

PORTLAND

PORTLAND MARKET SNAPSHOT

VACANCY RATE

4.7%

ASKING RENT

\$1,516

CONSTRUCTION

4,337 Units

ABSORPTION

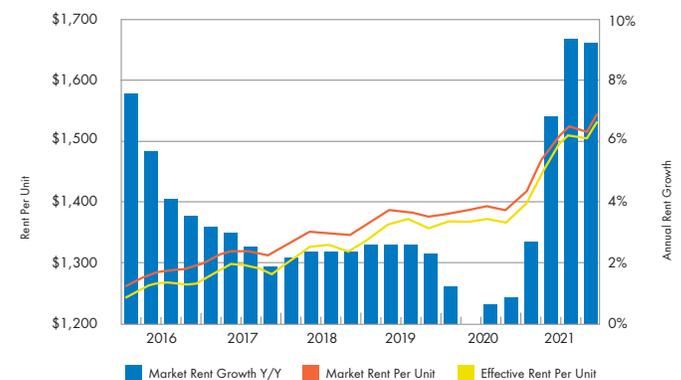
54 Units

driving in-migration figures, which has underpinned apartment demand.

As of the first quarter of 2022, average rent levels in Portland have reached \$1,520 per month, reflecting year-over-year growth of 9.1%. By comparison, the national index posted average growth of 11.1% over the same period. Over the past ten years, Portland has averaged rent growth of 4.0% per year, which puts the rapid increase of late into perspective.

Portland's outlying suburban communities continue to post the strongest rent growth. As renter preferences shifted and the importance of a central location diminished during the worst of the pandemic, tenants found suburban apartments more appealing. That's still boosting demand in these areas and allowing landlords to push rents at a rapid pace. The Hillsboro, Wilsonville and Aloha submarkets have all seen trailing four-quarter rent growth of well over 10%.

MARKET RENT PER UNIT & RENT GROWTH



Source: CoStar Property

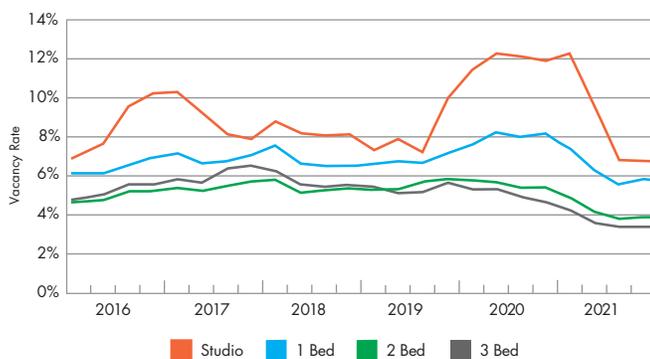


Bringing more business and demand to the heavily battered urban cores will be essential for Portland's rising apartment profile, as the market continues to show strength heading into 2022.

Portland is coming off a massive construction wave that boosted apartment inventory by about 31.9% over the past decade, including a 10.7% increase over the past three years. More recently however, construction starts in the region have cooled dramatically. This is having an out-sized impact on plummeting vacancy rates and rising rents. Average apartment rents rose by 9.1% over the past year, compared with the three-year average of 3.8%.

Suburban communities have led the way in this category, as tenants flock to less dense neighborhoods in search of more space and affordability. The region's high quality of life is

