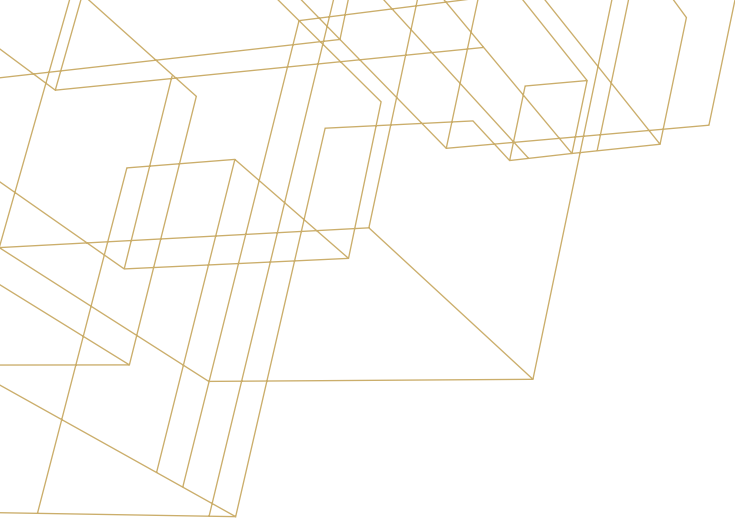


A grayscale photograph of the Seattle skyline, featuring prominent skyscrapers like the Smith Tower and the dark, cylindrical Smith Tower. The image is overlaid with a network of thin, light-colored geometric lines forming various polygons. In the foreground, there are lower-rise buildings and a multi-lane highway with traffic. The overall tone is professional and modern.

# 2021 MID-YEAR UPDATE



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# INTRODUCTION

AUGUST 2021

If there was ever a challenging period to attempt to understand the dynamics of apartment rental rates versus vacancy rates, it was the period spanning mid-2020 to mid-2021: During the last 12 months, the apartment market experienced one of the sharpest freefalls in rental rates – and occupancy rates – on record. In fact, in some markets, rental rates declined by more than 25% and vacancy spiked to nearly 20%.

Even so, it’s always darkest before the dawn, and it’s safe to say that our region’s falling rental rates and spiking vacancy seems safely in the rear-view mirror. Fortunately, the Seattle and Puget Sound market’s rollercoaster ride of COVID and political and social unrest is survived by extremely healthy underlying economic fundamentals – and this is demonstrated in the data.

The following report provides a real-time look at rental and vacancy rates; analyzes year-over-year (Y-o-Y) trends; and provides a historical look at 20 years of market trends. And, while this is a high-level review of the data, our team of apartment brokers is also armed with a more granular understanding of the dynamics of each submarket and neighborhood. Therefore, our experts can offer you critical insights to help you make better investment decisions – whether you’re planning on buying, selling, or simply needing to operate your apartment building more profitably.

So, use this report to get an initial understanding of how the apartment market has shifted throughout the last year. But, to gain a deeper understanding of both what the data means and how you can use it to your advantage, contact one of our team members.

**DYLAN SIMON**  
Executive Vice President

**JERRID ANDERSON**  
Executive Vice President

# OUR EXPERT TEAM

## PUGET SOUND APARTMENT SALES SPECIALISTS

Our goal is to help you maximize your apartment investments, whether that means selling your apartment building faster and for more money, or providing advisory services for apartment buildings or development land that you plan to hold or want to buy. And, while anyone can promise you results, we deliver on our promises with a data-driven understanding of the market, an extensive buyer reach, and exceptional marketing that cuts through the noise.

<b>\$1.29B</b>	<b>10,289</b>
<b>TOTAL VALUE SOLD &amp; UNDER CONTRACT</b>	<b>TOTAL UNITS SOLD &amp; UNDER CONTRACT</b>
<b>1.57M SF</b>	<b>\$91.7M</b>
<b>DEVELOPMENT LAND SOLD &amp; UNDER CONTRACT</b>	<b>ACTIVE LISTINGS &amp; LISTINGS COMING TO MARKET</b>

### Dylan Simon

Executive Vice President



Dylan is a market-leading broker throughout Seattle and the Puget Sound region, specializing in the sale of apartment buildings and development land and with expertise in sales strategies, market knowledge, and industry trends.

### Jerrid Anderson

Executive Vice President



Jerrid focuses on urban apartment and development land sales and is the region's micro-apartment expert. His entrepreneurial mindset and passion for marketing lead the innovation his clients have come to expect.

### Matt Laird

Senior Associate



Matt is an apartment broker specializing 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.

### Brandon Lawler

Associate Vice President



Brandon is an apartment broker specializing in the sale of apartment buildings and off-market acquisitions, with expertise in the South Puget Sound market.

### Winslow Lee

Associate



Winslow is an apartment broker specializing in sales of apartment buildings and development land across the Puget Sound, with expertise in the Snohomish County market.

### Max Frame

Associate



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

### Jack Counihan

Financial Analyst



Jack specializes in market research, apartment valuations, and sales tracking in the Puget Sound market.

### Cassie Pieters

Executive Assistant



Cassie provides balance and support through administrative contributions. Her commitment to the betterment of the team results in major goal achievement and long-term success.



# RENT & VACANCY OVERVIEW

The year 2020 marked a great migration from urbanism to the region's submarkets; but, in 2021, that shift has already begun to unwind.

## A REGION WELL INTO RECOVERY

The Puget Sound region's apartment markets all reacted very differently to the COVID-19 pandemic. For instance, urban markets across King County - both in Seattle and Bellevue - were most affected as far as falling rental rates and increasing vacancy. To that end, urban markets were the only apartment markets where rental rates declined in all ages of buildings. However, as 2021 has progressed, Seattle's mild recovery just can't match the Eastside's rocket-fueled rental rate growth.

Meanwhile, the region's suburban apartment markets were the net benefactors of the flight from urbanism in 2020, although each of these markets performed a bit differently during the last year. That's because, as renters were less concerned with commute times and the focus shifted on lifestyle outside of work and minimizing living costs, the more affordable submarkets attracted and retained the most renters. At the same time, more expensive submarkets - as well as those needing to stabilize recently delivered apartment buildings - generally maintained rental and occupancy rates, while less-expensive markets added to their rental rates and experienced a compression in vacancy.

Overall, each market remains in transition as we enter the second half of 2021. Specifically, the social, economic, and public health considerations that massively affected rental rates and vacancy rates this past year are beginning to fade and, with that change, markets will begin to settle into a "new normal." Of course, helping clients get ahead of new market trends is one of our primary objectives and, as such, we encourage you to contact us to begin the conversation.

