

Pacific Northwest Multifamily Outlook

October 16, 2025

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Senior Vice President, National Director
Marcus & Millichap Research Services

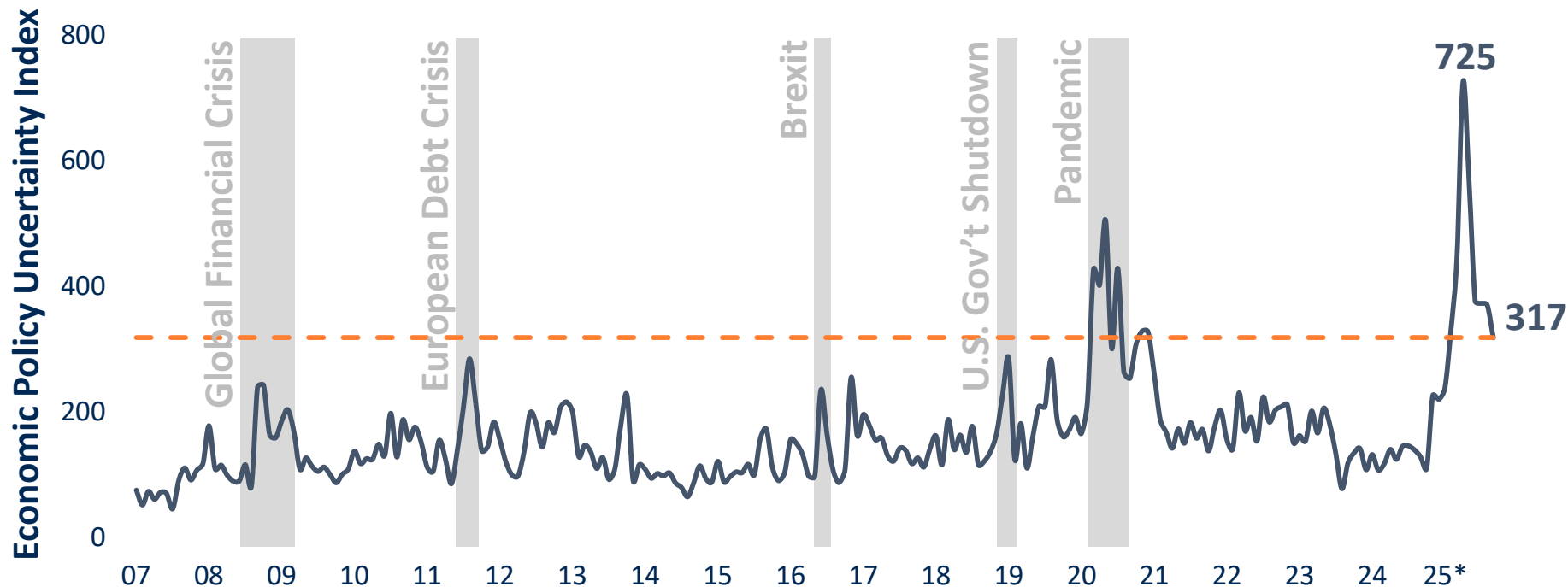
 [/in/johnchang/](https://www.linkedin.com/in/johnchang/)

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There's Always Something To Worry About...



Uncertainty Hit A Record High In April Levels Have Eased, But Remain Elevated



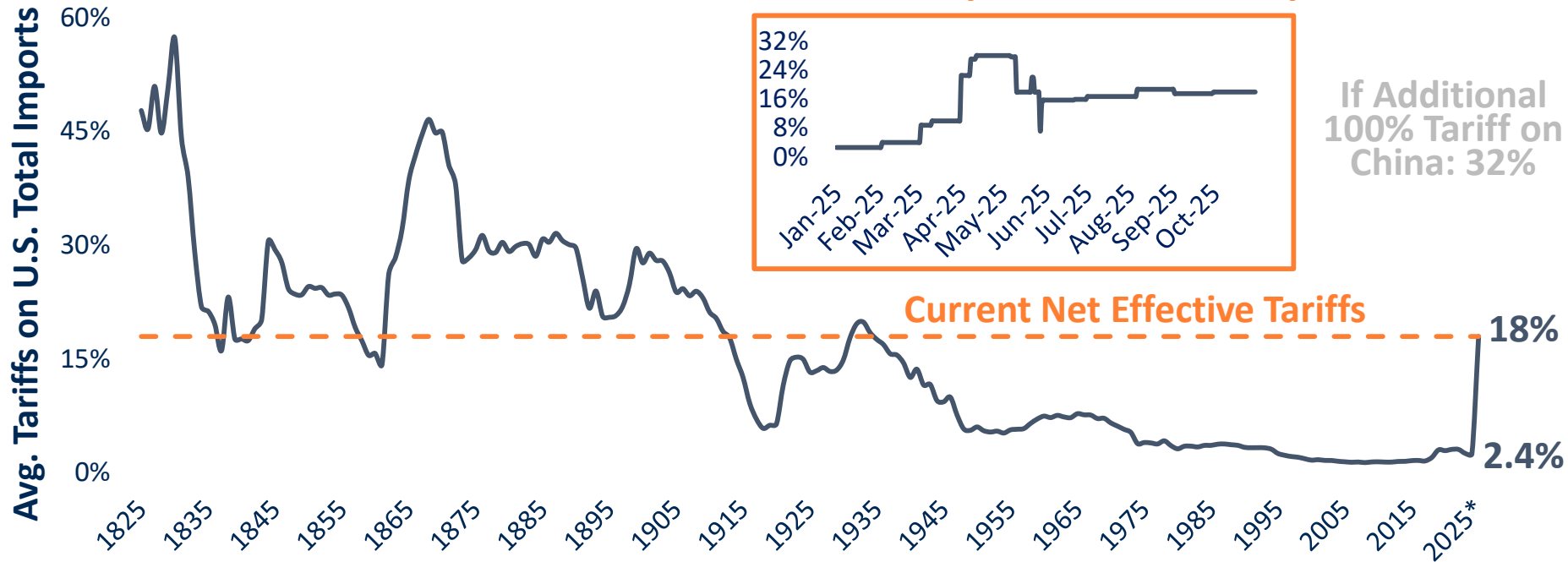
* Through September

The Economic Policy Uncertainty Index is a measure of policy-related economic uncertainty, derived from the frequency of news articles discussing economic policy uncertainty in leading U.S. newspapers. Higher values indicate greater uncertainty.

Sources: Marcus & Millichap Research Services, Scott R. Baker, Nicholas Bloom, and Steven J. Davis.

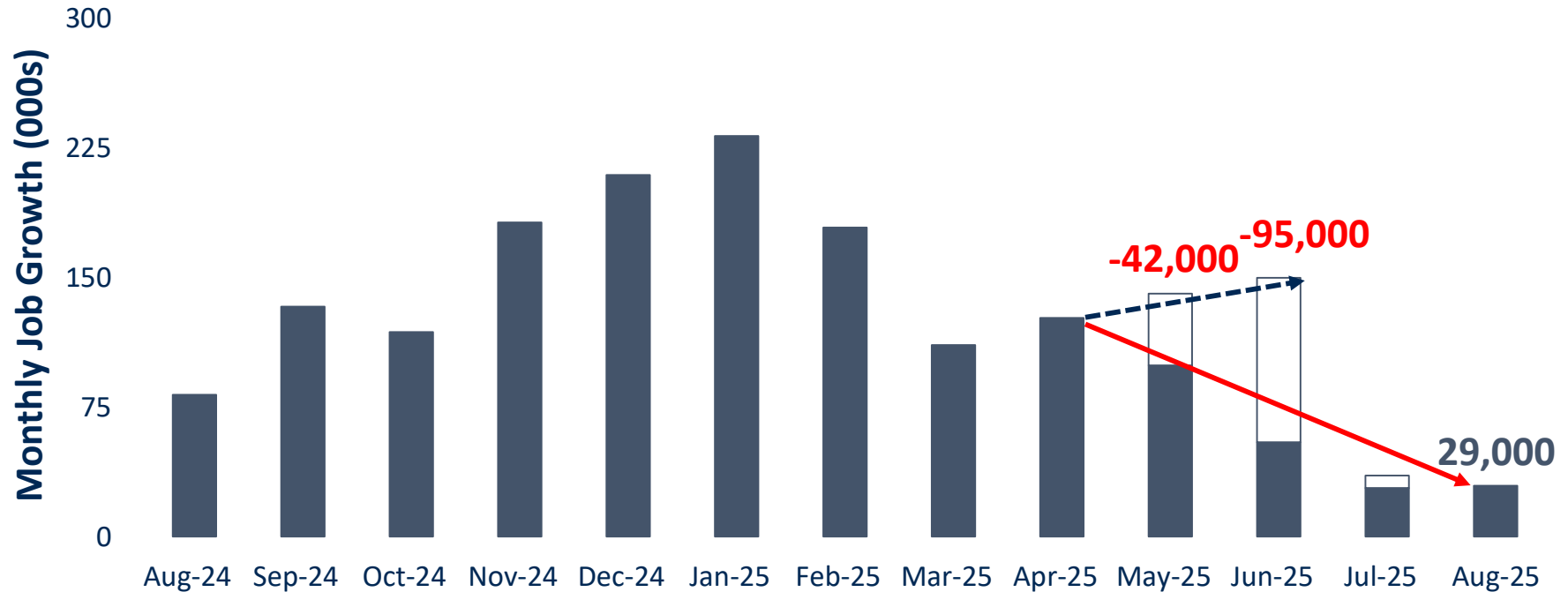
Net Effective Tariffs On Total Imports To U.S. Highest Since 1934 – Volatility Creating Challenges

Tariff Volatility Drives Uncertainty

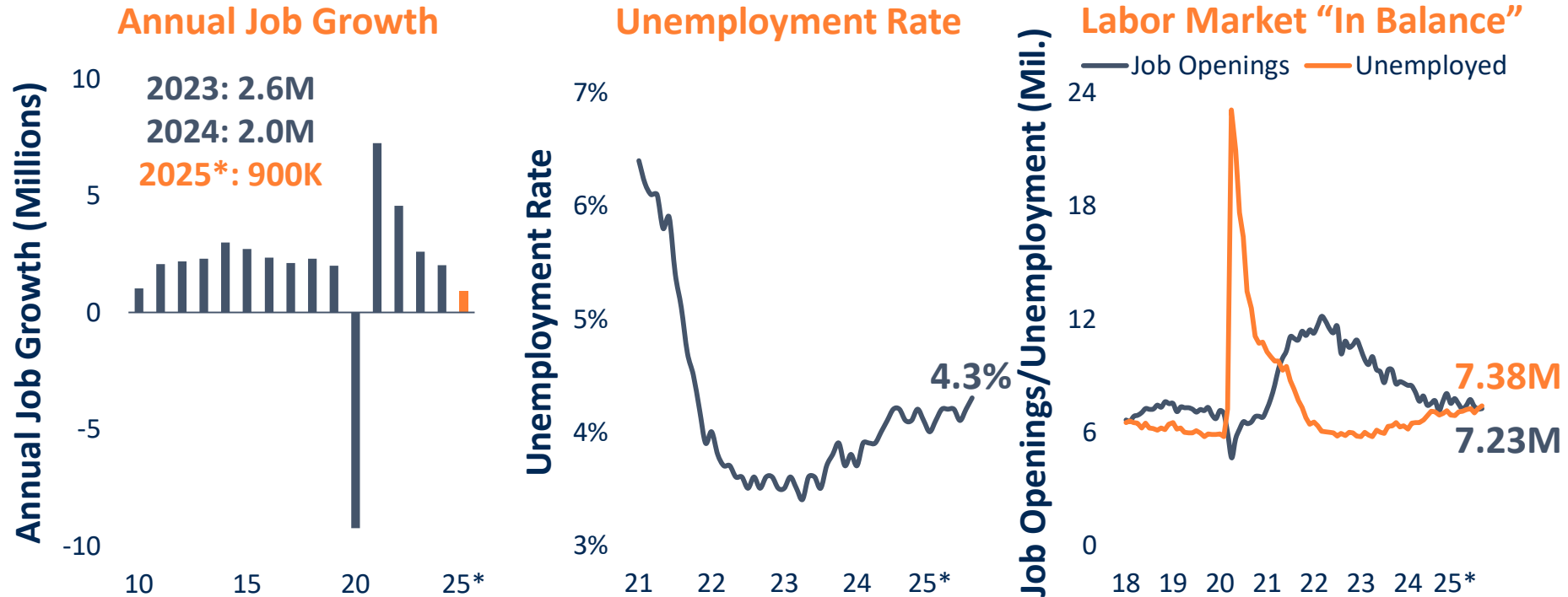


The Jobs Report That Changed Everything...

