

CENTRAL OREGON MULTIFAMILY NEWS



VACANCY RATES

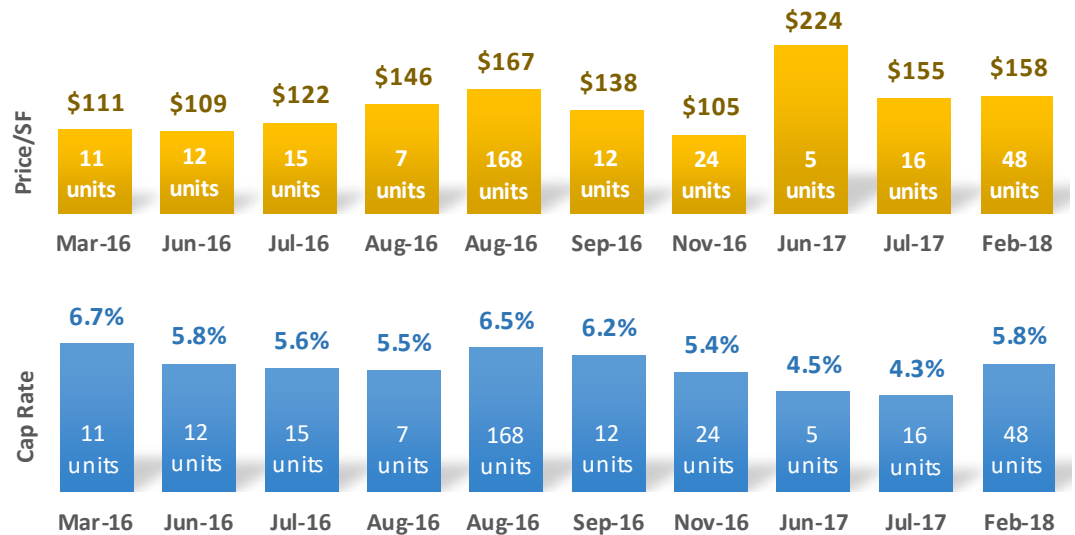
BEND

4.5%

REDMOND

5.0%

2016-2018 Bend Apartment Sales



INTEREST RATES AND CAP RATES

Many have prematurely predicted rising interest rates for the last several years. It does appear that rising rates are finally a reality. The question now is *“how far and how fast?”*

Rising rates could hamper performance and returns for investment real estate. Cap rates will go up as financing costs rise. When investors can get a better return on “risk off” investments, like US treasuries, they will demand a higher return on investments like real estate. The answer to the “how far and how fast” question is critical to how rising rates will impact multifamily real estate values going forward.

A moderate and measured rise could have little negative impact. However, it will put further pressure on the bottom line. There is legitimate

concern about how much further rents can rise locally, after the explosive increases over the last few years. The twin trends of rising rates and plateauing rents pose significant headwinds to valuation increases. A sharp and prolonged rate increase would be more significant perhaps resulting in some backing up on values.

“The twin trends of rising rates and plateauing rents pose significant headwinds to valuation increases.”

The above chart illustrates apartment sales metrics for the last two years including cap rates. It is likely that we witnessed the low water mark for Bend cap rates in 2017 with the rates in the mid 4’s.

THE MULTIFAMILY TEAM

Call us today to see how we can assist with your real estate needs!



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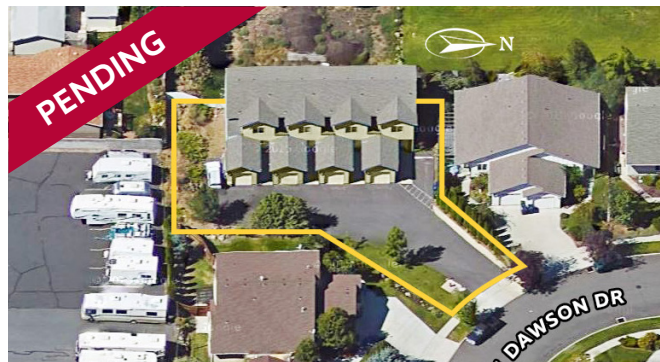
JUST LISTED

CONTACT US AT 541.322.1230
FOR MORE INFORMATION



TWO-BUILDING TRIPLEX
\$498,000

167 SE Taft Ave., Bend, Oregon



IMMACULATE FOURPLEX
\$829,000

1271 NE Dawson Dr., Bend, Oregon



EAST SIDE FOURPLEX
\$598,000

1841 NE Witchita Way, Bend, Oregon



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Spring 2018

*Broker opinion of values are not appraisals. If an appraisal is desired, the services of a competent professional licensed appraiser should be obtained.