Norris & Stevens
APARTMENT INVESTORS JOURNAL

Spring 2014 | Creating Value in Investment Real Estate® Brokerage and Management for Apartment Investments | Portland, Oregon

Unique Oregon Features Stimulate Apartment Development

by Brian Bjornson, Managing Director

As investment property brokers and managers, we travel throughout Oregon and SW Washington buying and selling for our clients, and looking after their assets. ***We have observed that in the years since 2007 there has been a tremendous change in the economic vitality present in many of the areas we serve.*** After the housing bubble burst and the economy slumped, the market became stagnant due to fear and uncertainty about the future. It has taken time, but now new job creation and positive redevelopment is breaking out all over! In addition, ***in some markets large new development is underway.***

Throughout our region, the growing strength of the economic recovery is evidenced by the high occupancy of rental housing, the gradual but steady increase in rent levels, as well as the new apartment developments of every size coming out of the ground aimed at specific target markets. ***Lenders are convinced to lend on new multifamily development, believing, correctly, that multifamily development has consistently higher occupancy, and thus less financial risk, than other forms of real estate development.***

Big city style urbanization, with its higher densities, dependable transportation systems and basic services, and a lower reliance on autos, has impacted Portland as well as Seattle! The concept of a more dense, congregate culture was laid out in the '60s, following the planning goals of the Portland Metropolitan Study Commission. The objective was to begin a process of efficient distribution of services within what would become known as the Urban Growth Boundaries of Oregon cities. The UGBs were intended to stop the urban sprawl and patchwork pockets of development which were so common in the growing cities of California and the Southwest. This has effected land values in all Oregon cities and counties, no matter the size. New development has been contained inside the boundaried, and this finite supply of land has led to higher property values. ***Thus, higher rents must be achieved in order to make the development of new properties feasible. Now, those higher rents are being achieved!***

We have seen many examples of new development with "New York style" mini units being built on infill locations, and charging high rents. Although the demand has been good so far, with further development the competition may become extreme. Even with great features, it is all about location!

But new development is not the only type of multifamily property that will benefit from the rosier economic picture and the effect of the UGB. Many older properties within the UGB have been allowed to slip into less successful niches, either due to the changing economies of the sur-

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2014: A Year of Transition

The Reduction of Quantitative Easing and Expansionary Monetary Policy has Begun

by Kirk Ward • Senior Multifamily Investment Broker

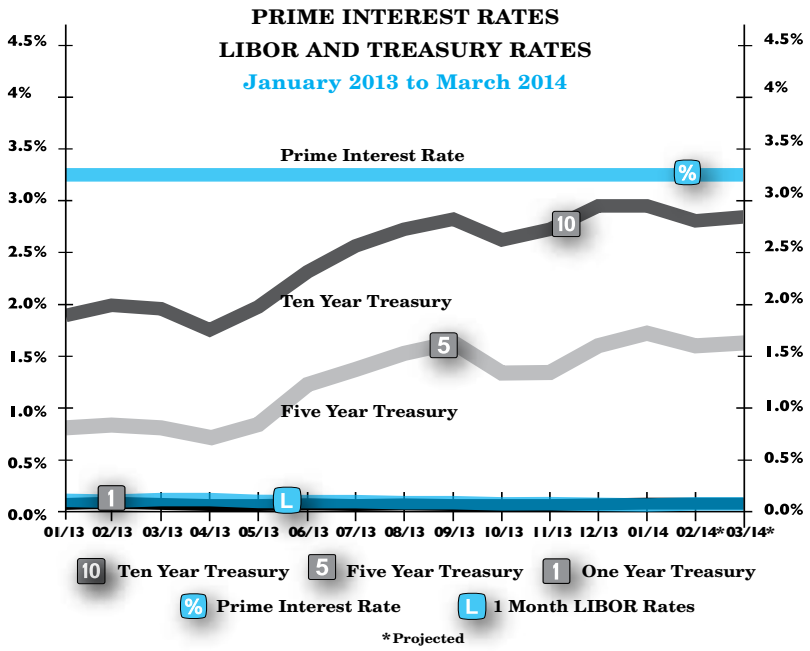
Finally, the Fed has signalled the countdown to beginning its slow reduction of its Quantitative Easing, and probably slower reduction of its Expansionary Monetary policies. Employing these policies, it purchased both long-term assets from financial institutions and short-term government bonds to keep interest rates low and increase liquidity. ***The next 12 months are the beginning of a transition period for monetary policy, although it should remain expansionary through 2014 and much of 2015 to an increasingly lesser degree.*** (The Fed has signalled its intention to keep short-term rates low for the present.)

The Feds' decision to keep short-term interest rates low should moderate the rise in long-term interest rates over the next two years. But investors should be prepared for rising long-term rates as the economy grows and demand increases. The benchmark 10 Year Treasury, that has hovered around 2.50% - 2.80% for most of 2013, is expected to increase to 3.00% - 3.75% during 2014.

With the Fed keeping short-term rates near zero while long-term rates begin to increase means investors will see the yield curve continue to widen between short-term and long-term rates. As an example: at the beginning of 2013, the difference between the 3 Year Treasury, at .35%, and the 10 Year Treasury, at 1.70%, was approximately 1.35%. In January 2014, the difference was .75% / 3.00%, or approximately 2.25%. ***Investors will have tougher decisions to make in the future due to the larger interest rate difference between the 5-to-7 year and 10 year fixed rate programs.***

Investors should keep in mind the bubble of CMBS maturities that will hit the market in 2015-2017, and plan to avoid loan maturities that will force them to compete in this period of increased demand. ***Investors who have not recently refinanced should take a good hard look at locking in a long-term interest rate now.*** They should consider this even if there is a prepayment penalty on their current loan. Some lenders will reduce the prepayment penalty if you refinance with them. Other considerations: pre-paid interest is deductible, and increased cash flow can often compensate for a prepayment penalty.

The good news for investors is that there is more money and more borrowing choices in the market everyday since the recession in 2008. Borrowers will have even more choices and alternatives when choosing the best financing – and it doesn't always come down to the lowest interest rate! ***Choosing correct trade-offs is one of the most important steps for any investment.*** These include recourse vs. non-recourse loans, yield maintenance penalties vs. all sorts of step-down prepayment penalties, different interest rates for various fixed-rate loan programs, loan maturities from 5 to 30 years, loan costs vs. rolling the cost into the interest rate or having the lender pay certain costs. Higher equity loans will offer more choices to the investor.



Conclusion: Norris & Stevens brokers work with dozens of lenders, and can assist any investor find the lending options that are the best match for the investor's goals.

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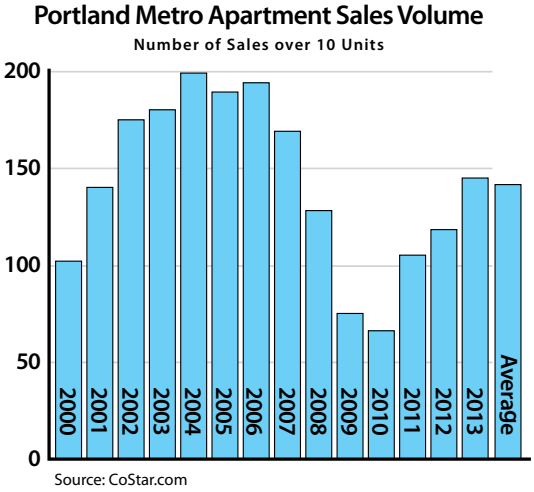
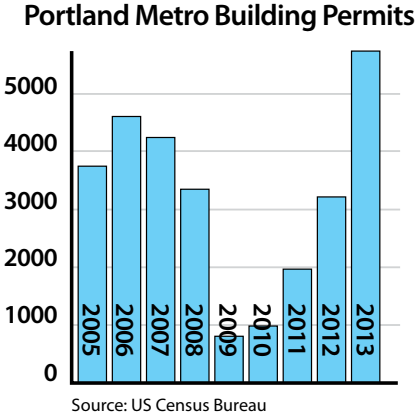
Demand and Demographics Drive Portland Operations

by Tom Davies CPM®, CCIM® • Multifamily Investment Broker

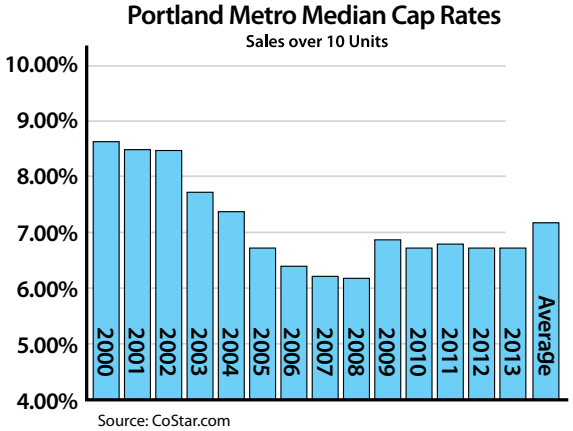
As year 2013 comes to a close, we can observe the trends that developed last year, and perhaps predict the direction of the next twelve months. While the strength and low volatility of the stock market might have been a positive surprise for investors, continued strong demand in the apartment market has been a well-discussed topic in the apartment industry. ***Occupancy continues to be extremely high, with the U.S. Census Bureau still listing the Portland Metropolitan Area as the second tightest market in the nation***, just behind the San Jose market area. The Apartment Investors Journal lists Portland area vacancy as 3.70%, with strong showings from Salem and Eugene at 3.69% and 1.90%.



