

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **3,736**

UNITS DELIVERED (YTD) **939**

MARKET FUNDAMENTALS



VACANCY RATE **5.5%**

YEAR-OVER-YEAR CHANGE **+40bps**

ASKING RENTS **\$1,754**

YEAR-OVER-YEAR CHANGE **-1.5%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$201,700**

PORTLAND MULTIFAMILY Q2 2026

MARKET INSIGHTS

Completions slow as projects break ground

HIGHLIGHTS

- Operating conditions in the Portland multifamily market were stable during the second quarter, as the vacancy rate went unchanged and rents inched higher. Year to date, projects totaling approximately 900 units have come online, down 53% from the same period of last year.
- Area vacancy held at 5.5% during the second quarter but remained 40 basis points above the year-ago level. While demand has been strong this year, net move-outs in the second half of 2025 influenced the year-over-year change.
- Area rents ticked higher in recent months, offsetting losses from the beginning of the year. Asking rents rose 0.3% during the second quarter to \$1,754 per month. Year over year, rents were down 1.5%, due largely to declines recorded in the second half of 2025.
- Total sales in the Portland multifamily investment market have been light in recent periods. The number of transactions during the first half trailed levels recorded in the same period of last year by 41%. The median sale price in 2026 is \$207,700 per unit, down 5% from 2025.

PORTLAND MULTIFAMILY MARKET OVERVIEW

While the local labor market has generally contracted in recent periods, apartment demand rebounded during the first half after a weak close to 2025. The recent uptick in absorption kept the vacancy rate flat during the second quarter following a 60-basis-point increase over the preceding six months. Although Vancouver has been the primary driver of absorption in recent years, demand shifted to the Aloha/West Beaverton submarket in recent months. During the second quarter, net move-ins exceeded 550 units in Aloha/West Beaverton, marking both a quarterly high for the submarket and the strongest absorption performance in the region. Central Portland ranked second, recording roughly 220 net move-ins during the quarter.

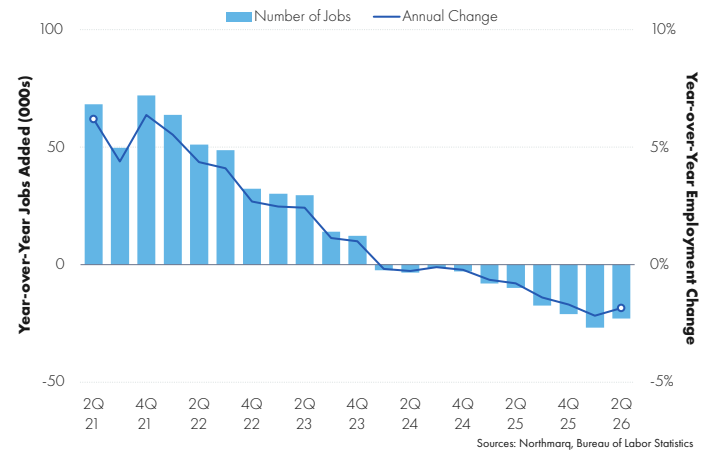
While properties continue to change hands, multifamily investment activity in Portland has slowed and shifted in recent quarters. Historically, assets priced between \$20 million and \$50 million have accounted for nearly half of the total transaction counts. To this point in 2026, there have been fewer deals in that pricing range, while activity has picked up in transactions over \$50 million, impacting overall sales volume and transaction totals. Properties that traded for more than \$50 million accounted for nearly 40% of transactions year to date, up from approximately 15% of sales last year. With the transaction mix shifting, cap rates have trended higher, averaging 5.9% through midyear compared with 5.5% in 2025.

EMPLOYMENT

- Employment conditions in Portland remain soft. Year over year, the local labor market has lost 22,900 workers, a decline of 1.9%.
- The Portland area's largest employment sectors are posting contrasting results. Gains continue to be recorded across private education and health services, where nearly 5,000 jobs have been added during the past 12 months. Employment in the area's large professional and business services sector has contracted by 4.0% in the past year, shedding more than 7,500 workers.
- In July, Lam Research reached an agreement with Washington County and the City of Tualatin to invest \$1.7 billion in Tualatin. The investment includes plans for a research and development facility that will span multiple buildings and contain high-end technology. This agreement will run through 2041.
- **FORECAST:** The labor market is projected to contract by 20,000 positions in 2026, a 1.6% decline. While employment conditions are expected to remain soft, the pace of job losses is forecast to moderate slightly from 2025.

