

Winds of Change

Market Changes in Portland Multifamily Housing

Scott Arena

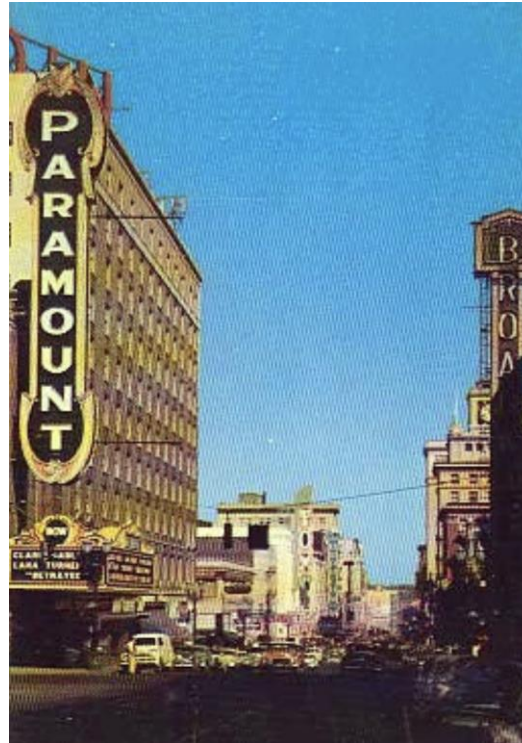
Director of Business Development, Income Property Management

Over 100 Years on Broadway...



