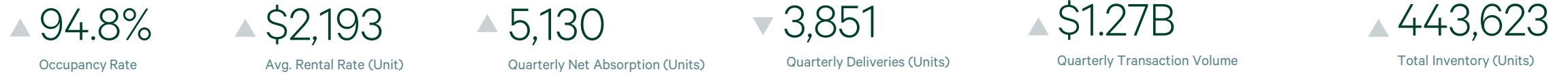


FIGURES | PUGET SOUND MULTIFAMILY | Q3 2024

# Puget Sound Multifamily: Resilient Demand and Rising Confidence

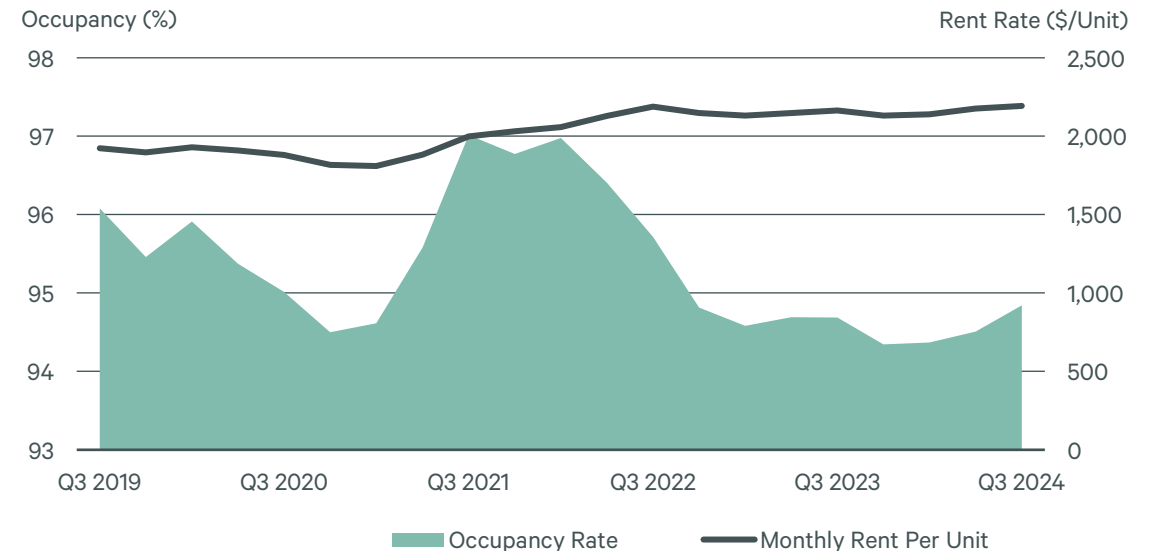


Note: Arrows indicate change from previous quarter unless otherwise indicated.

