

Retail Market Analysis

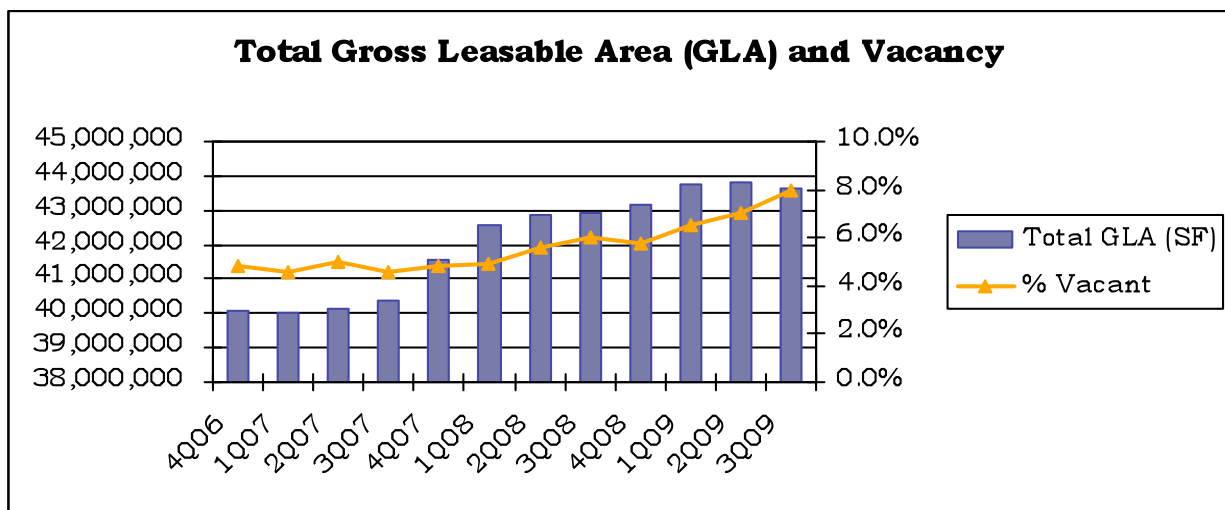
By April Chastain, Certificate of Real Estate Development Graduate Student & RMLS Fellow

Norris, Beggs & Simpson reports an increase in metro-wide retail vacancy, reaching 8 percent this quarter. Joe's Sports & Outdoors played a large part in that vacancy, although Dick's Sporting Goods has leased three of the buildings vacated by Joe's. A new Winco under construction at Bowyer Marketplace in Clark County is expected to be delivered in June 2010. Costco is also planning a new 154,701 SF building in Clark County on Northeast 192nd.

NBS reports downtown/central city vacancy reaching 9.8% with 250,765 square feet of retail space available for lease. That is topped only by Vancouver with an 11.6% vacancy rate and over 1,000,578 available for lease and another 107,800 square feet under construction.

