



CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **2,807**

UNITS DELIVERED (YTD) **1,986**

MARKET FUNDAMENTALS



VACANCY RATE **5.1%**

YEAR-OVER-YEAR CHANGE **+0bps**

ASKING RENTS **\$1,780**

YEAR-OVER-YEAR CHANGE **+0.1%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$210,000**

PORTLAND MULTIFAMILY 2Q 2025

MARKET INSIGHTS

Multifamily sales beginning to track longer-term averages

HIGHLIGHTS

- Property fundamentals in the Portland multifamily market posted mostly steady performance during the second quarter. Vacancies inched lower, while rents gained some modest ground. A slowing pace of inventory growth supported some of the improving operating conditions; deliveries slowed by 25% from the first quarter to the second quarter.
- Vacancy inched lower in recent months after holding steady in the first quarter. The rate decreased by 10 basis points during the past three months to 5.1%. Year over year, area vacancy is flat.
- Following slight downturns in each of the prior two periods, average rents rose by 0.5% during the second quarter to \$1,780 per month. Current rents are up 0.1% from one year earlier.
- After a period of minimal investment activity in 2023 and in the first half of 2024, multifamily property sales volumes are showing signs of returning to historical levels. Sales velocity accelerated by 44% from the first quarter to the second quarter, and sales counts during the first half of the year are trailing the region's 10-year historical average for the period by just 6%.

PORTLAND MULTIFAMILY MARKET OVERVIEW

Operating conditions in the Portland multifamily market strengthened during the second quarter, as the pace of deliveries has slowed while renter demand has remained steady. Rental deliveries peaked in 2024, but fewer than 2,000 units came online in the first half, down nearly 30% from recent averages. With supply-side pressures easing, the vacancy rate inched lower during the second quarter, reaching 5.1%. The current rate is unchanged from one year ago and nearly identical to levels from five years earlier, despite increases to area inventory levels and volatility in the local economy. During the first half, net absorption totaled more than 3,500 units, building upon peak levels of demand in the second half of 2024 when net absorption totaled nearly 5,700 units. Rents have been mostly flat, with stronger results posted in the northern part of the metro. The Downtown Vancouver, Orchards, and Battle Ground areas all posted positive rent growth during the past year, with Downtown Vancouver currently recording some of the most expensive apartment rents in the region.

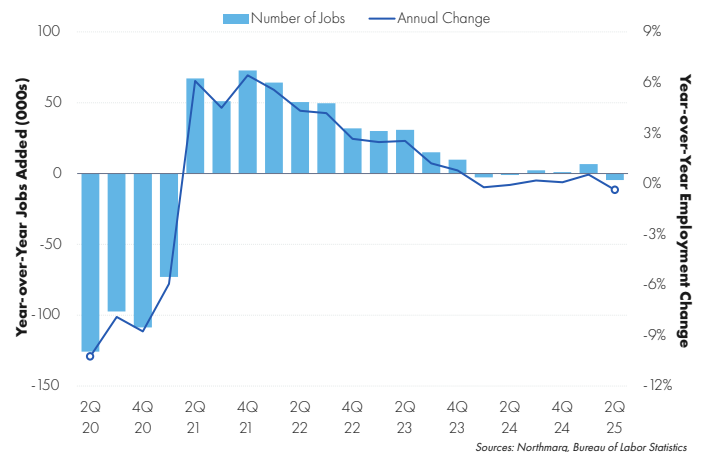
Sales velocity in the Portland multifamily investment market surged from the first quarter to the second quarter, bringing total sales year to date closely in line with long-term historical averages. Transactions have been concentrated in Milwaukie, Troutdale/Gresham, and Vancouver in recent quarters, with these submarkets accounting for more than 40% of 2025 sales. In 2024, Vancouver was the clear leader for total investment activity, followed by Downtown Portland. Milwaukie and Troutdale/Gresham also posted a few transactions. Investors continue to be drawn towards Vancouver's compressed vacancy conditions and elevated rental rates. Since the beginning of 2020, Vancouver has accounted for 20% of all sales, with transaction counts in this area nearly doubling levels recorded in the next closest submarket, Troutdale/Gresham.