Trailing 3-Month Avg. Job Creation Shifts Momentum



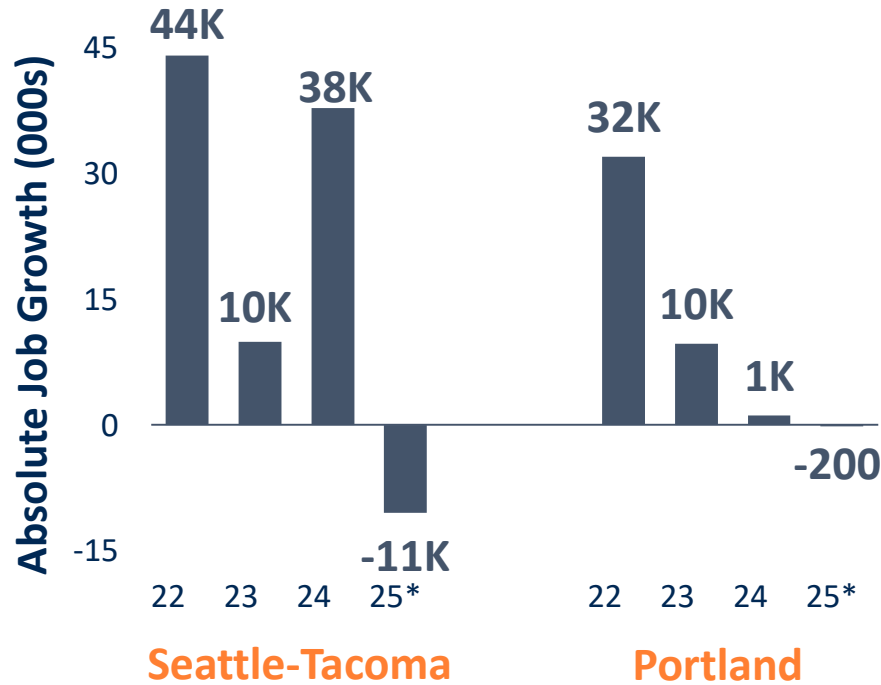
Employment Market Down-Shift; Labor Market Back “In Balance”



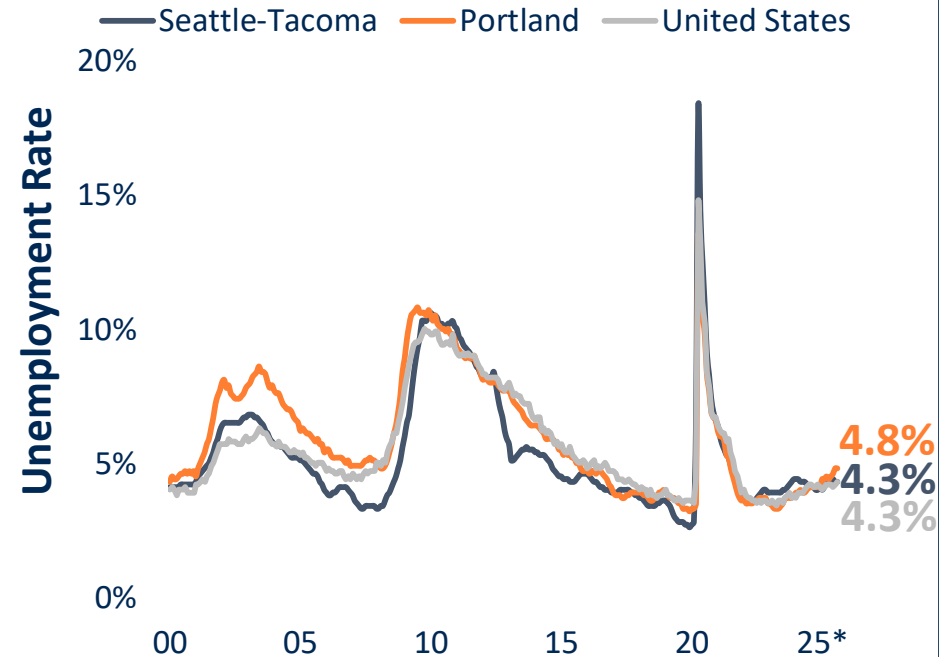
* Forecast; unemployment rate, unemployed and job openings through August
Preliminary BLS Revision of -911,000 jobs not official until February 2026
Sources: Marcus & Millichap Research Services, BLS

Pacific Northwest Job Creation Facing Headwinds

Job Growth by Metro

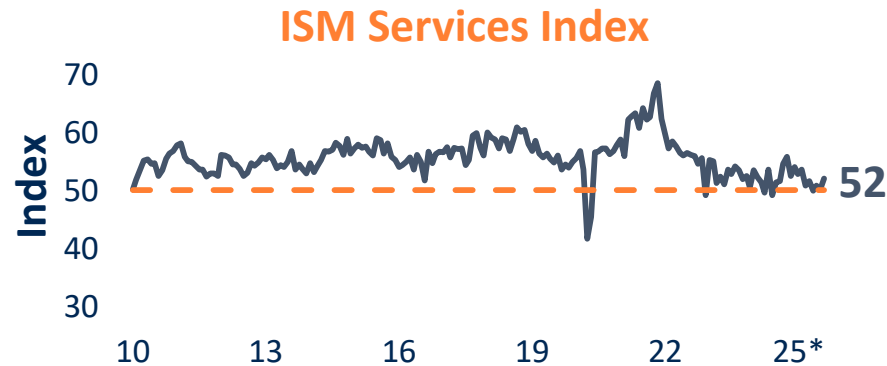
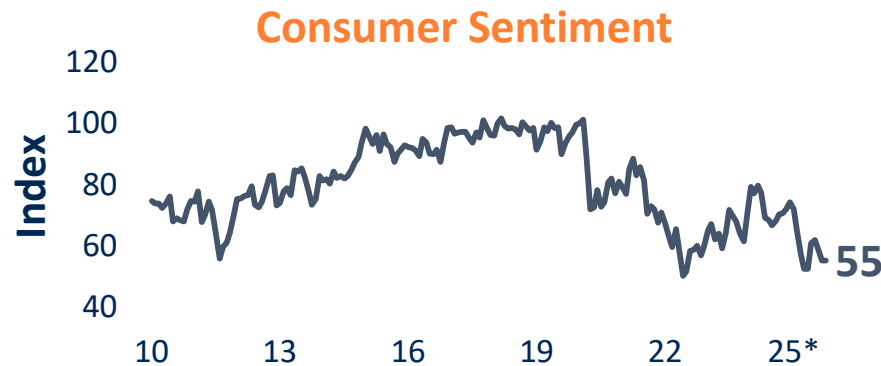
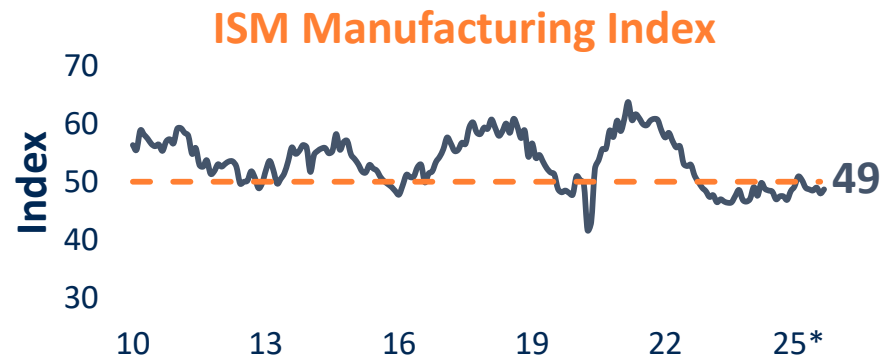
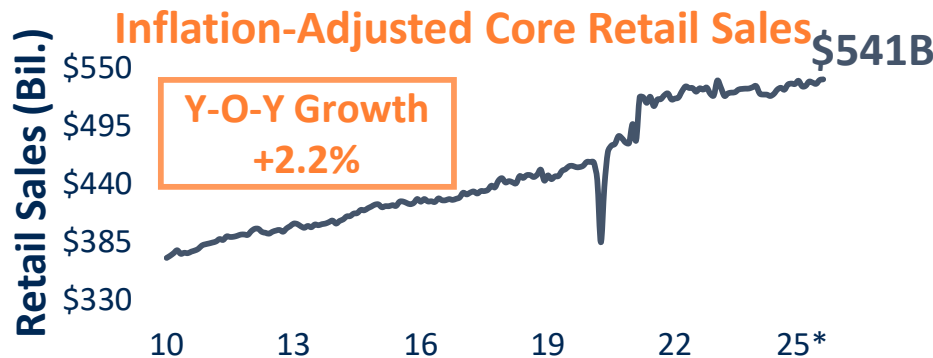


Unemployment Rate



* As of August; year-to-date through August for employment growth
Sources: Marcus & Millichap Research Services, BLS

Numerous Key Indicators Remain Sluggish, But Economy Remains Durable



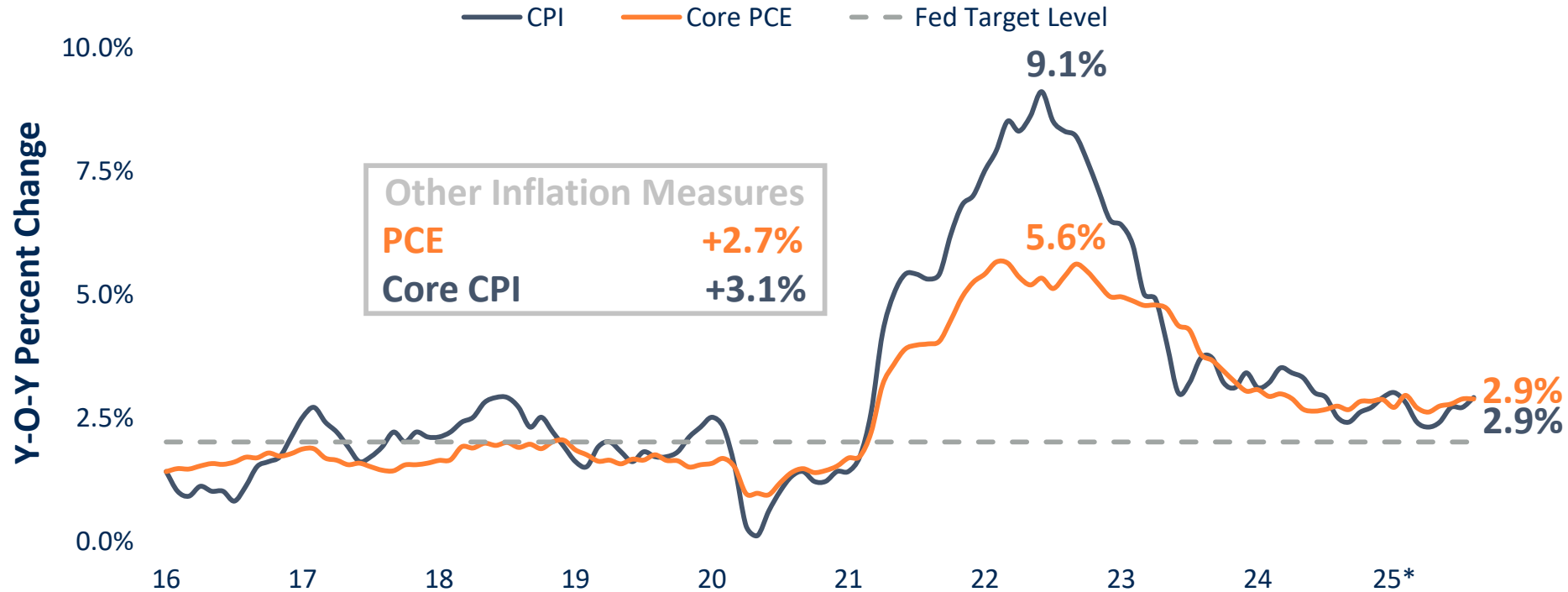
* ISM indices through 2Q; retail sales through August, consumer sentiment preliminary estimate through October
Adjusted for inflation using core CPI (August 2025 dollars); core retail sales exclude auto and gasoline sales
Sources: Marcus & Millichap Research Services, U.S. Census Bureau, ISM, University of Michigan



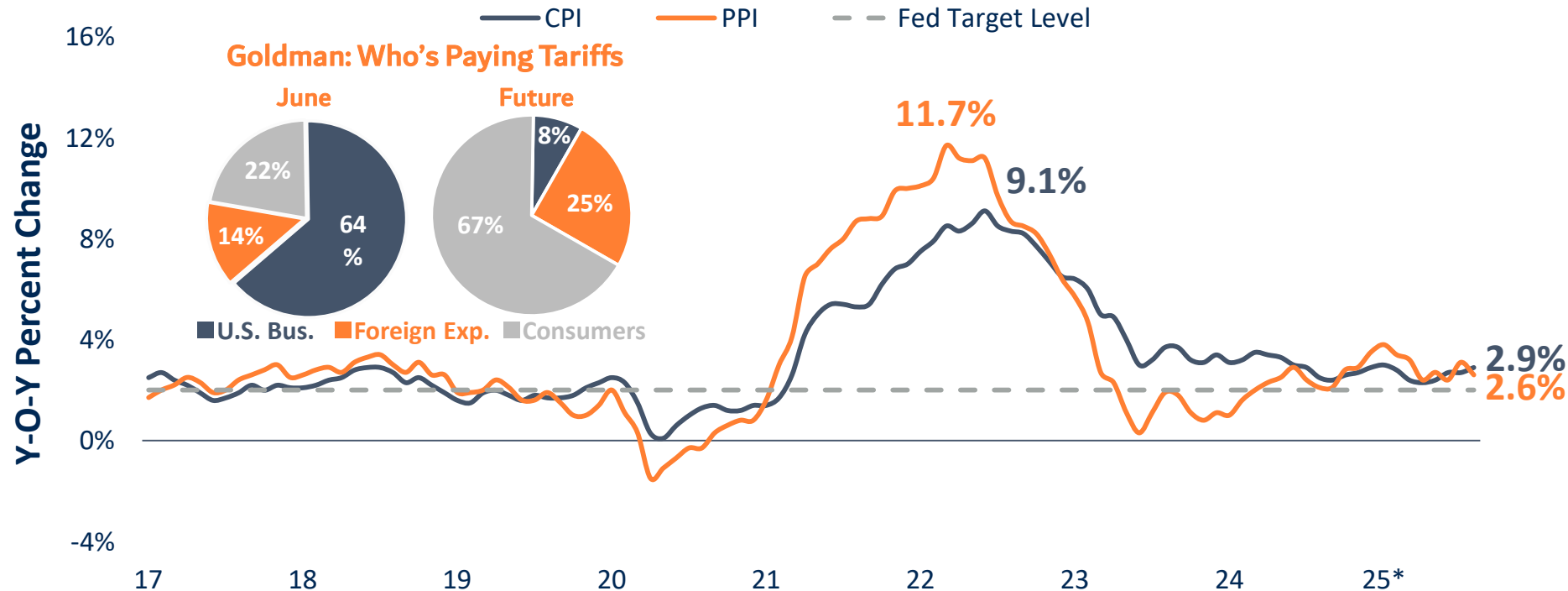
Inflation & Interest Rates



Tariffs Have Yet To Enter The Inflation Picture (Through August)



Producer Price Index Suggests Companies Have Shouldered Much Of The Tariff Impact... So Far



* Through August

Goldman Sachs report released August 10, 2025

Eventual division of tariff costs based on after all announced tariffs through June are in place for more than four months

Sources: Marcus & Millichap Research Services, BLS, BEA, Goldman Sachs Global Investment Research

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The Fed Has A Tough Job...

