



# MULTIFAMILY *INVESTOR FORUM & LUNCHEON*

FALL 2024

PRESENTED BY

*Dylan Simon*

Executive Vice President  
Simon | Anderson  
Multifamily Team

October 3, 2024

# PRESENTATION AGENDA

*Rent & Vacancy*

*01*

*Development  
Pipeline*

*02*

*Sales Trends*

*03*

*Investment  
Roundtable*

*04*

RESEARCH REPORTS: [SIMONANDERSONTEAM.COM/RESEARCH](https://simonandersonsoneteam.com/research)



# THE BIG PICTURE – APARTMENT OPERATIONS

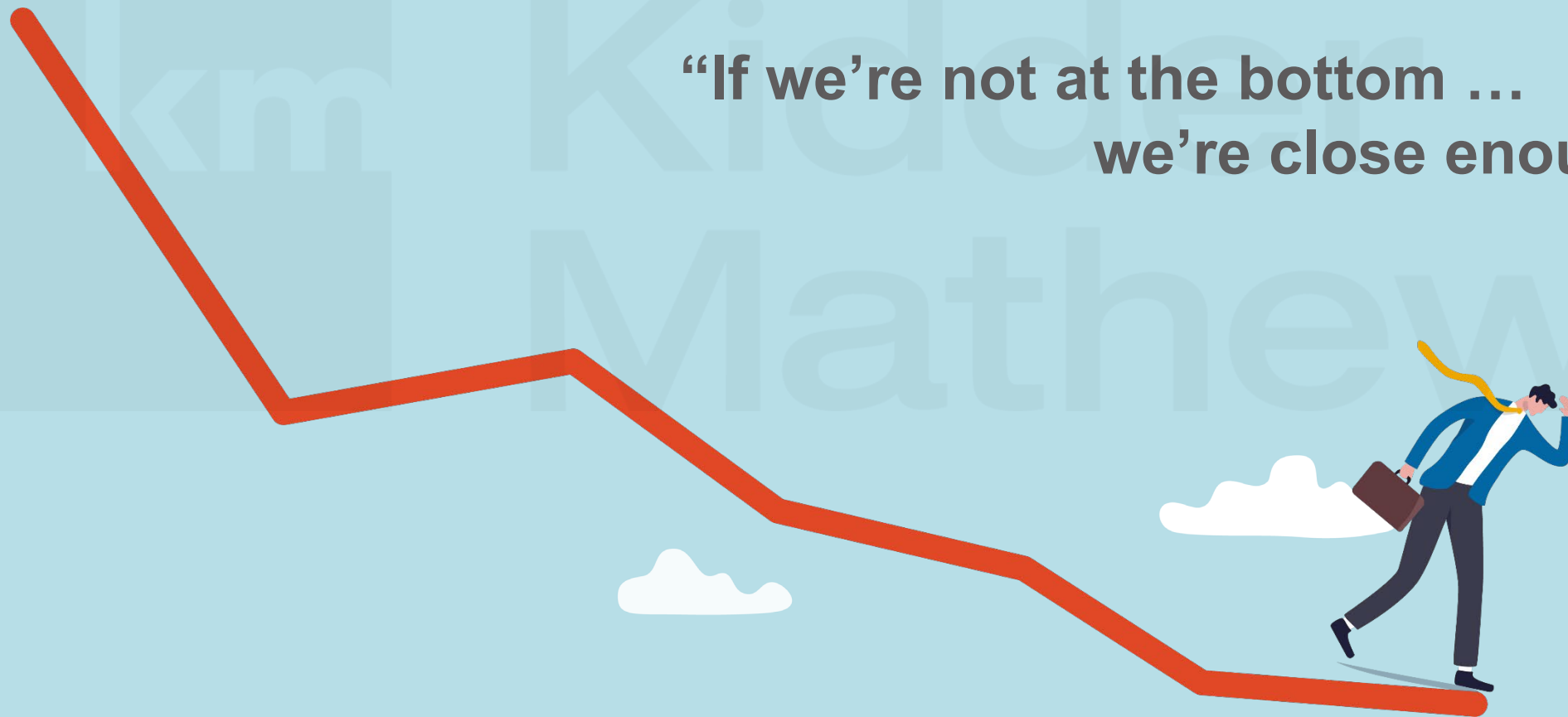
STAYING FULL, CONTROLLING COSTS



# THE BIG PICTURE – CAPITAL MARKETS

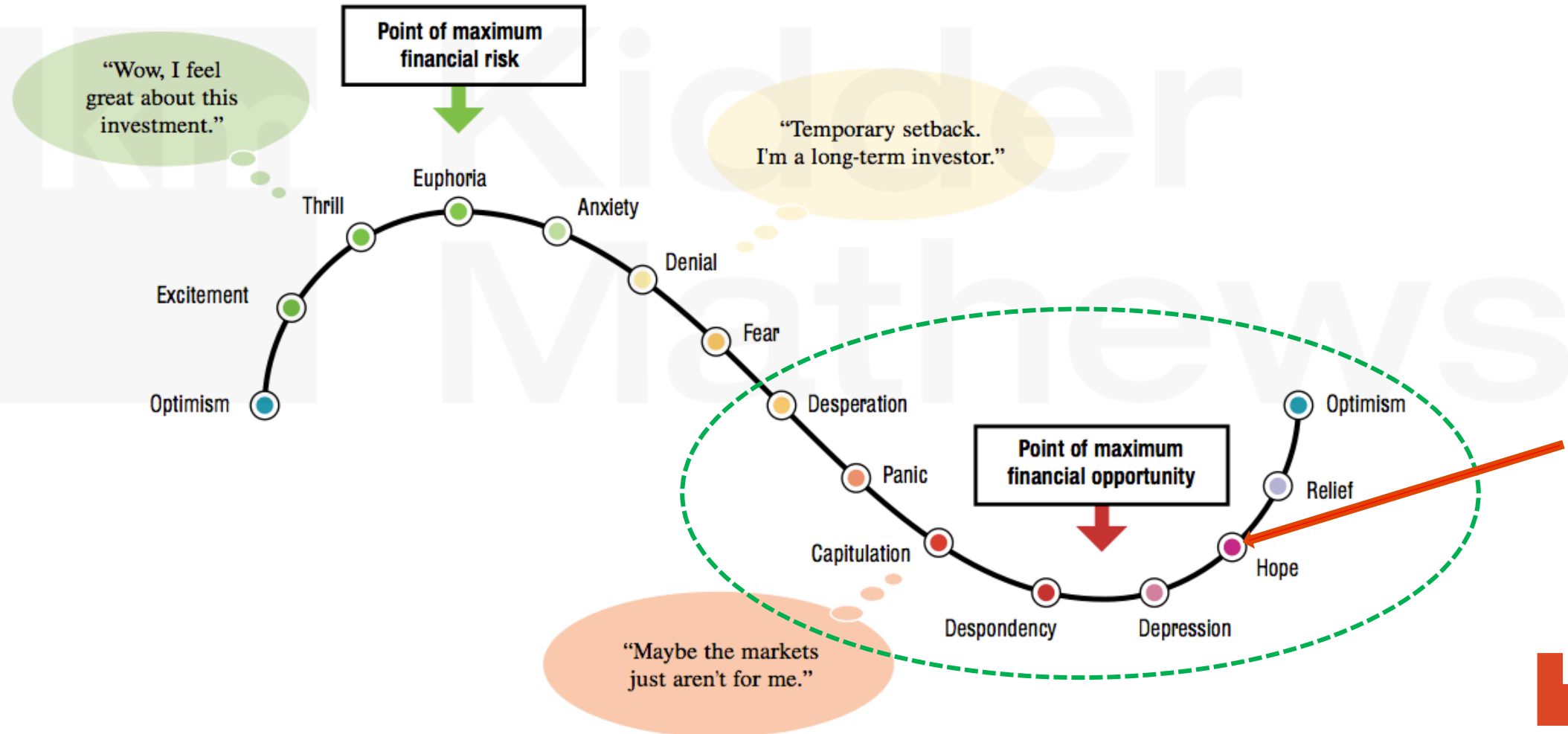
## LOOKING FOR A MARKET BOTTOM

“If we’re not at the bottom ...  
we’re close enough.”



# INVESTOR BEHAVIORAL CURVE

BUY "THE SMILE"



01

RENT &  
VACANCY

# RENT & VACANCY TRENDS

## REGIONAL OVERVIEW

	12 MONTHS AGO	12-Month Change	90 DAYS AGO	90-Day Change	YEAR-OVER-YEAR
RENT	Q2 2023 \$1,966	▲ 2%	Q1 2024 \$1,979	▲ 2%	Q2 2024 \$2,015
VACANCY	6.4%	▲ 50 bps	6.9%	No Change	6.9%

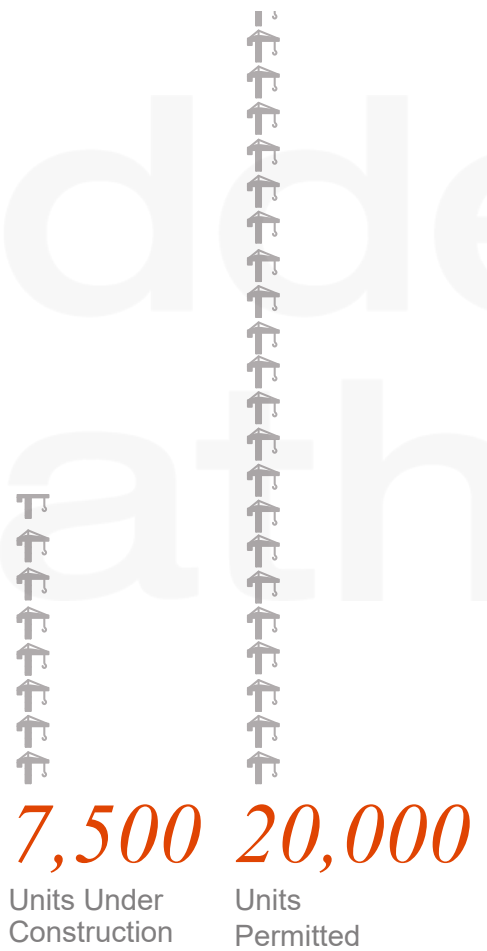
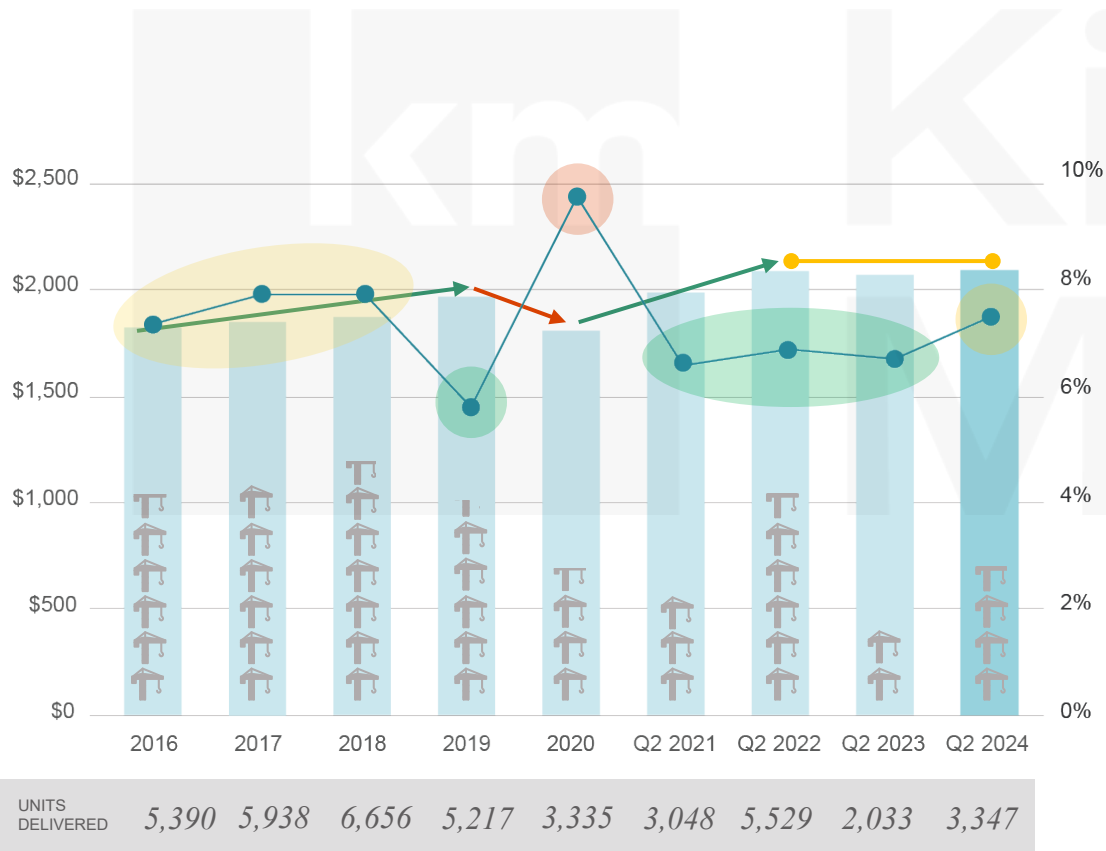
	Q2 2023		Q2 2024	
	Rent	Vacancy	Rent	Vacancy
KING	\$2,076	6.1%	\$2,135	6.7%
SNOHOMISH	\$1,881	6.4%	\$1,936	6.1%
PIERCE	\$1,575	6.6%	\$1,619	7.1%
KITSAP	\$1,715	11.6%	\$1,785	11.9%



