VOL. 26 SPRING 2017

MULTIFAMILY NW
The Association Promoting Quality Rental Housing

THE Apartment Report

MARKET CHILLS

Craig McConachie, C&R Real Estate Services, Co.
Apartment Report Committee

Good news for renters in Portland's core area. The new supply of expensive class A apartments in close-in areas is creating a benefit for renters in class B and C apartments. Rents for older, stabilized projects in the core have either flattened, or in some areas gone down. Vacant apartments are becoming easier to find and rent concessions are becoming more prevalent. New class A multifamily development has created a more balanced market, as supply begins to meet demand. The Portland MSA can expect to see an additional 7,000 to 8,000 new units hit the market by the end of 2017, but the new inclusionary zoning has some developers with projects still in the planning stages, reconsidering. The Portland area unemployment rate of 3.5% is at its lowest level in 27 years and in-migration continues to be strong, with approximately 80 people per day moving into the area.

Average operating expenses per unit for older garden style apartments in Multnomah County have increased by a surprising 15% in the past year as landlords are spending more money on improvements and maintenance. Property taxes have increased over 7% on average, and because they represent the largest percentage of a property's expenses, the increases continue to have a significant negative impact on returns to investors.

For sale inventory for apartments remains extremely low. The number of closed transactions in Portland Metro is decreasing and CAP rates are also declining, averaging 5.54% in 4Q16. The median price per unit in 4Q16 was $122,826 and the median price per square foot was $127.

Portland/Vancouver
VACANCY:

Although this survey excludes new projects that haven't reached stability, there is no question that additional inventory in the close-in submarkets is outpacing absorption. Numerous sources report that new lease-ups are really starting to struggle. With increased competition among higher end projects, concessions are getting more and more aggressive, and renters are finding some great move in deals.

The Portland/Vancouver vacancy factor increased by 31 basis points from our Fall report, and currently stands at 4.02%. The St. Johns, North Portland area has the lowest vacancy factor of 1.4%, followed by East Vancouver at 1.8%. Oregon City, Aloha and NW Portland all show increasing softness, with vacancy factors over 5%. Three-bedroom, one bath units continue to have the best occupancy of all unit types, with average vacancy of 3.2%, and not coincidently, also have the lowest rent per square foot. Two-bedroom, two bath units have the highest vacancy of 4.5%.

RENT RATES:

Rent rates either declined or remained the same in 40% of the areas surveyed. Overall rents in the Metro area experienced only a 3% increase since our Fall report. This is the lowest increase we've seen in the past two years. It represents an increase of 7.9% year over year, and continues the downward trajectory for the pace of rent growth. Welcome news for advocates seeking increased affordability. In the past six months Hillsboro experienced a surprising 6% rent decrease, with NW Portland and Beaverton seeing 4% declines.

Average rent per sq. ft. for all areas combined is $1.51. The Downtown core continues to have the highest rates at $2.25, with NW Portland coming in second at $2.03. Outer NE Portland and Troutdale/Fairview continue to have the lowest rates, at $1.14 and $1.18 respectively.

Overall average rents per unit type Portland MSA:

Studio: $1078
1 bdrm/1 bth: $1127
2 bdrm/1 bth: $1102
2 bdrm/2 bth: $1374
2 bdrm twnhs: $1228
3 bdrm/1 bth: $1220
3 bdrm/2 bth: $1489

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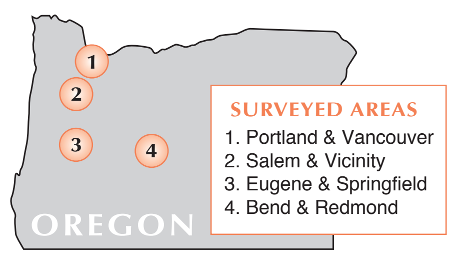

SURVEY SAYS!

- Vacancy Rises
- Hillsboro Rents Down 6%
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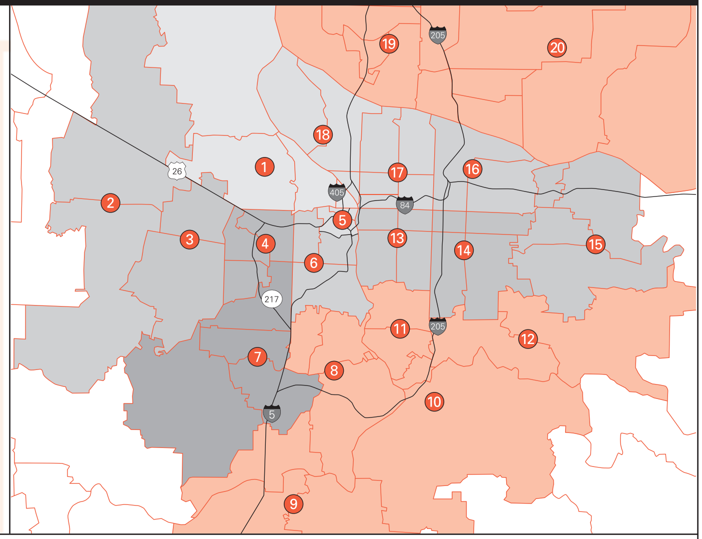

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MARKET CONDITIONS:

8% of all properties are offering rental incentives, primarily on new lease-ups. Some are very aggressive, offering six weeks to two months free rent. The average number of days that a unit will stay vacant for the entire Portland area is 29. Inner and Central NE Portland and St. Johns are experiencing the fastest turnover rate of 10 days or less. Sixty-eight percent of all professionally managed properties in the Portland/Vancouver area are passing through water and sewer costs to their residents.

Other Areas

Vacancy rates continue to drop in Bend/Redmond, but rent rates have also declined. Vacancy is 2.2%, but rents are down 9%. They are experiencing a very quick turnover, with only 9 days vacant between tenants. Eugene/Springfield remains a healthy landlord's market with vacancy at 2.6% and rents up 8% to $1.25 psf. The Salem market vacancy is up to 3.8%, with rents up 4%, to $1.19 psf. The Bend and Salem areas are reporting approximately 50% of all properties are passing through water and sewer costs to tenants, compared to 42% in the Eugene/Springfield area.

Operating Expenses

This issue includes our annual survey of apartment operating expenses. The numbers are derived from 2016 year end operating statements at 122 stabilized properties, representing 7,892 units throughout the Portland Metro area. Median per unit expenses have increased for all property types with the exception of newer urban style, which saw a slight decline. Newer urban style apartments in Multnomah County have the highest per unit expenses at $6,216, while garden style units in Clark County have the lowest per unit expenses of $4,869. Property taxes average $1,209 per unit, up from $1127 one year ago (+7%). Turnover expenses average $253 per unit, up from $215 one year ago (+18%).

Our Contributors

Patrick Barry, with Barry and Associates, has contributed a detailed article about new construction and examines the gap between urban and suburban markets. The article also discusses the impact that Portland's new Inclusionary Zoning (IZ) regulations are having on the development pipeline. Barry predicts that the suburban apartment market is poised for resurgence, with "renters fleeing the higher urban rents." And even though an additional 20,500 units are proposed in the close in urban areas, many of them will not be built due to shifting market conditions.

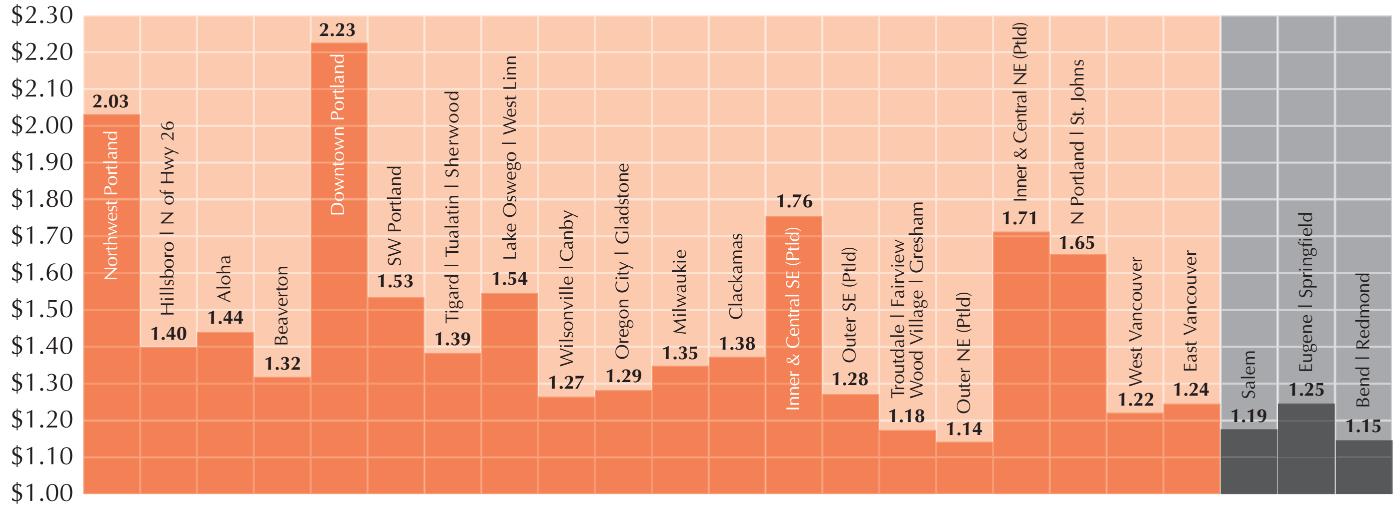
Kevin Geraci, Regional Director for Opus Bank, has submitted an excellent article that outlines the supply and demand factors that are currently driving Portland Metro development. He makes the case that the supply demand balance has already been reached in the class A sector and helps answer the question – who is moving in to all of these expensive apartments, and how can they afford it?

