

# Chicago Title

## Portland Metro Apartment Market Update

September 29, 2022

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# Topics Covered - Portland Metro Apartment Market

- **Macro Trends and Overview**
  - **Employment, Population, Home Ownership Ratio, Interest Rates, Apt Construction**
- **Apartment Fundamentals**
  - **Rents and Income, Vacancies, Expenses**
- **Apartment Sales and Values**
- **Other Issues**
- **Trends from 2022 & forecasts**

# Main Sources of Information for This Talk



## 2022 Multifamily Outlook

Multifamily Research Center



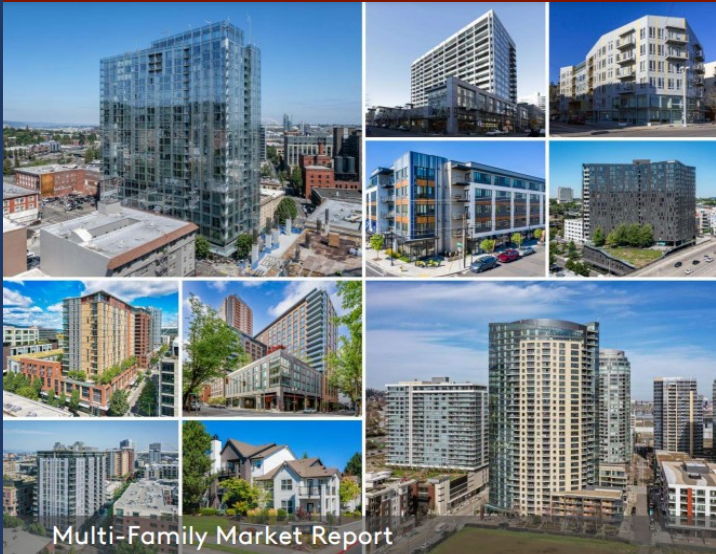
Kate Brown  
GOVERNOR

## Oregon Economic and Revenue Forecast

September 2022

Volume XLII, No. 3

Release Date: August 31<sup>st</sup>, 2022



## Multi-Family Market Report

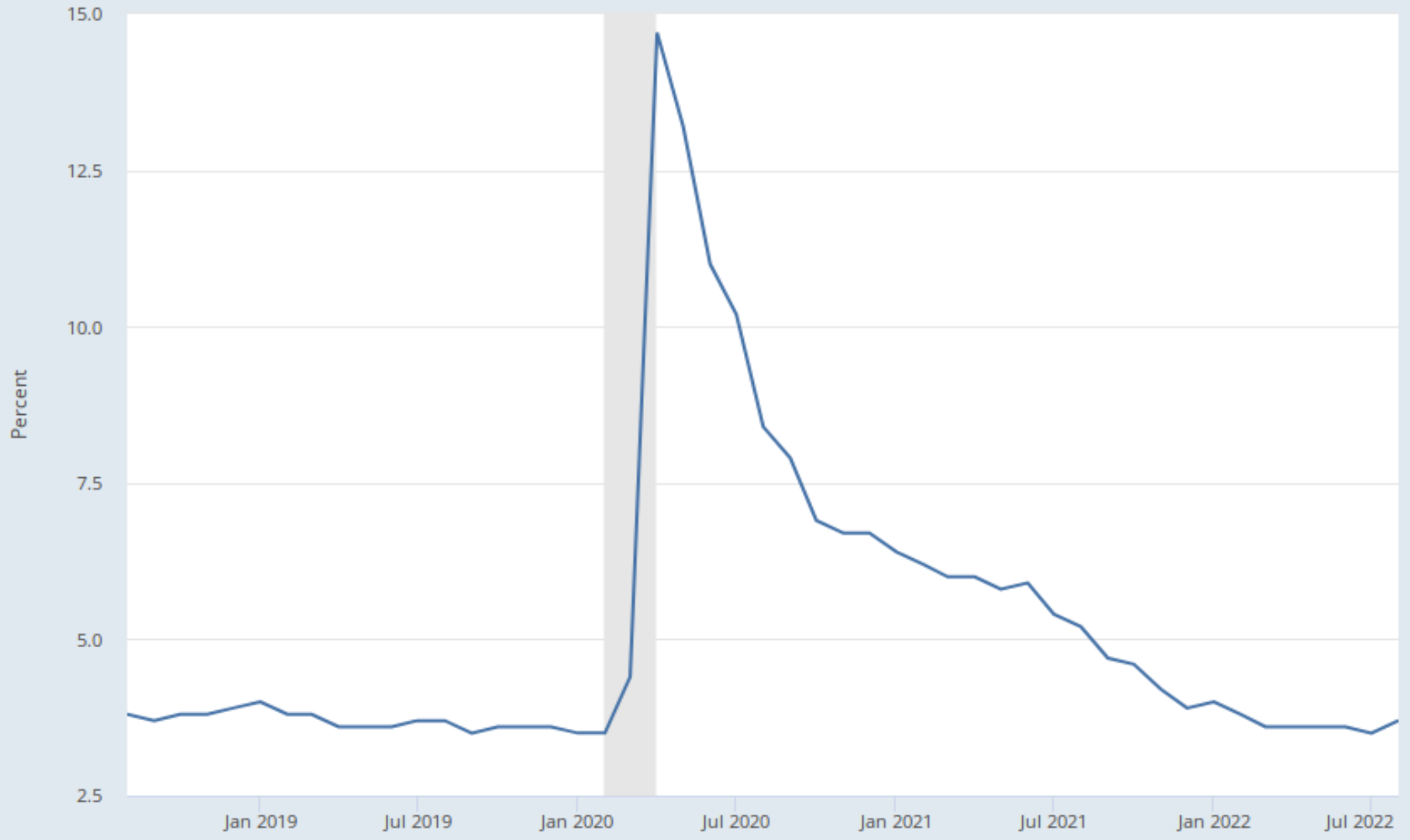
Portland - OR

PREPARED BY



Patrick Barry  
Appraiser

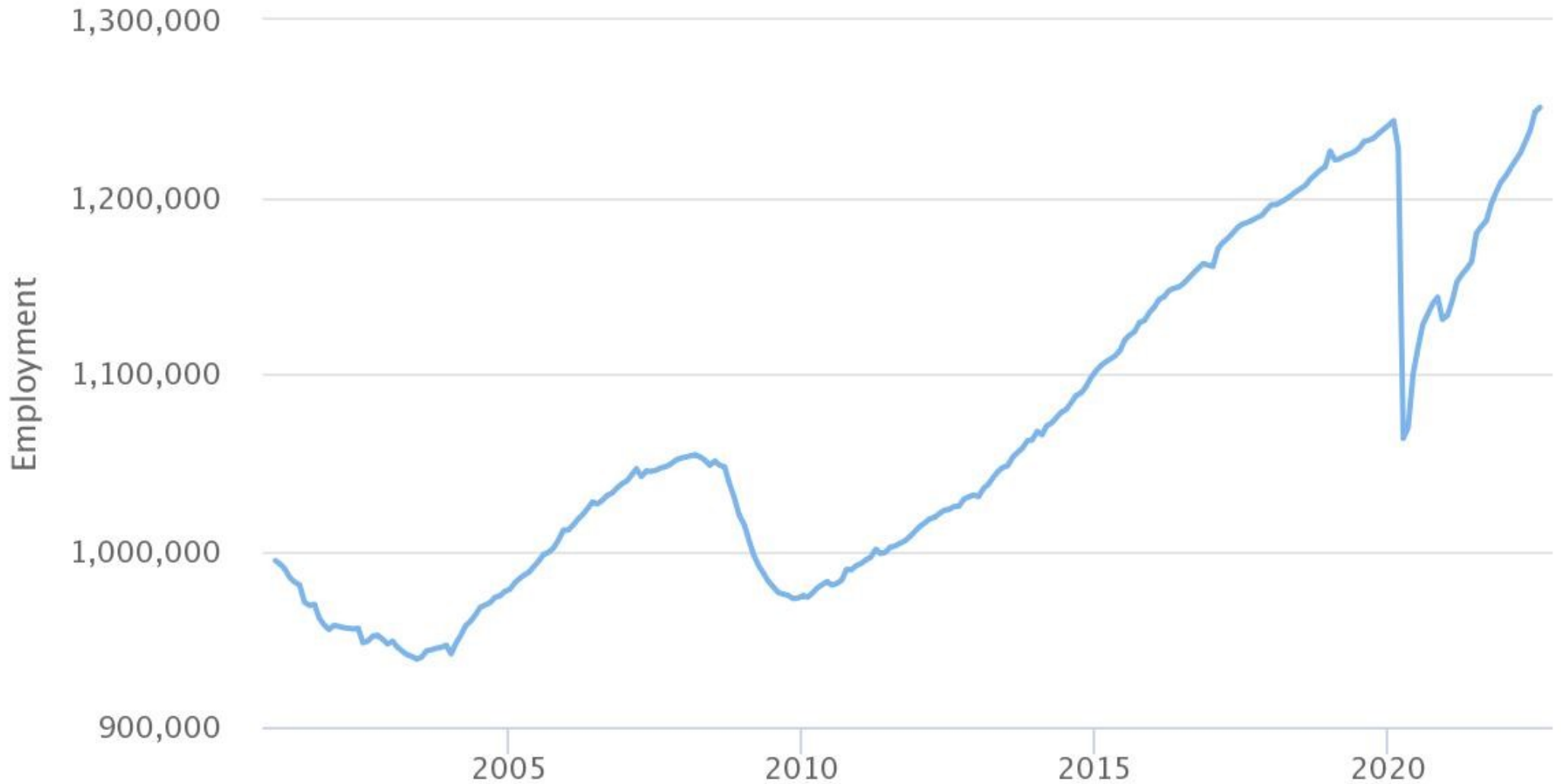






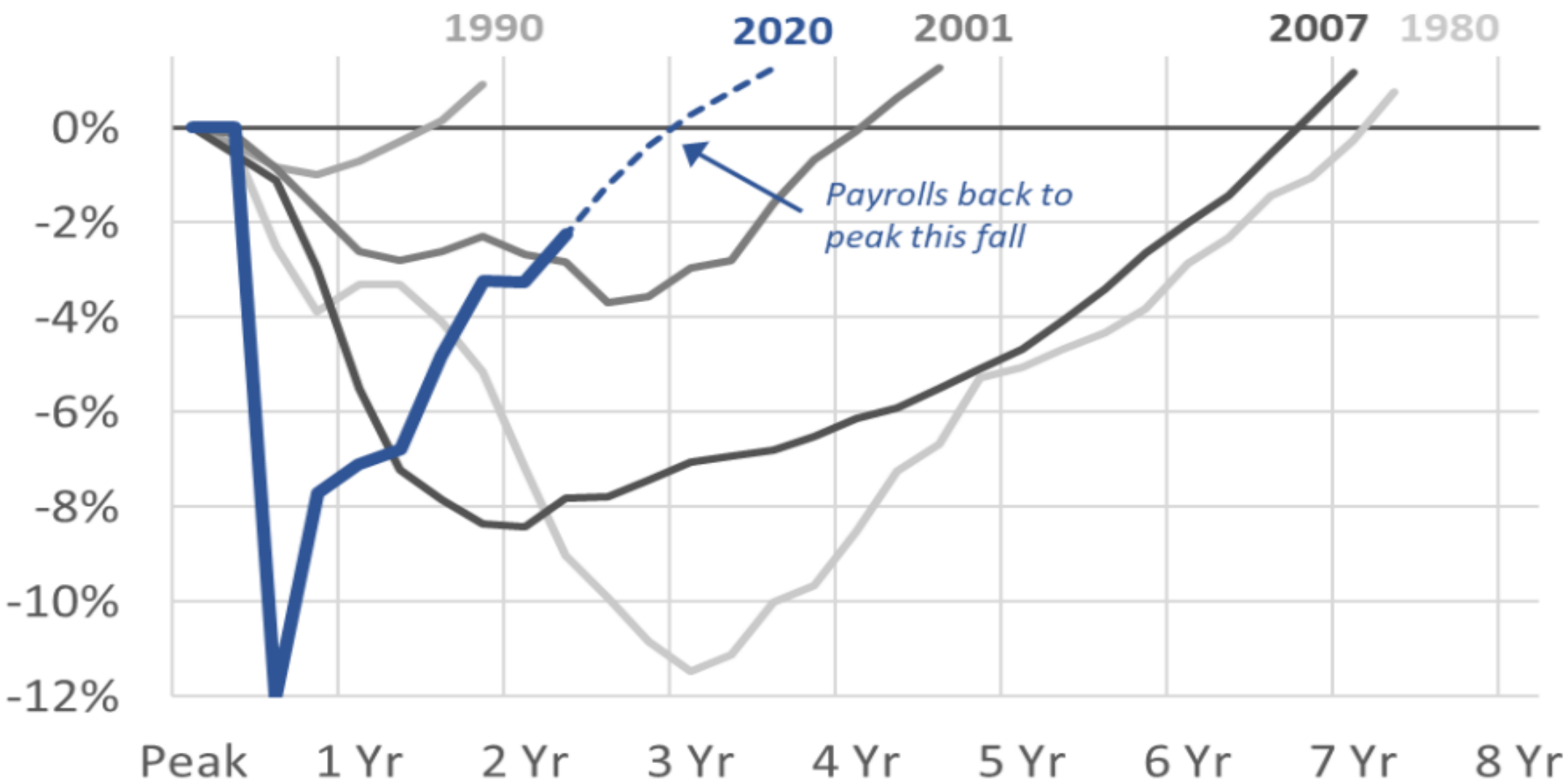
# Portland–Vancouver–Hillsboro, OR–WA MSA Total nonfarm employment

(seasonally adjusted)



# Oregon Recession Comparison

Employment Percent Change from Pre-Recession Peak



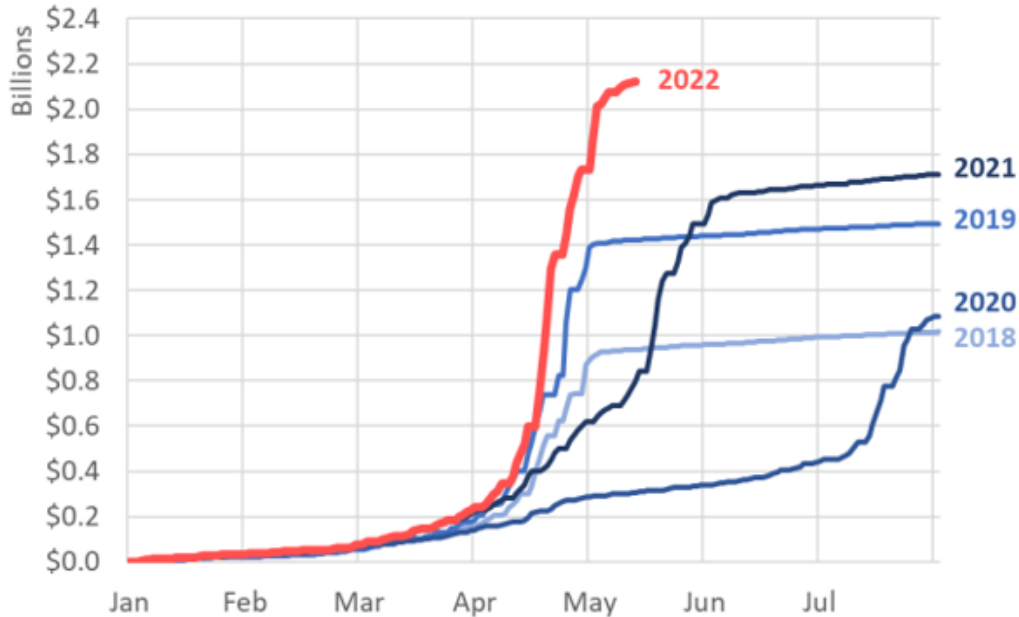
Source: Oregon Employment Department, Oregon Office of Economic Analysis



# Astronomical Tax Season

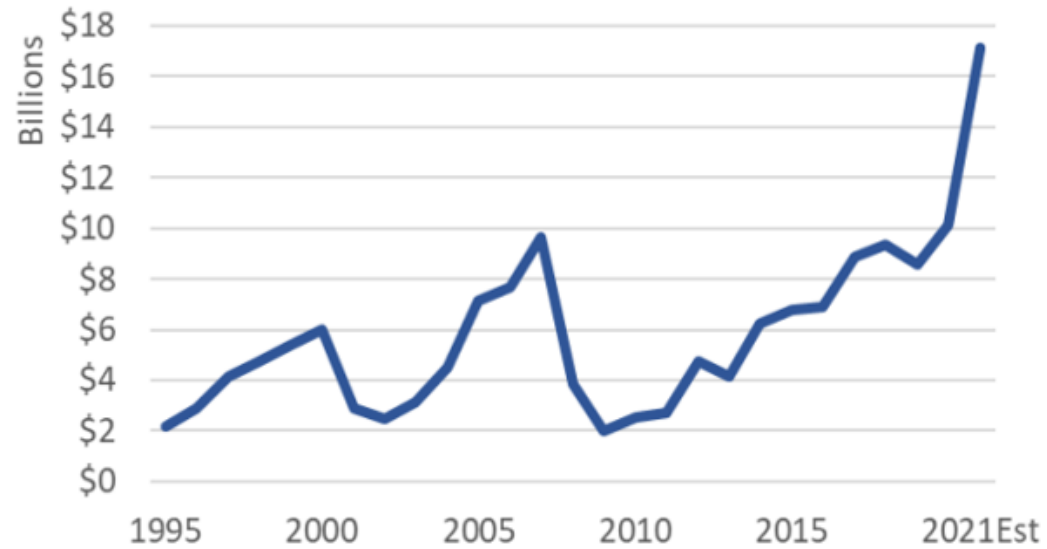
## Record Year-End Payments

Oregon Cumulative Personal Income Tax Payments



Latest Data: May 13, 2022 | Source: Oregon Dept of Revenue, Oregon Office of Economic Analysis

## Oregon Realized Capital Gains



Source: Oregon Dept of Revenue, Oregon Office of Economic Analysis Full-year filers

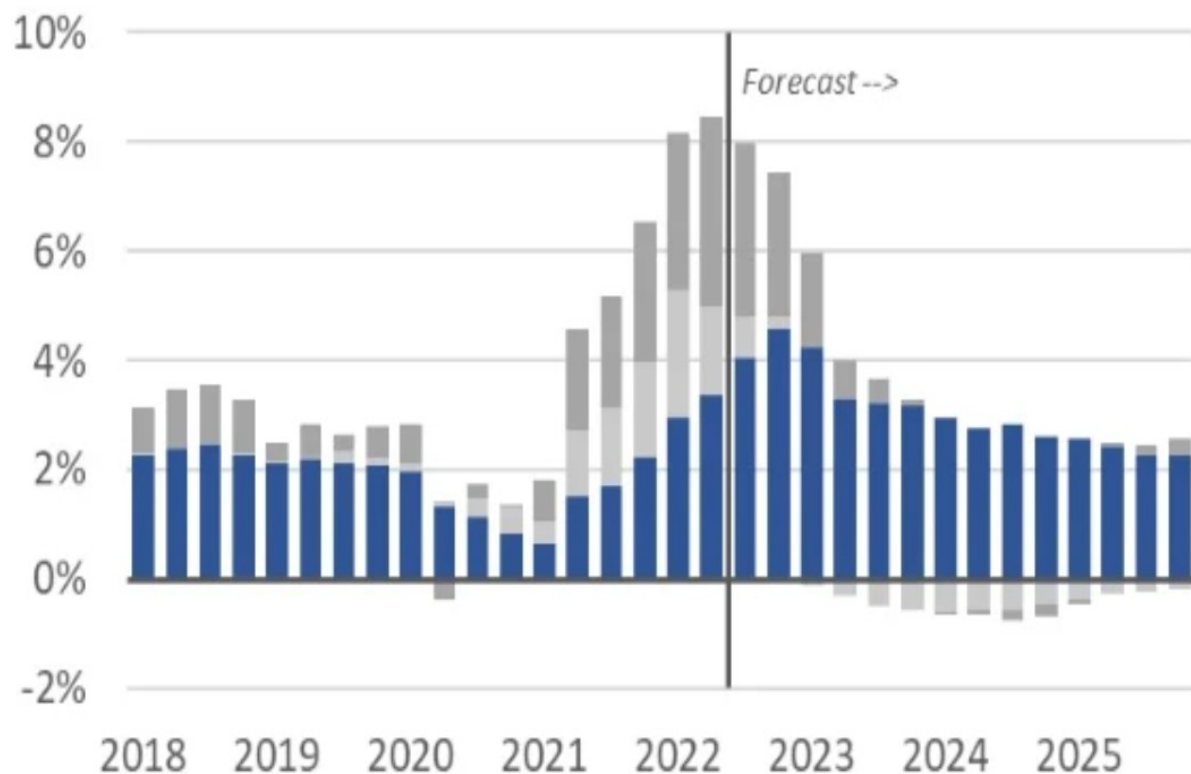




# Inflation is the key macroeconomic issue

## West Region Consumer Price Index

Decomposing year-over-year inflation: Food and Energy, Goods, and Services



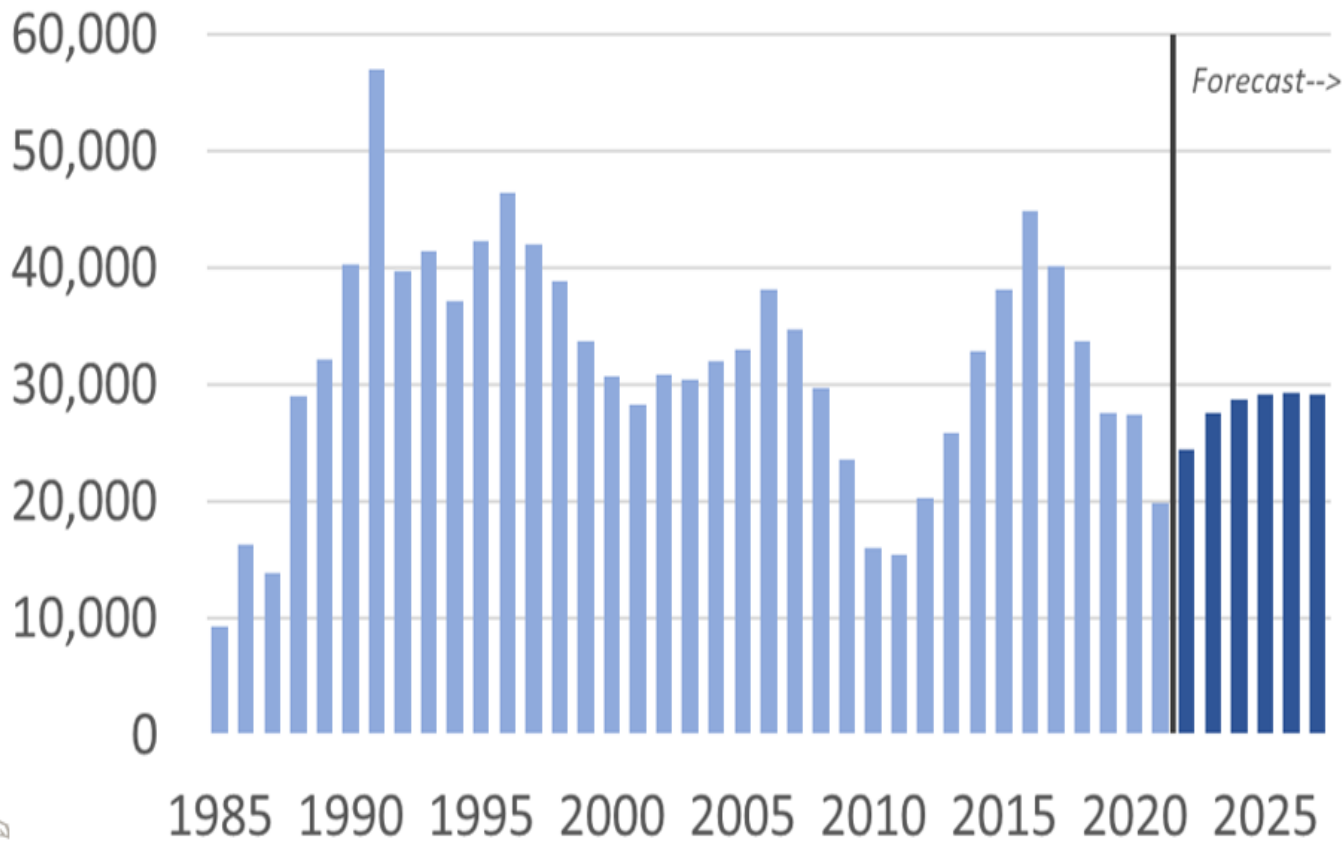
- Inflation is not costless
- Federal Reserve
  - Higher rates slow economy, but with a 1–2 year lag
- Inflation Outlook
  - Headline inflation slows some due to gas prices and easing supply chains
  - Full return to 2% Fed target is harder and a multiyear process
  - Longer-term inflation expectations remain anchored
- Oregon public policies
  - Fees indexed for inflation, public wage negotiations, minimum wage, rent stabilization, etc
- Recession risks are real





