

RHA Oregon

Portland Metro Apartment Market Update

March 17, 2021

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Job Growth Gives the Economy an Upbeat Start to the Year

Payrolls expanded by 225,000 in January, helped by mild weather, and more people were drawn into the labor market.



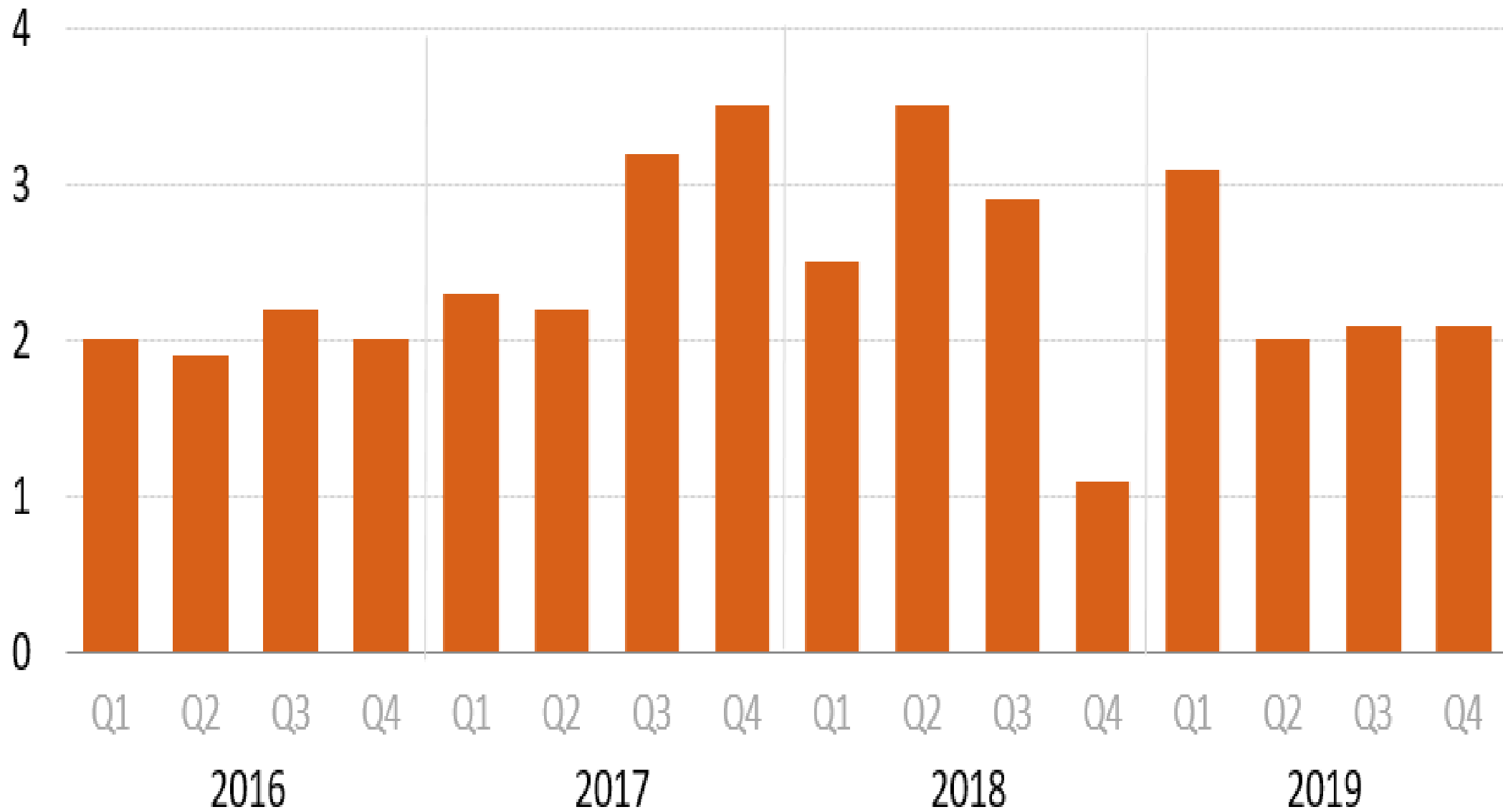
By Ben Casselman

Feb. 7, 2020



Construction was among the sectors that contributed to job growth. Frederic J. Brown/Agence France-Presse — Getty Images

Real GDP: Percent change from preceding quarter



The CDC Releases Predictions For How COVID-19 Will Spread in The US

BI JAMES PASLEY, BUSINESS INSIDER
28 FEB 2020

US health officials told the country to prepare for the coronavirus. "It's not so much of a question of if this will happen anymore but rather more of a question of exactly when this will happen."

It said:

- *More cases are likely*
- *The healthcare systems could become "overwhelmed" and "overloaded"*
- *Public places could empty out as people stay home to avoid getting the virus or giving it to anyone else.*

Coronavirus pandemic would spark deep recession and pose a 'significant threat' to Trump's re-election, top economist Mark Zandi says

PUBLISHED SUN, MAR 1 2020•5:01 PM EST



Topics Covered - Portland Metro Apartment Market

- **Macro Trends and Overview**
 - **Employment, Population, Home Ownership Ratio, Interest Rates, Apt Construction**
- **Apartment Fundamentals – COVID Impact**
 - **Rents and Income, Vacancies, Expenses**
- **Apartment Sales and Values**
- **Other Issues**
- **Trends from 2020 forecast for 2021**

Main Sources of Information for This Talk



March 2021 Economic and Revenue Forecast

February 24th, 2020

Oregon Office of Economic Analysis
Mark McMullen
Josh Lehner



Multi-Family Market Report

Portland - OR

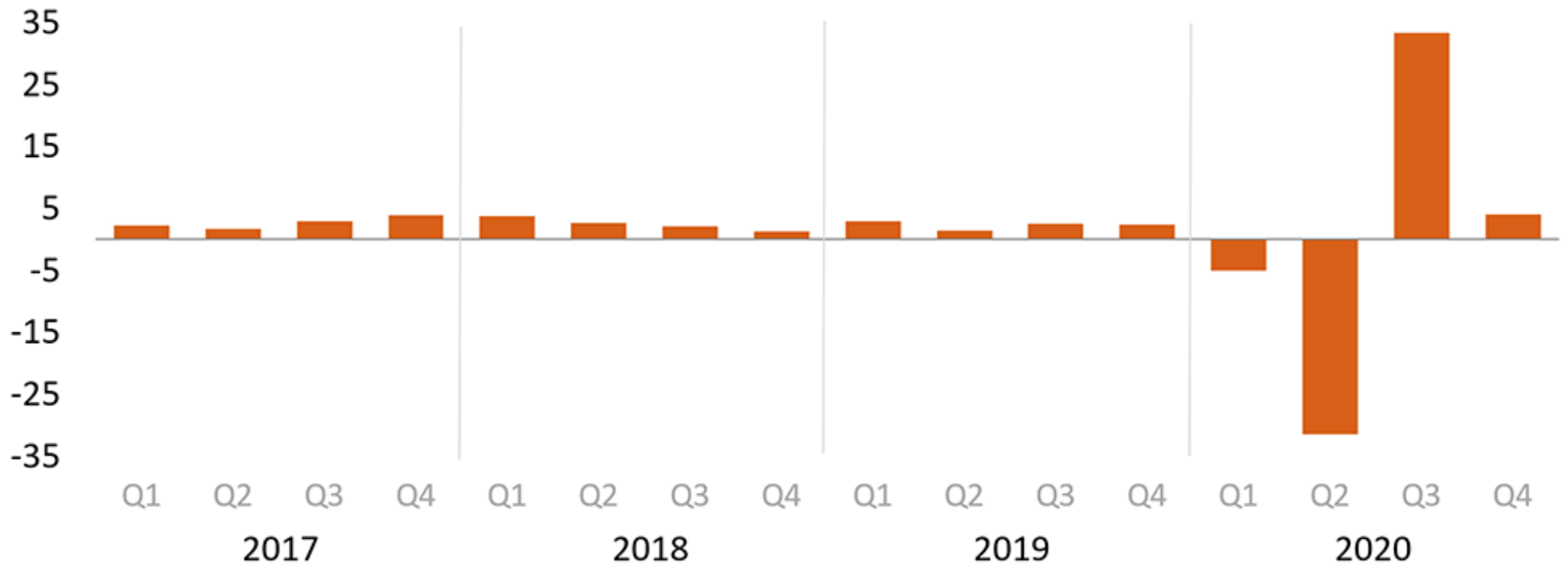
PREPARED BY

Patrick Barry
Appraiser





Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

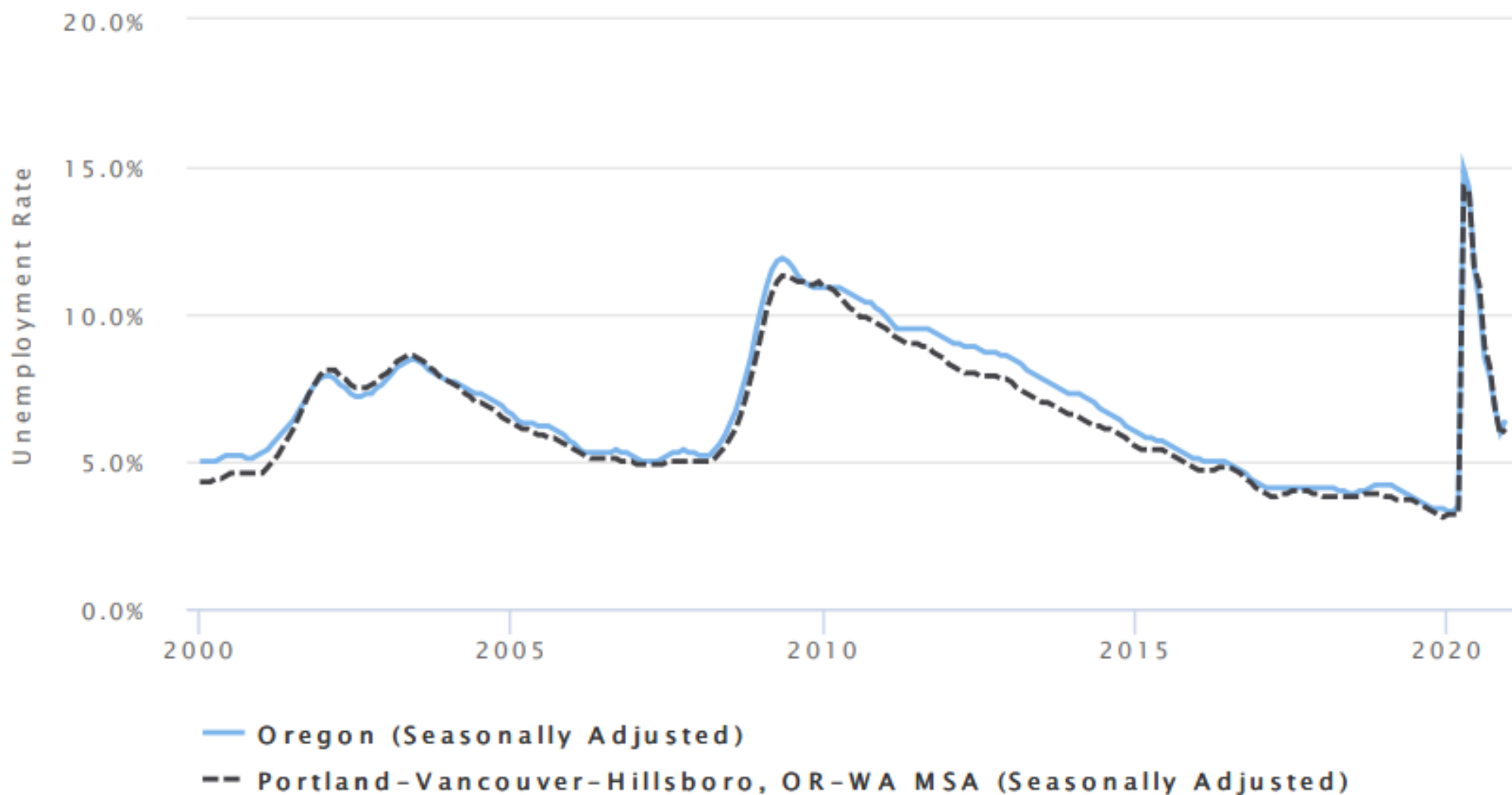
Portland–Vancouver–Hillsboro, OR–WA MSA Total nonfarm employment

(seasonally adjusted)



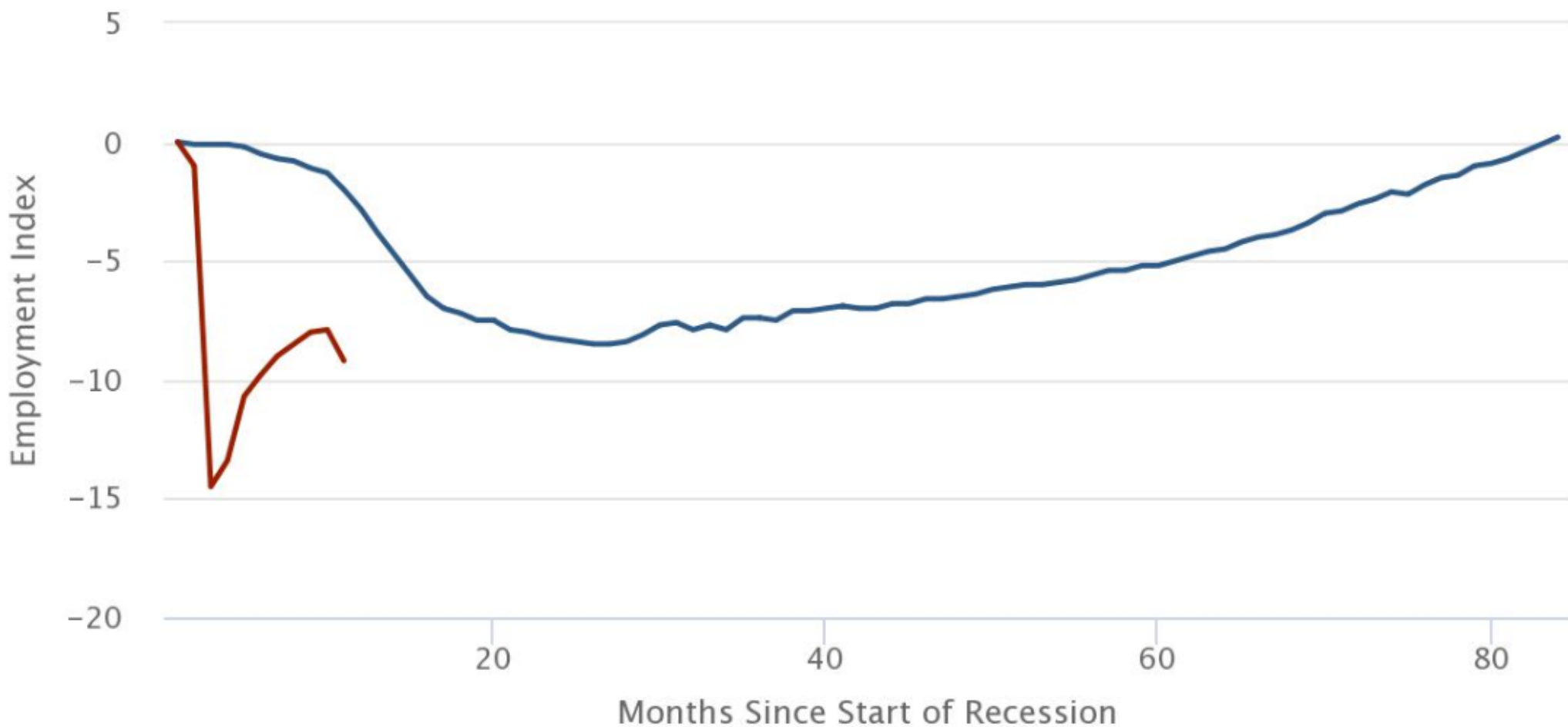
Local Area Unemployment Statistics

(Unemployment Rate)



COVID-19 Job Changes Compared to Great Recession Job Changes

by Industry
Total Nonfarm, Oregon



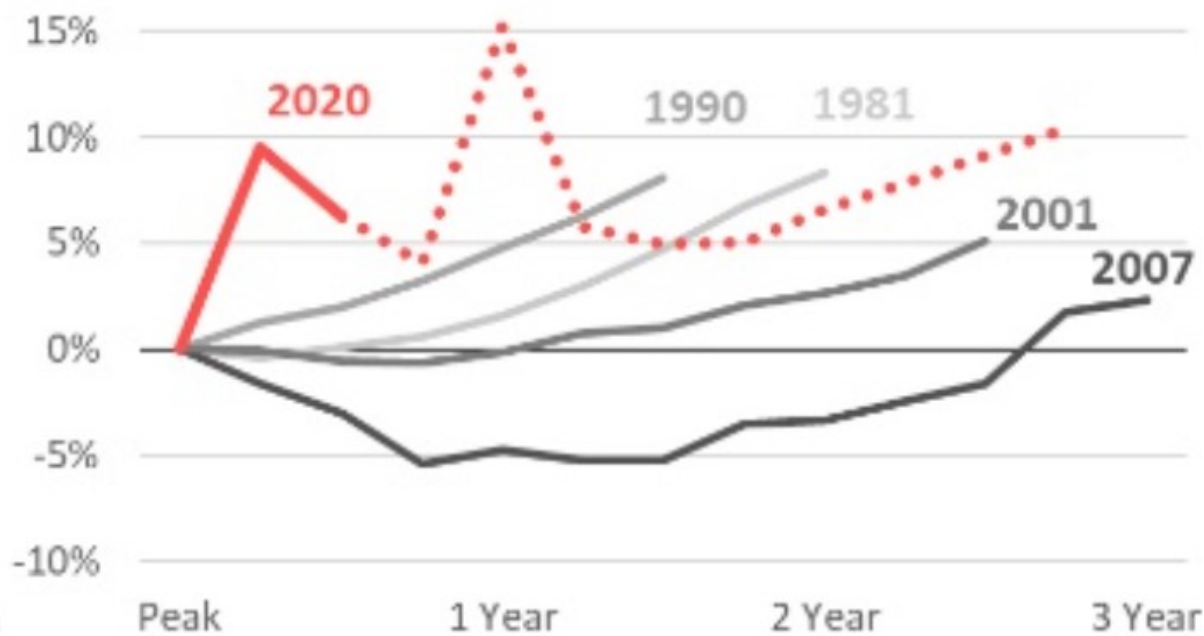
— Great Recession, 2007-2009 — COVID-19



Overall income is up sharply

Total Oregon Personal Income

Nominal, Percent Change from Pre-Recession Peak



- Unprecedented federal aid has boosted incomes higher today than before the pandemic
- Oregonians expected to receive \$12 billion in UI, \$11 billion in PPP and \$8 billion in rebates
- Economy proving more resilient as well. Income excluding direct federal aid has returned to pre-pandemic levels.
 - Investment income remains healthy



Quarterly data. Latest data 2020q3 | Source: BEA, Oregon Office of Economic Analysis

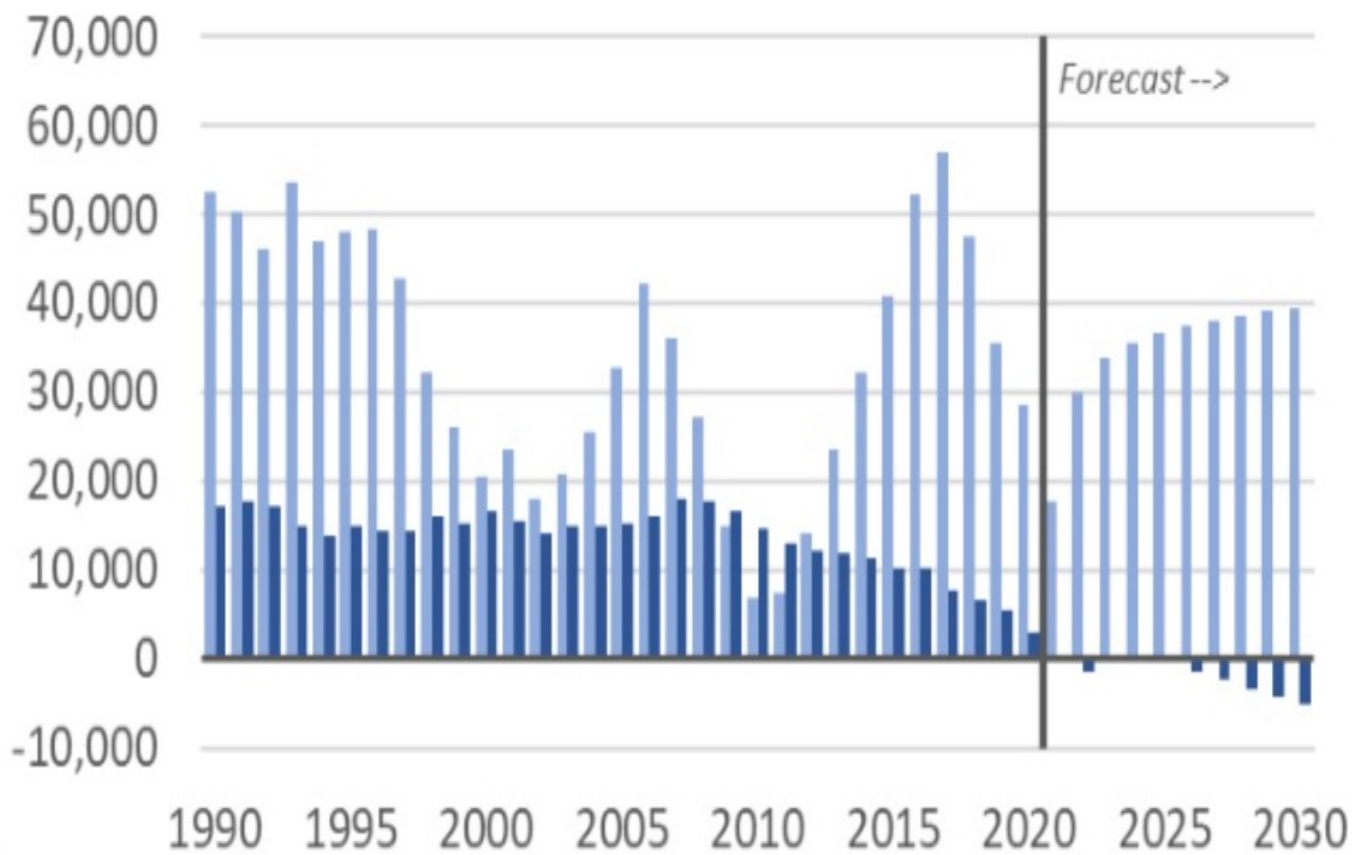




Oregon's comparative advantage

Oregon Population Growth

Natural Increase (Births minus Deaths) | Net Migration



- Population growth entirely reliant on net migration
 - Birth remain below replacement rate and deaths are rising
- What 2020 and now 2021 hath wrought could impact migration
 - Pandemic
 - Working from home
 - Wildfires
 - Drought
 - Ice storms
 - Protests



