



**Apartment
Investors Journal**
A Publication of Norris & Stevens, Inc.

Mid-Year 2022

Rent Survey Data

*Creating Value in
Investment Real Estate*



Norris & Stevens

INVESTMENT REAL ESTATE SERVICES



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Portland's light construction pipeline having a big impact

ECONOMY

After being severely impacted by the COVID-19 pandemic, Portland's economy is continuing to gradually recover. The local unemployment level peaked at almost 15% in April 2020, but since then, has continued to trend downward, ending the second quarter of 2022 at 3.9%.

Regardless, the pandemic's economic shock is still having some effects on the job market and some commercial real estate sectors. In Portland's central business district particularly, demand for office space is still fluctuating. While the employment situation may be improving and the unemployment rate is declining, some of the jobs lost during this recession won't be replaced.

Not accounting for seasonal shifts, incomes in Portland exceed the national average, and population growth remains steady. The rise in popularity for remote work during the pandemic has driven many residents to Portland from other more expensive metro areas. Of the eleven West Coast metros with at least one million residents, only Fresno, California, has cheaper average apartment rents than Portland. Portland is popular with millennials looking for creative, affordable, eco-friendly spaces close to transit hubs that allow them to take advantage of the region's high quality of life.

PORTLAND METRO APARTMENT MARKET

Portland's relatively affordable cost of living has accelerated demand and boosted the region's apartment profile. The city has added roughly 10,000 residents year-over-year, based on estimates from Oxford Economics. This reflects growth of 0.4%, ahead of the national rate of 0.2% over the same time frame.

Recently, construction starts in the region have receded. While permitting activity has shown some signs of an uptick, the latest data suggests permits issued remain approximately 30% below the 2017 peak, which was formed as developers raced to get projects approved before Portland's inclusionary zoning policy was implemented. The ordinance requires apartment and condo developers with projects larger than 20 units to reserve 20% of apartments for households making less than 80% of the median income. While not solely responsible for the construction slowdown, it does not appear that the ordinance has helped to generate more activity.

The light construction activity is having a large impact on eroding vacancy rates. Tenants have had noticeably fewer options to choose

PORTLAND RENTS

Market	Asking Rent	Annual Rent Growth
Downtown	\$1,852	4.4%
East Portland	\$1,200	4.7%
North Portland	\$1,473	3.0%
Northeast Portland	\$1,597	6.6%
Northwest Portland	\$1,622	3.0%
Southeast Portland	\$1,447	5.2%
Southwest Portland	\$1,625	4.9%

from when selecting a unit, which has put downward pressure on vacancies. The result is pricing power is in the hands of landlords for the time being. Average apartment rents have risen by 8.4% over the past year, compared with the three-year average of 4.8%. Suburban communities led the way in this category, as tenants remain in neighborhoods that offered more space and affordability during peak pandemic months.

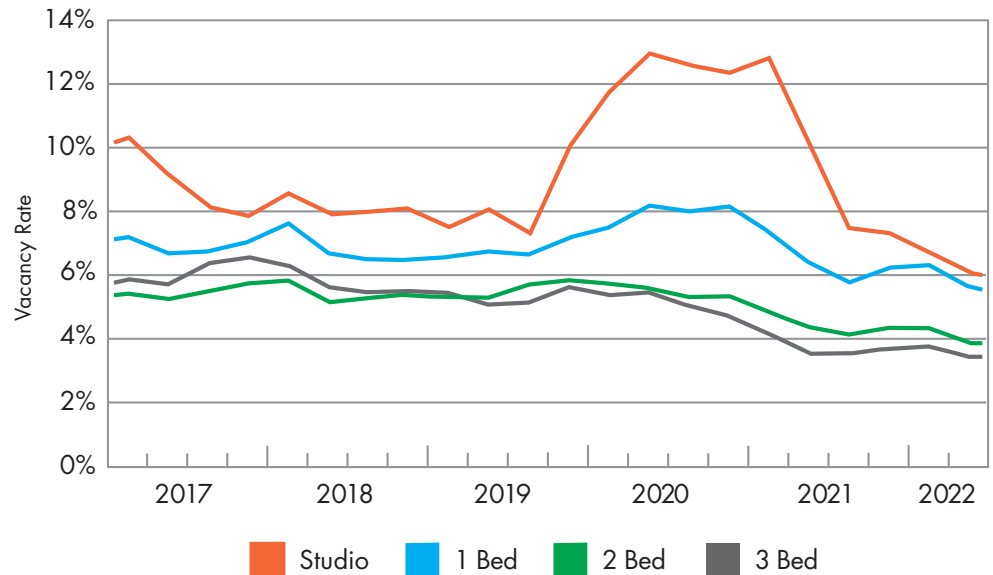
At the end of the second quarter of 2022, market rent in Portland had reached \$1,610 per month, reflecting year-over-year growth of 8.4%. By comparison, the national index posted average growth of 8.8% over the same period. Over the past ten years, Portland has averaged rent growth of 4.3% per year, putting the rapid increase of late into perspective.

