

SEATTLE-TACOMA WA

INSTITUTIONAL MULTIFAMILY REPORT

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SEATTLE-TACOMA, WA EMPLOYMENT

JOBS ADDED / LOST

LAST 12 MONTHS

167,500
↑ 9.0%

NEXT 12 MONTHS*

129,800
↑ 6.4%

UNEMPLOYMENT

MID-YEAR 2021

5.3%
↓ 890 BPS YOY

MID-YEAR 2022*

3.1%
↓ 220 BPS YOY

*PROJECTED

The Seattle-Tacoma jobs market is experiencing a resurgence across most sectors, helping to strengthen apartment fundamentals. Maintaining its status as a technology hub, employers have been adding back technology jobs at a faster rate than most large metros.

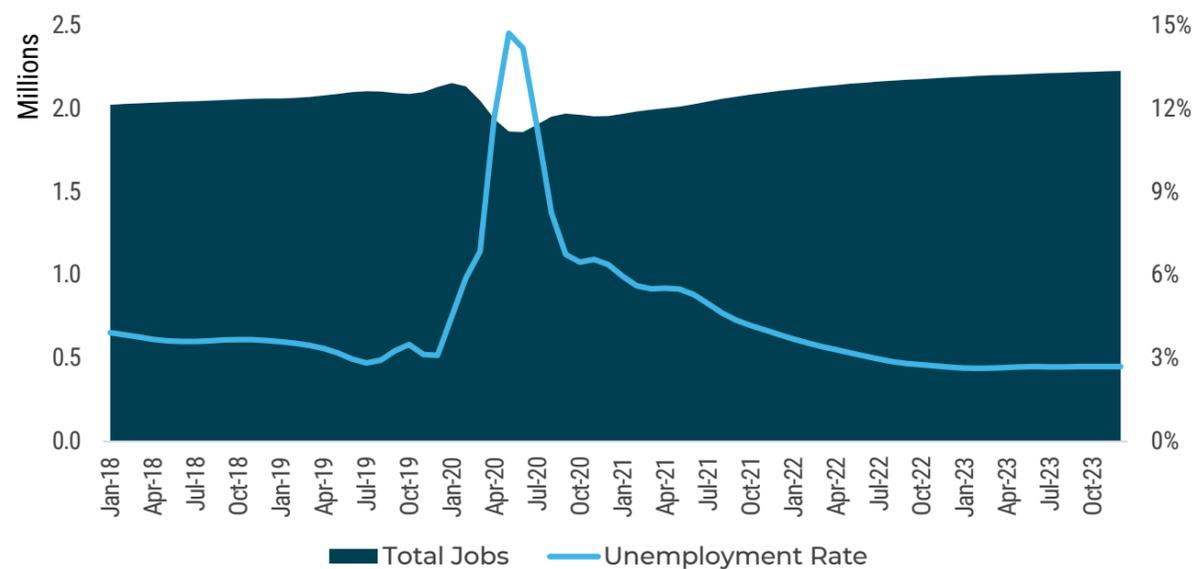
The leisure and hospitality sector led Greater Seattle-Tacoma job gains, responsible for 27% of all net jobs added through June 2021 and growing nearly 41% compared to one year ago. Increased hiring by Seattle's leisure and hospitality employers was in part attributable to the city's reopening plans.

The construction segment also outperformed other sectors in recent job creation, representing

over 14% of all jobs added from June 2020 to June 2021. Hiring was needed as nearly 25,700 apartment units were under construction at mid-2021. Robust development also expanded to other industries. Approximately 12 million square feet of office space and more than 9 million of industrial space were under construction across Greater Seattle-Tacoma at mid-2021.

Sustained hiring contributed to the metro unemployment rate of 5.3% in June 2021, the strongest figure since February 2020. With many residents heading back to work, by June 2022, the Seattle metro area is forecast to attain a 3.1% unemployment rate, all while nearly 130,000 net jobs are added.

