SEATTLE-TACOMA, WASHINGTON

BERKADIA®

CONSTRUCTION DELAYS IN 2020 WILL LEAD TO PEAK APARTMENT DELIVERIES IN 2021

After delays in construction caused by the pandemic in 2020, apartment deliveries across the Seattle-Tacoma metropolitan area are expected to peak this year. These extended timelines were most present among Downtown Seattle projects. Nine properties in the submarket that began construction before 2020 will begin lease-up this year. Of the nearly 15,500 units scheduled to come online across the metro in 2021, approximately one quarter of additions will be in the Downtown Seattle submarket. As apartment operators face competition amid the historic high of apartment inventory growth in the submarket, concessions are expected to increase, attracting renters. This move, along with a rebound in white-collar payrolls, should facilitate an increase in leasing in the submarket and metrowide as Greater Seattle-Tacoma average apartment occupancy is forecast to rise 60 basis points to 95.1% by year-end 2021. Economic recovery will also extend to blue-collar industries, as hiring by construction employers is projected to lead all other sectors in job creation during 2021. Beyond the increase in the apartment pipeline, work on large-scale projects like the Microsoft Redmond campus redevelopment and the 896,600-square-foot mixed-use Block V development will create more construction jobs this year. Hiring across all sectors, along with the increase in minimum wage, should boost apartment operators' ability to increase rent. After a 2.4% dip in 2020, monthly effective rent is forecast to advance 0.9% to finish this year at an average of $1,791.

2021 MARKET AT A GLANCE

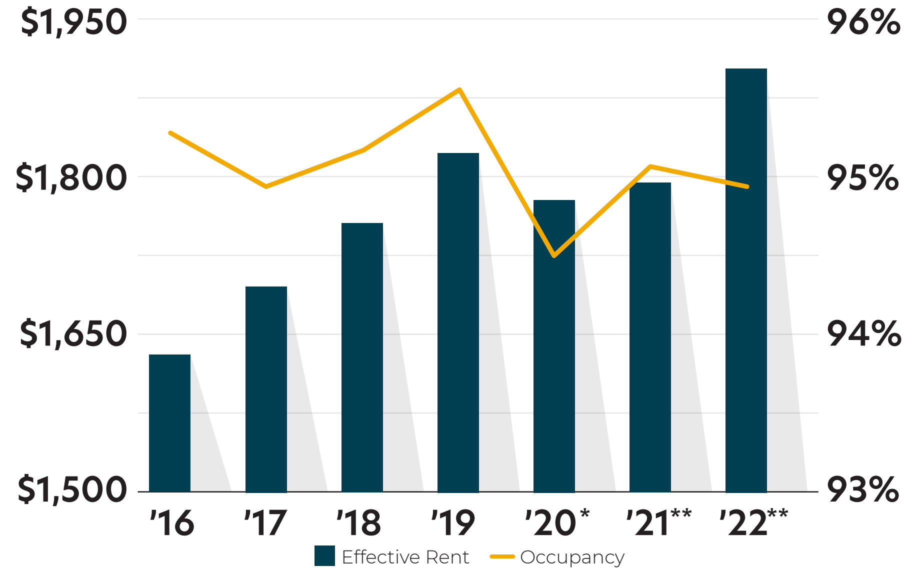
OCCUPANCY RATE
95.1%
Up **60 bps** YOY

EFFECTIVE RENT
$1,791
Up **0.9%** YOY

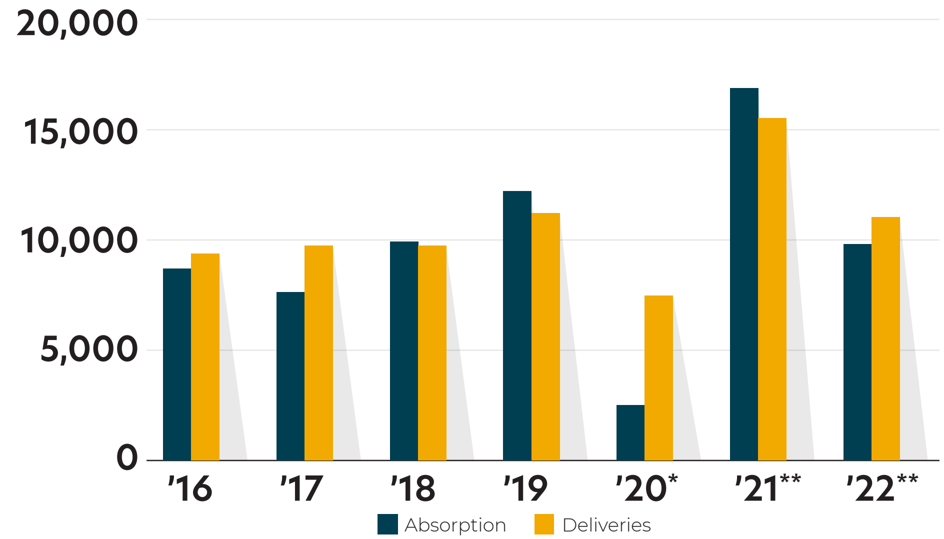
RENT SHARE OF WALLET
23.4%
Down **30 bps** YOY

