JUNE BROKER AWARDS MEETING

July 12, 2023

MONTHLY STATISTICS

LEASING	# OF TRANSACTIONS	TOTAL $ VALUE
June 2021	24	$3,567,166
June 2022	18	$3,901,930
June 2023	**13**	**$2,710,943**

SALES	# OF TRANSACTIONS	TOTAL $ VALUE
June 2021	6	$18,852,000
June 2022	3	$17,210,000
June 2023	**2**	**$5,115,400**

YTD STATISTICS

LEASING	# OF TRANSACTIONS	TOTAL $ VALUE
June 2021	141	$27,626,060
June 2022	109	$28,960,150
June 2023	**128**	**$30,211,904**

SALES	# OF TRANSACTIONS	TOTAL $ VALUE
June 2021	23	$66,797,000
June 2022	23	$79,266,602
June 2023	**19**	**$27,437,177**


TOP LEASES

3RD TOP LEASE

Creamery Building
2112 NW Hoyt Street
Portland, OR

Lessor: Tualatin Investment Corporation

Lessee: Voicebox, Inc.

Lease Value: $362,633.80

Lease Rate: $30.40 PSF/NNN

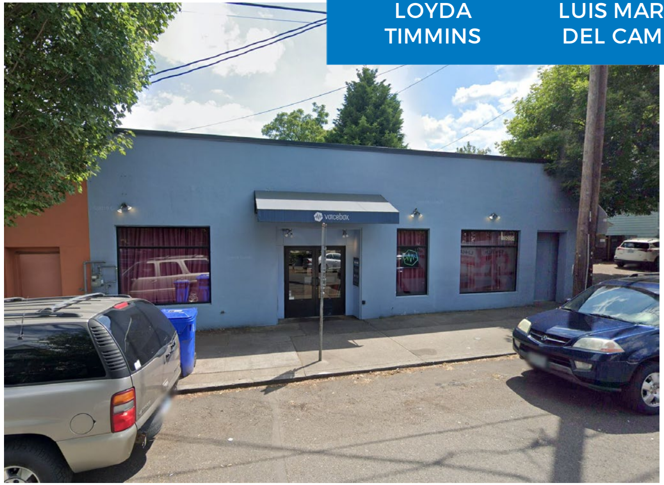
Leased Area: ± 2,247 SF

Lease Term: 60 months

TI's & Concessions: Spread past due Covid amount ($22k) over 5 year extension term with interest

LOYDA TIMMINS

LUIS MARTIN DEL CAMPO



2ND TOP LEASE

Bel Aire Shopping Center
12030 SW Allen Blvd, Suite B
Beaverton, OR

Lessor: SSD Enterprises, Inc.

Lessee: Sidra Car Wash LLC

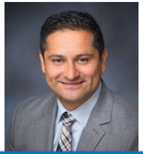
Lease Value: $543,106.99

Lease Rate: $3,900 monthly + NNN (60% rent abatement thru month 25), then $6,500 monthly w/ 3% bumps

Leased Area: ± 15,000 SF pad w/ ± 1,200 SF building

Lease Term: 93 Months

TI's & Concessions: 9 months free rent for construction, then 60% rent abatement thru month 25, and $50k TIA towards roof/structure repairs



LUIS MARTIN DEL CAMPO

TOP LEASE

3030 SE 59th Ct
Hillsboro, OR

Lessor: Tualatin Properties LLC

Lessee: Horizon Distributors

Lease Value: $626,493

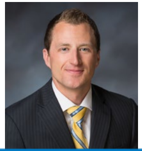
Lease Rate: $0.85 PSF

Leased Area: ± 11,869 SF (7,600 SF renewal + 4,269 SF expansion)

Lease Term: 65 Months

TI's & Concessions: N/A

SCOTT
FINNEY, SIOR



NICK
CHESSAR


TOP SALES

2ND TOP SALE

4051 NE Columbia Blvd
Portland, OR

Seller: Allen Trust Company

Buyer: Ultimate Paint & Collision Repair, LLC

Sale Price: $1,165,400

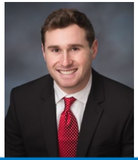
Price PSF: $261.43

Property Size: ± 6,179 SF

Cap Rate: Owner/User

Financing: N/A

GREG NESTING



GABE SCHNITZER

TOP SALE

Cliff Manor Apartments
2909 N Willamette Blvd
Portland, OR

Seller: Hayes Family Management, LLC & CLF MNR, LLC

Buyer: 2909 N Willamette, LLC

Sale Price: $3,500,000

Price per Unit: $175,000

No. of Units: 20

Cap Rate: 5.70%

Financing: Chase loan, 5.59% fixed for 7 years, 30 year amortization. No I/O taken by the buyer.

Buyer received a $200k concession at closing for physical repairs

CAMERON MERCER

DAVID CHATFIELD


TOP DOGS

LEASING BROKER OF THE MONTH

LUIS MARTIN DEL CAMPO

SALES BROKER OF THE MONTH

GREG NESTING

PRESIDENT'S AWARD

RYAN RICHARDSON

TOP 5 PRODUCERS

1

LUIS MARTIN DEL CAMPO

2

GREG NESTING

3

SCOTT FINNEY

4

TIM BUDELMAN

5

GABE SCHNITZER


ANNOUNCEMENTS

Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

SALES MEETING SCHEDULE

July 19th	**Brokers Meet by Industry Group**
July 26th	**Dollar Days – Pending**
August 2nd	**All Broker Meeting**
August 9th	**Broker Awards Meeting for July 2023** ***Market Reports by Camden Muller & Tim Budelman***
August 16th	**No Meeting**
August 23rd	**Brokers Meet by Industry Group**

UPCOMING LOCAL EVENTS

PORTLAND BUSINESS ALLIANCE
Commerce · Community · Prosperity

Business After Hours at the Portland Pickles

Wednesday, July 12th @ 5:00 PM – 7:00 PM

Walker Stadium in Lents Park – 4727 SE 92nd Ave, Portland

BOMA Oregon

Golf Tournament

Thursday, July 13th @ 6:30 AM – 6:00 PM

Langdon Farms, Aurora

Swan Island Business Association SwanIslandBusiness.org siba
CCA COLUMBIA CORRIDOR ASSOCIATION

