

Portland Apartment Sales Summary 2008-2013

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Notes:

- All data from public records and courtesy of CoStar
- Cap Rates are reported and may or may not be actual
- Transactions greater than \$450,000 reported
- Unless stated otherwise sales data is from Clark (WA), Clackamas (OR), Multnomah (OR) and Washington (OR) counties

2008 – 2013 Portland Apartment Market History w/ Comments

	5 Yr Loan Representative Rate	Avg \$/unit	Avg Cap Rate	Transactions	Avg Transaction	Total \$ Sales
2008	6.25%	\$ 81,739	6.00%	164	\$ 5,062,015	\$ 830,170,530
2009	6.35%	\$ 83,106	6.18%	79	\$ 3,835,536	\$ 303,007,356
2010	5.30%	\$ 84,095	6.85%	100	\$ 6,990,275	\$ 699,027,534
2011	4.50%	\$ 86,667	6.74%	149	\$ 7,475,055	\$ 1,113,783,190
2012	4.00%	\$ 92,083	6.58%	172	\$ 6,056,584	\$ 1,041,732,435
2013	4.25%	\$ 88,596	6.69%	194	\$ 5,499,823	\$ 1,066,965,644
5 Yr avg	5.11%	\$ 86,047	6.51%	143	\$ 5,819,881	\$ 842,447,782

Note: Sample Interest Rates on 5 yr term >\$500K borrowed

2008 – Sudden awakening the market is slowing down, the operational basics stay constant, but sales volume is way down in the second half of 2008. However, prices stay constant since buyers and sellers vanish (with only a few transactions it is hard to get comparable sales to establish pricing).

2009 – Rent demand weakens with worsening economic climate. Tenants either turn into roommates or move back in with mom-n-dad in a forced attempt to reconstruct the atomic family. People wonder if anyone wants apartments or commercial real estate at all. Buyers vanish and sellers anguish over what they could've got in 2007. Interest rates stay high until Fed action later in year.

2010 – Rental market begins to tighten up. Institutional investors take advantage of low rates. Larger complex sales pre-dominate driving Cap Rates higher for recent construction urban properties. For the first year in recent history, average Cap Rates are higher than average lending rates. Rent rates still catching up.

2011 – Close-in properties have very low vacancies. Continuation of 2010 trends, however, smaller buyers are slowly returning. Many large complex sales happen driving average \$/unit higher. The spread between Cap Rates and Interest Rates is > 2%. Buyers of large complexes realize the value and begin to buy in a large way (see Sales by complex size section.) New record in terms of total gross transaction dollars sold of \$1.113B.

2012 – Smaller investors re-enter the market and the lure of low interest rates and rising rents proves irresistible. Unfortunately, landlords are starting to make good money and have a rent market in their favor. Finding reasonably priced replacement properties in good locations is an issue for potential 1031s.

2013 – Smaller investors re-enter the market and the lure of low interest rates and rising rents proves irresistible. Finding reasonably priced properties in good locations becomes an issue. The 2009 buyers sell and turn a very nice profit as available inventory dries up forcing prices up. The spread between average Cap Rates (6.69%) and average lending rates (4.25%) is still > 1.5%. Total transaction \$ almost surpass all-time high (2011).

It took only 2 years to go from the fat years of 2007 to the cataclysm of 2009 both for sales and operating dynamics of apartments. Right now, times look good for multi-unit housing, but markets do revert to the mean.

The biggest variable driving operations has been income derived from apartments. Its ranged from low (2009 meant few buyers and few renters) to high (today means lots of buyers and renters). The individual owner doesn't have much control over his income and can basically do what the prevailing market allows him to do. 2014 may see a plateau in rent growth UNLESS the economy goes mad overnight. Instead of increasing rents, look at bettering the quality of your tenant stock, remembering one bad tenant can cost a half-years rent.

What you have more control over is expenses. Again, look at your building for things like repairs that may be a lot cheaper now than waiting until they are really needed. Issues like moisture invasion should be addressed as soon as possible. Expenses, especially utility usage, merit close examination whether curbing use (desired) or off-loading the cost onto tenants (bill-backs).

As an owner you have a valuable income-generating asset. If inflation recurs, it should provide asset protection and income growth at least at the rate of inflation. It is worth your while to devote some of your income to protecting and preserving that asset.

Demand for larger complexes, especially Class A urban seems to be hitting some limits with push-backs on offerings of larger complexes. However, >100 unit sales have been driving transaction volume in 2010 and 2011 and the recovery of the market.

