SEATTLE-TACOMA, WA
MULTIFAMILY REPORT

2024 | MID-YEAR

Jobs Added / Lost*

LAST 12 MONTHS

24,300

1.1%

Unemployment*

JUNE 2024

4.5%

100 BPS YOY

Seasonally Adjusted

SEATTLE-TACOMA, WA

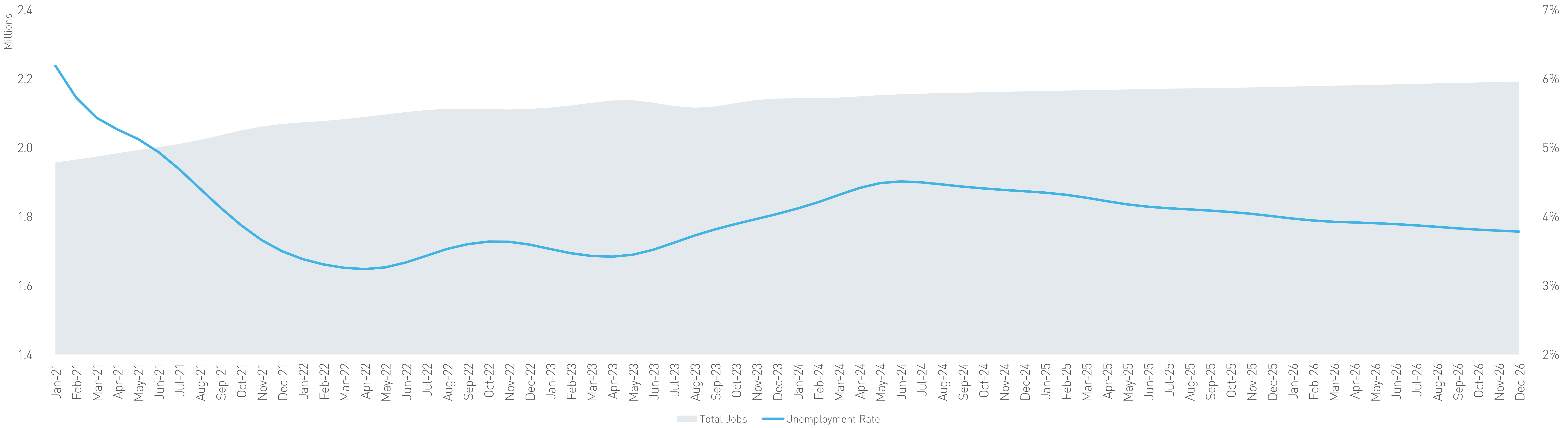
EMPLOYMENT

Over the past year, the Seattle-Tacoma economy expanded by 24,300 net jobs. Over half of the new employees added to local payrolls were from companies in the private education and healthcare sector with 13,000 new jobs. As the fifth largest employer in the state, the University of Washington has an economic impact of over $15 billion in Washington and underpins the private education and healthcare sector growth. In May 2024, the University of Washington opened a new teaching hospital in Seattle. The $244 million University of Washington Center for Behavioral Health and Learning was the latest expansion of the state's behavioral health initiative. In November 2023, Olympic Heritage Behavioral Health, formerly Tukwila Hospital, opened as part of Washington's efforts to prioritize mental health and healthcare. Another major healthcare employer, Providence, is expanding within the metro. The first phase of the $1.3 billion Swedish First Hill expansion broke ground during the spring of 2024. The new 12-story North Tower is expected to be completed by the fall of 2027. Beyond education and healthcare, the manufacturing sector added a net 4,800 employees to metro Seattle-Tacoma. Most of these jobs were part of Boeing's expansion in Washington. In the most recent reported data, the number of Boeing workers increased by 11% annually across the state.