## MARKET SUMMARY

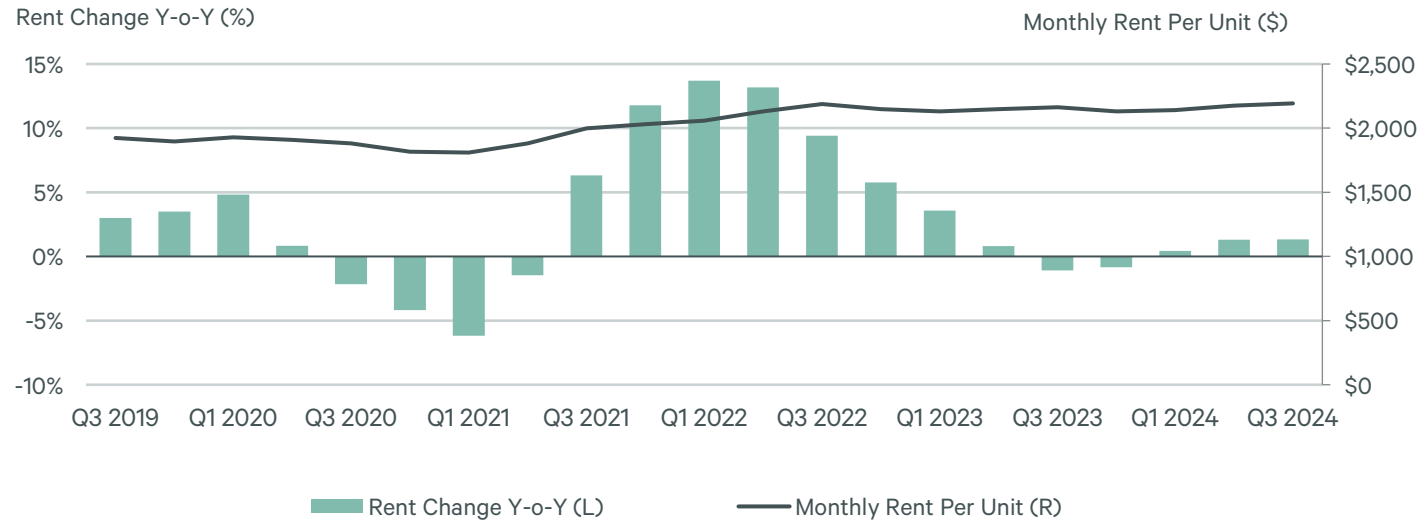
- The Seattle multifamily market continued to demonstrate resilience in Q3 2024, with over 5,000 units absorbed and 3,851 new units delivered, balancing new supply with steady demand (see Figure 5) and strong investment activity.
- Rent growth remained positive, with a 1.3% year-over-year increase, lifting the average monthly rent to \$2,193 per unit per month. Post-COVID recovery is evident, with 17% rent growth over the past four years. Market-wide occupancy remains solid at 94.8% (see Figure 1).
- The City has experienced 39% population growth since 2005 (from 572,587 to 797,700), primarily driven by tech sector expansion. Seattle Metro’s annual population growth is forecasted to be highest among the 15 most populous MSAs in the US (see Figure 8).
- Investment sales picked up and ended the quarter with over \$1.2 billion in transactions (see Figure 10). The trailing four-quarter average sale price remained steady at \$301,481 per unit (see Figure 11). This increase reflects renewed investor confidence in the market’s long-term fundamentals, particularly given Seattle’s position as a tech hub with a highly-educated workforce.

FIGURE 1: Occupancy and Average Asking Rental Rate



Source: CBRE Research, CBRE Econometric Advisors, Q3 2024

FIGURE 2: Rent Change Year over Year



Source: CBRE Research, CBRE Econometric Advisors, Q3 2024.

FIGURE 3: Top 5 Submarkets by Rent Growth



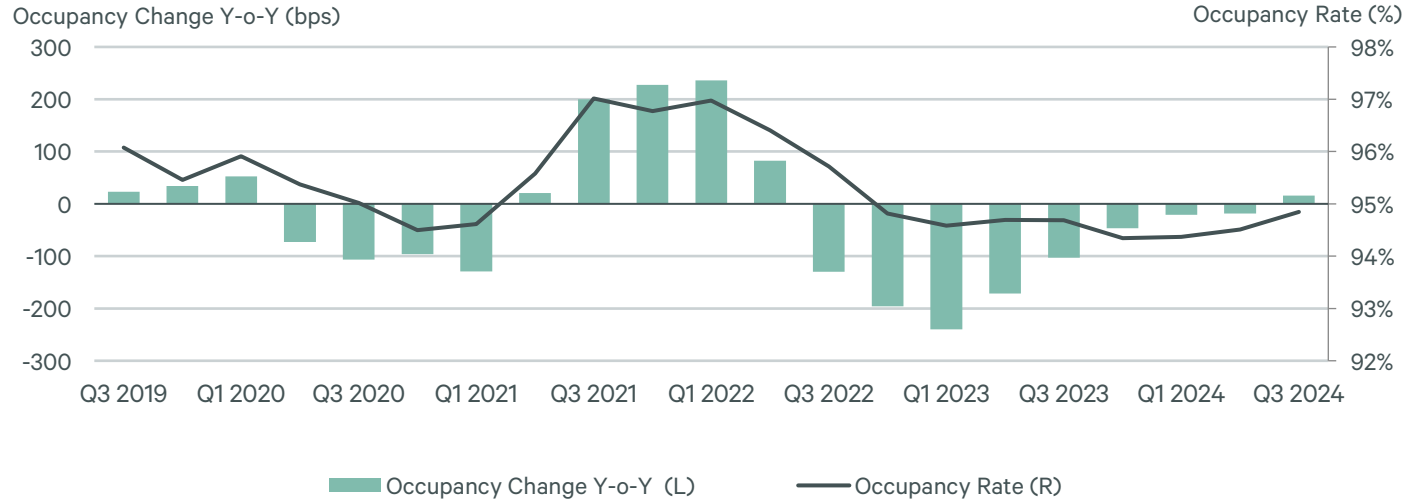
Source: CBRE Research, CBRE Econometric Advisors, Q3 2024.