As a buyer, quality properties in good locations mean you have to reach on pricing (look at our page on Portland are sales by neighborhoods.) On the other hand, look at the numbers and you paying extra means your asset will hold its value better and probably grow in value at a slightly higher rate (cf. complex size pricing and neighborhood metrics).

In addition, there are good buying opportunities in lower-priced outlying areas. To paraphrase Warren Buffet - You make most of your gain when you buy and not when you sell. If a property has been listed for a long time it usually means an owner wants to sell and don't be afraid of submitting a

less than asking offer - Especially if you know comparables justify an offer. Demand for smaller complexes continue to pick up as smaller investors let go of cash and see the relative stability of investments in multi-unit housing.

Based on price gains in commodities and stocks and bank rates paid, there seems to be plenty of money in the system. The issue is enough confidence in investments to actually tie it up long-term with multi-unit housing. However, the appeal of apartments as an investment is they will consistently generate income compared to other types of commercial properties, which keeps them at the top of commercial RE investors view.

Another cloud on the horizon will be loan interest rates which may not increase immediately, but seem to have gotten as low as they can go. An increase in interest rates will drive Cap Rates higher which will put pricing pressure on existing apartment stock. Keep an eye on inflation as a leading indicator of interest rate rises.

Preparing for the future

As an owner, whether you SELL or HOLD, job number one is to increase Net Operating Income (NOI). If you can raise top-line income thru rents, fees or bill-backs - Great. However, you're prey to the market for what income you can drive.

What you have more control over are expenses. Whether this means reducing utility usage or getting better tenants, it should be an action item. Ultimately, attracting and keeping good tenants is the best ongoing investment of effort you can make.

Keeping maintenance manageable is important. The first step is regular ongoing and needed maintenance. If you are making a decision with limited funds, you should prioritize:

- 1) Tenant safety issues (immediately)
- 2) Moisture invasion (the sooner you address, the cheaper it will be to fix)
- 3) Aesthetics (Your tenants will look no better than your apartments)

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PORTLAND APARTMENT MARKET (2013) –Operating Dynamics Trends

Continued firming in the rental market with outlying areas decreasing vacancy since closer-in properties are already at low vacancies and driving tenants further out in search of lower rents. The damping factor will be incomes (Portland isn't the strongest job creation area). If rents increase too much, tenants will either go into roommate shares or maybe back to mom-n-dad or just leave town for the next “coolest” place.

New construction shouldn't affect most of the market since money and time barriers mean you have to build either high rent (\$2/sqft/month or more) or subsidized (usually low-income housing) which affects Class A urban properties. It's difficult to build a new apartment building today you can rent cheaply. With builders looking at SDCs/fees pushing \$25K per UNIT, at 5% borrowing cost is almost \$100/month to service soft costs and this comes out of your return. Most new construction is happening in higher rent parts of town (downtown, close-in and Beaverton-Hillsboro).

TABLE OF NEW CONSTRUCTION

		Year Built / Planned / Permitted					
		2012	2013	2014	2015	2016	2012-2016 Grand Total
Clack	Complexes	1	5	5	2	3	16
	Individual Rental Units	40	1028	1105	164	688	2985
Clark	Complexes	2	6	1	5	1	15
	Individual Rental Units	218	911	92	609	67	1897
Mult	Complexes	12	42	44	33	28	174
	Individual Rental Units	832	3064	3628	5226	3388	16913
Wash	Complexes		10	7	11	10	40
	Individual Rental Units		1264	1788	937	3166	7441
4 Counties Total	Complexes	15	63	57	51	42	245
	Individual Rental Units	1090	6267	6613	6936	20906	29236

The continuing attraction of Washington County (Beaverton and Hillsboro) as a rental market will be the availability of high-income jobs at places like Nike, Intel, their support businesses and spin-offs in the area. Projections have Washington County exceeding Multnomah County in jobs and population by 2030. Think San Jose vs. San Francisco in the Bay area.

Sellers on vacation - Landlords are making good money and rent increases are in their favor. Though anecdotal, there seem to be a growing percentage of sales being done “off-market”. The two factors in de-motivating potential sellers:

- 1) They are making good and easy money after going thru the tumult of 2009 and
- 2) The lack of multi-family replacement properties for a 1031 exchange to defer taxes.

Emergence of micro-units - There is a market for these since older studios in high walk score neighborhoods are still in demand at a high \$/sqft rent value. Most tenants are willing to accept smaller single-person units at a lower gross price if they can live where they want and mitigate the need for private cars. However, the success of micro-unit projects depends on two factors:

- 1) Good locations with amenities since these factor in higher with tenants than larger units and
- 2) Over-building. It is a limited number of units now with demand outstripping supply, but things change.

