

Multi-family Market Report | Q3 2025

Norris & Stevens

INVESTMENT REAL ESTATE SERVICES

The Portland multi-family sector saw 1,265 units absorbed in the third quarter of 2025, indicating that the market dynamics are continuing to shift. This pace is ahead of the historical quarterly average of 820 units. As available supply in the metro area continues to dwindle, the vacancy rate of 7.3% at the end of the third quarter is certain to continue a downward trend.

Absorption totals 5,914 units on a trailing 12-month basis, which is a significant rise from the low of 1,700 units seen in the second quarter of 2023. The trendiest submarket in the area, Vancouver, continues to contribute significantly to this revived demand creation. Renters are drawn to this area in search of employment opportunities and a favorable tax structure. In exurban submarkets where affordability-driven relocations are still occurring—such as Clark County, outlying Washington County, and Clackamas County—leasing has also surpassed supply.

The 2,057 units currently under construction in Portland's pipeline represent a decline from the previous three-year peak of 13,000 units in the fourth quarter of 2022. Due to financial difficulties and economic uncertainty, construction starts are still declining. Three of the previous four quarters saw less than 500 units break ground, which is a dramatic reversal from the decade-high quarterly total of more than 3,400 units in the first quarter of 2022. As a result, Portland is expected to have its worst delivery year since 2011.

However, the impact of new supply will be felt differently in different class segments. With nearly four luxury units under construction for every Class B unit in the pipeline,

PORTLAND MARKET SNAPSHOT

VACANCY RATE

7.3%



ASKING RENT

\$1,669



CONSTRUCTION

2,057 Units



MARKET PRICE/UNIT

\$245,886

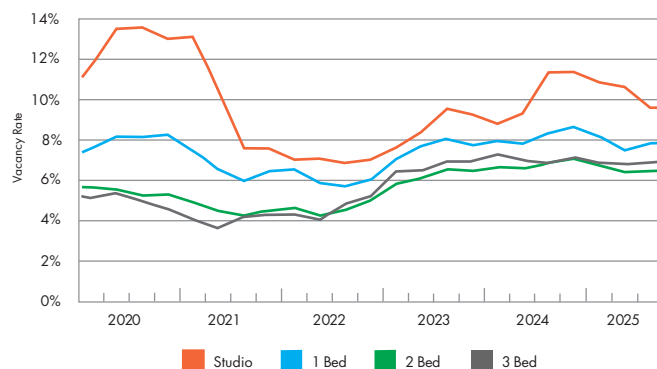


the bulk of future competition could delay a rent growth recovery at higher-end offerings for a few more quarters. Northwest Portland and Southeast Portland feature a higher number of new luxury units, so these submarkets will take longer to reach equilibrium.

Outside of urban areas such as Northwest and Southeast, Portland's vacancy rate is expected to continue to drop, and rental prices are still rising. In the first quarter of 2025, asking rents showed an annual growth figure of -0.2%, which was a dramatic recovery from the five-year low of -1.4% seen in the third quarter of 2023. Although supply-constrained exurban submarkets should continue to exhibit the highest rent growth rates, Vancouver, where a surge in new supply is drawing comparatively more renters, continues to be a regional exception.

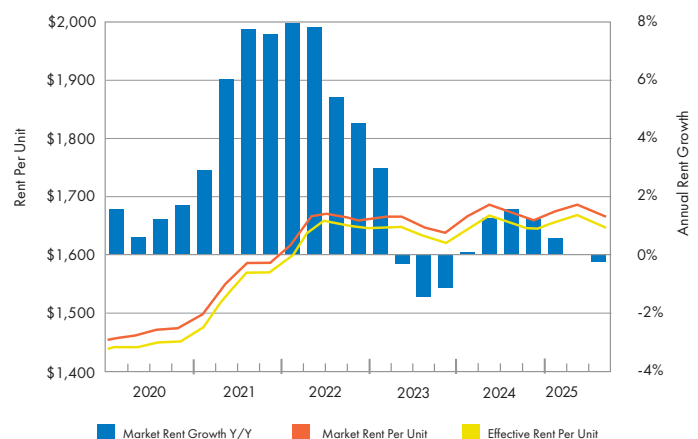
The overall asking rental rate ended the third quarter of 2025 at \$1,669 per month. During the same time period, the national index increased by 0.5%, while year-over-

