

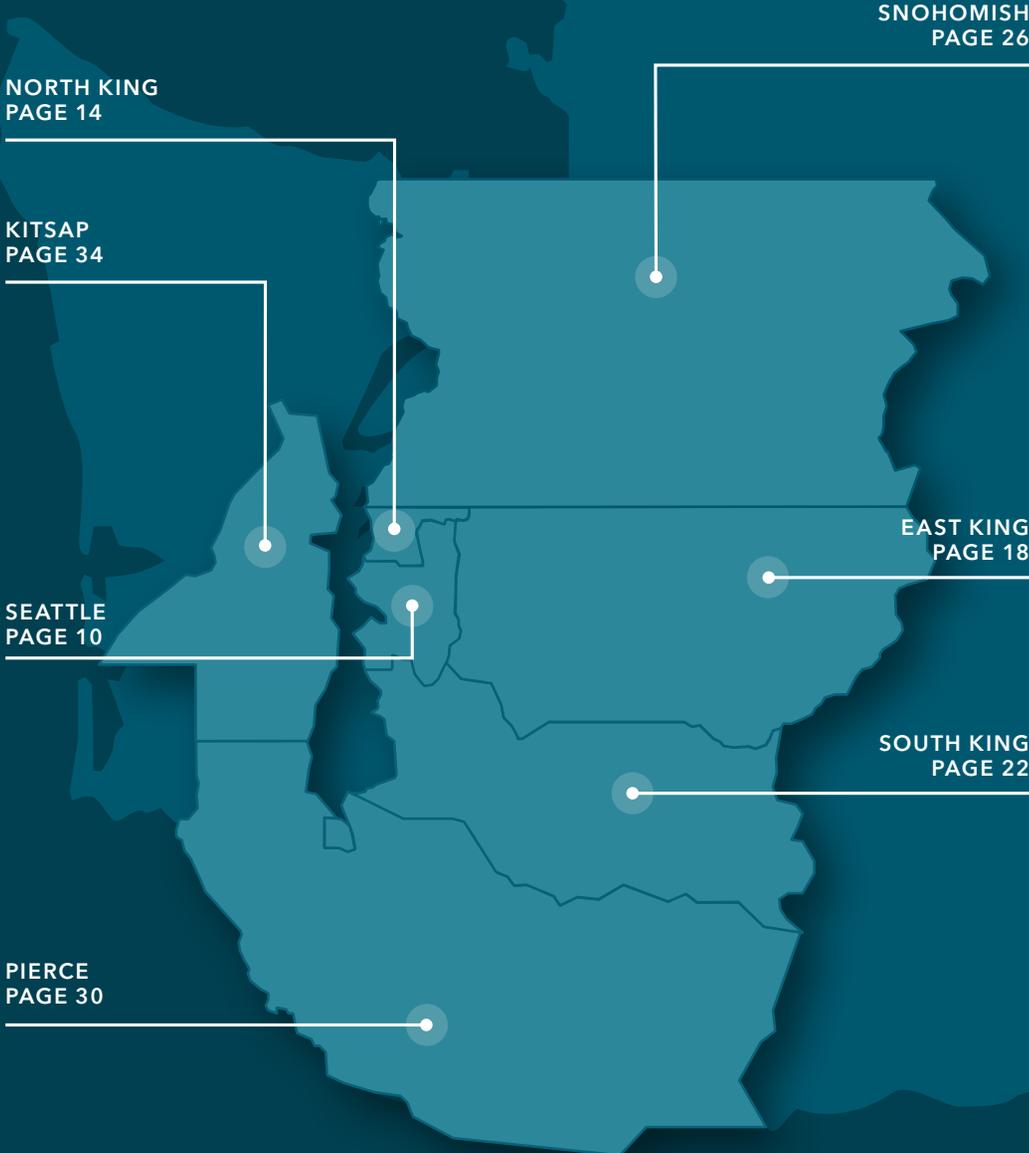
# SEATTLE & PUGET SOUND

# APARTMENT

# MARKET DYNAMICS

Q3 2024

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# APARTMENT SALES EXPERTS

## OUR EXPERTISE



5 - 50 Units



Development



50+ Units



Micros

## SELECT RECENT SALES



## MEET THE TEAM

### TEAM FOUNDERS

**DYLAN SIMON**  
Executive Vice President



**JERRID ANDERSON**  
Executive Vice President



Dylan is a market-leading broker throughout Puget Sound & 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 focuses on urban apartment and land sales in the City of Seattle. His clients hire him for pricing outperformance and industry-leading successful closing percentage.

**MATT LAIRD**  
First Vice President



**MAX FRAME**  
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.

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

**JD FULLER**  
Associate



**JACK SHEPHARD**  
Associate



JD is an apartment broker specializing in the sales of apartment buildings and development land with a focus in the Puget Sound.

Jack is an apartment broker specializing in the sale of 10-100 unit properties located in the City of Seattle.

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*The real estate market in Puget Sound is showing signs of life again – and bringing more liquidity and clarity on pricing as a result. With little new construction on the horizon, we expect sustained modest rental rate growth as new supply continues to get absorbed.*



Transactions are also up healthily year-over-year both in number of transactions and dollar volume. In fact, the period of “wait and see” may be passing and, with it, a return to clarity of underlying values and a decline in uncertainty. Now, there is little variance in average cap rates, which appear to be settling in the mid-5s.



Although vacancy ticked up during the last quarter for certain product types in specific markets, this was largely the result of continued deliveries of new product that has yet to be absorbed. However, with a shrinking construction pipeline, the expected dearth of new supply should help continue to drive vacancy rates down and rental rates up.



Rental rates were up 2% year-over-year in Puget Sound with most of that growth taking place in the last quarter. Plus, a sizable amount of new inventory has been added to the market recently, so we expect a period of positive, but modest rental rate growth in the coming quarters.

**INVENTORY**

	Units	Buildings
TOTAL	405,570	8,724
5 TO 50 UNITS	102,896	6,801
50+ UNITS	302,674	1,923
12-MONTH DELIVERIES	13,985	91
AVERAGE UNIT SIZE	822 SF	

**RENT & VACANCY**

	12 MONTHS AGO	12-Month Change	90 DAYS AGO	90-Day Change	LAST QUARTER
RENT	Q2 2023 \$1,966	▲ 2%	Q1 2024 \$1,979	▲ 2%	Q2 2024 \$2,015
VACANCY	6.4%	▲ 50 bps	6.9%	No Change	6.9%

All building ages, 5+ unit apartment buildings

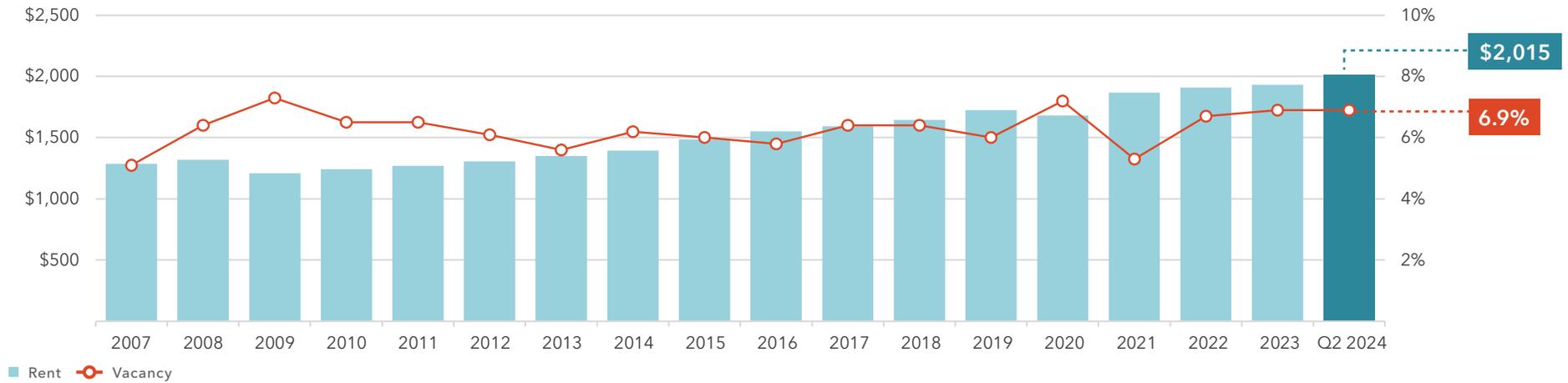
**HISTORICAL SALES TRENDS**

	2017	2018	2019	2020	2021	2022	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
BUILDING SALES	483	456	483	355	468	338	169	47	▲ 23%	33	▲ 76%	58
SALES VOLUME	\$4.5B	\$4.5B	\$8.2B	\$3.3B	\$8.0B	\$5.8B	\$2.5B	\$766M	▲ 45%	\$327M	▲ 241%	\$1.1B
PRICE/UNIT	\$226K	\$238K	\$281K	\$274K	\$332K	\$285K	\$275K	\$283K	▼ 6%	\$238K	▲ 11%	\$264K
PRICE/SF	\$237	\$258	\$325	\$291	\$358	\$387	\$347	\$343	▼ 0.2%	\$335	▲ 2%	\$342
CAP RATE	4.9%	5.0%	4.8%	5.0%	4.6%	4.1%	4.9%	4.9%	▲ 54 bps	5.1%	▲ 38 bps	5.5%

