



MULTIFAMILY REPORT

Seattle Faces Challenges

July 2023

Tech Sector Layoffs Dent Job Growth

Per-Unit Price Still Leads Nation

Deliveries Slow Down

SEATTLE MULTIFAMILY



Demand Still High, But Deliveries Moderate

The Seattle multifamily market has taken a hit due to the overall deteriorating economic landscape, increasing cost of capital and ongoing layoffs in the tech sector. The metro's rent movement turned negative on a year-over-year basis as of May, at -0.9%. That was far below the 2.5% U.S. rate of rent growth. Demand was fairly robust in the metro, with occupancy remaining at 94.9%.

After returning to pre-pandemic values in November of last year, Seattle's unemployment rate kept improving, reaching 3.0% in April, according to preliminary data from the Bureau of Labor Statistics. The job market expanded 3.8% year-over-year as of March, adding 64,300 new jobs. Leisure and hospitality, which was one of the hardest-hit sectors during the pandemic, gained the most new positions (16,100).

Developers only delivered 1,582 units in Seattle in 2023 through May, 0.6% of total rental inventory. After delivering a record 12,400 units in 2022 and nearly doubling the 2.4% U.S. rate of delivery, the percentage of stock in Seattle was in line with the U.S. through the first five months of 2023. The number of construction starts also declined from last year, with only 3,385 units breaking ground this year. Per-unit prices are still among the highest in the nation and well above the national average, although they dropped 21.2% from 2022 averages, to \$307,247 this year.

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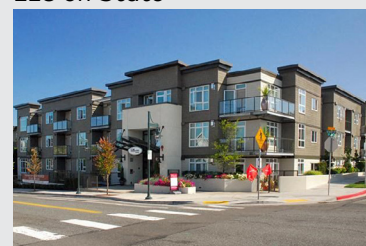
Recent Seattle Transactions

The Lakes



City: Seattle
Buyer: Waterton
Purchase Price: \$102.9 MM
Price per Unit: \$388,396.23

128 on State



City: Seattle
Buyer: Waterton
Purchase Price: \$63.5 MM
Price per Unit: \$516,260.16

Artesia By The Lake



City: Seattle
Buyer: MG Properties
Purchase Price: \$61.5 MM
Price per Unit: \$320,533.33

206 Bell



City: Seattle
Buyer: Weidner Investment
Services
Purchase Price: \$37.5 MM
Price per Unit: \$307,008.20