Northmarq

MARKET INSIGHTS

Construction pipeline continues to shrink

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	1,953
UNITS DELIVERED (YTD)	714

MARKET FUNDAMENTALS

VACANCY RATE	5.5%
YEAR-OVER-YEAR CHANGE	+30bps
ASKING RENTS	$1,748
YEAR-OVER-YEAR CHANGE	-1.3%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$183,800

PORTLAND MULTIFAMILY
Q1 2026

HIGHLIGHTS

- Area vacancy edged higher while rents declined during the first quarter as weaker economic conditions weighed on renter demand. Slowing supply growth helped limit more significant deterioration in fundamentals, with roughly 700 units delivered and the construction pipeline continuing to contract.
- During the first quarter, vacancy increased by 30 basis points to 5.5%. The annual change was identical to the quarterly change, trending higher by 30 basis points.
- Apartment rents inched lower in recent months after recording a steeper decrease during the previous quarter. During the first three months of the year, asking rents declined 0.3% to $1,748 per month. Year over year, rents are down 1.3%.
- While properties continued to change hands, sales activity declined in recent months. Total sales during the first quarter lagged levels recorded in the same period of last year by 30%. Year to date, the median sale price is $183,800 per unit, down 13% from 2025.

PORTLAND MULTIFAMILY MARKET OVERVIEW

Softening in the local labor market in recent periods has hindered renter demand in the Portland multifamily market. During the past year, apartments recorded roughly 2,150 net move-ins, down from the nearly 9,000 net move-ins posted in the preceding 12 months. Vancouver continues to lead the region in absorption, accounting for nearly 40% of the net move-ins during the past year. Despite the recent dip in demand, property fundamentals have been relatively resilient, as the absorption drop-off has coincided with slower supply growth. Completions during the first quarter trailed levels recorded in the same period of last year by 34%. Additionally, the development pipeline has declined sharply in recent years. Projects totaling roughly 1,950 units are currently under construction, down from more than 10,000 units in the pipeline roughly three years ago.

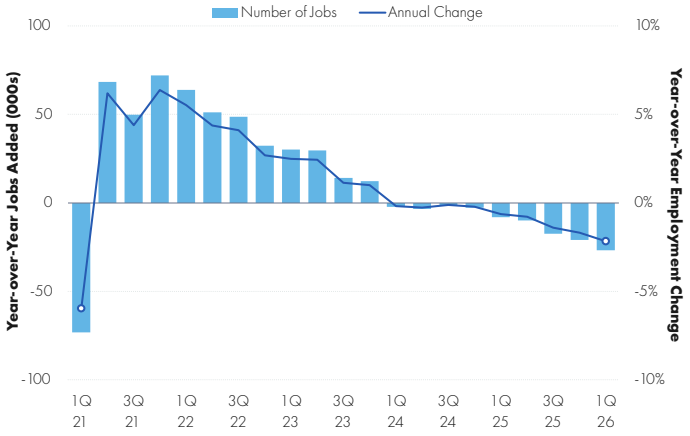
Sales activity in the Portland multifamily investment market remained modest to start the year after trending closer to traditional levels in 2025. Transactions have shifted toward 1990s-vintage assets, which account for more than 35% of year-to-date sales, up from 16% last year. Most of the assets built in the 1990s that changed hands in recent months previously traded during the 2020s, and in some cases, did so at a premium compared to recent pricing. Despite the shift, newer luxury assets continue to trade as well, reflecting investor expectations for improving economic conditions in the coming years, elevating sales performance for these assets. Properties built in the 2020s have accounted for at least 20% of the sales mix in each of the past four years.

EMPLOYMENT

- Employment conditions in Portland continue to soften. Year over year, total employment fell by 26,800 positions, a 2.2% decline. Job losses have now persisted for seven consecutive quarters.
- One of the region's largest sectors, professional and business services, has contracted notably in recent periods, cutting more than 9,000 jobs during the past year. Total employment in the sector now stands 19,000 workers below peak levels reached roughly four years ago.
- The healthcare and social assistance sector was one of the few industries to record growth during the past year. Year over year, this sector expanded by 5,000 workers, an increase of 2.8%.
- **FORECAST:** Total employment is projected to decline in 2026, though at a slower pace than last year. The local labor market is expected to shed 10,000 jobs in 2026 following losses of more than 20,000 in 2025.

Healthcare and social assistance expanded by 5,000 workers.