For institutional investors seeking both population expansion and a varied economic basis, Portland has grown into a very significant market. In each of the last six years, annual investment has rounded to at least \$1.5 billion. Compared to office, industrial, and retail properties, cap rates for multi-family assets in Portland are consistently lower. Compared to the national rate of 5.0%, Portland's multi-family cap rates have narrowed over the previous five years, trending to 4.4%. Compression of the cap rate hasn't done much to prevent additional capital from entering the market.

Sales volume in 2021 set a new high, helped by many deals that closed for more than \$100 million. Compared to the ten-year average of \$2.1 billion per year, the volume for the most recent four quarters is \$4.2 billion. Compared to the national index of \$260,000 per unit, the market sale price for Portland Metro has increased to \$290,000 per unit.

Courtesy of CoStar

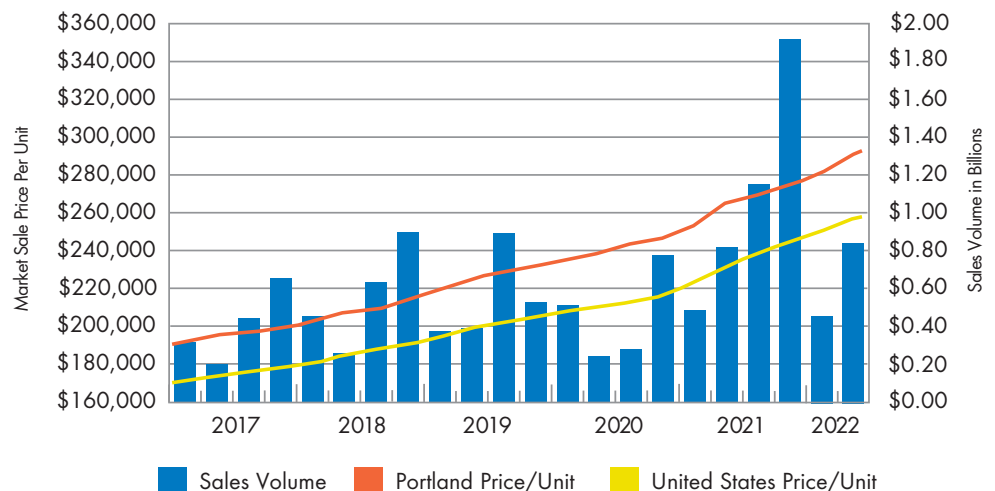
VACANCY RATE BY BEDROOMS - PORTLAND



PORTLAND METRO SUBMARKET RENTS

Market	Asking Rent	Annual Rent Growth
Beaverton	\$1,592	11.8%
Clackamas County	\$1,487	8.3%
Hillsboro	\$1,929	14.7%
Lake Oswego	\$1,981	11.3%
Oregon City	\$1,570	10.5%
Sherwood/Tualatin	\$1,783	9.8%
Tigard	\$1,592	9.0%
Troutdale/Gresham	\$1,462	7.2%
Vancouver	\$1,626	9.7%
Wilsonville	\$1,167	3.5%

SALES VOLUME & MARKET SALE PRICE/UNIT - PORTLAND



SALEM METRO APARTMENT MARKET

The apartment market in Oregon's capital city has been noticeably tight and growing over the last few years. As of the second quarter of 2022, the local vacancy rate was 3.0%, which is lower than the current national index of 5.0%. Strong rent growth has been supported by persistent demand, and over the last ten years, cumulative rent gains have increased by 64.9%, outpacing the national performance of 45.8%.