### SNOHOMISH

RENT: \$1,672 | VACANCY: 5.2%

### NORTH KING

RENT: \$1,567 | VACANCY: 5.7%

### EAST KING

RENT: \$2,148 | VACANCY: 7.8%

### URBAN KING

RENT: \$2,038 | VACANCY: 7.4%

### SOUTH KING

RENT: \$1,591 | VACANCY: 4.3%

### KITSAP

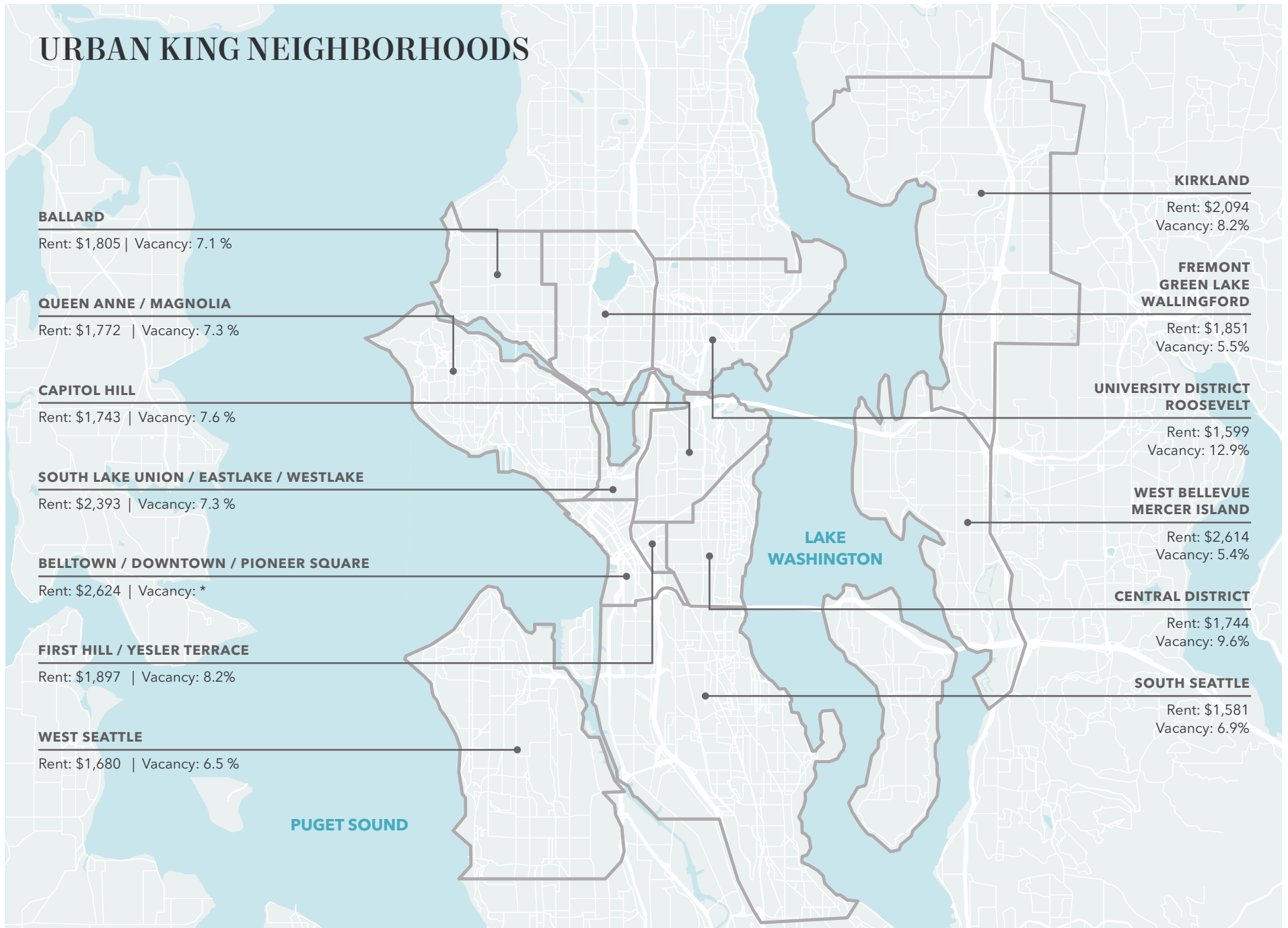
RENT: \$1,622 | VACANCY: 3.3%

### PIERCE

RENT: \$1,437 | VACANCY: 3.4%

DATA SOURCES: KIDDER MATHEWS RESEARCH, COSTAR  
ALL RENT VALUES ARE EFFECTIVE RENTS  
DATA COLLECTED AS OF JULY 2021

# URBAN KING NEIGHBORHOODS



\* Vacancy rate excluded due to inconsistent data.



# URBAN KING COUNTY

In 2020, effective rents for apartment buildings built prior to 1995 declined 3.6% Y-o-Y, while rental rates for apartment buildings built after 2010 declined 14.2%. However, the Urban King market has already established its resiliency midway through 2021, posting a new record effective rental rate average of \$2,062 per unit – 1.4% higher than pre-pandemic rental rate levels.

The first year that Urban King County rents exceeded prior peak rents from 2008 was in 2013. But, as of July 2021, effective rents in Urban King County had already exceeded 2019 pre-pandemic rates.

Toward the end of last decade, many believed that Seattle's nation-leading growth was bound to end – but no one predicted how abrupt it would be: In 2020, Seattle experienced a double-digit decline in rents as vacancy nearly doubled across the city's densest neighborhoods. And, while the effects of the pandemic were unavoidable, a hyper supply of new apartments has been a lurking threat to the region's rent and vacancy rates long before 2020. COVID-19 may have changed the short-term behaviors and needs of Seattle renters, but we believe that continued employment growth and unmet resident demand to live/work/play will lead to both short- and long-term prosperity for the region.

