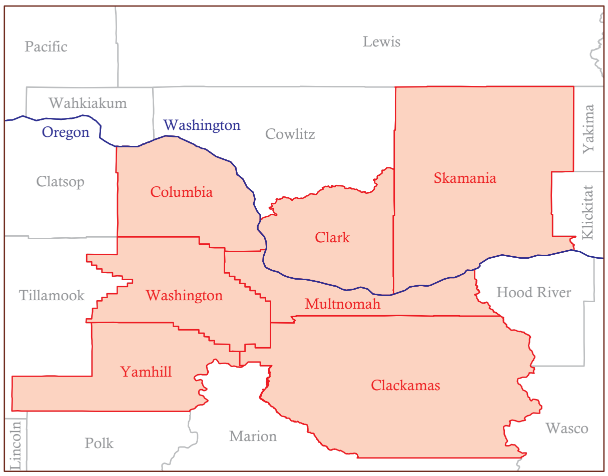
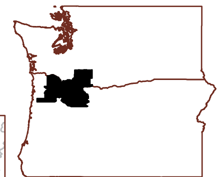
COMPREHENSIVE HOUSING MARKET ANALYSIS

Portland-Vancouver-Hillsboro, Oregon-Washington

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of November 1, 2013

PD&R





Housing Market Area

The Portland-Vancouver-Hillsboro Housing Market Area (hereafter, the Portland HMA) consists of seven counties located near the confluence of the Columbia and Willamette Rivers in northwestern Oregon and southwestern Washington. For purposes of this analysis, the HMA is divided into three submarkets: (1) the Portland submarket, consisting of Clackamas, Columbia, and Multnomah Counties in Oregon; (2) the Beaverton-Hillsboro submarket, consisting of Washington and Yamhill Counties in Oregon; and (3) the Vancouver submarket, which consists of Clark and Skamania Counties in Washington.

Summary

Economy

Economic conditions in the Portland HMA have improved since early 2011. Nonfarm payrolls increased during the 12 months ending October 2013 by 15,200 jobs, or 1.5 percent, reaching 1.02 million jobs, compared with a gain of 19,900 jobs, or 2.0 percent, during the previous 12 months. The unemployment rate declined from 8.3 to 7.5 percent, primarily because of a decline in the labor force of 15,300 workers, or 1.3 percent. Nonfarm payrolls are expected to increase at an average annual rate of 1.9 percent during the next 3 years.

Sales Market

The sales housing market in the HMA is slightly soft, with an estimated vacancy rate of 2.1 percent. During the next 3 years, demand is expected for 19,650 new homes (Table 1). The 3,800 homes under construction and some of the 21,500 other vacant units that may return to the market will satisfy a portion of the demand.

Rental Market

The rental housing market in the HMA is very tight, with an estimated vacancy rate of 3.2 percent. Average apartment rents increased nearly 4 percent from the third quarter of 2012 to the third quarter of 2013 (Reis, Inc.). During the 3-year forecast period, demand is expected for 11,200 market-rate rental units. The 4,625 units under construction will meet a portion of that demand (Table 1).

Market Details

Table 1. Housing Demand in the Portland HMA* During the 3-Year Forecast Period

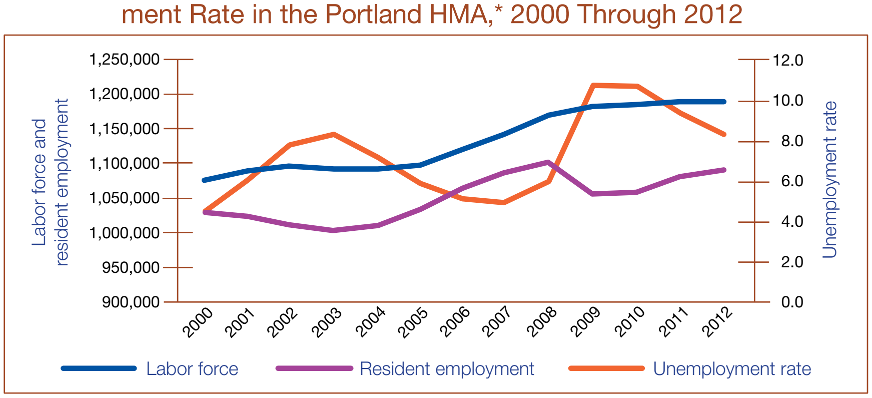
	Portland HMA*		Portland Submarket		Beaverton-Hillsboro Submarket		Vancouver Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	19,650	11,200	7,450	7,675	7,950	1,725	4,250	1,800
Under construction	3,800	4,625	1,350	2,525	1,350	1,050	1,100	1,050

** Portland-Vancouver-Hillsboro HMA.*
Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2013. A portion of the estimated 21,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2013, to November 1, 2016.
Source: Estimates by analysts

Economic Conditions

The national recession that began in March 2001 had a significant impact on the economy of the Portland HMA because of its high concentration of technology-related industries. From 2001 through 2003, nonfarm payrolls declined annually by an average of 13,000 jobs, or 1.4 percent. Economic conditions began improving in 2004, and nonfarm payrolls increased by an average of 25,200 jobs, or 2.6 percent, annually from 2004 through 2007, partially a result of increased construction and manufacturing spending. The impact on the Portland HMA of the national recession which began in December 2007 was severe. After reaching a plateau of approximately 1.03 million jobs in 2007 and 2008, nonfarm payrolls declined 5.8 percent in 2009 and 0.5 percent in 2010 to a low of 968,800. The unemployment rate in the HMA spiked to 10.7 percent in 2009 compared with an average rate of 5.8 percent from 2004 through 2008. As economic conditions slowly improved, the unemployment rate declined to 10.5 percent in 2010 and 9.3 percent in 2011 (Figure 1). Some of the heaviest job losses during 2009 were in the mining, logging, and construction, the manufacturing, and the professional and business services sectors. The decline in mining, logging, and construction payrolls was primarily a result of the sharp downturn in home construction activity as builders reacted to falling new home prices; the sector declined by 11,800 jobs, or 18.9 percent. As households and businesses postponed or canceled planned spending, manufacturing payrolls declined by 14,100 jobs, or 11.4 percent, and professional and business services payrolls declined by 11,600 jobs, or 8.5 percent.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Portland HMA,* 2000 Through 2012



** Portland-Vancouver-Hillsboro HMA.*
Source: U.S. Bureau of Labor Statistics

Economic conditions in the Portland HMA improved significantly during the past 3 years. During the 12 months ending October 2013, nonfarm payrolls increased by 15,200 jobs, or 1.5 percent, from the previous 12 months to 1.02 million (Table 2). The unemployment rate declined to 7.5 percent, down from 8.3 percent during the previous 12 months, primarily because the labor force declined by 15,300 workers, or 1.3 percent. Top employers in the HMA included Intel Corporation, Providence Health Systems, and Oregon Health & Science University (OHSU), with 15,650, 14,100, and 12,000 employees, respectively (Table 3).

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Portland HMA,* by Sector

	12 Months Ending		Absolute Change	Percent Change
	October 2012	October 2013		
Total nonfarm payroll jobs	1,004,600	1,019,800	15,200	1.5
Goods-producing sectors	162,900	164,900	2,000	1.2
Mining, logging, & construction	49,200	49,700	500	1.0
Manufacturing	113,700	115,200	1,500	1.3
Service-providing sectors	841,700	854,800	13,100	1.6
Wholesale & retail trade	159,400	161,900	2,500	1.6
Transportation & utilities	33,700	34,600	900	2.7
Information	22,400	23,100	700	3.1
Financial activities	62,200	62,800	600	1.0
Professional & business services	138,300	141,600	3,300	2.4
Education & health services	145,100	146,300	1,200	0.8
Leisure & hospitality	99,300	102,200	2,900	2.9
Other services	36,300	37,400	1,100	3.0
Government	145,000	145,000	0	0.0

** Portland-Vancouver-Hillsboro HMA.*

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through October 2012 and October 2013.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Portland HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Intel Corporation	Manufacturing	15,650
Providence Health Systems	Education & health services	14,100
Oregon Health & Science University	Government	12,000
Fred Meyer Stores, Inc.	Wholesale & retail trade	9,850
Legacy Health	Education & health services	9,725
Kaiser Permanente®	Education & health services	9,050
NIKE, Inc.	Professional & business services	7,000
Wells Fargo & Company	Financial activities	4,750
Portland Community College	Government	4,400
Portland State University	Government	4,075

** Portland-Vancouver-Hillsboro HMA.*

Note: Excludes government agencies and school districts.

