SIMON | ANDERSON MULTIFAMILY TEAM

Puget Sound & Washington State Apartment Sales Specialists

SEATTLE & PUGET SOUND
APARTMENT DEVELOPMENT PIPELINE

2023 Special Annual Report

Kidder Mathews

JUNE 2023

The Seattle-Bellevue region and surrounding Puget Sound maintains its position as one of the most vibrant apartment development pipelines in the nation. Here, continued economic stability and growth – and accompanying lifestyle amenities – keep apartment developers focused on the Pacific Northwest.

Specifically, the ecosystem of major technology and life sciences companies – coupled with the draw of a northwestern lifestyle – put Seattle and the Pacific Northwest on the national and global map as the nation recovered from the Great Financial Crisis. In fact, by the end of 2020, the region had added more apartment units to its inventory in 10 years than it had in the previous 30 years.

Now, the current development pipeline of more than 140,000 apartment units may allow the region's inventory of apartments to expand by another major milestone sometime during the next 10 years. However, a shifting economic environment continues to slow new deliveries and proposals of new projects.

In the near term, apartment developers are grappling with the effects of slowing demand; high construction and financing costs; and a changed building/energy code. Therefore, as the long-term forecast for the region remains bullish, the developers who overcome short-term challenges will certainly enjoy the spoils of timing their deliveries with future anticipated demand.

Let Us Turn Our Expertise Into Your Profit!

DYLAN SIMON
Executive Vice President

JERRID ANDERSON
Executive Vice President

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INTRODUCTION

MULTIFAMILY INVESTMENT SALES SPECIALISTS

Our team of dedicated apartment specialists remains squarely focused on helping clients navigate the current market uncertainty by capitalizing on the region's bright future.

Please contact us to discuss the data and analysis in this report. In addition to our analysis assisting you in making investment decisions, we're also familiar with all active developments and developers contained in this report. As such, we're readily prepared to help you source opportunities and make the most of the current inflection point in the market.

Click to review our 2023 research on sales and rental/ vacancy rates.

Q2 2023 REPORT

Q1 2023 REPORT

Q4 2022 REPORT

OUR DEVELOPMENT LAND SALE HIGHLIGHTS

JUANITA WATERFRONT

Kirkland, WA

STATUS	On the Market
Request for Proposal	

GO-CENTER

Seattle, WA

PRICE	$7,550,000
SOLD	June 2022
UNIT COUNT	123

HARVEST MIXED-USE

Woodinville, WA

PRICE	$19,000,000
SOLD	April 2022
UNIT COUNT	200

BEL-RED TOD

Bellevue, WA

PRICE	$12,300,000
SOLD	March 2020
UNIT COUNT	282

MEET THE TEAM

Dylan Simon
Executive Vice President

Dylan is a market-leading broker throughout Seattle and the Puget Sound region, specializing in the sale of apartment buildings and development land. His expertise includes sales strategies, market knowledge, and industry trends.

Jerrid Anderson
Executive Vice President

Jerrid is the most active apartment broker in Seattle, where he sold 22 apartment buildings in 2021. Jerrid has brokered more than $1 billion in urban apartment and land sales and holds numerous sales records in Seattle.

Matt Laird
First Vice President

Matt is an apartment broker specializing in urban and suburban apartment sales, development land sales, and off-market acquisitions. His attention to detail and excellent client service ensures smooth transactions from marketing through closing.

Winslow Lee
Vice President

Winslow is an apartment broker specializing in sales of apartment buildings and development land, with expertise in King and Snohomish Counties.

Max Frame
Vice President

Max is an apartment broker specializing in the sale of King County development land and Eastern Washington apartment buildings.

JD Fuller
Associate

JD specializes in the sale of apartment buildings in the Puget Sound Region. JD graduated from the University of Washington with a B.A. in Marketing.

Jack Counihan
Financial Analyst

Jack specializes in market research, apartment valuations, and sales tracking in the Puget Sound Apartment market.

Cassie Pieters
Team Assistant

Cassie provides balance and support through administrative contributions. Her commitment to the betterment of the team results in major goal achievement and long-term success.

Ashley Woodliff
Marketing Coordinator

Ashley manages marketing and design for both team and property marketing, thereby ensuring collateral exceeds market expectations.

TRACK RECORD

$1.9B
TOTAL VALUE SOLD & UNDER CONTRACT

12,730
TOTAL UNITS SOLD & UNDER CONTRACT

$50M
ACTIVE LISTINGS & LISTINGS COMING TO MARKET

$211M
DEVELOPMENT LAND SOLD & UNDER CONTRACT

DEVELOPMENT OVERVIEW

02

PUGET SOUND APARTMENT DEVELOPMENT OVERVIEW

The largest shift year-over-year was in the projects that entered the “plan approved” phase, but did not progress to the “under construction” phase. With the exception of 2020 (when the region grappled with the COVID-19 outbreak), development projects progressed swiftly into construction once building permits were issued. Even so, in the current environment, upwards of 50% to 70% of permitted sites are not progressing to construction.

PIPELINE DEFINITIONS

Under Construction

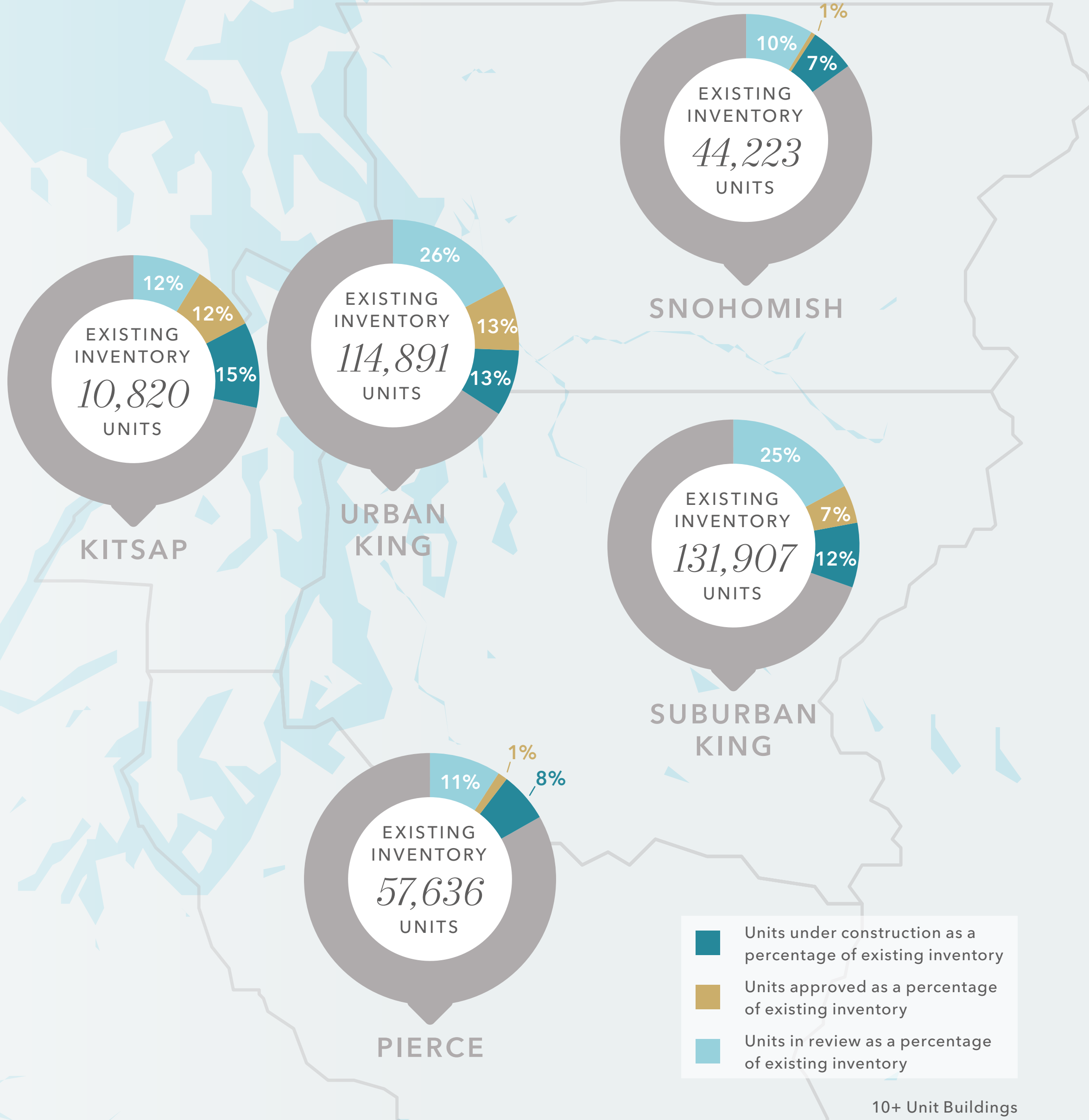
Developments labeled “Under Construction” have broken ground. Anticipated delivery is within the next 36 months for Type I projects or the next 24 months for Type III and Type V projects.

Plan Approved

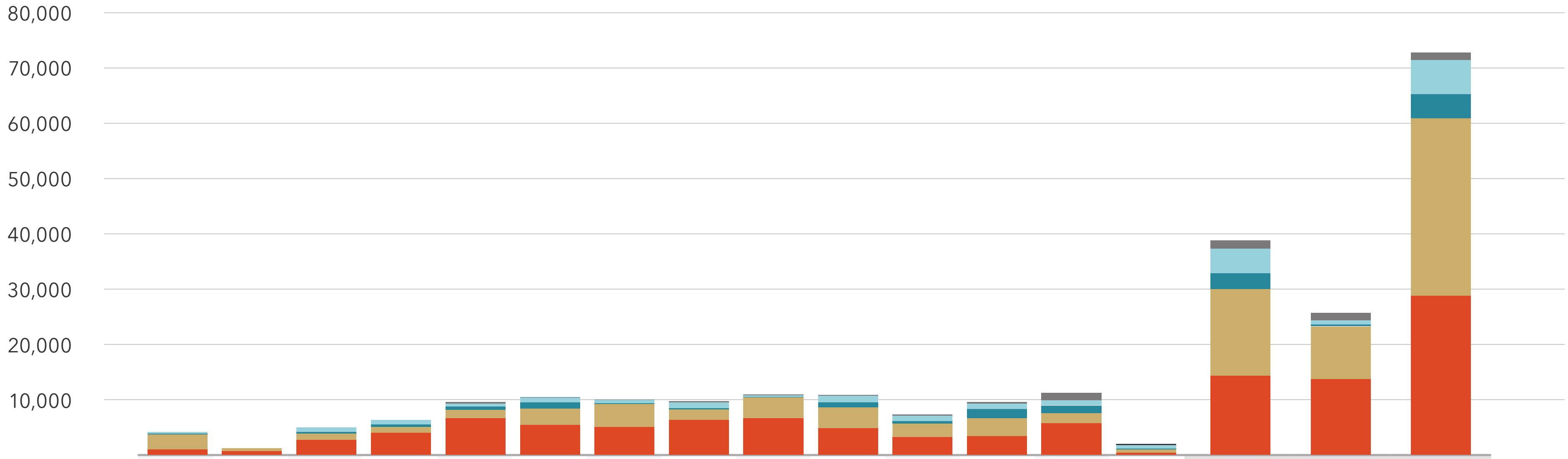
These developments have entitlements from their respective cities and could break ground at any time. Given current market dynamics, it is important to note projects that might be on hold. Specifically, concerns regarding the economy, rising construction costs, and tighter lending restrictions have led some developers to rethink permitted projects. And, while some permitted sites will trade hands and construction will commence, many others will be held by developers until a later date.

In Review

Projects “In Review” are currently pending city approvals. In Seattle, the entitlement process can take more than two years. So, in many cases, projects in this category are three or more years away from delivery.



DEVELOPMENT DELIVERIES & PIPELINE BY YEAR / STATUS



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD 2023	Construction	Approved	In Review	Total Pipeline
Urban King	931	699	2,681	4,201	6,855	5,403	5,057	6,235	6,650	4,860	3,329	3,156	5,820	337	14,758	14,456	29,312	**58,526**
Suburban King	2,736	454	734	1,460	1,720	2,926	4,170	1,945	3,409	4,166	2,313	3,697	1,817	690	15,751	9,311	32,800	**57,862**
Snohomish	108	-	352	619	793	1,742	70	281	160	782	556	1,829	1,357	30	3,020	285	4,509	**7,814**
Pierce	275	306	805	796	618	858	620	1,082	329	1,164	952	746	1,325	708	4,432	864	6,341	**11,637**
Kitsap	-	-	-	-	271	12	71	242	166	114	276	292	798	237	1,663	1,297	1,331	**4,291**
Total Deliveries	**4,050**	**1,459**	**4,572**	**7,076**	**10,257**	**10,941**	**9,988**	**9,785**	**10,714**	**11,086**	**7,426**	**9,720**	**11,117**	**2,002**	**39,624**	**26,213**	**74,293**	
Total Inventory	**255,017**	**256,024**	**260,548**	**266,868**	**277,005**	**287,946**	**297,910**	**307,629**	**318,242**	**329,298**	**336,672**	**346,274**	**357,391**	**359,477**				
% Increase		**0.4%**	**1.8%**	**2.4%**	**3.8%**	**3.9%**	**3.5%**	**3.3%**	**3.4%**	**3.5%**	**2.2%**	**2.9%**	**3.2%**	**0.6%**	**Total Pipeline**			**140,130**

*King, Snohomish, Pierce & Kitsap Counties – 10+ Unit Buildings

Historic data reported from 2021+ differs from previous years due to some changes in boundary lines, updates and recalibration from our data sources. In some cases these updates are material, and in others there are only slight deviations. This report provides the most accurate data we are able to source. Most changes are due to changes from market rate development to affordable/subsidized/senior housing projects (not included in our research) and changes in location boundaries.

APARTMENT PIPELINE SNAPSHOT

APARTMENT PIPELINE REMAINS VIBRANT

With more than 140,000 apartment units under development, the region's pipeline of apartment projects is larger than ever. As a matter of fact, the region hit a record development pipeline of around 100,000 units at the end of the decade. Then, during the pandemic, construction completions/deliveries slowed, even as developers continued to propose and entitle new projects. As a result, during the last three years, the development pipeline swelled by an additional 30% to 40% to create today's massive pipeline.

MANY CONSTRUCTION PROJECTS UNDERWAY, STARTS STALL

Similarly, the pace of actual construction also slowed during COVID-19, resulting in a growing number of projects that broke ground, but didn't reach completion. Also contributing to that pipeline, new construction was fueled by massive rent growth and cheap financing in 2021 and early 2022. Consequently, the pipeline of apartment units under construction is currently the highest on record – besting the previous peak in 2019 by 20%.

While it's clear that projects under construction will be finished, uncertainty abounds for projects that don't yet have a shovel in the ground. That's because it will take several years to absorb units that are currently under construction and, with a slowing number of new starts, demand will likely outpace new units in the next 24 to 36 months.

DEVELOPMENT HISTORY & PIPELINE BY REGION (# OF UNITS)

	Inventory as of Year-End 2009	Inventory Growth 2010 - 2020	INCREASE OVER 2009	Inventory Growth 2021-Current	INCREASE OVER 2020	Under Construction	INCREASE OVER CURRENT	Plan Approved	INCREASE OVER CURRENT	In Review	INCREASE OVER CURRENT
SEATTLE	56,923	32,935	↑58%	7,032	↑8%	14,758	↑15%	14,456	↑15%	29,312	↑30%
SUBURBAN KING	102,470	26,877	↑26%	6,219	↑5%	15,751	↑12%	9,311	↑7%	32,800	↑24%
SNOHOMISH	32,651	4,685	↑14%	3,480	↑9%	3,020	↑7%	285	↑1%	4,509	↑11%
PIERCE	55,885	9,089	↑16%	3,198	↑5%	4,432	↑7%	864	↑1%	6,341	↑9%
KITSAP	8,258	1,152	↑14%	1,327	↑14%	1,663	↑15%	1,297	↑12%	1,331	↑12%

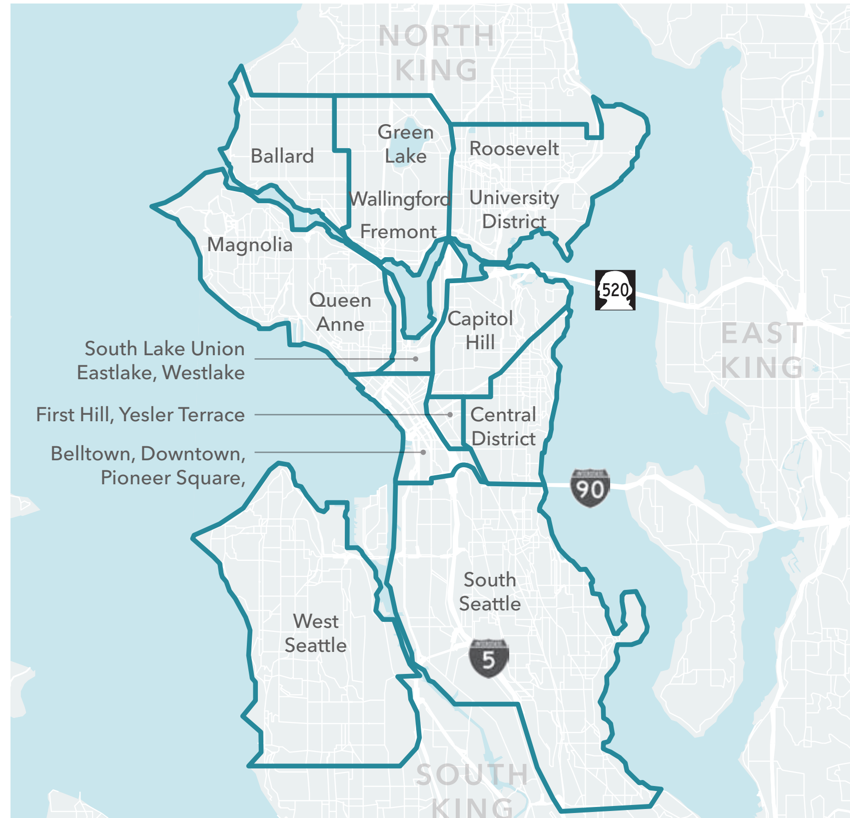
KING COUNTY

03

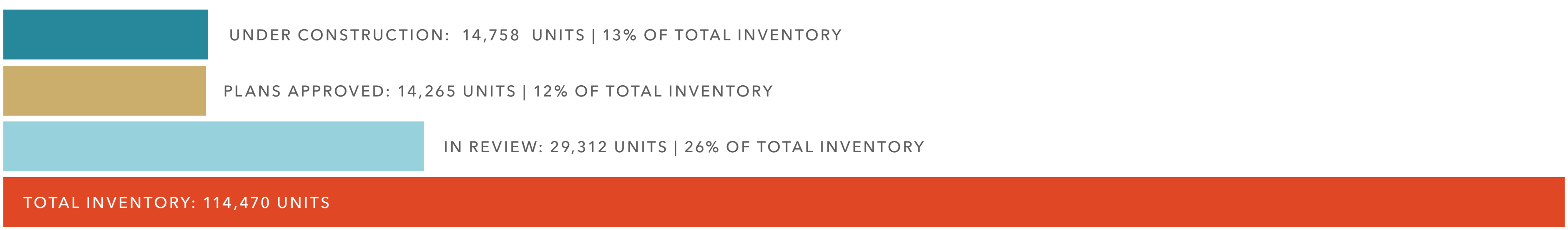
SEATTLE DEVELOPMENT OVERVIEW

FROM 5,000 NEW UNITS TO 337, DEVELOPERS HAVE HIT THE BRAKES

In the last decade, Seattle has delivered an average of 5,200 units annually with a peak of 6,650 units in deliveries in 2018. Despite cooling off since then to an average of 4,300 units delivered in each of the last four years, nothing can explain the excessive halt in deliveries in 2023: As of May 2023, Seattle has delivered just 337 new apartment units year-to-date. Thus, if there was ever a "buy the dip" moment, it's now. It could be tomorrow or 12 months from now, but it won't be long before every deal that was missed was an exceptional one. Accordingly, rents are poised to jump, and the investors who will be rewarded are already going all in on the supply imbalance in Seattle.



