



# THE Apartment Report

## LIGHT IN THE TUNNEL

*Craig McConachie, C&R Real Estate Services, Company, Apartment Report Committee*

Last week the world acknowledged the one-year anniversary of the Covid-19 pandemic and even though we are not completely through it, things are looking up. The consensus in the multifamily sector is that it was not as bad as many of us feared at the onset. Our industry is still struggling with rent moratoriums, significant collection issues, political fallout, and civic unrest. The biggest challenge is rent collection. The Multifamily NW rent survey from February indicates that 13% of Oregon renters are delinquent in rent payments. Class C properties are struggling the most (16.1%) and class A are performing the best (10.7%). Landlords are faced with huge delinquencies and reduced revenue, with no, or limited ability to collect. Efforts to provide relief to housing providers have been inadequate and slow to materialize.

Despite these challenges, the rapid vaccine development combined with federal economic relief has allowed us to see "a light at the end of the tunnel." Average overall vacancy has dropped below 5% in the Portland Metro area. We are still seeing a renter preference for low density suburban areas, versus higher density urban. The Portland close-in neighborhoods are experiencing the highest vacancy rates. Larger units are more in demand as work and school from home is increasingly utilized. Studios and one-bedroom units have the highest vacancy of all unit types. Prior to the pandemic, the Portland Metro area was enjoying full employment in 2019 and had job growth six straight years of over twenty thousand per year. The Metro area lost an astounding 127,000 jobs in 2020. There is no question that we still have some work ahead of us to get back to where we were.

### SALES:

Sales volume was down 17% last year, and the number of transactions was down 24%. Demand this year is expected to increase and institutional buyers still have Portland on their radar. Portland did suffer from negative publicity last year and the vibrant downtown area is not the attractive amenity it once was. This has not gone unnoticed nationally. CAP rates ended the year averaging 5.4%, with a median price per unit of \$182,400. Low interest rates continue to help keep CAP rates down. Despite the job losses and negative pressure on other fundamentals (rent growth, vacancy, delinquencies), values actually increased in 2020 and are expected to remain stable in the coming year.

### Portland/Vancouver

### VACANCY:

The Portland/Vancouver vacancy factor decreased slightly from our Fall report (5.04%), and currently stands at 4.98%. Oregon City and Outer SE Portland have the lowest vacancy factors, both at 2.6%, followed by East Vancouver at 2.8%. The highest vacancies are found in St. Johns/North Portland (10.8%), Downtown Portland (9.4%) and Inner SE Portland (8.5%). Vacancy doubled in the Hillsboro area to 4.6%. St. Johns high vacancy continues to be impacted by two large lease-ups that are experiencing slow absorption after more than one year on the market. (This survey excludes new projects in the lease-up phase that haven't reached stability, unless they are over one year old or over 85% occupied). Downtown occupancy continues to suffer from homeless issues, closed businesses, and over-building.

*(continued on page 2)*

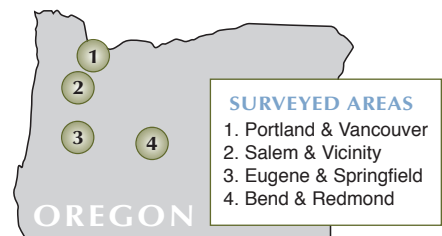
*With 5,000 apartments scheduled for delivery in 2021 and absorption forecast at 3,000 units, we anticipate metro wide vacancies to continue to increase and approach 7% by late 2021.*

*However, the vacancies will be concentrated at new urban units, which Co-Star forecasts will reach 12% in mid-2021. Vacancies at older apartments will likely remain below 6%.*

—The Barry Apartment Report

## SURVEY SAYS!

- Vacancy Rate Below 5%
- Rent Growth Nonexistent
- Flight from Urban to Suburban
- Moratoriums Ending



## TABLE OF CONTENTS

PORTLAND METRO MAP .....	2
AVERAGE RENT PER SQUARE FOOT	
AVERAGE MARKET VACANCY RATE	
AVERAGE NO. OF DAYS VACANT .....	3
SURVEY RESULTS .....	4-5
TREND REPORT .....	6
SEC 42 SURVEY RESULTS .....	7
INCENTIVES .....	7
TENANT PAID UTILITIES .....	7
ECONOMIC REPORT .....	8-10
A BROKER'S PERSPECTIVE .....	11
LEGAL DEVELOPMENTS .....	12
OUR CONTRIBUTORS & SPONSORS .....	13

## PORTLAND METRO AREA

### MULTNOMAH COUNTY

- 5 DOWNTOWN PORTLAND
- 1 NW PORTLAND
- 13 INNER & CENTRAL SE (PTLD)
- 17 INNER & CENTRAL NE (PTLD)
- 18 NORTH PORTLAND | ST. JOHNS
- 6 SW PORTLAND
- 14 OUTER SE (PORTLAND)
- 16 OUTER NE (PORTLAND)
- 15 TROUTDALE | FAIRVIEW
- WOOD VILLAGE | GRESHAM

### CLACKAMAS COUNTY

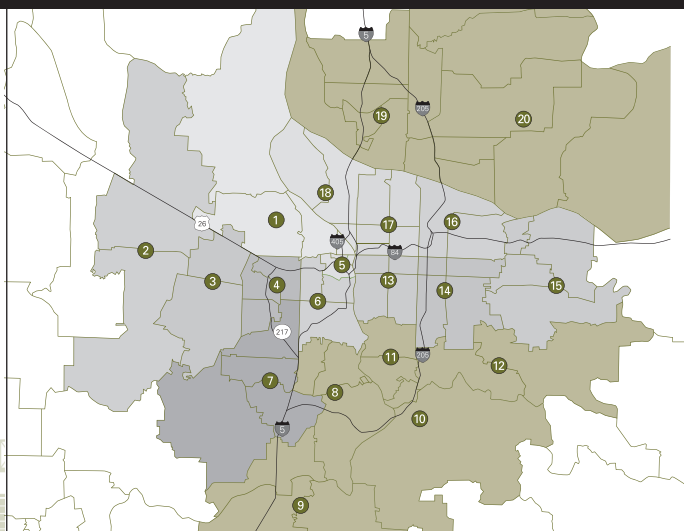
- 12 CLACKAMAS
- 8 LAKE OSWEGO | WEST LINN
- 11 MILWAUKIE
- 10 OREGON CITY | GLADSTONE
- 9 WILSONVILLE | CANBY

### WASHINGTON COUNTY

- 3 ALOHA
- 4 BEAVERTON
- 2 HILLSBORO | N OF HWY 26
- 7 TIGARD | TUALATIN
- SHERWOOD

### CLARK COUNTY

- 19 WEST VANCOUVER
- 20 EAST VANCOUVER



(continued from page 1)

Three-bedroom one bath units continue to have the best occupancy of all unit types, with average vacancy of 2.5%. Studio units have seen a slight improvement in occupancy over 9% last fall to 7.9% now. Tenants are moving towards roommate arrangements and looking for additional space for home offices.

### RENT RATES:

Overall rent rates remained unchanged since our Fall report at \$1.76 psf. Northwest Portland saw the biggest decrease in rents and is down 8%. Downtown stayed about the same, while Southwest Portland and Lake Oswego rates declined 3% and 2% respectively. The two areas with the highest increases were East and West Vancouver, with 5% and 6% bumps.

Although rates continue to decline, both the Downtown core area and Northwest continue to lead all areas in rates. Outer NE Portland has some of the lowest rates, with an average of \$1.39 psf.

### Overall average rents per unit type—Portland:

UNIT TYPE	SPR 21	FALL 20
Studio	\$1151	\$1156
1 bdrm/1 bth	\$1296	\$1309
2 bdrm/1 bth	\$1284	\$1266
2 bdrm/2 bth	\$1572	\$1588
2 bdrm townhome	\$1435	\$1431
3 bdrm/1 bth	\$1440	\$1436
3 bdrm/2 bth	\$1713	\$1659

### Other Areas

The Salem market is fairly stable with a vacancy rate dropping to 4%. Rents continue to see upward pressure and have increased 11% since the Fall report. Vacancies in 3 bdrm/2 bth units are particularly low at 2.3%. The Bend/Redmond area shows vacancies increasing to over 7%, and rents by 21%, but our number of survey participants nearly doubled, which resulted in a variance that is not attributable to the market conditions. The vacancy rate in Eugene/Springfield has decreased significantly to under 2%, and rents have remained stable. The students are back!