MARKET TRENDS

EFFECTIVE RENT AND OCCUPANCY



ABSORPTION AND DELIVERIES



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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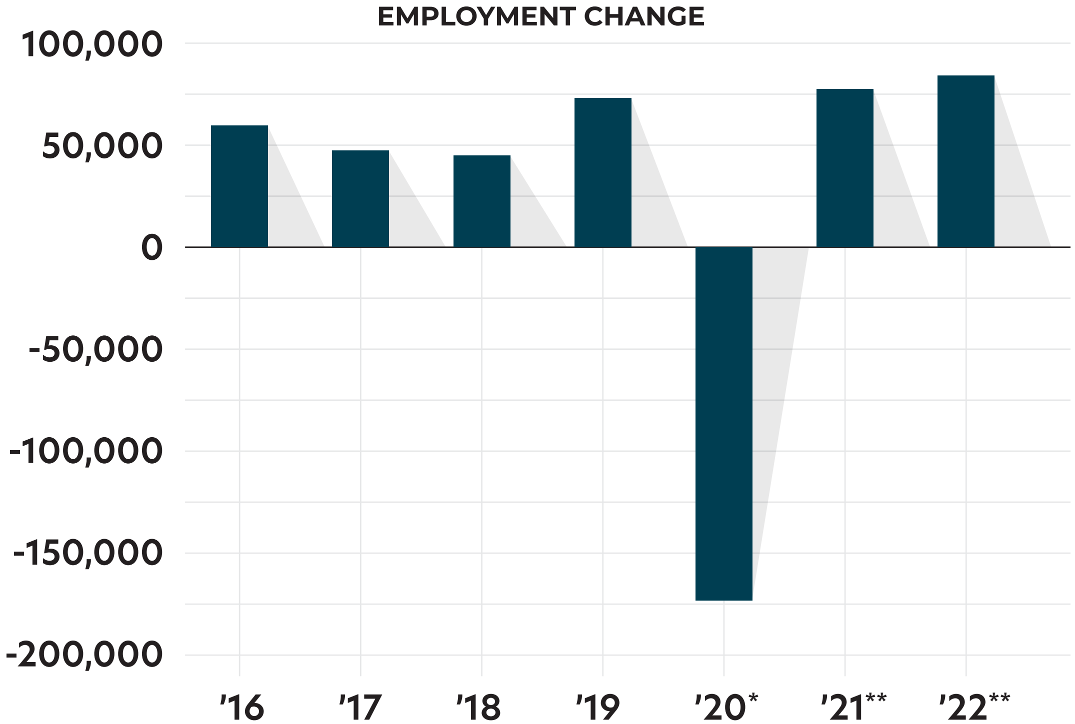
EMPLOYMENT TRENDS



EMPLOYMENT

2019	YOY CHANGE	2020*	YOY CHANGE	2021**
2,137,400	-8.1%	1,964,100	3.9%	2,041,100

UNEMPLOYMENT RATE

2019	YOY CHANGE	2020	YOY CHANGE	2021
2.2%	650 BPS	8.7%	-150 BPS	7.2%

POPULATION

2019	YOY CHANGE	2020	YOY CHANGE	2021
4,009,100	1.2%	4,055,600	1.1%	4,101,600

HOUSEHOLDS

2019	YOY CHANGE	2020	YOY CHANGE	2021
1,549,100	1.6%	1,573,400	1.7%	1,600,800

MEDIAN HOUSEHOLD INCOME

2019	YOY CHANGE	2020	YOY CHANGE	2021
$94,992	-5.5%	$89,810	2.4%	$91,923

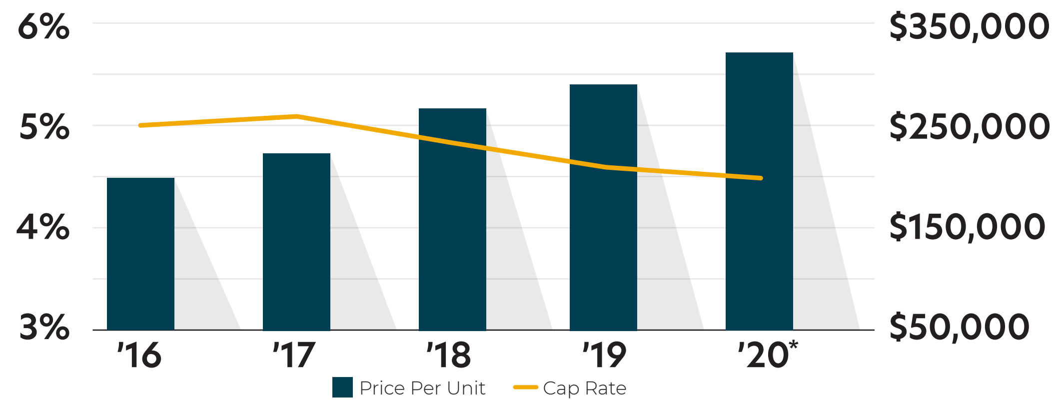
SALES TRENDS

PRICE PER UNIT

2019	YOY CHANGE	2020*
$285,842	11.9%	$319,840

CAP RATE

2019	YOY CHANGE	2020
4.6%	-10 BPS	4.5%



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