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2017 SEATTLE NEIGHBORHOOD APARTMENT STUDY

An Analysis of the 5 Unit to 50 Unit Urban Apartment Market



*“The winds and waves
are always on the side
of the ablest navigators.”*

-Edward Gibbon

Introduction



We Sell Apartments Faster, and for More Money

Welcome to the Seattle Multifamily Team. We're a team of commercial real estate brokers specializing in helping investors buy, sell and develop apartment buildings in Seattle and the Puget Sound region. We broker deals from \$1M to over \$100M, from 5 units to more than 500 units.

Integrity is the cornerstone of our best-in-class service, and we have a track-record of successful closings and satisfied clients to prove it.

Simply put, we help our clients outperform the competition.

When you hire us you've hired the best, and we look forward to working with you in 2017.

Sincerely,



Jerriid Anderson

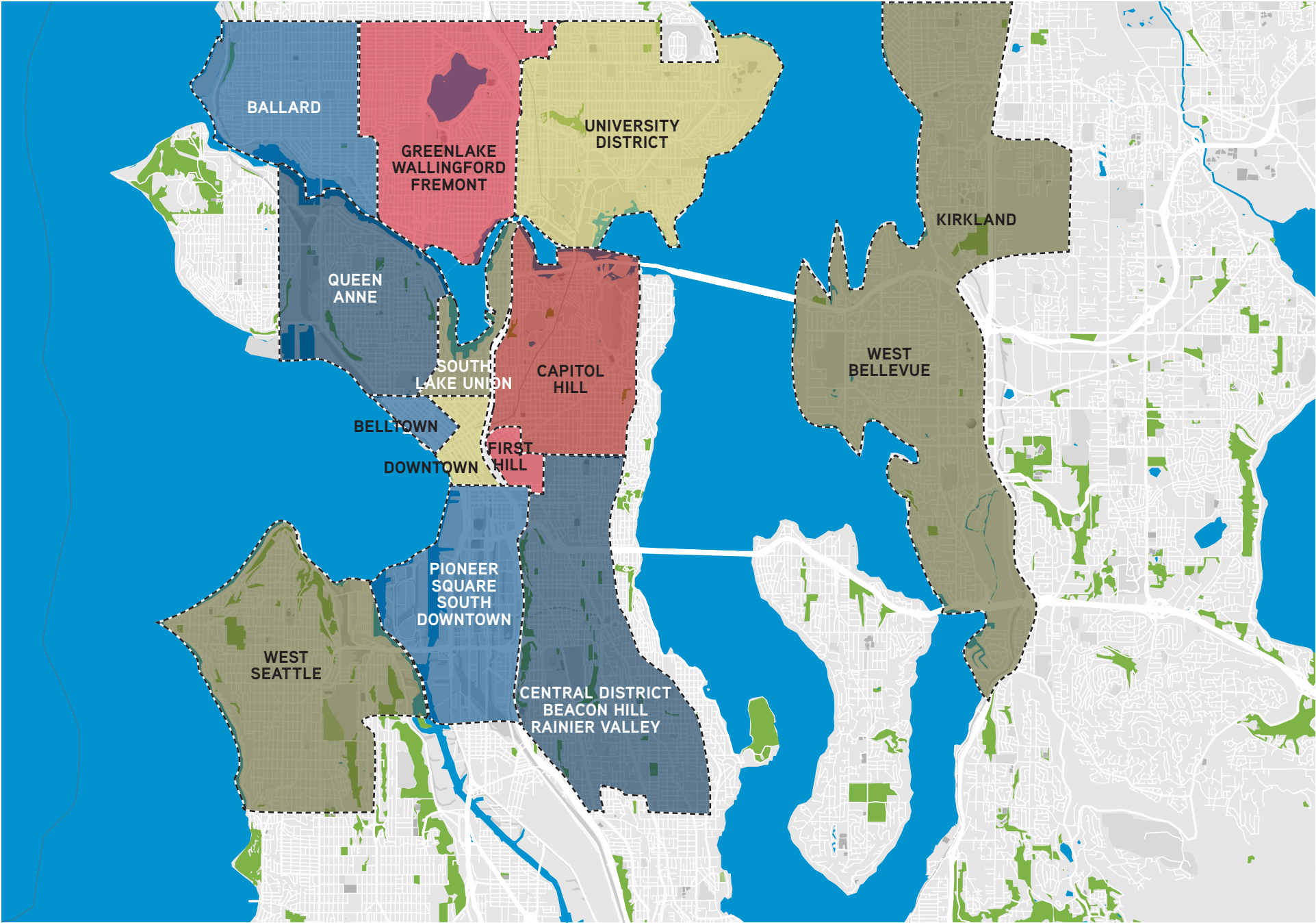


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HOW TO USE THIS MARKET STUDY

This study is a resource for all your apartment investment needs in 2017. We compiled the best local and national research on the apartment market in Seattle, and we include our own analysis and insights about emerging trends and opportunities.



Market Fundamentals

Discover the latest rent and vacancy trends for Seattle's urban neighborhoods, as well as how rent per unit and rent per square foot grew during the last market cycle.

- › Rent & Vacancy Trends
- › Historical Sales Trends
- › Data on every 5 unit to 50 unit sale in 2016



Development Pipeline

Review 2010 - 2016 deliveries in each urban neighborhood, and find out how many units are planned for 2017 through 2020 and beyond.



Employment Trends

Learn about regional job growth in the greater Seattle area. Find out which industries are growing the fastest, and examine yearly employment trends.



Market Insights

Throughout the study, check out our market insights about potential investment opportunities, emerging neighborhoods, and future real estate trends.

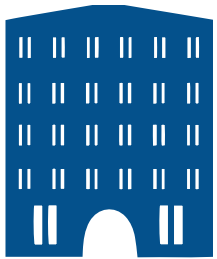
WHO WE ARE

Colliers' Seattle Multifamily Team is a team of dedicated, expert commercial real estate brokers working for apartment owners, developers, and investors.

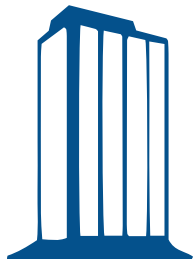
Our goal is to help you maximize your return on investment, whether we sell your apartment building faster and for more money or we ensure your purchase is a sound investment.

We believe in building a long-term relationship, not just brokering a transaction. We take a unique approach to the business, serving a broad range of investors in the market in order to understand the market better than anyone - and deliver expert market knowledge to our clients.

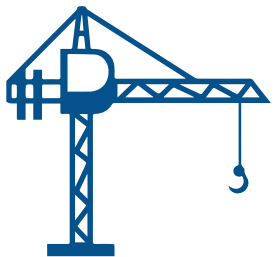
OUR EXPERTISE



**20 - 100
Unit Buildings**



**100+
Unit Buildings**



**Development
Land**



**Micro & Efficiency
Unit Buildings**

OUR ADVANTAGE



**Best-in-Class
Marketing**



**11,500+
Buyer Database**



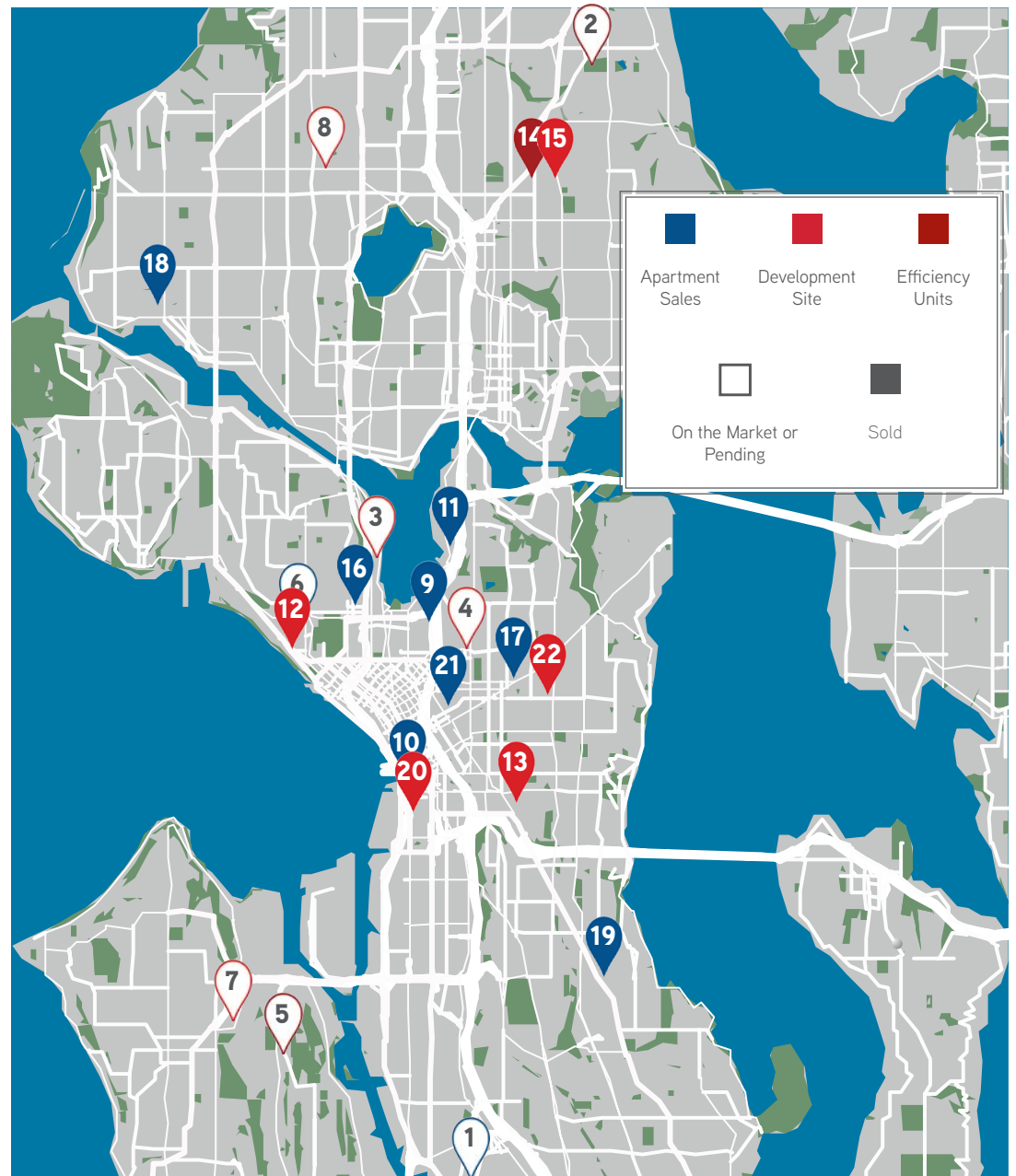
**Industry-Leading
Research**



**Expert Market
Analysis**

URBAN SEATTLE TRACK RECORD HIGHLIGHTS

	Property	Units
1	Georgetown Portfolio	11
2	Lake City Micros (Entitled Development Site)	152
3	1405 Dexter Avenue (Entitled Development Site)	99
4	1820 Boylston (Entitled Development Site)	55
5	Footprint Delridge	16
6	Uptown 11	34
7	Avalon II (Entitled Development Site)	104
8	320 N 85th Street (Development Site)	224
9	Union Bay Apartments	73
10	80 Main Apartments	45
11	East Howe Steps	96
12	Queen Anne Land Portfolio (Development Site)	115
13	King & 16th (Development Site)	5
14	Sedona Micro Apartments	80
15	Sedona Phase II (Entitled Development Site)	215
16	Zadra Apartments	4
17	Pearl Apartments	80
18	Arlene's Apartments	6
19	Estelle Apartments	15
20	Stadium Terrace (Entitled Development Site)	107
21	Vesper Apartments	72
22	2220 E Union Street (Development Site)	144



1,381
UNITS
SOLD IN 2016

\$175M
SOLD IN 2016

2016 YEAR IN REVIEW

2016 Market Metrics & Fundamentals
2017 - Future Development Pipeline
Regional Employment Trends

2017 | Seattle Neighborhood Apartment Market Study

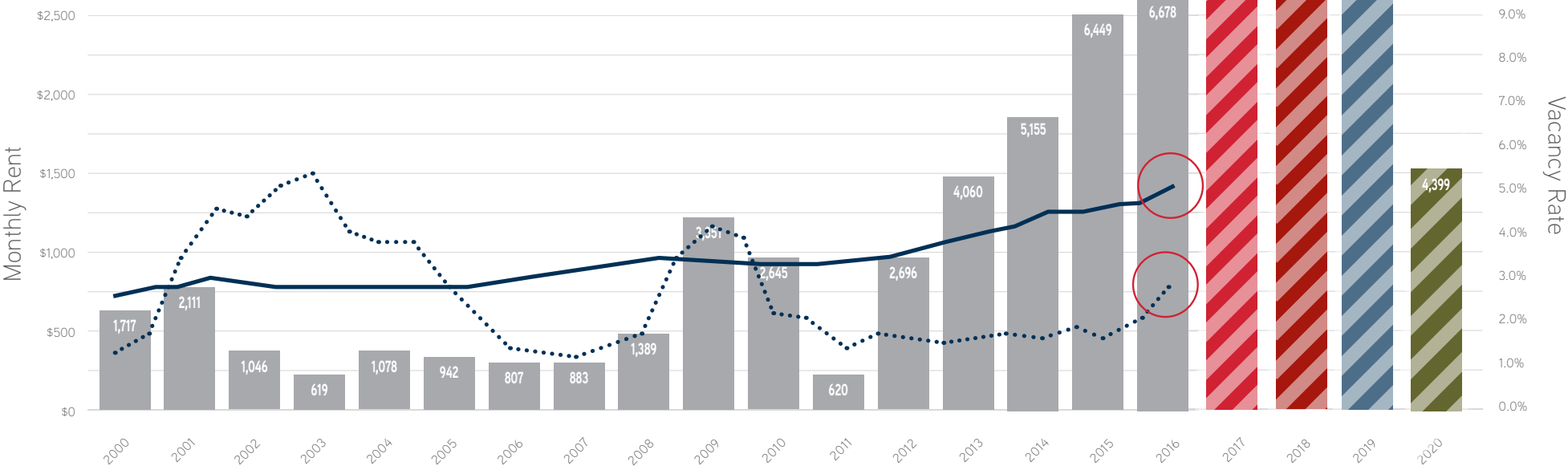
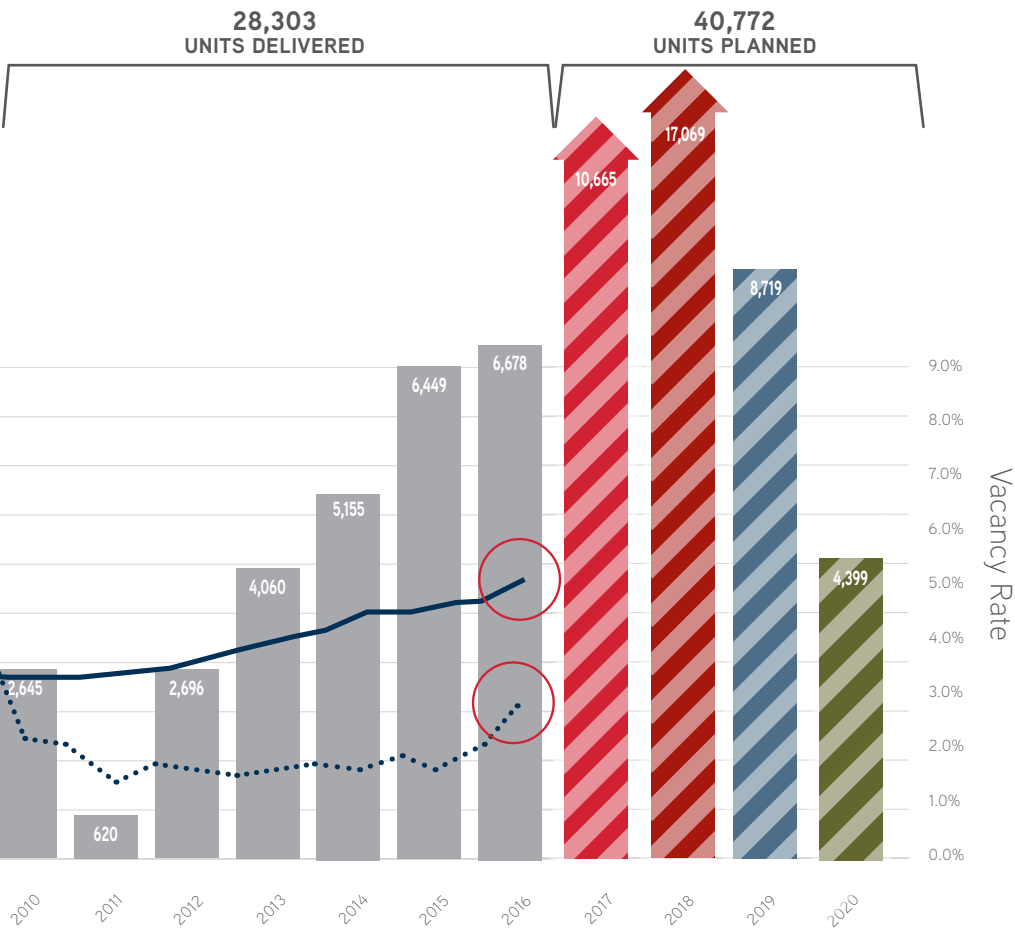
NEIGHBORHOOD MARKET FUNDAMENTALS

2016 was another year of tremendous rent growth in 5-50 unit apartment buildings across Seattle (6.1%). Continued growth coupled with below-market vacancy, in spite of the mounting delivery of new units, makes it even more impressive.

The three-year pipeline for Urban King (2017 – 2019) is now over 36,000 units, with almost 28,000 of these units underway. 2017 will prove a year to watch the interplay between rental rate growth and vacancy rates.

Expect the trend of remarkable rent growth and low vacancy in boutique buildings to continue as they remain more affordable than the thousands of new units being delivered.

