



MULTIFAMILY REPORT

Portland's Ups and Downs

February 2023

Short-Term Rent Growth Turns Negative

Construction Starts Double in 2022

Transaction Volume Lags 2021

PORTLAND MULTIFAMILY



Limited Inventory Keeps Rents Afloat

The softening trend that seized the national multifamily market at the start of fall 2022 also engulfed Portland, but the metro's performance remained healthy. While short-term rent growth turned negative—down 0.2% on a trailing three-month basis in December and on par with the national rate—annual rent growth posted a solid 7.2% increase, 100 basis points above the U.S. average. The occupancy rate in stabilized properties signaled a tight rental market, settling at 95.7% in November following a 40-basis-point dip over the course of one year.

Portland's unemployment rate rose to 4.0% as of November, trailing the U.S. average (3.6%) but ahead of the state (4.4%), according to data from the Bureau of Labor Statistics. The employment market expanded 5.5% in the 12 months ending in October, surpassing the U.S. figure by 140 basis points. In September, the metro recovered all the jobs lost during the pandemic, but recovery has been uneven, with sectors such as leisure and hospitality still lagging pre-pandemic levels. Still, the sector trailed only education and health services for jobs added.

Developers delivered 4,973 units in 2022 and had 11,628 units underway. Interesting prospects come from the number of construction starts in 2022, which was more than double the volume of the prior year. Meanwhile, investment volume amounted to \$1.6 billion, with the average price per unit up 7.9% to \$287,557.

Market Analysis | February 2023

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Recent Portland Transactions

One Jefferson Parkway



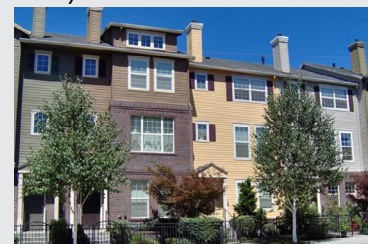
City: Lake Oswego, Ore.
Buyer: Abacus Capital Group
Purchase Price: \$124 MM
Price per Unit: \$357,349

The Timbers at Tualatin



City: Tualatin, Ore.
Buyer: Pacific Urban Investors
Purchase Price: \$97 MM
Price per Unit: \$321,667

Avery at Orenco Station



City: Hillsboro, Ore.
Buyer: Pacific Urban Investors
Purchase Price: \$96 MM
Price per Unit: \$364,394

Aspire Columbia Ridge



City: Portland, Ore.
Buyer: Clear Capital
Purchase Price: \$36 MM
Price per Unit: \$251,736