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The Seattle Apartment Investment Newsletter

Winter 2017

The Latest on the URM's

Well, the city is finally making a solid step forward in requiring that those of us who have unreinforced masonry buildings (URM) have them retrofitted to specific earthquake resistant standards. The URM Committee is getting pressure from the City Council to wrap things up and submit their recommendations. You can go onto their website for specifics (www.seattle.gov and type URM into the search box), but basically it's this: The city notifies the owner that they are required to retrofit. The owner has three years to come up with a plan, apply for permits and gather together the money, with another ten years to complete the project, thirteen years total. The plan on the table that will likely go to the Council for approval is patterned after San Francisco's "Bolts Plus Method," which is a little less than a complete retrofit but enough of one to mitigate life and property damage, where parapets are braced, floors and roofs connected to URM walls, framing interconnected, and bearing walls strengthened as need be. Part of the plan is to assist the owners with financing through tax abatement programs and low interest loans, either of which

will come close to the forecast cost, which is somewhat of an unknown but likely to fall between \$35 and \$60/sf (gross square footage), depending on the existing condition of the building and the risk category in which it lies. Dick Gemperle, a local URM owner, and I have been pushing for public funding, as some California municipalities have done. It makes sense in a number of ways. Never mind the fact that it could be devastating to mom and pop owners who have chosen to put their entire net worth and retirement into these buildings – the City Council and the Committee may or may not care – it will also impact the general public, in both esthetic and very real economic ways. It's kind of like Reagan's trickledown economics in reverse. Tenants will be displaced, unable to afford the unrealistic rents of the high-rises, and small businesses and grocery stores, some which are actually located in the ground floor of these buildings, will be affected and/or closed since their customers have gone elsewhere to places more affordable. And do we really want these beautiful pieces of history, many of which have been designated historical landmarks, turned into parking lots and high rises? At this point we need you to do what you can to let the Committee know how this would impact you and your family, and the public. Public funding is going to take an act of the legislature, but stranger things have been done. If you haven't done so already, send your thoughts to Sandy Howard at sandy.howard@seattle.gov or 700 5th Ave, # 2000, Seattle, WA 98124.

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Retrofitting old brick buildings

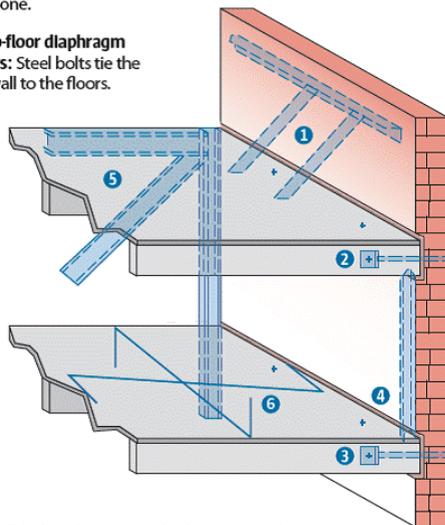
Upgrading an old building to make it more earthquake-safe involves connecting brick walls and parapets to the roof and floors.

REQUIRED

- 1 **Parapet bracing:** The portions of a wall that extend past the roof (parapet) need a diagonal bracing that is generally made of steel.
- 2 **Wall-to-roof diaphragm anchors:** Steel bolts horizontally secure the brick wall to the roof. Rosettes seen on the outside of a building can indicate that this retrofit has been done.
- 3 **Wall-to-floor diaphragm anchors:** Steel bolts tie the brick wall to the floors.

SOMETIMES REQUIRED

- 4 **Out-of-plane wall bracing:** Steel beams that vertically connect the brick wall to the floors to keep the wall from bending.
- 5 **Overall building bracing*:** Steel beams that increase a building's overall strength.
- 6 **Diaphragm strengthening*:** Plywood sheathing that strengthens floors and roofs.