2016	\$1,408 AVG RENT PER UNIT 6.1%	\$2.17 AVG RENT PER SF 6.4%	3.6% CURRENT VACANCY 170BP
2015	\$1,327 AVG RENT PER UNIT 6.2%	\$2.04 AVG RENT PER SF 6.3%	1.9% VACANCY 20BP
2014	\$1,249 AVG RENT PER UNIT	\$1.92 AVG RENT PER SF	2.1% VACANCY



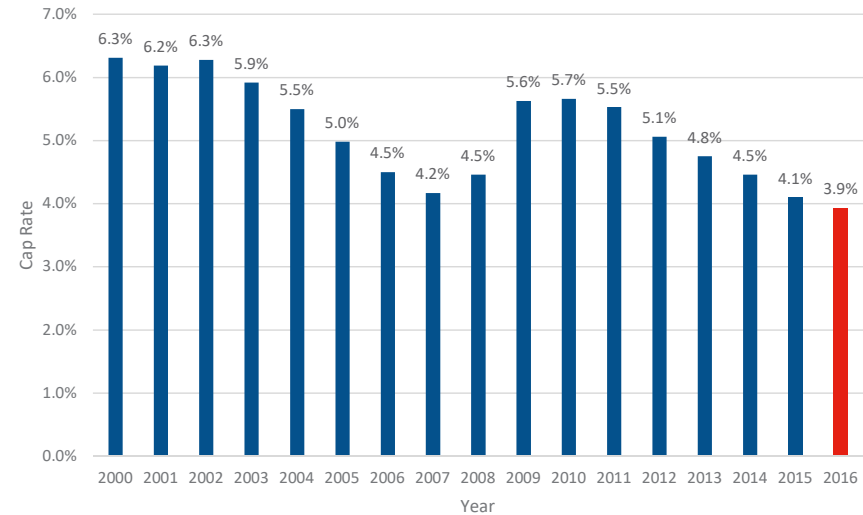
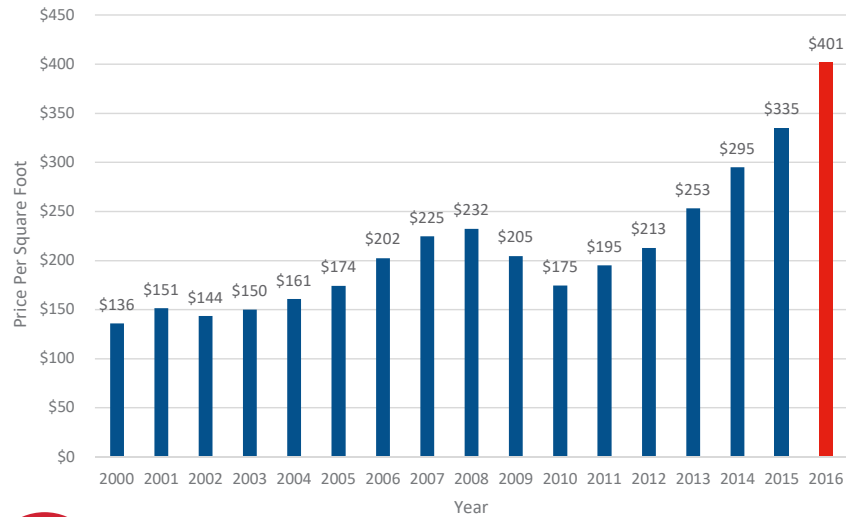
— Monthly Rent Vacancy Rate ■ Units Delivered ■ Units Planned

Rent & Vacancy Data Provided by Dupre + Scott
For more comprehensive data, visit: www.duprescott.com

Development data is for all building sizes 5 units & larger

2016 SALES & HISTORICAL SALES TRENDS

2000-2016 SALES TRENDS



Record Setting Sales of newly constructed apartment buildings with modern amenities and smaller units is the leading factor contributing to the 20% increase in the average price per square foot in 5-50 unit sales.

5 UNIT TO 50 UNIT APARTMENT SALES

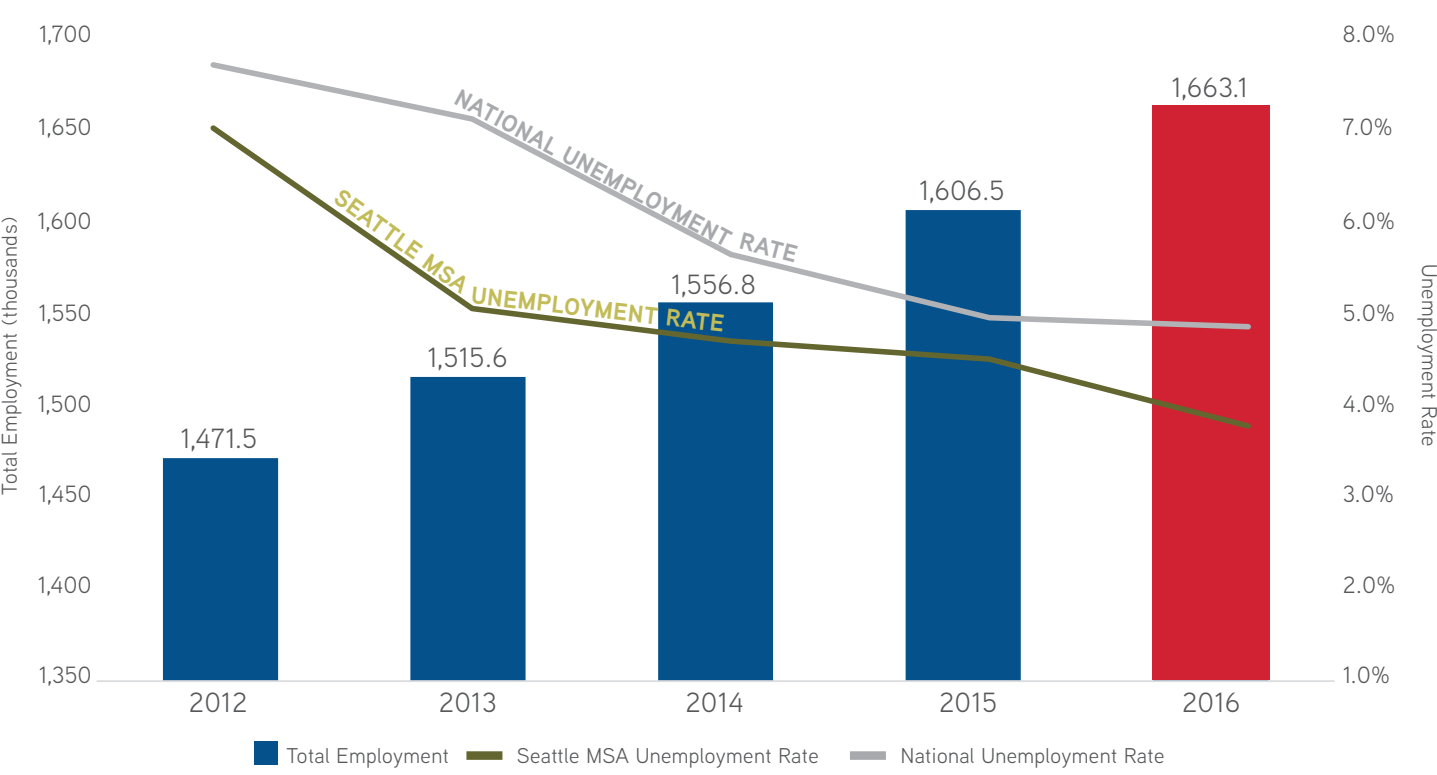
	2010	2011	2012	2013	2014	2015	2016
Number of Sales	60	90	114	120	118	124	125
Total Sales Volume	\$85M	\$188M	\$264M	\$281M	\$343M	\$416M	\$461M
Average PPU	\$127,282	\$133,474	\$147,870	\$181,118	\$192,284	\$241,154	\$272,751
Average PPSF	\$175	\$195	\$213	\$253	\$295	\$335	\$401
Average Cap Rate	5.7%	5.5%	5.1%	4.8%	4.5%	4.1%	3.9%
Total Deliveries	2,645	620	2,696	4,060	5,155	6,449	6,678

Sales Data: 5-50 units

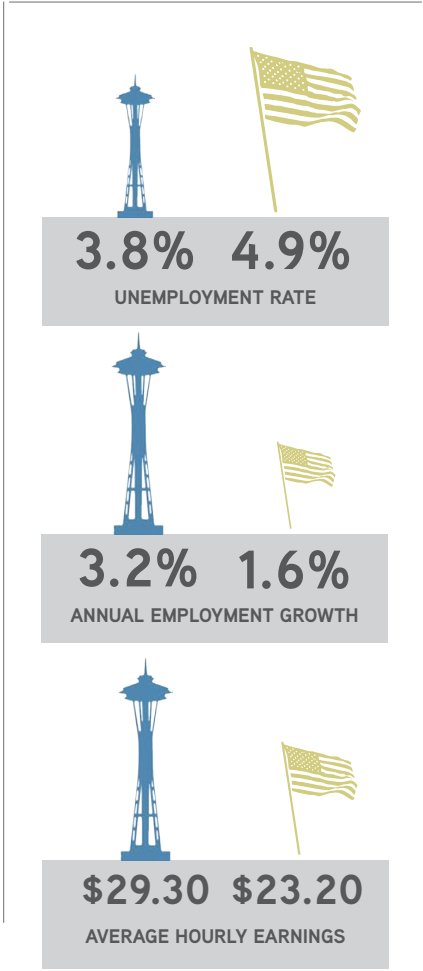
REGIONAL EMPLOYMENT TRENDS

Seattle’s employment gains continued to outpace national performance in 2016. Seattle’s tech sector continued to boom, and in turn the construction and services industries thrived. Seattle’s unemployment rate steadily declined in 2016 to 3.8%, and median income surpassed \$80,000/year.

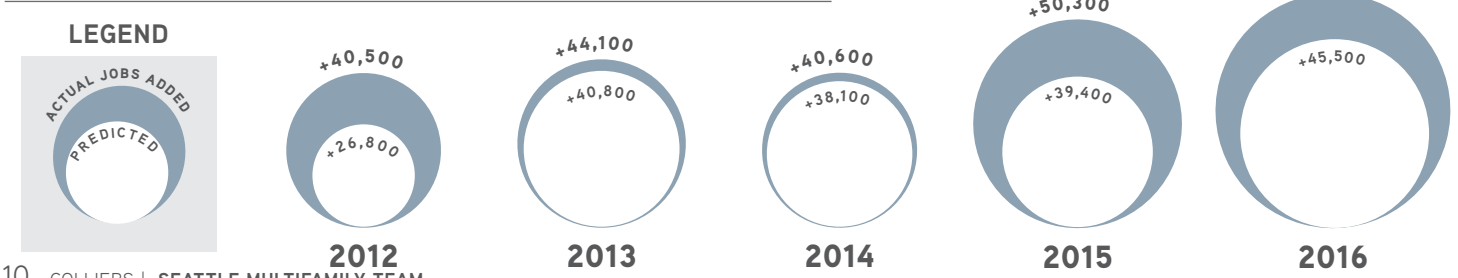
SEATTLE MSA EMPLOYMENT GROWTH & UNEMPLOYMENT*



SEATTLE VS. THE NATION



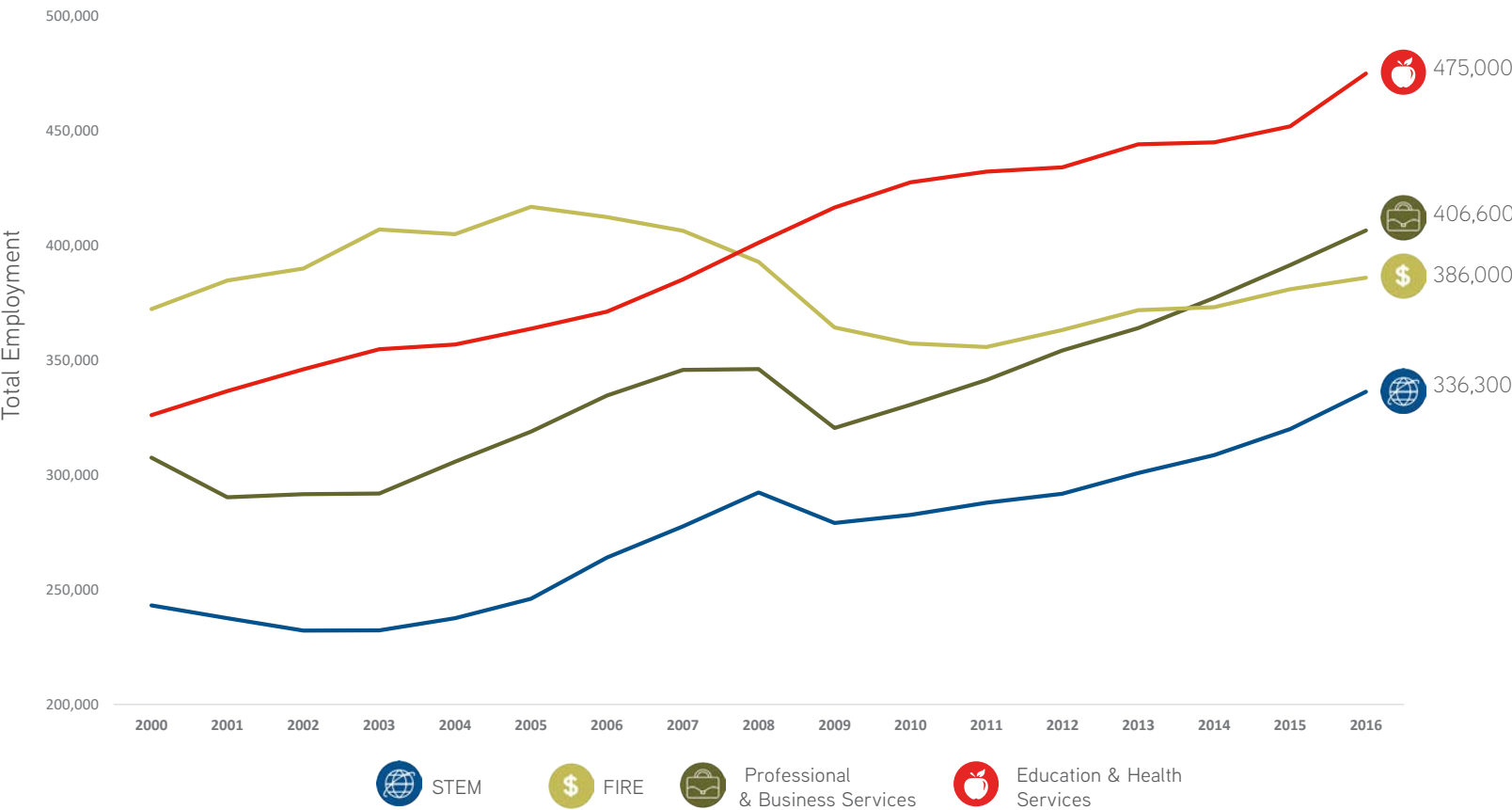
JOBS ADDED IN KING COUNTY 2012-2016




*Data compares October monthly employment year-over-year

REGIONAL INDUSTRY GROWTH


SEATTLE MSA INDUSTRY GROWTH




FASTEST GROWING INDUSTRIES 2012-2016




10.2%
FOUR YEAR AVERAGE
INDUSTRY GROWTH
**BUILDING
CONSTRUCTION**
+4,300 JOBS
ADDED IN 2016 YTD



7.6%
FOUR YEAR AVERAGE
INDUSTRY GROWTH
**COMPUTER
SYSTEMS DESIGN**
+3,700 JOBS
ADDED IN 2016 YTD



5.6%
FOUR YEAR AVERAGE
INDUSTRY GROWTH
**MANAGEMENT OF
COMPANIES & ENTERPRISES**
+1,900 JOBS
ADDED IN 2016 YTD



4.4%
FOUR YEAR AVERAGE
INDUSTRY GROWTH
**FOOD SERVICES
& DRINKING PLACES**
+4,600 JOBS
ADDED IN 2016 YTD

*Data compares October monthly employment year-over-year

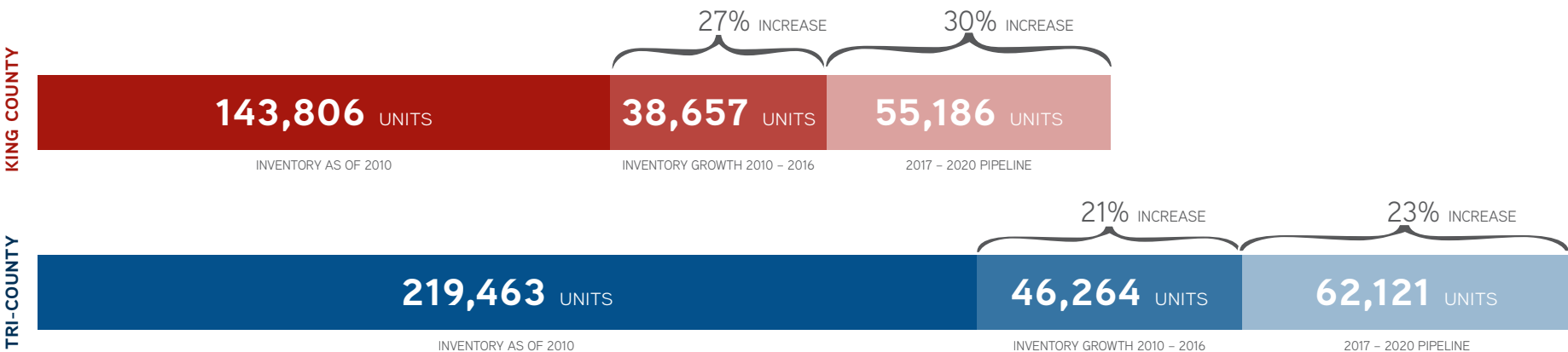
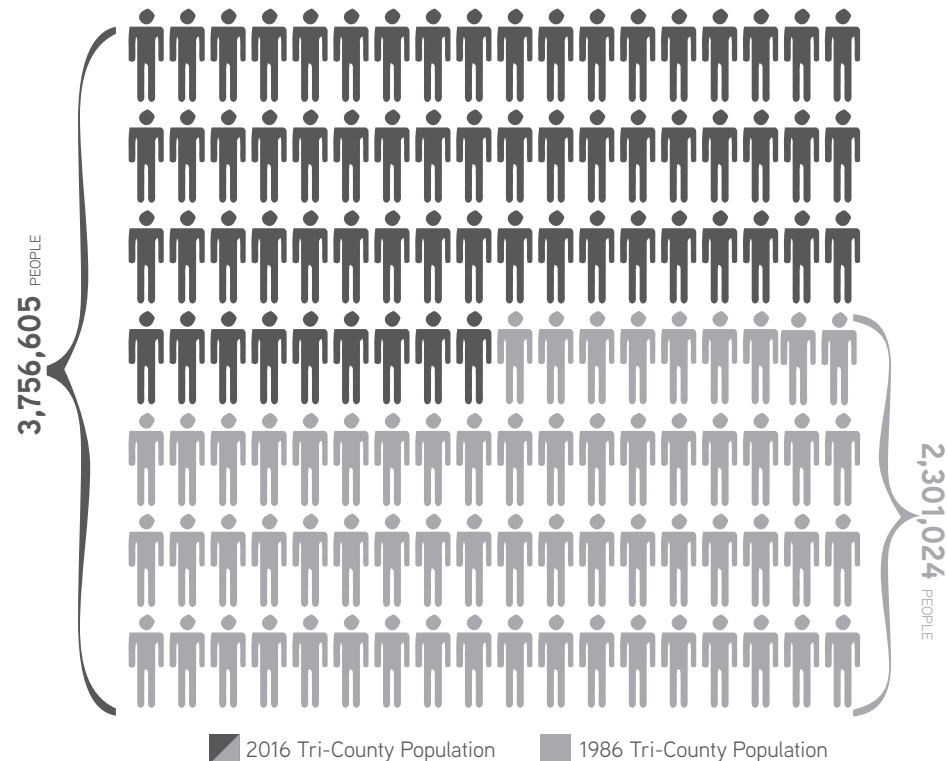
2010 – 2020 DEVELOPMENT OVERVIEW

Seattle and the Puget Sound region may experience the development of as many as 100,000 new apartment units during the current market expansion spanning 2010 through 2020. Such an increase in apartment inventory rivals the building boom that occurred 1985 through 1993. During that market expansion, over 80,000 apartment units were built in the region.