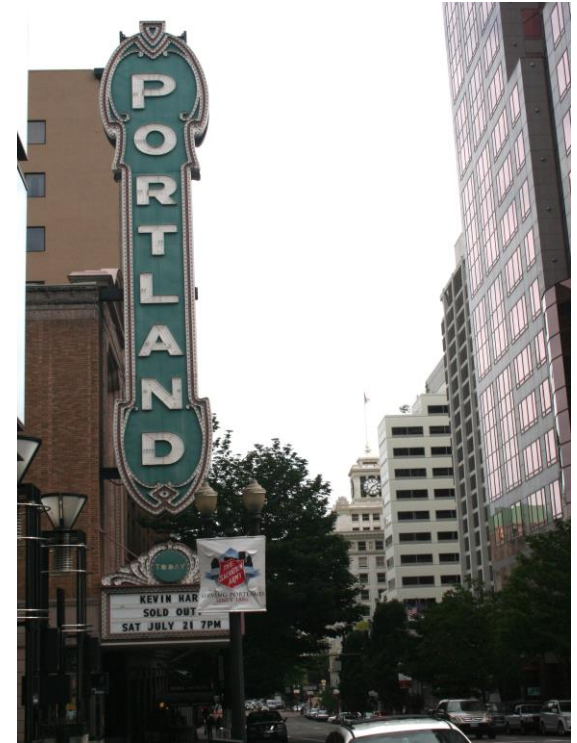
Cinematreasures.org

c. 1926



Cinematreasures.org

c. 1950s

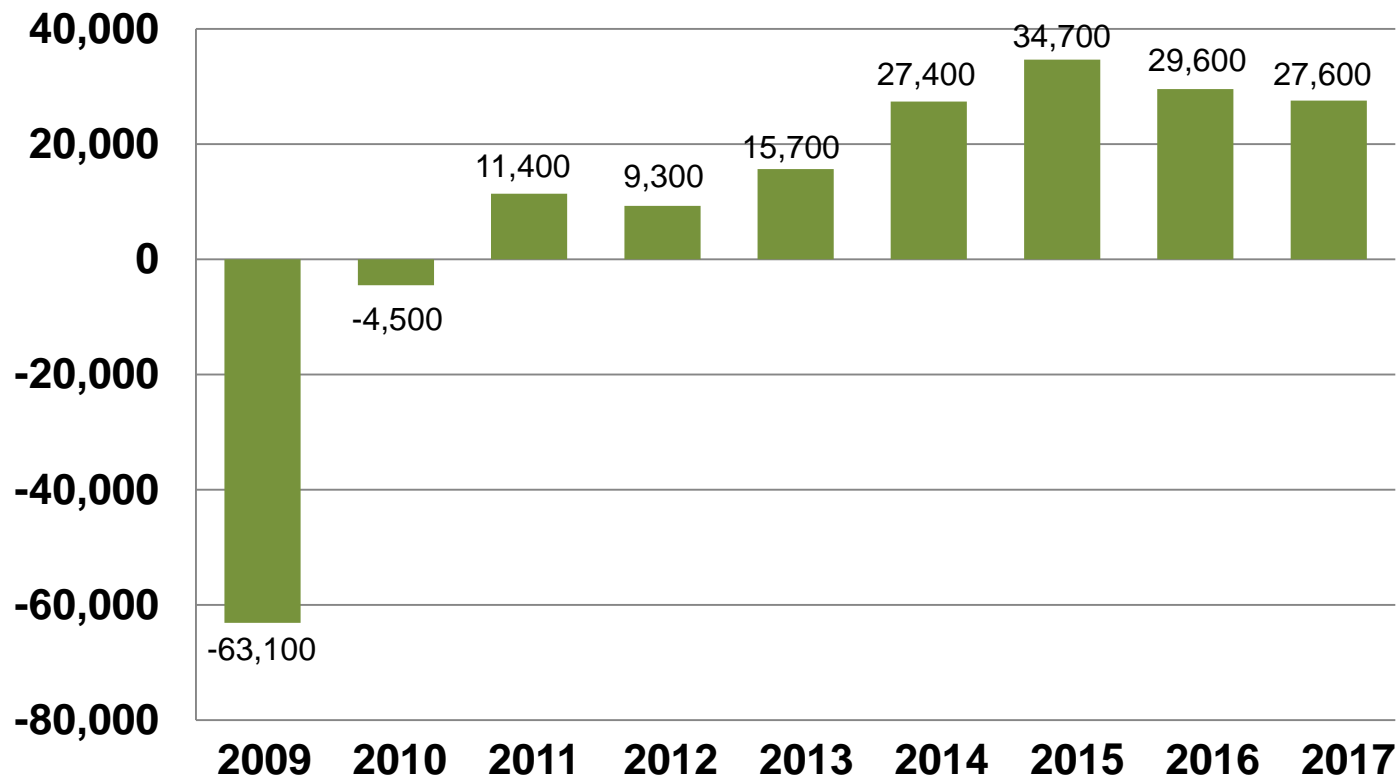


<https://kukulkanblog.wordpress.com>

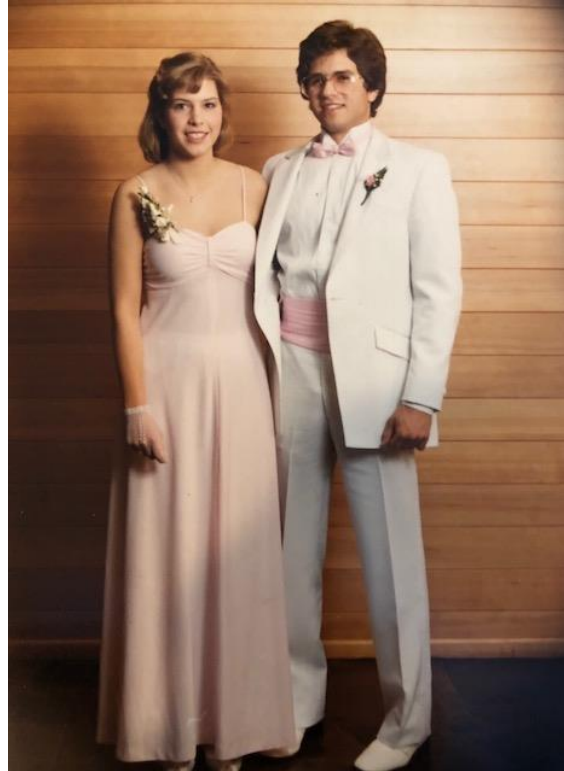
Present Day

PMSEA Wage & Salary Employment Annual Change

(2009-2017)

