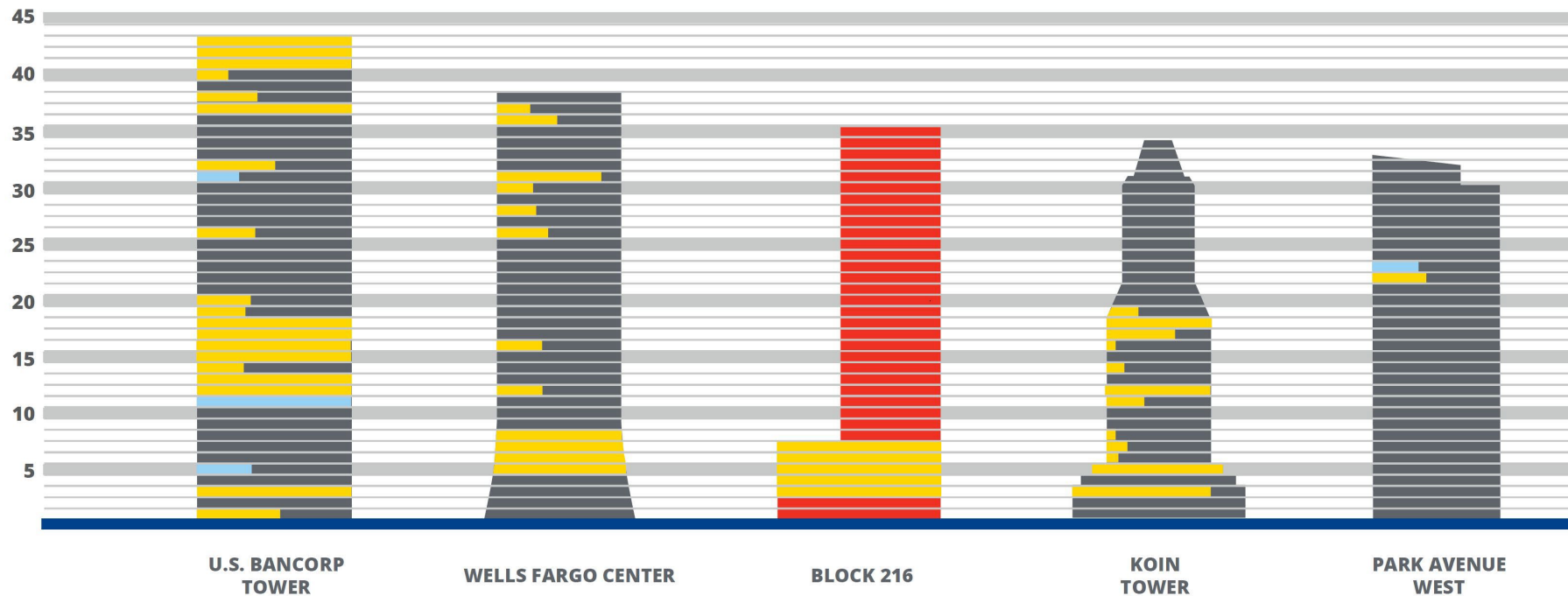
OFFICE TRENDS

- Growing vacancies CBD
- Smaller office tenants purchasing in suburbs
- Nationally, re-purposing CBD office into:
 - Hotels
 - Multi-family
 - Mixed-use