Source: Portland Book of Lists 2012

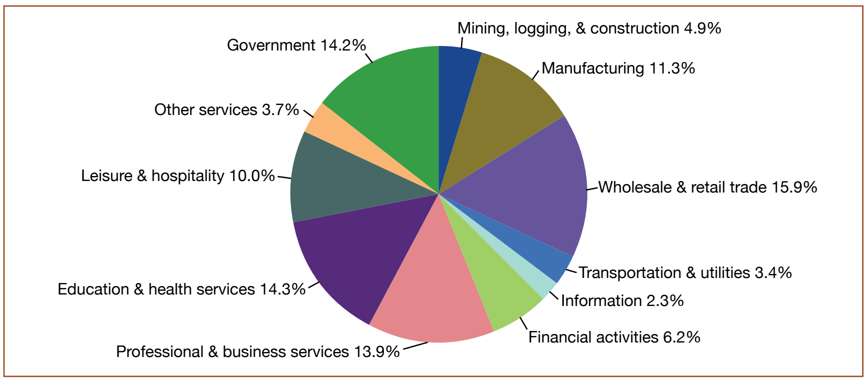
The location of the Portland HMA provides substantial benefits to its economic development. Deep-water and river shipping, two rail lines, and the intersection of Interstate 5 (I-5) and I-84 make the HMA attractive for domestic and international trade, particularly to Asian markets. It was ranked 11th out of the top 100 metropolitan areas in goods and services exports at $33.9 billion in 2012. The HMA was nicknamed the Silicon Forest because of the large number of technology companies involved in electronics design and manufacturing, software development, and renewable energy. Semiconductors represented 45 percent of export value, followed by computer equipment and computer and electronic royalties at 9 percent each (The Brookings Institution, *Export Nation 2013*). Agricultural commodities make a significant contribution to trade in the HMA. Approximately 4.3 million tons of wheat were exported from the Portland HMA during 2013, making it the third largest wheat export hub in the country behind New Orleans and Houston (Port of Portland).

Although shipping and import-export activities are important to the local economy, the direct effect on employment is relatively modest. The transportation and utilities sector outpaced the overall rate of nonfarm payroll growth during the 12 months ending October 2013, increasing by 900 jobs, or 2.7 percent, and accounting for 3 percent of total nonfarm payrolls (Figure 2). The Port of Portland announced in October 2013 that the Auto Warehousing Company (AWC) would begin exporting Ford Motor

Company vehicles to Chinese markets. AWC plans to hire 50 workers to process vehicles for shipping. A 30,000-vehicle volume is expected in the first year, eventually reaching 40,000 a year. Hanjin Shipping Co., Ltd., announced in October 2013 that its container carrier ships would no longer make a direct stop at the Port of Portland starting in January 2014 because of high costs and low marine terminal productivity. The company accounts for 80 percent of container traffic at Terminal 6, one of the four marine terminals at the port (Port of Portland). If the plan goes forward, businesses in the HMA may have to pay additional costs of $500 to $1,000 per container to have shipments rerouted by rail or truck to and from other ports on the West Coast.

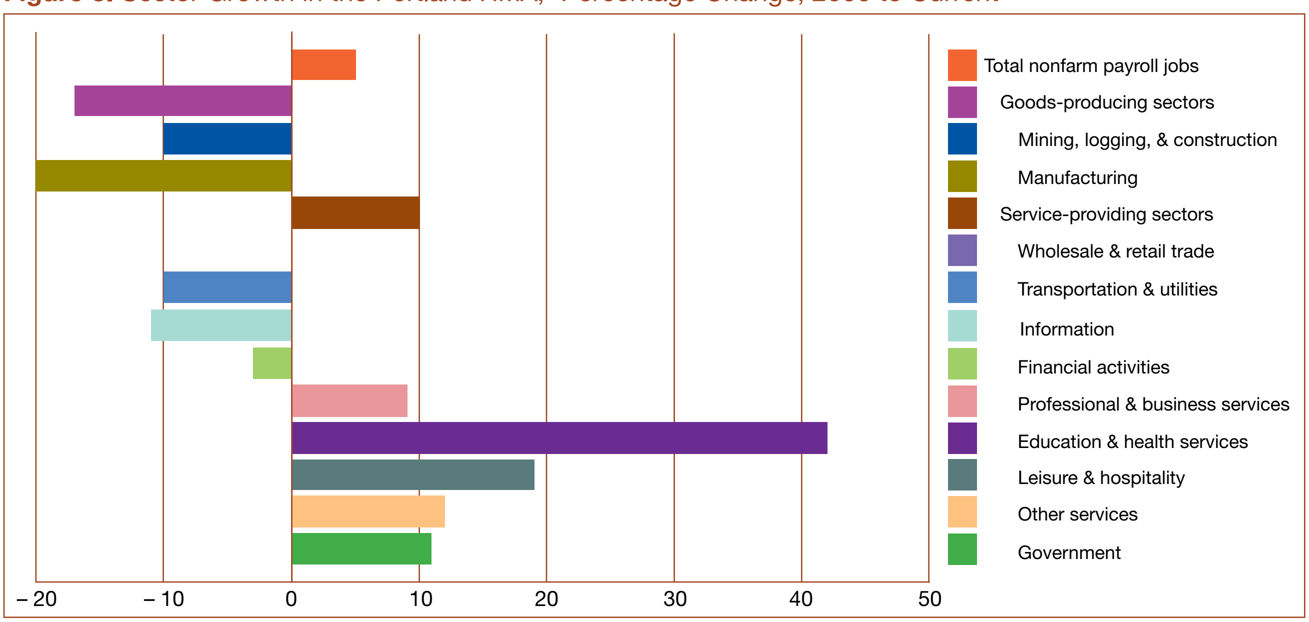
The manufacturing sector continues to play an important role in the local economy despite a decline in employment of 20 percent since 2000 (Figure 3). During the 12 months ending October 2013, sector payrolls increased by 1,500 jobs, or 1.3 percent, and accounted for 11 percent of total nonfarm payrolls. Approximately one-third of manufacturing sector employment is in the computer and electronic manufacturing industry, mostly because of the semiconductor manufacturer Intel Corporation. The company is the largest private employer in the HMA and in Oregon, with 15,650 workers at six campuses in the Beaverton-Hillsboro submarket (Table 3). Intel Corporation

Figure 2. Current Nonfarm Payroll Jobs in the Portland HMA,* by Sector



** Portland-Vancouver-Hillsboro HMA.*
Note: Based on 12-month averages through October 2013.
Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Portland HMA,* Percentage Change, 2000 to Current



** Portland-Vancouver-Hillsboro HMA.*
Notes: Current is based on 12-month averages through October 2013. During this period, payrolls in the wholesale and retail trade sector showed no net change.
Source: U.S. Bureau of Labor Statistics

began construction on a major expansion in 2010, the first phase of its $3 billion D1X research facility that was completed in late 2013, and is expected to create 800 to 1,000 long-term jobs. The second phase of D1X is currently under way, with an initial construction budget of $2 billion in 2013 and expected completion in 2015.

The professional and business services sector has recovered, surpassing its previous peak in 2008 of 136,500 jobs, after losing 11,600 jobs in 2009, almost 9 percent of all jobs in the sector. During the 12 months ending October 2013, payrolls in this sector increased by 3,300 jobs, or 2.4 percent, to 141,600. This figure amounts to slightly less than 14 percent of total nonfarm payrolls. Growth in the sector has been boosted by the presence of corporate headquarters such as Daimler Trucks North America, NIKE, Inc., and Intel Corporation. Daimler Trucks North America announced in September 2013 that it would invest $150 million to build a new headquarters and parking garage at its Portland campus; completion is expected in 2016. The headquarters employs 2,450 workers in two sectors, professional and business services and manufacturing, because it has both managerial and administrative staff and a production line for Western Star trucks. The new expansion will enable the company to locate all of its workers in the HMA onto one campus and add 400 jobs (*The Oregonian*, September 13, 2013). NIKE, Inc., has its 200-acre headquarters campus in the city of Beaverton, where it employs 7,000 workers, primarily in the professional and business services sector. The company began an expansion of its facilities in April 2013, which will add two new office buildings with 500,000 square feet combined. No announcement of the expected completion date has been made.

Both Intel Corporation and NIKE, Inc., will add to their workforces as a result of having signed contracts with the government of Oregon under the terms of a bill passed by the state legislature in December 2012. Participating companies must agree to invest at least $150 million and create 500 full-time jobs in Oregon within 5 years. In return, the state guarantees that future changes to the corporate income tax structure will not apply to participants for 30 years.

