

Portland Multifamily

Market Forecast

Trends



The Portland multifamily market may not be red hot anymore, but is moderately warm, as rents continue to increase and vacancy decreases, despite construction of new units. The Portland area continues to experience strong job growth along with robust wage and household income gains. Demand to purchase units remains high, and inventory is relatively low, which is driving up the cost to own. The growing population and high cost of buying a home ensure that Portland will remain a strong multifamily market.

Average Rents/Month

Studio	\$1,053
1 Bed / 1 Bath	\$1,094
2 Bed / 1 Bath	\$1,077
2 Bed / 2 Bath	\$1,310
2 Bed Town House	\$1,198
3 Bed / 1 Bath	\$1,194
3 Bed / 2 Bath	\$1,411
Overall Average	\$1,175

In the third quarter, rents continued to rise across the region, raising the year over year growth to 10.5%, and pushing average asking rent per square foot across the region to \$1.47. Downtown and Northwest Portland submarkets continue to command the highest rents at \$2.30 and \$2.11 per square foot respectively. By contrast the lowest rents are found in Outer Northeast, East and West Vancouver areas of Portland. In the current economy, rising rents are expected to continue outpacing wage growth.

The market's overall vacancy has continued to tighten with the third quarter ending at 4.6%, an 80 basis point increase from the third quarter of 2015. Oregon City and Downtown have some of the highest vacancy rates due to ample new construction and competition from neighboring submarkets. Meanwhile an abundance of newly built studio units had resulted in studios having the highest vacancy rates among all unit types. Despite several new construction projects, vacancy is forecasted to continue to tighten as new residents quickly fill in the new space.

In the third quarter, Portland multifamily market recorded 77 transactions, totaling almost a half a billion dollars (\$491,046,750). The biggest properties to change hands this quarter were One Jefferson 348 units in Lake Oswego for \$78 million, Green Leaf Monterey 390 units in the Southgate submarket for \$76 million and Vue Apartments 308 units in downtown. The average price per unit has increased to \$163,817 in the third quarter. The cap rate on average was 5.62%.

