

Ticor Title

Portland Metro Apartment Market Update

December 16, 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 for 2023**

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 31st, 2022

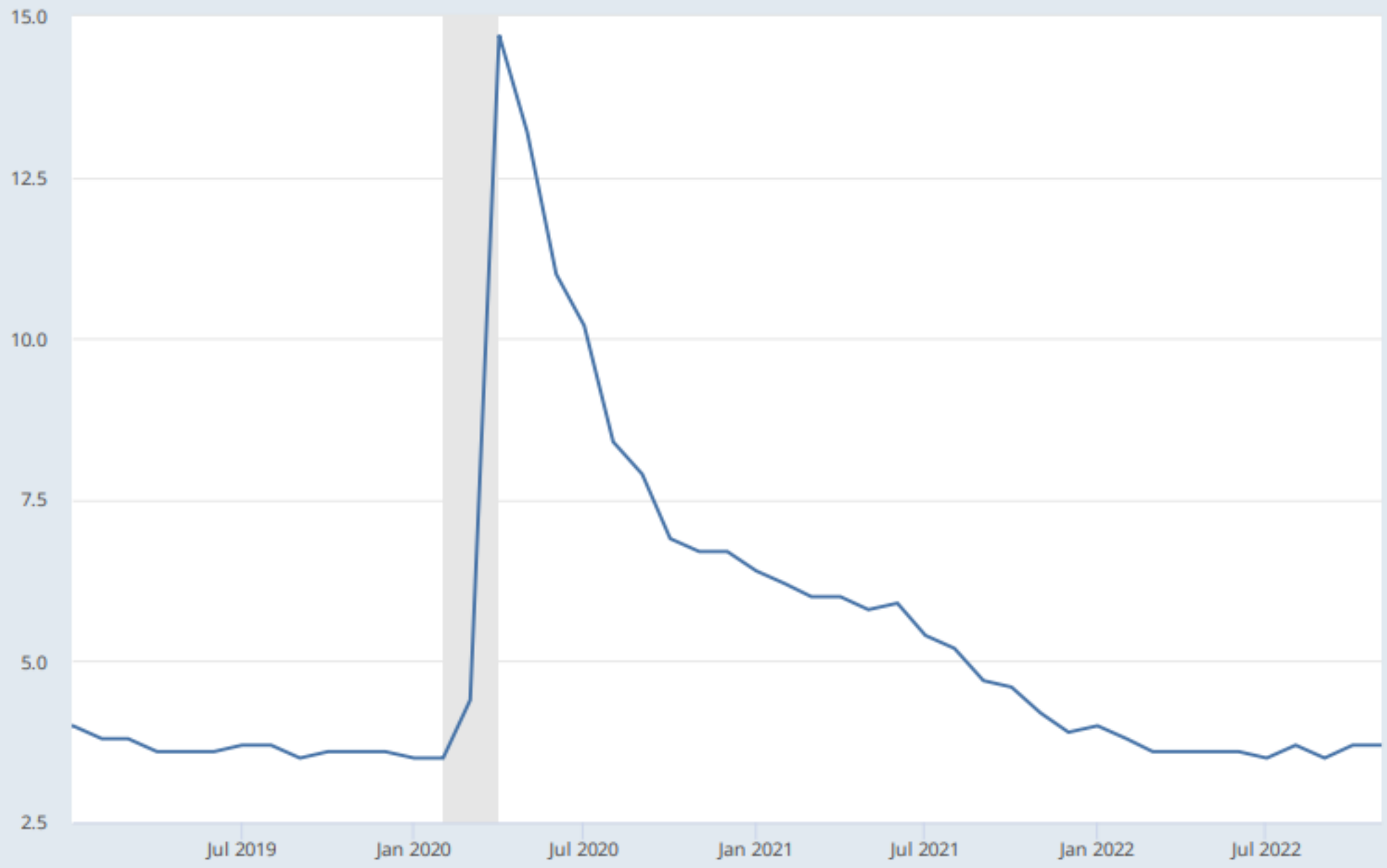


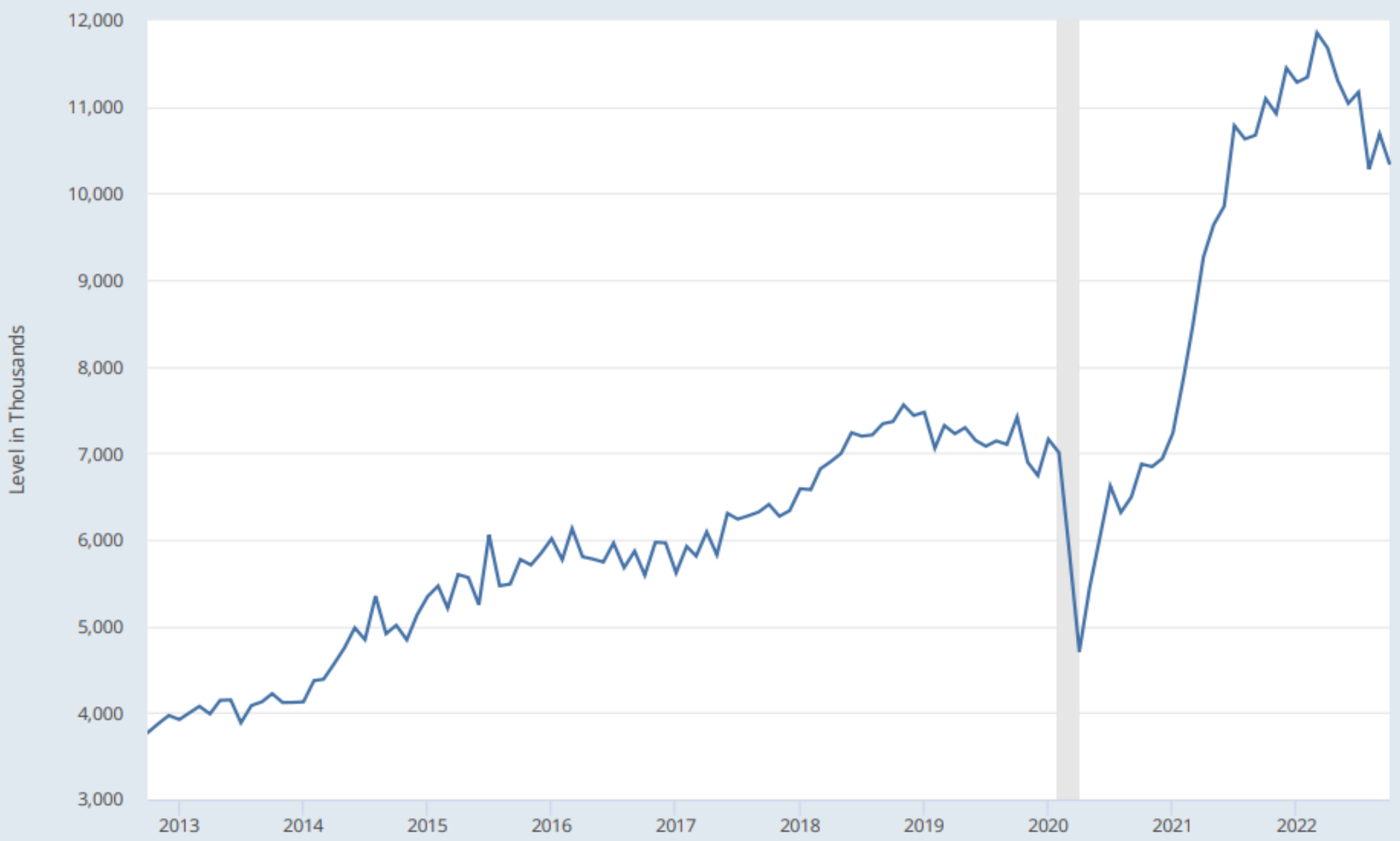
Multi-Family Market Report

Portland - OR

PREPARED BY







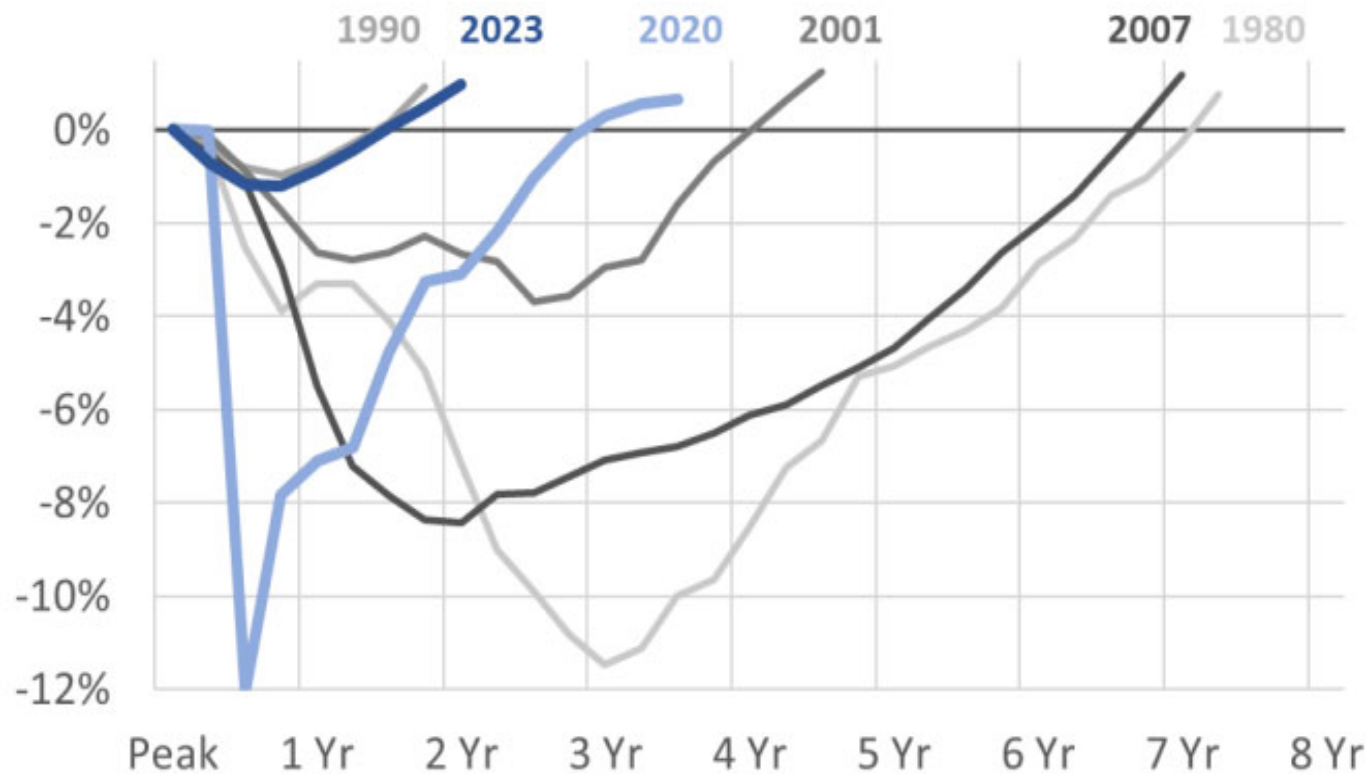
Portland-Vancouver-Hillsboro, OR-WA MSA Total nonfarm employment

(seasonally adjusted)
Official Oregon Series



Oregon Recession Comparisons

Employment percent change from pre-recession peak



Source: Oregon Employment Department, Oregon Office of Economic Analysis

• Why a Mild Recession

- Inflation expectations
 - Businesses, financial markets, and households all expect inflation to slow
- Labor hoarding
 - Labor market is structurally tight, firms will not want to let go of workers even if sales slow
- Household finances
 - Strong finances and higher savings keep spending strong

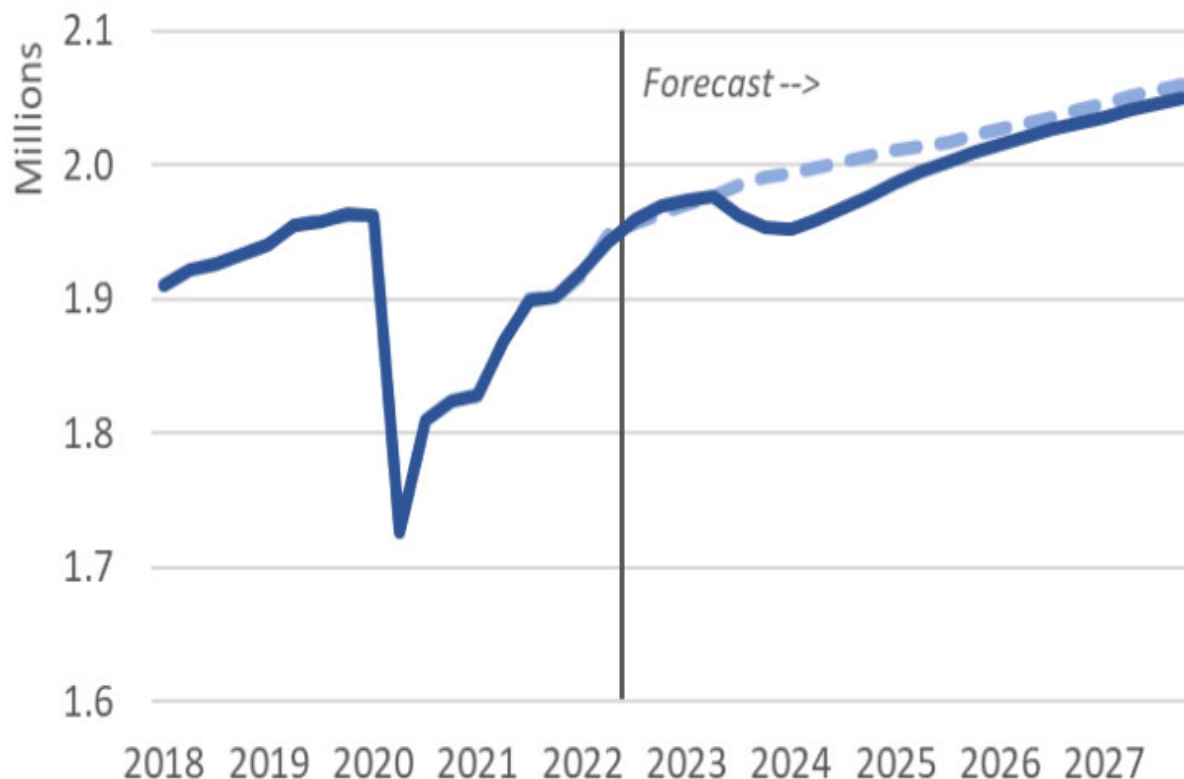




Inflationary booms do not end well

Oregon Employment

December 2022 Forecast | September 2022 Forecast



- Mild Recession
 - Job losses begin 2023q3
 - Oregon loses 24,000 jobs, for a 1.2% decline
 - Income and spending slow, but remain positive
- Nature of Recession
 - More technical than fundamental, driven by declines in housing and business investment due to high interest rates
 - Larger expected losses in construction, finance, manufacturing, transportation and warehousing
 - Smaller expected losses in health care and leisure and hospitality

