

ECONOMIC AND DEMOGRAPHIC TRENDS PORTLAND METRO AREA

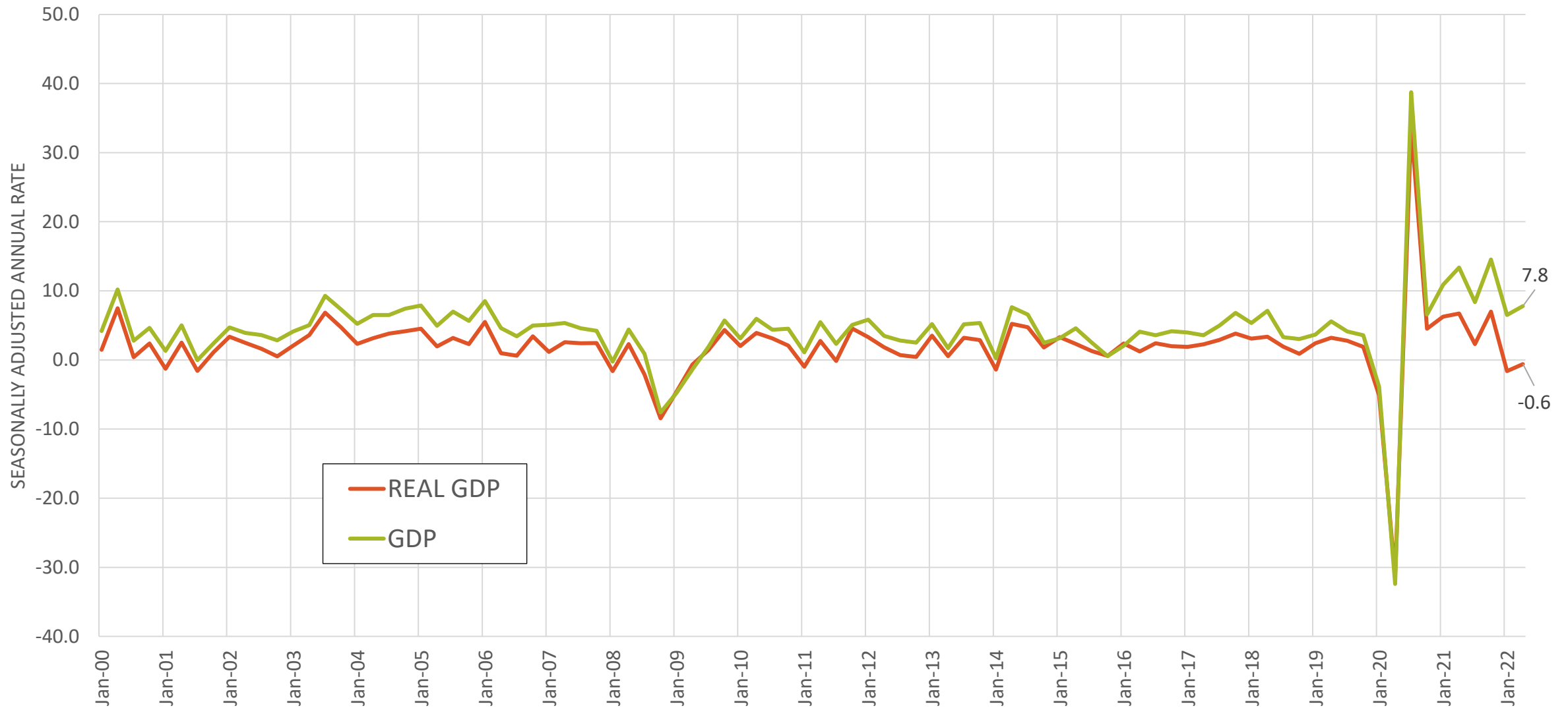
Fall 2022 Apartment Report Breakfast
MULTIFAMILY NW

October 2022



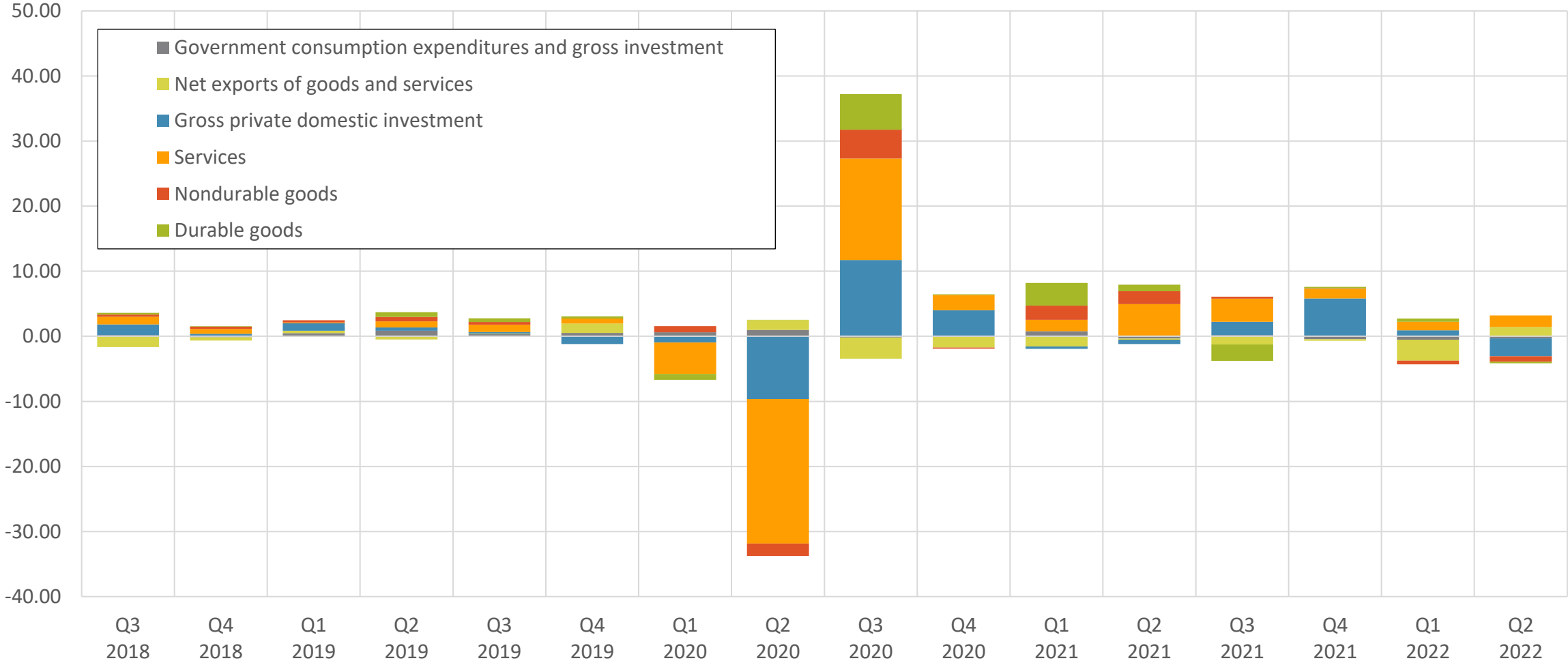
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NOMINAL AND REAL GDP COMPOUND ANNUAL RATE OF CHANGE



