



MULTIFAMILY REPORT

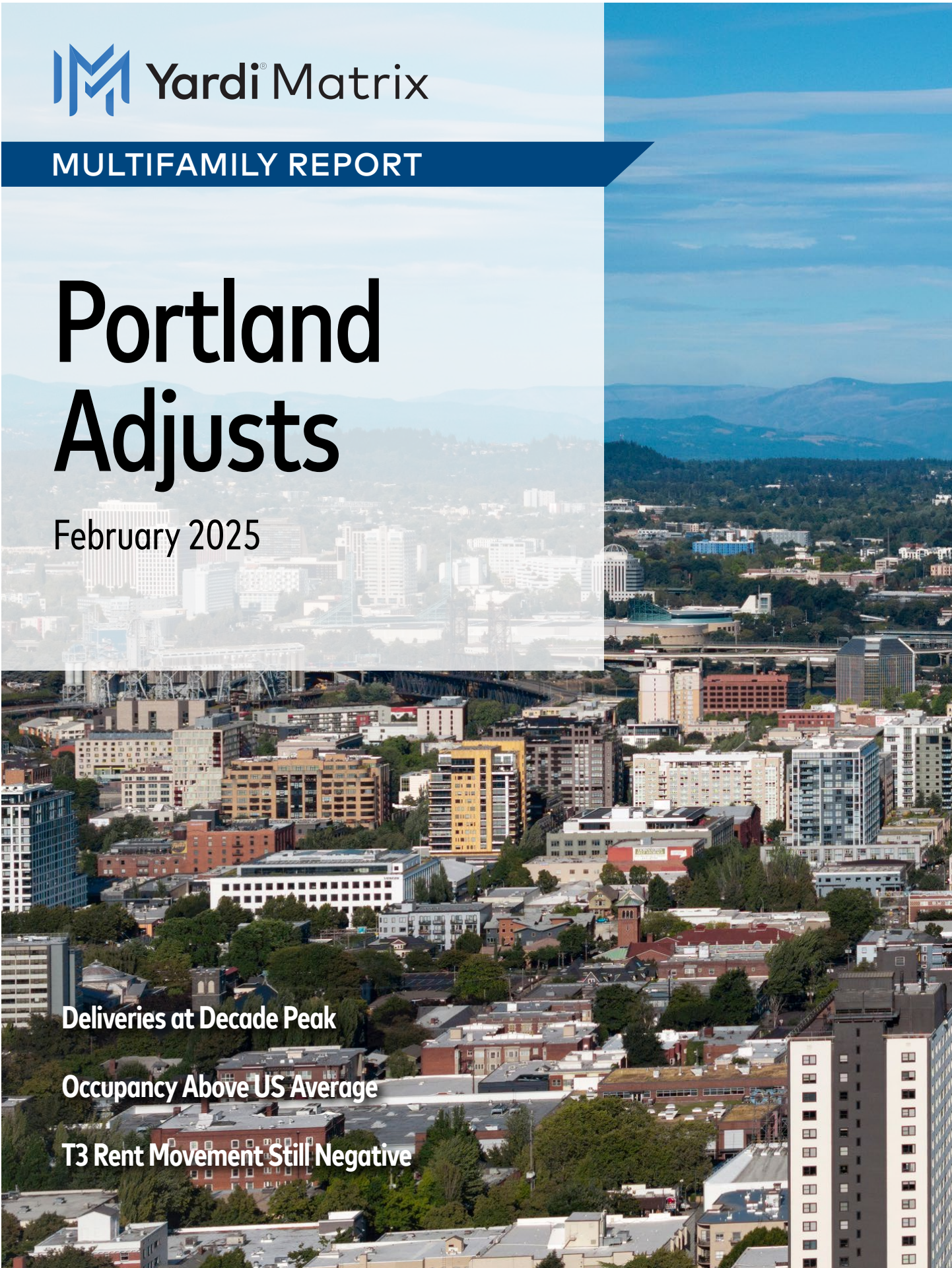
Portland Adjusts

February 2025

Deliveries at Decade Peak

Occupancy Above US Average

T3 Rent Movement Still Negative



PORTLAND MULTIFAMILY



Rents Down, Deliveries Pour In

Portland advertised asking rents were down 0.5% on a trailing three-month basis through December, to \$1,743. National rent movement was negative as well, with the U.S. average down 0.2%, to \$1,742. The metro's occupancy rate was 95.1% as of November, still above the 94.7% U.S. figure.