The education and health services sector has had a stabilizing influence on the economy in the Portland HMA during the past decade. Payrolls in this sector have increased 42 percent since 2000, and it was the only sector that did not have job losses during the national recessions that began in March 2001 and December 2007. During the 12 months ending October 2013, payrolls increased by 1,200 jobs, or 0.8 percent, since the previous 12 months to total 146,300 jobs. This figure represented slightly more than 14 percent of nonfarm payrolls, making the sector the second largest in the HMA. Three of the top 10 largest employers in the Portland HMA are in the education and health services sector: Providence Health Systems, Legacy Health, and Kaiser Permanente®. The three healthcare groups have 13 major hospitals or medical centers in the HMA. Approximately 2,000 construction workers built the $344 million Kaiser Permanente® Westside Medical Center in the city of Hillsboro after breaking ground in 2009. The center opened in August

2013 and added 1,000 jobs to payrolls in this sector (*The Oregonian*, July 31, 2013).

Higher education is a major contributor to the local economy, with more than 20 4-year degree-granting institutions creating a skilled workforce in the HMA that has helped draw companies to the region. In 2012, approximately 35 percent of the populace had a bachelor's degree or higher compared with the national average of 29 percent. Three of the largest employers in the HMA are public colleges or universities, including OHSU, Portland Community College, and Portland State University (PSU).

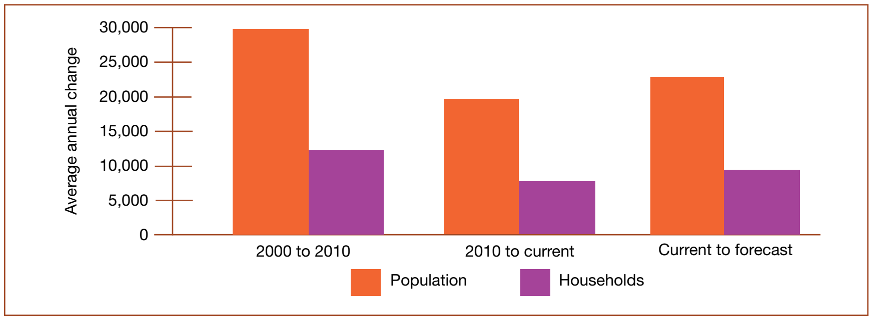
After state and local budget cuts from 2010 through 2012 led to an average annual decline of 1,000 jobs, or 0.7 percent, the government sector recently began to stabilize. During the 12 months ending October 2013, payrolls in this sector were relatively unchanged from the previous year, at 145,000 jobs, or 14 percent of total nonfarm payrolls. OHSU is the third largest employer in the HMA, with approximately 12,000 employees; the university offers programs in dentistry, medicine, and nursing and operates a 572-bed teaching hospital. It had 820 undergraduate students and 1,975 graduate students in the fall of 2012 and a fiscal year 2012 operating budget of $2.06 billion. PSU had the largest enrollment of 4-year schools in the HMA, with 22,700 undergraduate students and 5,425 graduate students in the fall of 2012. It had 4,075 employees and expenditures of $500 million during fiscal year 2012–13.

The recent and future growth in the local technology industry is expected to positively affect employment in the manufacturing, the professional and business services, and the information sectors. Both the leisure and hospitality and the wholesale and retail trade sectors are expected to indirectly benefit from growth in core industries. Nonfarm payrolls are expected to increase at an average annual rate of 1.9 percent during the 3-year forecast period.

Population and Households

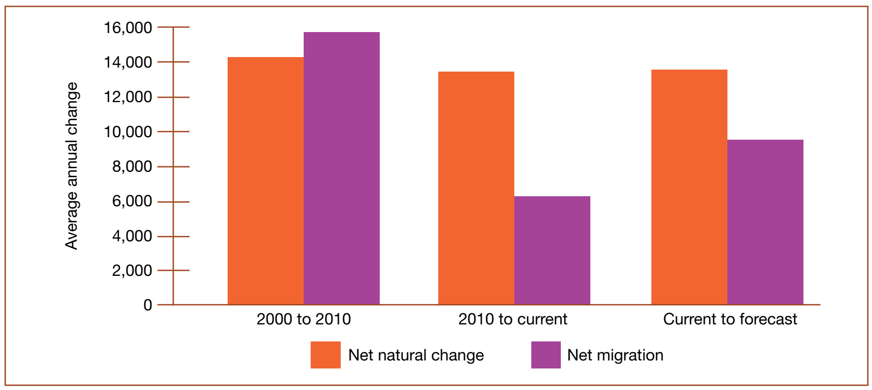
The estimated population in the Portland HMA was 2.30 million as of November 1, 2013, after growing at an average annual rate of 19,800, or 0.9 percent, since April 2010 (Figure 4). Population growth from 2004 through 2007 was driven by the strong local economy, increasing at an average annual rate of 29,800, or 1.4 percent. Net in-migration accounted for 63 percent of growth during this period. As the effects of the national recession that began in December 2007 began to spread throughout the country, weakening economic conditions during 2008 slowed population growth to an average annual increase of 18,850, or 1.3 percent, through 2012. During this time, net in-migration accounted for only 27 percent of growth. Figure 5 shows net migration and net natural change (resident births minus resident deaths) for the HMA from 2000 to the forecast date. Tables DP-1

Figure 4. Population and Household Growth in the Portland HMA,* 2000 to Forecast



* Portland-Vancouver-Hillsboro HMA.
Notes: The current date is November 1, 2013. The forecast date is November 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analysts

Figure 5. Components of Population Change in the Portland HMA,* 2000 to Forecast



* Portland-Vancouver-Hillsboro HMA.
Notes: The current date is November 1, 2013. The forecast date is November 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analysts

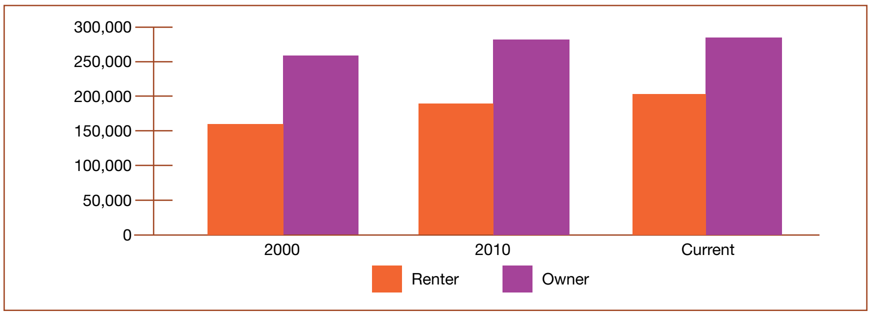
through DP-4 at the end of this report provide detailed economic and population data for the HMA and each submarket.

Approximately 52 percent of the current population lives in the Portland submarket, followed by 28 percent in the Beaverton-Hillsboro submarket and 20 percent in the Vancouver submarket. From 2001 through 2004, net in-migration to the HMA averaged 15,800 people annually, with most moving into the Portland and Vancouver submarkets. From 2001 through 2004, the Vancouver submarket accounted for 42 percent of total net in-migration, followed by the Portland submarket at 34 percent and the Beaverton-Hillsboro submarket at 24 percent. The Vancouver submarket has historically attracted new residents for a number of reasons, among them relatively low taxes and cost of living. Because Washington does not have a state income tax and Oregon does not have a state sales tax, households that move to the Vancouver submarket could live in Washington and shop across the border in Oregon. The cost of living in the Vancouver submarket has typically been less than in the other two submarkets. Approximately one-third of the Clark County labor force, or more than 50,000 people, make a daily commute into the city of Portland for work (Employment Security Department of Washington State).

From 2005 through 2008, net in-migration to the HMA increased, averaging 19,900 people annually, and the share of net in-migration shifted toward the Portland submarket, increasing to 43 percent of the HMA total, following the national trend of moving to urban cores. Job growth at NIKE, Inc., and Intel Corporation boosted net in-migration to the Beaverton-Hillsboro submarket to 32 percent; net in-migration to the Vancouver submarket consequently declined to 24 percent. As the local economy remained weak during 2009 through 2012, the share of net in-migration to the Portland submarket continued to increase, reaching 59 percent. The share in the Beaverton-Hillsboro submarket remained relatively stable at 33 percent and in the Vancouver submarket declined to 8 percent.