### Our Contributors

Leah Sykes, with the law firm Greenspoon Marder, has provided a brief synopsis of legal and legislative developments. She describes some of the regulations outlined in HB 4401 and reminds us that we can apply security deposits to nonpayment balances at move-out. Leah also points out two very important pending bills currently being considered in Salem. Multifamily NW is endorsing SB 330 (which establishes an income tax credit for Landlords forgiveness of tenant rent) and SB 282, which Multifamily NW is opposing. SB 282 extends the repayment grace period for tenants until February 2022.

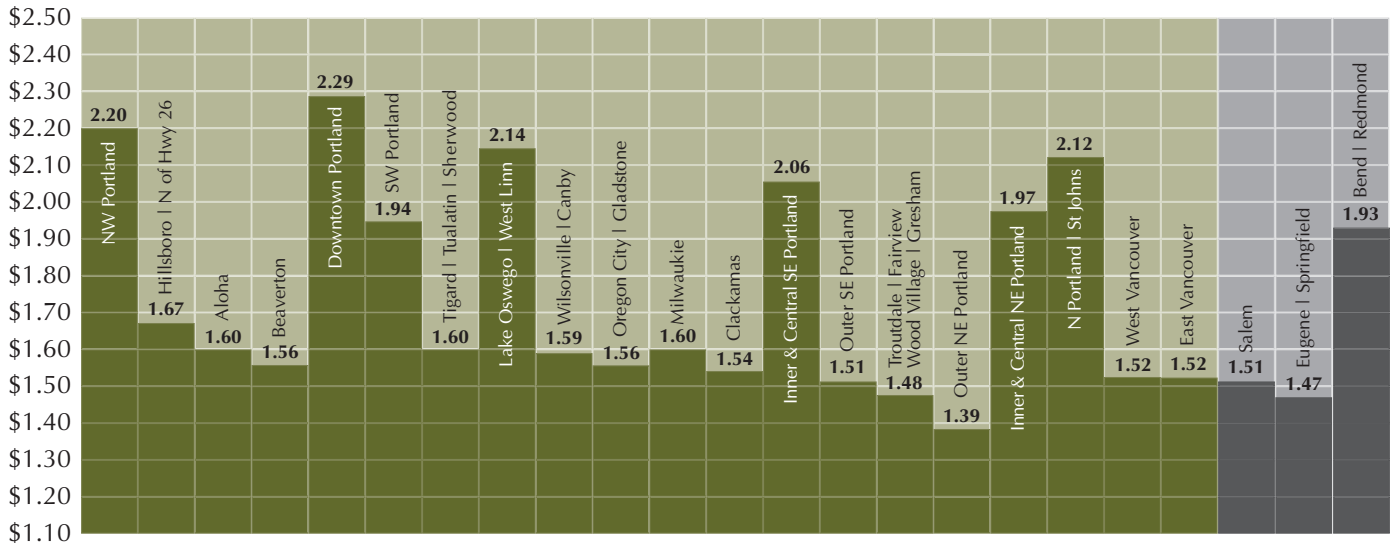
Oregon's state economist from the Oregon Office of Economic Analysis, Josh Lehner, provides a bright outlook for recovery. "The

stage is set for a very strong recovery this year and next..." Josh notes that when the pandemic hit last March, we feared the worst, but since then all economic indicators have looked better than expected. He recognizes the shift in rental demand from urban to suburban and projects that household formation will continue to hold steady. "All told, the stage is set such that economic growth this year and next will be the strongest we have seen in decades, possibly generations."

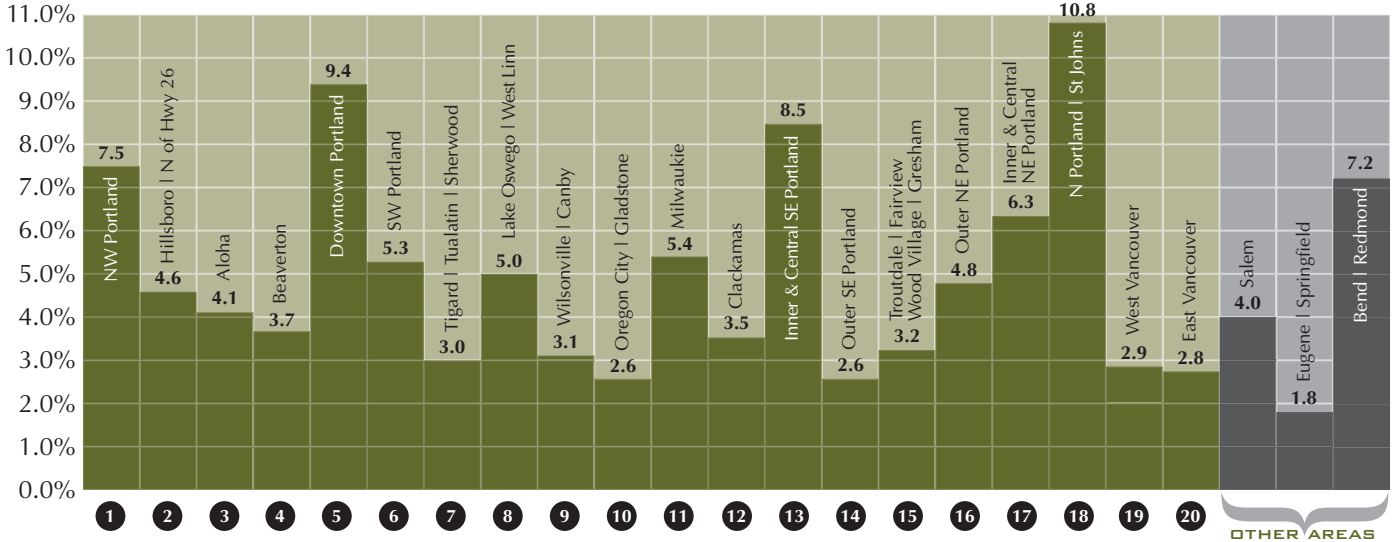
And finally, Robert Black from Newmark Knight Frank has submitted an article providing a candid look at the current state of our industry from a broker's perspective. His optimistic evaluation is justified by the stability in net population growth, despite the pandemic, and Oregon's comparatively good job in addressing the virus. With Portland area restaurants and bars opening back up, he envisions a reversal of fortune on the horizon and a "Roaring 20's" return to urban living.

This survey represents a total of 78,179 units from 1,157 properties. All of the articles have been reprinted without editing the content, in order to present unbiased opinions. We'd like to thank all of the management companies and property owners who have submitted information. Their participation is critical in insuring the accuracy of our data and the continued success of this report. ■

