



MULTIFAMILY REPORT

Seattle: Rough Path Ahead

Winter 2021

Rents Move Into Negative Territory

Job Market Underperforms

Deliveries Slow Significantly

SEATTLE MULTIFAMILY



Rents Due For A Rebound In 2021

Following several years of consistent performance, Seattle's multifamily market ended 2020 in a difficult position. Rents declined by 1.1% on a three-month basis through December, to an average of \$1,797, with the drop expanding the gap between the local and national average to 100 basis points. On a year-over-year basis, rents in the Emerald City contracted by 6.2% in 2020, the fourth-largest dip among major U.S. metros.

Employment posted an 8.1% decline last year, underperforming against the -7.3% U.S. rate. Although the leisure and hospitality sector lost a third of its workforce, construction, financial activities and professional and business services added a total of 5,800 jobs. As the main driver behind Seattle's growth over the past decade, technology remained healthy last year, contributing to the metro's overall economy. Despite embracing a remote-work model, Microsoft, Amazon and Facebook all expanded their local footprints.

Multifamily development was stymied by the pandemic, with only 7,806 apartments coming online in 2020, after four consecutive years of deliveries averaging 11,344 units per year. Following 2019's cycle peak of \$5.9 billion, transaction volume slowed and only \$1.6 billion in multifamily assets changed hands. Yardi Matrix expects rents to increase by 0.9% in 2021 as restrictions slowly start to lift and COVID-19 vaccines become widely available.

Market Analysis | Winter 2021

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Recent Seattle Transactions

Vue 22



City: Bellevue, Wash.
Buyer: MG Properties Group
Purchase Price: \$191 MM
Price per Unit: \$423,503

The Windsor



City: Renton, Wash.
Buyer: LivCor
Purchase Price: \$56 MM
Price per Unit: \$277,713

Alderwood Park



City: Lynnwood, Wash.
Buyer: Blackstone Group
Purchase Price: \$49 MM
Price per Unit: \$260,638

Chateau Woods



City: Woodinville, Wash.
Buyer: Sack Properties
Purchase Price: \$46 MM
Price per Unit: \$401,316