



Dylan Simon




Jerriid Anderson



Matt Laird

2018 SEATTLE NEIGHBORHOOD APARTMENT MARKET STUDY

An aerial, black and white photograph of Seattle, Washington. The Space Needle is the central focus, standing tall in the foreground. Behind it, a dense urban landscape unfolds, filled with numerous skyscrapers and residential buildings. The city extends to the waterfront in the distance, where a large Ferris wheel is visible. The overall scene captures the essence of a major metropolitan area.

*“New knowledge is the most
valuable commodity on earth.
The more truth we have to
work with, the richer we
become.”*

-Kurt Vonnegut

Introduction



The urban King County 5-50 unit apartment market remains one of the fastest growing, most exciting, and most watched in the country. With another year in the books, the region's economic fundamentals continue to outperform other comparable markets, as well as investors' expectations.

This study is to help you, apartment owners, as you strive to stay ahead of the curve. We hope that the information contained in this Neighborhood Market Study helps you stay better informed on the fundamentals driving local growth and guides you towards wise and profitable investment decisions.

This study includes an aggregation of data and corresponding insights on the following topics:

- *Historical rent growth and vacancy rates*
- *Sales trends and activity*
- *Development pipeline*
- *Regional employment trends*

In this study we focus our attention on apartment buildings with 5-50 units, but we also offer a Seattle Apartment Market Study focusing on the 50+ unit King and Snohomish County apartment markets. That study is available upon request.

We invite you to use this study as a tool and a reference. Of equal importance, please call us to discuss your apartment investment goals. We are the one-stop shop for all of your apartment investment needs.

Jerrid Anderson
Vice President

HOW TO USE THIS MARKET STUDY



Learn about our team and how we can best serve you

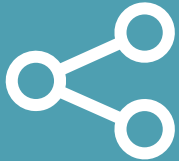


Discover the latest market trends for King and Snohomish Counties:

- Rent and vacancy
- Sales
- Development pipeline



Share with your partners and investors



Look for our insights in each submarket

Learn about the latest market employment trends:

- Unemployment rates
- Largest employers
- Hottest industries



Or download another copy of this market study at www.SeattleMultifamilyTeam.com



Contact us to talk about the market and to learn the best times to buy or sell

Request a valuation of your apartment building



WHO WE ARE



Dylan Simon

Executive Vice President

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

Specialties

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

Experience

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

Background

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



Jerrod Anderson

Vice President

Apartment broker specializing in urban apartment and development sales.

Specialties

5-50 unit urban apartment sales, urban infill development land sales, micro apartment sales, and financial analysis

Experience

Over nine years of real estate investment and sales. Member of ULI, NAIOP and RHA. Top 10 Colliers Broker Puget Sound.

Background

B.A. Entrepreneurship,
Washington State University



Matt Laird

Associate

Specializes in apartment analysis and market research.

Specialties

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

Experience

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

Background

B.A. University of Washington, Urban Planning and Development



Ashley Woodliff

Project Manager

Project management support for all marketing and sale efforts.

Specialties

Puget Sound region market knowledge, development of property marketing collateral and transaction management

Experience

Five years at Colliers International providing project management oversight and marketing coordination. Prior experience with industrial development & leasing.

Background

B.S. University of Florida, Marketing and Event Management



Cate Chase

Marketing Manager

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

Specialties

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

Experience

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

Background

B.A. Seattle University, Marketing

2017 SEATTLE MULTIFAMILY TEAM SALES HIGHLIGHTS



5-20 UNIT BUILDINGS



NESTUN

\$2,825,000
Fremont
7 Units



855 NICKERSON

\$2,817,000
Queen Anne
9 Units



20-100 UNIT BUILDINGS



THE ATWOOD

\$14,900,000
Downtown
55 Units



UPTOWN 11

\$14,165,000
Queen Anne
34 Units



DEVELOPMENT LAND



AVALON II

\$2,850,000
West Seattle
104 Units



1820 BOYLSTON

\$4,775,000
Capitol Hill
55 Units



MICROS



FOOTPRINT DELRIDGE

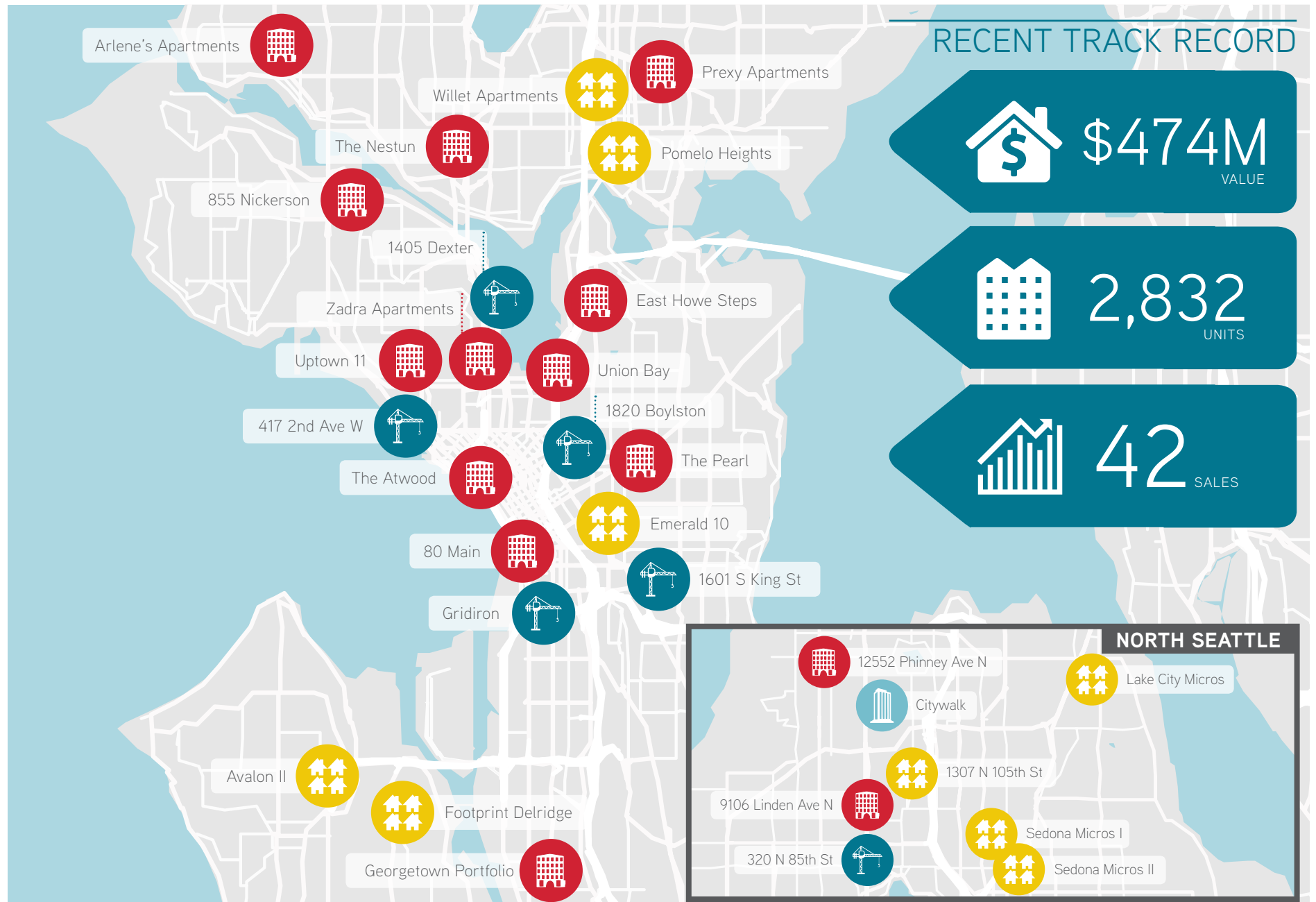
\$2,000,000
West Seattle
16 Units

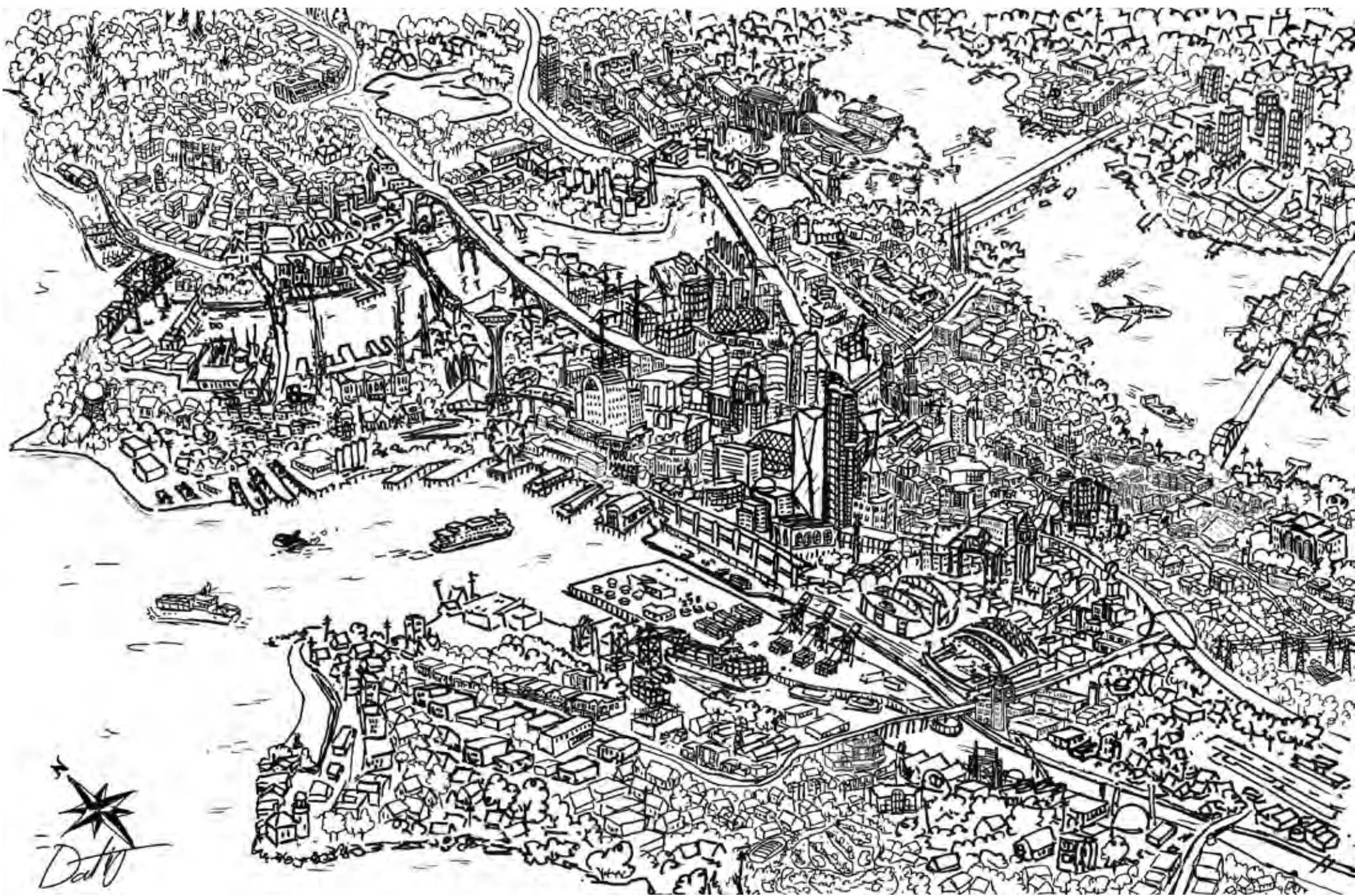


EMERALD 10

\$5,000,000
First Hill
36 Units

URBAN SEATTLE TRACK RECORD





2017 YEAR IN REVIEW

2017 Market Metrics & Fundamentals
Regional Employment Trends
2018 Future Development Pipeline

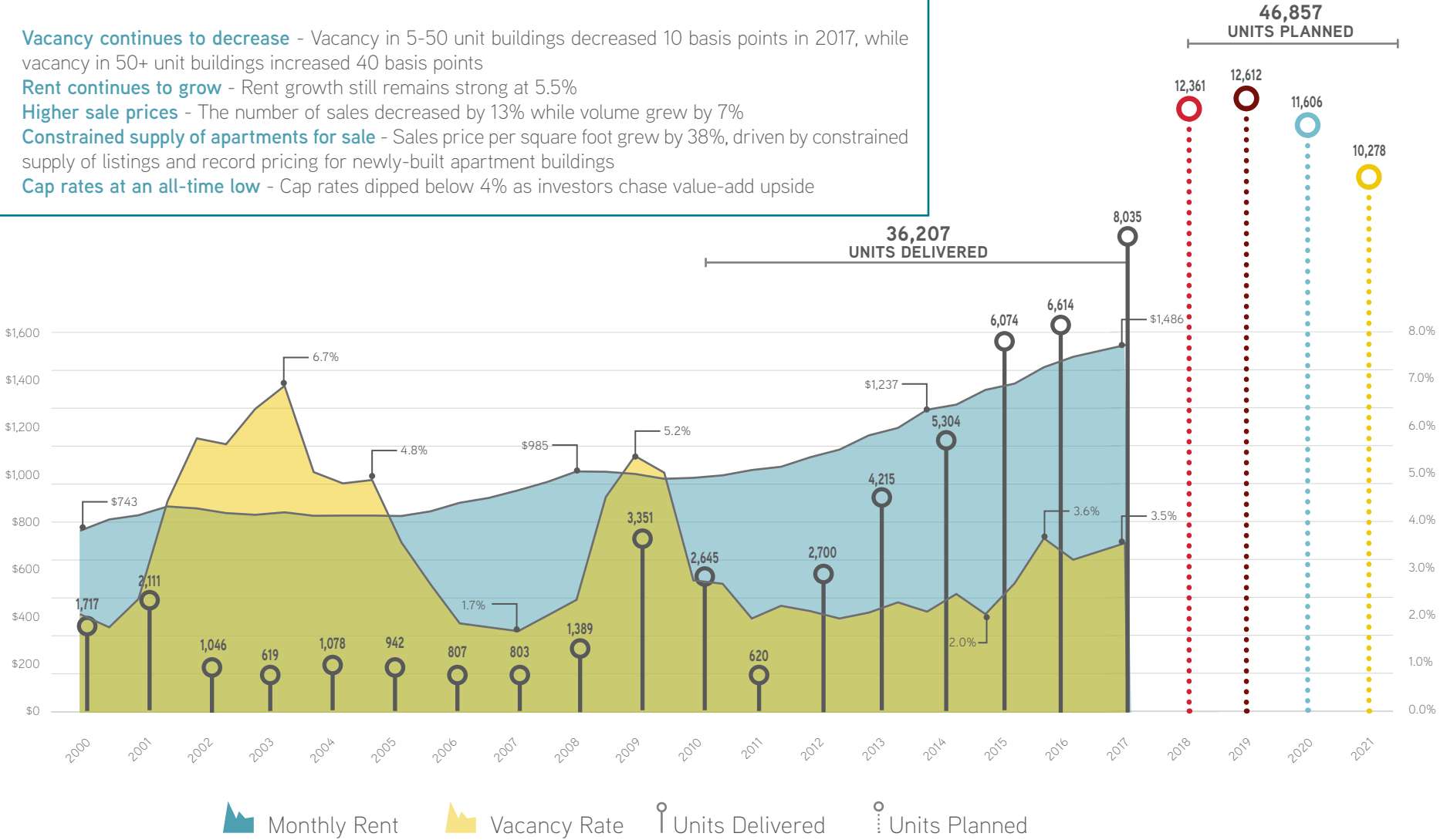
MARKET FUNDAMENTALS



INSIGHT: 5-50 unit apartment buildings had another excellent year in 2017, and will continue to thrive in 2018. Average rents in 5-50 unit buildings offer the only remaining affordable option in Seattle, further sheltering them from the hyper supply of new class A apartments. With a \$500 buffer in average rents, we expect boutique apartment buildings to continue to outpace 50+ unit buildings in rent growth.