2005		2018	
San Jose	\$98.3	San Jose	\$124.7
Washington DC	\$96.1	San Francisco	\$107.9
San Francisco	\$84.1	Washington DC	\$102.2
Boston	\$79.8	Boston	\$88.7
Hartford	\$78.9	Seattle	\$87.9
Minneapolis	\$76.7	Baltimore	\$80.5
Baltimore	\$73.9	Minneapolis	\$79.6
San Diego	\$72.4	Denver	\$79.5
New York	\$72.2	San Diego	\$79.1
Seattle	\$70.7	New York	\$78.5
Denver	\$70.6	Hartford	\$77.3
Chicago	\$70.3	Austin	\$76.9
Atlanta	\$69.5	Portland	\$75.6
Sacramento	\$69.3	Raleigh	\$75.2
Philadelphia	\$68.9	Salt Lake City	\$73.7
Raleigh	\$68.4	Sacramento	\$73.1
Richmond	\$67.5	Los Angeles	\$72.6
Los Angeles	\$66.6	Chicago	\$70.8
Providence	\$66.0	Philadelphia	\$70.7
Virginia Beach	\$65.7	Atlanta	\$69.5
Detroit	\$65.3	Dallas	\$69.4
Riverside	\$65.3	Richmond	\$67.7
Kansas City	\$64.9	Nashville	\$65.9
Austin	\$64.9	Kansas City	\$65.8
Indianapolis	\$64.1	Riverside	\$65.7
Dallas	\$64.0	Virginia Beach	\$65.6
Las Vegas	\$63.7	Houston	\$65.4
Portland	\$63.3	Providence	\$65.1
Salt Lake City	\$63.0	Phoenix	\$64.4
St. Louis	\$62.6	Columbus	\$64.1
Columbus	\$62.3	St. Louis	\$62.8
Cincinnati	\$61.9	Cincinnati	\$62.7
Phoenix	\$61.9	Charlotte	\$62.1
Milwaukee	\$61.0	Indianapolis	\$61.0
Jacksonville	\$60.8	Milwaukee	\$60.6
Charlotte	\$60.6	Detroit	\$60.5
Houston	\$60.1	Jacksonville	\$60.2
Nashville	\$58.6	Pittsburgh	\$59.7
Orlando	\$57.3	Orlando	\$58.6
Cleveland	\$56.9	Oklahoma City	\$57.5
Birmingham	\$56.3	Louisville	\$57.4
Louisville	\$55.7	San Antonio	\$57.4
San Antonio	\$55.6	Las Vegas	\$57.1
Miami	\$55.4	Birmingham	\$56.4
Buffalo	\$54.4	Miami	\$56.3
Tampa	\$53.8	Cleveland	\$56.2
Pittsburgh	\$53.6	Buffalo	\$56.2
Memphis	\$52.8	Tampa	\$54.9
Oklahoma City	\$51.5	Memphis	\$50.3
New Orleans	\$51.3	New Orleans	\$50.3

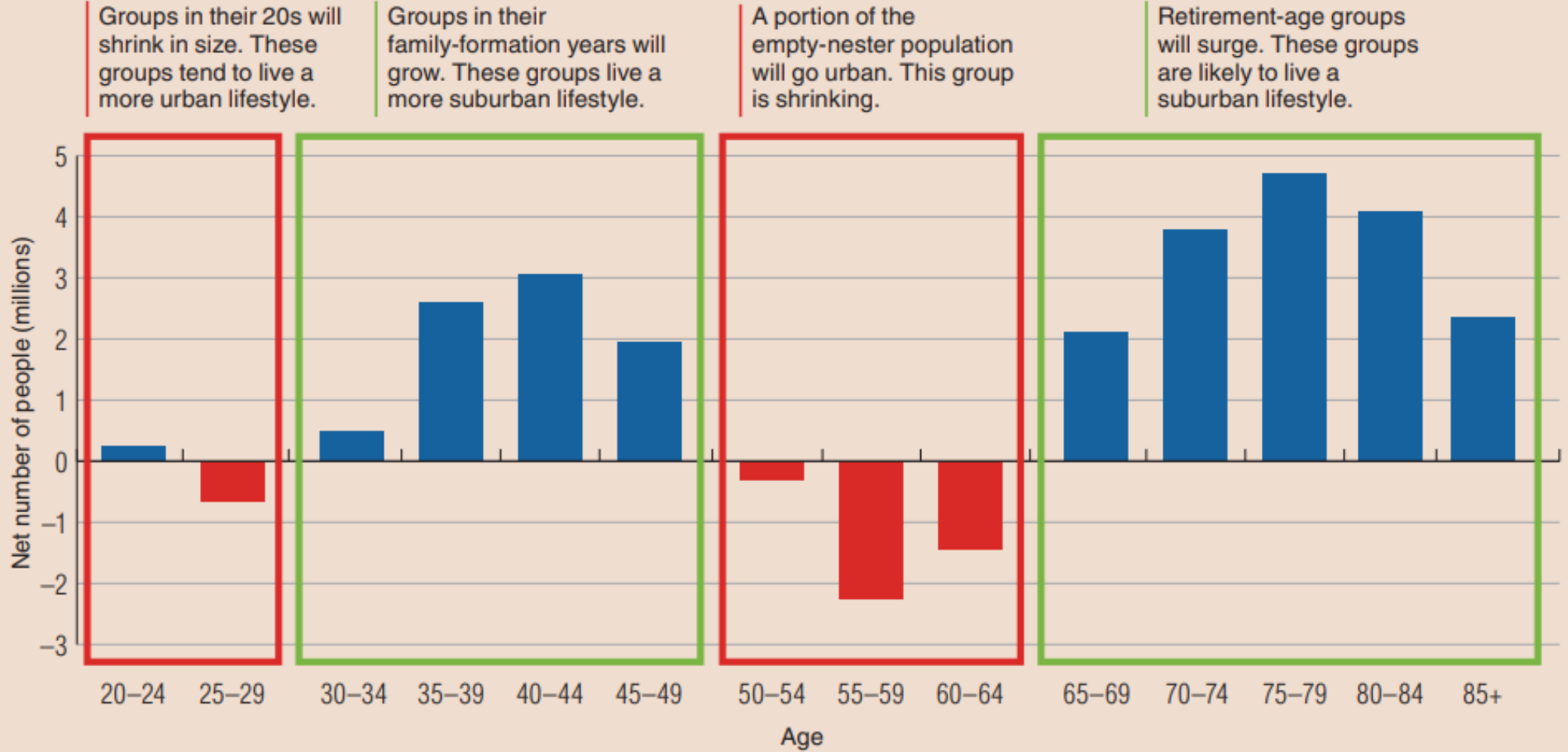
Median Household Income Growth by Region 2005 to 2018

Portland enjoyed a 19% increase in household income from 2005 to 2018.

That increase of \$12,305 from 2005 to 2018 brought Portland from being the 28th wealthiest to the 13th among the 50 largest US metros.

This is the 4th fastest increase in the US. Only San Francisco, San Jose and Seattle grew faster.

Change in Adult Population by Age, 2020–2030



Sources: John Burns Real Estate Consulting LLC; U.S. Census Bureau.



MONEY

Fed keeps key rate near zero and still expects no hikes through 2023 despite brighter economic outlook

Paul Davidson USA TODAY

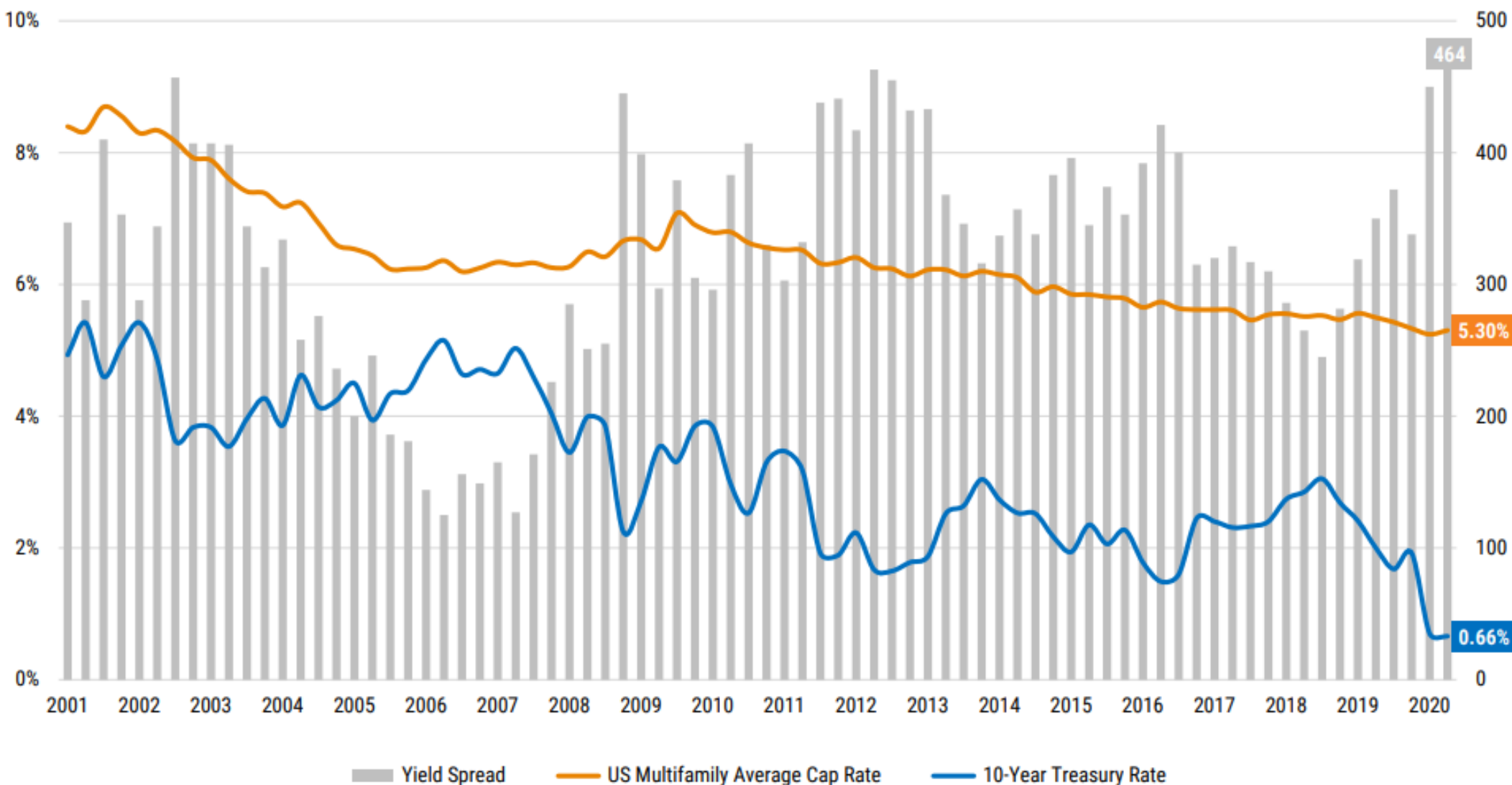
Published 2:00 p.m. ET Mar. 17, 2021 | Updated 4:38 p.m. ET Mar. 17, 2021



U.S. fed chair optimistic about recovery

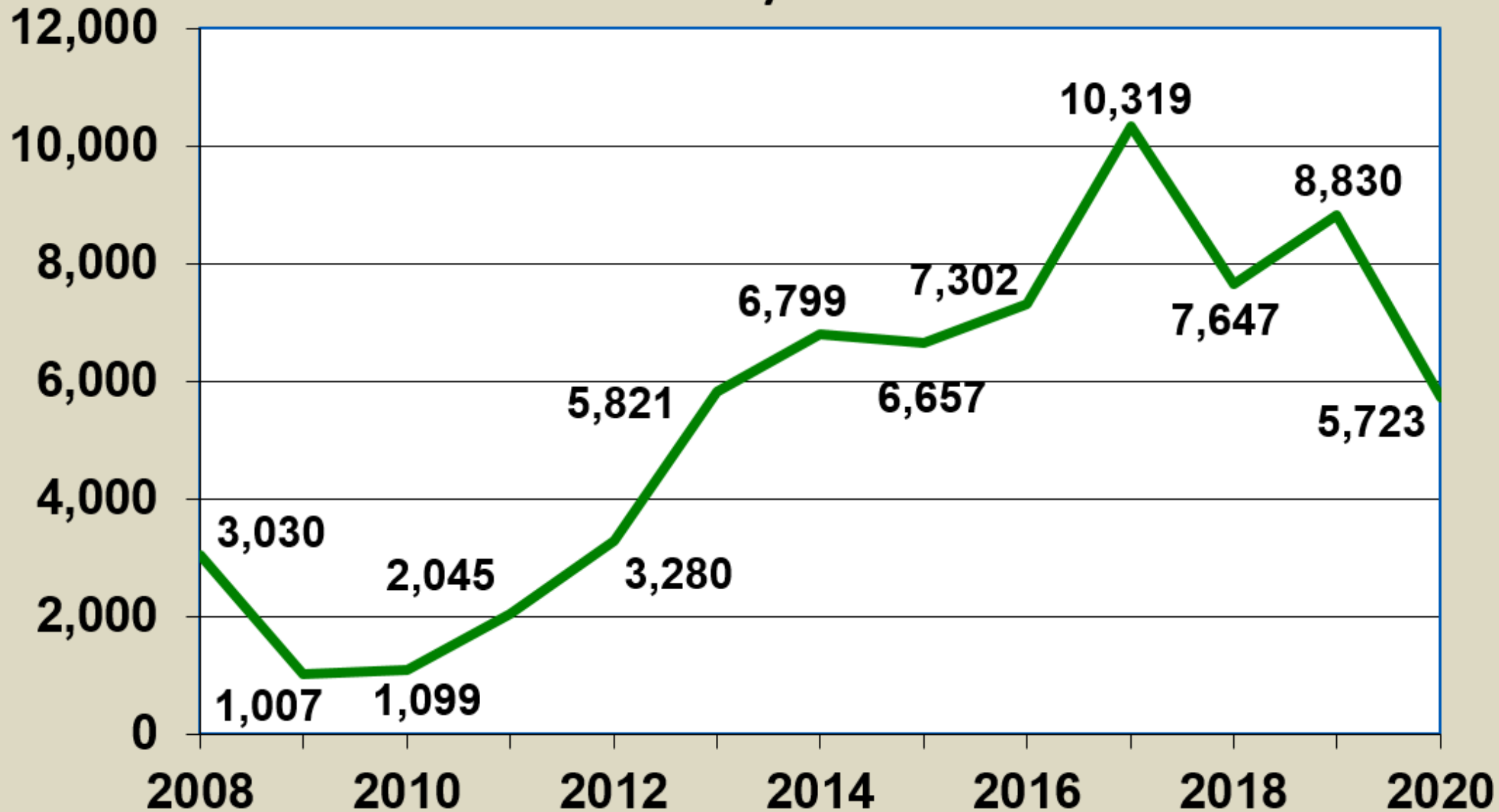
Federal Reserve Chairmain Jerome Powell says he expects U.S. job growth to begin to rebound in the coming months as more Americans get vaccinated. (March 4) AP

With the 10-year treasury yield dropping to 0.66% at the end of 2Q20, the 464 basis point spread between multifamily yields and treasuries offers favorable and unprecedented opportunities for commercial real estate investors.

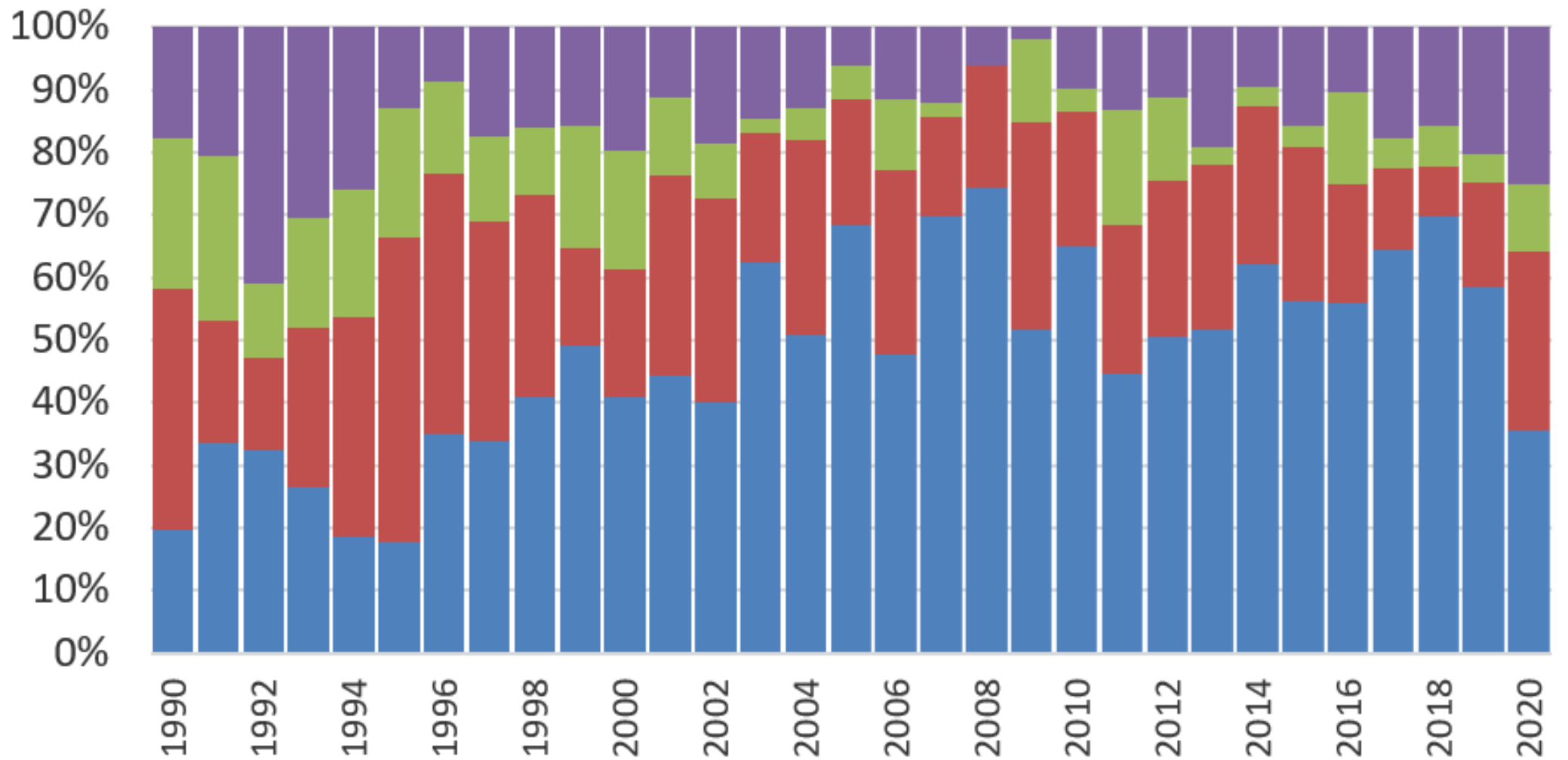


Apartment Permits 2008-2020

Four County Metro Area



Distribution of New Apartment Permits By County - Portland Metro



Inclusionary Zoning: Portland's Wile E. Coyote moment has arrived



By Joe Cortright | 9.3.2021

Portland's inclusionary zoning requirement is a slow-motion train-wreck; apartment completions are down by two-thirds, and the development pipeline is drying up

