Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	2,302
UNITS DELIVERED (YTD)	4,986

MARKET FUNDAMENTALS

VACANCY RATE	5.2%
YEAR-OVER-YEAR CHANGE	+0bps
ASKING RENTS	$1,754
YEAR-OVER-YEAR CHANGE	-1.6%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$212,100

PORTLAND MULTIFAMILY
Q4 2025

MARKET INSIGHTS

A sharp decline in completions likely in 2026

HIGHLIGHTS

- Property performance in the Portland multifamily market softened during the fourth quarter as vacancy rose and rents declined. Despite the recent increase, the current vacancy rate is identical to levels recorded one year ago and 20 basis points lower than levels from two years ago.
- Area vacancy trended higher during the fourth quarter after improving during the preceding six months. The rate increased by 30 basis points during the past three months to 5.2%.
- Asking rents decreased to close 2025, a seasonal trend that has been posted in each of the past three years. Apartment rents trended lower by 1.3% during the fourth quarter to $1,754 per month. Rents are down 1.6% annually.
- Despite declining in recent months, sales activity has picked up from recent lows. Total sales in 2025 exceeded the light levels recorded in 2024 by 12% and nearly doubled totals from 2023. The median price during the past year was $212,100 per unit, up 6% from 2024.

PORTLAND MULTIFAMILY MARKET OVERVIEW

Despite rising during the closing months of 2025, the vacancy rate in the Portland multifamily market has posted mostly steady performance in recent periods. Vacancy improved during 2024, and trends fluctuated throughout the past year, but the current vacancy rate of 5.2% is identical to levels recorded 12 months ago. Persistent renter demand has been the driving force in maintaining occupancies. In the face of elevated supply growth, apartments recorded net move-ins totaling more than 12,000 units during the past two years, outpacing the delivery of new units during the same timeframe. Despite the continued demand, asking rents declined on a metro level in recent periods, although gains were recorded in the Vancouver submarkets, where vacancy conditions trended lower throughout most of 2025.

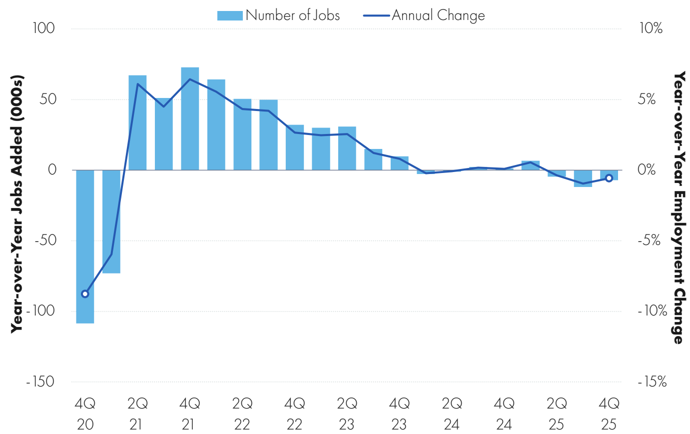
While sales activity picked up and per-unit pricing trended higher during 2025, the total dollar volume in closed deals declined in the Portland multifamily investment market. Properties totaling $1.05 billion changed hands during the past year, lagging levels recorded in 2024 by 20%. Larger properties traded at a more rapid clip in 2024. During the past year, assets with more than 150 units made up just a quarter of the number of property sales, after accounting for more than half of the transactions in 2024. With fewer large properties selling, there was a corresponding decline in deals priced at $30 million or more. In 2025, sales velocity for assets priced at greater than $30 million slowed by 40% from levels recorded in the prior year. Cap rates trended lower in recent months, averaging 5.1% during the fourth quarter. In the preceding three months, rates averaged roughly 6.0%.

EMPLOYMENT

- After limited job additions in 2024, total employment in Portland declined during 2025. Area employers cut 7,200 workers during the past 12 months, a decrease of 0.6%.
- Nearly every major sector lost jobs during 2025, with the exception of private education and health services. During the past year, the sector added 4,700 positions.
- Pacific NW Properties closed on more than 7 acres of industrial land in Hillsboro during the fourth quarter. The site is planned for a light industrial park made up of multiple buildings. Pacific NW Properties is closing in on the completion of another industrial park in Troutdale.
- **FORECAST:** Job losses are expected to continue in the coming year. Total employment is projected to decline by 5,000 positions in 2026.

Total employment in Portland declined during 2025.