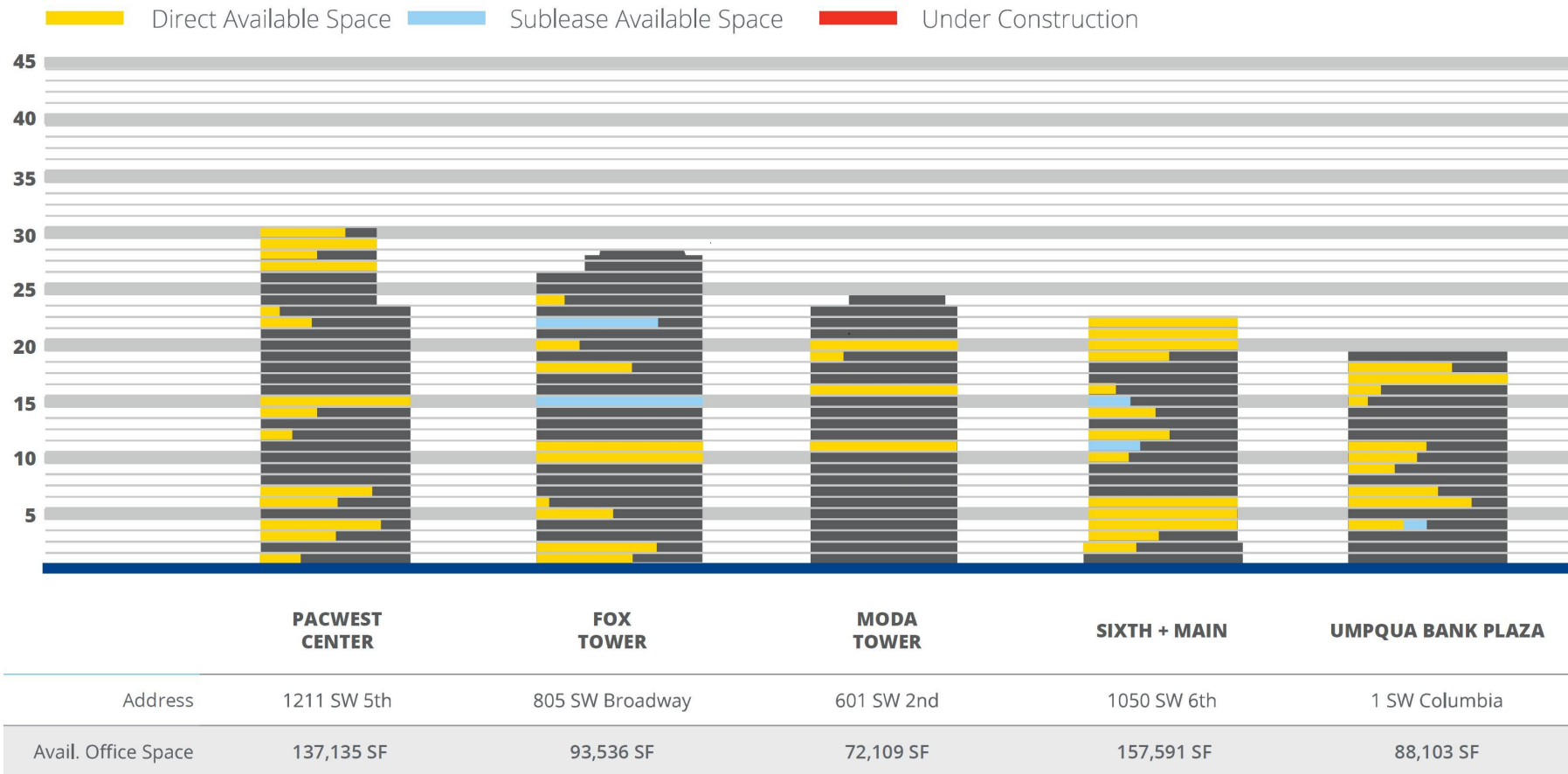
PREMIER SKYLINE AVAILABILITY

■ Direct Available Space
 ■ Sublease Available Space
 ■ Under Construction



Address	111 SW 5th	1300 SW 5th	900 SW Washington	222 SW Columbia	750 SW 9th
Avail. Office Space	347,225 SF	123,540 SF	155,666 SF	125,529 SF	4,449 SF

PREMIER SKYLINE AVAILABILITY



INTEREST RATES

If Interest rates rise, 8 times this year, pressure on Borrowers

- Check Costar for expiring loans in 2022
- Call Bank REO departments – get lists of foreclosures, PBJ Book of Lists
- Contact major commercial real estate lenders, PBJ Book of Lists
- County Sheriff lists of pending foreclosure – search for commercial



FORECAST

Investment forecast for Portland Metro

- More transactions in the suburbs and SW Washington
- List developable land especially zoned multifamily & industrial
- Hot investment targets
 - Single tenant NNN
 - Self-storage
 - Re-purpose projects
 - Vacant structures

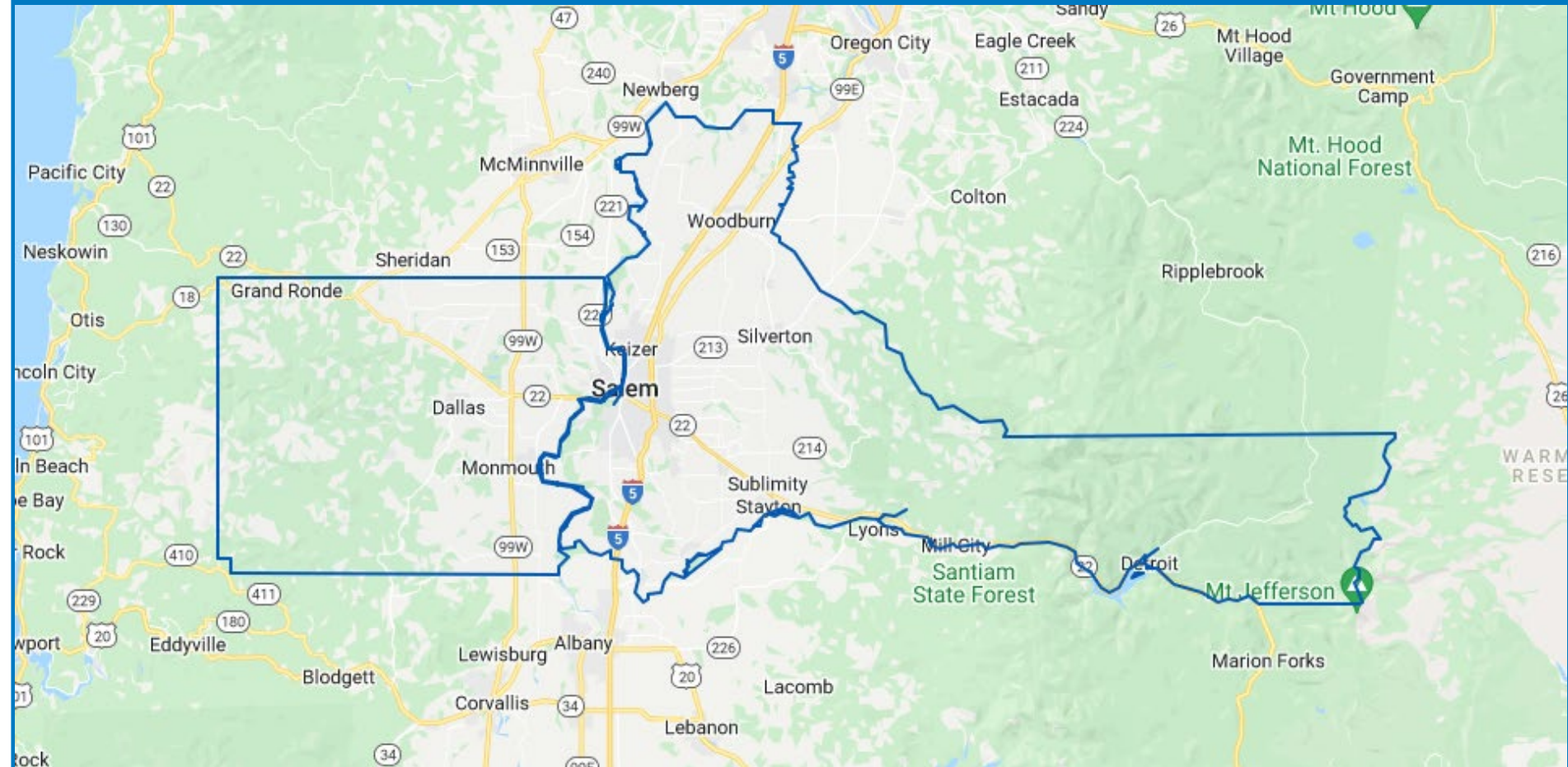


The background of the entire image is a blue-tinted aerial photograph. In the foreground, a dense urban landscape is visible, featuring numerous skyscrapers and smaller buildings. In the background, a large, prominent mountain with a sharp peak rises above the city, surrounded by rolling hills and more distant mountain ranges under a clear sky.