Developers have definitely embraced the opportunity presented by high occupancy/high demand, and the continued in-migration to the Portland area. With over 5,500 units under construction through November of 2013, and another 12,000 units in various stages of planning or consideration, Portland is experiencing a significant expansion in rental housing inventory. ***Despite the expansion, experts predict only a modest increase in vacancy rates, still maintaining occupancy well above the standard for stability, 95%.*** The combination of current apartment demand, expansion of employment, and a demographic shift in preference to apartment living for both Millennials and retiring Baby Boomers indicates continued strong absorption for new construction.



Also sustaining occupancy is the long running positive in-migration streak for Oregon and the Portland Metropolitan Area. ***The Urban Land Institute estimates 5.9% growth for the Portland Metro Area in the 20-to-34 year old age category over the next five years***, and ESRI projects ***population growth in the Portland Metro Area of approximately 100,000 people over the same period.***



Apartment Occupancy

Area	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Avg
Portland Metro	94.6%	95.4%	92.8%	91.1%	92.6%	93.8%	95.3%	97.0%	93.3%	93.1%	94.3%	95.8%	95.6%	96.3%	94.3%
Salem	94.5%	95.8%	95.7%	94.9%	94.4%	95.5%	96.0%	97.0%	94.7%	95.2%	94.4%	96.1%	95.4%	96.3%	95.4%
Eugene	95.5%	94.5%	96.2%	96.7%	96.9%	98.8%	98.0%	97.9%	96.5%	96.0%	95.5%	96.8%	96.8%	98.1%	96.7%

Sources: *Apartment Investors Journal*

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Demand and Demographics Drive Operations

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Sales are on the rise as well, with larger Portland Metro multi-family transactions reaching their highest volume since 2007. ***At the end of 2013 there were 145 sales of buildings with more than 10 units; a 22% increase over the previous year.*** This volume for 2013 was slightly above the average for all years since 2000. ***Comments from brokers and investors indicate that volume would have been higher if more inventory had been available.*** Most potential sellers are reluctant to put their buildings up for sale without having a clear plan to identify their §1031 exchange replacement property.

Conclusion: Portland is poised for expansion in the coming year and beyond. Listed in the top twenty cities nationally by the Urban Land Institute, Portland is ranked highly across a broad spectrum of economic measures, and is considered a national leader in overall real estate prospects. We expect to see continued stability in apartment operations, and a steady improvement in apartment sales. Opportunities for development and new construction will continue in the near term, offering both investors and apartment renters more options for investment and housing.

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Average Portland Metro Rents

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Avg Increase
New Construction 2 Bedroom/2 Bath	$747	$761	$774	$738	$740	$756	$785	$865	$920	$899	$920	$1182	$1107	$1258	5.3%
10+ Year Old Constr. 2Bd/2Bath	$647	$641	$637	$637	$609	$632	$644	$715	$733	$717	$723	$783	$810	$861	2.5%

Source: *Apartment Investors Journal*

Unique Oregon Features Drive Development

[continued from page one]

rounding community, or because the property, which may have a promising location, has been neglected, or is not being managed or marketed effectively. These communities can often be repositioned to higher levels of success quite easily.

An example of this repositioning process is Norris & Stevens' recent sale of an older 125+ unit development ***that had failed to reach higher rental rates and an occupancy of 90%+, even after major remodeling and redecorating work had been completed.*** To attain the objective, the owner asked us to take over the property, improve the resident profile, increase rents and occupancy, and sell the investment. After developing new management and marketing plans, we hired new staff, conducted market surveys, moved the rent levels higher, and insisted on a strong rental payment policy. ***Within a short time, the property exceeded 90% occupancy and achieved higher rents.*** With this accomplished, the property was able to be financed and sold.

Conclusion: Norris & Stevens helps developers by creating feasibility for development, lease-up, long-term management, or sale of their planned new development. In addition, if you have an older building that is languishing, call us . . . we can help!

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The Era of the Apartment

by Charles Conrow, CPM® • Multifamily Investment Broker

The new era of the apartment started in 2008 with the Great Recession. Just before the recession, the home ownership rate was over 69%, falling slightly due to affordability to around 68% in 2008. ***Currently, home ownership in the West has dropped below 60%, and under 37% for those less than 36 years old.***

Initially during the recession rent growth was non-existent as household formation virtually stopped. Renters doubled up, and young adults remained with their parents. As the economy started to recover, absorption spiked and vacancy rates started down. By mid-2010, rent growth became positive, with ***almost all newly-formed households going into rental housing.***

This time it actually is different. As population growth and slowly healing employment have encouraged a return to household formation, financing for homeownership has become more difficult.***As demonstrated earlier this year, even a small increase in interest rates slows home purchases.*** Qualifying for a home loan has become harder, which compounds the difficulty of buying a home in a weak employment environment. Weak employment growth has produced more part-time jobs, which holds income growth down. This factor also creates more renters.

The crash of the housing market demonstrated to many that homeownership did not always prove to be a wise investment. Many families ended up with short-term negative equity and the inability to move to find a job. Certainly, home equity was no longer a source for funding an education or other family needs during the housing bust.

In this environment, apartment living became a lot more attractive. In addition, ***a large portion of both the younger generation and empty nesters now entering the housing market do not have the desire to own a home.*** This is partly due the previously mentioned influences, and partly due to lifestyle preferences for urban versus suburban living. These social and economic changes have created a new demographic balance favoring apartments.***With robust positive absorption, the lack of good alternatives for new households, and a recovering economy, the result has been a strong growth in rent.***

While this time it is different, some things stay the same. We will still see economic cycles, and the current one is probably entering a mature stage. ***This year could see the peak of new apartment supply, as projects started in 2011 and more recent years come into the market.*** Most of the new product is close-in to the city center. These communities cater to the trend favoring a more urban lifestyle. Other popular areas for development are close to peripheral urban areas, or the booming tech industry. These markets are experiencing strong demand, and should perform well.

But all markets with new developments will see flattening rents and somewhat higher vacancies as new properties come on line. As more new projects are proposed, lenders, remembering their recent experience, will tend to be more conservative. ***Even if the economy continues to improve, lenders' tighter purse strings should help keep the apartment market in balance.***

Conclusion: We have entered the Era of the Apartment, thanks to economic, social, and demographic shifts that favor multifamily rental housing. Developers have stepped forward to meet the demand for new product. With new development coming, the rapid rise in rents should slow to a more sustainable growth curve, and as rent growth flattens, new building should slow. There will always be economic cycles for apartments, but for the foreseeable future, they should be relatively tame compared to the recent past, as apartments enter a new and prosperous era. For more information on which markets and properties are hot, and which may get over-built or show weakness in the future, call a Norris & Stevens broker.

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Strong Demand for Close-In Sites

by Todd VanDomelen • Multifamily Investment Broker

Land acquisitions for apartment development continue to be strong especially in the Central Business District, close-in Southeast, Northwest, and Northeast. ***Land values are at their pre-recession highs, and in some areas have surpassed pre-recession prices.*** Increasing rents and high demand for close-in, trendy neighborhoods makes apartment development attractive in those areas. These neighborhoods ***appeal to members of Portland's growing younger demographic population, who want to live near downtown and close to transportation corridors.***

There are approximately 3,100 close-in apartment units under construction, with another 6,700 proposed units. With low vacancies and rents increasing, developers are looking for new site acquisitions. After years of virtually no new construction, the apartment market is primed for a new supply coming on line.

Some close-in properties can be more valuable as re-development sites than they are based on the current income generated from existing improvements. Below are some recent land sale comparables for your consideration.

Conclusion: There is strong enough demand for close-in land that landowners should seek an in-depth evaluation of the potential of well-situated properties. At Norris & Stevens we have the tools to assist you in maximizing your income. Call a Norris & Stevens Broker for analysis of your property today!

