



Barry & Associates
APARTMENT APPRAISAL SPECIALISTS

Multifamily NW

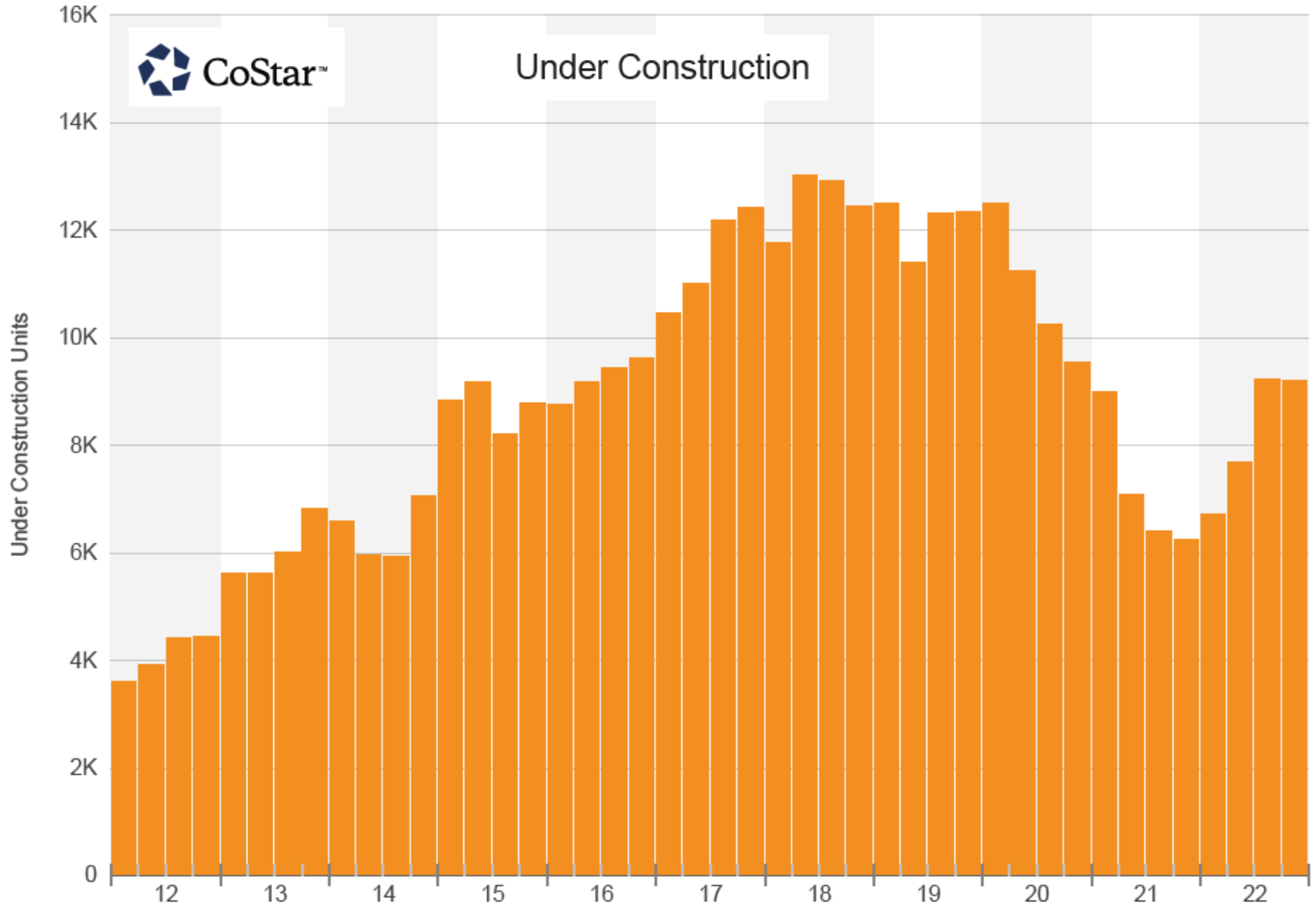
**Fall 2022 Apartment Breakfast
Report**

**Patrick O. Barry
Barry & Associates
Apartment Appraisal Specialists**

Topics Covered

1. Apartment Construction
2. Vacancies
3. Rents, Income & Expenses
4. Apartment Sales & Values
5. Apartment Fundamental Forecasts





Under Construction



Vacancies – The Apartment Report – Fall 2022

Lowest Vacancies – Sub 3.0%

- Milwaukie – 1.9%
- Beaverton – 2.1%
- Outer NE Portland – 2.4%
- Aloha – 2.9%

Highest Vacancies – 4.5%+

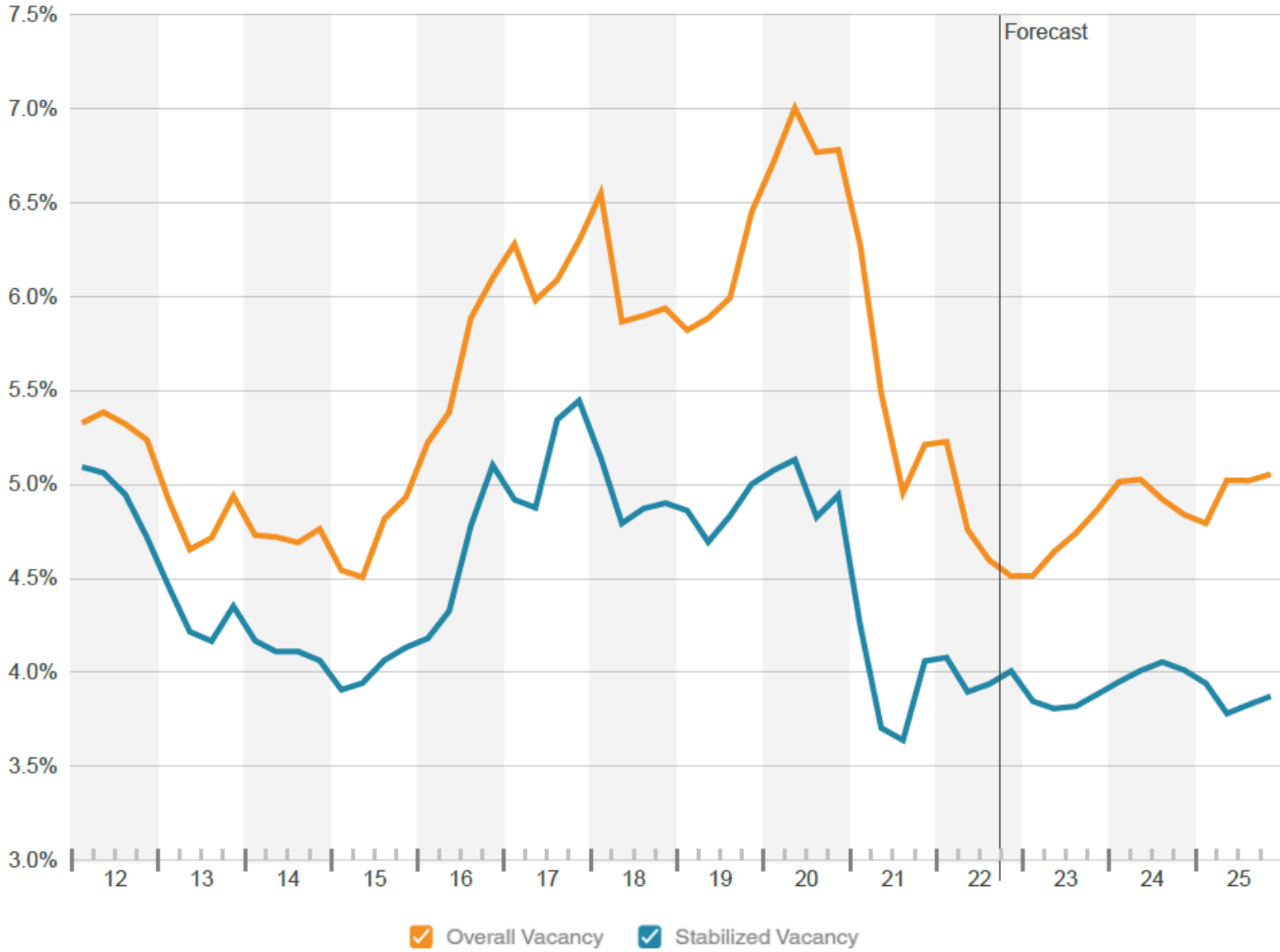
- Downtown Portland – 5.4%
- N Portland/St. Johns – 5.1%
- Clackamas – 5.1%
- Lake Oswego/West Linn – 4.6%

