

SIMON | ANDERSON MULTIFAMILY TEAM

Puget Sound & Washington State Apartment Sales Specialists

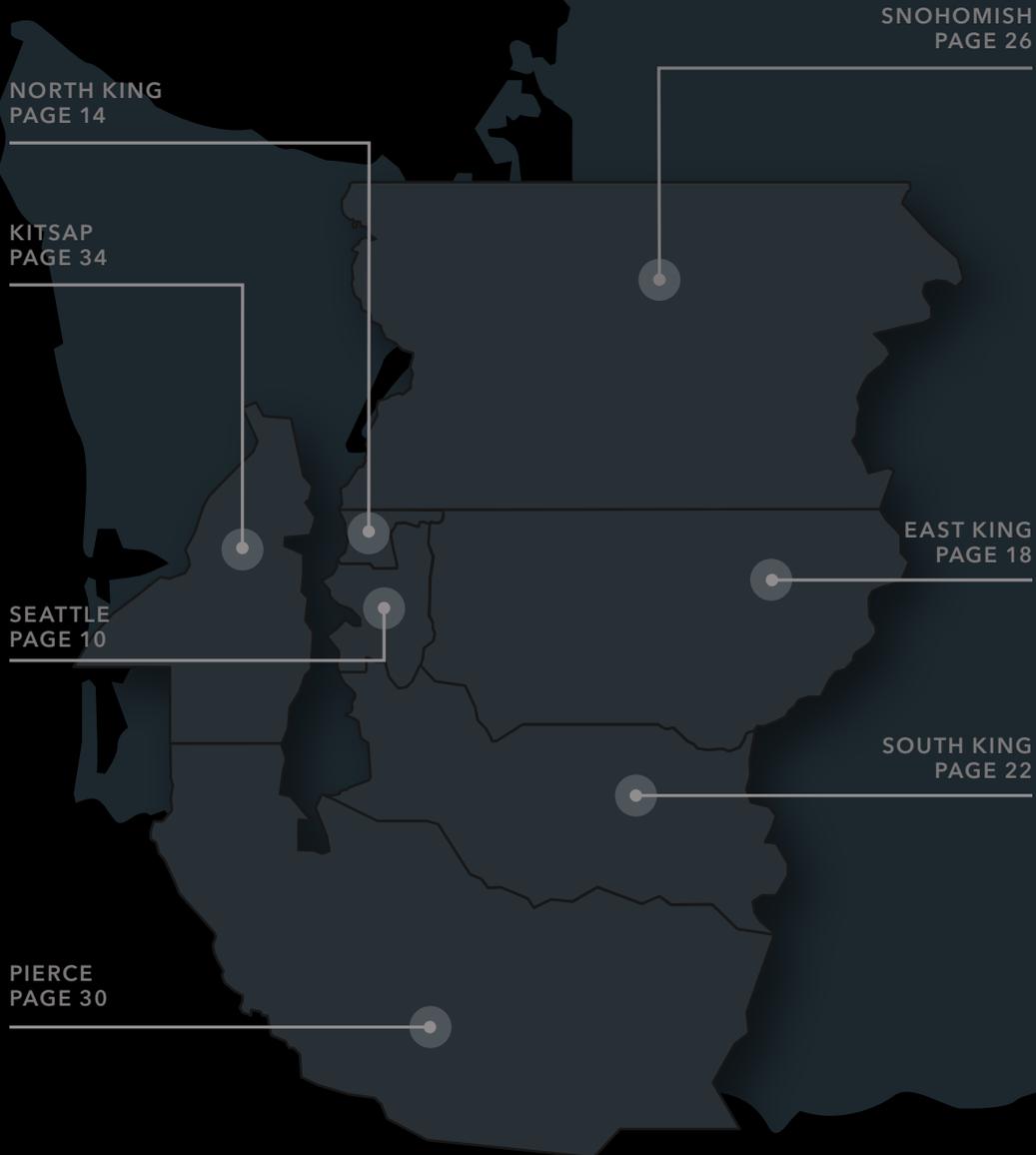
20
SEATTLE & PUGET SOUND
APARTMENT MARKET DYNAMICS

23

Q2 2023

 Kidder
Mathews

HOW TO USE THIS STUDY



Discover the latest apartment rent, vacancy, and investment sales data for King, Snohomish, Pierce, and Kitsap Counties.



Look for our insights in each submarket to help guide your investment decisions.



Contact us to discuss the market, assess the best times to buy or sell, and request a valuation of your apartment building or land.



*Eastern Washington Market
Research available at*

[SIMONANDERSONTEAM.COM/RESEARCH](https://simonandersonteam.com/research)

APARTMENT SALES EXPERTS

OUR EXPERTISE



5 - 50 UNITS



50+ UNITS



DEVELOPMENT



MICROS

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↓ Q1 2023 REPORT

↓ Q4 2022 REPORT

↓ Q3 2022 REPORT

↓ Q2 2022 REPORT

↓ 2022 DEVELOPMENT PIPELINE REPORT

↓ 2022 MICRO REPORT

SELECT RECENT SALES



Meet the Team

TEAM FOUNDERS

Dylan Simon
EXECUTIVE VICE PRESIDENT



Dylan is a market-leading broker throughout Puget Sound and Washington State, specializing in the sale of apartment buildings and development land. He is an expert in sales strategies, market knowledge, and industry trends.

Jerrid Anderson
EXECUTIVE VICE PRESIDENT



Jerrid focuses on urban apartment and land sales in the City of Seattle and his clients hire him for pricing outperformance and industry leading successful closing percentage.

Matt Laird
FIRST VICE PRESIDENT



Matt specializes in urban and suburban apartment sales; development land sales; and off-market acquisitions. His attention to detail and excellent client service ensure smooth transactions from marketing through closing.

Winslow Lee
VICE PRESIDENT



Winslow is an apartment broker specializing in the sale of apartment buildings and development land across the Puget Sound, with expertise in King & Snohomish Counties.

Max Frame
VICE PRESIDENT



Max is an apartment broker specializing in the sale of King County development land and Eastern Washington apartment buildings.

JD Fuller
ASSOCIATE



JD specializes in the sale of apartment buildings in the Puget Sound Region. JD graduated from the University of Washington with a B.A. in Marketing.

Capital markets nationwide experienced a halt in apartment investment activity during Q1 2023 not seen since the Global Financial Crisis 15 years ago — a trend that is expected to persist.



Sales volume is down 50% year-over-year, with smaller sales (sub-\$5 million) truly leading the market. What’s more, apartment sales activity above the \$5 million price point slid 75% compared to Q1 2022.



While sales volume declined measurably, the change in apartment pricing is a more difficult metric to measure. Broadly, pricing is down 10% to 20% since the market peaked in early 2022, with values declining more for non-optimally operated properties.



While investors grapple with pegging apartment values in 2023, owners are experiencing their own struggles to create operational efficiencies. Although rental rates generally held firm in Q1 2023, operational costs - namely, insurance, payroll and marketing - continue to escalate and erode net operating income.



Most markets are in reasonable supply-and-demand balance, and rental rates are holding firm or growing marginally. However, occupancy is struggling to recover from a seasonal increase during the winter. Thus, the determining factor in maintaining balance is the addition of new apartment units, but new developments are also continuing to negatively affect select markets.

INVENTORY

	Units	Buildings
TOTAL	389,936	8,561
5 TO 50-UNITS	101,363	6,712
50+ UNITS	288,573	1,849
12-MONTH DELIVERIES	10,839	82
AVERAGE UNIT SIZE	822 SF	

RENT & VACANCY

	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,911	▲ 0.3%	\$1,897	▲ 1%	\$1,917
VACANCY	5.1%	▲ 200 bps	6.7%	▲ 40 bps	7.1%

All building ages, 5+ unit apartment buildings

HISTORICAL SALES TRENDS

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-day Change	Q1 2023
BUILDING SALES	483	456	483	355	468	338	74	▼ 50%	72	▼ 49%	37
SALES VOLUME	\$4.5B	\$4.5B	\$8.2B	\$3.3B	\$8.0B	\$5.8B	\$1.6B	▼ 70%	\$1B	▼ 63%	\$481M
PRICE/UNIT	\$226K	\$238K	\$281K	\$274K	\$332K	\$285K	\$297K	▼ 4%	\$271K	▲ 5%	\$285K
PRICE/SF	\$237	\$258	\$325	\$291	\$358	\$387	\$438	▼ 22%	\$369	▼ 7%	\$342
CAP RATE	4.9%	5.0%	4.8%	5.0%	4.6%	4.1%	3.9%	▲ 51 bps	4.2%	▲ 20 bps	4.4%

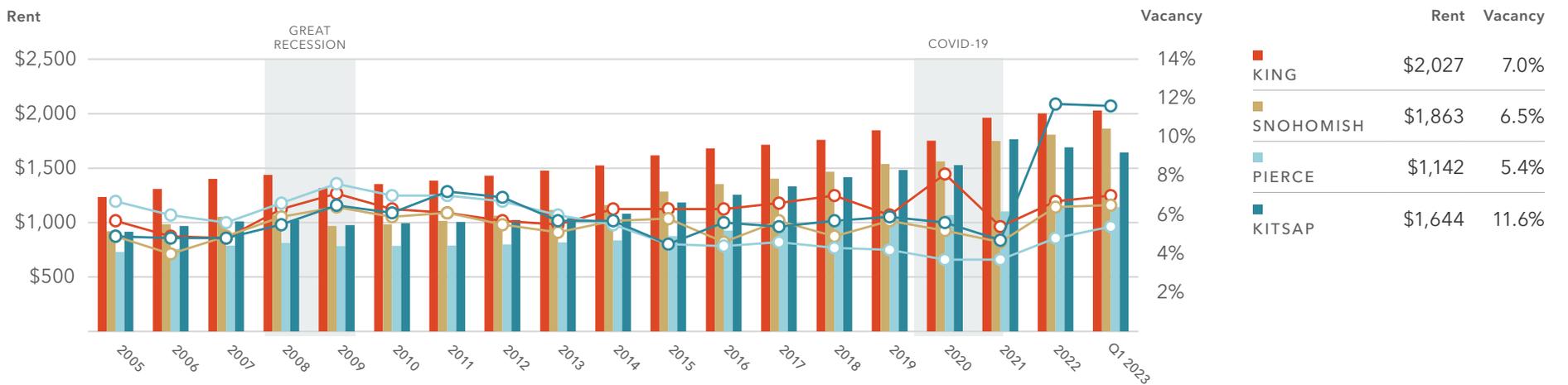
All building ages, 5+ unit apartment buildings