In the News

- Providence Swedish plans $1.3B 'world class' hospital in Seattle
- New behavioral health teaching hospital opens in Seattle
- SHEIN expands U.S. presence with new Seattle-area office

Employment Trends



Source: Moody's Analytics

SEATTLE-TACOMA, WA

DELIVERIES & ABSORPTION

2024 YEAR TO DATE

DELIVERIES
8,367 UNITS

ABSORPTION
8,465 UNITS

2024 TOTAL*

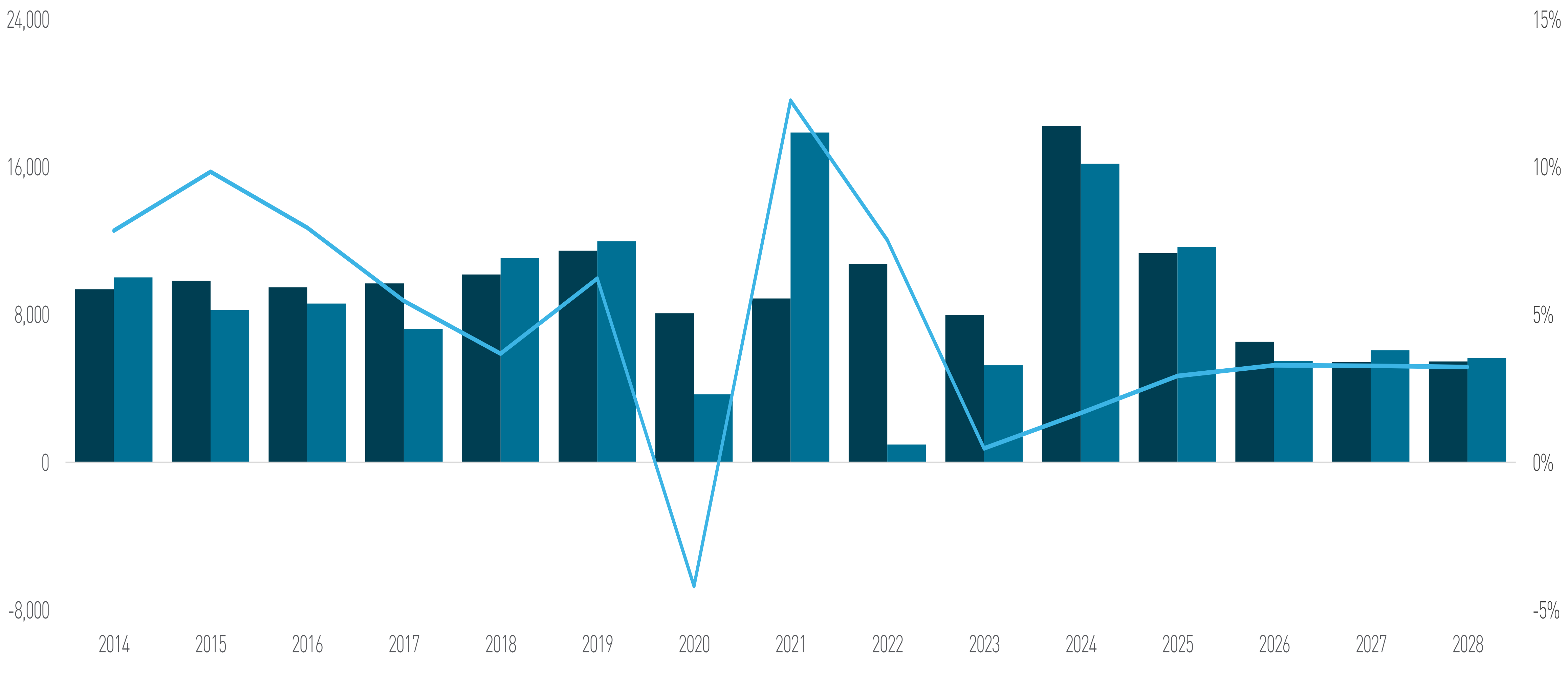
DELIVERIES
18,229 UNITS

ABSORPTION
16,184 UNITS

**Projected*

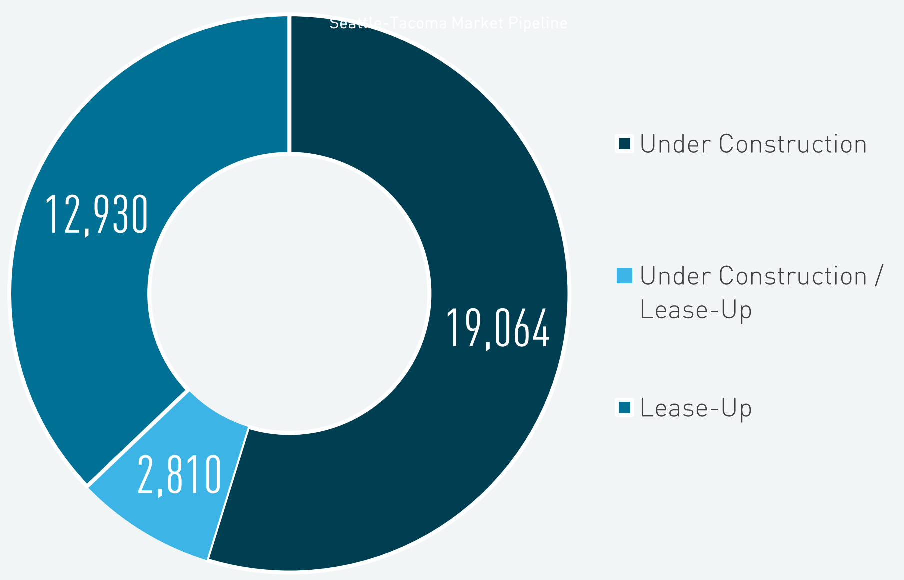
With deliveries and net absorption up significantly from one year prior, apartment activity in Seattle-Tacoma is on pace to rebound. After a combined 6,219 units were absorbed in 2022 and 2023, total net demand for 2024 is projected to reach 16,184 net move-ins. Though it doesn't surpass peak net absorption from 2021, it is far above the five-year pre-pandemic average of 9,429 units. Heightened leasing activity will be supported by the record amount of annual inventory set to hit the market. By year end, 18,229 additional units are projected to be available. This outpaces the previous record from 2019 when 11,472 units were delivered by nearly 6,800 units and represents a 5% annual inventory growth rate, one of the highest in the nation. Looking ahead, the pipeline remains stacked, with 19,064 units under construction and an additional 12,930 units in the under construction/lease-up phase. Major projects are underway metrowide, with 34,804 units under construction and lease-up. Nearly 40% of these properties are underway in Seattle's urban submarkets, Downtown Seattle, Capitol Hill/Central District, University District/ Ballard, and South Lake Union/Queen Anne. A majority will come online in the last two quarters of 2024, resulting in a relative slowdown in deliveries in 2025 in these submarkets. Incoming inventory will remain the same in Downtown Seattle during 2024 and 2025, with roughly 2,650 units completed each year. projected units coming online each year.