Discussion

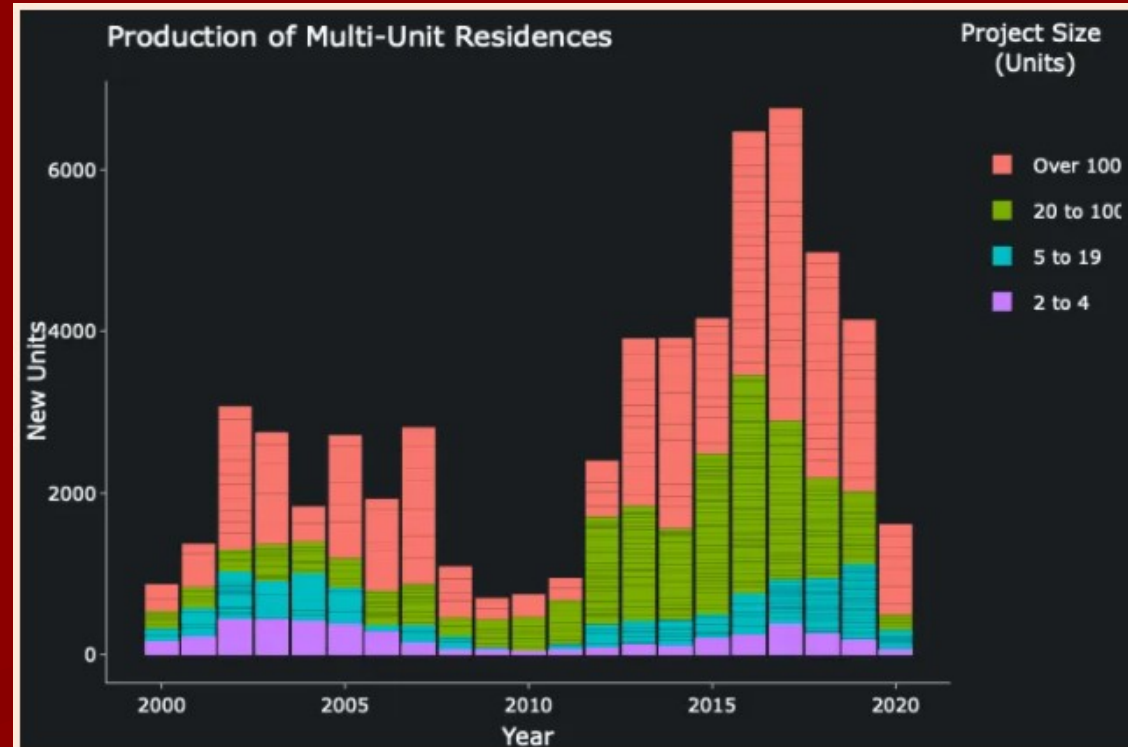
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This will lead to slower housing supply growth and increasing rents for everyone over the next two to three years

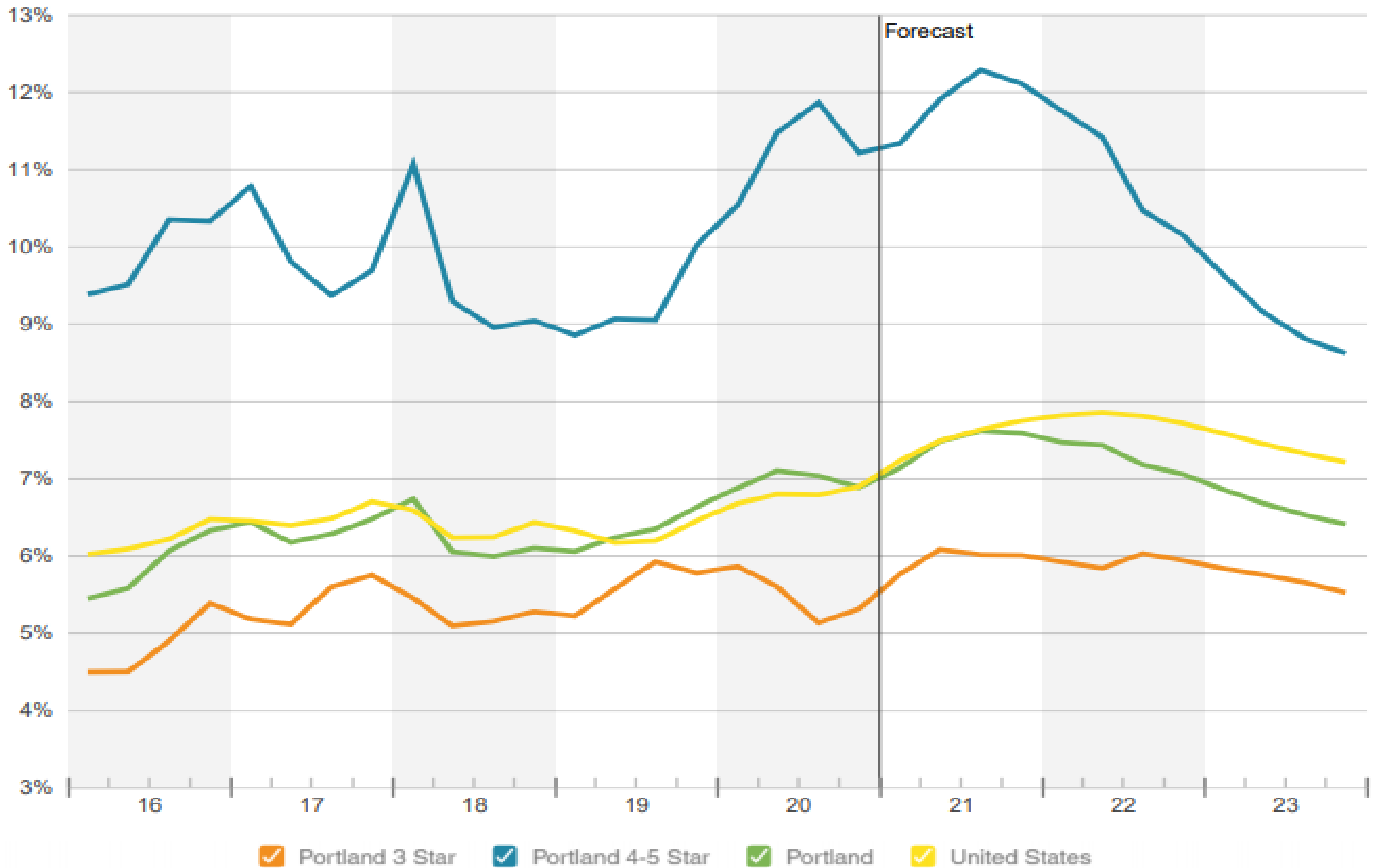
Portland Housing 2018



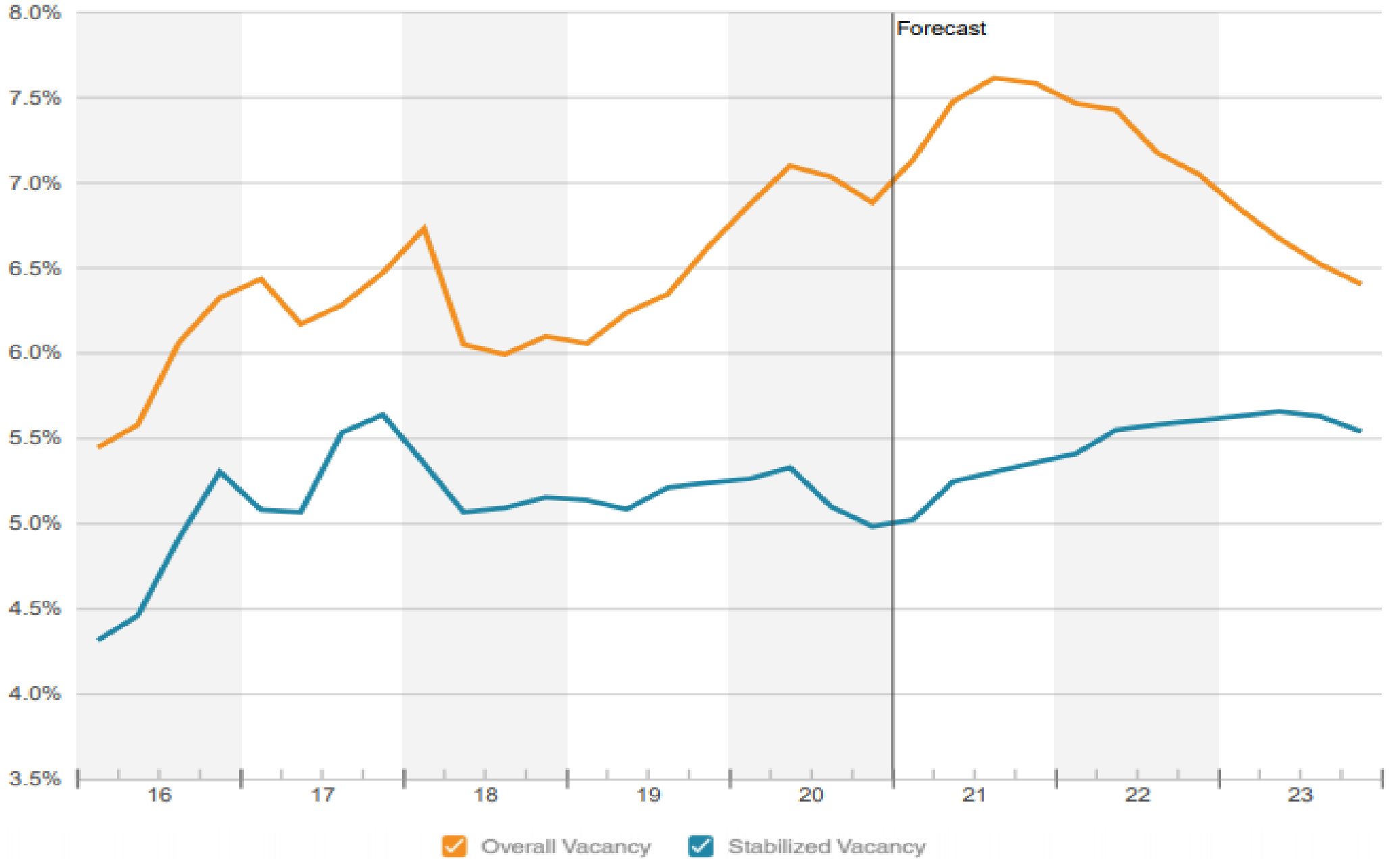
Portland Housing 2020



Vacancy Rate



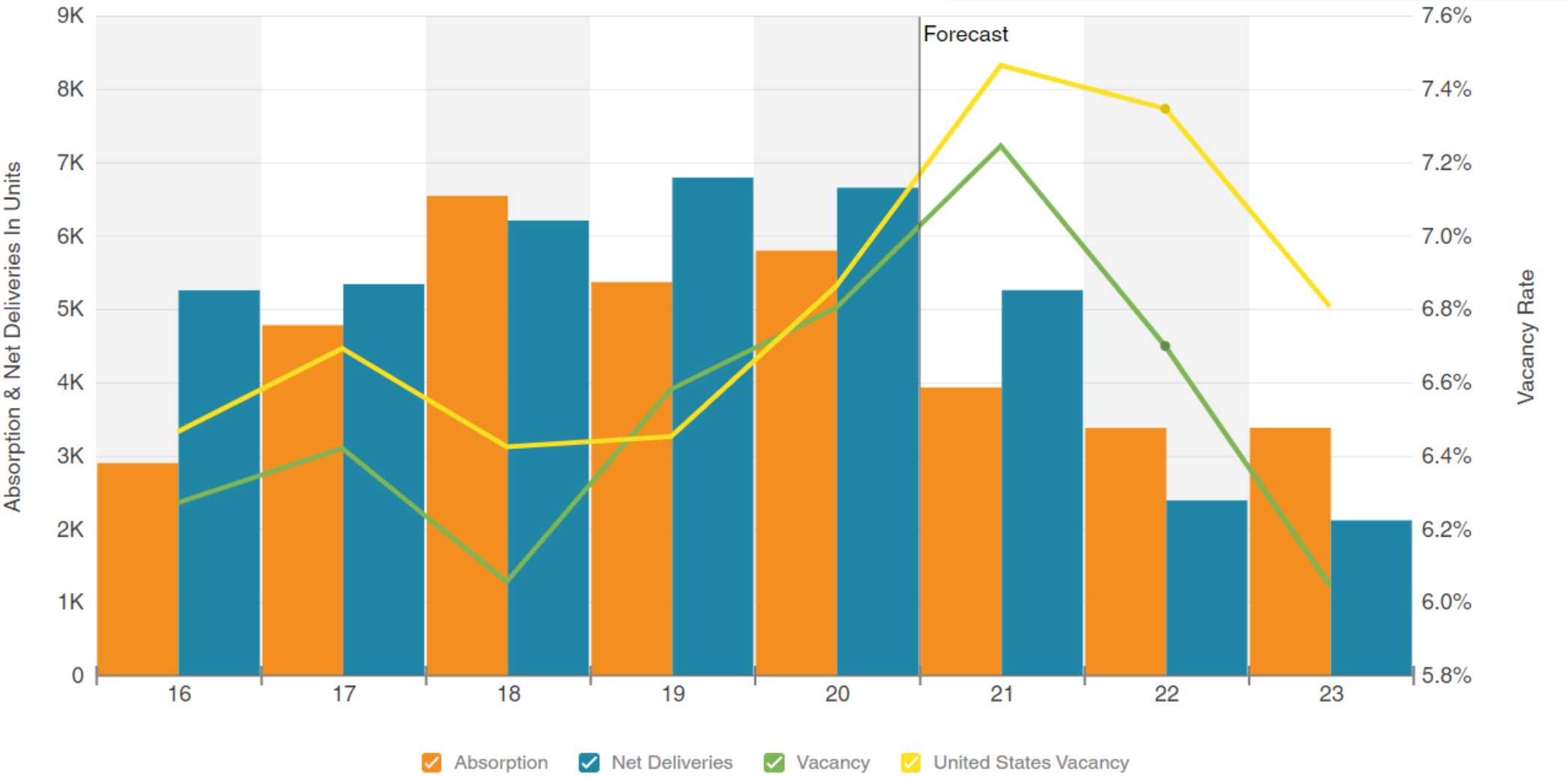
Overall & Stabilized Vacancy



Absorption, Net Deliveries & Vacancy

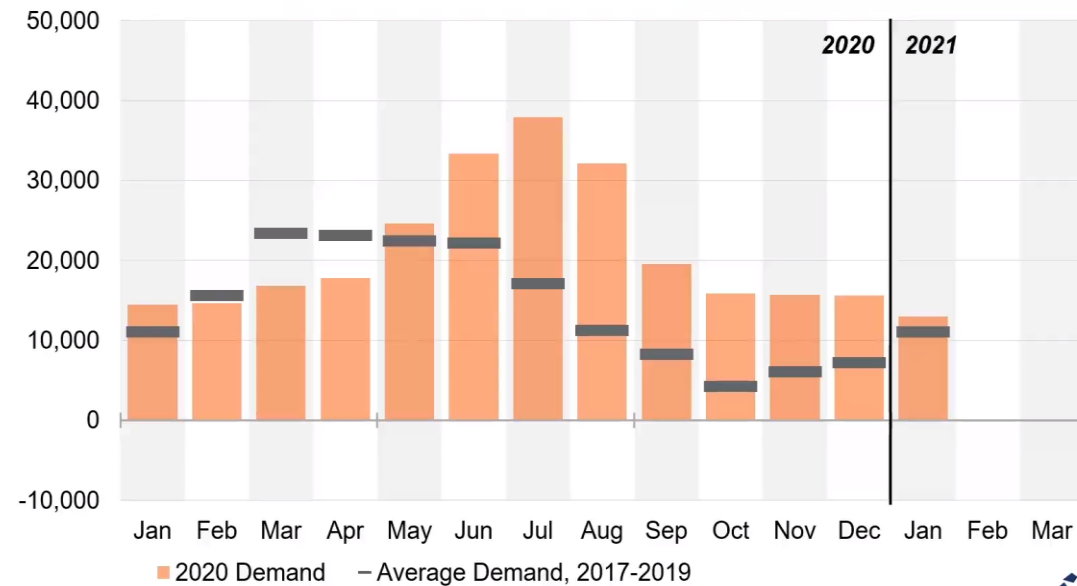
History 1Y 3Y 5Y 10Y All |
 Forecast 1Y 3Y 5Y
 PDF DATA