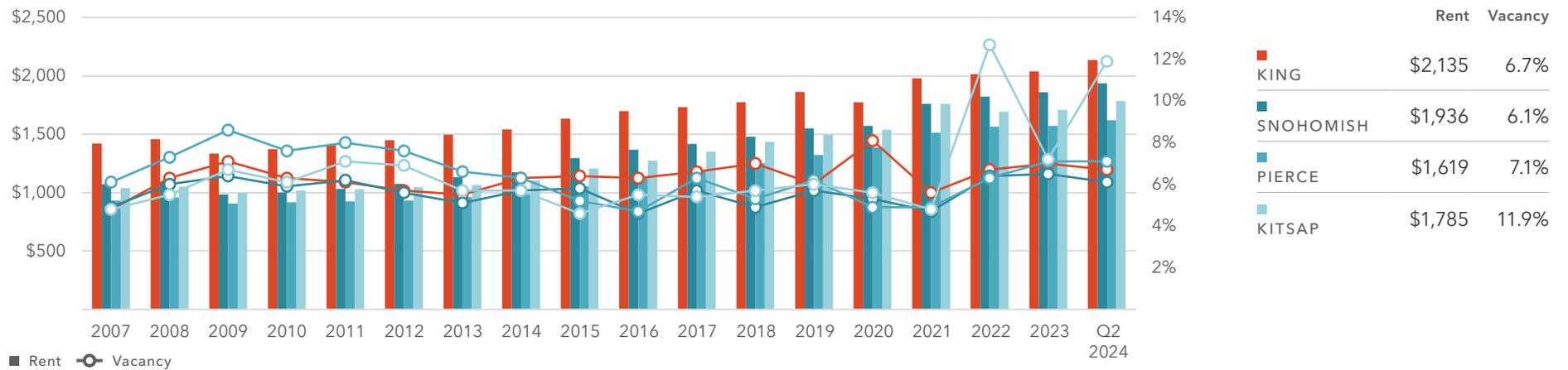
All building ages, 5+ unit apartment buildings

# REGIONAL HISTORIC RENT VS. VACANCY

## PUGET SOUND REGION



## COUNTY BREAKDOWN



# REGIONAL BUILDING INCOME VELOCITY

## NORTH KING

	Q2 2023	12-Mo Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,799	▼ 27%	\$1,787	▲ 2%	\$1,814
RENT/SF	\$2.39	▼ 14%	\$2.37	▲ 2%	\$2.41
VACANCY	6.3%	▲ 270 bps	8.8%	▲ 70 bps	8.1%

## SNOHOMISH

	Q2 2023	12-Mo Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,896	▲ 2%	\$1,912	▲ 1%	\$1,936
RENT/SF	\$2.19	▲ 2%	\$2.21	▲ 2%	\$2.23
VACANCY	6.3%	▼ 20 bps	5.9%	▼ 20 bps	6.1%

## KITSAP

	Q2 2023	12-Mo Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,735	▲ 3%	\$1,771	▲ 1%	\$1,785
RENT/SF	\$2.04	▲ 3%	\$2.08	▲ 1%	\$2.10
VACANCY	11.0%	▲ 90 bps	8.6%	▲ 330 bps	11.9%

## EAST KING

	Q2 2023	12-Mo Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$2,475	▲ 7%	\$2,551	▲ 4%	\$2,641
RENT/SF	\$2.80	▲ 7%	\$2.89	▲ 1%	\$2.99
VACANCY	5.4%	▼ 40 bps	4.8%	▼ 20 bps	5.0%

## SEATTLE

	Q2 2023	12-Mo Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$2,071	▲ 1%	\$2,055	▲ 2%	\$2,095
RENT/SF	\$3.13	▲ 1%	\$3.10	▲ 2%	\$3.16
VACANCY	6.7%	▲ 80 bps	7.6%	▼ 10 bps	7.5%

## SOUTH KING

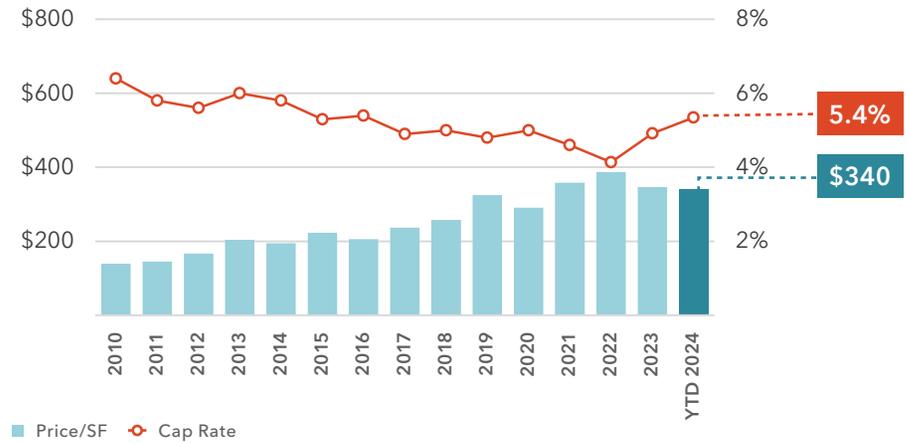
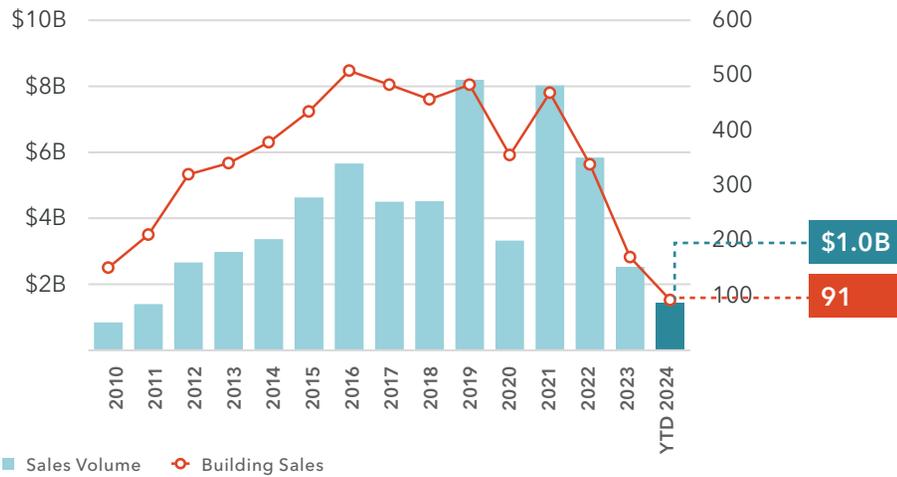
	Q2 2023	12-Mo Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,792	▲ 1%	\$1,801	▲ 0.3%	\$1,806
RENT/SF	\$2.11	▲ 1%	\$2.12	▲ 2%	\$2.13
VACANCY	5.4%	▲ 90 bps	6.6%	▼ 30 bps	6.3%