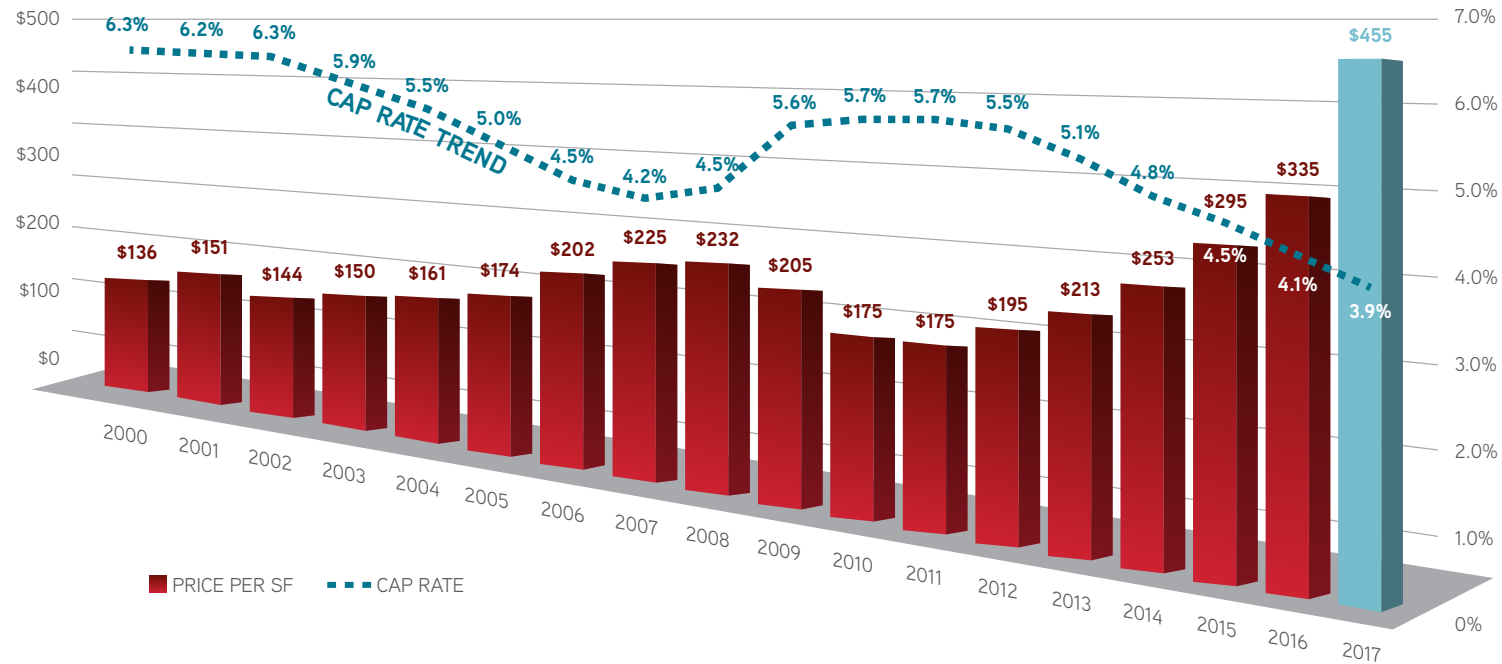
- **Vacancy continues to decrease** - Vacancy in 5-50 unit buildings decreased 10 basis points in 2017, while vacancy in 50+ unit buildings increased 40 basis points
- **Rent continues to grow** - Rent growth still remains strong at 5.5%
- **Higher sale prices** - The number of sales decreased by 13% while volume grew by 7%
- **Constrained supply of apartments for sale** - Sales price per square foot grew by 38%, driven by constrained supply of listings and record pricing for newly-built apartment buildings
- **Cap rates at an all-time low** - Cap rates dipped below 4% as investors chase value-add upside

2017	\$1,486	\$2.26	3.5%
2016	\$1,408	\$2.17	3.6%
2015	\$1,327	\$2.04	1.9%
2014	\$1,249	\$1.92	2.1%
AVG RENT PER UNIT		AVG RENT PER SF	VACANCY



2017 SALES & HISTORICAL SALES TRENDS

2000 - 2017 SALES TRENDS



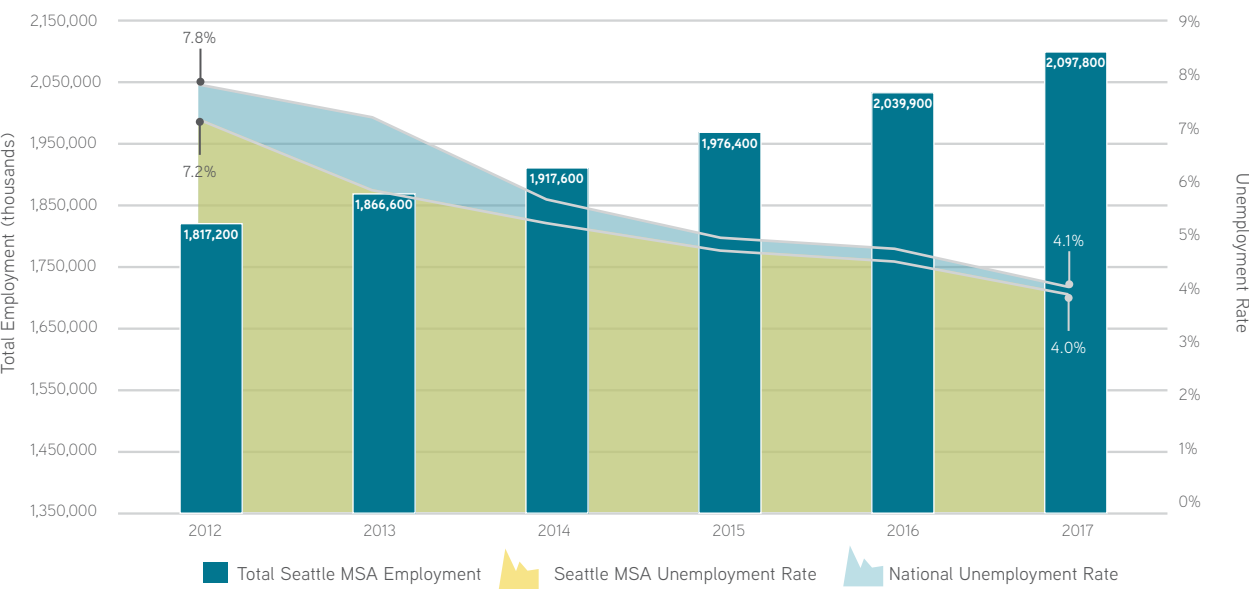
5 UNIT TO 50 UNIT HISTORICAL SALES

	2011	2012	2013	2014	2015	2016	2017
Number of Sales	60	90	114	120	118	124	112
Sales Volume	\$85M	\$188M	\$264M	\$281M	\$343M	\$416M	\$449M
Average PPU	\$127,282	\$133,474	\$147,870	\$181,118	\$192,284	\$241,154	\$294,764
Average PPSF	\$175	\$195	\$213	\$253	\$295	\$335	\$455
Average Cap Rate	5.7%	5.5%	5.1%	4.8%	4.5%	4.1%	3.9%
Number of Deliveries	620	2,700	4,215	5,304	6,074	6,614	8,035

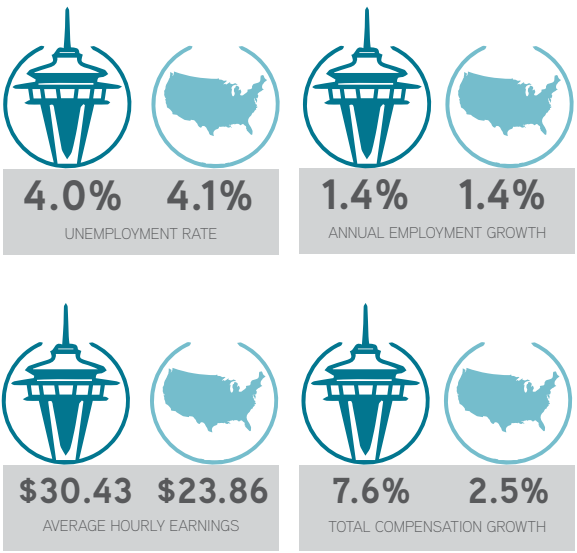
Sales Data: 5-50 units

REGIONAL EMPLOYMENT TRENDS

SEATTLE MSA EMPLOYMENT GROWTH & UNEMPLOYMENT

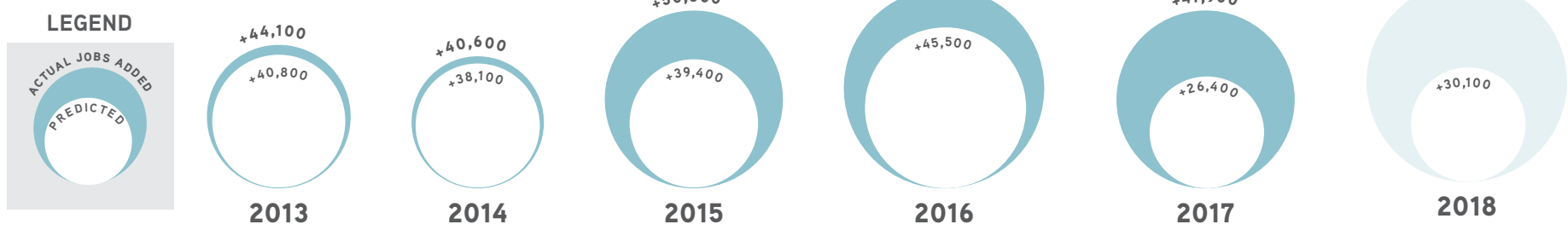


SEATTLE VS THE NATION



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

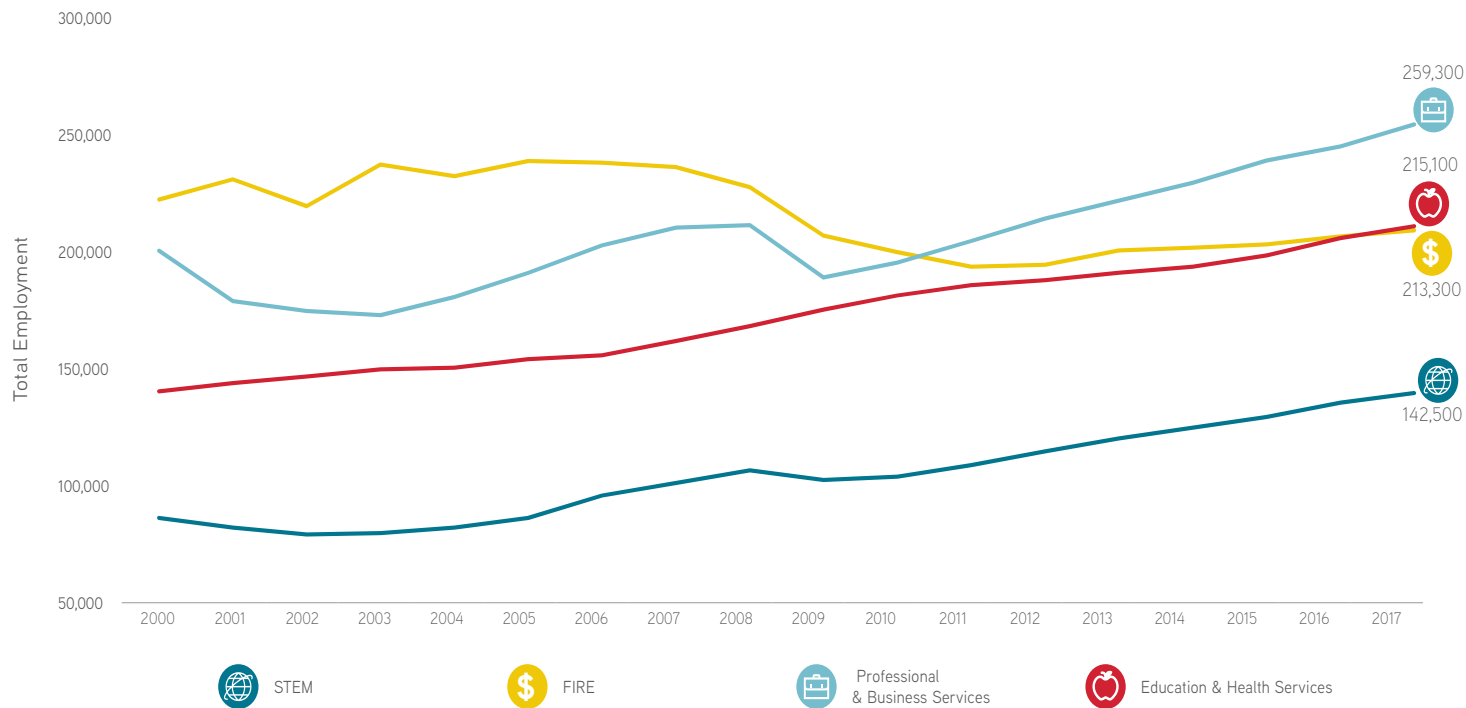
JOBS ADDED IN KING COUNTY 2013-2018



*Data compares October monthly employment year-over-year

REGIONAL INDUSTRY GROWTH

SEATTLE MSA INDUSTRY GROWTH



INSIGHT:

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



FASTEST-GROWING INDUSTRIES



15,600

TRADE, TRANSPORT & UTILITIES
JOBS ADDED
FROM DEC 2016 - DEC 2017
5% INDUSTRY GROWTH



14,000

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



10,100

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



8,100

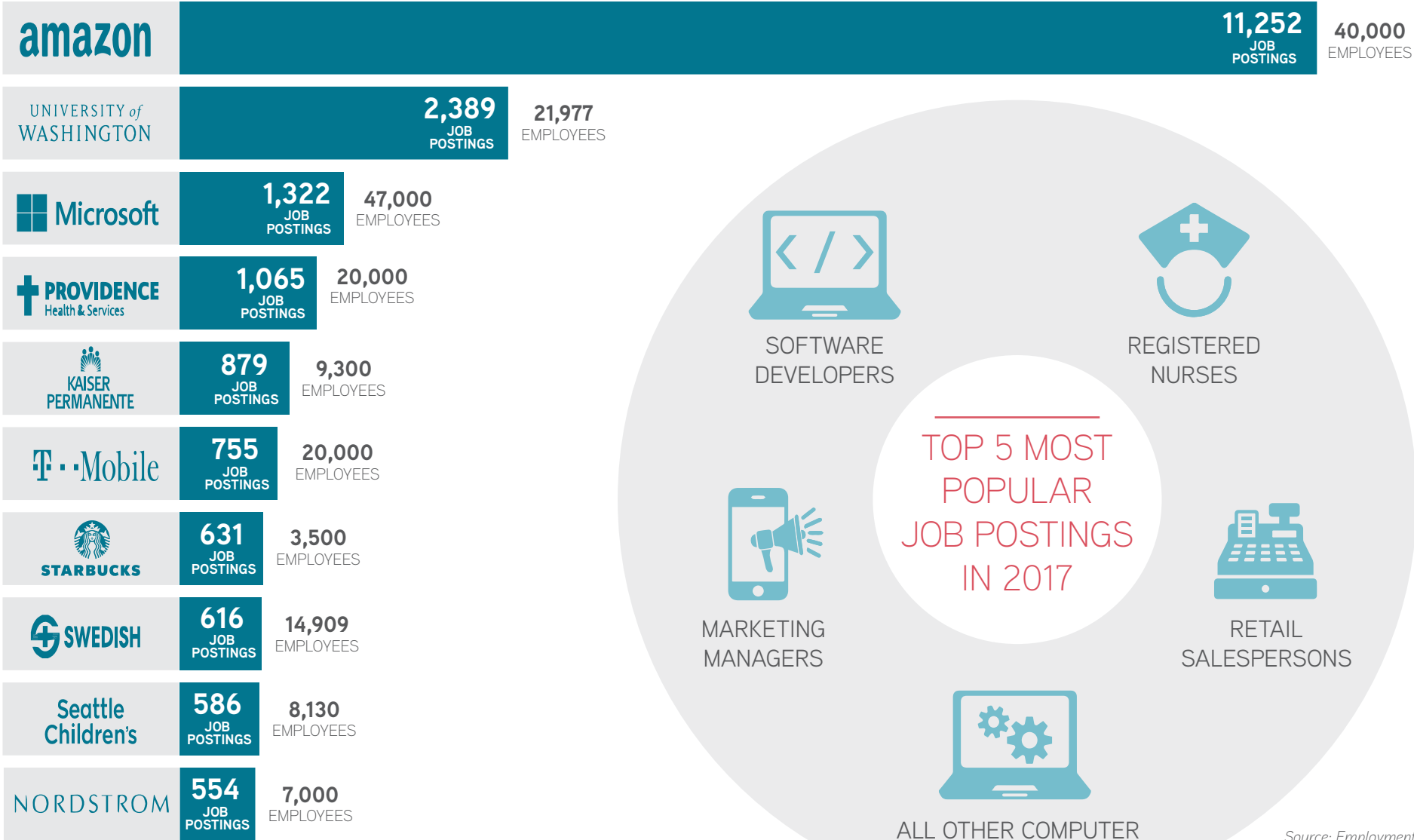
LEISURE & HOSPITALITY
JOBS ADDED
FROM DEC 2016 - DEC 2017
5.1% INDUSTRY GROWTH



6,600

EDUCATION & HEALTH SERVICES
JOBS ADDED
FROM DEC 2016 - DEC 2017
2.5% INDUSTRY GROWTH

MOST ACTIVE EMPLOYERS HIRING IN 2017



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

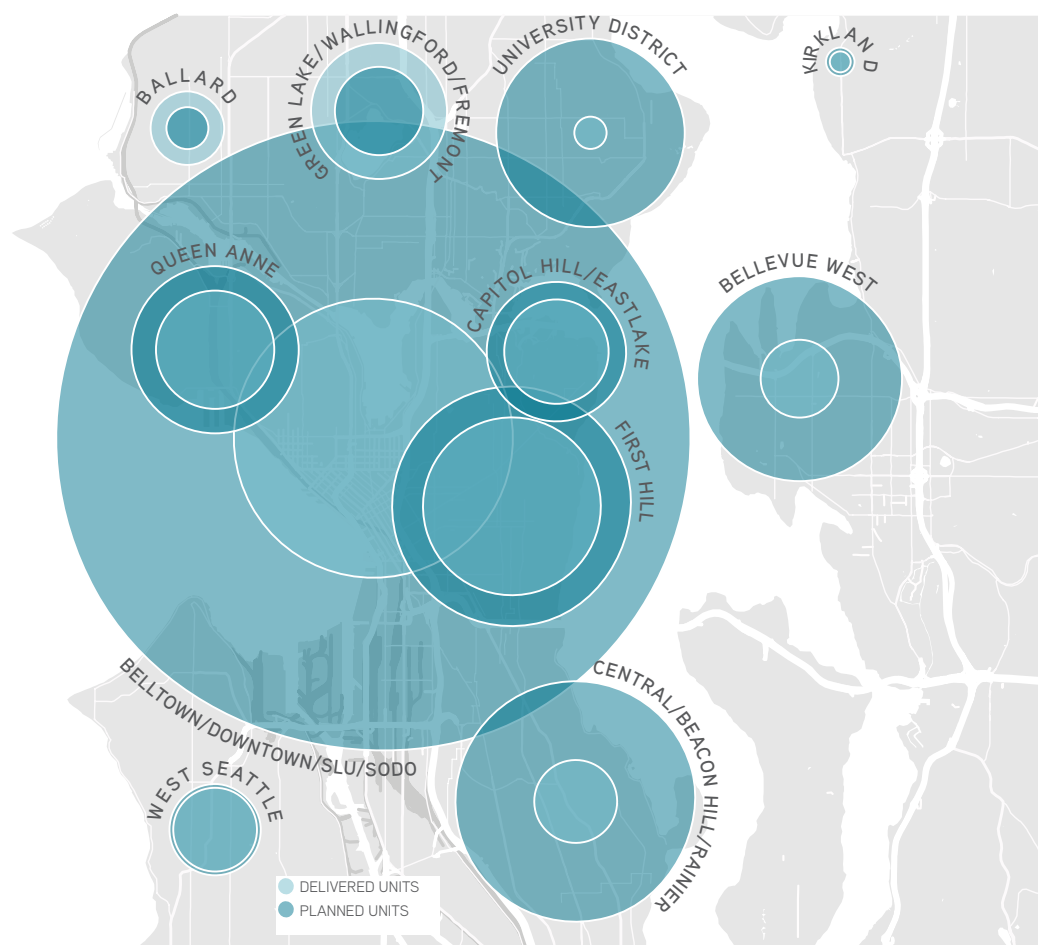
Source: Employment
Security Department;
King County

DEVELOPMENT SUMMARY

INSIGHT: The Seattle and Puget Sound markets are currently experiencing the most impactful economic expansion in modern times. Structural trends in the region's job market, coupled with cyclical trends in the desirability of urban locations and apartment-style living, continue to generate outsized opportunities.

At this point in the market cycle, over 67,000 additional apartment units are under development, permitted or planned. This additional development pipeline more than doubles the inventory of new apartment buildings delivered in urban King in the last eight years.

An exciting future lies ahead with the greatest rewards reserved for those with the most-defined understanding of market demand.



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

	DELIVERED 2014 - 2017		PLANNED 2018 - FUTURE	
	# UNITS	% DELIVERED	# UNITS	% PLANNED
BALLARD	1,790	6%	1,049	2%
CENTRAL BEACON HILL RAINIER	2,010	7%	7,477	11%
BELLEVUE WEST	1,891	7%	5,437	8%
BELLTOWN DOWNTOWN SLU SODO	6,660	23%	26,542	40%
CAPITOL HILL EASTLAKE	2,523	9%	3,713	6%
FIRST HILL	4,264	15%	7,443	11%
GREEN LAKE WALLINGFORD FREMONT	3,273	11%	2,142	3%
KIRKLAND	548	2%	819	1%
QUEEN ANNE	2,851	10%	4,448	7%
UNIVERSITY DISTRICT	817	3%	5,869	9%
WEST SEATTLE	2,039	7%	2,213	3%
	28,666 UNITS		67,152 UNITS	

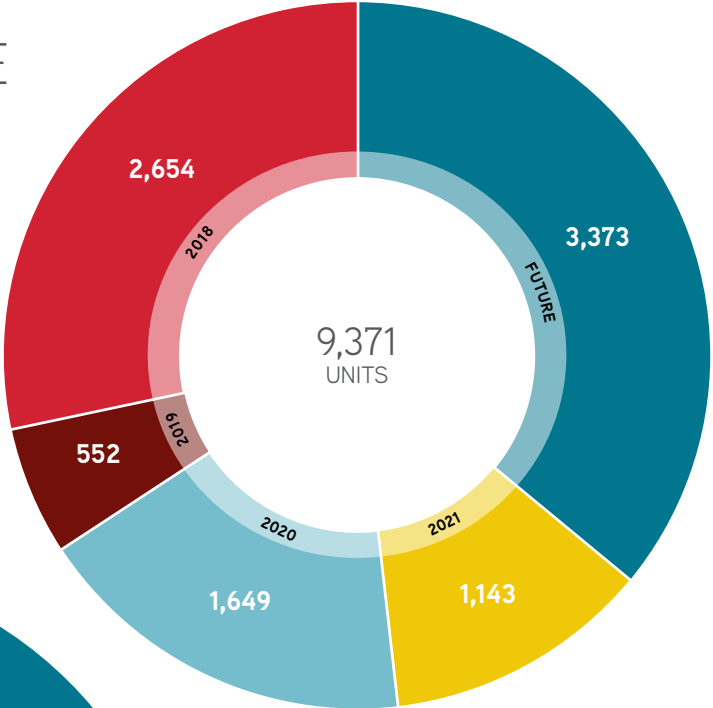
URBAN KING
DEVELOPMENT PIPELINE

67,152 UNITS

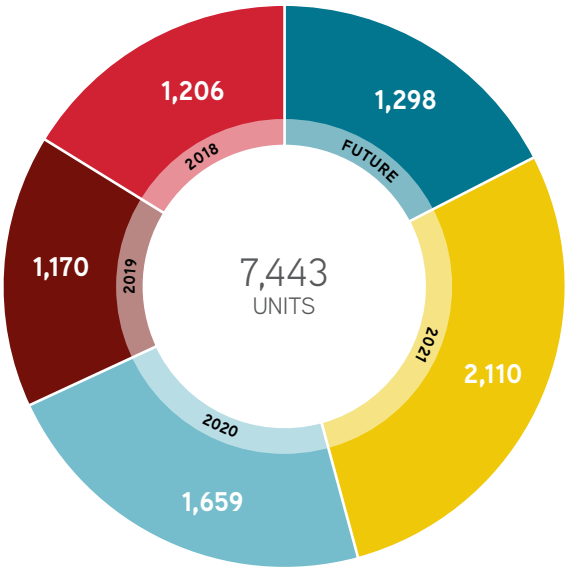
73%
OF KING COUNTY
PIPELINE

69%
OF TRI-COUNTY
PIPELINE

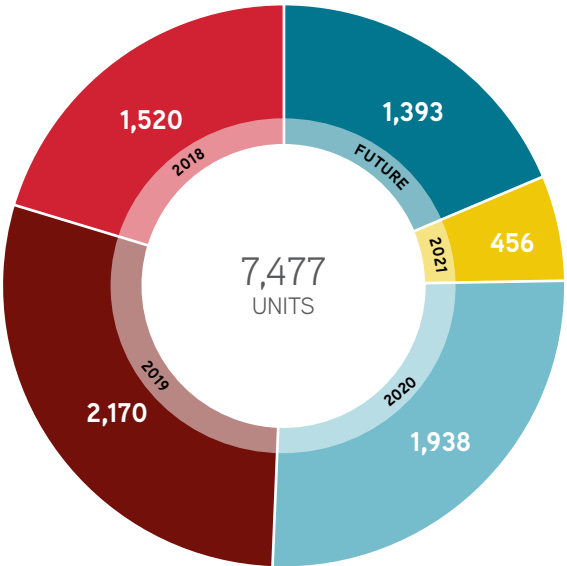
SOUTH LAKE UNION



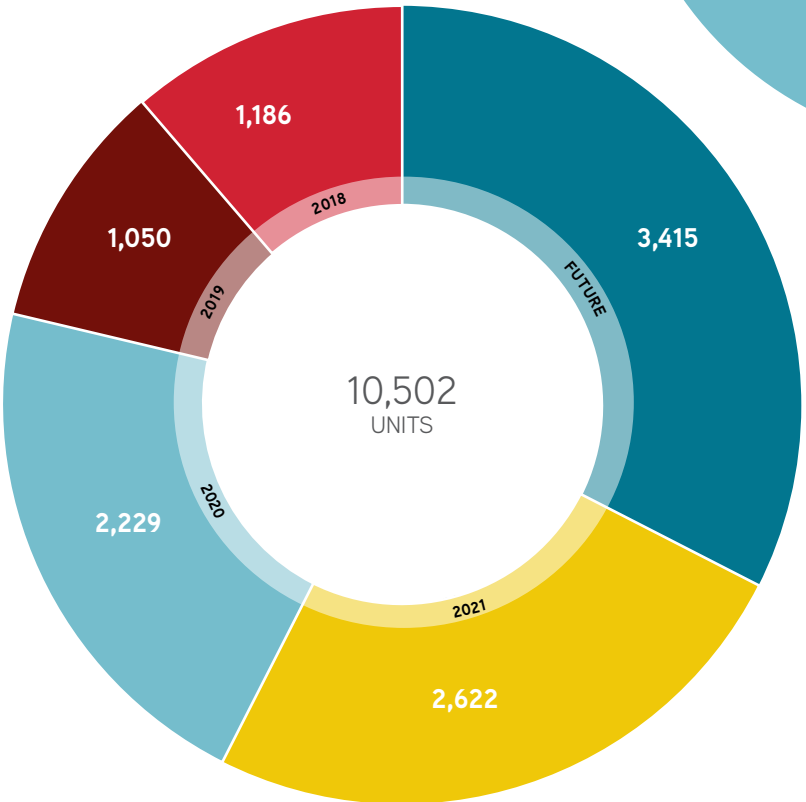
FIRST HILL
YESLER TERRACE



CENTRAL DISTRICT
BEACON HILL
RAINIER VALLEY



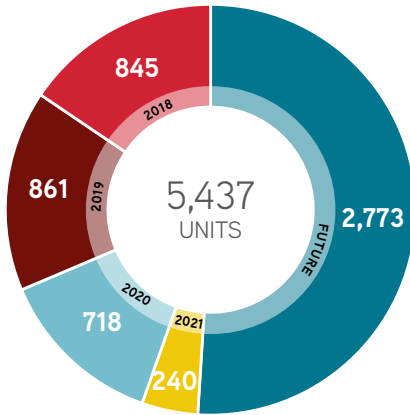
DOWNTOWN



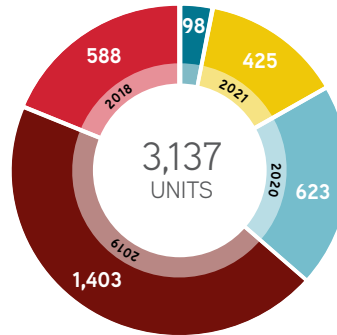
DELIVERIES
BY YEAR

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

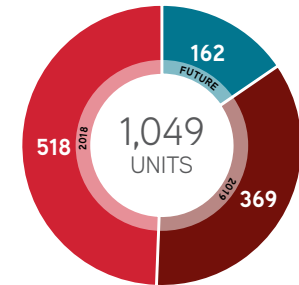
WEST BELLEVUE



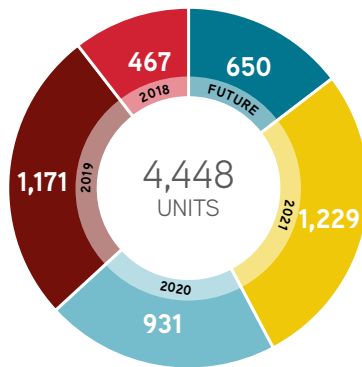
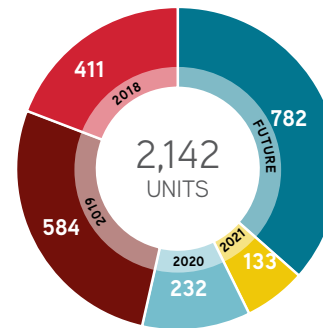
REDMOND



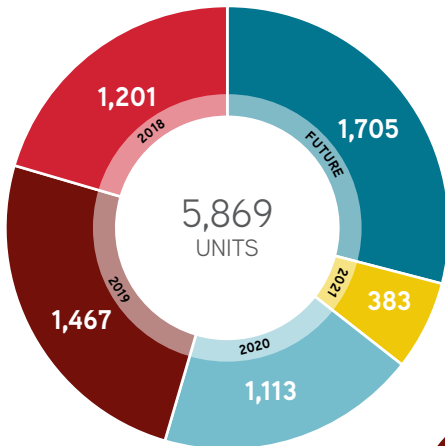
BALLARD



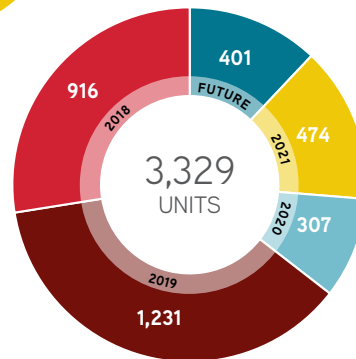
QUEEN ANNE

GREEN LAKE
WALLINGFORD
FREMONT

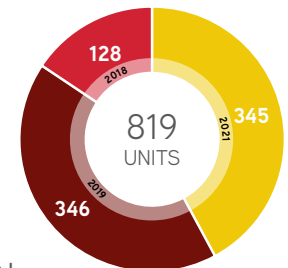
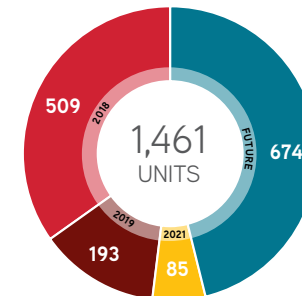
UNIVERSITY DISTRICT