REGIONAL HISTORIC RENT VS. VACANCY

PUGET SOUND REGION



COUNTY BREAKDOWN



REGIONAL BUILDING INCOME VELOCITY

NORTH KING

	Q1 2022	12-Mo Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,700	▲ 2%	\$1,730	▲ 0.3%	\$1,735
RENT/SF	\$2.27	▲ 2%	\$2.31	▲ 0.4%	\$2.32
VACANCY	5.4%	▲ 50 bps	5.3%	▲ 60 bps	5.9%

SNOHOMISH

	Q1 2022	12-Mo Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,816	▲ 3%	\$1,809	▲ 3%	\$1,863
RENT/SF	\$2.09	▲ 2%	\$2.08	▲ 3%	\$2.14
VACANCY	5.1%	▲ 150 bps	6.4%	▲ 20 bps	6.6%

KITSAP

	Q1 2022	12-Mo Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,769	▼ 6%	\$1,693	▼ 2%	\$1,665
RENT/SF	\$2.07	▼ 6%	\$1.98	▼ 2%	\$1.95
VACANCY	4.4%	▲ 730 bps	11.7%	No Change	11.7%

EAST KING

	Q1 2022	12-Mo Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$2,434	▼ 1%	\$2,356	▲ 2%	\$2,414
RENT/SF	\$2.75	▼ 1%	\$2.66	▲ 3%	\$2.73
VACANCY	5.4%	▲ 140 bps	6.2%	▲ 60 bps	6.8%

SEATTLE

	Q1 2022	12-Mo Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$2,009	▼ 0.3%	\$1,991	▲ 1%	\$2,002
RENT/SF	\$3.00	▼ 0.3%	\$2.97	▲ 1%	\$2.99
VACANCY	6.3%	▲ 170 bps	8.0%	No Change	8.0%

SOUTH KING

	Q1 2022	12-Mo Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,736	▲ 2%	\$1,754	▲ 1%	\$1,766
RENT/SF	\$2.04	▲ 2%	\$2.06	▲ 1%	\$2.08
VACANCY	3.6%	▲ 190 bps	5.0%	▲ 50 bps	5.5%

PIERCE

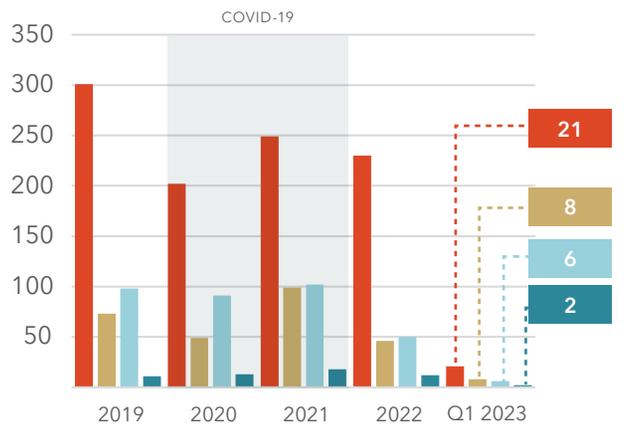
	Q1 2022	12-Mo Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,538	▲ 1%	\$1,557	▼ 0.3%	\$1,553
RENT/SF	\$1.81	▲ 1%	\$1.84	▼ 1%	\$1.83
VACANCY	4.3%	▲ 270 bps	6.0%	▲ 100 bps	7.0%

All building ages, 5+ unit apartment buildings

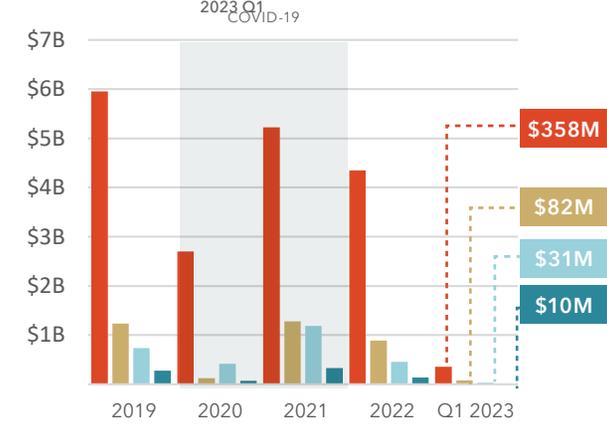
REGIONAL HISTORIC SALES



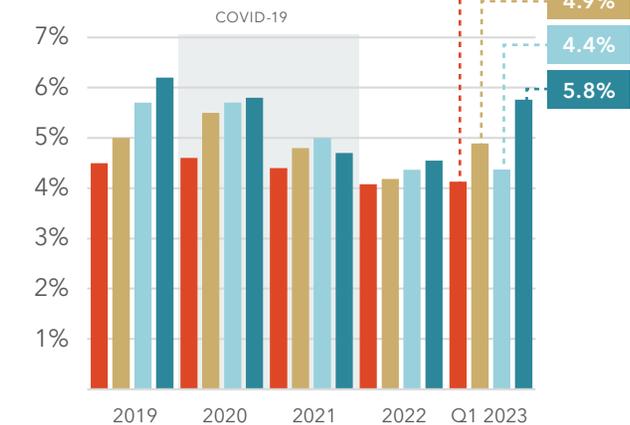
BUILDING SALES



SALES VOLUME



CAP RATE



■ King County ■ Snohomish County ■ Pierce County ■ Kitsap County

REGIONAL SALE PRICING VELOCITY

NORTH KING

	2021	2022	Q1 2023
PRICE/UNIT	\$367K	\$244K	\$195K
PRICE/SF	\$430	\$357	\$284
CAP RATE	4.3%	4.2%	4.9%

SNOHOMISH

	2021	2022	Q1 2023
PRICE/UNIT	\$261K	\$272K	\$245K
PRICE/SF	\$283	\$307	\$307
CAP RATE	4.8%	4.2%	4.9%

KITSAP

	2021	2022	Q1 2023
PRICE/UNIT	\$255K	\$233K	\$228K
PRICE/SF	\$290	\$252	\$197
CAP RATE	4.7%	4.6%	5.8%

EAST KING

	2021	2022	Q1 2023
PRICE/UNIT	\$478K	\$470K	\$467K
PRICE/SF	\$496	\$526	\$323
CAP RATE	3.8%	3.7%	3.8%

SEATTLE

	2021	2022	Q1 2023
PRICE/UNIT	\$396K	\$313K	\$357K
PRICE/SF	\$471	\$475	\$482
CAP RATE	4.5%	4.0%	4.5%

SOUTH KING

	2021	2022	Q1 2023
PRICE/UNIT	\$306K	\$229K	\$190K
PRICE/SF	\$329	\$289	\$219
CAP RATE	4.6%	4.5%	3.3%

PIERCE

	2021	2022	Q1 2023
PRICE/UNIT	\$249K	\$213K	\$142K
PRICE/SF	\$250	\$264	\$219
CAP RATE	5.0%	4.4%	4.4%

All building ages, 5+ unit apartment buildings

To say that the bloom is off the “tech rose” is a massive understatement. Rather, the world waits while major employers decide to force employees to make the move back to downtown corporate offices – or not.

SEATTLE



Jerrid Anderson
EXECUTIVE VICE PRESIDENT
SEATTLE MARKET EXPERT

Buyers want a 5.0% cap, sellers want a 4.0% cap and neither blinked in Q1 2023. The result was just 13 sales in Seattle.

 **Sales Insight**

Seattle is on track for the fewest annual apartment sales in over a decade with only 13 recorded in 2023. Buyers cite interest rates and weak cash flow, while sellers point to regulations and replacement cost as reasons buyers should pay more today. It's impossible to predict the outcome of this debate over the next 12 months. Buying in Seattle is a long term wager, investors are betting on the entire region's economy outperforming other comparable markets.

 **Rent / Vacancy Insight**

Seattle's legislation, fees, and developer gouging has reduced smaller infill developments, causing a 37% increase in average building size since last year, the beginning of a sharp reduction of supply of new apartments. Rent and vacancy have remained stagnant for small and large buildings since 2021. However, with fewer developers breaking ground, a significant rent growth boom is anticipated in 2025 as employers require in-person work and the supply of new apartments continues to decrease.

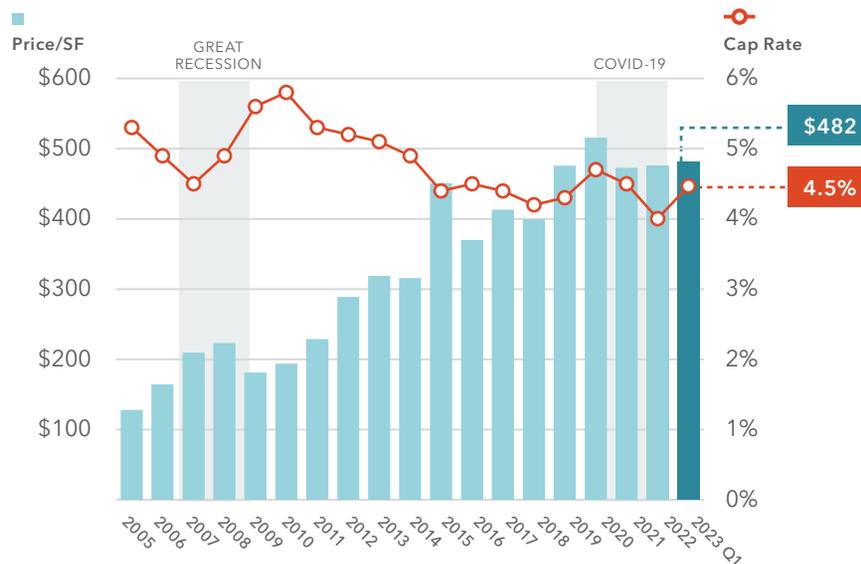
OUR RECENT LISTINGS



INVENTORY

	Units	Buildings
TOTAL	125,190	3,772
5 TO 50 UNITS	47,011	3,210
50+ UNITS	78,179	562
12-MONTH DELIVERIES	5,005	33
AVERAGE UNIT SIZE	675 SF	

