TMG Multifamily MARKET PULSE

A Snapshot of the Pacific Northwest Multifamily Housing Market

Market Trends 2025: Renewals Surge, Supply Tightens, and Regional Markets Show Divergence

As we move deeper into 2025, the rental market is experiencing a notable shift: renters are choosing to stay put. According to a recent RentCafe report, lease renewals have reached an all-time high, with more than 63% of renters opting not to move—further tightening an already constrained rental market. National apartment occupancy remains high at 93.3%, indicating limited turnover and increasing demand for available units.

In all four markets we cover, the year started with lower-than-usual leasing traffic—a trend that typically begins to shift in February. However, 2025 has seen a delayed rebound, with significant activity only beginning to ramp up in April.

Market Highlights: Vancouver and Tri-Cities Lead

Among the four key markets tracked—Vancouver, Portland, Salem, and Tri-Cities—Vancouver and Tri-Cities have emerged as leaders. Both regions are benefitting from sustained immigration: Vancouver continues to attract residents relocating from Portland, while Tri-Cities is drawing demand from Seattle and other cities in northern Washington. In both areas, job growth is following population trends, further reinforcing demand for rental housing.

Vancouver saw rent growth ease from 1.6% last quarter to 0.9% in Q1 2025, while its vacancy rate remained steady at 7.8%. Average rent at $1700 has again surpassed Portland's average of $1670.

Portland mirrored this pattern, with a similar dip in rent growth and a slight uptick in vacancy. According to Multifamily Northwest's Spring apartment report, the best-performing market in terms of occupancy is Hillsboro (North of Hwy 26), which saw its vacancy rate drop from 5.82% to 4.92%, reflecting a 15.46% improvement. In contrast, Aloha experienced the largest increase in vacancy rates, rising from 4.94% to 6.01%, a 21.66% jump.

Salem, by contrast, continues to post the lowest vacancy rate among the four markets at 5.6%—a trend that has held steady through Q1 2025. Rent growth in Salem reached 1.3%, placing it just behind Tri-Cities.

Tri-Cities stands out with the strongest performance for rent growth, recording a 2.5% rent growth rate for Q1 2025. The region's momentum is fueled by both job creation and new resident inflow. A notable slowdown in new housing deliveries supports continued rent growth projected to exceed 4% over the coming year. While other areas in the Pacific Northwest have experienced disruptions due to federal layoffs, Tri-Cities' primary employer—Hanford—has not issued any layoff notices to date, providing additional market stability.

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Tri-Cities
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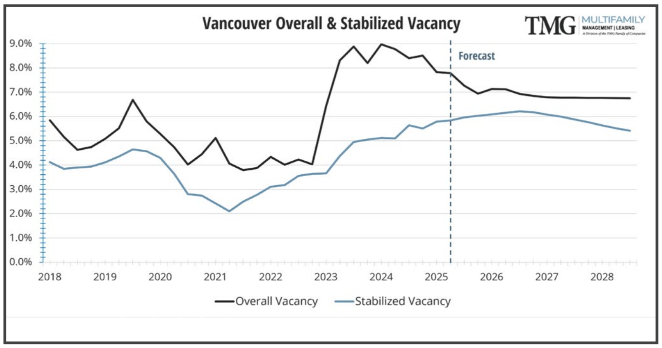
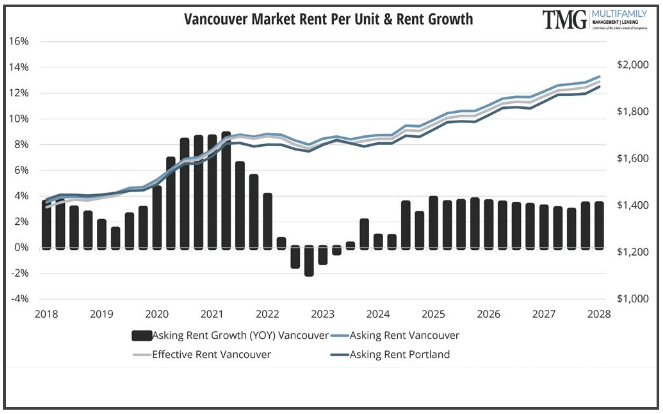
VANCOUVER *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
1,541	1,861	7.8%	0.9%

- Rents of $1,700/month have eclipsed the larger metro average rate of $1,670/month, with cumulative rent gains in Vancouver amounting to approximately 42.2% over the past decade. This comfortably outpaces metro growth of 35.3%.
- Trailing 12-month net deliveries total 1,500 units, compared with the 10-year average of 1,300 units per year. Approximately 1,900 units were absorbed over the past year. While a near-term supply overhang will carry for a few more quarters, starts have receded rapidly from their 2022 high mark.
- Over the past year, net deliveries have slowed to 1,500 units against the backdrop of stronger leasing, which has brought the vacancy rate to 7.8%. This equates to a oneyear change of -1.2%. The average vacancy performance over the past five years equates to 6.1%.





