

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.8% Vacancy Rate	▲ +40 bps	▲
4,694 Net Absorption, units	▲ +1,631 units	▲
\$2.62 Effective Rent, PSF <small>(Overall, All Property Classes)</small>	▲ +\$0.04	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2M Seattle MSA Employment	▲ +24,300 jobs	▲
4.1% Seattle MSA Unemployment Rate	▼ -30 bps	▲
1.6M Seattle MSA Total Households	▲ +1.4%	▲

Source: BLS

ECONOMY: Seattle Metro Area Improving

The Seattle metro area economy witnessed some improvement in the first quarter of 2025, with Amazon's return to a five-day workweek a major influence. Employment increased by 24,300 jobs year-over-year (YOY), bringing the year-to-date (YTD) total to nearly 2.2 million. The unemployment rate dropped 30 basis points (bps) to 4.1%, matching the U.S. rate. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices increased 2.5% YOY, driven by higher food and energy costs, especially gasoline. Minus food and energy, the index rose 2.3% YOY, driven by increases to shelter and other goods and services.

SUPPLY and DEMAND: Units Under Construction Drop YOY

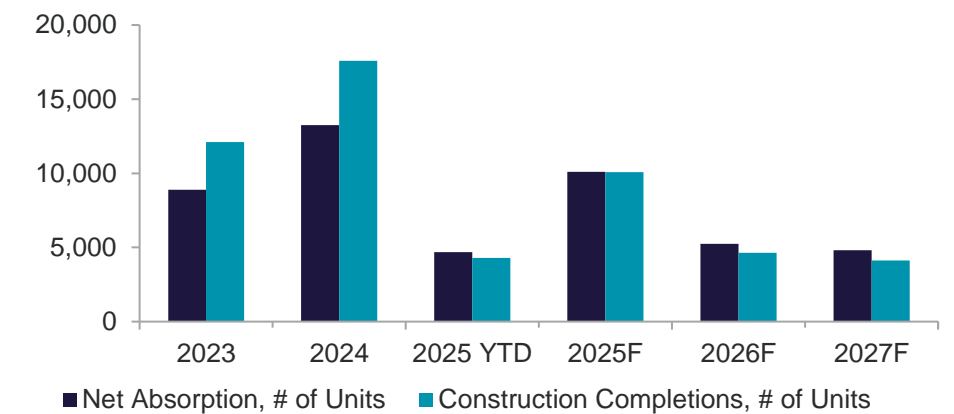
Units under construction in the Puget Sound region fell sharply in the first quarter of 2025, down 41.6% YOY to 18,279. That is the lowest figure since the first quarter of 2015. Deliveries, meanwhile, rose to 4,294 units, up 8.8% YOY, though dropping from the most recent peak of 5,335 units, reached in the third quarter of 2024.

The vacancy rate for the Puget Sound region has been above the 7.0% mark since the third quarter of 2023. It closed the first quarter at 7.8%, down 20 bps from the fourth quarter but up 40 bps from a year ago. Absorption for the quarter was positive in each of the three counties in the region, with King County leading the way at nearly 4,000 units.