Average Vacancy Rates

- 14 Suburban Submarkets – 3.3%
- 6 Urban Submarkets – 4.3%
- Overall – 3.6%



Overall & Stabilized Vacancy



Rents – The Apartment Report – Fall 2022

Highest Rent Growth–6 Months

- Hillsboro
- East Vancouver
- West Vancouver
- NW Portland
- SW Portland

Lowest Rent Growth–6 Months

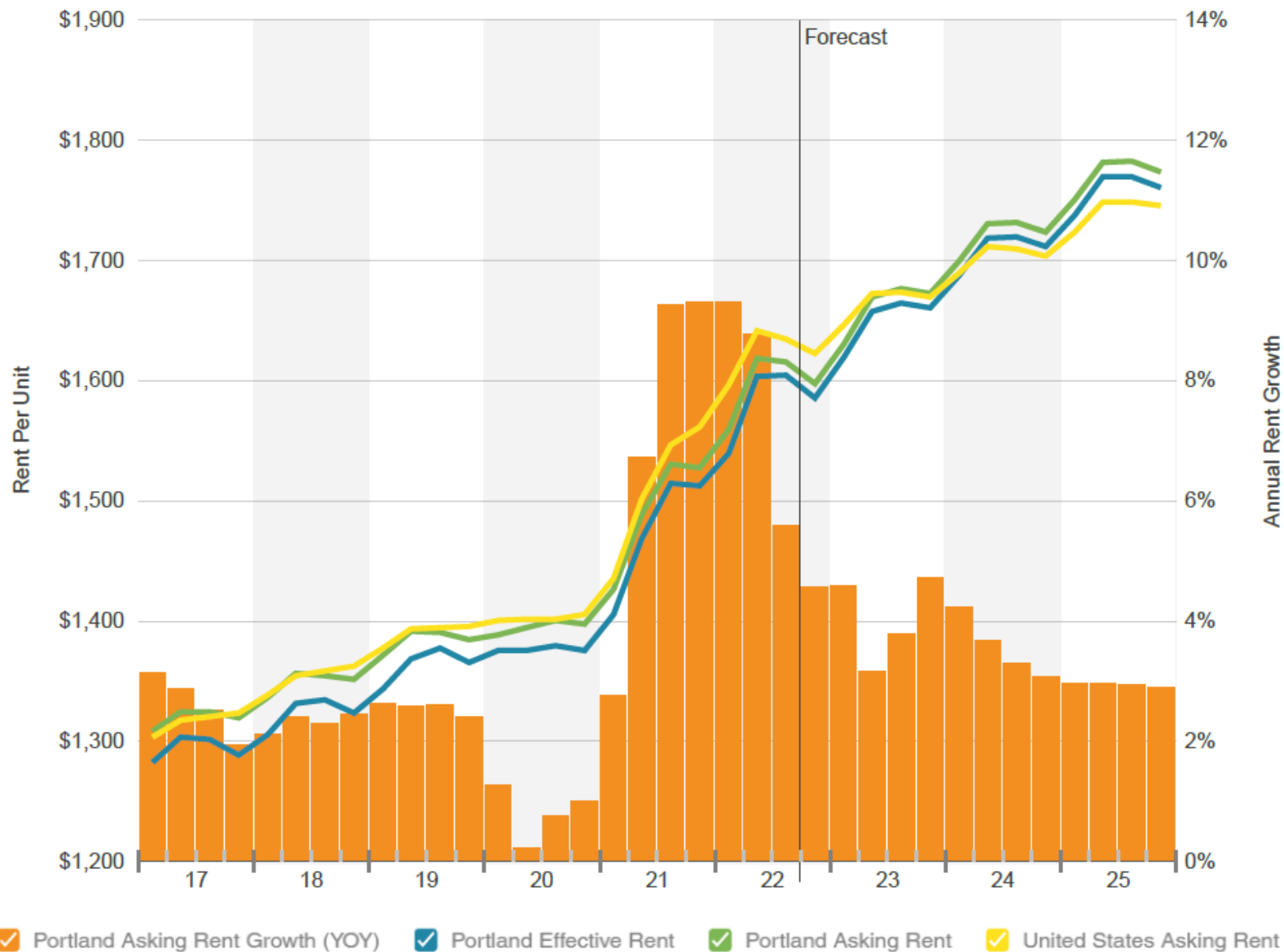
- Downtown Portland
- Inner/Central NE
- Outer SE Portland
- Lake Oswego
- Oregon City/Gladstone
- Beaverton

Average Rental Rates

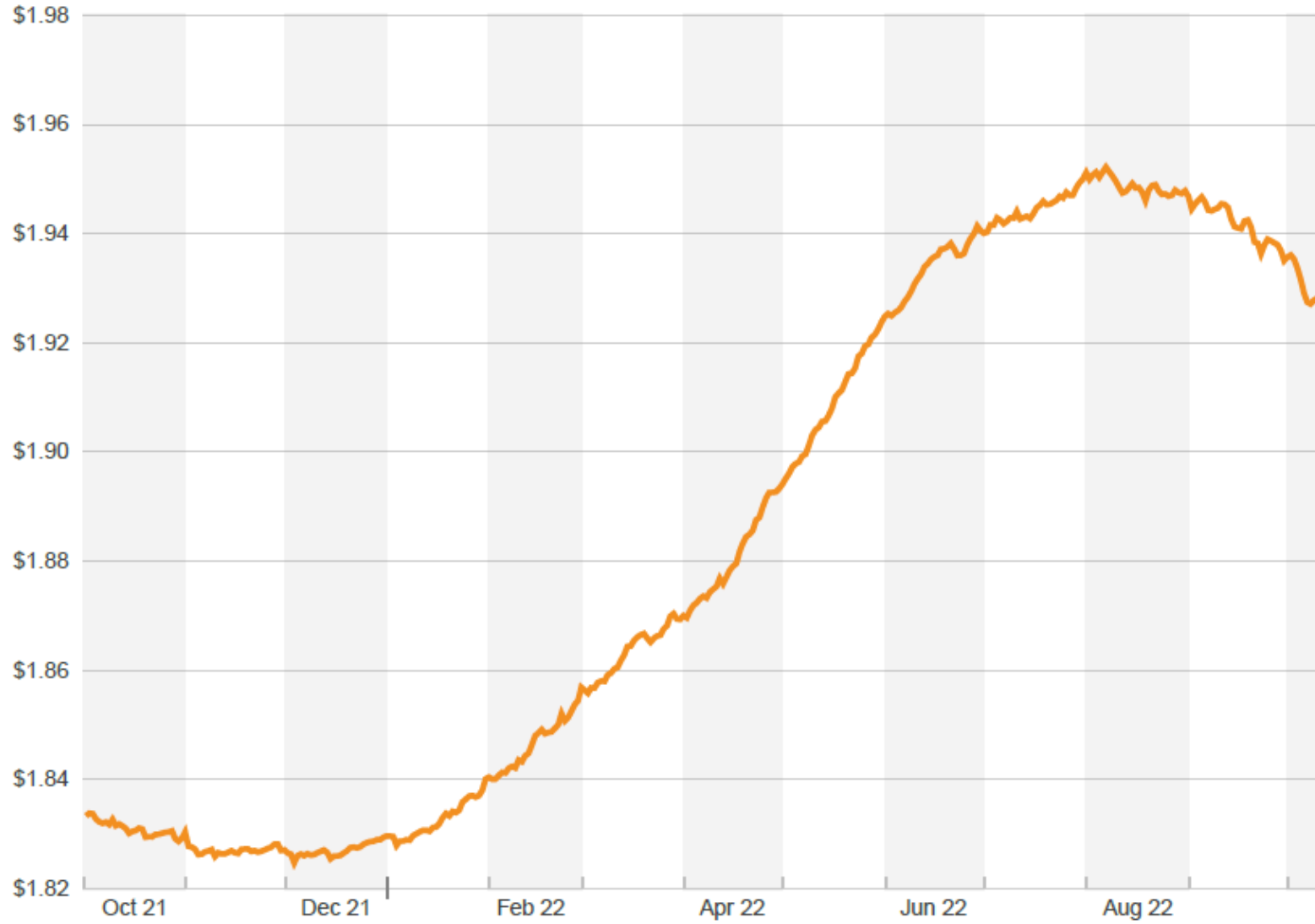
- 6.5% Increase over past year
- \$1.86/Sq. Ft. to \$1.98/Sq. Ft.