**\$2,038**

AVG RENT

**7.4%**

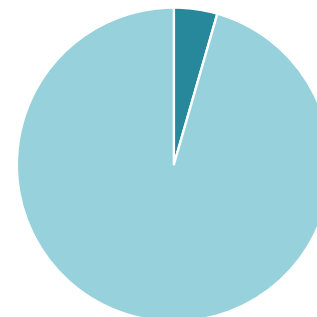
AVG VACANCY

**▲ 13.1%**

YOY CHANGE IN RENT

**▼ 0.3%**

YOY CHANGE IN VACANCY



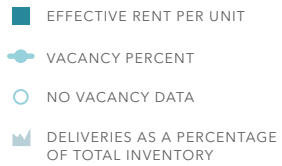
**6,025**

UNITS DELIVERED  
2020 + 2021 YTD

**134,837**

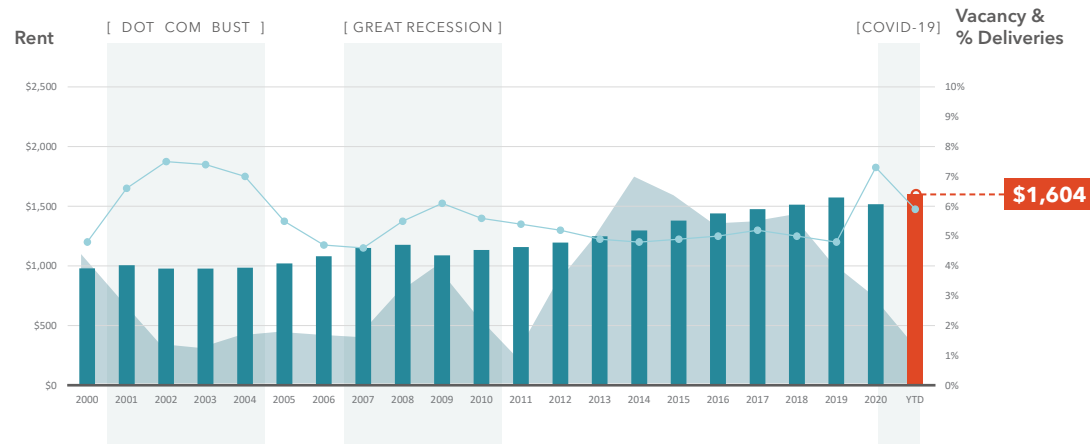
TOTAL UNITS  
URBAN KING MARKET

5+ UNIT APARTMENT BUILDINGS, ALL AGES



BUILT PRE - 1995

# OLDER BUILDINGS



OLDER BUILDINGS

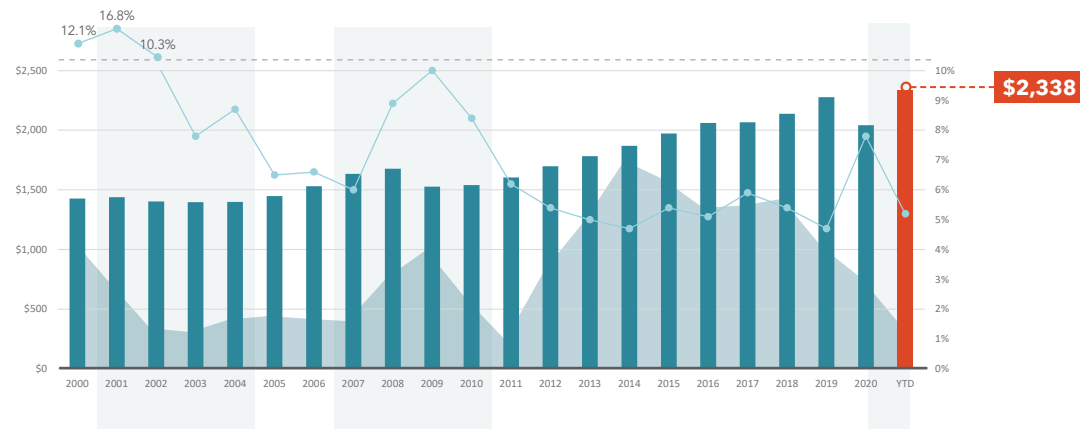
59,026  
UNITS

44%  
OF INVENTORY

701 SF  
AVG UNIT SIZE

BUILT 1995 - 2010

# LAST CYCLE



BUILT 1995-2010

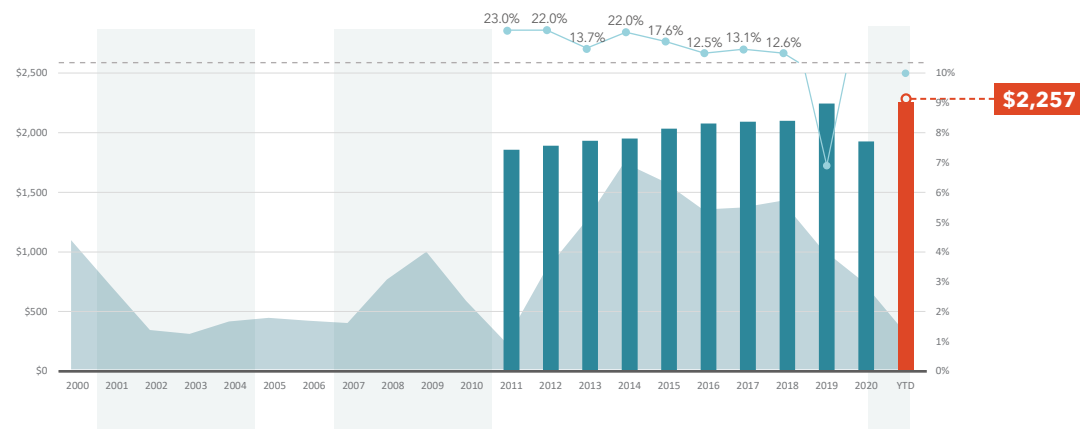
22,200  
UNITS

17%  
OF INVENTORY

822 SF  
AVG UNIT SIZE

BUILT POST - 2010

# CURRENT CYCLE



BUILT THIS CYCLE

52,705  
UNITS

39%  
OF INVENTORY

686 SF  
AVG UNIT SIZE

5+ UNIT APARTMENT BUILDINGS

UNITS DELIVERED 2000-2010: 19,016 UNITS DELIVERED 2011-2021: 52,705



# NORTH KING COUNTY

North King rents and occupancy growth continue to march forward despite this influential last year.

As the light rail continues to push north, we've seen rents increase slightly - even through the pandemic. Now, working from home and the anticipation of easy accessibility to downtown in the near future has residents looking outside of the city core and into neighborhoods like Northgate, Greenwood, and Shoreline - all of which are demonstrating continuous growth.

Moreover, despite the pandemic, average vacancy decreased compared to last year. Furthermore, more than 6,000 units have been delivered since 2010; as a result, the market is working to absorb the newer product and, as expected, vacancy rates in these cases are higher than they are in the existing apartment buildings. To that end, steadily declining vacancies - paired with increases in rents - make this an area in which investors and developers continue to look for opportunity.