2023 Golf Scramble

Monday, July 1 7th @ 11:00 PM

Riverside Golf & Country Club – NE Elrod at 33rd Dr, Portland

WEA WESTSIDE ECONOMIC ALLIANCE

37th Westside Scramble

Tuesday, July 27th @ 12:30 PM

The Reserve Vineyards & Golf Club, North Course, Aloha

PORTLAND METRO CHAMBER EST. 1870

End of the Year Nonprofit Showcase

Tuesday, July 27th @ 5:00 PM – 7:00 PM

West End Ballroom – 1220 SW Taylor St, Portland

UPCOMING LOCAL EVENTS

Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

Norris & Stevens Happy Hour

Wednesday, July 19th @ 4:00 PM – 5:00 PM

Large Conference Room

Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

Norris & Stevens Company Picnic

Saturday, July 29th @ 11:30 AM – 4:00 PM

Canby, Oregon

PORTLAND METRO CHAMBER EST. 1870

2023 Golf Scramble

Monday, September 11th @ 10:00 AM – 6:00 PM

Tualatin Country Club – 9145 SW Tualatin Rd, Tualatin

Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

Norris & Stevens Golf Tournament

Thursday, September 28th @ 11:30 AM – 6:00 PM

Heron Lakes Golf Club – 3500 N Victory Blvd, Portland

CABO WABO

SUMMER SWEEPSTAKES 2023

Contest to run June 1, 2023 through Sept. 30, 2023 @ 5:00 pm

COMMERCIAL MANAGEMENT PROPOSAL < *75,000 SQ. FT*	5
COMMERCIAL MANAGEMENT PROPOSAL > *75,000 SQ.FT.*	10
COMMERCIAL MANAGEMENT AGREEMENT < *75,000 SQ.FT.*	10
COMMERCIAL MANAGEMENT AGREEMENT > *75,000 SQ.FT.*	20
COMMERCIAL LISTING PROPOSAL - LEASE	5
COMMERCIAL LISTING PROPOSAL - SALE	10
COMMERCIAL LISTING AGREEMENT - LEASE	10
COMMERCIAL LISTING AGREEMENT - SALE	20
MULTI-FAMILY MANAGEMENT PROPOSAL - *49 OR LESS UNITS*	5
MULTI-FAMILY MANAGEMENT PROPOSAL - *50+ UNITS*	10
MULTI-FAMILY MANAGEMENT AGREEMENT - *49 OR LESS UNITS*	10
MULTI-FAMILY MANAGEMENT AGREEMENT - *50+ UNITS*	20
MULTI-FAMILY LISTING PROPOSAL - SALE - *49 OR LESS UNITS*	10
MULTI-FAMILY LISTING PROPOSAL - SALE - *50+ UNITS*	20
MULTI-FAMILY LISTING AGREEMENT - SALE - *49 OR LESS UNITS*	10
MULTI-FAMILY LISTING AGREEMENT - SALE - *50+ UNITS*	20
CLOSED ESCROW (OPENED AFTER 6/1/23, CLOSED BEFORE 9/30/23)	25
CLOSED TENANT REP OR BUYER REP AGREEMENT	20

ALL AGENTS ARE REQUIRED TO SUBMIT AN ENTRY DETAILING THEIR ACTIVITIES OVER THE FOUR (4) MONTH CONTEST PERIOD

GRAND PRIZE

Agent with the most total points wins an all expense paid trip to Los Cabos, Mexico ($5K Max).

Ties will be decided by management.

EXECUTIVE CORNER

INDUSTRIAL MARKET REPORT

BY GABE SCHNITZER

US INDUSTRIAL MARKET

- **12 Month Deliveries in SF:** 482M
- **12 Month Net Absorption:** 276M
- **Vacancy Rate:** 8.7%

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.9%	7.2%	5.4%	10.4%	2020 Q2	3.8%	2022 Q2
Net Absorption SF	276M	176,437,908	240,739,065	523,351,855	2022 Q1	(194,073,060)	2009 Q4
Deliveries SF	482M	211,480,148	344,415,555	484,396,957	2023 Q2	44,799,563	2011 Q1
Rent Growth	8.7%	3.3%	4.8%	11.7%	2022 Q3	-3.6%	2009 Q4

Source: CoStar

US JOBS BY BROAD CATEGORY

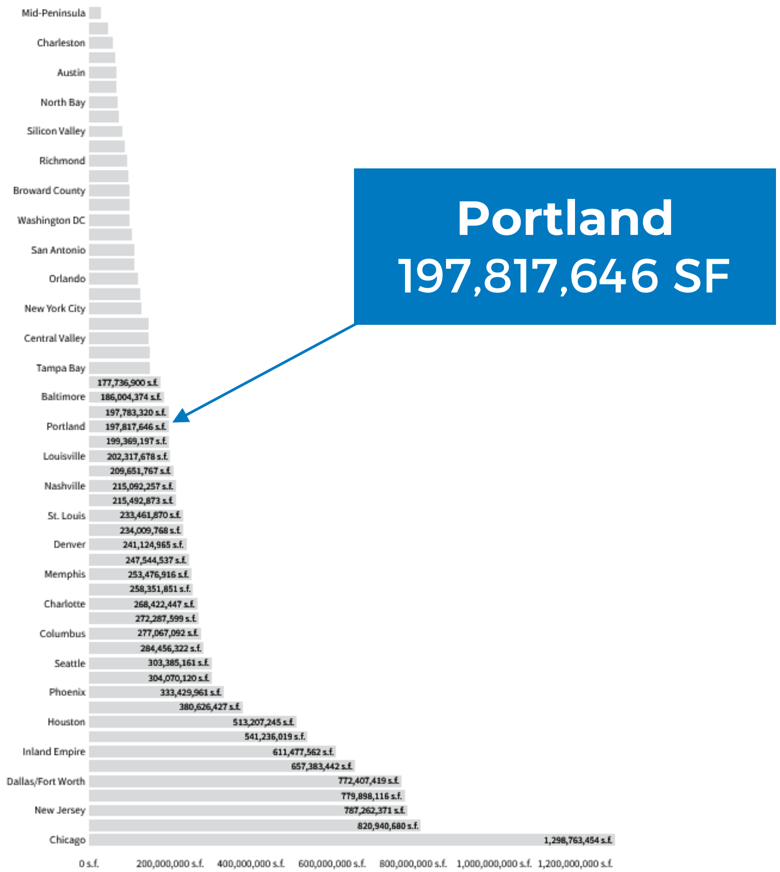
	2021				2022				2023
Job	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Mining	1.3	1.3	1.5	1.6	1.7	2.1	2	1.7	1.5
Utilities	1.7	1.6	1.6	1.6	1.6	1.8	1.8	1.7	1.7
Construction	4.2	4.1	4	4	4	3.9	3.9	4	4
Manufacturing	10.7	10.7	10.6	10.9	10.9	11	10.9	11.1	10.9
Wholesale Trade	6.1	6.2	6.2	6.2	6.4	6.3	6.3	6.3	6.3
Transportation and Warehousing	2.8	2.9	3	3.1	3.1	3.2	3.2	3.2	3.2