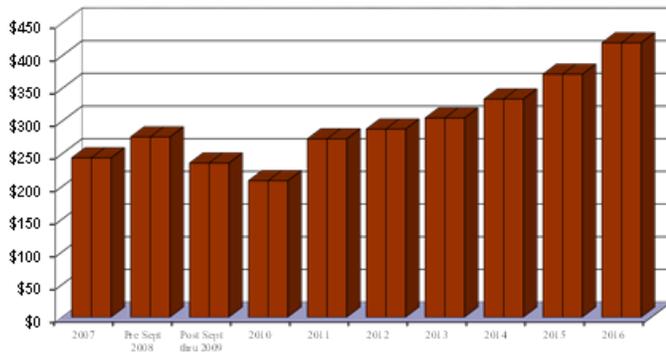


Note:* Overall building bracing and diaphragm strengthening are often important for buildings with large windowed shops on the first level.

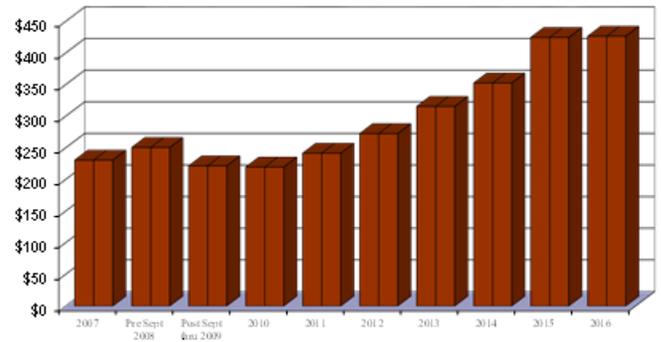
Below are the stats for year-end for Queen Anne and Capitol Hill. Scroll down to the bottom. At first pass it may seem like nothing has changed between 2015 and 2016, since both values averages around \$420/SF. But here's the difference. In 2015 buyers were underwriting their values on proforma rents (real rents, just not realized by everyone). That's why you'd often see ridiculously low cap rates. Now the buyers are underwriting more on actual rents (pretty much the same thing, since proforma of 2015 is now real rents for 2016 and into 2017).

For information on the specific sales comprising these charts, refer to page 6, or give me a call, or pop me an email. I'll send the data by snail mail or email, your choice. 206-224-1213/robertwright@tfgre.com.

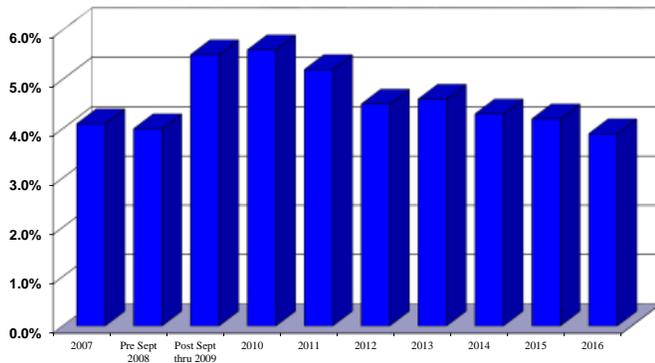
**Queen Anne Sales
Prices per Square Foot**



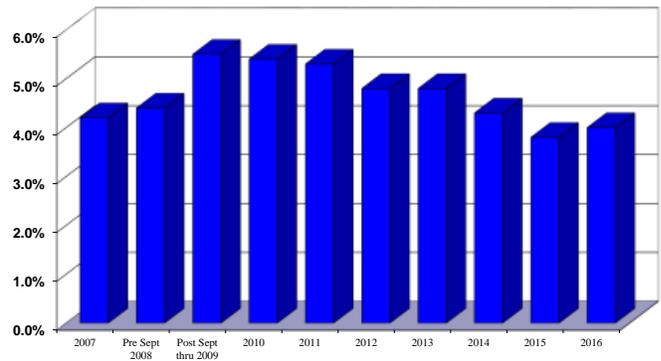
**Capitol Hill Sales
Prices per Square Foot**



**Queen Anne Sales
Cap Rates**



**Capitol Hill Sales
Cap Rates**



See page 7 for tabulated details of 2016 Queen Anne and Capitol Hill sales for the year.