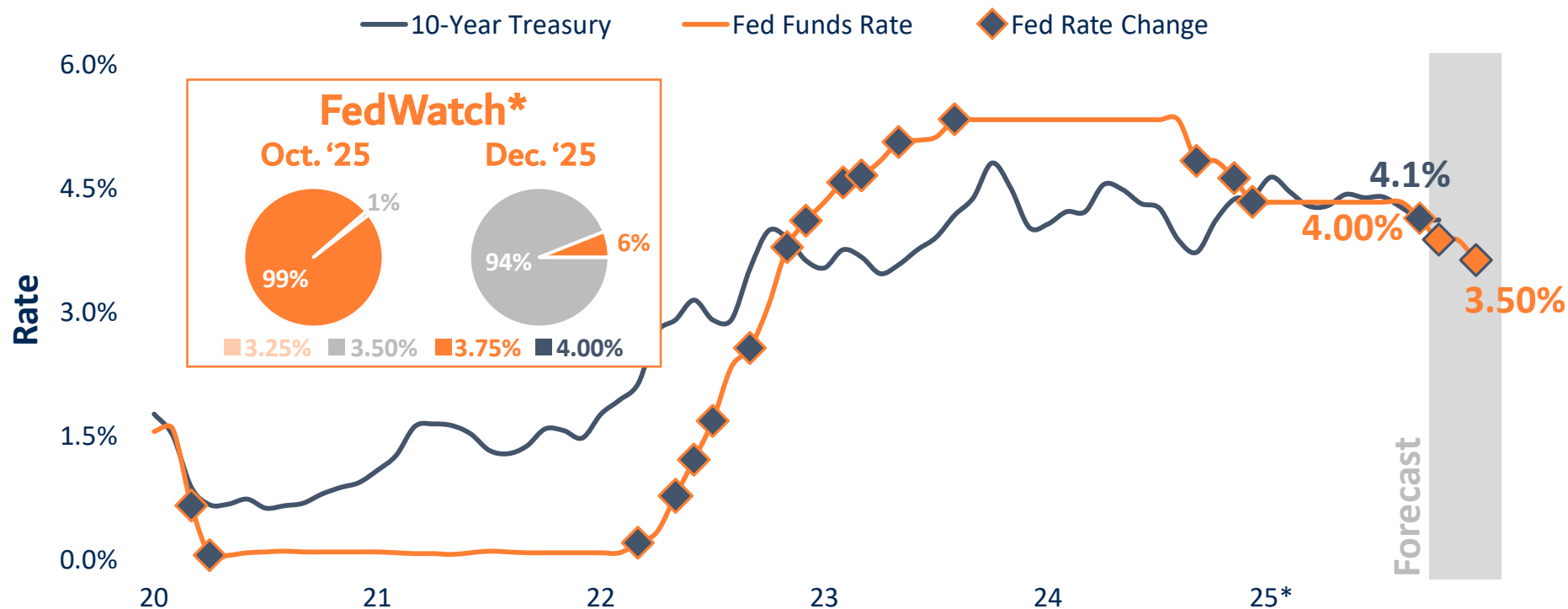
2016



2025



Investors Expect The Fed To Cut Rates; Majority Bet On Additional 50 Bps By Year-End



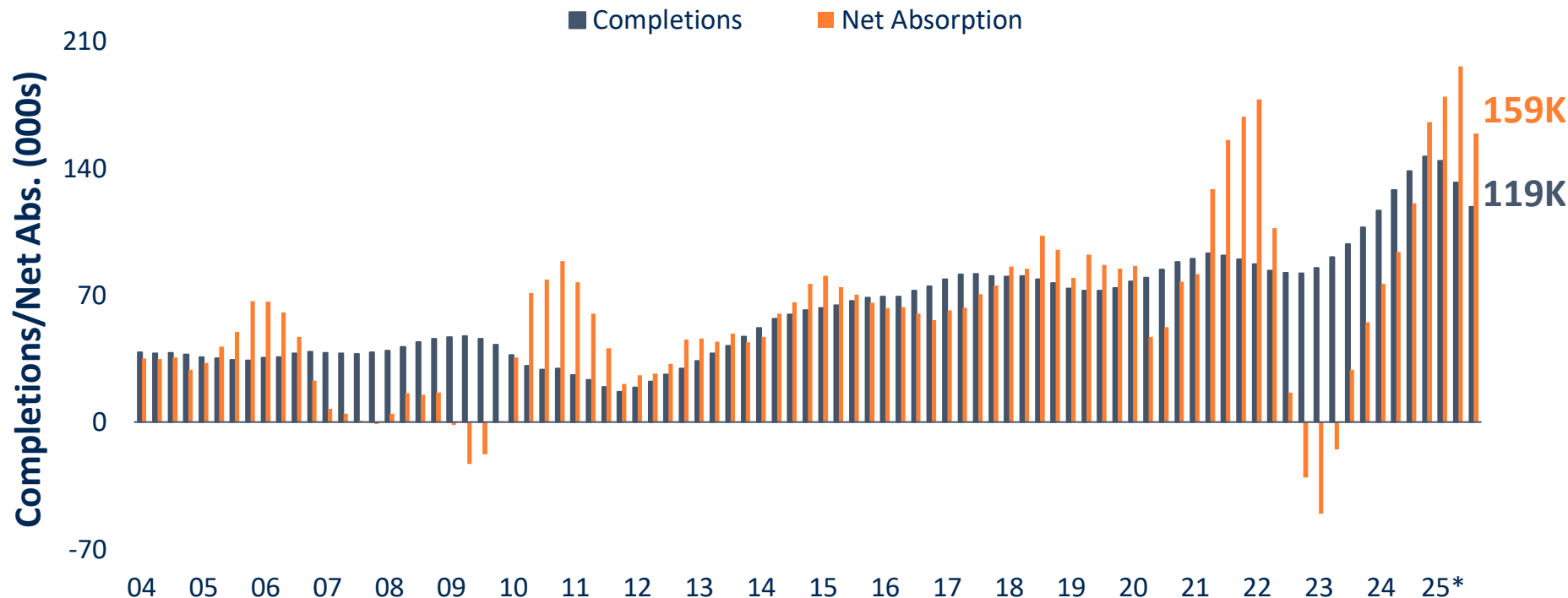
* Through October 10
Sources: Marcus & Millichap Research Services, Federal Reserve, CME Group

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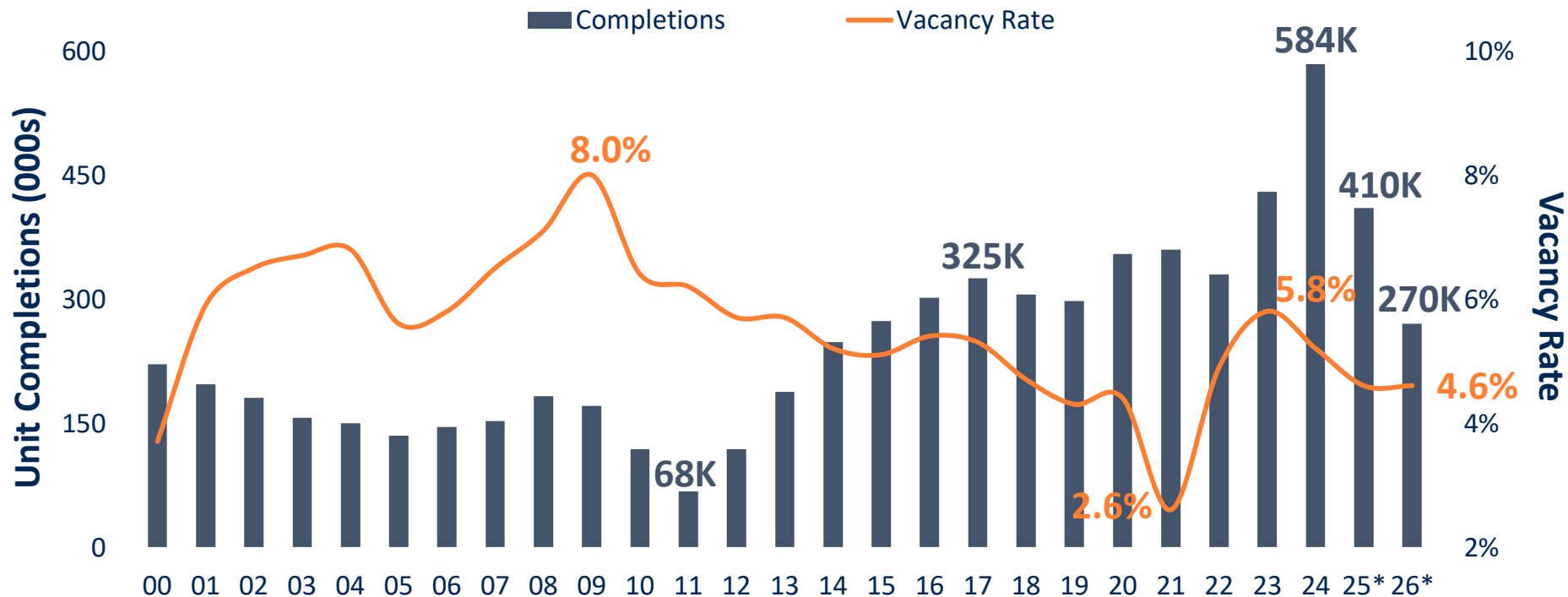
Multifamily Performance Trends

U.S. Apartment Demand Outpacing New Supply; Trend Suggests Continued Performance Gains



* Through 3Q
Trailing 4-quarter average
Sources: Marcus & Millichap Research Services, RealPage, Inc.

National Apartment Vacancy Rate Has Trended Lower; Slowing Development Pipeline A Positive

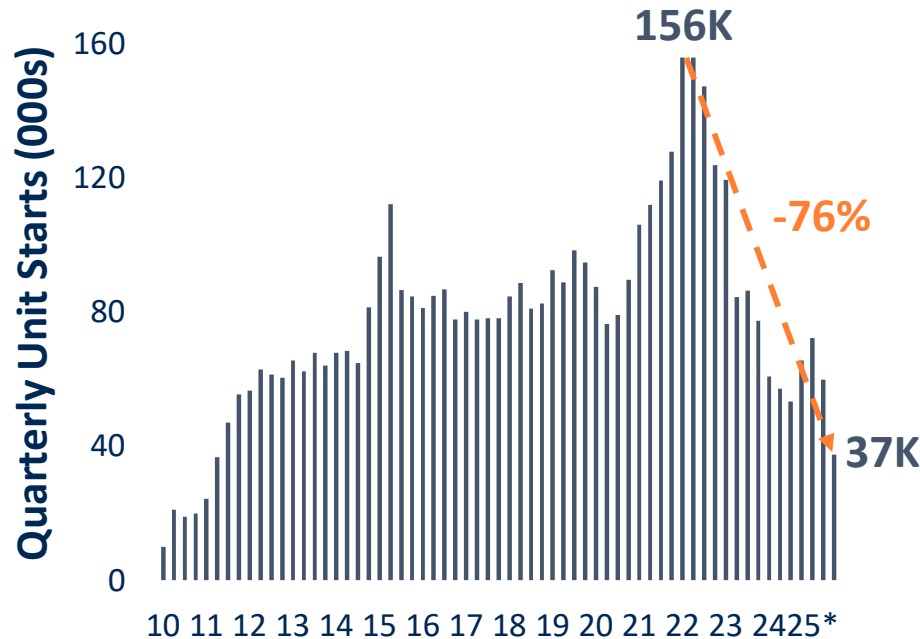


* Forecast, preliminary forecast for 2026
Sources: Marcus & Millichap Research Services, RealPage, Inc.

