

Yardi® Matrix

Portland's Construction Spree

Multifamily Report Summer 2017

Rent Growth Continues Deceleration

Upper-Scale Supply Reaches Peak

Property Values Hit Post-Bubble High

PORTLAND MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2017

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Strong Development Softens Demand

Anchored by a diversifying economy and fueled by an expanding population, Portland's multifamily market remains strong despite its recent rent growth deceleration. Rents in the metro increased 2.3% year-over-year through May, a far cry from the January 2016 peak of 12.7%, as accelerated development in core submarkets has caught up with demand.

The metro is adding jobs across the board, with construction, financial activities and information recording the largest sector expansions. As the metro's economy continues to thrive and the area adds residents at double the national rate, there is no shortage of large development projects. The 600-key Hyatt Regency Convention Center hotel is expected to generate 950 hospitality jobs upon completion in 2018. Nike is continuing its headquarters expansion, with the sixth building at the Beaverton campus set to break ground this summer. The recent emergence of Portland as an affordable tech and startup alternative to San Francisco has led to corporate relocations and strong employment growth.

Both transaction volume and prices have steadily climbed during this cycle, with \$2.3 billion worth of assets changing hands in 2016 and the average unit trading for more than \$200,000 in the first half of 2017. As rents decelerate to sustainable levels, we expect a growth of 2.5% for 2017.

Recent Portland Transactions

LaSalle



City: Beaverton, Ore.
Buyer: Holland Partners
Purchase Price: \$142 MM
Price per Unit: \$250,000

Yard



City: Portland, Ore.
Buyer: Land & Houses
Purchase Price: \$127 MM
Price per Unit: \$445,775

Eddyline Bridgeport



City: Tigard, Ore.
Buyer: Sequoia Equities
Purchase Price: \$118 MM
Price per Unit: \$321,798

Seven West at the Trails



City: Beaverton, Ore.
Buyer: LaSalle Investment Management
Purchase Price: \$96 MM
Price per Unit: \$226,950

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