Quiz. How Well Do You Know Your City and your Counter? True or False. Answers on Page 5

- 1) The reason Seattle streets are so messed up is because of a big fight back in the city's early days between Henry Yesler and Arthur Denny.
- 2) There is a secret tunnel under Queen Anne Hill.
- 3) The city of Mountlake Terrace got its name because at the time of its platting back in the forties the land was terraced and looked down upon a lake.
- 4) Back in the 30's in Seattle and certain other parts of the country, Pit Bulls used to be called "The Nanny Dogs" because of their sweet disposition and their gentle nature, particularly around children.
- 5) A new law took effect on Jan. 15th mandating that all Seattle landlords (of apartment units) provide a payment plan for deposits.
- 6) Back in 1926 a constituent from Tennessee sent President Calvin Coolidge a raccoon for Thanksgiving dinner, alive so that the meat would be fresh. The President made a pet out of the critter, buying it a diamond studded collar.
- 7) A 1031 Tax Deferred Exchange used to be called a Starker Exchange in honor of TJ Starker, head of the IRS at the time, who invented the scheme back in the 70's after he got caught trying to exchange several of his own properties without paying taxes.

(See Page 5 for Answers)

Definition of Terms

Cap Rate (Capitalization Rate): Net Operating Income divided by Sales Price, in other words, the percentage return assuming an all cash sale.

GRM (Gross Rent Multiplier): The ratio of the sales price divided by the gross scheduled income, a way of measuring value by gross income. Gross income is more of a stable figure, whereas net income depends on a number of controlling factors not necessarily related to the market—vacancy, expenses, rent levels, etc.

The Lending Market

Things have changed out there. Here's something you may not know. Fannie and Freddie are now doing step-downs as an alternative to yield Maintenance. Had to, to compete with the smaller banks. Used to be that Fannie and the CMBS products were the only games in town after the banks went dark in '08. But things are different now. And CMBS (Commercial Mortgage Backed Securities) is pretty much a dying breed. It's an expensive product and it's complicated, and comes with defeasance and yield maintenance. To refresh your memory, CMBS is a loan product where they bundle the loan with others and sell them on the secondary market. It's a larger type loan, usually ten million and above, and comes with heavy yield maintenance and defeasance restrictions, defeasance being where when it's paid off the investor (the entity that bought the loan) is protected with the same yield because security is substituted. The real property is replaced with various personal property money instruments, such as CDs.

The Million Dollar Twenty Dollar Bill

They preferred I not use their real names. Too bad. Because it's a fascinating tale, and like as not you know these two gentlemen. They're prominent investors, and their story is exemplary of how, like Jean Valjean in *Les Miserables*, rich people can be good people, and that anything in life is possible, particularly in America. We'll call him Jean, like in the book. Only it takes place in the 1970's, not in 1815. It was when Jean was a young man in his twenties. He was homeless and hungry on the corner of 45th and University Way when Don comes along and says, "You look hungry."

"I am," responds Jean, to which Don says, "Here's twenty dollars. I'll pick you up tomorrow, you got a job."

Next day, sure enough, along comes Don, to find Jean in the same place, nervous anticipation wrapped all over his face. Don puts Jean to work painting one of his buildings, and sooner than later Jean is the manager, living in the smallest unit in the basement.

Jean spent his days working, saving, listening, picking Don's brain, and when he had a little bit saved up Don invited him into the deal on his next purchase. And so began a partnership that turned lucrative for both of them.

That was forty years ago. Jean now owns his own buildings, a high rise on Queen Anne and a handful of buildings on Capitol Hill, and is married to a beautiful woman who gave him a son smarter than he is – or so says Jean – who is spearheading the business as his father's partner. And no, the Don is not Donald Trump. By the way, the \$20 bill went to the Royal Fork that night, all twenty of it, the *All You Can Eat Buffet*.

