



2018 SEATTLE APARTMENT MARKET STUDY



Dylan Simon



Jerrid Anderson



Matt Laird

Comprehensive Analysis of Market Dynamics & Development Pipeline



INTRODUCTION



The Seattle and Puget Sound apartment market remains one of the most vibrant, exciting, and watched apartment markets in the country. By nearly every metric, the region's economic fundamentals continue to outperform other cohort markets, as well as investors' expectations.

This study helps apartment developers, investors, and owners gain deeper insight into the fundamentals driving the market's growth, and it provides guidance for making wise and profitable investment decisions.

Within this study, you will find an aggregation of data and corresponding insights on the following topics:

- › Historical Rent Growth & Vacancy Rates
- › Sales Trends & Activity
- › Development Pipeline
- › Regional Employment Trends

In this study, we focus our attention on apartment buildings with more than 50 units, yet we also offer a Neighborhood Market Study focusing on the 5 unit to 50 unit urban apartment market. That study is available upon request.

We invite you to use this study as a tool and a reference. Of equal importance, please call us to discuss your apartment investment needs and goals. *Let us to turn Our Expertise into Your Profit!*

Dylan Simon
Executive Vice President



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Downtown / Midtown
Belltown
Pioneer Square / South Downtown
West Seattle
Queen Anne
South Lake Union
Capitol Hill
First Hill / Yesler Terrace
Central District / Beacon Hill / Rainier Valley
University District
Green Lake / Wallingford / Fremont
Ballard
West Bellevue
Kirkland

NORTH KING 58

Bothell
North Seattle
Shoreline

EAST KING 66

East Bellevue
Factoria
Issaquah
Juanita
Redmond
Woodinville

SOUTH KING 74

Auburn
Burien
Des Moines
Federal Way
Kent
Renton
Riverton / Tukwila
SeaTac
White Center

NORTH SNOHOMISH 84

Central Everett
Paine Field
Silver Lake

SOUTH SNOHOMISH 92

Edmonds
Lynnwood
Mill Creek
Mountlake Terrace
Thrashers Corner

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HOW TO USE THIS MARKET STUDY



WHO WE ARE

**Dylan Simon**

Executive Vice President

Market-leading apartment broker in Seattle specializing in institutional and urban transactions.

**Jerriid Anderson**

Vice President

Apartment broker specializing in urban apartment and development sales.

**Matt Laird**

Associate

Specializes in apartment analysis and market research.

**Ashley Woodliff**

Project Manager

Project management support for all marketing and sale efforts.

**Cate Chase**

Marketing Manager

Marketing and design coordination for property marketing, PR and communications.

**Dannielle Lewis**

Client Service Specialist

Team support for all marketing and sale efforts.

Specialties

Urban apartment sales & development land, regional submarket knowledge, disposition strategies

Specialties

5-50 unit urban apartment sales & development land, acquisition rehab, financial analysis

Specialties

Apartment valuations, underwriting, off-market acquisitions, market research

Specialties

Puget Sound region market knowledge, marketing collateral preparation

Specialties

Design & writing, branding, marketing strategies, web design and event management

Specialties

Client support, transaction administration, marketing preparation & event management

Experience

Multidisciplinary background in law and real estate investment. Member of ULI, NAIOP, & Downtown Seattle Association. CoStar Power Broker, #1 Broker Colliers Puget Sound

Experience

Over 9 years of real estate investment and sales. Member of ULI, NAIOP, & Downtown Seattle Association.

Experience

Two years at Colliers underwriting and valuing apartment buildings & development land. Prior to joining Colliers, worked for City of Renton developing the revitalization plan for Renton Highlands.

Experience

Four years at Colliers International providing project management oversight and marketing support. Development & leasing at Childress Klein prior to joining Colliers

Experience

Six years of marketing experience ranging from leading building re-branding efforts to preparing proposals for architecture and construction firms.

Experience

Five years' experience in multifamily and residential leasing. Property management background with AvalonBay and Blackstone Group.

Background

J.D. UCLA School of Law
B.S. Mechanical Engineering

Background

B.A. Entrepreneurship from Washington State University

Background

University of Washington, Urban Planning & Development

Background

B.S. University of Florida
WA State Real Estate License

Background

B.A. Marketing
Seattle University

Background

B.S. University of Houston
WA State Real Estate License

2017 SEATTLE MULTIFAMILY TEAM SALES HIGHLIGHTS



20-100 UNIT BUILDINGS



THE ATWOOD

\$14,900,000
Downtown
55 Units



PREXY APARTMENTS

\$21,500,000
University District
66 Units



100+ UNIT BUILDINGS



CITYWALK APARTMENTS

\$26,900,000
Northgate
102 Units



EVERGREEN VALE

\$20,250,000
Federal Way
132 Units



DEVELOPMENT LAND



AVALON II

\$2,850,000
West Seattle
104 Units



1820 BOYLSTON

\$4,775,000
Capitol Hill
55 Units



MICROS



FOOTPRINT DELRIDGE

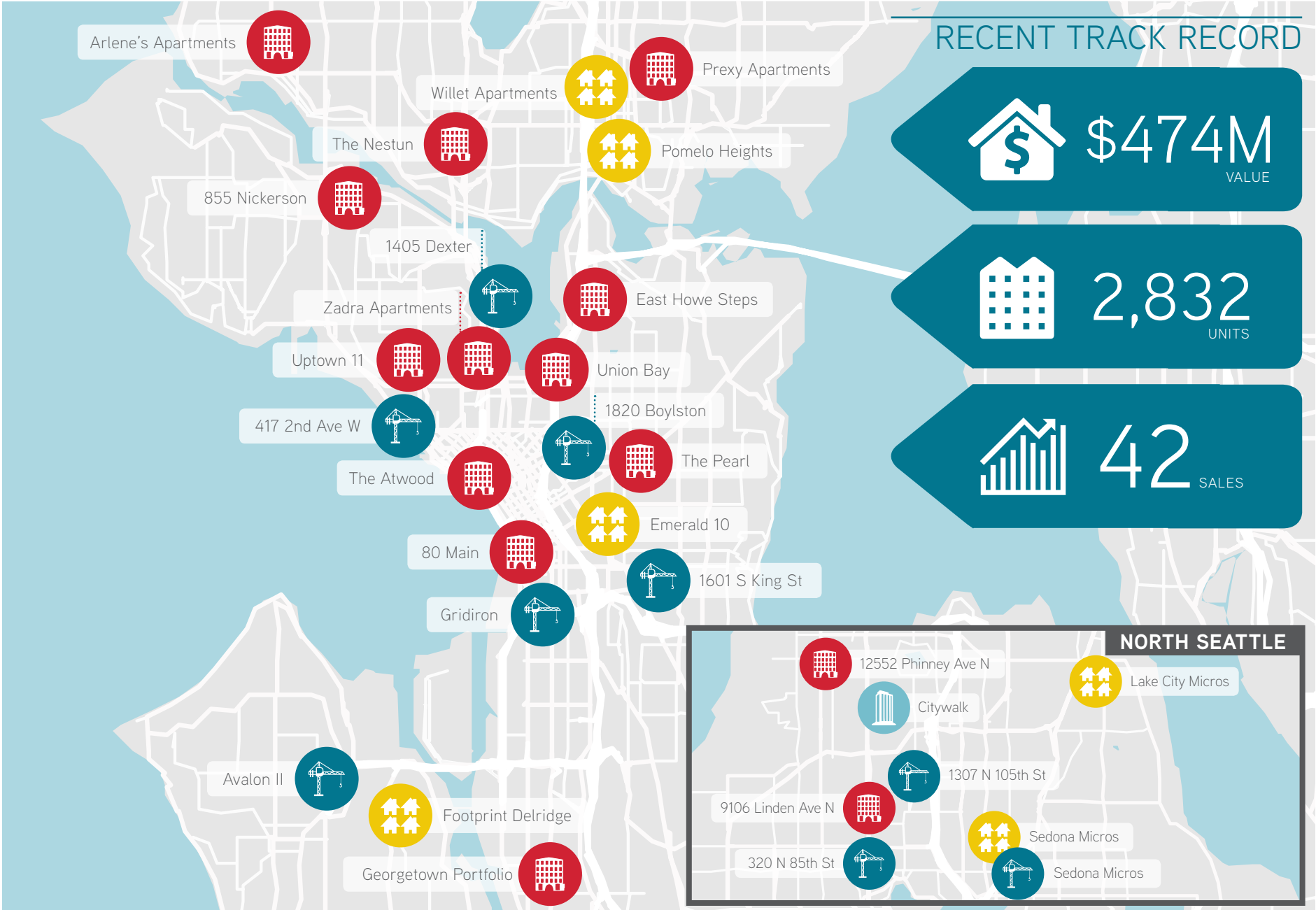
\$2,000,000
West Seattle
16 Units



EMERALD 10

\$5,000,000
First Hill
36 Units

URBAN SEATTLE TRACK RECORD





2017 YEAR IN REVIEW

2017 MARKET METRICS & FUNDAMENTALS
2017 RENT GROWTH & HISTORICAL TRENDS
2017 VACANCY TRENDS
DEVELOPMENT SUMMARY
SEATTLE / PUGET SOUND OFFICE MARKET
REGIONAL EMPLOYMENT TRENDS

2017 YEAR IN REVIEW

The beginning of 2017 came with substantial national and global political uncertainty, marked by rising treasury rates and a tepid beginning for the investment sales market across the entire West Coast. As months ticked by, uncertainty began to fade and the Seattle and Puget Sound region again flexed its economic might, proving its salt as a top-tier city and an incredibly strong apartment investment market.

Rental rates rose across all markets, although the +7.0% rental rate increases experienced in 2016 did not have a repeat performance in 2017. While nearly all markets experienced +5.0% rent growth in 2017, greater than 6.0% growth only occurred in select markets - in most cases at the cost of occupancy.

A slow start in the investment sales market never quite caught its stride, with overall sales volume down approximately 10% year-over-year. However, pricing remained strong in all markets with marked price appreciation in nearly all markets, especially suburban markets in both King and Snohomish Counties.

Apartment developers did not disappoint in 2017, delivering over 11,000 units and adding more than 25% more units to an already impressive development pipeline. Markets absorbing the greatest number of new units, namely Urban King and East King, did so quite differently. Urban King posted higher rent growth year-over-year, while rent growth in East King dropped by nearly 50%.

While nearly all markets experienced +5.0% rent growth in 2017, greater than 6.0% growth only occurred in select markets - in most cases at the cost of occupancy.

Expect 2018 to prove itself as another dynamic year, with each submarket performing quite differently from one another. As the economic cycle progresses, a more granular analysis of each submarket and each asset is required. Choosing investment strategies wisely and forecasting emerging trends before they take shape will guide the prescient investor in 2018!

HISTORICAL PERFORMANCE

	2011	2012	2013	2014	2015	2016	2017
Number of Sales	38	71	52	80	90	89	70
Total Sales Volume	\$1.0B	\$2.1B	\$1.7B	\$2.6B	\$3.7B	\$4.1B	\$3.6B
Average PPU	\$139,630	\$167,123	\$206,672	\$193,804	\$218,436	\$236,227	\$249,594
Average PPSF	\$169	\$188	\$233	\$238	\$272	\$298	\$311
Average Cap Rate	5.7%	5.5%	5.3%	5.3%	5.1%	5.0%	4.9%
Total Deliveries	1,318	4,426	5,986	8,128	10,179	8,976	11,319

Sales Data: 50+ units

SEATTLE BY THE NUMBERS

- NUMBER ONE** real estate investment market (ULI, 2017)
- SECOND** coolest city (Forbes, 2017)
- THIRD** most friendly city for dogs (Care.com, 2017)
- FOURTH** best metro area for college grads (ZipRecruiter, 2017)
- FIFTH** best city for millennials (Investopedia, 2017)

2017 MARKET METRICS & FUNDAMENTALS

	URBAN KING	NORTH KING	EAST KING	SOUTH KING	NORTH SNOHOMISH	SOUTH SNOHOMISH
SALES	24 SALES	5 SALES	4 SALES	23 SALES	8 SALES	6 SALES
	\$1.8B SALES VOLUME	\$242.7M SALES VOLUME	\$343.1M SALES VOLUME	\$803.5M SALES VOLUME	\$226.9M SALES VOLUME	\$151.5 SALES VOLUME
	\$359,325 AVERAGE PPU	\$269,192 AVERAGE PPU	\$309,058 AVERAGE PPU	\$185,245 AVERAGE PPU	\$160,906 AVERAGE PPU	\$213,837 AVERAGE PPU
	\$547 AVERAGE PPSF	\$343 AVERAGE PPSF	\$335 AVERAGE PPSF	\$212 AVERAGE PPSF	\$194 AVERAGE PPSF	\$235 AVERAGE PPSF
FUNDAMENTALS	4.3% AVERAGE CAP RATE	4.4% AVERAGE CAP RATE	4.7% AVERAGE CAP RATE	5.5% AVERAGE CAP RATE	5.6% AVERAGE CAP RATE	5.0% AVERAGE CAP RATE
	6.5% ANNUAL RENT GROWTH	7.4% ANNUAL RENT GROWTH	4.4% ANNUAL RENT GROWTH	9.3% ANNUAL RENT GROWTH	5.9% ANNUAL RENT GROWTH	5.5% ANNUAL RENT GROWTH
	4.3% VACANCY	4.1% VACANCY	3.9% VACANCY	4.3% VACANCY	4.8% VACANCY	4.1% VACANCY
	\$2,071 AVERAGE RENT	\$1,497 AVERAGE RENT	\$1,821 AVERAGE RENT	\$1,348 AVERAGE RENT	\$1,288 AVERAGE RENT	\$1,484 AVERAGE RENT
DEVELOPMENT	8,035 UNITS DELIVERED	1,049 UNITS DELIVERED	1,696 UNITS DELIVERED	430 UNITS DELIVERED	0 UNITS DELIVERED	109 UNITS DELIVERED
	9.9% OF URBAN KING INVENTORY	6.3% OF NORTH KING INVENTORY	5.2% OF EAST KING INVENTORY	0.8% OF SOUTH KING INVENTORY	0% OF NORTH SNOHOMISH INVENTORY	0.6% OF SOUTH SNOHOMISH INVENTORY

6

SIXTH Best place to live in the United States
(U.S. News & World Report's Annual Index, 2017)

7

SEVENTH best airport in North America
(U.S. News & Condé Nast Traveler, 2016)

8

EIGHTH most walkable city
(Walk Score, 2017)

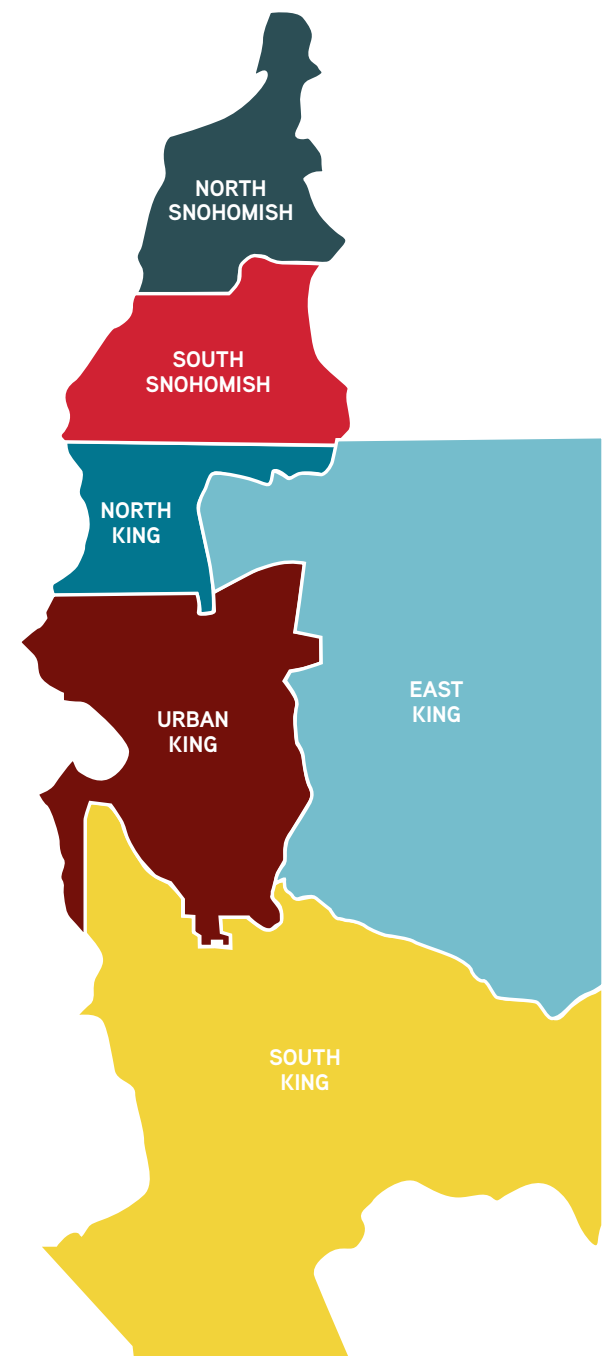
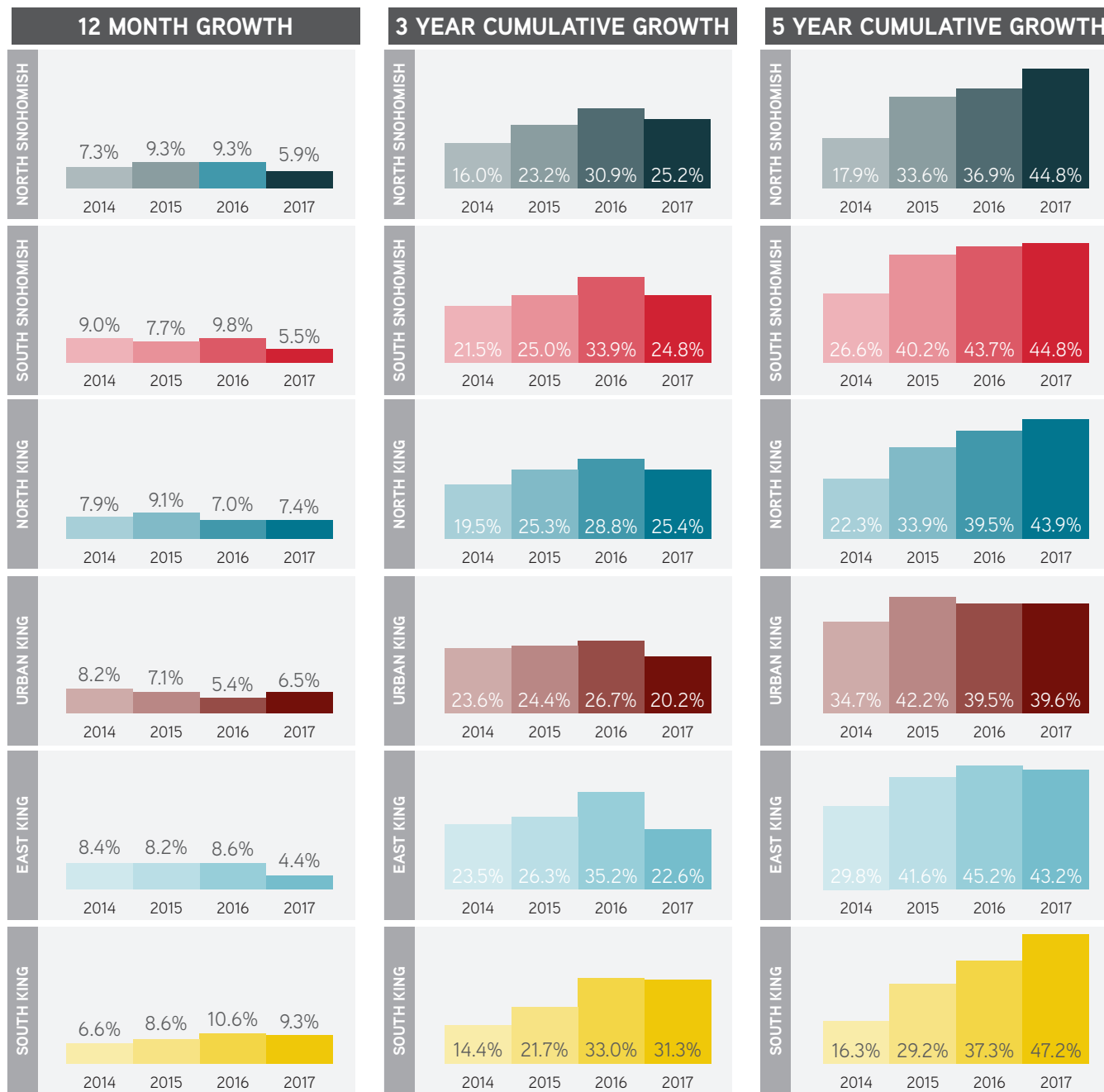
9

NINTH best big city for jobs
(Forbes, 2016)

10

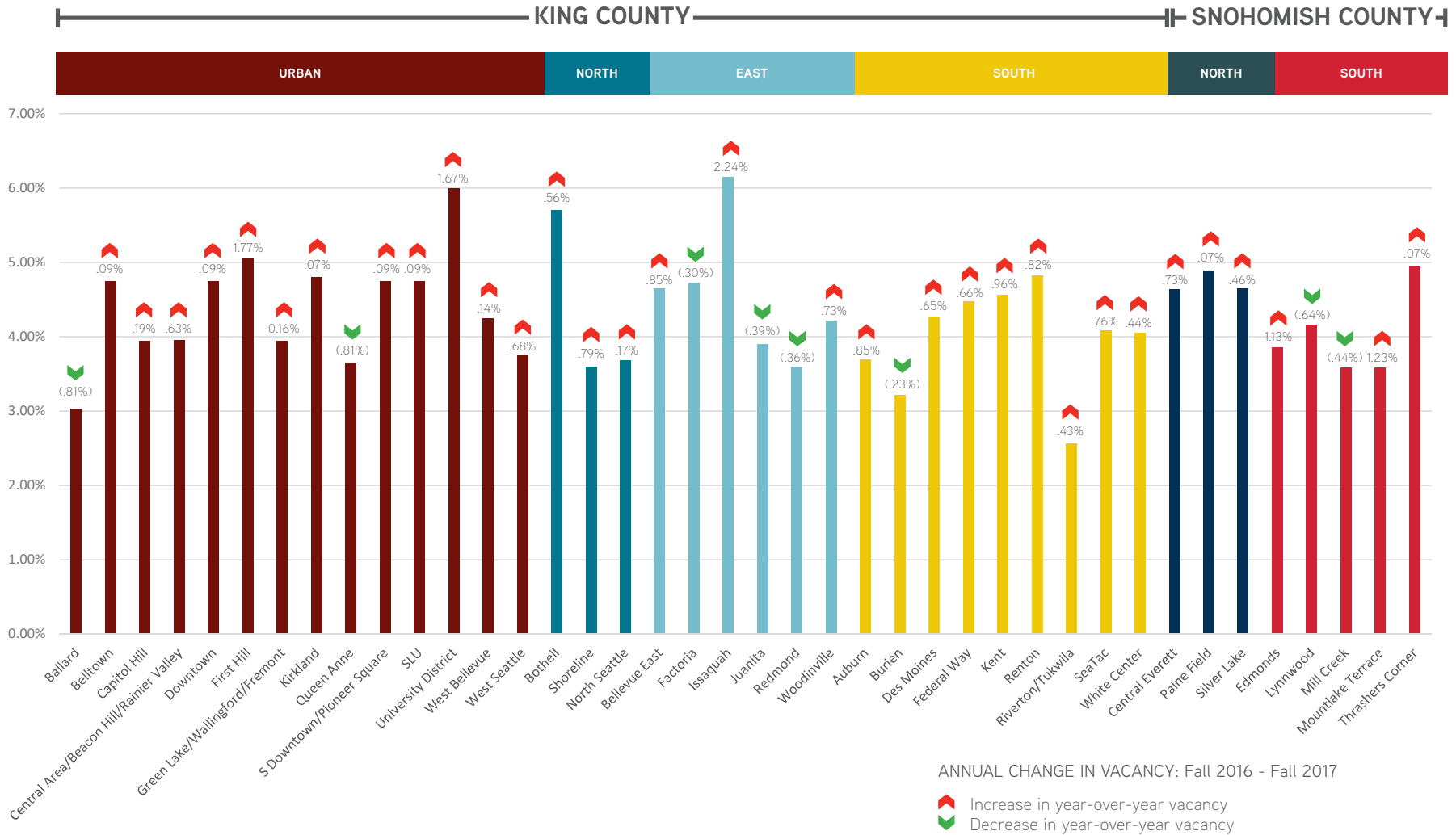
TENTH best city for running
(Women's Running, 2016)

2017 RENT GROWTH & HISTORICAL TRENDS



Rent Data Provided by Dupre + Scott
All calculations based on Fall 2013 - Fall 2017 data.

2017 VACANCY TRENDS YEAR-OVER-YEAR



Vacancy Data Provided by Dupre + Scott; Buildings 50+, Built after 1960.

DEVELOPMENT SUMMARY

The Seattle and Puget Sound market are currently experiencing the most impactful economic expansion in modern times. Structural trends in the region's job market, coupled with cyclical trends in the desirability of urban locations and apartment-style living, continue to generate outsized opportunities. Accordingly, apartment developers are doubling down on adding stock to the region's rental inventory.

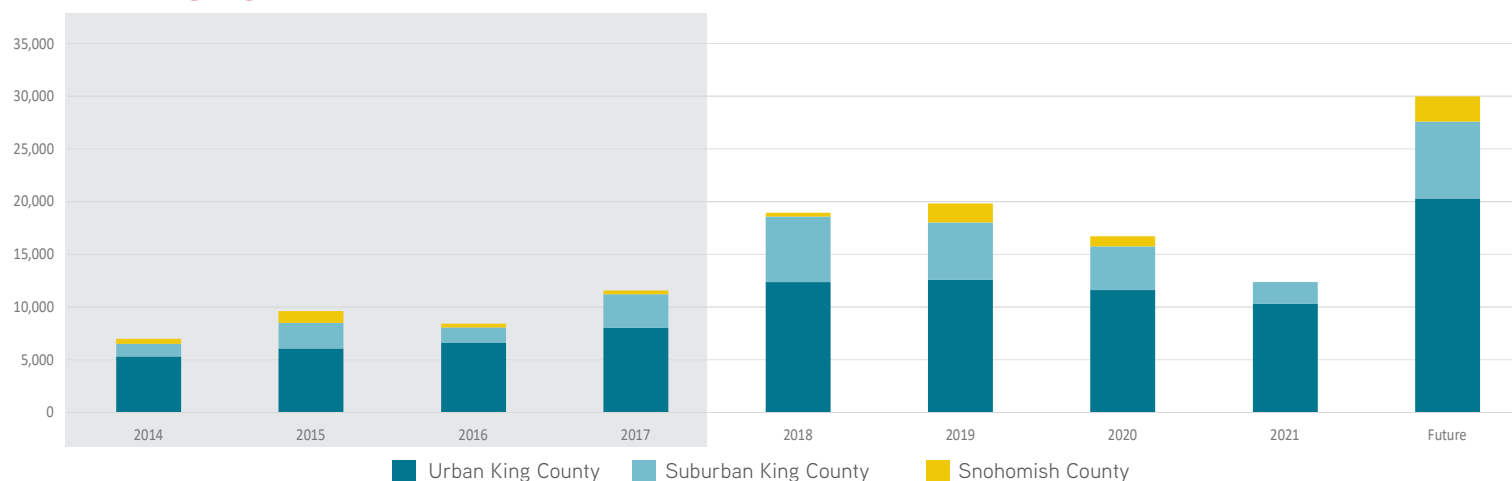
Although the below graph measures apartment development from 2014 forward, between 2010 and the beginning of 2014, apartment developers added nearly 19,000 units to the Puget Sound region. Considering additional inventory added to the market since that time, total delivery of new apartment units as of the start of 2018 tops 55,000. This additional supply marks a 20% increase in existing inventory.

At this point in the market cycle, nearly 100,000 additional apartment units are under development, permitted or planned. This additional development pipeline nearly doubles the inventory of new apartment buildings delivered in the last 8 years.

Considering additional inventory added to the market since 2010, total delivery of new apartment units as of the start of 2018 tops 55,000.

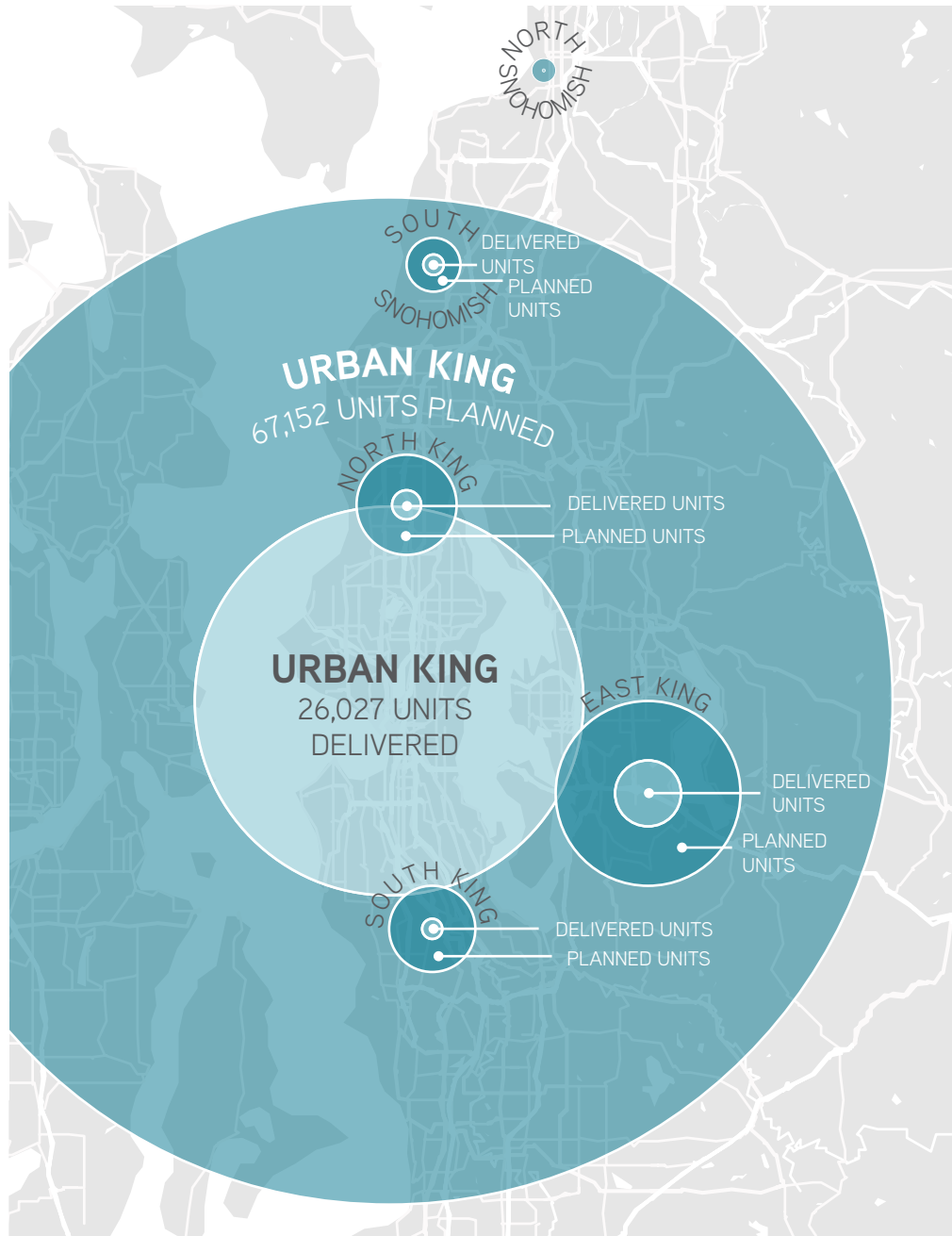
It is incumbent on all apartment specialists to look beyond simply the development pipeline, but to study the granularity of each market, submarket, micro-location and building. An exciting future lies ahead with the greatest rewards reserved to those with the most defined understanding of market demand.

DEVELOPMENT HISTORY



	2014	2015	2016	2017	2018	2019	2020	2021	Future	TOTAL
Urban King	5,304	6,074	6,614	8,035	12,361	12,612	11,606	10,278	20,295	93,179
Suburban King	1,178	2,441	1,453	3,175	6,228	5,439	4,148	2,077	7,281	33,420
Snohomish County	508	1,105	348	375	370	1,756	977	-	2,401	7,840
	TOTAL DELIVERED: 36,610				TOTAL PLANNED: 97,829					134,439

DEVELOPMENT SUMMARY



Rings scaled to show number of developments per submarket as a percentage of the entire pipeline.