Deliveries, Absorption, & Effective Rent Change

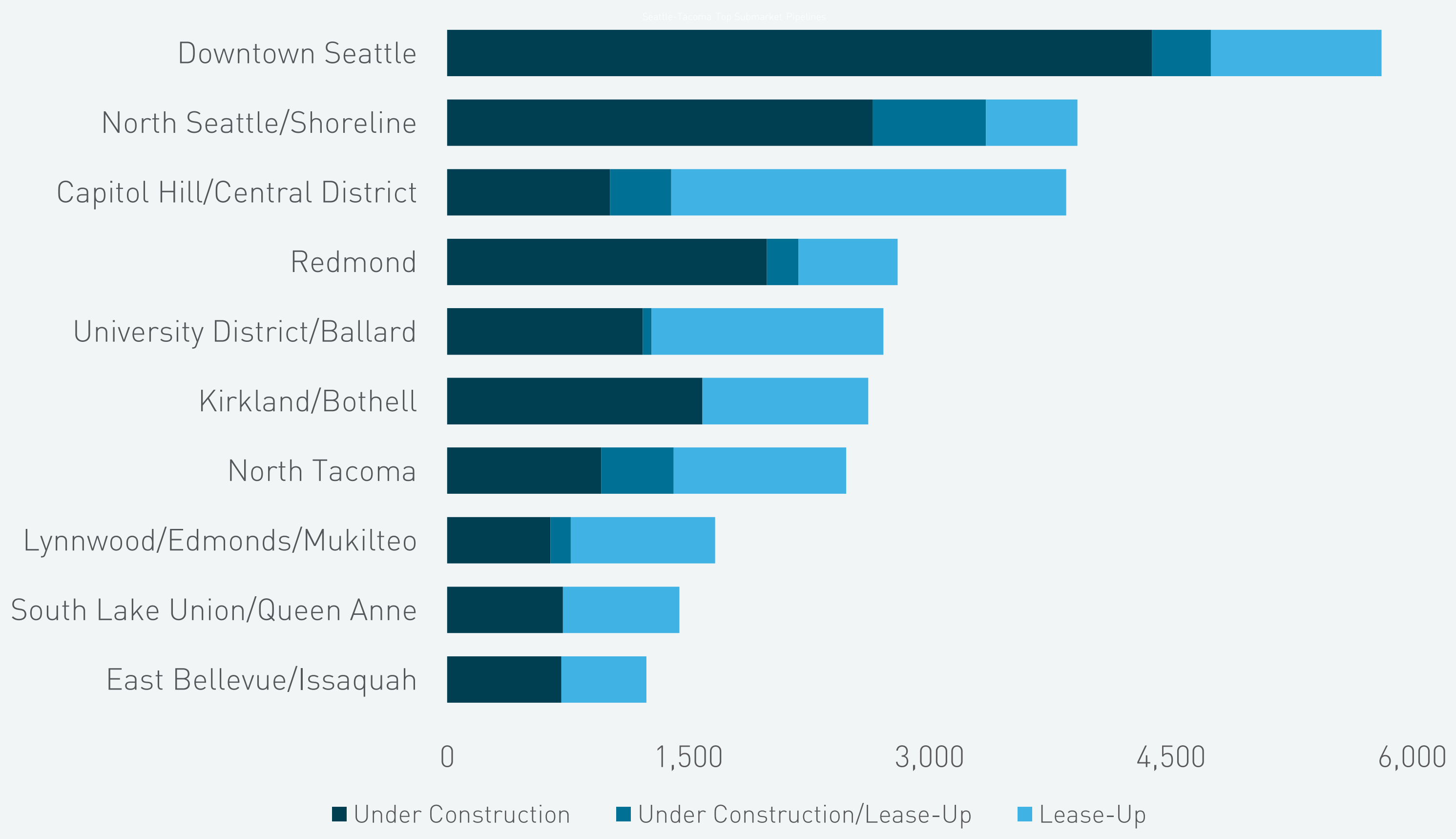


Source: RealPage

Market Pipeline



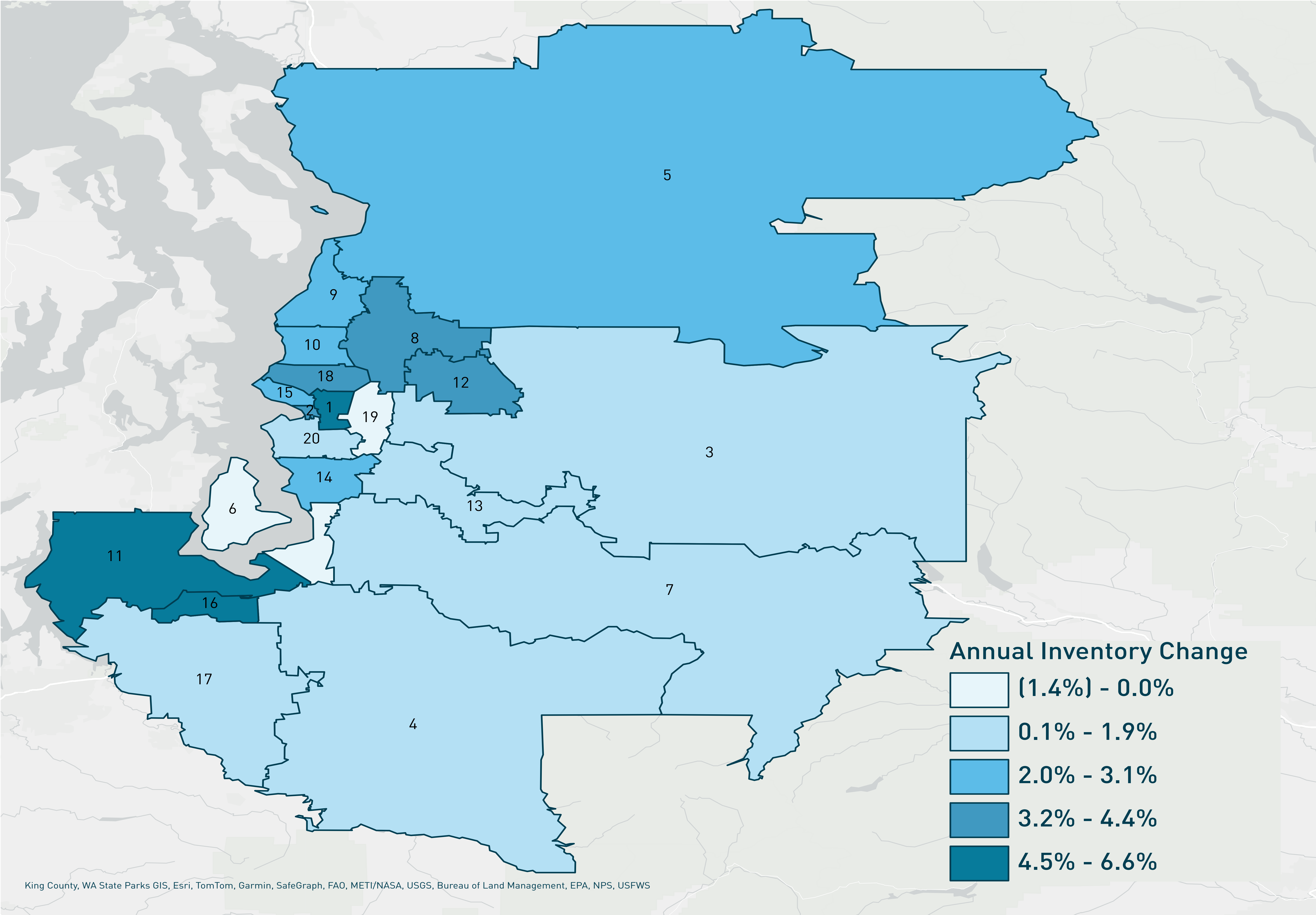
Top Submarket Pipelines



Inventory growth stayed consistent across most Seattle-Tacoma's submarkets. Particularly, the South Tacoma/University Place submarket had the greatest inventory growth, while the Capitol Hill/Central District submarket added the most units. Rising 6.6%, builders added 670 units to South Tacoma/University Place in the past 12 months. The recent interest in South Tacoma/University Place is partially due to its ranking as one of the best places to live in Washington and affordable rent. With the addition of 1,777 units, multifamily developers targeted the Capitol Hill/Central District because of its proximity to major employers in both Bellevue and Downtown Seattle areas. Looking ahead, this submarket will continue to be a popular development destination. Currently, the pipeline has 1,014 units under construction, but falls behind Downtown Seattle, with 4,385 units, and North Seattle/Shoreline, with 2,646 units.

SEATTLE-TACOMA, WA

SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE



SUBMARKET BOUNDARIES

1. Capitol Hill / Central District
2. Downtown Seattle
3. East Bellevue / Issaquah
4. East Pierce County
5. Everett
6. Federal Way / Des Moines
7. Kent / Auburn
8. Kirkland / Bothell
9. Lynnwood / Edmonds / Mukilteo
10. North Seattle / Shoreline
11. North Tacoma
12. Redmond
13. Renton
14. SeaTac / Burien
15. South Lake Union / Queen Anne
16. South Tacoma / University Place
17. Southwest Pierce County
18. University District / Ballard
19. West Bellevue / Mercer Island
20. West Seattle / South Seattle

