

Portland Apartment Sales Summary **2010-2015**

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Portland Apartment Sales Summary **2010-2015**

Table of Contents

Operating Dynamics Trends	4
5 year history overview	5
New construction overview	7
2015 Sales By County	9
2015 Sales By Neighborhood	11
2015 Sales By Complex Size	14
2015 Sales By Decade Built	15
2015 Largest Sales by Gross \$ and \$/unit	18
2015 Largest Sales by County	19
2014 Largest Sales by Gross \$	20



Portland Apt 5 Year History - 2010-2015

2010-2015 Portland Apartment Market Comments

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. It's 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 (cf. Larger complex sales section.) Some communities (like Wilsonville) have seen most institutional inventory change hands in 2015 already.

As a buyer, **quality properties in good locations mean you have to reach on pricing** (see our page on Portland are sales by neighborhoods.) On the other hand, look at the numbers and 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.

Portland Apt 5 Year History - 2010-2015

2015 Operating Dynamic Trends



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:

They are making good and easy money after going thru the tumult of 2009 and 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:

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

2015 may be a plateau year for rent growth and we may return to a situation where owners will need to compete for better-quality tenants. You can always 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. The question is - How many tenants are there willing and able to pay \$2500+/month for a 2-bed unit?

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.

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.

Portland Apt 5 Year History - 2010-2015

2010-2015 Portland Apartment Market Comments

	5 yr Balloon Rate	Avg \$/unit	Avg \$/Sq Ft	Avg Cap Rate	Deals	Total Units Sold	Avg Transaction	Total Sales
2015	3.95%	\$127,723	\$151.66	5.88%	277	15246	\$8,318,767	\$2,304,298,398
2014	4.13%	\$118,296	\$131.66	6.29%	200	10849	\$7,928,001	\$1,585,600,152
2013	4.25%	\$88,183	\$106.23	6.69%	199	10890	\$5,646,728	\$1,123,698,949
2012	4.00%	\$89,765	\$107.27	6.57%	181	9741	\$5,675,362	\$1,027,240,596
2011	4.50%	\$88,949	\$101.26	6.72%	157	11351	\$7,644,444	\$1,200,177,690
2010	5.30%	\$82,779	\$94.54	6.87%	106	6146	\$6,083,128	\$644,811,597
5 yr Avg	4.36%	\$99,282	\$115.44	6.503%	186.7	10704	\$6,882,738	\$1,314,304,564
5 Yr Total					1120	64223		\$7,885,827,382

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

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. Buyers still very cautious with sales picking up in second half of 2010.

2011 – Close-in properties have very low vacancies. Continuation of 2010 trends, however, smaller buyers are slowly returning. Many large 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. Now the battle is finding owners willing to sell at all after having some very good returns erase the abysmal years of 2007 and earlier.

2013 – 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).

Portland Apt 5 Year History - 2010-2015

2010-2015 Portland Apartment Market Comments



2014 –The spread between average Cap Rates (6.40%) and average lending rates (4.13%) is still > 1.5%. Total transaction \$ surpass previous all-time high (2011). The market is heating up with institutional buyers leading the way.

2015 –The spread between average Cap Rates (5.88%) and average lending rates (3.95%) is still > 1.5%. Total transaction \$ surpass sets record easily. Buyer demand swamps inventory resulting in pricing being driven by buyers. Sellers still are seeing good income on properties, however, the threat of rent-control like rules in Portland is a threat. Meanwhile, new construction (see later) hits another high with money still cheap.

2016 –As of publish date, there doesn't seem to be a looming event that would change course. However, sellers are getting attracted by \$200K/unit pricing on existing buildings in good neighborhoods. Still there is a lack of seller motivation to sell in anticipation of more gains in property values and rental income. While there has been one up adjust in interest rates by the Fed, there doesn't seem to be any threat of inflation (ignoring rental pricing) that would lead to another increase.

Biggest threats seem to be:

- 1) Are rents topping out since we seem to be reaching tenant capacity to pay?
- 2) Expenses will always increase. Will income outpace that increase and what can an owner do to control expenses?
- 3) With inflated sales prices are we hitting a buyer limit? Class A properties have crossed the \$400K/unit and \$100M gross sale numbers already.
- 4) Evidence to the contrary notwithstanding, will an interest rate increase reverse pricing trends?