2013 may be a plateau year for rent growth and we may return to a situation where owners will compete for better-quality tenants. You will be able to rent your apartments, but taking on a trouble tenant will be more expensive. Focus on what you can do to improve the attractiveness of your apartments to good tenants. Remember, your tenants usually don’t look any better than your apartments.

Expense Management – Consequent with a levelling out of rent increases comes the need to watch expenses. Expenses have and will grow at a consistent rate, while income has its ups and downs. Utilities will be become the fastest growing number and anything you can do to lessen use (e.g. sub-metering) helps. As always, managing maintenance is a balancing act that requires doing needed maintenance to avoid a more expensive repair later. Other things to consider are taking advantage of weatherization programs offered thru at the county level for older complexes. In addition, the appeal of amenities to tenants like bike storage shouldn’t be discounted, especially in closer-in complexes.

PORTLAND APARTMENT SALES (2013) – Sales by County

Following is a summary of all sales in the Portland METRO (Clark, Clackamas, Multnomah and Washington counties) markets for 2013. We've included Cap Rate, \$/unit, \$/sqft, transaction count, individual rental units sold and total transaction dollars for 2013.

2013 Snapshot

	4 County Total	Clack	Clark	Mult	Wash
\$/unit	\$88,596	\$82,449	\$76,354	\$92,702	\$84,421
	Relative to Avg	-6.9%	-13.8%	4.6%	-4.7%
\$/SqFt	\$106.32	\$86.80	\$82.44	\$114.58	\$100.93
	Relative to Avg	-18.4%	-22.5%	7.8%	-5.1%
CapRate	6.68%	7.44%	6.98%	6.57%	6.36%
	Relative to Avg	11.5%	4.5%	-1.6%	-4.8%
Avg Transaction	\$5,573,081	\$6,492,556	\$13,313,463	\$3,275,253	\$8,638,450
	Relative to Avg	16.5%	138.9%	-41.2%	55.0%
Transactions	196	18	22	124	32
	% of total	9.2%	11.2%	63.3%	16.3%
Gross \$	\$1,092,323,949	\$ 116,866,000	\$292,896,184	\$406,131,360	\$276,430,405
	% of total	10.7%	26.8%	37.2%	25.3%
Pop Growth Grade	C	C-	C+	B+	B+
Job Growth Grade	C	C-	C	C+	B+

Following are brief comments on each county and comparison to averages from 2008-2013 (% difference/total is relative to total 4 county averages for 2013).

Clackamas – Most growth is in Tualatin and Clackamas (city) / Happy Valley. Clackamas county has some of the highest income towns (Lake Oswego, West Linn and Wilsonville) and highest asset values. Unfortunately, most job growth happens outside the county without too many major employers excepting retail outlets in Happy Valley (Clackamas Town Center) and Tualatin (Bridgeport) with amenities like entertainments and groceries.

Clark - This year a very large percentage of sales were large (>150 units) complexes. Clark county operates without an urban boundary unlike the three counties (Mult, Clack and Washington) in Oregon, so there is plenty of area for development. However, there are few major employers outside of health care and retail. Washington does not have an income tax and Vancouver does have lower average utility prices on average.

Multnomah – Always recognized as the economic center of the area, however, the inability to attract large non-governmental employers is beginning to show. However, they are the fastest growing job area in the state with most growth focused around the downtown core.

Washington – Wins the award for lowest average Cap Rate. In 15 years it’s population is projected to pass Multnomah county as the largest in Oregon. A lot of the fuel for growth is based on the high-tech business (Intel and Salesforce.com) centered on Hillsboro and Nike in the Beaverton area. In addition, there is a lot more land available for construction of residential and palnt, so larger complexes exist and it is a focus for developers.

