



# Portland

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## MARKET INSIGHT REPORT



SPRING

2023

# Employment / Unemployment

The Portland Metro Area's diversified job market and high quality of life continue to attract new employers and residents, supporting strong rental demand. The metro area is known for its extremely well-educated workforce and is listed among the top-20 U.S. cities with the most residents holding advanced college degrees. Prior to the pandemic, job growth averaged 2.6% annually in the metro, with approximately 29,700 jobs added on average each year. The onset of the COVID-19 pandemic in 2020 led to public safety measures that limited business and

economic activity. However, the Portland region was

No. 10 in job growth among large metro areas during

2021, and the state of Oregon recovered all 282,000

jobs the state lost during the pandemic recession in

September 2022. In December 2022, the Portland MSA

unemployment rate was 4.1%, the Oregon rate was 4.5%, and the U.S. rate was 3.5%, according to the Bureau of Labor

Statistics. The Oregon Employment Department reports that

November 2022 year-over-year job growth in the Portland

metro area grew by 4.8%, tied for 6th place in the nation with

Jacksonville, Las Vegas, San Antonio, San Jose, and Atlanta. Also,

the metro area's healthcare sector continues to expand, and Portland

is among the nation's top-10 emerging life science clusters based on

employment growth in the sector and high concentration of research

and development jobs. In 2022, job gains in the Portland-Vancouver-

Hillsboro metro area were most pronounced in the Construction

and Leisure and Hospitality sectors. While companies across the

U.S. continue to lay off employees as we head into the uncertain

economic climate of 2023, Portland is expected to continue

to benefit from the growing "Silicon Forest" hub of high-tech

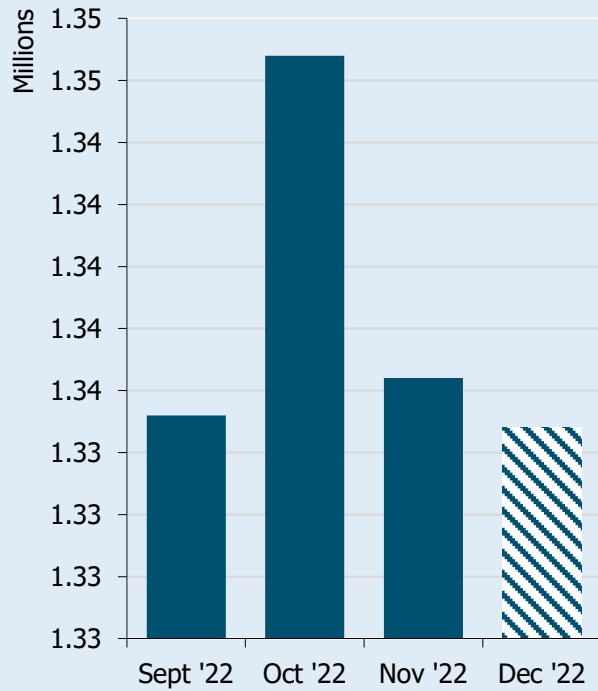
and life science technology companies and the ongoing in-

migration from young, well-educated professionals that

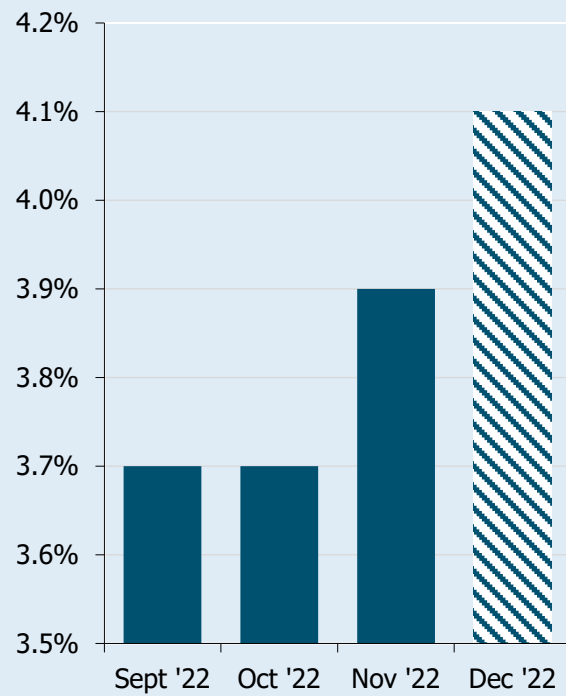
draw major employers to the region.



