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SEATTLE-TACOMA

MULTIFAMILY MARKET REPORT | MID-YEAR

2025

SELECT MARKET

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Jobs Added / Lost

LAST 12 MONTHS
14,500

0.7% YOY

Unemployment

JUNE 2025
4.4%

20 BPS YOY

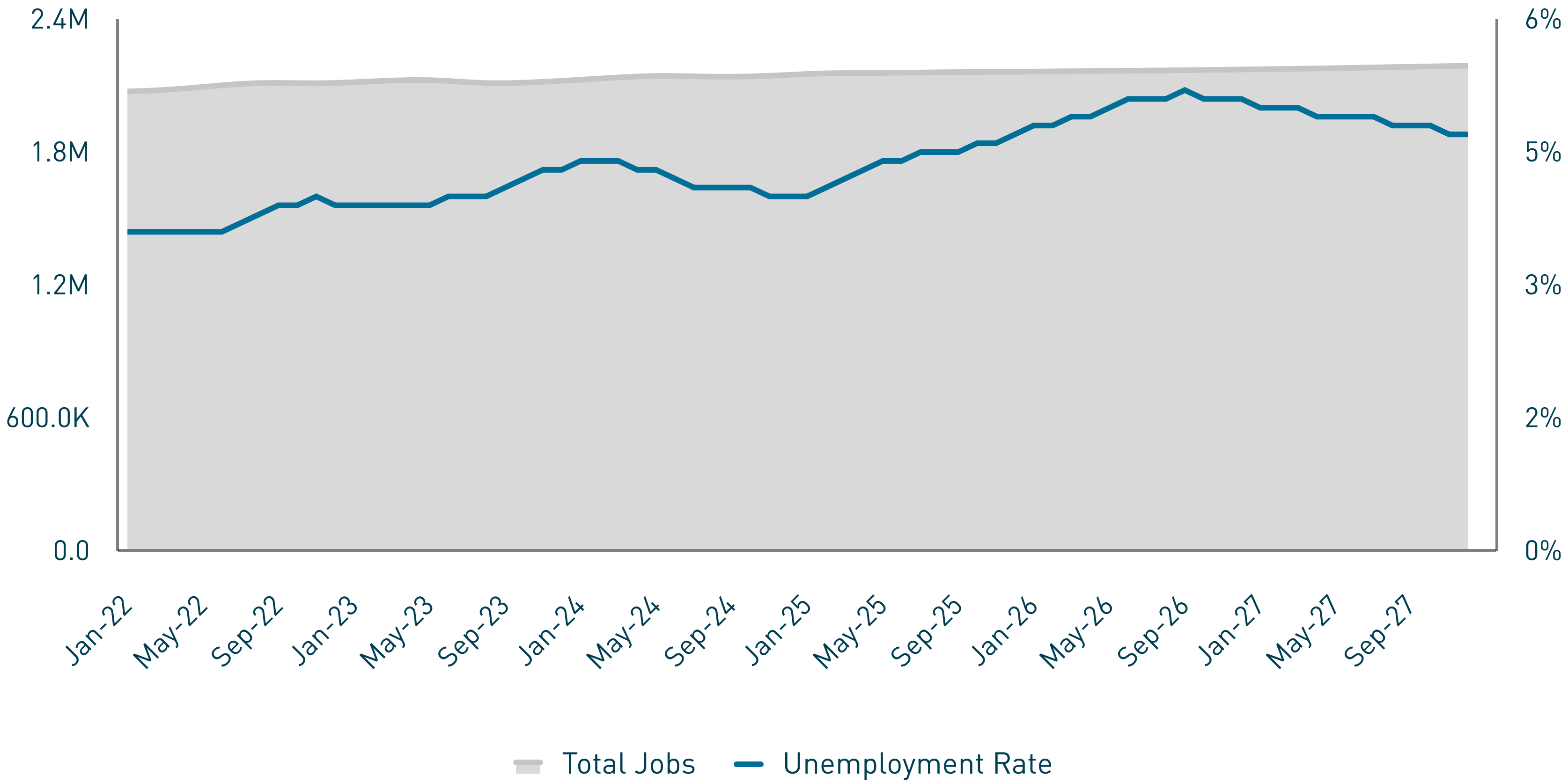
Source: Moody's Analytics

Employment

From private to public sectors, return-to-office mandates have contributed to rising payrolls and housing demand across Greater Seattle-Tacoma during the last year. Of the 10 Fortune 500 companies located in the metropolitan area, almost all have adopted a hybrid or full-time in-person requirement for corporate employees in recent years. In 2025 alone, Amazon.com and Nordstrom implemented a five-day-a-week in-office policy for its corporate employees at the start of the year. This corporate shift will continue in the near term with Starbucks and Microsoft announcing plans to adopt a stricter in-office mandate beginning in October 2025 for the former and January 2026 for the latter.

These moves have been reflected in strong employment gains in both the professional and business services and the information sectors. Combined, 10,500 personnel were added to these sectors over the last year. These high-paying positions grow a renter base for new and existing Class A apartments near the employment hubs throughout the metropolitan area. Also creating housing demand across all multifamily asset classes has been job creation in the private education and healthcare sector. The 12,800 private education and healthcare workers added since mid-2024 led gains for all employment sectors in the metro. Part of the additions came with the opening expansion of the Everett Medical Center this year.

Employment Trends



Source: Moody's Analytics

In the News

Harborview Medical Center set for $1.7B new medical tower
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Providence Swedish $1.3B Seattle hospital expansion hits milestone
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Phase 2 of Bellevue 600 tops out
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Deliveries & Absorption