For reference, below is a **VERY rough estimate** of the total number of rentable units by county and complexes

	4 County Total	Clack	Clark	Mult	Wash
Complexes	6927	657	739	4433	1098
Units Total	262566	32372	36999	129996	63199
Avg Units/Complex	37.9	49.3	50.1	29.3	57.6
% of Total Units	100%	12.3%	14.1%	49.5%	24.1%

PORTLAND APARTMENT SALES (2008-2013) – Neighborhood

(Neighborhoods are sorted by ascending 5 year average Cap Rates)

All Clark, Clackamas, Multnomah, Washington County Averages / Totals

	Sum / 5 Yr Avg	2008	2009	2010	2011	2012	2013
Avg \$/PerUnit	\$86,527	\$81,739	\$83,106	\$84,095	\$86,667	\$92,083	\$88,134
Avg \$/SqFt	\$105.21	\$107.92	\$107.62	\$95.91	\$100.21	\$109.88	\$106.32
Avg CapRate	6.50%	6.00%	6.18%	6.85%	6.74%	6.58%	6.68%
Transactions	860	164	79	100	149	172	196
Total Sales	\$5,080,044,994	\$830,170,530	\$303,007,356	\$699,027,534	\$1,113,783,190	\$1,041,732,435	\$1,092,323,949
% All Sales \$ (4 county)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Portland Central / West

	Sum / 5 Yr Avg	2008	2009	2010	2011	2012	2013
Avg \$/PerUnit	\$114,277	\$99,468	\$107,110	\$117,530	\$118,855	\$122,196	\$116,877
Avg \$/SqFt	\$149.56	\$152.39	\$150.73	\$141.01	\$144.49	\$152.87	\$153.06
Avg CapRate	5.74%	5.16%	5.36%	6.02%	6.52%	5.60%	5.90%
Transactions	143	25	18	19	25	32	24
Total Sales	\$1,148,610,329	\$165,271,500	\$99,277,715	\$203,356,234	\$211,725,533	\$265,076,567	\$203,902,780
% All Sales \$ (4 county)	22.6%	19.9%	32.8%	29.1%	19.0%	25.4%	18.7%

Central Portland and close-in West – Prices are higher, but you buy asset preservation. This is still a very in demand neighborhood and continues to appreciate. Most new construction is either income-qualified or high-end (>\$2/sqft/month rent). Average complex size is in the 50-unit range. Operating expenses (especially water/sewer) and property taxes (due to an excess of bonding) are among the highest in the metro area. While Portland Central remains the urban hub, two other areas are siphoning off high rents – Close-in East Portland and Hillsboro / Beaverton.

Portland SE/NE/North (West of 82nd Avenue)

	Sum / 5 Yr Avg	2008	2009	2010	2011	2012	2013
Avg \$/PerUnit	\$100,262	\$89,898	\$91,755	\$103,322	\$98,341	\$105,101	\$107,574
Avg \$/SqFt	\$124.01	\$115.62	\$121.43	\$118.58	\$113.00	\$127.66	\$138.89
Avg CapRate	6.18%	5.56%	5.53%	6.39%	6.37%	6.52%	6.32%
Transactions	217	40	21	25	34	49	48
Total Sales	\$453,906,321	\$41,773,739	\$21,676,123	\$124,086,400	\$58,203,894	\$122,555,280	\$85,610,885
% All Sales \$ (4 county)	8.9%	5.0%	7.2%	17.8%	5.2%	11.8%	7.8%

Close-in East Portland (West of 82nd to the Willamette) - This is still a very in demand neighborhood and continues to appreciate faster. Most new construction is either income-qualified or high-end (>\$2/sqft/month). Access to amenities is paramount and smaller units pre-dominate. Older construction means smaller (20-unit range) complexes available. This reflects the relative age of the district and lack of land for newer and larger projects. There are hot spots for new development along some traffic corridors like SE Hawthorne, SE Division, NE Alberta, N Williams and N Mississippi are maturing into parts of town with high walk-scores.

Beaverton/Hillsboro/Tigard

	Sum / 5 Yr Avg	2008	2009	2010	2011	2012	2013
Avg \$/PerUnit	\$82,608	\$88,894	\$71,433	\$75,671	\$86,348	\$81,951	\$78,346
Avg \$/SqFt	\$94.44	\$96.91	\$84.56	\$80.56	\$93.97	\$92.61	\$104.39
Avg CapRate	6.29%	6.30%	6.83%	6.51%	6.04%	6.32%	6.26%
Transactions	127	28	7	13	27	29	23
Total Sales	\$1,479,244,878	\$261,209,400	\$48,225,000	\$163,463,000	\$462,865,086	\$333,068,387	\$210,414,005
% All Sales \$ (4 county)	29.1%	31.5%	15.9%	23.4%	41.6%	32.0%	19.3%

Beaverton/Hillsboro – While there is a lot of inventory, most jobs and population growth is happening in this area. Job growth (especially in high-tech) should continue to push demand and rents up. A lot of this growth will be dependent on the growth of Intel and Nike. While the job base is more diverse than 20 years ago, these are the 400 lb gorillas for hiring and drawing tenants. In addition, areas like Hillsboro along Cornell Road and Beaverton along SW Murray and SW Cedar Hills have a lot of amenities. In addition, there is light-rail (MAX) service to downtown Portland thru the heart of both towns. However, there is a very high density of rental units along the MAX line. There are a wide range of properties in vintage, size and grade. Most transactions have been larger (>100 units) complexes since smaller owners are getting good demand and holding.

