

Yardi® Matrix

Portland Braces For Delivery Wave

Multifamily Report Summer 2019

Development Slated for Cycle Peak

Investment Shifts Down a Gear

Rent Growth Cools Off

PORTLAND MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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Rent Growth Slips, Strong Supply Lingers

Portland's stable economy, backed by a diverse business climate, continues to attract renters. Nonetheless, due to last year's development cycle high in the context of dampening employment gains, year-over-year rent growth slowed down to 1.2% as of May. Even so, demand for workforce housing remains relatively robust.

The metro added 21,800 jobs in the 12 months ending in March, a 1.8% year-over-year increase, with education and health services leading growth (6,100 jobs). Meanwhile, manufacturing gained 4,500 positions and Intel's campus expansion in Hillsboro is set to further boost employment. The company is planning a multibillion-dollar facility estimated to employ 1,750 people. Despite labor shortages and rising development costs, the construction segment recorded the largest year-over-year increase through March, adding 2,800 positions for a 4.0% expansion.

While Oregon's new rent control law could impact Portland's fundamentals in the longer run, transactions were the first to feel the pinch going into 2019, with only \$143 million in multifamily assets trading this year through May. With 6,900 units slated for completion in 2019, we expect the average Portland rent to rise 1.9% this year, one of the lowest rates among major U.S. metros.

Recent Portland Transactions

Stevens Creek



City: Happy Valley, Ore.
Buyer: GMC Properties
Purchase Price: \$38 MM
Price per Unit: \$273,750

Creekside Village



City: Vancouver, Wash.
Buyer: Pathfinder Partners
Purchase Price: \$28 MM
Price per Unit: \$212,283

Somerset Terrace



City: Vancouver, Wash.
Buyer: Vista Investment Group
Purchase Price: \$16 MM
Price per Unit: \$170,526

Westfal



City: Portland, Ore.
Buyer: Cooper Street Capital
Purchase Price: \$10 MM
Price per Unit: \$178,571