SEATTLE DEVELOPMENT PIPELINE



SEATTLE HISTORICAL DELIVERIES & CONSTRUCTION PIPELINE BY NEIGHBORHOOD

	INVENTORY (UNITS): AS OF YEAR-END 2009	GROWTH (UNITS): 2010 – 2020	INCREASE OVER EOY 2009	GROWTH (UNITS): 2021 – PRESENT	INCREASE OVER EOY 2020	UNDER CONSTRUCTION (UNITS)	INCREASE OVER CURRENT
Ballard	2,532	2,584	↑ 102%	302	↑ 6%	780	↑ 14%
Fremont, Green Lake & Wallingford	4,173	2,521	↑ 60%	268	↑ 4%	976	↑ 14%
University District & Roosevelt	6,737	3,281	↑ 49%	1,131	↑ 11%	1,124	↑ 10%
Queen Anne & Magnolia	7,438	2,125	↑ 29%	454	↑ 5%	1,261	↑ 13%
South Lake Union, Westlake & Eastlake	3,664	5,708	↑ 156%	1,385	↑ 15%	1,152	↑ 11%
Belltown, Downtown & Pioneer Square	8,367	7,326	↑ 88%	1,270	↑ 8%	4,534	↑ 27%
First Hill & Yesler Terrace	4,176	1,926	↑ 46%	718	↑ 12%	1,509	↑ 22%
Capitol Hill	11,486	4,393	↑ 38%	637	↑ 4%	701	↑ 4%
Central District	1,538	652	↑ 42%	86	↑ 4%	1,099	↑ 53%
West Seattle	4,404	1,612	↑ 37%	182	↑ 3%	550	↑ 9%
South Seattle	2,408	807	↑ 34%	599	↑ 19%	1,072	↑ 28%

Note: Pipeline only includes number of units currently under construction. Projects that are “Approved” or “In Review” are not included in this chart.
Source: CoStar and Simon | Anderson Multifamily Team Research

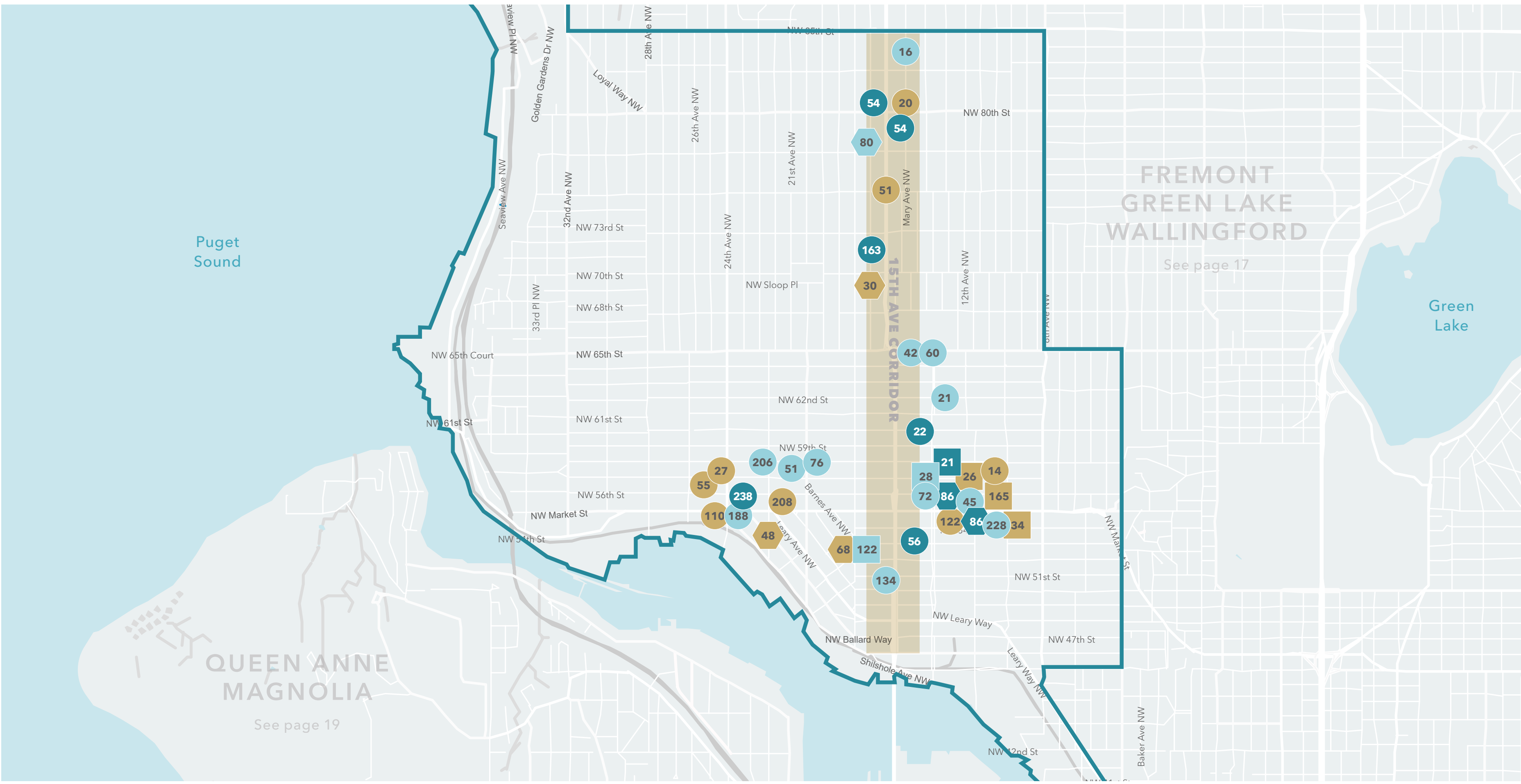
Ballard

EXISTING APARTMENT INVENTORY: 5,408 UNITS

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
780	978	1,486	3,244	624
14%	18%	27%	60% of inventory	12% of inventory

- Apartment
- Microhousing*
- Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 52



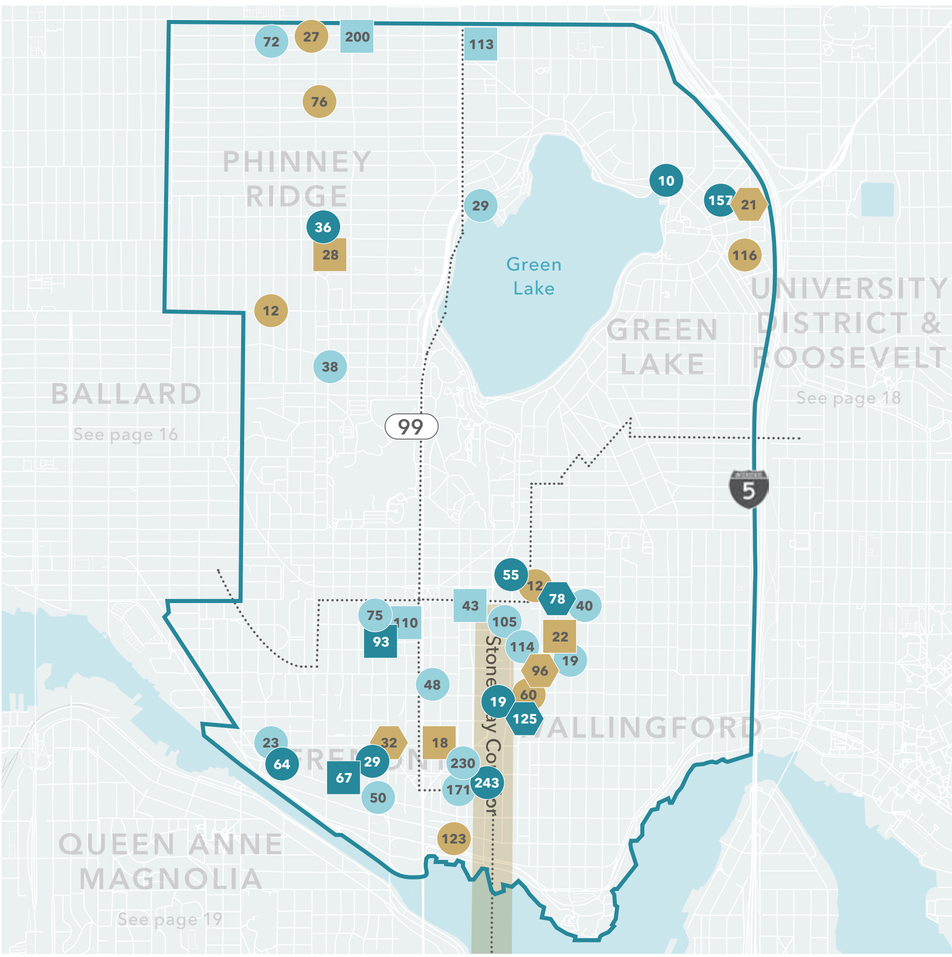
Fremont, Green Lake & Wallingford

EXISTING APARTMENT INVENTORY: 6,915 UNITS

- Apartment
- Microhousing*
- Mixed*

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
976	643	1,500	3,119	1,167
14%	9%	22%	45% of inventory	17% of inventory

*Definitions for "Microhousing" & "Mixed" developments available on page 54



FREMONT

Source: Fremont.com

GREENLAKE

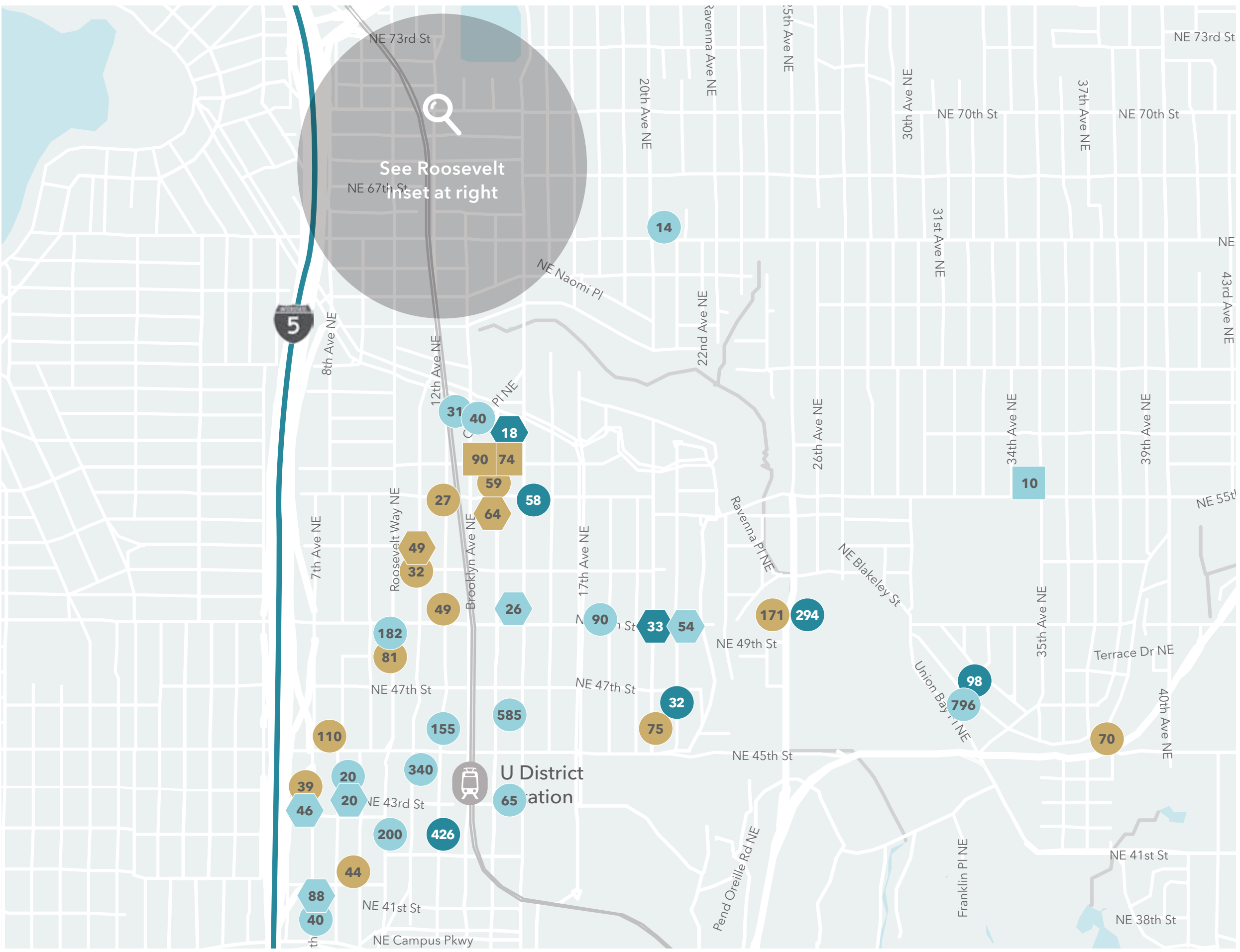
University District & Roosevelt

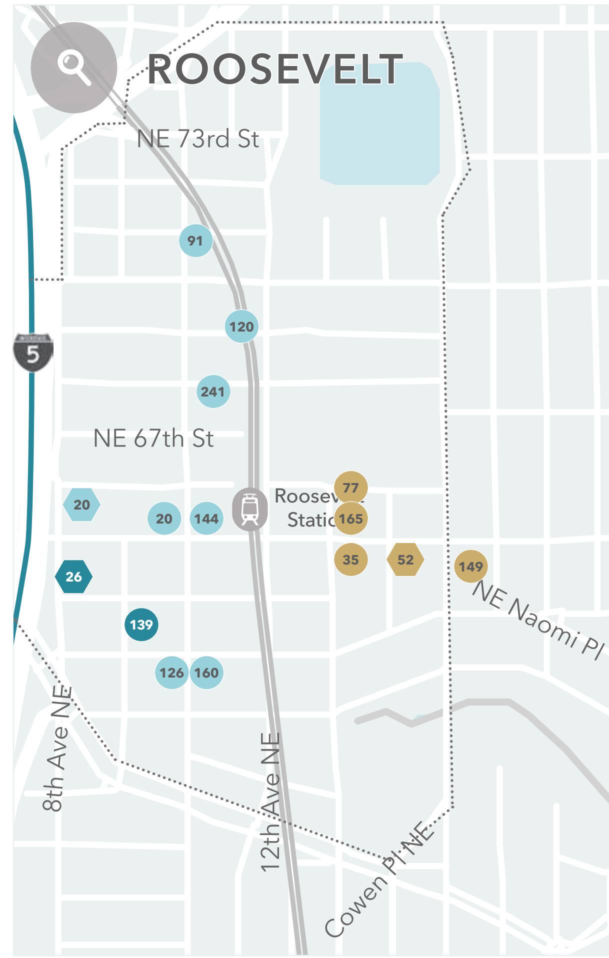
EXISTING APARTMENT INVENTORY: 10,822 UNITS

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
1,124	1,589	3,724	6,437	677
10%	15%	34%	59% of inventory	6% of inventory