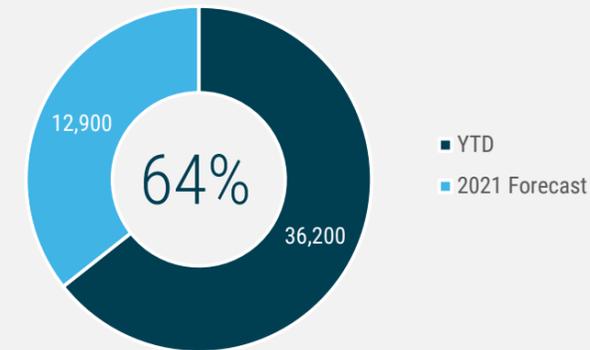
EMPLOYMENT TRENDS



SOURCE: MOODY'S ANALYTICS

WHO'S HIRING?

LEISURE & HOSPITALITY INDUSTRY



8%
OF ALL JOBS IN THE METRO

\$36,100
AVERAGE ANNUAL SALARY

TOP EDUCATION & HEALTH SERVICES EMPLOYERS

	3,600 JOBS
	2,700 JOBS
	2,000 JOBS

IN THE NEWS

- Amazon to grow Bellevue presence to 25,000 employees
- Amazon adding in Redmond for 800 AWS jobs
- Apple plans to double its Seattle workforce to 2,000
- TaxBit Opens HQ2 in Seattle
- Home Depot hiring 1,500+ in Seattle-Tacoma



SEATTLE-TACOMA, WA

DELIVERIES & ABSORPTION

2021 UNITS*

DELIVERED

12,270

ABSORBED

15,332

2022 UNITS*

DELIVERED

15,288

ABSORBED

13,145

*PROJECTED

Sizeable increases in apartment demand are fueling a revival in Seattle apartment fundamentals. Apartment deliveries in 2021 are forecast to reach over 12,000 units, while net absorption is forecast to exceed 15,000 units.

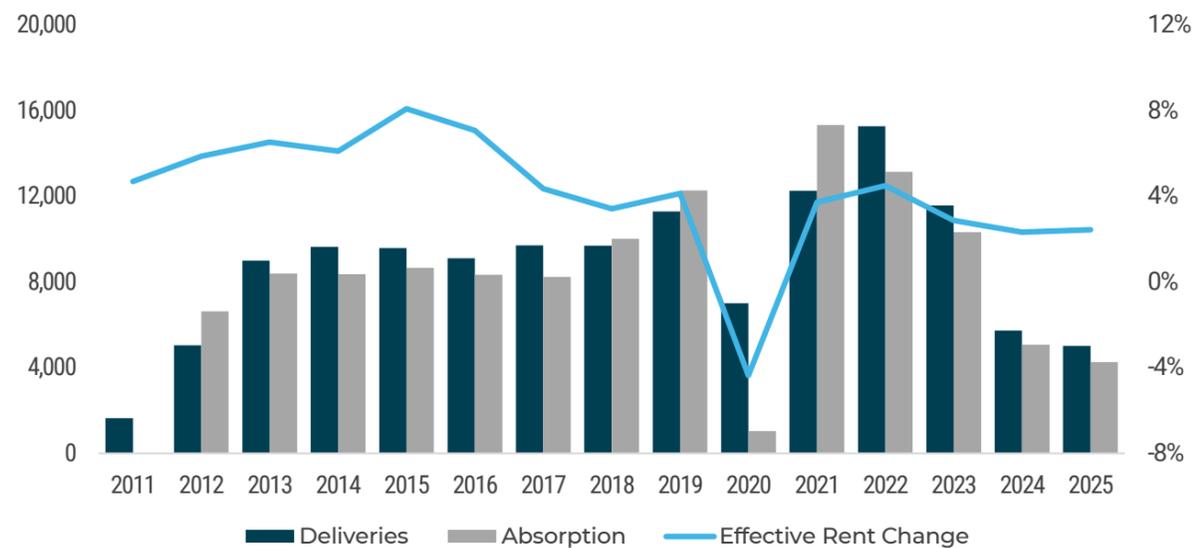
From 2021 to the third quarter of 2023, over 930 apartment units are scheduled to deliver in the East and West Bellevue submarkets. According to The Bellevue Reporter, Greater Seattle apartments are getting larger. Average apartment sizes are largest in the Everett submarket, with average square footages registering nearly 270 square feet above the average size between 2016 to 2020.