Rents in Salem continue to be less expensive than those in other Oregon urban regions, including Portland, Eugene, Bend, and Corvallis. The average rent in the metro area is \$1,240 per unit, which is significantly less than the national index of \$1,640. Salem's inventory is roughly 45% Class C apartments, which exerts some downward pressure on the metro's average asking rents. Comparatively speaking, less than 30% of Portland's overall inventory consists of utilitarian units.

The capitol city's apartment supply has grown by 4,200 extra units, or around 18.6 percent, over the past ten years. Developers continue to benefit from the market's low vacancy rate and consistent rent increases with an additional 1,200 or so units in the works, which are expected to increase overall inventory by 4.3 percent. Due to this strong demand, recent deliveries have shown relatively short lease-up times.

Recent apartment investment has surpassed both Salem's annual investment numbers and historical averages. At the end of the second quarter of 2022, the average price per unit increased further, reaching \$170,000. Despite Oregon's widely reported new rent control law, 2021 was a record year for buying in Salem.

EUGENE METRO APARTMENT MARKET

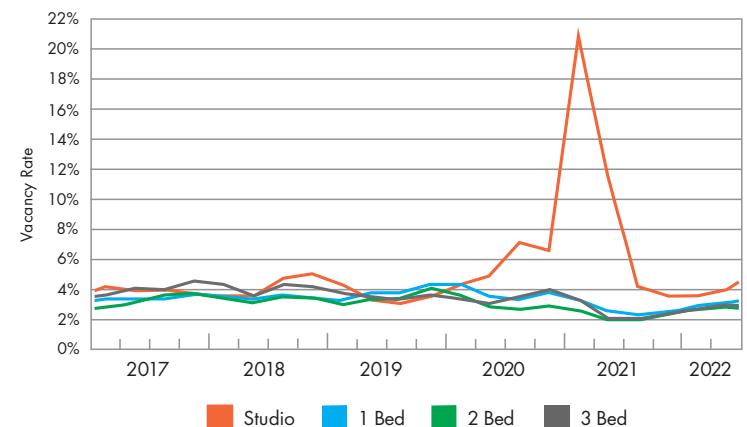
The University of Oregon brought back in-person classes for the fall 2021 semester, which provided a surge in student renters to the local landlords and put downward pressure on open vacancies. Historically, Eugene's demand has been supported by population expansion, increasing household incomes, and a steady supply of renters thanks to the university.

The vacancy rate is currently 2.0% due to robust absorption and minimal deliveries, which caused vacancies to decline significantly from early 2020 to early 2022. However, due to a few larger arrivals in the last few quarters, compression has evened out. In contrast to the historical average of 200 units annually, just 77 units were absorbed over the previous twelve months.

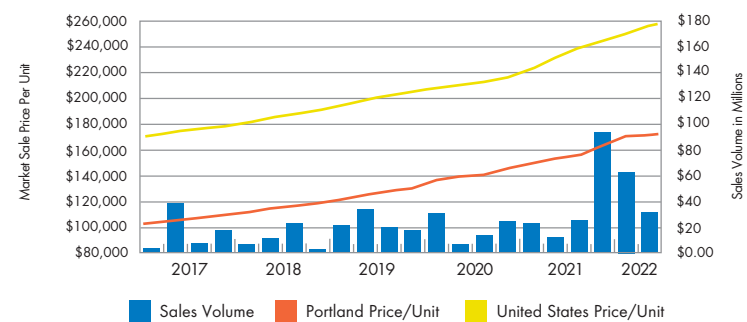
In Eugene, the amount of multi-family properties sold varies greatly from year to year. Local private investors make up the bulk of buyers, and over the previous ten years, most traded assets have been sold for less than \$2 million.