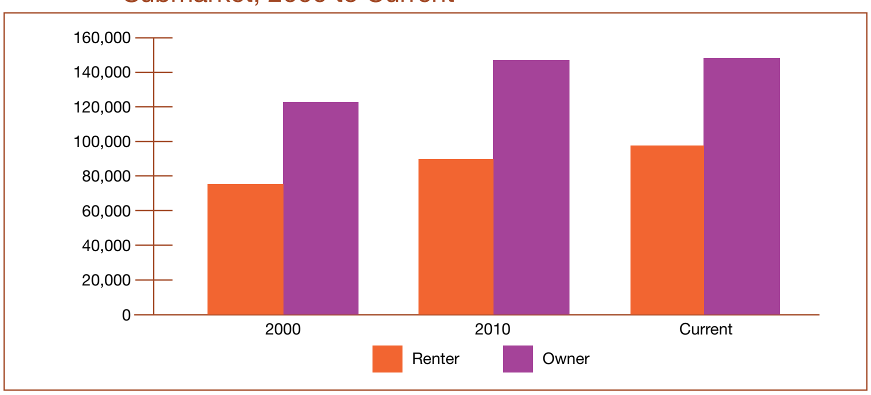
The number of households in the HMA as of November 1, 2013, was estimated at 896,300, reflecting an average annual increase of 7,950 households, or 0.9 percent, since 2010. Household growth averaged 12,250 households a year, or 1.5 percent, from 2000 to 2010. From 2000 to 2010, the rate of average annual household growth was strongest in the Vancouver submarket at 3,175, or 2.2 percent, followed by the Beaverton-Hillsboro submarket at 3,775, or 1.8 percent, and the Portland submarket at 5,275, or 1.2 percent. Household growth slowed dramatically from 2010 to the current date in all submarkets because of weak economic conditions with average annual increases of 2,600 households, or 1.1 percent, in the Beaverton-Hillsboro submarket; 1,550 households, or 0.9 percent, in the Vancouver submarket; and 3,850 households, or 0.8 percent, in the Portland submarket. Figures 6 through 8 provide the number of owner and renter households in the three submarkets.

Figure 6. Number of Households by Tenure in the Portland Submarket, 2000 to Current



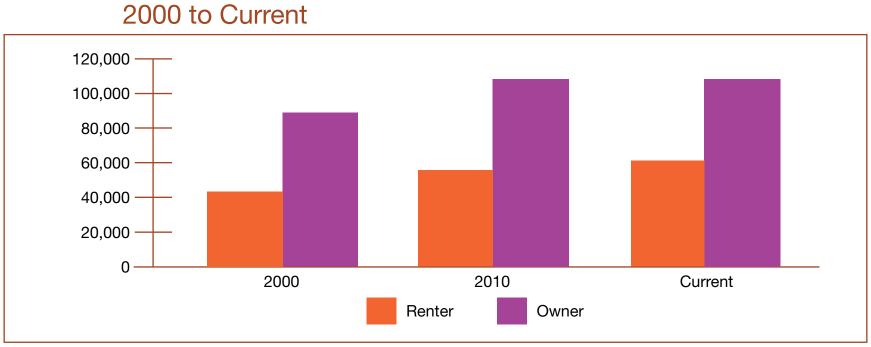
Note: The current date is November 1, 2013.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Figure 7. Number of Households by Tenure in the Beaverton-Hillsboro Submarket, 2000 to Current



Note: The current date is November 1, 2013.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Figure 8. Number of Households by Tenure in the Vancouver Submarket, 2000 to Current



Note: The current date is November 1, 2013.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

The number of households in the Beaverton-Hillsboro submarket and the Vancouver submarket is forecast to grow at an average annual rate of 1.2 percent each, or by 2,850 and 1,975 households, respectively. Household growth in the Portland submarket is expected to increase 0.9 percent, or by 4,625 households. Continued hiring at NIKE, Inc., and Intel Corporation is expected to support household growth in the Beaverton-Hillsboro submarket. Based on a modest improvement in economic conditions, the population and number of households in the HMA are forecast to increase during the next 3 years by 23,000, or 1.0 percent, and 9,500, or 1.0 percent, respectively.

Housing Market Trends

Sales Market—Portland Submarket

Sales housing market conditions in the Portland submarket are slightly soft but improving, with an estimated vacancy rate of 2.2 percent, down from 2.4 percent in April 2010. Consumer confidence is returning as the economy improves and much of the excess inventory that resulted from the recent housing market downturn is being absorbed. Existing home sales (including single-family homes, townhomes, and condominiums) increased 19 percent to 17,700 during the 12 months ending October 2013, the highest sales volume recorded since 2008. By comparison, an average of 13,550 existing homes sold from 2008 through 2012. During the 12 months ending October 2013, the average sales price increased 13 percent to $308,500. By comparison, from 2008 through 2012, the average price was $281,000. Regarding existing home sales, however, 2012 marked the first year of growth since 2007 and the first year of price appreciation since 2008; existing home sales increased 15 percent, to 14,925, and the average price increased 7 percent, to $272,100, during the 12 months ending October 2012 (CoreLogic, Inc.). Reduced available sales housing inventory and growing demand have placed upward pressure on prices. In October 2013, 3.4 months of available inventory was for sale in the entire Portland HMA (the smallest geography for which data are available), down from 3.8 months in October 2012 and 6.8 months in October 2011; the average number of days on the market declined from 102 to 72 days (RMLS™).

Distressed properties continue to make up a significant share of existing sales, but that share has decreased during the past year. During the 12 months ending October 2013, 1,200 Real Estate Owned (REO) sales accounted for 7 percent of existing homes sales, down from 2,625 REO sales, or 18 percent of existing sales, during the previous 12 months. The share of existing home sales that were REO peaked at 27 percent in 2011; the share was at a low of 2 percent in 2001. The average sales price of an REO home increased 8 percent, to $196,500, which is 38 percent less than the average price of a regular resale. Although REO sales have declined substantially, short-sale transactions have increased because they enable banks to avoid the time and financial investments associated with the foreclosure process. Approximately 1,650 short-sale transactions occurred during the 12 months ending October 2013, up 22 percent from a year ago. By comparison, an average of 300 short-sale transactions took place annually from 2007 through 2009 and 900 a year took place in 2010 and 2011. In October 2013, 4.4 percent of mortgage loans in the Portland submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 5.3 percent in October 2012. By comparison, 2.0 percent of loans were distressed in October 2008 (Black Knight Financial Services, Inc.). The current rate of distressed mortgages is lowest in the Beaverton submarket at 4.0 percent, followed by the Portland submarket at 4.4 percent, and the Vancouver market at 4.7 percent.

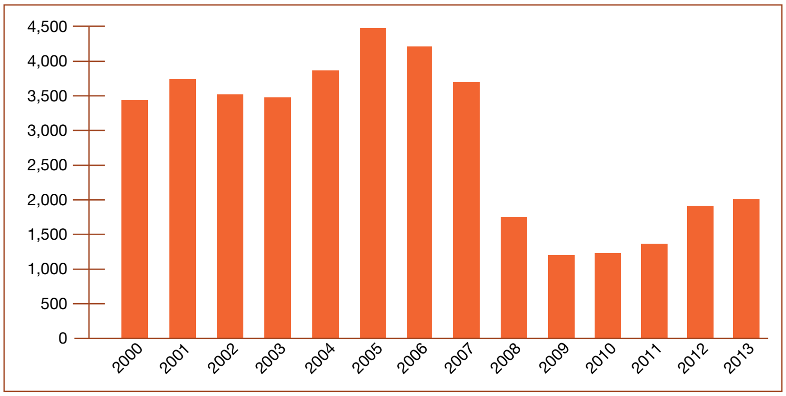
Existing condominium sales in the Portland submarket did not experience the same downturn as the single-family market. From 2006 through 2008, an average of 1,750 existing condominiums sold at an average price of $297,400. Despite the soft single-family sales market in the late 2000s, the market for existing condominiums improved, averaging 2,775 sales annually from 2009 through 2012. The market for existing condominiums was tight during the 12 months ending October 2013, and sales increased 36 percent to 3,525 condominiums sold compared with 2,575 sold during the 12 months ending October 2012. The average sales price was $174,300, down 9 percent from a year ago (Metrostudy, A Hanley Wood Company).