## Market Fundamentals

- Regional rent growth maintained positive momentum, increasing by 0.8% quarter-over-quarter and 1.3% year-over-year. The average monthly rent stood at \$2,193 in Q3 2024.

- Fifteen of nineteen submarkets in the Puget Sound region have shown positive year-over-year rent growth. This was led by West Bellevue/Mercer Island and South Tacoma/University Place.

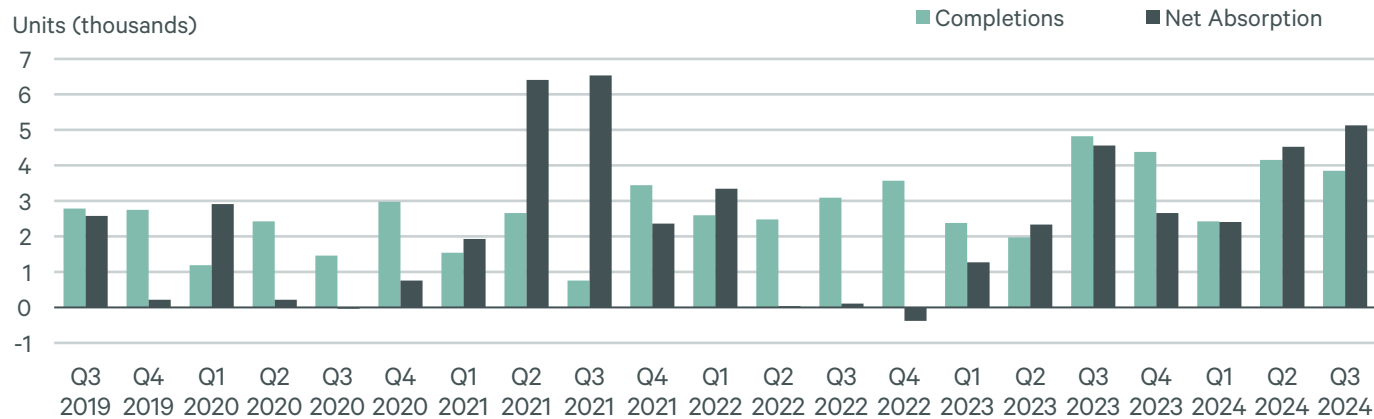
FIGURE 4: Occupancy Rate Change Year over Year



Source: CBRE Research, CBRE Econometric Advisors, Q3 2024.

- The Puget Sound region’s multifamily occupancy rate remained solid at 94.8% in Q3 2024, despite a surge in new supply. Redmond and Kirkland/Bothell had the highest occupancy rates among Seattle’s nineteen submarkets at around 96%, while Capitol Hill/Central District was the only submarket below 94%.