	DELIVERED 2014 - 2017		PLANNED 2018 - FUTURE	
	# UNITS	% DELIVERED	# UNITS	% PLANNED
NORTH SNOHOMISH	358	1%	1,753	2%
SOUTH SNOHOMISH	1,503	4%	3,751	4%
NORTH KING	2,184	6%	6,826	7%
URBAN KING	26,027	72%	67,152	69%
EAST KING	4,555	13%	12,450	13%
SOUTH KING	1,508	4%	5,897	6%
	36,135 UNITS		97,829 UNITS	

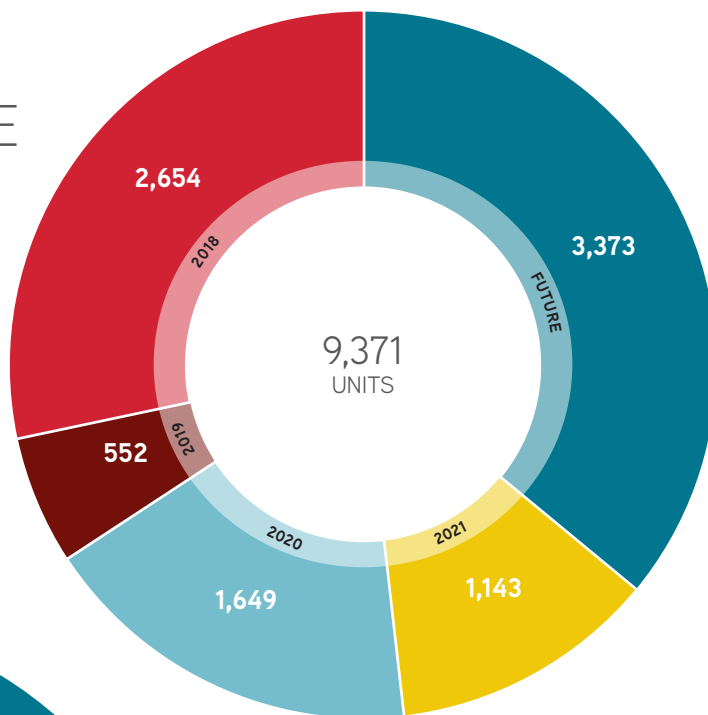
URBAN KING DEVELOPMENT PIPELINE

67,152 UNITS

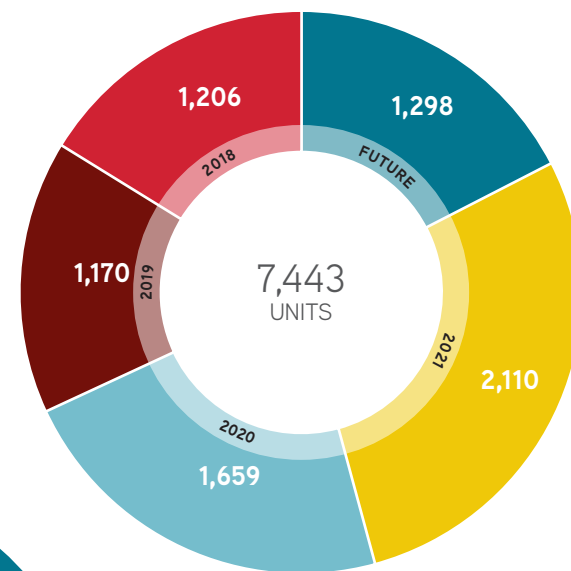
73%
OF KING COUNTY
PIPELINE

69%
OF TRI-COUNTY
PIPELINE

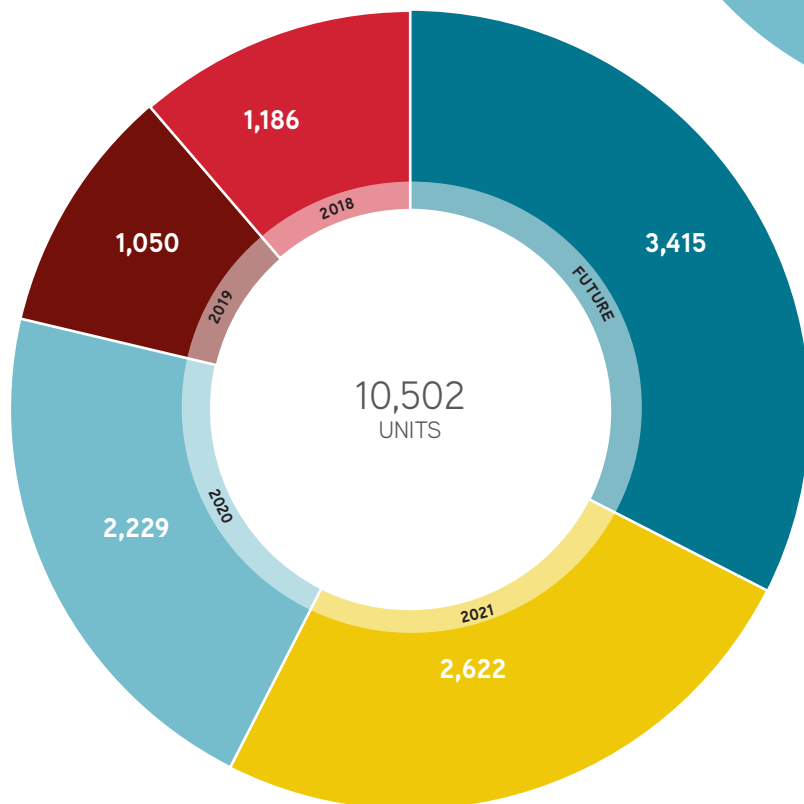
SOUTH LAKE UNION



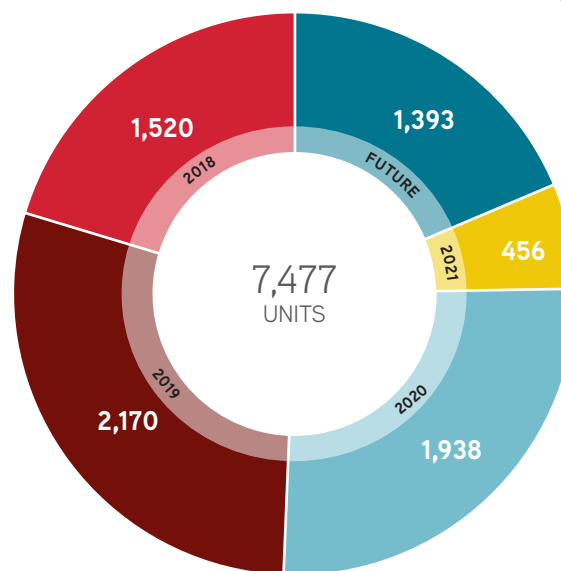
FIRST HILL YESLER TERRACE



DOWNTOWN



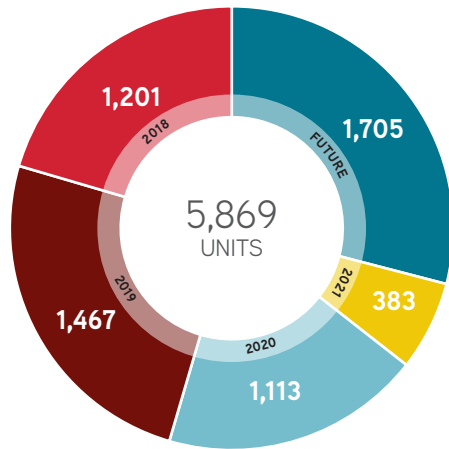
CENTRAL DISTRICT BEACON HILL RAINIER VALLEY



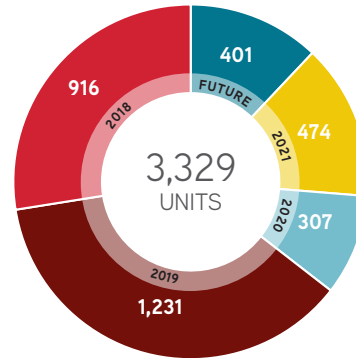
DELIVERIES BY YEAR

2018	12,361
2019	12,612
2020	11,606
2021	10,278
Future	20,295

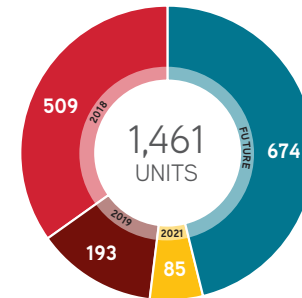
UNIVERSITY DISTRICT



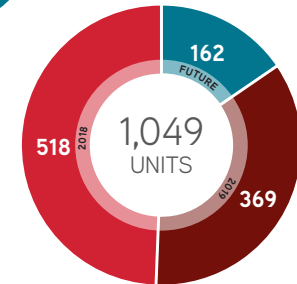
CAPITOL HILL



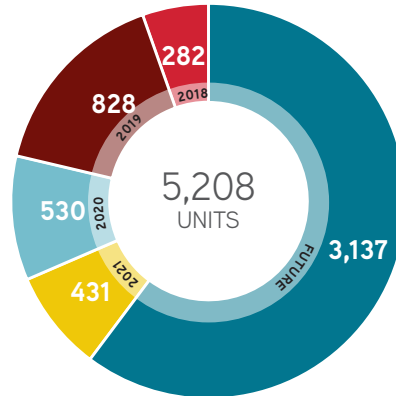
PIONEER SQUARE
SOUTH DOWNTOWN



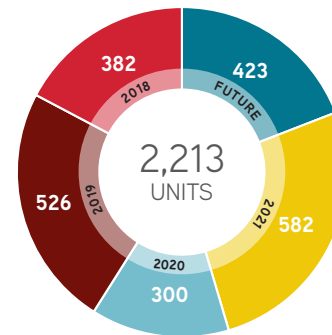
BALLARD



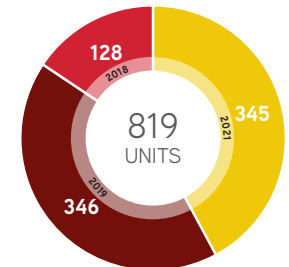
BELLTOWN



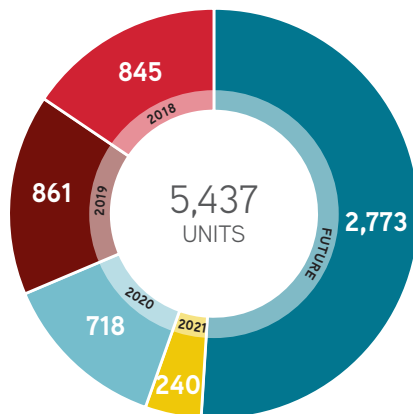
WEST SEATTLE



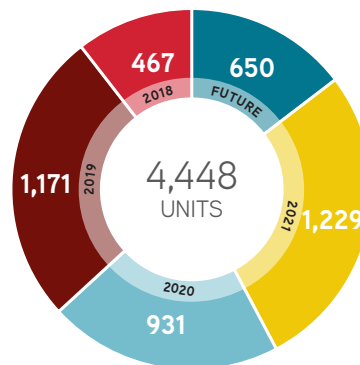
KIRKLAND



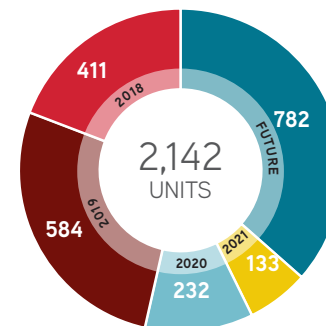
WEST BELLEVUE



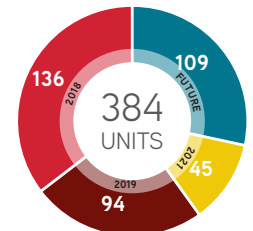
QUEEN ANNE



GREEN LAKE
WALLINGFORD
FREMONT



EASTLAKE

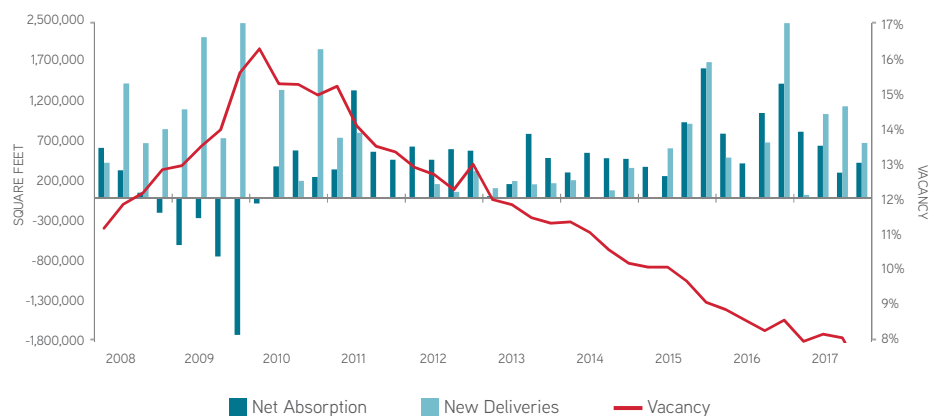


SEATTLE / PUGET SOUND OFFICE MARKET

Seattle's rise as a global city permeates not only the national consciousness, but an astute investment community. World-class urban amenities, natural beauty and geographic desirability are the forces leading skilled workers, global corporations and investors to Seattle's Emerald Gate. Although Seattle's multifamily market continues to drive significant focus from the commercial real estate investment community, the growth of employment and income levels in the Puget Sound region remains the star of the show.

To get a true look at the dynamics resulting in record rental rate growth and a staggeringly strong absorption of apartment units, one must examine the underlying health of the market for office space. No depiction of the office market tells the story of Seattle's strength better than a graph of regional office space absorption versus vacancy.

REGIONAL ABSORPTION & VACANCY RATES



By the end of 2017, the regional vacancy rate fell to 6.6%, with vacancy rates in Seattle at 5.3% and Bellevue at 4.7% respectively. The market absorbed over 2,000,000 square feet of office space in 2017 alone, accounting for nearly a third of the overall pipeline of 6.7M square feet.

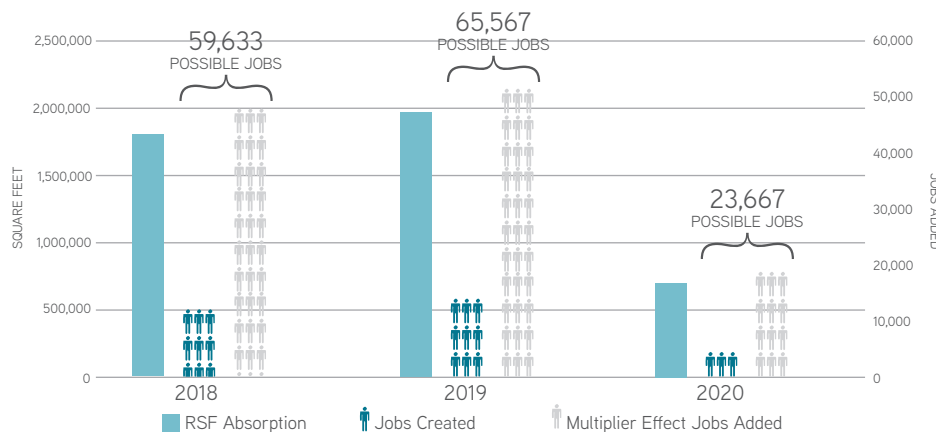
Class A office rental rates continue to surpass \$45.00 per square foot, full service, yet still remain underpriced compared to cohort markets like San Francisco, which are topping \$70.00 per square foot, full service.

When it comes to understanding the demand side of apartment absorption, the key is solving for regional job creation. Although economists utilize econometric models for this purpose, a very good gauge of increased demand is the absorption of office space.

An analysis of office space leased, yet not absorbed, offers a good measure of potential job creation. One must discount existing office space that is relinquished, but the full amount of new office deliveries that is absorbed is fair game.

Over the course of the next three years (2018 – 2020), our analysis shows a net absorption of 4.5M square feet of pre-leased office space in the downtown Seattle and Bellevue markets alone.

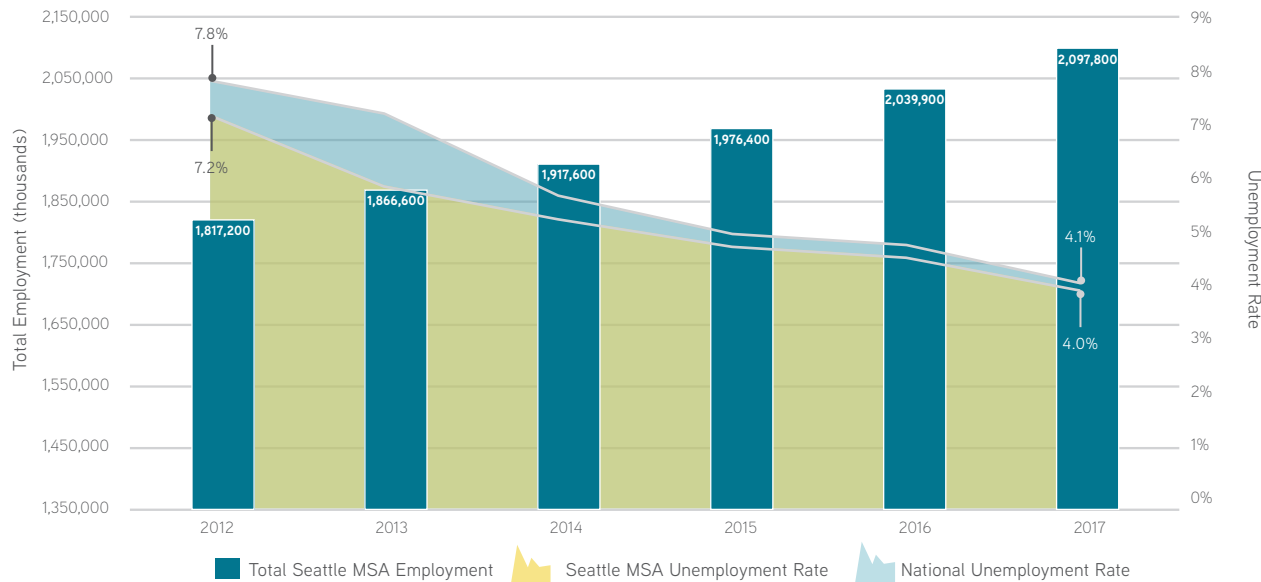
OFFICE ABSORPTION & JOB CREATION



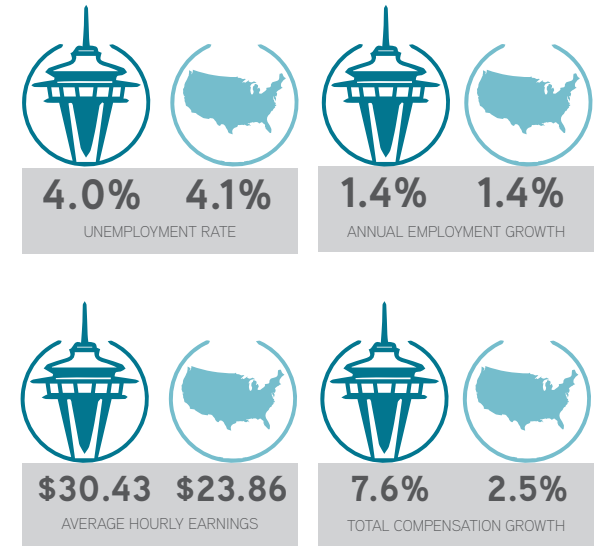
A commonplace metric for headcount provides for 150 square feet per employee, equating to pre-leased space for 30,000 employees over the next three years – just for Class A office space. Given each employee generates demand for more employees/services – the “multiplier effect” of 4 to 1 – this analysis leads to a fair conclusion of demand for 150,000 new employees, or 50,000 possible new jobs per year between 2018 and 2020. Add jobs created beyond our downtown areas, and we can forecast continued stellar absorption of newly-developed apartment units.

REGIONAL EMPLOYMENT TRENDS

SEATTLE MSA EMPLOYMENT GROWTH & UNEMPLOYMENT



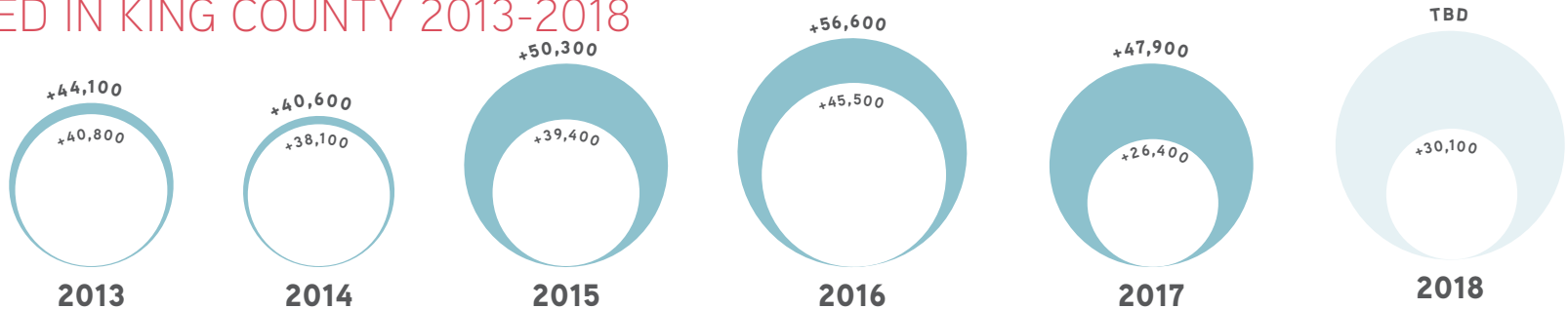
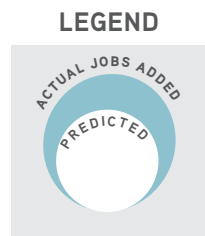
SEATTLE VS THE NATION



INSIGHT: Seattle continues to outperform all economists' hiring predictions as it outpaces growth in major metros across the U.S., most of which have seen hiring stagnate as unemployment dips below 4%. The Seattle MSA has experienced robust in-migration, which keeps our employment rate closer to market and job postings at an all-time high. Our 7.6% compensation growth in 2017 triples the national average, influencing the region's sustained rent growth.



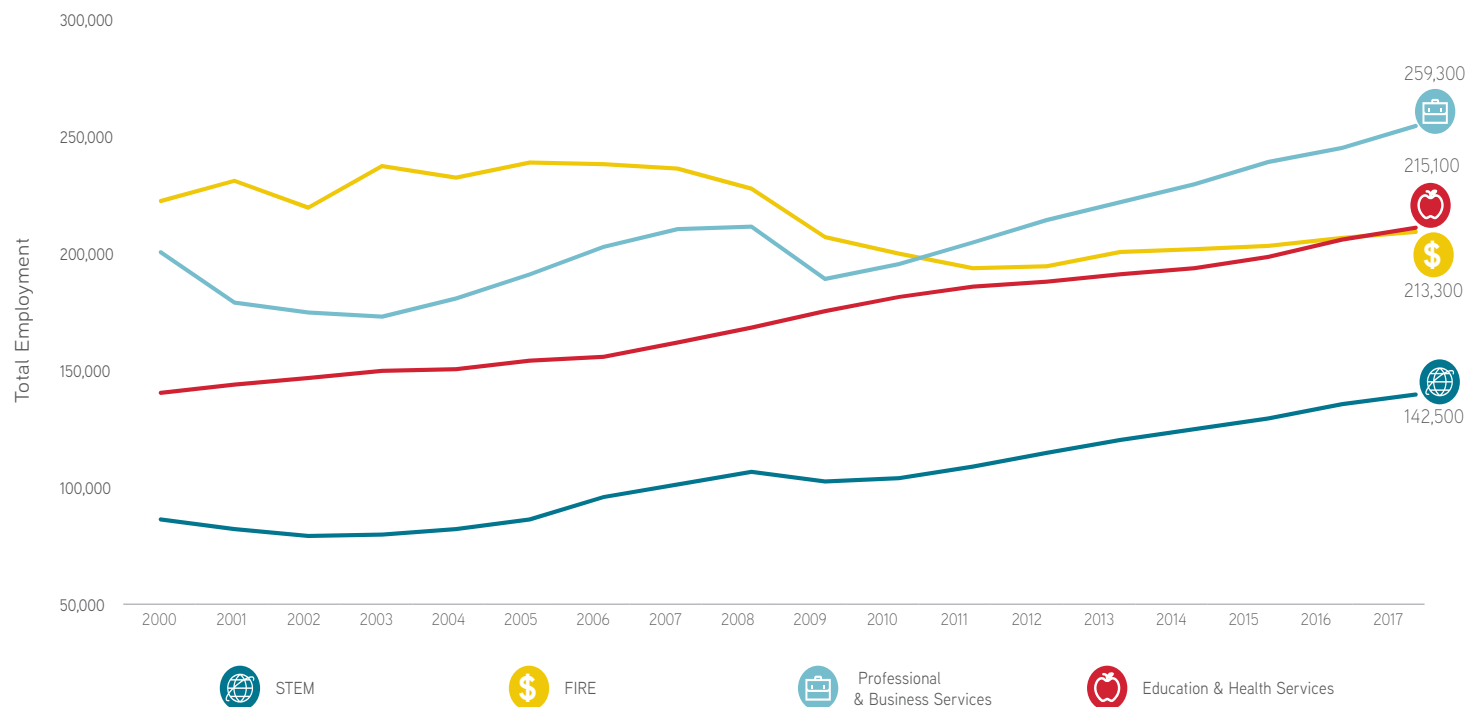
JOBS ADDED IN KING COUNTY 2013-2018



*Data compares October monthly employment year-over-year

REGIONAL INDUSTRY GROWTH

SEATTLE MSA INDUSTRY GROWTH



INSIGHT:

Trade, Transportation and Utilities made up nearly 29% of the growth in the Seattle MSA in 2017, with a large percentage of growth related to the transportation and warehousing of goods. While brick and mortar retail suffers, business-to-consumer ecommerce continues to flourish.



FASTEST-GROWING INDUSTRIES



15,600

TRADE, TRANSPORT & UTILITIES

JOBS ADDED IN 2017
FROM DEC 2016 - DEC 2017
5% INDUSTRY GROWTH



14,000

CONSTRUCTION

JOBS ADDED IN 2017
FROM DEC 2016 - DEC 2017
8.6% INDUSTRY GROWTH



10,100

STEM

JOBS ADDED IN 2017
FROM DEC 2016 - DEC 2017
4.0% INDUSTRY GROWTH



8,100

LEISURE & HOSPITALITY

JOBS ADDED IN 2017
FROM DEC 2016 - DEC 2017
5.1% INDUSTRY GROWTH



6,600

EDUCATION & HEALTH SERVICES

JOBS ADDED IN 2017
FROM DEC 2016 - DEC 2017
2.5% INDUSTRY GROWTH

MOST ACTIVE EMPLOYERS HIRING IN 2017



Average Monthly Job Postings
Source: Employment Security Department; King County

Source: Employment
Security Department;
King County



URBAN KING

URBAN KING

DOWNTOWN / MIDTOWN

BELLTOWN

PIONEER SQUARE / SOUTH DOWNTOWN

WEST SEATTLE

QUEEN ANNE

SOUTH LAKE UNION

CAPITOL HILL

FIRST HILL / YESLER TERRACE

CENTRAL DISTRICT / BEACON HILL / RAINIER VALLEY

UNIVERSITY DISTRICT

GREEN LAKE / WALLINGFORD / FREMONT

BALLARD

WEST BELLEVUE

KIRKLAND



46,857
2018-2021
PIPELINE



4.3%
AVERAGE
VACANCY



\$2,071
AVERAGE
RENT

URBAN KING

The core, urban-located neighborhoods of Seattle and Bellevue comprise 14 distinct submarkets delineated as Urban King. Since the beginning of the current market cycle, these urban markets demonstrated some of the strongest fundamentals in the Pacific Northwest.

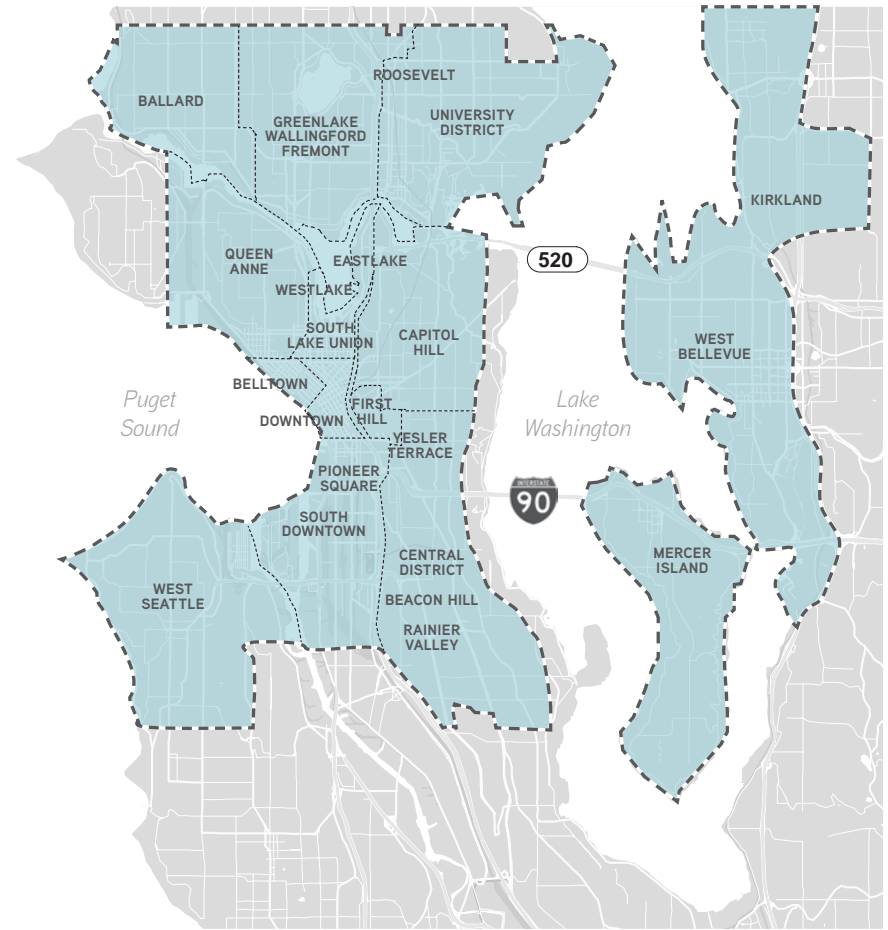
Over the past 4 years, cumulative rent growth totals 39.6%, averaging 9.9% year-over-year. In 2017, growth averaged 6.5%, which bested 2016 – showing some acceleration in the market.

The past year also marked the delivery of 8,035 new apartment units in Urban King. With the delivery of a record number of units, the average vacancy rate across Urban King rose slightly to 4.3%. In Urban King, 12 of the 14 neighborhoods maintain sub-5% vacancy – with Ballard maintaining the lowest vacancy at 3.0%.

“With the delivery of a record number of units in 2017 – and cumulative delivery of nearly 25,000 apartment units over the course of the last 5 years – the average vacancy rate across Urban King rose slightly to 4.3%.”

The investment sales market remained strong in 2017, with 24 reported sales totaling \$1.78B in sales volume – nearly surpassing the 2015 peak.

We forecast another strong year for regional job growth, which ultimately equates to stability in the region’s core, urban-located markets. Renter demand will continue to drive absorption of over 12,000 units planned to deliver in 2018, while strong investor demand (and many merchant-built projects) will continue the trend of an active investment sales market.



HISTORICAL PERFORMANCE

	2011	2012	2013	2014	2015	2016	2017
Number of Sales	8	19	17	29	29	23	24
Sales Volume	\$250.8M	\$749.0M	\$784.0M	\$1.14B	\$1.95B	\$1.14B	\$1.78B
Average PPU	\$212,193	\$277,864	\$310,934	\$305,925	\$382,231	\$361,790	\$359,325
Average PPSF	\$326	\$381	\$439	\$419	\$575	\$526	\$547
Average Cap Rate	5.2%	4.8%	4.6%	4.5%	4.4%	4.5%	4.3%
Number of Deliveries	620	2,700	4,215	5,304	6,074	6,614	8,035

Sales: Buildings 50+ units

MARKET FUNDAMENTALS

URBAN KING

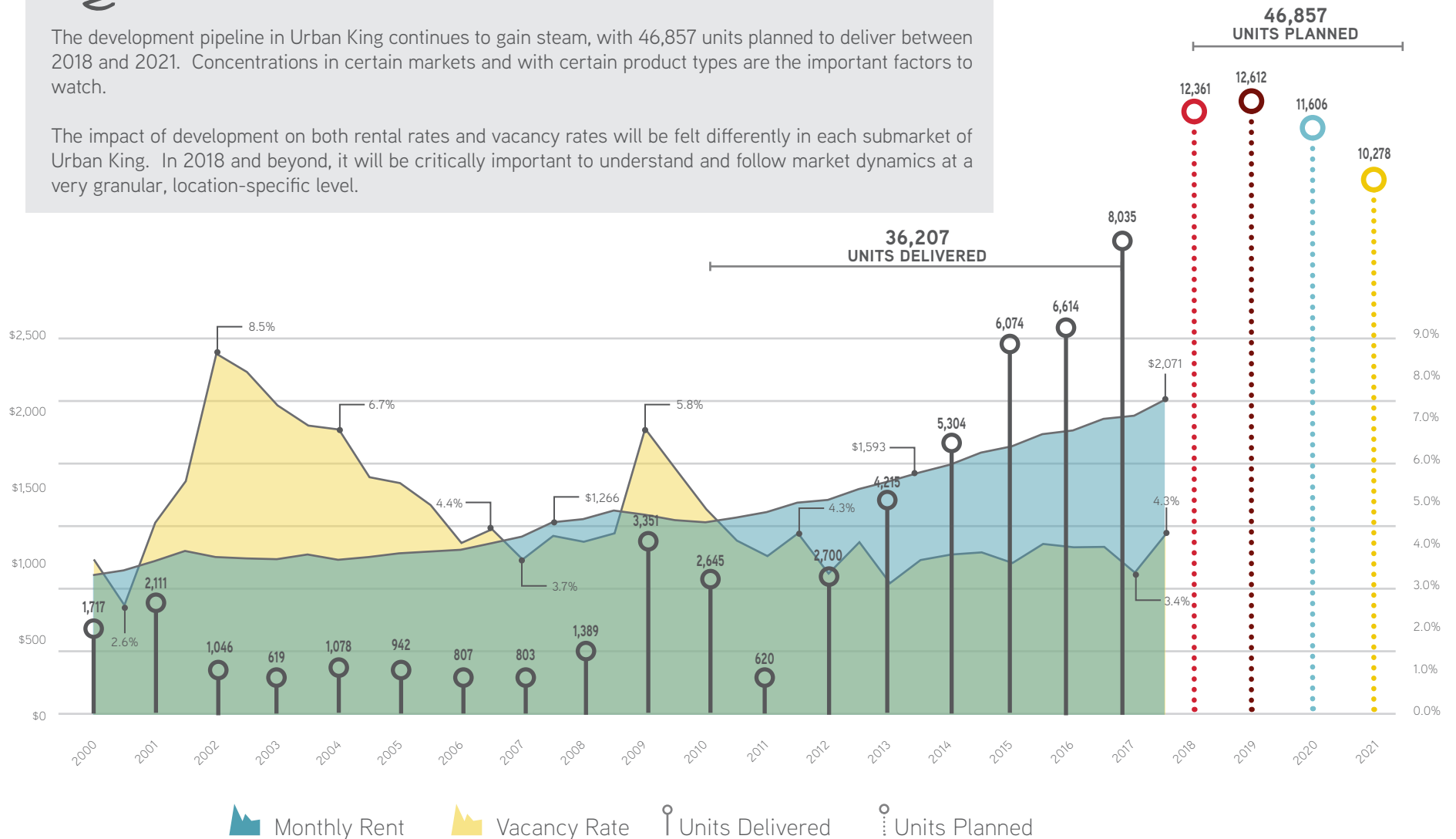


INSIGHT: In 2017, Urban King showed yet another year of strong rental rate growth. On average, rental rates increased 6.5% and vacancy remained below 5.0% – yet increased 40 BP over 2016. This is the first year in a decade that vacancy rates increased at this rate.

