

Multi-family Market Report | Q3 2026

Norris & Stevens
INVESTMENT REAL ESTATE SERVICES

Portland's apartment market posted a strong third quarter, absorbing 1,674 units, nearly double the long-run quarterly average of 820. As leasing picks up, the supply overhang that weighed on the market continues to shrink. Vacancy now sits at 6.6%, well below its 2024 peak of 8.0% and still falling.

The longer view tells the same story. Trailing 12-month absorption has climbed to 4,200 units, a sharp rebound from the 1,600-unit low in the second quarter of 2023. Vancouver is leading the recovery as renters cross the river for job access and Washington's tax advantages. Demand has also outpaced new supply in rural and exurban submarkets, including Columbia County, Clark County, Oregon City, and Sherwood/Tualatin, where renters continue to relocate in search of affordability.

VACANCY RATE BY CLASS

Overall:	6.6%
Class A:	8.4%
Class B:	6.8%
Class C:	5.5%

MARKET ASKING RENT OVERALL

Studio:	$1,278
1 Bedroom:	$1,543
2 Bedroom:	$1,774
3 Bedroom:	$2,160

On the supply side, construction has slowed dramatically. Just 2,404 units are underway, down from a five-year high of 12,914 in late 2022. Most of today's activity is concentrated in Vancouver and in connector hubs like Tigard and Beaverton, with scattered infill projects across several urban submarkets. Financing constraints and economic uncertainty have kept groundbreakings uneven: quarterly starts haven't topped 1,000 units since the third quarter of 2023, a far cry from the decade high of 3,500 in the first quarter of 2022. The result is that 2026 and 2027 are on track to be the lightest years for apartment deliveries in a decade.

PORTLAND MARKET SNAPSHOT

VACANCY RATE
6.6%

ASKING RENT
$1,674

CONSTRUCTION
2,404 Units

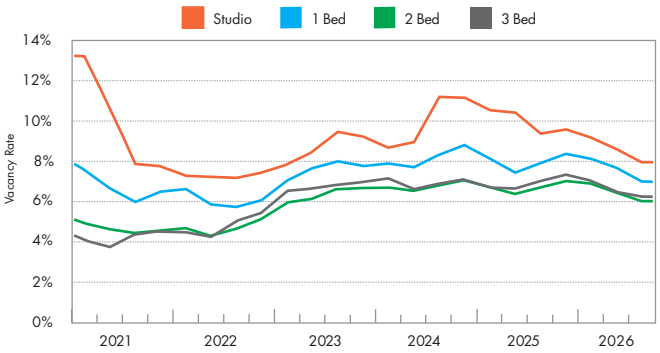
MARKET PRICE/UNIT
$239,107

That pullback won't benefit every segment equally. Roughly four Class A units are under construction for every Class B, so competition at the high end could delay a full rent recovery for premium properties. Northwest and Southeast Portland have absorbed the biggest wave of new supply, which will likely stretch out stabilization for top-tier buildings there.

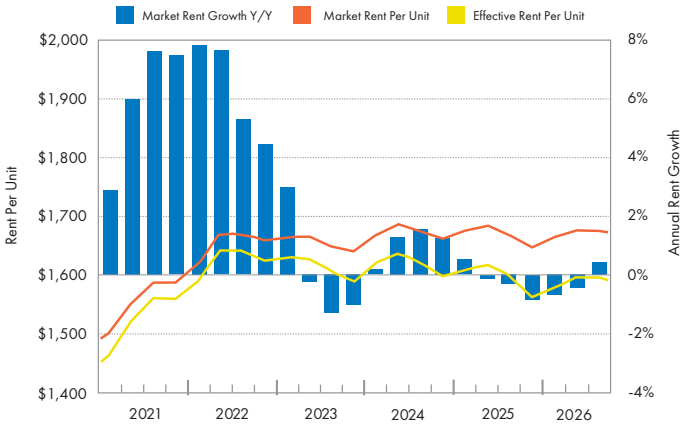
Elsewhere, vacancy should continue its gradual decline, and rent growth could gain real traction by 2027. Asking rents rose 0.4% year over year in the third quarter of 2026, a clear improvement from the five-year low of -1.3% in the third quarter of 2023. Over the next two to three quarters, the strongest gains are likely in supply-constrained exurban areas. Vancouver should also stand out: despite adding new units quickly, it continues to draw an outsized share of renter demand.

