




**Dylan Simon**  
Author

**2015**

# SEATTLE APARTMENT MARKET STUDY

A Definitive Study of Seattle's Apartment Market Dynamics & Development Pipeline



*“To achieve superior investment results, your insight into value has to be superior. Thus you must learn things others don’t, see things differently or do a better job of analyzing them – ideally all three.”*

—Howard Marks  
Oaktree Capital Management

In the last several years, Seattle's economic growth and dynamism as a destination city for the nation's top employers and employees alike has garnered it significant attention—especially from the commercial real estate community. As measured from nearly every traditional metric of apartment investment—rent appreciation, vacancy, development and job growth—Seattle is deserving of recent attention gained.

The purpose of this study is to assist and guide apartment developers, investors and owners in gaining deeper insight into the fundamentals driving the market's ascension. In order to facilitate this goal, we have prepared this study with a broad scope, both geographically and topical.

## **GEOGRAPHIES COVERED**

As far as geographies covered, this study is broken down into a study of King County and Snohomish County. Within each county we have dissected the regions into urban markets and geographic submarkets: north, east and south. Vertical tabs on each page are provided as a guide to provide quick navigation to each market.

## **TOPICS COVERED**

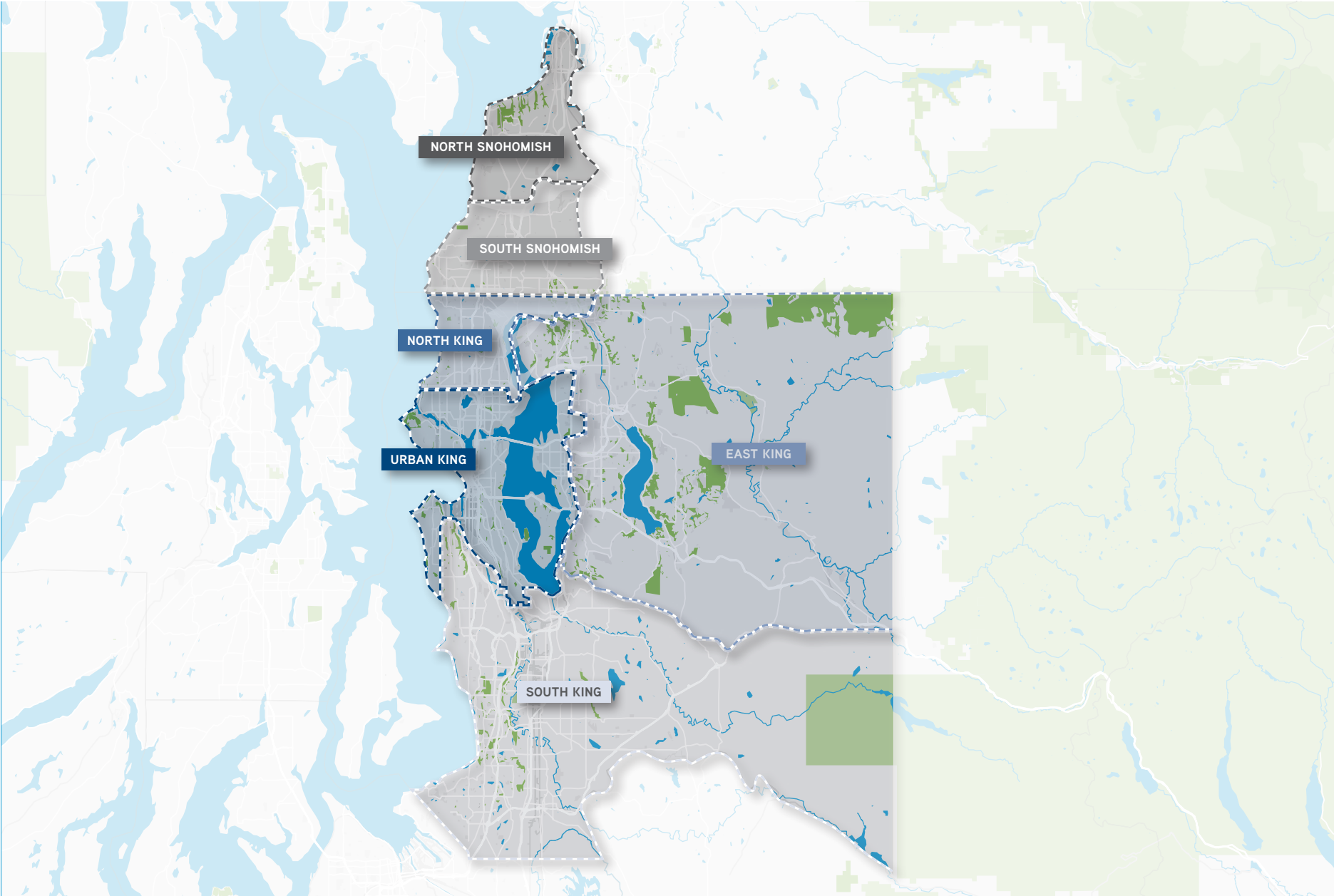
We have taken a comprehensive and granular look at each market and each urban neighborhood. In this study you will find the following topics covered:

- 2014 Year-in-Review
- Submarket Dynamics
  - o Historical Sales Trends
  - o Snapshot of Rent & Vacancy Trends
  - o 2000—2014 Job Growth Trends
  - o 2014 Sales Transaction Summary & List
  - o 2015—Future Development Pipeline

This study would not be possible without an amazing amount of hard work from our team and data providers, all listed by topic on page 88. We would like to extend special thanks to Dupre + Scott and encourage all readers to subscribe as a direct source of data and analytics—far beyond the snapshot we provide here. Subscribe here:

**[WWW.DUPRESCOTT.COM](http://WWW.DUPRESCOTT.COM)**

We invite you to use this study as a tool and to call us directly to discuss your apartment investment goals and how using our advisory services will help you outperform the market.



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| Downtown                                |    | Juanita                 |    | Mountlake Terrace            |    |
| South Downtown/Pioneer Square           |    | Redmond                 |    | Thrashers Corner             |    |
| Capitol Hill                            |    | Woodinville             |    |                              |    |
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| Queen Anne                              |    | Auburn                  |    |                              |    |
| South Lake Union                        |    | Burien                  |    |                              |    |
| Central Area/Beacon Hill/Rainier Valley |    | Des Moines              |    |                              |    |
| Greenlake/Wallingford/Fremont           |    | Federal Way             |    |                              |    |
| University District                     |    | Kent                    |    |                              |    |
| West Seattle                            |    | Renton                  |    |                              |    |
| Ballard                                 |    | Riverton/Tukwila        |    |                              |    |
| West Bellevue                           |    | SeaTac                  |    |                              |    |
| Kirkland                                |    | White Center            |    |                              |    |



### Dylan Simon

Multifamily Investment Sales  
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www.dylansimon.com

Dylan's market expertise is in the sale of apartment buildings and development land in Seattle and the Puget Sound region. Although Dylan has a keen understanding of urban dynamics, his greatest strength is in the study of key components of market and economic analysis, thereby leading his clients to the greatest degree of value creation in any geographic market.

Whether focused on the sale of an existing apartment building or pursuit of a development opportunity, Dylan's clients gain market-leading value through his multidisciplinary approach to the brokerage business and best-in-class marketing, sales and negotiation techniques.

#### Academic:

- › UCLA School of Law, Juris Doctorate
- › UCLA Anderson School of Management, Joint Studies
- › University of Washington, Certificate in Commercial Real Estate
- › California State University, BS, Mechanical Engineering

#### Organizations & Affiliations

- › National Multifamily Housing Council, Member
- › Urban Land Institute, Northwest Chapter Member
- › NAIOP, Chapter & Program Committee Member
- › Washington & California Designated Broker
- › Washington & California, Member of the Bar

#### Personal Interests:

- › Hiking in the Great Northwest
- › Skiing in and out of bounds
- › Traveling, food & libation



### Dave Schumacher

Senior Vice President  
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M 425 985 8528  
Dave.Schumacher@Colliers.com

Dave Schumacher joined Colliers in November 2010. Formerly with Columbia Partners, a multifamily brokerage firm Dave founded in 1991, they bring unmatched experience and multifamily expertise.

In his 38 years brokering apartment sales, Dave has worked on deals from Juneau, Alaska, down to Portland, Oregon. The majority of his work has been in the Puget Sound area—particularly King and Snohomish Counties. Dave's clients include REITs and large institutional players, local and national syndicators and wealthy individuals.

- › 38 years of multifamily sales experience
- › Over \$2 billion in multifamily transactions
- › Widely recognized as one of Seattle's top apartment brokers
- › Strong client relationships with the leading pension fund advisors, REITs, and large syndicators as well as high net worth individuals and families
- › Rookie of the Year in his first year
- › Remained the top apartment broker in the Seattle office for most of his first 14 year tenure with CBRE
- › 1990 Top CBRE investment broker in the country



### Jerrid Anderson

Associate  
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Jerrid is a broker with Colliers International and has over nine years of experience in real estate investment and sales. His first job was working for his family's business helping buy, renovate, sell, develop and manage various real estate investments. After graduating with a Bachelor Degree in Business, Jerrid attained his real estate license and began selling residential real estate. It wasn't long until he was recruited to commercial real estate brokerage with Colliers International.

Jerrid's current focus on apartment sales is a perfect fit for his background. His combination of skills in acquisition rehab, financial analysis, and sales help him analyze assets at a granular level and provide the greatest value to his clients.

#### Academic:

Jerrid received his Bachelor of Business degree, in Entrepreneurship from Washington State University in Pullman, Wa.

#### Civic Activities:

- › Community For Youth Mentor
- › Member, NAIOP Washington Chapter

#### Personal Interests:

- › Basketball and football
- › Traveling and culture
- › Mountain biking

An aerial photograph of a city skyline, likely Seattle, with a blue overlay. The city features a dense cluster of skyscrapers in the center, surrounded by lower-rise buildings and green spaces. A large body of water is visible on the right side, and a bridge spans across it. The overall scene is captured from a high angle, providing a comprehensive view of the urban landscape.

# 2014 YEAR IN REVIEW

## 2015 Seattle Apartment Market Study

In 2014, the Seattle apartment investment market experienced **yet another record setting year** by nearly every measure. The story of 2014 was that of continued economic vibrancy in the region and new apartment development to meet job demand.

The combination of new employers and new jobs added to the market plus the addition of newly-developed, high-end Class A apartments spurred both rent appreciation and low vacancy—sustaining the continuation of an expansion cycle.

As a function of both cyclical expansion and national attention on the Seattle apartment investment market, a slew of new investors and developers poured into our market, driving both sales prices and new development.

As the following numbers illustrate, investment in the Seattle apartment market is at an all-time high and apartment fundamentals—by all measures—continue to show strength as we enter 2015.

**“Nearly every measure was up in 2014—over 8.5% y-o-y rent growth, more than 8,000 units delivered and job growth at nearly 50,000 jobs for the third consecutive year.”**

|                           | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Sales</b>    | 10        | 29        | 38        | 71        | 52        | 80        |
| <b>Total Sales Volume</b> | \$192M    | \$545.6M  | \$1.0B    | \$2.1B    | \$1.7B    | \$2.6B    |
| <b>Average PPU</b>        | \$122,328 | \$130,171 | \$139,630 | \$167,123 | \$206,672 | \$193,804 |
| <b>Average PPSF</b>       | \$141     | \$150     | \$169     | \$188     | \$233     | \$238     |
| <b>Average Cap Rate</b>   | 6.8%      | 5.9%      | 5.7%      | 5.5%      | 5.3%      | 5.3%      |
| <b>Total Deliveries</b>   | 4,736     | 3,686     | 1,318     | 4,426     | 5,986     | 8,128     |

Sales Data: 50+ units

## Seattle by the numbers...

- 1** **NUMBER ONE** place to make a living (*MoneyRate.com, June 2014*)
- 2** **SECOND** best city for millennials (*NerdWallet, May 2014*)
- 3** **THIRD** best city for commercial real estate development (*Urban Land Institute and PwC, October 2014*)
- 4** **FOURTH** highest city for commercial real estate investment (*Urban Land Institute and PwC, October 2014*)
- 5** **FIFTH** best city for home sellers (*Zillow, March 2014*)



# 2014 MARKET METRICS & FUNDAMENTALS

|              | URBAN KING                             | NORTH KING                             | EAST KING                             | SOUTH KING                             | NORTH SNOHOMISH                             | SOUTH SNOHOMISH                             |
|--------------|--|--|---------------------------------------|--|---|---|
| 2014 Sales   | <b>29</b><br>SALES                     | <b>6</b><br>SALES                      | <b>9</b><br>SALES                     | <b>23</b><br>SALES                     | <b>6</b><br>SALES                           | <b>7</b><br>SALES                           |
|              | <b>\$1.1B</b><br>SALES VOLUME          | <b>\$129.6M</b><br>SALES VOLUME        | <b>\$422.2M</b><br>SALES VOLUME       | <b>\$592.8M</b><br>SALES VOLUME        | <b>\$191.3M</b><br>SALES VOLUME             | <b>\$234.2M</b><br>SALES VOLUME             |
|              | <b>\$305,925</b><br>AVERAGE PPU        | <b>\$180,081</b><br>AVERAGE PPU        | <b>\$253,812</b><br>AVERAGE PPU       | <b>\$125,085</b><br>AVERAGE PPU        | <b>\$136,761</b><br>AVERAGE PPU             | <b>\$161,160</b><br>AVERAGE PPU             |
|              | <b>\$428</b><br>AVERAGE PPSF           | <b>\$236</b><br>AVERAGE PPSF           | <b>\$275</b><br>AVERAGE PPSF          | <b>\$144</b><br>AVERAGE PPSF           | <b>\$148</b><br>AVERAGE PPSF                | <b>\$198</b><br>AVERAGE PPSF                |
|              | <b>4.5%</b><br>AVERAGE CAP RATE        | <b>5.2%</b><br>AVERAGE CAP RATE        | <b>4.9%</b><br>AVERAGE CAP RATE       | <b>5.8%</b><br>AVERAGE CAP RATE        | <b>5.9%</b><br>AVERAGE CAP RATE             | <b>5.4%</b><br>AVERAGE CAP RATE             |
| Fundamentals | <b>8.2%</b><br>ANNUAL RENT GROWTH      | <b>7.9%</b><br>ANNUAL RENT GROWTH      | <b>8.4%</b><br>ANNUAL RENT GROWTH     | <b>6.6%</b><br>ANNUAL RENT GROWTH      | <b>7.3%</b><br>ANNUAL RENT GROWTH           | <b>9.0%</b><br>ANNUAL RENT GROWTH           |
|              | <b>4.1%</b><br>VACANCY                 | <b>2.8%</b><br>VACANCY                 | <b>3.8%</b><br>VACANCY                | <b>3.5%</b><br>VACANCY                 | <b>5.1%</b><br>VACANCY                      | <b>4.1%</b><br>VACANCY                      |
| Development  | <b>5,781</b><br>UNITS DELIVERED        | <b>797</b><br>UNITS DELIVERED          | <b>415</b><br>UNITS DELIVERED         | <b>335</b><br>UNITS DELIVERED          | <b>0</b><br>2014 UNITS DELIVERED            | <b>800</b><br>UNITS DELIVERED               |
|              | <b>9.5%</b><br>OF URBAN KING INVENTORY | <b>5.2%</b><br>OF NORTH KING INVENTORY | <b>1.5%</b><br>OF EAST KING INVENTORY | <b>0.6%</b><br>OF SOUTH KING INVENTORY | <b>0.0%</b><br>OF NORTH SNOHOMISH INVENTORY | <b>4.7%</b><br>OF SOUTH SNOHOMISH INVENTORY |

Rent & Vacancy Data Provided by Dupre + Scott  
For more comprehensive data, visit: [www.duprescott.com](http://www.duprescott.com)

**6** **SIXTH** most walkable city in the U.S. (Foot Traffic Ahead: Ranking Walkable Urbanism in America's Largest Metros, June 2014)

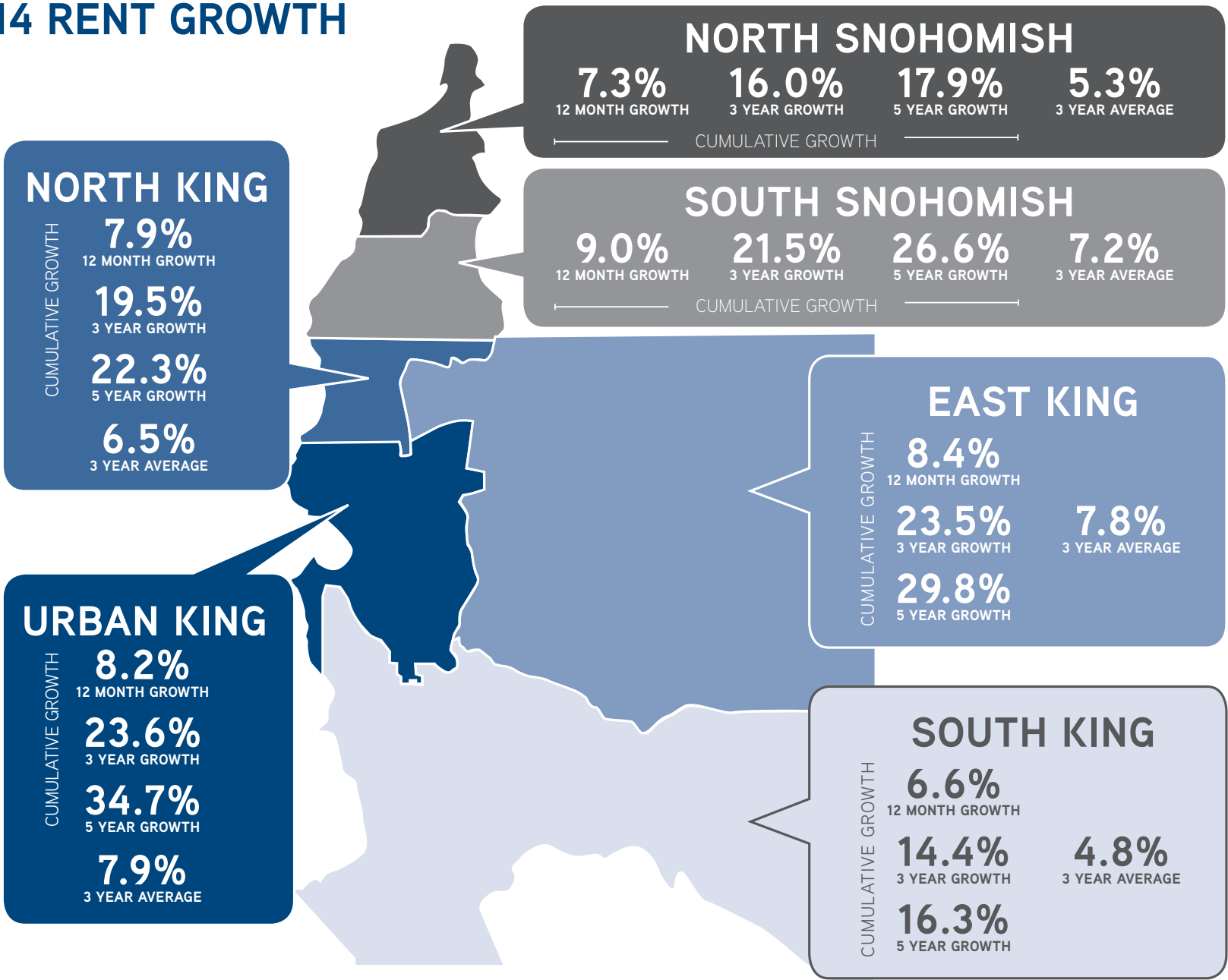
**7** Number **SEVEN** best U.S. city to find a job (WalletHub, March 2014)

**8** Number **EIGHT** best city for jobs this fall (Forbes, September 2014)

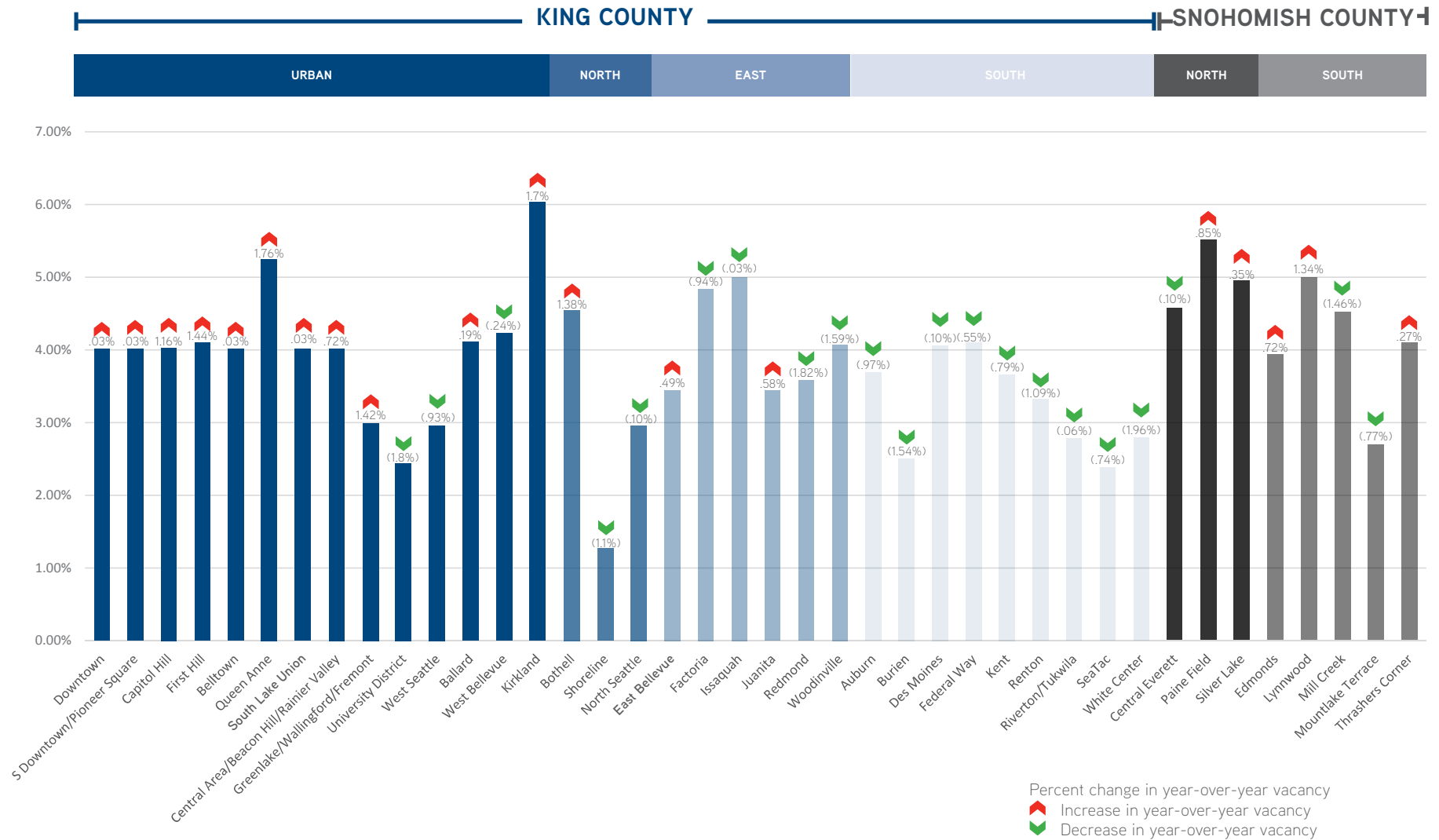
**9** **NINTH** best place for business (Forbes, July 2014)

**10** **TENTH** best international skyline (USA Today, September 2014)

# 2014 RENT GROWTH



# 2014 VACANCY

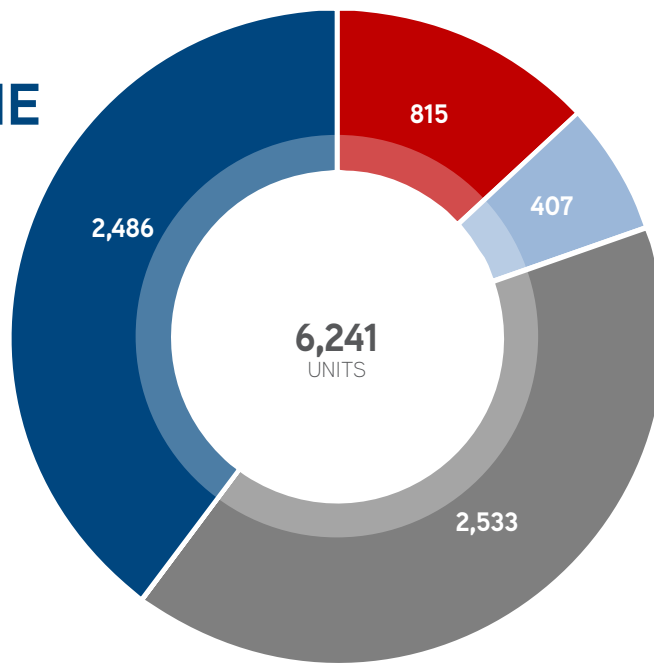


Vacancy Data Provided by Dupre + Scott  
 For more comprehensive data, visit: [www.duprescott.com](http://www.duprescott.com)

# URBAN KING DEVELOPMENT PIPELINE

Urban King Pipeline  
**48,726 UNITS**  
 74% OF KING COUNTY PIPELINE  
 69% OF TRI-COUNTY PIPELINE

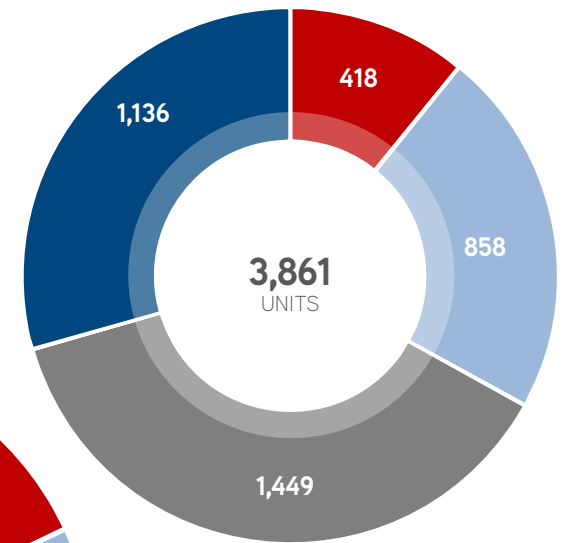
## DOWNTOWN



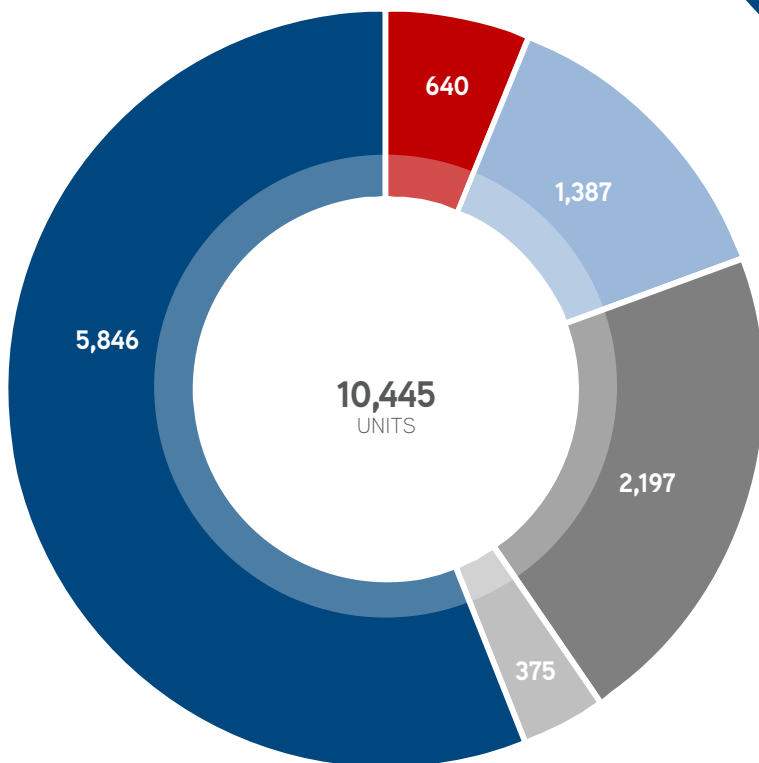
## DELIVERIES BY YEAR

|        |        |
|--------|--------|
| 2015   | 9,516  |
| 2016   | 7,243  |
| 2017   | 10,334 |
| 2018   | 1,770  |
| Future | 19,863 |

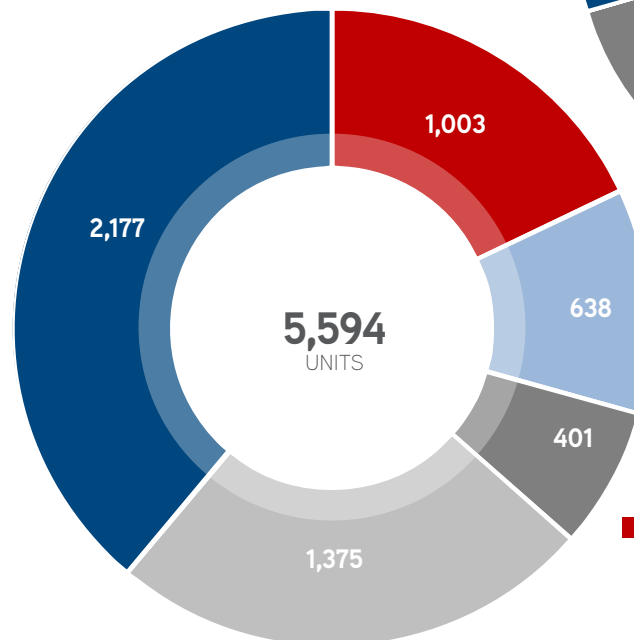
## CENTRAL/BEACON HILL/RAINIER VALLEY



## SOUTH LAKE UNION

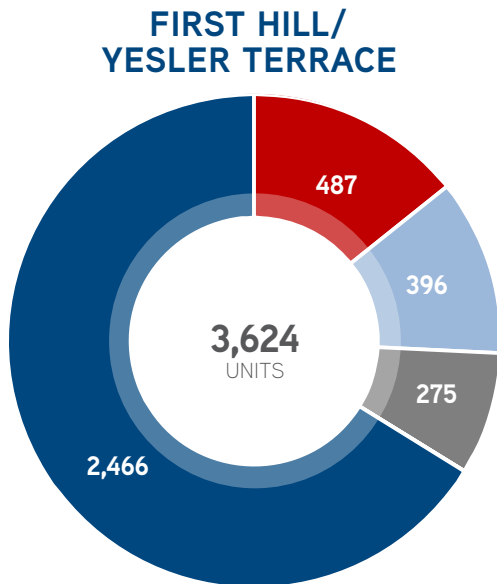
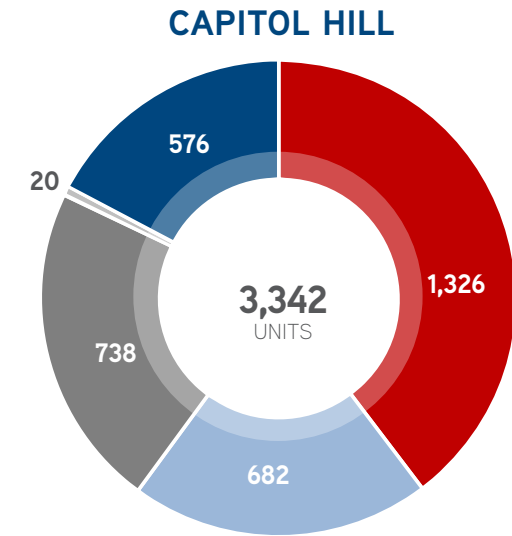


## WEST BELLEVUE

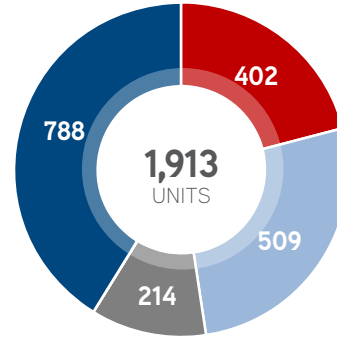


■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ FUTURE

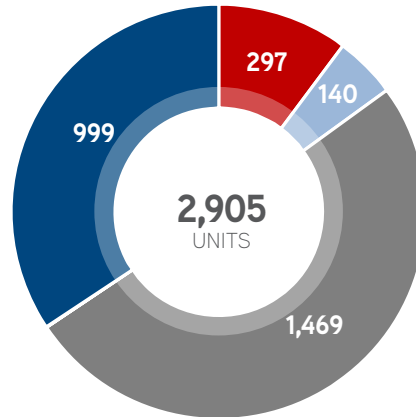
# URBAN KING DEVELOPMENT PIPELINE



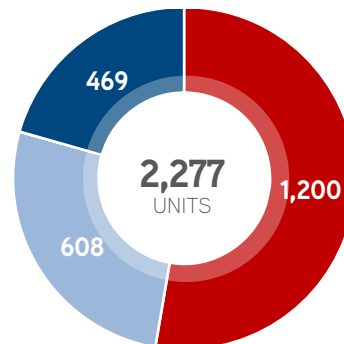
## UNIVERSITY DISTRICT



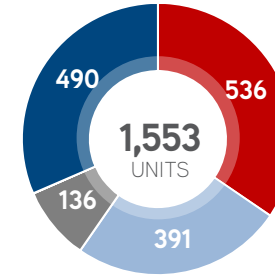
## BELLTOWN



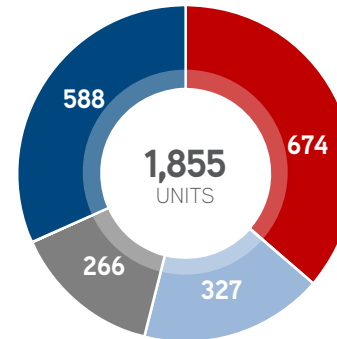
## WEST SEATTLE



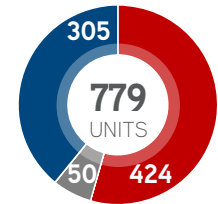
## BALLARD



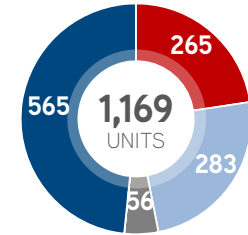
## GREENLAKE/ WALLINGFORD/ FREMONT



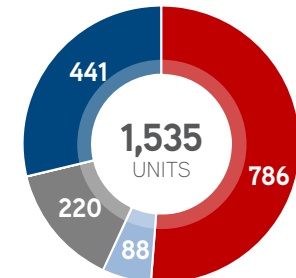
## S. DOWNTOWN/ PIONEER SQUARE



## QUEEN ANNE



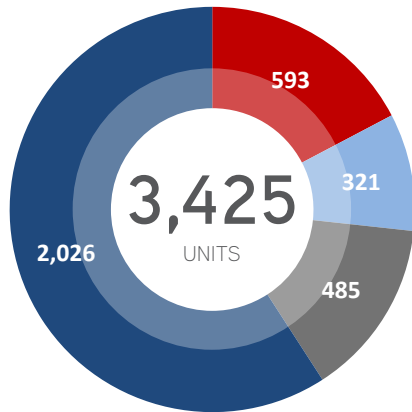
## KIRKLAND



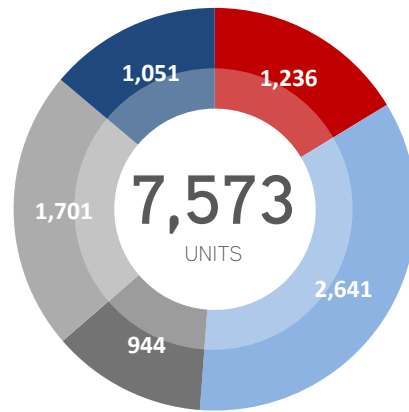
■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ FUTURE

# SUBURBAN DEVELOPMENT PIPELINE

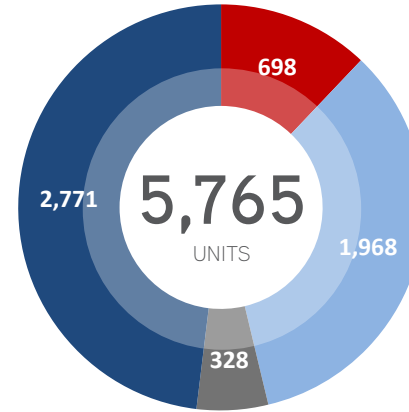
**NORTH KING**



**EAST KING**

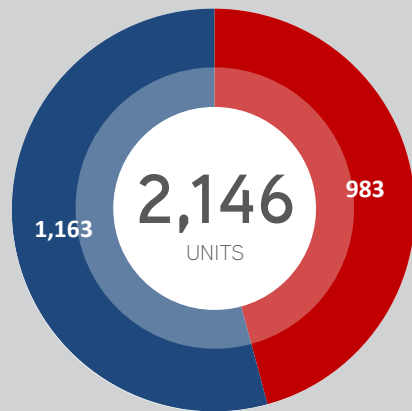


**SOUTH KING**

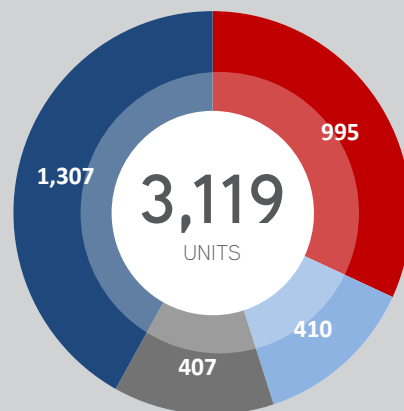


King County Pipeline  
**65,489**  
UNITS  
PLANNED

**NORTH SNOHOMISH**



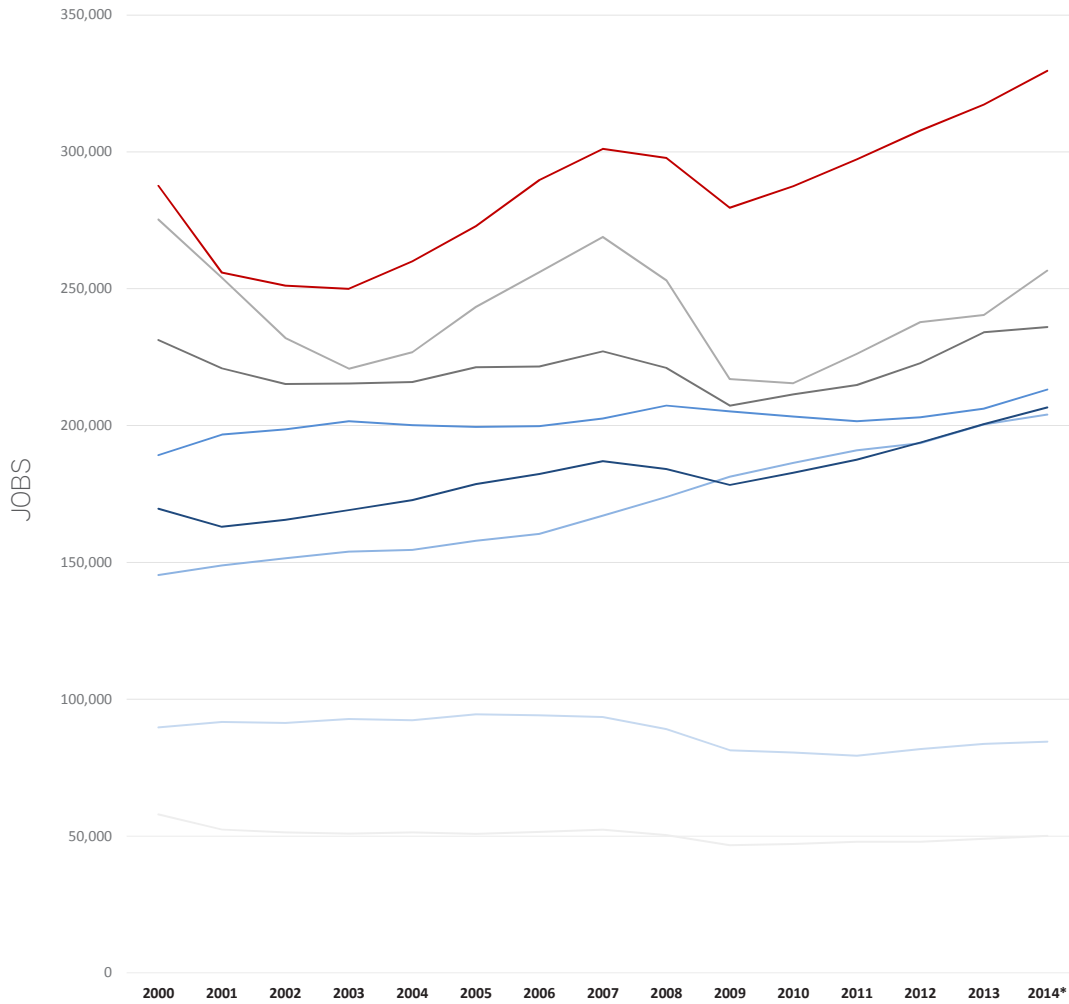
**SOUTH SNOHOMISH**



Snohomish County Pipeline  
**5,265**  
UNITS  
PLANNED

- 2015
- 2016
- 2017
- 2018
- FUTURE

# 2000-2014 JOB GROWTH SEATTLE-BELLEVUE-EVERETT MSA



**HOTTEST & COLDEST**  
job growth in the last 10 years

↑ **69,660**  
PROFESSIONAL/STEM

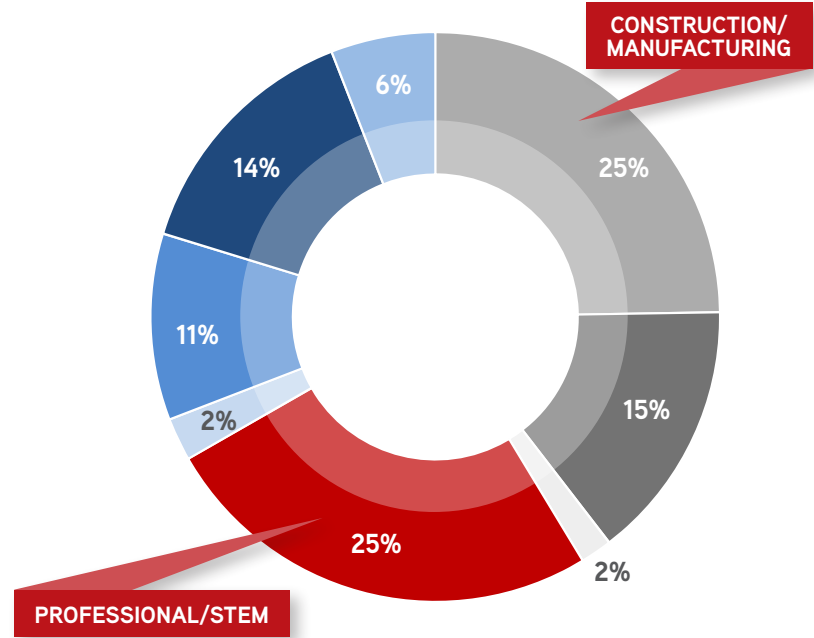
↓ **-7,760**  
FIRE

**STEM JOB GROWTH**

15%  
IN LAST 4 YEARS

**27%**  
IN LAST 10 YEARS

2010-2014 PERCENTAGE OF TOTAL NEW JOBS BY INDUSTRY



\*Due to incomplete employment data for Nov.-Dec. 2014, the existing data was annualized and trended by industry for the six different submarkets.