The development pipeline in Urban King continues to gain steam, with 46,857 units planned to deliver between 2018 and 2021. Concentrations in certain markets and with certain product types are the important factors to watch.

The impact of development on both rental rates and vacancy rates will be felt differently in each submarket of Urban King. In 2018 and beyond, it will be critically important to understand and follow market dynamics at a very granular, location-specific level.

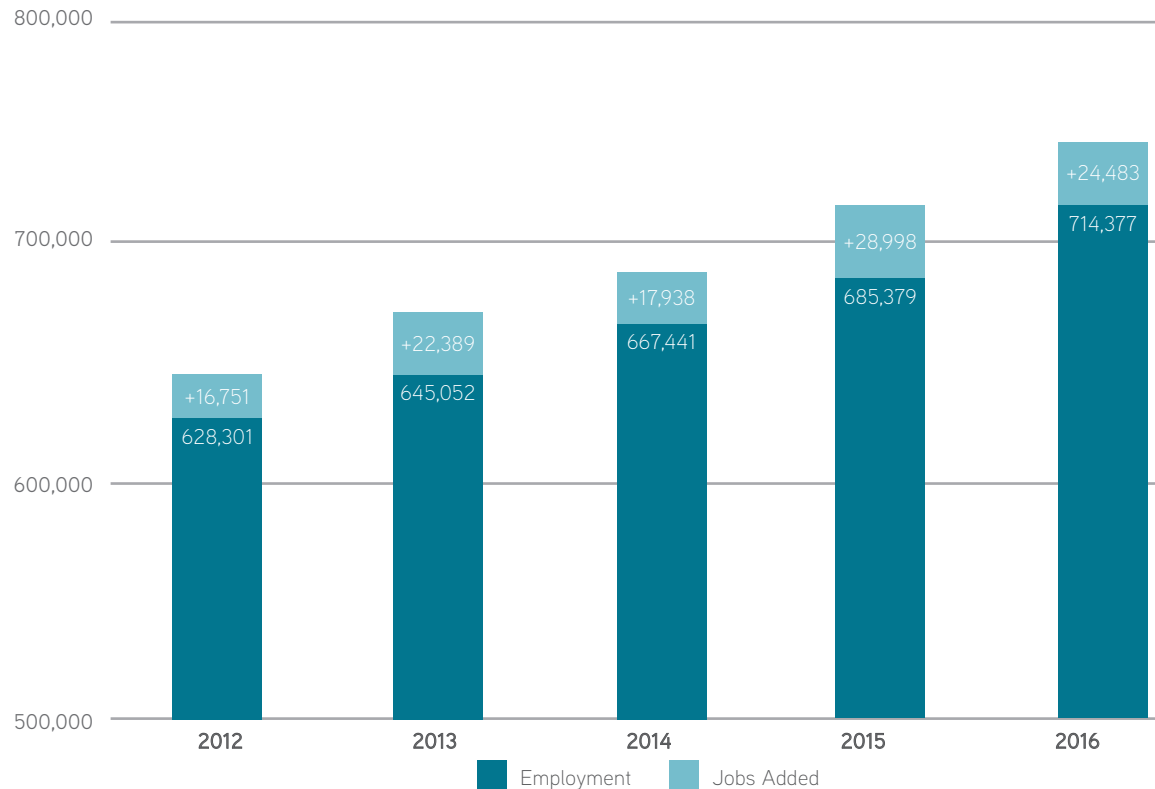
2017	\$2,071	\$2.77	4.3%
2016	\$1,945	\$2.61	3.9%
2015	\$1,845	\$2.45	4.0%
2014	\$1,723	\$2.33	3.8%
AVG RENT PER UNIT AVG RENT PER SF AVG VACANCY			



EMPLOYMENT TRENDS

URBAN KING

YEAR-OVER-YEAR EMPLOYMENT GROWTH



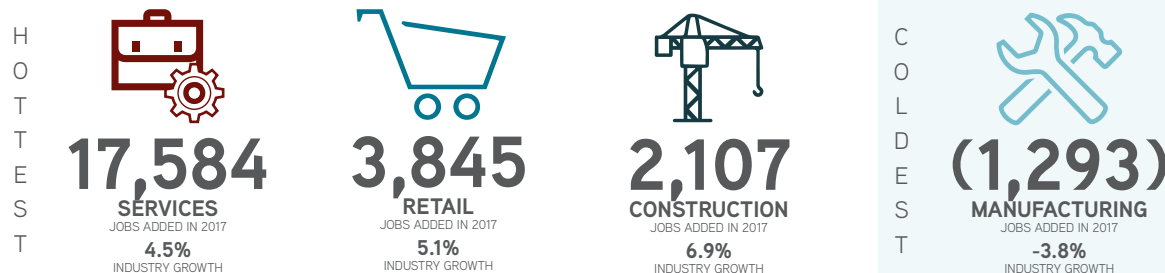
MAJOR EMPLOYERS



INSIGHT: While business services and STEM jobs continue to grow rapidly throughout the region, it is important to note that the concentration of hiring continues to focus in the Seattle market. Seattle experienced +5% growth in which sectors, while Bellevue saw just 2% growth in the same period.

The job sector with the most loss was manufacturing, specifically in Seattle. This was caused by employers moving operations to more affordable industrial markets in North and South King County.

INDUSTRY GROWTH

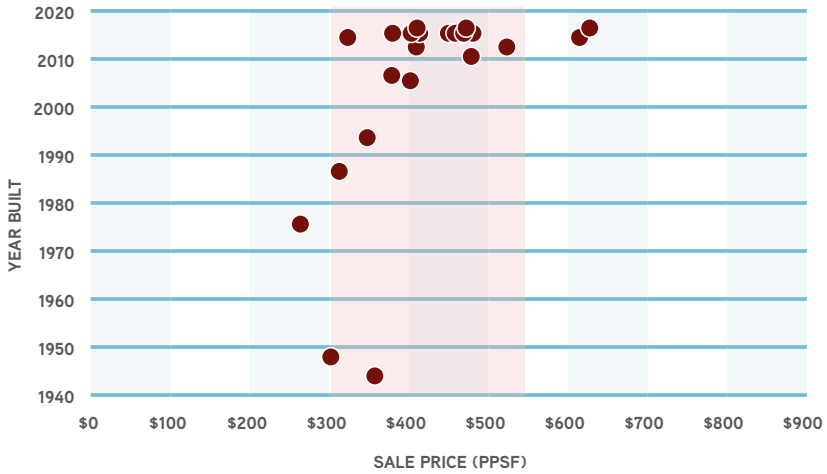
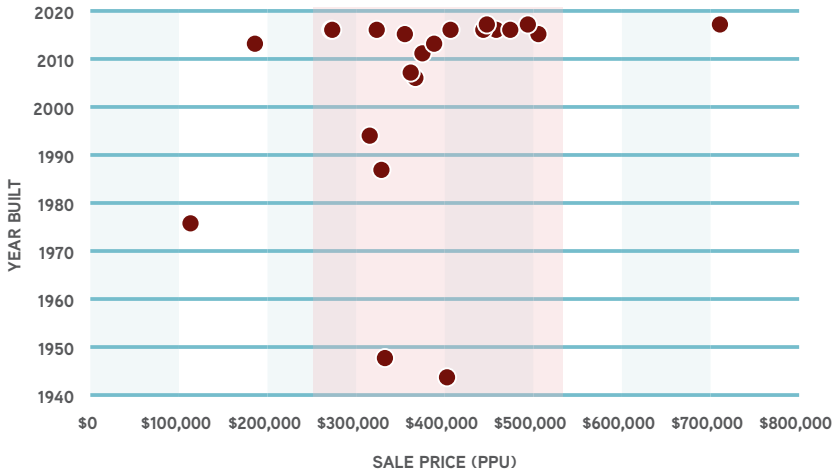


2017 SALES & HISTORICAL SALES TRENDS

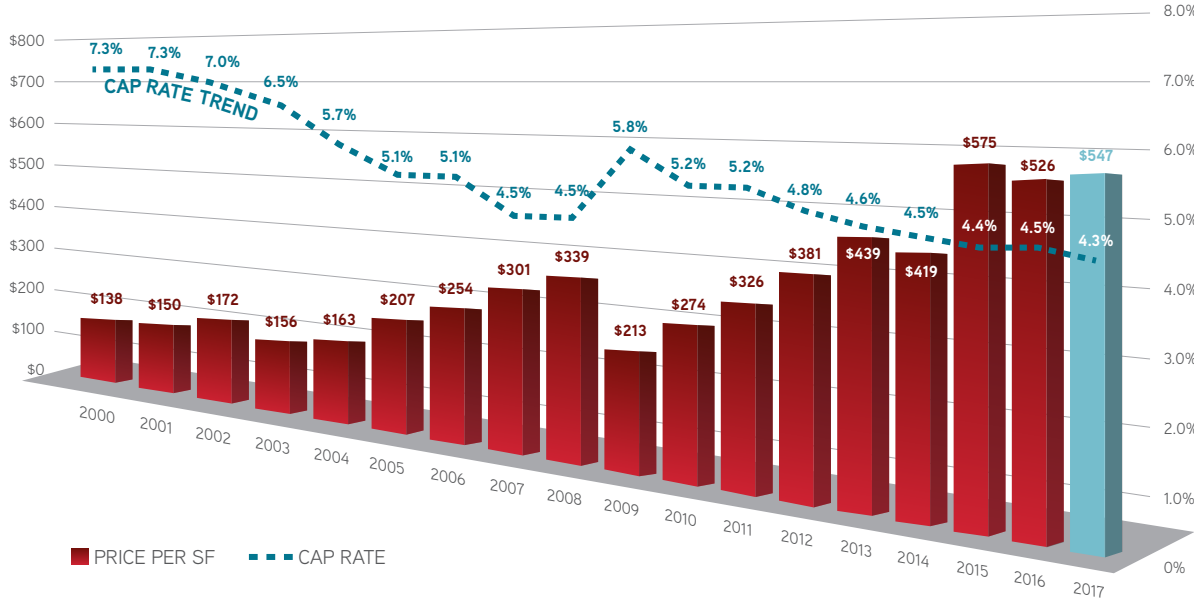
URBAN KING

2017 SALES METRICS

*1900 & 1909 sales excluded to properly scale graph



2000-2017 SALES TRENDS



DOWNTOWN / MIDTOWN

DEMOGRAPHICS



\$3.06
AVG RENT
PER SF



4.7%
AVERAGE
VACANCY



\$51,366
MEDIAN
HOUSEHOLD INCOME



12.7%
OWNER
OCCUPIED UNITS



71.0%
RENTER
OCCUPIED UNITS



38.5
MEDIAN
AGE

SALES HISTORY

2017	\$244,626	\$498	3.7%
2016	NO SALES	NO SALES	NO SALES
2015	\$623,974	\$791	3.7%
2014	NO SALES	NO SALES	NO SALES
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: Seattle's Downtown and Midtown markets are very exciting. What they lack in sales volume (only two sales in the last four years), they make up for in growth of rental rates and new development.

Renters continue to fill new high-rise buildings, with many more on the way. Although rental rates have escalated considerably over the past several years, vacancy rates are getting close to cresting 5.0%.

A development pipeline of over 10,000 units holds steady year-over-year, yet the delivery dates of many projects have pushed out to future years – while up to 25% may be delivered as condominiums. Zoning for high-rise development is sparse in Seattle; therefore, high-rise apartment and condominium developers alike continue to focus on these core submarkets.



2017 SALES

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
	 Atwood 104 Pine Street	1909	55	20,700	395	\$14,900,000	12/15/2017	\$244,262	\$498	3.7%	Brad Management WH Crim & Sons LLC
AVERAGES		1909	55	20,700	395	\$14,900,000		\$244,262	\$498	3.7%	

DOWNTOWN / MIDTOWN

DEVELOPMENTS

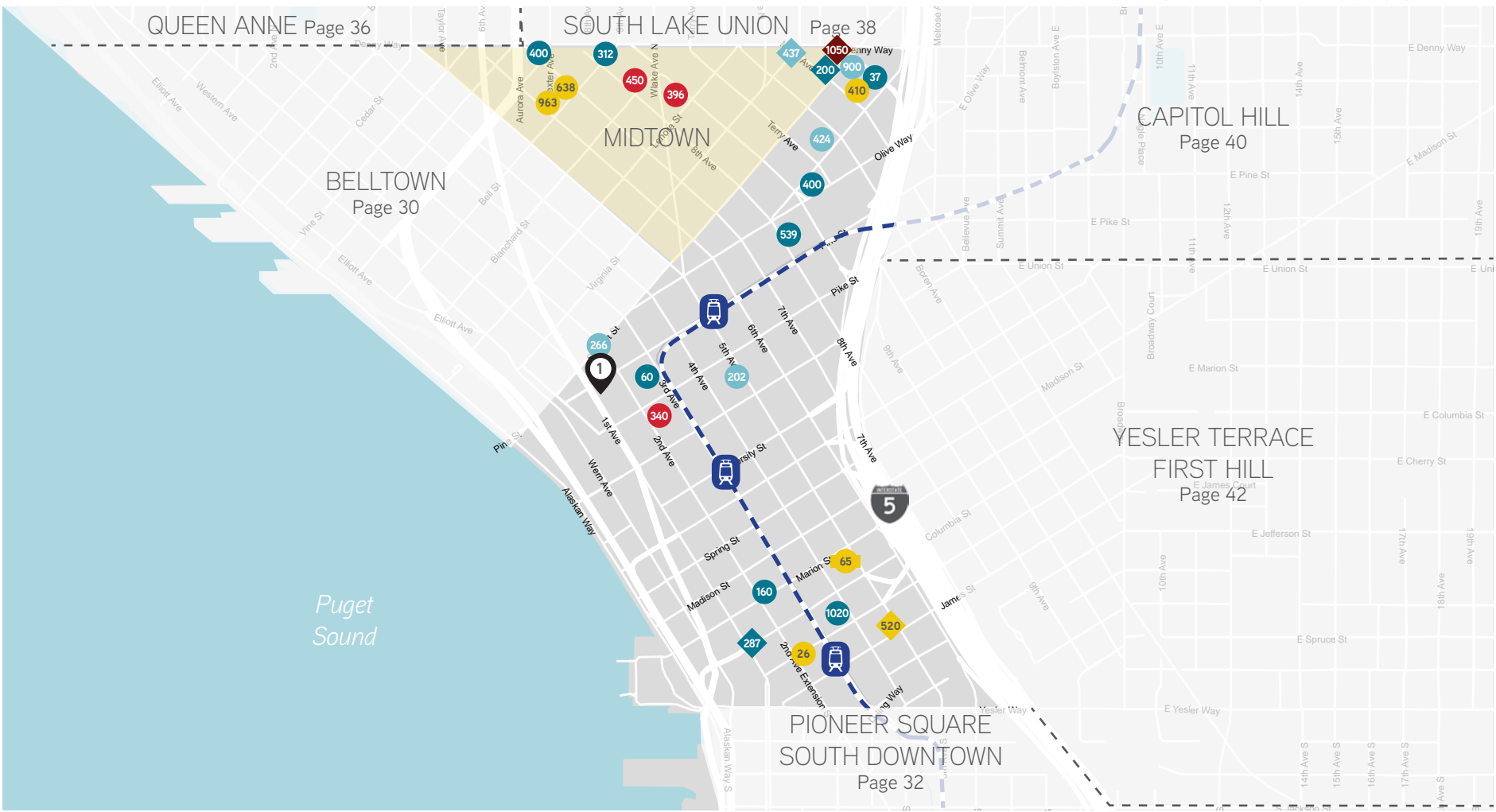


Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
1,186	1,050	2,229	2,622	3,415	10,502
EFFICIENCY UNITS				POTENTIAL CONDOS	
0				2,494	

Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



BELLTOWN

DEMOGRAPHICS



\$3.06
AVG RENT
PER SF



4.7%
AVERAGE
VACANCY



\$63,255
MEDIAN
HOUSEHOLD INCOME



21.9%
OWNER
OCCUPIED UNITS



65.5%
RENTER
OCCUPIED UNITS



37.1
MEDIAN
AGE

SALES HISTORY

2017	\$708,333	\$809	3.9%
2016	\$386,876	\$586	4.6%
2015	\$466,581	\$625	4.1%
2014	\$562,661	\$643	4.4%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE


INSIGHT: Similar to Downtown and Midtown, 2017 was a slow year of building sales in Belltown (three buildings were sold in 2016, and four sold the prior year). Pricing dynamics continue to escalate as Belltown experiences the sale of high-end, high-rise apartments commanding strong rental rates.

The development pipeline in Belltown is the largest it's ever been, growing approximately 25% year-over-year. Over 5,200 new apartment units are planned for Belltown, the lion's share of which will be high-rise construction.

Belltown continues to revitalize with the addition of more renters demanding services at a level of quality commensurate with their living accommodations. Expect restaurants and retail alike to re-enter Belltown in coming years.



2017 SALES

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
	 Tower 12 2015 2nd Avenue	2017	313	278,375	889	\$225,250,000	10/27/2017	\$708,333	\$809	3.9%	Weidner Apartment Homes Continental Properties
AVERAGES		2017	313	278,375	889	\$225,250,000		\$708,333	\$809	3.9%	

BELLTOWN

DEVELOPMENTS

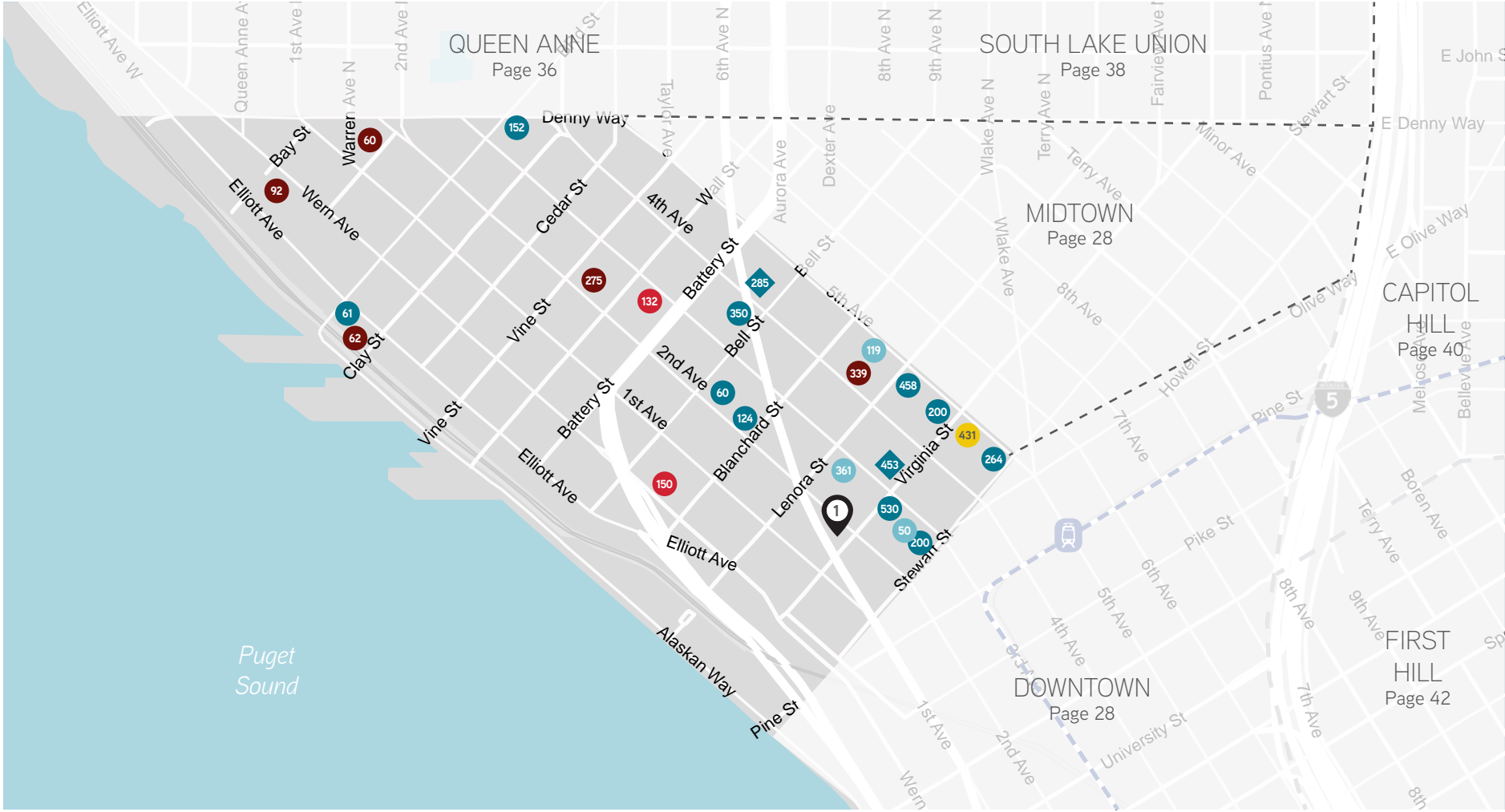


Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
282	828	530	431	3,137	5,208
EFFICIENCY UNITS			POTENTIAL CONDOS		
0			738		

Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



PIONEER SQUARE / SOUTH DOWNTOWN

DEMOGRAPHICS



\$3.06
AVG RENT
PER SF



4.7%
AVERAGE
VACANCY



\$18,007
MEDIAN
HOUSEHOLD INCOME



7.0%
OWNER
OCCUPIED UNITS



87.8%
RENTER
OCCUPIED UNITS



48.6
MEDIAN
AGE

SALES HISTORY

YEAR	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE
2017	\$197,368	\$460	4.1%
2016	NO SALES	NO SALES	NO SALES
2015	NO SALES	NO SALES	NO SALES
2014	\$118,421	\$293	4.7%

INSIGHT: Pioneer Square and South Downtown continue to see very few sales, yet strong interest from investors. The October 2017 sale of Ascona was at a nearly 84% increase in value from a sale just three years prior (and 60 basis points of capitalization rate compression).

Development sites and buildings available to purchase continue to evade investors – marked by the smallest development pipeline of any neighborhood in Urban King. Nearly every asset class is being planned in Pioneer Square, showing strong faith in its future. Additionally, connectivity to Downtown, First Hill, Yesler Terrace and Rainier Valley provides opportunity in nearly every direction.



2017 SALES

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
	 Ascona 200 5th Avenue S	1900	57	24,442	429	\$11,250,000	10/12/2017	\$197,368	\$460	4.1%	Ascona Seattle LLC Paradigm Ascona LLC
AVERAGES		1900	57	24,442	429	\$11,250,000		\$197,368	\$460	4.1%	

PIONEER SQUARE / SOUTH DOWNTOWN

DEVELOPMENTS



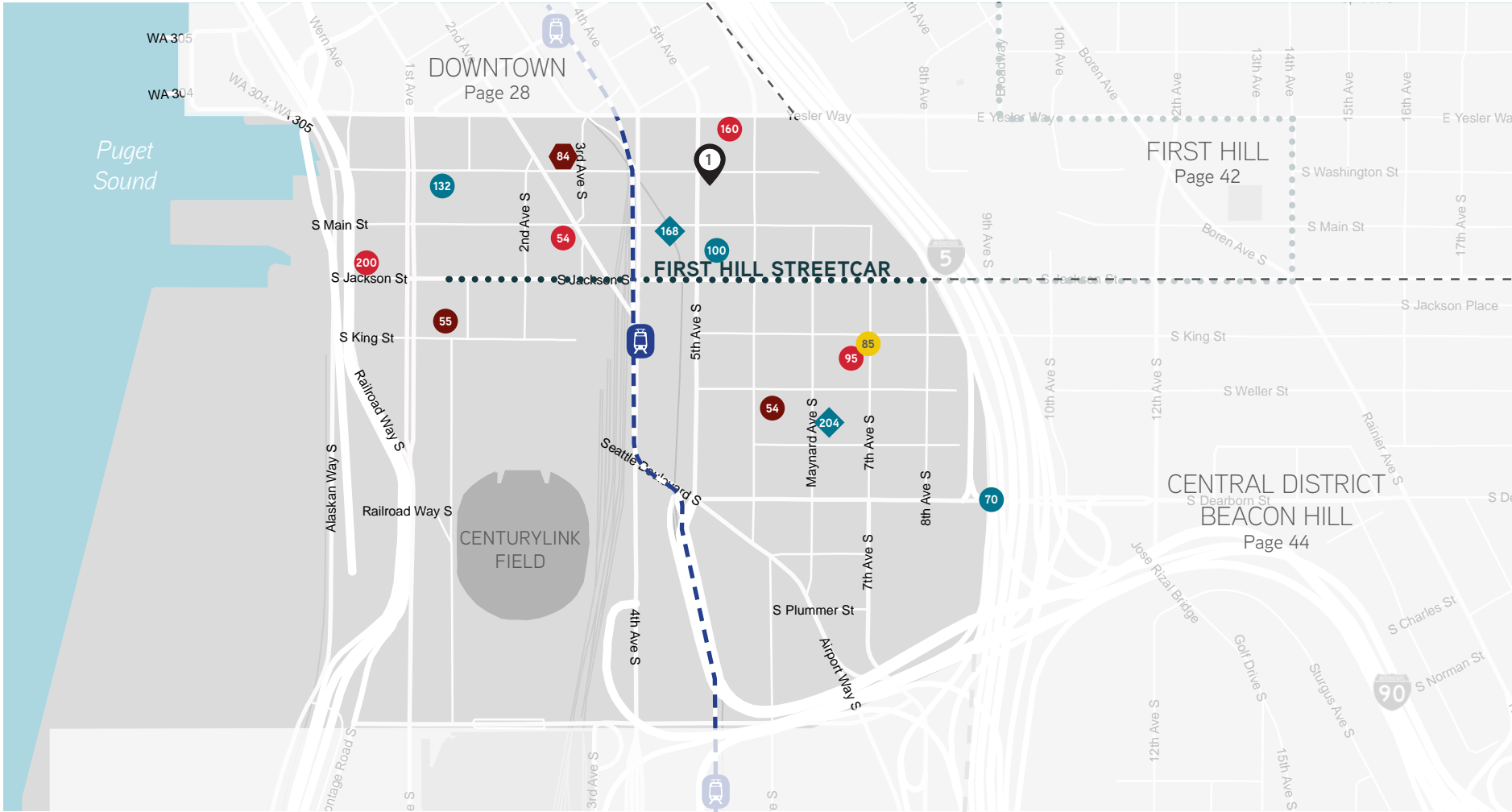
Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
509	193	0	85	674	1,461
EFFICIENCY UNITS			POTENTIAL CONDOS		
84			372		

Efficiency Units are defined on page 98.

Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



WEST SEATTLE

DEMOGRAPHICS



\$2.52
AVG RENT
PER SF



3.7%
AVERAGE
VACANCY



\$81,697
MEDIAN
HOUSEHOLD INCOME



54.3%
OWNER
OCCUPIED UNITS



40.5%
RENTER
OCCUPIED UNITS



42.1
MEDIAN
AGE

SALES HISTORY



2017	\$360,432	\$443	4.8%
2016	NO SALES	NO SALES	NO SALES
2015	\$341,992	\$466	4.7%
2014	\$218,958	\$294	5.1%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: West Seattle continues its trajectory from a nearly suburban residential community on the edge of Seattle to a well-defined urban neighborhood. From 2010 to 2017, developers doubled the inventory of apartment units in West Seattle to 5,200. The current development pipeline would further increase that inventory by 43%.

Given the rapid increase in inventory of apartment units in West Seattle, the rental market continues to perform impeccably, with average rental rates increasing from \$1.46/SF in 2010 to \$2.52/SF as of 2017. Vacancy rates remain low, yet over the course of the last year, vacancy increased 110 basis points from 3.2% in 2016 to 4.3% in 2017. Expect sales volume to increase in West Seattle and prices to reflect that of other established neighborhoods in Urban King.



2017 SALES

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
1	 Elan 41 4100 SW Edmunds Street	1987	78	62,642	803	\$25,000,000	7/27/2017	\$320,513	\$399	5.5%	Jackson Square Investors Capital
2	 Springline 3220 California Avenue SW	2016	136	117,610	865	\$57,250,000	5/11/2017	\$400,350	\$487	4.0%	Equity Residential Intracorp Companies
AVERAGES		2002	107	90,126	834	\$41,125,000		\$360,432	\$443	4.8%	

WEST SEATTLE

DEVELOPMENTS

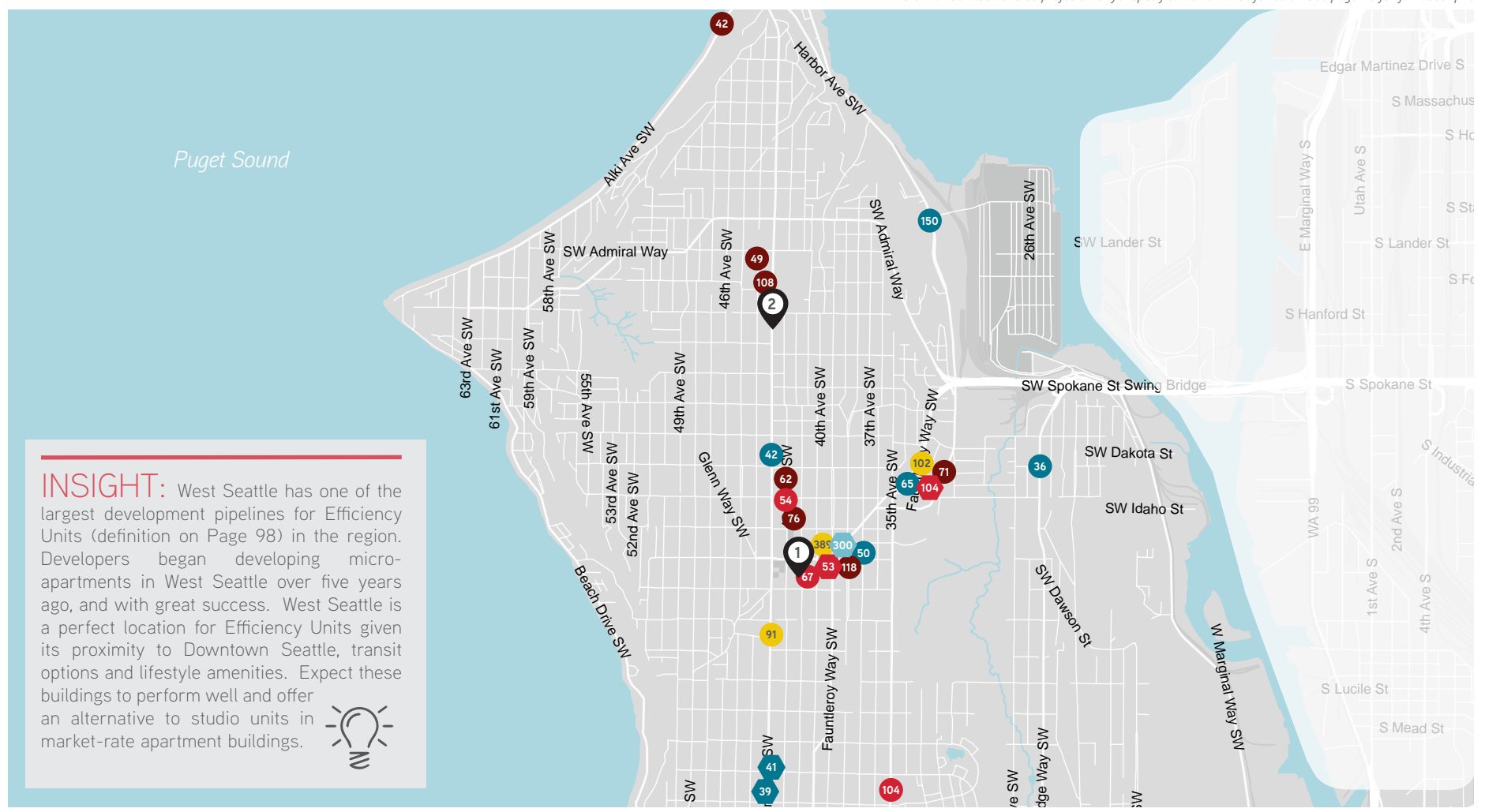


Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
382	526	300	582	423	2,213
EFFICIENCY UNITS			POTENTIAL CONDOS		
537			0		

Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



INSIGHT: West Seattle has one of the largest development pipelines for Efficiency Units (definition on Page 98) in the region. Developers began developing micro-apartments in West Seattle over five years ago, and with great success. West Seattle is a perfect location for Efficiency Units given its proximity to Downtown Seattle, transit options and lifestyle amenities. Expect these buildings to perform well and offer an alternative to studio units in market-rate apartment buildings.



QUEEN ANNE

DEMOGRAPHICS



\$2.86
AVG RENT
PER SF



3.6%
AVERAGE
VACANCY



\$78,305
MEDIAN
HOUSEHOLD INCOME



34.1%
OWNER
OCCUPIED UNITS



59.2%
RENTER
OCCUPIED UNITS



35.8
MEDIAN
AGE

SALES HISTORY

2017	\$464,992	\$691	4.3%
2016	\$294,523	\$396	4.1%
2015	\$376,991	\$591	4.1%
2014	\$354,942	\$452	4.5%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE



INSIGHT: The Queen Anne submarket continues to be one of the most desirable urban markets in Seattle. Year-over-year rental rates grew an average of 8.5%, while vacancy compressed 30 basis points, back below 4%.

Traditionally, Queen Anne was composed of Upper Queen Anne and Lower Queen Anne (aka Uptown), yet as the urbanization of Seattle continues, more micro-markets in Interbay and along Westlake begin to form, further segmenting this submarket.

Sales remain scarce – with only two reported sales along the Westlake corridor, which is generally not considered “Queen Anne” proper. Pricing metrics are on par with the best neighborhoods in Seattle. Expect the growing development pipeline, which increased 20% over last year, to produce more high-quality projects with high rental rates and sales prices to match.