# No pandemic migration boom

## Portland Metro Population Growth



- Latest Estimates
  - PSU: small gains
  - Census: small losses
- Census 2021 Estimates:
  - Urban cores of Atlanta, Dallas, Denver, Miami, Minneapolis, Nashville, New York, Orlando, Portland, San Francisco and Seattle declined
- Forecast:
  - Migration is pro-cyclical
  - Surrendered driver licenses rebounding strongly
  - Deaths rising, very low birthrate

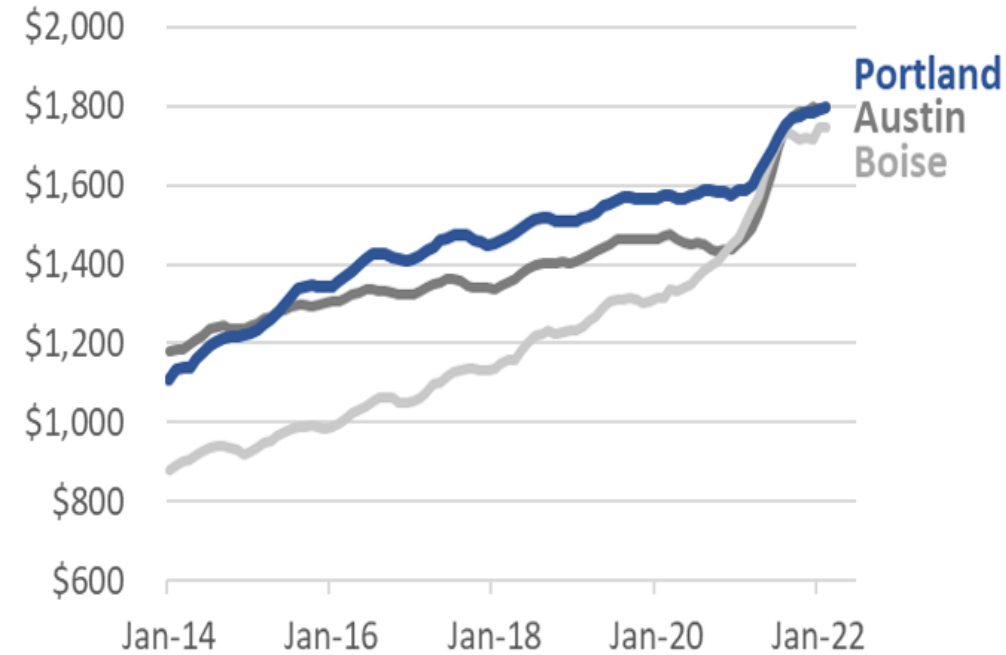




# Risk: Relative affordability

## Housing Costs Converge?

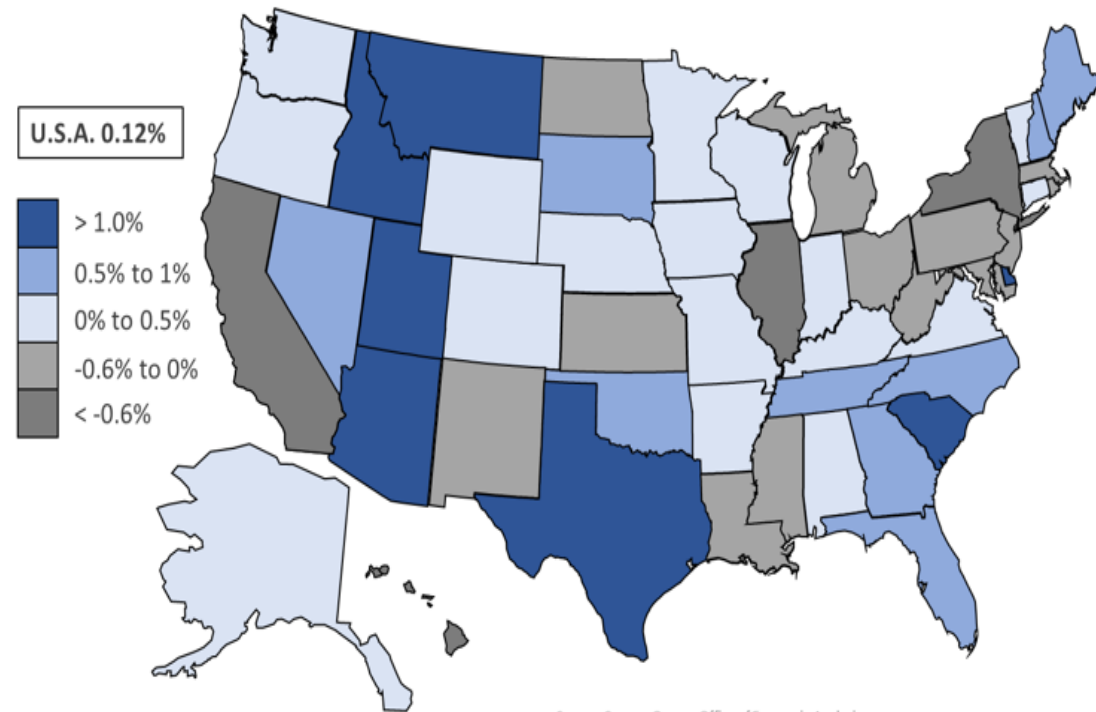
Zillow Observed Rent



Latest Data: February 2022 | Source: Zillow, Oregon Office of Economic Analysis

## 2021 Population Growth

July 1, 2020 to July 1, 2021 Percent Change



Source: Census, Oregon Office of Economic Analysis



Oregon Office of Economic Analysis

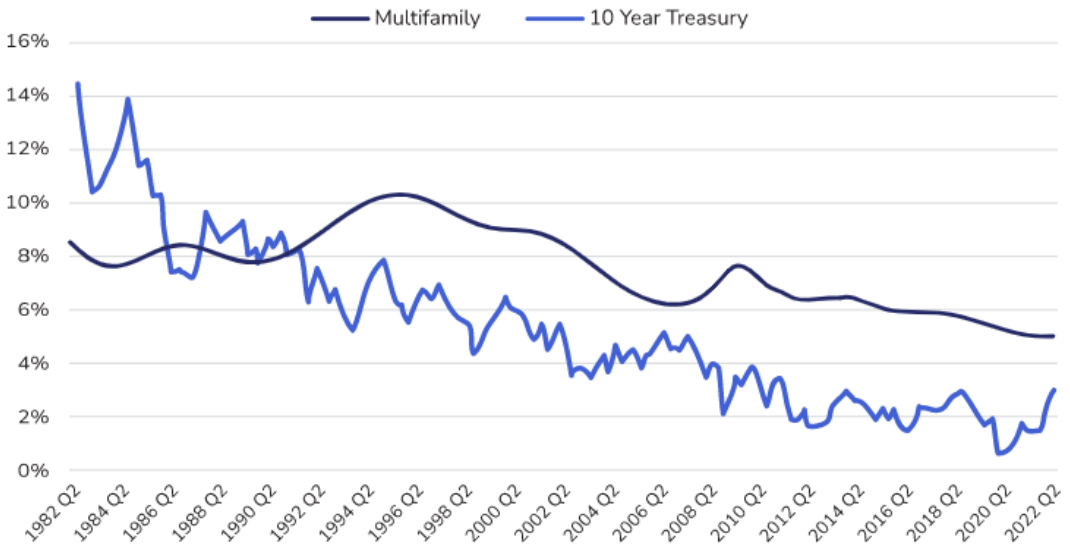




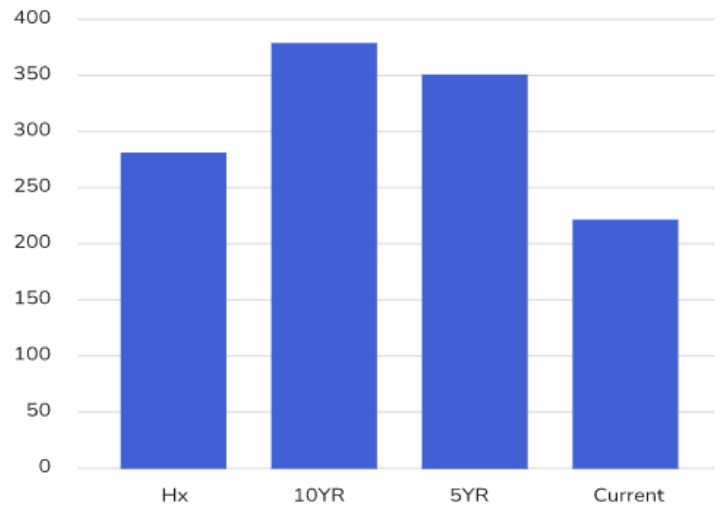


The multifamily sector continued its strong run into Q2 but has exhibited some signs of softening. Rent growth has cooled after historically high growth rates, but demand has remained strong. Fueling demand is the recent rise in mortgage rates. In fact, about 2.6 million renter households ages 25 to 44 years old have been priced out of homebuying as mortgage rates rose from 3% to over 5%. Despite strong fundamentals for the apartment sector, increased interest rates are creating concerns about the durability of property values. With the average market cap rate at 5.1% as of June, the apartment sector had the lowest risk premium at 2.1%, down from 3.7% one year ago. While the sector does benefit from the ability to re-price their rents during inflationary periods in order to offset higher nominal interest rates, the current risk premium suggests that cap rates are likely to hold steady or expand for the apartment sector.

Multifamily Cap Rates vs 10 Year Treasury Yield



Multifamily Cap Rates and 10 Year Treasury Spread (bps)



☆ Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis (DGS10)