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14th Ave NW

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and operated

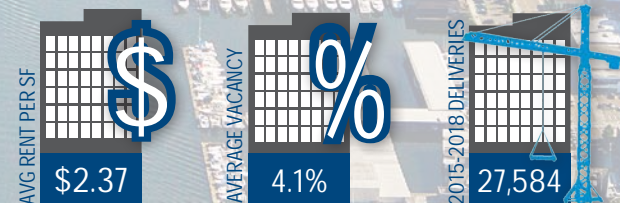


# URBAN KING :: MARKET OVERVIEW

Downtown  
South Downtown/Pioneer Square  
Capitol Hill  
First Hill/Yesler Terrace  
Belltown  
Queen Anne  
South Lake Union

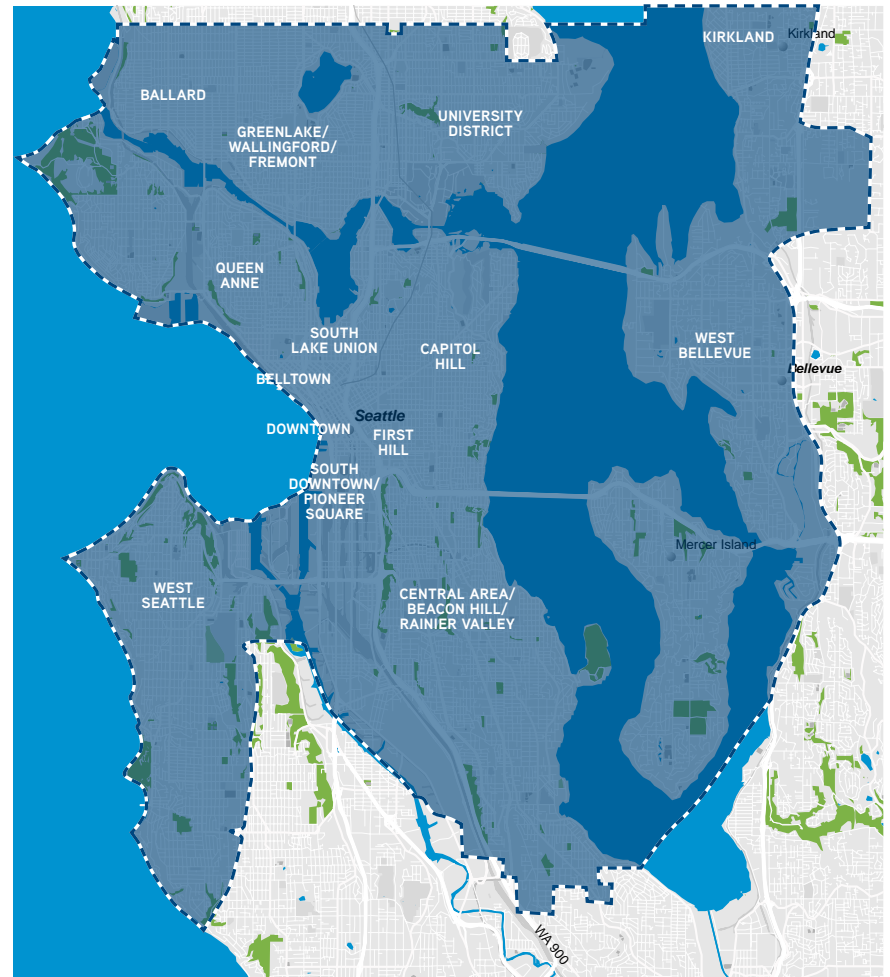
Central Area/Beacon Hill/Rainier Valley  
Greenlake/Wallingford/Fremont  
University District  
West Seattle  
Ballard  
West Bellevue  
Kirkland

## MARKET SNAPSHOT



# URBAN KING

Since the beginning of the most recent apartment market cycle in 2011, urban neighborhoods within King County have received the greatest share of attention from the apartment investment community—and deservedly so. The 14 neighborhoods covered in this market have absorbed nearly 13,000 new apartment units in the last 4 years while continuing to post positive rent growth y-o-y and a mean vacancy rate near 4%. Sales in the Urban King market continue to impress with increasing prices on a per square foot and unit basis. These neighborhoods will certainly remain the focal point for some time to come.



## HISTORICAL PERFORMANCE

|                             | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Sales</b>      | 3         | 9         | 8         | 19        | 17        | 29        |
| <b>Sales Volume</b>         | \$87.6M   | \$232.6M  | \$250.9M  | \$749M    | \$784M    | \$1.1B    |
| <b>Average PPU</b>          | \$181,568 | \$200,169 | \$212,193 | \$277,864 | \$310,934 | \$305,925 |
| <b>Average PPSF</b>         | \$213     | \$280     | \$326     | \$381     | \$437     | \$428     |
| <b>Average Cap Rate</b>     | 5.8%      | 5.2%      | 5.2%      | 4.8%      | 4.6%      | 4.5%      |
| <b>Number of Deliveries</b> | 3,351     | 2,645     | 620       | 2,696     | 4,031     | 5,781     |

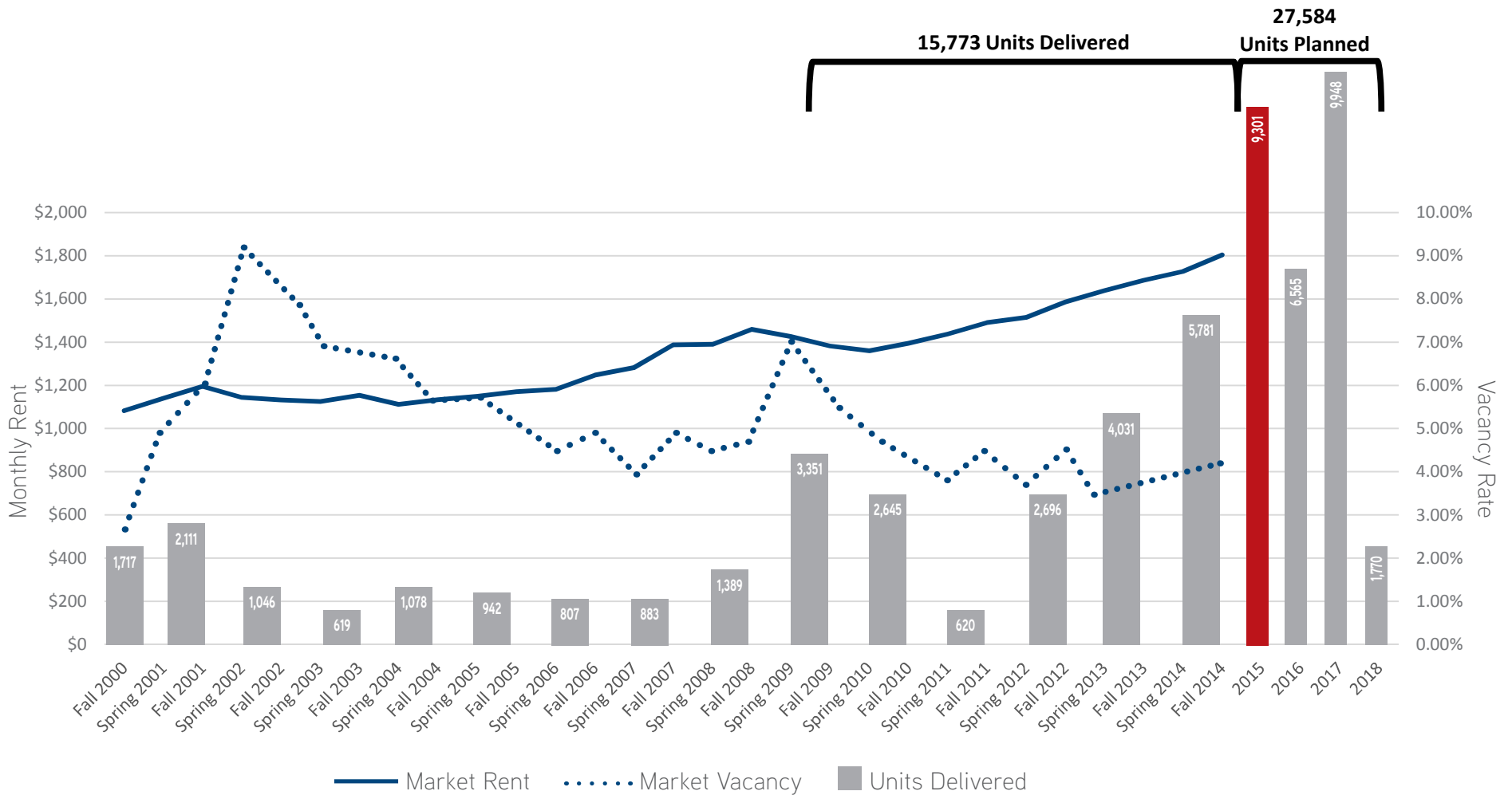
# MARKET FUNDAMENTALS

**\$1,804**  
AVG RENT PER UNIT

**\$2.37**  
AVG RENT PER SF

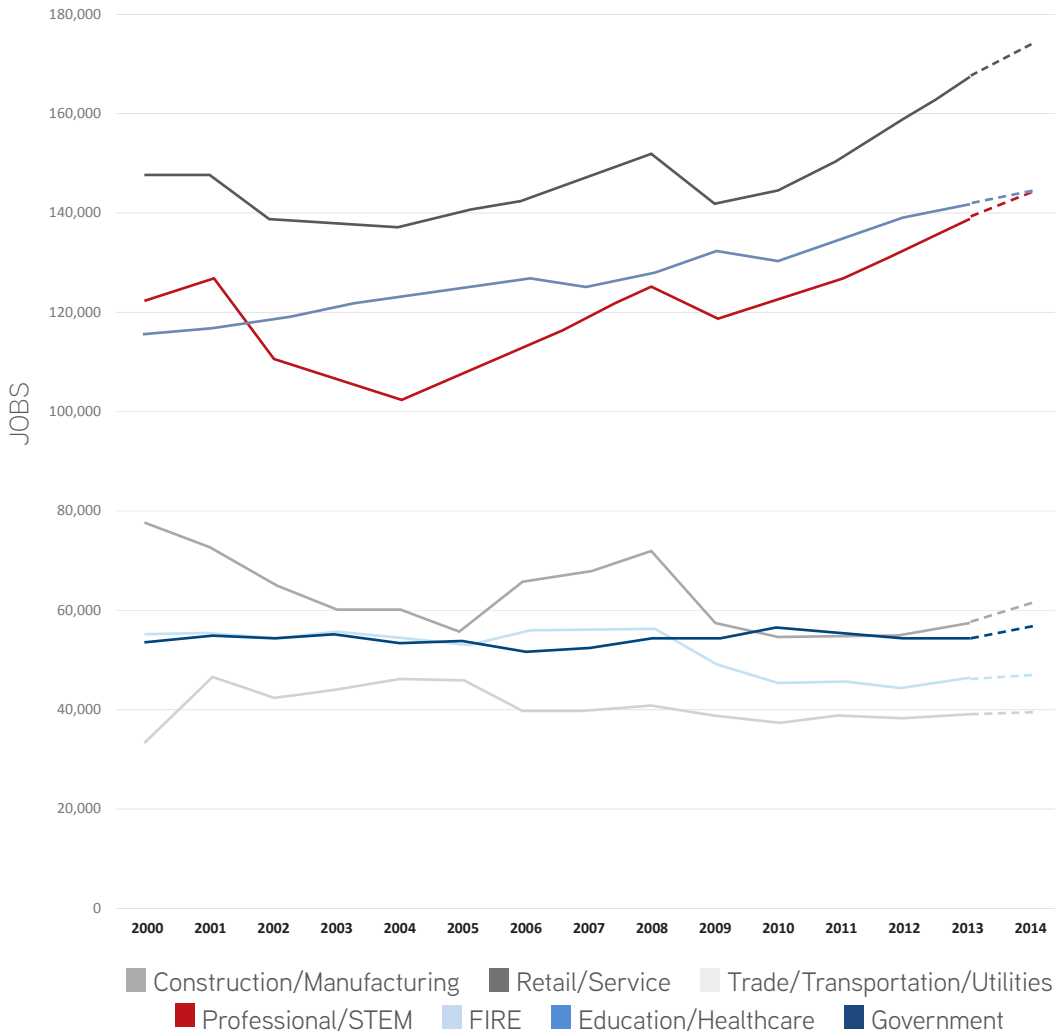
**4.1%**  
CURRENT VACANCY

URBAN KING



Rent & Vacancy Data Provided by Dupre + Scott  
For more comprehensive data, visit: [www.duprescott.com](http://www.duprescott.com)

# EMPLOYMENT GROWTH URBAN KING



**HOTTEST & COLDEST**  
job growth in the last 10 years

↑ **41,690**  
PROFESSIONAL/STEM

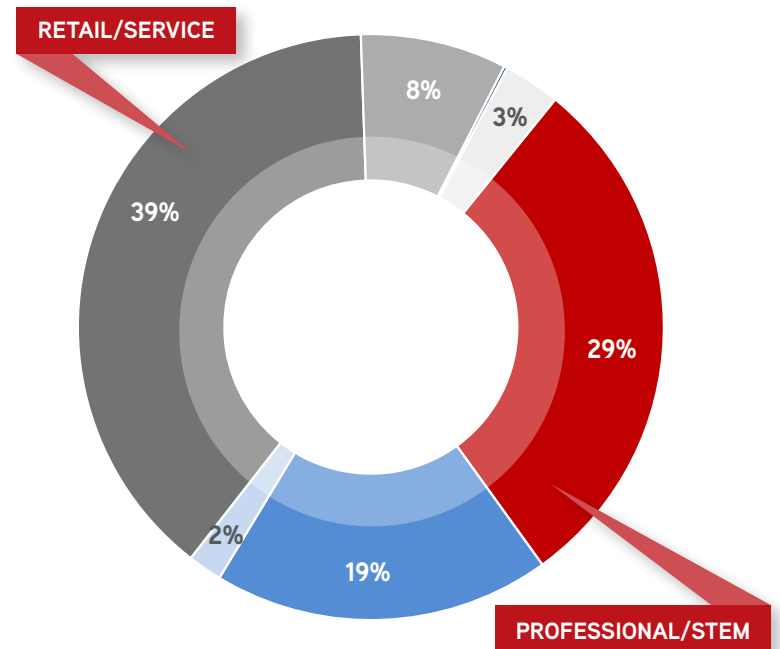
↓ **-8,285**  
FIRE

**STEM JOB GROWTH**

18%  
IN LAST 4 YEARS

**41%**  
IN LAST 10 YEARS

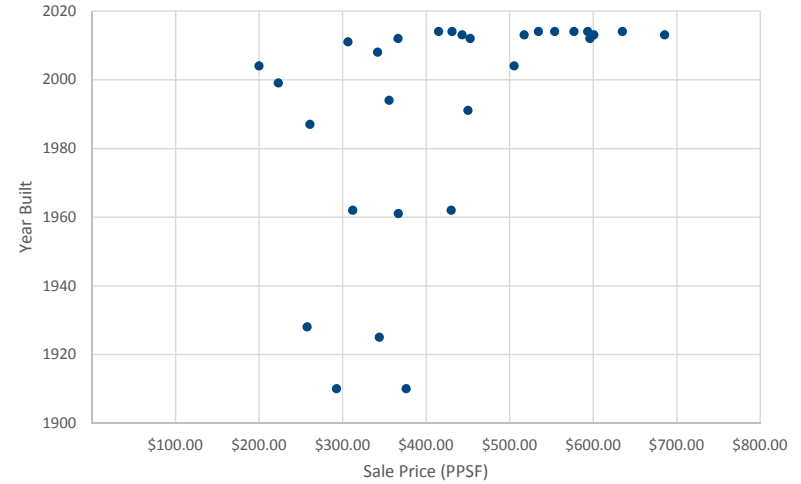
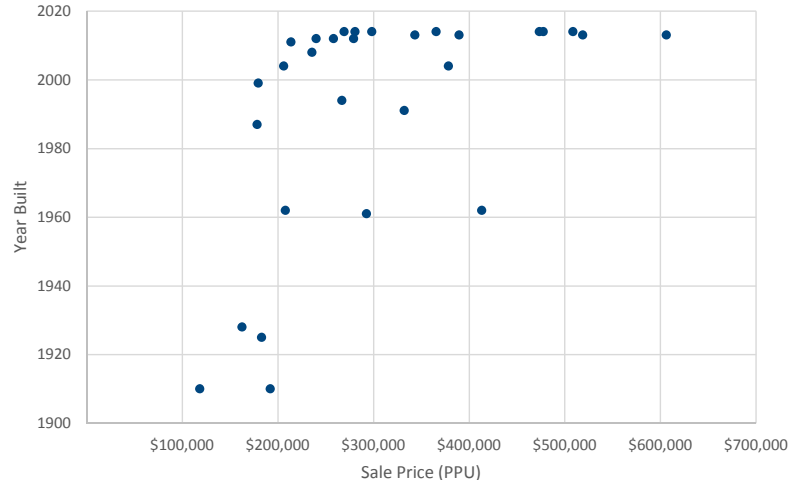
2010-2014 PERCENTAGE OF TOTAL NEW JOBS BY INDUSTRY



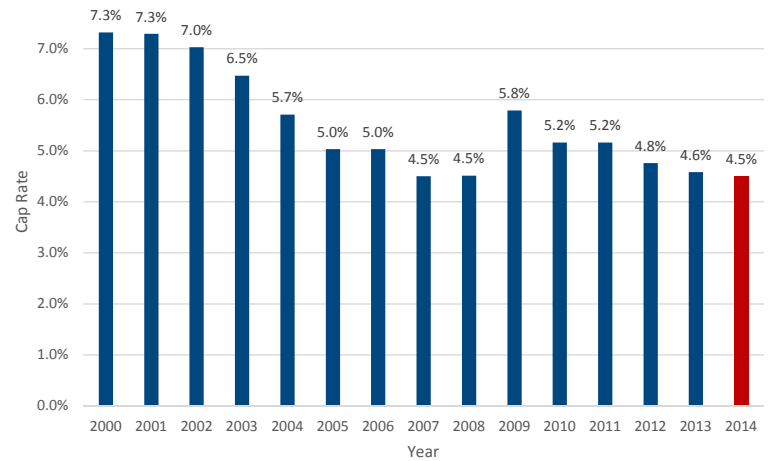
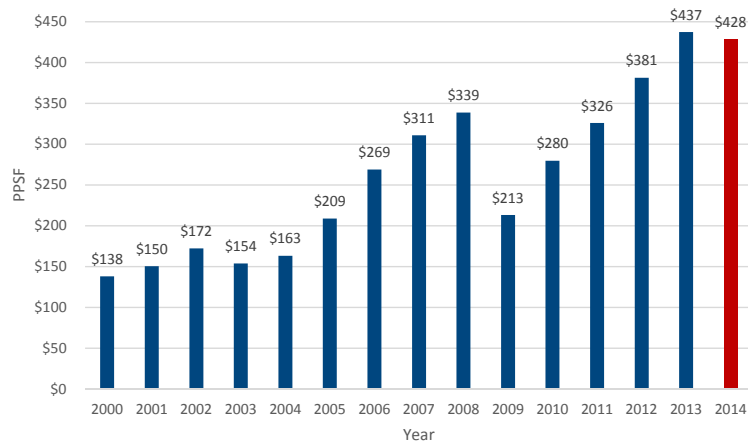
\*Due to incomplete employment data for Nov.-Dec. 2014, the existing data was annualized and trended by industry for the six different submarkets.

# 2014 SALES & SALES TRENDS

## 2014 SALES METRICS



## 2000-2014 SALES TRENDS



2014 Downtown Sales

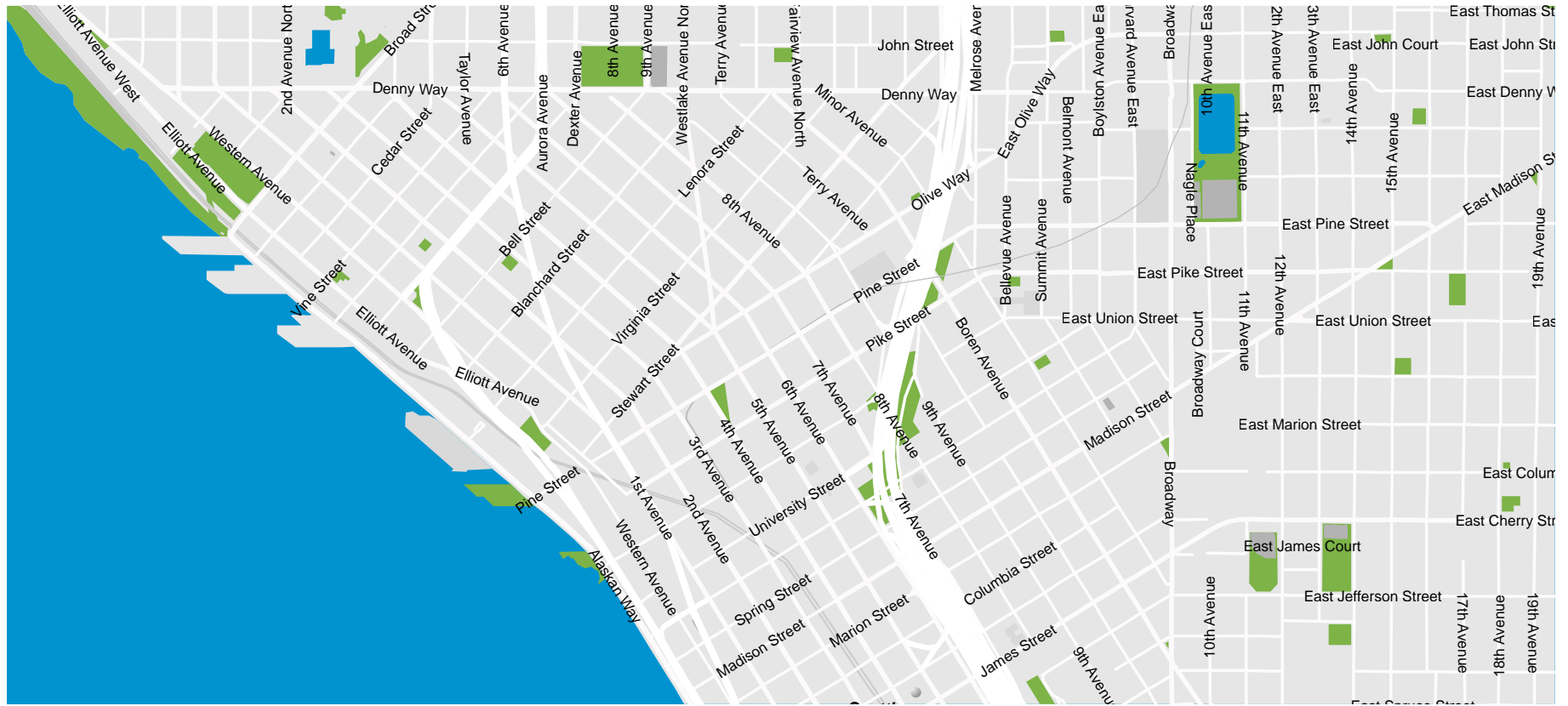
DOWNTOWN

NO 2014 SALES

AVG PRICE PER UNIT

AVG PRICE PER SF

CAP RATE



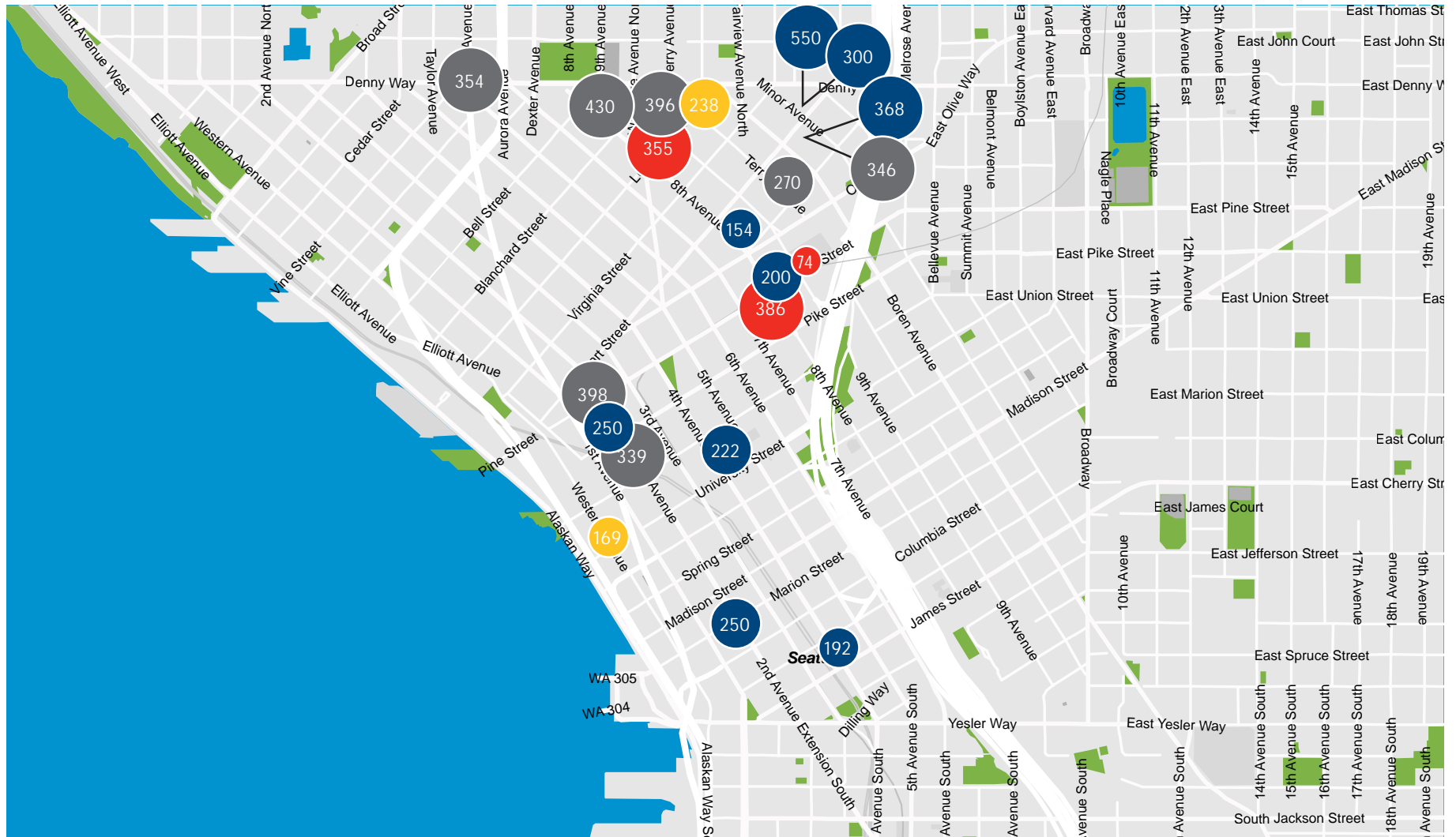
| Property Name | Address | Year Built | Units | NRSF | Price | Sale Date | \$/Unit | \$/NRSF | Cap Rate | Buyer Seller |
|---------------|---------|------------|-------|------|-------|-----------|---------|---------|----------|--------------|
| Average       |         |            |       |      |       |           |         |         |          |              |

# Downtown Development Pipeline



| Deliveries |      |       |      |        |
|------------|------|-------|------|--------|
| 2015       | 2016 | 2017  | 2018 | FUTURE |
| 815        | 407  | 2,533 | 0    | 2,486  |

Numbers within circles on map below indicate size of development



DOWNTOWN

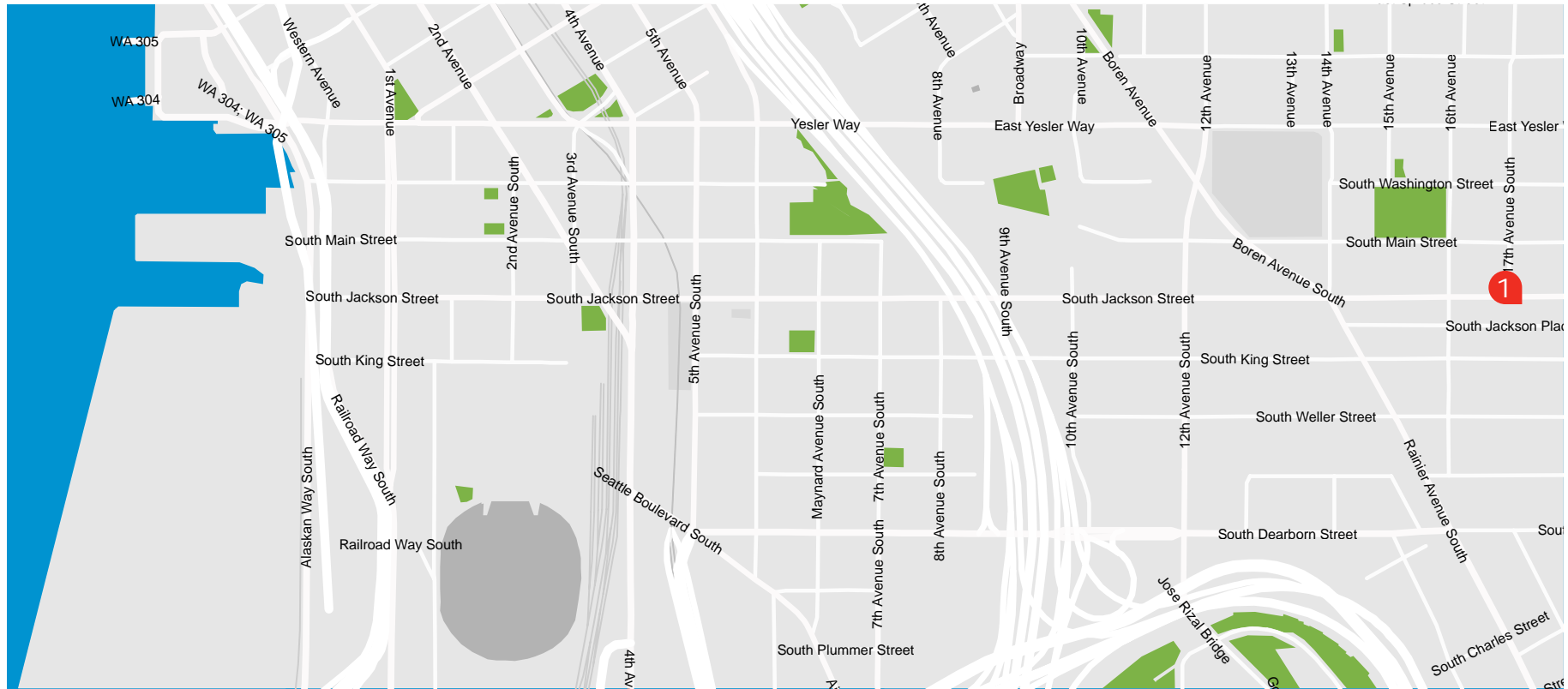
## 2014 South Downtown/Pioneer Square Sales

**\$118,421**  
AVG PRICE PER UNIT

**\$293**  
AVG PRICE PER SF

**4.7%**  
CAP RATE

S. DOWNTOWN/  
PIONEER SQUARE



| Property Name | Address       | Year Built | Units | NRSF   | Price       | Sale Date | \$/Unit   | \$/NRSF  | Cap Rate | Buyer Seller                      |
|---------------|---------------|------------|-------|--------|-------------|-----------|-----------|----------|----------|-----------------------------------|
| 1 Ascona      | 200 5th Ave S | 1910       | 57    | 23,027 | \$6,750,000 | 6/1/2014  | \$118,421 | \$293.13 | 4.7%     | Foundation Group<br>Daly Partners |
| Average       |               | 1910       | 57    |        | \$6,750,000 |           | \$118,421 | \$293    | 4.7%     |                                   |

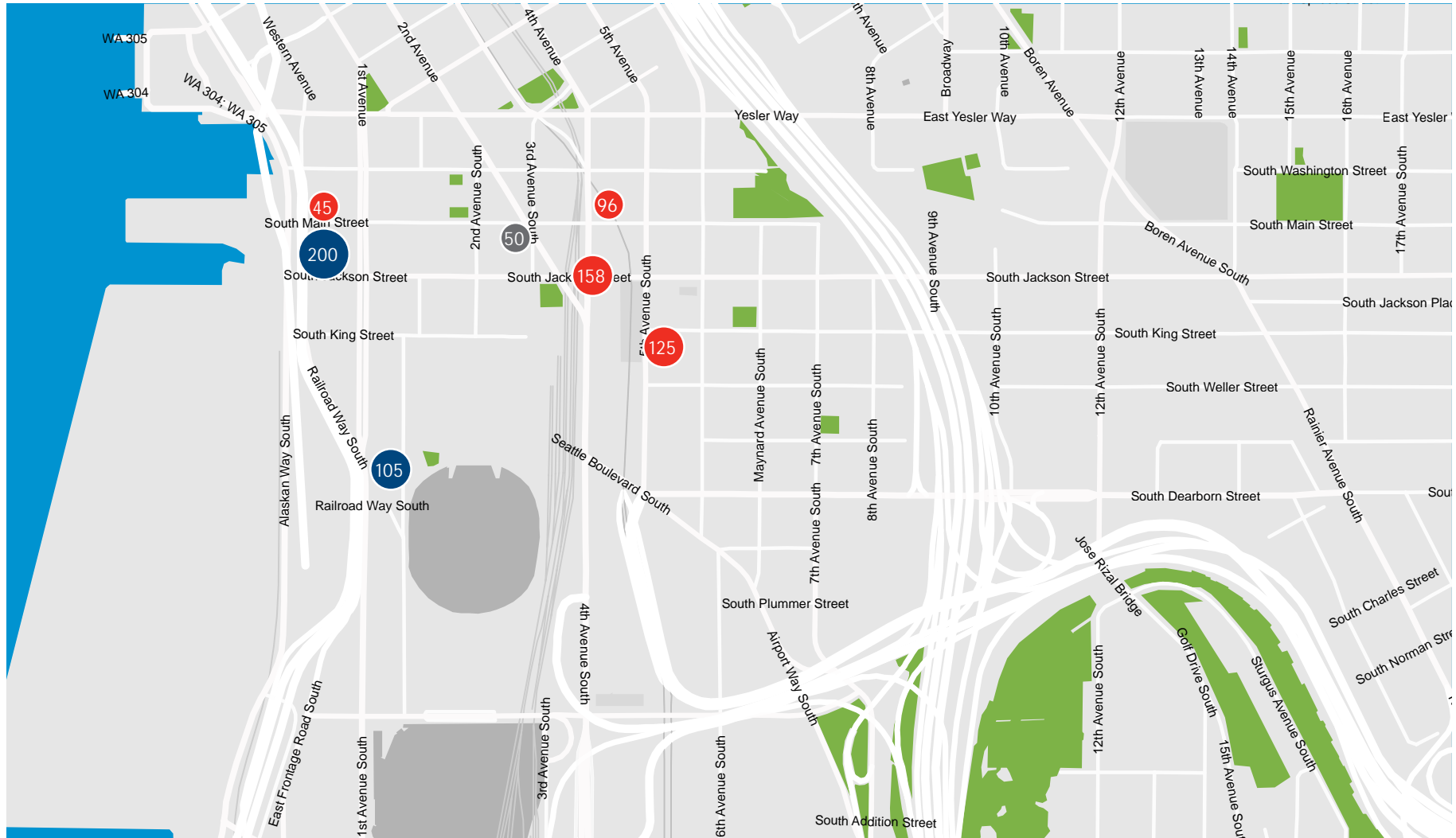


# South Downtown/Pioneer Square Development Pipeline



| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 424        | 0    | 50   | 0    | 305    |

