



A Snapshot of the Pacific Northwest Multifamily Housing Market

All four markets experienced some improvement in the 12-month asking rent growth. Vancouver, Salem, and Tri-Cities have a decrease in vacancy rates over Q2 2024, while Portland had a slight increase. Vancouver vacancy moved from 8.3% in Q2 2024 to 7.9% Q3 2024, Portland from 6.8% in Q2 2024 to 7.1% in Q3 2024, Salem from 7.3% in Q2 2024 to 6.9% in Q3 2024 and Tri-Cities from 9.5% in Q2 2024 to 8.5% in Q3 2024. Luxury apartments in all markets have profoundly impacted the vacancy rates as many of these recently delivered units are classified as 4 & 5 star properties.

From an economic perspective, Vancouver remains the best-performing area in the region for net positive population growth in the most recently reported period. Job opportunities and tax benefits account for much of the in-migration to Vancouver from Portland. Tri-Cities is expected to outpace the nation and other Pacific Northwest metros for economic growth, and the population is projected to expand more rapidly on a percentage basis than that of the nation. Along with strong income growth, this could push the average rent growth closer to the MSA metros. Salem continues to benefit from more affordable housing options than Portland and still offers reasonable commute times to Portland job hubs. Portland is often entrenched with some controversy from the economic and livability standpoint as well as political discourse. This along with the lack of new affordable units (five luxury units under construction for every 3 star units in the pipeline), has caused tenants to move to surrounding fringe markets where 3/2/1 star units are more available.

The big “wave” of new deliveries has passed in all markets although concessions in all markets for new construction apartments continues to be prevalent. Looking ahead, an elevated interest rate environment and stagnant construction lending should continue to curb apartment starts through the remainder of 2024 and into 2025.

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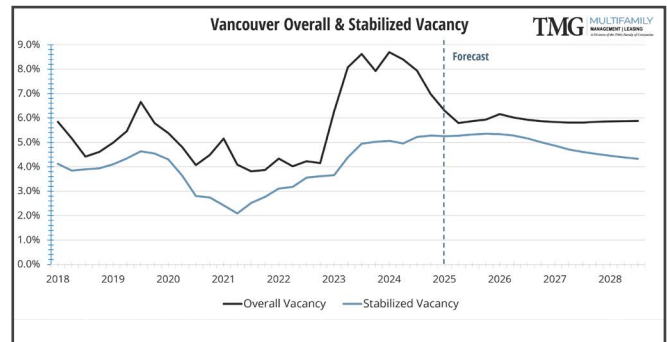
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VANCOUVER *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
1,543	1,689	7.9%	0.3%

- ▶ Market rents in Vancouver have grown by 0.3% annually as of the fourth quarter of 2024, which is a drop from the recent 10-year high mark of 8.8% achieved in mid-2022.
- ▶ Annual rent gains in Vancouver have averaged 3.3% over the past five years and reached a five-year low mark of -2.2% in late 2023.
- ▶ Over the past year, net deliveries have slowed to 1,500 units, which has brought the vacancy rate to 7.9%, a one-year change of -0.7%. Average performance over the past five years equates to 5.8%.

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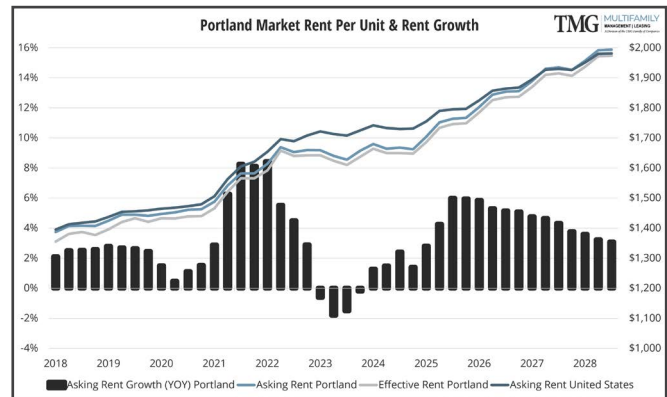
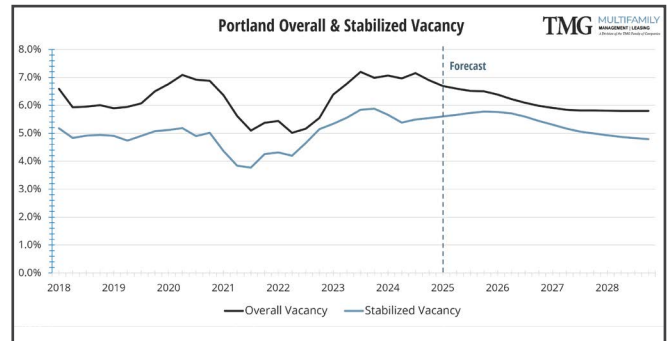