**\$1,567**

AVG RENT

**5.7%**

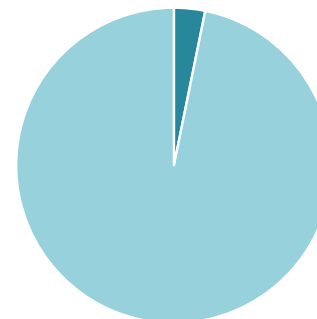
AVG VACANCY

**▲ 4.7%**

YOY CHANGE IN RENT

**▼ 1.1%**

YOY CHANGE IN VACANCY



**763**

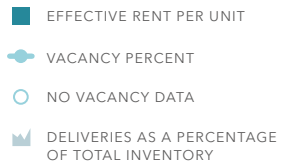
UNITS DELIVERED  
2020 + 2021 YTD

**23,930**

TOTAL UNITS  
NORTH KING MARKET

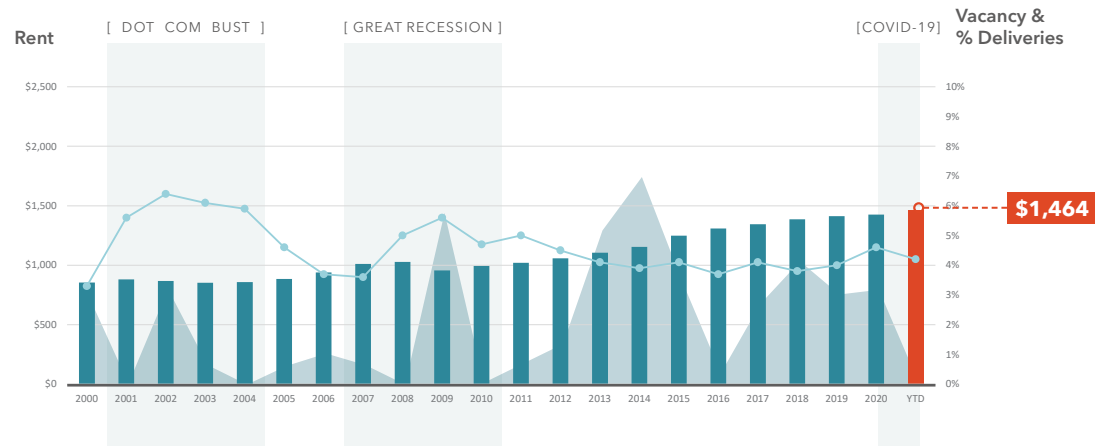
5+ UNIT APARTMENT BUILDINGS, ALL AGES





BUILT PRE - 1995

## OLDER BUILDINGS



OLDER BUILDINGS

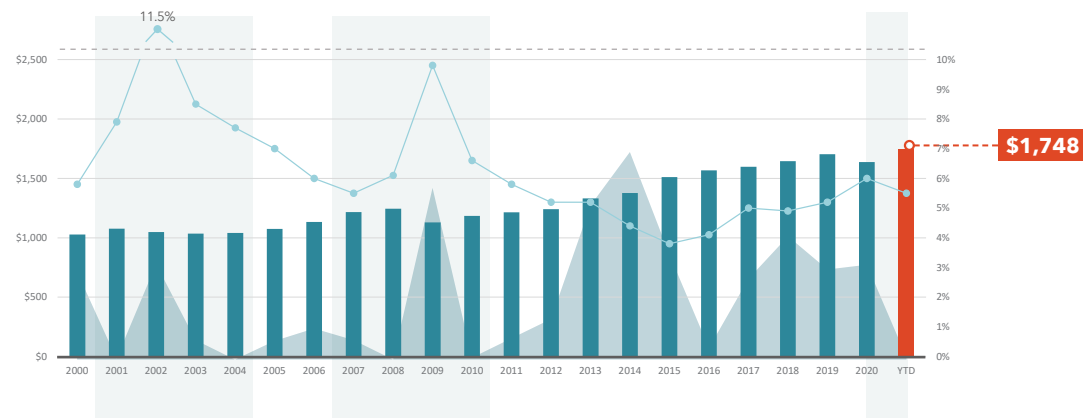
14,022  
UNITS

59%  
OF INVENTORY

783 SF  
AVG UNIT SIZE

BUILT 1995 - 2010

## LAST CYCLE



BUILT 1995-2010

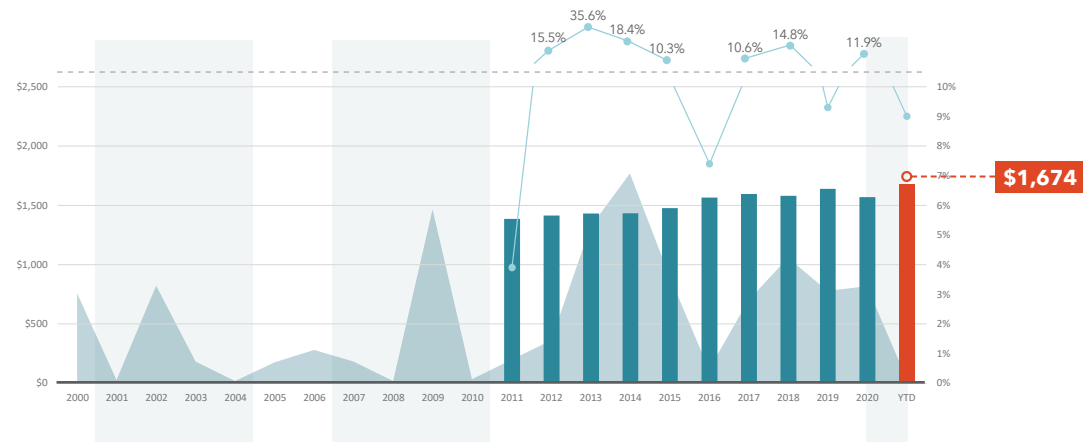
3,068  
UNITS

13%  
OF INVENTORY

825 SF  
AVG UNIT SIZE

BUILT POST - 2010

## CURRENT CYCLE



BUILT THIS CYCLE

6,424  
UNITS

28%  
OF INVENTORY

711 SF  
AVG UNIT SIZE

5+ UNIT APARTMENT BUILDINGS

UNITS DELIVERED 2000-2010: 2,429 UNITS DELIVERED 2011-2021: 6,424



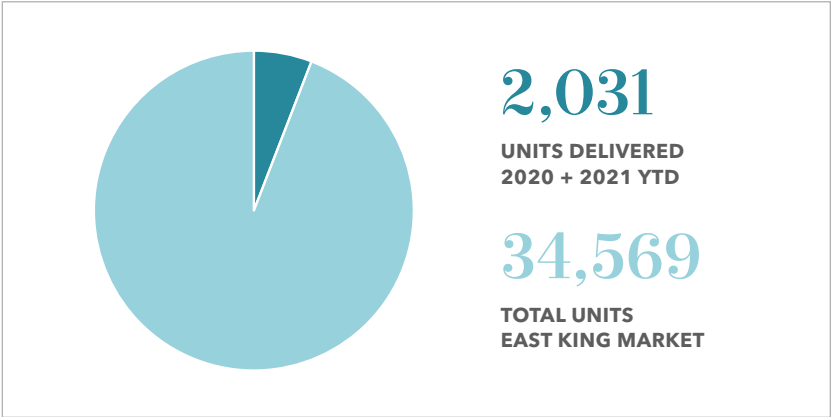
# EAST KING COUNTY

East King continues its hot streak as the region’s top rental market, boasting the highest average rental rate at \$2,148. Clearly, East King is as desirable for renters as it is profitable for investors.

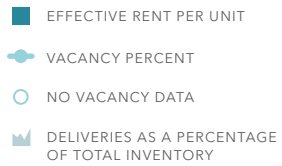
Renter demand for East King remains robust: Average rental rates across all building ages are the highest in the region – up 12% over last year and an impressive 7% above 2019 rental rates – thereby demonstrating East King’s resiliency. And, despite appearing to be higher, the average vacancy rate was actually artificially boosted due to many new buildings going through lease-up cycles across the submarket. Conversely, vacancy levels in older buildings are well below market – 4.3% for pre-1995 and 2.8% for buildings that were built in the last cycle.

Likewise, although East King delivered 6% of its existing stock of units since the start of 2020 – the largest increase in the region – vacancy has continued to compress since 2019; even with the high numbers of new units being delivered, absorption remains healthy. What’s more, opportunity remains for savvy owners of older apartments to renovate units to compete with and draft slightly below the sky-high rental rates of newer apartment buildings. But, if that feels like too much work, just give us a call; investors are paying top dollar for older apartments in East King.

<div>\$2,148</div> <div>AVG RENT</div>	<div>7.8%</div> <div>AVG VACANCY</div>
<div>▲ 12.0%</div> <div>YOY CHANGE IN RENT</div>	<div>▼ 0.7%</div> <div>YOY CHANGE IN VACANCY</div>

