THE MOGHAREBI GROUP
MULTIFAMILY INVESTMENT ADVISORY

MULTIFAMILY MID- YEAR MARKET REPORT

SEATTLE

SEATTLE MARKET

Sustainable High Growth Market The Seattle Metro includes a 40-mile radius from the Downtown area and has been one of the fastest growing markets over the past 10 years. The market is in the top 10 in the nation, with rents growing by 8% year-over-year. However, more impressively, rent growth has outpaced the high-growth markets of San Francisco, San Jose, and Los Angeles. The region has also developed into one of the most diverse economies and is home to some of the largest technology companies, including Amazon and Microsoft, providing stability to the housing market.

Despite the strong rent growth seen in Seattle, year-over-year occupancy dropped by -0.39% to an overall occupancy rate of 94.3%. This places the Seattle submarket slightly ahead of the overall Washington average of 94.1%, with a -1.62% year-over-year decline and 0.7% more vacancy than the nationwide rate of 5%.

Market Rents 2022 has seen market asking rents continue to rise throughout Washington. In Seattle, the rate/SF increased 10% to $2.54/SF. While Seattle has led the way in price, markets such as Kennewick-Richland (8%), Mount Vernon (9%), and Olympia (9%) have kept pace in year-over-year rent/SF growth.

Investment opportunities have developed in outside markets, and investors are leveraging affordability and changing work-life demands among tenants. This can be seen in Market Asking Rent/Unit, where rents are now upwards of $1,500/unit in less metro-markets like Bremerton ($1,788), Olympia ($1,622/Unit), and Wenatchee ($1,622/Unit). However, at $2,015/Unit, Seattle remains the costliest rental market in the state.

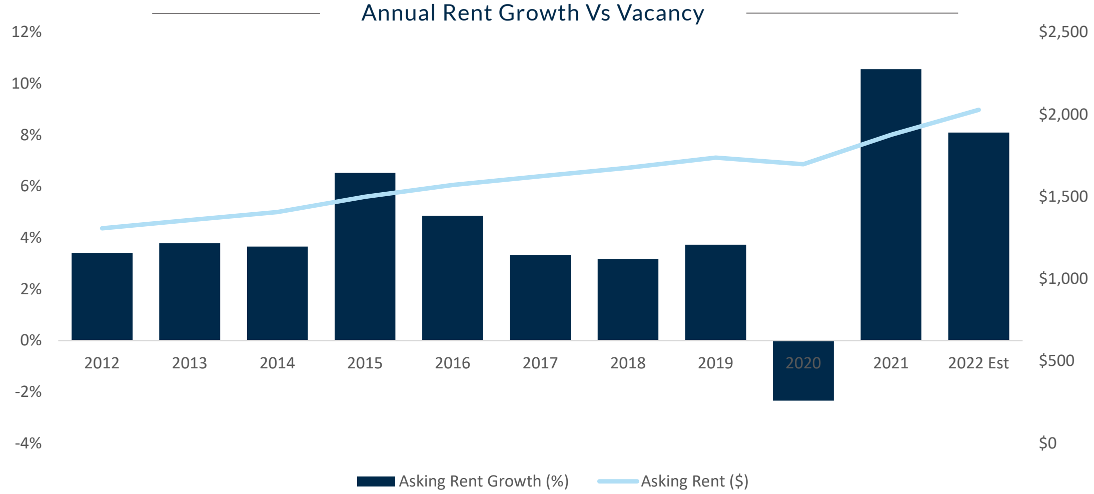
Record Number in Construction Among major metros, Seattle's multi-family construction pipeline is one of the largest in the nation with nearly 23,000 units under construction. Over the past 5 years Seattle's population has grown 7.20%, creating a strong demand for new housing. In the past 12 months, new deliveries have topped 12,500 units, with nearly 5,500 units delivered in the second quarter alone.

