



WESTERN U.S. *MULTIFAMILY* BY THE NUMBERS

2025 Mid-Year Market Forecast

STEADY FUNDAMENTALS AMID SHIFTING GROWTH TRENDS

The Western U.S. multifamily market has demonstrated resilient performance over the past decade, characterized by low vacancy rates, expanding inventories, and steadily rising lease rates.

Investment activity has generally remained consistent since 2013, with sales volume peaking in 2021 and 2022 before falling in 2023. However, a rebound is now underway, with transaction volume gaining momentum in both near and long-term projections.

Although rents continue to climb, the pace of growth has slowed significantly compared to the post-pandemic surge and have relatively flat during the first half of the year. From 2021 to 2022, average rents rose by a combined 21.4%. In contrast, rent growth in 2023 and 2024 totaled just 1.9%, reflecting a broader market recalibration.

HIGH MORTGAGE RATES SUSTAIN *RENTER DEMAND*

Despite slowing rent growth, demand drivers remain intact—and are expected to support the sector into 2026.

Chief among them is diminished buying power and the high cost of homeownership, which continue to keep prospective buyers in rental housing longer.

Elevated 30-year mortgage rates, peaking at 7.8% in October 2023 and hovering in the low 6% range throughout the first half of 2025, have kept homeownership increasingly out of reach for a large share of the population. As a result, the average mortgage payment is now 35% higher than the average multifamily rent in the U.S.

TRANSACTION VOLUME REBOUNDS FOLLOWING 2023 DOWNTURN

Western U.S. apartment sales experienced a sharp downturn in 2023, plunging 60% year-over-year to just \$5.5 billion.

Average unit pricing also declined, falling from \$275,000 in 2022 to \$267,000 in 2023, an 11% reduction. This decline was driven by a mix of challenges, including significant interest rate hikes, volatility in the financial markets, and a widening price gap expectations between buyers and sellers.

Yet the market showed impressive resilience. Multifamily sales began a notable recovery in 2024 and continued to gain solid momentum during the first half of 2025. Over the past 12 months, transaction volume grew to \$15.2 billion, and the average unit pricing rose to more than \$272,000, approaching 2022 levels and signaling a revitalized market.

\$15.2B

12-Month
Transaction Volume

272K

Average
Unit Price





VACANCY TRENDS VARY ACROSS MARKETS

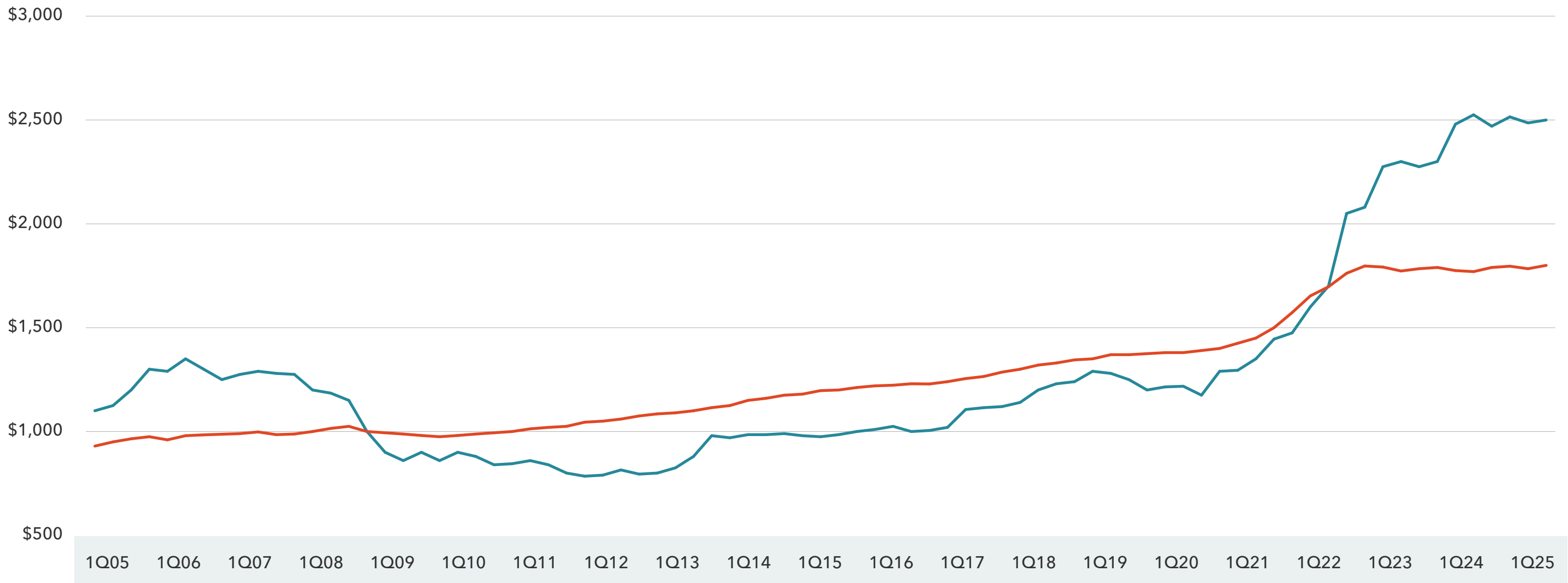
Overall supply and demand remain relatively balanced across most Western U.S. markets.