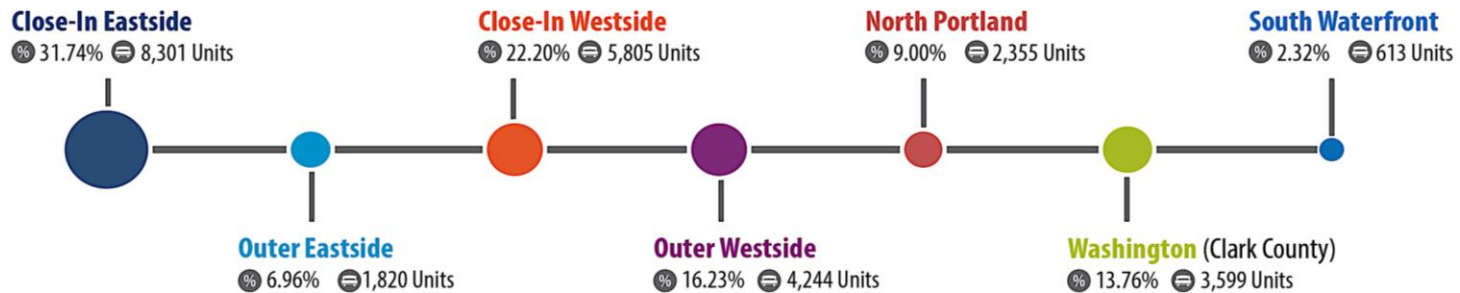


A Long Way from the '80s...



Moving Dirt & Changing Skylines

HFO Portland Market Development Pipeline Units Under Construction & Planned Units