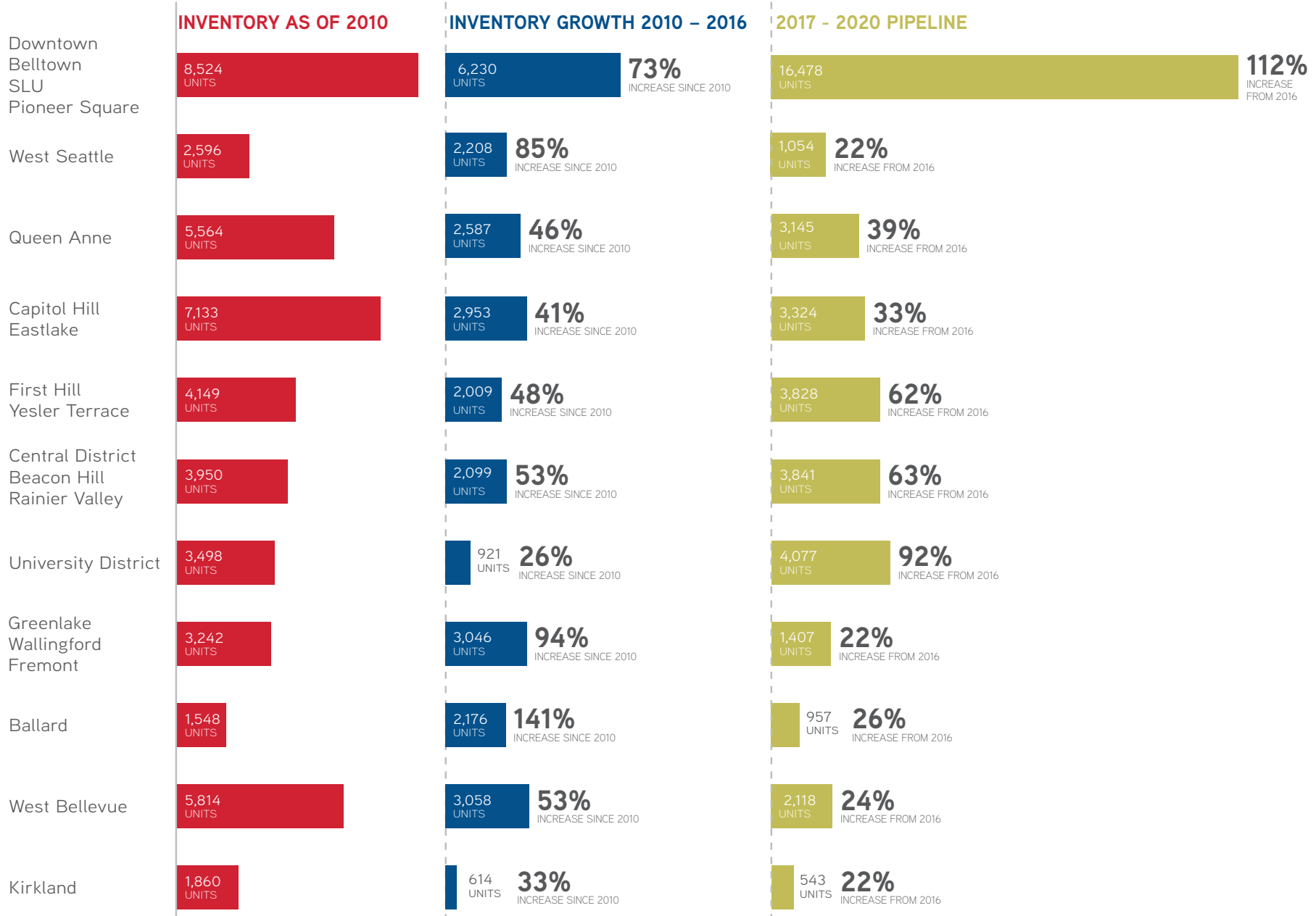
Two key market characteristics differentiate these expansion cycles.

First, in the 1980s the clear majority of development occurred in the suburbs – versus the current market cycle where over 70% of new apartment development is urban-focused. Second, although this cycle contains 25% more development than the last development cycle, the region’s population increased by 70% in the last 30 years.

Accordingly, the Seattle and Puget Sound markets are well-poised to absorb a large amount of supply. Every submarket in the region boasts positive rent growth year-over-year, despite the delivery of nearly 50,000 new apartment units to date. As the market is set to receive another 50,000+ apartment units, closely following market fundamentals is more important than ever!



URBAN KING: 2010 – 2020 DEVELOPMENT OVERVIEW

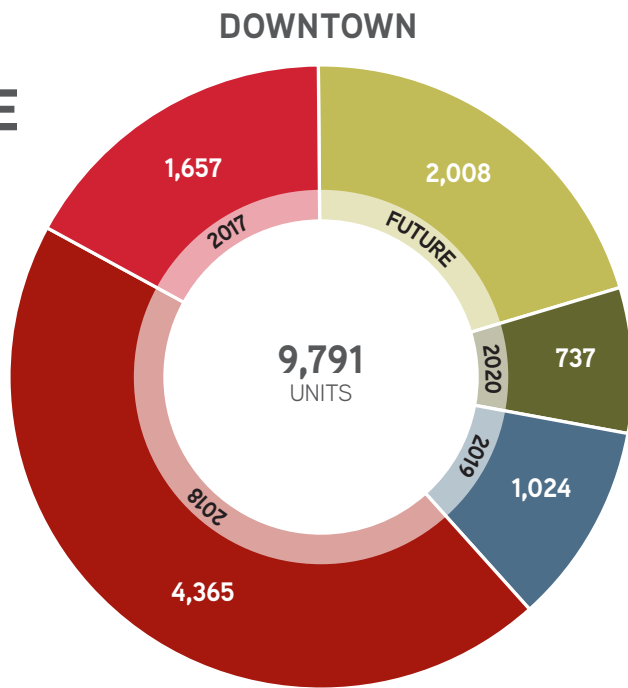
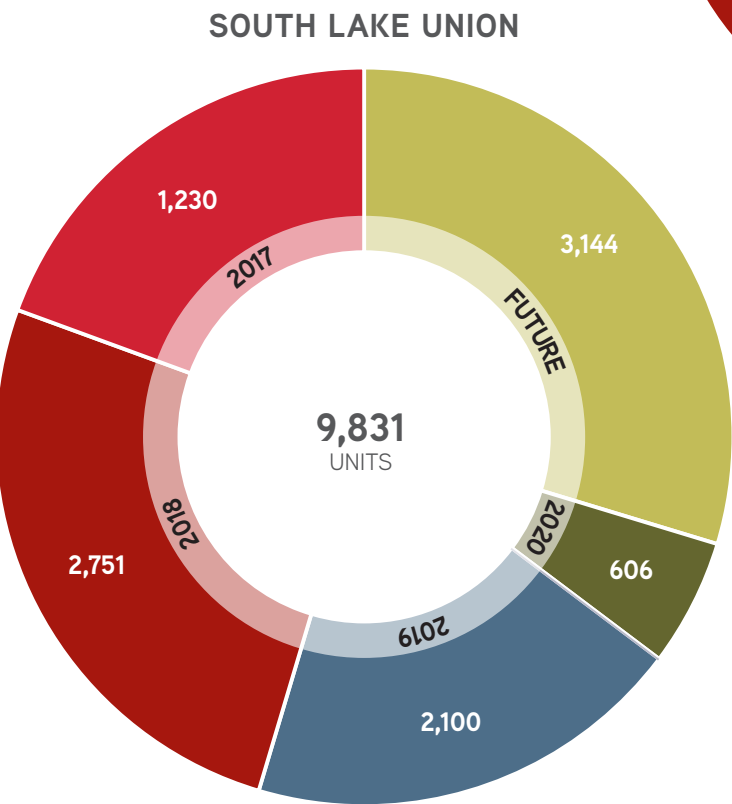


URBAN NEIGHBORHOOD DEVELOPMENT PIPELINE

Urban Neighborhood
Pipeline

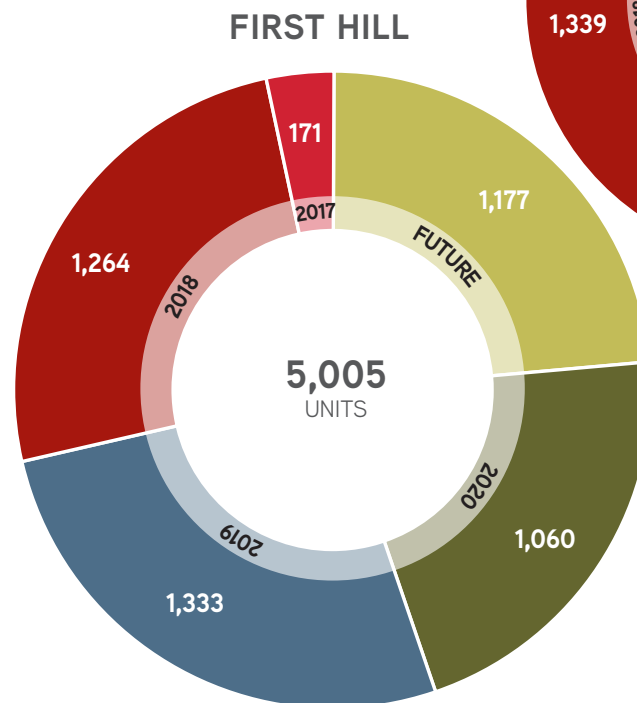
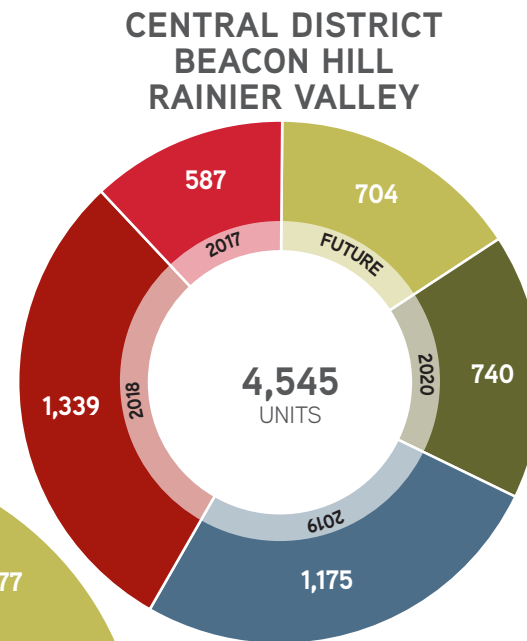
54,768 UNITS