Since the end of 2019, the regional multifamily vacancy rate has risen by 100 basis points, from 5.4% to 6.4% as of Q2 2025. The rate is expected to increase modestly to 6.7% by year-end.

Market-level differences persist, with Phoenix standing out for having both the highest vacancy rate and the largest post-covid increase. This spike is largely attributed to a surge in new construction, with over 25,000 units added over the past two years—representing 20% of the Western U.S. total completions.

By contrast, markets such as Orange County, San Diego, and Silicon Valley have bucked the trend, registering a decline in vacancy rates since 2019—an indicator of enduring demand in these areas.

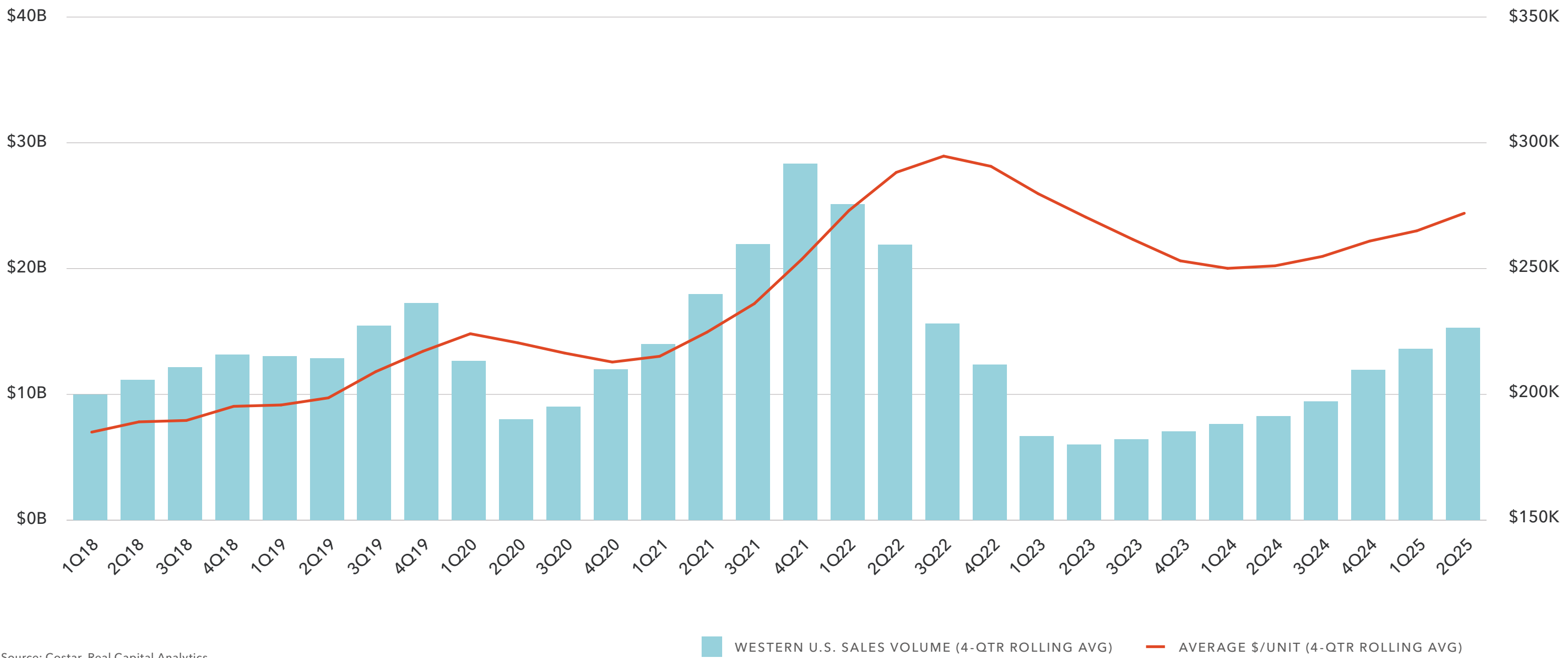
MORTGAGE PAYMENTS VS MULTIFAMILY RENT



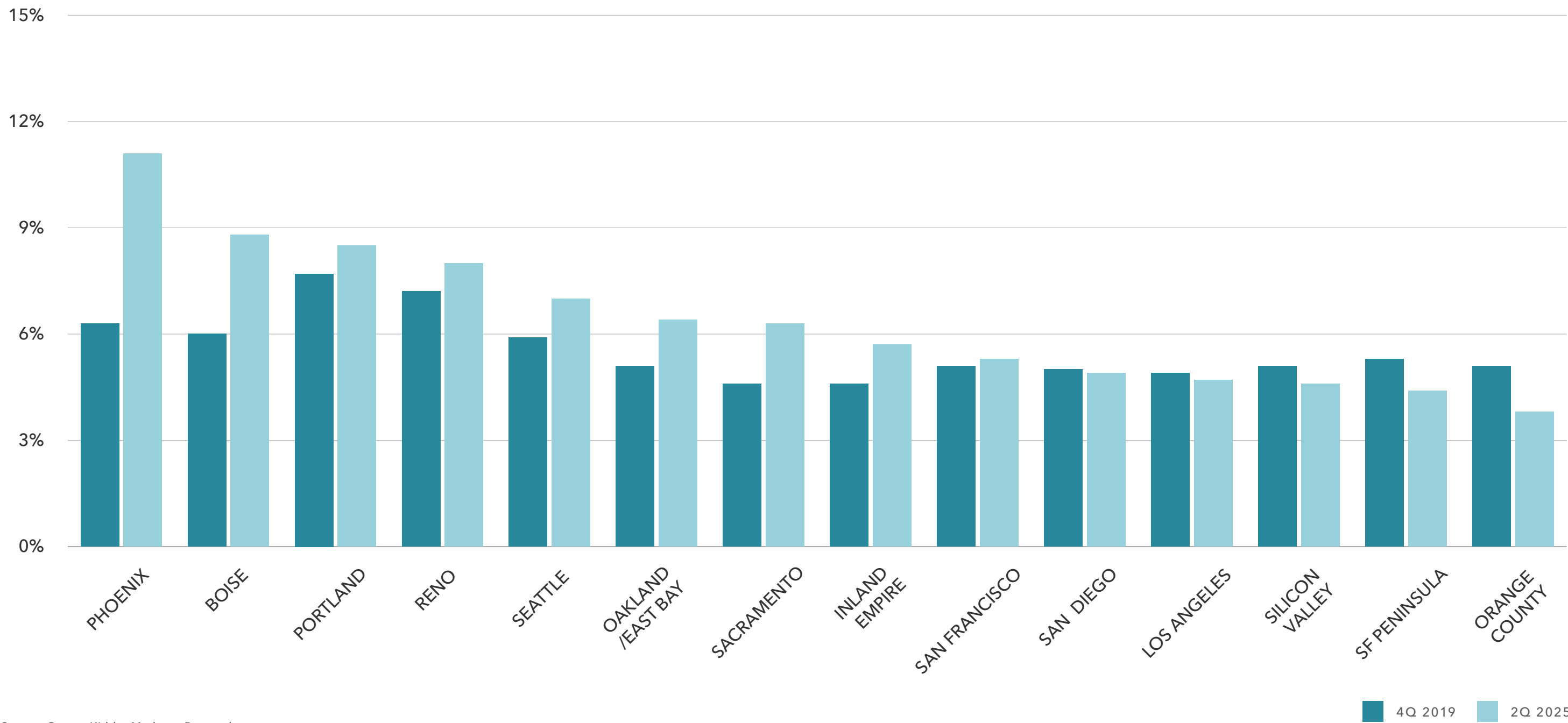
Source: Yardi Matrix; National Association of Realtors; Freddie Mac