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CLOSE-IN LAND SALES

Property Address	Zoning	Sale Date	Sale Price	Land SF Gross	Price/SF Land	Allowed Building Area SF	Price/ Allowed Bldg SF	Proposed Use	FAR (Base)	Max Height
1501 SW Taylor	RXD	01/2014	$2,600,000	20,000	$130.00	120,000	$21.67	Apartment Redevelopment	6.0	250
852 SW 21st Ave	RHD	07/2013	$1,525,000	14,784	$103.15	59,136	$25.79	Future Expansion Neighboring Property	4.0	100
NWC SW 11th & SW Market N&S	RXD	03/2013	$1,800,000	10,000	$180.00	80,000	$22.50	Apartment Development	8.0	250
1505 SW 6th Ave	CXD	09/2013	$7,600,000	40,000	$190.00	360,000	$21.11	Future Expansion Neighboring Property	9.0	300
1721 NW Northrup	EXD	03/2013	$2,300,000	20,000	$115.00	80,000	$28.75	Apartment Redevelopment	4.0	75
2010 NE 39th	CS	04/2013	$1,100,000	14,810	$ 74.27	44,430	$24.76	Apartment Redevelopment	3.0	45
1110 SE 12th N&S	CG	03/2013	$1,530,000	20,000	$ 76.50	60,000	$25.50	Apartment Redevelopment	3.0	45
	MIN	**03/2013**	**$1,100,000**	**14,810**	**$ 74.27**	**44,430**	**$21.11**			
	AVG	**04/2013**	**$3,132,500**	**23,703**	**$113.94**	**136,108**	**$25.03**			
	MAX	**09/2013**	**$7,600,000**	**40,000**	**$190.00**	**360,000**	**$28.75**			

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Looking Forward

by Shane Olson • Multifamily Investment Broker

Any article today about the multifamily market will tell you great news! ***As an investor, you get the warm feeling of security that your investment is well-established and secure.***

Even with single family housing on the rise, income gaps are expected to widen as the middle class shrinks. ***To investors this means a strong rental demand which acts to stabilize values and increase asset performance.*** The fundamentals are in place to support these predictions nationwide. ***However, it is important to ask whether these trends will hold in the Portland Metro market.***

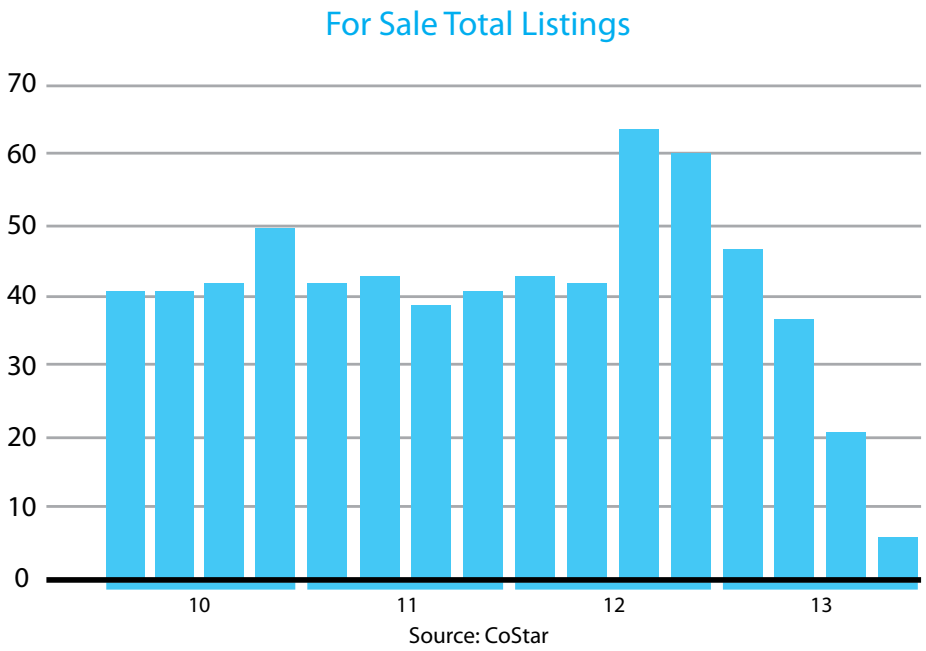
Average Price per Unit

Starting in 2010, the average price per unit was around $67,000/unit, and, ***on a macro level, it has continued to trend upward***. It peaked at over $74,000/unit in early 2012. This can be attributed to a variety of factors: improved financing, low interest rates, increases in available capital, and, of course, a strong renter demand.

On a micro level we are seeing a slow decline in overall average price per unit. However, in my opinion, ***this is not indicative of a declining market, but is actually a shift toward more transaction volume in class C properties and outlying markets.*** The net effect is a reduction in average price per unit for apartments across the metro market.

Cap Rates

In 2010 the average cap rate ranged from 4.25% to 8.20%. As the market improved, there has been a steady downward push on cap rates. After a steep decline, cap rates leveled out around 6.73% during 2012. (This leveling was also seen on a national scale in conjunction with the adjustment to capital gains tax.)



The important "take-away" here is that the compression of cap rates in the apartment market has returned to near pre-recession levels. This is due to the strength and "security" of the asset type. ***Additionally, spreads between cap rates and interest rates, though shrinking in recent months, are still yielding healthy margins.***

Market Movements

Over the last few years there have been a lot of changes in the multifamily market. ***Rents have increased dramatically and continue to slowly inch up, occupancy rates are 97% or greater in many areas, and new developments are on the rise.***

With a big shift in rents inevitably a displacement of low income renters occurs. This causes a ripple effect throughout the metro as renters in the lower income category are pushed outward to lower rent areas. ***A demographic shift often is a precursor of new development in those areas where displacement is occurring.***

Tour any close-in Portland location today and you will see a substantial amount of new development. The low cost of capital throughout the last few years has brought about a boom in new apartment inventory with just over 5,500 new units coming on line this year. Most new development is either occurring in close-in locations or around suburban centers. (One

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Looking Forward

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area to watch is North Portland – it is one of the few developing markets within easy reach of downtown in which you can still create opportunities.)

Market Cycles

Probably the single most compelling question on everyone's mind is: what we can expect moving forward? First, there is a clear trend of rising interest rates, and the market is in agreement that the future trend for interest rates will be up. However, current rates are still considered to be low, and the small rise in rates that has occurred has had a very limited effect on cap rates. ***As interest rates rise more significantly, spreads will begin to shrink, and the upward pressure from rising interest rates is going to negatively affect cap rates.*** The net effect will be that, eventually, ***values for multi-family assets will begin to feel downward pressure in order to meet the yield requirements necessary to support the capital markets.***

Finally, as a result of interest rates being kept artificially low due to federal monetary policy the market has gone through a compressed cycle of activity. Over the last few years a large number of apartment communities have been refinanced. ***This produces a locking up of capital resources, and creates a competitive market environment.*** One result is less "For Sale" inventory available in the market.

While much of the apartment inventory will transact before it makes it to the "For Sale" status, the graph still is an important indicator as to the current climate of the apartment market. As you can see on the graph, there is a sharp decline in the total listings.

Conclusion: The key fundamental take away is that we sit on the precipice of change. Property fundamentals have rarely looked stronger and strong fundamentals yield higher sales prices. Additionally, it is clear that rates will rise and dramatic jumps in rent increases are unlikely to occur. The net result is we are clearly at a peak in the market and the time to sell is now.

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Portland is Growing Up

by Chase B. Brand • Multifamily Investment Broker

In 1965/66, the Portland Center high-rise apartments were built under the aegis of "urban renewal," the then current concept meant to revitalize the inner cities of America. Four apartment buildings built near the newly dedicated Lovejoy Fountain, containing 537 apartments and 24 townhomes, were the tallest buildings in Portland until they were eclipsed by what is now the Wells Fargo tower in 1972.

For the next 40 years, the Portland area apartment market grew out rather than up. The suburbs of Beaverton, Tigard, Gresham, Hillsboro, and others saw an explosion of lower-density garden-style apartments. These suburbs were also areas of greatest job growth in high tech and other industries. ***In the 1990s, Portland Metro was discovered by Real Estate Investment Trusts*** (REITs), and new apartment construction by these entities followed the employment growth. The yearly addition of new units constructed in the '90s ranged from a low of 2,539 units in 1992 to a high of 6,652 units in 1995. ***The construction boom petered out following the dot com bust in 2000 and the events of 9/11 in 2001.***

Since the early 2000s, the Portland area has continued to attract new residents from outside the region. To accommodate this in-migration, the residential construction turned to single family housing and condo development. During this period, apartment development slowed. With the financial meltdown in 2008, construction of new apartment development was almost completely limited to subsidized or public housing.

Now, for the first time since the 1960s, Portland is building upward again with large scale high-rise apartments. By far the largest of these is the *Hassalo on 8th* project that consists of four buildings totaling 657 apartments along with 57,000 square feet of ground floor retail space, 272,000 square feet of office space and 1,200 underground parking stalls. Proximity to transit (MAX, streetcar and bus) and the Lloyd Center Mall make car ownership optional.