South Portland Suburbs - Wilsonville / Lake Oswego / Happy Valley / Clackamas / Oregon City / Milwaukie / West Linn / Tualatin

	Sum / 5 Yr Avg	2008	2009	2010	2011	2012	2013
Avg \$/PerUnit	\$76,679	\$70,634	\$74,369	\$72,922	\$69,633	\$85,362	\$85,607
Avg \$/SqFt	\$87.23	\$82.61	\$93.08	\$75.70	\$89.41	\$90.75	\$90.57
Avg CapRate	6.74%	6.29%	6.43%	7.28%	6.65%	6.72%	7.53%
Transactions	83	18	6	8	19	15	17
Total Sales	\$601,238,742	\$125,853,900	\$8,185,000	\$63,482,400	\$109,631,500	\$136,734,542	\$157,351,400
% All Sales \$ (4 county)	11.8%	15.2%	2.7%	9.1%	9.8%	13.1%	14.4%

Portland South Suburbs – The demographics span from the richest cities (Lake Oswego / West Linn) to the city with fastest growing percentage of LIH in Oregon, Tualatin. However, between retail developments in Clackamas Town Center and Bridgeport, the availability of amenities is probably the highest in the area. More readily available land allows larger (100-unit average) complexes. The space also allows for added amenities to lure tenants. Job growth and incomes are average for the Portland - Metro area. Property taxes and operating expenses are also average.

Vancouver

	Sum / 5 Yr Avg	2008	2009	2010	2011	2012	2013
Avg \$/PerUnit	\$69,812	\$71,880	\$61,045	\$57,677	\$75,170	\$71,166	\$76,354
Avg \$/SqFt	\$71.54	\$74.15	\$58.91	\$56.75	\$74.72	\$68.98	\$82.44
Avg CapRate	6.85%	6.28%	7.32%	7.33%	6.79%	6.47%	6.98%
Transactions	72	13	9	12	8	8	22
Total Sales	\$796,089,982	\$124,861,223	\$97,727,982	\$111,963,000	\$111,195,000	\$57,446,593	\$292,896,184
% All Sales \$ (4 county)	15.7%	15.0%	32.3%	16.0%	10.0%	5.5%	26.8%

Vancouver – Benefits from lower operating costs (especially utilities) than Oregon. Demand seems to be steady. Most transactions are in the larger complexes. Vancouver is not limited to the Urban Growth Boundary set by METRO (Portland regional government) and there are a lot of large spaces available on the outskirts that still offer good access to I-5 and I-205 transportation corridors.

East Portland Suburbs - Gresham/PDX Sub East (East of 82nd Avenue)

	Sum / 5 Yr Avg	2008	2009	2010	2011	2012	2013
Avg \$/PerUnit	\$67,743	\$66,903	\$69,641	\$59,453	\$67,212	\$67,633	\$71,125
Avg \$/SqFt	\$79.96	\$100.41	\$76.52	\$67.40	\$73.49	\$78.74	\$76.69
Avg CapRate	7.02%	6.29%	6.57%	7.45%	7.54%	7.51%	6.93%
Transactions	197	36	17	21	32	34	57
Total Sales	\$563,920,742	\$108,530,768	\$26,715,536	\$30,903,000	\$151,765,177	\$118,793,566	\$127,212,695
% All Sales \$ (4 county)	11.1%	13.1%	8.8%	4.4%	13.6%	11.4%	11.6%

Portland East Suburbs (East of 82nd Avenue) – The main issue is a lot of inventory chasing tenants. However, lower vacancies close-in will drive tenants out to these markets. Mass transit will help this, but there may be safety/crime issues being close to mass transit. There seems to be demand since this neighborhood will usually have the lowest rent rates and higher inventory for tenants to choose from. On the other hand, the price of admission is lower.

PORTLAND APARTMENT SALES (2008-2013) – Complex Size

Larger complexes are in demand which keeps Cap Rates lower compared to the overall market. The large investor faces the issue of an expensive entry price and faith in the continued growth of the Portland market plus competition from new construction. For the very large investor, Portland may seem like a small market with only 16 existing and proposed complexes >500 units. However, in terms of gross sales dollars, complexes > 100 units make up almost ¾ of all sales.