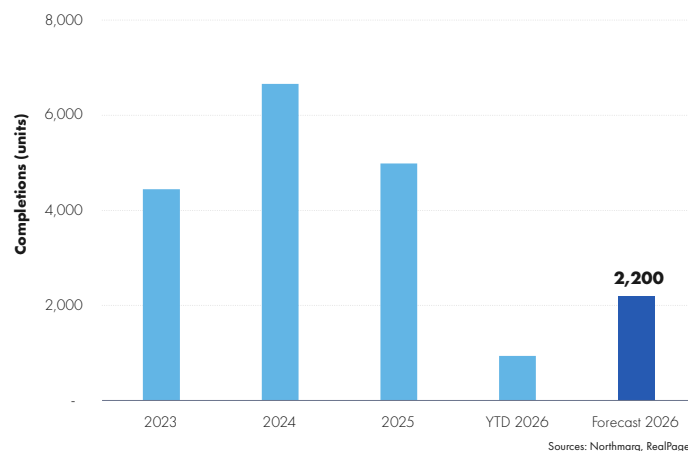
The leisure and hospitality sector reflected early signs of recovery.

EMPLOYMENT OVERVIEW



Year to date, roughly 900 units have come online.

DEVELOPMENT TRENDS

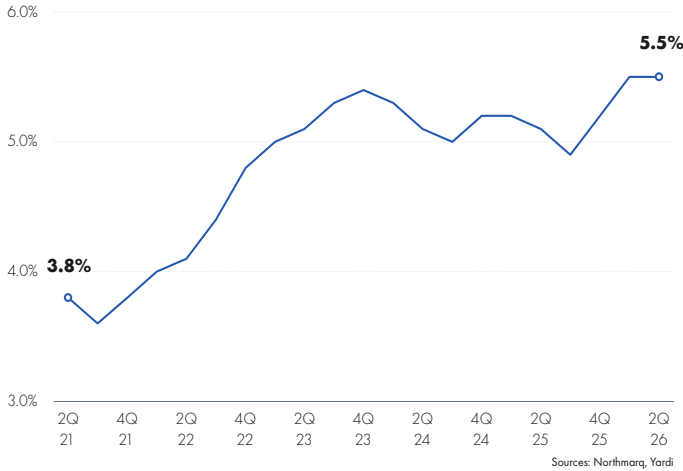


DEVELOPMENT & PERMITTING

- Supply growth continued to slow as completions fell approximately 70% between the first and second quarters. Year to date, projects totaling roughly 900 units have come online in Portland, down 53% from the same period last year.
- Construction starts have accelerated. Projects totaling more than 3,700 units were under construction at the close of the second quarter, up 33% from one year ago. Despite the increase, the pipeline remains below historical norms.
- While multifamily permitting has picked up from last year's light levels, permitting to this point in the year remains below historical trends. During the first six months of 2026, developers pulled permits for more than 2,200 units. In the trailing 10 years, first-half permitting averaged 2,900 units.
- **FORECAST:** Supply growth is expected to be light in 2026. Projects totaling 2,200 units are forecast to be delivered for the full year, down 56% from last year.

Top-tier vacancy closed the second quarter at 5.9%.

VACANCY TRENDS



VACANCY

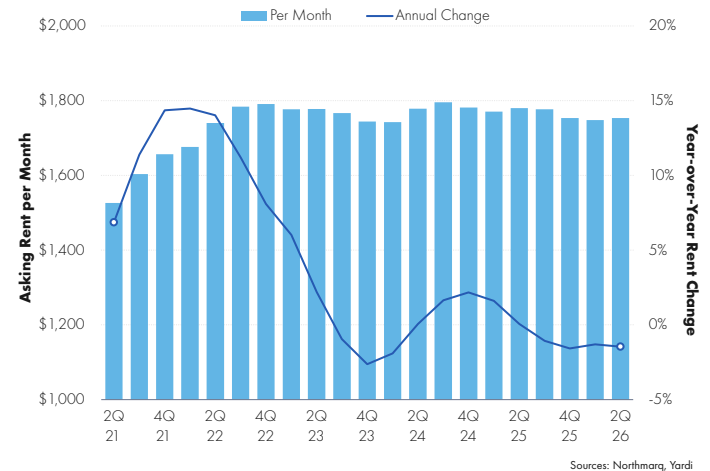
- The vacancy rate in Portland went unchanged from the first quarter to the second quarter, remaining at 5.5%. Year over year, area vacancy is up 40 basis points.
- Vacancy conditions improved in the Northeastern submarkets Parkrose and Madison South. Located just below the Columbia River, between the Portland and Troutdale Airports, vacancy in Parkrose declined 160 basis points year over year to 5.0%, while Madison South recorded a 130 basis point improvement to 3.1%.
- Class A vacancy has generally trended higher in recent periods after improving during the first half of 2025. Top-tier vacancy closed the second quarter at 5.9%, up 60 basis points year over year.
- FORECAST:** Vacancy is projected to trend lower through year-end, closing 2026 at 5.0%. That would mark the first decline in three years after the rate held at 5.2% in both 2024 and 2025.