Apartment
Microhousing*
Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 54





Queen Anne & Magnolia

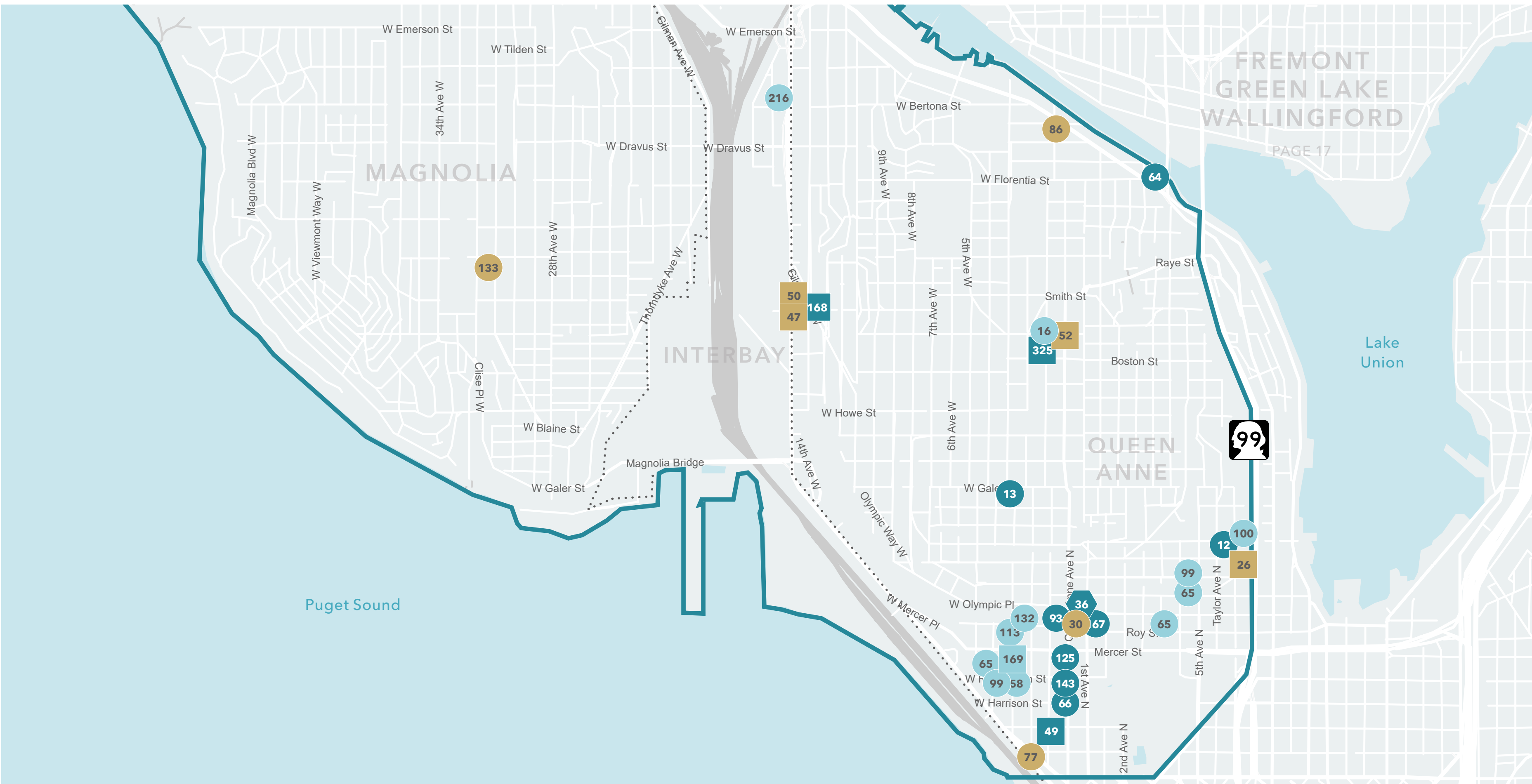
EXISTING APARTMENT INVENTORY: 9,951 UNITS

- Apartment
- Microhousing*
- Mixed*

Construction	Approved	In Review	Total Pipeline
1,261	501	1,197	2,959
13%	5%	12%	30% of inventory

Microhousing Pipeline
259
3% of inventory

*Definitions for "Microhousing" & "Mixed" developments available on page 54



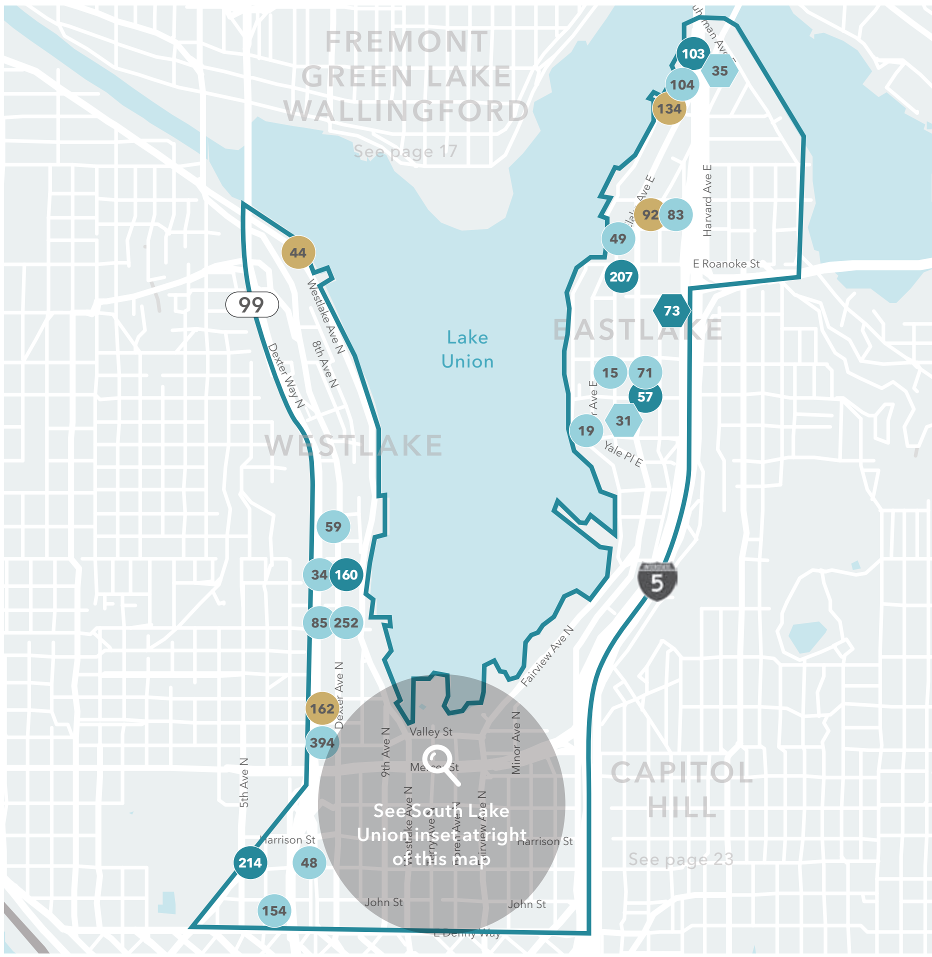
South Lake Union, Eastlake & Westlake

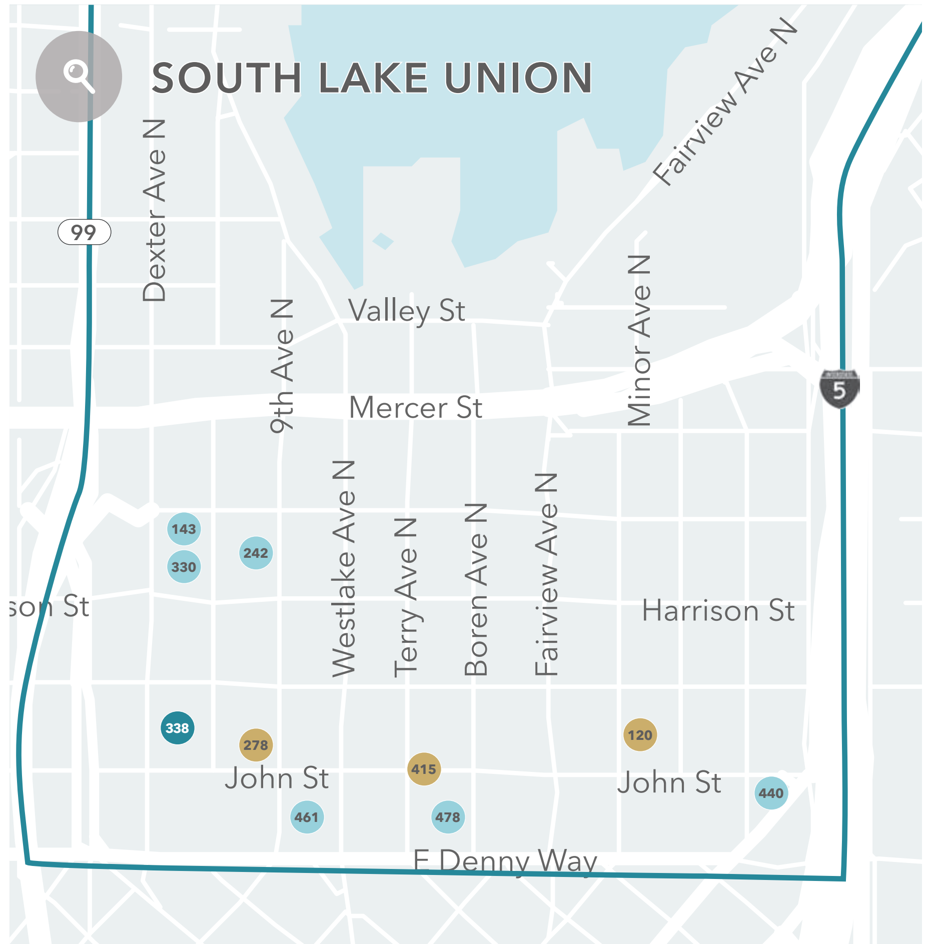
EXISTING APARTMENT INVENTORY: 10,741 UNITS

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
1,152	1,245	3,527	5,924	39
11%	12%	33%	55% of inventory	1% of inventory

Apartment
Microhousing*
Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 54





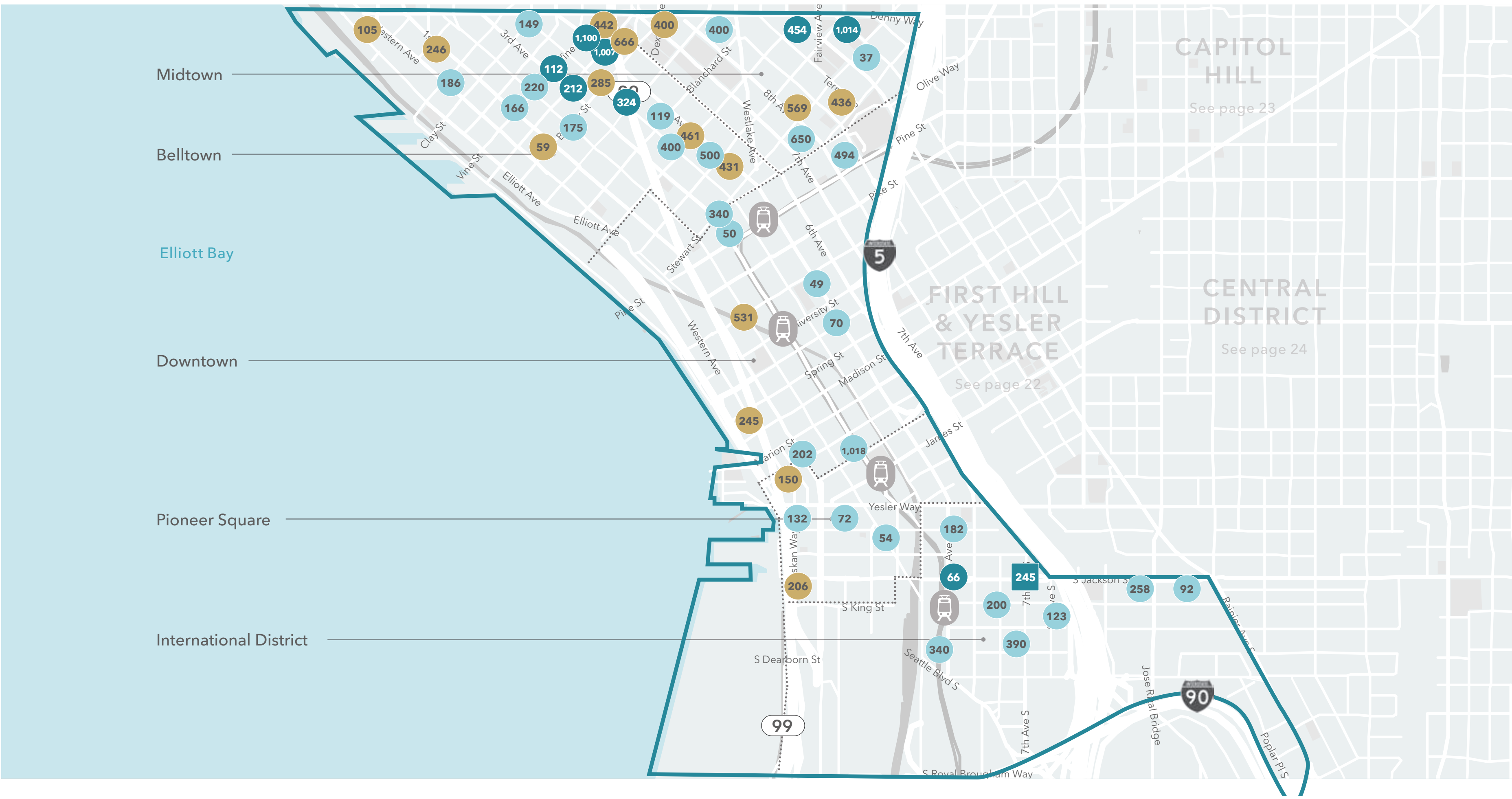
Belltown, Downtown & Pioneer Square

EXISTING APARTMENT INVENTORY: 16,796 UNITS

- Apartment
- Microhousing*
- Mixed*

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
4,534	5,232	7,068	16,834	125
27%	31%	42%	100% of inventory	0.7% of inventory

*Definitions for "Microhousing" & "Mixed" developments available on page 54



First Hill & Yesler Terrace

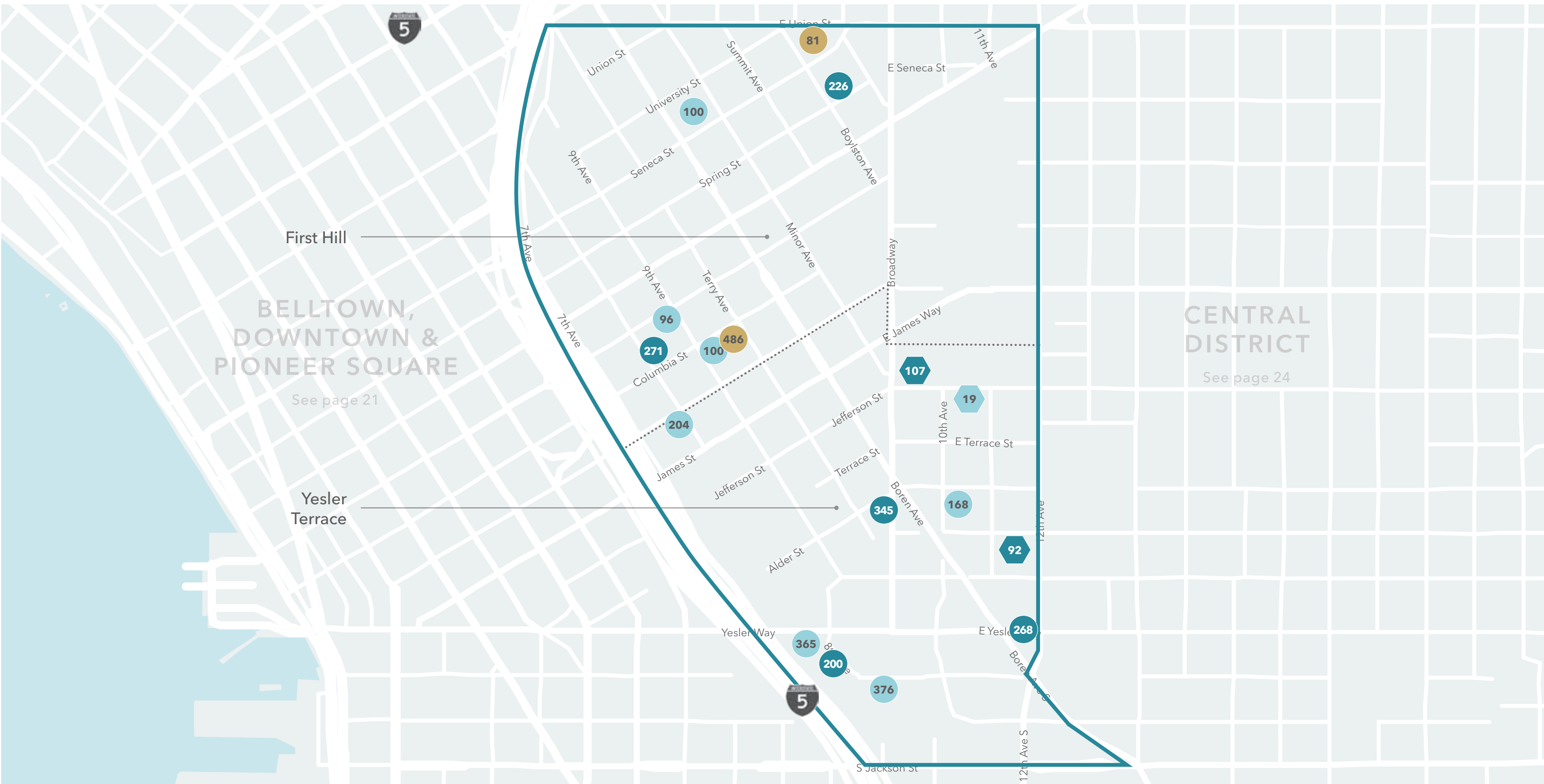
EXISTING APARTMENT INVENTORY: 6,623 UNITS

Construction	Approved	In Review	Total Pipeline
1,509	567	1,428	3,504
23%	9%	22%	53% of inventory