EMPLOYMENT

- After posting mild growth during the second half of 2024 and into early 2025, the labor market in Portland softened in recent months. Year over year, employment contracted by 4,600 positions, a 0.4% decrease.
- While many sectors lost workers during the past year, the healthcare and social assistance industry continues to add jobs. Employers in this sector expanded payrolls by 7,000 employees during the past 12 months, an increase of 4.0%.
- OnPoint Community Credit Union recently signed a lease for 17,000 square feet at 707 SW Washington Street, Downtown. The location will be dedicated to OnPoint's recently expanded commercial, nonprofit, and small business banking teams. The space is currently undergoing renovations and is scheduled to open in late 2025, further expanding the locally based credit union's presence in the Portland market.
- **FORECAST:** Employers are expected to resume some modest growth through the end of the year. Area payroll growth should total 0.4% during 2025 with the addition of 5,000 workers. From 2014 to 2024, total employment rose by an average of 1.5% per year.

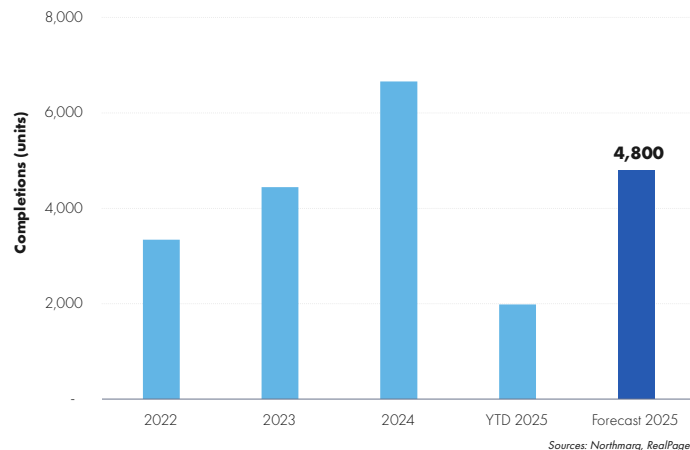
Healthcare and social assistance continues to add jobs.

EMPLOYMENT OVERVIEW



During the first half, projects totaling fewer than 2,000 units came online.

DEVELOPMENT TRENDS

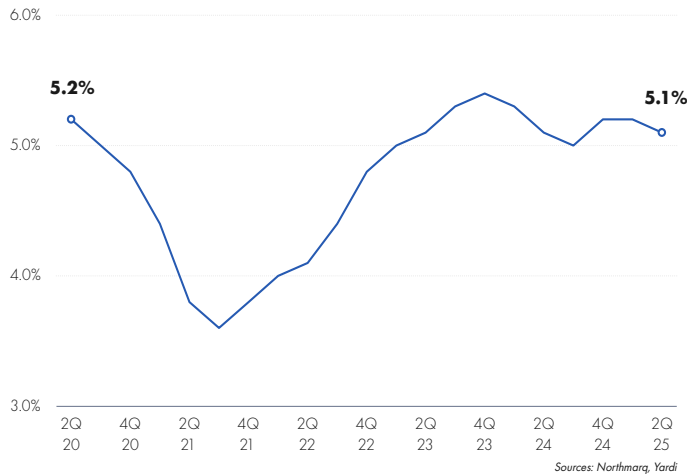


DEVELOPMENT & PERMITTING

- New development activity has slowed to this point in 2025 following elevated completions in 2024. During the first half, projects totaling fewer than 2,000 units came online, down 35% from the same period last year.
- The construction pipeline in Portland has contracted rapidly in recent periods, as starts slowed to a near halt during a period of above-trend inventory growth in 2024. Projects totaling approximately 2,800 units were under construction at the midpoint of 2025, marking the lowest level of the past five years. The pipeline peaked at more than 11,500 units during the first quarter of 2023.
- Multifamily permitting has tapered off in recent years. Permits for approximately 1,300 units were issued during the past six months. In the first halves of each of the past 10 years, developers pulled permits for an average of roughly 3,000 units.
- **FORECAST:** Nearly all of the projects that are currently under construction are on pace to deliver by the end of 2025, although a few may spill over into the following year. Currently, deliveries are forecast to total nearly 4,800 units for the full year, down nearly 30% from the 2024 figure. Developers completed an average of 5,200 units per year since 2015.

Area vacancy was flat year over year.