Apartment communities with larger square

footages may indicate developers' interest in attaining higher effective rents per unit and may constitute a response to renter demand for home office space.

As Seattle-Tacoma government moves forward with reopening the economy, it is expected that developer interest and renter demand will continue their positive trajectory. Approximately 15,300 units are scheduled to come online by year-end 2022, the largest annual additions on record. The new inventory combined with continued hiring and population growth will underpin leasing activity remaining near a historic high as more than 13,100 net units are forecast to be absorbed in 2022.

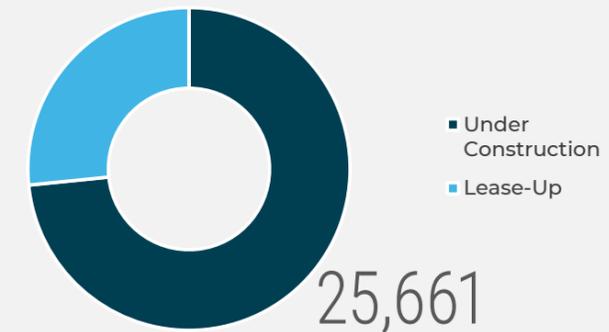
DELIVERIES, ABSORPTION, & EFFECTIVE RENT CHANGE



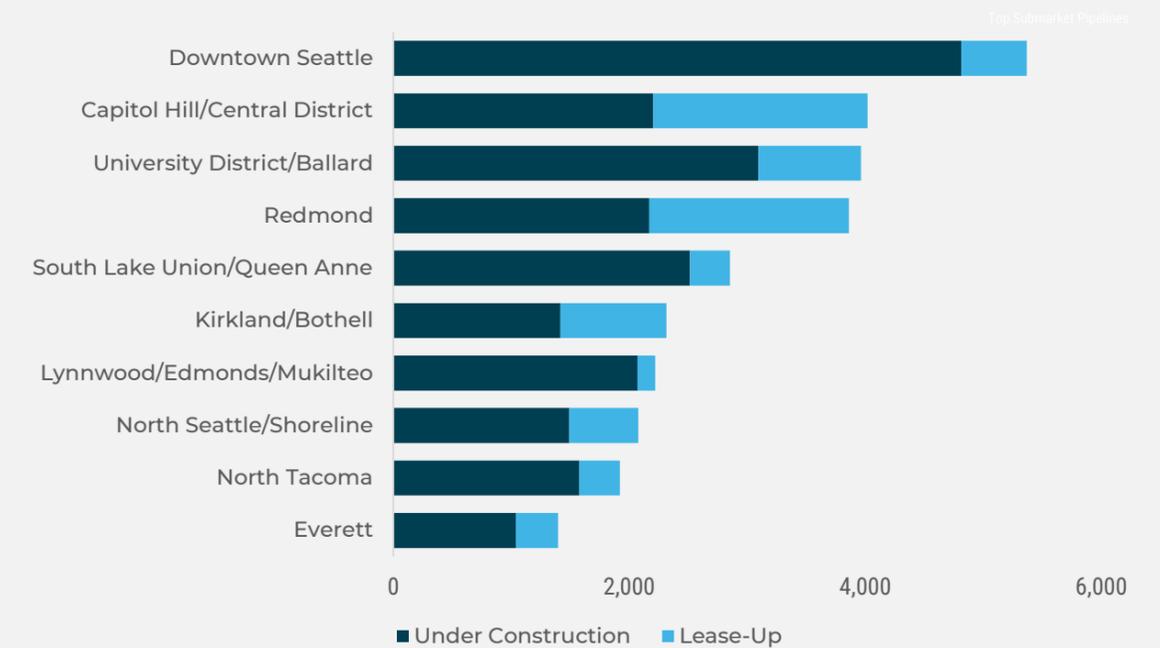
SOURCE: REALPAGE

MARKET PIPELINE

9,298



TOP 10 SUBMARKET PIPELINES



For a complete list of properties in the pipeline, [CLICK HERE](#)



SEATTLE-TACOMA, WA

RENT & OCCUPANCY

EFFECTIVE RENT

2Q 2021

\$1,796

↓ 2.1% YOY