Behind Seattle, the Bremerton, Olympia, and Spokane markets have seen the newest development. In Bremerton, 601 units are under construction, and 292 have been delivered in the past 12 months. Olympia currently has 845 units under construction and delivered nearly 350 units over the past 12 months. And in Spokane, those totals are even higher, where over 1,500 units are currently under construction, with 835 units delivered in the past 12 months. Not surprisingly, this demand for new development stems from large population increases. Over the past 5 years the population in Olympia has grown by 10.80%, and in Spokane, it has grown 9.80%

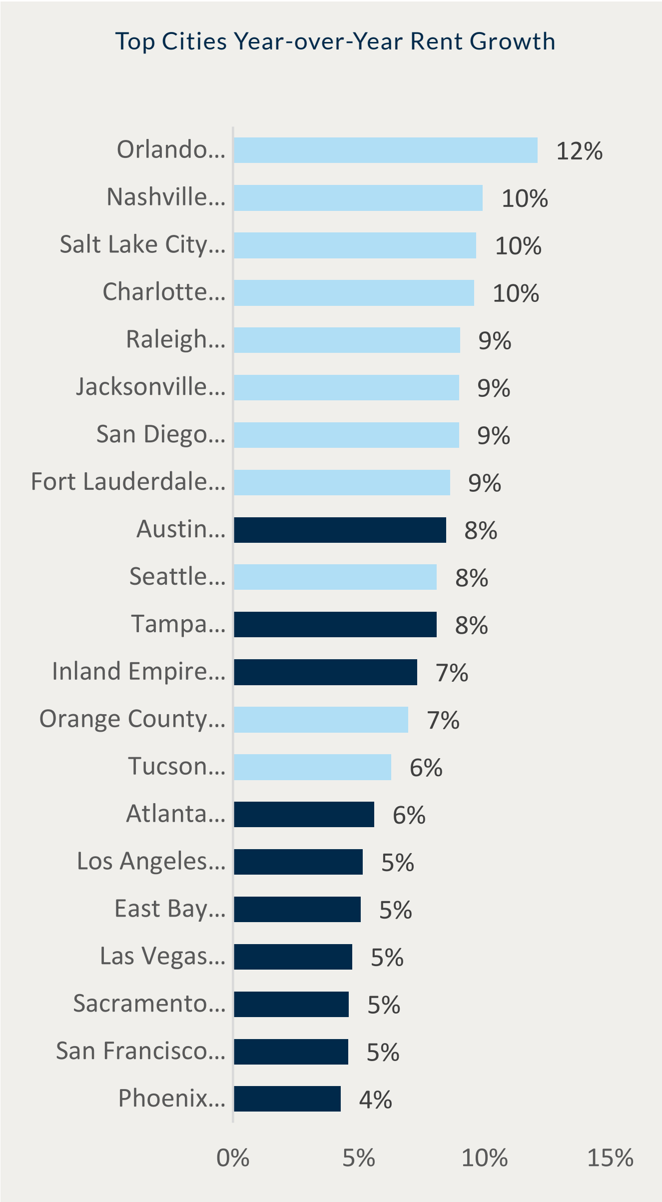
Steady Sales Activity Over the past 12 months, sales activity throughout Washington has remained relatively stable. In total, there were 310 recorded transactions, with 27 occurring in the second quarter. As the major metro hub in Washington, Seattle led the way with 230 recorded transactions, equating to almost 75% of the statewide volume. At $421,313/Unit, Seattle also had the state's highest sale price/unit. Second to Seattle in terms of transaction volume was Spokane, where 29 transactions were recorded at an average $/unit of $179,368. Following Spokane was Olympia (11), Bremerton (10), Longview (9), Yakima (9), Kennewick-Richland (5), Mount Vernon (3), Wenatchee (3), and Walla Walla (1). Following Seattle in average sale price/unit was Olympia ($269,894/Unit), Bremerton ($258,117/unit), Wenatchee ($229,209/unit), Mount Vernon ($226,847/unit), Walla Walla ($209,601/unit), Kennewick-Richland ($196,408/unit), Spokane ($179,368/unit), Longview ($134,750/unit), and lastly Yakima ($118,449/unit). Apart from Wenatchee and Longview, the remaining Washington markets have all yielded double-digit increases in price/unit over the past year. Kennewick-Richland topped the list at 19%.

