



TMG Multifamily MARKET PULSE

A Snapshot of the Pacific Northwest Multifamily Housing Market

As we come off the “slow season” of year end 2022, vacancy rates are up across all markets. Note that even though vacancy rates have increased to pre-pandemic levels, there is still rent growth in these markets, with Vancouver leading the way.

There are significant deliveries of new projects slated for release in 2023 in all four markets. This may pose a challenge for developers and landlords who have projected higher rents based on the earlier market conditions in 2021-2022. It will be interesting to see how the market responds to these new deliveries and how landlords and developers adjust their rent projections to align with the current market trends.

Out-migration from the urban core areas in Portland to the suburbs is still ongoing due to concerns about crime and vandalism in the Portland-Metro area. This has led to an increase in demand for rental housing in submarket areas like Vancouver and Salem, which may offer a better quality of life choice for some.

The Tri-Cities area in eastern Washington has seen a surge in new deliveries over the past 12 months. While the report from Costar shows higher vacancy, TMG is very active in Tri-Cities and we are not seeing vacancies that high. In fact, new and existing developments are performing better than expected. The area has a variety of well-priced for sale and for rent housing options, which contributes to the in-migration from Seattle, Portland, and Boise.

Overall, these trends suggest that renters are seeking out more affordable and safer rental housing options, and developers and landlords who provide such options may see increased demand in these markets, although with less rent growth than the prior two years.

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This Market Pulse is brought to you by **TMG Multifamily**, an AMO accredited property management company providing a full suite of management services for existing apartments, new developments, lease-ups, and mixed-use properties. TMG partners with investors to proactively identify strategic opportunities and maximize their return on investment. Locally owned and regionally focused, TMG has been helping clients reach their financial goals for more than 30 years.



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Salem, OR 97301

Tri-Cities
30 S Louisiana Street
Kennewick, WA 99336

VANCOUVER Multifamily

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
1,524	793	6.2%	4.2%

- ▶ 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 rents currently sit at \$1,660 per unit, in line with the larger metro area.

[Click Here to Read the Vancouver CoStar Report](#)

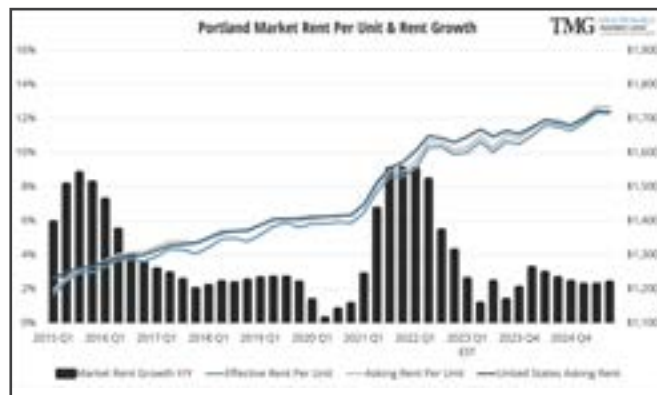


PORTLAND Multifamily

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
4,038	2,380	5.9%	2.4%

- ▶ Deliveries of new product will heat up in the coming quarters, following a resurgence in construction starts in the urban submarkets.
- ▶ Leasing has cooled from its record-setting mid-2021 performance. Vacancies have crept back up to 5.9%, after previously experiencing a drop of more than 200 base points.
- ▶ Market rent has reached \$1,610 per unit, reflecting year-over-year growth of 2.4%, a slight retreat from the three-year average of 4.7%.
- ▶ Portland's outlying suburban communities should continue to post the strongest rent growth.

[Click Here to Read the Portland CoStar Report](#)

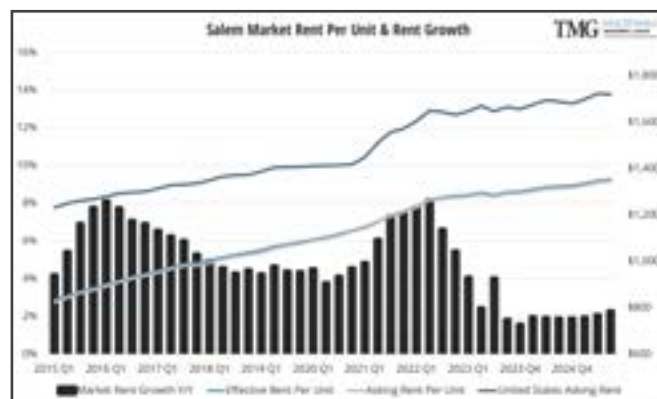


SALEM *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
979	315	4.9%	4.0%

- ▶ A noticeably tight, but growing apartment market in recent years has positioned Salem’s vacancy rate of 4.9% below the current national index of 6.6%.
- ▶ Annual rent growth equates to 3.8%, down from the recent peak of 8% that was reached in mid-2022.
- ▶ Cumulative rent gains of 64.8% over the past 10 years outpace the national performance of 42.2%. Rents could be set to taper in the coming quarters, however, as residents trim budgets to battle inflation.

[Click Here to Read the Salem CoStar Report](#)

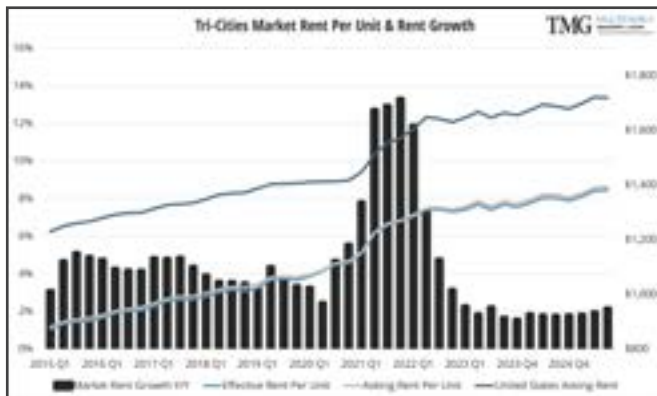


TRI-CITIES *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
362	-2	8.4%	2.2%

- ▶ Average monthly rent now sits at \$1,320/month per unit.
- ▶ Vacancy rate for the market sits at 8.4% due to a wave of new deliveries in recent quarters slowing demand. This is likely to continue to be an issue in the coming quarters.
- ▶ Annual rent growth reached 13.3% in early 2022, but has since shifted. 12-month trailing rent growth now sits at 2.2% compared to the all-time average of 2.9%.
- ▶ At the end of Q1, net absorption is negative, but has averaged 260 units per year over the past decade.

[Click Here to Read the Kennewick/Richland CoStar Report](#)



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