## PIERCE

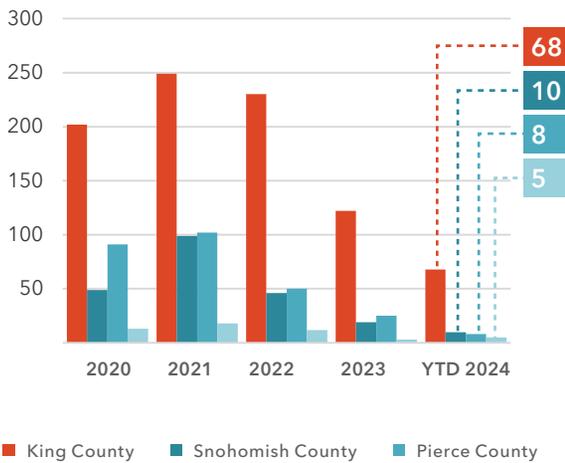
	Q2 2023	12-Mo Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,590	▲ 2%	\$1,599	▲ 1%	\$1,619
RENT/SF	\$1.90	▲ 2%	\$1.91	▲ 2%	\$1.94
VACANCY	7.3%	▼ 20 bps	7.4%	▼ 30 bps	7.1%

All building ages, 5+ unit apartment buildings

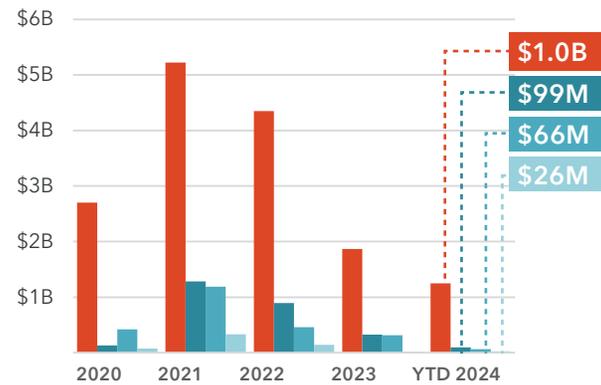
# REGIONAL HISTORIC SALES



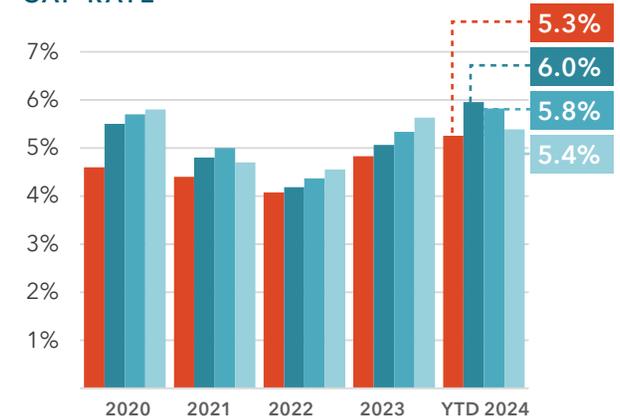
## BUILDING SALES



## SALES VOLUME



## CAP RATE



# REGIONAL SALE PRICING VELOCITY

## NORTH KING

	2022	2023	2024 YTD
PRICE/UNIT	\$244K	\$208K	\$219K
PRICE/SF	\$357	\$264	\$355
CAP RATE	4.2%	5.0%	5.2%

## SNOHOMISH

	2022	2023	2024 YTD
PRICE/UNIT	\$272K	\$263K	\$242K
PRICE/SF	\$307	\$311	\$276
CAP RATE	4.2%	5.1%	6.0%

## KITSAP

	2022	2023	2024 YTD
PRICE/UNIT	\$233K	\$224K	\$178K
PRICE/SF	\$252	\$228	\$274
CAP RATE	4.6%	5.6%	5.4%

## EAST KING

	2022	2023	2024 YTD
PRICE/UNIT	\$470K	\$397K	\$423K
PRICE/SF	\$526	\$406	\$449
CAP RATE	3.7%	4.3%	5.5%

## SEATTLE

	2022	2023	2024 YTD
PRICE/UNIT	\$313K	\$301K	\$277K
PRICE/SF	\$475	\$410	\$388
CAP RATE	4.0%	4.9%	5.2%

## SOUTH KING

	2022	2023	2024 YTD
PRICE/UNIT	\$229K	\$221K	\$200K
PRICE/SF	\$289	\$260	\$249
CAP RATE	4.5%	4.9%	5.4%

## PIERCE

	2022	2023	2024 YTD
PRICE/UNIT	\$213K	\$182K	\$201K
PRICE/SF	\$264	\$224	\$238
CAP RATE	4.4%	5.3%	5.8%

All building ages, 5+ unit apartment buildings



*Overall transaction volume is low, reflecting ongoing uncertainty among investors. Even so, the market is beginning to show more signs of life. For instance, liquidity in the multifamily market, while limited, is beginning to return across most submarkets – but not all.*



DYLAN SIMON  
 JERRID ANDERSON  
 MATT LAIRD  
 JACK SHEPHARD

*Transaction activity in Seattle, while still well below historical averages, appears to be slowly picking back up. And, along with this increase in sales has come greater clarity around underlying property values as the market adjusts to a higher interest rate environment.*

 SALES INSIGHT

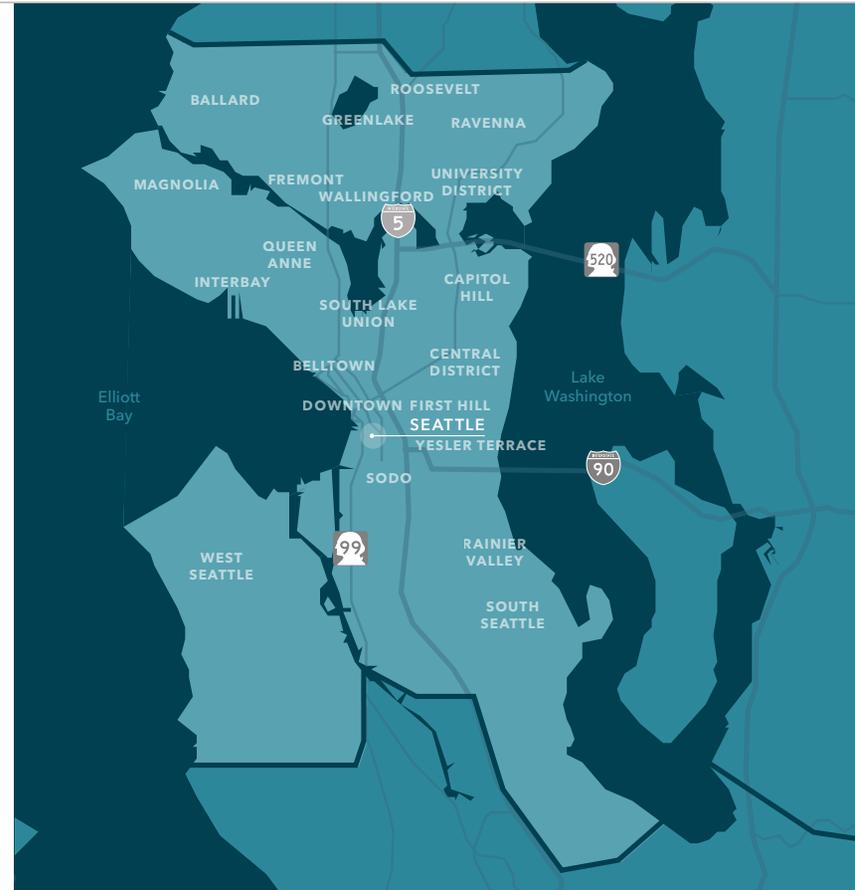
During the second quarter of 2024, there were 28 sales for a total volume of \$735 million. This is up from 21 sales worth \$140 million in the same period last year. In terms of dollar volume, the first half of this year is on par with the full year in 2023. At the same time, the average cap rate on buildings sold during the quarter was 5.4% - up from 4.9% one year ago and roughly in line with most other Puget Sound markets.

 RENT / VACANCY INSIGHT

Rents are holding fairly steady year-over-year in Seattle, up 1% from Q2 2023. As for vacancy, the market began to tighten last quarter as the newly delivered product continues to be absorbed. More precisely, vacancy rates among larger buildings (50 units or more) are still elevated relative to smaller buildings (8.6% versus 5.5% vacancy, respectively), largely due to the recent delivery of primarily larger product. Thus, as the construction pipeline continues to shrink due to higher financing and construction costs, we expect to see that vacancy delta narrow in the coming quarters.

