

# Welcome to WHITECAP

IN-CITY COMMERCIAL REAL ESTATE BROKERAGE



## In-City Real Estate Investment Review

Brought to you by Candice Chevaillier, CCIM  
Founder & Managing Broker



### Introduction

After a stint in Paris and 14 years working at various brokerages around Seattle, I am excited to announce that I've started my own firm, right on the top of Queen Anne hill! In this In-City Investment Review, please find an analysis of the In-City Seattle apartment sales and velocity for 2016, key legislative and property management developments, a discussion of key economic trends, a briefing on apartment development supply, an overview of rental demand trends, and an investment outlook going forward. What an amazing market we have here in Seattle and I look forward to helping you take advantage of it, whether it be through continued top quality information about your investments or helping to move you on into new opportunities.

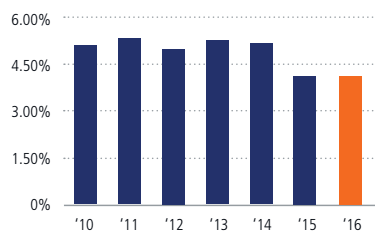
*Candice Chevaillier*

## Seattle In-City Real Estate Investment Trends

Below is a discussion of current value metrics for apartment buildings specifically for In-City Seattle (Queen Anne, Magnolia, Green Lake, Fremont, Wallingford, Capitol Hill, Ballard and the University District). For more detail on specific sales, please refer to the 2016 Apartment Sales section.

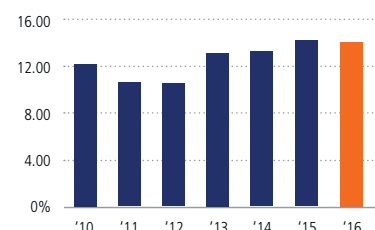
### Capitalization Rates →

Capitalization (cap) rates have stabilized at 4.0% for year-end 2016, exactly the same level as the 2015 year-end average. In fact, cap rates have remained at the same level for 18 months now. The current average cap rate is still 3% lower than the lowest historical point in 2007 (4.12%). The markets with the lowest cap rates for this year were the University District at 3.7%, followed by Queen Anne and Magnolia, both averaging 4.0%. A cap rate is derived from dividing the annual NOI (net operating income) by the sales price.



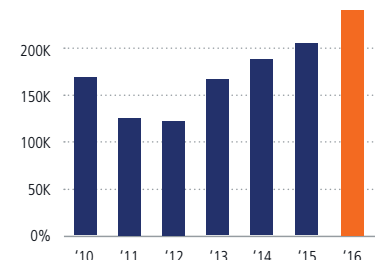
### Gross Income Multiplier (GIM) ↓

The average Gross Income Multiplier (GIM) came in at 16, just up a touch from a year ago. At the midpoint of 2016, there was a small spike up to 16.1, but this figure seems to have evened out. The highest GIM average occurred in the Queen Anne (17.0), followed by the University District (16.4 and Ballard at (16.4). The GIM is derived by dividing the final sale price by the scheduled gross income, which comprises the total rents as well as other income such as laundry, parking and utility bill-backs.



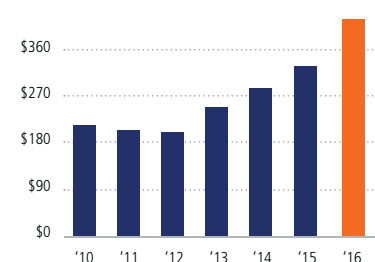
### Price per Unit ↑

The average price per unit has continued to break records. Clocking in at an average of nearly \$276K, this is almost 6.8% higher than the mid-year average and over 8% higher than the year-end figure for 2015. This is another record broken, before 2016, 2015 had the highest price per unit average ever. By neighborhood, the highest price per unit averages were recorded in Queen Anne (\$350K) and Capitol Hill (\$292K). Price per unit is calculated by dividing the final sale price by the total number of apartment units in a building.