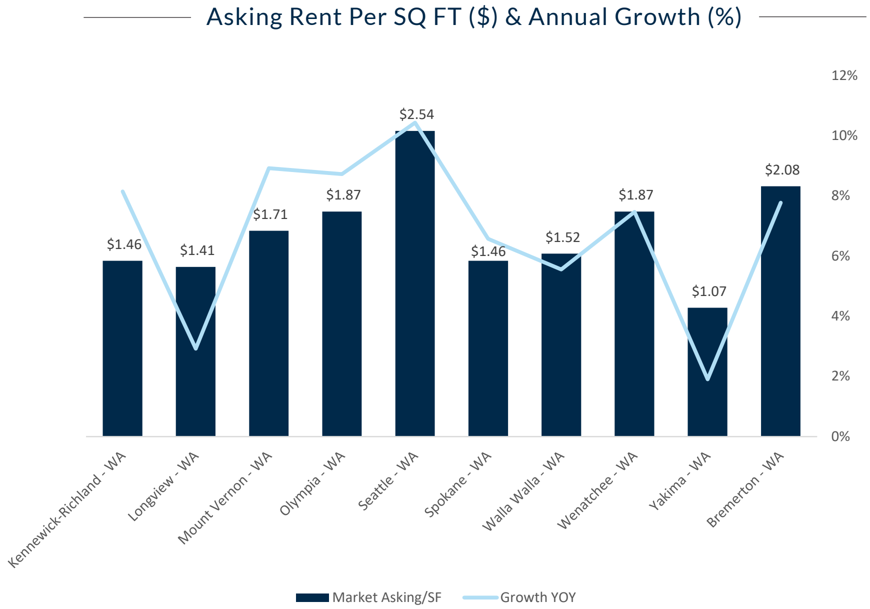
MARKET SNAPSHOT

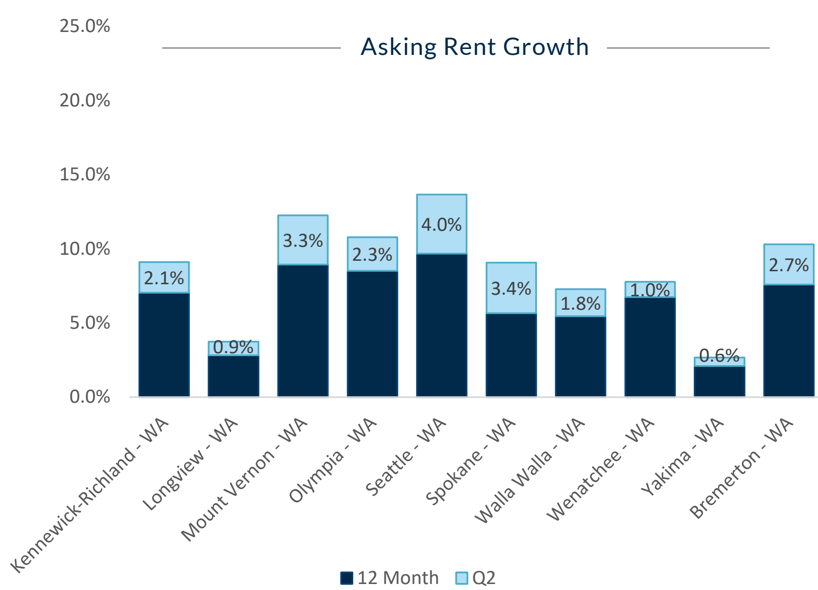
	TOTAL	CHANGE
INVENTORY UNITS	368,623	+ 314 bps
UNDER CONSTRUCTION	22,733	+ 3.4%
ABSORPTION	3,160	- 55.6%
OCCUPANCY	94.5%	-17 bps
AVG RENT/UNIT	$2,014	9.4%
AVG SALE PRICE/UNIT	$256k	10.7%
AVG CAP RATE	4.80%	- 212 bps



Sources: The Mogharebi Group Research Services; CoStar Group, Inc.; Yardi Matrix; U.S. Census Bureau.







