

Downtown Hillsboro Housing Market Assessment



July 2021

Prepared for: City of Hillsboro

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1. Executive Summary

The purpose of this housing market analysis is to provide an updated understanding of current market conditions for different types of housing in Hillsboro's Downtown. It provides context for the City as it reviews development solicitations and also helps to frame additional opportunities that the City could apply to other sites.

While other submarkets across Washington County have seen an uptick in development interest over the course of the last decade, Downtown Hillsboro has seen comparatively little new development. However, the 2020s may be a turning point for Downtown Hillsboro, with several new projects coming online, including a 141-unit senior housing development called Merrill Gardens and the redevelopment of the US Bank site.

The City of Hillsboro can play an important role in spurring interest in the area through its existing urban renewal programs, as well as attracting compatible development on its city-owned sites. In 2021, the City of Hillsboro plans to release a new Request for Proposals for its full block, 3.8 acre site, Block 67.

This work builds on a 2017 City-commissioned market analysis from Johnson Economics that explored development feasibility for five housing types in Downtown Hillsboro. It provides an updated review of market conditions and outlines the role that Downtown Hillsboro plays in the overall Hillsboro housing market.

Key Findings

Who lives and works in Downtown Hillsboro?

- **Downtown's population has grown more slowly than the City of Hillsboro.** Almost 10,000 people live in Downtown Hillsboro, and the downtown population increased by 8 percent from 2010 to 2019. This is slower than the City of Hillsboro's population growth over that time period, which was 16 percent.
- **Downtown Hillsboro has a large employment base, with 11,511 jobs as of 2018.** Of those workers, most (97 percent) commute into the area. These workers live primarily in Hillsboro, while some commute from Portland, Beaverton, Aloha, and Forest Grove.
- **Downtown Hillsboro households earn less (\$51,185) compared to households in Hillsboro and the Portland region.**
- **Downtown Hillsboro's household size is large, with an average household size of 3.12.** Over 50 percent of households in Downtown have a household size of 3 or more persons.
- **Compared to Hillsboro and the Portland region, Downtown Hillsboro's young adults (ages 18 to 34 years old) live with parents at a higher rate, which could point to some local demand for smaller studio or one-bedroom apartments.** Most young adults in Hillsboro and the Portland region live with a partner.

What type of housing exists there?

- **Compared to Hillsboro and the Portland region, Downtown Hillsboro’s housing stock is generally older and is mostly comprised of single-family and small multifamily (2 to 4 units) housing.** This older housing stock is also generally larger in size and has more bedrooms than the typical new single-family and multifamily (2 to 4 units) housing.

What are current rental market conditions?

- **Downtown Hillsboro’s market rents reflect an older housing stock with larger units, with just a few examples of newer apartment projects.** Since 2009, rents in Downtown Hillsboro have increased 43 percent, to \$1.34 per square foot, while vacancies have declined since 2017 and through the pandemic. Rents citywide increased 73 percent over that time period.
- **Downtown Hillsboro has approximately 3,150 housing units, of which 1,390 units are in multifamily buildings with 2 or more units.** There are 534 units in rent-restricted affordable multifamily buildings in Downtown Hillsboro which accounts for 38% of all multifamily units and 17% of all units in Downtown Hillsboro.
- **There have been relatively few new multifamily projects built in Downtown Hillsboro from 2011-2021.** Over the last 10 years, a total of 93 units were built in the area. These include the 4th and Main Apartments (constructed in 2014, 71 units) and the Washington Station project (20 units converted from live-work units). As of 2021 Q1, there was two planned multifamily projects in the area, the Merrill Gardens, a senior living facility with ground floor retail and below-ground parking and the 9th and Washington Apartments, a 3-story multifamily building with 30 market-rate units.

What kinds of affordable housing are located in Downtown Hillsboro?

- **Downtown Hillsboro has 534 units of rent-restricted affordable housing spread across eight buildings.** Fifty of these rent-restricted affordable units are reserved for seniors aged 62 or older. Most of these units were developed using Low Income Housing Tax Credits, HOME funds, and State of Oregon Housing Trust Fund dollars. Most affordable units were built prior to 2000. The most recent affordable housing project was developed in 2005 and the largest affordable housing development to date in Downtown Hillsboro with 138 units. All affordable housing built in Downtown Hillsboro are either low-rise wood frame apartments or garden style wood frame apartments.
- **No regulated workforce (rent-restricted middle income) housing developments exist in Downtown Hillsboro.** In general, workforce housing, typically defined as restricted to households earning between 80 and 100 percent of the area median income, is challenged throughout the region by the cost of construction and a lack of subsidy and financing programs that might enable workforce projects to be more financially viable. Mission-driven housing providers that are active in Hillsboro expressed an interest in exploring ways to develop more housing for this income segment, particularly as it relates to home ownership.

What are for-sale market conditions?

- **Downtown Hillsboro's home prices have increased, but not as much as the rest of Hillsboro.** The average sales price for a single-family home in Downtown Hillsboro over the past year was \$390,000, compared to \$485,000 in Hillsboro. Townhomes offer a more affordable ownership alternative to single family homes, with an average sales price of \$378,000 in Downtown Hillsboro and \$368,000 in Hillsboro over the past year.

What other factors contribute to potential demand for housing in Downtown Hillsboro?

- **New commercial developments:** Downtown Hillsboro is seeing a variety of renewed interest, mostly in the form of rehabilitation of existing buildings, including a mixed-use retail/commercial rehabilitation of the US Bank Building, a restored Venetian Theater, and an expansion of the Collective Kitchen to include a specialty grocery store. By focusing on increasing the number of dining options in Downtown, the City can attract regional attention.
- **Increased interest in urban living.** Local real estate experts specialized in the senior housing market conveyed some key factors that make Hillsboro an attractive place for senior housing. Retirees in the Portland region are looking for walkable downtown areas that offer amenities at a lower price point. Building on this preference, assisted living facilities favor suburban areas due to the large site area requirements (5-6 acres) to achieve adequate unit counts to be feasible. Additionally, Downtown Hillsboro offers proximity to health facilities that further makes it an attractive location for senior housing.
- **Demand from local institutions.** Both Pacific University and the OHSU Health Hillsboro Medical Center expressed a desire to see increased housing options for staff, graduate students, patients, and visitors. Representatives from those organizations cited the desire of those users to be close to the campus and have all the amenities of Downtown Hillsboro available close to their housing. Representatives indicated a desire for housing of two types:
 - *Workforce housing* (i.e. middle income rent-restricted housing) that provides family sized units).
 - *Short-term housing.* The OHSU Health Hillsboro Medical Center and Pacific University pointed to a need for furnished short-term rentals to serve students, employees on short-term contracts, visitors, and patients. This could exist in a block of units that they arrange with the multifamily owner to keep on a furnished basis.
 - *Ground floor amenities.* They also expressed interest in adding more amenities to any new development in Downtown, such as increased ground floor shopping and dining opportunities attached to housing development.

- **Strong employment base in Downtown Hillsboro.** Downtown Hillsboro’s employment base is strong; the area functions predominately as an employment center, with approximately 3.7 jobs for every one housing unit. Downtown could likely attract more residents who want to live close to their jobs while enjoying a more urban, walkable neighborhood.

Implications

What role will Downtown play in the City’s housing landscape moving forward?

- **Downtown can help Hillsboro meet its targets for multifamily development.** The 2016 Hillsboro Housing Needs Analysis identified the need for 5,293 multifamily units in Hillsboro. Downtown Hillsboro, with its proximity to regional transportation infrastructure including light rail transit and the Hillsboro Central Transit Center, is well positioned to accommodate some of this multifamily demand.
- **Downtown Hillsboro has an opportunity to have a greater role in providing housing for people working in Hillsboro in the future.** According to Metro’s 2045 distributed population and household forecasts, Hillsboro is forecasted to add about 18,000 new jobs by 2045. Downtown Hillsboro has an urban and walkable environment, the MAX light rail, and other amenities that make the area attractive to new residents.

What population segments should the City target?

- **Key target population segments for Downtown Hillsboro include:**
 - **People who work in Downtown Hillsboro or nearby.** Current employees in Downtown Hillsboro could be an important target market for new housing units, especially if developers provide a range of housing types and sizes to better serve different preferences and price points. While Downtown Hillsboro functions predominately as an employment center with good quality light rail transit, the low number of residential units relative to jobs indicates that there might be demand for residential units to meet the needs of workers who are interested in being within walking distance to work and the amenities offered in Downtown Hillsboro. Furthermore, the high share of young adults living with parents in Downtown Hillsboro suggests an unmet demand for smaller units, specifically studios and 1-bedroom units.
 - **Seniors.** In our interviews, senior housing developers indicated that Downtown Hillsboro was an attractive location for senior housing development because of the area’s amenities and services, including the OHSU Health Hillsboro Medical Center, light rail, the Cultural Arts District, and small businesses and restaurants. Merrill Gardens is specifically locating in Downtown Hillsboro to be able to serve seniors who want more access to downtown amenities and to be around people of all ages. In addition, a large share of middle-income senior housing will be in 55+ multifamily buildings that can provide social reinforcement and fitness/activity programs, but

where residents can choose some of their own services. Partnering care between family and building operator can greatly reduce the staff count in these buildings. Longer-term, senior housing developers and brokers indicated that there is more room for senior housing in Downtown Hillsboro. However, they cautioned that senior housing is an easy industry to overbuild, and that the staffing costs associated with assisted living require more detailed calculations than market-rate, age-restricted apartments.

- **Students.** The multifamily buildings in the area already serve students attending Pacific University, and there could be an opportunity to provide more housing that is attractive to students, including short-term furnished rentals for residents working at the OHSU Health Hillsboro Medical Center.
- **Workforce Housing.** There might be an opportunity to provide workforce housing to support the city's affordable housing policies. They include locating new government-assisted and workforce affordable housing in areas that have access to jobs, active transportation, open spaces, schools, supportive services, and amenities.

What can the City of Hillsboro do to generate more interest among developers in building Downtown?

