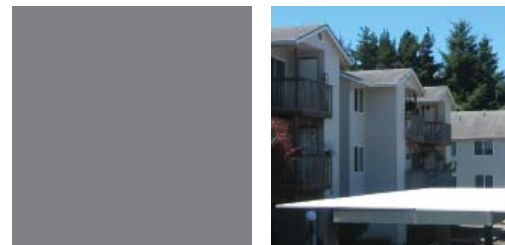


# MULTIFAMILY REPORT

Portland Metro Area | Fourth Quarter 2011



## TRENDS:

Vacancy Rate



Rental Rates



Permits



Construction



## OVERVIEW

**Multifamily** vacancy rose very slightly to 2.87% during Fourth Quarter, largely due to the season, since not many people move in the late fall and early winter. We should see vacancy tighten up again in the spring and summer. Rents also continued to rise, up \$8 overall to an average of \$860 for all unit sizes.

## Market Trends

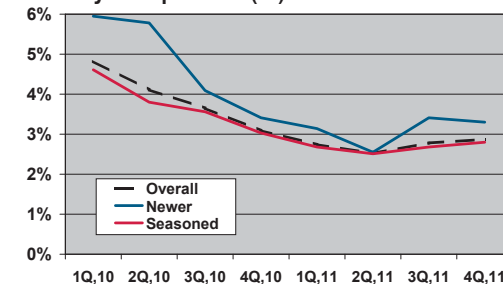
Portland's increasingly tight multifamily market has motivated developers to start building around the metro area. They are especially targeting areas that have high demand and can garner market-leading rents, which tend to be closer in to the city's core.

The eastside, which has seen very little construction in the past five years, is the site of many new infill projects with 6-90 units. RuJax I LLC is developing The Albert (72 units) on North Williams, which should be completed by June 2012. Creston Homes has two eastside projects in the works: a 47-unit building next to the Hollywood Theatre on NE Sandy Boulevard, and a 71-unit project at SE 20th and Morrison. The Couch Apartments, with 70 units, is also rising at NE Sixth and Couch. These are just a few of the many projects in the works, but they represent a trend of infill properties with easy access to mass transit and near desirable amenities.

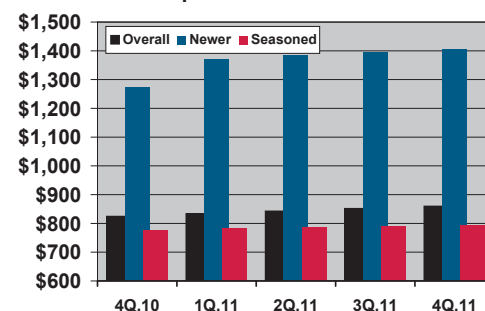
The large number of eastside deliveries in 2012 and 2013 will test the depth of that market, but we believe that since many of these projects are relatively small, and since demand in attractive areas like Hawthorne, Belmont and Division is so high, they will see successful lease-up.

The Pearl and Northwest Portland are also seeing lots of activity. A 90-unit project is taking shape at the corner of NW 20th Avenue and Pettygrove Street, and The Janey will deliver 50 units at NW 12th and Everett. Bob Ball has also announced plans for The Parker, a 177-unit luxury project on NW 12th between Pettygrove and Quimby.

## Vacancy Comparison (%)



## Rental Rate Comparison



The suburbs have not seen as much construction, but Holland Development Group has two projects in the works with planned deliveries in spring 2012. The 324-unit Brenchley Estates in Wilsonville and the 190-unit Living Green at Orenco Station in Hillsboro both offer easy access to transit, and have some green features. The lease-up of these projects will be a good indicator of how much further development the suburbs can support.