While the *Hassalo on 8th* is the largest project, there are also several other projects hoping to cash in on the urban lifestyle boom that Portland is enjoying. These include the *Goat Blocks Project* in SE Portland, which plans 257 units over 84,000 square feet of retail space, *Park Avenue West* in downtown Portland, which is 211 units over 13 stories of office and 2 floors of retail, *Grant Park Village* in NE Portland, which will be 211 units over 45,000 square feet of retail, and *Slabtown Marketplace* which will be 115 units over 38,000 square feet of retail.

Suburban development continues to be attractive to apartment developers. Large projects are underway in Hillsboro and Wilsonville, and on the books for outer SE Portland. ***However, the paradigm for living in Portland is changing to a more urban lifestyle.*** If some or all of these projects are successful, look to see more high-rise development of apartments in Portland, rather than less.

Conclusion: The limiting factor to future high-rise development may be the impact of these buildings on local neighborhoods. There have already been objections to projects that lack adequate parking for residents. But higher density has been the goal of the Portland planning community for decades, and there exists zoning for high density residential construction, if the market warrants it.

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Meet the "New Kids on the Block"

by Cameron Mercer • Multifamily Investment Broker

Over the last three years, the apartment inventory in Oregon has been growing, thanks to new development. It appears the development drought that accompanied the recent recession has abated. In 2012, 3,023 apartment and condo units were permitted in the Portland Metro area. That number jumped to 3,975 in 2013, and 224 units have already been permitted in January of 2014.

Currently, around 80% of the Oregon apartment inventory is pre-2000 construction. Many seasoned communities offer extensive amenities, from pools and spas to tennis courts. The new communities under development are hoping to appeal to renters with a different set of amenities, unit styles, and construction methods. Let's see what these "new kids on the block" have to offer.

First of all, much of the new development is located near city centers or neighborhood centers, and close to public transportation. The newer units are typically smaller than have been built in the past, as well. Developers believe that convenience is key in leasing these more compact living spaces, and the absorption of new units would indicate that they are correct.

The majority of the new construction is being built with energy-efficiency in mind. Many are LEED certified, and all feature insulated walls and windows. Some even have a heat pump! In conjunction with the smaller size units, this means lower utility costs in a market in which those costs are borne by the renter.

At present, most new construction in the Portland area has been targeting young professionals and down-sizing boomers. Few communities have been built to meet the demand for working class housing.) These new units include quality appliances - some stainless steel - granite countertops, designer interiors with distinct color palettes, washers & dryers, walk-in closets, 9-foot ceilings, and larger windows to increase the feeling of space.

Community amenities almost invariably include wi-fi hotspots in shared spaces, fitness centers, high-speed internet and cable connections, a community room, and often, a shared sundeck or patio. Access is controlled either through a gate, or keyed entry. Parking may or may not be offered at additional cost, but bike spaces are generally available. At present, new construction is less likely to include a spa, pool, outdoor sports court, or playground than older communities.

With the vacancy rates in the metropolitan areas lower than they have been in years, these new buildings have been able to achieve higher rents/square foot than we have seen in Oregon. Developers will eventually address the needs of lower income renters, as the market for higher-end housing is satisfied. Construction geared toward the needs of working families will likely still include easy access to public transportation, internet connectivity, and energy-efficient units, but offer more utilitarian finishes, more interior space, more parking, and more communal outdoor areas.

Conclusion: Development is flourishing again in Oregon and Southwest Washington metropolitan areas, and the new product being offered has a more "urban" flavor than what we have seen before. This may moderate as attention turns to the needs of working class families, but it appears that most "new kids on the block" will be more compact, more energy efficient, and give more consideration to the availability of public transportation.

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Finally - Some Real Job Growth

by Nick J. Beleiciks, Oregon State Employment Economist
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Oregon finally saw some real job growth in 2013. The state's economy was strong enough to add 37,300 jobs over the year through November. That's above average for a growth year and the largest November to November jobs gain since 2006. In fact, more jobs were created in 2013 than in 2011 and 2012 combined!

The addition of 37,300 jobs from November 2012 to November 2013 represents a growth rate of 2.3 percent. Job growth in 2013 was faster than the average rate for growth years since 2000, which is 1.7 percent. Oregon's job growth in 2013 ranked as the fourth-fastest year of growth since 2000, but it was not enough to fill in the deep hole dug by the recession. That will require an additional 53,900 jobs.

Despite the job growth, the high number of unemployed Oregonians keeps downward pressure on worker earnings. The average hourly wage in 2013 was about $22.50 per hour. After adjusting for inflation, the average worker in Oregon is earning less than before or during the recession.

Oregon's unemployment rate fell over the year, falling from 8.4 percent to 7.3 percent by November. Oregon's unemployment rate was relatively close to the national rate of 7.0 percent in November. Similar to the past three years, steady improvement in the unemployment rate stalled during the summer but continued to improve in the fall months.

The private sector drove job growth in 2013. Oregon's private sector added 38,900 jobs between November 2012 and November 2013; but the loss of 1,600 jobs in government means Oregon's net job growth was 37,300.

Oregon's largest sector – ***trade, transportation, and utilities*** – added 9,500 jobs over the year for a growth rate of 3.0 percent. Much of the growth in the sector was in the retail trade industry, which added 6,500 jobs. ***Retailers*** added jobs throughout the year, but larger than expected gains near the end of the year suggest they were preparing for a busy holiday shopping season.

The ***construction*** sector finally started rebuilding its workforce in 2013 by adding 8,100 jobs for a growth rate of 11.8 percent, the fastest growth rate of any sector. Construction lost the largest share of employment during the recession and has added back just a handful of jobs since then.

Professional and business services is a broad sector that includes industries such as legal, architectural, and computer services, management of companies, and administrative and support services for business, among others. It added 7,600 jobs over the year for a growth rate of 3.9 percent. Half of the growth was in professional and technical services. Employment services, the industry that includes temporary help agencies and is sometimes considered an indicator of future hiring, added 1,300 jobs since November 2012.

Many Oregonians continued to have fun in 2013, as illustrated by the 5,900 jobs added in the ***leisure and hospitality sector***. Accommodation and food services added 5,600 jobs, while 300 jobs were added in the arts, entertainment, and recreation industry.

Private educational and health services was the only sector that seemed to avoid job losses during the recession, and it continues to be a driver of growth during the recovery. The sector added 4,900 jobs between November 2012 and November 2013.

Recovery continued in ***manufacturing*** as the industry added 2,600 jobs. Manufacturing lost more jobs than any other sector during the recession. It has been steadily adding jobs during the recovery, but the rate of growth slowed in 2013. Durable goods manufacturing added just 400 jobs; growth in wood products, primary metals, fabricated metal products, and machinery was partially offset by losses in computer and electronic products and transportation equipment. Nondurable goods manufacturing added 2,200 jobs, most of them in food manufacturing.

Other Services, the catch-all service sector which includes repair and maintenance businesses, personal and laundry services, and membership associations and organizations, added 800 jobs.

Mining and logging added 500 jobs between November 2012 and November 2013. Although not a large number of jobs, the sector's growth rate of 6.8 percent made it the second-fastest growing sector in 2013.

The ***information*** sector added 300 jobs. The sector includes a mix

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of publishing, motion picture and sound recording, broadcasting, telecommunications, and data processing services. Gains in software publishers were partially offset by losses in newspaper publishers and telecommunications.

The collapse of the housing market and fallout from the 2008 financial crisis continues to drag on Oregon's banking industry as measured by employment in ***financial activities***. The sector lost 1,300 jobs from November 2012 to November 2013, the only major private sector to lose jobs. Insurance carriers also cut jobs during the year. Looking up for this sector was the real estate and rental and leasing industry, which added 400 jobs.

Public sector job losses continued to be a drag on overall growth in 2013. ***Government*** employers cut 1,600 jobs for a 0.6 percent reduction. A gain of 1,300 in state government was out-weighed by a loss of 2,500 jobs in local government and a loss of 400 jobs in federal government. Local education bore the brunt of government job cuts, while state education continued to add jobs.

Oregon's unemployment rate fell from 8.4 percent in November 2012 to 7.3 percent in November 2013, although there was a slight increase during the summer. The summers of the past few years have brought an increase in the number of unemployed entrants to Oregon's labor force. These are people who were not working prior to becoming unemployed, but were not immediately able to find a job when they started looking. Examples include students who graduate or look for summer work, people who move to Oregon before finding a job, and anyone returning to the labor force after a period of absence. The unemployment rate continued to improve during the fall months.

Unemployment rates fell in 2013. The number of unemployed Oregonians fell 25,400 over the year. That's certainly an improvement, but there were still nearly 131,000 unemployed in November and many were considered long-term unemployed. One out of three unemployed Oregonians were looking for a job at least six months. Since the number of layoffs was not unusually high in 2013, the number of unemployed who were without a job for less than six months returned to pre-recession levels.