### Total Employment



### Unemployment



Metro Area Employment (Thousands)	Nov 2022	Change from Nov 2021	
		#	%
Total Non-farm	1,264.60	58.2	4.8
Mining and Logging	1.1	-0.1	-8.3
Construction	84.7	7.1	9.1
Manufacturing	133.2	8.3	6.6
Trade, Transportation, and Utilities	227.2	-2.5	-1.1
Information	27.9	0.5	1.8
Financial Activities	78.2	4.3	5.8
Professional and Business Services	200.8	10.5	5.5
Education and Health Services	192.5	11.3	6.2
Leisure and Hospitality	118.6	8.2	7.4
Other Services	41.9	2.8	7.2
Government	158.5	7.8	5.2

Sources: U.S. BLS, Current Employment Statistics



# Portland Rental Market

- As of the first quarter of 2023, market rent in Portland has reached \$1,610/unit, reflecting year-over-year growth of 3.7%. By comparison, the national index posted average growth of 3.2% over the same period.
- Over the past ten years, Portland has averaged rent growth of 4.2% per year.
- In the last decade, the typical rent for a market-rate Portland apartment has increased by 48.7%. By comparison, national rent growth was 42.1% over this period.



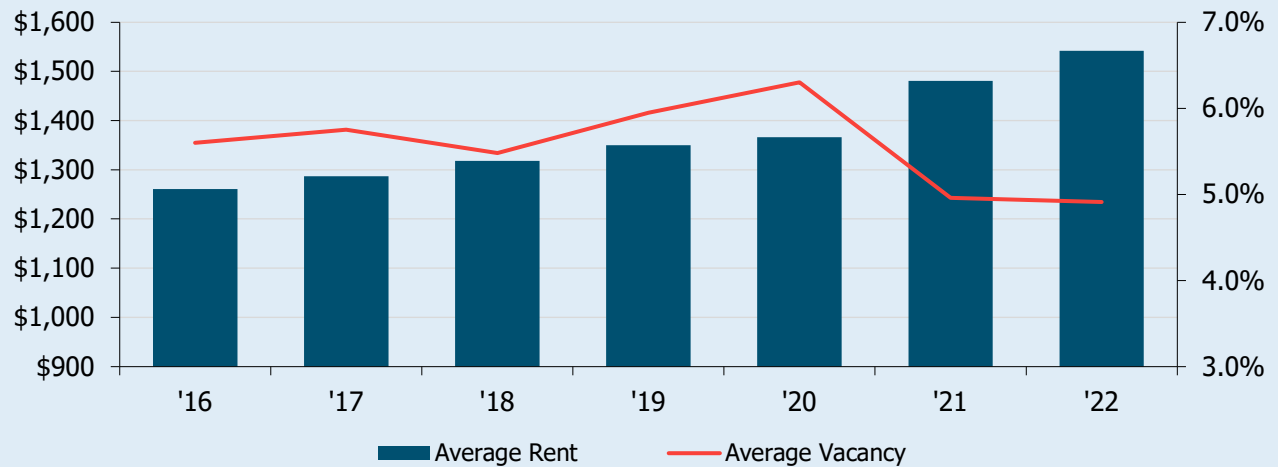
## +4% YOY

Average Rent Increase From  
\$1,481 to \$1,542

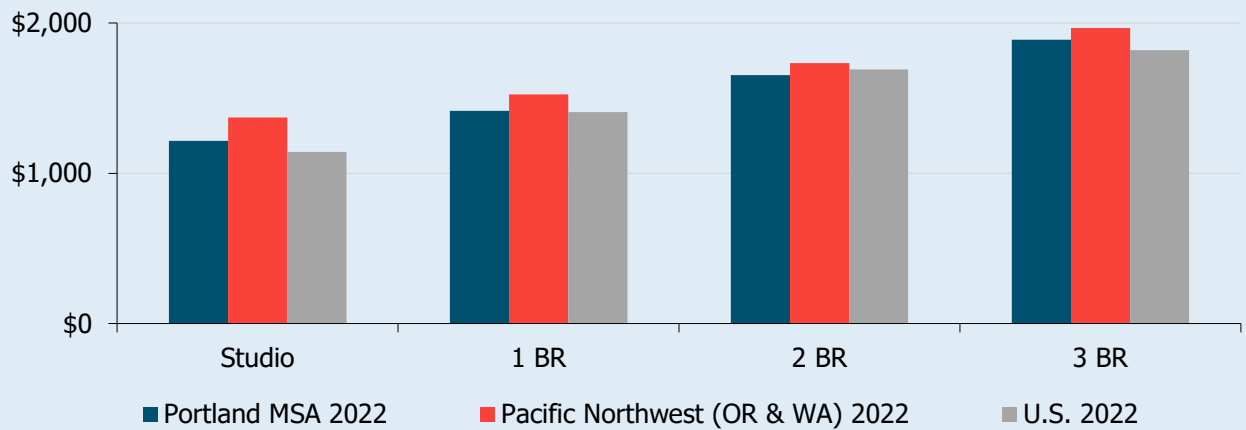
Year Built	Asking Rent	Vacancy Rate
Before 1970	\$1,172	4.42
1970-1979	\$1,272	4.06
1980-1989	\$1,564	4.47
1990-1999	\$1,635	4.09
2000-2009	\$1,571	4.18
2010-2019	\$1,758	5
After 2019*	\$1,872	10.3