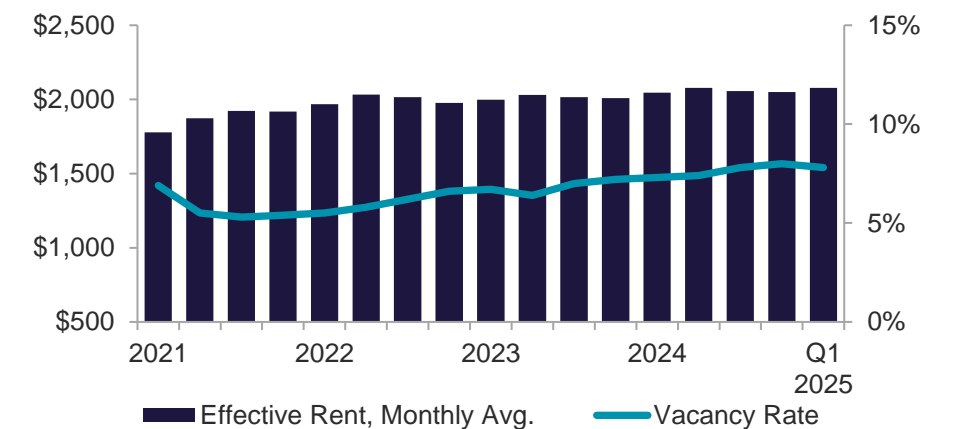
RENTS: Effective Rents Rise YOY

After dropping slightly the past two quarters, effective rents rose somewhat in the first quarter, recording a 1.6% YOY increase. All three counties in the region recorded YOY increases between 1.5% and 1.9%. Rents were highest in King County. Effective rents for the region have been above the \$2,000 per unit mark since the second quarter of 2023, anchored by King County, which has been above that mark since the third quarter of 2021. Snohomish and Pierce Counties have traditionally reported lower effective rents, though Snohomish is on the brink of surpassing the \$2,000 per unit mark.

DEMAND / DELIVERIES 2023-2027



OVERALL VACANCY & EFFECTIVE RENT



Source: CoStar (50+ units), Cushman & Wakefield

This report covers the Puget Sound region, specifically the counties of King, Snohomish, and Pierce

MARKET STATISTICS

COUNTY	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
King County	276,021	3,685	+1.3%	14,622	3,956	7.9%	+40	\$2,168	\$2.82	+1.5%
Snohomish County	58,375	311	+0.5%	2,070	212	7.4%	+60	\$1,986	\$2.29	+1.9%
Pierce County	68,747	298	+0.4%	1,587	526	7.6%	+50	\$1,762	\$2.12	+1.7%
PUGET SOUND TOTAL	403,143	4,294	+0.3%	18,279	4,694	7.8%	+40	\$2,078	\$2.62	+1.6%

KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SALE DATE	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Riverpark Apartments	Downtown Redmond	Jan 2, 2025	Equity Residential / Fairfield Residential	321	\$147.0M / \$457,944
Nimbus Apartments	Downtown Everett	Jan 31, 2025	One Trent / CEP Multifamily	165	\$49.0M / \$296,970
Altitude 104	Parkland	Feb 4, 2025	Goodman Real Estate / Oro Capital Advisors	230	\$40.8 M / \$177,174
The Hawthorne Apartments*	Capitol Hill	Feb 5, 2025	Murray Franklin Development / Felson Companies	63	\$22.0M / \$349,206
Sunrise Lane	Everett	Feb 28, 2025	Weidner Property Management / 11 Capital	131	\$35.2M / \$268,130
Queen Anne Collection**	Queen Anne	Mar 31, 2025	DWS Group / Timberlane Partners	245	\$138.5M / \$565,306

*This was a Cushman & Wakefield transaction; **This transaction included retail space