The apartment broker's perspective of the market is explained in an article submitted by **Liz Tilbury**, from Tilbury Ferguson Investment Real Estate, Inc. Liz is concerned that negative economic, legislative, political, and operational regulations will work together to "cool" the demand for multifamily investment in the Portland area. Her advice for apartment owners to remain politically active and involved is particularly relevant these days.

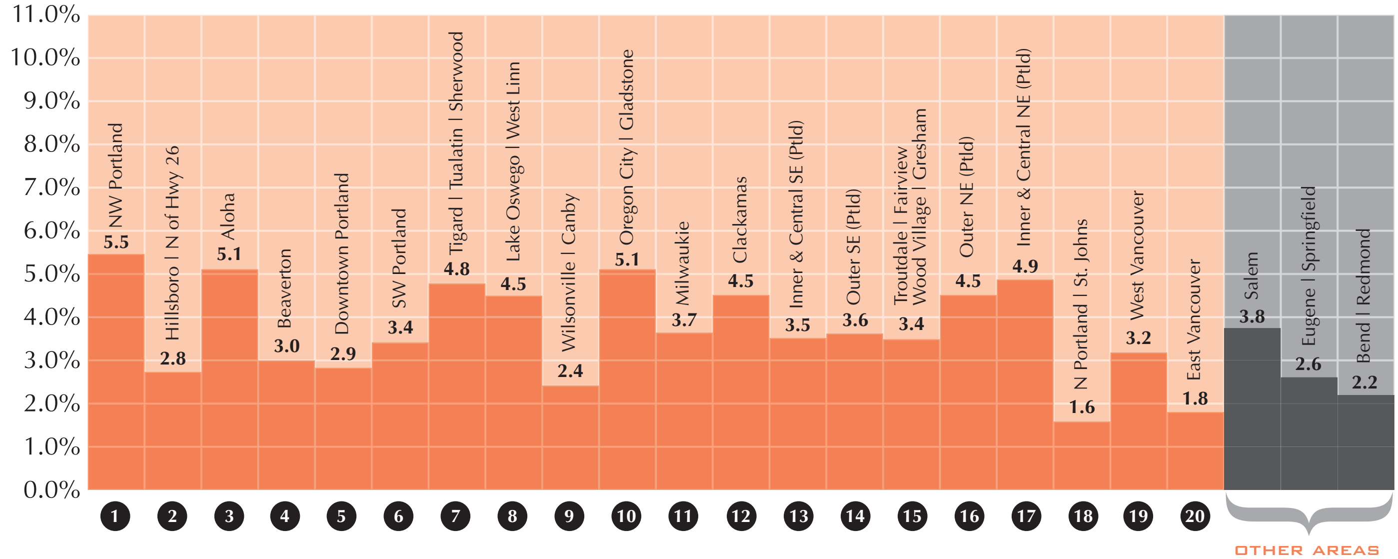
Josh Lehner, State Economist from the Oregon Office of Economic Analysis, examines Portland area demographics and how wages are impacting housing affordability. Josh points out that in Portland ***"Affordability has stopped getting worse. Rents are rising, however household incomes are now keeping pace."*** He predicts that construction of new apartments will cause vacancies to increase, thereby improving affordability in the future.

This survey represents a total of 67,132 units from 921 properties. All of the articles have been reprinted without editing the content, in order to present unbiased opinions. We'd like to thank all of the management companies and property owners who have submitted information. Their participation is critical in insuring the accuracy of our data and the continued success of this report. ■

