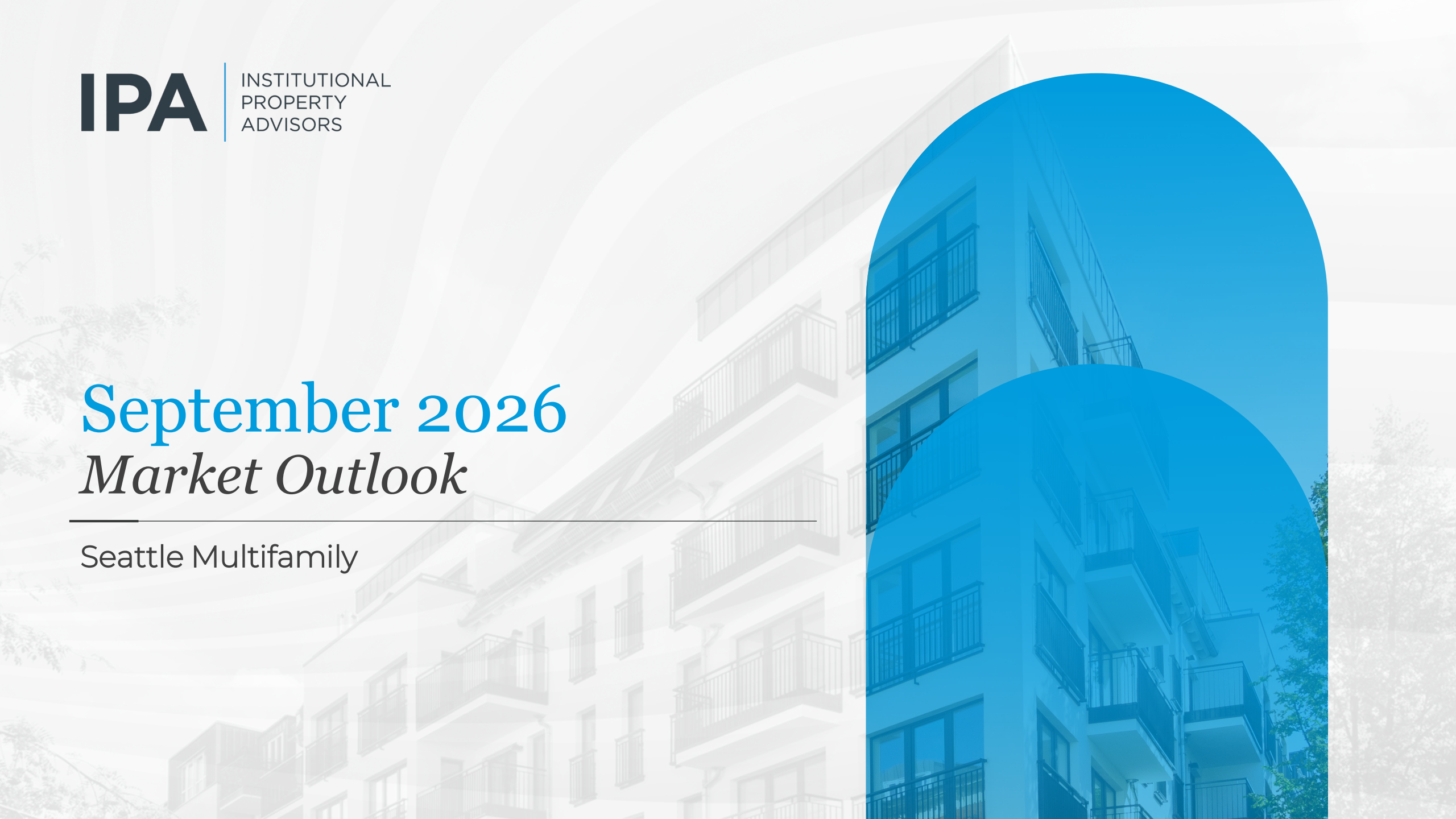




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September 2026

Market Outlook

Seattle Multifamily

Seattle Multifamily: Demand Poised to Re-Engage as Supply Activity Slows

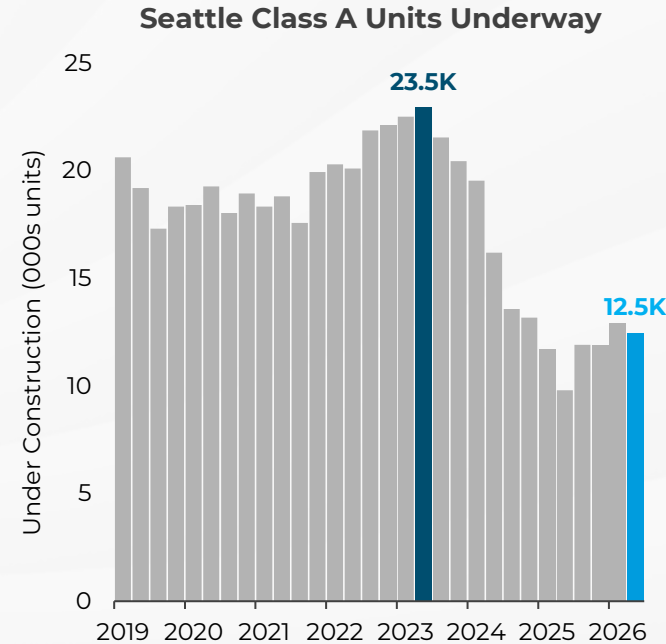
Macroeconomic headwinds and tech industry woes sapped the metro's historically robust apartment demand over the past few years. But Seattle multifamily remains well-positioned for recovery given its concentration of traditional and AI-native tech firms. Cumulative AI investment by Microsoft and Amazon, estimated at \$300+B in 2026, is a significant demand tailwind, coinciding with a construction pipeline well below pre-pandemic levels. Rents should recover, pulling property values and institutional investor interest along with them.

