

The Harbor Expert Hour

Residential Trends & Forecasts for Downtown Seattle

Presented by

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Discussion Topics

- ✓ State of the Market
- ✓ New Supply
- ✓ Demand Factors
- ✓ Demographics
- ✓ Emerging Markets
- ✓ Product Development

Discussion Topics



State of the Market



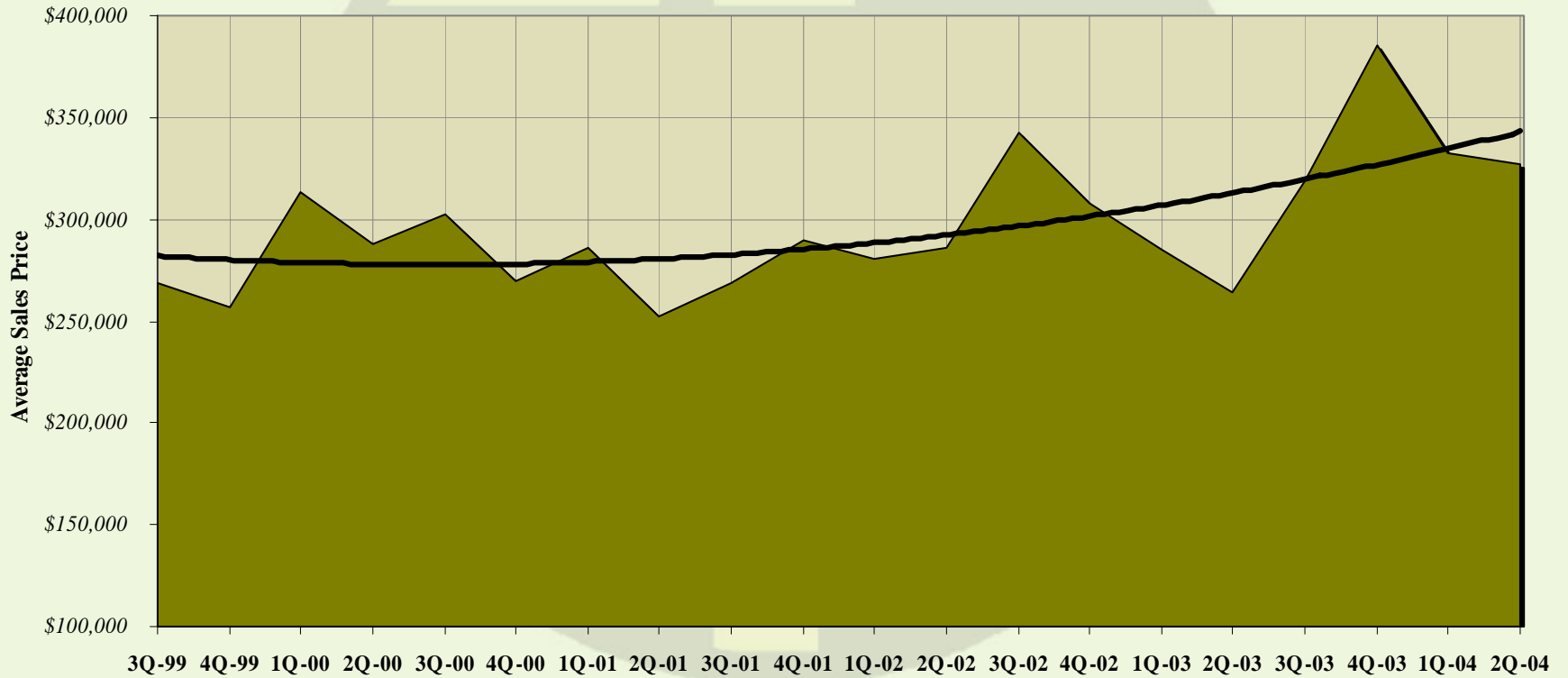
State of the Market – Condominiums

Available Inventory

- Approximately 220 Available Units
- Average Available Price is over \$566,000
- Average Size is 996 Square Feet