Numbers within circles on map below indicate size of development



S. DOWNTOWN/  
PIONEER SQUARE

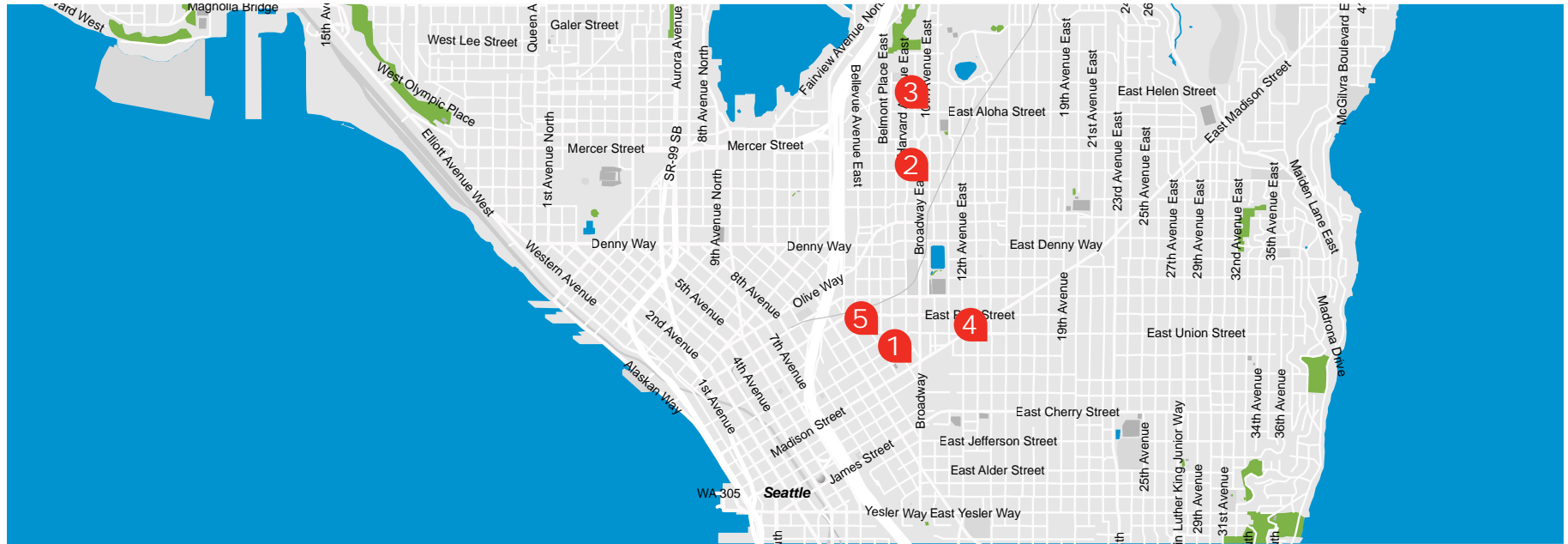
## 2014 Capitol Hill Sales

CAPITOL HILL

**\$313,554**  
AVG PRICE PER UNIT

**\$454**  
AVG PRICE PER SF

**4.0%**  
CAP RATE



| Property Name | Address         | Year Built          | Units | NRSF | Price  | Sale Date    | \$/Unit   | \$/NRSF   | Cap Rate | Buyer Seller |  |
|---------------|-----------------|---------------------|-------|------|--------|--------------|-----------|-----------|----------|--------------|--|
| 1             | Miller-Warren   | 1410 Belmont Avenue | 1910  | 52   | 26,561 | \$10,000,000 | 10/1/2014 | \$192,308 | \$376.49 | 3.4%         | Timberlane Partners<br>Rodney Hanson & E. Lee Noble          |
| 2             | 700 E Mercer    | 700 E Mercer St     | 1962  | 51   | 33,959 | \$10,605,000 | 9/10/2014 | \$207,941 | \$312.29 | 3.8%         | Frederick B & Julie Gould<br>C.F. Williams & Edward Granston |
| 3             | Gatsby          | 1145 10th Ave E     | 2014  | 70   | 56,035 | \$35,600,000 | 8/7/2014  | \$508,571 | \$635.32 | 4.2%         | Robert S. Tandler<br>Continental Properties                  |
| 4             | Collins on Pine | 1222 E Pine Street  | 2013  | 76   | 57,167 | \$29,600,000 | 5/21/2014 | \$389,474 | \$517.78 | 4.5%         | Essex Property Trust<br>The Metropolitan Cos                 |
| 5             | Three20         | 320 E Pine St.      | 2014  | 134  | 83,734 | \$36,109,577 | 5/16/2014 | \$269,474 | \$431.24 | 4.1%         | Equity Residential<br>Stratford Company                      |
| Average       |                 |                     | 1983  | 77   | 51,491 | \$24,382,915 |           | \$313,554 | \$454    | 4.0%         |  |

# Capitol Hill Development Pipeline



Numbers within circles on map below indicate size of development

| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 1,326      | 682  | 738  | 20   | 576    |

\* Condo or potential condo  
† Affordable housing projects not included in unit counts



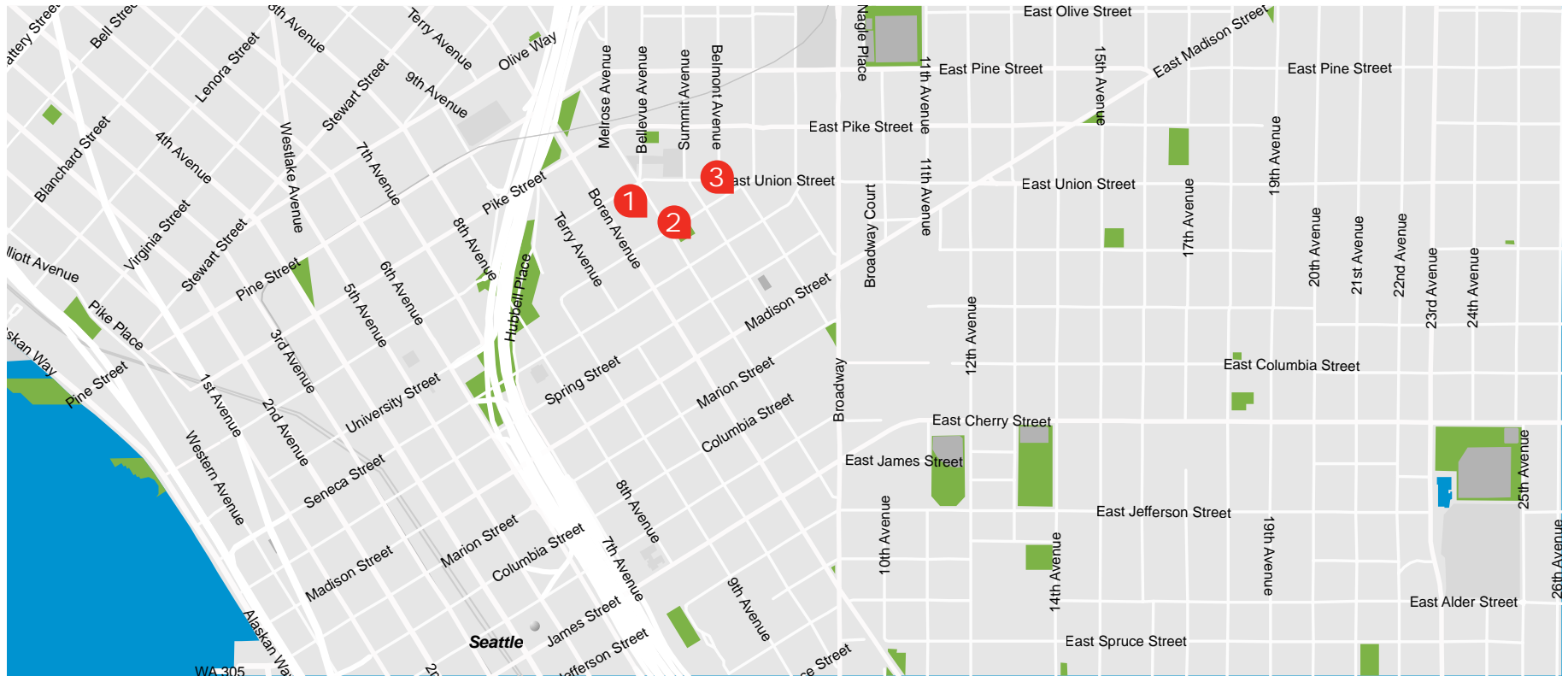
CAPITOL HILL

## 2014 First Hill/Yesler Terrace Sales

**\$309,594**  
AVG PRICE PER UNIT

**\$408**  
AVG PRICE PER SF

**3.7%**  
CAP RATE



| Property Name        | Address             | Year Built | Units | NRSF    | Price        | Sale Date  | \$/Unit   | \$/NRSF  | Cap Rate | Buyer<br>Seller   |
|----------------------|---------------------|------------|-------|---------|--------------|------------|-----------|----------|----------|---|
| 1 Vesper             | 1321 Minor Avenue   | 1991       | 72    | 53,108  | \$23,914,000 | 11/12/2014 | \$332,139 | \$450.29 | 4.4%     | Saratoga Capital Inc<br>Pacific Urban Residential       |
| 2 Panorama           | 1100 University St. | 1962       | 179   | 172,000 | \$74,000,000 | 9/5/2014   | \$413,408 | \$430.23 | 2.4%     | Security Properties<br>J Wolfe & T Hoffenreich & V Todd |
| 3 Union Arms & Manor | 604 E Union St.     | 1925       | 83    | 44,190  | \$15,208,468 | 1/31/2014  | \$183,235 | \$344.16 | 4.2%     | Mitsumaru Estate<br>Gibraltar Investment                |
| Average              |                     | 1959       | 111   | 89,766  | \$37,707,489 |            | \$309,594 | \$408    | 3.7%     |   |

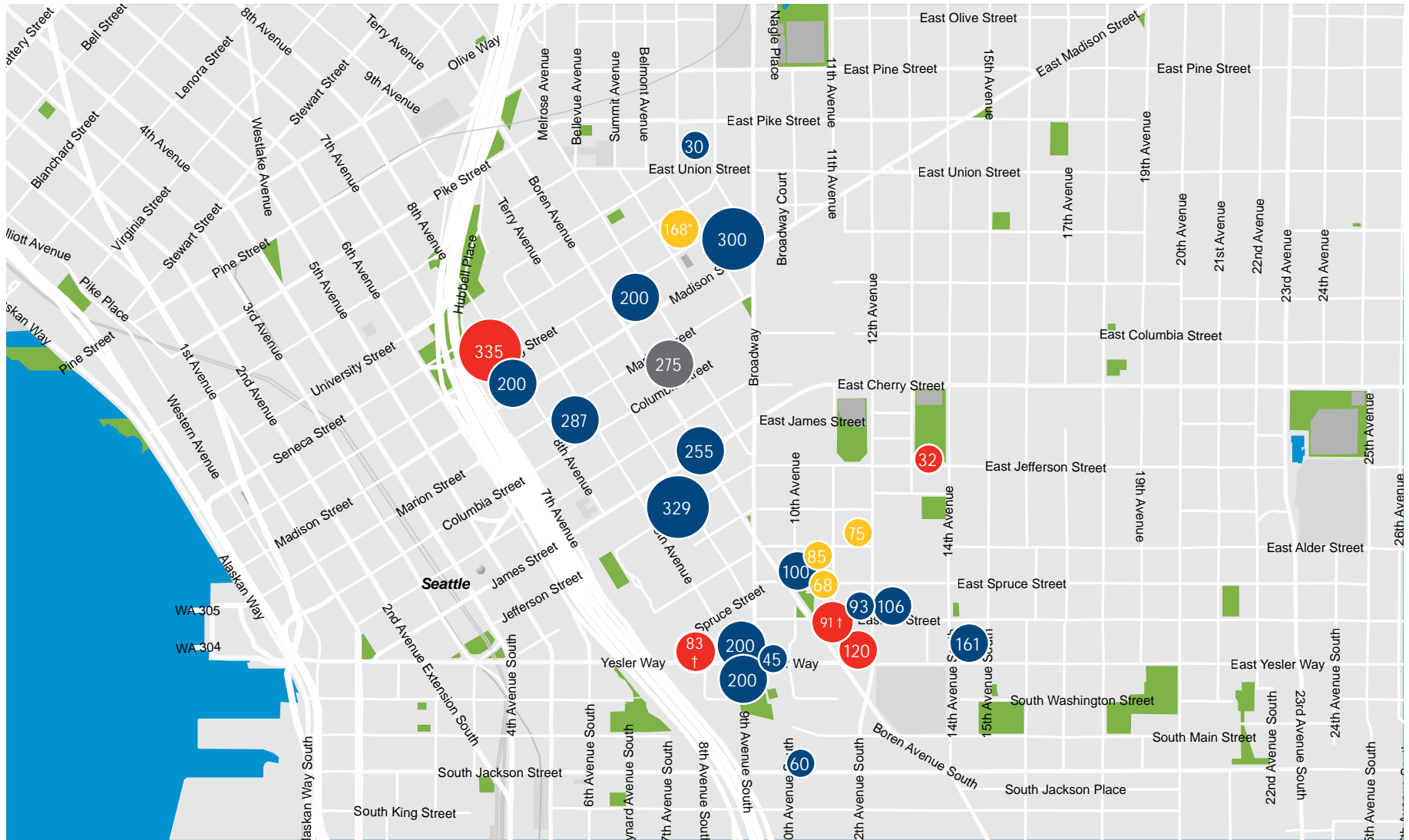
# First Hill/Yesler Terrace Development Pipeline



| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 487        | 396  | 275  | 0    | 2,466  |

Numbers within circles on map below indicate size of development

\*Condo or potential condo  
† Affordable housing projects not included in unit counts



FIRST HILL/  
YESLER TERRACE

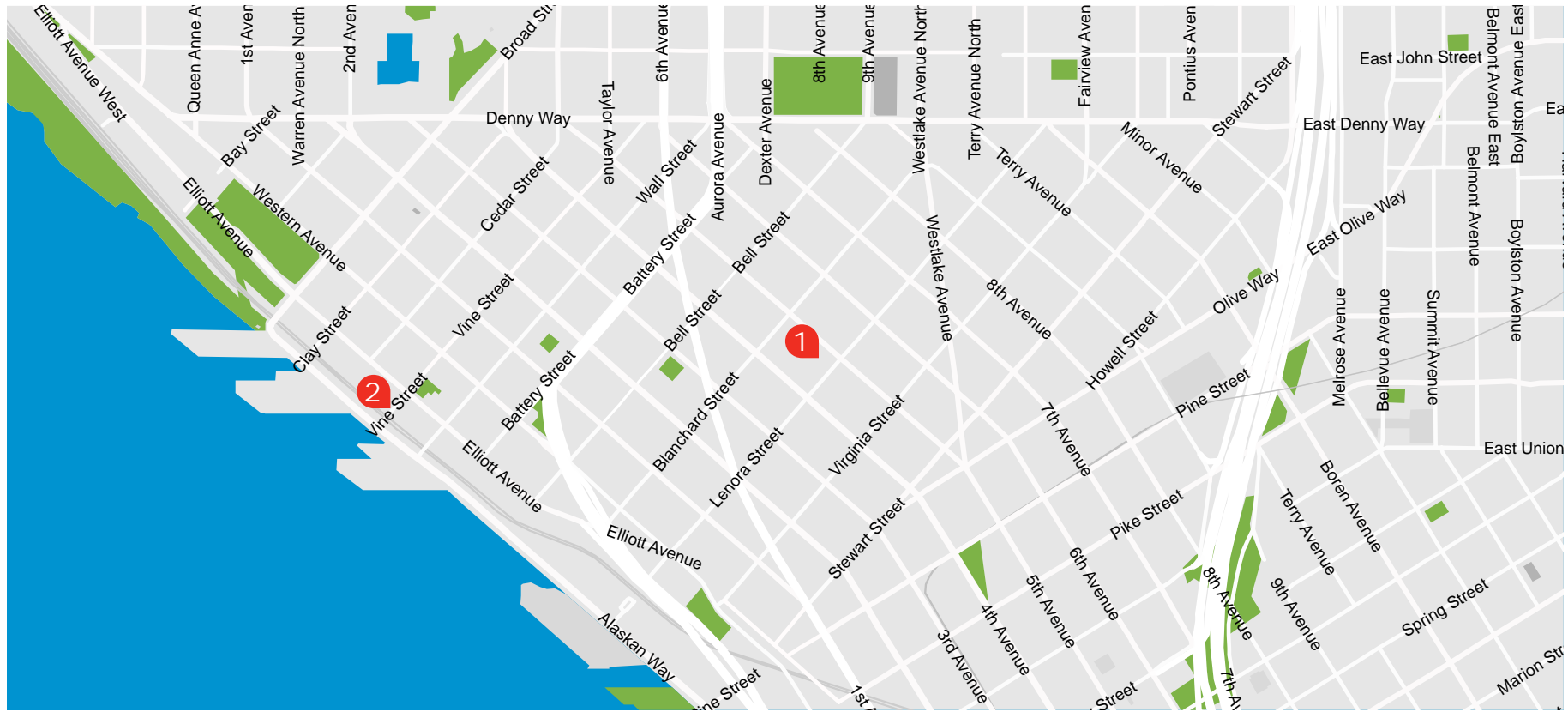
# 2014 Belltown Sales

BELLTOWN

**\$562,661**  
AVG PRICE PER UNIT

**\$643**  
AVG PRICE PER SF

**4.4%**  
CAP RATE



| Property Name         | Address         | Year Built | Units | NRSF    | Price         | Sale Date | \$/Unit   | \$/NRSF  | Cap Rate | Buyer Seller                     |
|-----------------------|-----------------|------------|-------|---------|---------------|-----------|-----------|----------|----------|----------------------------------|
| 1 Martin              | 2105 5th Avenue | 2013       | 188   | 189,708 | \$114,000,000 | 10/8/2014 | \$606,383 | \$600.92 | 4.7%     | Invesco RE<br>Vulcan Real Estate |
| 2 Joseph Arnold Lofts | 62 Cedar Street | 2013       | 132   | 99,880  | \$68,500,000  | 4/28/2014 | \$518,939 | \$685.82 | 4.1%     | Invesco RE<br>Schuster Group     |
| Average               |                 | 2013       | 160   | 144,794 | \$91,250,000  |           | \$562,661 | \$643    | 4.4%     |                                  |

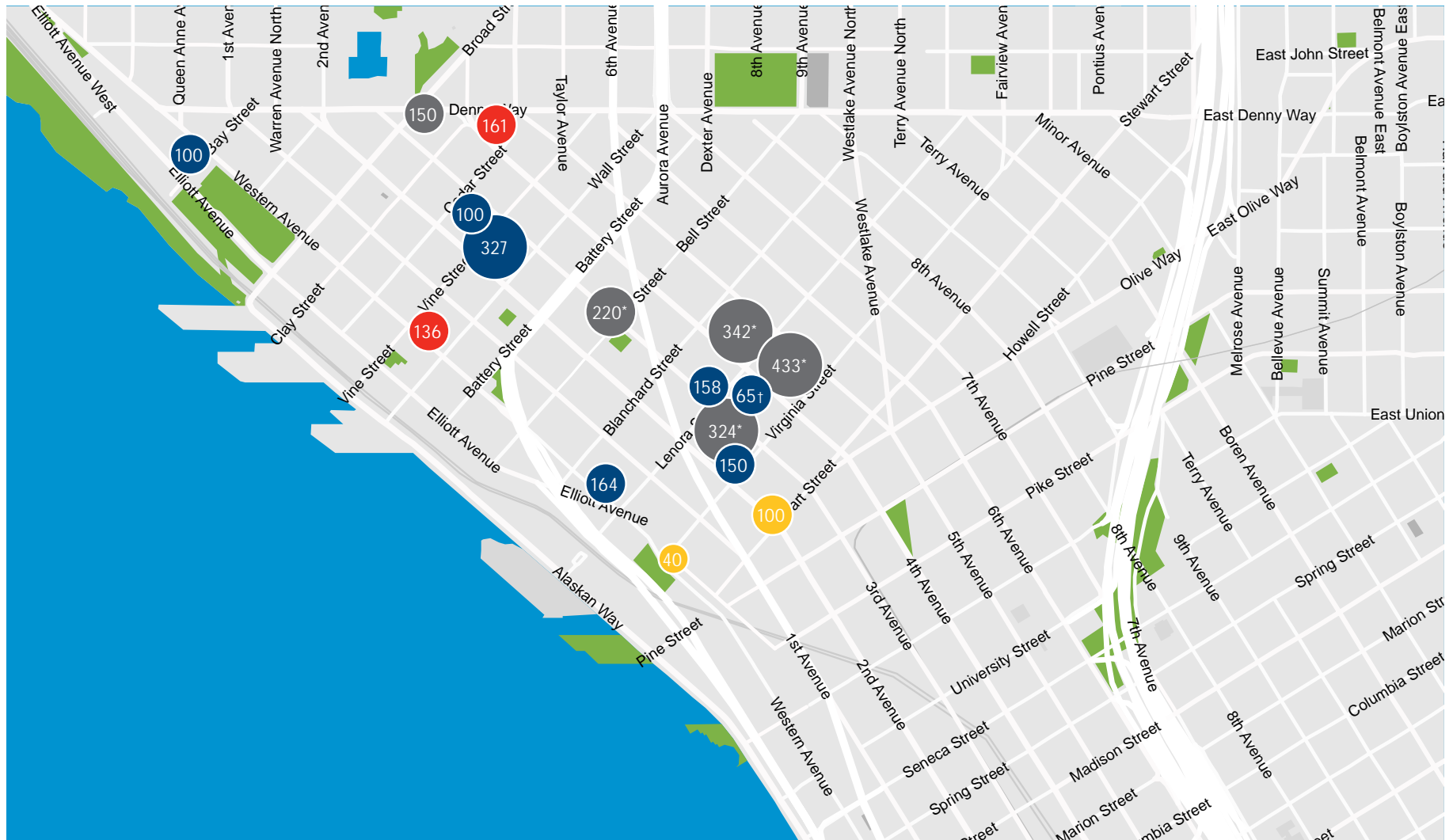
# Belltown Development Pipeline



Numbers within circles on map below indicate size of development

| Deliveries |      |       |      |        |
|------------|------|-------|------|--------|
| 2015       | 2016 | 2017  | 2018 | FUTURE |
| 297        | 140  | 1,469 | 0    | 999    |

\*Condo or potential condo  
 † Affordable housing projects not included in unit counts



BELLTOWN

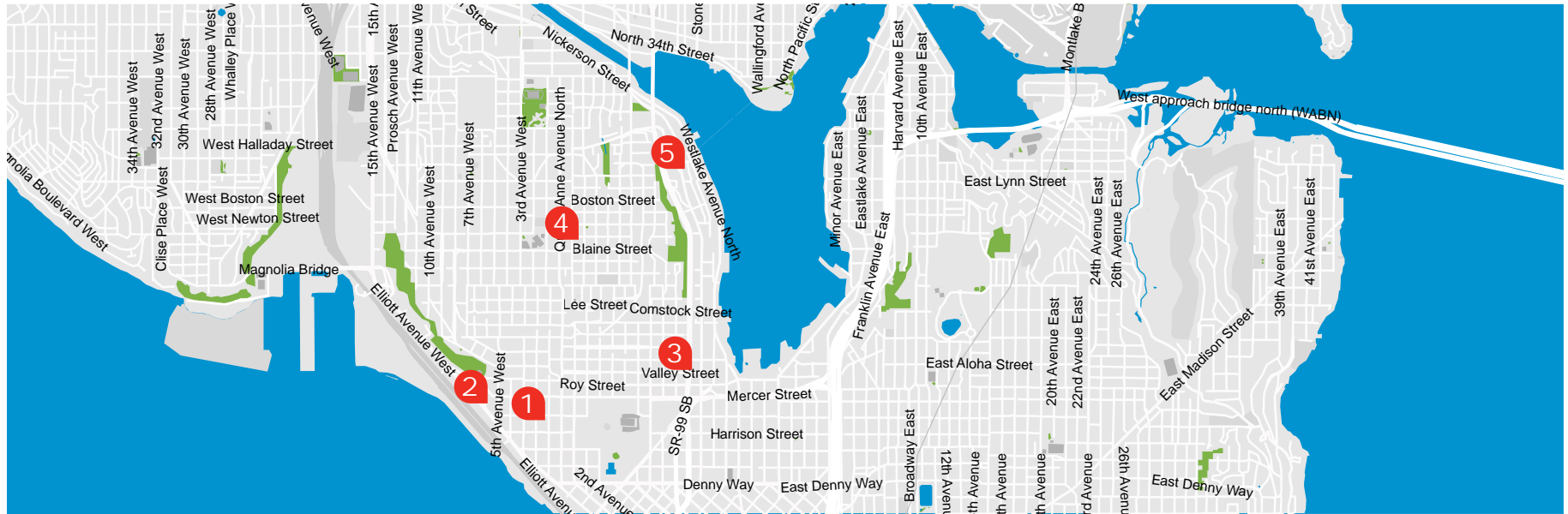
## 2014 Queen Anne Sales

QUEEN ANNE

\$354,942  
AVG PRICE PER UNIT

\$452  
AVG PRICE PER SF

4.5%  
CAP RATE



| Property Name              | Address               | Year Built | Units | NRSF    | Price        | Sale Date | \$/Unit   | \$/NRSF  | Cap Rate | Buyer Seller                             |
|----------------------------|-----------------------|------------|-------|---------|--------------|-----------|-----------|----------|----------|--|
| 1 Jax                      | 500 3rd Avenue W      | 2014       | 76    | 60,654  | \$36,000,000 | 11/5/2014 | \$473,684 | \$593.53 | 3.1%     | Robert Tandler<br>Continental Properties |
| 2 Canvas                   | 600 Elliot Ave W      | 2014       | 123   | 84,106  | \$44,969,250 | 9/1/2014  | \$365,604 | \$534.67 | 4.5%     | Olympic Investors<br>Goodman Real Estate |
| 3 Stream Uptown            | 708 6th Avenue N      | 2012       | 118   | 72,734  | \$32,955,000 | 7/10/2014 | \$279,280 | \$453.09 | 5.2%     | TIAA-CREF<br>Stream Real Estate          |
| 4 Queen Anne Towne         | 1900 Queen Anne Ave N | 2014       | 107   | 123,044 | \$51,100,000 | 5/16/2014 | \$477,570 | \$415.30 | 4.7%     | RREEF<br>Emerald Bay Equity              |
| 5 Viewpointe on Queen Anne | 2450 Aurora Avenue N  | 1987       | 112   | 76,534  | \$20,000,000 | 4/30/2014 | \$178,571 | \$261.32 | 4.9%     | Timberlane Partners<br>Jim Lampman       |
| Average                    |                       | 2008       | 107   | 83,414  | \$37,004,850 |           | \$354,942 | \$452    | 4.5%     |  |

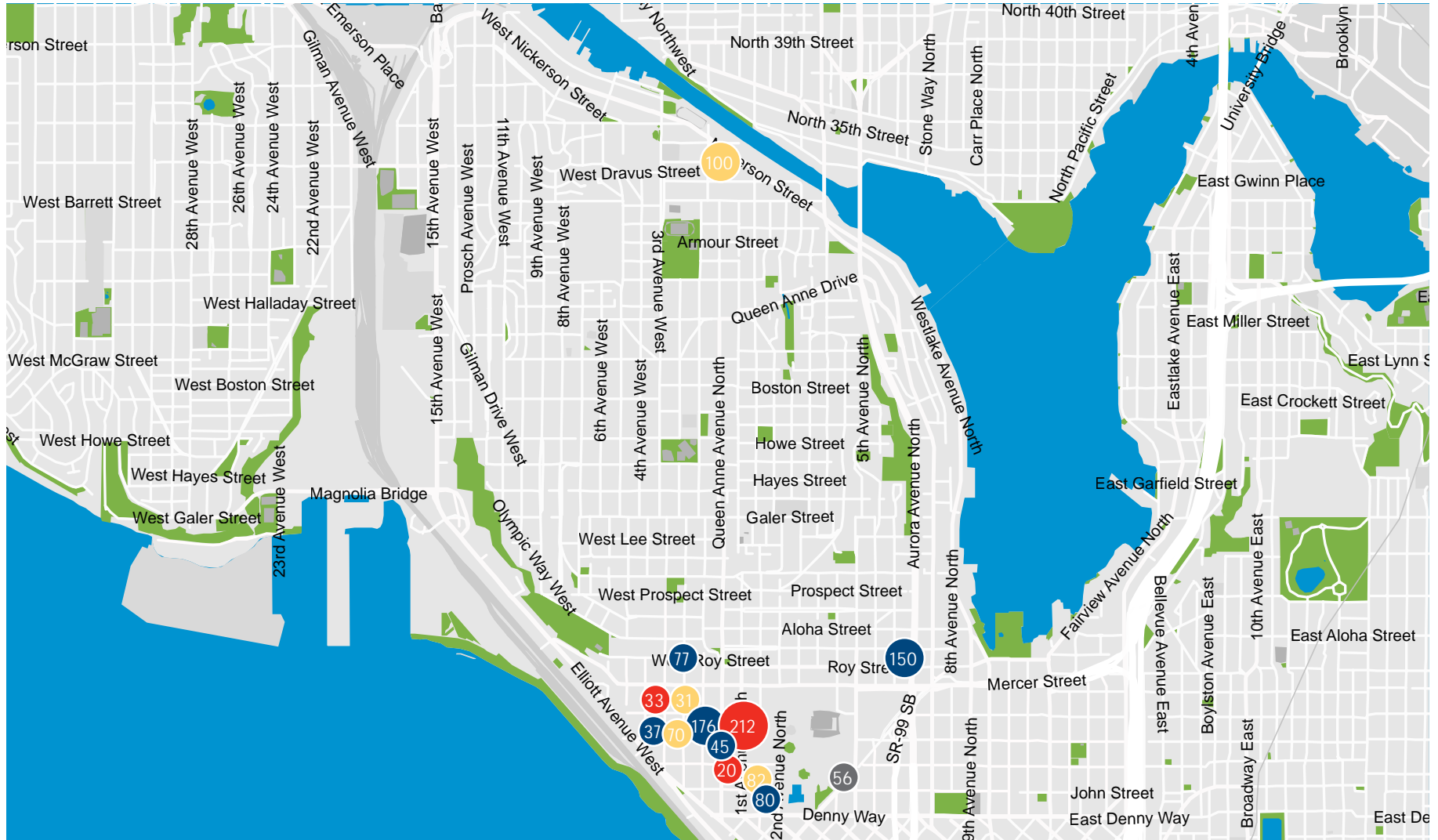


# Queen Anne Development Pipeline



| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 265        | 283  | 56   | 0    | 565    |

Numbers within circles on map below indicate size of development



QUEEN ANNE

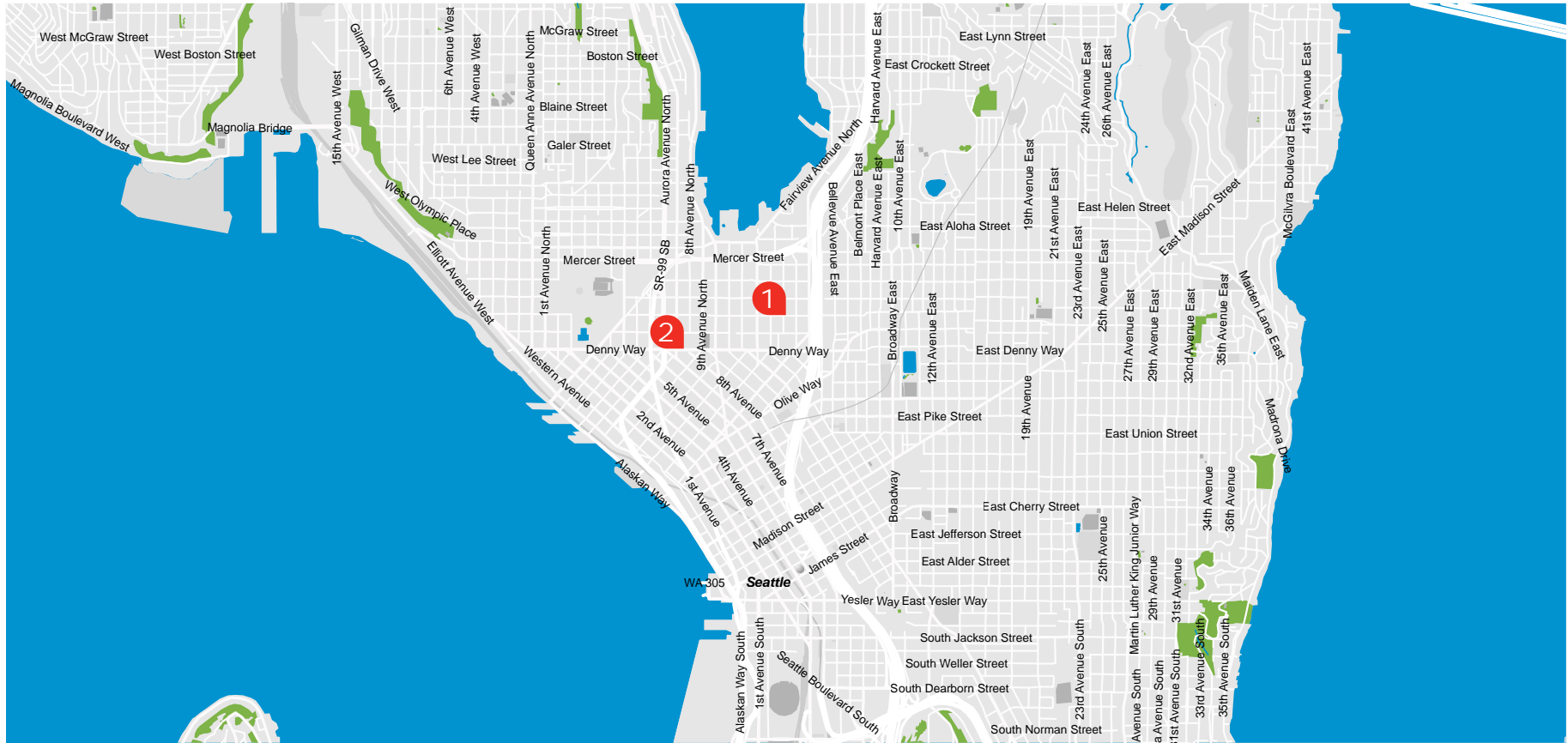
# 2014 South Lake Union Sales

**\$307,210**  
AVG PRICE PER UNIT

**\$423**  
AVG PRICE PER SF

**4.9%**  
CAP RATE

SOUTH LAKE UNION



| Property Name | Address             | Year Built | Units | NRSF    | Price        | Sale Date  | \$/Unit   | \$/NRSF  | Cap Rate | Buyer Seller                             |
|---------------|---------------------|------------|-------|---------|--------------|------------|-----------|----------|----------|--|
| 1 Alcyone     | 301 Minor Avenue N  | 2004       | 161   | 120,577 | \$60,950,000 | 12/17/2014 | \$378,571 | \$505.49 | 4.7%     | Equity Residential<br>Vulcan Real Estate |
| 2 Borealis    | 109 Dexter Avenue N | 2008       | 53    | 36,538  | \$12,500,000 | 11/20/2014 | \$235,849 | \$342.11 | 5.1%     | James Almon<br>Vulcan Real Estate        |
| Average       |                     | 2006       | 107   | 78,558  | \$36,725,000 |            | \$307,210 | \$423    | 4.9%     |  |