DOWNLOAD

Observation:  
2022-09-26: **3.88** (+ more)  
Updated: 3:18 PM CDT

Units:  
Percent,  
Not Seasonally Adjusted

Frequency:  
Daily

1Y | 5Y | 10Y | Max

2012-09-26 to 2022-09-26

EDIT GRAPH

## Multifamily Cap Rates vs 10 Year Treasury Yield

— Multifamily — 10 Year Treasury

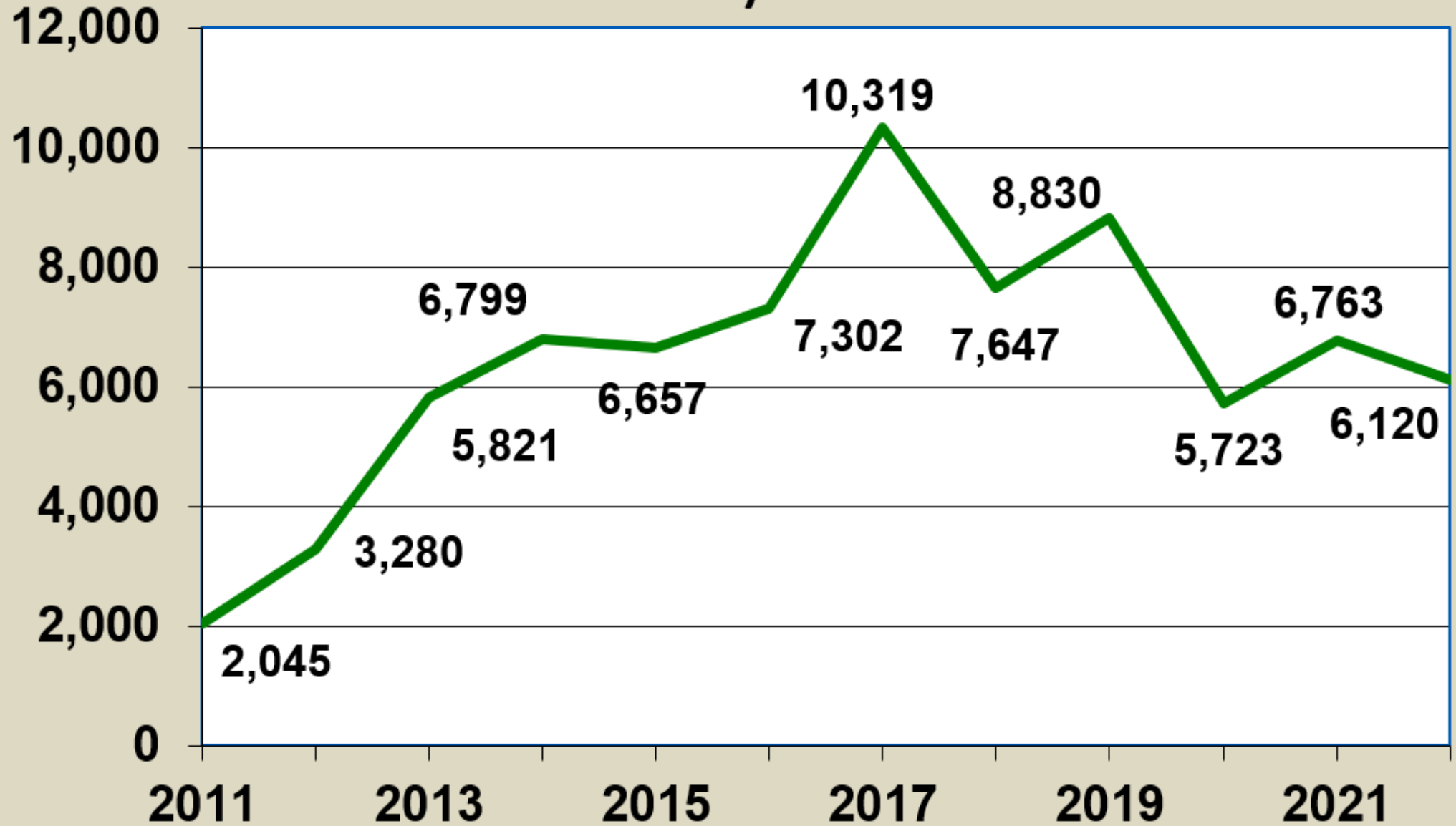


**3.97%**

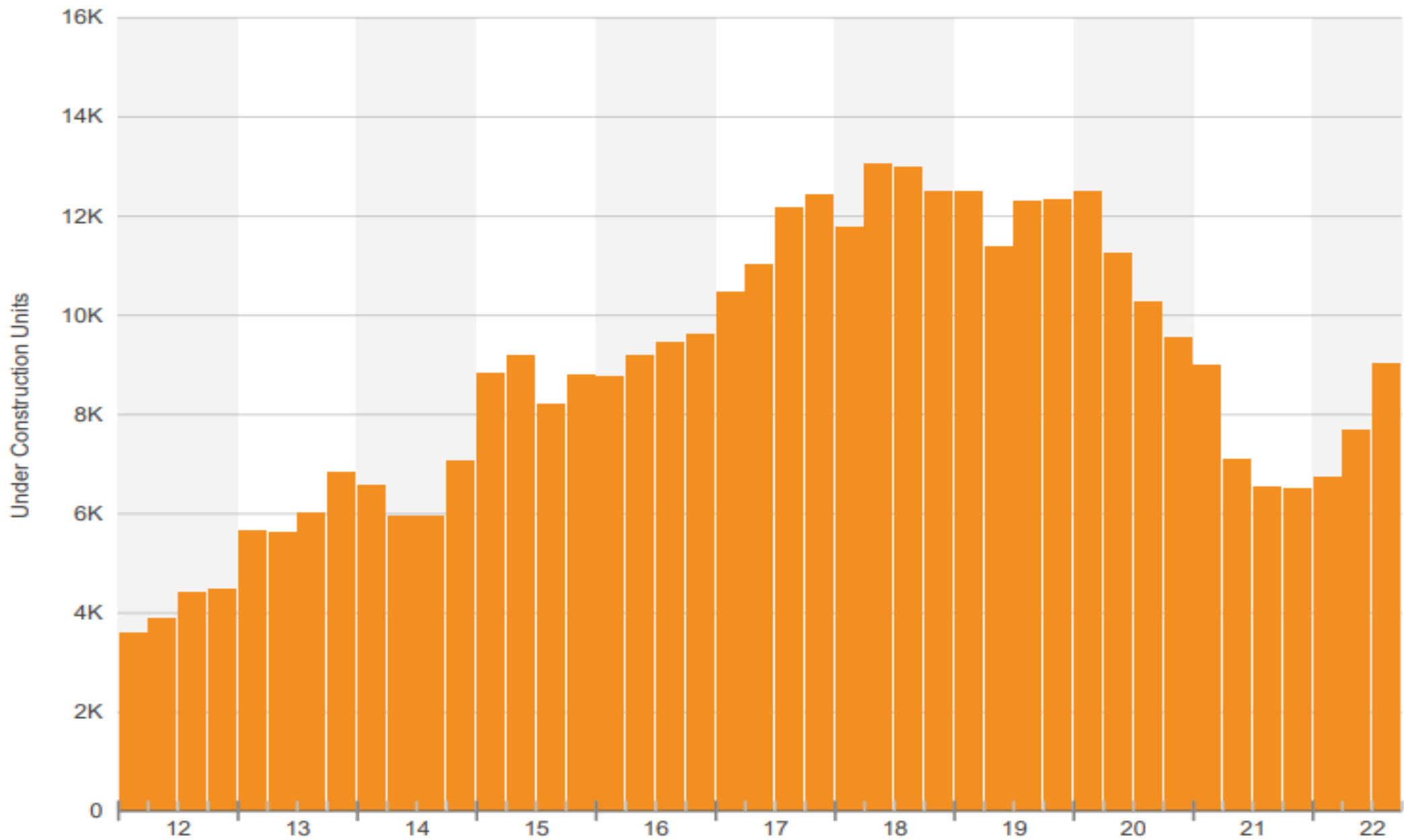


# Apartment Permits 2011-YTD 2022

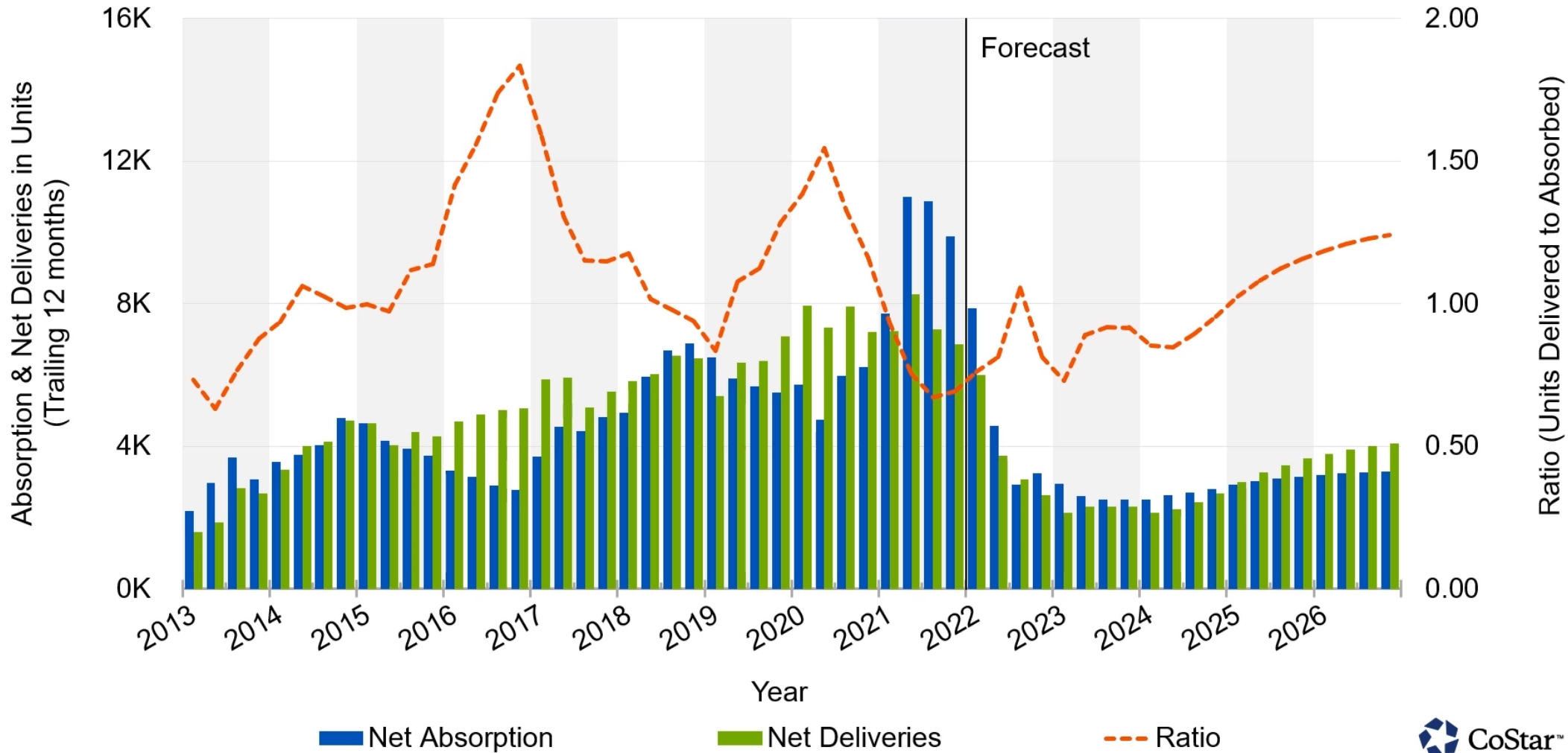
## Four County Metro Area



# Under Construction



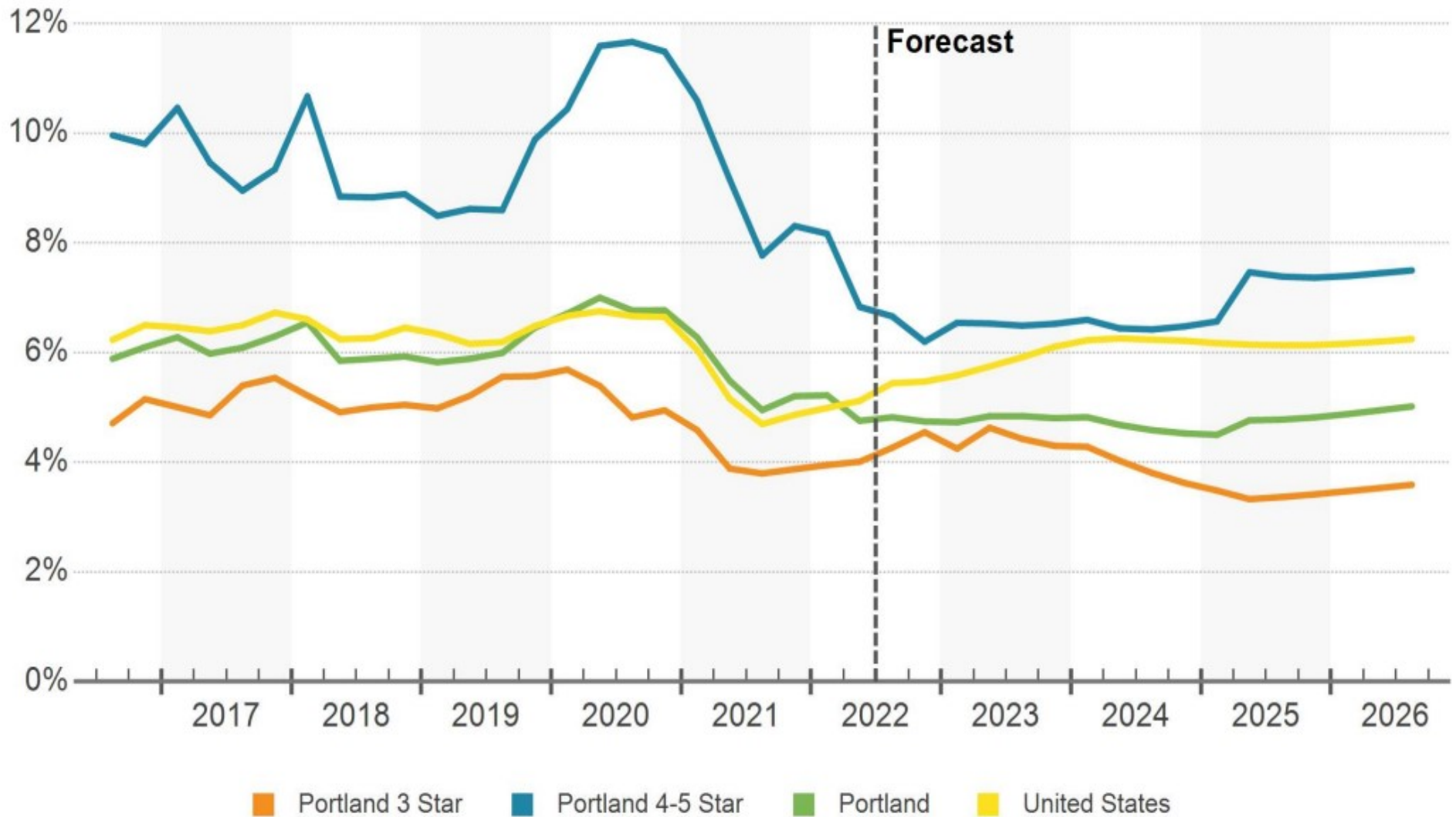
# Trailing 12-Month Ratio of Units Delivered Versus Absorption



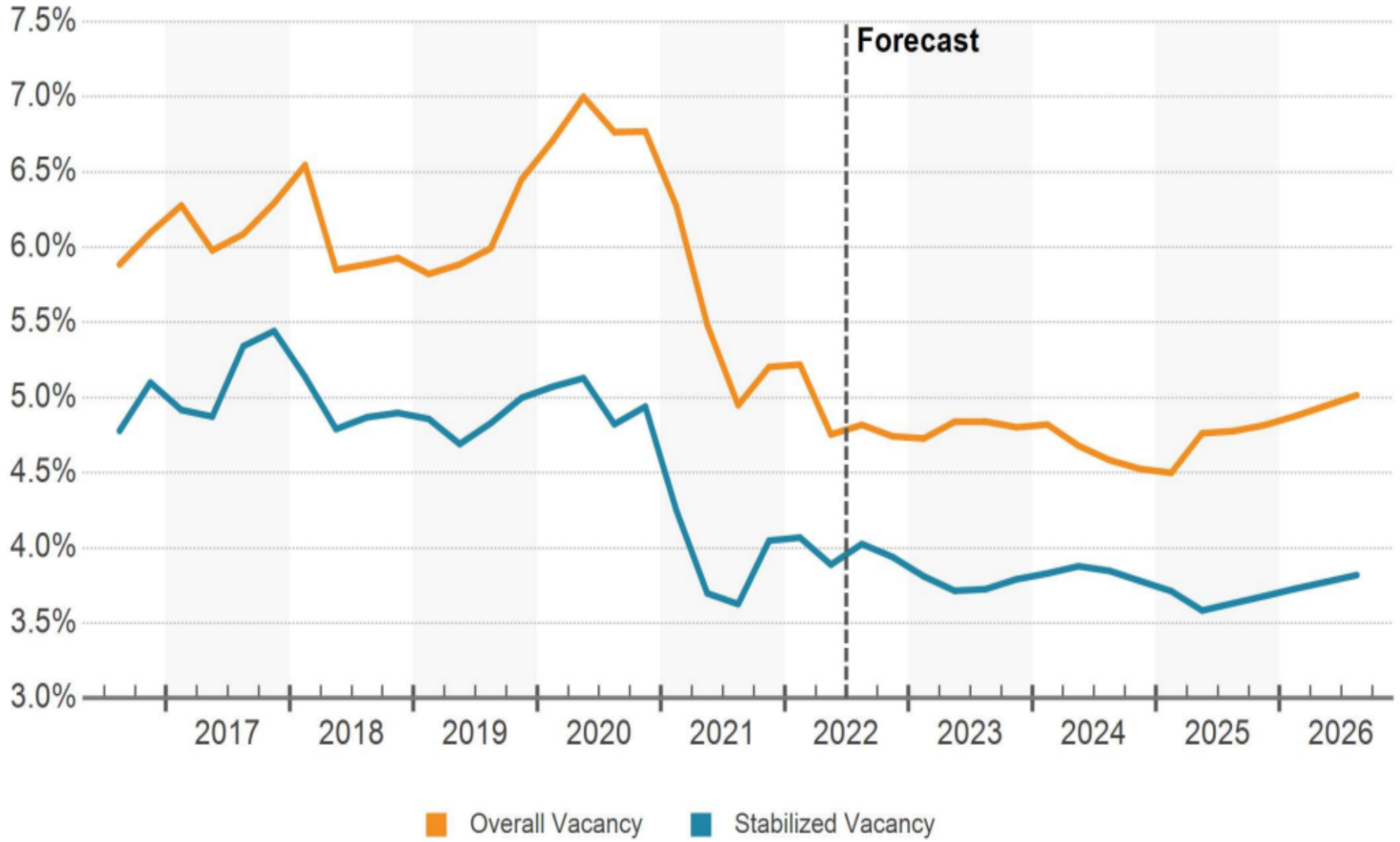
# Vacancy

Portland Multi-Family

## VACANCY RATE

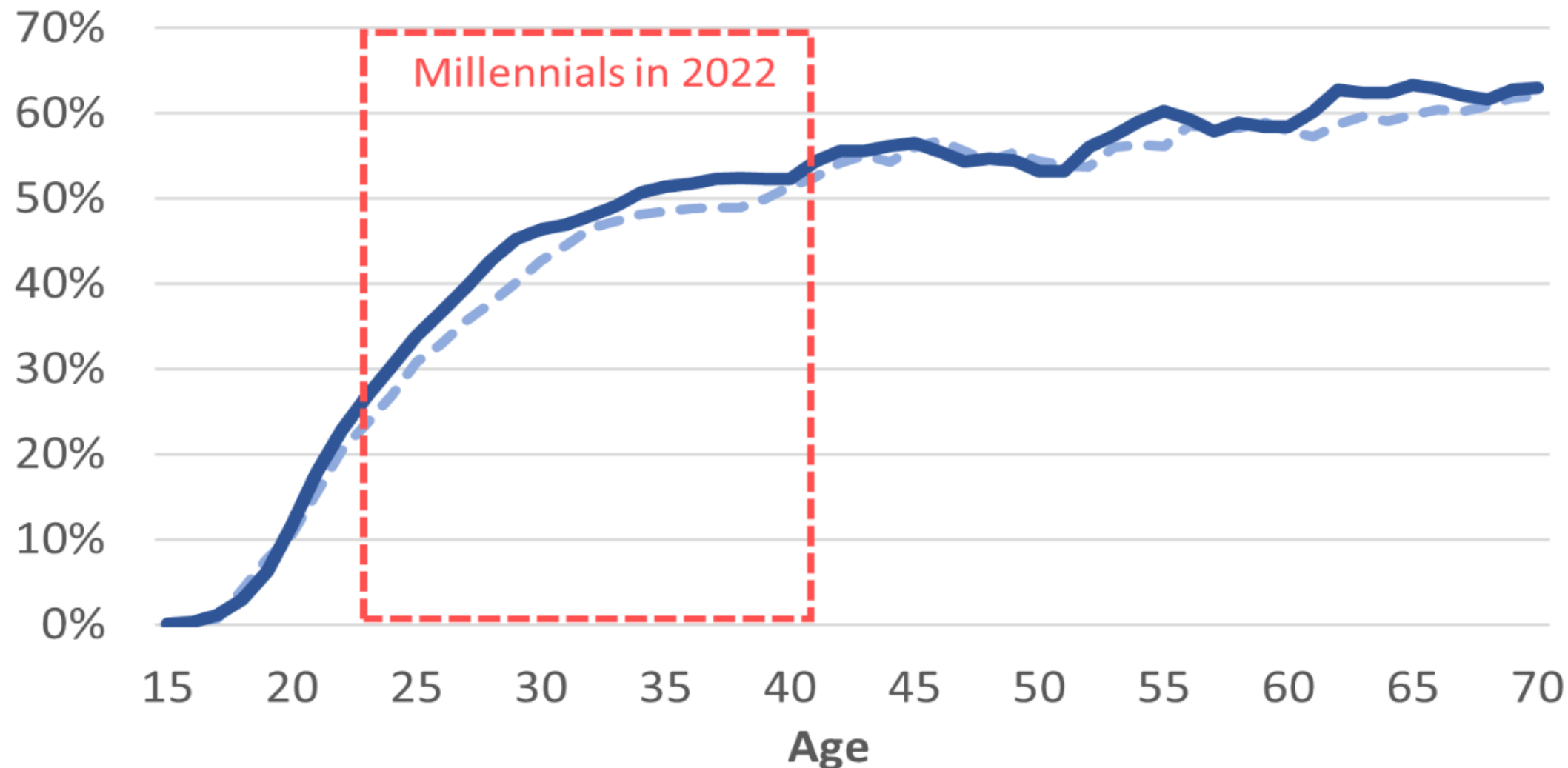


# OVERALL & STABILIZED VACANCY



# Stronger Household Formation?

Headship rate in the Portland MSA in **2015** and **2020**



Headship rate is the share of the population that is a householder (formerly head of household)

Source: IPUMS-USA, Oregon Office of Economic Analysis

# Oregon Household Formation Boomed During the Pandemic

Change from 2019 to 2021

|            | Housing Units | No. of Households |
|------------|---------------|-------------------|
| 2019       | 1,808,500     | 1,649,400         |
| 2021       | 1,837,000     | 1,702,600         |
| Change     | 28,500        | 53,200            |
| Difference | -24,700       |                   |

Data: 2019 and 2021 American Community Survey, 1 year estimates  
Source: Census, Oregon Office of Economic Analysis

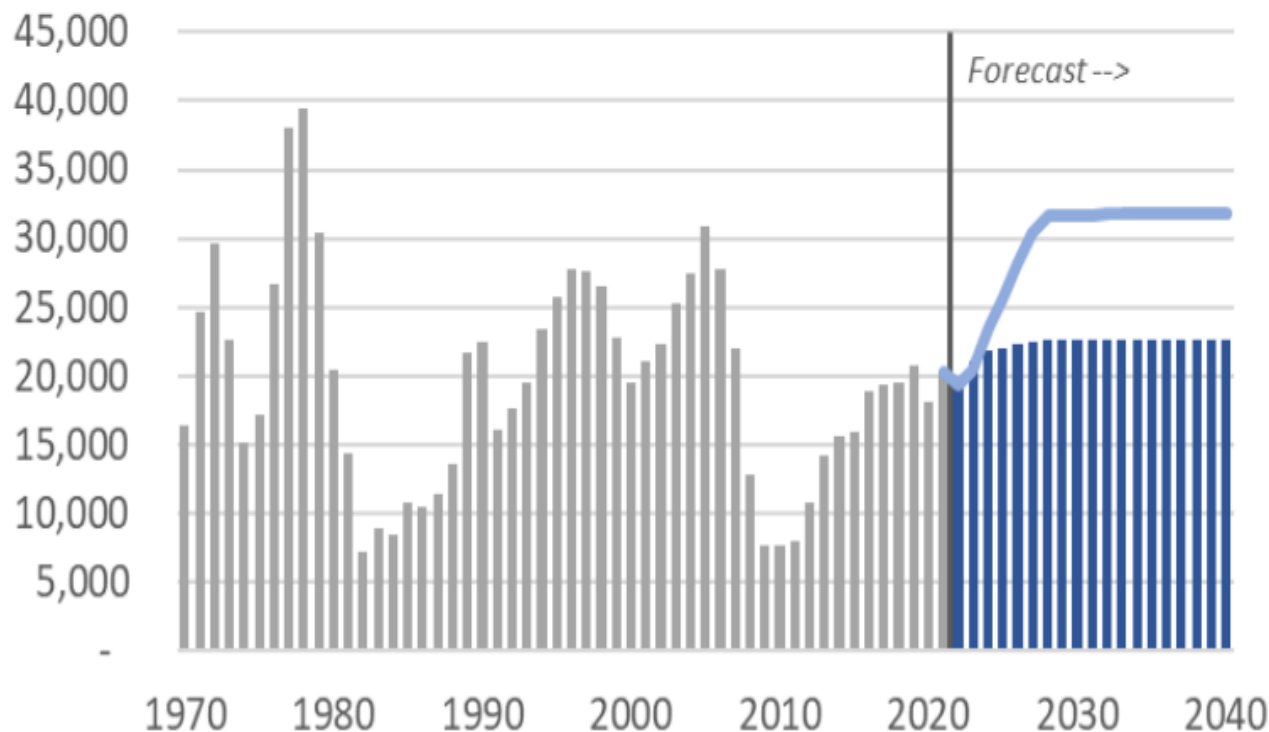
| Metro Area  | Housing Units | No. of Households | Difference |
|-------------|---------------|-------------------|------------|
| Albany      | 1,450         | 1,950             | -500       |
| Bend        | 4,150         | 7,250             | -3,100     |
| Corvallis   | 1,500         | 1,950             | -450       |
| Eugene      | 3,000         | 4,450             | -1,450     |
| Grants Pass | -500          | 1,550             | -2,050     |
| Medford     | -700          | 3,000             | -3,700     |
| Portland    | 29,250        | 37,450            | -8,200     |
| Salem       | 3,250         | 5,850             | -2,600     |



# Scenario addressing housing shortage

## Oregon Housing Starts

Baseline Forecast | Address Housing Shortage Scenario



- Baseline Forecast
  - OEA's baseline meets the future projected need as it is population and demand-driven
  - Does not make up the existing shortfall
- Address Shortage Scenario
  - The industry will be unable to start building significantly more units overnight
  - Assumes a 5 year ramp-up period, after then requires about 9,000 more starts per year than in the baseline
  - Increase capacity to make up for the existing shortfall over next 20 years





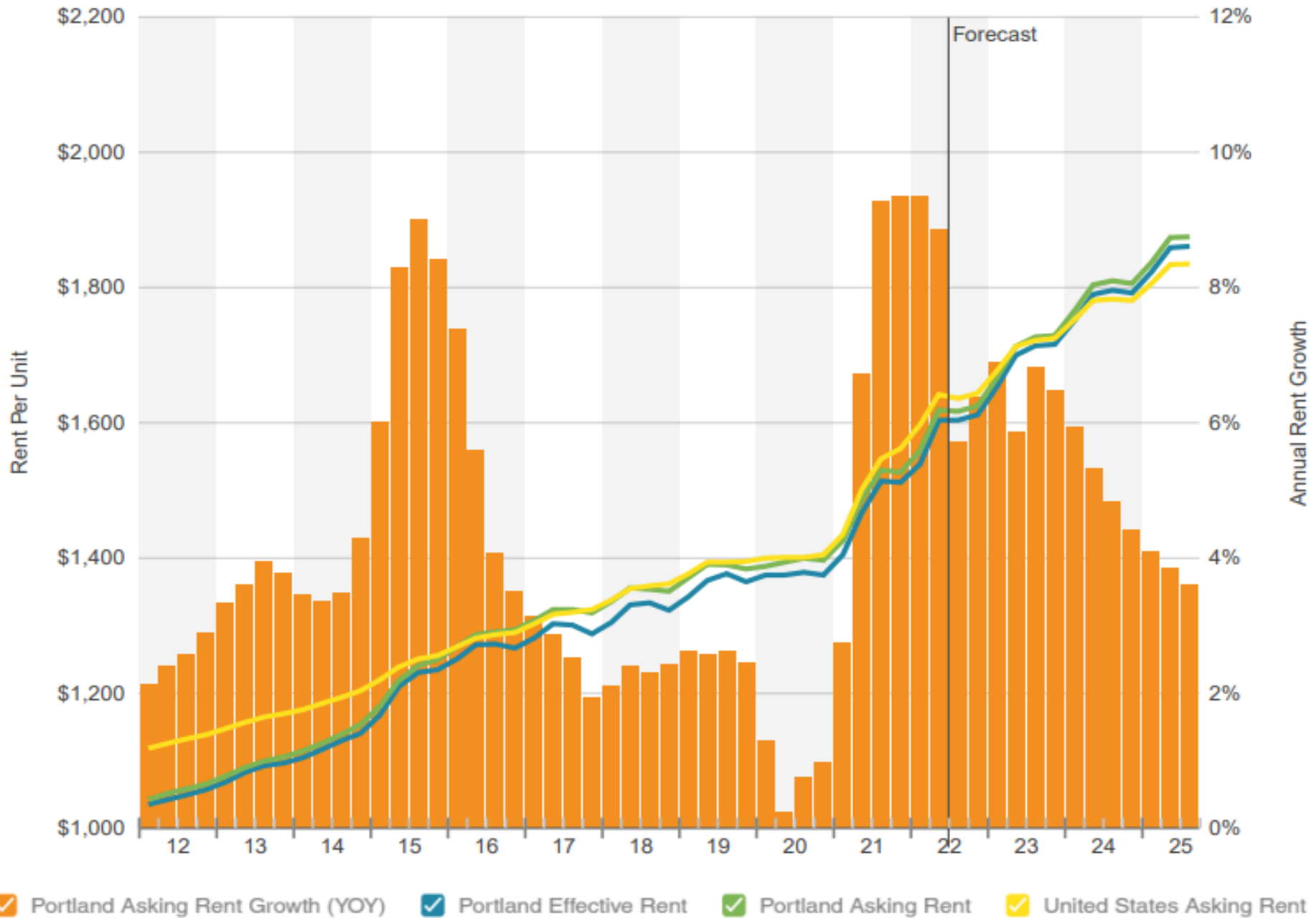


# Increasing Oregon's housing production

- Increase land availability
- Turn land into buildable lots faster (the *effective* land supply)
- Allow more units to be built
- Decrease, or at least stabilize development costs per unit
- Increase the construction workforce
  - Private sector builders and developers
  - Public sector building and planning departments