ANNUAL RATE OF CHANGE BY GDP COMPONENT

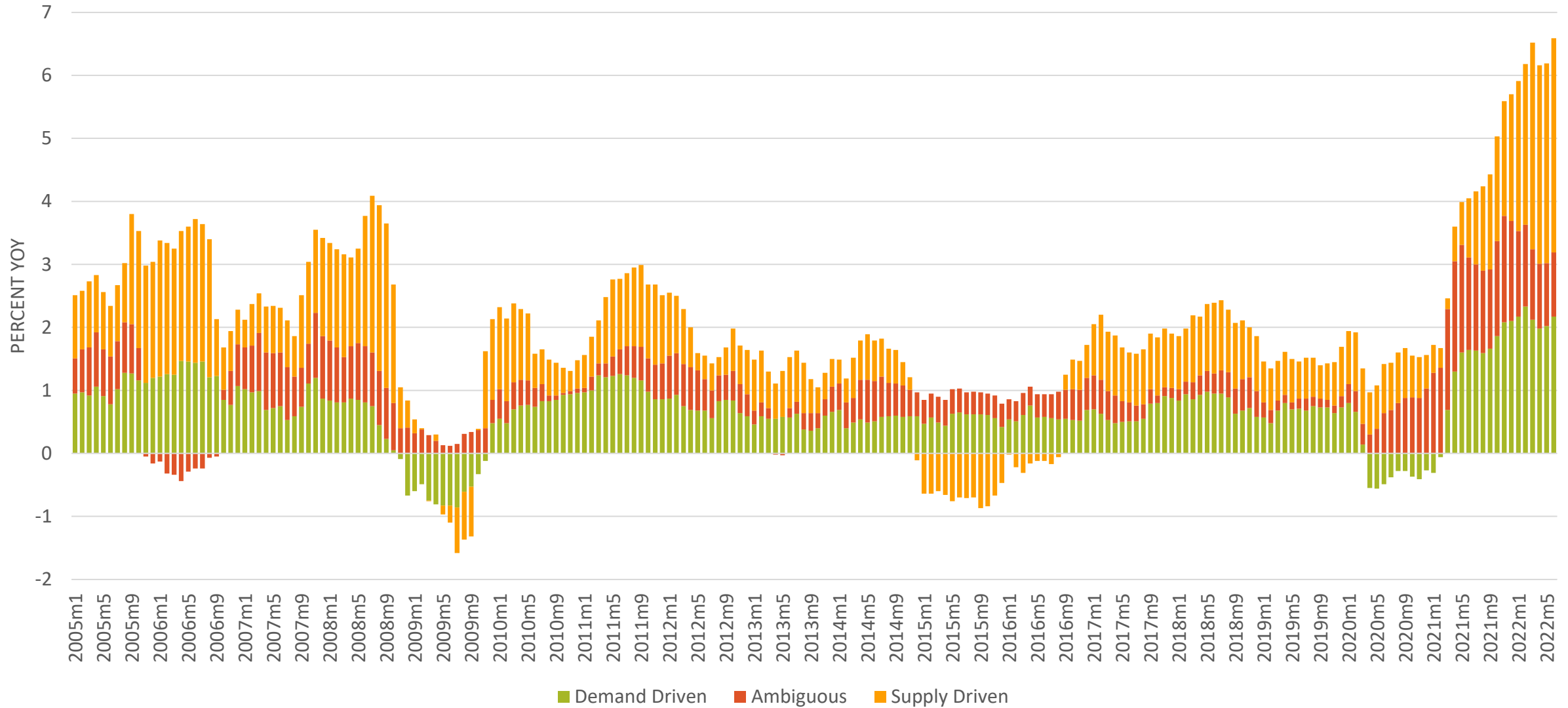
REAL GDP CHANGE BY COMPONENT



PERCENT CHANGE IN CPI-U FROM PRIOR YEAR



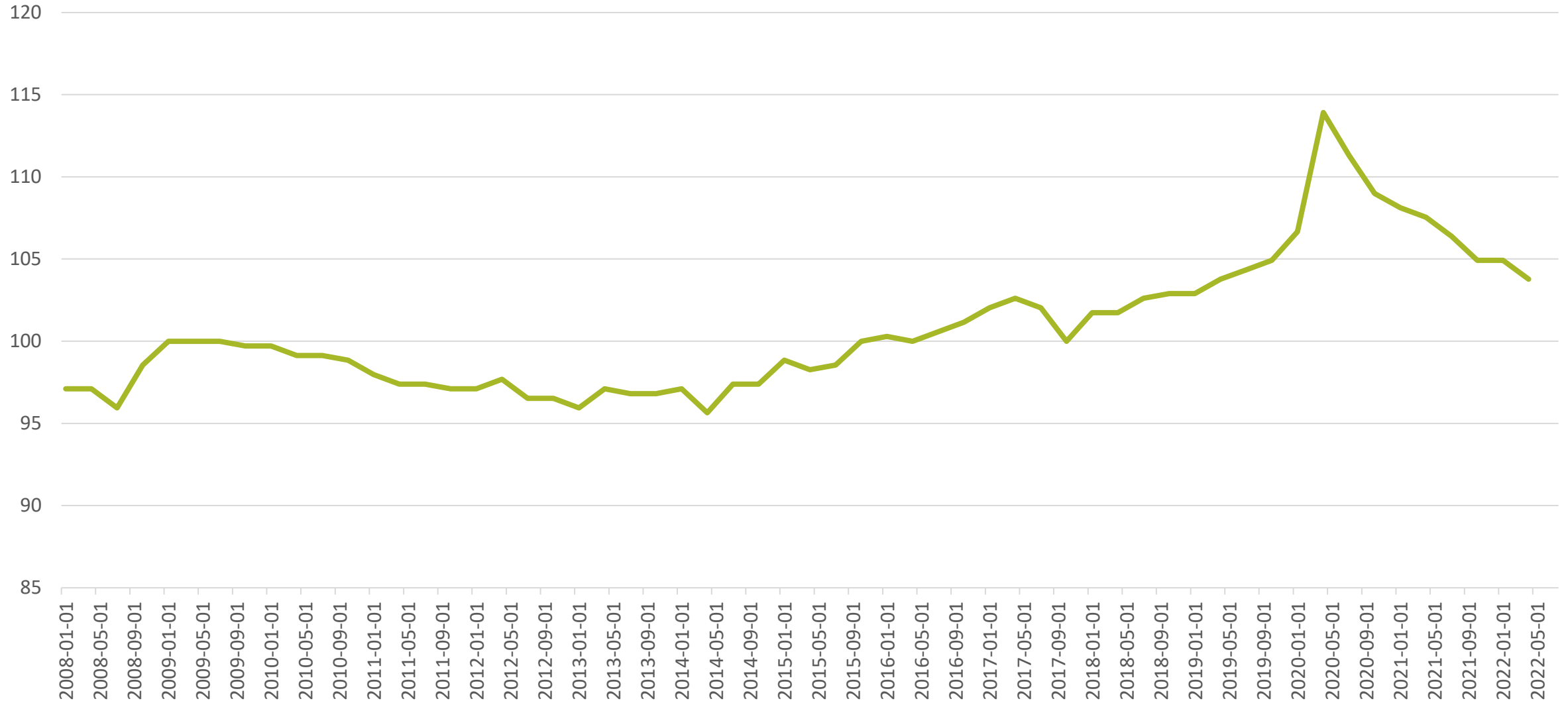
HEADLINE INFLATION BREAKDOWN BY DRIVERS



SOURCE: CES Data, Not Seasonally Adjusted

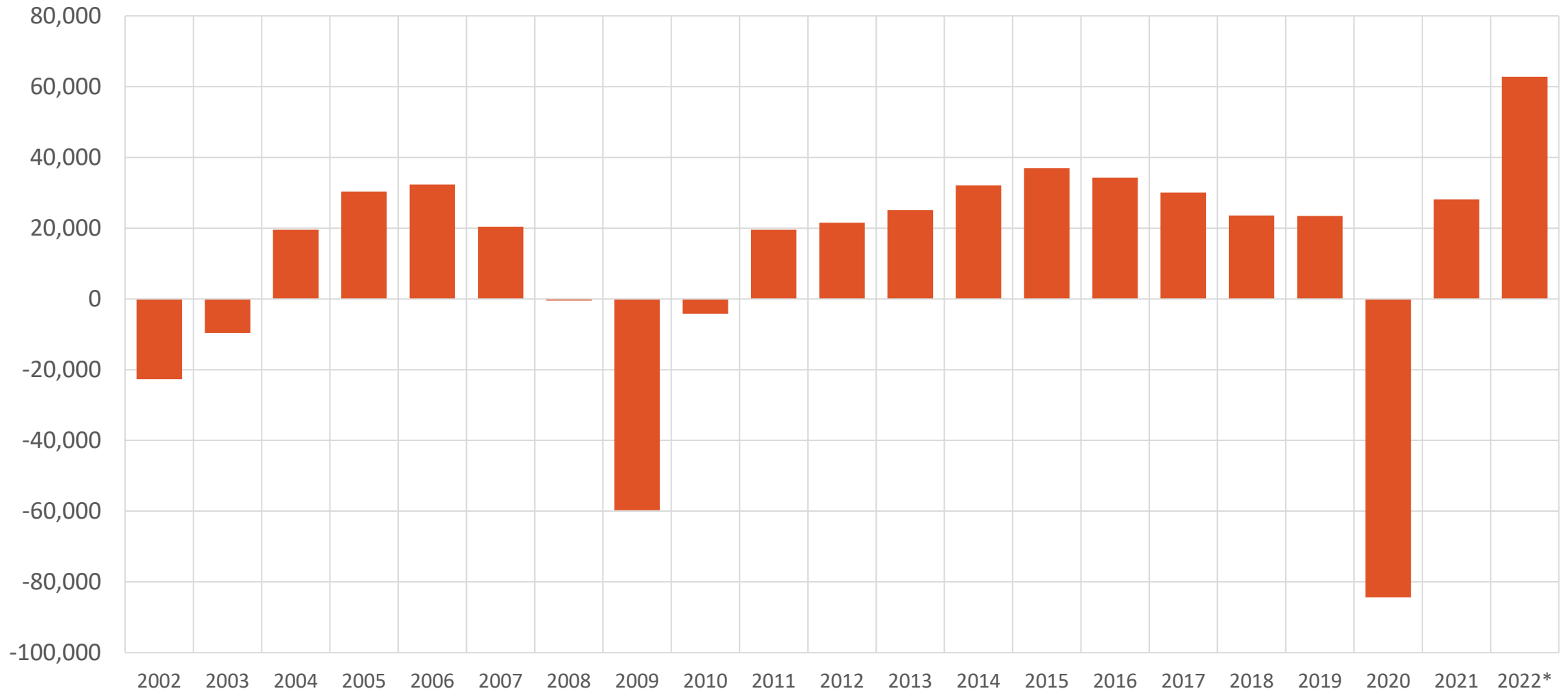
MEAN REAL WEEKLY EARNINGS

Q2 2009 = 100