FIGURE 5: Completions and Absorption

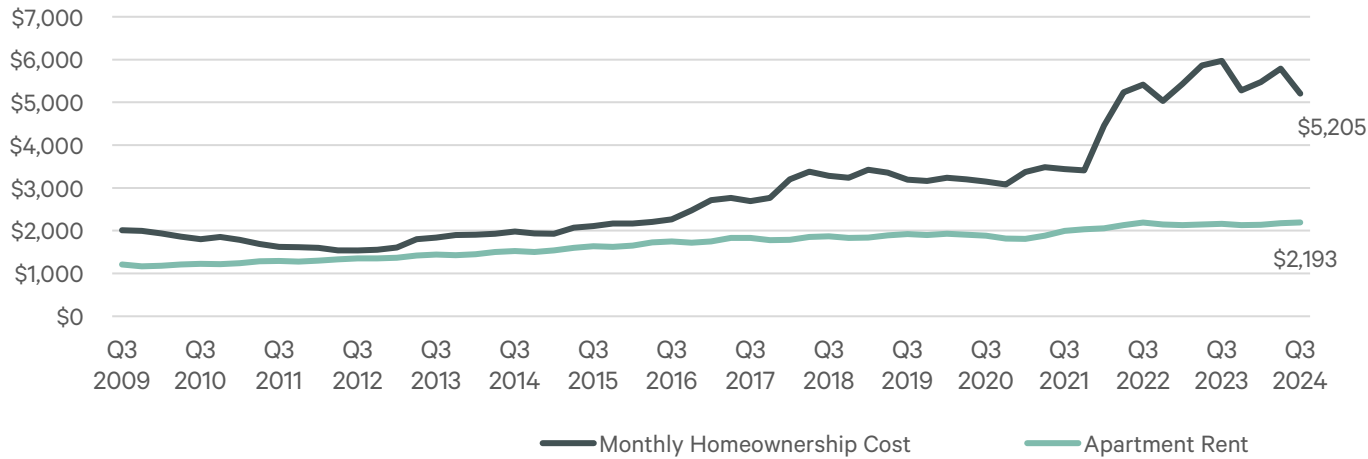


- Renter demand continued its rebound from the prior year, remaining robust with 5,130 units absorbed in Q3, significantly surpassing the new supply delivered of 3,851 units. Compared to last quarter, the region experienced a 7% decline in new deliveries, reflecting caution amid economic volatility.

\*Net Absorption: The change in occupied units from one period to the next, recognized at the tenant move-in date.

Source: CBRE Research, CBRE Econometric Advisors, Q3 2024.

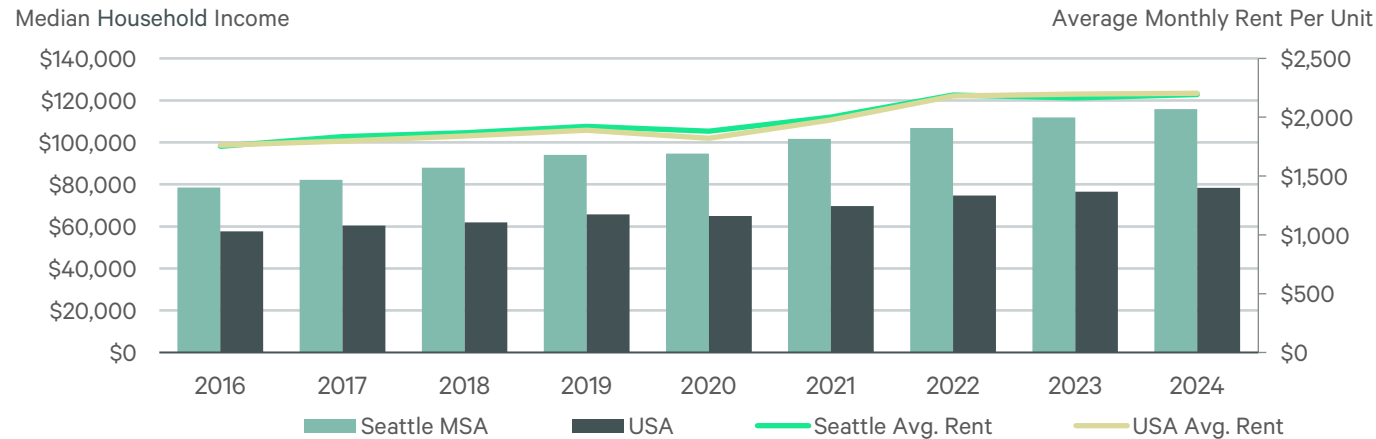
FIGURE 6: Monthly Rental Payment and Monthly Homeownership Cost



- Homeownership costs in the Seattle metro area remain over two times higher than renting. Limited for-sale inventory and high mortgage costs are driving up the number of households renting by necessity.