AI investment together with Seattle's tech, manufacturing sectors fuel an economic rebound.

Seattle's Eastside submarket cluster is leading the apartment market recovery.

Apartment supply pipeline well below pre-pandemic levels while homeownership costs remain elevated.

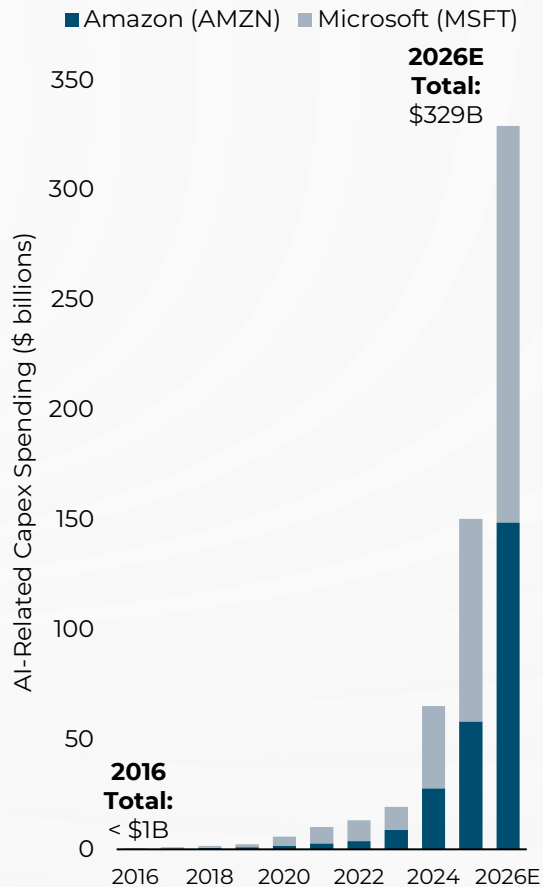
Seattle perennially ranks highly on institutional investor target market lists.



Seattle: AI Investment a Catalyst For Eastside and Westside Demand Growth

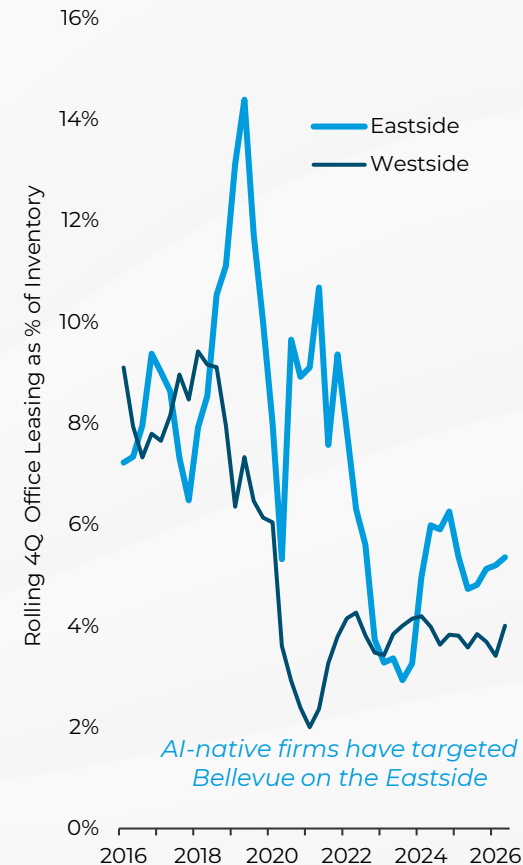
AI Investment Spurs Metro Recovery

AI-Related Capex

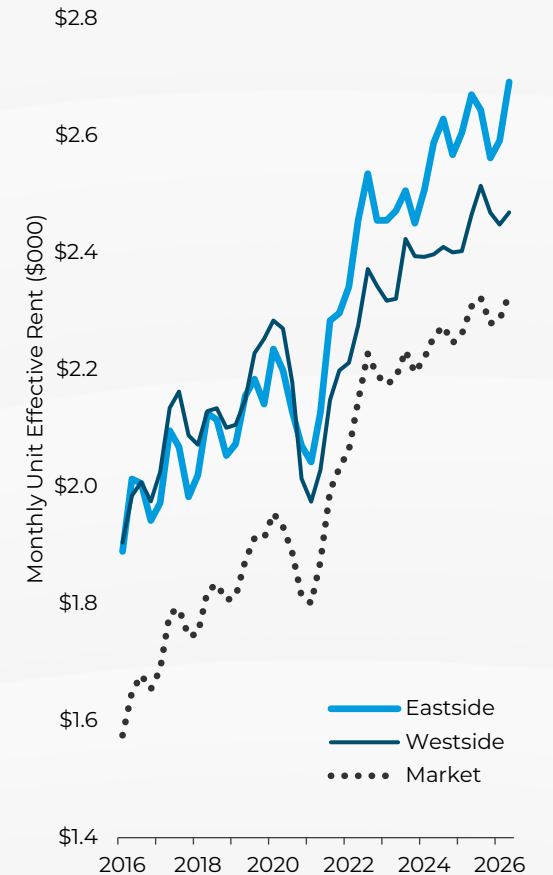


- Cornerstones of Seattle's tech industry, Amazon and Microsoft are investing an estimated \$329 billion into AI development in 2026. That represents an 119% increase over 2025. Even a fraction of that spending could have a meaningful impact on the greater Seattle metro area for years to come.
- Investment is only starting to translate into real estate demand. OpenAI and Databricks, both AI-native firms, have established an office presence in Seattle's Eastside.
- As a smaller but more dynamic cluster, the Eastside consisting of the Bellevue, Kirkland, and Redmond submarkets leads the current rent recovery. The Westside consisting of Ballard, Capitol Hill, Downtown, South Lake Union, Queen Anne, and University submarkets is a larger and more established cluster that has been slower to recover.