EMPLOYMENT OVERVIEW



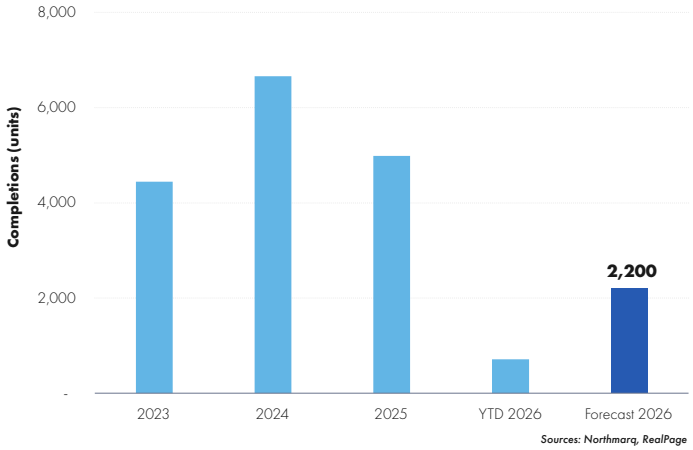
Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

- Completions were light to begin the year as projects totaling roughly 700 units came online during the first quarter, down 34% from levels recorded in the same period of last year.
- The development pipeline in Portland has been shrinking for roughly three years. Projects totaling roughly 1,950 units were under construction at the end of the first quarter, down 46% year over year. Nearly half of the properties under construction are located in Vancouver.
- Multifamily permitting picked up in recent months after an inactive second half of 2025. Developers pulled permits for more than 950 units during the first quarter, exceeding totals from the preceding six months by 28%.
- **FORECAST:** Deliveries are expected to remain limited throughout the remainder of the year, with projects totaling 2,200 units slated for completion in 2026. In the previous five years, developers completed an average of 5,300 units per year.

Roughly 700 units came online during the first quarter.

DEVELOPMENT TRENDS

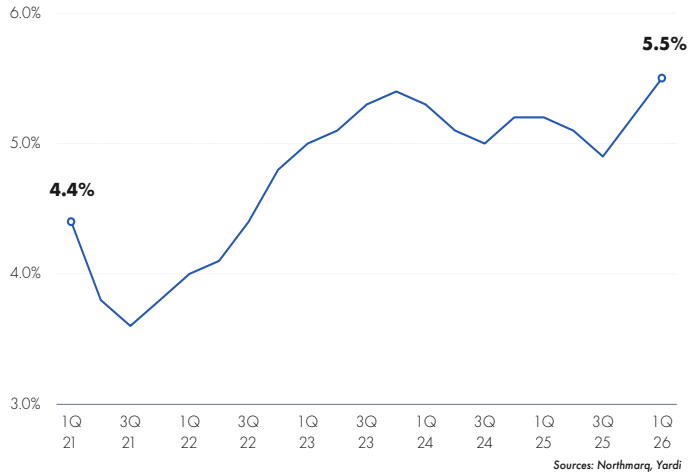


Sources: Northmarq, RealPage

VACANCY

Year over year, vacancy is up 30 basis points.

VACANCY TRENDS



Sources: Northmarq, Yardi

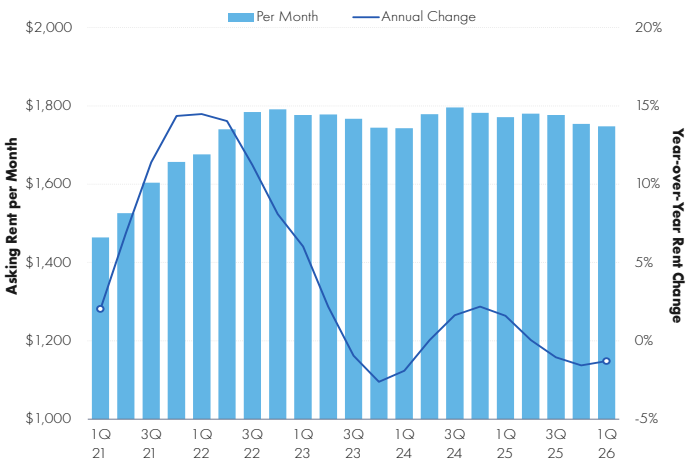
- Vacancy in the Portland area has trended higher for two consecutive quarters after inching lower in the preceding six months. The rate rose 30 basis points during the first quarter to 5.5%. Year over year, vacancy is up 30 basis points.
- While most submarkets recorded softening vacancy during the past year, the PSU/Lovejoy area posted an improvement. The rate in this submarket closed the first quarter at 6.3%, down 130 basis points from levels recorded one year ago.
- As the pace of deliveries has slowed, Class A vacancy has stabilized. Year over year, the vacancy rate for top-tier assets declined by 20 basis points to 5.6%.
- **FORECAST:** Vacancy is expected to trend lower in the coming months as full-year completions remain limited. Area vacancy is forecast to close 2026 at 5.0%, down 20 basis points annually.