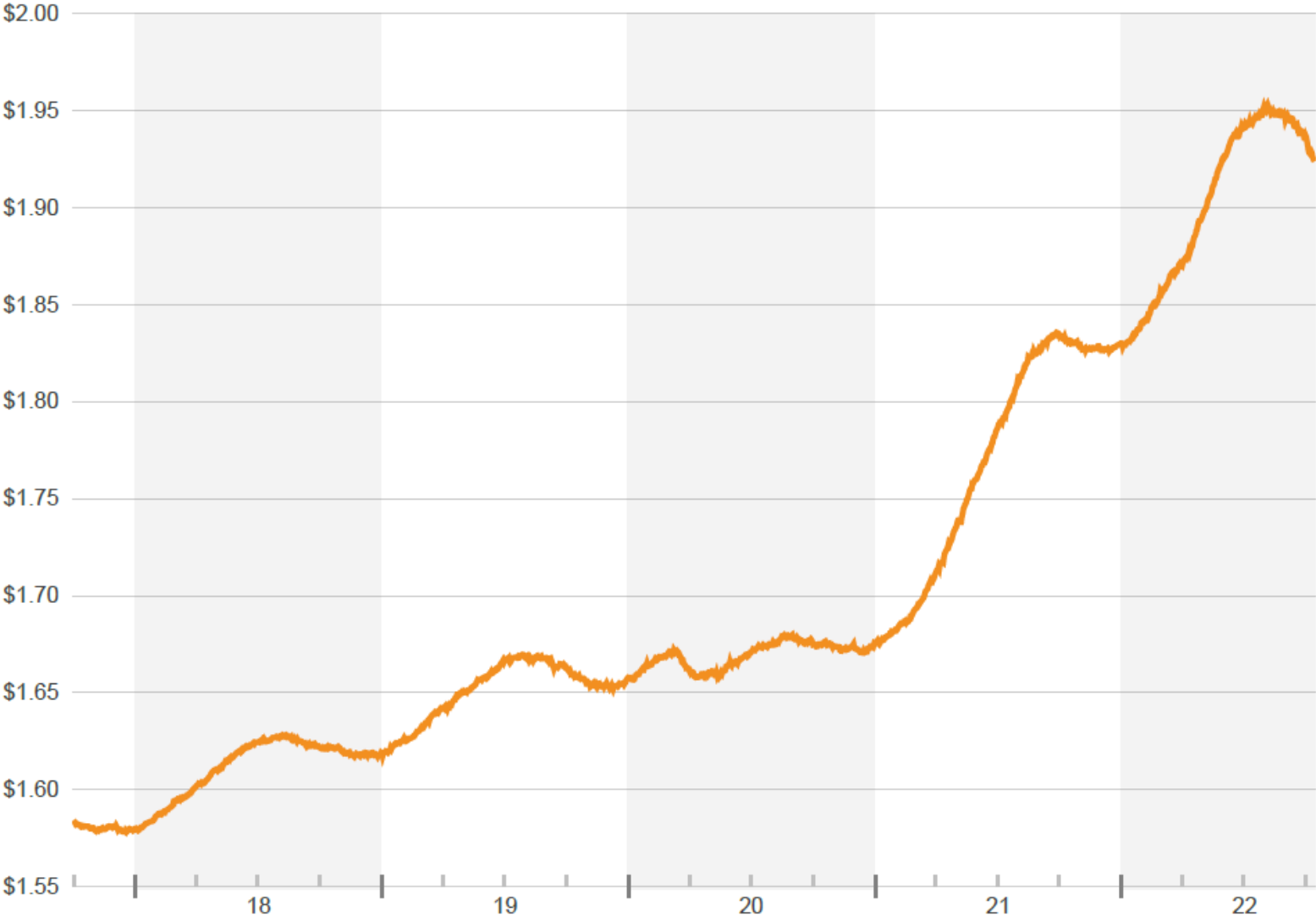
Market Rent Per Unit & Rent Growth



Daily Asking Rent Per SF



Daily Asking Rent Per SF



\$1,325 / 400ft² - Balcony - Brand New - Luxury Rentals - Up to 6 Weeks Rent Free (Division District)



0BR / 1Ba

400ft²

available oct 13

application fee details: **\$45 application**

cats are OK - purrr

dogs are OK - woof

apartment

w/d in unit

no smoking

WALKABLE. LIVEABLE. ENVIABLE.