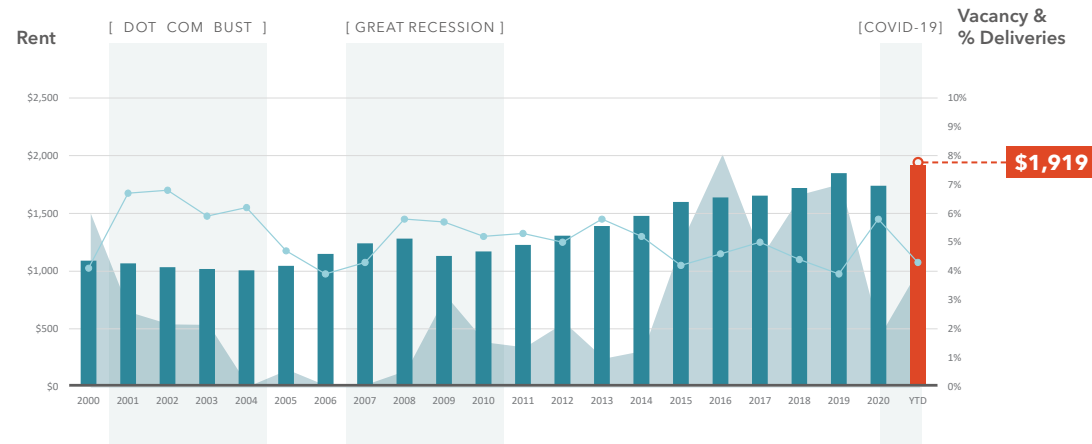


5+ UNIT APARTMENT BUILDINGS, ALL AGES



BUILT PRE - 1995

## OLDER BUILDINGS



OLDER BUILDINGS

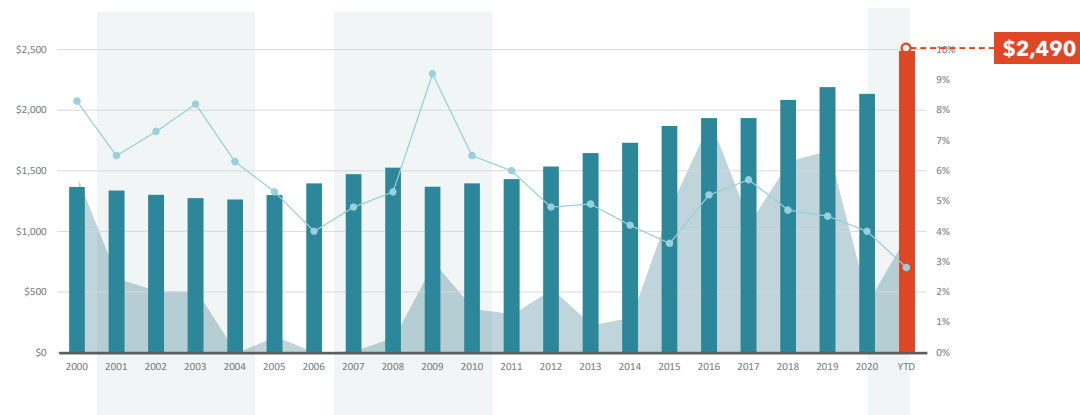
**15,963**  
UNITS

**46%**  
OF INVENTORY

**882 SF**  
AVG UNIT SIZE

BUILT 1995 - 2010

## LAST CYCLE



BUILT 1995-2010

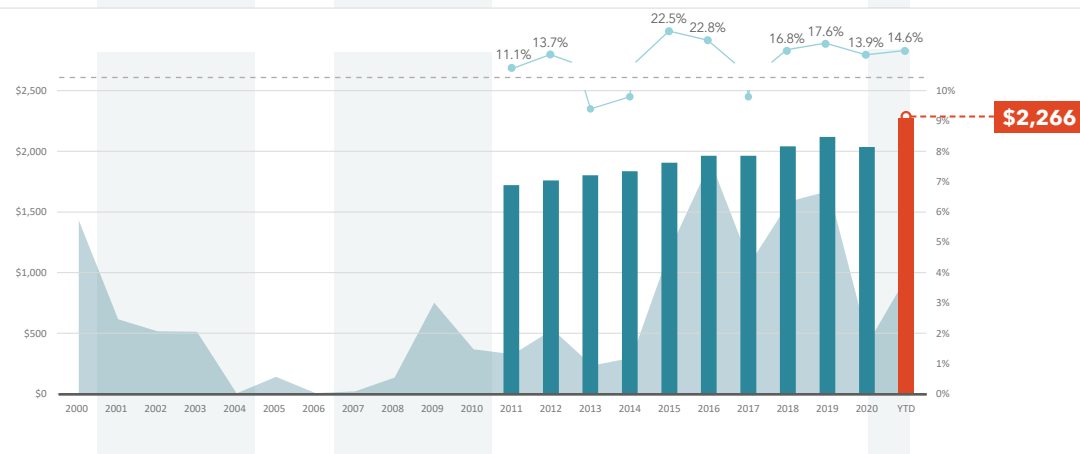
**6,047**  
UNITS

**18%**  
OF INVENTORY

**1,073 SF**  
AVG UNIT SIZE

BUILT POST - 2010

## CURRENT CYCLE



BUILT THIS CYCLE

**12,411**  
UNITS

**36%**  
OF INVENTORY

**851 SF**  
AVG UNIT SIZE

5+ UNIT APARTMENT BUILDINGS

UNITS DELIVERED 2000-2010: 3,902 UNITS DELIVERED 2011-2021: 12,411



# SOUTH KING COUNTY

Lack of new inventory keeps vacancy low and rental rates strong throughout South King County.

Year-to-date, we've only seen one apartment building completed and delivered to the entire South King submarket. However, this trend is due to change as the current development pipeline of new apartment buildings is substantial, accounting for 14% of the total inventory in South King. And, although the development of more apartment buildings is on the horizon, the region will continue to benefit from high demand - in addition to renters falling in love with the more affordable rental rates, larger units, and more modern apartment living available spanning from Renton down to Enumclaw.

At the same time, South King has been one of the fastest-growing rental markets in all of Puget Sound, with rental rates here cumulatively increasing nearly 20% in the last five years. And, while we expect residents to migrate back into Urban King as businesses come back to life, South King will continue to grow and be a great place to call home for downtown workers who are priced out of Seattle and Bellevue.