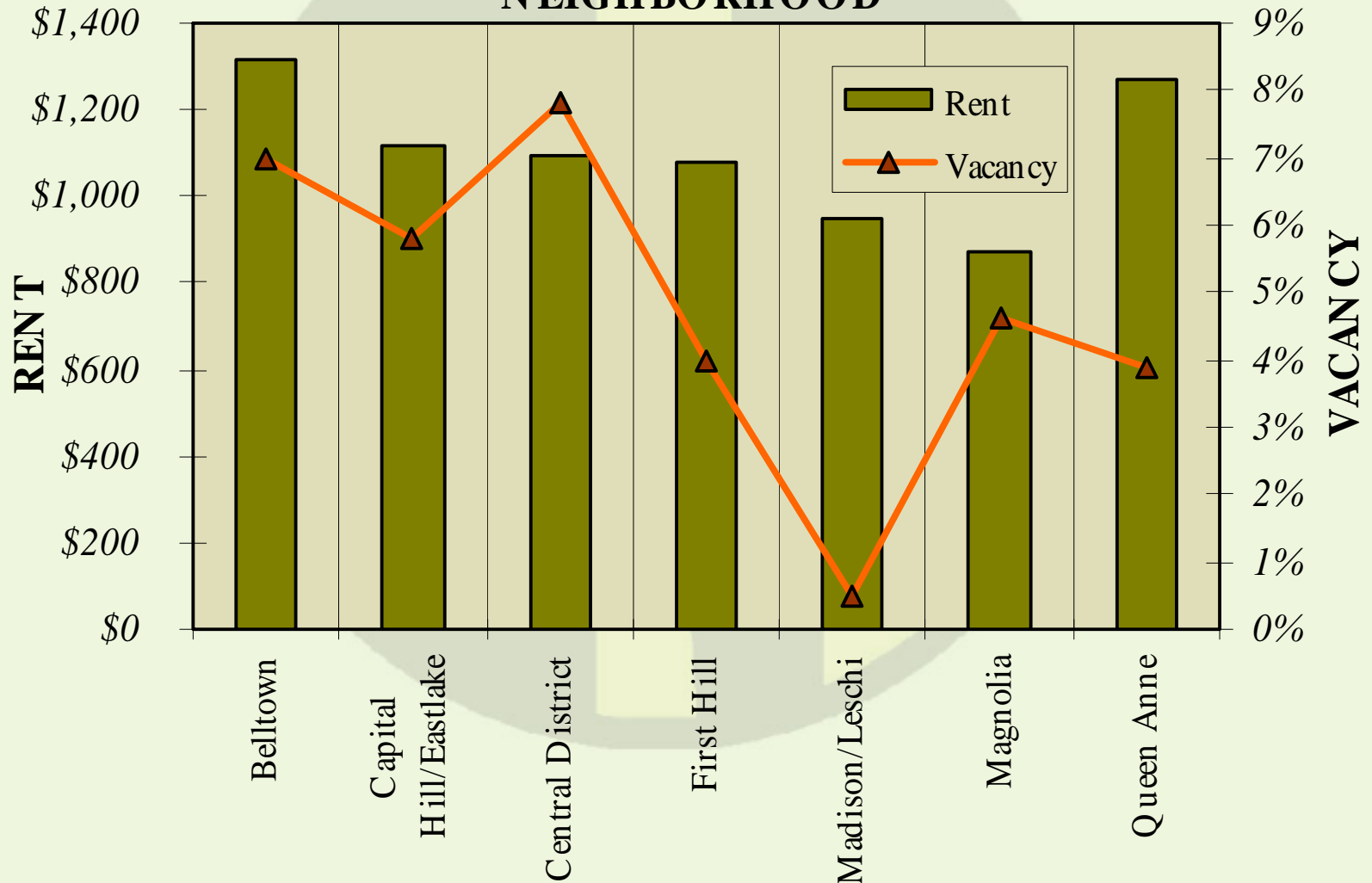
State of the Market

AVERAGE SALES PRICE/NEW CONSTRUCTION



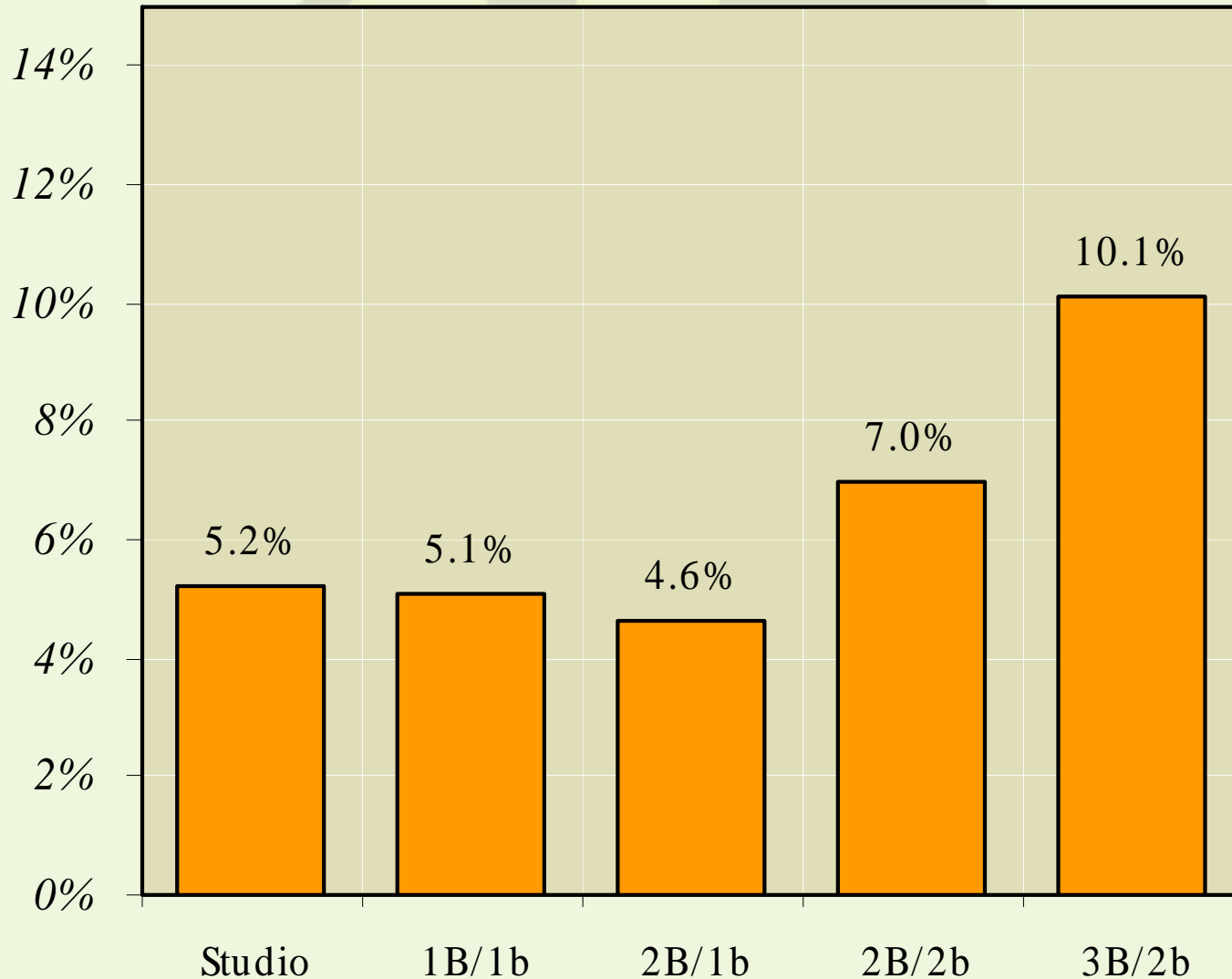
State of the Market – Apartments

AVERAGE RENT AND VACANCY COMPARISON BY NEIGHBORHOOD