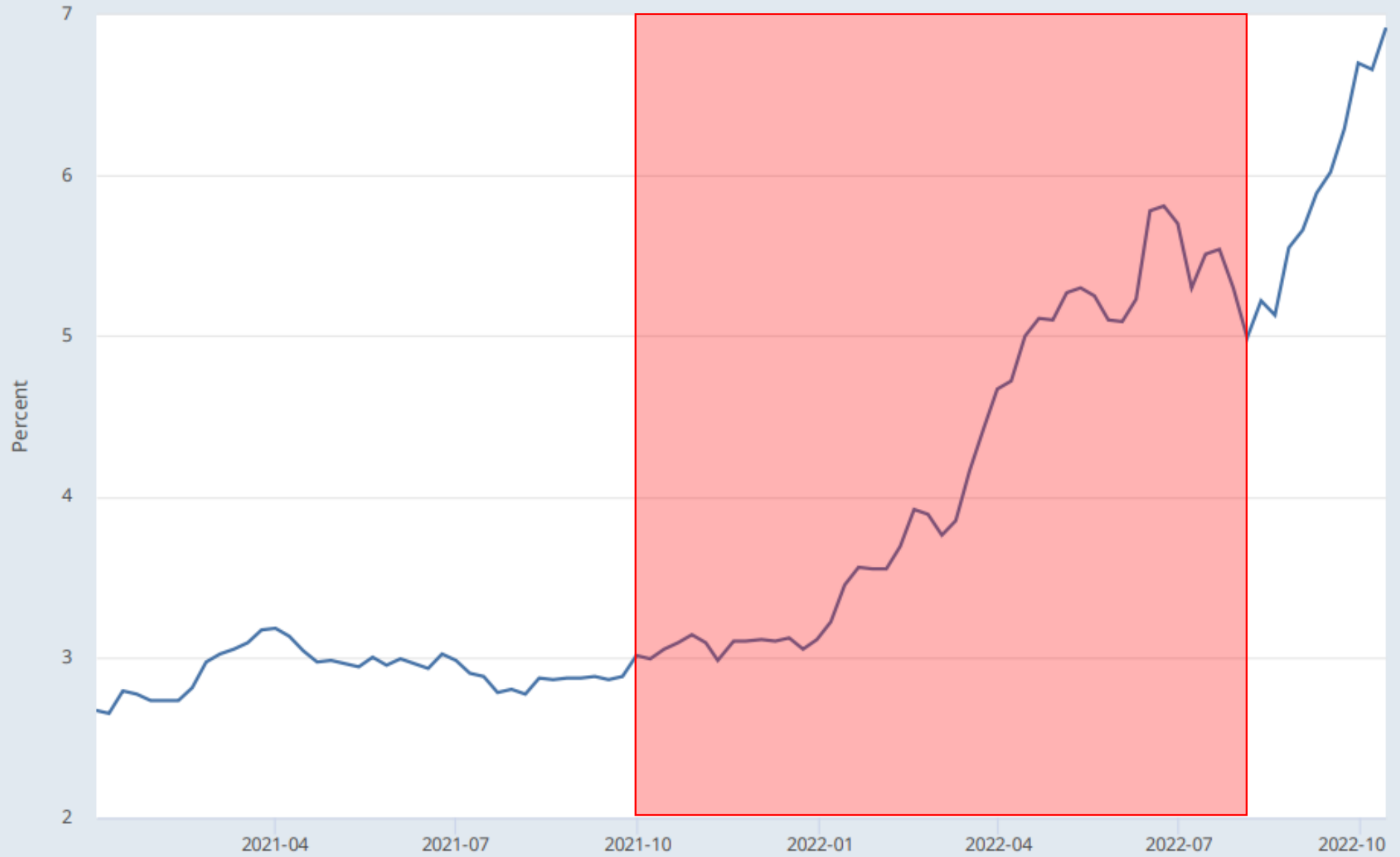
Expenses

Property Taxes

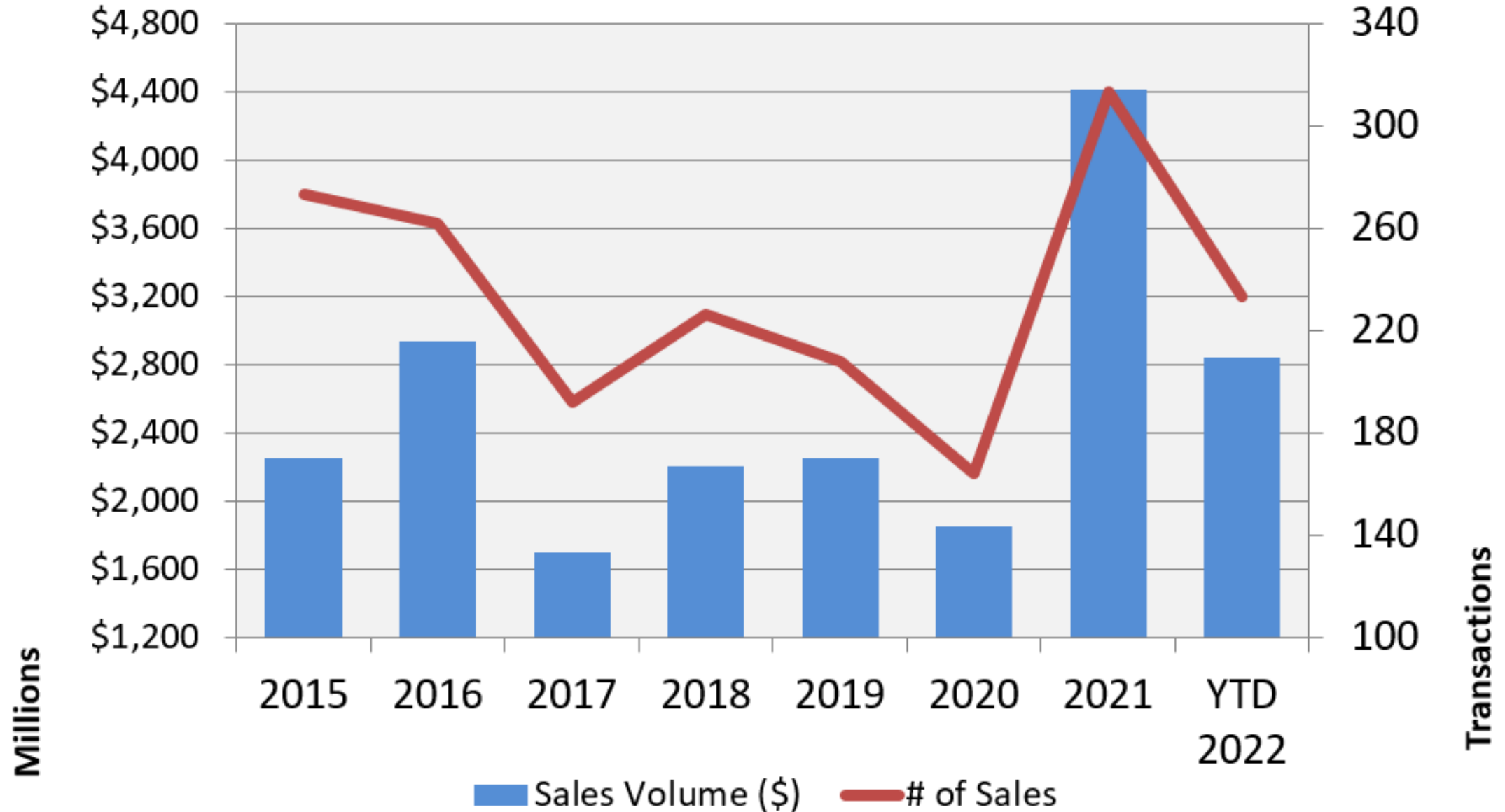
- **Multnomah County – 1.7% - <https://multcoproptax.com/>**
- **Washington County – 2.0 - 4.0%**
- **Clackamas County – 3.0 - 7.0% based on specific location**