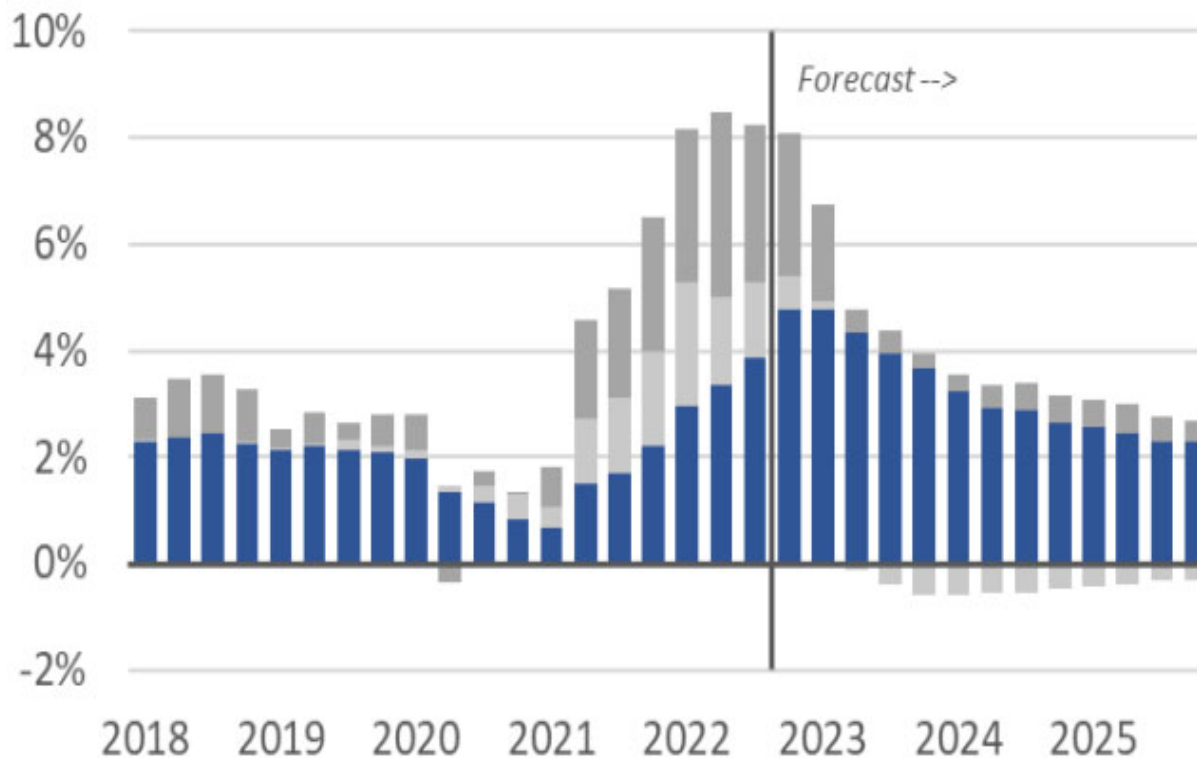




Inflation is the key macroeconomic issue

West Region Consumer Price Index

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



Goods and services are excluding food and energy | Latest: 2022q3 | Source: BLS, IHS Markit, OR Office of Econ Analysis

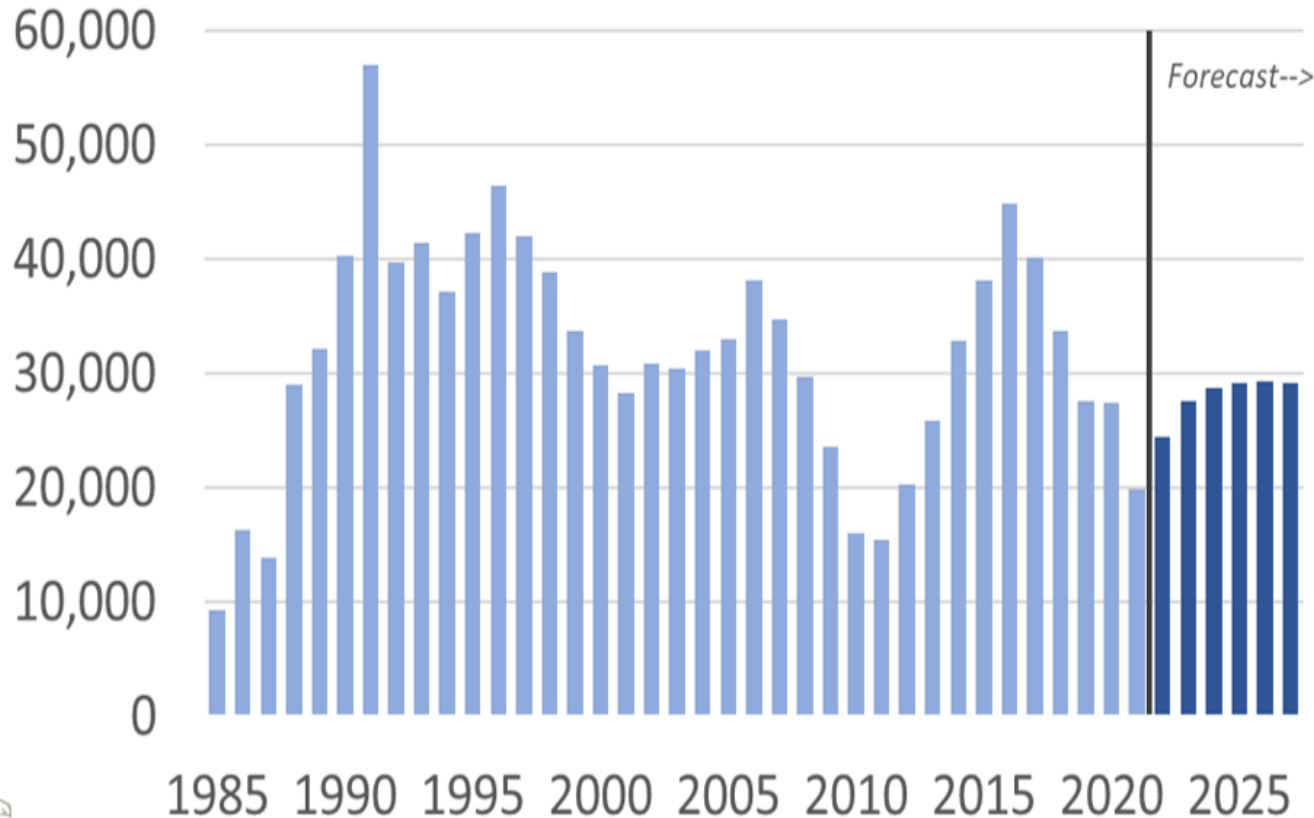
- Inflation is not costless
- Federal Reserve
 - Higher rates slow economy, but with a 1–2 year lag
 - Chair Powell admits path to the soft landing has narrowed
- Inflation Outlook
 - Headline inflation slows some due to gas prices and easing supply chains
 - Full return to 2% Fed target is harder and a multiyear process
- Oregon public policies
 - Fees indexed for inflation, public wage negotiations, minimum wage, rent stabilization, etc





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



Latest Data: 2021 | Source: PSU, WA OFM, Oregon Office of Economic Analysis





— Homeownership Rate for Oregon



Source: U.S. Census Bureau

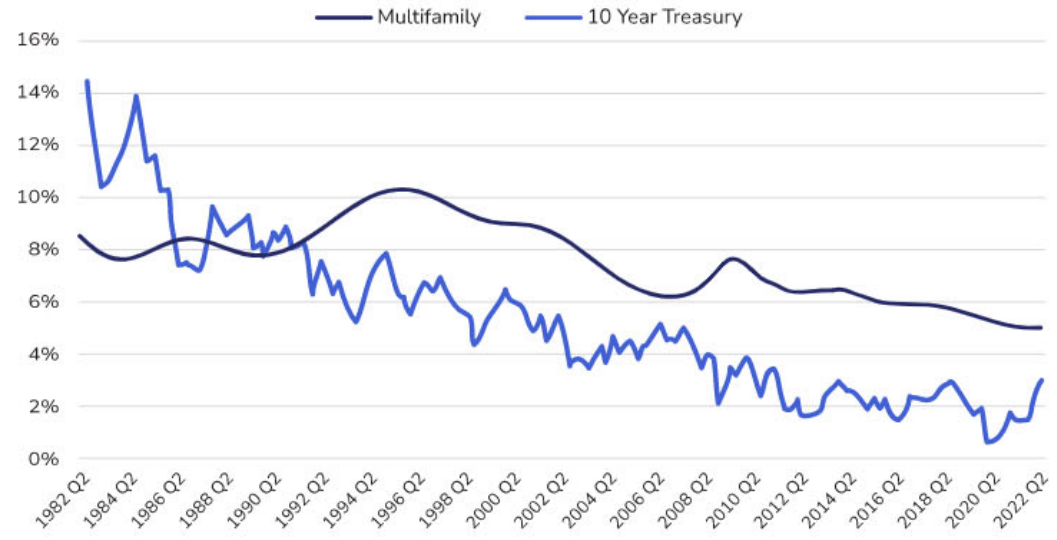
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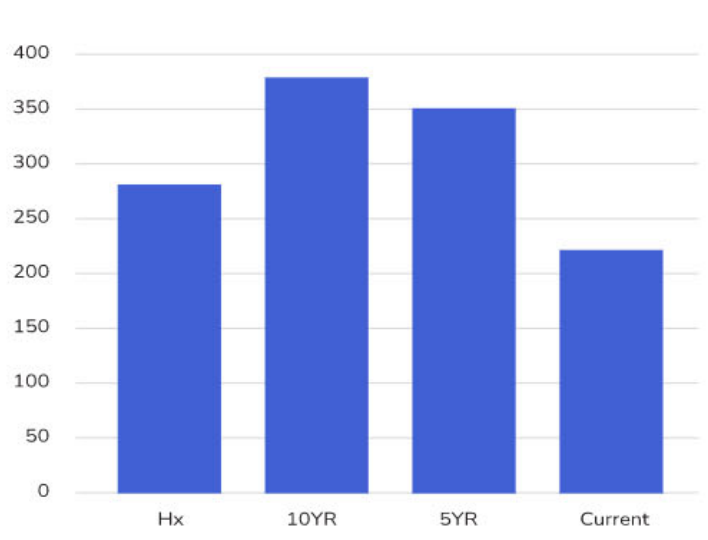


The multifamily sector continued its strong run into Q2 but has exhibited some signs of softening. Rent growth has cooled after historically high growth rates, but demand has remained strong. Fueling demand is the recent rise in mortgage rates. In fact, about 2.6 million renter households ages 25 to 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: 2022-12-12: **3.61** (+ more)
 Updated: Dec 13, 2022