SALEM MARKET REPORT

BY MATT LYMAN

SALEM MARKET



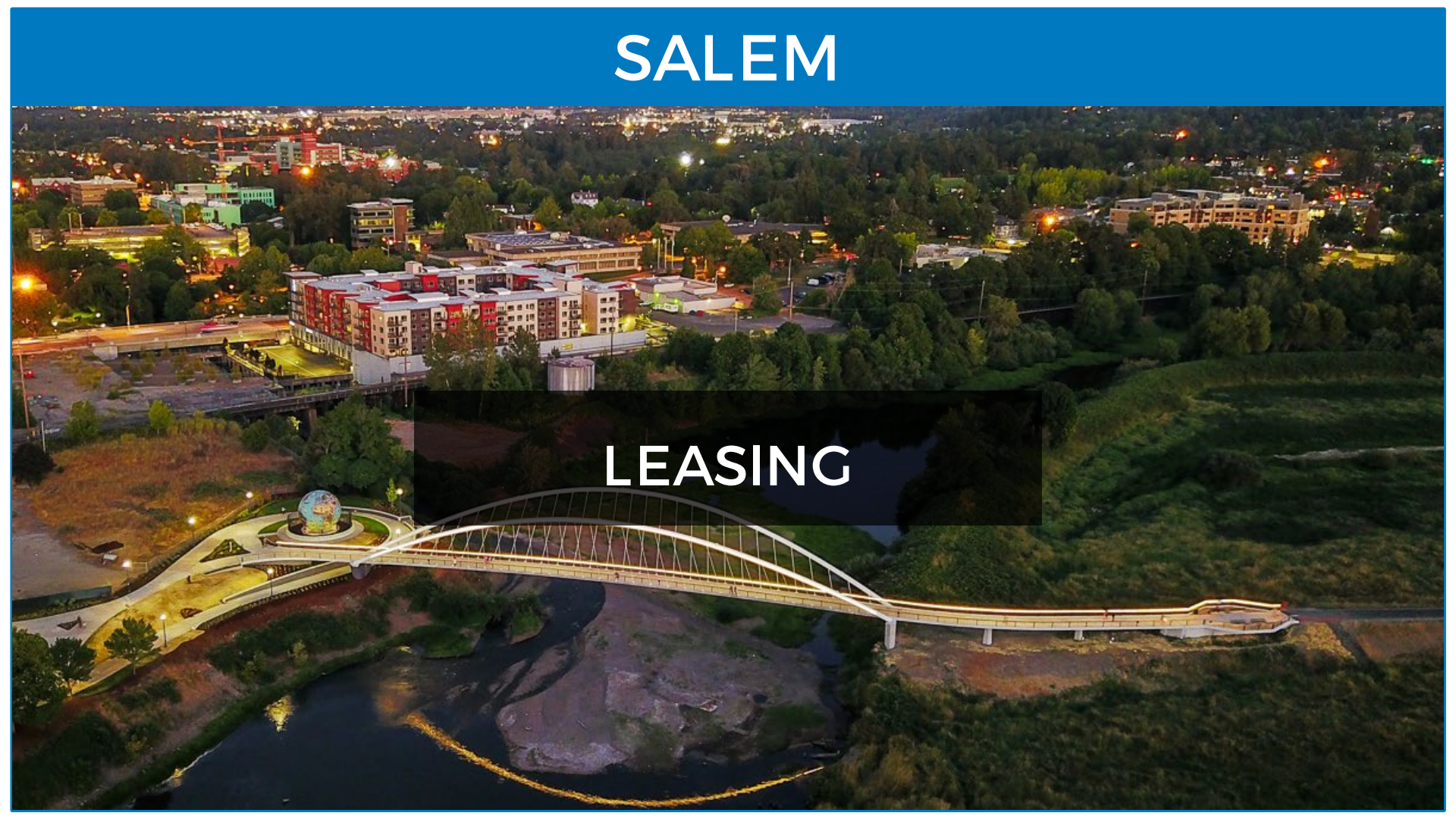
SALEM

City Slogan:

*The Historic Heart
of Oregon*

Population:	366,472	(+12%/10Y)	(+12.5% in PDX)
House Holds:	128,588		
Median Income:	\$71,137		(\$86,159 in PDX)
Unemployment:	4.0%		(3.9% in PDX)
Job Growth:	4.4%		(6.3% in PDX)
Median Home:	\$280,200		(\$367,317 in PDX)
Renters:	39.2%		(34.4% in PDX)
Industrial SF:	30m	(12% of PDX)	
Office SF:	10.6m	(9% of PDX)	
Retail SF:	21.6m	(17% of PDX)	
Multi-Family:	26,569	(12% of PDX)	

SALEM

An aerial night photograph of Salem, Oregon. In the foreground, a modern, illuminated arch bridge spans a river. To the left of the bridge is a landscaped area with a large globe sculpture. The background shows a city skyline with various buildings and lights, surrounded by dense green trees. A semi-transparent black rectangle is overlaid on the image, containing the word 'LEASING' in white capital letters.