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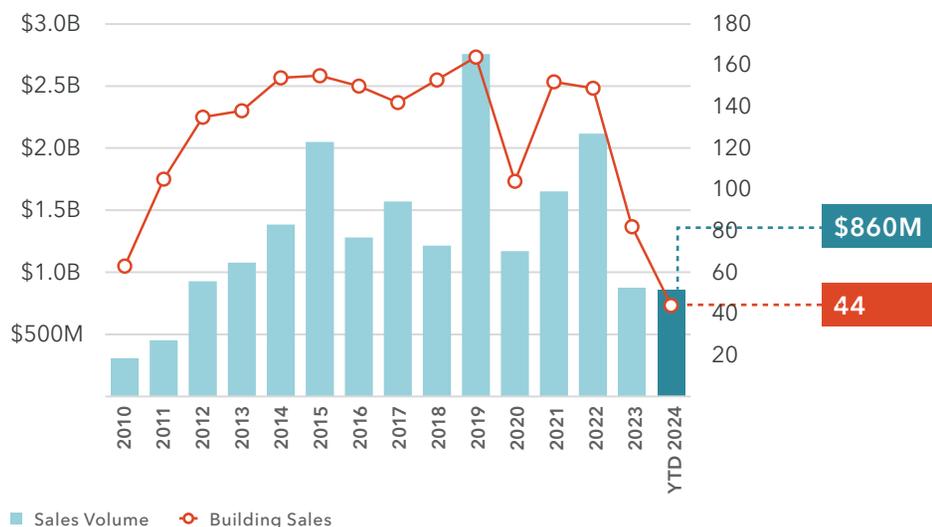
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**INVENTORY**

	Units	Buildings
TOTAL	129,531	3,840
5 TO 50 UNITS	47,635	3,251
50+ UNITS	81,896	589
12-MONTH DELIVERIES	4,629	37
AVERAGE UNIT SIZE	668 SF	

# SALES TRENDS



## HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
BUILDING SALES	142	153	164	104	152	149	82	21	▲ 33%	16	▲ 75%	28
SALES VOLUME	\$1.6B	\$1.2B	\$2.8B	\$1.2B	\$1.7B	\$2.1B	\$877M	\$140M	▲ 425%	\$124M	▲ 491%	\$735M
PRICE/UNIT	\$380K	\$326K	\$402K	\$399K	\$396K	\$313K	\$301K	\$296K	▼ 4%	\$264K	▲ 8%	\$285K
PRICE/SF	\$413	\$400	\$476	\$516	\$473	\$475	\$410	\$377	▼ 1%	\$411	▼ 9%	\$374
CAP RATE	4.4%	4.2%	4.3%	4.7%	4.5%	4.0%	4.9%	4.9%	▲ 46 bps	4.9%	▲ 44 bps	5.4%

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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,434	\$1,457	\$1,478	\$1,480	\$1,506	\$1,534	\$1,547	\$1,549	▲ 1%	\$1,556	▲ 0.6%	\$1,565
RENT/SF	\$2.30	\$2.33	\$2.37	\$2.37	\$2.41	\$2.46	\$2.48	\$2.48	▲ 1%	\$2.49	▲ 0.4%	\$2.50
VACANCY	5.6%	5.1%	5.0%	7.0%	5.0%	5.7%	6.0%	5.8%	▼ 30 bps	5.7%	▼ 20 bps	5.5%

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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,994	\$2,020	\$2,143	\$1,919	\$2,187	\$2,175	\$2,202	\$2,253	▲ 1%	\$2,228	▲ 1%	\$2,279
RENT/SF	\$2.93	\$2.97	\$3.16	\$2.82	\$3.22	\$3.20	\$3.24	\$3.33	▲ 1%	\$3.29	▲ 1%	\$3.37
VACANCY	9.7%	9.7%	6.0%	11.5%	7.0%	9.1%	7.9%	7.2%	▲ 140 bps	8.7%	▼ 10 bps	8.6%

All building ages, 5+ unit apartment buildings



DYLAN SIMON  
JD FULLER

*A healthy quarter of transaction activity in North King has brought back some clarity on pricing. This and a positive, but modest outlook for growth in rental rates and occupancy is helping to reduce uncertainty across the county.*

 SALES INSIGHT

A material increase in liquidity in Q2 of this year has revived investor optimism and improved confidence in market values. In fact, with seven transactions in total, sales activity has already surpassed the total figure in 2023 (six sales). Granted, while these tended to be for smaller properties, this has nevertheless provided investors with a clearer picture of underlying values. Here, the average cap rate in Q2 of this year was 5.4%, up from 5.0% in 2023.

 RENT / VACANCY INSIGHT

Rents ticked up modestly across product types in North King, rising by 1% year-over-year. Plus, vacancy continued to tighten over last quarter as the wave of new supply is absorbed into the market. Given the lack of new supply under construction, we expect this absorption (and commensurate drop in vacancy) to continue throughout the remainder of the year.

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**INVENTORY**

	Units	Buildings
TOTAL	27,136	735
5 TO 50 UNITS	8,946	602
50+ UNITS	18,190	133
12-MONTH DELIVERIES	2,265	9
AVERAGE UNIT SIZE	756 SF	

# SALES TRENDS



## HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
BUILDING SALES	38	32	37	23	20	26	6	3	▼ 133%	1	▲ 600%	7
SALES VOLUME	\$342M	\$402M	\$404M	\$71M	\$387M	\$192M	\$65M	\$36M	No Change	\$4M	▲ 722%	\$36M
PRICE/UNIT	\$262K	\$281K	\$288K	\$234K	\$367K	\$244K	\$208K	\$219K	▼ 3%	\$260K	▼ 18%	\$213K
PRICE/SF	\$213	\$323	\$381	\$249	\$430	\$357	\$264	\$227	▲ 59%	\$317	▲ 14%	\$361
CAP RATE	4.8%	4.7%	4.7%	4.3%	4.3%	4.2%	5.0%	5.6%	▼ 19 bps	4.3%	▲ 111 bps	5.4%

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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,264	\$1,283	\$1,303	\$1,319	\$1,347	\$1,382	\$1,390	\$1,389	▲ 1%	\$1,398	▲ 0.3%	\$1,402
RENT/SF	\$1.69	\$1.71	\$1.74	\$1.76	\$1.80	\$1.85	\$1.86	\$1.86	▲ 1%	\$1.87	No Change	\$1.87
VACANCY	4.1%	4.0%	4.0%	5.6%	4.0%	4.8%	5.2%	5.1%	▼ 30 bps	4.9%	▼ 10 bps	4.8%

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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,585	\$1,618	\$1,668	\$1,655	\$1,812	\$1,898	\$1,868	\$1,922	▲ 1%	\$1,902	▲ 2%	\$1,937
RENT/SF	\$2.09	\$2.13	\$2.20	\$2.18	\$2.39	\$2.50	\$2.46	\$2.54	▲ 1%	\$2.52	▲ 2%	\$2.56
VACANCY	6.0%	7.5%	6.1%	7.3%	5.2%	5.7%	13.0%	6.9%	▲ 280 bps	10.7%	▼ 100 bps	9.7%

All building ages, 5+ unit apartment buildings



DYLAN SIMON  
JD FULLER  
MATT LAIRD

*As one of only two markets where the number of sales was down year-over-year, investors in East King multifamily are still showing signs of caution as markets adjust to the newer, higher-rate financing environment.*