**\$1,591**

AVG RENT

**4.3%**

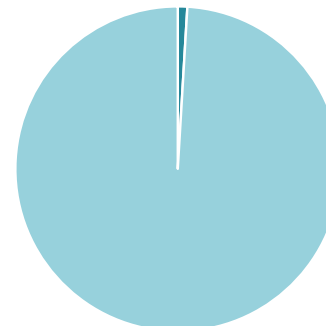
AVG VACANCY

**▲ 7.1%**

YOY CHANGE IN RENT

**▼ 0.4%**

YOY CHANGE IN VACANCY



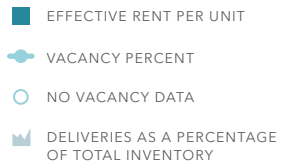
**541**

UNITS DELIVERED  
2020 + 2021 YTD

**57,488**

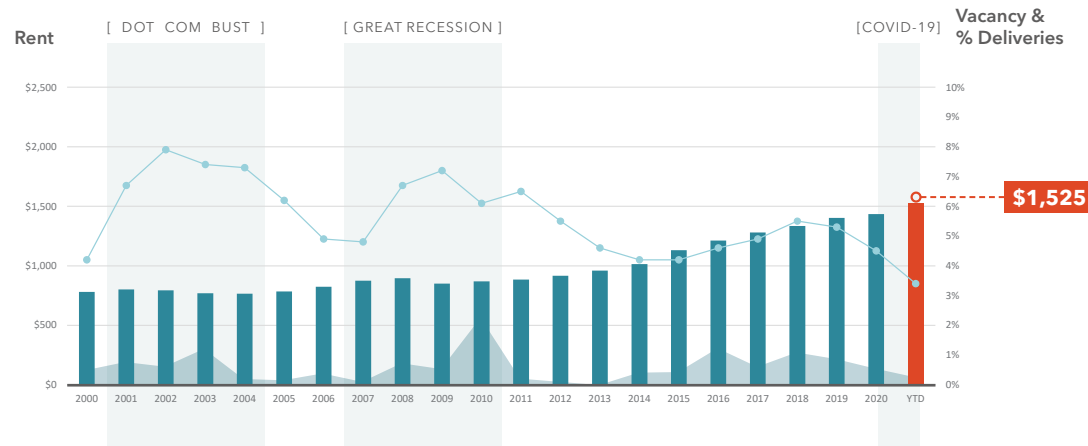
TOTAL UNITS  
SOUTH KING MARKET

5+ UNIT APARTMENT BUILDINGS, ALL AGES



BUILT PRE - 1995

# OLDER BUILDINGS



OLDER BUILDINGS

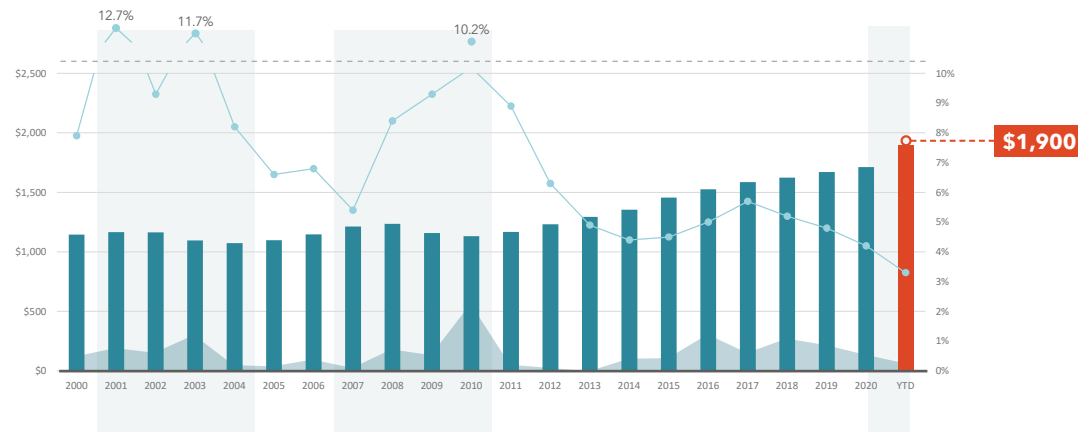
**46,807**  
UNITS

**81%**  
OF INVENTORY

**849 SF**  
AVG UNIT SIZE

BUILT 1995 - 2010

# LAST CYCLE



BUILT 1995-2010

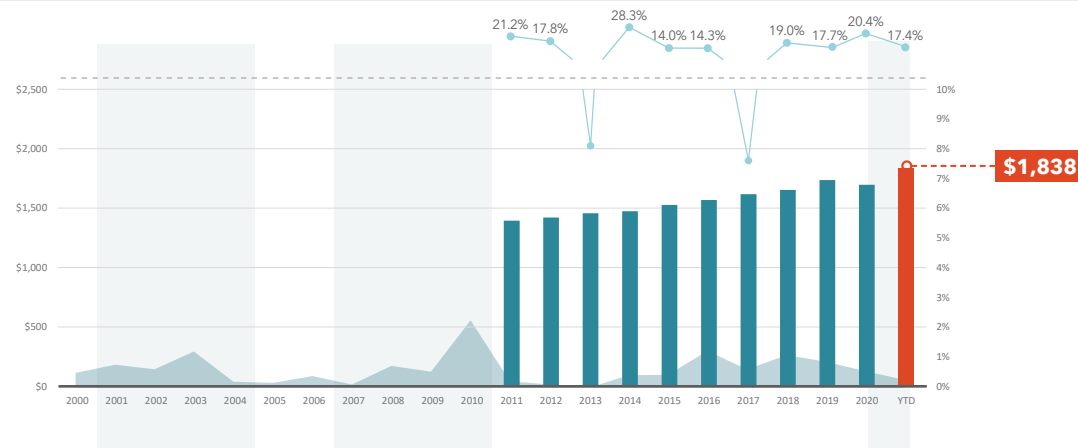
**6,537**  
UNITS

**11%**  
OF INVENTORY

**920 SF**  
AVG UNIT SIZE

BUILT POST - 2010

# CURRENT CYCLE



BUILT THIS CYCLE

**3,740**  
UNITS

**8%**  
OF INVENTORY

**841 SF**  
AVG UNIT SIZE

5+ UNIT APARTMENT BUILDINGS

UNITS DELIVERED 2000-2010: 4,469 UNITS DELIVERED 2011-2021: 3,740

# SNOHOMISH COUNTY

Snohomish continues to prove itself as one of the best apartment markets in the region with high year-over-year rental rate growth and low vacancy.

Snohomish County has the largest apartment units in the region and, if COVID proved anything, it was that renters were looking for space: With an increase of 8.4% in rent and only a .1% increase in vacancy, it was apparent that renters were moving from Seattle up to Snohomish County's cities, such as Lynnwood, Edmonds, Everett, Snohomish, and many others. Here, buildings built prior to 2010 are experiencing vacancies near 3%. Meanwhile, newer buildings make up 15% of the total inventory and experienced slight year-over-year increases in rental rates, but sharp increases in vacancy as units were absorbed more slowly into the market.

In the next several years, apartment developers are primed to add more apartment units than they did in the previous decade, with major developments planned in Everett, as well as along the planned light rail lines. The introduction of notable new apartment inventory is also evident in the trend of higher vacancy rates in newer buildings as they begin to stabilize.