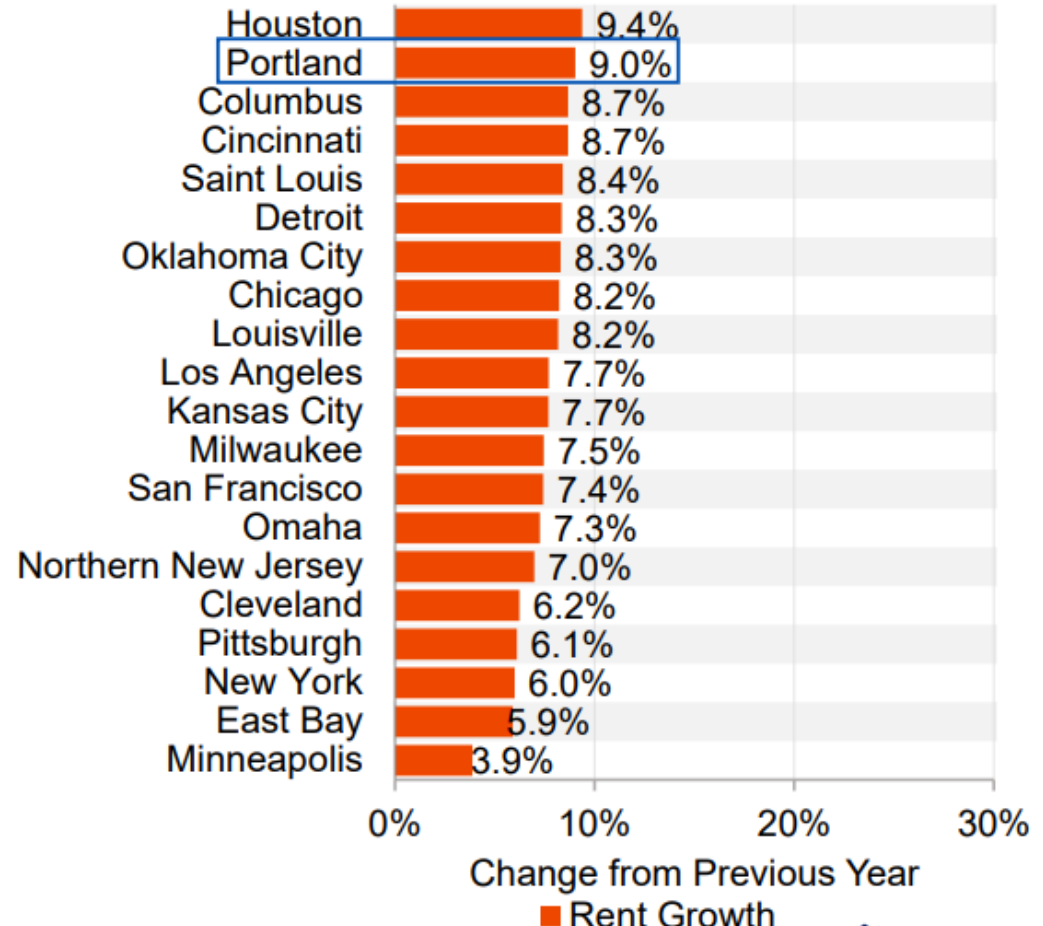
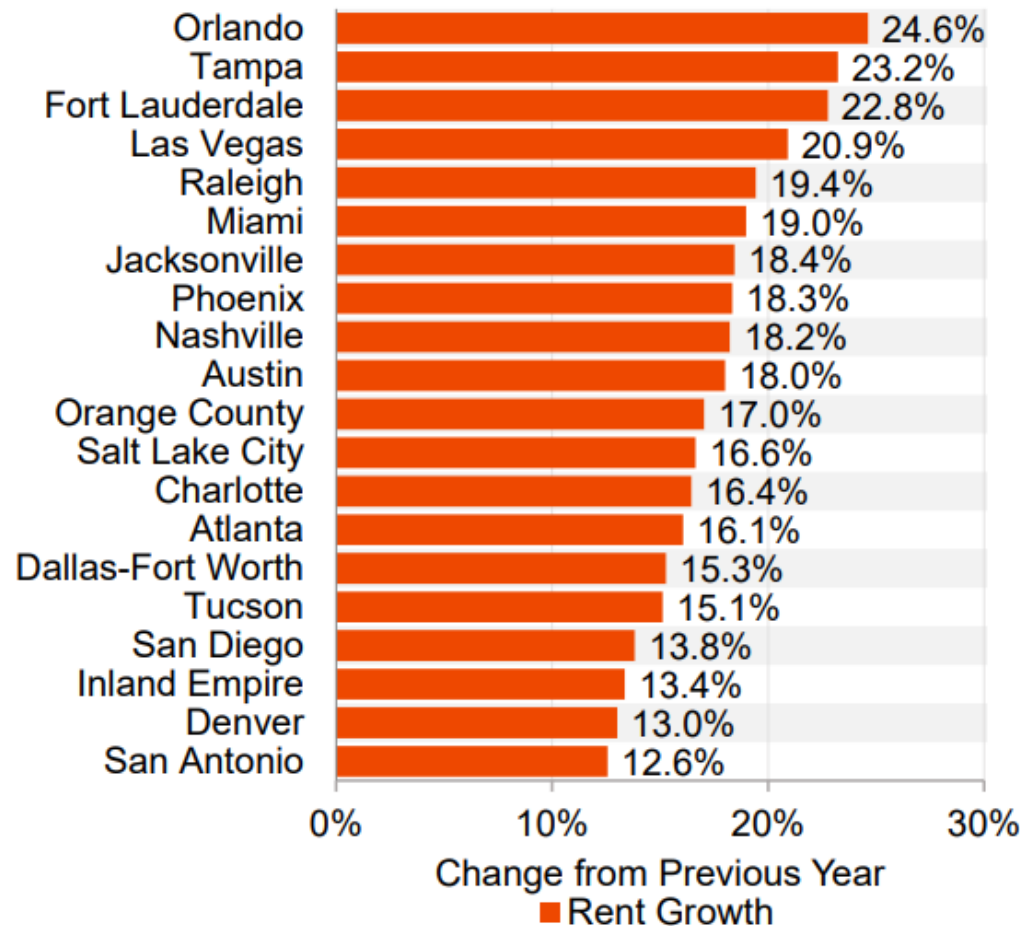


# Market Rent Per Unit & Rent Growth



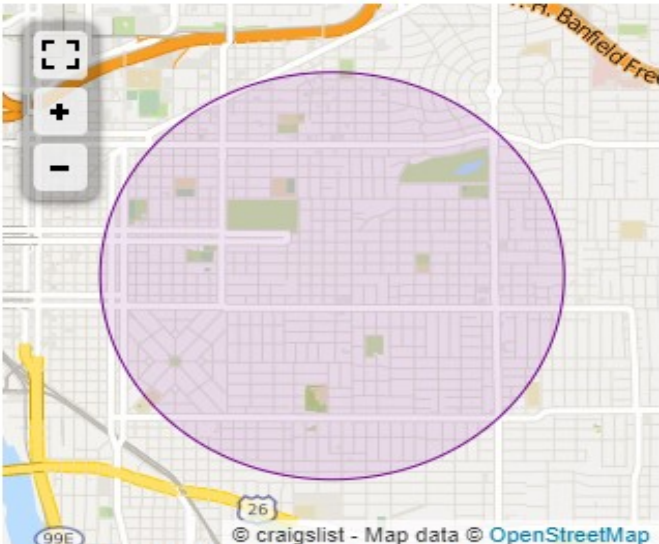
# Nationwide Changes In Rent - 2021

## Rent Growth, by Market



Note: Includes markets with 75,000+ units inventory.

# \$1,855 / 561ft<sup>2</sup> - Cozy Central Eastside Studio (3 Months Free) (Central Eastside)



5 SE MLK Jr Blvd near E Burnside St



**OBR / 1Ba** **561ft<sup>2</sup>** available oct 3

- EV charging
- air conditioning
- cats are OK - purrr
- dogs are OK - woof
- apartment
- w/d in unit
- no smoking
- attached garage
- rent period: **monthly**
- wheelchair accessible

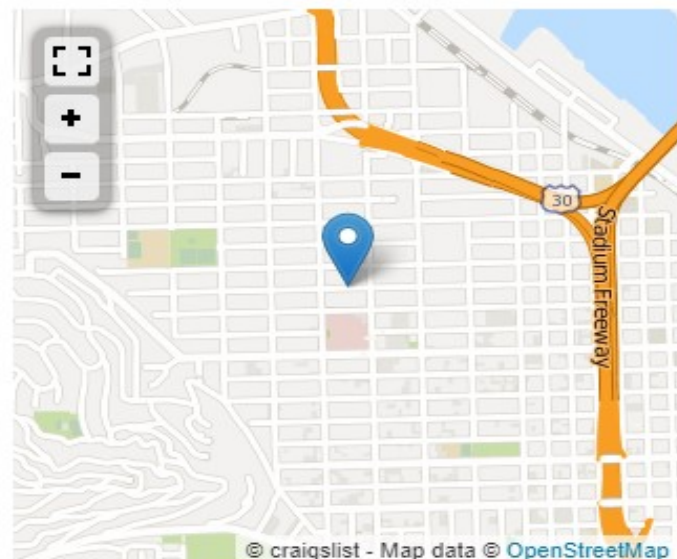
Offering 3 months free on 12-month lease terms if you move within 30 days! Call us today to learn more about #1420.

5 MLK provides modern amenities with accessibility to endless cultural activities in the historic Industrial Central Eastside. Our pet-friendly homes feature electric ovens, gas range cooktops, dishwashers, hardwood flooring, and washers and dryers. With inviting common areas and gathering spaces, 5 MLK is a refined living experience that celebrates exploration and adventure.

The Central Eastside is a hip area of some of Portland's best bars, restaurants, shops, and more. Here are just a few of our favorite places that have set up shop within a few blocks of 5 MLK.

**\$1,995 / 1br - 935ft<sup>2</sup> - \* 2 WEEKS FREE RENT\*. Roomy Oversized Corner Unit-NW Portland (NW**

**Portland, NW 23rd, Nob Hill, Downtown, PDX)**



2244 NW OVERTON ST near NW 23RD AVE

[\(google map\)](#)

**1BR / 1Ba**

**935ft<sup>2</sup>**

application fee details: **\$40 Application Fee, Per Adult Applicant (non-refundable)**

cats are OK - purrr

dogs are OK - woof

flat

laundry in bldg

no smoking

street parking

rent period: **monthly**



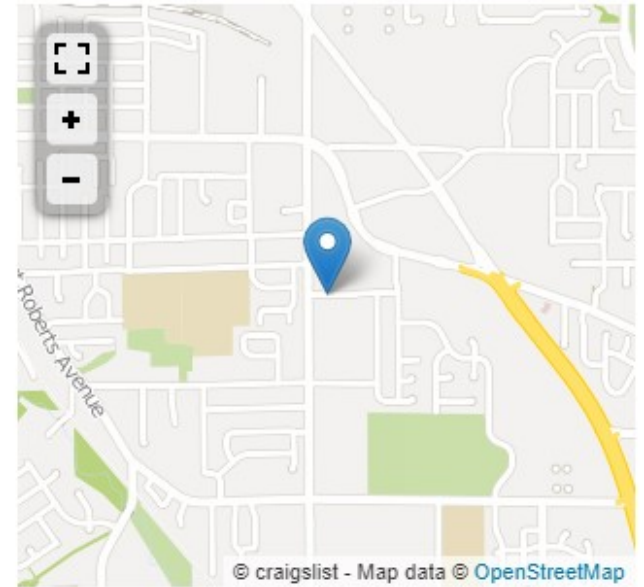
**RARE FIND!**

**Location! Location! Location!**

This unit is a gem! With a brand new bathroom with Jacuzzi tub, brand new kitchen, refurbished floors and fresh paint!

Working from home is easy in this oversized unit with plenty of space and lots of natural light! Not to mention, steps to NW 23rd for many daily outings!

**\$2,267 / 3br - 1021ft<sup>2</sup> - ONE MONTH FREE APPLY TODAY!!!! (Gresham)**



1930 SE 6th St.

[\(google map\)](#)

3BR / 2Ba

1021ft<sup>2</sup>

available now

saturday 2022-09-24

cats are OK - purrr

dogs are OK - woof

apartment

w/d in unit

carport

rent period: **monthly**



We Love Your Furry Friends  
**Welcome Home to Mountain High**

Call Now: [show contact info](#)

**Mountain High**

1930 SE 6th St, Gresham, OR, 97080

**\$1,625 / 2br - 755ft<sup>2</sup> - Renovated w/ all new flooring! -- 2 WEEKS FREE (Gladstone)**

image 1 of 14



847 Risley Ave near Mcloughlin Blvd,  
Gloucester St

[\(google map\)](#)

**2BR / 1Ba**

**755ft<sup>2</sup>**

application fee details: **\$45.00**

cats are OK - purrr

dogs are OK - woof

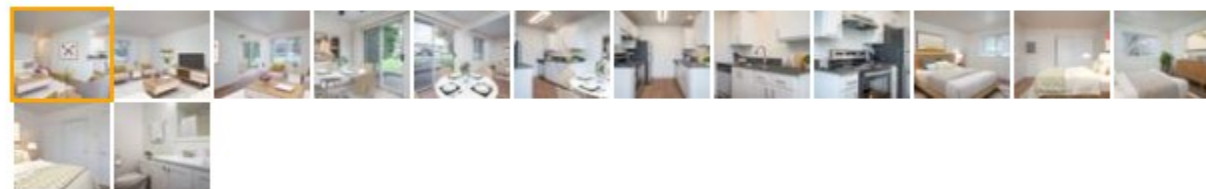
apartment

laundry on site

no smoking

carport

rent period: **monthly**

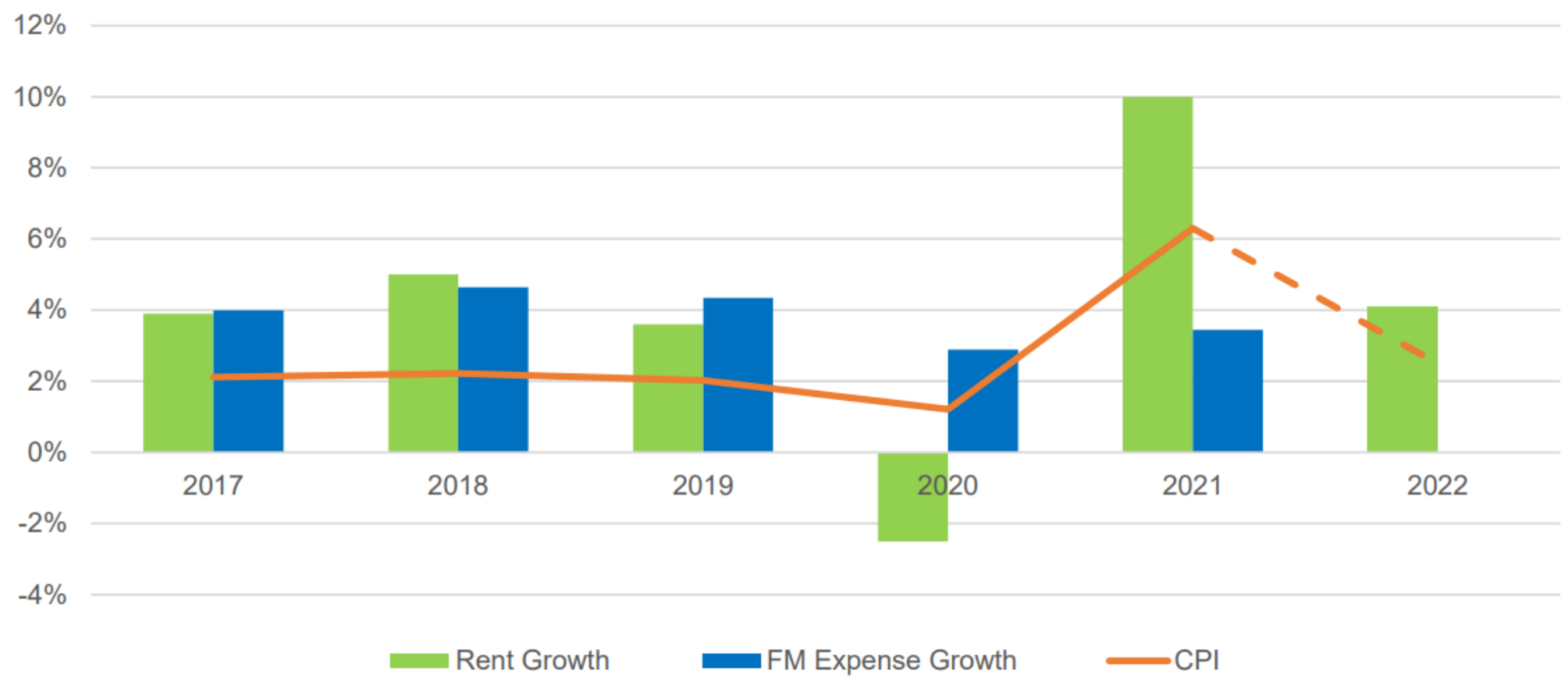


**2 Weeks Free For a Limited Time!**

**River Run Village**

847 Risley Avenue  
Gladstone, OR 97027

**Exhibit 8: Rent Growth Compared with Inflation and Freddie Mac Portfolio Expense Growth**



Sources: RealPage, Moody's Analytics, Freddie Mac





# News

## 2021 Portland Tax Changes

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December 9, 2020

Shortly after the November 3, 2020 elections, SVN | Bluestone and Hockley, Bluestone and Hockley Real Estate Services, Moss Adams (certified public accountants) and CKR Law Group (specializing in tax appeals) co-sponsored a seminar on new taxes that businesses, high net worth individuals and real estate investors will incur in 2021.

The recent election propelled Multnomah County and especially the City of Portland to one of the most expensive tax jurisdictions in the nation, making it significantly more challenging for high-net-worth investors to live here and invest in real estate.

This article will review the existing and newly created taxes and bond measures, as well as provide examples for a better understanding of the impact of these changes. (The chart below was provided by Moss Adams, CPA.)

| TAX   | TAXING JURISDICTION                | TAXPAYERS   | TAX BASE  | TOP MARGINAL RATE                                     |
|---|------------------------------------|---|---|---|
| <b>TAXES IN EFFECT AS OF JANUARY 1, 2020</b>    |                                    |   |   |   |
| <i>Corporate Income Tax</i>                     | State                              | Corporations taxable under Subchapter C of the Internal Revenue Code                                    | Net Income  | 7.6% of net income with a minimum tax up to \$100,000 |
| <i>Corporate Activity Tax</i>                   | State                              | All business activity   | Gross receipts with a limited subtraction for cost of goods sold (COGS) or labor cost   | 0.57%   |
| <i>Personal Income Tax</i>                      | State                              | Individuals   | Taxable Income  | 9.9%  |
| <i>Transit Tax</i>                              | State                              | Wage earners  | All wages of Oregon residents; Oregon-source wages of nonresidents  | 0.1%  |
| <i>Lane County Transit Tax</i>                  | Lane County Transit District       | Employers   | Wages paid for services performed in district   | 0.75%   |
| <i>TriMet Transit Tax</i>                       | Regional government                | Employers and self-employed individuals   | Wages paid for services performed in TriMet district  | 0.7737%   |
| <i>Business Income Tax</i>                      | Multnomah County                   | Business entities including corporations, S corporations, partnerships, and limited liability companies | Net income earned within the county   | 2%  |
| <i>Business License Tax</i>                     | City of Portland                   | Business entities including corporations, S corporations, partnerships, and limited liability companies | Net income earned within the city   | 2.6%  |
| <b>ADDITIONAL TAX EFFECTIVE JANUARY 1, 2021</b> |                                    |   |   |   |
| <i>Supportive Housing Services Tax</i>          | Portland Metro regional government | Business entities and individuals; both residents and nonresidents                                      | Business entities and nonresidents- net income derived from sources within the Metro district<br>Residents- Oregon taxable income | 1%  |
| <i>NEW: Preschool for All Tax</i>               | Multnomah County                   | Individuals (residents and nonresidents)  | Nonresidents- net income derived from sources within Multnomah county<br>Residents- Oregon taxable income                         | 3%  |
| <b>ADDITIONAL TAX EFFECTIVE JANUARY 1, 2022</b> |                                    |   |   |   |
| <i>Paid Family Medical Leave Tax</i>            | State                              | Tax paid 60% by employees and 40% by employers  | Wages earned for services performed entirely in Oregon or partially in Oregon if non-Oregon service is incidental                 | 1% on wages up to \$132,900                           |

| Assumptions                           |              |
|---------------------------------------|--------------|
| Business Gross                        | \$ 5,000,000 |
| Net Income**                          | \$ 400,000   |
| Income from Apartment Investments     | \$ 100,000   |
| Taxable income                        | \$ 500,000   |
| Payroll expenses or COGS              | \$ 2,000,000 |
| Number of Units in Apartments Complex | 40           |
| RMV Value of Apartment Complex        | \$ 6,000,000 |
| Adjusted Value of property            | \$ 3,500,000 |

|  | 2019 Rates   | 2020 Rates   | 2021 Rates   | 2019 Taxes                         | 2020 Taxes        | 2021 Taxes        | % Change<br>from 2019<br>to 2021 | \$ Change<br>from 2019<br>to 2021 |                  |
|--|--------------|--------------|--------------|------------------------------------|-------------------|-------------------|----------------------------------|-----------------------------------|------------------|
| Portland Business                                      | 2.60%        | 2.60%        | 2.60%        | \$ 13,000                          | \$ 13,000         | \$ 13,000         |                                  | \$ -                              |                  |
| MCBIT  | 1.45%        | 2.00%        | 2.00%        | \$ 7,250                           | \$ 10,000         | \$ 10,000         |                                  | \$ 2,750                          |                  |
| Homeless tax - METRO****                               | n/a          | n/a          | 1.00%        | n/a                                | n/a               | \$ 5,000          |                                  | \$ 5,000                          |                  |
| Preschool Tax  | n/a          | n/a          | 3.00%        | n/a                                | n/a               | \$ 15,000         |                                  | \$ 15,000                         |                  |
| CAT Gross tax  | n/a          | 0.57%        | 0.57%        | n/a                                | \$ 11,650         | \$ 11,650         |                                  | \$ 11,650                         |                  |
| State Income Tax                                       | 9.90%        | 9.90%        | 9.90%        | \$ 49,500                          | \$ 49,500         | \$ 49,500         |                                  | \$ -                              |                  |
| Trimet Tax**   | 0.76%        | 0.77%        | 0.77%        | \$ 15,274                          | \$ 15,475         | \$ 15,475         |                                  | \$ 201                            |                  |
|  |              |              |              | <b>\$ 85,024</b>                   | <b>\$ 99,625</b>  | <b>\$ 119,625</b> | <b>41%</b>                       | <b>\$ 34,601</b>                  |                  |
| Apartment per unit tax ( 40 units) \$60 per unit       | \$ 60.00     | \$ 60.00     | \$ 60.00     | \$ 2,400                           | \$ 2,400          | \$ 2,400          |                                  | \$ -                              |                  |
| Property Tax Base (per \$1K of adjusted value)         | \$ 20.12     | \$ 25.52     | \$ 25.52     | \$ 70,420                          | \$ 89,320         | \$ 89,320         |                                  | \$ 18,900                         |                  |
| Library Bond (per \$100K of adjusted value)            | \$ -         | \$ -         | \$ 61.00     | \$ -                               | \$ -              | \$ 2,135          |                                  | \$ 2,135                          |                  |
| Parks and Rec Bond (per \$100K of adjusted value)      | \$ -         | \$ -         | \$ 80.00     | \$ -                               | \$ -              | \$ 2,800          |                                  | \$ 2,800                          |                  |
| <b>Effective property tax rate on adjusted value**</b> | <b>2.01%</b> | <b>2.55%</b> | <b>2.69%</b> | <b>\$ 70,420</b>                   | <b>\$ 89,320</b>  | <b>\$ 94,255</b>  | <b>34%</b>                       | <b>\$ 23,835</b>                  |                  |
|  |              |              |              | <b>Total State and Local Taxes</b> | <b>\$ 155,444</b> | <b>\$ 188,945</b> | <b>\$ 213,880</b>                | <b>38%</b>                        | <b>\$ 58,436</b> |
|  |              |              |              | <b>Est. Effective tax rate***</b>  | <b>17%</b>        | <b>20%</b>        | <b>24%</b>                       | <b>41%</b>                        |                  |

