



After a record breaking 2016, sales activity has been disappointing at the mid-point of 2017. However, values have shown little signs of slowing and sales activity appears to be gaining steam.

Apartment Transactions: Slower, but picking up

- 82 sales through June 2017, or 164 annualized
- Annualized, this is down 38% from 2016
- If this pace of sales continues, 2017 be the slowest year since 2011
- Sales appear to be increasing as 2017 progresses - 32 for Q1 vs. 50 for Q2

Sales Volume: Lackluster sales volume & fewer large sales

- \$515 million through June 2017, or \$1.03 billion annualized
- Annualized, this is \$1.03 billion, or down 66% from 2016

Sales Trends Through June 2017

- Nine sales of newer properties, though only one property under 30 units and this was located in Wilsonville. No sales of new apartments in SE or NE PDX.
- Of the 82 total sales, only 4 of these sales were properties built prior to 1940.
- There have been eight sales of properties with 75+ units, and Holland Residential was the seller in four. In 2016, there were 57 sales of properties with 75+ units.

Values as of June 2017: Metro area values show increases

- Median Price Per Unit - \$136,000 vs. \$116,000 in 2016
- Median Price Per Sq. Ft. - \$158.12 vs. \$132.81 in 2016
- Median Overall Cap Rate - 5.59% vs. 5.43% in 2016

Rents & Vacancies: Returning to normal

- Across the metro area, rents appear to have leveled or increased slightly for YTD
- Vacancies stand between 4.0% - 4.5% and have increased with new supply

Construction: On pace for busiest year since the 1970's

- Permits for 3,410 units issued through May 2017. On an annualized basis, this equates to 8,184 units, which would be the busiest year since the 1970's

Political News

- In early July, a Multnomah County Circuit Court Judge allowed the rules to remain which force landlords to pay relocation costs for some evictions and rent increases. The rules governing relocation costs are set to lapse in October 2017, at the expiration of the declared "Housing Emergency". More info [here](#).
- As of July 2017, a bill banning no-cause evictions and lifting the ban on rent control has died in the Senate. More info [here](#).

Summary

- The local job market remains solid, but new jobs are down from previous years
- Values continue to show increases and buyers still outweigh sellers
- A surge in apartment construction, driven by the IZ program implementation, should continue to put upward pressure on vacancies and help stabilize rents
- Some optimism in the political arena, though uncertainty remains