Forecast: Base Case |
 Forecast Range: |
 Timing: Annual

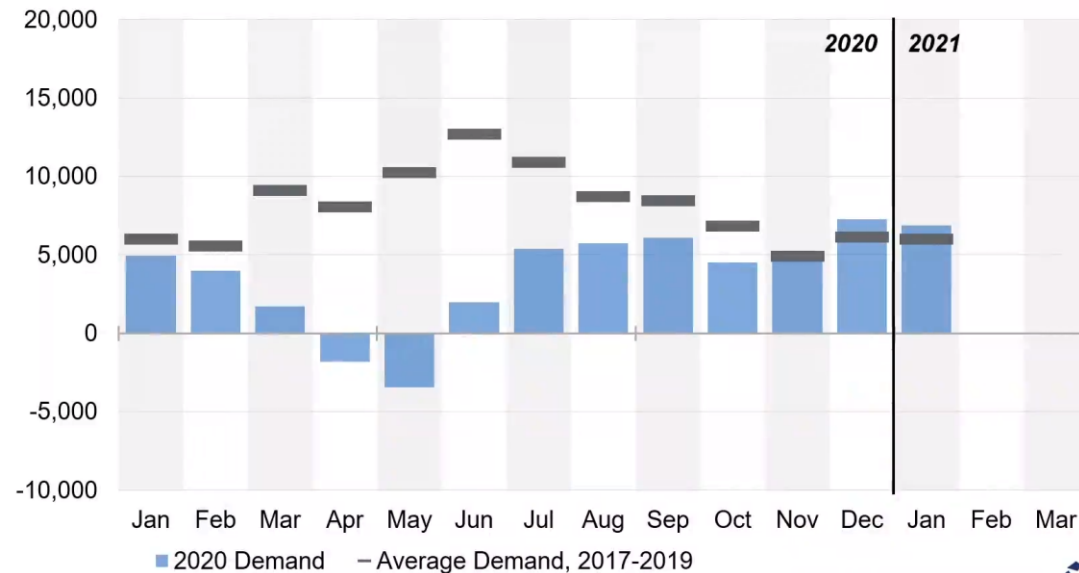


Absorption
 Net Deliveries
 Vacancy
 United States Vacancy

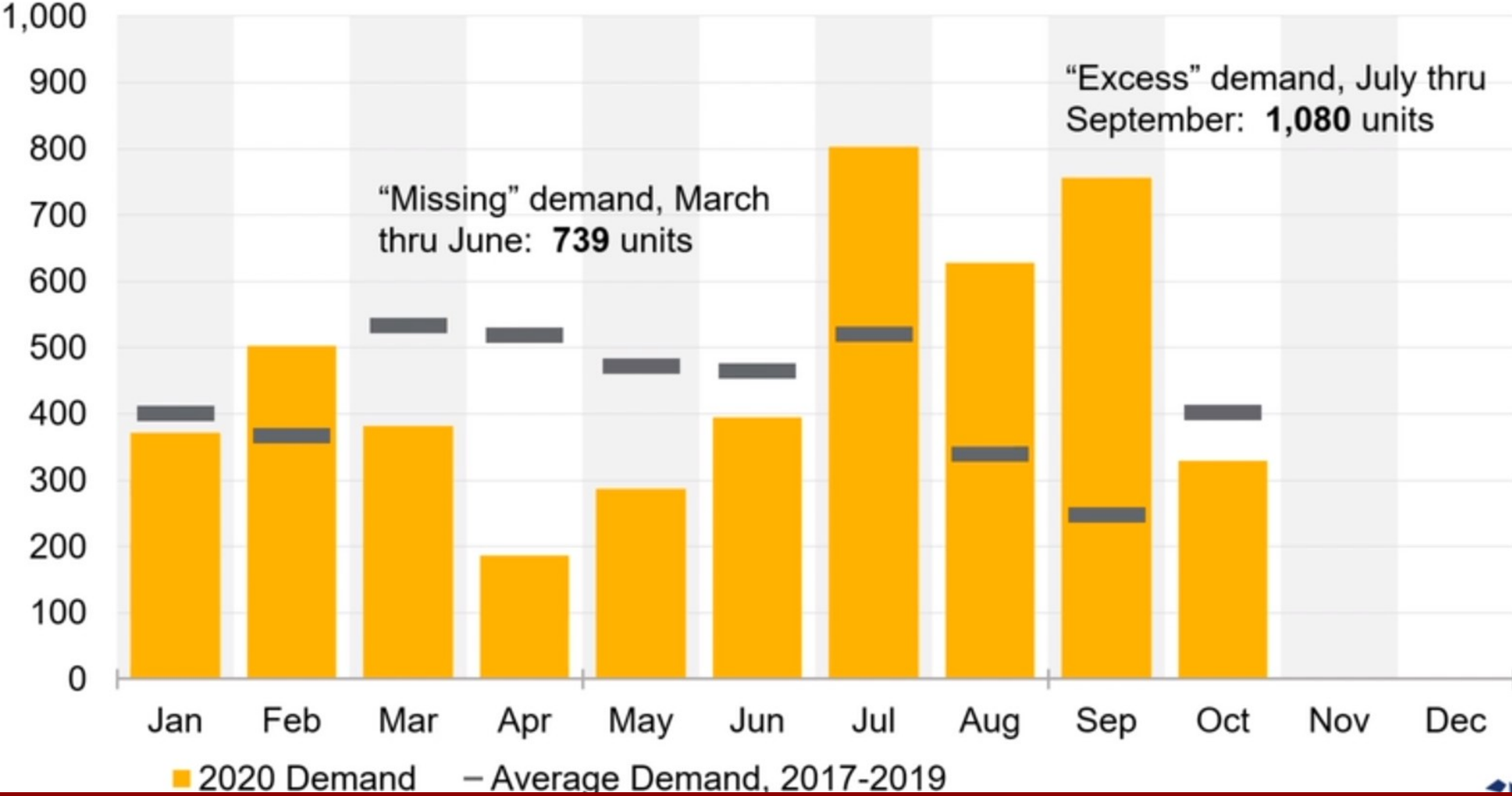
Estimated Apartment Demand, Suburbs



Estimated Apartment Demand, Downtown

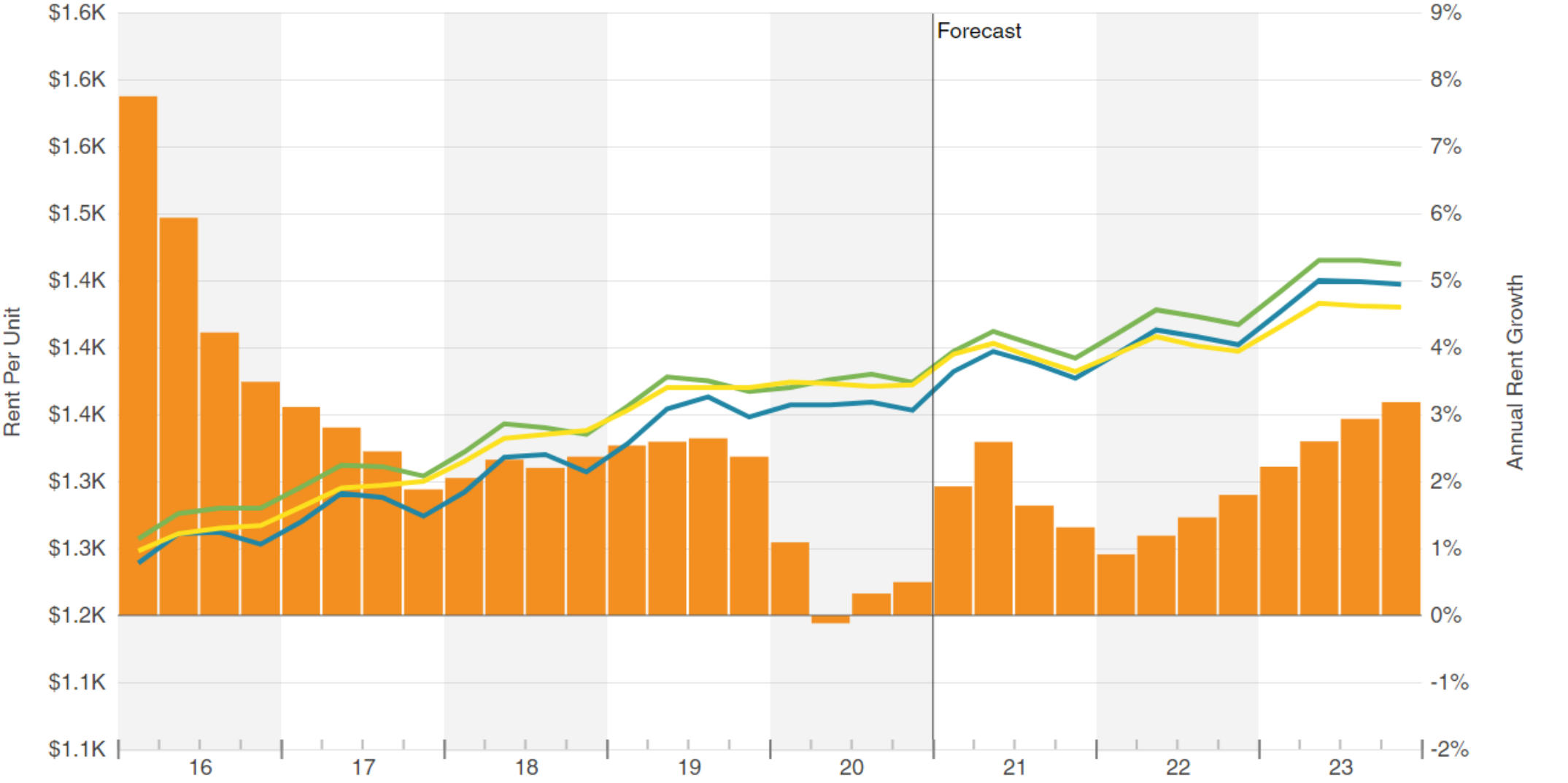


Estimated Apartment Demand by Month



Market Rent Per Unit & Rent Growth

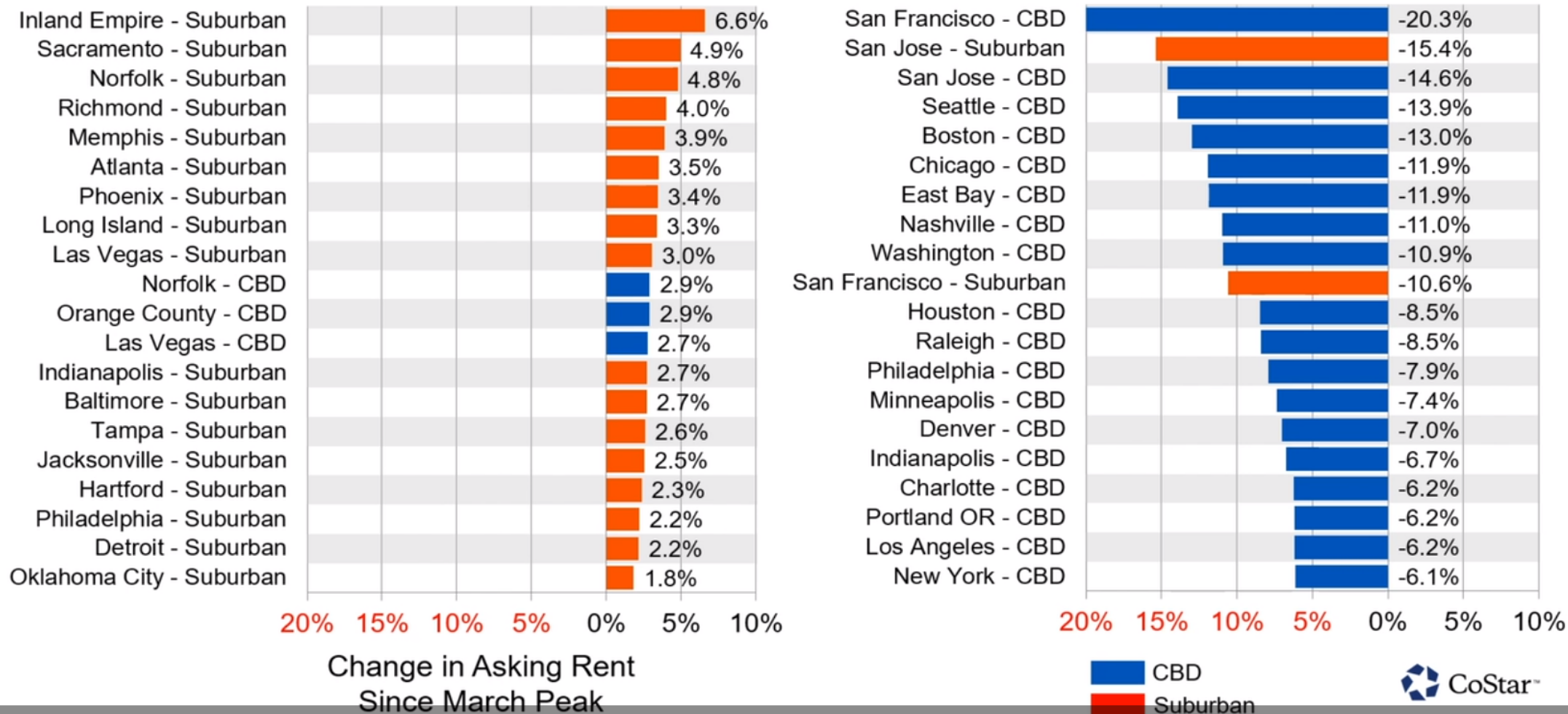
Inflation Adjusted |
 History 1Y 3Y 5Y 10Y All |
 Forecast 1Y 3Y 5Y



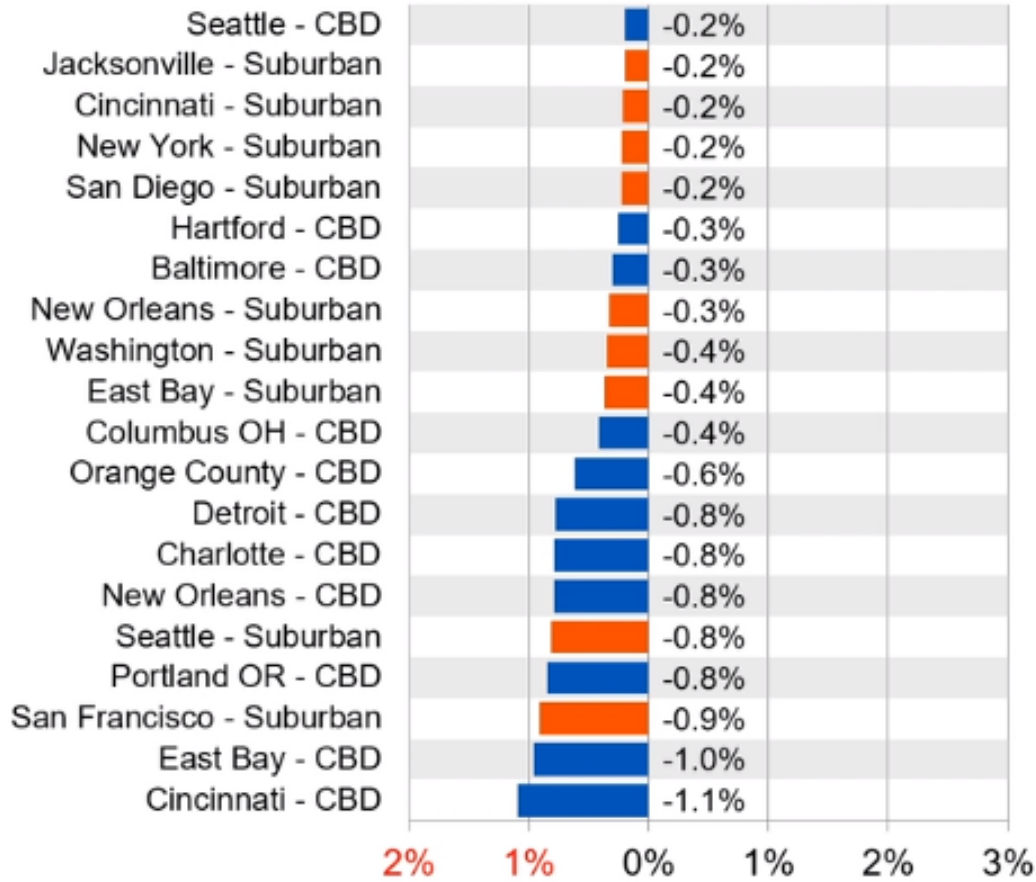
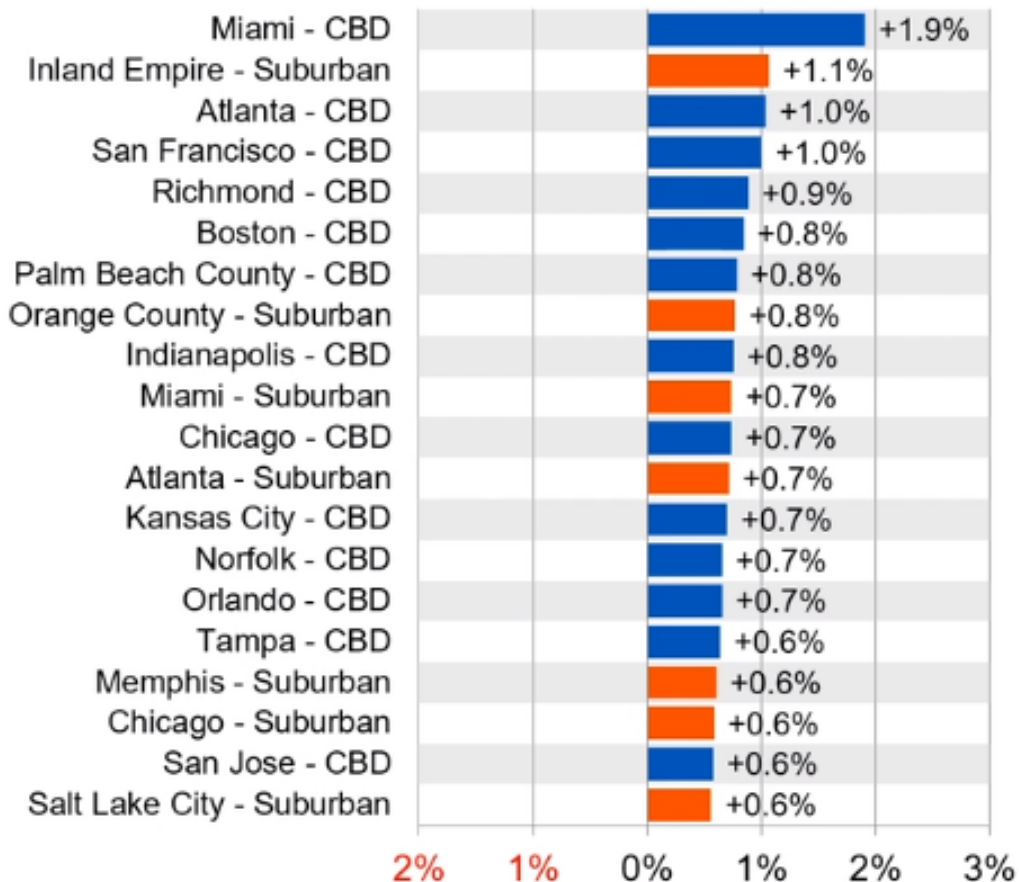
Portland Asking Rent Growth (YOY) |
 Portland Effective Rent |
 Portland Asking Rent |
 United States Asking Rent

Nationwide Changes In Rent - 2020

Change in Rent, March Peak to December 2



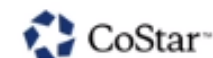
Nationwide Changes In Rent – YTD 2021



YTD Change in Asking Rent

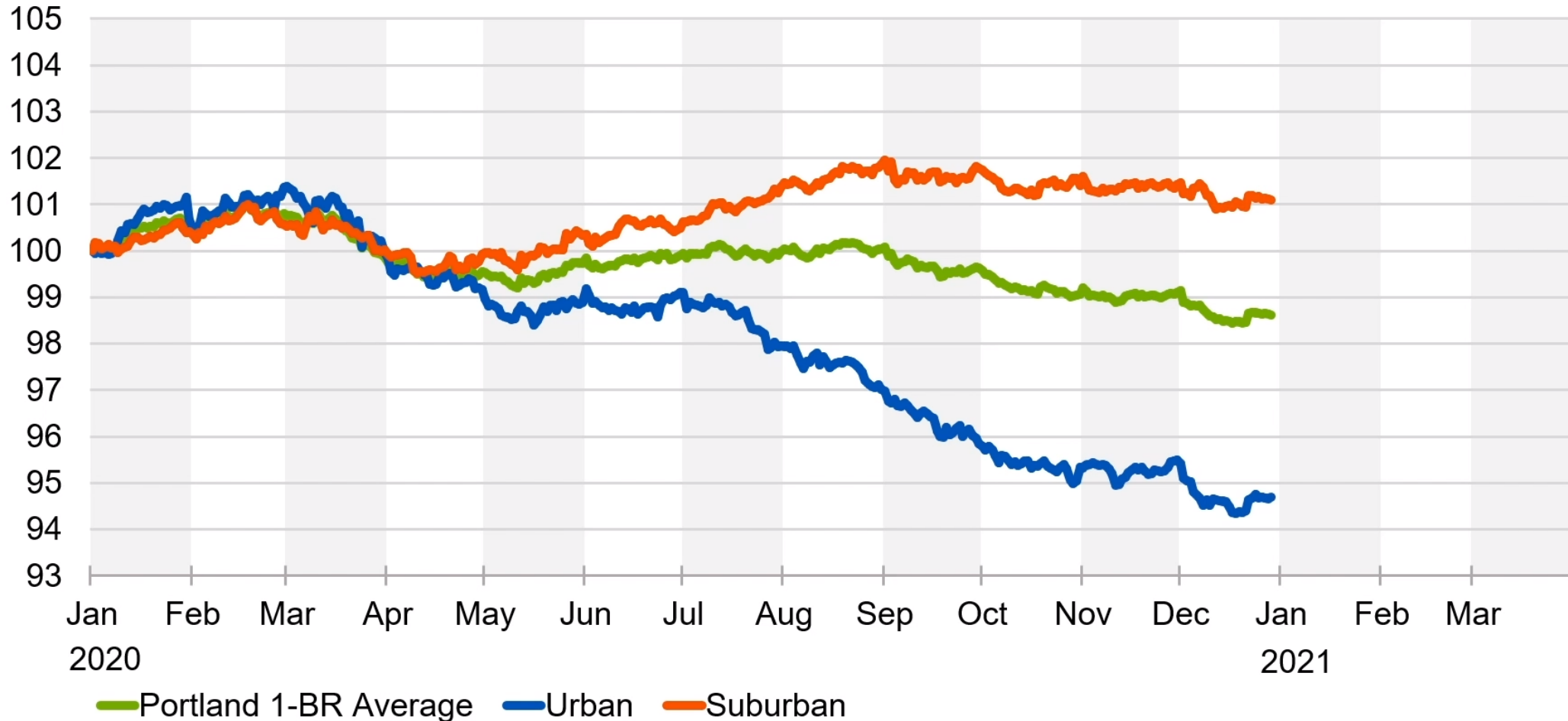
(Includes markets with at least 20 properties of at least 50 units.)