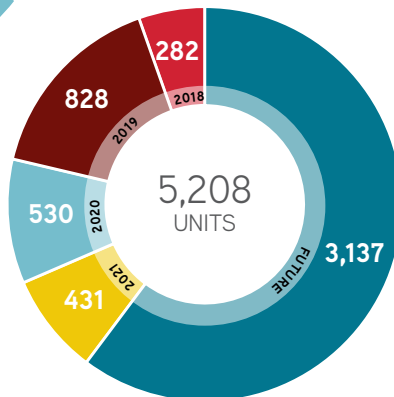
CAPITOL HILL



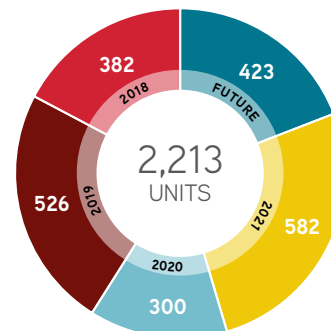
KIRKLAND

PIONEER SQUARE
SOUTH DOWNTOWN

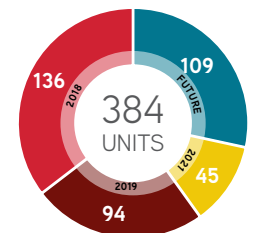
BELLTOWN

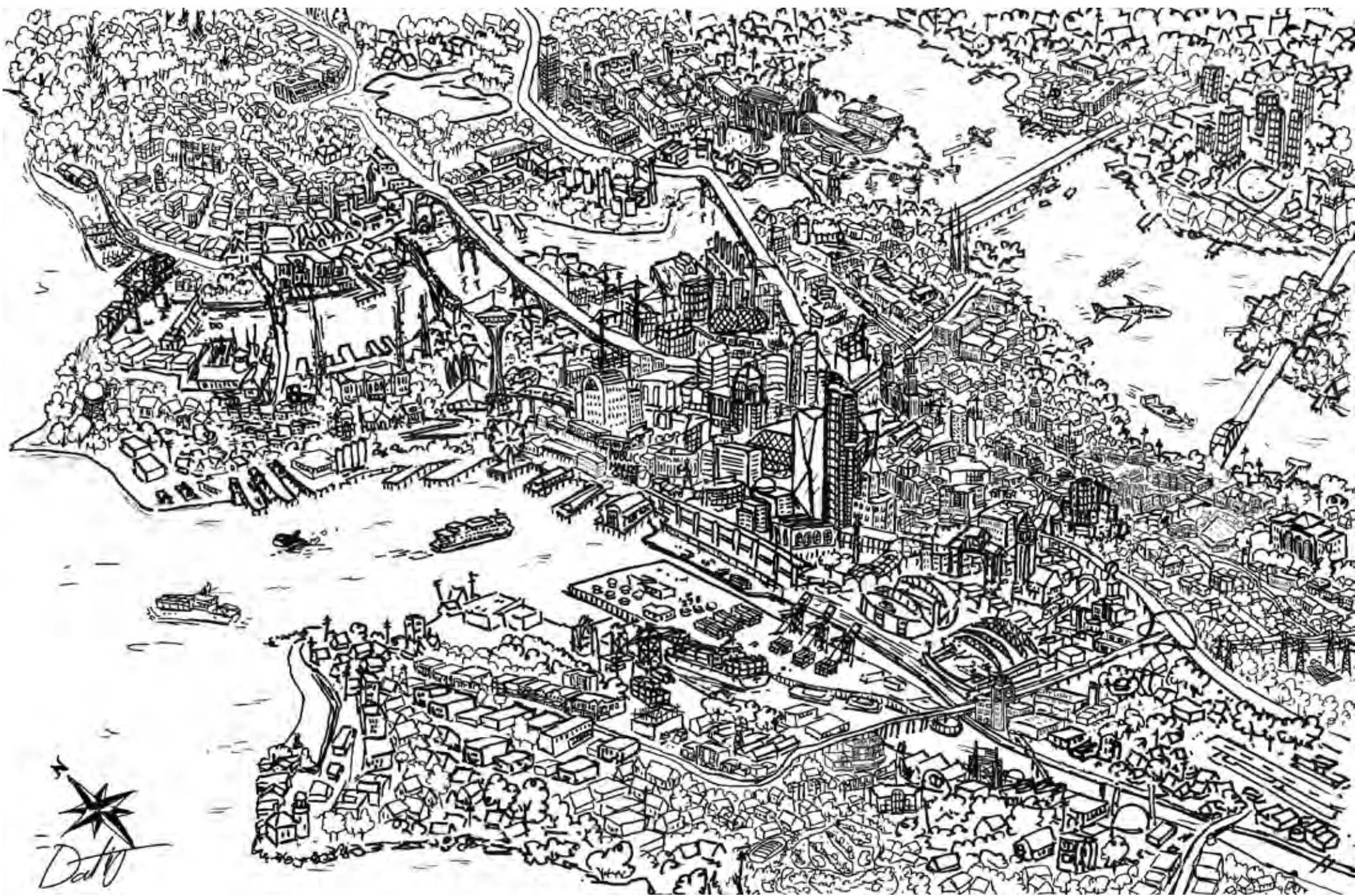


WEST SEATTLE

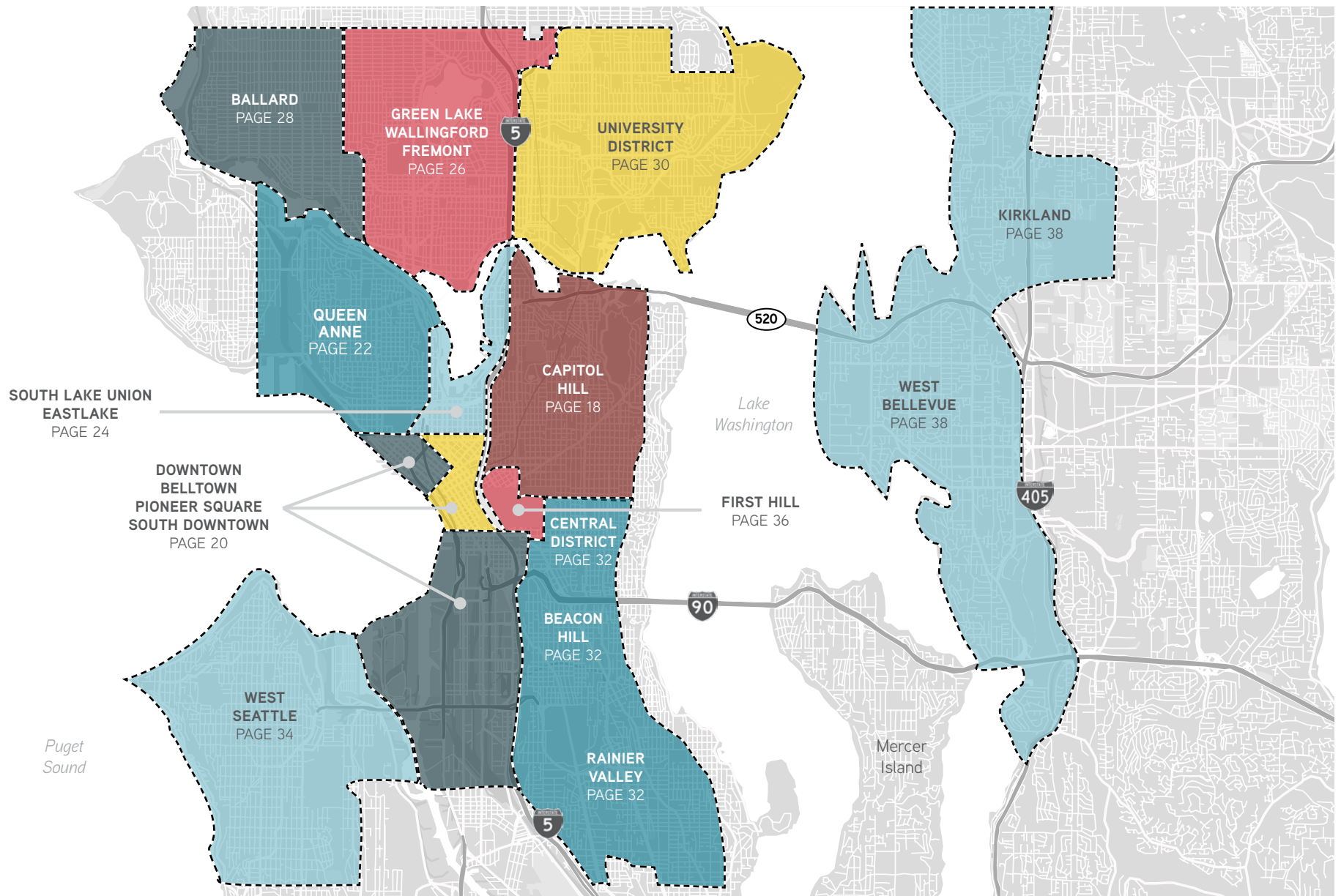


EASTLAKE





2017 SALES & FUTURE DEVELOPMENT











CAPITOL HILL

3.2%
AVERAGE
VACANCY\$2.47
AVG RENT
PER SF\$70K
MEDIAN
HOUSEHOLD
INCOME31.3%
OWNER
OCCUPIED UNITS63.2%
RENTER
OCCUPIED UNITS34.9
MEDIAN
AGE

SALES HISTORY

2017	\$336,276	\$506	3.6%
2016	\$299,955	\$451	4.0%
2015	\$265,774	\$422	4.0%
2014	\$213,318	\$342	4.4%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

2017 SALES

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	815 15th Avenue E	815 15th Avenue E	1902	6	3,201	534	\$1,799,000	10/30/2017	\$299,833	\$562	4.5%
	Normandy Arms	420 13th Avenue E	1930	16	8,913	557	\$4,600,000	9/29/2017	\$287,500	\$516	3.8%
	1300 E Mercer Street	1300 E Mercer Street	1926	8	6,098	762	\$4,525,000	9/8/2017	\$565,625	\$742	1.9%
	Highland Condos	931 11th Avenue E	1924	12	14,662	1,222	\$6,000,000	8/9/2017	\$500,000	\$409	3.8%
	Summit Chalet	427 Summit Avenue E	1960	15	7,891	526	\$4,075,000	7/10/2017	\$271,667	\$516	4.1%
	1711 12th	1711 12th Avenue	2013	37	18,679	505	\$11,800,000	6/23/2017	\$318,919	\$632	4.3%
	1419 E Union Street	1419 E Union Street	1906	6	3,650	608	\$1,600,000	6/15/2017	\$266,667	\$438	4.1%
	Lombardy Court	421 Summit Avenue E	1929	18	13,727	763	\$3,240,000	5/1/2017	\$180,000	\$236	2.2%
	AVERAGES		1936	15	9,603	685	\$4,704,875		\$336,276	\$506	3.6%

INSIGHT: Investors have spoken: Capitol Hill is the most expensive neighborhood to invest in, posting an average of 3.6% cap rate for sales in 2017. Owners in Capitol Hill continue to see a long runway for rent growth in older vintage apartments as they continue to draft off the peak rental pricing of newly constructed apartments. In 2018, Capitol Hill will remain a strong sellers' market with similar sales volume and pricing.



CAPITOL HILL

DEVELOPMENTS



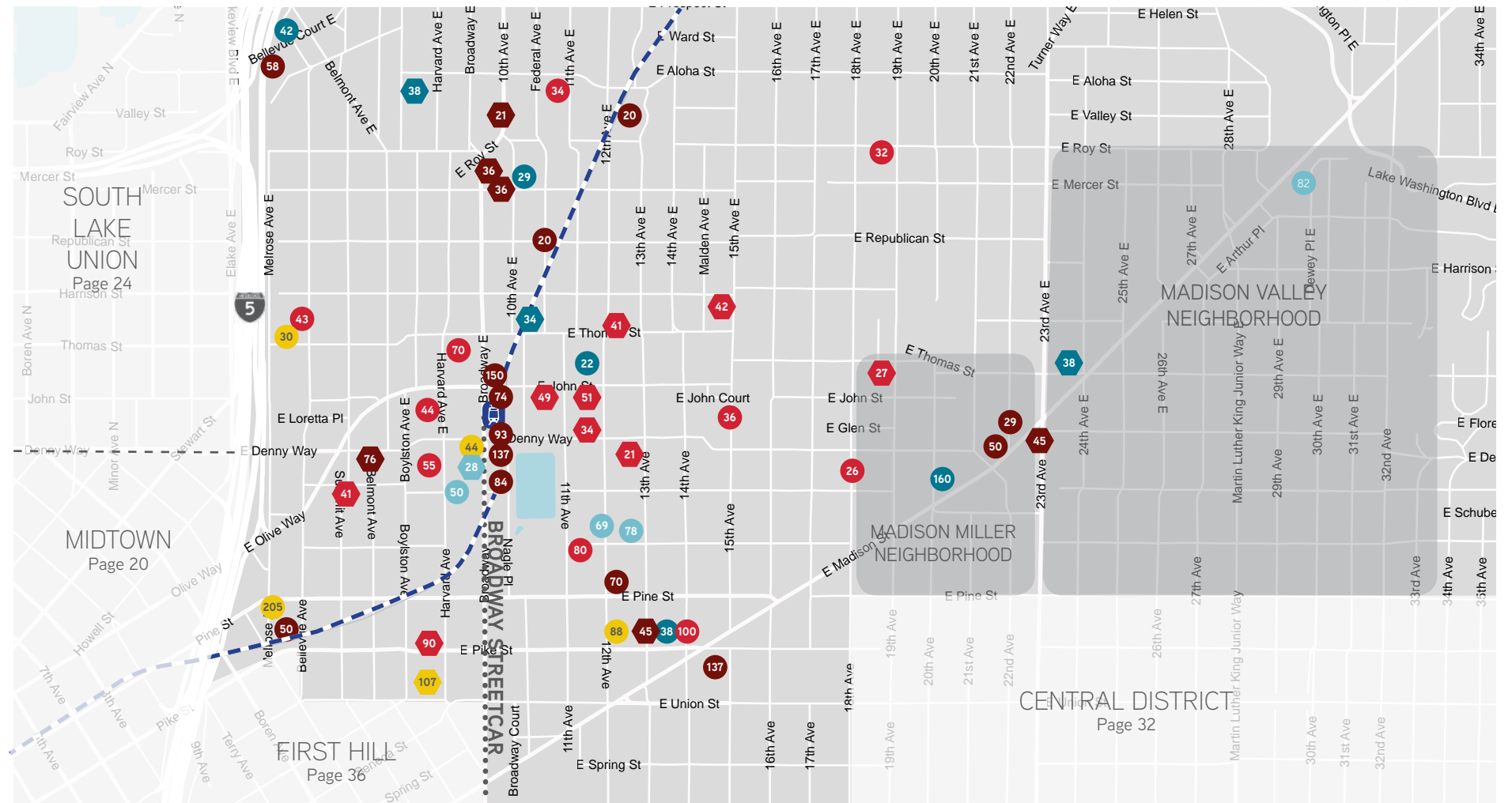
Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

2018	2019	2020	2021	FUTURE	TOTAL
916	1,231	307	474	401	3,329
EFFICIENCY UNITS			POTENTIAL CONDOS		
900			0		

Efficiency Units are defined on page 40.