SALES TRENDS



HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
BUILDING SALES	142	153	164	104	152	149	37	▼ 65%	42	▼ 69%	13
SALES VOLUME	\$1.6B	\$1.2B	\$2.8B	\$1.2B	\$1.7B	\$2.1B	\$560M	▼ 55%	\$730M	▼ 66%	\$252M
PRICE/UNIT	\$380K	\$326K	\$402K	\$399K	\$396K	\$313K	\$326K	▲ 10%	\$289K	▲ 24%	\$357K
PRICE/SF	\$413	\$400	\$476	\$516	\$473	\$475	\$512	▼ 6%	\$418	▲ 15%	\$482
CAP RATE	4.4%	4.2%	4.3%	4.7%	4.5%	4.0%	3.9%	▲ 58 bps	4.1%	▲ 41 bps	4.5%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 5 TO 50 UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,421	\$1,444	\$1,464	\$1,463	\$1,491	\$1,517	\$1,499	▲ 1%	\$1,517	▲ 0.2%	\$1,520
RENT/SF	\$2.26	\$2.30	\$2.33	\$2.33	\$2.37	\$2.41	\$2.38	▲ 2%	\$2.41	▲ 0.4%	\$2.42
VACANCY	5.5%	5.1%	5.0%	7.1%	4.9%	5.8%	4.8%	▲ 140 bps	5.8%	▲ 40 bps	6.2%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 50+ UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,977	\$2,003	\$2,129	\$1,893	\$2,171	\$2,156	\$2,187	▼ 1%	\$2,156	▲ 0.7%	\$2,171
RENT/SF	\$2.88	\$2.92	\$3.10	\$2.76	\$3.16	\$3.14	\$3.18	▼ 1%	\$3.14	▲ 0.6%	\$3.16
VACANCY	9.7%	9.7%	5.9%	11.5%	6.8%	9.3%	7.2%	▲ 180 bps	9.3%	▼ 30 bps	9.0%

All building ages, 50+ unit apartment buildings



Winslow Lee
 VICE PRESIDENT
 NORTH KING MARKET EXPERT

Rents continue to trend upward year after year with investors focusing on acquisitions in and around the light rail stations.

 **Sales Insight**

North King certainly felt the effect of the rise of interest rates with only one sale (at a price of \$5 million) so far this year. For comparison, at this time last year, there had been eight sales with a total sales volume of \$115 million. Clearly, the rise of interest rates were limited buying power of investors and created a pricing gap between sellers and buyers. Accordingly, as we progress through 2023, we would expect to see more properties trade in the lower price points, as opposed to the larger assets.

 **Rent / Vacancy Insight**

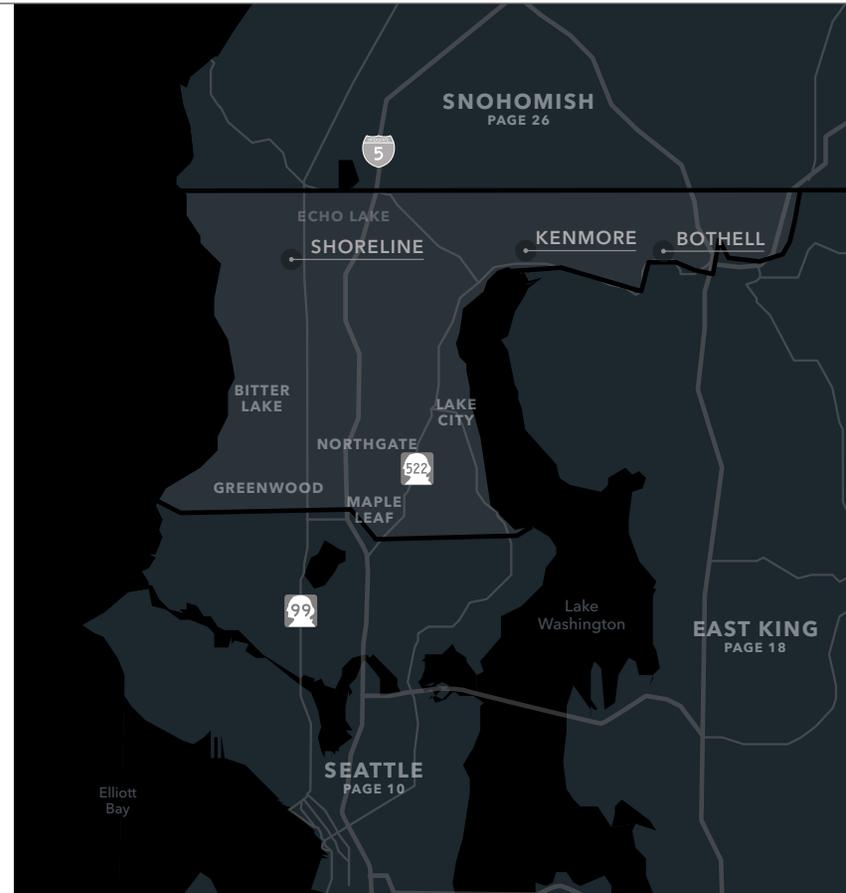
Rents are steadily increasing in North King due to the new North Gate and Shoreline light rail stations, which have created higher tenant demand. With Seattle tech companies calling their employees back to the office, more workers will require accessible transportation to downtown, and light rail is a viable option. As development grows, expect a slight increase in vacancy as new products are built and leased.

OUR RECENT LISTING



View our listings online at

[SIMONANDERSONTEAM.COM/LISTINGS](https://simonandersononteam.com/listings)



INVENTORY

	Units	Buildings
TOTAL	25,255	732
5 TO 50 UNITS	8,929	607
50+ UNITS	16,326	125
12-MONTH DELIVERIES	-	-
AVERAGE UNIT SIZE	753 SF	

SALES TRENDS



HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
BUILDING SALES	38	32	37	23	20	26	8	▼ 88%	2	▼ 50%	1
SALES VOLUME	\$342M	\$402M	\$404M	\$71M	\$387M	192.1M	\$115M	▼ 95%	\$9M	▼ 42%	\$5M
PRICE/UNIT	\$262K	\$281K	\$288K	\$234K	\$367K	\$244K	\$263K	▼ 26%	\$239K	▼ 18%	\$195K
PRICE/SF	\$213	\$323	\$381	\$249	\$430	\$357	\$395	▼ 28%	\$285	▼ 0.3%	\$284
CAP RATE	4.8%	4.7%	4.7%	4.3%	4.3%	4.2%	4.8%	▲ 13 bps	3.9%	▲ 98 bps	4.9%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 5 TO 50 UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,245	\$1,263	\$1,284	\$1,299	\$1,326	\$1,362	\$1,348	▲ 1%	\$1,362	▲ 0.1%	\$1,364
RENT/SF	\$1.67	\$1.70	\$1.73	\$1.75	\$1.79	\$1.83	\$1.82	▲ 1%	\$1.83	▲ 0.5%	\$1.84
VACANCY	4.0%	4.2%	4.2%	5.8%	4.0%	4.8%	3.7%	▲ 160 bps	4.8%	▲ 50 bps	5.3%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 50+ UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,533	\$1,568	\$1,616	\$1,598	\$1,764	\$1,846	\$1,811	▲ 2%	\$1,846	▲ 0.3%	\$1,852
RENT/SF	\$2.03	\$2.08	\$2.14	\$2.12	\$2.34	2.45	\$2.40	▲ 3%	\$2.45	▲ 0.4%	\$2.46
VACANCY	6.0%	7.4%	6.0%	7.2%	5.0%	5.6%	6.2%	▼ 10 bps	5.6%	▲ 50 bps	6.1%

All building ages, 50+ unit apartment buildings



Matt Laird
 FIRST VICE PRESIDENT
 EAST KING MARKET EXPERT

Despite some negative employment news, East King remains steady as the region's top market.

 **Sales Insight**

Sales activity is off to a slow start in East King with just four sales totaling \$88 million so far. What's more, the only sale above 30 units was a 125-unit, newer-construction sale in Kirkland that traded for more than \$500,000 per unit. But, while sales volume is light so far this year, demand for East King remains high as evidenced by strong sales metrics with an average price per unit of \$467,000 and cap rates still below 4%.

 **Rent / Vacancy Insight**

East King's rent growth continues to perform well, with a 2-3% increase in rental rates in the last 90 days. As we move into the second and third quarters, this trend is expected to continue with a strong leasing season. For buildings with less than 50 units, vacancy remains steady at 5%, while those with more than 50 units saw vacancy rise by 1.5% in the past year to 7%, likely due to the opening and leasing of new buildings.