The Queen Anne Rezone

Soon there's likely to be a high-rise at First and Republican. I'm not sure if it was the developer who is behind the rezone, or if he's just jumping on the opportunity. Probably a bit of both, because the city wouldn't be considering it at all if they didn't have it in mind anyway, as a part of their comprehensive plan. We're not quite sure how high the high is going to be, because the city, in their Design Review Meetings, has been toying with three possibilities. 1) Leaving things just the way they are, which is not likely, 2) Mid-Rise, which would allow five to seven stories, and 3) High-Rise, which would result in taller, thinner buildings of up to 16 stories.



er, thinner buildings of up to 16 stories. However it shakes out, it's likely to happen this year. For info on the U-District Rezone see p. 4.

Dog Washes—the Latest Tenant Amenity

Things are changing. Pets are no longer taboo. Said one landlord, asking to remain anonymous, “I’ve found that responsible pet owners make better tenants. OK, sure, you may end up spending more on turnover, but it’s a win in the long run.” Not only are landlords allowing pets, particularly in the newer projects, but they’re charging pet rents and installing dog washes. Dave Odegard, developer of “Ruth Court,” 64 units up on Capitol Hill – a real beauty – has his dog wash in the garage and provides it as a free service to his tenants. It’s tiled and has multiple uses, wash your dog, your bike, your skis, whatever. Some owners charge anywhere from \$15 to \$30. Deposit your tokens and on comes the water, then you twist the dial for the suds and the dryer. The Villagio in Tacoma, John Stephanus’ brand new building, even has a dog park on the roof.



How Price Sullivan Got Rich

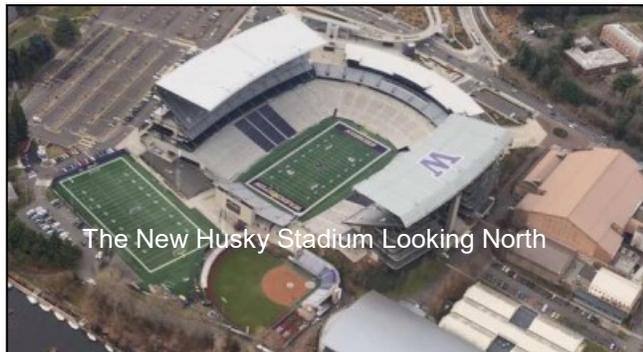
Price was the CEO of Sears Roebuck back in 1966 when Jim Scott walked into his office and asked to borrow fifty thousand dollars. Price said yes, after quizzing the young real estate agent about why in the world he wanted to borrow so much money. “Because I want to start a commercial real estate company,” was the bold answer, “and I think I can make it work.” Jim partnered with Walter Schwartz and Ruth Barns and collectively they opened up Schwartz and Scott. They were the first tenant in the Sea-First building, “The Black Box” at 3rd and Madison. On the first day of business Jim walked in the door and there was Price sitting there in the reception area, hat and coat in his lap. “Where’s my office?” he asked. “What do you mean?” said Jim. “I always follow the money,” was Price’s answer, and so began a very lucrative partnership. Price soon found out that an agent’s job was tougher than it looked from the outside. Deal after deal cratered, no matter how hard Price pushed, until one day a cocky buyer asked, “If you think it’s such a good deal why don’t you buy it.” So he did. And that’s how Price came to acquire his stock closing line. “If you don’t buy it I will.” Sometimes the buyers would say yes, sometimes they’d say no and Price would end up with another building. And we all know what happened to the value of Seattle real estate over time.

What’s Up with the U-District?

It’s not just a new stadium, it’s a whole new U-District, a merging of old and new architecture. You’ve probably heard by now, the city is rezoning the University District from east to west and north to south, east from I-5 to 15th and north to 50th. Yup, you guessed it, high rise, most of it anyway, up to 320 feet in some spots. Developers and land values are already responding. It’s before the City Council now, with approval expected in March, finalized 30 days after that. In two years the U-District will have a whole new look.



Artist's Rendering
looking south from
43rd & Brooklyn



The New Husky Stadium Looking North



Dubs says Woof,
A-OK with him

6 Critical Rules for Trading Up in This Market

Yes, it can be done. I did it twice last year, taking one client from a rental house to a 12 unit apartment and another from four fourplexes to a 36 unit.