Microhousing Pipeline
218
3% of inventory

Apartment
Microhousing*
Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 54



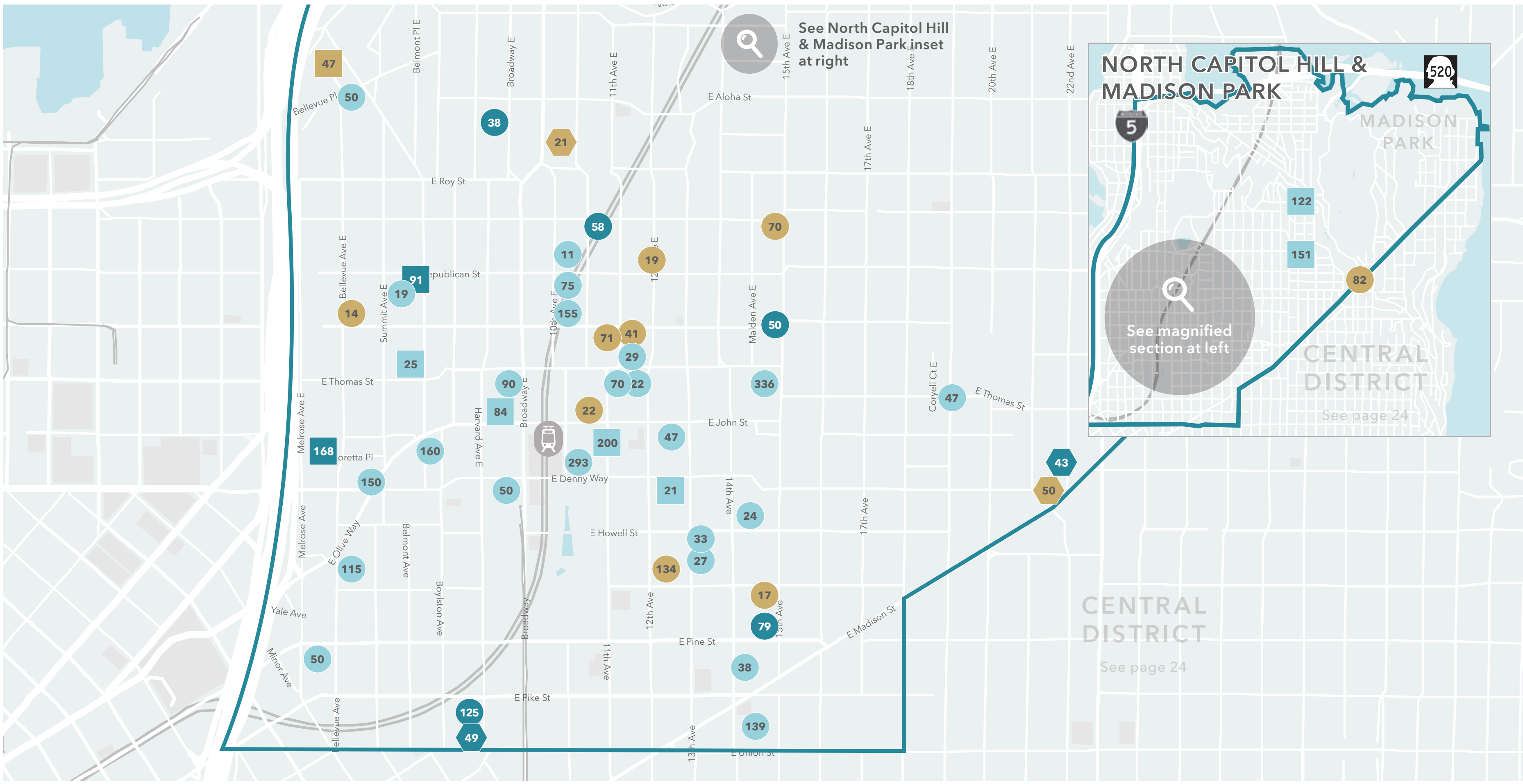
Capitol Hill

EXISTING APARTMENT INVENTORY: 16,345 UNITS

- Apartment
- Microhousing*
- Mixed*

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
701	588	2,633	3,922	684
4%	4%	16%	24% of inventory	4% of inventory

*Definitions for "Microhousing" & "Mixed" developments available on page 54



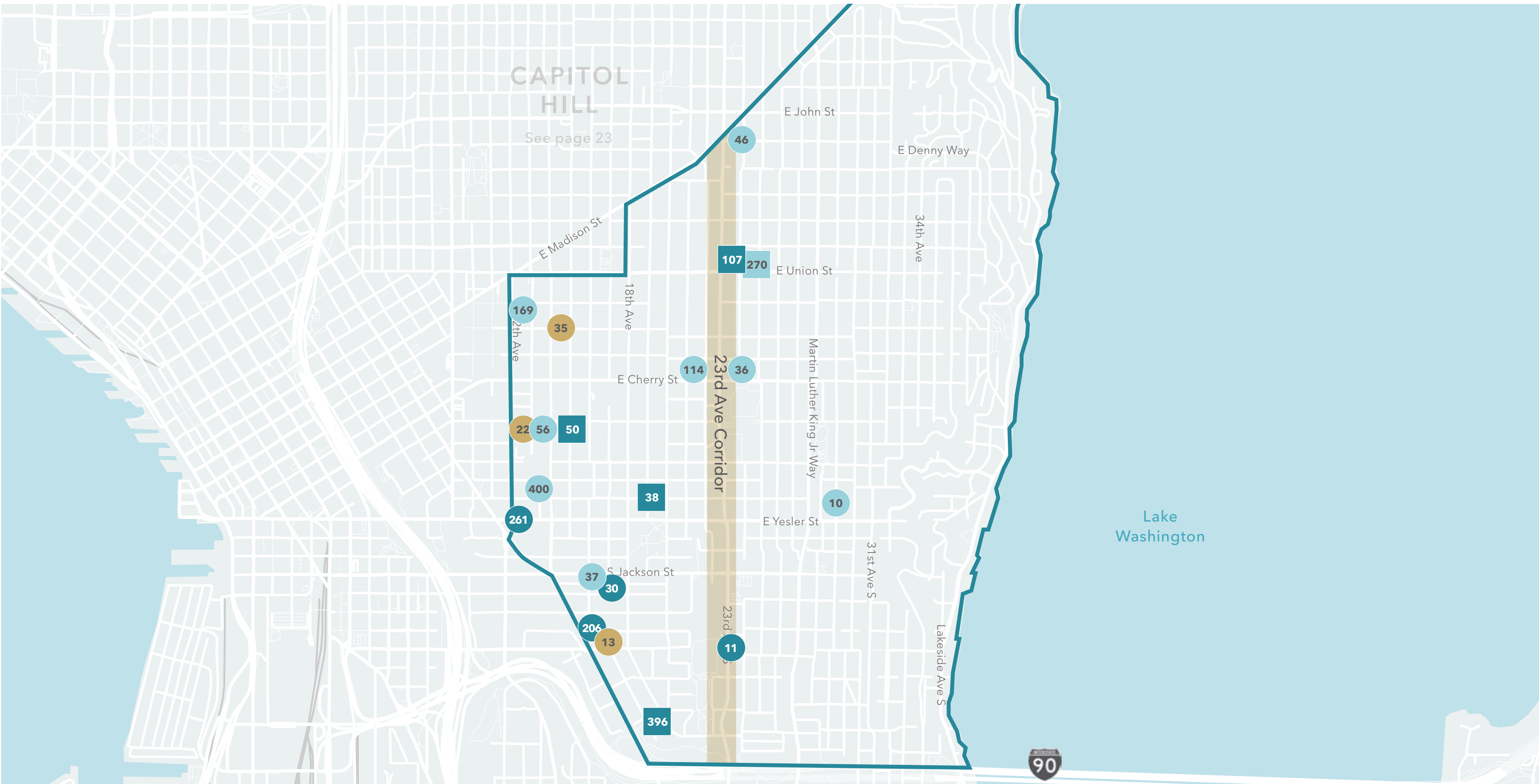
Central District

EXISTING APARTMENT INVENTORY: 2,276 UNITS

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
1,099	70	1,138	2,307	253
48%	3%	50%	101% of inventory	11% of inventory

Apartment
Microhousing*
Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 54



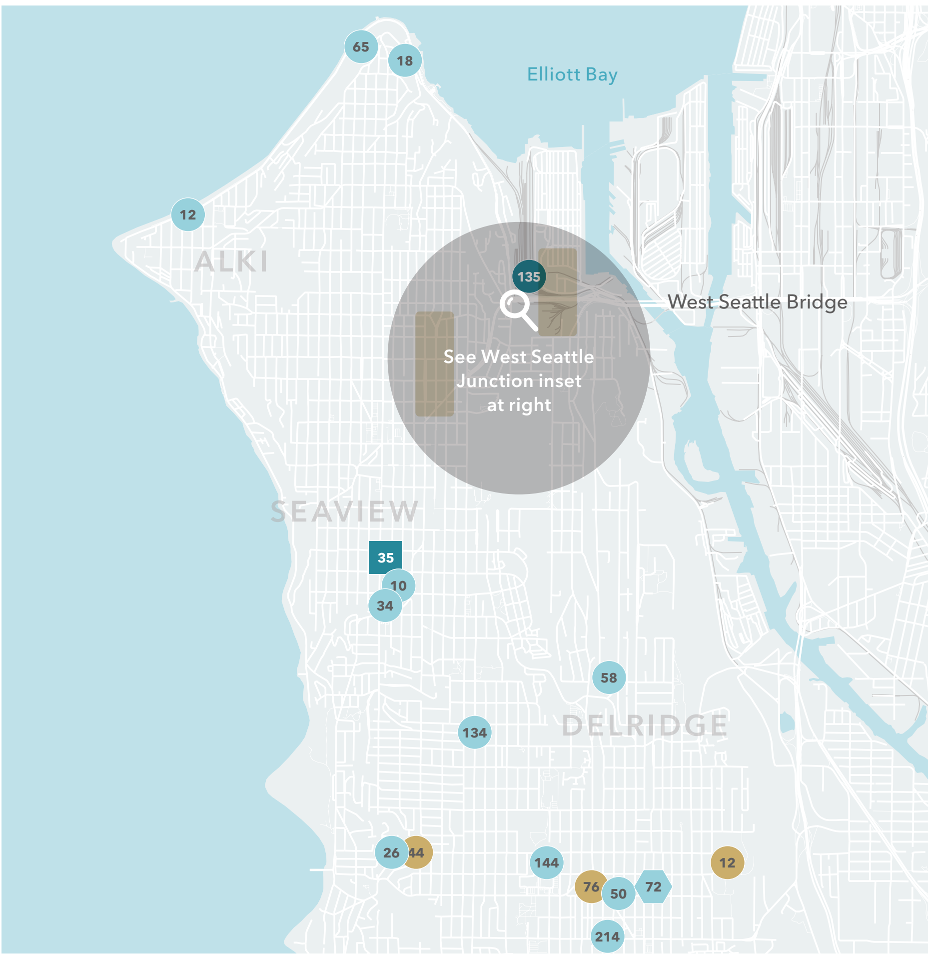
West Seattle

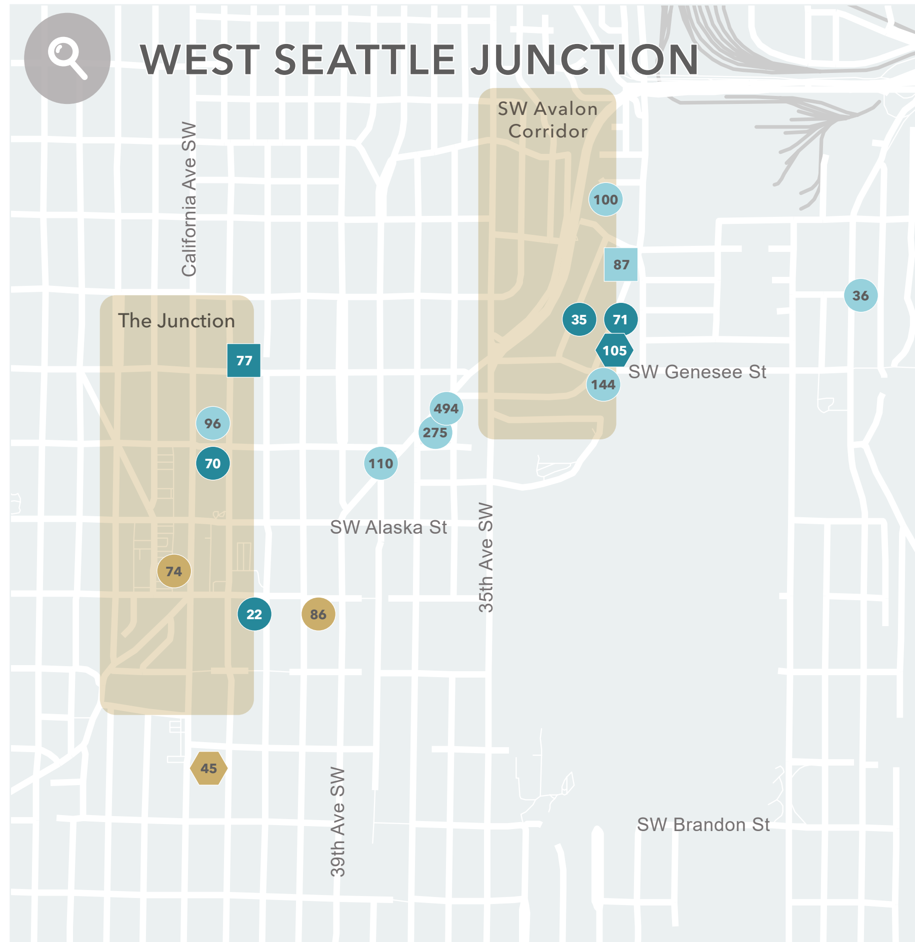
EXISTING APARTMENT INVENTORY: 6,170 UNITS

- Apartment
- Microhousing*
- Mixed*

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
550	337	2,179	3,066	380
9%	5%	35%	50% of inventory	6% of inventory

*Definitions for "Microhousing" & "Mixed" developments available on page 54





South Seattle

EXISTING APARTMENT INVENTORY: 3,765 UNITS

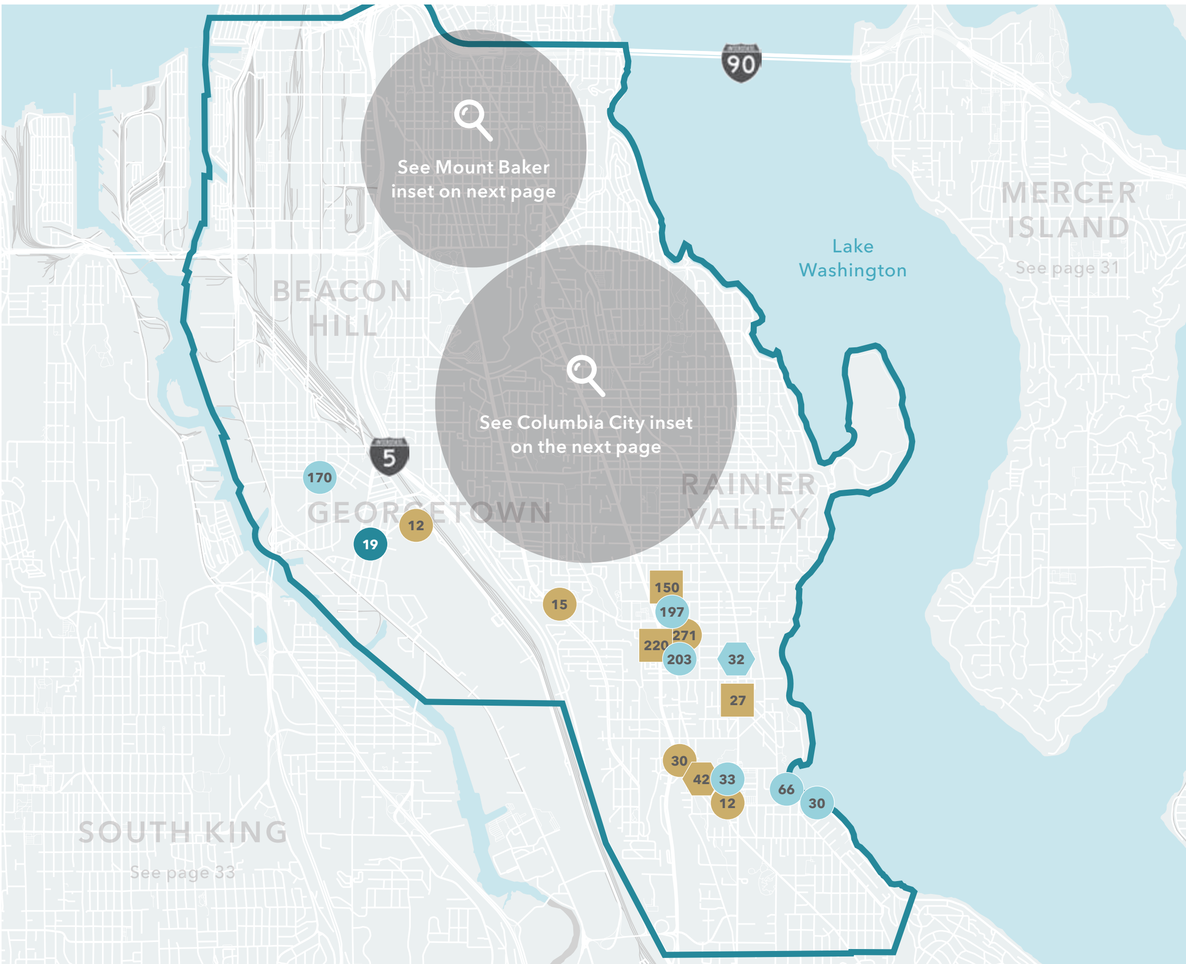
Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
1,072	2,515	3,432	7,019	1,114
28%	67%	91%	186% of inventory	30% of inventory