Looking ahead, the base-case forecast calls for vacancy to keep declining slowly but steadily over the next couple of years, with demand expected to outpace new deliveries through mid-2027 and rent growth strengthening over the next few quarters. That said, risks lean to the downside. The outlook for Portland's job

VACANCY RATE BY BEDROOMS



MARKET RENT PER UNIT & RENT GROWTH



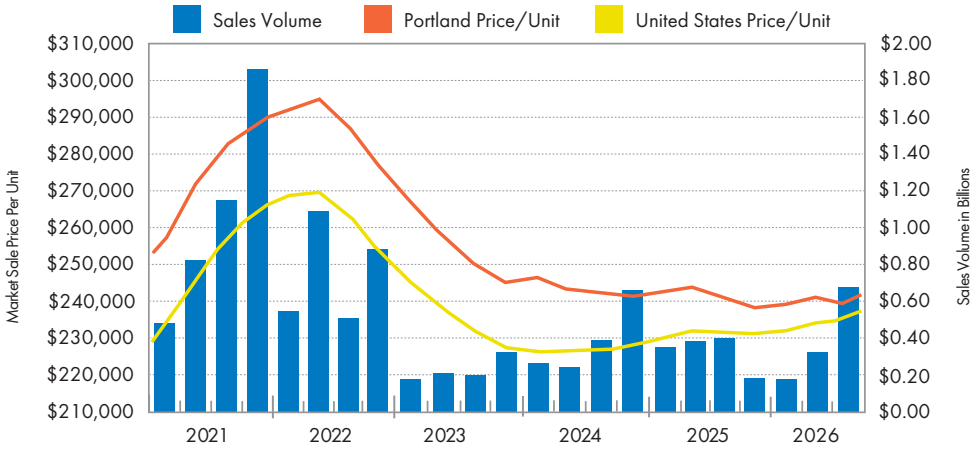
growth, population trends, and broader economy remains uncertain. A recession would likely slow household formation, pushing vacancies up and rents down.

Portland's multi-family investment recovery stalled in the second half of 2025 as deal flow dropped off sharply. Total sales volume for the year came in just over $1.3 billion, down from $1.5 billion in 2024. Trailing 12-month volume reflects the same loss of momentum, most recently at $1.3 billion, well below the three-year high of $1.8 billion.

Values continue to trail stagnant deal volume across the region, consistent with prior cycles. Pricing for non-distressed sales supports this trend: after peaking in 2021, the index fell 4% in 2022 and 11% in 2023, then slipped less than 2% in 2024 and held nearly flat in 2025. This suggests the steepest declines may be behind the market.

Gradually easing credit conditions could set the stage for more investment activity in the coming quarters. Still, Portland's ability to attract capital for apartment deals in the last quarter of 2026 will depend largely on continued improvement in supply and demand. With the economy on weak footing and the growth outlook uncertain, investors will be scrutinizing going-in yields closely.

SALES VOLUME & MARKET SALE PRICE/UNIT



OVERALL SALES YEAR OVER YEAR

YEAR	# OF DEALS	SALES VOLUME	TURNOVER	AVERAGE PRICE	AVERAGE PRICE PER UNIT	AVERAGE CAP RATE
YTD	154	$1.2B	2.6%	$9,863,861	$211,974	6.3%
2025	224	$1.3B	3.5%	$8,317,840	$202,629	6.0%
2024	157	$1.6B	3.4%	$12,214,143	$202,612	5.9%
2023	113	$900.2M	1.9%	$9,186,008	$222,498	5.6%
2022	295	$3B	5.5%	$13,233,282	$276,709	5.0%
2021	394	$4.3B	8.2%	$13,734,087	$259,243	5.1%

UNDER CONSTRUCTION WITH 4Q COMPLETION

PROPERTY NAME/ADDRESS	# OF UNITS	START	COMPLETION
Axiom Apartments | Tigard, OR	348	09/2025	11/2026
The Ledges at Columbia Palisades | Camas, WA	90	10/2022	11/2026
Prescott Park | Portland, OR	31	08/2025	11/2026

SIGNIFICANT THIRD QUARTER 2026 SALES

PROPERTY / ADDRESS	# OF UNITS	YEAR BUILT	SALE DATE	SALE PRICE	PRICE PER UNIT
Savanna at Reed's Crossing 3405 SE Reed Drive | Fairview, OR	301	2024	08/05/2026	$160,000,000	$531,561
West End District Apartments 14700 SW Rocket Street | Beaverton, OR	424	2021	08/31/2026	$85,250,000	$201,061
Willow Apartments 5600 Meadows Road | Lake Oswego, OR	158	2024	07/10/2026	$66,000,000	$417,722
Cyan/PDX 1720 SW 4th Ave | Portland, OR	352	2009	08/28/2026	$61,000,000	$173,295
Tupelo Alley 3850 N Mississippi Ave | Portland, OR	188	2008	07/15/2026	$57,200,000	$304,255

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