 **SALES INSIGHT**

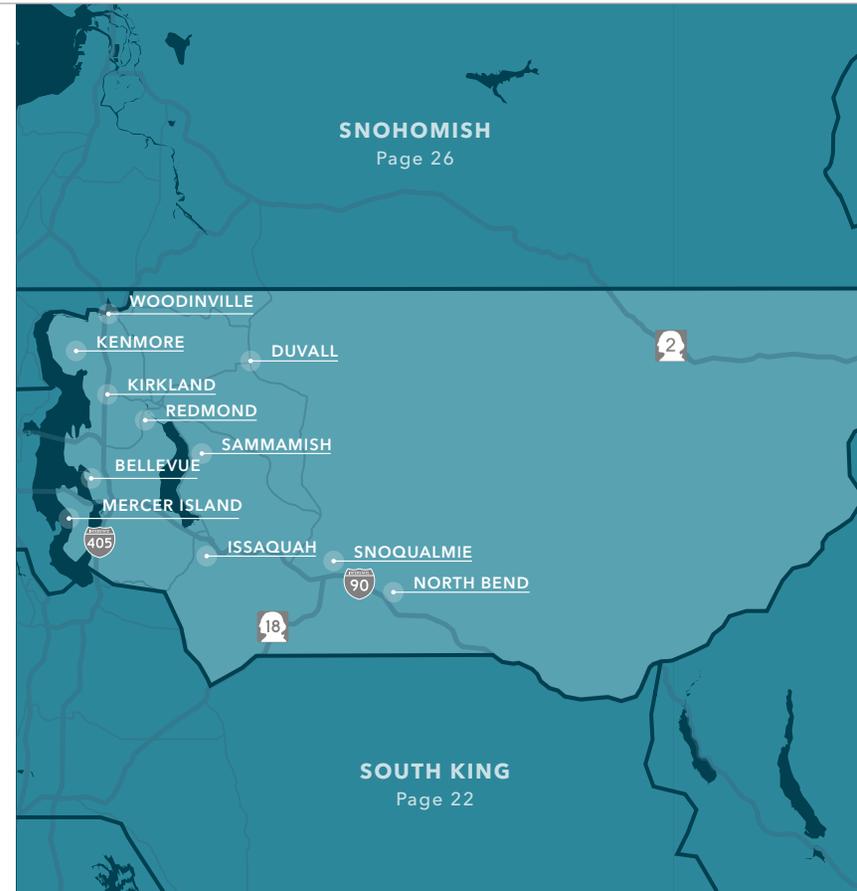
With only three transactions this last quarter, sales activity is still tepid in East King. Typically, the lack of activity would yield a word of caution in drawing any conclusions from the average cap rate this quarter (5.5%). However, with most markets around Puget Sound reading similarly, 5.5% is probably a fair guide as to the true cap rate in the county.

 **RENT / VACANCY INSIGHT**

Rent growth stood out in East King this quarter, particularly amongst larger (50+ unit) buildings, where rents shot up 7% year-over-year. Much of this growth came from the last quarter, when the average rental rate increased 4%. Notably, this jump came notwithstanding an increase in vacancy of 30 basis points (bps) to 5.1%. As such, East King continues to be a tight market with below-average vacancy across product types.

View all of our listings online

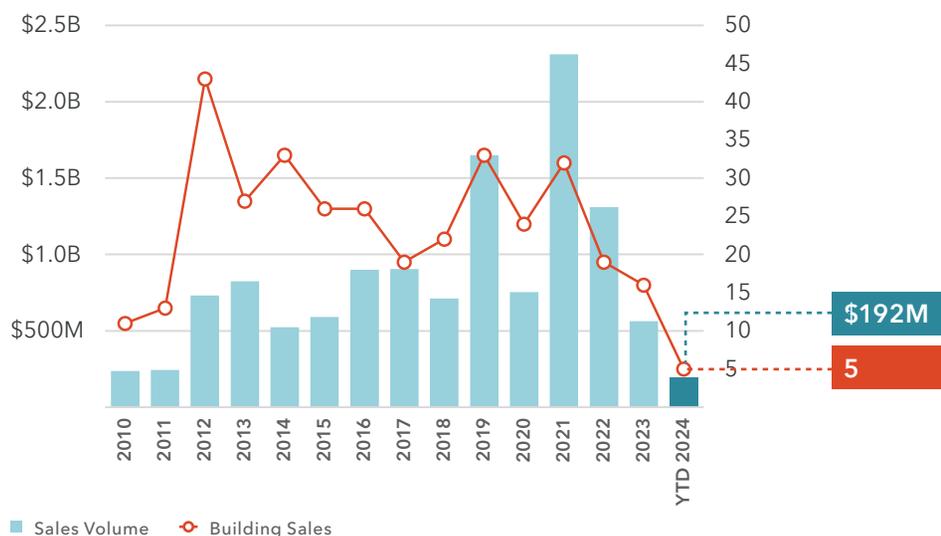
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**INVENTORY**

	Units	Buildings
TOTAL	61,000	560
5 TO 50 UNITS	4,715	282
50+ UNITS	56,285	278
12-MONTH DELIVERIES	1,537	8
AVERAGE UNIT SIZE	886 SF	

# SALES TRENDS



## HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
BUILDING SALES	19	22	33	24	32	19	16	6	▼ 50%	2	▲ 50%	3
SALES VOLUME	\$904M	\$713M	\$1.7B	\$754M	\$2.3B	\$1.3B	\$563M	\$228M	▼ 19%	\$7M	▲ 2,411%	\$185M
PRICE/UNIT	\$373K	\$447K	\$383K	\$340K	\$478K	\$470K	\$397K	\$417K	▲ 20%	\$306K	▲ 60%	\$501K
PRICE/SF	\$381	\$422	\$434	\$337	\$496	\$526	\$406	\$499	▲ 9%	\$308	▲ 76%	\$543
CAP RATE	4.3%	4.1%	4.2%	4.5%	3.8%	3.7%	4.3%	4.2%	▼ 136 bps	Not Reported	-	5.5%

All building ages, 5+ unit apartment buildings

# RENT & VACANCY | 5 TO 50 UNIT BUILDINGS

## 12-MONTH RENT VS. VACANCY



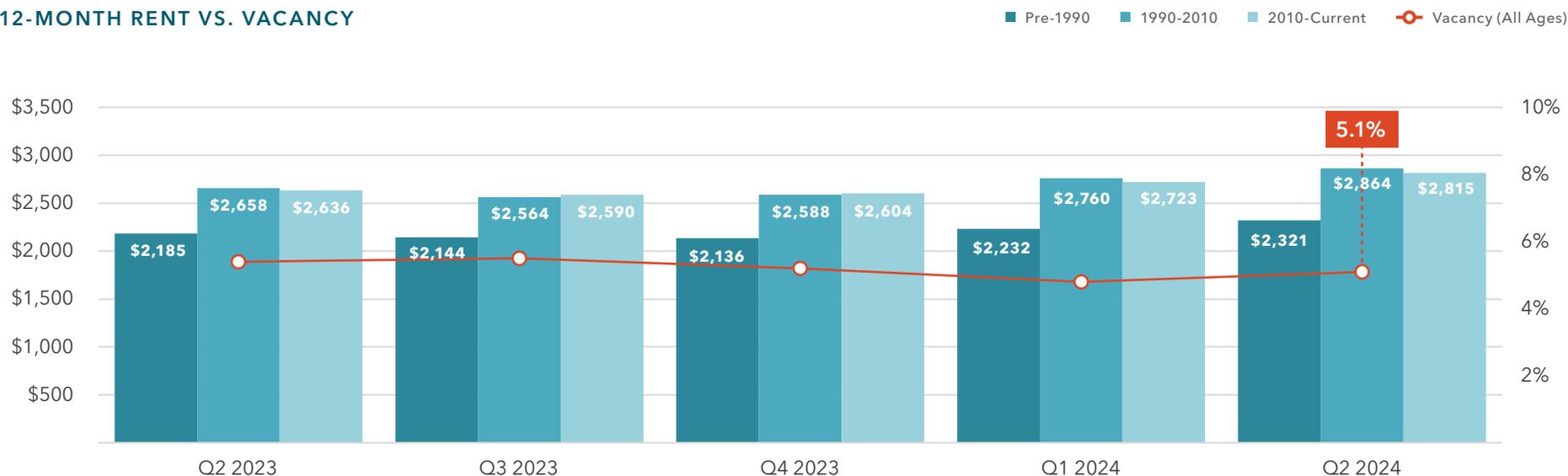
## HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,699	\$1,742	\$1,779	\$1,796	\$1,862	\$1,929	\$1,968	\$1,961	▲ 2%	\$1,987	▲ 1%	\$2,007
RENT/SF	\$1.83	\$1.88	\$1.92	\$1.93	\$2.01	\$2.08	\$2.12	\$2.12	▲ 2%	\$2.15	▲ 0.9%	\$2.17
VACANCY	5.1%	4.6%	4.5%	5.8%	3.7%	4.6%	4.7%	4.5%	▼ 60 bps	4.2%	▼ 30 bps	3.9%