Nearly every Oregon county saw improved unemployment rates over the year. The lone exception was Wheeler County, where the unemployment rate rose from 6.9 to 7.1 percent from November to November. Some areas did better than the state average, while other areas continued suffering high levels of unemployment. Unemployment rates vary dramatically among the counties, ranging from a high of 11.9 percent in Harney County to a low of 5.4 percent in Benton County in November 2013.

Forecast Calls for Steady Job Gains in 2014

The official state economic forecast, produced by the Oregon Office of Economic Analysis, indicates that growth in 2014 will look similar to 2013. Annual job gains in 2014 could be 35,600, an increase of 2.1 percent. Employment is expected to reach pre-recession levels by the middle of 2015.

Oregon's economy is expected to do slightly better than the U.S. in job growth over the next few years. The forecast expects job growth in most private sectors and anticipates strong job growth (more than 3%) in computer and electronic products manufacturing, mining and logging, construction, professional and business services, and leisure and hospitality. Job losses are expected to end for financial activities and government in 2014.

The job growth is expected to help continue improving Oregon's unemployment rate, which is expected to average 7.6 percent in 2014, down from an average of 8.0 percent in 2013.

Of course, projecting job growth into the future is very difficult. The forecast notes risks such as federal fiscal policy and the effects of sequestration, the strength and durability of the housing market recovery, European debt problems and their continued drag on the global economy, commodity price inflation (particularly gasoline prices), spillover from global economic markets, and premature tightening of quantitative easing. The volatility in overseas markets could impact Oregon's economy in a good or bad way, depending on how things shake out.

Conclusion: If 2014 turns out a lot like 2013, it will bring another year of real improvement to Oregon's job market.

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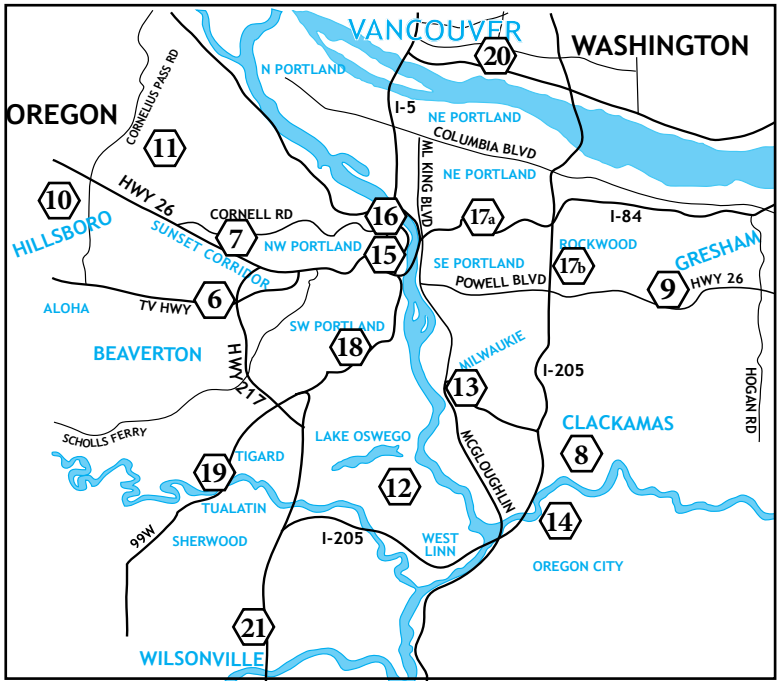

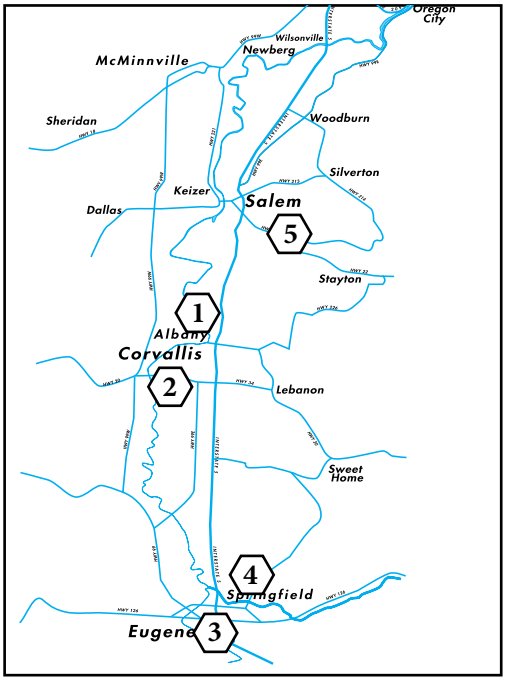

Numerical Key to Rent Survey Markets. Norris & Stevens also surveys additional markets not published in this newsletter.

Executive Summary

Norris & Stevens conducts regular rent and vacancy surveys in order to determine the range and depth of the rental market in Portland Metro and the Willamette Valley. The current survey covers 155,009 apartment units. ***The overall vacancy rate for the Portland Metro Area is 3.70% at the time of this survey. This is a decrease of .74%. [Currently Norris & Stevens' management portfolio shows a vacancy rate of 3.2%.] Rents shown below are an average of the stated asking rents, and do not reflect the impact of specials and concessions on rental income. Specials and concessions are also not factored into the vacancy rates, therefore, financial occupancy may be significantly lower than physical occupancy.*** Under -reporting of vacancies may be concealing additional turnover issues. Lease-ups are not included in vacancy rates. Only complexes over 20 units are included.

Please note that there has been a change in the definition of "Newer" and "Older." Previously, older properties were defined as those built prior to 1995. In order to differentiate between the aging apartment inventory and new construction, "Older" buildings are now defined as those built prior to 2000. We feel this better reflects market realities.

Norris & Stevens deems the results reliable. We do not guarantee their accuracy. All information should be verified prior to any real estate transaction use. As we add properties to or drop properties from our survey, any area may show minor data fluctuations. Call a Norris & Stevens broker regarding other submarkets surveyed in Oregon and Southwest Washington.

Area		Studio	1BD/1BA	2BD/1BA	2BD/2BA	2BD/2BA+	3BD/1BA	3BD/2BA
Albany	Av. Rent	$450*	$600	$714	$811	N/A	N/A	$897
(Vacancy Rate 3.7%)	Av. Sq. Ft.	380	721	847	1020	N/A	N/A	1040
1 * one building only	Rent/Sq. Ft.	1.18	.83	.84	.80	N/A	N/A	.86
Corvallis/Newer	Av. Rent	$700	$843*	$812	$918*	N/A	N/A	$1161*
(Vacancy Rate 3.9%)	Av. Sq. Ft.	451	678	844	979	N/A	N/A	1167
2 includes Timberhill Meadows*	Rent/Sq. Ft.	1.55	1.24	.96	.94	N/A	N/A	.99