75% OF KING COUNTY PIPELINE



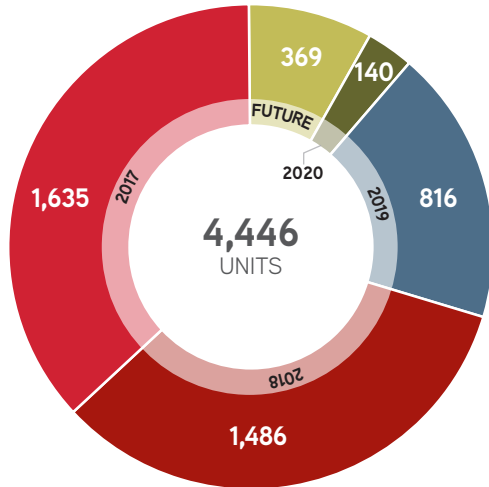
DELIVERIES BY YEAR

2017	10,665
2018	17,069
2019	8,719
2020	4,319
Future	13,996

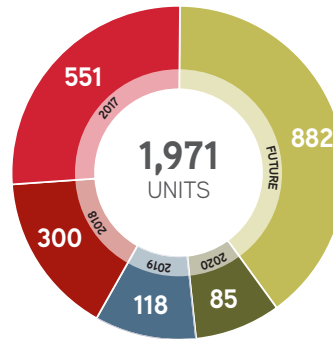


URBAN KING DEVELOPMENT PIPELINE

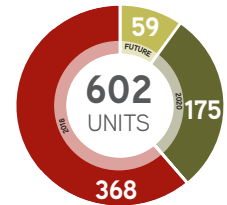
UNIVERSITY DISTRICT



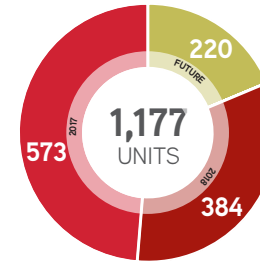
WEST SEATTLE



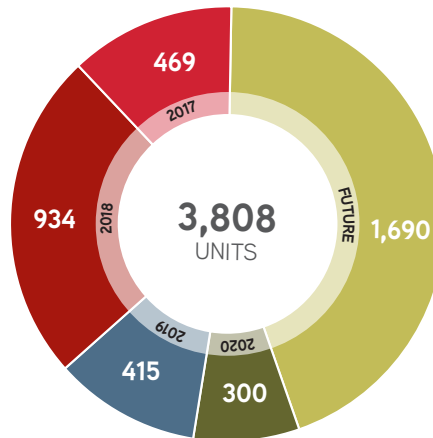
KIRKLAND



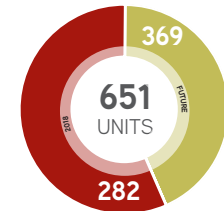
BALLARD



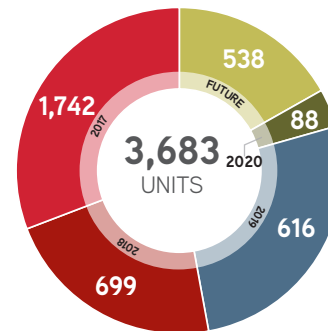
WEST BELLEVUE



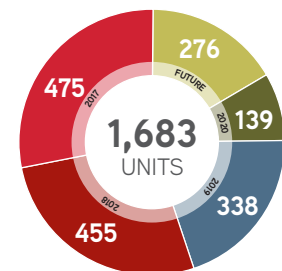
PIONEER SQUARE
SOUTH DOWNTOWN



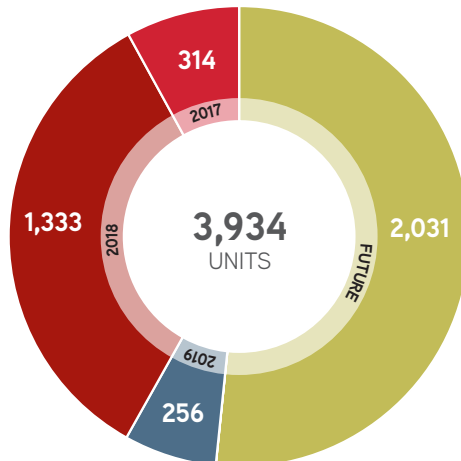
QUEEN ANNE



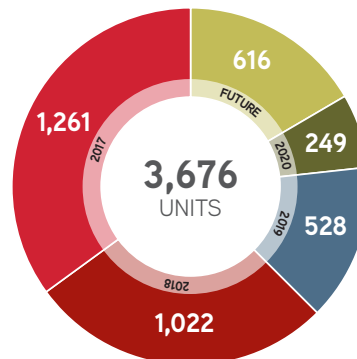
GREENLAKE
WALLINGFORD
FREMONT



BELLTOWN

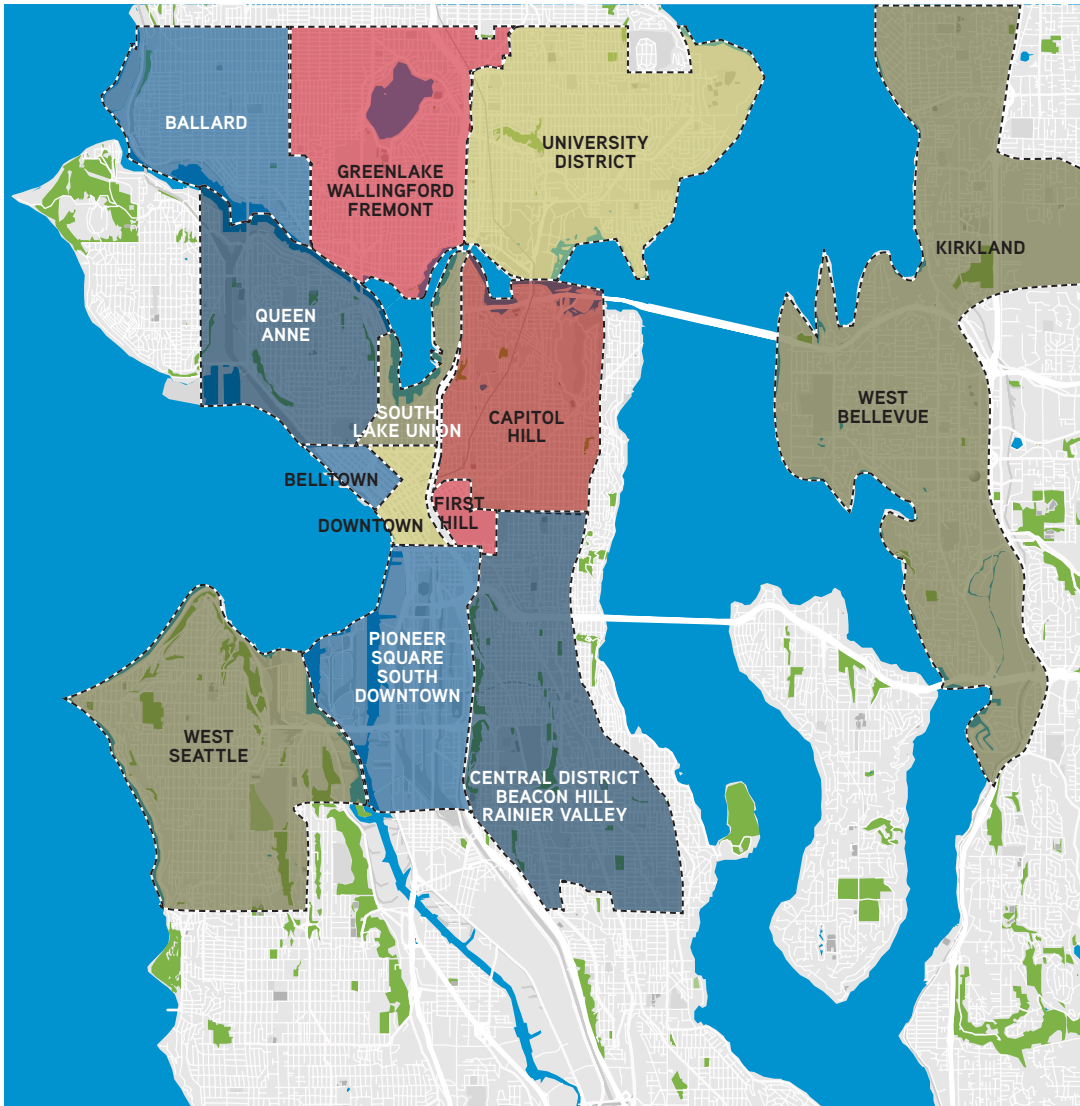


CAPITOL HILL





2016 SALES & FUTURE DEVELOPMENT



Capitol Hill/Madison Valley	18
Belltown/Downtown/ Pioneer Square/S. Downtown.....	20
Queen Anne	24
South Lake Union/Eastlake.....	26
Greenlake/Wallingford/Fremont.....	28
Ballard.....	30
University District.....	32
Central District/Beacon Hill/Rainier Valley.....	34
West Seattle.....	36
First Hill/Yesler Terrace.....	39
West Bellevue/Redmond/Kirkland.....	40

2016 SALES

CAPITOL HILL



High Returns for Older Buildings

Although price per unit and price per square foot for sales increased by 12.9% and 6.9% respectively, the 4.0% cap rate remained steady. The leading cause is rising rents in more affordable older buildings, versus in the pricier newly developed apartments. Owners not achieving high rents are still selling their buildings for top prices!



2016

\$299,955
AVG PRICE PER UNIT



\$451
AVG PRICE PER SF



4.0%
CAP RATE



2015

\$265,774
AVG PRICE PER UNIT



\$422
AVG PRICE PER SF



4.0%
CAP RATE



2014

\$213,318
AVG PRICE PER UNIT

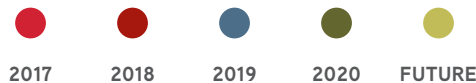
\$342
AVG PRICE PER SF

4.4%
CAP RATE

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Bel-Vista	1819 Bellevue Avenue	1929	31	453	\$6,275,000	11/30/2016	\$202,419	\$447	4.1%	BelVista LLC Bel-Vista Apartments LLC
	Madison Gate	2501 E Madison Street	1990	40	833	\$14,475,000	11/30/2016	\$361,875	\$434	4.6%	Madison Gate Investors 2016 LLC S.P.T.C. Properties Inc
	Denn Manor	316 13th Avenue E	1966	11	985	\$4,225,000	11/1/2016	\$384,091	\$390	3.1%	CRE Denn Manor Robert & Nancy Canfield Trust
	Kingshire	1401 E Harrison Street	1920	10	999	\$3,450,000	10/28/2016	\$345,000	\$345	4.5%	Yorkhouse Realty LLC Estate of William Beeks
	Mod 19	1814 E Denny Way	2013	8	506	\$2,950,000	9/20/2016	\$368,750	\$728	4.1%	Envoy Parking Lot LLC HUP Mod-19 LLC
	Heather Court	114 12th Avenue E	1952	10	858	\$4,000,000	8/31/2016	\$400,000	\$466	4.4%	Williams Street LLC HC Apartments LLC
	627 14th Avenue E	627 14th Avenue E	1902	8	638	\$1,706,250	8/29/2016	\$213,281	\$334	3.2%	Hall House LLC Heather Jean Tillman
	Malden House	425 Malden Avenue E	1969	13	845	\$4,475,000	8/23/2016	\$344,231	\$407	2.8%	Malden LP John Greeley
	411 Harvard Avenue E	411 Harvard Avenue E	1964	15	704	\$2,970,000	6/7/2016	\$198,000	\$362	3.2%	Wah Kee & Norma Qu Board of Regents University of WA
	Summit Terrace	406 Summit Avenue E	1925	10	546	\$2,444,000	5/31/2016	\$244,400	\$544	3.7%	Paradise Family LLC Nelina Backman/Caroline Yeager
	1006 E Prospect Street	1006 E Prospect Street	1904	6	408	\$1,850,000	5/17/2016	\$308,333	\$471	3.8%	Qstech Co Charles and Judith Peterson
	Sherrydon	411 Bellevue Avenue E	1928	14	655	\$4,100,000	3/30/2016	\$292,857	\$374	4.1%	Gertrude Daly ICP Bellevue Properties LLC
	Alhambra	1723 Summit Avenue E	1908	41	784	\$4,300,000	3/4/2016	\$104,878	\$341	3.3%	Seattle CRE Partners LLC Alhambra Apartments LP
	515 Denny	515 E Denny Way	1963	20	822	\$4,200,000	2/18/2016	\$210,000	\$340	3.2%	515 Denny Investors 2016 LLC Caravilla Apartments LLC
	Yardhouse	1406 E Republican Street	2014	35	520	\$13,950,000	2/1/2016	\$398,571	\$766	4.1%	CFLP Yardhouse Apartments LLC 14th & Republican LLC
	1204 E Denny Way	1204 E Denny Way	1900	5	618	\$1,100,000	1/29/2016	\$220,000	\$306	5.1%	Lin Han Albert Naranjo
AVERAGES			1946	16	678	\$4,539,736		\$299,955	\$451	4.0%	

DEVELOPMENT PIPELINE

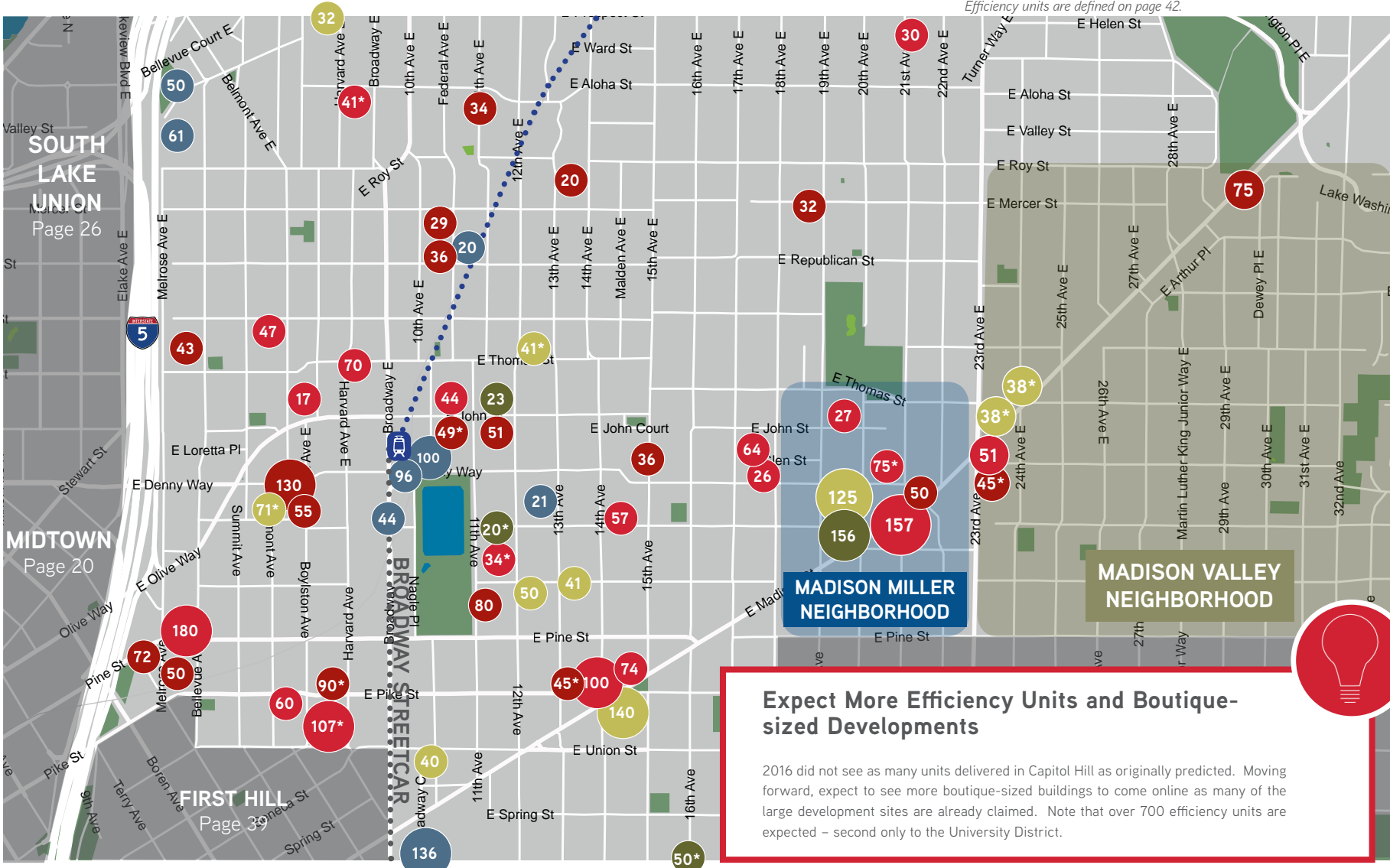
CAPITOL HILL



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

Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
1,261	1,022	528	249	616	3,676
EFFICIENCY UNITS*			POTENTIAL CONDOS †		
744			0		

Efficiency units are defined on page 42.



Expect More Efficiency Units and Boutique-sized Developments

2016 did not see as many units delivered in Capitol Hill as originally predicted. Moving forward, expect to see more boutique-sized buildings to come online as many of the large development sites are already claimed. Note that over 700 efficiency units are expected – second only to the University District.

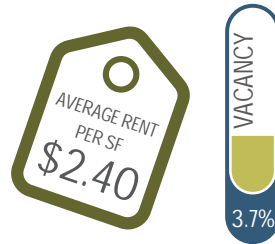
2016 SALES

DOWNTOWN

BELLTOWN

PIONEER SQUARE

SOUTH DOWNTOWN



2016

\$254,700
AVG PRICE PER UNIT



\$439
AVG PRICE PER SF



3.1%
CAP RATE



2015

\$327,617
AVG PRICE PER UNIT



\$517
AVG PRICE PER SF



5.1%
CAP RATE



2014

\$157,180
AVG PRICE PER UNIT

\$294
AVG PRICE PER SF

5.2%
CAP RATE

DOWNTOWN

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Jefferson Park	411 Jefferson Street	1902	12	546	\$1,850,000	8/31/2016	\$154,167	\$282	1.8%	Argyle Capital Group LLC WTL Properties LLC
	AVERAGES		1902	12	546	\$1,850,000		\$154,167	\$282	1.8%	

BELLTOWN

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Castle	2132 2nd Avenue	1918	49	474	\$8,000,000	10/3/2016	\$163,265	\$344	3.3%	Milestone Properties Henry Madey
	AVERAGES		1918	49	474	\$8,000,000		\$163,265	\$344	3.3%	

PIONEER SQUARE

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	80 Main	80 S Main Street	2016	45	646	\$20,100,000	11/22/2016	\$446,667	\$691	4.1%	Don Borracchini Goodman Real Estate
	AVERAGES		2016	45	646	\$20,100,000		\$446,667	\$691	4.1%	



Lowest Average Cap Rate in the City

The small number of sales of 5-50 unit buildings make year-over-year sales comparisons misleading. The 2016 Belltown and Downtown sales were inexpensive on a per unit and per square foot basis, but averaged a 3.1% cap, the lowest average in the city.



80 Main Sets Example for Pioneer Square's Future

80 Main, sold by Colliers Seattle Multifamily Team set a new benchmark for a neighborhood of the future. This property benefits from the unique dynamics of its location, and when the viaduct is deconstructed, 80 Main will become one of just a handful of apartment buildings located on the Seattle waterfront.

DEVELOPMENT PIPELINE

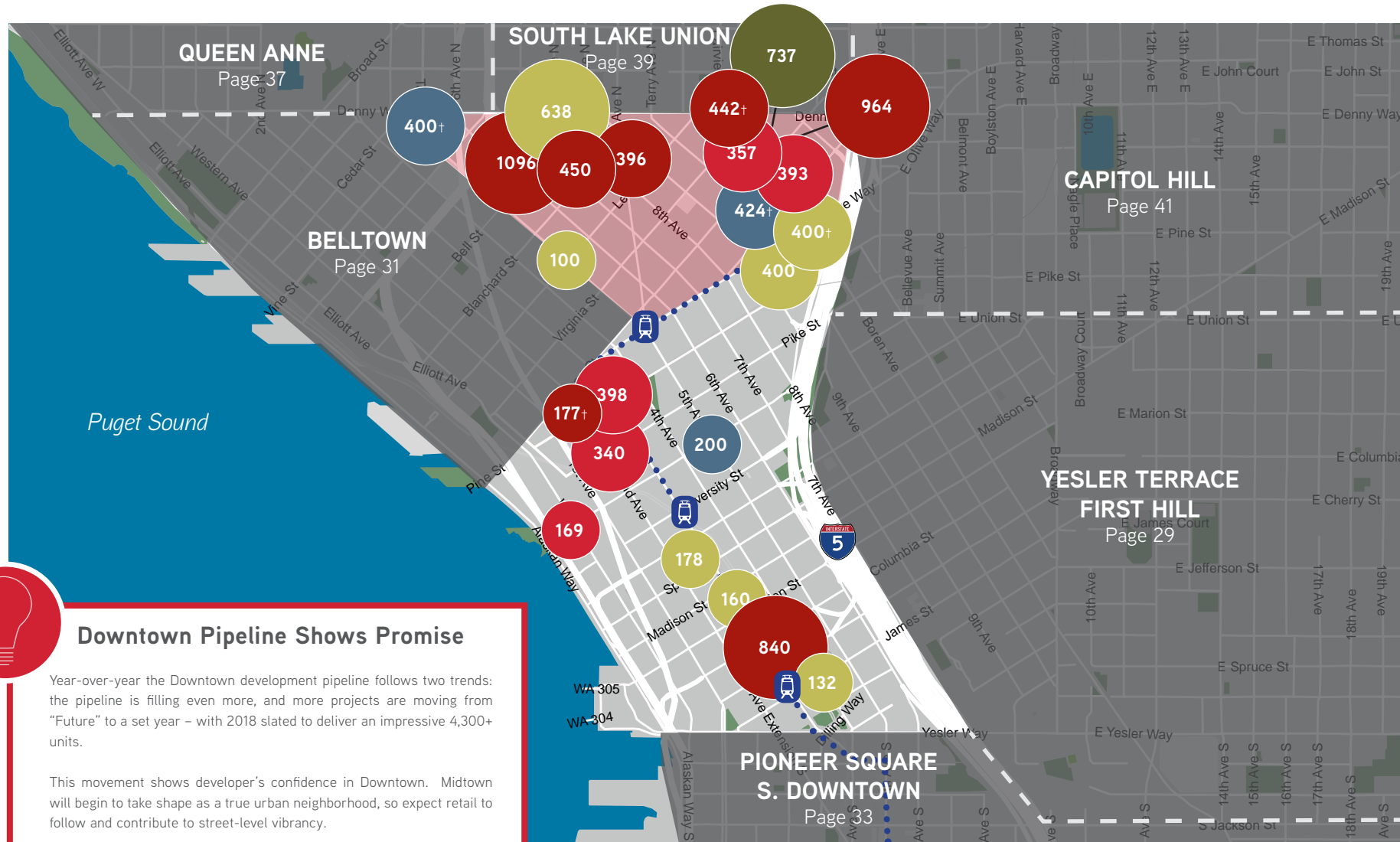
■ MIDTOWN
■ DOWNTOWN

● 2017 ● 2018 ● 2019 ● 2020 ● FUTURE

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

Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
1,657	4,365	1,024	737	2,008	9,791
EFFICIENCY UNITS*				POTENTIAL CONDOS †	
0				1,843	

Efficiency units are defined on page 42.