- 1) Trigger the closings of your downleg(s) so that you'll have cash in your 1031 account before throwing out offers. Scary, I know, but that's the only way a seller will listen to you, unless you've got the funds to do a reverse exchange.
- 2) Remember. You can't touch the money, not even the earnest money. It has to go directly into your facilitators account from escrow. You'd be surprised how often owners forget this rule, even sophisticated ones.
- 3) Have extra cash available, if possible. It's not at all unheard of for lenders at the last minute to announce that the loan amount they promised is not quite the loan amount that they intend to deliver, especially if the rents on your replacement property are low.
- 4) Be completely open with your agent. The guy trading out of the fourplexes had a million dollar carryover loss, which meant that we didn't have to include one of the fourplexes in the exchange. Referring to point number 3 above, it was extra cash I was counting on in case the lender went sideways on us and we needed more than the typical 35% for a down payment. Often in the inner city, which is what he wanted, down payments can reach 50% or more. So it provided a level of comfort, short-lived, because he bought a house with it without telling me. It worked out in the end, but I'll tell you what, I gained a few gray hairs. Al Williams (American Commercial Mortgage) and, I had to access all the resources of our experience to keep that loan amount from shrinking. Talk about stress. My client was faced with an \$800,000 tax liability if we didn't make it work. He was the only one who *wasn't* stressed. "I knew you'd make it work," he said.
- 5) Stay ahead of the transaction. In aviation they have a saying. Stay ahead of the airplane. Plan ahead, so that you're not forced to do crucial things at the last minute.
- 6) Be aggressive when making offers for your replacement property, and courageous. You don't need to be foolish, but this isn't the time to play games. Let the seller have the victory, if that's what it takes. Understand where the market is and what it's going to take to get the building, and then hit the accelerator. When my guy finally found his replacement property (the 36 unit) there were five other offers. He had to deposit \$150,000 non refundable and hope that the financing worked.

Answers to Quiz

- 1) **True.** It only made sense to Arthur Denny and Carson Boren, who owned the land to the north of Henry Yesler's saw mill and his notorious "skid road" with all its saloons and riff-raff where he'd skid the logs down to the water, that the streets be platted parallel to the Shoreline. But Yesler and Doc Maynard, who owned the rest of the land, saw it a different way. They wanted the streets platted north and south, like every other sane city. Neither side caved...and that's why Seattle's streets zig-zag into one another.
- 2) **True.** Back in the days of Seattle's street cars, from 1898 until 1940, Queen Anne's car was drawn up the hill by a system where a cable was hooked to a 16 ton counterweight on wheels that would drop down a tunnel on the other side. That's why you'll sometimes hear people refer to Queen Anne Hill as "The Counter Balance." The tunnel exists to this day. And somewhere down there is the counterweight, covered in cobwebs.
- 3) **False.** Another Jim Scott story. When Jim got out of the army in 1949 he went to work for Al LaPierre, a developer who had platted a piece of land north of Seattle, and he charged Jim with the task of coming up with a name. The days passed, and the weeks, with no name. Jim was stumped. There were no landmarks to claim, no views, nothing at all special about it. Finally LaPierre threatened him with his job. "Kid," he says, "You got that name yet? Cause if you don't you might as well go home early." "Mountlake Terrace," Jim blurted out. "Because there ain't no mountains and there ain't no lake." "Good a name as any," said LaPierre. The city will deny it, but that's the real story. Because Jim never told a lie in his life.
- 4) **True.** Google *The Nanny Dog* and see what comes up. Remember Pete-the-Dog that palled around with the "Our Gang" kids?
- 5) **True.** The specifics can be found on Page 6 of this newsletter. Too complex to detail here.
- 6) **True.** Mrs. Coolidge had a diamond studded collar made for "Rebecca" and took her everywhere with her. One day Rebecca escaped and the President marshaled the entire Secret Service Corp to duty until she was found. President Coolidge was known to walk around with Rebecca draped over his neck while photos show Mrs. Coolidge walking around cradling the animal in her arms like a cat. Eventually it was decided by popular opinion that Rebecca needed a companion, and a second raccoon was sent to the President. The couple bought another collar and name him Rueben.
- 7) **False.** In the old days we used to have to execute the exchanges simultaneously. We used to have to find someone willing to trade straight across for a smaller building, all but impossible. The contracts were horrendously complicated, "the party of the second part blah blah blah." Then along comes this fellow TJ Starker who goes ahead and closes first before finding his replacement and claims the exclusion on his taxes. When the IRS denies him he sues, and guess what, he wins. So rules were developed around the procedure and we had what was called the Starker Exchange, now known simply as a 1031, in honor of the number of the tax code that defines it.