Source: CoStar, Simon Anderson Multifamily Team, Kidder Mathews

# RENT & VACANCY TRENDS

## SEATTLE NEIGHBORHOODS



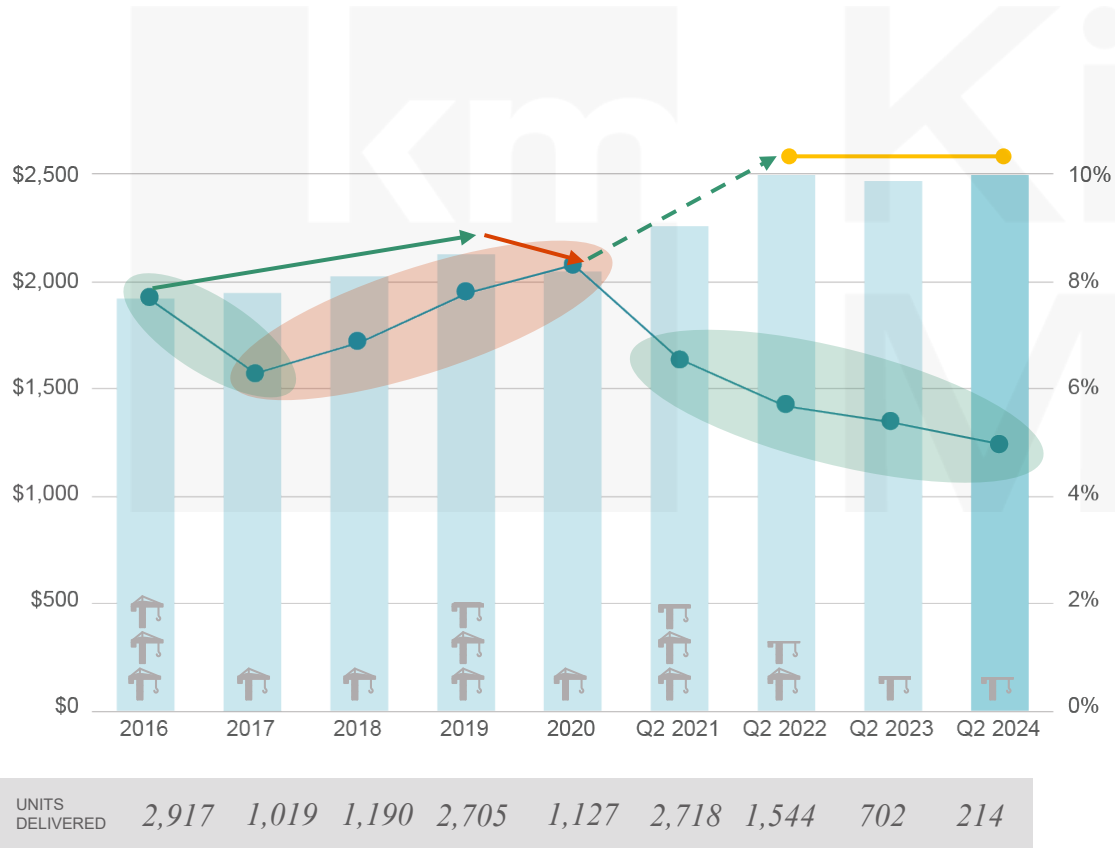
All building ages, 5+ unit apartment buildings