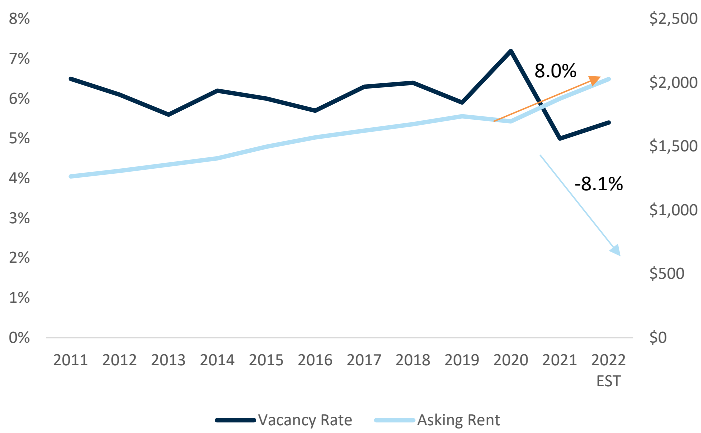
MARKET OVERVIEW TABLE

	OCCUPANCY			EFFECTIVE RENT			NET ABSORPTION		DELIVERED UNITS	
SUBMARKET NAME	**2022 Q2**	**Q/Q CHANGE**	**Y/Y CHANGE**	**2022 Q2**	**Q/Q CHANGE**	**Y/Y CHANGE**	**2022 Q2**	**ANNUAL**	**2022 Q2**	**ANNUAL**
Kennewick-Richland - WA	96.1%	27 bps	24 bps	$1,307	2.7%	7.8%	31	27	0	1,832
Longview - WA	96.8%	-11 bps	61 bps	$1,137	1.0%	2.9%	-3	17	0	60
Mount Vernon - WA	98.8%	24 bps	-48 bps	$1,451	3.1%	8.8%	5	86	0	435
Olympia - WA	96.1%	-7 bps	-92 bps	$1,622	2.4%	8.6%	158	186	176	3,377
Seattle - WA	94.3%	-61 bps	-39 bps	$2,015	4.2%	9.5%	3,693	10,593	6,150	71,549
Spokane - WA	94.9%	-48 bps	-201 bps	$1,309	3.4%	5.9%	103	56	305	3,588
Walla Walla - WA	81.5%	-1576 bps	-743 bps	$1,129	1.8%	5.5%	10	94	192	513
Wenatchee - WA	91.8%	-82 bps	-282 bps	$1,622	0.7%	7.5%	29	117	50	984
Yakima - WA	94.9%	-15 bps	-118 bps	$889	0.6%	2.4%	-8	-67	0	286
Bremerton - WA	95.7%	36 bps	-184 bps	$1,788	2.7%	7.7%	34	108	0	1,634
Totals/Averages	**94.1%**	**-13 bps**	**-162 bps**	**$1,427**	**2.3%**	**6.7%**	**4,052**	**11,217**	**6,873**	**84,258**