The metro's unemployment rate was 3.9% as of November, according to data from the Bureau of Labor Statistics. The figure was 20 basis points below the national average. Overall, Portland added 6,500 net jobs during the 12 months ending in November, even as five sectors lost a total of 10,500 jobs combined and one sector stood flat. The Interstate Bridge Replacement Program remained on track for construction to start by late 2025 or early 2026. The development secured \$1.5 billion in federal funding that will partially cover the estimated \$5 billion to \$7.5 billion-dollar price tag. The project will improve the transportation infrastructure between Portland and Vancouver, Wash., and will include the addition of a new multimodal bridge.

In 2024, developers completed 7,365 units, marking the highest figure in at least 10 years. The development pipeline included 8,665 units under construction and 29,000 units in the planning and permitting stages as of December. Multifamily transactions neared \$1.2 billion, doubling the \$595 million volume of 2023.

Market Analysis | February 2025

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Recent Portland Transactions

Emerald Place



City: Beaverton, Ore.
Buyer: MG Properties
Purchase Price: \$91 MM
Price per Unit: \$260,286

Willow Pointe



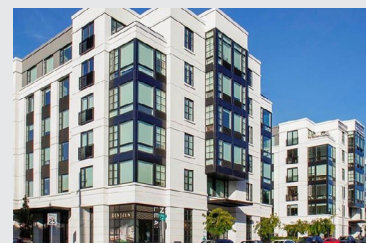
City: Vancouver, Wash.
Buyer: Clarion Partners
Purchase Price: \$46 MM
Price per Unit: \$238,220

Berry Ridge



City: Gresham, Ore.
Buyer: BRIDGE Housing
Purchase Price: \$42 MM
Price per Unit: \$170,000

Denizen

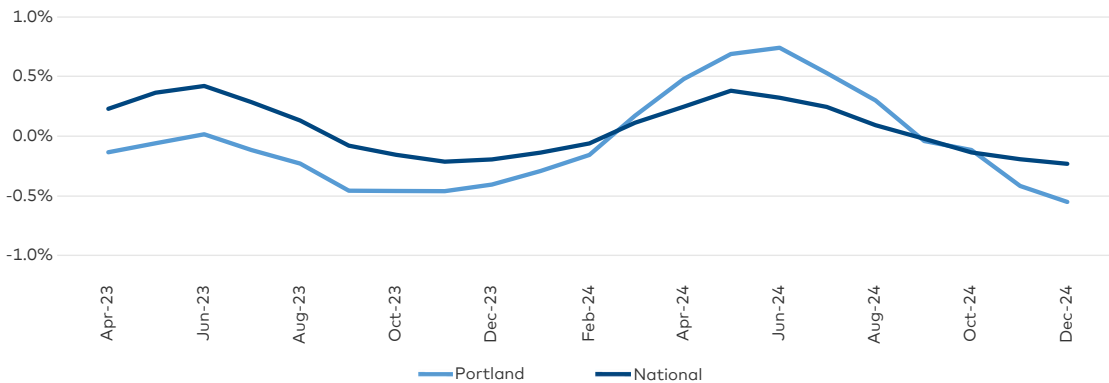


City: Portland, Ore.
Buyer: Kennedy Wilson
Purchase Price: \$39 MM
Price per Unit: \$183,962