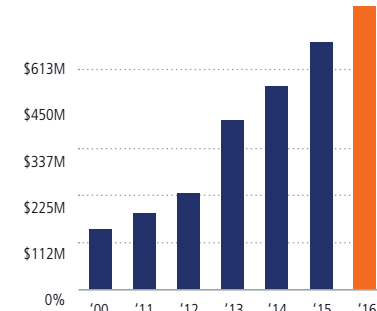
### Price per SQFT ↑

The price per square foot average has increased almost 11% from \$362 in 2015, to a 2016 year-end average of \$401. The highest price per square foot averages were seen in the Capitol Hill (\$456) and Queen Anne (\$407). Ballard had the highest SQFT percentage increase, 12% since mid-year 2016. Price per square foot is calculated by dividing the final sale price by the total net rentable square feet in a building. Net rentable square footage is the sum of the total square footage of each apartment unit.



### Sales Volume ↑

For year-end 2016, sales totaled a whopping \$832M, an 18% jump from year-end 2015 which was \$706M. Another best-ever record. While the year was off to a slower than usual start with \$236M in sales, there was a big rally in transaction volume in the second half of the year ending with a whopping \$597M in the second half. In terms of the number of sales, there have been 46 sales as of the mid-way point in 2016, compared with 43 in 2015. We ended the year with 89 sales, just three less than in 2015 and 6 less than in 2014.



### Metrics for Mixed-Use Buildings

The average cap rate for mixed-use buildings as of year-end 2016 came up almost 8%, from 3.8% at the mid-year point of 2016 to 4.10% for the year-end. This is down nearly 5% from the 2015 year end average of 4.3%. The 2016 average GIM decreased nearly 4%, from 16.7 at the mid-year point, to 16.1 at year-end. The price per unit average increased to \$382K, up from a consistent average of \$364K both at the mid-year 2016 and year-end 2015. Price per square foot went up 15% to \$492 for year-end 2016 from a mid-year average of \$426. However, this average is down 5% from \$518 at year-end 2015. The sales volume for mixed-use came in at \$92M for mid-year 2016, but shot up in the second half of the year. Finishing with \$478M total mixed use sales volume for 2016, volume was up 44% from 2015, when the volume was \$338M. There were six mixed-use sales for the first half of 2016 and a total of 14 for the year. The largest single transaction, \$151M, was Juxt on Dexter in Queen Anne, with 361 units.

In this report, mixed-use properties are analyzed separately from apartments because of a different set of assumptions regarding the perception of risk associated with the retail component. This affects cap rates and GIM requirements, as well as desired parameters for price per unit and price per square foot.

Mixed Use	Sale Date	Year Built	# of Units	Sales Price	Cap Rate	GRM	Price/Unit	Price/SQFT
2016 Sales - Year to Date	14	2002	87	\$34,830,148	4.1%	16.1	\$382,589	\$496
500 NE 65th St - Ravenna 500	12/28/16	1939	19	\$6,200,000	4.9%	15.5	\$269,565	\$415
6450 24th Ave NW - Ballard Lofts	12/21/16	2015	99	\$47,500,000	4.8%	15.2	\$448,113	\$559
1823 Eastlake Ave E - East Howe Steps	11/21/16	2016	96	\$47,500,000	3.3%	17.5	\$479,798	\$793
3232 15th Ave W - East Bay	10/19/16	2005	12	\$4,500,000	3.9%	16.7	\$321,429	\$384
1502 Eastlake Ave E - Equinox	10/11/16	2009	204	\$88,525,065	4.7%	15.1	\$433,946	\$486
810 Dexter Ave N - Juxt	10/05/16	2016	361	\$151,400,000	4.6%	13.9	\$415,934	\$441
1525 Havid Ave - Cue	08/17/16	2015	90	\$3,963,000	4.5%	16.7	\$408,897	\$668
5711 24th Ave NW - Soren	08/01/16	2015	111	\$45,553,000	4.3%	15.1	\$392,698	\$563
2108 N Pacific St - Pacific Pointe	06/06/16	2000	49	\$24,050,000	4.0%	15.9	\$343,571	\$402
2572 Gilman Dr W - Gilman Terrace	05/31/16	1989	65	\$20,155,000	3.1%	16.8	\$283,873	\$358
4850 Greenlake Way N - Live/Work	04/29/16	2009	7	\$3,980,000	3.7%	19.4	\$568,571	\$385
3815 Woodland Park Ave N	04/15/16	2009	32	\$12,450,000	3.7%	17.7	\$345,833	\$554
1520 12th Ave - Packard Building	02/29/16	2010	61	\$25,866,000	4.0%	15.1	\$359,250	\$482
2405 NW 65th St - Anchors West	01/22/16	1979	15	\$5,980,000	4.5%	15.4	\$284,762	\$372

Please note: Data contained in this In-City Real Estate Investment Review has been acquired from sources deemed accurate, including Dupre + Scott, Commercial Brokers Association, parties involved in the transactions, public records and other sources. All references to square footages are approximate.