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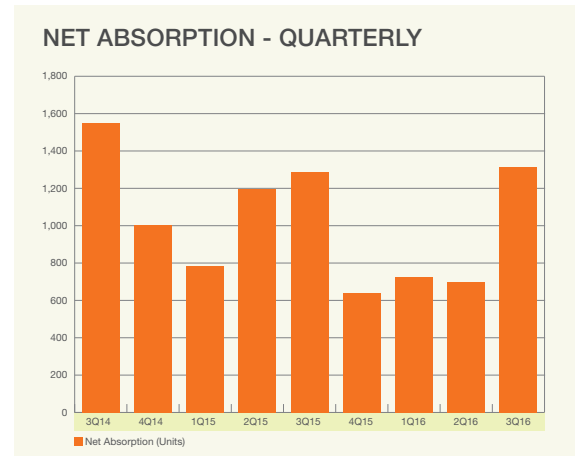
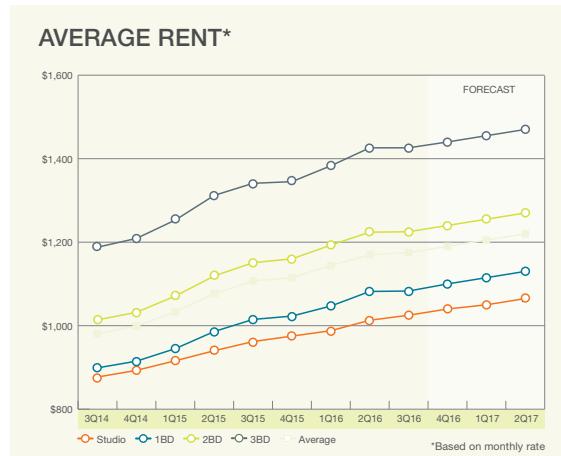
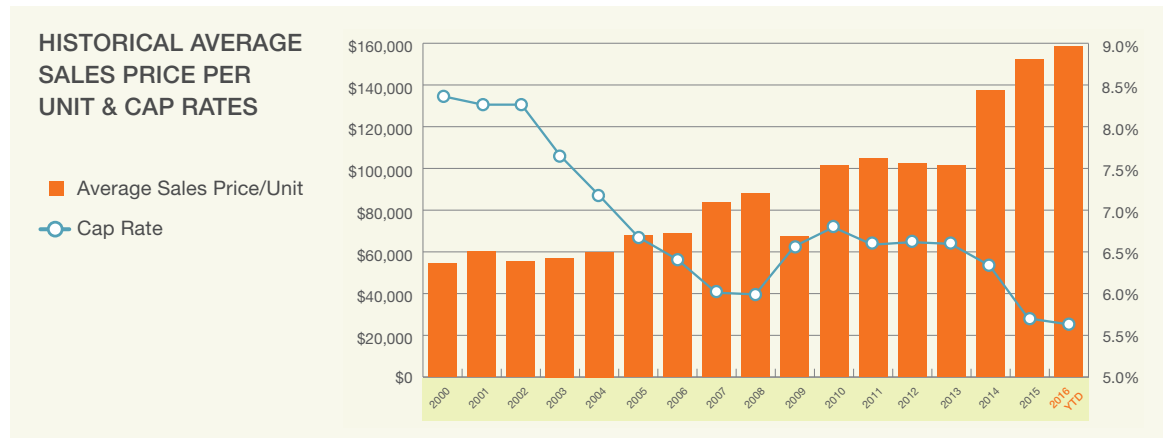
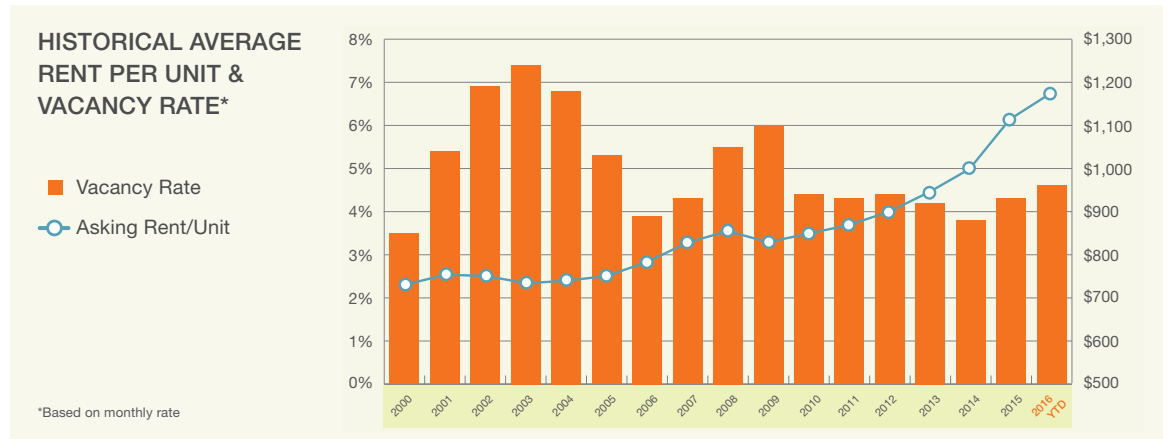
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Portland has been witnessing a surge in multifamily construction as developers try to cash in on the growing population. As of the third quarter there are over 10,000 units being built, which will do little to quell the demand. Close-In West Portland is undertaking the bulk of this development with 3,900 units under development, followed by Close-In East Portland

with almost 2,500 units. The largest projects being built include Conway Apartments located in Close-In West Portland 370 units in two mixed use buildings with on-site parking and Amberglen on the Park in Beaverton 352 units in two 3-story buildings & two 4-story buildings.

Data Sources: MFNW Fall 2016 Report & CoStar



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