The market for new homes improved in the past year, but sales volume remains well below that of the peak years of 2004 through 2007 when an average of 4,675 new homes sold each year. Sales declined an average of 23 percent a year from 2007 through 2011 before increasing 9 percent in 2012, to 1,325 new homes sold. During the 12 months ending October 2013, 1,625 new homes sold, up 21 percent from the previous year. The average price of a new home peaked in 2008, at $378,000, and then declined an average of 11 percent a year in 2009 and 2010. Prices began to recover in 2011 and 2012, increasing at an average annual rate of 4 percent. During the 12 months ending October 2013, the average price of a new home was $351,000, up 10 percent from a year ago but 7 percent less than the peak price.

New condominium sales followed a similar trend as the single-family sales market. Average sales volume peaked during 2006 through 2008 at 1,275 homes sold a year with an average price of $326,300. Sales then began to decline 34 percent a year to a low of 160 homes sold in 2012. Despite declining sales from 2010 through 2012, the average price increased an average of 14 percent a year to $365,500 in 2012. The market for new condominiums remained weak during the 12 months ending October 2013, and sales declined 42 percent to 130, while the average sales price increased 11 percent to $345,200.

Home builders responded to improving market conditions by increasing construction, as measured by the number of single-family homes permitted. During the 12 months ending October 2013, 2,200 single-family homes were permitted, which is up 16 percent from the previous year (preliminary data). During the strong economic growth years of 2000 through 2006, 3,800 homes were permitted each year on

Figure 9. Single-Family Homes Permitted in the Portland Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Portland Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
100,000	149,999	520	7.0
150,000	199,999	750	10.0
200,000	249,999	1,200	16.0
250,000	299,999	1,275	17.0
300,000	349,999	1,050	14.0
350,000	399,999	820	11.0
400,000	449,999	600	8.0
450,000	and higher	1,275	17.0

Notes: The 1,350 homes currently under construction and a portion of the estimated 13,200 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2013, to November 1, 2016.
Source: Estimates by analysts

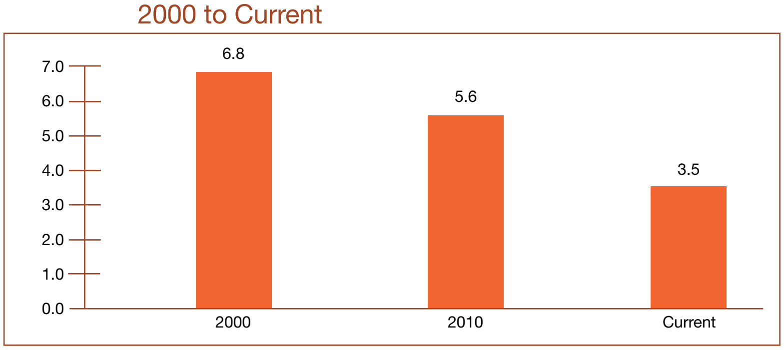
average. Construction activity began to decline in 2006, decreasing 5 percent and further declining an average of 33 percent a year from 2007 through 2009 as the national recession impacted the HMA. The sales market began to stabilize in 2010 and 2011 with an increase in building activity of 4 and 11 percent, respectively, before accelerating to an increase of 42 percent in 2012 (Figure 9).

Demand is expected for 7,450 new homes in the Portland submarket. The 1,350 units under construction and a portion of the estimated 13,200 other vacant units that may reenter the market will satisfy part of that demand (Table 1). Approximately 50 percent of the demand is estimated to fall within the $200,000-to-$349,999 price range (Table 4).

Rental Market—Portland Submarket

Rental housing market conditions in the Portland submarket are very tight, with a current estimated vacancy rate of 3.5 percent, down from 5.6 percent in April 2010 (Figure 10). Low levels of multifamily permitting activity from 2009 through 2011 and a large number of households shifting from homeownership to renting have contributed to declining rental vacancy rates and strong rent growth. The apartment market is also very tight, with a 3.0-percent vacancy rate in the third quarter of 2013, down from 3.4 percent in the previous year, and the average rent increased nearly 4 percent to $947. Average rents by unit type varied depending on the location within the Portland submarket. The lowest average asking rent was $758

Figure 10. Rental Vacancy Rates in the Portland Submarket, 2000 to Current

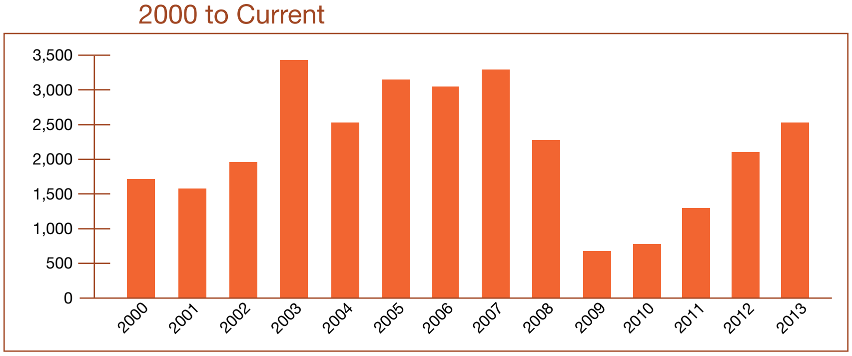


Note: The current date is November 1, 2013.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

in the East Gresham Reis-defined market area, directly east of the city of Portland on the eastern edge of Multnomah County. The highest average asking rent was $1,269 in the Northwest Portland Reis-defined market area, on the western edge of the Willamette River. Rents ranged from $539 to $899 for a studio unit, $662 to $1,159 for a one-bedroom unit, $785 to $1,734 for a two-bedroom unit, and $947 to $1,589 for a three-bedroom unit (Reis, Inc.).

Multifamily permitting activity was strong from 2003 through 2007, when an average of 3,100 units were permitted a year. As the highly populated urban core of the HMA, the Portland submarket accounted for 63 percent of total multifamily permits in the HMA. The strong sales market during that period led to rental units being converted into condominiums at an average rate of 400 units a year from 2003 through 2005, reaching a peak of nearly 1,300 units in 2006 (Reis, Inc.). The national recession that began in December 2007 recession and ensuing foreclosure crisis had a significant impact on local housing markets and building activity. Multifamily permitting activity declined 32 percent in 2008 and 71 percent in 2009, reaching a low of approximately 660 units (Figure 11). As the market for new condominiums softened, units were converted to apartments and contributed to an increase in the apartment vacancy rate, which reached 8.4 percent in 2009. Relatively low levels of permitting from 2009 through 2011, an ongoing shift in household preferences toward renting, and recovering net in-migration levels to the HMA led to a tightening of the rental market. The apartment vacancy rate declined from 5.4 percent in 2010 to 3.6 percent in 2012, while annual rent growth increased from more than 1 percent to more than 3 percent (Reis, Inc.). During the 12 months ending October 2013, 3,050 multifamily units were permitted, which is up 51 percent from the 2,025 units permitted during the previous 12 months (preliminary data).

Figure 11. Multifamily Units Permitted in the Portland Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Of the 17 colleges and universities in the Portland submarket, PSU, with 28,150 students in 2012, has the greatest impact on the rental market. Because of its downtown location in the city of Portland, PSU has traditionally been a commuter school, with limited on-campus housing of 2,000 beds, but demand for rental housing has intensified in areas near campus. The next five largest schools in the submarket (University of Portland, Lewis & Clark College, Concordia University, OHSU, and Marylhurst University) had a combined enrollment of 15,050 in 2012 and on-campus housing of approximately 3,825 beds.

Private apartment complexes in the university district have helped meet demand from PSU students. American Campus Communities finished construction on the $87.8 million, 978-bed University Pointe apartments in August 2012. The project was built on land owned by PSU, which was leased to the developer for 65 years and an option for two 10-year extensions. Building ownership will transfer to PSU after the lease ends. Rents are $1,264 for a studio unit, $519 per person for a two-bedroom, two-bathroom unit with shared bedrooms, $819 per person for a two-bedroom, two-bathroom unit with private bedrooms, and $609 per person for a four-bedroom, two-bathroom unit. Some additional general occupancy projects under construction include the Hassalo on Eighth in Lloyd District in the city of Portland. The Hassalo development will consist of three buildings with 657 apartments and 32,000 square feet of retail space. Completion is expected in early 2015, but rent levels have yet to be announced.

Demand is expected for 7,675 rental units in the Portland submarket during the next 3 years. The 2,525 units under construction will meet a portion of that demand (Table 1). Demand is expected to be relatively uniform during the 3-year forecast period. Table 5 shows estimated forecast demand by unit type and rent levels. Developers should also be aware of the additional 350 units in final planning, a portion of which may come on line during the next 3 years (McGraw-Hill Construction Pipeline database).