Potential Condos denotes projects not yet specified as rental or for sale. See page 40 for full description.



DOWNTOWN / BELLTOWN

PIONEER SQUARE / SOUTH DOWNTOWN



2.3%
AVERAGE
VACANCY



\$2.63
AVG RENT
PER SF



\$49K
MEDIAN
HOUSEHOLD
INCOME



15.9%
OWNER
OCCUPIED UNITS



69.7%
RENTER
OCCUPIED UNITS




39.4
MEDIAN
AGE

SALES HISTORY

2017	\$198,684	\$498	4.0%
2016	\$254,700	\$439	3.1%
2015	\$327,617	\$517	5.1%
2014	\$157,180	\$294	5.2%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

2017 SALES

PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
 Centerview	3016 1st Avenue	1910	38	15,154	399	\$7,550,000	3/2/2017	\$198,684	\$498	4.0%
AVERAGES		1910	38	15,154	399	\$7,550,000		\$198,684	\$498	4.0%

DOWNTOWN / MIDTOWN DELIVERIES

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

BELLTOWN DELIVERIES

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

PIONEER SQUARE / SOUTH DOWNTOWN DELIVERIES

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

Efficiency Units are defined on page 40.
Potential Condos denotes projects not yet specified as rental or for sale. See page 40 for full description.

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

Renters continue to fill new high-rise buildings, while many more high-rise developments are on the way. The supply and rental rates of new product have escalated considerably over the past several years, benefitting 5-50 unit buildings, which now boast the highest rent per square foot and second lowest vacancy in all Urban King County apartment markets.

With a development pipeline of over 10,000 units, Downtown Seattle continues to hold steady year-over-year, while up to 25% of the buildings could deliver as condominiums.

Development sites and buildings available to purchase in Pioneer Square and South Downtown continue to evade investors – marked by the smallest development pipeline of any neighborhood in Urban King.

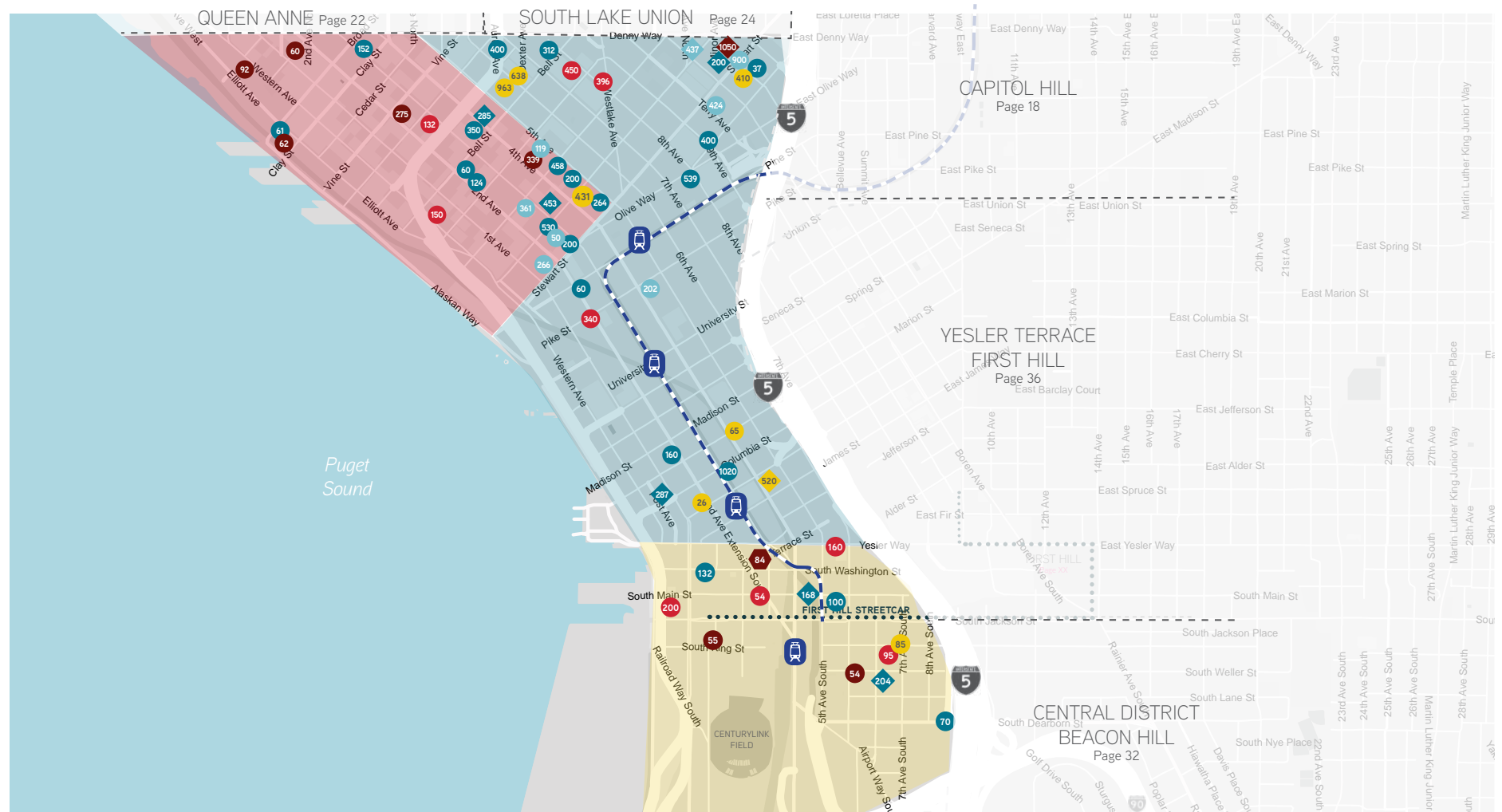


DOWNTOWN / BELLTOWN / PIONEER SQUARE / SOUTH DOWNTOWN

DEVELOPMENTS



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



QUEEN ANNE



3.6%
AVERAGE
VACANCY



\$2.37
AVG RENT
PER SF



\$78K
MEDIAN
HOUSEHOLD
INCOME



34.1%
OWNER
OCCUPIED UNITS



59.2%
RENTER
OCCUPIED UNITS



35.8
MEDIAN
AGE

SALES HISTORY

2017	\$327,672	\$442	3.9%
2016	\$350,524	\$426	3.9%
2015	\$265,233	\$360	3.8%
2014	\$206,314	\$306	4.4%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

2017 SALES

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	McLean House	8 W Howe Street	1947	5	3,551	710	\$1,825,000	12/28/2017	\$260,714	\$514	Unavailable
	855 Nickerson	855 W Nickerson Street	1963	9	6,566	730	\$2,817,000	12/27/2017	\$313,000	\$429	4.2%
	110 W Florentia Street	110 W Florentia Street	1956	5	3,368	674	\$2,250,000	12/20/2017	\$450,000	\$668	Unavailable
	Hillstone	2650 14th Avenue W	1955	10	6,621	662	\$3,350,000	11/9/2017	\$335,000	\$506	4.5%
	Marcus Condominiums	1530 Aurora Avenue N	1981	5	4,948	990	\$2,550,000	9/22/2017	\$510,000	\$515	4.7%
	Mali Hus	2462 Dexter Avenue N	1976	8	7,744	968	\$3,564,000	8/10/2017	\$445,500	\$460	4.1%
	Alexandra	2834 15th Avenue W	1970	14	11,477	820	\$4,100,000	7/12/2017	\$292,857	\$357	5.3%
	615 Ward	615 Ward	1968	7	5,720	817	\$2,620,000	7/10/2017	\$374,286	\$458	2.7%
	Tudor	1105 5th Avenue N	1928	12	9,996	833	\$3,600,000	7/10/2017	\$300,000	\$360	3.8%
	Uptown 11	11 W Mercer Street	2016	34	22,650	666	\$14,165,000	5/11/2017	\$416,618	\$625	4.2%
	1633 10th Avenue W	1633 10th Avenue W	1905	6	4,001	667	\$1,625,000	5/8/2017	\$270,833	\$406	5.1%
	1809 5th Avenue N	1809 5th Avenue N	1940	6	4,410	735	\$1,700,000	5/4/2017	\$283,333	\$385	3.1%
	Mercer	105 Mercer Street	1929	41	24,743	603	\$8,950,000	5/1/2017	\$218,293	\$362	3.0%
	Val Anne	800 Queen Anne Avenue N	1959	48	34,018	709	\$10,275,000	5/1/2017	\$214,062	\$302	2.8%
	Glen Eden	921 1st Avenue W	1929	36	25,341	704	\$11,500,000	4/28/2017	\$319,444	\$454	3.5%
	3050 14th Avenue W	3050 14th Avenue W	1975	17	12,093	711	\$4,700,000	3/17/2017	\$276,471	\$389	2.4%
	2 Smith Street	2 Smith Street	1917	5	4,800	960	\$1,725,000	3/15/2017	\$345,000	\$359	5.7%
	215 W Boston Street	215 W Boston Street	1910	6	4,805	801	\$2,100,000	2/24/2017	\$350,000	\$437	3.9%
	Dexter	2117 Dexter Avenue N	1970	6	4,980	830	\$2,050,000	2/22/2017	\$341,667	\$412	4.4%
	Olympic View	2101 7th Avenue W	1952	22	11,667	530	\$5,200,000	2/13/2017	\$236,364	\$446	3.0%
	AVERAGES		1952	15	10,675	756	\$4,533,300		\$327,672	\$442	3.9%

SOUTH LAKE UNION / EASTLAKE

2.3%
AVERAGE
VACANCY\$2.63
AVG RENT
PER SF\$62K
MEDIAN
HOUSEHOLD
INCOME17.5%
OWNER
OCCUPIED UNITS72.5%
RENTER
OCCUPIED UNITS34.4
MEDIAN
AGE

SALES HISTORY

2017	\$404,444	\$511	3.7%
2016	\$381,625	\$452	4.4%
2015	\$298,129	\$385	3.4%
2014	\$251,037	\$363	4.4%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

2017 SALES

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	2300 Fairview Avenue E*	2300 Fairview Avenue E	1965	10	13,968	1,397	\$7,488,800	12/8/2017	\$748,880	\$536	Unavailable
	Mersoleil Franklin	2635 Franklin Avenue E	1962	9	7,100	789	\$3,925,000	9/18/2017	\$436,111	\$553	4.3%
	Portage Bay Flats	3232 Fuhrman Avenue E	1960	5	5,050	1,010	\$2,500,000	9/12/2017	\$500,000	\$495	3.4%
	Portage Bay Plaza	3261 Fuhrman Avenue E	1967	9	6,764	752	\$2,950,000	6/16/2017	\$327,778	\$436	2.9%
	Laurey Ann	2529 Yale Avenue E	1969	6	4,230	705	\$2,600,000	6/14/2017	\$433,333	\$615	3.3%
	2726 Franklin Avenue E	2726 Franklin Avenue E	1924	5	3,575	715	\$1,625,000	6/7/2017	\$325,000	\$455	4.4%
	AVERAGES		1956	7	5,344	794	\$2,720,000		\$404,444	\$511	3.7%

*Not included in averages. Sale includes ground floor retail.

INSIGHT: Buildings sold in Eastlake in 2017 average seven units and were built in the '50s, but they rival brand new construction pricing at an astounding +\$400,000 per unit and +\$500 per square foot. Investors continue to pay top dollar to own in Eastlake. With speculation that the incredible South Lake Union growth will pour into the more residential Eastlake market, owners will likely reap the rewards over the next few years as their properties continue to outpace the market in appreciation and sales value.



SOUTH LAKE UNION

DEVELOPMENTS



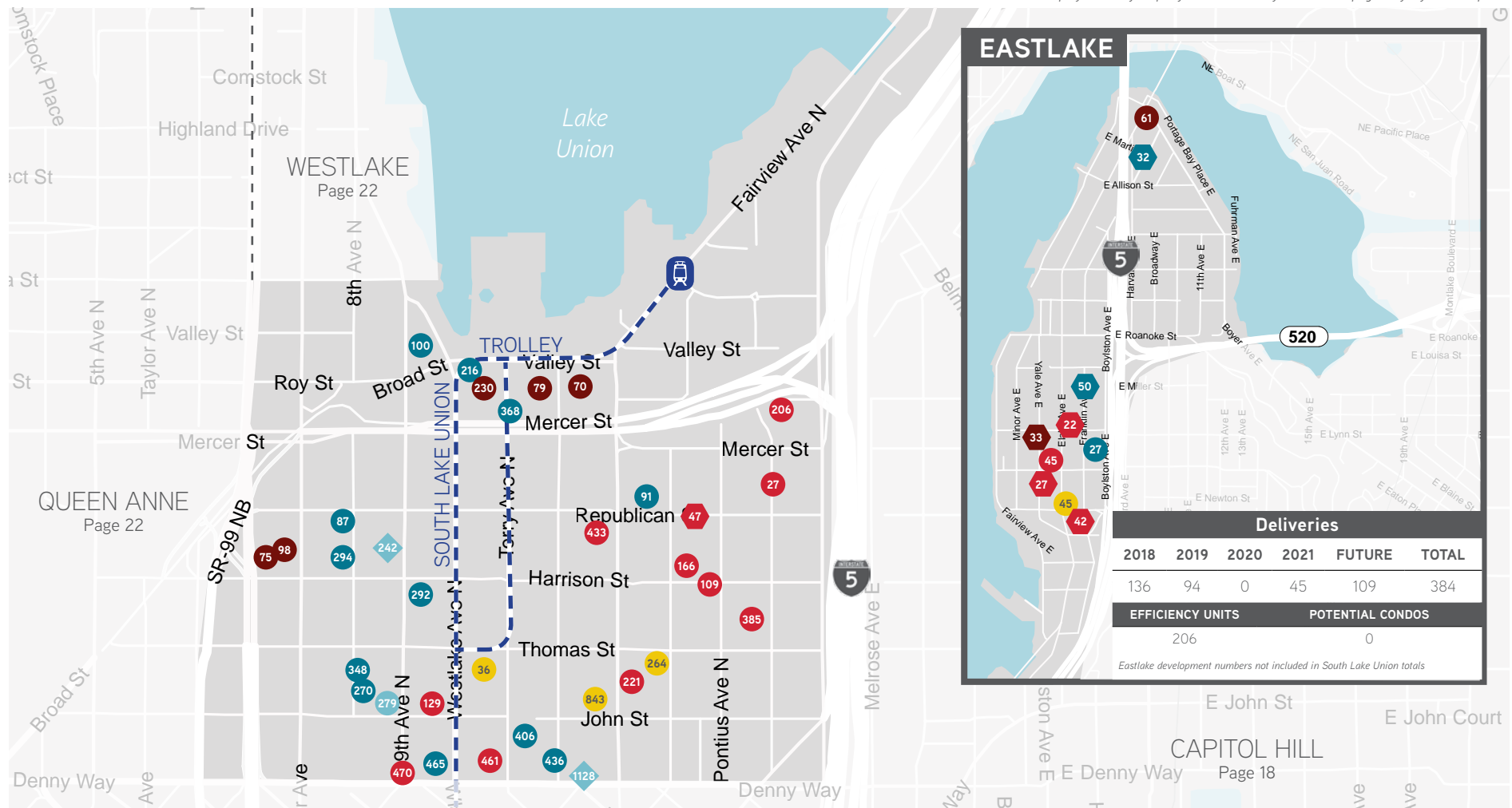
Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

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

Efficiency Units are defined on page 40.

Potential Condos denotes projects not yet specified as rental or for sale. See page 40 for full description.