LEASING

SALEM VACANCY & ABSORPTION RATES

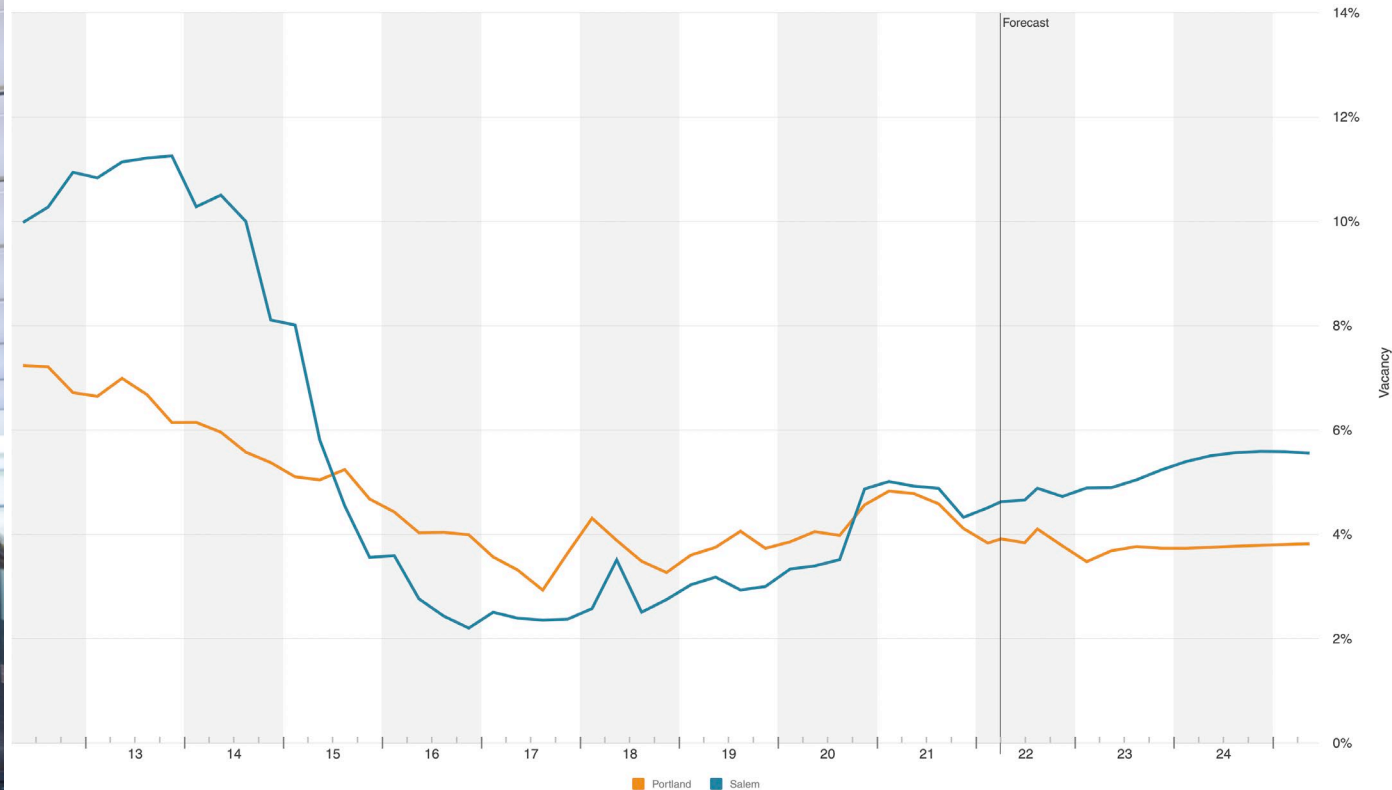
4.6%

Industrial

(+298k SF or +1.0%)

Portland: 3.9%

(+3.6m SF or +1.5%)

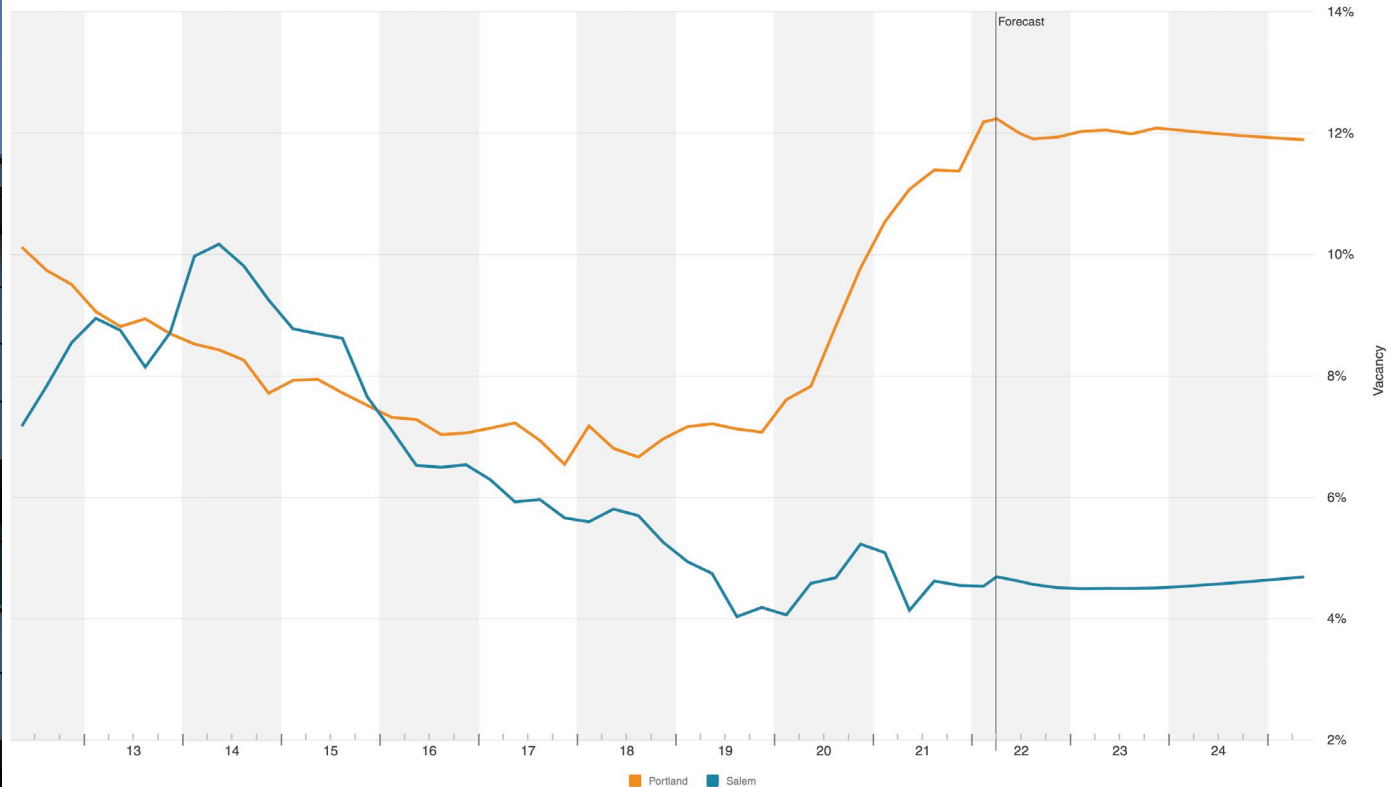


SALEM VACANCY & ABSORPTION RATES

4.7%
Office

(+36.2k SF or +0.3%)

Portland: 12.3%
(-640k SF or -0.6%)