## 2016 Apartment Sales

2016 Apartment Sales - Year to Date Neighborhood	# of Sales Sale Date	Year Built	# of Units	Sales Price	Cap Rate	GRM	\$/Unit	\$/SQFT
Address - Building Name	80	1957	15	\$4,315,173	4.0%	15.9	\$275,828	\$401
Queen Anne	11	1955	20	\$6,800,733	3.9%	17	\$350,368	\$407
1205 QA Ave N - Park at Highland Dr	12/30/16	1948	34	\$10,700,000	4.5%	14.4	\$314,706	\$449
1321 Queen Anne Ave - Q	12/30/16	1950	87	\$26,550,000	5.1%	12.9	\$305,000	\$433
2107 5th Ave N	12/09/16	1923	6	\$2,975,000	4.8%	14.7	\$495,833	\$448
1404 10th Ave W - McKean	11/18/16	1928	8	\$2,875,000	3.9%	17.4	\$359,375	\$532
1713 Dexter Ave N - Cottage	11/18/16	1979	15	\$5,430,000	3.7%	17.2	\$362,000	\$371
100 Florentia	09/26/16	1964	6	\$1,810,000	3.5%	19.3	\$301,667	\$414
2514 Dexter Ave N	08/01/16	1948	5	\$1,300,000	2.5%	19.7	\$260,000	\$281
909 6th Ave N - Fountainside	06/10/16	1965	17	\$5,650,000	2.5%	20.8	\$332,353	\$412
116 Warren Ave N - Centre Court	04/26/16	2001	18	\$11,950,000	4.4%	16.0	\$597,500	\$505
1707 Taylor Ave N - Donphilita	03/17/16	1927	9	\$2,218,068	4.5%	14.7	\$246,452	\$355
526 W Mercer Pl - Bayview Heights	01/29/16	1967	12	\$3,350,000	4.0%	15.8	\$279,167	\$277
Magnolia	2	1963	8	\$1,745,000	4.0%	15.3	\$218,125	\$299
2863 Thorndyke Ave W - Thorndyke	11/15/16	1967	8	\$2,215,000	3.7%	16.9	\$276,875	\$307
4255 Gilman Ave W - Sarawan	01/20/16	1958	8	\$1,275,000	4.3%	13.6	\$159,375	\$291
Green Lake/Wallingford/Fremont	16	1970	13	\$3,062,813	4.2%	15.1	\$242,044	\$341
3426 Wallingford Ave N - Wallingford	11/29/16	1986	18	\$5,900,000	4.0%	17.0	\$327,778	\$641
4460 Woodland Park Ave N - Woodland	11/20/16	1963	12	\$3,400,000	3.9%	16.7	\$283,333	\$412
1146 N 91st St - Villa Maria	10/31/16	1986	11	\$2,750,000	5.0%	14.1	\$250,000	\$365
9515 Interlake Ave N - Licton Springs	10/26/16	1987	27	\$7,615,000	4.8%	13.4	\$282,037	\$353
9050 Greenwood Ave N - Melrose	10/24/16	1966	20	\$3,015,000	2.9%	14.7	\$150,750	\$266
1120 N 93rd St - Granview	08/01/16	1989	28	\$5,500,000	4.1%	14.7	\$196,429	\$306
936 N 85th St	08/01/16	1998	6	\$1,300,000	4.0%	16.2	\$216,667	\$262
9701 Woodlawn Ave N	07/08/16	1968	5	\$1,295,000	4.5%	15.7	\$259,000	\$295
951 N 45th St - Chez Moi	05/11/16	1960	10	\$2,050,000	4.4%	14.7	\$205,000	\$292
4333 Dayton Ave N - Dayton House	05/10/16	1972	5	\$1,550,000	4.3%	16.1	\$310,000	\$359
3617 Woodland Park Ave N - Audrey	04/29/16	1906	15	\$2,580,000	3.4%	15.5	\$172,000	\$359
4238 Evanston Ave N	04/06/16	1959	10	\$2,600,000	3.7%	15.6	\$260,000	\$308
465 N 45th St - Woodland West	03/30/16	1968	16	\$3,800,000			\$237,500	\$267
4710 Aurora Ave N - Wallingford Terrace	03/04/16	1977	11	\$2,900,000	5.4%	13.1	\$263,636	\$388
4110 Linden Ave N	03/02/16	1969	5	\$1,150,000			\$230,000	\$279
511 N 43rd St - Colette	01/21/16	1964	7	\$1,600,000	3.8%	14.5	\$228,571	\$297
Capitol Hill/Eastlake	22	1942	20	\$5,596,261	4.1%	15.5	\$292,977	\$456
733 Summit Ave E - Summit	12/30/16	1949	52	\$17,000,000	4.6%	14.3	\$326,923	\$538
1628 Bellevue Ave - Ansonia	11/30/16	1916	28	\$4,950,000	5.3%	12.5	\$176,786	\$378
1819 Bellevue Ave - Bel-Vista	11/30/16	1929	31	\$6,275,000	4.1%	14.6	\$202,419	\$447
2501 E Madison St - Madison Gate	11/20/16	1990	40	\$14,475,000	4.6%	14.7	\$361,875	\$434
1420 Belmont Ave - Bel Boy	11/16/16	1900	5	\$1,025,000	5.0%	12.8	\$205,000	\$553
1401 E Harrison St - Kingshire	10/28/16	1920	10	\$3,450,000	4.5%	14.6	\$345,000	\$345
316 13th Ave E - Denn Manor	10/01/16	1966	11	\$4,422,500	3.1%	18.9	\$384,091	\$390
1814 E Denny Way - Mod 19	09/20/16	2013	8	\$2,950,000	4.1%	16.7	\$368,750	\$728
114 12th Ave E - Heather Court	08/31/16	1952	10	\$4,000,000	4.4%	16.3	\$400,000	\$466