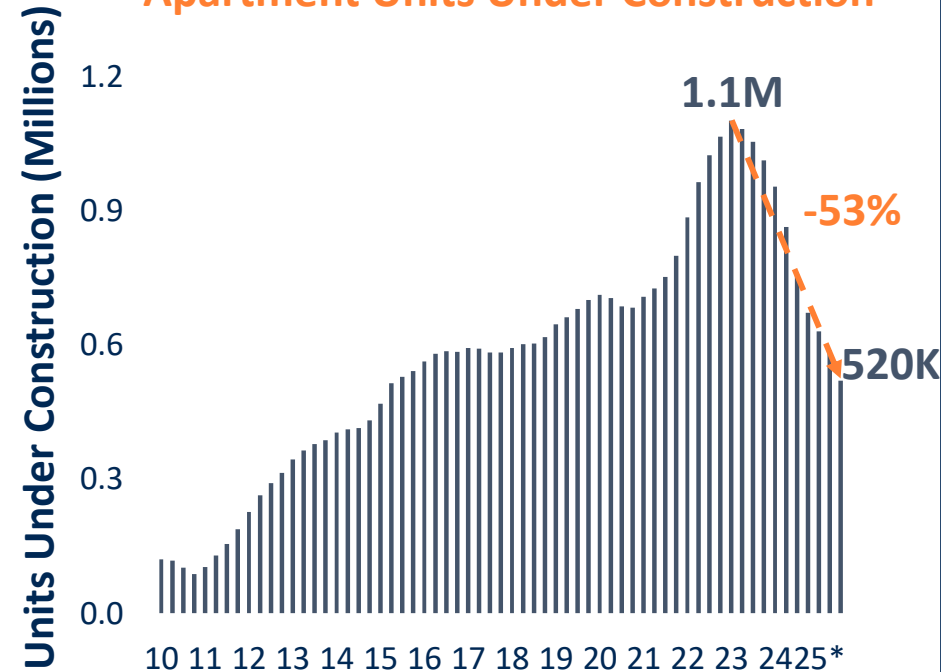
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Substantial Decline In Multifamily Construction Supports Strengthening Performance Outlook

New Multifamily Starts

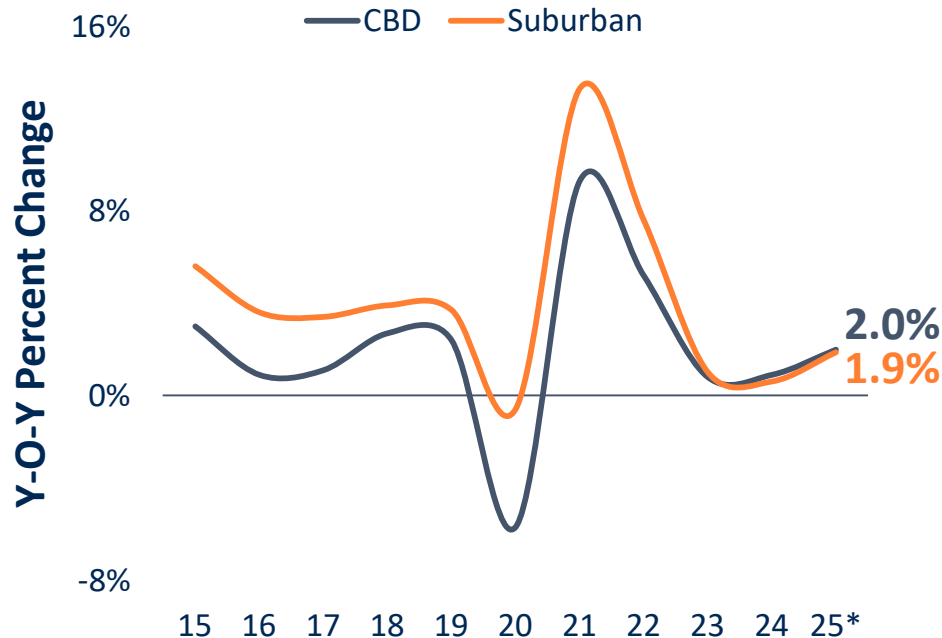


Apartment Units Under Construction

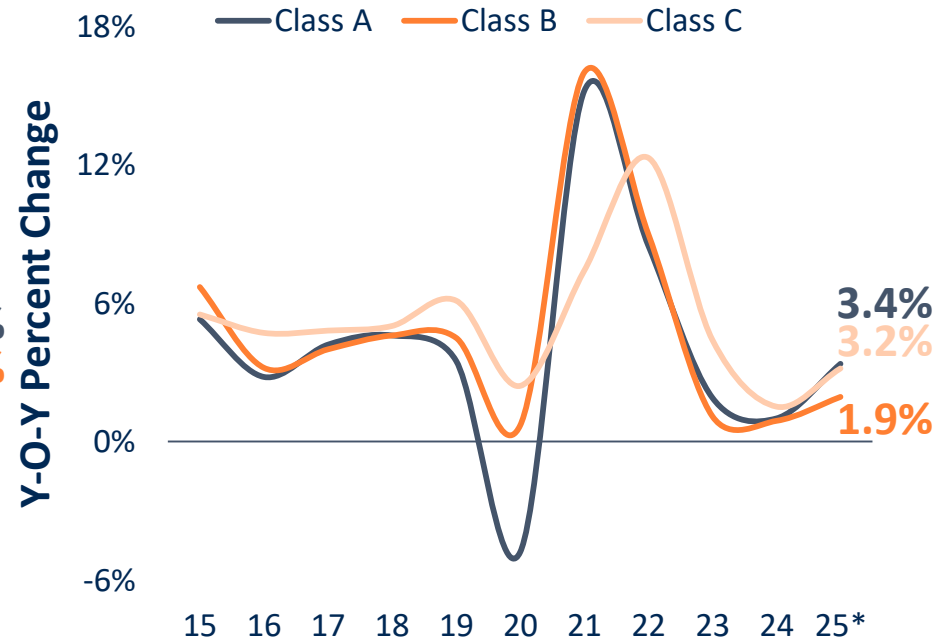


U.S. Apartment Rent Growth Trends By Location and Class

Rent Growth By Location



Rent Growth By Class

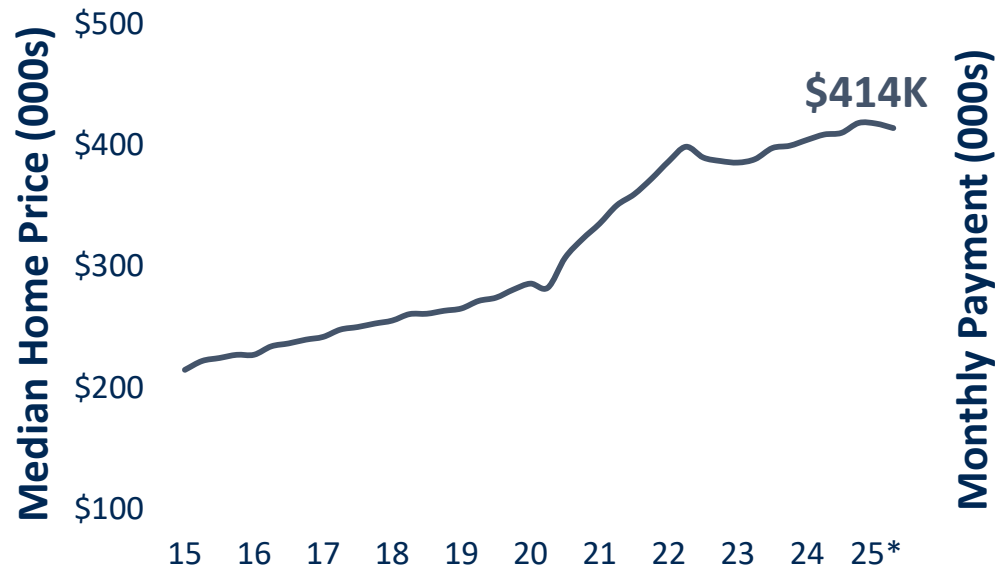


* Through 3Q
Average effective rent
Sources: Marcus & Millichap Research Services, RealPage, Inc.

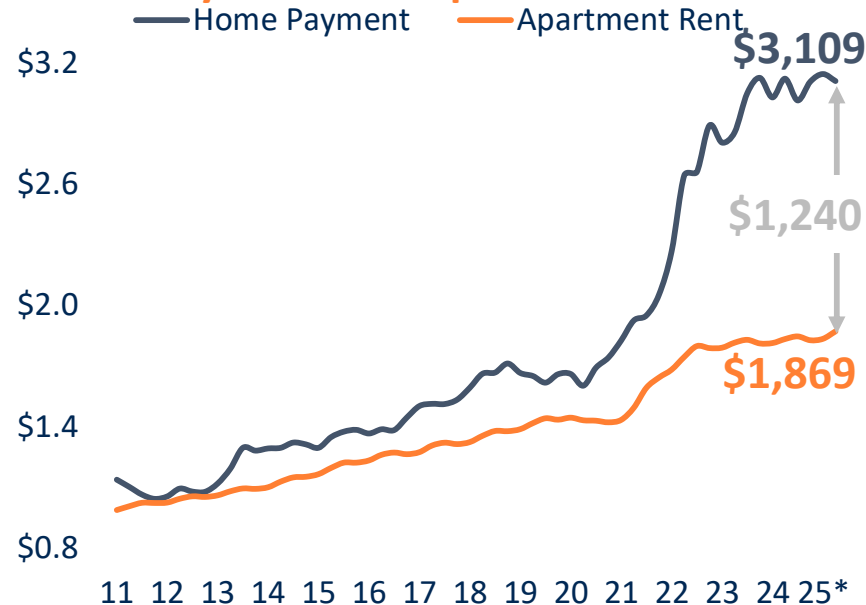
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Homeownership Out Of Reach; Affordability Gap Widened