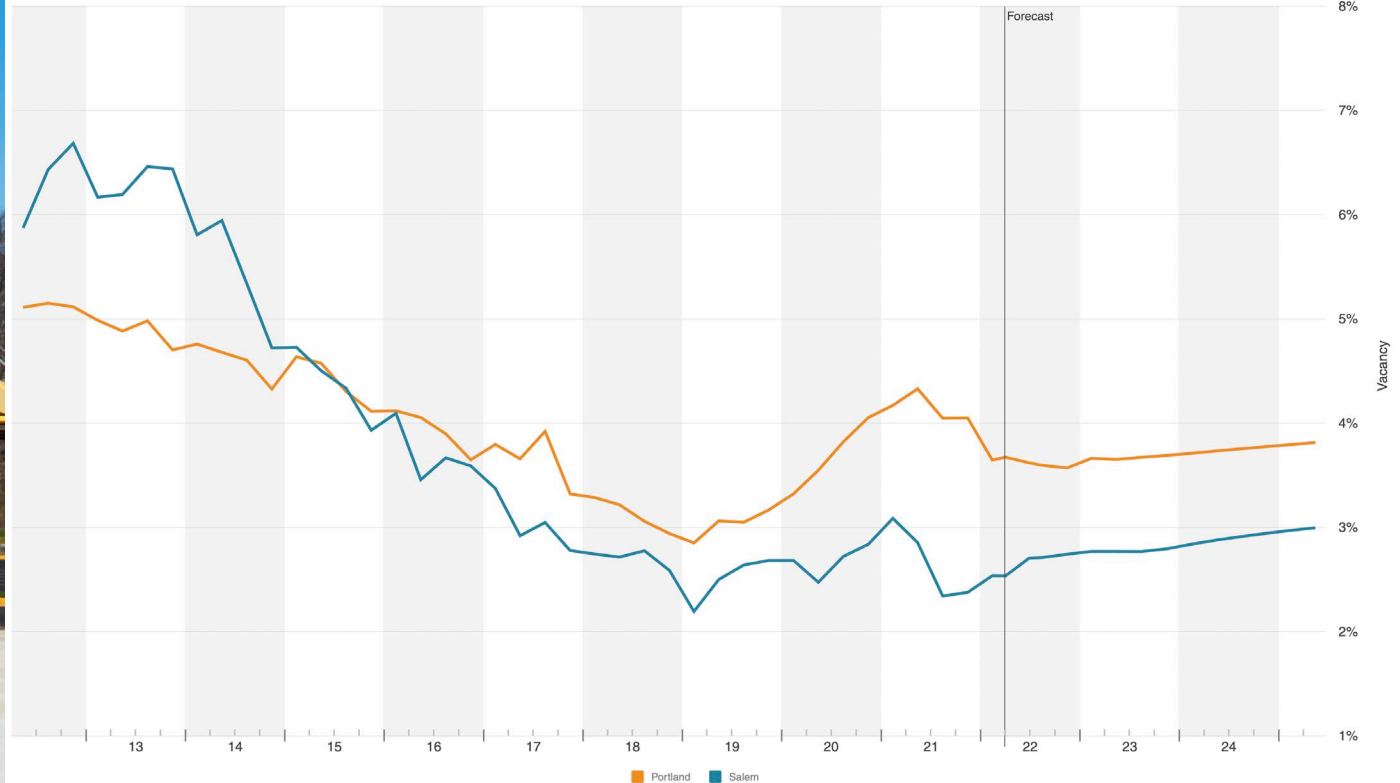


SALEM VACANCY & ABSORPTION RATES

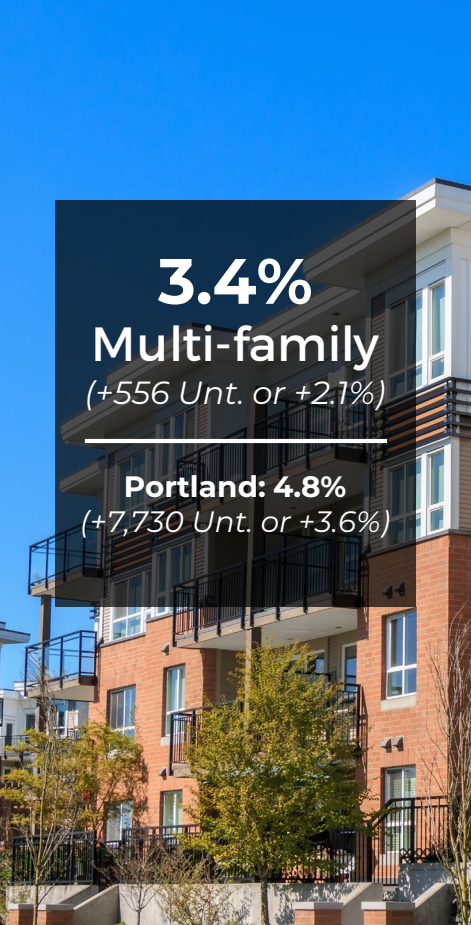
**2.5%
Retail**

(+290k SF or +0.3%)

Portland: 3.7%
(+800k SF or +0.6%)



SALEM VACANCY & ABSORPTION RATES



3.4%

Multi-family

(+556 Unt. or +2.1%)

Portland: 4.8%

(+7,730 Unt. or +3.6%)

“Historically Salem has been looked down upon from Multi-Family investors, but now its considered a primary market by many investors and lenders. I know it sounds crazy, but rent growth and unit prices have increased that much..... Long term though, buyers may be giving up potential rent growth compared Portland.”

- Cameron Mercer

SALEM LEASING RATES



Industrial

Leasing

\$8.86/SF

(+8.4% Y/Y)

Portland: \$10.69

(+8.1% Y/Y)



Office

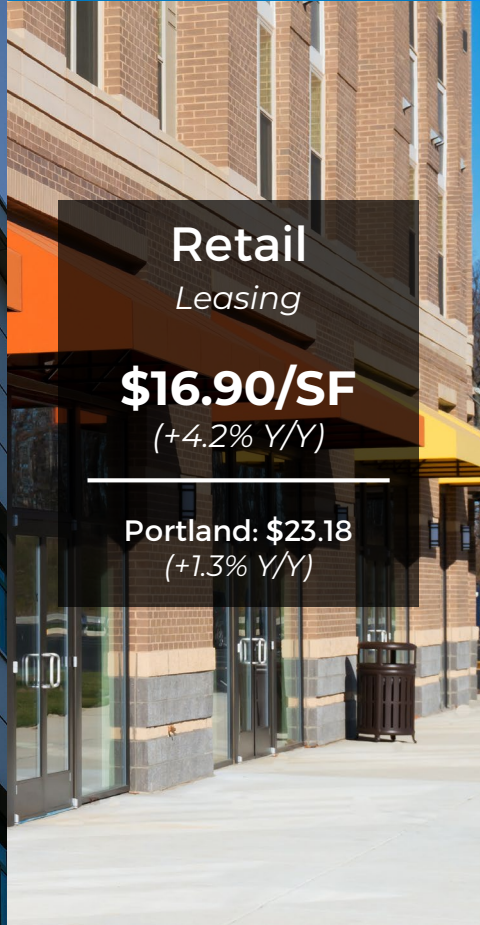
Leasing

\$21.88/SF

(+2.8% Y/Y)

Portland: \$28.81

(+2.2% Y/Y)