2025 Year to Date

DELIVERIES
5,892 UNITS

ABSORPTION
8,619 UNITS

2025 Total*

DELIVERIES
9,899 UNITS

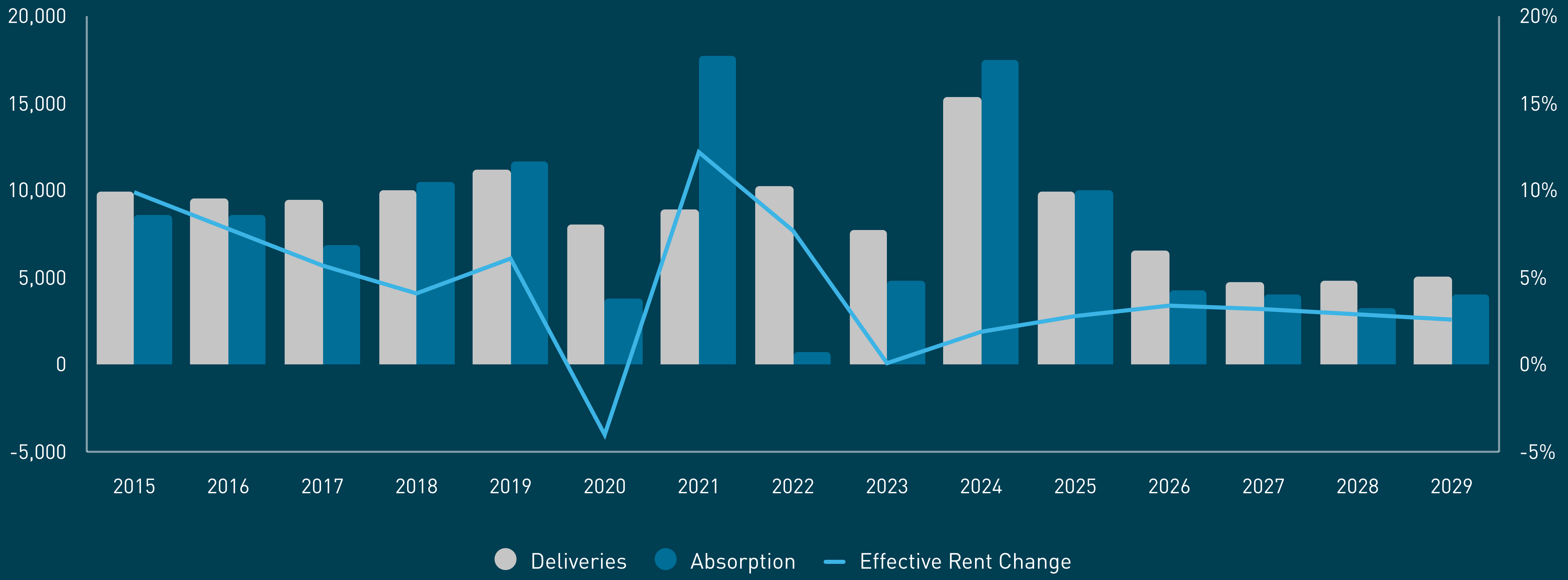
ABSORPTION
9,978 UNITS

**Projected*
Source: RealPage

The recent apartment supply wave reached its peak in the Seattle-Tacoma metropolitan area in 2024, indicating a more measured pipeline in the upcoming years. Deliveries totaled 15,360 units last year, the highest annual total in more than two decades. Even the influx of new inventory could not keep pace with demand as net absorption exceeded 17,500 units in 2024. This trend has carried over to this year with demand surpassing supply through the first two quarters of 2025. The additions, and corresponding demand, have been in strategic locations in the market, including Downtown Seattle. The submarket had the most deliveries in the first half of the year and the highest leasing activity in the market.