% Percentage under construction and planned

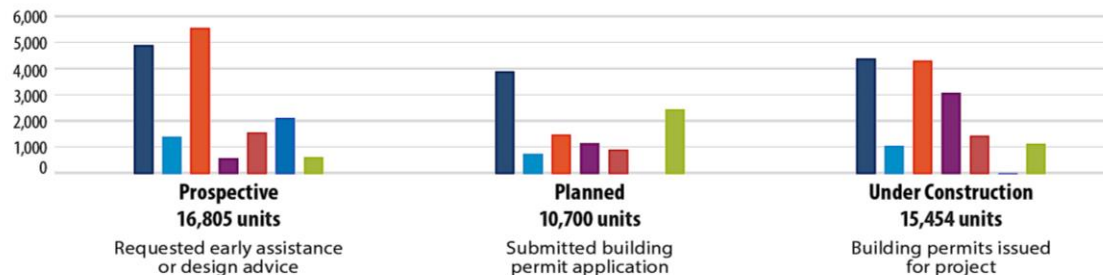
Units under construction and planned

Close-in Eastside
Outer Eastside

Close-in Westside
Outer Westside

South Waterfront
North Portland

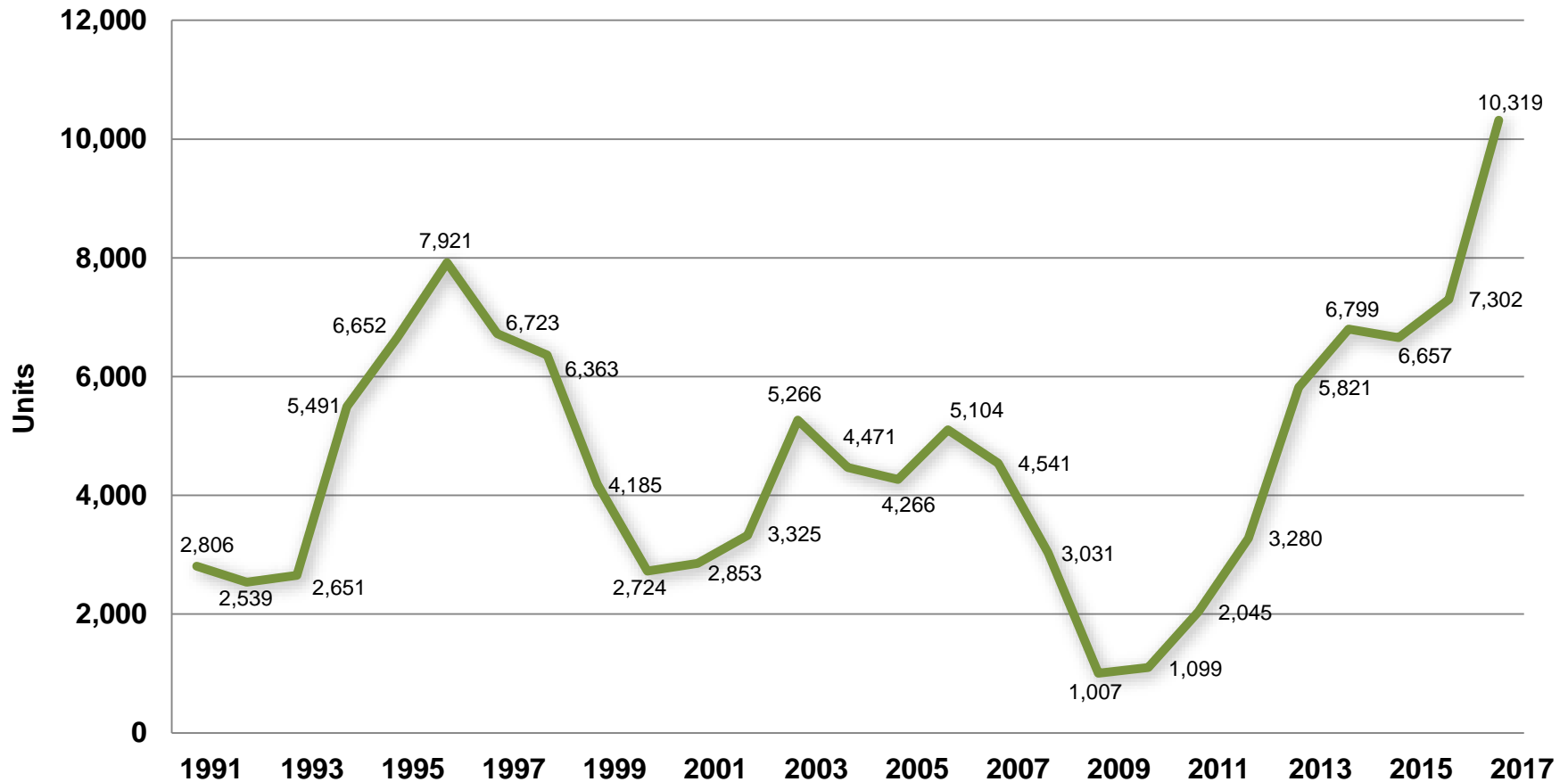
Washington (Clark County)



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.

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Four County Metro Area Apartment Permits (1991-2017)



Portland Metro Construction Activity

(1968-1983)