We can address and keep you current on these and other questions you may have about the Portland rental market. At a min, we send out a monthly eMail detailing individual apartment sales >\$450K. If you'd like to be included, let us know.

We've helped owners with weatherization grants, finding new ways to do utility bill-backs that are not intrusive and provided very thorough financial analyses that compare your rents and expenses to the neighborhood averages, give your rent comparables and sales comparables to let you know where you stand.

Current knowledge about your property and the market helps you make the best decisions and plans for your today and future income. Making an informed decision sooner rather trumps being forced into a decision. With unsolicited offers increasing, learn where you stand and if its even worth considering and offer.

Portland Apt 5 Year History - 2010-2015

2015 Operating Dynamic Trends

New construction shouldn't affect most of the existing 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 (System Development Charges) and 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).

NEW CONSTRUCTION BY COUNTY

Row Labels	Clackamas County		Clark County		Multnomah County		Washington County		4 County Sum	
	Projects	Individual Units	Projects	Individual Units	Projects	Individual Units	Projects	Individual Units	Total Projects	Total Individual Units
2018			13	3982	4	1415	9	2662	26	8059
2017	7	1322	4	592	107	10062	5	523	123	12499
2016	6	612	10	1634	100	10635	18	2672	134	15553
2015	2	132	5	651	59	4355	12	1126	78	6264
2014	4	664	1	96	54	4066	17	3068	76	7894
2013	3	556	9	1443	51	3743	7	819	70	6561
2012	1	324	3	272	13	1063			17	1659
2011	1	300	1	48	13	553	1	47	16	948
New Const. Total	24	3910	46	8718	401	35892	69	10917	540	59437
New + Existing Const	535	34165	590	42123	4156	150922	964	72199	6245	299409
New/All Const	4.49%	11.44%	7.80%	20.70%	9.65%	23.78%	7.16%	15.12%	8.65%	19.85%



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.

Portland Apt 5 Year History - 2010-2015

2010-2015 Portland Apartment Market Comments



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 always 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:

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

SVN/Bluestone & Hockley RE Services specializes in brokerage, management and maintenance. If you'd like an assessment or opinion of value - Call now. You'll be under no obligation and, in turn, you should gain some useful information about where you stand today. In addition, we have 30+ years of property management that can help you.

2010-2015 Portland Apartment Market Comments

2015 Sales By County

Following is a summary of all sales in the Portland METRO (Clark, Clackamas, Multnomah and Washington counties) markets for 2015. We've included Cap Rate, \$/unit, \$/sqft, transaction count, individual rental units sold and total transaction dollars for 2015.

	Clackamas	Clark (WA)	Multnomah	Washington	Average or Total
Avg \$/Per Unit	\$126,902	\$111,139	\$134,935	\$112,099	\$127,723
Relative to Average	-0.6%	-13.0%	5.6%	-12.2%	
Avg \$/Sq Ft	\$140.78	\$108.10	\$167.24	\$125.07	\$151.66
Relative to Average	-7.2%	-28.7%	10.3%	-17.5%	
Avg Cap Rate	5.86%	6.63%	5.78%	5.90%	5.88%
Relative to Average	-0.2%	12.7%	-1.6%	0.4%	
Avg Transaction	\$17,083,955	\$8,371,171	\$5,207,322	\$12,995,024	\$8,318,767
Relative to Average	105.4%	0.6%	-37.4%	56.2%	
Transactions	33	23	170	51	277
% of Total	11.9%	8.3%	61.4%	18.4%	
Gross \$	\$563,770,514	\$192,536,940	\$885,244,723	\$662,746,221	\$2,304,298,398
% of Total	24.5%	8.4%	38.4%	28.8%	
Pop Growth	B	C+	B	B	
Job Growth	C+	C	C+	B	

Following are brief comments on each county and comparison to averages from 2010-2015 (% difference/total is relative to overall 4 county averages for 2015).



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 (Multnomah, Clackamas 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.