OCCUPANCY

2Q 2021

95.4%

↓ 10 BPS YOY

For many, returning to work meant more freedom to rent, resulting in increased apartment occupancy, robust apartment demand, and rising rent in the Seattle-Tacoma metropolitan area. Compared to the first quarter of 2021, metrowide occupancy and effective rent were up 1.1% and 3.8%, respectively.

Considering annual changes, most submarkets experienced increases in occupancy, with the strongest occupancy gains occurring in the Everett, the North Tacoma, and the South Tacoma submarkets. Underpinning the rise was positive leasing activity as renters sought more affordable rental options in the metro.

Increasing developer interest in Pierce County

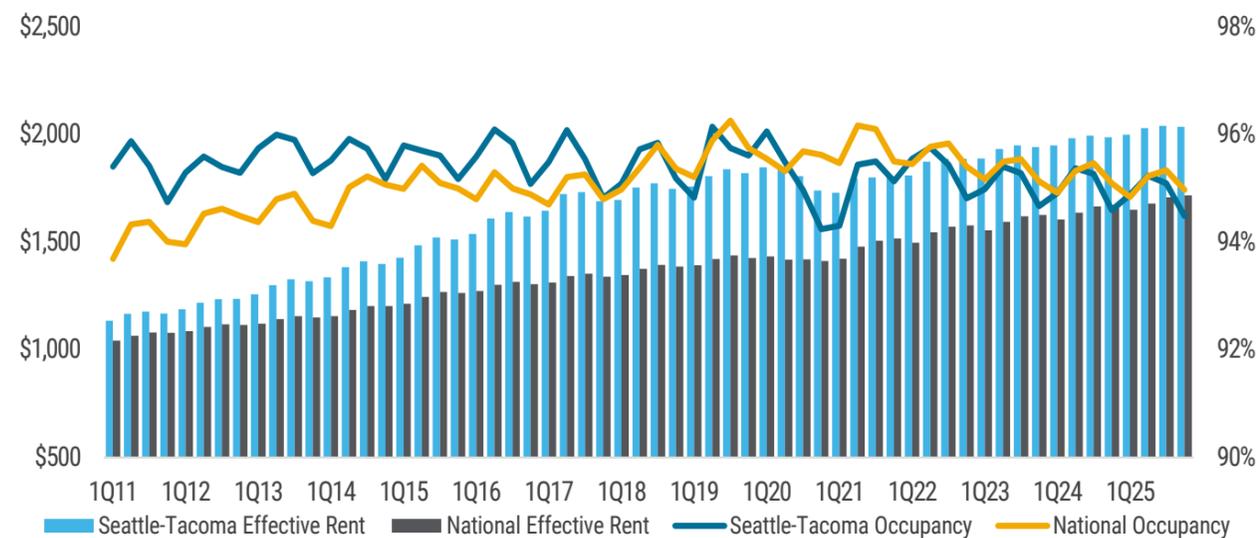
may be attributable to rising effective rents: East Pierce County and Southwest Pierce County experienced year-over-year increases in effective rent by magnitudes of 10.2% and 10.7%, respectively, as operators shifted rent closer to the metro average of \$1,796 per month in the second quarter of 2021.