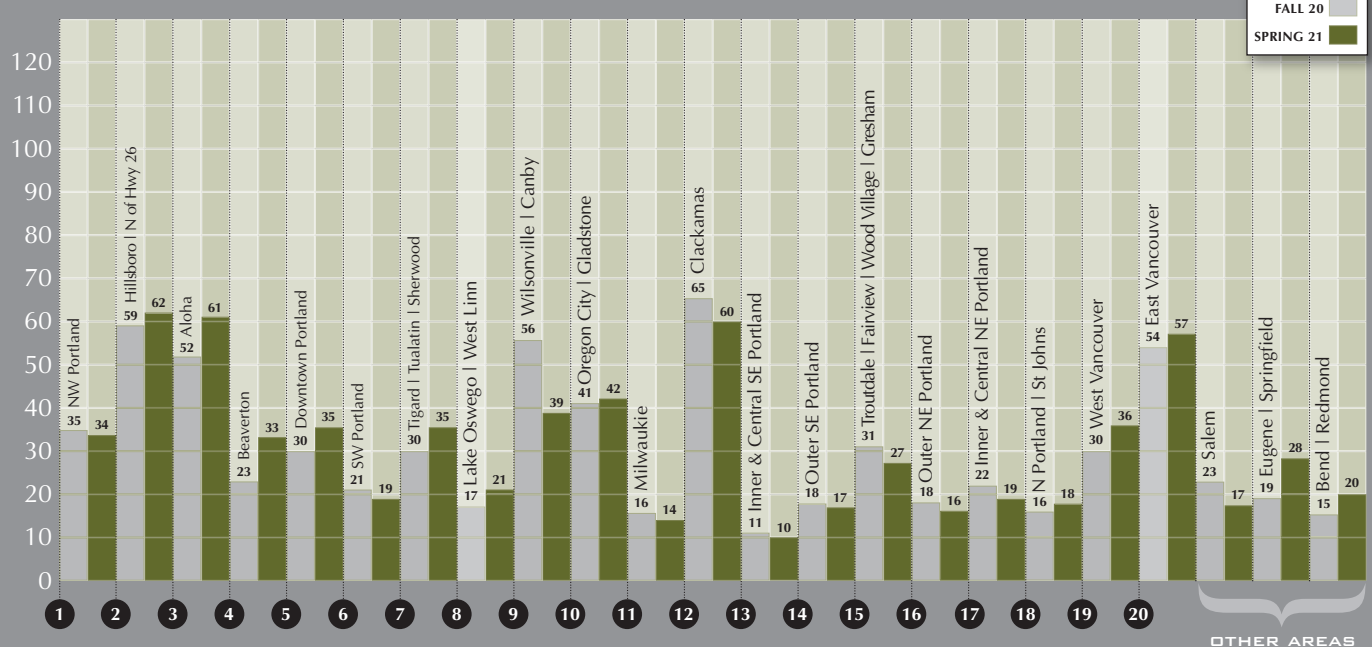
## AVERAGE RENT PER SQUARE FOOT \$



## AVERAGE MARKET VACANCY RATE %



## AVERAGE NUMBER OF DAYS VACANT — PORTLAND/VANCOUVER



# SURVEY RESULTS—SPRING 2021

## PORTLAND/VANCOUVER METRO AREA

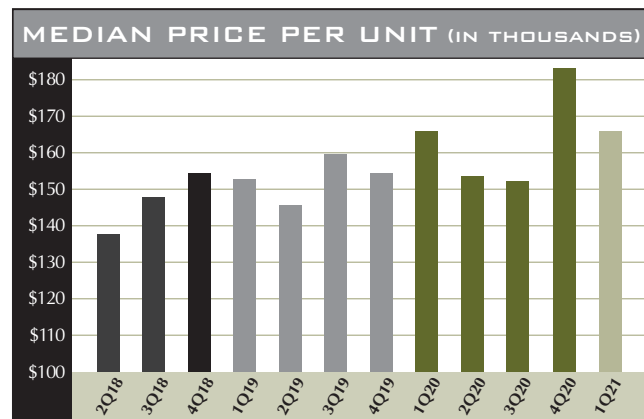
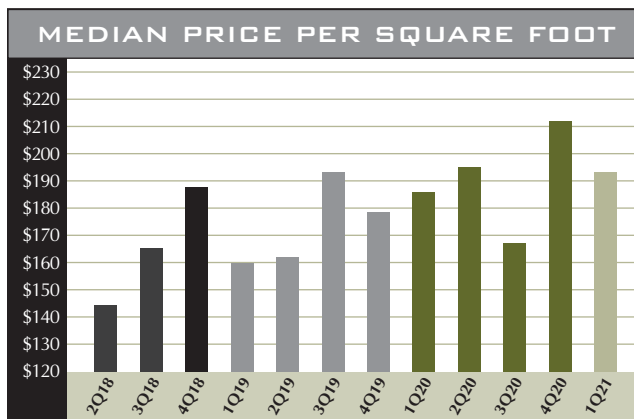
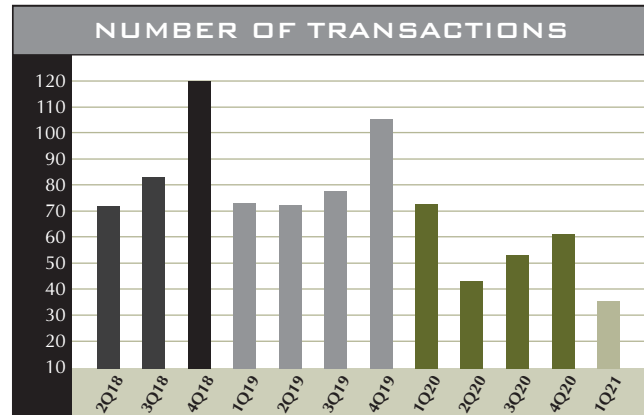
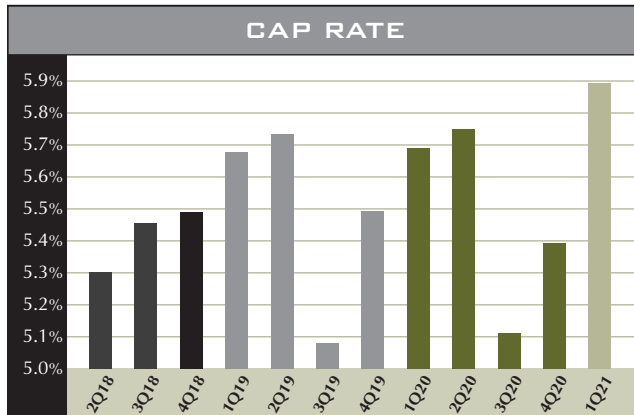
AREA NAME	# OF PROP	DATA	ALL	SPR 21 REPORT	CHANGE	STUDIO	1 BED 1 BATH	2 BED 1 BATH	2 BED 2 BATH	2 BED TWNHS	3 BED 1 BATH	3 BED 2 BATH
DOWNTOWN PORTLAND (5)	50	AVG MARKET VACANCY RATE %	9.44	9.83	-0.04	8.9	9.92	7.61	9.62	9.78	0.0	20
		AVG RENT PER SQ FOOT \$	2.29	2.31	-0.01	2.7	2.13	1.96	1.99	2.12	1.76	2.25
		AVG RENT PER UNIT TYPE \$				1115	1382	1566	2197	2039	2146	3033
		SUM OF UNITS SURVEYED	3824	2960		1281	1794	197	447	92	3	10
NW PORTLAND (1)	110	AVG MARKET VACANCY RATE %	7.48	7.12	0.05	8.0	7.93	9.3	6.3	1.64	0.0	4.0
		AVG RENT PER SQ FOOT \$	2.2	2.38	-0.08	2.71	2.21	1.81	1.91	1.67	1.41	1.68
		AVG RENT PER UNIT TYPE \$				1185	1546	1569	1966	1680	1474	2149
		SUM OF UNITS SURVEYED	7443	6954		1613	3369	527	1636	61	37	200
INNER & CENTRAL SE (PORTLAND) (13)	173	AVG MARKET VACANCY RATE %	8.52	6.73	0.27	11.2	9.58	4.94	12.34	5.16	2.63	0.0
		AVG RENT PER SQ FOOT \$	2.06	2.02	0.02	3.02	2.05	1.53	2.13	1.46	1.39	1.42
		AVG RENT PER UNIT TYPE \$				1156	1277	1266	2211	1350	1554	1547
		SUM OF UNITS SURVEYED	4057	4297		689	2024	953	154	155	38	44
INNER & CENTRAL NE (PORTLAND) (17)	115	AVG MARKET VACANCY RATE %	6.29	3.75	0.68	8.25	6.33	6.74	3.48	0.61	0.0	15.38
		AVG RENT PER SQ FOOT \$	1.97	1.9	0.04	2.82	1.9	1.6	1.85	1.51	1.46	1.71
		AVG RENT PER UNIT TYPE \$				1099	1215	1375	1877	1510	1702	1899
		SUM OF UNITS SURVEYED	2671	3707		473	1342	519	115	165	31	26
N PORTLAND   ST JOHNS (18)	33	AVG MARKET VACANCY RATE %	10.84	10.94	-0.01	10.23	11.07	4.1	37.93	0.0	11.76	0.0
		AVG RENT PER SQ FOOT \$	2.12	2.05	0.03	2.62	2.13	1.59	2.35	0.98	1.42	1.74
		AVG RENT PER UNIT TYPE \$				1225	1350	1275	2262	954	1327	1707
		SUM OF UNITS SURVEYED	1273	1453		352	497	293	87	24	17	3
SW PORTLAND (6)	53	AVG MARKET VACANCY RATE %	5.25	5.8	-0.09	6.37	5.9	2.84	4.7	8.0	2.5	6.85
		AVG RENT PER SQ FOOT \$	1.94	1.99	-0.03	2.47	2.08	1.53	1.86	1.44	1.28	1.39
		AVG RENT PER UNIT TYPE \$				1239	1315	1260	1845	1270	1523	1604
		SUM OF UNITS SURVEYED	2933	2707		408	1322	563	404	50	40	146
OUTER SE (PORTLAND) (14)	35	AVG MARKET VACANCY RATE %	2.62	3.99	-0.34	2.56	2.01	2.62	3.4	2.48	0.0	0.83
		AVG RENT PER SQ FOOT \$	1.51	1.5	0.01	2.32	1.66	1.39	1.37	1.27	1.35	1.4
		AVG RENT PER UNIT TYPE \$				965	1100	1158	1364	1191	1330	1640
		SUM OF UNITS SURVEYED	2140	1804		156	497	496	735	121	14	121
OUTER NE (PORTLAND) (16)	27	AVG MARKET VACANCY RATE %	4.83	5	-0.03	7.14	4.1	4.8	5.29	0.0	10	12.07
		AVG RENT PER SQ FOOT \$	1.39	1.35	0.03	1.88	1.49	1.33	1.33	1.11	1	1.41
		AVG RENT PER UNIT TYPE \$				811	1034	1175	1315	1292	1260	1536
		SUM OF UNITS SURVEYED	1533	1041		14	561	667	189	34	10	58
TROUTDALE   FAIRVIEW WOOD VILLAGE   GRESHAM (15)	33	AVG MARKET VACANCY RATE %	3.24	4.59	-0.29	4.0	5.42	2.02	2.32	2.08	0.0	5.97
		AVG RENT PER SQ FOOT \$	1.48	1.47	0.01	2.17	1.68	1.43	1.37	1.49	1.24	1.34
		AVG RENT PER UNIT TYPE \$				1026	1176	1269	1357	1515	1456	1667
		SUM OF UNITS SURVEYED	3057	2721		100	609	496	1335	240	9	268
CLACKAMAS (12)	10	AVG MARKET VACANCY RATE %	3.48	3.32	0.05	0.0	3.32	3.79	3.16	-	0.0	4.52
		AVG RENT PER SQ FOOT \$	1.54	1.49	0.03	2.24	1.73	1.48	1.45	-	1.6	1.5
		AVG RENT PER UNIT TYPE \$				1017	1233	1316	1438	-	1395	1687
		SUM OF UNITS SURVEYED	1810	1173		18	452	475	664	0	2	199
LAKE OSWEGO   WEST LINN (8)	16	AVG MARKET VACANCY RATE %	4.95	6.77	-0.27	7.14	5.4	1.59	5.88	5.63	-	1.49
		AVG RENT PER SQ FOOT \$	2.14	2.19	-0.02	2.4	2.57	1.47	1.9	1.67	-	1.94
		AVG RENT PER UNIT TYPE \$				1845	1691	1303	1912	1668	-	2435
		SUM OF UNITS SURVEYED	1152	945		14	500	126	374	71	0	67
OREGON CITY   GLADSTONE (10)	12	AVG MARKET VACANCY RATE %	2.61	5.71	-0.54	2.56	3.62	0.77	3.33	0.0	0.0	3.73
		AVG RENT PER SQ FOOT \$	1.56	1.5	0.04	2.14	1.83	1.41	1.49	1.4	1.43	1.37
		AVG RENT PER UNIT TYPE \$				1038	1245	1219	1546	1184	1360	1861
		SUM OF UNITS SURVEYED	1187	1174		39	304	261	360	58	31	134
MILWAUKIE (11)	38	AVG MARKET VACANCY RATE %	5.41	3.46	0.56	5.56	7.87	4.46	2.94	3.89	14.29	0.95
		AVG RENT PER SQ FOOT \$	1.6	1.52	0.05	2.44	1.78	1.45	1.61	1.24	1.33	1.39
		AVG RENT PER UNIT TYPE \$				1011	1095	1206	1516	1233	1375	1582
		SUM OF UNITS SURVEYED	2143	1997		90	762	829	170	180	7	105
WILSONVILLE   CANBY (9)	14	AVG MARKET VACANCY RATE %	3.09	4.75	-0.35	0.0	1.97	2.53	4.95	0.0	0.0	3.43
		AVG RENT PER SQ FOOT \$	1.59	1.59	0	2.49	1.83	1.56	1.46	1.14	1.16	1.48
		AVG RENT PER UNIT TYPE \$				1157	1318	1378	1529	1308	1093	1710
		SUM OF UNITS SURVEYED	1878	2127		37	457	592	566	49	2	175
ALOHA (3)	39	AVG MARKET VACANCY RATE %	4.09	4.04	0.01	6.67	4.48	3.3	4.42	5.56	3.13	3.25
		AVG RENT PER SQ FOOT \$	1.6	1.59	0.01	2.44	1.83	1.48	1.51	1.33	1.56	1.45
		AVG RENT PER UNIT TYPE \$				1018	1225	1293	1470	1686	1518	1662
		SUM OF UNITS SURVEYED	6327	5649		30	2031	1273	2218	36	32	707