U.S. Median Home Price



Affordability Gap Between Home Payment and Apartment Rent

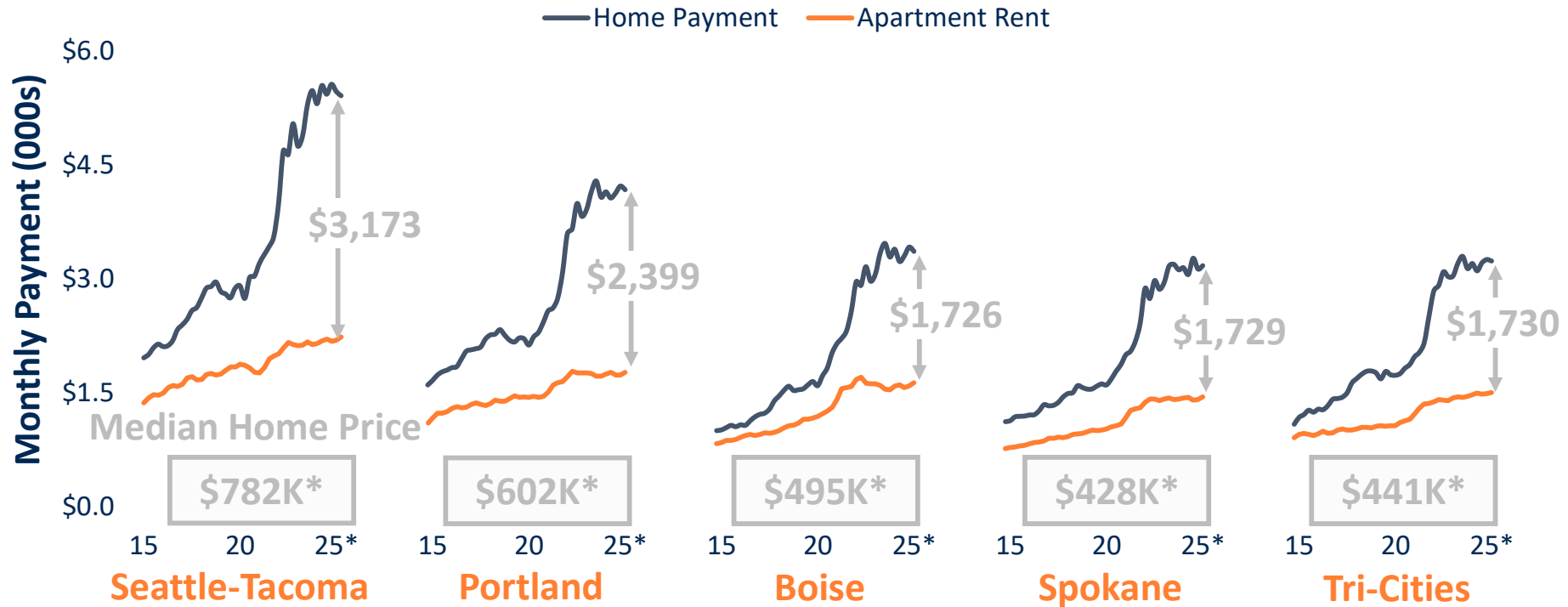


* Through 2Q

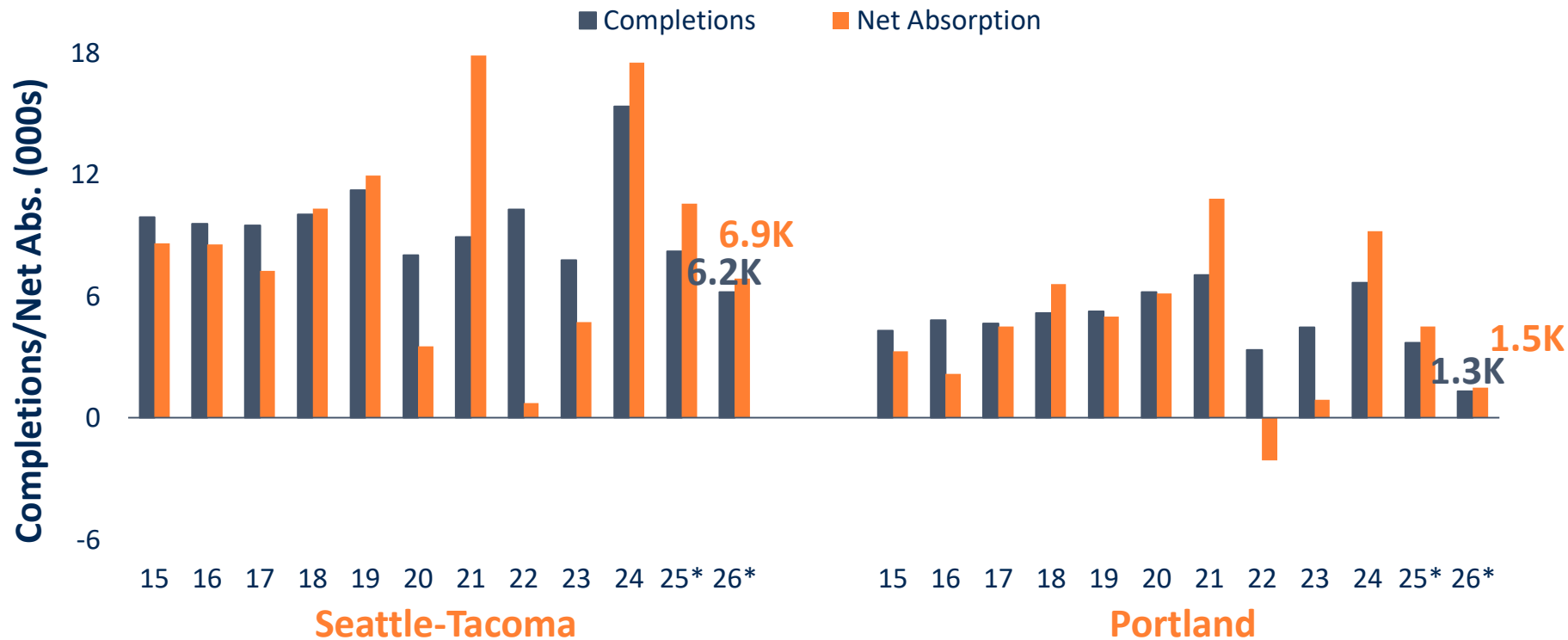
Mortgage payments based on median home price for a 30-year fixed rate mortgage, 90% LTV, taxes, insurance, and PMI

Sources: Marcus & Millichap Research Services, RealPage, Inc., Freddie Mac, National Association of Realtors, U.S. Census Bureau, CoStar Group, Inc.

Affordability Gap In Northwest Metros



Pacific Northwest Apartment Demand Keeping Steady With Supply

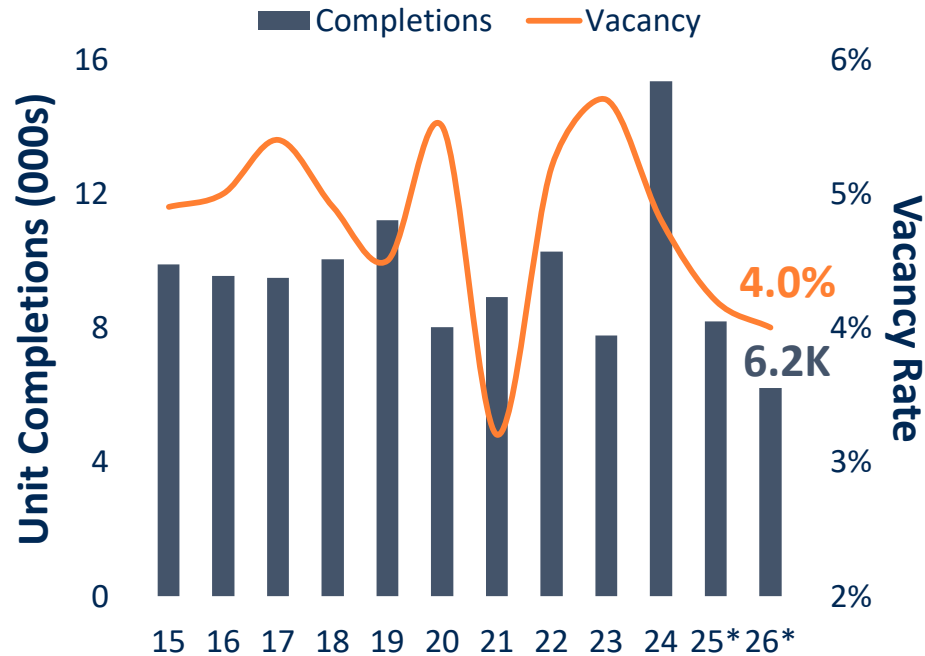


* Forecast, preliminary forecast for 2026
Sources: Marcus & Millichap Research Services, RealPage, Inc.

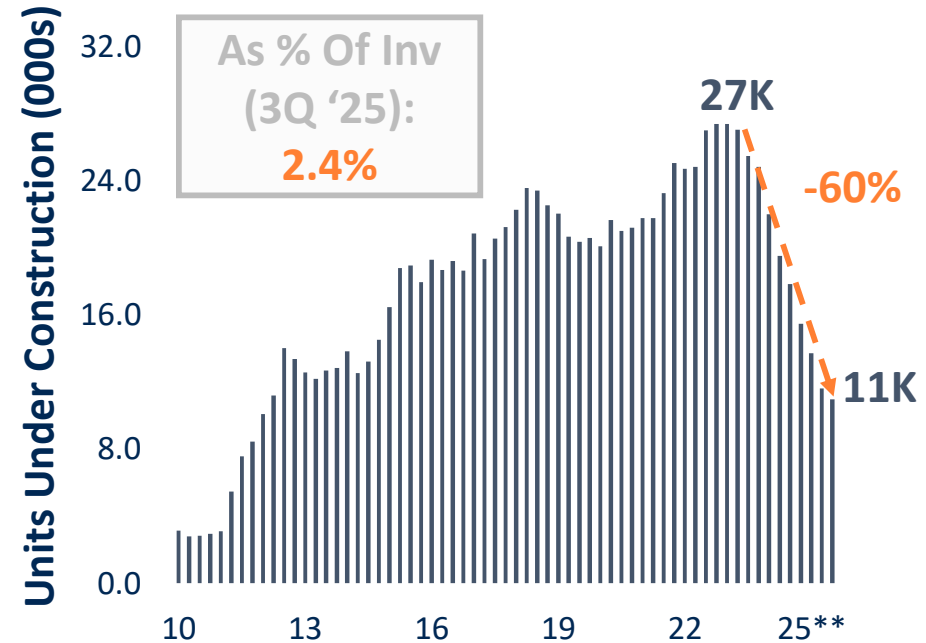
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Seattle-Tacoma Multifamily Performance Trends

Completions And Vacancy Trends



Units Under Construction



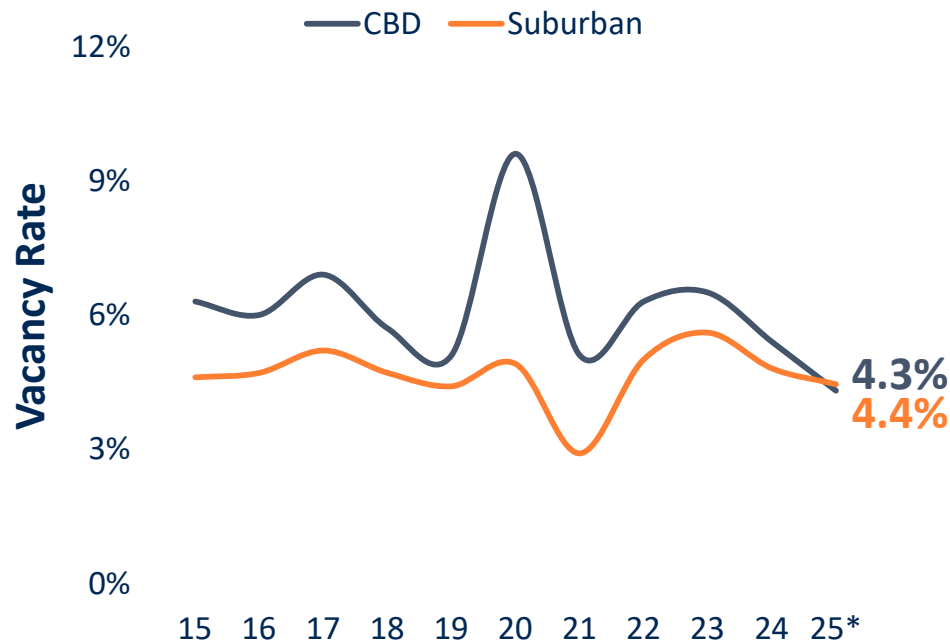
* Forecast, preliminary forecast for 2026

** Through 3Q

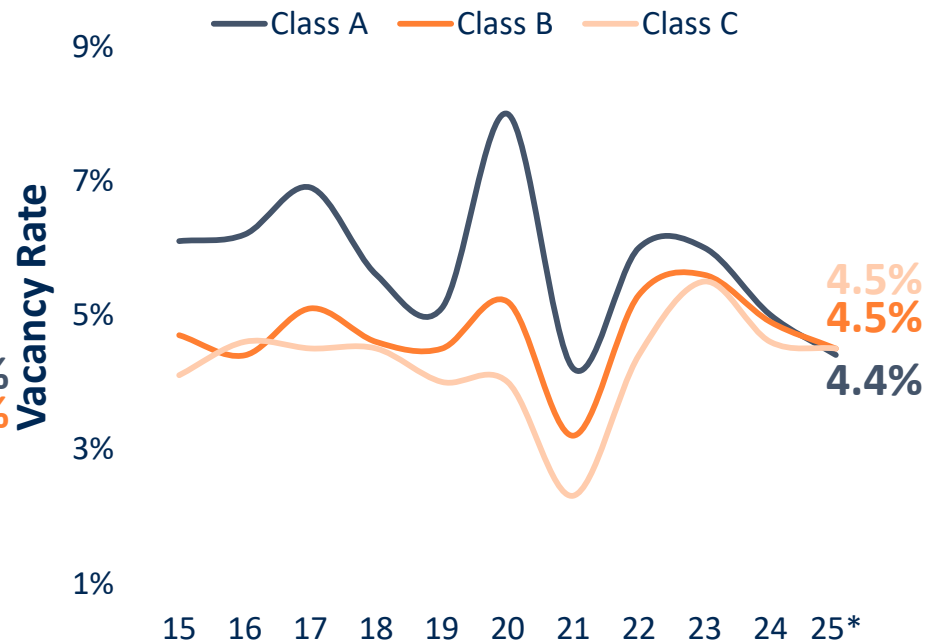
Sources: Marcus & Millichap Research Services, RealPage, Inc.