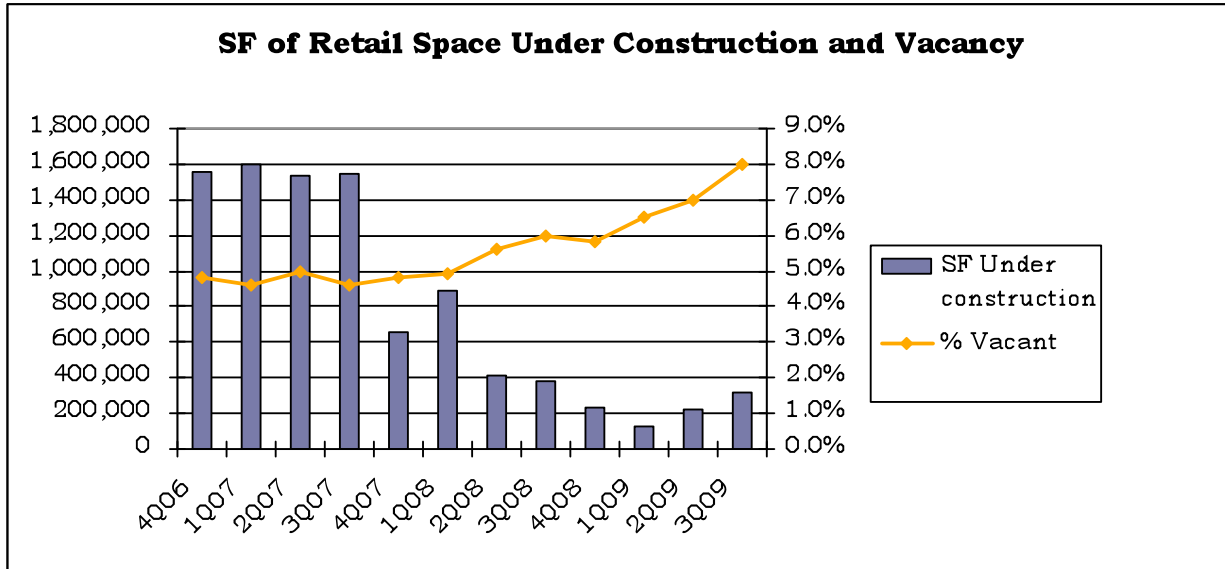
Lloyd Center was to be sold for \$192 million, or \$137 per square foot, which would have included the \$127.5 million mortgage, according to the DJC¹. It would have been purchased by Merlone Geier Partners, based in California, from Glimcher Realty Trust of Columbus, Ohio. However, Merlone Geier terminated the sale agreement, which it could do at its sole discretion before September 30, 2009. CoStar reports that Glimcher acquired Lloyd Center from SI-Lloyd Associates for \$167 million, when it was 85% occupied and tenant sales were about \$325 per square foot. At the end of 2008, Glimcher, reported 94.7% occupancy at Lloyd Center and \$379 per square foot in tenant sales.

General Growth Properties, which owns Pioneer Place, Clackamas Town Center, Salem Center, Rogue Valley Mall in Medford, and Gateway Mall in Springfield filed for chapter 11 bankruptcy in April. The decision to pursue reorganization under chapter 11 came after unsuccessful efforts to refinance or extend maturing debt outside of chapter 11.