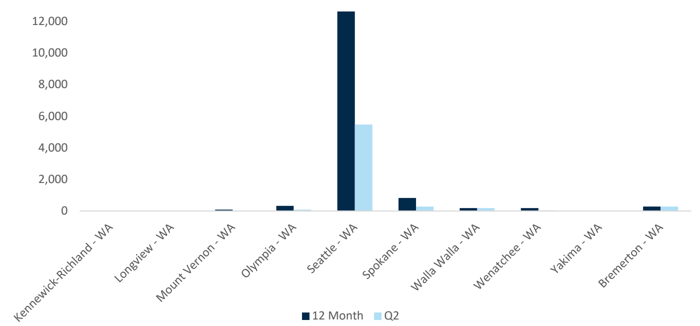
SALE ACTIVITY

SUBMARKET NAME	MARKET SALE PRICE PER UNIT 2022 Q2	Q/Q CHANGE	Y/Y CHANGE	CAP RATE 2022 Q2	Q/Q CHANGE	Y/Y CHANGE	TRANSACTIONS 2022 Q2	12 MONTH
Kennewick-Richland - WA	$196,408	2.0%	19%	0.0%	0.00%	0.0%	0	5
Longview - WA	$134,750	1.6%	8%	6.0%	6.00%	1.8%	1	9
Mount Vernon - WA	$226,847	9.6%	17%	0.0%	-3.90%	-4.5%	0	3
Olympia - WA	$269,894	2.8%	17%	0.0%	-4.65%	-4.9%	0	11
Seattle - WA	$421,313	3.2%	10%	4.2%	0.22%	-0.4%	22	230
Spokane - WA	$179,368	2.7%	11%	5.5%	-0.71%	0.0%	4	29
Walla Walla - WA	$209,601	2.7%	10%	0.0%	0.00%	0.0%	0	1
Wenatchee - WA	$229,209	1.4%	7%	0.0%	0.00%	0.0%	0	3
Yakima - WA	$118,449	2.1%	10%	0.0%	0.00%	-7.3%	0	9
Bremerton - WA	$258,117	2.1%	11%	0.0%	-4.70%	-4.6%	0	10
Totals/Averages	**$224,396**	**2.4%**	**12%**	**4.5%**	**0.3%**	**-0.8%**	**27**	**310**

Vacancy

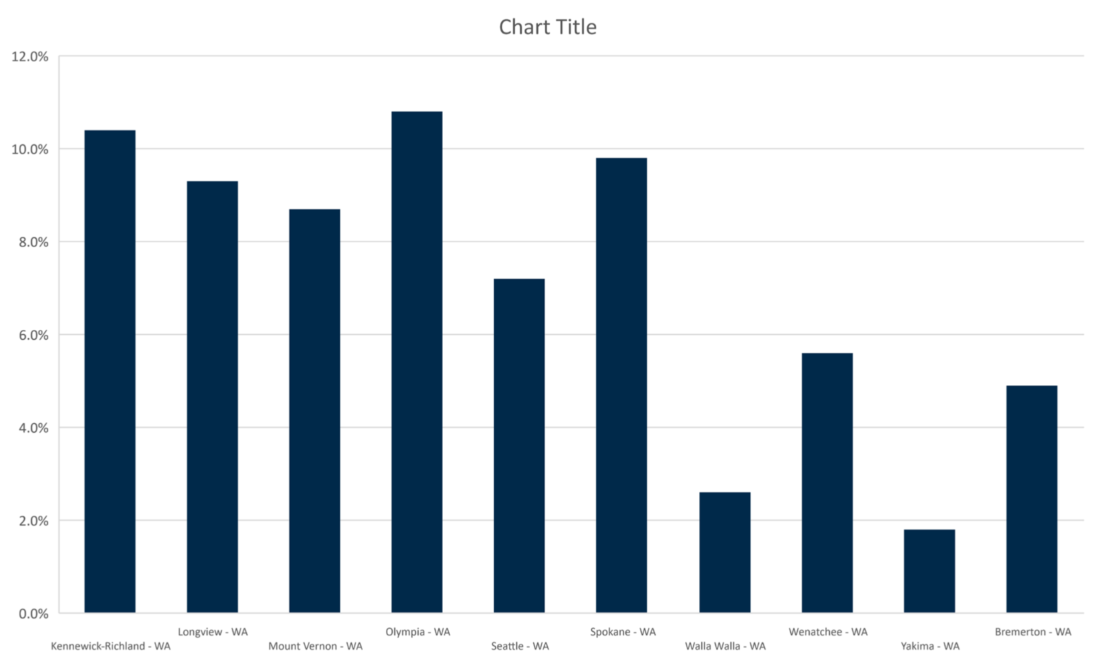


Delivered Units Over Past 12 Months Vs. Delervied Units in Only Q2



ECONOMY

5 Year Population Growth



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