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Area		Studio	1BD/1BA	2BD/1BA	2BD/2BA	2BD/2BA+	3BD/1BA	3BD/2BA
Eugene/[Springfield]/Newer	Av. Rent	$815* [N/A]	$857* [N/A]	$1095*[$804]	$1069* [$860]	$1849* [N/A]	N/A [N/A]	$1273* [$969]
(Vacancy Rate 2.9% [3.1%])	Av. Sq. Ft.	420 [N/A]	703 [N/A]	879 [1000]	1049 [1150]	1215 [N/A]	N/A [N/A]	1245 [1250]
3 4 includes Crescent Village*	Rent/Sq. Ft.	1.94 [N/A]	1.22 [N/A]	1.25 [.80]	1.02 [.75]	1.52 [N/A]	N/A [N/A]	1.02 [.78]
Eugene/[Springfield]/Pre-2000	Av. Rent	$581 [$568]	$717 [$585]	$770 [$699]	$900 [$720]*	$1117 [N/A]	$757 [$770]	$1140 [$833]
(Vacancy Rate 1.7% [1.5%])	Av. Sq. Ft.	427 [397]	680 [618]	847 [832]	995 [884]	1209 [N/A]	944 [924]	1208 [1138]
3 4 * one building only	Rent/Sq. Ft.	1.36 [1.43]	1.05 [.95]	.91 [.84]	.90 [.81]	.92 [N/A]	.80 [.83]	.94 [.73]
Salem Vicinity/Newer	Av. Rent	$604	$680	$706	$819	$928	N/A	$1007
(Vacancy Rate 3.2%)	Av. Sq. Ft.	472	723	931	968	1083	N/A	1217
5	Rent/Sq. Ft.	1.28	.94	.76	.85	.86	N/A	.83
Salem Vicinity/Pre-2000	Av. Rent	$521	$551	$667	$739	$1047	$794	$832
(Vacancy Rate 3.8%)	Av. Sq. Ft.	401	677	870	986	1150	1132	1151
5	Rent/Sq. Ft.	1.30	.81	.77	.75	.91	.70	.72
Beaverton/[Sunset Corr]/Newer	Av. Rent	N/A [N/A]	$814 [$910]	$922[$1216]*	$978 [$1043]	$1257 [$1329]	N/A [N/A]	$1205 [$1567]
(Vacancy Rate 2.9%/[3.0%])	Av. Sq. Ft.	N/A [N/A]	685 [678]	973 [860]	1004 [937]	1091 [1005]	N/A [N/A]	1251 [1283]
6 7 * one building only	Rent/Sq. Ft.	N/A [N/A]	1.19 [1.34]	.95 [1.41]	.97 [1.11]	1.15 [1.32]	N/A [N/A]	.96 [1.22]
Beaverton/[Sunset Corr]/Pre-2000	Av. Rent	$586 [$787]	$821 [$855]	$853 [$946]	$968 [$1058]	$1323 [$1291]	$933 [$958]	$1112 [$1348]
(Vacancy Rate 3.6%/[3.5%])	Av. Sq. Ft.	403 [461]	674 [675]	885 [888]	955 [959]	1167 [1106]	1014 [952]	1150 [1165]
6 7	Rent/Sq. Ft.	1.45 [1.71]	1.22 [1.27]	.96 [1.06]	1.01 [1.10]	1.13 [1.17]	.92 [1.01]	.97 [1.16]
Clackamas/Newer	Av. Rent	$606*	$932	$1007	$1132	N/A	N/A	$1330
(Vacancy Rate 4.4%)	Av. Sq. Ft.	415	756	914	1041	N/A	N/A	1236
8 * one building only	Rent/Sq. Ft.	1.46	1.23	1.10	1.09	N/A	N/A	1.08
Clackamas/Pre-2000	Av. Rent	$684	$784	$877	$929	$1115	$1130*	$1128
(Vacancy Rate 4.6%)	Av. Sq. Ft.	426	673	878	964	1147	1232	1128
8 * one building only	Rent/Sq. Ft.	1.61	1.16	1.00	.96	.97	.92	1.00
Gresham/Newer	Av. Rent	$634	$783	$866	$962	$1254	N/A	$1090
(Vacancy Rate 3.4%)	Av. Sq. Ft.	500	693	882	985	1280	N/A	1183
9	Rent/Sq. Ft.	1.27	1.13	.98	.98	.98	N/A	.92
Gresham/Pre-2000	Av. Rent	$587	$689	$773	$831	N/A	$867	$969
(Vacancy Rate 3.8%)	Av. Sq. Ft.	499	683	880	975	N/A	1097	1132
9	Rent/Sq. Ft.	1.18	1.01	.88	.85	N/A	.79	.86
Hillsboro & Tanasbourne New	Av. Rent	$1031	$1006	$1045	$1155	$1404	N/A	$1366
(Vacancy Rate 6.8%)	Av. Sq. Ft.	593	742	959	1009	1155	N/A	1287
10 11 includes Platform 14	Rent/Sq. Ft.	1.74	1.36	1.09	1.14	1.22	N/A	1.06
Hillsboro & Tanasbourne Old	Av. Rent	$703	$902	$980	$1050	$1396	$1097	$1358
(Vacancy Rate 4.4%)	Av. Sq. Ft.	448	730	936	1032	1277	1148	1299
10 11	Rent/Sq. Ft.	1.57	1.24	1.05	1.02	1.09	.95	1.05
No New Construction in Lake Oswego		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lake Oswego & W Linn/Old	Av. Rent	$709	$981	$965	$1168	$1557	$876*	$1480
(Vacancy Rate 2.3%)	Av. Sq. Ft.	398	728	914	1072	1268	962	1298
12 * 22 units total	Rent/Sq. Ft.	1.78	1.35	1.06	1.09	1.23	.91	1.14

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Area		Studio	1BD/1BA	2BD/1BA	2BD/2BA	2BD/2BA+	3BD/1BA	3BD/2BA
Milwaukie & Gladstone/New	Av. Rent	N/A	$730	$763	$869	N/A	N/A	N/A
(Vacancy Rate 1.0%)	Av. Sq. Ft.	N/A	667	819	982	N/A	N/A	N/A
13	Rent/Sq. Ft.	N/A	1.09	.93	.88	N/A	N/A	N/A
Milwaukie & Gladstone/Old	Av. Rent	$678	$753	$833	$914	$1447	$949	$1150
(Vacancy Rate 2.7%)	Av. Sq. Ft.	468	690	877	1012	1294	1108	1213
13	Rent/Sq. Ft.	1.45	1.09	.95	.90	1.12	.86	.95
Oregon City/New	Av. Rent	$825	$913	$994	$1113	N/A	N/A	$1425
(Vacancy Rate lease-up)	Av. Sq. Ft.	483	652	896	977	N/A	N/A	1688
14 169 units/one community	Rent/Sq. Ft.	1.71	1.40	1.11	1.14	N/A	N/A	.92
Oregon City/Pre-2000	Av. Rent	$690*	$735	$841	$881	N/A	$969	$1003
(Vacancy Rate 2.8%)	Av. Sq. Ft.	251	696	895	957	N/A	1000	1095
14 * 3 units only	Rent/Sq. Ft.	2.75	1.06	.94	.92	N/A	.97	.92
PDX Downtown/Newer	Av. Rent	$996	$1372	$1474	$2658	$3966	N/A	$3635
(Vacancy Rate 2.4%*)	Av. Sq. Ft.	485	713	967	1136	1449	N/A	1551
15 *not including lease-ups	Rent/Sq. Ft.	2.05	1.92	1.52	2.34	2.73	N/A	2.34
PDX Downtown /[Vintage DT] Pre-2000	Av. Rent	$786 [$769]	$1184 [$975]	$1532[$1266]	$1757 [$1458]	$2218 [1895]*	$1963*[$1395]*	$2958 [N/A]
(Vacancy Rate 2.1%/[2.3%])	Av. Sq. Ft.	383 [394]	640 [634]	921 [877]	1051 [846]	1265 [2000]	1113 [850]	1808 [N/A]
15 16 * one building only	Rent/Sq. Ft.	2.05 [1.95]	1.85 [1.54]	1.66 [1.44]	1.67 [1.72]	1.75 [.95]	1.76 [1.64]	1.63 [N/A]
PDX Inner Eastside/Newer	Av. Rent	$872	$1060	$1216	$1482	$1829	$824*	$1436
(Vacancy Rate 2.1%)	Av. Sq. Ft.	479	649	850	1046	1042	1046	1337
17a no lease-ups in vacancy rate not including New Columbia	Rent/Sq. Ft	1.82	1.63	1.43	1.42	1.79	.79	1.07
PDX Inner Eastside/Pre-2000	Av. Rent	$749	$848	$933	$1105	$1475	$1031	$1016
(Vacancy Rate 1.4%)	Av. Sq. Ft.	434	630	862	1014	1044	1020	1178
17a * one building only	Rent/Sq. Ft.	1.73	1.35	1.08	1.09	1.41	1.01	.86
PDX Outer Eastside/Newer	Av. Rent	$542	$684	$794	$875	$1050	$825	$954
(Vacancy Rate 3.0%)	Av. Sq. Ft.	396	662	871	963	1280	1092	1098
17b * one building only	Rent/Sq. Ft.	1.37	1.03	.91	.91	.82	.76	.87
PDX Outer Eastside/Pre-2000	Av. Rent	$557	$664	$775	$819	N/A	$871	$990
(Vacancy Rate 2.2%)	Av. Sq. Ft.	443	649	858	1001	N/A	1016	1187
17b	Rent/Sq. Ft.	1.26	1.02	.90	.82	N/A	.86	.83
PDX Westside/Newer	Av. Rent	N/A	$959	$1220	$1285	$1497*	N/A	$1567*
(Vacancy Rate 3.2%)	Av. Sq. Ft.	N/A	720	1020	1045	1293	N/A	1368
18 * one building only	Rent/Sq. Ft.	N/A	1.33	1.20	1.23	1.16	N/A	1.15
PDX Westside/Pre-2000	Av. Rent	$665	$766	$868	$1008	$1495	$1060	$1248
(Vacancy Rate 2.8%)	Av. Sq. Ft.	434	669	896	1009	1111	1065	1260
18	Rent/Sq. Ft.	1.53	1.14	.97	1.00	1.35	1.00	.99
Tigard-Tualatin/Newer	Av. Rent	$988	$812	$1225	$1034	$1605*	N/A	$1341
(Vacancy Rate 1.3%)	Av. Sq. Ft.	612	671	943	970	1584	N/A	1251
19 * one building only no lease-ups in vacancy rate	Rent/Sq. Ft.	1.61	1.21	1.30	1.07	1.01	N/A	1.07