**\$1,672**

AVG RENT

**5.2%**

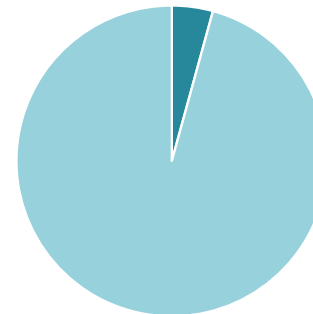
AVG VACANCY

**▲ 8.8%**

YOY CHANGE IN RENT

**▲ 0.1%**

YOY CHANGE IN VACANCY



**1,907**

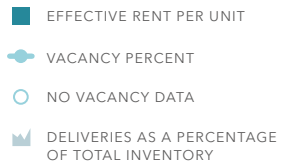
UNITS DELIVERED  
2020 + 2021 YTD

**44,721**

TOTAL UNITS  
SNOHOMISH MARKET

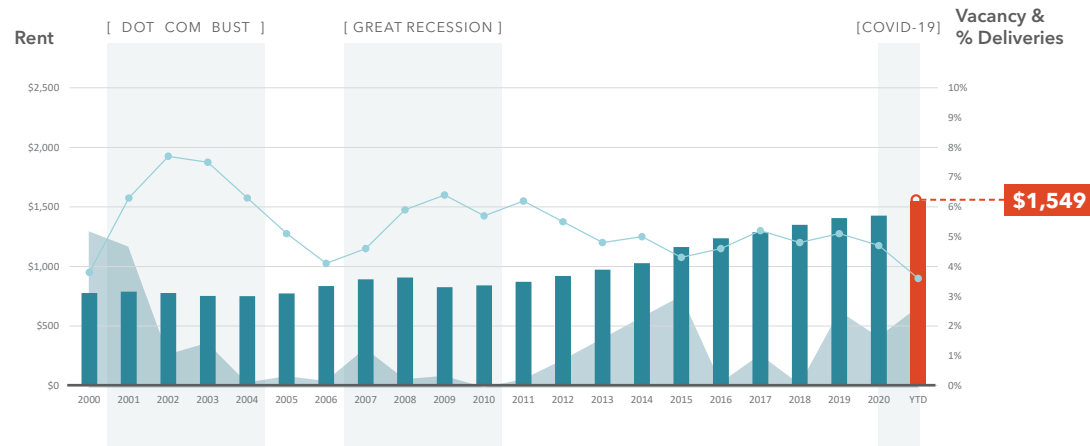
5+ UNIT APARTMENT BUILDINGS, ALL AGES





BUILT PRE - 1995

## OLDER BUILDINGS



OLDER BUILDINGS

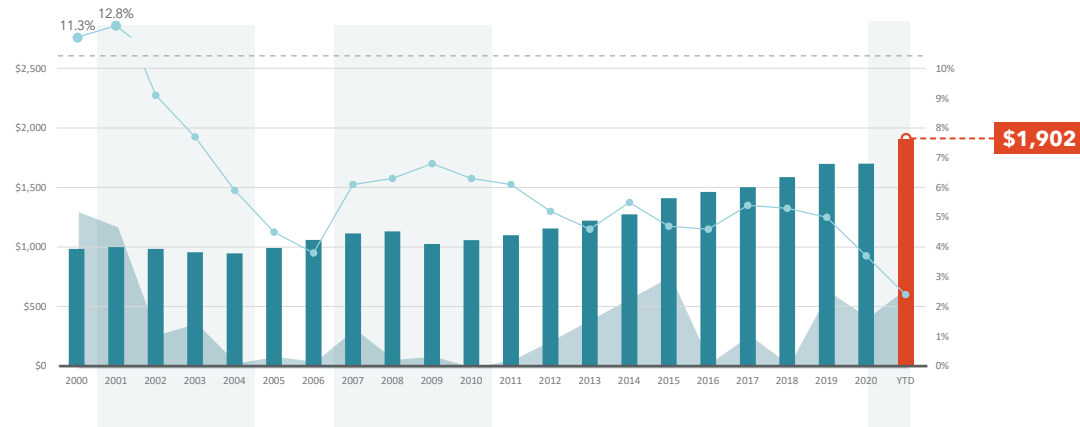
29,101  
UNITS

65%  
OF INVENTORY

860 SF  
AVG UNIT SIZE

BUILT 1995 - 2010

## LAST CYCLE



BUILT 1995-2010

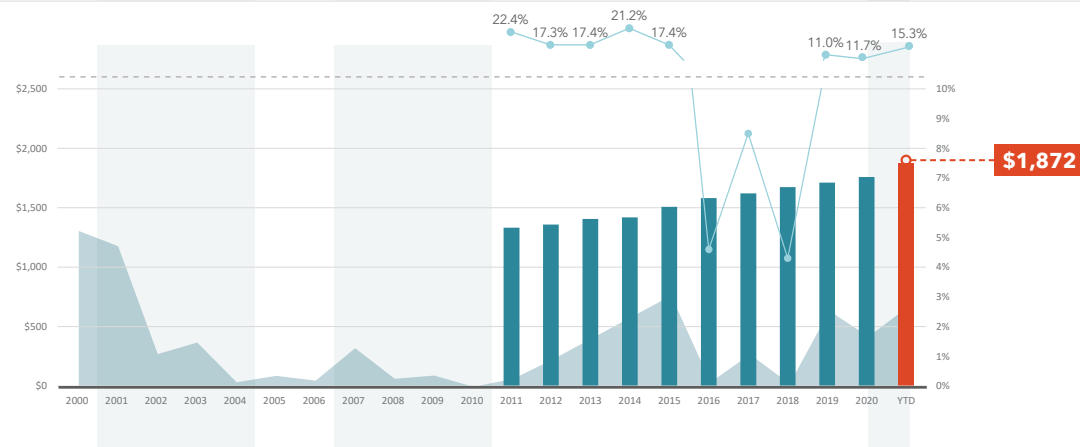
8,376  
UNITS

19%  
OF INVENTORY

964 SF  
AVG UNIT SIZE

BUILT POST - 2010

## CURRENT CYCLE



BUILT THIS CYCLE

6,801  
UNITS

16%  
OF INVENTORY

866 SF  
AVG UNIT SIZE

5+ UNIT APARTMENT BUILDINGS

UNITS DELIVERED 2000-2010: 5,392 UNITS DELIVERED 2011-2021: 6,801



# PIERCE COUNTY

The sprawl of suburbia to the outlying Puget Sound markets led to the lowest vacancy rate ever recorded in the Pierce County apartment market.

Vacancy rates weren't the only record-breaking triumph for the county; year-to-date (YTD) rental growth hit record highs, as well, at a 9.8% Y-o-Y rental rate growth. And, after a notable decrease in new construction in 2020, we're starting to see a strong uptick of developments following the light rail line. In fact, many of these new deliveries are changing Tacoma's rapidly urbanizing downtown, and record-high rental rates are a direct representation of this gentrification.

The current equilibrium between supply and demand; strong job growth in both urban and suburban Tacoma; and the light rail on the way are all factors for these strong market trends. Granted, delinquency has been more of a problem in Pierce County than King County, but the continual rent increase - along with high occupancy rates - is a trend that we see continuing in Pierce County to the benefit of apartment owners.

**\$1,437**

AVG RENT

**3.4%**

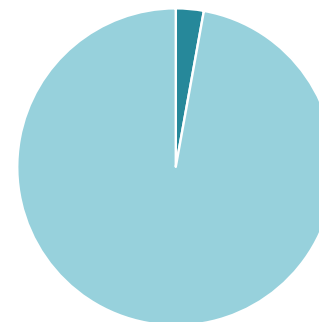
AVG VACANCY

**▲ 6.6%**

YOY CHANGE IN RENT

**▼ 0.5%**

YOY CHANGE IN VACANCY



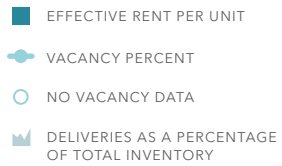
**1,664**

UNITS DELIVERED  
2020 + 2021 YTD

**58,725**

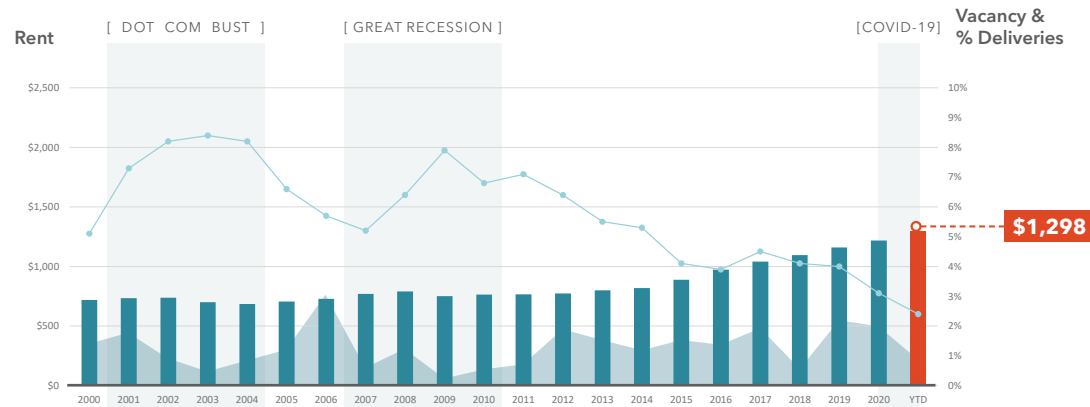
TOTAL UNITS  
PIERCE MARKET

5+ UNIT APARTMENT BUILDINGS, ALL AGES



BUILT PRE - 1995

# OLDER BUILDINGS



OLDER BUILDINGS

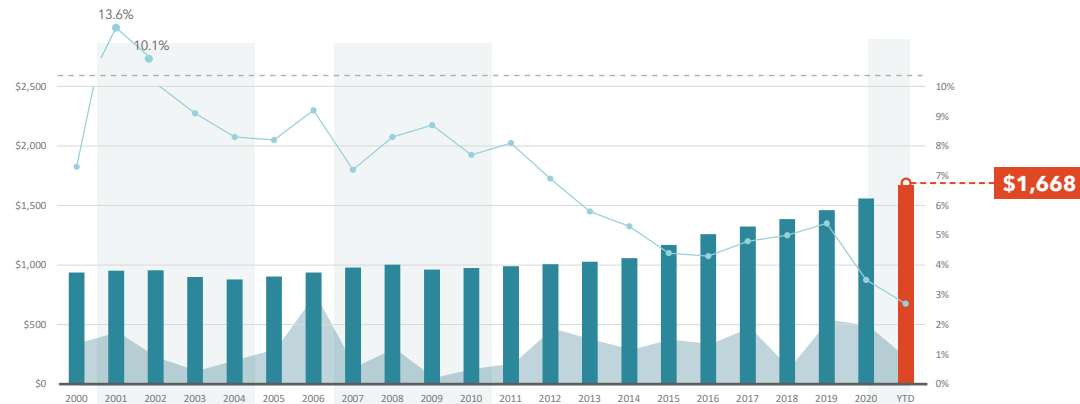
40,376  
UNITS

69%  
OF INVENTORY

809 SF  
AVG UNIT SIZE

BUILT 1995 - 2010

# LAST CYCLE



BUILT 1995-2010

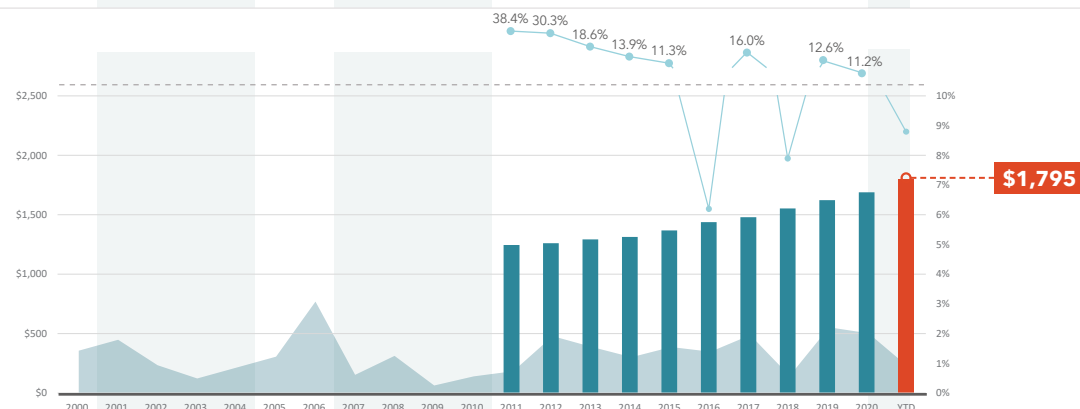
9,267  
UNITS

17%  
OF INVENTORY

956 SF  
AVG UNIT SIZE

BUILT POST - 2010

# CURRENT CYCLE



BUILT THIS CYCLE

8,592  
UNITS

15%  
OF INVENTORY

945 SF  
AVG UNIT SIZE

5+ UNIT APARTMENT BUILDINGS

UNITS DELIVERED 2000-2010: 5,823 UNITS DELIVERED 2011-2021: 8,592



# KITSAP COUNTY

Kitsap County continues to outdo itself, boasting the lowest average vacancy rate coupled with the highest rental rate growth of all area submarkets.

