

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.4% Vacancy Rate	+40 bps	
9,079 YTD Net Absorption, units	+2,267	
\$2.67 Effective Rent, PSF <small>(Overall, All Property Classes)</small>	+\$0.05	

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2M Seattle MSA Employment	+16,600 jobs	
4.4% Seattle MSA Unemployment Rate	+10 bps	
1.6M Seattle MSA Total Households <small>Source: BLS</small>	+1.3%	

ECONOMY: Seattle Metro Area Improves

The Seattle metro area economy recorded some progress over the past twelve months, with Amazon’s return to a five-day workweek a major influence. Employment improved by 16,600 jobs year-over-year (YOY), bringing the midyear total to nearly 2.2 million. The unemployment rate, however, also rose, up 10 basis points (bps) YOY to 4.4%, just above the U.S. rate of 4.2%. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices increased 1.7% YOY, driven by higher food and energy costs, especially food away from home. Minus food and energy, the index also rose 1.7% YOY, driven by increases to shelter and medical care.

SUPPLY and DEMAND: Construction Slowdown Will Benefit Absorption

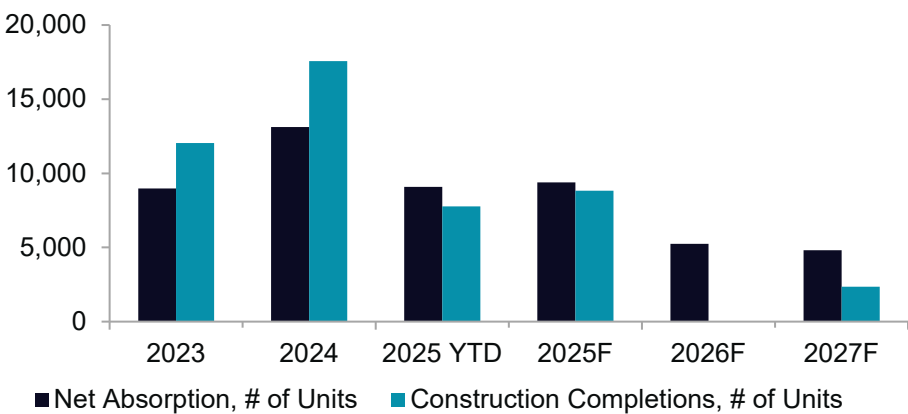
Units under construction in the region fell sharply in the second quarter of 2025, down 95.8% YOY to 735. That is the lowest figure in a decade. The decline was due to both a drop in new projects breaking ground and ongoing projects completing construction. Nearly 3,500 units were added during the quarter, up 0.9% YOY, though down from the most recent peak of 5,335 units, reached in Q3 2024. Deliveries for 2025 are projected to be lower than last year’s figure.

The vacancy rate for the Puget Sound region has been above the 7.0% mark since the fourth quarter of 2023. It closed the second quarter at 7.4%, down 40 bps from the first quarter and matching the rate 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 just over 3,500 units. The metro’s population growth and limited new deliveries will greatly assist absorption, which should continue to rise in the next twelve months.