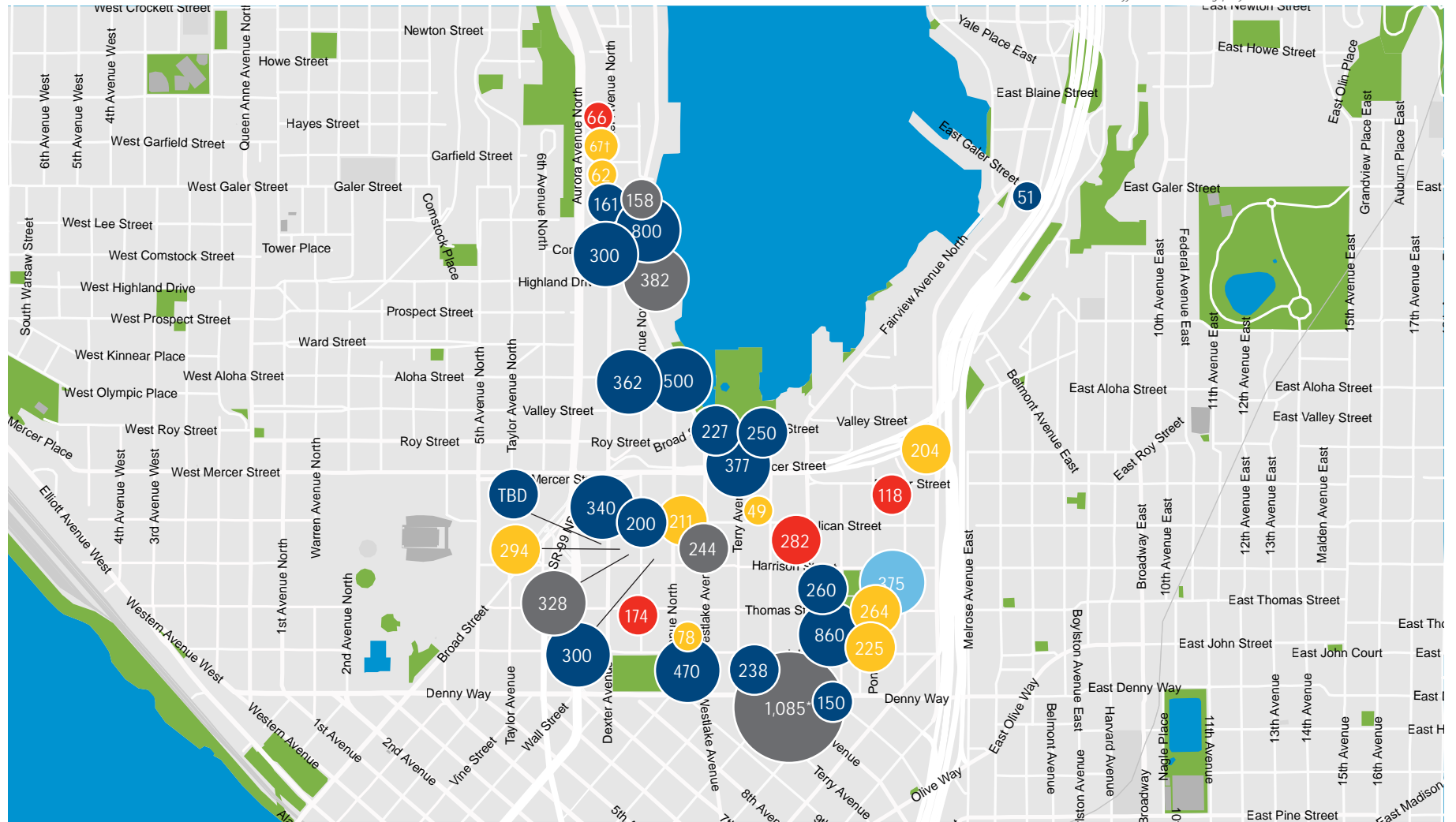
# South Lake Union Development Pipeline



| Deliveries |       |       |      |        |
|------------|-------|-------|------|--------|
| 2015       | 2016  | 2017  | 2018 | FUTURE |
| 640        | 1,387 | 2,197 | 375  | 5,846  |

Numbers within circles on map below indicate size of development

\*Condo or potential condo  
† Affordable housing projects not included in unit counts



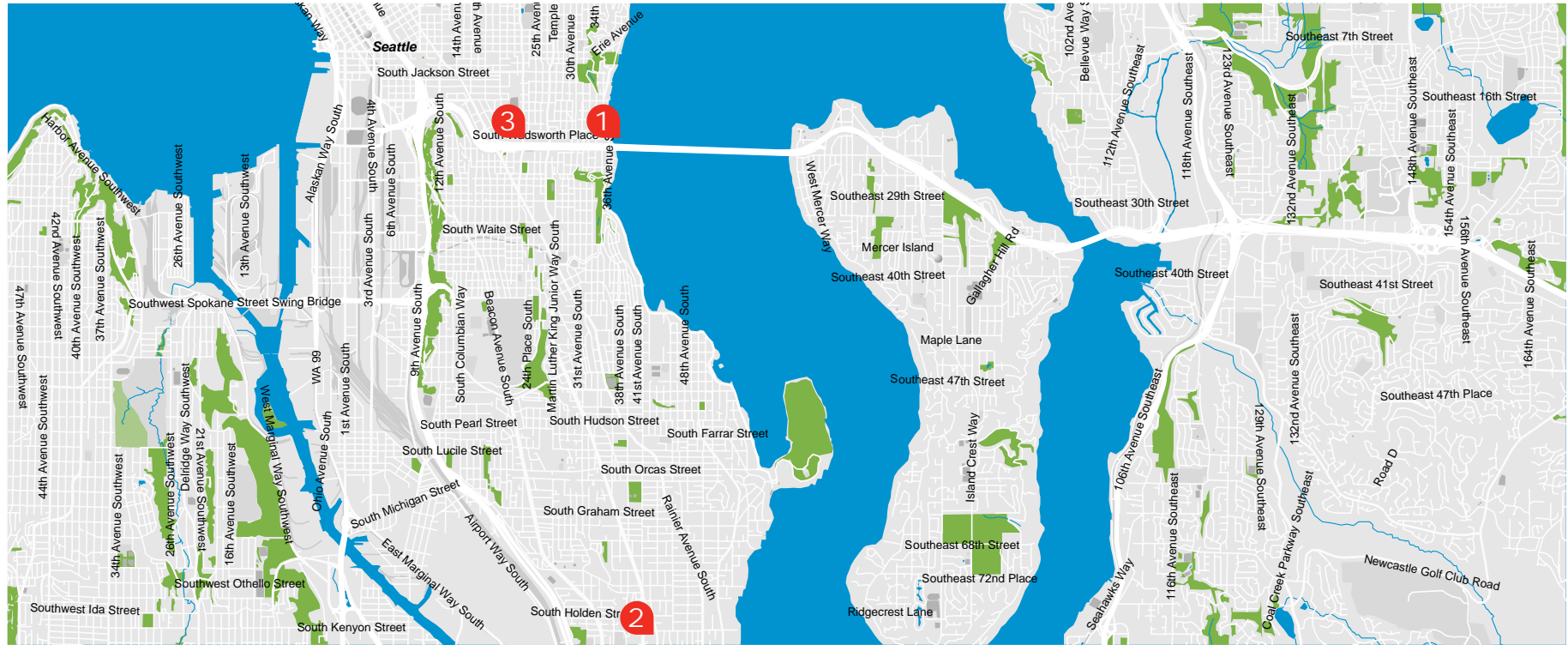
SOUTH LAKE UNION

## 2014 Central District/Beacon Hill/Rainier Valley Sales

**\$237,496**  
AVG PRICE PER UNIT

**\$291**  
AVG PRICE PER SF

**5.4%**  
CAP RATE



| Property Name             | Address               | Year Built | Units | NRSF    | Price        | Sale Date | \$/Unit   | \$/NRSF  | Cap Rate | Buyer Seller                                  |
|---------------------------|-----------------------|------------|-------|---------|--------------|-----------|-----------|----------|----------|---|
| 1 Shangri-La              | 538 Lakeside Avenue S | 1961       | 79    | 63,000  | \$23,125,000 | 9/11/2014 | \$292,722 | \$367.06 | 4.8%     | Greystar RE Partners<br>BlackRock Realty      |
| 2 Station at Othello Park | 4219 S Othello Street | 2011       | 351   | 244,594 | \$75,000,000 | 7/17/2014 | \$213,675 | \$306.63 | 5.1%     | CBRE Investors Inc.<br>Othello Partners       |
| 3 Verse                   | 2201 S Jackson Street | 2004       | 90    | 92,636  | \$18,548,240 | 4/28/2014 | \$206,092 | \$200.23 | 6.2%     | Pacific Urban Residential<br>Lorig Associates |
| Average                   |                       | 1992       | 173   | 133,410 | \$38,891,080 |           | \$237,496 | \$291    | 5.4%     |   |

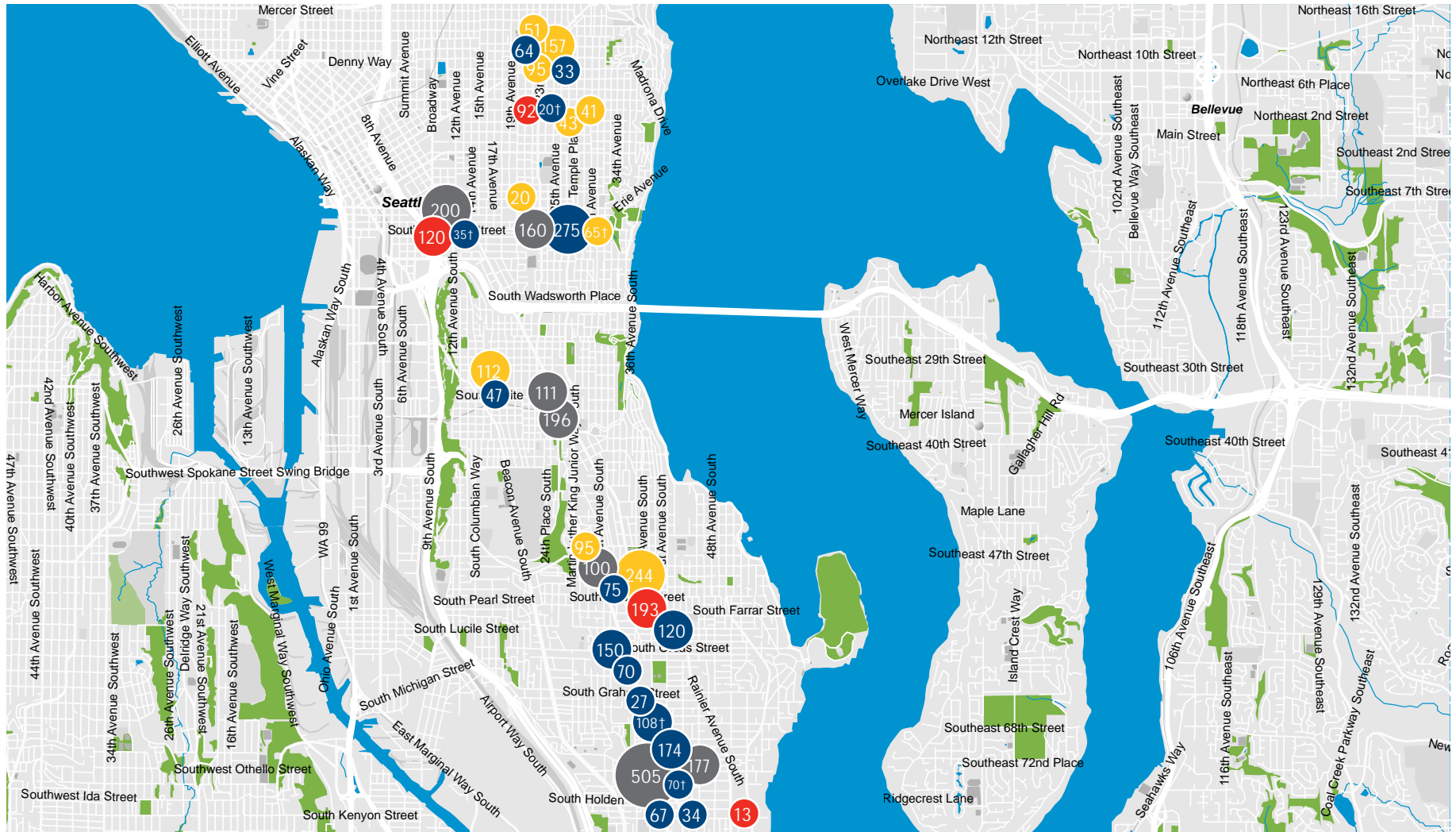
# Central District/Beacon Hill/ Rainier Valley Development Pipeline



Numbers within circles on map below indicate size of development

| Deliveries |      |       |      |        |
|------------|------|-------|------|--------|
| 2015       | 2016 | 2017  | 2018 | FUTURE |
| 418        | 858  | 1,449 | 0    | 1,136  |

† Affordable housing projects not included in unit counts



CENTRAL DISTRICT/  
BEACON HILL/  
RAINIER VALLEY

# 2014 Greenlake/Wallingford/Fremont Sales

**\$280,864**  
AVG PRICE PER UNIT

**\$554**  
AVG PRICE PER SF

**4.1%**  
CAP RATE

GREENLAKE/  
WALLINGFORD/  
FREMONT



| Property Name | Address            | Year Built | Units | NRSF   | Price        | Sale Date | \$/Unit   | \$/NRSF  | Cap Rate | Buyer Seller               |
|---------------|--------------------|------------|-------|--------|--------------|-----------|-----------|----------|----------|----------------------------|
| 1 Lightbox    | 4545 8th Avenue NE | 2014       | 162   | 82,087 | \$45,500,000 | 8/29/2014 | \$280,864 | \$554.29 | 4.1%     | UDR<br>Intracorp Companies |
| Average       |                    | 2014       | 162   | 82,087 | \$45,500,000 |           | \$280,864 | \$554    | 4.1%     |                            |

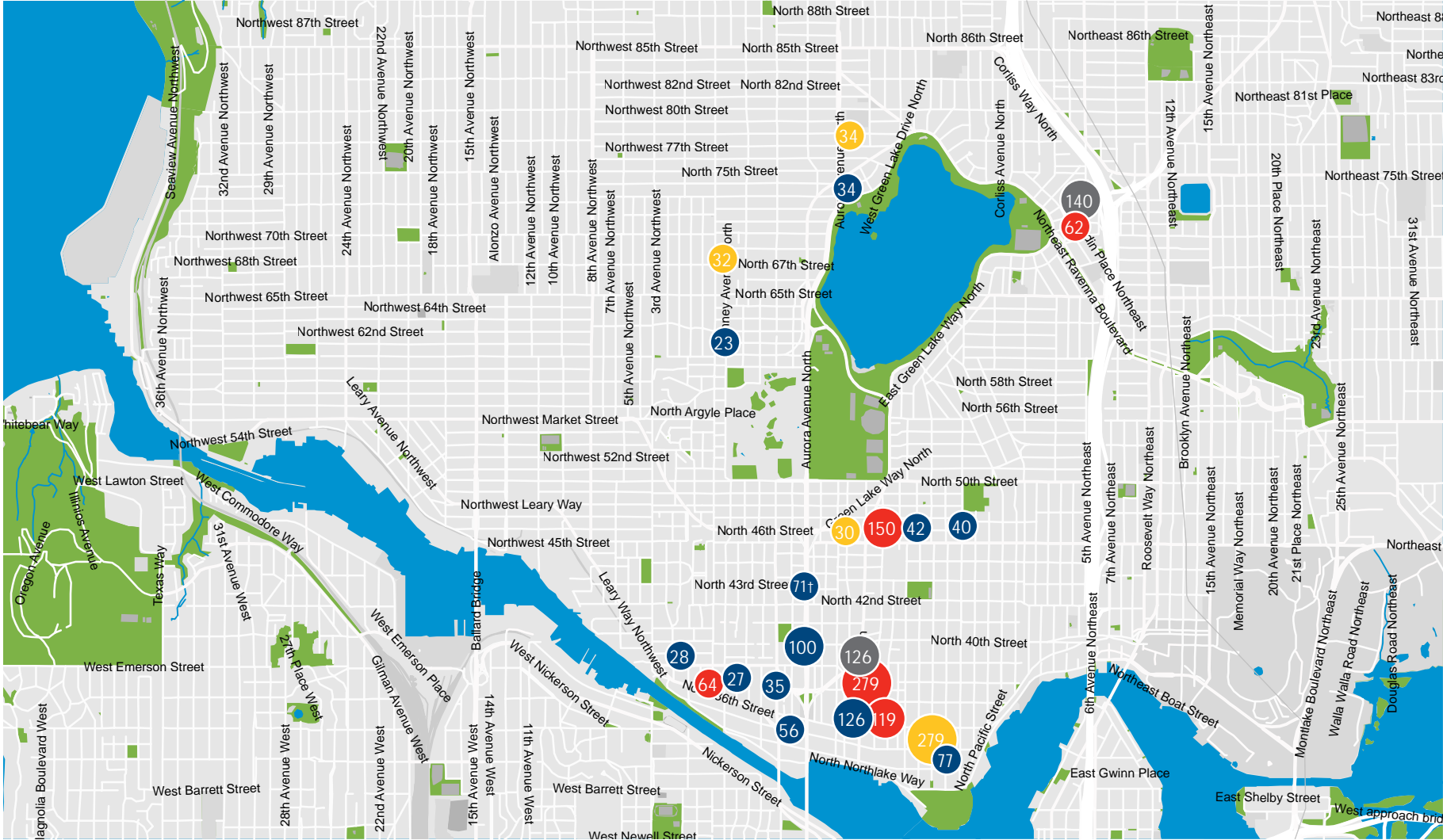
# Greenlake/Wallingford/Fremont Development Pipeline



| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 674        | 327  | 266  | 0    | 588    |

Numbers within circles on map below indicate size of development

† Affordable housing projects not included in unit counts

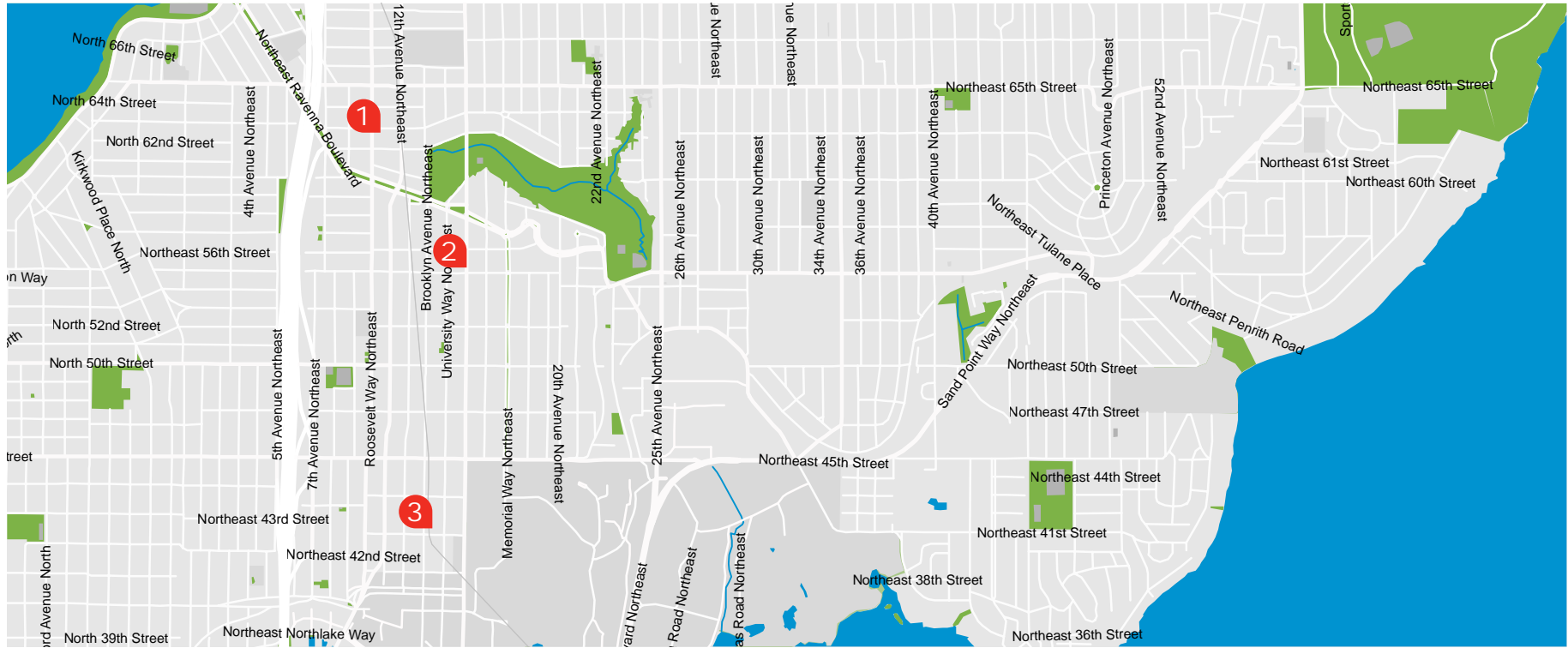


# 2014 University District Sales

**\$233,569**  
AVG PRICE PER UNIT

**\$477**  
AVG PRICE PER SF

**4.6%**  
CAP RATE



| Property Name      | Address                | Year Built | Units | NRSF   | Price        | Sale Date  | \$/Unit   | \$/NRSF  | Cap Rate | Buyer                | Seller                          |
|--------------------|------------------------|------------|-------|--------|--------------|------------|-----------|----------|----------|----------------------|---------------------------------|
| 1 SquareOne        | 1020 NE 63rd Street    | 2014       | 112   | 57,864 | \$33,399,200 | 12/30/2014 | \$298,207 | \$577.20 | 4.0%     | Equity Residential   | Intracorp                       |
| 2 University Manor | 1305 NE 43rd Street    | 1928       | 80    | 50,426 | \$13,000,000 | 4/22/2014  | \$162,500 | \$257.80 | 3.7%     | Gibraltar Investment | Carl Schaber/Gene & Marie Casal |
| 3 Muriel's Landing | 5240 University Way NE | 2012       | 100   | 40,253 | \$24,000,000 | 3/25/2014  | \$240,000 | \$596.23 | 6.0%     | FSC Realty           | Schuster Group                  |
| Average            |                        | 1985       | 97    | 49,514 | \$23,466,400 |            | \$233,569 | \$477    | 4.6%     |                      |                                 |

UNIVERSITY DISTRICT



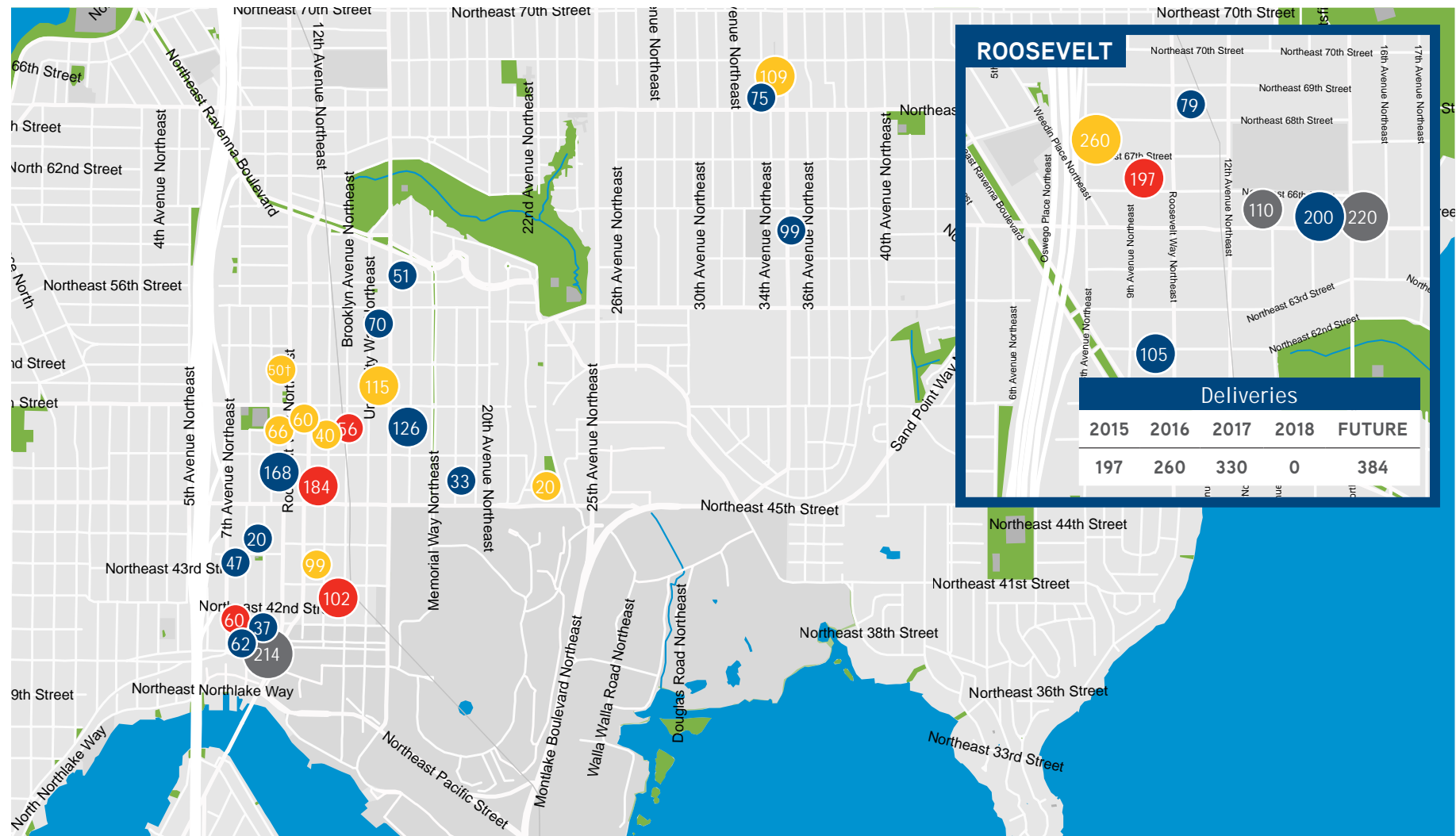
# University District Development Pipeline



Numbers within circles on map below indicate size of development

| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 402        | 509  | 214  | 0    | 788    |

† Affordable housing projects not included in unit counts



**ROOSEVELT**

| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 197        | 260  | 330  | 0    | 384    |

UNIVERSITY DISTRICT

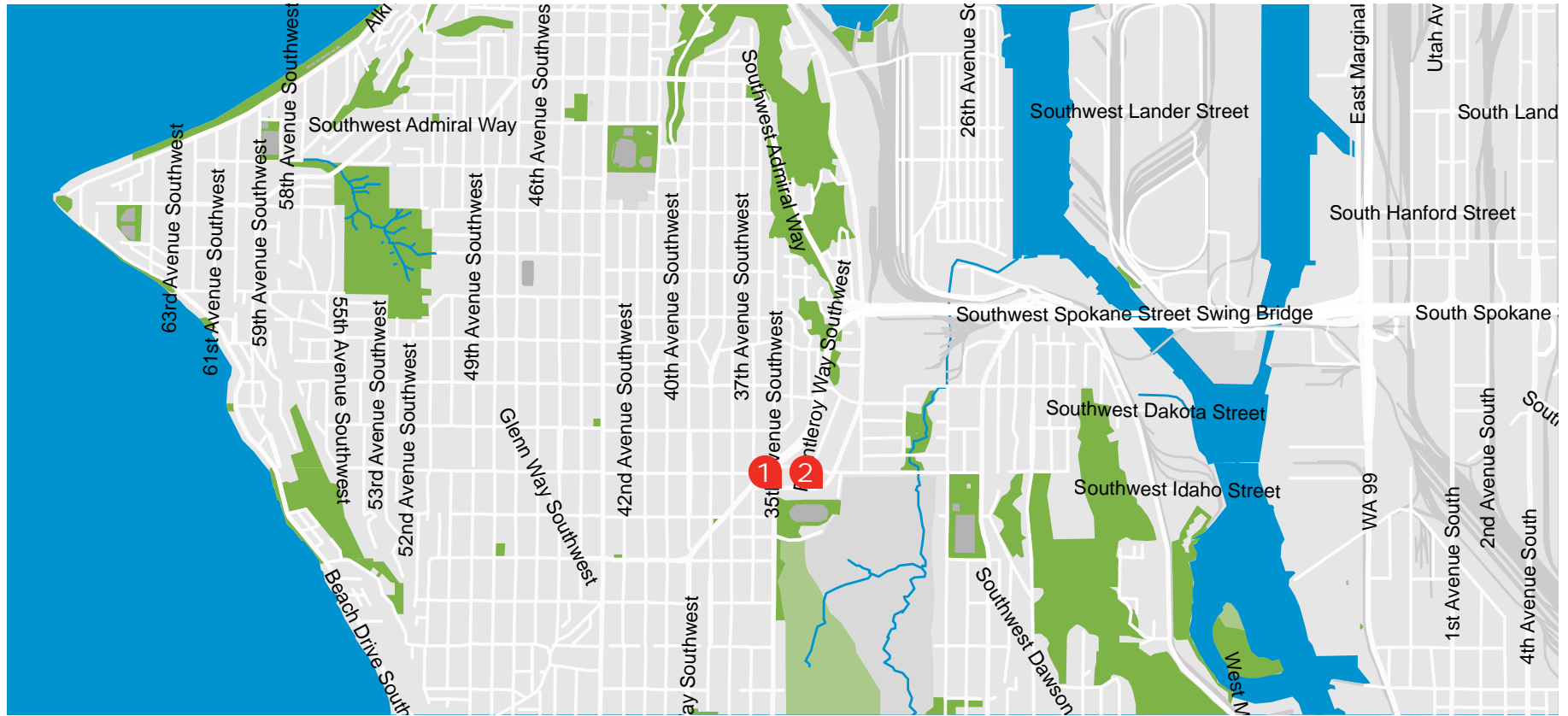
## 2014 West Seattle Sales

WEST SEATTLE

**\$218,958**  
AVG PRICE PER UNIT

**\$294**  
AVG PRICE PER SF

**5.1%**  
CAP RATE



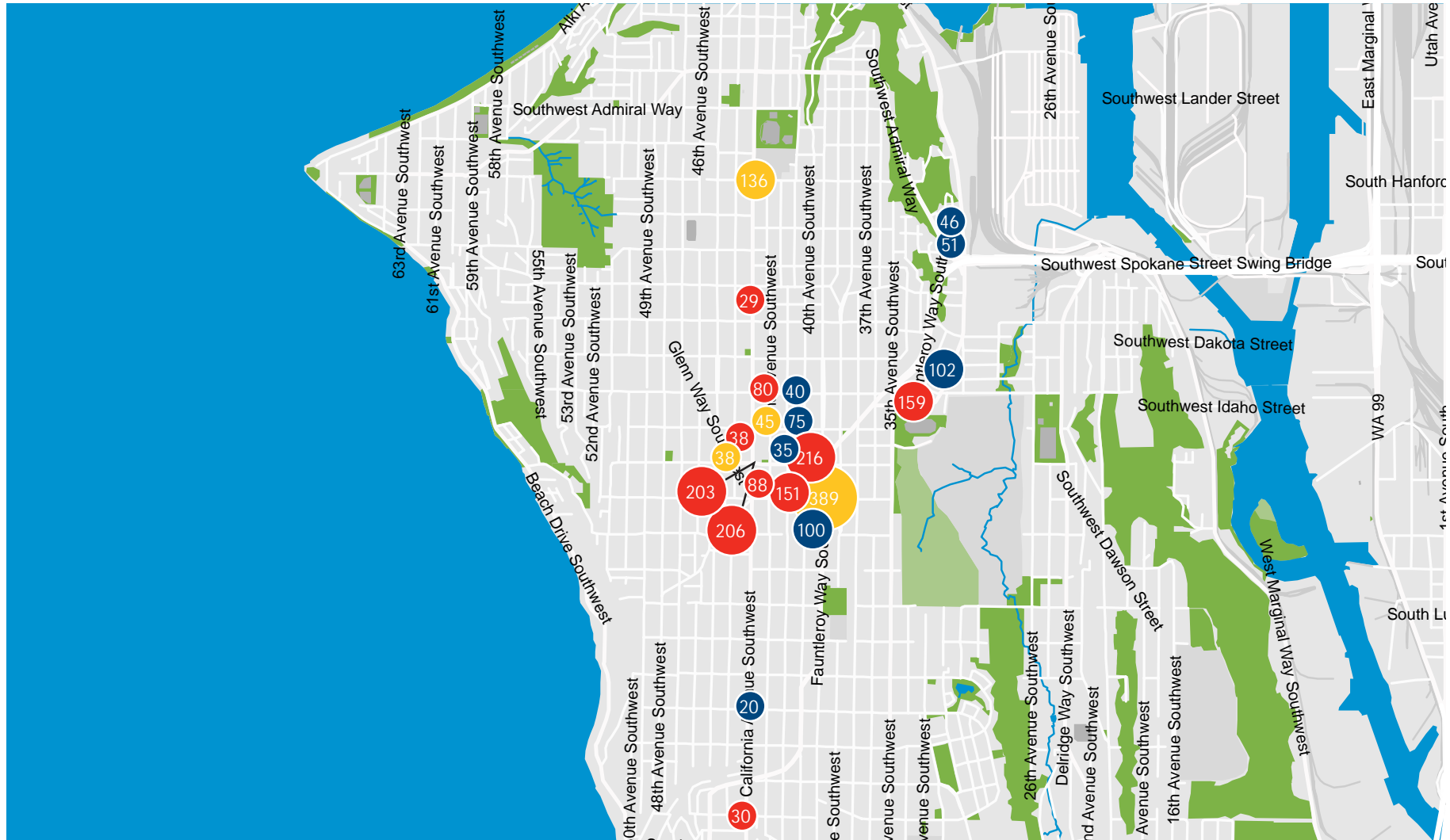
| Property Name        | Address            | Year Built | Units | NRSF   | Price        | Sale Date | \$/Unit   | \$/NRSF  | Cap Rate | Buyer<br>Seller                                |
|----------------------|--------------------|------------|-------|--------|--------------|-----------|-----------|----------|----------|--|
| 1 Residences at 3295 | 3295 SW Avalon Way | 2012       | 60    | 42,283 | \$15,500,000 | 6/24/2014 | \$258,333 | \$366.58 | 5.0%     | Abacus Capital Group<br>Randolph Street RE Cap |
| 2 Westside Flats     | 3233 SW Avalon Way | 1999       | 60    | 48,240 | \$10,775,000 | 1/17/2014 | \$179,583 | \$223.36 | 5.2%     | Granite Peak Partners<br>Richard Powlesland    |
| Average              |                    | 2006       | 60    | 45,262 | \$13,137,500 |           | \$218,958 | \$294    | 5.1%     |  |

# West Seattle Development Pipeline



| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 1200       | 608  | 0    | 0    | 469    |

Numbers within circles on map below indicate size of development



WEST SEATTLE

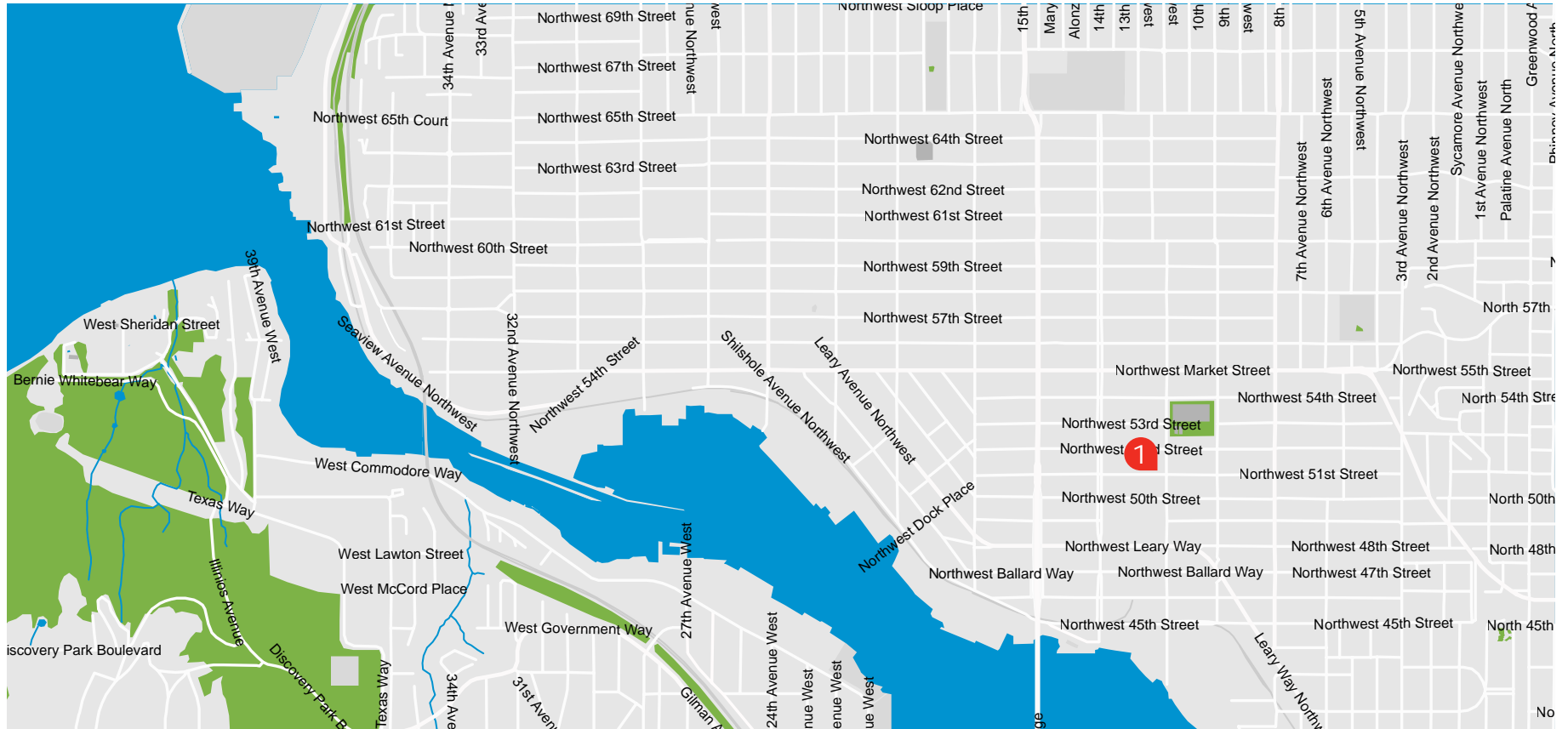
# 2014 Ballard Sales

BALLARD

**\$343,373**  
AVG PRICE PER UNIT

**\$443**  
AVG PRICE PER SF

**4.5%**  
CAP RATE



| Property Name    | Address               | Year Built | Units | NRSF    | Price        | Sale Date | \$/Unit   | \$/NRSF  | Cap Rate | Buyer Seller                                |
|------------------|-----------------------|------------|-------|---------|--------------|-----------|-----------|----------|----------|---|
| 1 Broadstone Koi | 1139 NW Market Street | 2013       | 166   | 128,621 | \$57,000,000 | 6/2/2014  | \$343,373 | \$443.16 | 4.5%     | CBRE Investors Inc.<br>Alliance Residential |
| Average          |                       | 2013       | 166   | 128,621 | \$57,000,000 |           | \$343,373 | \$443    | 4.5%     |   |

# Ballard Development Pipeline



| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 536        | 391  | 136  | 0    | 490    |

Numbers within circles on map below indicate size of development

\*Condo or potential condo  
† Affordable housing projects not included in unit counts