AVERAGE EMPLOYMENT CHANGE BY YEAR

Portland Metro Area



SOURCE: CES Data, Not Seasonally Adjusted

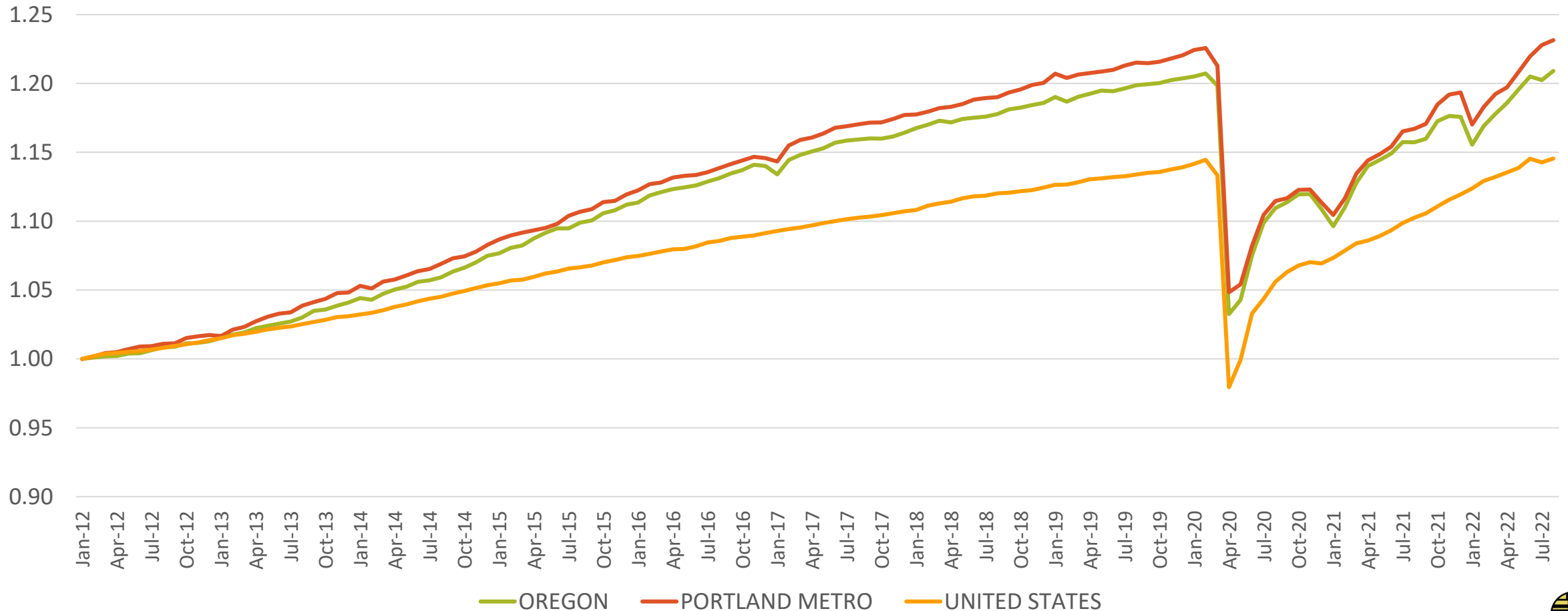


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COMPARISON OF EMPLOYMENT GROWTH

CES Employment Index (Jan 2012 = 0)

CES EMPLOYMENT INDEX (Jan-12 = 0)



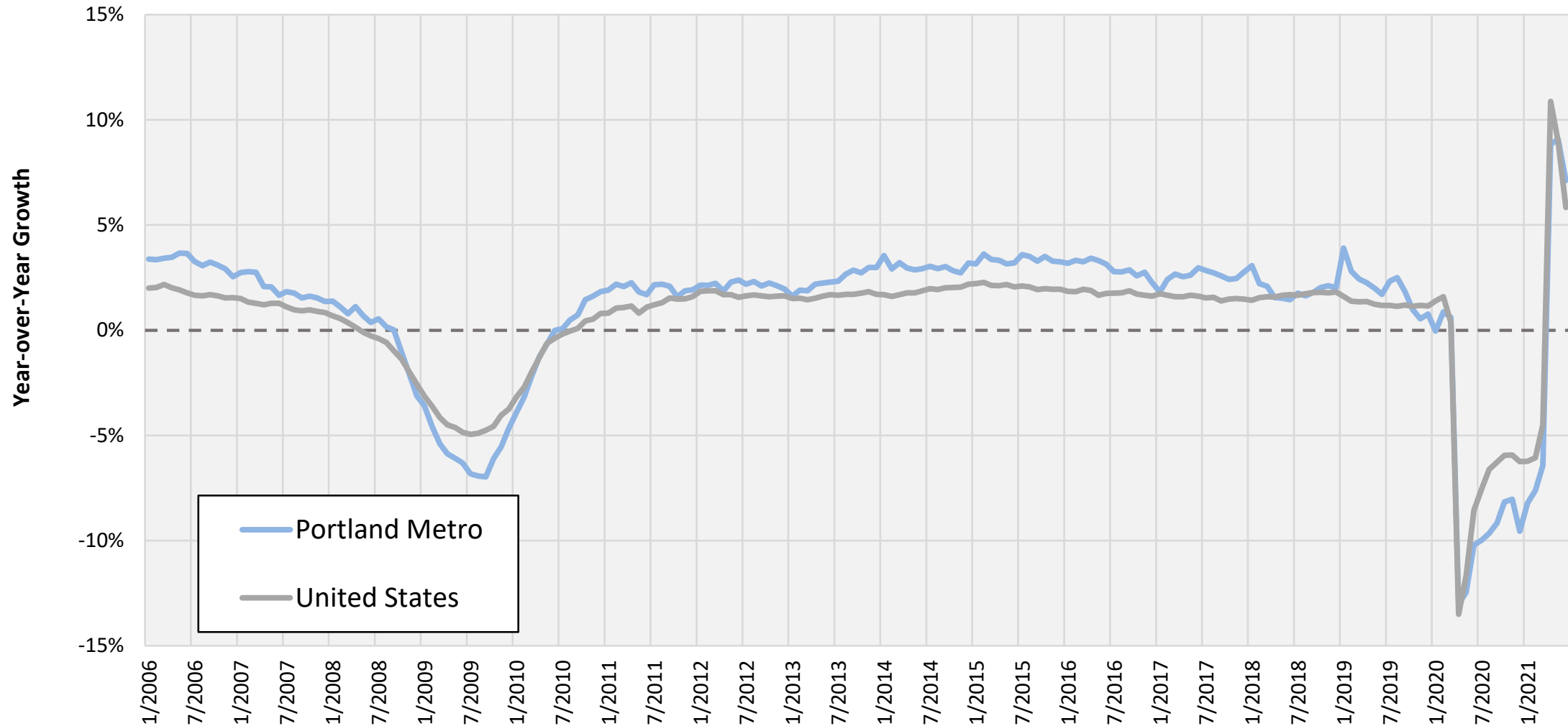
SOURCE: CES Data, Not Seasonally Adjusted