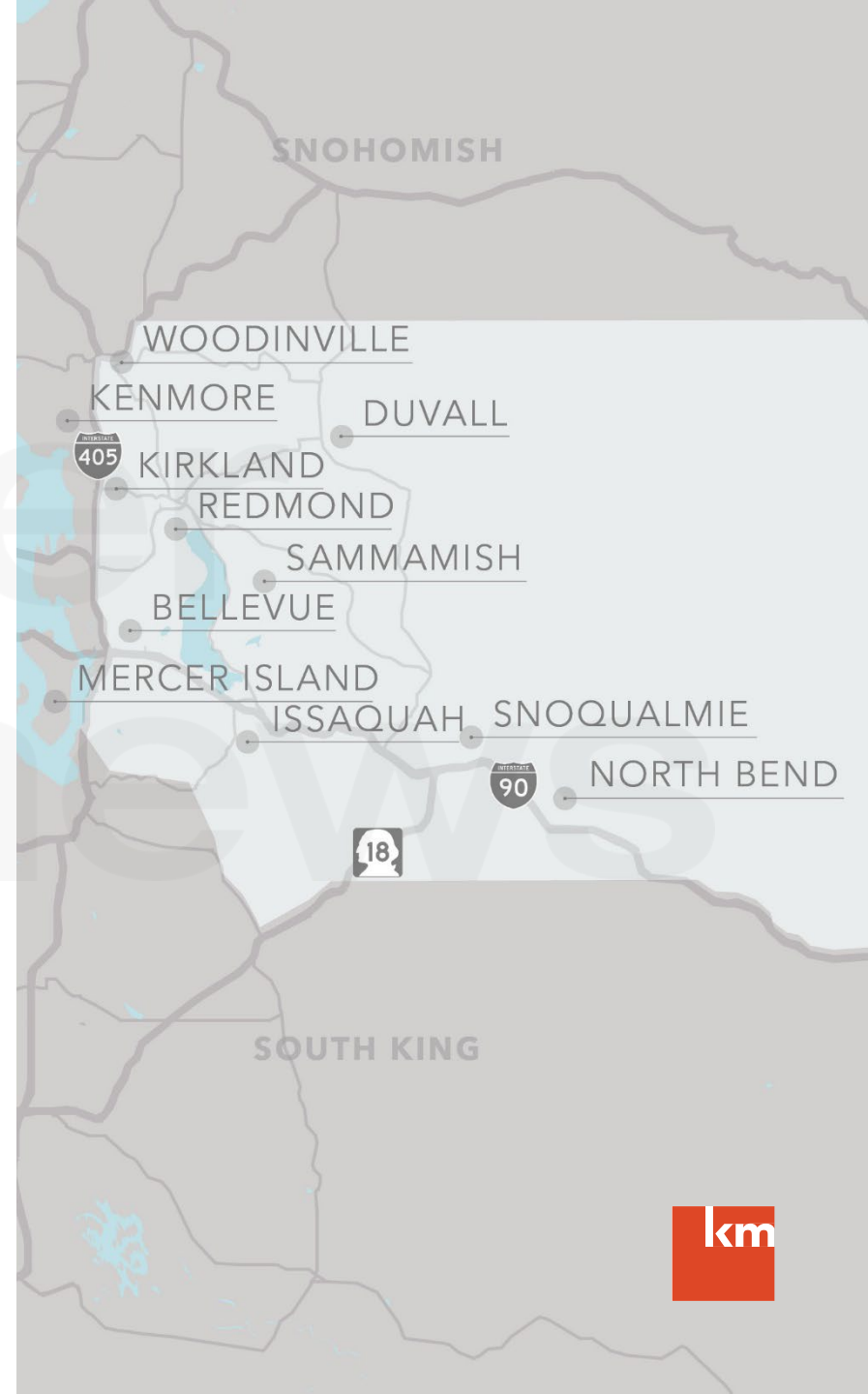


# RENT & VACANCY TRENDS

## EAST KING





  
**2,500** **3,500**
  
 Units Under Construction      Units Permitted



All building ages, 5+ unit apartment buildings



# RENT & VACANCY TRENDS

## SEATTLE VS EASTSIDE – KEY INSIGHT

*2019 – Average Rent*

**\$1,970** SEATTLE

**\$2,134** EASTSIDE

*Q2 2024 – Average Rent*

**\$2,095** SEATTLE

**\$2,641** EASTSIDE

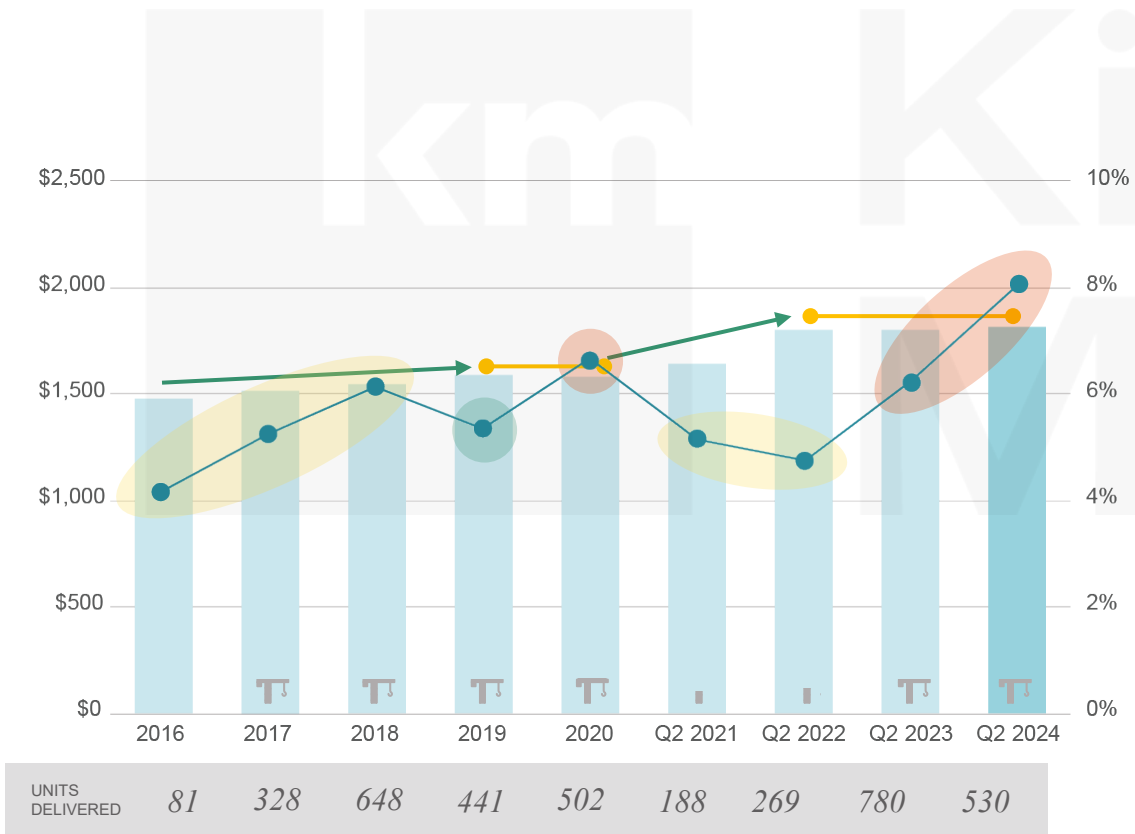
*4+ Year Cumulative Growth*


**6.3%** SEATTLE


**23.8%** EASTSIDE

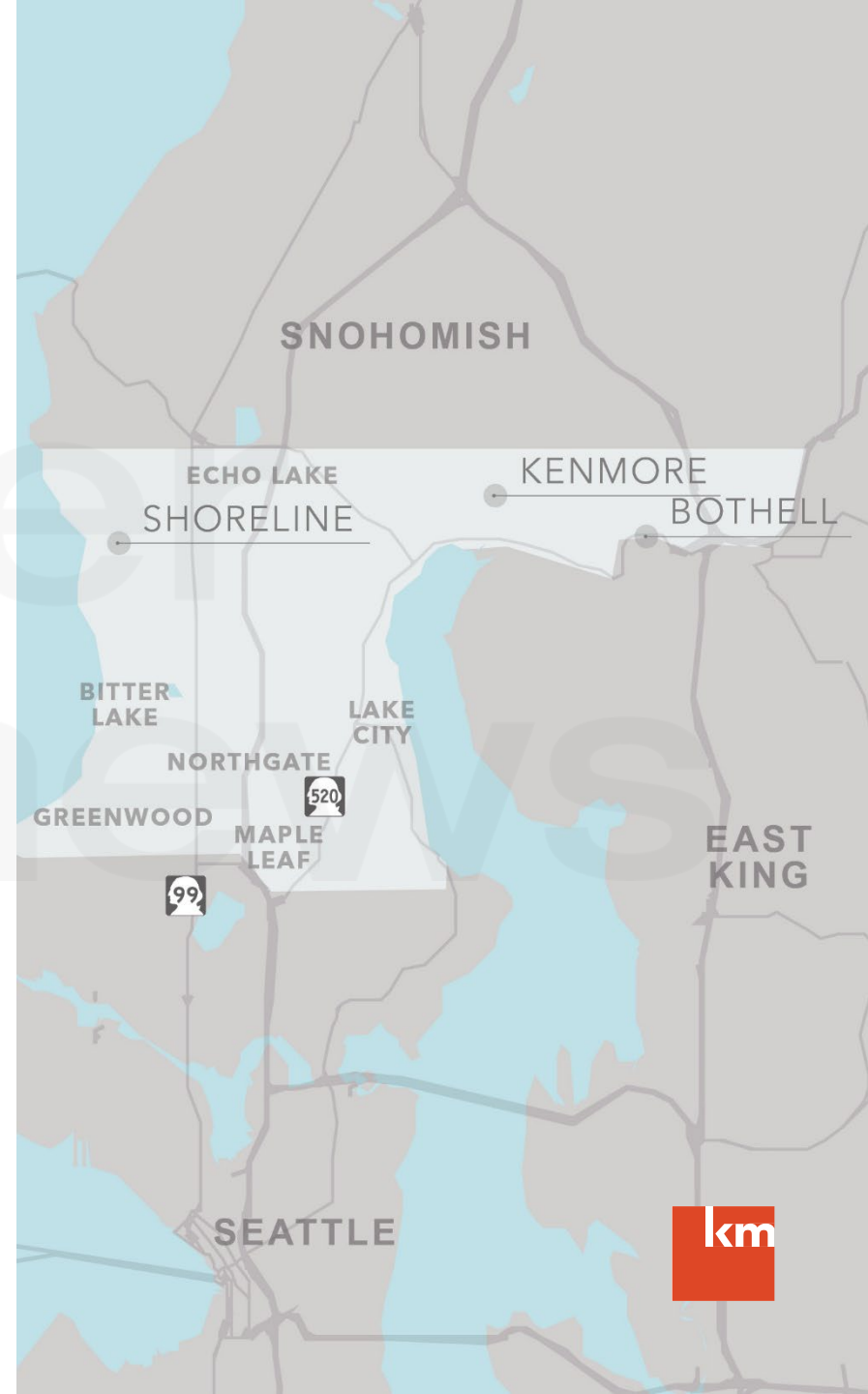
# RENT & VACANCY TRENDS

## NORTH KING




  
**3,500**
  
 Units Under Construction


  
**2,500**
  
 Units Permitted

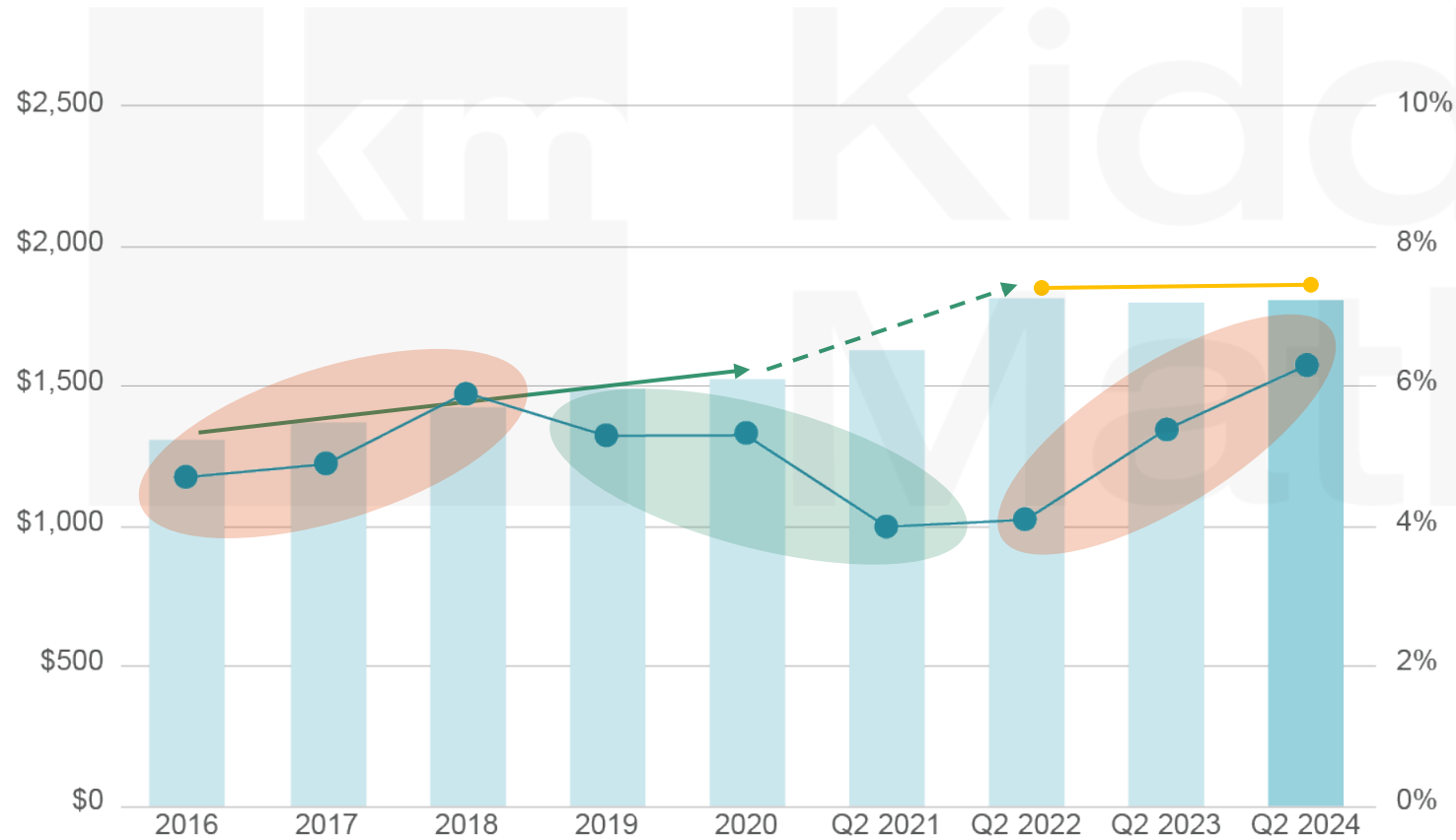


All building ages, 5+ unit apartment buildings

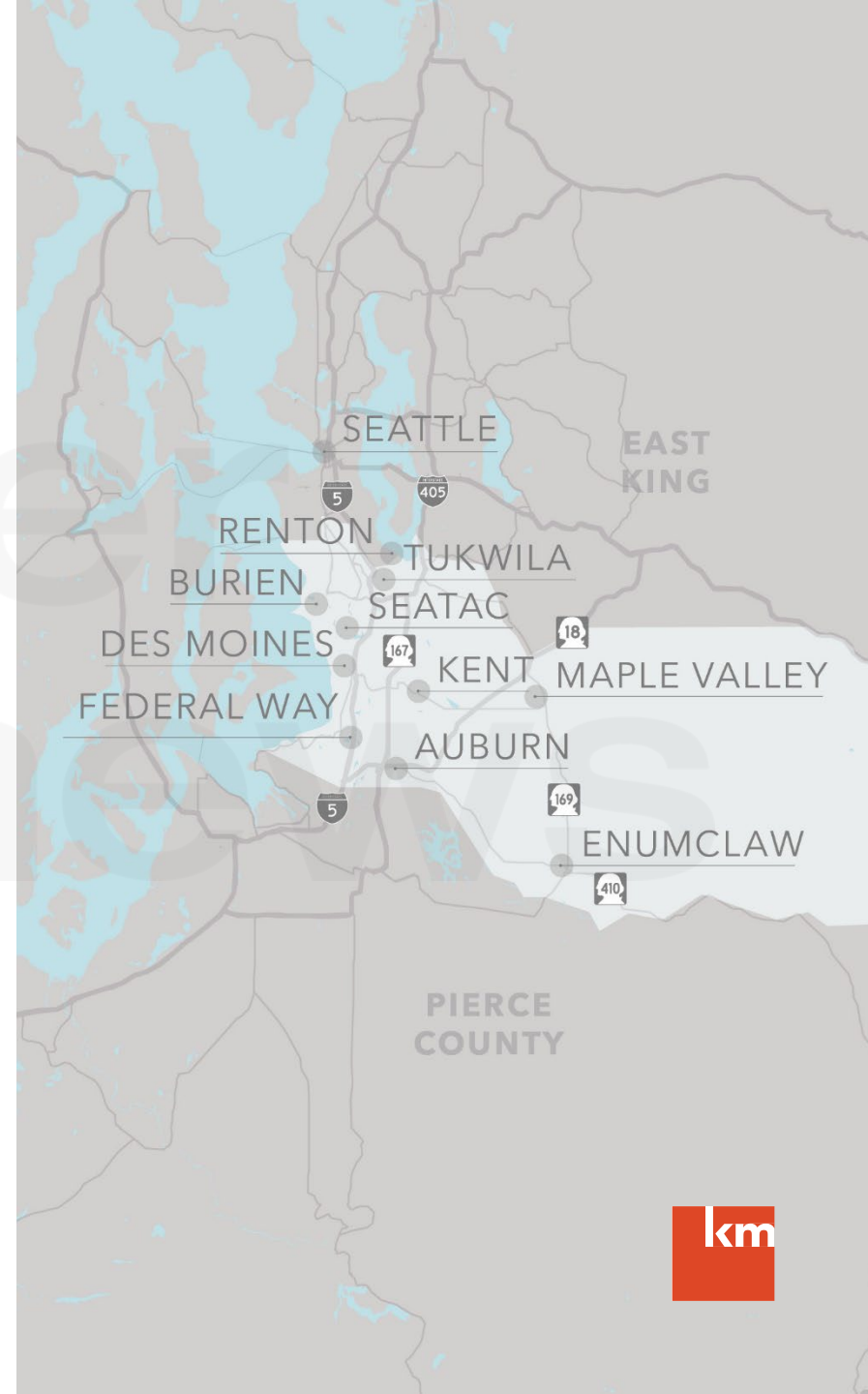


# RENT & VACANCY TRENDS

## SOUTH KING

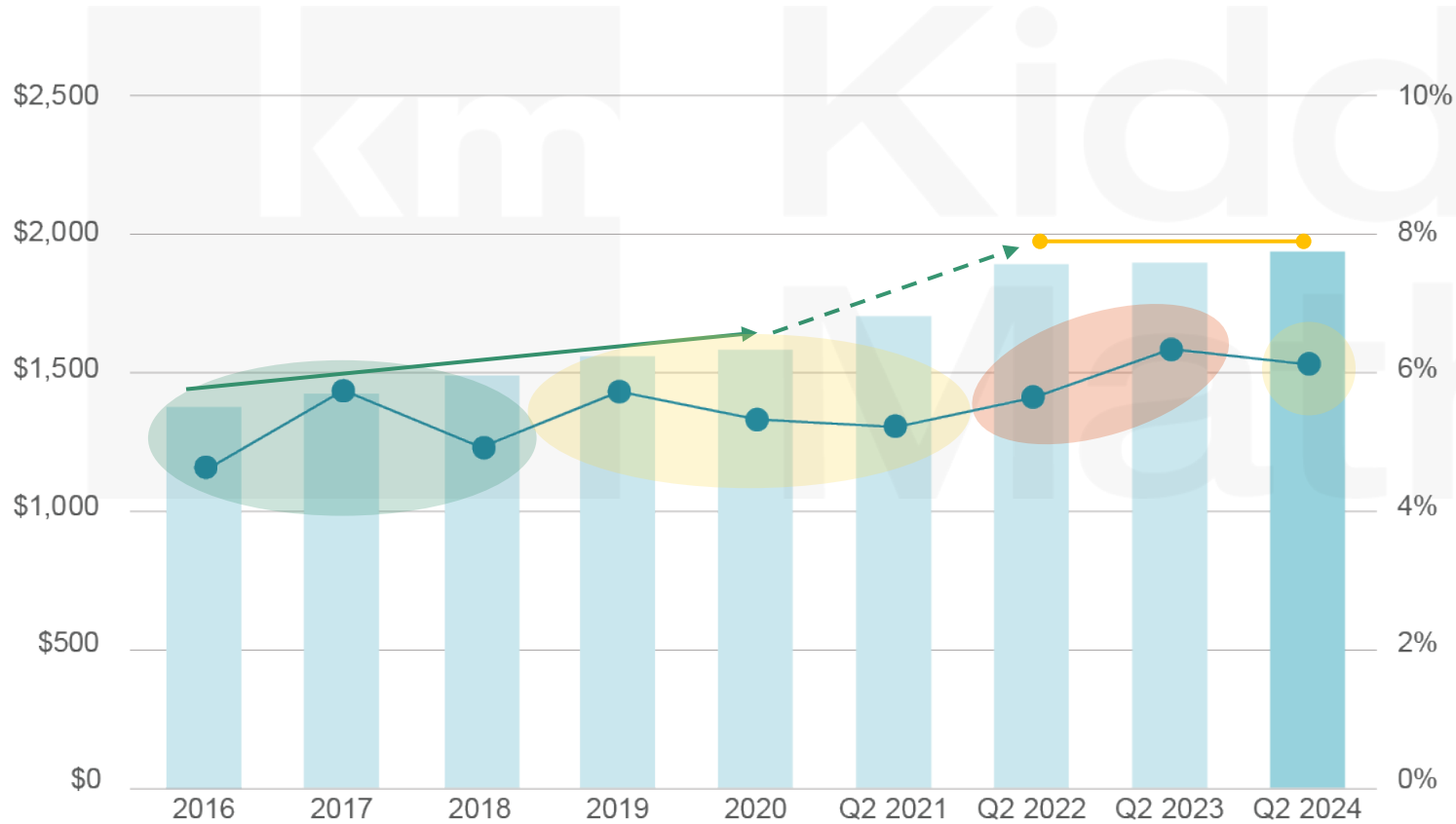


All building ages, 5+ unit apartment buildings