- **Maintain a positive working relationship with developers.** We spoke with two developers who have built or are in the process of building housing in Downtown Hillsboro. Both highlighted the positive experiences they have had working with City staff, which has helped them to build the projects with fewer delays. Impact fees do not appear to be a deterrent for development, and developers say that the City's fees fall somewhere in the middle of the pack for the Portland/SW Washington region. Prioritizing the City's customer service with the development community will likely spread to others by word of mouth.
- **Market Downtown's recent developments and investments.** Downtown Hillsboro flies under the radar for many developers in the Portland region, even those that are working in other suburban locations like Tigard or Beaverton. These developers are looking for locations that have a critical mass of amenities with a Main Street feel, but are also relatively quiet and well maintained. Two of the developers we spoke with had not visited Downtown Hillsboro in years and were not familiar with the recent development activity underway.

The release of the RFP for Block 67 is likely to generate interest in Hillsboro beyond that Block, and the City should take advantage of that energy by creating materials that highlight Downtown's successes and opportunity sites. This could accompany a write-up in local business newspapers like Daily Journal of Commerce or the Portland Business Journal.

Summary of Demand by Product Type

	Existing Market Conditions in Downtown Hillsboro	Opportunities for Downtown Hillsboro
Market-Rate Apartments	<ul style="list-style-type: none"> • Rents for newer buildings are likely high enough to support the development of new apartments in Downtown Hillsboro. 	<ul style="list-style-type: none"> • Likely high demand for studios and 1BR to provide choices for smaller-sized households
Affordable and Workforce Housing	<ul style="list-style-type: none"> • There is a large amount of naturally occurring affordable housing that is affordable to those making 80%-120% of AMI. • Market rents are currently at levels affordable to households with 80%-120% of AMI. • Existing affordable housing units that are rent restricted in Downtown are prioritized low-income (below 80% AMI) and senior households. • Downtown Hillsboro has no existing rent-restricted workforce housing (80% AMI and above) 	<ul style="list-style-type: none"> • Discussion with affordable housing providers indicates a need for affordable and workforce housing in Downtown Hillsboro • Conversation with affordable housing developers suggests demand for owner workforce housing that could be met in the area. • Partner with local affordable housing providers for the construction of rental and owner workforce housing to support long-term rent restricted housing at different income levels.
Ownership Housing	<ul style="list-style-type: none"> • Ownership housing is predominantly older and located near the edges of Downtown. • Ownership housing is concentrated in single-family detached homes. • There is a lack of homeownership opportunity across different housing types. 	<ul style="list-style-type: none"> • Recent market trends for single-family housing sales indicate demand for ownership product types in Downtown. • There is opportunity to provide ownership across a variety of housing types including townhomes and other middle housing types (e.g. cottages, plexes)
Student Housing	<ul style="list-style-type: none"> • No dedicated student housing located in Downtown Hillsboro or Washington County. 	<ul style="list-style-type: none"> • Demand not likely high enough for purpose-built housing, but multifamily housing near Pacific University could cater to students and provide them with amenities like study rooms.
Senior Housing	<ul style="list-style-type: none"> • Occupancies at assisted living facilities are stabilizing after COVID close to 95%. An aging senior housing stock can signal demand for newer senior housing with a focus on a mix of amenities. • Over the next five years, there will be an increased demand for independent living with a la carte services. 	<ul style="list-style-type: none"> • Likely high demand for both assisted living and independent living senior housing in Downtown Hillsboro that is close to medical services, shops, entertainment, and transit.

1. Introduction

1.1 Background and Purpose

Downtown Hillsboro has seen an uptick in development interest over the course of the last few years, with several new projects coming online including a 141-unit senior housing development called Merrill Gardens at the NW corner of Main Street and 4th Avenue.

The City controls several parcels in the area and is interested in contributing to the development momentum. In 2021, the City of Hillsboro will be releasing a new Request for Proposals for its full block, 3.8 acre site, Block 67. In 2017, the City commissioned a market analysis from Johnson Economics that explored the overall housing market along with development feasibility for five housing types in Downtown Hillsboro. The purpose of this housing market analysis is to provide an updated understanding of current market conditions for different types of housing in Downtown Hillsboro, to provide context for the City as it reviews development solicitations, and to help frame additional opportunities that the City could move forward with on other sites.

In addition, ECONorthwest will analyze a set of hypothetical development options on the Block 67 site, so that the City can better understand the level of subsidy that might be needed for different development options.

1.2 Impact of the COVID-19 Recession

Over the course of 2020-2021, COVID-19 slowed and even paused economic activity across several sectors of the economy, while rapidly increasing others. During the pandemic, many developers continued to scout prospective sites; there are active development projects across the Portland region, especially in the suburbs. As of the finalization of this market analysis in 2021, a key theme from conversations with developers is that surging construction costs for materials and labor have hampered or delayed some development projects. Other developers are altering the types of projects they are choosing to pursue, looking for suburban wood frame projects rather than denser projects in city centers with the potential for public-private partnerships.

Interest remains strong in the potential for a Block 67 RFP, especially if the City is willing to entertain phased development of the site.

1.3 Data and Methods

In this assessment, we drew from a variety of data sources to compile an understanding of Hillsboro's commercial real estate market, with a special focus on multifamily properties. Source citations can be found on each page where quantitative data is presented. We also relied on stakeholder interviews to fill in the gaps between data, and tell the local, qualitative story. We conducted these interviews in late spring of 2021. The interviewees ranged from housing developers to representatives from local institutions such as Pacific University and the OHSU

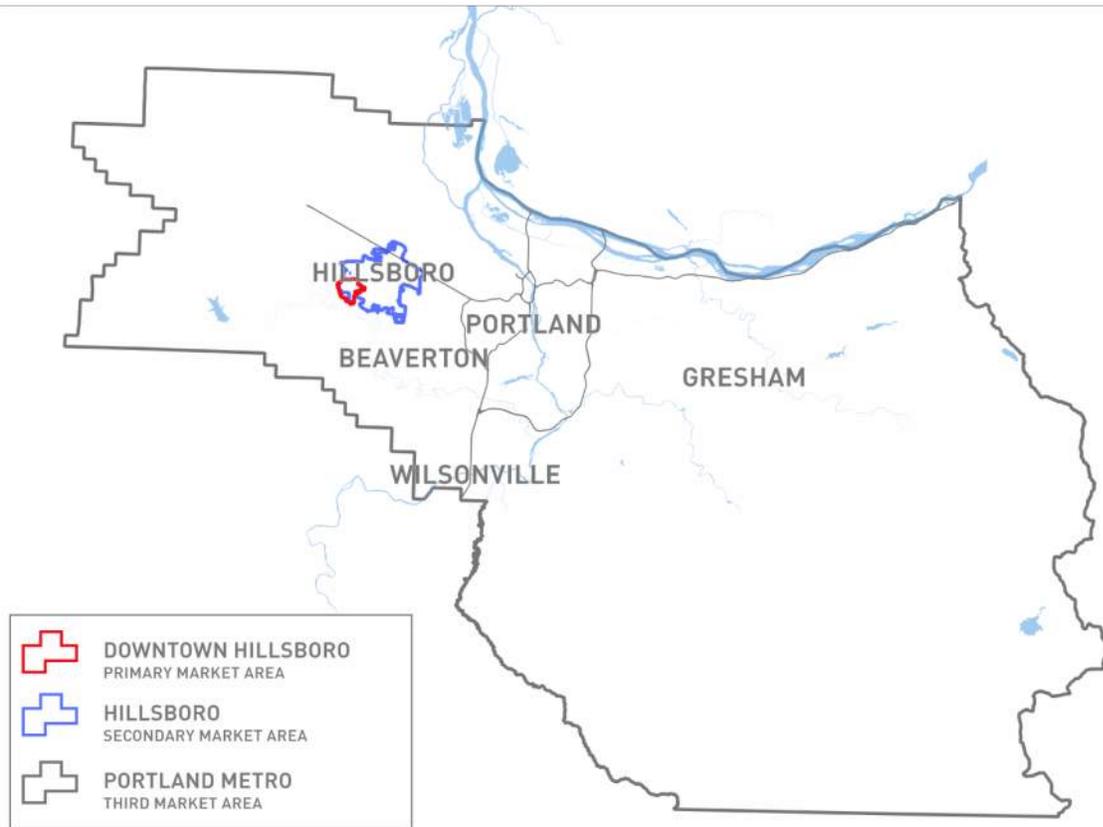
Health Hillsboro Medical Center. Interview summary points and quotes are included both within sections, and at times in call-out boxes in the summary pages for each section. Mixing the data with qualitative input from locals with on-the-street knowledge and perspectives is fundamental to understanding the complete story of Hillsboro’s commercial real estate market and development opportunities for Block 67.

Trade Areas for Analysis

Demand for housing at Block 67 will not simply come from population growth in Hillsboro or the Portland Metro Tri-County. It will come from people who want to live in Downtown Hillsboro year-round. These people will either have (or obtain) jobs in Downtown Hillsboro or nearby major employment centers, or will be students at Pacific University. For this market analysis, we evaluated three market areas to assess the demand for housing that could be supported by Block 67. A market area is a larger geography of which Block 67 can capture a share of residential or commercial growth.

- **Downtown Hillsboro (Primary Market Area).** This area encompasses most of Downtown Hillsboro, where major employers and businesses are located. This area also encompasses the site of Block 67. People who want to locate in the Primary Market Area are those who would benefit the most from close proximity to employment and education institutions such as Pacific University and the OHSU Health Hillsboro Medical Center, as well as nearby proximity to amenities and services. This analysis considers the demographics, household characteristics, and housing characteristics in the Primary Market Area and how those factors influence the demand for housing, retail, and office space.
- **Hillsboro (Secondary Market Area).** The Secondary Market Area is generally a larger geographic area than the Primary Market Area, and it is used to evaluate how demographics, household, and housing characteristics influence the demand for housing in the Secondary Market Area, and whether the Primary Market Area could help with possible demand associated with housing. The Secondary Market Area is generally within a 15-minute drive time of Block 67.
- **Portland Metropolitan Service Area (Third Market Area).** The Third Market Area is used to understand market conditions that influence housing demand at a regional scale. This market area provides an in-depth look at trends in demographics, household, and housing characteristics that could be seen in the Primary Market Area in the future.