Retail

Leasing

\$16.90/SF

(+4.2% Y/Y)

Portland: \$23.18

(+1.3% Y/Y)



Multi-family

Leasing

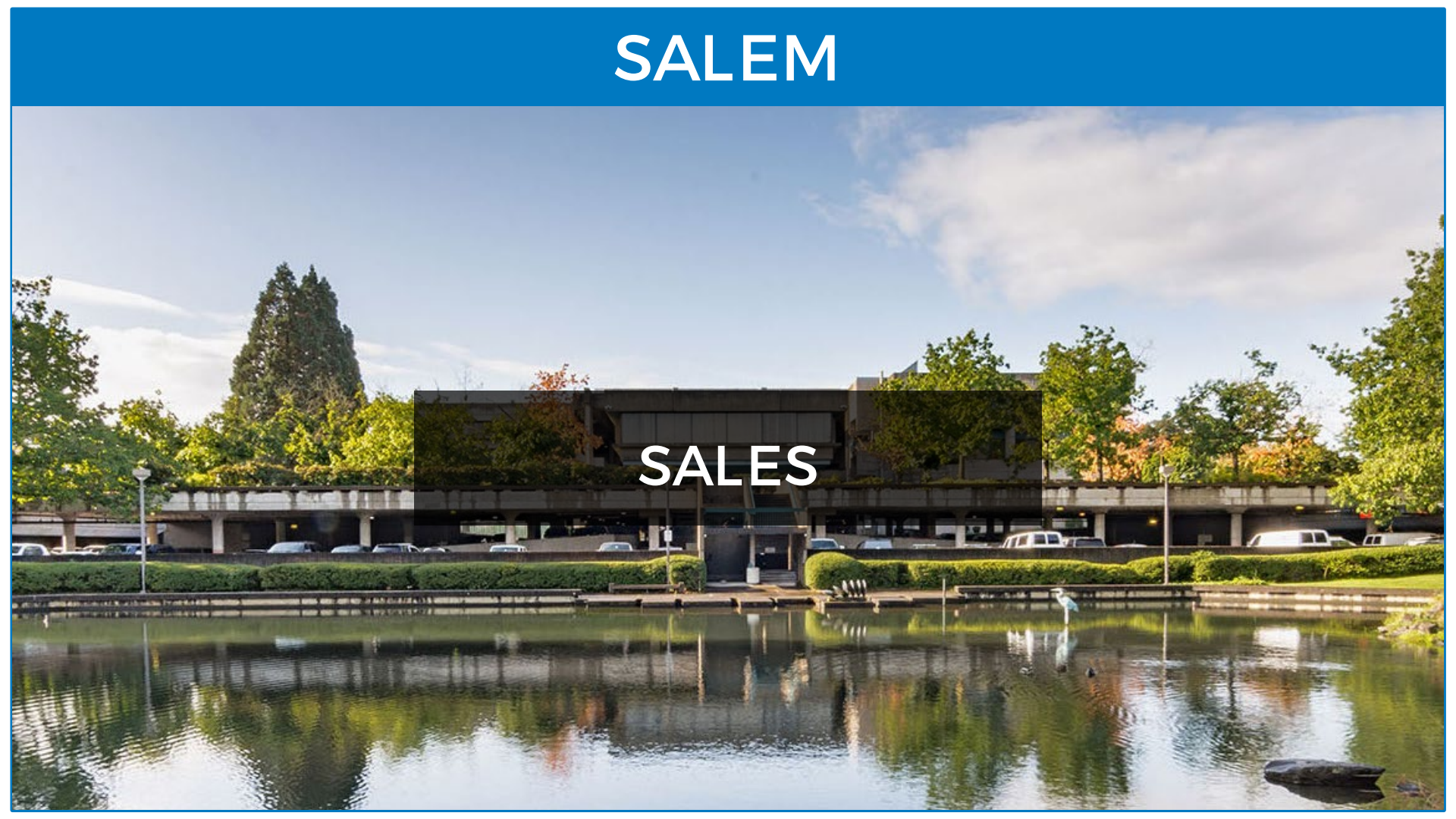
\$1,198/U

(+6.6% Y/Y)

Portland: \$1,547/U

(+8.9% Y/Y)

SALEM



SALES

SALEM SALES RATES

Industrial

Overall
\$94/SF

Owner/User
\$77/SF
16 Months to Sale

Investment
\$100/SF
11 Months to Sale
(5.7% Cap)

Portland Overall: \$178
(5.6% Cap)

Office

Overall
\$192/SF

Owner/User
\$176/SF
10.5 Months to Sale

Investment
\$282/SF
7.3 Months to Sale
(7.9% Cap)

Portland Overall: \$322
(6.2% Cap)

Retail

Overall
\$162/SF

Owner/User
\$160/SF
13.6 Months to Sale

Investment
\$141/SF
6.3 Months to Sale
(5.7% Cap)

Portland Overall:
\$245
(6.5% Cap)

Multi-family

Investment
\$165k/Unit
5.5 Months to Sale
(5.2% Cap)

Portland: \$187k/Unit
(4.5% Cap)

SALEM IS TWO DIFFERENT MARKETS

Local Buyer

Industrial

Avg Sales Price: \$2.4m (\$42/SF)

Avg Size: 55.7k SF

Volume: \$19.4m in 9 deals

Months to Sale: 7.9

Cap Rate: 6.6%

Office

Sales Price: \$2.6m (\$177/SF)

Avg Size: 14.5k SF

Volume: \$31m in 12 deals

Months to Sale: 13.6

Cap Rate: 7.0%

+169% per SF

+639% in Vol

+69% per SF

-9.4 Month

Institutional Buyer

Industrial

Ave Sales Price: \$5.7m (\$113/SF)

Avg Size: 47.4k SF

Volume: \$142m in 28 deals

Months to Sale: 10.7

Cap Rate: 5.7%

Office

Sales Price: \$4.4m (\$299/SF)

Avg Size: 14.7k SF

Volume: \$57.3m in 13 deals

Months to Sale: 4.2

Cap Rate: 7.0%

SALEM IS TWO DIFFERENT MARKETS

Local Buyer

Retail

Avg Sales Price: \$1.8m (\$188/SF)
Avg Size: 9.5k SF
Volume: \$17m in 10 deals
Months to Sale: 5
Cap Rate: 4.9%

Multi-Family

Sales Price: \$1.3m (\$143k/U)
Avg Size: 10 Units
Volume: \$31m in 12 deals
Months to Sale: 3.1
Cap Rate: 5.7%