Seattle-Tacoma Apartment Vacancy Trends By Location and Class

Vacancy Rate By Location

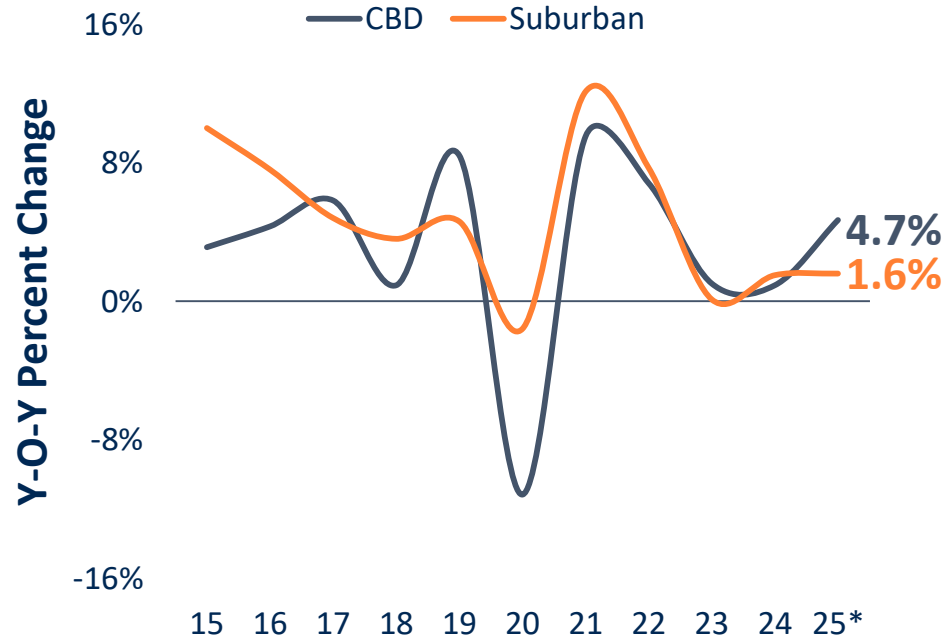


Vacancy Rate By Class

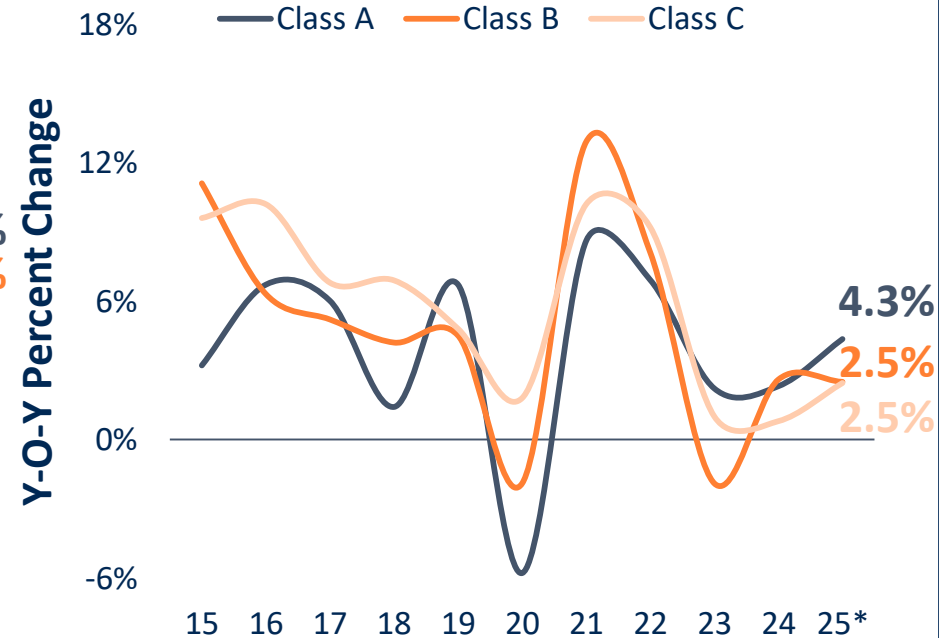


Seattle-Tacoma Apartment Rent Growth Trends By Location and Class

Rent Growth By Location



Rent Growth By Class

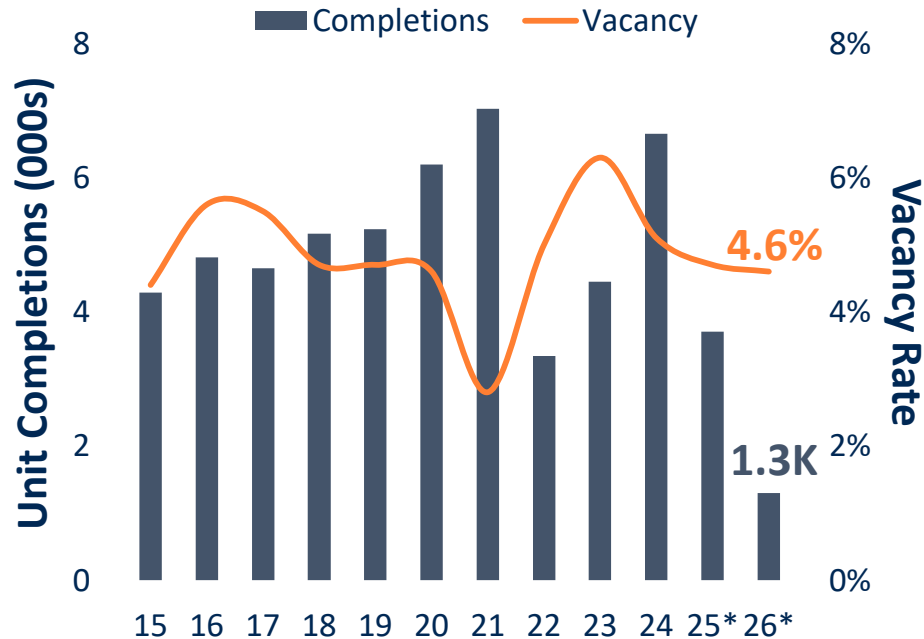


Seattle-Tacoma Apartment Submarket Trends

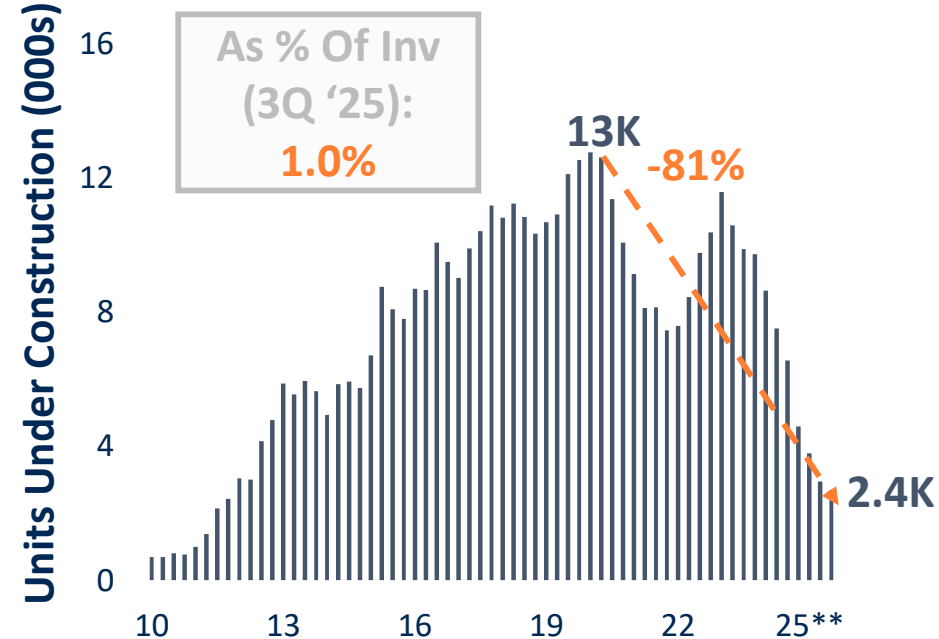
Submarket	3Q '25 Average Effective Rent	Y-O-Y Rent Growth	Vacancy Rate	Y-O-Y Vacancy Bpc	T-12 Net Absorption
Downtown Seattle	\$2,866	5.8%	4.3%	-120	1,800
Capitol Hill-Central District	\$2,167	2.9%	4.8%	-190	1,400
Redmond	\$2,482	-1.5%	4.2%	20	1,200
University District-Ballard	\$2,307	2.5%	4.4%	-110	1,200
South Lake-Queen Anne	\$2,806	4.6%	4.0%	-120	1,000
Everett	\$1,920	0.2%	5.2%	-60	900
North Seattle-Shoreline	\$2,007	3.1%	4.1%	-90	900
Kirkland-Bothell	\$2,387	-0.3%	4.9%	60	800
East Bellevue-Issaquah	\$2,525	1.7%	4.0%	-70	700
SeaTac-Burien	\$1,773	2.8%	4.3%	-120	600
Seattle-Tacoma	\$2,318	2.2%	4.5%	-60	12,000

Portland Multifamily Performance Trends

Completions And Vacancy Trends



Units Under Construction



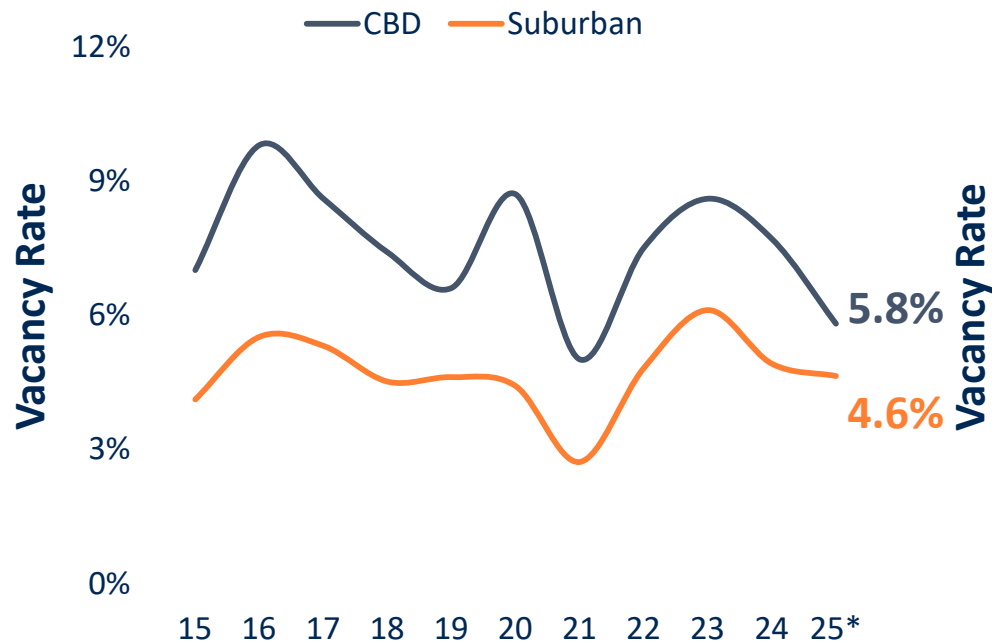
* Forecast, preliminary forecast for 2026

** Through 3Q

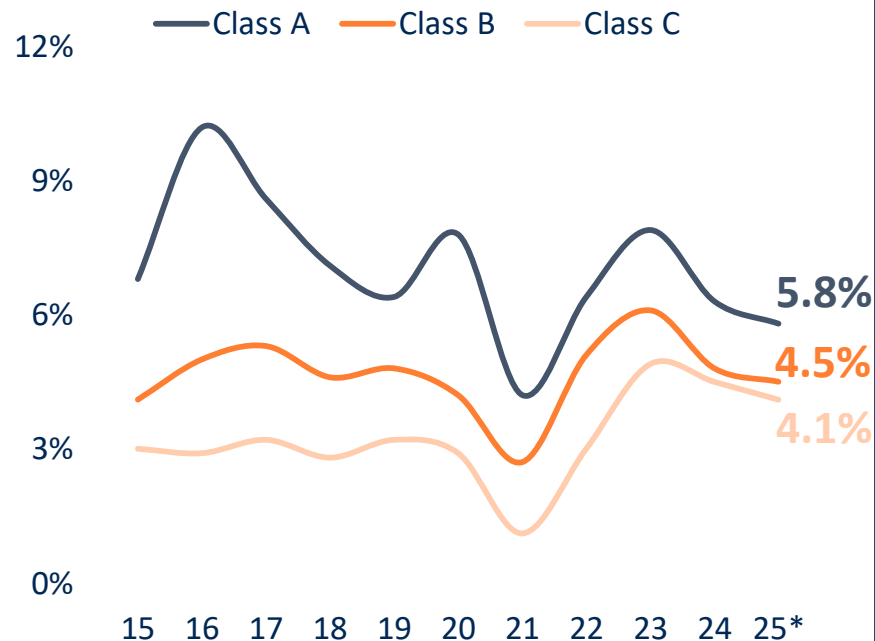
Sources: Marcus & Millichap Research Services, RealPage, Inc.

