

YoY  
Chg 12-Mo.  
Forecast

4.7%

Vacancy Rate



2,074

Net Absorption, units



\$2.41

Effective Rent, PSF



Source: Cushman &amp; Wakefield Research, CoStar

(Overall, All Property Classes, Net Absorption is Q4 2021)

ECONOMIC INDICATORS  
Q4 2021YoY  
Chg 12-Mo.  
Forecast

2.07M

Seattle MSA  
Employment

4.7%

Seattle MSA  
Unemployment Rate

+1.0%

U.S. Household  
Growth Rate

Source: Moody's Analytics

## ECONOMY: Labor Force Continues Recovery in Face of Covid Variants

As 2021 comes to an end, remote or hybrid remote/in-person work has continued in the face of rising cases of Covid and its Delta and Omicron variants. Most of the major employers in the Puget Sound region, including Amazon, Meta, and Google, have delayed full returns beyond Q1 2022; Apple and Microsoft, meanwhile, have indefinitely delayed reopening their offices. Employment figures in the greater Seattle area grew to nearly 2.1 million jobs during the quarter, an increase of 106,000 jobs year-over-year (YOY). The unemployment rate dropped 180 basis points (bps) YOY to 4.7%, just above the US unemployment rate of 4.2%. Despite the threat of Covid and its variants, the labor market in the Puget Sound region is nearly back to pre-pandemic levels.

## SUPPLY AND DEMAND: Demand Has Returned

The demand for apartments has seen a resurgence in the Seattle market the past few quarters. Vacancy was reported at 4.7% across the region, with no change quarter-to-quarter but down 370 bps YOY. The Seattle CBD submarket recorded the largest YOY decrease (-420 bps). As tech continues to grow throughout the region and housing prices grow exponentially, so will the demand for affordable apartment options. For the year, 10,587 units were added to the inventory, with over 24,000 units under construction. The total number of new units for 2022 is expected to surpass 2021 figures, with an estimated 11,300 units expected to deliver. Vacancy will likely increase, at least temporarily, with the glut of new high-end units entering the market.

## PRICING: Region is Bouncing Back

Effective rents in the Seattle market saw significant increases YOY, another sign that the region is bouncing back from the pandemic. Effective rent averaged \$1,852 per unit (+11.6% YOY). The Seattle CBD and Eastside submarkets led the way in pricing: Seattle CBD reported an average effective rent of \$2,224 per unit (+16.2% YOY) and the Eastside reported an average effective rent of \$1,977 per unit (+11.7% YOY).

Units in the CBD (Seattle and Bellevue) are expected to see rental increases heading into the new year while the suburban submarkets should climb somewhat higher on additional demand as more workers leave the urban core seeking less expensive alternatives.

## SPACE DEMAND / DELIVERIES



Source: Cushman &amp; Wakefield Research, CoStar

## OVERALL VACANCY &amp; EFFECTIVE RENT



Source: Cushman &amp; Wakefield Research, CoStar

# MARKETBEAT Seattle

## Multifamily Q4 2021



### MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	DELIVERIES (UNITS)	UNDER CONSTR (UNITS)	CURRENT QTR ABSORPTION (UNITS)	VACANCY RATE	YOY % VACANCY RATE CHANGE	AVG EFFECTIVE RENT/UNIT	AVG EFFECTIVE RENT/SF	YOY % EFF. RENT CHANGE
Seattle CBD	53,148	913	6,650	-57	6.1%	-4.2%	\$2,224	\$3.12	16.2%
Seattle In-City	114,480	3,237	8,526	762	5.2%	-2.8%	\$1,622	\$2.41	8.7%
Eastside	141,704	5,501	7,070	1,145	4.9%	-1.6%	\$1,977	\$2.25	11.7%
South King County	102,560	936	2,133	224	3.4%	-2.3%	\$1,583	\$1.85	9.7%
<b>TOTAL</b>	<b>411,892</b>	<b>10,587</b>	<b>24,379</b>	<b>2,074</b>	<b>4.7%</b>	<b>-2.7%</b>	<b>\$1,852</b>	<b>\$2.41</b>	<b>11.6%</b>

### KEY SALES TRANSACTIONS 2021

PROPERTY	UNITS	SALES PRICE	PRICE/ \$ UNIT	SELLER / BUYER
Hyde Square, Bellevue	618	\$279,100,000	\$451,618	Carmel Partners / DWS
Hamptons, Chestnut Hills, Avana at So. Station, Puyallup & Tukwila	597	\$163,500,000	\$273,869	Blackstone Group / Greystar Real Estate Partners
Taluswood, Mountlake Terrace	512	\$168,000,000	\$328,125	Rockwood Capital / Intercontinental
Row, Kent & Union, Federal Way	491	\$85,450,000	\$174,033	Gelt / FPA Multifamily

### KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	UNITS	BUILDING TYPE	PROPERTY MANAGER	OWNER / DEVELOPER
Avalon Newcastle Commons, Ph II, Newcastle	620	Mid Rise	AvalonBay	AvalonBay Communities
Uplund Apartments, Kirkland	409	Mid-Rise	APM	American Capital & Artemis
Aspect at Totem Lake, Kirkland	406	Mid-Rise	Fairfield	CenterCal Properties
Farm by Vintage, Mill Creek	354	Mid-Rise	FPI	Vintage Housing

### MARKET DRIVERS

- The multifamily pipeline is robust in all submarkets, with significant deliveries expected by the end of 2021.
- The work-from-home model that has taken hold during the pandemic will continue to affect the multifamily market over the long term with redesigns for office space and/or larger unit sizes.
- As the labor market continues to recover, Seattle is poised for a strong revitalization with its established and growing tech and biotech industries.

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