*\*Includes Properties in Lease-Up  
Source: CoStar*

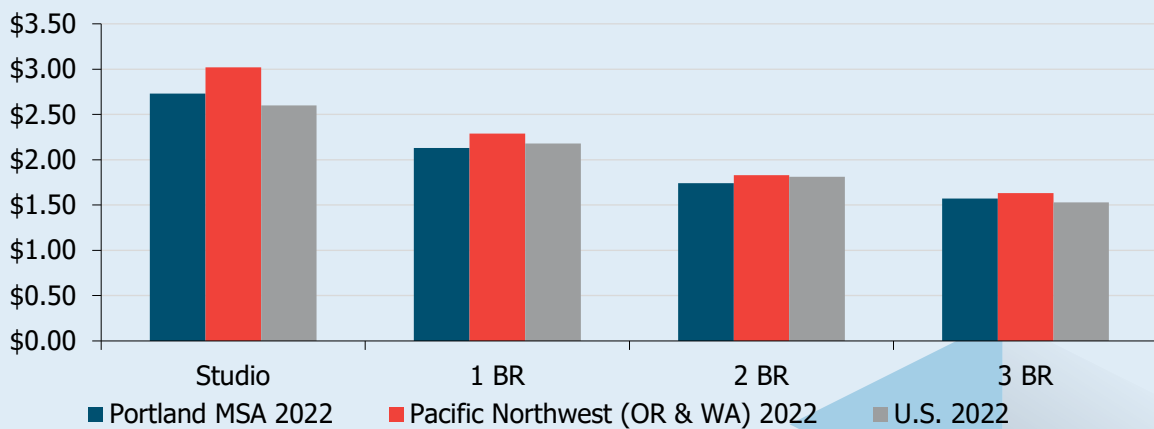
### Average Rent / Vacancy



### Asking Rent Comparison



### Asking Rent / SF



## Multifamily Construction

- The metro area apartment pipeline peaked at nearly 13,000 units under development in mid-2018, part of a decade-long expansion that boosted Portland's apartment inventory by 33.4%.
- The pipeline began to thin heavily in early 2020 due to elevated materials costs as a result of the global supply chain crunch, labor shortages, and restrictive zoning practices.
- In 2022, there are now 10,000 units under construction, which will expand existing inventory by 4.6%.