VACANCY TRENDS



RENTS

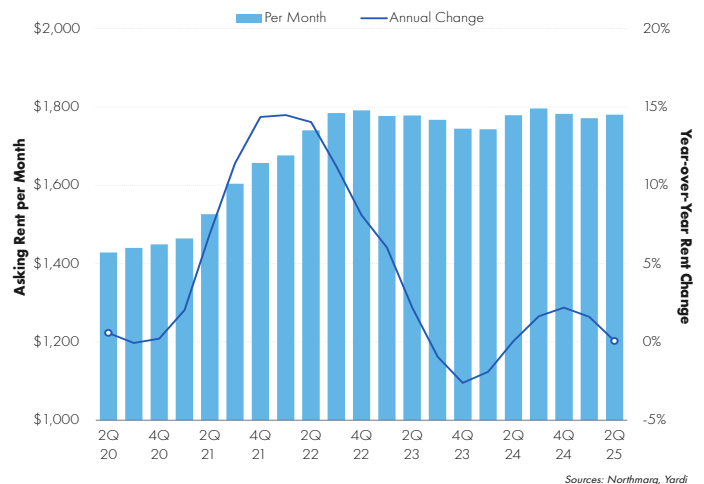
- Apartment rents in Portland ticked higher in recent months after declining during the second half of 2024. Asking rents advanced by 0.5% during the second quarter to \$1,780 per month. Current rents are essentially flat year over year, up just 0.1% from this time last year.
- In recent periods, rent growth was strong north of Vancouver. Year over year, asking rents in the Orchards submarket rose by 6.5% to \$1,824 per month. Additionally, apartment rents in Battle Ground trended higher by 2.3% during the past 12 months to \$1,693 per month.
- Downtown Vancouver is posting some of the most expensive rental rates in the region. Asking rents in this area closed the second quarter at \$2,094 per month, up 2.0% annually.
- FORECAST:** Local rents are expected to continue to rise in the coming months, though gains for the full year will likely be modest. Apartment rents are projected to end 2025 at \$1,800 per month, up 1.0% annually. This follows a 2.2% gain in 2024.

VACANCY

- Vacancy conditions in Portland have remained steady since the beginning of 2023, fluctuating between 5.0% and 5.4%. The rate inched lower by 10 basis points during the second quarter to 5.1%. Area vacancy was flat year over year.
- Downtown Portland and neighboring PSU/Lovejoy were among the top-performing submarkets during the past 12 months. The Downtown vacancy rate closed the second quarter at 4.6%, down 180 basis points from one year ago. Vacancy conditions in PSU/Lovejoy posted an improvement of 200 basis points to 6.7% during the same time frame.
- The vacancy rate for top-tier assets improved in recent quarters, as supply growth has slowed to this point in the year. Vacancy for Class A properties declined by 60 basis points during the past year to 5.5%. This is the lowest the vacancy rate has been for top-tier assets since the third quarter of 2022. Class A vacancy peaked at 6.8% in the fourth quarter of 2023.
- FORECAST:** With inventory growth projected to be modest for the full year, vacancy is expected to remain stable in the coming quarters. The vacancy rate is forecast to close 2025 at 5.0%, down 20 basis points annually. The rate may begin to trend closer to the mid-4% range in 2026 as the development pipeline continues to decline.

Asking rents advanced by 0.5% during the second quarter.