It's been a banner year for Kitsap County, as renters and investors alike continue to flock across the Sound in search of new opportunities. Kitsap bounced back quickly from a tumultuous 2020, posting an average vacancy of 3.3% across the submarket - the lowest in the Puget Sound region. Impressively, Kitsap also has the highest average rental rate growth of all area markets, coming in at a healthy 13% increase over last year.

As predicted in last year's sales market study, there was an increase in sales of older, value-add apartment buildings; now, those units are starting to hit the rental market after extensive renovations. The data also clearly supports this development, as the average rental rate for apartments built prior to 1995 is nearly 20% higher than those built in the last cycle (1995 to 2010) - a considerable difference of \$250 per month. As a result, expect more post-value-added, renovated units than were previously available in this market to hit the rental market this year and be scooped up quickly by renters seeking more modernized and livable apartments.

**\$1,622**

AVG RENT

**3.3%**

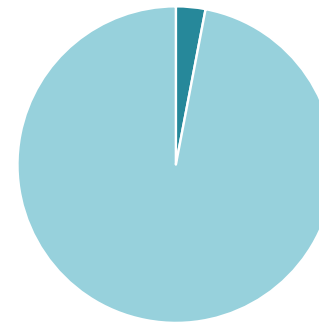
AVG VACANCY

**▲ 12.6%**

YOY CHANGE IN RENT

**▼ 2.1%**

YOY CHANGE IN VACANCY



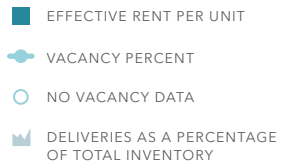
**284**

UNITS DELIVERED  
2020 + 2021 YTD

**9,444**

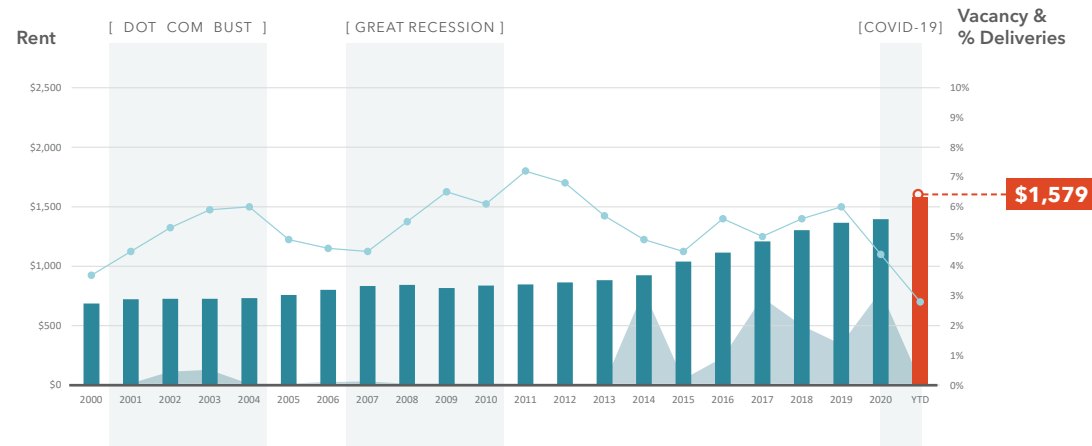
TOTAL UNITS  
KITSAP MARKET

5+ UNIT APARTMENT BUILDINGS, ALL AGES



BUILT PRE - 1995

# OLDER BUILDINGS



OLDER BUILDINGS

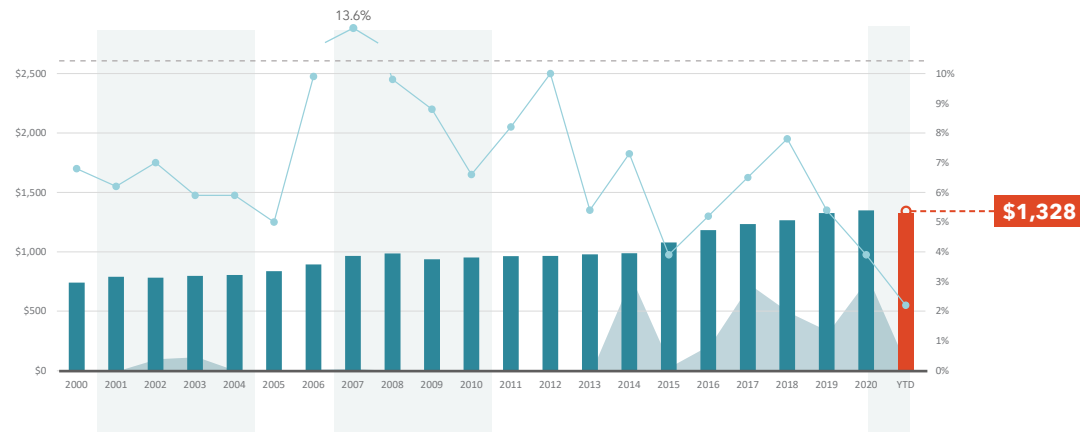
7,792 UNITS

83% OF INVENTORY

855 SF AVG UNIT SIZE

BUILT 1995 - 2010

# LAST CYCLE



BUILT 1995-2010

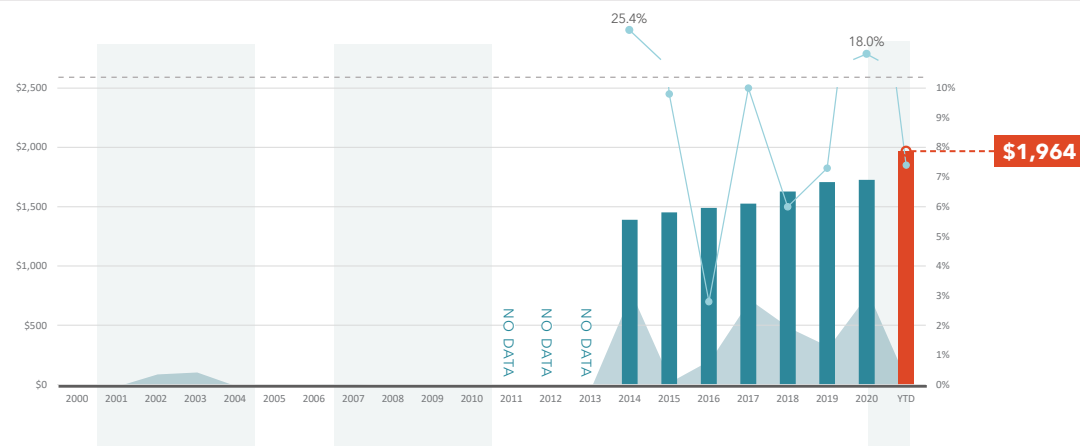
329 UNITS

4% OF INVENTORY

916 SF AVG UNIT SIZE

BUILT POST - 2010

# CURRENT CYCLE



BUILT THIS CYCLE

1,140 UNITS

12% OF INVENTORY

863 SF AVG UNIT SIZE

5+ UNIT APARTMENT BUILDINGS

UNITS DELIVERED 2000-2010: 79 UNITS DELIVERED 2011-2021: 1,140

# 2021 MID-YEAR MARKET UPDATE

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