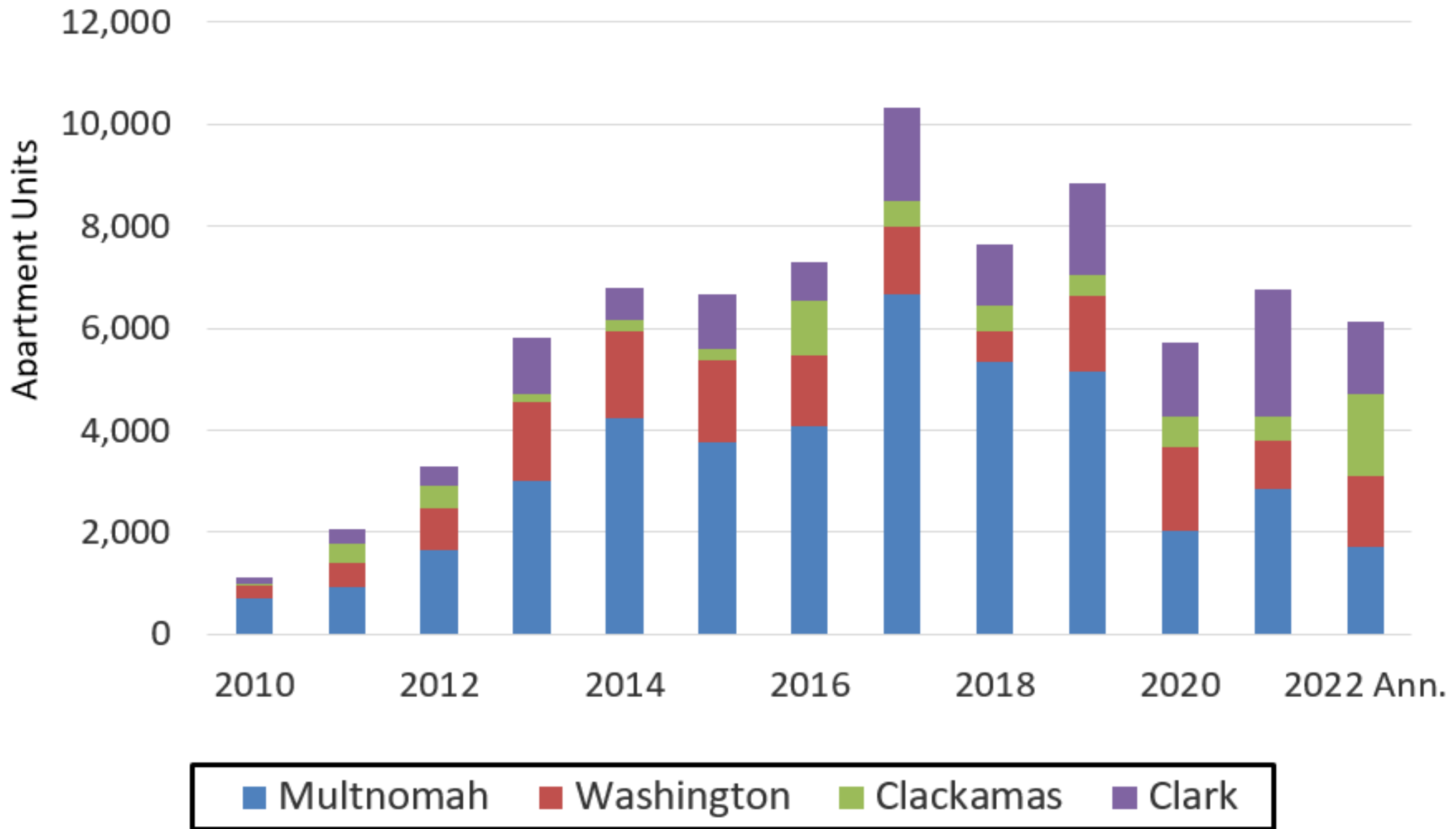
Units: Percent, Not Seasonally Adjusted

Frequency: Daily

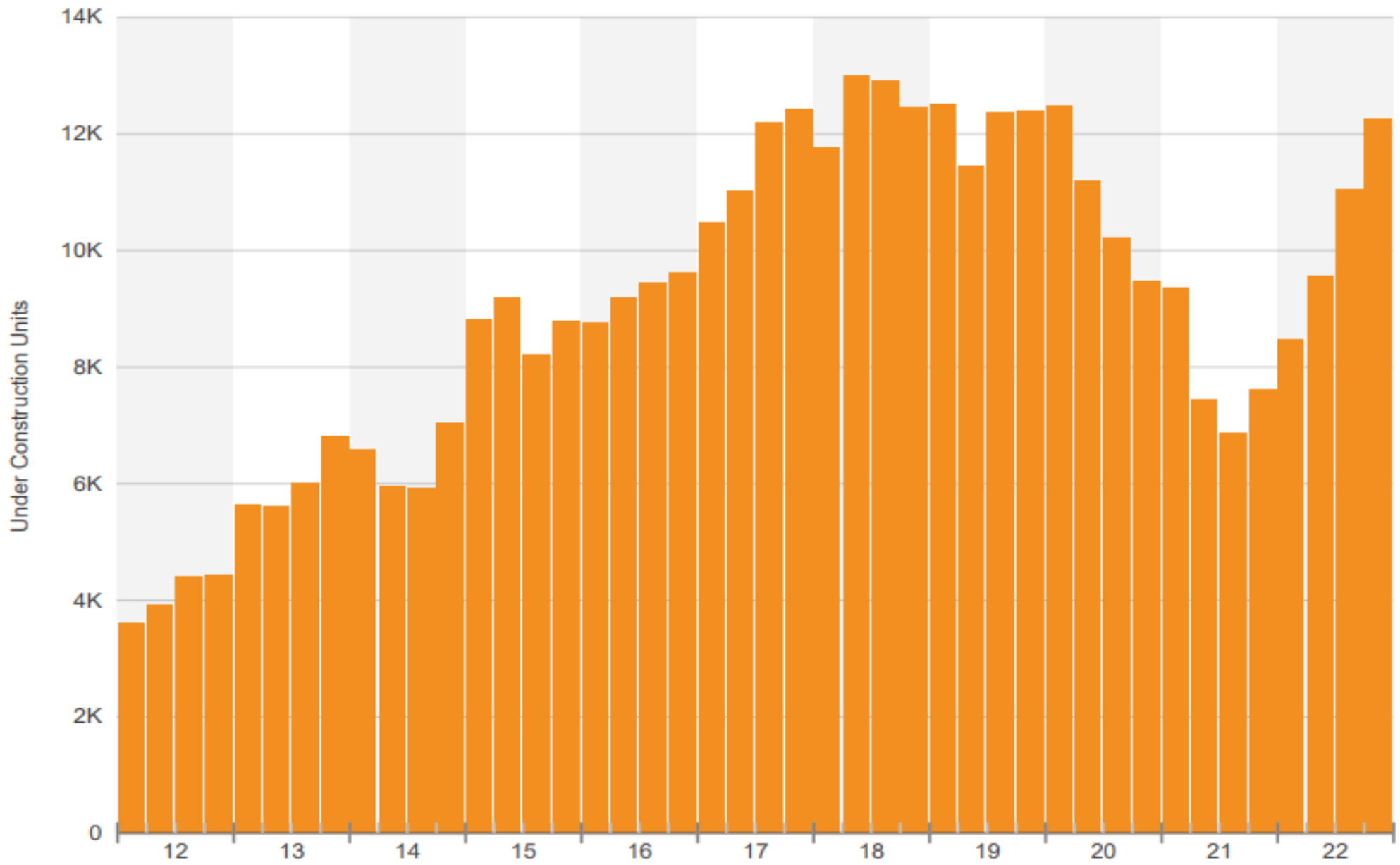
1Y | 5Y | 10Y | Max to

EDIT GRAPH

Apartment Permits Issued 2010 - YTD 2022 By County

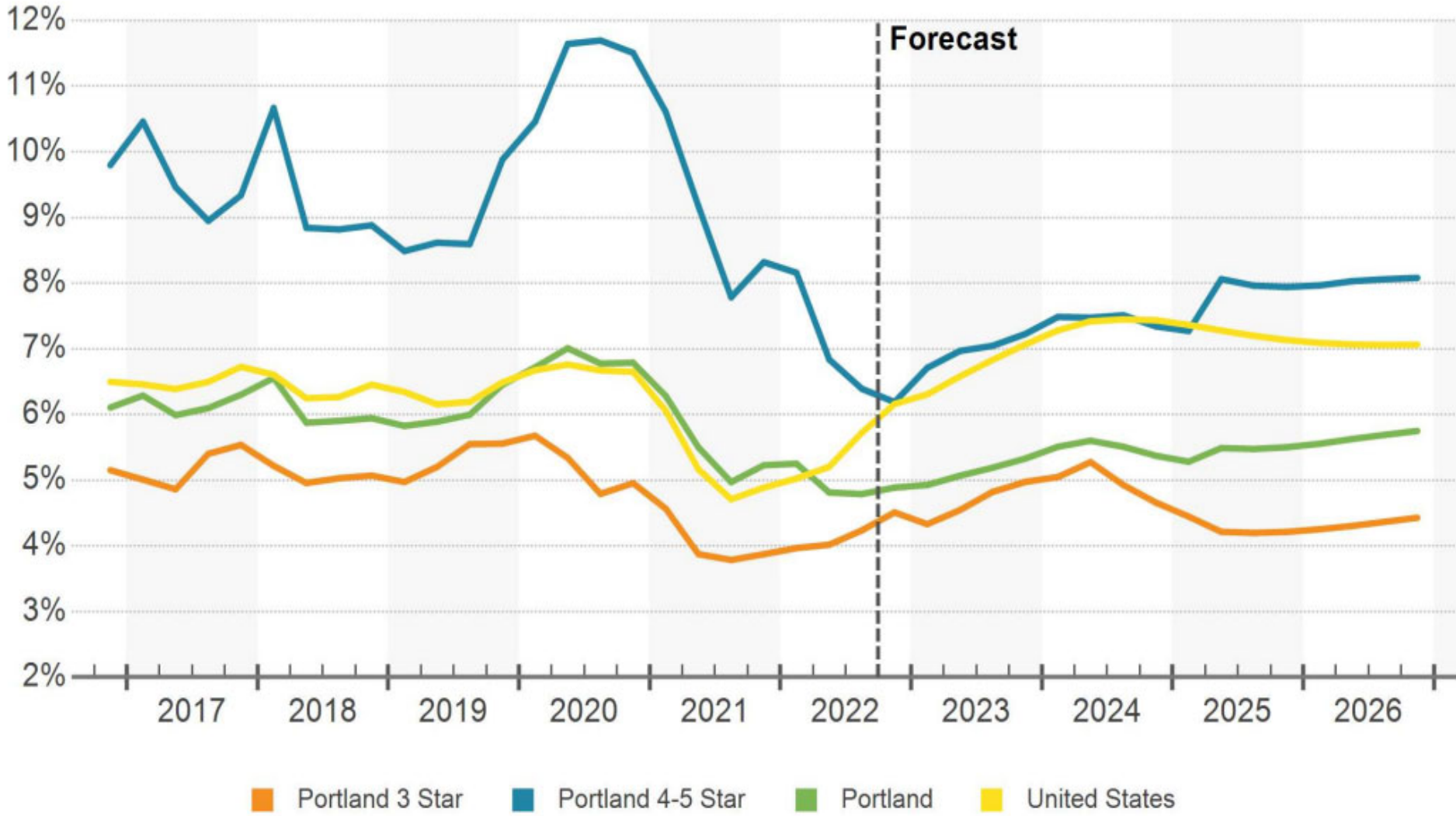


Under Construction

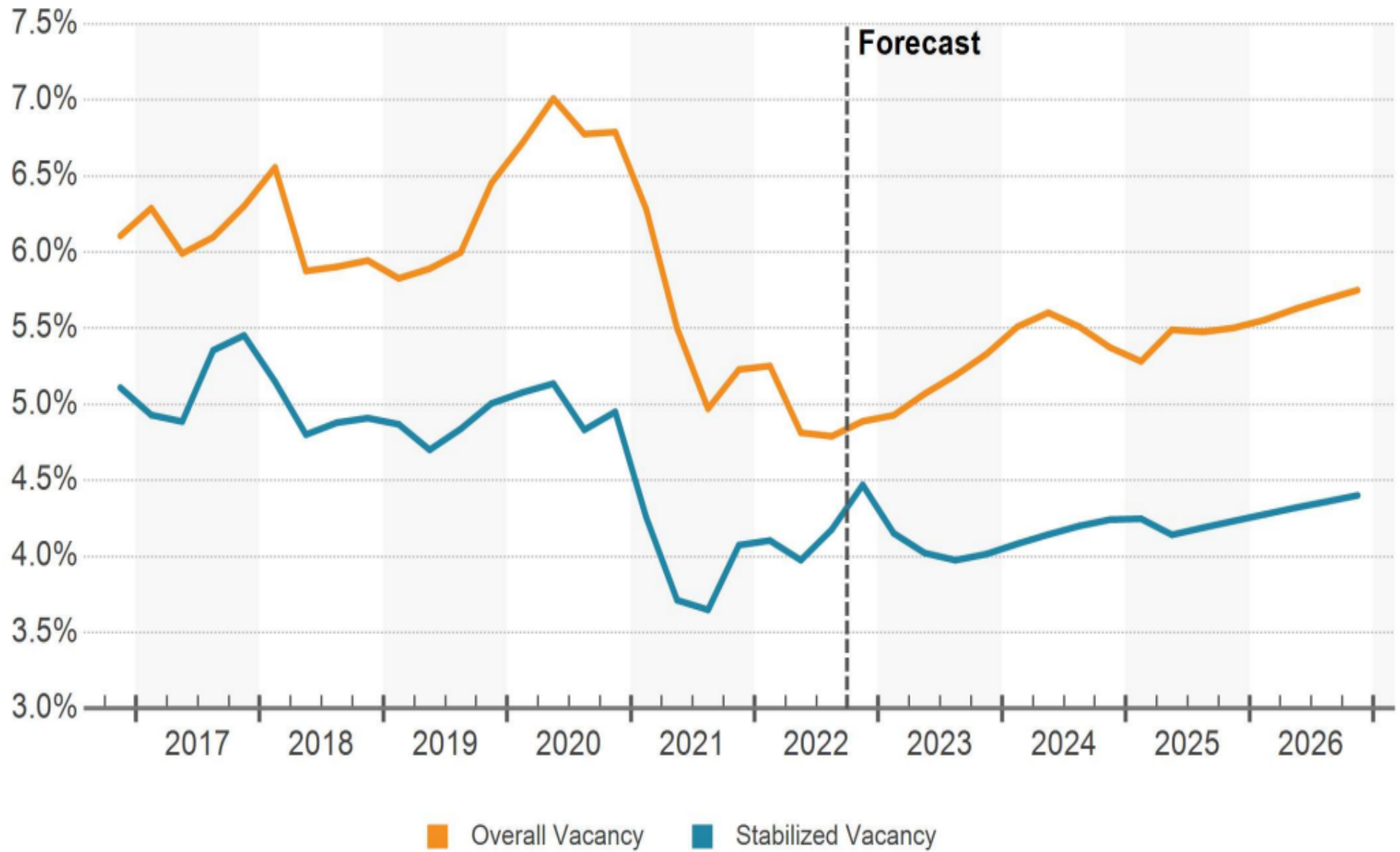


Vacancy

VACANCY RATE

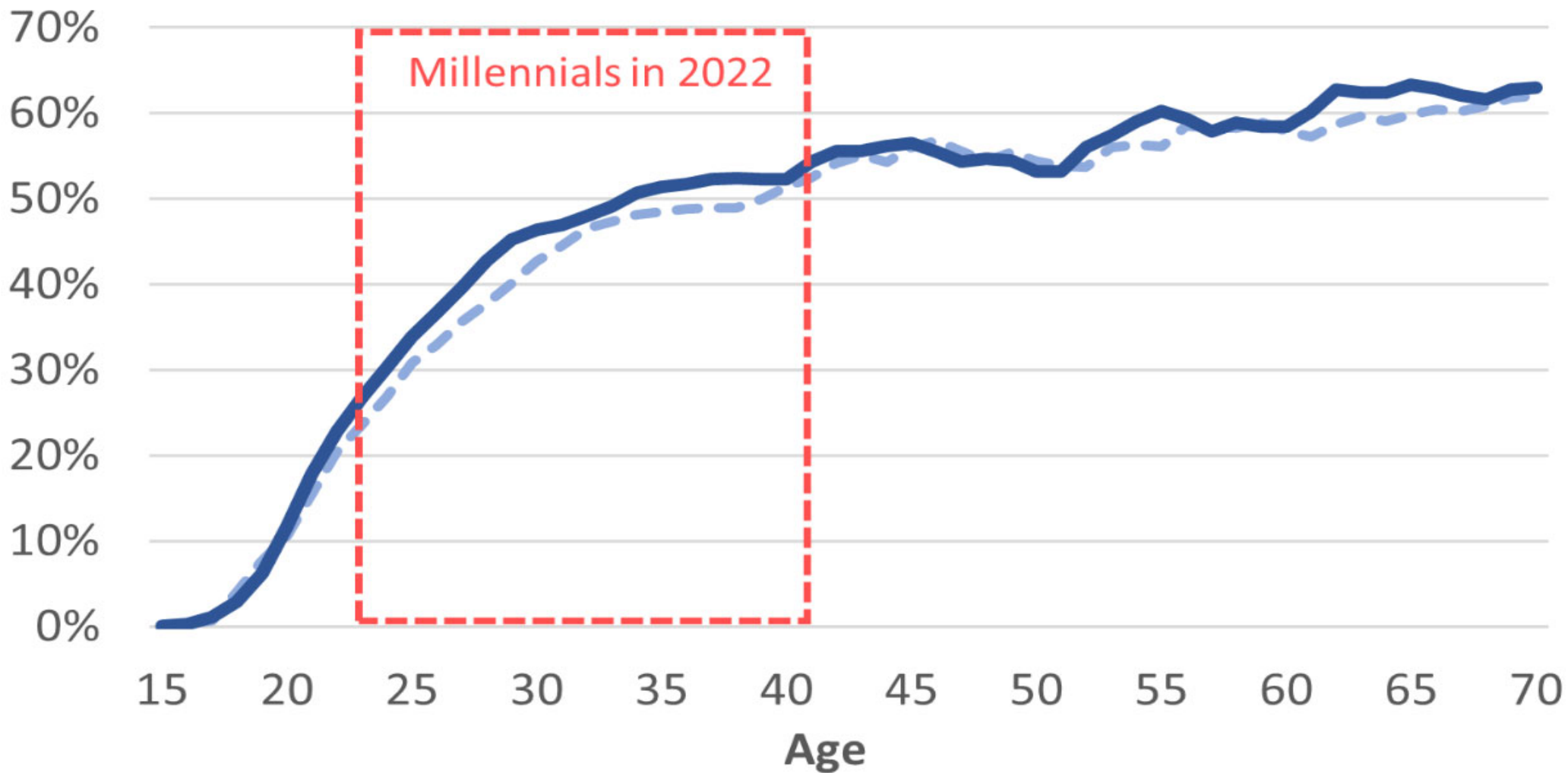


OVERALL & STABILIZED VACANCY



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*

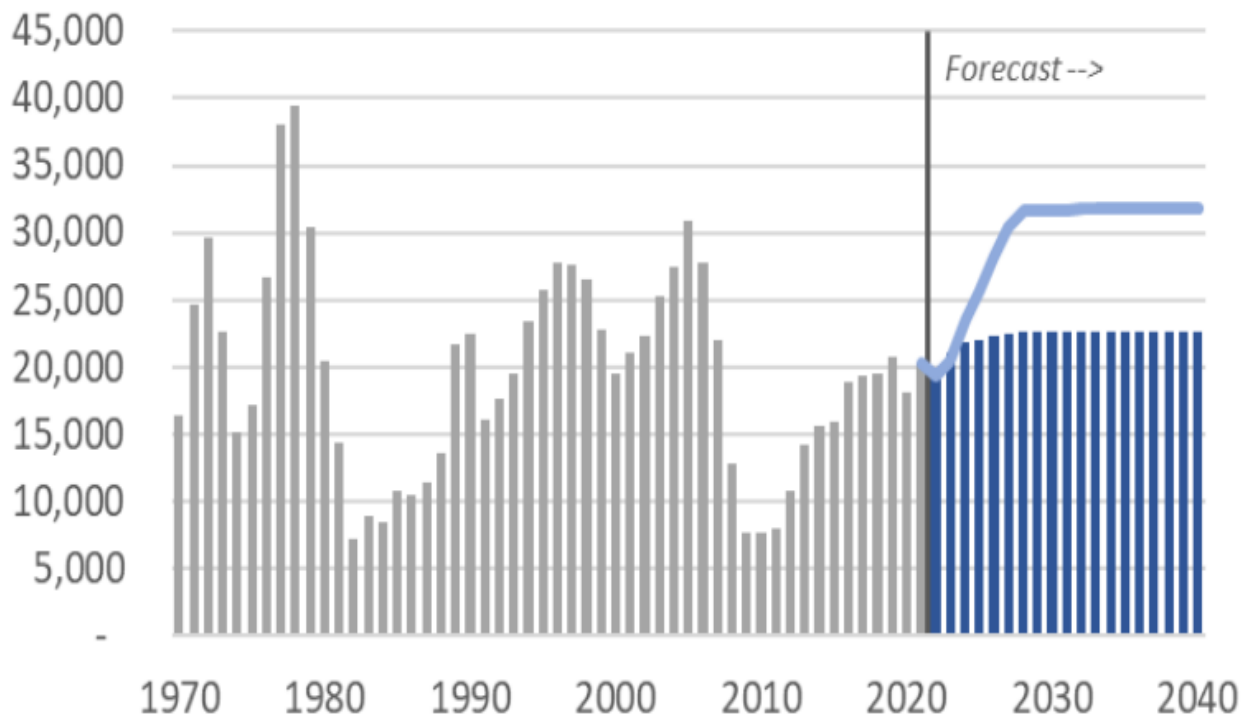
Metro Area	Housing Units	No. of Households	Difference
Albany	1,450	1,950	-500
Bend	4,150	7,250	-3,100
Corvallis	1,500	1,950	-450
Eugene	3,000	4,450	-1,450
Grants Pass	-500	1,550	-2,050
Medford	-700	3,000	-3,700
Portland	29,250	37,450	-8,200
Salem	3,250	5,850	-2,600