CONSTRUCTION ACTIVITY METROPOLITAN PORTLAND

Year	Houses	Duplexes	Apartment Low-Rise	High-Rise	Total	Non- housing	All perm.
Number Of Dwelling Units							
1960	4,551	220	1,106	376	6,253	1702	
1961	5,130	290	763	53	6,236	1104	
1962	4,611	260	1,129	404	6,404	1713	
1963	4,539	346	2,425	294	7,604	3405	
1964	4,738	320	2,688	566	8,312	3574	
1965	4,791	450	2,429	537	8,207	3410	
1966	4,227	397	2,779	274	7,677	3450	
1967	5,183	684	4,156	-	10,023	4840	
1968	5,701	966	5,779	300	12,746	7445	
1969	5,338	782	5,504	-	11,624	6280	
1970	5,496	734	3,716	697	10,625	5127	
1971	7,735	1,165	7,794	314	17,008	9273	
1972	8,998	1,330	8,336	283	18,947	8949	
1973	7,494	928	5,079	-	13,501	6077	
1974	5,122	652	2,507	-	9,281	4159	
1975	7,204	638	1,938	152	9,922	2718	
1976	10,188	1,072	4,247	-	15,507	5519	
1977	12,348	1,986	5,606	-	19,940	7556	
1978	11,752	1,504	6,003	-	19,259	7577	
1979	7,590	988	5,205	-	13,783	6153	
1980	5,746	648	2,316	-	8,710	2444	
1981	3,709	154	1,930	-	5,793	2084	
1982	2,287	-	1,268	-	3,555	1667	

Construction Cost Per Unit As Shown in Building Permits				
Year	\$	\$	\$	\$
1967	\$17,000	\$ 8,330	\$ 8,080	
1968	18,280	9,010	8,430	12,000
1969	19,000	10,230	9,450	
1970	18,960	10,220	8,610	13,840
1971	20,370	11,160	9,430	20,380
1972	21,190	11,730	10,170	42,400
1973	23,850	12,280	10,250	
1974	26,700	13,800	12,130	
1975	30,640	16,300	12,640	15,780
1976	33,390	17,720	13,960	
1977	37,320	31,350	15,340	
1978	41,600	24,340	18,620	
1979	49,715	31,997	22,790	
1980	52,040	-	36,910	
1981	58,695	-	31,450	
1982	65,195	-	33,485	

A-15

1970-1971

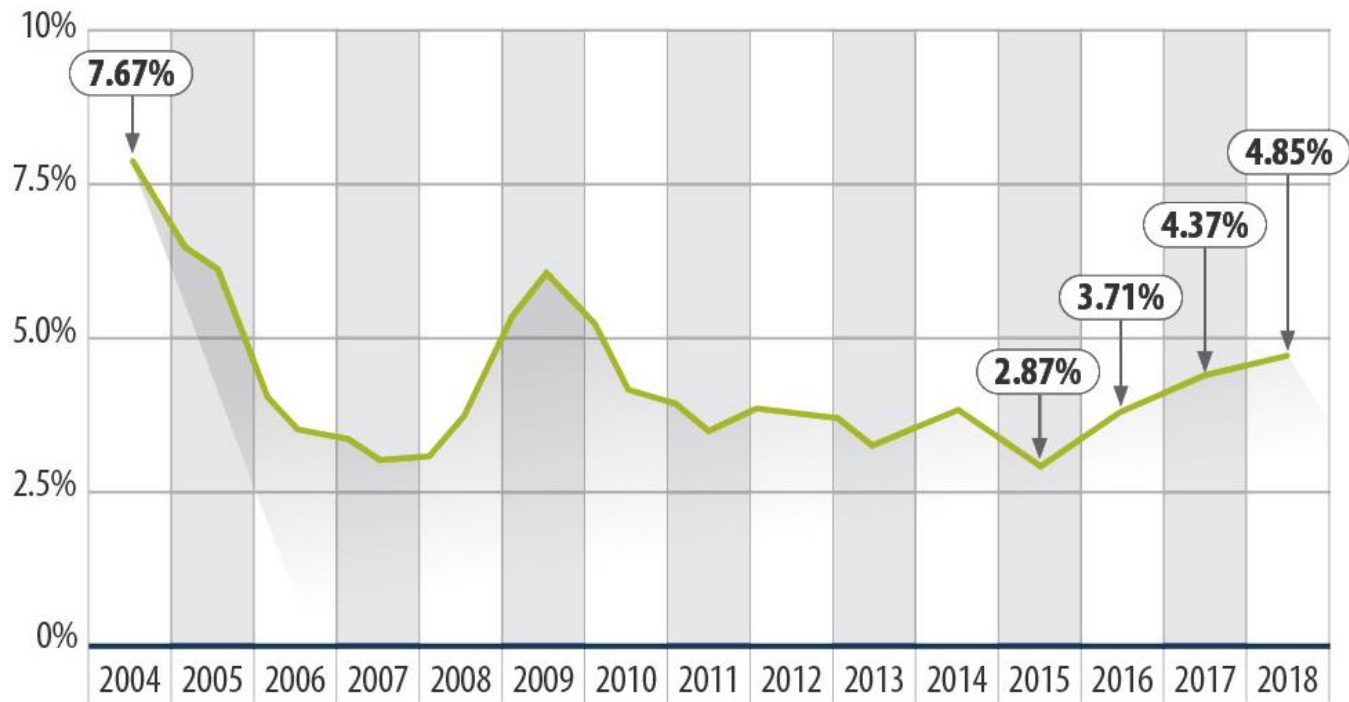
- Portland's *busiest* years for apartment construction
- Average of 9,610 apartment permits/year
- Average reported cost - \$20,780/unit