KEY CONSTRUCTION COMPLETIONS

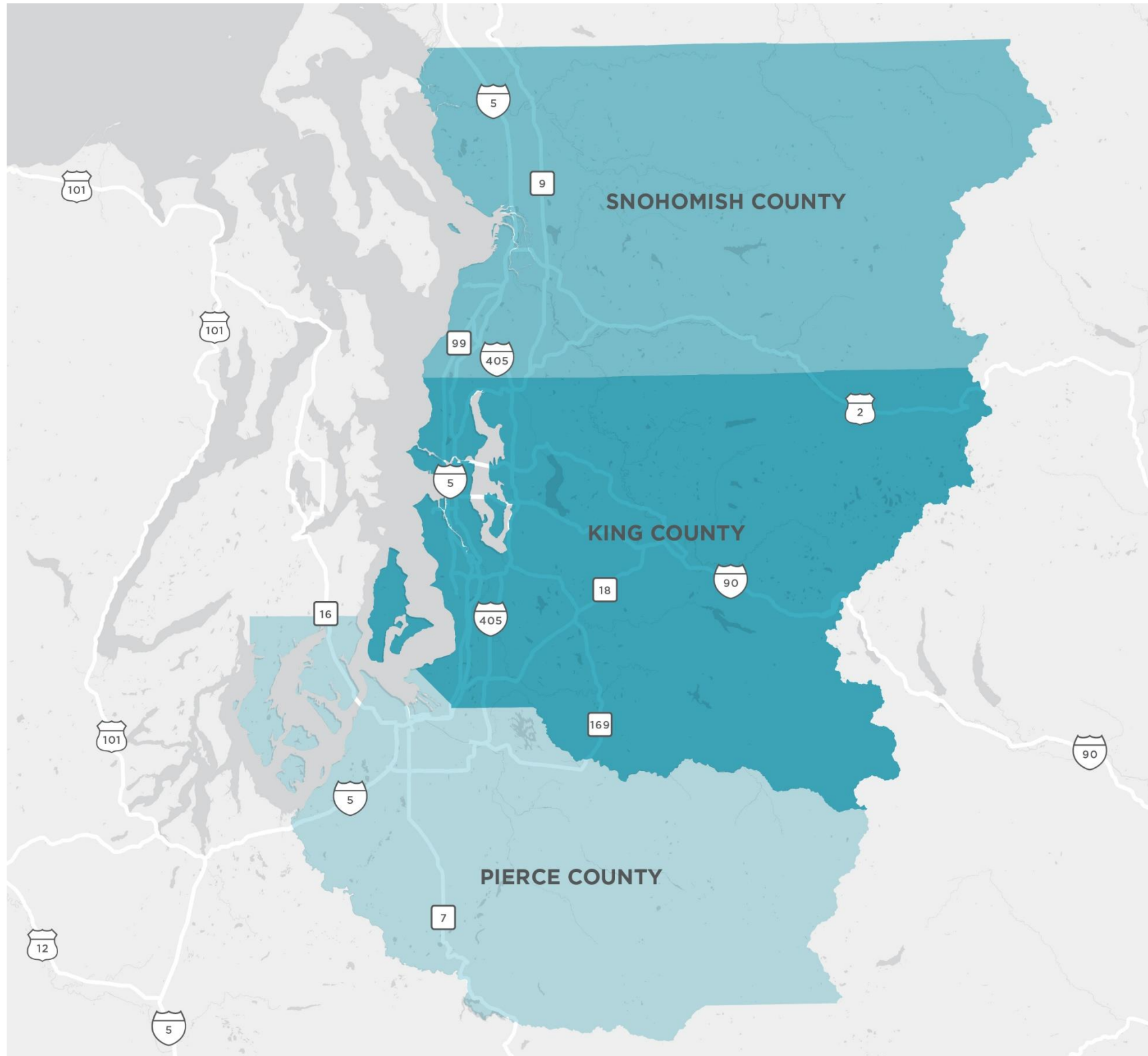
PROPERTY	SUBMARKET	DELIVERY DATE	DEVELOPER	UNITS	PROPERTY TYPE
The Brynn	Totem Lake	Jan 2025	Fairfield Residential	486	Mid-Rise
Alexan Main Street	Downtown Bothell	Jan 2025	Trammell Crow Residential	369	Mid-Rise
Cascara	First Hill	Feb 2025	Vulcan	345	Mid-Rise
Kinect @ Shoreline	Shoreline	Feb 2025	American Capital Group	240	Mid-Rise
The Charles	Downtown Redmond	Mar 2025	Trammell Crow Residential	246	Mid-Rise
Knox	Lynnwood	Mar 2025	Grand Peaks	326	Mid-Rise

MARKET DRIVERS

- Strong population growth in the region over the past year has driven housing demand and will assist in a rise in absorption and drop in vacancy.
- The overall vacancy rate will also benefit from a slowdown in construction.
- At \$2,078 per unit, Seattle is among the more expensive markets in the nation; however, the region still sustains a price advantage over many markets on the West Coast.
- The region’s strong job market and growth in wages has helped in increasing rent costs.

Source: CoStar (50+ units), Cushman & Wakefield

MULTIFAMILY SUBMARKETS



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