

# Portland Area Apartment Sales

## Overview from 2006 – 2010

### 25 January 2011 Update

The biggest issue has been the marked decline in Count of Complexes Sold and Total Sales Volume. For reference, the 2010 total dollar volume (\$364M) is a little more than 1/3 of what it was 2006 (\$1025M). In addition, there were 104 complexes sold in 2010 vs. 265 in 2006.

2010 shows encouraging signs. Total sales volume is up >10% from 2009 to 2010. The price per unit has remained relatively flat for ACTUAL transactions (not listings) and from 2009 to 2010, it increased.

The price per unit has been affected by the quality of sales. In 2010, there have been more large (>100 unit) complex sales as a percentage of total sales. Larger complexes usually command a higher price per unit because of square footage and amenities.

### Today's status

Buyers - While sales volume is down, apartments are a lot better ROI today than in 2007 when demand was high. Prices have softened and operating dynamics (especially vacancy rates) have improved a lot. In addition, as a buyer you can take advantage of historically low interest rates. You will not have more bargaining power as a buyer than today in all likelihood.

Who is buying? Large investors who are trying to find better returns on investments and with cash they must place for a better return (pensions/insurance companies). This acknowledges that rental housing is still one of the best returning investments of commercial real estate. Rental housing will always have the lowest vacancy levels and the most consistent cash flow of all types of commercial real estate.

WANT TO BUY? – Call us. We've been in the apartment business for more than 30 years and are aware of on- and off-market listings. Plus our experience helps you to separate actual from pro forma numbers. In addition, we offer an 80-page book – “Buying, selling and Operating Apartments” which has helped 100s of owner set priorities.

Prices have stabilized and interest rates will not get lower. In Portland, vacancy rates are dropping which further improves operating dynamics. If you are looking for an investment that provides a great tax-sheltered income now is the time to make your move. Expecting prices to drop is unlikely given the operating environment.

\*\*\*\*\*

**Sellers** - Yes, you need to work harder at justifying any price since buyers are more selective. However, buyers are always looking for well-run properties and good neighborhoods. Currently, a lack of quality inventory is keeping pricing up in these areas.

How do you become a well-run property? Whether you sell or hold, you need to do whatever you can to maximize net operating income. This means:

- Re-financing at lower rates (We are at mid-5% range for new investment mortgages now)
- Cleaning up your tenant base (Portland vacancy rates are < 4% average allowing you to be more selective)
- Utility costs (Water bills will go up faster than rents) may make utility bill-backs feasible
- Watching and prioritizing your maintenance and repairs costs.

**WANT TO SELL? - We know apartments and what you need to do to increase your income. B&H both brokers and manages apartments and we've been doing it for more than 30 years. Call us for an objective no-cost look at how your properties are performing and how you can grow income.**

This is still a good time to sell. Right now there is a scarcity of “quality” apartments for sale. If you want to make your apartments into a quality investment to either generate more income or get the maximum sales price, call us. We work with owners who want the same thing and you can take advantage of Bluestone & Hockley’s more than 30 years of experience.

County		2006	2007	2008	2009	2010
Clackamas	Average of \$/PerUnit	\$ 69,340	\$ 68,521	\$ 67,667	\$ 63,394	\$ 63,336
	Average of \$/SqFt	\$ 83.06	\$ 76.42	\$ 81.66	\$ 83.65	\$ 63.54
	Average of CapRate	6.14%	5.99%	6.32%	6.43%	8.06%
	Complexes Sold	25	16	17	4	9
Clark	Average of \$/PerUnit	\$ 63,531	\$ 74,578	\$ 70,829	\$ 60,230	\$ 53,307
	Average of \$/SqFt	\$ 72.92	\$ 79.42	\$ 73.00	\$ 63.02	\$ 59.18
	Average of CapRate	6.53%	5.93%	6.28%	7.32%	7.67%
	Complexes Sold	33	30	13	8	8
Marion	Average of \$/PerUnit	\$ 56,424	\$ 58,110	\$ 60,730	\$ 53,258	\$ 37,541
	Average of \$/SqFt	\$ 64.47	\$ 64.84	\$ 67.85	\$ 87.44	\$ 47.40
	Average of CapRate	6.49%	6.46%	6.52%	7.24%	8.05%
	Complexes Sold	15	13	9	13	8
Multnomah	Average of \$/PerUnit	\$ 74,387	\$ 73,493	\$ 85,262	\$ 85,998	\$ 87,317
	Average of \$/SqFt	\$ 94.71	\$ 96.76	\$ 121.72	\$ 119.91	\$ 104.86
	Average of CapRate	6.04%	6.06%	5.79%	6.02%	6.92%
	Complexes Sold	152	144	96	53	66
Washington	Average of \$/PerUnit	\$ 66,299	\$ 86,113	\$ 81,852	\$ 78,711	\$ 78,067
	Average of \$/SqFt	\$ 81.97	\$ 93.81	\$ 93.00	\$ 89.22	\$ 83.17
	Average of CapRate	7.01%	5.81%	6.27%	6.73%	6.87%
	Complexes Sold	40	50	36	14	13
Totals	\$/Unit	\$ 70,321	\$ 74,976	\$ 80,329	\$ 76,833	\$ 77,897
Totals	Yr-Yr Change		6.62%	7.14%	-4.35%	1.38%
Totals	\$/SqFt	\$ 88.14	\$ 91.31	\$ 105.64	\$ 105.09	\$ 90.64
Totals	Yr-Yr Change		3.60%	15.70%	-0.51%	-13.76%
Totals	Avg CapRate	6.33%	6.02%	6.03%	6.46%	7.18%
Totals	Yr-Yr Change		-4.86%	0.15%	7.09%	11.17%
Totals	Complexes Sold	265	253	171	92	104
Totals	Yr-Yr Change		-4.53%	-32.41%	-46.20%	13.04%
Totals	Sales	\$ 1,025,777,628	\$ 918,082,290	\$ 737,420,077	\$ 335,147,353	\$ 362,063,544
Totals	Yr-Yr Change		-10.50%	-19.68%	-54.55%	8.03%