Portland apt 5 Year History 2010-2015

2014 Sales By County

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, Synopsys, Genentech 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 plant, 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

	Clackamas	Clark (WA)	Multnomah	Washington	Average or Total
Complexes	535	590	4158	964	6247
Individual Units	34165	42123	151118	72199	299605
% of Total Units	11.4%	14.1%	50.4%	24.1%	100%



Portland Apt 5 Year History - 2010-2015

2010-2015 Sales By Neighborhood

Total Sales all 4 Portland Metro Counties
(Neighborhoods are sorted by ascending 5 year average Cap Rates)

	2010	2011	2012	2013	2014	2015	Grand Total
Avg \$/Per unit	\$82,770	\$88,949	\$89,765	\$88,183	\$118,296	\$127,723	\$103,224
Avg \$/Sq Ft	\$94.54	\$101.26	\$107.27	\$106.23	\$131.66	\$151.66	\$120.39
Avg Cap Rate	6.87%	6.72%	6.57%	6.69%	6.29%	5.88%	6.45%
Gross Sales	\$603,311,597	\$1,200,177,690	\$1,027,240,596	\$1,123,698,949	\$1,585,600,152	\$2,304,298,398	\$7,844,327,382
Transactions	105	157	181	199	200	277	1119
% of Total 4 City \$	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Portland Central / West

	2010	2011	2012	2013	2014	2015	Grand Total
Avg \$/Per unit	\$116,279	\$128,096	\$117,105	\$116,877	\$202,067	\$173,763	\$144,869
Avg \$/Sq Ft	\$137.99	\$150.70	\$150.84	\$155.15	\$207.03	\$223.59	\$175.71
Avg Cap Rate	6.02%	6.52%	5.61%	5.90%	4.90%	5.04%	5.69%
Gross Sales	\$203,356,234	\$267,855,533	\$228,626,567	\$203,902,780	\$321,315,450	\$392,567,070	\$1,617,623,634
Transactions	20	28	34	24	25	42	173
% of Total 4 City \$	33.71%	22.32%	22.26%	18.15%	20.26%	17.04%	20.62%

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 (>\$2.75/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. In addition, the sales lead seems to be slipping to the Beaverton-Hillsboro and Washington county area due to job growth and availability of amenities.

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

	2010	2011	2012	2013	2014	2015	Grand Total
Avg \$/Per unit	\$93,992	\$94,751	\$101,108	\$101,104	\$131,705	\$144,934	\$115,972
Avg \$/Sq Ft	\$108.81	\$110.63	\$119.45	\$129.15	\$163.17	\$176.56	\$141.05
Avg Cap Rate	6.48%	6.47%	6.42%	6.38%	5.90%	5.33%	6.08%
Gross Sales	\$146,230,181	\$83,617,794	\$165,134,367	\$118,376,885	\$188,872,629	\$368,582,815	\$1,070,814,671
Transactions	36	45	60	62	59	93	355
% of Total 4 City \$	24.24%	6.97%	16.08%	10.53%	11.91%	16.00%	13.65%

Close-in East Portland (West of 82nd to the Willamette) - This is also a very in demand neighborhood and continues to appreciate faster. Most new construction is either income-qualified or high-end (rents at >\$2.50/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

Portland Apt 5 Year History - 2010-2015

2010-2015 Sales By Neighborhood

Close-in East Portland (West of 82nd to the Willamette) – (cont'd) 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

	2010	2011	2012	2013	2014	2015	Grand Total
Avg \$/Per unit	\$75,773	\$88,585	\$81,951	\$80,678	\$112,497	\$114,218	\$95,710
Avg \$/Sq Ft	\$80.75	\$94.29	\$92.61	\$101.50	\$109.82	\$127.64	\$104.63
Avg Cap Rate	6.51%	6.04%	6.32%	6.26%	5.99%	6.09%	6.19%
Gross Sales	\$122,303,000	\$492,365,086	\$333,068,387	\$212,764,005	\$466,272,000	\$542,184,221	\$2,168,956,699
Transactions	13	28	29	24	28	38	160
% of Total 4 City \$	20.27%	41.02%	32.42%	18.93%	29.41%	23.53%	27.65%

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

	2010	2011	2012	2013	2014	2015	Grand Total
Avg \$/Per unit	\$70,777	\$69,626	\$79,355	\$85,607	\$99,891	\$127,669	\$95,574
Avg \$/Sq Ft	\$75.52	\$88.29	\$84.48	\$90.57	\$130.77	\$141.96	\$111.31
Avg Cap Rate	7.28%	6.65%	6.55%	7.52%	6.12%	5.81%	6.48%
Gross Sales	\$66,324,400	\$110,326,500	\$153,499,703	\$157,351,400	\$339,598,681	\$608,596,764	\$1,435,697,448
Transactions	9	20	19	17	27	35	127
% of Total 4 City \$	10.99%	9.19%	14.94%	14.00%	21.42%	26.41%	18.30%

Portland South Suburbs – The demographics span from the richest cities (Lake Oswego / West Linn) to the city with fastest growing percentage of LIH (Low-income housing) 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.