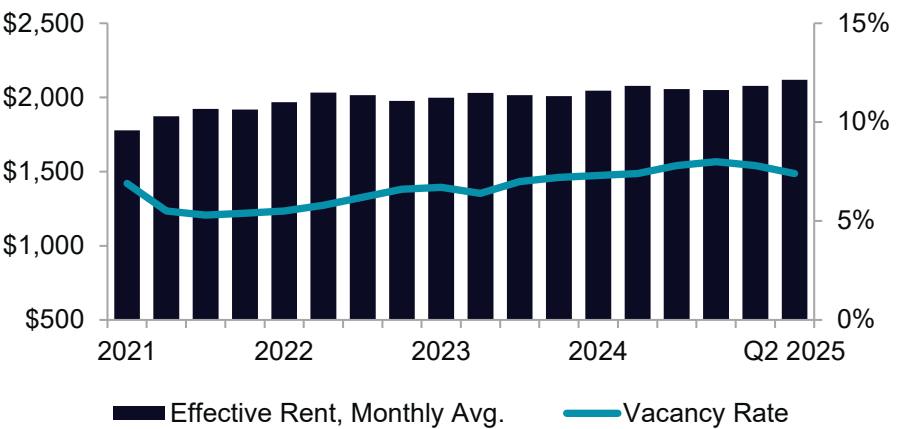
RENTS: Effective Rents Rise YOY

Effective rents rose for the second-straight quarter, recording a 1.8% YOY increase. All three counties in the region recorded YOY increases between 1.1% 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 first quarter of 2023, anchored by King County, which has been above that mark since the second 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	278,372	6,156	-4.7%	639	6,830	7.6%	+10	\$2,215	\$2.88	+1.9%
Snohomish County	58,372	636	+11.4%	96	945	6.7%	-40	\$1,996	\$2.30	+1.1%
Pierce County	69,225	978	-34.7%	0	1,304	7.2%	-40	\$1,789	\$2.15	+1.9%
PUGET SOUND TOTAL	405,969	7,770	-8.9%	735	9,079	7.4%	+10	\$2,118	\$2.67	+1.8%

*Stats may not completely match with National stats

KEY PROPERTY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SALE DATE	SELLER / BUYER	UNITS	PRICE / \$ UNIT
The Timbers at Issaquah Ridge	North Issaquah	Apr 14, 2025	Simpson Property Group / Sterling Investors	337	\$135.5M / \$402,077
Skye at Belltown	Belltown	Apr 21, 2025	AEW Capital Management / Waterton	371	\$102.7M / \$276,819
Soma Towers	Downtown Bellevue	May 1, 2025	Su Development / The Sobrato Organization	273	\$192.9M / \$706,410
Urbana Apartments	Ballard	May 16, 2025	Equity Residential / Carmel Partners	289	\$121.0M / \$418,685
The Ardent**	Mill Creek	Jun 20, 2025	Spokane Indian Housing Authority / PGIM	570	\$162.5M / \$285,088
Sienna & Sienna Park	Tacoma	Jun 30, 2025	Goodman Real Estate / Interstate Equities Corporation	248	\$43.0M / \$173,387

**This was a ground lease (leasehold)

KEY LAND SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SALE DATE	SELLER / BUYER	UNITS	PRICE / \$ SF
MSR Assemblage (8 lots)***	Shoreline	Apr 22, 2025	Various sellers / MSR Communities	300	\$9.6M / \$187.84
3617 Woodland Park Ave N	Fremont	Mar 21, 2025	It's My Party LLC / Tributary Investments	n/a	\$2.3M / \$357.69
914 79 th Ave SE	Lake Stevens	May 21, 2025	June C. Henry Trust / Theodros Ashenafi	n/a	\$815K / \$12.99