RENT TRENDS

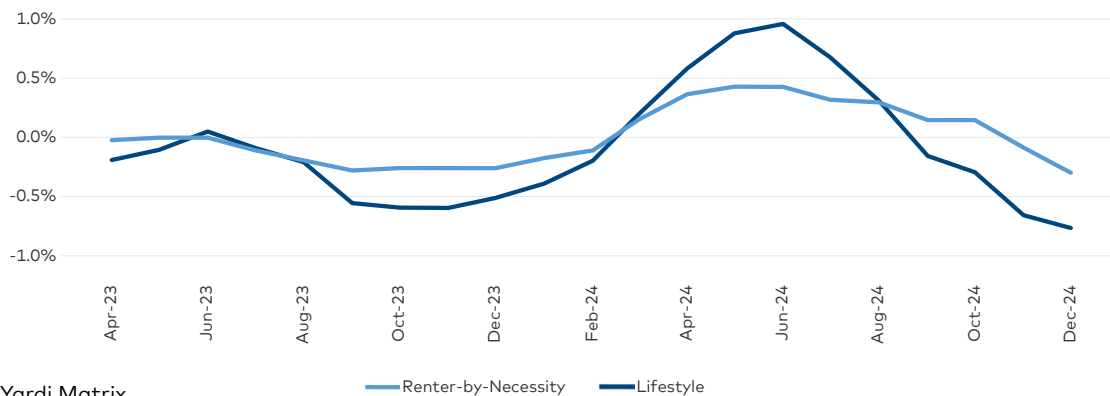
- ▶ Portland advertised asking rents were down 0.5% on a trailing three-month (T3) basis through December, to \$1,743. T3 rent movement turned negative at the beginning of the fourth quarter and slid below the national average, which saw a 0.2% decline as of December, to \$1,742. Year-over-year, however, the metro recorded a 1.0% rise, while the U.S. rate registered a 0.6% uptick.
- ▶ Advertised asking rents in the Lifestyle segment dropped 0.8%, on a T3 basis, to \$1,889. Likewise, the working-class Renter-by-Necessity segment was also down, 0.3%, to \$1,560. On an annual basis, Lifestyle figures were up 0.7%, while the RBN average fared better, recording a 1.6% climb. Record supply is one of the factors behind the mismatch, with most of recent deliveries comprising upscale projects.
- ▶ The metro's occupancy rate in stabilized assets was 95.1% as of November, marking a solid 60-basis-point increase year-over-year. The figure outperformed the national average of 94.7%, which stood flat. Despite stagnating at 94.9% since June, the lifestyle figure was up 100 basis points year-over-year. RBN occupancy also increased, climbing 20 basis points to 95.3%.
- ▶ Most of the 69 submarkets tracked by Yardi Matrix recorded positive rent movement year-over-year. Only 15 submarkets saw contractions. Downtown Portland led gains, up 12.6% to \$2,193. Kelly Creek (7.1% to \$1,682) and Westlake (6.9% to \$1,931) also saw significant increases. Even with advertised asking rents contracting 2.4%, Lake Oswego remained the most expensive area, with the average at \$2,237.

Portland vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Portland Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Portland's unemployment rate settled at 3.9% as of November, marking a 30-basis-point increase year-over-year, according to data from the Bureau of Labor Statistics. The figure was 10 basis points below Oregon's rate and also outperformed the 4.1% U.S. average.
- ▶ The metro added 6,500 net jobs in the 12 months ending in November. Even so, gains were spotty. The 12,100 positions added in education and health services offset the 10,500 jobs lost across five other employment sectors. Mining, logging and construction recorded the highest loss, at 4,200 jobs, which marked a 5.1% contraction.
- ▶ In 2024, the Interstate Bridge Replacement Program hit several milestones, paving the way for construction to start between late 2025 and early 2026. The project received \$1.5 billion in federal funding through the Bridge Investment Program in July. The largest grant awarded through this program will only partially cover the estimated \$5 billion to \$7.5 billion cost, with potential funding also coming from state contributions and tolls. The IBR Program includes a new multimodal bridge over the Columbia River and a light rail extension, with new stations between Portland and Vancouver, Wash., among other improvements focused on optimizing this section of Interstate 5.

Portland Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	209.6	16.8%
90	Government	160.5	12.9%
60	Professional and Business Services	194.2	15.6%
40	Trade, Transportation and Utilities	230.7	18.5%
50	Information	25.3	2.0%
55	Financial Activities	72.1	5.8%
80	Other Services	42	3.4%
30	Manufacturing	121.8	9.8%
70	Leisure and Hospitality	112.2	9.0%
15	Mining, Logging and Construction	78.2	6.3%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Portland gained 11,883 residents in 2022 alone, marking a 0.5% increase. Meanwhile, the U.S. population recorded a 0.4% uptick.
- ▶ The metro's population increased 15.4% between 2010 and 2022. The U.S. population expanded by only 8.9% during the same period.