## Major Sale Transactions

Buyer:	Building:	Price:	Units:	Submarket:
MEPT/New Tower Trust Company	Broadstone Enso	\$54,500,000	152	Downtown Portland
Security Properties Inc.	Timber Ridge Apartment Homes	\$39,500,000	238	Beaverton & Aloha
Kennedy Wilson	Westview Heights	\$29,500,000	198	Beaverton & Aloha
Principal Real Estate Investors LLC	The Beverly	\$29,000,000	54	N & NE Portland
Matteson Companies	Reflection at the Park	\$21,000,000	244	Vancouver
Fowler Property Acquisitions	Illahee at Charbonneau	\$10,730,000	126	Wilsonville
Fowler Property Acquisitions	Hidden Creek	\$10,000,000	135	Clack., Oregon City, Milwaukie

Source: Major sales transactions are pulled from Market Sales on CoStar

# MULTIFAMILY REPORT

Portland Metro Area | Fourth Quarter 2011



SUBMARKET	AVERAGE RENT PER UNIT				% VACANT
	1 Bed/1Bath	2 Bed/1 Bath	2 Bed/2 Bath	3 Bed/2 Bath	
<b>MULTIFAMILY*</b>					
Downtown Portland	\$1,326 (\$1.74)	\$1,238 (\$1.37)	\$2,168 (\$1.80)	\$2,881 (\$1.71)	2.33
Southeast Portland	\$673 (\$1.02)	\$732 (\$0.83)	\$816 (\$0.82)	\$935 (\$0.80)	3.32
North/Northeast Portland	\$851 (\$1.19)	\$758 (\$0.84)	\$1,222 (\$1.16)	\$847 (\$0.83)	2.78
Southwest Portland	\$715 (\$1.07)	\$769 (\$0.88)	\$1,023 (\$0.98)	\$1,064 (\$0.86)	3.45
Gresham/Troutdale	\$639 (\$0.93)	\$693 (\$0.81)	\$778 (\$0.79)	\$887 (\$0.77)	2.67
Lake Oswego/West Linn	\$812 (\$1.07)	\$850 (\$0.95)	\$1,044 (\$0.95)	\$1,235 (\$0.91)	2.57
Wilsonville	\$662 (\$0.92)	\$743 (\$0.80)	\$807 (\$0.83)	\$929 (\$0.80)	4.36
Tigard/Tualatin	\$646 (\$0.95)	\$718 (\$0.84)	\$835 (\$0.83)	\$946 (\$0.81)	3.41
Beaverton/Aloha	\$675 (\$0.98)	\$733 (\$0.83)	\$849 (\$0.86)	\$992 (\$0.85)	2.94
Hillsboro	\$729 (\$0.98)	\$775 (\$0.83)	\$909 (\$0.85)	\$1,079 (\$0.84)	4.93
Clackamas/Or Cty/MIwk	\$634 (\$0.90)	\$727 (\$0.82)	\$783 (\$0.80)	\$934 (\$0.78)	2.84
Vancouver	\$621 (\$0.87)	\$684 (\$0.76)	\$799 (\$0.77)	\$890 (\$0.74)	2.88
<b>TOTAL</b>	<b>\$777 (\$1.09)</b>	<b>\$764 (\$0.86)</b>	<b>\$1,001 (\$0.95)</b>	<b>\$1,032 (\$0.84)</b>	<b>2.87</b>

\*Additions and Subtractions to the numbers above are in our detailed report.

## Featured Deals



### 3350 SE Woodward Sale

Waverly Commons, a local developer, purchased the 2-acre site of the former Waverly Children's home at 3350 SE Woodward, for \$1.5 million, to construct 18 custom-designed homes. Associate Vice President Robert Black represented the buyer; President Chris Johnson and Vice Presidents MaryKay West and Denis O'Neill represented the seller.



### The Beverly Sale

Principal Real Estate Investors LLC purchased The Beverly, 54 apartment units above a Whole Foods in Portland's Hollywood district, for \$29 million. The property was originally developed as condominiums and is at the corner of NE 44th and NE Sandy Boulevard.

The information supplied herein is from sources we deem reliable. It is provided without independent verification and without any representation, warranty or guarantee, expressed or implied as to its accuracy. NAI Norris, Beggs & Simpson accepts no responsibility should the information prove to be inaccurate or incomplete.