# RENT & VACANCY TRENDS

## SNOHOMISH

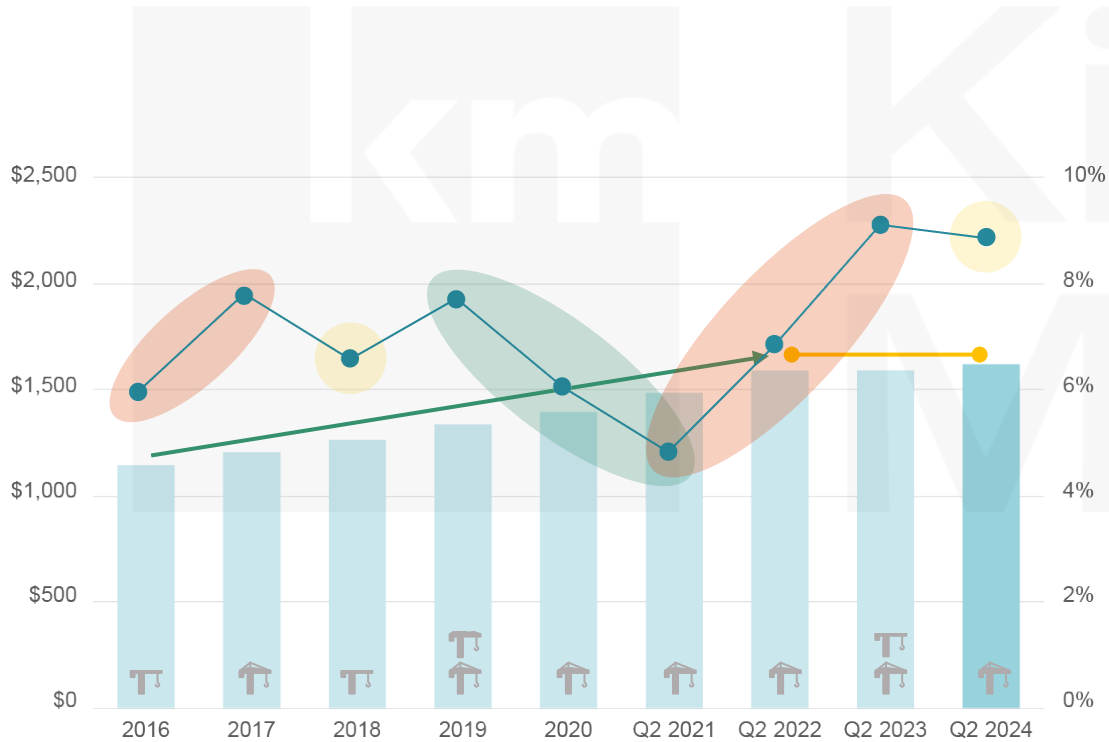


All building ages, 5+ unit apartment buildings





# RENT & VACANCY TRENDS

## PIERCE



UNITS DELIVERED	2016	2017	2018	2019	2020	Q2 2021	Q2 2022	Q2 2023	Q2 2024
	644	1,082	329	1,487	952	1,128	1,046	1,614	961


**3,000**  
 Units Under Construction


**1,250**  
 Units Permitted

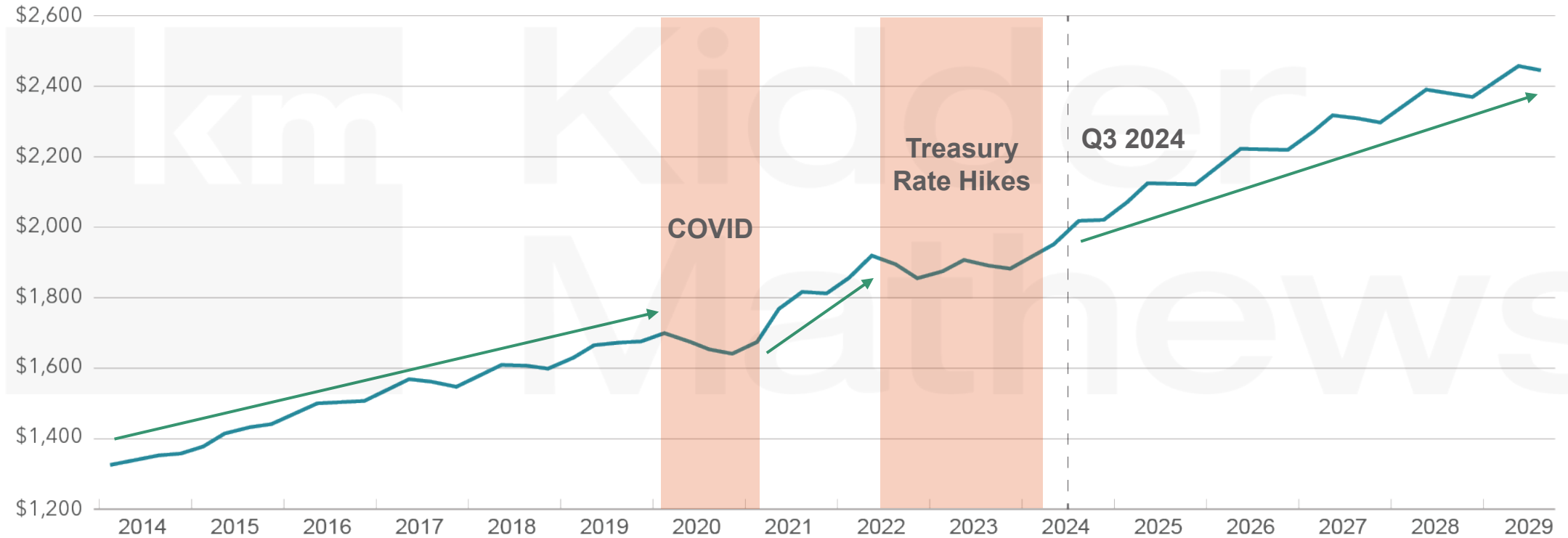


All building ages, 5+ unit apartment buildings



# RENT: HISTORICAL RENT GROWTH FORECASTING

PREDICTION: MARKET "EFFECTIVE RENT"



Source: Costar, Simon Anderson Multifamily Team  
Location: King, Snohomish, Pierce & Kitsap County

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# RENT & VACANCY TRENDS | KEY TAKEAWAYS



RENT  
GROWTH!



VACANCY  
New construction  
impacting vacancy



EASTSIDE IS KING  
Livability – with  
proximity to job  
centers – is a great  
recipe



IMPACTS OF  
“WORK-FROM-HOME”  
The great migration is  
upon us ...