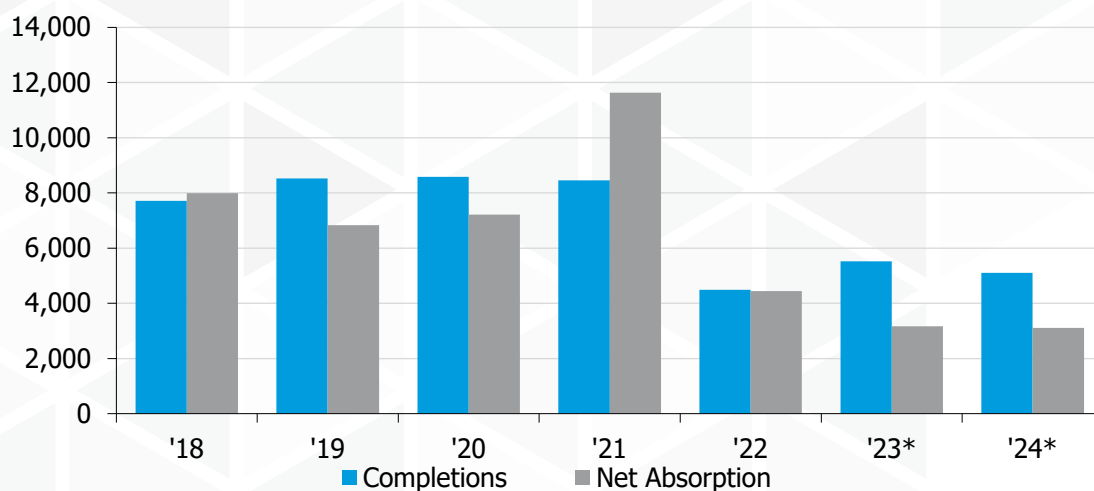


### 5,516 New Units

2023 Expected Completions

*5,107 New Units Will Follow in 2024*

Completions / Net Absorption

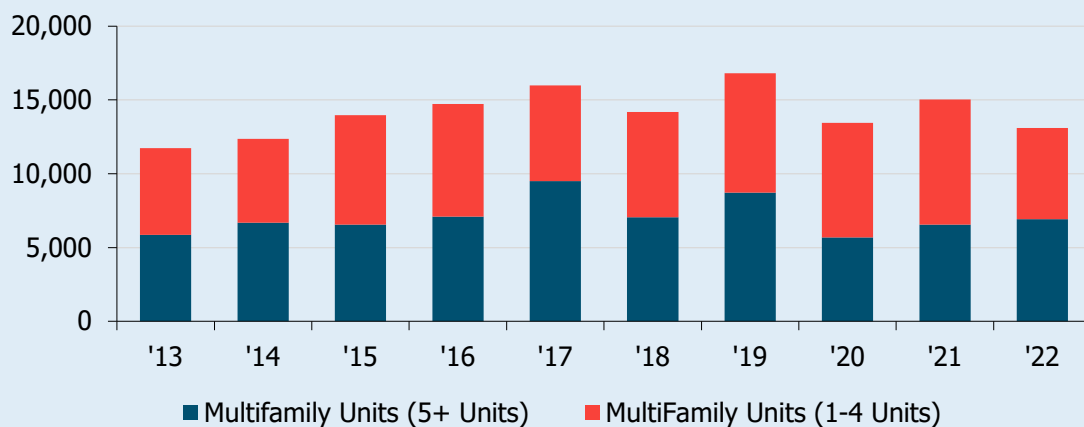


Source: Costar

# Permits

- Portland Metro Area permits for 5+ units have risen steadily from a low of 794 units authorized in 2009 and a high of 9,979 in 2017 (the year Portland's inclusionary housing law took effect) to 6,547 in 2021 and 6,912 projected for 2022.
- New apartment construction permit applications continue to lag behind housing demand as Portland enters into its seventh year of a self-declared housing emergency (extended for another three years in March 2022). Multifamily housing supply is not expected to meet demand for the foreseeable future.

## Total Residential Building Permits



Source: U.S. Census, Multifamily Includes Condos



5,990

Single Family  
Permits

-25% YoY

Source: U.S. Census

6,912

Multifamily Permits  
(5+ Units)