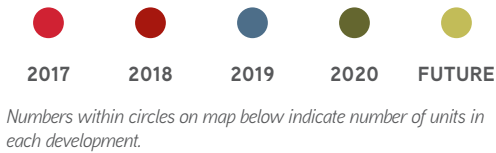


Downtown Pipeline Shows Promise

Year-over-year the Downtown development pipeline follows two trends: the pipeline is filling even more, and more projects are moving from "Future" to a set year – with 2018 slated to deliver an impressive 4,300+ units.

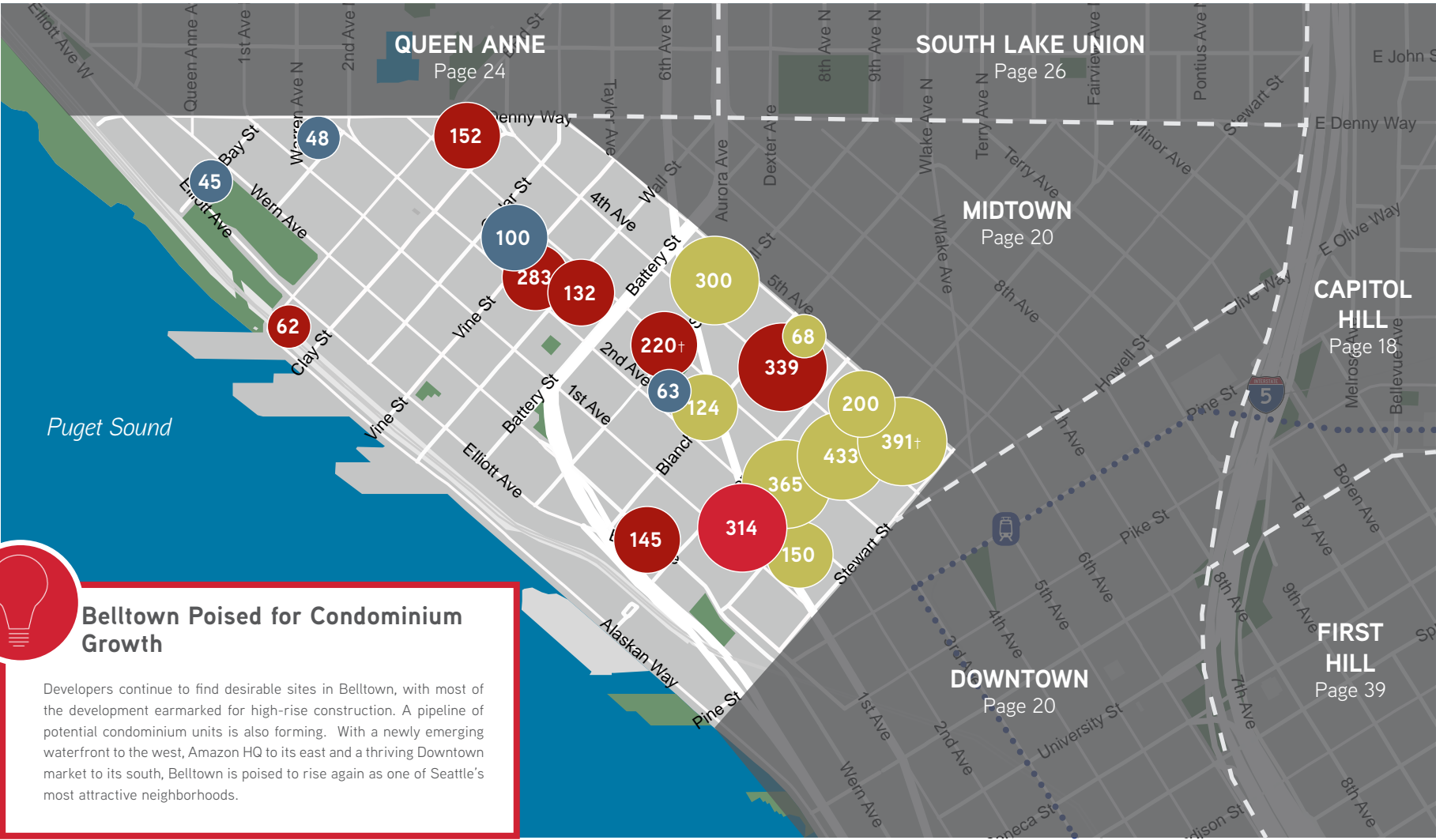
This movement shows developer's confidence in Downtown. Midtown will begin to take shape as a true urban neighborhood, so expect retail to follow and contribute to street-level vibrancy.

DEVELOPMENT PIPELINE
BELLTOWN



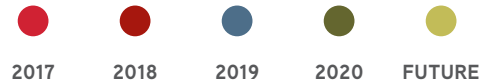
Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
314	1,333	256	0	2,031	3,934
EFFICIENCY UNITS*			POTENTIAL CONDOS †		
0			611		

Efficiency units are defined on page 42.



DEVELOPMENT PIPELINE

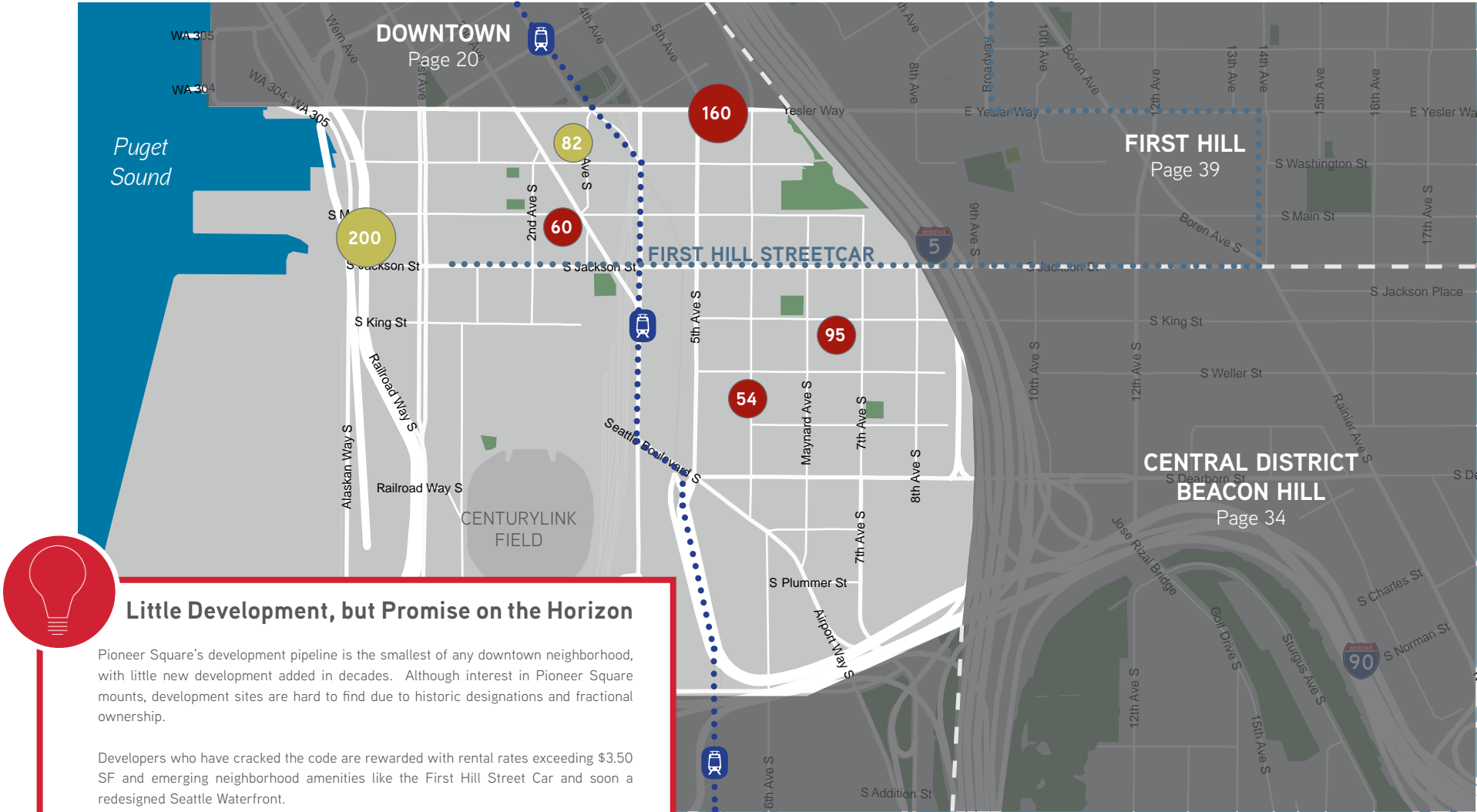
PIONEER SQUARE SOUTH DOWNTOWN



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

Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
0	369	0	0	282	651
EFFICIENCY UNITS*			POTENTIAL CONDOS +		
0			0		

Efficiency units are defined on page 42.



2016 SALES

QUEEN ANNE



2016



2015



2014



	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Park on Highland Drive	1205 Queen Anne Ave N	1948	34	701	\$10,700,000	12/30/2016	\$314,706	\$449	4.4%	The Park GJN LLC Sea 1205 Queen Anne 12-B LLC
	2107 5th Avenue N	2107 5th Avenue N	1923	6	1,108	\$2,975,000	12/9/2016	\$495,833	\$448	4.8%	Natalie Parks Nathan Clarenburg
	McKean	1404 10th Avenue W	1928	8	675	\$2,875,000	11/18/2016	\$359,375	\$532	3.9%	McKean Apartments LLC 1404 Olympic Way West LLC
	100 Florentia Street	100 Florentia Street	1964	6	729	\$1,810,000	9/26/2016	\$301,667	\$414	3.5%	Alexander Family Investment 4 LLC Carol Kaiser
	2514 Dexter Avenue N	2514 Dexter Avenue N	1948	5	926	\$1,300,000	8/1/2016	\$260,000	\$281	2.5%	Weibin Kong/Yida Sun Bruce Thurston/Tim Golden
	Queen Anne Flats	521 2nd Avenue W	2015	33	540	\$10,500,000	7/22/2016	\$318,182	\$589	4.2%	Cielo Azul QA Flats LLC Queen Anne Flats LLC
	Fountainside	909 6th Avenue N	1965	17	807	\$5,650,000	6/10/2016	\$332,353	\$412	2.5%	Beva Fountainside LLC Thomas Greime
	Centre Court	116 Warren Avenue N	2001	18	1,314	\$11,950,000	4/26/2016	\$597,500	\$505	4.4%	Althoff Family LP Centre Court LLC
	Donphilita	1707 Taylor Avenue N	1927	9	694	\$2,218,068	3/17/2016	\$246,452	\$355	4.5%	Donphilita LLC William Rademaker Jr.
	Bayview Heights	526 W Mercer Place	1967	12	1,008	\$3,350,000	1/29/2016	\$279,167	\$277	4.0%	CRE Bayview Heights LLC Various Owners (Reverse Condo Conversion)
AVERAGES			1959	15	850	\$5,332,807		\$350,524	\$426	3.9%	

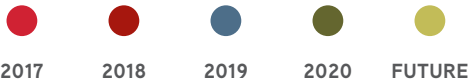


Low Sales but High Returns

In 2015, Queen Anne led all Seattle neighborhoods in sales volume. In 2016 there were fewer sales, but those prescient owners who sold their apartment buildings set records with a +\$350,000 per unit average. 2017 will be another year of record setting sales in Queen Anne as investors focus on core locations.

DEVELOPMENT PIPELINE

QUEEN ANNE



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

Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
1,742	699	616	88	538	3,683
EFFICIENCY UNITS*				POTENTIAL CONDOS +	
285				0	

Efficiency units are defined on page 42.



Experia Expected to Bring More Renter Demand

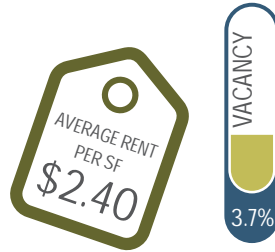
Since 2012, developers in Queen Anne have delivered an average of 368 units each year. While the highly desirable neighborhood continues to see above market rent growth and below market vacancy, nearly half of the development pipeline in Queen Anne (1,742 units) is expected to deliver this year.

We predict the transition of the Expedia headquarters to Interbay will bring more than enough demand to absorb the new supply, while rare upper Queen Anne developments remain the most desirable in the city.



2016 SALES

SOUTH LAKE UNION
EASTLAKE



2016

\$362,000
AVG PRICE PER UNIT

\$371
AVG PRICE PER SF

3.7%
CAP RATE

2015

NO SALES

2014

NO SALES

SOUTH LAKE UNION

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Cottages	1713 Dexter Avenue N	1979	15	975	\$5,430,000	11/18/2016	\$362,000	\$371	3.7%	Westlake Trilogy LLC Duomo Nevada Properties LLC
AVERAGES			1989	15	975	\$5,430,000		\$362,000	\$371	3.7%	

2016

\$401,250
AVG PRICE PER UNIT
34.6%

\$532
AVG PRICE PER SF
38.2%

5.0%
CAP RATE
160%

2015

\$298,129
AVG PRICE PER UNIT
18.8%

\$385
AVG PRICE PER SF
6.2%

3.4%
CAP RATE
100%

2014

\$251,037
AVG PRICE PER UNIT

\$363
AVG PRICE PER SF

4.4%
CAP RATE

EASTLAKE

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Franklin Avenue	2211 Franklin Avenue E	1959	7	704	\$3,010,000	7/29/2016	\$430,000	\$611	5.0%	Val Natura LLC Plus One Eastlake LLC
	Roanoke	216 E Roanoke Street	1916	6	822	\$2,235,000	3/29/2016	\$372,500	\$453	4.9%	Novarus Properties LLC Collin & Jillian Hagstrom
AVERAGES			1938	7	763	\$2,622,500		\$401,250	\$532	5.0%	



Dexter Corridor in High Demand

As we predicted in our 2015 Market Study, investors paid top dollar to own on the Dexter corridor. We anticipate continued growth in sales volume and pricing along Dexter as Fremont and South Lake Union fill in with thousands of new jobs. Even if you own an asset needing repair or that's not performing at its peak, we can get you above market pricing in 2017.



+\$400,000 Unit Pricing in Eastlake

Eastlake is the smallest neighborhood in Seattle, causing a disproportionate amount of renter demand. Eastlake was the most expensive place to buy vintage apartments in 2016, pushing the average unit pricing over \$400,000! 2017 will be another year of records, and investors looking to sell at the peak will be generously rewarded. Call us to sell your building faster and for more money.

DEVELOPMENT PIPELINE

SOUTH LAKE UNION
EASTLAKE



SLU Remains a Favorite Market for Developers

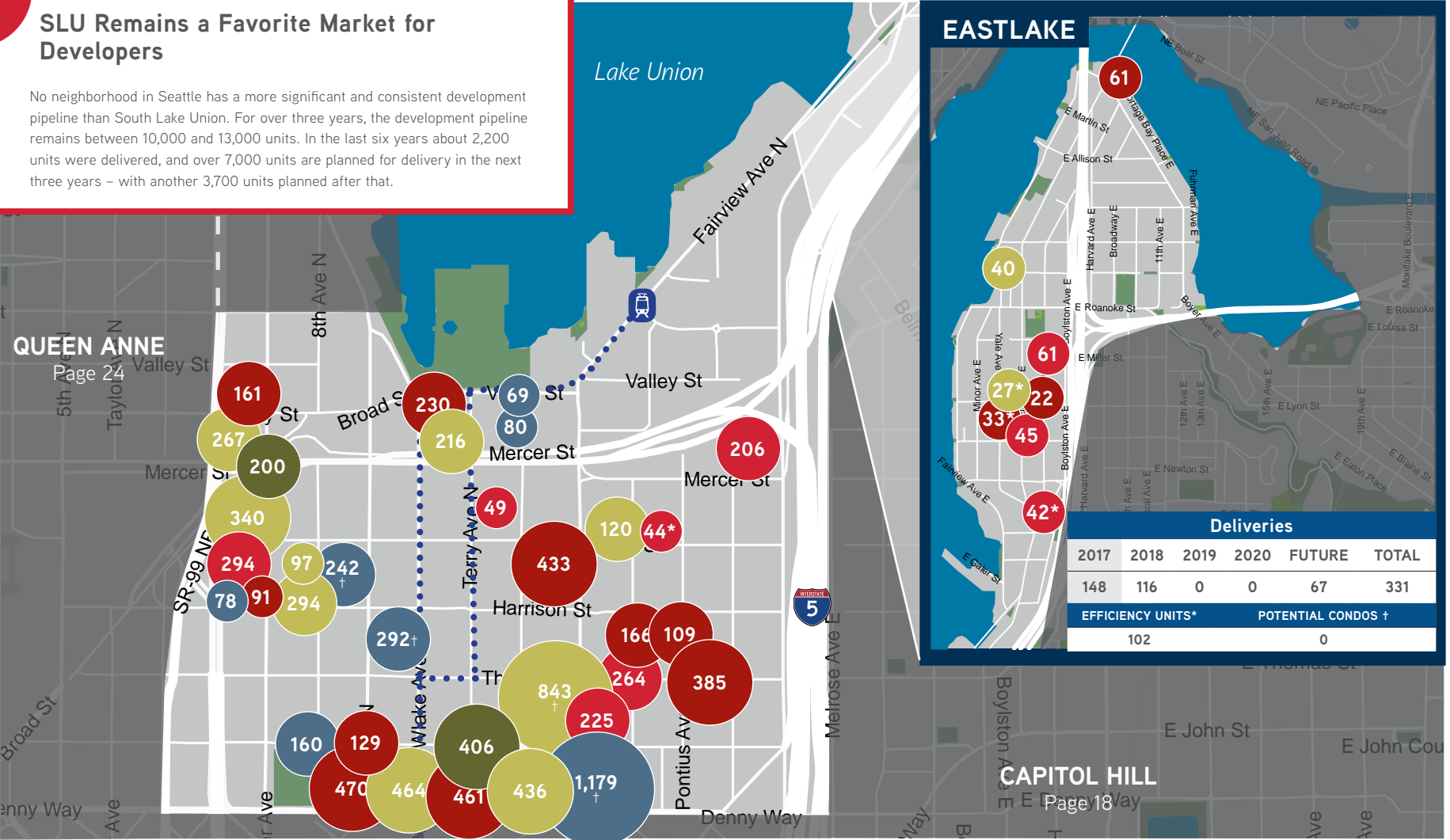
No neighborhood in Seattle has a more significant and consistent development pipeline than South Lake Union. For over three years, the development pipeline remains between 10,000 and 13,000 units. In the last six years about 2,200 units were delivered, and over 7,000 units are planned for delivery in the next three years – with another 3,700 units planned after that.