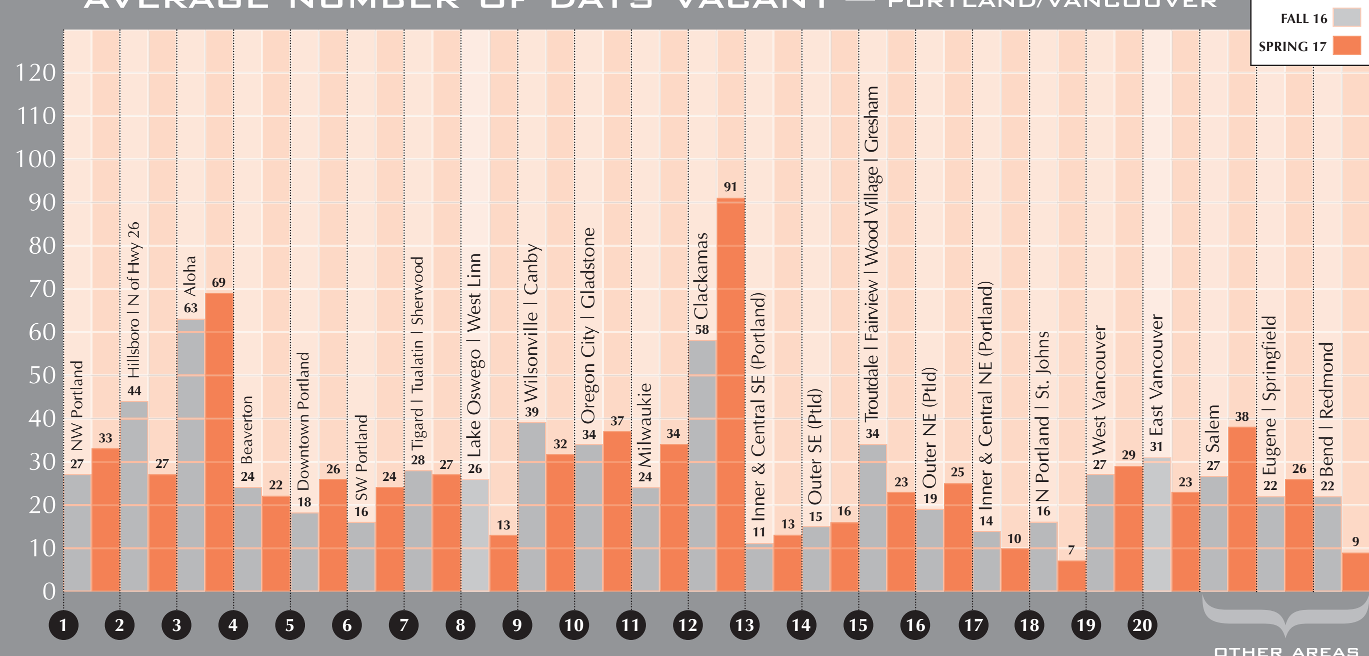
AVERAGE RENT PER SQUARE FOOT $



AVERAGE MARKET VACANCY RATE %



AVERAGE NUMBER OF DAYS VACANT — PORTLAND/VANCOUVER



SURVEY RESULTS—SPRING 2017

PORTLAND/VANCOUVER METRO AREA

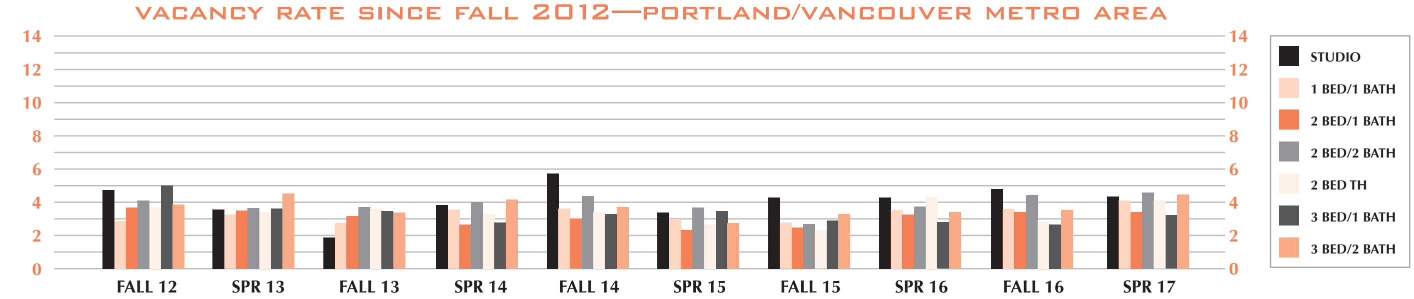
AREA NAME	# OF PROP	DATA	ALL	FALL 16 REPORT	CHANGE	STUDIO	1 BED 1 BATH	2 BED 1 BATH	2 BED 2 BATH	2 BED TWNHS	3 BED 1 BATH	3 BED 2 BATH
DOWNTOWN PORTLAND	38	AVG MARKET VACANCY RATE %	2.85	4.64	-0.39	2.1	2.67	2.74	8.02	0	0	25
(5)		AVG RENT PER SQ FOOT $	2.23	2.3	-0.03	2.49	2.12	1.77	2.06	1.84	1.75	2.35
		AVG RENT PER UNIT TYPE $				1038	1268	1465	2206	2227	1665	2810
		SUM OF UNITS SURVEYED	2456	2243		1002	1049	219	162	15	1	8
NW PORTLAND	60	AVG MARKET VACANCY RATE %	5.46	5.38	0.01	5.32	5.59	2.47	5.99	16.33	5.56	5.14
(1)		AVG RENT PER SQ FOOT $	2.03	2.11	-0.04	2.92	2.15	1.45	1.69	1.64	1.35	1.38
		AVG RENT PER UNIT TYPE $				1258	1484	1272	1706	1628	1353	1615
		SUM OF UNITS SURVEYED	5527	4296		903	2181	486	1619	49	36	253
INNER & CENTRAL SE	135	AVG MARKET VACANCY RATE %	3.47	3.54	-0.02	5.15	3.93	2.41	4.13	0.57	0	0
PORTLAND		AVG RENT PER SQ FOOT $	1.76	1.62	0.09	2.44	1.81	1.39	1.92	1.3	1.16	1.31
(13)		AVG RENT PER UNIT TYPE $				1165	1146	1147	2031	1199	1308	1416
		SUM OF UNITS SURVEYED	3286	3703		505	1554	871	121	175	38	22
INNER & CENTRAL NE	93	AVG MARKET VACANCY RATE %	4.88	4.11	0.19	4.27	4.51	6.1	9.62	1.43	1.85	0
PORTLAND		AVG RENT PER SQ FOOT $	1.71	1.65	0.04	2.23	1.75	1.52	1.68	1.43	1.22	1.43
(17)		AVG RENT PER UNIT TYPE $				1055	1116	1254	1793	1220	1412	1512
		SUM OF UNITS SURVEYED	2419	3097		281	1219	721	52	70	54	22
N PORTLAND | ST JOHNS	17	AVG MARKET VACANCY RATE %	1.64	3.65	-0.55	3.17	0.85	2.44	0	0	0	0
(18)		AVG RENT PER SQ FOOT $	1.65	1.84	-0.10	2.31	1.48	1.34	1.78	0.9	1.15	1.68
		AVG RENT PER UNIT TYPE $				1133	1004	1083	1761	876	1063	1500
		SUM OF UNITS SURVEYED	852	794		221	353	164	56	48	8	2
SW PORTLAND	40	AVG MARKET VACANCY RATE %	3.42	4.11	-0.17	3.61	3.64	3.7	2.3	2.5	0	3.92
(6)		AVG RENT PER SQ FOOT $	1.53	1.66	-0.08	2.12	1.7	1.29	1.42	1.15	1.03	1.33
		AVG RENT PER UNIT TYPE $				1008	1185	1084	1562	1200	1128	1559
		SUM OF UNITS SURVEYED	2716	2360		166	1209	757	348	40	43	153
OUTER SE PORTLAND	33	AVG MARKET VACANCY RATE %	3.64	3.79	-0.04	1.9	2.87	3.8	4.17	2.56	0	7.23
(14)		AVG RENT PER SQ FOOT $	1.28	1.24	0.03	1.99	1.33	1.13	1.26	1.08	0.99	1.26
		AVG RENT PER UNIT TYPE $				822	888	974	1251	1023	959	1451
		SUM OF UNITS SURVEYED	2498	2399		158	662	606	719	156	31	166
OUTER NE PORTLAND	27	AVG MARKET VACANCY RATE %	4.5	3.08	0.46	6.67	4.07	5.65	2.69	2.94	0	1.56
(16)		AVG RENT PER SQ FOOT $	1.14	1.14	0.00	1.64	1.22	1.12	1	1.01	0.99	1.11
		AVG RENT PER UNIT TYPE $				708	870	1001	989	1179	1179	1282
		SUM OF UNITS SURVEYED	1754	1821		15	590	814	223	34	14	64
TROUTDALE | FAIRVIEW	29	AVG MARKET VACANCY RATE %	3.43	2.43	0.41	4.44	6.16	2.75	2.79	2.68	7.41	0.71
WOOD VILLAGE | GRESHAM		AVG RENT PER SQ FOOT $	1.18	1.22	-0.03	1.74	1.36	1.14	1.1	1.21	1.19	1.04
(15)		AVG RENT PER UNIT TYPE $				760	871	960	1089	1267	1094	1166
		SUM OF UNITS SURVEYED	2563	2595		90	503	509	1181	112	27	141
CLACKAMAS	8	AVG MARKET VACANCY RATE %	4.5	3.82	0.18	11.36	6.38	2.62	3.54	7.89	-	3.21
(12)		AVG RENT PER SQ FOOT $	1.38	1.29	0.07	1.85	1.58	1.3	1.25	1.25	-	1.31
		AVG RENT PER UNIT TYPE $				851	1065	1172	1227	1220	-	1472
		SUM OF UNITS SURVEYED	1333	1151		44	376	267	452	38	0	156
LAKE OSWEGO | WEST LINN	18	AVG MARKET VACANCY RATE %	4.53	4.1	0.10	10.84	4.12	3.02	5.43	2.6	0	3.7
(8)		AVG RENT PER SQ FOOT $	1.54	1.45	0.06	2.2	1.62	1.36	1.44	1.39	0.87	1.31
		AVG RENT PER UNIT TYPE $				887	1143	1220	1417	1350	1384	1612
		SUM OF UNITS SURVEYED	1193	1929		83	461	232	258	77	1	81
MILWAUKIE	25	AVG MARKET VACANCY RATE %	3.67	3.8	-0.03	5.22	2.66	3.91	4.27	5.66	0	5.41
(11)		AVG RENT PER SQ FOOT $	1.35	1.28	0.05	1.83	1.42	1.27	1.31	1.03	1.14	1.2
		AVG RENT PER UNIT TYPE $				813	906	1074	1245	1012	1121	1373
		SUM OF UNITS SURVEYED	2396	2578		134	902	896	234	106	13	111
OREGON CITY | GLADSTONE	7	AVG MARKET VACANCY RATE %	5.1	4.97	0.03	0	1.64	7.11	1.79	3.45	0	10.81
(10)		AVG RENT PER SQ FOOT $	1.29	1.24	0.04	1.72	1.52	1.15	1.32	1.18	1.29	1.28
		AVG RENT PER UNIT TYPE $				837	969	1013	1200	993	1231	1763
		SUM OF UNITS SURVEYED	549	1066		20	122	211	56	58	8	74
WILSONVILLE | CANBY	10	AVG MARKET VACANCY RATE %	2.39	4.04	-0.41	0	4.78	1.6	1.99	2.83	0	2.97
(9)		AVG RENT PER SQ FOOT $	1.27	1.26	0.01	1.03	1.47	1.25	1.22	1.16	1.33	1.21
		AVG RENT PER UNIT TYPE $				925	1100	1088	1244	1491	1250	1400
		SUM OF UNITS SURVEYED	1591	1089		1	230	749	301	106	2	202
ALOHA	44	AVG MARKET VACANCY RATE %	5.13	3.59	0.43	4.35	5.58	4.42	5.34	0.92	0.93	5.26
(3)		AVG RENT PER SQ FOOT $	1.44	1.36	0.06	2.18	1.63	1.32	1.36	1.26	1.37	1.35
		AVG RENT PER UNIT TYPE $				900	1102	1154	1341	1286	1263	1546
		SUM OF UNITS SURVEYED	8740	7393		46	2706	1562	3241	109	107	969

Indicates # is affected by sampling size.

PORTLAND/VANCOUVER METRO AREA

AREA NAME	# OF PROP	DATA	ALL	FALL 16 REPORT	CHANGE	STUDIO	1 BED 1 BATH	2 BED 1 BATH	2 BED 2 BATH	2 BED TWNHS	3 BED 1 BATH	3 BED 2 BATH
BEAVERTON	48	AVG MARKET VACANCY RATE %	2.97	3.26	-0.09	2.5	2.76	1.28	7.76	3.85	6.61	4.84
(4)		AVG RENT PER SQ FOOT $	1.32	1.37	-0.04	1.62	1.57	1.16	1.41	1.42	1.12	1.21
		AVG RENT PER UNIT TYPE $				730	1037	1087	1347	1430	1227	1446
		SUM OF UNITS SURVEYED	5625	4698		40	1737	2496	657	78	121	496
HILLSBORO | N OF HWY 26	17	AVG MARKET VACANCY RATE %	2.82	4.54	-0.38	0	3.44	1.82	2.73	0	0	2.65
(2)		AVG RENT PER SQ FOOT $	1.4	1.49	-0.06	1.45	1.59	1.27	1.29	1.2	0.93	1.28
		AVG RENT PER UNIT TYPE $				714	1137	1086	1281	1272	1060	1501
		SUM OF UNITS SURVEYED	2450	3213		13	960	275	880	42	16	264
TIGARD | TUALATIN	59	AVG MARKET VACANCY RATE %	4.82	2.52	0.91	9.38	3.46	5.39	4.48	10.89	5.88	5.48
SHERWOOD		AVG RENT PER SQ FOOT $	1.39	1.34	0.04	2.06	1.54	1.28	1.31	1.29	1.15	1.3
(7)		AVG RENT PER UNIT TYPE $				917	1032	1084	1279	1259	1186	1475
		SUM OF UNITS SURVEYED	5707	5606		96	1908	1447	1541	248	102	365
WEST VANCOUVER	22	AVG MARKET VACANCY RATE %	3.23	4.09	-0.21	100	1.98	3.25	5.1	2.37	-	1.02
(19)		AVG RENT PER SQ FOOT $	1.22	1.2	0.02	1	1.36	1.21	1.2	1.08	-	1.18
		AVG RENT PER UNIT TYPE $				500	973	1064	1320	1146	-	1502
		SUM OF UNITS SURVEYED	1917	3593		1	405	616	529	169	0	197
EAST VANCOUVER	9	AVG MARKET VACANCY RATE %	1.78	2.23	-0.20	2.38	3.35	2.28	0.55	-	-	1.32
(20)		AVG RENT PER SQ FOOT $	1.24	1.17	0.06	1.93	1.44	1.07	1.14	-	-	1.19
		AVG RENT PER UNIT TYPE $				969	998	951	1140	-	-	1269
		SUM OF UNITS SURVEYED	1239	2332		42	358	219	544	0	0	76
TOTAL AVG MARKET VACANCY RATE %			4.01	3.71	0.08	4.22	4.03	3.42	4.49	4.05	3.22	4.4
TOTAL AVG RENT PER SQ FOOT $			1.5	1.47	0.02	2.42	1.67	1.27	1.35	1.22	1.18	1.28
TOTAL AVG RENT PER UNIT TYPE $						1071	1116	1103	1352	1228	1220	1489
TOTAL SUM OF PROPERTIES SURVEYED			739	857		190	589	482	229	100	76	162
TOTAL SUM OF UNITS SURVEYED			56811	57956		3861	19485	14117	13174	1730	622	3822