PORTLAND/VANCOUVER METRO AREA												
AREA NAME	# OF PROP	DATA	ALL	SPR 21 REPORT	CHANGE	STUDIO	1 BED 1 BATH	2 BED 1 BATH	2 BED 2 BATH	2 BED TWNHS	3 BED 1 BATH	3 BED 2 BATH
BEAVERTON (4)	51	AVG MARKET VACANCY RATE %	3.69	2.95	0.25	1.96	4.85	3.6	2.79	4.17	1.37	1.87
		AVG RENT PER SQ FOOT \$	1.56	1.5	0.04	1.94	1.71	1.44	1.62	1.4	1.36	1.34
		AVG RENT PER UNIT TYPE \$				897	1163	1293	1574	1496	1439	1689
		SUM OF UNITS SURVEYED	3853	3012		51	1320	1333	717	72	146	214
HILLSBORO   N OF HWY 26 (2)	18	AVG MARKET VACANCY RATE %	4.6	2.28	1.02	3.43	5.6	2.27	4.17	0.0	-	4.08
		AVG RENT PER SQ FOOT \$	1.67	1.6	0.04	2.26	1.87	1.43	1.45	1.4	-	1.41
		AVG RENT PER UNIT TYPE \$				1371	1346	1208	1580	1586	-	1713
		SUM OF UNITS SURVEYED	3023	1709		175	1322	132	1102	47	0	245
TIGARD   TUALATIN SHERWOOD (7)	51	AVG MARKET VACANCY RATE %	2.98	3.13	-0.05	2.17	3.12	4.04	2.76	2.25	1.95	0.74
		AVG RENT PER SQ FOOT \$	1.6	1.55	0.03	2.38	1.8	1.52	1.49	1.42	1.37	1.47
		AVG RENT PER UNIT TYPE \$				917	1223	1271	1496	1565	1392	1780
		SUM OF UNITS SURVEYED	5512	5104		46	1796	1288	1558	267	154	403
WEST VANCOUVER (19)	42	AVG MARKET VACANCY RATE %	2.93	4.37	-0.33	8.13	2.62	1.52	3.32	2.61	5.48	4.84
		AVG RENT PER SQ FOOT \$	1.52	1.43	0.06	2.62	1.75	1.46	1.37	1.27	1.35	1.26
		AVG RENT PER UNIT TYPE \$				1259	1234	1213	1445	1339	1371	1589
		SUM OF UNITS SURVEYED	4470	3802		123	1338	1052	1206	306	73	372
EAST VANCOUVER (20)	27	AVG MARKET VACANCY RATE %	2.81	3.71	-0.24	1.96	4.08	3.36	2.22	0.0	0.0	1.64
		AVG RENT PER SQ FOOT \$	1.52	1.45	0.05	2.1	1.72	1.48	1.4	1.31	0.98	1.41
		AVG RENT PER UNIT TYPE \$				1005	1207	1298	1415	1368	1299	1632
		SUM OF UNITS SURVEYED	4943	4641		102	1398	1101	1574	278	1	489
TOTAL AVG MARKET VACANCY RATE %			4.98	5.04	-0.01	7.89	6.0	3.8	4.21	2.65	2.47	3.41
TOTAL AVG RENT PER SQ FOOT \$			1.76	1.76	0	2.66	1.93	1.5	1.55	1.41	1.37	1.43
TOTAL AVG RENT PER UNIT TYPE \$						1151	1296	1284	1572	1435	1440	1713
TOTAL SUM OF PROPERTIES SURVEYED			947	920		295	775	584	305	110	87	204
TOTAL SUM OF UNITS SURVEYED			65229	58977		5811	23695	13173	15611	2306	647	3986
VACANCY RATE SINCE SPRING 2017—PORTLAND/VANCOUVER METRO AREA												
<div><div>STUDIO</div><div>1 BED/1 BATH</div><div>2 BED/1 BATH</div><div>2 BED/2 BATH</div><div>2 BED TH</div><div>3 BED/1 BATH</div><div>3 BED/2 BATH</div></div>												
OTHER AREAS												
SALEM & VICINITY	106	AVG MARKET VACANCY RATE %	4.03	4.84	-0.17	5.56	4.27	3.53	3.04	11.26	4.55	2.29
		AVG RENT PER SQ FOOT \$	1.51	1.36	0.11	1.94	1.68	1.36	1.73	1.26	1.56	1.29
		AVG RENT PER UNIT TYPE \$				944	1024	1136	1342	1256	1391	1469
		SUM OF UNITS SURVEYED	6402	6729		180	1357	2695	1316	373	88	393
EUGENE   SPRINGFIELD	92	AVG MARKET VACANCY RATE %	1.75	4.03	-0.57	2.36	2.03	1.34	1.69	1.72	3.03	1.71
		AVG RENT PER SQ FOOT \$	1.47	1.45	0.01	2.26	1.51	1.4	1.41	1.31	1.33	1.29
		AVG RENT PER UNIT TYPE \$				810	1037	1102	1487	1428	1485	1537
		SUM OF UNITS SURVEYED	5539	5205		381	1529	1568	887	698	66	410
BEND   REDMOND	12	AVG MARKET VACANCY RATE %	7.23	5.98	0.21	0.83	4.69	9.33	11.11	25	0.0	12.75
		AVG RENT PER SQ FOOT \$	1.93	1.59	0.21	2.76	2.18	1.44	1.79	1.08	1	1.27
		AVG RENT PER UNIT TYPE \$				1336	1524	1231	1900	1083	900	1619
		SUM OF UNITS SURVEYED	1009	535		120	405	193	180	8	1	102
TOTAL AVG MARKET VACANCY RATE %			3.31	4.56	-0.27	2.94	3.28	3.01	3.15	5.19	3.87	3.2
TOTAL AVG RENT PER SQ FOOT \$			1.53	1.41	0.09	2.26	1.66	1.37	1.62	1.29	1.46	1.29
TOTAL AVG RENT PER UNIT TYPE \$						938	1091	1128	1438	1366	1428	1517
TOTAL SUM OF PROPERTIES SURVEYED			210	177		43	124	122	69	30	36	52
TOTAL SUM OF UNITS SURVEYED			12950	12469		681	3291	4456	2383	1079	155	905
Surveys received from Sec 42, Sec 8 and other subsidized affordable housing programs are not included in the current survey data.												