OUR RECENT SALE



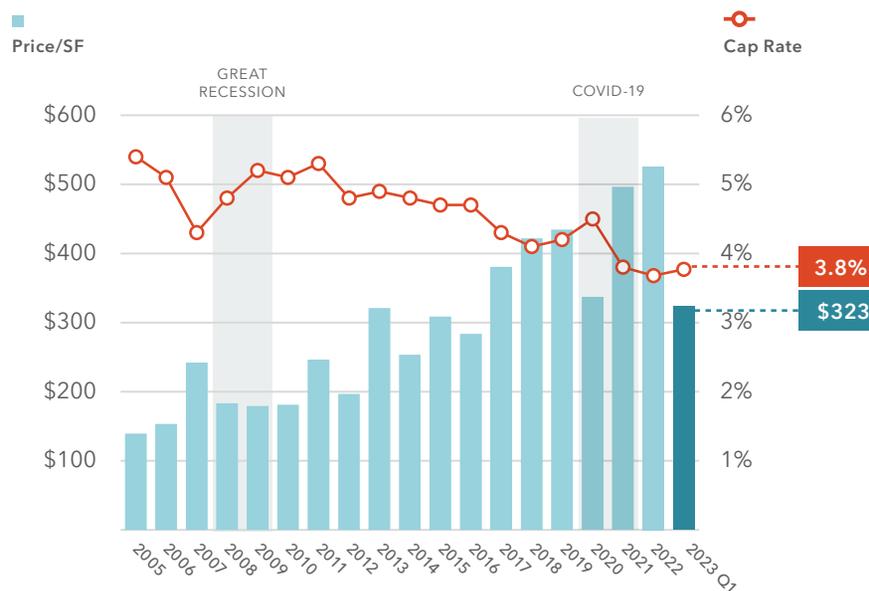
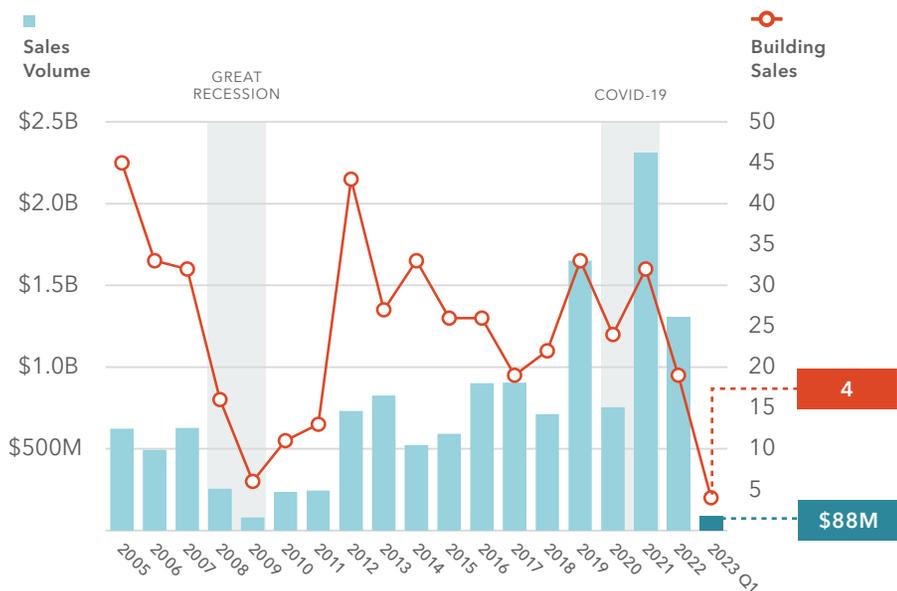
38 UNITS | \$15.2M
 Sold - Heritage Green



INVENTORY

	Units	Buildings
TOTAL	59,030	558
5 TO 50 UNITS	4,898	288
50+ UNITS	54,132	270
12-MONTH DELIVERIES	1,408	8
AVERAGE UNIT SIZE	886 SF	

SALES TRENDS



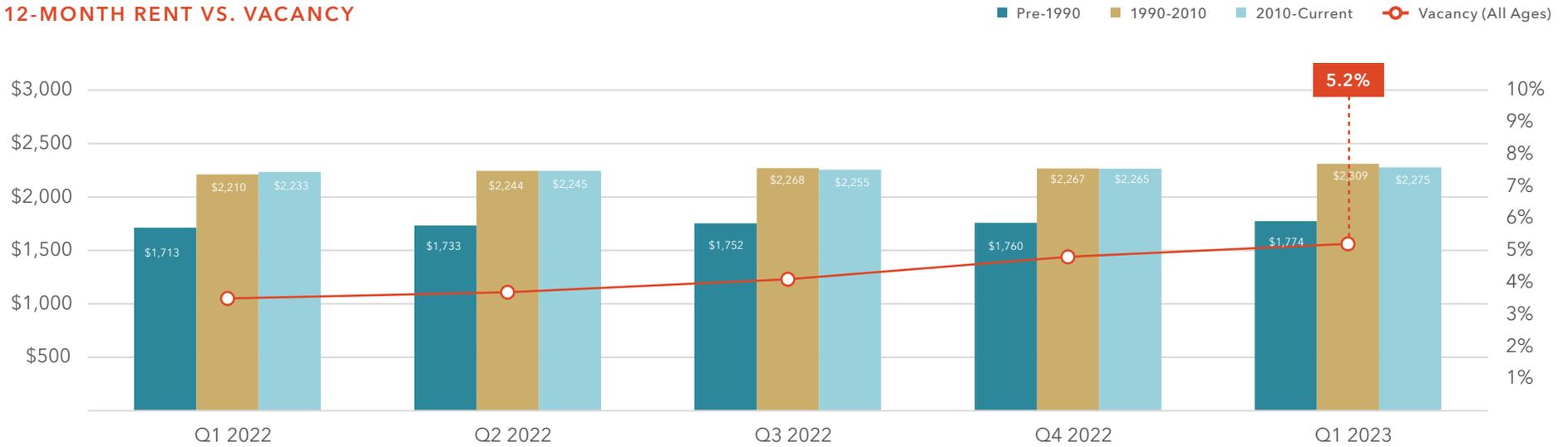
HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
BUILDING SALES	19	22	33	24	32	19	3	▲ 33%	7	▼ 43%	4
SALES VOLUME	\$904M	\$713M	\$1.7B	\$754M	\$2.3B	1.3B	\$380M	▼ 77%	\$375M	▼ 77%	\$88M
PRICE/UNIT	\$373K	\$447K	\$383K	\$340K	\$478K	\$470K	\$571K	▼ 18%	\$374K	▲ 25%	\$467K
PRICE/SF	\$381	\$422	\$434	\$337	\$496	\$526	\$646	▼ 50%	\$396	▼ 18%	\$323
CAP RATE	4.3%	4.1%	4.2%	4.5%	3.8%	3.7%	3.1%	▲ 70 bps	Not Reported	N/A	3.8%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 5 TO 50 UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,672	\$1,713	\$1,755	\$1,767	\$1,831	\$1,901	\$1,852	▲ 4%	\$1,901	▲ 1%	\$1,921
RENT/SF	\$1.83	\$1.88	\$1.93	\$1.94	\$2.01	\$2.09	\$2.03	▲ 4%	\$2.09	▲ 1%	\$2.11
VACANCY	5.1%	4.6%	4.5%	5.9%	3.8%	4.8%	3.5%	▲ 170 bps	4.8%	▲ 40 bps	5.2%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 50+ UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,949	\$2,031	\$2,141	\$2,039	\$2,320	\$2,382	\$2,467	▼ 1%	\$2,382	▲ 3%	\$2,442
RENT/SF	\$2.21	\$2.30	\$2.43	\$2.31	\$2.63	\$2.70	\$2.79	▼ 1%	\$2.70	▲ 3%	\$2.77
VACANCY	6.5%	7.2%	8.1%	8.5%	6.3%	6.3%	5.6%	▲ 140 bps	6.3%	▲ 70 bps	7.0%

All building ages, 50+ unit apartment buildings



Dylan Simon
EXECUTIVE VICE PRESIDENT
SOUTH KING MARKET EXPERT

Expect South King’s transaction volume to increase as investors grow impatient and sellers recognize the reality of a changed market.

 **Sales Insight**

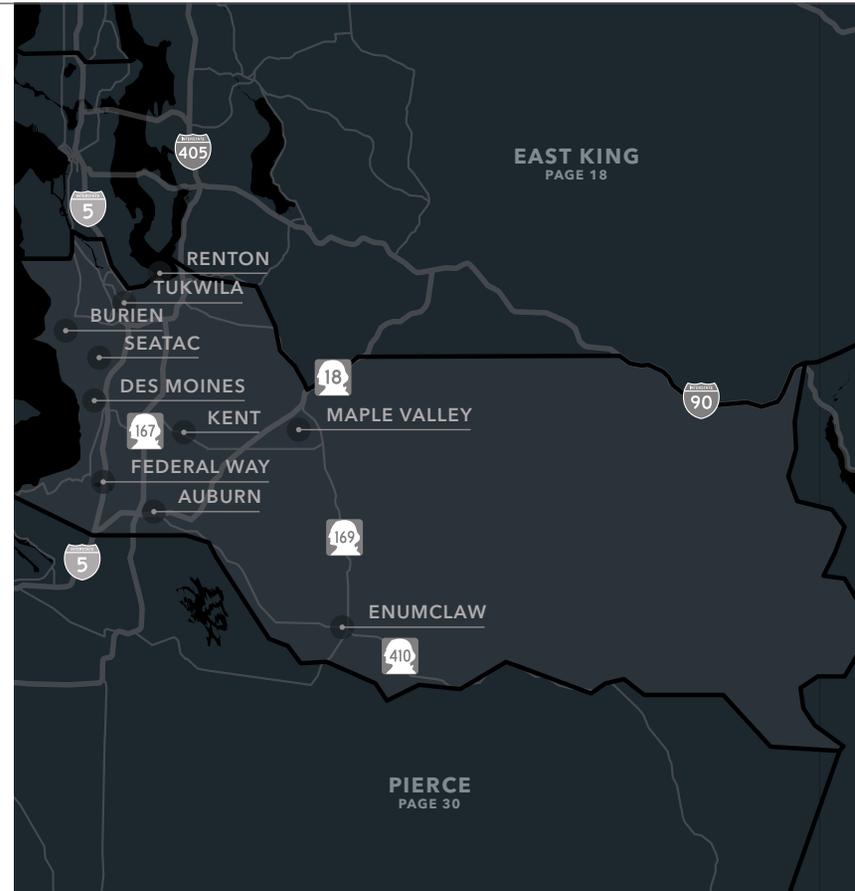
Sales activity in South King during the first quarter was sluggish, reflecting the trend observed in other Northwest markets. In Q1 2023 there were only three recorded sales with a total sale volume of \$13 million. Additionally, the average cap rate of 3.3% suggests there are not enough sales to demonstrate the obvious change in capital markets. Despite these challenges, our team remains optimistic about the future of the South King market and anticipates an increase in sales activity as we enter summer months and the second half of the year.

 **Rent / Vacancy Insight**

Conversely, the rental market in the region is experiencing a steady increase in rental rates across all building ages and sizes, from five- to 50-unit buildings to those with more than 50 units. While there was a slight increase in vacancy rates from the previous quarter, the trend of rising rents is expected to continue as we move into stronger leasing months. Moreover, with the anticipated return of tech company employees to their offices, there will also be an increased demand for housing in the region, which will further increase rental prices.