2018 | SEATTLE NEIGHBORHOOD APARTMENT MARKET STUDY

GREEN LAKE / WALLINGFORD / FREMONT



3.6%
AVERAGE
VACANCY



\$2.20
AVG RENT
PER SF



\$86K
MEDIAN
HOUSEHOLD
INCOME



45.9%
OWNER
OCCUPIED UNITS



50.3%
RENTER
OCCUPIED UNITS



36.3
MEDIAN
AGE

SALES HISTORY

2017	\$327,953	\$455	3.8%
2016	\$280,153	\$384	4.0%
2015	\$258,902	\$354	4.2%
2014	\$200,058	\$309	4.5%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

2017 SALES

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	Westerner	4200 Fremont Avenue N	1962	8	3,584	448	\$2,080,000	11/21/2017	\$260,000	\$580	4.7%
	4318 Winslow Place N	4318 Winslow Place N	1967	5	3,604	721	\$1,680,000	10/31/2017	\$336,000	\$466	3.7%
	4800 Phinney Avenue N	4800 Phinney Avenue N	1988	8	5,524	690	\$2,975,000	10/25/2017	\$371,875	\$539	3.3%
	Nestun	4313 Fremont Avenue N	1967	7	7,231	1,033	\$2,825,000	10/12/2017	\$293,000	\$391	3.6%
	324 NE 65th Street	324 NE 65th Street	1952	8	4,610	576	\$2,020,000	9/29/2017	\$252,500	\$438	2.3%
	401 N 43rd Street	401 N 43rd Street	1955	6	4,050	675	\$1,630,000	9/1/2017	\$271,667	\$402	3.1%
	6408 Phinney Avenue N	6408 Phinney Avenue N	2016	7	3,747	535	\$2,250,000	8/4/2017	\$321,429	\$600	4.4%
	Isherwood	3628 Linden Avenue N	1989	32	27,670	865	\$11,550,000	7/31/2017	\$360,938	\$417	3.4%
	Jakarta	615 NW 85th Street	1967	9	7,619	847	\$3,150,000	6/28/2017	\$350,000	\$413	4.1%
	4238 Evanston Avenue N	4238 Evanston Avenue N	1959	11	7,865	715	\$4,170,000	6/27/2017	\$379,091	\$530	4.6%
	Dayton House	4333 Dayton Avenue N	1972	5	4,316	863	\$1,965,000	6/23/2017	\$393,000	\$455	4.1%
	Florera	413 NE 70th Street	2008	47	38,348	816	\$18,800,000	3/31/2017	\$400,000	\$490	3.9%
	Greenwood Flats	7711 Greenwood Avenue N	1966	6	4,262	710	\$1,450,000	3/31/2017	\$241,667	\$340	3.6%
	Olympic View	3845 Aurora Ave N	2001	12	15,649	1,304	\$4,100,000	2/23/2017	\$341,667	\$262	Unavailable
	Standard at Fremont	3636 Dayton Ave N	1967	13	9,538	734	\$4,797,400	1/30/2017	\$369,031	\$503	Unavailable
	Al Marie	616 N 48th Street	1924	6	4,770	795	\$1,550,000	1/17/2017	\$258,333	\$325	2.8%
	Montlake House	4236 7th Avenue NE	1998	11	7,093	645	\$4,125,000	1/4/2017	\$375,000	\$582	4.9%
	AVERAGES		1974	12	9,381	763	\$4,183,376		\$327,953	\$455	3.8%

GREEN LAKE / WALLINGFORD / FREMONT

DEVELOPMENTS



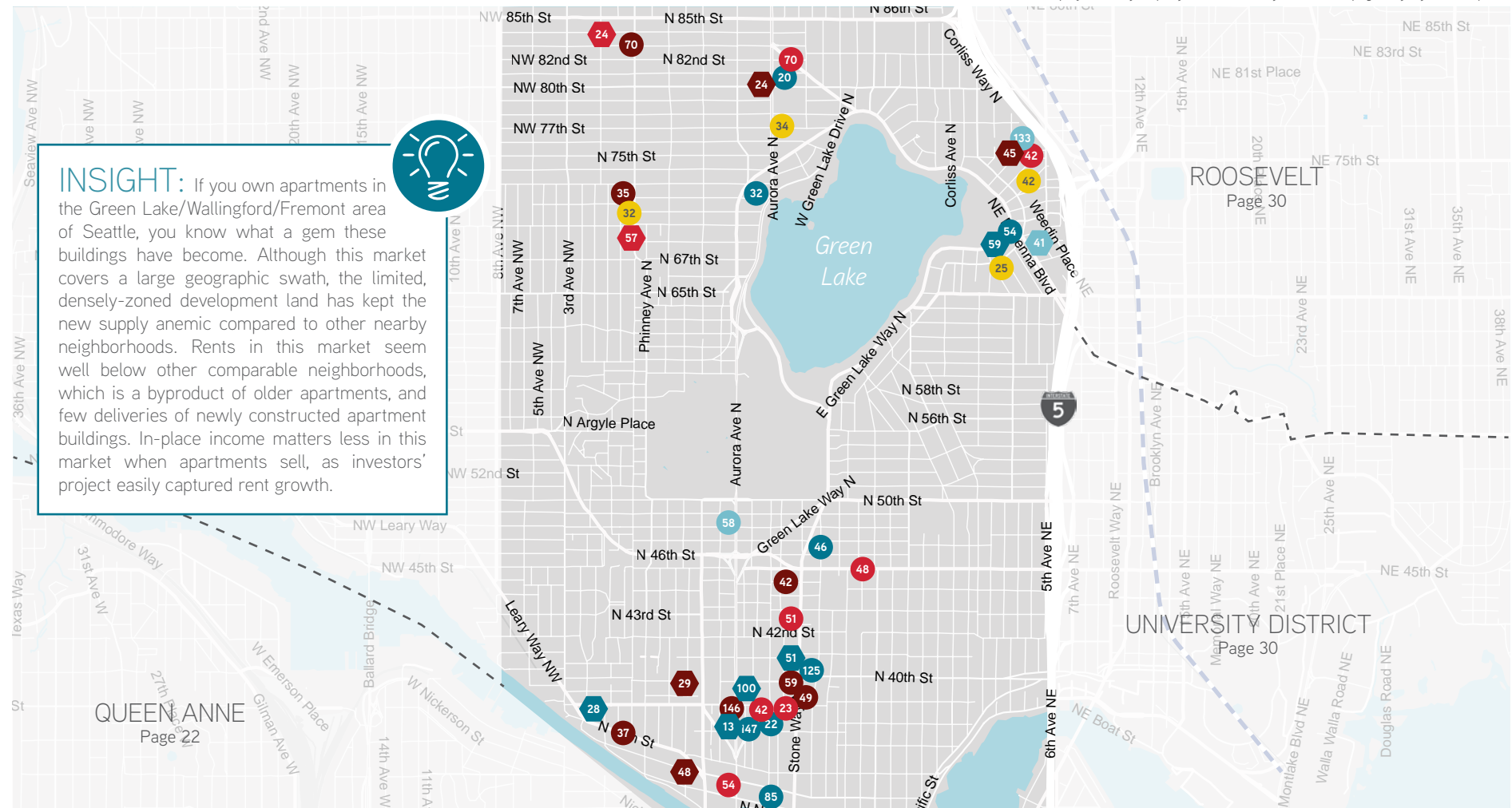
Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

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

Efficiency Units are defined on page 40.

Potential Condos denotes projects not yet specified as rental or for sale. See page 40 for full description.



BALLARD

3.7%
AVERAGE
VACANCY\$2.28
AVG RENT
PER SF\$80K
MEDIAN
HOUSEHOLD
INCOME47.0%
OWNER
OCCUPIED UNITS48.2%
RENTER
OCCUPIED UNITS39.0
MEDIAN
AGE

SALES HISTORY

2017	\$303,914	\$405	4.1%
2016	\$277,436	\$402	4.2%
2015	\$237,319	\$334	4.0%
2014	\$201,643	\$274	3.8%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

2017 SALES

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	Crown Hill	2761 NW 80th Street	1962	5	3,750	750	\$1,465,000	10/11/2017	\$293,000	\$391	3.6%
	Pines	2437 NW 57th Street	1960	6	4,384	731	\$1,650,000	9/25/2017	\$275,000	\$376	Unavailable
	1911 NW 65th Street	1911 NW 65th Street	1990	6	4,300	717	\$2,000,000	8/15/2017	\$333,333	\$465	3.9%
	5310 8th Avenue NW	5310 8th Avenue NW	1950	5	2,547	509	\$1,272,000	8/15/2017	\$254,400	\$499	3.9%
	Karina Place	2213 NW 59th Street	1968	7	6,085	869	\$2,685,000	7/12/2017	\$383,571	\$441	5.1%
	Park View	6016 14th Avenue NW	1968	8	7,624	953	\$3,075,000	6/14/2017	\$384,375	\$403	4.5%
	1512 NW 58th Street	1512 NW 58th Street	1967	6	4,663	777	\$1,500,000	6/2/2017	\$250,000	\$322	3.6%
	Mona Lisa	2001 NW 65th Street	1984	15	13,027	868	\$4,148,224	2/20/2017	\$276,548	\$318	4.1%
	2415 NW 85th Street	2415 NW 85th Street	1955	5	3,306	661	\$1,425,000	1/5/2017	\$285,000	\$431	4.4%
	AVERAGES		1967	7	5,521	760	\$2,135,580		\$303,914	\$405	4.1%

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

2017 sales in Ballard were consistent with 2016. Although cap rates ticked down 10 basis points, the price per square foot for the last 24 months has anchored at \$400 per square foot. We predict a healthy jump in sales pricing in 2018 due to the depleted supply of apartments for sale.



DEVELOPMENTS



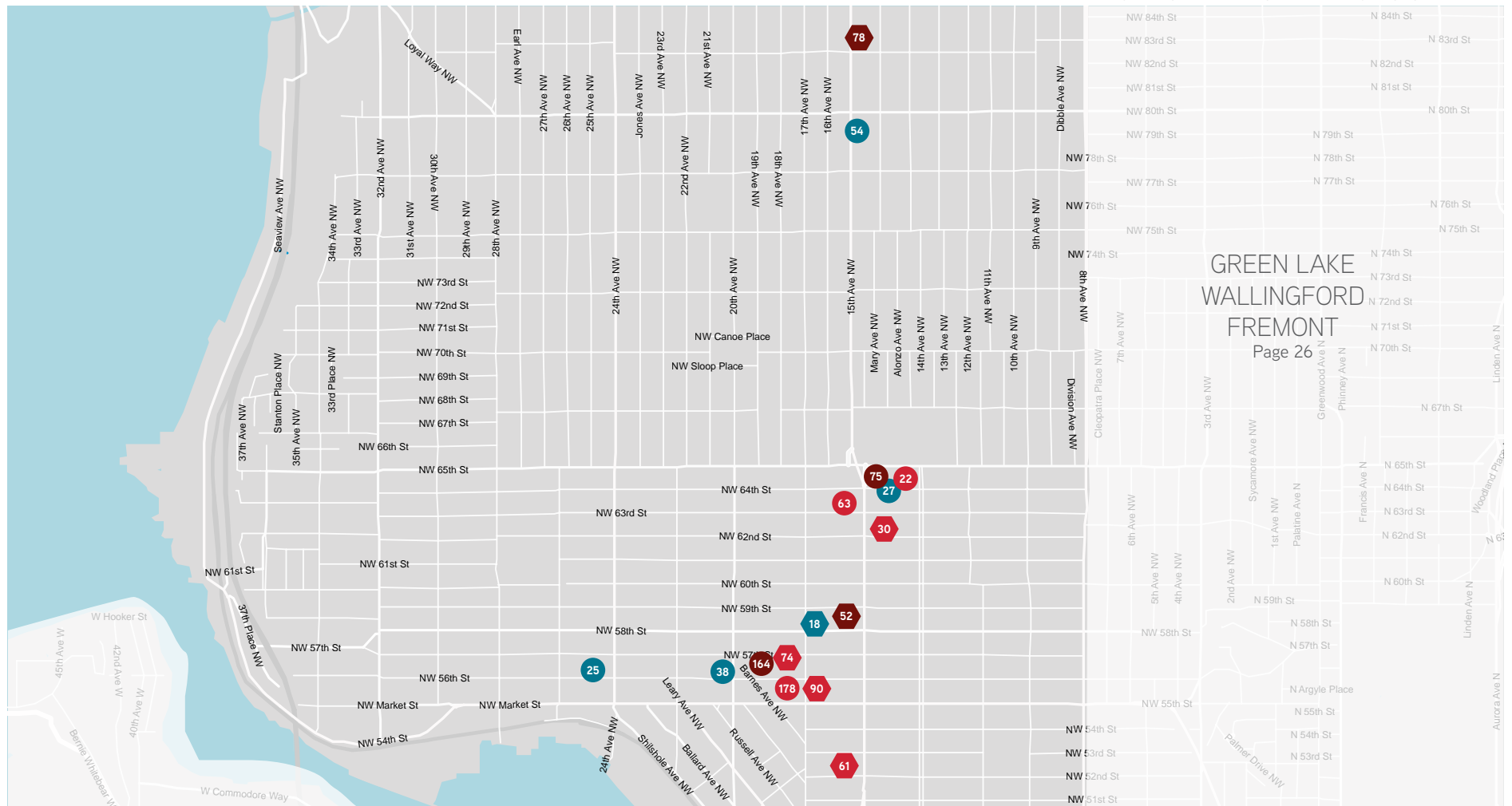
Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

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

Efficiency Units are defined on page 40.

Potential Condos denotes projects not yet specified as rental or for sale. See page 40 for full description.



UNIVERSITY DISTRICT

4.8%
AVERAGE
VACANCY\$2.06
AVG RENT
PER SF\$57K
MEDIAN
HOUSEHOLD
INCOME37.2%
OWNER
OCCUPIED UNITS57.5%
RENTER
OCCUPIED UNITS24.8
MEDIAN
AGE

SALES HISTORY

2017	\$300,872	\$509	4.1%
2016	\$233,371	\$388	3.6%
2015	\$239,786	\$330	4.2%
2014	\$195,365	\$303	3.7%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

2017 SALES

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	47+7	4558 7th Avenue NE	2015	24	11,526	480	\$8,814,000	12/21/2017	\$367,250	\$765	3.9%
	Penrith	4708 22nd Avenue NE	1956	15	6,775	452	\$3,500,000	12/14/2017	\$233,333	\$517	3.8%
	Lakeview	4040 7th Avenue NE	1987	28	19,917	711	\$10,900,000	12/1/2017	\$403,704	\$547	5.2%
	5703 18th Avenue NE	5703 18th Avenue NE	1910	8	4,331	541	\$1,775,000	8/30/2017	\$221,875	\$410	3.9%
	Ravenna on the Park	5511 25th Avenue NE	1900	6	4,226	704	\$2,010,000	8/16/2017	\$335,000	\$476	3.7%
	Hawthorne Place	5231 40th Avenue NE	1989	7	5,510	787	\$2,850,000	7/31/2017	\$407,143	\$517	4.2%
	Raleigh Court	3418 NE 65th Street	1998	18	15,750	875	\$5,350,000	6/14/2017	\$267,500	\$340	3.7%
	Gema Mae	4511 40th Avenue NE	1954	12	10,340	862	\$4,497,000	6/6/2017	\$374,750	\$435	Unavailable
	Catherine Court	4528 20th Avenue NE	1964	27	5,952	220	\$3,000,000	4/12/2017	\$111,111	\$504	Unavailable
	Den on Brooklyn	5043 Brooklyn Avenue NE	2013	50	13,096	262	\$8,825,000	2/28/2017	\$176,500	\$674	4.4%
	Walmor	5233 15th Avenue NE	1964	24	23,936	997	\$8,100,000	2/6/2017	\$337,500	\$338	3.9%
	Mountlake House	4236 7th Avenue NE	1998	11	7,093	645	\$4,122,800	1/4/2017	\$374,800	\$581	Unavailable
	AVERAGES		1971	19	10,704	628	\$5,311,983		\$300,872	\$509	4.1%

INSIGHT: As the vacancy rate in the University District inches toward equilibrium of 5%, investors' speculation on the impact of the future light rail station continues to drive pricing upward. Growth in the sales price per unit and square foot topped 25% in 2017, rewarding sellers for the prescient purchase and timely exit. We expect growth in the University District to continue in 2018 as it benefits from robust economic drivers, including office and hotel development, the impending opening of the light rail station and large investment in the growth of the University of Washington.