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Tigard-Tualatin /Pre-2000	Av. Rent	$705	$771	$849	$999	$1309	$953	$1217
(Vacancy Rate 4.6%)	Av. Sq. Ft.	441	674	846	973	1152	977	1138
19	Rent/Sq. Ft.	1.59	1.14	1.00	1.03	1.14	.98	1.07
Vancouver/Newer	Av. Rent	$663	$804	$898	$1036	$1332	$1063	$1252
(Vacancy Rate 4.8%)	Av. Sq. Ft.	546	719	925	1069	1248	1108	1322
20 no lease-ups in vacancy rate	Rent/Sq. Ft.	1.21	1.12	.97	.97	1.07	.96	.95
Vancouver/Pre-2000	Av. Rent	$658	$733	$791	$908	$1123	$926	$1123
(Vacancy Rate 5.5%)	Av. Sq. Ft.	447	688	881	1015	1291	1102	1232
20	Rent/Sq. Ft.	1.47	1.07	.90	.89	.87	.84	.91
Wilsonville/Newer	Av. Rent	$826	$982	$1041	$1306	$1493	N/A	$1481
(Vacancy Rate 5.0%)	Av. Sq. Ft.	531	751	975	1102	1258	N/A	1271
21 no lease-ups in vacancy rate	Rent/Sq. Ft.	1.56	1.31	1.07	1.19	1.19	N/A	1.16
Wilsonville/Pre-2000	Av. Rent	N/A	$820	$810	$914	N/A	N/A	$1224
(Vacancy Rate 5.1%)	Av. Sq. Ft.	N/A	747	848	915	N/A	N/A	1138
21	Rent/Sq. Ft.	N/A	1.10	.96	1.00	N/A	N/A	1.08

Current Long Term Rates Available by Lender Type

Portfolio Lenders & Savings Banks:
5 years 7 years 10 years
3.60% 4.20% 5.00%
Life Insurance Companies
10 years - 4.50%
Conduits:
10 year - 4.75%
Fannie Mae & Freddie Mac:
10 years - 4.75%
HUD 223-F: approximately 4.40%

Rates vary: recourse/non-recourse; loan-to-value; loan size.

Cap Rate Ranges

Representative capitalization [Cap] rates for larger apartments communities [20 or more units] sold 02/13 - 02/14

MULTNOMAH COUNTY	
BUILT PRIOR TO 1990 **5.64% — 8.02%**	BUILT 1990 - PRESENT **4.25% — 7.61%**
WASHINGTON COUNTY	
BUILT PRIOR TO 1990 **5.90% — 8.19%**	BUILT 1990 - PRESENT **5.25% — 7.14%**
CLACKAMAS COUNTY	
BUILT PRIOR TO 1990 **6.38% — 8.62%**	BUILT 1990 - PRESENT **5.25% — 6.50%**
CLARK COUNTY	
BUILT PRIOR TO 1990 **7.36% — 7.47%**	BUILT 1990 - PRESENT **6.00% — 8.06%**
MARION COUNTY	
BUILT PRIOR TO 1990 **6.75% — 7.51%**	BUILT 1990 - PRESENT **6.25% — 7.32%**

Smaller-sized apartment communities may have values that vary from these findings. These ranges do not include institutional purchases in downtown Portland, which are in the 4% to 5% range. Please refer to a Licensed Appraiser or MAI for specific values.

Information courtesy of Jackson Group NW Inc. (Multifamily Specialists) and CoStar Comps

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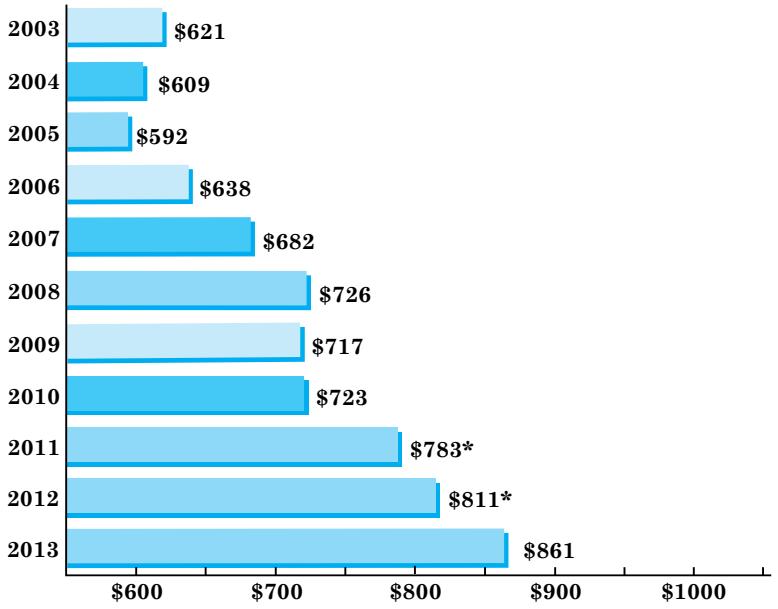
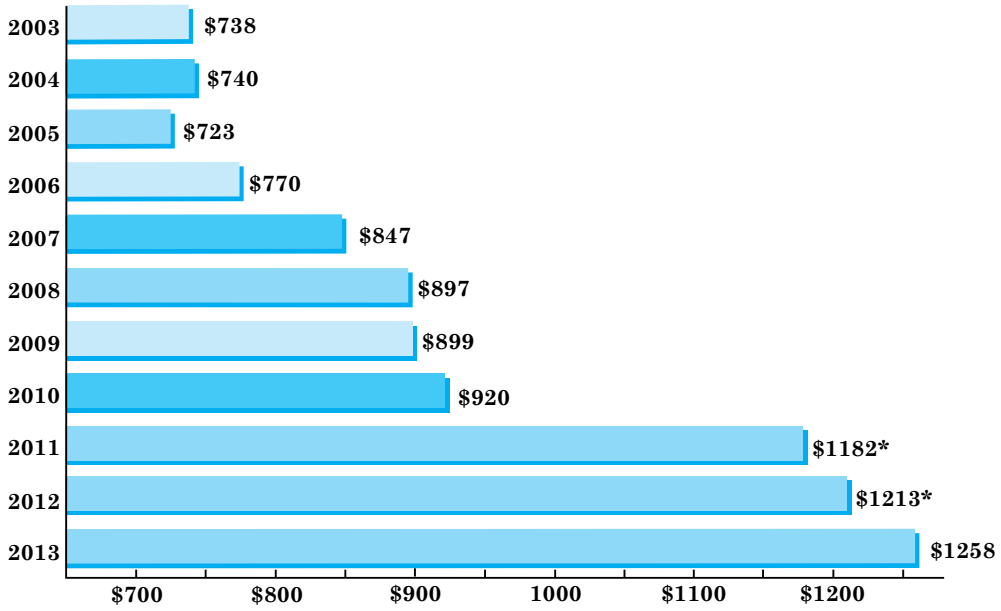
AVERAGE RENTS SEASONED CONSTRUCTION



A HISTORY OF AVERAGE RENTS FOR SEASONED TWO BEDROOM/ONE BATH APARTMENTS IN THE PORTLAND METRO AREA.

***Seasoned apartments defined as built prior to 2000 for the years 2011 - present**
Seasoned apartments defined as built prior to 1990 for the years 2002 - 2010

AVERAGE RENTS NEWER CONSTRUCTION



A HISTORY OF AVERAGE RENTS FOR NEWER TWO BEDROOM/TWO BATH APARTMENTS IN THE PORTLAND METRO AREA.