Office Leasing to Rebound Class A Office Leasing 12 moving avg

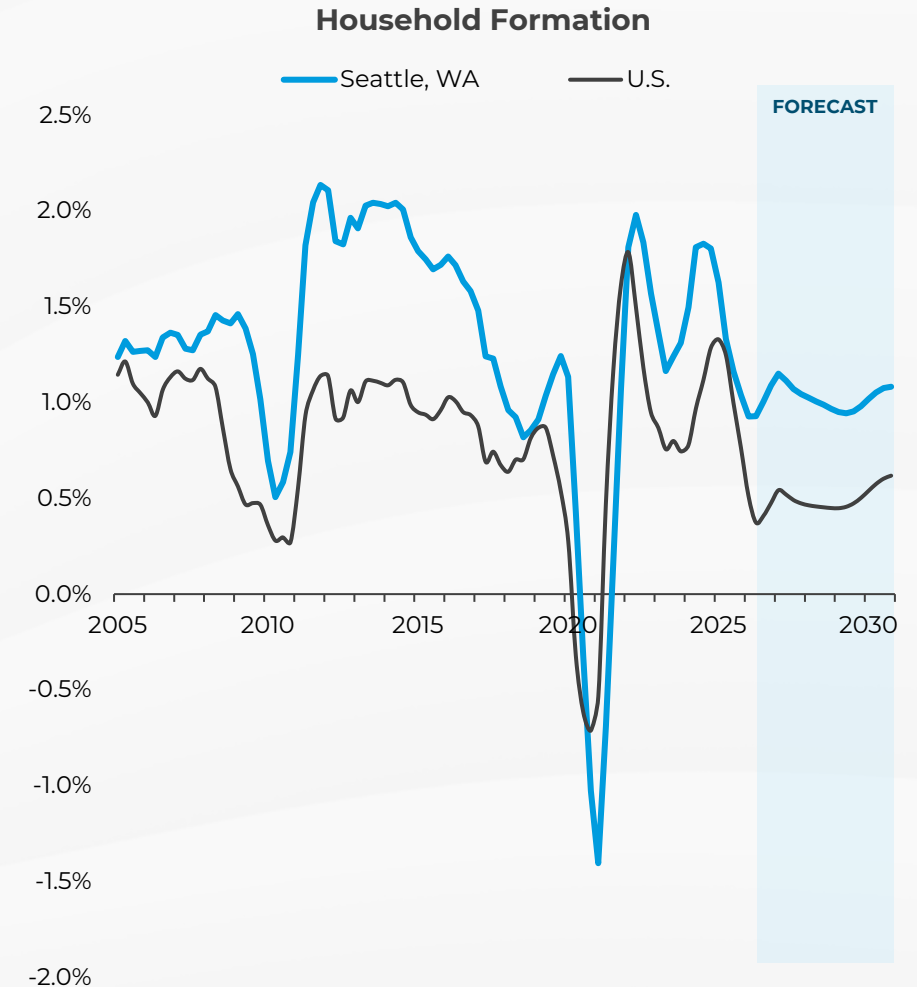
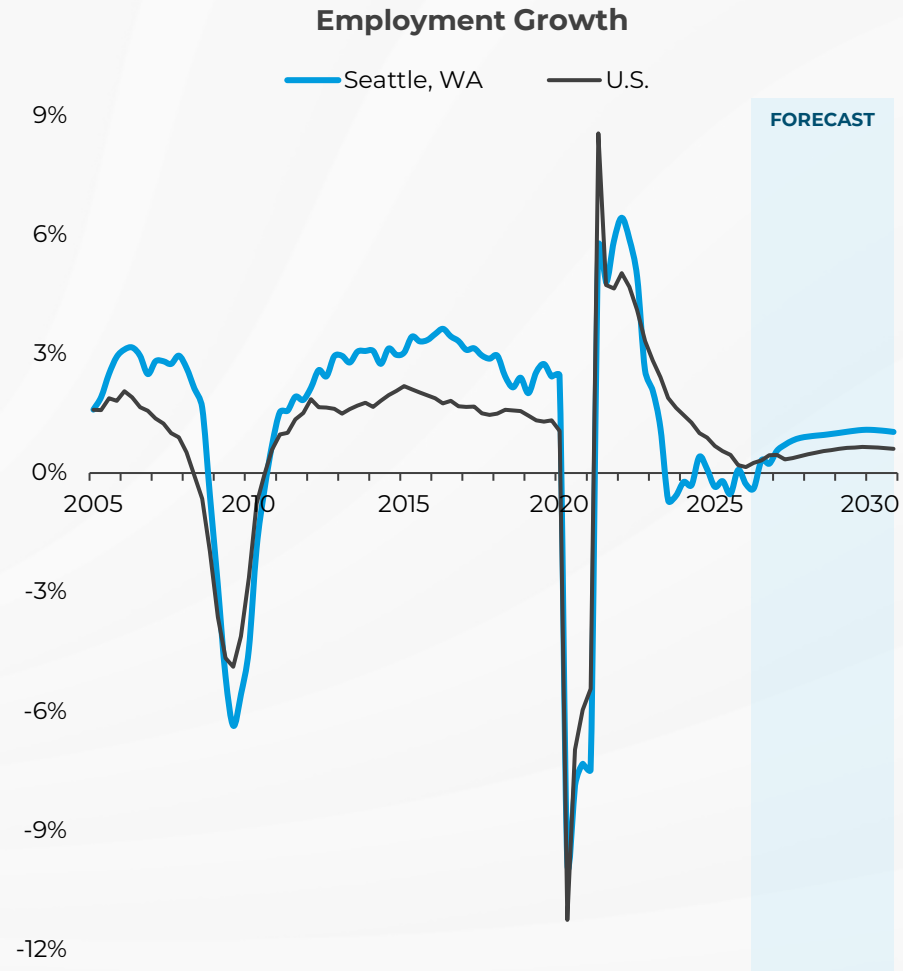


