

Yardi® Matrix

Development Year for the City of Roses

Multifamily Report Spring 2019

Demand Stays Strong

Rent Growth Decelerates

Developers Target Northern Submarkets

PORTLAND MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2019

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Rent Growth Cools Off

Backed by solid job growth and in-migration boosted by a healthy quality of living, Portland's multifamily market continues to be strong. With more than 5,000 units coming online in 2018, rents started to cool off, increasing by 1.9% year-over-year through February, below the 3.6% national average.

Oregon has attracted national attention due to its enactment of statewide rent control limits. The law limits rent increases to 7% plus inflation and capital expenses and applies to properties older than 15 years. Although the immediate impact might be slight, the concern is that it will lead to tighter limits down the road. Economic growth is healthy. The metro added 27,500 positions in 2018, a 2.4% year-over-year employment growth rate. The construction boom taking place in the metro is supported by the office sector, which has more than 2.4 million square feet of space under construction.

With more than 9,320 units underway and some 6,900 units expected to be delivered this year, there are major concerns about oversupply, but a strong occupancy rate is indicating that there is a rapid absorption of new deliveries and demand for housing outpaces supply. The high occupancy rate and steady rent growth are drawing investors to the metro. With demand high, we expect rents to rise 1.9% in 2019.

Recent Portland Transactions

Arbor Creek



City: Beaverton, Ore.
Buyer: Security Properties
Purchase Price: \$84 MM
Price per Unit: \$191,591

Sygnii



City: Tigard, Ore.
Buyer: Watt Cos.
Purchase Price: \$75 MM
Price per Unit: \$313,333

Brookside 112



City: Vancouver, Wash.
Buyer: Aukum Group
Purchase Price: \$72 MM
Price per Unit: \$193,767

Domaine at Villebois



City: Wilsonville, Ore.
Buyer: MG Properties Group
Purchase Price: \$70 MM
Price per Unit: \$253,650