The future of rent and occupancy in Seattle is forecast to be impressive – quarterly rent growths are expected to continue, with average effective rent forecast to reach over \$1,800 per month in the latter half of 2021. Metrowide occupancy is expected to hover around the five-year average at 95.5% by year-end.

SUBMARKET PERFORMANCE

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Capitol Hill/Central District	94.0%	-160	\$1,759	-11.9%
Downtown Seattle	94.0%	-20	\$2,310	-9.7%
East Bellevue/Issaquah	95.8%	50	\$1,974	-1.3%
East Pierce County	97.6%	110	\$1,653	10.2%
Everett	96.9%	190	\$1,564	7.5%
Federal Way/Des Moines	96.9%	20	\$1,554	6.6%
Kent/Auburn	96.9%	90	\$1,618	6.6%
Kirkland/Bothell	96.1%	90	\$1,958	3.4%
Lynnwood/Edmonds/Mukilteo	96.4%	90	\$1,645	3.8%
North Seattle/Shoreline	95.5%	0	\$1,567	-3.1%
North Tacoma	97.3%	140	\$1,577	7.8%
Redmond	96.0%	-10	\$2,027	-2.2%
Renton	96.1%	30	\$1,797	5.0%
SeaTac/Burien	94.8%	-30	\$1,475	-0.8%
South Lake Union/Queen Anne	93.1%	-180	\$2,174	-9.7%
South Tacoma/University Place	98.5%	190	\$1,436	10.5%
Southwest Pierce County	98.0%	90	\$1,412	10.7%
University District/Ballard	93.4%	-200	\$1,832	-8.6%
West Bellevue/Mercer Island	95.3%	-10	\$2,371	-4.7%
West Seattle/South Seattle	92.5%	-210	\$1,707	-10.4%

SEATTLE-TACOMA VS. NATIONAL EFFECTIVE RENT & OCCUPANCY



SOURCE: REALPAGE



SEATTLE-TACOMA, WA

POPULATION & MIGRATION

2021 RESIDENTS*

4,103,700

↑ 1.1% YOY

2022 RESIDENTS*

4,149,900

↑ 1.1% YOY

*PROJECTED

With a rising population, a strong reopening plan, and many people returning to work, Greater Seattle-Tacoma apartment fundamentals are forecast to benefit. Metrowide population in 2025 is forecast to rise by nearly 240,000 persons compared to 2020, representing a nearly 6% increase.

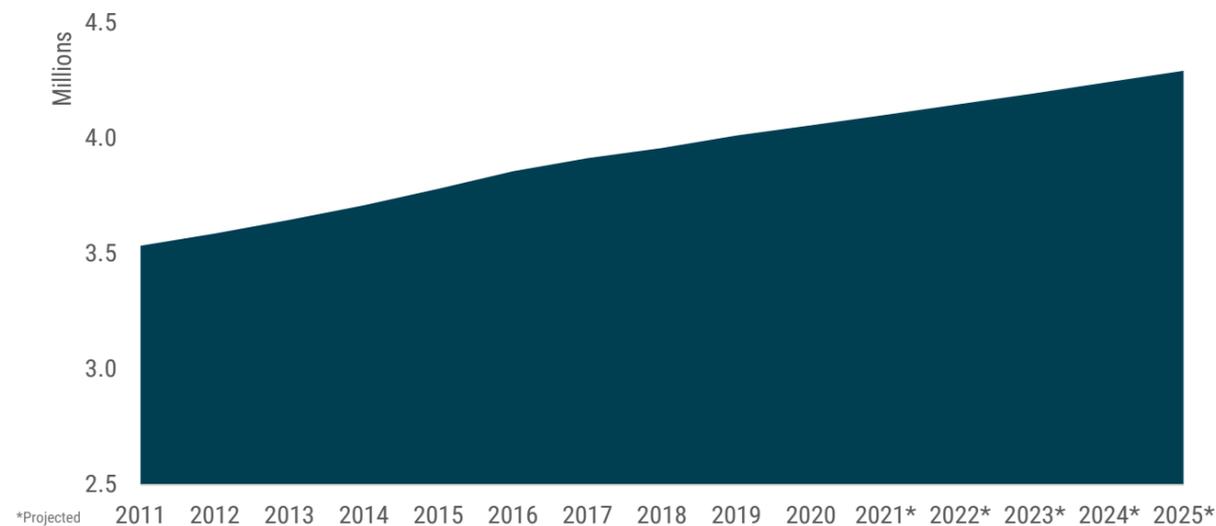
Part of the rise in population will come as net migration remains positive. Even with the pandemic, more than 28,700 people moved to the metro than moved out. The trend is expected to continue in the near term. Over the next five years, net migration is forecast to total 140,900 persons.