Courtesy of CoStar

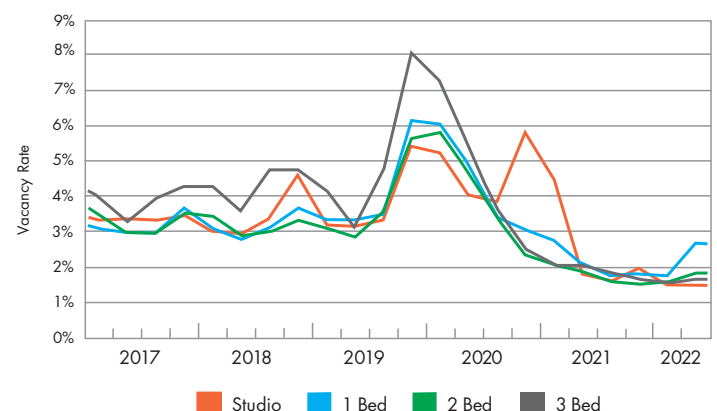
VACANCY RATE BY BEDROOMS - SALEM



SALES VOLUME & MARKET SALE PRICE/UNIT - SALEM



VACANCY RATE BY BEDROOMS - EUGENE





For more information about:
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Since our founding in 1966, Norris & Stevens has grown to be one of the largest locally-owned commercial real estate and property management firms serving Portland, Oregon and southwest Washington. We have accomplished this by providing beginning-to-end real estate market expertise, solutions, and an unparalleled belief in client satisfaction.

Norris & Stevens offers the market knowledge and experience to assist any company or individual faced with a real estate challenge or property management assistance. We offer the following services: Property Management, Commercial & Multi-family Real Estate Sales & Leasing, Corporate Relocation, Investments, and Development. Contact our commercial real estate and property management office in Portland today to put our knowledge and experience to work for you.

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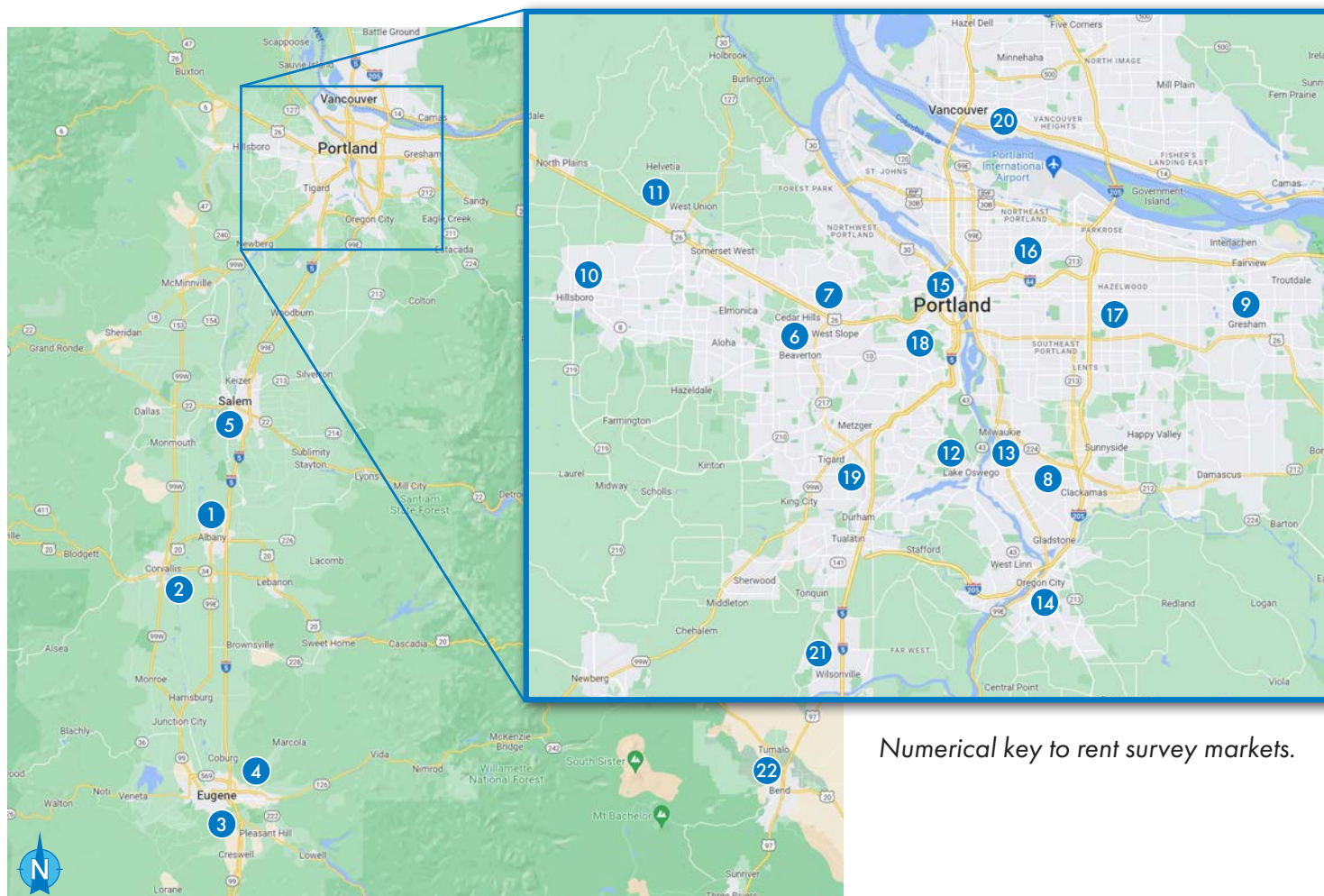
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RENT SURVEY DATA