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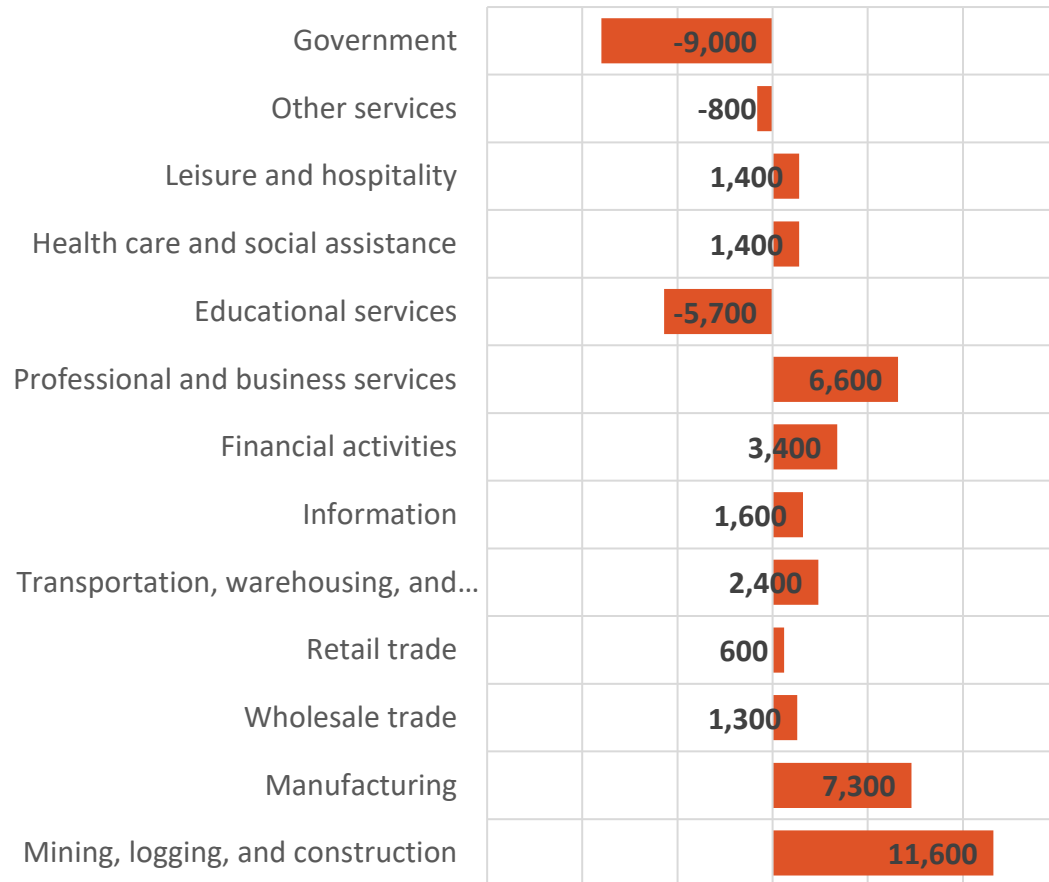
RATE OF EMPLOYMENT GROWTH