Value added by Industry as a Percentage of GDP

NAICS Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	JOBS	LQ	MARKET	US	MARKET	US	MARKET	US
Manufacturing	128K	1.2	1.09%	1.50%	1.08%	0.80%	0.69%	-0.09%
Trade, Transportation and Utilities	227K	1.0	0.38%	0.89%	1.51%	1.20%	-0.04%	-0.02%
Retail Trade	118K	0.9	1.19%	0.66%	0.85%	0.40%	0.21%	-0.02%
Financial Activities	78K	1.1	1.66%	1.01%	2.06%	1.48%	0.12%	-0.03%
Government	151K	0.8	2.82%	1.77%	0.61%	0.30%	0.79%	0.44%
Natural Resources, Mining and Construction	85K	1.2	4.75%	2.88%	4.91%	2.51%	1.03%	0.09%
Education and Health Services	189K	0.9	3.53%	3.63%	2.11%	1.76%	0.83%	0.55%
Professional and Business Services	205K	1.1	3.30%	2.10%	2.80%	2.15%	0.37%	0.22%
Information	28K	1.1	-0.18%	-1.32%	1.55%	1.13%	0.79%	0.18%
Leisure and Hospitality	122K	0.9	7.69%	5.87%	1.65%	1.59%	1.10%	0.85%
Other Services	43K	0.9	4.19%	3.01%	1.39%	0.68%	0.55%	0.16%
TOTAL EMPLOYMENT	**1.3M**	**1.0**	**2.86%**	**2.35%**	**1.88%**	**1.35%**	**0.57%**	**0.28%**

Source: Bureau of Economic Analysis

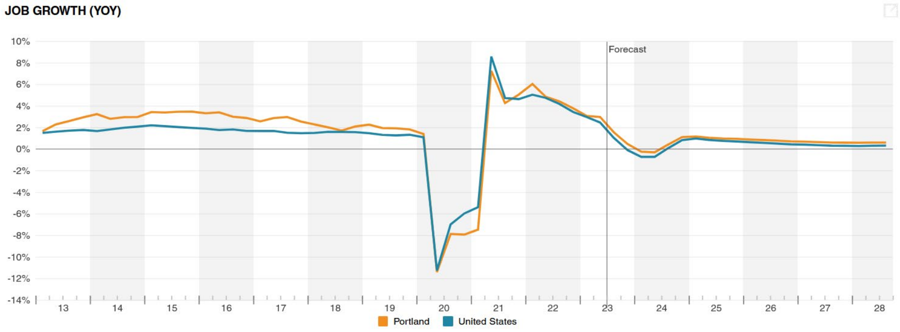
TOTAL INVENTORY & VACANCY RATE

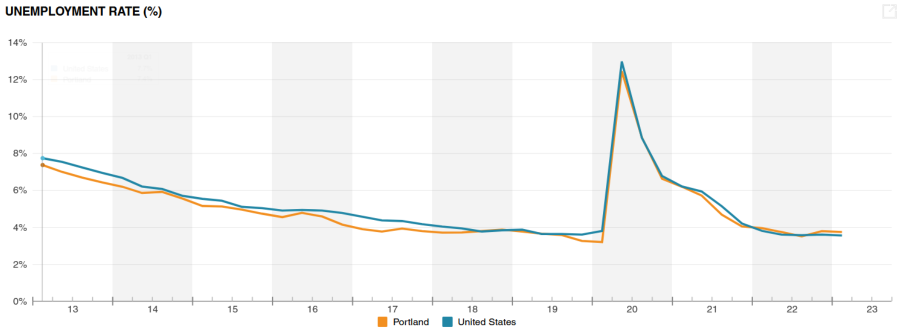


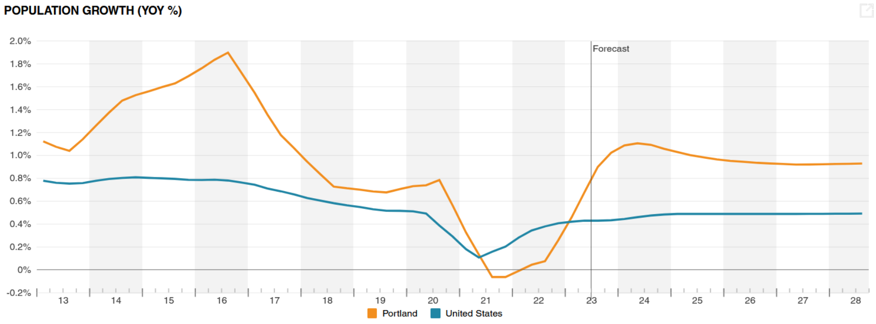
Market	Vacancy Rate
National	4.10%
Inland Empire	1.90%
Los Angeles	2.00%
New Jersey	2.90%
Boston	6.90%
Miami	3.40%
Phoenix	3.10%
Bridgeport	4.00%
Orange County	4.10%
Seattle	4.50%
Bay Area	3.80%
Atlanta	3.10%
Dallas	5.50%
Portland	3.80%
Detroit	3.30%
Philadelphia	4.20%
Baltimore	3.50%
Tampa	5.90%
Central Valley	3.60%
Nashville	3.70%
Cincinnati	4.20%
Charlotte	2.40%
Kansas City	5.40%
Denver	6.70%
Memphis	5.60%
Twin Cities	5.70%
Chicago	4.20%
Columbus	1.70%
Indianapolis	2.60%
Houston	8.40%
St. Louis	4.00%