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



Latest: 2021 | Source: Oregon Office of Economic Analysis



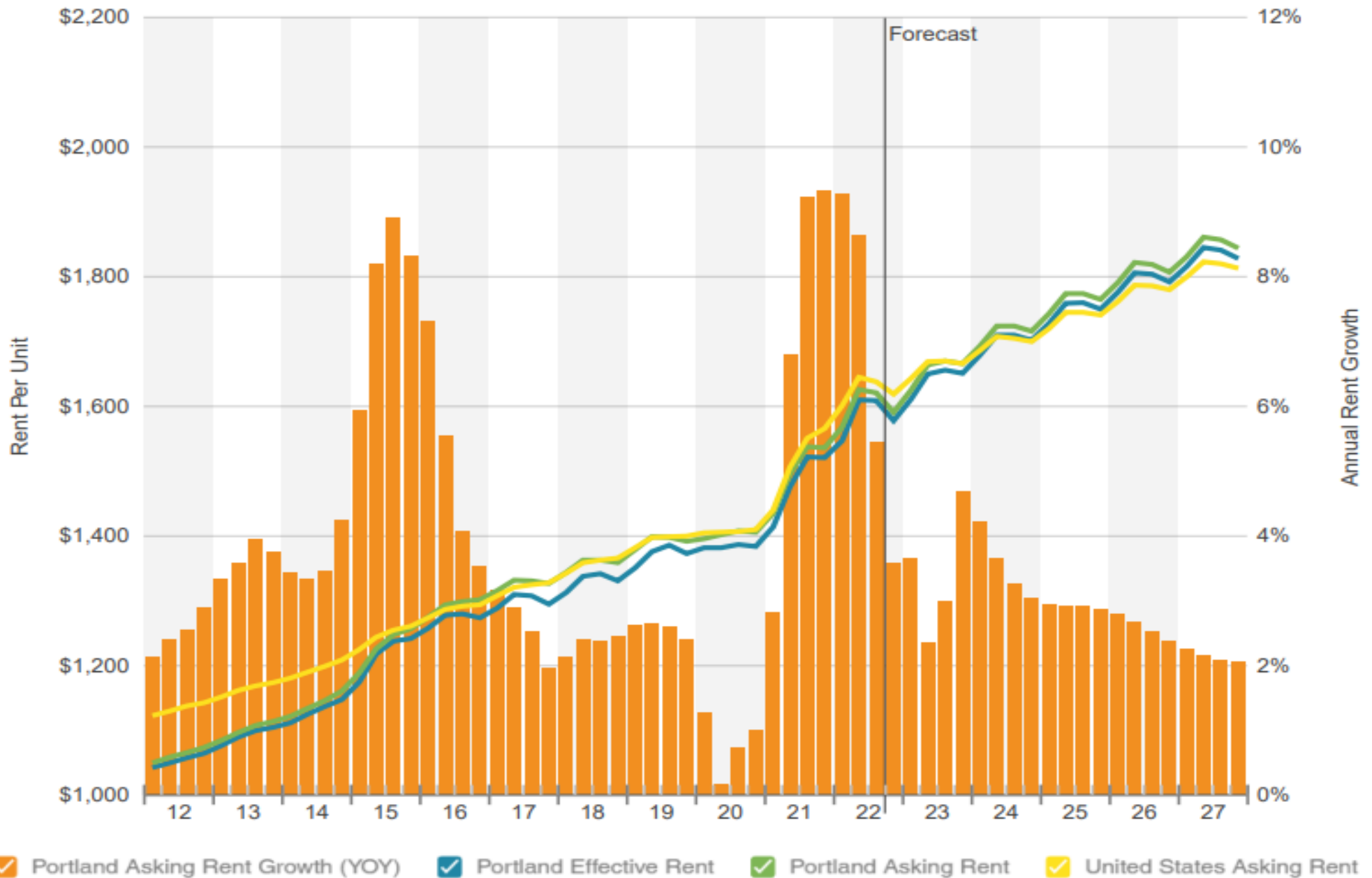


Increasing Oregon's housing production

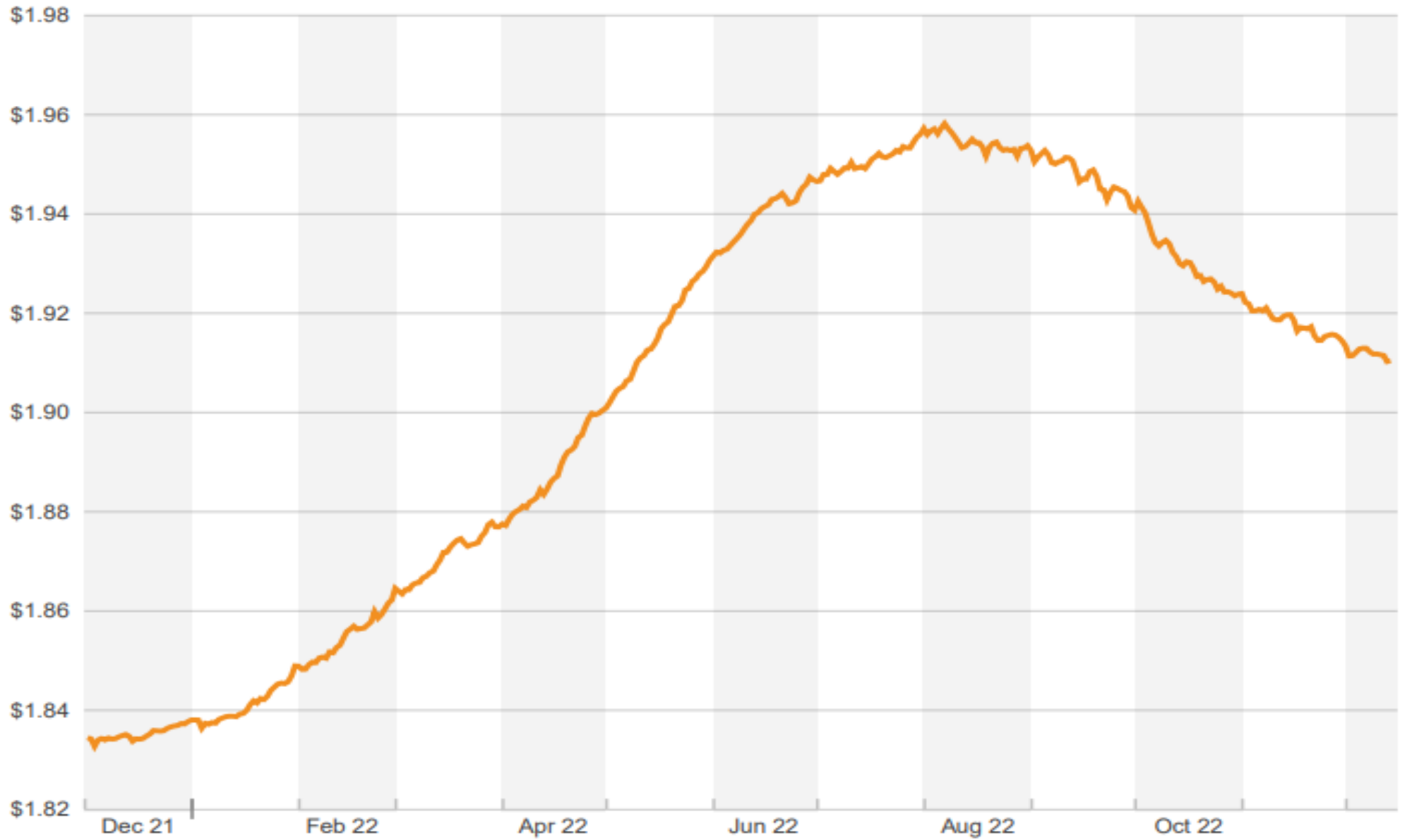
- Increase land availability
- Turn land into buildable lots faster (the *effective* land supply)
- Allow more units to be built
- Decrease, or at least stabilize development costs per unit
- Increase the construction workforce
 - Private sector builders and developers
 - Public sector building and planning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



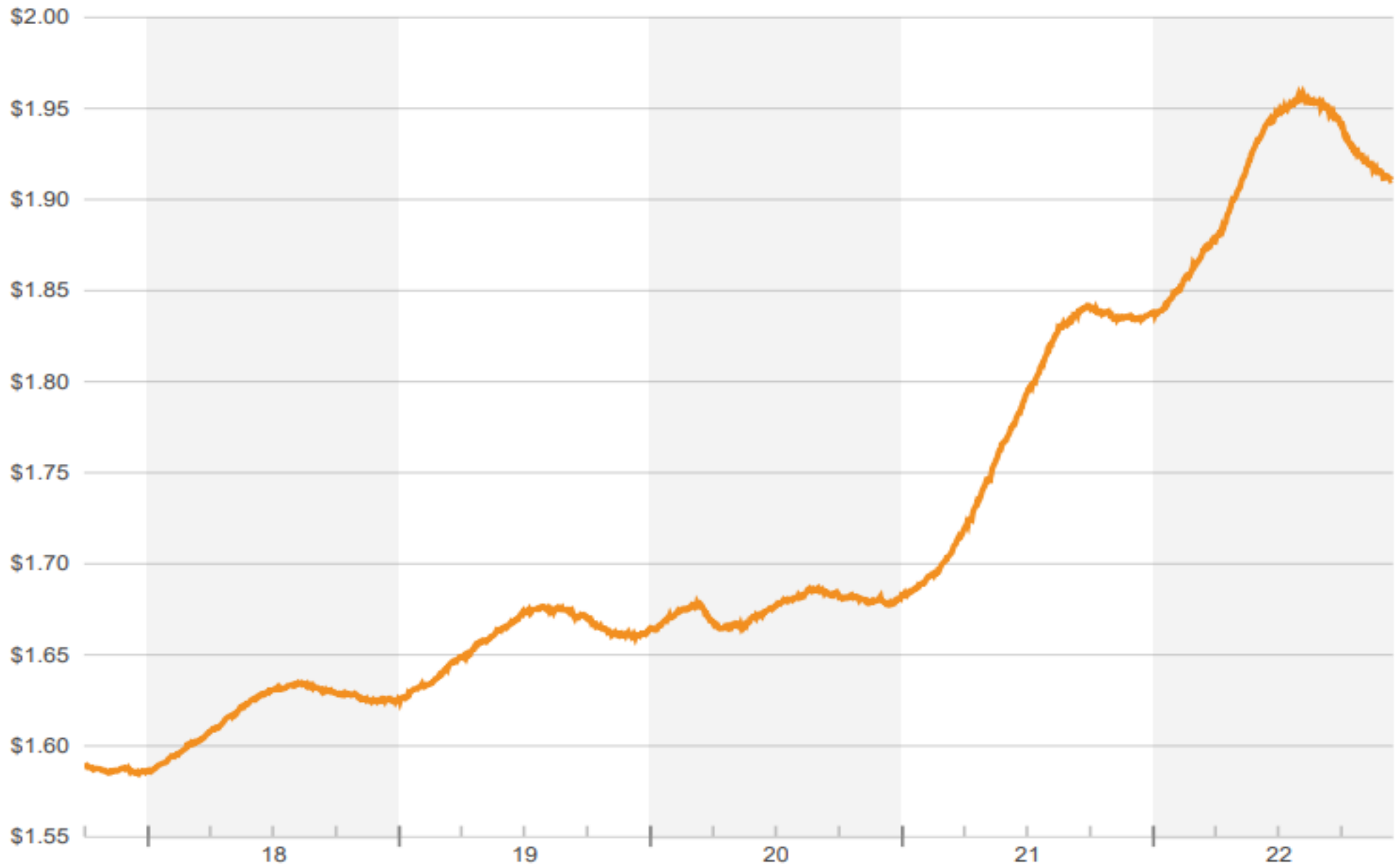
Market Rent Per Unit & Rent Growth



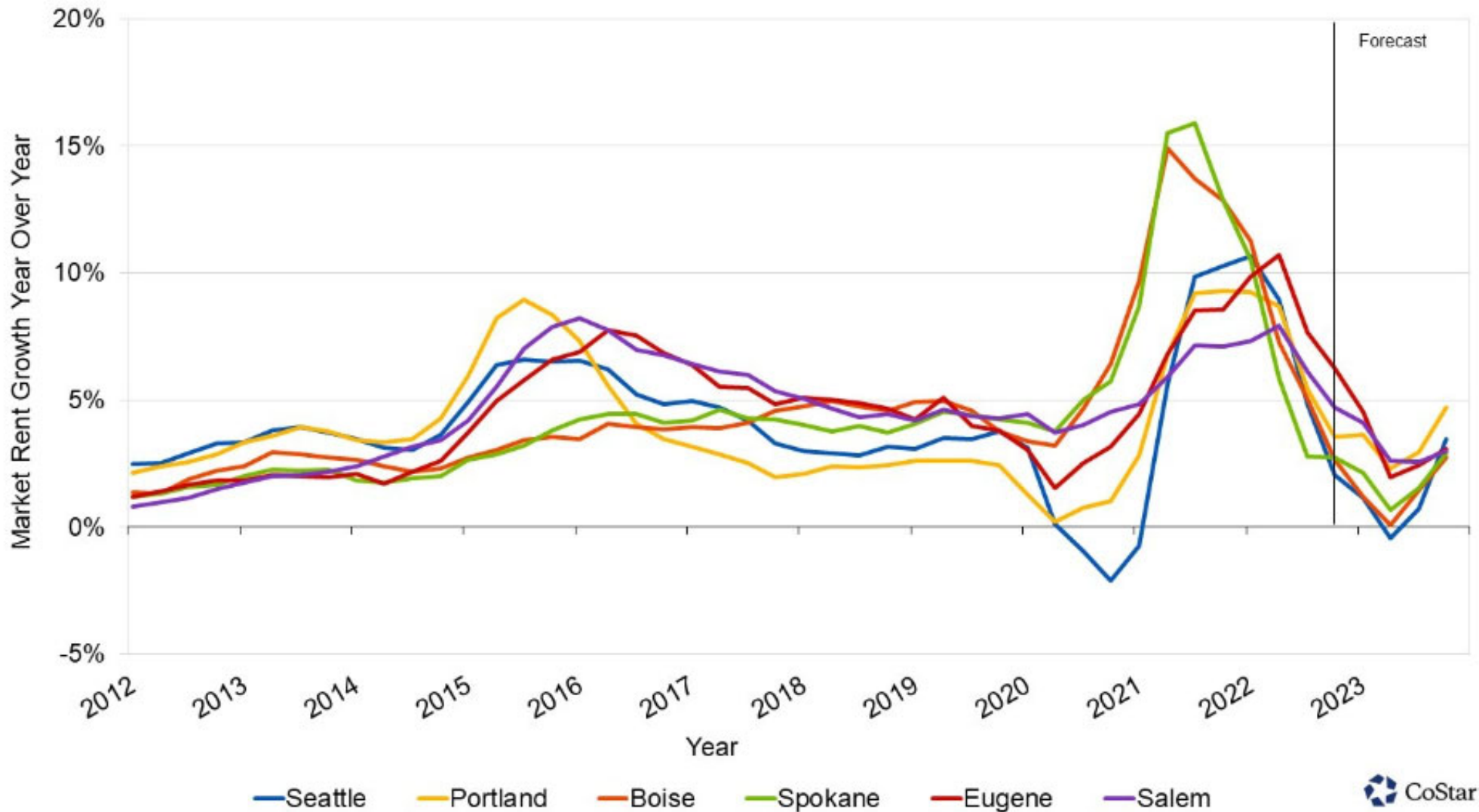
Daily Asking Rent Per SF



Daily Asking Rent Per SF



Rent Growth Slows Across the Pacific Northwest

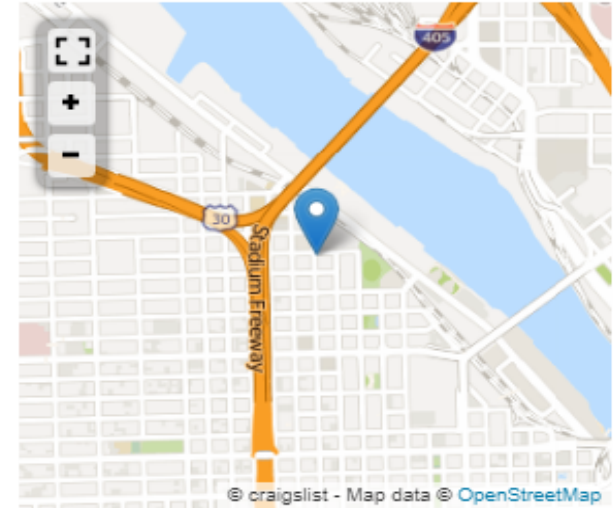


Source: CoStar, December 2022



\$1,919 / 1br - 690ft² - Find your new home at Modera Pearl and UP TO 8 WEEKS FREE RENT!