The extent to which the status quo continues

will dictate future migration patterns across the metropolitan area. Remote work environments may become less popular, potentially making larger metros more desirable for renters. For now, renter interest in the suburbs remains the dominant trend, explaining the strong rent and occupancy fundamentals witnessed in suburban submarkets.

Nearly 52,000 people moved to the suburbs during the pandemic, but migration back to the city could become more prevalent if remote work becomes less popular. The presence of large banks in Seattle may help to drive more residents into Downtown Seattle if more banks call back employees to the office.

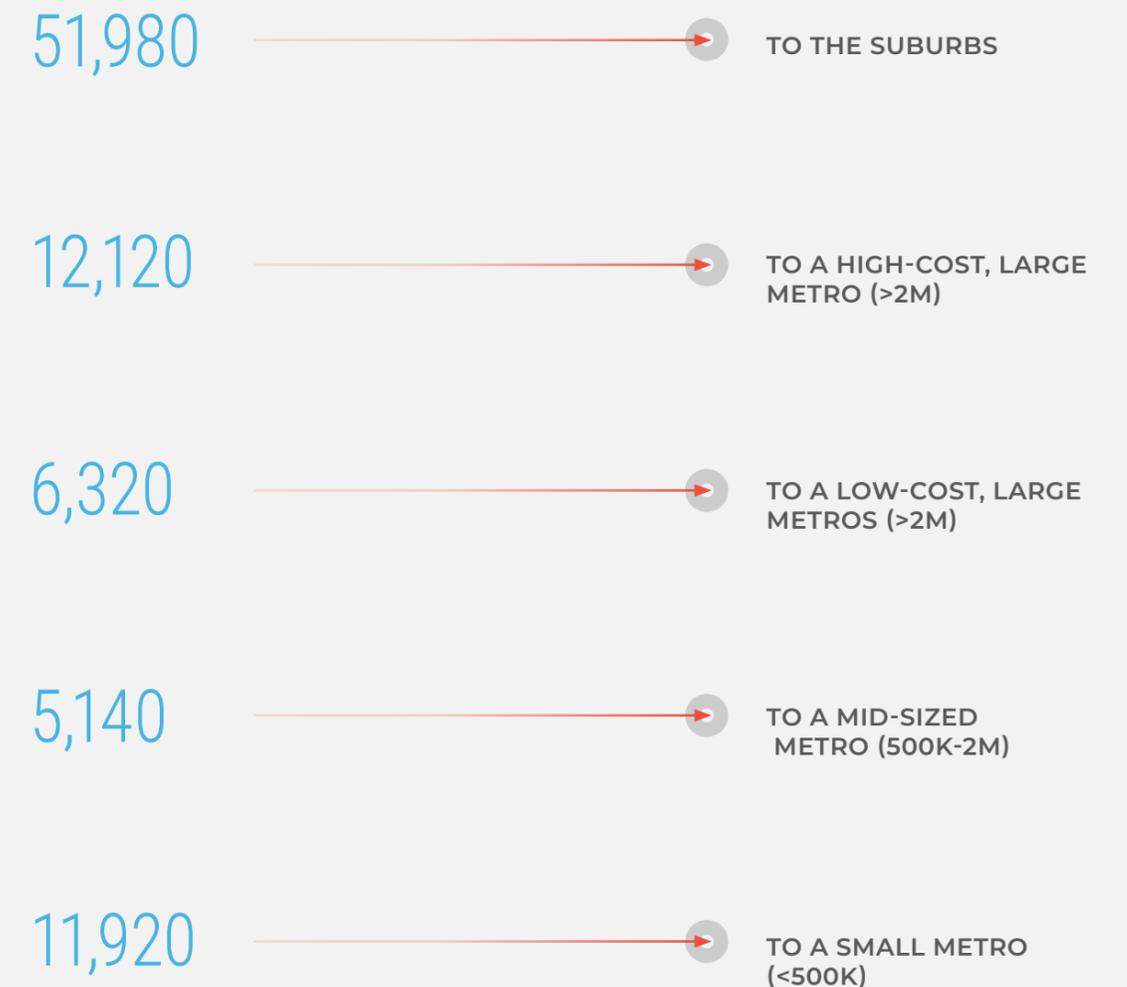
SEATTLE-TACOMA POPULATION



SOURCE: MOODY'S ANALYTICS

URBAN MIGRATION DURING THE PANDEMIC

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



SEATTLE-TACOMA, WA

SALES

2021 YEAR TO DATE*



VOLUME

\$767.2M



PRICE PER AVERAGE (AVG)

\$447,988



TRANSACTIONS

6



CAP RATE (AVG)

3.8%

WHAT'S TRADING?*



UNITS (AVG)

283



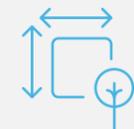
YEAR BUILT (AVG)

2000's



BUILDINGS (AVG)

2



ACRES (AVG)

8.60

TOP BUYERS**

BUYER	LOCATION
Bell Partners	Greensboro, NC
OMERS	Toronto, CAN