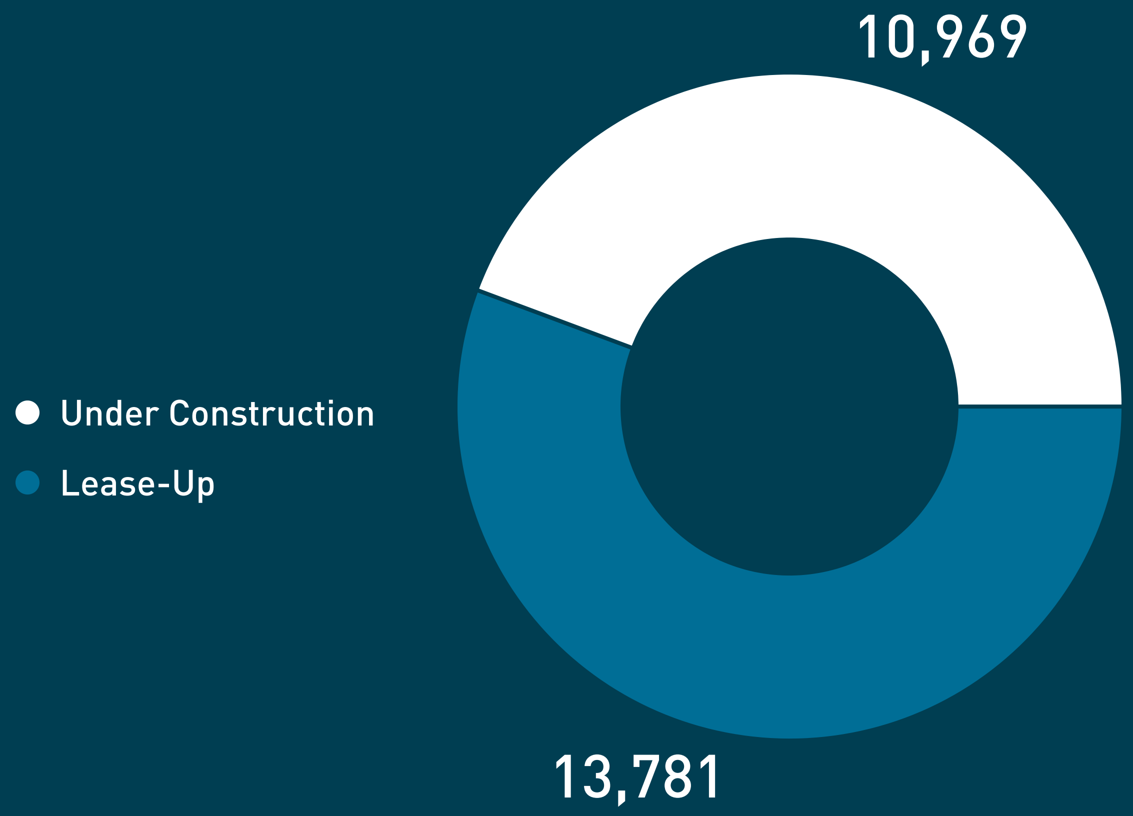
Downtown Seattle embodies the live-work-play environment. The submarket is home to 34,252 apartment units as of the first quarter, which is needed with 37.9 million square feet of office space, 2.5 million square feet of retail space, and 40,900 square feet of industrial space in the central business district. The vitality of the submarket has been reflected with net absorption nearly reaching 900 units in the Downtown Seattle submarket over the last two quarters. Sustained housing demand will be essential as Downtown Seattle had the largest active construction pipeline of all the apartment submarkets as of the second quarter of 2025. All of the more than 3,300 units under construction or in the under construction/lease-up status are scheduled to be completed by the end of 2026.