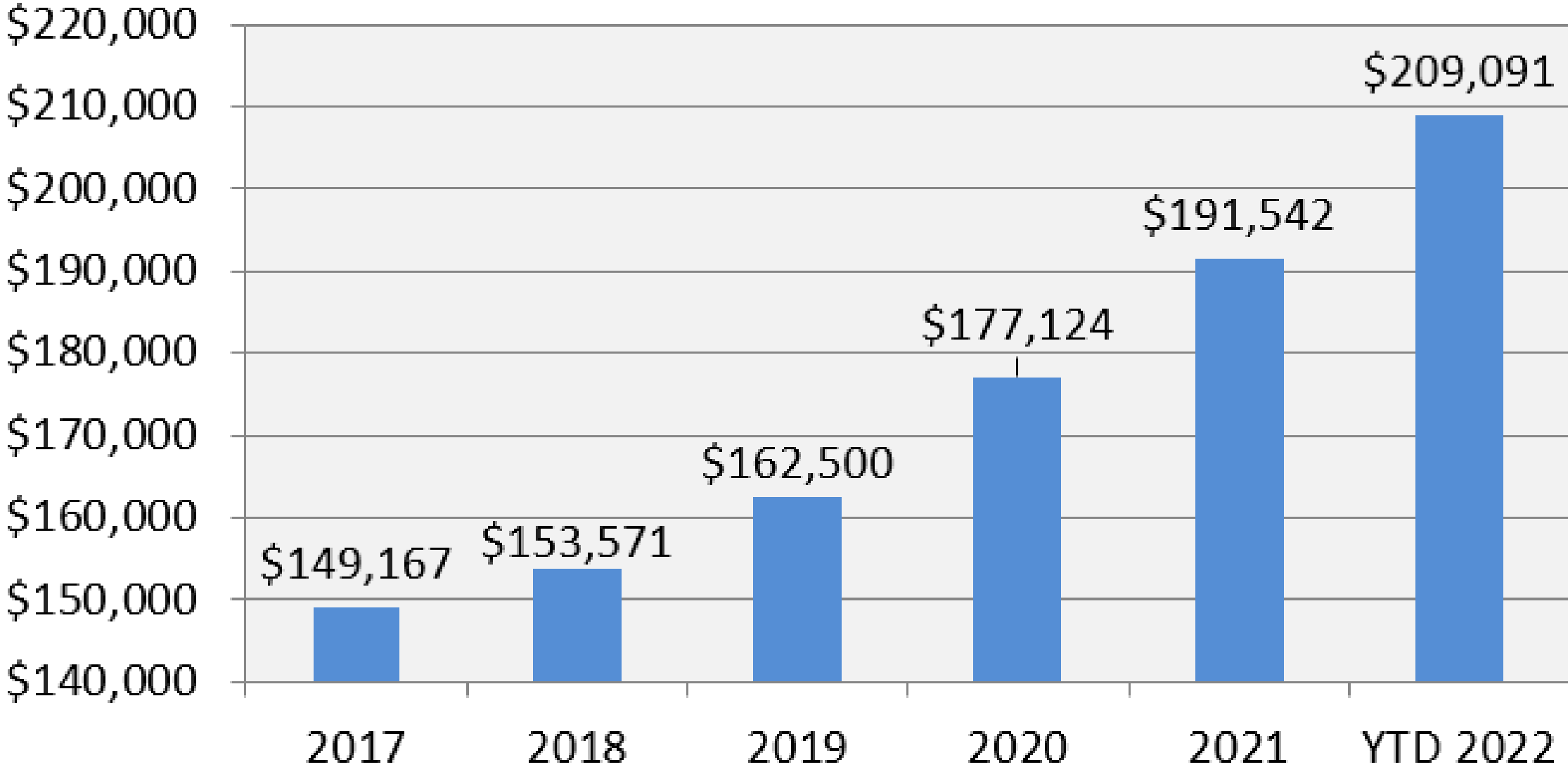




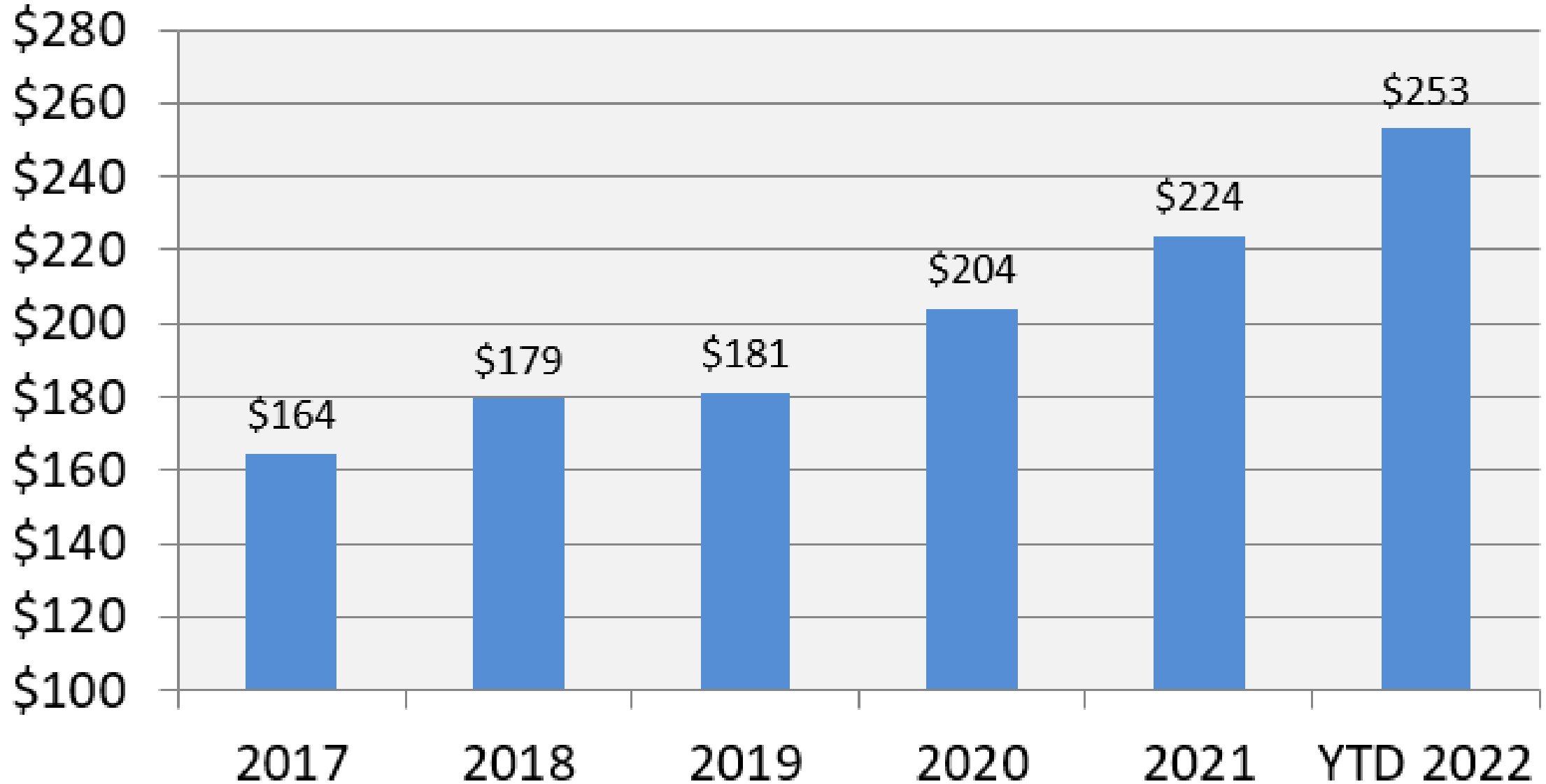
Apartment Sales Volume & Transactions Portland Metro Area (2015 - 2022 Annualized)



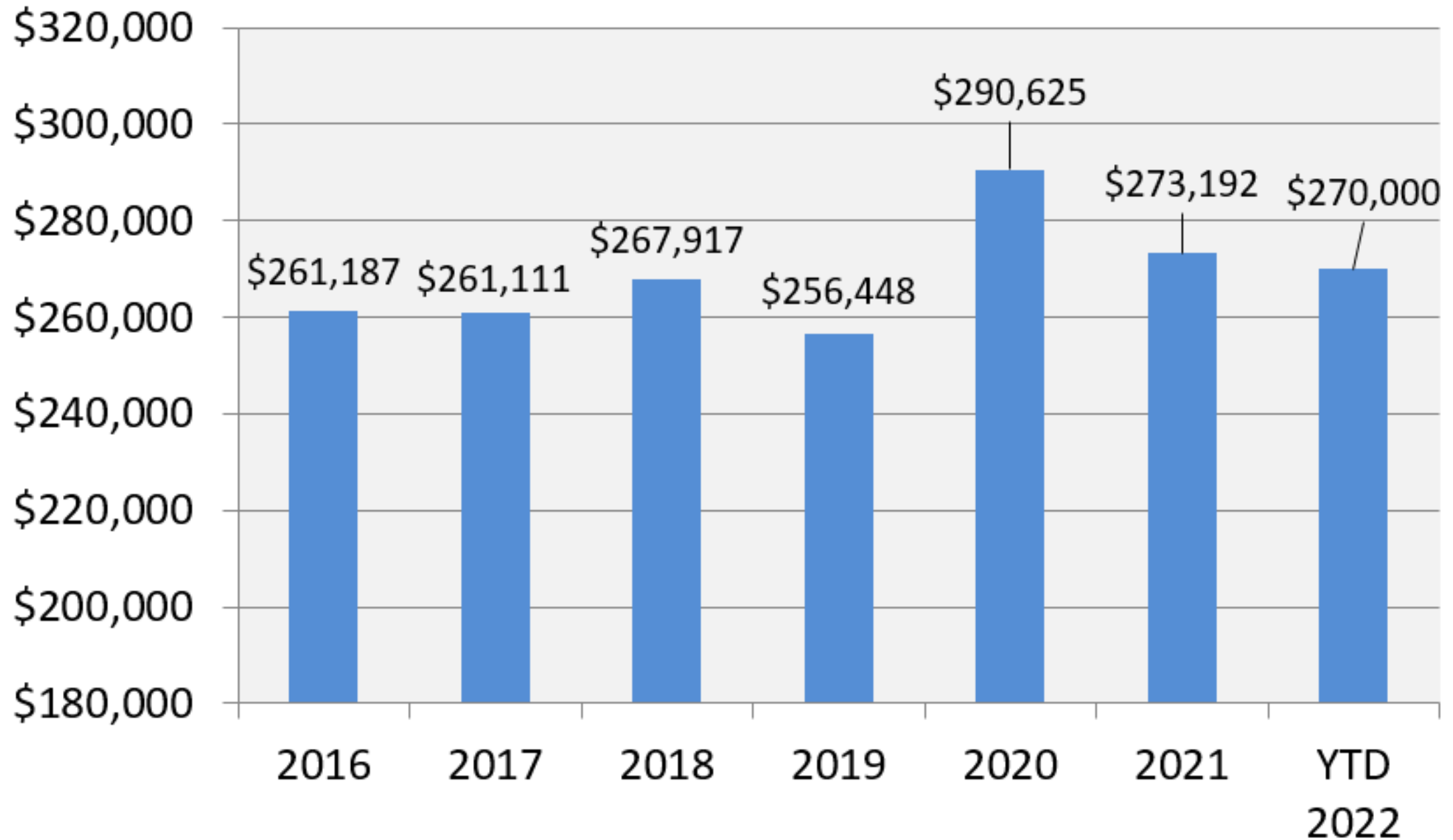
Portland Metro Area Median Price per Unit (2017 - YTD 2022 through September)