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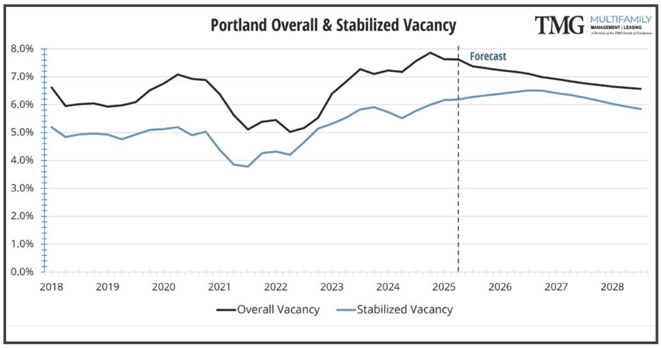
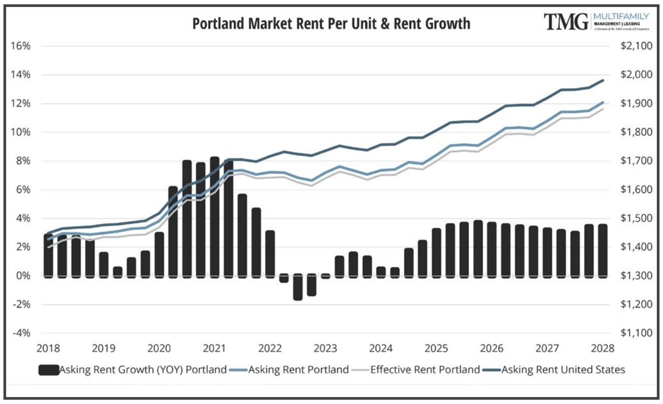
PORTLAND *Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
7,131	5,658	7.6%	0.4%

- Supply and demand dynamics in Portland have shifted, as the market notched its eighth consecutive quarter of more than 750 units absorbed, recording a total of 1,000 units in the first quarter of 2025. As the previously heavy imbalance witnessed over the past two years dissipates, the vacancy rate of 7.6% is beginning to downshift.
- As apartment leasing gains traction, absorption over the past 12 months equates to 5,700 units. This figure is below the 5-year high of 11,000 units, but has now far eclipsed the historical average annual figure of 3,190 units. The vacancy rate is hovering around 7.6% with downward momentum anticipated throughout 2025.
- With the delivery cycle having peaked, market balance will return as leasing accelerates. That said, asking rent growth will remain challenged for stakeholders in 4 & 5 Star-rated communities, which comprise over 75% of the current pipeline, and 65% of the units delivered in the past two years.





[Click Here to Read the Portland CoStar Report]

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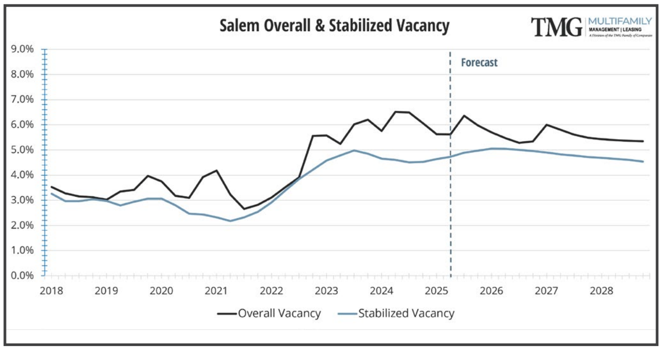
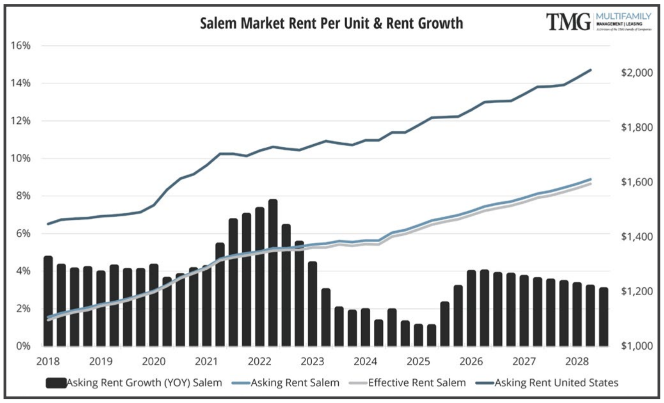
SALEM*Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
996	991	5.6%	1.0%