RENTS

- Asking rents in Portland inched higher by 0.3% during the second quarter, offsetting declines posted in the prior three months. Despite the quarterly gain, rents are down 1.5% year over year to \$1,754 per month.
- While rents declined in most submarkets during the past year, steep increases were posted in Goose Hollow. Rents in this area spiked by 9.9% year over year, reaching \$1,724 per month.
- Class A rents declined 2.8% during the past year to \$2,064 per month. Top-tier rents peaked at \$2,161 per month during the third quarter of 2024 but have moderated since.
- FORECAST:** Rents are projected to increase 1.5% in 2026, reaching \$1,780 per month. Although rent growth has fluctuated in recent years, the projected increase would represent a return toward the market's historical pace, which averaged 3.2% annually from 2016 through 2020.

Asking rents are down 1.5% year over year.

RENTS TRENDS

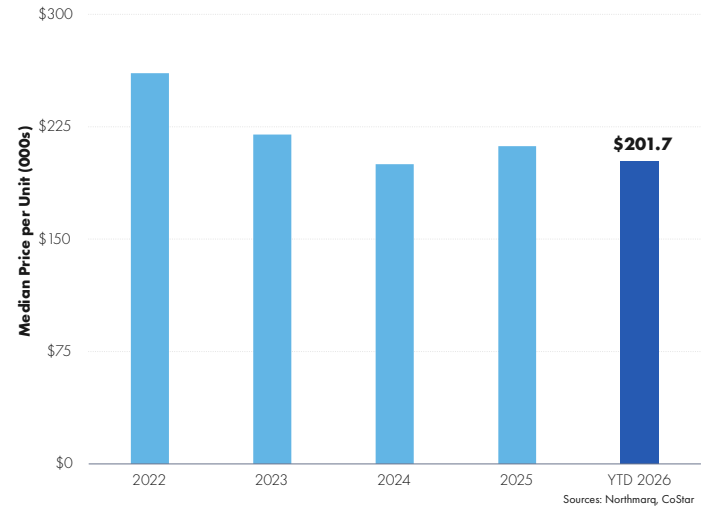


MULTIFAMILY SALES

- Multifamily investment activity has slowed in Portland. The number of deals declined by more than 50% from the first quarter to the second quarter. Year-to-date transaction counts were down 41% from the pace recorded during the same period of 2025.
- Year to date, the greatest decline in transaction volumes have occurred in deals between \$20 million and \$50 million, where activity is down approximately 60% from the same period in 2025. In deals selling for \$50 million or more, activity has picked up; as many properties have sold for \$50 million in Portland to this point in 2026 as traded in all of 2025.
- Through midyear, the median sale price was \$201,700 per unit, down 5% from 2025. Transaction volume totaled roughly \$414 million during the first half, a 32% decline from the same period last year.
- Cap rates continued to trend higher, averaging 5.9% year to date, up 40 basis points from 2025 levels.

Through midyear, the median sale price was \$201,700 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

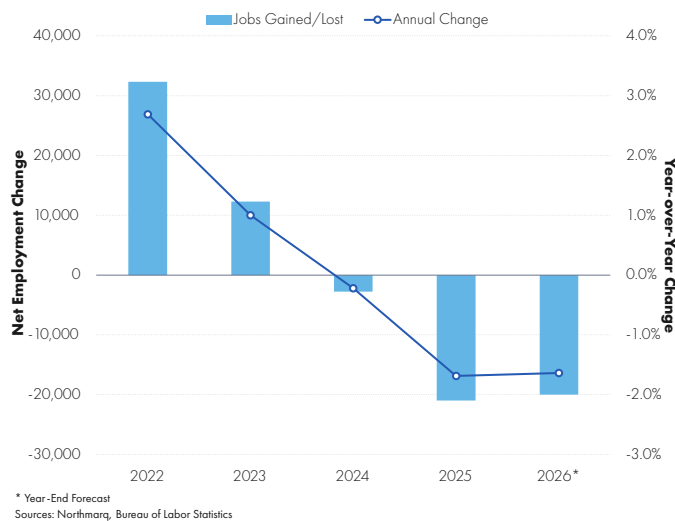
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Willow	5600 Meadows Road, Lake Oswego	2024	158	\$66,000,000	\$417,722
Tupelo Alley	3850 N. Mississippi Ave., Portland	2008	188	\$57,200,000	\$304,255
River Ridge Apartments	17865 S.W. Pacific Highway, Tualatin	2017	180	\$50,100,000	\$278,333
Quimby at the Village	1580 N.E. 32nd Ave., Portland	2014	167	\$30,700,000	\$183,832