VACANCY RATE SINCE FALL 2012—PORTLAND/VANCOUVER METRO AREA



OTHER AREAS

AREA NAME	# OF PROP	DATA	ALL	FALL 16 REPORT	CHANGE	STUDIO	1 BED 1 BATH	2 BED 1 BATH	2 BED 2 BATH	2 BED TWNHS	3 BED 1 BATH	3 BED 2 BATH
SALEM & VICINITY	88	AVG MARKET VACANCY RATE %	3.78	2.9	0.30	0.84	3.7	4.21	3.23	3.63	4.55	5.88
		AVG RENT PER SQ FOOT $	1.19	1.14	0.04	1.83	1.4	1.09	1.04	1.02	1.75	1.08
		AVG RENT PER UNIT TYPE $				755	827	905	1007	996	1384	1254
		SUM OF UNITS SURVEYED	5951	7952		356	1215	2658	960	441	66	255
EUGENE | SPRINGFIELD	82	AVG MARKET VACANCY RATE %	2.59	2.94	-0.12	3.87	1.86	2.49	3.4	1.59	2.5	4.46
		AVG RENT PER SQ FOOT $	1.25	1.16	0.08	1.89	1.3	1.08	1.21	1.08	1.09	1.18
		AVG RENT PER UNIT TYPE $				657	845	926	1237	1155	1076	1441
		SUM OF UNITS SURVEYED	4173	4392		362	1455	1163	677	252	40	224
BEND | REDMOND	6	AVG MARKET VACANCY RATE %	2.22	2.63	-0.16	0	1.33	4.17	1.02	-	-	3.23
		AVG RENT PER SQ FOOT $	1.15	1.27	-0.09	1.53	1.43	1.07	1.1	-	-	0.96
		AVG RENT PER UNIT TYPE $				658	955	965	1092	-	-	1247
		SUM OF UNITS SURVEYED	315	457		8	75	72	98	0	0	62
TOTAL AVG MARKET VACANCY RATE %			3.26	2.91	0.12	2.34	2.66	3.7	3.17	2.89	3.77	4.99
TOTAL AVG RENT PER SQ FOOT $			1.21	1.15	0.05	1.86	1.35	1.09	1.11	1.04	1.5	1.11
TOTAL AVG RENT PER UNIT TYPE $						705	840	913	1102	1054	1268	1330
TOTAL SUM OF PROPERTIES SURVEYED			176	207		33	101	99	48	22	35	38
TOTAL SUM OF UNITS SURVEYED			10439	12801		726	2745	3893	1735	693	106	541

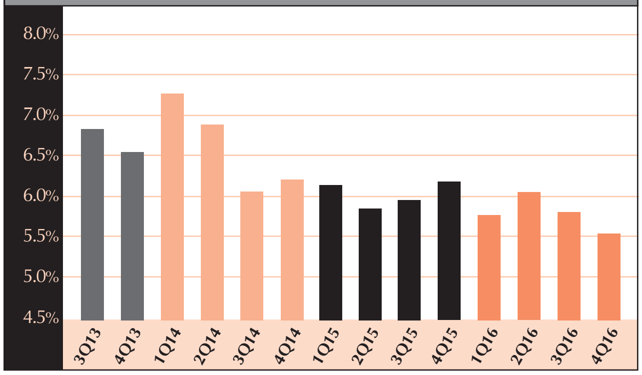
Surveys received from Sec 42, Sec 8 and other subsidized affordable housing programs are not included in the current survey data.

Indicates # is affected by sampling size.

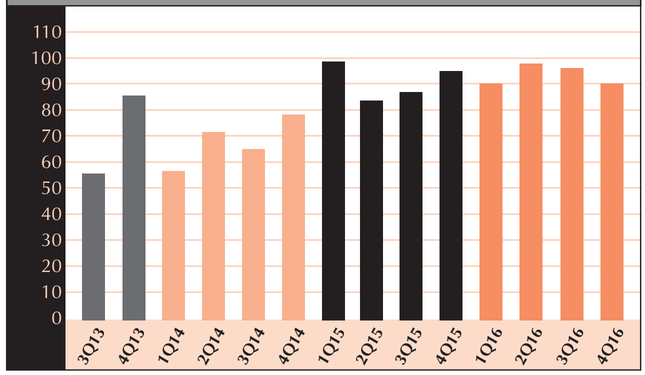
TREND REPORT : PORTLAND METRO AREA

CoStar: Search criteria—Research Status: Published; Market: Portland; PropType: Multi Family; Sale Date: 7/1/2013—12/31/2016; unit: 5 units and greater.

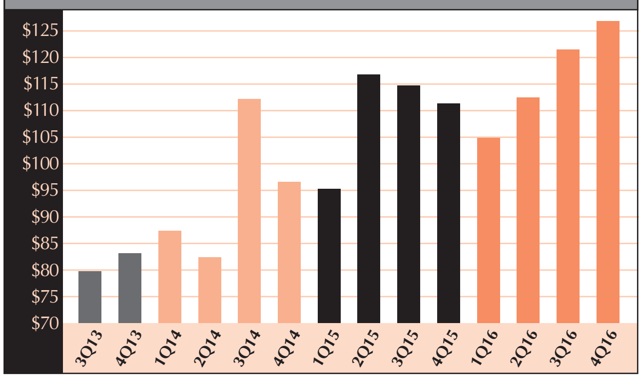
CAP RATE



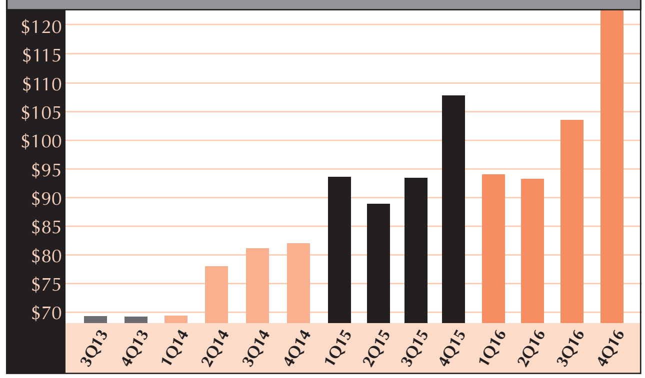
NUMBER OF TRANSACTIONS



MEDIAN PRICE PER SQUARE FOOT



MEDIAN PRICE PER UNIT (IN THOUSANDS)



YEAR	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
# OF TRANS	56	85	57	71	65	79	99	84	87	94	90	98	96	90
TTL $ VOLUME	$184,068,828	$522,669,664	$190,722,285	$398,752,760	$507,674,240	$460,162,225	$578,803,670	$551,995,060	$610,911,356	$547,697,570	$549,029,817	$484,233,982	$649,593,045	$1,299,076,738
TTL BLDG SF	2,017,706	5,145,272	1,716,496	3,101,773	3,527,648	3,604,661	3,742,110	3,793,511	3,574,533	3,821,836	3,162,729	3,412,284	4,245,886	6,864,342
TTL UNITS	1,993	5,386	1,638	2,954	3,630	4,199	3,748	4,188	3,935	3,816	3,500	3,401	4,666	6,628
AVG PRICE	$3,286,943	$6,149,055	$3,346,005	$5,616,236	$7,810,373	$5,824,838	$5,846,502	$6,571,370	$7,021,970	$5,826,570	$6,100,331	$4,941,163	$6,766,594	$14,434,186
AVG # OF SF	36,030	60,533	30,114	43,687	55,120	45,629	38,185	45,161	41,087	41,095	35,141	34,819	44,694	77,127
AVG PRICE BLDG SF	$91.23	$101.58	$111.11	$128.56	$143.83	$127.66	$151.46	$145.51	$170.91	$142.68	$173.59	$141.91	$152.83	$188.97
MED PRICE P/SF	$79.90	$82.73	$86.96	$82.40	$112.92	$96.00	$94.97	$116.67	$114.70	$110.95	$105.38	$112.58	$121.88	$127.27
AVG PRICE P/UNIT	$81,161	$95,815	$108,142	$133,915	$135,168	$109,205	$142,010	$131,219	$154,087	$141,829	$154,544	$141,726	$138,599	$195,708
MED PRICE P/UNIT	$69,062	$69,118	$68,750	$76,923	$81,202	$82,143	$94,243	$88,592	$94,114	$106,667	$94,444	$93,056	$103,906	$122,826
AVG # OF UNITS	43	66	33	44	61	55	42	51	47	42	40	35	50	74
ACTUAL CAP RATE	6.88%	6.57%	7.27%	6.84%	6.03%	6.17%	6.10%	5.79%	5.98%	6.16%	5.74%	6.03%	5.77%	5.54%
AVG GRM	7.88	8.85	8.91	8.28	8.70	8.99	9.51	9.36	8.81	9.85	9.80	9.96	9.96	11.30
AVG GIM	7.71	12.03	—	—	8.38	—	8.78	8.63	8.84	11.40	9.44	10.73	10.61	—

PORTLAND: AFFORDABILITY & METRO LEVEL DISPLACEMENT

Josh Lehner, Economist, State of Oregon, Office of Economic Analysis

Over the past decade the number of lower-income households in the Portland region has declined. At the same time the number of higher-income households has increased. To the extent that incomes have risen due to a strong economy, this is encouraging. Every regional economy would love to see this pattern. However, we know eroding affordability displaces lower-income households within the region, forcing some to different neighborhoods or suburbs. The question is whether it is forcing lower-income households to move out of the Portland region entirely.