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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,958	\$2,039	\$2,147	\$2,056	\$2,327	\$2,383	\$2,448	\$2,503	▲ 7%	\$2,582	▲ 4%	\$2,676
RENT/SF	\$2.22	\$2.31	\$2.44	\$2.33	\$2.64	\$2.70	\$2.78	\$2.84	▲ 7%	\$2.93	▲ 4%	\$3.04
VACANCY	6.5%	7.2%	8.1%	8.5%	6.4%	6.0%	5.3%	5.4%	▼ 30 bps	4.8%	▲ 30 bps	5.1%

All building ages, 5+ unit apartment buildings



DYLAN SIMON  
JD FULLER

*While sales activity is showing signs of improvement year-over-year, the transaction market is far from recovered. That said, as the absorption of new product continues to deliver a slow, but steady decline in vacancy and increase in rents, we expect the market will adjust more smoothly to a higher-rate environment.*

 SALES INSIGHT

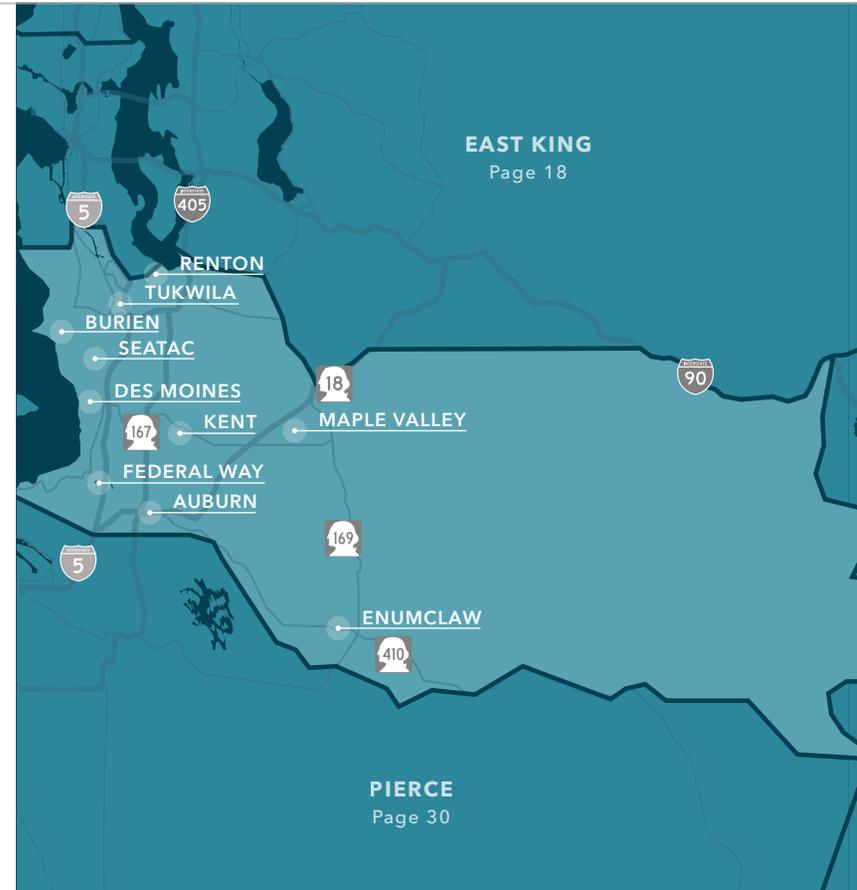
Although still modest, South King saw a slight increase in transaction activity in the quarter and actually declined relative to Q1 of this year both in terms of number of sales and dollar volume. This past quarter, five buildings were sold for total value of \$78 million. These sales continue to imply the same cap rates as seen last quarter (5.4%).

 RENT / VACANCY INSIGHT

Among the larger product, the increase in vacancy that we saw in the second half of 2023 continues to slowly return to historical averages as the newly delivered product is absorbed. Much like in other markets across Puget Sound, rents increased year-over-year by a modest 1%.

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**INVENTORY**

	Units	Buildings
TOTAL	59,481	935
5 TO 50 UNITS	10,676	634
50+ UNITS	48,805	301
12-MONTH DELIVERIES	1,301	7
AVERAGE UNIT SIZE	856 SF	

# SALES TRENDS



## HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
BUILDING SALES	69	61	70	51	46	36	19	3	▲ 67%	6	▼ 17%	5
SALES VOLUME	\$781M	\$1.1B	\$1.2B	\$705M	\$1.1B	\$730M	\$410M	\$53M	▲ 47%	\$79M	▼ 0.2%	\$78M
PRICE/UNIT	\$169K	\$216K	\$202K	\$230K	\$306K	\$229K	\$221K	\$234K	▼ 7%	\$183K	▲ 19%	\$219K
PRICE/SF	\$186	\$222	\$231	\$240	\$329	\$289	\$260	\$295	▼ 5%	\$223	▲ 25%	\$279
CAP RATE	5.0%	5.0%	5.0%	4.8%	4.6%	4.5%	4.9%	4.5%	▲ 91 bps	5.4%	▼ 1 bps	5.4%

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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,110	\$1,148	\$1,184	\$1,205	\$1,236	\$1,274	\$1,299	\$1,297	▲ 1%	\$1,310	▲ 0.4%	\$1,315
RENT/SF	\$1.39	\$1.44	\$1.49	\$1.52	\$1.56	\$1.60	\$1.63	\$1.63	▲ 1%	\$1.64	▲ 0.6%	\$1.65
VACANCY	4.4%	4.8%	4.4%	4.1%	3.3%	4.1%	4.9%	4.6%	▼ 40 bps	4.4%	▼ 20 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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,402	\$1,457	\$1,531	\$1,566	\$1,758	\$1,838	\$1,838	\$1,866	▲ 1%	\$1,875	▲ 0.3%	\$1,880
RENT/SF	\$1.63	\$1.70	\$1.78	\$1.82	\$2.05	\$2.14	\$2.14	\$2.18	▲ 0.5%	\$2.19	No Change	\$2.19
VACANCY	5.1%	6.1%	5.5%	5.5%	4.0%	5.4%	7.0%	5.5%	▲ 130 bps	7.0%	▼ 20 bps	6.8%

All building ages, 5+ unit apartment buildings



DYLAN SIMON  
JD FULLER

*Snohomish’s relatively smaller construction pipeline should lead to an environment that’s more favorable to slow and steady rent and occupancy growth – one that should aid in reducing valuation uncertainty in the coming quarters.*

 SALES INSIGHT

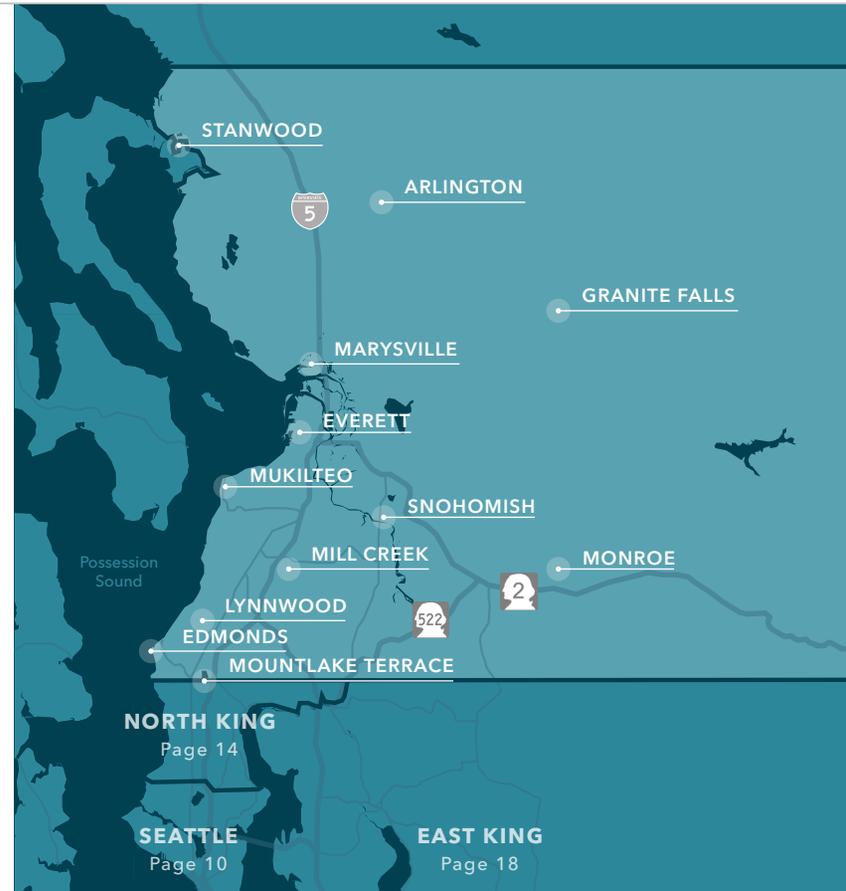
The second quarter of 2024 marked the third consecutive quarter with only five sales in Snohomish. Additionally, smaller transactions dominated with sales in dollar volume declining 74% quarter-over-quarter. Although cap rates jumped to 6.3% (up from 5.3% in Q1), this may be skewed by the overrepresentation of smaller-sized transactions.

