



MARKET AT A GLANCE



OCCUPANCY RATE **95.2%**
Down **30 bps** since 3Q16



ASKING RENT **\$1,460**
Up **4.0%** since 3Q16

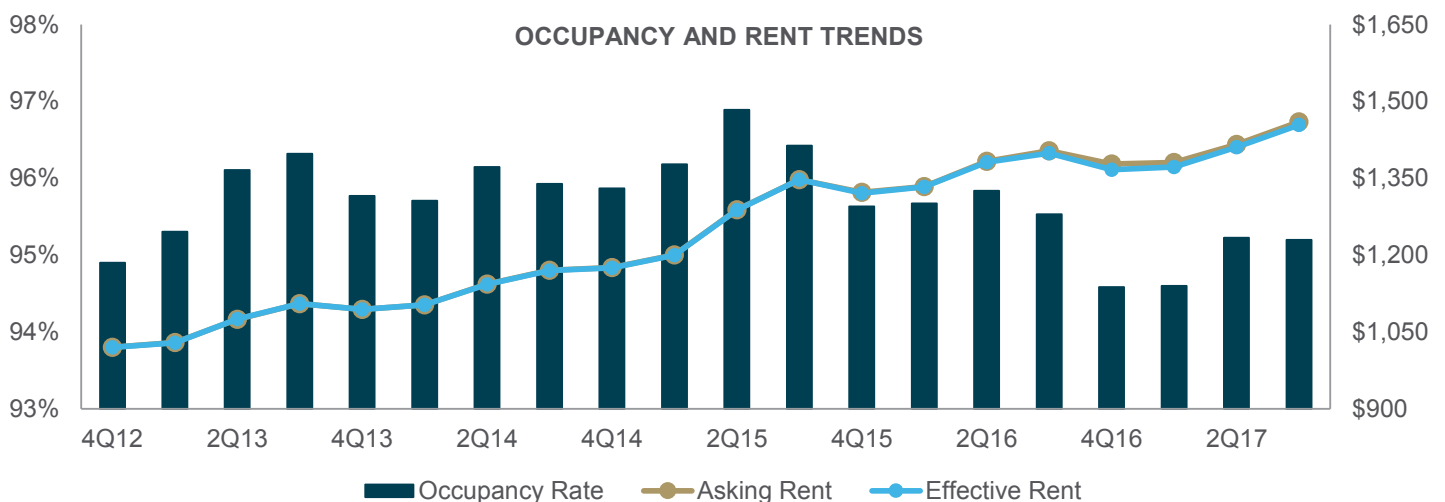


CONCESSIONS **0.4%**
Unchanged since 3Q16

OCCUPANCY AND RENT TRENDS

HEIGHTENED LEASING CONCURRENT WITH 2.2% WORKFORCE EXPANSION

Multifamily inventory expanded by 1,009 new apartments in the third quarter, part of a total influx of 5,008 units in the prior 12-month period. Although inventory came online in nearly all areas, the highly desired Northwest submarket accounted for more than a third of the annual deliveries. The largest project to complete in this submarket was the Modera Pearl project, where all 290 units came online in the third quarter. Metrowide rental demand heightened over the last year with 4,296 newly occupied apartments. Despite advances, absorption could not keep pace with new supply. The 95.2% occupancy rate in September moderated because of the supply imbalance. Mirroring the overall trend, metro-leading absorption in the Northwest submarket of 1,676 units since September 2016 was outmatched by the influx of new supply during this same time which caused a 10-basis-point dip in the submarket's occupancy rate. Expanding payrolls in the Greater Portland metropolitan area enabled healthy rent growth even with a decline in the overall occupancy rate. Monthly asking rent advanced 4.0% year over year to an average of \$1,460 per month in the third quarter, with the greatest appreciation in the Milwaukie/Oregon submarket, a 7.0% increase to \$1,353 per month.