Deliveries, Absorption, & Effective Rent Change



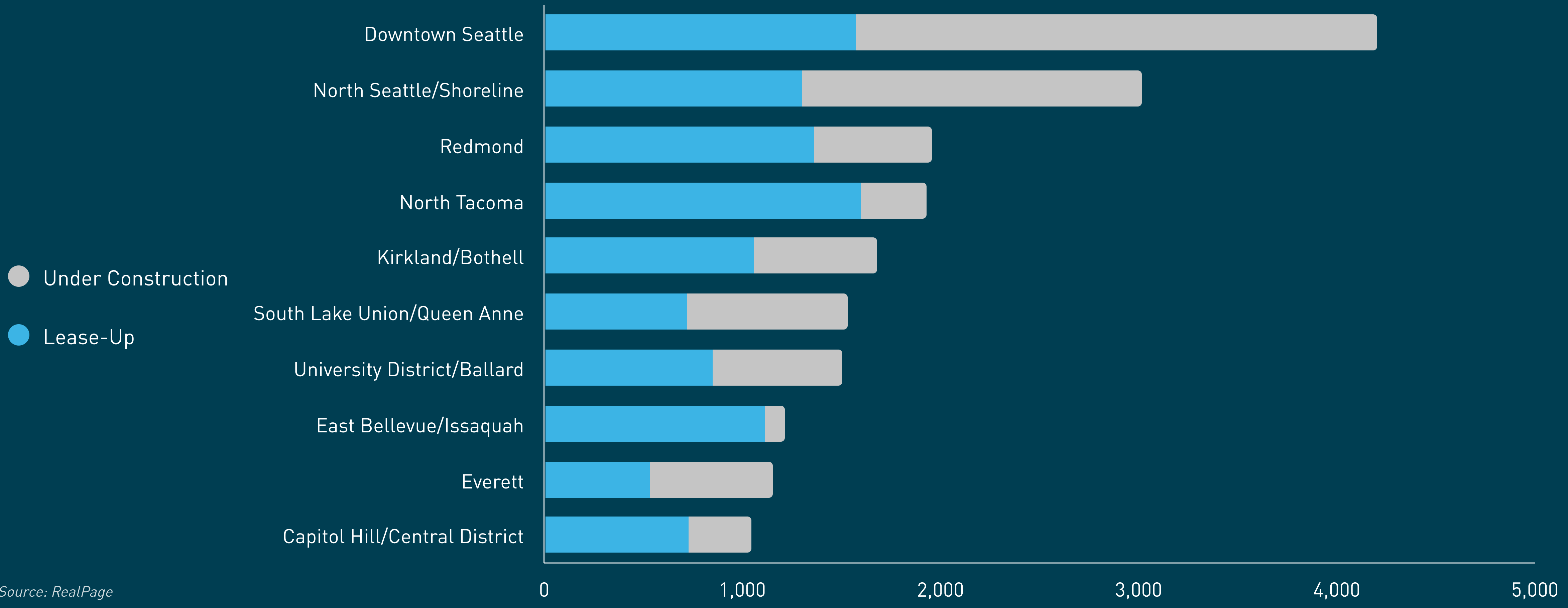
Source: RealPage

Seattle-Tacoma Pipeline



Source: RealPage

Largest Submarket Pipelines



Source: RealPage

Effective Rent

Q2 2025
$2,231

2.2% YOY

Occupancy

Q2 2025
95.9%

140 BPS YOY

Source: RealPage

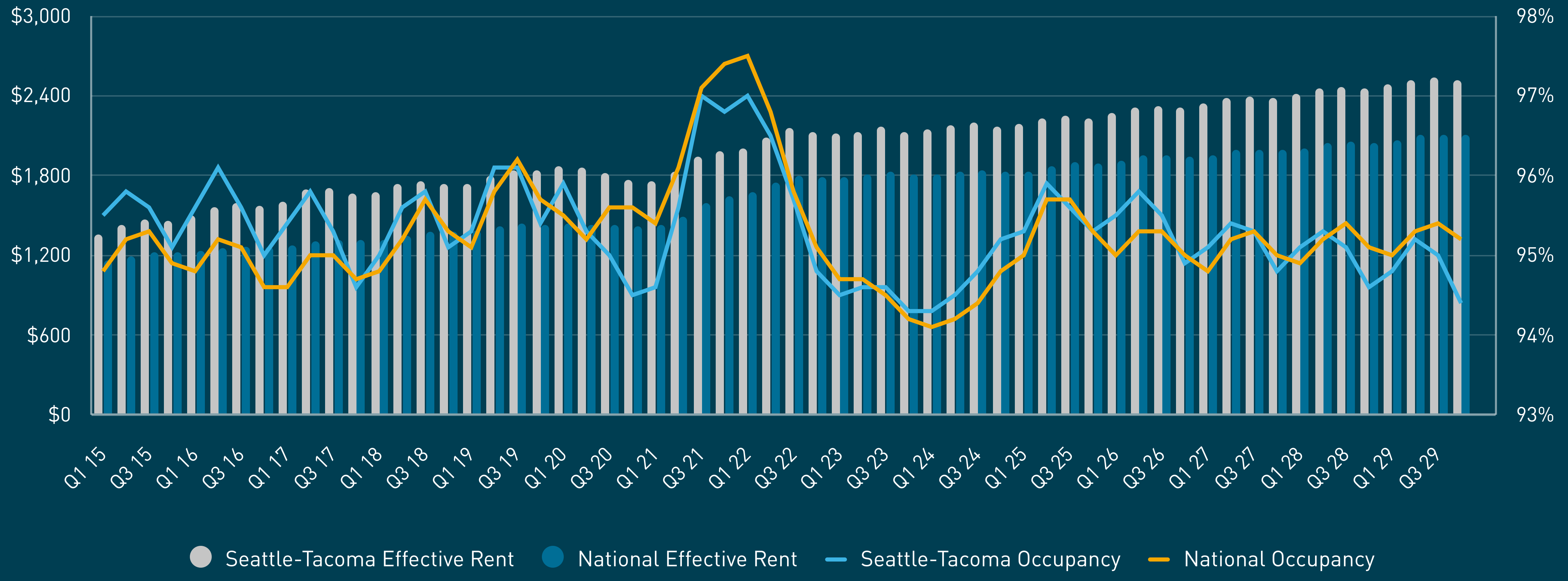
Rent & Occupancy

Brisk household formation, fueled in part by positive net migration, is driving housing demand across Greater Seattle-Tacoma. While single-family completions remained below the historic norm in the last year, apartment developers worked to fill the housing gap. Apartment completions nearly reached 13,600 units over the last four