The First Lady with Rebecca, circa 1928

Uncle Johnny and the Aliens **The Weirdest Story You Have Ever Heard** *(Reprint by request)*

This has absolutely nothing to do with real estate, other than the fact that the guy who tells this story owns five buildings, is brilliant, and is not prone to lie. I wish I could get him to let me reveal his name, but if I did I'd lose him as a client and as a friend. We'll call him Bill for lack of a better nom de plume. Here's the story he tells. If you know Bill he's probably told you the story too. The year was 1962. Bill was 12. He used to like to hide in the broom closet under the stairs. He liked the way it smelled, and he could hear things adults would say that they'd never say if they knew he was listening. Like when Uncle Johnny came to town to visit. Uncle Johnny (his real name, by the way) was an air force colonel. Here's what Bill claims he heard Uncle Johnny say. "The craft is pretty much intact and we're back-engineering it, to see if we can figure out how it works and what type of propulsion they're using. The crew is alive. There are three of them. One is in pretty bad shape, and probably won't last the hour. He's probably dead as we speak. The second might make it a week. The third maybe a year, maybe more if we can figure out how to treat him. We're trying our best to communicate with them. Our best luck seems to come from telepathic methods. That seems to be the way they communicate with one another. I'm taking a risk by telling you this – I'm only doing it because the president has decided to go public with it." A week later the president was dead.

What does 2017 Look Like for Values?

My crystal ball is a bit fuzzy. But I can tell you this. If history means anything values are going to be just fine. Is a slowdown coming? Slowdowns and corrections always come. The question is, when will it happen and how severe will it be? As is pointed out on pages 3 and 7, with the graphs and tables of Queen Anne and Capitol Hill sales, values have peaked and seem to be leveling off. However, it is nothing at all like the slowdown of 2008, which was akin to an earthquake. And it should be remembered that even that corrected itself. Values are like stairsteps. They go up, they level off. In some parts of the country the "level-offs" are crashes, bubbles, or whatever you want to call them. You're lucky, if you happen to be an apartment owner in Seattle. Here they just "level-off" (my terminology). In 2008 we dipped a little, 12 or 13%, but then the afternoons kicked in. What will this one be like? Probably just a level off, with buyers retreating and sellers digging in, refusing to respond with lower prices. But nothing like '08, which was perfect storm of the banks failing, stock market falling, and rents mashing out at the same time. And it's a ways away, I think, because the "Big 3" are still here—1) lenders are still lending, 2) buyers are still buying, and 3) inventory is still scarce. If you're a seller you couldn't have picked a better time if you *did* have a crystal ball. Except for one thing, one unknown. Interest rates. That could throw a curve at us. If rising interest rates erode cash flow with any kind of significance, it's going to have to be balanced either by income or by price, and since we're just about at the top of where rents can go, the balance will probably come from a value adjustment downward. As to how much, who knows. Probably not by much. But if you're contemplating selling, best to do it now before that happens.