View our listings online at

[SIMONANDERSONTEAM.COM/LISTINGS](https://simonandersonteam.com/listings)



INVENTORY

	Units	Buildings
TOTAL	58,293	920
5 TO 50 UNITS	10,592	627
50+ UNITS	47,701	293
12-MONTH DELIVERIES	411	4
AVERAGE UNIT SIZE	856 SF	

SALES TRENDS



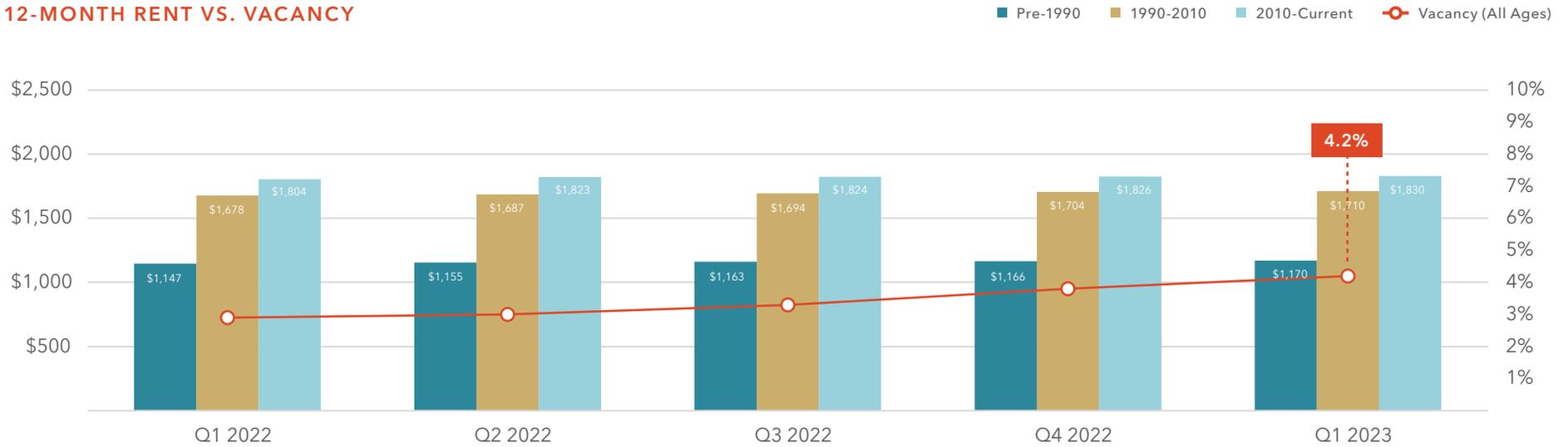
HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
BUILDING SALES	69	61	70	51	46	36	9	▼ 67%	7	▼ 57%	3
SALES VOLUME	\$781M	\$1.1B	\$1.2B	\$705M	\$1.1B	\$730M	\$241M	▼ 94%	\$37M	▼ 64%	\$13M
PRICE/UNIT	\$169K	\$216K	\$202K	\$230K	\$306K	\$229K	\$218K	▼ 13%	\$206K	▼ 8%	\$190K
PRICE/SF	\$186	\$222	\$231	\$240	\$329	\$289	\$310	▼ 29%	\$231	▼ 5%	\$219
CAP RATE	5.0%	5.0%	5.0%	4.8%	4.6%	4.5%	3.9%	▼ 59 bps	5.2%	▼ 190 bps	3.3%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 5 TO 50 UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,078	\$1,115	\$1,150	\$1,166	\$1,194	\$1,224	\$1,205	▲ 2%	\$1,224	▲ 0.4%	\$1,229
RENT/SF	\$1.36	\$1.41	\$1.46	\$1.48	\$1.51	\$1.55	\$1.53	▲ 2%	\$1.55	▲ 0.6%	\$1.56
VACANCY	4.1%	4.5%	4.1%	3.8%	2.9%	3.8%	2.9%	▲ 130 bps	3.8%	▲ 40 bps	4.2%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 50+ UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,389	\$1,446	\$1,517	\$1,554	\$1,747	\$1,831	\$1,813	▲ 2%	\$1,831	▲ 0.8%	\$1,845
RENT/SF	\$1.61	\$1.68	\$1.76	\$1.81	\$2.03	\$2.13	\$2.11	▲ 1%	\$2.13	▲ 0.5%	\$2.14
VACANCY	5.2%	6.2%	5.5%	5.5%	3.8%	5.3%	3.8%	▲ 190 bps	5.3%	▲ 40 bps	5.7%

All building ages, 50+ unit apartment buildings



Winslow Lee
VICE PRESIDENT
SNOHOMISH MARKET EXPERT

Cap rates in Snohomish stabilized at a more historical rate of 5%, indicating that it remains an active market.

 **Sales Insight**

Snohomish sales continue to move along with a total of eight in the first quarter. Here, we’re seeing smaller assets trade with an average of \$10 million per transaction, as compared to the larger price points during the last couple of quarters, which averaged more than \$20 million per transaction. Plus, sellers and investors have also been able to come together with average cap rates closer to 5% this first quarter. That’s a significant jump from an average of 3.5% in Q1 2022.

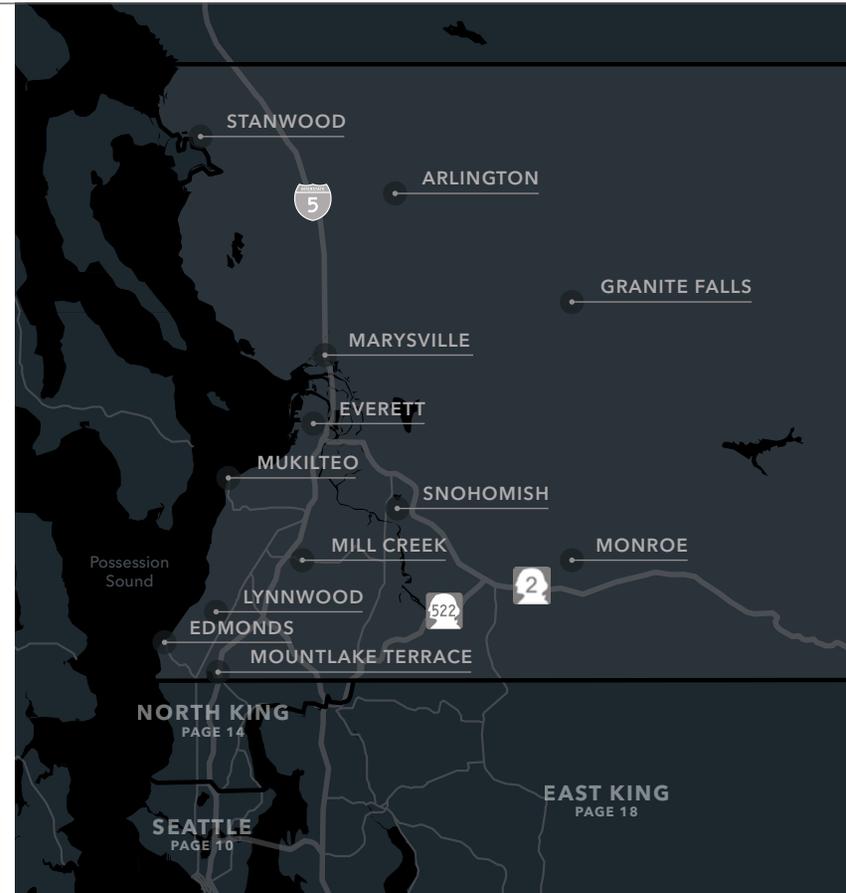
 **Rent / Vacancy Insight**

Rents continue to rise for both small and large buildings, despite increased supply, causing vacancy to increase by over 1.5 basis points from Q1 2022. Owners are still increasing rents, and with new supply coming to market in Alderwood and Lynnwood, more units will be available in the coming years.

OUR RECENT LISTING



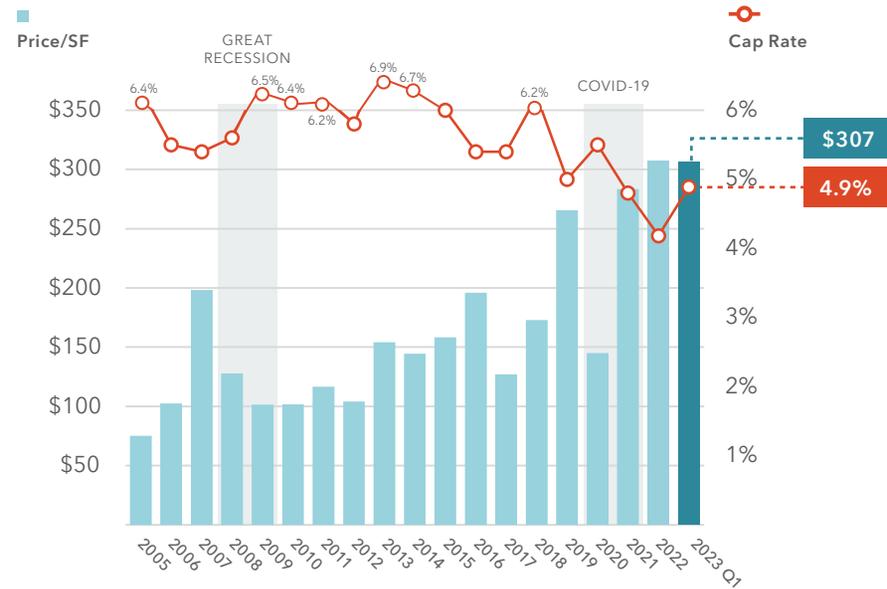
12 UNITS
Pending - Rawley Manor



INVENTORY

	Units	Buildings
TOTAL	47,968	996
5 TO 50 UNITS	10,312	783
50+ UNITS	37,656	213
12-MONTH DELIVERIES	1,090	8
AVERAGE UNIT SIZE	876 SF	

