
SUMMARY AND EDITORIAL

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In this issue of the *Quarterly Report*, we welcome **Scott Holden**, who will be providing analysis of the residential and multifamily markets. He is a senior relationship manager at First Republic Bank and is working towards the Master of Real Estate Development degree through Portland State University's School of Business where he is an RMLS Student Fellow.

Our **state of the economy** report finds that Oregon ranked as the number one destination among people who moved from one state to another in 2013. According to United Van Lines' annual migration study, more than 61 percent of all interstate moves involving Oregon were for people coming to live in the state. Inbound migration was primarily from California, Arizona, Texas, Washington and New Mexico. This in-migration has helped to fuel the state's housing rebound.

The housing rebound has been one major driver of the economy in recent years. Two of the hardest hit housing markets, Bend and Medford, have begun growing strongly in the past 18 months, and declines have halted in many other housing-dependent areas.

■ Eric Fruits, Ph.D. is editor of the Center for Real Estate *Quarterly Report* and an adjunct professor at Portland State University. He is president and chief economist at Economics International Corp., a Portland-based consulting firm. Any errors or omissions are the author's responsibility. Any opinions expressed are those of the author solely and do not represent the opinions of any other person or entity.

On the other hand, a run-up in mortgage rates and strong home price appreciation in 2013 slowed housing recovery later in the year. Housing affordability declined sharply and would-be buyers found themselves priced out of the mortgage market. As such, our **residential market analysis** shows that housing permits, starts, and sales all flattened out in recent months. With mortgage rates stabilizing, it is hoped that this slowdown will be temporary and the overall housing market will continue its recovery.

Migration has helped feed demand for apartments in the region. Our **multifamily market analysis** reports that Portland area vacancy rates are among the lowest in the nation, with most submarkets have vacancy rates between 2 percent and 4 percent. These low vacancy rates have fed multifamily construction, but not so much that there should be concerns of overbuilding.

Our **office market analysis** reports that the Urban Land Institute ranked Portland 11th in the nation among “Markets to Watch” for real estate investment in 2014 and is tied with San Francisco and New York for having the lowest office vacancy rate in the U.S. at 11.1 percent. At \$19.81, market wide average asking rent is the highest in six years. The **industrial market** came in strong in the fourth quarter of 2014 with vacancies of 5.7 percent and rents generally trending upward. Our **retail market analysis** finds positive trends during the final quarter of 2013, with stable vacancies of 5.4 percent, and rents ticking up to \$16.20 per square foot. In 2013, net absorption was 50 percent higher than the year before and construction deliveries were up 5 percent with total square footage up 7 percent, during the same time period.

I hope you enjoy this latest issue of the Center for Real Estate Quarterly Report and find it useful. The Report is grateful to the Oregon Association of Realtors (OAR) for their continued support. ■