■ CBD
■ Suburban



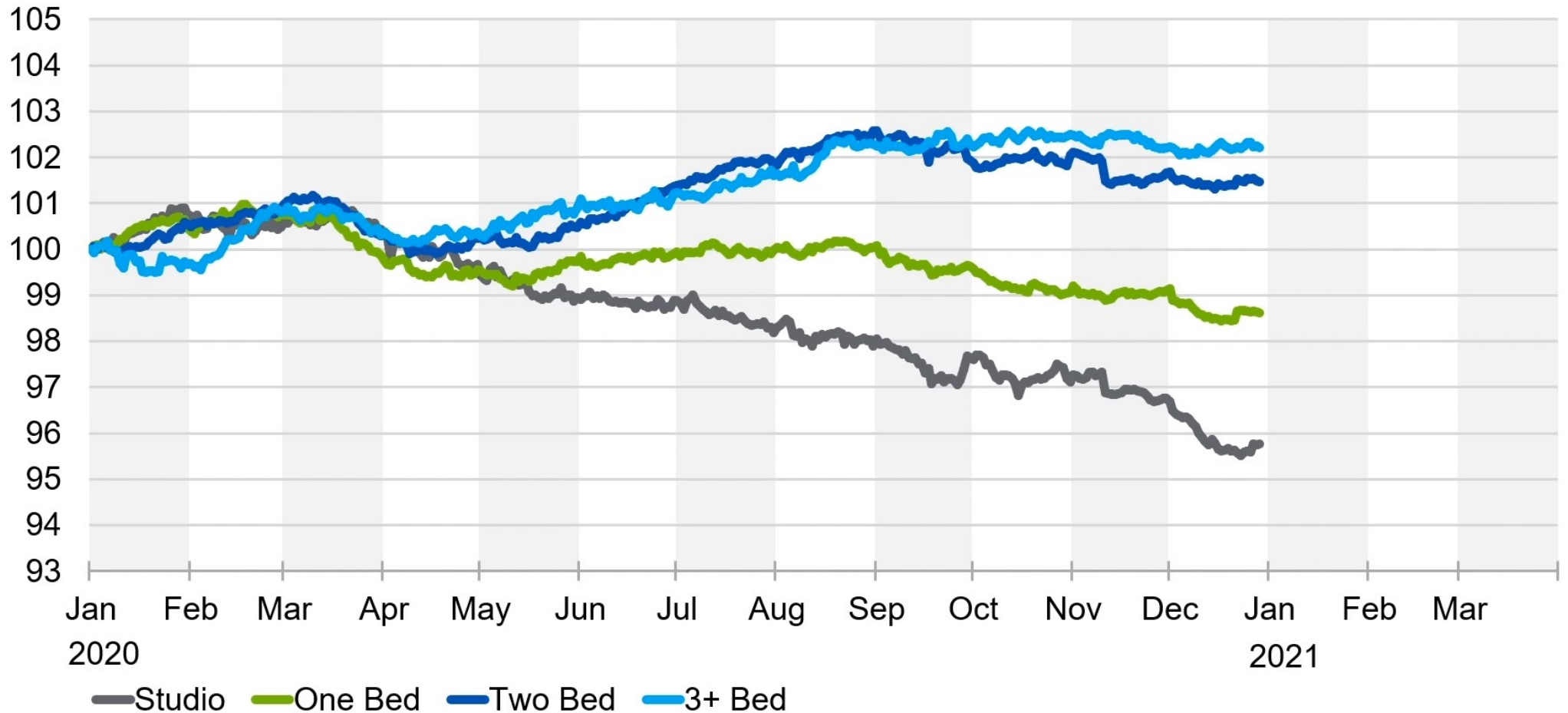
Portland One-Bedroom Rents

Portland One-Bed Rent Trends, 2020



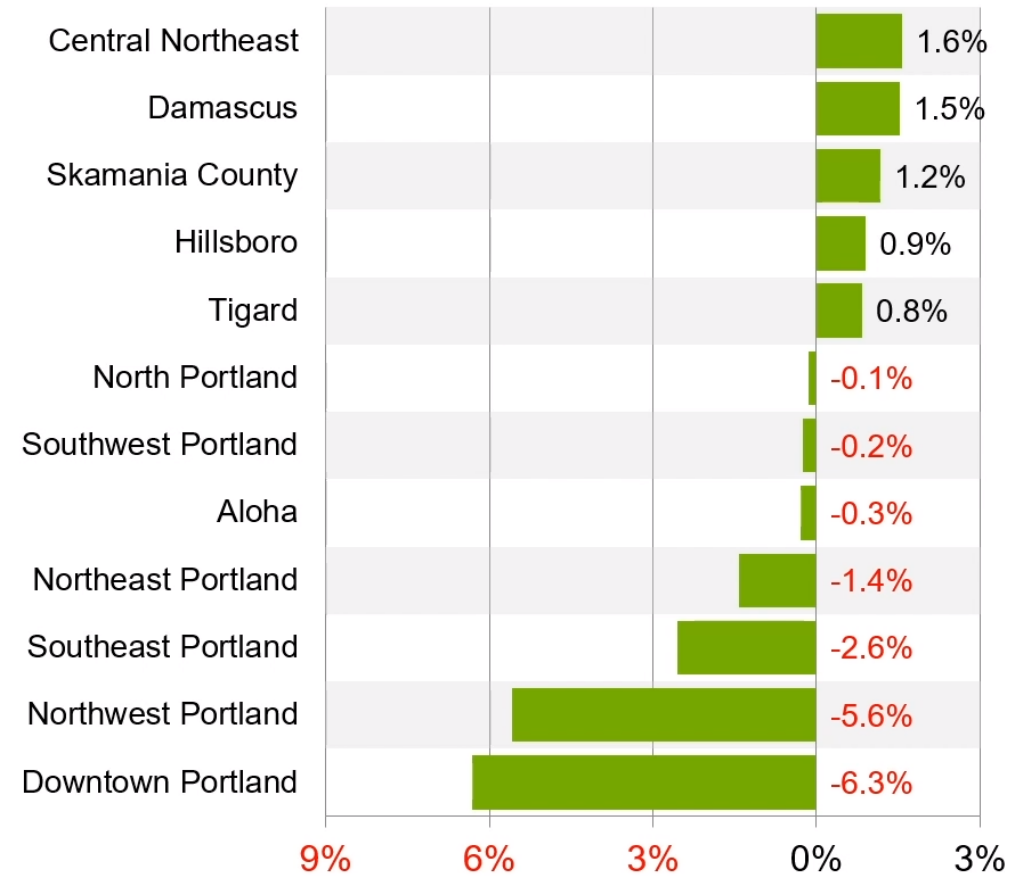
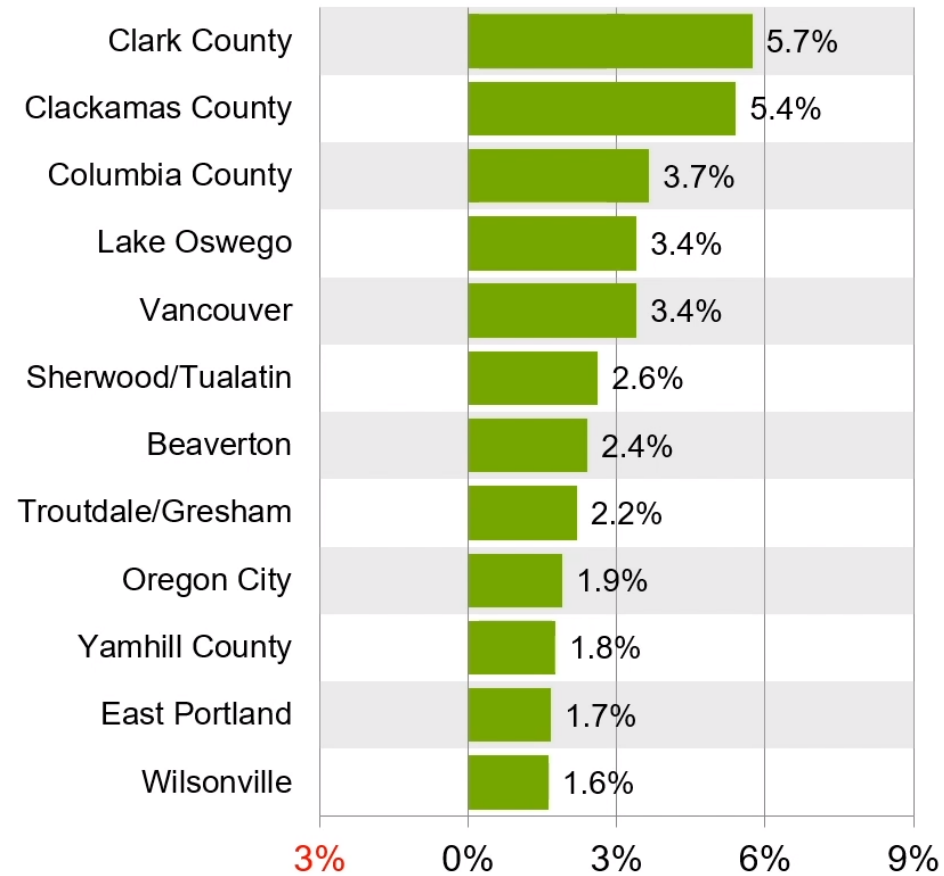
Portland Rents by Bedroom

Rent Trends by Bedroom Type



Includes properties with at least 50 units.

Year-Over-Year Rent Change by Submarket



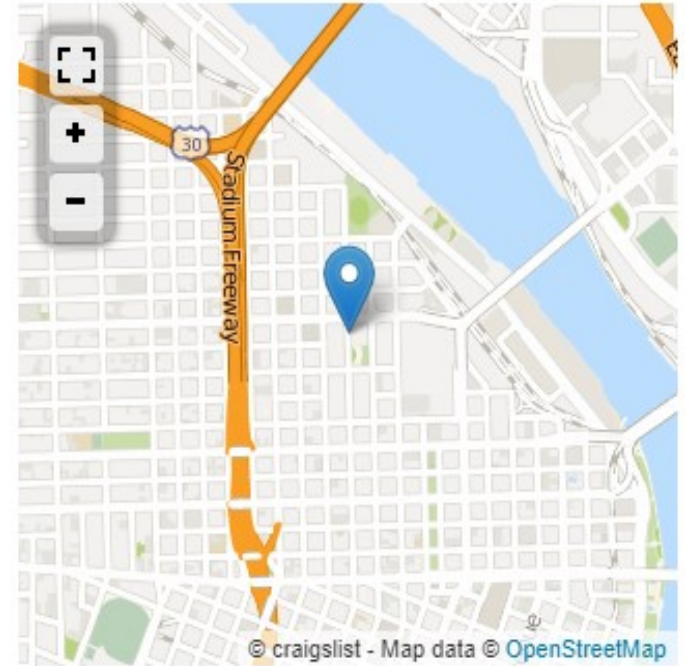
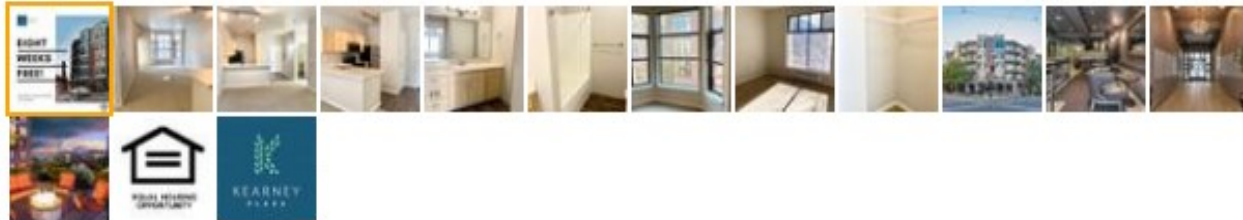
\$1,511 / 1br - 685ft² - Secure your 1BR in Portland's hottest neighborhood! 8 weeks free! (The Pearl District)

image 1 of 15



**EIGHT
WEEKS
FREE!**

Ask about free parking!
Call today!



© craigslist - Map data © OpenStreetMap

931 NW 11th Avenue near Lovejoy

[\(google map\)](#)

1BR / 1Ba

685ft²

available now

cats are OK - purrr

dogs are OK - woof

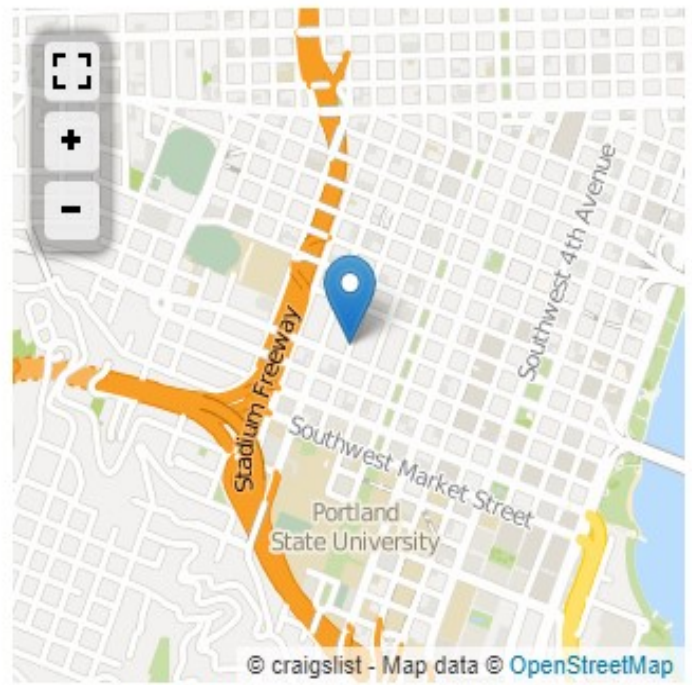
apartment

w/d in unit

no smoking

\$1,050 / 550ft² - Free Rent Until March 1st, 2021! (Downtown Portland)**

image 8 of 9



SW 11th Ave near SW Jefferson St
[\(google map\)](#)

0BR / 1Ba **550ft²** **available now**

application fee details: **\$45.00 per each.**
Professionally screening: credit, background & rental history

cats are OK - purrr

dogs are OK - woof

apartment

laundry on site

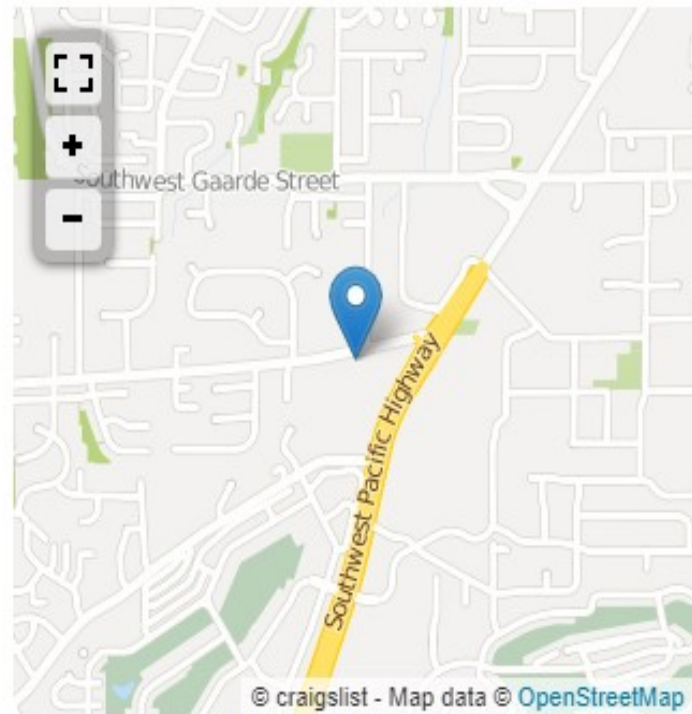


This ad was publicly posted on February 2nd, 2021 at 11:45am and the open application period will begin February 8th, 2021 at 11:00am. Applications will not be accepted or processed until the beginning of the open application period.

\$1,550 / 2br - 986ft² - Don't miss out on this deal!! MOVE IN BY 2/15, GET 1 MONTH FREE RENT!

(Tigard, Portland, Bull Mountain, King City)

image 8 of 9



© craigslist - Map data © OpenStreetMap
11430 SW Bull Mountain Road

[\(google map\)](#)

2BR / 2Ba **986ft²** **available now**

cats are OK - purrr

dogs are OK - woof

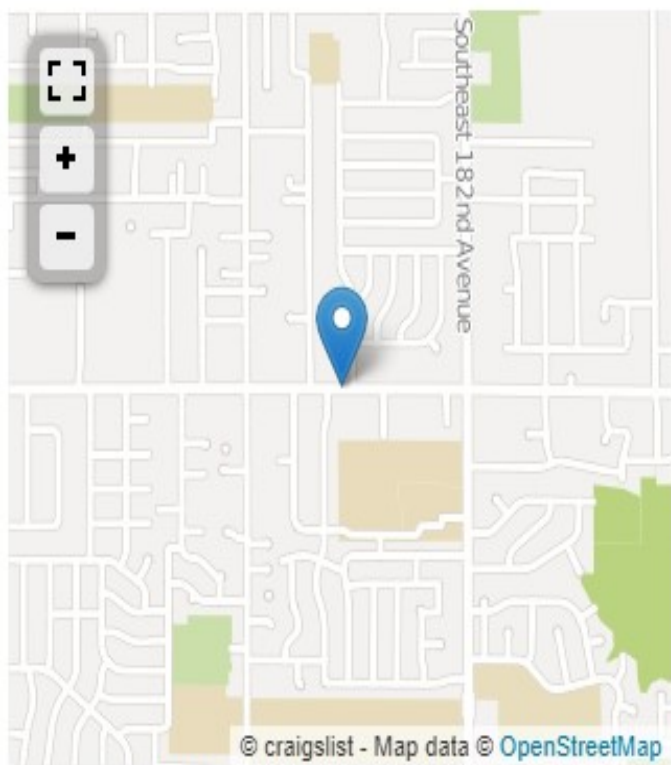
flooring: **wood**

apartment



\$1,125 / 1br - 700ft² - LARGE 1 BEDROOM - *1 MONTH FREE* - 700 SQ FT. (Portland)

image 7 of 9



17726 SE Division St. near Division
([google map](#))

1BR / 1Ba **700ft²** **available now**

cats are OK - purrr

dogs are OK - woof

apartment

w/d hookups

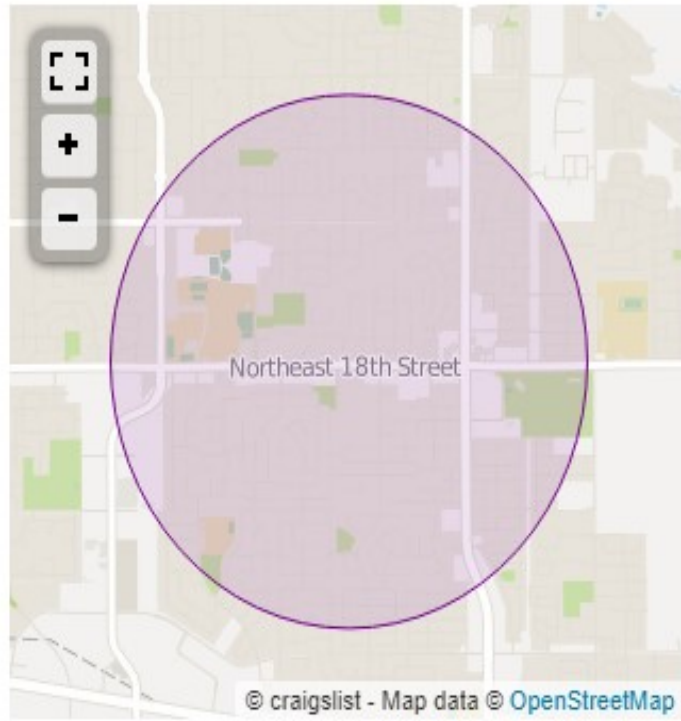


\$1,160 / 1br - 588ft² - HALF MONTH FREE! (VANCOUVER)

image 1 of 8



BLOCK 1618
Apartment Homes
pacificnwapartments.com
Sp Adobe Spark



1618 NE 112th Ave.

1BR / 1Ba **588ft²** available now

apartment

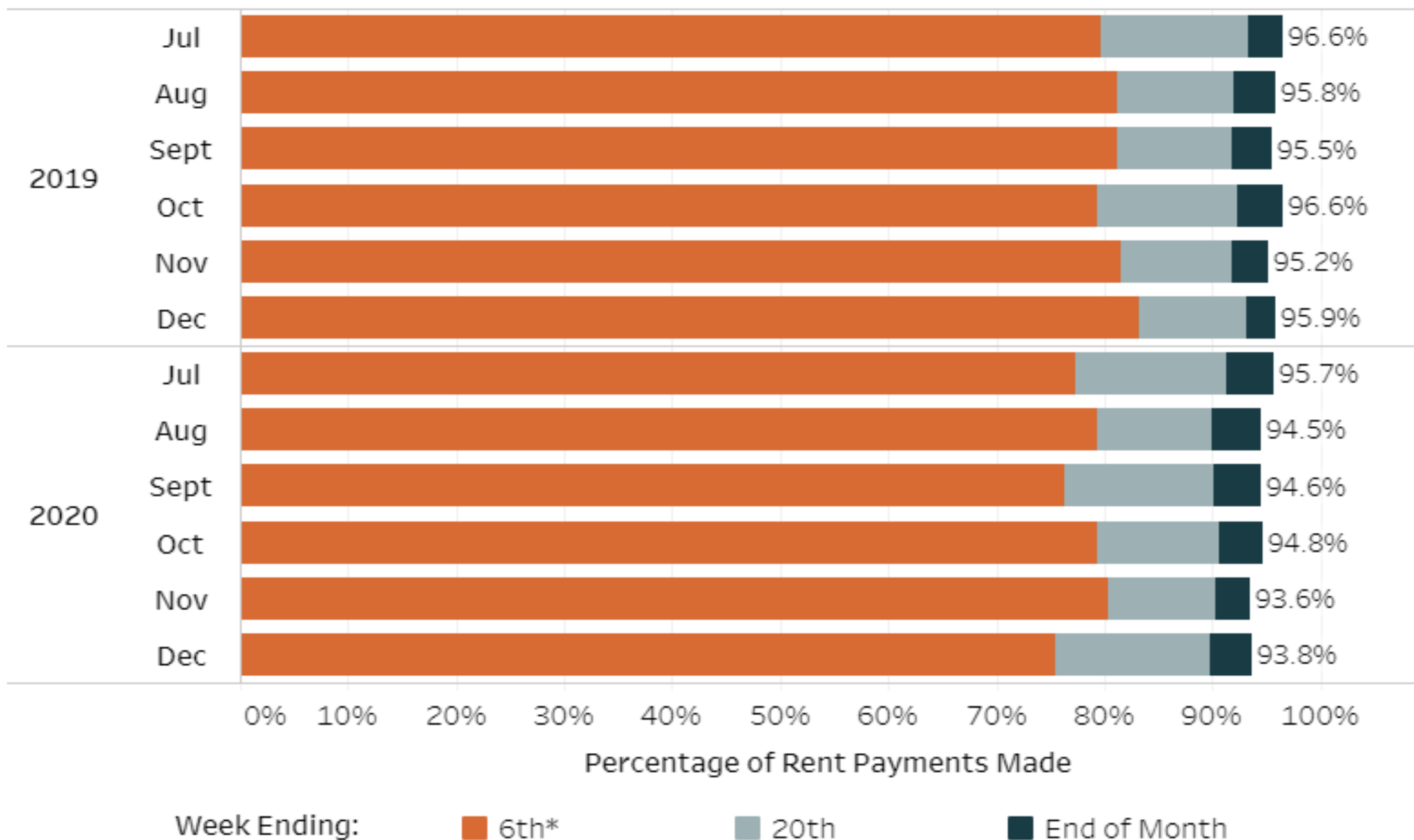
w/d in unit

no smoking

off-street parking

Rent Payment Tracker: Full Month Results

**Data collected from between 11.1 - 11.5 million apartment units each month



Oregon Property Tax Inequities



Sale No. 1 – Close-In SE Portland

Sale No. 1 – NW Portland

Sale Date	September 2019	September 2019
No. of Units	9	12
Price per Unit	\$200,000	\$200,000
Assessed Value/Unit	\$54,821	\$97,723
Property Taxes Per Unit	\$1,389	\$2,475