EMPLOYMENT OVERVIEW



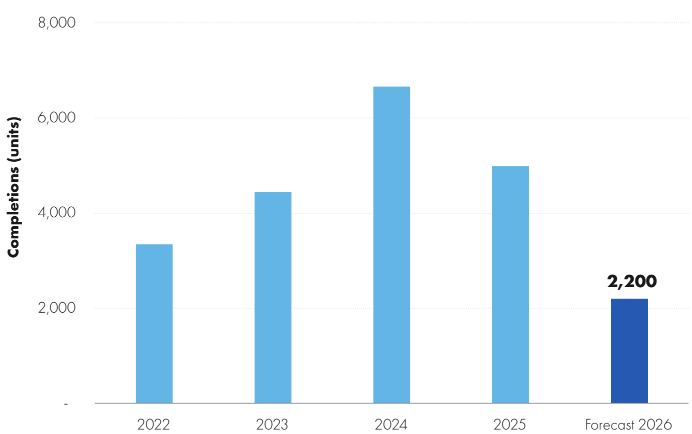
Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

- The pace of multifamily completions in Portland returned to trend in 2025. Projects totaling roughly 5,000 units came online during the past year, down 25% from levels recorded in 2024. Developers completed an average of 5,200 units per year in the trailing decade.
- Construction activity continues to reach new lows, as projects totaling roughly 2,300 units are currently under construction. The development pipeline has declined at a rapid rate since peaking at more than 11,700 units during the first quarter of 2023.
- Multifamily permitting has now declined for three consecutive years. Developers pulled permits for approximately 2,300 units during 2025, down 26% from last year and lagging the region's trailing 10-year average by 65%.
- **FORECAST:** Completions in the coming year are forecast to decline steeply, as projects totaling 2,200 units are scheduled for delivery in 2026, down more than 50% from the 2025 total.

Projects totaling roughly 2,300 units are under construction.

DEVELOPMENT TRENDS



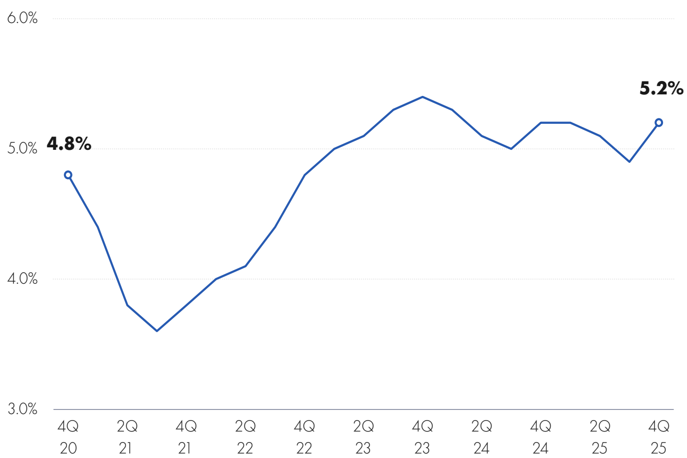
Sources: Northmarq, RealPage

VACANCY

The current rate is identical to levels recorded one year ago.

- The vacancy rate in Portland ticked higher to close the year after improving in the preceding two quarters. Area vacancy rose by 30 basis points during the fourth quarter to 5.2%. Still, the current rate is identical to levels recorded one year ago.
- Some of the strongest vacancy improvements were recorded in submarkets in the Washington State portion of the market. The vacancy rate in Fort Vancouver declined by 150 basis points in 2025 to 3.6%, while Hazel Dell posted a 220 basis point decline to 2.8%. Additionally, vacancy in Walnut Grove dropped by 80 basis points in 2025.
- Class A vacancy declined during the past year as the competitive impact of new supply eased. Vacancy in the top tier closed 2025 at 5.4%, down 60 basis points from levels recorded one year earlier.
- **FORECAST:** Renter demand for units is projected to outpace supply in the coming year. Area vacancy is forecast to decline by 40 basis points in 2026 to 4.8%.