Source: JLL & CoStar

PORTLAND MARKET







Source: CoStar

PORTLAND MARKET

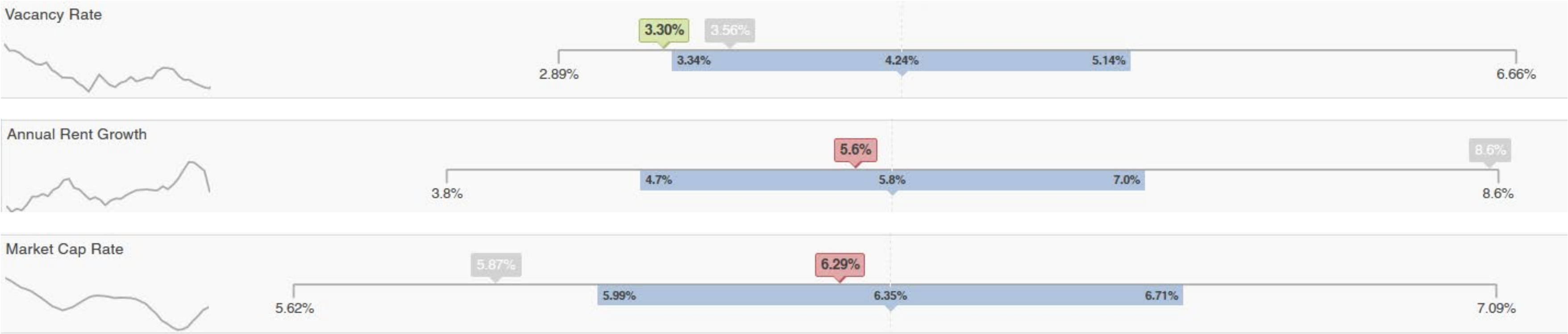
↓2.3%	↑3.5%	↓(149k)	↓2.5M
Overall Vacancy	Park Vacancy	YTD SF Net Absorption	SF Under Construction

- Market-wide vacancy remained low at 2.3% down 50 basis points (bps) year-over-year (YoY)
- Overall Class A average asking industrial warehouse shell rates ended the quarter between $0.80 – $0.90 per sq. ft. on a monthly triple net (NNN) basis for spaces 50k sq. ft. and larger, a 13.3% increase YoY

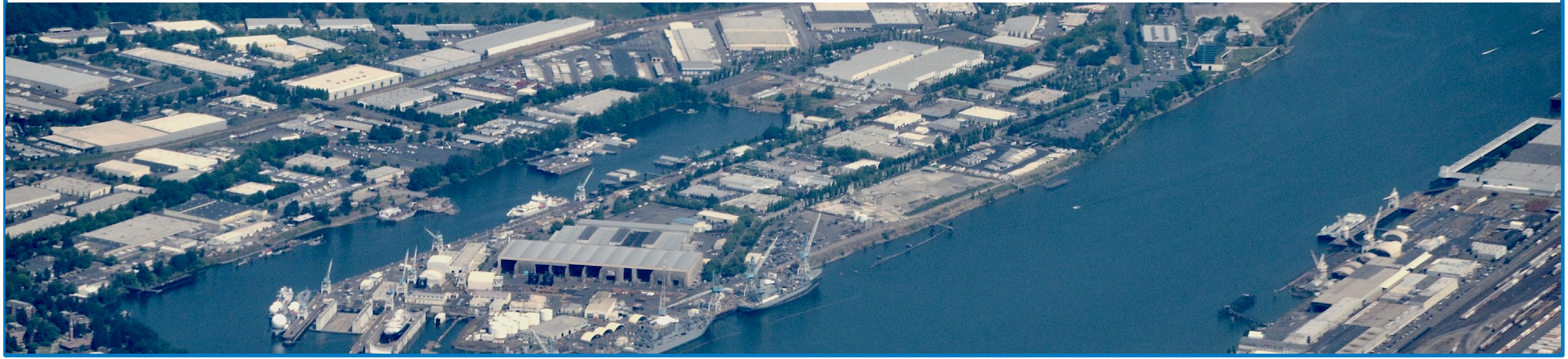
Source: CBRE

PORTLAND MARKET

10 Year Averages



Source: CoStar



ESTACADA MARKET

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF
392K +8.2%	0% -100%	(19.3K) -292.7%
Prior Period 342K	Prior Period 4.2%	Prior Period (4.9K)

VACANCY RATE	MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
23.4% +11.9%	$1.04 +4.9%	$176 +0.3%	7.1% +0.1%

AVAILABILITY	
Vacant SF	86.4K ↓
Sublet SF	0
Availability Rate	29.5% ↑
Available SF	109K ↑
Available Asking Rent/SF	$1.00 ↓
Occupancy Rate	76.6% ↓
Percent Leased Rate	76.6% ↓

INVENTORY	
Existing Buildings	34 ↑
Under Construction Avg SF	–
12 Mo Demolished SF	0
12 Mo Occupancy % at Delivery	0% ↓
12 Mo Construction Starts SF	19.5K ↓
12 Mo Delivered SF	27.5K ↑
12 Mo Avg Delivered SF	9.3K ↓

Source: CoStar

ESTACADA SALE COMPS

3045 NW Campus Dr Estacada, OR 97023

Sale Price: $1,699,000
Price PSF: $292.93
Building Size: ± 5,800 SF
Land Size: 0.46 AC (20,038 SF)
Days on Market: 12
Year Built: 1994

955 NW Noble Dr Estacada, OR 97023

Sale Price: $1,899,000
Price PSF: $226.19
Building Size: ± 8,400 SF
Land Size: 1.00 AC (43,560 SF)
Days on Market: 341
Year Built: 2023

980 NW Noble Dr Estacada, OR 97023

Sale Price: $5,600,000
Price PSF: $277.92
Building Size: ± 22,588 SF
Land Size: 0.93 AC (40,511 SF)
Days on Market: 53
Year Built: 2020