Apartment Rent Trend Effective Rents By Cluster



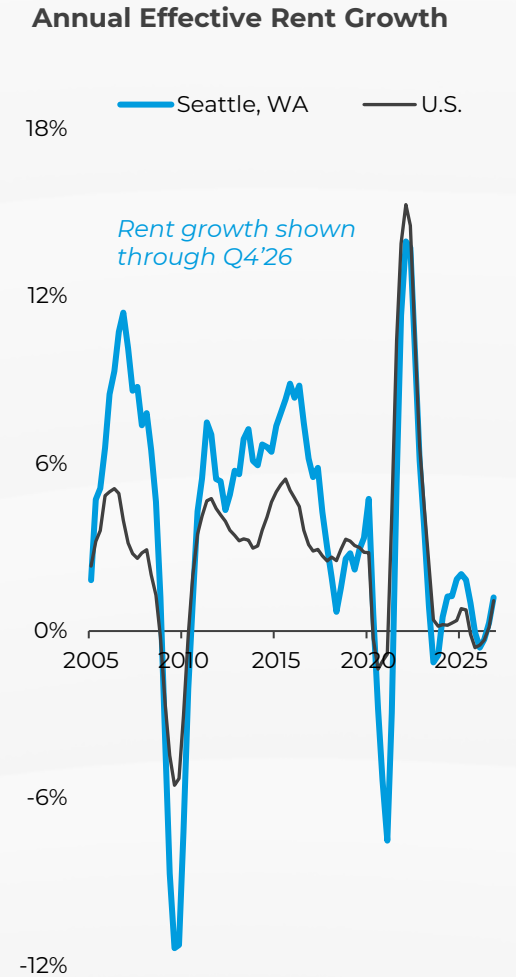
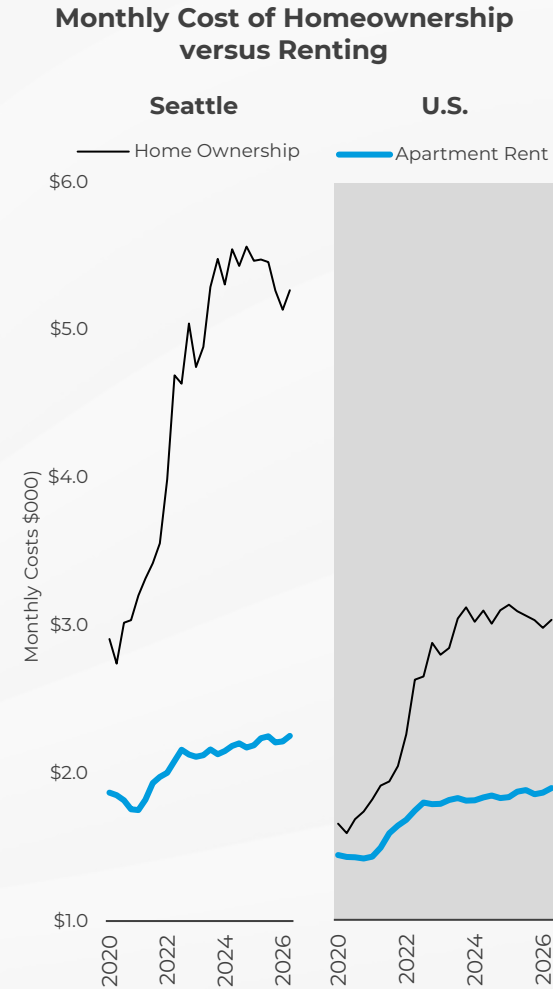
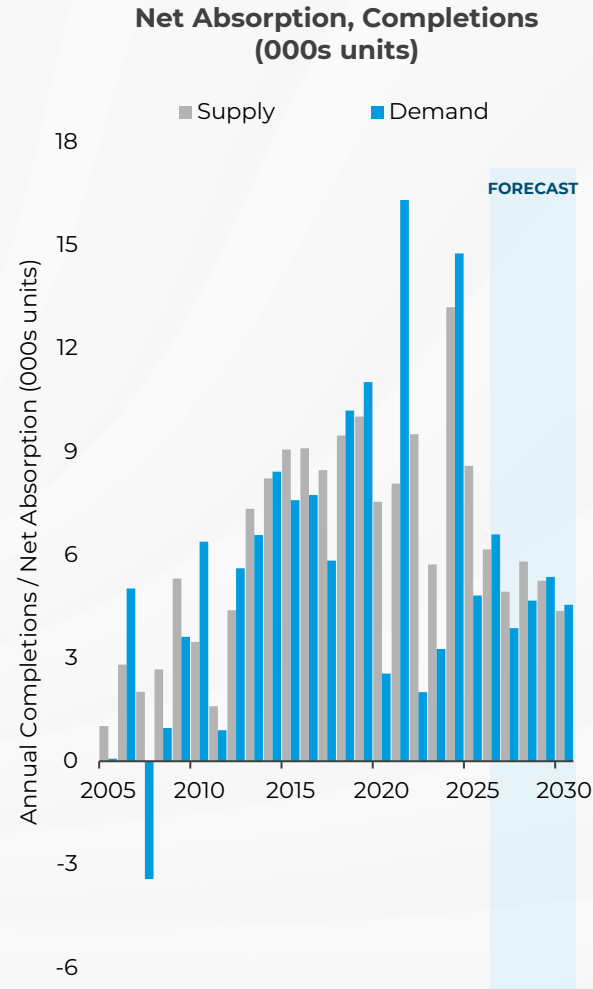
Seattle Employment and Demographic Outlook

- Long-term average employment growth for the Seattle metro (since 2005) has outperformed the U.S. The metro area is forecast to return to growth by 2027.
- Tech layoffs have weighed on job growth since 2023. Payrolls are forecast to resume above-average growth in 2027.
- Household formation has slowed for Seattle and the U.S. The metro area is expected to maintain its above-average household formation pace going forward.
- Not all tech subsectors are shedding jobs. Seattle's life sciences and biotech sectors remain tight, with office vacancy for new builds near 4%.