Effective Rent

Q2 2024

$2,177

2.9% YOY

Occupancy

Q2 2024

94.5%

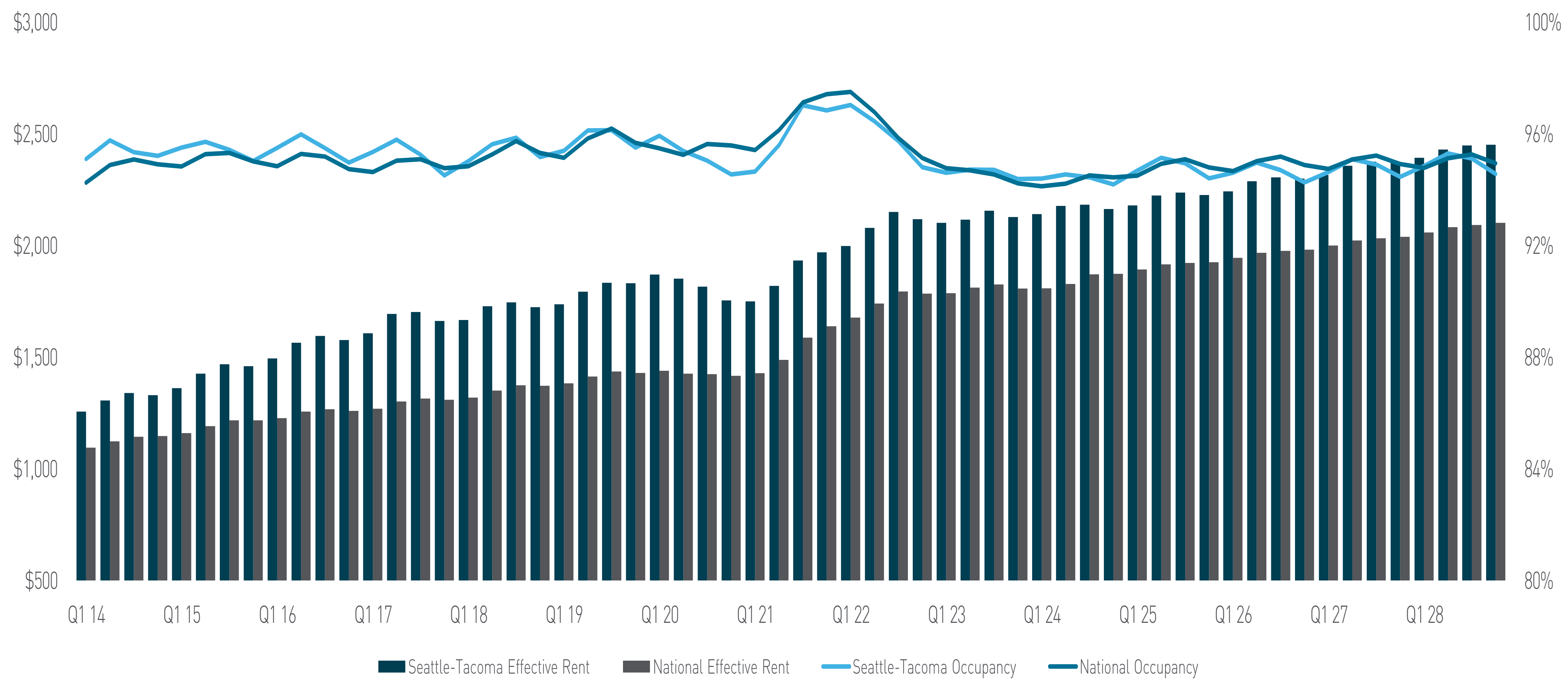
20 BPS YOY

SEATTLE-TACOMA, WA

RENT & OCCUPANCY

Rising 2.9% year over year, effective rent in Seattle-Tacoma reached $2,177 per month during the second quarter of 2024. Though annual effective rent growth has cooled over the past few years in the metro, Seattle-Tacoma still boasts an effective rent that is 16.9% above the national average. At mid-year 2024, 19.0% of Seattle-Tacoma landlords offered concessions, which is lower than the past two quarters. Comparing asset classes, Class A apartments average effective rent increased the most, rising 3.9% year over year. Class B and C apartments increased annually by 1.9% and 2.1%, respectively. Strong Class A performance has helped the metro's effective rent growth rate stay significantly higher than other West Coast tech hubs. Seattle-Tacoma outpaced both San Francisco-Oakland, up 0.9% annually and San Jose, up 0.8% annually. With about 12,600 units delivered in the past 12 months, the influx of inventory pressured occupancy across the metro to drop 20 basis points year over year to 94.5%. Despite the dip, Seattle-Tacoma's average occupancy rate remains 30 basis points above the national average of 94.2%. Looking ahead, the heightened