Apartment

Microhousing*

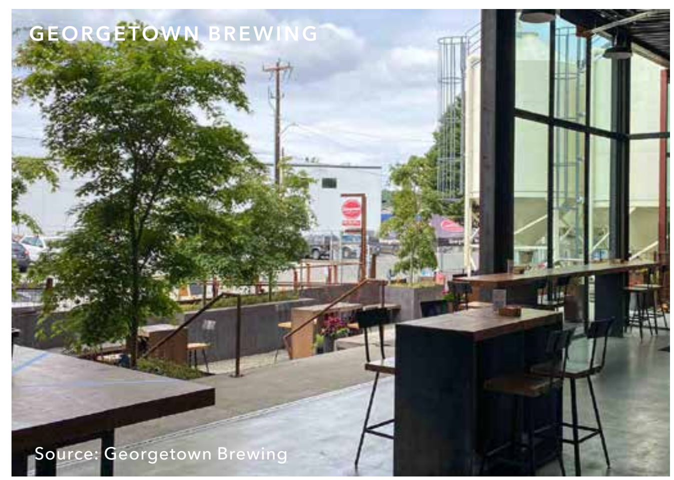
Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 54

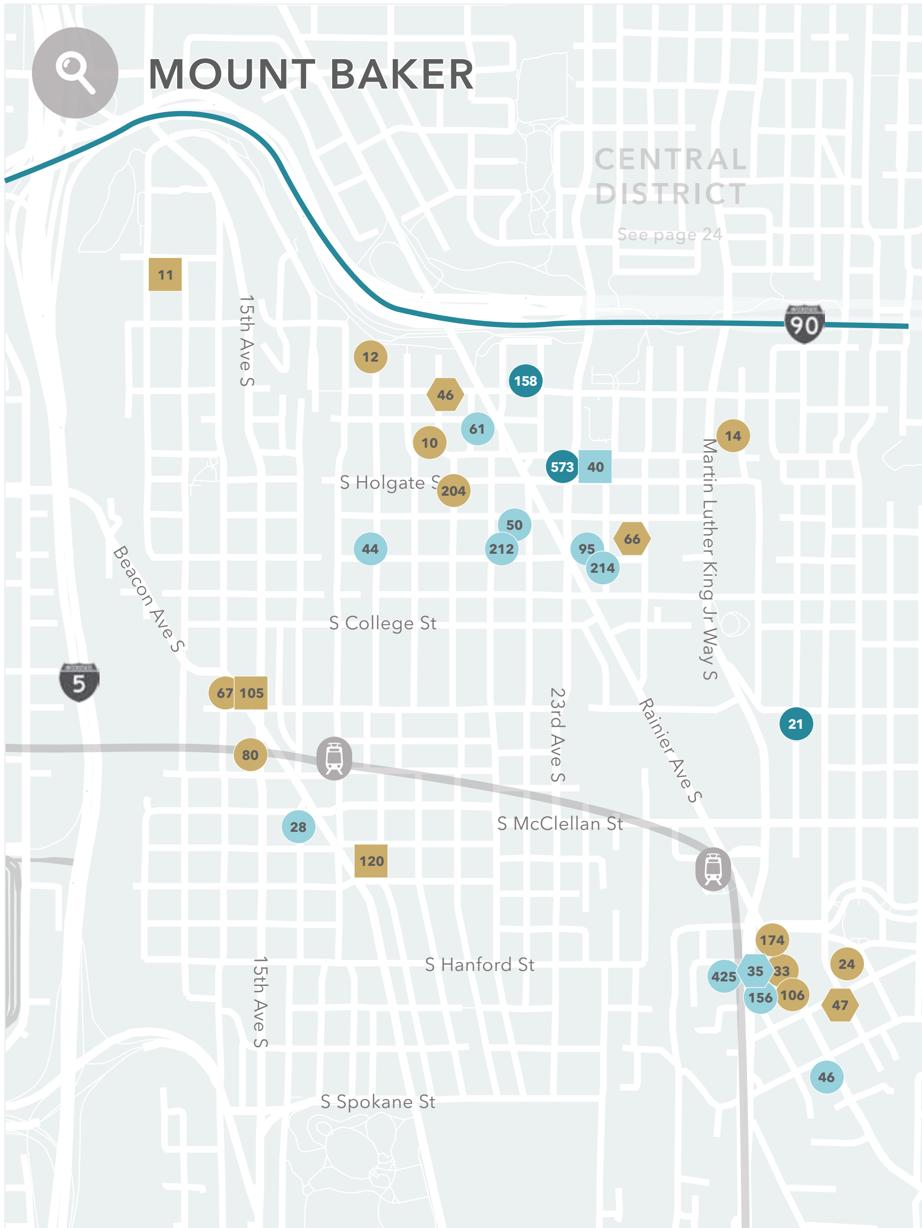



SEWARD PARK

Source: Seattle.gov


GEORGETOWN BREWING

Source: Georgetown Brewing


MOUNT BAKER
CENTRAL DISTRICT
See page 24
15th Ave S
S Holgate St
Beacon Ave S
S College St
23rd Ave S
Rainier Ave S
Martin Luther King Jr Way S
S McClellan St
S Hanford St
S Spokane St
90
5
11
12
46
158
61
10
573
40
14
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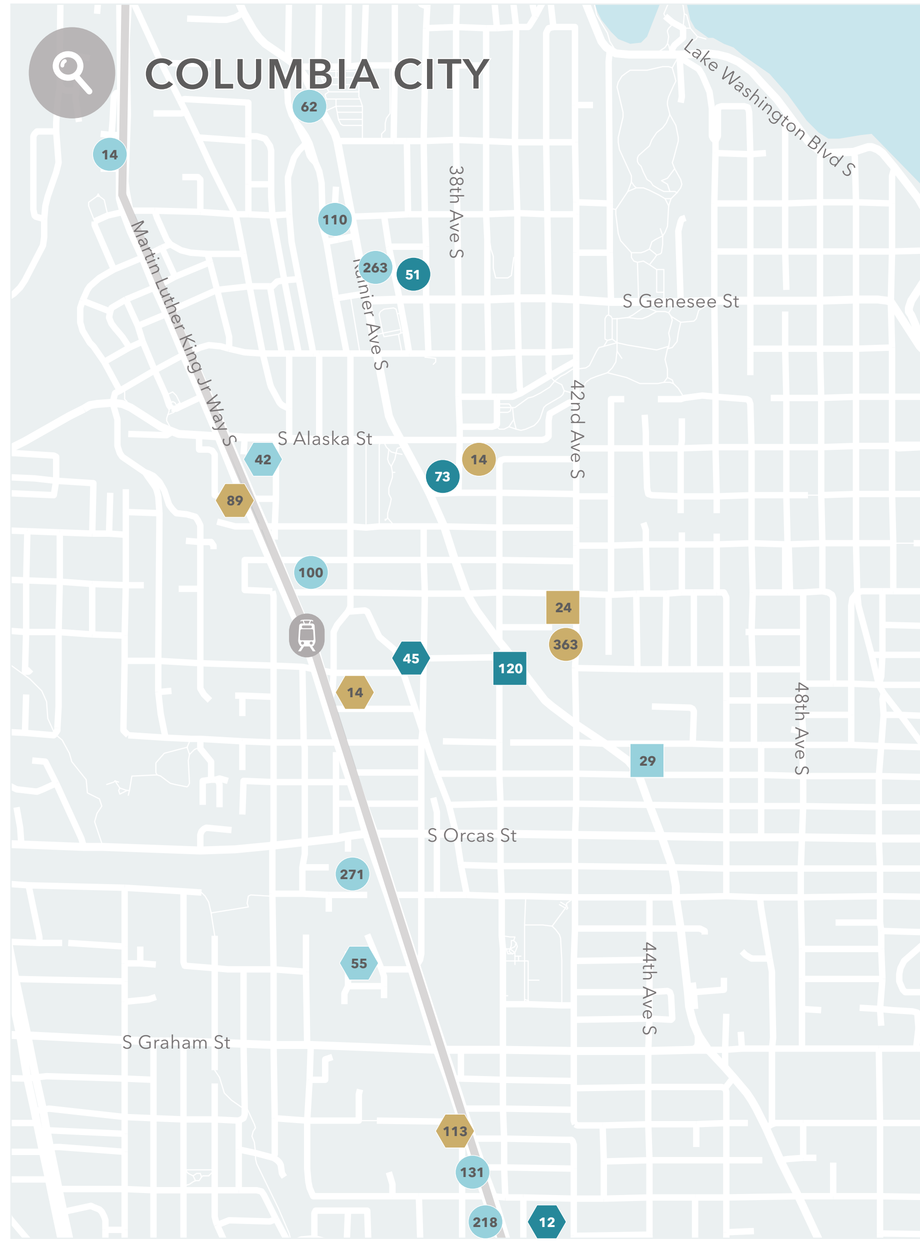
COLUMBIA CITY
Lake Washington Blvd S
38th Ave S
Rainier Ave S
Martin Luther King Jr Way S
S Genesee St
42nd Ave S
S Alaska St
48th Ave S
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44th Ave S
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218
12

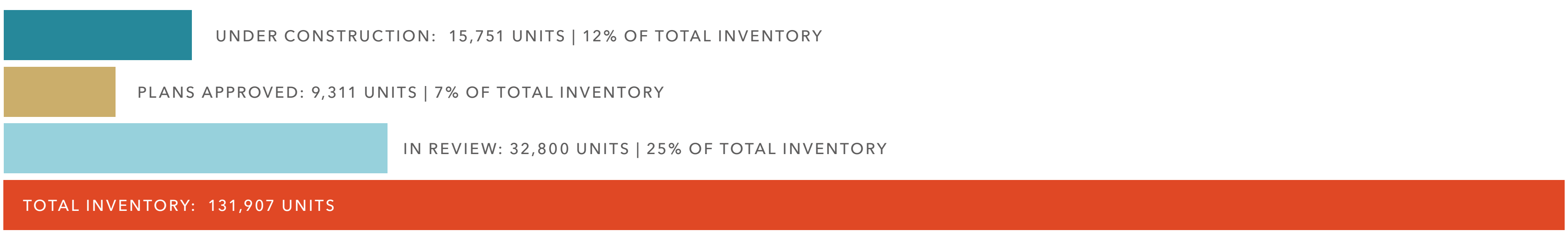
SUBURBAN KING DEVELOPMENT OVERVIEW

TRANSIT-ORIENTED DEVELOPMENT REMAINS TOP OF THE WISH LIST FOR SUBURBAN KING DEVELOPERS

Investors and developers continue to chase transit-oriented development (TOD) and light rail expansion. As such, it's no surprise that the markets with the highest numbers of units under construction are concentrated around both established and growing TOD nodes (namely, Redmond, Shoreline, North Seattle and Bellevue).

Meanwhile, markets east of Bellevue have experienced a recent slowdown in new development. In this case, the exception is the once-sleepy mountain town of North Bend, where 130 new units are coming online in the next six months and an additional 80 units about to break ground. Notably, the addition of these units will be a nearly 50% increase compared to the current inventory.

SUBURBAN KING DEVELOPMENT PIPELINE



SUBURBAN KING HISTORICAL DELIVERIES & CONSTRUCTION PIPELINE BY CITY

	INVENTORY (UNITS): AS OF YEAR-END 2009	GROWTH (UNITS): 2010 - 2020	INCREASE OVER EOY 2009	GROWTH (UNITS): 2021 - PRESENT	INCREASE OVER EOY 2020	UNDER CONSTRUCTION (UNITS)	INCREASE OVER CURRENT
Auburn, Covington & Maple Valley	5,407	856	↑16%	400	↑6%	303	↑5%
Bellevue	12,396	4,358	↑35%	227	↑1%	2,577	↑15%
Bothell & Kenmore	6,053	2,396	↑40%	-		-	
Burien & White Center	4,761	125	↑3%	-		230	↑5%
Des Moines & Seatac	3,713	398	↑11%	-		903	↑22%
Issaquah	2,231	1,401	↑63%	135	↑4%	-	
Kent	11,790	1,244	↑11%	517	↑4%	634	↑5%
Kirkland, Juanita & Totem Lake	6,855	1,536	↑22%	1,434	↑17%	797	↑8%
Mercer Island	1,440	251	↑17%	-		-	
Newcastle	542	747	↑138%	-		-	
North Bend & Snoqualmie	1,292	37	↑3%	-		128	↑10%
North Seattle	18,868	4,034	↑21%	444	↑2%	2,091	↑9%
Redmond	7,713	5,391	↑70%	2,145	↑16%	2,678	↑18%
Renton	11,044	1,430	↑13%	78	↑1%	735	↑6%
Sammamish	835	252	↑30%	10	↑1%	99	↑9%
Shoreline	4,244	1,299	↑31%	563	↑10%	3,010	↑49%
Tukwila	2,589	-		-		-	
Woodinville	697	1,122	↑161%	266	↑15%	208	↑10%

Note: Pipeline only includes Number of units currently under construction. Projects that are "Approved" or "In Review" are not included in this chart.
Source: CoStar

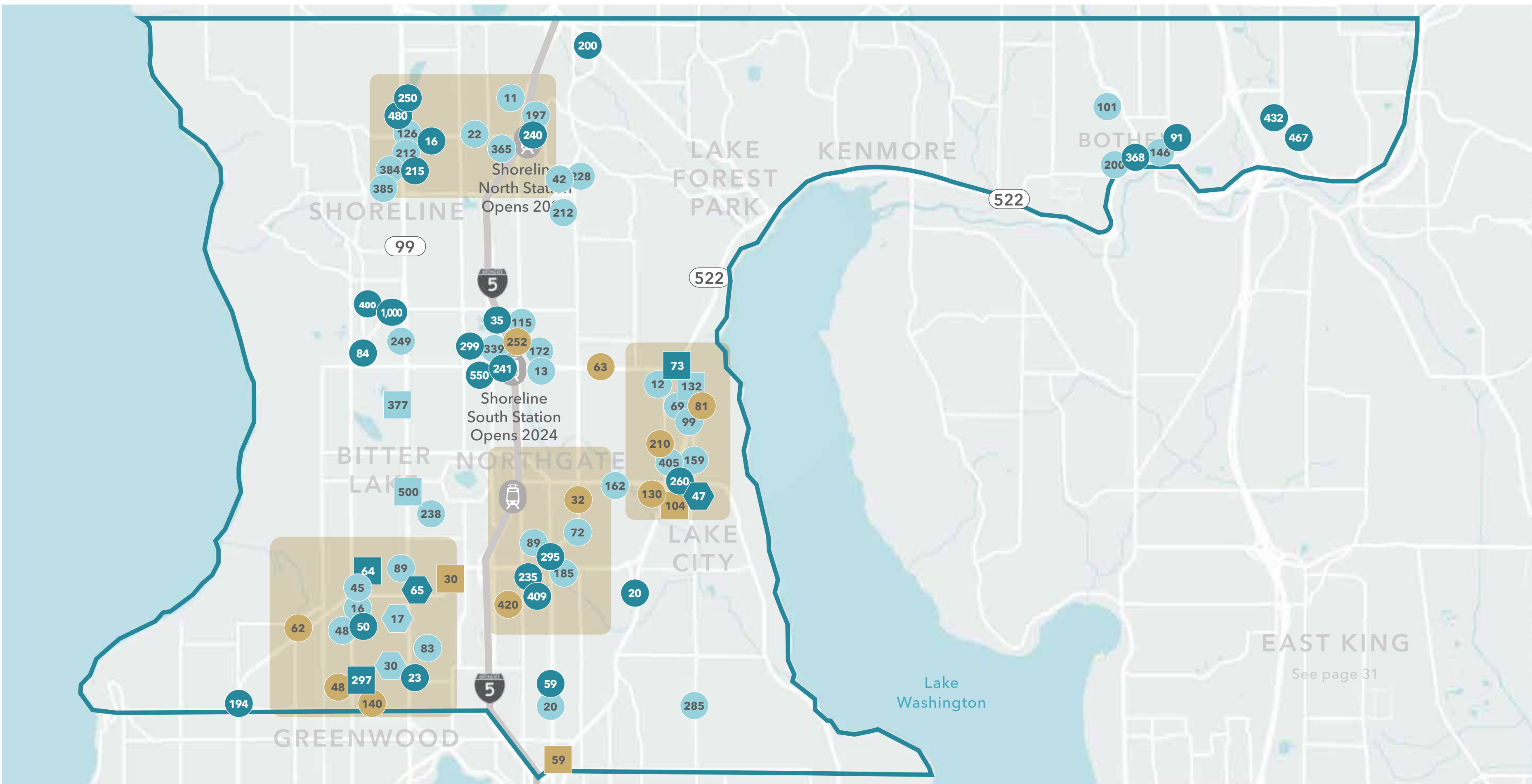
North King

EXISTING APARTMENT INVENTORY: 19,790 UNITS

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
6,459	7,195	2,631	16,285	903
33%	36%	13%	82% of inventory	5% of inventory

- Apartment
- Microhousing*
- Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 54