Portland vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Portland	2,445,761	2,472,774	2,493,429	2,505,312

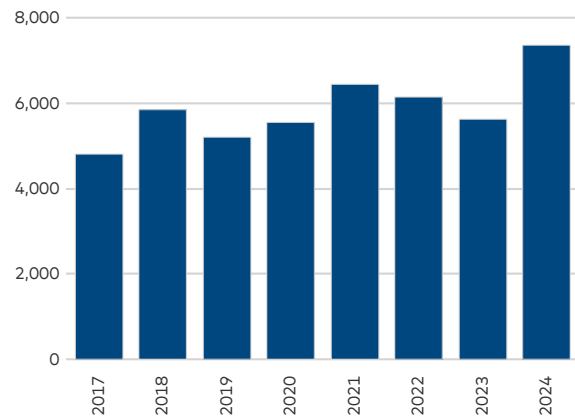
Source: U.S. Census

SUPPLY

- ▶ Portland developers completed 7,365 units in 2024, accounting for 3.9% of existing inventory. The rate of growth was 90 basis points higher than the 3.0% national average. This was the largest number of units delivered in a single year over the past decade.
- ▶ Portland had 8,665 units under construction as of December. Luxury developments dominated construction, with nearly 70% of units concentrated in Lifestyle projects. Fully affordable projects made up the rest of the under-way pipeline, with a single Renter-by-Necessity development underway. Another 29,000 units were in the planning and permitting phases.
- ▶ There was a significant decline in construction starts last year compared to 2023. Developers kicked off construction on 18 projects in 2024, totaling 2,676 units. That marked a nearly 50% drop compared to 2023, when 29 projects kicked off, totaling 4,979 units.
- ▶ Among the 69 submarkets tracked by Yardi Matrix, 36 had 50 or more units under construction. Tanasbourne led construction activity with 920 units underway. Kerns/Buckman (623 units) and Mill Plain (588 units) rounded out the top three.

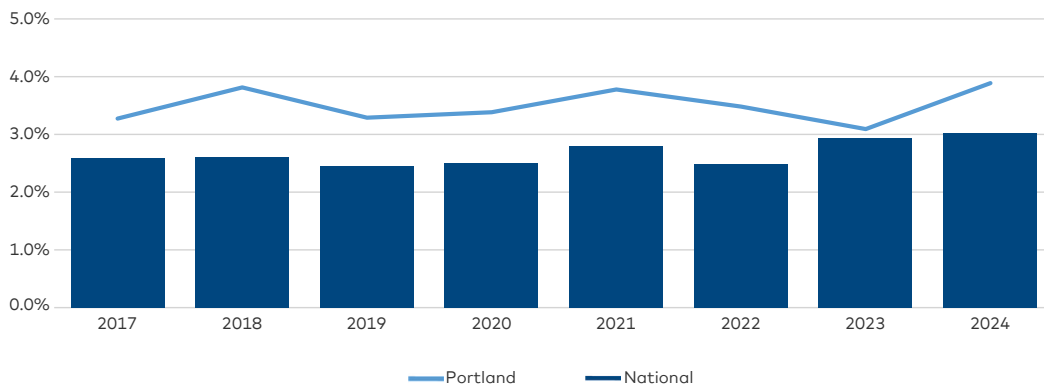
- ▶ The Tanasbourne submarket was also home to Portland's largest development under construction as of December 2024. The second phase of Alta Amberglen in Hillsboro, Ore., will deliver four buildings with a combined 594 units. Wood Partners kicked off the construction of the expansion in January 2024 and expects to deliver the project by mid-2026. The developer used its line of credit with Santander Bank to finance the development.