02

# DEVELOPMENT PIPELINE

# REGIONAL APARTMENT INVENTORY

**340,000** UNITS IN REGION

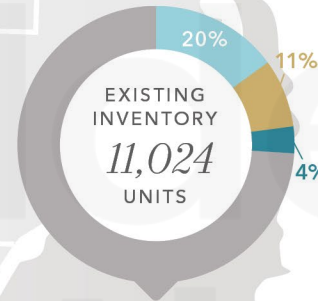
**111,000** UNITS DELIVERED 2010 - 2022

**150,000** UNITS IN PIPELINE

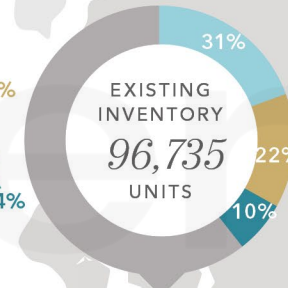
**90,000** UNITS IN PERMITTING PROCESS

**32,000** UNITS PERMITTED

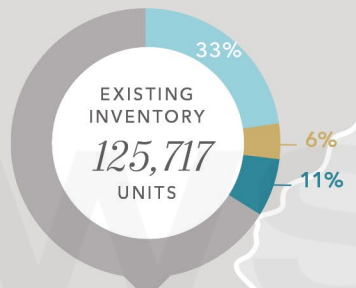
**28,000** UNITS UNDER CONSTRUCTION



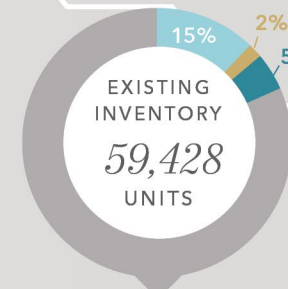
KITSAP



URBAN KING



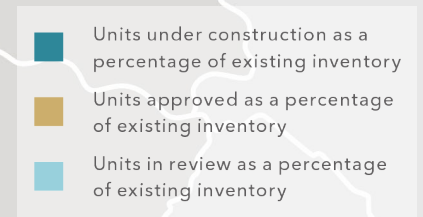
SUBURBAN KING



PIERCE



SNOHOMISH

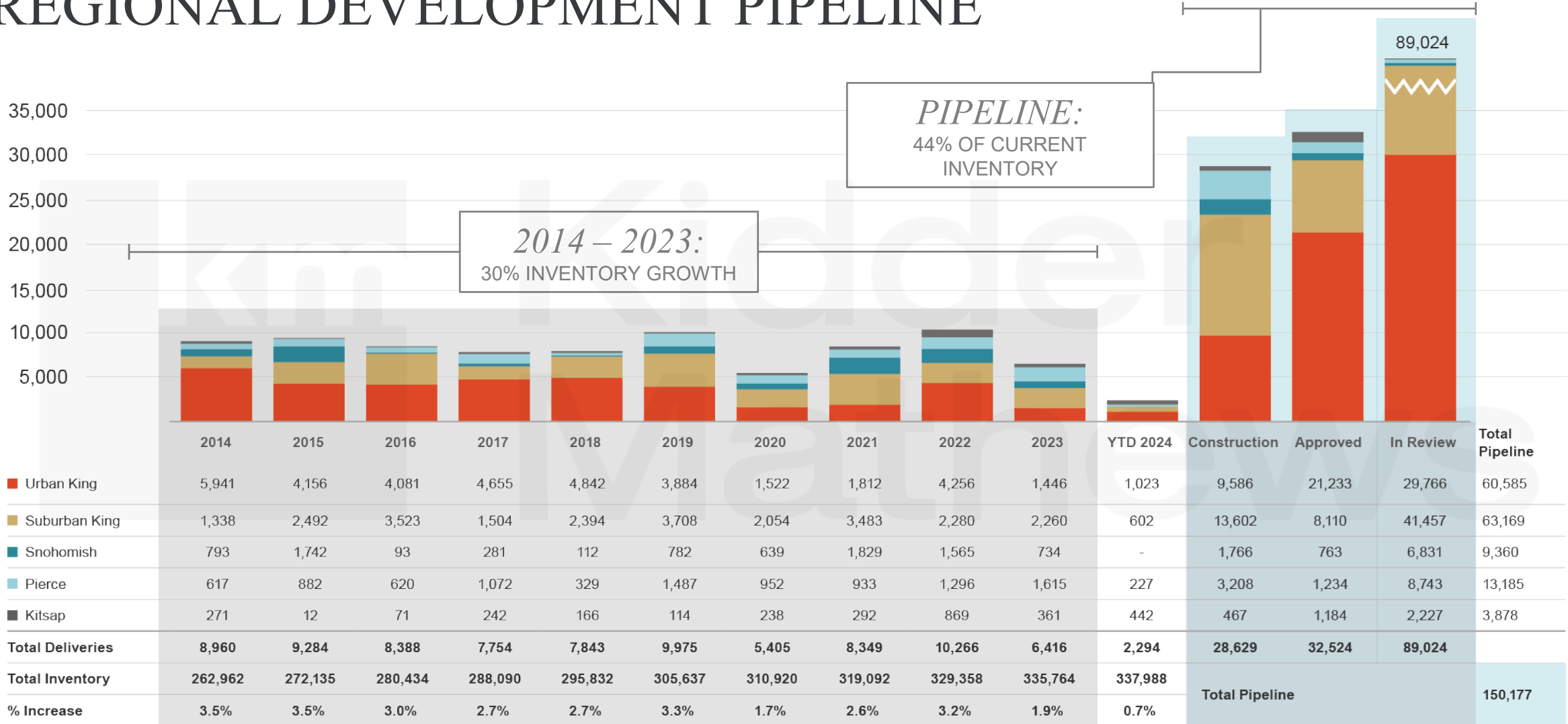


Source: Kidder Mathews research, multiple data providers  
10+ unit buildings



10+ Unit

# REGIONAL DEVELOPMENT PIPELINE



King, Snohomish, Pierce & Kitsap counties — 10+ unit buildings

Source: Kidder Mathews research, multiple data providers

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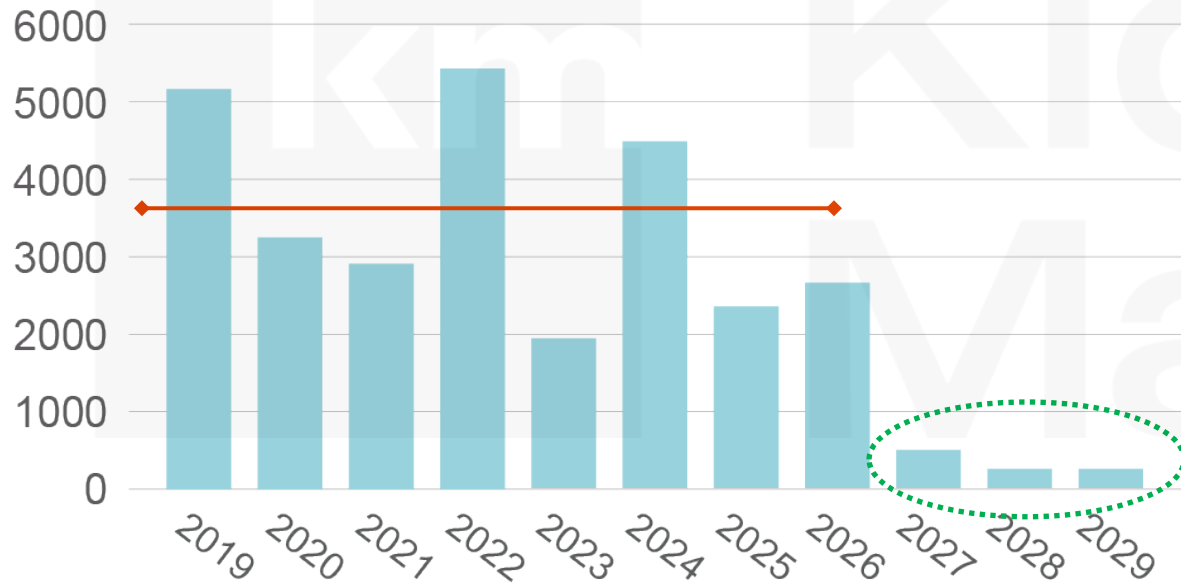
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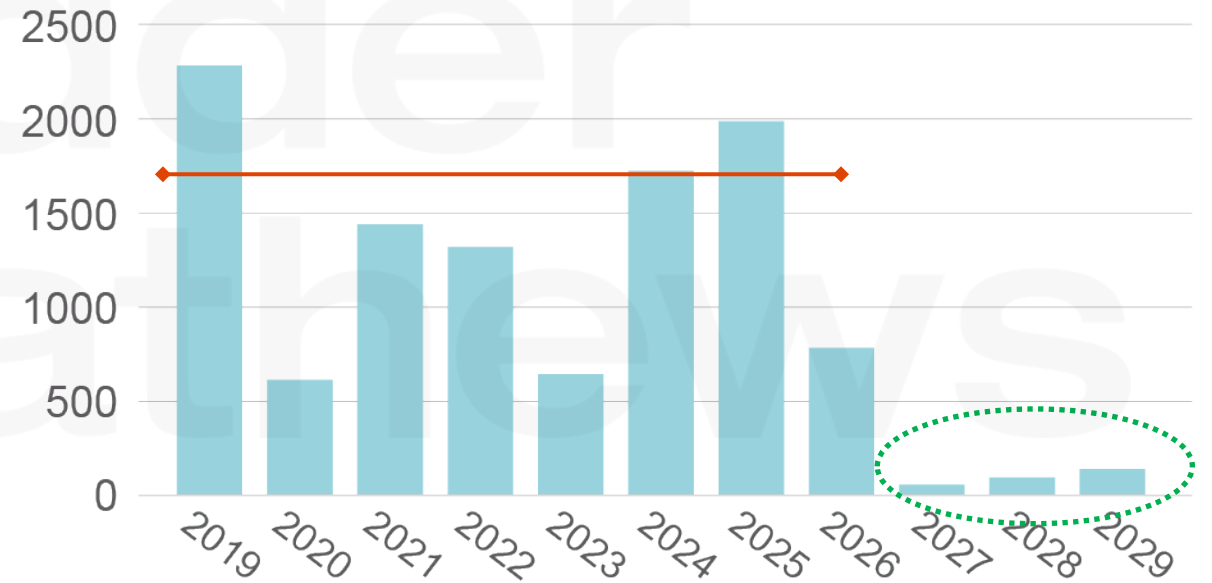
# DEVELOPMENT PIPELINE | WANING DELIVERIES

## 2019 TO 2029: ABSORPTION VS. CURRENTLY UNDER CONSTRUCTION

### Seattle



### East King



Source: Kidder Mathews Research



# DEVELOPMENT PIPELINE | COSTS VS. VALUE

	Development Costs	Recent Sales
Low	\$450K/unit	\$325K/unit
Middle	\$500K/unit	\$375K/unit
High	\$550K/unit	\$425K/unit

Source: Kidder Mathews research, multiple data providers



# URBAN APARTMENT DEVELOPMENT

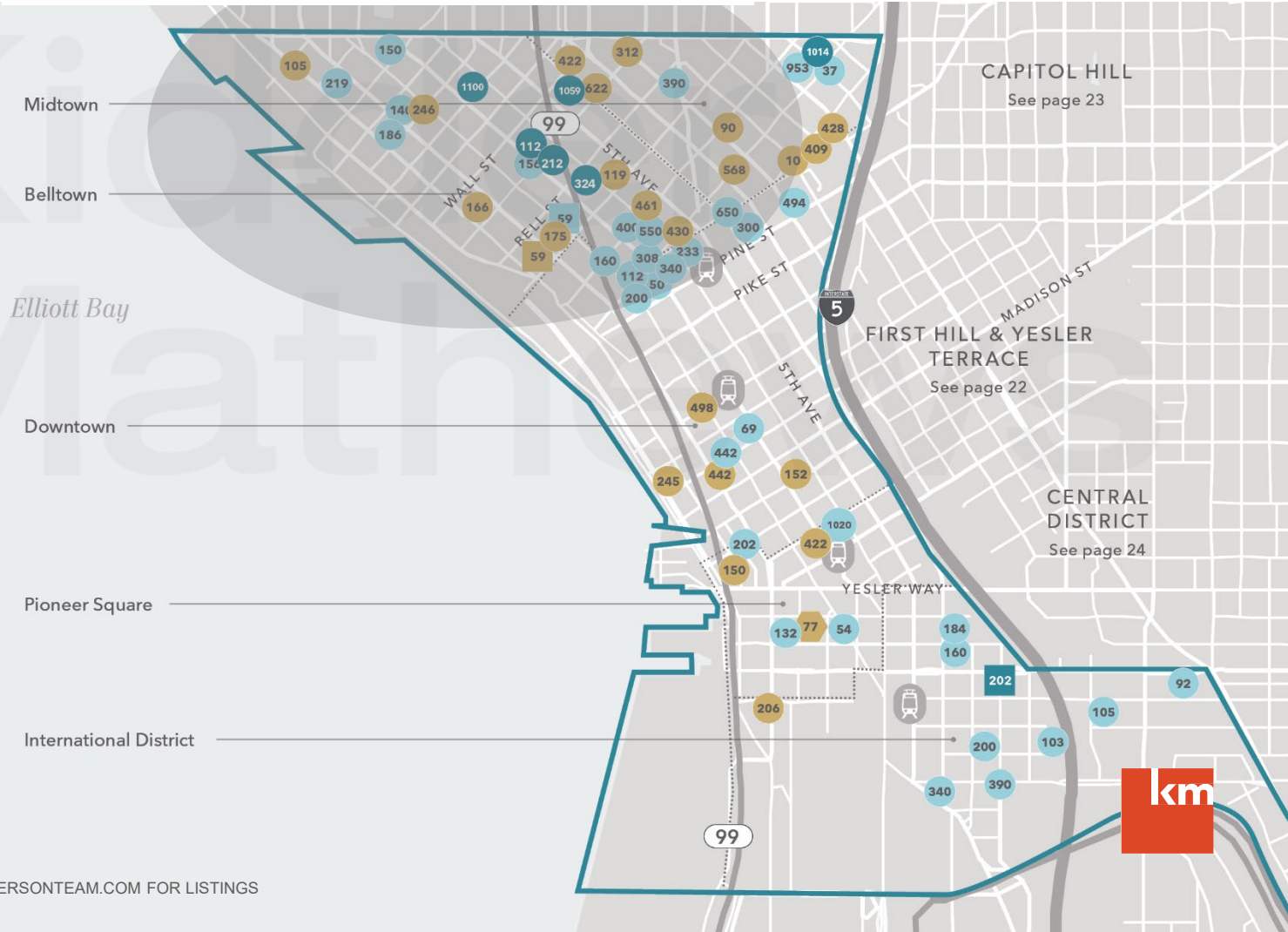
## CONCENTRATION OF DEVELOPMENT

*Belltown, Downtown,  
Pioneer Square*

Existing apartment inventory: 16,471 units

Construction	Approved	In Review	Total Pipeline
4,023	6,392	9,580	19,995
24%	39%	58%	121% of inventory