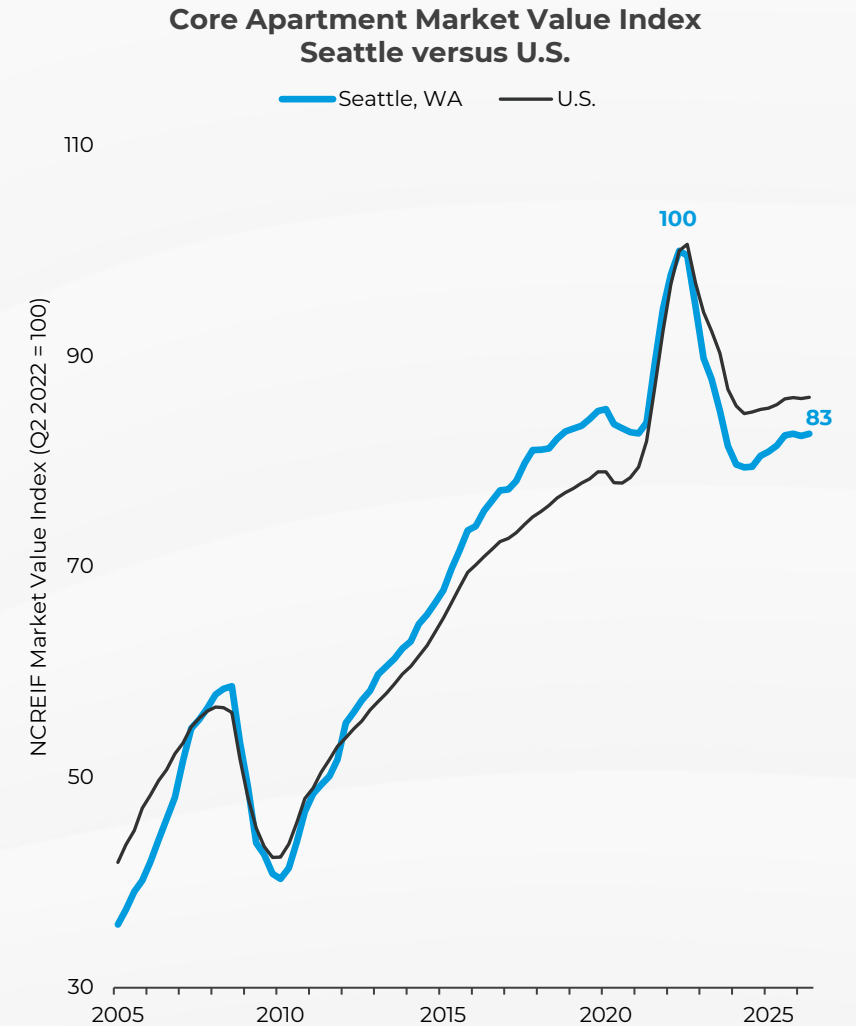
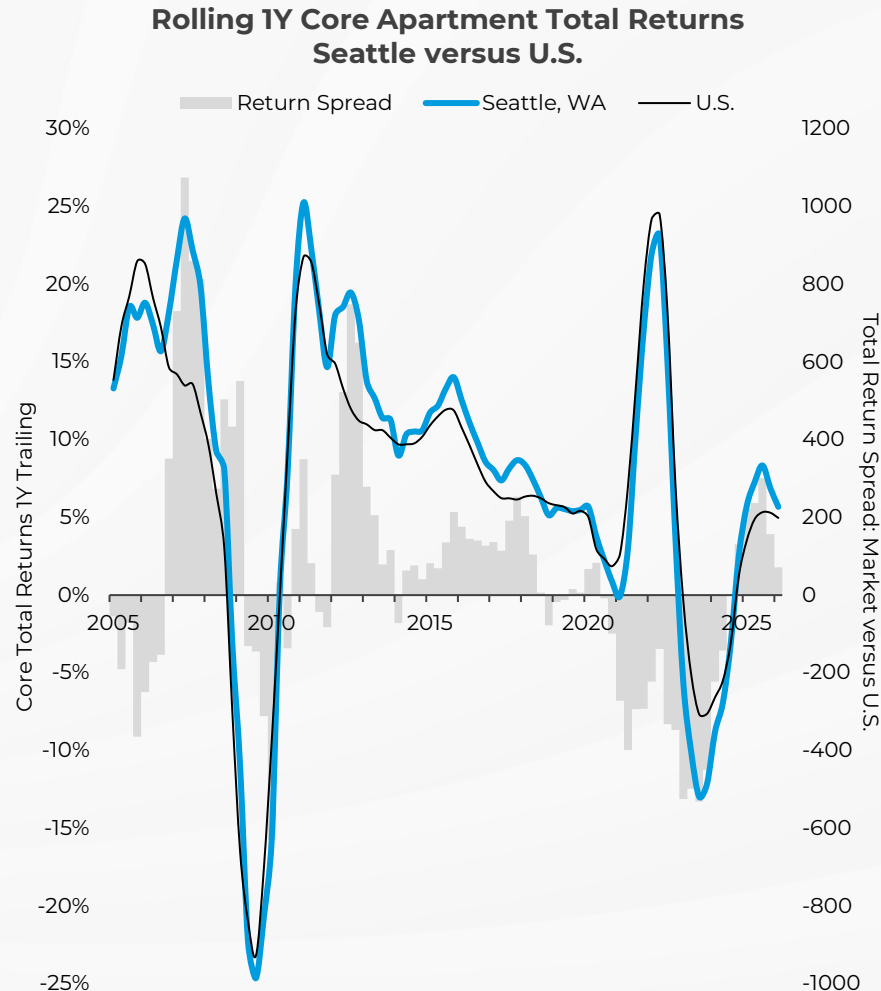
Seattle Apartment Fundamentals