VACANCY RATE BY BEDROOMS - PORTLAND



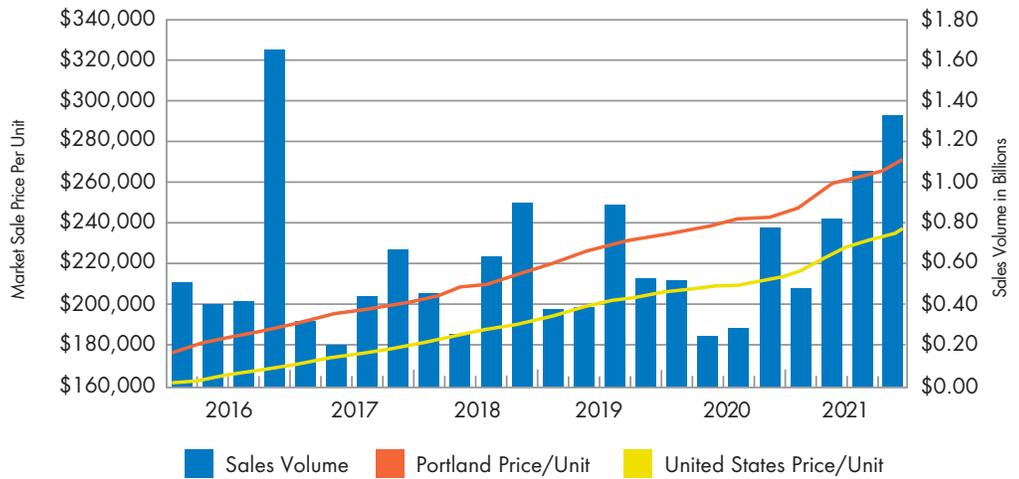
Source: CoStar Property

PORTLAND

Apartment demand remains strong into the first quarter of 2022. Overall vacancies have trended downward since mid-2020 and have dipped well below the frictional 5% mark, factoring in approximately 4,300 units that are under construction. Current construction activity is reflective of a near decade low.

The pandemic kept some investors on the sideline in 2020, and total volume expectedly fell to around \$1.8 billion. Despite that, 2021 sales volume raced to a record high, boosted by several nine-figure deals. Trailing four-quarter volume equates to \$3.7 billion, compared with the ten-year average of \$1.9 billion per year. The market sale price swelled to \$270,000 per unit, in comparison to the national index of \$240,000 per unit.

SALES VOLUME & MARKET SALE PRICE/UNIT



Source: CoStar Property

OVERALL SALES YEAR OVER YEAR

Year	# of Deals	Sales Volume	Turnover	Average Price	Average Price Per Unit	Average Cap Rate
2021	373	\$3.7B	7.40%	\$13,270,496	\$259,380	5.20%
2020	236	\$1.8B	4.20%	\$10,087,713	\$229,556	5.50%
2019	309	\$2.2B	5.90%	\$9,404,898	\$219,998	5.50%
2018	351	\$2.2B	6.40%	\$9,264,417	\$211,868	5.40%
2017	304	\$1.6B	5.40%	\$8,372,120	\$202,853	5.50%
2016	310	\$3B	9.10%	\$11,543,412	\$188,006	5.50%

SIGNIFICANT FOURTH QUARTER 2021 SALES

Property / Address	# of Units	Year Built	Sale Date	Sale Price	Price Per Unit
Seven West at the Trails 14790 SW Scholls Ferry Rd Beaverton, OR	423	1996	10/19/2021	\$145,250,000	\$343,380
Arbor Heights 15199 SW Royalty Pkwy Tigard, OR	348	1997	12/4/2021	\$120,750,000	\$346,984
Arbor Creek 3280 SW 170th Ave Beaverton, OR	440	1984	10/1/2021	\$115,250,000	\$261,931
Waterline 2080 NW Front Ave Portland, OR	243	2015	11/8/2021	\$113,589,434	\$467,446
Revere Apartments 3309 N Mississippi Ave Portland, OR	211	2019	12/9/2021	\$78,500,000	\$372,037
10th @ Hoyt 911-925 NW Hoyt St Portland, OR	178	2004	12/8/2021	\$75,000,000	\$421,348
Verso 4815 SW Lombard Ave Portland, OR	172	2021	12/17/2021	\$74,000,000	\$430,232

SALEM

The strength of Salem’s apartment sector has helped the metro weather the lingering effects of the pandemic, with Oregon’s capital city exhibiting a noticeably tight and growing apartment market over the years. Boasting exceptionally low vacancies, Salem is consistently below both the Portland rate and the national rate. The current local vacancy rate of 2.3% is well below the current national index of 4.5%.