- APARTMENT
- MICROHOUSING\*
- MIXED\*



Source: Kidder Mathews research, multiple data providers

# URBAN APARTMENT DEVELOPMENT

## CONCENTRATION OF DEVELOPMENT

### North King

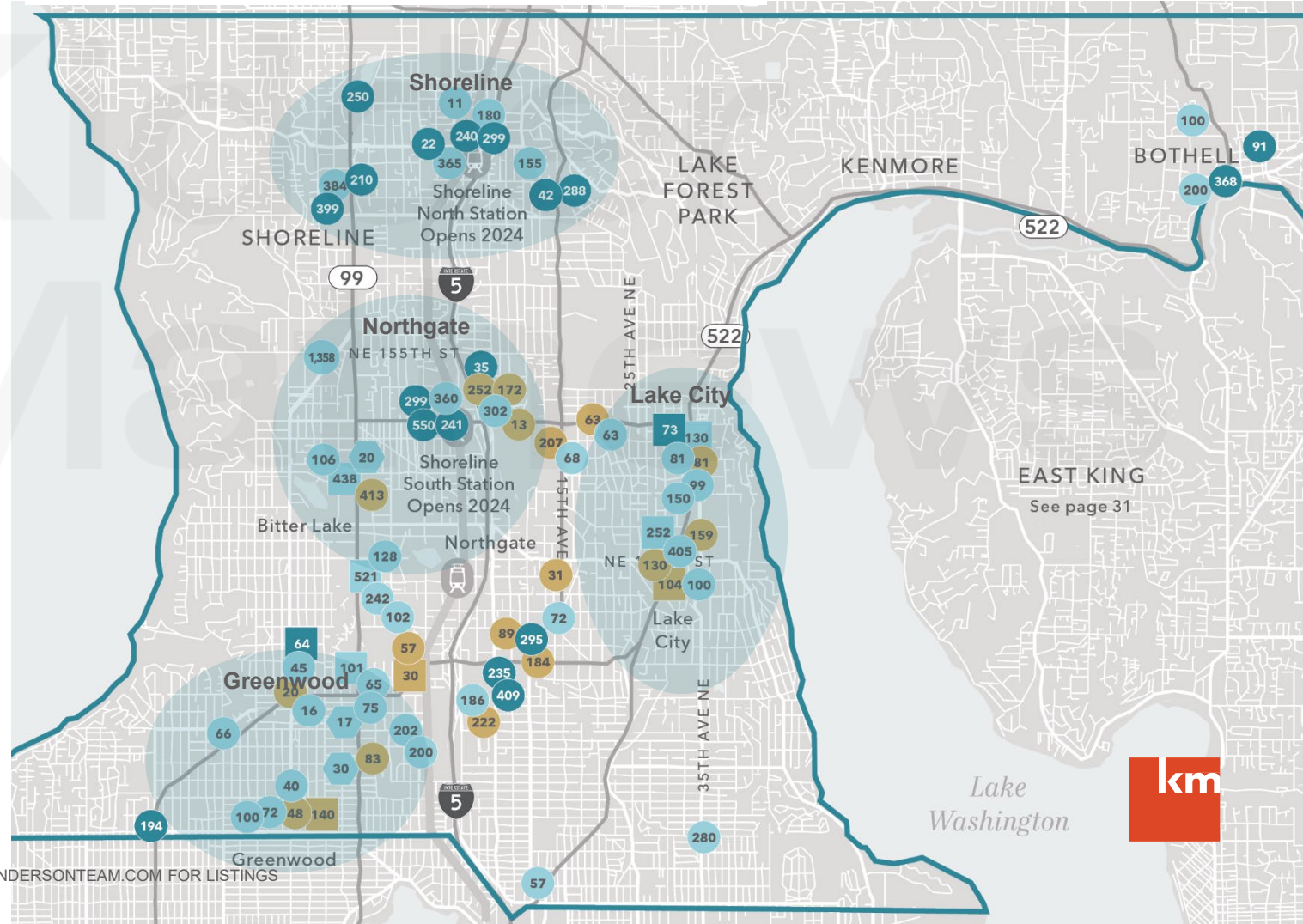
Existing apartment inventory: 20,082 units

Construction    Approved    In Review    Total Pipeline

4,544    7,944    2,498    14,986

23%    40%    12%    75% of inventory

- APARTMENT
- ◆ MICROHOUSING\*
- MIXED\*



Source: Kidder Mathews research, multiple data providers



# “URBANIZING” APARTMENT DEVELOPMENT

## CONCENTRATION OF DEVELOPMENT

### *Downtown Bellevue & BelRed TOD*

Existing apartment inventory: 16,730 units

Construction	Approved	In Review	Total Pipeline
2,435	2,651	16,071	21,157
15%	16%	96%	126% of inventory

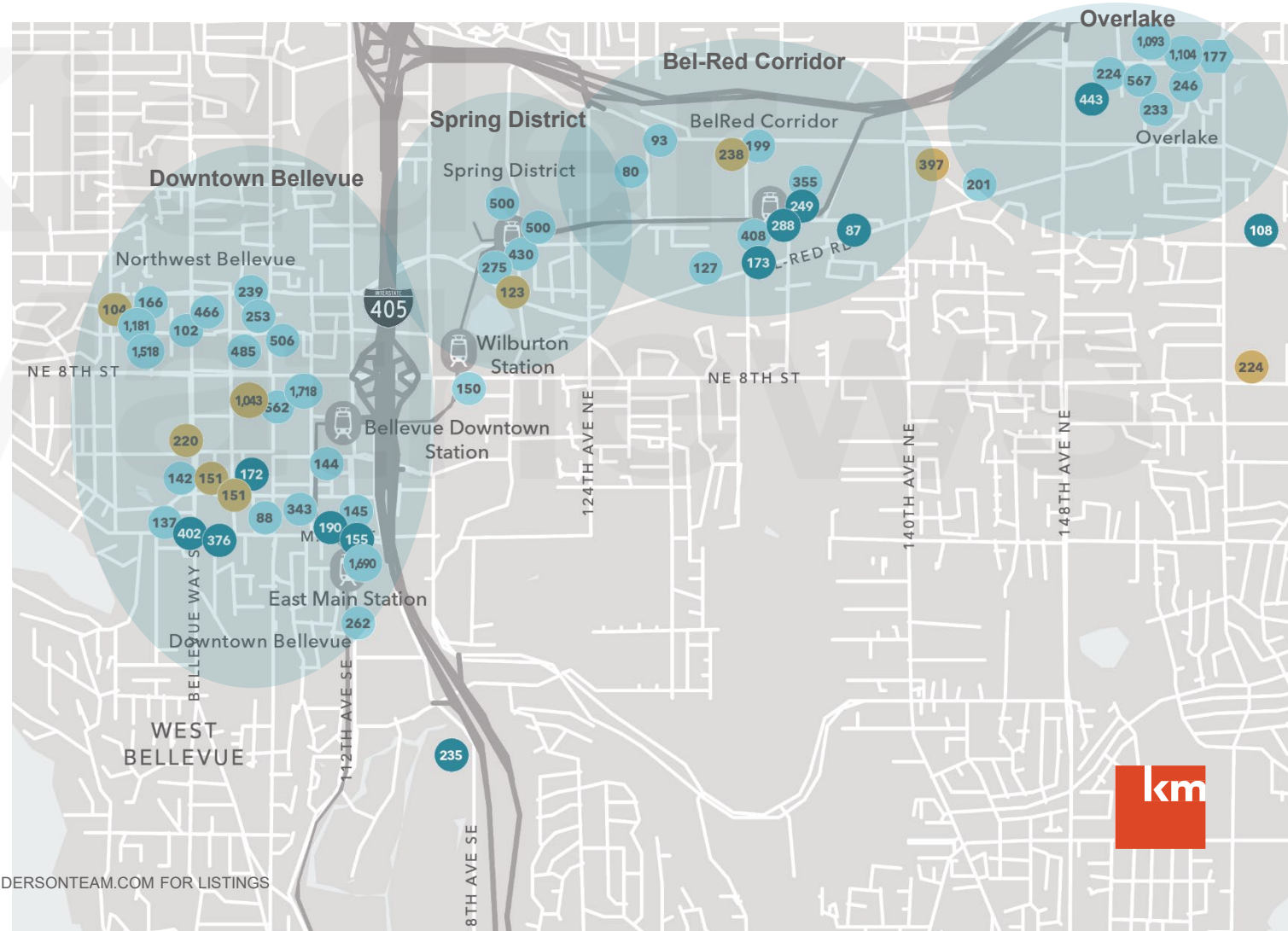
### Microhousing Pipeline

0  
0% of inventory

- APARTMENT
- ◆ MICROHOUSING\*
- MIXED\*

Source: Kidder Mathews research, multiple data providers

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# DEVELOPMENT PIPELINE | KEY TAKEAWAYS



## NO NEW CRANES

1 in 10 (or less)  
New construction  
projects starting



## CONCENTRATION CHALLENGES

Concentration of  
deliveries still  
impacting vacancy  
rates



## CONSTRUCTION COSTS

It's getting cheaper  
(slightly) to build



## NEW PROJECTS?

Developers are tying  
up new development  
sites

## 2024 DEVELOPMENT STUDY

(published July 2024)

[SimonAndersonTeam.com/Research](https://SimonAndersonTeam.com/Research)

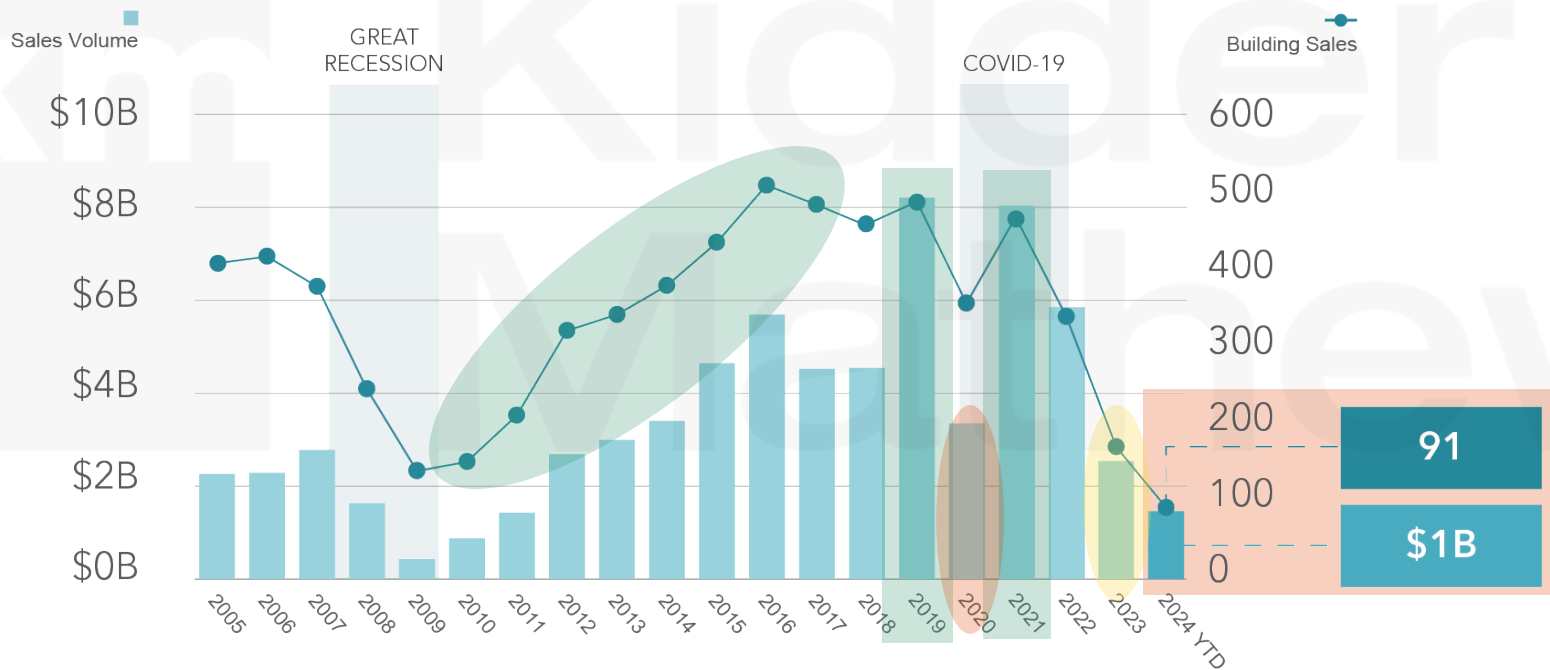
The logo for Kidder Mathews, consisting of the lowercase letters 'km' in white on a red square background.