## TREND REPORT : PORTLAND METRO AREA

CoStar: Search criteria—Research Status: Published; Market: Portland; PropType: Multi Family; Sale Date: 4/1/2018—3/11/21; unit: 5 units and greater.



YEAR	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
# OF TRANS	72	83	120	73	72	77	105	73	42	52	61	36
TTL \$ VOLUME	\$263,766,901	\$669,033,707	\$905,231,120	\$389,405,022	\$405,864,873	\$900,164,810	\$582,003,371	\$519,027,130	\$244,972,400	\$321,396,940	\$793,895,640	\$366,394,240
TTL BLDG SF	1,937,931	3,231,649	4,481,324	2,568,489	2,347,901	3,525,970	3,485,597	2,712,974	1,132,526	1,751,536	3,388,543	1,850,520
TTL UNITS	1,955	3,064	5,003	2,869	2,490	3,466	3,280	2,845	1,198	1,873	3,229	2,034
AVG PRICE	\$5,275,338	\$11,737,433	\$10,525,943	\$6,953,661	\$6,879,066	\$13,638,861	\$8,558,873	\$9,792,965	\$7,205,071	\$7,304,476	\$13,687,856	\$11,819,169
AVG # OF SF	26,916	38,936	37,344	35,185	32,610	45,792	33,196	37,164	26,965	33,683	55,550	51,403
AVG \$ BLDG SF	\$150.86	\$252.32	\$227.40	\$201.21	\$196.13	\$263.32	\$200.10	\$204.18	\$232.22	\$188.64	\$256.07	\$228.44
MED \$ P/SF	\$143.67	\$165.88	\$188.89	\$160.24	\$160.96	\$192.03	\$179.80	\$185.66	\$193.08	\$167.82	\$210.55	\$192.41
AVG \$ P/UNIT	\$151,852	\$269,446	\$202,967	\$194,703	\$188,599	\$262,028	\$212,721	\$194,684	\$218,921	\$177,469	\$270,493	\$215,653
MED \$ P/UNIT	\$138,358	\$148,000	\$153,220	\$152,230	\$145,833	\$160,000	\$153,467	\$165,000	\$151,868	\$150,750	\$182,411	\$166,429
AVG # OF UNITS	27	37	42	39	35	46	31	39	29	36	53	57
ACTUAL CAP RATE	5.31%	5.45%	5.49%	5.67%	5.74%	5.17%	5.48%	5.68%	5.30%	5.21%	5.38%	5.89%
AVG GRM	10.25	11.20	12.99	12.81	12.63	11.94	12.92	12.12	10.87	14.29	14.74	11.24
AVG GIM	—	9.88	—	—	—	—	—	10.35	—	—	—	—

MAP AREA	FALL 2020	SPRING 2021
NW Portland	22.3%	32.5%
Hillsboro   North of Hwy 26	0%	17.4%
Aloha	15.9%	21.4%
Beaverton	17.7%	15.3%
Downtown Portland	23.5%	32.8%
SW Portland	21.8%	25%
Tigard   Tualatin   Sherwood	15.3%	20%
Lake Oswego   West Linn	6.3%	21.1%
Wilsonville   Canby	14.3%	26.1%
Oregon City   Gladstone	7.4%	7.7%
Milwaukie	8.6%	9.1%
Clackamas	14.3%	10%
Inner & Central SE Portland	8.7%	14.6%
Outer SE Portland	1.7%	5.7%
Troutdale   Fairview   Wood Village   Gresham	10.6%	17.8%
Outer NE Portland	16%	5.7%
Inner & Central NE Portland	6.5%	7%
North Portland   St. Johns	16%	21.7%
West Vancouver	8.3%	16%
East Vancouver	13.5%	15.6%
Salem   Vicinity	9.7%	8.5%
Eugene   Springfield	21.9%	16.4%
Bend   Redmond	6.7%	0%

DO YOU OFFER INCENTIVES? ▼



#### SECTION 42 SURVEY RESULTS • SPRING 2021

TTL # OF PROPERTIES = 138 • TTL # OF UNITS = 11,169

UNIT TYPES	VACANCY RATE (%)	AVG. RENT PER SQ FT (\$)
STUDIO	4.33	2.65
1 BED / 1 BATH	3.12	1.41
2 BED / 1 BATH	2.97	1.20
2 BED / 2 BATH	2.00	1.16
2 BED / TH	2.47	1.16
3 BED / 1 BATH	2.28	1.00
3 BED / 2 BATH	2.11	1.01
TOTALS	2.95	1.43

MAP AREA	WATER/SEWER	HEAT	GARBAGE
NW PORTLAND	63.5%	89.7%	61.9%
HILLSBORO   N OF HWY 26	73.9%	100%	69.6%
ALOHA	88.1%	100%	85.7%
BEAVERTON	69.5%	91.5%	59.3%
DOWNTOWN PORTLAND	63.9%	86.9%	59%
SW PORTLAND	83.9%	98.2%	67.9%
TIGARD   TUALATIN   SHERWOOD	83.3%	100%	78.3%
LAKE OSWEGO   WEST LINN	79%	100%	73.7%
WILSONVILLE   CANBY	73.9%	100%	69.6%
OREGON CITY   GLADSTONE	84.6%	92.3%	46.2%
MILWAUKIE	56.8%	90.9%	34.1%
CLACKAMAS	100%	100%	90%
INNER & CENTRAL SE PTLD	46.5%	78.4%	41.1%
OUTER SE PORTLAND	40%	95.7%	31.4%
TROUTDALE   FAIRVIEW WOOD VILLAGE   GRESHAM	64.4%	100%	51.1%
OUTER NE PORTLAND	60%	97.1%	42.9%
INNER & CENTRAL NE PTLD	34.4%	58.6%	30.5%
NORTH PTLD   ST. JOHNS	54.4%	84.8%	50%
WEST VANCOUVER	76%	96%	68%
EAST VANCOUVER	78.1%	100%	68.8%
SALEM   VICINITY	53.9%	96.9%	52.3%
EUGENE   SPRINGFIELD	51.8%	97.3%	46.4%
BEND   REDMOND	86.7%	100%	86.7%