Portland Apt 5 Year History - 2010-2015

2010-2015 Sales By Neighborhood

Vancouver

	2010	2011	2012	2013	2014	2015	Grand Total
Avg \$/Per unit	\$53,104	\$75,170	\$71,166	\$76,850	\$87,055	\$111,139	\$84,330
Avg \$/Sq Ft	\$57.76	\$74.72	\$68.98	\$84.84	\$90.10	\$108.10	\$86.23
Avg Cap Rate	7.67%	6.79%	6.47%	6.98%	7.10%	6.63%	6.92%
Gross Sales	\$49,463,000	\$111,195,000	\$57,446,593	\$301,996,184	\$93,749,709	\$192,536,940	\$806,387,426
Transactions	10	8	9	23	17	23	90
% of Total 4 City \$	8.20%	9.26%	5.59%	26.88%	5.91%	8.36%	10.28%

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. New construction is not anticipated to have a large effect on existing stock.

Portland (East of 82nd) and Gresham

	2010	2011	2012	2013	2014	2015	Grand Total
Avg \$/Per unit	\$59,431	\$68,718	\$67,163	\$71,153	\$85,522	\$94,322	\$77,211
Avg \$/Sq Ft	\$65.93	\$73.47	\$78.56	\$76.48	\$86.66	\$104.57	\$83.69
Avg Cap Rate	7.45%	7.40%	7.57%	6.95%	6.80%	6.52%	7.04%
Gross Sales	\$34,693,000	\$155,066,177	\$107,666,183	\$142,537,695	\$174,910,185	\$269,583,408	\$884,456,648
Transactions	23	35	33	57	47	58	253
% of Total 4 City \$	5.75%	12.92%	10.48%	12.68%	11.03%	11.70%	11.28%

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. There is not a lot of new construction planned in this neighborhood besides LIH projects.

Portland Apt 5 Year History - 2010-2015

2015 Sales By Unit Count

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 about 20 existing and proposed complexes >500 units. However, in terms of gross sales dollars, complexes > 100 units make up almost ¾ of all sales. What is interesting is that the ratio has held ($\text{GrossLargeSales}/\text{GrossSmallSales} = 3/1$) for the past five years.

Complexes Greater Than 100 Units

	2010	2011	2012	2013	2014	2015	Total / Avg
Avg \$/Per unit	\$129,342	\$119,770	\$114,214	\$106,980	\$150,758	\$172,103	\$136,430
Avg \$/Sq Ft	\$132.14	\$116.37	\$122.39	\$120.80	\$162.91	\$184.72	\$145.93
Avg Cap Rate	6.03%	6.21%	5.69%	6.01%	5.69%	5.35%	5.86%
Gross Sales \$	\$450,611,660	\$947,271,683	\$689,351,632	\$794,266,847	\$1,186,833,010	\$1,643,491,929	\$5,711,826,761
Deals	16	33	22	30	38	47	186
Avg Size in Units	221.9	249.4	269.8	233.5	215.8	228.1	235.1
% of Total Gross \$	74.7%	78.9%	67.1%	70.7%	74.9%	71.3%	72.8%

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. However, due to competition you'll be paying roughly a third more in \$/unit and \$/sqft. A lot of this is due to buyers driving pricing with REITs anxious to place money that may move on unless they can find property.

Complexes 100 units and less

	2010	2011	2012	2013	2014	2015	Total / Avg
Avg \$/Per unit	\$74,303	\$80,680	\$86,249	\$84,744	\$111,195	\$119,426	\$96,749
Avg \$/Sq Ft	\$87.70	\$97.24	\$105.14	\$103.61	\$124.19	\$144.85	\$115.24
Avg Cap Rate	7.01%	6.84%	6.76%	6.80%	6.39%	5.92%	6.55%
Gross Sales \$	\$152,699,937	\$252,906,007	\$337,888,964	\$329,432,102	\$398,767,142	\$660,806,469	\$2,132,500,621
Deals	89	124	159	169	162	230	933
Avg Size in Units	23.9	25.4	24.9	23.7	20.6	23.6	23.6
% of Total Gross \$	25.3%	21.1%	32.9%	29.3%	25.1%	28.7%	27.2%

In 2012, the smaller investor re-entered 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.