Numerical key to rent survey markets.

EXECUTIVE SUMMARY

Norris & Stevens conducts regular rent and vacancy surveys in order to determine the range and depth of the rental market in the Portland Metro and the Willamette Valley areas. This survey covers 98,912 apartment units. The overall vacancy rate for the Portland Metro area is **4.5%** at the time of this survey. This is a decrease of 0.2% from the last survey we conducted.

Rents shown 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.

To differentiate between the aging apartment inventory and new construction, “Older” buildings are defined as having been built prior to 2009. We feel this better reflects market realities.

While Norris & Stevens deems these results to be reliable, we do not guarantee their accuracy. All information should be verified prior to any real estate transactions. As we add properties to or drop properties from our survey, any area may show minor data fluctuations. Call Norris & Stevens at 503-223-3171 regarding other sub-markets surveyed in Oregon and Southwest Washington.

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RENT SURVEY DATA

AREA		STUDIO	1 BD/1 BA	2 BD/1 BA	2 BD/2 BA	3 BD/1 BA	3 BD/2 BA
Albany - Pre-2009 & Newer	Avg. Rent	\$1288	\$1180	\$1288	\$1464	\$1670	\$1669
	Vacancy Rate: 1.6%	Avg. SF	542	699	917	1221	1154
	Region: 1	Rent/SF	\$2.37	\$1.69	\$1.42	\$1.47	\$1.37
Corvallis - Pre-2009 & Newer	Avg. Rent	\$1194	\$1419	\$1666	\$1807	\$1752	\$2102
	Vacancy Rate: 2.4%	Avg. SF	451	570	842	982	758
	Region: 2	Rent/SF	\$2.64	\$2.49	\$1.98	\$1.84	\$2.31
Eugene/Springfield - Newer	Avg. Rent	\$1383	\$1704	\$1405	\$1929	N/A	\$2370
	Vacancy Rate: 1.9%	Avg. SF	477	732	928	1025	N/A
	Region: 3 - 4	Rent/SF	\$2.90	\$2.33	\$1.51	\$1.88	N/A
Eugene/Springfield - Pre-2009	Avg. Rent	\$1166	\$1307	\$1412	\$1698	\$1459	\$1924
	Vacancy Rate: 1.0%	Avg. SF	345	685	875	1092	1010
	Region: 3 - 4	Rent/SF	\$3.38	\$1.91	\$1.61	\$1.55	\$1.44
Salem Vicinity - Newer	Avg. Rent	\$1348	\$1383	\$1513	\$1646	\$1499	\$1903
	Vacancy Rate: 3.6%	Avg. SF	547	743	880	1013	1100
	Region: 5	Rent/SF	\$2.47	\$1.86	\$1.72	\$1.62	\$1.36
Salem Vicinity - Pre-2009	Avg. Rent	\$1041	\$1096	\$1247	\$1473	\$1552	\$1590
	Vacancy Rate: 1.7%	Avg. SF	462	675	881	1012	1143
	Region: 5	Rent/SF	\$2.25	\$1.62	\$1.41	\$1.46	\$1.36
Beaverton/Sunset - Newer	Avg. Rent	\$1650	\$1873	\$1564	\$2278	N/A	\$2725
	Vacancy Rate: 5.0%	Avg. SF	562	702	865	1009	N/A
	Region: 6 - 7	Rent/SF	\$2.94	\$2.67	\$1.81	\$2.26	N/A
Beaverton/Sunset - Pre-2009	Avg. Rent	\$1224	\$1588	\$1738	\$1960	\$1807	\$2241
	Vacancy Rate: 2.3%	Avg. SF	440	685	886	980	1042
	Region: 6 - 7	Rent/SF	\$2.78	\$2.32	\$1.96	\$2.00	\$1.73
Clackamas - Newer	Avg. Rent	\$891	\$1459	\$2163	\$2340	N/A	\$2353
	Vacancy Rate: 3.7%	Avg. SF	374	751	980	1329	N/A
	Region: 8	Rent/SF	\$2.38	\$1.94	\$2.21	\$1.76	N/A
Clackamas - Pre-2009	Avg. Rent	\$1133	\$1541	\$1712	\$2087	\$1850	\$2213
	Vacancy Rate: 2.5%	Avg. SF	435	685	870	1024	873
	Region: 8	Rent/SF	\$2.61	\$2.25	\$1.97	\$2.04	\$2.12
Gresham - Newer	Avg. Rent	N/A	\$1525	\$1944	\$1950	N/A	\$2479
	Vacancy Rate: 5.2%	Avg. SF	N/A	686	1195	1013	N/A
	Region: 9	Rent/SF	N/A	\$2.22	\$1.63	\$1.93	N/A
Gresham - Pre-2009	Avg. Rent	\$1294	\$1377	\$1553	\$1697	\$1388	\$2120
	Vacancy Rate: 2.6%	Avg. SF	503	676	904	979	1057
	Region: 9	Rent/SF	\$2.57	\$2.04	\$1.72	\$1.73	\$1.32