Portland Completions (as of December 2024)



Source: Yardi Matrix

Portland vs. National Completions as a Percentage of Total Stock (as of December 2024)

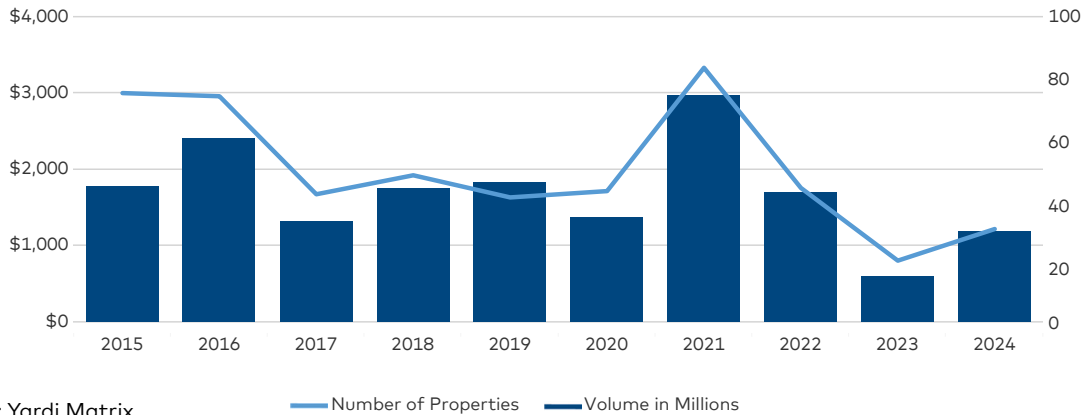


Source: Yardi Matrix

TRANSACTIONS

- ▶ Portland saw \$1.2 billion in multifamily transactions in 2024, as 33 properties traded last year. Sales jumped from the \$595 million volume of 2023, which was the metro's only year below \$1 billion in a decade. However, the total still lagged pre-pandemic values, with the 5-year average between 2015 and 2019 at \$1.8 billion.
- ▶ Investors leaned more toward the Lifestyle segment, with 19 deals involving upscale assets and 14 RBN properties. This kept the metro's price per unit (\$217,113) above the \$193,187 national average.
- ▶ The 350-unit Emerald Place in Beaverton, Ore., commanded Portland's highest price of 2024. MG Properties purchased the 22-building property for \$91.1 million, or \$260,286 per unit, from Prometheus Real Estate Group. CBRE provided a \$59.2 million Fannie Mae loan for the acquisition.

Portland Sales Volume and Number of Properties Sold (as of December 2024)



Source: Yardi Matrix

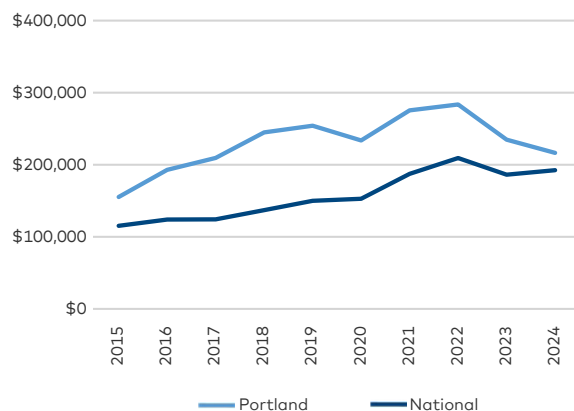
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Tanasbourne	157
Mill Plain	152
Oak Hills	119
Pearl District	113
Kerns/Buckman	73
Tualatin	61
St. Johns/University Park	61