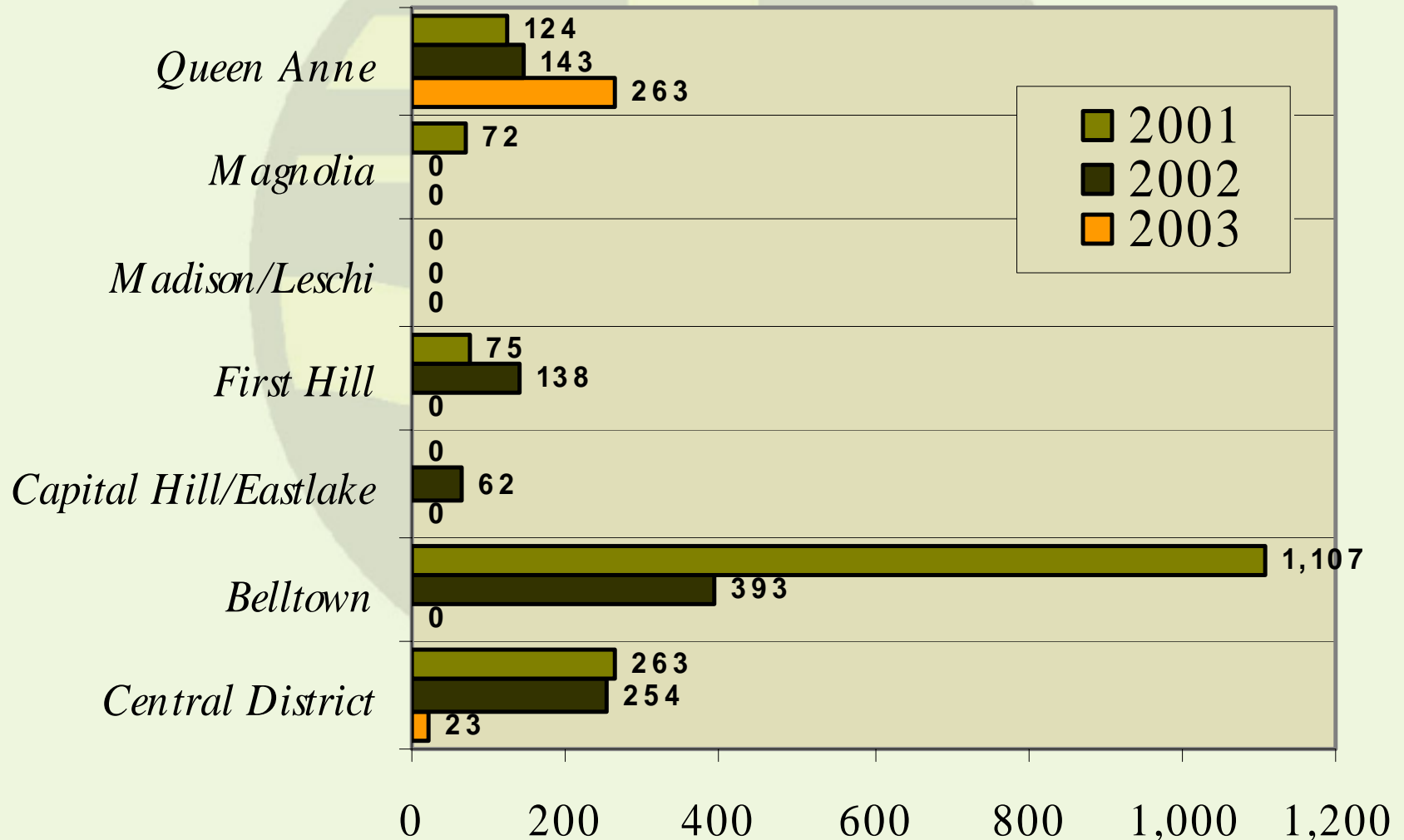
State of the Market – Apartments

VACANCY COMPARISON BY UNIT TYPE (All Submarkets)



State of the Market – Apartments

UNITS COMPLETED BY YEAR



Discussion Topics

- ✓ *State of the Market*
- ✓ **New Supply**

New Supply

- News Lane
- 2nd & Pike
- 2nd & Pine
- 1st & Union
- 4th & Virginia
- 7th & Westlake
- 8th & Virginia
- 8th & Olive
- 9th & Virginia
- 2nd & Bell
- Western & Clay
- 2200 Westlake
- Residences @
Hotel 1000