\*Monthly homeownership cost was derived from the median single-family home price, with a 10% down payment, and current 30-year fixed mortgage rate. Source: CBRE PNW Multifamily, Q3 2024.

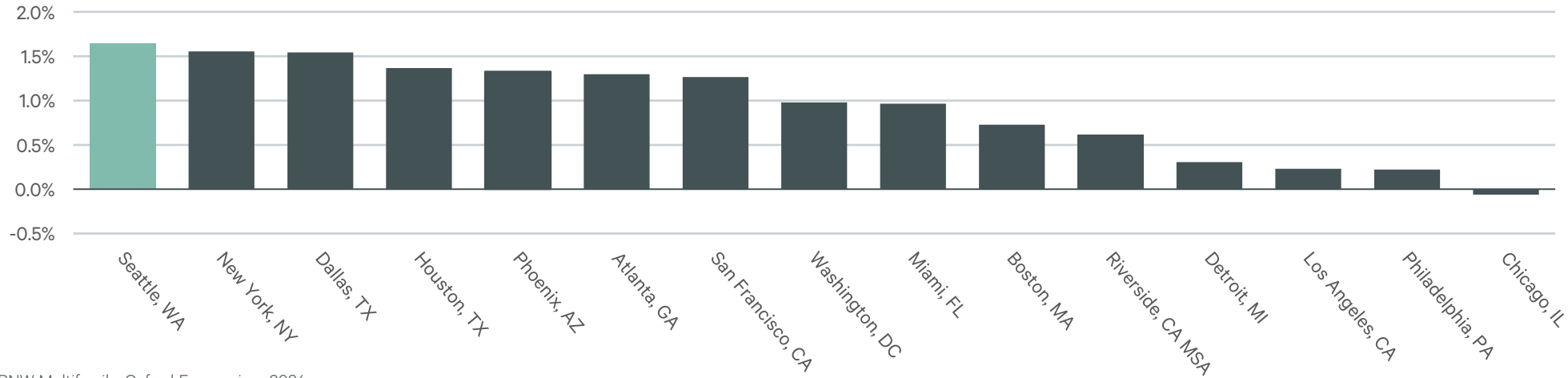
FIGURE 7: Median Household Income and National Comparison



- The Seattle metro area maintained a healthy rental affordability index, evidenced by a median household income of \$115,900, which is well above the national median income of \$78,410. Average monthly rents remained below the national weighted average.

\*EA's national average rent is a weighted calculation of 64 largest multifamily markets, with Seattle Metro ranking 17<sup>th</sup> most expensive. Source: CBRE PNW Multifamily, Oxford Economics, Q3 2024.

FIGURE 8: Forecasted Population Growth among the 15 Most Populous MSAs in US



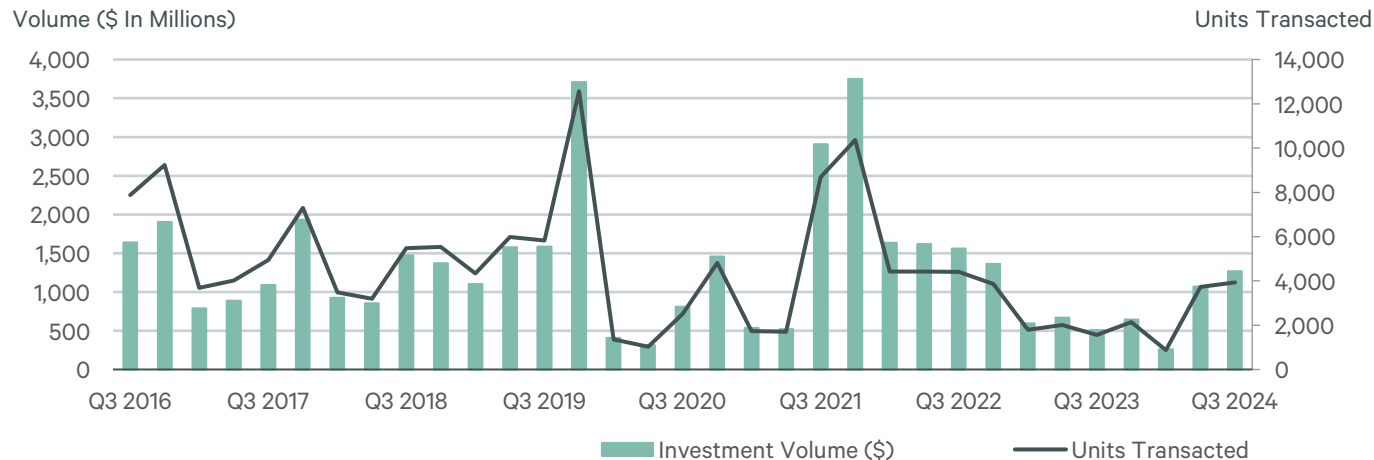
Source: CBRE PNW Multifamily, Oxford Economics, 2024.