RENTS

- Rents in Portland ticked lower in the opening months of the year after recording a steeper decline to close 2025. Asking rents decreased 0.3% during the first quarter to $1,748 per month. Current rents are down 1.3% annually.
- Downtown Portland was one of the few submarkets in the region to record annual rent gains. Asking rents in this submarket rose 0.7% year over year to $2,225 per month. The nearby Goose Hollow submarket posted the strongest annual growth, with rents rising 8.5% to $1,736 per month.
- Class A rents trended lower in recent periods. During the past year, top-tier asking rents declined by 1.8% to $2,075 per month. Current Class A rents are now at their lowest level in four years.
- **FORECAST:** Rents are expected to begin increasing through the year, with asking rents projected to rise 1.5% in 2026 to $1,780 per month. This follows a 1.6% decline recorded in 2025.

Current rents are down 1.3% annually.

RENTS TRENDS



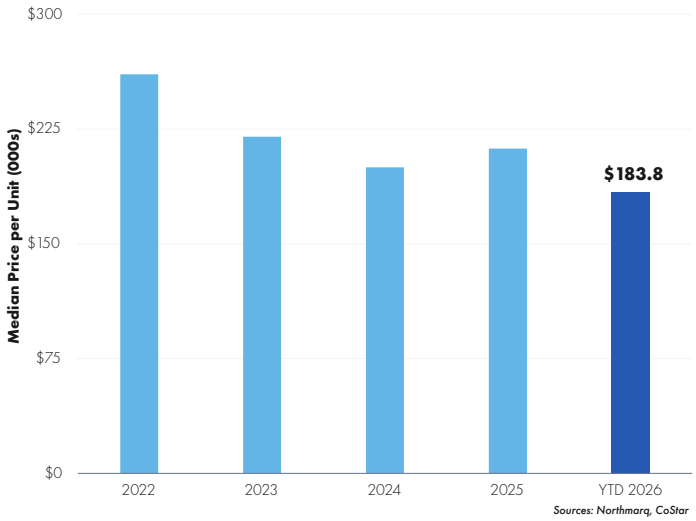
Sources: Northmarq, Yardi

MULTIFAMILY SALES

- The pace of sales in the Portland multifamily investment market slowed to begin the year. Total sales during the first quarter lagged levels recorded in the same period of last year by 30%.
- The year-to-date median sale price is $183,800 per unit, down 13% from last year. Transaction volume is also down. During the first quarter, properties totaling roughly $170 million changed hands, compared with nearly $250 million during the same period last year.
- Cap rates averaged 5.9% during the first quarter, ranging from roughly 5% to 7%. Last year, cap rates averaged approximately 5.5%. Cap rates for properties built in the 2020s have averaged approximately 5.0% since the start of 2025.

The year-to-date median sale price is $183,800 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

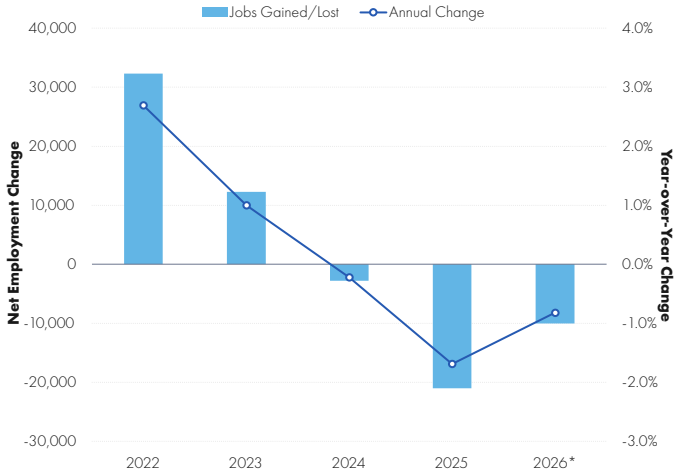
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Ladd Towers	1300 S.W. Park Ave., Portland	2009	332	$63,300,000	$190,663
Bethany Meadows	16145 N.W. Spartan Way, Portland	1997	340	$59,956,454	$176,343
Terra at Hazel Dell	2600 N.E. Minnehaha St., Vancouver	1991	206	$48,000,000	$233,010
Cedar Square	10480 S.W. Eastridge St., Beaverton	1980	155	$29,850,000	$192,581

LOOKING AHEAD

Supply growth in the Portland multifamily market in 2026 is expected to slow by 56% from 2025 as completion levels reach new lows. Limited inventory additions will likely continue beyond 2026. Permitting was light in 2024 and 2025, and the development pipeline is currently below 2,000 units. Lighter supply growth is expected to lead to vacancy compression in the coming periods, despite economic conditions weighing on renter demand. The local labor market is expected to contract by 10,000 workers in 2026 after losing more than 20,000 jobs in 2025. Still, the sharp decline in inventory growth will likely outweigh soft economic conditions when shaping market fundamentals. Rent growth is expected to begin an upward trajectory in the coming quarters after rental trends have been fluctuating since 2023.