 RENT / VACANCY INSIGHT

Both rental rates and vacancy rates have been fairly steady throughout the last several quarters in Snohomish. This is to be expected given the relatively smaller construction pipeline and, therefore, limited noise in the data created by new supply.

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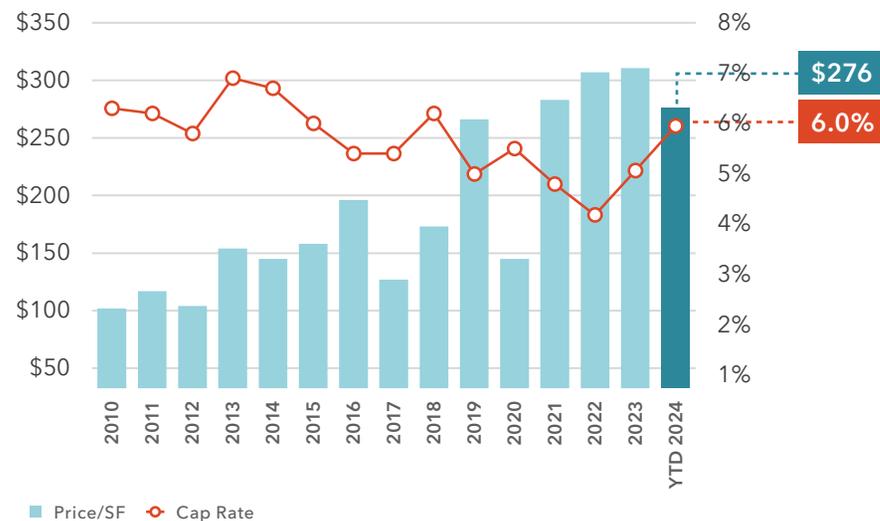
→ [SIMONANDERSONTEAM.COM](https://simonandersonteam.com)



INVENTORY

	Units	Buildings
TOTAL	49,722	1,013
5 TO 50 UNITS	10,527	795
50+ UNITS	39,195	218
12-MONTH DELIVERIES	1,212	9
AVERAGE UNIT SIZE	892 SF	

# SALES TRENDS



## HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
BUILDING SALES	88	73	73	49	99	46	19	4	▲ 25%	5	No Change	5
SALES VOLUME	\$482M	\$394M	\$1.2B	\$128M	\$1.3B	\$892M	\$325M	\$185M	▼ 89%	\$78M	▼ 74%	\$21M
PRICE/UNIT	\$121K	\$169K	\$228K	\$164K	\$261K	\$272K	\$263K	\$298K	▼ 7%	\$207K	▲ 35%	\$278K
PRICE/SF	\$127	\$173	\$266	\$145	\$283	\$307	\$311	\$370	▼ 32%	\$301	▼ 17%	\$251
CAP RATE	5.4%	6.2%	5.0%	5.5%	4.8%	4.2%	5.1%	5.0%	▲ 131 bps	5.3%	▲ 106 bps	6.3%

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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,182	\$1,220	\$1,255	\$1,285	\$1,322	\$1,370	\$1,409	\$1,403	▲ 2%	\$1,422	▲ 0.6%	\$1,431
RENT/SF	\$1.37	\$1.41	\$1.45	\$1.49	\$1.53	\$1.59	\$1.64	\$1.63	▲ 2%	\$1.65	▲ 0.6%	\$1.66
VACANCY	5.1%	4.7%	5.0%	5.1%	4.1%	5.3%	6.3%	5.8%	No Change	6.3%	▼ 50 bps	5.8%

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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,455	\$1,524	\$1,598	\$1,621	\$1,833	\$1,896	\$1,935	\$1,976	▲ 2%	\$1,992	▲ 1%	\$2,018
RENT/SF	\$1.67	\$1.75	\$1.84	\$1.86	\$2.11	\$2.18	\$2.22	\$2.27	▲ 2%	\$2.29	▲ 1%	\$2.32
VACANCY	5.8%	5.0%	5.9%	5.4%	4.9%	6.6%	6.6%	6.4%	▼ 20 bps	5.8%	▲ 40 bps	6.2%

All building ages, 5+ unit apartment buildings



DYLAN SIMON  
JD FULLER

*Transaction activity in Pierce has yet to show signs of returning to normalcy with sales down year-over-year in both building sales and total dollar volume.*

 **SALES INSIGHT**

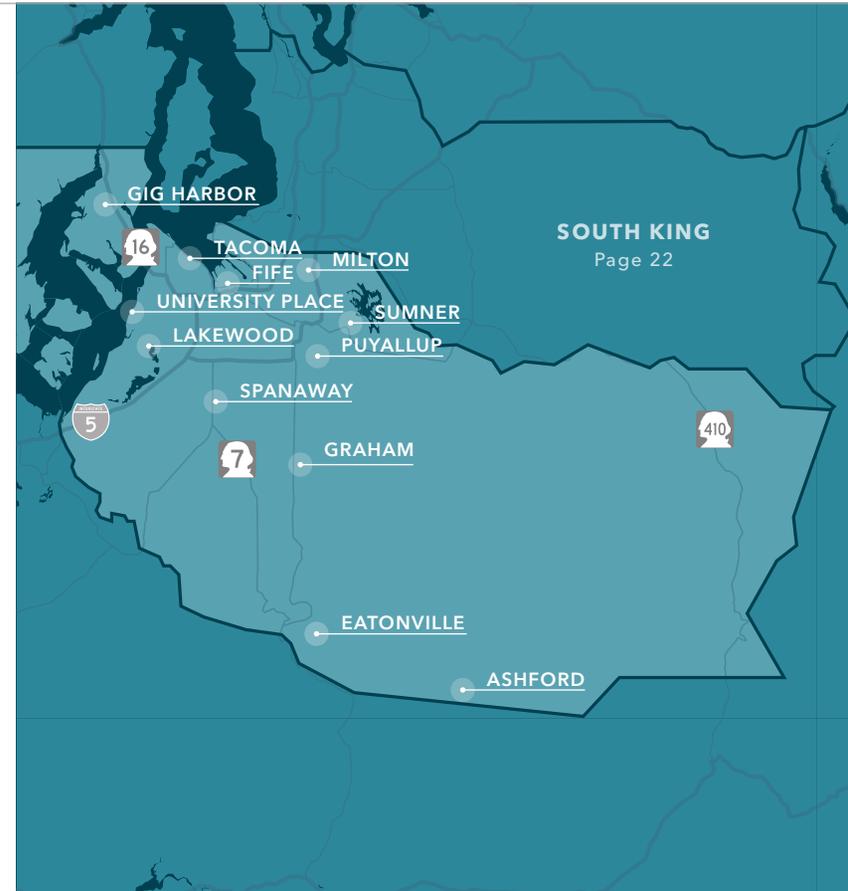
With six sales during the quarter for a total of \$33 million, Q2 2024 saw a notable decrease in activity from the same period last year (10 sales for \$123 million total). But, the transaction activity this quarter did bring further clarity to pricing as cap rates held steady quarter-over-quarter at 5.8%.

 **RENT / VACANCY INSIGHT**

Vacancy has been fairly consistent throughout the last several quarters, declining slightly as the new supply delivered throughout 2022 and 2023 continues to get absorbed. On a year-over-year basis, vacancy rates among smaller product (five to 50 units) declined 30 bps to 5.3%, whereas, among larger product (50 units or more), vacancy dropped 10 bps to 7.7%. In the same period, rental rates increased modestly.