Discussion Topics

- ✓ *State of the Market*
- ✓ *New Supply*
- ✓ **Demand Factors**

Demand Factors

Projected Demand for New Housing by Price Range									
Price Range (\$000s)	Previous Volume			Projected Volume			% Change from Previous Year		
	Detached	Attached	Total	Detached	Attached	Total	Detached	Attached	Total
< \$124	6	41	47	7	48	55	17%	17%	17%
\$125-\$149	9	14	23	17	27	44	89%	93%	91%
\$150-\$174	6	35	41	8	45	53	33%	29%	29%
\$175-\$199	9	52	61	10	58	68	11%	12%	11%
\$200-\$224	13	55	68	14	57	71	8%	4%	4%
\$225-\$249	51	98	149	44	85	129	(14%)	(13%)	(13%)
\$250-\$274	54	44	98	51	41	92	(6%)	(7%)	(6%)
\$275-\$299	49	61	110	45	56	101	(8%)	(8%)	(8%)
\$300-\$324	30	26	56	28	25	53	(7%)	(4%)	(5%)
\$325-\$349	54	83	137	43	66	109	(20%)	(20%)	(20%)
\$350-\$374	32	53	85	27	45	72	(16%)	(15%)	(15%)
\$375-\$399	93	33	126	75	26	101	(19%)	(21%)	(20%)
\$400-\$449	29	27	56	30	27	57	3%	0%	2%
\$450-\$499	21	27	48	19	24	43	(10%)	(11%)	(10%)
\$500-\$549	10	15	25	11	16	27	10%	7%	8%
\$550-\$599	9	6	15	11	8	19	22%	33%	27%
\$600-\$699	26	26	52	23	24	47	(12%)	(8%)	(10%)
\$700-\$799	17	10	27	13	7	20	(24%)	(30%)	(26%)
\$800-\$899	9	8	17	7	6	13	(22%)	(25%)	(24%)
\$900-\$999	3	2	5	2	2	4	(33%)	0%	(20%)
\$1 million +	10	8	18	24	19	43	140%	138%	139%
Total	540	724	1,264	509	712	1,221	(6%)	(2%)	(3%)