2017 SALES

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
1	 One Lakefront 1287 Westlake Avenue N	2017	317	233,872	738	\$155,000,000	12/18/2017	\$488,959	\$663	4.3%	Blackstone Holland Partners
2	 Marina SLU 1209 Westlake Avenue N	2017	385	235,922	613	\$169,794,500	12/18/2017	\$441,025	\$720	4.3%	Blackstone Holland Partners
AVERAGES		2017	351	234,897	675	\$162,397,250		\$464,992	\$691	4.3%	

DEVELOPMENTS



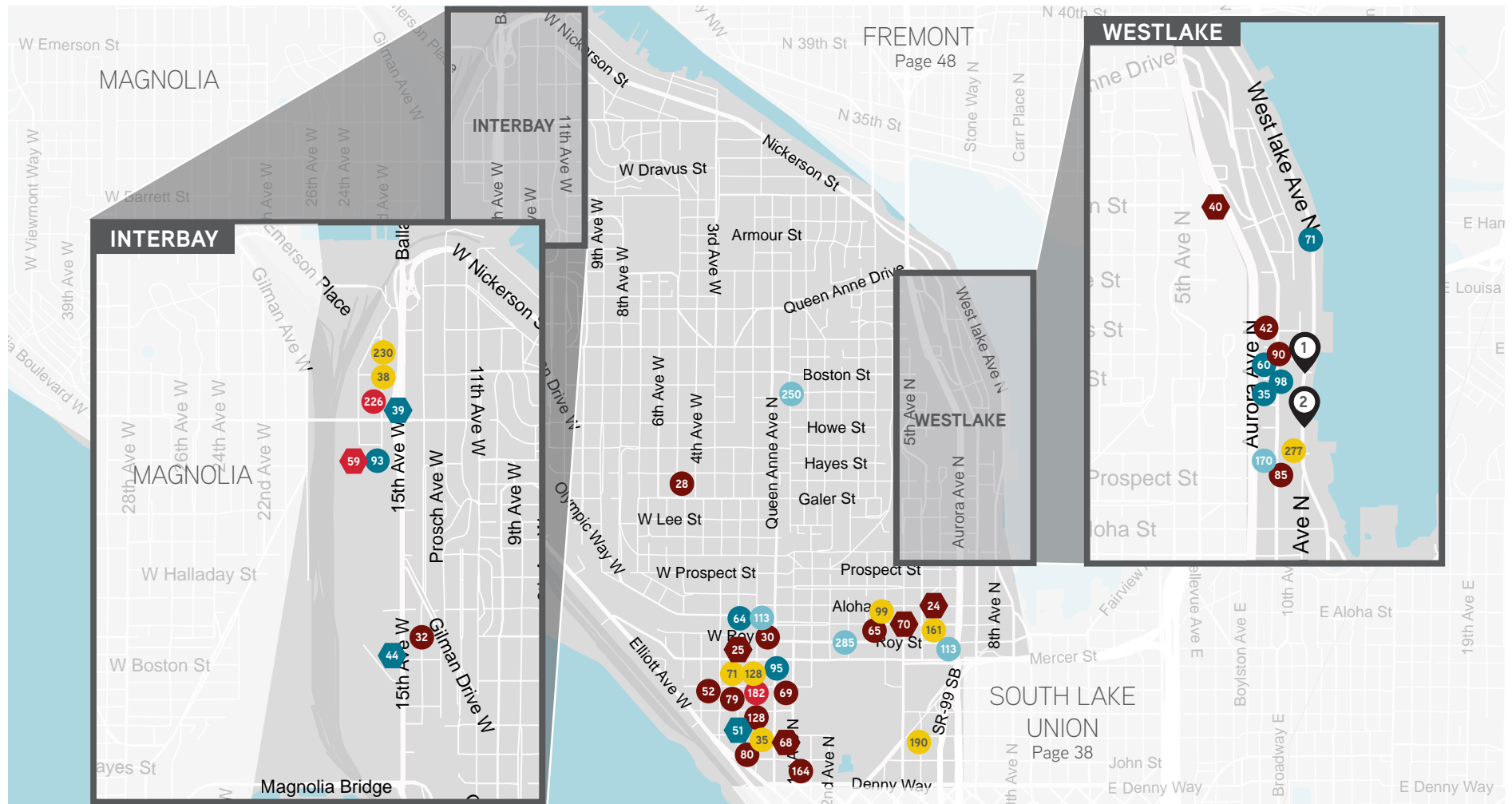
Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
467	1,171	931	1,229	650	4,448
EFFICIENCY UNITS			POTENTIAL CONDOS		
	420			0	

Efficiency Units are defined on page 98.

Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



SOUTH LAKE UNION

DEMOGRAPHICS



\$3.06
AVG RENT
PER SF



4.7%
AVERAGE
VACANCY



\$62,498
MEDIAN
HOUSEHOLD INCOME



17.5%
OWNER
OCCUPIED UNITS



72.5%
RENTER
OCCUPIED UNITS



34.4
MEDIAN
AGE

SALES HISTORY

2017	\$419,900	\$605	4.1%
2016	\$436,750	\$532	4.4%
2015	\$430,750	\$552	4.3%
2014	\$307,210	\$423	4.9%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE


INSIGHT: South Lake Union (SLU) is the “newest” urban neighborhood in Seattle and continues to receive outsized attention from the investment community – both developers and investors alike. And considering the rise of Amazon and its tech-brethren, such attention is well deserved.

As early as 2014, the development pipeline in SLU surpassed 10,000 units. Despite the delivery of over 2,300 units in the last 7 years (there were less than 2,000 units in the neighborhood before 2010), rental rates on average continue to crest \$3.00 per square foot, yet vacancy rates have followed an upward trend as of late (still sub-5%).

The sales market is very active in SLU, especially for large, institutional-grade assets. Pricing metrics remain strong, evidencing continually strong investor demand.



2017 SALES

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
1	 8th + Republican 430 8th Avenue N	2016	211	174,956	829	\$101,250,000	8/18/2017	\$452,009	\$579	4.3%	Essex Property Trust Wolff Company
2	 Radius 400 Boren Avenue N	2015	282	193,322	686	\$141,000,000	2/7/2017	\$500,000	\$792	4.4%	Kennedy Wilson Greystar
3	 Union Bay 526 Yale Avenue N	1994	73	53,898	738	\$24,000,000	1/12/2017	\$307,692	\$445	3.7%	Champion Real Estate MJRY Investments LLC
AVERAGES		2008	189	140,725	751	\$88,750,000		\$419,900	\$605	4.1%	

TOTAL DELIVERIES

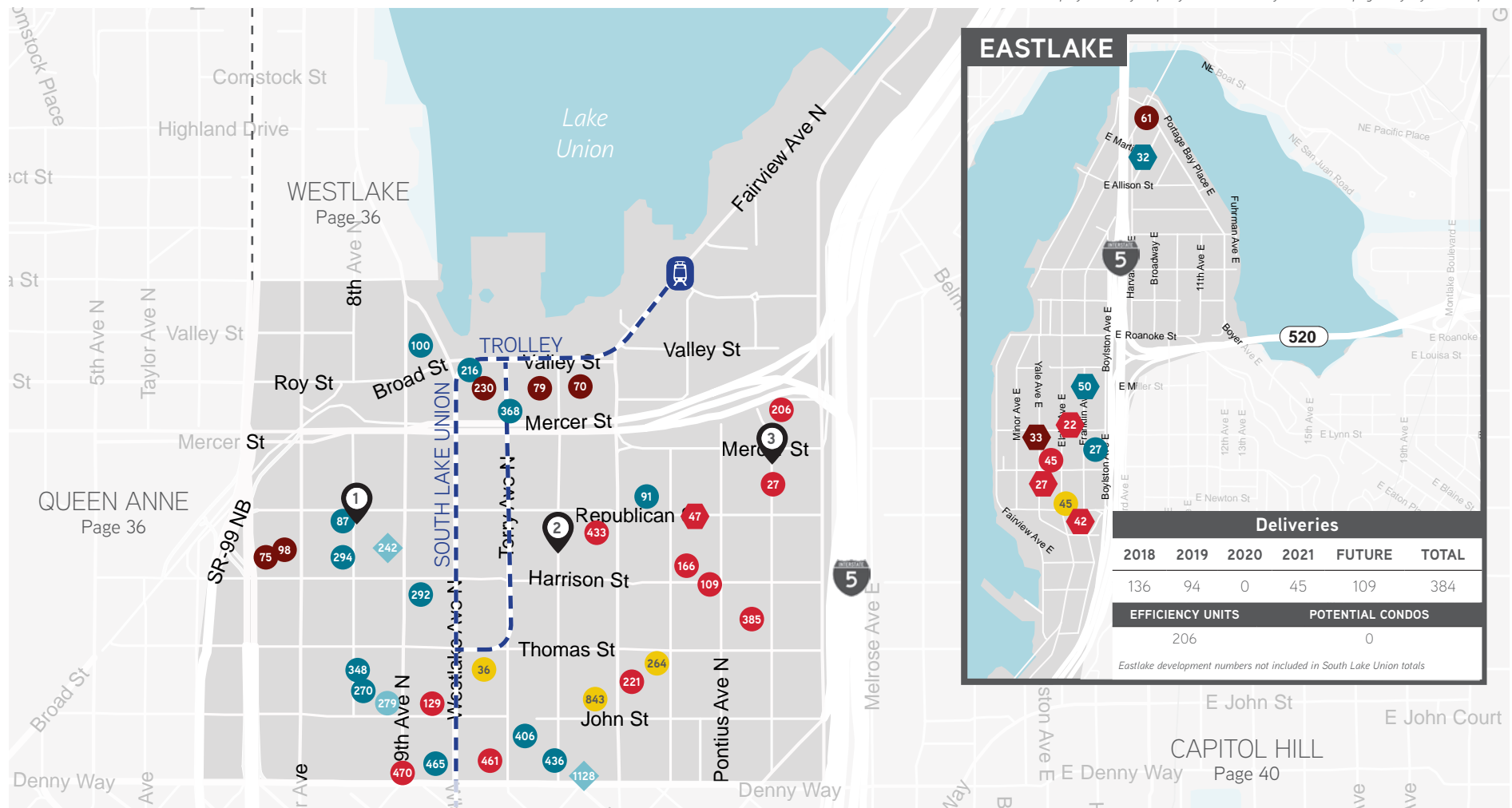


Numbers within circles on map below indicate number of units in each development.

2018	2019	2020	2021	FUTURE	TOTAL
2,654	552	1,649	1,143	3,373	9,371
EFFICIENCY UNITS			POTENTIAL CONDOS		
	47			1,370	

Efficiency Units are defined on page 98.

Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



CAPITOL HILL

DEMOGRAPHICS



\$3.02
AVG RENT
PER SF



4.1%
AVERAGE
VACANCY



\$70,790
MEDIAN
HOUSEHOLD INCOME



31.3%
OWNER
OCCUPIED UNITS



63.2%
RENTER
OCCUPIED UNITS



34.9
MEDIAN
AGE

SALES HISTORY

2017	\$396,552	\$458	3.6%
2016	\$358,166	\$535	4.3%
2015	\$404,711	\$615	4.2%
2014	\$313,554	\$454	4.0%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: Consistently, the Capitol Hill neighborhood ranks as one of the most interesting and boutique neighborhoods in Seattle. Less known for large, institutional apartment buildings, Capitol Hill thrives on its heritage as an edgy and hip neighborhood.

Retail and nightlife reigns supreme on Capitol Hill, and an influx of small, boutique development projects is a continual trend. Year-over-year, the development pipeline remains robust. In 2017, we predicted more Efficiency Units coming to Capitol Hill, and that prediction proved correct with 900 planned Efficiency Units in the development pipeline.

In 2017, there were fewer apartment sales than any year of the last four years. As a frame of reference, the price-per-square-foot of the renovated 1944 building that sold is close to the pricing paid for new buildings just four years ago!



2017 SALES

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
	 Carroll & Kensington 305 Bellevue Avenue E	1944	58	50,250	866	\$23,000,000	3/30/2017	\$396,552	\$458	3.6%	Mayfield Companies Gordon Granston
AVERAGES		1944	58	50,250	866	\$23,000,000		\$396,552	\$458	3.6%	

DEVELOPMENTS



Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



FIRST HILL / YESLER TERRACE

DEMOGRAPHICS



\$2.95
AVG RENT
PER SF



5.0%
AVERAGE
VACANCY



\$38,036
MEDIAN
HOUSEHOLD INCOME



15.3%
OWNER
OCCUPIED UNITS



73.6%
RENTER
OCCUPIED UNITS



33.0
MEDIAN
AGE

SALES HISTORY

2017	NO SALES	NO SALES	NO SALES
2016	\$282,539	\$475	5.2%
2015	\$311,093	\$492	4.4%
2014	\$309,594	\$408	3.7%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: Just a few years ago, it would not have made sense to include Yesler Terrace in a discussion about market-rate apartments, yet this submarket has gained attention in recent years. Between First Hill's high-rise zoning and the redevelopment of Yesler Terrace, these neighborhoods are becoming important and exciting markets. Nothing highlights this point more than a development pipeline of nearly 7,500 units!

Rental rates gain support from the proximity to Downtown and "Pill Hill" job centers, adjacency to Seattle University, and proximity to the retail and nightlife mecca that is Capitol Hill. A massive (and relatively young) renter population contributes to apartment demand, as well as demand for small, efficient apartment units.

Sales volume is relatively sparse. Expect momentum with investment sales as new apartment projects deliver and the investment community gains the appropriate level of confidence in these markets – which is both deserved and certain.



2017 SALES

PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
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NO SALES

DEVELOPMENTS



2018	2019	2020	2021	FUTURE	TOTAL
1,206	1,170	1,659	2,110	1,298	7,443
EFFICIENCY UNITS			POTENTIAL CONDOS		
516			0		

Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



CENTRAL DISTRICT / BEACON HILL / RAINIER VALLEY

DEMOGRAPHICS



\$2.59
AVG RENT
PER SF



4.1%
AVERAGE
VACANCY



\$59,947
MEDIAN
HOUSEHOLD INCOME



46.8%
OWNER
OCCUPIED UNITS



47.5%
RENTER
OCCUPIED UNITS



37.7
MEDIAN
AGE

SALES HISTORY

2017	NO SALES	NO SALES	NO SALES
2016	\$263,706	\$337	4.7%
2015	NO SALES	NO SALES	NO SALES
2014	\$237,496	\$291	5.4%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: The submarkets of Seattle's Central District, Beacon Hill and Rainier Valley form the largest collection of neighborhoods in Urban King. Each neighborhood has its own dynamics, yet they represent emerging opportunities for development and investment.

Collectively, these neighborhoods have experienced strong rental rate growth and sustained low vacancy rates. The keys to investing in these markets are price point and timing. Rental rates and investment sales trade at a discount to more established neighborhoods in Urban King, yet this also presents the greatest arbitrage opportunity.

Beyond the tremendous momentum in the development pipeline – now close to 7,500 units – these neighborhoods are experiencing an influx of Efficiency Units along transit corridors. Expect priced-out renters from more core neighborhoods to begin to bid up pricing in these emerging neighborhoods.



2017 SALES

PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
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NO SALES

CENTRAL DISTRICT / BEACON HILL / RAINIER VALLEY

DEVELOPMENTS

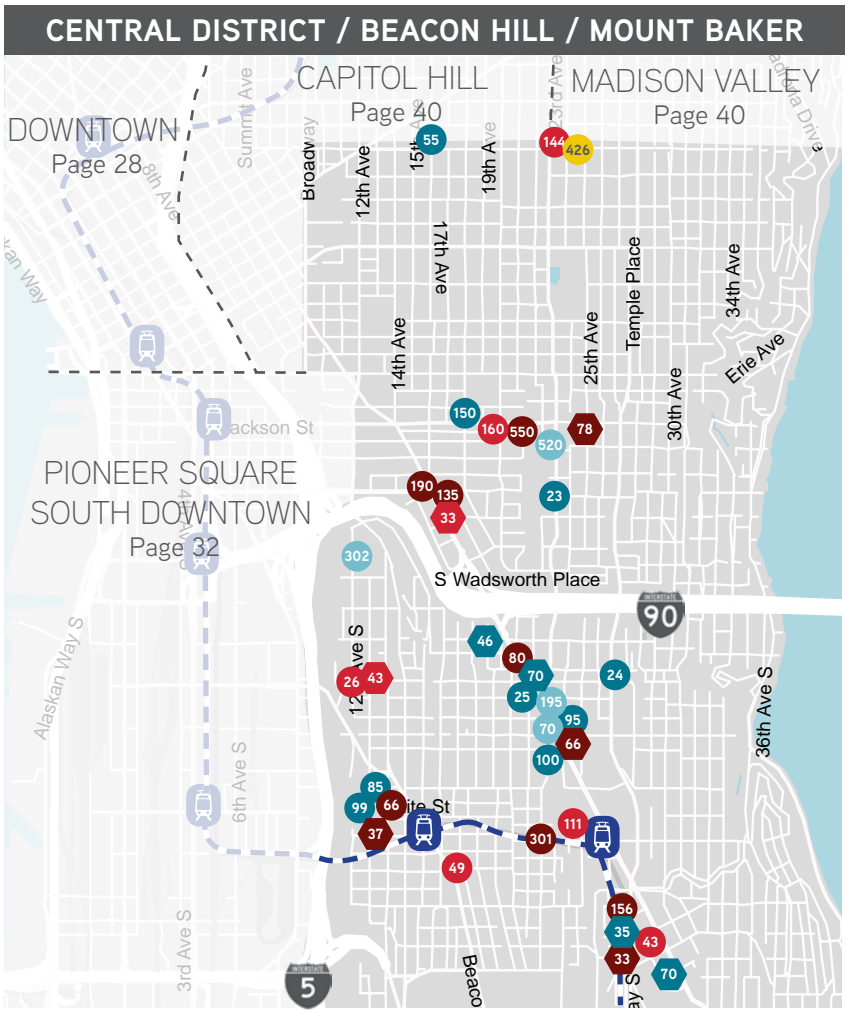


Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
1,520	2,170	1,938	456	1,393	7,477
EFFICIENCY UNITS			POTENTIAL CONDOS		
888			0		

Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



UNIVERSITY DISTRICT

DEMOGRAPHICS



\$2.46
AVG RENT
PER SF



6.0%
AVERAGE
VACANCY



\$57,170
MEDIAN
HOUSEHOLD INCOME



37.2%
OWNER
OCCUPIED UNITS



57.5%
RENTER
OCCUPIED UNITS



24.8
MEDIAN
AGE

SALES HISTORY

2017	\$287,744	\$512	4.5%
2016	\$192,667	\$589	4.7%
2015	\$173,585	\$444	5.2%
2014	\$235,569	\$477	4.6%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: In 2015, we predicted that the University District would experience greater transaction volume, and 2017 certainly proved our case. More sales closed in 2017 than during the previous four years combined. We also predicted escalating pricing metrics – which are demonstrated in spades across nearly every sale in 2017.

Rental rates continue to climb in the University District, yet so have vacancy rates as developers deliver 500 – 1,000 units each year. Given a development pipeline of nearly 6,000 units and a now completed up-zone, expect continued sales and development activity in the University District focused on market-rate apartments and Efficiency Units.



2017 SALES

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
1	 Prexy 4737 Roosevelt Way NE	2016	66	32,013	461	\$21,500,000	10/16/2017	\$316,176	\$618	3.7%	Ordos Udon LLC Daly Partners
2	 Bridges @ 11th 4557 11th Avenue NE	2015	184	155,734	846	\$64,400,000	10/11/2017	\$348,108	\$414	5.3%	American Campus Communities Security Properties
3	 Helix 4751 12th Avenue NE	2007	78	57,120	732	\$27,701,877	8/10/2017	\$355,152	\$485	4.0%	PrivatePortfolio Group Blackrock
4	 Ellipse 4744 12th Avenue NE	2006	73	50,849	697	\$26,259,554	8/10/2017	\$359,720	\$516	4.0%	PrivatePortfolio Group Blackrock
5	 Twelve at U District 4535 12th Avenue NE	2013	283	213,916	756	\$112,500,000	6/9/2017	\$381,356	\$526	5.1%	American Campus Communities AvalonBay Communities
6	 Mod 6559 35th Avenue NE	2016	98	48,556	495	\$25,750,000	5/15/2017	\$262,755	\$530	4.5%	Pacific Allied Asset Management Goodman Real Estate
7	 4538 18th Avenue NE 4538 18th Avenue NE	1976	110	33,448	304	\$11,240,500	5/4/2017	\$102,186	\$336	4.7%	Telecom RE Services Trinity Partnership
8	 Den on Brooklyn 5043 Brooklyn Avenue NE	2013	50	13,096	262	\$8,825,000	2/28/2017	\$176,500	\$674	4.4%	Pang Family LLC Kazuo Yamada
AVERAGES		2008	118	75,592	569	\$37,272,116		\$287,744	\$512	4.5%	

UNIVERSITY DISTRICT

DEVELOPMENTS

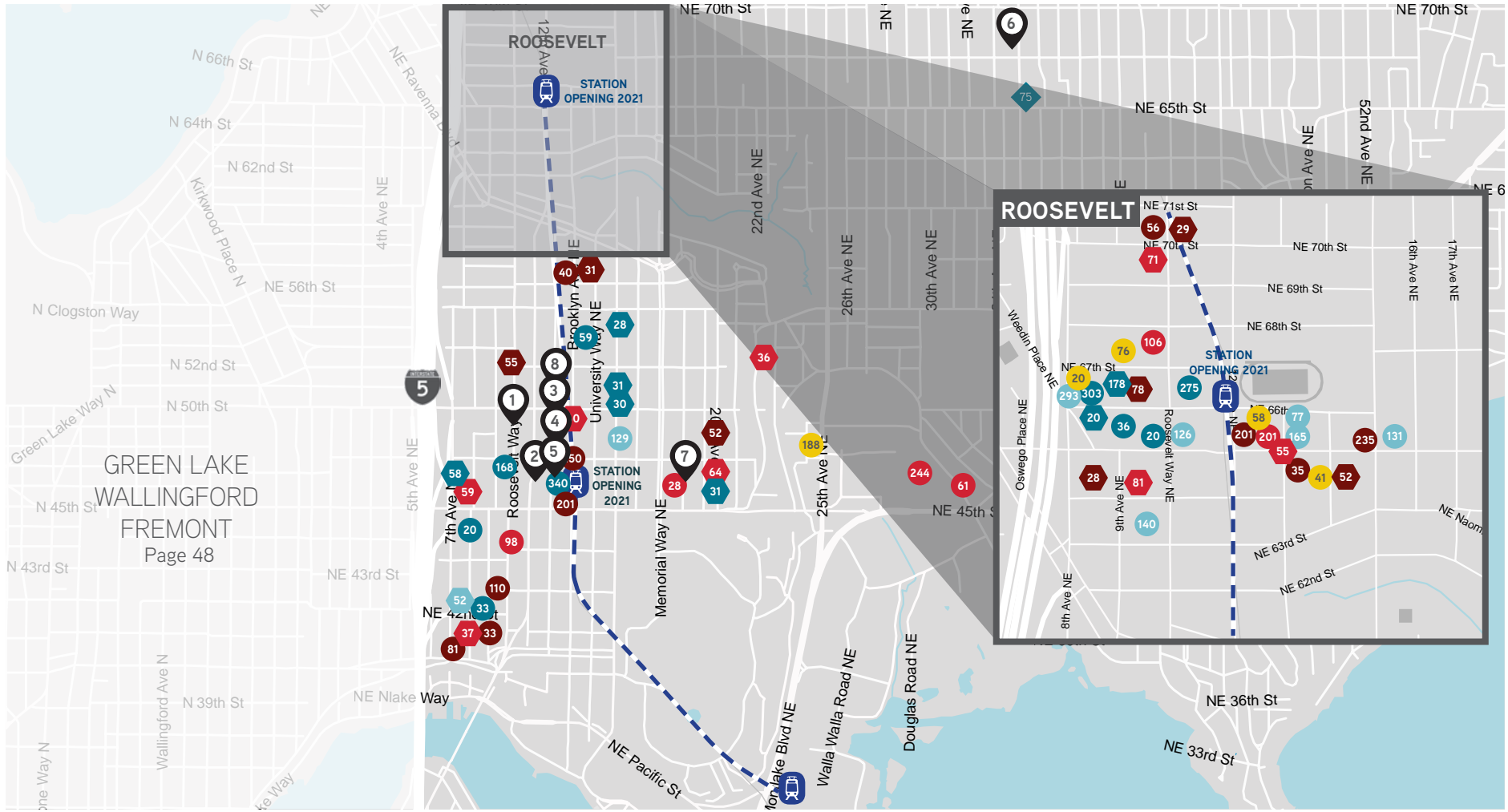


Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
1,201	1,467	1,113	383	1,705	5,869
EFFICIENCY UNITS			POTENTIAL CONDOS		
1,216			75		

Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



GREEN LAKE / WALLINGFORD / FREMONT

DEMOGRAPHICS



\$2.84
AVG RENT
PER SF



3.9%
AVERAGE
VACANCY



\$86,288
MEDIAN
HOUSEHOLD INCOME



45.9%
OWNER
OCCUPIED UNITS



50.3%
RENTER
OCCUPIED UNITS



36.3
MEDIAN
AGE

SALES HISTORY

2017	NO SALES	NO SALES	NO SALES
2016	NO SALES	NO SALES	NO SALES
2015	\$383,363	\$593	4.7%
2014	\$280,864	\$554	4.1%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: The three closely-knit neighborhoods of Greenlake, Wallingford and Fremont are highly coveted by both renters and developers. Neighborhood amenities and character abound – and investment and development opportunities are scarce.

Throughout the current development cycle, the combined development five-year pipeline barely crests 2,000 units. In 2016, a spate of new units were added to the market (just under 1,300), and the following year the vacancy rate barely moved 10 basis points, while rents continued to escalate. These are extremely strong and resilient markets.

Expect these markets to remain highly desirable with a small development pipeline compared to other prized neighborhoods in Urban King. Opportunities in these markets are almost always a good bet.



2017 SALES

PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
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NO SALES

GREEN LAKE / WALLINGFORD / FREMONT

DEVELOPMENTS

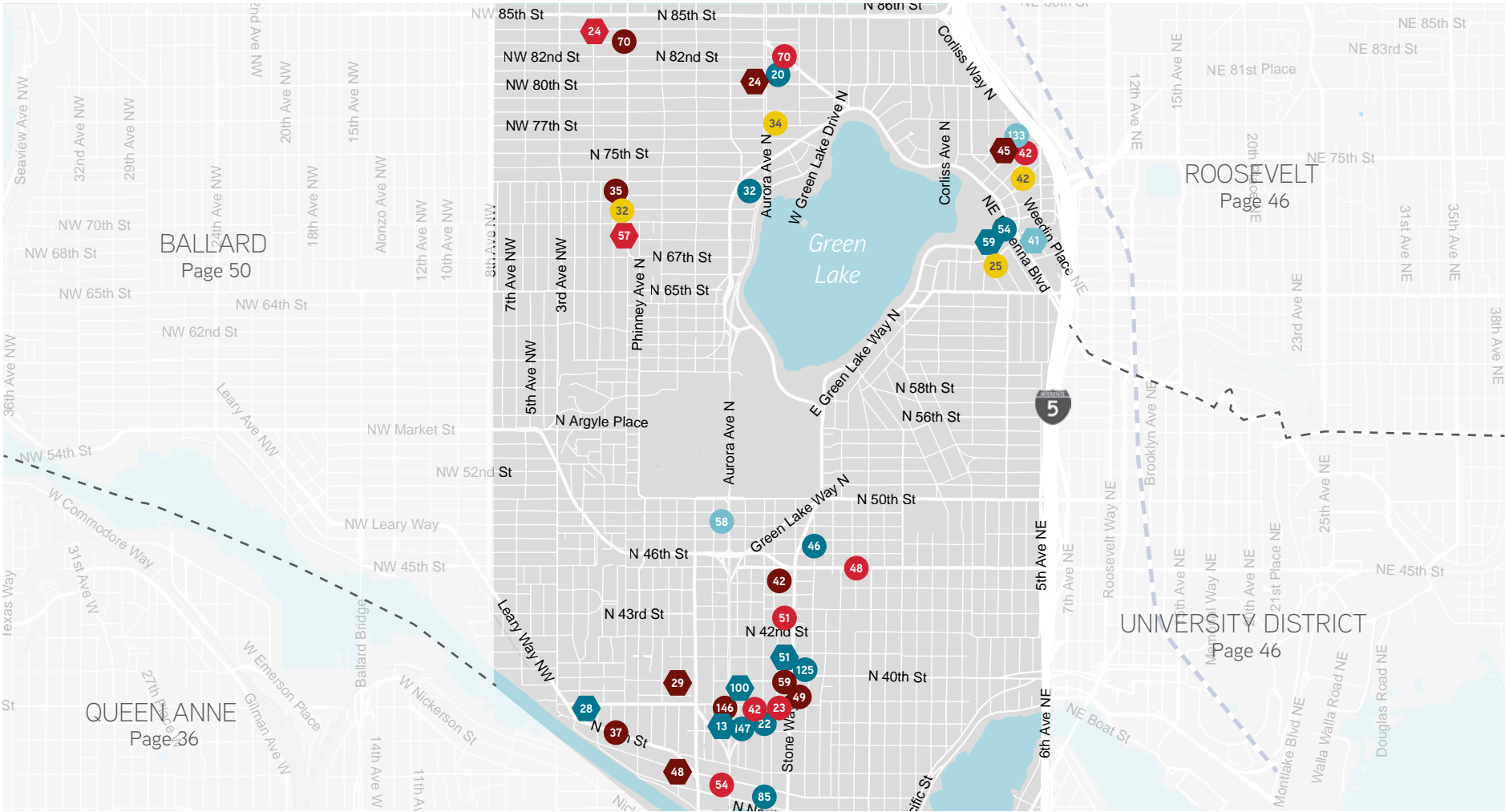


Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
411	584	232	133	782	2,142
EFFICIENCY UNITS			POTENTIAL CONDOS		
519			0		

Efficiency Units are defined on page 98. Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



BALLARD

DEMOGRAPHICS



\$2.76
AVG RENT
PER SF



3.0%
AVERAGE
VACANCY



\$80,475
MEDIAN
HOUSEHOLD INCOME



47.0%
OWNER
OCCUPIED UNITS



48.2%
RENTER
OCCUPIED UNITS



39.0
MEDIAN
AGE

SALES HISTORY


YEAR	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE
2017	\$265,385	\$517	4.8%
2016	\$420,406	\$561	4.6%
2015	NO SALES	NO SALES	NO SALES
2014	\$343,373	\$443	4.5%

INSIGHT: In 2008, Ballard had a stock of 1,020 rental units. In the past decade, that rental stock grew to approximately 4,000 units – nearly 4 times over. During that same time, rental rates increased from an average of \$885/month to a current average of \$1,820/month. Outside of South Lake Union, Ballard is likely Urban King's most exciting neighborhood to watch grow.

Investment sales are limited as owners in Ballard are split between small, private ownership groups and large institutional owners. Ballard worked through the majority of its development pipeline, with barely 1,000 units currently under development or planned, while rents continue to escalate, and vacancy is very muted at 3.0%. Accordingly, Ballard shockingly offers more investment opportunities.



2017 SALES

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
	 Vive 1516 NW 51st Street	2016	91	46,680	513	\$24,150,000	2/22/2017	\$265,385	\$517	4.8%	Weidner Apartment Homes Goodman Real Estate
AVERAGES		2016	91	46,680	513	\$24,150,000		\$265,385	\$517	4.8%	

DEVELOPMENTS



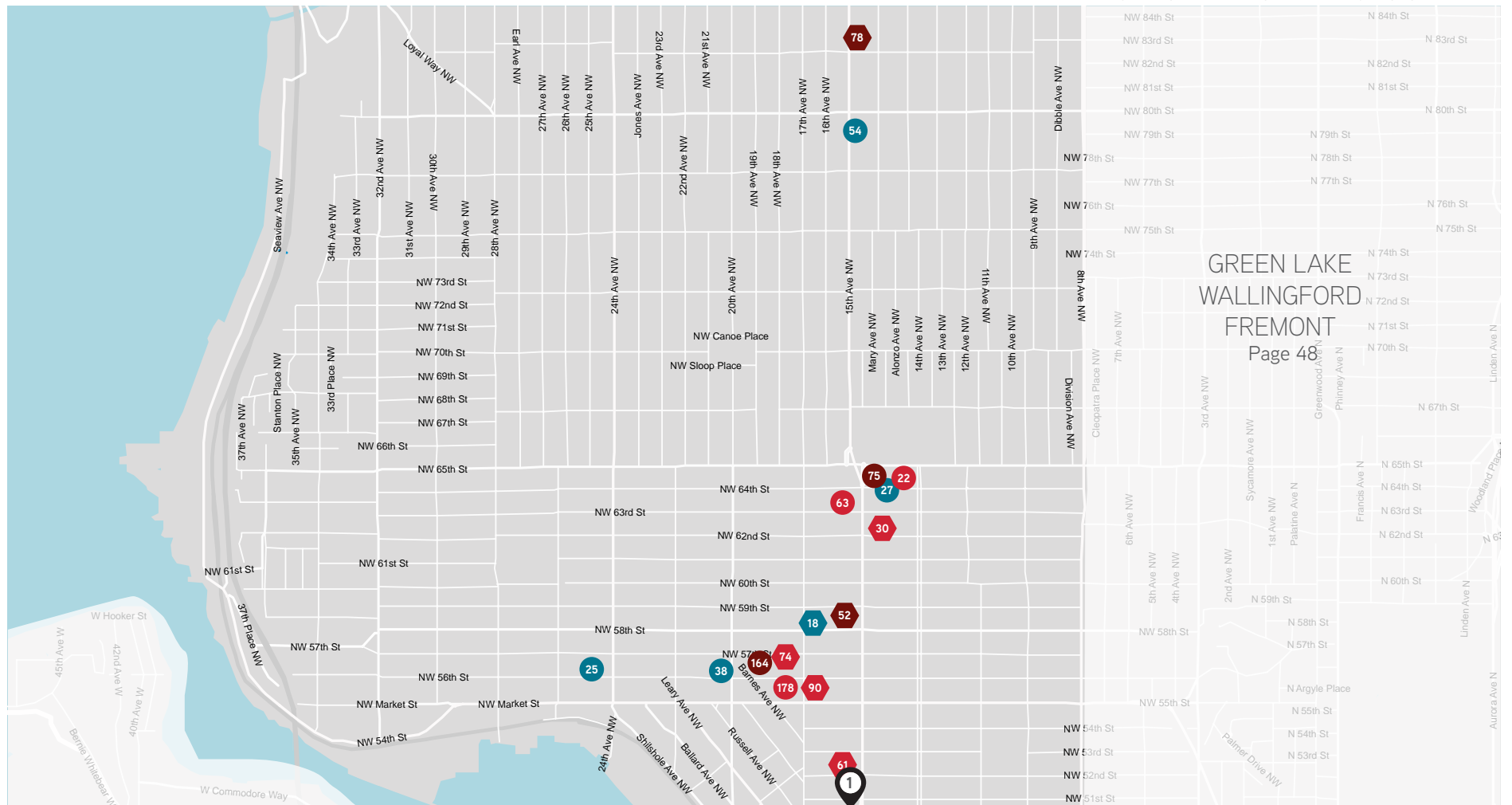
Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
518	369	0	0	162	1,049
EFFICIENCY UNITS			POTENTIAL CONDOS		
	403			0	

Efficiency Units are defined on page 98.

Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



WEST BELLEVUE

DEMOGRAPHICS



\$2.53
AVG RENT
PER SF



4.2%
AVERAGE
VACANCY



\$101,471
MEDIAN
HOUSEHOLD INCOME



33.4%
OWNER
OCCUPIED UNITS



45.4%
RENTER
OCCUPIED UNITS



39.7
MEDIAN
AGE

SALES HISTORY

2017	\$399,847	\$548	4.0%
2016	\$524,333	\$540	4.0%
2015	\$373,013	\$441	4.5%
2014	\$267,045	\$355	5.3%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE


INSIGHT: West Bellevue is truly a rising-star rental market. A confluence of factors – including a business-friendly City Council / regulatory regime, growing corporate presence and the imminence of light rail – support the desirability of both developing in and living on the east side of Lake Washington.

Although the development pipeline continues to grow, a healthy proportion of development is either definitely or potentially for-rent condominiums – which is unique to West Bellevue and simply not found in Seattle.

Rental rates continue to rise, while vacancy ticked-up only slightly to 4.3% year-over-year. Given strong office leasing in West Bellevue and a very affluent renter set (median household is one of the highest in the region), investing in West Bellevue is an excellent approach.



2017 SALES

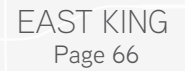
	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
1	 Shorewood Heights 3209 Shorewood Drive	1948	645	545,242	845	\$210,000,000	10/31/2017	\$325,581	\$385	4.3%	Greystar Pinnacle Realty
2	 Hadley 2615 76th Avenue SE	2016	209	162,335	777	\$95,750,000	10/20/2017	\$437,215	\$590	4.0%	SyWest Development Legacy Partners
3	 Venn at Main 10333 NE 1st Street	2016	350	293,012	837	\$176,500,000	9/28/2017	\$468,170	\$602	3.6%	Equity Residential Wolff Company
4	 Soma 10701 Main Street	2011	74	45,545	615	\$28,000,000	6/9/2017	\$368,421	\$615	4.2%	Security Properties Su Development
AVERAGES		1998	320	261,534	769	\$127,562,500		\$399,847	\$548	4.0%	

DEVELOPMENTS



2018	2019	2020	2021	FUTURE	TOTAL
845	861	718	240	2,773	5,437
EFFICIENCY UNITS			POTENTIAL CONDOS		
0			1,161		

Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



KIRKLAND

DEMOGRAPHICS



\$2.19
AVG RENT
PER SF



4.8%
AVERAGE
VACANCY



\$101,418
MEDIAN
HOUSEHOLD INCOME



56.2%
OWNER
OCCUPIED UNITS



38.0%
RENTER
OCCUPIED UNITS



39.8
MEDIAN
AGE

SALES HISTORY

2017	NO SALES	NO SALES	NO SALES
2016	\$341,151	\$395	4.5%
2015	\$266,368	\$310	4.5%
2014	NO SALES	NO SALES	NO SALES
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: Kirkland's desirability as a rental market is no surprise as it has a near-perfect mix of access to Eastside job centers, great retail and wonderful lifestyle amenities (we think of it as the Sausalito of Seattle). As rental rates continue to escalate, the market tests the upper-end of economic vacancy, yet Kirkland is a very resilient and elastic market.

The last big year for sales in Kirkland was 2015, with five sales – only three sales occurred in 2017. Don't expect much increase in sales volume in Kirkland due to limited stock of apartment buildings and high entrance barriers. However, you can bet that pricing dynamics will continue to outperform.



2017 SALES

PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
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NO SALES

KIRKLAND

DEVELOPMENTS

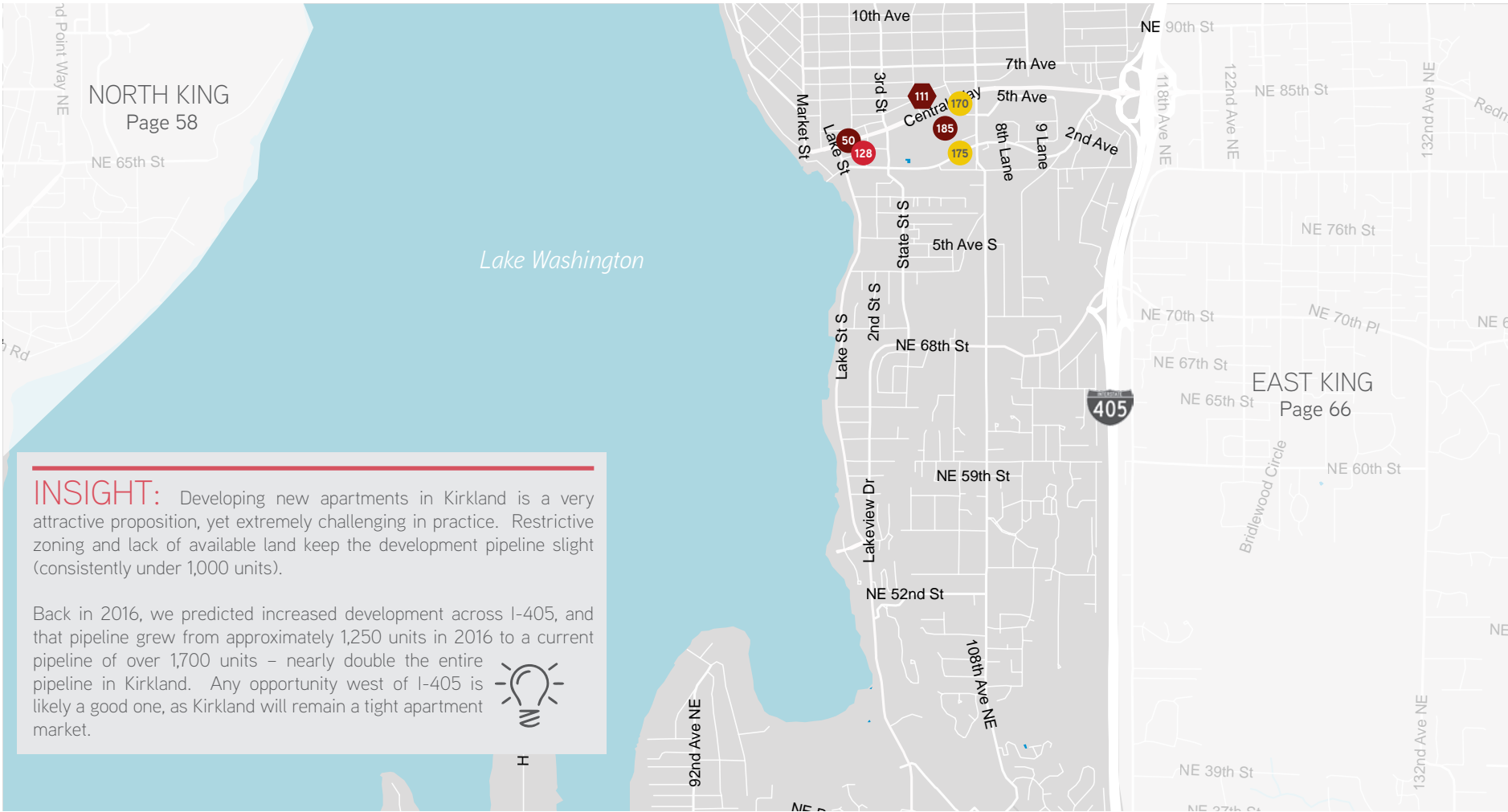


Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
128	346	0	345	0	819
EFFICIENCY UNITS			POTENTIAL CONDOS		
111			0		

Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.





NORTH KING

BOTHELL
NORTH SEATTLE
SHORELINE

NORTH KING



5,342
2018-2021
PIPELINE



4.1%
AVERAGE
VACANCY



\$1,497
AVERAGE
RENT

NORTH KING

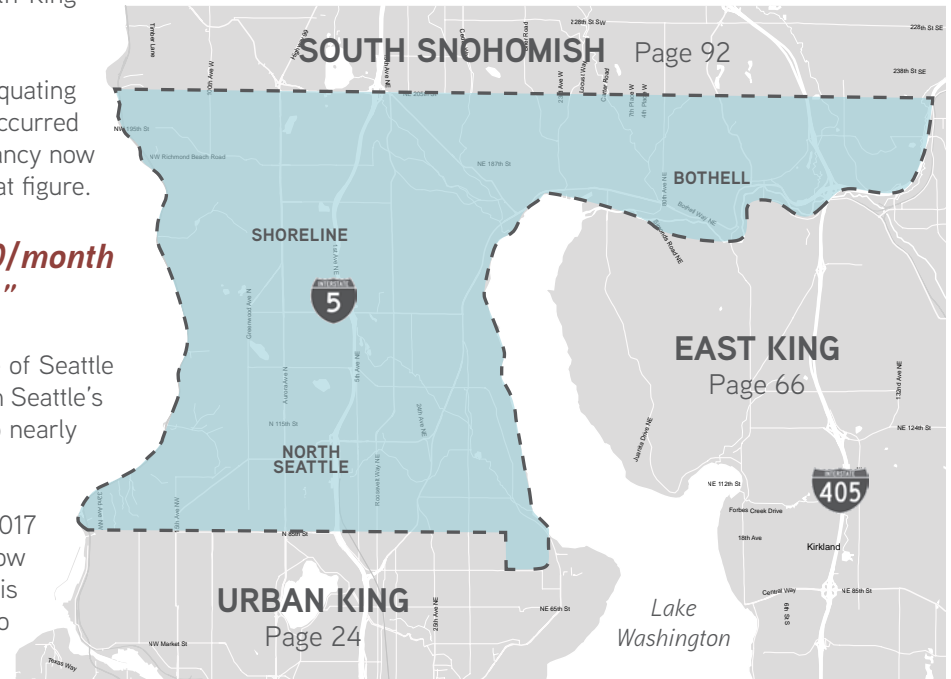
The apartment rental market in North King comprises principally of suburban submarkets, yet these markets are growing rapidly and urbanizing. Flight from Seattle rental rates and the newfound challenges of a densely-packed urban core are both benefitting North King apartment dynamics.

In each of the past four years, rental rates appreciated +\$100/month successively – equating to 7.3% to 8.3% growth year-over-year. In recent years, such rental rate growth occurred at the expense of vacancy, which rose nearly 50% from 2015 to 2017. Although vacancy now rests at a comfortable 4.1%, a rapidly-growing development pipeline may challenge that figure.

“In each of the past four years, rental rates appreciated +\$100/month successively – equating to 7.3% to 8.3% growth year-over-year.”

Why such massive development? For starters, availability of land outside of the core of Seattle at reasonable prices and with good proximity to job centers lead developers north from Seattle’s urban neighborhoods. The development pipeline grew from 1,399 units as of 2015 to nearly 7,000 units planned by end-of-year 2017.

As rents rose and new buildings arrived, so came investor demand. We noted in 2017 that average sales pricing compounded year-over-year, with correspondingly low capitalization rates. Pricing discount to core-located buildings compressed over this past year as investors executed on a core-plus investment thesis. Expect this trend to continue, but keep a keen eye on supply-demand balance in North King submarkets.



HISTORICAL PERFORMANCE

	2011	2012	2013	2014	2015	2016	2017
Number of Sales	4	6	6	6	5	7	5
Sales Volume	\$51.2M	\$142.1M	\$107.5M	\$129.6M	\$230.9M	\$284.7M	\$242.7M
Average PPU	\$124,449	\$161,080	\$185,077	\$180,081	\$203,478	\$205,009	\$269,192
Average PPSF	\$138	\$170	\$200	\$236	\$244	\$276	\$343
Average Cap Rate	4.9%	5.4%	5.3%	5.2%	4.8%	5.1%	4.4%
Number of Deliveries	21	239	763	615	520	0	1,049

Sales: Buildings 50+ units

MARKET FUNDAMENTALS

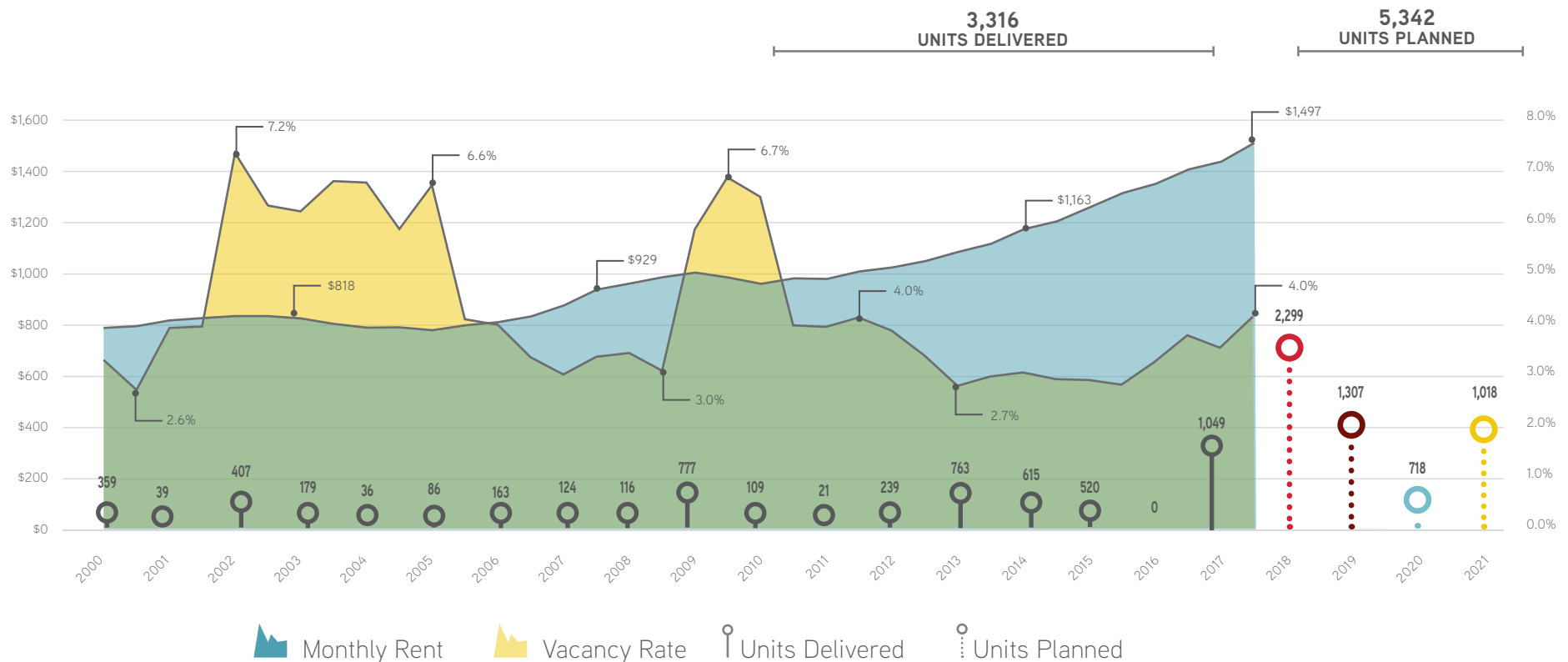
NORTH KING



INSIGHT: For a market where rents remained flat from 2000 to 2006, rental rate appreciation over the course of the last six years is nothing short of phenomenal. For four of those six years of rapid rental rate appreciation, vacancy levels remained surprisingly muted – and low. Yet, the steady uptick in vacancies from 2015 to 2017 is worthy of attention, especially when juxtaposed against the apartment development pipeline.

Planned deliveries in 2018 more than double the +1,000 units that opened in 2017, but keep in mind that most projects are taking longer to deliver. Geographically, North King is a large market with clusters of development beginning to form around urban nodes. Forecasting the impact of new deliveries will require a granular look at each node, as well as the dynamics of each given micro-market.

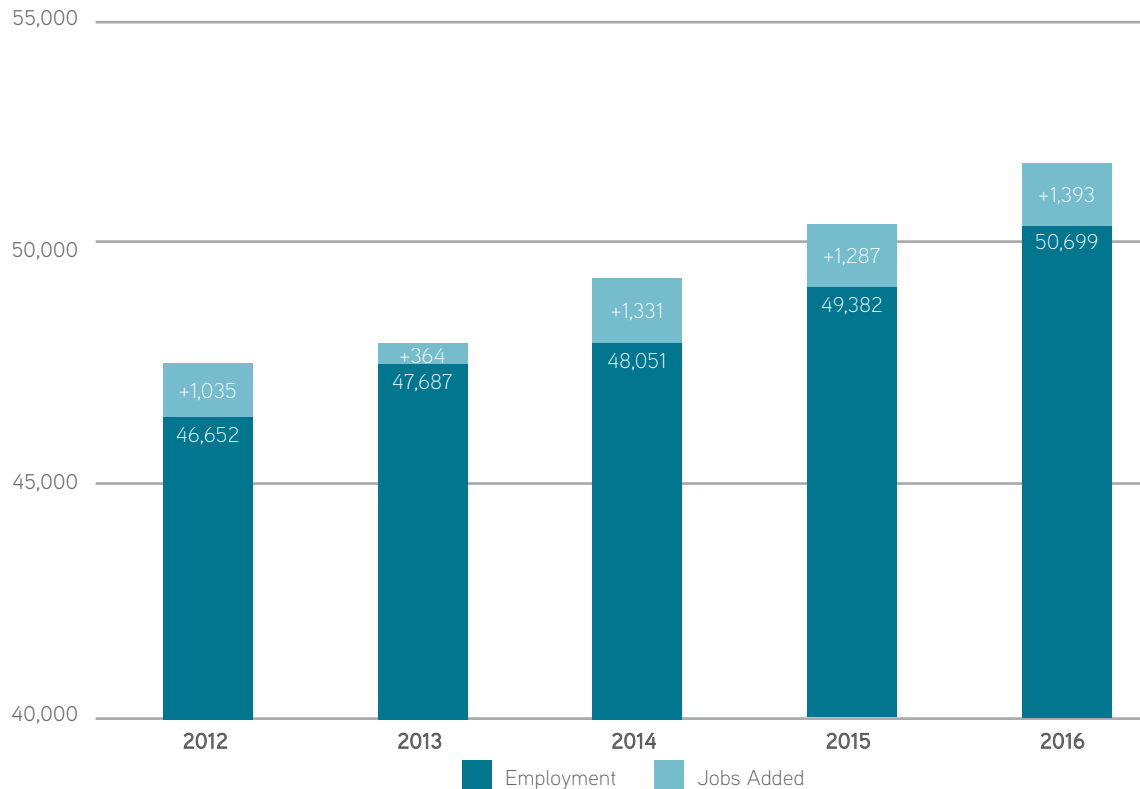
2017	\$1,497	\$1.82	4.1%
2016	\$1,394	\$1.72	3.7%
2015	\$1,303	\$1.62	2.8%
2014	\$1,194	\$1.53	2.9%
	AVG RENT PER UNIT	AVG RENT PER SF	AVG VACANCY



EMPLOYMENT TRENDS

NORTH KING

YEAR-OVER-YEAR EMPLOYMENT GROWTH



MAJOR EMPLOYERS



at&t



INSIGHT: The strong uptick in Wholesale, Trade and Transportation jobs is a direct result of our insight for Urban King on page 26. We have observed a decrease in WTU jobs in core markets as employers move to more affordable areas. Shoreline has benefited from Amazon's presence as they grow their warehousing and fulfillment operations in North King, to keep up with consumer demand for Prime and Prime-Now shipping options.

INDUSTRY GROWTH

H
O
T
T
E
S
T



898
SERVICES
JOBS ADDED IN 2017
3.7%
INDUSTRY GROWTH



320
WTU
JOBS ADDED IN 2017
11.9%
INDUSTRY GROWTH



262
CONSTRUCTION
JOBS ADDED IN 2017
10.9%
INDUSTRY GROWTH

C
O
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D
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S
T



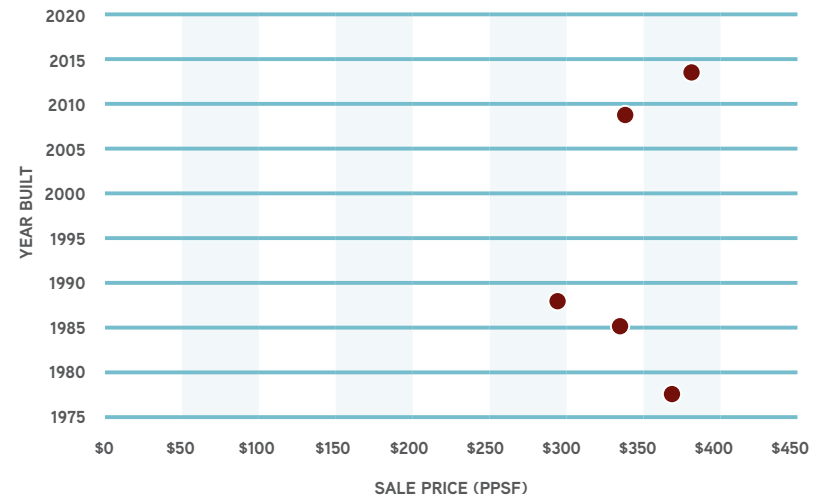
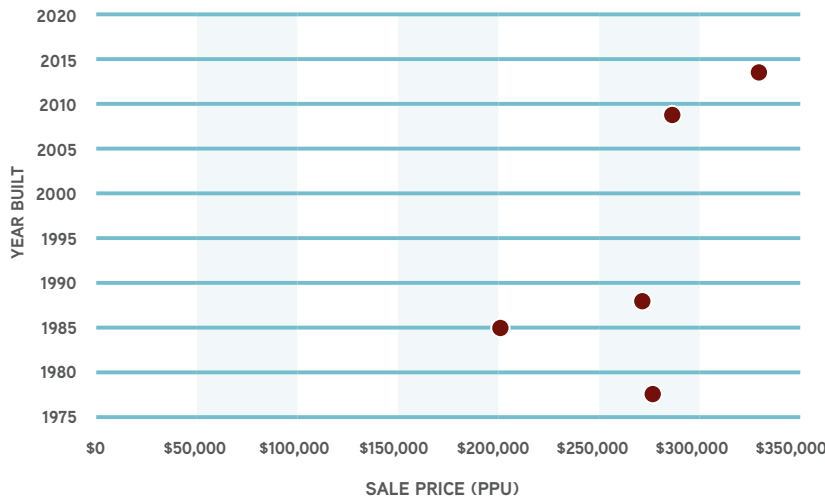
35
FIRE
JOBS ADDED IN 2017
1.0%
INDUSTRY GROWTH



2017 SALES & HISTORICAL SALES TRENDS

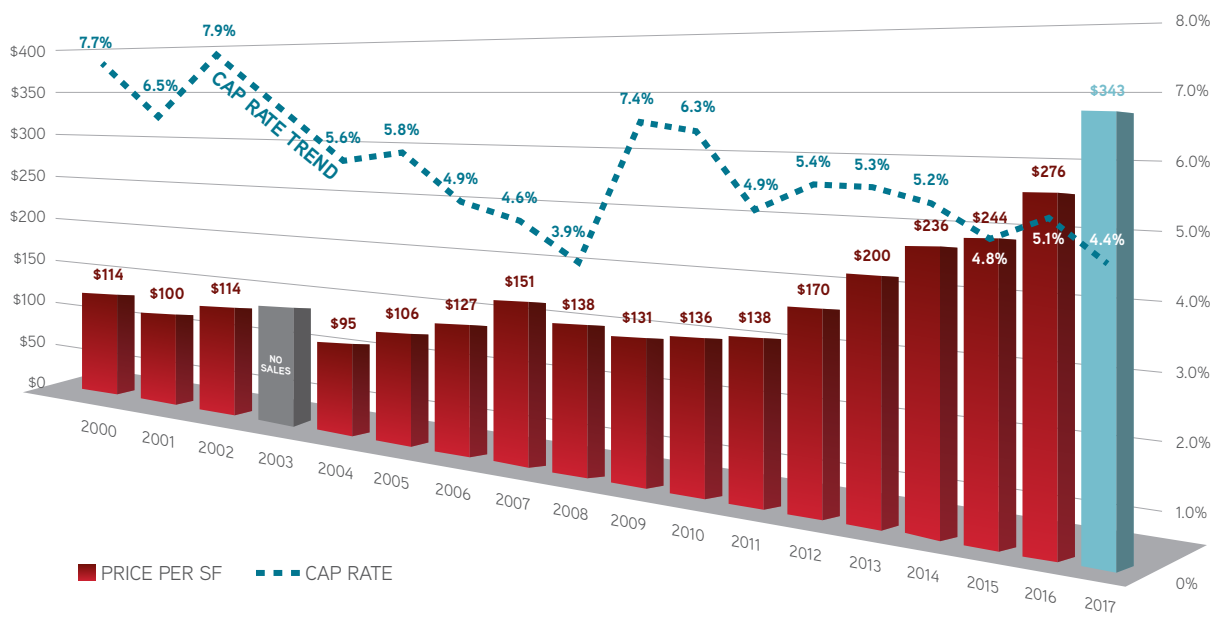
NORTH KING

2017
SALES
METRICS



NORTH KING

2000-
2017
SALES
TRENDS



NORTH KING

SALES HISTORY

2017	\$269,192	\$343	4.4%
2016	\$205,009	\$322	5.1%
2015	\$203,478	\$276	4.8%
2014	\$180,081	\$244	5.2%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: Sales dynamics in North King certainly prove its rapid ascension as a prime investment market. Much like close-in submarkets to San Francisco, North King neighborhoods are very attractive to those priced out of more core locations.

Rapidly falling capitalization rates for both newly-developed, stabilized buildings and older, value-add buildings validate investor confidence in North King. Although each year there are only five to seven transactions to analyze, overall investment metrics continue a sharp rise each year – validating a continued trend into 2018.



2017 SALES

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
1	 Citywalk 1130 N. 115th Street	1987	102	92,010	901	\$26,900,000	12/20/2017	\$263,725	\$292	4.9%	RISE Properties Trust Essex Property Trust
2	 Village at Beardslee Crossing 19115 112th Avenue NE	2014	304	268,556	883	\$102,500,000	6/15/2017	\$320,312	\$382	4.5%	Holland Partners West Ridge Land
3	 Echo Lake Village 1150 N 192nd Street	2009	289	253,630	878	\$85,500,000	5/31/2017	\$291,809	\$337	4.2%	Security Properties Inland Group
4	 Junction 160 16100 Linden Avenue N	1978	60	43,396	723	\$16,000,000	2/28/2017	\$266,667	\$369	5.0%	Asia Pacific International Goodman Real Estate
5	 Kenmore Village 17620 80th Avenue NE	1985	58	34,975	603	\$11,800,000	2/24/2017	\$203,448	\$337	3.3%	JLA Real Estate Ronald Rosenblat
AVERAGES		1995	163	138,513	798	\$48,540,000		\$269,192	\$343	4.4%	

NORTH KING

DEVELOPMENTS



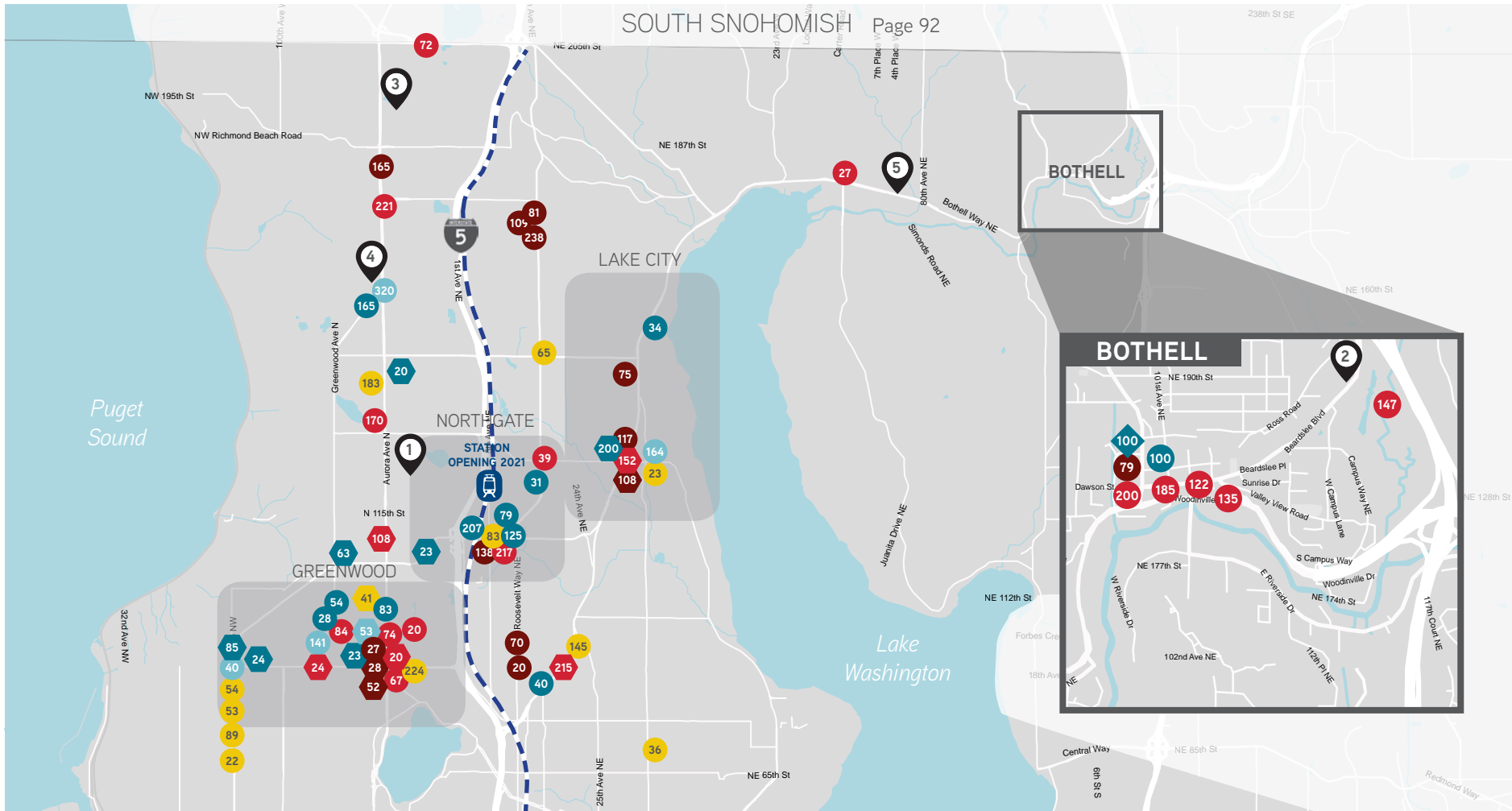
Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
2,299	1,307	718	1,018	1,484	6,826
EFFICIENCY UNITS			POTENTIAL CONDOS		
1,239			100		

Efficiency Units are defined on page 98.

Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



NORTH KING



EAST KING

EAST BELLEVUE
FACTORIA
ISSAQUAH
JUANITA
REDMOND
WOODINVILLE

EAST KING



10,088
2018-2021
PIPELINE



3.9%
AVERAGE
VACANCY



\$1,821
AVERAGE
RENT

EAST KING

The East King submarkets are the hallmark of balanced markets. Outside of the core, urban neighborhoods of Seattle and West Bellevue, the submarkets comprising East King have the highest concentration of white-collar jobs and consistently strong renter profiles. Accordingly, both the stability of these rental market and growth of positive investment dynamics offer no surprise.

An analysis of rental rate growth can't occur in a vacuum – it requires weighing several countervailing factors. Average rental rate appreciation in East King is up 4.4% year-over-year, which marks the slowest growth in the last five years. Taking a long view, over the past five years, rental rate growth averaged 8.6%. What caused the slowdown? Primarily, nearly zero additional vacancy loss and competition from new development.

No other set of markets in the region can boast only a 10 basis point differential in average vacancy over a four-year period. Such steady occupancy of apartment buildings is even more impressive considering the addition of nearly 4,200 units in the last three years. With nearly 12,500 units planned in East King, maintaining such low vacancy into 2019 and 2020 will be an impressive feat.

“No other set of markets in the region can boast only a 10 basis point differential in average vacancy over a four-year period.”

East King is one of the few markets where capitalization rates for new buildings and older buildings are nearly the same.