BALLARD

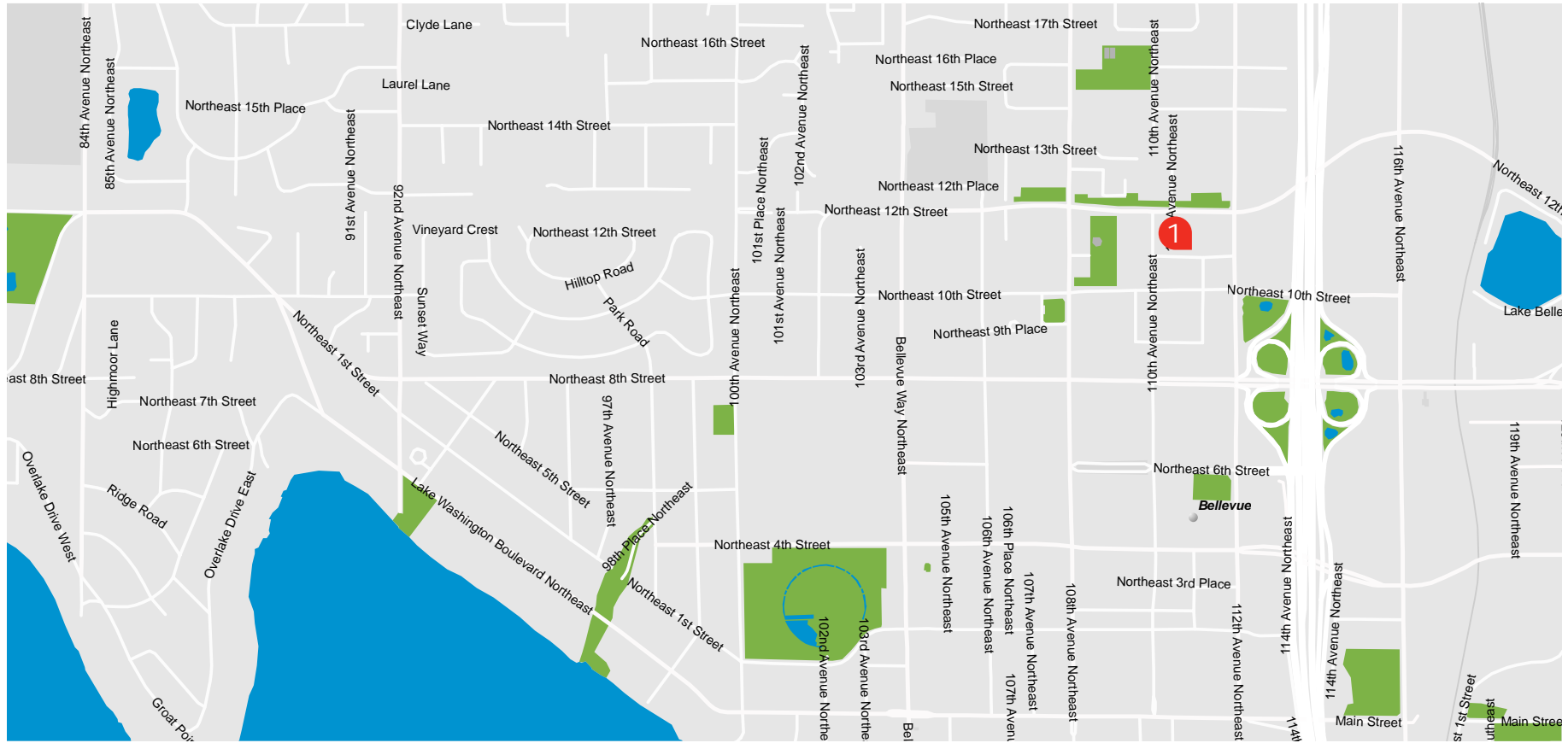
# 2014 West Bellevue Sales

WEST BELLEVUE

\$267,045  
AVG PRICE PER UNIT

\$355  
AVG PRICE PER SF

5.3%  
CAP RATE



| Property Name           | Address              | Year Built | Units | NRSF    | Price        | Sale Date | \$/Unit   | \$/NRSF  | Cap Rate | Buyer Seller                      |
|-------------------------|----------------------|------------|-------|---------|--------------|-----------|-----------|----------|----------|-----------------------------------|
| 1 Ellington at Bellevue | 11200 NE 11th Street | 1994       | 220   | 165,056 | \$58,750,000 | 8/18/2014 | \$267,045 | \$355.94 | 5.3%     | Essex Property Trust<br>AvalonBay |
| Average                 |                      | 1994       | 220   | 165,056 | \$58,750,000 |           | \$267,045 | \$355    | 5.3%     |                                   |

# West Bellevue Development Pipeline

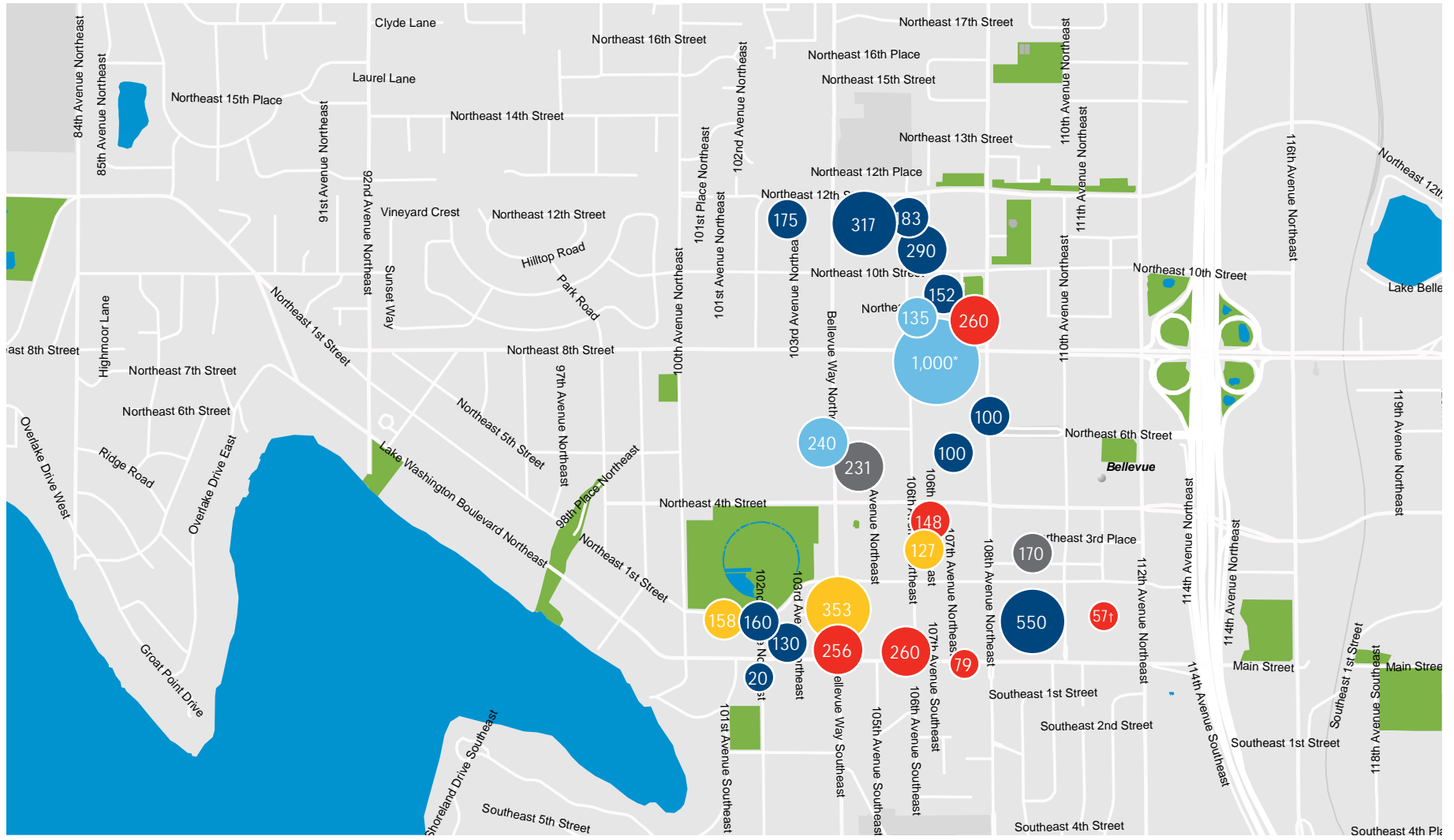


## Deliveries

| 2015  | 2016 | 2017 | 2018  | FUTURE |
|-------|------|------|-------|--------|
| 1,003 | 638  | 401  | 1,375 | 2,177  |

Numbers within circles on map below indicate size of development

\* Condo or potential condo  
 † Affordable housing projects not included in unit counts



WEST BELLEVUE

# 2014 Kirkland Sales

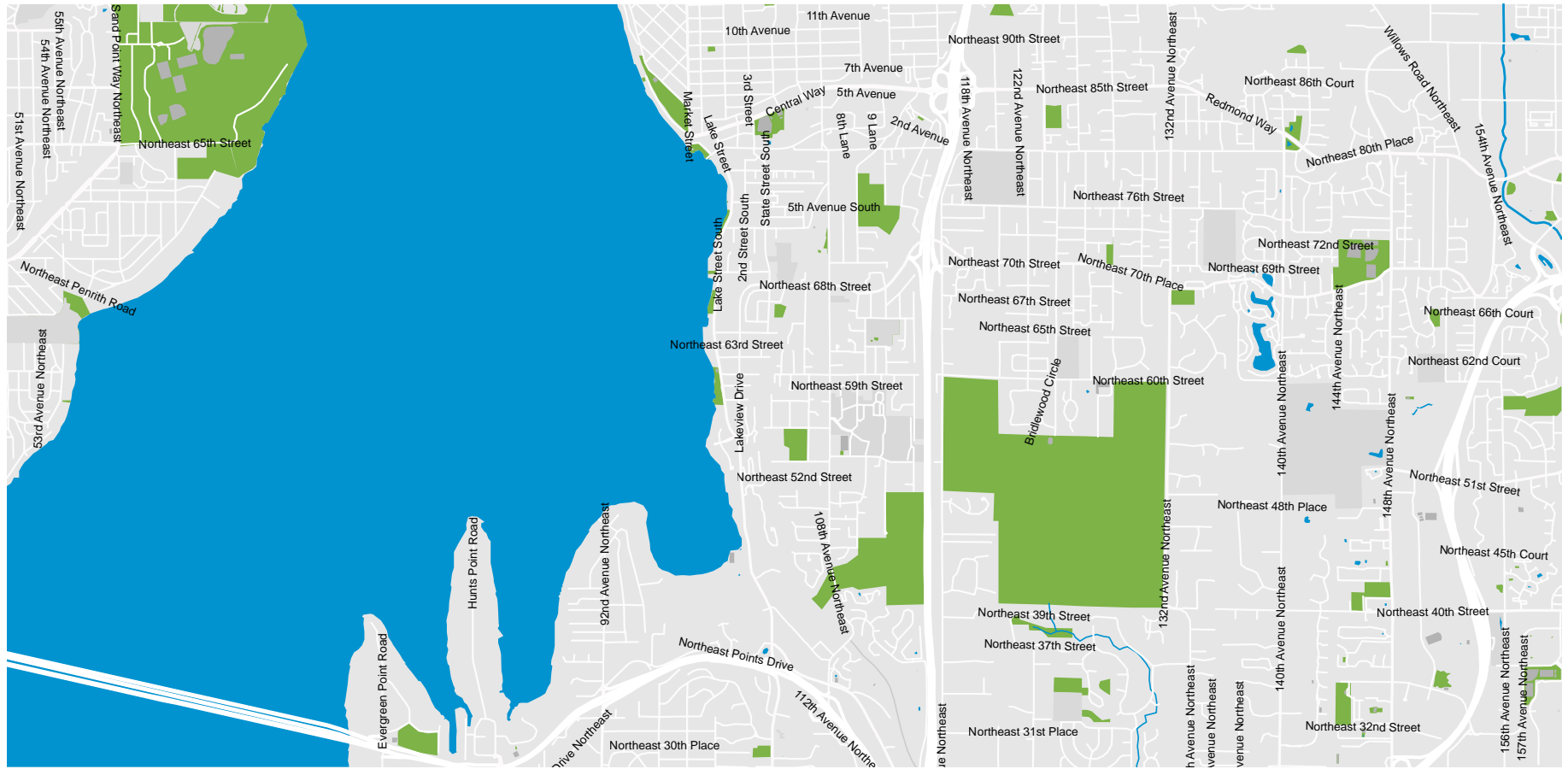
KIRKLAND

# NO 2014 SALES

AVG PRICE PER UNIT

AVG PRICE PER SF

CAP RATE



| Property Name | Address | Year Built | Units | NRSF | Price | Sale Date | \$/Unit | \$/NRSF | Cap Rate | Buyer Seller |
|---------------|---------|------------|-------|------|-------|-----------|---------|---------|----------|--------------|
| Average       |         |            |       |      |       |           |         |         |          |              |



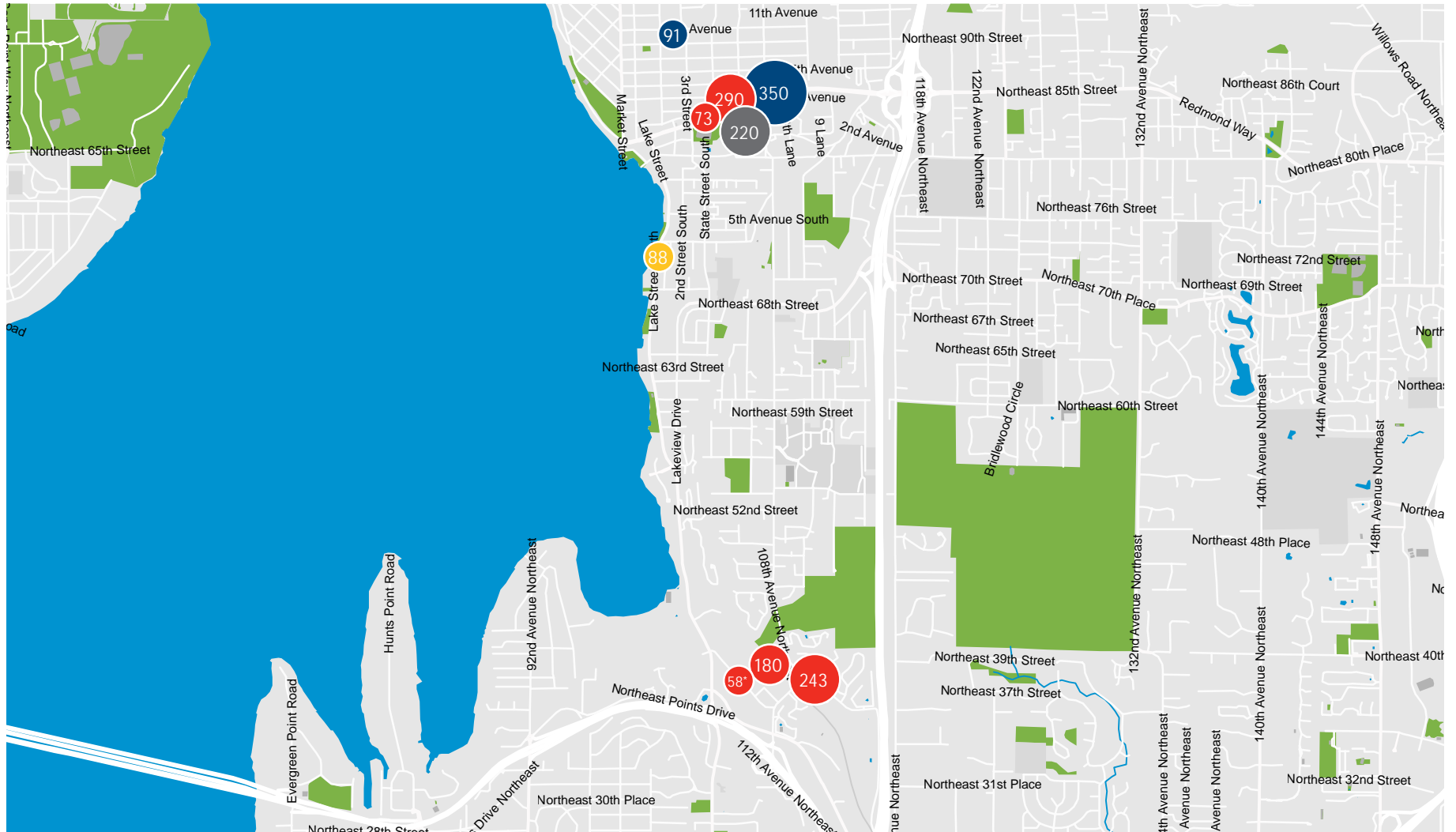
# Kirkland Development Pipeline



| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 786        | 88   | 220  | 0    | 441    |

*\*Condo or potential condo*

Numbers within circles on map below indicate size of development



KIRKLAND

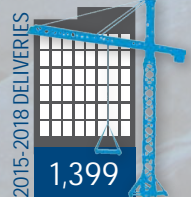
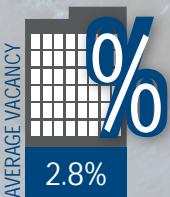


# NORTH KING :: MARKET OVERVIEW

Bothell  
Shoreline  
North Seattle

NORTH KING

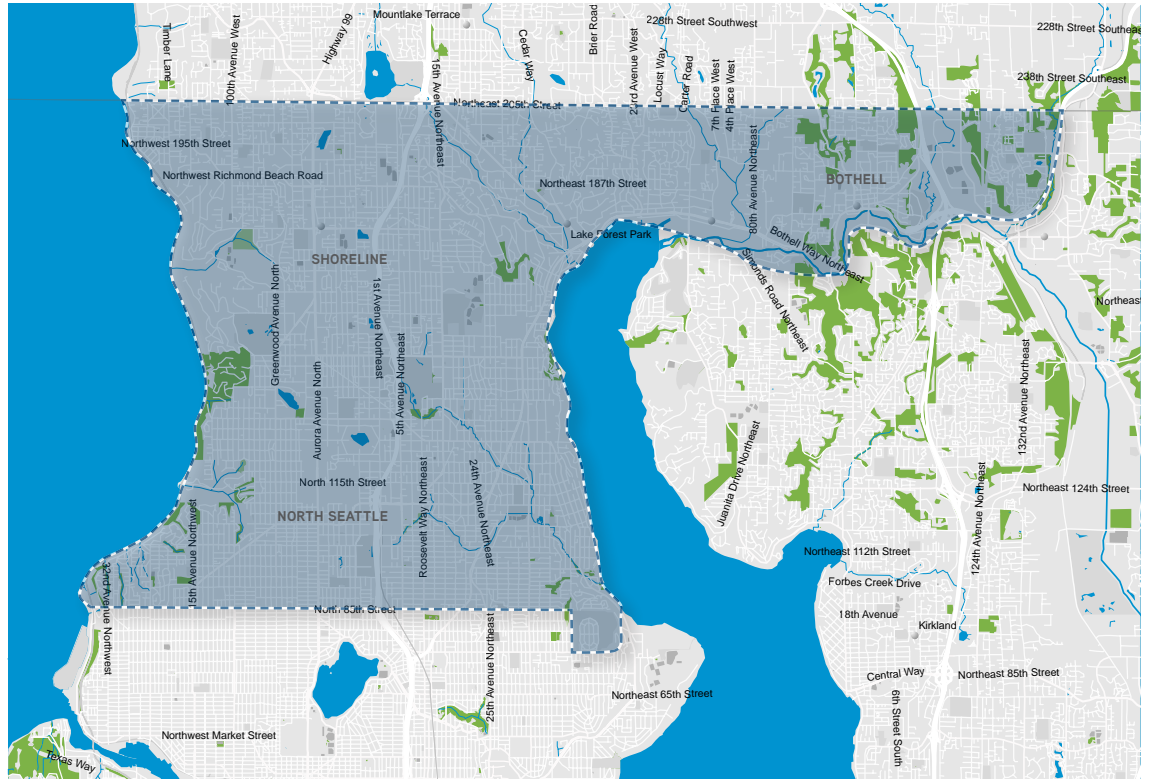
## MARKET SNAPSHOT



# NORTH KING

North King neighborhoods have received significantly less attention than their urban counterparts. Yet due to overwhelmingly positive market fundamentals, these markets have performed quite well over the last several years—and 2014 is no exception. Rent growth in the last year neared 8% and these neighborhoods represent one of the lowest vacancy rates—currently at 2.8%. With a relatively small development pipeline, these neighborhoods are forecasted to outperform the market.

NORTH KING



## HISTORICAL PERFORMANCE

|                             | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Sales</b>      | 1         | 2         | 4         | 6         | 6         | 6         |
| <b>Sales Volume</b>         | \$5.6M    | \$42.2M   | \$51.2M   | \$142.1M  | \$107.5M  | \$129.6M  |
| <b>Average PPU</b>          | \$101,014 | \$124,413 | \$124,449 | \$161,080 | \$185,077 | \$180,081 |
| <b>Average PPSF</b>         | \$154     | \$126     | \$134     | \$164     | \$164     | \$236     |
| <b>Average Cap Rate</b>     | 5.9%      | 6.4%      | 5.8%      | 5.8%      | 5.2%      | 5.2%      |
| <b>Number of Deliveries</b> | 777       | 109       | 21        | 239       | 763       | 797       |

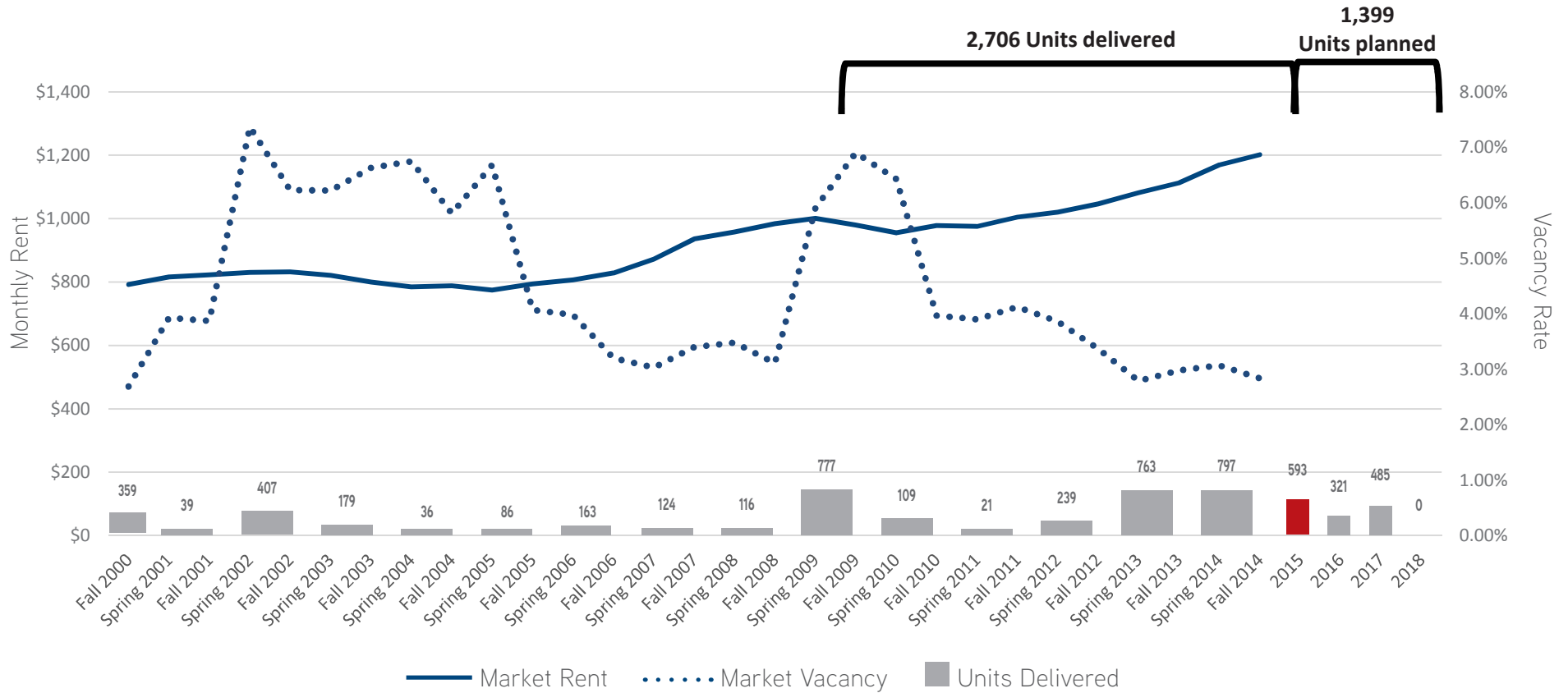
Sales: Buildings 50+ units

# MARKET FUNDAMENTALS

**\$1,202**  
AVG RENT PER UNIT

**\$1.53**  
AVG RENT PER SF

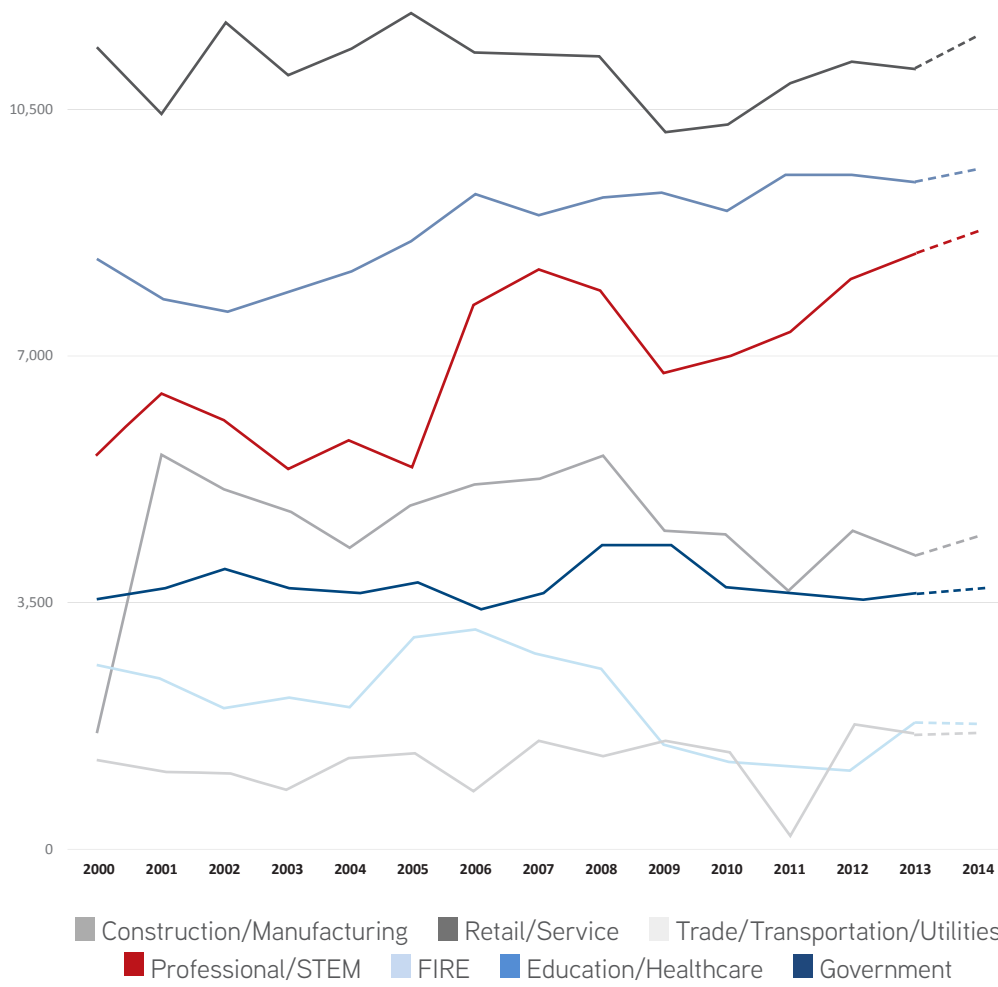
**2.8%**  
CURRENT VACANCY



NORTH KING

Rent & Vacancy Data Provided by Dupre + Scott  
For more comprehensive data, visit: [www.duprescott.com](http://www.duprescott.com)

# EMPLOYMENT GROWTH NORTH KING



**HOTTEST & COLDEST**  
job growth in the last 10 years

↑ **2,980**  
PROFESSIONAL/STEM

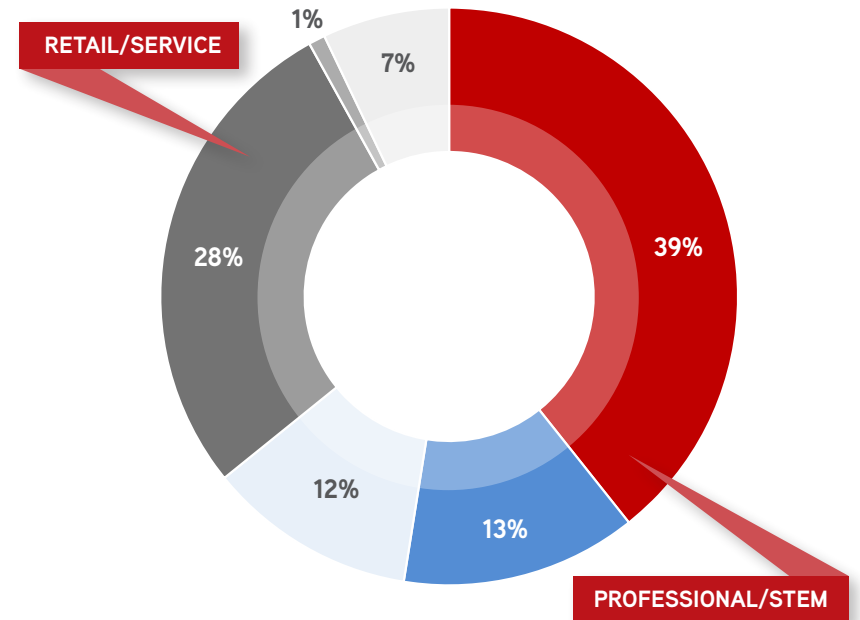
↓ **-218**  
FIRE

**STEM JOB GROWTH**

26%  
IN LAST 4 YEARS

52%  
IN LAST 10 YEARS

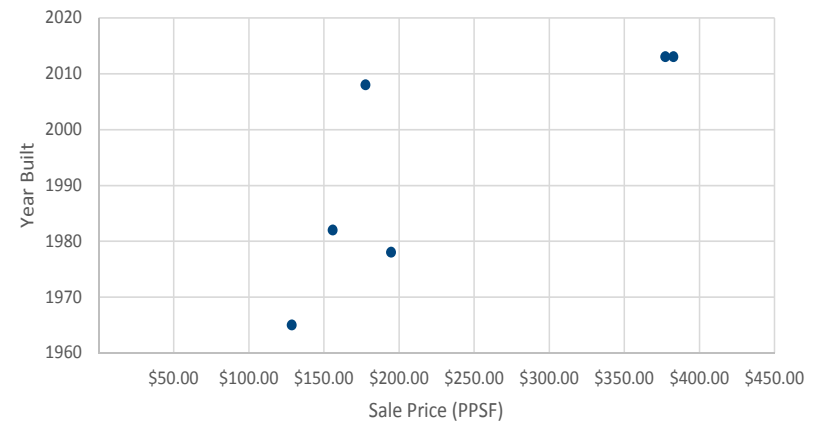
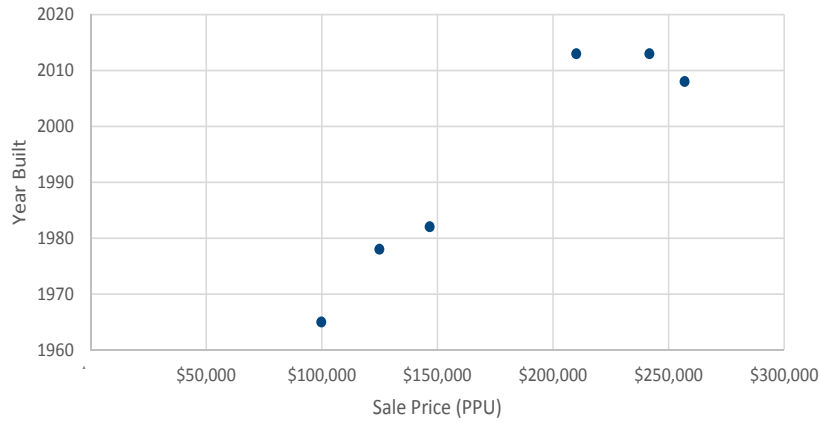
2010-2014 PERCENTAGE OF TOTAL NEW JOBS BY INDUSTRY



\*Due to incomplete employment data for Nov.-Dec. 2014, the existing data was annualized and trended by industry for the six different submarkets.

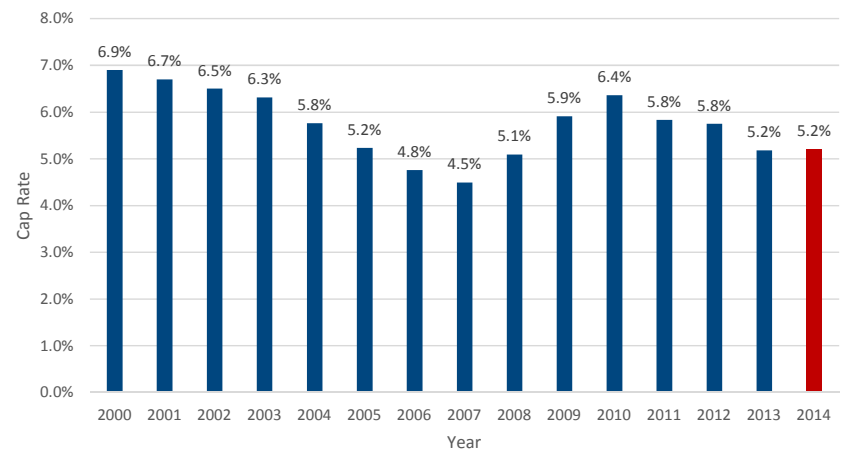
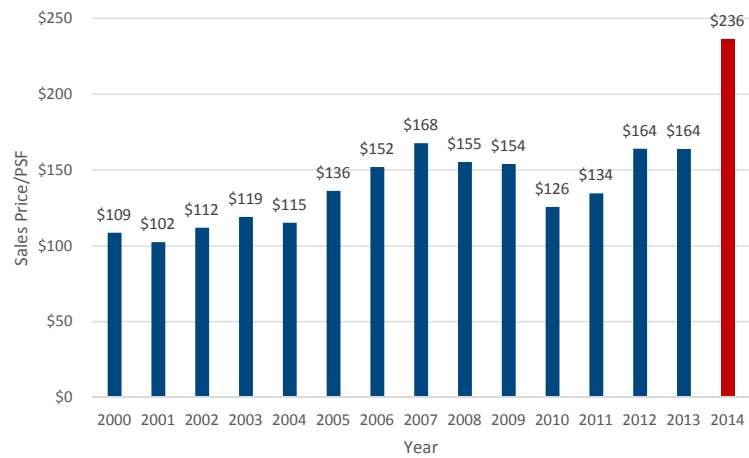
# 2014 SALES & SALES TRENDS

### 2014 SALES METRICS



NORTH KING

### 2000-2014 SALES TRENDS




## 2014 North King Sales

**\$180,081**  
AVG PRICE PER UNIT

**\$236**  
AVG PRICE PER SF

**5.2%**  
CAP RATE

### Bothell

|   | Property Name        | Address             | Year Built  | Units     | NRSF          | Price               | Sale Date | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer Seller                     |
|---|----------------------|---------------------|-------------|-----------|---------------|---------------------|-----------|------------------|--------------|-------------|----------------------------------|
|  | Northshore Townhomes | 7000 NE 186th Place | 2008        | 86        | 124,335       | \$22,100,000        | 9/22/2014 | \$256,977        | \$177.75     | 5.6%        | Matteson Companies<br>Mosaic USA |
|   | <b>Average</b>       |                     | <b>2008</b> | <b>86</b> | <b>124335</b> | <b>\$22,100,000</b> |           | <b>\$256,977</b> | <b>\$177</b> | <b>5.6%</b> |                                  |

### North Seattle

|   | Property Name    | Address                  | Year Built  | Units      | NRSF          | Price               | Sale Date | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer Seller                             |
|---|------------------|--------------------------|-------------|------------|---------------|---------------------|-----------|------------------|--------------|-------------|--|
|    | Remington Place  | 3025 NE 137th Street     | 1982        | 61         | 57,420        | \$8,950,000         | 9/30/2014 | \$146,721        | \$155.87     | 4.9%        | Michael J Henry<br>GenCare Lifestyle     |
|    | Leilani          | 10215 Greenwood Avenue N | 2013        | 273        | 174,895       | \$66,000,000        | 9/16/2014 | \$241,758        | \$377.37     | 4.9%        | Weidner Apt Homes<br>Goodman Real Estate |
|    | 107 on Greenwood | 10770 Greenwood Avenue N | 2013        | 56         | 30,744        | \$11,770,000        | 9/16/2014 | \$210,179        | \$382.84     | 5.0%        | Weidner Apt Homes<br>Goodman Real Estate |
|   | Woodland Pointe  | 14359 Linden Avenue N    | 1978        | 112        | 71,881        | \$14,000,000        | 6/24/2014 | \$125,000        | \$194.77     | 5.4%        | Thrive Communitis<br>Stratford Company   |
|  | Chameleon        | 3031 NE 137th Street     | 1965        | 68         | 52,742        | \$6,790,000         | 1/29/2014 | \$99,853         | \$128.74     | 5.6%        | Sung Rhee<br>Western Homes               |
|   | <b>Average</b>   |                          | <b>1990</b> | <b>114</b> | <b>77,536</b> | <b>\$21,502,000</b> |           | <b>\$164,702</b> | <b>\$248</b> | <b>5.2%</b> |  |