New Rules for Deposits and Move-In Fees

It went into effect on the 15th of January, the city regulation that apartment owners within the city limits of Seattle must limit the collective amount of security deposits and move-in fees to an amount not to exceed the equivalent of one month's rent. Oh but there's more. As a part of this new regulation the ordinance also states that the deposit can be paid in installments, 6 equal payments for leases of 6 months or longer, 4 installments for leases of 30 days to 4 months, and 2 equal installments for month to month agreement, except for pet deposits, which can be paid in 3 separate installments. Below is an outline of the complete ordinance:

- 1) Security deposits and move-in fees cannot exceed the amount of the first full month's rent.
- 2) Pet deposits are limited to 25% of the first month's rent.
- 3) Non-refundable move-in fees are limited to tenant screening reports, criminal background checks, credit reports and cleaning fees.
- 4) Total non-refundable move-in fees are limited to 10% of the first full month's rent.
- 5) Landlords must allow payment plans for all deposits, security deposits, pet deposits, move-in fees, and last month's rent, per the following schedule:
 - 1) For rental agreements of 6 months or longer – 6 equal monthly installments.
 - 2) For rental agreements of 30 days to 6 months – 4 equal monthly installments.
 - 3) For month to month agreements – 2 equal monthly installments, except for pet deposits, which can be paid in 3 equal monthly installments.

Is It OK to Release Tenant Applications During a Buyer's Due Diligence?

Good question. I only had it come up once in my entire 38 years selling apartments, and that was two months ago during the sale of a Queen Anne six unit. The owner was reluctant to release copies of the move in applications because it contains private and sensitive information that may compromise a tenant's privacy. On the other hand, the buyer was arguing, understandably, that she had a right to know what kinds of tenants she was going to be inheriting and whether or not they had good credit. So – I contacted two prominent and well respected Seattle real estate attorneys, who gave me basically the same answer, but in somewhat different ways. Kerry Bucklin of Bucklin Evans said he knows of no specific law that would prevent the release and disclosure of such information. Chris Benis said the same, but advised that it might be a good idea to check with the credit reporting agencies to see if they have any regulations regarding release to a third party. The buyer of course was arguing that she wasn't a third party, since the party in question is the owner of the building, which was soon to be her. We solved the problem by blacking out the social security numbers.

Queen Anne Sales 2016										
Address	Units	Size	Rent	Rent/SF	Age	Price/SF	Cap Rate	Price	Date-of-Sale	
Bayview Heights 526 W. Mercer Pl.	12	1,009	1,450	1.44	1967	277	4.0%	3,350,000	1/29/2016	
Donphillita 1707 Taylor N.	9	695	1,400	2.01	1927	355	4.5%	2,218,068	3/17/2016	
Centre Court 116 Warren Ave. N.	20	1,315	2,598	1.98	2001	505	4.4%	11,950,000	4/26/2016	
Fountainside 909 6th Ave. N.	17	808	1,298	1.61	1965	412	2.5%	5,650,000	6/10/2016	
Queen Anne Flats 521 2nd Ave. W.	33	541	1,673	3.09	2015	589	4.2%	10,500,000	7/22/2016	
2514 Dexter Ave. N	5	927	1,100	1.19	1948	281	2.5%	1,300,000	8/1/2016	
100 Florentia St.	6	729	1,281	1.76	1964	414	3.5%	1,810,000	9/26/2016	
Juxt 810 Dexter Ave. N.	364	951	2,189	2.30	2016	441	4.6%	151,400,000	10/5/2016	
The Cottages 1713 Dexter Ave. N.	15	976	1,583	1.62	1979	371	3.7%	5,430,000	11/18/2016	
McKean 1404 10th Ave. W.	8	675	1,726	2.56	1928	532	3.9%	2,875,000	11/18/2016	
2107 5th Ave. N.	6	1108	2,791	2.52	1923	448	4.8%	2,975,000	12/9/2016	
1321 Queen Anne Ave. N	87	705	1,684	2.39	1950	433	4.9%	26,550,000	12/30/2016	
Park on Highland Drive 1205 Queen Anne Ave. N.	34	701	1,583	2.26	1948	449	4.4%	10,700,000	12/30/2016	
Average Overall	47	857		2.06		424	4.0%	18,208,313		