LOOKING AHEAD

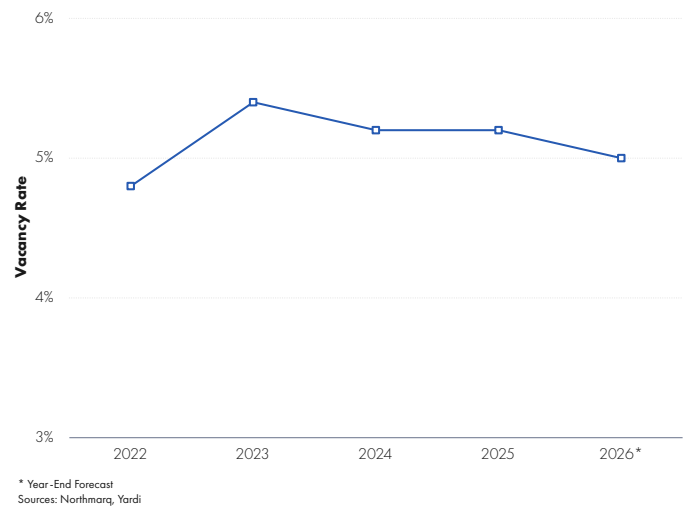
The Portland multifamily outlook is mixed when looking at short-term and longer-term outlooks. In the near term, annual completions are expected to total just 2,200 units in 2026, or less than half of the 2025 total additions to inventory. With supply-side pressures easing, vacancy should begin to trend lower through the remainder of the year, supporting a return to positive rent growth. While new construction totals in Portland are expected to be limited in 2026, the future multifamily development pipeline is beginning to ramp back up. The number of units currently under construction now totals more than 3,700 units, after dipping below 2,000 units earlier this year. Further, multifamily permitting has trended higher from recent lows as developers look beyond 2026 and 2027.

The pace of multifamily sales in Portland may improve during the second half of the year, though full-year transaction activity will likely remain below 2025 levels given the slow start to 2026. Through midyear, roughly half of all sales involved properties built in the 1990s and 2000s, a concentration that should ease as more recently delivered assets begin to trade. Much of the market's recent development activity has been concentrated in Vancouver, the region's most active submarket for multifamily investment sales. While no 2020-vintage properties have changed hands there this year, several transacted during the prior three years. As newly delivered communities move through lease-up and stabilization, sales activity is likely to become more evenly distributed across vintages in the coming quarters and years.

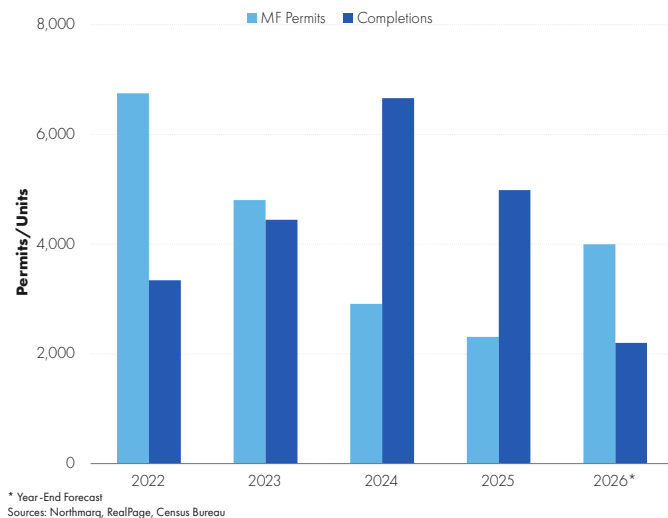
EMPLOYMENT FORECAST



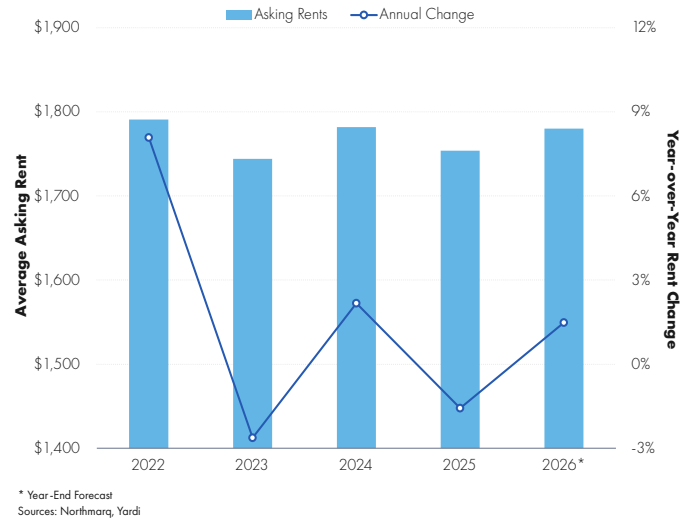
VACANCY FORECAST



CONSTRUCTION & PERMITTING FORECAST



RENTS FORECAST





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