The good news is the Portland area is not experiencing metro level displacement. Yes, some lower-income households move away each year – defined here as those with incomes of less than $50,000 per year. However, an even larger number move into the region. In fact, household incomes for new arrivals are lower than for current residents. Migration to Portland is not just for the rich.

An improving economy is likely the primary driver of the overall decline in lower-income households, based on detailed Census data for 2005 to 2015. These are heartening findings for both the economy and community. That said, there are a few worrisome trends in the data and high housing costs remain a risk to the outlook.

First, migration is for the young, which is one big reason for these trends. The Portland region excels in attracting and retaining those in their root-setting years. This is particularly true for young college graduates. One reason such households tend to be lower-income is they are just beginning their careers. They may be lower-income today, but their prospects are bright.

Unfortunately not all socio-economic groups have shared equally in the recovery. Improvements in the local poverty rates for non-Hispanic whites and communities of color have been proportionate. However, non-Hispanic whites have seen the vast majority of the overall decline in the number of lower-income households. Communities of color have seen fewer improvements, if any.

Most worrisome though are local 35 to 54 year old households with a high school diploma or less. Such households have seen no real economic progress. The lack of middle-wage jobs has been hard on workers without college degrees. In fact lower-income households among this group have seen net out-migration. Such losses may be relatively small, less than half a percent per year. However, losing working-age households is challenging for any region.

If not migration, then what drives the lower-income household decline? Interestingly, major factors influencing households and the housing market today largely offset one another. The combination of these known drivers only explains about one-third of the overall decline. Besides migration, these factors include:

- **DEMOGRAPHICS.** An aging population actually works to increase the number of lower income households. After all, retirees have less current income than working-age households.
- **INFLATION.** Over time household incomes and wages generally increase along with inflation, even in recent decades. While incomes will rise above the $50,000 per year threshold, purchasing power may not increase for these households.
- **HOUSEHOLD FORMATION**. Millennials live at home longer, and double up in apartments to a larger degree. The result is fewer lower-income households.

All other factors account for the remaining two-thirds of the decline. Such factors are likely economic in nature given the analysis controls for other major known trends. More individuals are working and average wages are rising. The result is fewer lower-income households due to an improving economy. In fact, household income growth has been strongest at the low-end in recent years. Wages and the safety net are these households' only sources of income. They rely on a strong economy to generate income gains, which are now being realized.

Finally, the Portland region has reached a housing inflection point. Affordability has stopped getting worse. Rents are still rising, however household incomes are now keeping pace. Wages will continue to see strong gains in a tight labor market. Furthermore, vacancies will rise. New construction and a full pipeline for future development will ease rent increases. The result should be better affordability in the coming years.

Portland is not experiencing metro level displacement. An improving economy likely accounts for the majority of the declines in the number of low-income households. The region continues to be an attractive place to live and work. However not all is well. High housing costs displace households and communities within the region. Some of those most impacted by job polarization have left entirely. Lower affordability remains a risk to the outlook. Future economic growth will be slower if affordability drives away more working-age households, or if it prevents them from coming in the first place. ■

Josh Lehner is a Senior Economist with the State of Oregon's Office of Economic Analysis. He develops the quarterly Oregon Economic forecast, including outlooks for employment, income and housing. Additional responsibilities include the Oregon Index of Leading Indicators, tracking international developments in Oregon's export markets and forecasting revenues for the Oregon Lottery, Oregon Judicial Department and state tobacco taxes. Mr. Lehner earned a B.A. in Economics from the University of Colorado and an M.S. in Economics from Portland State University.

PORTLAND METRO APARTMENT CONSTRUCTION UPDATE

Patrick O. Barry, Barry & Associates

APARTMENT CONSTRUCTION: THE URBAN-SUBURBAN DIVIDE

2016 was the fourth consecutive year of sustained strength in the apartment construction market. The only busier four period of apartment construction was from 1995-1998. Just reviewing the overall metro area figures, doesn't tell the whole story.

Throughout the current apartment construction cycle, there has been an ever-present gap between the urban and suburban markets. The vast majority of apartment construction has taken place within a three mile radius of downtown Portland. Some construction has occurred in Washington, Clackamas, and Clark County, though the projects are few and far between. This article analyzes the construction activity in both the urban and suburban area, and forecasts where vacancies are going.

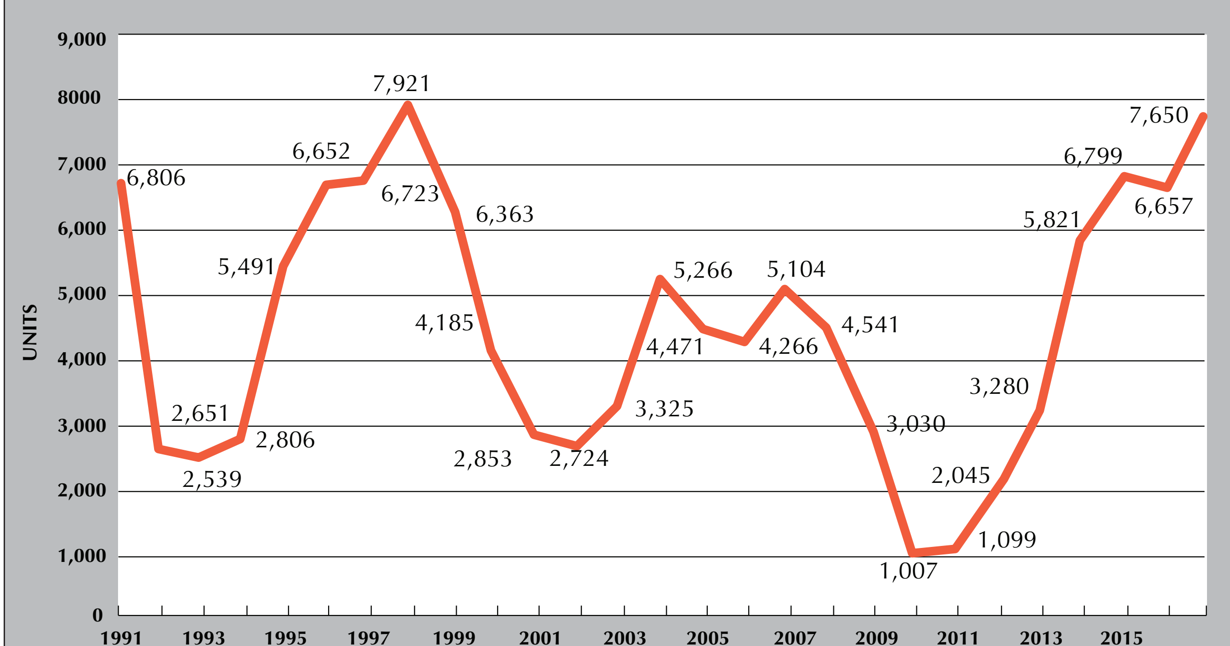
RECENT APT PERMITS TRENDS: OVERALL PORTLAND METRO

In 2016, the Portland Metro area saw permits issued for 7,650 units. This represents the third busiest year with records going back to the early 1960's. This is also an increase of 1,000 units compared to 2015, which caught some by surprise. The only years busier than 2016, were 1972 and 1998 when issued permits exceeded 7,900 units. The graph below tracks permits across the metro area from 1991-2016.

AMBERGLEN WEST APARTMENTS
1101 NE 89TH AVENUE
HILLSBORO

BRADLEY COMMONS
424 NE JESSUP STREET
PORTLAND

APARTMENT PERMITS 1991–2016 ANNUALIZED
FOUR COUNTY METRO AREA



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INCLUSIONARY ZONING & URBAN AREA CONSTRUCTION

During 2016, the city of Portland introduced Inclusionary Zoning (IZ), which requires all developments of 20 units or more to include some affordable units. This program gave developers until February 1, 2017 to conform. However, any projects submitted for permits prior to February 1, 2017 were exempt from the IZ program.