FIGURE 9: Notable Transactions

Property Name	City	Units	Year Built	Price	Sale Price (\$/Unit)	Sale Price(\$/SF)	Sale Date
Skyglass	Seattle	338	2024	\$175M	\$517,751	\$783	Jul-2024
Alaire Apartment Homes	Renton	357	1988	\$108.5M	\$303,922	\$256	Aug-2024
Driftwood (FKA Avante)	Kent	382	1977	\$92.7M	\$242,670	\$362	Sep-2024
Elan Uptown Flats	Seattle	182	2018	\$75.8M	\$416,484	\$540	Sep-2024
Windsor Juanita Bay (FKA Heronfield)	Kirkland	202	1990	\$73.35M	\$363,119	\$387	Aug-2024
Sky Sammamish	Sammamish	159	2018	\$70.25M	\$441,824	\$477	Aug-2024

Source: CBRE PNW Multifamily, Real Capital Analytics, Q3 2024

FIGURE 10: Transaction Volume

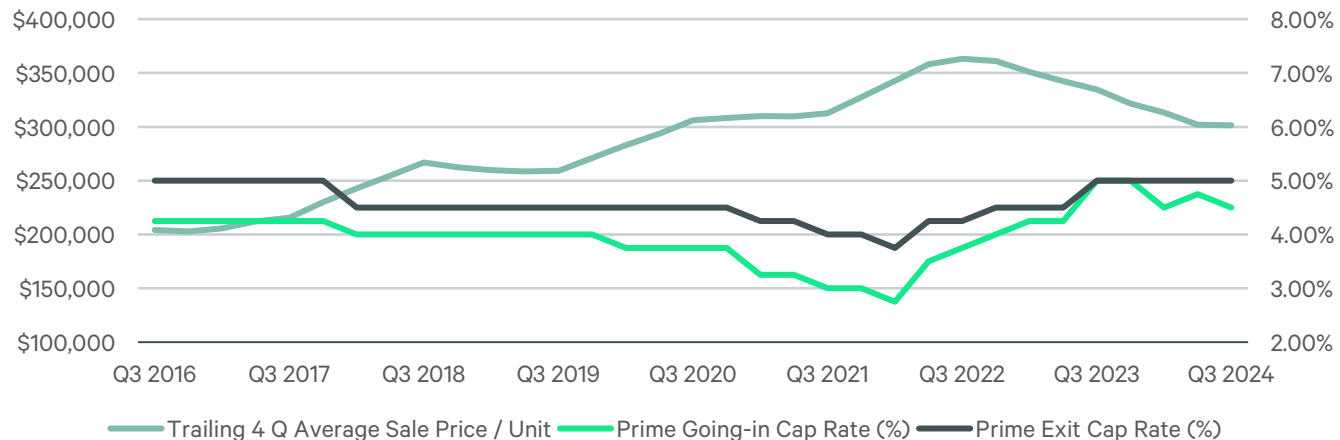


### Investment Sales

- Multifamily sales volume in the Puget Sound region increased to \$1.27 billion in Q3 2024, a 150% year-over-year rise, though still lower than 2022 levels. Year-to-date investment volume was plagued by higher interest rates, lack of debt availability and a general mood of uncertainty.