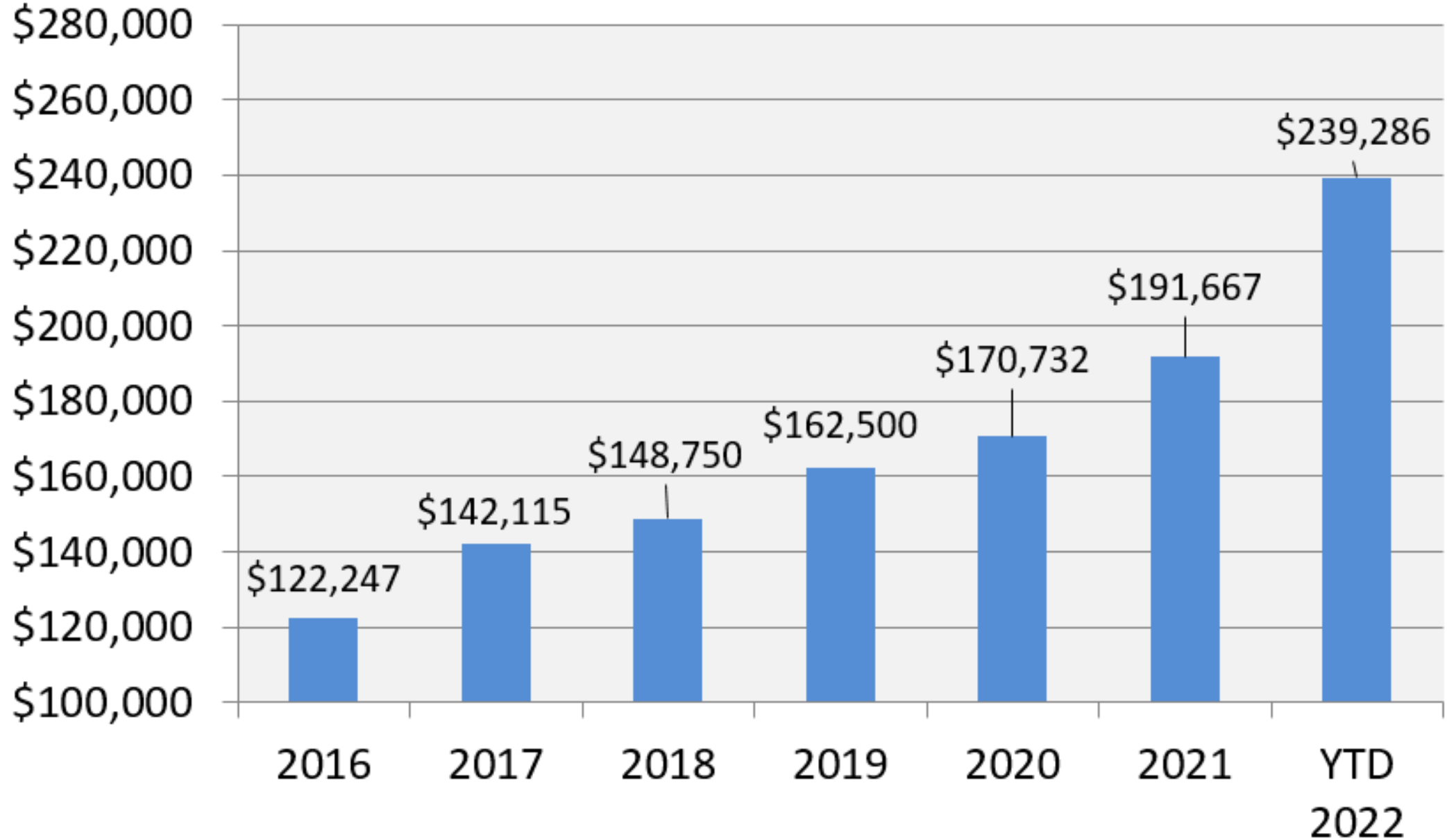
Portland Metro Area Median Price Sq. Ft. (2017 - YTD 2022 through September)



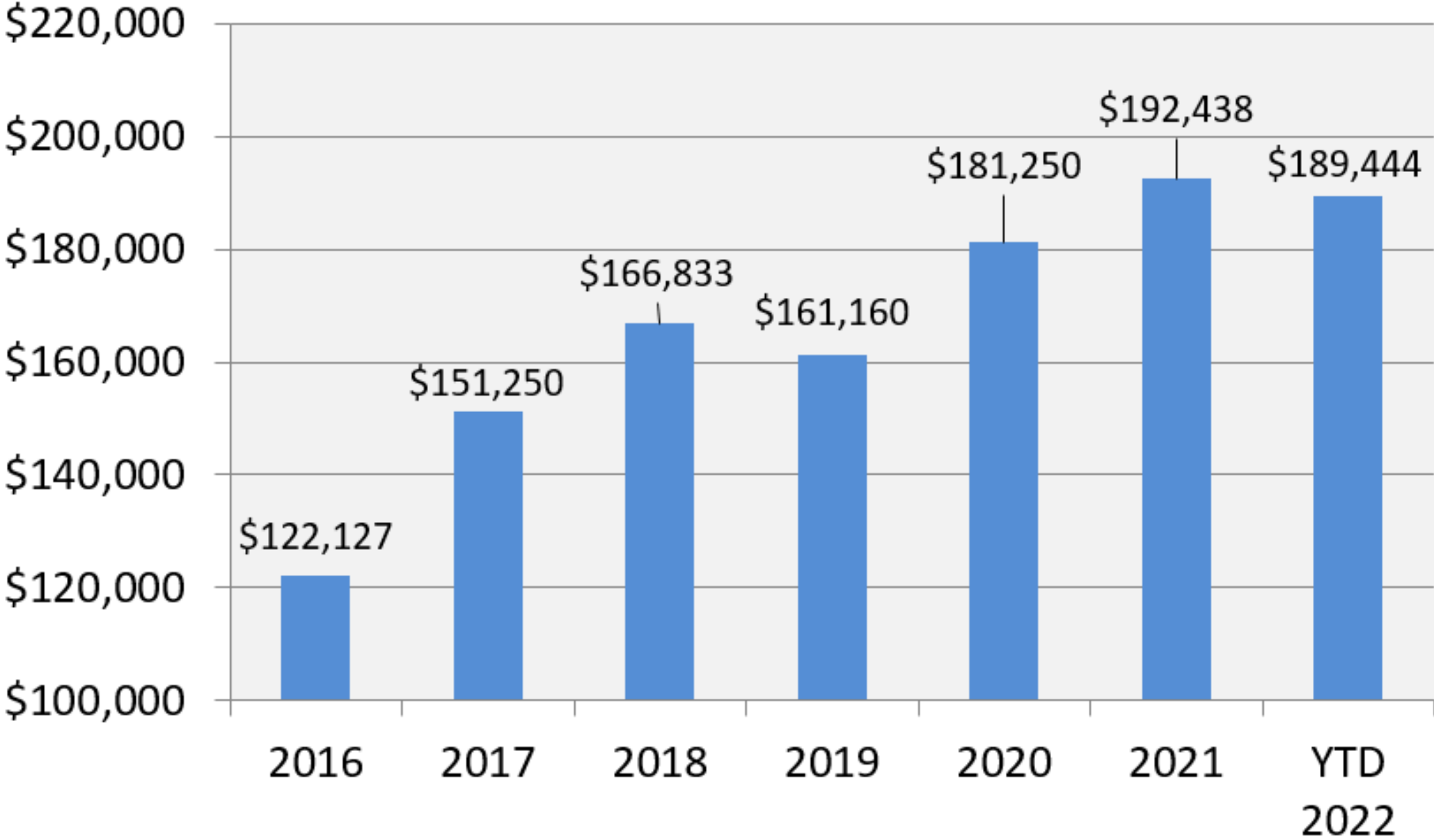
Median Price Per Unit - Built Since 2010



