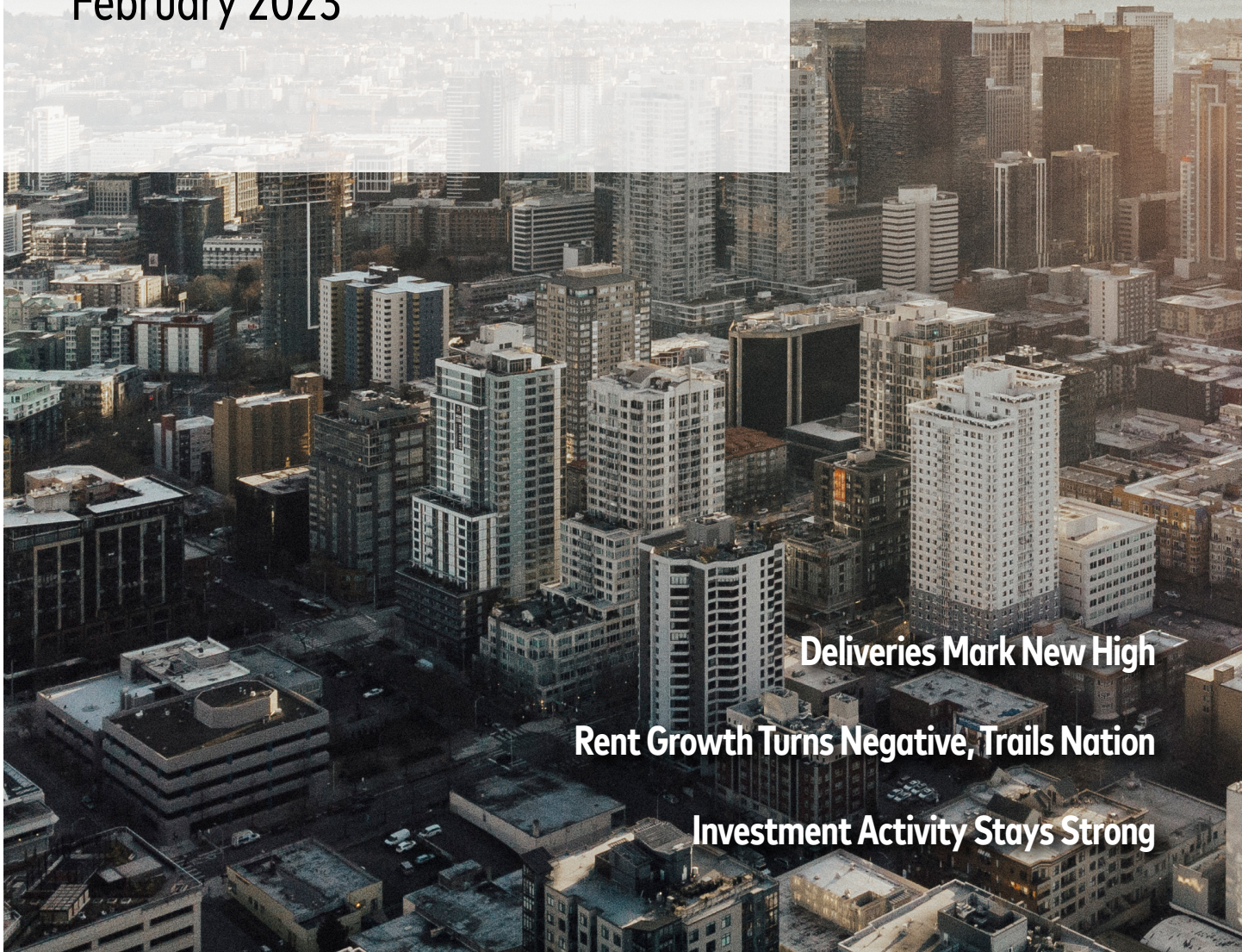




MULTIFAMILY REPORT

Seattle: Uphill Battle

February 2023



Deliveries Mark New High

Rent Growth Turns Negative, Trails Nation

Investment Activity Stays Strong

SEATTLE MULTIFAMILY



Moderating Rents, Solid Demand

Seattle's multifamily fundamentals began moderating in response to the deteriorating economic landscape. Rent growth turned negative in September, and by December, it had posted a 0.6% decline on a trailing three-month basis, outperformed by the 0.2% U.S. rate contraction. Robust stock expansion has played a role, but demand is fairly robust, as the average occupancy rate in stabilized properties declined just 50 basis points year-over-year as of November, to 95.4%.

Seattle's unemployment rate reached pre-pandemic values, at 3.4% in November, outperforming both the state (4.0%) and the U.S. (3.6%), according to preliminary data from the Bureau of Labor Statistics. The job market expanded 5.5%, having added 82,600 jobs in the 12 months ending in October, above the 4.1% U.S. rate. Although leisure and hospitality led gains, up by 14,100 positions, professional and business services and information were not far behind, with 12,800 and 11,800 jobs, respectively.

Developers delivered a record 12,400 units in 2022 and had another 26,400 units underway. Still, the number of construction starts declined from the prior year. Meanwhile, investors traded \$4.4 billion in multifamily assets, which was fairly evenly distributed throughout the year. In addition, the average per-unit price rose 6.1% year-over-year, to \$392,968, well above the \$215,719 U.S. figure.

Market Analysis | February 2023

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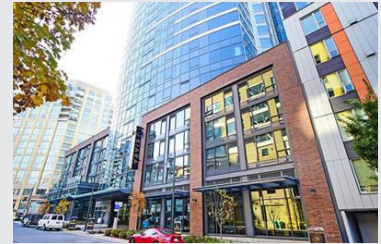
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Recent Seattle Transactions

Kiara



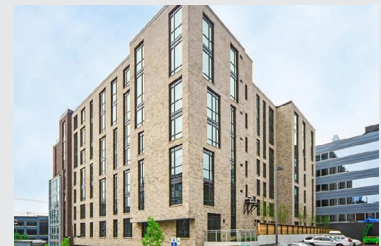
City: Seattle
Buyer: Ponte Gadea
Purchase Price: \$322 MM
Price per Unit: \$700,522

Madison Sammamish



City: Sammamish, Wash.
Buyer: Pacific Urban Investors
Purchase Price: \$114 MM
Price per Unit: \$428,323

624 Yale



City: Seattle
Buyer: Security Properties
Purchase Price: \$104 MM
Price per Unit: \$504,404

The Winsley



City: Everett, Wash.
Buyer: Abacus Capital Group
Purchase Price: \$92 MM
Price per Unit: \$291,139