Portland Apt 5 Year History - 2010-2015

2010-2015 Sales By Decade Built

	Pre-1940's	1940's-1950's	1960's	1970's	1980's	1990's	2000's	2010's	Grand Total
\$/Per unit	\$124,697	\$107,200	\$85,542	\$71,838	\$92,971	\$108,616	\$147,131	\$198,574	\$103,224
\$/Sq Ft	\$164.94	\$151.41	\$100.52	\$85.36	\$103.55	\$113.25	\$134.52	\$234.64	\$120.39
Cap Rate	5.87%	6.28%	6.66%	6.93%	6.33%	6.19%	6.33%	5.55%	6.45%
Transactions	140	83	208	250	77	151	96	50	1113
Avg Unit Count	17.4	20.5	26.7	37.8	131.2	138.7	79.5	75.3	58.1
Units Sold	2354	1702	5483	9413	10100	20801	7549	3765	63727
Gross Sales \$	\$286,920,027	\$176,390,797	\$522,997,872	\$662,649,965	\$1,067,638,608	\$2,599,151,898	\$1,414,427,291	\$801,089,154	\$7,844,327,382
% of All Sales	3.7%	2.2%	6.7%	8.4%	13.6%	33.1%	18.0%	10.2%	100.0%

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.

While the decade of 2010 seems like a big jump in inventory (which it is) its is not the biggest increase by decade. Right now, about 25% of all inventory thru 2019 looks to be built in the 2010's. However, most new construction is either in the core, close-in East side or Beaverton to Hillsboro.

That honor belongs to the 90's when 1/3 of all inventory up until 1999 was built in the 90's in the 4 county area. Most 90's construction happened in outlying suburbs like Gresham, Happy Valley / Clackamas, Tualatin and Vancouver.

All Inventory by Decade Built

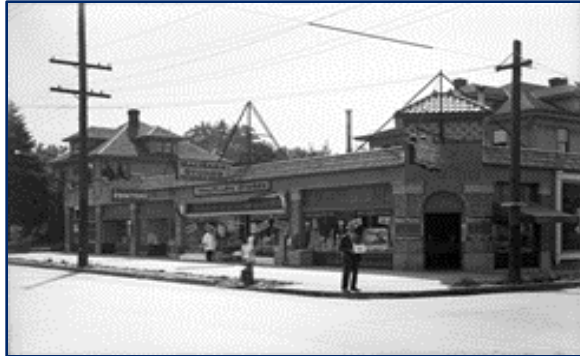
	Pre-1940's	1940's-1950's	1960's	1970's	1980's	1990's	2000's	2010's	Grand Total
Clackamas County									
Complexes	10	14	89	139	53	86	20	25	436
Units	150	409	2146	5361	5541	11288	1606	3994	30495
Clark (WA) County									
Complexes	15	16	76	135	68	99	60	47	516
Units	267	405	2055	4852	6406	9676	6741	8768	39170
Multnomah County									
Complexes	650	338	573	670	114	262	216	414	3237
Units	13904	7544	15221	18774	5816	18321	17193	36835	133608
Washington County									
Complexes	6	41	162	219	96	133	38	70	765
Units	41	1115	6981	9759	11072	19850	3660	11155	63633
Total Complexes	681	409	900	1163	331	580	334	556	4954
Total Units	14362	9473	26403	38746	28835	59135	29200	60752	266906
% of Unit Inventory	5.38%	3.55%	9.89%	14.52%	10.80%	22.16%	10.94%	22.76%	100.00%
% of Total Const in Decade to Date**	100.0%	39.7%	52.6%	43.5%	24.5%	33.4%	14.2%	22.8%	

☆☆ % of Total Const in Decade to Date – Means the amount of construction in a decade divided by all construction up to and including that decade. For example, in 1990's, 1990-1999 construction was 33.4% of all apartments built up to and including 1999 from inception.

Portland Apt 5 Year History - 2010-2015

2010-2015 Sales By Decade Built

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. Again, most of these complexes have great locations since Portland didn't go much beyond 39th/Cesar Chavez to the east.