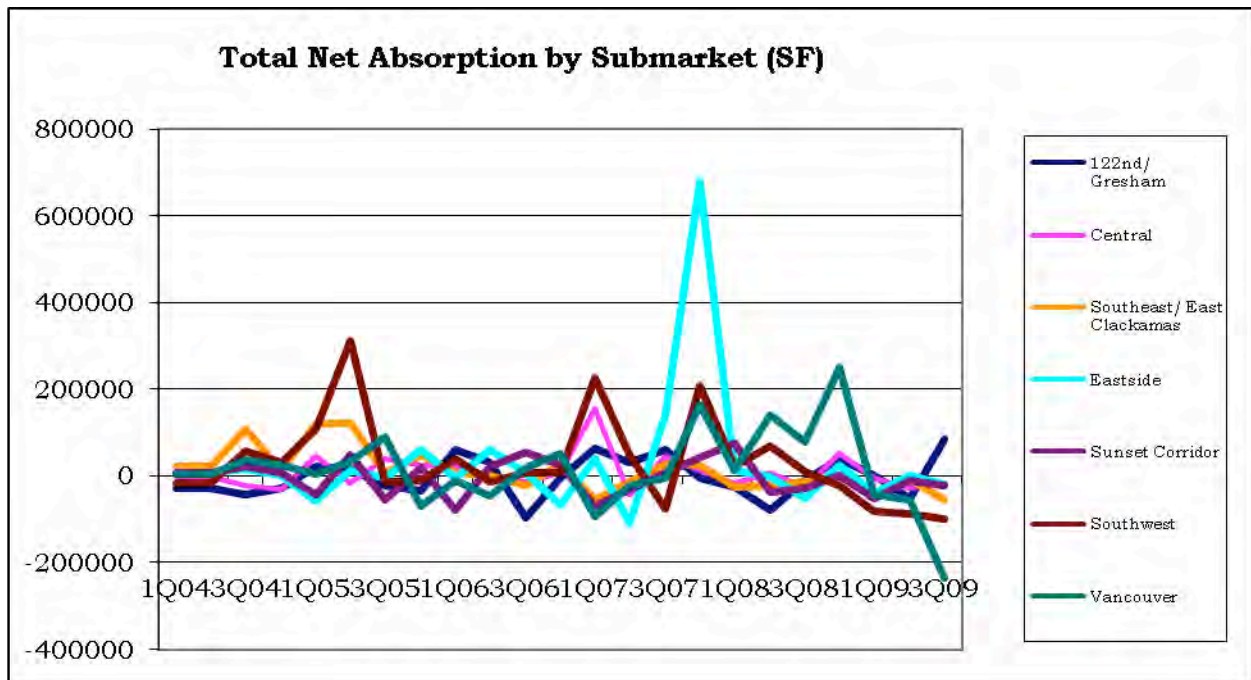


Source: Norris, Beggs & Simpson Retail office report - Third quarter 2009

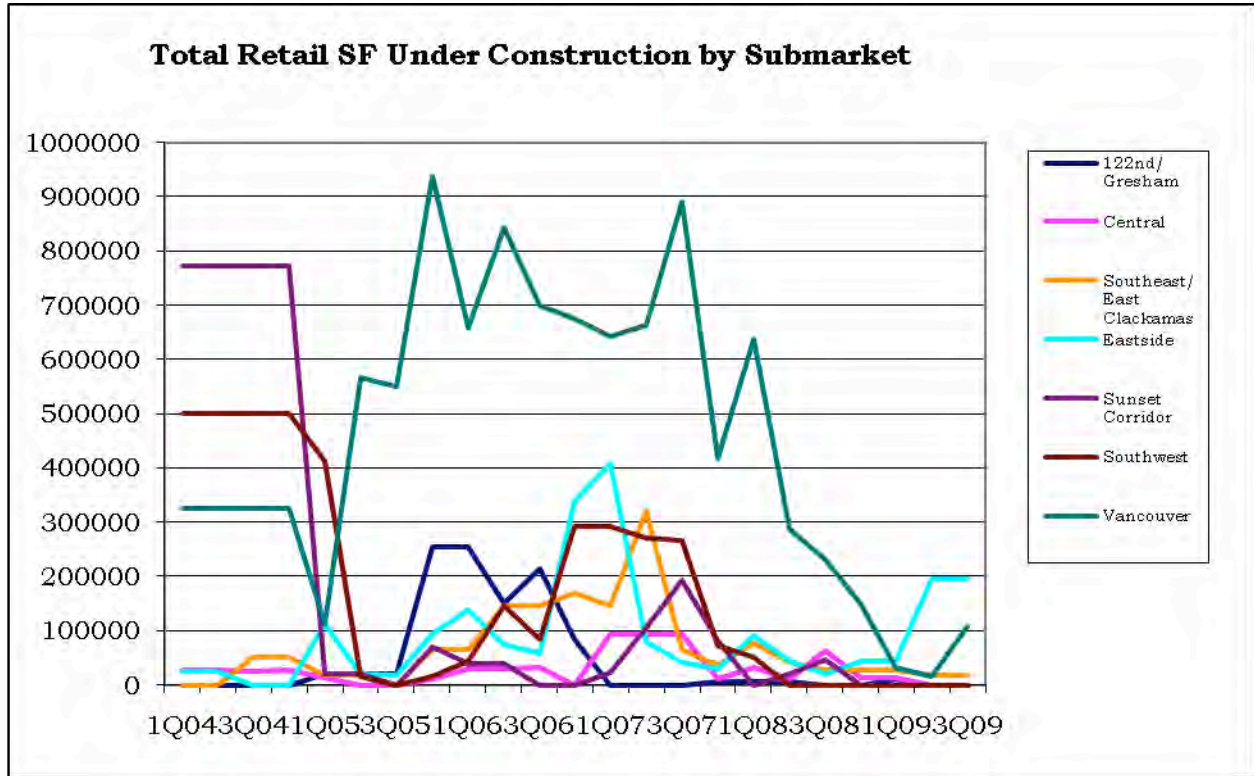
¹ "Lloyd Center sold for \$192M", Daily Journal of Commerce, September 15, 2009.