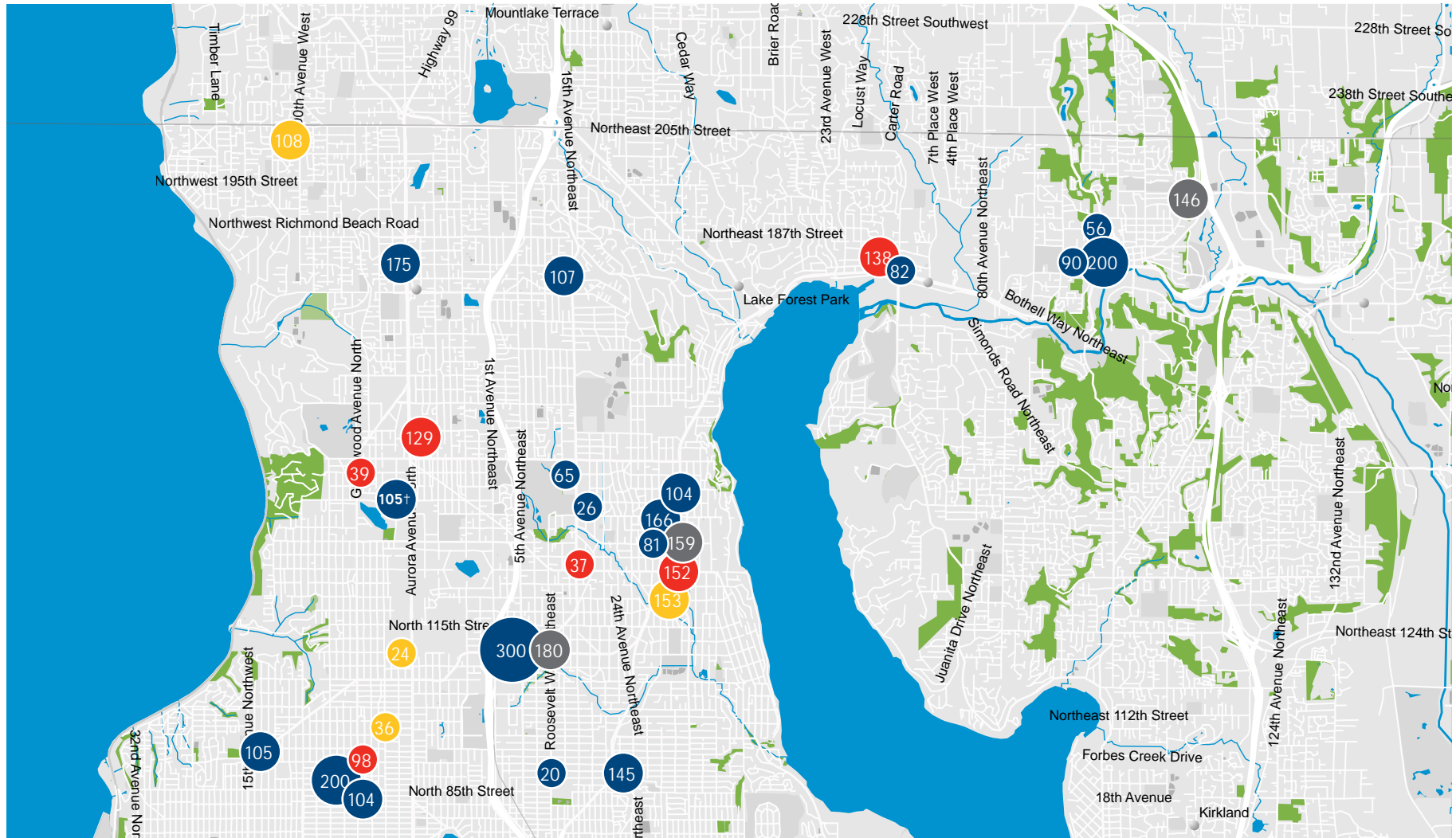
# North King Development Pipeline



Numbers within circles on map below indicate size of development

| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 593        | 321  | 485  | 0    | 2,026  |

\*Condo or potential condo  
† Affordable housing projects not included in unit counts



NORTH KING

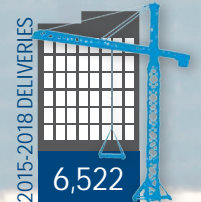
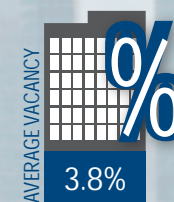


# EAST KING :: MARKET OVERVIEW

East Bellevue  
Factoria  
Issaquah  
Juanita  
Redmond  
Woodinville

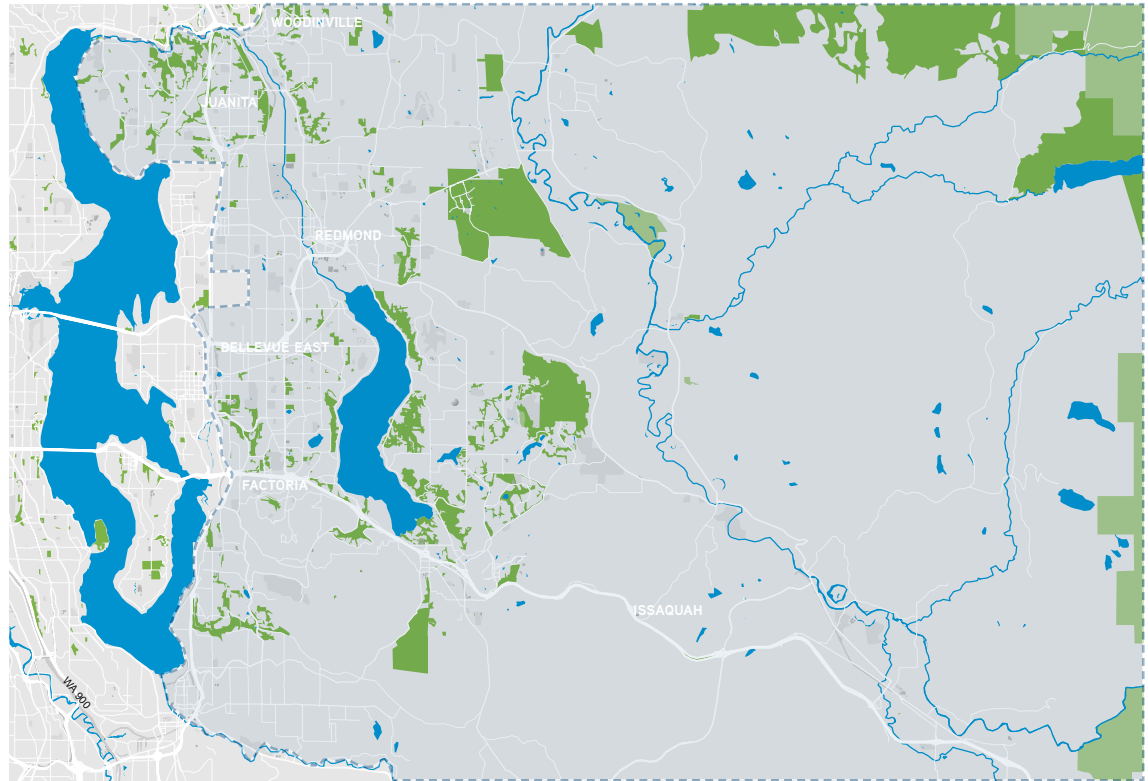
EAST KING

## MARKET SNAPSHOT



# EAST KING

The Eastside markets of East King, much like Urban King, have experienced rental growth early in the current apartment market cycle. Fueled by stellar job growth and relatively few deliveries of new apartment units, these markets continue to have increasing rental rates (8.4% growth y-o-y) and low vacancy (currently at 3.8%). Over 6,500 units are planned for delivery in the next 4 years, which may impact the rate of rent growth in specific sub-markets.



EAST KING

## HISTORICAL PERFORMANCE

|                             | 2009    | 2010      | 2011      | 2012      | 2013      | 2014      |
|-----------------------------|---------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Sales</b>      | No Data | 5         | 5         | 17        | 7         | 9         |
| <b>Sales Volume</b>         | No Data | \$105.5M  | \$237.2M  | \$580.3M  | \$339.3M  | \$422.2M  |
| <b>Average PPU</b>          | No Data | \$137,537 | \$163,340 | \$190,221 | \$247,646 | \$253,812 |
| <b>Average PPSF</b>         | No Data | \$164     | \$198     | \$214     | \$275     | \$275     |
| <b>Average Cap Rate</b>     | No Data | 5.0%      | 5.1%      | 4.7%      | 4.7%      | 4.9%      |
| <b>Number of Deliveries</b> | 1,111   | 482       | 0         | 577       | 565       | 415       |

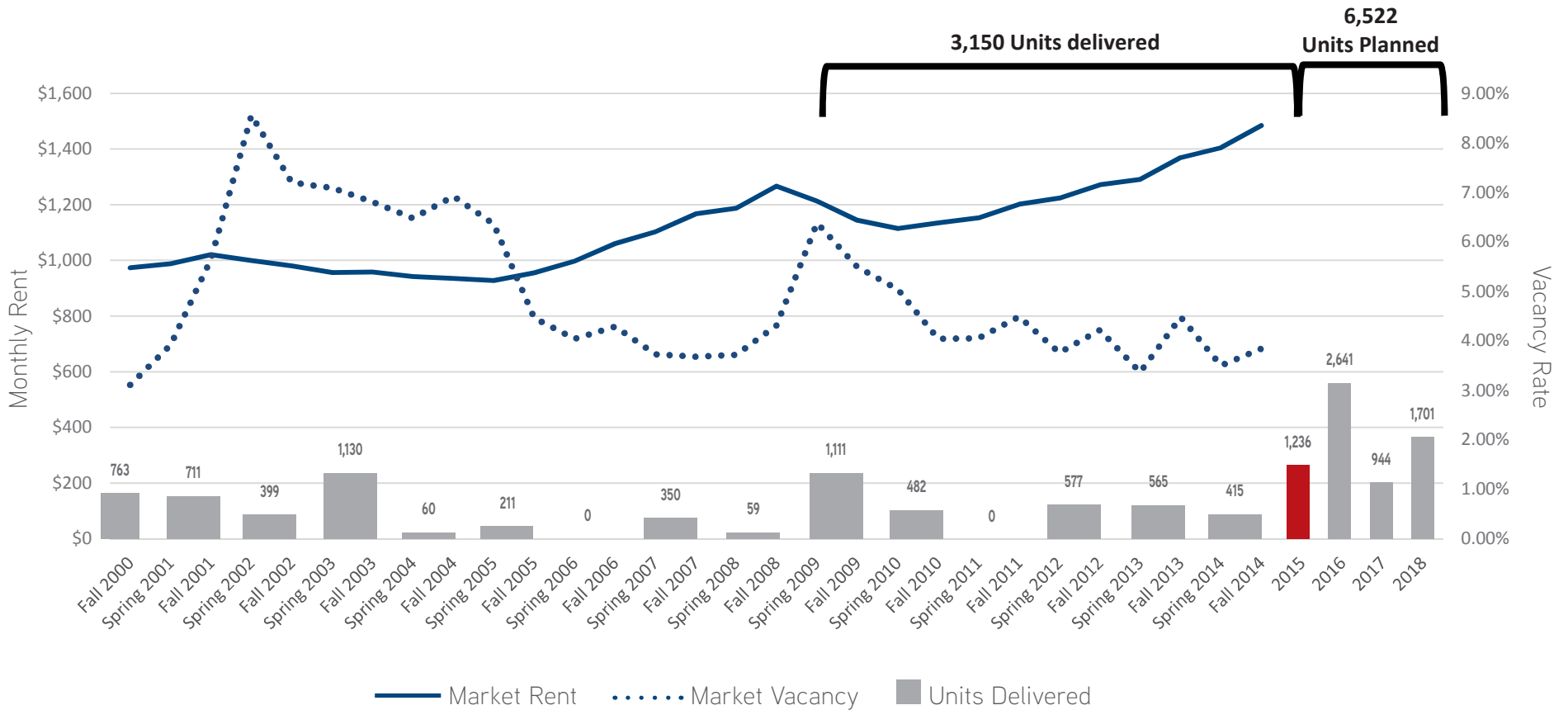
Sales: Buildings 50+ units

# MARKET FUNDAMENTALS

**\$1,485**  
AVG RENT PER UNIT

**\$1.62**  
AVG RENT PER SF

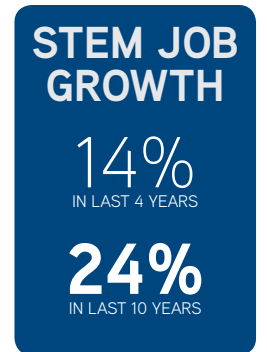
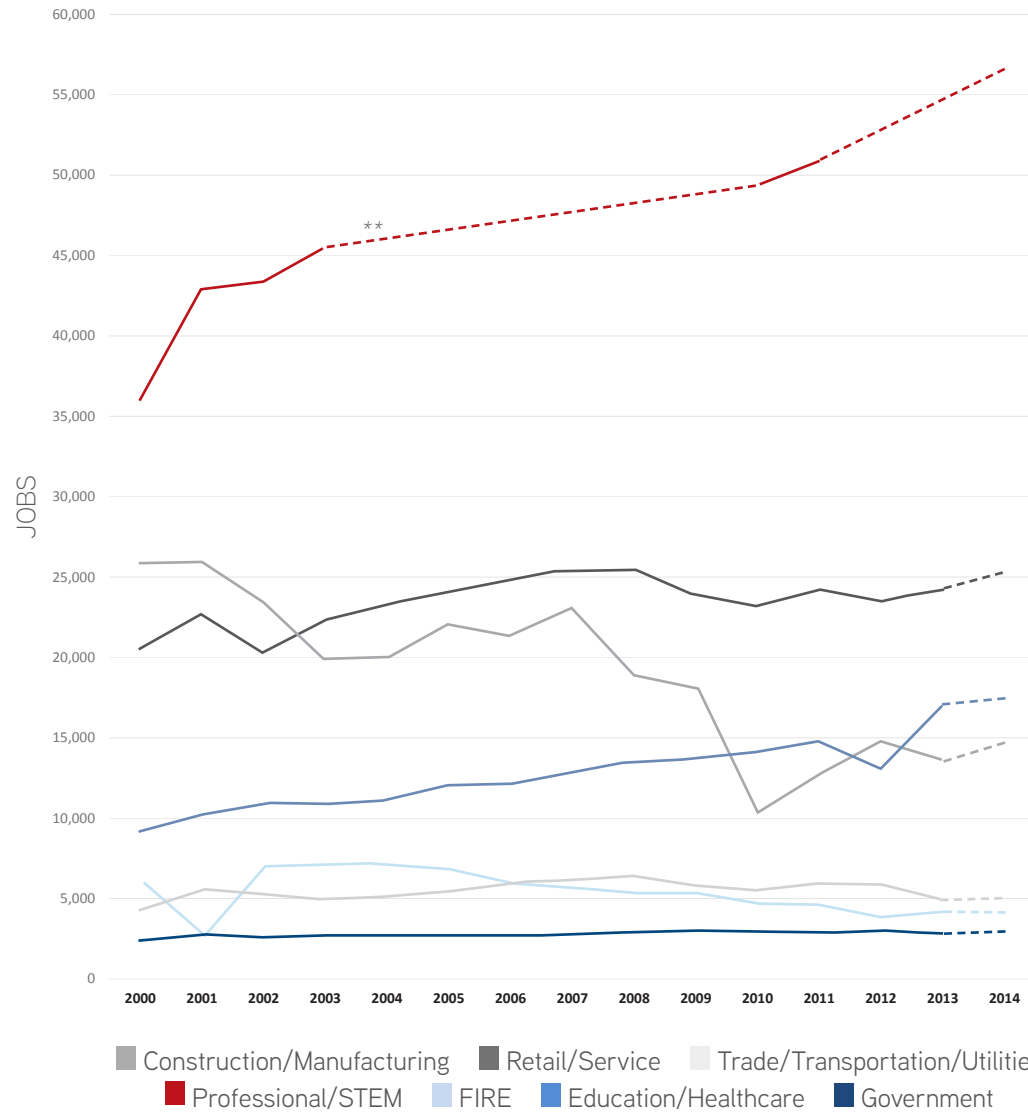
**3.8%**  
CURRENT VACANCY



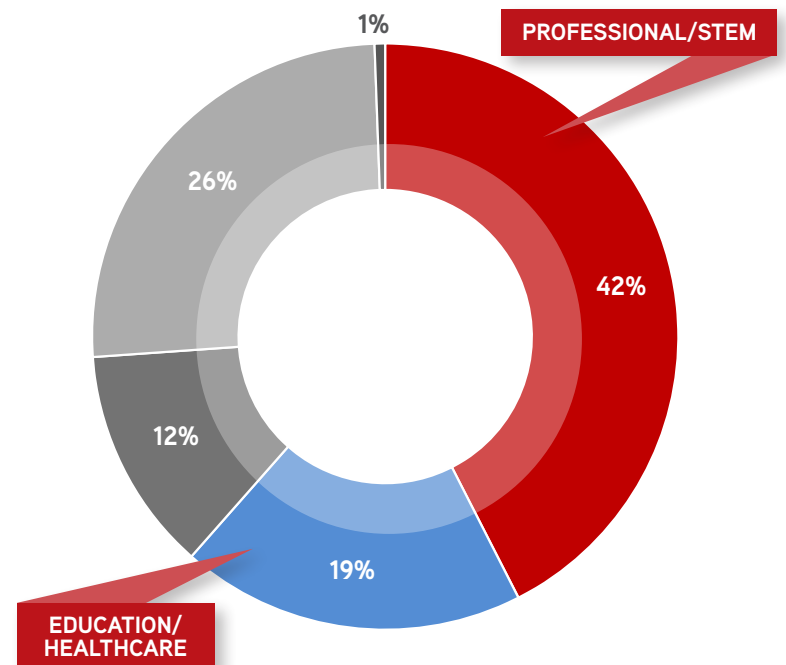
EAST KING

Rent & Vacancy Data Provided by Dupre + Scott  
For more comprehensive data, visit: [www.duprescott.com](http://www.duprescott.com)

# EMPLOYMENT GROWTH EAST KING



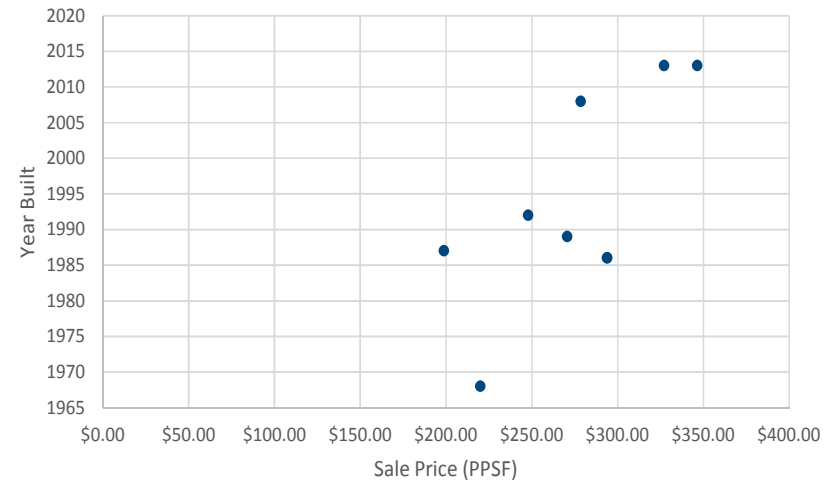
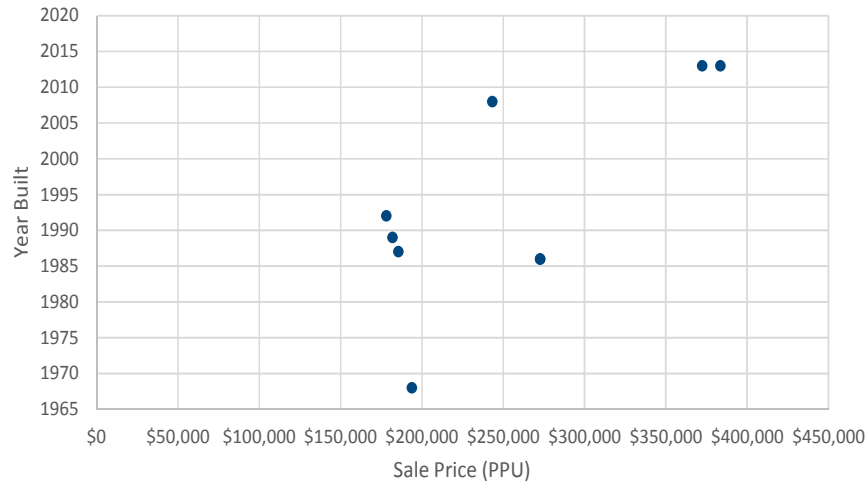
2010-2014 PERCENTAGE OF TOTAL NEW JOBS BY INDUSTRY



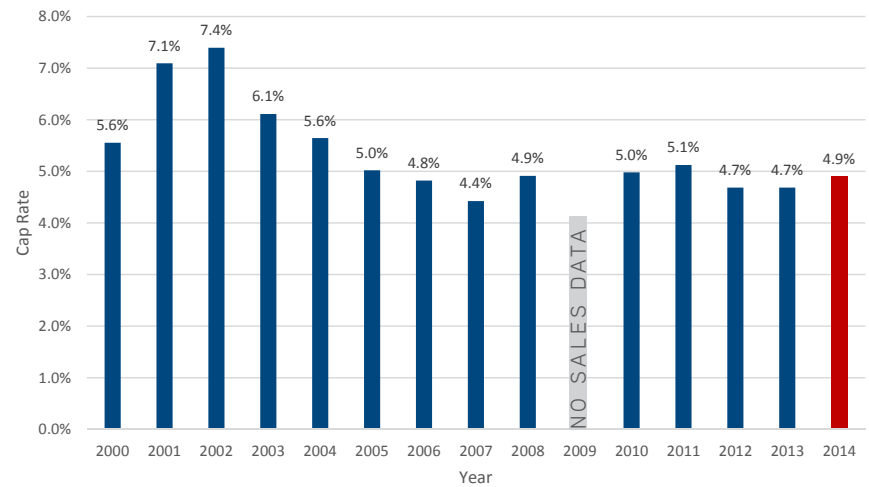
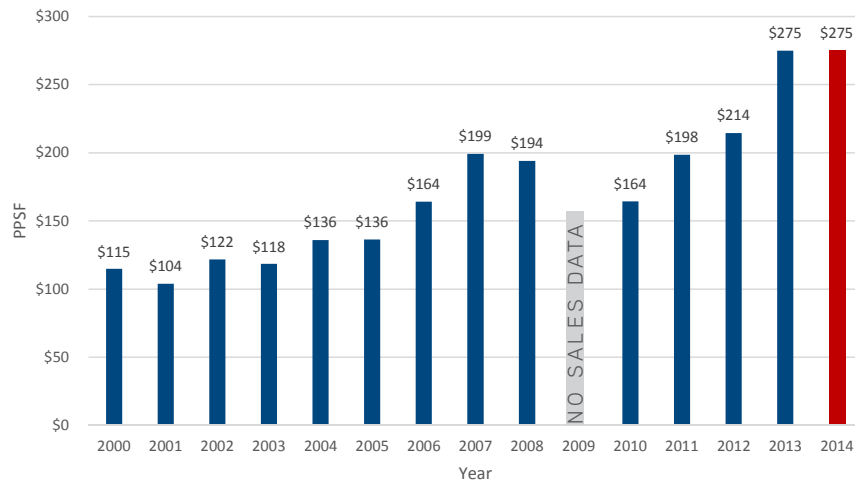
\* Due to incomplete employment data for Nov.-Dec. 2014, the existing data was annualized and trended by industry for the six different submarkets.  
\*\* Estimated 2004-2009 and 2011-2014 due to incomplete recording of NAICS code #51

# 2014 SALES & SALES TRENDS

## 2014 SALES METRICS



## 2000-2014 SALES TRENDS





## 2014 East King Sales

**\$253,812**  
AVG PRICE PER UNIT




**\$275**  
AVG PRICE PER SF

**4.9%**  
CAP RATE

### East Bellevue

|   | Property Name  | Address              | Year Built  | Units      | NRSF          | Price               | Sale Date | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller                               |
|---|----------------|----------------------|-------------|------------|---------------|---------------------|-----------|------------------|--------------|-------------|--|
|  | Piedmont       | 15309 NE 13th Place  | 1968        | 396        | 348,961       | \$76,750,000        | 5/2/2014  | \$193,813        | \$219.94     | 5.8%        | Essex Property Trust<br>Carmel Partners      |
|  | Catalina       | 2210 132nd Avenue SE | 1992        | 92         | 66,100        | \$16,383,765        | 2/1/2014  | \$178,084        | \$247.86     | 6.0%        | Greg Itkin & Marina Itkin<br>William Summers |
|   | <b>Average</b> |                      | <b>1980</b> | <b>244</b> | <b>207531</b> | <b>\$46,566,883</b> |           | <b>\$185,949</b> | <b>\$233</b> | <b>5.9%</b> |  |

### Factoria

|   | Property Name    | Address                    | Year Built  | Units      | NRSF           | Price               | Sale Date | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller  |
|---|------------------|----------------------------|-------------|------------|----------------|---------------------|-----------|------------------|--------------|-------------|---|
|  | Sofi at Somerset | 13180 SE Newport Way       | 1986        | 144        | 133,668        | \$39,277,500        | 12/3/2014 | \$272,760        | \$293.84     | 4.0%        | Pacific Urban Residential<br>Horizon Realty Investors |
|  | Newport Crossing | 7311 Coal Creek Parkway SE | 1990        | 192        | 157,824        | \$38,800,000        | 11/4/2014 | \$202,083        | \$245.84     | 4.6%        | Friedkin Realty Group<br>Security Properties          |
|  | Karbon           | 6802 Coal Creek Parkway SE | 1989        | 105        | 70,584         | \$19,100,000        | 8/15/2014 | \$181,905        | \$270.60     | 5.9%        | Friedkin Realty Group<br>Goodman Real Estate Inc      |
|   | <b>Average</b>   |                            | <b>1988</b> | <b>147</b> | <b>120,692</b> | <b>\$32,392,500</b> |           | <b>\$218,916</b> | <b>\$270</b> | <b>4.8%</b> |   |

### Issaquah

|   | Property Name  | Address               | Year Built  | Units      | NRSF             | Price               | Sale Date | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller                         |
|---|----------------|-----------------------|-------------|------------|------------------|---------------------|-----------|------------------|--------------|-------------|--|
|  | Gilman Square  | 360 NW Dogwood Street | 1987        | 124        | 115,690          | \$23,000,000        | 6/30/2014 | \$185,484        | \$198.81     | 4.9%        | Security Properties<br>TRECAP Partners |
|   | <b>Average</b> |                       | <b>1987</b> | <b>124</b> | <b>1,156,690</b> | <b>\$23,000,000</b> |           | <b>\$185,484</b> | <b>\$198</b> | <b>4.9%</b> |  |

### Juanita

|   | Property Name              | Address            | Year Built  | Units      | NRSF           | Price               | Sale Date | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller        |
|---|----------------------------|--------------------|-------------|------------|----------------|---------------------|-----------|------------------|--------------|-------------|-----------------------|
|  | Waterscape Juanita Village | 11801 97th Lane NE | 2013        | 196        | 217,055        | \$75,200,000        | 9/25/2014 | \$383,673        | \$346.46     | 4.7%        | UDR<br>M-M Properties |
|   | <b>Average</b>             |                    | <b>2013</b> | <b>196</b> | <b>217,055</b> | <b>\$75,200,000</b> |           | <b>\$383,673</b> | <b>\$346</b> | <b>4.7%</b> |                       |

### Redmond

|   | Property Name  | Address                | Year Built  | Units      | NRSF    | Price               | Sale Date  | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller                      |
|---|----------------|------------------------|-------------|------------|---------|---------------------|------------|------------------|--------------|-------------|-------------------------------------|
|  | Elan Redmond   | 16325 Cleveland Street | 2013        | 134        | 152,556 | \$49,900,000        | 12/10/2014 | \$372,388        | \$327.09     | 4.0%        | Berkshire Group<br>Greystar/Resmark |
|   | <b>Average</b> |                        | <b>2013</b> | <b>134</b> |         | <b>\$49,900,000</b> |            | <b>\$372,388</b> | <b>\$327</b> | <b>4.0%</b> |                                     |

### Woodinville

|   | Property Name  | Address           | Year Built  | Units      | NRSF    | Price               | Sale Date  | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller   |
|---|----------------|-------------------|-------------|------------|---------|---------------------|------------|------------------|--------------|-------------|--|
|  | Beaumont       | 14001 NE 183rd St | 2008        | 344        | 300,624 | \$83,742,000        | 12/30/2014 | \$243,436        | \$278.56     | 4.3%        | Guardian Life Insurance Co<br>Boston Capital Corporation |
|   | <b>Average</b> |                   | <b>2008</b> | <b>344</b> |         | <b>\$83,742,000</b> |            | <b>\$243,436</b> | <b>\$278</b> | <b>4.3%</b> |  |



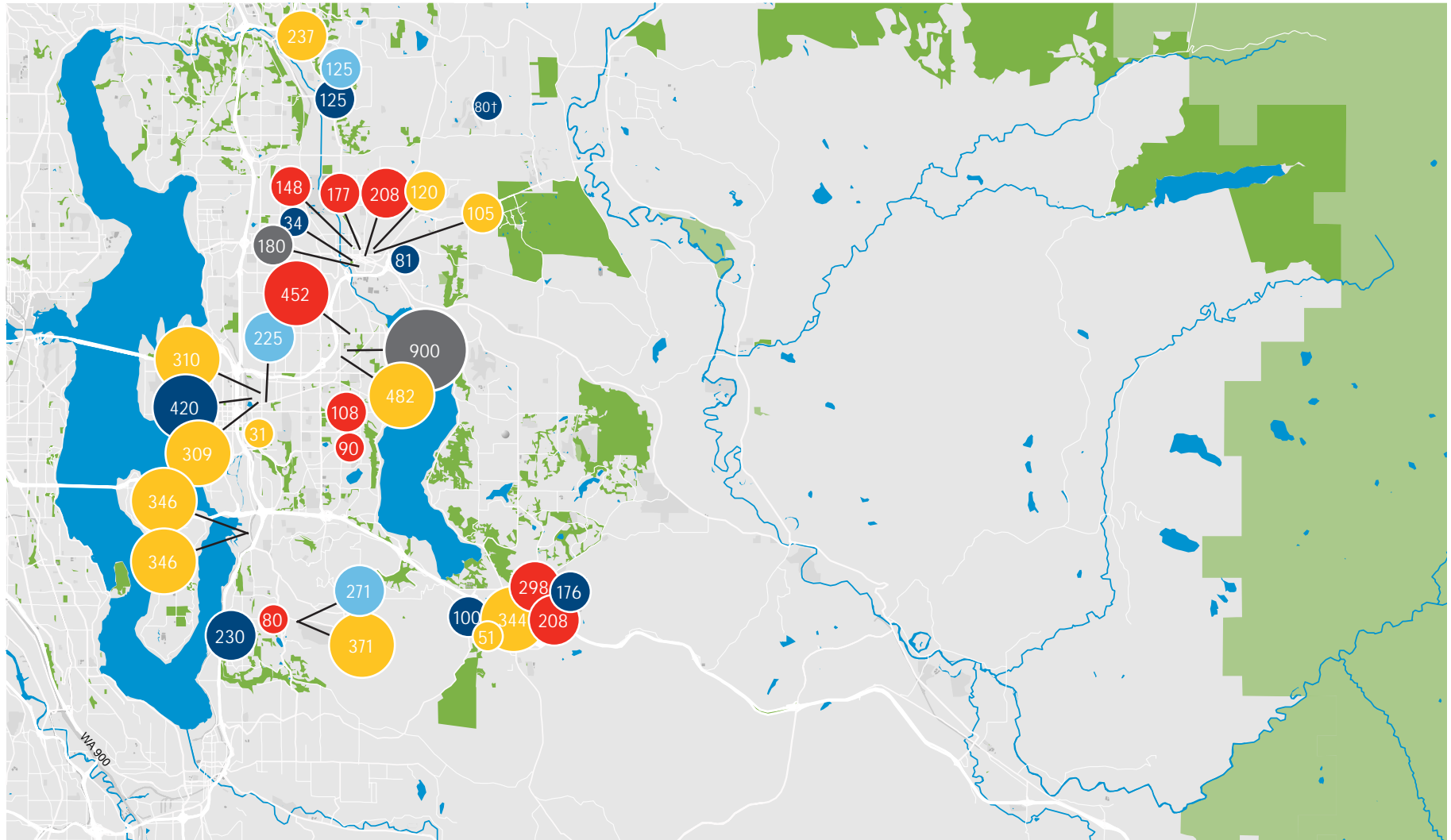
# East King Development Pipeline



| Deliveries |       |       |      |        |
|------------|-------|-------|------|--------|
| 2015       | 2016  | 2017  | 2018 | FUTURE |
| 1,769      | 2,815 | 1,317 | 621  | 1,166  |

Numbers within circles on map below indicate size of development

\*Condo or potential condo  
† Affordable housing projects not included in unit counts



EAST KING

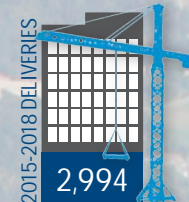
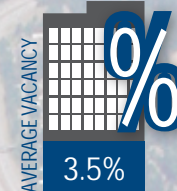


# SOUTH KING :: MARKET OVERVIEW

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

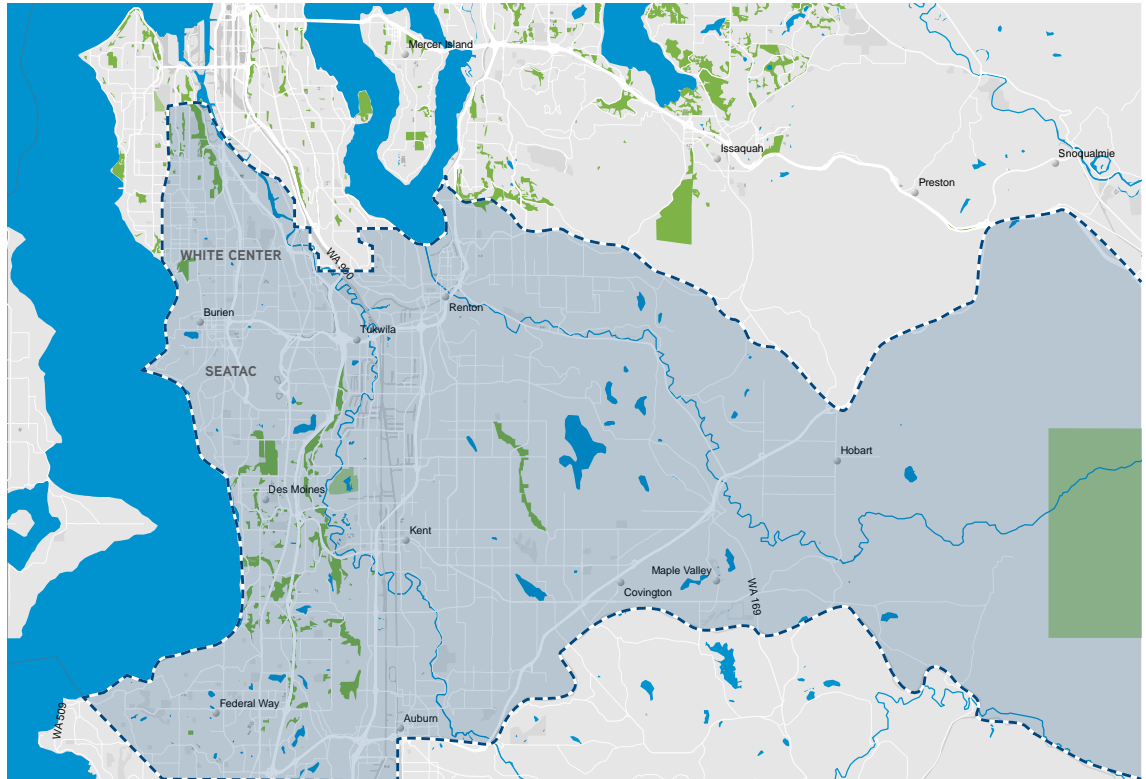
SOUTH KING

## MARKET SNAPSHOT



# SOUTH KING

We define South King by 9 neighboring markets that experienced steady rent growth in the last year, yet have trailed the rest of the markets covered in this study. These markets were the last to recover from the 2008 Recession, yet are now poised for continued rent growth as a result of low vacancy and a moderate development pipeline. Over the last two years, these markets have experienced significant job growth, which will ultimately help sustain rent appreciation. As an investment market, South King is one of the most active in the region, posting 23 sales in 2014 of buildings larger than 50 units.