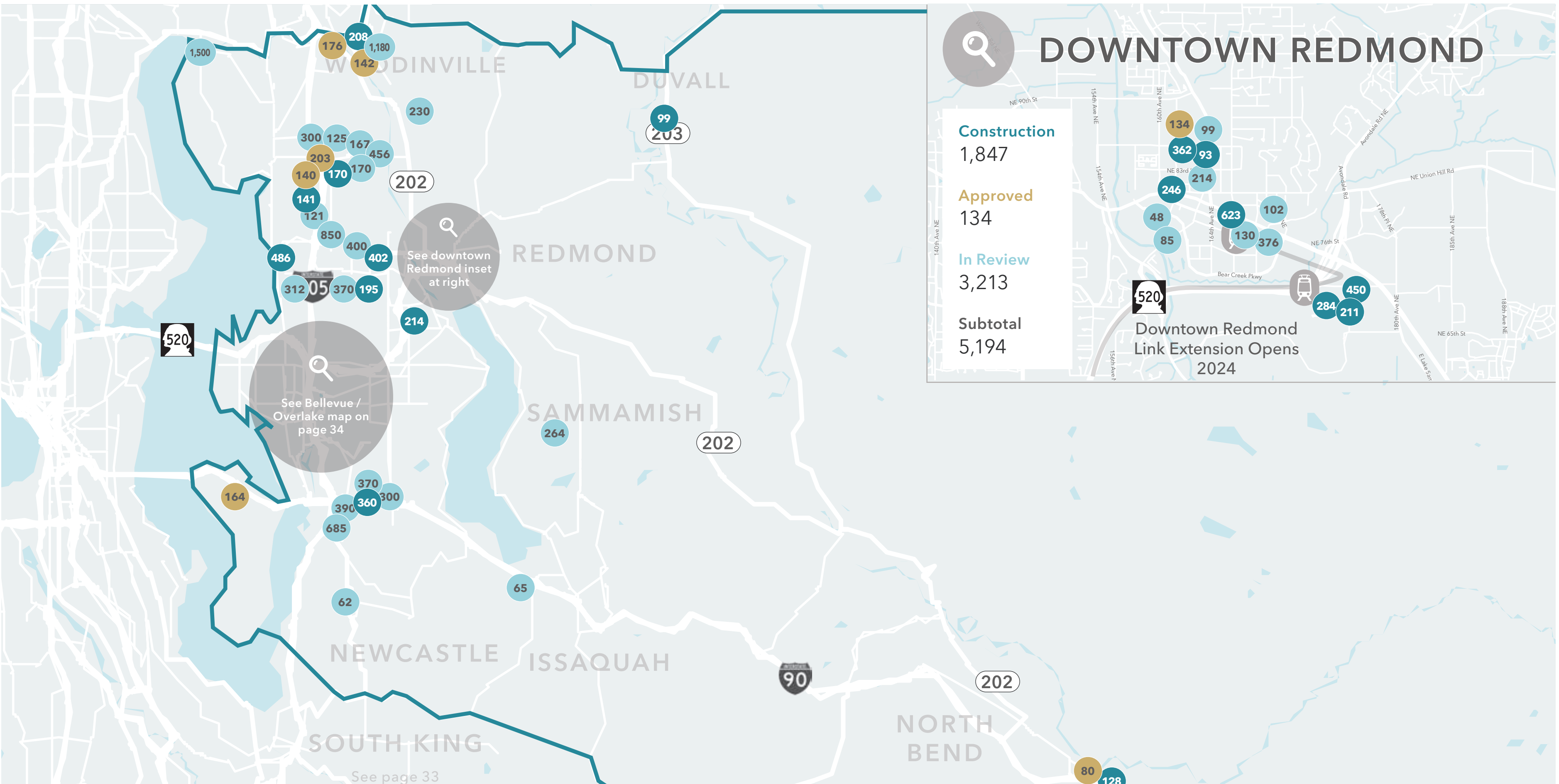
East King

EXISTING APARTMENT INVENTORY: 58,108 UNITS

- Apartment
- Microhousing*
- Mixed*

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
6,487	21,730	3,131	31,348	177
11%	37%	5%	54% of inventory	0.3% of inventory

*Definitions for "Microhousing" & "Mixed" developments available on page 54



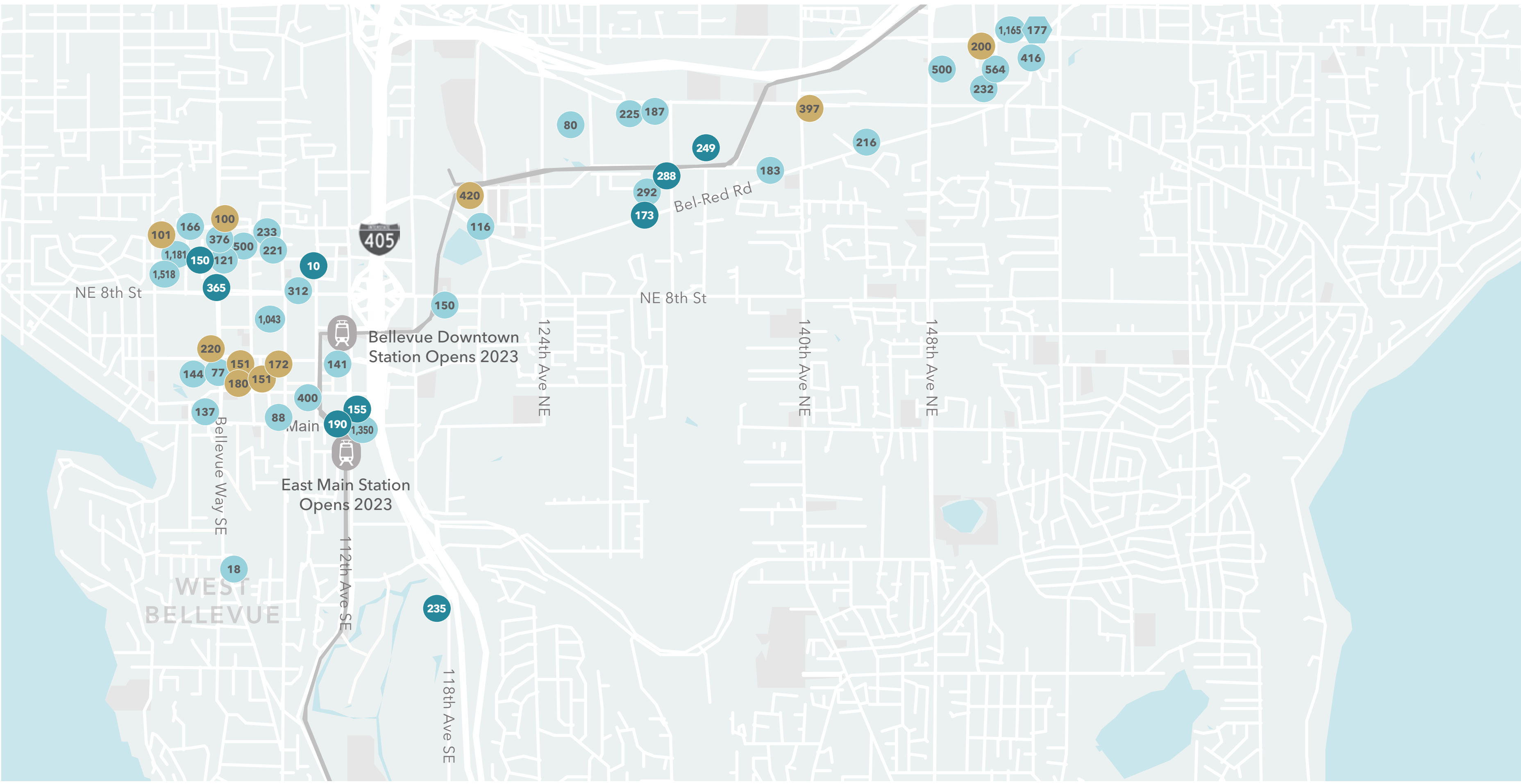
Bellevue

EXISTING APARTMENT INVENTORY: 16,753 UNITS

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
2,577	1,892	11,532	16,001	177
15%	11%	69%	96% of inventory	1% of inventory

- Apartment
- Microhousing*
- Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 54



South King

Apartment

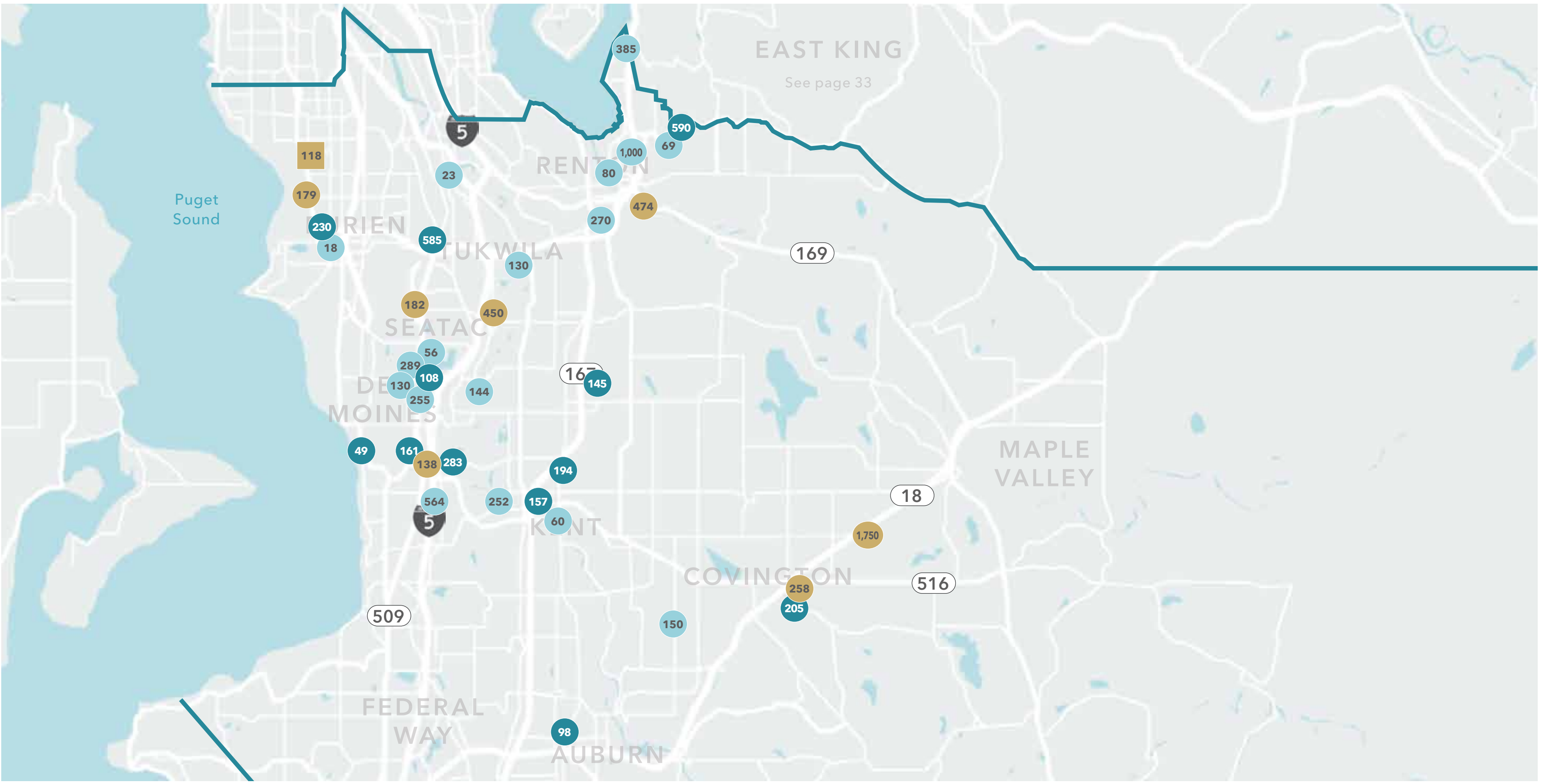
Microhousing*

Mixed*

EXISTING APARTMENT INVENTORY: 54,009 UNITS

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
2,805	3,875	3,549	10,229	5
5%	7%	7%	19% of inventory	0.01% of inventory

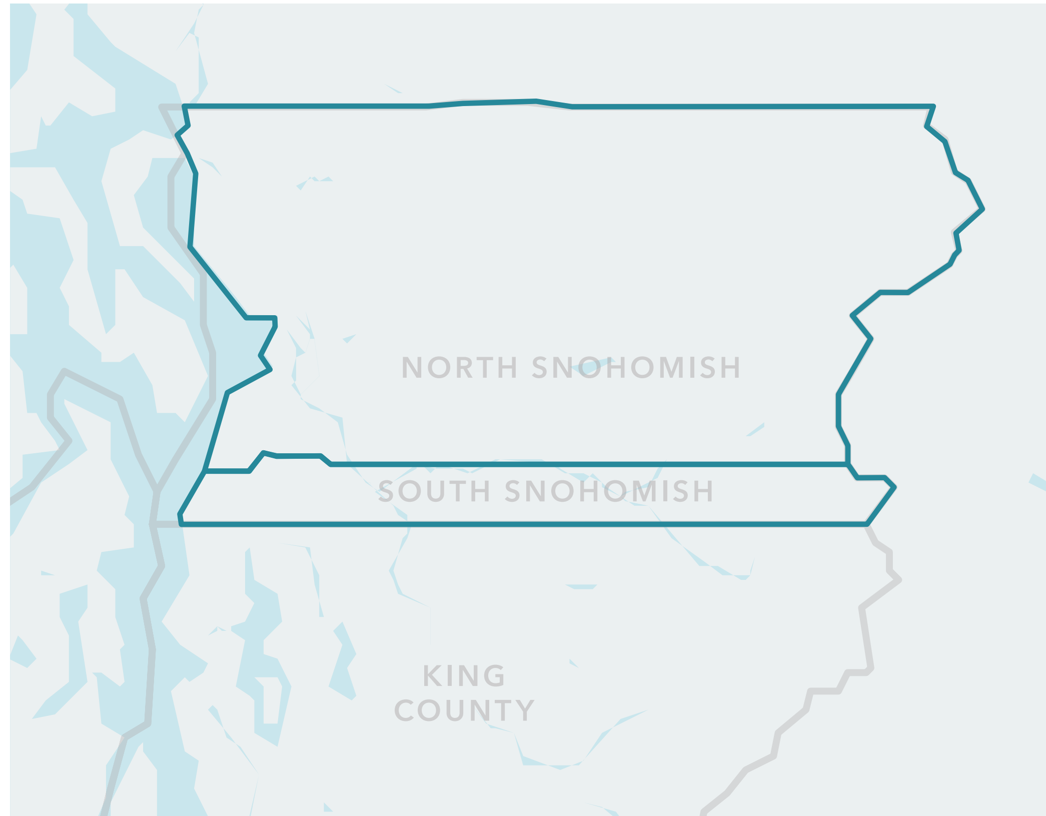
*Definitions for "Microhousing" & "Mixed" developments available on page 54



SNOHOMISH COUNTY

04

SNOHOMISH DEVELOPMENT OVERVIEW



DEVELOPMENT REMAINS CONSISTENT THROUGHOUT SNOHOMISH COUNTY, CONTINUES TO FOLLOW THE I-5 & LIGHT RAIL

Development sites continue to emerge in the north and act like breadcrumbs following the I-5 corridor and light rail. Here, developers are looking for scale outside of Seattle, thereby resulting in larger development sites (100+ units) being planned and built. Likewise, Arlington has developers scrambling for opportunities after Amazon announced its new fulfilment center, and more than 600 units (44% growth) are already in the works. At the same time, Lynnwood continues to build, as well, with more than 1,000 units set to deliver this year.

SNOHOMISH DEVELOPMENT PIPELINE

UNDER CONSTRUCTION: 3,020 UNITS | 7% OF TOTAL INVENTORY

PLANS APPROVED: 285 UNITS | 1% OF TOTAL INVENTORY

IN REVIEW: 4,509 UNITS | 10% OF TOTAL INVENTORY

TOTAL INVENTORY: 45,048 UNITS

SNOHOMISH HISTORICAL DELIVERIES & CONSTRUCTION PIPELINE BY CITY

	INVENTORY (UNITS): AS OF YEAR-END 2009	GROWTH (UNITS): 2010 – 2020	INCREASE OVER EOY 2009	GROWTH (UNITS): 2021 – PRESENT	INCREASE OVER EOY 2020	UNDER CONSTRUCTION (UNITS)	INCREASE OVER CURRENT
Arlington	479	534	↑ 111%	484	↑ 48%	658	↑ 44%
Edmonds	2,437	231	↑ 9%	221	↑ 8%	192	↑ 6%
Everett	14,301	1,007	↑ 7%	829	↑ 5%	914	↑ 6%
Lake Stevens	1,099	–		195	↑ 18%	-	
Lynnwood	7,702	1,383	↑ 18%	934	↑ 10%	1,186	↑ 12%
Marysville	882	732	↑ 83%	220	↑ 13%	-	
Mill Creek	2,153	180	↑ 8%	-		-	
Monroe	613	–		-		-	
Mountlake Terrace	1,861	274	↑ 16%	438	↑ 21%	-	
Snohomish	332	–		-		-	
Stanwood	295	48	↑ 16%	159	↑ 39%	70	↑ 12%

Note: Pipeline only includes Number of units currently under construction. Projects that are "Approved" or "In Review" are not included in this chart.
Source: CoStar

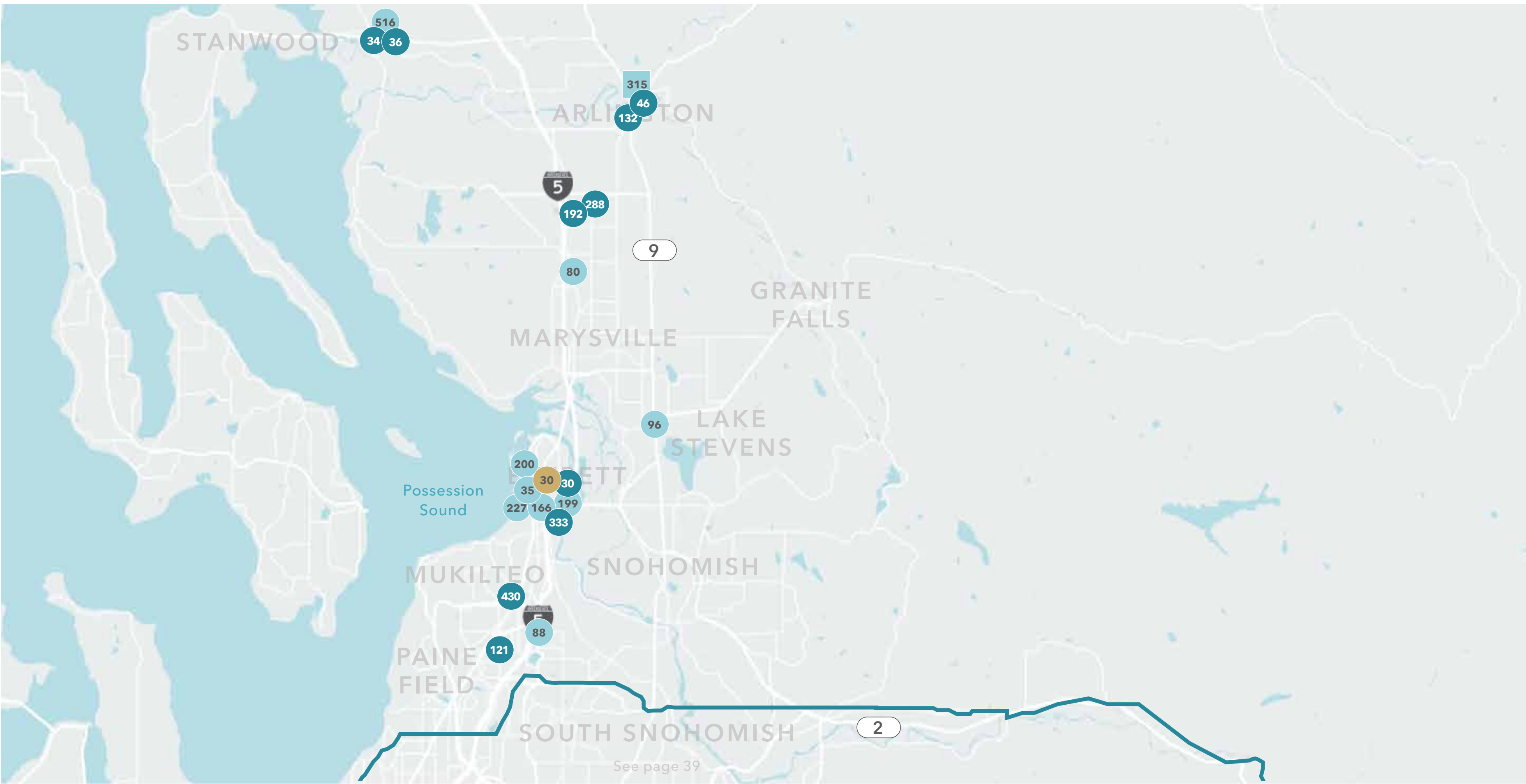
North Snohomish

EXISTING APARTMENT INVENTORY: 26,864 UNITS

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
1,642	30	1,922	3,594	170
6%	0%	7%	14% of inventory	1% of inventory