Source: Norris, Beggs & Simpson Retail office report - Third quarter 2009



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According to the DJC² several downtown restaurants have closed recently, leaving vacancies that are expected to remain so for some time. They tend to be 4,000 to 10,000 SF, sizes which might attract national chains, but few national chains are currently expanding. See the following map for vacancies as of September, 2009.

| Name | SF Available |
|-------------------------------------|--------------|
| McCormick & Schmick's Seafood | 9,400 |
| Kincaid's Fish, Steak and Chophouse | 8,000 |
| Stanford's at RiverPlace | 7,030 |
| Newport Seafood Grill | 3,800 |
| Pinnacle Pavilion | 4,410 |
| Palomino Restaurant | 7,800 |
| R Palate | 1,975 |
| Harrison Restaurant (Tondero) | 8,700 |
| Jax Restaurant | 3,250 |

[See aerial photograph on the next page.]

² "Dining dip leaves space", DJC, September 11, 2009.

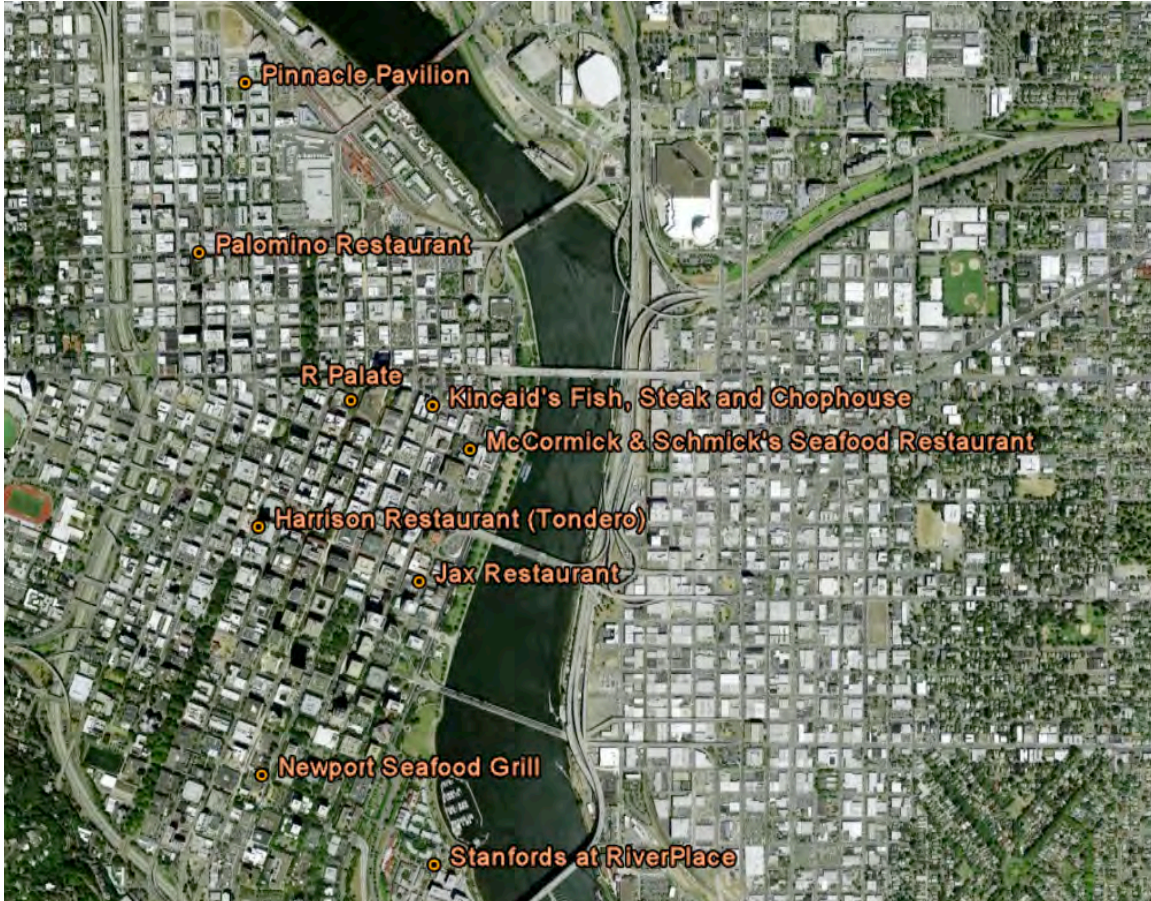


Figure 1. Restaurant Vacancies as of September 11, 2009.