\*The apartment complex does not pay the CAT tax

\*\*Apartment net income is after paying property taxes

\*\*\*Estimated tax rate - Total taxes divided by taxable income - does not include property taxes

\*\*\*\* re double taxation - [https://www.oregonmetro.gov/sites/default/files/2020/10/30/supportive-housing-services-tax-collection-information-20201030\\_0.pdf](https://www.oregonmetro.gov/sites/default/files/2020/10/30/supportive-housing-services-tax-collection-information-20201030_0.pdf)

|   |           |
|---|-----------|
| Proceeds  | 4,000,000 |
| Gain  | 2,000,000 |
| Assume held by a pass-through entity owned by in-county residents |           |

|        |           |            |           |
|--------|-----------|------------|-----------|
| City   | Portland  | Beaverton  | Bend      |
| County | Multnomah | Washington | Deschutes |

| State taxes:        |         |                |                |                |                |
|---------------------|---------|----------------|----------------|----------------|----------------|
| CAT                 | 0.5700% | 22,800         | 22,800         | 22,800         | 22,800         |
| Personal income     | 9.9000% | 198,000        | 198,000        | 198,000        | 198,000        |
| County taxes        |         |                |                |                |                |
| Transfer tax        | 0.1000% | 0              | 4,000          | 0              | 0              |
| Metro tax           | 1.0000% | 20,000         | 20,000         | 0              | 0              |
| Preschool tax       | 3.0000% | 60,000         | 0              | 0              | 0              |
| Business income tax | 2.0000% | 40,000         | 0              | 0              | 0              |
| City tax            |         |                |                |                |                |
| Business license    | 2.6000% | 52,000         | 0              | 0              | 0              |
| <b>TOTAL</b>        |         | <b>392,800</b> | <b>244,800</b> | <b>220,800</b> | <b>220,800</b> |

POLICY

# Inclusionary Zoning: Portland Feels The Consequences Of Bad Housing Policy

Roger Valdez Contributor @

Roger Valdez is Director of the Center for Housing Economics.

Follow

Jul 6, 2021, 11:57am EDT



Politics

## Portland housing bond: After 5 years, just 2 apartment buildings are open, 6 more coming this year

Published: Apr. 06, 2022, 4:49 p.m.



4717 SE Hawthorne Blvd - The Hawthorne PDX

Apartments - Sunnyside Submarket  
Portland, OR 97215 • [Website](#)

Jan 21, 2022  
Sale Date

\$14.65M  
Sale Price

\$293,000  
Price/Unit

50  
Units

| Project               | Total Units | Total Development Costs | Metro Bond Contribution | Public Share of Total Cost | Public Subsidy Per Unit |
|-----------------------|-------------|-------------------------|-------------------------|----------------------------|-------------------------|
| 1 74th and Glisan     | 137         | \$56.5 million          | \$20 million            | 35.3%                      | \$146K                  |
| 2 5020 N Interstate   | 64          | \$30.2 million          | \$9.4 million           | 31%                        | \$146K                  |
| 3 Cedar Commons II    | 85          | \$26 million            | \$12.4 million          | 47.7%                      | \$146K                  |
| 4 Hollywood-HUB       | 201         | \$98.8 million          | \$29.1 million          | 29.4%                      | \$145K                  |
| 5 Albina One          | 94          | \$49.1 million          | \$13.8 million          | 28%                        | \$146K                  |
| 6 PCC Killingsworth   | 84          | \$38 million            | \$2.5 million           | 6.7%                       | \$30K                   |
| 7 Tistlal Village     | 58          | \$26.6 million          | \$3.5 million           | 13.2%                      | \$61K                   |
| 8 Powellhurst Place   | 65          | \$23.7 million          | \$8.8 million           | 37.3%                      | \$136K                  |
| 9 Garden Park Estates | 117         | \$40.8 million          | \$7.3 million           | 17.9%                      | \$62K                   |

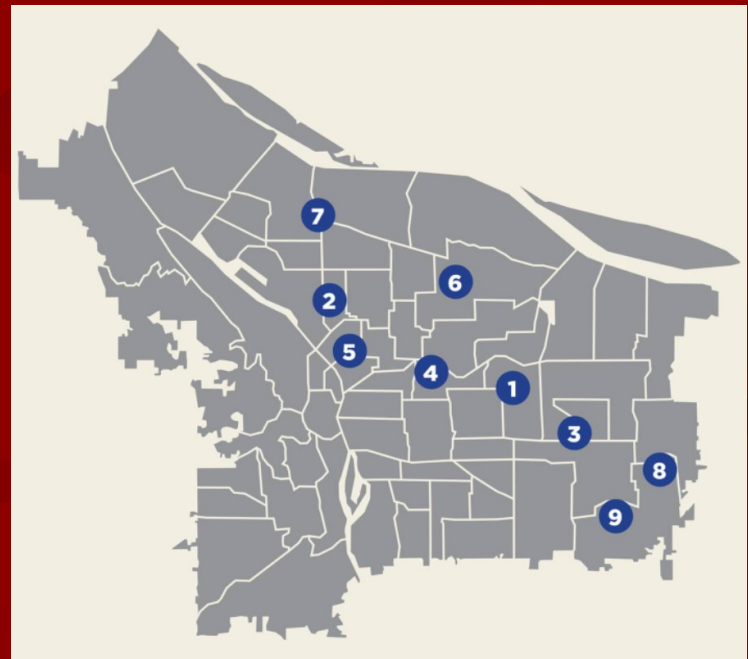


Exhibit 2-1 Overall Real Estate Prospects

|                                 |                                  |
|---------------------------------|----------------------------------|
| 1 Raleigh/Durham                | 41 Kansas City, MO               |
| 2 Austin                        | 42 Omaha                         |
| 3 Nashville                     | 43 New York—other boroughs       |
| 4 Dallas/Fort Worth             | 44 Chicago                       |
| 5 Charlotte                     | 45 Westchester, NY/Fairfield, CT |
| 6 Tampa/St. Petersburg          | 46 Pittsburgh                    |
| 7 Salt Lake City                | 47 Tacoma                        |
| 8 Washington, DC—Northern VA    | 48 Tucson                        |
| 9 Boston                        | 49 Cincinnati                    |
| 10 Long Island                  | 50 Richmond                      |
| 11 Atlanta                      | 51 Portland, ME                  |
| 12 San Antonio                  | 52 Houston                       |
| 13 Denver                       | 53 Milwaukee                     |
| 14 Northern New Jersey          | 54 Birmingham                    |
| 15 Phoenix                      | 55 Sacramento                    |
| 16 Cape Coral/Fort Myers/Naples | 56 St. Louis                     |
| 17 Inland Empire                | 57 Deltona/Daytona               |
| 18 Orange County                | 58 Detroit                       |
| 19 Boise                        | 59 Spokane, WA/Coeur d'Alene, ID |
| 20 Washington, DC—MD suburbs    | 60 San Francisco                 |
| 21 Indianapolis                 | 61 Virginia Beach/Norfolk        |
| 22 Philadelphia                 | 62 Tallahassee                   |
| 23 Charleston                   | 63 Des Moines                    |
| 24 Orlando                      | 64 Albuquerque                   |
| 25 Columbus                     | 65 New York—Manhattan            |
| 26 Greenville, SC               | 66 Portland, OR                  |
| 27 West Palm Beach              | 67 San Jose                      |
| 28 Los Angeles                  | 68 Las Vegas                     |
| 29 Jacksonville                 | 69 Honolulu                      |
| 30 Miami                        | 70 Cleveland                     |
| 31 San Diego                    | 71 Chattanooga                   |
| 32 San Jose                     | 72 Hartford                      |
| 33 Fort Lauderdale              | 73 Oklahoma City                 |
| 34 Seattle                      | 74 Louisville                    |
| 35 Madison                      | 75 Knoxville                     |
| 36 Oakland/East Bay             | 76 Baltimore                     |
| 37 Washington, DC—District      | 77 Memphis                       |
| 38 Jersey City                  | 78 Providence                    |
| 39 Minneapolis                  | 78 Buffalo                       |
| 40 New York—Brooklyn            | 80 New Orleans                   |

Source: Emerging Trends in Real Estate 2021 survey.

Exhibit 2-3 Overall Real Estate Prospects

|                               |                                  |
|-------------------------------|----------------------------------|
| 1 Nashville                   | 41 Long Island                   |
| 2 Raleigh/Durham              | 42 New York—Manhattan            |
| 3 Phoenix                     | 43 Charleston                    |
| 4 Austin                      | 44 Cape Coral/Fort Myers/Naples  |
| 5 Tampa/St. Petersburg        | 45 San Francisco                 |
| 6 Charlotte                   | 46 Cincinnati                    |
| 7 Dallas/Fort Worth           | 47 Columbus                      |
| 8 Atlanta                     | 48 Washington, DC—Northern VA    |
| 9 Seattle                     | 49 Portland, OR                  |
| 10 Boston                     | 50 New York—other boroughs       |
| 11 Salt Lake City             | 51 St. Louis                     |
| 12 Denver                     | 52 Chattanooga                   |
| 13 San Diego                  | 53 Detroit                       |
| 14 Washington, DC—Northern VA | 54 Baltimore                     |
| 15 Miami                      | 55 Westchester, NY/Fairfield, CT |
| 16 Orange County              | 56 Knoxville                     |
| 17 Inland Empire              | 57 Birmingham                    |
| 18 Orlando                    | 58 Cleveland                     |
| 19 Los Angeles                | 59 Pittsburgh                    |
| 20 Boise                      | 60 Tacoma                        |
| 21 San Antonio                | 61 Milwaukee                     |
| 22 Washington, DC—District    | 62 Honolulu                      |
| 23 Fort Lauderdale            | 63 Tucson                        |
| 24 Houston                    | 64 Albuquerque                   |
| 25 Las Vegas                  | 65 Virginia Beach/Norfolk        |
| 26 San Jose                   | 66 Tallahassee                   |
| 27 Philadelphia               | 67 New Orleans                   |
| 28 Chicago                    | 68 Memphis                       |
| 29 Northern New Jersey        | 69 Madison                       |
| 30 Sacramento                 | 70 Omaha                         |
| 31 Oakland/East Bay           | 71 Des Moines                    |
| 32 West Palm Beach            | 72 Louisville                    |
| 33 Indianapolis               | 73 Spokane, WA/Coeur d'Alene, ID |
| 34 Kansas City, MO            | 74 Providence                    |
| 35 Richmond                   | 75 Oklahoma City                 |
| 36 New York—Brooklyn          | 76 Gainesville                   |
| 37 Jersey City                | 77 Portland, ME                  |
| 38 Jacksonville               | 78 Deltona/Daytona Beach         |
| 39 Minneapolis/St. Paul       | 78 Buffalo                       |
| 40 Greenville, SC             | 80 Hartford                      |

Emerging Trends 2022 Market Categories

| Major group | Subgroup       | Markets   |
|-------------|----------------|---|
| Magnets     | Super Sun Belt | Atlanta<br>Dallas/Fort Worth<br>Houston<br>Miami      |
|             | 18-Hour Cities | Charlotte<br>Denver<br>Fort Lauderdale<br>Minneapolis |
|             | Supernovas     | Austin<br>Boise<br>Jacksonville                       |
|             |                | Phoenix<br>San Antonio<br>Tampa/St. Petersburg        |
|             |                | Portland, OR<br>Salt Lake City<br>San Diego           |
|             |                | Nashville<br>Raleigh/Durham                           |

Exhibit 2-4 Local Market Perspective: Development/Redevelopment Opportunities

| Weak                          | Average | Strong                    |      |
|-------------------------------|---------|---------------------------|------|
| Raleigh/Durham                | 4.03    | Washington, DC—District   | 3.20 |
| Charlotte                     | 3.89    | Oakland/East Bay          | 3.20 |
| Northern New Jersey           | 3.76    | West Palm Beach           | 3.19 |
| Austin                        | 3.75    | Charleston                | 3.16 |
| Phoenix                       | 3.73    | Indianapolis              | 3.15 |
| Inland Empire                 | 3.73    | Greenville, SC            | 3.13 |
| New York—Brooklyn             | 3.72    | Sacramento                | 3.09 |
| Nashville                     | 3.71    | Tucson                    | 3.05 |
| Dallas/Fort Worth             | 3.71    | Washington, DC—MD suburbs | 3.04 |
| Tampa/St. Petersburg          | 3.65    | Las Vegas                 | 3.04 |
| Salt Lake City                | 3.64    | Baltimore                 | 3.00 |
| San Antonio                   | 3.63    | Buffalo                   | 3.00 |
| Atlanta                       | 3.61    | New York—Manhattan        | 3.00 |
| Long Island                   | 3.59    | Pittsburgh                | 3.00 |
| Jersey City                   | 3.57    | Birmingham                | 3.00 |
| New York—other boroughs       | 3.57    | Richmond                  | 3.00 |
| Boise                         | 3.56    | Chicago                   | 3.00 |
| Orange County                 | 3.55    | Detroit                   | 3.00 |
| Philadelphia                  | 3.54    | St. Louis                 | 3.00 |
| Denver                        | 3.51    | Cincinnati                | 2.93 |
| Columbus                      | 3.47    | Virginia Beach/Norfolk    | 2.92 |
| San Jose                      | 3.46    | Honolulu                  | 2.90 |
| Boston                        | 3.44    | Portland, OR              | 2.89 |
| Washington, DC—Northern VA    | 3.44    | Washington, DC—District   | 2.89 |
| Minneapolis                   | 3.44    | San Francisco             | 2.88 |
| Seattle                       | 3.39    | Gainesville               | 2.84 |
| Jacksonville                  | 3.39    | Albuquerque               | 2.84 |
| San Diego                     | 3.39    | Des Moines                | 2.83 |
| Orlando                       | 3.35    | Madison                   | 2.83 |
| Kansas City, MO               | 3.33    | Deltona/Daytona           | 2.82 |
| Cape Coral/Fort Myers/Naples  | 3.31    | Omaha                     | 2.80 |
| Houston                       | 3.30    | Tallahassee               | 2.79 |
| Hartford                      | 3.30    | Cleveland                 | 2.75 |
| Los Angeles                   | 3.30    | Chattanooga               | 2.73 |
| Portland, ME                  | 3.29    | Providence                | 2.67 |
| Westchester, NY/Fairfield, CT | 3.25    | Louisville                | 2.58 |
| Fort Lauderdale               | 3.23    | Memphis                   | 2.50 |
| Miami                         | 3.21    | Oklahoma City             | 2.47 |
| Spokane, WA/Coeur d'Alene, ID | 3.21    | New Orleans               | 2.46 |
| Tacoma                        | 3.21    | Knoxville                 | 2.33 |

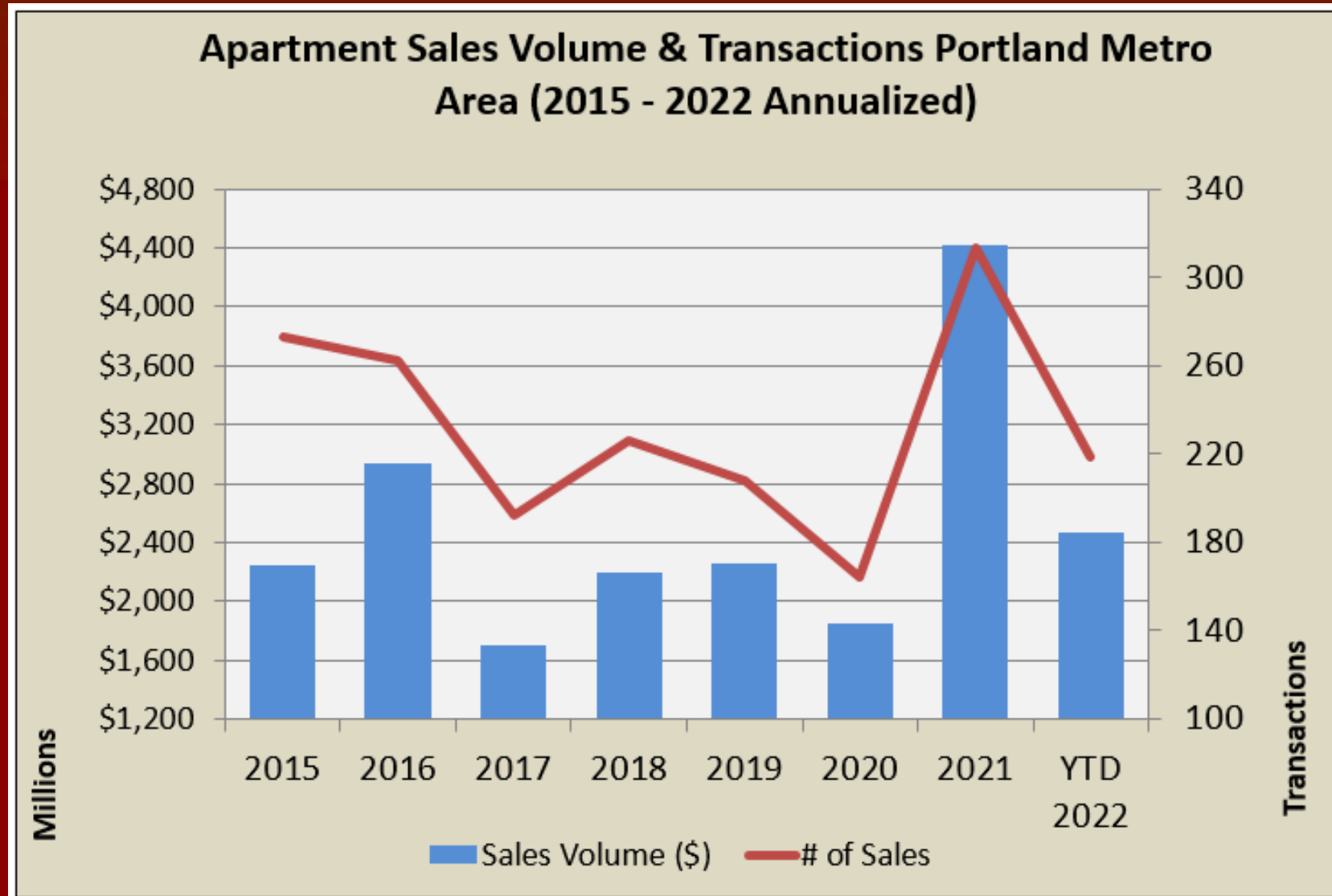
Source: Emerging Trends in Real Estate 2021 survey.