quarters. At the same time, approximately 18,900 more renters moved into units than moved out indicating the housing need. With demand outstripping recent supply, stabilized occupancy advanced 140 basis points over the last year. At an average of 95.9% in the second quarter of 2025, the market occupancy rate was 50 basis points higher than the quarterly average during the prior five years.

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.

As occupancy rose amid an influx of new inventory, many apartment operators decided to eliminate concessions altogether. Approximately 17% of stabilized communities in the market offered concessions in the second quarter of 2025, down from the 19% share one year earlier. The pullback in the utilization of concessions contributed to a 2.2% increase in effective rent over the last year. Further providing leeway for rent growth was the year-over-year rise in average renter income. Operators of professionally managed communities reported a 9.2% annual increase in average monthly income for renters on new leases. The rise shifted the average rent share of wallet down 130 basis points year over year to 18.5% in the second quarter of 2025.

Seattle-Tacoma vs. National Effective Rent & Occupancy



Source: RealPage

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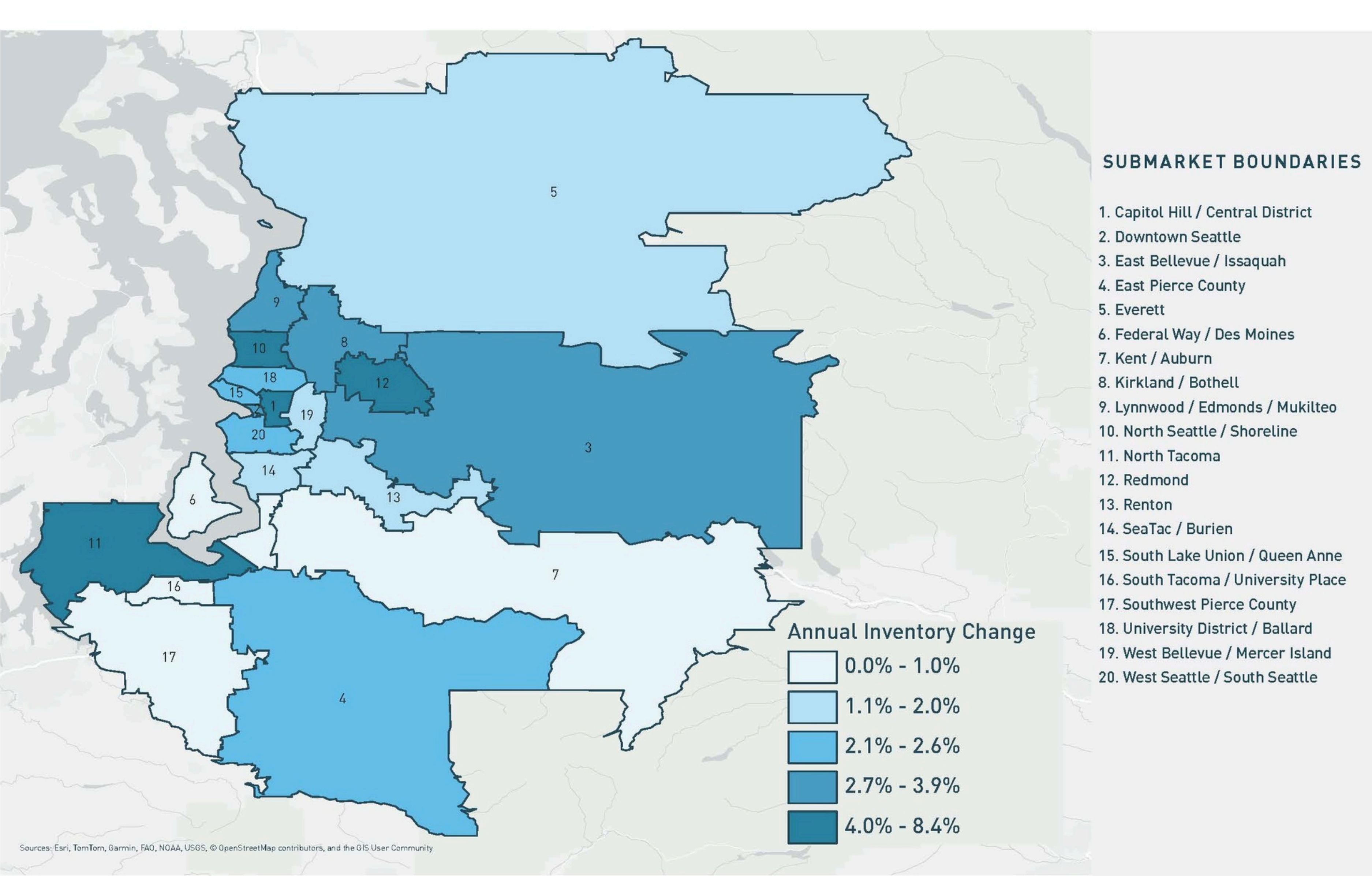
Rent & Occupancy