- Absorption in Salem remains below its mid-2021 peak of 1,300 units, but trailing 12-month activity of 990 units now runs ahead of the five-year average of 710 units by a large margin. Concessions, however, remain prevalent in order to get renters in the door, a theme that could persist in the coming months.
- Salem's vacancy rate is currently hovering around 5.6%, reflecting a one-year change of -0.2%. While vacancies could have more room to run, slowing construction starts and stabilizing leasing suggest rates are close to a ceiling.
- Salem's vacancy rate comes in at 5.6%, and a slightly higher ceiling has formed near-term, but as leasing stabilizes and construction starts slow, occupancies will slowly strengthen again. Structural demand for multifamily housing is also likely to persist, as median single family home prices remain elevated.

Click Here to Read the Salem CoStar Report

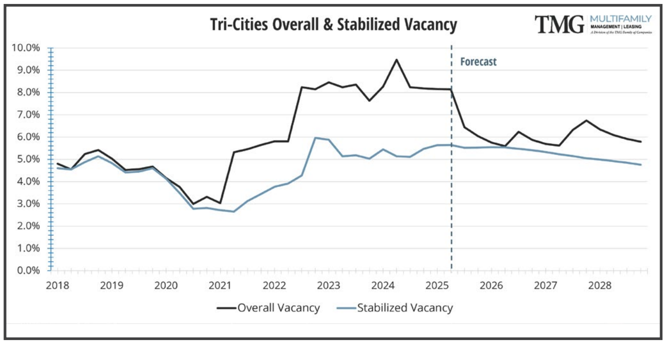


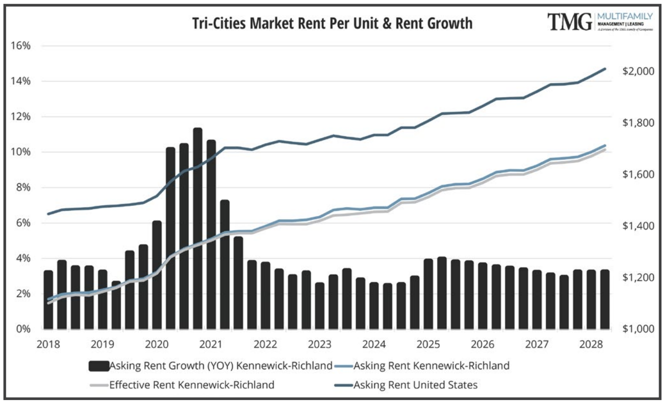


TRI-CITIES*Multifamily*

12 Mo. Delivered Units	12 Mo. Absorption Units	Vacancy Rate	12 Mo. Asking Rent Growth
932	878	8.1%	2.5%

- Tri-Cities is one of the best-performing small markets in the nation. The market has a vacancy rate of 8.1%, down from a recent all-time high of 9.5%. Over the past 12 months, developers added about 930 new market-rate units to the inventory while renter households absorbed 880 units.
- The average market in the Tri-Cities rent runs about $1,470/month, having risen 2.5% over the past year. That growth rate is one of the best in the Pacific Northwest and compares to a national average annual rent growth rate of 1.1%. Recent demand momentum, along with a slowdown in deliveries, supports a rent growth forecast in higher-tier properties have been elevated due to the the upper 4% range in the coming year.
- This year, the region saw its strongest first quarter in years, with about $65 million in deals recorded. That brings the area's 12-month trailing sales volume to a recorded high, reaching above $200 million in deals by the start of the second quarter of 2025.