Exhibit 2-8 Local Market Perspective: Development/Redevelopment Opportunities

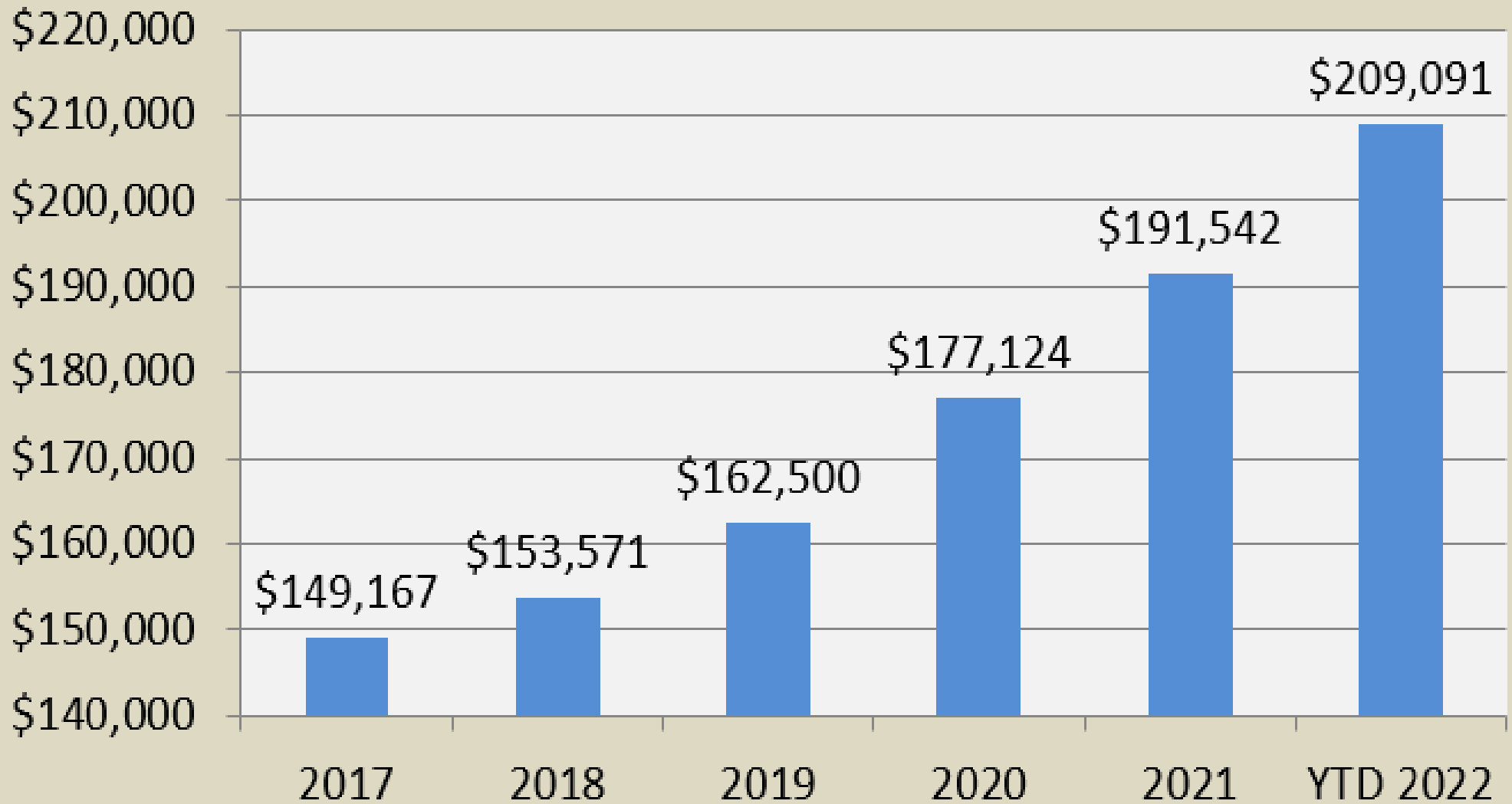
| Weak                       | Average | Strong                        |      |
|----------------------------|---------|-------------------------------|------|
| Tampa/St. Petersburg       | 4.35    | Los Angeles                   | 3.51 |
| Nashville                  | 4.27    | Tacoma                        | 3.50 |
| Raleigh/Durham             | 4.24    | Cincinnati                    | 3.47 |
| Charlotte                  | 4.18    | New York—other boroughs       | 3.47 |
| Phoenix                    | 4.15    | New York—Manhattan            | 3.46 |
| Dallas/Fort Worth          | 4.12    | Birmingham                    | 3.44 |
| Atlanta                    | 4.08    | Minneapolis/St. Paul          | 3.44 |
| Denver                     | 4.04    | Baltimore                     | 3.43 |
| Austin                     | 4.04    | Cleveland                     | 3.43 |
| Salt Lake City             | 4.04    | Tucson                        | 3.40 |
| Fort Lauderdale            | 3.94    | Portland, ME                  | 3.36 |
| Seattle                    | 3.93    | Spokane, WA/Coeur d'Alene, ID | 3.36 |
| Boise                      | 3.92    | Knoxville                     | 3.36 |
| Inland Empire              | 3.92    | Louisville                    | 3.33 |
| Washington, DC—Northern VA | 3.90    | Madison                       | 3.33 |
| Boston                     | 3.89    | St. Louis                     | 3.33 |
| Greenville, SC             | 3.88    | New Orleans                   | 3.27 |
| Northern New Jersey        | 3.84    | Cape Coral/Fort Myers/Naples  | 3.27 |
| Houston                    | 3.82    | Long Island                   | 3.26 |
| Charleston                 | 3.81    | Chicago                       | 3.26 |
| Las Vegas                  | 3.80    | Pittsburgh                    | 3.24 |
| San Antonio                | 3.77    | Columbus                      | 3.24 |
| Washington, DC—District    | 3.77    | Virginia Beach/Norfolk        | 3.20 |
| Jacksonville               | 3.76    | Gainesville                   | 3.18 |
| Washington, DC—MD suburbs  | 3.75    | Providence                    | 3.17 |
| San Jose                   | 3.74    | Detroit                       | 3.17 |
| New York—Brooklyn          | 3.74    | Westchester, NY/Fairfield, CT | 3.15 |
| Philadelphia               | 3.71    | Portland, OR                  | 3.15 |
| Orlando                    | 3.71    | San Francisco                 | 3.14 |
| Miami                      | 3.68    | Tallahassee                   | 3.11 |
| Oakland/East Bay           | 3.67    | Omaha                         | 3.10 |
| Indianapolis               | 3.67    | Oklahoma City                 | 3.09 |
| Richmond                   | 3.65    | Memphis                       | 3.06 |
| San Diego                  | 3.60    | San Francisco                 | 3.03 |
| Orange County              | 3.59    | Milwaukee                     | 3.00 |
| West Palm Beach            | 3.56    | Hartford                      | 2.93 |
| Jersey City                | 3.56    | Honolulu                      | 2.92 |
| Sacramento                 | 3.55    | Deltona/Daytona Beach         | 2.88 |
| Kansas City, MO            | 3.54    | Des Moines                    | 2.80 |
| Chattanooga                | 3.53    | Buffalo                       | 2.79 |

Source: Emerging Trends in Real Estate 2021 survey.