+635%

3.8x Higher

Institutional Buyer

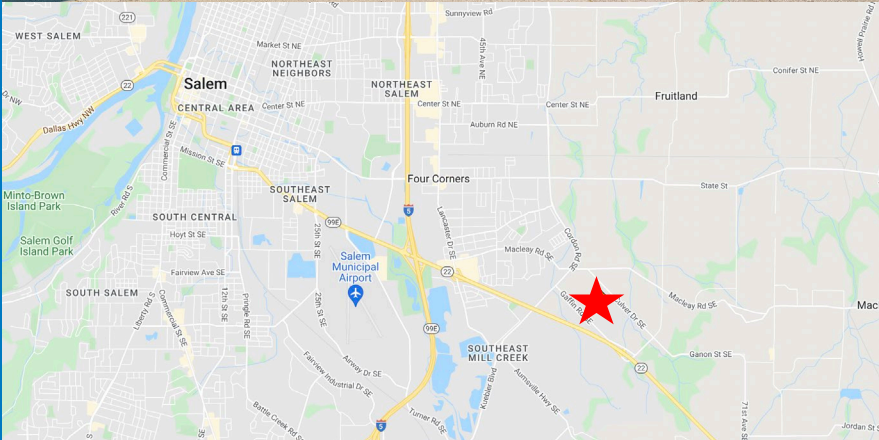
Retail

Ave Sales Price: \$4.3m (\$140/SF)
Avg Size: 27.7k SF
Volume: \$108m in 29 deals
Months to Sale: 5.7
Cap Rate: 5.9%

Multi-Family

Sales Price: \$5.3m (\$146k/U)
Avg Size: 38 Units
Volume: \$174m in 35 deals
Months to Sale: 6.4
Cap Rate: 5.6%

SALEM INDUSTRIAL SALES COMPS



Local Sale
4646 Ridge Dr. NE
Salem, OR

Building Size: 20,000 SF
Land Area: 1.39 Acres
Sold: Aug '21
Sales Price: \$1.95m (\$97.5/SF)
On Market: 294 Days
Buyer: Tom Harbolt
Seller: Rockwest Training
Cap Rate: Not stabilized.

- Asking \$0.40/\$0.80 NNN

SALEM INDUSTRIAL SALES COMPS

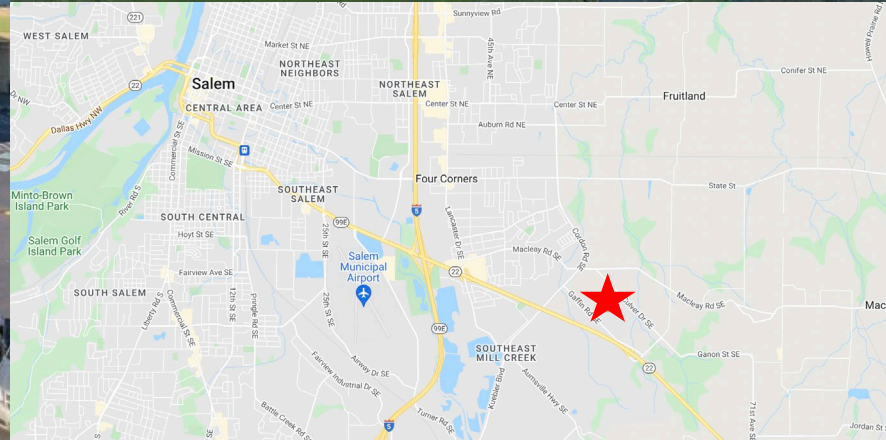
Institutional Sale

Home Depot Distribution

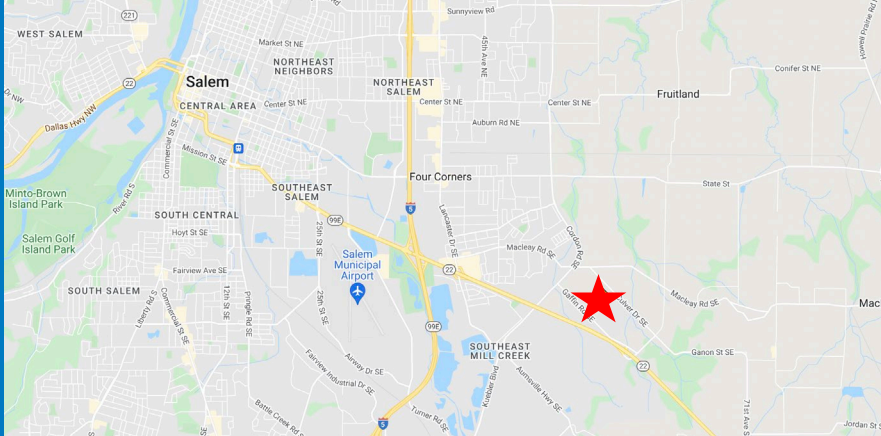
Mill Creek Corporate Center

Building Size: 465,600 SF
Land Area: 52.6 Acres
Sold: October '21
Sales Price: \$50.75m (\$109/SF)
On Market: 215 Days
Buyer: Newport Capital
Seller: Cornerstone
Cap Rate: Undisclosed

- Initially asked \$65m and took a 23% discount.



SALEM INDUSTRIAL SALES COMPS



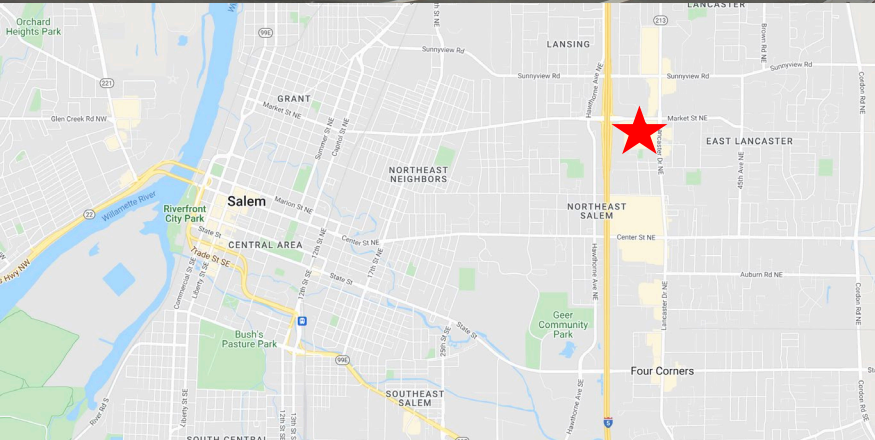
Institutional Sale **Amazon Distribution**