AVERAGE MORTGAGE PAYMENT AVERAGE RENT (\$/UNIT)

SALES VOLUME CONTINUES TO REBOUND

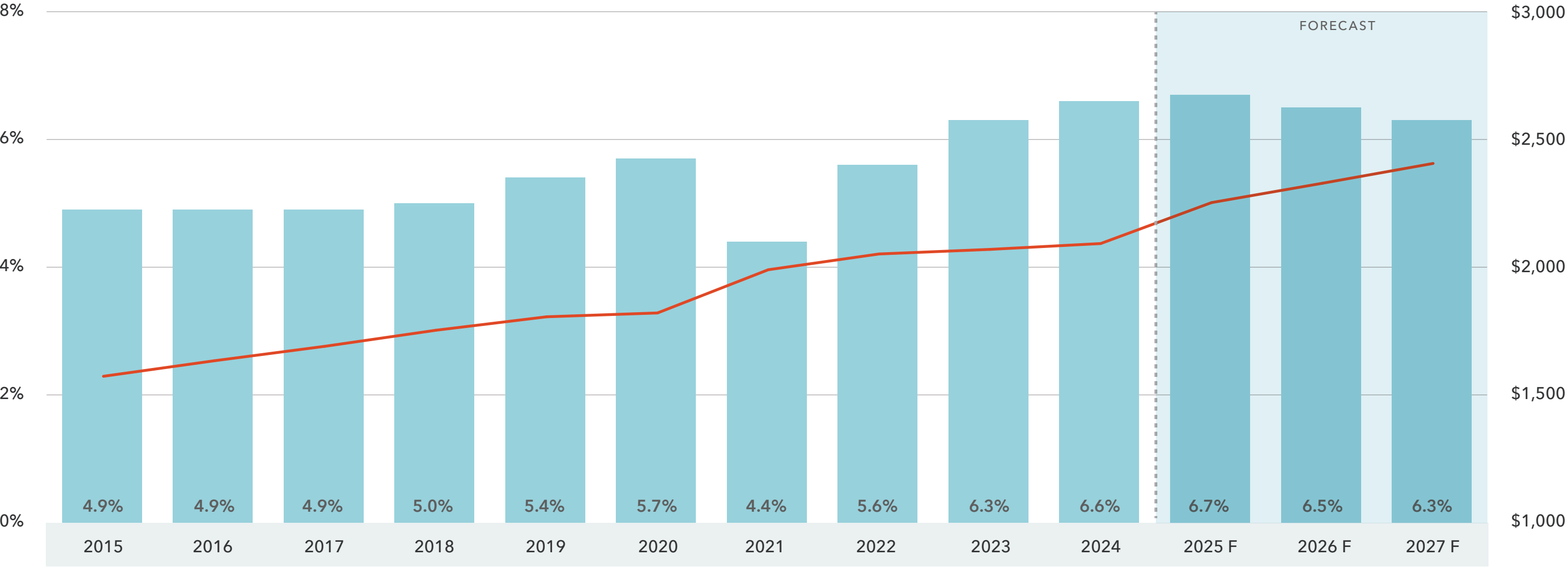


VACANCY RATE *BY MARKET*



Source: Costar, Kidder Mathews Research

WESTERN U.S. *FORECAST*



Source: Costar, Kidder Mathews Research

VACANCY RATE AVERAGE ASKING RATE (\$/UNIT)

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We offer a complete range of brokerage, appraisal, asset services, consulting, and debt equity finance services for all property types.

COMMERCIAL BROKERAGE

\$9B	26.2M+	36.7M+
AVERAGE ANNUAL TRANSACTION VOLUME	ANNUAL SF OF SALES	ANNUAL SF OF LEASING

ASSET SERVICES

58M SF	850+	260+
MANAGEMENT PORTFOLIO SIZE	ASSETS MANAGED	CLIENTS SERVED

VALUATION ADVISORY

2,400+	39	24
AVERAGE ANNUAL ASSIGNMENTS	TOTAL NO. OF APPRAISERS	WITH MAI DESIGNATIONS

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