Complexes with 100+ Units

	5 Yr Sum / Avg	2008	2009	2010	2011	2012	2013
Avg \$/PerUnit	\$110,187	\$100,899	\$78,601	\$121,802	\$108,012	\$130,880	\$107,366
Avg \$/SqFt	\$116.73	\$114.70	\$73.90	\$126.01	\$107.43	\$133.86	\$123.94
Avg CapRate	5.98%	5.70%	6.87%	6.02%	6.17%	5.67%	6.01%
Transactions	142	22	11	19	34	22	34
Avg Complex Size (Units)	247.0	254.9	248.1	253.8	240.9	261.5	232.3
Total Sales	\$3,740,244,109	\$560,655,999	\$198,648,482	\$554,611,660	\$888,871,683	\$735,529,383	\$801,926,902
% All Sales \$	73.6%	67.5%	65.6%	79.3%	79.8%	70.6%	73.4%

In 2013, the smaller investor is re-entering the market and helping to drive demand once again. The smaller investor realizes that of all commercial property, apartments will always generate income. However, buyers still remain picky and are not blindly over-looking physical issues. If you want to get top dollar out of your apartments – Do your maintenance and keep good books so you can see where your cash is going and fix problems before they become expensive.

Complexes with less than 100 Units and >\$450K

	5 Yr Sum / Avg	2008	2009	2010	2011	2012	2013
Avg \$/PerUnit	\$82,147	\$78,770	\$83,799	\$75,250	\$80,356	\$86,392	\$85,235
Avg \$/SqFt	\$102.97	\$106.89	\$112.73	\$89.22	\$98.10	\$106.43	\$102.58
Avg CapRate	6.60%	6.05%	6.08%	7.01%	6.91%	6.79%	6.78%
Transactions	718	142	68	81	115	150	162
Avg Complex Size (Units)	23.6	25.4	19.6	23.9	24.7	23.7	22.5
Total Sales	\$1,339,800,885	\$269,514,531	\$104,358,874	\$144,415,874	\$224,911,507	\$306,203,052	\$290,397,047
% All Sales \$	26.4%	32.5%	34.4%	20.7%	20.2%	29.4%	26.6%

Probably the best take-away is for larger complexes you'll pay a higher admission fee, but in return, you'll have the security of higher incomes and asset preservation. For reference, below are all sales >\$450K. Cap Rates, \$/SqFt and \$/unit are NOT weighed averages.

All Complexes Sold 2008-2013 > \$450K

	5 Yr Sum / Avg	2008	2009	2010	2011	2012	2013
Avg \$/PerUnit	\$86,629	\$81,739	\$83,106	\$84,095	\$86,667	\$92,083	\$88,596
Avg \$/SqFt	\$105.21	\$107.92	\$107.62	\$95.91	\$100.21	\$109.88	\$106.32
Avg CapRate	6.50%	6.00%	6.18%	6.85%	6.74%	6.58%	6.68%
Transactions	860	164	79	100	149	172	196
Avg Complex Size (Units)	59.4	56.2	51.5	67.6	74.1	54.1	54.4
Total Sales	\$5,080,044,994	\$830,170,530	\$303,007,356	\$699,027,534	\$1,113,783,190	\$1,041,732,435	\$1,092,323,949

PORTLAND APARTMENT SALES (2008-2013) – Decade Built

All 2008-2013 Transactions >\$450K

	Total Avg / Sum	Pre-1940	194x-195x	196x	197x	198x	199x	200x	201x
Avg \$/PerUnit	\$86,972	\$108,783	\$86,131	\$75,126	\$66,024	\$81,647	\$89,805	\$124,355	\$164,189
Avg \$/SqFt	\$104.14	\$152.19	\$122.28	\$91.51	\$78.70	\$93.99	\$93.78	\$114.30	\$201.67
Avg CapRate	6.49%	5.72%	6.22%	6.68%	6.85%	6.28%	6.41%	6.40%	5.92%
Transactions	814	110	80	152	202	70	110	79	11
Gross Sales \$	\$4,743,053,313	\$192,669,179	\$132,923,007	\$366,776,622	\$492,612,938	\$635,944,726	\$1,826,175,544	\$939,650,687	\$156,300,610
% of Total	100.0%	4.1%	2.8%	7.7%	10.4%	13.4%	38.5%	19.8%	3.3%

Older apartments usually mean a better location. Most pre-1960 construction was close to downtown. However, construction was not on the scale of today's builders. 20-unit complexes were the norm and close-in units of almost any vintage will be in smaller complexes. These areas are favorites for the under-30 renters who value access to amenities while minimizing the cost of transportation to the point of forsaking private cars.