To avoid the requirements of IZ, there was a huge surge in permit applications. In reviewing the permits, my figures show that between December 1, 2016 and February 1, 2017, developers submitted applications for 54 projects totaling 7,050 units. There was another 12 projects, of mostly 5+ story buildings, where the number of units was not reported. This is an unprecedented surge in applications and increased the total metro area pipeline of proposed units by 28% in just these two months.

The general consensus is that the introduction of the IZ program will temporarily curb permit applications. There is considerable uncertainty surrounding the IZ program, and before jumping on board, developers want to see a few projects developed and operated under the IZ program. The projects in the current pipeline (pre-IZ) that move forward will be developed and brought to market over the next few years. Thus, the slowdown due to the IZ program will likely not be seen in the market for at least 36-48 months, and by that time, developers may have bought in to inclusionary zoning.

Our figures show that around 7,000 units are under construction and were recently completed in the close-in urban area and an additional 20,500 units are proposed. Given the historic annual absorption of 2,500 to 3,500 units in Multnomah County, supply will outpace demand. As more units come to market, the impact on vacancies and rents are not yet known. However, due to shifting market conditions, many of the proposed units will never break ground. As supply outpaces demand in the coming years, the temporary pause in apartment permit applications due to inclusionary zoning may give the new units additional time to stabilize.

SUBURBAN AREA CONSTRUCTION

After years of slow construction, the suburban apartment construction market is showing some signs of life. East Multnomah County, Clark County, and Washington County have all seen substantial increases in their proposed apartment pipeline. The table below summarizes the changes in these submarkets.

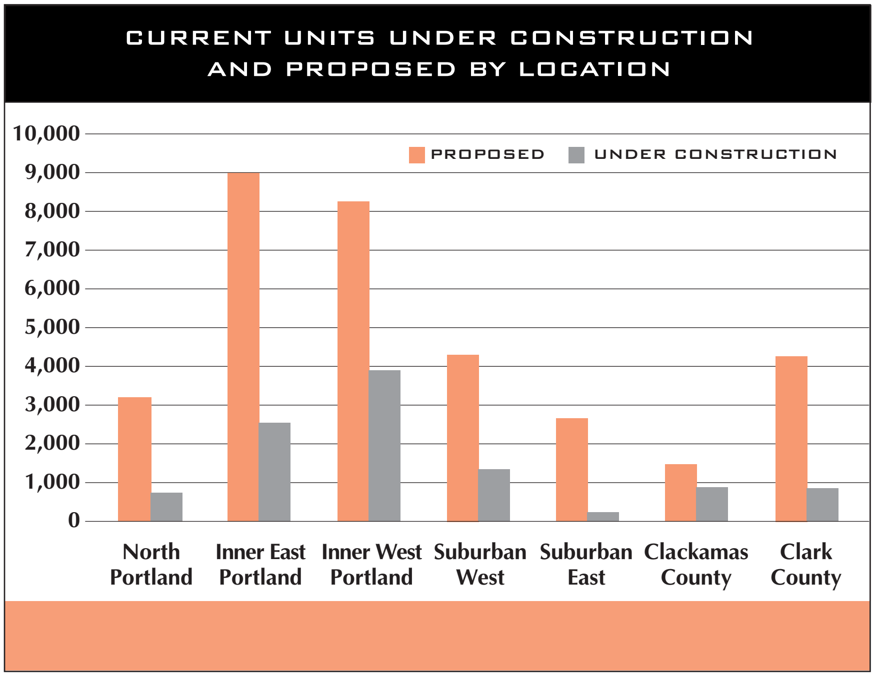
TOTAL UNITS PROPOSED AND UNDER CONSTRUCTION

COUNTY	FALL 2016	SPR 2017	% INCREASE
Washington	3,595	4,341	**20.8**
Clark	3,694	4,312	**16.7**
East Multnomah	1,621	2,658	**64.0**

Many forces have been at work to help drive suburban construction. This includes the following:

- Strong job and population growth outside Portland, especially Washington County
- Lower land costs
- Low vacancy rates due to less construction and renters fleeing higher urban rents
- Fewer regulatory hurdles
- Increasing rents

(continued on page 10)



MUSE APARTMENTS
1315 NW 19TH AVENUE
PORTLAND

18 UNIT APARTMENTS
6195 N MINNESOTA AVENUE
PORTLAND

Our figures show that around 3,300 units are under construction in the suburban area and an additional 12,500 units are proposed. Due to limited construction in recent years, reliable stabilized absorption data is difficult to find. However, based solely on population growth forecasts for Washington, Clackamas, and Clark County, there is demand for at least 2,000–3,000 units per year. And this does not take into consideration the pent up demand due to current low vacancy rates. Suburban markets are quickly becoming an attractive alternative for developers looking to expand beyond the urban core.

VACANCY

As evidenced by this Multifamily NW Apartment Report, vacancies have increased again across the metro area. So, after four consecutive years of strong apartment construction, the new units are finally having an impact and we appear to be approaching a market in balance.

As expected, the close-in submarkets with the highest apartment construction are experiencing the highest vacancies. The five urban submarkets in the Multifamily NW Apartment Report show an average vacancy rate of 4.8 percent. The recently completed units are experiencing slower than anticipated absorption, lower than expected rents, and an increase in concessions. These signs of softening could be partly seasonal, but more likely it is due to the volume of units that hit the market in recent years.

In the suburban area, all signs show strong absorption and stable vacancies. The 15 submarkets in the Multifamily NW Apartment Report outside the urban core have an average vacancy rate of just 3.7 percent. Due to limited completions in recent years, a more limited pipeline of projects, and strong population growth, the submarkets outside the urban core will likely remain a landlords market.

With the recent surge permit applications, in addition to the projects already in the pipeline and under construction, one would have to expect that the vacancy rates in the urban area have nowhere to go but up and will likely creep above 5.0 percent within a year. While there has been an increase in proposed suburban construction, there are a limited number of projects under construction or recently completed in this area. Average vacancy rates will likely remain below 4.0 percent for the year ahead in the suburban submarkets.

APARTMENT CONSTRUCTION SUMMARY

There are few signs of softening in the apartment construction market. The number of proposed units in the urban area pushed north of 20,000, in large part to beat the February 1, 2017 deadline for inclusionary zoning. As supply outpaces demand in Multnomah County and the market begins to show signs of softening, the short term future may be bumpy for new units. In the suburban area, the momentum behind the apartment construction is gaining speed, and given the lack of recent completions, we anticipate a strong suburban market in the coming year. ■

Patrick O. Barry (pb@barryapartmentreport.com) is an Appraiser Assistant with Barry & Associates, which specializes in apartment appraisal work in the Portland metropolitan area. Patrick is an engineering graduate of the University of Colorado.

HOT APARTMENT MARKET SHOWS SIGNS OF COOLING

Liz Tilbury, CCIM

The past year was an excellent time to be a broker in our area, with 2016 apartment sales volume topping the previous record set in 2015. It was a good time to be a seller, too, since buyers greatly outnumbered sellers. Investors didn't have it easy, though. They anxiously waited in line with earnest money checks in hand, eager for quality projects but willing to lower their standards, just to get into the market.

In order to be competitive in the face of multiple offers, buyers agreed to terms they never would have considered in a different market. They paid over asking price, made very large non-refundable deposits, signed up for short due diligence periods and waived financing contingencies. Especially in demand were properties with "upside." With years of rising rents, buyers expected the trend to continue and wanted properties they could re-brand, re-do and re-rent at higher rates.

WHY THE LACK OF SELLERS?

It was attributable to three primary factors:

- Difficulty of finding a replacement property,
- Stiff prepayment penalties on existing loans, and
- Ambivalence about selling since owners were enjoying such good cash flow.

The shortage of new offerings at the start of 2017 goes against the historical pattern which I have seen as a broker year after year. In January, a flood of new inventory typically hits the market. With the new year and the holidays over, sellers who have been holding back are suddenly ready to move forward. Yet we saw relatively few new offerings in this first quarter, either formally listed or available "off market."

The most difficult time in which to do business is when there is uncertainty, such as there is now. So many factors are at play: rent control, increased vacancy due to new construction, rising interest rates and an incoming administration with policies which may impact investors. These are all economic and political issues which we didn't face at this time last year.

2016 REPRESENTATIVE TRANSACTIONS

NAME	UNITS	LIST PRICE	SALE PRICE	CAP RATE	# OFFERS	EARNEST	FINANCING
SW Portland	36	$5,850,000	$5,850,000	4.0%	7	nonrefundable	none
Lake Oswego	14	$3,220,000	$3,240,000	4.0%	6	refundable	none
Clackamas	157	Unpriced	$17,500,000	6.0%	5	nonrefundable	none
SE Portland	70	$9,100,000	$9,150,000	6.2%	6	nonrefundable	none

(continued on page 12)

Rent control and other restrictions on the legislative front (both City of Portland and statewide) could not be more poorly timed. The market has already began to naturally correct itself with an increase in vacancy rates and the return of concessions. This is particularly true for new urban buildings, although the fall-out effect is also being felt by some older properties, especially in inner- and central-NE and the Nob Hill District. The thousands of new units coming on the market and the anticipated rate hikes will further cool the apartment market.

Portland has been viewed for the last several years as one of the best multi-family investment markets. As more and more restrictions are phased-in on our ability to operate our buildings (including mandatory upgrades for unreinforced masonry buildings), that assessment could quickly change. Then demand, particularly for complexes with upside, could decline dramatically. Much of our business is driven by people's perception and, as California buyers, who have fueled so much of recent sales activity, begin to perceive changing market economics, their interest in our market will cool. Sales activity in 2017 may be much less than what we have experienced in recent years.