HISTORICAL PERFORMANCE

	2011	2012	2013	2014	2015	2016	2017
Number of Sales	5	17	7	9	6	6	4
Sales Volume	\$237.2M	\$580.3M	\$339.3M	\$422.2M	\$301.9M	\$561.3M	\$343.1M
Average PPU	\$163,340	\$190,221	\$247,646	\$253,812	\$310,087	\$334,965	\$309,058
Average PPSF	\$198	\$214	\$275	\$283	\$347	\$329	\$335
Average Cap Rate	5.1%	4.7%	4.7%	4.8%	4.5%	4.6%	4.7%
Number of Deliveries	0	577	565	387	1,547	925	1,696

Sales: Buildings 50+ units

MARKET FUNDAMENTALS

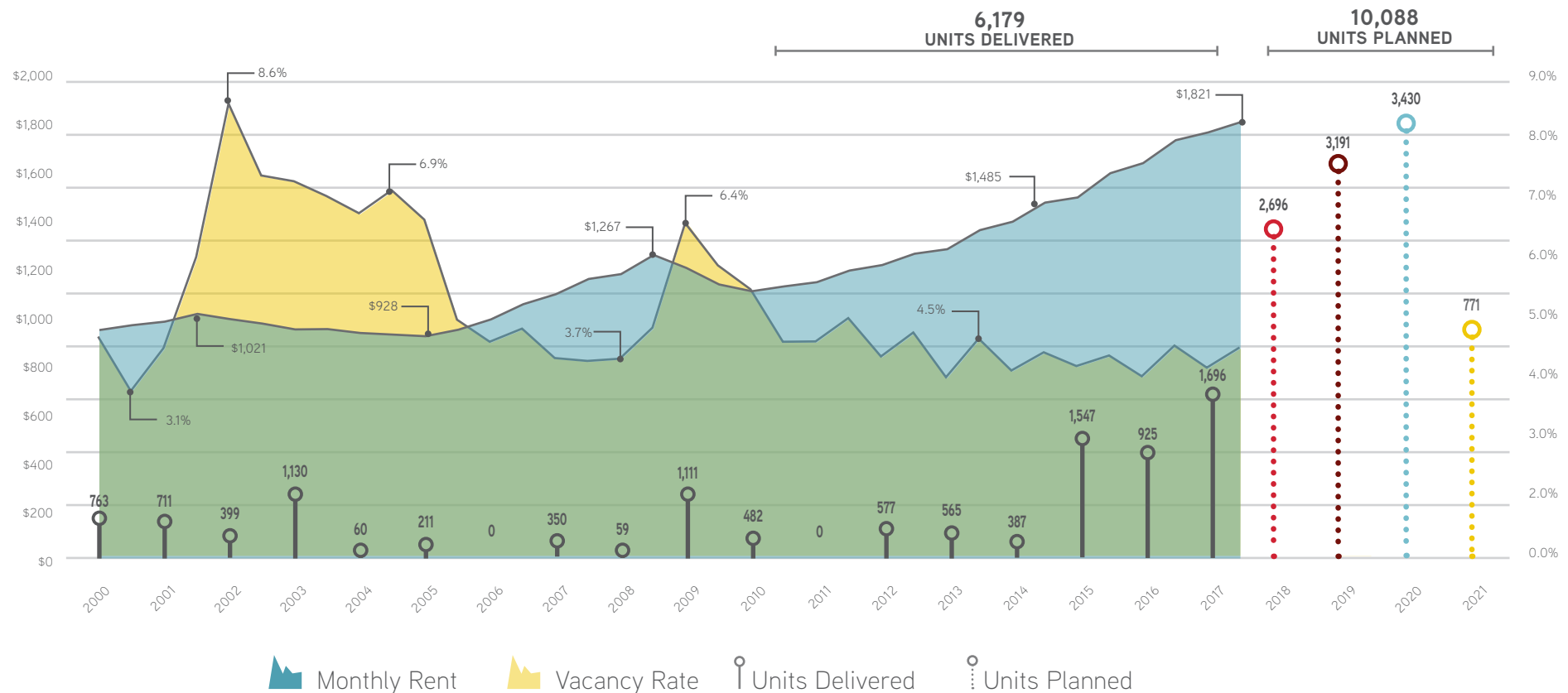
EAST KING

INSIGHT: Rental rate growth in East King continues its impressive trend, despite slower growth year-over-year. The submarkets comprising East King each have significant development pipelines, not to mention the nearly 4,200 units added in the last three years.

The ability of these submarkets to increase rental rates, while sustaining low vacancy and absorbing a 5.2% increase in inventory in the past year is a testament to the strength and resiliency of East King. In the next four years developers plan to add over 10,000 new apartment units, a 67% increase over the total number of units added in the last seven years. Accordingly, the need to watch particular submarkets carefully in the next few years goes without saying.



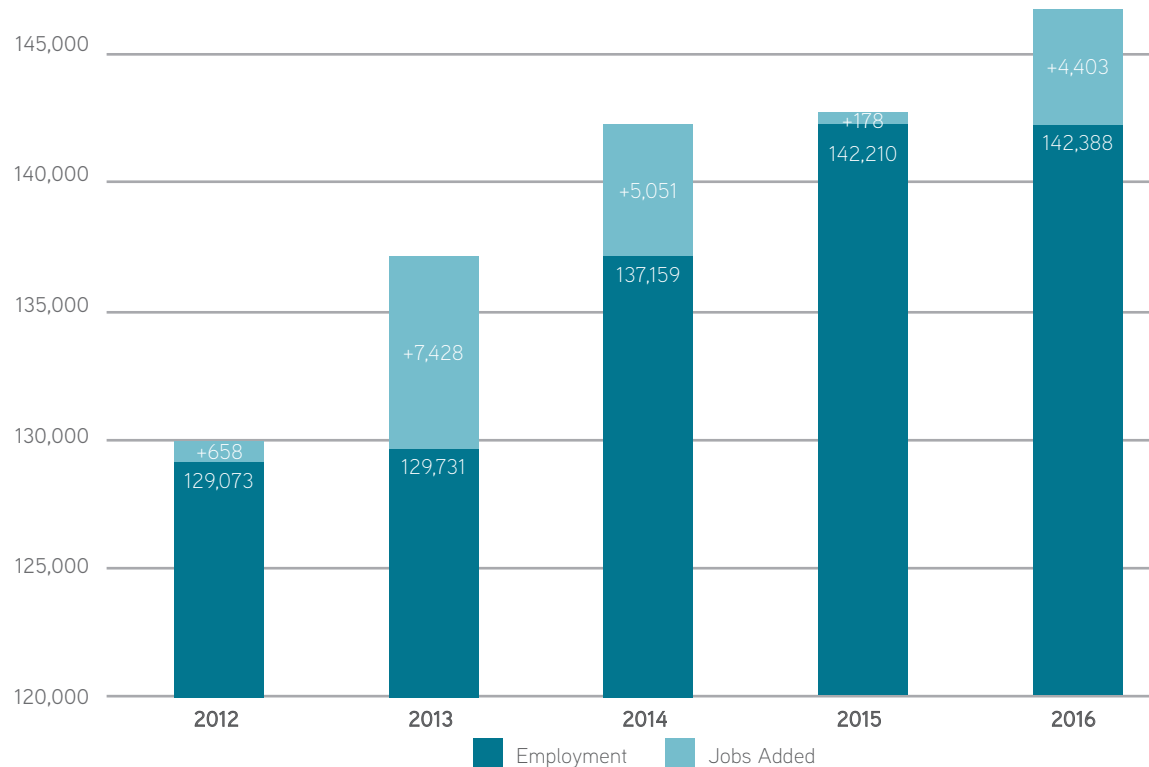
2017	\$1,821	\$1.80	3.9%
2016	\$1,745	\$1.72	3.9%
2015	\$1,607	\$1.62	3.8%
2014	\$1,485	\$1.62	3.8%
	AVG RENT PER UNIT	AVG RENT PER SF	AVG VACANCY



EMPLOYMENT TRENDS

EAST KING

YEAR-OVER-YEAR EMPLOYMENT GROWTH



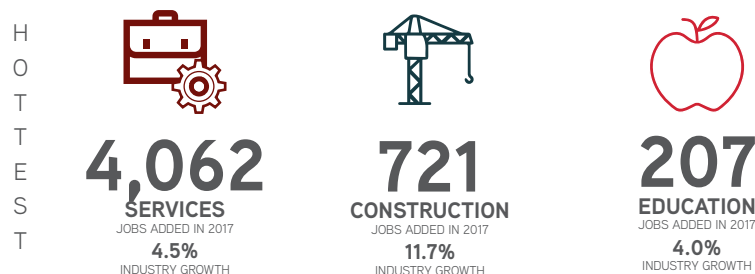
MAJOR EMPLOYERS



INSIGHT: The urbanization efforts of Microsoft are the largest contributor to thousands of new East King service jobs. Two years ago, we observed Microsoft migrating jobs from the Seattle and Bellevue markets back to their headquarters. During this same period, there have been many changes on Microsoft's campus: new office development, Link light rail expansion and the implementation of urban features, like their robust food truck line-up. We expect increased job growth as Microsoft adds 2.5M square feet of office and modernizes an additional 6.7M square feet of space.



INDUSTRY GROWTH



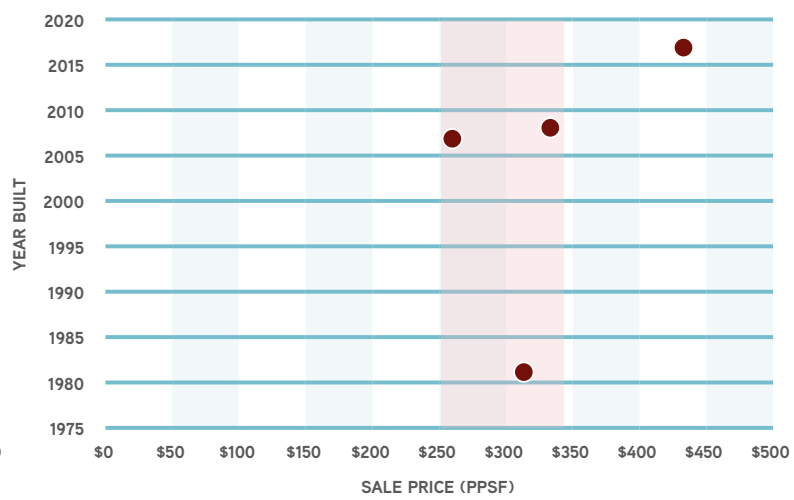
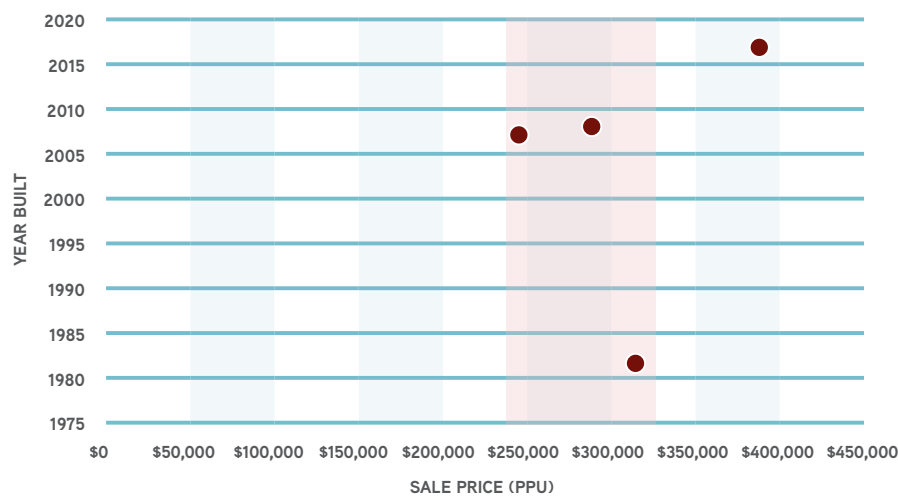
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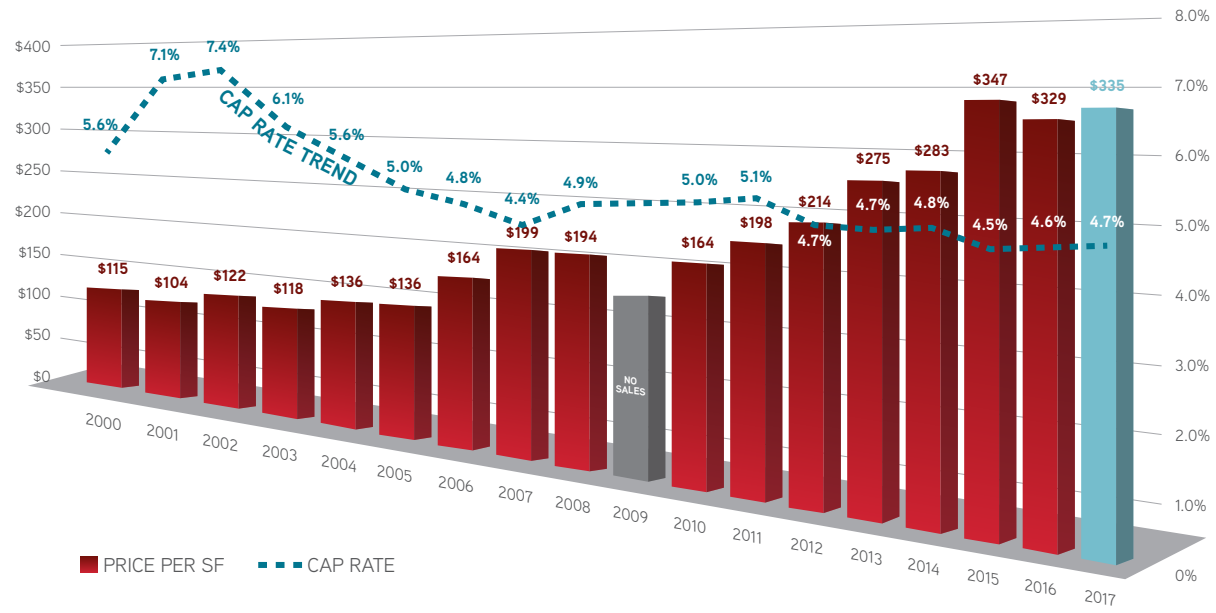
2017 SALES & HISTORICAL SALES TRENDS

EAST KING

2017 SALES METRICS



2000-2017 SALES TRENDS



EAST KING

EAST KING

SALES HISTORY

2017	\$309,058	\$335	4.7%
2016	\$334,965	\$329	4.6%
2015	\$310,087	\$347	4.5%
2014	\$253,812	\$283	4.8%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: Despite East King's favorable investment dynamics, in 2017 sales metrics slowed compared to 2016 and more closely matched investment metrics of 2015 – which itself was an impressive year. With only four sales across the entire East King market, it is hard to draw conclusions above overall investor demand. Capitalization rates remain 20 basis points to 50 basis points discounted to core markets.

Between strong investor demand to own on the Eastside and over 9,000 units planned to deliver in the next three years, expect sales volume to increase in East King. Investment metrics will likely become a bit more favorable to sellers in 2018 as demand for assets in well-located submarkets mounts.





2017 SALES


ISSAQUAH

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
1	 Atlas 1036 7th Avenue NW	2017	344	307,843	895	\$135,000,000	11/17/2017	\$392,442	\$439	4.5%	Kennedy Wilson Lennar Corporation
AVERAGES		2017	344	307,843	895	\$135,000,000		\$392,442	\$439	4.5%	

REDMOND

2	 Reunion at Redmond Ridge 11315 Trilogy Parkway NE	2007	321	309,765	965	\$79,500,000	11/28/2017	\$247,664	\$257	4.9%	MG Properties Starwood Capital
3	 Summit 14820 NE Redmond Way	1981	96	96,384	1,004	\$29,600,000	9/1/2017	\$308,333	\$307	4.5%	Coast Equity Partners Sares-Regis Group
AVERAGES		1994	208	203,075	985	\$54,550,000		\$277,999	\$282	4.7%	

WOODINVILLE

4	 Beaumont 14001 NE 183rd Street	2009	344	294,394	856	\$99,000,000	11/7/2017	\$287,791	\$336	4.8%	MG Properties Guardian Life Insurance
AVERAGES		2009	344	294,394	856	\$99,000,000		\$287,791	\$336	4.8%	

EAST KING

DEVELOPMENTS

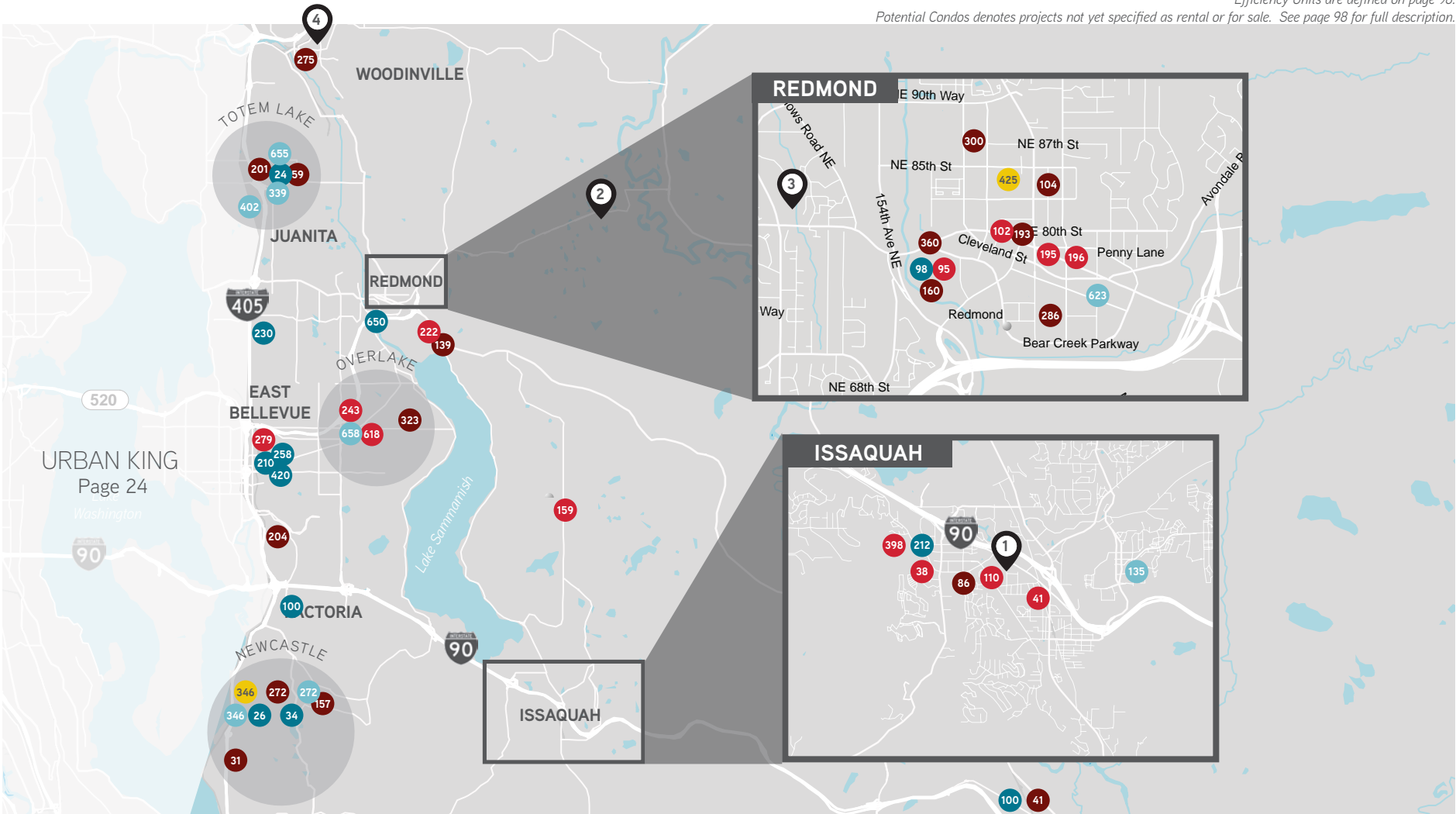


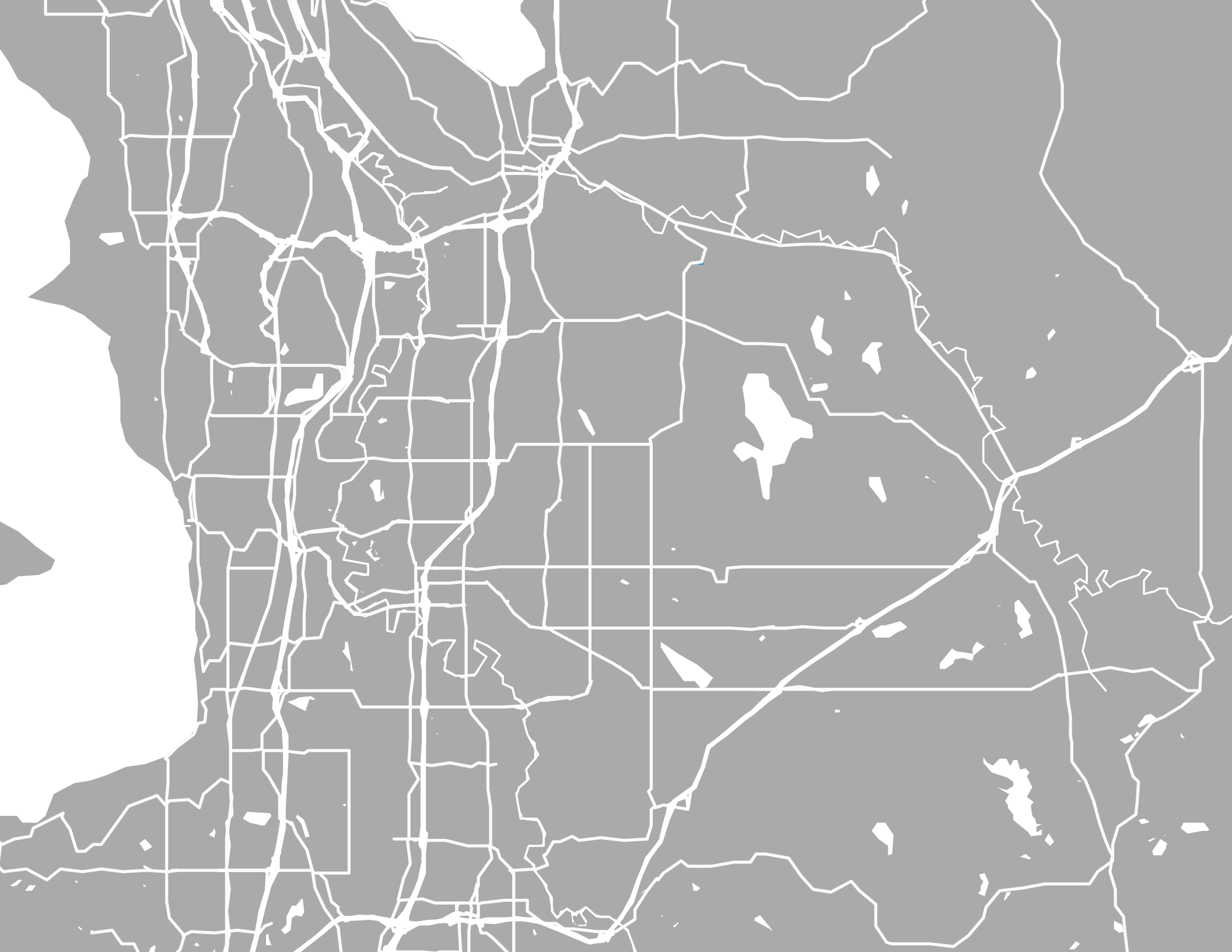
Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
2,696	3,191	3,430	771	2,362	12,450
EFFICIENCY UNITS			POTENTIAL CONDOS		
0			0		

Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.





SOUTH KING

AUBURN

BURIEN

DES MOINES

FEDERAL WAY

KENT

RENTON

RIVERTON / TUKWILA

SEATAC

WHITE CENTER



2,462
2018-2021
PIPELINE



4.3%
AVERAGE
VACANCY



\$1,348
AVERAGE
RENT

SOUTH KING

South King remains a very exciting market to watch. Although the subject of conversation for other King County markets is that of development, South King's talking points remain squarely focused on rental-rate growth and sales activity.

For the second year in a row, South King led the entire Puget Sound market in year-over-year rent appreciation. In 2017, the average rental rate increased 9.3%, nearly matching a five-year average of 9.4% growth year after year – the highest trend in the entire market! With such a rapid increase in rental rates, it is not a surprise that, for the first time in several years, vacancy rates increased – yet the average remains well below 5%.

"In 2017, the average rental rate increased 9.3%, nearly matching a five-year average of 9.4% growth year after year – the highest trend in the entire market!"

Where South King simply can't keep pace with other markets is with new development activity. Developers delivered fewer than 500 units throughout the market this past year. As far as development, 2018 could be a banner year for South King, with more than 1,200 units planned for delivery; however this still represents less than 2.5% of total inventory.

When it comes to investment sales volume, South King consistently battles for top billing with Urban King. In 2017, sales volume slid 11% from 2016 and 26% from 2015. Expect transaction volume in 2018 to at least match that of 2017, and pricing dynamics to continue to favor sellers.



HISTORICAL PERFORMANCE

	2011	2012	2013	2014	2015	2016	2017
Number of Sales	11	15	14	23	31	26	23
Sales Volume	\$235.1M	\$280.9M	\$239.6M	\$592.8M	\$666.4M	\$1.1B	\$803.5M
Average PPU	\$124,449	\$161,080	\$185,077	\$125,085	\$123,243	\$156,468	\$185,245
Average PPSF	\$110	\$122	\$114	\$144	\$150	\$176	\$212
Average Cap Rate	6.5%	6.2%	6.5%	5.8%	5.5%	5.7%	5.5%
Number of Deliveries	487	325	186	176	374	528	430

Sales: Buildings 50+ units

MARKET FUNDAMENTALS

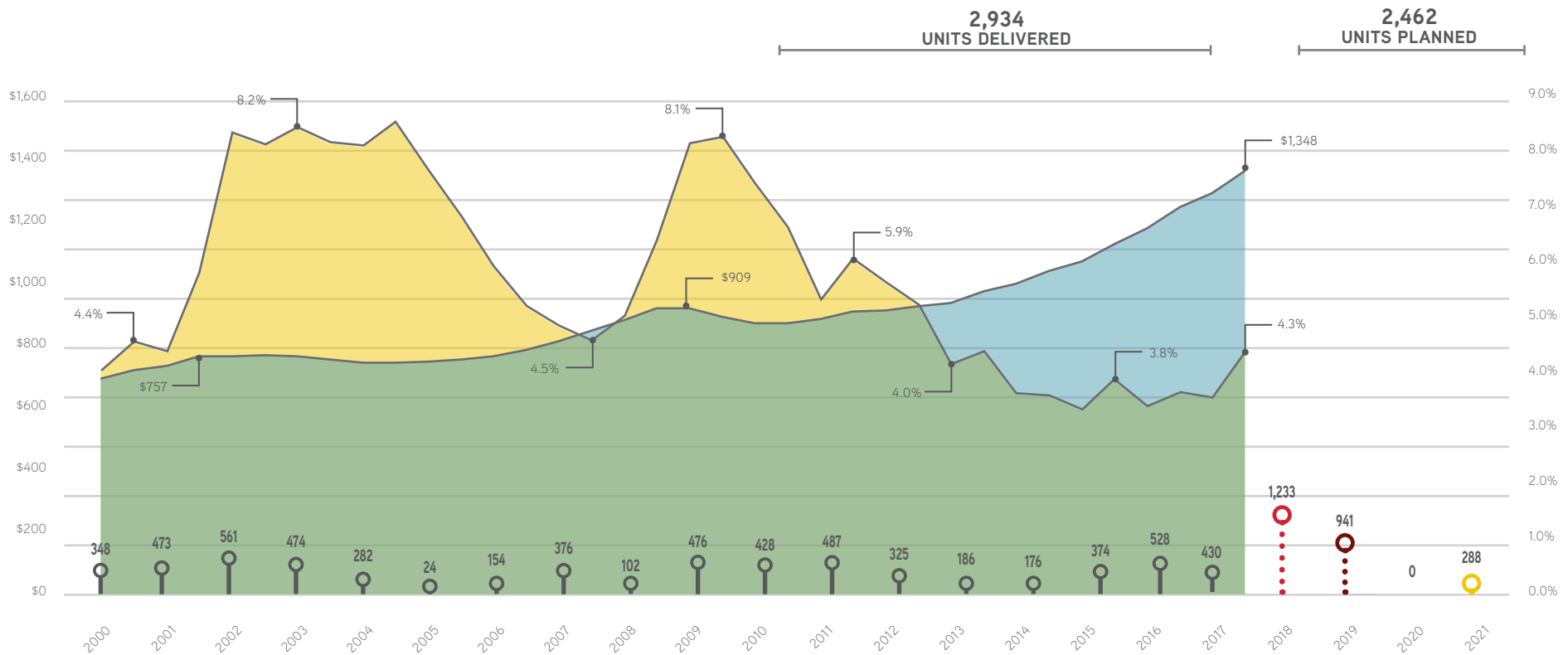
SOUTH KING

INSIGHT: Sharp increases in rental rates that started in Urban King as early in the market cycle as 2012 didn't begin to hit South King until 2014, and really took shape by 2016. The consistent growth in rental rates over the past several years had a marginal impact on vacancy rates until this past year. With a 70-basis-point jump in vacancy rates, the balance between rental rate increases and maintaining occupancy will be very important in South King in 2018.

Unlike other markets throughout King County, South King properties will not face competition from new development. However, a very active sales market, with buyers focused on updating units and seeking the highest-paying renters, will serve as a proxy for new development.



2017	\$1,348	\$1.47	4.3%
2016	\$1,233	\$1.37	3.6%
2015	\$1,115	\$1.26	3.8%
2014	\$1,027	\$1.20	3.5%
	AVG RENT PER UNIT	AVG RENT PER SF	AVG VACANCY



Monthly Rent



Vacancy Rate



Units Delivered

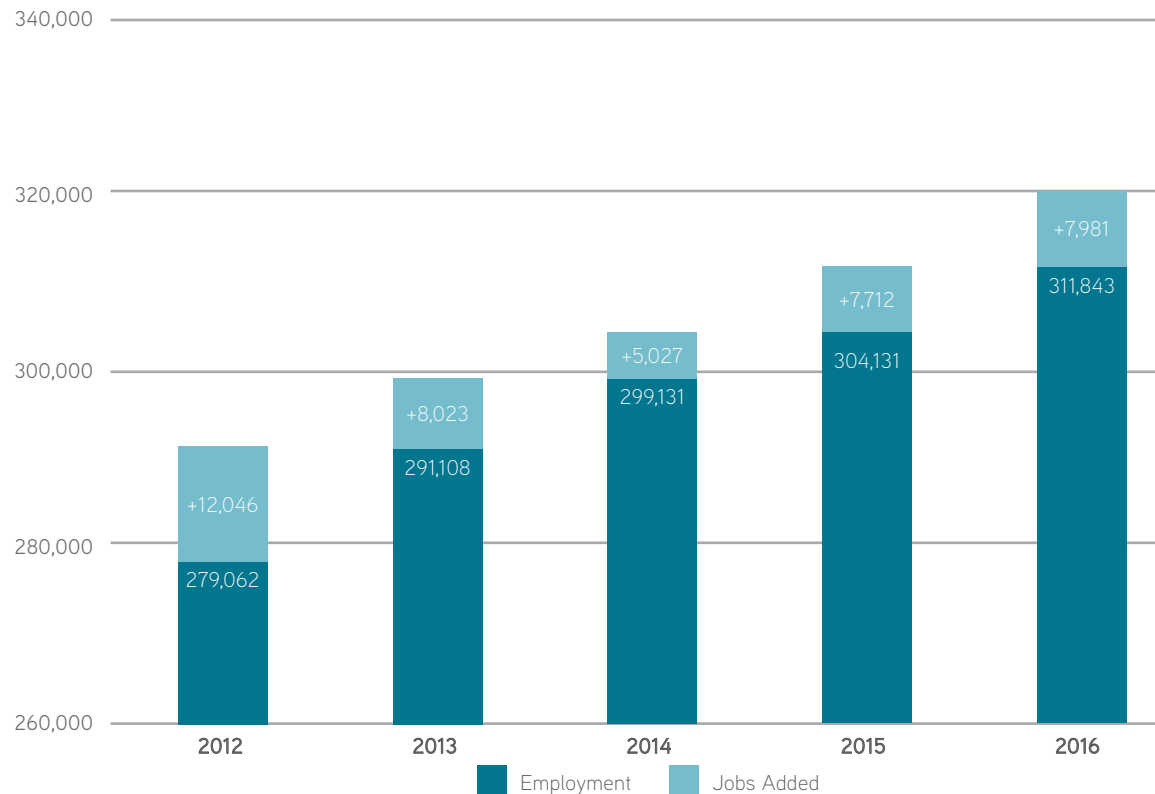


Units Planned

EMPLOYMENT TRENDS

SOUTH KING

YEAR-OVER-YEAR EMPLOYMENT GROWTH



MAJOR EMPLOYERS

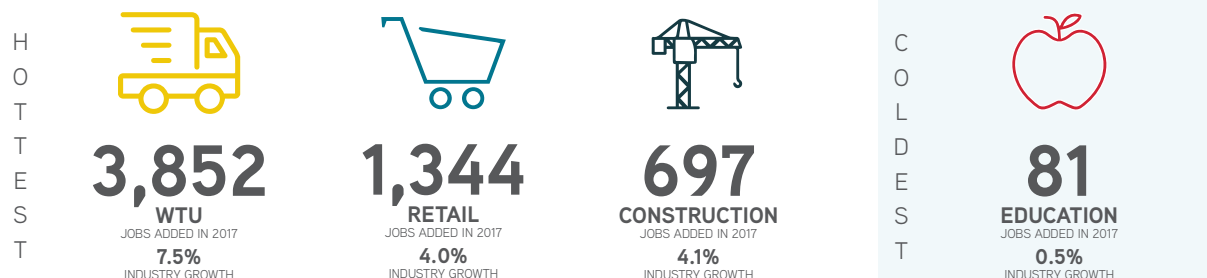


INSIGHT: South King County is one of two markets in the region that experienced job growth across all major sectors. South King is home to one of our region's largest employment bases, with hundreds of thousands of blue and grey collar jobs. These stable job sectors have experienced very consistent growth during the current economic cycle, and we expect more of the same in the future.