SALES TRENDS



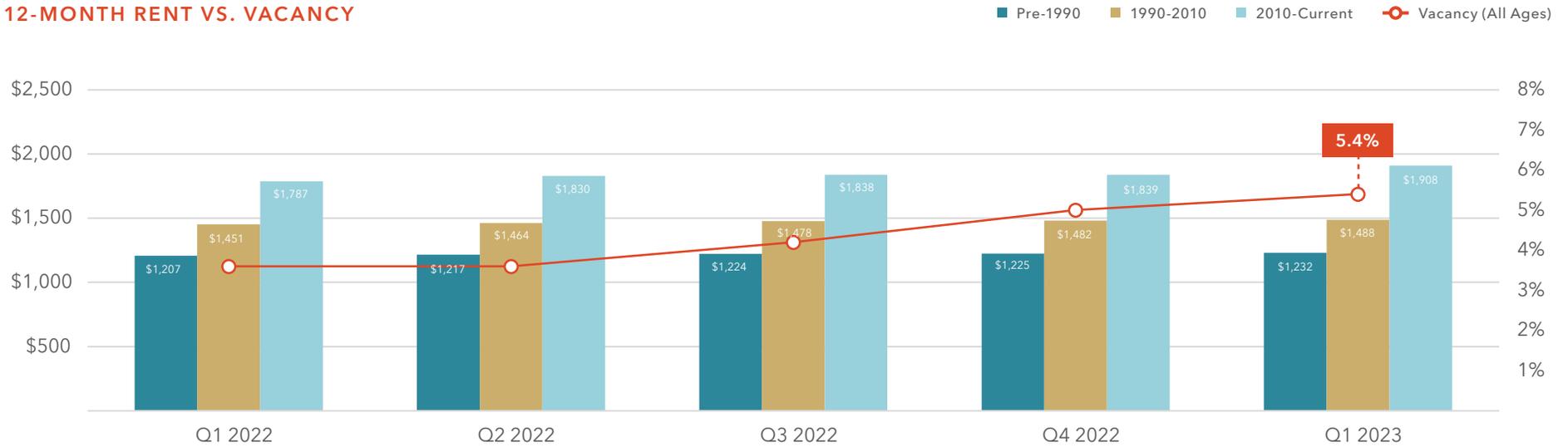
HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
BUILDING SALES	88	73	73	49	99	46	10	▼ 20%	5	▲ 60%	8
SALES VOLUME	\$482M	\$394M	\$1.2B	\$128M	\$1.3B	\$892M	\$272M	▼ 70%	\$109M	▼ 25%	\$82M
PRICE/UNIT	\$121K	\$169K	\$228K	\$164K	\$261K	\$272K	\$270K	▼ 9%	\$240K	▲ 2%	\$245K
PRICE/SF	\$127	\$173	\$266	\$145	\$283	\$307	\$354	▼ 14%	\$348	▼ 12%	\$307
CAP RATE	5.4%	6.2%	5.0%	5.5%	4.8%	4.2%	3.5%	▲ 136 bps	Not Reported	-	4.9%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 5 TO 50 UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,172	\$1,210	\$1,244	\$1,277	\$1,311	\$1,345	\$1,321	▲ 3%	\$1,345	▲ 1%	\$1,359
RENT/SF	\$1.34	\$1.38	\$1.42	\$1.46	\$1.50	\$1.54	\$1.52	▲ 3%	\$1.54	▲ 1%	\$1.56
VACANCY	4.9%	4.5%	4.9%	4.6%	3.8%	5.0%	3.6%	▲ 180 bps	5.0%	▲ 40 bps	5.4%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 50+ UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,442	\$1,512	\$1,586	\$1,608	\$1,823	\$1,883	\$1,898	▲ 2%	\$1,883	▲ 3%	\$1,944
RENT/SF	\$1.65	\$1.73	\$1.82	\$1.84	\$2.09	\$2.16	\$2.18	▲ 2%	\$2.16	▲ 3%	\$2.23
VACANCY	5.8%	5.0%	5.9%	5.4%	4.8%	6.7%	5.4%	▲ 150 bps	6.7%	▲ 20 bps	6.9%

All building ages, 50+ unit apartment buildings



Dylan Simon
EXECUTIVE VICE PRESIDENT
PIERCE MARKET EXPERT

Pierce’s reputation as the “Sweetheart of the South” suffered during Q1 2023 due to declining sales values and softening fundamentals.

 **Sales Insight**

There were just barely enough sales (only six, and all below \$8 million) posted in Q1 2023 here to forecast any definitive trends. That said, higher cap rates and lower pricing metrics throughout the course of the last six months justify the conclusion that no market is immune to higher interest rates.

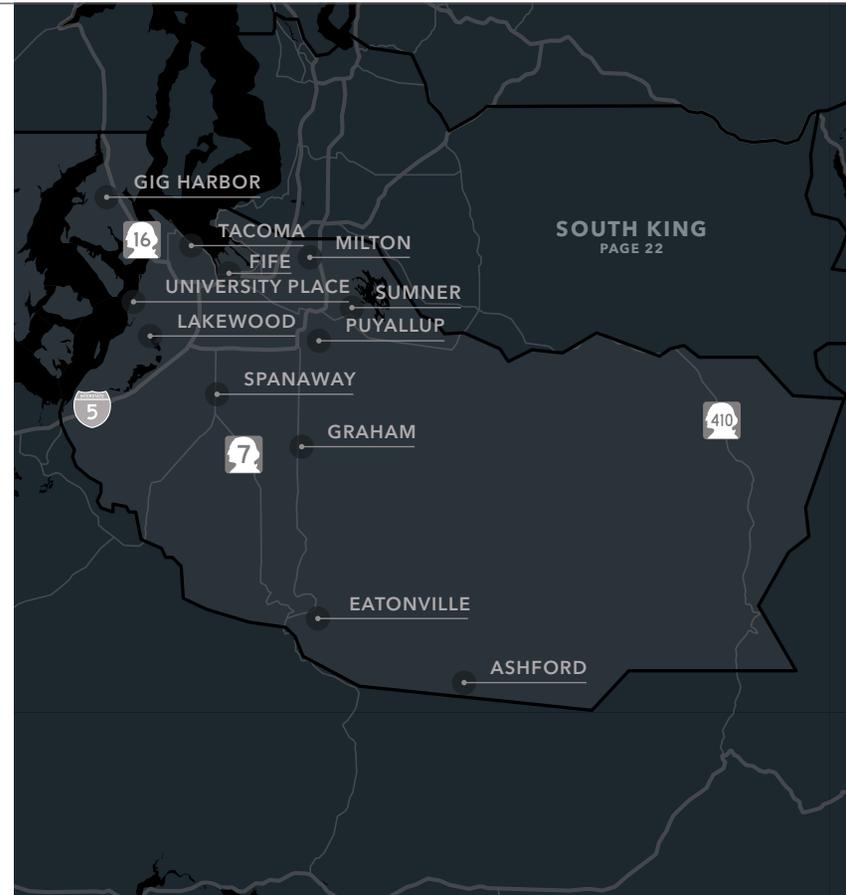
 **Rent / Vacancy Insight**

Although rental rates held reasonably firm in the last quarter, vacancies are on the rise. This is especially true for larger properties in urban Tacoma, which are competing for residents at higher price points and against the competition of new construction delivering more supply to downtown Tacoma.

Meanwhile, suburban areas in Pierce County continue to outperform urban Tacoma. Therefore, apartment developers betting on urbanization and new employment in downtown Tacoma will likely need to wait another year or two as the market absorbs new supply and awaits a return-to-office mandate.

View our listings online at

[SIMONANDERSONTEAM.COM/LISTINGS](https://simonandersonteam.com/listings)

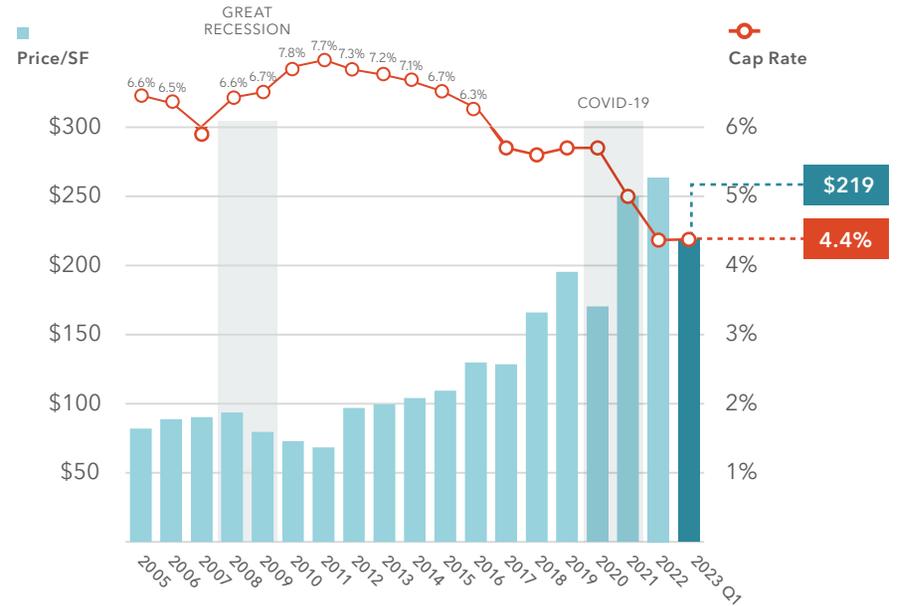
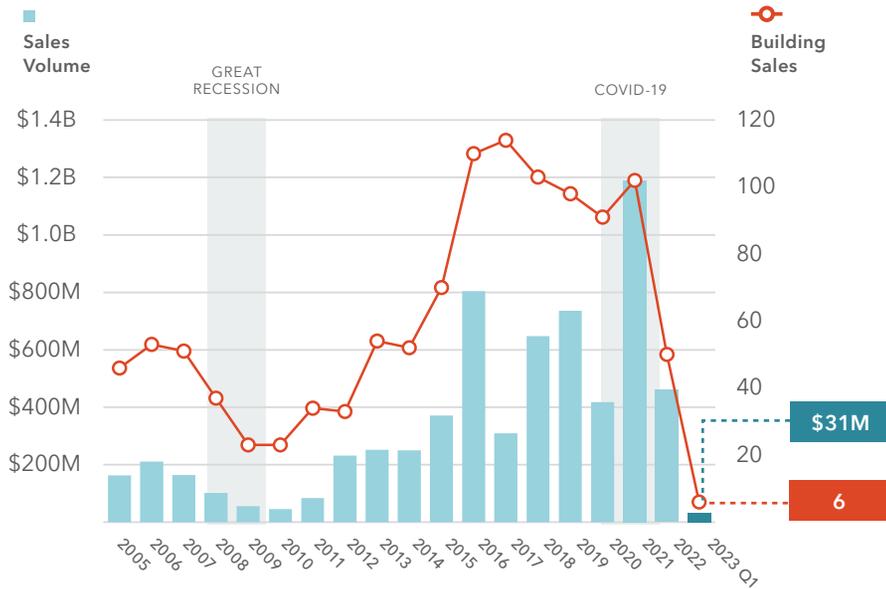