# Portland Metro Apartment Sales Volume & Transactions – 2015 thru Sept 2022

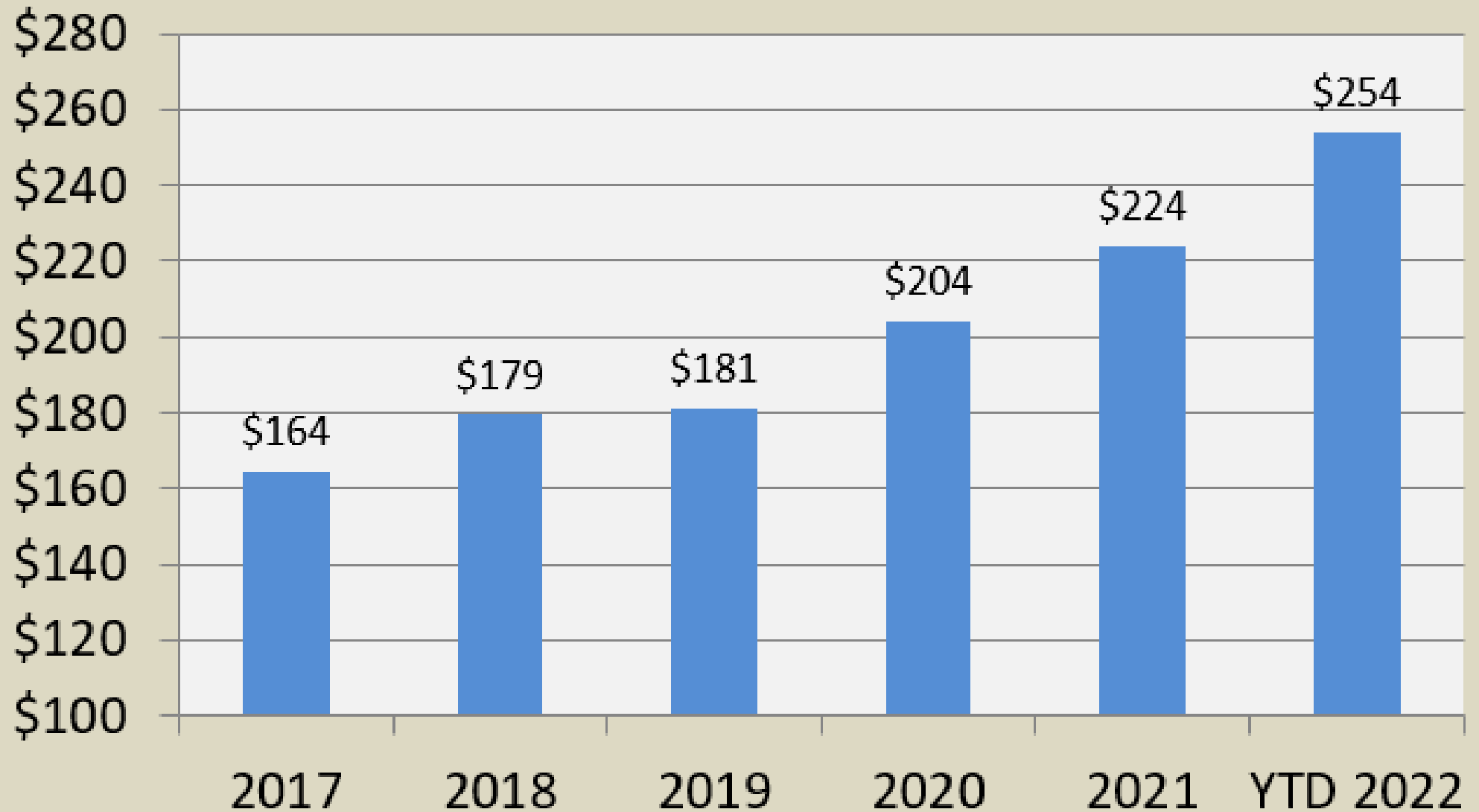


## Portland Metro Area Median Price per Unit (2017 - YTD 2022 through September)





## Portland Metro Area Median Price Sq. Ft. (2017 - YTD 2022 through September)

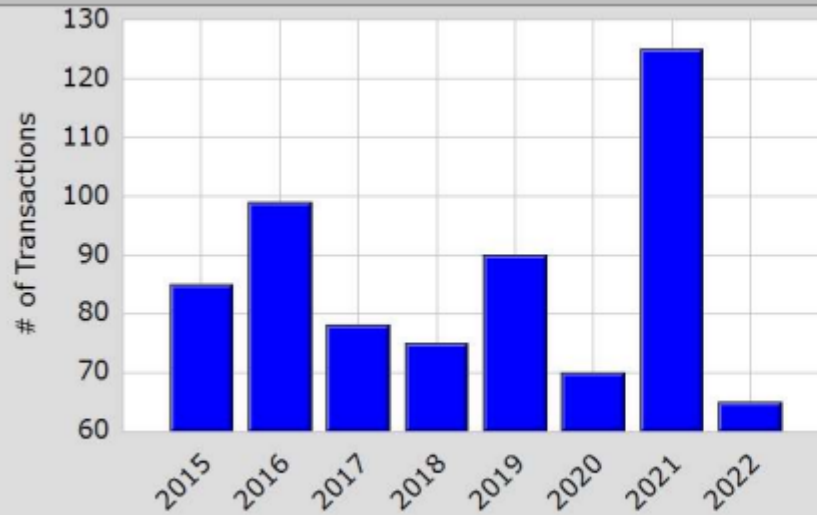


# Sale Trends – 2010-2022 Built Apts

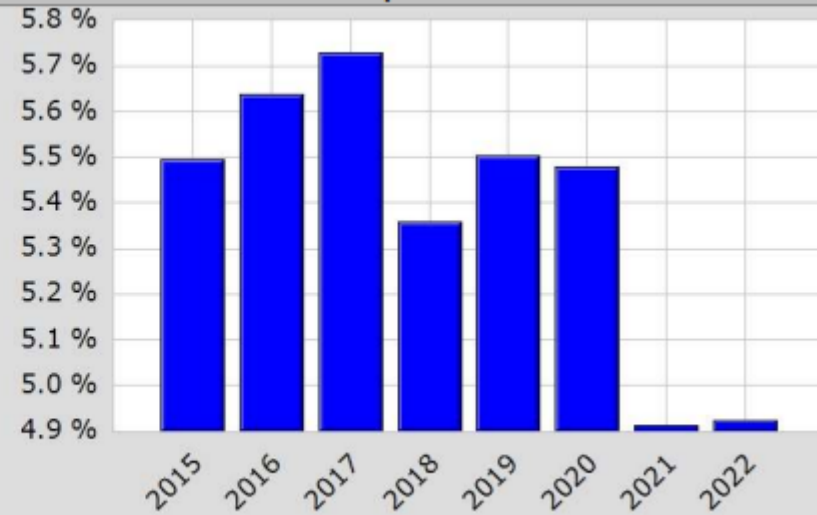


# Sale Trends – Suburban

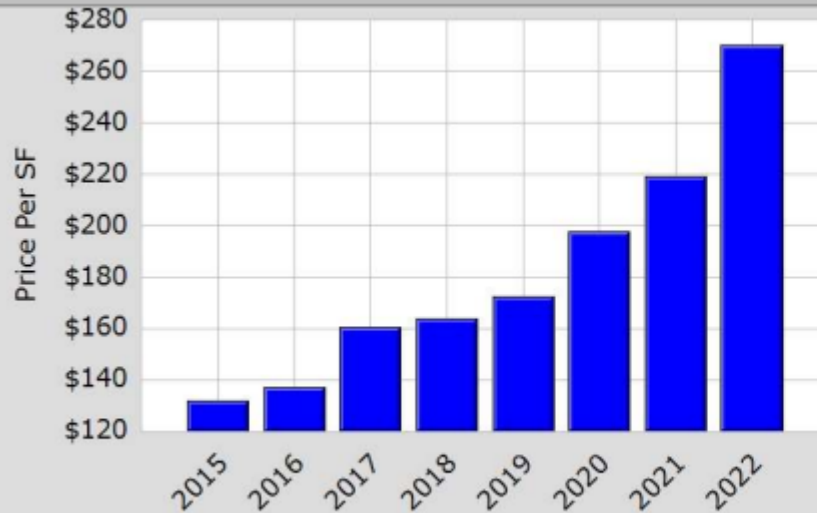
# of Transactions



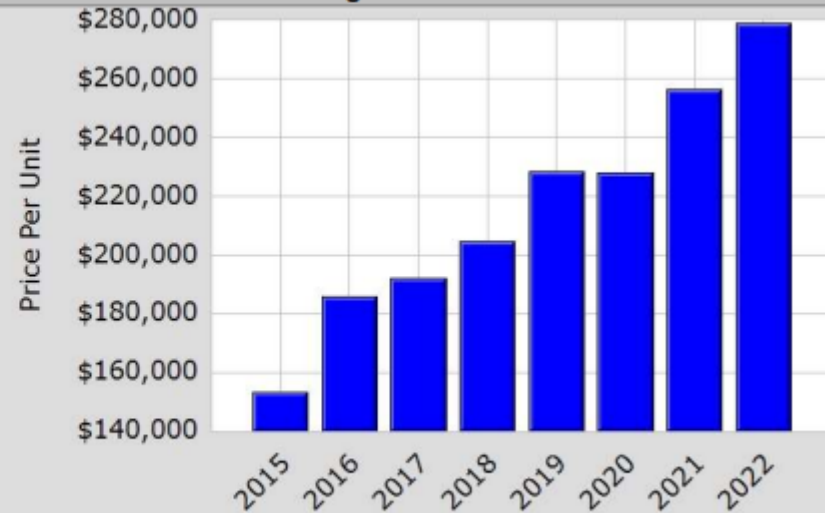
Cap Rate



Median Price Per SF

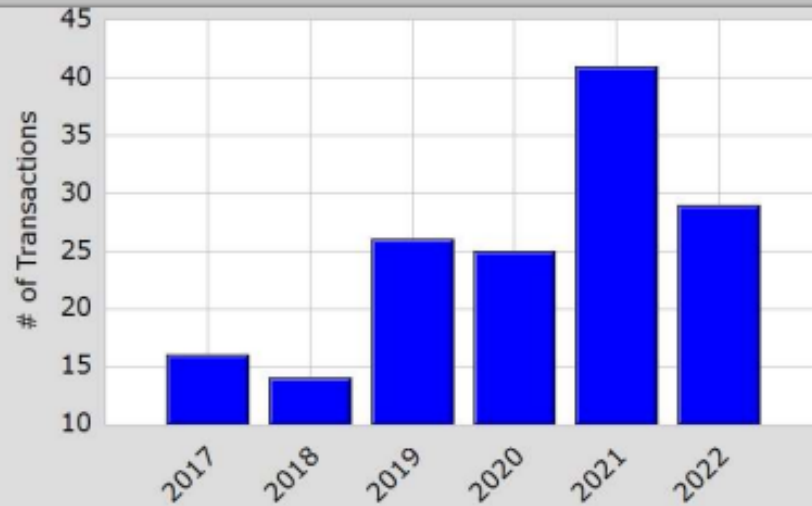


Average Price Per Unit

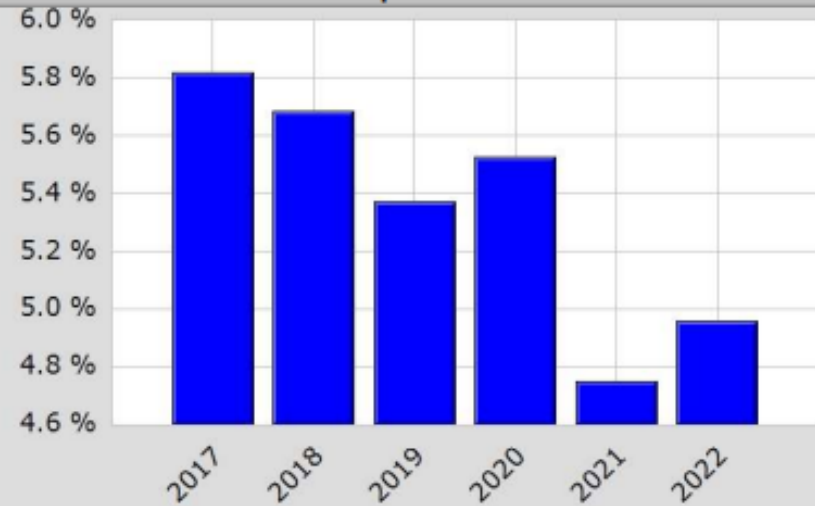


# Sale Trends – Clark County

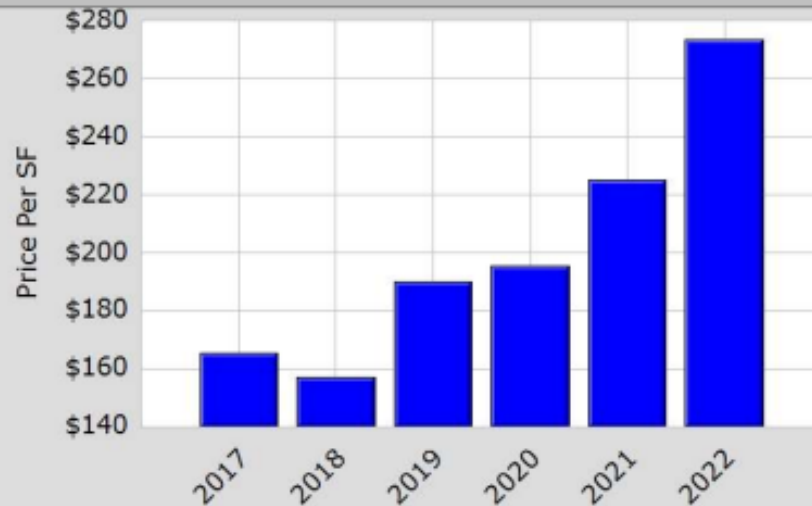
# of Transactions



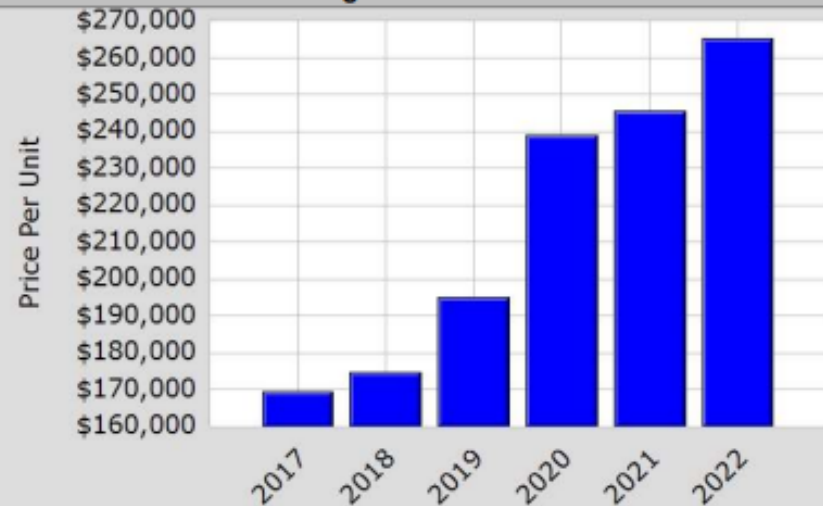
Cap Rate



Median Price Per SF

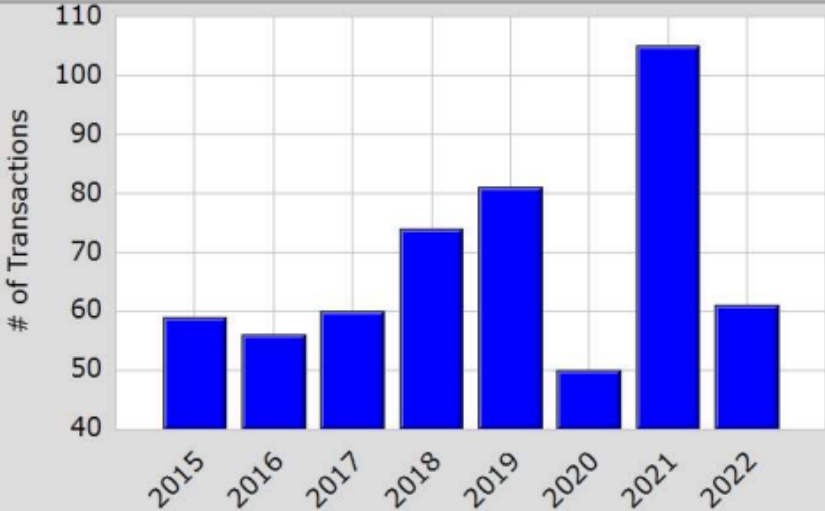


Average Price Per Unit

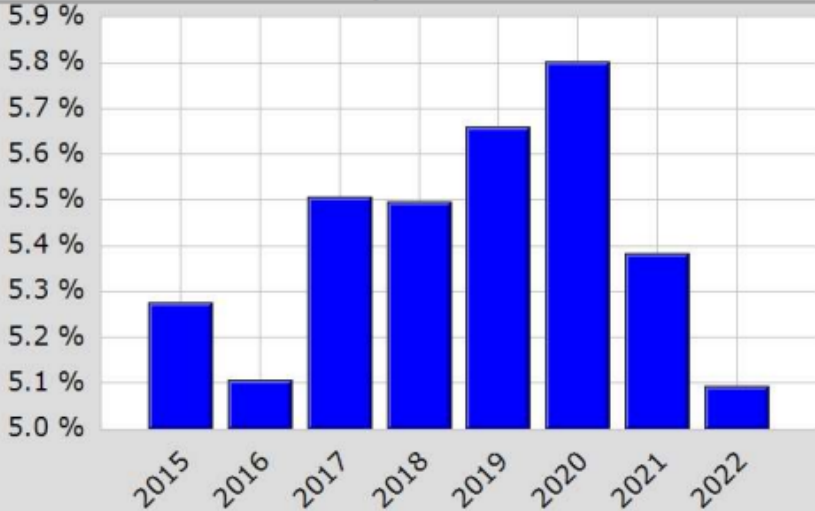


# Portland Metro 5-15 Units – Pre-2010

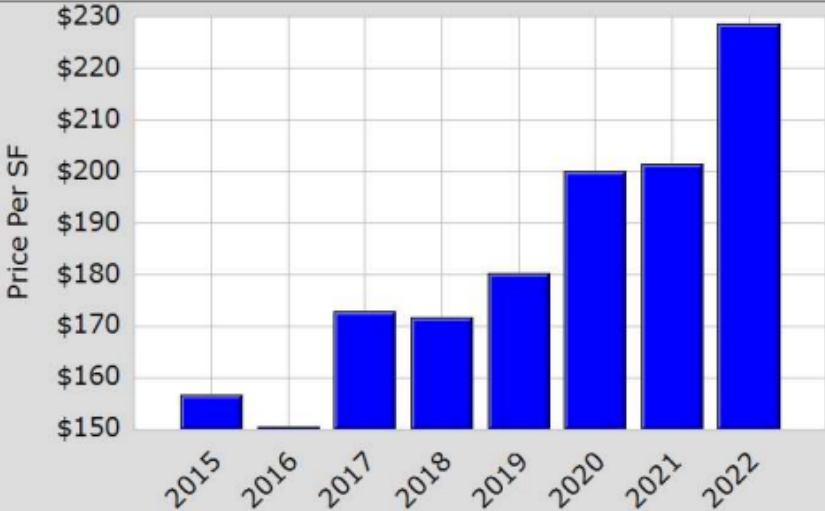
# of Transactions



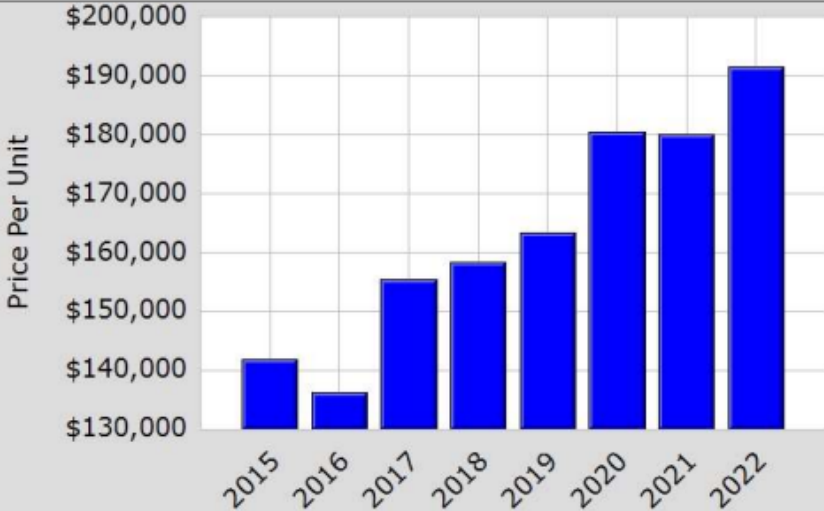
Cap Rate



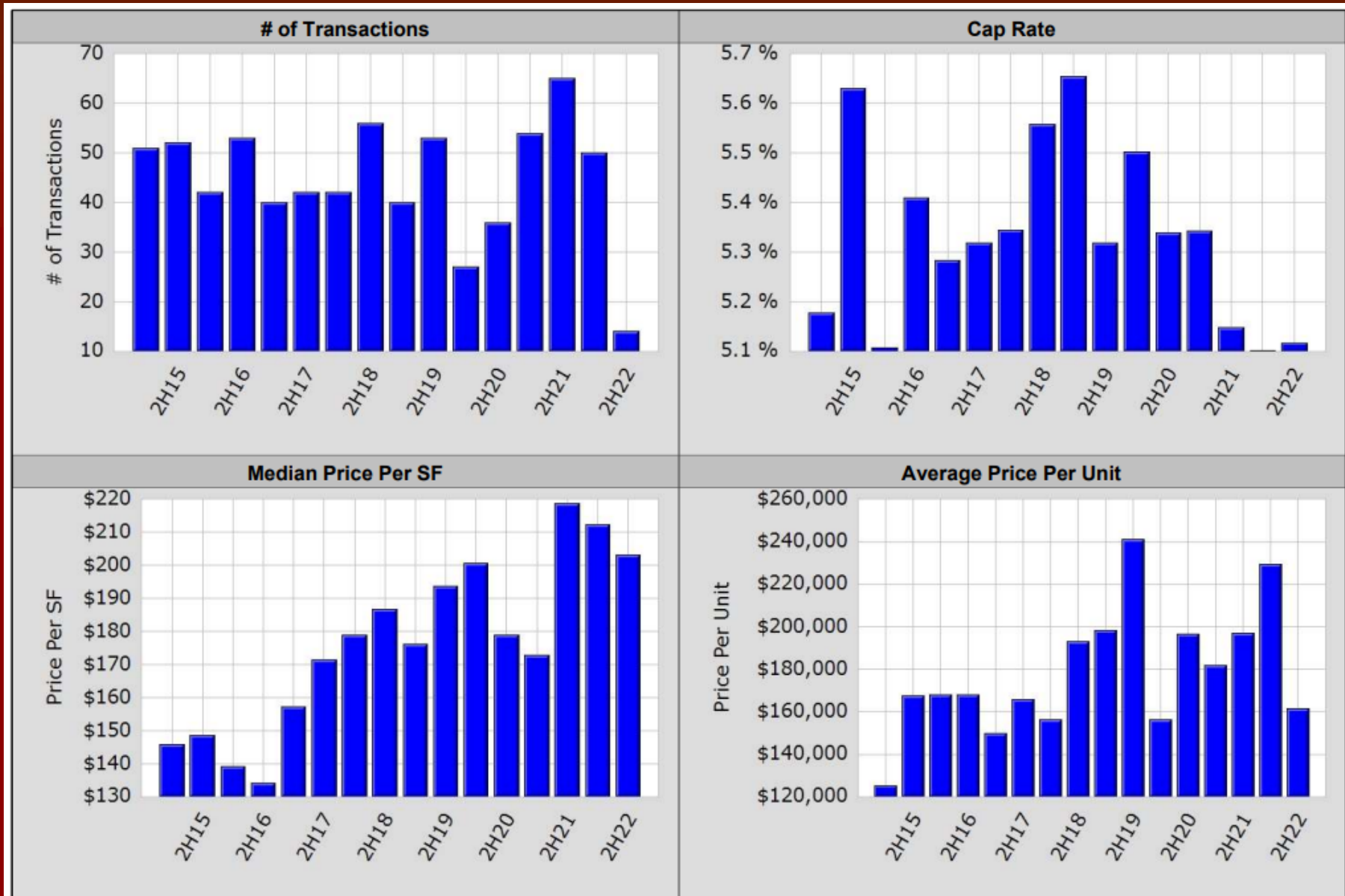
Median Price Per SF



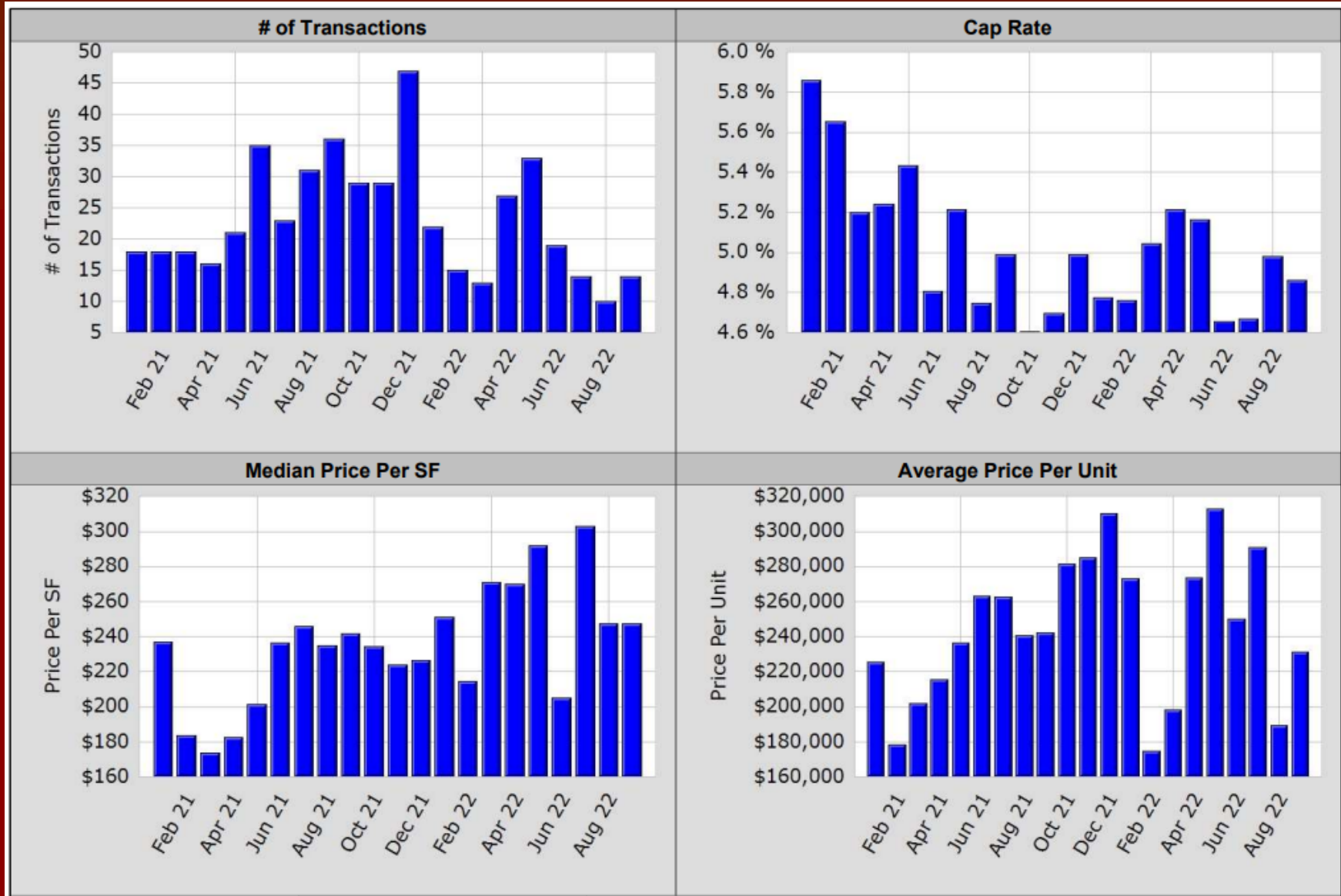
Average Price Per Unit



# Sale Trends – Pre-2010 - Portland



# Portland Metro – Sales by Month



# Top Buyers by Dollar Volume

|    | Company Name                          | City            | State | Type           | Secondary Type       | # of Sales<br>(in search) | Sale Value<br>(in search) ↓ |
|----|---------------------------------------|-----------------|-------|----------------|----------------------|---------------------------|-----------------------------|
| 1  | The Wolff Company                     | Scottsdale      | AZ    | Private        | Developer            | 9                         | \$579,020,000               |
| 2  | Greystar Real Estate Partners         | Charleston      | SC    | Private        | Developer            | 4                         | \$414,000,000               |
| 3  | Rise Properties Trust                 | Seattle         | WA    | Private        | Private REIT         | 7                         | \$258,785,000               |
| 4  | MG Properties                         | San Diego       | CA    | Private        | Developer/Owner-RGNL | 3                         | \$225,000,000               |
| 5  | Bridge Investment Group               | Sandy           | UT    | Private Equity | Equity Funds         | 1                         | \$190,024,992               |
| 6  | ColRich                               | San Diego       | CA    | Private        | Developer            | 4                         | \$183,850,000               |
| 7  | Teachers Insurance and Annuity Ass... | New York        | NY    | Institutional  | Investment Manager   | 2                         | \$181,200,000               |
| 8  | CalSTRS                               | West Sacramento | CA    | Institutional  | Pension Fund         | 4                         | \$173,350,000               |
| 9  | Kennedy Wilson, Inc.                  | Beverly Hills   | CA    | Private        | Developer            | 1                         | \$120,750,000               |
| 10 | Sun Life Financial                    | Toronto         | ON    | Institutional  | Insurance Company    | 1                         | \$115,250,000               |
| 11 | FPA Multifamily LLC                   | San Francisco   | CA    | Institutional  | Investment Manager   | 3                         | \$104,150,000               |
| 12 | Abacus Capital Group                  | New York        | NY    | Institutional  | Investment Manager   | 3                         | \$102,356,828               |
| 13 | Jackson Square Properties             | San Francisco   | CA    | Private        | Developer            | 2                         | \$96,750,000                |
| 14 | Virtu Investments                     | Larkspur        | CA    | Institutional  | Investment Manager   | 1                         | \$87,500,000                |
| 15 | Trion Properties                      | West Hollywood  | CA    | Private        | Developer/Owner-RGNL | 4                         | \$84,800,000                |
| 16 | Hamilton Zanze & Company              | San Francisco   | CA    | Private        | Developer            | 2                         | \$81,650,000                |
| 17 | Prime Group                           | San Francisco   | CA    | Private Equity | Equity Funds         | 1                         | \$80,750,000                |
| 18 | The Calida Group                      | Las Vegas       | NV    | Private        | Developer/Owner-RGNL | 3                         | \$79,750,000                |



**June 2022 – 13 Unit NW Portland  
\$158,462/Unit**



Sept 2022 – 6 Unit Rio Apts  
Beaverton - \$156,667/Unit



Sept 2022 – 24 Unit Pine Tree Lane – SE  
Portland - \$132,083/Unit



# Sept 2022 – 18 Unit Bailey Commons N Portland - \$263,889/unit



# August 2022 - 29 Unit St. Mary's Crossing Beaverton - \$215,000/unit



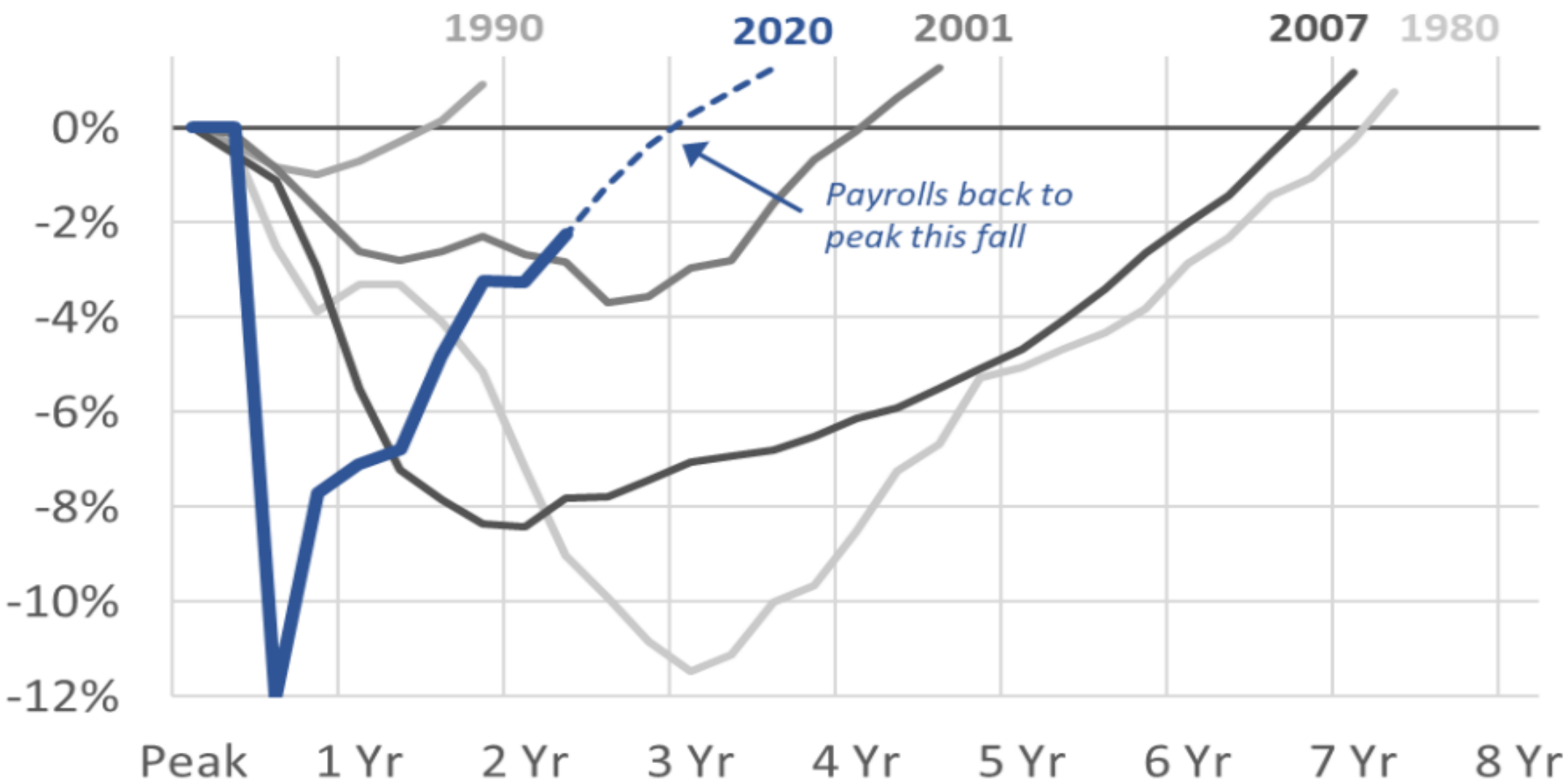
**October 2020 Sale - 64 Unit Edison Apts  
Gresham - \$187,500/unit**