PORTLAND *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
6,903	6,509	7.1%	1.4%

- ▶ Regional starts have slowed rapidly, given financing challenges. Less than 500 units broke ground in Q2 2024, a striking reversal from the decade-high quarterly mark of over 3,400 units in Q1 2022. During 2023, only 4,200 units entered Portland's pipeline, the lowest mark since 2012, when just over 3,300 units broke ground.
- ▶ As apartment leasing gains traction, absorption across Portland over the past 12 months equates to 6,500 units. This figure is below the 5-year high of 11,000 units but has now eclipsed the historical average annual figure of 3,131 units.
- ▶ Vacancy rates for 4 & 5 Star properties have climbed to 9.8%, while 3 Star and 1 & 2 Star vacancies equate to 6.1% and 5.2%, respectively. Facing significantly less pressure from competing supply, mid- and lower-tier properties have stabilized at lower ranges.

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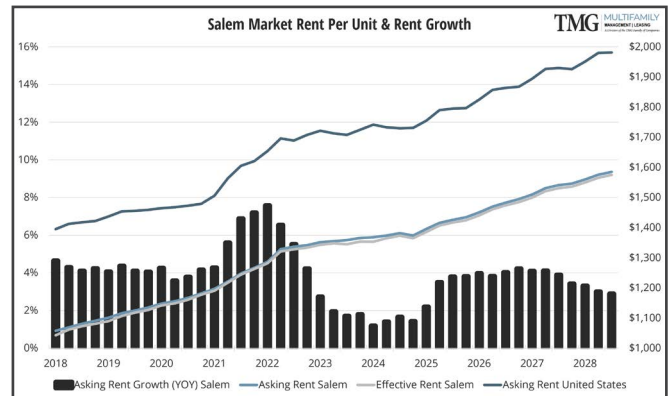
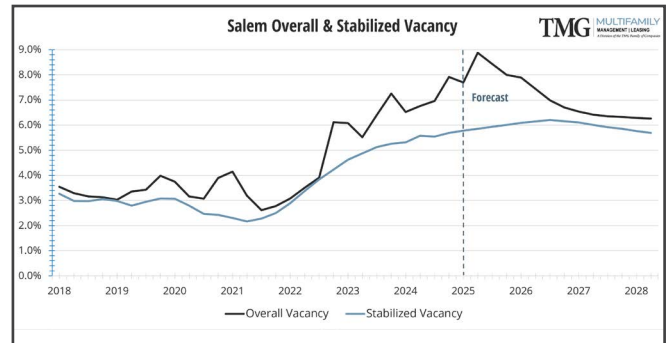


SALEM *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
1,033	834	6.9%	1.4%

- ▶ Absorption remains below its mid-2021 peak of 1,300 units, but trailing 12-month activity of 830 units now runs ahead of the five year average of 610 units. Concessions remain prevalent.
- ▶ Salem’s multifamily vacancy rate is currently hovering around 6.9%, reflecting a one-year change of 0.5%.
- ▶ Annual rent growth of 1.4% reflects the lowest performance mark over the past decade. Still, cumulative growth over the same period of 58.6% significantly outpaces the national performance of 39.0%.

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TRI-CITIES *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
1,013	899	8.5%	3.3%

- ▶ In the Kennewick-Richland multifamily market, developers added about 1,000 units over the past 12 months, while households absorbed 900 units. This pushed the vacancy rate from 7.5% a year ago to 8.5% today.
- ▶ With significant new construction, the Tri-Cities has seen its vacancy rate rise over the past few years. Last year, demand largely kept up, keeping the vacancy rate stable at around 8% for most of the year.
- ▶ Rent growth over the past 12 months came in at 3.3%. That compares to the national benchmark of 1.0% over the same period.

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