(Portland)



© craigslist - Map data © OpenStreetMap

1481 NW 13th Avenue, ,

[\(google map\)](#)

1BR / 1Ba

690ft²

available now

EV charging

air conditioning

cats are OK - purrr

dogs are OK - woof

apartment

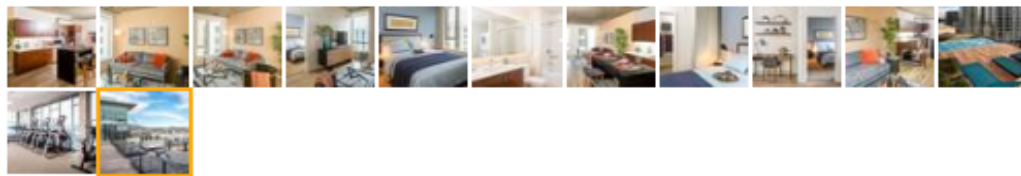
w/d in unit

no smoking

detached garage

rent period: monthly

wheelchair accessible



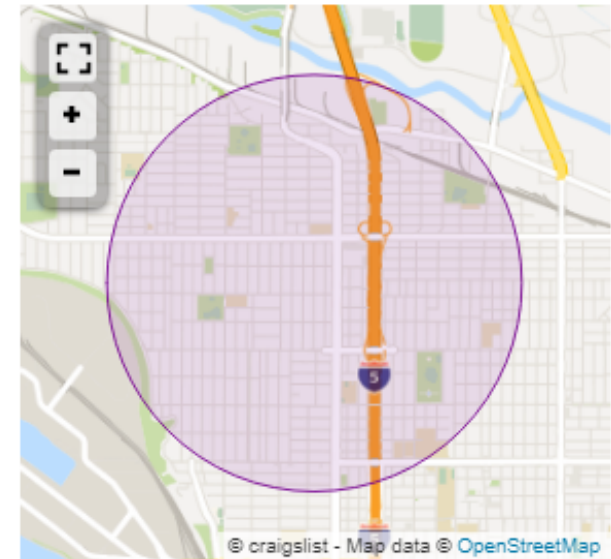
Modera Pearl

Property Address

- 1481 NW 13th Avenue, ,
- Portland, OR, 97209

<http://moderapearloldfinal.prospectportal.com/su/qfxb2j>

\$1,595 / 2br - 1000ft² - 2 weeks free for immediate move in on this Beautiful 2 bed / 1.5 bath (Portland - 5 Minute Walk Arbor Lodge Park)



© craigslist - Map data © OpenStreetMap
2504-2538 N Rosa Parks Way

2BR / 1.5Ba 1000ft²

application fee details: \$22

cats are OK - purrr

dogs are OK - woof

townhouse

laundry on site

no smoking

off-street parking

rent period: **monthly**

wheelchair accessible

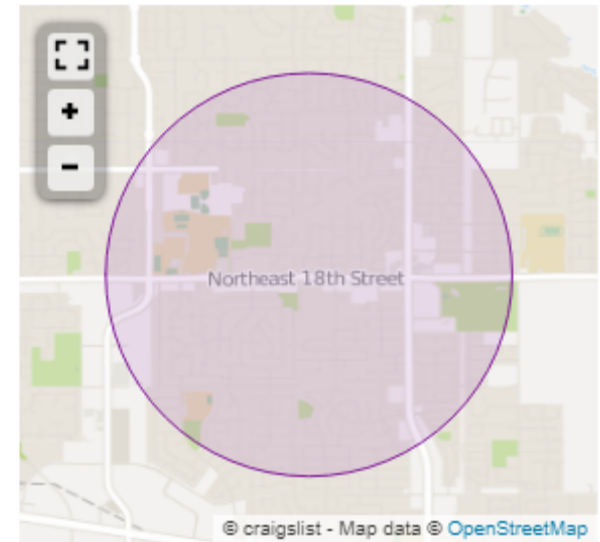


Come home to a great community - Claudia Arms!

Address: 2504-2538 N Rosa Parks Way
Portland, OR 97217

\$1,695 / 2br - Rent Special 1st Month Free!! Limited Time!! (Vancouver, WA)

Cascade Woods



First Full Month FREE!



Property Description

Equal Housing Authority

Participants of Affordable Housing (restrictions apply)

Great location: Evergreen School District, near the 1-205, SR-500, East Vancouver's high-tech employers, and nearby Portland, Oregon.

Large floor plan with a U-shaped kitchen table. Dishwasher hook-ups area available. Come with brand new carpet and vinyl.

Professionally managed by Avenue Residential

2BR / 1Ba

cats are OK - purrr

dogs are OK - woof

apartment

w/d hookups

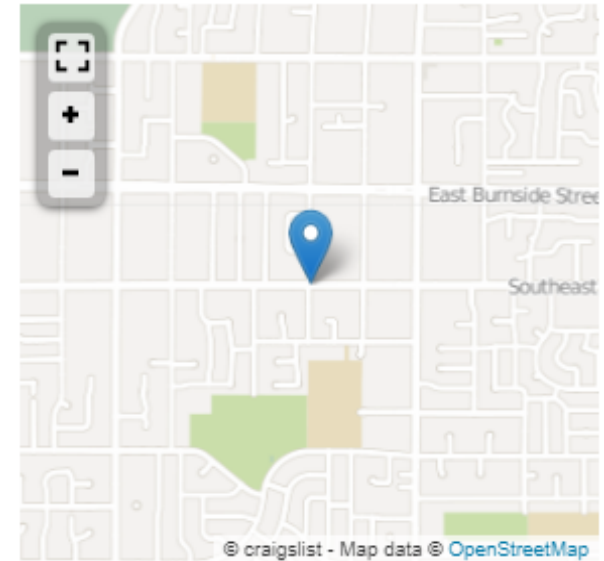
no smoking

off-street parking

rent period: **monthly**

wheelchair accessible

\$1,195 / 1br - 800ft² - Top Floor, Newly Renovated 1x1 - No Rent for December! (Glenfair)



SE Stark St near SE 157th Ave
[\(google map\)](#)

1BR / 1Ba 800ft² available now

cats are OK - purrr

dogs are OK - woof

apartment

no laundry on site

off-street parking

rent period: monthly



Top Floor, Newly Renovated 1x1 - No Rent for December!

Property Address

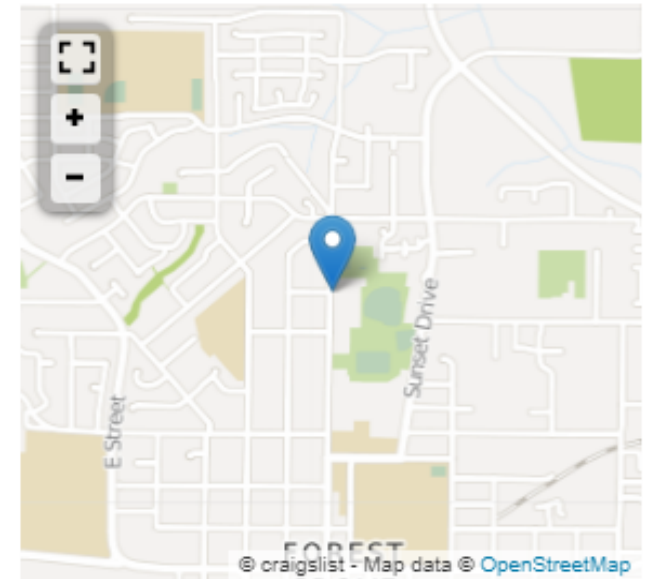
Stark Street Townhomes - 02 | 15847 SE Stark Street | Portland, OR 97233

Available: Now

Offered By

Milestone Property Management | [show contact info](#)

\$1,545 / 2br - 576ft² - \$500 off \$1,545 2 Bed x 1 Bath Apartment (Forest Grove)



2701 Main Street

[\(google map\)](#)

2BR / 1Ba 576ft²

cats are OK - purrr

apartment

laundry on site

no smoking

off-street parking

rent period: **monthly**

wheelchair accessible

The Boxer Apartments has an Ideal location right on Main Street and adjacent to Pacific University. We are close to the quaint town of Forest Grove with many shops and restaurants within walking distance. Everything in our units has been newly remodeled!

- 24/7 Emergency Maintenance
- Professional Management
- Daily Fresh Coffee and Snacks
- Complimentary Fax & Copy Service
- Common Kitchen Area
- Shuffleboard and Video Games
- Close to Bus Line
- Resident Events
- Wi-Fi Lounge
- Granite Countertops

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	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
TOTAL		392,800	244,800	220,800	220,800

Backers of a Multnomah County capital gains tax to help tenants facing eviction file signatures to get on May 2023 ballot

Updated: Nov. 28, 2022, 5:35 p.m. | Published: Nov. 28, 2022, 7:04 a.m.

Evictions Surge in Multnomah County

The average amount of unpaid rent in October was \$3,000.



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	Tistilal 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

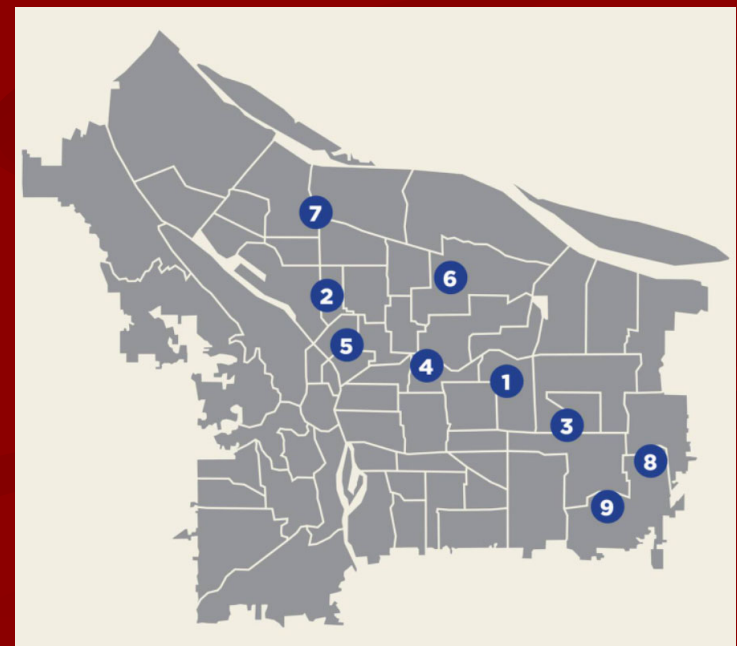


Exhibit 2-3 Overall Real Estate Prospects

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 Westchester, NY/Fairfield, CT
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

Exhibit 3-2 Overall Real Estate Prospects

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

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	Albuquerque	3.13
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

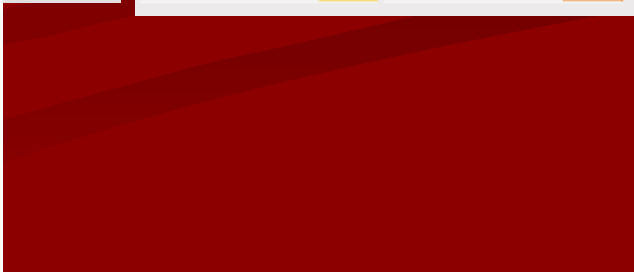
Exhibit 3-14 Local Market Perspective: Development/Redevelopment Opportunities

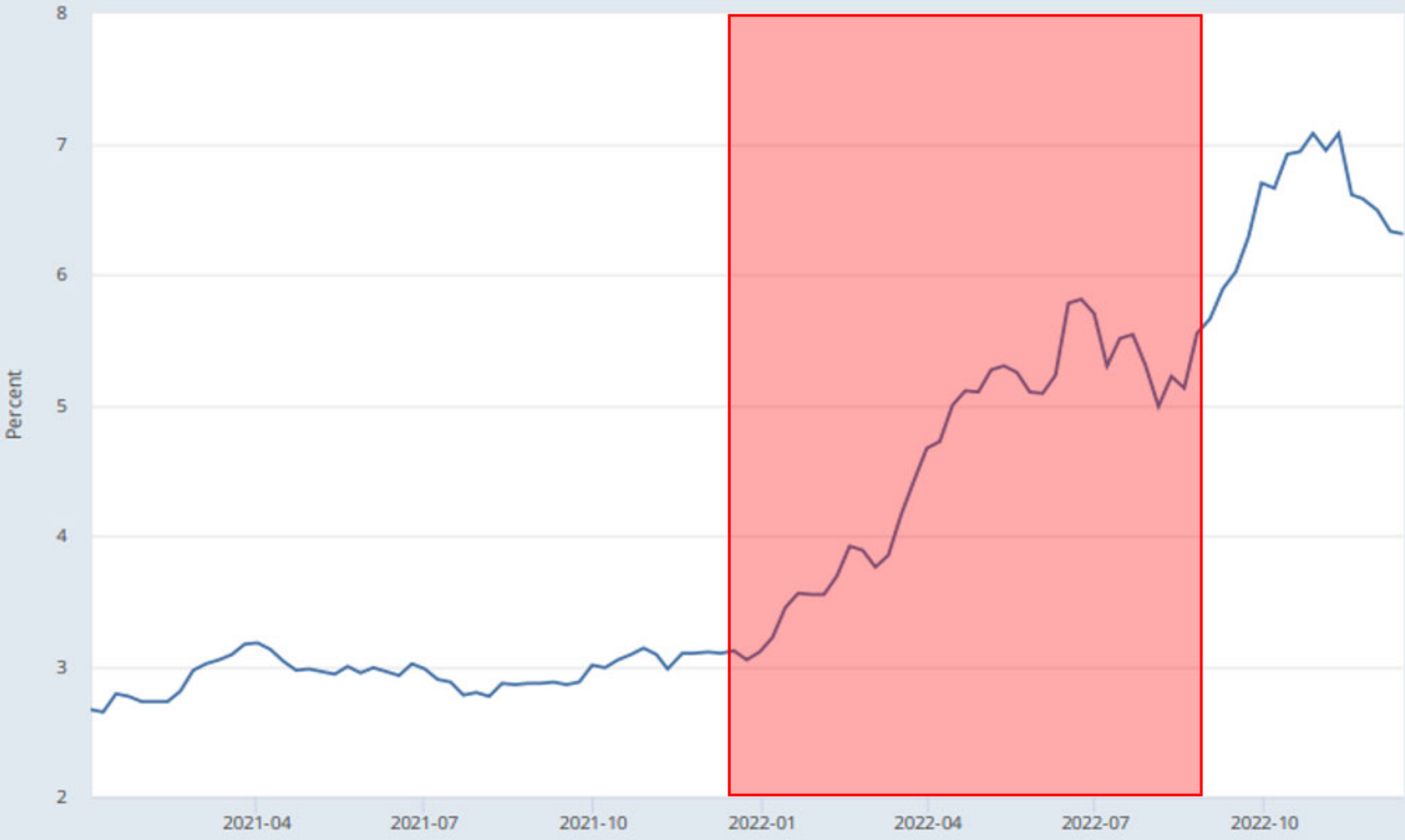
Weak	Average	Strong	
Dallas/Fort Worth	4.04	Inland Empire	3.31
Nashville	4.00	Northern New Jersey	3.29
Tampa/St. Petersburg	4.00	Birmingham	3.29
Raleigh/Durham	3.98	Memphis	3.28
Miami	3.91	Washington, DC—District	3.27
Austin	3.86	Milwaukee	3.27
San Antonio	3.82	Seattle	3.26
Charlotte	3.81	Portland, ME	3.24
West Palm Beach	3.79	Gainesville	3.24
Atlanta	3.77	Norfolk	3.24
Fort Lauderdale	3.77	Washington, DC—MD suburbs	3.21
Orlando	3.77	Jersey City	3.21
Washington, DC—Northern VA	3.73	Pittsburgh	3.21
Kansas City, MO	3.72	Indianapolis	3.18
New York—other boroughs	3.70	New York—Manhattan	3.17
Houston	3.68	St. Louis	3.13
Salt Lake City	3.65	San Jose	3.12
Denver	3.63	Baltimore	3.09
Charleston	3.57	Westchester, NY/Fairfield, CT	3.09
Cape Coral/Fort Myers/Naples	3.57	Los Angeles	3.09
Jacksonville	3.55	Long Island	3.08
Cleveland	3.55	Columbus	3.08
San Diego	3.53	Omaha	3.08
Philadelphia	3.53	Oklahoma City	3.07
Des Moines	3.53	Chicago	3.06
New York—Brooklyn	3.52	Louisville	2.93
Phoenix	3.48	Minneapolis	2.89
Madison	3.48	Tucson	2.88
Richmond	3.46	Sacramento	2.88
Detroit	3.45	Spokane, WA/Coeur d'Alene, ID	2.87
Orange County	3.45	Albuquerque	2.84
Greenville, SC	3.44	Providence	2.81
Chattanooga	3.42	Tacoma	2.79
Cincinnati	3.41	New York—other boroughs	2.78
Boston	3.37	Portland, OR	2.78
Boise	3.37	Oakland/East Bay	2.76
Knoxville	3.35	Buffalo	2.72
Deltona/Daytona	3.33	Honolulu	2.66
Tallahassee	3.33	Hartford	2.65
Las Vegas	3.31	San Francisco	2.40