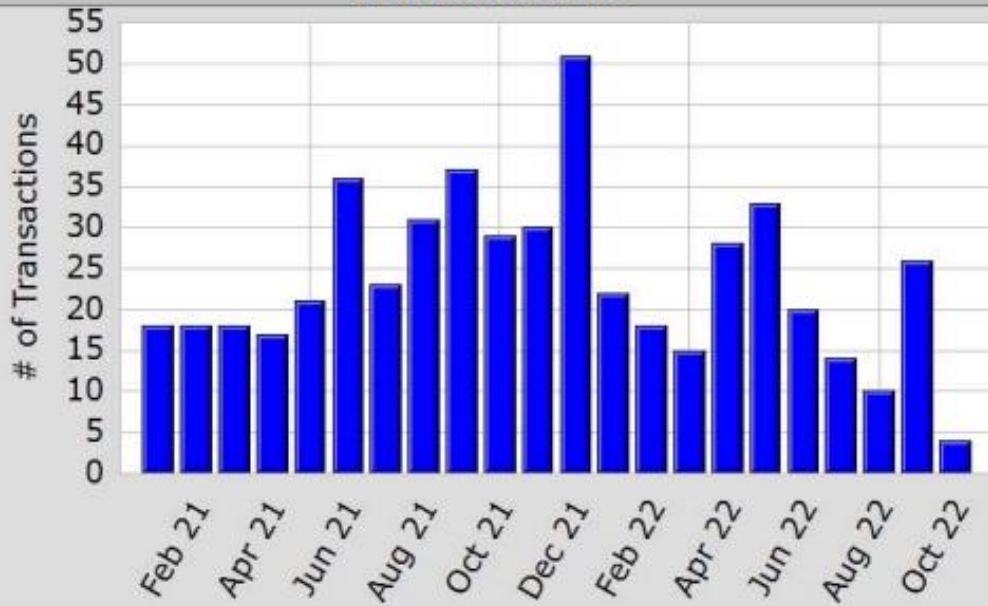
Median Price Per Unit - Suburban Counties



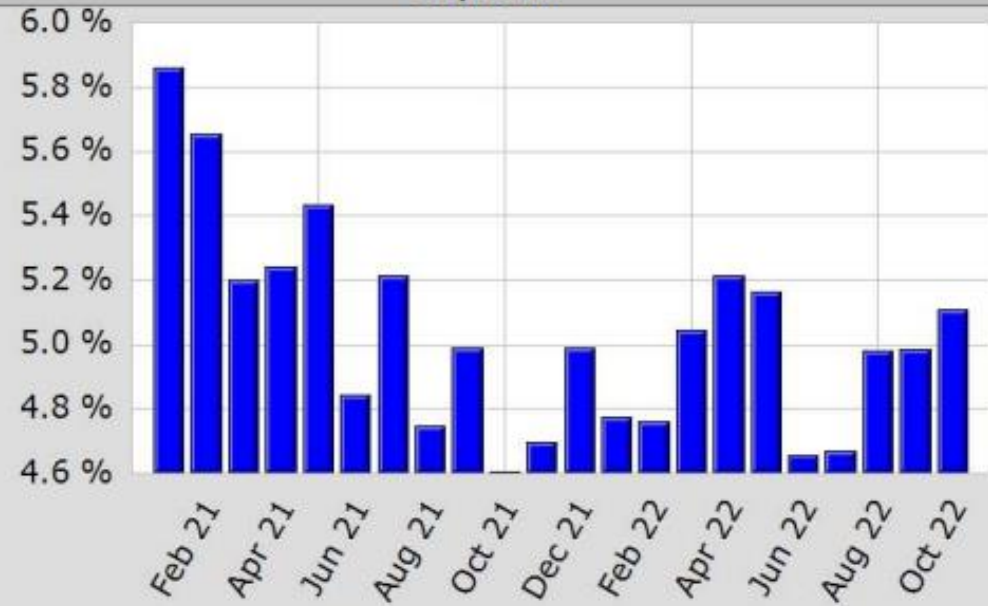
Median Price Per Unit - City of Portland