SOUTH KING
PAGE 22

INVENTORY

	Units	Buildings
TOTAL	62,938	1,384
5 TO 50 UNITS	17,343	1,063
50+ UNITS	45,595	321
12-MONTH DELIVERIES	1,937	22
AVERAGE UNIT SIZE	852 SF	

SALES TRENDS



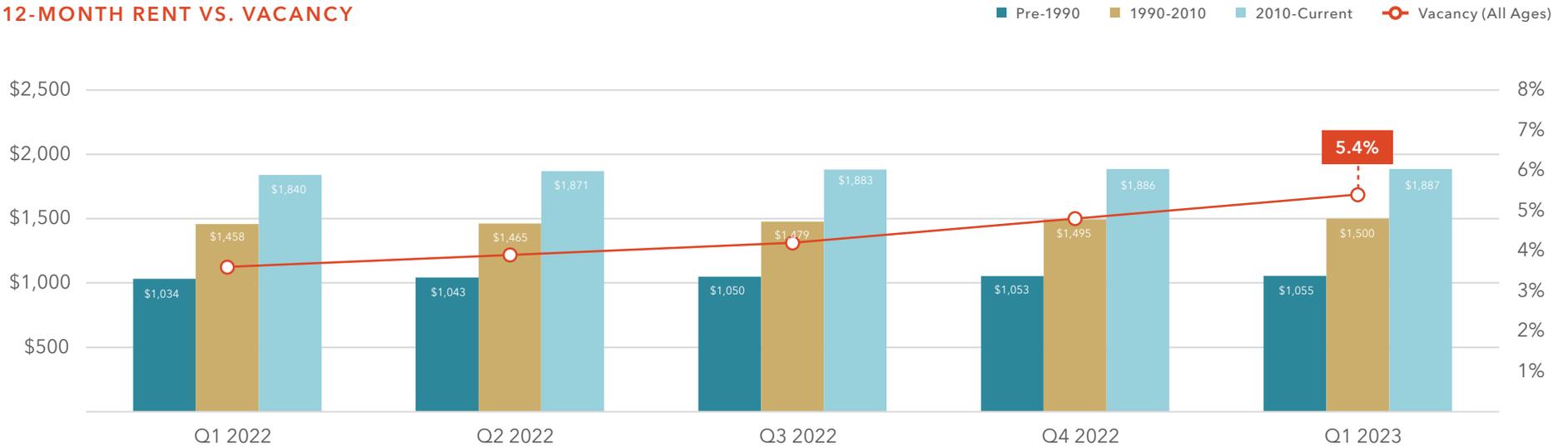
HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
BUILDING SALES	114	103	98	91	102	50	5	▲ 20%	7	▼ 14%	6
SALES VOLUME	\$309M	\$647M	\$736M	\$418M	\$1.2B	\$461M	\$8.6M	▲ 262%	\$35M	▼ 12%	\$31M
PRICE/UNIT	\$118K	\$151K	\$174K	\$171K	\$249K	\$213K	\$203K	▼ 30%	\$191K	▼ 26%	\$142K
PRICE/SF	\$128	\$166	\$195	\$170	\$250	\$264	\$324	▼ 33%	\$266	▼ 18%	\$219
CAP RATE	5.7%	5.6%	5.7%	5.7%	5.0%	4.4%	3.4%	▲ 98 bps	4.0%	▲ 38 bps	4.4%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 5 TO 50 UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



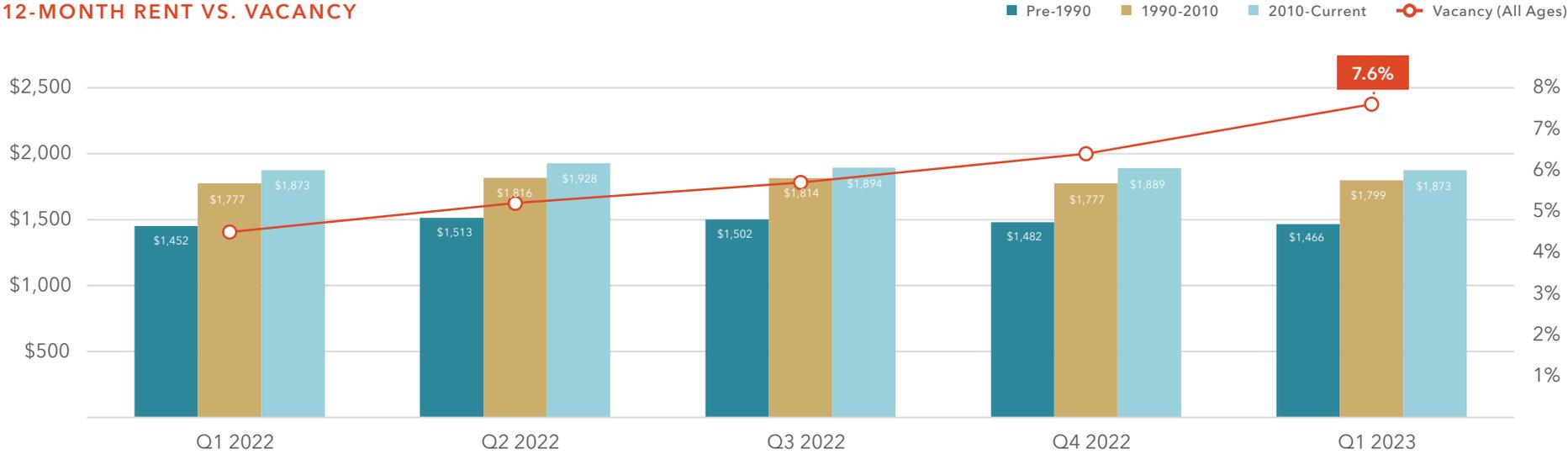
HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$971	\$1,007	\$1,043	\$1,067	\$1,105	\$1,138	\$1,117	▲ 2%	\$1,138	▲ 0.3%	\$1,141
RENT/SF	\$1.25	\$1.29	\$1.34	\$1.37	\$1.42	\$1.46	\$1.44	▲ 2%	\$1.46	▲ 0.7%	\$1.47
VACANCY	4.6%	4.3%	4.2%	3.7%	3.7%	4.8%	3.6%	▲ 180 bps	4.8%	▲ 60 bps	5.4%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 50+ UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,234	\$1,302	\$1,380	\$1,456	\$1,610	\$1,660	\$1,642	▲ 1%	\$1,660	▼ 0.3%	\$1,655
RENT/SF	\$1.42	\$1.50	\$1.59	\$1.68	\$1.86	\$1.91	\$1.89	▲ 1%	\$1.91	No Change	\$1.91
VACANCY	6.6%	5.3%	6.1%	5.0%	4.7%	6.4%	4.5%	▲ 310 bps	6.4%	▲ 120 bps	7.6%

All building ages, 50+ unit apartment buildings



Matt Laird
 FIRST VICE PRESIDENT
 KITSAP MARKET EXPERT

Kitsap is in for a few tough quarters as it deals with a decrease in sales activity and falling rent and vacancy metrics.



Sales Insight

The Kitsap real estate market has seen a decline in sales activity from the previous year, with only two sales recorded so far and a total sale volume of less than \$10 million. This slowdown may present an opportunity for investors seeking to capitalize on current market conditions, with a promising regional economy and population growth indicating a potential uptick in sales activity. Investors should consider taking a renewed look at Kitsap and positioning themselves to take advantage of potential opportunities.

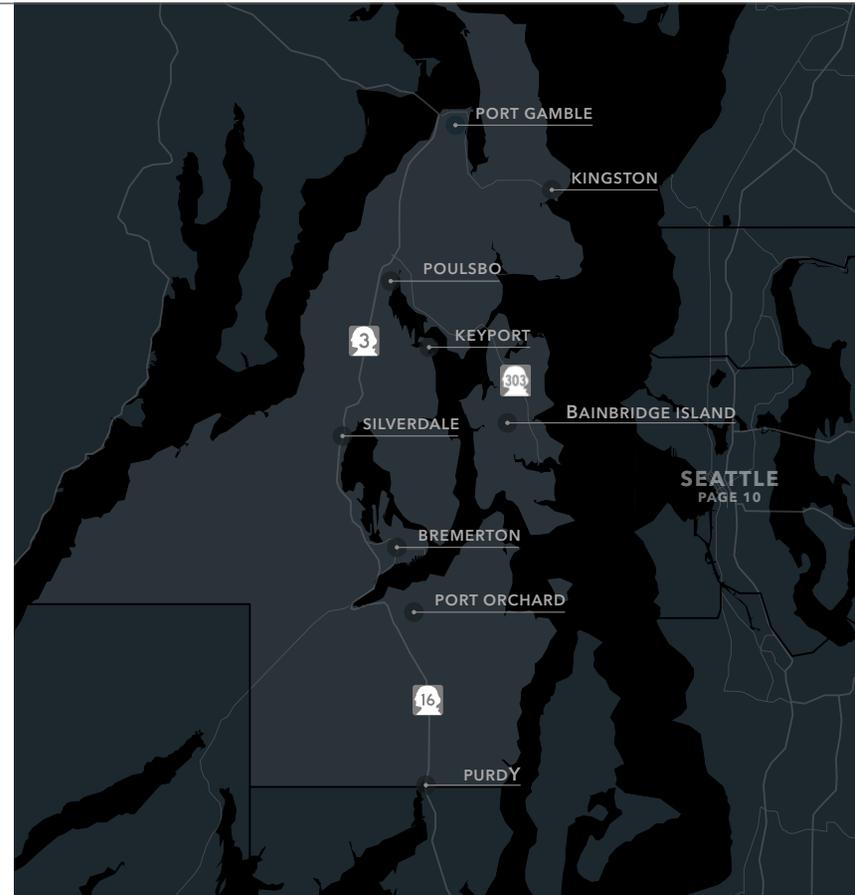


Rent / Vacancy Insight

While the departure of the USS Theodore Roosevelt has had a negative impact on the rental market in Kitsap, the local economy is still showing signs of growth and potential. The Kitsap Economic Development Alliance has been actively promoting the region’s unique advantages, including its skilled workforce and natural beauty, to attract new businesses and investment. With several large-scale development projects underway, such as the Kitsap Innovation and Technology Center and the Port of Bremerton’s Industrial Park, there is potential for job growth and economic activity in the region, which could eventually lead to a rebound in the rental market.