Exhibit 1. Trade Areas: Primary, Secondary, and Third Market Area



1.4 Organization of this Report

The remainder of this document is organized into the following chapters:

- **Chapter 2. What Drives Demand for Housing in Downtown Hillsboro?:** describes trends in demographics, employment, and commercial development.
- **Chapter 3. What is the Current Housing Stock in Downtown Hillsboro?:** describes the current state of housing in Downtown Hillsboro and trends in new housing construction.
- **Chapter 4. What are Current Ownership Housing Market Conditions?:** presents information on recent sales prices and construction examples of ownership housing and housing costs.
- **Chapter 5. What are Current Rental Housing Market Conditions in Downtown Hillsboro?:** presents information about the local multifamily housing market. It presents real estate market trends that will likely influence development in Block 67.

2. What Drives Demand for Housing in Downtown Hillsboro?

Economists view housing and commercial demand as a bundle of services for which people are willing to pay, influenced by proximity, amenity, and daily travel behavior. Households make tradeoffs in decision making about where they choose, or can afford, to live and shop. Housing and commercial demand can be described as the *preferences* for different types of housing or commercial services, and *the ability to pay* for those types of housing or commercial services.

What households can get for their money is influenced by both economic forces and government policy. Moreover, different households will value what they can get differently. They will have varying preferences, which in turn are a function of many factors, like income, age, household composition, number of workers and job locations, number of automobiles, and so on. Housing and commercial choices of individual households are influenced in complex ways by dozens of factors. Housing and commercial markets are the result of the individual decisions of hundreds of thousands of households.

This section outlines the factors that will affect housing development in Downtown Hillsboro, including:

- **Demographic and socioeconomic characteristics** of the population in the trade areas, including population growth, age trends, household composition, and household income.
- **Employment trends** in the trade areas, which will influence how much housing might be needed to accommodate the new jobs in the area.
- **Existing and recent residential and commercial development** in Downtown Hillsboro, including the number and mix of existing units, homes built since 2010, homeownership, vacancy rates, and housing costs.

2.1 Demographic Trends

Many demographic and socioeconomic variables affect housing and commercial development. However, the literature suggests that the following household characteristics are most strongly correlated with housing choice spending habits:

- **Age of householder:** the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This section discusses generational trends, such as housing preferences of Baby Boomers (born from about 1946 to 1964), Millennials (born from about 1981 to 1996), and Gen Z (born from 1997 to 2012). These trends will provide further insight into the specific demands of each generation group to better help meet their housing needs.
- **Size of household:** the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children).
- **Income:** the household earnings. Income is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached, duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This section focuses on these and other demographic factors, presenting data that suggests how changes to these factors are likely to affect housing choice in Downtown Hillsboro.¹

¹ Unless otherwise noted, this report uses data from the 1990, 2000, and 2010 Decennial Census, and 2015-2019 American Community Survey, 5-Year Estimates.

Population Growth

Population growth driven by local and regional employment growth will be a primary driver of demand for housing and commercial services in Downtown Hillsboro. The characteristics of this growing population will dictate demand for specific housing types as well as retail and office space.

Since 2010, Downtown Hillsboro has grown by 729 persons, at an annual rate of 0.8%.

Hillsboro has grown at a faster rate than the Portland Metro at an annual rate of 1.7% compared to 1.1%.

Since 2010, Hillsboro has added approximately 15,000 persons.

Exhibit 2. Population Growth, Downtown Hillsboro, Hillsboro, Portland Metro Tri-County, 1990-2019

Source: Decennial Census 2010, 2015-2019 ACS Table B03002
AAGR is Average Annual Growth Rate

	Population		Change (2010-2019)		
	2010	2019	Number	% Change	AAGR
Downtown Hillsboro	9,247	9,976	729	8%	0.8%
Hillsboro	91,611	106,543	14,932	16%	1.7%
Portland Metro	1,641,036	1,804,550	163,514	10%	1.1%

Age Characteristics

The median age in Downtown Hillsboro is lower than Hillsboro or the Portland region.

Exhibit 3. Median Age, Downtown Hillsboro, Hillsboro, and Portland Metro Tri-County, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B01002

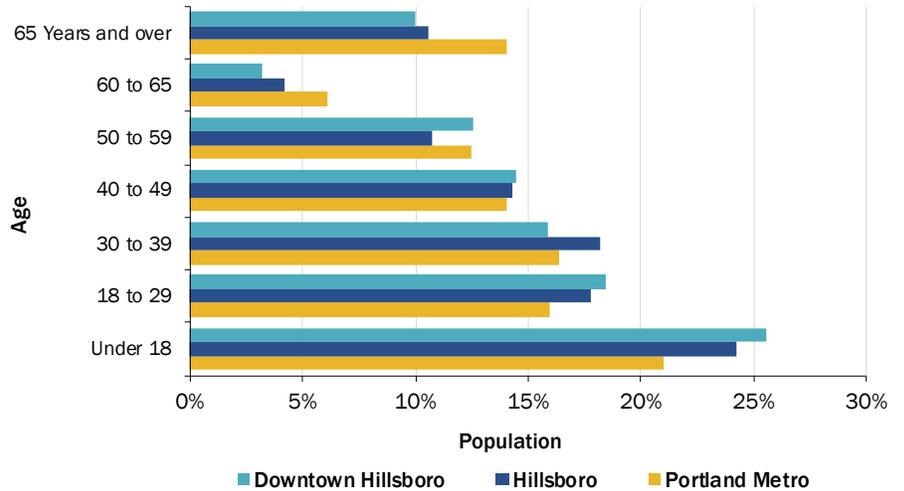
33.4	34.0	37.9
Downtown Hillsboro	Hillsboro	Portland Metro

Downtown Hillsboro has a larger share of people under the age of 18 than Hillsboro or the Portland region.

Hillsboro (36%) and Downtown Hillsboro (34%) have a larger share of young adults (ages 18 to 39) compared to the Portland region (32%). The oldest members of Gen Z (aged 18 to 25), are already seeking their own housing units.

Exhibit 4. Population Distribution by Age, Downtown Hillsboro, Hillsboro, and Portland Metro Tri-County, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table S0101

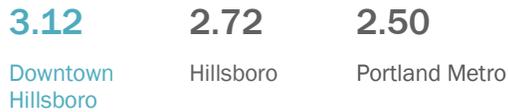


Household Characteristics

The average household size is larger in Downtown Hillsboro than Hillsboro and the Portland region.

Exhibit 5. Average Household Size, Number of Persons per Household, Downtown Hillsboro, Hillsboro, Portland Metro Tri-County, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25010

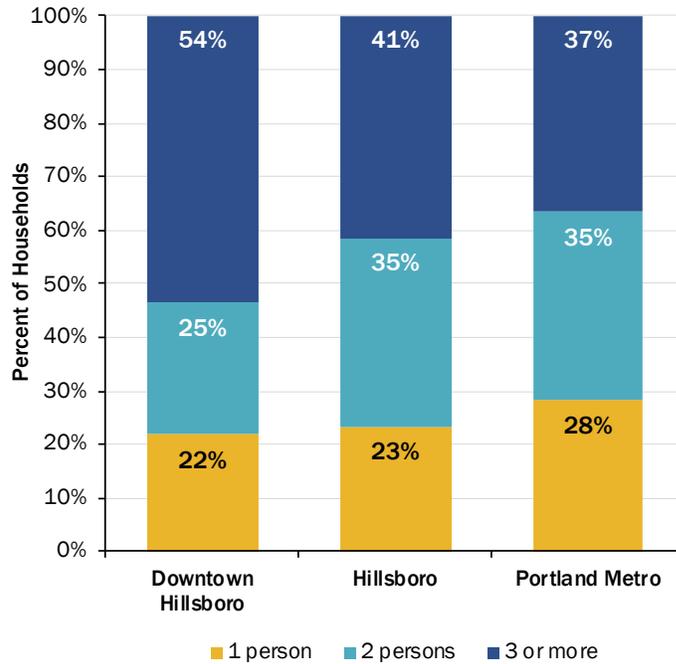


Households with three or more people account for the largest share of households in Downtown Hillsboro.

Approximately 54% of households are three-or-more person households. In comparison, 41% of Hillsboro households and 37% of Portland Metro households are three-or-more person households.

Exhibit 6. Household Size, Downtown Hillsboro, Hillsboro, and Portland Metro Tri-County 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25009



Living arrangement

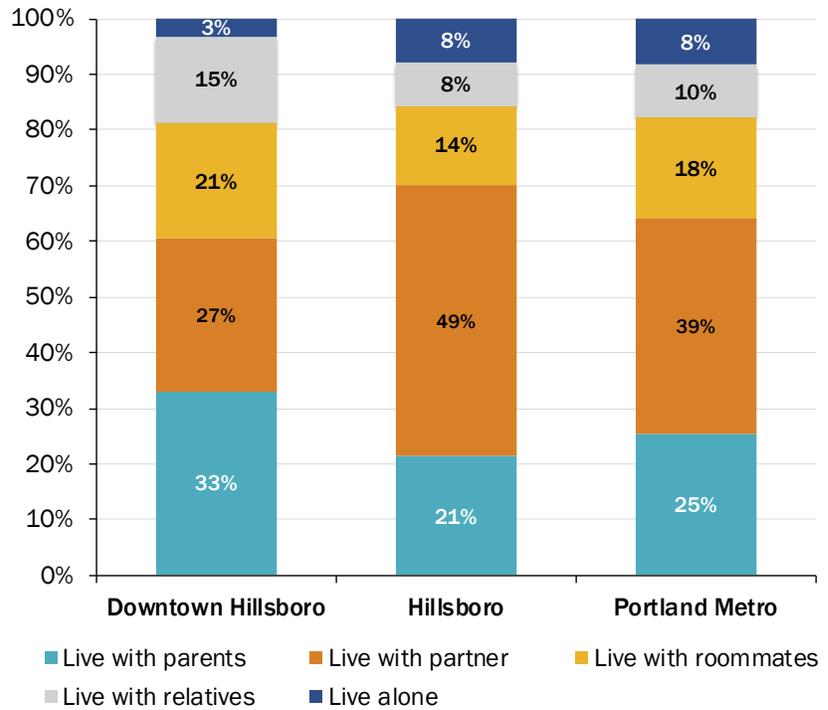
The following table looks at the living arrangement of adults 18 to 34, including their co-residence with parents, partner, or roommates.