Source: Fannie Mae's Trends in Real Estate 2023 survey

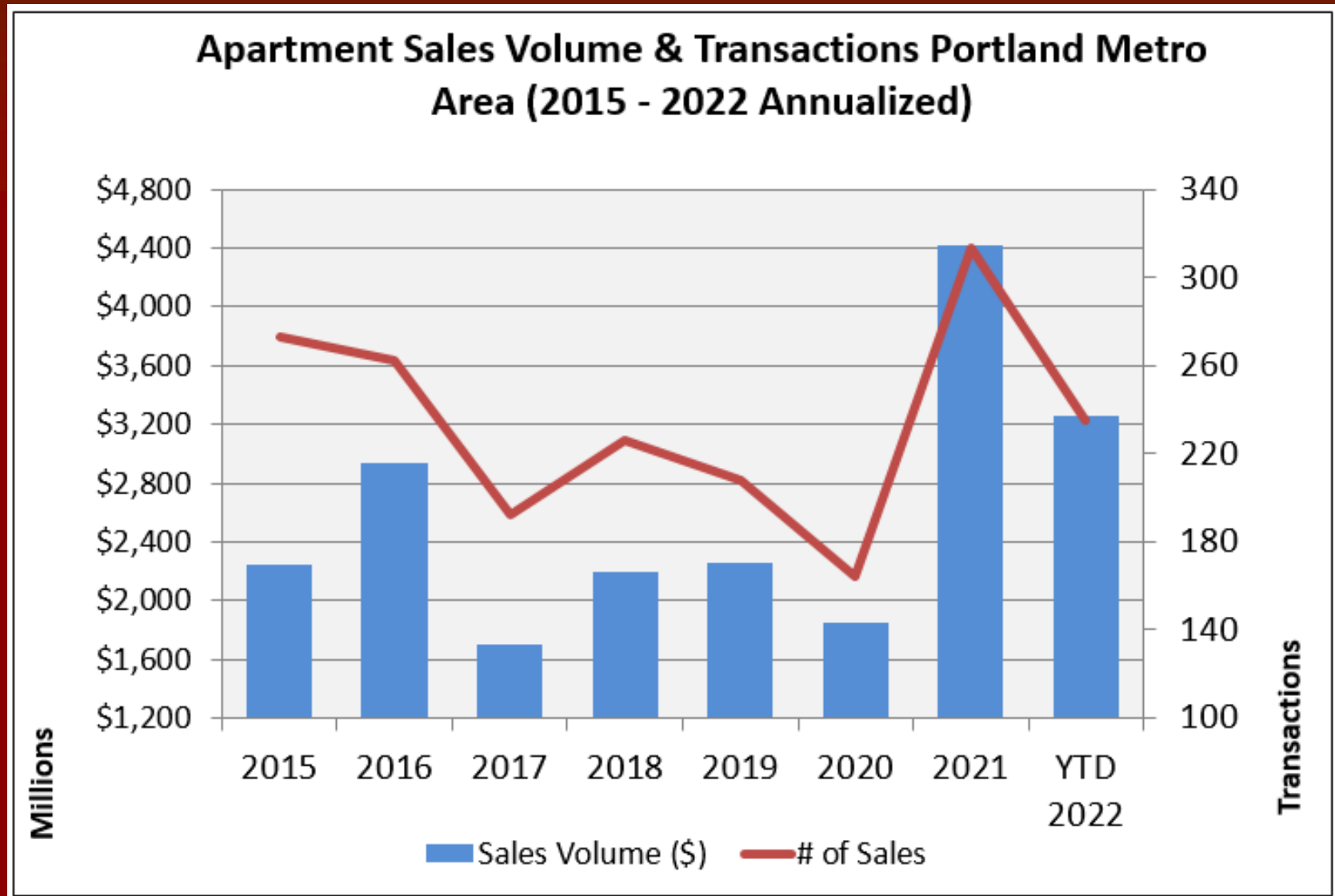
Emerging Trends in Real Estate 2023 Market Categories

Major group	Subgroup	Markets
Magnets	Super Sun Belt	Atlanta Dallas/Fort Worth Houston Miami
	18-Hour Cities	Charlotte Denver Fort Lauderdale Minneapolis
	Supernovas	Austin Boise Jacksonville

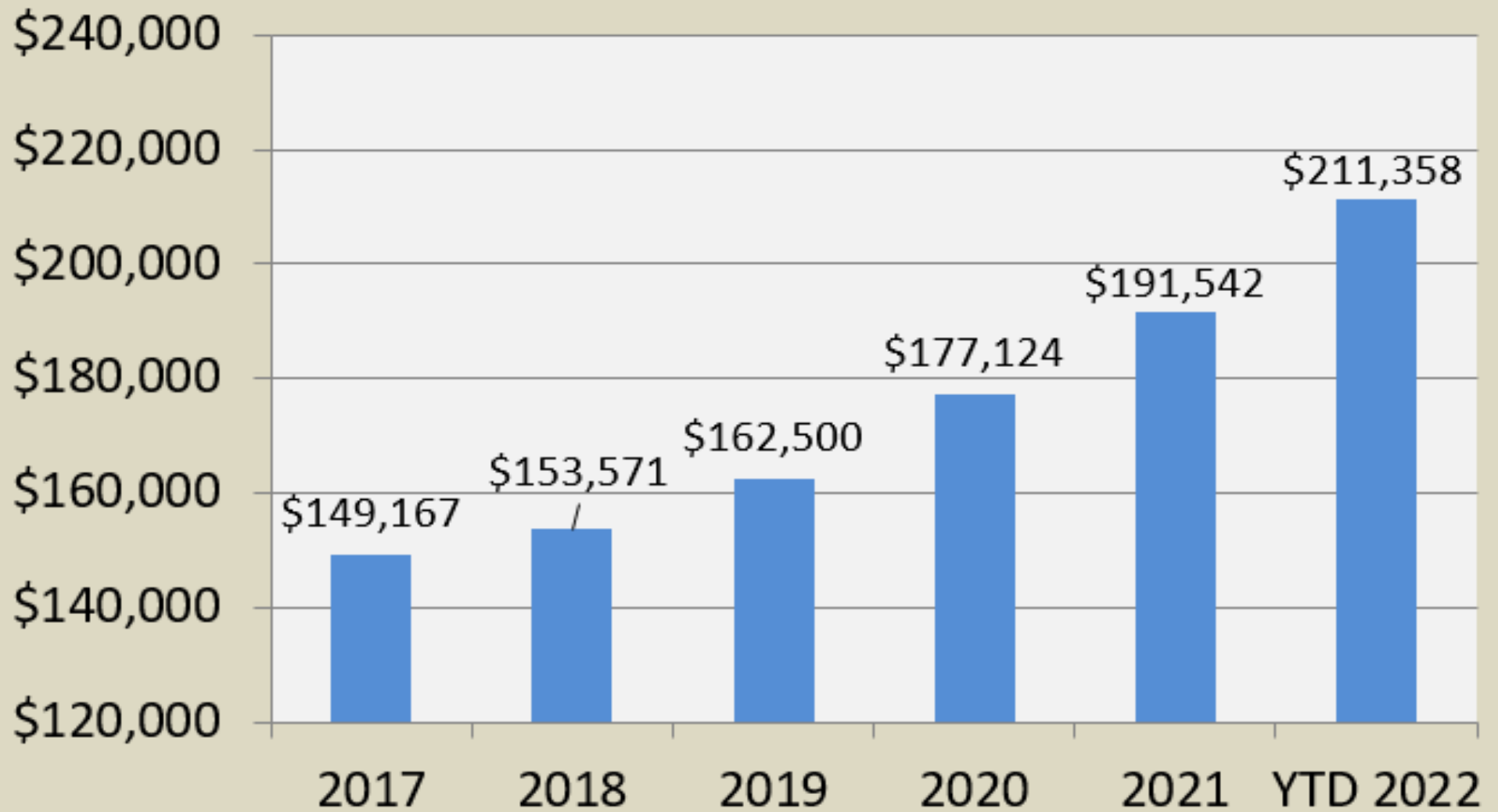




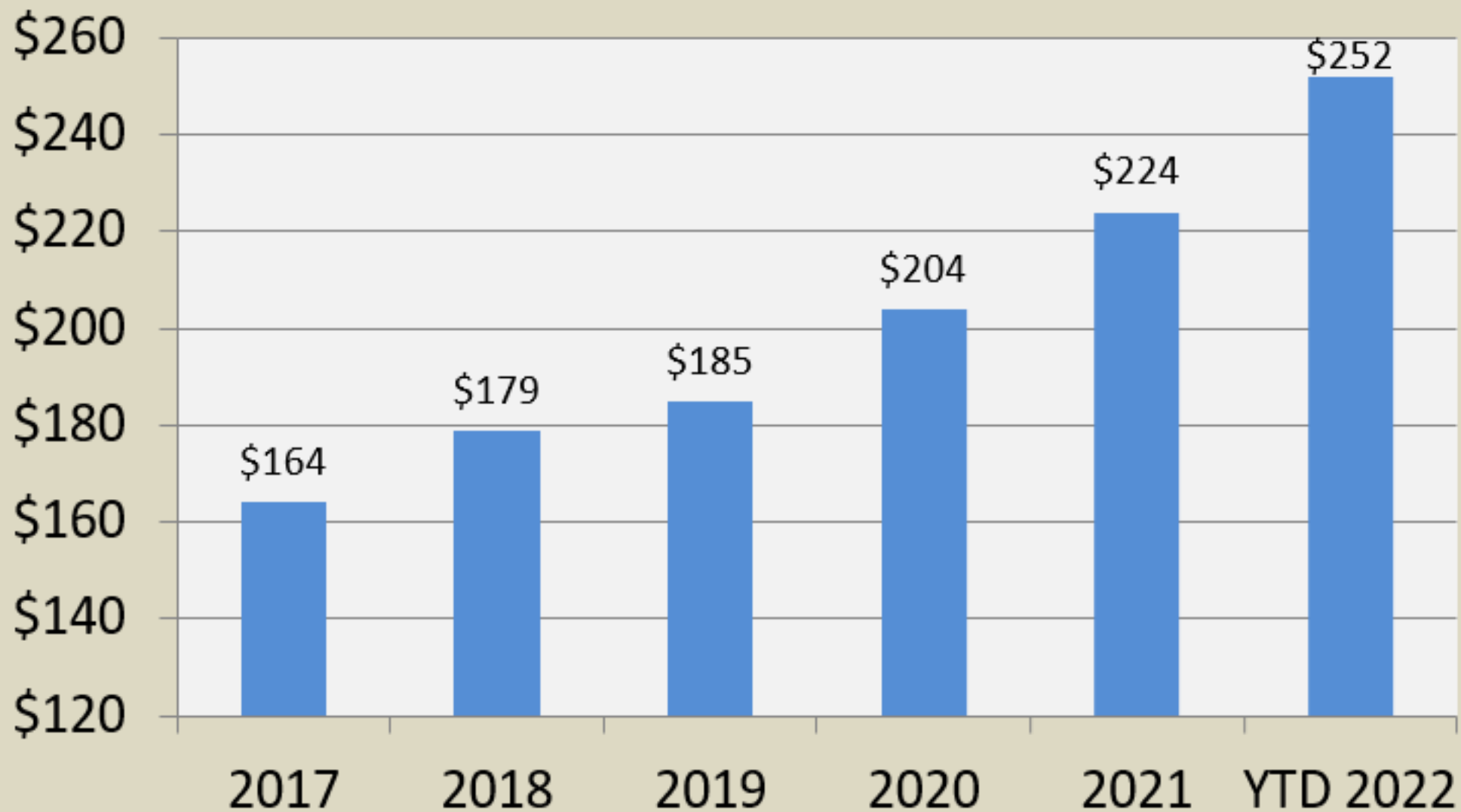
Portland Metro Apartment Sales Volume & Transactions – 2015 thru Nov 2022



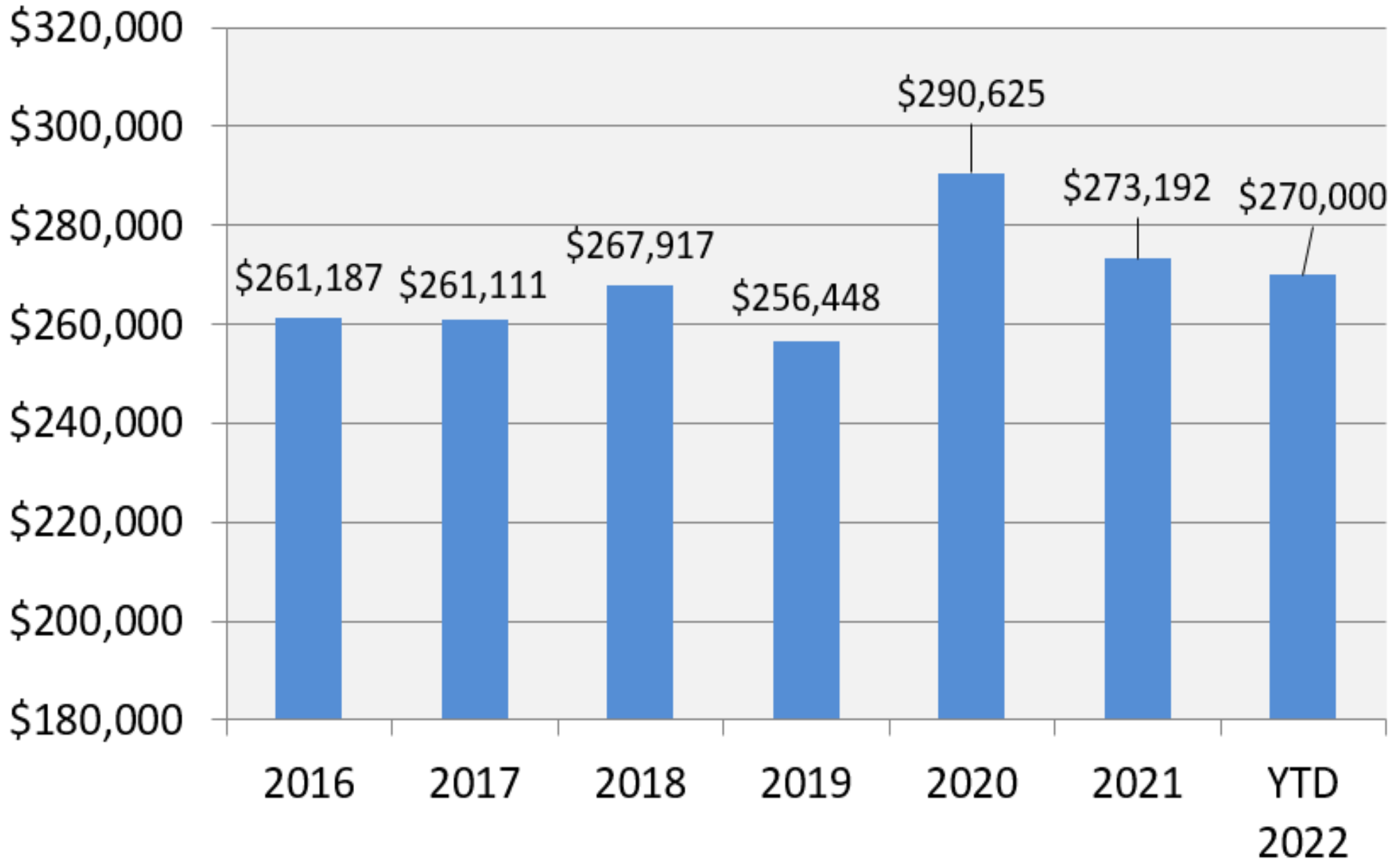
Portland Metro Area Median Price Per Unit (2017 - 2022 through November)