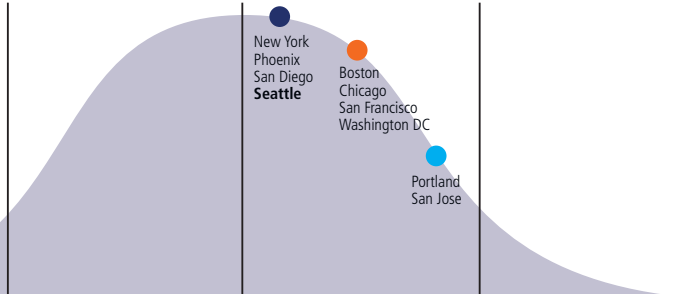
## 2016 Apartment Sales (continued)

2016 Apartment Sales - Year to Date Neighborhood	# of Sales Sale Date	Year Built	# of Units	Sales Price	Cap Rate	GRM	\$/Unit	\$/SQFT
627 14th Ave E	08/29/16	1902	8	\$1,706,250	3.2%	14.6	\$213,281	\$334
425 Malden Ave E - Malden House	08/23/16	1969	13	\$4,475,000	2.8%	20.5	\$344,231	\$407
2211 Franklin Ave E - Franklin Avenue	07/29/16	1959	7	\$3,010,000	5.0%	11.5	\$430,000	\$611
1619 E John St - Whitworth	07/22/16	1927	54	\$18,230,000	4.2%	15.3	\$337,593	\$452
411 Harvard Ave E	06/07/16	1964	15	\$2,970,000	3.2%	18.8	\$198,000	\$362
406 Summit Ave E - Summit Terrace	05/31/16	1925	10	\$2,444,000	3.7%	16.2	\$244,400	\$544
1006 E Prospect St	05/17/16	1904	6	\$1,850,000	3.8%	17.8	\$308,333	\$471
411 Bellevue Ave E - Sherrydon	03/30/16	1928	14	\$4,100,000	4.1%	15.4	\$292,857	\$374
216 E Roanoke St	03/29/16	1916	6	\$2,235,000	4.9%	14.7	\$372,500	\$453
1723 Summit Ave E - Alhambra	03/04/16	1908	41	\$4,300,000	3.3%	13.2	\$104,878	\$341
515 E Denny Way	02/18/16	1963	20	\$4,200,000	3.2%	15.8	\$210,000	\$340
1406 E Republican St - Yardhouse	02/01/16	2014	35	\$13,950,000	4.1%	17.2	\$398,571	\$766
1204 E Denny Way	01/09/16	1900	5	\$1,100,000	5.1%	13.7	\$220,000	\$306
Ballard	16	1965	10	\$3,111,125	4.1%	16.4	\$281,268	\$401
2401 NW 63rd St - Scandia Gardens	11/14/16	1967	8	\$2,190,000	3.8%	17.0	\$273,750	\$338
2410 NW 57th St - Palm Court	10/31/16	1957	7	\$2,370,000	4.8%	15.8	\$338,571	\$515
6104 14th Ave W - Elin	10/18/16	1963	5	\$1,525,000	4.6%	15.5	\$305,000	\$454
8344 28th Ave NW - Loyal View	10/13/16	1927	10	\$1,785,000	4.5%	14.2	\$178,500	\$321
1408 NW 57th St	09/16/16	2002	7	\$2,000,000	4.2%	15.6	\$285,714	\$421
2018 NW 57th St - Solo Lofts	08/17/16	2015	20	\$9,950,000			\$497,500	\$706
2233 NW 59th St	06/30/16	1966	6	\$1,380,000			\$230,000	\$269
8307 8th Ave NW	06/30/16	1992	6	\$1,715,000	3.7%	18.1	\$285,833	\$323
2039 NW 59th St	05/06/16	1963	5	\$1,180,000	2.9%	20.3	\$236,000	\$377
1727 NW 57th St	04/29/16	1969	5	\$1,475,000	2.1%	23.7	\$295,000	\$352