View our listings online at

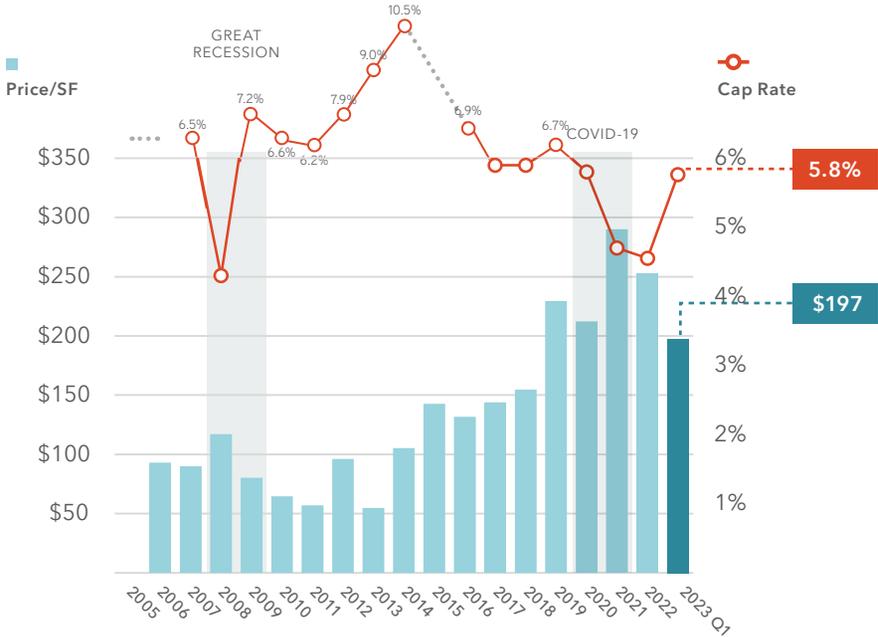
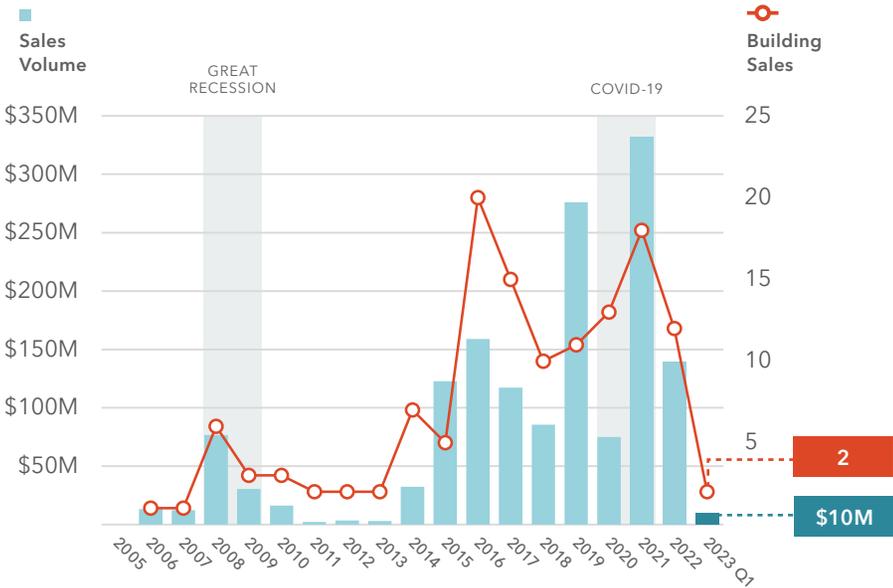
[SIMONANDERSONTEAM.COM/LISTINGS](https://simonandersonteam.com/listings)



INVENTORY

	Units	Buildings
TOTAL	11,262	199
5 TO 50 UNITS	2,278	134
50+ UNITS	8,984	65
12-MONTH DELIVERIES	988	7
AVERAGE UNIT SIZE	855 SF	

SALES TRENDS



HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
BUILDING SALES	15	10	11	13	18	12	2	No Change	2	No Change	2
SALES VOLUME	\$117M	\$85M	\$276M	\$75M	\$332M	\$139M	\$3M	▲ 246%	\$3M	▲ 280%	\$10M
PRICE/UNIT	\$132K	\$138K	\$222K	\$196K	\$255K	\$233K	\$206K	▲ 11%	\$134K	▲ 70%	\$228K
PRICE/SF	\$144	\$155	\$229	\$212	\$290	\$252	\$229	▼ 14%	\$219	▼ 10%	\$197
CAP RATE	5.9%	5.9%	6.2%	5.8%	4.7%	4.6%	4.7%	▲ 106 bps	5.7%	▲ 10 bps	5.8%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 5 TO 50 UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



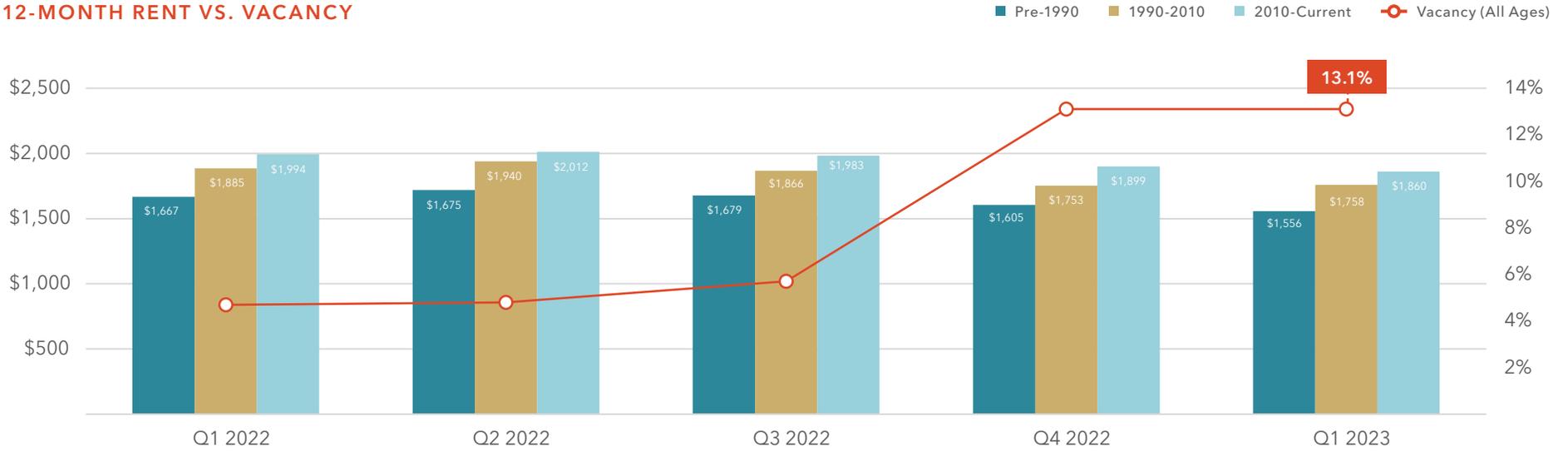
HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,205	\$1,246	\$1,301	\$1,342	\$1,405	\$1,438	\$1,414	▲ 1%	\$1,438	▼ 0.4%	\$1,432
RENT/SF	\$1.44	\$1.48	\$1.55	\$1.60	\$1.67	\$1.71	\$1.69	▲ 1%	\$1.71	No Change	\$1.71
VACANCY	4.7%	5.4%	4.4%	3.5%	2.7%	5.6%	3.0%	▲ 290 bps	5.6%	▲ 30 bps	5.9%

All building ages, 5+ unit apartment buildings

RENT & VACANCY | 50+ UNIT BUILDINGS

12-MONTH RENT VS. VACANCY



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	Q1 2022	12-Month Change	Q4 2022	90-Day Change	Q1 2023
RENT	\$1,351	\$1,442	\$1,507	\$1,555	\$1,815	\$1,729	\$1,818	▼ 7%	\$1,729	▼ 2%	\$1,697
RENT/SF	\$1.58	\$1.68	\$1.76	\$1.82	\$2.12	\$2.02	\$2.13	▼ 7%	\$2.02	▼ 2%	\$1.98
VACANCY	5.6%	5.8%	6.4%	6.2%	5.2%	13.1%	4.7%	▲ 840 bps	13.1%	No Change	13.1%

All building ages, 50+ unit apartment buildings

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Team Founders

Dylan Simon
 EXECUTIVE VICE
 PRESIDENT



Jerrid Anderson
 EXECUTIVE VICE
 PRESIDENT



Dylan is a commercial real estate broker who specializes in helping investors buy, sell, and develop apartment buildings in Puget Sound and across Washington State. He has brokered transactions from \$1M to over \$100M.

Jerrid focuses on urban apartment and land sales in the City of Seattle and his clients hire him for pricing outperformance and industry leading successful closing percentage.

Matt Laird
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Winslow Lee
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Specialties

Puget Sound Region

Development Land

5+ Unit Apartment Buildings

Specialties

North King County

Snohomish County

5+ Unit Apartment Buildings

Specialties

Eastern Washington

Development Land

5+ Unit Apartment Buildings

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Specialties

I-5 Corridor

5+ Unit Apartment Buildings

Specialties

Apartment Valuations

Market Research

NOTES

Sales data for the Puget Sound region is inclusive of all market-rate apartment buildings with at least five units in King, Snohomish, Pierce, and Kitsap Counties.

DATA SOURCES

SALES

CoStar

Real Capital Analytics

King County Registrar

Simon | Anderson Multifamily Team Research

Pierce County Planning & Public Works
Department

Snohomish County Registrar

RENT, VACANCY & INVENTORY

CoStar

Simon | Anderson Multifamily Team Research

Simon / Anderson Multifamily Team

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