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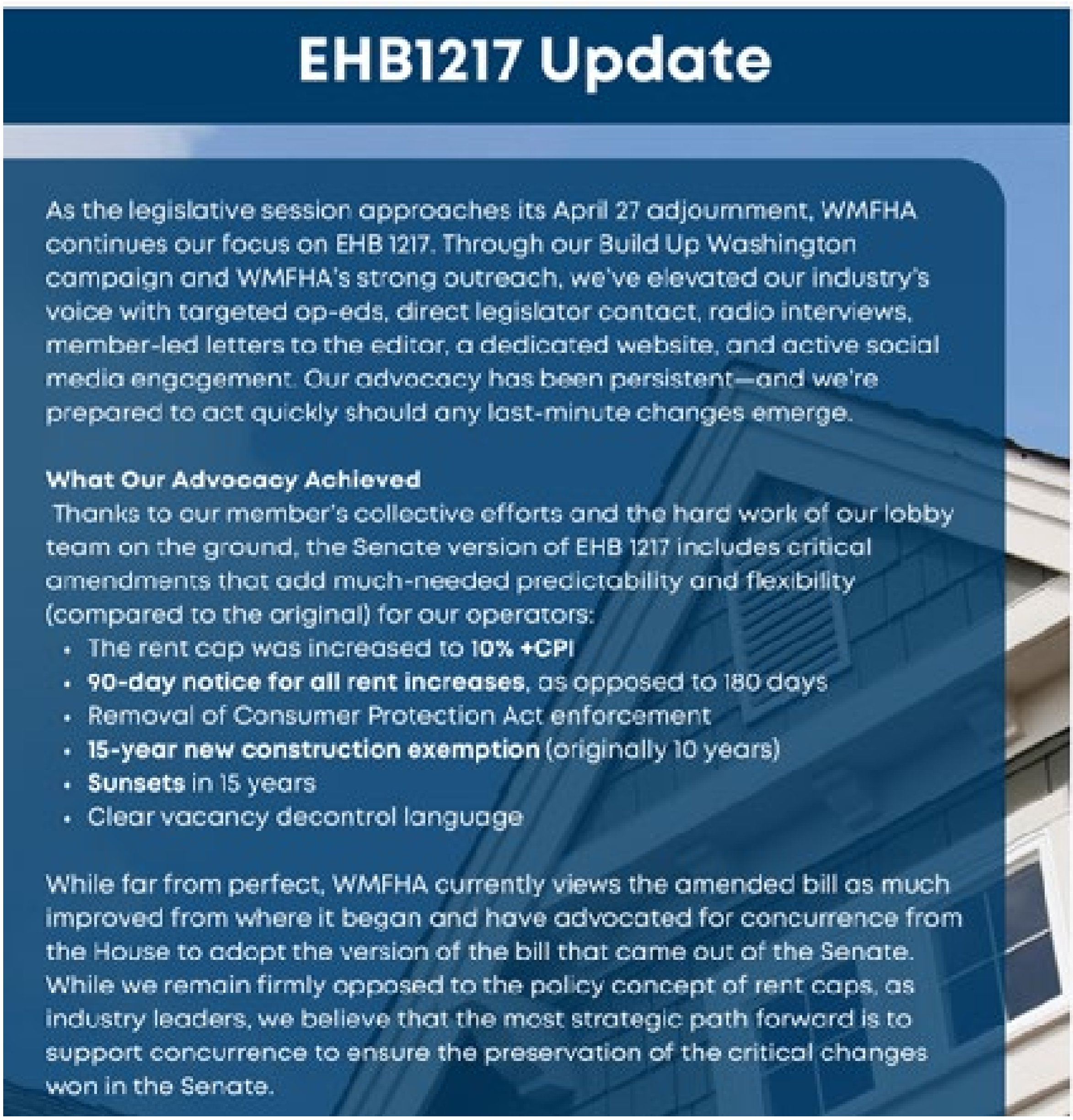
Legislative Outlook

Rent Control in Washington

Washington State continues to see active legislative discussions around rent control. As of April 23, 2025, proposals remain under review, with the most prominent consideration being a cap on annual rent increases. While rent control measures are generally met with concern by property owners, the proposed 10% cap is considered manageable by many landlords in practical terms. Below is an update from the Washington Multifamily Housing Association.



EHB1217 Update

As the legislative session approaches its April 27 adjournment, WMFHA continues our focus on EHB 1217. Through our Build Up Washington campaign and WMFHA's strong outreach, we've elevated our industry's voice with targeted op-eds, direct legislator contact, radio interviews, member-led letters to the editor, a dedicated website, and active social media engagement. Our advocacy has been persistent—and we're prepared to act quickly should any last-minute changes emerge.

What Our Advocacy Achieved

Thanks to our member's collective efforts and the hard work of our lobby team on the ground, the Senate version of EHB 1217 includes critical amendments that add much-needed predictability and flexibility (compared to the original) for our operators:

- The rent cap was increased to **10% +CPI**
- **90-day notice for all rent increases**, as opposed to 180 days
- Removal of Consumer Protection Act enforcement
- **15-year new construction exemption** (originally 10 years)
- **Sunsets** in 15 years
- Clear vacancy decontrol language

While far from perfect, WMFHA currently views the amended bill as much improved from where it began and have advocated for concurrence from the House to adopt the version of the bill that came out of the Senate. While we remain firmly opposed to the policy concept of rent caps, as industry leaders, we believe that the most strategic path forward is to support concurrence to ensure the preservation of the critical changes won in the Senate.