7607 8th Ave NW - Ballard Brickstone	02/25/16	1957	8	\$2,250,000	5.0%	13.8	\$281,250	\$409
2251 NW 59th St - Aros & Voss	01/29/16	2009	38	\$12,975,000	4.4%	15.3	\$341,447	\$416
1413 NW 63rd St	01/29/16	1964	12	\$3,875,000	5.1%	14.5	\$322,917	\$428
6401 32nd Ave NW	01/25/16	1911	6	\$2,000,000			\$250,000	\$315
1431 NW 65th St	01/08/16	1955	6	\$1,020,000	3.7%	15.6	\$170,000	\$324
7526 24th Ave NW - Bostad	01/25/16	1928	10	\$2,088,000	4.6%	13.4	\$208,800	\$449
University District	13	1959	16	\$3,462,692	3.7%	16.7	\$227,497	\$395
5609 20th Ave NE	11/02/16	1918	5	\$1,015,000	3.1%	18.9	\$203,000	\$400
711 NE 43rd St	10/31/16	1928	5	\$1,815,000	4.2%	17.0	\$363,000	\$459
5033 Brooklyn Ave NE	09/30/16	1905	19	\$1,900,000	2.9%	14.3	\$100,000	\$259
9100 Roosevelt Way NE - Marco	09/13/16	1970	19	\$5,350,000	2.4%	19.0	\$214,000	\$312
4006 Pasadena Place NE	09/09/16	1962	6	\$1,150,000	4.5%	15.1	\$191,667	\$307
4029 7th Ave NE - Studio 7	06/30/16	2014	75	\$14,450,000	4.7%	13.5	\$192,667	\$589
4040 7th Ave NE - Lakeview	06/30/16	1987	27	\$7,150,000	3.7%	14.5	\$264,815	\$376
1211 NE 56th St	05/27/16	1957	5	\$800,000	3.6%	16.5	\$160,000	\$423
5231 22nd Ave NE - Hoven	05/26/16	1969	8	\$1,955,000	4.2%	15.0	\$244,375	\$385
1403 NE 56th St - Cowen Park	05/19/16	1960	7	\$1,925,000	4.4%	16.3	\$275,000	\$326
6537 Oswego Pl NE - Oswego Pl	05/10/16	1950	11	\$1,895,000	3.5%	16.4	\$172,273	\$411
5026 22nd Ave NE - Clara Antoinette	02/23/16	1928	6	\$1,310,000	2.3%	23.9	\$218,333	\$287
5246 Brooklyn Ave NE	01/20/16	2015	12	\$4,300,000	4.7%	16.6	\$358,333	\$602

# Commercial Real Estate Market Cycles

**A picture is worth a thousand words.** Glenn R Meuller of Dividend Capital Research puts together a quarterly Real Estate Market Cycle Monitor. In his Third Quarter 2016 Report released in November 2016, Mr. Meuller shows Seattle at the peak of the of the Hypersupply phase, a phase is marked by the beginnings of rising vacancy, and rents and hence, values beginning to decline. See below for a simplified version of Meuller's market cycle research.