2013 Transactions >\$450K

	Total Avg / Sum	Pre-1940	194x-195x	196x	197x	198x	199x	200x	201x
Avg \$/PerUnit	\$88,846	\$112,282	\$100,404	\$69,191	\$71,609	\$74,494	\$89,798	\$118,665	\$219,161
Avg \$/SqFt	\$106.23	\$151.37	\$160.94	\$82.85	\$80.93	\$98.94	\$94.58	\$112.37	\$286.47
Avg CapRate	6.67%	6.24%	6.86%	6.79%	7.22%	5.85%	6.21%	6.24%	5.40%
Transactions	185	26	10	37	53	10	26	19	4
Gross Sales \$	\$1,053,030,911	\$45,055,000	\$10,078,067	\$62,291,748	\$186,406,445	\$82,650,000	\$360,429,597	\$202,390,054	\$103,730,000
% of Total	100.0%	4.3%	1.0%	5.9%	17.7%	7.8%	34.2%	19.2%	9.9%

Pre-1940 - Almost all construction close-in (downtown) to the Willamette river. Before mid-1920's construction was mostly unreinforced masonry (check with your insurance agent on coverage) while later masonry/stucco construction used wood framing as a support for masonry with some all-wood construction also. Most units in a studio configuration or SROs.

194x-195x - After World War II Portland witnessed a burst of population and income growth. In addition, housing for all these new residents included single-family residences. Location was a little farther out (West Hills to 39th avenue and North Portland.) Most construction was wood frame and siding, however units became larger including 1- and 2-bedroom complexes.

196x and 197x - Construction trends continued, however the growth of suburbs like Beaverton and Gresham and Vancouver captured a lot of new construction with the availability and low cost of land along with lower soft costs than Portland proper. Also contributing were services and amenities became more common in the suburbs and outer edges of town. Complex sizes began to inch up into the 100+ unit range, but this was just the start.

198x and 199x - The biggest change was the rapid growth of a “go large or go home” mentality with 100+ unit complexes proliferating in the suburbs with Beaverton-Hillsboro showing a lot of growth thanks to pioneering employers like Intel and Nike. The early 1990s had a large burst of construction in the Gresham area that it is still recovering from. For the first time, the Urban Growth Boundary began to hamper developers of apartments. The 1990s were responsible for construction of almost 25% of all available units in the 4 county area - By far the largest decade of growth (barring 201x futures).

200x and 201x - Trends continued with the exception of renewed urban development, especially in areas like the Pearl district. Another trend was the rapid development and collapse of the condo market with conversion siphoning off some rental stock until 2008. Neighborhoods with high walk-scores along with the desire for workers to have a short commute to jobs like close-in East Portland (Alberta, Division and Hawthorne avenues) and North Portland (Mississippi and Williams) showing a lot of demand by tenants, albeit in smaller complex sizes.

Below is a **VERY rough estimate** of construction age in the four county area by decade(s). 201x includes units in planning that may/may not get built:

		Grand Total	Pre-1940	194x-195x	196x	197x	198x	199x	200x	201x
Clack	Complexes	371	10	19	77	120	48	68	13	16
	Individ Units	26145	177	440	1962	5261	5615	8563	1142	2985
Clark	Complexes	490	14	17	76	137	69	108	54	15
	Individ Units	33715	279	474	1976	4783	6641	11340	6325	1897
Multnomah	Complexes	2894	611	336	569	659	117	231	195	176
	Individ Units	106908	12741	7636	13375	18193	6296	16082	15523	17062
Washington	Complexes	521	2	20	108	145	76	100	30	40
	Individ Units	53736	360	650	5186	7198	11282	18500	3119	7441
Total	Total Complexes	4276	637	392	830	1061	310	507	292	247
	Total Individ Units	220504	13557	9200	22499	35435	29834	54485	26109	29385
% of Individual Units		100.0%	6.1%	4.2%	10.2%	16.1%	13.5%	24.7%	11.8%	13.3%