***Newer apartments defined as built 2000 - present for the year 2011 - present [including those originally built as condos]**
Newer apartments defined as built 1990 to the present for the years 2002 - 2010

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Recent Apartment Sales in Oregon & SW Washington

Property	City	Price	Units	CAP	Price /Unit	Built	Sale Date
Powell Court	Portland	$6,425,000	72	6.65%	$89,236	2004	01/18/2013
Countryside	Springfield	$7,800,000	98	N/A	$79,592	1974	01/28/2013
Westbury [San Remo]	Beaverton	$28,500,000	260	5.35%	$109,615	1991	01/30/2013
Rivercrest Meadows	Tualatin	$46,650,000	338	N/A	$138,081	1991	01/30/2013
Fountain Park	Beaverton	$14,400,000	216	5.90%	$66,667	1969	03/05/2013
Broadway Place	Eugene	$18,050,000	170	6.95%	$106,176	1999	03/20/2013
Parklane	Vancouver	$14,500,000	260	N/A	$55,769	1978	03/26/2013
Green Leaf Springs	Portland	$16,100,000	266	N/A	$60,526	1973	04/01/2013
Cypress Crest	Portland	$3,650,000	67	7.06%	$54,478	1970	04/16/2013
Farmington Apts	Beaverton	$5,700,000	166	6.63%	$34,337	1966	04/18/2013
Terrace View	Tualatin	$5,250,000	100	N/A	$52,500	1977	04/29/2013
The Cyan	Portland	$95,750,000	352	4.20%	$271,017	2009	05/21/2013
The Crossing	Eugene	$18,700,000	208	N/A	$89,904	1999	05/29/2013
Arnada Pointe	Vancouver	$17,200,000	200	N/A	$86,000	1995	06/28/2013
Marketplace	Vancouver	$12,350,000	173	6.55%	$71,387	1998	07/12/2013
The 20 on Hawthorne	Portland	$14,950,000	51	4.70%	$293,137	2009	08/05/2013
The Township	Canby	$6,300,000	93	N/A	$68,478	1995	08/19/2013
Madison Park	Vancouver	$30,175,000	336	N/A	$89,807	1999	09/12/2013
The Jones	Hillsboro	$39,300,000	193	5.25%	$203,627	2013	09/26/2013
Carriage Hse + Village @ Van Mall + Camden Pl [3 props]	Vancouver	$64,450,000	584	6.33%	$110,359	1988-93	09/30/2013
Westwood Commons	Battle Ground	$7,511,554	80	6.00%	$93,894	2009	10/01/2013
Maple Knoll	Vancouver	$6,700,000	148	5.20%	$45,270	1985	10/07/2013
The Enclave	Gresham	$8,800,000	120	6.25%	$73,333	1998	10/18/2013
Hanover	Beaverton	$7,900,000	84	5.25%	$94,048	1998	10/18/2013
The Pointe	Vancouver	$39,500,000	388	6.00%	$101,804	1994	11/13/2013
Stonecreek	Portland	$5,619,000	90	7.25%	$62,433	1973	11/13/2013
The Clocktower	Beaverton	$25,600,000	195	N/A	$131,282	1987	11/18/2013
Eastwind	Gresham	$10,400,000	151	7.60%	$68,874	1972	11/18/2013
Waterhouse Place	Beaverton	$40,850,000	279	N/A	$146,416	1990	11/21/2013
Village on 7th	Vancouver	$9,100,000	104	N/A	$87,500	1991	11/22/2013
Paramount Apts	Portland	$7,065,000	64	6.37%	$107,045	1923	11/27/2013
Savier Flats	Portland	$61,400,000	179	N/A	$343,017	2013	12/05/2013
Reflections @ Happy Valley	Portland	$35,500,000	372	N/A	$95,430	1986	12/10/2013
Altamont Summit	Portland	$54,250,000	439	5.25%	$123,576	1970	12/10/2013
Highland Hills	Vancouver	$40,325,000	400	N/A	$100,813	2001	12/12/2013
St Johns Woods	Portland	$8,281,250	124	N/A	$66,784	1971	12/17/2013
Rosewood Lane	Salem	$23,600,000	204	6.25%	$115,686	2007	12/30/2013
Legacy Oaks	Independence	$14,700,000	196	6.83%	$75,000	2009	12/30/2013
Gables @ Mountain Park	Lake Oswego	$19,500,000	129	5.50%	$151,163	1991	01/09/2014
Tabor East	Portland	$7,295,000	72	6.50%	$101,319	1968	01/17/2014

NOTE: CAP rates reported by CoStar may not represent actual operation of the property, since the assumptions made by the information source to calculate CAP rate may differ from the actual operating data.

Sources: CoStar Comps.com and Norris & Stevens Sales

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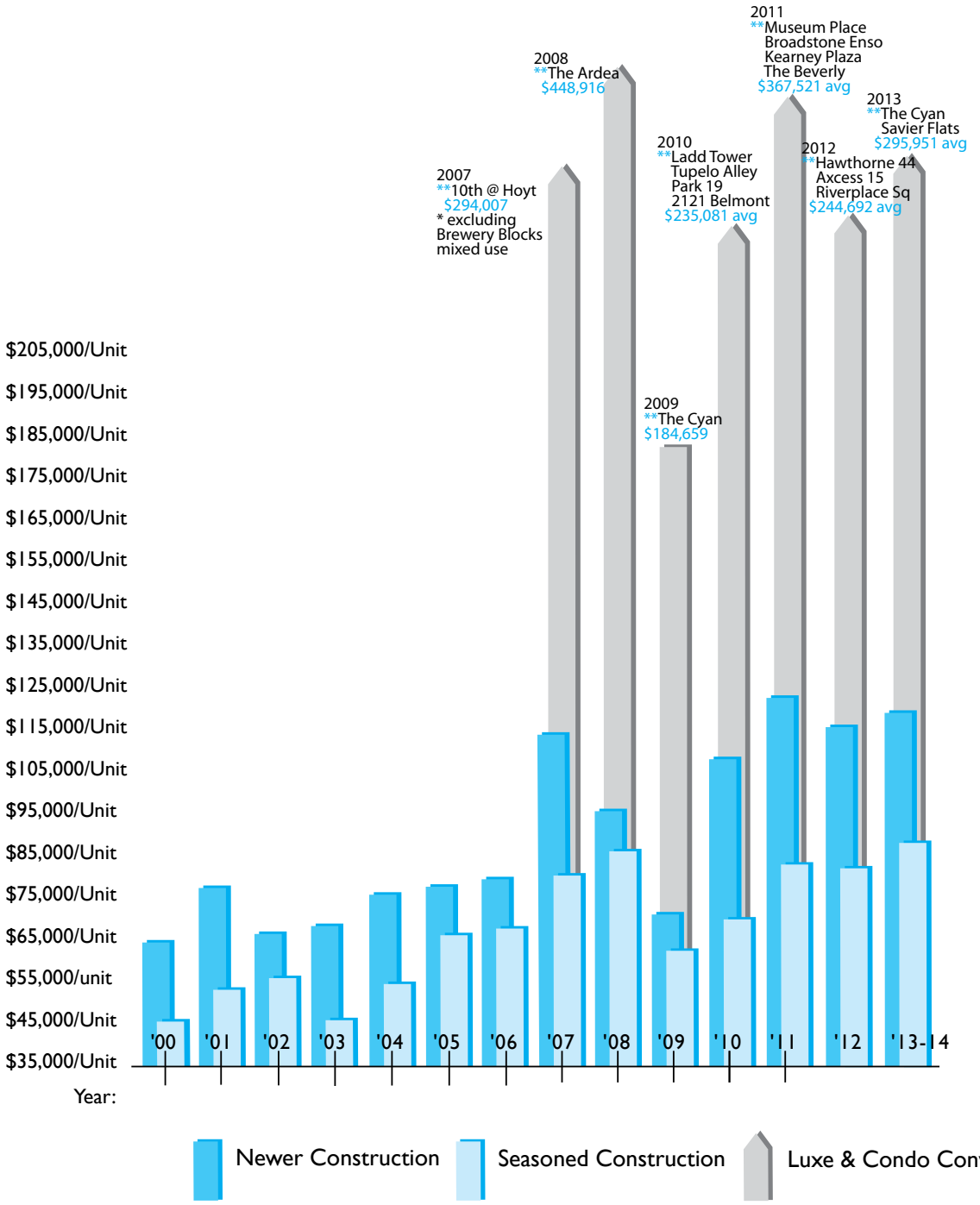
AVERAGE PRICE/UNIT FOR APARTMENT SALES
2000-2013
PORTLAND METROPOLITAN AREA



Seasoned Construction

Year	Price/Unit
2000	$47,642
2001	$54,689
2002	$56,628
2003	$47,709
2004	$55,293
2005	$66,931
2006	$67,164
2007	$80,544
2008	$86,717
2009	$64,815
2010	$70,776
2011	$82,644
2012	$82,397
2013-14	$87,528

Newer Construction

Year	Price/Unit
2000	$65,103
2001	$77,574
2002	$65,826
2003	$66,899
2004	$76,286
2005	$78,518
2006	$79,112
2007	$114,728
2008	$96,211
2009	$69,373
2010	$107,132
2011	$123,973
2012	$115,764
2013-14	$118,462

* Paramenters change: Newer Construction is defined as having been built after 2000 for the years 2011- 2014; For the years 2000 - 2010, Newer Construction is defined as having been built after1990.
****New high-end sales and condo-conversion** sales are graphed separately.

Source: CoStar Comps.com

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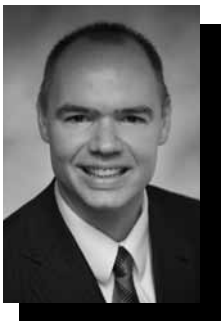

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5 years experience in the real estate field. Worked closely with several large banks on residential foreclosures, and works currently at Norris & Stevens as both a broker assistant and an asset manager. Graduate of University of Arizona with a major in Regional Development and a minor in Business Administration. Licensed broker in Oregon.

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