RATE OF EMPLOYMENT GROWTH - YEAR OVER YEAR

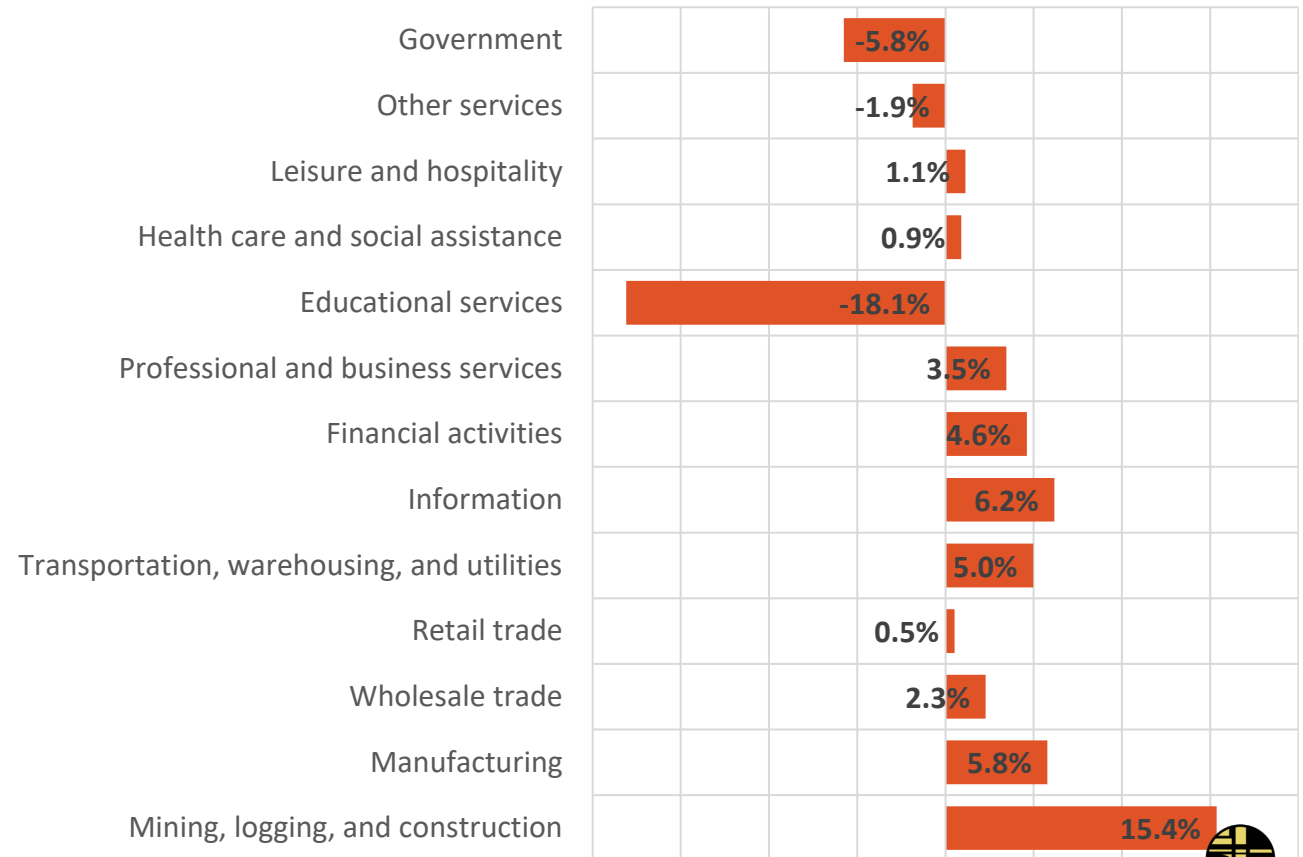


EMPLOYMENT CHANGE BY SECTOR SINCE PANDEMIC START

EMPLOYMENT CHANGE
FEB-2020 to AUG-2022 - PORTLAND METRO

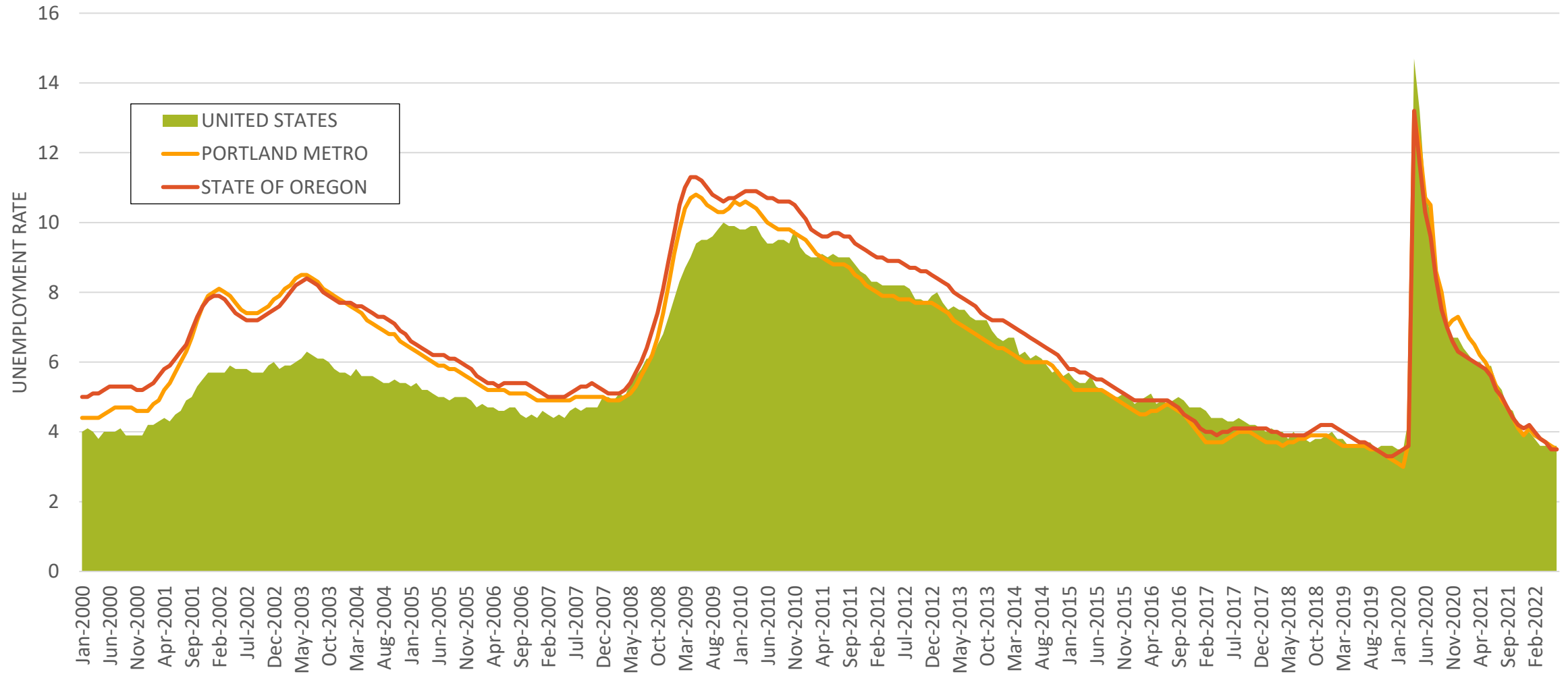


PERCENT EMPLOYMENT CHANGE
FEB-2020 to AUG-2022 - PORTLAND METRO