+5.6% YoY



\$534.7K

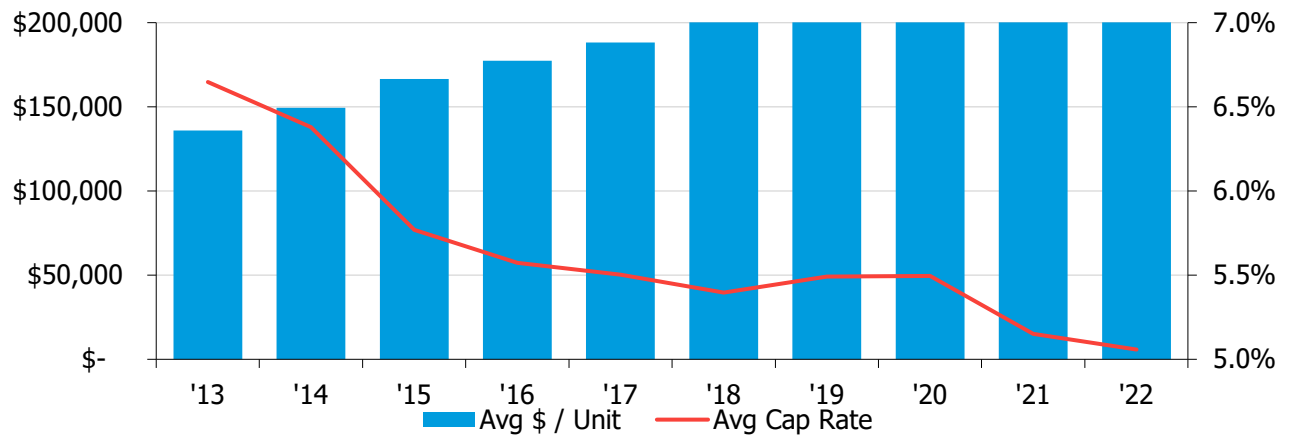
Median Single-Family  
Price

+3.7% YoY

Source: Regional Multiple  
Listing Service

# Multifamily Sales

Average Sales PPU / Cap Rate



Source: Costar



**\$276,760**

Avg. Sold Price / Unit

+0.6% YoY

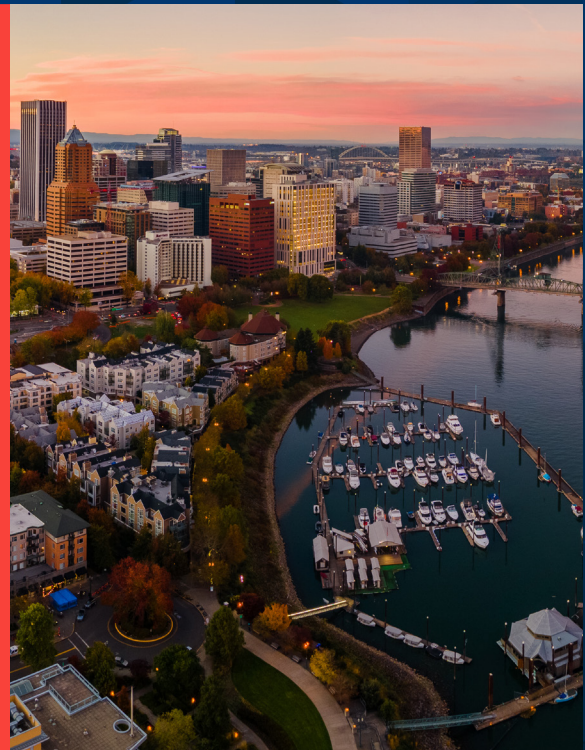


**5.1%**

Avg. Cap Rate

-9.3 bps YoY

Source: CoStar







**\$3.22B**

Sales Volume

-30% YoY

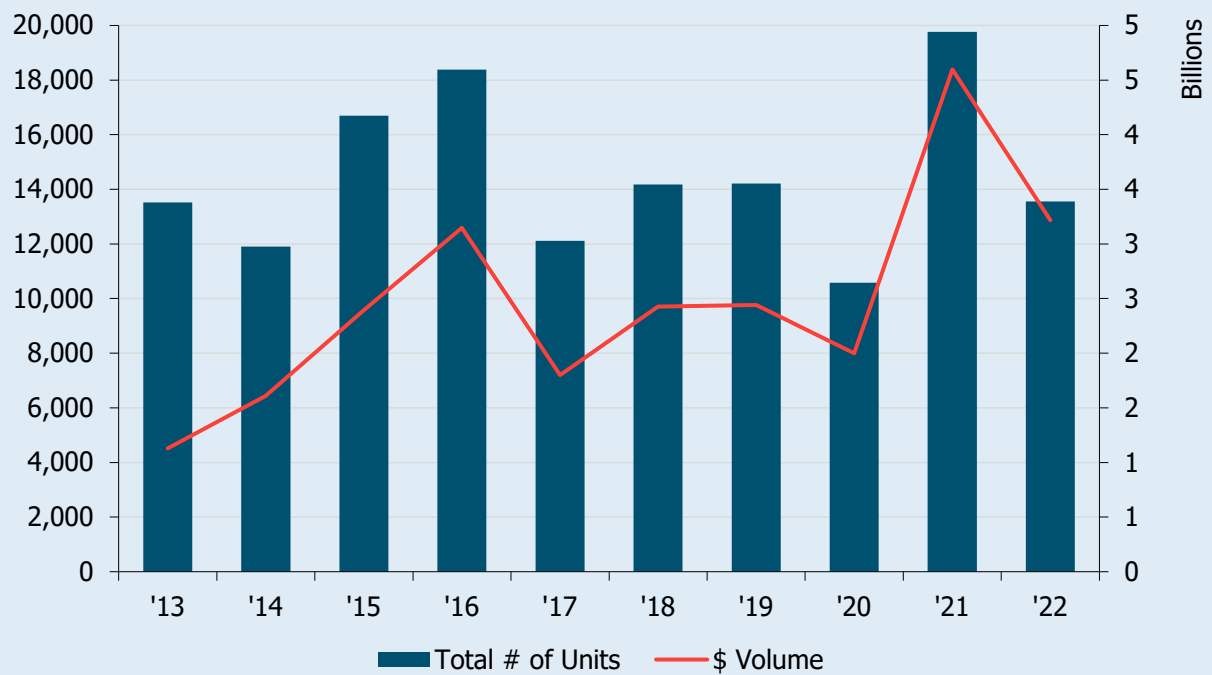


**13,560**

Total # Units Sold

-31% YoY

### Apartment Sales Transactions



Source: Costar

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