RENTS TRENDS

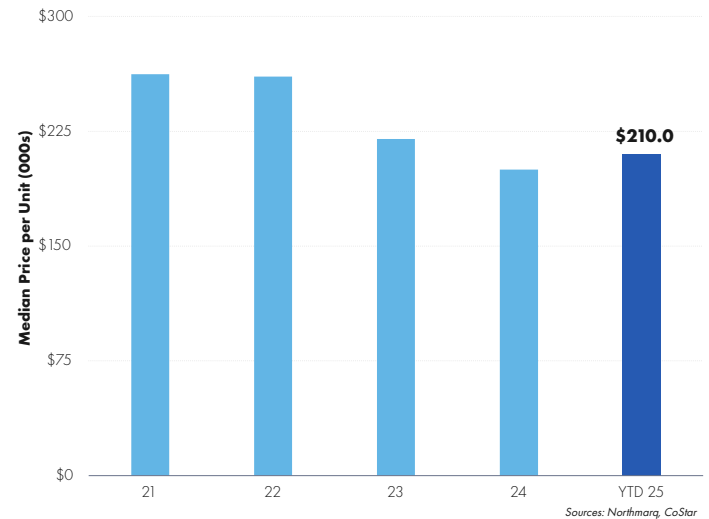


MULTIFAMILY SALES

- Sales activity in the Portland multifamily investment strengthened to start the year, building upon momentum from the second half of 2024. Total sales during the past six months outpaced the light levels recorded during the same period in each of the previous two years. Year-to-date activity is trailing the region's 10-year average by 6%.
- Through the second quarter, the median sale price is \$210,000 per unit, up 5% from last year. Despite the recent uptick, pricing so far in 2025 remains below levels recorded between 2021 and 2023.
- Transaction volume has been elevated, as roughly \$630 million worth of assets changed hands during the first half, up 70% from levels recorded in the same period of last year. The number of units traded has also risen, but to a lesser degree. Projects totaling 2,850 units were sold during the first six months of the year, exceeding levels recorded in the first half of 2024 by 44%.
- Cap rates continued to average 5.5% during the second quarter, as rates have operated in a tight range in recent periods. Since posting an average of 6.0% in the fourth quarter of 2023, cap rates have averaged between 5.3% and 5.6%.

Through the second quarter, the median sale price is \$210,000 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

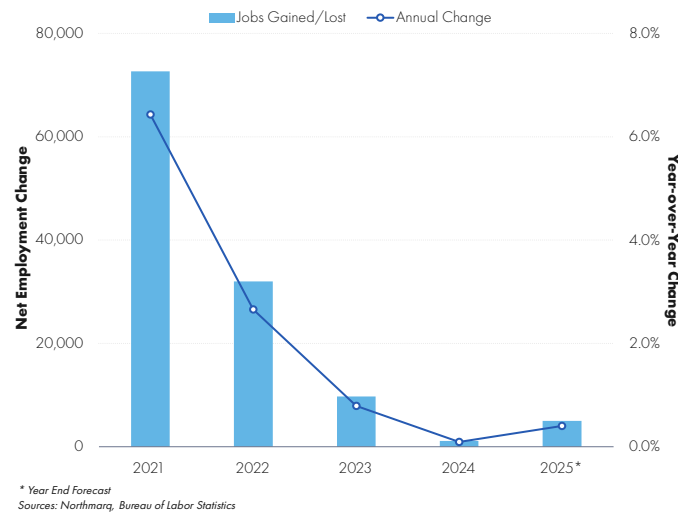
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Peloton Apartments	4141 N Williams Ave., Portland	2016	265	\$88,000,000	\$332,075
Ansley Murray Hill	12505 SW North Dakota St., Tigard	1985	304	\$76,700,000	\$252,303
2121 Belmont Apartments	2121 SE Belmont St., Portland	2008	123	\$34,600,000	\$281,301
Summerlinn Apartments	400 Springtree Ln., West Linn	2000/2005	94	\$33,600,000	\$357,447
The Canyons	3450 N Williams Ave., Portland	2020	70	\$23,500,000	\$335,714

LOOKING AHEAD

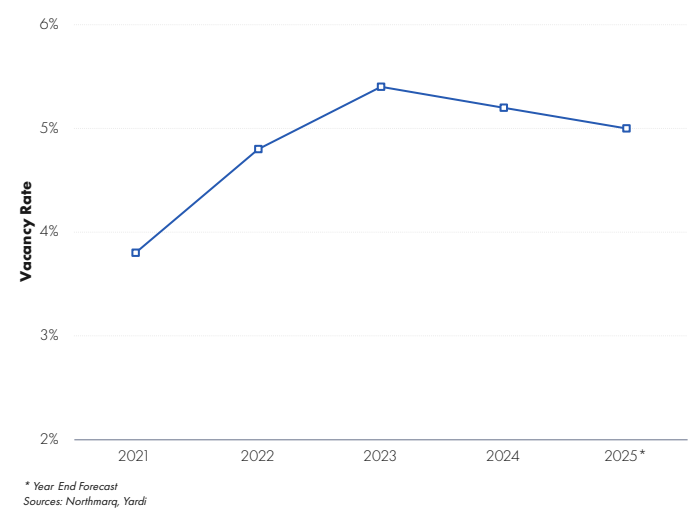
Operating conditions in the Portland multifamily market are expected to remain stable through the end of the year, as annual supply growth is forecast to be slightly below long-term averages. Projects totaling 4,800 units are expected to come online in 2025, down 28% from one year ago and lagging the region's trailing 10-year average by 7%. With supply growth tapering off, the vacancy rate should continue to inch lower. Area vacancy is forecast to close 2025 at 5.0%. The development pipeline is extremely light, and the limited additions to inventory could support tightening vacancy levels in 2026 if renter demand can be sustained. Rents are expected to rise at a modest pace in the coming quarters, though annual growth will likely fall short of historical averages.