demand in the metro projected for the next year will positively impact occupancy. By the same time next year, the market's average occupancy is expected to reach 95.1%, which would be the highest occupancy since the third quarter of 2022.

Seattle-Tacoma vs. National Effective Rent & Occupancy



Source: RealPage

Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

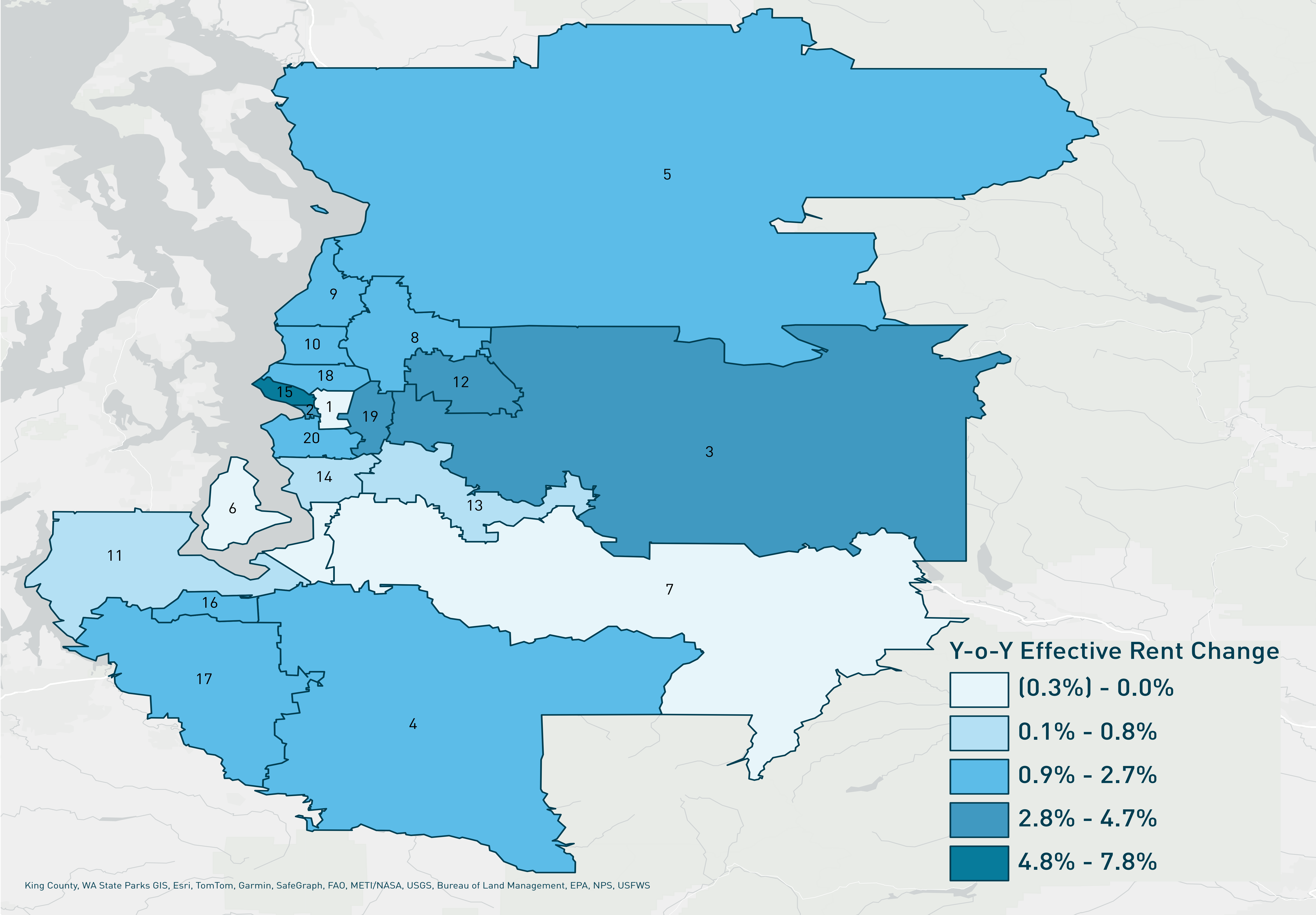
Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Capitol Hill/Central District	93.6%	0	$2,112	-0.1%
Downtown Seattle	93.8%	10	$2,650	4.7%
East Bellevue/Issaquah	95.3%	0	$2,453	3.8%
East Pierce County	94.2%	-40	$1,933	2.2%
Everett	94.2%	-10	$1,916	1.8%
Federal Way/Des Moines	94.6%	-70	$1,820	-0.3%
Kent/Auburn	94.0%	-60	$1,903	-0.1%
Kirkland/Bothell	95.7%	50	$2,356	1.9%
Lynnwood/Edmonds/Mukilteo	95.2%	0	$2,032	1.9%
North Seattle/Shoreline	94.1%	-70	$1,897	2.7%
North Tacoma	93.6%	-70	$1,788	0.8%
Redmond	96.4%	30	$2,470	4.0%
Renton	94.2%	-60	$2,101	0.5%
SeaTac/Burien	93.6%	-90	$1,714	0.2%
South Lake Union/Queen Anne	93.9%	-30	$2,650	7.8%
South Tacoma/University Place	94.3%	-10	$1,650	1.7%
Southwest Pierce County	94.5%	30	$1,650	2.7%
University District/Ballard	94.1%	-40	$2,232	2.1%
West Bellevue/Mercer Island	95.7%	40	$2,830	3.5%
West Seattle/South Seattle	94.4%	-90	$2,091	1.8%