1040 NW Noble Dr Estacada, OR 97023

Sale Price: $8,000,000
Price PSF: $266.67
Building Size: ± 30,000 SF
Land Size: 1.03 AC (44,867 SF)
Days on Market: 190
Year Built: 2018

Source: CoStar

ESTACADA SALE COMPS

1195 NW Noble Dr
Estacada, OR 97023

Sale Price: **$1,400,000**
Price PSF: **$155.56**
Cap Rate: **8.00%**
Building Size: **± 9,000 SF**
Land Size: **1.00 AC (43,560 SF)**
Days on Market: **70**
Year Built: **2023**

3055 NW Campus Dr
Estacada, OR 97023

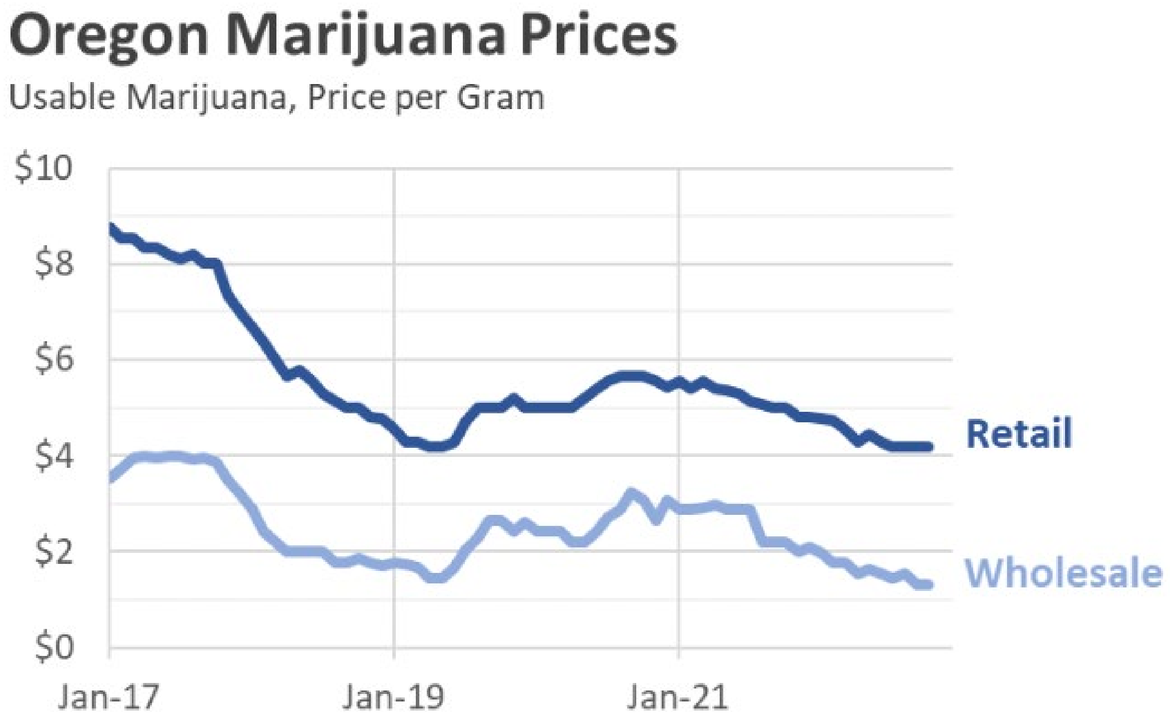
Sale Price: **$2,299,999**
Price PSF: **$219.05**
Building Size: **± 10,500 SF**
Land Size: **0.80 AC (34,848 SF)**
Days on Market: **49**
Year Built: **2023**

30445 SE Veterans Blvd
Estacada, OR 97023

Sale Price: **$1,599,000**
Price PSF: **$249.84**
Building Size: **± 6,400 SF**
Land Size: **1.34 AC (58,370 SF)**
Days on Market: **273**
Year Built: **2018**

Source: CoStar

CANNABIS MARKET



Sales declined by more than 17% to $994 million.

Supply is much higher than demand in Oregon, resulting in prices falling. Cannabis grows abundantly in the state, but since cannabis remains federally illegal it cannot be legally sold and exported across state borders. Furthermore, while cannabis is becoming increasingly popular, Oregon's 4.2 million people consume only a fraction of the cannabis grown by the state's farmers. OLCC estimates that demand for cannabis in Oregon was only 63% of supply last year.

CANNABIS MARKET

The Farm Bill of 2018, officially known as the Agricultural Improvement Act of 2018, played a significant role in the legalization and regulation of hemp production in the United States. It included provisions that allowed for the interstate transportation and exportation of hemp and hemp-derived products, subject to certain conditions and regulations.

Under the 2018 Farm Bill, hemp was removed from the list of controlled substances, effectively legalizing its cultivation and production. Hemp is defined as the cannabis plant with a THC (tetrahydrocannabinol) content of 0.3% or less on a dry weight basis. THC is the psychoactive compound in cannabis that produces a "high" effect.

Regarding the exportation of hemp across state lines, the Farm Bill made it permissible as long as the hemp is produced under an approved state or tribal hemp production program. Each state or tribal government is responsible for developing and implementing their own hemp regulations, including licensing requirements, testing protocols, and production standards.

However, it's important to note that while the 2018 Farm Bill allows for the interstate transportation of hemp, some states may still have additional regulations or restrictions in place. It's crucial for individuals and businesses involved in the hemp industry to be aware of and comply with both federal and state regulations to ensure legal and compliant operations.

CANNABIS MARKET

The Import and Export of "Hemp" Cannabinoid Products

As drafted, SB 353 would allow OLCC licensees (and others) to import and export items that fall under the federal definition of hemp. This would include a fair bit of what is called "usable marijuana" under OLCC administrative rules, as well as certain edibles and concentrates (ex.: THCa). All very interesting stuff, especially coming from the first state to ban sale of artificially derived cannabinoids (with limited exceptions).