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Portland Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,000 to 1,199	540	1,100 to 1,299	1,600	1,300 to 1,499	2,300	1,500 to 1,699	210
1,200 to 1,399	150	1,300 to 1,499	540	1,500 to 1,699	770	1,700 to 1,899	75
1,400 or more	75	1,500 to 1,699	400	1,700 to 1,899	580	1,900 to 2,099	60
		1,700 or more	130	1,900 or more	190	2,100 or more	40
Total	770	Total	2,675	Total	3,850	Total	380

Notes: Numbers may not add to totals because of rounding. The 2,525 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2013, to November 1, 2016.

Source: Estimates by analysts

Sales Market—Beaverton-Hillsboro Submarket

Sales housing market conditions in the Beaverton-Hillsboro submarket are slightly soft but improving as the demand for homes increases and prices continue to appreciate, a trend that has been sustained since early 2012. The current estimated vacancy rate is 2.0 percent, down from 2.1 percent in April 2010. Existing home sales (including single-family homes, townhomes, and condominiums) increased 23 percent, to 8,375, during the 12 months ending October 2013, the most since the 12 months ending April 2008, when 8,575 existing homes sold. By comparison, existing home sales averaged 12,250 annually during the peak years of 2000 through 2007. During the 12 months ending October 2013, the average price increased 14 percent, to $283,000. By comparison, from 2002 through 2006, the average sales price of an existing home increased at an average annual rate of 10 percent, peaking at $309,000 in 2007. As demand decreased and economic conditions worsened, the average sales price of an existing home declined at an average annual rate of 6 percent from 2008 through 2011, to a low of $238,800. An increase in the number of existing home sales occurred in 2012, the first year in which an increase was recorded since 2005 (with the exception of 2010, because of the effects from the first-time homebuyer tax credit program), and 2012 was the first year of sales price appreciation since 2007 (CoreLogic, Inc.).

As in the Portland submarket, distressed properties continue to represent a portion of existing sales; however, the number has declined significantly during the past year. During the 12 months ending October 2013, 530 REO sales accounted for 6 percent of existing homes sales compared with 20 percent during the previous 12 months. The average sales price of an REO increased 10 percent, to $190,700, which is 34 percent less than the average price of a regular resale. Although REO sales have declined, short sales are increasing. During the 12 months ending October 2013, an average of 1,175 short sales took place, up 17 percent from a year ago. By comparison, on average, 260 short sales a year took place from 2007 through 2010 and 800 a year occurred in 2010 and 2011. In October 2013, 4.0 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO status compared with 5.1 percent in October 2012. By comparison, only 1.8 percent of loans were distressed in October 2008 (Black Knight Financial Services, Inc.).

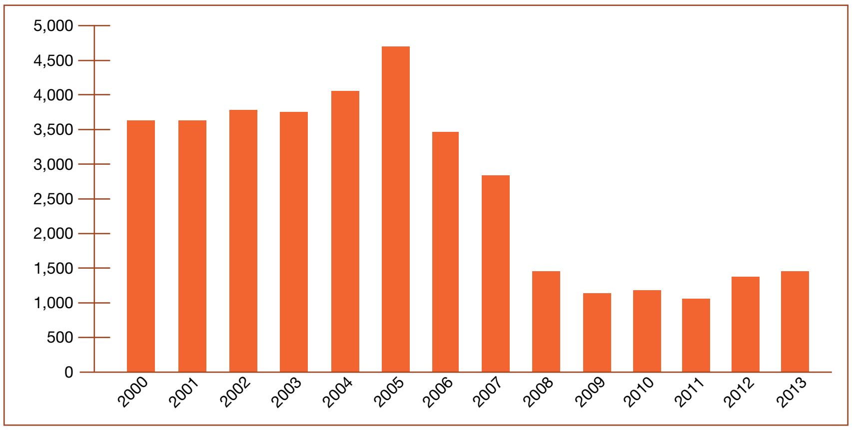
Condominium sales in the Beaverton-Hillsboro submarket peaked at an average of 1,825 a year from 2005 through 2007, with an average price of $182,000. As housing market conditions worsened, condominium sales declined by an average of 170 a year from 2008 through 2011, and the average price was $157,900, down 13 percent from the peak. Sales recovered slightly in 2012, increasing 10 percent to 910 condominiums sold. The market for condominiums improved but remained relatively soft during the 12 months ending October 2013, when 980 condominiums sold, an increase of 6 percent compared with the number sold during the previous 12 months. During the same time, the average sales price increased 23 percent, from $118,200 to $145,600.

The market for new homes in the Beaverton-Hillsboro submarket took a sharp downturn during the national recession that began in December 2007, although the market improved in 2012 as economic conditions began to recover. From 2003 through 2006, new home sales averaged 3,900 a year before declining from 2007 through 2011 at an average annual rate of 23 percent, reaching a low of 990 homes sold during the 12 months ending October 2011. New home sales increased 21 percent, to 1,175, during the same period in 2012 and 15 percent, to 1,350, during the same period in 2013. This volume of new home sales recorded was the highest in the submarket since 2009. The average price of a new home increased at an average annual rate of 7 percent from 2003 through 2008, peaking at $337,700. Prices subsequently declined at an average annual rate of 5 percent from 2009 through 2012. Although the volume of new home sales increased in 2011, the average price did not begin to recover until early 2013. During the 12 months ending October 2013, the average price increased 8 percent, to $299,900, still 14 percent less than the peak price.

New home construction activity experienced strong growth during the past 12 months as builders responded to increasing prices and sales. Approximately 1,625 single-family homes were permitted during the 12 months ending October 2013, up 18 percent from 1,375 during the previous year (preliminary data). Average annual permitting amounted to 3,875 homes during 2000 through 2006 (Figure 12). As economic conditions weakened in 2006 and 2007 and the effects of the foreclosure crisis began to impact the local housing market, new home construction declined at an average annual rate of 20 percent from 2006 through 2011.

Demand is expected to be relatively uniform during the 3-year forecast period, averaging 2,725 a year for a total of 7,950 new homes in the Beaverton-Hillsboro submarket (Table 1). The 1,350 homes currently under construction and a portion of the estimated 3,800 other vacant units, which may come back on the market, will meet a portion of that demand. Two-thirds of the forecast demand is expected to be for homes priced between $150,000 and $349,999 (Table 6).

Figure 12. Single-Family Homes Permitted in the Beaverton-Hillsboro Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Beaverton-Hillsboro Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
100,000	149,999	400	5.0
150,000	199,999	1,275	16.0
200,000	249,999	1,600	20.0
250,000	299,999	1,275	16.0
300,000	349,999	1,200	15.0
350,000	399,999	720	9.0
400,000	449,999	640	8.0
450,000	and higher	870	11.0

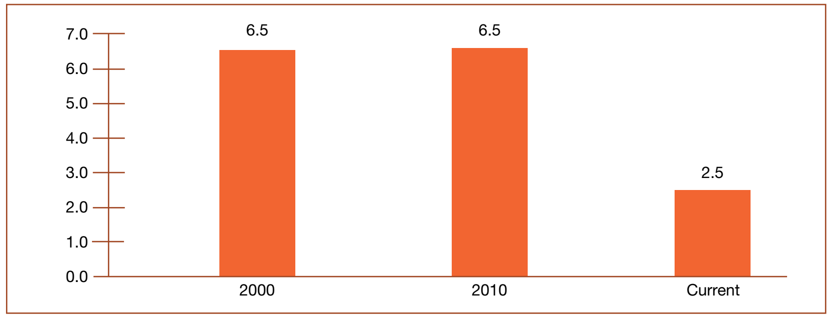
Notes: The 1,350 homes currently under construction and a portion of the estimated 3,800 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2013, to November 1, 2016.
Source: Estimates by analysts

Rental Market—Beaverton-Hillsboro Submarket

Rental housing market conditions are very tight in the Beaverton-Hillsboro submarket, with an estimated vacancy rate of 2.5 percent, down from 6.5 percent in April 2010 (Figure 13). Multifamily construction activity in the submarket has returned to more normal levels as apartment vacancy rates tightened throughout the HMA from 2010 through 2012. As in the Portland submarket, low levels of permitting activity from 2009 through 2011 combined with ongoing shifts in household preferences toward renting resulted in declining rental vacancy rates and strong growth in the rental market.