(Images via CoStar)

Public Notice of Unit Availability

Property Name:	Footprint Northwest
Unit:	B10
Size:	Bedrooms: 0 Bathrooms: 1
Rent:	\$775.00
Date & Time Public Notice Posted:	Date: 8/7/2020 Time: 4:40 PM
Open Application Period (date and time must be at least 72 hours after posting this Public Notice):	Date: 8/10/2020 Time: 4:40 PM
Screening Fee:	\$40 Per Applicant
Is this Unit an Accessible Dwelling Unit?	No

Multnomah County Ballot Measures

	Yes	No
Measure 26-211 - Library bond	59.72%	40.28%
Measure 26-213 - Recreation and Parks Levy	65%	35%
Measure 26-214 - Tuition-Free Preschool Program	64.14%	35.86%
Measure 26-215 - PPS school renovation bond	75%	25%
Measure 26-217 - Police Oversight Board	81.71%	18.29%
Measure 26-218 - Payroll Tax for Infrastructure/Transpo	43.22%	56.78%
Measure 26-219 - Water Fund	47.83%	52.17%



News

2021 Portland Tax Changes

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
TAXES IN EFFECT AS OF JANUARY 1, 2020				
<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%
ADDITIONAL TAX EFFECTIVE JANUARY 1, 2021				
<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 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 Residents- Oregon taxable income	3%
ADDITIONAL TAX EFFECTIVE JANUARY 1, 2022				
<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 from 2019 to 2021	\$ Change from 2019 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	
				\$ 85,024	\$ 99,625	\$ 119,625	41%	\$ 34,601	
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	
Effective property tax rate on adjusted value**	2.01%	2.55%	2.69%	\$ 70,420	\$ 89,320	\$ 94,255	34%	\$ 23,835	
				Total State and Local Taxes	\$ 155,444	\$ 188,945	\$ 213,880	38%	\$ 58,436
				Est. Effective tax rate***	17%	20%	24%	41%	

*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

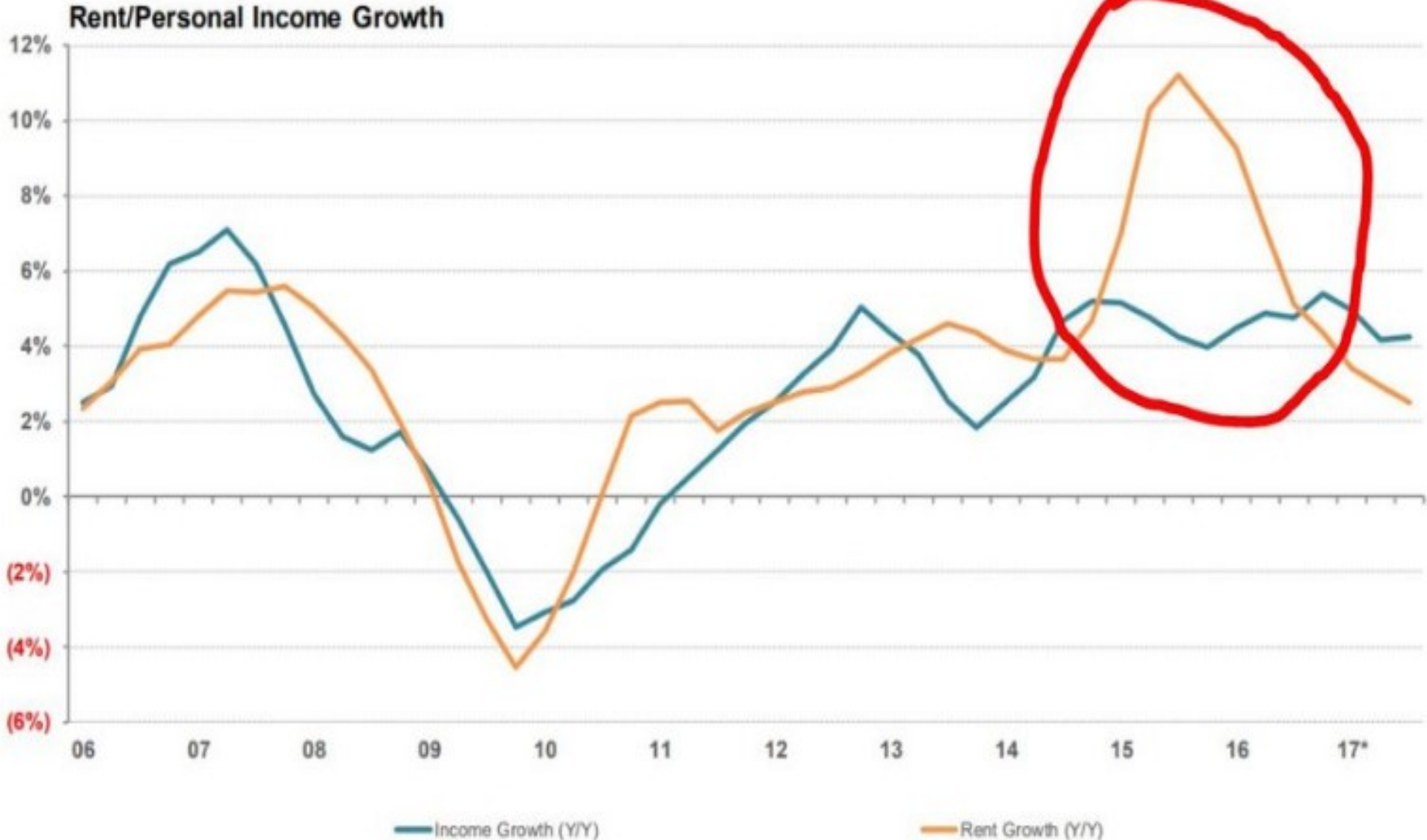
Proceeds	4,000,000
Gain	2,000,000
Assume held by a pass-through entity owned by in-county residents	

City
County

Portland	Beaverton	Bend
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
TOTAL		392,800	244,800	220,800	220,800

Portland OR Rent Growth vs Income Growth



Source: CoStar Market Analytics
*Year to Date

Oregon just enacted statewide rent control—and it could be a model for the country

"It's the most immediate and effective way to stop displacement and gentrification at scale."

By [Allissa Walker](#) | [@awalkerinLA](#) | Mar 8, 2019, 1:21pm EST



RIP
Portland, Oregon, passes sweeping infill housing measure for low-density neighborhoods
By Jack Balderrama Morley • August 13, 2020 • Development, In Brief, West

RESIDENTIAL REAL ESTATE

Oregon proposal would extend eviction ban, create state fund for landlords

Portland

Judge denies request to delay Portland's new rental screening, security deposit rules

Updated Feb 28, 2020: Posted Feb 27, 2020

NEWS AUG 22, 2018

Is Portland's Inclusionary Housing Rule Really Hurting Developers?

by [Kelly Kenoyer](#)



Any Rent Increase Now Requires Relocation Assistance

Sep 29, 2020 | Insights | 0 comments

Oregon Passes \$150 Million Landlord Compensation Fund

By [The Editors](#) - December 22, 2020
[f](#) [t](#) [p](#) [in](#) [r](#) [e](#)

I am a landlord interested in applying. What will the process look like?

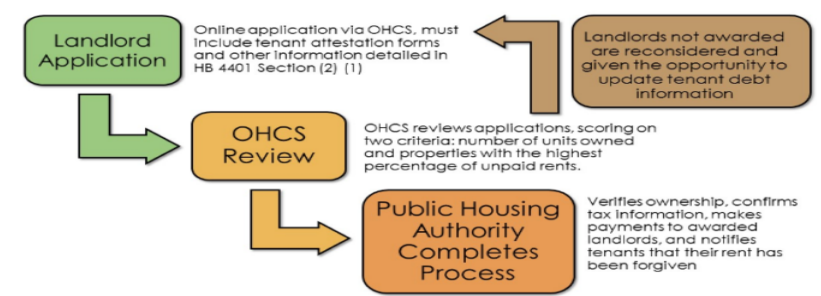


Exhibit 2-1 Overall Real Estate Prospects

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

Source: Emerging Trends in Real Estate 2020 survey.

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
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26 Greenville, SC	66 Portland, OR
27 West Palm Beach	67 Gainesville
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 2-4 Local Market Perspective: Development/Redevelopment Opportunities

Weak	Average	Strong
Portland, OR	4.06	Northern New Jersey 3.50
Nashville	4.04	Inland Empire 3.47
Austin	4.02	San Francisco 3.46
Charlotte	3.98	Madison 3.45
Dallas/Fort Worth	3.97	Richmond 3.43
Raleigh/Durham	3.95	Washington, DC-MD suburbs 3.43
Atlanta	3.94	Greenville, SC 3.42
Boise	3.93	Gainesville 3.40
Indianapolis	3.88	Spokane, WA/Coeur d'Alene ID 3.40
Orlando	3.88	Honolulu 3.39
New York-Brooklyn	3.87	Denver 3.38
Minneapolis	3.78	Oakland/East Bay 3.38
San Antonio	3.76	Tucson 3.35
Las Vegas	3.71	Washington, DC-District 3.38
Philadelphia	3.71	Cleveland 3.36
Seattle	3.71	Sacramento 3.36
Jacksonville	3.70	Chicago 3.34
Phoenix	3.70	Des Moines 3.33
Salt Lake City	3.70	Milwaukee 3.33
Washington, DC-Northern VA	3.70	Albuquerque 3.31
Cape Coral/Fort Myers/Naples	3.69	Knoxville 3.30
Oklahoma City	3.69	Tacoma 3.30
Tampa/St. Petersburg	3.69	Cincinnati 3.29
Miami	3.68	Detroit 3.29
Boston	3.67	Pittsburgh 3.27
New York-Manhattan	3.64	Louisville 3.26
Los Angeles	3.63	Virginia Beach/Norfolk 3.23
San Jose	3.63	Omaha 3.22
Houston	3.62	Birmingham 3.17
West Palm Beach	3.62	Tallahassee 3.17
Portland, ME	3.60	Providence 3.15
Charleston	3.59	Memphis 3.14
Fort Lauderdale	3.59	New Orleans 3.14
Kansas City, MO	3.59	Daytona Beach/Deltona 3.06
Jersey City	3.58	Long Island 3.06
Chattanooga	3.56	Westchester, NY/Fairfield, CT 3.06
Columbus	3.53	Baltimore 3.05
Orange County	3.52	St. Louis 3.00
San Diego	3.52	Buffalo 2.93
New York-other boroughs	3.50	Hartford 2.87

Source: Emerging Trends in Real Estate 2020 survey.

Note: Ratings reflect perspective of local market participants.

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
Boston	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	San Francisco 2.88
Boston	3.44	Portland, OR 2.89
Washington, DC-Northern VA	3.44	Milwaukee 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.

Note: Ratings reflect perspective of local market participants.

Business

Frustrated Portland business leaders launch group to revive downtown, fault politicians for inaction

Updated Dec 02, 2020. Posted Dec 02, 2020

Tourists' views of Portland turn sharply negative, another blow to hospitality industry

Updated 12:26 PM. Today 12:26 PM

Death Of A City: The Portland Story?



Bill Conerly Senior Contributor  

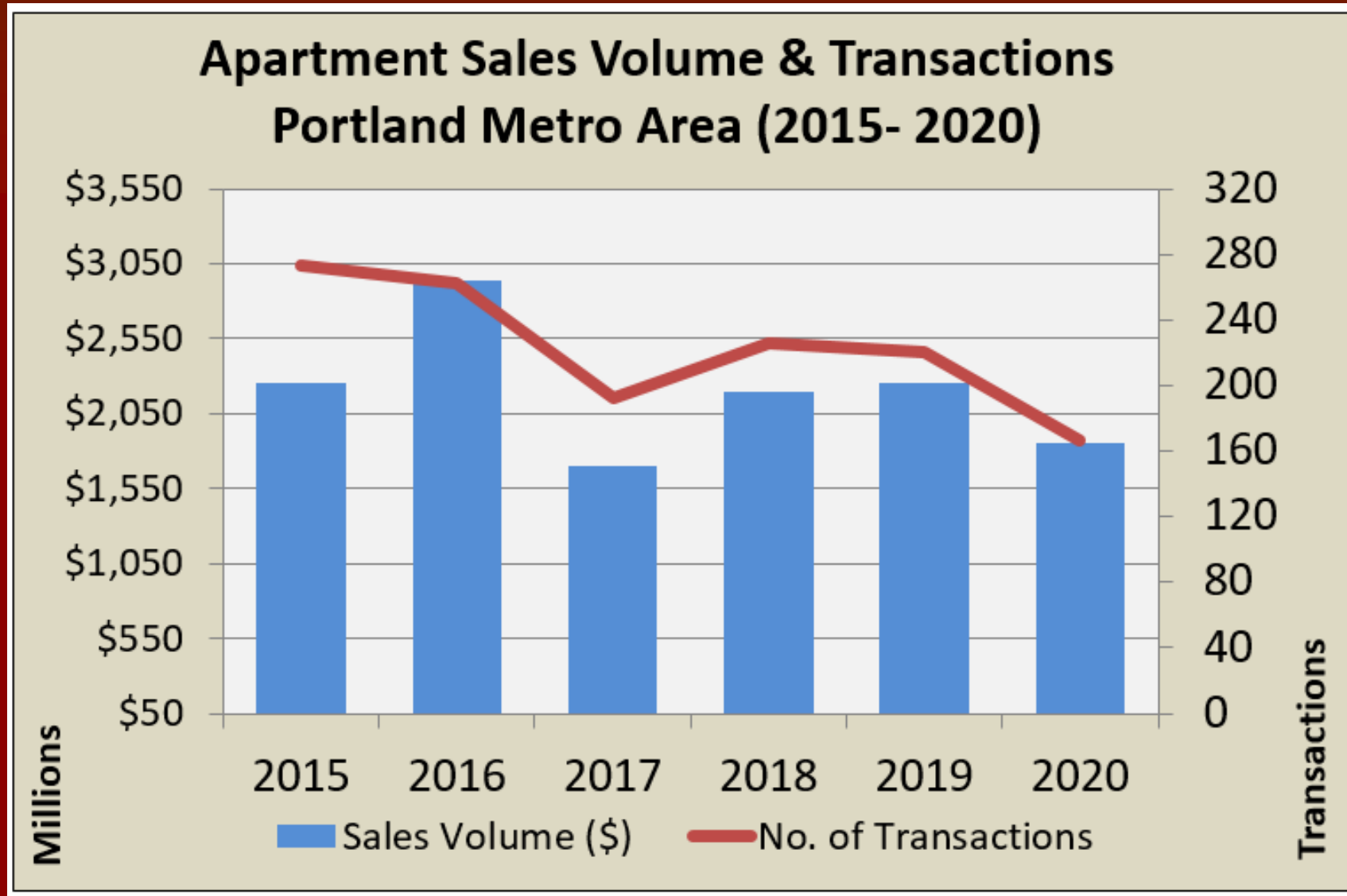
Leadership Strategy

I connect the dots between the economy ... and business!

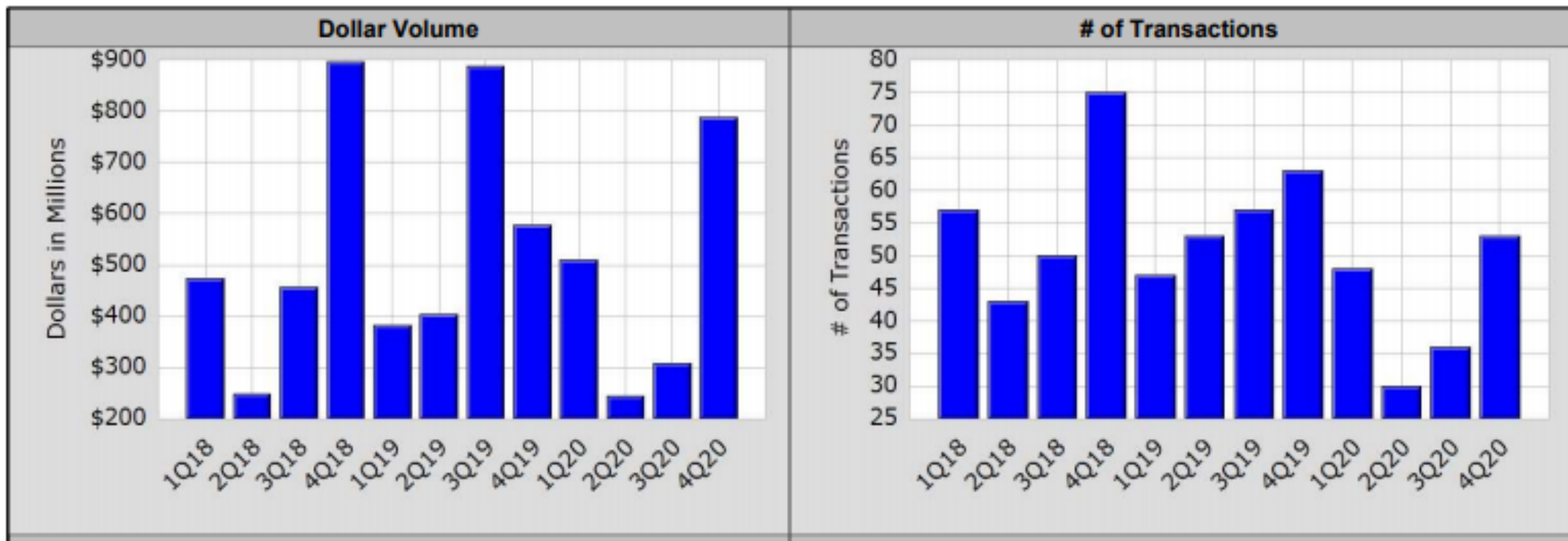


Portland, Oregon protest. (Photo by Nathan Howard/Getty Images) GETTY IMAGES

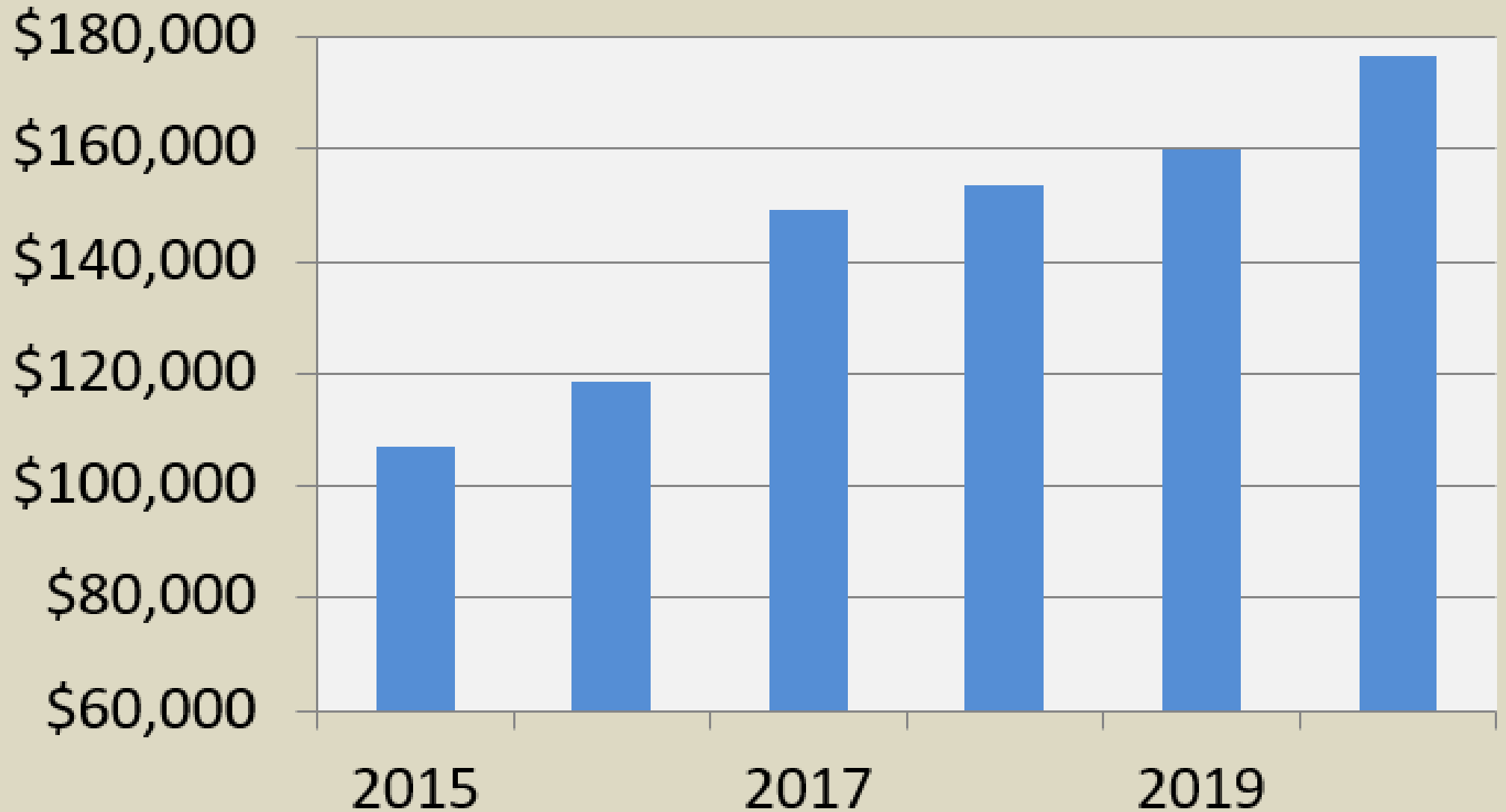
Portland Metro Apartment Sales Volume & Transactions – 2014 thru 2020