Capitol Hill Sales - 2016										
Address	Units	Size	Rent	Rent/SF	Age	Price/SF	Cap Rate	Price	Date-of-Sale	
1204 E. Denny Way	5	720	1,321	1.83	1900	306	5.1%	1,100,000	1/29/2016	
515 Denny 515 E. Denny Way	20	618	1,052	1.70	1963	340	3.2%	4,200,000	2/18/2016	
Packard Building 1520 12th Ave	72	880	1,853	2.11	2010	482	4.0%	25,866,000	2/29/2016	
Alhambra 1723 Summmit Ave E.	41	308	647	2.10	1908	341	3.3%	4,300,000	3/4/2016	
Roanoke 216 E. Roanoke	6	822	1,996	2.43	1916	453	4.0%	2,235,000	3/29/2016	
Sherrydon 411 Bellevue Ave E.	14	784	1,418	1.81	1928	374	4.1%	4,100,000	3/30/2016	
1006 E. Prospect St.	6	655	1,443	2.20	1904	471	3.8%	1,850,000	5/17/2016	
Summit Terrace 406 Summit Ave E.	10	450	1,188	2.64	1925	544	3.7%	2,444,000	5/31/2016	
411 Harvard E.	15	547	848	1.55	1964	362	3.2%	2,970,000	6/7/2017	
Whitworth 1619 E John St	54	747	1,675	2.24	1927	452	4.2%	18,230,000	7/22/2016	
2211 Franklin Ave E.	7	705	2,193	3.11	1959	611	5.0%	3,010,000	7/29/2016	
Malden House 425 E. Malden	13	846	1,379	1.63	1969	407	3.1%	4,475,000	8/23/2016	
627 14th Ave E.	8	639	1,213	1.90	1902	334	3.2%	1,706,250	8/29/2016	
Heather Court 1114 12th Ave E.	10	858	1,885	2.20	1952	466	4.4%	4,000,000	8/31/2016	
Equinox 1520 Eastlake Ave. E.	204	893	2,036	2.28	2009	486	4.7%	88,525,065	10/11/2016	
Denn Manor 316 13th Ave E.	11	986	1,635	1.66	1966	390	3.1%	4,225,000	11/1/2016	
Kingshire 1401 E. Harrison St.	10	999	1,775	1.78	1920	345	4.5%	3,450,000	10/28/2016	
Bel Vista 1819 Bellevue Ave.	31	453	1,058	2.34	1929	447	4.1%	6,275,000	11/30/2016	
Average	30	717		2.08		423	3.9%	10,164,518		

Capitol Hill Sales 2016 - New Construction										
Address	Units	Size	Rent	Rent/SF	Age	Price/SF	Cap Rate	Price	Date-of-Sale	
The Yardhouse 1406 E. Republican	35	521	1,715	3.29	2014	766	4.1%	13,950,000	2/1/2016	
Mod 19 1814 E Denny Way	8	507	1,762	3.48	2013	728	4.1%	2,950,000	9/20/2016	
East Howe Steps 1823 Eastlake Ave E.	99	624	2,011	3.22	2016	793	3.3%	47,500,000	11/21/2016	
Average Overall	47	551		3.33		762	3.8%	21,466,667		

If you'll notice, as pointed out in the previous newsletter, there is still that symbiotic relationship between rents and cap rates. If the cap rate is crazy low, move your eyes over to the left and notice the rent column. The rent is also low. With buildings where the rent is at market the cap approaches or is at 5%.

The Seattle Apartment Investment Newsletter

Bob Wright

THE FOUNDATION

• G R O U P •

INVESTMENT REAL ESTATE SOLUTIONS

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2107 N 5th, Queen Anne, 6 units, Sold and Closed by Bob Wright, December 12th, 2016



The Creekside, 3309 132nd SE, Mill Creek, 36 units, Sold by Bob Wright December 12, 2016

“Bob’s commitment to his clients goes far beyond the sale itself, with a resolve to treat each transaction as if he were the seller or buyer, regardless of size.” Bill Garrett, Developer and Builder, among others, of the Val Anne, Ponderay & College Place.

Bob Wright
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