- Rent growth weakened in 2025 as the market absorbed peak supply. Effective rent growth finished flat, while occupancy normalized near the long-term average of 95%.
- Deliveries peaked in 2024. Annual deliveries fell from 13,200 units in 2024 to 6,600 in 2026 and are forecast to fall below 5,000 by 2030.
- The economics strongly favor renting over homeownership. Seattle's monthly cost gap between renting and owning has eased but is still around \$3,000, more than 1.5X the national average.



Seattle Apartment Total and Appreciation Return Trends

- Seattle's trailing one-year total apartment returns as of Q2 2026 were 5.1% compared to 4.8% for the West region and 4.6% for the U.S. overall. Reported returns are unlevered.
- Seattle apartments have generated above-average returns over the past 20 years, posting an average annual core total return of 6.6% versus 5.9% for the U.S.
- The appreciation component of Seattle's return is 0.8% over the past year. Seattle's income return component was 4.3% over the same period.
- Seattle has seen a meaningful correction in property values, with the NPI Market Value Index showing a decline of 21% peak-to-trough for Seattle versus only a 16% decline for the U.S. Since bottoming, Seattle values have climbed by 4.7%.

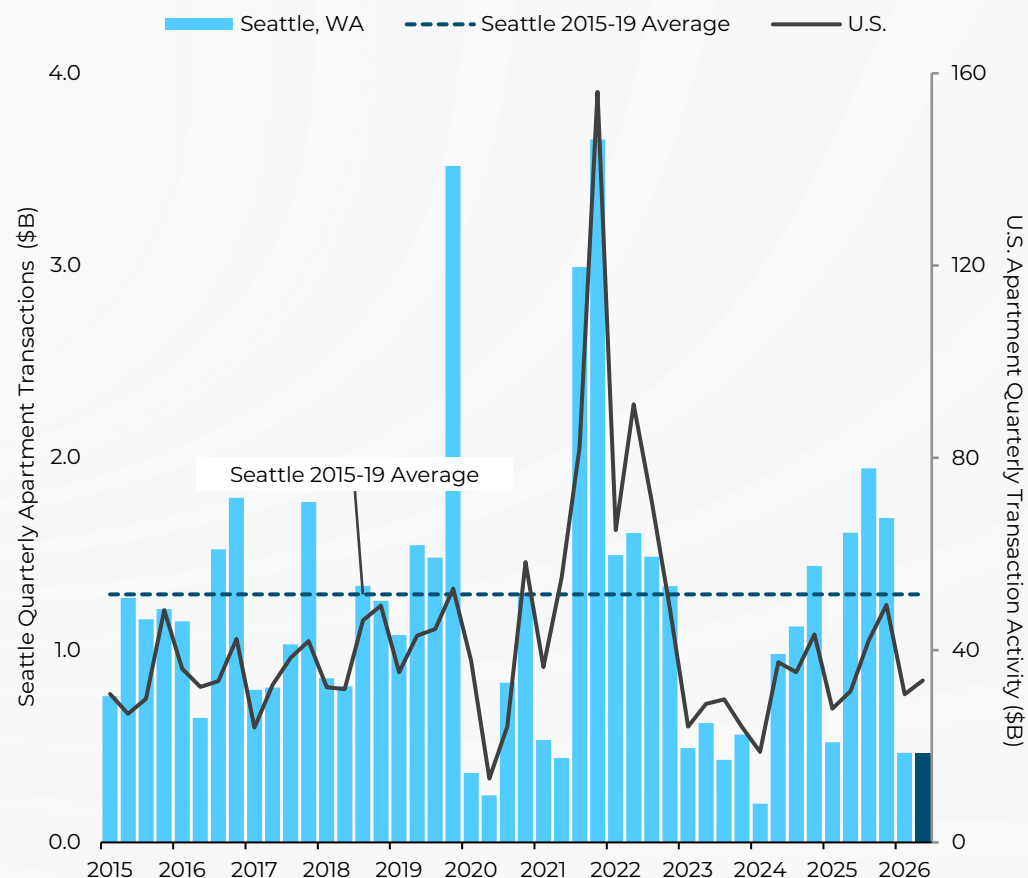


Note: The MVI is an equal-weighted price index.