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AREA		STUDIO	1 BD/1 BA	2 BD/1 BA	2 BD/2 BA	3 BD/1 BA	3 BD/2 BA
Hillsboro/Tanasbourne - Newer	Avg. Rent	\$1738	\$1893	\$2384	\$2134	N/A	\$2176
Vacancy Rate: 5.1%	Avg. SF	532	724	824	1063	N/A	1242
Region: 10 - 11	Rent/SF	\$3.27	\$2.61	\$2.89	\$2.01	N/A	\$1.75
Hillsboro/Tanasbourne - Pre-2009	Avg. Rent	\$1661	\$1598	\$1636	\$2014	\$1504	\$2157
Vacancy Rate: 2.9%	Avg. SF	440	678	926	1082	1116	1145
Region: 10 - 11	Rent/SF	\$3.77	\$2.36	\$1.77	\$1.86	\$1.35	\$1.88
Lake Oswego/West Linn - Newer	Avg. Rent	\$2330	\$2414	\$3169	\$4007	N/A	\$5465
Vacancy Rate: 7.1%	Avg. SF	742	837	987	1215	N/A	1797
Region: 12	Rent/SF	\$3.14	\$2.89	\$3.21	\$3.30	N/A	\$3.04
Lake Oswego/West Linn - Pre-2009	Avg. Rent	\$1446	\$1856	\$1914	\$2398	\$1652	\$2670
Vacancy Rate: 5.0%	Avg. SF	454	745	922	1117	964	1303
Region: 12	Rent/SF	\$3.19	\$2.49	\$2.08	\$2.15	\$1.71	\$2.05
Milwaukie/Gladstone - Newer	Avg. Rent	\$1416	\$1608	N/A	\$1927	N/A	\$1975
Vacancy Rate: 2.6%	Avg. SF	468	632	N/A	1028	N/A	1189
Region: 13	Rent/SF	\$3.03	\$2.54	N/A	\$1.87	N/A	\$1.66
Milwaukie/Gladstone - Pre-2009	Avg. Rent	\$1194	\$1429	\$1620	\$1804	\$1583	\$2110
Vacancy Rate: 1.9%	Avg. SF	467	711	898	1026	1199	1242
Region: 13	Rent/SF	\$2.55	\$2.01	\$1.80	\$1.76	\$1.32	\$1.70
Oregon City - Newer	Avg. Rent	\$1490	\$1519	\$1800	\$1890	N/A	\$2533
Vacancy Rate: 5.0%	Avg. SF	488	679	899	996	N/A	1593
Region: 14	Rent/SF	\$3.05	\$2.24	\$2.00	\$1.90	N/A	\$1.59
Oregon City - Pre-2009	Avg. Rent	\$1284	\$1361	\$1561	\$1817	\$1655	\$2001
Vacancy Rate: 2.6%	Avg. SF	311	672	916	1019	1072	1180
Region: 14	Rent/SF	\$4.12	\$2.02	\$1.70	\$1.78	\$1.54	\$1.70
PDX Downtown - Newer	Avg. Rent	\$1641	\$1907	\$2300	\$2841	N/A	\$2749
Vacancy Rate: 4.6%	Avg. SF	552	686	775	1102	N/A	865
Region: 15	Rent/SF	\$2.97	\$2.78	\$2.97	\$2.58	N/A	\$3.18
PDX Downtown - Pre-2009	Avg. Rent	\$1320	\$1368	\$1781	\$2202	\$2202	\$2547
Vacancy Rate: 5.6%	Avg. SF	504	620	850	1030	950	1476
Region: 15	Rent/SF	\$2.62	\$2.21	\$2.09	\$2.14	\$2.32	\$1.73
PDX Inner Eastside - Newer	Avg. Rent	\$1475	\$1672	\$1842	\$2699	\$1975	N/A
Vacancy Rate: 6.5%	Avg. SF	451	575	805	1002	1008	N/A
Region: 16	Rent/SF	\$3.27	\$2.91	\$2.29	\$2.69	\$1.96	N/A
PDX Inner Eastside - Pre-2009	Avg. Rent	\$1149	\$1447	\$1650	\$1974	\$1942	\$2197
Vacancy Rate: 4.2%	Avg. SF	411	662	879	1007	1065	1038
Region: 16	Rent/SF	\$2.79	\$2.18	\$1.88	\$1.96	\$1.82	\$2.12