03

SALES  
TRENDS

# REGIONAL SALES TRENDS

## HISTORICAL SALES VOLUME

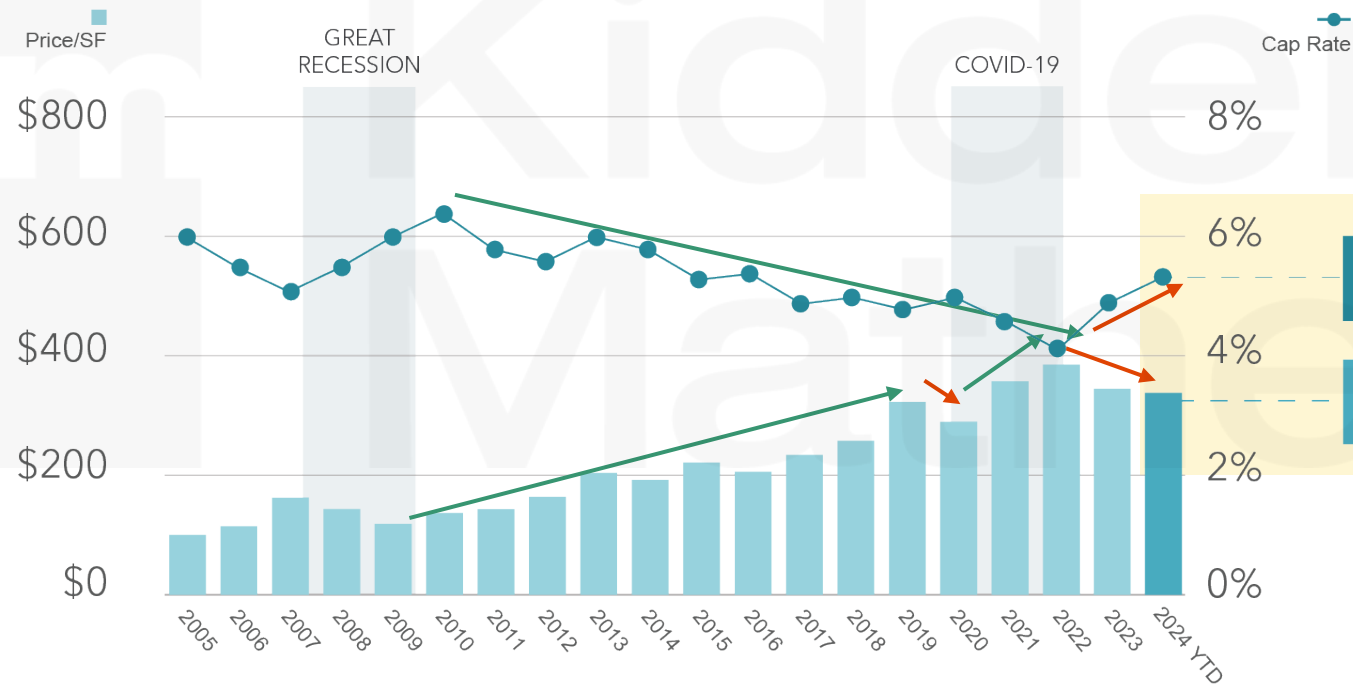


Source: Simon Anderson Multifamily Team, Kidder Mathews



# REGIONAL SALES TRENDS

## HISTORICAL SALES VALUES



Source: Simon Anderson Multifamily Team, Kidder Mathews



# NEAR-TERM FORECAST | KEY TAKEAWAYS



## RENTER VS OWNERS

Renters still have slight advantage until vacancy tempers  
*(which is soon!)*



## DEVELOPMENT PIPELINE

Development picking up from a market bottom



## SALES

The bottom is certainly behind us – it's a matter of how quickly buyers return



## DISTRESS?

You missed (most) of it!



# LONG-TERM FORECAST | KEY TAKEAWAYS



## PNW BACK TO “DARLING MARKET” STATUS

Investors see the future and they are betting on the PNW



## RENTAL RATES

Region will hit “new peak” in rents, rivaling SF/Bay Area



## SALES

Abundance of capital + high replacement cost will push sales to new records



## POLITICAL LANDSCAPE

Bellevue’s foresight and Seattle’s “course correction” already paving a bright future

# SALES TRENDS | KEY TAKEAWAYS



## SALES MARKET SLOW

Sales volume  
down 50% to 75%



## VALUATIONS FELL ...

We've coming off the  
bottom



## OPTIMISM RETURNS!

Investors are back!



## TESTING YOUR METTLE

More bidders (buyers)  
means escalating prices  
while market remains  
uncertain

04

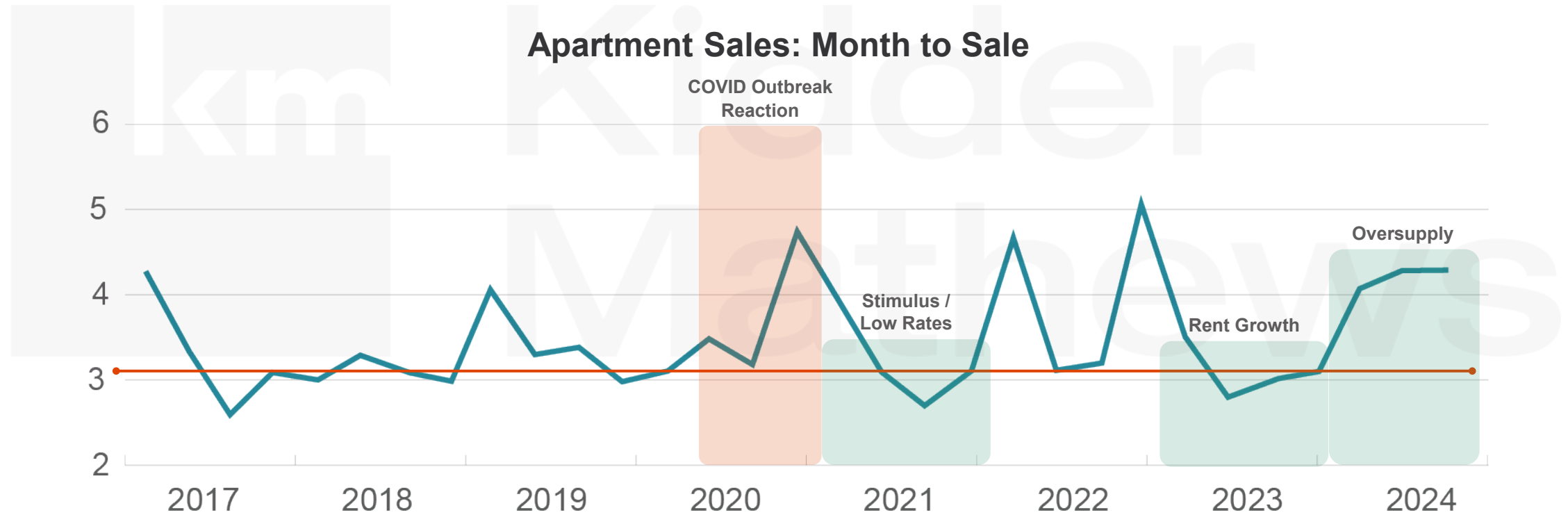
# Investing Roundtable

WITH DYLAN SIMON  
& JERRID ANDERSON



# INVESTMENT MARKET ROUNDTABLE

## LISTINGS: MONTHS ON MARKET



Source: Costar



# INVESTMENT MARKET ROUNDTABLE

## KIDDER: YTD SALE DATA

### Simon | Anderson Multifamily Team Marketing Analytics

*Year over Year Listing Success*



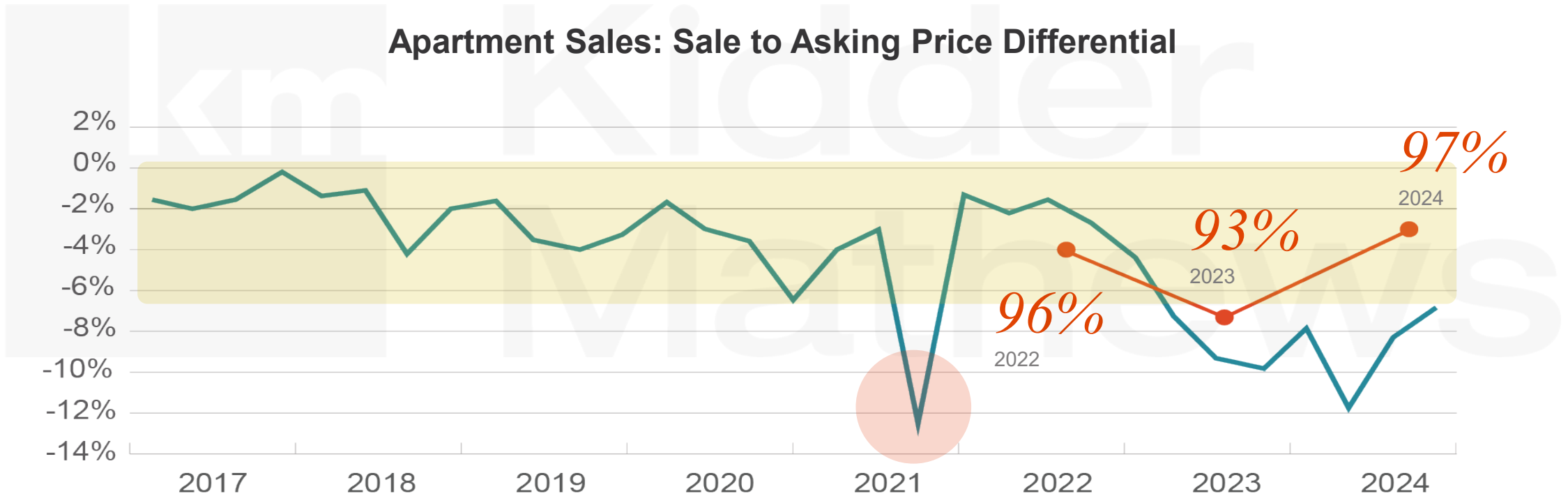
Source: Simon | Anderson Multifamily Team Data

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# INVESTMENT MARKET ROUNDTABLE