UNIVERSITY DISTRICT

DEVELOPMENTS



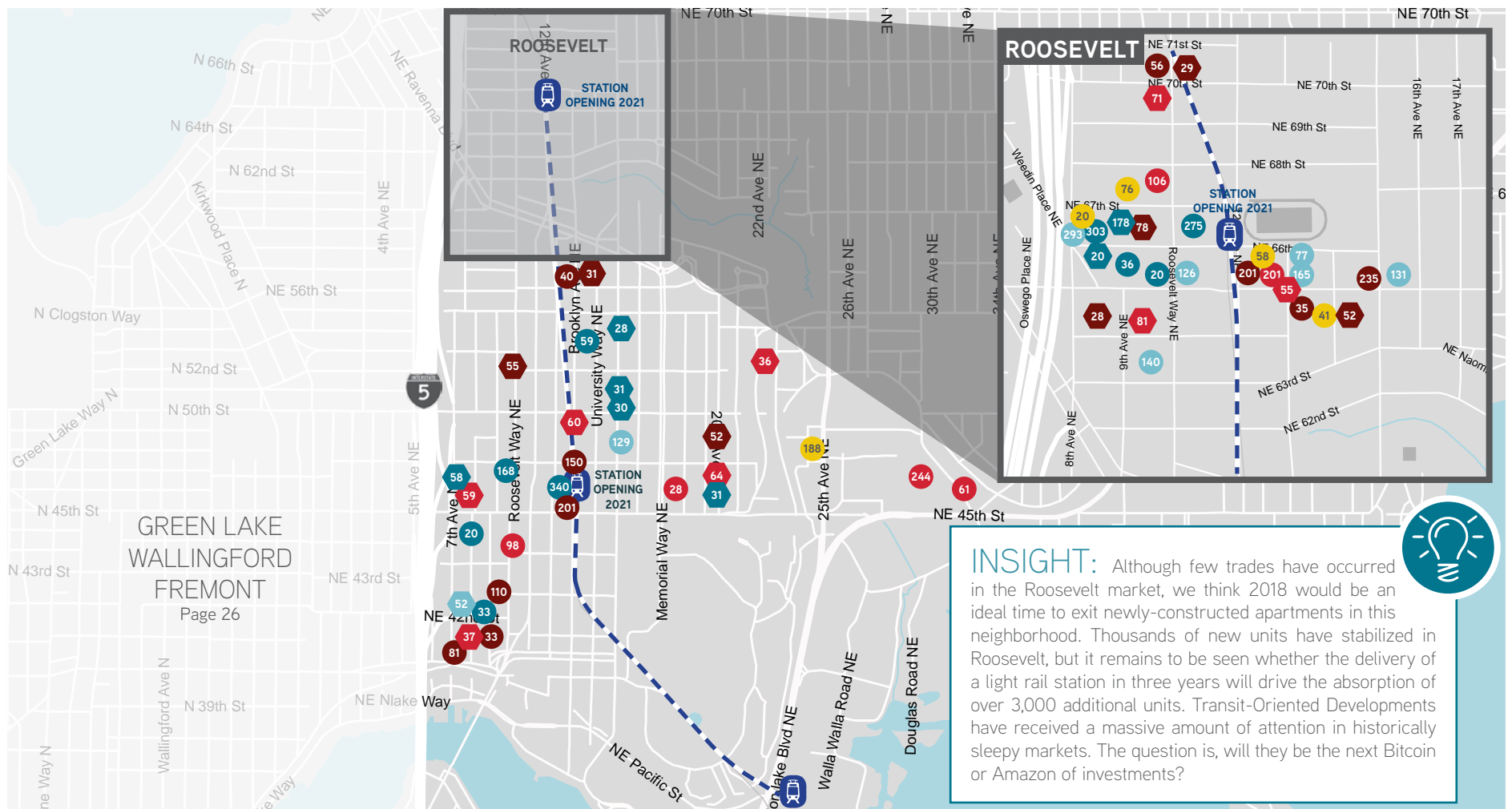
Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

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

Efficiency Units are defined on page 40.

Potential Condos denotes projects not yet specified as rental or for sale. See page 40 for full description.



CENTRAL DISTRICT / BEACON HILL RAINIER VALLEY



3.8%
AVERAGE
VACANCY



\$2.21
AVG RENT
PER SF



\$60K
MEDIAN
HOUSEHOLD
INCOME



46.8%
OWNER
OCCUPIED UNITS



47.5%
RENTER
OCCUPIED UNITS



37.7
MEDIAN
AGE

SALES HISTORY

2017	\$250,523	\$431	4.3%
2016	\$153,967	\$231	4.3%
2015	\$163,124	\$231	5.0%
2014	\$137,376	\$256	5.1%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

2017 SALES CENTRAL DISTRICT

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	Bravo	1220 Remington Court	2016	26	12,881	495	\$7,600,000	11/22/2017	\$292,308	\$590	4.7%
	Jupiter Studios	155 17th Avenue	2015	20	5,032	252	\$3,850,000	9/19/2017	\$192,500	\$765	5.0%
	2114 E Yesler Way	2114 E Yesler Way	1964	14	9,241	660	\$4,502,750	9/18/2017	\$321,625	\$487	4.3%
	Craft	1315 E Jefferson Street	2016	32	19,072	596	\$14,750,000	9/13/2017	\$421,429	\$773	3.9%
	Raleigh Ridge	411 10th Avenue	1996	16	13,780	861	\$6,325,000	7/17/2017	\$395,312	\$459	4.4%
	403 30th Avenue	403 30th Avenue	1903	6	4,634	772	\$1,550,000	4/28/2017	\$258,333	\$334	Unavailable
	AVERAGES		1985	19	10,773	606	\$6,429,625		\$313,585	\$568	4.5%

BEACON HILL

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	Falconvue	1308 12th Avenue S	1986	13	10,275	790	\$3,750,000	10/26/2017	\$288,462	\$365	4.8%
	3301 York Road S	3301 York Road S	1921	5	5,432	1,086	\$1,320,000	9/29/2017	\$264,000	\$243	2.8%
	Fresco	3939 15th Avenue S	1959	20	11,200	560	\$4,800,000	5/23/2017	\$240,000	\$429	5.4%
	6631 Carleton Avenue S	6631 Carleton Avenue S	1991	11	6,925	630	\$1,785,000	4/24/2017	\$162,273	\$258	3.1%
	3013 Beacon Avenue S	3013 Beacon Avenue S	1925	10	5,278	528	\$1,750,000	2/28/2017	\$145,833	\$332	3.6%
	Beacon Flats	1401 S Holgate Street	1954	17	7,575	446	\$3,469,000	2/27/2017	\$204,059	\$458	5.2%
	Charlemagne	1300 14th Avenue S	1965	14	8,010	572	\$2,875,000	2/10/2017	\$205,357	\$359	4.9%
	AVERAGES		1957	13	7,814	659	\$2,821,286		\$215,712	\$349	4.3%

RAINIER VALLEY

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	6111 Rainier Avenue S	6111 Rainier Avenue S	1982	6	3,777	629	\$695,000	12/8/2017	\$115,833	\$184	Unavailable
	AVERAGES		1982	6	3,777	629	\$695,000		\$115,833	\$184	Unavailable

CENTRAL DISTRICT / BEACON HILL / RAINIER VALLEY

DEVELOPMENTS



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

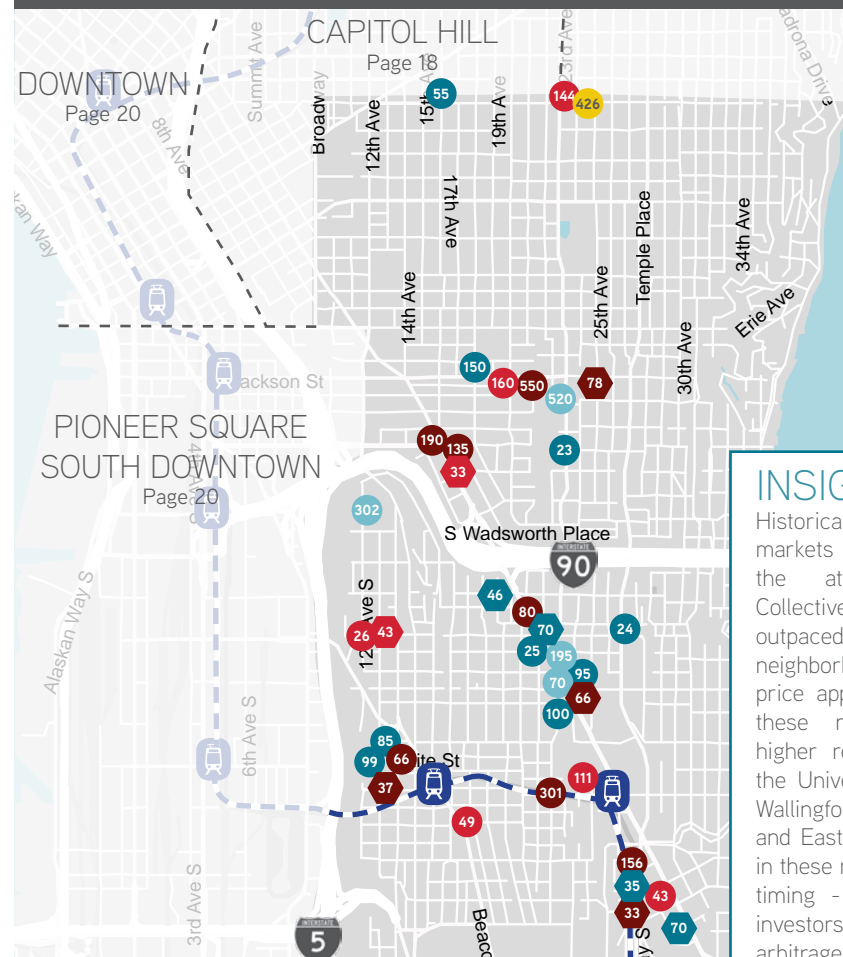
TOTAL DELIVERIES

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

Efficiency Units are defined on page 40.

Potential Condos denotes projects not yet specified as rental or for sale. See page 40 for full description.

CENTRAL DISTRICT / BEACON HILL / MOUNT BAKER



INSIGHT:

Historically, South Seattle markets have not received the attention they deserve. Collectively, these submarkets have outpaced seemingly more popular neighborhoods in rent growth and price appreciation. In fact, in 2017 these neighborhoods posted a higher rent per square foot than the University District, Green Lake, Wallingford, Fremont, West Seattle and Eastside. The keys to investing in these markets are price point and timing - offering forward-thinking investors outsized returns and true arbitrage opportunities.

COLUMBIA CITY / OTHELLO STATION / RAINIER VALLEY



WEST SEATTLE

2.1%
AVERAGE
VACANCY\$2.00
AVG RENT
PER SF\$82K
MEDIAN
HOUSEHOLD
INCOME54.3%
OWNER
OCCUPIED UNITS40.5%
RENTER
OCCUPIED UNITS42.1
MEDIAN
AGE

SALES HISTORY

2017	\$225,299	\$379	4.1%
2016	\$243,720	\$337	4.2%
2015	\$210,672	\$268	3.9%
2014	\$175,617	\$247	4.6%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

2017 SALES

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	Alki Canoe Club	3036 60th Avenue SW	1984	12	10,500	875	\$4,419,080	10/31/2017	\$368,257	\$421	4.2%
	Gilmore	5959 Fauntleroy Way SW	1955	12	5,512	459	\$2,475,000	9/29/2017	\$206,250	\$449	3.4%
	Arbor	4101 28th Avenue SW	1920	6	3,680	613	\$1,269,000	9/19/2017	\$211,500	\$345	4.3%
	Orion Place	4127 California Avenue SW	1960	6	5,494	916	\$1,850,000	9/8/2017	\$308,333	\$337	Unavailable
	Surf	3035 64th Avenue SW	1957	8	3,960	495	\$1,900,000	8/16/2017	\$237,500	\$480	3.4%
	Maison Royale	4529 44th Avenue SW	1966	14	10,675	762	\$3,625,000	7/14/2017	\$258,929	\$340	3.8%
	1526 44th Avenue SW	1526 44th Avenue SW	1991	12	9,323	777	\$3,475,000	7/14/2017	\$289,583	\$373	3.8%
	Admiral	3056 60th Avenue SW	1993	7	5,863	838	\$2,425,000	7/10/2017	\$346,429	\$414	3.5%
	Viridian	6917 California Avenue SW	2015	30	6,124	204	\$5,030,000	6/30/2017	\$167,667	\$821	5.9%
	Rogene	9043 35th Avenue SW	1958	13	7,976	614	\$2,200,000	6/15/2017	\$169,231	\$276	3.7%
	Delridge Micros	4546 Delridge Way SW	2013	16	2,992	187	\$2,000,000	5/31/2017	\$125,000	\$668	4.9%
	Samsara	2132 California Avenue SW	1979	11	8,661	787	\$3,185,000	5/15/2017	\$289,545	\$368	3.7%
	Delridge Apartments	8820 Delridge Way SW	1966	14	10,445	746	\$1,904,654	4/18/2017	\$136,047	\$182	Unavailable
	Westbrook Apartments	8857 Delridge Way SW	1962	17	10,944	644	\$2,312,794	4/18/2017	\$136,047	\$211	Unavailable
	Allison	9020 35th Avenue SW	1962	18	12,552	697	\$2,325,000	1/31/2017	\$129,167	\$185	4.2%
	AVERAGES		1972	13	7,647	641	\$2,693,035		\$225,299	\$391	4.1%

INSIGHT: West Seattle continues its trajectory from a nearly suburban residential community on the edge of Seattle to a well-defined urban neighborhood. From 2010 to 2017, developers doubled the inventory of apartment units in West Seattle to 5,200. Although West Seattle's rental-rate growth was 3% in 2017, vacancy remained well below market at 2.1%. We forecast a healthy amount of untapped rent growth in small, older buildings in West Seattle over the next few years. Expect cap rates to remain low as investors hunt for upside.