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**INVENTORY**

	Units	Buildings
TOTAL	65,999	1,429
5 TO 50 UNITS	18,002	1,096
50+ UNITS	47,997	333
12-MONTH DELIVERIES	1,834	15
AVERAGE UNIT SIZE	842 SF	

# SALES TRENDS



## HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
BUILDING SALES	114	103	98	91	102	50	24	10	▼ 40%	2	▲ 200%	6
SALES VOLUME	\$309M	\$647M	\$736M	\$418M	\$1.2B	\$461M	\$267M	\$123M	▼ 73%	\$32M	▲ 3%	\$33M
PRICE/UNIT	\$118K	\$151K	\$174K	\$171K	\$249K	\$213K	\$182K	\$202K	▼ 5%	\$229K	▼ 16%	\$192K
PRICE/SF	\$128	\$166	\$195	\$170	\$250	\$264	\$224	\$215	▲ 10%	\$239	▼ 0.5%	\$237
CAP RATE	5.7%	5.6%	5.7%	5.7%	5.0%	4.4%	5.3%	5.2%	▲ 61 bps	5.8%	▲ 6 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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,006	\$1,041	\$1,075	\$1,101	\$1,141	\$1,178	\$1,194	\$1,202	▲1%	\$1,214	▲0.2%	\$1,217
RENT/SF	\$1.30	\$1.34	\$1.39	\$1.42	\$1.48	\$1.52	\$1.55	\$1.56	▲1%	\$1.57	▲0.6%	\$1.58
VACANCY	4.8%	4.6%	4.6%	4.0%	4.3%	5.1%	5.9%	5.6%	▼ 30 bps	5.7%	▼ 40 bps	5.3%

All building ages, 5+ unit apartment buildings

# RENT & VACANCY | 50+ UNIT BUILDINGS

12-MONTH RENT VS. VACANCY

■ Pre-1990 ■ 1990-2010 ■ 2010-Current ○ Vacancy (All Ages)



HISTORICAL RENT & VACANCY

	2017	2018	2019	2020	2021	2022	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,241	\$1,306	\$1,384	\$1,459	\$1,607	\$1,661	\$1,668	\$1,685	▲ 2%	\$1,694	▲ 1%	\$1,717
RENT/SF	\$1.45	\$1.52	\$1.62	\$1.70	\$1.88	\$1.94	\$1.95	\$1.97	▲ 2%	\$1.98	▲ 2%	\$2.01
VACANCY	6.9%	5.6%	6.8%	5.3%	5.2%	6.8%	7.5%	7.8%	▼ 10 bps	8.0%	▼ 30 bps	7.7%

All building ages, 5+ unit apartment buildings



DYLAN SIMON  
JD FULLER  
MATT LAIRD

*Building sales have picked up again, bringing much-needed liquidity back to the market. And, like most other Puget Sound markets, transaction activity is guiding to an approximate cap rate in the mid-5s.*

 SALES INSIGHT

Sales activity finally began to show progress as four buildings transacted during the quarter for a total \$25 million. This is stronger activity than all of 2023, when there were only three properties sold for a total dollar value of \$16 million. Plus, cap rates appear to be stabilizing in the same range as other Puget Sound markets (in the mid-5s).

 RENT / VACANCY INSIGHT

A year-over-year drop of 380 bps (to 3.8%) brought the vacancy rate among smaller building sizes (five to 50 units) back in line with longer-term historical averages. However, among larger product, some notable recent deliveries have produced an elevated vacancy rate of 13.7%. On the rental rate side, year-over-year growth has been healthy for each product type at 2% (5 to 50 units) and 3% (50+ units).

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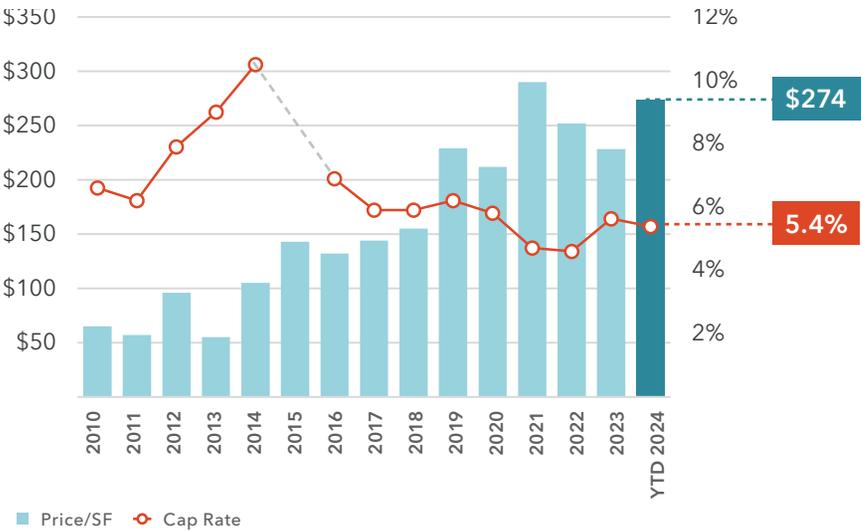
→ [SIMONANDERSONTEAM.COM](https://simonandersonteam.com)



**INVENTORY**

	Units	Buildings
TOTAL	12,701	212
5 TO 50 UNITS	2,395	141
50+ UNITS	10,306	71
12-MONTH DELIVERIES	1,207	6
AVERAGE UNIT SIZE	852 SF	

# SALES TRENDS



## HISTORICAL SALES

	2017	2018	2019	2020	2021	2022	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
BUILDING SALES	15	10	11	13	18	12	3	-	-	1	▲ 300%	4
SALES VOLUME	\$117M	\$85M	\$276M	\$75M	\$332M	\$139M	\$16M	-	-	\$1M	▲ 1,675%	\$25M
PRICE/UNIT	\$132K	\$138K	\$222K	\$196K	\$255K	\$233K	\$224K	-	-	\$175K	▲ 2%	\$179K
PRICE/SF	\$144	\$155	\$229	\$212	\$290	\$252	\$228	-	-	\$223	▲ 28%	\$287
CAP RATE	5.9%	5.9%	6.2%	5.8%	4.7%	4.6%	5.6%	-	-	-	-	5.4%

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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,226	\$1,269	\$1,324	\$1,363	\$1,413	\$1,443	\$1,434	\$1,435	▲ 2%	\$1,454	▲ 1%	\$1,470
RENT/SF	\$1.51	\$1.56	\$1.63	\$1.67	\$1.74	\$1.77	\$1.76	\$1.76	▲ 2%	\$1.78	▲ 1%	\$1.80
VACANCY	4.8%	5.6%	4.6%	3.7%	3.2%	6.0%	4.9%	7.6%	▼ 380 bps	4.0%	▼ 20 bps	3.8%

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	2023	Q2 2023	12-Month Change	Q1 2024	90-Day Change	Q2 2024
RENT	\$1,366	\$1,456	\$1,519	\$1,566	\$1,808	\$1,729	\$1,748	\$1,774	▲ 3%	\$1,813	▲ 1%	\$1,826
RENT/SF	\$1.61	\$1.72	\$1.79	\$1.85	\$2.13	\$2.04	\$2.06	\$2.08	▲ 3%	\$2.12	▲ 1%	\$2.14
VACANCY	5.6%	5.8%	6.4%	6.2%	5.2%	14.3%	7.7%	11.8%	▲ 190 bps	9.7%	▲ 400 bps	13.7%

All building ages, 5+ unit apartment buildings

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**DYLAN SIMON**  
Executive  
Vice President



**JERRID ANDERSON**  
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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 focuses on urban apartment and land sales in the City of Seattle. His clients hire him for pricing outperformance and industry-leading successful closing percentage.

**MATT LAIRD**  
First Vice President



**MAX FRAME**  
Vice President



**JD FULLER**  
Associate



**JACK SHEPHARD**  
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**RYDER TUTTLE**  
Analyst



**CASSIE PIETERS**  
Broker Assistant



**ALICE LUNDT**  
Broker Assistant



**MATTIE TONSETH**  
Marketing Assistant



**ASHLEY WOODLIFF**  
Marketing Assistant



# DATA SOURCES

## SALES

CoStar

King County Registrar

Pierce County Planning & Public Works  
Department

Real Capital Analytics

Simon | Anderson Multifamily Team Research

Snohomish County Registrar

## RENT, VACANCY & INVENTORY

CoStar

Simon | Anderson Multifamily Team 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.



*Simon / Anderson Multifamily Team*

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