

MARKET TRENDS | **PORTLAND**

MULTIFAMILY

1ST QUARTER
2020

▲ VACANCY | ▲ UNEMPLOYMENT | ▲ RENTAL RATE | ▼ CONSTRUCTION | ▼ PERMITS | ▼ SALES

The Portland multifamily sector faces an uncertain future, as the ongoing COVID-19 crisis continues to impact this region. Economic factors, such as job losses will have a direct effect in this sector, as tenants may not have the means to pay rent; however Portland officials have signed temporary orders to ban tenant eviction due to non-payment.

highest average vacancy rates, at 6.65% and 5.87%, respectively. The Beaverton and St. Johns submarkets posted low vacancy rates below 3.6%. Within unit types, two-bedroom townhouses had the lowest vacancy in the Portland metro at 2.9%, while studios had the highest at 5.9%.

Investments activity declined moderately in the first quarter, posting \$493 million in volume, down 67% from 3Q 2019. The largest sale of the quarter was executed by Bridge Investment Group, who purchased The Terraces at Tanasbourne in Hillsboro, a 373-unit complex for \$190 million, or \$509,450/unit. Investors will be closely monitoring the COVID-19 repercussions on the multifamily market in the coming months. Expect Q2 sales to be driven by transactions that started in Q1 and were far enough along to close without

Rental rates increased minimally from 3Q 2019 (a 0.01 rise) to an average of \$1.75. Downtown Portland remains the most expensive submarket, averaging \$2.49. This was followed by Lake Oswego reporting rates at \$2.29. On the lower end, Outer NE Portland and Outer SE Portland offered low rates at \$1.35 and \$1.40, respectively.

Vacancy rates rose slightly to 4.69%, up from 3Q 2019's rate of 4.42%. Among the major submarkets, those with the most new deliveries, like Downtown Portland and NW Portland, reported the

Market Breakdown

	Monthly	Price/SqFt
Studio	\$1,179	\$2.72
One Bedroom/One Bath	\$1,318	\$1.96
Two Bedroom/One Bath	\$1,242	\$1.45
Two Bedroom/Two Bath	\$1,577	\$1.56
Two Bedroom Town House	\$1,387	\$1.34
Three Bedroom/One Bath	\$1,401	\$1.36
Three Bedroom/Two Bath	\$1,652	\$1.38
Overall Average	N/A	\$1.75

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being affected, as well as active 1031 exchange buyers who need to place funds. Opportunistic investors looking for motivated sellers as a result of COVID-19 will become increasingly active as Q2 progresses.

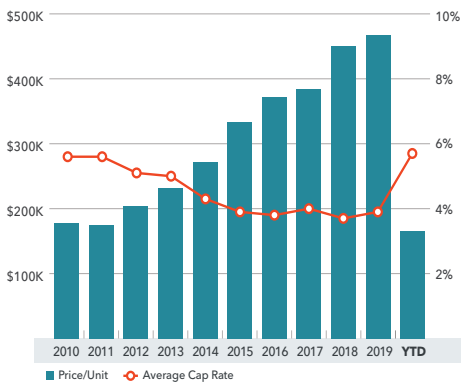
The Portland multifamily market continues to have an active development pipeline, with just over 8,000 apartment units under construction. However, due

to the ongoing COVID-19 situation, development may face a slowdown in the coming months. Downtown Development Group's 100 Columbia apartments is the largest project to date in the Waterfront submarket, set to deliver 347 units in Q4 2020. Next, the Newland Communities' Zera at Reed's Crossing, a 324-unit complex, is scheduled to arrive mid-2020. Multifamily deliveries slowed down this quarter, with the Portland metro reporting 1,906 units arriving on the

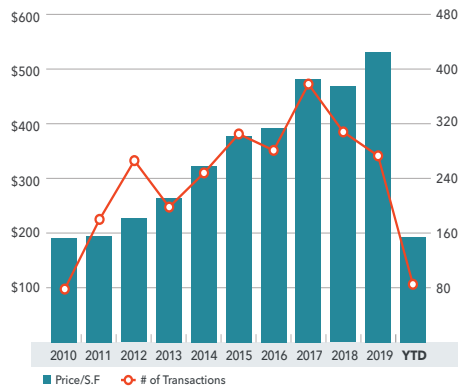
market. Among them included Fairfield Residential's Sandy 28 Apartments, adding 209 units in the Kerns submarket and Holland Partner Group's Kado NW, which brought 196 luxury units in the Uptown area.

Source: MFNW Spring 2020 Report, CoStar

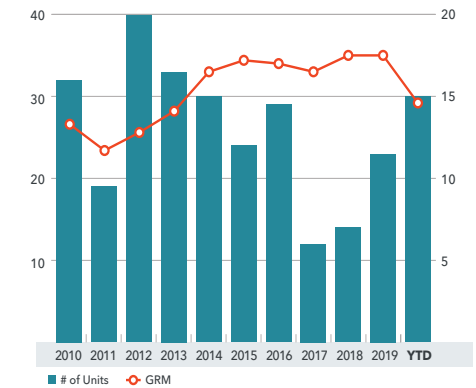
AVERAGE CAP RATE & MEDIAN PRICE PER UNIT



TRANSACTIONS & MEDIAN PRICE PER S.F.



MEDIAN GRM & AVERAGE NUMBER OF UNITS



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COMMERCIAL BROKERAGE

27M ANNUAL SALES SF
440+ NO. OF BROKERS
\$9.6B ANNUAL TRANSACTION VOLUME
42M ANNUAL LEASING SF

VALUATION ADVISORY

1,680+ APPRAISALS ANNUALLY
38/24 TOTAL NO. APPRAISERS/MAI'S

PROPERTY MANAGEMENT

70M+ MANAGEMENT PORTFOLIO SF
\$12B+ IN ASSETS UNDER MANAGEMENT

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