SOUTH KING

## HISTORICAL PERFORMANCE

|                             | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Sales</b>      | 5         | 9         | 11        | 15        | 14        | 23        |
| <b>Sales Volume</b>         | \$91.3M   | \$118.6M  | \$235.1M  | \$280.9M  | \$239.6M  | \$592.8M  |
| <b>Average PPU</b>          | \$101,014 | \$124,413 | \$124,449 | \$161,080 | \$185,077 | \$125,085 |
| <b>Average PPSF</b>         | \$94      | \$103     | \$110     | \$122     | \$114     | \$144     |
| <b>Average Cap Rate</b>     | 7.4%      | 6.6%      | 6.5%      | 6.2%      | 6.5%      | 5.8%      |
| <b>Number of Deliveries</b> | 476       | 428       | 487       | 272       | 186       | 335       |

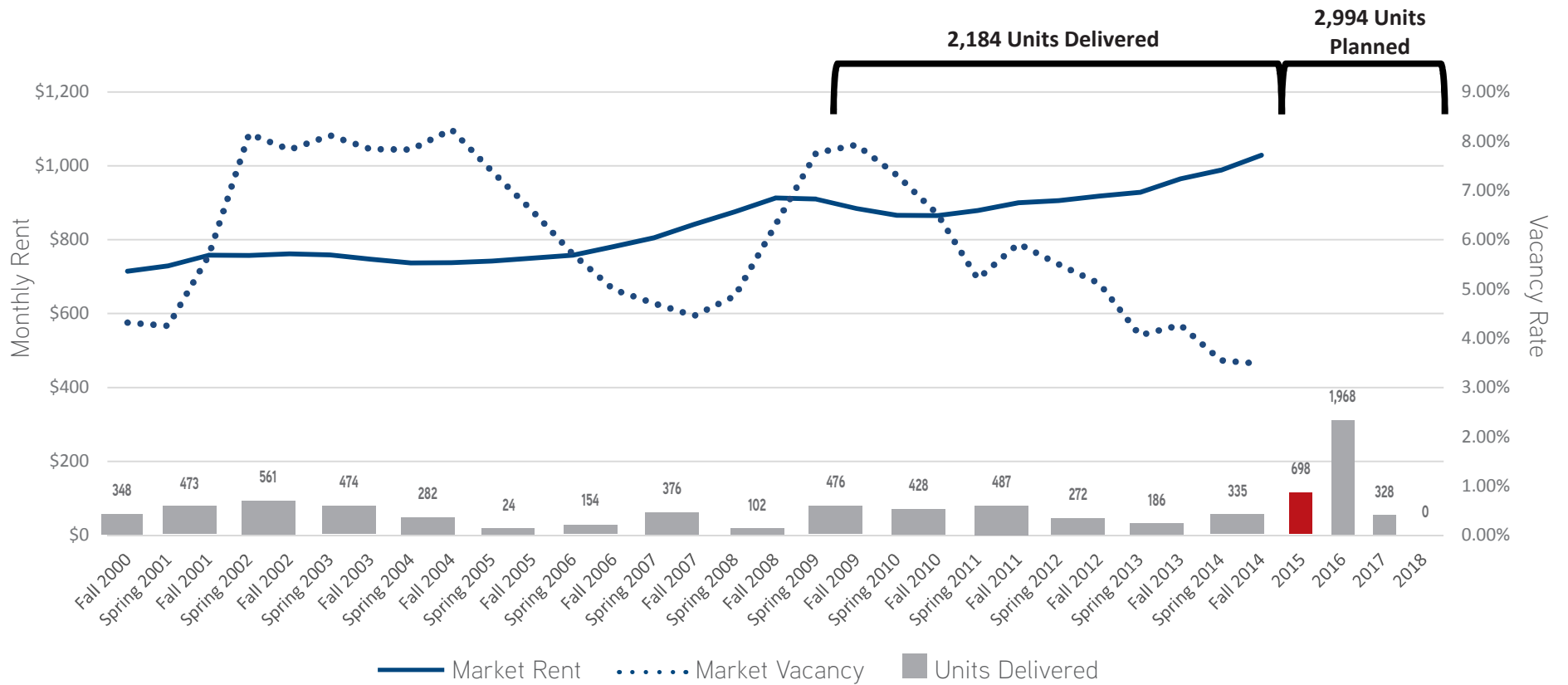
Sales: Buildings 50+ units

# MARKET FUNDAMENTALS

**\$1,029**  
AVG RENT PER UNIT

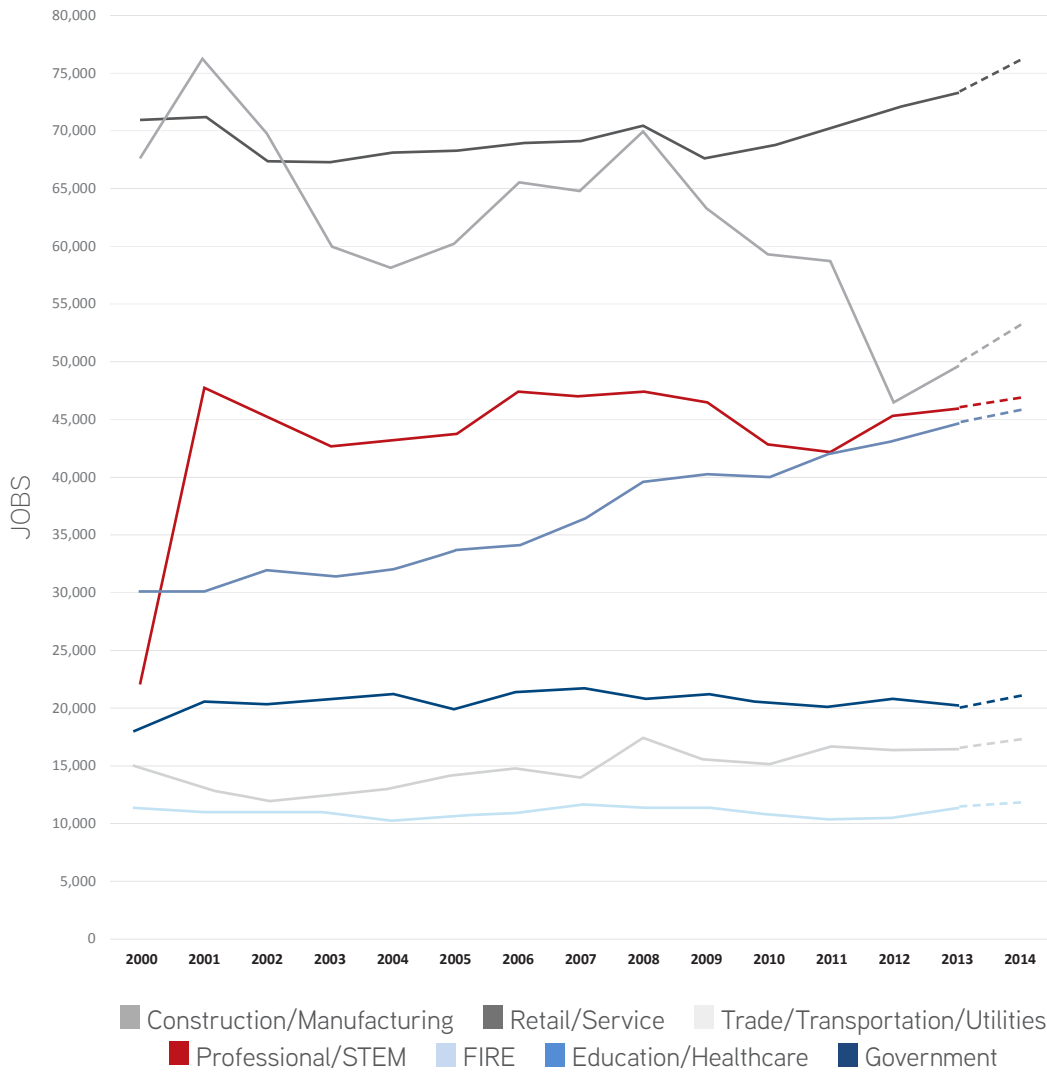
**\$1.20**  
AVG RENT PER SF

**3.5%**  
CURRENT VACANCY



Rent & Vacancy Data Provided by Dupre + Scott  
For more comprehensive data, visit: [www.duprescott.com](http://www.duprescott.com)

# EMPLOYMENT GROWTH SOUTH KING



**HOTTEST & COLDEST**  
job growth in the last 10 years

↑ **13,351**  
EDUCATION/  
HEALTHCARE

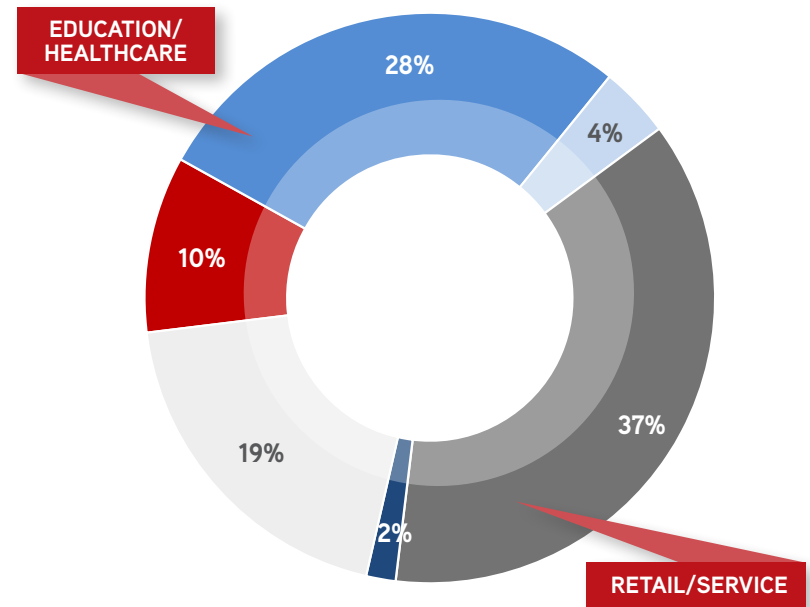
↓ **-5,132**  
CONSTRUCTION/  
MANUFACTURING

**STEM JOB GROWTH**

13%  
IN LAST 4 YEARS

32%  
IN LAST 10 YEARS

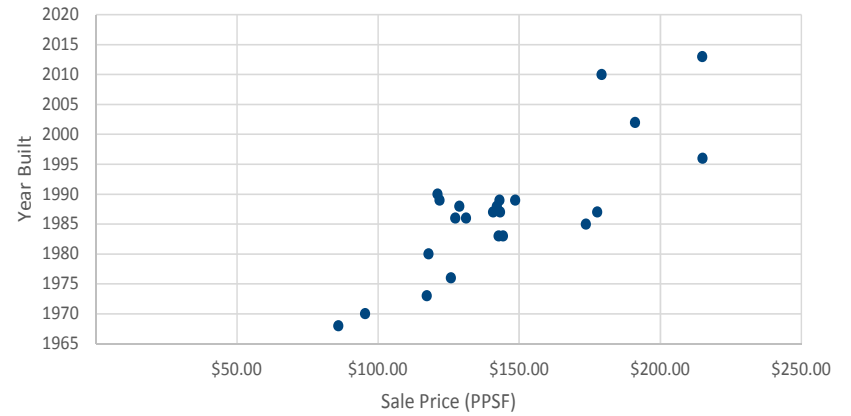
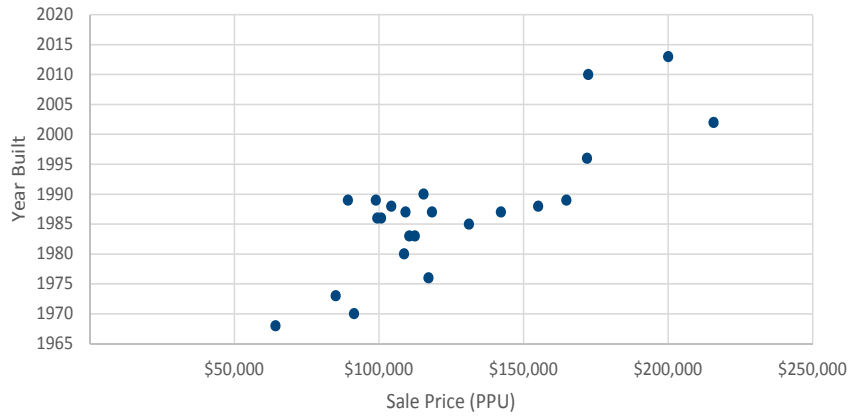
2010-2014 PERCENTAGE OF TOTAL NEW JOBS BY INDUSTRY



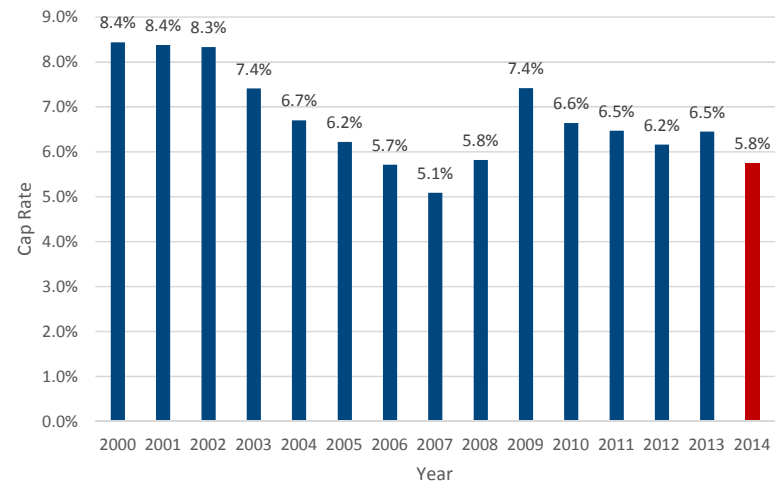
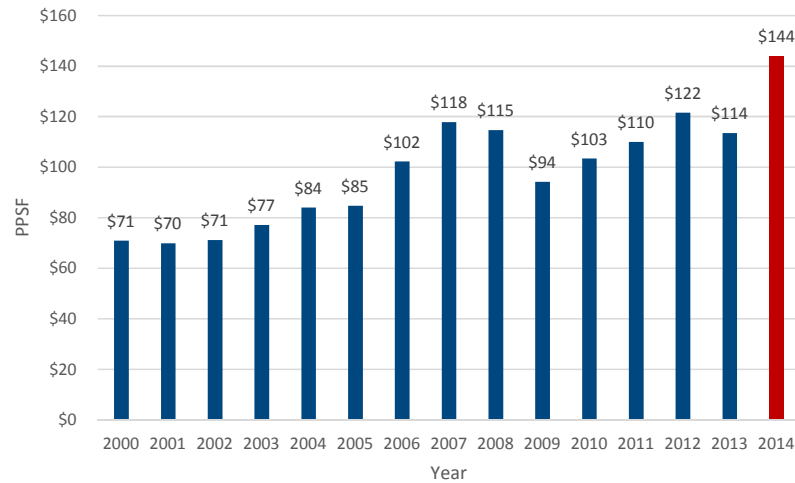
\*Due to incomplete employment data for Nov.-Dec. 2014, the existing data was annualized and trended by industry for the six different submarkets.

# 2014 SALES & SALES TRENDS

## 2014 SALES METRICS



## 2000-2014 SALES TRENDS




## 2014 South King Sales

**\$125,085**  
AVG PRICE PER UNIT




**\$144**  
AVG PRICE PER SF

**5.8%**  
CAP RATE


### Auburn

| Property Name  | Address             | Year Built  | Units      | NRSF    | Price               | Sale Date  | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller                            |
|--|---------------------|-------------|------------|---------|---------------------|------------|------------------|--------------|-------------|---|
|  Landings at River's Edge | 1741 22nd Street NE | 1976        | 120        | 111,660 | 14,050,000          | 11/18/2014 | \$117,083        | \$125.83     | 5.7%        | Trimark Property Group<br>Zanza & Company |
| <b>Average</b>   |                     | <b>1976</b> | <b>120</b> |         | <b>\$14,050,000</b> |            | <b>\$117,083</b> | <b>\$125</b> | <b>5.7%</b> |   |




### Des Moines

| Property Name   | Address             | Year Built  | Units     | NRSF   | Price              | Sale Date  | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller                                  |
|---|---------------------|-------------|-----------|--------|--------------------|------------|------------------|--------------|-------------|---|
|  Marina Club       | 2445 S 222nd Street | 1986        | 77        | 60,104 | \$7,650,000        | 11/17/2014 | \$99,351         | \$127.28     | 6.4%        | Randolph Street Capital<br>Mercer Capital Group |
|  Regatta           | 1145 S 216th Street | 1983        | 86        | 66,594 | \$9,500,000        | 9/30/2014  | \$110,465        | \$142.66     | 5.8%        | Curtis Capital Group<br>Mercer Capital Group    |
|  Spinnaker Landing | 21620 14th Avenue S | 1987        | 66        | 51,180 | \$7,200,000        | 9/30/2014  | \$109,091        | \$140.68     | 5.7%        | Curtis Capital Group<br>Mercer Capital Group    |
| <b>Average</b>  |                     | <b>1985</b> | <b>76</b> |        | <b>\$8,116,667</b> |            | <b>\$106,302</b> | <b>\$136</b> | <b>6.0%</b> |   |




### Federal Way

| Property Name  | Address              | Year Built  | Units      | NRSF    | Price               | Sale Date | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller                                 |
|--|----------------------|-------------|------------|---------|---------------------|-----------|------------------|--------------|-------------|--|
|  Pavilion | 1900 SW Campus Drive | 1990        | 518        | 493,854 | \$59,750,000        | 5/30/2014 | \$115,347        | \$120.99     | 6.4%        | Fowler Property Acquisitions<br>Kennedy Wilson |
| <b>Average</b>   |                      | <b>1990</b> | <b>518</b> |         | <b>\$59,750,000</b> |           | <b>\$115,347</b> | <b>\$120</b> | <b>6.4%</b> |  |

### Kent

| Property Name  | Address               | Year Built  | Units      | NRSF    | Price               | Sale Date  | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller   |
|--|-----------------------|-------------|------------|---------|---------------------|------------|------------------|--------------|-------------|--|
|  Aspens at Ridgeview | 21010 39th Way S      | 2010        | 168        | 161,610 | \$28,950,000        | 10/15/2014 | \$172,321        | \$179.13     | 5.5%        | Prime Group<br>HPK LLC   |
|  Rock Creek Landing | 1024 N Central Avenue | 1986        | 576        | 442,280 | \$58,000,000        | 7/30/2014  | \$100,694        | \$131.14     | 5.3%        | Kennedy Wilson<br>Holland Holdings   |
|  Forest Creek       | 24802 99th Place S    | 1989        | 92         | 74,708  | \$9,100,000         | 6/30/2014  | \$98,913         | \$121.81     | 5.5%        | Alliance Investments & Management Inc<br>Penni K Frederickson & Joseph Lackerdas |
| <b>Average</b>   |                       | <b>1995</b> | <b>279</b> |         | <b>\$32,016,667</b> |            | <b>\$123,976</b> | <b>\$144</b> | <b>5.4%</b> |  |






### Renton

| Property Name   | Address               | Year Built | Units | NRSF    | Price        | Sale Date  | \$/Unit   | \$/NRSF  | Cap Rate | Buyer / Seller  |
|---|-----------------------|------------|-------|---------|--------------|------------|-----------|----------|----------|---|
|  Pebble Cove                 | 17600 134th Avenue SE | 1996       | 288   | 230,360 | \$49,500,000 | 12/17/2014 | \$171,875 | \$214.88 | 5.0%     | Jackson Square Properties<br>LACERA                   |
|  Borgata                     | 420 S 50th Street     | 2002       | 83    | 93,720  | \$17,900,000 | 10/15/2014 | \$215,663 | \$190.99 | 4.7%     | Thrive Communités<br>Mosaic USA                       |
|  Carriages at Fairwood Downs | 15030 SE 179th Street | 1988       | 400   | 436,583 | \$62,000,000 | 6/26/2014  | \$155,000 | \$142.01 | 5.9%     | TruAmerica Multifamily<br>Berkshire Property Advisors |






## 2014 South King Sales (Continued)


### Renton cont.

|   | Property Name     | Address                  | Year Built | Units | NRSF    | Price        | Sale Date | \$/Unit   | \$/NRSF  | Cap Rate | Buyer / Seller  |
|---|-------------------|--------------------------|------------|-------|---------|--------------|-----------|-----------|----------|----------|---|
|  | Grammercy         | 17425 120th Lane SE      | 1980       | 382   | 352,235 | \$41,500,000 | 6/11/2014 | \$108,639 | \$117.82 | 5.9%     | Fowler Property Acquisitions<br>Passco RE Enterprises |
|  | Copper Ridge      | 4600 Davis Avenue S      | 1983       | 325   | 253,175 | \$36,525,000 | 4/24/2014 | \$112,385 | \$144.27 | 6.0%     | SCS Development<br>Archon                             |
|  | Montclair Heights | 2223 Benson Road S       | 1989       | 174   | 200,548 | \$28,670,000 | 4/23/2014 | \$164,770 | \$142.96 | 5.1%     | TruAmerica Multifamily<br>Braddock & Logan            |
|  | Sunset View       | 2101 SW Sunset Boulevard | 1970       | 240   | 229,753 | \$21,920,000 | 3/14/2014 | \$91,333  | \$95.41  | 6.6%     | Investors Mgmt Group<br>Virtu Investments             |
|  | Venue             | 1150 Union Avenue NE     | 1973       | 284   | 205,753 | \$24,125,000 | 2/13/2014 | \$84,947  | \$117.25 | 6.0%     | Fowler Property Acquisitions<br>Longwell Company      |
| Average   |                   |                          | 1985       | 272   |         | \$35,267,500 |           | \$138,076 | \$145    | 5.7%     |   |

### Riverton/Tukwila

|   | Property Name   | Address                    | Year Built | Units | NRSF    | Price        | Sale Date  | \$/Unit   | \$/NRSF  | Cap Rate | Buyer / Seller                                  |
|---|-----------------|----------------------------|------------|-------|---------|--------------|------------|-----------|----------|----------|---|
|  | Newport Heights | 5600 S 152nd Street        | 1985       | 80    | 60,400  | \$10,485,000 | 12/11/2014 | \$131,063 | \$173.59 | 5.7%     | Woodspear Properties<br>Horizon Realty Advisors |
|  | North Hill      | 5820 Southcenter Boulevard | 1989       | 54    | 32,442  | \$4,819,000  | 5/30/2014  | \$89,241  | \$148.54 | 5.9%     | David Li<br>Gencor Development                  |
|  | Park South      | 10101 8th Avenue S         | 1987       | 252   | 208,269 | \$29,820,000 | 5/29/2014  | \$118,333 | \$143.18 | 6.0%     | Friedkin Realty Group<br>MG Realty Group        |
| Average   |                 |                            | 1987       | 129   |         | \$15,041,333 |            | \$112,879 | \$155    | 5.9%     |   |

### SeaTac

|   | Property Name              | Address          | Year Built | Units | NRSF    | Price        | Sale Date  | \$/Unit   | \$/NRSF  | Cap Rate | Buyer / Seller                                   |
|---|----------------------------|------------------|------------|-------|---------|--------------|------------|-----------|----------|----------|--|
|  | Belvedere at Aspen Heights | 20982 39th Way S | 2013       | 140   | 130,314 | \$28,000,000 | 10/15/2014 | \$200,000 | \$214.87 | 5.5%     | Prime Belvedere West LLC<br>Aspens Ridgeview LLC |
| Average   |                            |                  | 2013       | 140   | 130314  | \$28,000,000 |            | \$200,000 | \$214    | 5.5%     |  |

### White Center

|   | Property Name | Address               | Year Built | Units | NRSF    | Price        | Sale Date | \$/Unit   | \$/NRSF  | Cap Rate | Buyer / Seller                                      |
|---|---------------|-----------------------|------------|-------|---------|--------------|-----------|-----------|----------|----------|---|
|  | Sunset Park   | 11202 2nd Lane SW     | 1988       | 124   | 100,354 | \$12,920,000 | 9/18/2014 | \$104,194 | \$128.74 | 5.8%     | Pacific Living Properties<br>Carl D Barnes          |
|  | Park Terrace  | 11020 16th Avenue SW  | 1968       | 53    | 39,600  | \$3,400,000  | 7/31/2014 | \$64,151  | \$85.86  | 7.0%     | David & Mary Rogge<br>Carolee Martin & Brice Martin |
|  | Westhaven     | 2201 SW Holden Street | 1987       | 190   | 152,050 | \$27,000,000 | 3/27/2014 | \$142,105 | \$177.57 | 5.8%     | TruAmerica Multifamily<br>Holland Partners          |
| Average   |               |                       | 1981       | 122   | 97,335  | \$14,440,000 |           | \$103,483 | \$130    | 6.2%     |   |

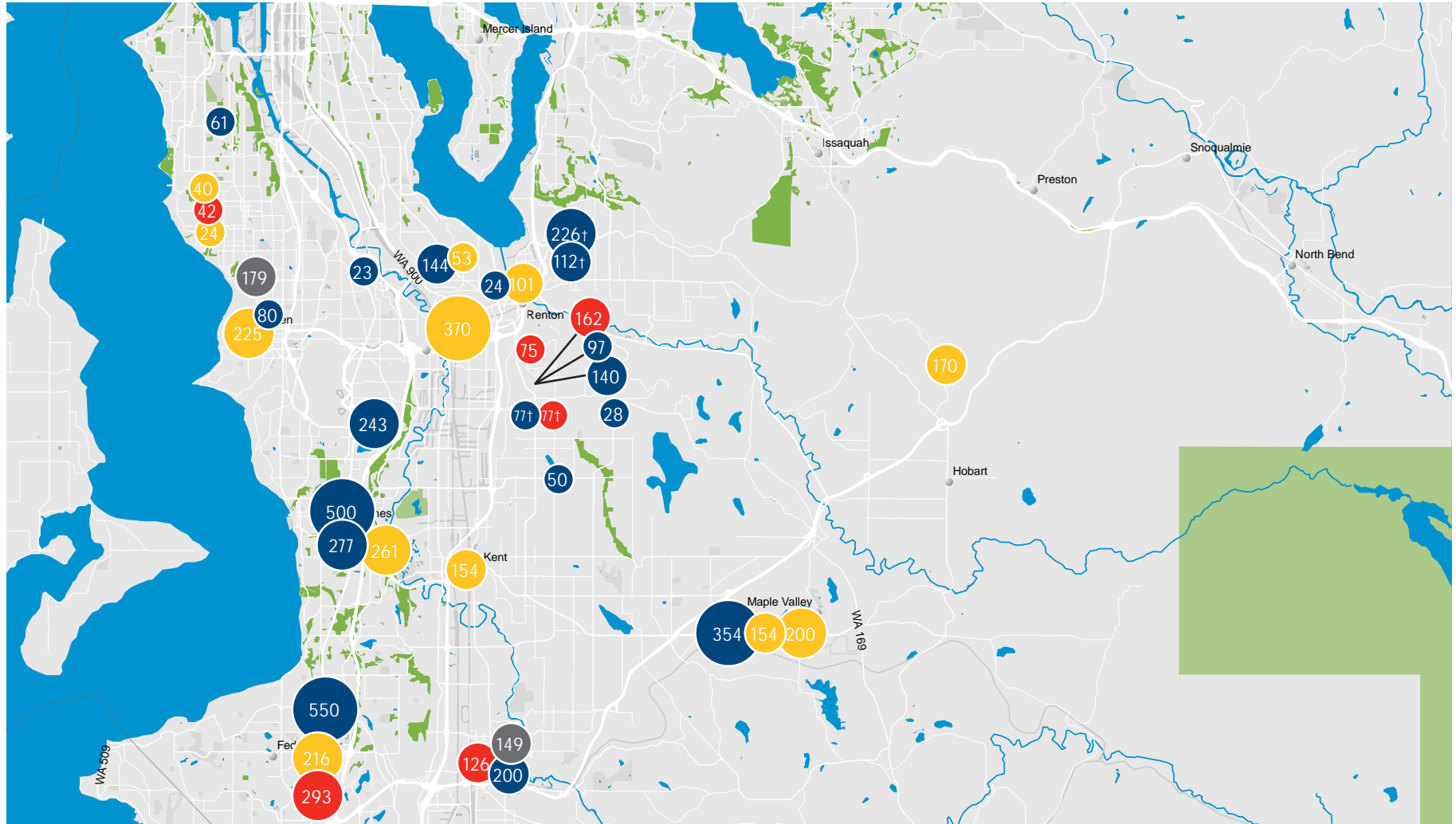
# South King Development Pipeline



| Deliveries |       |      |      |        |
|------------|-------|------|------|--------|
| 2015       | 2016  | 2017 | 2018 | FUTURE |
| 698        | 1,968 | 328  | 0    | 2,771  |

Numbers within circles on map below indicate size of development

\*Condo or potential condo  
† Affordable housing projects not included in unit counts

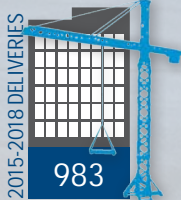
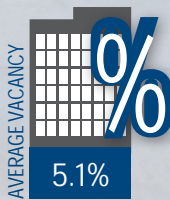


SOUTH KING

# NORTH SNOHOMISH :: MARKET OVERVIEW

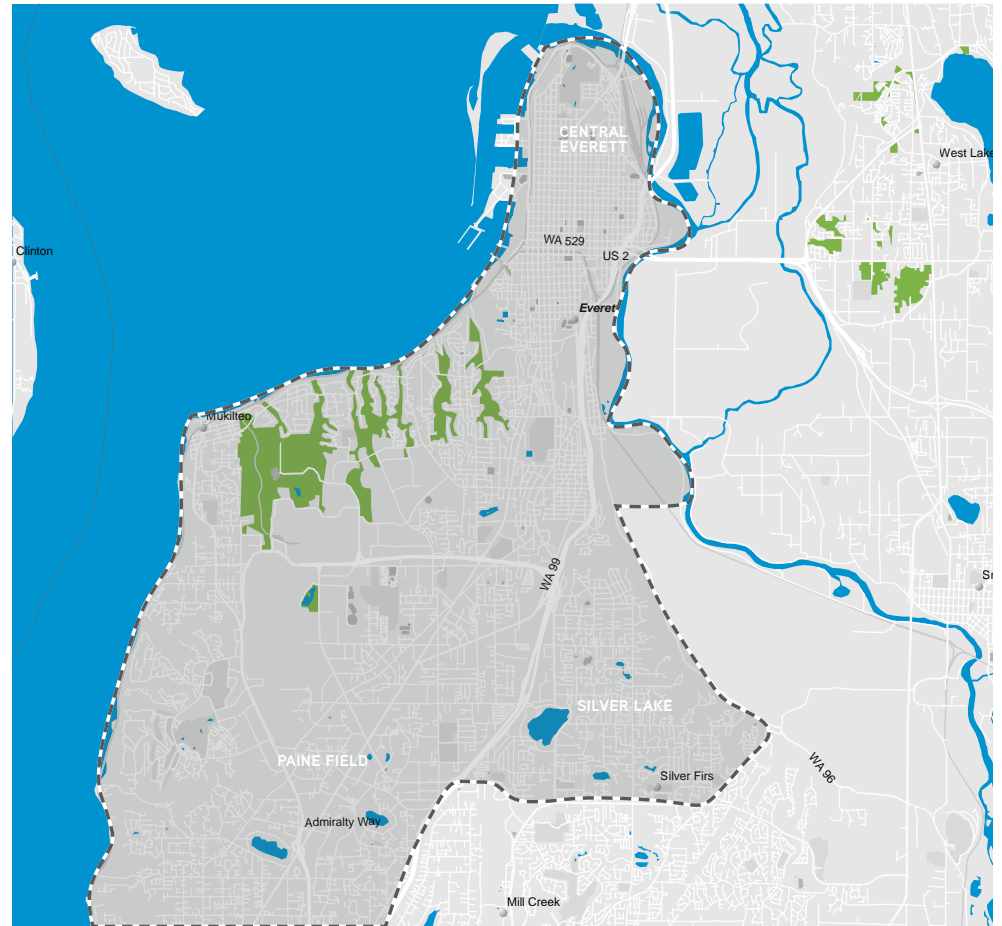
Central Everett  
Paine Field  
Silver Lake

## MARKET SNAPSHOT



# NORTH SNOHOMISH

North Snohomish is a tight collection of 3 markets. Although Snohomish County is geographically larger than these markets suggest, we have limited our study to the most active markets in this county. Rent growth in the last year tops 7.3%, yet on a five year average, North Snohomish has the second lowest amount of rent growth for the region. Vacancy rates has risen in the last year, yet that is expected with such high rent growth. New development is hitting a peak in 2015, remaining modest at 983 units. The investment sales market was relatively moderate in 2014, with only 6 sales of buildings larger than 50 units.



## HISTORICAL PERFORMANCE

|                             | 2009    | 2010      | 2011     | 2012      | 2013      | 2014      |
|-----------------------------|---------|-----------|----------|-----------|-----------|-----------|
| <b>Number of Sales</b>      | No Data | 2         | 4        | 8         | 6         | 6         |
| <b>Sales Volume</b>         | No Data | \$27.8M   | \$47.5M  | \$207.8M  | \$159.7M  | \$191.3M  |
| <b>Average PPU</b>          | No Data | \$106,372 | \$92,708 | \$105,388 | \$119,120 | \$136,761 |
| <b>Average PPSF</b>         | No Data | \$117     | \$99     | \$109     | \$132     | \$148     |
| <b>Average Cap Rate</b>     | No Data | 6.8%      | 8.0%     | 7.4%      | 7.3%      | 5.9%      |
| <b>Number of Deliveries</b> | 0       | 22        | 108      | 178       | 0         | 0         |

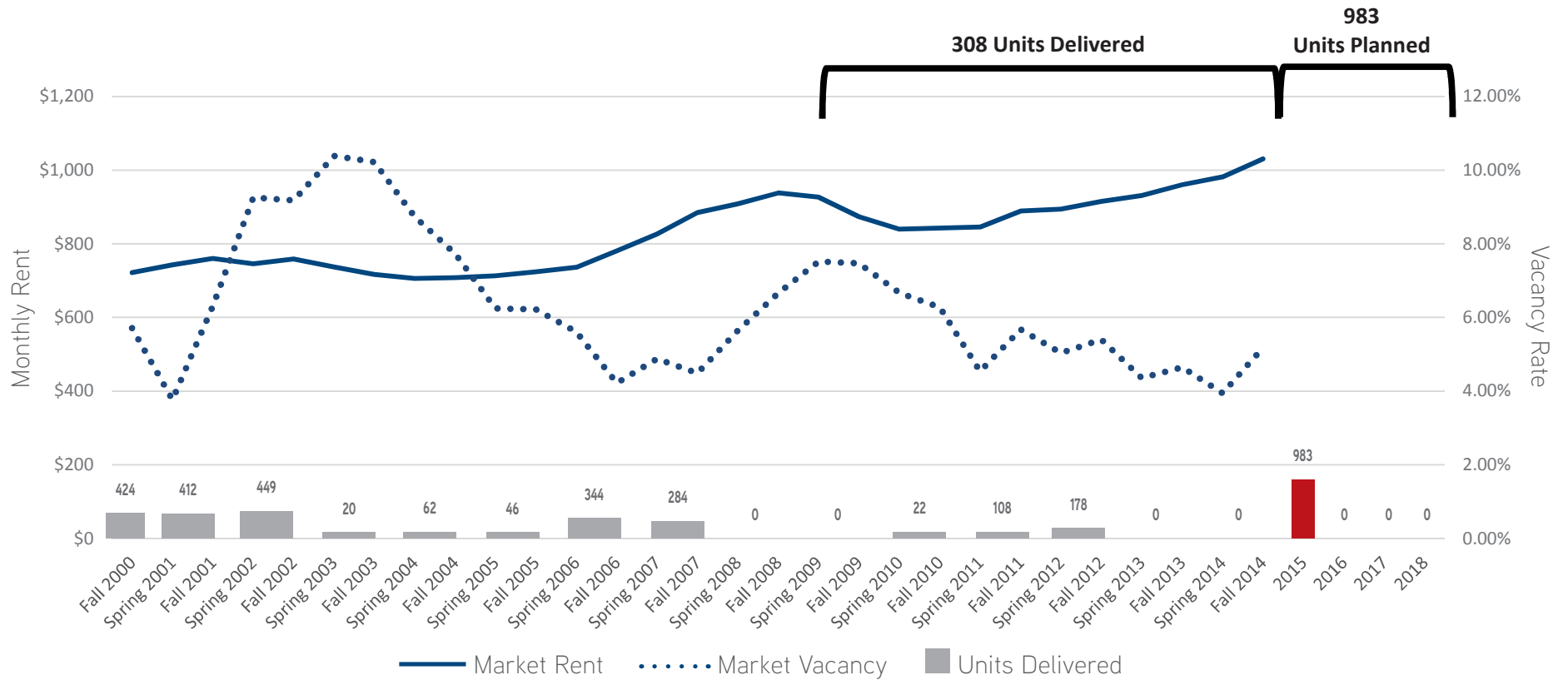
Sales: Buildings 50+ units

# MARKET FUNDAMENTALS

**\$1,031**  
AVG RENT PER UNIT

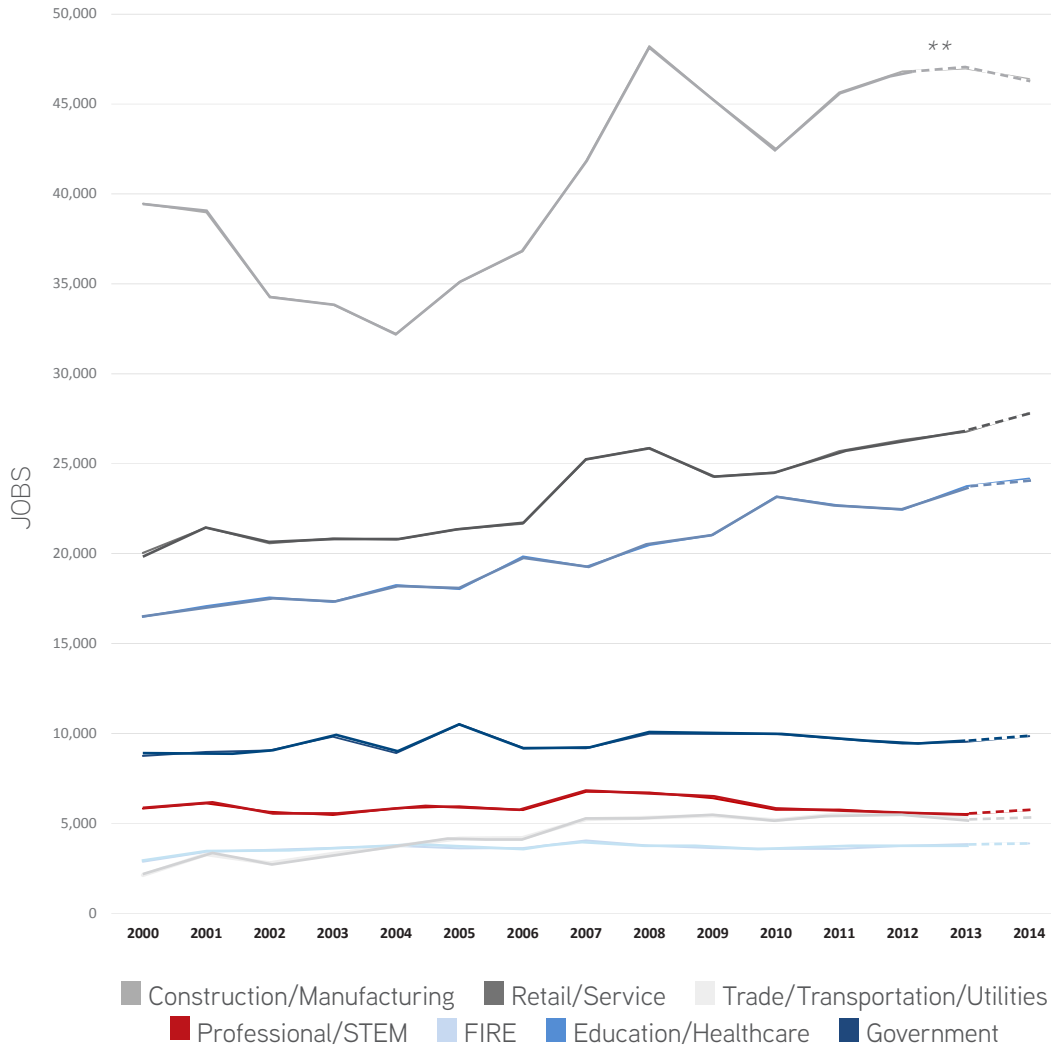
**\$1.19**  
AVG RENT PER SF

**5.1%**  
CURRENT VACANCY



Rent & Vacancy Data Provided by Dupre + Scott  
For more comprehensive data, visit: [www.duprescott.com](http://www.duprescott.com)

# EMPLOYMENT GROWTH NORTH SNOHOMISH



**HOTTEST & COLDEST**  
job growth in the last 10 years

↑ **14,166**  
CONSTRUCTION/  
MANUFACTURING

↓ **-105**  
PROFESSIONAL/STEM

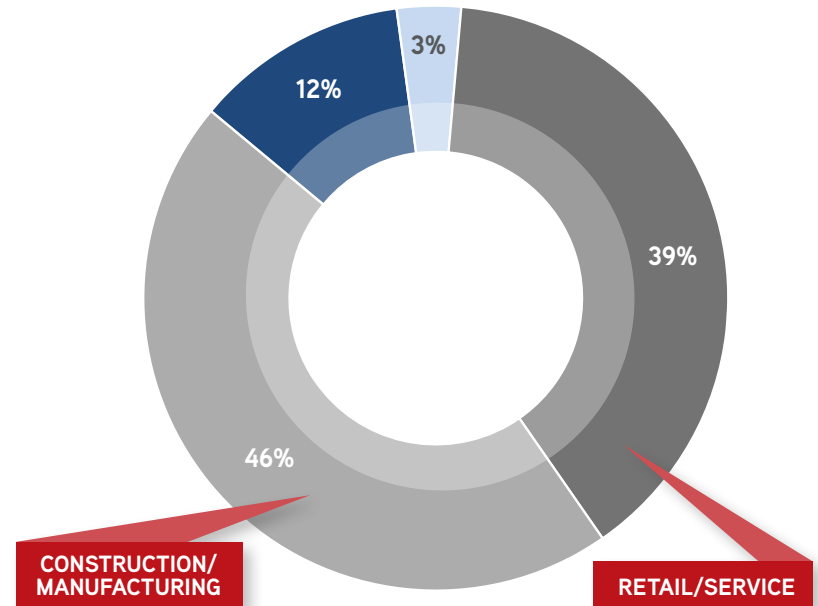
**CONSTRUCTION/  
MANUFACTURING  
JOB GROWTH**

9%  
IN LAST 4 YEARS

**44%**  
IN LAST 10 YEARS

Construction/Manufacturing used due to aerospace industry being market driver.