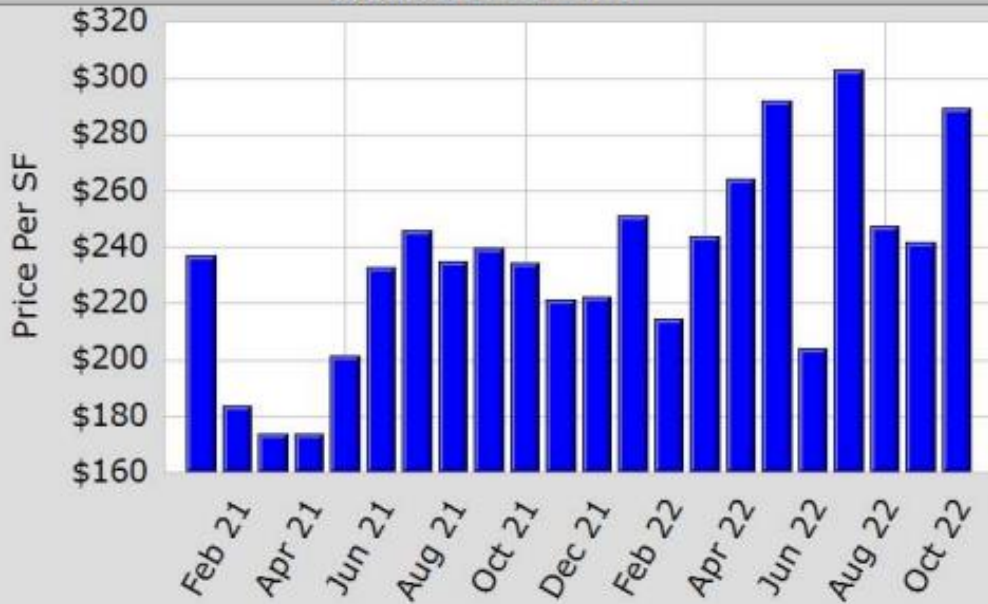
of Transactions



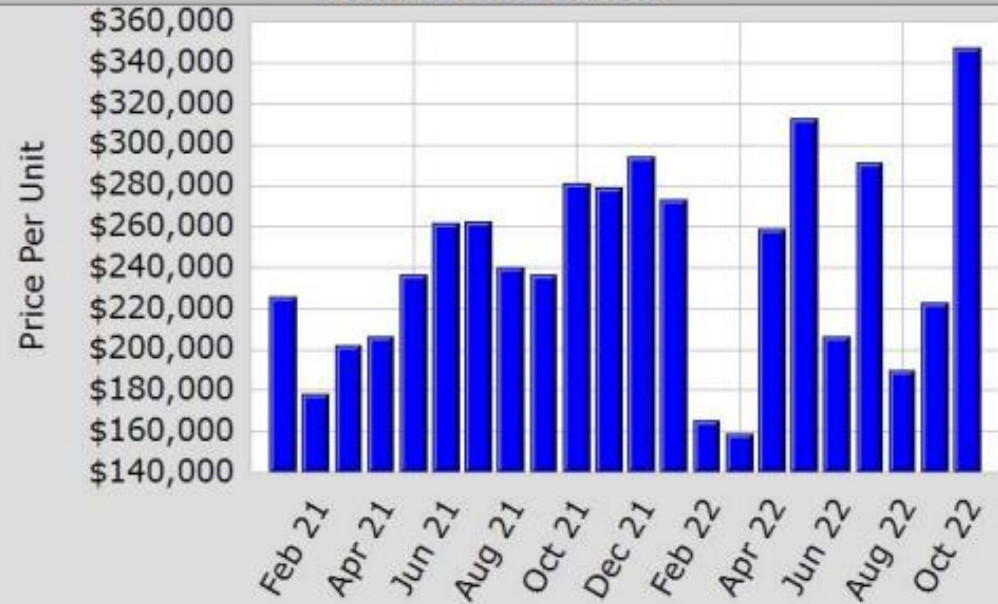
Cap Rate



Median Price Per SF



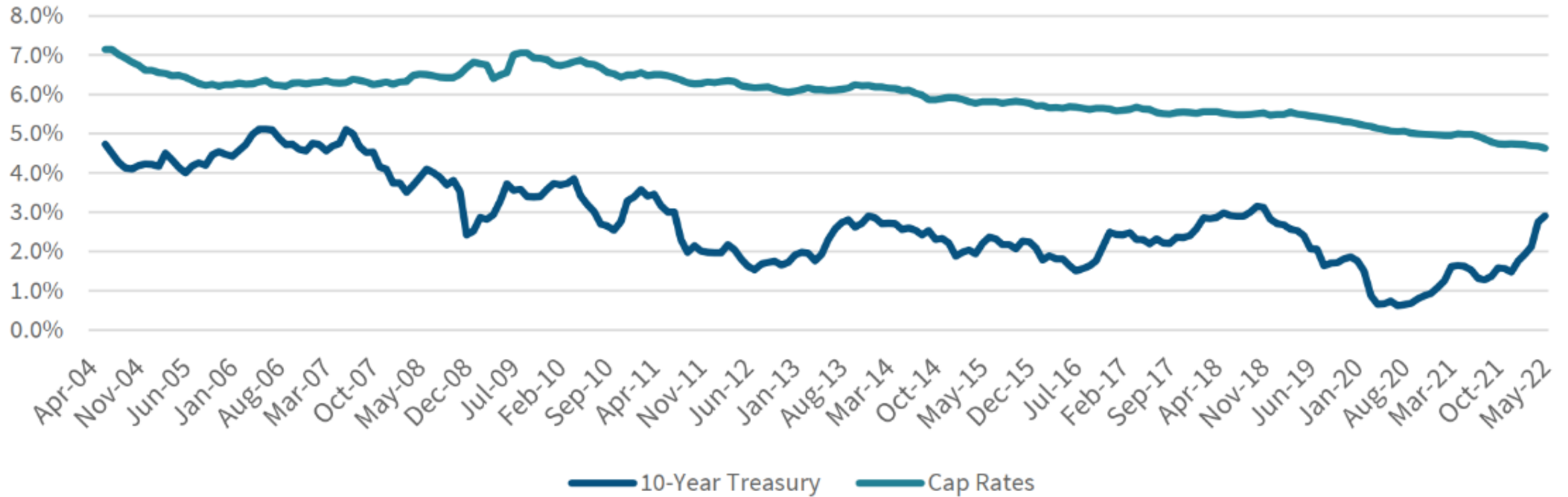
Average Price Per Unit





Capitalization Rates

10-Year Treasury and Multifamily Capitalization Rates



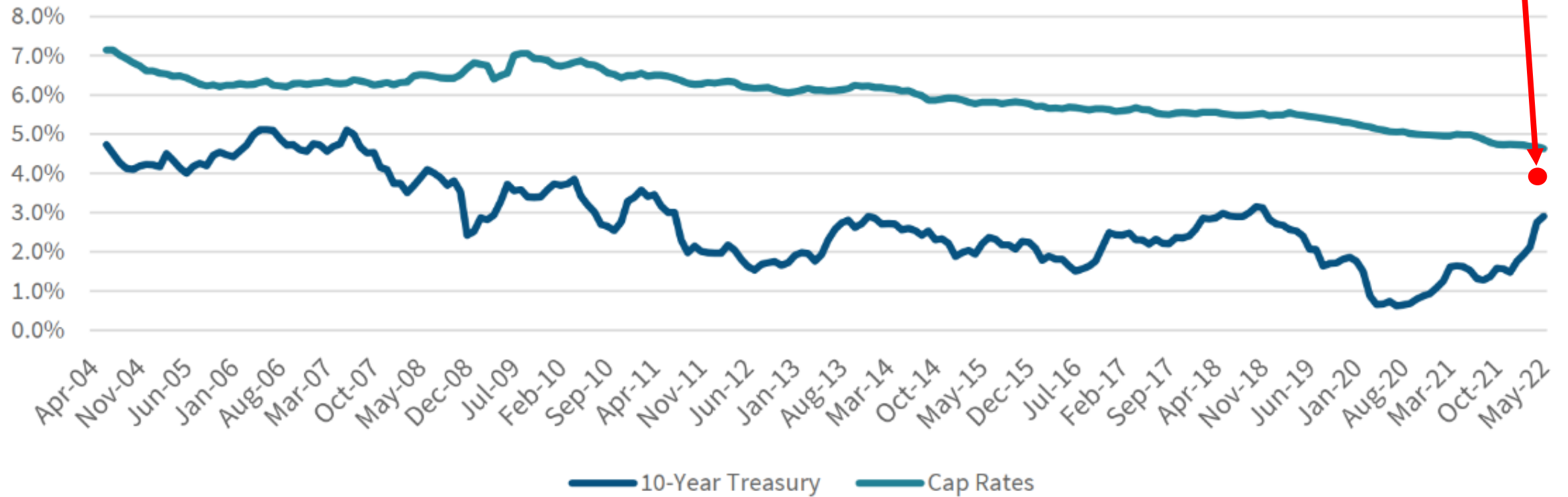
Source: Real Capital Analytics, and Federal Reserve, Selected Interest Rates H.15, per Moody's Analytics



Capitalization Rates

10 Year Treasury
3.97% as of 10/13/2022

10-Year Treasury and Multifamily Capitalization Rates



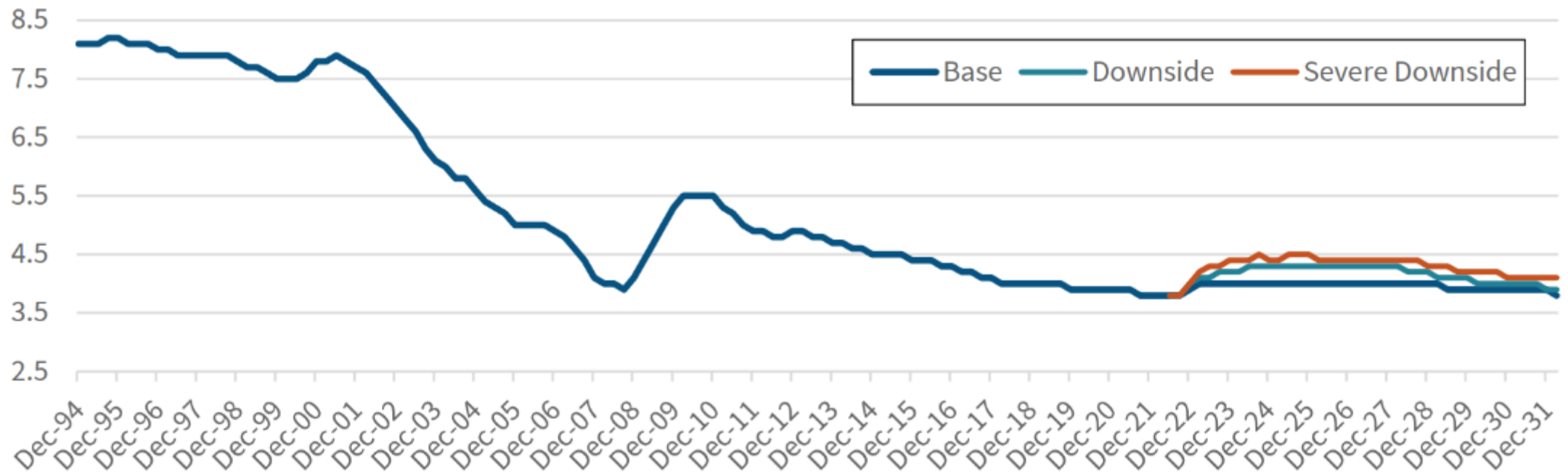
Source: Real Capital Analytics, and Federal Reserve, Selected Interest Rates H.15, per Moody's Analytics



Capitalization Rate Forecast – CBRE

- +10-70 BPS through 2025
- +10 BPS by end of 2022

National Multifamily Cap Rate Forecast



Source: CBRE-EA



Forecasts – Fundamentals Remain Strong

- **Apartment Construction** – Remain stable with preference for suburbs
- **Vacancy** – Remain below 4.0% at stabilized properties with stronger suburban demand
- **Rents** – Return to more typical levels of 3-5% increases
- **Income** – Up 4 to 6% after a few more trying years
- **Expenses** – Moderate increases though property taxes are a relief
- **Sales** – Fewer transactions until rates/values stabilize. 3% rates are too close in the rear view mirror for some
- **Cap Rates** – Slight increases if 10 year treasury remains elevated
- **Values** – Stable or modest growth.