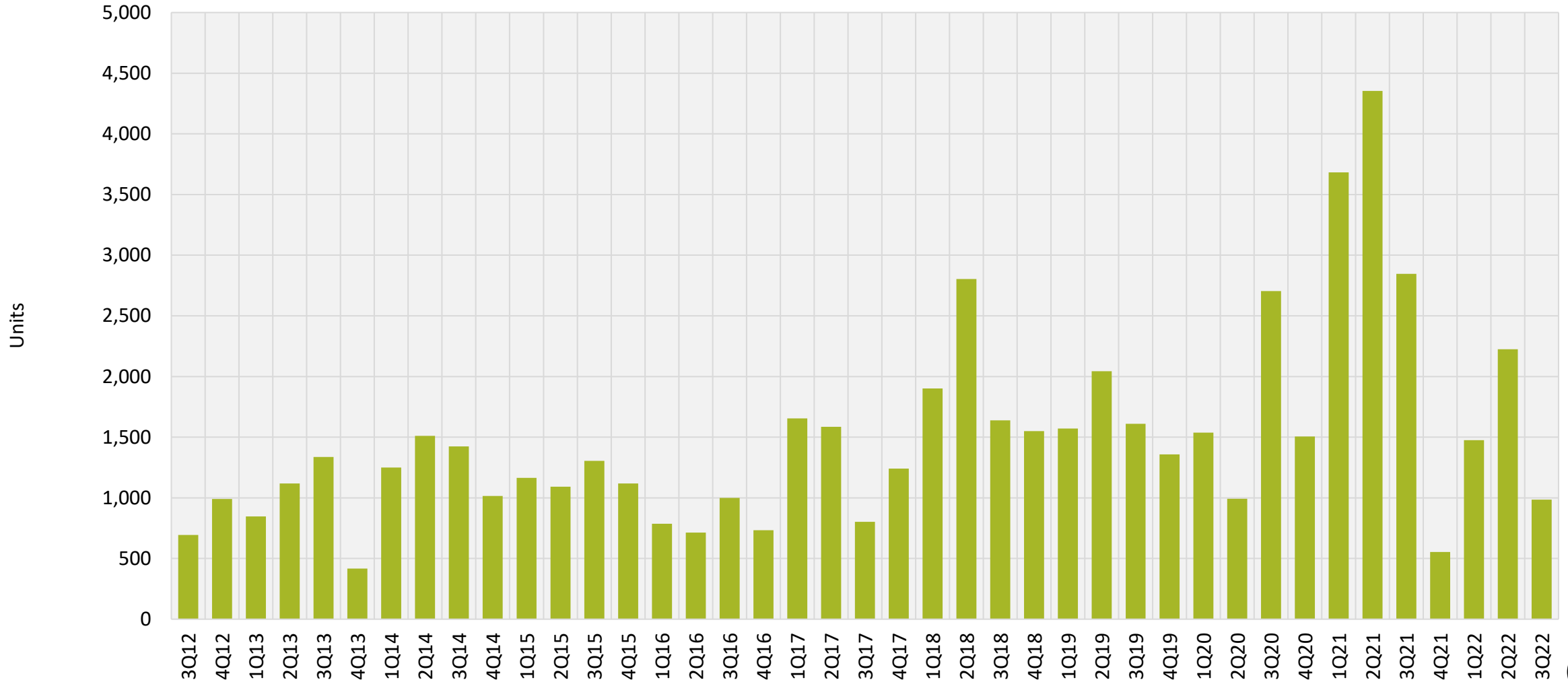


UNEMPLOYMENT RATE TRENDS

Portland Metro Area



NET ABSORPTION OF APARTMENT UNITS BY QUARTER

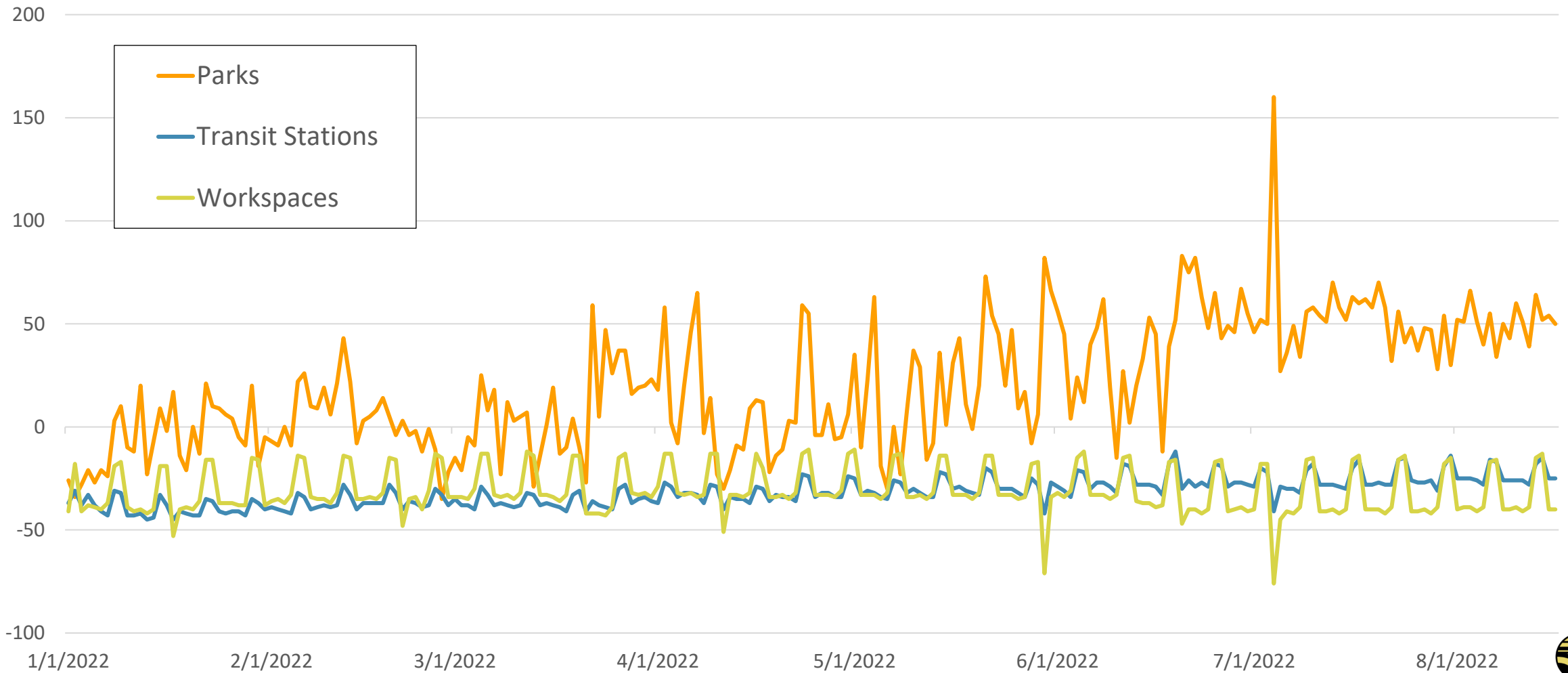


30-YEAR MORTGAGE RATES



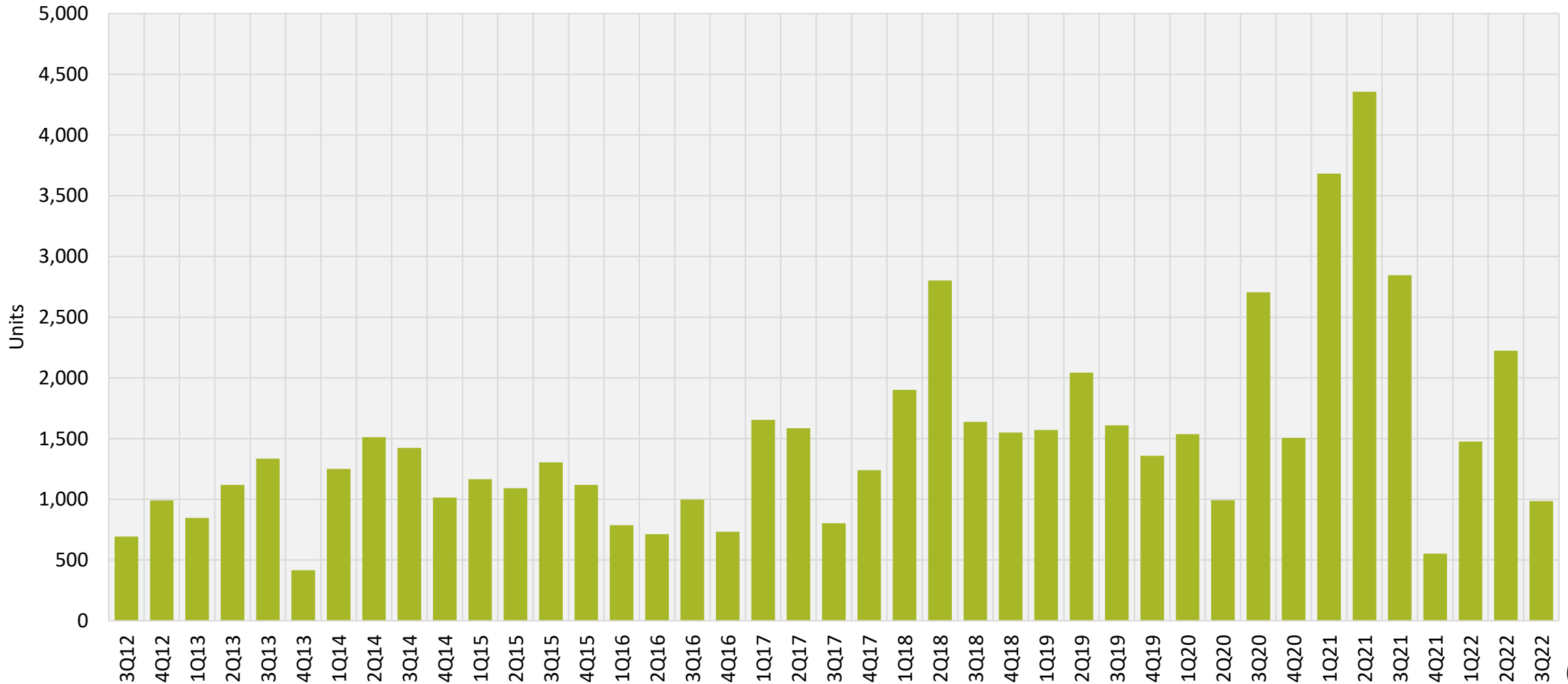
REGIONAL MOBILITY AS A % OF BASELINE