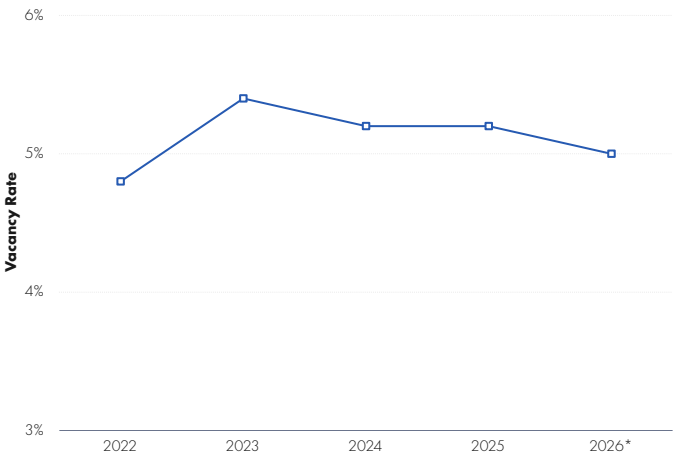
Total sales in 2026 will likely lag levels recorded in 2025. Still, there are positives within the Portland investment market. The recent decline in construction activity bodes well for the market long-term, as vacancy should begin to decline, giving rents an opportunity for more consistent growth. Properties built in recent years should continue to change hands at a strong clip, as these properties should be able to scale performance once economic conditions improve. Additionally, investor demand for these assets may be compounded by the fact that new deliveries will be extremely limited for at least the next two years, which is projected to boost activity for this product type in the near term. Cap rates are forecast to compress, trending closer to the mid-5% range in the coming quarters following an uptick in recent months.

EMPLOYMENT FORECAST



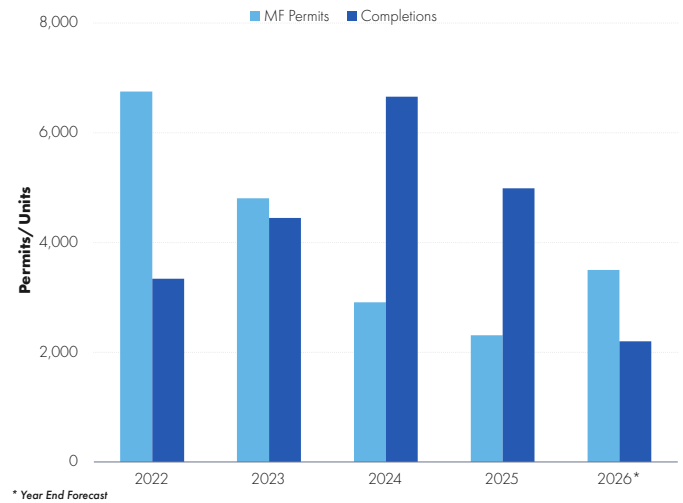
** Year End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



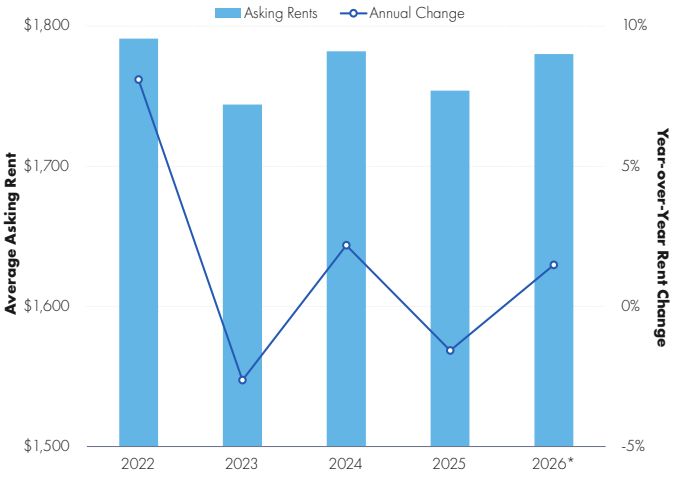
** Year End Forecast*
Sources: Northmarq, Yardi

CONSTRUCTION & PERMITTING FORECAST



** Year End Forecast*
Sources: Northmarq, RealPage, Census Bureau

RENTS FORECAST



** Year End Forecast*
Sources: Northmarq, Yardi

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