One the other hand, there are some positive factors to consider: People are still moving to Oregon in near-record numbers (although less than in the previous two years), our local economy is strong with low unemployment and we are still affordable by California standards.

In time, investors will develop creative strategies for working in the new economic reality. For example, we may see the return of condo conversions, given the restrictions on rents, the increase in single-family home prices and the over-supply of new apartments. Even so, this is not a time to be politically complacent. Owners need to let their voices be heard strongly now with all the developments on the legislative front which will affect our business for years to come. ■

Liz owns Tilbury Ferguson Investment Real Estate, Inc., and has been in the apartment brokerage business since 1982. During that time she has closed over $600,000,000 in sales ranging from historic, inner city buildings to newer, suburban garden courts. As a fifth generation Oregonian, she is very familiar with the local area. Liz Tilbury has been a CCIM since 1986 and has built her success on repeat business. She attended Vassar College in Poughkeepsie, N.Y. and graduated from University of Oregon with a B.S. in Journalism.

DO YOU OFFER INCENTIVES?

MAP AREA	FALL 2016	SPRING 2017
NW Portland	3.8%	8.8%
Hillsboro/North of Hwy 26	0%	0%
Aloha	3.2%	7.7%
Beaverton	3%	7.4%
Downtown Portland	5.7%	5.8%
SW Portland	9.6%	8.5%
Tigard/Tualatin/Sherwood	5.8%	5.6%
Lake Oswego/West Linn	0%	0%
Wilsonville/Canby	7.2%	7.1%
Oregon City/Gladstone	0%	12.5%
Milwaukie	0%	5.6%
Clackamas	0%	0%
Inner & Central SE (Portland)	2.2%	11.2%
Outer SE (Portland)	1.6%	0%
Troutdale/Fairview/Wood Village/Gresham	2.2%	6.1%
Outer NE (Portland)	0%	0%
Inner & Central NE (Portland)	1%	1.9%
North Portland/St. Johns	2.6%	18.2%
West Vancouver	10%	3.9%
East Vancouver	0%	0%
Salem/Vicinity	8%	13.2%
Eugene/Springfield	11.9%	15.4%
Bend/Redmond	6.3%	0%

SECTION 42 SURVEY RESULTS • SPRING 2017

TOTAL # OF PROPERTIES = 87 • TOTAL # OF UNITS = 9,193

UNIT TYPES	VACANCY RATE (%)	AVG. RENT PER SQ FT ($)
STUDIO	1.65	2.07
1 BED / 1 BATH	2.19	1.29
2 BED / 1 BATH	2.34	1.04
2 BED / 2 BATH	3.20	1.06
2 BED / TH	1.59	0.83
3 BED / 1 BATH	3.17	0.77
3 BED / 2 BATH	1.26	0.87
TOTALS	2.16	1.28

BUILD IT, AND THEY WILL COME…OR WILL THEY?

Kevin R. Geraci, Regional Director for Opus Bank

As more and more construction cranes grace the Portland City skyline, the prevailing industry sentiment is that 2017 is expected to be another strong year for Class A apartment construction. The consensus among real estate professionals and developers is that demand exceeds supply and the Portland City Bureau of Development Services is claiming record numbers of new apartment projects approved and in process. However, a closer look at the demand factors driving apartment development in the Portland Metro is necessary to determine whether this ongoing confidence is indeed warranted.

City officials say there are more than 14,000 new multi-family units approved and under construction in the Portland Metro, with as many as twice that amount currently moving through the approval process. One could argue that the volume of applications in-process is artificially inflated, having surged in advance of Portland's Inclusionary Housing rules being implemented, the likelihood of increasing System Development Charges, and the specter of rising interest rates. But, barring the occurrence of a major economic shock, let's assume that a majority of those in the application process will be built.

Last year, Portland's developers delivered 6,475 new apartments units and an estimated 7,632 units are currently under construction. Nonetheless, popular opinion holds that the wave of new units being brought to market will not be enough to meet growing demand. Robust job growth and continued population growth are the most obvious drivers of the current outsized demand for apartments, but future demand is also expected to be driven largely by the entry of Millennials, who are joining the workforce and would rather rent than own. Taking into consideration the region's five-year average annual vacancy rate of 4%, despite the new supply coming on the market, you can start to get a feel for what the hype is all about.

In 2016, according to the US Bureau of Labor Statistics, Oregon added 35,800 jobs and 69,000 people to Oregon's population. By comparison, in 2015 the State added 55,000 jobs and 51,000 new residents. Of the total population growth over the past two years, 80% was due to positive net migration from other states or countries (the remainder was related to births and deaths). Combining the last two years, Oregon saw total in-migration of about 96,000 people and nearly as many new jobs were created. A majority of the in-migration consisted of households with two or more members. Given this data, experts estimate about 50,000 new residences need to be added just to keep pace with the recent population growth.

Based on concentrations of employers throughout the State, about 85% of the demand for housing should be in the Portland Metro area. Therefore, approximately 42,500 residences will be needed in Portland neighborhoods alone. Yet, according to the US Census Bureau-American Housing Survey (AHS) numbers reported in 2015, about 37% of the incoming residents are choosing to live in single-family homes (both leased and owned)1. Millennials, who represent an estimated 75% of the demand, are getting older and will likely begin to gravitate toward single family homes. If we assume that the Portland Metro's population continues on this pace of growth and that 37% are bound for single-family residences, perhaps only 26,000 new apartments will be required to accommodate the in-migration over the next two years?

If we assume that at least 13,000 apartment units per year will be needed to meet demand, and factoring in that just under 6,500 new units were added in 2016 and it is anticipated that just over 7,500 units will come online during 2017, there is still a deficit!

SO, SHOULD WE KEEP BUILDING?

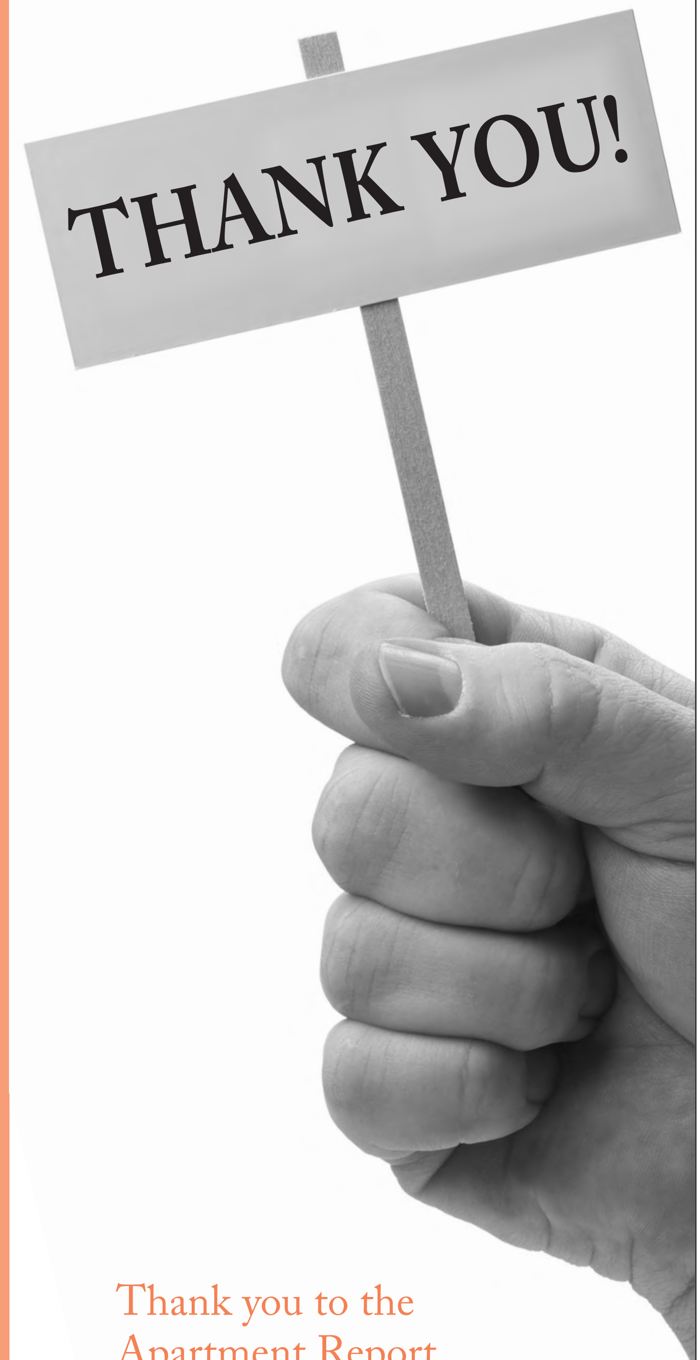
Almost all of the new apartments coming online to the Portland Metro Area are Class A units. Average rent for these Class A units is about $1,600 per month for a one-bedroom unit and $2,000 per month for a two-bedroom. Assuming most people are comfortable spending about 28% of their gross income on an apartment (35-40% of net income) that means they need to earn nearly $75,000 per year to comfortably afford these Class A units, which includes RUBS, utilities, parking, etc.

New jobs in the Portland Metro area carry an average salary of about $52,000, according to payscale.com. When we consider there is a certain percentage of families with two wage-earners, one could argue that only 60% of the folks moving to the Portland Metro area can comfortably afford these Class A apartment units coming online. Could potential demand for Class A apartments therefore be as low as 15,000 units per year?

