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Portland big box retail closures spark creative repositioning



Image: Columbus

Pickleball is surging nationally.

MADDIE MCGARVEY FOR ACBJ



By [Sara Edwards](#) – Commercial Real Estate reporter, Portland Business Journal

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Closings of big box retail spaces have painted a grim picture on the state of retail.

Forever 21 announced it would [wind down operations after filing for bankruptcy](#) at the end of March. Kohl's Corp. made the decision to [close 27 underperforming stores by the end of this month](#), including a Portland store at 10010 N.E. Halsey St.

Craft retailer Joann Inc. will [auction off its 790 stores and five distribution centers](#) across the country later this month.

And that's just in 2025 alone.

In response, big box landlords are having to get creative by repositioning these vacant stores to more resilient uses, helping to lease these large spaces more quickly.

Briana Mathias, a broker and CPA with Macadam Forbes, said landlords have particularly eyed fitness concepts, entertainment venues and indoor recreation operators to take over large vacant spaces.



Image: Courtesy of Macadam Forbes

Briana Mathias is a broker with real estate firm Macadam Forbes

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The scenario has already played out around the Portland metro. Jumbo's Pickleball opened eight courts inside a space at the Lloyd Center while a former Bed Bath & Beyond location in Tigard is set to become a [Pickleball Kingdom](#). A Fun City Adventure Park could fill the former Dick's Sporting Goods space, according to the market report from Macadam Forbes.

"My outlook is hopefully we'll start to see more of these spaces absorb," Mathias said. "I think rents are going to be stable and I do think some landlords are going to have to take a chance on some new tenant concepts, but I think it's going to activate many of these areas."

Data from [CoStar](#) found that retail vacancies and available space across the Portland metro area remain relatively high. Director of market analytics for CoStar John Gillem calls the movement a largely supply-side trend as the area

hasn't logged much new retail space construction in the last decade or even post-Great Recession.



John Gillem is Director of Market Analytics for Portland at CoStar Group.

KATE GILLEM

“We have also demolished a large amount of space in the past five years to make way for other developments, such as apartments,” Gillem said. “So, while leasing has pulled back ever so slightly over the past two years, there just isn't enough competing space coming online to cause the vacancy rate to rise substantially.”

President and CEO of Schnitzer Properties Jordan Schnitzer said retail properties can be split into three categories: strip malls, big shopping malls and boutique tenants. He said the boutique tenants are “doing pretty darn well” with quick turnover when a business vacates the space.

As are strip malls, particularly if they're anchored by a grocery tenant, because “they are all placed in very strong demographic locations,” Schnitzer said.

Portland's retail market started the second quarter of the year in a state of balance. CoStar data found that despite a slightly sluggish demand, minimal new speculative construction and a pullback in tenant move-outs prevented the market from softening dramatically.

Tenant move-out activity hasn't shifted dramatically across Portland, sitting at about 20% below the pandemic-era peak and 12% below the historical average. Gillem said the lack of viable space in suburban shopping corridors plays a factor.

Gillem also added that much of Portland's retail space has been demolished, creating an even tighter market environment. Nearly 1 million square feet of unoccupied retail space was demolished, he said, largely due to the strong demand for apartments and housing.

Among the new retail assets delivered over the last year that totaled around 500,000 square feet, 10% of that space remains available for lease.

Mathias said recent property sales and repositioning of big box spaces is an indication that out-of-state investors are still interested in Oregon and in Portland.

"I don't see any signs of people giving up on retail at all as an investment," she said.