VACANCY TRENDS



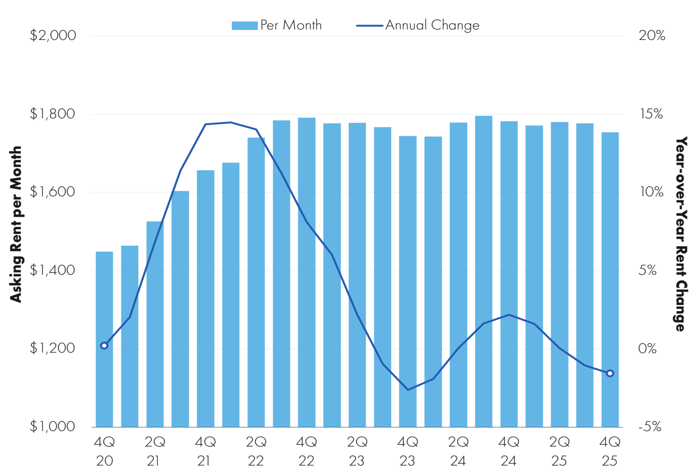
Sources: Northmarq, Yardi

RENTS

- Apartment rents in Portland declined to close the year, repeating trends from the previous two years. Asking rents decreased by 1.3% in the fourth quarter to $1,754 per month. In 2025, rents trended lower by 1.6%.
- In Vancouver, the Battle Ground and Orchards submarkets posted some of the steepest rent growth in the region. Asking rents in Battle Ground advanced by 2.9% during the past year to $1,696 per month. Rents in Orchards rose by 2.1% to $1,804 per month.
- Rent growth bounced back in Downtown Portland after declining in 2024. Apartment rents in Downtown increased by 1.8% annually to $2,252 per month. Last year, rents in this area decreased by 2.3%.
- **FORECAST:** Since posting steep growth in 2021 and 2022, rent trends have been uneven, with annual periods of modest increases and slight declines. In 2026, rents are expected to advance by 2.1%, reaching $1,790 per month.

In 2026, rents are expected to advance by 2.1%.

RENTS TRENDS



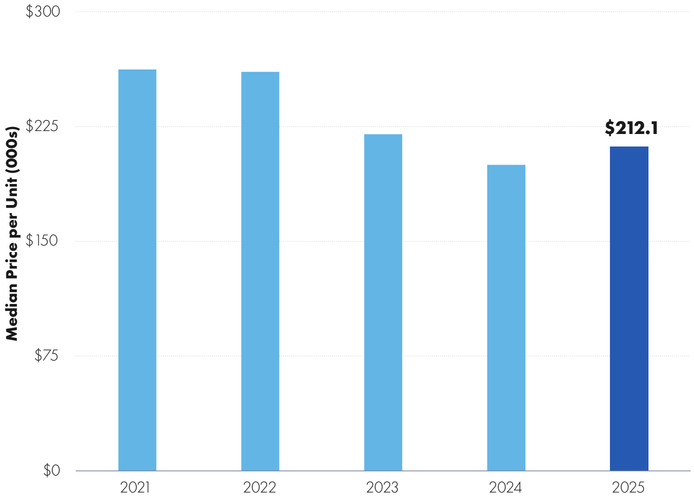
Sources: Northmarq, Yardi

MULTIFAMILY SALES

- Sales activity increased 12% from 2024 to 2025 in the Portland multifamily investment market, but total sales for the full year were below past average levels.
- The median price in 2025 was $212,100 per unit, up 6% from 2024. Pricing peaked at roughly $260,000 per unit in 2021 and 2022.
- While total sales picked up in 2025, transaction volume declined. Properties totaling roughly $1.05 billion were sold in 2025, down 20% from levels recorded in 2024.
- Average cap rates trended lower to close the year after rising in the second and third quarters. Cap rates averaged 5.1% during the fourth quarter, down 80 basis points from levels recorded in the preceding three months.

Properties totaling roughly $1.05 billion were sold in 2025.

INVESTMENT TRENDS



Sources: Northmarq, CoStar

RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

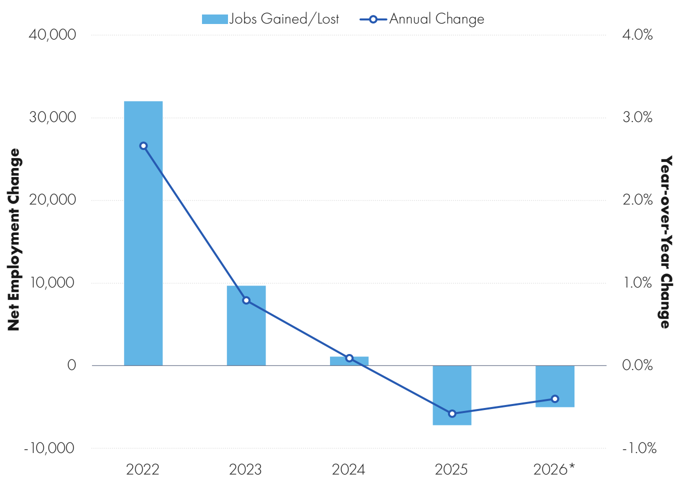
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Rose Schnitzer Tower *Affordable	1430 S.W. 12th Ave., Portland	1980	235	$50,400,000	$214,468
Hollis	1625 S.W. Alder St., Portland	2020	138	$31,000,000	$224,638
Holmes Park	545 Holmes Lane, Oregon City	2025	60	$23,125,000	$385,417
East Wind	2950 N.E. 23rd St., Gresham	1971	150	$20,500,000	$136,667

LOOKING AHEAD

Supply growth in the Portland multifamily market is expected to slow significantly in the coming quarters. Projects totaling only 2,200 units are scheduled for delivery in 2026, which would mark the first time annual completions have fallen below 3,000 units in more than a decade. The easing supply-side pressures should support a tightening vacancy, although softer conditions in the local labor market may drag on renter demand. Area vacancy is projected to close 2026 at 4.8%, after the rate has hovered at or above 5.0% for much of the past three years. This would mark only the second annual vacancy decline since 2022 and would put the rate in line with long-term averages. Rent growth is forecast to rebound in 2026, as deliveries slow and vacancy trends lower. Gains will likely be modest, closely tracking levels recorded in 2024 when rents advanced by 2.2%.