5 Year History of Portland Metro (4 county) Apt Sales History (2008-2013)

County	2008	2009	2010	2011	2012	2013	2008-2013 Total/Avg
Clack							
Avg \$/PerUnit	\$67,667	\$75,596	\$66,900	\$67,179	\$72,595	\$82,449	\$79,395
Avg \$/SqFt	\$81.66	\$90.16	\$72.79	\$78.35	\$77.74	\$86.80	\$80.42
Avg CapRate	6.32%	6.43%	8.01%	6.66%	7.04%	7.44%	6.94%
Transactions	17	5	10	19	17	18	86
Total Units	1071	509	939	1190	859	1214	5782
Total Sales	\$87,113,900	\$6,135,000	\$65,255,900	\$101,977,500	\$81,712,042	\$116,866,000	\$459,060,342
Clark							
Avg \$/PerUnit	\$71,880	\$61,045	\$57,677	\$75,170	\$71,166	\$76,354	\$81,717
Avg \$/SqFt	\$74.15	\$58.91	\$56.75	\$74.72	\$68.98	\$82.44	\$71.54
Avg CapRate	6.28%	7.32%	7.33%	6.79%	6.47%	6.98%	6.85%
Transactions	13	9	12	8	8	22	72
Total Units	1567	1475	1518	1310	667	3205	9742
Total Sales	\$124,861,223	\$97,727,982	\$111,963,000	\$111,195,000	\$57,446,593	\$292,896,184	\$796,089,982
Mult							
Avg \$/PerUnit	\$84,501	\$86,870	\$94,105	\$93,323	\$98,722	\$92,702	\$115,384
Avg \$/SqFt	\$121.26	\$120.83	\$110.20	\$108.87	\$121.28	\$114.58	\$116.28
Avg CapRate	5.79%	5.95%	6.59%	6.96%	6.64%	6.57%	6.45%
Transactions	98	50	62	88	116	124	537
Total Units	3402	1308	2480	3523	4030	3615	18229
Total Sales	\$305,746,007	\$140,558,374	\$348,031,634	\$409,609,604	\$504,286,789	\$406,131,360	\$2,103,332,518
Wash							
Avg \$/PerUnit	\$84,425	\$85,797	\$75,867	\$83,034	\$83,322	\$84,421	\$100,450
Avg \$/SqFt	\$94.35	\$91.11	\$81.68	\$95.78	\$92.91	\$100.93	\$93.81
Avg CapRate	6.27%	6.26%	6.62%	6.19%	6.21%	6.36%	6.29%
Transactions	36	15	16	34	31	32	163
Total Units	3179	773	1819	5013	3748	2354	16886
Total Sales	\$312,449,400	\$58,586,000	\$173,777,000	\$491,001,086	\$398,287,011	\$276,430,405	\$1,696,203,847
TOTALS							
\$/Unit	\$81,739	\$83,106	\$84,095	\$86,667	\$92,083	\$88,596	\$86,464
	Year-Year Change	1.67%	1.19%	3.06%	6.25%	-3.79%	
\$/Sqft	\$107.92	\$107.62	\$95.91	\$100.21	\$109.88	\$106.32	\$105.02
	Year-Year Change	-0.27%	-10.88%	4.49%	9.64%	-3.24%	
CapRate	6.00%	6.18%	6.85%	6.74%	6.58%	6.68%	6.50%
	Year-Year Change	3.14%	10.73%	-1.58%	-2.32%	1.41%	
Transactions	164	79	100	149	172	196	858
	Year-Year Change	-51.83%	26.58%	49.00%	15.44%	13.95%	
Total Individual Units	9219	4065	6756	11036	9304	10388	50639
	Year-Year Change	-55.91%	66.20%	63.35%	-15.69%	11.65%	
Total Transaction \$	\$830,170,530	\$303,007,356	\$699,027,534	\$1,113,783,190	\$1,041,732,435	\$1,092,323,949	\$5,054,686,689
	Year-Year Change	-63.50%	130.70%	59.33%	-6.47%	4.86%	

PORTLAND APARTMENT SALES (2008-2013) – Conclusion

We hope this report helps you understand the Portland rental market and how you can make money.

We are always happy to provide market evaluations of your properties value along with suggestions on how to increase NOI. Increasing NOI should be paramount whether you are holding or selling your units. It never hurts to know the value of what you own in the current market.

As a buyer, this information should give guidelines on what to expect to pay, but realize every property is unique and determine an accurate value using your own financial analysis.

If you would like:

Further detail or breakdowns of this information or
A more readable copy of anything here or
Or similar information tailored to your neighborhood or ZIP code(s)

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Of course, any in depth analysis of the Portland market is available – Let us know how you'd like to “slice” the market. In addition, if you'd like an objective analysis of your apartments without obligation, let us know.

Upon request, we can send you a FREE copy of our 80-page book – “Buying, Selling and Operating Apartments – Using Financial Analysis”