Downtown Hillsboro has a higher percentage of young adults living with parents than both Hillsboro and the Portland Metro.

Downtown Hillsboro has a lower percentage of young adults living with a partner.

Exhibit 7. Living Arrangement, Downtown Hillsboro, Hillsboro, and Portland Metro Tri-County 2015-2019

Source: US Census Bureau, 2015-19 ACS Table B09021



Income Characteristics

The median household income in Downtown Hillsboro is lower than the City and Portland region.

In comparison, the median household income in Downtown Hillsboro is 46.6% lower than Hillsboro's and 38.7% lower than the Portland Region.

Most households in Downtown Hillsboro have incomes between \$25,000 and \$75,000.

In Downtown Hillsboro 69% of households have income below \$75,000, compared with 45% in Hillsboro and 50% in Portland Metro Tri-County.

Less than 19% of households in Downtown Hillsboro have income above \$100,000, compared with about 39% in Hillsboro and 37% in Portland Metro Tri-County.

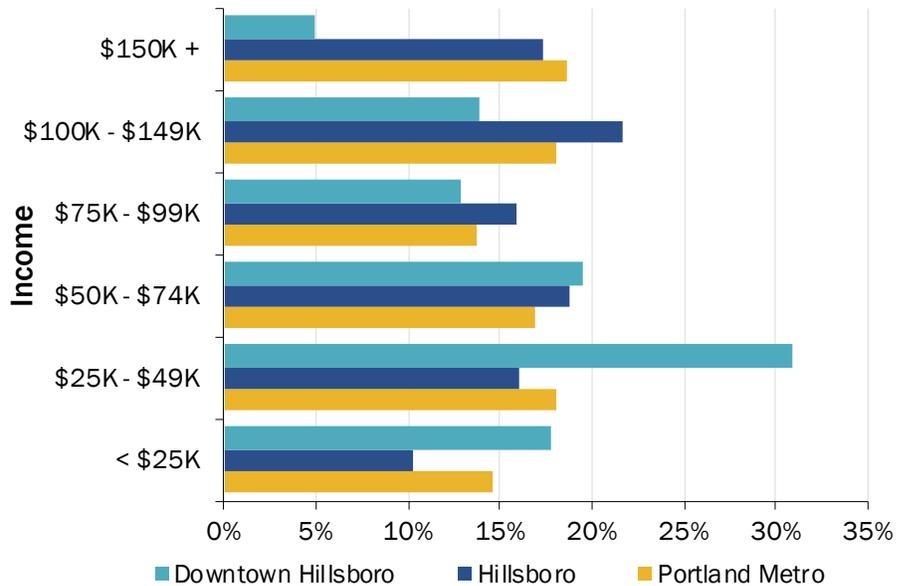
Exhibit 8. Median Household Income, Downtown Hillsboro, Hillsboro, and Portland Metro Tri-County 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25010



Exhibit 9. Household Income Distribution, Downtown Hillsboro, Hillsboro, and Portland Metro Tri-County, 2015-2019

Source: US Census Bureau, 2015-19 ACS Table B19001, Note: Data are in 2019 inflation-adjusted dollars



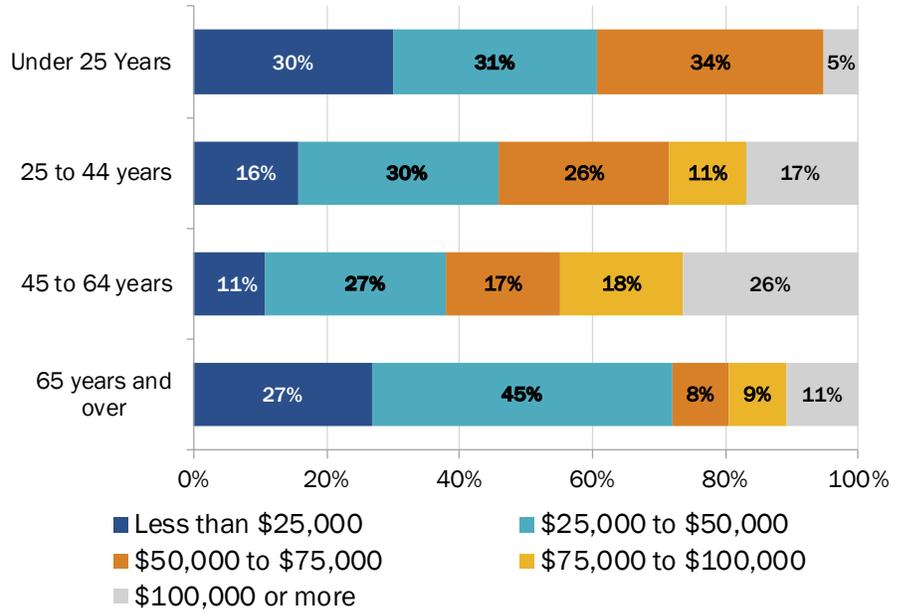
Household income increases as people age, until they reach the age of 65—this is particularly true for Downtown Hillsboro.

As Downtown Hillsboro’s residents age, there is a greater share of residents with incomes \$75,000 or greater.

The majority (54%) of adults aged 25 to 44 years old have incomes of \$50,000 or more.

Exhibit 10. Household Income by Age of Household, Downtown Hillsboro, 2015-2019

Source: US Census Bureau, 2015-19 ACS Table B19037



2.2 Employment Trends in Hillsboro

Home to over 100,000 residents and many major domestic and international companies, Hillsboro has become a major employment center in Washington County and the Portland region—and it’s a place where things are made. Hillsboro is home to over 13 percent of the state’s total manufacturing jobs. A few of Hillsboro’s top employers include Intel, Kaiser Permanente, Nike, Wells Fargo, and Qorvo. Most of these top employers are concentrated in North Hillsboro’s industrial office park area. Exhibit 11 shows the top ten employers in Hillsboro.

Exhibit 11. Hillsboro’s Top Ten Employers, 2021

Source: City of Hillsboro

Company	Employees
Intel	21,394
Kaiser Permanente	2,405
Nike	1,850
Wells Fargo	1,800
Qorvo	1,085
First Tech Credit Union	744
Genentech	606
Tokyo Electron America	600
Standard Insurance	550
ASML	527

Downtown Hillsboro is characterized as a civic center where several Washington County and City of Hillsboro government administration buildings, including Washington County Sheriff’s Office and Jail, are located, along with medical and educational institutions such as the OHSU Health Hillsboro Medical Center (formerly Tuality Hospital) and Pacific University’s Hillsboro campus.

Commuting Patterns

Commuting plays an important role in where people live. Exhibit 13 illustrates inflow and outflow characteristics of the workers in Downtown Hillsboro. Outflow reflects the number of workers living in Downtown Hillsboro but employed outside, while inflow measures the workers that are employed in Downtown Hillsboro but live outside the area. Interior flow reflects the number of workers that live and work in Downtown Hillsboro.

Most of Downtown Hillsboro residents are employed in Hillsboro and Portland.

Exhibit 12. Top Cities where Downtown Hillsboro Workers are Employed, 2018

Source: US Census Bureau, On the Map Census

31%	18%	9%	4%
1,334	769	389	173
Hillsboro	Portland	Beaverton	Tigard

The majority of jobs in Downtown Hillsboro are occupied by people living outside the area.

Of the 11,511 jobs in Downtown Hillsboro, about 97% (11,152) commute into Downtown Hillsboro. In comparison, 3% (359) residents live and work in the area. About 3,934 residents of Downtown Hillsboro work outside the area mainly in Washington, Multnomah, and Clackamas Counties.

Exhibit 13. Commuting Flows, Downtown Hillsboro, 2018

Source: US Census Bureau, On the Map Census



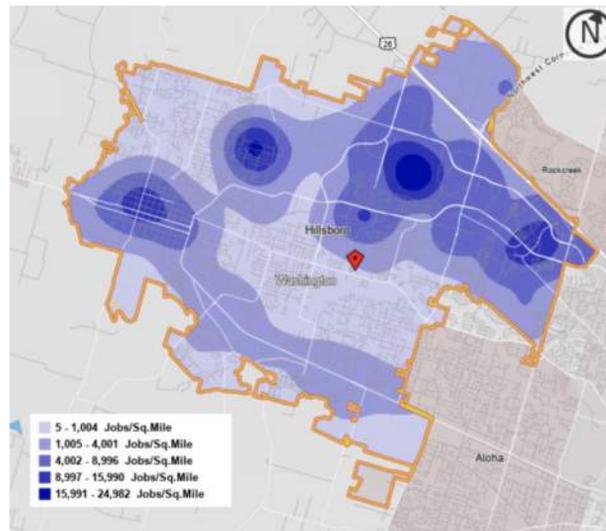
Employment and Wages

Hillsboro has several areas of concentrations of employment, including Downtown Hillsboro. These employment concentrations are home to major employers—such as Intel and Nike—which provide high paying wages. In 2018, there were over 11,500 jobs in Downtown Hillsboro, while Hillsboro had a total of approximately 81,000 jobs.² In 2018, the average annual wage for a job in Hillsboro was about \$87,600 per job, higher than the \$59,900 average annual wage for jobs across the Portland region.

Downtown Hillsboro is one of four major employment centers in Hillsboro with over 11,500 jobs concentrated in Downtown.

Exhibit 14. Employment Concentration, Hillsboro, 2018

Source: US Census Bureau, On the Map Census



² 2018 Quarterly Census of Employment and Wages (QCEW) and EOA Task 2.2 – Hillsboro & Portland Metro Employment Trends Analysis (Preliminary Draft), 2019.