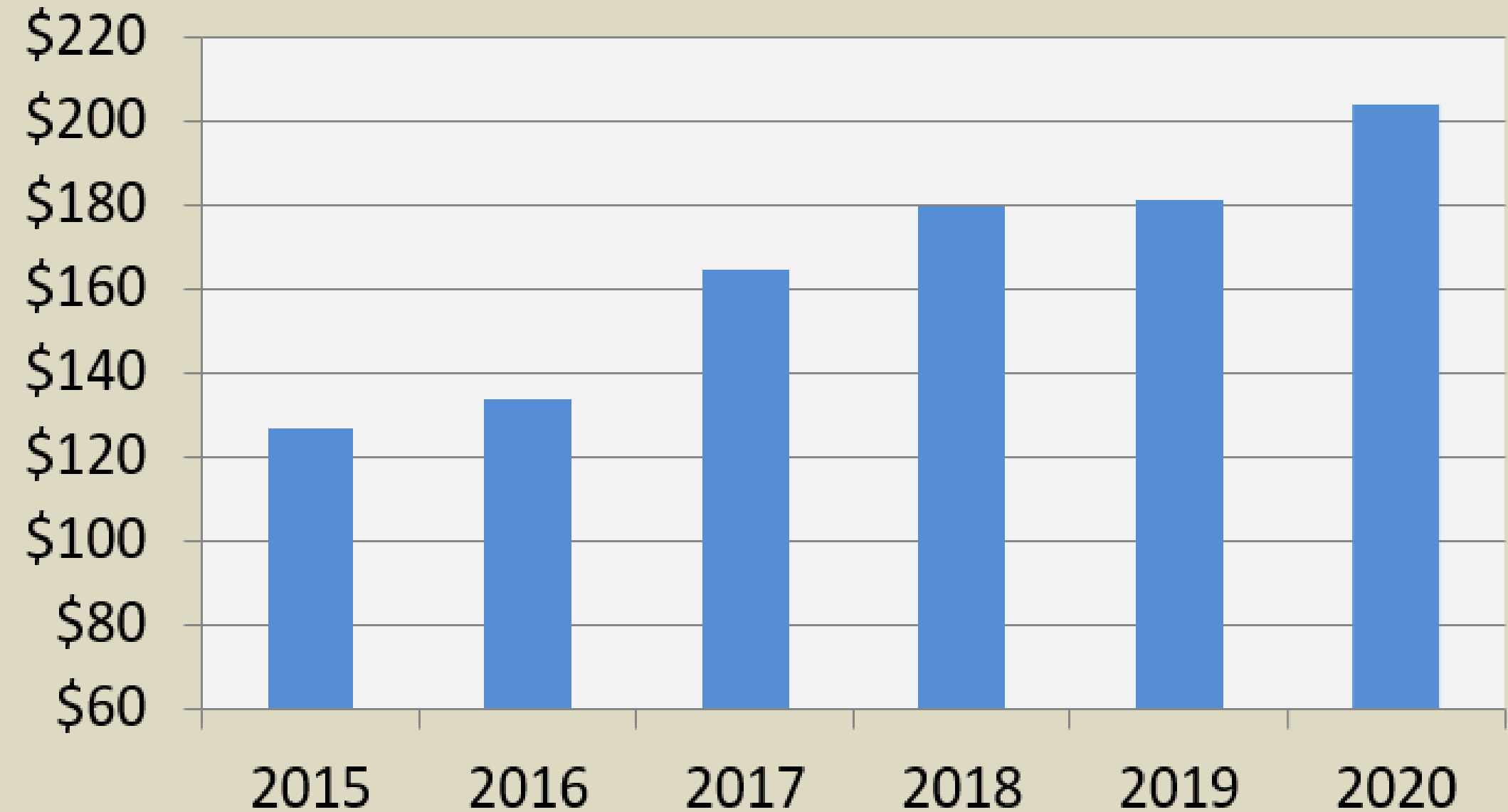
2020 Roller Coaster Year



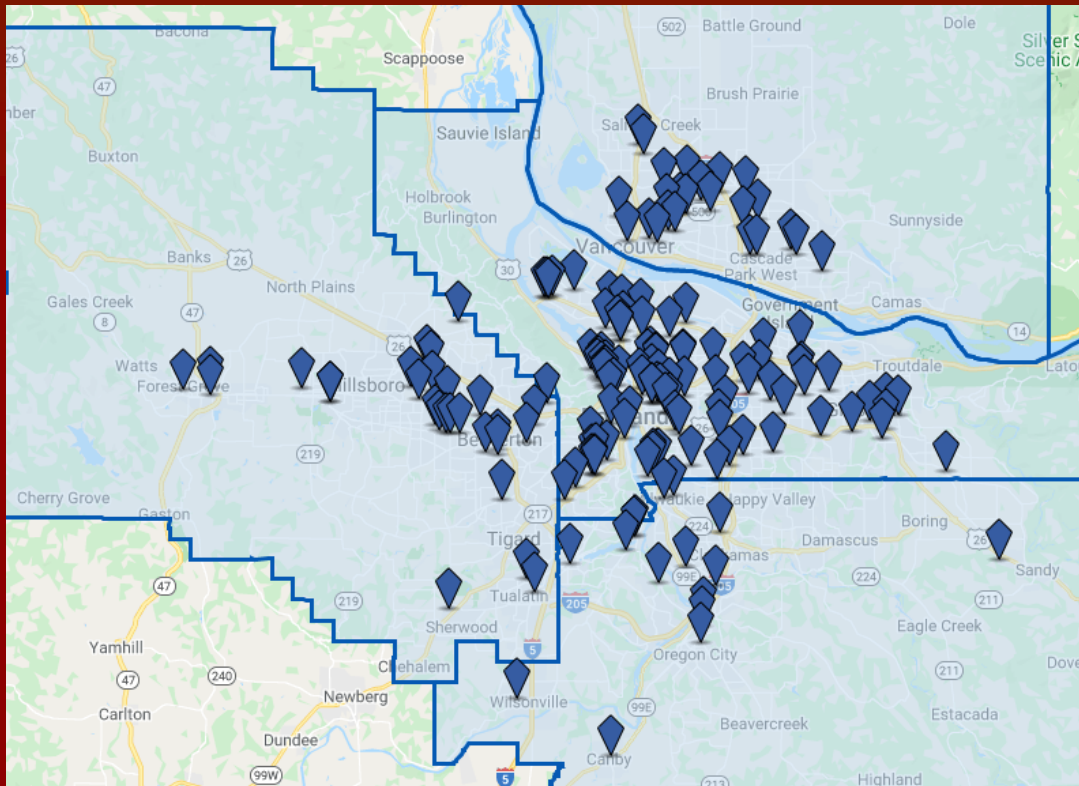
Portland Metro Area Median Price Per Unit (2015 - 2020)



Portland Metro Area Median Price Sq. Ft. (2015 - 2020)

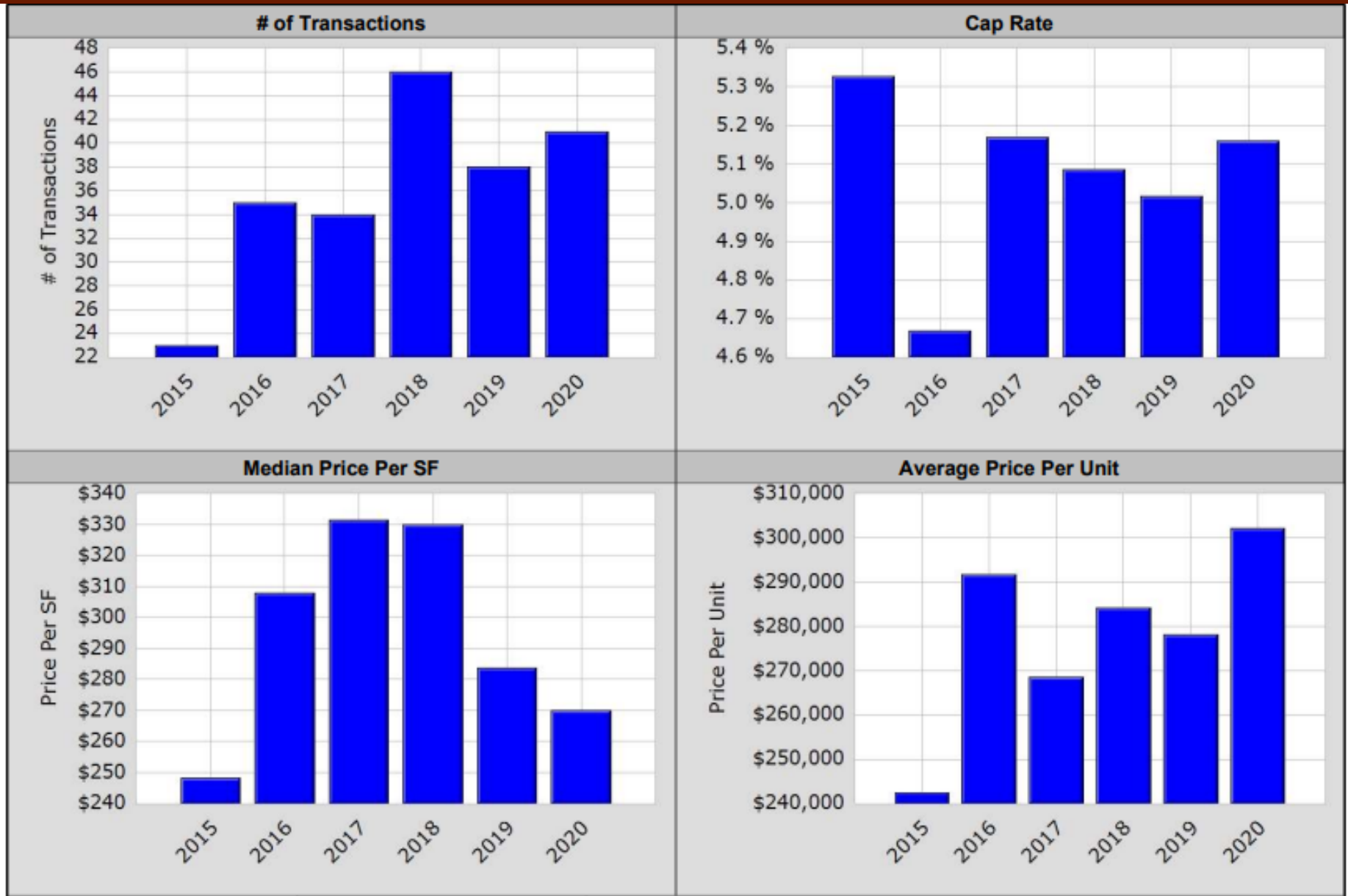


2020 Apartment Sale Trends

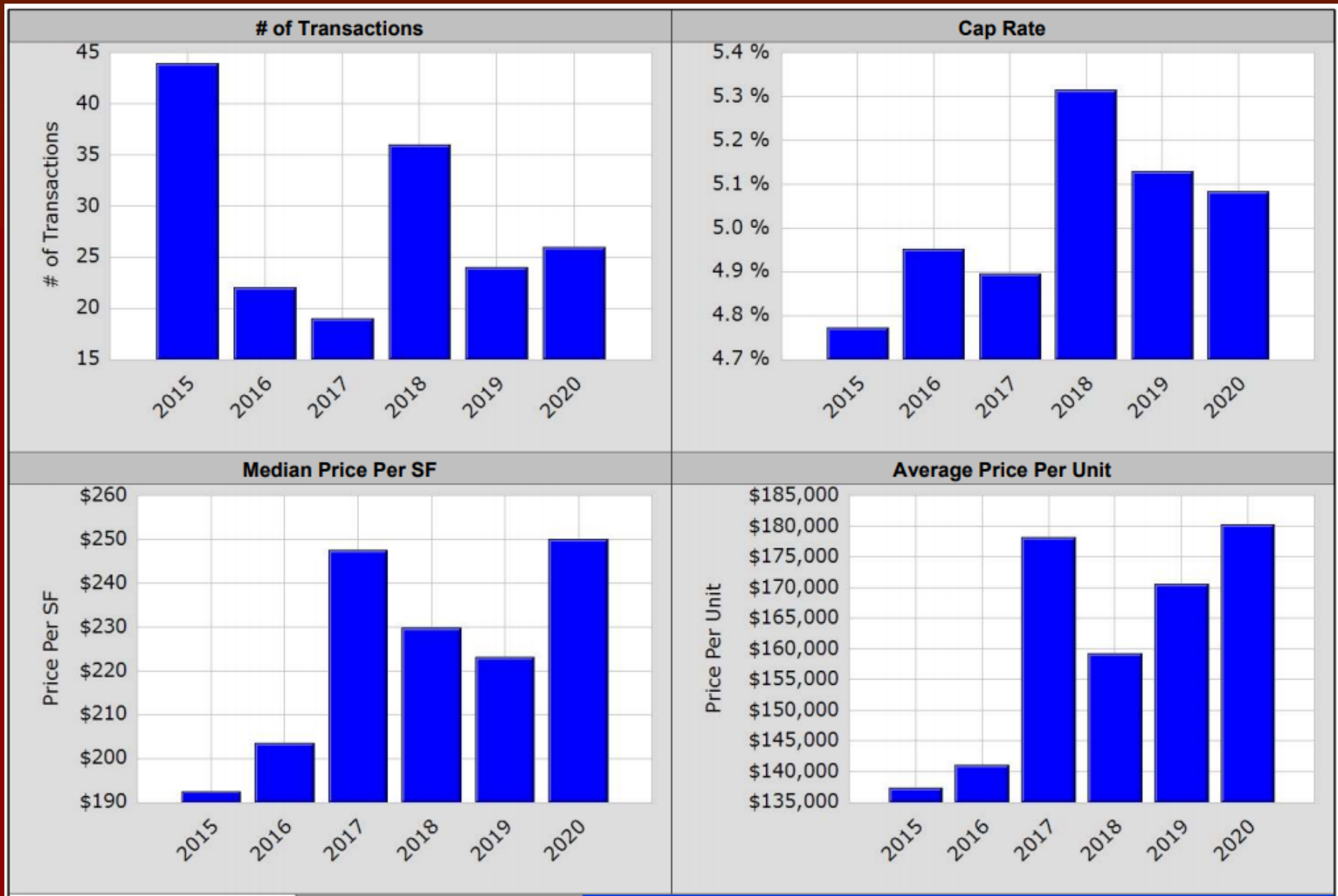


- 167 Total Sales YTD 2020
 - 46 Sales from Jan-March (15.3/month)
 - 38 Sales from April-July (9.5/month)
 - 83 Sales from August-Dec (16.6/month)
- Geography
 - Buyers want lower risk areas
- Existing owners are positioned, cash out refi money, enticed by low rates, FOMO, new administration with potentially new rules
- Due to new regulations, buyers are looking for stable assets. Limited value add.
- Sales of New Buildings (2000-current)
 - 2020 – 48 Sales (29% sales)
 - 2019 – 49 Sales (22% sales)
- Sales East of I-205
 - Jan-March – 11 (3.7/month)
 - April – December - 10 (1.1/month)