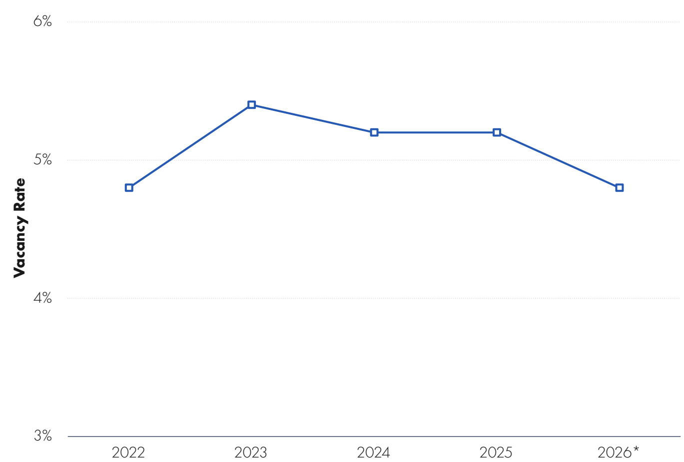
Sales activity is forecast to gain some traction in 2026, and transaction volumes could return closer to long-term average levels. Transactions for larger properties should pick up in the coming quarters after sales for more than 150 units were limited in recent periods. Properties with 150 units or more accounted for nearly 40% of sales from 2020 to 2024, but that figure was trimmed in half during the past year. Sales velocity should accelerate in Vancouver in 2026, specifically for recently built properties. Roughly 25% of the projects that were delivered in 2025 were located in Vancouver, but transaction activity on new builds has been limited. Additionally, the Vancouver area is posting some of the strongest fundamentals in the region, and has been the most active area for sales in the market since 2018.

EMPLOYMENT FORECAST



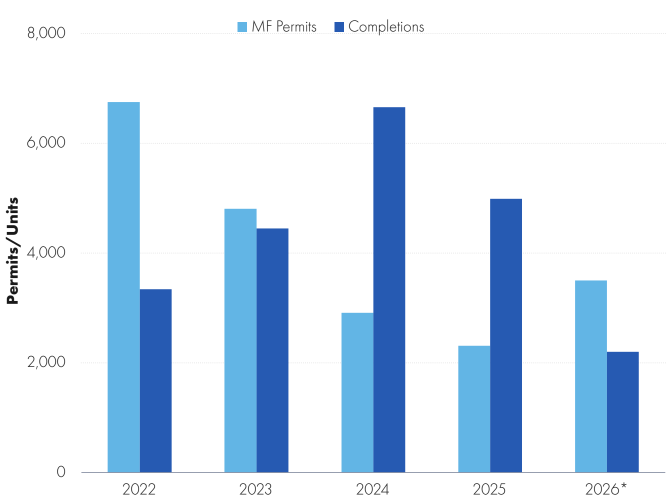
** Year End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



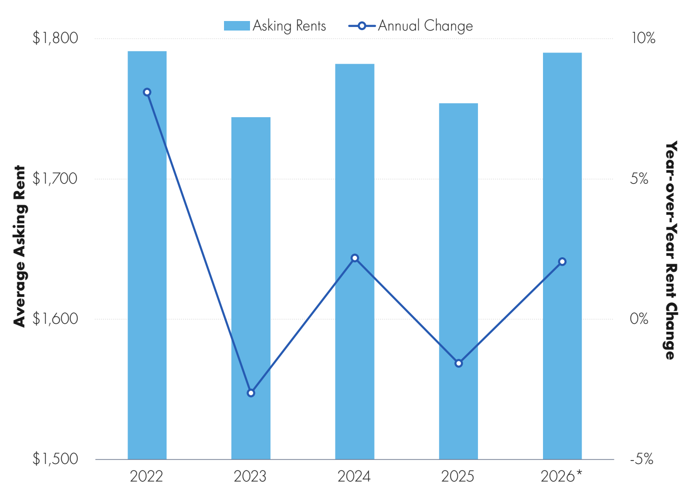
** Year End Forecast*
Sources: Northmarq, Yardi

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



** Year End Forecast*
Sources: Northmarq, Yardi

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, *National Director, Research* | 602.508.2212 | poneil@northmarq.com

JOHN TAGG, *Research Manager* | 972.455.4916 | jtagg@northmarq.com

SAM TIFFANY, *Senior Market Analyst* | 602.955.7102 | stiffany@northmarq.com

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