TENANT PAID UTILITIES ▼



## PENT-UP DEMAND WILL DRIVE A STRONG ECONOMIC RECOVERY

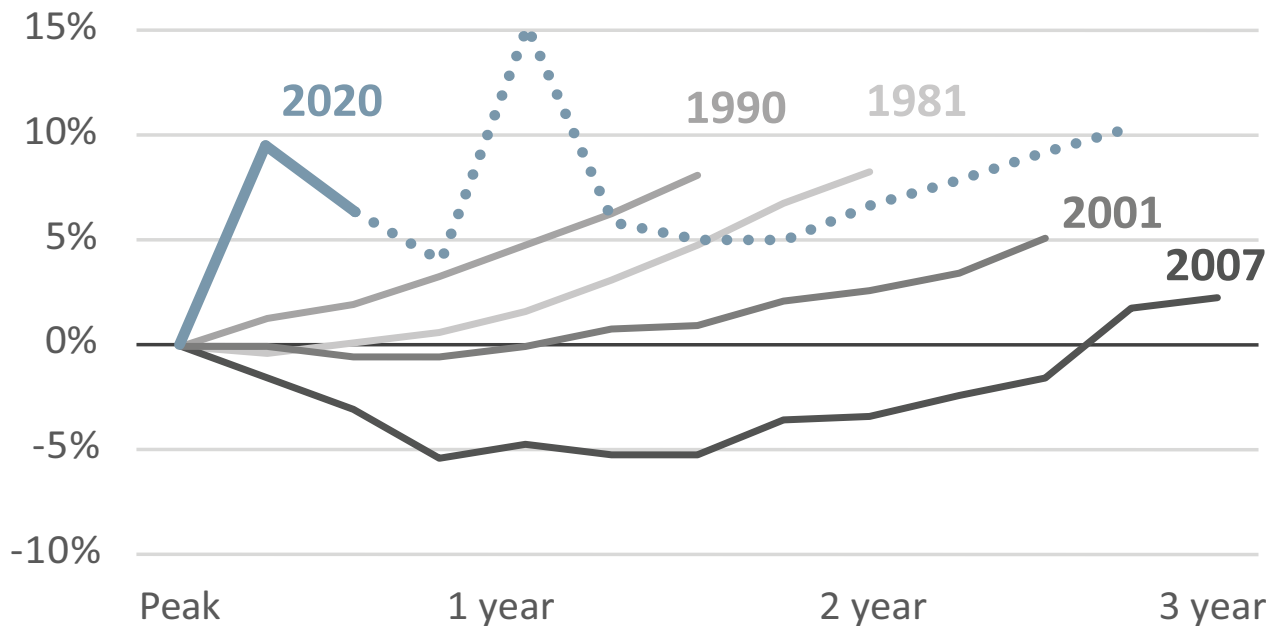
*Josh Lechner, Economist, Oregon Office of Economic Analysis*

The cycle is different. The nature of the pandemic-induced recession led the economy into a severe shutdown essentially overnight last spring. Since then nearly every economic indicator has looked better than first feared. The stage is set for a very strong recovery this year and next as the pandemic wanes. This is largely due to the improvements seen in public health, the large federal fiscal policy response, and underlying resiliency in the economy. Most encouraging is that there has been surprisingly little economic scarring in the form of business closures and permanent layoffs to date.

Federal aid has kept most firms and households afloat over the past year. Despite being down 160,000 jobs (8%) to start the year, total personal income in Oregon today is higher than it was prior to the onset of the pandemic. Stripping out the direct federal aid, total personal income has rebounded as well and is now back to where it was prior to COVID. Importantly for future growth and despite our best efforts shopping online or remodeling our homes, considerable household savings have built up in the past year.



### TOTAL OREGON PERSONAL INCOME NOMINAL, PERCENT CHANGE FROM PRE-RECESSION PEAK



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



Looking forward, as the economy continues to reopen and households become more confident in their ability to venture out safely, consumer spending will accelerate. Patterns of spending will also start to move back toward old habits. This shift out of physical goods and back into labor-intensive, in-person services will create strong employment growth later this year. Firms will need to staff back up quickly as spending on going out to eat, to happy hours, on vacations, and getting haircuts increases.

Even so, lower-income households have continued to struggle as many workers in the low-wage service industries face dim job prospects until the pandemic is over. They have also had to overcome lapses in federal aid multiple times in the past year. For this reason, ongoing federal assistance in the form of expanded unemployment insurance and recovery rebates that reach those who do not qualify for UI is needed to ensure more of our neighbors, family, and friends do not fall behind on bills or rent. Encouragingly, recent Census and Multifamily NW surveys indicate the share of tenants behind on rent has not continued to rise in recent months.

The key macroeconomic risk remains the permanent damage and business closures that accumulate before the pandemic is over. Here, too, the data is better than feared. The total number of businesses in Oregon is up two or three percent over the past year. In terms of closures, bars and restaurants are the most impacted sector during the pandemic. The number of

active OLCC liquor licenses for on-premise sales is down about five percent. More encouraging is that start-up activity across the state continues to be quite strong. The number of total new business applications in the past six months has never been larger. As such, the economy is not suffering the double hit of more closures and fewer new businesses as was the experience in past severe recessions.

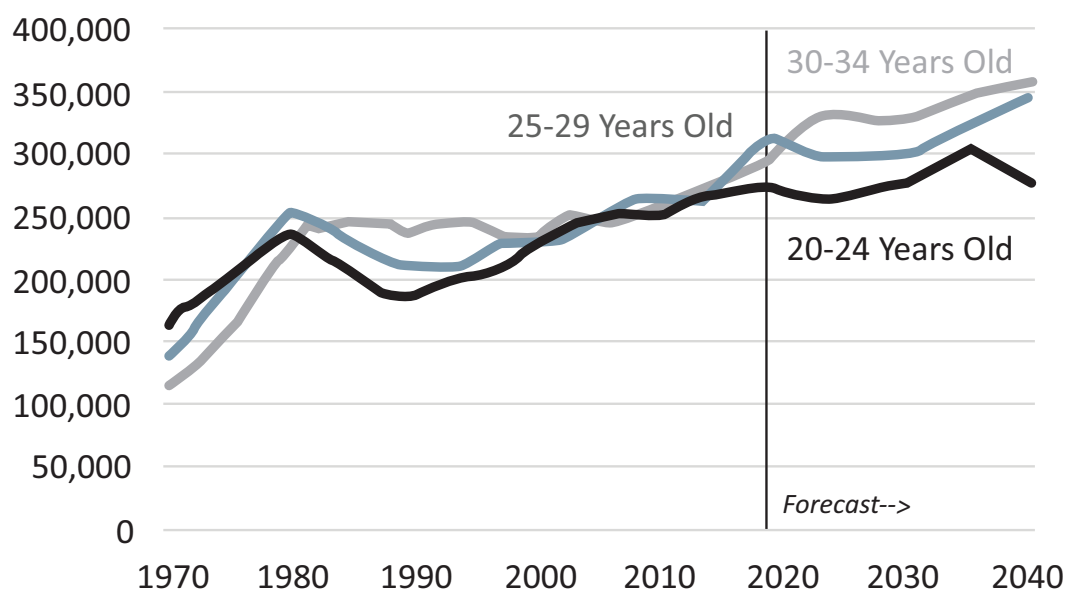
Looking forward, Oregon's population is expected to continue to increase. This growth will now come entirely from net migration as the number of deaths in the state will outpace births for the foreseeable future.

A key unknown today is just how strong migration has been during the pandemic. We know in recent years population growth has slowed, including through the latest mid-2020 population estimates published by Portland State's Population Research Center.

While not the conventional wisdom, which seems to be there is a large increase in pandemic-related migration, this pattern overall does make sense. Most migrants follow job opportunities. As the business cycle matured in recent years, job growth slowed and so too did migration. Then the pandemic hit, leading to layoffs and the shelter in place phase of the cycle. Hardly anyone moved last spring or early summer. Since then, however, indications are migration has firmed. Population growth in the latter half of 2020 will show up in the 2021 population estimates released late this year.