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. 70s vintage units seem to offer the most bang for the buck with lowest \$/unit, but seem to suffer the ravages of owner neglect and poorer locations.



Portland Apt 5 Year History - 2010-2015

2010-2015 Sales By Decade Built



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 33% of all available units in the 4 county area up thru 1999 - 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. However, new construction is overlooking lower rent neighborhoods like East Multnomah county and Clark county.



Portland Apt 5 Year History - 2010-2015

2015 Largest Sales by Gross \$ and \$/unit

2015 Top 15 Sales by Total \$

Date Sold	Name	Address	City	County	Price	Units	\$/Per unit	\$/Sq Ft	Yr Built
15-Sep-15	River Place Square	1811 SW River Dr	Portland	Multnomah	\$97,200,000	290	\$335,172	\$324.13	1998
18-Dec-15	Village at Main Street	30050 SW Town Center	Wilsonville	Clackamas	\$95,000,000	464	\$204,741	\$182.06	1998
4-Sep-15	Sterling Pointe	14437 SW Teal Blvd	Beaverton	Washington	\$91,080,000	630	\$144,571	\$158.54	1987
31-Aug-15	Terrene at the Grove	8890 SW Ash Meadows	Wilsonville	Clackamas	\$59,500,000	288	\$206,597	\$205.86	2013
19-Jun-15	Museum Place	1010-1030 SW Jefferson St	Portland	Multnomah	\$59,500,000	140	\$425,000	\$389.78	2003
27-Jan-15	Jory Trail at the Grove	8520 SW Ash Meadows	Wilsonville	Clackamas	\$59,000,000	324	\$182,099	\$144.08	2012
16-Dec-15	River Pointe	3708 NE 109th	Vancouver	Clark (WA)	\$55,000,000	387	\$142,119	\$164.96	1994
5-Oct-15	Waterhouse Place	600 NW 158th Ave	Beaverton	Washington	\$50,000,000	279	\$179,211	\$191.57	1990
30-Apr-15	Canyon Creek Villages	26310 SW Canyon Creek	Wilsonville	Clackamas	\$49,500,000	372	\$133,065	\$136.27	1998
7-Apr-15	Redwood Creek (nee Glenbrook)	12015 SW Walden Ln	Beaverton	Washington	\$48,750,000	406	\$120,074	\$115.22	1980
23-Jun-15	Domaine at Villebois	28900 SW Villebois Dr	Wilsonville	Clackamas	\$48,025,000	274	\$175,274	\$180.38	2008
15-Jul-15	The Cordelia	777 & 808 NW 19th Ave	Portland	Multnomah	\$47,750,000	135	\$353,704	\$442.13	2014
24-Sep-15	Bridge Creek	29697 SW Rose Ln	Wilsonville	Clackamas	\$47,611,226	315	\$151,147	\$169.04	1989
30-Jun-15	Andover Park	15282 SW Teal Blvd	Beaverton	Washington	\$45,250,000	240	\$188,542	\$198.64	1989
15-Dec-15	The Janey	1155 NW Everett St	Portland	Multnomah	\$45,000,000	112	\$401,786	\$652.17	2012
Average =					\$57,211,873	311.9	\$214,852	\$237.91	1999.1