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

Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
1,230	2,751	2,100	606	3,144	9,831
EFFICIENCY UNITS*			POTENTIAL CONDOS +		
146			2,654		

Efficiency units are defined on page 42.



2017 | Seattle Neighborhood Apartment Market Study

2016 SALES

GREENLAKE
WALLINGFORD
FREMONT



2016	\$280,153 AVG PRICE PER UNIT 8.2%	\$384 AVG PRICE PER SF 8.5%	4.0% CAP RATE 20BP
2015	\$258,902 AVG PRICE PER UNIT 29.4%	\$354 AVG PRICE PER SF 4.4%	4.2% CAP RATE 30BP
2014	\$200,058 AVG PRICE PER UNIT	\$309 AVG PRICE PER SF	4.5% CAP RATE

	Ravenna 500	500 NE 65th Street	1939	19	787	\$6,200,000	12/28/2016	\$269,565	\$415	4.9%	SAAI LLC UW Board of Regents
	Woodland	4460 Woodland Park Avenue N	1963	12	688	\$3,400,000	11/30/2016	\$283,333	\$412	3.9%	Woodland Apartments LLC Woodland 2014 LLC
	Wallingford	3426 Wallingford Avenue N	1986	18	512	\$5,900,000	11/29/2016	\$327,778	\$641	4.0%	Wallingford View Apartments LLC Lake U View Apartments LLC
	Lakeview	4040 7th Avenue NE	1987	27	704	\$7,150,000	6/30/2016	\$264,815	\$376	3.7%	Jeremy Gustavel/Lakeview Partners LLC University Lakeview Apartments LLC
	Pacific Pointe	2108 N Pacific Street	2000	49	1,222	\$24,050,000	6/6/2016	\$343,571*	\$402*	4.0%	Triad Investments Co Scion Investments
	Chez Moni	951 N 45th Street	1960	10	702	\$2,050,000	5/11/2016	\$205,000	\$292	4.4%	Stella D'Oro LLC Henrik & Mariana Straub
	Dayton House	4333 Dayton Avenue N	1972	5	863	\$1,550,000	5/10/2016	\$310,000	\$359	4.3%	SPTV/4333 Dayton LLC Josiah & Elizabeth Erickson, Jr.
	Oswego Place	6537 Oswego Place NE	1950	11	420	\$1,895,000	5/10/2016	\$172,273	\$411	3.5%	6537 Oswego LLC Peter & Linda Granger
	Greenlake Live/Work	4850 Greenlake Way N	2009	7	1,477	\$3,980,000	4/29/2016	\$568,571	\$385	3.7%	Honghua Ye Simon Pui Hong Lee
	Audrey	3617 Woodland Park Avenue N	1906	15	479	\$2,580,000	4/29/2016	\$172,000	\$359	3.4%	Collin & Curran Hagstrom Audrey Apartments LLC
	Portofino	3815 Woodland Park Avenue N	2009	32	703	\$12,450,000	4/15/2016	\$345,833*	\$554*	3.7%	Ohio Note Investors LLC Cappuccini Properties LLC
	4238 Evanston Avenue N	4238 Evanston Avenue N	1959	10	844	\$2,600,000	4/6/2016	\$260,000	\$308	3.7%	Collin & Jillian Hagstrom R&D Investment Properties LLC
	Woodland West	465 N 45th Street	1969	16	891	\$3,800,000	3/30/2016	\$237,500	\$267	Unknown	Los Robles LLC Adonis LLC
	Wallingford Terrace	4710 Aurora Avenue N	1977	11	680	\$2,900,000	3/4/2016	\$263,636	\$388	5.4%	Wallingford Terrace LLC CRE Ballard Park LLC
	4110 Linden Avenue N	4110 Linden Avenue N	1969	5	825	\$1,150,000	3/2/2016	\$230,000	\$279	Unknown	Infinity on Linden LLC Brittney Apartments LLC
	Colette	511 N 43rd Street	1964	7	769	\$1,600,000	1/21/2016	\$228,571	\$297	3.8%	Fremont 511 LLC Gary Jacobson Trustee
AVERAGES			1970	16	785	\$5,203,438		\$280,153	\$384	4.0%	

* Price per unit and price per SF adjusted to account for commercial space

DEVELOPMENT PIPELINE

GREENLAKE
WALLINGFORD
FREMONT



Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
475	455	338	139	276	1,683
EFFICIENCY UNITS*			POTENTIAL CONDOS †		
221			32		

Efficiency units are defined on page 42.



2016 SALES

BALLARD

**Bostad Apartments**

The perfect example of a well-timed purchase and efficient flip. Bought in February 2016 and sold in December 2016 at 54% more money per square foot! Even with rehab costs there was a handsome profit achieved in a short amount of time.



2016

\$277,436
AVG PRICE PER UNIT



\$402
AVG PRICE PER SF



4.2%
CAP RATE



2015

\$237,319
AVG PRICE PER UNIT



\$334
AVG PRICE PER SF



4.0%
CAP RATE



2014

\$201,643
AVG PRICE PER UNIT

\$274
AVG PRICE PER SF

3.8%
CAP RATE

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Bostad	7526 24th Avenue NW	1928	10	466	\$2,535,000	12/1/2016	\$253,500	\$545	4.7%	Crescendo Properties LLC Heart of Ballard GJN LLC
	Scandia Gardens	2401 NW 63rd Street	1967	8	809	\$2,190,000	11/14/2016	\$273,750	\$338	3.8%	Ballard View Lofts LLC Sandra Shaw
	Palm Court	2410 NW 57th Street	1957	7	657	\$2,370,000	10/31/2016	\$338,571	\$515	4.8%	Makai Properties LLC Georgetown Grotto LLC
	Elin	6104 14th Avenue NW	1963	5	672	\$1,525,000	10/18/2016	\$305,000	\$454	4.6%	Elin Place Apartments LLC Elin Place LLC
	Loyal View	8344 28th Avenue NW	1927	10	556	\$1,785,000	10/13/2016	\$178,500	\$321	4.5%	110 12th LLC Henson Family LLC
	1408 NW 57th Street	1408 NW 57th Street	2002	7	679	\$2,000,000	9/16/2016	\$285,714	\$421	4.2%	Ballard Market LLC Ted & Laura Ness
	Solo Lofts	2018 NW 57th Street	2015	20	705	\$9,950,000	8/17/2016	\$497,500	\$706	Unknown	Magnuson Real Estate LLC Inhaus Development Ballard
	8th Avenue Place	8307 8th Avenue NW	1992	6	885	\$1,715,000	6/30/2016	\$285,833	\$323	3.7%	Debra Beauchamp/Daniel Wilkinson Hachi Residential Investments LLC
	2233 NW 59th Street	2233 NW 59th Street	1966	6	855	\$1,380,000	6/30/2016	\$230,000	\$269	Unknown	Acacio & Maria Domar Hinde Investments
	2039 NW 59th Street	2039 NW 59th Street	1963	5	626	\$1,180,000	5/6/2016	\$236,000	\$377	2.9%	2039 Ballard LLC Earl Nielsen
	1727 NW 57th Street	1727 NW 57th Street	1969	5	837	\$1,475,000	4/29/2016	\$295,000	\$352	2.1%	1727 NW 57th Street LLC Mary Hansen
	Ballard Brickstone	7607 8th Avenue NW	1957	8	689	\$2,250,000	2/25/2016	\$281,250	\$409	5.0%	Erickson Family Enterprises CRE 7607 Ballard LLC
	Bostad	7526 24th Avenue NW	1928	10	466	\$1,641,000	2/23/2016	\$164,100	\$353	4.5%	Heart of Ballard CSH/GJN/RAD LLC Bostad Condominium Association
	63rd Street	1413 NW 63rd Street	1964	12	754	\$3,875,000	1/29/2016	\$322,917	\$428	5.1%	Prospero Court LLC Six Squared Asset LLC
	Aros & Voss	2251 NW 59th Street	2009	38	821	\$12,975,000	1/29/2016	\$341,447	\$416	4.4%	Eastgate Corporate Center LLC CEP II Ballard O9 LLC
	6401 32nd Avenue NW	6401 32nd Avenue NW	1911	6	1,057	\$2,000,000	1/25/2016	\$250,000	\$315	Unknown	6401 32nd Ave LLC Sunset Hill Development LLC
	Anchors West	2405 NW 65th Street	1979	15	1,071	\$5,980,000	1/22/2016	\$284,762	\$372	4.5%	Sagesan Partners LLC Anchors West LLC
	1431 NW 65th Street	1431 NW 65th Street	1955	6	525	\$1,020,000	1/8/2016	\$170,000	\$324	3.7%	Gary & Faye Gallagher Kathryn & Kirk Kleber
AVERAGES			1964	10	729	\$3,213,667		\$277,436	\$402	4.2%	

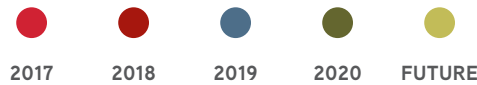
DEVELOPMENT PIPELINE

BALLARD



Strong Rent/Vacancy Metrics Despite Influx of Deliveries

If all the units planned for Ballard are delivered by 2019, Ballard's apartment stock will have tripled in size since 2012. The impressive aspect of this massive growth is the largest chunk of deliveries are already complete, while market rents grow (4.4% y-o-y) and vacancy rates remain extremely low (4.5%). With Class A office development recently delivered and more on the way, Ballard will likely maintain rent growth while absorbing the 1,000 incoming units in the next two years.

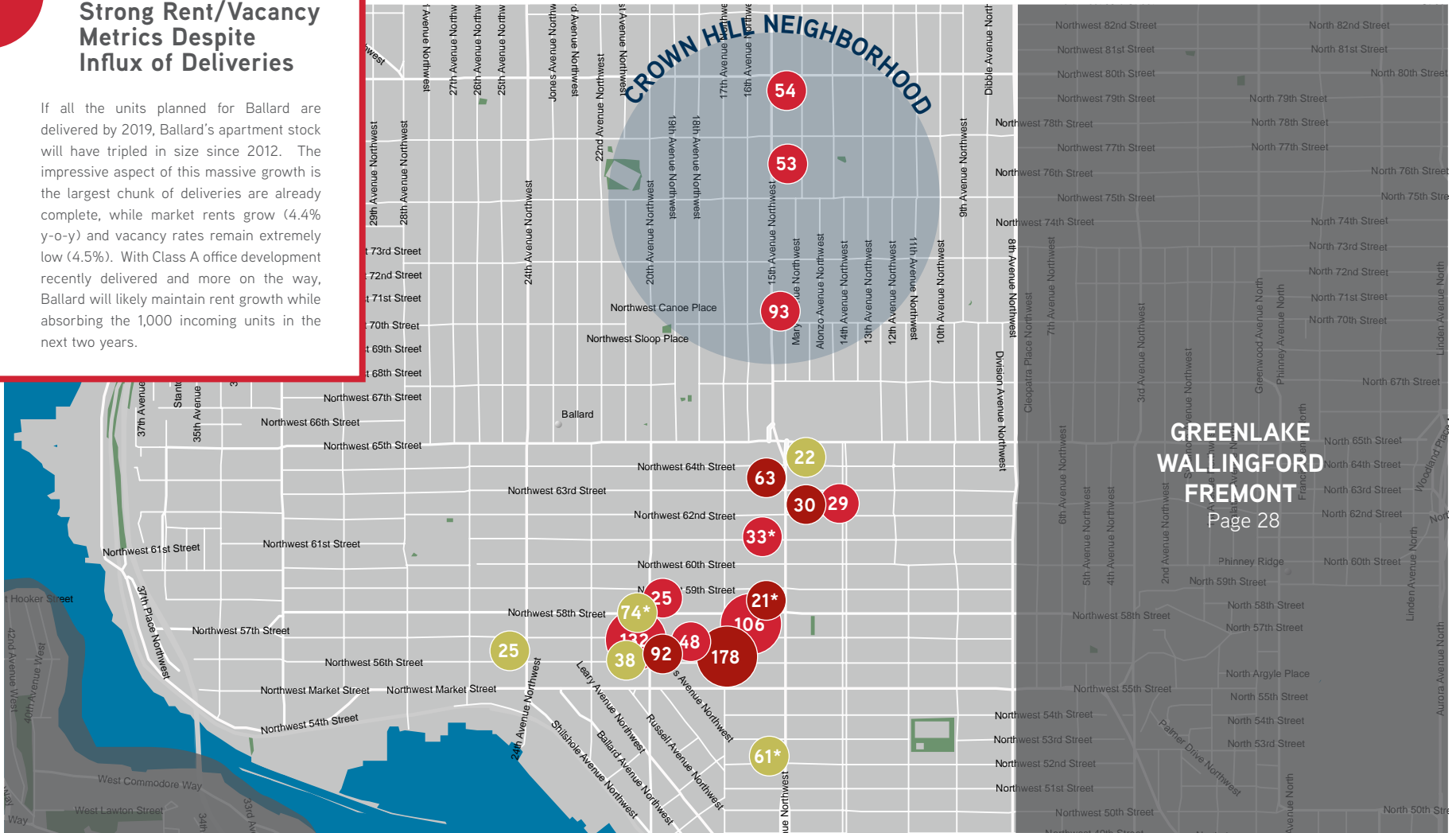


Numbers within circles on map below indicate number of units in each development.

Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
573	384	0	0	220	1,177
EFFICIENCY UNITS*			POTENTIAL CONDOS †		
189			0		

Efficiency units are defined on page 42.

BALLARD



2016 SALES

UNIVERSITY DISTRICT



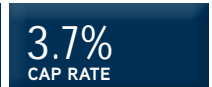
2016



2015



2014



	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	5609 20th Avenue NE	5609 20th Avenue NE	1918	5	508	\$1,015,000	11/2/2016	\$203,000	\$400	3.1%	GHH Real Estate LLC Dean & Elizabeth Quall
	711 NE 43rd Street	711 NE 43rd Street	1928	5	791	\$1,815,000	10/31/2016	\$363,000	\$459	Unknown	Manta Holdings LLC Maldiz Investments LLC
	5033 Brooklyn Avenue NE	5033 Brooklyn Avenue NE	1905	19	387	\$1,900,000	9/30/2016	\$100,000	\$259	2.9%	Brooklyn Lofts LLC University District Monarch LLC
	4006 Pasadena Place NE	4006 Pasadena Place NE	1962	6	623	\$1,150,000	9/9/2016	\$191,667	\$307	4.5%	BK Investment Group LLC Douglas Mar
	4128 12th Avenue NE	4128 12th Avenue NE	1966	10	506	\$2,200,000	9/8/2016	\$220,000	\$435	3.0%	Alki Park Apartments 2012 LLC TVH Properties LLC
	1211 NE 56th Street	1211 NE 56th Street	1957	5	378	\$800,000	5/27/2016	\$160,000	\$423	3.6%	Ravenna Flats LLC Helen Niu
	Hoven	5231 22nd Avenue NE	1969	8	634	\$1,955,000	5/26/2016	\$244,375	\$385	4.2%	Hoven Apartments 2016 LLC Langer Properties LLC
	Cowen Park	1403 NE 56th Street	1960	7	844	\$1,925,000	5/19/2016	\$275,000	\$326	4.4%	Cowen Partners LLC Spencer Williams Family Trust
	Clara Antoinette	5026 22nd Avenue NE	1928	6	760	\$1,310,000	2/23/2016	\$218,333	\$287	2.3%	Sayah Holdings/Pacific Crest Capital LLC Jeanette Mallary
	5246 Brooklyn Avenue NE	5246 Brooklyn Avenue NE	2015	12	595	\$4,300,000	1/20/2016	\$358,333	\$602	4.7%	Mayhood LLC 5246 Brooklyn LLC
AVERAGES			1951	8	603	\$1,837,000		\$233,371	\$388	3.6%	



Average Price per Square Foot Best Indication of Market Strength

In 2016 the University District averaged a 3.6% cap rate, showing a return to sub-4% cap rates. Although the price per unit dipped nearly 3%, average unit size also dropped nearly 15%, making average price per square foot the best indication of the strength of this market.