Employment Forecast

According to Metro’s 2045 Distributed Population and Household Forecasts, Hillsboro is forecasted to add about 18,000 new jobs by 2045.³ Metro’s new “middle-growth” population forecast puts this new estimate lower than the 36,900 to 87,800 jobs forecasted in Hillsboro’s 2019 Economic Opportunities Analysis due to slower regional growth than anticipated in previous forecasts. From 2010 to 2019, Hillsboro’s employment increased 35%, from 61,118 to 82,526 jobs. Although the majority of the job growth in Hillsboro is expected to be concentrated in the city’s industrial business park areas, Downtown Hillsboro has an opportunity to provide housing that supports workers at new jobs that are expected across the city. Downtown Hillsboro has many qualities—including an urban and walkable environment, the MAX light rail, and other amenities—that make the area attractive to new residents.

The City of Hillsboro is forecast to add about 18,000 new jobs by 2045, at an annual rate of 0.8%.

The Portland region’s employment is expected to grow at an annual rate of 0.8%, adding approximately 218,000 new jobs.

Exhibit 15. Employment Forecast, Hillsboro, Portland Metro Tri-County, 2020-2045

Source: Metro RLIS

Note(s):

1. 2020 is a forecast year estimate.

2. All forecast figures prepared pre-COVID

	Employment		Change (2020-2045)		
	2020	2045	Number	% Change	AAGR
Hillsboro	84,623	102,430	17,807	21%	0.8%
Portland Metro	1,026,032	1,255,143	218,111	21%	0.8%

Jobs-Housing Balance

Generally, the jobs available in a community should match the labor force skills, and housing should be available at prices, sizes, and locations suited to workers who wish to live in the area. Downtown Hillsboro has a ratio of 3.7 jobs for every 1 housing unit. While Downtown Hillsboro functions predominately as an employment center with good quality light rail transit, the low number of residential units relative to jobs indicate that there might be demand for residential units to meet the needs of workers who are interested in being within walking distance to work and amenities offered in Downtown Hillsboro. In order to provide a good jobs-to-housing balance for the workers in the area, housing should be built to the appropriate scale, type, and tenure.

³ In 2016, Metro developed a new population forecast series around its official baseline population forecast. This new forecast product uses the adopted 2015 “middle-growth” population forecast as a control for projecting population by gender, race/ethnicity, and age. The updated forecast projects slower growth than past forecasts.

<https://www.oregonmetro.gov/2060-growth-forecast>

Downtown Hillsboro is predominately an employment center with 3.7 jobs for every 1 housing unit in the area.

Compared to Portland metro, Downtown Hillsboro and Hillsboro have a higher share of jobs relative to the number of housing units.

Exhibit 16. Jobs to Housing Ratio, Downtown Hillsboro, Hillsboro, Portland Metro Tri-County, 2018 and 2020

Source: Metro RLIS, LEHD, US Census Bureau, 2015-19 ACS

Note(s):

*Number of jobs in 2018

**Estimated Number of jobs in 2020

*** Number of housing units in 2019

	Number of Jobs	Number of Housing Units	Jobs to Housing Ratio
Downtown Hillsboro	11,511*	3,150***	3.7:1
Hillsboro	84,623**	40,590***	2.1:1
Portland Metro	1,026,032**	744,210***	1.4:1

2.3 Meeting the Needs of Downtown Employers

Downtown Hillsboro is home to a variety of civic, educational, and institutional users, all of whom have a stake in its future housing market. To gain perspective on how these users could drive demand for future housing in Downtown Hillsboro, ECONorthwest staff interviewed representatives from the OHSU Health Hillsboro Medical Center and Pacific University along with private developers with expertise in residential townhomes, mixed-use podium-style development, and assisted senior living.

Key themes from these conversations included:

- **Local institutions are planning for mid-term expansions in Downtown Hillsboro.** The OHSU Health Hillsboro Medical Center and Pacific University have plans to expand their footprint while other institutions, like Washington County and Hillsboro School District, may also have plans to expand:
 - Pacific University is planning for a new five- to seven-story building that would include classrooms, office space, communal space, and ground floor retail. University representatives were interested in local partnerships for developing a mixed-use campus building.
 - The OHSU Health Hillsboro Medical Center has discussed the need for a 20,000 square foot building in the near-term to locate an expanded clinic for internal medicine residents.
- **Both Pacific University and the OHSU Health Hillsboro Medical Center are enthusiastic about the potential for more housing options to serve their patients, visitors, staff, and students.**

- Pacific University needs housing for its graduate students, many of whom relocate to Hillsboro to pursue advanced degrees and want to be close to Pacific University’s downtown campus. New housing could also serve Pacific University’s staff.
- The OHSU Health Hillsboro Medical Center’s housing needs include short-term housing for patients and their families, including patients on short-term treatment courses who live far away from the Campus, and families visiting patients in the recently opened Doernbecher Children’s Hospital Level 2 NICU. Some staff are already living in Downtown Hillsboro, and more staff would likely choose this option if there were more housing options available—especially hospital residents who are on a short-term assignment to work at the facility and who value being close to the campus given their working schedules.
- **Neither organization anticipates being able to develop a building on its own, and may need to partner with a developer or another entity to move forward.** The cost of construction has been the big limiting factor of what institutions are capable of building in the mid-term.

2.4 Commercial Development Activity as a Driver for Housing Demand

Many people choose to live in an area based on the amenities available near their housing unit, whether that be parks, public transit, restaurants, or services. Downtown Hillsboro already has a robust mix of businesses, but new commercial developments planned in Downtown Hillsboro have the potential to create a critical mass of services and amenities which could attract new development activity and, subsequently, residents.

Commercial real estate is any non-residential property used for commercial profit-making purposes. It includes office, industrial, flex space, retail, and hotel development types.

Within Downtown Hillsboro, there are several commercial rehabilitation projects, including the US Bank Redevelopment, the Venetian Theater, and Collective Market.

US Bank Redevelopment (Proposed)



Source: Henry Point Development

Type: Mixed Use

Location: 210 E. Main Street (Downtown)

Henry Point Development LLC and Redside Development LLC are partnering to acquire and redevelop the 16,000 SF commercial bank building in Downtown Hillsboro as “a vibrant, pedestrian friendly, mixed-use project.”⁴ The development comprises multifamily residential and commercial uses including retail, office, restaurants, brewery/wine bar, and grocery. The Hillsboro Economic Development Council has entered into an agreement to provide up to \$25,000 for pre-development assistance for feasibility analysis and concept planning. The developers also anticipate exploring the redevelopment of the adjacent surface lot into a mixed-use multifamily project with a proposed 50 apartments and an outdoor plaza space that faces the US Bank building.

⁴ <https://hillsboroherald.com/us-bank-property-under-contract-planning-for-what-is-next/>, <https://hillsboro-oregon.civicweb.net/document/27503?splitscreen=true&attachmenturl=%2Fdocument%2F27501>

Venetian Theater Rehabilitation



Source: City of Hillsboro

Type: Event space/Restaurant

Location: 253 E Main St.

Starting in 2020, John Lee at NW Events & Management Group has been rehabilitating the 16,000-square-foot historic Venetian theatre and bistro that closed in 2017. The newly opened restaurant is considered fine dining aimed at serving Hillsboro residents. The theatre has yet to open but is intended to open as a ballroom/events space managed by the owner. This has the potential to appeal to new and existing residents as an event and activity space that adds to the livability of Downtown Hillsboro.⁵

Collective Kitchen/Market



Source: Decadent Creations

Type: Restaurant/Bakery/Specialty Grocery

Location: 171 & 173 NE 3rd Ave.

Mindy Simmons of Decadent Creations Bakery started the Collective Kitchen as a 3,000 square foot commercial kitchen for use by small makers and producers. As a recipient of the downtown storefront improvement grant program, the location has closed for renovation while it is outfitted with new facade improvements and rooftop solar.⁶ Planning to re-open after renovation, July 2021, it will be expanded and renamed as Collective Market. Collective Market is a 4,000 square foot space that will include a counter service restaurant and deli counter that complements a 'scratch-made market' featuring local makers and bakers in downtown.⁷

⁵ <https://www.venetianhillsboro.com/>

⁶ <https://www.hillsboro-oregon.gov/home/showpublisheddocument/11203/636753845888130000> (haven't been able to confirm \$ amount or specifications about renovation)

⁷ <https://static1.squarespace.com/static/5e113662b124f427a2a23891/t/5f7e3bea7c83ea7010aad775/1602108444624/Collective+Market+Flyer+ISSUE+1>

Outside of Downtown Hillsboro, there are two office buildings proposed within the City as of Spring 2021.

West Park IV (Proposed)



Type: Office

Location: ~3.5 miles from Downtown Hillsboro

Part of the Hawthorn Farm Industrial Park, this 130,000 SF built-to-suit office building is located next to the Hawthorn Farms MAX Station and across from the Hawthorn Farms Athletic Club. The property is 8.5 acres in size with 2-story to 4-story development options. Other major businesses nearby include Intel, Yahoo, and Lattice Semiconductors.

Reed's Crossings Wellness Center (Proposed)



Type: Medical Office

Location: ~5 miles from Downtown Hillsboro

The 2-story Reed's Crossing Wellness Center is a 118,00 SF clinic and wellness center. The project includes a several spaces for physical therapy such as fitness/wellness rooms and indoor and outdoor pools. Additionally, the project has an integrated urgent care, imaging, and dermatology.

2.5 Future Population and Household Growth in Hillsboro

Downtown Hillsboro is well positioned to accommodate new multifamily housing, given its mix of uses and proximity to regional transportation infrastructure including light rail transit and the Downtown MAX stations. The 2016 Hillsboro Housing Needs Analysis (HNA) identified the need for 5,293 higher-density multifamily units, many of which could be located in Downtown Hillsboro.

Some of the demand for housing in Downtown Hillsboro will be driven by the Baby Boomer generation, which is going to be the first generation that enters into retirement with little pension support. Consequently, there will be a large swath of middle-income Baby Boomers looking for housing that meets their needs for additional support while still being affordable.

Hillsboro is expected to grow by about 23,000 people by 2045, at an annual growth rate of 0.8%.

The Portland Metro Tri-County region’s population is expected to grow at a similar annual growth rate to that of Hillsboro of 0.9%, adding about 491,000 new people to the region.

By 2045, Hillsboro is expected to grow by 13,000 new households, with an annual growth rate of 1.1%.