Sources: IPA Research Services, Census, Economy.com, NCREIF as of August 2026

Seattle Multifamily Transaction Activity

**U.S. versus Seattle Apartment Quarterly Transaction Volume
(Sales of 10M+)**



Top Buyers Past 2 Years

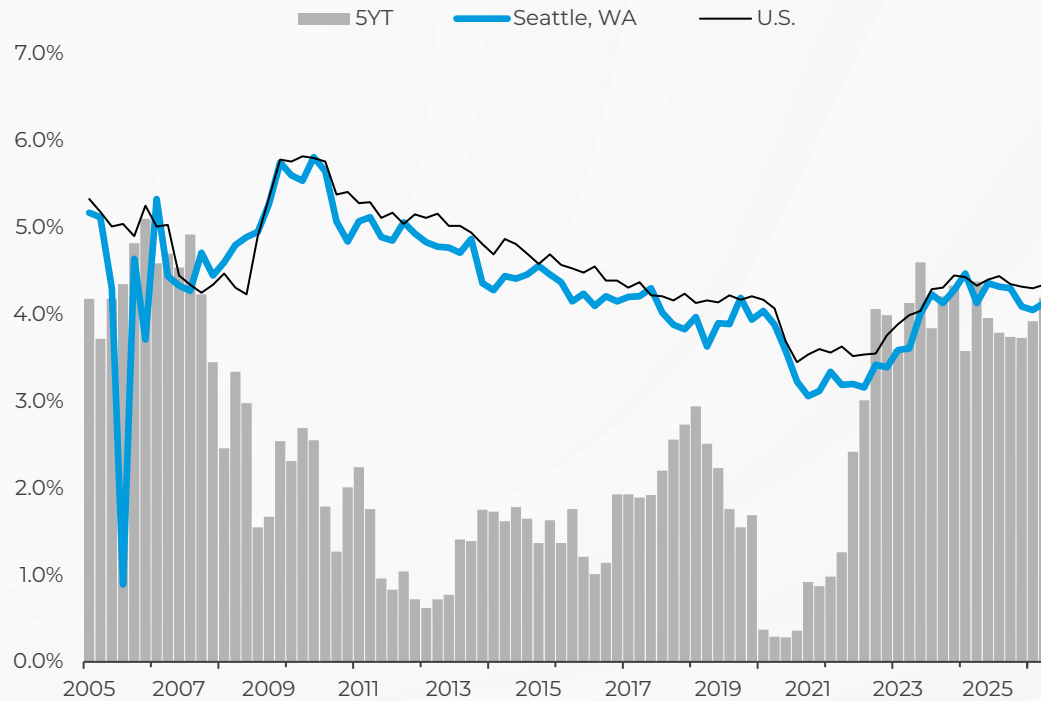
Rank	Buyer	# Props	Avg Price (\$)
1	Security Properties	7	72,242,857
2	Timberlane Partners	7	69,275,343
3	Kennedy Wilson	4	89,659,375
4	KKR	4	84,545,959
5	Goldman Sachs	2	149,178,807
6	Weidner Apt Homes	1	295,000,000
7	Lakevision Capital	1	285,568,000
8	Virtu Investments	3	94,485,871
9	Waterton Associates	3	93,158,933
10	GID	3	84,804,848
11	FPA Multifamily	5	49,303,333
12	Sobrato Development	3	75,215,084
13	Carmel Partners	2	105,980,000
14	PGIM Real Estate	2	98,125,000
15	Hulic	1	173,000,000

Top Sellers Past 2 Years

Rank	Seller	# Props	Avg Price (\$)
1	Goodman Real Estate Inc	14	40,049,249
2	Washington RE Holdings	6	72,591,667
3	Lennar Corporation	5	81,936,767
4	Equity Residential	4	81,194,625
5	Inland Group	9	33,351,764
6	Pine Street Group	1	295,000,000
7	BGO	1	295,000,000
8	Daiwa House	1	285,568,000
9	Capstone Partners	1	285,568,000
10	Cadillac Fairview	1	285,568,000
11	Greystar	3	92,633,333
12	Crow Holdings	2	127,100,000
13	AEW	3	84,296,911
14	RISE Properties Trust	4	62,289,031
15	Mill Creek Residential	2	112,950,000

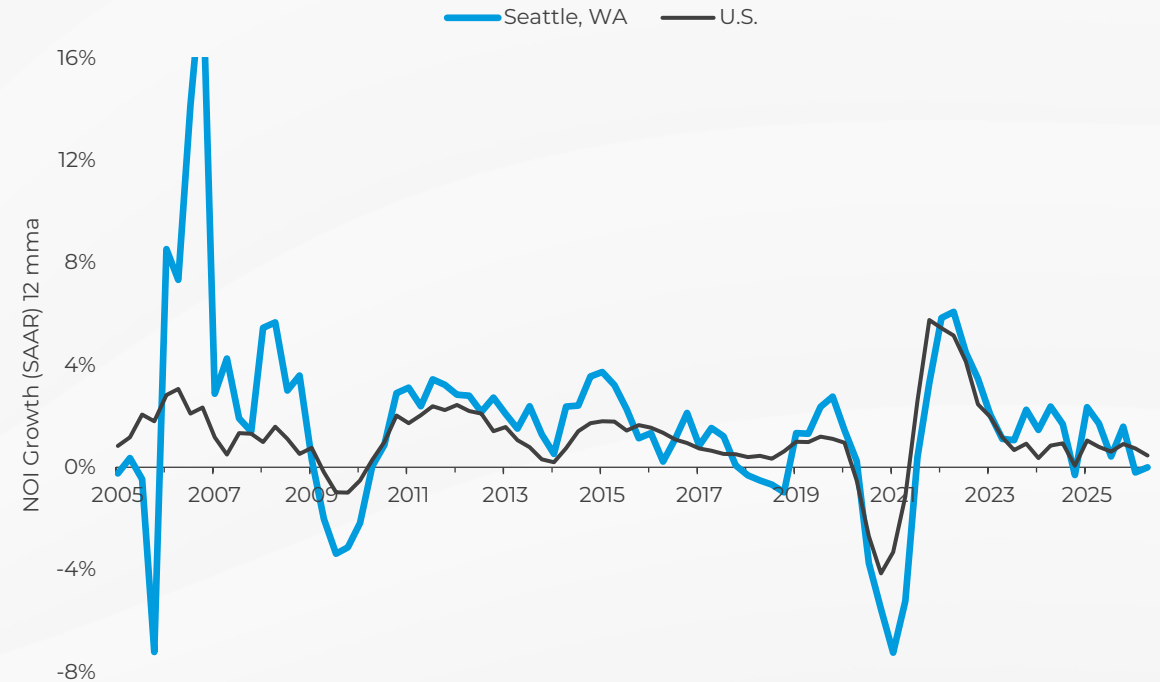
Seattle Core Apartment Cap Rates Anticipate Stronger NOI Growth

Core Appraisal Apartment Cap Rates



- Seattle appraisal cap rates have trended inside the national average.
- 5Y Treasury yield (5YT) is used to reflect current preference for shorter-maturity debt.
- Sustained rise in sovereign yields has put increasing upward pressure on cap rates.