Source: CBRE PNW Multifamily, Real Capital Analytics, Q3 2024.

FIGURE 11: Puget Sound Trailing Average Sale Price per Unit vs. Prime Cap Rate



- The average sale price for apartments in the Puget Sound area stabilized in Q3 2024, with the trailing four-quarter average price per unit at \$301,481, consistent with the previous trailing quarter. The spread between going-in and exit cap rates for prime assets widened slightly to 50 basis points (bps) in Q3, signaling that the multifamily market may be moving past prolonged stabilization and on a path toward value recovery.

\*Estimates of current buyer underwriting assumptions for the highest quality asset in the best location of the market. Estimates are based on opinion of local CBRE Investment professionals.

Source: CBRE PNW Multifamily, Real Capital Analytics, Q3 2024.

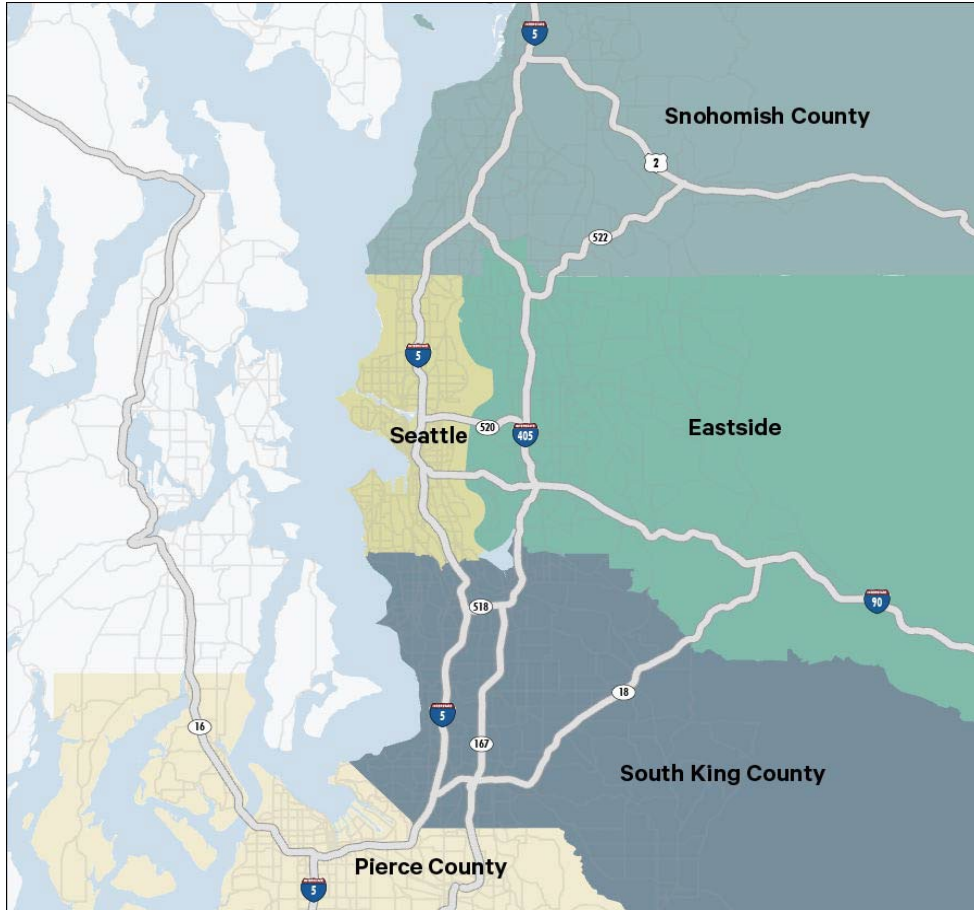
FIGURE 12: Market Statistics by Submarket