Sales velocity in the Portland multifamily investment market is projected to accelerate through the end of the year, in line with historical trends. Year to date, total sales have already surpassed the subdued levels recorded in 2023 and are approaching full-year totals from 2024. More recently built properties will likely begin to change hands at a steadier pace as they become stabilized. To this point in 2025, assets completed in the 2020s make up 14% of all sales. That figure eclipsed 20% in each of the previous three years. An early look into the third-quarter data suggests that cap rates may begin to push higher in the coming quarters after averaging in the mid-5% range since the beginning of last year.

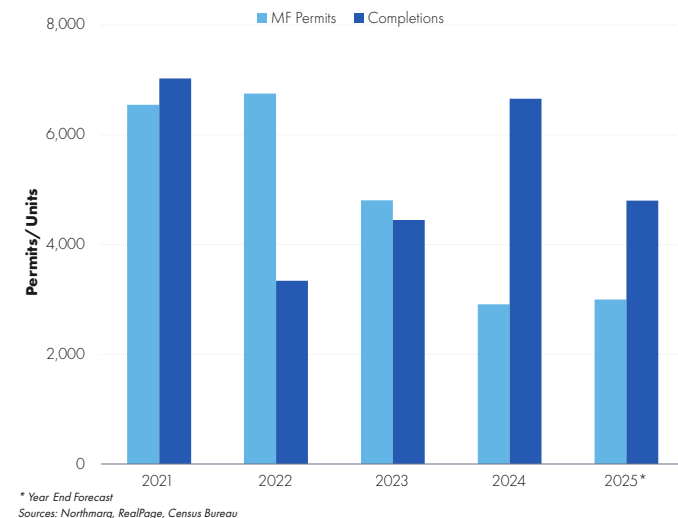
EMPLOYMENT FORECAST



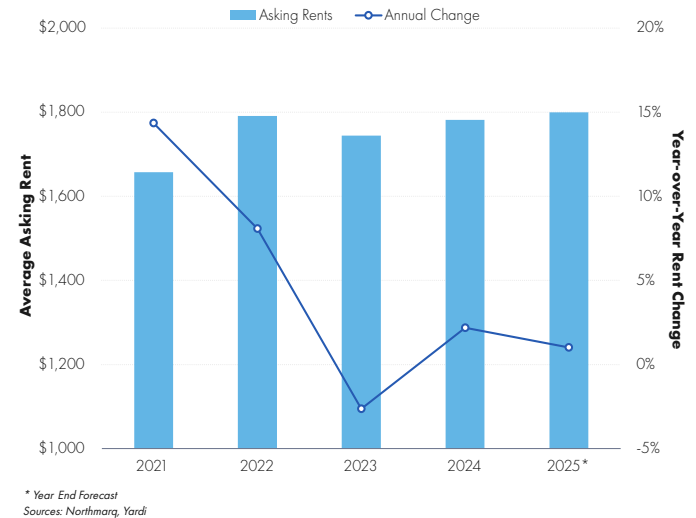
VACANCY FORECAST



CONSTRUCTION & PERMITTING FORECAST



RENTS FORECAST





FOR MORE INFORMATION, PLEASE CONTACT

ROBERT BLACK

Senior Vice President—Investment Sales
503.564.7178
rblack@northmarq.com

JOE KINKOPF

Senior Vice President—Investment Sales
206.333.4031
jkinkopf@northmarq.com

STEVE FISCHER

Senior Vice President—Investment Sales
425.830.2254
sfischer@northmarq.com

TYLER SMITH

Senior Vice President—Investment Sales
206.333.2724
tsmith@northmarq.com

STUART OSWALD

Managing Director—Debt + Equity
425.974.1055
soswald@northmarq.com

BEN BIGGERS

Investment Analyst—Debt + Equity
425.974.1056
bbiggers@northmarq.com

PETE O'NEIL, *Director of Research* | 602.508.2212 | poneil@northmarq.com

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