2022 YTD – MULTNOMAH COUNTY



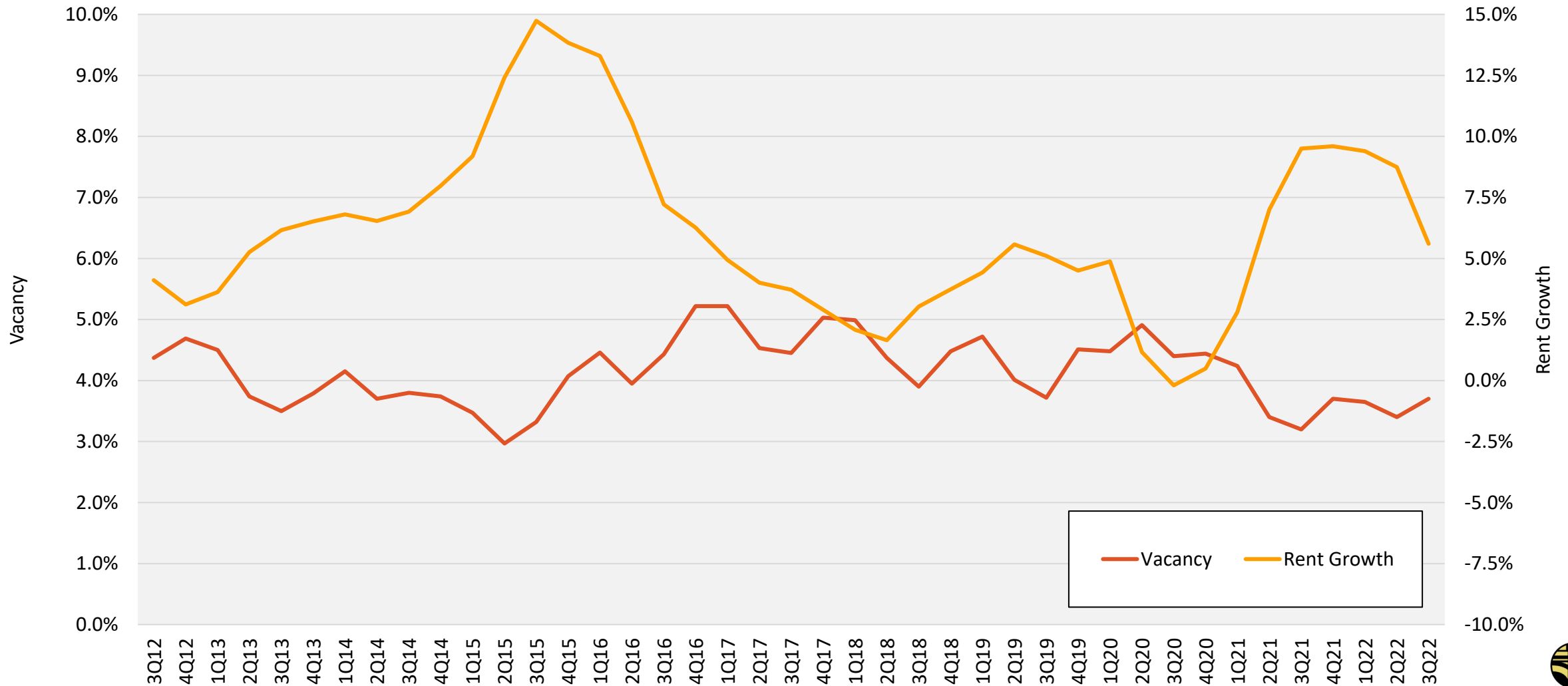
NET ABSORPTION OF RENTAL APARTMENTS

Portland Metro Area



VACANCY AND RENT GROWTH

Portland Metro Area



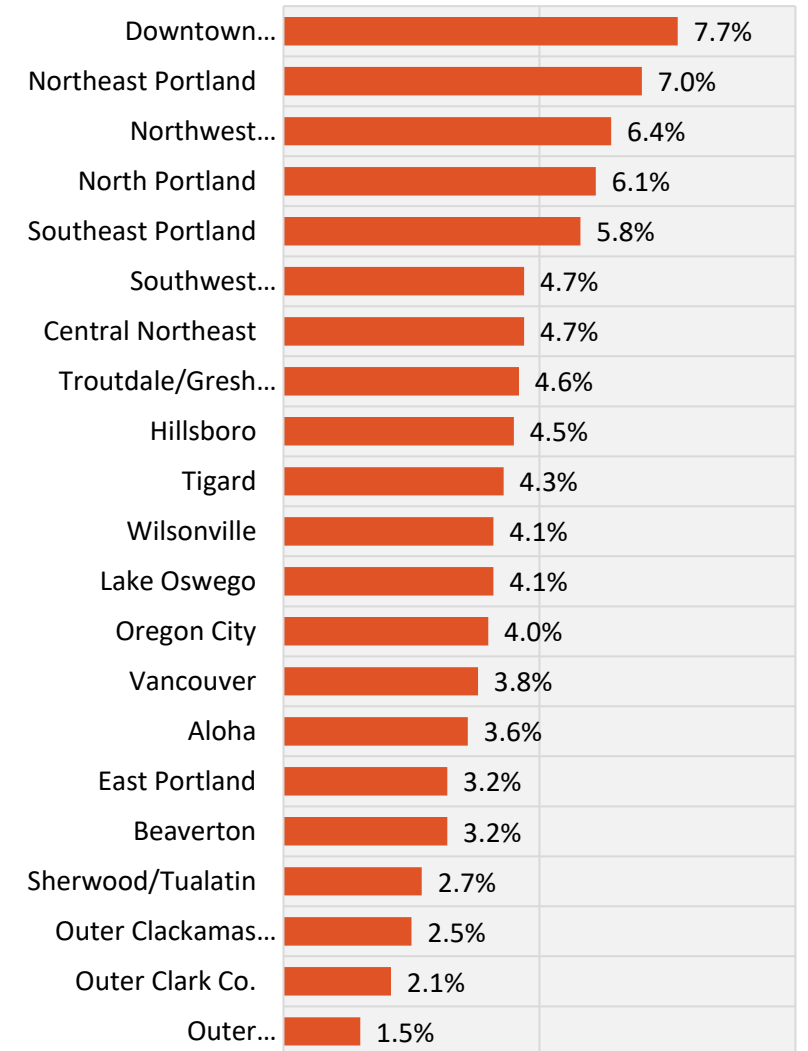
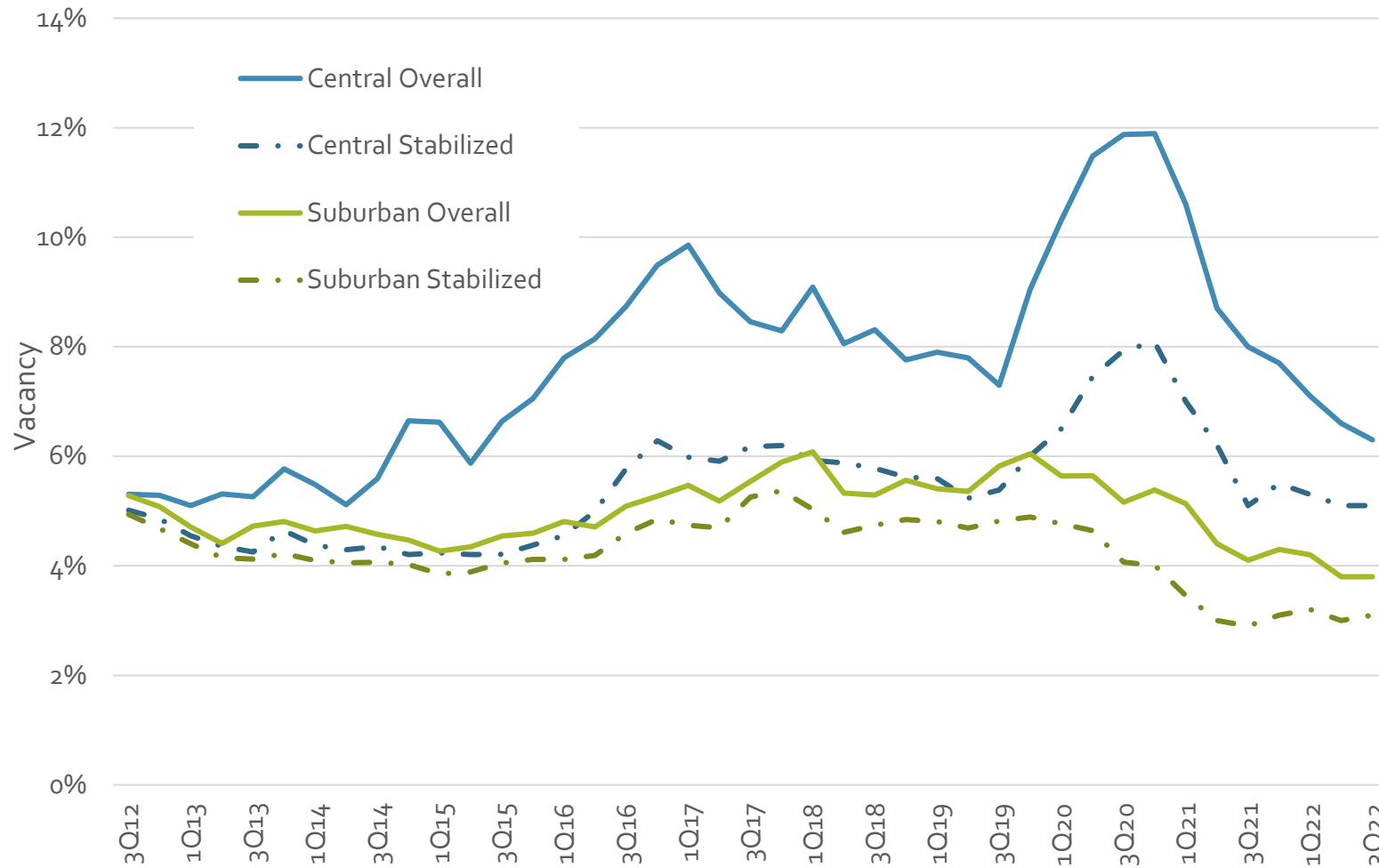
SOURCE: CoStar