You may be wondering: why is this a big deal? Well, OLCC licensees are not allowed to ship any of their crops or products out of state. Unlike hemp licensees and other businesses, they aren't allowed to take advantage of the truck-sized, intoxicating loopholes that were created by the 2018 Farm Bill. That would change here.

Source: Harris Bricken

LOAN AMOUNTS

SBA LOAN STRUCTURE	
Building Purchase	$2,221,500
Building Improvements (opt)	$25,000
Appraisal & Phase 1	$5,500
Escrow, Title, Legal, Etc	$18,500
Total Project Costs	$2,270,500
Borrower Down-Payment: * As little as	$113,500
Pacific Western Loan Amount	$2,157,000

LOAN TERMS & CONDITIONS	
Loan Term	25 Years Fully Amortized
Interest Rate:	7.99%
Monthly Loan Payment	$16,634
Owner-Occupancy	Minimum 51%

7(a) structure

SBA 7(a) loan terms & pricing

SBA 7(a) loans must be in $100 increments per SBA requirements.

BOTW Loan

Loan Amount	$ 2,977,327
Term - *years*	25
Amortized - *years*	25
Fixed Period	25 years
Interest Rate - indicative	6.91%
Monthly Payment	$ 20,873
Prepay Penalty:	Declining 5,3,1%
Yrly Allowance:	25%
Project / Collateral Type	CRE General Purpose
Borrower Injection %	15%

SBA 7(a) loan structure

PURPOSE		Total	Borrower	BOTW	Other
Land & Building		$ 2,221,500	$ 333,225	$ 1,888,275	$ -
Const & T.I.'s *(Hard Costs)*		$ 1,000,000	$ 150,000	$ 850,000	$ -
Const & T.I.'s *(Soft Costs)*		$ 100,000	$ 15,000	$ 85,000	$ -
Const Contingency	10%	$ 100,000	$ 15,000	$ 85,000	$ -
Title Policy/Escrow		$ 3,500	$ 3,500	$ -	$ -
Appraisal		$ 3,500	$ 3,500	$ -	$ -
Phase I		$ 2,500	$ 2,500	$ -	$ -
Packaging Fee		$ 1,350	$ 1,350	$ -	$ -
SBA Guarantee Fee		$ 81,237	$ 12,186	$ 69,052	$ -
Construction Mgmt Fee	1.00%	$ 10,000	$ 10,000	$ -	$ -
Total Eligible Costs		$ 3,523,587	$ 546,261	$ 2,977,327	$ -
Percentage of Project		100.0%	15.5%	84.5%	0.0%

Source: PAC West Bank

CONSTRUCTION COSTS

Generally, as the size of a tilt up concrete warehouse increases, the cost per square foot decreases. The graph illustrates that this is not a linear relationship and the curve flattens as the building size passes 400,000 SF.

While most buildings stay close to the trend line, the range of costs increases greatly with buildings smaller than 50,000 SF.

Some items that move the cost off of the trend line:

- Site coverage
- Existing site conditions
- Public improvement requirements
- Local jurisdictional storm water design requirements
- Architectural features
- Tenant driven requirements

Source: Perlo Construction

CONSTRUCTION COSTS

GENERAL OFFICE BUILDOUT	2,500 SF	5,000 SF	7,500 SF	10,000 SF	20,000 SF	SCOPE OF WORK
Union	$155-$165/SF	$135-$145/SF	$125-$135/SF	$115-$125/SF	$100-$110/SF	Assumes 'B+' finishes in the office (above market), LVT in the break room, ceramic tile in the bathroom/ vestibule, high grade carpet in the office, 2'x4' 2nd look dune ceiling tile, 3080 doors throughout, sidelites at all offices, glass wall for the conference room, etc. Assumes a (1)-hour rated wall between the warehouse/ office and code minimum plumbing fixtures; all office construction starting after the shell is complete.
Non-Union	$150-$160/SF	$125-$135/SF	$115-$125/SF	$105-$115/SF	$90-$100/SF	

DEMISING WALL	32' Deck Height	36' Deck Height	40' Deck Height	SCOPE OF WORK
Union	$610/LF	$680/LF	$750/LF	(1)-hour rated demising wall inclusive of studs, drywall, level (3) finish, paint on both sides, ESFR sprinkler rework at the deck, and 2x8 wooden base
Non-Union	$565/LF	$630/LF	$670/LF	

UTILITIES		100' LF	200' LF	400' LF	800' LF	2,000' LF	NOTES
Water	Union	$40/LF					2" water insulated domestic water line (copper)
	Non-Union	$36.50/LF					
Power	Union	100A@480V - $14,850	$17,750	$23,550	$35,150	$69,900	Includes high and low voltage sub panels and transformer; assumes 200A @ 480V per 5,000 SF of office space. NOTE: The travel distance is the amount of LF from the electrical room.
		200A@480V - $12,450	$32,700	$42,300	$67,500	$137,150	
		400A@480V - $50,000	$61,100	$84,500	$130,650	$269,800	
		800A@480V - $82,500	$105,750	$152,100	$244,850	$523,000	
	Non-Union	100A@480V - $12,450	$15,150	$20,500	$31,150	$63,150	
		200A@480V - $21,550	$26,900	$37,550	$58,900	$122,850	
		400A@480V - $40,000	$51,900	$73,250	$115,880	$244,000	
		800A@480V - $72,000	$93,350	$136,000	$221,350	$477,250	

Source: Arco Murry

CONSTRUCTION COSTS

If you had just built 500,000 SF (2,000 by 250 SF) and wanted to divide the space into 5 different equal spaces, what is the breakeven point?

Assumptions:

- Deck Height = 36'
- All Union work
- 500,000 SF
    - Shell = $0.70/PSF/NNN
    - Office Surcharge = $1.10/PSF
    - Office = 5,000 SF
    - TI = 250,000/total
- 100,000 SF
    - Shell = $0.77/PSF/NNN
    - Office Surcharge = $1.10/PSF
    - Office = 2,500 SF/per suite
    - TI = $60,000/per suite

* All other expenses/differences are outside the scope of example


PORTLAND RETAIL
OUTLOOK 2023
BY LUIS MARTIN DEL CAMPO

PORTLAND RETAIL OUTLOOK 2023

Time of continued Retail transition, gaining more momentum?

