



MARKET AT A GLANCE



OCCUPANCY RATE 95.9%
Unchanged since 2Q18



EFFECTIVE RENT \$1,755
Up 2.6% since 2Q18

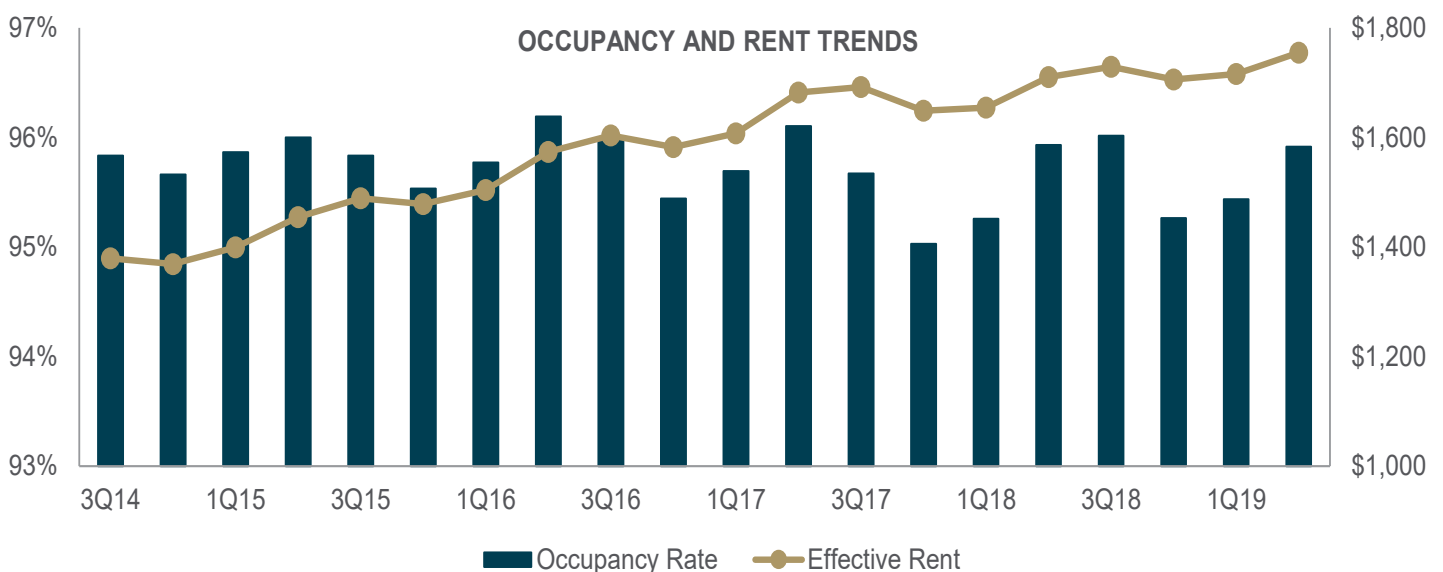


TOTAL INVENTORY 407,113

OCCUPANCY AND RENT TRENDS

APARTMENT DELIVERIES HIT HIGH AS BUILDERS WORK TO MEET DEMAND

As Seattle-Tacoma employers continued to attract residents with high-paying jobs, apartment developers worked to meet rental demand. Construction completed on 12,200 units in the last year, a postrecession high. Development was focused in and around job nodes in the urban core, with 4,414 combined deliveries in the neighboring South Lake Union/Queen Anne and Downtown Seattle submarkets since mid-2018. The preference for urban living and the lack of affordability for homeownership was reflected in leasing activity. These two areas also led the metro for absorption during the last year. Metrowide, annual absorption elevated to keep leasing activity nearly on pace with inventory growth. As such, average apartment occupancy was 95.9% in the second quarter of 2019, matching the rate from one year prior. While occupancy was flat, the rate was still 20 basis points higher than the five-year average. Apartment operators capitalized on the healthy occupancy by advancing average effective rent 2.6% since mid-2018 to \$1,755 per month in June 2019. Apartment operators will have more room to increase rent as effective rent remained nearly \$1,000 less than the median mortgage payment.