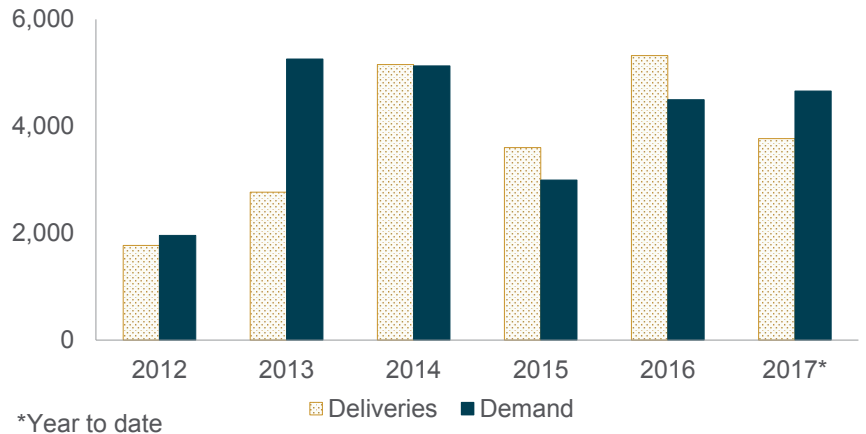
DELIVERIES AND DEMAND



DELIVERIES 3,769
Units YTD



NET ABSORPTION 4,658
Units YTD



ECONOMIC TRENDS

2016 4.8% **UNEMPLOYMENT*** 2017 3.8%
-100 BPS CHANGE

2016 1.15m **EMPLOYMENT*** 2017 1.17m
2.2% CHANGE

2016 38.7k **EXISTING SFH SALES**** 2017 38.2k
-1.3% CHANGE

2016 \$353.2k **MEDIAN SFH PRICE**** 2017 \$380.9k
7.8% CHANGE

2016 1.63% **10-YEAR TREASURY**** 2017 2.20%
60 BPS CHANGE

*August; **September

Staffing grew 2.2% over the past year, when Portland-area businesses added 24,900 net jobs to the workforce. More than one-of-three jobs added since August 2016 were among employers in the education and health services segment, which led job growth and recruited 8,800 personnel. Job increases were supported when Oregon Health & Science University began expanding its South Waterfront Campus in 2016. With robust apartment development and major projects that included the 32-acre Vancouver Waterfront, ilani Casino Resort, and Nike's campus expansion, the construction industry grew a metro-leading 12.6% with 7,800 new workers. In 2016, the Portland metro area welcomed 9.1 million overnight visitors, generating \$5.2 billion in direct spending. The metro's leisure and hospitality sector expanded by 4,000 jobs as Portland helped support Oregon's \$10.6 billion tourism record in 2016. Hiring was also aggressive in the trade, transportation, and utilities segment, Portland's largest employment sector, as companies filled 2,700 positions.



PORTLAND

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Beaverton	97.0%	96.1%	3.1%	5.2%	\$1,397	\$1,470	392	180	102	573
Clackamas County / Other	92.8%	94.8%	-5.2%	-4.2%	\$1,526	\$1,462	-14	130	0	95
East Gresham	92.5%	93.7%	8.1%	4.6%	\$1,242	\$1,299	-565	318	0	0
Milwaukie/Oregon	94.6%	94.9%	9.7%	7.0%	\$1,265	\$1,353	-32	515	159	500
Northeast	98.5%	95.7%	3.3%	6.2%	\$1,463	\$1,553	1,185	381	251	1,281
Northwest	93.2%	93.1%	-0.8%	1.2%	\$1,774	\$1,796	-9	1,676	340	1,839
Tigard/Oswego/Wilsonville	93.2%	94.1%	7.5%	4.6%	\$1,412	\$1,477	-172	569	96	376
Vancouver	95.4%	95.7%	2.2%	6.2%	\$1,217	\$1,292	-106	412	61	344
TOTALS	95.5%	95.2%	4.2%	4.0%	\$1,403	\$1,460	679	4,181	1,009	5,008



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