**The economic data we study does not include counts for sectors where one employer makes up more than 80% of the jobs. Boeing's market share is the reason we are not able to display data relating to manufacturing.*



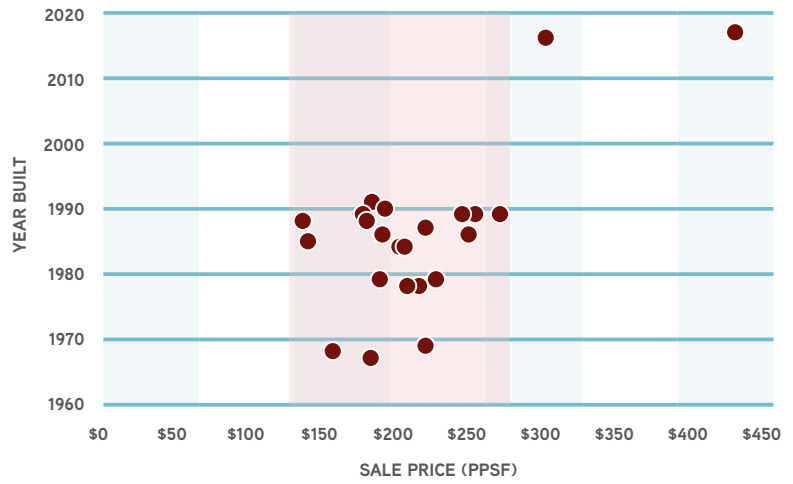
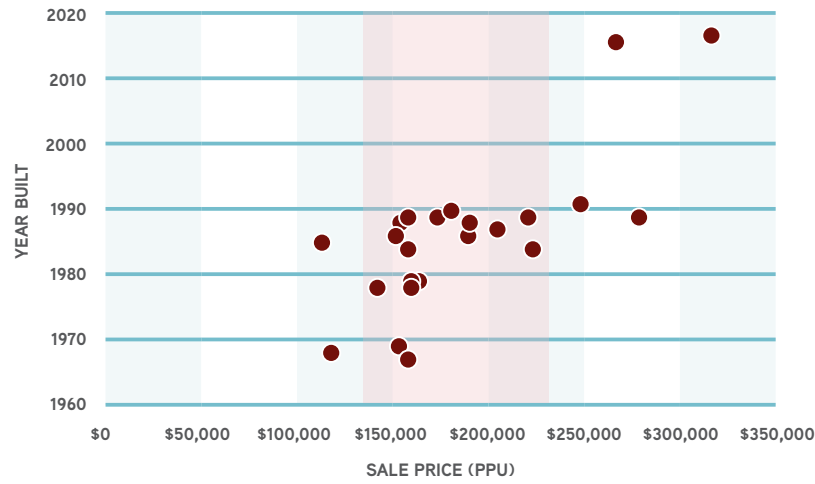
INDUSTRY GROWTH



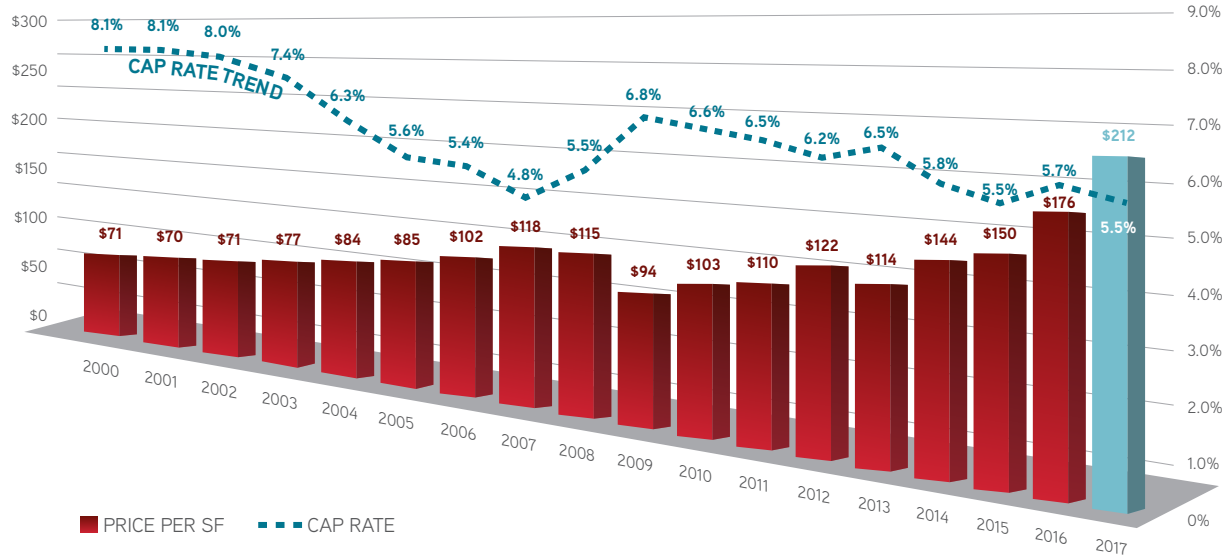
2017 SALES & HISTORICAL SALES TRENDS

SOUTH KING

2017 SALES METRICS



2000-2017 SALES TRENDS



SOUTH KING

SOUTH KING

SALES HISTORY

2017	\$185,245	\$212	5.5%
2016	\$156,468	\$176	5.7%
2015	\$123,243	\$150	5.5%
2014	\$125,085	\$144	5.8%
AVG PRICE PER UNIT		AVG PRICE PER SF	CAP RATE

INSIGHT: Although 2017 did not achieve peak transaction volume in South King, pricing metrics continue to impress. On both a PPU and PPSF basis, average sales figures show the impact of both higher rental rates and competition to purchase properties in South King.

Capitalization rates show a healthy spread over debt, and the ability to upgrade units and operate at higher stabilized yields offers a very attractive investment thesis for buyers. In 2018, escalating treasury rates – and correspondingly higher cost of capital – may impact the ability to further compress going-in capitalization rates. That said, as rents continue to rise in South King, expect more excellent sales figures in 2018.






2017 SALES

AUBURN

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
1	 Pacifica 732 4th Avenue NE	1985	57	47,040	825	\$6,437,500	6/28/2017	\$112,939	\$137	5.1%	The Neiders Company Yuksel Inc
AVERAGES		1985	57	47,040	825	\$6,437,500		\$112,939	\$137	5.1%	

BURIEN




2	 Raleigh 12415 Ambaum Blvd SW	1967	52	45,905	883	\$8,200,000	10/10/2017	\$157,692	\$179	6.1%	L5 Real Estate Investments Fowler Properties
3	 Hallmark 14405 8th Avenue SW	1968	52	39,811	766	\$6,100,000	8/3/2017	\$117,308	\$153	5.1%	Zhong Xin Su Donal Buckner
4	 Solana 15800 4th Avenue S	1978	75	58,539	781	\$11,900,000	2/24/2017	\$158,667	\$203	5.2%	Apex Property Group Stratford Company
AVERAGES		1971	60	48,085	810	\$8,733,333		\$144,556	\$178	5.5%	

DES MOINES

5	 Discovery Landing 15405 Des Moines Memorial	1987	146	138,078	946	\$29,800,000	11/2/2017	\$204,110	\$216	6.4%	Blackstone MG Properties
AVERAGES		1987	146	138,078	946	\$29,800,000		\$204,110	\$216	6.4%	

SOUTH KING (CONTINUED)

FEDERAL WAY





	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
6	 Evergreen Vale 35929 21st Place S	1988	132	151,800	1,150	\$20,250,000	8/2/2017	\$153,409	\$133	7.3%	Fowler Properties Conifer Developments
7	 Argyle 2517 S 316th Lane	1984	159	123,940	779	\$24,975,000	5/17/2017	\$157,075	\$202	6.1%	Pathfinder Partners Fowler Properties
8	 Pavilion 1900 SW Campus Drive	1990	518	493,394	952	\$93,100,000	3/10/2017	\$179,730	\$189	5.6%	Prime Group Fowler Properties
AVERAGES		1987	270	256,378	961	\$46,108,333		\$163,405	\$175	6.3%	

KENT




9	 Atrium on James 6248 S 242nd Place	1989	300	248,028	827	\$65,865,000	12/13/2017	\$219,550	\$266	4.8%	Shimokawa Corporation Kennedy Wilson
10	 Madison on the River 8721 S 259th Street	1989	72	49,860	693	\$12,400,000	11/9/2017	\$172,222	\$249	5.8%	Madison Residential Weidner Apartment Homes
11	 Arbor Chase 1615 W Smith Street	1979	100	88,118	881	\$16,300,000	11/2/2017	\$163,000	\$185	6.7%	Blackstone MG Properties
12	 Green Leaf Skyline 3322 S 222nd Place	1984	192	215,043	1,120	\$42,600,000	10/30/2017	\$221,875	\$198	4.7%	TruAmerica Multifamily Green Leaf Partners
13	 Arterra Townhomes 10031 SE 258th Place	1991	81	111,429	1,376	\$20,000,000	9/29/2017	\$246,914	\$179	5.5%	Meter Properties Westbridge Properties
14	 Avante 1610 W James Place	1978	382	256,068	670	\$54,100,000	9/11/2017	\$141,623	\$211	5.8%	Goodman Real Estate Longwell Company
15	 Rock Creek Landing 1024 Central Avenue N	1986	576	443,290	770	\$108,500,000	6/30/2017	\$188,368	\$245	5.0%	Grand Peaks Properties Kennedy Wilson
16	 Somerset 25220 109th Court SE	1986	329	265,980	808	\$49,700,000	4/17/2017	\$151,064	\$187	5.4%	Goodman Real Estate TruAmerica Multifamily
AVERAGES		1985	254	209,727	893	\$46,183,125		\$188,077	\$215	5.5%	

SOUTH KING (CONTINUED)

RENTON

17		Tria 12833 Newcastle Way	2017	76	56,486	743	\$23,950,000	12/12/2017	\$314,632	\$424	4.7%	Jackson Square Properties Goodman Real Estate
18		Montclair Heights 2223 Benson Road S	1989	174	200,657	1,153	\$48,250,000	11/1/2017	\$277,299	\$240	4.7%	Aukum Management TruAmerica Multifamily
19		Avaya Trails 10930 SE 172nd Street	2016	162	145,000	895	\$43,000,000	8/3/2017	\$265,432	\$297	4.4%	First Pointe Management Group American Classic Homes
20		Alaire 510 Stevens Avenue SW	1988	357	383,588	1,074	\$67,500,000	2/15/2017	\$189,076	\$176	6.2%	Pacific Urban Residential Wasatch Premier Communities
AVERAGES			2003	192	196,433	966	\$45,675,000		\$261,610	\$284	5.0%	

RIVERTON / TUKWILA

		PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
21		Ambassador Gardens 3700 Southcenter Blvd	1969	56	39,648	708	\$8,530,000	12/20/2017	\$152,321	\$215	3.7%	Vibrant Cities Kirkland Investment Inc
22		Boulevard at South Station 4708 Southcenter Blvd	1979	210	150,247	715	\$33,400,000	11/2/2017	\$159,048	\$222	6.4%	Blackstone MG Properties
23		Grande Terrace (Cielo) 15830 39th Place S	1989	55	49,862	907	\$8,650,000	6/9/2017	\$157,273	\$173	6.6%	Cumberland Holdings Superstar Corp
AVERAGES			1979	107	79,919	777	\$16,860,000		\$156,214	\$204	5.6%	

SOUTH KING

DEVELOPMENTS

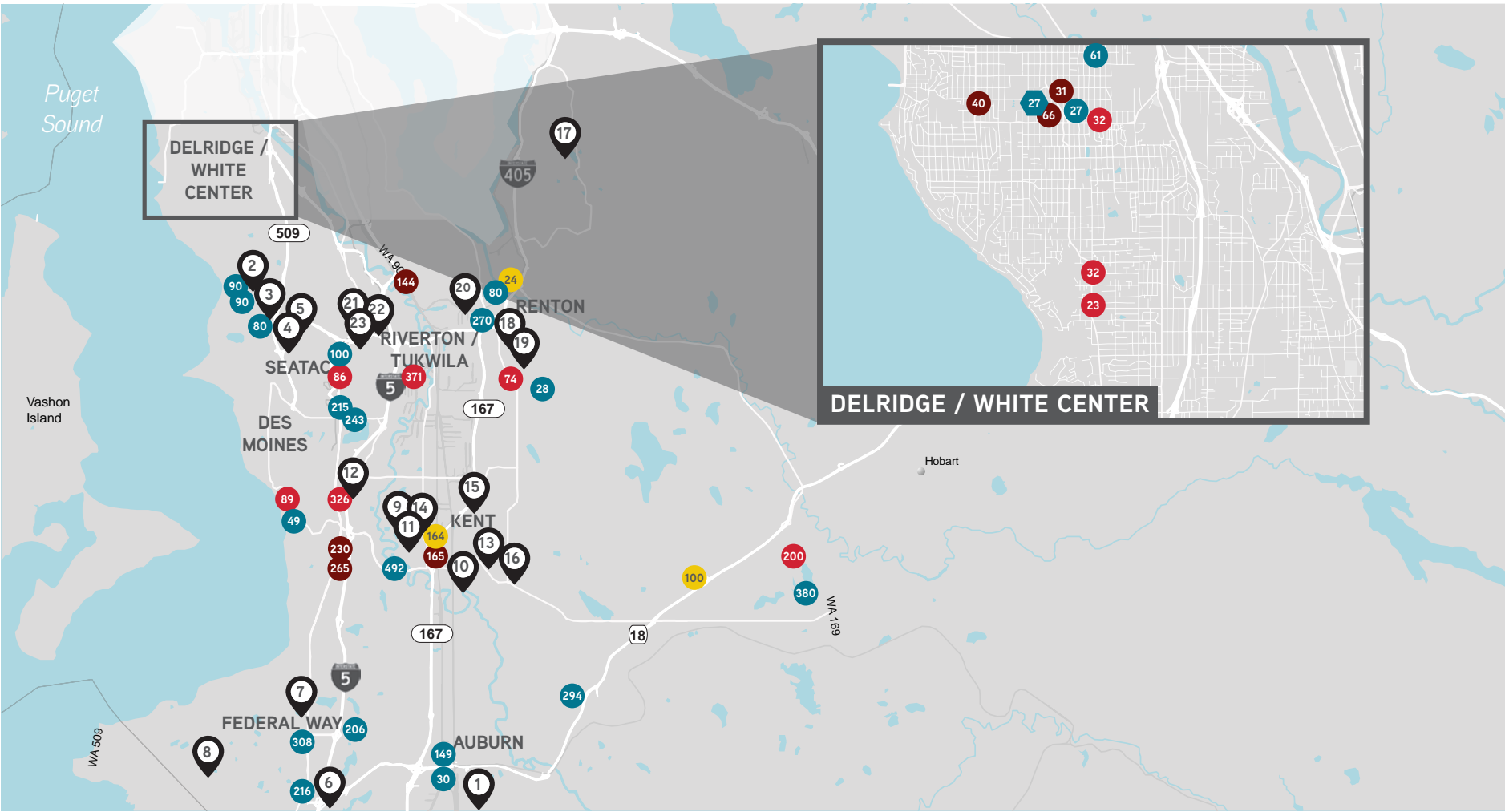


Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
1,233	941	0	288	3,435	5,897
EFFICIENCY UNITS			POTENTIAL CONDOS		
27			0		

Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.





NORTH SNOHOMISH

CENTRAL EVERETT

PAINE FIELD

SILVER LAKE



1,087
2018-2021
PIPELINE



4.8%
AVERAGE
VACANCY



\$1,288
AVERAGE
RENT

NORTH SNOHOMISH

The current economic expansion began in 2012, and the Puget Sound region certainly helped lead the nation out of the Great Recession. However, Snohomish County, and especially North Snohomish, was late to the party. Once 2015 arrived, North Snohomish began firing on all cylinders, and by year's end it led all markets in year-over-year rental rate growth, and vacancy levels dropped 120 basis points over the previous year – hallelujah!

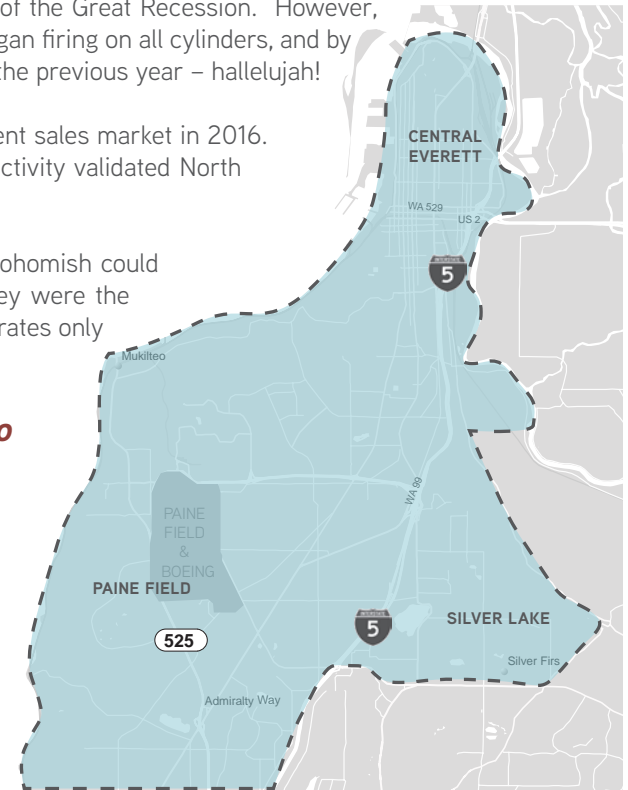
Breakout rental rate growth in 2015 resulted in growing investor demand and increased momentum in the investment sales market in 2016. Sales volume in 2016 grew 60% over 2015 and nearly tripled compared to 2014. Renter demand and investor activity validated North Snohomish as a prime market in 2015 and 2016.

In our 2017 Market Study, we cautioned that if rental rates in South Snohomish did not keep pace, then North Snohomish could suffer. Unfortunately, in 2017 rental rates in South Snohomish were sluggish compared to previous years – they were the second lowest in the market – and overall market dynamics in North Snohomish took a hit. North Snohomish rental rates only increased 5.9% in 2017, and vacancy increased to 4.8%.

“Unfortunately, in 2017 rental rates in South Snohomish were sluggish compared to previous years– they were the second lowest in the market – and overall market dynamics in North Snohomish took a hit.”

Developers remain hesitant to add apartment units to the North Snohomish marketplace. For the second year in a row, no units were added. If the current development pipeline is maintained, North Snohomish will add approximately 1,750 units over 10 years. This marks an average of only 1% annual inventory growth during the largest development boom the region has ever experienced.

Sales volume in 2017 fell off 50% from 2016 levels overall, and investment dynamics receded as well. Pricing fell based on all metrics, including PPU, PPSF and capitalization rates. However, pricing in North Snohomish remains relatively strong. For example, pricing on a PPSF in 2017 was nearly double that from 2011. Expect 2018 to look much like 2017 in North Snohomish, which is not too bad of a forecast.



SOUTH SNOHOMISH Page 92

HISTORICAL PERFORMANCE

	2011	2012	2013	2014	2015	2016	2017
Number of Sales	4	8	6	6	10	16	8
Sales Volume	\$47.5M	\$207.8M	\$159.7M	\$191.3M	\$257.6M	\$617.5M	\$226.9M
Average PPU	\$92,708	\$105,388	\$119,120	\$136,761	\$129,697	\$175,699	\$160,906
Average PPSF	\$99	\$109	\$132	\$147	\$155	\$205	\$194
Average Cap Rate	6.3%	6.1%	6.0%	5.9%	5.4%	5.3%	5.6%
Number of Deliveries	108	178	0	0	358	0	0

Sales: Buildings 50+ units

MARKET FUNDAMENTALS

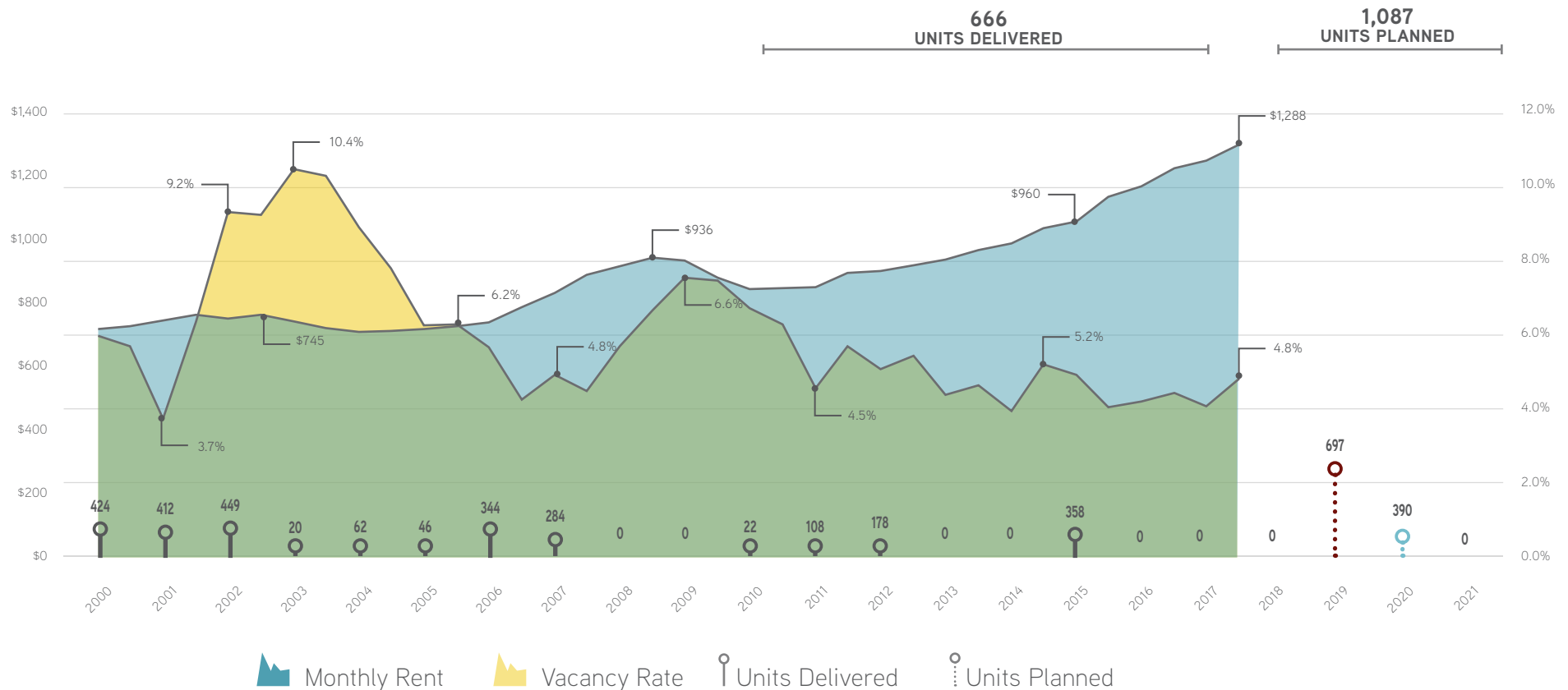
NORTH SNOHOMISH

INSIGHT: Given banner years of rental rate growth in 2015 and 2016, it is not too surprising that the market took a breath in 2017. Rental dynamics in North Snohomish are highly dependent on both the aerospace industry and rental dynamics in South Snohomish – a market that is closer to the core and offers renters more variety of both lifestyle and amenities.

Slowing rental rate growth and rising vacancy rates – with no development boom to blame – points to overall slowing demand drivers. Over the last five years, North Snohomish experienced average rental rate growth of 9.0% year-over-year, which is truly stellar. With vacancy rapidly approaching 5%, there is less elasticity in rental rates in North Snohomish, so expect moderate rental rate growth in 2018.



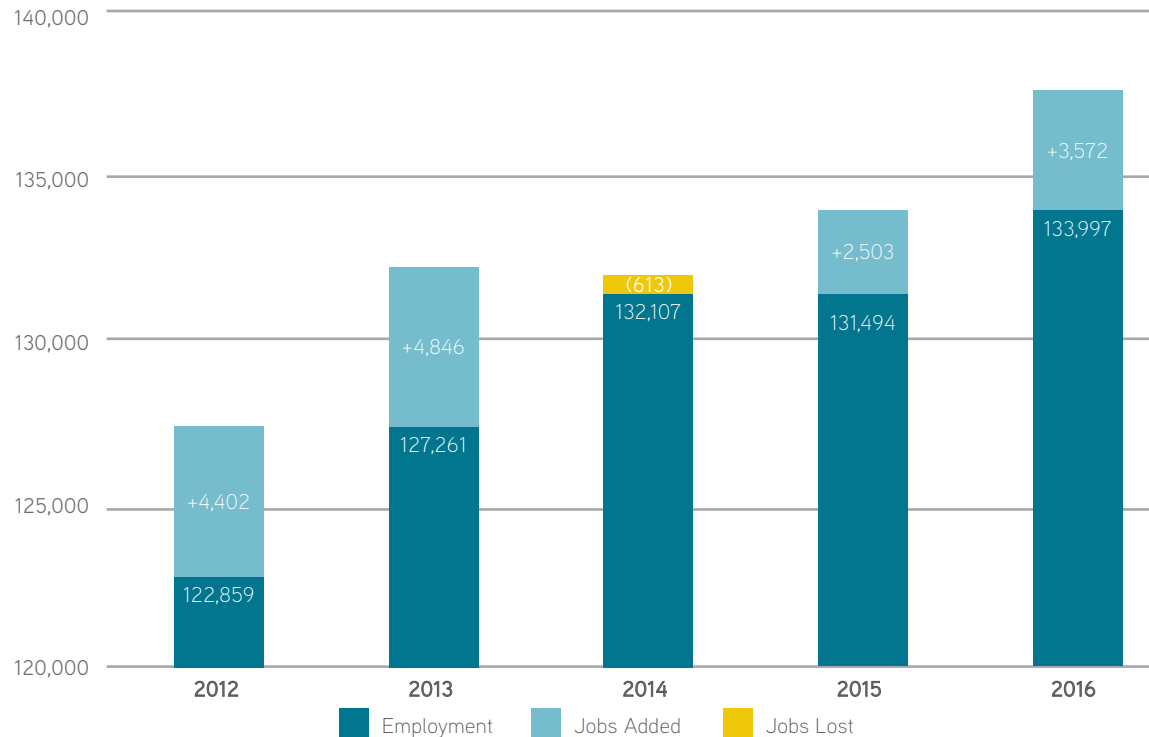
2017	\$1,288	\$1.40	4.8%
2016	\$1,216	\$1.33	4.4%
2015	\$1,125	\$1.25	4.0%
2014	\$1,029	\$1.19	5.2%
	AVG RENT PER UNIT	AVG RENT PER SF	AVG VACANCY



EMPLOYMENT TRENDS

NORTH SNOHOMISH

YEAR-OVER-YEAR EMPLOYMENT GROWTH



MAJOR EMPLOYERS

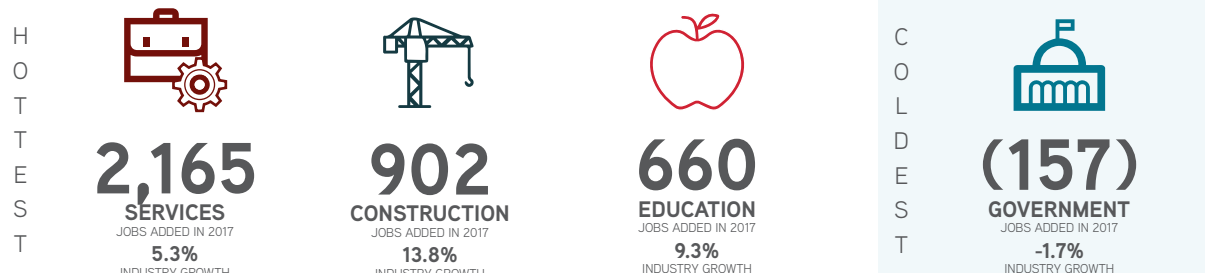


INSIGHT: On a percentage basis, North Snohomish experienced the most job growth in our region, caused by an abundance of construction-related job creation. We predict the top contributing factors for this growth are the comparatively affordable costs of living and doing business in the North Snohomish market. This job market has outperformed percentage growth in the region several times this economic cycle. The urban construction boom and Boeing will be the primary sectors to monitor for future apartment demand in this market.

**The economic data we study does not include counts for sectors where one employer makes up more than 80% of the jobs. Boeing's market share is the reason we are not able to display data relating to manufacturing.*



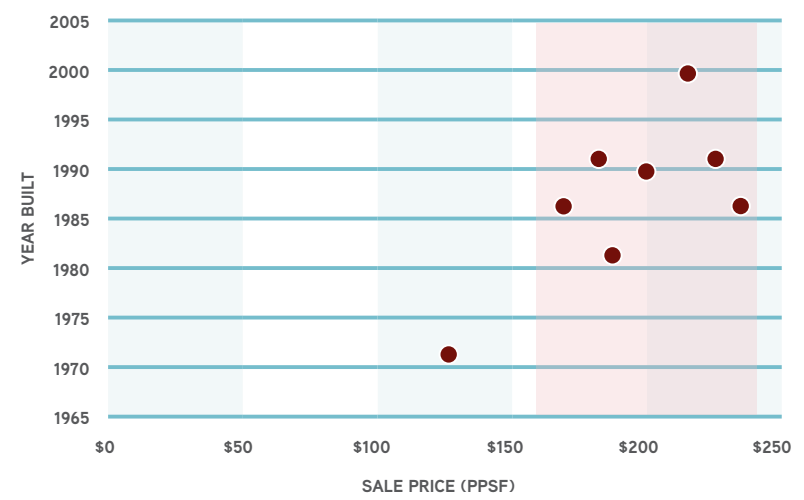
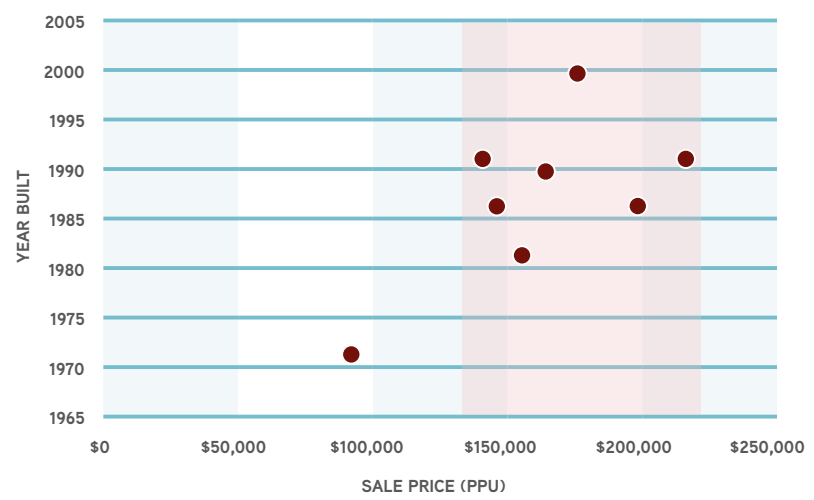
INDUSTRY GROWTH



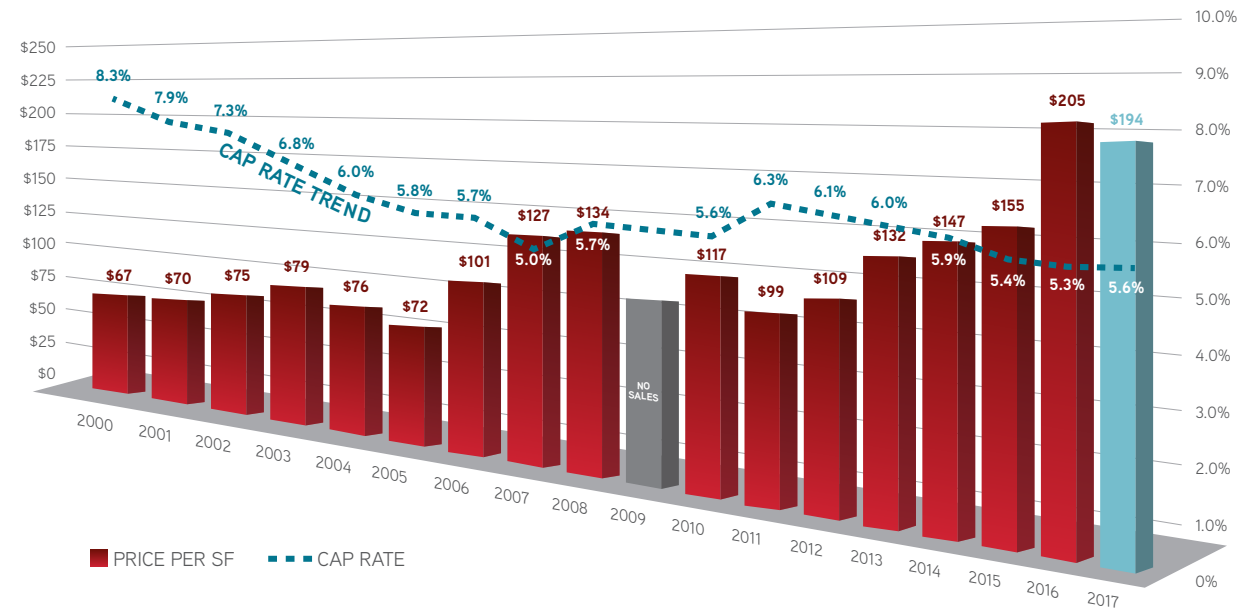
2017 SALES & HISTORICAL SALES TRENDS

NORTH SNOHOMISH

2017 SALES METRICS



2000-2017 SALES TRENDS



NORTH SNOHOMISH

SALES HISTORY

2017	\$160,906	\$194	5.6%
2016	\$175,699	\$205	5.3%
2015	\$129,697	\$155	5.4%
2014	\$136,761	\$147	5.9%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: It would be hard to best sales figures posted by North Snohomish in 2016. A large portfolio sale by Equity Residential and new investors entering the market helped boost sales activity, sales volume and pricing metrics in 2016. In 2017, sales dynamics fell more into a trend coming off 2015.

Investor demand in North Snohomish remains a combination of investors trying to source available properties to purchase in a constrained sales market and investors seeking yield. Pricing metrics are similar to that of South King (without that market's continued trend of rental rate growth), yet many North Snohomish markets are considered more desirable based on livability.