Submarket Performance

Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Capitol Hill/Central District	94.9%	140	$2,113	0.4%
Downtown Seattle	95.4%	190	$2,812	4.0%
East Bellevue/Issaquah	96.9%	160	$2,534	3.4%
East Pierce County	96.0%	180	$1,973	2.1%
Everett	95.3%	120	$1,929	0.7%
Federal Way/Des Moines	97.0%	240	$1,819	-0.2%
Kent/Auburn	95.6%	180	$1,925	0.9%
Kirkland/Bothell	95.9%	30	$2,401	1.7%
Lynnwood/Edmonds/Mukilteo	96.0%	90	$2,074	2.2%
North Seattle/Shoreline	95.9%	180	$1,926	1.8%
North Tacoma	95.7%	210	$1,791	0.2%
Redmond	96.4%	10	$2,502	1.1%
Renton	95.1%	90	$2,104	0.1%
SeaTac/Burien	95.6%	210	$1,761	3.0%
South Lake Union/Queen Anne	95.9%	230	$2,742	3.9%
South Tacoma/University Place	95.1%	90	$1,701	3.0%
Southwest Pierce County	96.3%	190	$1,682	2.5%
University District/Ballard	95.6%	160	$2,278	2.2%
West Bellevue/Mercer Island	96.7%	100	$3,098	4.9%
West Seattle/South Seattle	95.8%	140	$2,074	0.0%