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COMPARISON OF VACANCY RATES

Portland Metro Area



SOURCE: CoStar

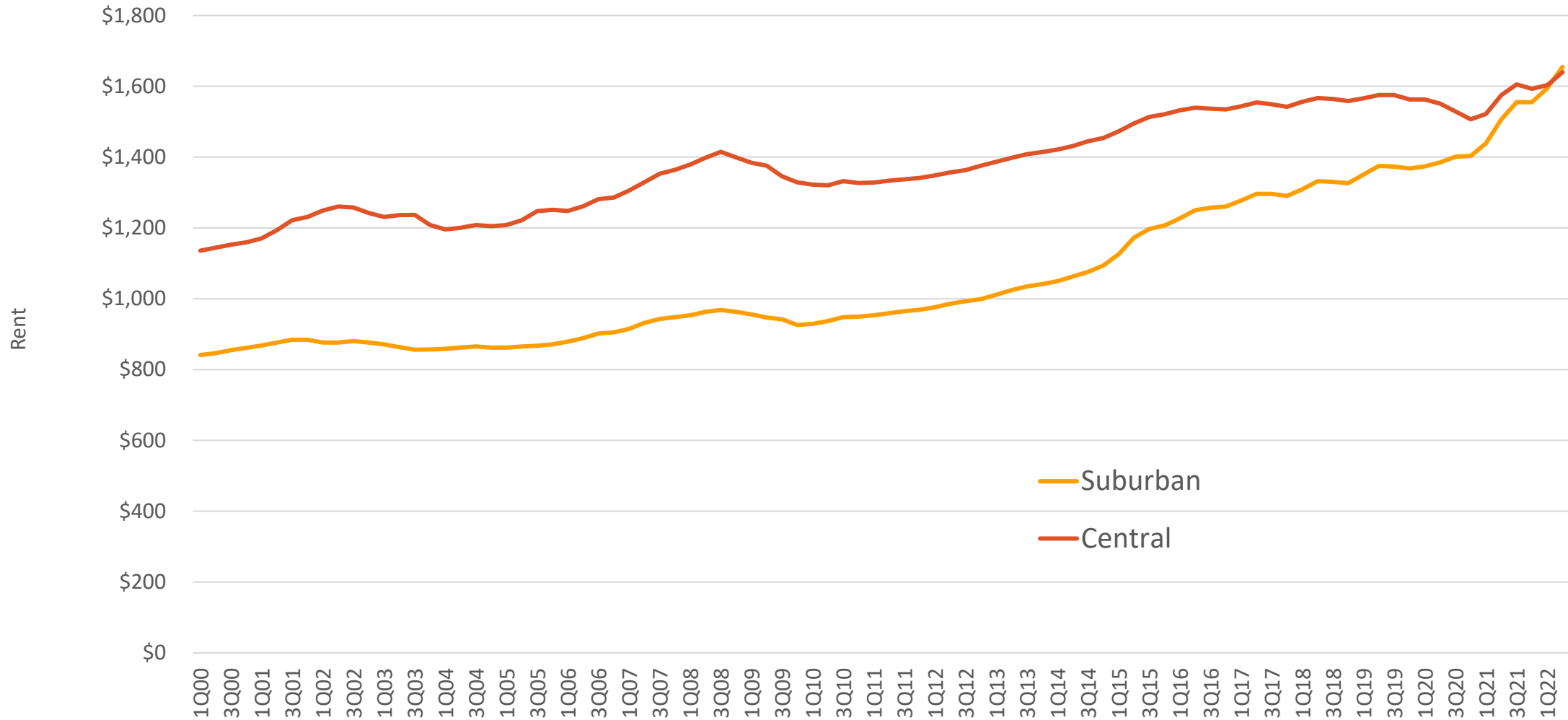
Overall Vacancy



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COMPARISON OF AVERAGE RENT LEVELS

Portland Metro Area



SOURCE: CoStar



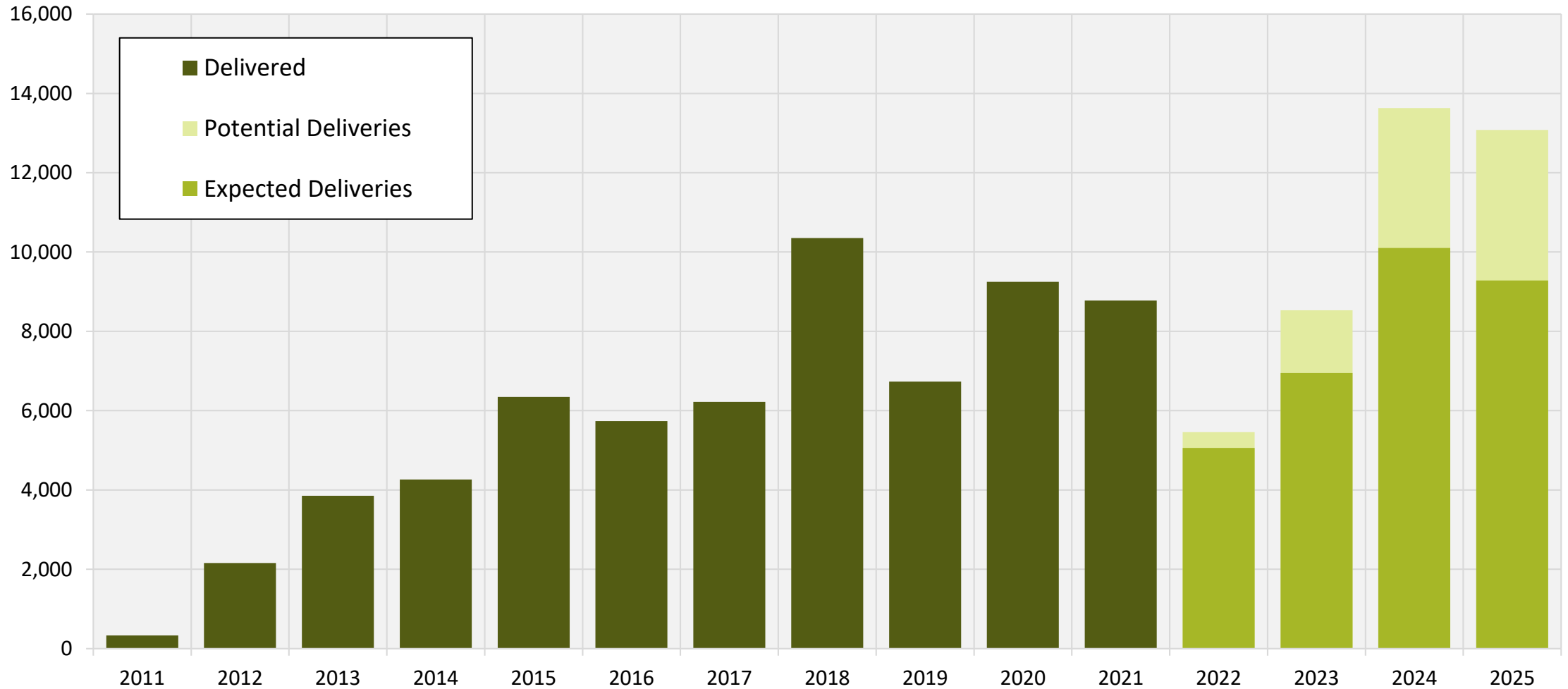
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APARTMENT PIPELINE BY SUBMARKET

Third Quarter 2022

Submarket	Units	%	Qtr Δ	Year Δ	Distribution
Clark County	14,345	28%	1,201	3,906	
Close-In Northeast	5,654	11%	-358	178	
Close-In Southeast	5,847	12%	-118	699	
Close-In Westside	7,513	15%	-621	240	
Close-In North	3,759	7%	-550	-613	
Suburban East	3,529	7%	-244	-536	
Suburban South	3,128	6%	-332	259	
Suburban West	7,005	14%	-1,026	-268	
Total	50,780	100%	-2,048	3,865	

ESTIMATED DELIVERIES BY YEAR



SOURCE: Johnson Economics



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SUMMARY

- INFLATION BECOMING DOMINANT THEME
 - The transitory position was apparently incorrect
 - Higher interest rates
 - GDP growth has been negative when inflation adjusted
- PANDEMIC CHANGES MAY BE PERSISTENT
 - Remote working
 - Reduction in commuting
 - Higher daytime populations in suburbs
- DEMOGRAPHIC SHIFTS
 - Growth continuing, but migration rate a concern
 - Household formation will become a larger issue with inflationary environment
 - Shift in preference in favor of suburbs
- MULTIPLE VARIABLES PLACING PRESSURE ON RENTS
 - Increased Construction Costs
 - Increased SDCs/Impact Fees
 - Higher interest rates
 - Likelihood of higher capitalization rates
 - Reduced options in ownership market
 - Vacancies remain low outside of Portland