2015 Top 15 Sales by \$/unit

Date Sold	Name	Address	City	County	Price	Units	\$/Per unit	\$/Sq Ft	Yr Built
19-Jun-15	Museum Place	1010 SW Jefferson	Portland	Multnomah	\$59,500,000	140	\$425,000	\$389.78	2003
15-Dec-15	The Janey	1155 NW Everett St	Portland	Multnomah	\$45,000,000	112	\$401,786	\$652.17	2012
15-Jul-15	The Cordelia	777 NW 19th	Portland	Multnomah	\$47,750,000	135	\$353,704	\$442.13	2014
12-Jan-15	2121 Belmont	2121 SE Belmont	Portland	Multnomah	\$42,300,000	123	\$343,902	\$191.26	2008
15-Sep-15	River Place Square	1811 SW River Dr	Portland	Multnomah	\$97,200,000	290	\$335,172	\$324.13	1998
4-Aug-15	Burnside 26	2625 E Burnside	Portland	Multnomah	\$41,500,000	135	\$307,407	\$436.84	2014
4-Jan-15	Central Eastside (+ retail)	111 NE 6th	Portland	Multnomah	\$18,945,000	70	\$270,643	\$311.34	2012
1-Sep-15	Prestige Plaza	305 E Mill Plain	Vancouver	Clark (WA)	\$23,300,000	96	\$242,708	\$180.40	2014
25-Jun-15	The 206	2499 NW 206th Ave	Hillsboro	Washington	\$45,000,000	203	\$221,675	\$183.64	2014
31-Aug-15	Terrene at the Grove	8890 SW Ash Meadows	Wilsonville	Clackamas	\$59,500,000	288	\$206,597	\$205.86	2013
18-Dec-15	Village at Main Street	30050 SW Town Center	Wilsonville	Clackamas	\$95,000,000	464	\$204,741	\$182.06	1998
17-Jun-15	Summerlinn (Broken Condo)	400 Springtree Ln	West Linn	Clackamas	\$19,200,000	94	\$204,255	\$198.85	1999
30-Jun-15	Andover Park	15282 SW Teal Blvd	Beaverton	Washington	\$45,250,000	240	\$188,542	\$198.64	1989
27-Jan-15	Jory Trail at the Grove	8520 SW Ash Meadows	Wilsonville	Clackamas	\$59,000,000	324	\$182,099	\$144.08	2012
5-Oct-15	Waterhouse Place	600 NW 158th Ave	Beaverton	Washington	\$50,000,000	279	\$179,211	\$191.57	1990
Average =					\$49,896,333	199.5	\$271,163	\$282.18	2006.0

Comments – What can you say besides this reflects the demand for select locations:

- Central Portland
- Beaverton to Hillsboro (aka Nike's parking lot to Intel's) and
- Wilsonville (almost every large complex has changed hands in the past year)

While we didn't have a \$100M+ transaction (one in 2014), the top 15 average \$/transaction has grown over 2014. The only damper seems to be a lack of motivated sellers with buyers propelling pricing on large transactions.

Portland Apt 5 Year History - 2010-2015

2015 Largest Sales by County

Clackamas - 2015 Top 5 Sales by Total \$

Rank	Date Sold	Name	Address	City	Price	Units	\$/Per unit	\$/Sq Ft	Yr Built
2	18-Dec-15	Village at Main Street	30050 SW Town Center Loop W	Wilsonville	\$95,000,000	464	\$204,741	\$182.06	1998
4	31-Aug-15	Terrene at the Grove	8890 SW Ash Meadows Cir	Wilsonville	\$59,500,000	288	\$206,597	\$205.86	2013
6	27-Jan-15	Jory Trail at the Grove	8520-8750 SW Ash Meadows Blvd	Wilsonville	\$59,000,000	324	\$182,099	\$144.08	2012
9	30-Apr-15	Canyon Creek Villages	26310 SW Canyon Creek Rd	Wilsonville	\$49,500,000	372	\$133,065	\$136.27	1998
11	23-Jun-15	Domaine at Villebois	28900 SW Villebois Dr	Wilsonville	\$48,025,000	274	\$175,274	\$180.38	2008

Clark (WA) - 2015 Top 5 Sales by Total \$

Rank	Date Sold	Name	Address	City	Price	Units	\$/Per unit	\$/Sq Ft	Yr Built
7	16-Dec-15	River Pointe	3708 NE 109th	Vancouver	\$55,000,000	387	\$142,119	\$164.96	1994
28	28-Aug-15	Arnada Pointe (The Polo Club)	317 NE Newhouse Rd	Vancouver	\$28,100,000	200	\$140,500	\$146.23	1995
31	1-Sep-15	Prestige Plaza	305 E Mill Plain Blvd	Vancouver	\$23,300,000	96	\$242,708	\$180.40	2014
35	20-Aug-15	The Addison	7531 NE 18th St	Vancouver	\$21,750,000	147	\$147,959	\$131.52	2009
48	10-Dec-15	Village on Seventh	12800 SE 7th St	Vancouver	\$12,652,487	104	\$121,659	\$117.43	1991