VACANCY RATE BY BEDROOMS



Source: CoStar Group

MARKET RENT PER UNIT & RENT GROWTH



Source: CoStar Group



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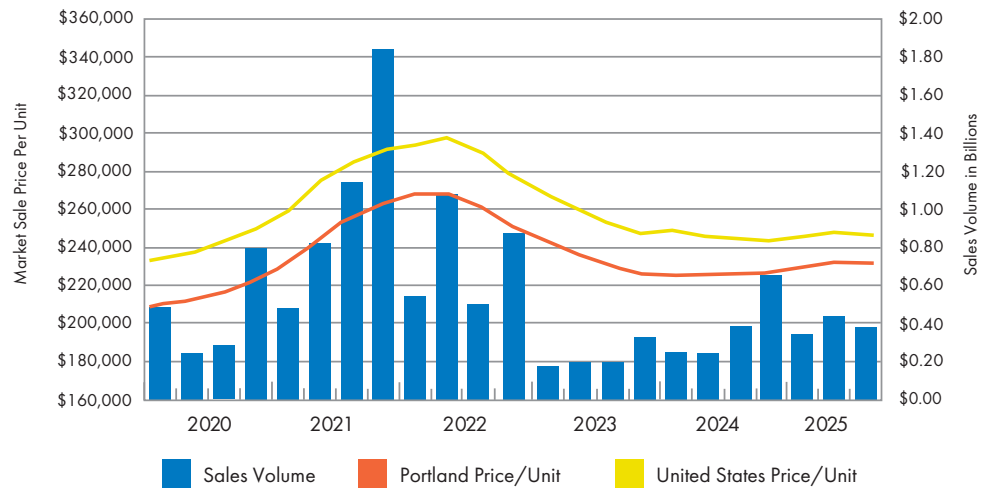


year growth for the Portland market was -0.4%. Portland has seen yearly rent increases of 2.9% on average during the last ten years.

In 2024, Portland's investment activity saw a significant upturn. The volume of transactions increased by 62% year over year to \$1.2 billion. That momentum has persisted into 2025. The market recorded over \$375 million in concluded sales in the first quarter, almost equal to the first quarters of 2023 and 2024 combined. The 47 trades that were closed in first quarter of 2025 almost tripled the number seen in the first quarter of 2024 suggesting that the activity is widespread.

Although pricing has not yet recovered, this aspect also trailed earlier volume resurgences seen in previous downturns. Furthermore, the predicted constrained supply effects over the next two years may contribute to a more pronounced decline in vacancy rates. As underwriting assumptions strengthen and more deals start to meet ongoing return expectations, this should gradually support higher values.

SALES VOLUME & MARKET SALE PRICE/UNIT



Source: CoStar Group

OVERALL SALES YEAR OVER YEAR

YEAR	# OF DEALS	SALES VOLUME	TURNOVER	AVERAGE PRICE	AVERAGE PRICE PER UNIT	AVERAGE CAP RATE
YTD	151	\$1.2B	2.9%	\$10,156,098	\$203,122	6.0%
2024	156	\$1.5B	3.3%	\$12,240,843	\$205,017	5.9%
2023	113	\$900.2M	1.9%	\$9,186,008	\$222,498	5.6%
2022	295	\$3B	5.4%	\$13,239,605	\$276,841	5.0%
2021	392	\$4.3B	8.1%	\$13,763,812	\$259,868	5.1%
2020	238	\$1.8B	4.2%	\$9,912,399	\$223,864	5.5%

SIGNIFICANT THIRD QUARTER 2025 SALES

PROPERTY / ADDRESS	# OF UNITS	YEAR BUILT	SALE DATE	SALE PRICE	PRICE PER UNIT
Wyndhaven* 230 SE Edgeway Drive Hillsboro, OR	396	2003	08/04/2025	\$81,500,000	\$205,808
Gresham Station* 1003 NW Shattuck Way Gresham, OR	252	2005	08/04/2025	\$44,000,000	\$174,603
Woodridge Apartments* 11999 SW Tualatin Road Tualatin, OR	264	2002	08/04/2025	\$38,000,000	\$143,939
Westridge Meadows* 18476 NW Chemeketa Lane Portland, OR	276	2002	08/04/2025	\$37,000,000	\$134,058
Oak Hill Apartments 15800 NW West Union Road Portland, OR	164	1991	09/29/2025	\$36,300,000	\$221,341

* These were part of a 12-property portfolio sale

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