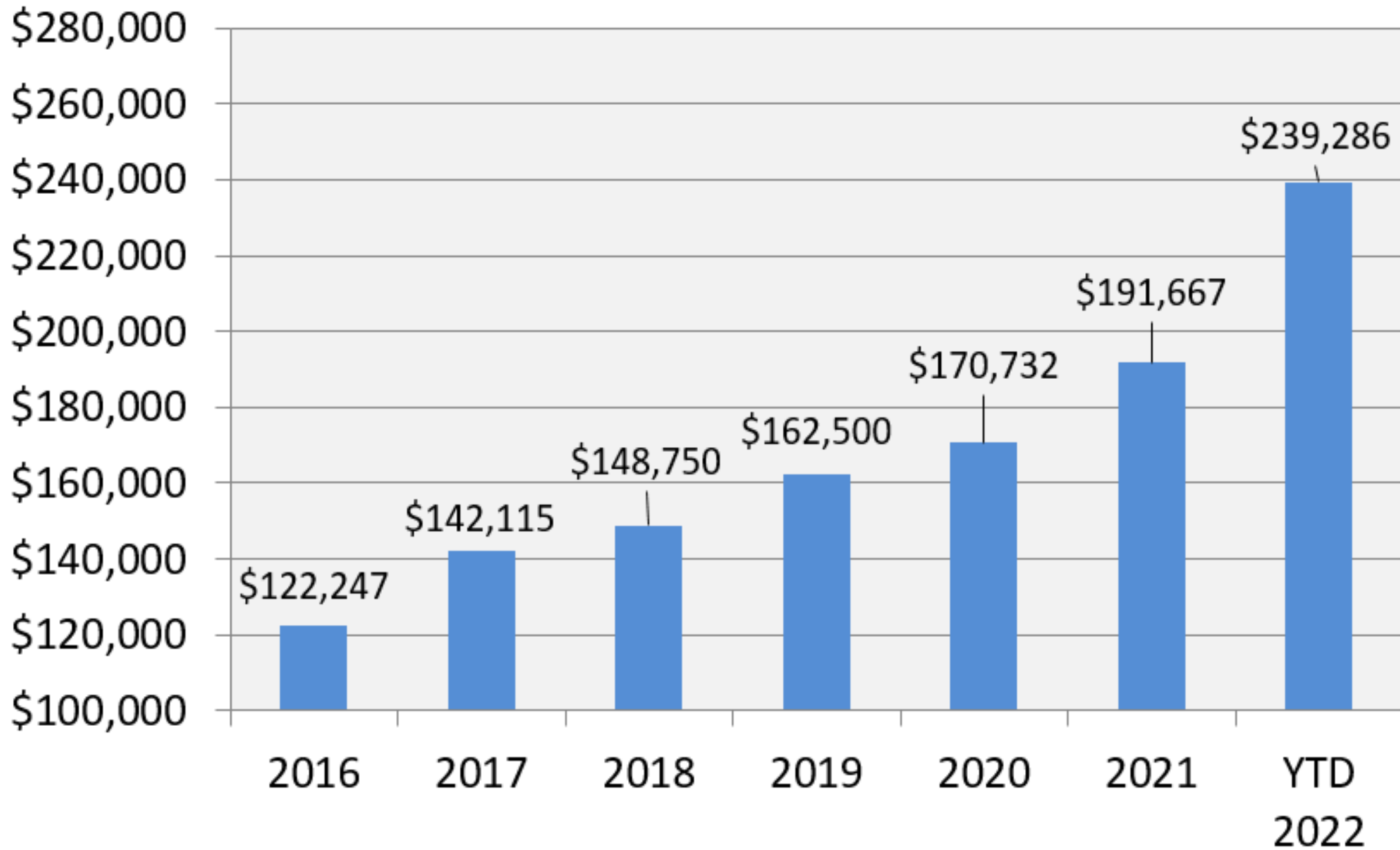
Portland Metro Area Median Price Sq. Ft. (2017 - 2022 through November)



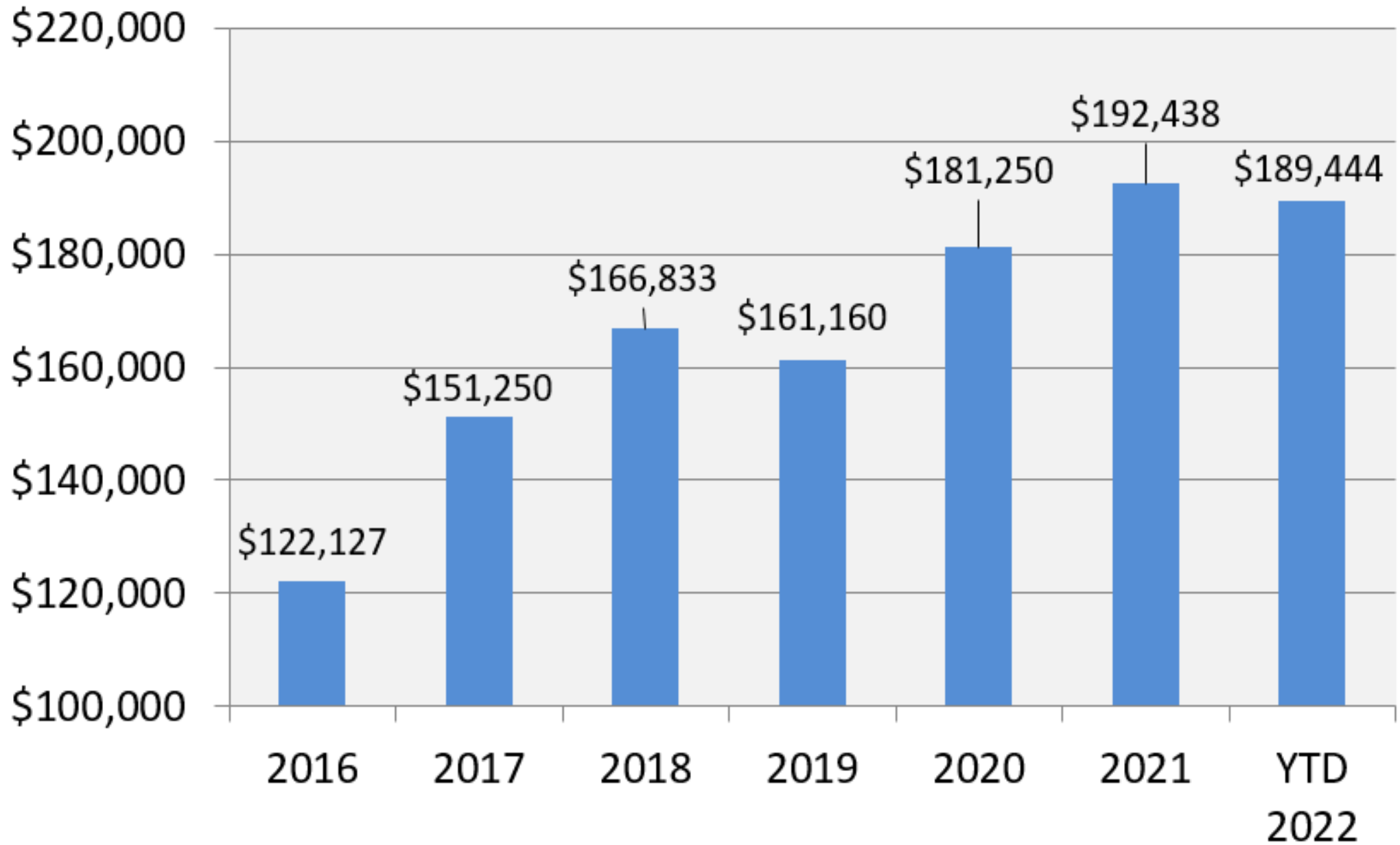
Median Price Per Unit - Built Since 2010



Median Price Per Unit - Suburban Counties

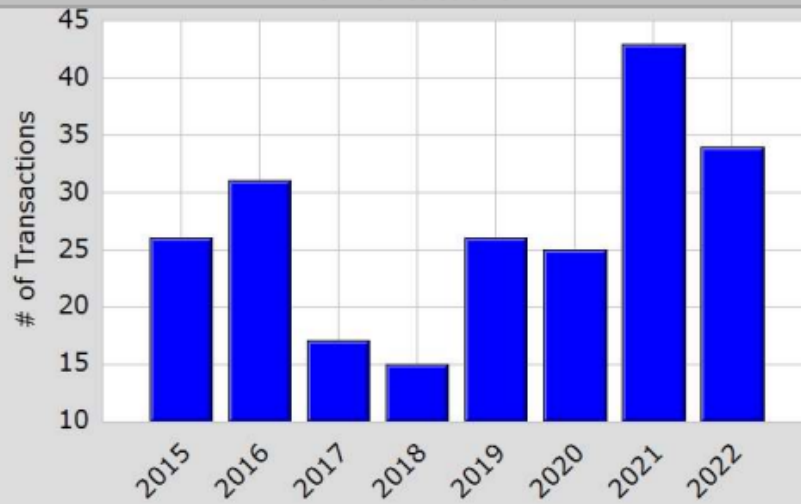


Median Price Per Unit - City of Portland

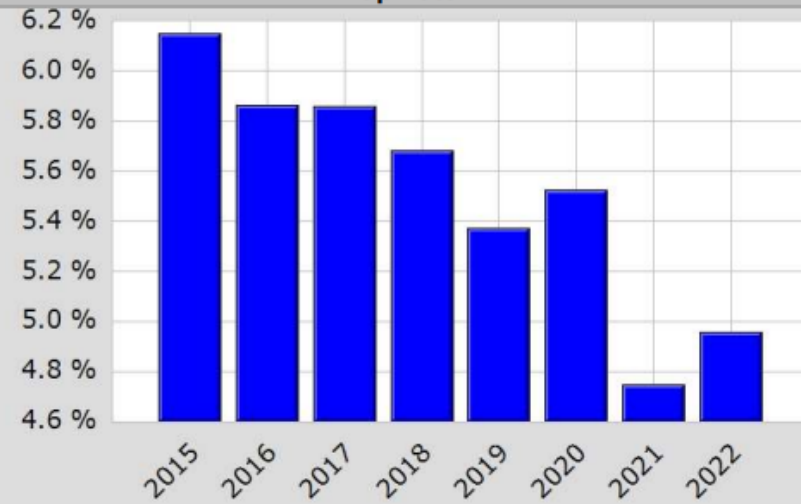


Sale Trends – Clark County

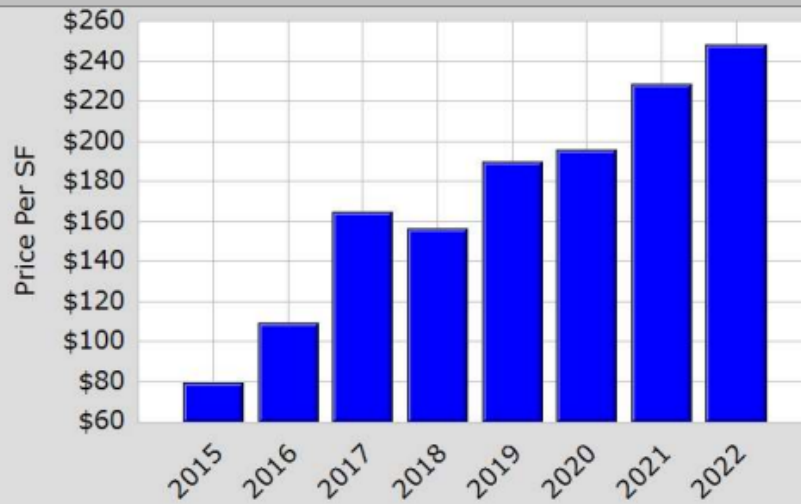
of Transactions



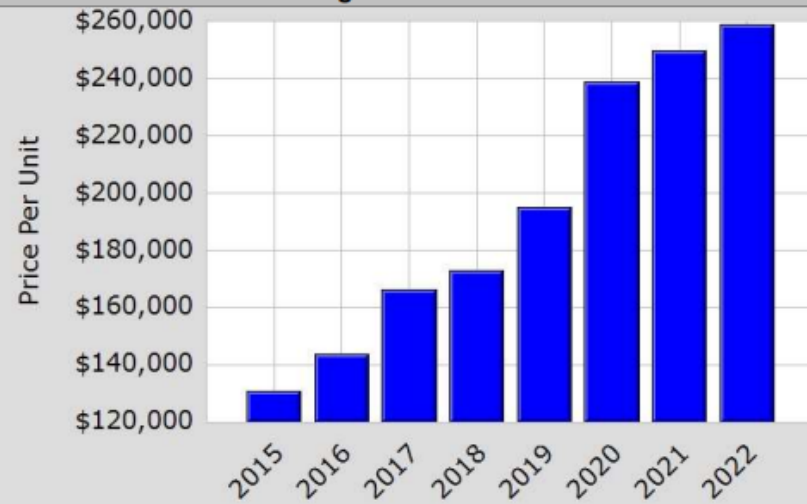
Cap Rate



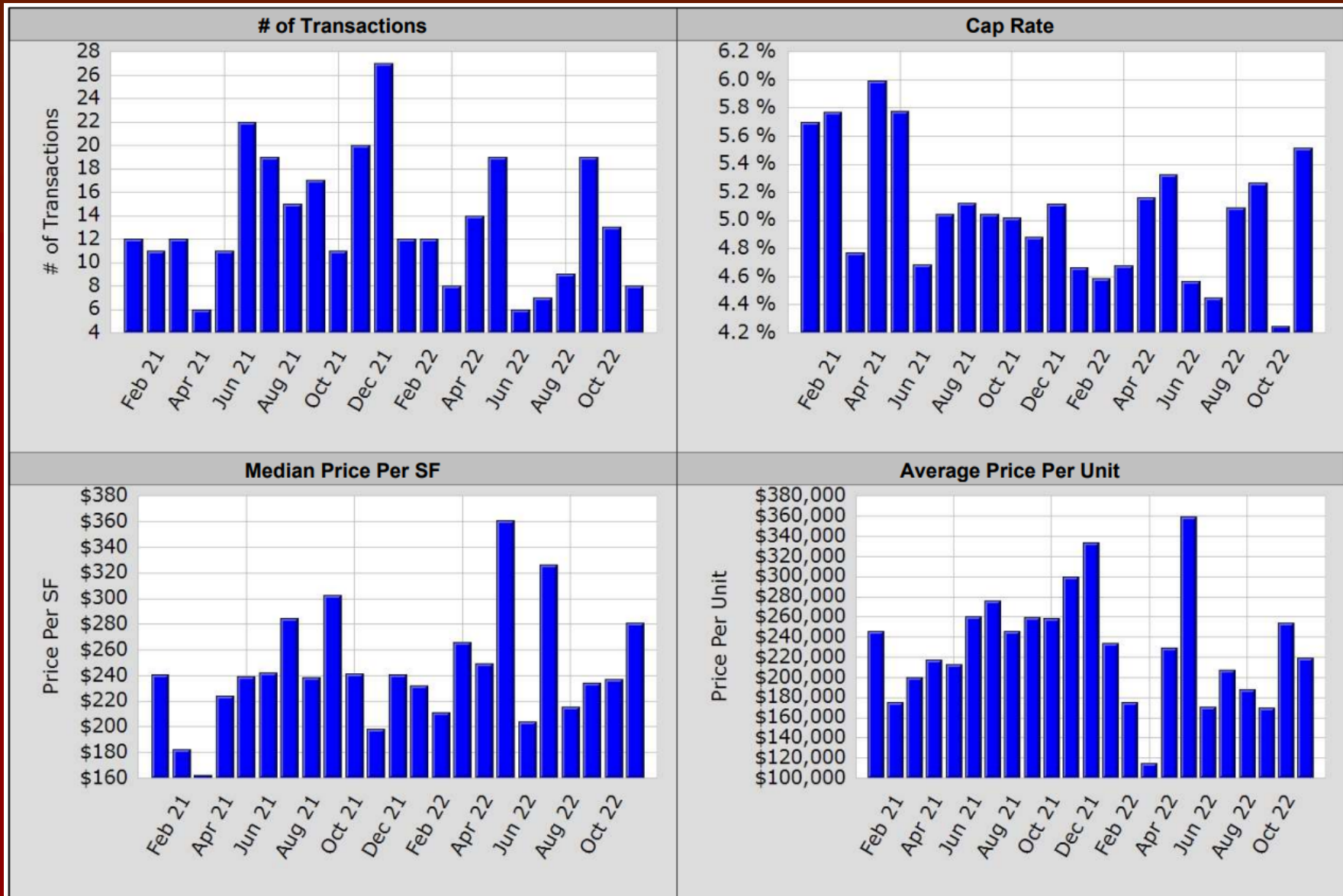
Median Price Per SF



Average Price Per Unit



Portland Metro – Sales by Month



Top Buyers by Dollar Volume

	Company Name	City	State	Type	Secondary Type	# of Sales (in search)	Sale Value (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