Portland Metro’s households are expected to grow at an annual rate of 1.3%, adding approximately 277,000 new households.

Exhibit 17. Population Forecast, Hillsboro, Portland Metro Tri-County, 2020-2045

Source: Metro 2045 Distributed Forecast of Population, Households, and Employment

Note(s):

1. All forecast figures prepared pre-COVID

	Population		Change (2020-2045)		
	2020	2045	Number	% Change	AAGR
Hillsboro	105,153	128,270	23,117	22%	0.8%
Portland Metro	1,882,155	2,373,462	491,307	26%	0.9%

Exhibit 18. Household Forecast, Hillsboro, Portland Metro Tri-County, 2020-2045

Source: Metro 2045 Distributed Forecast of Population, Households, and Employment

Note(s):

1. All forecast figures prepared pre-COVID

	Households		Change (2020-2045)		
	2020	2045	Number	% Change	AAGR
Hillsboro	42,338	55,409	13,071	31%	1.1%
Portland Metro	732,937	1,010,158	277,221	38%	1.3%

3. What is the Current Housing Stock in Downtown Hillsboro?

Compared to Hillsboro and the Portland region, Downtown Hillsboro’s housing stock is generally older and is mostly composed of single-family and small multifamily (2 to 4 units) housing. These older housing units are also generally larger than the typical new single-family and multifamily housing. These larger and more affordable units attract bigger households, which is reflected in the large average household size found in Downtown Hillsboro compared to Hillsboro and the Portland region. The relatively low share of smaller multifamily housing units, the high number of students, and the high share of young adults living with parents in Downtown Hillsboro suggests an unmet demand for smaller units, specifically studios and one-bedroom units.

Based on close proximity to well-paying jobs near some of the region’s largest employers, there could be demand for newer two- to three-bedroom units with more amenities to meet the demand of families in the area. While there could be demand for newer 2- to 3-bedroom units in multifamily buildings, the majority of demand for multifamily residential development is likely to be for studios and 1-bedroom units.

Existing Housing Stock

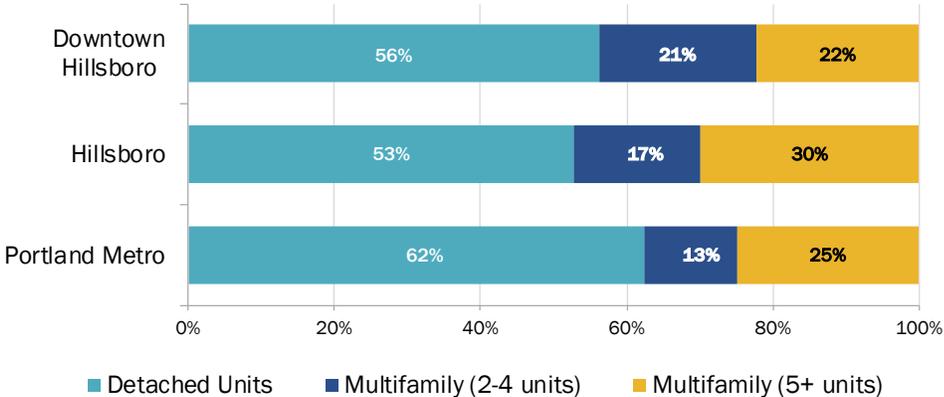
The majority (56%) of housing in Downtown Hillsboro is single-family detached housing units.

Hillsboro (53%) has the smallest share of single-family detached housing units compared to Downtown Hillsboro and Portland Metro (62%).

There are a total of 3,150 housing units in Downtown Hillsboro and 40,590 units in Hillsboro.

Exhibit 19. Housing Mix, Downtown Hillsboro, Hillsboro, and Portland Metro Tri-County, 2015-2019

Source: US Census Bureau, 2015-19 ACS Table B25024

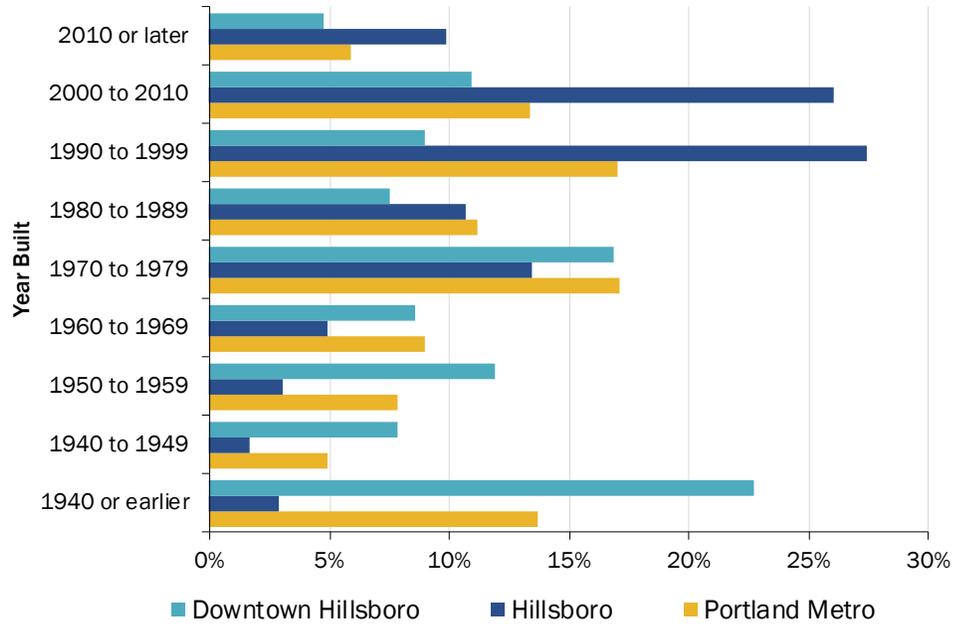


The majority (68%) of housing in Downtown Hillsboro was built before 1980—more than 40 years old.

In comparison, only 26 percent of Hillsboro’s housing is built before 1980 and 54 percent in the Portland Region.

Exhibit 20. Housing Built Year, Downtown Hillsboro, Hillsboro, and Portland Metro Tri-County, 2015-2019

Source: US Census Bureau, 2015-19 ACS Table B25034



Housing Tenure

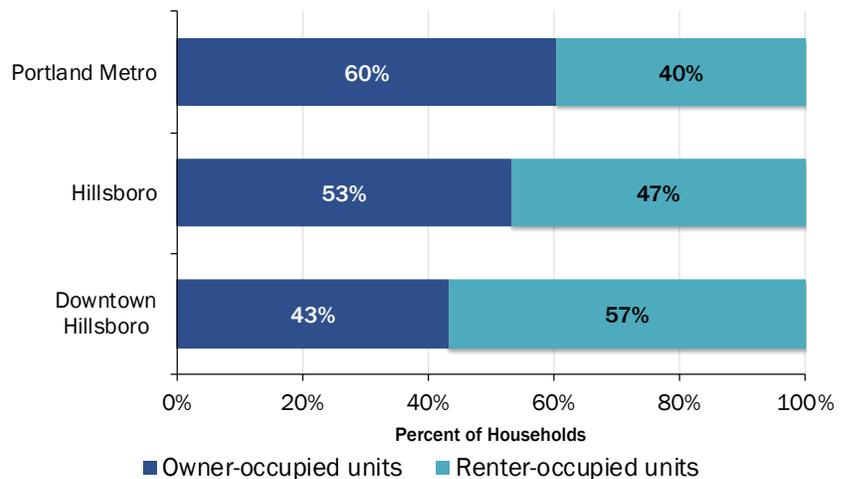
Housing tenure describes whether a dwelling unit is owner- or renter-occupied.

Approximately 43% of housing in Downtown Hillsboro is owner-occupied.

In comparison, homeownership rates are higher in Hillsboro and Portland Metro Tri-County.

Exhibit 21. Tenure by Occupied Units, Downtown Hillsboro, Hillsboro, and Portland Metro Tri-County, 2015-2019

Source: US Census Bureau, 2015-19 ACS Table B25003



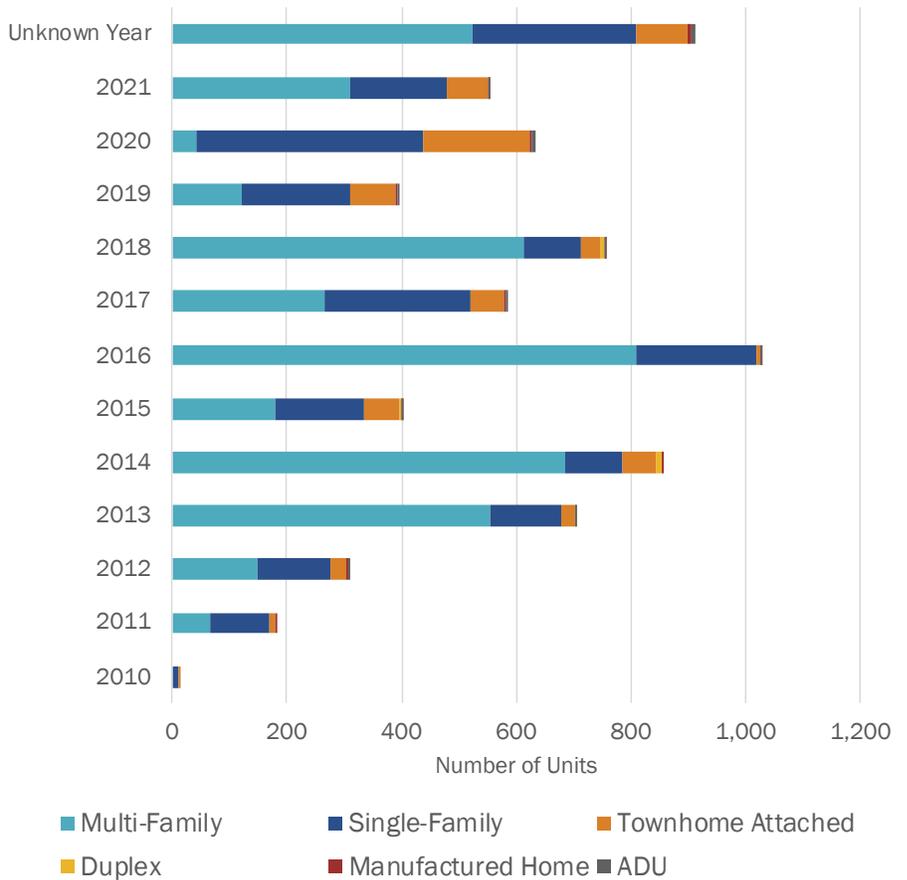
Permitting Activity

Over the 2010 to 2021 period, the City of Hillsboro has issued permits for more than 7,300 housing units. On average, the City has permitted about 610 housing units per year.