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AREA		STUDIO	1 BD/1 BA	2 BD/1 BA	2 BD/2 BA	3 BD/1 BA	3 BD/2 BA
PDX Outer Eastside - Newer	Avg. Rent	\$1220	\$1412	\$1882	\$1937	N/A	N/A
Vacancy Rate: 5.2%	Avg. SF	377	546	802	1128	N/A	N/A
Region: 17	Rent/SF	\$3.24	\$2.59	\$2.35	\$1.72	N/A	N/A
PDX Outer Eastside - Pre-2009	Avg. Rent	\$1010	\$1342	\$1297	\$1700	\$1763	\$1951
Vacancy Rate: 3.3%	Avg. SF	392	670	851	1002	1125	1170
Region: 17	Rent/SF	\$2.57	\$2.00	\$1.52	\$1.70	\$1.57	\$1.67
PDX West Side - Newer	Avg. Rent	\$1566	\$1827	\$2375	\$2889	N/A	\$2452
Vacancy Rate: 5.2%	Avg. SF	547	740	975	1125	N/A	1367
Region: 18	Rent/SF	\$2.86	\$2.47	\$2.44	\$2.57	N/A	\$1.79
PDX West Side - Pre-2009	Avg. Rent	\$1116	\$1500	\$1555	\$2063	\$1751	\$2431
Vacancy Rate: 2.3%	Avg. SF	391	713	897	1039	1131	1292
Region: 18	Rent/SF	\$2.86	\$2.10	\$1.73	\$1.98	\$1.55	\$1.88
Tigard/Tualatin - Newer	Avg. Rent	\$1507	\$2027	\$2119	\$2408	N/A	\$2744
Vacancy Rate: 3.2%	Avg. SF	533	721	857	1102	N/A	1491
Region: 19	Rent/SF	\$2.82	\$2.81	\$2.47	\$2.19	N/A	\$1.84
Tigard/Tualatin - Pre-2009	Avg. Rent	\$1326	\$1495	\$1516	\$1820	\$1731	\$2315
Vacancy Rate: 2.2%	Avg. SF	425	681	843	992	1016	1142
Region: 19	Rent/SF	\$3.12	\$2.20	\$1.80	\$1.83	\$1.70	\$2.03
Vancouver - Newer	Avg. Rent	N/A	\$1661	\$1933	\$2059	N/A	\$2326
Vacancy Rate: 2.7%	Avg. SF	N/A	739	896	1060	N/A	1725
Region: 20	Rent/SF	N/A	\$2.25	\$2.16	\$1.94	N/A	\$1.82
Vancouver - Pre-2009	Avg. Rent	\$1111	\$1393	\$1594	\$1388	\$1732	\$1968
Vacancy Rate: 2.2%	Avg. SF	521	689	900	836	1055	1271
Region: 20	Rent/SF	\$2.13	\$2.02	\$1.77	\$1.66	\$1.64	\$1.55
Wilsonville - Newer	Avg. Rent	\$1346	\$1594	\$2063	\$2399	N/A	\$2526
Vacancy Rate: 3.6%	Avg. SF	497	699	934	1163	N/A	1342
Region: 21	Rent/SF	\$2.71	\$2.28	\$2.21	\$2.06	N/A	\$1.88
Wilsonville - Pre-2009	Avg. Rent	\$1450	\$1764	\$1689	\$2102	\$1695	\$2438
Vacancy Rate: 2.7%	Avg. SF	527	706	879	1001	1240	1169
Region: 21	Rent/SF	\$2.75	\$2.50	\$1.92	\$2.10	\$1.37	\$2.09
Bend - Pre-2009 & Newer	Avg. Rent	\$1726	\$1464	\$1529	\$1955	\$1798	\$2007
Vacancy Rate: 4.2%	Avg. SF	549	635	867	1043	1144	1216
Region: 22	Rent/SF	\$3.14	\$2.31	\$1.76	\$1.87	\$1.57	\$1.65