Portland Apartment Vacancy Trends By Location and Class

Vacancy Rate By Location

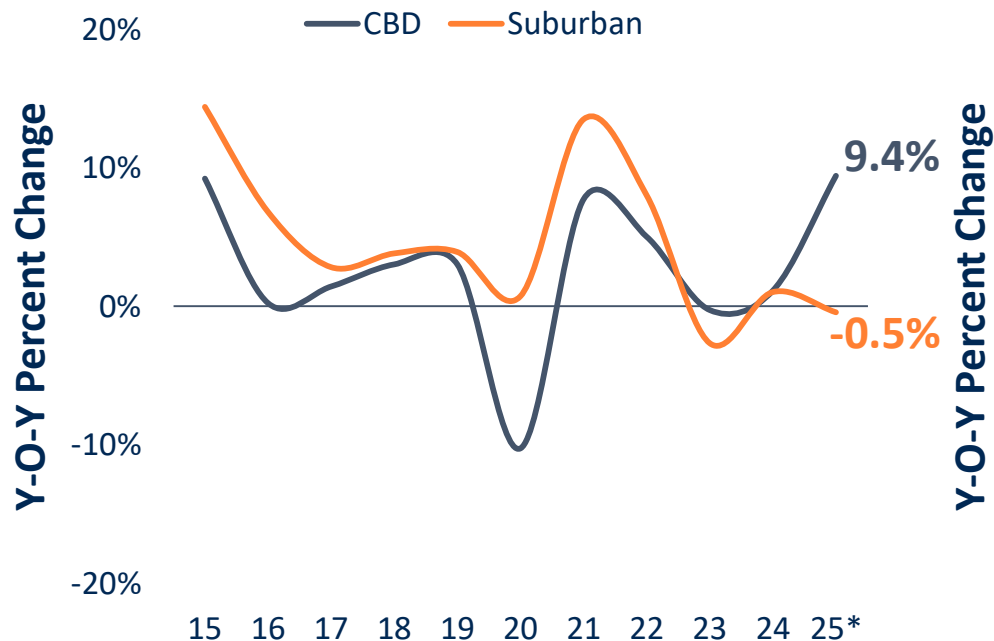


Vacancy Rate By Class

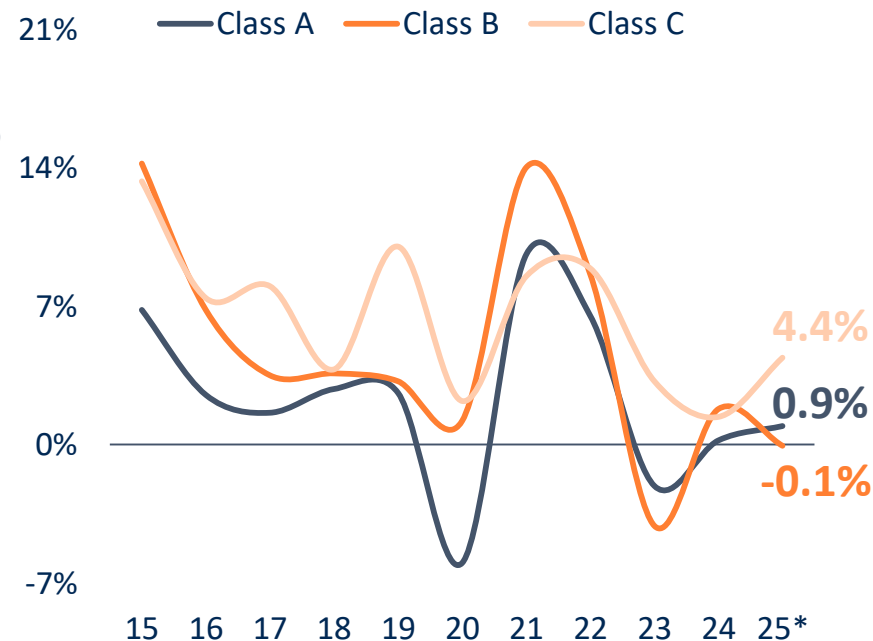


Portland Apartment Rent Growth Trends By Location and Class

Rent Growth By Location



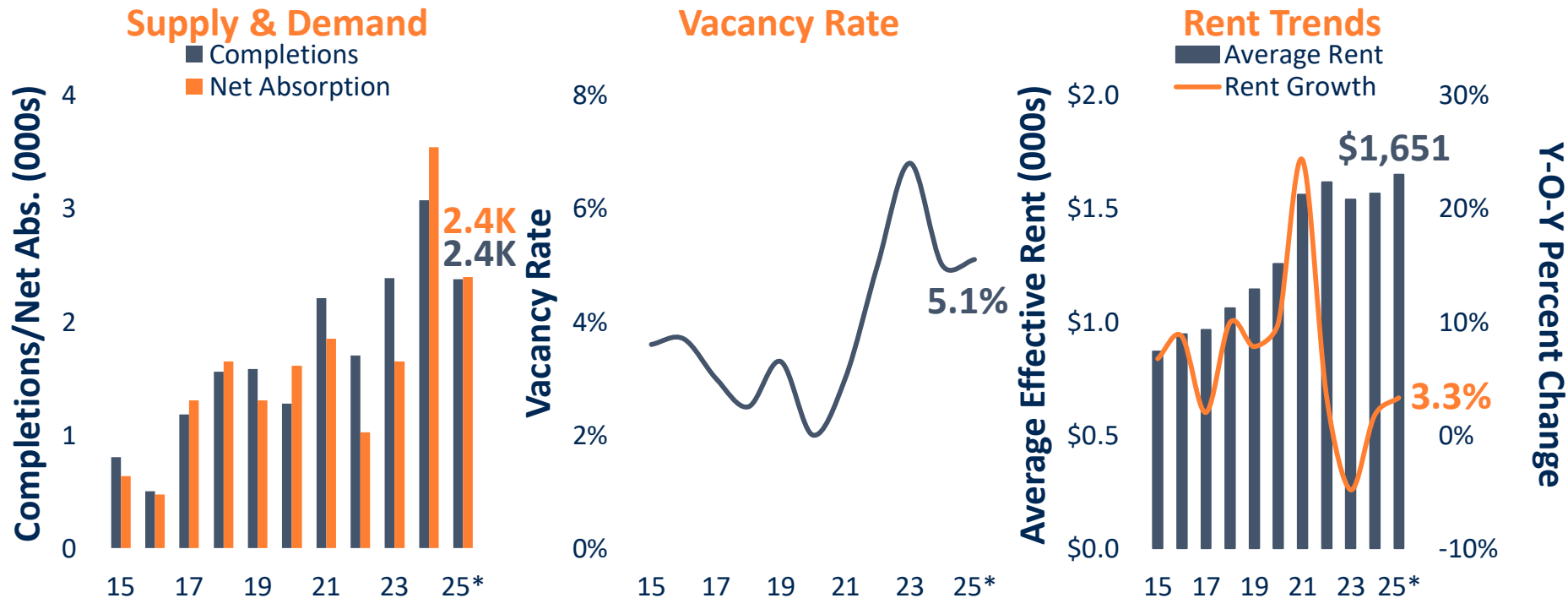
Rent Growth By Class



Portland Apartment Submarket Trends

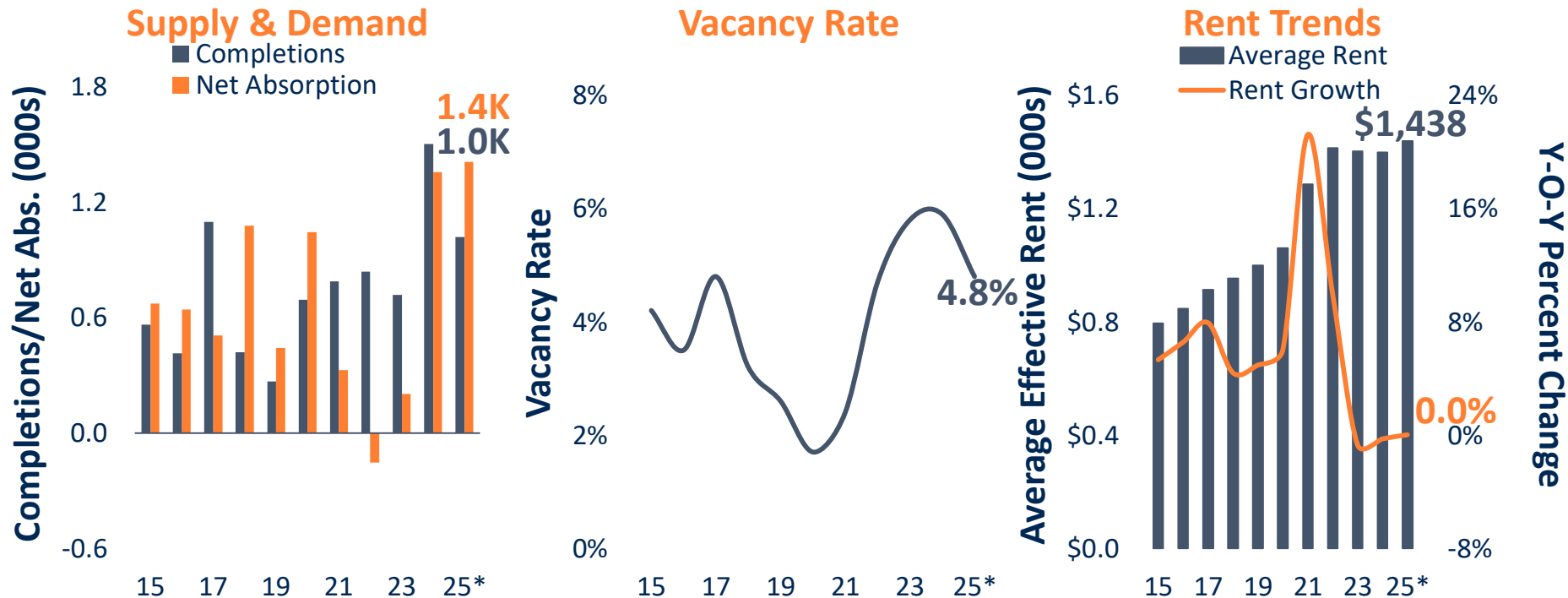
Submarket	3Q '25 Average Effective Rent	Y-O-Y Rent Growth	Vacancy Rate	Y-O-Y Vacancy Bpc	T-12 Net Absorption
Vancouver	\$1,750	2.5%	4.2%	-150	1,600
East Portland	\$1,636	0.9%	5.8%	-30	1,300
Central Portland	\$1,985	9.1%	5.9%	-190	900
East Beaverton	\$1,714	-1.8%	4.2%	-10	500
Gresham-Far East Portland	\$1,623	0.1%	4.5%	-100	500
Northwest Portland	\$1,729	-3.2%	5.0%	-120	500
Aloha-West Beaverton	\$1,741	-4.6%	4.2%	-20	400
Lake Oswego-Wilsonville	\$1,888	-0.8%	4.1%	-100	300
Southeast Portland	\$1,701	-0.9%	4.7%	-30	200
Hillsboro	\$1,861	-4.9%	4.4%	10	100
Portland	\$1,771	0.5%	4.7%	-90	6,500

Boise Multifamily Market Stabilizes Amid Demand Recovery



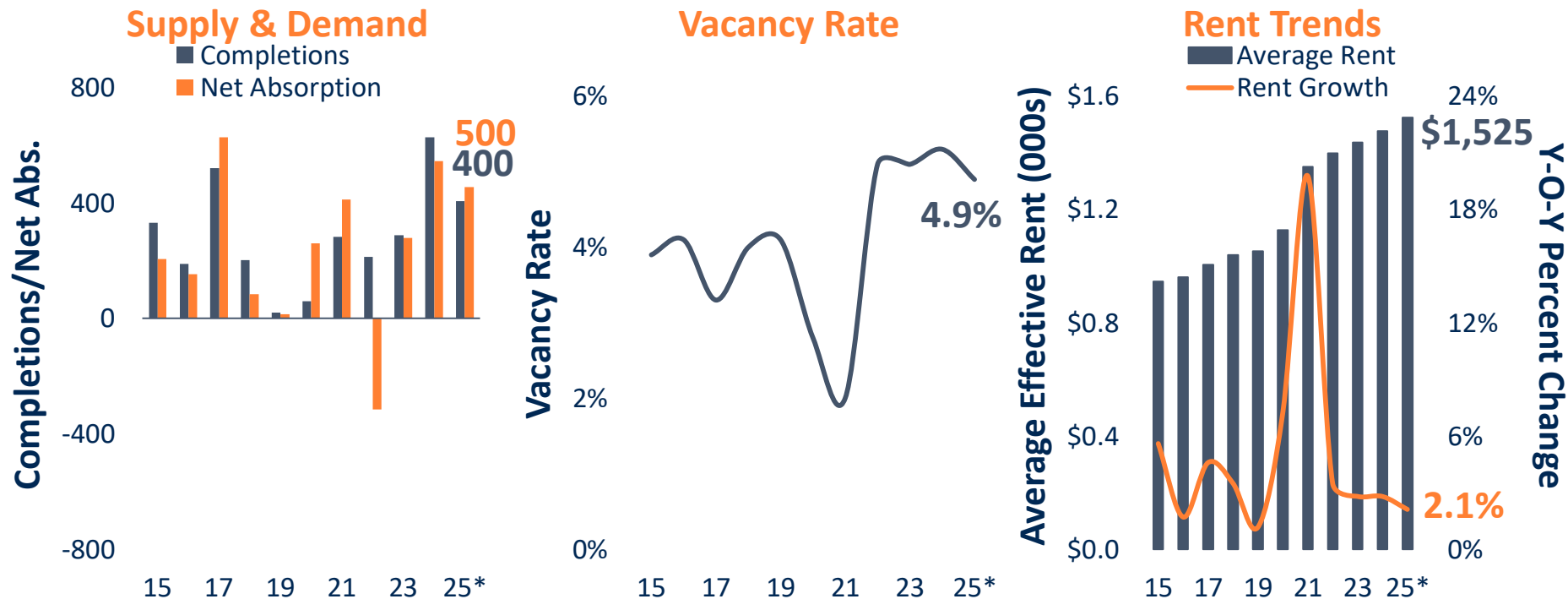
* Completions and net absorption trailing 12-months through 3Q; vacancy and rent through 3Q
Sources: Marcus & Millichap Research Services, RealPage, Inc.

Spokane Multifamily Market Reaches Equilibrium After Period of Rapid Expansion



* Completions and net absorption trailing 12-months through 3Q; vacancy and rent through 3Q
Sources: Marcus & Millichap Research Services, RealPage, Inc.