SUBMARKET	Inventory (Units)	Vacancy Rate (%)	Q3 Absorption (Units)	Avg. Rent (\$/Unit)	Avg. Rent (\$/SF)	YoY Rent Growth (%)	YTD Net Absorption (Units)	YTD Deliveries (Units)
Close-in Seattle (Belltown, Downtown, Pioneer Square, Denny Triangle)	31,373	5.5	718	2,664	3.69	0.2	685	495
South Lake Union / Queen Anne / Interbay / Magnolia	27,359	5.2	271	2,658	3.60	0.3	626	398
Capitol Hill / Eastlake / First Hill / Central	41,971	6.6	460	2,110	3.24	-2.2	1,897	1,901
University District / Greenlake / Wallingford / Fremont / Ballard	41,491	5.5	479	2,249	3.46	0.3	1,123	1,052
North Seattle / Shoreline	22,860	5.3	1,034	1,910	2.49	0.8	1,239	1,125
West Seattle / South Seattle	20,885	5.0	120	2,146	3.00	1.4	560	402
<b>Seattle</b>	<b>185,939</b>	<b>5.6</b>	<b>3,082</b>	<b>2,294</b>	<b>3.29</b>	<b>-0.2</b>	<b>6,130</b>	<b>5,373</b>
Redmond	18,189	3.9	423	2,501	2.88	3.9	1,420	1,393
Bellevue / Issaquah / Newcastle	31,822	4.6	119	2,689	2.88	7.2	421	220
Kirkland / Bothell / Woodinville	25,790	4.2	379	2,390	2.65	1.8	1,026	869
<b>Eastside</b>	<b>75,801</b>	<b>4.3</b>	<b>921</b>	<b>2,542</b>	<b>2.80</b>	<b>5.0</b>	<b>2,867</b>	<b>2,482</b>
Everett	28,100	5.7	113	1,921	2.23	1.2	114	95
Lynnwood / Edmonds / Mukilteo	21,743	4.4	388	2,050	2.36	1.3	832	707
<b>Snohomish County</b>	<b>49,843</b>	<b>5.2</b>	<b>501</b>	<b>1,977</b>	<b>2.29</b>	<b>1.3</b>	<b>946</b>	<b>802</b>
SeaTac / Burien	15,629	5.5	138	1,727	2.17	0.6	(40)	12
Renton	15,212	5.7	11	2,113	2.34	-0.1	11	-
Federal Way / Des Moines	15,558	5.3	111	1,811	2.10	-0.7	179	238
Kent / Auburn	25,314	5.6	127	1,892	2.13	-0.2	339	194
<b>South King County</b>	<b>71,713</b>	<b>5.5</b>	<b>387</b>	<b>1,885</b>	<b>2.18</b>	<b>-0.3</b>	<b>489</b>	<b>444</b>
South Tacoma / University Place	10,216	4.8	140	1,672	1.95	4.1	445	327
North Tacoma	21,037	5.5	194	1,815	2.37	2.8	790	812
East Pierce County	12,683	5.4	73	1,924	2.01	1.1	219	168
Southwest Pierce County	16,391	5.6	(1)	1,649	2.01	2.4	64	24
<b>Pierce County</b>	<b>60,327</b>	<b>5.4</b>	<b>406</b>	<b>1,769</b>	<b>2.11</b>	<b>2.9</b>	<b>1,518</b>	<b>1,331</b>
<b>Puget Sound Total</b>	<b>443,623</b>	<b>5.2</b>	<b>5,130</b>	<b>2,193</b>	<b>2.67</b>	<b>1.3</b>	<b>12,060</b>	<b>10,432</b>

\*Note: The vacancy rate in this table represents the vacancy rate of stabilized units.

Source: CBRE Research, CBRE Econometric Advisors, Q3 2024

## Market Area Overview



### Definitions

Net Absorption: The change in occupied units from one period to the next, recognized at the tenant move-in date.

Vacancy: Stabilized apartment units that are physically vacant.

### Survey Criteria

Includes market-rate apartment buildings five units and greater in size in Seattle, Eastside, South King County, Snohomish County, and Pierce County. Includes buildings for which construction has begun as evidenced by site excavation or foundation work.

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