DEVELOPMENT PIPELINE

UNIVERSITY DISTRICT



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

Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
1,635	1,486	816	140	369	4,446
EFFICIENCY UNITS*			POTENTIAL CONDOS †		
877			244		

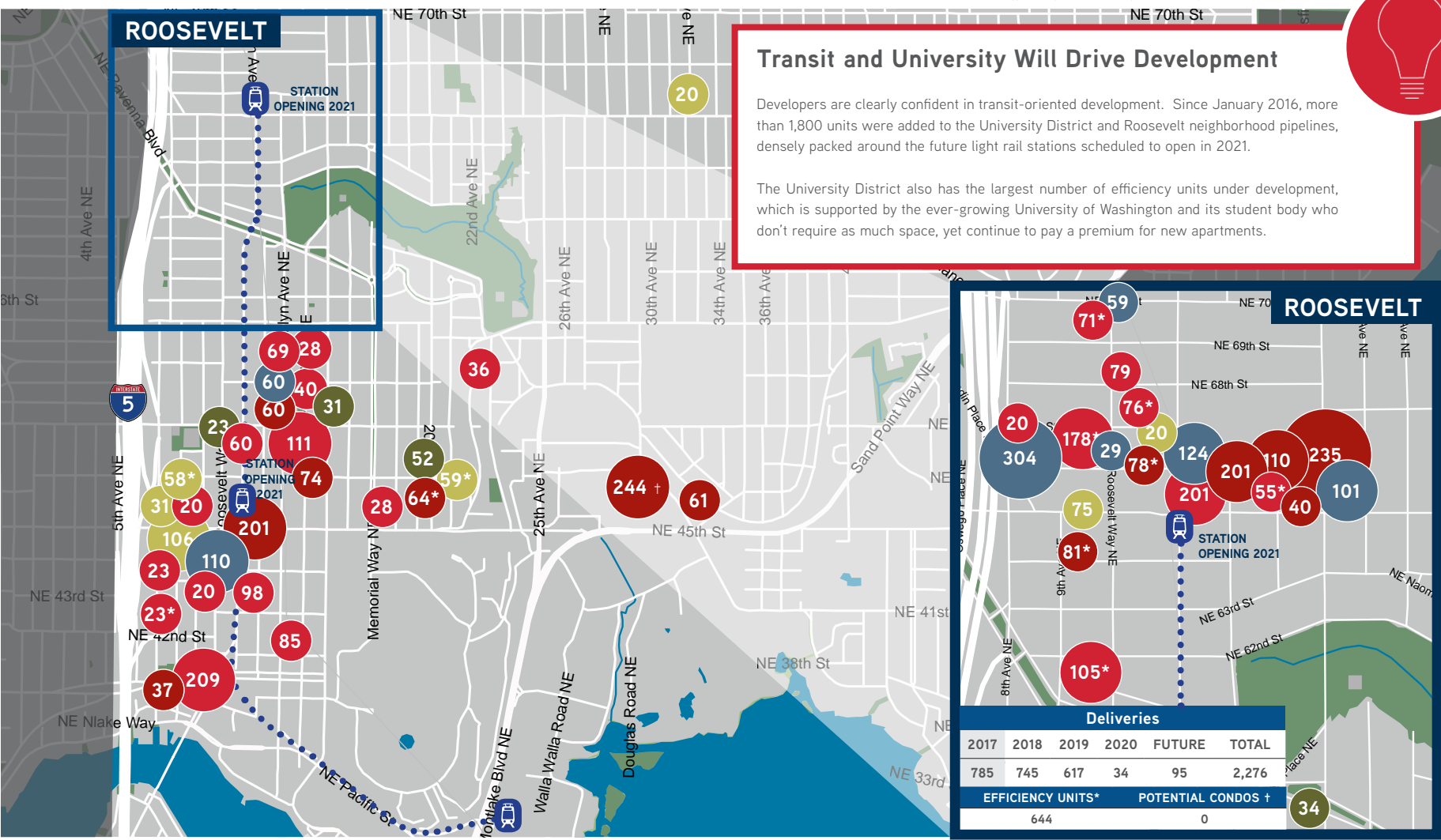
Efficiency units are defined on page 42.



Transit and University Will Drive Development

Developers are clearly confident in transit-oriented development. Since January 2016, more than 1,800 units were added to the University District and Roosevelt neighborhood pipelines, densely packed around the future light rail stations scheduled to open in 2021.

The University District also has the largest number of efficiency units under development, which is supported by the ever-growing University of Washington and its student body who don't require as much space, yet continue to pay a premium for new apartments.



UNIVERSITY DISTRICT

2016 SALES

CENTRAL DISTRICT, BEACON HILL, RAINIER VALLEY



Remember 2014 when people scratched their heads when old apartment buildings sold for +\$300 per square foot in Capitol Hill? In 2016, apartment sales in the Central District averaged \$318 per square foot! This is not a transitional neighborhood; the CD is rich with character and will continue to thrive as an urban Seattle hotspot for years to come.



2016	\$153,967 AVG PRICE PER UNIT	5.6%	\$231 AVG PRICE PER SF	0.0%	4.3% CAP RATE	70%
2015	\$163,124 AVG PRICE PER UNIT	+8.7%	\$231 AVG PRICE PER SF	9.8%	5.0% CAP RATE	+10%
2014	\$137,376 AVG PRICE PER UNIT		\$256 AVG PRICE PER SF		5.1% CAP RATE	

CENTRAL DISTRICT

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	3521 S Leschi Place	3521 S Leschi Place	1959	5	654	\$1,325,000	10/24/2016	\$265,000	\$405	Unknown	Infinity Land Management LLC Leschi 5 Plex LLC
	Judkins Park	910 23rd Avenue S	1959	6	760	\$1,115,000	9/9/2016	\$185,833	\$245	3.7%	5 Jakes LLC Roy & Sandra Dunn Jr.
	802 15th Avenue	802 15th Avenue	1901	6	655	\$1,510,000	9/8/2016	\$251,667	\$384	4.1%	BRYK LLC Edward Antonelli Jr.
	2719 E Pike Street	2719 E Pike Street	1941	5	816	\$825,000	4/12/2016	\$165,000	\$202	3.5%	Daniel Robins Janet Smith et al
	1500 16th Avenue	1500 16th Avenue	1958	10	738	\$2,600,000	1/25/2016	\$260,000	\$352	2.1%	Jessica Maree Apartments LLC Evelyn Dong Estate
	AVERAGES		1943	6	724	\$1,475,000		\$225,500	\$318	3.4%	

BEACON HILL

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Columbian	1410 S Columbian Way	1964	40	842	\$5,820,000	10/5/2016	\$145,500	\$173	Unknown	Beacon Hill Investors I LLC Thai Columbian Apartments LLC
	Parkview	1120 14th Avenue S	1958	13	491	\$1,715,000	8/10/2016	\$131,923	\$269	4.7%	Allegria Vita LLC Village Way Apartments LLC
	Allison	4329 15th Avenue S	1959	10	658	\$1,900,000	5/6/2016	\$190,000	\$289	4.7%	Allison Adventures LLC Allison Beacon LLC
	AVERAGES		1960	21	664	\$3,145,000		\$155,808	\$243	4.7%	

RAINIER VALLEY

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	6526 Rainier Avenue S	6526 Rainier Avenue S	1959	6	640	\$906,000	12/28/2016	\$151,000	\$236	4.4%	Lily Zhong Marcou Associates LLC
	Michele	6814 Rainier Avenue S	1962	11	573	\$760,000	9/7/2016	\$69,091	\$121	6.7%	Dekang Properties LLC Yoshiki & Mari Nakamura
	Imperial	6512 Martin Luther King Jr Way S	1952	9	637	\$940,000	6/30/2016	\$104,444	\$164	4.5%	MLK LLC Mae Ohashi
	Paradise Court	4532 S Henderson Street	1957	16	509	\$1,100,000	6/8/2016	\$68,750	\$135	Unknown	4532 S Henderson LLC Joe & Amalia Guzman
	4836 S Austin Street	4836 S Austin Street	1967	10	720	\$840,000	6/1/2016	\$84,000	\$117	4.2%	Big Rooster Investments LLC Austin & Brandon Street LLC
	Brandon Court	4423 S Brandon Street	1956	15	613	\$1,250,000	1/7/2016	\$83,333	\$136	Unknown	Brandon Court Apartments LLC Solaymang & Aminah Haji Moly
	AVERAGES		1958	11	615	\$966,000		\$93,436	\$151	5.0%	

DEVELOPMENT PIPELINE

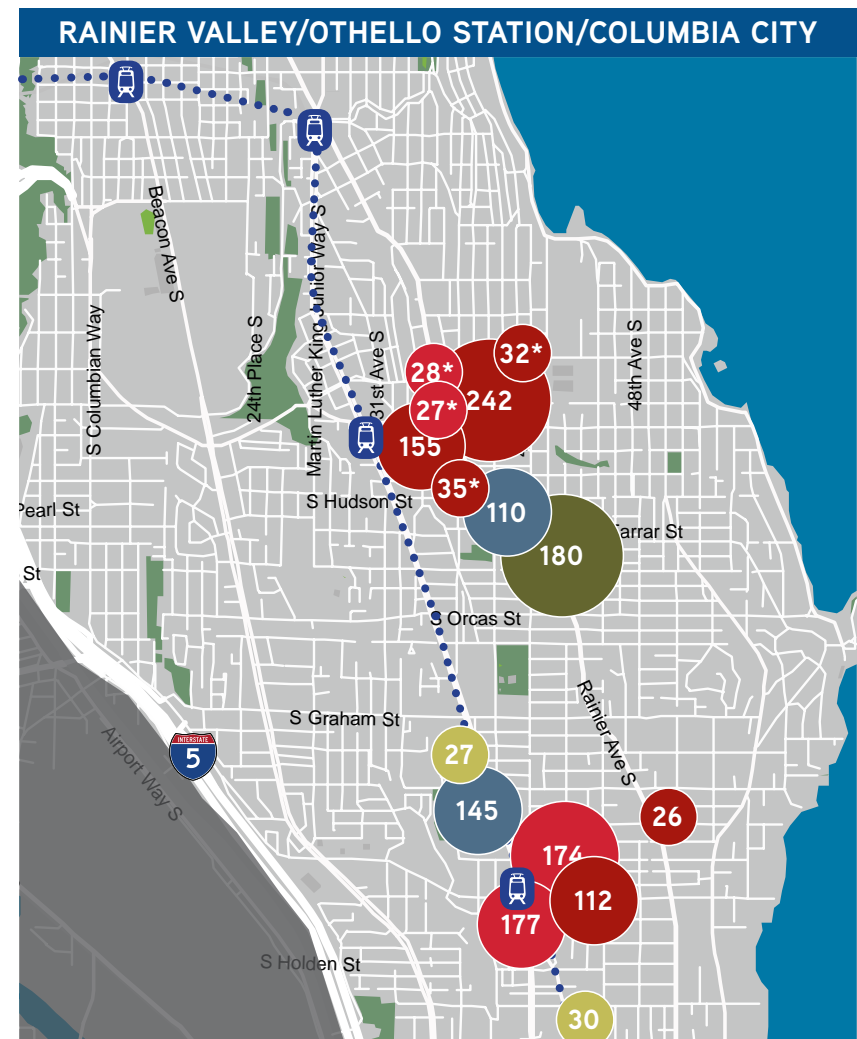
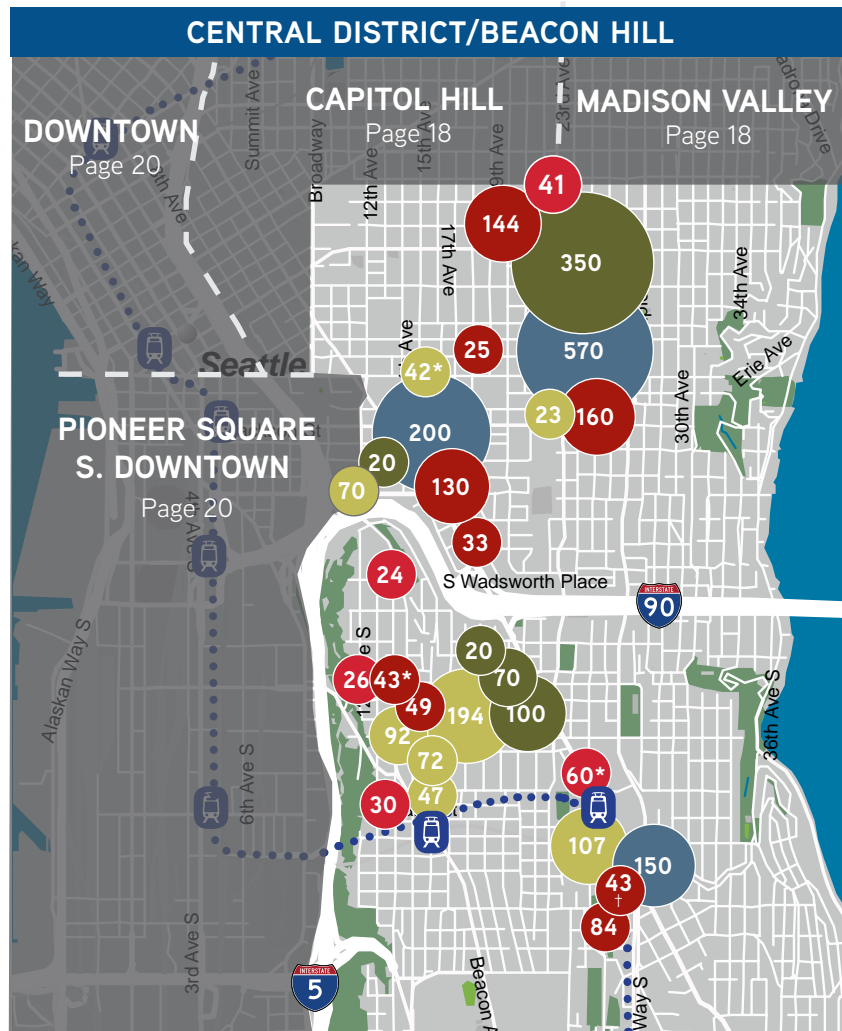
Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
181	636	770	740	346	2,673
EFFICIENCY UNITS*			POTENTIAL CONDOS +		
145			0		

Efficiency units are defined on page 42.



Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
406	703	405	0	358	1,873
EFFICIENCY UNITS*			POTENTIAL CONDOS †		
122			43		

Efficiency units are defined on page 42.



2016 SALES WEST SEATTLE



2016



2015



2014



	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Bayview	1914 Ferry Avenue SW	1953	9	500	\$1,854,000	12/9/2016	\$206,000	\$412	4.2%	1914 Bayview LLC 1914 Ferry LLC
	Villa Andora	1520 California Avenue SW	1969	37	688	\$7,610,000	11/18/2016	\$205,676	\$299	4.8%	Cadence Capital Villa Andora LLC
	Ridgeview	5631 California Avenue SW	1980	15	1,284	\$6,128,000	11/9/2016	\$340,444	\$318	4.6%	Atalanta 5631 California Ave LLC Ridgeviw IR LLC 7134
	Park	4700 SW Othello Street	1910	6	641	\$1,280,000	11/4/2016	\$213,333	\$333	4.1%	2251-77 Williams Street LLC Thomas Roth
	1788 Alki Avenue SW	1788 Alki Avenue SW	1946	6	585	\$1,950,000	10/18/2016	\$325,000	\$556	4.2%	Mcubed Enterprise LLC Anthony Centeno/Guy Clark
	Sound Breeze	5034 Fauntleroy Way SW	1989	6	985	\$1,685,000	10/7/2016	\$280,833	\$285	3.8%	Sound Breeze Partners LLC Jennifer and Thomas Young
	4500 Delridge Way SW	4500 Delridge Way SW	1987	6	805	\$1,305,000	9/29/2016	\$217,500	\$270	4.6%	Delridge 6 LLC James P Kelly III
	Webster	4228 SW Dawson Street	1958	25	560	\$4,300,000	8/25/2016	\$172,000	\$307	3.9%	Loana Apts LLC Dyla Investment LLC
	West Nine	3046 SW Avalon Way	1978	9	630	\$1,450,000	7/21/2016	\$161,111	\$256	Unknown	KPC Southgate LLC Craig S Fleming
	Harbor Square	2425 Harbor Avenue SW	1990	27	694	\$7,500,000	7/8/2016	\$277,778	\$400	4.2%	Harbor Square Apartments LLC Metropolitan Investments LLC
	Alki Park	2664 59th Avenue SW	1916	6	556	\$1,435,000	6/23/2016	\$239,167	\$430	5.0%	Christian Schormann Alki Park Apartments 2012 LLC
	4050 California Avenue SW	4050 California Avenue SW	1977	6	820	\$1,700,000	6/17/2016	\$283,333	\$346	3.4%	Ranger Properties LLC CBG LLC

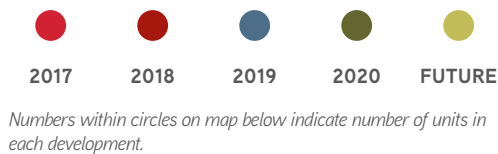
West Seattle Leading City in Sales

In 2016, we predicted West Seattle would be a hot neighborhood for investment. 12 months later West Seattle leads the city in sales and shows no sign of stopping, with an average of 2 sales per month in 2016.