***One of the 8 lots sold on Nov 27, 2024

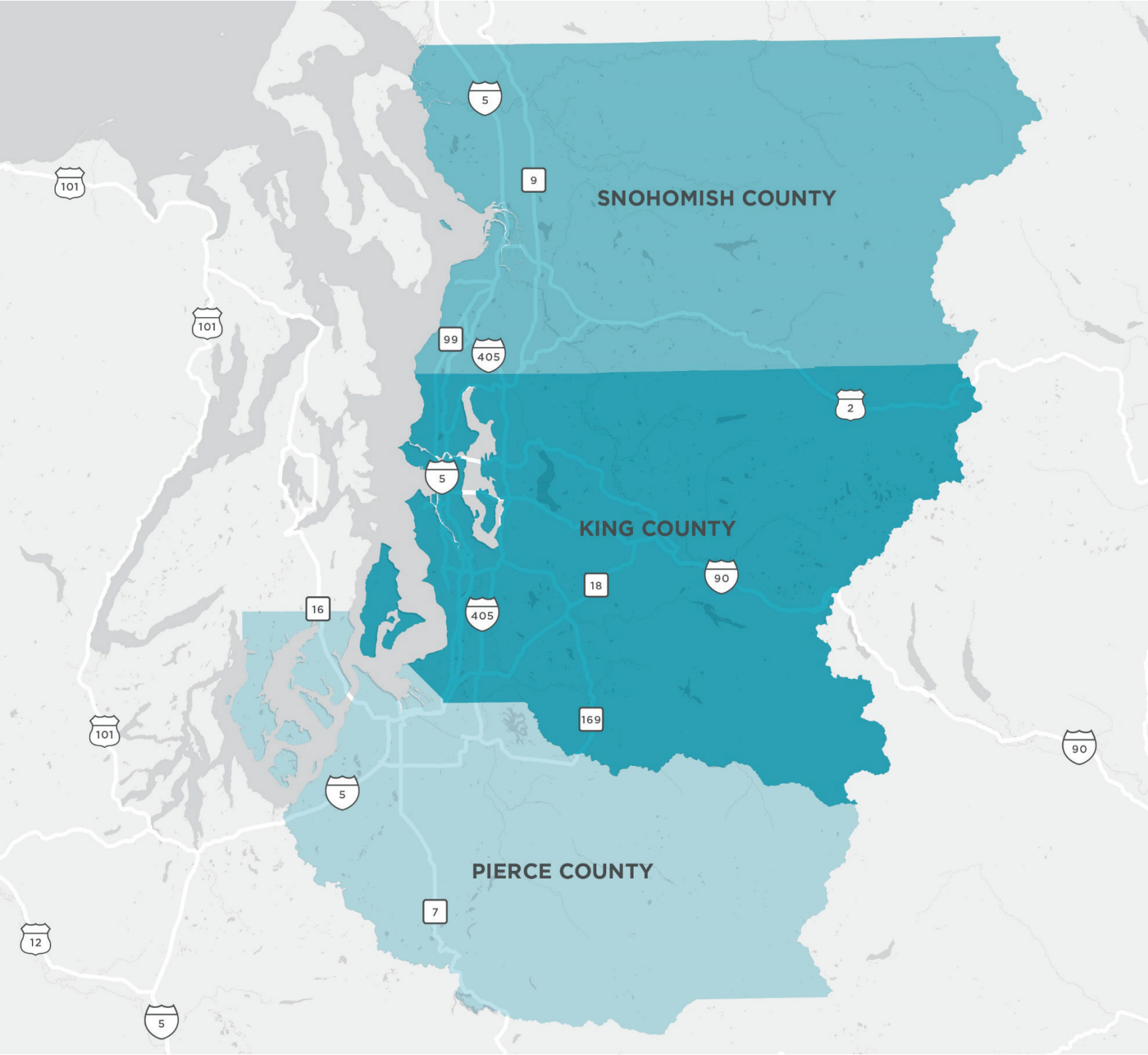
KEY CONSTRUCTION COMPLETIONS Q2 2025

PROPERTY	SUBMARKET	DELIVERY DATE	DEVELOPER	UNITS	PROPERTY TYPE
900 Rainier	Atlantic	Apr 2025	Nitze-Stagen	397	Mid-Rise
Eastline Central at Redmond Square	Downtown Redmond	Apr 2025	Legacy Partners Residential	312	Mid-Rise
Eastrail Flats	Town Center King Co.	May 2025	Loja Group	270	Mid-Rise
The Camden	Downtown Tacoma	May 2025	Grandview Management Services	178	Mid-Rise
Broadstone Vega	Downtown Redmond	Jun 2025	Alliance Residential	425	Mid-Rise
Copal	Bel-Red	Jun 2025	Legacy Partners Residential	288	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 market will also benefit from a slowdown in construction.
- At \$2,118 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 robust job market and growth in wages has helped in increasing rent costs.

MULTIFAMILY SUBMARKETS



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