The apartment market was very tight, with a vacancy rate of 3.2 percent in the third quarter of 2013, down from

Figure 13. Rental Vacancy Rates in the Beaverton-Hillsboro Submarket, 2000 to Current

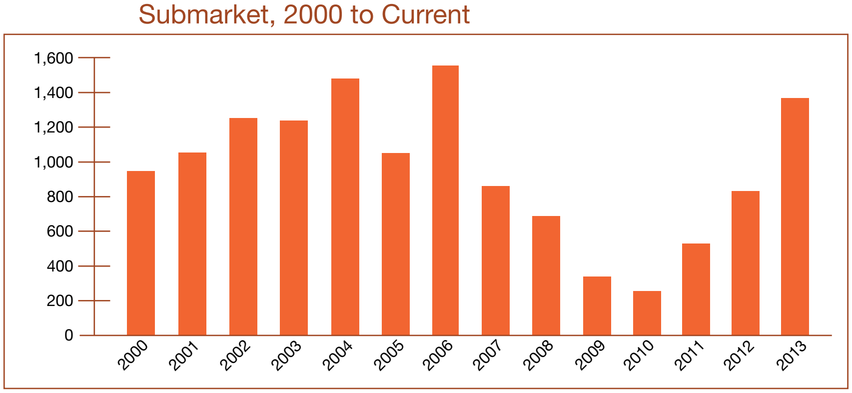


Note: The current date is November 1, 2013.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

3.4 percent in the previous year, and the average rent level increased 4 percent to $903. The average rent levels were $666 for a studio unit, $794 for a one-bedroom unit, $932 for a two-bedroom unit, and $1,131 for a three-bedroom unit (Reis, Inc.).

Multifamily permitting is not as common in the Beaverton-Hillsboro submarket as it is in the Portland submarket. The submarket has tended to be more heavily weighted toward single-family developments, particularly in areas that have relatively easy access to the TriMet MAX (Metropolitan Area Express) light-rail routes that run east-west and connect commuters to downtown Portland. Multifamily permitting peaked in 2006, at approximately 1,525 units, and declined 84 percent to a low of 250 units in 2010 (Figure 14).

Figure 14. Multifamily Units Permitted in the Beaverton-Hillsboro Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Approximately 1,600 multifamily units were permitted during the 12 months ending October 2013, up 68 percent from the 950 units permitted during the previous 12 months (preliminary data).

Approximately 1,050 apartment units are under construction in the submarket (Reis, Inc.). The 261-unit Tessera Orenco Station and the 230-unit Baseline Woods West Apartments are under construction in the city of Hillsboro; the expected completion date is May 2014. Other projects under way include the 367-unit Eddyline Bridgeport Apartments in the city of Tualatin and the 243-unit Steed Creek Apartments in the city of Beaverton; both have expected completion dates of March 2014. Proposed rents at these projects range from $1,025 to $1,200 for a studio unit, $1,025 to $1,500 for a one-bedroom unit, $1,080 to 1,900 for a two-bedroom unit, and $1,380 to $2,185 for a three-bedroom unit.

The demand expected for 1,725 rental units in the Beaverton-Hillsboro submarket will likely be evenly distributed during the 3-year forecast period. The 1,050 units under construction will likely meet a portion of the demand (Table 1). Table 7 shows estimated forecast demand by unit type and rent levels.

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Beaverton-Hillsboro Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
800 to 999	45	1,000 to 1,199	450	1,075 to 1,274	520	1,400 to 1,599	100
1,000 or more	45	1,200 to 1,399	90	1,275 to 1,474	260	1,600 or more	70
		1,400 or more	60	1,475 or more	85		
Total	85	Total	600	Total	860	Total	170

Notes: Numbers may not add to totals because of rounding. The 1,050 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2013, to November 1, 2016.
Source: Estimates by analysts

Sales Market—Vancouver Submarket

The sales housing market in the Vancouver submarket is slightly soft but improving, with an estimated vacancy rate of 2.0 percent, down from 2.1 percent in April 2010. The excess inventory of homes built during the years leading up to the national recession that began in December 2007 is being absorbed as households begin to feel more confident about the economic recovery. During the 12 months ending October 2013, existing home sales (including single-family homes, townhomes, and condominiums) increased 29 percent, to 5,650 homes sold, which is the most home sales recorded since 2008. Home sales increased 9 percent, to 4,375, during the same period in 2012. By comparison, existing home sales peaked at an average of 11,500 a year from 2003 through 2005 and then declined at an average annual rate of 16 percent from 2006 through 2011 to a low of 4,025 sales. A reduction in available sales housing inventory combined with increased demand is putting upward pressure on sales prices. During the 12 months ending October 2013, the average price for an existing home increased 18 percent, to $251,600, recording the first year of price growth since 2007, although prices stabilized at $214,000 during the 12 months ending October 2012 (CoreLogic, Inc.). By comparison, the average sales price peaked at $287,600 in 2006 and 2007 and subsequently declined to a low of $211,000, at an average annual rate of 8 percent from 2008 through 2011.

Distressed properties continue to make up part of the existing sales inventory, but the number of such properties has declined during the past year. During the 12 months ending October 2013, 420 REO sales accounted for 7 percent of existing home sales, down from 620, or 14 percent, during the previous 12 months. The average sales price of an REO home increased 11 percent, to $192,100, which is 25 percent less than the average price of a regular resale. Although REO sales have been declining, short-sale transactions have increased. During the 12 months ending October 2013, 1,000 short sales took place, up 15 percent from a year ago. By comparison, an average of 450 short sales occurred each year from 2008 through 2010 and 780 each year in 2010 and 2011. In October 2013, 4.7 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO status compared with 6.7 percent in October 2012. By comparison, only 3.3 percent were distressed in June 2008 (Black Knight Financial Services, Inc.).

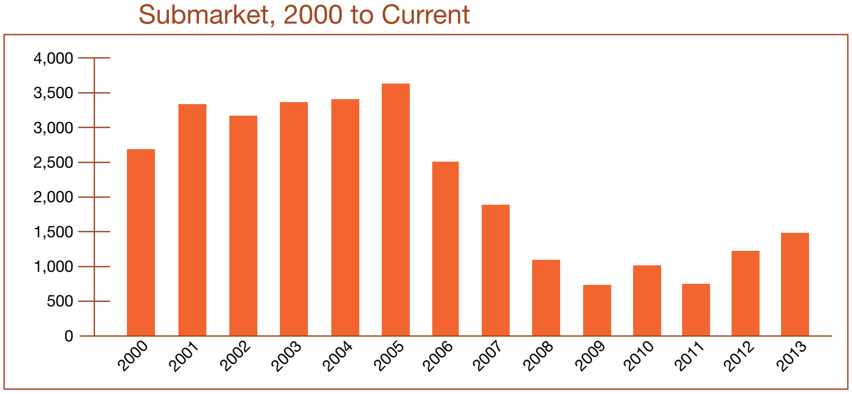
Condominium sales in the Vancouver submarket peaked from 2005 through 2007 at an average of 780 sold a year at an average price of $211,400. As market conditions worsened, sales volume declined at an average annual rate of 27 percent in 2008 and 2009, with an average price of $180,600, down 15 percent from prices at the peak. Sales stabilized at 370 in 2010 and then increased at an average annual rate of 6 percent in 2011 and 2012. The market for condominiums improved during the 12 months ending October 2013 but remained relatively soft compared with the market during the peak years; 600 condominiums sold, an increase of 41 percent compared with the number sold during the 12 months ending October 2012. The average sales price was $141,200, an increase of 5 percent compared with the sales price during the 12 months ending October 2012.

The market for new homes improved during the past year, but sales volume remains well below that of the peak years of 2001 through 2006, when an average of 2,575 new homes sold annually. From 2006 through 2011, sales declined at an average annual rate of 22 percent, recovering in 2012 to 730 homes sold, which is a 14-percent increase. The market continued to strengthen during the 12 months ending October 2013, with approximately 890 new homes sold in the Vancouver submarket, which is an increase of 22 percent. New home prices declined an average of 12 percent a year in 2008 and 2009, stabilized in 2010, and then increased an average of 2 percent a year in 2011 and 2012. During the 12 months ending October 2013, the average sales price was $209,500, up 13 percent from a year ago.

The strong population growth in the Vancouver submarket during the 1990s and early 2000s led to a sharp increase in the demand for new homes, which has yet to be matched in recent years. An average of 3,250 homes were permitted each year from 1993 through 2005. New home construction declined from 2006 through 2011 at an average annual rate of 20 percent as population growth slowed and net in-migration to the HMA shifted toward the Portland and Beaverton-Hillsboro submarkets (Figure 15). The 720 homes permitted in 2011 represent the lowest level of activity since the early 1980s. New home construction in 2012 increased 68 percent, to 1,225 single-family homes permitted. Improving housing market conditions led to an increase in new home construction. Approximately 1,600 single-family homes were permitted during the 12 months ending October 2013, up 40 percent from the 1,150 homes permitted during the previous 12 months (preliminary data).