- Apartment
- Microhousing*
- Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 54



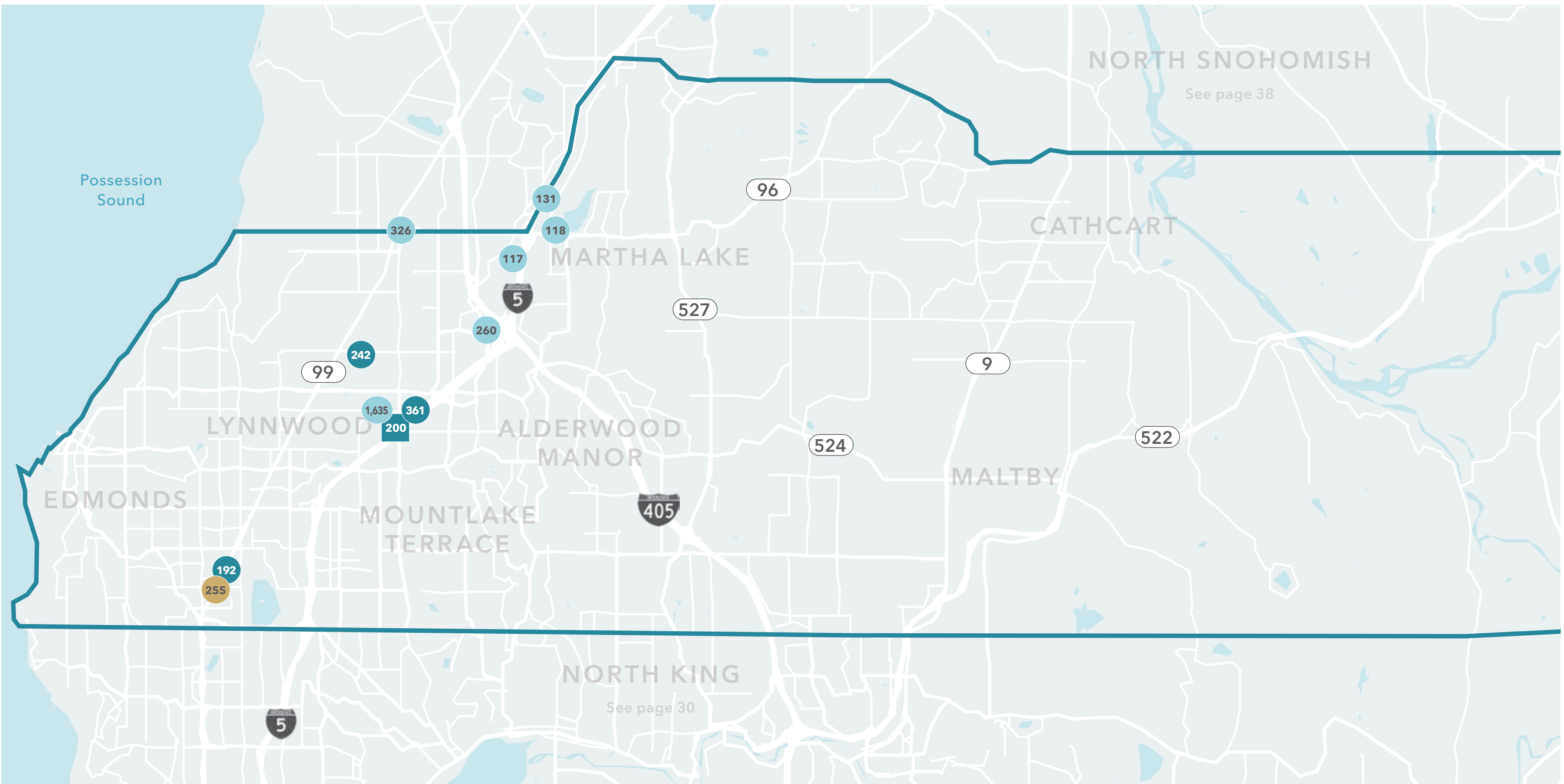
South Snohomish

EXISTING APARTMENT INVENTORY: 18,102 UNITS

Apartment
Microhousing*
Mixed*

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
1,378	255	2,587	4,220	50
8%	1%	14%	23% of inventory	0.3% of inventory

*Definitions for "Microhousing" & "Mixed" developments available on page 54



PIERCE COUNTY

05

PIERCE DEVELOPMENT OVERVIEW

POTENTIAL SLOWDOWN IN NEW DEVELOPMENT MAY GIVE EXISTING APARTMENT INVENTORY SOME BREATHING ROOM

Throughout the course of the decade spanning 2010 to 2020, submarkets in Pierce County experienced apartment inventory growth from as light at 10% to as high as 150%. That said, no submarket in Pierce County experienced as much sustained new development as downtown Tacoma – and new deliveries finally caught up with demand this past year.

Specifically, the number of new projects breaking ground here has begun to subside in the last six months, and this will surely give the market some breathing room – but not until all of the units under construction are delivered and absorbed.

PIERCE DEVELOPMENT PIPELINE

UNDER CONSTRUCTION: 4,432 UNITS | 8% OF TOTAL INVENTORY

PLANS APPROVED: 864 UNITS | 1% OF TOTAL INVENTORY

IN REVIEW: 6,341 UNITS | 11% OF TOTAL INVENTORY

TOTAL INVENTORY: 57,636 UNITS

PIERCE HISTORICAL DELIVERIES & CONSTRUCTION PIPELINE BY CITY

	INVENTORY (UNITS): AS OF YEAR-END 2009	GROWTH (UNITS): 2010 – 2020	INCREASE OVER EOY 2009	GROWTH (UNITS): 2021 – PRESENT	INCREASE OVER EOY 2020	UNDER CONSTRUCTION (UNITS)	INCREASE OVER CURRENT
DuPont	232	339	↑ 146%	-		-	
Fife, Edgewood, Milton & South Auburn	8,109	1,493	↑ 18%	276	↑ 3%	268	↑ 3%
Gig Harbor	1,220	237	↑ 19%	174	↑ 12%	-	
Graham & South Hill	309	188	↑ 61%	-		-	
Lakewood, Parkland & University Place	11,183	1,061	↑ 9%	182	↑ 1%	378	↑ 3%
Puyallup, Sumner & Bonney Lake	8,315	2,117	↑ 25%	619	↑ 6%	399	↑ 4%
Tacoma & Ruston	26,517	3,654	↑ 14%	1,947	↑ 6%	3,387	↑ 11%

Note: Pipeline only includes Number of units currently under construction. Projects that are "Approved" or "In Review" are not included in this chart.
Source: CoStar

Suburban Pierce

EXISTING APARTMENT INVENTORY: 50,161 UNITS

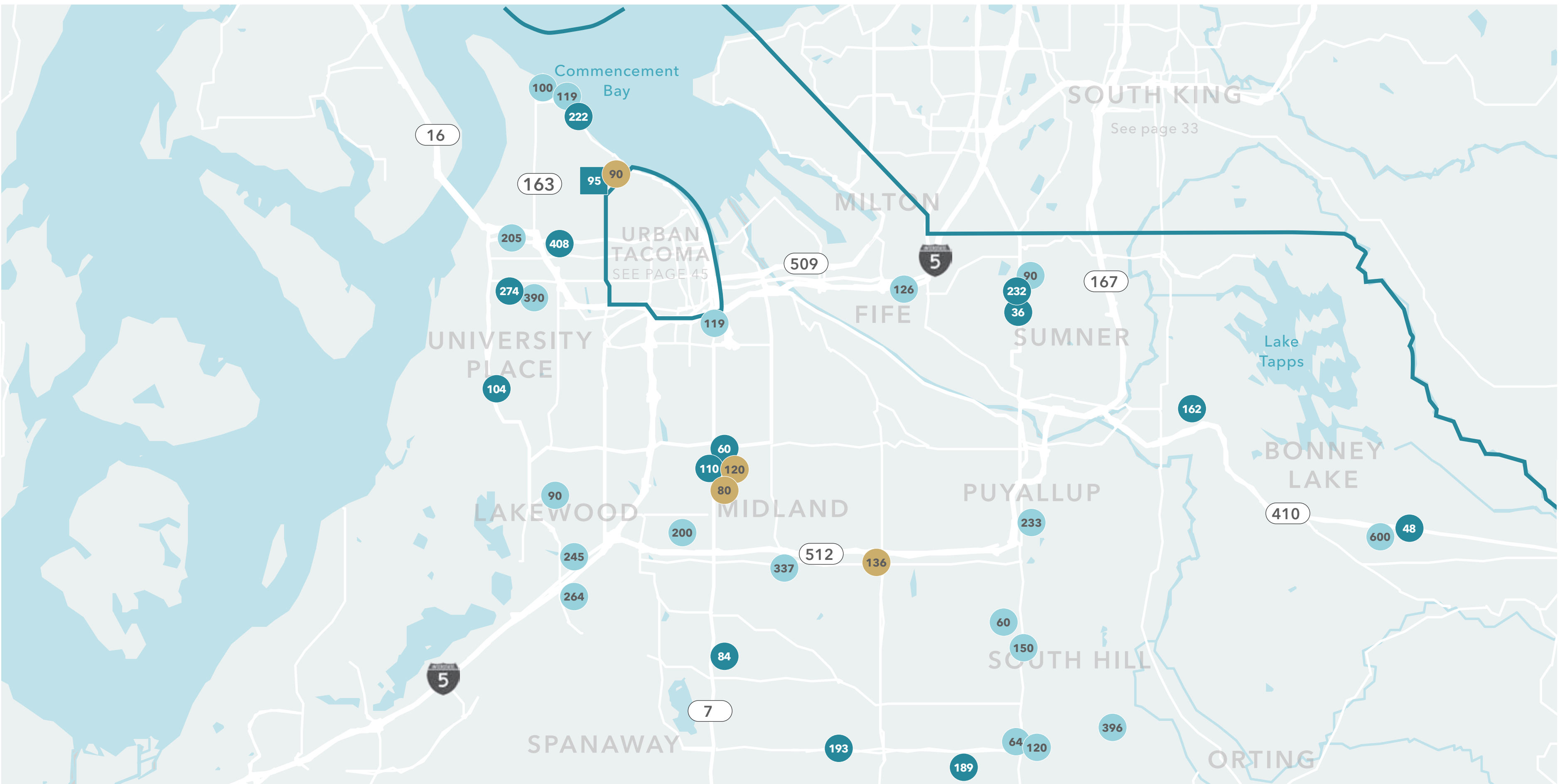
Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
2,217	359	3,908	6,484	43
4%	1%	8%	13% of inventory	0.1% of inventory

Apartment

Microhousing*

Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 54



Urban Tacoma

EXISTING APARTMENT INVENTORY: 7,475 UNITS

- Apartment
- Microhousing*
- Mixed*

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
2,215	505	2,433	5,153	171
30%	7%	33%	69%	2% of inventory

*Definitions for "Microhousing" & "Mixed" developments available on page 54

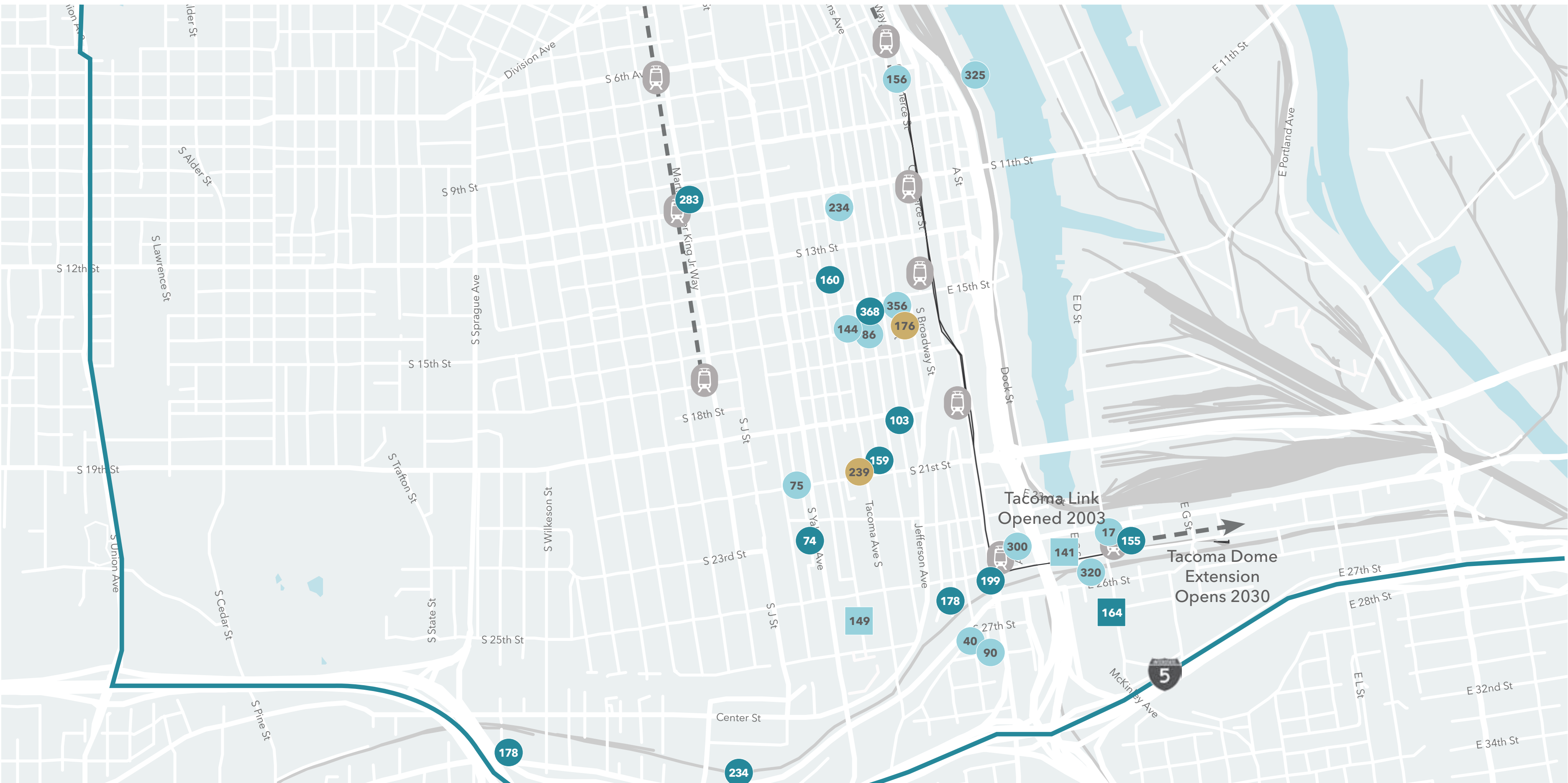
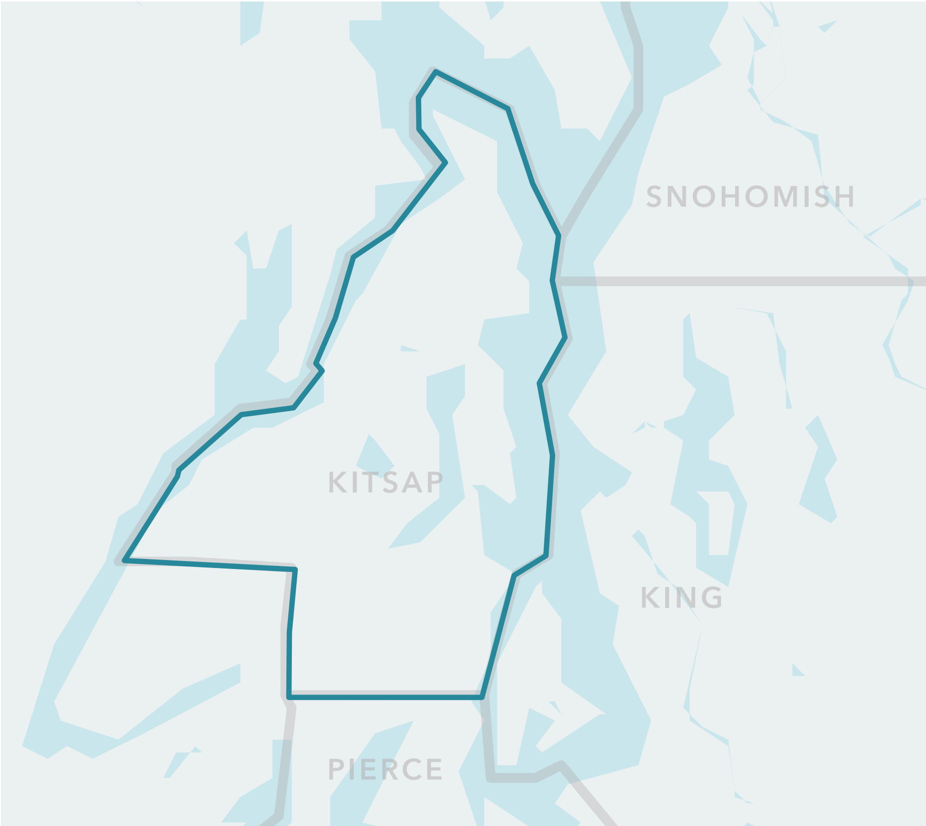



Image source: Tom Collins Flickr

KITSAP COUNTY

06

KITSAP DEVELOPMENT OVERVIEW

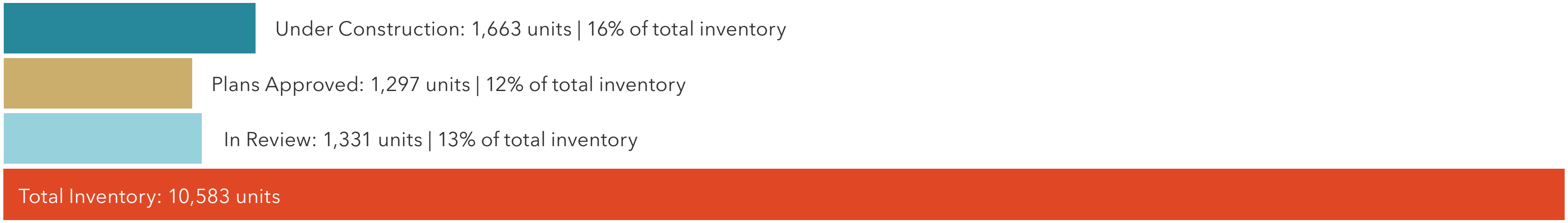


ROUGH WATERS ARE AHEAD FOR SOME KITSAP MARKETS IN THE SHORT-TERM

The development pipeline is Kitsap is robust, with a 41% increase compared to the existing stock of units planned, approved or under construction. Clearly, Kitsap has been the darling of the development market for the last several years, with developers capitalizing on their ability to buy larger chunks of land at more affordable rates than the tri-county region. That said, the near-term presents some occupancy challenges with the departure of 2,700 potential renters leaving with the aircraft carrier, in addition to new buildings coming online recently and navigating lease up.