The majority of newly permitted units were for multifamily (59%), followed by single-family (30%), and attached townhomes (10%). Much of this housing unit growth was in the Target Growth Areas of Amberglen/Tanasbourne, Orenco, and South Hillsboro.

Exhibit 22. Housing Permits by Unit Type, Hillsboro, 2010-2021

Source: City of Hillsboro

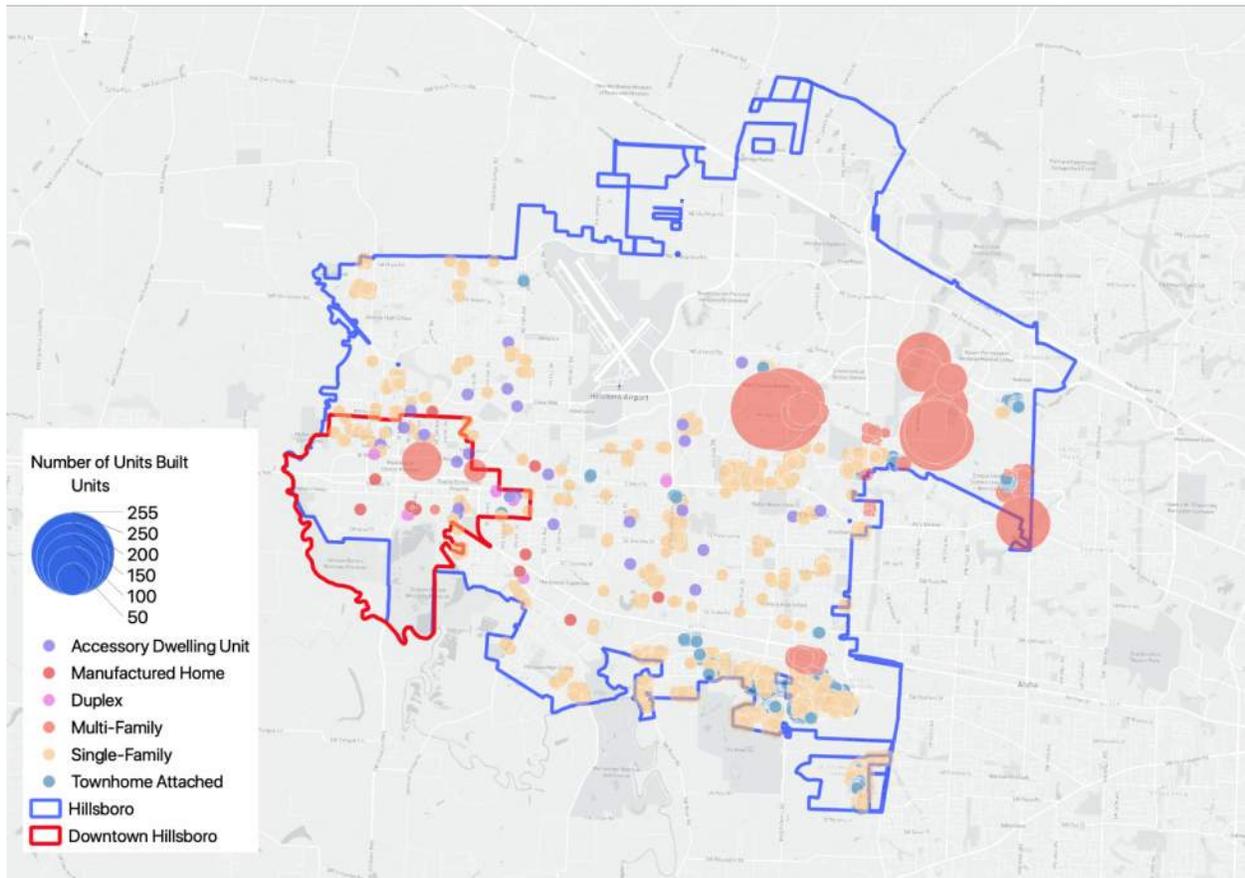


Since 2010, Downtown Hillsboro has seen a total of about 219 housing units built. Most of the units built have been multifamily (54 percent) and single-family (30 percent) homes, while duplexes and townhomes make up approximately 8 percent. Many of these units were regulated affordable units.

Since 2010, most of the housing units built in Hillsboro have been in the Target Growth Areas of Amberglen/Tanasbourne, Orenco, and South Hillsboro.

Exhibit 23. Housing Units Built by Unit Type, Hillsboro, 2010-2021

Source: City of Hillsboro



4. What are Current Ownership Housing Market Conditions?

Housing Sales Prices (Single Family and Townhomes)

According to Redfin, Hillsboro home prices have increased 39 percent since 2017, from \$345,000 in 2017 up to \$480,000 in 2021. Over the past year, the average sales price for a single-family home in Downtown Hillsboro (just under \$400,000) was lower than Hillsboro overall (\$485,000). Downtown Hillsboro's relatively older housing stock may account for at least part of this price differential. Newer single-family housing generally tends to sell for higher prices than older housing, which typically may require rehabilitation or major repairs.

The average single-family home sales price in Downtown Hillsboro was \$390,587.

Exhibit 24. Average Single-Family Home Sales Prices, Downtown Hillsboro, 2020-2021

Source: Redfin, Real Estate Sales History, 1-year History, May 2020–May 2021

Unit Type	Average Price per Square Foot	Average Unit Size (SF)	Average Sale Price	Number of Units Sold
1-bed	\$454.50	622	\$283,500	2
2-bed	\$300.31	1,124	\$323,658	13
3-bed	\$272.00	1,615	\$422,540	22
4-bed	\$258.83	1,829	\$454,133	7
Average	\$287.21	1,459	\$390,587	44

Townhomes offer a more affordable ownership alternative to single family homes, with an average sales price of \$368,000 in Hillsboro over the past year. For this market study, we evaluated townhome sales prices for the Hillsboro area due to the limited number of townhome sale transactions in Downtown Hillsboro. Evaluating recent townhome transactions and prices in Hillsboro allows us to better assess financial feasibility of townhome developments for Downtown Hillsboro.

The average townhome sales price in Hillsboro was \$367,814.

Exhibit 25. Average Townhome Sales Prices, Hillsboro, 2020-2021

Source: Redfin, Real Estate Sales History, 1-year History, May 2020–May 2021

Unit Type	Average Price per Square Foot	Average Unit Size (SF)	Average Sale Price	Number of Units Sold
2-bed	\$255.46	1,431	\$358,678	81
3-bed	\$232.48	1,594	\$367,952	203
4-bed	\$213.96	1,879	\$398,785	23
Average	\$237.20	1,572	\$367,814	307

Exhibit 26. Example of Recent Townhome Development in Hillsboro, 2021

Source: Redfin



Location: Hillsboro, Forest Grove
Year Built: 2020
Sq Ft: 1,288
Beds: 2
Baths: 2.5
Sold Price: \$339,900



Location: Hillsboro, Forest Grove
Year Built: 2020
Sq Ft: 1,815
Beds: 3
Baths: 3
Sold Price: \$393,500



Location: Hillsboro, Rosedale Parks
Year Built: 2021
Sq Ft: 1,641
Beds: 3
Baths: 2.5
Sold Price: \$414,900

Rental Housing

The average median rent in Downtown Hillsboro is about \$960—much lower than Hillsboro and the Portland Region.

Most households in Downtown Hillsboro spend between \$800 to \$1,499 in rent.

In comparison, a large share of households in Hillsboro (45%) spend more than \$1,500 in rent and about one third of households in the Portland Metro.

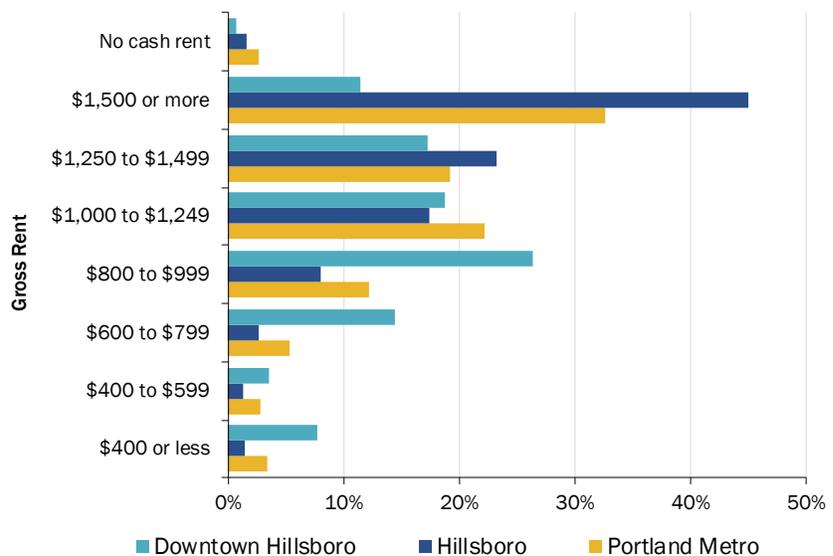
Exhibit 27. Median Gross Rent, Downtown Hillsboro, Hillsboro, Portland Metro Tri-County, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25064



Exhibit 28. Gross Rent, Downtown Hillsboro, Hillsboro, Portland Metro Tri-County, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25063