1981-1982

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

Market Vacancy

(2004-2018)



Source: Multifamily NW Apartment Report

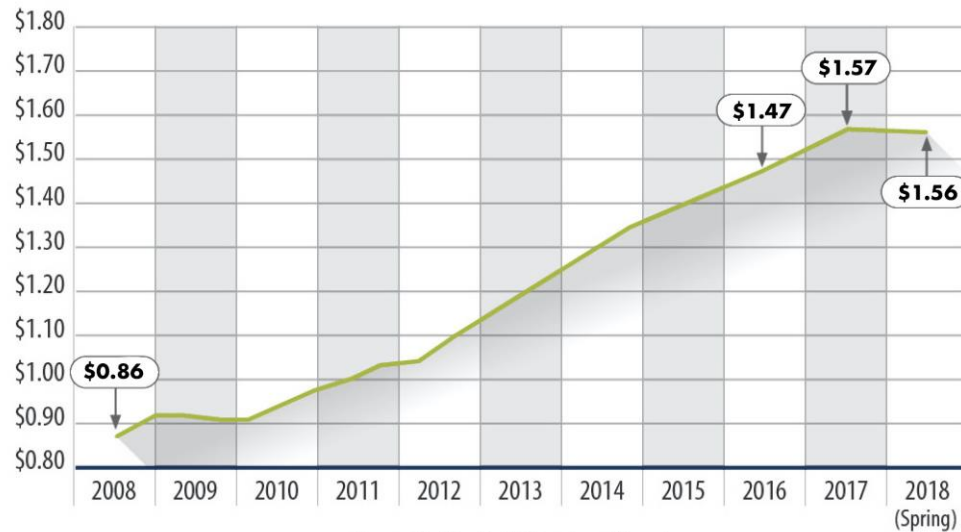


Cost of Rent

Average Rents per
Unit Type

	2018	2017	% Change
Studio	\$1,115	\$1,078	3.4
1b/1bth	\$1,182	\$1,127	4.9
2b/1bth	\$1,152	\$1,102	4.5
2b/2bth	\$1,400	\$1,374	1.9
2b townhome	\$1,341	\$1,228	9.2
3b/1bth	\$1,169	\$1,220	-5.1
3b/2bth	\$1,507	\$1,489	1.2

Cost of Rents per
Sq Ft



Source: Multifamily NW Apartment Report

Current Wind Conditions...

Portland still
attractive but
temperatures are
cooling

Economy remains
robust

Supply catching
demand

Vacancy rising

Rents decreasing

Affordability
increasing!

A Look Back...