As large projects deliver in the next 12 months, expect them to feel the weight of this in their lease-up velocity, as well as concessions and rental rates. Hopefully, developers not yet breaking ground and still in the approved or in-review stages will be able to time the market well in order to deliver their projects as the Kitsap market eventually picks up steam and bounces back to where it once was.

KITSAP DEVELOPMENT PIPELINE



KITSAP HISTORICAL DELIVERIES & CONSTRUCTION PIPELINE BY CITY

	INVENTORY (UNITS): AS OF YEAR-END 2009	GROWTH (UNITS): 2010 – 2020	INCREASE OVER EOY 2009	GROWTH (UNITS): 2021 – PRESENT	INCREASE OVER EOY 2020	UNDER CONSTRUCTION (UNITS)	INCREASE OVER CURRENT
Bainbridge Island	241	216	↑ 90%	-		-	
Bremerton	3,440	576	↑ 17%	638	↑ 16%	397	↑ 9%
Port Orchard	1,624	269	↑ 17%	441	↑ 23%	424	↑ 18%
Poulsbo	676	91	↑ 13%	100	↑ 13%	124	↑ 14%
Silverdale	2,277	-		148	↑ 6%	718	↑ 30%

Note: Pipeline only includes Number of units currently under construction. Projects that are “Approved” or “In Review” are not included in this chart.
Source: CoStar

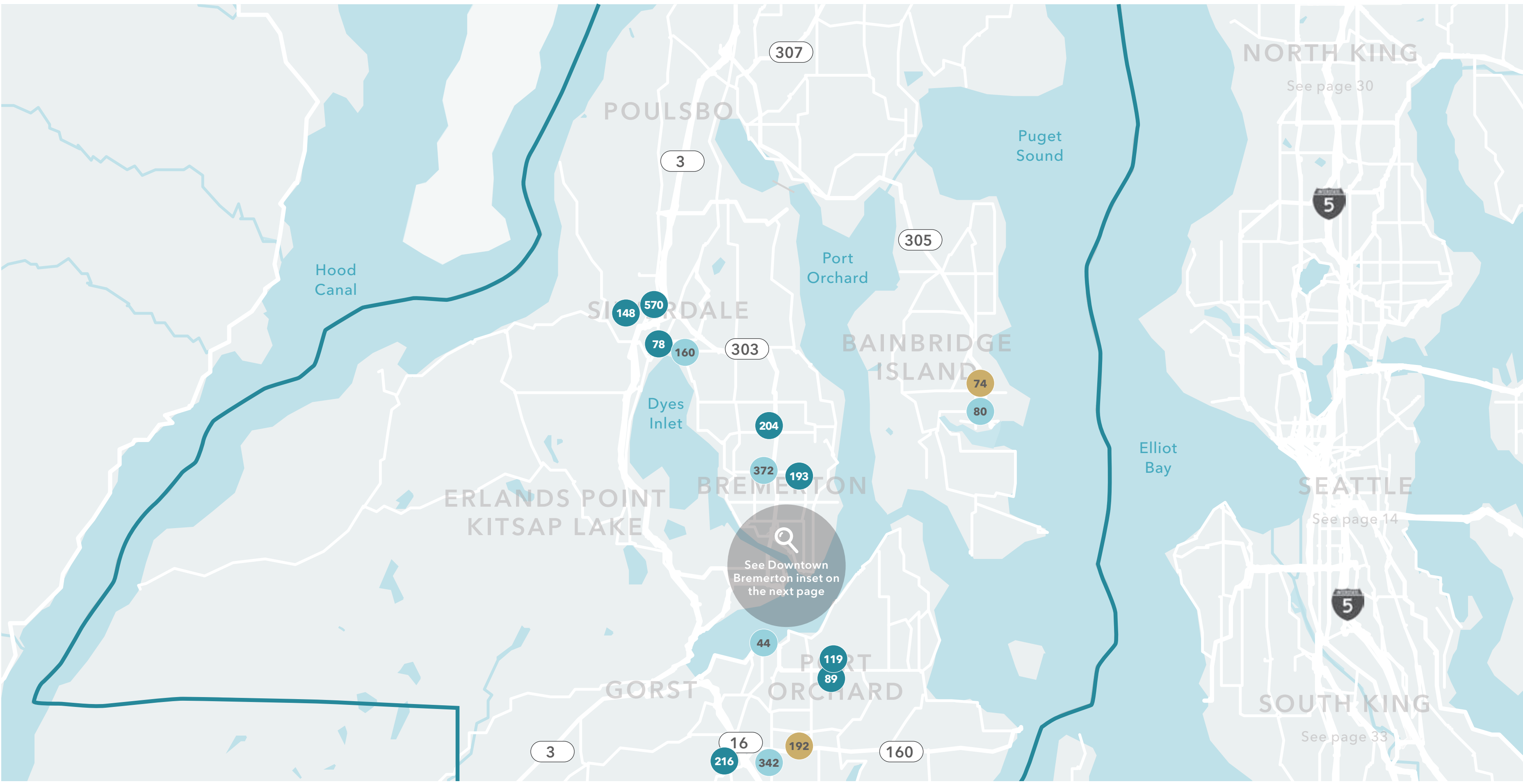
Kitsap County

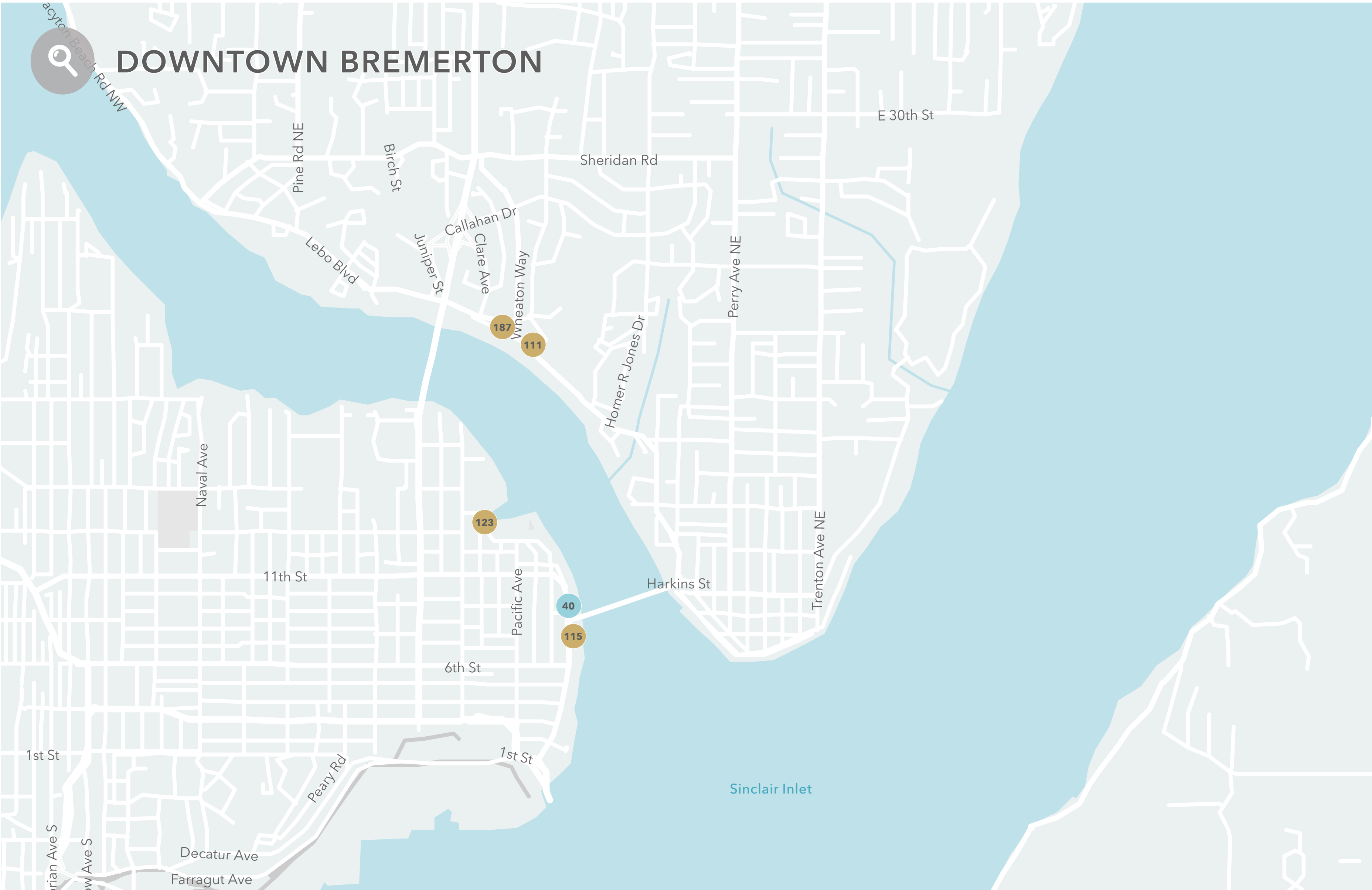
EXISTING APARTMENT INVENTORY: 10,583 UNITS

Construction	Approved	In Review	Total Pipeline	Microhousing Pipeline
1,663	1,297	1,331	4,291	0
16%	12%	13%	41% of inventory	0% of inventory

Apartment
Microhousing*
Mixed*

*Definitions for "Microhousing" & "Mixed" developments available on page 54





DOWNTOWN BREMERTON
E 30th St
Sheridan Rd
Pine Rd NE
Birch St
Callahan Dr
Lebo Blvd
Juniper St
Clare Ave
Wheaton Way
187
111
Homer R Jones Dr
Perry Ave NE
Naval Ave
123
11th St
Pacific Ave
Harkins St
Trenton Ave NE
40
115
6th St
1st St
Peary Rd
1st St
Sinclair Inlet
Decatur Ave
Farragut Ave

DATA SOURCES & DEFINITIONS

07

DEFINITIONS

MICROHOUSING

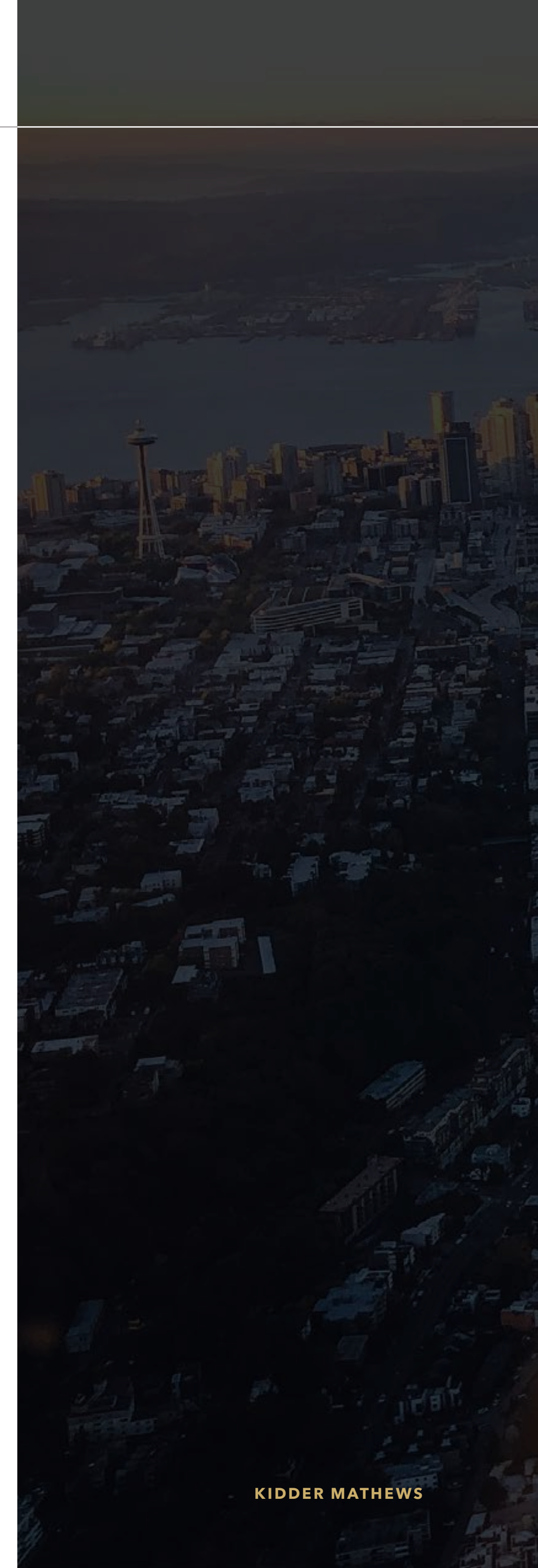
CONGREGATE	Standard Average Minimum	140–200 SF 175 SF 70 SF	A type of housing that has a private sleeping room and typically a bathroom, but is not a complete dwelling unit and may share a bathroom, common kitchen, dining room, and facilities with other units.	Allowed in certain zones
MICRO STUDIOS	Standard Average Minimum	150–250 SF 200 SF 90 SF	An apartment or townhouse dwelling unit t consisting of no more than eight sleeping suites (private room with private bath) and one common kitchen or kitchen/lounge.	Not allowed (since 2014)
SEDU	Standard Average Minimum	240–320 SF 275 SF 240 SF	A very compact conventional studio apartment, complete with cooking and bathing facilities and closet space. The max gross floor area allowed is 320 SF – anything larger is an Efficiency Dwelling Unit (EDU).	Allowed
EDU	Standard Average Minimum	321–400 SF 375 SF 321 SF	A small, conventional studio apartment with a main living space ("habitable space") of no less than 220 SF.	Allowed

MIXED DEVELOPMENTS

Mixed developments noted in this study comprise a unit mix of both standard apartment unit types and microhousing units (see definitions above).

DATA SOURCES

- City of Bellevue - Major Projects List
- City of Redmond - Projects Viewer
- City of Shoreline
- City of Kirkland
- CoStar
- Geographic Information Systems division of Kitsap County Application Services
- King County Registrar
- Pierce County Registrar
- Seattle in Progress
- Snohomish County Registrar
- Yardi Matrix
- Simon | Anderson Team Research



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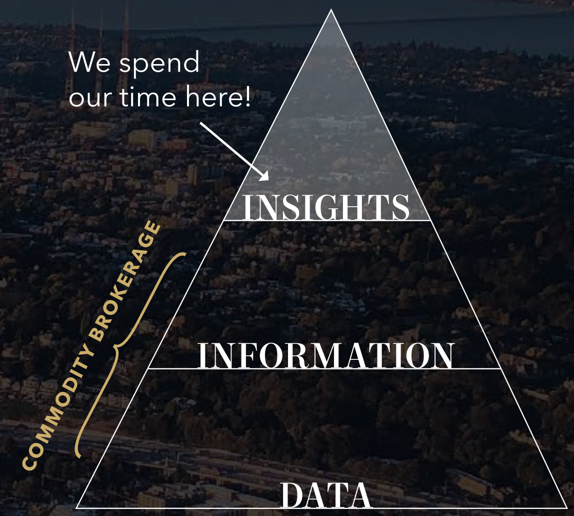
We think and act in terms of absolute market expertise, exposing arbitrage opportunities and achieving best-in-class sales results. We inspire trust and confidence in our guidance to the market by leveraging data and information to develop Profitable Insights™ on the market. Our clients excel by having an unfair advantage over the marketplace.



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VALIDATING INTUITION WITH DATA

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- Off-market pursuits of pre-sale & stabilized apartment buildings
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