Retail vacancy rates remained unchanged during the second quarter at 8.0 percent, but there was negative absorption of 20,547 square feet according to the Norris, Beggs & Simpson retail report. Central City experienced a vacancy decrease of nearly one percentage point, down to 10.9 percent, while Southeast/East Clackamas vacancy increased over one percentage point to 6.5 percent.

Norris, Beggs & Simpson notes that there was substantial leasing activity among big-box stores, which are not included in its retail report. The Salvation Army leased around 40,000 square feet on SE 82nd at the former Linens 'n Things and Dick's Sporting Goods leased approximately 50,000 square feet at the former Joe's Sports in Clackamas' Johnson Creek Crossing.

As reported in last quarters issue, H & M and Saks Fifth Avenue Off Fifth will be opening soon. H & M has confirmed its store will open this fall at Pioneer Place, and Saks is set to open at Bridgeport Village on September 2nd. In other clothing news, Nordstrom Rack has leased 48,344 square feet of space at Beaverton's Cascade Plaza Shopping Center.

Construction and deliveries to the market continued to be slow during the second quarter. There is 29,099 square feet currently under construction in the metropolitan area, about 5,000 more square feet than the first quarter according to Norris, Beggs & Simpson. There is some construction activity on the horizon though. Big Al's, which operates a bowling center in Clark County has opened an additional 66,000 square foot center in Beaverton at
Progress Ridge. The developers of the property have signed New Seasons and Cinetopia to the site.

Nationally retail sales increased by a seasonally adjusted rate of 0.6 percent during April, then fell by 1.2 percent in May. The Consumer Confidence Index had been rising since February then decreased by about ten points to 52.9 in June, surprising many economists that did not expect that large of a decrease.

New York based Retail Opportunity Investments Corporation has been active in the Portland metropolitan market. The company recently purchased Vancouver Market Center for
$11.9 million and four other retail centers in the area from Gramor Development. Purchase price for the four center portfolio is approximately $90 million.

Specialty Asian grocer, Uwajimaya signed a letter of intent at the end of June with Sockeye Development for a store in Old Town as a part of a mixed-use development. The store would cover the whole city block that is bordered by Fourth and Fifth avenues and Couch and Davis streets. In its current configuration the project will have a 24,000–28,000 square
foot street-level grocery store, additional street-level retail space, a courtyard, further mezzanine level retail space, one floor of office on the second floor, 140 units of mixed income apartments and three stories of underground parking.

If opened, it would be the second Uwajimaya in Oregon. The company currently has a store in Beaverton. The *Daily Journal of Commerce* reported that the letter of intent gives the Portland Development Commission (PDC) six months to come up with $10 million for the building which has a total estimated cost of about $80 million. The project was originally slated for construction to begin in late 2009, but the project stalled in 2008 because of a lack of public funding and the recession. Construction is now scheduled to start between 2012 and 2014, around ten years after the PDC performed a conceptual development study in 2003. The PDC currently has $8 million in the Waterfront urban renewal area budget, $2 million short of the $10 million needed.

A non-scientific report produced by the Portland Business Alliance concluded that there is an increase in downtown pedestrian traffic compared to last year. The report relies on traffic numbers taken over a three day period in June at 15 different intersections in downtown Portland. Pedestrian traffic increased at eight of the eleven intersections this year compared to 2009 figures. The largest increase was at SW 3rd and Clay Street which was up 92 percent. The report notes that this number is skewed by foot traffic which was generated by a performance of the Lion King which took place near the intersection at Keller Auditorium. Other significant increases were observed at 5th and Morrison (59 percent increase), 5th and Couch (57 percent increase), and 6th and Taylor (66 percent increase).
Kyle Smith is a Certificate of Real Estate Development Graduate Student and Portland State University and is the Regional Multiple List Service (RMLS) fellow.