## HOW ARE THE DEALS GETTING PRICED?

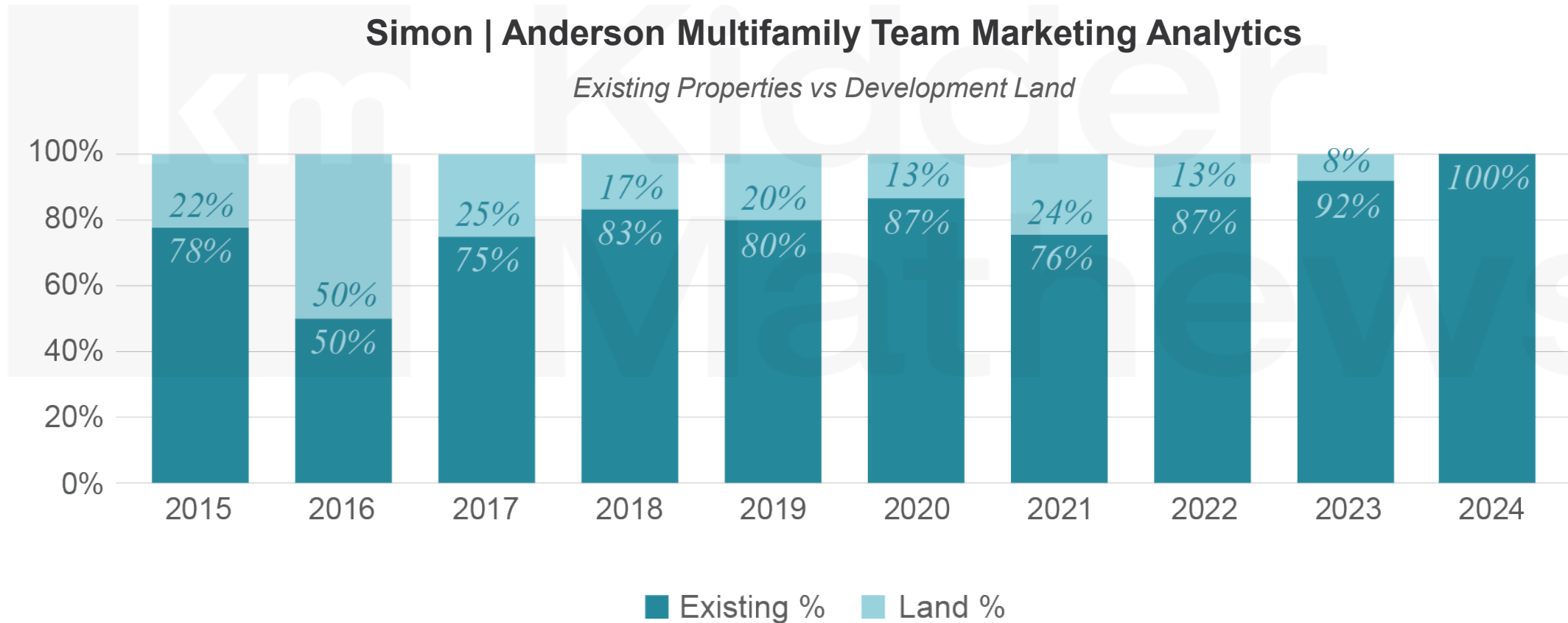


Source: Costar



# INVESTMENT MARKET ROUNDTABLE

## KIDDER: LAND VS APT SALES



# INVESTMENT MARKET ROUNDTABLE

## KIDDER: YTD LISTING DATA

### Simon | Anderson Multifamily Team Marketing Analytics

#### Year over Year Listing Data

	2022 Q1-Q3	2023 Q1-Q3	2024 Q1-Q3
<b>Number of Listings/Pending</b>	9	9	22
<b>Closed</b>	45	25	19
<b>Average Deal Size (YTD)</b>	\$11,125,000	\$6,850,000	\$8,460,000
<b>Number of Sales +15M</b>	11, avg \$42.3M	6, avg \$19.7M	7, avg \$22.8M

Source: Simon | Anderson Multifamily Team Data

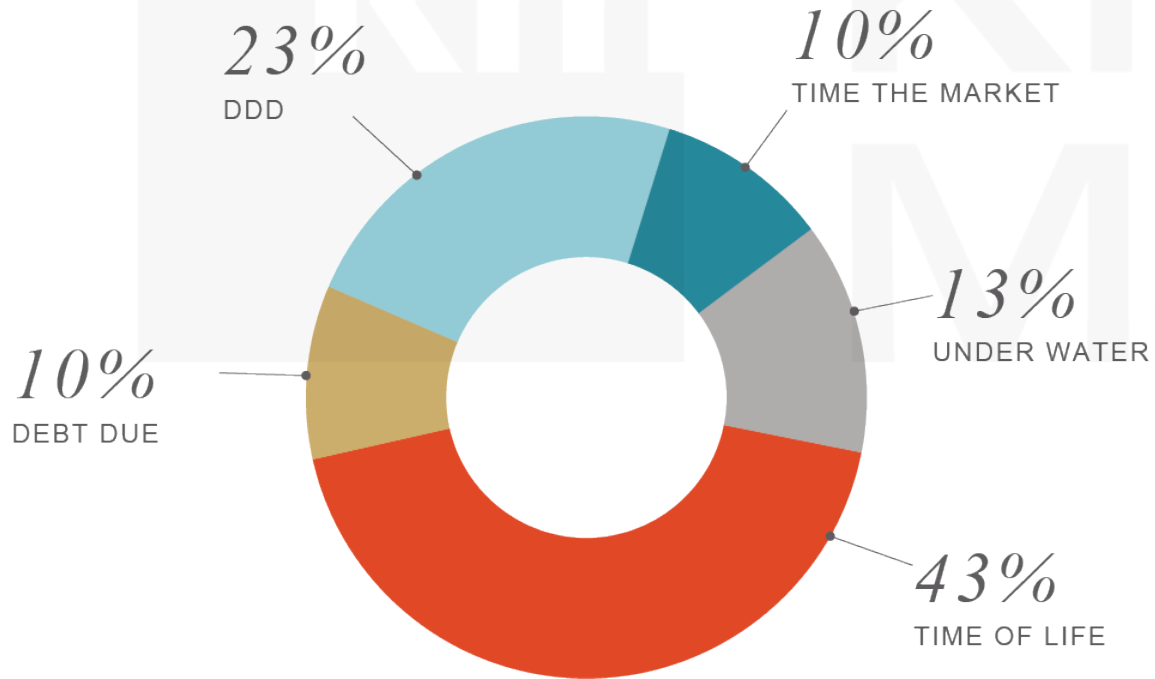
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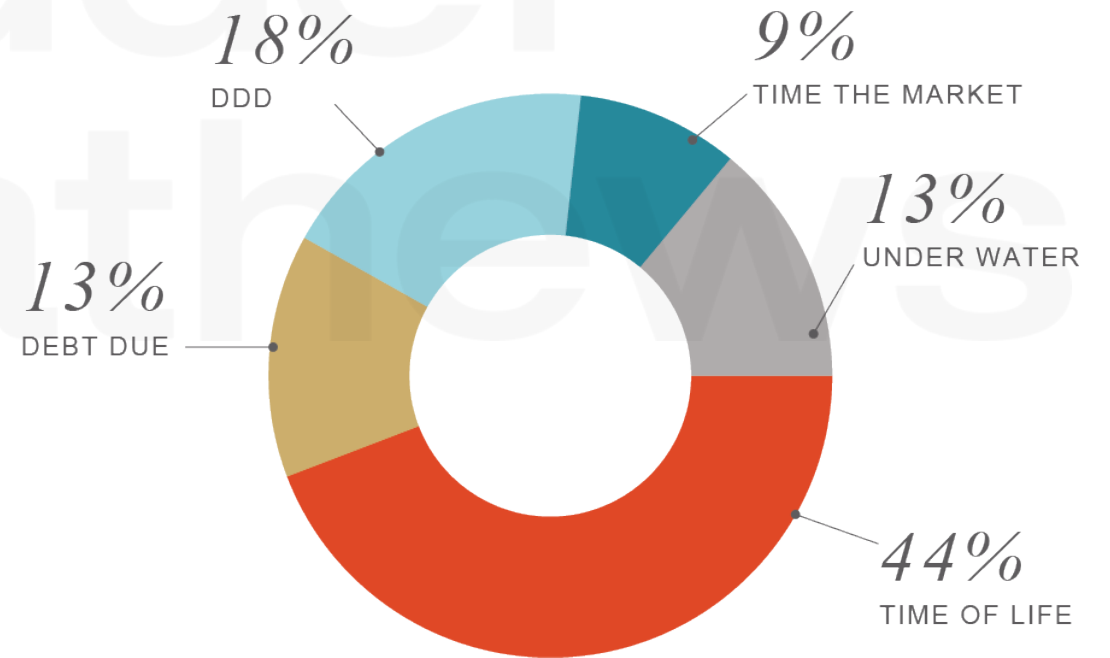
# INVESTMENT MARKET ROUNDTABLE

## KIDDER: SELLER MOTIVATION

2023

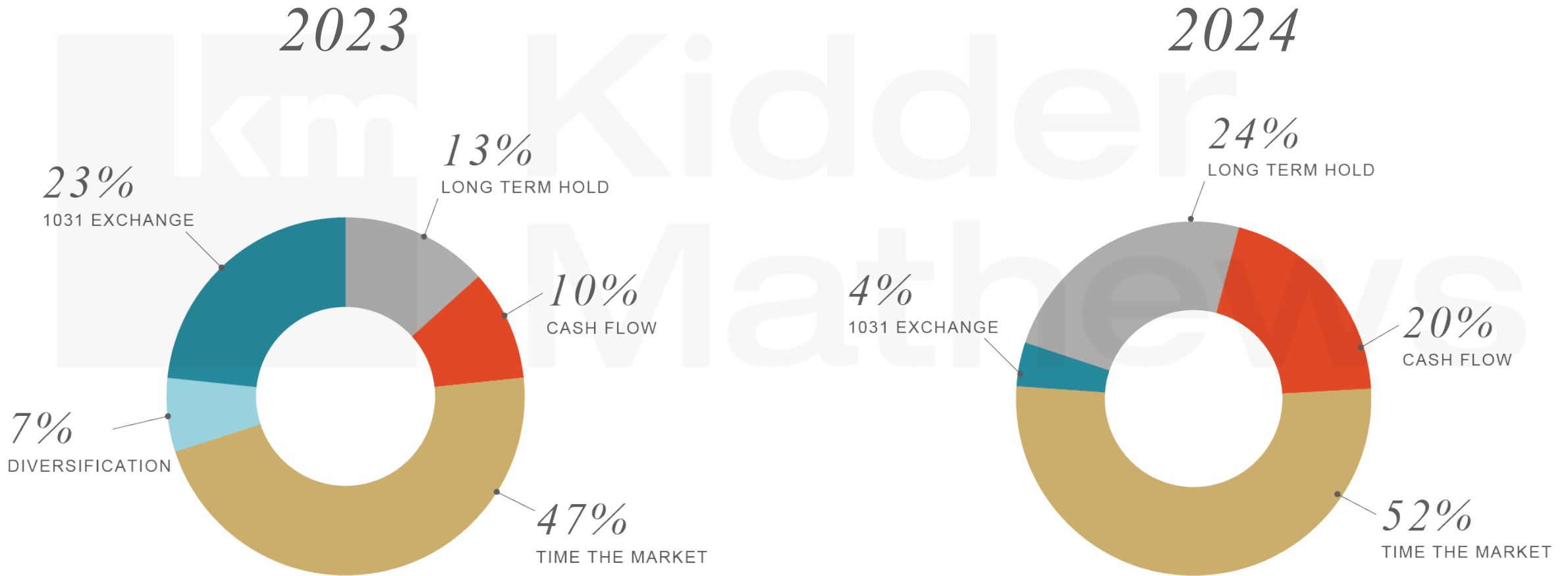


2024



# INVESTMENT MARKET ROUNDTABLE

## KIDDER: BUYER MOTIVATION



# THANK YOU!

## SIMON | ANDERSON MULTIFAMILY INVESTMENT TEAM



Dylan Simon  
Executive Vice President



Jerrid Anderson  
Executive Vice President



Matt Laird  
First Vice President



Max Frame  
Vice President



JD Fuller  
Associate



Jack Shephard  
Associate



Ryder Tuttle  
Financial Analyst



Mattie Tonseth  
Marketing Coordinator



Ashley Woodliff  
Marketing Coordinator



Cassie Pieters  
Executive Assistant



Alice Lundt  
Executive Assistant

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