## STABLE APARTMENT DEMOGRAPHICS

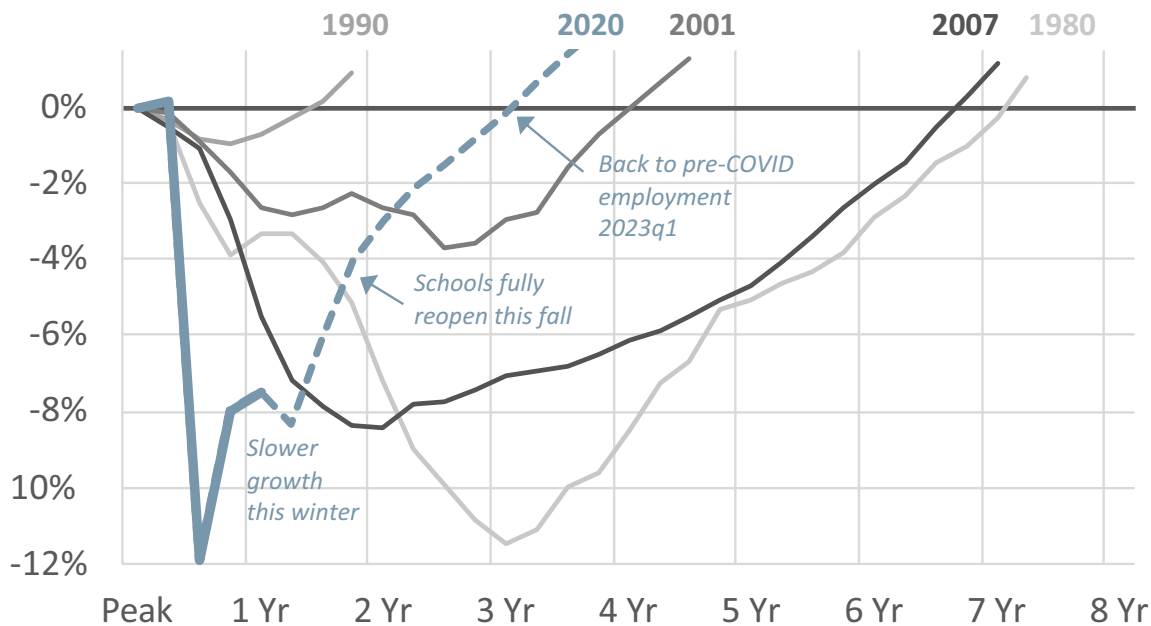
OREGON POPULATION FOR KEY AGE COHORTS THAT ARE USUALLY RENTERS



Source: BLS, Federal Reserve Bank of New York, Portland State, Oregon Office of Economic Analysis

## OREGON RECESSION COMPARISON

### EMPLOYMENT PERCENT CHANGE FROM PRE-RECESSION PEAK



Source: Oregon Employment Department, Oregon Office of Economic Analysis

That said, using the strong housing market as a harbinger of migration trends is challenging. Home sales always overstate population growth as the differences between the types of homebuyers matter considerably. Some local residents sold and moved away. In the big picture, new buyers are simply replacing them. Similarly, local move-up buyers, or renters shifting into ownership represent home sales but not population growth.

Ultimately what matters for the regional economy is the growth among the working-age population, many of whom move to the area from elsewhere. What matters to the housing industry are rates of household formation among 20- and 30-somethings and the relative demand for different types of housing options. Here, the monthly household survey indicates that household formation continues to hold steady after taking a brief drop during the shelter in place phase of the cycle. This indicates ongoing demand for housing in Oregon, and the need to ensure adequate levels of new construction.

Our office's housing starts forecast calls for fairly steady levels of new construction in the years ahead. There has been a large drop in multifamily activity in Multnomah County but ongoing strength in multifamily construction in the suburbs and elsewhere around the state. Single family construction is strong everywhere.

All told, the stage is set such that economic growth this year and next will be the strongest we have seen in decades, possibly generations. Even so, it will likely take a year or two for all of the lost jobs to fully return. The current hole is that deep.

However such a timeline means the current cycle, while severe, will be much shorter in duration than recent recessions.

Much of the bullishness in terms of the outlook is due to the quick development of vaccines, plus the strong federal policy response. Oregonians are ready to resume the activities previously restricted by the pandemic and most have the income to support it. ■

*Josh Lehner is a Senior Economist with the State of Oregon's Office of Economic Analysis. He develops the quarterly Oregon Economic forecast, including outlooks for employment, income and housing. Additional responsibilities include the Oregon Index of Leading Indicators, tracking international developments in Oregon's export markets and forecasting revenues for the Oregon Lottery, Oregon Judicial Department and state tobacco taxes. Mr. Lehner earned a B.A. in Economics from the University of Colorado and an M.S. in Economics from Portland State University.*



## A BROKER'S PERSPECTIVE

*Robert Black, Senior Managing Director, Newmark*



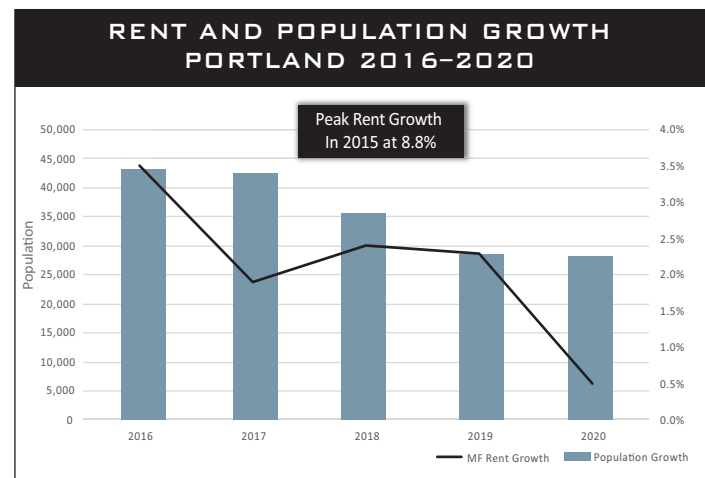
To say Portland has had a challenging year is of course, an understatement. Between the Pandemic, civil unrest, forest fires that briefly caused the worst air quality in the world and ice storms that knocked out power for days, Portland's reputation has gotten a black eye (or maybe even two). Downtown is not it's usual vibrant self with thousands of office workers relegated to their home offices. Yet despite all of this, we feel cautiously optimistic.

Portland may be down (especially it's urban rents), but it is far from out. We are obviously still in the grips of the Pandemic. But even though it looks and feels like we have fallen off a cliff, we have not. Portland is still attracting new residents, the metro saw net population growth of 28,555 in 2019. In 2020, that number was 28,295 (albeit with more growth in the burbs than the city) supporting that Portland was still appealing even amidst COVID and social unrest. Oregon has done a good job reducing the catastrophic impacts of the virus, ranking in the top 5 of the lowest infection and death rates of the nation. While Oregon was one of the first states to issue shelter-in-place warnings and has been cautious to re-open, Governor Brown has taken a different tack in February and pushed K-12 teachers to the front of the vaccination line in an effort to get kids back in school and parents back to work. Vaccinations have moved along steadily, and it appears that everyone will have access to a vaccine by the end of Spring.

Today the sidewalks Downtown are still sparse, but certain pockets of the urban world are starting to come to life. A quick drive down Northwest 21st or 23rd streets at happy hour show packed outdoor seating and maxed out capacity for indoor dining. Restaurants go to 50% capacity on Friday, March 12th. Landlords report that retail demand in Slabtown is exceptionally high with

restauranters betting on a big Summer. The Pearl has more foot traffic than at any point in the last year, aided by the spell of unusually warm and sunny weather in late February/early March. Portland Metro's unemployment sits at 6.2% today, down from its peak of 14.2% in May.

One of Portland's greatest competitive advantages has been its cost of living relative to other major metros on the West Coast. If one were looking to expand or start a business, Portland's office rents are compelling. A year or more of free rent is also hard to beat. Housing rental rates also look incredibly cheap. With some property's rents dipping into the low \$2 per SF, many assets in the core have moved back to rent levels not seen in 10 years. As painful as the slide in rents has been to watch, we believe they could be a catalyst for future growth. In 2019, affordability issues were already starting to push many residents to the suburbs who could not afford \$3+ rents or made the decision to buy instead. A quick search of Craigslist today shows that rents for 2-bedroom units in Camas are now eclipsing rents offered in Pearl District towers. Those prices (and concessions on top of that) may be enough to entice residents to new, highly-amentized buildings in the urban core. If Downtown opens back up this Summer and workers go back to their offices combined with the return of restaurants and entertainment, we could see a "Roaring 20's" return to urban living.