Demand Factors

Apartments

OCCUPANCY FORECAST

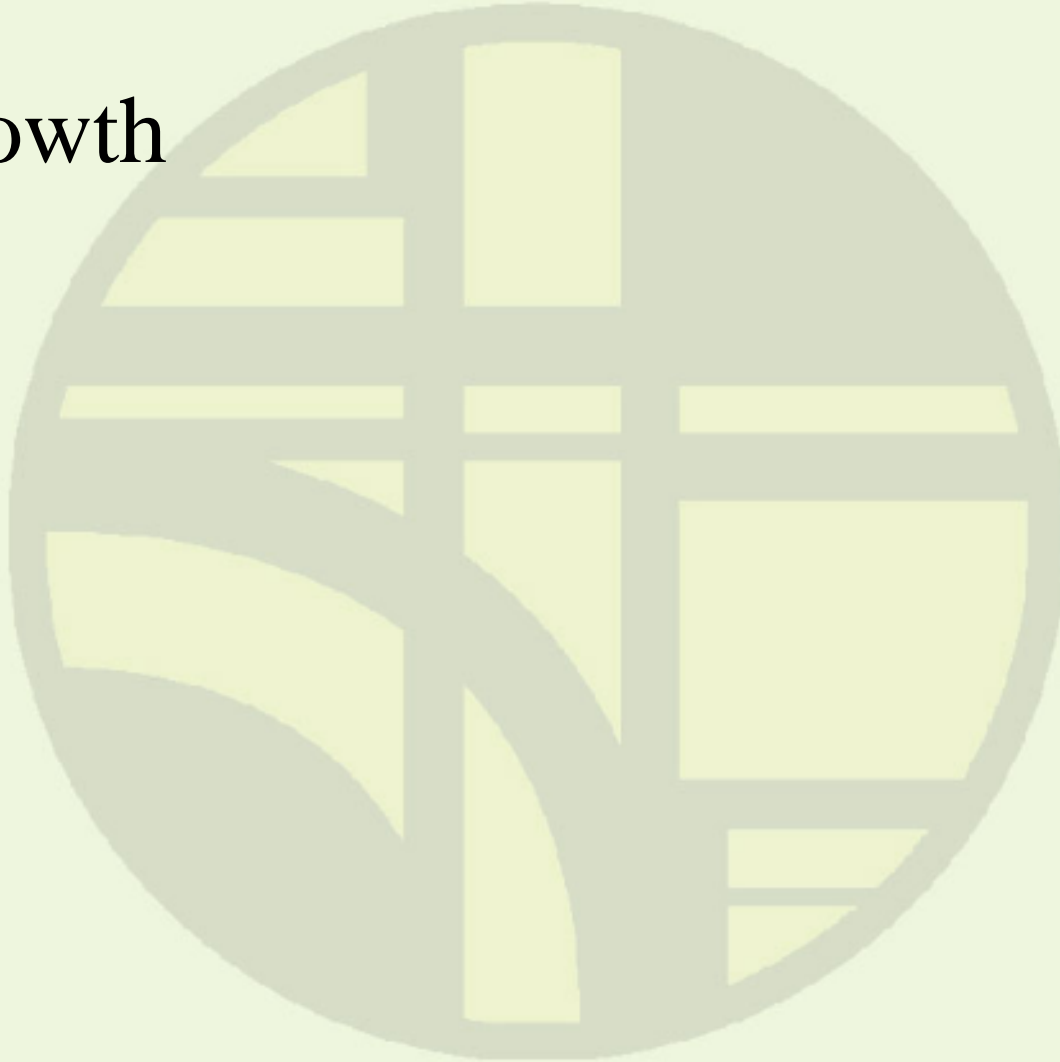
Quarter	Inventory	Net Additions	Net Absorption	Occupied Units	Occupancy Rate
<i>2Q04</i>	29,376	--	--	27,466	93.5%
<i>3Q04</i>	29,490	114	95	27,561	93.5%
<i>4Q04</i>	29,603	114	95	27,656	93.4%
<i>1Q05</i>	29,824	221	122	27,778	93.1%
<i>2Q05</i>	29,824	0	66	27,844	93.4%

Discussion Topics

- ✓ *State of the Market*
- ✓ *New Supply*
- ✓ *Demand Factors*
- ✓ **Demographics**

