

# RETAIL REPORT

Portland Metro Area | Fourth Quarter 2011

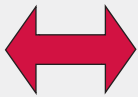


## TRENDS:

Vacancy Rate



Net Absorption



Construction



## OVERVIEW

The **retail** market was flat during Fourth Quarter, with positive absorption of 6,928 sf and vacancy at 6.37%. Vacancy has hovered around this rate since Third Quarter 2010. Central City vacancy fell nearly a percentage point to 7.51%, with a number of tenants taking smaller spaces. This quarter saw the closure of one Nike store and the opening of another; Nike replaced its SW 5th Avenue Niketown store with Nike Portland, a 26,000 sf shop in the former Williams Sonoma space on SW Morrison in November. The downtown retail core has been dubbed the “Pioneer District” in an effort to improve its branding and attract retailers and shoppers.

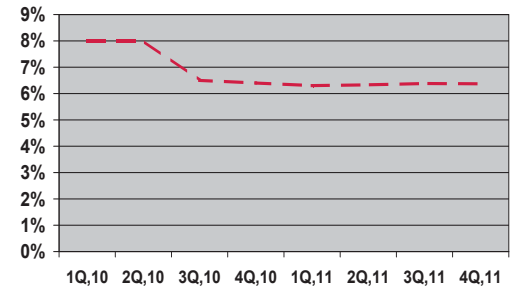
Eastside vacancy fell about a percentage point to 2.37%, boosted by Walmart’s 53,000 sf lease at Hayden Meadows. Walmart plans to demolish the building in order to build a new 90,000 sf store, with a grocery department and pharmacy, and a 40,000 sf ecoroof.

The only delivery of the quarter was in the Southwest submarket. Building K at Progress Ridge Town Square delivered, and its 13,180 sf is occupied by Ace Hardware. A few smaller tenants also leased a total of about 15,000 sf at Progress Ridge.

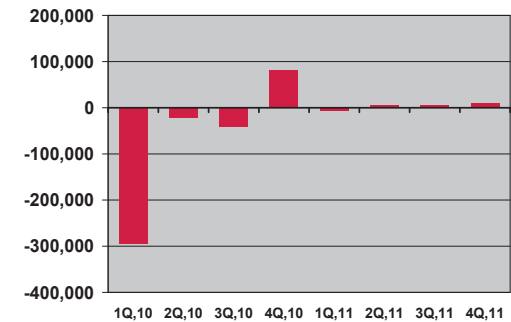
### Noteworthy News

Initial reports suggested that the 2011 holiday shopping season was solid for retailers, and an improvement over 2010. November saw a 0.2% increase in retail sales from the previous month; while shoppers upped their spending on gifts like electronics and appliances, they cut spending in other areas, such as at grocery stores, restaurants and bars, according to the Commerce Department. The Black Friday weekend looked to be a success; the National Retail Federation reported

## Vacancy Comparison (%)



## Absorption Comparison (SF)



that spending per shopper rose 9.1% from 2010. And online sales on Cyber Monday, the Monday after Black Friday, came in at \$1.25 billion. These results inspired the National Retail Federation to revise its estimates for November-December retail sales up, expect-

*(cont'd on back side)*

## Major Lease Transactions

Tenant:	Building:	Size (SF):	Submarket:
Walmart	Hayden Meadows	53,000	Eastside
The Lumberyard (indoor bike park)	2700 NE 82nd	42,450	Eastside
Yamaha Sports Plaza	9515 SE 82nd	10,500	Southeast/East Clackamas

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

## Major Sale Transactions

Buyer:	Building:	Price:	Submarket:
LS Realty Group	Sunset Oaks Shopping Center	\$5,600,000	Sunset Corridor
Living Hope Community Church of Vancouver	2711 NE Andresen Road (former K-Mart)	\$5,000,000	Vancouver
Kensington Management	14801 Kruse Oaks Blvd. (Stanford's Restaurant & Bar)	\$4,000,000	Southwest

Source: CoStar

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SUBMARKET	# BLDGS	INVENTORY (SF)	TOTAL AVAILABLE (SF)	% VACANT	TOTAL ABSORPTION	UNDER CONSTRUCTION
<b>RETAIL*</b>						
122nd/Gresham	41	5,967,649	558,717	9.36	(356)	0
Central City	60	2,160,825	162,288	7.51	18,206	0
Eastside	29	5,428,634	128,624	2.37	56,053	0
Southeast/East Clackamas	30	5,320,923	285,402	5.36	5,370	0
Southwest	98	11,436,079	642,097	5.61	(63,849)	0
Sunset Corridor	42	5,324,019	323,262	6.07	6,379	0
Vancouver	93	9,641,588	785,493	8.15	(14,875)	34,500
<b>TOTAL</b>	<b>393</b>	<b>45,279,717</b>	<b>2,885,883</b>	<b>6.37</b>	<b>6,928</b>	<b>34,500</b>

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

## Featured Deals



### Stanford's Restaurant & Bar Sale

Kensington Management LLC purchased the 7,925 sf Lake Oswego Stanford's Restaurant & Bar for \$4 million. President Chris Johnson and Vice President MaryKay West represented the seller, Stancorp Real Estate LLC.



### Comcast Communications Lease

Comcast Communications leased 3,385 sf at Vancouver Village, 8115 Northeast Vancouver Mall Drive. It is the company's first retail outlet in the Vancouver market. Associate Vice President Pam Lindloff represented the landlord.

*(cont'd from front)*

ing a nearly 4% increase in sales from the prior year.

Shopping center owners are getting creative to fill space by leasing space at centers with high vacancy to non-traditional users, who are eager to secure lower rates for spaces they couldn't previously afford.

As The Wall Street Journal highlighted in an October article, non-traditional retail users, from gun ranges to go-cart tracks, and aquariums to a fencing academy, are filling space that otherwise would have been occupied by big boxes or grocery stores. We're seeing this trend in the Portland metro area, as the Living Hope Church paid \$5 million for the 85,000 sf former K-Mart in Vancouver.

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