**March 2022 Sale - 64 Unit Edison Apts  
Gresham - \$304,688/unit**

# Oregon Recession Comparison

Employment Percent Change from Pre-Recession Peak

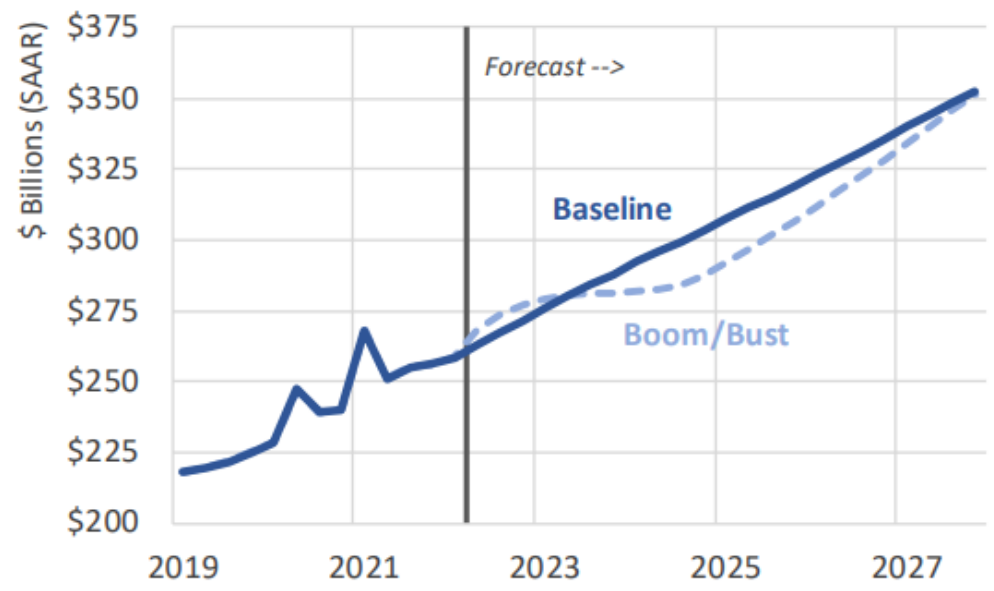


Source: Oregon Employment Department, Oregon Office of Economic Analysis

# Alternative Scenario

Jun 2022

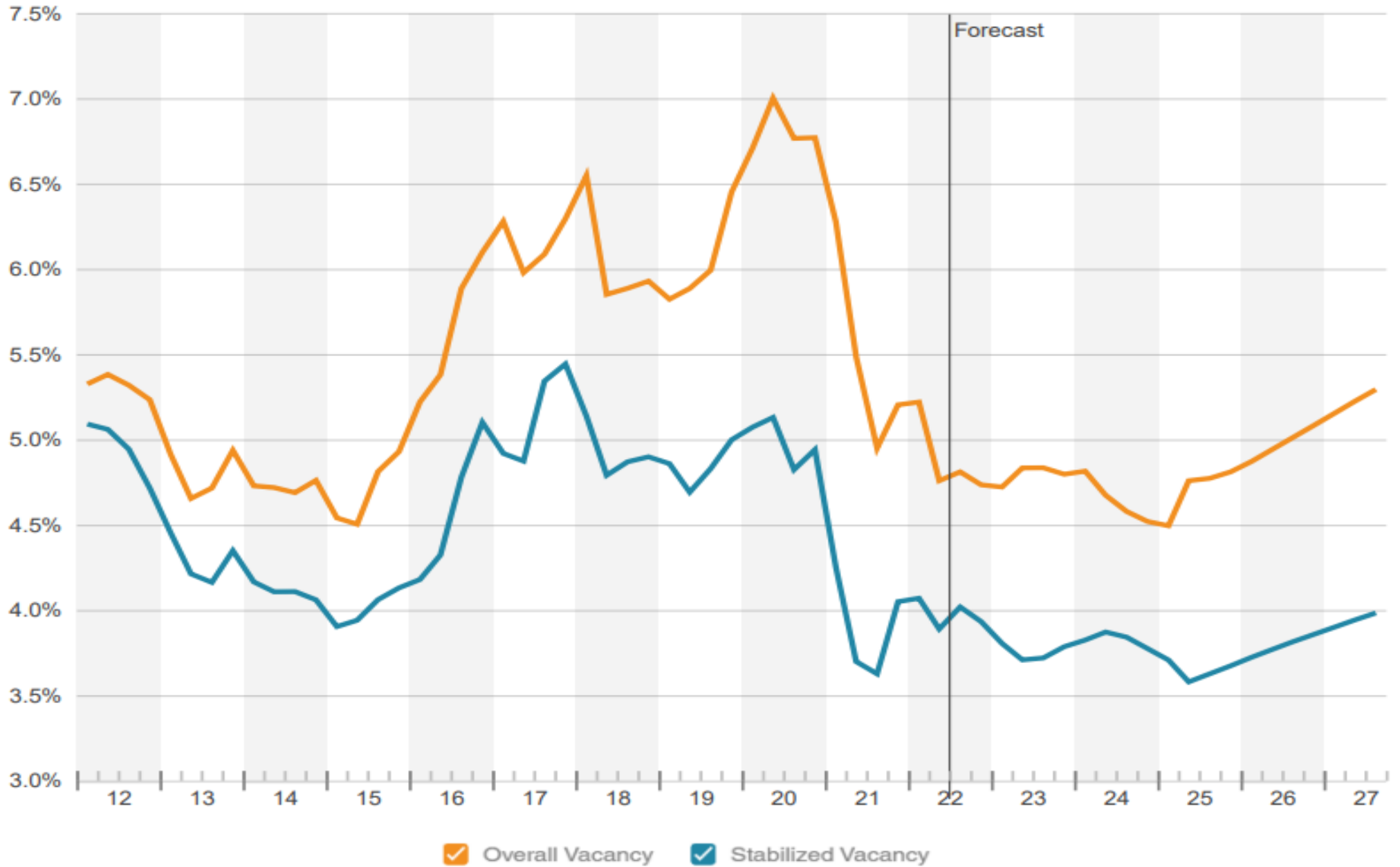
## Oregon Total Personal Income



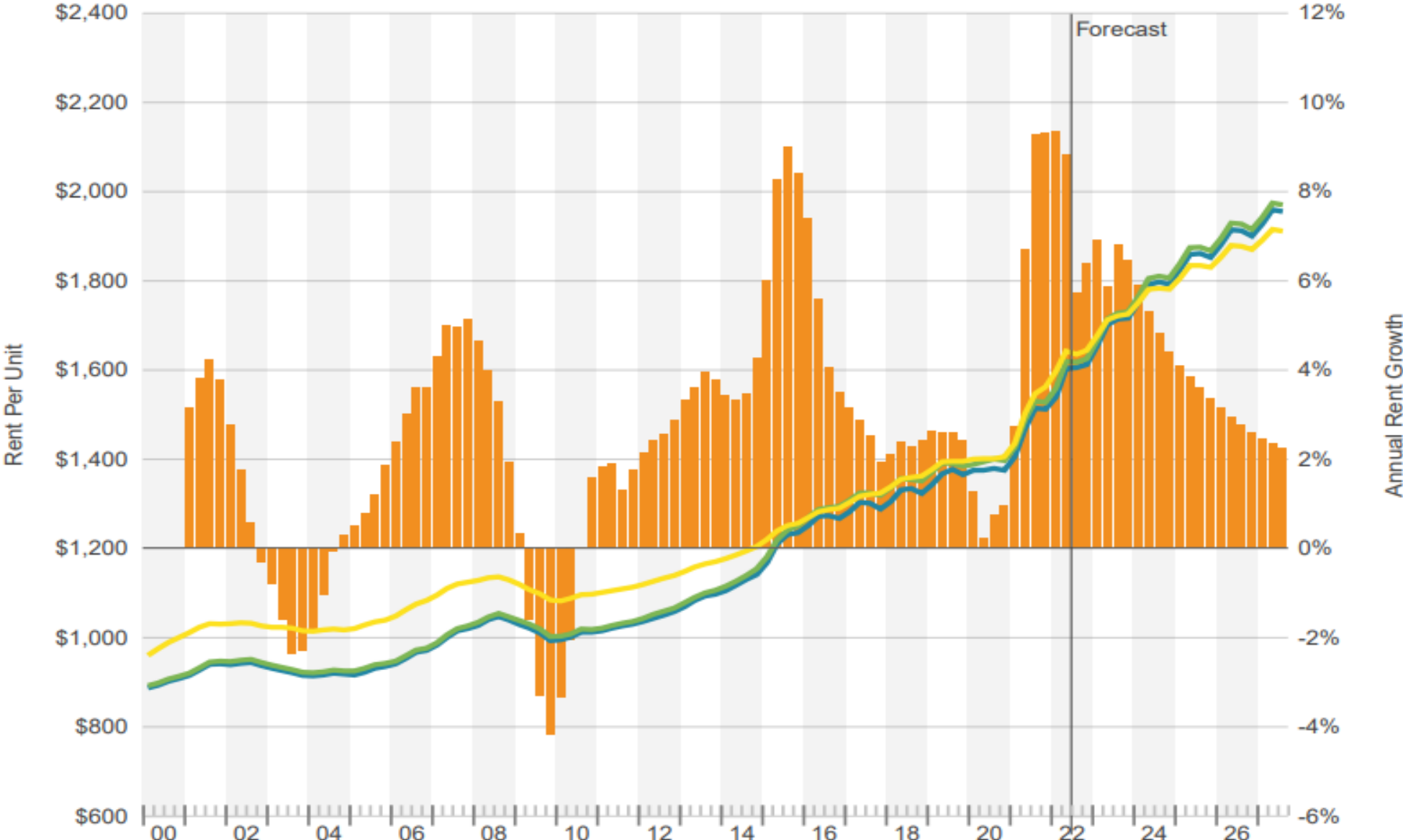
|                          | 2021  | 2022  | 2023  | 2024  | 2025  | 2026 |
|--------------------------|-------|-------|-------|-------|-------|------|
| <b>Employment</b>        |       |       |       |       |       |      |
| Baseline                 | 2.3%  | 3.8%  | 2.3%  | 1.1%  | 0.7%  | 0.7% |
| Boom/Bust                | 2.3%  | 4.9%  | 0.4%  | -2.8% | -0.9% | 1.2% |
| <b>Unemployment Rate</b> |       |       |       |       |       |      |
| Baseline                 | 5.2%  | 3.7%  | 3.6%  | 3.8%  | 4.0%  | 4.1% |
| Boom/Bust                | 5.2%  | 3.0%  | 5.1%  | 8.1%  | 8.5%  | 7.9% |
| <b>Personal Income</b>   |       |       |       |       |       |      |
| Baseline                 | 7.9%  | 2.9%  | 6.4%  | 5.6%  | 5.2%  | 5.2% |
| Boom/Bust                | 7.9%  | 4.6%  | 4.2%  | 1.2%  | 5.4%  | 7.0% |
| <b>Consumer Spending</b> |       |       |       |       |       |      |
| Baseline                 | 12.1% | 9.1%  | 4.7%  | 4.6%  | 4.6%  | 4.6% |
| Boom/Bust                | 12.1% | 10.3% | -1.0% | 2.1%  | 7.3%  | 7.2% |



# Overall & Stabilized Vacancy

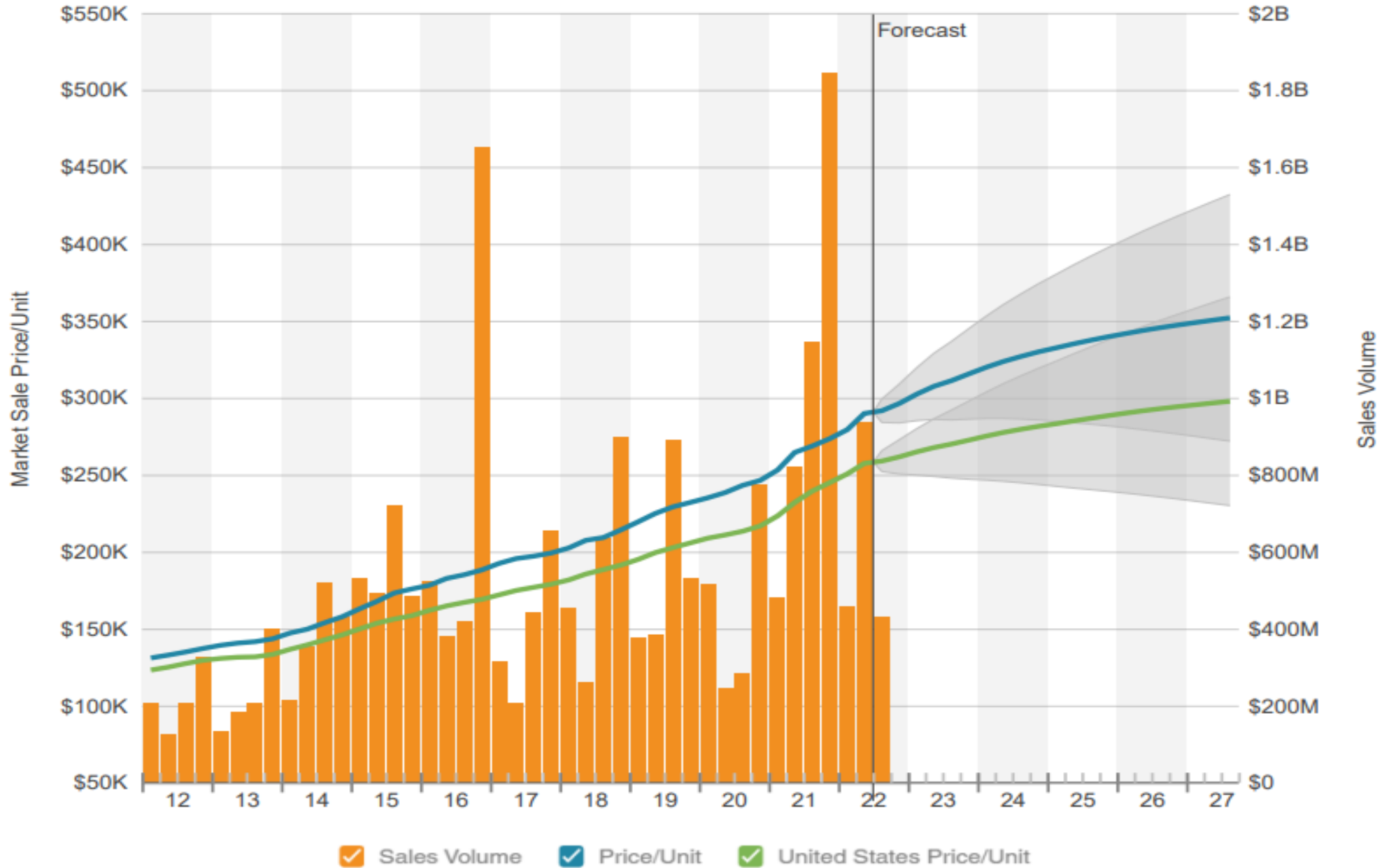


# Market Rent Per Unit & Rent Growth



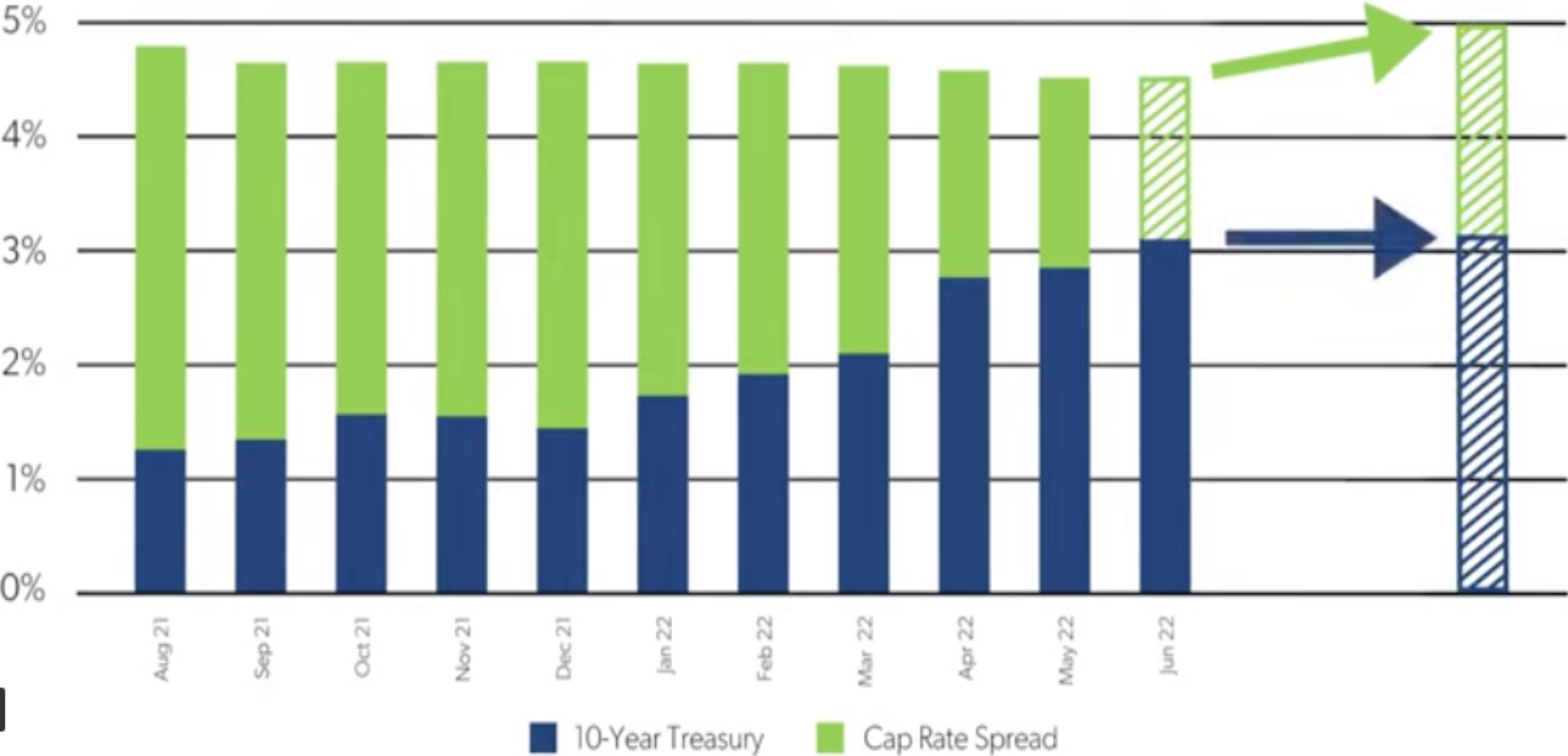
- ✓ Portland Asking Rent Growth (YOY)
- ✓ Portland Effective Rent
- ✓ Portland Asking Rent
- ✓ United States Asking Rent

# Sales Volume & Market Sale Price Per Unit



# Cap Rate 10-Year Inflation

Higher treasury rates are squeezing cap rate spreads. This is putting upward pressure on cap rates but due to the strength of the multifamily market and sticky nature of cap rates, we believe increases will be limited to 20 to 40 basis points in the short term if current 10 year treasury yields hold steady around 3.0%.



Sources: RCA, Moody's Analytics, Federal Reserve Board and Freddie Mac

FINANCE · US ECONOMY

# Recession odds just skyrocketed up to 80%, says former Reagan economist and hyperinflation expert

BY CHLOE TAYLOR

September 23, 2022 at 8:35 AM PDT



Steve Hanke, a professor of applied economics at Johns Hopkins University, pictured in 2008. Hanke believes there is an 80% chance of a U.S. recession.

JEROME FAVRE—BLOOMBERG/GETTY IMAGES



## Most Popular

FINANCE

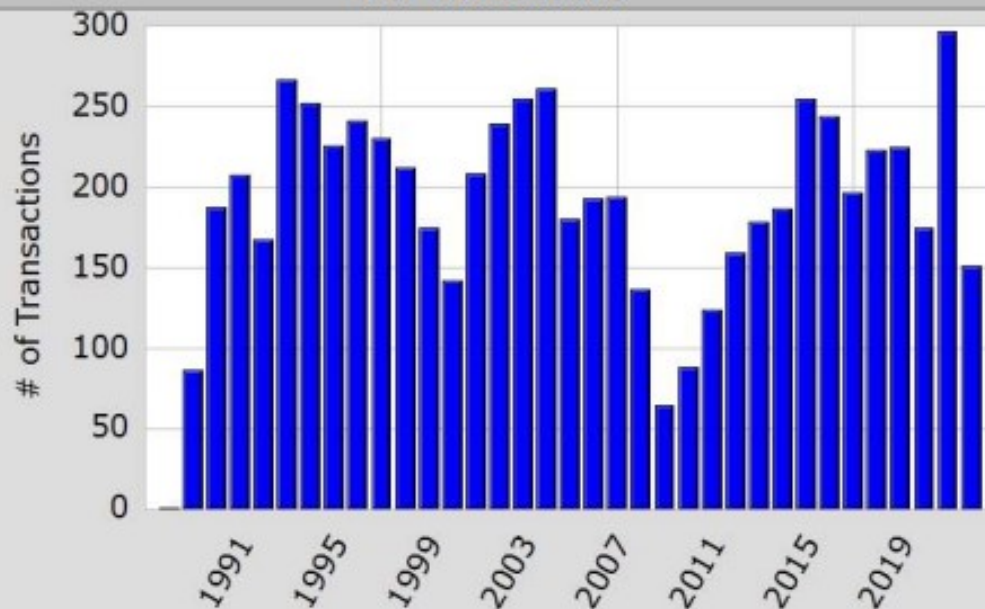
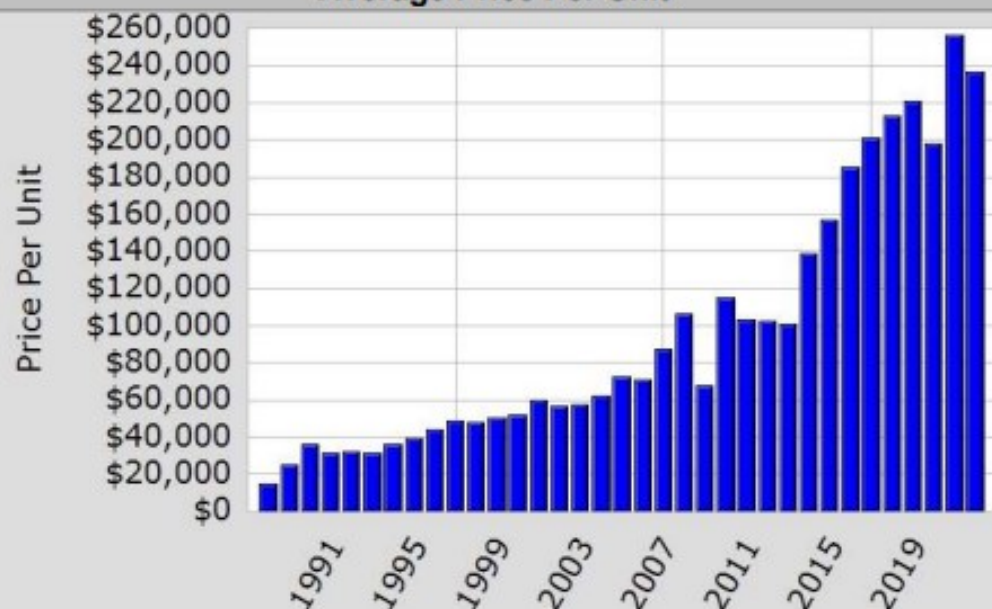
Top economist Mohamed El-Erian says the 'relentless appreciation of the dollar' is terrible news for the global economy



September 26, 2022

BY WILL DANIEL

FINANCE

**# of Transactions****Cap Rate****Median Price Per SF****Average Price Per Unit**

# Questions

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