Demographics

□ Growth

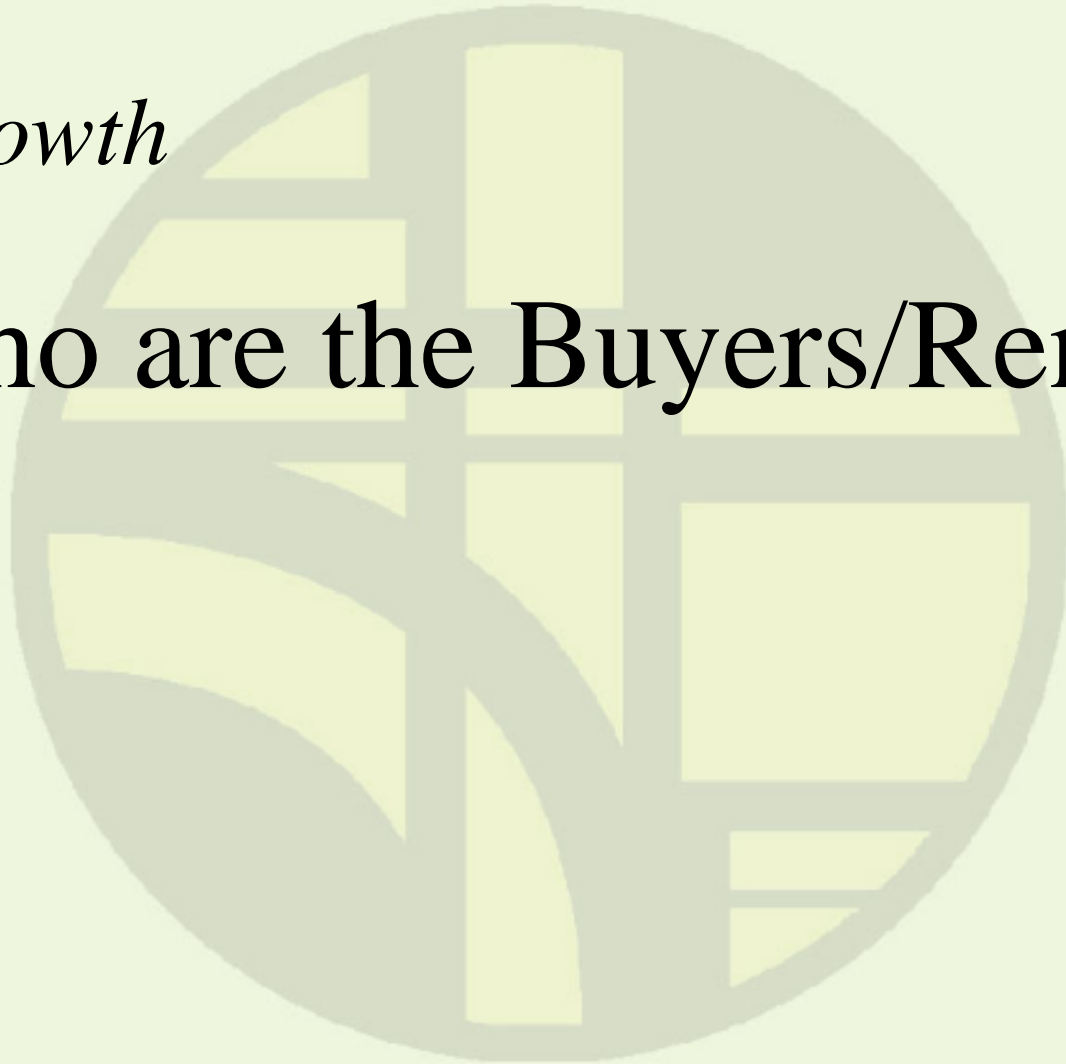


Demographics

Rank	City	Total Housing Units	Multifamily Housing Units	%
1	New York, NY	3,200,912	1,945,829	60.80%
2	Washington D.C.	274,845	135,111	49.20%
3	Miami FL	148,554	65,919	44.40%
4	Los Angeles, CA	1,337,668	586,956	43.90%
5	Dallas, TX	484,053	207,215	42.80%
6	Boston, MA	251,935	107,316	42.60%
7	Atlanta, GA	186,998	76,674	41.00%
8	Seattle, WA	270,536	108,486	40.10%
9	Newark, NJ	100,141	39,990	39.90%
10	Chicago, IL	1,152,871	456,700	39.60%

Demographics

- ❑ *Growth*
- ❑ **Who are the Buyers/Renters**



Demographics

- ✓ Split between the Key demographic groups
- ✓ Lifestyle Choices
- ✓ Gas isn't Cheap!

Demographics

- ✓ Large number of 25 to 34 year olds
- ✓ Small number of children
- ✓ We live alone!
- ✓ We are highly educated

Demographics

- Growth*
- Who are the Buyers/Renters*
- Why are they Here?**

Demographics

- Growth*
- Who are the Buyers/Renters*
- Why are they Here?*
- Workforce Housing**

Discussion Topics

- ✓ *State of the Market*
- ✓ *New Supply*
- ✓ *Demand Factors*
- ✓ *Demographics*
- ✓ **Emerging Markets**

Emerging Markets

- South Lake Union
- Pioneer Square
- Central District
- SoDo
- International District
- Capitol Hill

Discussion Topics

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- ✓ *Demographics*
- ✓ *Emerging Markets*
- ✓ **Product Development**

Product Development

- 2nd Generation of Product
- Efficiency
- Unit Sizes
- Understand your Buyers/Renters
- Produce Housing that they Want

Conclusions

- Demand will Increase over Time
- Give the Resident what they Want
- Alternatives to Inclusionary Zoning
- Expect Concessions to Disappear
- 2% Rental Growth

Conclusions

- Beware the Pipeline
- Apartments will start Improving with Tenure Shifts
- Watch Tacoma!
- Support the Local U.L.I. Chapter

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