Recovery	Expansion	Hypersupply	Recession
Decreasing Vacancy Rates	Decreasing Vacancy Rates	Increasing Vacancy Rates	Increasing Vacancy Rates
Low New Construction	Mod/High New Construction	Mod/High New Construction	Mod/Low New Construction
Moderate Absorption	High Absorption	Low/Negative Absorption	Low Absorption
Low/Moderate Employment Growth	Mod/High Employment Growth	Low/Moderate Employment Growth	Low/Negative Employment Growth
Neg/Low rental Rate Growth	Med/High Rental Rate Growth	Med/Low Rental Rate Growth	Low/Negative Rental Rate Growth



## Winner in cranes!

“Seattle skyline is tops in construction cranes — more than any other U.S. city, **Seattle has more cranes than New York and San Francisco combined.**” is the title of Mike Rosenberg’s October 21, 2016 *The Seattle Times* article. “It has twice as many as Chicago, Washington, D.C., or Portland. And it has an 18-crane lead over second-place Los Angeles, according to Rider Levett Bucknall, a firm that tracks crane counts across the world.”



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# Key Legislative and Property Management Developments

## Seattle City Council – Recent Ordinances

**Capped Move-in Costs:** Passed in mid-December 2016, this ordinance will limit the combined costs of security deposits and any nonrefundable fees to no more than the amount of the first month’s rent. It will limit pet-damage deposits to 25 percent of the first month’s rent. Renters will have the right to pay their move-in costs in installments. For more information: <http://buildingconnections.seattle.gov/2017/01/17/new-deposit-and-move-in-fee-limits-and-payment-plans/>

**New Rent Increase Notice Requirements:** For any rent increases to be enforceable in the City of Seattle, certain verbiage must be present regarding a tenant’s rights and landlord obligations. An example of this new form is available through RHA: [http://rhawa.org/products-and-services/rental\\_forms.aspx](http://rhawa.org/products-and-services/rental_forms.aspx). This comes on the heels of the recent Seattle City Council-approved Tenant Protections Ordinance that prohibit landlords from raising the rent on an apartment that has health or safety violations.

**First in Time:** Enforcement has been delayed until July 1, 2017, this ordinance is intended to curb possible discrimination by requiring a landlord to provide tenant with minimum screening criteria, track date and time of receipt of applications (electronically, in person, or in the mail), run screenings in order of application, offer tenancy in that order, and give the tenant 48 hours to respond to an offer of tenancy. For more information: <http://www.mpba.com/blog/seattle-landlords-firstintime/>

**Source of Income Protections:** This ordinance expands the sources of income an owner must allow when considering income for applicants, some of which include Social Security, child support, public assistance, and retirement programs. In this legislation, preferred employer move-in incentives and discounts were also banned. For more information: <http://www.seattle.gov/civilrights/civil-rights/fair-housing/source-of-income-protection-ordinance-and-first-in-time>

**Intent to Sell Ordinance:** A new City of Seattle ordinance requires owners of multi-family properties containing five or more units, where at least one of the units is affordable (a household earning 80% or less of area median income), to notify the City of their intent to sell their property at least sixty (60) days prior to advertising the property for sale or listing it with a listing service. A description of the program, and the required notice is available at [www.seattle.gov/housing/intent-to-sell](http://www.seattle.gov/housing/intent-to-sell).

