Winds of Change
Market Changes in Portland Multifamily Housing

Scott Arena
Director of Business Development, Income Property Management
Over 100 Years on Broadway…

Cinematreasures.org

c. 1926

Cinematreasures.org

c. 1950s

https://kukulkanblog.wordpress.com

Present Day

Source: 2018 Forecast: Some Signs of Weakness and a Return to Normal - The Barry Apartment Report
A Long Way from the ‘80s...
Moving Dirt & Changing Skylines

HFO Portland Market Development Pipeline
Units Under Construction & Planned Units

- **Close-In Eastside**: 31.74%  8,301 Units
- **Close-In Westside**: 22.20%  5,805 Units
- **North Portland**: 9.00%  2,355 Units
- **South Waterfront**: 2.32%  613 Units
- **Outer Eastside**: 6.96%  1,820 Units
- **Outer Westside**: 16.23%  4,244 Units
- **Washington (Clark County)**: 13.76%  3,599 Units

### Percentage under construction and planned
- Close-In Eastside
- Close-In Westside
- Outer Eastside
- Outer Westside
- North Portland
- South Waterfront
- Washington (Clark County)

### Units under construction and planned

- **Prospective**
  - 16,805 units
  - Requested early assistance or design advice

- **Planned**
  - 10,700 units
  - Submitted building permit application

- **Under Construction**
  - 15,454 units
  - Building permits issued for project

HFO research staff track the total number of all known units currently under construction and planned. Currently, these total **26,154**. The chart above was last updated in April 2018. If all of these units were built, the chart shows where they would be located.

Source: Newspaper reports, city permit offices, HFO research. Copyright 2018 HFO Investment Real Estate. All rights reserved. Reproduction without permission strictly prohibited.
Four County Metro Area Apartment Permits

Units

Source: US Census Bureau Building Permits Database via 2018 Forecast: Some Signs of Weakness and a Return to Normal - The Barry Apartment Report
Portland Metro Construction Activity
(1968-1983)

1970-1971
- Portland’s *busiest* years for apartment construction
- Average of 9,610 apartment permits/year
- Average reported cost - $20,780/unit

1981-1982
- Some of Portland’s *slowest* years for apartment construction
- Average of 1,676 apartment permits/year
- Average reported cost - $61,945/unit

Source: 2018 Forecast: Some Signs of Weakness and a Return to Normal - *The Barry Apartment Report*
Market Vacancy
(2004-2018)

Source: Multifamily NW Apartment Report
### Cost of Rent

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>2018</th>
<th>2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$1,115</td>
<td>$1,078</td>
<td>3.4</td>
</tr>
<tr>
<td>1b/1bth</td>
<td>$1,182</td>
<td>$1,127</td>
<td>4.9</td>
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<tr>
<td>2b/1bth</td>
<td>$1,152</td>
<td>$1,102</td>
<td>4.5</td>
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<tr>
<td>2b/2bth</td>
<td>$1,400</td>
<td>$1,374</td>
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<tr>
<td>2b townhome</td>
<td>$1,341</td>
<td>$1,228</td>
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<tr>
<td>3b/1bth</td>
<td>$1,169</td>
<td>$1,220</td>
<td>-5.1</td>
</tr>
<tr>
<td>3b/2bth</td>
<td>$1,507</td>
<td>$1,489</td>
<td>1.2</td>
</tr>
</tbody>
</table>

**Average Rents per Unit Type**

**Cost of Rents per Sq Ft**

*Source: Multifamily NW Apartment Report*
Portland still attractive but temperatures are cooling

Supply catching demand

Rents decreasing

Economy remains robust

Vacancy rising

Affordability increasing!
A Look Back...