Low Tide Properties Ltd	Vancouver, CAN
MG Properties	San Diego, CA
DWS Group Americas	New York, NY

TOP SELLERS**

SELLER	LOCATION
Kennedy Wilson	Beverly Hills, CA
Holland Partners	Vancouver, WA
Sekisui House	Osaka-shi Kita-ku, JPN
Greystar	Charleston, SC
Carmel Partners	San Francisco, CA

**Past 24 Months

*\$50M+
SOURCE: REAL CAPITAL ANALYTICS



SEATTLE-TACOMA, WA

SALES

\$50+ MILLION TRANSACTIONS



HYDE SQUARE*

Bellevue, WA

UNITS	YEAR BUILT
618	2017

PRICE / UNIT	SALES PRICE
\$451,618	\$279,100,000



BRIO

Bellevue, WA

UNITS	YEAR BUILT
259	2019

PRICE / UNIT	SALES PRICE
\$656,371	\$170,000,000



AVALON REDMOND PLACE*

Redmond, WA

UNITS	YEAR BUILT
221	1990

PRICE / UNIT	SALES PRICE
\$442,081	\$97,700,000



BELL TOTEM LAKE*

Kirkland, WA

UNITS	YEAR BUILT
202	2019

PRICE / UNIT	SALES PRICE
\$437,129	\$88,300,000



BELL JACKSON STREET

Seattle, WA

UNITS	YEAR BUILT
160	2018

PRICE / UNIT	SALES PRICE
\$451,563	\$72,300,000



MADISON AT WELLINGTON

Silverdale, WA

UNITS	YEAR BUILT
240	1989

PRICE / UNIT	SALES PRICE
\$ 249,167	\$59,800,000

*BERKADIA TRANSACTION

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Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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