Cost Burdened Households

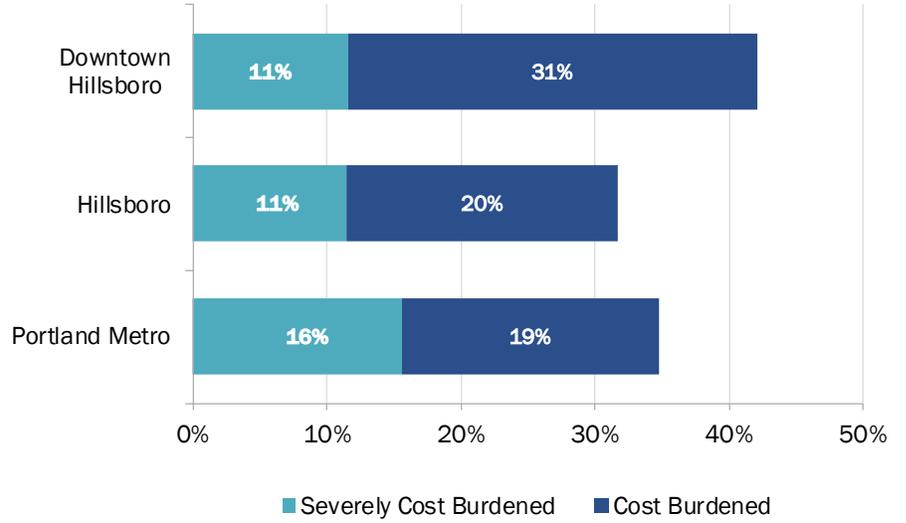
Cost burdening refers to how much households spend toward housing costs relative to their annual income. The U.S. Department of Housing and Development (HUD) defines households who spend more than 30% of their income on housing as cost-burdened, whereas those who spend more than 50% of their income on housing are considered severely cost burdened. A higher share of households in Downtown Hillsboro are cost burdened (42%) compared to the City of Hillsboro as a whole (31%) and the Portland region (35%).

Approximately 42% of Downtown Hillsboro households are cost burdened.

In comparison, Hillsboro has the lowest cost burdening rate of 31%. The Portland Metro also has a lower cost burdening rate amongst households at about 35%.

Exhibit 29. Cost Burdened, Downtown Hillsboro, Hillsboro, and Portland Metro Tri-County, 2015-2019

Source: US Census Bureau, 2015-19 ACS Table B25091 and B25070



5. What are Current Rental Housing Market Conditions in Downtown Hillsboro?

Downtown Hillsboro has experienced steady, rising multifamily rents and historically low multifamily vacancies. Vacancies have continued to decline throughout the pandemic. Downtown Hillsboro's housing is generally older, with very few new multifamily units. Multifamily rents in Downtown Hillsboro are below Hillsboro's rents due to the large share of older multifamily units present in Downtown Hillsboro and the relatively low number of newer multifamily units.

This section summarizes the current and recent historical real estate conditions for the multifamily market in Downtown Hillsboro, City of Hillsboro, and the Portland region (which includes the counties of Multnomah, Clackamas, and Washington). A qualitative evaluation of office and retail projects that are planned or under development in Downtown Hillsboro or Hillsboro is also summarized in this section to understand current commercial demand in the area.

In this section, we also show historical trends in Downtown Hillsboro's multifamily real estate submarket. In some exhibits, Hillsboro and Portland Metro are included as a comparator market. In general, the multifamily real estate analysis shows trends in direct rents per square foot, vacancy rates, net deliveries, and absorption. A brief summary of these terms are described below.

- **Direct Rent/SF/Year:** Annual rents on a per square foot basis.
- **Vacancy Rates:** How much space on a per square foot basis is vacant within a submarket.
- **Deliveries:** The total amount of new multifamily units that has been added to the market on an annual basis.
- **Absorption:** Annual net new occupancy or vacancy of multifamily units, accounting for deliveries.

5.1 Multifamily Market Trends

Rents per square foot in Downtown Hillsboro are much lower than in Hillsboro and the Portland Metro overall, due to the relative age of the housing stock and larger unit sizes.

Rents have increased 43 percent (\$0.40) from \$0.94 in 2009 to \$1.34 in 2021 Q1, while rents in Hillsboro increased 74 percent over that time period.

The demand for multifamily housing in Hillsboro has increased rent prices to \$1.76 per square foot in 2021 Q1, which is comparable to that of Portland Metro rents of \$1.78 per square foot in 2021 Q1.

In Downtown Hillsboro, current rents in newer multifamily apartments suggest achievable rents of:

- Studio: \$2.02 to \$2.11 PSF
- 1BR: \$1.56 to \$2.03 PSF

Vacancy rates in Downtown Hillsboro are at an all-time low of 3.2 percent in 2021 Q1, and vacancies continued to decline in Downtown Hillsboro throughout the pandemic.

Typically, a vacancy rate of 4 percent or lower suggests a constrained multifamily market.

Exhibit 30. Multifamily Effective Rent per Square Foot, Downtown Hillsboro, Hillsboro, and Portland Metro, 2009 through 2021 Q1

Source: CoStar

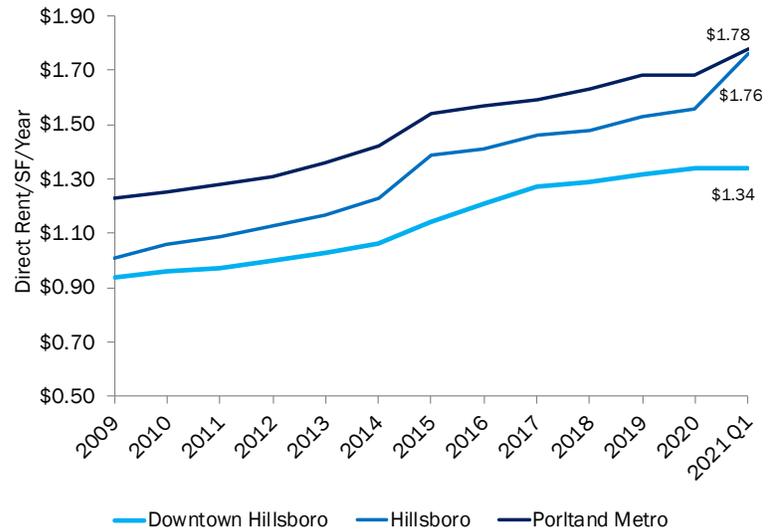


Exhibit 31. Multifamily Vacancy Rate, Downtown Hillsboro, Hillsboro, and Portland Metro, 2009 through 2021 Q1

Source: CoStar



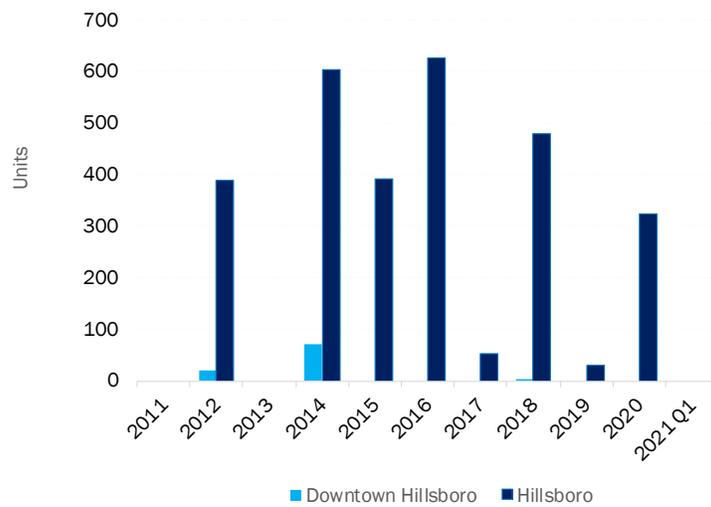
Approximately 2,900 multifamily units were delivered to the Hillsboro market since 2011, compared to 93 units in the Downtown Hillsboro Market.

The largest multifamily delivery in the Downtown Hillsboro market was in 2014, with the opening of the 4th Main Apartments, which brought to the market 71 units.

Washington Street Station, built in 2008, was converted in 2012 from live-work units to 20 apartments.

Exhibit 32. Multifamily Unit Deliveries, Downtown Hillsboro, Hillsboro, 2009 through 2021 Q1

Source: CoStar



Recent and Planned Developments

There have been relatively few new multifamily projects built in Downtown Hillsboro from 2011-2021. Over the last 10 years, a total of 93 units were built in the area. These include the 4th and Main Apartments (constructed in 2014, 71 units) and the Washington Station project (20 units converted from live-work units). As of 2021 Q1, there were two planned multifamily projects in the area, the Merrill Gardens, a senior living facility with ground floor retail and below-ground parking and the 9th and Washington Apartments, a 3-story multifamily with 30 market-rate units.

Due to the small geography and limited new development in Downtown Hillsboro, we next looked at the Hillsboro multifamily market to better understand trends for recent and planned multifamily projects. Exhibit 33, below, shows representative examples of multifamily projects recently completed or under construction in Hillsboro.

Exhibit 33. Examples of New or Planned Residential Development, Hillsboro, 2021

Source: CoStar

Amberglen South (Under Construction)



Type: Multifamily

Estimated Delivery: 2021

Units: 352

Total SF: 284,600

Description: The Amberglen South is a ten-building apartment complex located in Hillsboro's Amberglen Business Park. The area offers a walkable community environment with a diverse mix of uses such as suburban office, retail, and hospitality. This project contains 352 market rate units within two 6-story CLT podium buildings.

MorningStar Senior Living of Hillsboro (Under Construction)



Type: Multifamily

Estimated Delivery: 2022

Units: 142

Total SF: 140,000

Description: This project is part of the Amberglen Business Park master planning, which will bring online 142 units for independent living to the Hillsboro market. The 4-story development is minutes from the Kaiser Permanente Medical center and retail center of Tanasbourne Town Center, offering a wide array of amenities like shopping, dining, and entertainment. The units vary between 1 and 2 bedrooms.

Merrill Gardens Hillsboro (Planned)



Type: Multifamily

Estimated Delivery: 2023

Units: 141

Total SF: 229,000

Description: Located in Hillsboro's historic downtown, the Merrill Gardens is a 7-story mixed-use assisted living apartment building with 141 units. The project also has ground-level retail space and below grade parking. The Merrill Gardens is one of the newest developments coming online to Downtown Hillsboro in close proximity to several amenities and medical facilities like the OHSU Health Hillsboro Medical Center.