Retail has had consistent demand formation over the past year, bracing to withstand an economic slowdown?

PORTLAND RETAIL OUTLOOK 2023

Leasing activity remains strong as of the third quarter if 2023,

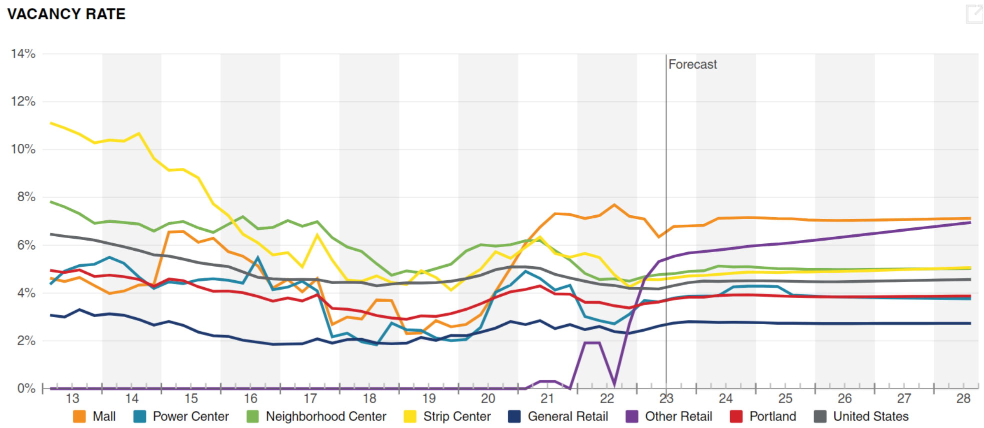
- Tight fundamentals in Portland's retail market are evident as of the third quarter of 2023, despite what appears to be a slowdown in leasing.
- Less space availabilities suppressing leasing on the supply side.
    - The bulk of deals currently being signed are reflective of spaces under 5,000 SF.
- Several larger/mid box move-outs (Bed Bath Beyond) of late potentially softening fundamentals,
- Businesses continue to monitor any signs of slowing consumption resulting from inflation and higher rates guided by the Federal Reserve.

As predicted, suburban leasing has outpaced its urban and downtown counterparts by a large margin

- Suburban leasing accounts for 60% of metro volume thus far in 2023.
- Mid- and large-sized box deals have driven this trend

PORTLAND RETAIL OUTLOOK 2023

- Some of the highest rent growth are in the suburbs.
  - Of the top 10 submarkets recording the most outsized growth figures in the past 12 months, nine were suburban, with five of those located on the Washington side of the metro.
  - Massive population growth and an influx of spending power in Vancouver and its adjacent submarkets has driven strong sales performance and above metro-trend rent acceleration.



PORTLAND RETAIL OUTLOOK 2023

Retail Developers continue to keep new retail pipeline light, which helps retail recovery limit excessive amounts of competition.

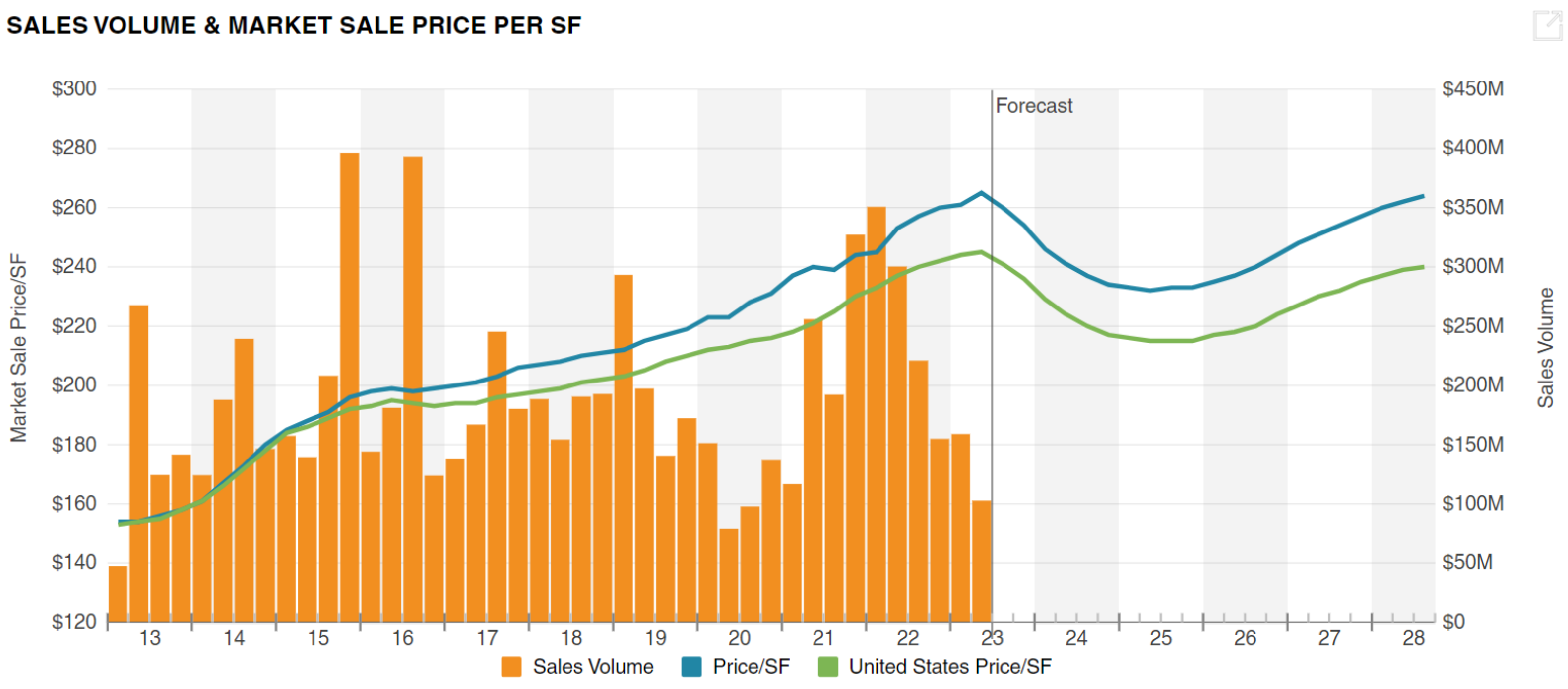
- Well over 500,000 SF of previously unoccupied space that was removed from the market via demolition since 2021.
    - Not all of these sites were redeveloped with retail assets, either, as a majority were razed to make room for apartments or other mixed-used projects.
- The majority of retail construction activity of late is made up of single-tenant build-to-suits, quick serve restaurants, or smaller neighborhood centers with pre-leased anchor space.
- OHSU's board of directors approved a $650-million hospital expansion last fall.
    - The project will accommodate an additional 4,000 staff members to serve the facilities when complete.
- Current construction activity amounts to 530,000 SF underway, for a relatively small 0.4% share of inventory, so downside oversupply risk remains minimal.