Source: Yardi Matrix

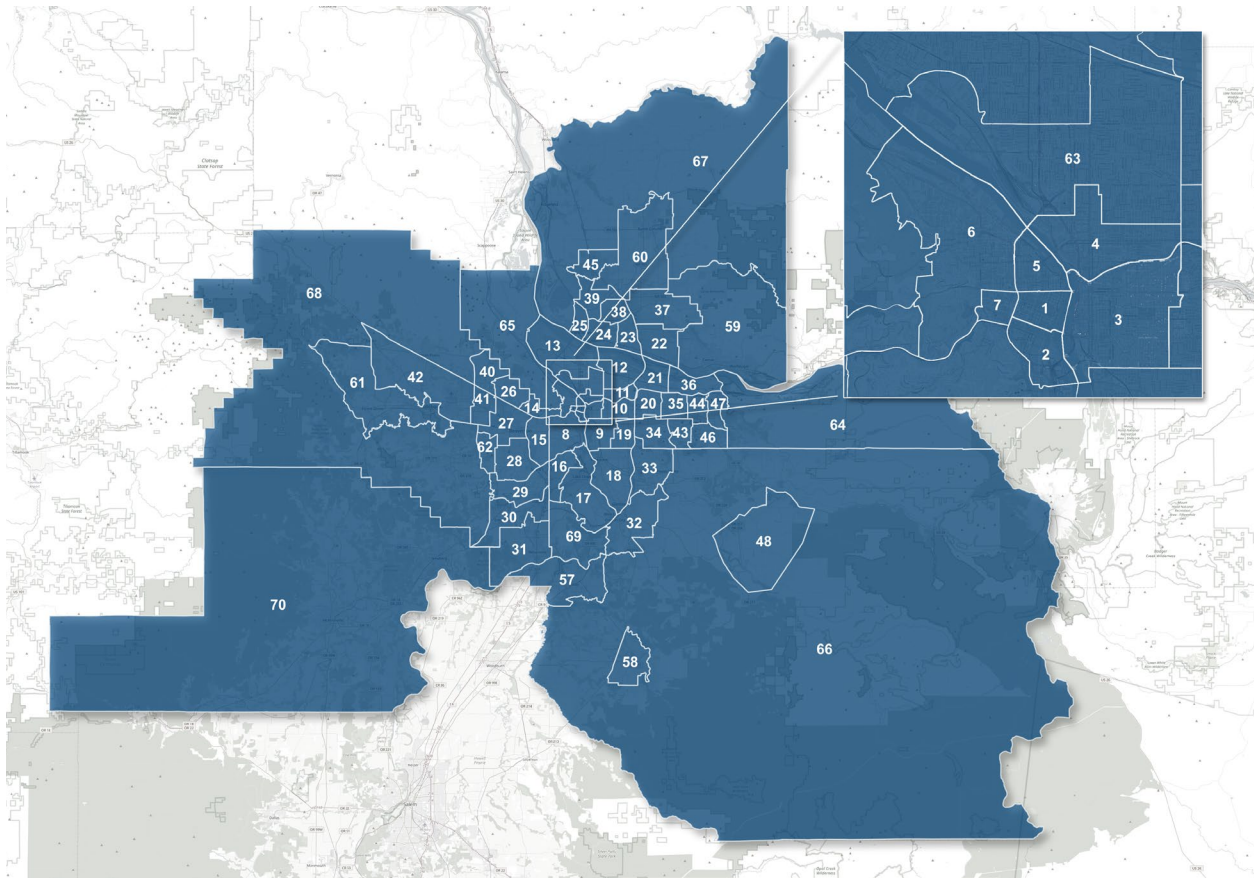
¹ From January 2024 to December 2024

Portland vs. National Sales Price per Unit



Source: Yardi Matrix

PORTLAND SUBMARKETS



Area No.	Submarket
1	Downtown Portland
2	PSU/Lovejoy
3	Kerns/Buckman
4	Lloyd/Irvington
5	Pearl District
6	Hillside/Northwest
7	Goose Hollow
8	Southwest Hills
9	Brooklyn/Moreland
10	Laurelhurst
11	Madison South
12	Cully/Roseway
13	St Johns/University Park
14	West Haven
15	Raleigh Hills
16	Westlake
17	Lake Oswego
18	Milwaukie/Gladstone
19	Brentwood/Darlington
20	Hazelwood
21	Parkrose

Area No.	Submarket
22	Mill Plain
23	McLoughlin
24	Fort Vancouver
25	Downtown Vancouver
26	Oak Hills
27	Beaverton
28	Greenway
29	Tigard
30	Tualatin
31	Wilsonville
32	Oregon City
33	Happy Valley
34	Pleasant Valley
35	Wilkes
36	Fairview
37	Orchards
38	Walnut Grove
39	Hazel Dell
40	Rock Creek
41	Tanasbourne
42	Hillsboro

Area No.	Submarket
43	Hollybrook
44	Gresham
45	Salmon Creek
46	Kelly Creek
47	Troutdale
48	Sandy
57	Canby
58	Molalla
59	Creswell Heights
60	Battle Ground
61	Forest Grove
63	Piedmont
64	Eastern Multnomah County
65	Northwest Multnomah County
66	Outlying Clackamas County
67	Outlying Clark County
68	Outlying Washington County
69	Stafford
70	Yamhill County

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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