



TMG Multifamily MARKET PULSE

A Snapshot of the Pacific Northwest Multifamily Housing Market

The story is the same across all markets as rents trend downward from the historical highs of 2021 and 2022. All markets are experiencing “churn” as turnover increases, although days vacant remain steady and rents while not at the all-time high levels, are still experiencing some growth. There is always seasonal slowdown in our region, and as we move into spring we will be able to determine how much this slowness is seasonal only and how much will stay with us as renters fight inflation. All markets have new construction units that will be released through spring and summer which will provide tenants more options as well as rent concessions. The markets overall are stabilizing; there is more moderate rent growth and hopefully only a healthy vacancy rate as we move through the Q1 and Q2.

Salem, in past years had not seen the off the chart rent increases as did the other metro areas. However, they are also not seeing deescalating rents yet either as that market is noted for being more consistent with less highs and lows compared to other geographic markets. Vancouver/SW Washington is not thought of any longer as the bedroom community of Portland Metro. For rents, jobs, new industries and high-priced real estate, the area is on par with our neighbor to the south and many say will surpass the desirability of Portland and surrounding areas.

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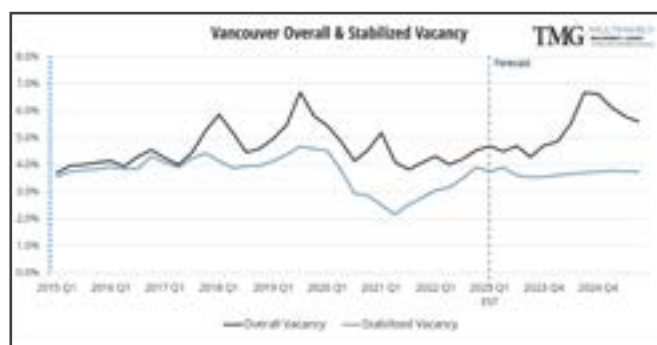
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VANCOUVER *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
620	462	4.5%	5.1%

- ▶ Net absorption continues to taper off, which will put a slight upward pressure on vacancies in coming quarters.
- ▶ Vacancies are projected to push to the 5% range through 2023 before projects currently underway begin to deliver.
- ▶ Year over year rent growth stands at 5.1%, a sharp drop from the nearly 10% figure in mid-2022, but remains above the long-term average.
- ▶ Vancouver market rents remain above the \$1,600 per unit mark, in line with the larger metro area.

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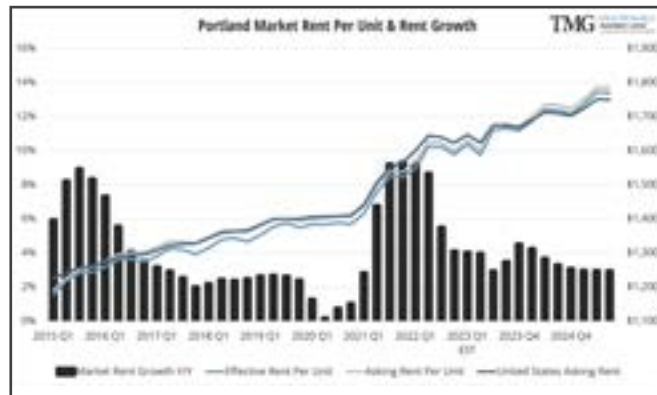


PORTLAND *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
3,404	3,249	5.2%	3.9%

- ▶ Leasing activity in the Portland metro area has cooled into the historically slower winter months.
- ▶ Vacancies have not changed over the previous 12 months, staying at 5.2%.
- ▶ Occupancy is at 94.8% metro-wide, well above long-term averages.
- ▶ Market rent has reached \$1,600 per unit, reflecting year-over-year growth of 3.9% compared to the national index posted average of 3.5%.
- ▶ New supply in the pipeline, coupled with tempered leasing, will place some downward pressure on rent growth.

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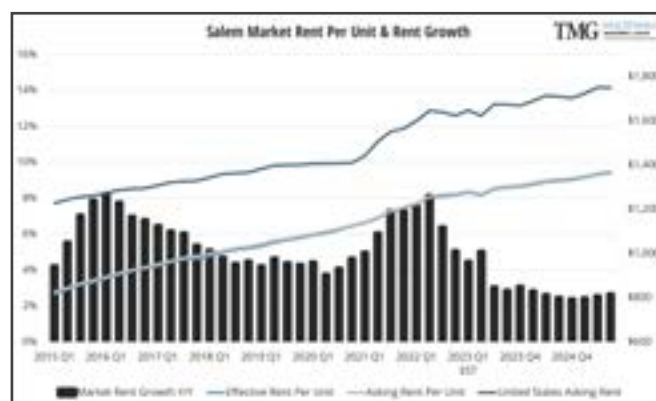
Tri-Cities
30 S Louisiana Street
Kennewick, WA 99336

SALEM *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
534	233	3.4%	5.0%

- ▶ Salem’s vacancy rate of 3.4% is below the current national index of 6.1%.
- ▶ Steady demand in Oregon’s capital city has fueled strong rent growth, which equates to 4.8% year-over-year, but this is down from the recent peak of 8% reached mid-2022.
- ▶ Rents could be set to taper in the coming quarters, however, as residents trim budgets to battle inflation.
- ▶ 1 & 2 star units make up approximately 45% of Salem’s inventory, which places some downward pressure on average asking rents.

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TRI-CITIES *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
481	142	7.0%	1.4%

- ▶ After trending downward for several years, the vacancy rate has been on an upward trajectory since 2020, sitting at 7% compared to the ten-year average of 4.9%.
- ▶ In 2021, annual rent growth reached 14%, but has since slowed down. Over the past 12 months, rents grew 1.2% compared to the national average of 3.4%.
- ▶ Average monthly rent now sits at \$1,300 per unit, with a wide range between 1 & 2 star rents, which average \$1,050, and 4 & 5 star rents, which average \$1,520.

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