Mill Creek Corporate Center

Building Size:	129,850 SF
Land Area:	19.66 Acres
Sold:	Sep '21
Sales Price:	\$28m (\$218/SF)
On Market:	184 Days
Buyer:	Reich Bros.
Seller:	FEM RE
Cap Rate:	5.13%

- Seller acquired it for \$7m in 2018 renewed the lease, then refinanced
- Buyer assumed loan of \$14m interest only

SALEM RETAIL SALES COMPS



Local Sale
1212 Court St. NE

Building Size: 13,383 SF
Land Area: 0.14 Acres
Sold: Sep '21
Sales Price: \$2.2m (\$164/SF)
On Market: 215 Days
Buyer: Association of OC
Seller: Cis Trust Insurance
Cap Rate: 6.13%

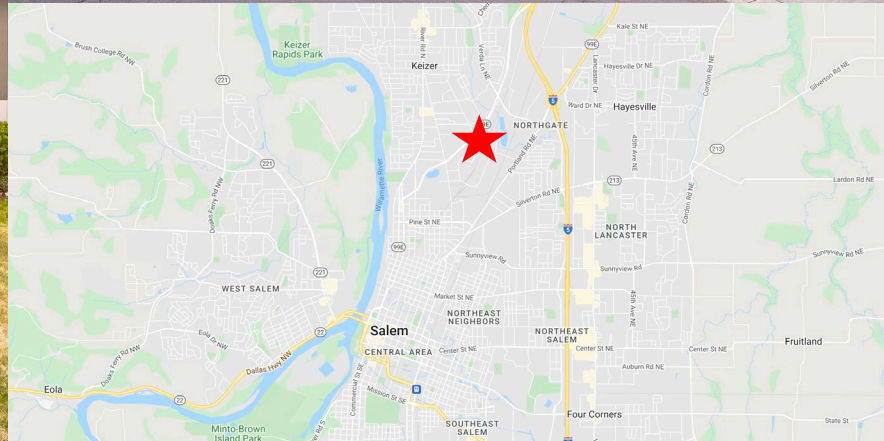
SALEM OFFICE SALES COMPS

Institutional Sale Oregon Licensing Office

1430 Tandem Ave.

Building Size: 57,632 SF
Land Area: 5.44 Acres
Sold: April '21
Sales Price: \$17.5m (\$303/SF)
On Market: 117 Days
Buyer: Boyd Watterson
Seller: Investors Brokerage
Cap Rate: 7.56%

Seller developed and leased the property. Held 52 months.



SALEM



DEVELOPMENT

SALEM CONSTRUCTION



3.9m SF
Industrial

Portland: 5.9m SF



0 SF
Office

Portland: 1.1m SF



64k SF
Retail

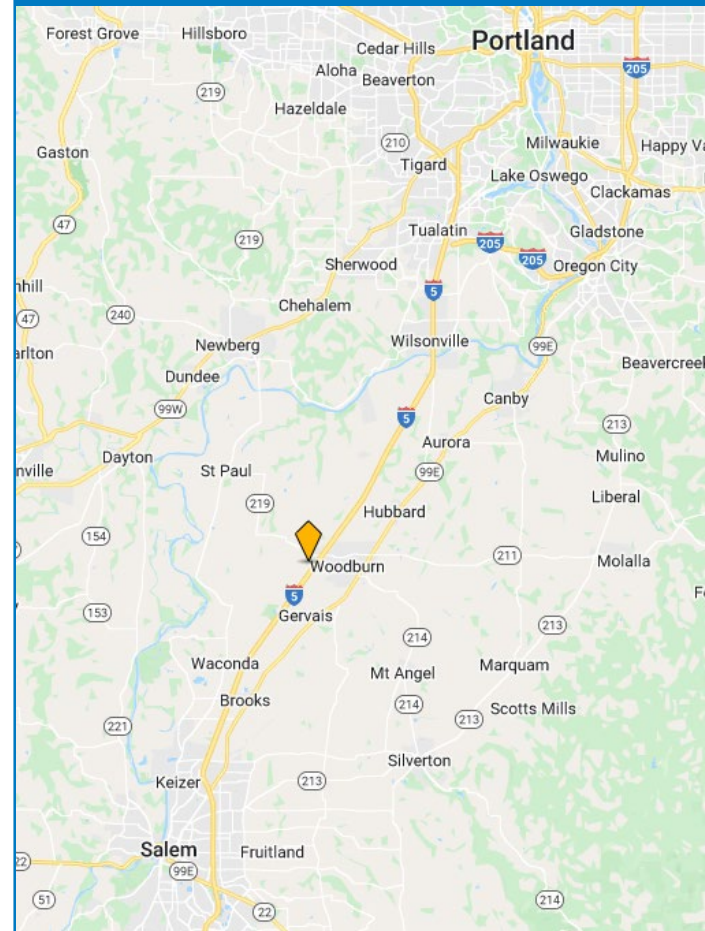
Portland: 564k SF



1,578 Unt.
Multi-family

Portland: 4,615 Unt.

SALEM INDUSTRIAL DEVELOPMENTS



Amazon

Building Size:	3,850,000 SF
Land Area:	128 Acres
Delivers:	March 2023
Docks:	321
Clear Height:	36'
Delivers:	March 2023

- Bought land for \$27m from Specht Development
- Will employ 1,800 people
- City will build new on/off ramp
- 5 stories tall
- \$20/hr. starting wage

SALEM MULTI-FAMILY DEVELOPMENTS

North Place Apartments

Size: 324 Units

48: Studio - \$1,310/\$2.39 psf
72: 1 Bd - \$1,430/\$1.96 psf
168: 2 Bd - \$1,729/\$1.71 psf
36: 3 Bd - \$2,015/\$1.67 psf

Delivers: April 2022
Owner/Developer: I&E

Amenities:

- Playground
- Pool
- Gym



SALEM OVERALL

Industrial

- Strong market because of limited supply, logistical location, lower development and employment costs.

Office

- Most office space is utilized by the state and other government facilities; thus, they make up the bulk of transactions with them setting the market and giving it a floor.

Retail

- Strong retail market because of lack of development.

Multi-Family

- Healthy market due to pricing, and construction, but more limited upside in rental rate growth compared to primary markets.

Nutshell

- Market wide, it's a strong institutional market, but weaker local market due to high pricing, limited supply, and softer demand.