

Yardi® Matrix

Portland Finds Its Footing

Multifamily Report Fall 2018

Home Prices Hit New Peak

Deliveries Set to Reach Cycle High

Investors Target Downtown Portland

PORTLAND MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2018

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Demand for Housing Outpaces Supply

Portland continues to have a healthy multifamily market, due to a strong economy and positive demographics. This year through September, the metro added more than 3,700 units, already exceeding last year's deliveries. Despite the construction spree, occupancy in stabilized properties rose 60 basis points, a sign that demand for rental housing—especially for working-class units—continues to outpace an already surging supply increase.

The metro added roughly 30,000 jobs in the 12 months ending in July, with education and health services (16,000) leading the way, boosted by recently completed projects such as Knight Cancer Institute's \$190 million research facility in Portland's South Waterfront. The 2.9 million square feet of office space underway also spurred construction employment, which rose at the second-fastest rate (7.8% year-over-year), with the addition of 5,500 jobs.

Portland's development pipeline stayed strong, with 9,500 units underway and another 20,000 units in the planning and permitting stages as of September. Investment was also elevated this year, as more than \$909 million in multifamily assets changed hands at an average price per unit of \$280,118. Investors preferred value-add opportunities that offer higher yields, while developers focused on delivering upscale stock in core submarkets such as the Pearl District and Kerns/Buckman.

Recent Portland Transactions

Indigo at Twelve West



City: Portland, Ore.
Buyer: Greystar
Purchase Price: \$206 MM
Price per Unit: \$754,579

Tessera Orenco Station



City: Hillsboro, Ore.
Buyer: Security Properties
Purchase Price: \$85 MM
Price per Unit: \$279,605

Susan Marie



City: Aloha, Ore.
Buyer: Metropolitan Land Group
Purchase Price: \$13 MM
Price per Unit: \$148,315

Ridgecrest Timbers



City: Portland, Ore.
Buyer: Post Investment Group
Purchase Price: \$9 MM
Price per Unit: \$89,691