



MULTIFAMILY REPORT

Challenging Times In Seattle

Summer 2020

Employment Market Braces for Impact

Transaction Volume Sees Steep Decline

Construction Now at Standstill

SEATTLE MULTIFAMILY



Volatility Projected Across the Metro

Seattle's multifamily market finds itself in a precarious position. Rents have held steady at \$1,908, falling only 0.1% on a trailing three-month basis through August. However, investment volume took a dive to \$670 million in the first eight months of the year—its lowest level in nearly a decade and close to \$2 billion less than the total during the same period in 2019. Although the pandemic has left a large mark on the metro, other factors—most notably a hefty property sales tax increase in January—have compounded the market's challenges.

The Emerald City's economy has struggled due to the pandemic, with gross business revenues down by \$13.4 billion in the first half of 2020. With all employment sectors registering heavy job losses, unemployment soared to 16.1% in April before falling below the national rate to 8.5% in July. Seattle's tech giants are thriving, as both Amazon and Microsoft have reported record profits through the pandemic. However, other sectors face significant challenges ahead, as hospitality and aerospace jobs will likely be impacted even more.

Development slowed across the metro, with fewer than 4,200 units completed through August. Though 22,356 units were underway, we expect some 2,800 units to deliver before year-end. As occupancy softens, rents will likely fall by 2.4% by the end of the year.

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Recent Seattle Transactions

Kiara

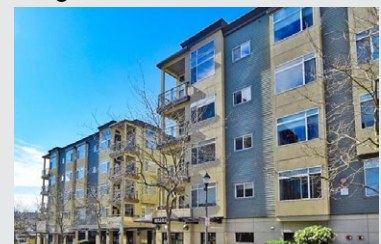
City: Seattle
Buyer: Oxford Properties Group
Purchase Price: \$320 MM
Price per Unit: \$695,652

Waterscape Juanita Village

City: Kirkland, Wash.
Buyer: Stream Real Estate
Purchase Price: \$93 MM
Price per Unit: \$473,135

Alto

City: Seattle
Buyer: Westbrook Partners
Purchase Price: \$66 MM
Price per Unit: \$359,211

Borgata

City: Bellevue, Wash.
Buyer: Stream Real Estate
Purchase Price: \$50 MM
Price per Unit: \$698,451