Core Apartment NOI Growth Trends (SAAR)



- Seattle NOI averaged 0.9% annually over past two years, versus 0.6% for the U.S.
- 10-year average NOI growth of 0.9% has been aligned with the nation
- Seattle's 2010-19 NOI growth averaged 1.9% annually versus 1.3% nationally.

Seattle Historical Apartment Submarket Trends

The metro's Eastside submarkets including Bellevue, Kirkland, and Redmond are tighter than the market average. Meanwhile, Westside submarkets including Capitol Hill, Downtown, South Lake Union / Queen Anne, and University District / Ballard have seen vacancy rise. Seattle effective rent growth is still below its five-year average. However, new deliveries are slowing, positioning the Eastside cluster for recovery likely followed by the larger and more established Westside cluster.

	Inventory, Cum. Change (%)					Quarterly Vacancy (%)					Effective Rents, CAGR				
	2026 Q2	1Y	2Y	5Y	10Y	2026 Q2	1Y	2Y	5Y	10Y	2026 Q2	1Y	2Y	5Y	10Y
<i>United States</i>	20,412,091	1.6%	4.3%	11.0%	21.4%	4.6%	4.3%	5.8%	3.9%	4.8%	\$ 1,894	1.3%	1.7%	4.9%	4.2%
Seattle-Bellevue-Everett, WA	391,922	0.8%	4.1%	10.9%	26.5%	4.6%	4.1%	5.4%	4.7%	4.0%	\$ 2,329	0.9%	1.6%	4.5%	3.5%
Capitol Hill/Central District	39,362	0.3%	4.6%	13.2%	33.5%	5.7%	5.1%	6.4%	6.5%	3.9%	\$ 2,080	-1.6%	-0.7%	2.8%	1.0%
University District/Ballard	38,956	0.2%	2.8%	10.1%	31.3%	4.9%	4.2%	6.2%	6.7%	4.4%	\$ 2,303	1.0%	1.6%	4.4%	2.2%
Downtown Seattle	34,778	1.4%	5.4%	14.2%	38.8%	5.2%	4.5%	6.3%	6.0%	6.0%	\$ 2,829	0.0%	2.5%	4.2%	2.7%
South Lake Union/Queen Anne	29,803	0.2%	2.5%	12.5%	51.9%	5.8%	4.1%	6.1%	7.2%	4.6%	\$ 2,779	1.2%	2.4%	4.6%	2.7%
Everett	29,457	1.1%	3.8%	9.4%	13.6%	4.6%	4.9%	6.0%	3.2%	4.6%	\$ 1,941	0.7%	0.8%	4.4%	4.6%
Kirkland/Bothell	28,508	-0.7%	2.9%	13.6%	31.1%	4.1%	4.1%	4.4%	4.2%	3.9%	\$ 2,415	0.1%	0.9%	4.2%	3.2%
North Seattle/Shoreline	24,689	5.0%	13.8%	20.8%	31.4%	5.4%	4.3%	5.5%	4.3%	3.2%	\$ 1,951	-1.5%	0.3%	4.0%	2.5%
Kent/Auburn	24,460	0.0%	0.2%	3.3%	9.2%	4.5%	4.4%	6.1%	3.3%	3.7%	\$ 1,932	0.5%	0.7%	3.5%	4.4%
Lynnwood/Edmonds/Mukilteo	21,759	1.7%	4.7%	16.6%	21.6%	4.2%	4.2%	4.8%	3.7%	3.8%	\$ 2,085	-0.2%	1.0%	4.5%	4.1%
East Bellevue/Issaquah	20,691	1.5%	5.2%	8.3%	21.4%	4.1%	3.1%	4.7%	4.3%	3.2%	\$ 2,533	-0.2%	1.6%	4.7%	2.8%
West Seattle/South Seattle	20,147	0.5%	3.3%	10.1%	21.8%	5.8%	4.3%	5.5%	7.4%	2.8%	\$ 2,149	3.3%	1.7%	5.1%	2.7%
Redmond	19,550	1.2%	7.3%	25.3%	77.7%	3.4%	3.6%	3.7%	4.4%	3.8%	\$ 2,573	2.1%	1.6%	4.7%	2.7%
Renton	16,302	0.0%	2.0%	2.7%	9.5%	4.6%	4.9%	5.8%	3.9%	4.1%	\$ 2,154	2.0%	1.1%	3.6%	3.3%
SeaTac/Burien	16,069	0.0%	2.7%	5.7%	10.5%	5.3%	4.4%	6.4%	4.5%	2.5%	\$ 1,817	3.2%	3.0%	4.5%	4.4%
West Bellevue/Mercer Island	13,783	0.5%	1.9%	3.7%	22.0%	3.4%	3.2%	4.1%	4.7%	4.2%	\$ 3,100	0.6%	3.2%	5.4%	3.5%
Federal Way/Des Moines	13,608	0.0%	0.8%	-2.6%	-2.6%	3.7%	3.0%	5.5%	3.3%	3.9%	\$ 1,817	-0.1%	-0.1%	3.0%	3.8%

Softening

Strengthening