The demand for a total of 4,250 new homes is expected to be evenly distributed across the 3-year forecast period in the Vancouver submarket

Figure 15. Single-Family Homes Permitted in the Vancouver Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Vancouver Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
100,000	149,999	300	7.0
150,000	199,999	510	12.0
200,000	249,999	1,100	26.0
250,000	299,999	980	23.0
300,000	349,999	430	10.0
350,000	399,999	300	7.0
400,000	449,999	210	5.0
450,000	and higher	430	10.0

Notes: The 1,100 homes currently under construction and a portion of the estimated 4,500 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2013, to November 1, 2016.
Source: Estimates by analysts

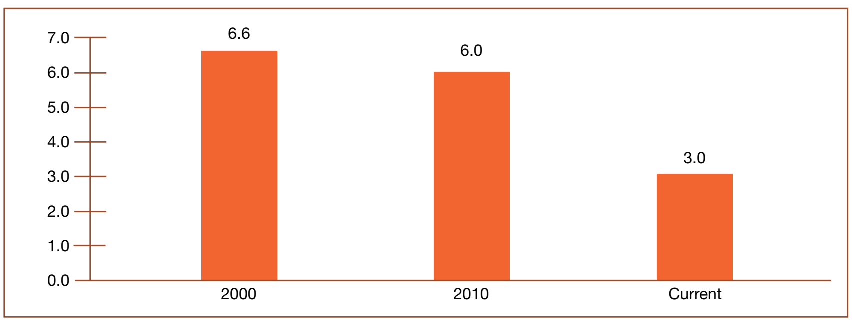
(Table 1). The 1,100 homes currently under construction and some of the estimated 4,500 other vacant units that may reenter the market will meet a portion of the demand. Approximately one-half of the forecast demand is expected to be for homes priced between $200,000 and $299,999 (Table 8).

Rental Market—Vancouver Submarket

Rental housing market conditions are very tight in the Vancouver submarket, with an estimated vacancy rate of 3.0 percent, down from 6.0 percent in April 2010 (Figure 16). As in the other two submarkets, limited multifamily permitting from 2009 through 2011 meant that the supply of rental units was unable to meet the increased demand from new residents and households shifting from homeownership to renting. The apartment market is also very tight, with an estimated vacancy rate of 3.1 percent in the third quarter of 2013, down from 3.3 percent in the previous year; the average rent level increased nearly 4 percent, to $872. Average rents were $645 for a studio unit, $753 for a one-bedroom unit, $898 for a two-bedroom unit, and $1,109 for a three-bedroom unit (Reis, Inc.).

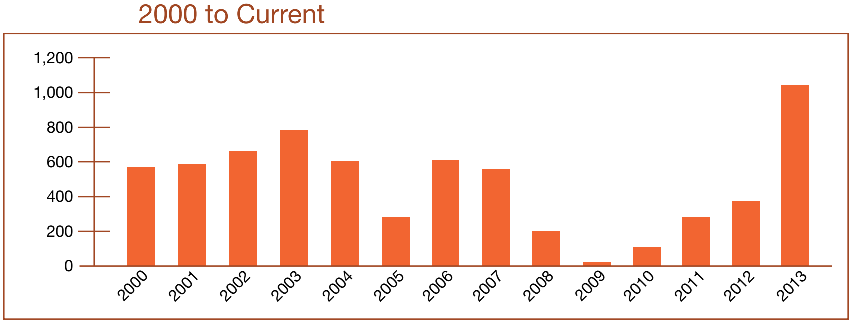
Demand for multifamily units has been relatively limited in the Vancouver submarket because residents tended toward homeownership, resulting in low levels of permitting during the past decade. Changes in recent permitting activity have followed a similar trend as the Portland submarket, responding to the shift in household preferences toward renting over owning. During 2003 through 2007, the Vancouver submarket had an average of 560 units permitted each year and accounted for 11 percent of multifamily permits in the HMA. Activity declined 66 percent in 2008 and 90 percent in 2009 to a low of 20 units (Figure 17). During

Figure 16. Rental Vacancy Rates in the Vancouver Submarket, 2000 to Current



Note: The current date is November 1, 2013.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Figure 17. Multifamily Units Permitted in the Vancouver Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

the 12 months ending October 2013, 1,200 multifamily units were permitted, up from 240 units during the previous 12 months.

Approximately 1,050 apartment units are under construction in the submarket (Reis, Inc.). One complex currently under way is the 152-unit First Street Apartments. The project will have 114 affordable units under the Low-Income Housing Tax Credit Program. It is expected to be complete by late 2014 to early 2015.

Demand is expected to be evenly distributed during the next 3 years for 1,800 rental units in the Vancouver submarket. The 1,050 units under construction will likely meet a portion of the demand (Table 1). Developers should be aware that an additional 125 units are in the final stages of planning; a portion of these units may come on line during the next 3 years (McGraw-Hill Construction Pipeline Database). Table 9 shows the estimated forecast demand by unit type and rent levels.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Vancouver Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
750 or more	90	800 to 999	460	1,000 to 1,199	690	1,200 to 1,399	160
		1,000 or more	80	1,200 or more	300	1,400 or more	20
Total	90	Total	540	Total	990	Total	180

Notes: Numbers may not add to totals because of rounding. The 1,050 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2013, to November 1, 2016.

Source: Estimates by analysts

Data Profiles

Table DP-1. Portland HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	1,028,143	1,058,281	1,086,000	0.3	0.9
Unemployment rate	4.4%	10.5%	7.5%		
Nonfarm payroll jobs	973,300	968,800	1,020,000	0.0	1.8
Total population	1,927,881	2,226,009	2,297,000	1.4	0.9
Total households	745,531	867,794	896,300	1.5	0.9
Owner households	469,156	535,433	536,900	1.3	0.1
Percent owner	62.9%	61.7%	59.9%		
Renter households	276,375	332,361	359,400	1.9	2.2
Percent renter	37.1%	38.3%	40.1%		
Total housing units	790,876	925,076	941,100	1.6	0.5
Owner vacancy rate	2.2%	2.2%	2.1%		
Rental vacancy rate	6.7%	5.9%	3.2%		
Median Family Income	$52,400	$70,000	$73,000	2.9	1.4

** Portland-Vancouver-Hillsboro HMA.*

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through October 2013. Median Family Incomes are for 1999, 2009, and 2012. The current date is November 1, 2013.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-2. Portland Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	1,042,437	1,160,677	1,193,000	1.1	0.8
Total households	416,674	469,513	483,300	1.2	0.8
Owner households	258,366	281,474	281,900	0.9	0.0
Percent owner	62.0%	60.0%	58.3%		
Rental households	158,308	188,039	201,400	1.7	1.9
Percent renter	38.0%	40.0%	41.7%		
Total housing units	443,087	502,475	510,200	1.3	0.4
Owner vacancy rate	2.2%	2.4%	2.2%		
Rental vacancy rate	6.8%	5.6%	3.5%		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2013.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-3. Beaverton-Hillsboro Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	530,334	628,903	653,300	1.7	1.1
Total households	197,894	235,660	244,950	1.8	1.1
Owner households	122,467	146,604	147,400	1.8	0.2
Percent owner	61.9%	62.2%	60.2%		
Rental households	75,427	89,056	97,550	1.7	2.6
Percent renter	38.1%	37.8%	39.8%		
Total housing units	209,183	249,560	254,200	1.8	0.5
Owner vacancy rate	2.3%	2.1%	2.0%		
Rental vacancy rate	6.5%	6.5%	2.5%		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2013.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-4. Vancouver Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	355,110	436,429	450,300	2.1	0.9
Total households	130,963	162,621	168,200	2.2	0.9
Owner households	88,323	107,355	107,700	2.0	0.1
Percent owner	67.4%	66.0%	64.0%		
Rental households	42,640	55,266	60,500	2.6	2.6
Percent renter	32.6%	34.0%	36.0%		
Total housing units	138,606	173,041	176,700	2.2	0.6
Owner vacancy rate	2.0%	2.1%	2.0%		
Rental vacancy rate	6.6%	6.0%	3.0%		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2013.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 11/1/2013—Analysts' estimates
Forecast period: 11/1/2013–11/1/2016—
Analysts' estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analysts, through diligent fieldwork, make an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_Portland-Vancouver-HillsboroOR-WA_14.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/portal/ushmc/chma_archive.html.