SEATTLE-TACOMA, WA

SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE

All but three of Seattle-Tacoma's submarkets experienced positive effective rent changes in the past year. The South Lake Union/ Queen Anne submarket had the highest effective rent increase in the past year, rising 7.8% to $2,650 per month in the second quarter of 2024. Over the same period, the Downtown Seattle submarket's average effective rent increased 4.7%, also reaching $2,650 per month. The two submarkets are in the urban core of Seattle and provide easy access to major metro employers such as Amazon.com, Meta, Alphabet, and Nordstrom. Looking ahead, multifamily developers will continue to target Downtown Seattle. The submarket has the most projects in the pipeline, with 4,385 units under construction and an additional 365 units in the under construction/ lease-up phase. Some of these projects are targeting vacant office and retail spaces, giving them a new life as multifamily properties.



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SEATTLE-TACOMA, WA

SALES

2024 Year to Date*

VOLUME $861.6M	**PRICE PER UNIT (AVG)** $339,766
TRANSACTIONS 11	**CAP RATE (AVG)** 5.2%

What's Trading?*

UNITS (AVG) 237	**YEAR BUILT (AVG)** 2000s
BUILDINGS (AVG) 5	**ACRES (AVG)** 3.54

Top Buyers*

BUYER	LOCATION
KKR	New York
Timberlane Partners	Seattle
Carmel Partners	San Francisco
SRM Development	Spokane
Roundhouse	Boise, ID

Top Sellers*

SELLER	LOCATION
Lennar Corp.	Miami
Iconiq Capital	San Francisco
J.P. Morgan	New York
Sequoia Equities	Walnut Creek, CA
Friend Stage	Ageo-shi, JPSTM

Source: MSCI Real Capital Analytics
**$50m+*

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Sources: RealPage; Moody's Analytics; Real Capital Analytics

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