SEATTLE-TACOMA

MULTIFAMILY REPORT

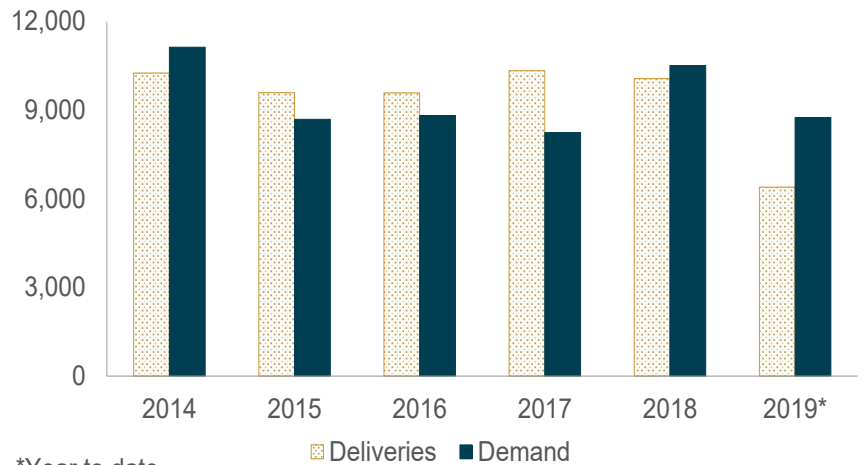
DELIVERIES AND DEMAND



DELIVERIES 6,396
Units YTD



NET ABSORPTION 8,751
Units YTD



*Year to date

ECONOMIC TRENDS

2018 **UNEMPLOYMENT*** 2019
3.8% **10 BPS CHANGE** 3.9%

2018 **EMPLOYMENT*** 2019
2.04m **2.8% CHANGE** 2.09m

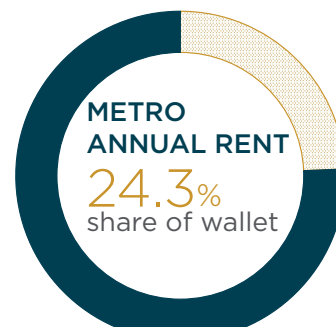
2018 **EXISTING SFH SALES**** 2019
52.8k **-0.2% CHANGE** 52.7k

2018 **MEDIAN SFH PRICE**** 2019
\$505.3k **0.8% CHANGE** \$509.5k

2018 **10-YEAR TREASURY**** 2019
2.91% **-80 BPS CHANGE** 2.07%

The strength of the Seattle-Tacoma economy was highlighted as annual employment growth accelerated in the last year. Total nonfarm employment expanded 2.8% annually through April 2019, up from 2.3% during the preceding year. While job creation was widespread across Greater Seattle-Tacoma last year with 56,600 net jobs, the 10,700 workers added to the leisure and hospitality sector led the metro. The additional personnel were needed as a record 40.9 million people visited King County last year, a 2.5% annual increase. Part of the additions came with the opening of the 1,260-room Hyatt Regency Seattle. The largest hotel in the Pacific Northwest created approximately 400 positions. The industry will see continued growth as eight hotel projects totaling 1,400 rooms were in the planning phases. Robust hiring wasn't limited to the leisure and hospitality industry. The education and health services sector expanded by 10,600 personnel, for 3.9% annual growth since April 2018. Some of the additions came as Amazon.com Inc. is establishing its health care group.

*April; **June



SEATTLE-TACOMA

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT CHANGE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	2Q19	ANNUAL	2Q19	ANNUAL
Capitol Hill/Central District	95.6%	96.4%	-0.5%	1.1%	\$1,903	\$1,925	654	1,307	272	1,092
Downtown Seattle	95.1%	94.9%	-3.3%	0.7%	\$2,250	\$2,266	478	1,972	301	2,141
East Bellevue/Issaquah	95.5%	96.0%	0.3%	2.1%	\$1,943	\$1,984	499	1,510	341	1,480
East Pierce County	96.5%	96.3%	4.9%	5.0%	\$1,357	\$1,425	44	69	0	102
Everett	96.3%	96.0%	5.6%	4.0%	\$1,354	\$1,407	201	87	100	173
Federal Way/Des Moines	95.3%	95.3%	2.9%	3.4%	\$1,356	\$1,403	0	0	0	0
Kent/Auburn	96.2%	96.0%	4.9%	4.0%	\$1,437	\$1,494	118	-47	0	0
Kirkland/Bothell	95.8%	95.8%	1.7%	0.6%	\$1,871	\$1,882	144	266	102	278
Lynnwood/Edmonds/Mukilteo	96.2%	96.2%	4.2%	3.7%	\$1,510	\$1,566	94	0	0	0
North Seattle/Shoreline	96.1%	95.8%	1.2%	2.5%	\$1,508	\$1,546	287	536	237	621
North Tacoma	96.8%	95.9%	6.1%	1.4%	\$1,305	\$1,323	240	486	250	658
Redmond	95.9%	96.5%	0.7%	1.2%	\$2,053	\$2,078	274	1,233	243	1,203
Renton	95.2%	95.6%	1.6%	3.6%	\$1,677	\$1,736	-47	183	0	126
SeaTac/Burien	96.9%	95.6%	4.2%	3.8%	\$1,322	\$1,372	-31	-204	0	0
South Lake Union/Queen Anne	94.7%	95.9%	-3.7%	0.7%	\$2,144	\$2,159	603	2,457	473	2,273
South Tacoma/University Place	97.5%	97.2%	8.3%	4.6%	\$1,171	\$1,226	20	-30	0	0
Southwest Pierce County	97.0%	96.2%	7.9%	4.1%	\$1,170	\$1,218	117	-85	52	52
University District/Ballard	96.2%	96.3%	-0.2%	2.1%	\$1,922	\$1,964	750	877	355	876
West Bellevue/Mercer Island	96.1%	96.0%	2.2%	1.3%	\$2,362	\$2,393	163	494	75	528
West Seattle/South Seattle	95.3%	95.1%	0.9%	1.5%	\$1,815	\$1,843	121	531	107	597
TOTALS	95.9%	95.9%	1.7%	2.6%	\$1,710	\$1,755	4,729	11,644	2,908	12,200



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