While the rapid absorption rate of Portland's Class A construction has started to wane, tremendous demand exists for moderately priced Class B/C apartments from both tenants and investors. Excluding the vacancy of the 'stabilizing' Class A apartment units, vacancy rates in Class B/C buildings hover below 2% in most Portland Metro neighborhoods.

One may therefore argue that the supply-demand balance already exists in the Class A sector, especially when we consider in-migration trends and the affordability factor. This combined with the strong demand for moderately priced Class B/C apartment units and their historically low vacancy suggests that the prevailing sentiment of an endless demand for Class A apartments possibly needs further study. ■

Kevin R. Geraci is Regional Director for Opus Bank, Commercial Real Estate Banking covering the Northwest. Opus Bank is an FDIC insured California-chartered commercial bank with $7.9 billion of total assets, $5.7 billion of total loans, and $6.7 billion in total deposits as of December 31, 2016. The Commercial Real Estate group at Opus Bank closed $1.3 Billion in multi-family and commercial real estate loans in 2016. Kevin can be reached at (503) 367-1996 or by email at kgeraci@opusbank.com.



Thank you to the Apartment Report Advisory Committee, Multifamily NW staff, and all who contributed to the making of this report.

2016 PORTLAND MSA APARTMENT OPERATING EXPENSES

(not including capital expenses or reserves)

	MULTNOMAH COUNTY										WASHINGTON COUNTY				CLACKAMAS COUNTY				CLARK COUNTY	
	GARDEN-STYLE 2000-CURRENT		GARDEN-STYLE 1951-1999		GARDEN-STYLE 1910-1950		URBAN-STYLE 2000-CURRENT		URBAN-STYLE 1910-1950		GARDEN-STYLE 2000-CURRENT		GARDEN-STYLE 1951-1999		GARDEN-STYLE 2000-CURRENT		GARDEN-STYLE 1951-1999		GARDEN-STYLE 1951-1999	
TOTAL # OF UNITS: 7,892	301		1590		583		192		974		362		1931		259		953		747	
TOTAL # OF PROPERTIES: 122	3		27		12		2		33		4		22		2		9		8	
EXPENSES	MEDIAN *per sq ft*	MEDIAN *per unit*	MEDIAN *per sq ft*	MEDIAN *per unit*	MEDIAN *per sq ft*	MEDIAN *per unit*	MEDIAN *per sq ft*	MEDIAN *per unit*	MEDIAN *per sq ft*	MEDIAN *per unit*	MEDIAN *per sq ft*	MEDIAN *per unit*	MEDIAN *per sq ft*	MEDIAN *per unit*	MEDIAN *per sq ft*	MEDIAN *per unit*	MEDIAN *per sq ft*	MEDIAN *per unit*	MEDIAN *per sq ft*	MEDIAN *per unit*
REAL ESTATE TAXES	1.16	1,007	1.31	1,093	1.49	1037	3.27	2,024	1.95	982	1.27	1,245	1.18	1,019	1.70	1,624	1.35	1,123	1.14	932
PROPERTY INSURANCE	0.21	176	0.25	229	0.38	272	0.38	243	0.47	229	0.17	173	0.21	189	0.23	222	0.21	196	0.31	239
PROFESSIONAL OFF-SITE MGMT	0.73	543	0.61	498	1.39	1187	0.96	584	1.99	858	0.48	474	0.57	480	0.52	492	0.53	385	0.54	444
ON-SITE MGMT/LEASING MAINT STAFF	0.71	666	1.03	782	0.76	411	0.97	594	0.68	366	0.82	743	0.78	680	0.64	608	0.93	738	1.09	790
OFFICE/ADMINISTRATION	0.30	232	0.29	239	0.47	343	0.74	441	0.46	249	0.26	242	0.21	189	0.21	200	0.18	142	0.30	197
ELECTRICITY	0.09	89	0.10	93	0.14	93	0.51	315	0.21	111	0.09	81	0.09	85	0.08	72	0.06	54	0.06	48
WATER AND SEWER	0.69	500	0.91	723	1.13	779	0.78	473	1.10	541	0.79	762	0.89	763	0.52	494	1.03	693	0.56	463
GARBAGE COLLECTION	0.23	219	0.28	201	0.24	181	0.14	84	0.24	115	0.18	159	0.22	189	0.19	180	0.26	225	0.30	265
GAS/OIL	-	-	-	-	0.21	141	0.09	58	0.24	120	0.01	11	0.01	4	0.00	1	0.01	9	0.00	3
TELEPHONE/INTERNET	0.04	31	0.06	52	0.03	14	0.13	79	0.09	57	0.04	36	0.04	35	0.06	55	0.04	33	0.06	42
ADVERTISING/MARKETING	0.07	55	0.04	31	0.00	0	0.24	146	-	-	0.16	163	0.05	43	0.07	70	0.03	30	0.06	52
LANDSCAPE/GROUNDS MAINTENANCE	0.16	155	0.25	193	0.44	340	0.19	117	0.16	100	0.21	206	0.39	353	0.25	234	0.21	165	0.26	249
MAINTENANCE AND REPAIRS *(int&ext)*	1.21	877	1.03	961	1.53	1057	1.39	866	1.87	995	0.69	697	0.99	863	0.47	451	0.82	703	1.10	961
TURNOVER COSTS *(painting, cleaning, etc.)*	0.35	337	0.27	220	0.58	351	0.30	190	0.72	345	0.23	186	0.24	222	0.29	278	0.26	219	0.23	183
MISCELLANEOUS	-	-	-	-	0.00	0	0.00	0	-	-	-	-	-	-	0.00	0	0.00	0.00	0.00	0
TOTAL	$5.95	$4,887	$6.42	$5,316	$8.81	$6,206	$10.08	$6,216	$10.19	$5,068	$5.40	$5,179	$5.88	$5,115	$5.23	$4,981	$5.94	$4,715	$6.01	$4,869

THE Apartment Report

MULTIFAMILY NW
The Association Promoting Quality Rental Housing

Thank you to all who contributed to the making of this report.

7816 N PORTSMOUTH
A&G RENTAL MANAGEMENT, LLC
AFFINITY PROPERTY MANAGEMENT
AMERICAN PROPERTY MANAGEMENT
BARKER & CALKINS, INC
BENNETT MANAGEMENT COMPANY, LLC
BLUESTONE & HOCKLEY REALTY
BRISTOL URBAN
BUNTING MANAGEMENT GROUP
C&R REAL ESTATE SERVICES
CARLA PROPERTIES, LTD.
COLLEGE HOUSING NORTHWEST
CTL MANAGEMENT, INC.
DALTON MANAGEMENT
FIRST CLASS PROPERTY MANAGEMENT
GREYSTAR
GSL PROPERTIES
GUARDIAN REAL ESTATE SERVICES
INCOME PROPERTY MANAGEMENT
JENNINGS GROUP INCORPORATED
JK MANAGEMENT
LAWRENCE INVESTMENTS
MAINLANDER PROPERTY MANAGEMENT
MDI, LLC
PINNACLE
PRINCETON PROPERTY MANAGEMENT
PROMETHEUS REAL ESTATE GROUP
REGENCY MANAGEMENT INC
STERLING MANAGEMENT GROUP, INC.
TOKOLA PROPERTIES
WPL ASSOCIATES

TENANT PAID UTILITIES

MAP AREA	WATER/SEWER	HEAT	GARBAGE
NW PORTLAND	62.5%	88.8%	56.3%
HILLSBORO | N OF HWY 26	83.3%	100%	75%
ALOHA	87.7%	100%	80%
BEAVERTON	72.1%	92.7%	57.4%
DOWNTOWN PORTLAND	55.8%	88.5%	55.8%
SW PORTLAND	84.8%	96.6%	61%
TIGARD | TUALATIN | SHERWOOD	80.3%	100%	69%
LAKE OSWEGO | WEST LINN	65.2%	100%	56.5%
WILSONVILLE | CANBY	85.7%	100%	50%
OREGON CITY | GLADSTONE	75%	100%	62.5%
MILWAUKIE	88.9%	100%	61.1%
CLACKAMAS	87.5%	100%	87.5%
INNER & CENTRAL SE PTLD	37.9%	77%	31.1%
OUTER SE PORTLAND	62.1%	100%	29.3%
TROUTDALE | FAIRVIEW WOOD VILLAGE | GRESHAM	59.2%	100%	46.9%
OUTER NE PORTLAND	61.1%	100%	38.9%
INNER & CENTRAL NE PTLD	27.9%	52.9%	20.2%
NORTH PTLD | ST. JOHNS	33.3%	69.7%	27.3%
WEST VANCOUVER	61.5%	92.3%	46.2%
EAST VANCOUVER	92.3%	100%	76.9%
SALEM | VICINITY	50%	98.1%	42.5%
EUGENE | SPRINGFIELD	42.3%	96.2%	40.4%
BEND | REDMOND	57.1%	57.1%	42.9%

Multifamily NW® ■ 16083 SW Upper Boones Ferry Road Suite 105 ■ Tigard, OR 97224 ■ 503 213 1281

This report would not be possible without the dedication and commitment of the Multifamily NW staff and the Apartment Report Committee. Thank you to the many contributors, writers and consultants who have generously taken the time to provide this information.