2017 SALES

EVERETT

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
1	Walden Pond 9900 12th Avenue W	1991	316	306,288	969	\$67,700,000	12/22/2017	\$214,241	\$221	5.3%	TruAmerica Multifamily Starwood Capital Group
2	Arterra 711 W Casino Road	1981	120	95,970	800	\$18,500,000	7/3/2017	\$154,167	\$193	5.9%	ColRich Jackson Square
3	Stinson 133 124th Street SE	2000	93	78,155	840	\$16,800,000	6/9/2017	\$180,645	\$215	5.3%	Freshwater Investments Fowler Properties
4	Evergreen on 47th 1111 47th Street SE	1991	120	83,766	698	\$16,000,000	6/1/2017	\$132,231	\$191	6.0%	Grant W Ring Abacus Capital Group
5	Center Pointe Greens 8600 18th Avenue W	1990	186	153,788	827	\$31,000,000	2/28/2017	\$166,667	\$202	5.8%	Starwood Capital Group Holland Partners
6	Timberline Court 1020 112th Street SW	1986	126	107,034	849	\$18,500,000	2/28/2017	\$146,825	\$173	5.7%	Starwood Capital Group Holland Partners
7	Hangar 128 13001 8th Avenue W	1986	223	193,591	868	\$44,250,000	2/15/2017	\$198,430	\$229	5.3%	Sage Apartment Communities Thayer Residential
8	Candlewood 1020 W Casino Road	1971	151	111,504	738	\$14,200,000	2/10/2017	\$94,040	\$127	5.1%	Goodman Real Estate Williams Investments
AVERAGES		1987	167	141,262	824	\$28,368,750		\$160,906	\$194	5.6%	

TOTAL DELIVERIES

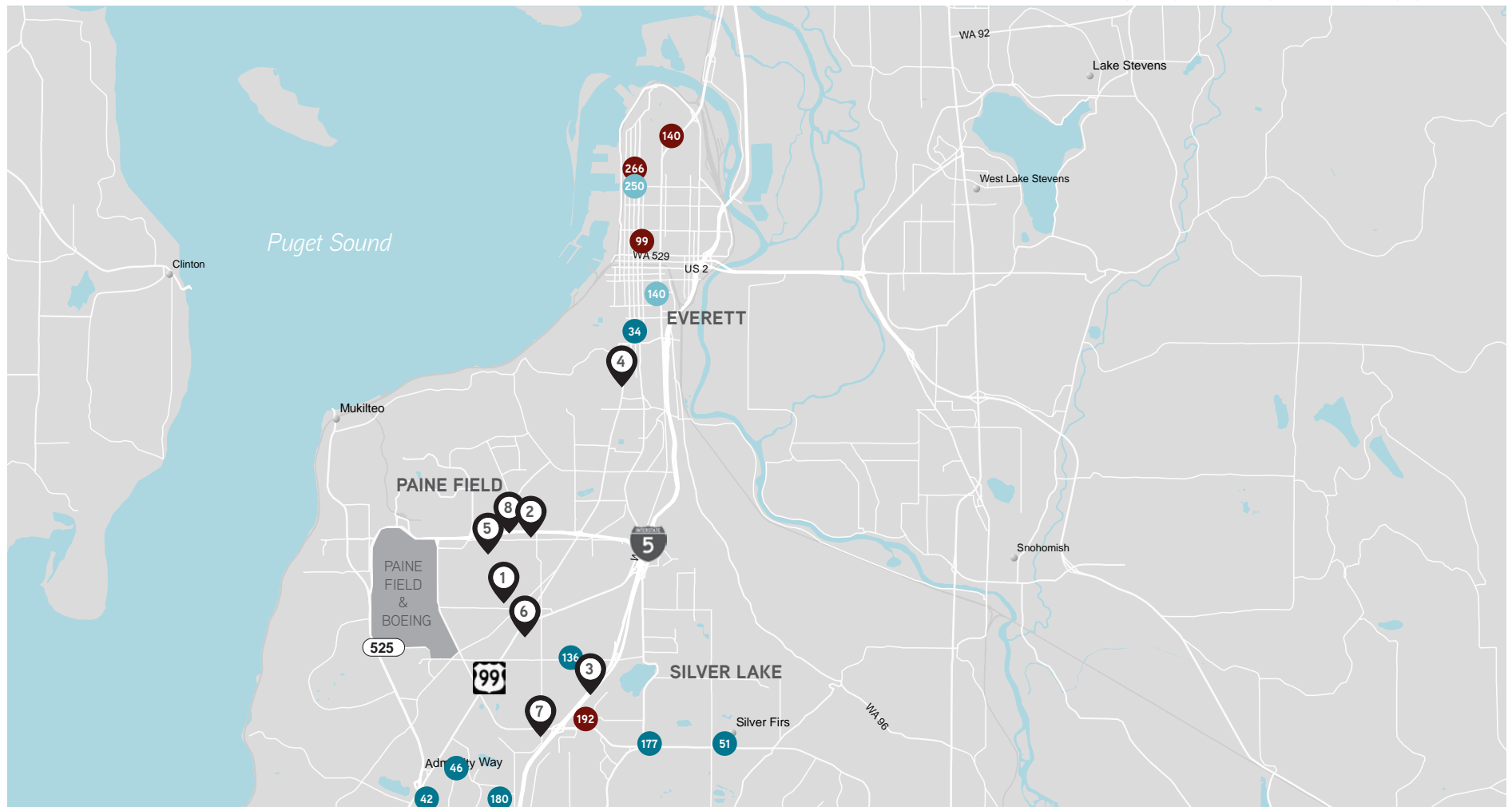


Numbers within circles on map below indicate number of units in each development.

2018	2019	2020	2021	FUTURE	TOTAL
0	697	390	0	666	1,753
EFFICIENCY UNITS			POTENTIAL CONDOS		
0			0		

Efficiency Units are defined on page 98.

Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.





SOUTH SNOHOMISH

EDMONDS

LYNNWOOD

MILL CREEK

MOUNTLAKE TERRACE

THRASHERS CORNER



2,016
2018-2021
PIPELINE



4.1%
AVERAGE
VACANCY



\$1,484
AVERAGE
RENT

SOUTH SNOHOMISH

The South Snohomish market is both dynamic and exciting. It avails itself of exceptional location dynamics. With excellent job centers to the south (Seattle), southeast (Kirkland/Bellevue/Redmond) and north (Everett) – and the region’s largest freeways (I-5/I-405) intersecting at the exact center of the market – South Snohomish provides a great offering to renters. Accordingly, over the past five years, cumulative average rental rate growth tops 9.0%.

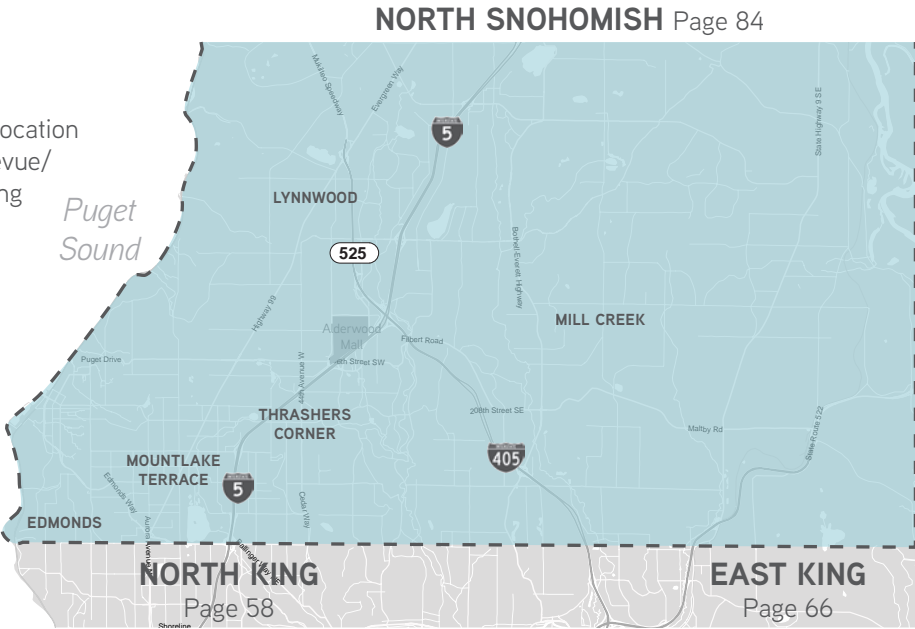
As renters seek affordability – and developers follow such demand – apartment rental rates continue to climb, and a moderate development pipeline continues to add units to existing inventory. As renters enter the market from more core locations, rental rates steadily grow, while keeping vacancy moderate. Since 2014, vacancy rates remain within a tight bandwidth of 3.8% to 4.1%.

“As renters enter the market from more core locations, rental rates steadily grow, while keeping vacancy moderate. Since 2014, vacancy rates remain within a tight bandwidth of 3.8% to 4.1%.”

In 2014, South King achieved the highest year-over-year rental rate growth in the region, yet by the time 2017 ended, rent growth in South Snohomish lagged most other markets, growing only 5.5% in 2017. This growth occurred while vacancy remained constant at 4.1%, evidencing some additional elasticity remaining in rental rates.

South Snohomish’s apartment development pipeline hovers around 3,000 units since 2014, always maintaining about half of that amount slated for future delivery without a specified date. The market added 2,500 units in the last 7 years, with another 2,000 units planned to deliver during the next three years.

The volume of transactions in South Snohomish increased markedly from two sales in 2013 to eleven sales by 2016. In 2017, sales volume slowed significantly – from nearly \$500M in sales volume in 2016 to just over \$150M. The largest influence on sales volume was available inventory to purchase. Pricing escalation, based on all metrics, proves significant investor demand to own in South Snohomish. Expect sales volume to increase in 2018, along with a continual uptick in pricing.



HISTORICAL PERFORMANCE

	2011	2012	2013	2014	2015	2016	2017
Number of Sales	6	6	2	7	9	11	6
Sales Volume	\$206.6M	\$92.6M	\$107.9M	\$234.2M	\$323.5M	\$477.9M	\$151.5M
Average PPU	\$120,638	\$107,102	\$192,176	\$161,160	\$161,883	\$183,429	\$213,837
Average PPSF	\$142	\$135	\$247	\$180	\$188	\$235	\$235
Average Cap Rate	5.9%	5.6%	4.8%	5.4%	5.5%	5.1%	5.0%
Number of Deliveries	82	464	441	508	747	166	109

Sales: Buildings 50+ units

MARKET FUNDAMENTALS

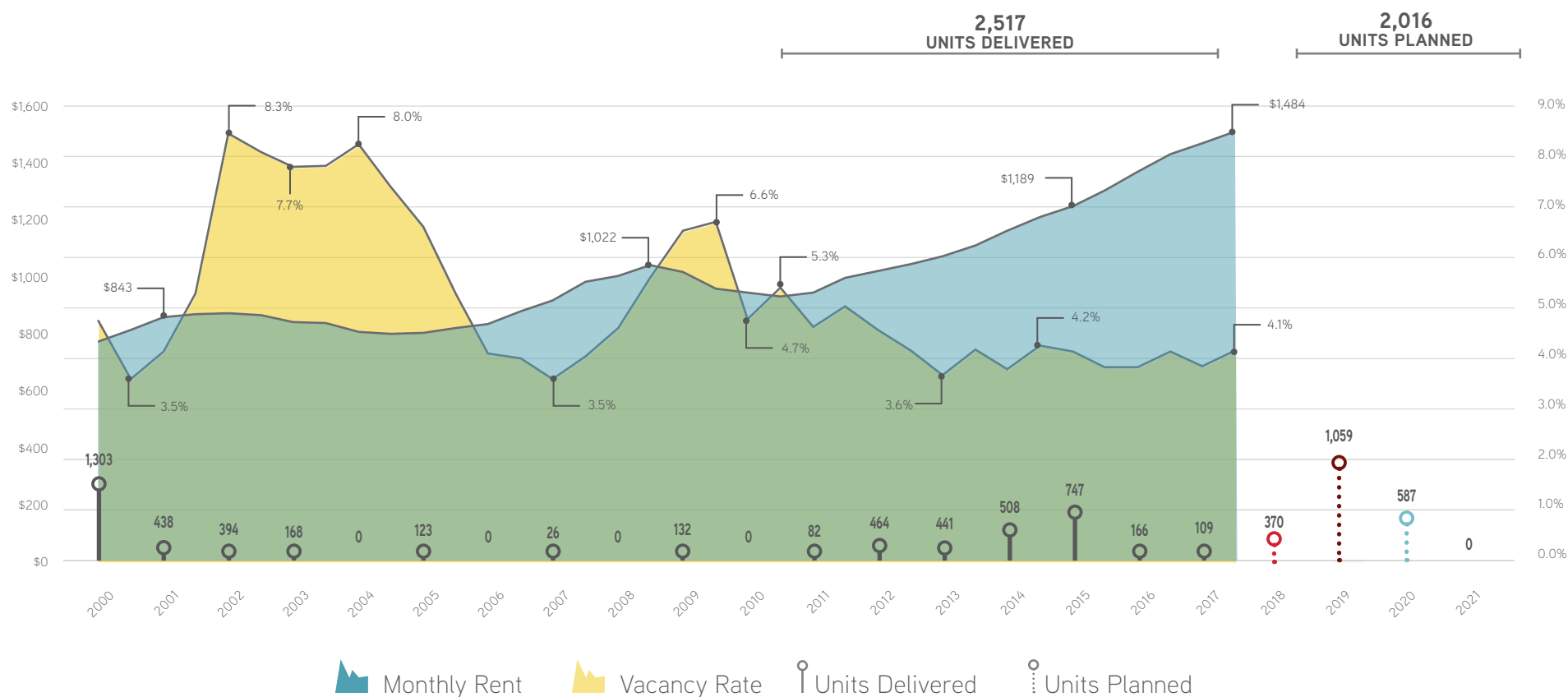
SOUTH SNOHOMISH

INSIGHT: Rental rate growth remained moderate in South Snohomish from 2000 to 2012. During that time, the market experienced two economic downturns and was in a terrific position to post strong gains. The five-year period from 2012 to 2017 marked an extremely strong period for rental rate growth, all the while keeping vacancy remarkably moderate.

In 2017, rental rate growth moderated, yet a consistently low vacancy rate – and a very small development pipeline – provide assurance that South Snohomish rental rates have room to run. Continual escalations in rental rates in Urban King, North King and East King drive renters north to South Snohomish. Quality schools, retail and lifestyle amenities from Edmonds to Mill Creek provide a perfect story for strength in the rental markets across South Snohomish.



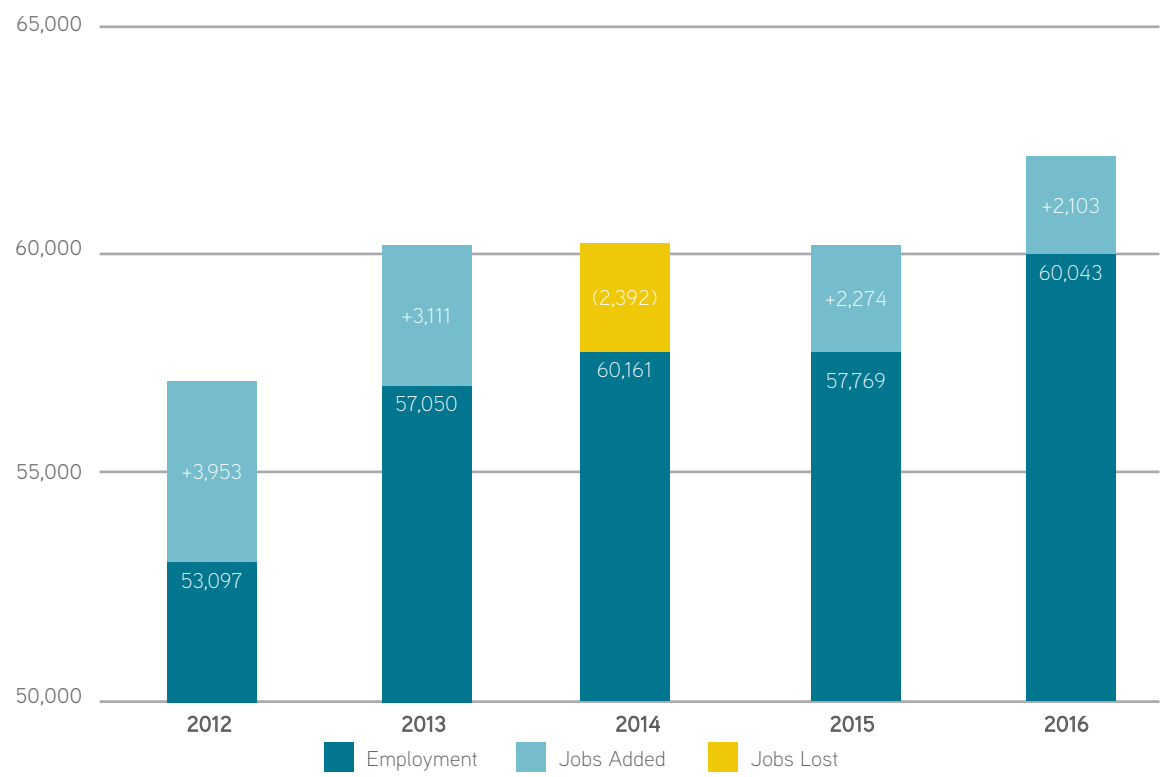
2017	\$1,484	\$1.54	4.1%
2016	\$1,407	\$1.48	4.1%
2015	\$1,281	\$1.37	3.8%
2014	\$1,189	\$1.33	4.2%
	AVG RENT PER UNIT	AVG RENT PER SF	AVG VACANCY



EMPLOYMENT TRENDS

SOUTH SNOHOMISH

YEAR-OVER-YEAR EMPLOYMENT GROWTH



MAJOR EMPLOYERS



INSIGHT: The Finance, Insurance and Real Estate (FIRE) job sector was hit the hardest during the Great Recession, and has experienced anemic growth during the current economic expansion. The +8% growth in FIRE jobs in South Snohomish was due to an addition of nearly 200 Finance and Insurance related jobs year-over-year. Uncharacteristic of South Snohomish was the slow Retail job growth, which has been a historic front runner for new jobs in this market. We expect rents to continue to grow in this market as higher wage earners move away from the urban core of Seattle.

INDUSTRY GROWTH

H
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\$
209
FIRE
JOBS ADDED IN 2017
8.6%
INDUSTRY GROWTH

476
CONSTRUCTION
JOBS ADDED IN 2017
13.9%
INDUSTRY GROWTH

137
WTU
JOBS ADDED IN 2017
8.1%
INDUSTRY GROWTH

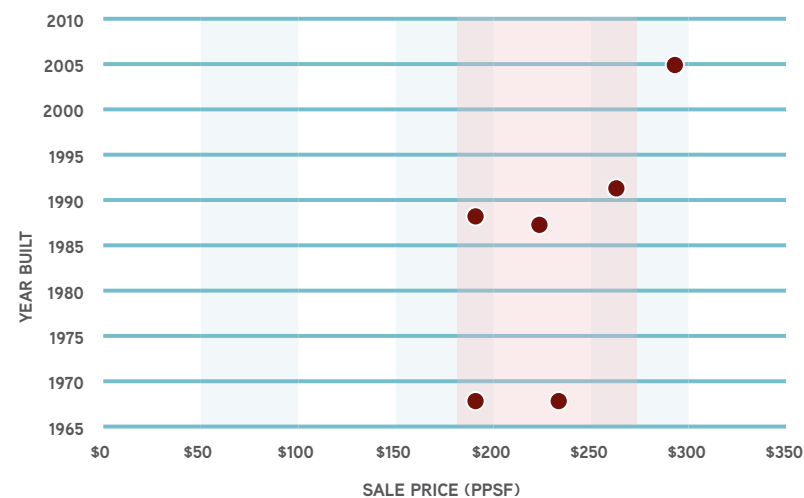
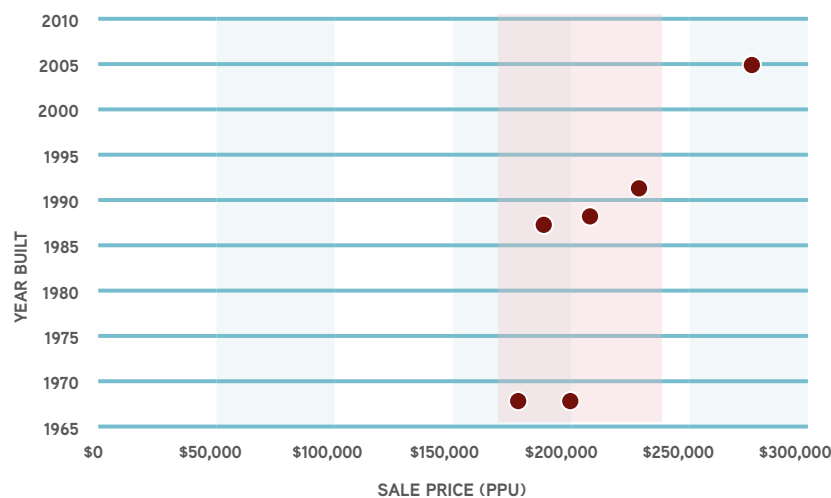
C
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245
RETAIL
JOBS ADDED IN 2017
2.1%
INDUSTRY GROWTH

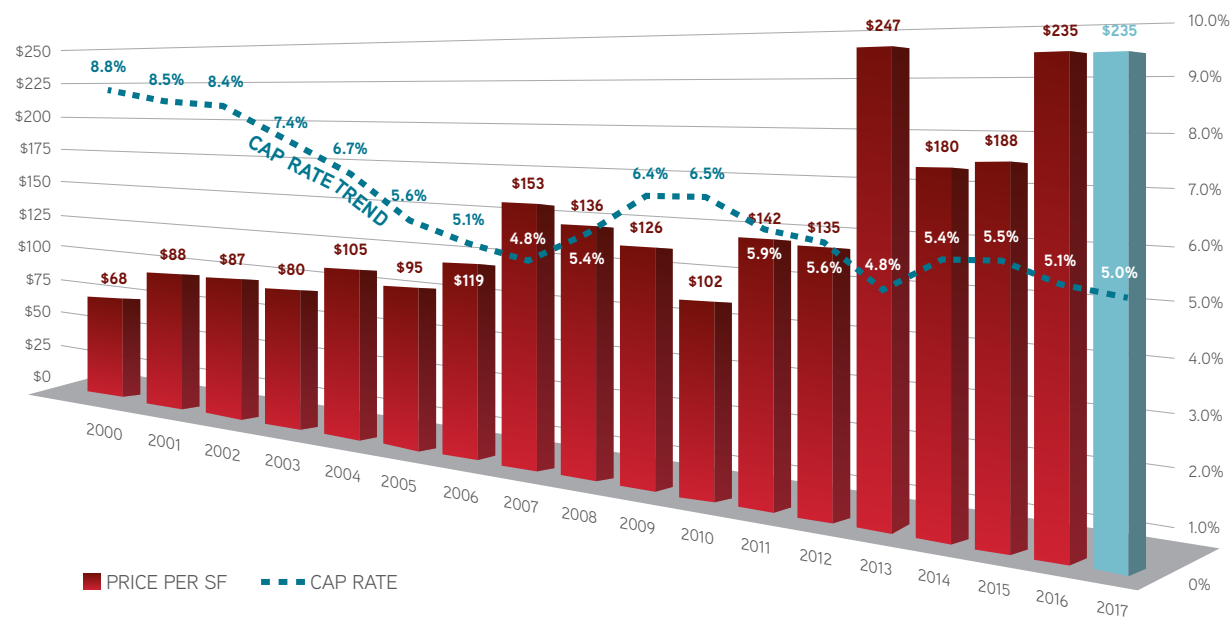
2017 SALES & HISTORICAL SALES TRENDS

SOUTH SNOHOMISH

2017 SALES METRICS



2000- 2017 SALES TRENDS



SOUTH SNOHOMISH

SALES HISTORY

2017	\$213,837	\$235	5.0%
2016	\$183,429	\$235	5.1%
2015	\$161,883	\$188	5.5%
2014	\$161,160	\$180	5.4%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

INSIGHT: The low sales volume in South Snohomish in 2017 belies the strength of this rental market, and more so signals the lack of buying opportunities. Average capitalization rates fell from 5.9% in 2014 to 5.0% in 2017, well below North Snohomish and South King.

Pricing on a PPU and PPSF basis continues a strong upward trend as investors continue to bid down capitalization rates and bid up prices, recognizing the quality of the submarkets comprising South Snohomish. Some have begun to call Mill Creek "North Bellevue" – complimenting its school system and lifestyle amenities. Although sales volume will likely remain moderate in 2018, expect an upward trend in pricing to continue.



2017 SALES

LYNNWOOD

	PROPERTY Address	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE	BUYER SELLER
1	 Heather Ridge 20407 68th Ave	1969	107	98,830	924	\$19,500,000	12/5/2017	\$182,243	\$197	5.1%	Paul, Kevin, & Krista Lin Acme Realty
2	 Newberry Square 16116 Ash Way	2005	123	113,717	925	\$33,800,000	11/29/2017	\$274,797	\$297	5.0%	MG Properties Fairfield Residential
3	 Green Leaf Cedar Park 4702 176th Street SW	1969	120	104,063	867	\$24,000,000	10/30/2017	\$200,000	\$231	4.8%	New Standard Equities Green Leaf Partners
4	 Martha Lake 16626 6th Avenue W	1991	155	132,552	855	\$34,800,000	10/4/2017	\$224,516	\$263	4.6%	Sares-Regis Group Waterton Associates
AVERAGES		1984	126	112,290	893	\$28,025,000		\$220,389	\$247	4.9%	

MILL CREEK

5	 Bordeaux 16520 North Road	1989	124	132,400	1,068	\$26,000,000	5/12/2017	\$209,677	\$196	5.1%	Security Properties Hamilton Zanze & Company
AVERAGES		1989	124	132,400	1,068	\$26,000,000		\$209,677	\$196	5.1%	

MOUNTLAKE TERRACE

6	 Boulders at Mountlake 4716 212th Street SW	1988	70	58,686	838	\$13,425,000	7/6/2017	\$191,786	\$229	5.1%	Legacy Group Hamilton Zanze & Company
AVERAGES		1988	70	58,686	838	\$13,425,000		\$191,786	\$229	5.1%	

SOUTH SNOHOMISH

DEVELOPMENTS

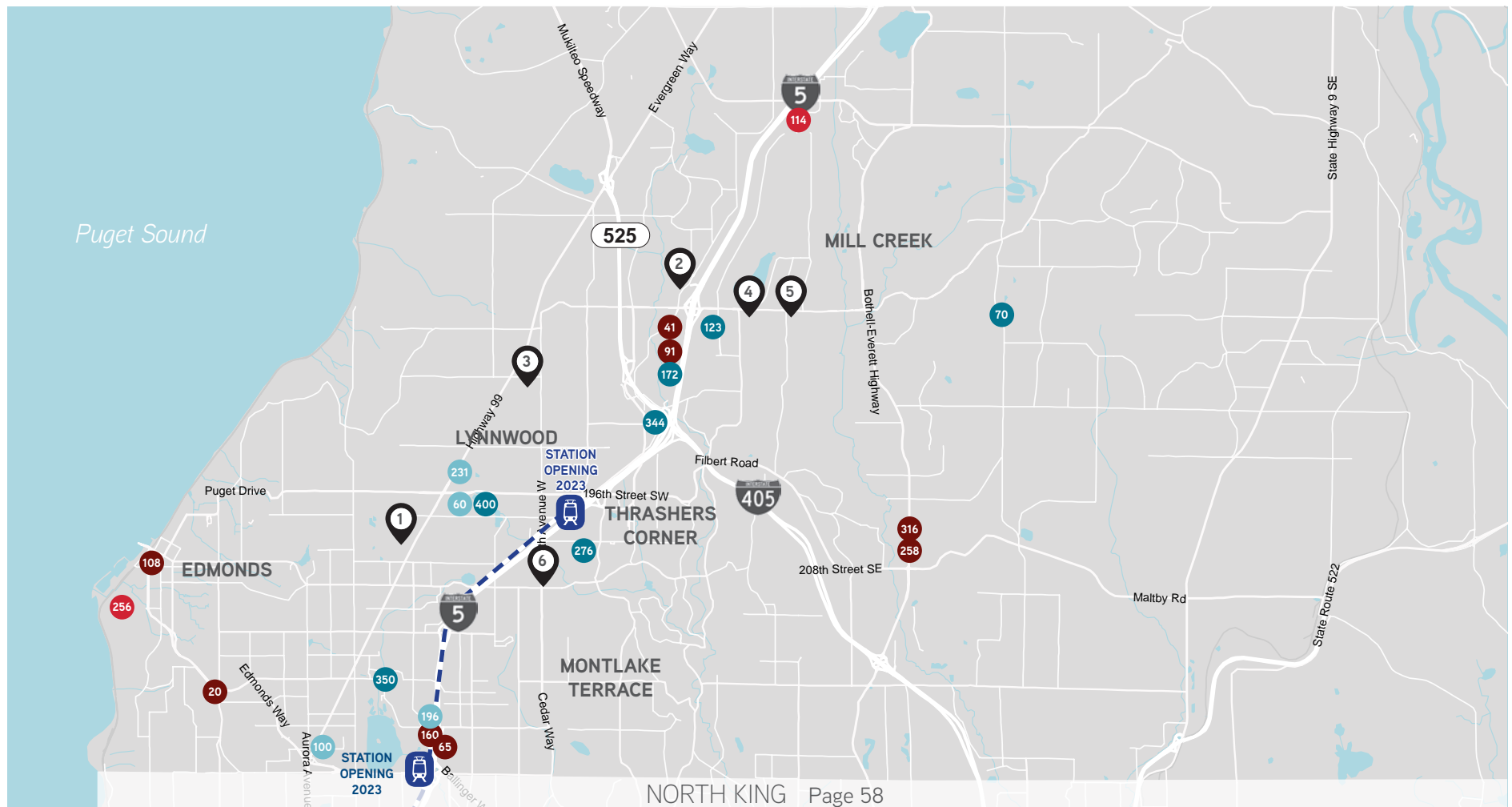


Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
370	1,059	587	0	1,735	3,751
EFFICIENCY UNITS		POTENTIAL CONDOS			
0		0			

Efficiency Units are defined on page 98.
Potential Condos denotes projects not yet specified as rental or for sale. See page 98 for full description.



DATA SOURCES

RENT & VACANCY DATA

Dupre + Scott

SALES DATA

Real Capital Analytics
CoStar
Dupre + Scott
Pierce Eislén
AXIOMetrics
King & Snohomish County Registrars

DEVELOPMENT DATA

Dupre + Scott
CoStar
Pierce Eislén
Seattle in Progress
AXIOMetrics
City of Seattle Department of Planning

Possible condo/apartment and efficiency developments included in unit count numbers.

Development data collection completed as of December 15, 2017

EMPLOYMENT DATA

Puget Sound Regional Council
Washington State Employment Security Department (WESD)
Bureau of Labor Statistics
The Puget Sound Economic Forecaster

EMPLOYMENT DATA ACRONYMS:

WTU: Wholesale Trade, Transportation, and Utilities
FIRE: Finance, Insurance, and Real Estate
STEM: Science, Technology, Engineering, and Mathematics
Services: Information Technology (IT), Business Services, and Recreation and Food Services

DEMOGRAPHIC DATA

ESRI

EFFICIENCY UNIT DEFINITIONS

Unit Type	Minimum Size	Average Size	Average Monthly Rent	Description	Status
Congregate Housing	70 SF	140-200 SF	\$800-\$1,100	A type of housing in which each individual or family has a private bedroom or living quarters, but shares with other residents a common dining room, recreational room, or other facilities.	Allowed in Certain Zones
Micro Housing	70 SF	140-200 SF	\$800-\$1,100	Housing style started in Seattle in 2009. Eight bedrooms containing a kitchenette and private bathroom share one common area like a kitchen. This style of project was banned by legislation in 2014.	Not Allowed
SEDU (old)	220 SF	220-250 SF	\$1,100-\$1,300	A Small Efficiency Dwelling Unit (SEDU) is a slightly undersized conventional studio apartment. It has a complete kitchen, bathroom and closet space.	Not Allowed
SEDU (new)	220 SF	270-300 SF	\$1,100-\$1,400	This unit designation is a result of SDCI adopting the "70-7" rule, a new interpretation of building code language that establishes the "minimum clear floor space" in a dwelling unit. The result is that it is almost impossible to design a unit at the minimum size of 220 SF.	Allowed
EDU	300 SF	300-370 SF	\$1,400-\$1,600	An Efficiency Dwelling Unit (EDU) is simply a conventional studio apartment. Typically, these are called Efficiency Dwelling Units when the average unit size in a building is less than 400 SF.	Allowed

CONDO DESCRIPTION

This market report does not cover the condominium development pipeline in King and Snohomish Counties. Projects marked as Potential Condos are marked to indicate that, as of December 15, 2017, the project was not specified as a rental or for-sale project. These projects are included in this market study as they may deliver as apartments, and therefore their inclusion in the apartment development pipeline is proper.

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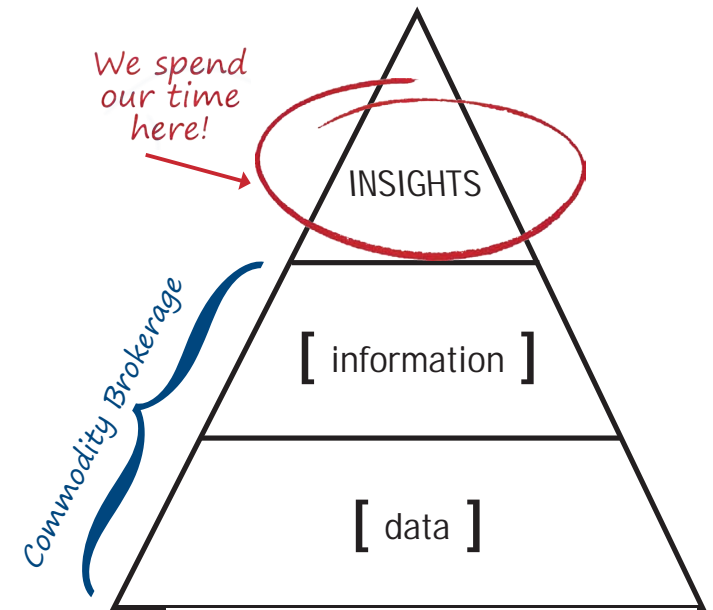
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