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THE N&S MULTI-FAMILY INVESTMENT TEAM

Reaping the maximum return from your investment takes TEAMWORK

Norris & Stevens' seven Apartment Brokers have over 150 years of investment experience selling apartment properties from 25 to 400 units. Our analytical process is the same – thorough – no matter the size of your investment. As leaders in creating investment strategies for apartment investors, Norris & Stevens gives our clients a competitive edge, whatever the market.

By integrating our Brokerage and Management Departments, we are able to provide investors in multi-family properties a comprehensive perspective and keep you better informed about your investment options by constantly monitoring market trends and sales values for Oregon and Washington.

In light of current conditions and changing trends, we encourage investors to frequently evaluate their portfolio. Our full service approach to coordinating purchases, sales, refinancing, development, renovation and management creates value in your real estate investment.

To make an appointment for a broker analysis of your property, or to discuss property management solutions, call (503) 223-3171.



David Keys, CPM®, CCIM®

Chairman & Managing Director

David has over 45 years in the real estate industry, including managing apartments, offices, condominiums, and single-family properties. Currently he supervises the activities of nine area property managers and a total portfolio of over 160 properties and 9,100 apartments. Licensed Principal Broker in Oregon and Washington.

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Timothy S. Mitchell

President

As President of Norris & Stevens, Inc., Tim leads the firm's commercial sales, leasing, and marketing activities, as well as being a lead member of the Executive Committee. Tim has spent the majority of his professional career in commercial real estate, with over 34 years of industry success. Licensed broker in Oregon.

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Cameron J. Mercer

Senior Broker, Multi-family Investments

Over 10 years experience as a broker and asset manager for multi-family investments. Previous experience working with large banks on residential foreclosures. BS in Regional Development, with a minor in Business Administration from the University of Arizona. Licensed broker in Oregon.

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David C. Chatfield

Senior Broker, Multi-family Investments

Holds a BS in Real Estate Finance, with a minor in Real Estate Development from Portland State University. Additionally, he trained with one of the nation's largest real estate investment brokerages. Licensed broker in Oregon and Washington.

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Chase Brand

*Multi-family Investment Broker
Asset Manager*

20 years' experience in apartment brokerage. 21 years of experience in development and construction of residential and multifamily properties. BA in Geology from Colorado College. Licensed broker in Oregon.

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Over 30 years of commercial real estate experience with a BS in Business Administration (specializing in finance/real estate) from Portland State University. Licensed broker in Oregon and Washington.

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