PORTLAND RETAIL OUTLOOK 2023

Sales activity has slowed from the heavy deal flow of early 2022

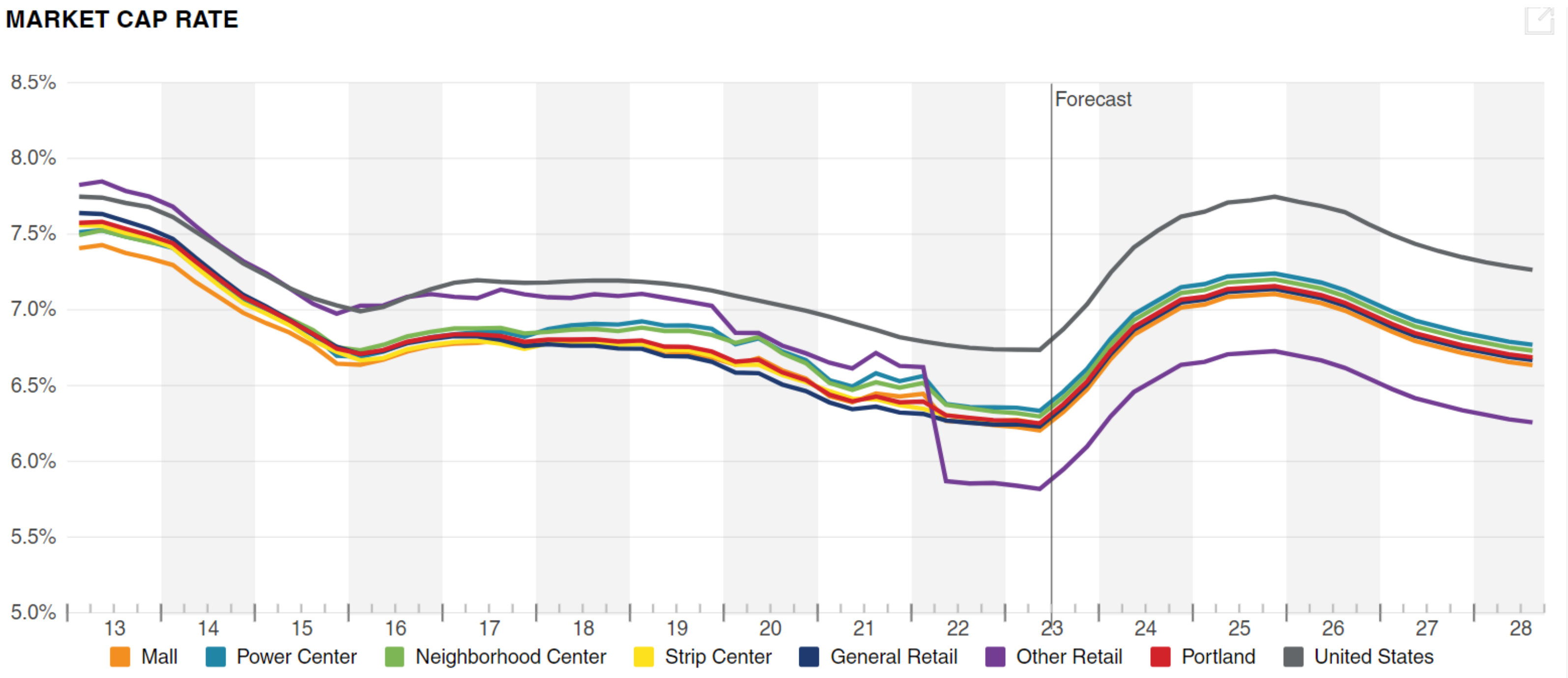
- Thus far, Q2 sales volume has been the lowest recorded since early 2020.
- Liquidity expected to remain scarce over the next few quarters.
- Federal Reserve's current rate-hike cycle may come to a close soon
  - Deals that may have penciled out in 2022 are no longer feasible for certain buyers, creating a gap in pricing expectations.
  - More creative financing?
- Portland Retail is still affordable, offering attractive pricing relative to other West Coast markets.
- Average pricing in Portland, at around $265/SF, is creeping upward into the third quarter of 2023

PORTLAND RETAIL OUTLOOK 2023



Source: CoStar

PORTLAND RETAIL OUTLOOK 2023



Source: CoStar

RETAIL SALES COMPARABLES

Retail Sale 1

Progress Square acquired by V.H.R. Co. - 42,000 SF Neighborhood Center closed in 2023 Q1 for $15.7 million ($376/SF) at 6.2% CAP in Beaverton.

- National tenants Mattress Firm, T-Mobile, Aspen Dental and The UPS Store each occupy space.

RETAIL SALES COMPARABLES

Retail Sale 2

[Beaverton Town Square 120k SF Center sold to California-based Hyperion Realty Capital for $42.25 million ($353/SF) in Q1]

- The site included 3 properties: the town square with a Trader Joe's anchor, as well as two restaurant pad sites.

RETAIL SALES COMPARABLES

Retail Sale 3

Oregon Trail Shopping Center – 208,276 square foot retail center sold Q1 located at 1979-2279 NE Burnside Rd in Gresham, OR.

- Kimco Realty Corporation sold the six-building shopping center to Rhino Investments for $30.85 MM or about $148 per square foot. Tenants include Marshalls, Office Depot, Big Lots, Big 5, and Dollar Tree among others.