Continued demand for apartments has fueled strong rent growth, and cumulative rent gains over the past ten years of 58.2% outpace the national performance of 40.0%. At the end of the fourth quarter of 2021, rent growth in Salem was 6.1% year-over-year, with local gains benefiting from consistently tight vacancies.

With developers seeking to capitalize on Salem’s strong fundamentals, the metro has seen a significant amount of new supply in the past decade. New communities frequently exhibit rapid lease-up and subsequent stabilization. All of this aside, institutional investment seldom targets the Salem region, preferring instead to target Oregon’s largest city, Portland. The largest transactions in Salem often involve local individual investors.

The average price per unit has continued to rise, reaching \$160,000 as 2021 came to a close, and cap rates have gradually declined from over 7% to around 5.3% over the last decade.

SALEM MARKET SNAPSHOT

VACANCY RATE

2.3%

ASKING RENT

\$1,160

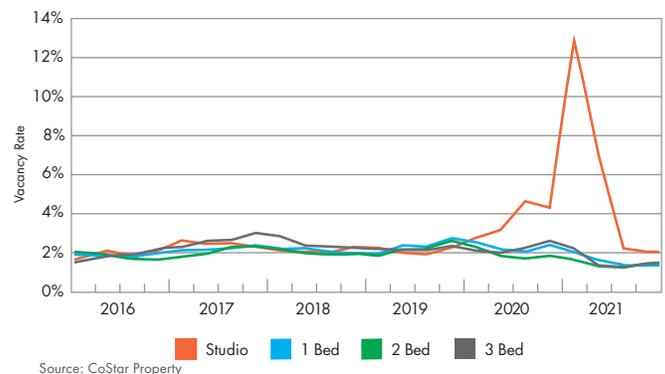
CONSTRUCTION

1,140 Units

ABSORPTION

0 Units

VACANCY RATE BY BEDROOMS - SALEM



In October 2021, the South Block apartment complex sold for \$55 million, setting a new pricing record for the Salem metro area. The 5-story asset was completed in 2015 and leased-up by Norris & Stevens management. It features laundry facilities, a clubhouse, business center, on-site retail and controlled access.

EUGENE

Historically, demand in Eugene has been bolstered by population growth, rising household incomes, and a consistent pool of student renters mostly from the University of Oregon. Though sizable new developments have regularly come on-line over the past decade, strong absorption has generally held vacancies in check. And lately, construction has noticeably tapered off, with no new developments currently in the pipeline. As of the fourth quarter of 2021, local rent growth performance of 8.8% year-over-year ranked near the top of all Oregon metros.

With only occasional institutional activity, apartment sales volume in Eugene can vary significantly from year to year. Most buyers are local, individual investors, and in the past decade, the majority of traded assets commanded prices below \$2 million. Market cap rates fluctuate but have been below 6% for five consecutive years. Trailing four quarter sales volume is equal to \$117 million, versus the five-year average of \$93.3 million per year.

EUGENE MARKET SNAPSHOT

VACANCY RATE

1.5%

ASKING RENT

\$1,253

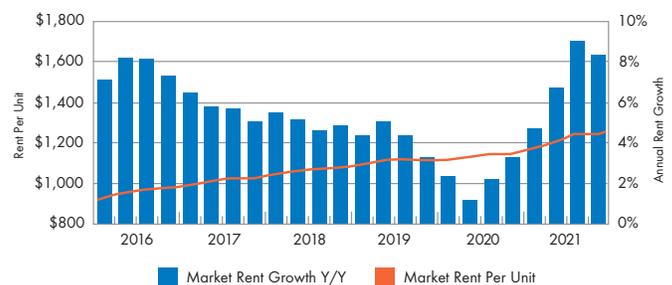
CONSTRUCTION

0 Units

ABSORPTION

0 Units

MARKET RENT PER UNIT & RENT



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