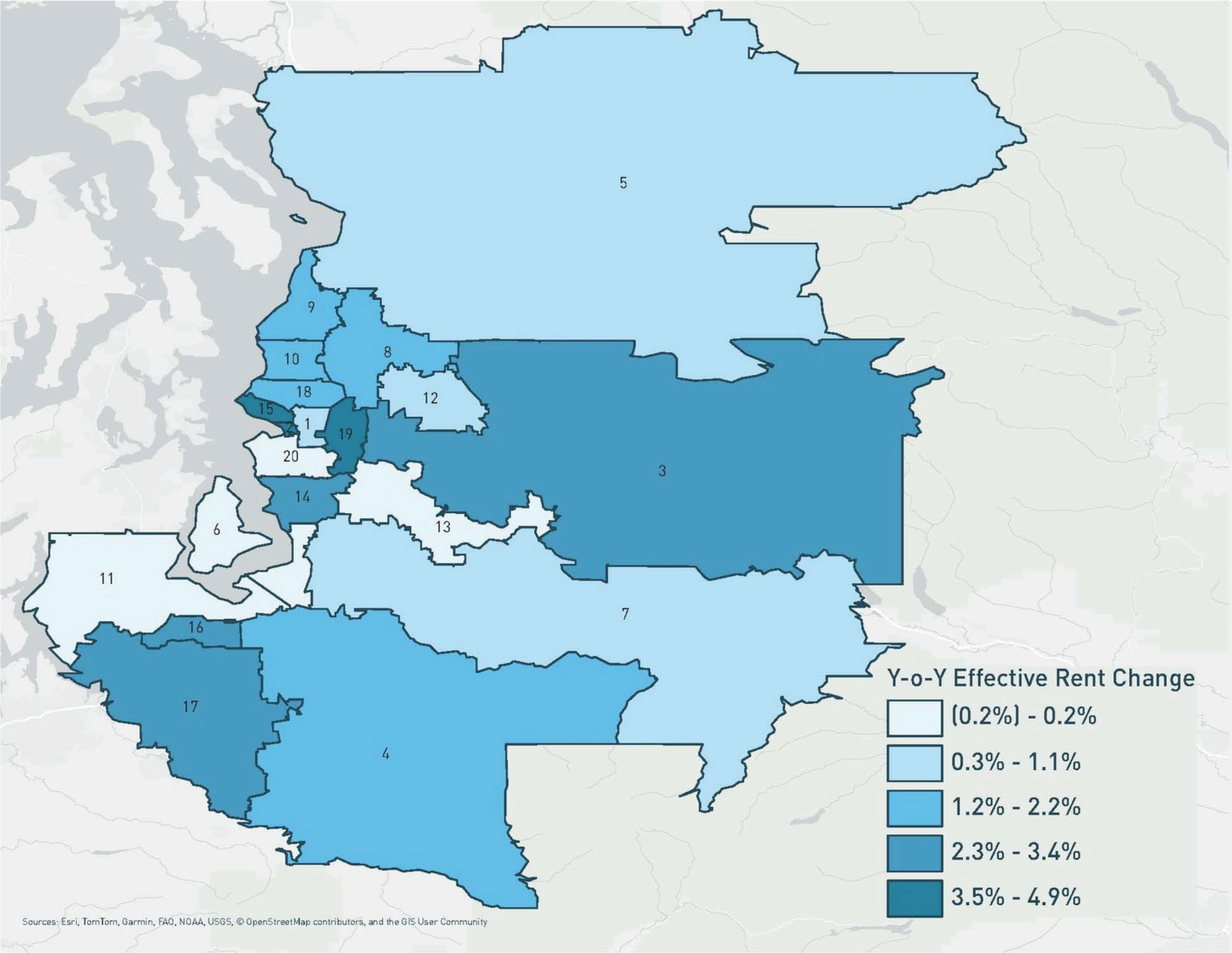
Source: RealPage

Submarket Mid-Year 2025 Annual Inventory Change



Source: RealPage

Submarket Mid-Year 2025 Annual Effective Rent 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

Source: RealPage

Sales

2025 Year to Date*		What's Trading?*	
Volume $1.3B	**Price Per Unit (Avg)** $391,229	**Units (Avg)** 320	**Year Built (Avg)** 1990s
Transactions 11	**Cap Rate (Avg)** 4.8%	**Buildings (Avg)** 20	**Acres (Avg)** 10.17

*$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

Sales

Top Buyers*

Buyer	Location
Sobrato Development	Mountain View, CA
Waterton Associates	Chicago, IL
Kennedy Wilson	Beverly Hills, CA
Kenedix	Chiyoda-ku, JPN
Hulic	Chuo-ku, JPN

Top Sellers*

Seller	Location
Su Development	Bellevue, WA
Vanbarton Group	New York, NY
Sack Properties	San Francisco, CA
DWS Group Americas	New York, NY
Simpson Housing	Denver, CO

*$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

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