Nov 2022 – 22 Unit Raleigh Hills
\$255,682/Unit



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



Sept 2022 – 95 Unit El Moro Apts – SE
Portland - \$126,316/Unit



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



October 2022 - 9 Unit Forest Grove - \$113,889/unit



February 2018 Sale - 16 Unit Parke Place
\$181,250/unit



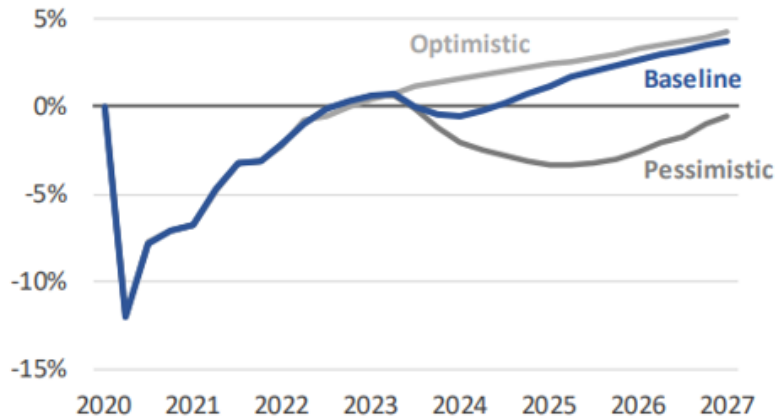
Sept 2022 - 16 Unit Parke Place
\$162,500/unit

Alternative Scenario

Dec 2022

Oregon Alternative Scenarios: Employment

Percent change from pre-COVID peak in the **Baseline Boom/Bust**, the **Optimistic Soft Landing**, and **Pessimistic Moderate Recession**



Employment

	2021	2022	2023	2024	2025	2026
Base: Boom/Bust	2.4%	3.9%	1.0%	-0.1%	1.8%	1.3%
Opt: Soft Landing	2.4%	3.7%	1.9%	1.0%	0.8%	0.9%
Pes: Moderate Rec.	2.4%	3.9%	0.8%	-2.6%	-0.6%	1.5%

Unemployment Rate

Boom/Bust	5.2%	3.7%	4.4%	5.3%	4.7%	4.3%
Soft Landing	5.2%	3.7%	4.0%	4.5%	4.6%	4.4%
Moderate Recession	5.2%	3.7%	4.8%	7.8%	7.1%	5.3%

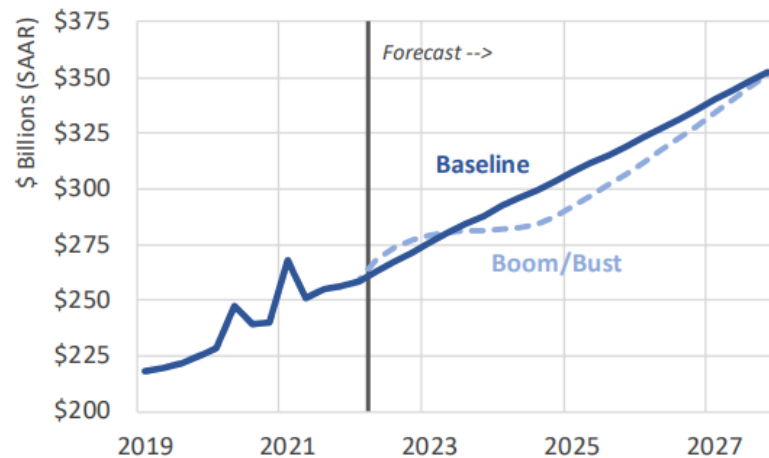
Personal Income

Boom/Bust	8.2%	2.4%	5.0%	4.7%	5.4%	5.1%
Soft Landing	8.2%	2.4%	6.6%	5.3%	5.1%	4.7%
Moderate Recession	8.2%	2.4%	4.9%	2.7%	2.8%	5.8%

Alternative Scenario

Jun 2022

Oregon Total Personal Income



Employment

	2021	2022	2023	2024	2025	2026
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%

Unemployment Rate

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%

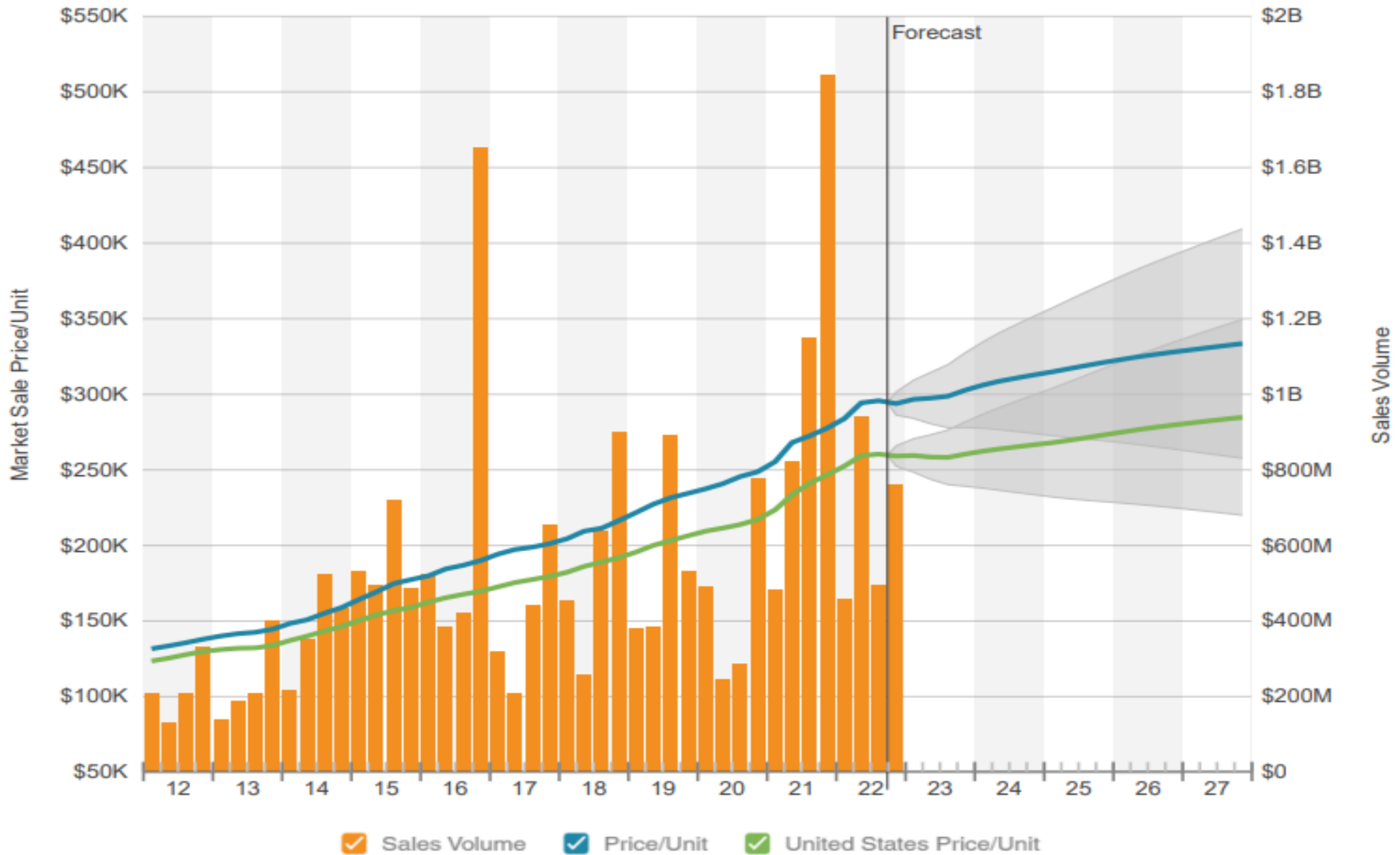
Personal Income

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%

Consumer Spending

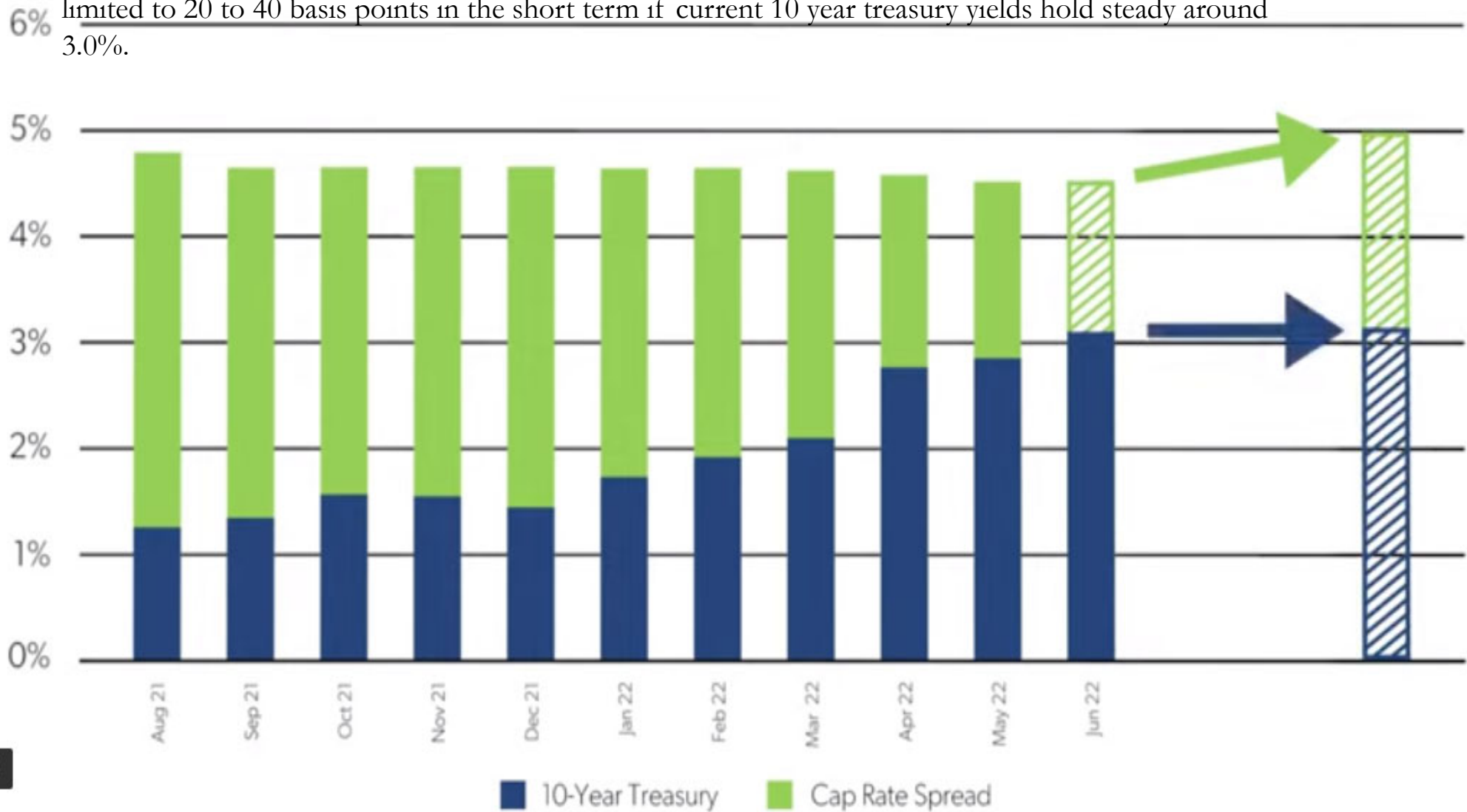
Baseline	12.1%	9.1%	4.7%	4.6%	4.6%	4.6%
Boom/Bust	12.1%	10.3%	-1.0%	2.1%	7.3%	7.2%

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%.



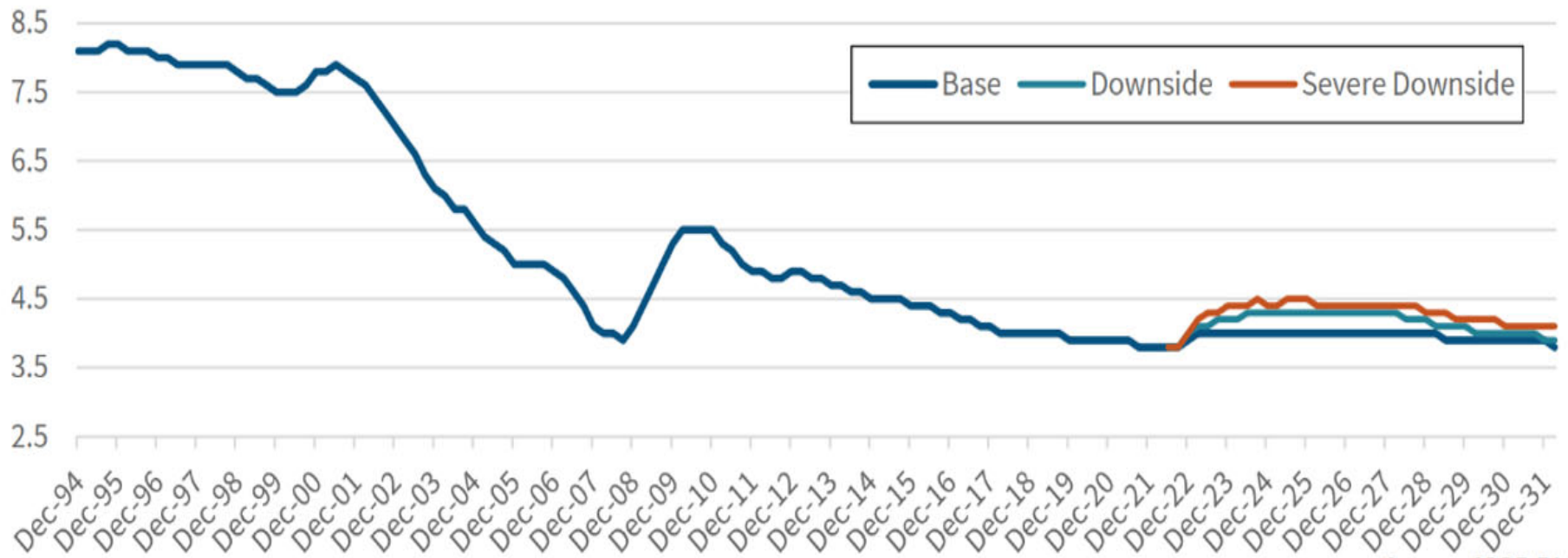
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Sources: RCA, Moody's Analytics, Federal Reserve Board and Freddie Mac

Capitalization Rate Forecast – CBRE

- +10-70 BPS through 2025
- +10 BPS by end of 2022

National Multifamily Cap Rate Forecast



Source: CBRE-EA



Forecasts – Fundamentals Remain Strong

- **Apartment Construction** – Remain stable with preference for suburbs
- **Vacancy** – Remain below 4.0% at stabilized properties with stronger suburban demand
- **Rents** – Return to more typical levels of 3-5% increases
- **Income** – Up 4 to 6% after a few more trying years
- **Expenses** – Moderate increases though property taxes are a relief
- **Sales** – Fewer transactions until rates/values stabilize. 3% rates are too close in the rear view mirror for some
- **Cap Rates** – Slight increases if 10 year treasury remains elevated
- **Values** – Stable or modest growth.



Questions

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