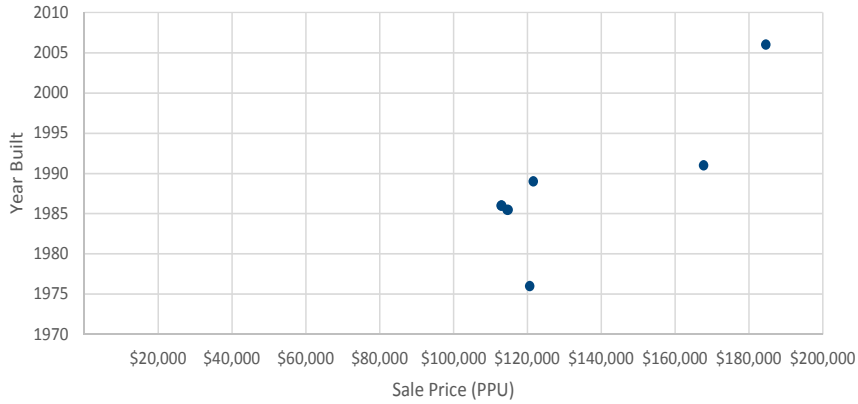
## 2010-2014 PERCENTAGE OF TOTAL NEW JOBS BY INDUSTRY



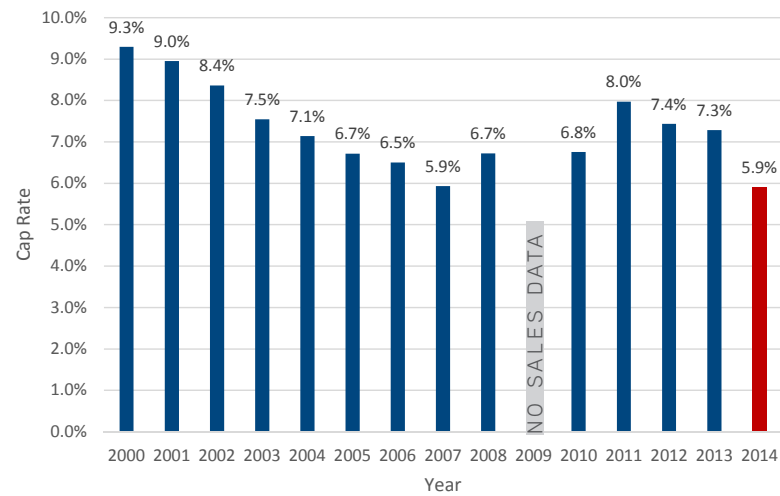
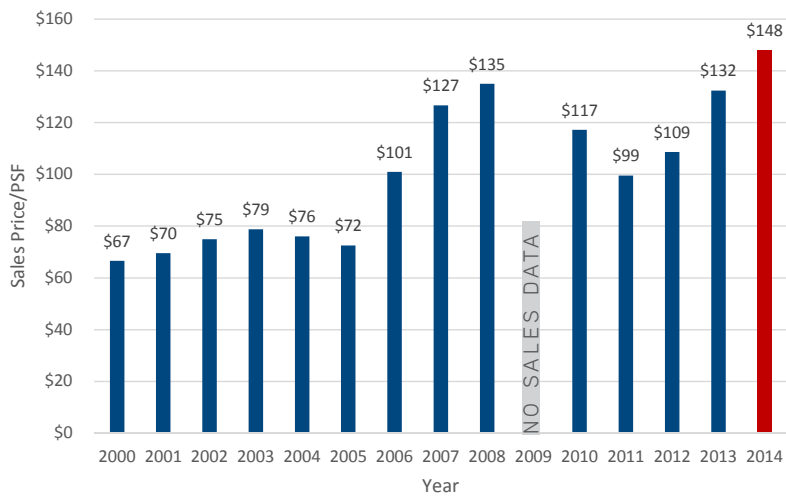
\*Due to incomplete employment data for Nov.-Dec. 2014, the existing data was annualized and trended by industry for the six different submarkets.  
\*\* Conway Pederson data was used as a supplement in 2012-2014 to account for missing NAICS code 33

# 2014 SALES & SALES TRENDS

## 2014 SALES METRICS



## 2000-2014 SALES TRENDS





## 2014 North Snohomish Sales

**\$136,761**  
AVG PRICE PER UNIT



**\$148**  
AVG PRICE PER SF

**5.9%**  
CAP RATE

### Paine Field

|   | Property Name               | Address                    | Year Built  | Units      | NRSF           | Price               | Sale Date | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller                             |
|---|-----------------------------|----------------------------|-------------|------------|----------------|---------------------|-----------|------------------|--------------|-------------|--|
|  | Millington at Merrill Creek | 1401 Merrill Creek Parkway | 2006        | 344        | 336,504        | \$63,500,000        | 6/13/2014 | \$184,593        | \$188.71     | 5.3%        | Security Properties<br>Invesco Real Estate |
|  | Covington Farms             | 10115 Holly Drive          | 1989        | 352        | 339,074        | \$42,800,000        | 3/4/2014  | \$121,591        | \$126.23     | 5.8%        | Lowe Enterprises<br>Heitman                |
| <b>Average</b>  |                             |                            | <b>1998</b> | <b>348</b> | <b>337,789</b> | <b>\$53,150,000</b> |           | <b>\$153,092</b> | <b>\$157</b> | <b>5.6%</b> |  |

### Silver Lake

|   | Property Name       | Address             | Year Built  | Units      | NRSF           | Price               | Sale Date  | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller                              |
|---|---------------------|---------------------|-------------|------------|----------------|---------------------|------------|------------------|--------------|-------------|---|
|    | Blu Water           | 11911 19 Avenue SE  | 1991        | 152        | 128,974        | \$25,500,000        | 12/10/2014 | \$167,763        | \$197.71     | 5.4%        | Coast Equity Partners<br>Grosvenor          |
|    | North Creek         | 11401 3rd Avenue SE | 1986        | 264        | 227,568        | \$29,850,000        | 8/5/2014   | \$113,068        | \$131.17     | 5.7%        | Lowe Enterprises<br>Blackstone              |
|   | Brentwood Park      | 10012 4th Avenue W  | 1976        | 55         | 24,982         | \$2,750,000         | 5/28/2014  | \$50,000         | \$110.08     | 7.3%        | Yan Ling Li<br>Tritext Real Estate Advisors |
|  | Lakes by Mill Creek | 13001 8th Avenue W  | 1986        | 223        | 193,591        | \$26,910,000        | 4/21/2014  | \$120,673        | \$139.00     | 6.1%        | Thayer Manca Residential<br>Empire USA LLC  |
| <b>Average</b>  |                     |                     | <b>1985</b> | <b>174</b> | <b>143,779</b> | <b>\$21,252,500</b> |            | <b>\$112,876</b> | <b>\$144</b> | <b>6.1%</b> |   |



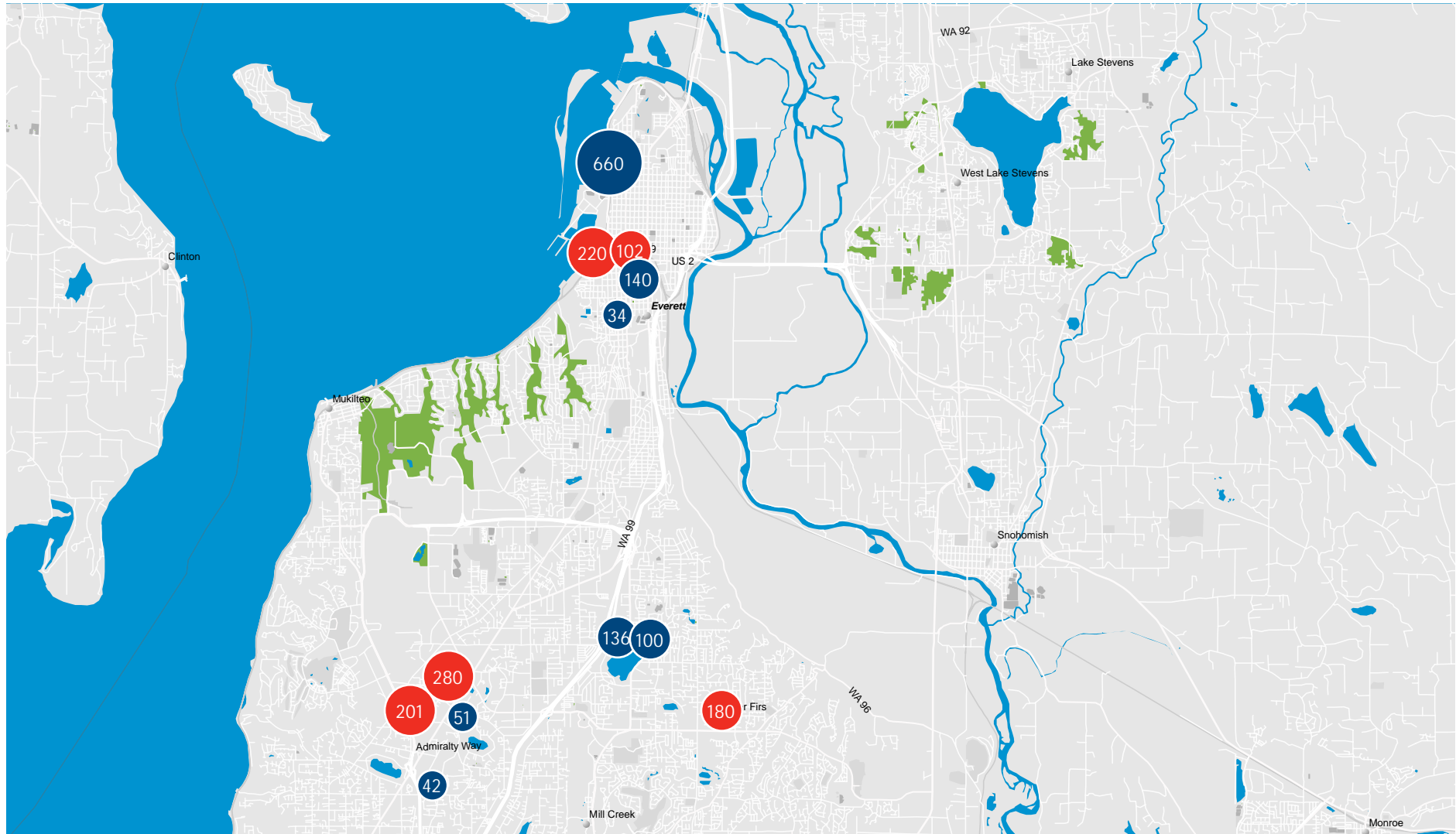
# North Snohomish Development Pipeline



Numbers within circles on map below indicate size of development

| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 983        | 0    | 0    | 0    | 1,163  |

\*Condo or potential condo  
 † Affordable housing projects not included in unit counts

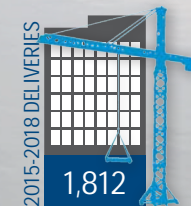
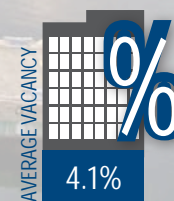




# SOUTH SNOHOMISH :: MARKET OVERVIEW

Edmonds  
Lynnwood  
Mill Creek  
Mountlake Terrace  
Thrashers Corner

## MARKET SNAPSHOT



# SOUTH SNOHOMISH

We have defined the South Snohomish market as 5 markets, just north of the King County line. These markets have not only experienced the highest year-over-year rent growth this past year, topping 9%, they account for the highest 5-year cumulative rent growth in the region—a stunning 26.6%, amounting to just over 7.2% rent growth for 3 straight years. Vacancy rates are all below 5%, with an average vacancy rate in 2014 of 4.1%. South Snohomish absorbed a moderate amount of development over the last 5 years, with approximately 1,800 new units planned for the next 4 years. Sales were moderate in 2014, with only 7 sales of buildings larger than 50 units.



## HISTORICAL PERFORMANCE

|                             | 2009      | 2010     | 2011      | 2012      | 2013      | 2014      |
|-----------------------------|-----------|----------|-----------|-----------|-----------|-----------|
| <b>Number of Sales</b>      | 1         | 2        | 6         | 6         | 2         | 7         |
| <b>Sales Volume</b>         | \$7.4M    | \$18.9M  | \$206.6M  | \$92.6M   | \$107.9M  | \$234.2M  |
| <b>Average PPU</b>          | \$105,714 | \$88,120 | \$120,638 | \$107,102 | \$192,176 | \$161,160 |
| <b>Average PPSF</b>         | \$112     | \$109    | \$134     | \$137     | \$177     | \$198     |
| <b>Average Cap Rate</b>     | 6.2%      | 6.2%     | 5.8%      | 5.5%      | 4.7%      | 5.4%      |
| <b>Number of Deliveries</b> | 132       | 0        | 82        | 464       | 441       | 800       |

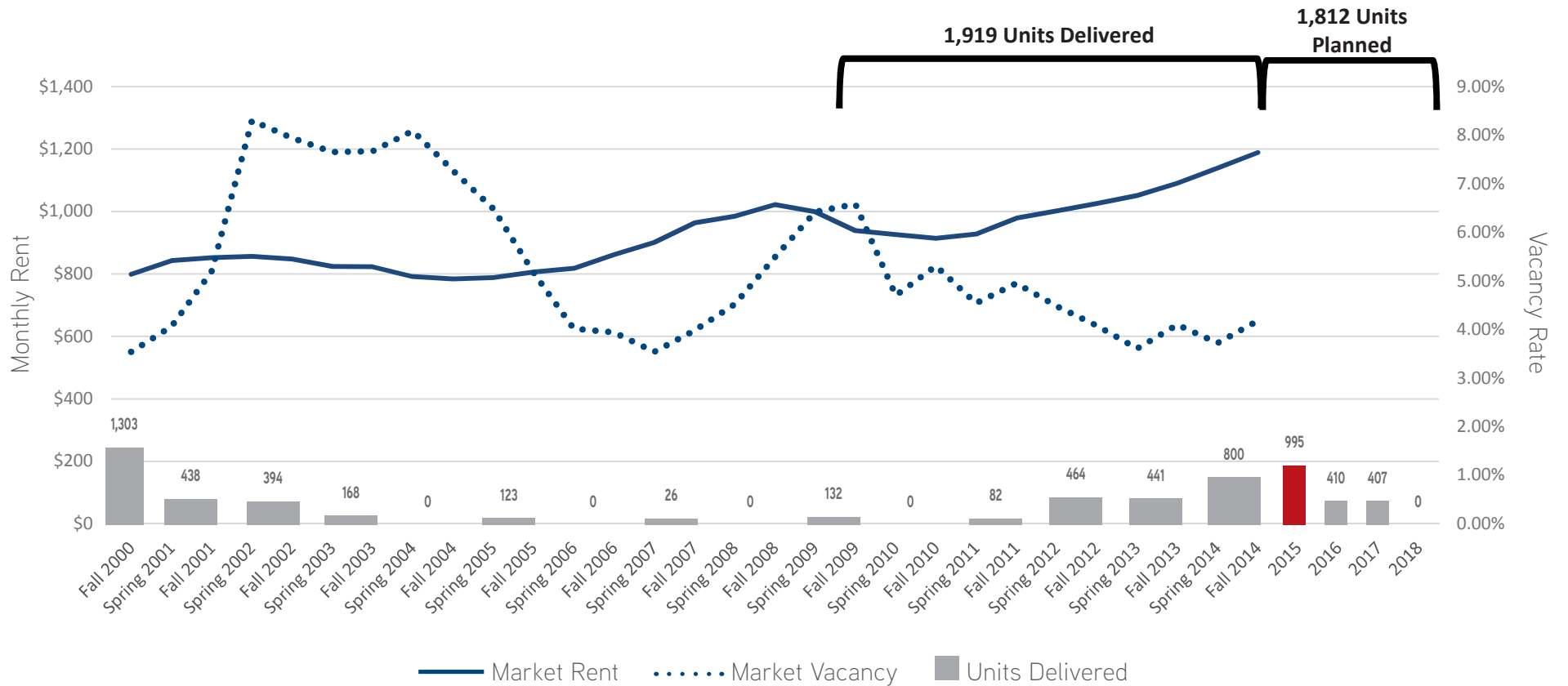
Sales: Buildings 50+ units

# MARKET FUNDAMENTALS

**\$1,189**  
AVG RENT PER UNIT

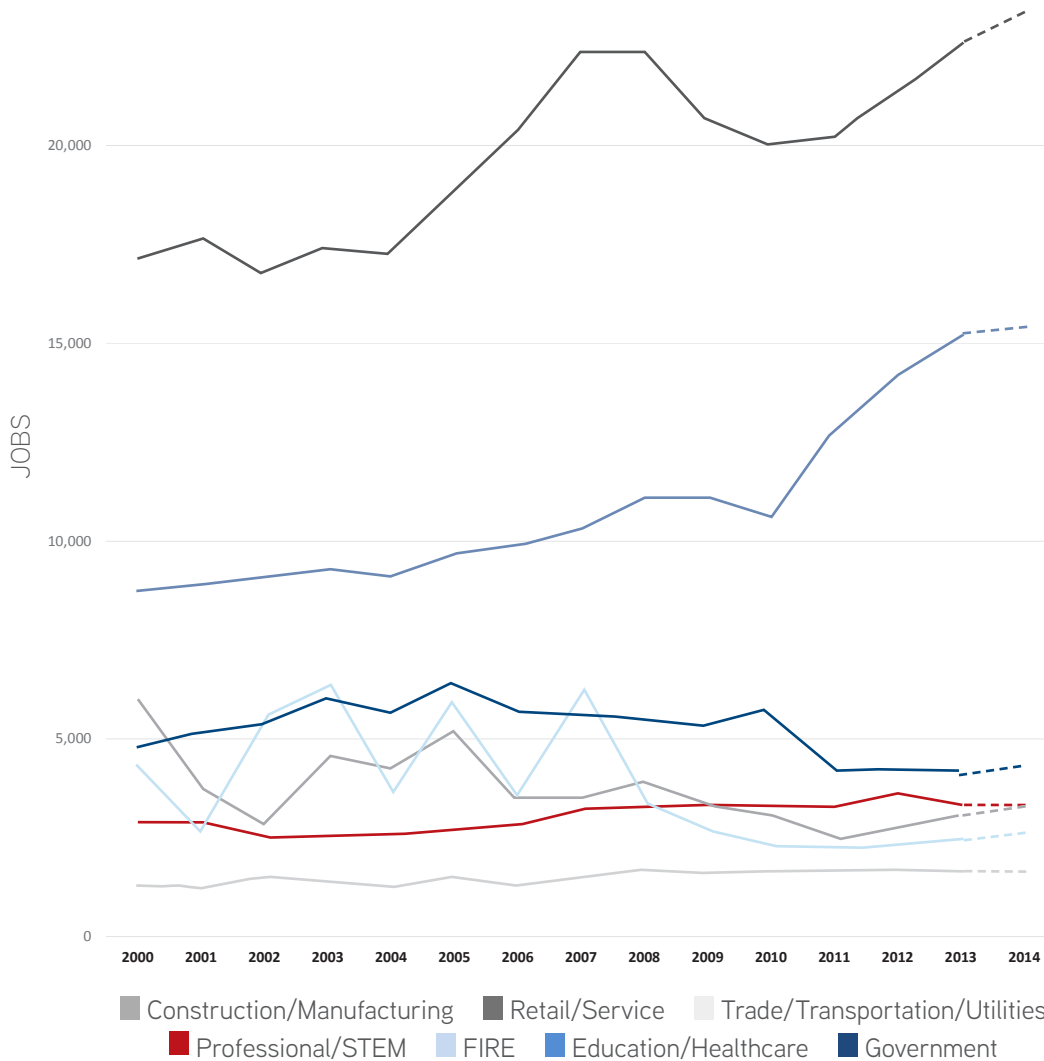
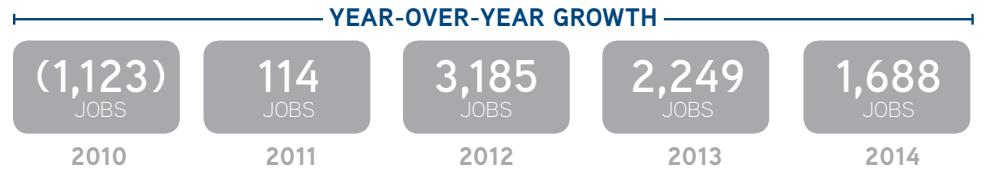
**\$1.33**  
AVG RENT PER SF

**4.1%**  
CURRENT VACANCY



Rent & Vacancy Data Provided by Dupre + Scott  
For more comprehensive data, visit: [www.duprescott.com](http://www.duprescott.com)

# EMPLOYMENT GROWTH SOUTH SNOHOMISH



**HOTTEST & COLDEST**  
job growth in the last 10 years

↑ **6,371**  
EDUCATION/  
HEALTHCARE

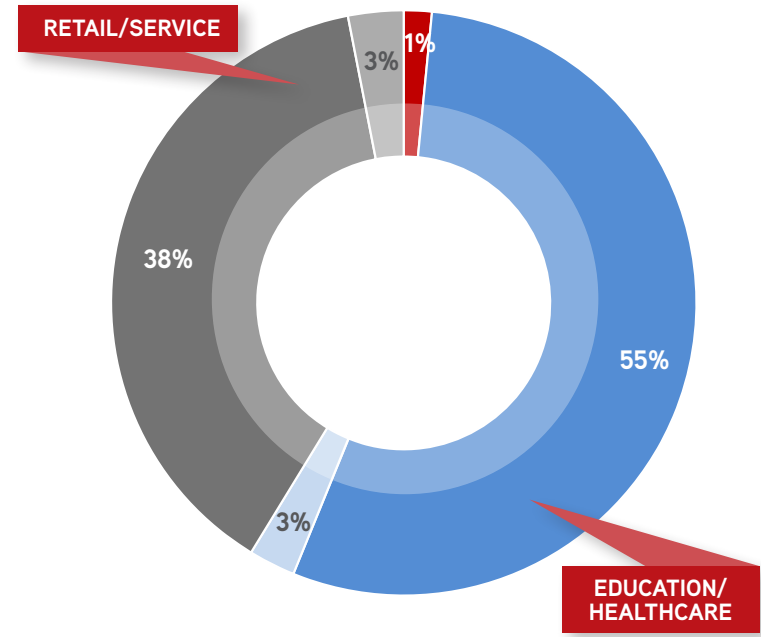
↓ **-1,426**  
GOVERNMENT

**STEM JOB GROWTH**

4%  
IN LAST 4 YEARS

**32%**  
IN LAST 10 YEARS

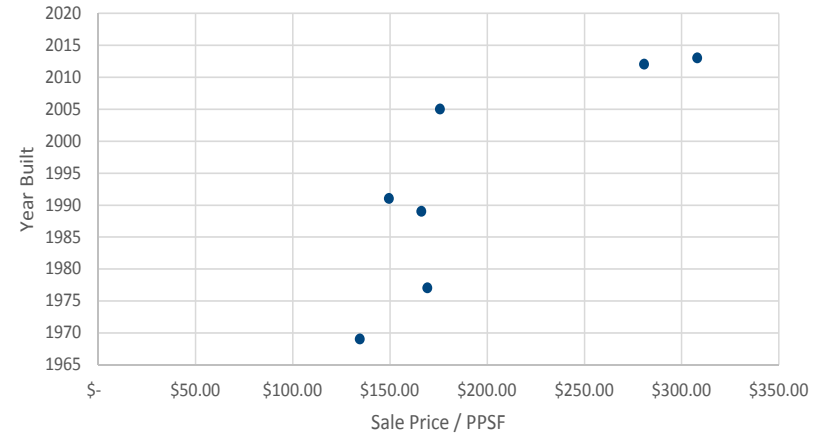
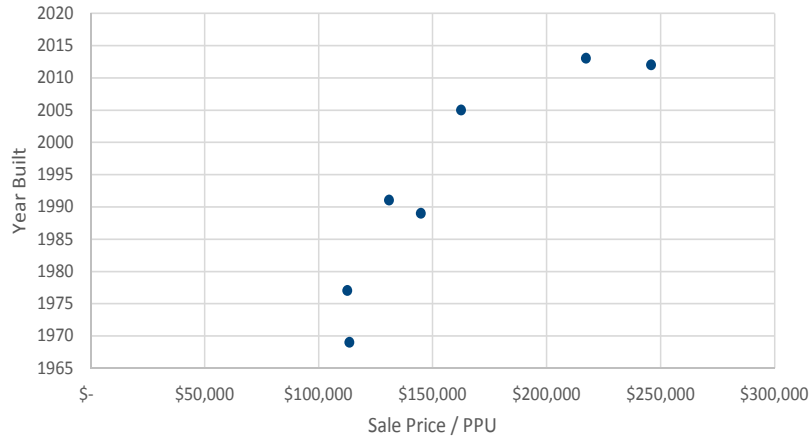
2010-2014 PERCENTAGE OF TOTAL NEW JOBS BY INDUSTRY



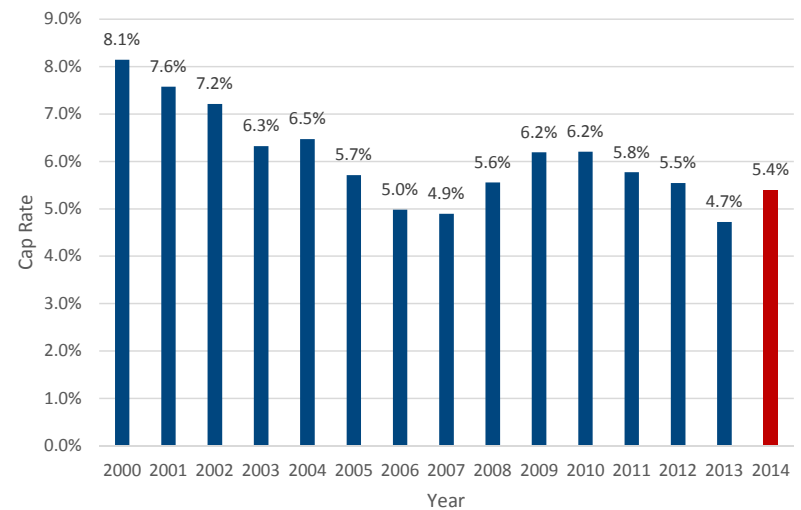
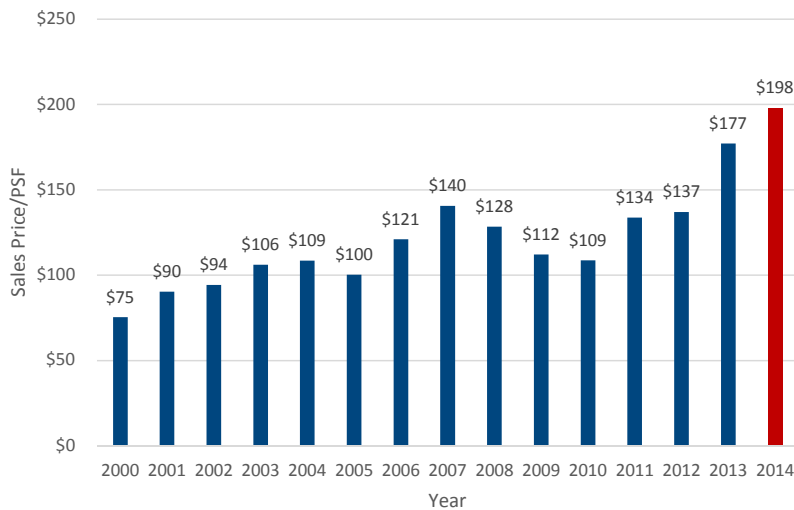
\*Due to incomplete employment data for Nov.-Dec. 2014, the existing data was annualized and trended by industry for the six different submarkets.

# 2014 SALES & SALES TRENDS

## 2014 SALES METRICS



## 2000-2014 SALES TRENDS




## 2014 South Snohomish Sales

**\$161,160**  
AVG PRICE PER UNIT

**\$198**  
AVG PRICE PER SF

**5.4%**  
CAP RATE


### Mill Creek

| Property Name   | Address         | Year Built  | Units      | NRSF    | Price               | Sale Date | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller                           |
|---|-----------------|-------------|------------|---------|---------------------|-----------|------------------|--------------|-------------|--|
|  Altia | 16618 Larch Way | 2013        | 230        | 162,294 | \$50,000,000        | 9/1/2014  | \$217,391        | \$308.08     | 5.0%        | Olympic Investors<br>Goodman Real Estate |
| <b>Average</b>  |                 | <b>2013</b> | <b>230</b> |         | <b>\$50,000,000</b> |           | <b>\$217,391</b> | <b>\$308</b> | <b>5.0%</b> |  |

### Lynnwood

| Property Name  | Address              | Year Built  | Units      | NRSF           | Price               | Sale Date  | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller  |
|--|----------------------|-------------|------------|----------------|---------------------|------------|------------------|--------------|-------------|---|
|  Serra Vista            | 15517 40th Avenue W  | 1989        | 138        | 120,370        | \$20,010,000        | 12/19/2014 | \$145,000        | \$166.24     | 5.5%        | Paul Stephanus<br>Archon Group                            |
|  Martha Lake Apartments | 16626 6th Avenue SW  | 1991        | 155        | 135,662        | \$20,300,000        | 11/25/2014 | \$130,968        | \$149.64     | 6.5%        | Helix Funds<br>Equity Residential                         |
|  Pinewood Square        | 6500 208th Street SW | 1977        | 180        | 119,720        | \$20,275,000        | 10/22/2014 | \$112,639        | \$169.35     | 5.2%        | Barbara H Stephanus<br>Bridge Investment Group            |
|  Newberry Square       | 16116 Ash Way        | 2005        | 123        | 113,717        | \$20,000,000        | 8/28/2014  | \$162,602        | \$175.88     | 5.3%        | Fairfield Residential<br>Larry J Sundquist & Kenneth Achs |
|  Heather Ridge        | 20407 68th Avenue W  | 1969        | 107        | 90,236         | \$12,150,000        | 2/21/2014  | \$113,551        | \$134.65     | 5.8%        | Apex Properties Group<br>Weidner Apt Homes                |
| <b>Average</b>   |                      | <b>1986</b> | <b>141</b> | <b>115,941</b> | <b>\$18,547,000</b> |            | <b>\$132,952</b> | <b>\$159</b> | <b>5.7%</b> |   |

### Thrasher's Corner

| Property Name   | Address              | Year Built  | Units      | NRSF    | Price               | Sale Date | \$/Unit          | \$/NRSF      | Cap Rate    | Buyer / Seller                  |
|---|----------------------|-------------|------------|---------|---------------------|-----------|------------------|--------------|-------------|---------------------------------|
|  Bailey Farm | 1225 183rd Street SE | 2012        | 372        | 325,890 | \$91,500,000        | 3/21/2014 | \$245,968        | \$280.77     | 4.3%        | Kennedy Wilson<br>Wolff Company |
| <b>Average</b>  |                      | <b>2012</b> | <b>372</b> |         | <b>\$91,500,000</b> |           | <b>\$245,968</b> | <b>\$280</b> | <b>4.3%</b> |                                 |



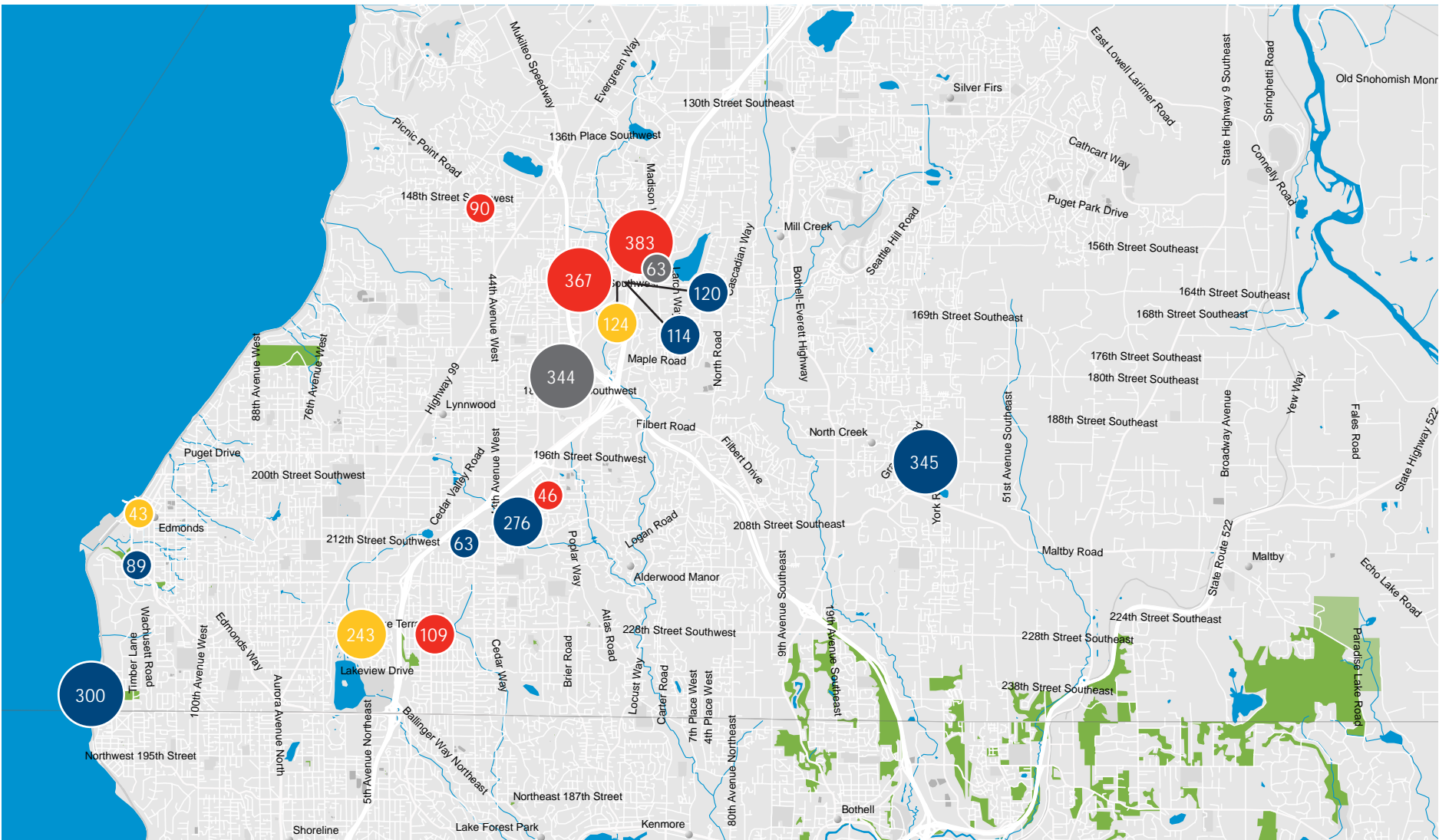
# South Snohomish Development Pipeline



| Deliveries |      |      |      |        |
|------------|------|------|------|--------|
| 2015       | 2016 | 2017 | 2018 | FUTURE |
| 995        | 410  | 407  | 0    | 1,307  |

*\*Condo or potential condo*

Numbers within circles on map below indicate size of development



## Data Sources

|                      |   |
|----------------------|---|
| Rent & Vacancy Rates | Dupre + Scott   |
| Sales Data           | Real Capital Analytics<br>CoStar<br>Dupre + Scott<br>Pierce Eislen  |
| Development Data     | City of Seattle Department of Planning<br>MPF Research<br>Real Capital Analytics<br>Dupre + Scott<br>Axiometrics<br>CoStar<br><br>* Possible condo/apartment developments included in unit count numbers.<br>** Affordable/Public housing included on development maps; however, not included in unit counts. |
| Employment Data      | Puget Sound Regional Council<br>Washington State Employment Security Department<br>The Puget Sound Economic Forecaster  |

### EMPLOYMENT DATA CALCULATIONS:

In an effort to understand market behavior through job growth this study provides graphs setting forth job growth in our six subject submarkets, highlighting seven industry sectors (as set forth below). The figures represent number of jobs, not working persons and are representative of relative employment trends in each submarket and illustrate relative trends by industry.

- |   |  |
|---|--|
| NAICS codes used:                       | Construction & Manufacturing: 23, 31-33          |
| Professional/STEM: 51, 54, 55           | Government: Government                           |
| Education/Healthcare: 61, 62, Education | Trade Transportation & Utilities: 22, 42, 48, 49 |
| FIRE: 52, 53                            | Unused NAICS codes: 11, 21, 56                   |
| Retail & Service: 44, 45, 71, 72, 81    |  |

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- Sale of development land—apartments & mixed-use
- Strategic disposition of apartment portfolios

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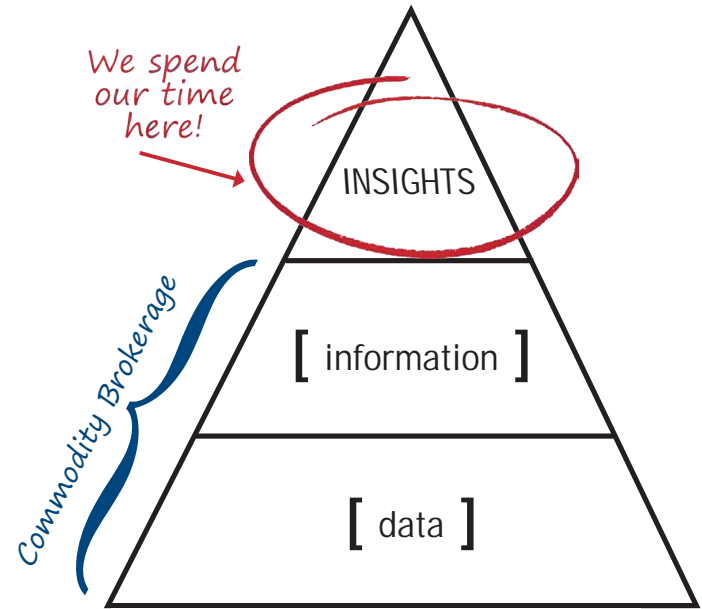
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**Profitable Insights™**

Validating Intuition with Data

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