Most suburban submarkets continue to perform well through the Pandemic. The areas the furthest from the core have had the best showing. This includes the I-5 Corridor and Willamette Valley with rents up by 5.3% and Vancouver with 5.2% growth. These top performing markets are where affordably priced housing are located. Rents for B and C Class properties have much room to grow, are always in high demand and are not being developed today. Suburban markets with higher concentrations of more expensive newer product which was doing well in early 2020 have started to weaken with rent growth almost flat over the past 12 months. Concessions are starting to crop up, used to stimulate leasing velocity but also maintain full occupancy through the slower winter months. While the suburbs outperformance during the pandemic has been undeniable, suburban Class A rents give us reason to think a reversal of fortune could happen sooner than later. ■

*Robert Black joined Newmark as senior managing director in 2015 where he focuses on multifamily brokerage services and client development in the Portland Metro area. Robert's award-winning background includes over two decades in commercial real estate, focusing on multifamily and multifamily land development projects totaling billions in transaction revenue. Robert also specializes in affordable housing and closes multiple transactions every year with a number of the region's non-profit housing developers that includes REACH, Innovative Housing, Rose CDC, Bridge Housing, and Security Properties.*



## RECENT LEGAL DEVELOPMENTS IN OREGON LAW

*Leah Sykes, Greenspoon Marder*



Recent and pending regulatory changes pose significant challenges to the housing industry. This very brief article summarizes recent developments as of March 5, 2021. Legal counsel is strongly recommended for housing providers to ensure full compliance.

### WHAT STAYED THE SAME?

Federal laws enacted earlier in the COVID-19 pandemic remain in place. The CARES Act, which impacts affordable properties, creates longer termination dates for non-payment notices than state requirements and has no specific end date. Additionally, the moratorium on non-payment evictions through the Center for Disease Control (CDC) was renewed and is set to expire on March 31, 2021. Tenants may submit a CDC declaration to halt the eviction process. The probability of the CDC rule being extended is uncertain and it generally has little impact in states like Oregon with more restrictive regulations.

### WHAT CHANGED?

In Oregon, HB 4401 passed in December 2020, adding to and amending HB 4213 (Oregon's moratorium on taking legal action against tenants related to unpaid amounts and "no-cause" notices).

HB 4401, which expires in July 2021, created several new rules and procedures. Specifically, any correspondence regarding nonpayment balances must include a series of disclosures and a declaration form which, if submitted, affords Tenants until July 2021 to repay. Landlords receiving a signed declaration form are eligible to apply for the Landlord Compensation Fund administered by Oregon Housing and Community Services (OHCS) see: <https://www.oregon.gov/ohcs/housing-assistance/Pages/landlord-compensation-fund.aspx>. Tenants failing to submit a completed declaration form are subject to termination for unpaid 2021 charges.

HB 4401 also prohibits Landlords from issuing "no-cause" notices, suing Tenants, reporting Tenant balances to a credit reporting agency, and charging late fees for their nonpayment balance. Landlords may,

however, apply security deposits to nonpayment balances at move out. The penalty for a violation of HB 4401 or HB 4213 includes three months' rent.

Local governments (including City of Portland and Multnomah County) created their own moratoria, but later rescinded those moratoria to align with HB 4401. Landlords should continue to monitor their own jurisdictions, as local governments (such as City of Hillsboro) have implemented additional rules.

### WHAT MAY CHANGE?

Oregon is currently in a legislative session with approximately 40-50 pending bills directly or indirectly impacting the housing industry. As of the date this article was submitted, none had yet passed. Noteworthy bills to monitor are: SB 330 (establishes income tax credit for Landlord's forgiveness of Tenants' non-payment of rent or other charges), SB 282 (extends repayment grace period for tenants until February 2022, restricts unauthorized occupancy terminations; establishes presumption of retaliation for all terminations), HB 2372 (eliminates termination without stated cause) and HB 2427 (directs OHCS to establish and maintain a uniform rental application system).

The information contained in this paragraph may have changed by the publication date of this article. Legal counsel is strongly suggested for housing providers due to the complexity and rapidly changing legal landscape. ■

*Ms. Sykes takes a hands-on approach, advising clients in both the non-profit and for-profit housing markets, with a great depth of knowledge of the interplay between federal, state and local agencies and regulations. She has expanded her strong litigation background to include preventative methodologies for clients including management, business structure, corporate training and advising the industry in legislative matters. Ms. Sykes was admitted to the Oregon State Bar in 2002, the Washington State Bar in 2016 and graduated from Lewis and Clark College of Law in Portland, Oregon with an entrance scholarship. She also received a scholarship and a Bachelor of Arts from Simon Fraser University in British Columbia, Canada. Ms. Sykes has been a member of the Multifamily NW Board of Directors since 2019.*





# THE Apartment Report



**MULTIFAMILY NW**  
The Association Promoting Quality Rental Housing

*Thank you to all who contributed to the making of this report.*

AFFINITY PROPERTY MANAGEMENT  
AMERICAN PROPERTY MANAGEMENT  
APARTMENT MANAGEMENT  
CONSULTANTS, LLC  
AVENUE5 RESIDENTIAL  
BARKER & CALKINS, INC.  
BLUESTONE & HOCKLEY REAL ESTATE  
SERVICES  
C&R REAL ESTATE SERVICES  
CAPITAL PROPERTY MANAGEMENT  
SERVICES  
CARLA PROPERTIES, LTD.  
CASCADE MANAGEMENT  
COMMERCE INVESTMENT, INC.  
CTL MANAGEMENT, INC.  
CUSHMAN & WAKEFIELD  
DALTON MANAGEMENT  
FORE PROPERTY COMPANY  
FOX MANAGEMENT

FPI MANAGEMENT, INC.  
GREYSTAR  
GUARDIAN REAL ESTATE SERVICES  
HILLDALE GARDEN APARTMENTS  
HOLLAND RESIDENTIAL  
INCOME PROPERTY MANAGEMENT  
JENNINGS GROUP INCORPORATED  
KBC MANAGEMENT, INC.  
LIBERTY MANAGEMENT GROUP  
MDI, LLC  
MILL CREEK RESIDENTIAL  
PRINCETON PROPERTY MANAGEMENT  
PROMETHEUS REAL ESTATE GROUP  
QUANTUM RESIDENTIAL  
SECURITY PROPERTIES RESIDENTIAL  
STERLING MANAGEMENT GROUP, INC.  
WPL ASSOCIATES

## 2021 APARTMENT REPORT PROUD SPONSORS



Multifamily NW® ■ 16083 SW Upper Boones Ferry Road Suite 105 ■ Tigard, OR 97224 ■ 503 213 1281

*This report would not be possible without the dedication and commitment of the Multifamily NW staff and the Apartment Report Committee. Thank you to the many contributors, writers and consultants who have generously taken the time to provide this information.*

*For more information on Multifamily NW or to comment on this report, please visit us on the web at [www.multifamilynw.org](http://www.multifamilynw.org). The opinions contained in this report are those of the authors and do not necessarily represent the opinions or positions of Multifamily NW.*

## 2021 MULTIFAMILY NW BOARD OF DIRECTORS

Dan Mason  
*MG Properties*  
PRESIDENT

Renee Larsen  
*Capital Property Management*  
VICE PRESIDENT

Jeff Reingold  
*Income Property Management*  
SECRETARY

Chris Hermanski  
*Mainlander Property Management*  
TREASURER

Maureen MacNabb  
*Capital Property Management*  
IMMEDIATE PAST PRESIDENT

Maggie Banker  
*C&R Real Estate Services*  
DIRECTOR

Pamela Benoit  
*Reach CDC*  
DIRECTOR

Ken Brown  
*Rexius*  
DIRECTOR

Chris Duncan  
*Greystar*  
DIRECTOR

Greg Frick  
*HFO Investment Real Estate*  
DIRECTOR

Robin Hansen  
*Avenue5 Residential*  
DIRECTOR

Codi Kramer  
*Dalton Management, Inc.*  
DIRECTOR

Andie Lane  
*Holland Residential*  
DIRECTOR

Kimberly McCafferty  
*Lifetime Exteriors*  
DIRECTOR

Jesse Miller  
*Greystar*  
DIRECTOR

Peter Rose  
*Capital Property Management Services*  
DIRECTOR

Leah Sykes  
*GreenspoonMarder, LLP*  
DIRECTOR

Jennifer Wyncoop  
*Income Property Management*  
DIRECTOR