**Thrilled with Seattle City Council and Olympia? Not?** Get involved with the Rental Housing Association of Puget Sound and support the rental housing industry by getting involved on legislative issues, donating to their Political Action Committee. For more information: [http://rhawa.org/about-rha/government\\_advocacy.aspx](http://rhawa.org/about-rha/government_advocacy.aspx)

# Seattle Rental Demand & Supply Trends

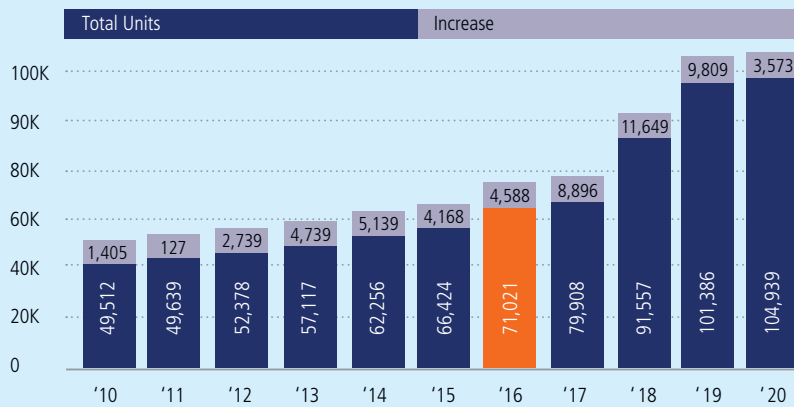
## Current Market Economic Demand

The region added 61,300 jobs in 2016 according to Conway Pedersen Economics October 2017 *Economic Forecaster*. In 2017, the forecast is for the region to add another 37,400 jobs. Nearly 70% of the job growth will be in King County, with just over 26,000 new jobs next year. Conway Pedersen Economics forecasts our region will add a total of 138,600 jobs over the next five years, or nearly 28,000 per year.

## Seattle Apartment Development Supply

The graph below shows the number of units that came online between 2009 and 2016, according to the Dupre + Scott *Development Report*, as well as projections of units coming online from 2017 through early estimates for 2020. This gives you a snapshot of Seattle's apartment development cycle. We have seen a surge in development in the last five years (over 21,000 units). And just in the next two years, we will see nearly the same amount come online again, surging to a total of over 30,000 units in the next three years. At this stage, we do see development fall off starting in 2020, namely because new developments for that period are not on the books yet. Stay tuned!

## Seattle Apartment Unit Supply (as of January 2016)



## Seattle Rental Demand Trends – Rent and Vacancy Update

Please see the table below for the current rents in the In-City Seattle neighborhoods according to the September 2016 rent survey conducted by Dupre + Scott

Neighborhood	Vacancy %	Rent Average					
		Studio	\$ SQFT	1BR	\$ SQFT	2BR	\$ SQFT
Queen Anne	3.7%	\$1,317	\$2.80	\$1,667	\$2.61	\$2,028	\$2.51
Magnolia	2.8%	\$1,356	\$2.91	\$1,401	\$2.07	\$1,667	\$1.94
Green Lake / Fremont / Wallingford	2.8%	\$1,311	\$2.91	\$1,686	\$2.71	\$1,868	\$2.36
Capitol Hill / Eastlake	3.9%	\$1,272	\$2.87	\$1,653	\$2.54	\$2,083	\$2.50
Ballard	3.8%	\$1,373	\$2.92	\$1,699	\$2.59	\$1,962	\$2.45
University District	4.8%	\$1,224	\$2.78	\$1,408	\$2.35	\$1,564	\$2.01

The markets that saw the highest rent increases from a year ago were Capitol Hill at 7.8%, followed by Magnolia at 6.9%. We can see that market vacancy has increased 16% over last year, from 3.1% in September 2015 to just over 3.6% as of September 2016. We should continue to see the vacancy rate rise in 2017 through to 2019 as massive numbers of new units come on-line.

It is important to remember that rents listed here include all buildings, regardless of the year of construction. Because this data includes recently completed units, when comparing rents to yours, it is important to use comparable buildings. Feel free to let me know if you would like a customized complementary comparative rental analysis which compares your property to properties more similar in age and immediate location.

## Investment Forecast and Recommendations

The next three years will be a wild ride of apartment construction. Seattle is averaging 27 new apartments per day on average, according to the December 30, 2016 *The Seattle Times* article by Mike Rosenberg entitled "Seattle's record apartment boom is ready to explode; what it means for rents."