2016 SALES**WEST SEATTLE (CONTINUED)**

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	1330 California Avenue SW	1330 California Avenue SW	1912	5	889	\$1,180,000	6/15/2016	\$236,000	\$265	Unknown	Michael & Susan Korling Scout Ohone LLC
	6040 California Avenue SW	6040 California Avenue SW	1992	25	1,058	\$7,500,000	5/20/2016	\$250,000	\$284	4.0%	CRE 6040 Partners LLC Graham View Apartments LLC
	2132 Alki Avenue SW	2132 Alki Avenue SW	1917	5	606	\$1,165,000	5/2/2016	\$233,000	\$385	3.4%	Bel Futuro LLC Kirby Reynolds
	4012 California Avenue SW	4012 California Avenue SW	1977	6	804	\$1,700,000	4/1/2016	\$283,333	\$352	4.5%	Wood River Enterprise LLC CBG LLC
	6708 California Avenue SW	6708 California Avenue SW	2006	6	1,074	\$1,450,000	3/31/2016	\$241,667	\$225	Unknown	Parkwood Properties LLC Schilling Family Holdings #1 LLC
	Olympic Manor	3504 SW Webster Street	1964	33	823	\$4,600,000	3/23/2016	\$127,778	\$169	Unknown	West Seattle 37 Investors LLC Olympic Manor LLC
	Alaska 45	4546 45th Avenue SW	1962	18	725	\$5,650,000	2/11/2016	\$313,889	\$433	4.5%	CFLP Alaska 45 Apartments LLC Siberay AK LLC
	Admiral Flats	3431 California Avenue SW	1977	8	736	\$2,450,000	2/8/2016	\$306,250	\$416	5.3%	2565 E Tropicana Blvd LLC Genevieve California Avenue LLC
	Monterey	4022 California Avenue SW	1954	16	535	\$2,610,000	1/28/2016	\$163,125	\$305	4.5%	Ponderosa Ventures LLC Anne Louise James/Carl Hauke et al
	Beachcomber	3625 Beach Drive SW	1974	13	779	\$3,700,000	1/13/2016	\$284,615	\$365	3.4%	Beachcomber Apartments LLC Heimrich Vered Properties LLC
AVERAGES			1963	13	763	\$3,191,000		\$243,720	\$337	4.2%	

DEVELOPMENT PIPELINE
WEST SEATTLE



Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
551	300	118	85	882	1,971
EFFICIENCY UNITS*				POTENTIAL CONDOS †	
316				0	

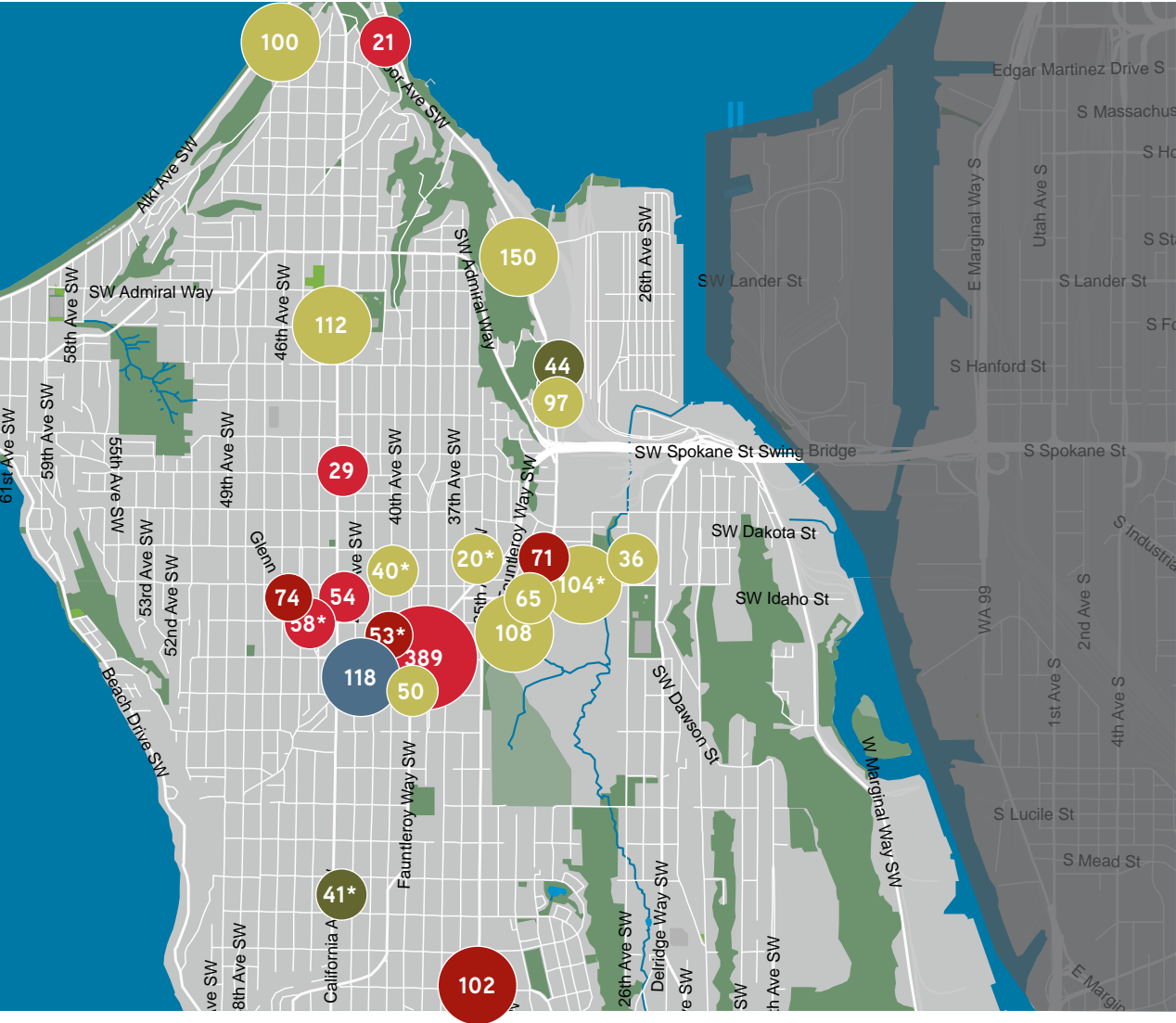
Efficiency units are defined on page 42.



West Seattle Adds Inventory while Vacancy Rates Drop

Over the last five years, just over 2,000 units were delivered in West Seattle, increasing inventory by 72%. Although West Seattle's apartment supply grew by over 11% in 2016, it is the only neighborhood where vacancy rates decreased year-over-year, resting at a low 2.0%.

West Seattle appeals to new residents, but it has also proven as a market that appeals to a wide range of renters. Expect West Seattle to outperform as people continue to choose it over other popular urban neighborhoods across Seattle.



2016 SALES

FIRST HILL
YESLER TERRACE



2016

\$190,893
AVG PRICE PER UNIT



\$465
AVG PRICE PER SF



5.2%
CAP RATE



2015

\$198,473
AVG PRICE PER UNIT



\$328
AVG PRICE PER SF



4.9%
CAP RATE



2014

\$198,804
AVG PRICE PER UNIT





\$393
AVG PRICE PER SF



4.5%
CAP RATE



Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
 Ansonia	1628 Bellevue Avenue	1916	28	468	\$4,950,000	11/30/2016	\$176,786	\$378	5.3%	Milestone Development 9805 NE 116th Street #A20
 Bel Boy	1420 Belmont Avenue	1900	5	371	\$1,025,000	11/16/2016	\$205,000	\$553	5.0%	Belboy Apartments LLC Riverside Holdings LLC
AVERAGES		1908	17	419	\$2,987,500		\$190,893	\$465	5.2%	

2016 DEVELOPMENT



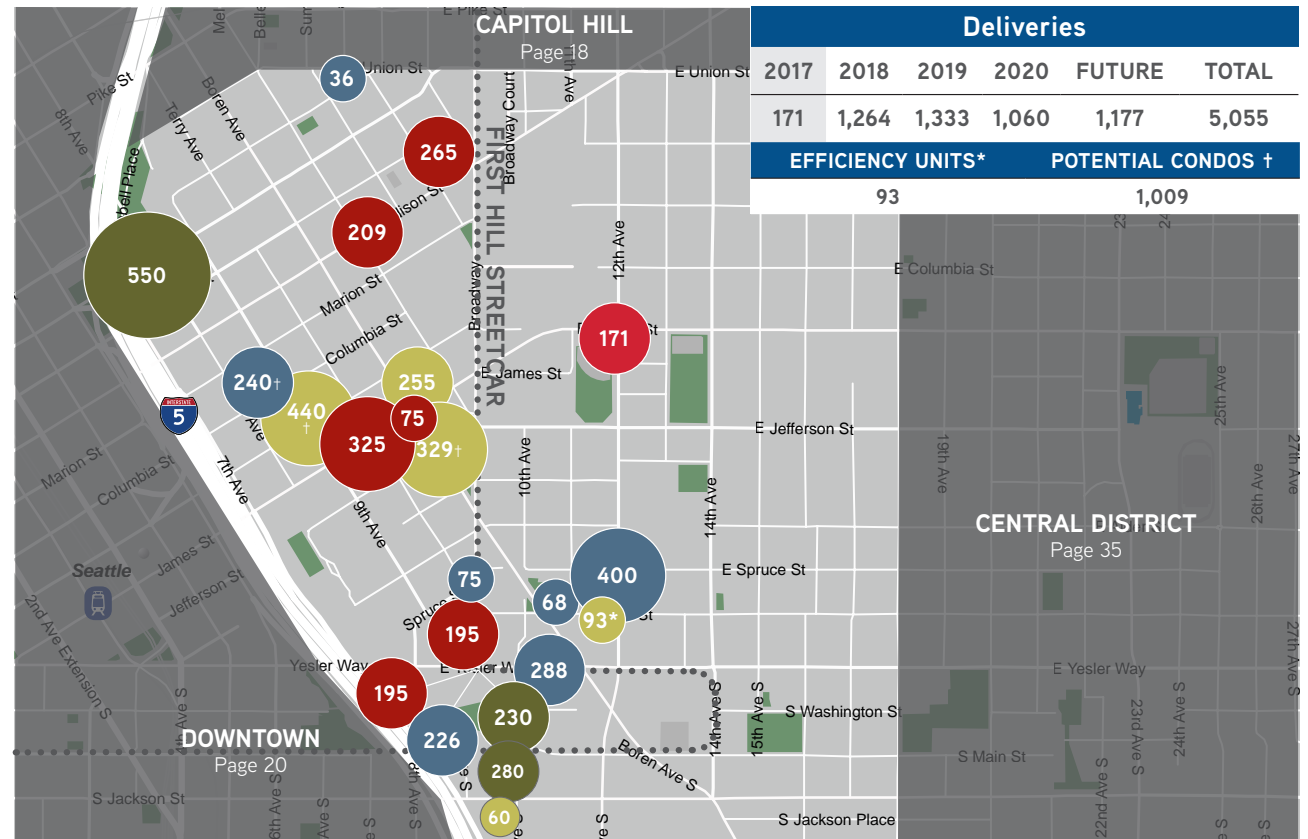
Numbers within circles on map below indicate number of units in each development.



Neighborhood Growth Will Lead to Rental Rate Growth

The First Hill development pipeline grew considerably in the past year, adding over 1,300 units. Distinctive nodes of development are starting to occur in both First Hill and Yesler Terrace.

As new buildings are delivered, neighborhoods will form around them, creating a more established residential feel and in turn increasing rental rates. More connection points are emerging between 23rd & Union, 23rd & Jackson and Yesler Terrace – all ships will rise in this tide.



Deliveries					
2017	2018	2019	2020	FUTURE	TOTAL
171	1,264	1,333	1,060	1,177	5,055
EFFICIENCY UNITS*			POTENTIAL CONDOS †		
93			1,009		

2017 | Seattle Neighborhood Apartment Market Study

2016 SALES WEST BELLEVUE REDMOND KIRKLAND



2016	\$260,626 AVG PRICE PER UNIT 9.8%	\$313 AVG PRICE PER SF 11.0%	3.9% CAP RATE 30%
2015	\$289,060 AVG PRICE PER UNIT 32.8%	\$352 AVG PRICE PER SF 43.4%	3.6% CAP RATE 40%
2014	\$217,743 AVG PRICE PER UNIT	\$285 AVG PRICE PER SF	5.0% CAP RATE

REDMOND

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Park	16912 NE 79th Street	1961	10	705	\$2,050,000	11/2/2016	\$205,000	\$291	Unknown	Park Apartments Alliance Investments LLC Park Apartments LLC
	West View	8200 170th Place NE	1970	14	695	\$2,800,000	8/31/2016	\$200,000	\$288	4.0%	West View Apartments 8200 LLC Delta LP
	Redmond View	8964 Redmond Woodinville Road NE	1989	9	997	\$2,600,000	6/6/2016	\$288,889	\$290	4.5%	Redmond View LLC Wah Kee & Norma Qu
	Bear Creek	17121 NE 80th Street	1984	8	926	\$2,250,000	3/31/2016	\$281,250	\$304	4.9%	Bear Creek Management LLC S&L Investments IV LLC
	Anna	9447 166th Avenue NE	1963	18	802	\$4,430,000	1/27/2016	\$246,111	\$307	5.1%	Brightmont Properties LLC PFP Gordon Holdings LLC
	AVERAGES		1973	11	825	\$2,826,000		\$244,250	\$296	4.6%	

KIRKLAND

	Property Name	Address	Year Built	Units	AVG SF	Price	Sale Date	\$/Unit	\$/NRSF	Cap Rate	Buyer / Seller
	Rosecrest	8325 128th Avenue NE	1985	35	607	\$6,784,000	3/1/2016	\$193,829	\$319	4.2%	N&F Group LLC Fujimori LLC
	Kirkland Shores	205 5th Avenue S	1976	6	1057	\$2,250,000	2/26/2016	\$375,000	\$355	3.9%	Riverside Equities LLC Kirkland Shores LLC
	La Seville	11305 NE 88th Street	1978	5	830	\$1,300,000	1/22/2016	\$260,000	\$313	2.6%	TMG SPEC II LLC Arthur R Hathaway
	Kirkton	303 10th Avenue S	1968	9	836	\$2,660,000	1/14/2016	\$295,556	\$354	1.8%	Fourth Burroughs LLC Arthur R Hathaway
	AVERAGES		1977	13	833	\$3,248,500		\$281,096	\$335	3.1%	



Properties Selling at Seattle Rates

Kirkland and Redmond sellers capitalized on the hot market with an average cap rate of 3.9% and prices per unit and square foot that compete with Seattle. NOTE: These Seattle-like sales metrics were achieved with an average rent per square foot of just \$1.45!

Data Sources

Rent & Vacancy Data	Dupre + Scott *Rent and Vacancy data 20-50 units
Sales Data	Real Capital Analytics CoStar Dupre + Scott King County Registrar <i>Properties sold for re-development are not included as sales</i>
Development Data	City of Seattle Department of Planning Real Capital Analytics Dupre + Scott CoStar Pierce Eislen Seattle in Progress † Possible condo/apartment developments included in unit count numbers. Development data collection completed as of December 15, 2016
Employment Data	Puget Sound Regional Council Washington State Employment Security Department (WESD) The Puget Sound Economic Forecaster EMPLOYMENT DATA CALCULATIONS: This study pulls sector-level data from two primary sources: the WESD and the PSRC. The industries highlighted in the Year in Review section break down like this: <ul style="list-style-type: none"> Professional & Bus. Services -- NAICS 54-56 Education & Health Services -- NAICS 61-62 FIRE -- NAICS 31-33, 51, 52,21-25 STEM -- NAICS 51, 5413, 5415
Demographic Data	U.S. Census *The Census defines a unit as a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters.

Efficiency Unit Definitions

Unit Type	Minimum Size	Average Size	Average Monthly Rent	Description	Status
Congregate Housing	70 SF	140-200 SF	\$700-\$1,000	A type of housing in which each individual or family has a private bedroom or living quarters, but shares with other residents a common dining room, recreational room, or other facilities.	Allowed in Certain Zones
Micro Housing	70 SF	140-200 SF	\$700-\$1,000	Housing style started in Seattle in 2009. 8 bedrooms containing a kitchenette and private bathroom share one common area like a kitchen. This style of project was banned by legislation in 2014.	Not Allowed
SEDU (old)	220 SF	220-250 SF	\$1,000-\$1,300	A Small Efficiency Dwelling Unit (SEDU) is a slightly undersized conventional studio apartment. It has a complete kitchen, bathroom and closet space.	Not Allowed
SEDU (new)	220 SF	270-300 SF	\$1,100-\$1,400	This unit designation is a result of SDCI adopting the “70-7” rule, a new interpretation of building code language that establishes the “minimum clear floor space” in a dwelling unit. The result is that it is almost impossible to design a unit at the minimum size of 220 SF. These rules are currently under review and may or may not change in 2017.	Allowed
EDU	300 SF	300-370 SF	\$1,400-\$1,600	An Efficiency Dwelling Unit (EDU) is simply a conventional studio apartment. Typically these are called Efficiency Dwelling Units when the average unit size in a building is less than 400 SF.	Allowed

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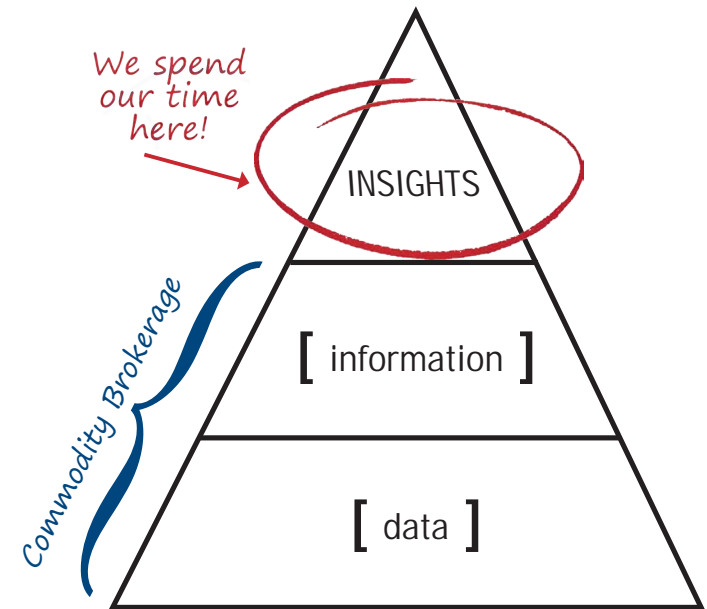
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