

CENTER FOR REAL ESTATE



INDUSTRY PANEL RECAP | RETAIL

Bricks, Mortar, and the Bottom Line

Insights from the PSU Center for Real Estate retail industry panel featuring voices from the Standard, CenterCal Properties, Commercial Realty Advisors NW, and Good Coffee.

Despite years of dire predictions, physical retail is not dead. It just requires smarter thinking. A recent industry panel, hosted by the PSU Center for Real Estate, brought together some of Portland's most active voices in retail real estate and tenant development to explore the forces reshaping the market.

Ecommerce Didn't Kill Retail — It Kept It Lean

Fears about ecommerce devastating brick-and-mortar retail have not materialized in the way many predicted. In fact, the panel argued that the ecommerce threat may have inadvertently helped physical retail by discouraging overbuilding.

Jesse Levin of the Standard put it plainly: nationally, retail is a strong investment. Traditional unanchored strip malls, long considered a commodity format, continue to perform well. The supply-demand balance has held in part because developers stayed cautious, and that caution is now paying dividends for property owners who stayed the course.

Not All Blocks Are Created Equal

One of the panel's clearest messages was that retail submarkets vary enormously, sometimes within just a few blocks. Panelists emphasized that understanding the micro-geography of a retail corridor is essential before committing to a location.

For tenants like Good Coffee, this analysis goes beyond traffic counts and demographics. What they are evaluating is energy: the intangible quality of a place that signals a diverse and engaged customer base.

Emerging Trends: Wellness, Gen Z, and the Supply Chain Shopper

The tenant mix conversation has shifted meaningfully. Fitness, wellness, and health-focused uses are in high demand, particularly when located near residential density. Panelists suggested that property owners intentionally distance these uses from bars and alcohol-adjacent tenants as

a curation strategy, reinforcing the lifestyle positioning that wellness tenants need to attract their core customers.

Erika Plummer of CenterCal Properties highlighted another emerging force: Generation Z. This cohort brings heightened awareness of supply chain practices and sustainability to their purchasing decisions. Retailers who cannot speak credibly to these values are at a disadvantage when competing for the loyalty of younger consumers. For property owners, this means that tenant curation is not just about credit ratings and rent rolls, it is increasingly about brand values and environmental posture.

The Income Problem: Portland's Structural Challenge

While national retail fundamentals look healthy, Portland faces a challenge that is harder to solve through curation alone: the erosion of its high-income customer base. Ashley Heichelbech of Commercial Realty Advisors NW cited Multnomah County's tax structure that is motivating higher-earning residents to relocate. At minimum, there is little confidence in near-term growth of this demographic.

The consequences are tangible. Operating expenses in Portland, driven by rising taxes and insurance costs, are high and climbing. Without a customer base capable of supporting premium prices, many retailers find themselves squeezed from both sides.

Sam Purvis of Good Coffee offered a pointed illustration: a comparable peer operation in Los Angeles faces nearly identical operating costs, but because it draws from a higher-income customer pool, it generates 1.5 to 2 times the revenue. The lesson is clear: cost structure matters, but customer income is the variable that often determines whether a retail operation thrives or merely survives.

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— A KEY TAKEAWAY FROM THE PANEL

Vision, Relationships, and the Long Game

Across all of these themes, two qualities stood out as essential for property owners seeking strong tenants: a clear vision and a relationship-first mindset.

Successful landlords must be able to articulate who their desired customers are, why they will be drawn to the property, and how the tenant mix will create a cohesive experience. Vague or reactive leasing strategies rarely attract the caliber of tenants needed to anchor a property's brand.

For tenants, the quality of the landlord relationship is equally decisive. Good Coffee, for instance, views each location as a long-term investment and actively seeks out owners who share that perspective. A property that might change hands within a few years is a real concern.

Instability in ownership can unravel years of community-building and brand equity that a tenant has worked hard to establish.

Portland's retail market is neither doomed nor simple. It rewards the creative entrepreneurs who pay close attention to submarket dynamics, consumer values, and the income profile of the surrounding community. For those who build authentic, long-term relationships on both sides of the lease, retail opportunities are strong.

Panelists: Jesse Levin (the Standard), Erika Plummer (CenterCal Properties), Ashley Heichelbech (Commercial Realty Advisors NW), and Sam Purvis (Good Coffee). Hosted by the PSU Center for Real Estate.