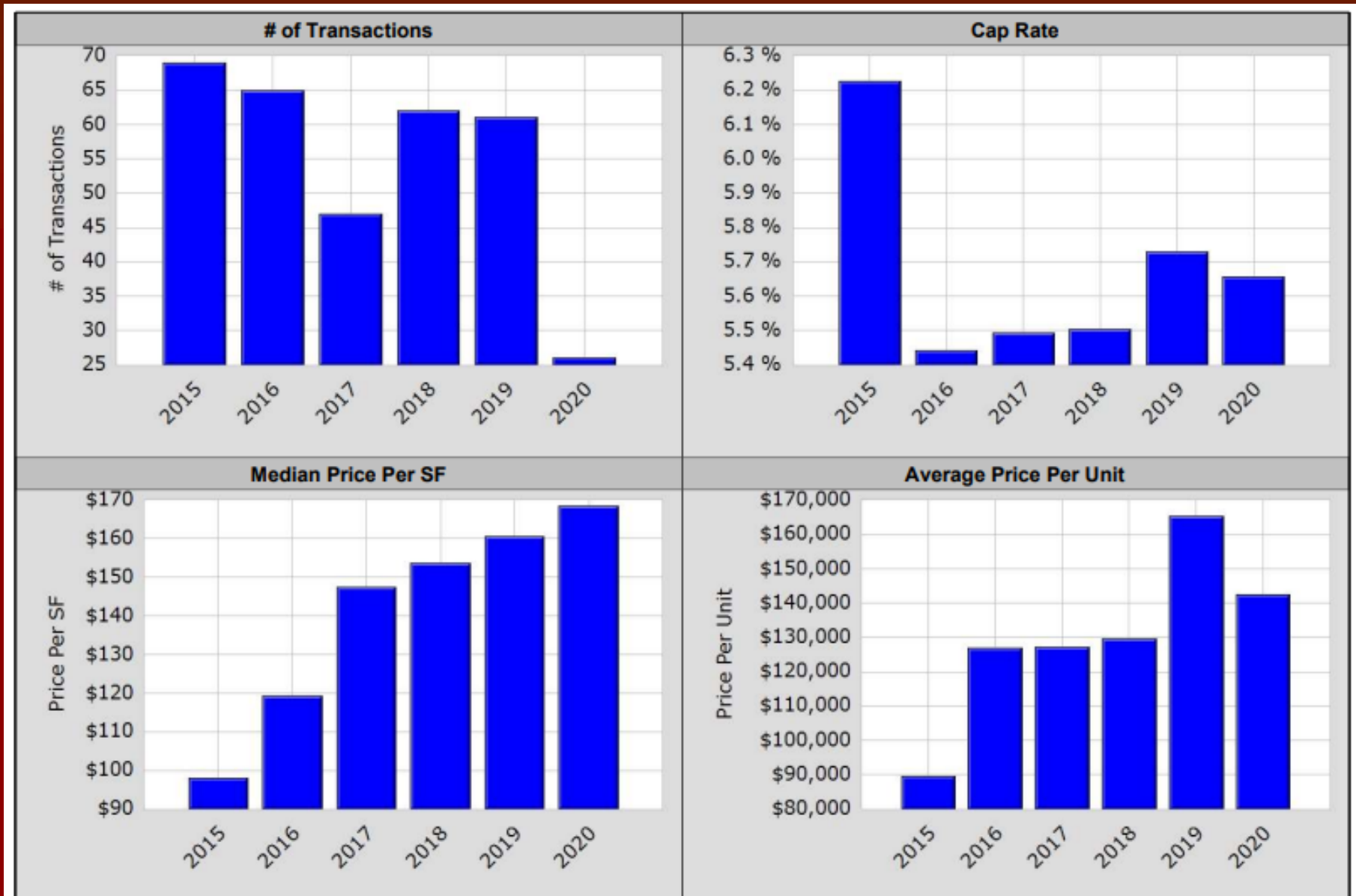
Sale Trends – 2010-2020 Built Apts



Sale Trends – Pre-1950 - Portland



Sale Trends – 1960-1990 Portland



Sale Trends – Clark County



Portland Metro 4-10 Units – Pre-2010



Multnomah County – East of I-205



**December 2020 – 8 Unit NW Portland -
\$181,250/Unit**



March 2021 Sale of 4 Unit Building SE Portland - \$284,375/Unit



February 2021 Sale of 8 Unit Apartment Vancouver - \$140,625/Unit



February 2021 – 8 Unit Apartment
Fairview - \$131,250/unit

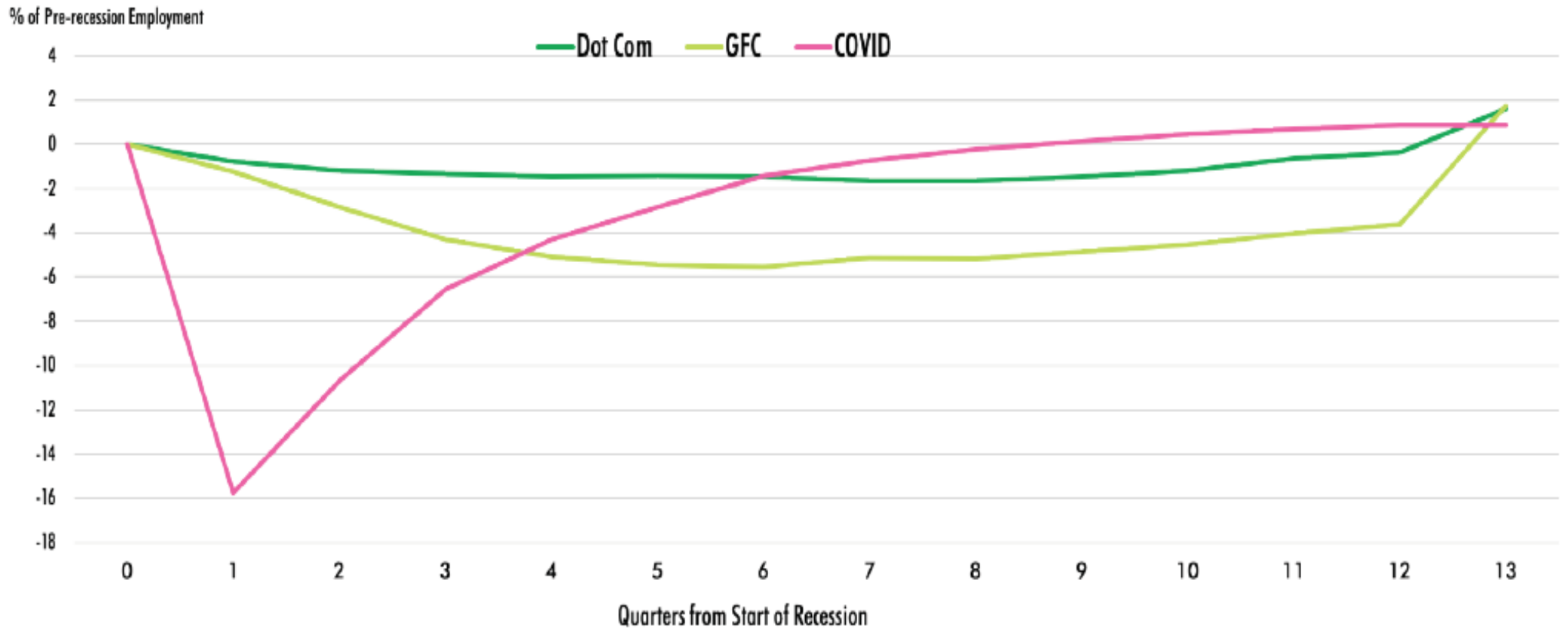


October 2020 Sale - 64 Unit Edison Apts Gresham - \$187,500/unit



CBRE Forecast

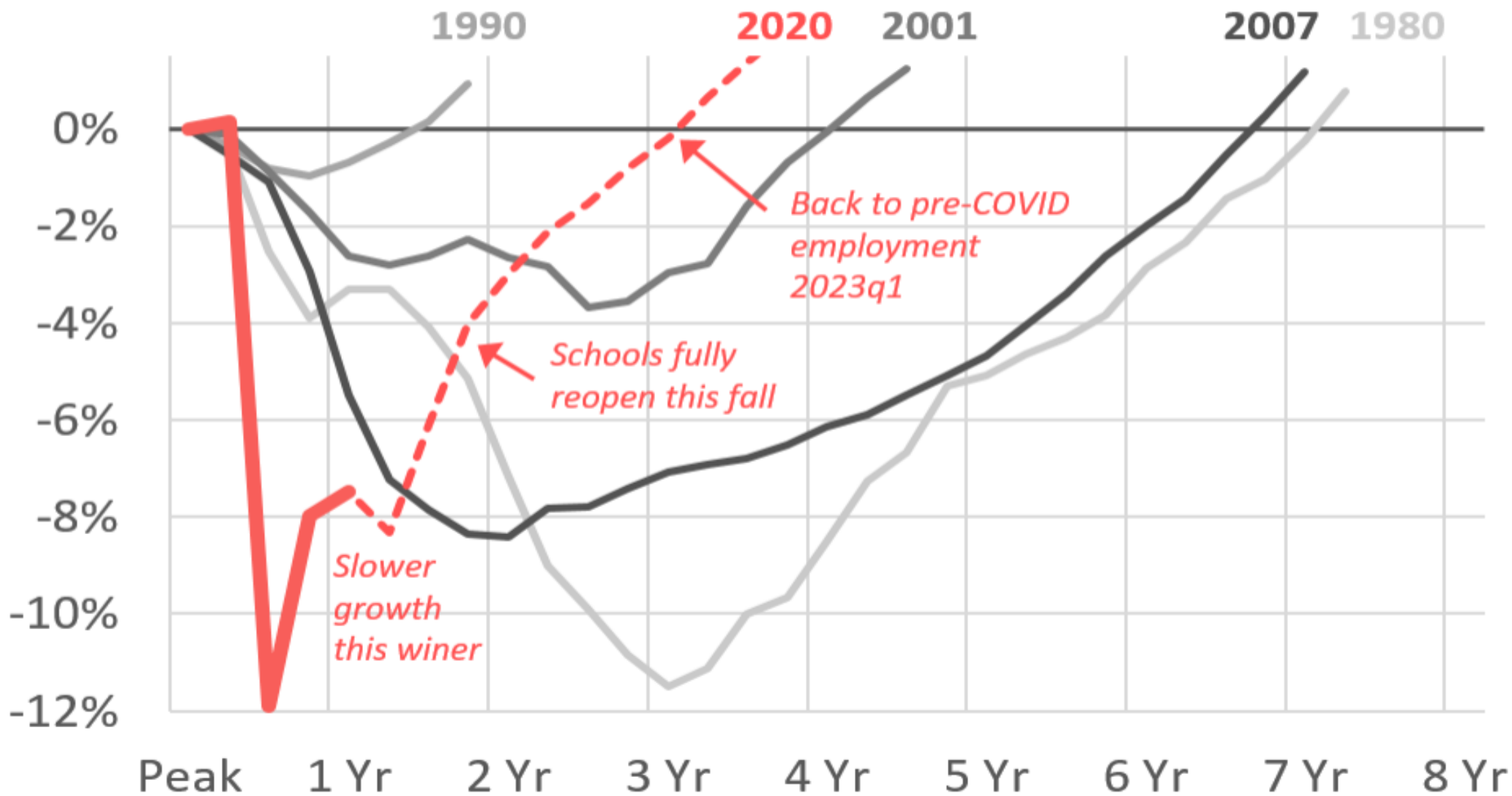
FIGURE 5: Percent Change in Employment from Onset of Recession



Source: CBRE EA, Oxford Economics, Q1 2020.

Oregon Recession Comparison

Employment Percent Change from Pre-Recession Peak

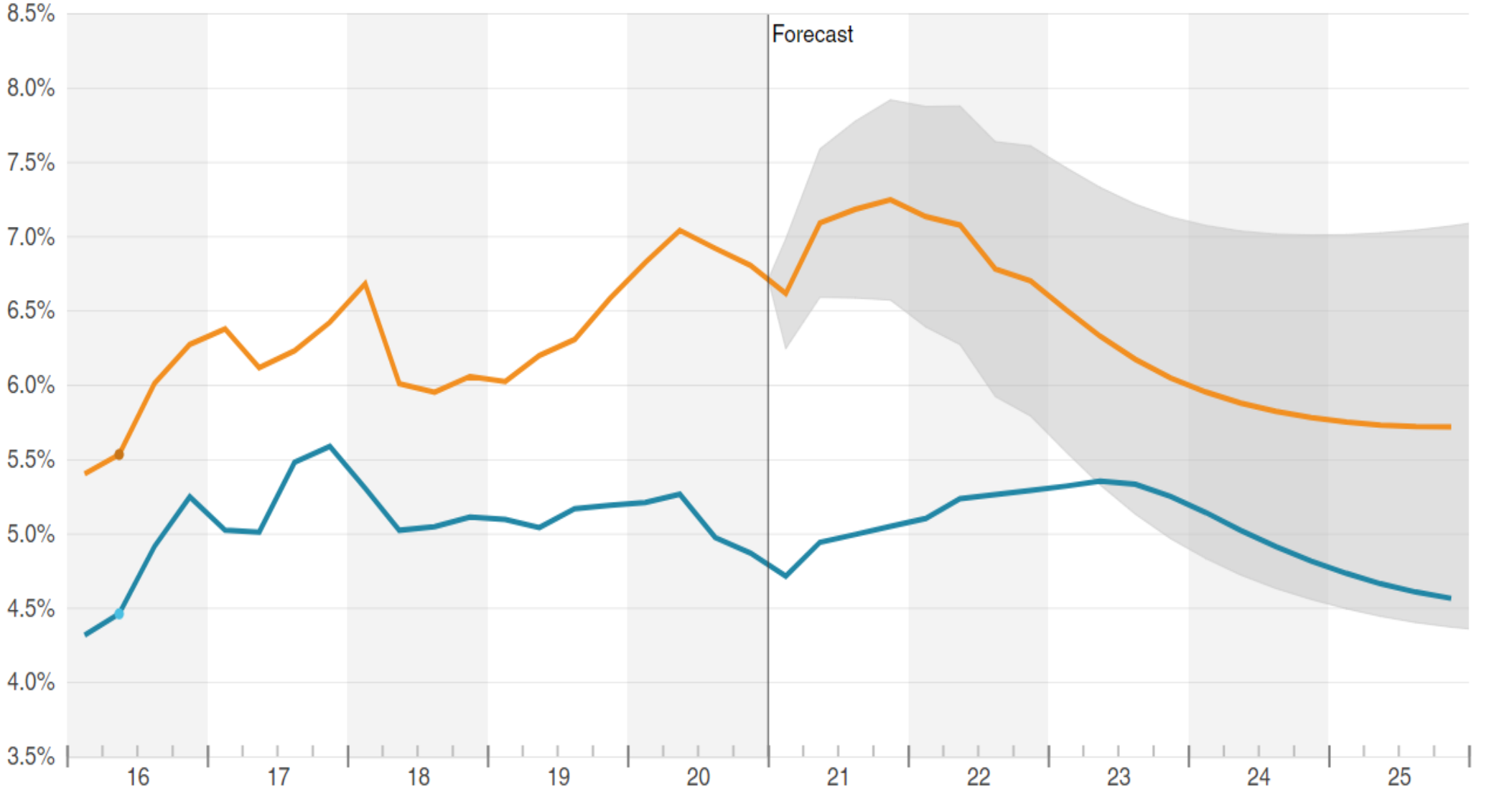



Source: Oregon Employment Department, Oregon Office of Economic Analysis

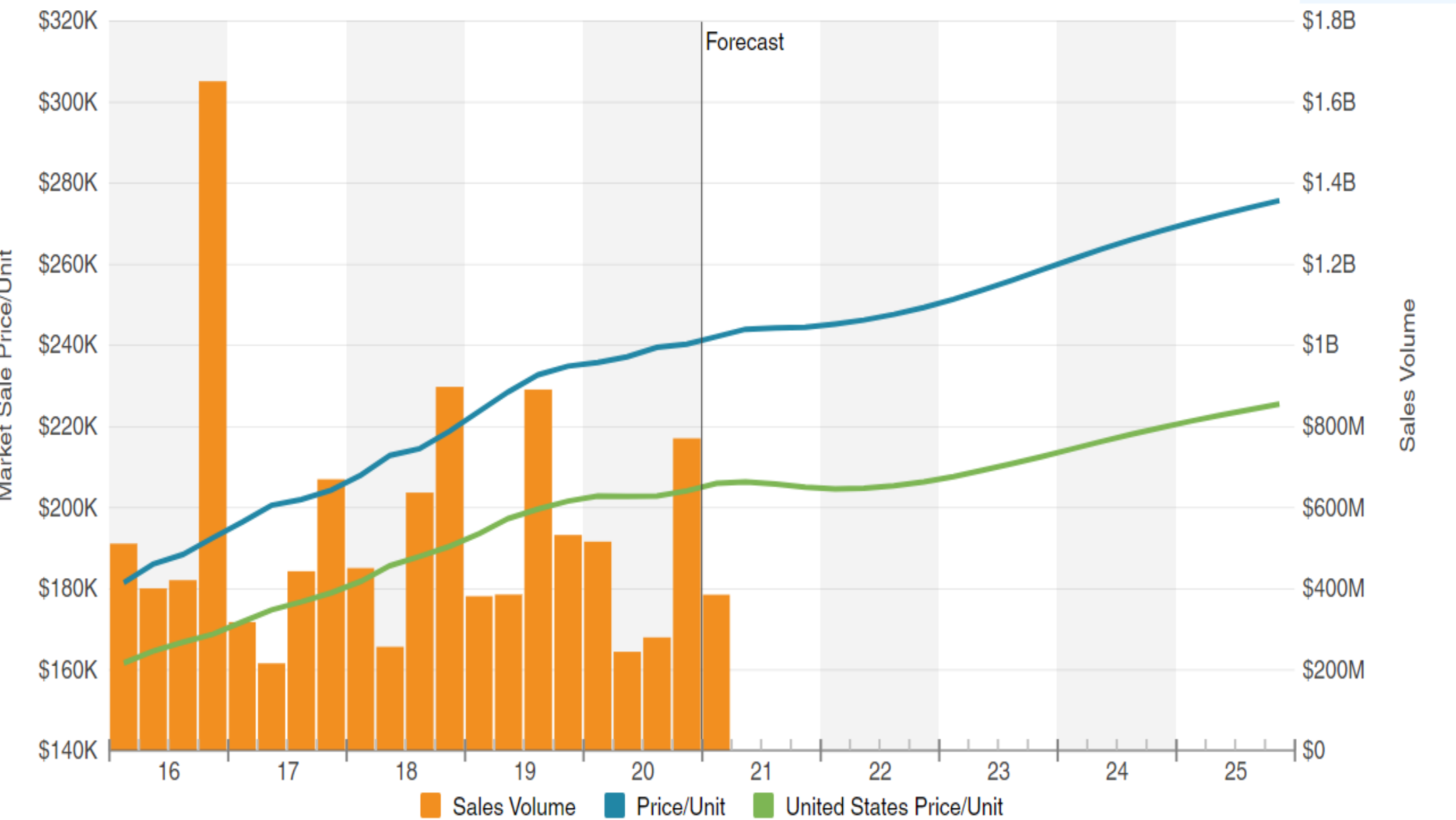
Overall & Stabilized Vacancy

Forecast Range Timing

Base Case ▼ Quarterly ▼



Timing
Quarterly 



SERIES: Brookings Metro's COVID-19 Analysis

A close-up photograph of a set of keys with a yellow keychain resting on a document titled "EVICTION NOTICE". The document is white with a red horizontal line under the title. The keys are silver and include a yellow keychain. The background is a dark, textured surface.

EVICTION NOTICE

THE AVENUE

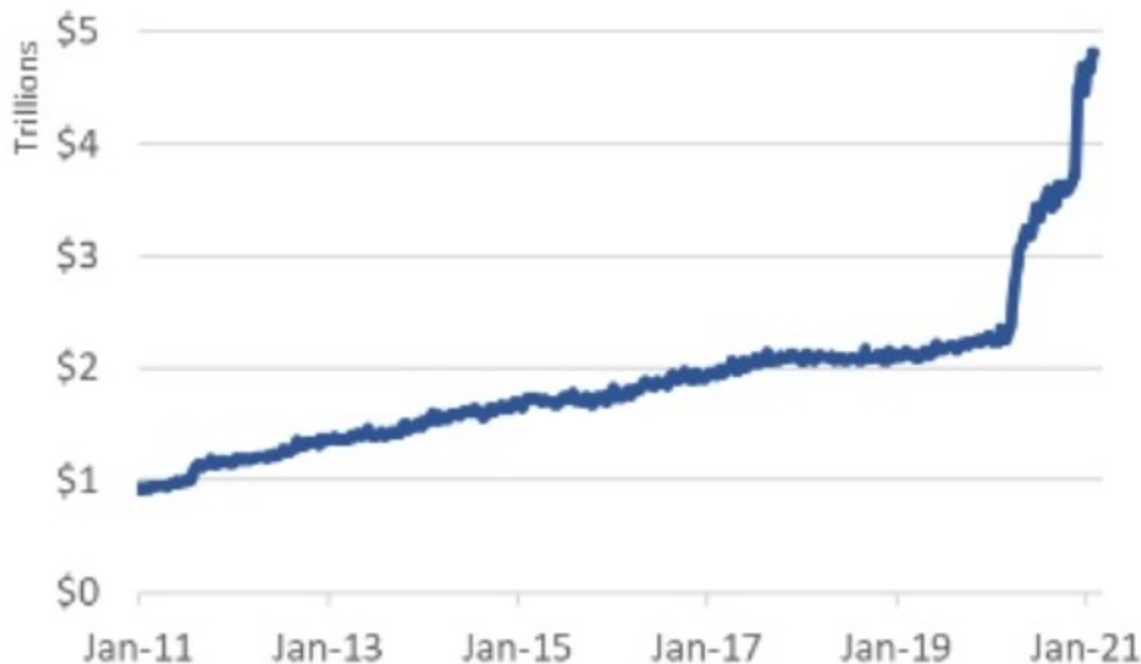
To weather the coming eviction crisis, cities need better rent relief programs

Jenny Schuetz - Tuesday, December 8, 2020



Savings will support spending

U.S. Checkable Deposits



- Households have built up considerable savings in the past year
- Concentrated among middle- and high-income households
- Lower-income households continue to struggle
 - Job prospects remain dim
 - Federal aid has lapsed at different points
- Pent-up demand will be unleashed as pandemic wanes and economy reopens
- Mix of consumer spending will shift back to labor-intensive, in-person services, driving strong employment gains



Latest Data: Feb 1, 2021 | Source: Federal Reserve, Oregon Office of Economic Analysis



The economy is emerging from a dark winter. The resurgent virus of a few months ago is in full retreat. The outlook brightens with every inoculation. The stage is set for stronger economic growth this year and next than the U.S. has experienced in decades, possibly generations. The combination of increased vaccinations, large and swift federal policy responses, and a more resilient underlying economy, results in a cycle unlike anything experienced before.

	FACTOR	CHALLENGES	RECOVERY PATH & CONSIDERATIONS IN 2021
Economy	Income	Loss of job, reduced income, loss of confidence in future income and employment opportunity.	Most industries recovering steadily (though not all, such as entertainment, tourism, hospitality, retail).
	WFH/WFA	With work-from-home/work-from-anywhere practices common for office workers, living near the workplace is far less relevant.	Most office workers back at office by Q1, but "new norm" more likely 30% to 60% at office translating to less emphasis on living in close proximity to work.
	Urban Amenities	Limited availability of entertainment, restaurants/bars, cultural amenities, sports, etc.	Urban amenities continue to return through 2021 (pace partly dependent on vaccine diffusion process); 80-90% back by end of 2021.
COVID-19 Related	Public Transit	Many renters uncomfortable taking public transit; private transportation options limited, too expensive or impractical in many cities.	Once a vaccine is widely available and widely distributed, fear factor should subside fairly quickly.
	Living Space	More living space desired as renters spend more time at home.	This should diminish as people go back to school and work; however, hybrid nature of both will likely be a feature of the "new normal."
	Outdoor Space	Many renters desire greater access to outdoor options as an outlet for long hours in apartments.	Continued opening up of public outdoor amenities will mitigate this factor; still, some renters will continue to move to less dense areas.
Secular Trends	High Rents	Cost-benefit calculus: with less benefits from urban living, justification of high cost of urban living comes into question.	As urban living conditions improve, high rent becomes less of a factor; reductions in urban rents will entice some new residents; however, some renters who became accustomed to more affordable suburban rents may not return due to costs.
	Lifestyle	Millennials moving into life stages where urban living is often traded in for less-dense housing options in other submarkets and/or markets.	Likely to continue to put downward pressure on urban multifamily demand; urban living seems to be appealing to Gen Z, but it's a smaller cohort (smaller number in each age group).

Top 10 Predictions for 2021

- #10 There will be significant economic growth and job gains in the second half of the year when the COVID-19 vaccine is more readily available.
- #9 While some people will move to the suburbs, many more will remain in urban areas, working from both home and work.
- #8 Apartment owners in expensive markets may suffer in 2021, but apartment developers in smaller markets should fare well.
- #7 The luxury market will be even more robust thanks to low jumbo mortgage rates.
- #6 Legislators will be more apt to consider zoning changes that free up buildable land.
- #5 Developers will increasingly adapt existing commercial buildings for residential use.
- #4 New construction home design will accommodate the changing needs of remotely working households.
- #3 COVID-19-induced foreclosures will be minimal and have limited impact on the broader market.
- #2 Mortgage rates are unlikely to drop or rise too much, averaging around 3.2%.
- #1 Home sales will rise significantly this year, but price growth will moderate.



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Questions

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