Balanced Momentum In Tri-Cities Apartments



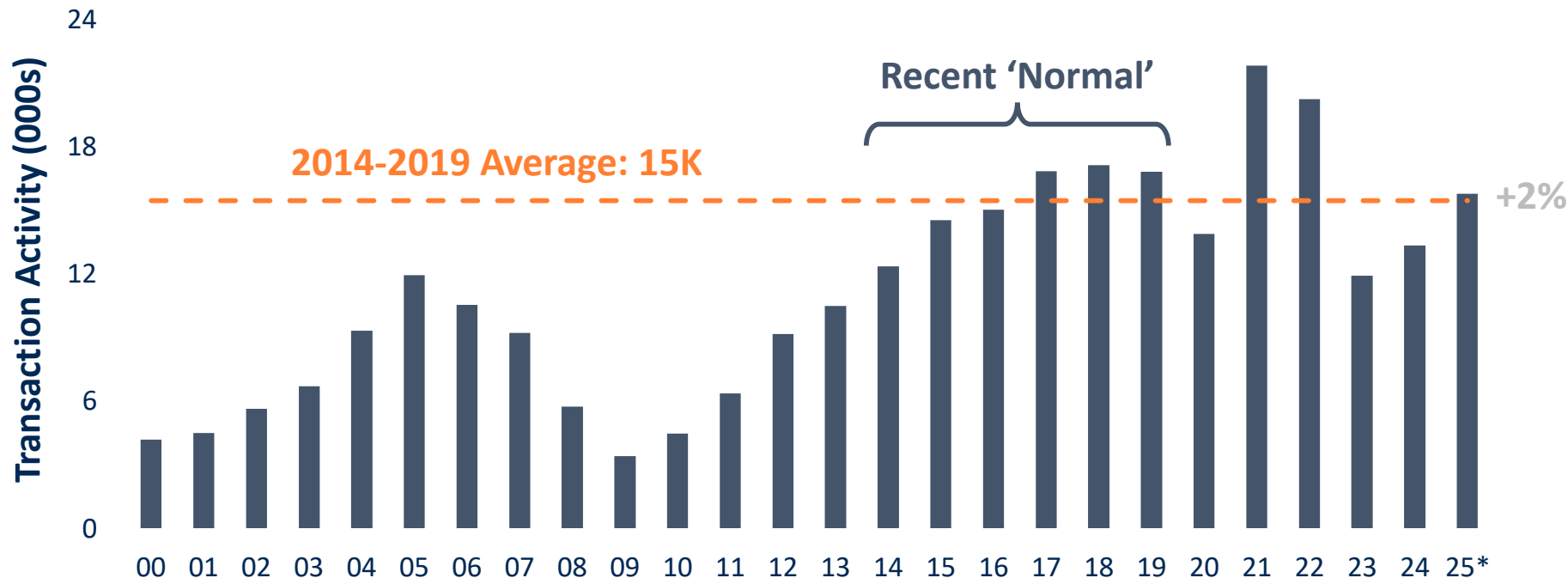
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Sources: Marcus & Millichap Research Services, RealPage, Inc.



Multifamily Sales Trends



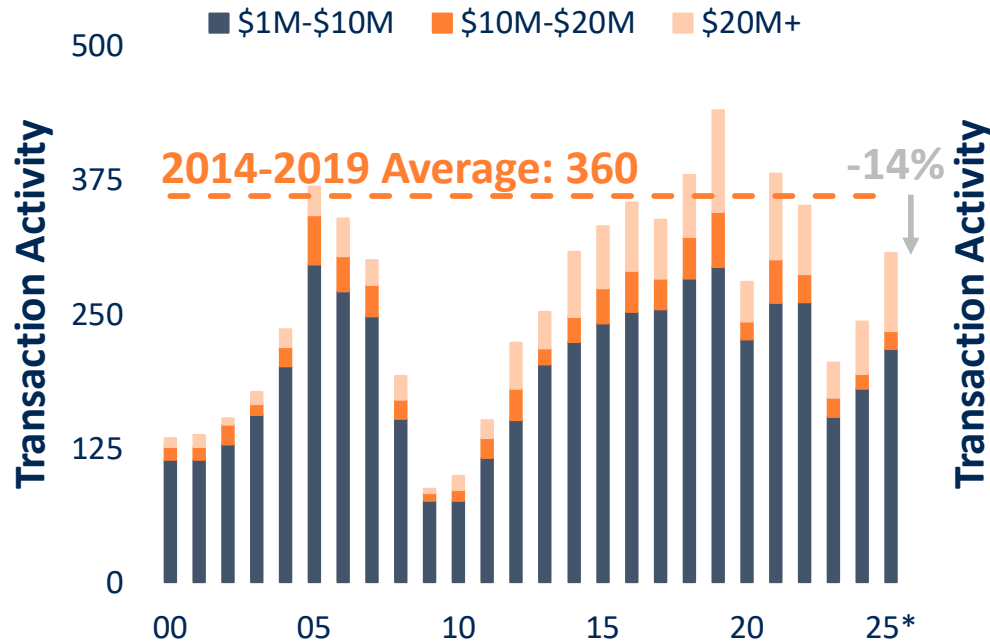
National Apartment Transaction Activity On Par With Pre-Pandemic Norms



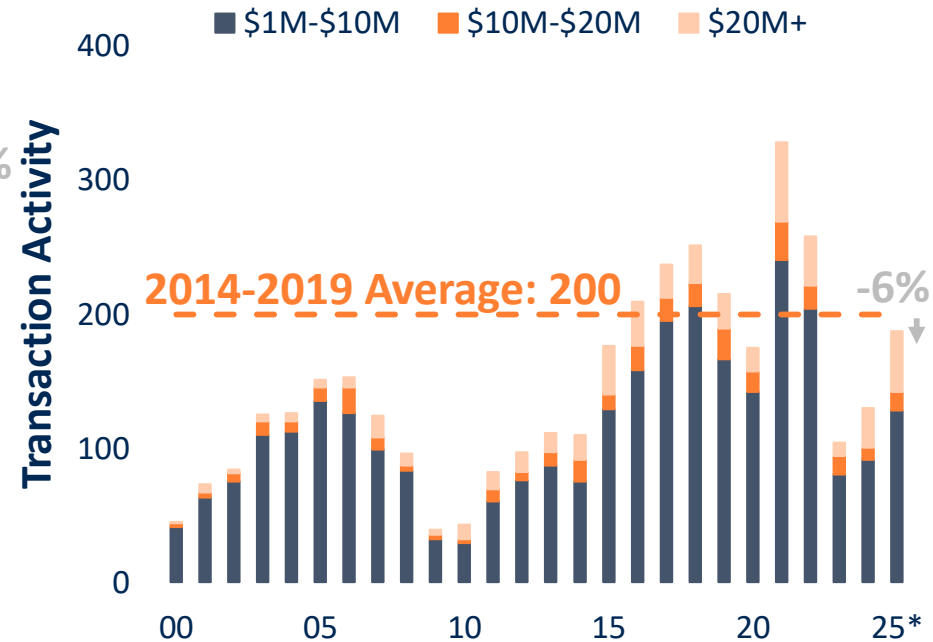
* Trailing 12-months through 2Q
Includes sales \$1 million and greater
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Pacific Northwest Apartment Transaction Activity Below Pre-Pandemic Norms

Seattle-Tacoma

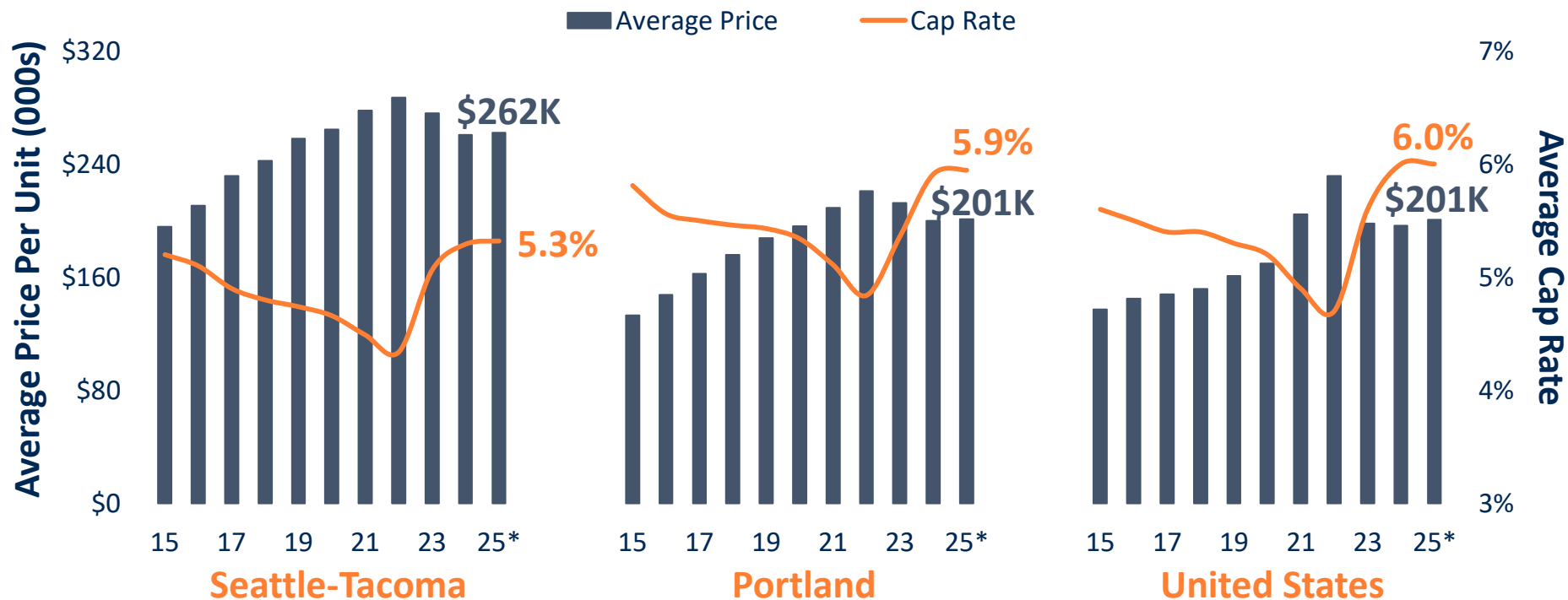


Portland



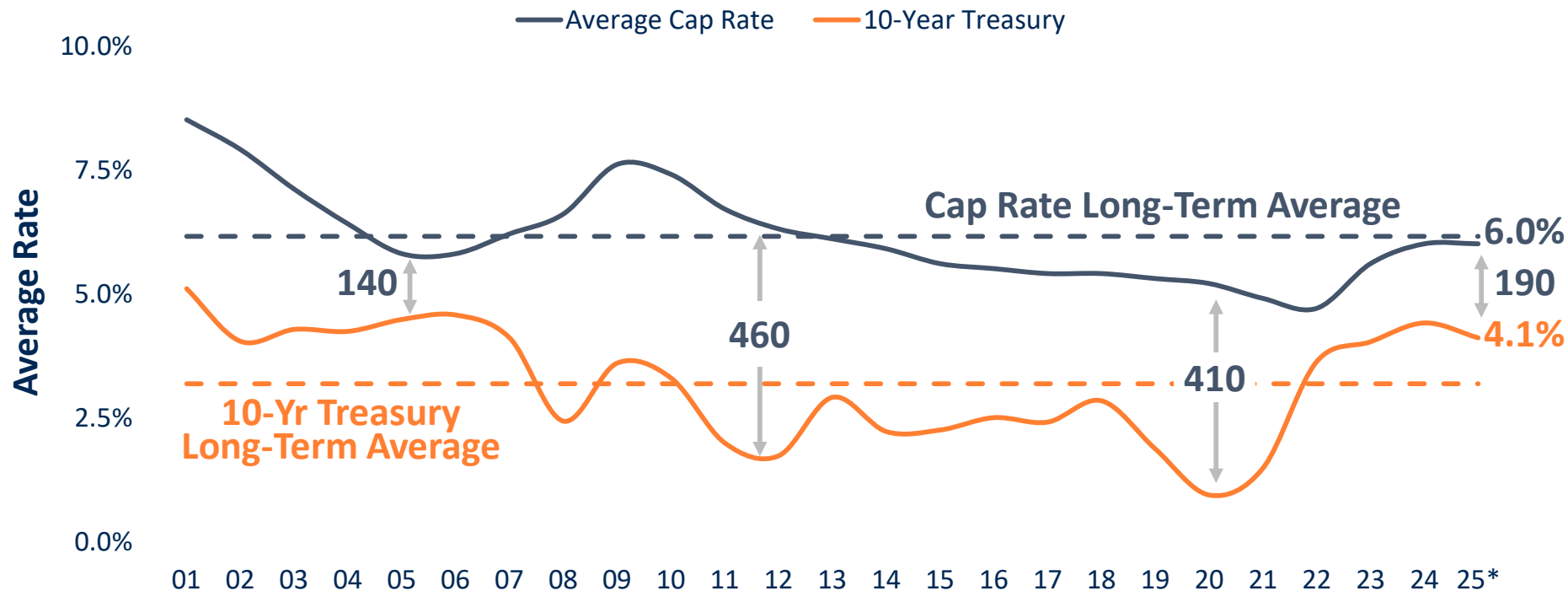
* Trailing 12-months through 2Q
Includes sales \$1 million and greater
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Pacific Northwest Apartment Price And Cap Rate Trends



* Through 2Q
Includes sales \$1 million and greater
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

U.S. Apartment Cap Rate Yield Over Treasury Remains Narrow – Will Cap Rates Rise?



* Through October 10
Includes sales \$1 million and greater
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics, Federal Reserve

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October 16, 2025

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Marcus & Millichap

The Government Has Been Shutdown For Over 2 Weeks



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