Multnomah - 2015 Top 5 Sales by Total \$

Rank	Date Sold	Name	Address	City	Price	Units	\$/Per unit	\$/Sq Ft	Yr Built
1	15-Sep-15	River Place Square	1811 SW River Dr	Portland	\$97,200,000	290	\$335,172	\$324.13	1998
5	19-Jun-15	Museum Place	1010-1030 SW Jefferson St	Portland	\$59,500,000	140	\$425,000	\$389.78	2003
12	15-Jul-15	The Cordelia	777 & 808 NW 19th Ave	Portland	\$47,750,000	135	\$353,704	\$442.13	2014
15	15-Dec-15	The Janey	1155 NW Everett St	Portland	\$45,000,000	112	\$401,786	\$652.17	2012
18	12-Jan-15	2121 Belmont	2121 SE Belmont	Portland	\$42,300,000	123	\$343,902	\$191.26	2008

Washington - 2015 Top 5 Sales by Total \$

Rank	Date Sold	Name	Address	City	Price	Units	\$/Per unit	\$/Sq Ft	Yr Built
3	4-Sep-15	Sterling Pointe	14437 SW Teal Blvd	Beaverton	\$91,080,000	630	\$144,571	\$158.54	1987
8	5-Oct-15	Waterhouse Place	600 NW 158th Ave	Beaverton	\$50,000,000	279	\$179,211	\$191.57	1990
10	7-Apr-15	Redwood Creek (nee Glenbrook)	12015 SW Walden Ln	Beaverton	\$48,750,000	406	\$120,074	\$115.22	1980
14	30-Jun-15	Andover Park	15282 SW Teal Blvd	Beaverton	\$45,250,000	240	\$188,542	\$198.64	1989
16	25-Jun-15	The 206	2499 NW 206th Ave	Hillsboro	\$45,000,000	203	\$221,675	\$183.64	2014



Portland Apt 5 Year History - 2010-2015

2014 Largest Sales by County

2014 Top 15 Sales by Total \$

Date Sold	Name	Address	City	County	Price	Units	\$/Per unit	\$/Sq Ft	Yr Built
19-Jun-14	The Asa	1200-1220 NW Marshall St	Portland	Multnomah	\$105,500,000	231	\$456,710	\$435.00	2008
21-Aug-14	Rock Creek Landing	3009 NW Overlook Dr	Hillsboro	Washington	\$80,000,000	480	\$166,667	\$185.41	1995
3-Jun-14	One Jefferson Parkway	1 Jefferson Pky	Lake Oswego	Clackamas	\$63,000,000	347	\$181,556	\$175.22	1985
23-Jan-14	Thorncroft Farms	2120 NW Thorncroft Dr	Hillsboro	Washington	\$58,000,000	340	\$170,588	\$155.27	1998
27-Oct-14	Arbor Heights	15199 SW Royalty Pky	Tigard	Washington	\$54,100,000	348	\$155,460	\$134.13	1987
16-Dec-14	Harrison Tower	222 SW Harrison St	Portland	Multnomah	\$53,000,000	185	\$286,486	\$354.59	1965
19-Aug-14	Reflections at Summer Creek	11103 SW Davies	Beaverton	Washington	\$53,000,000	351	\$150,997	\$174.05	1990
10-Feb-14	Tupelo Alley	3806-3850 N Mississippi St	Portland	Multnomah	\$53,000,000	188	\$281,915	\$224.58	2008
27-Aug-14	The Landing	19901 Coast Redwood Ave	Oregon City	Clackamas	\$52,500,000	300	\$175,000	\$210.00	2011
24-Apr-14	Monterey Springs	8640 SE Causey	Happy Valley	Clackamas	\$51,250,000	390	\$131,410	\$140.05	1990
28-Aug-14	Seneca Village	6710 NE Vinings Way	Hillsboro	Washington	\$51,000,000	264	\$193,182	\$182.97	1998
2-Oct-14	Arbor Creek	3280 SW 170th	Beaverton	Washington	\$47,250,000	440	\$107,386	\$116.76	1984
18-Aug-14	Westview Heights	18301 NW Chemeketa Ln	Beaverton	Washington	\$44,800,000	198	\$226,263	\$156.27	2003
17-Oct-14	Lumina	2700 W Powell Blvd	Gresham	Multnomah	\$43,550,000	440	\$98,977	\$121.00	1990
15-Dec-14	2121 Belmont	2121 SE Belmont St	Portland	Multnomah	\$42,300,000	123	\$343,902	\$191.26	2008
Average =					\$53,339,286	313.9	\$190,699	\$180.11	1993.7



Portland Apt 5 Year History - 2010-2015

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
- Similar information tailored to your neighborhood or ZIP code(s) or
- To be included on our monthly eMailer of individual apartment

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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"