WEST SEATTLE

DEVELOPMENTS

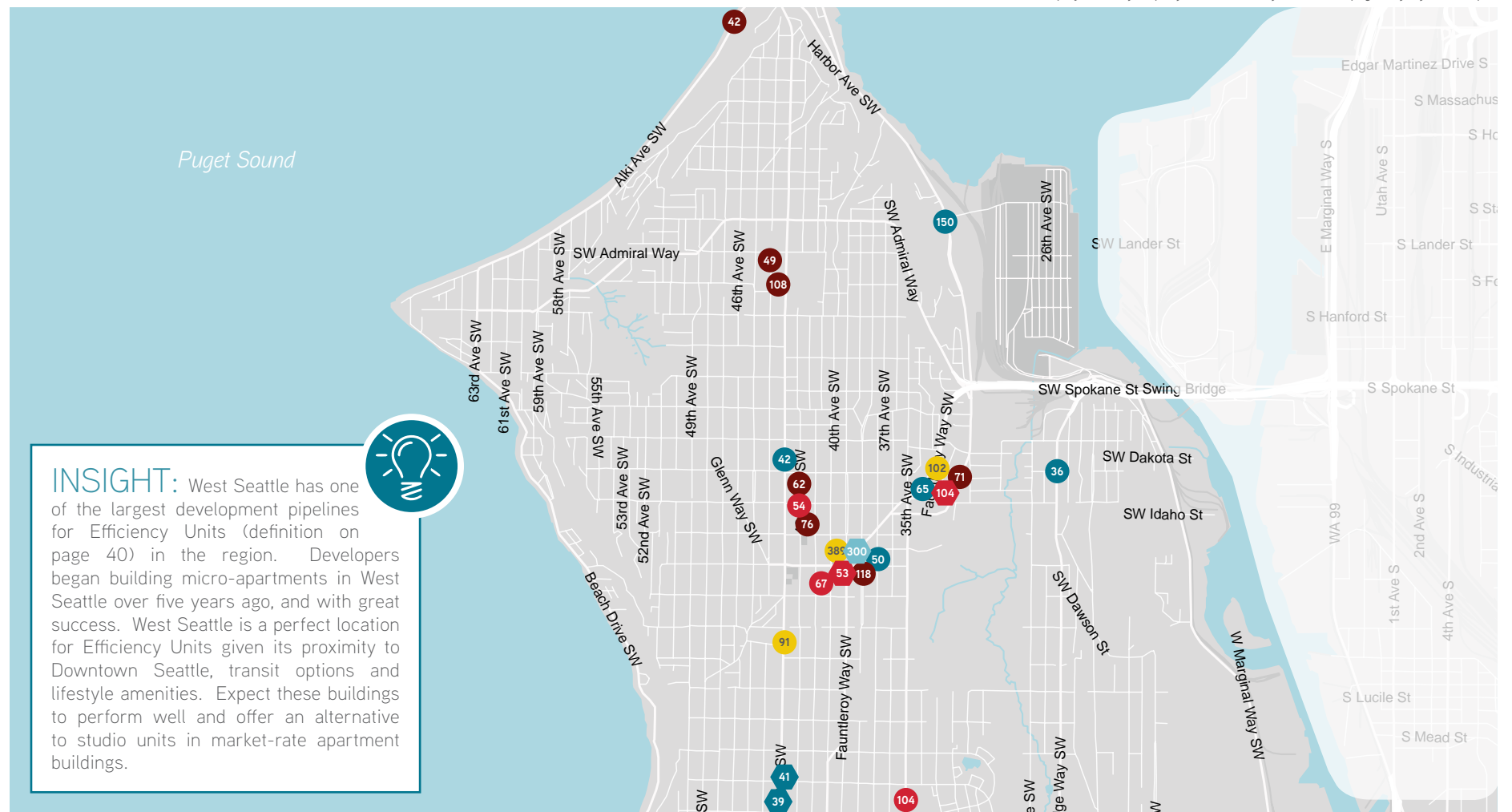


Numbers within circles on map below indicate number of units in each development.

TOTAL DELIVERIES

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

Efficiency Units are defined on page 40.
Potential Condos denotes projects not yet specified as rental or for sale. See page 40 for full description.



FIRST HILL / YESLER TERRACE

4.6%
AVERAGE
VACANCY\$2.50
AVG RENT
PER SF\$38K
MEDIAN
HOUSEHOLD
INCOME15.3%
OWNER
OCCUPIED UNITS73.6%
RENTER
OCCUPIED UNITS33.0
MEDIAN
AGE

SALES HISTORY

2017	\$196,783	\$435	4.9%
2016	\$190,893	\$465	5.2%
2015	\$198,473	\$328	4.9%
2014	\$198,804	\$393	4.5%
	AVG PRICE PER UNIT	AVG PRICE PER SF	CAP RATE

2017 SALES

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	Chateau	119 19th Avenue	1965	21	15,880	756	\$4,222,900	12/8/2017	\$201,090	\$266	Unavailable
	Stella	165 17th Avenue	1970	20	14,796	740	\$6,850,000	9/8/2017	\$342,500	\$463	4.5%
	506 Broadway	506 Broadway	1989	43	20,334	473	\$4,500,000	7/10/2017	\$104,651	\$221	Unavailable
	Emerald 10	315 10th Avenue	2012	36	6,327	176	\$4,985,500	6/1/2017	\$138,889	\$790	5.2%
	AVERAGES		1984	30	14,334	536	\$5,139,600		\$196,783	\$435	4.9%

INSIGHT: The most interesting thing about sales metrics in First Hill and Yesler compared to nearby markets is their relatively high cap rate. We believe the discount to own in these neighborhoods is too steep and expect this gap to close in the coming years. Between First Hill's high-rise zoning and the redevelopment of Yesler Terrace, these neighborhoods are becoming important and exciting markets. Nothing highlights this point more than a development pipeline of nearly 7,500 units! We will pay close attention to the higher-than-market average vacancy as thousands of new units continue to fill in these densely-zoned neighborhoods.



FIRST HILL / YESLER TERRACE

DEVELOPMENTS



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

TOTAL DELIVERIES

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

Efficiency Units are defined on page 40.
Potential Condos denotes projects not yet specified as rental or for sale. See page 40 for full description.



2018 | SEATTLE NEIGHBORHOOD APARTMENT MARKET STUDY

WEST BELLEVUE / REDMOND / KIRKLAND

2.7%
AVERAGE
VACANCY

\$1.56
AVG RENT
PER SF

\$92K
MEDIAN
HOUSEHOLD
INCOME

29.7%
OWNER
OCCUPIED UNITS

55.0%
RENTER
OCCUPIED UNITS

36.7
MEDIAN
AGE

SALES HISTORY			
2017	\$369,984	\$429	2.5%
2016	\$260,626	\$313	3.9%
2015	\$289,060	\$352	3.6%
2014	\$217,743	\$285	5.0%
AVG PRICE PER UNIT		AVG PRICE PER SF	CAP RATE

2017 SALES

WEST BELLEVUE

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	Shoreside	9900 SE Shoreland Drive	1965	6	6,561	1,094	\$2,600,000	9/1/2017	\$433,333	\$396	Unavailable
	Coachman	520 104th Avenue SE	1965	7	8,976	1,282	\$3,100,000	8/1/2017	\$442,857	\$345	2.5%
AVERAGES			1965	6	7,768	1,188	\$2,850,000		\$438,095	\$371	2.5%

KIRKLAND

	PROPERTY	ADDRESS	YEAR BUILT	# UNITS	NRSF	AVG UNIT SF	PRICE	SALE DATE	\$/UNIT	\$/NRSF	CAP RATE
	Jewell	324 6th Avenue S	1962	5	3,740	748	\$1,875,000	10/31/2017	\$375,000	\$501	2.5%
	6725 112th Avenue NE	6725 112th Avenue NE	1977	5	5,348	1,070	\$1,840,000	6/23/2017	\$368,000	\$344	Unavailable
	Residences at 518	518 2nd Street	1901	10	6,056	606	\$3,150,000	4/19/2017	\$315,000	\$520	Unavailable
	Sea Gull	430 Lake Street S	1963	21	12,840	611	\$6,000,000	3/14/2017	\$285,714	\$467	Unavailable
AVERAGES			1951	10	6,996	759	\$3,216,250		\$335,929	\$458	2.5%

REDMOND

NO SALES

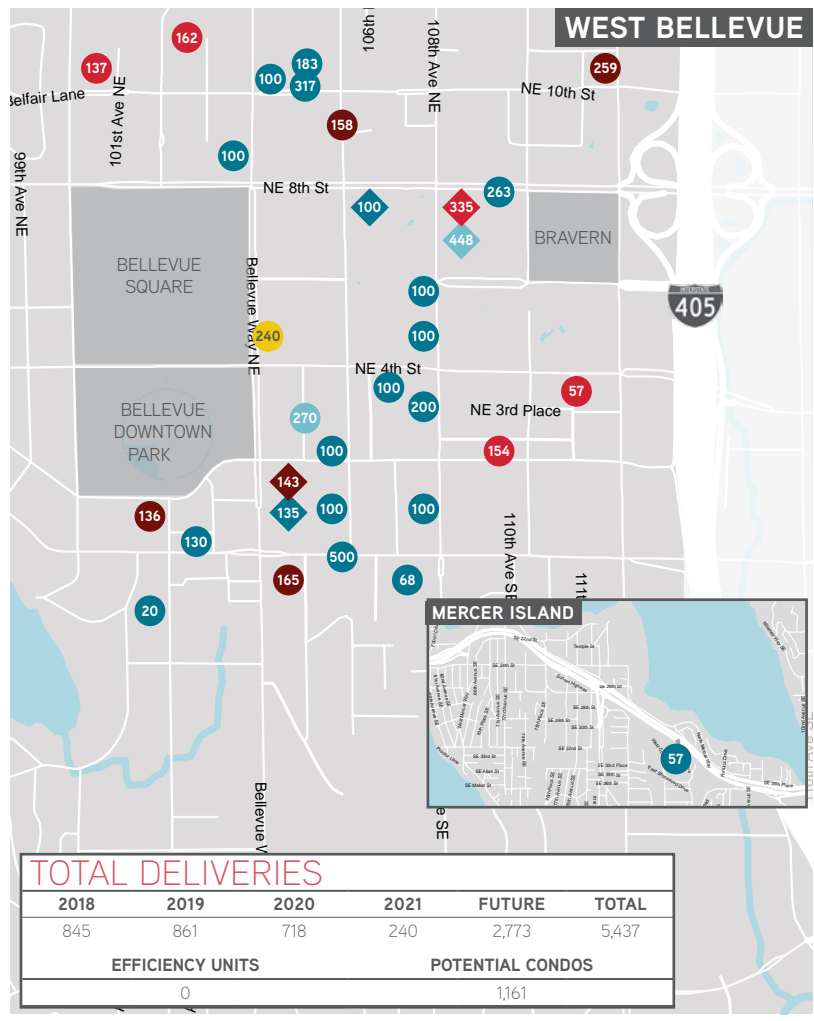
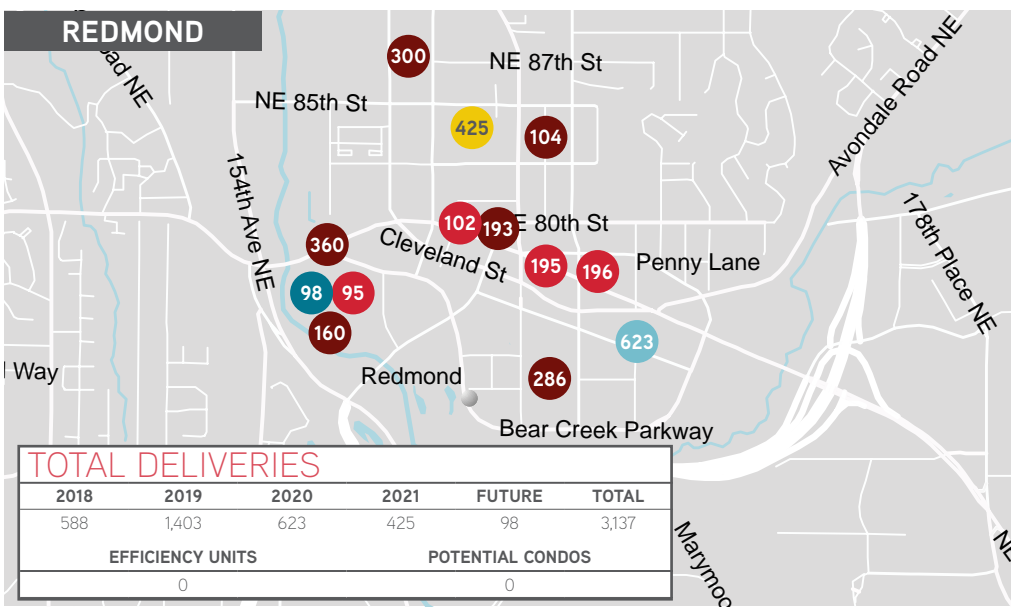
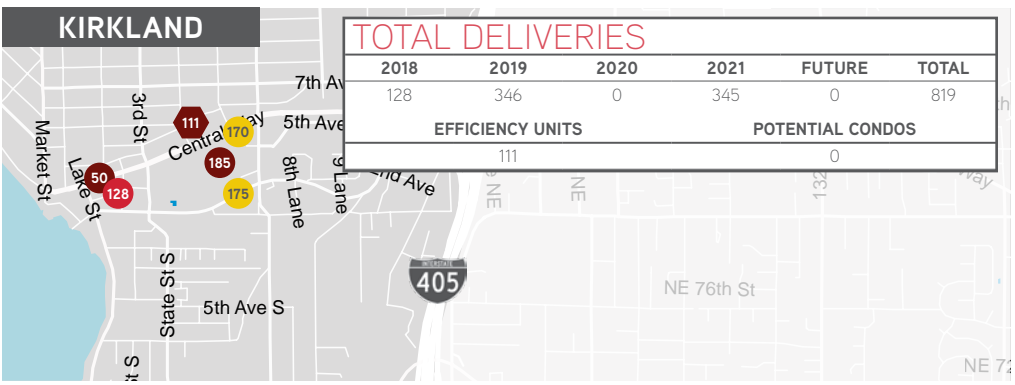
INSIGHT: Although the Bellevue, Redmond and Kirkland markets make up the largest geographic area of all markets in our study, they have experienced the fewest sales. This phenomenon is driven partly by fewer small apartment buildings and by the long-term hold strategy of owners. These are challenging markets to enter. As the City of Seattle continues to push its anti-landlord agenda, look for more investors bidding-up pricing on the Eastside. For the near future, we predict lower cap rates for 5-50 unit buildings on the Eastside than in any Urban Seattle markets. If you have been holding out for the peak, 2018 will be a great year to cash in.

WEST BELLEVUE / REDMOND / KIRKLAND

DEVELOPMENTS



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



Efficiency Units are defined on page 40.
Potential Condos denotes projects not yet specified as rental or for sale. See page 40 for full description.

DATA SOURCES

RENT & VACANCY DATA

Dupre + Scott

SALES DATAReal Capital Analytics
CoStar
Dupre + Scott
King & Snohomish County Registrars**DEVELOPMENT DATA**Dupre + Scott
CoStar
Pierce Eislen
Seattle in Progress
AXIOMetrics
City of Seattle Department of Planning

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

Development data collection completed as of December 15, 2017

EMPLOYMENT DATAPuget Sound Regional Council
Washington State Employment Security Department (WESD)
Bureau of Labor Statistics
The Puget Sound Economic Forecaster**EMPLOYMENT DATA ACRONYMS:****WTU:** Wholesale Trade, Transportation, and Utilities
FIRE: Finance, Insurance, and Real Estate
STEM: Science, Technology, Engineering, and Mathematics
Services: Information Technology (IT), Business Services, and Recreation and Food Services**DEMOGRAPHIC DATA**

ESRI

EFFICIENCY UNIT DEFINITIONS

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

CONDO DESCRIPTION

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

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- Strategic disposition of apartment portfolios

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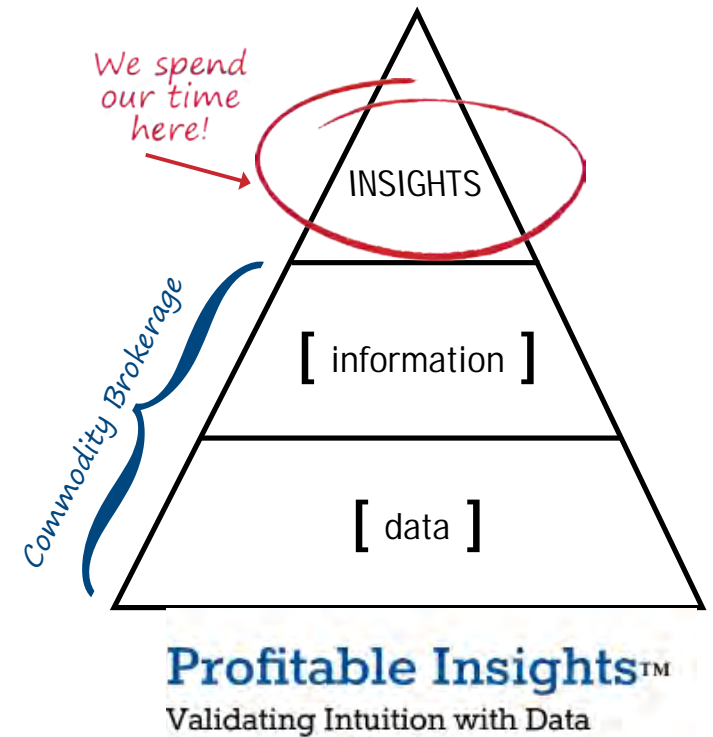
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