Construction costs are rising fast, and rental growth is slowing down, yet apartment developers remain bullish on the Puget Sound region market according to a December 8, 2016 article by Marc Stiles at the *Puget Sound Business Journal* entitled "Apartment market's mixed signals mean 'things are nuts' in Seattle"

After a period of major rent growth fueled by undersupply, we are just beginning to see some cracks. According to Zumper's *National Rent Report*: January 2017, Seattle sunk two spots to the tenth most expensive rental market in the nation. "I think it's a turning point," said Tom Cain, who has studied the local apartment market for decades. "The rent increases are going to slow down and some hot areas will see rents drop," he said in *The Seattle Times* article published on December 19, 2016 by Mike Rosenberg entitled "Turning point' for Seattle rent hikes?" In Mr. Rosenberg's December 30, 2016 article, "Seattle's record apartment boom is ready to explode; what it means for rents," he also reported that rents dipped slightly in 2016's fourth quarter compared with a few months prior.

Everything I am reading indicates that we are at the highpoint in the market for the next few years. According to the Third Quarter 2016 Real Capital Analytics report, Seattle ranked number 9 in the most active apartments in 2016. But, after five years of eye-popping growth, Apartment Insights says the local apartment market may have peaked during the third quarter, and that the fourth quarter "appears to mark a turning point. It adds up to a "significant deterioration" of the King and Snohomish county markets, according to Apartment Insights in a December 19, 2016 article in the *Puget Sound Business Journal* by Marc Stiles, entitled "New report finds 'significant deterioration' of Seattle's apartment market.

The Dupre + Scott October 2016 *The Apartment Advisor* forecasts "prices to climb about 8% in 2017 and then over the following two years they are likely to give back those gains and end up where we are this year." While buildings will no doubt hold their value in the long term, over the next couple of years, expect to see a flattening of values. This means if you are considering making a change, now is the time to take advantage of the market at what appears to be its peak.



## Hold or Sell? Regardless, Profit from Strategic Brokerage Services

My main objective has always been to provide investors with useful information regardless of whether their plans were to hold or sell. And I strive to provide more than just great service on individual transactions. Instead, I aim to be your trusted real estate investment advisor. Allow me to paint a picture of how I can do this for you:

**Strategic Ownership Plan:** If you are holding for the next few years, let me create a strategic ownership plan for you. This includes a market evaluation to look at current value and assess how you can maximize your cash flow return by advising you on moving your rents closer to market and improving tenant retention. Let me help you smooth out your property management operations, whether it is working with quality vendors, focusing on strategic property improvements that transfer into better profitability, or perhaps even hiring a professional property management team who can take over the day-to-day responsibilities. Finally, I can create a timeline for maximizing your depreciation, appreciation and ultimately, your sale proceeds down the road.

**Strategic Marketing Plan:** If you are considering selling, let me help you create a strategic marketing plan. First there is the timing, and I have some definite thoughts on how to best take advantage of this particular cycle in order to maximize your profitability. Then I will advise you on any basic prep work to maximize your property's marketability, including raising rents, addressing minor deferred maintenance, sprucing up landscaping, and even a fresh coat of paint. Next, I create an attractive and informative marketing package which puts the property in the best light visually and financially. During the marketing phase, I ensure that both maximum number of potential investors and the most qualified of buyers are contacted about the opportunity. Once I have the right buyer at the table, I help you navigate all the way through the escrow and closing process. Next up is the really fun part, reinvestment of the proceeds!

## By the numbers: Track Record

- ✓ \$102M Total Sales Volume
- ✓ 77 Buildings Sold
- ✓ 636 Units Sold
- ✓ 100% List vs Sold Price Accuracy

I would be more than happy to analyze your real estate portfolio and put together a customized ownership or marketing plan to help you optimize your current investment income, portfolio expansion opportunities, and future cumulative wealth.

**Please feel free to contact me:**

Candice at 206.284.1000, [candicec@whitecapcre.com](mailto:candicec@whitecapcre.com).



## WHITECAP NEW OFFICE

On top of Queen Anne Hill, WHITECAP is located at 314 W Galer St, Suite 101, Seattle WA 98119, right by Café Fiore and Top Pot Donuts. Features a night photography exhibition which debuted in Paris last year. Feel free to swing by or better yet, make an appointment!





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Just let me know and I would be glad to add them to the mailing list.