

# ***The Seattle Apartment Investment Newsletter***

***Spring Summer 2020***

## ***Real Estate and the Mystic (Is There a Cosmic Connection?)***

As you've heard me say before, the market moves in ten year cycles, seven years up, three years flat (or three years of a 'correction'). "Where are we now in the cycle?" people want to know. Answer – we've been in the flat for about a year and a half now. (as of publication, 3.16.2020) And it's been much more of a mild recession than the previous cycles. Because previously, these flats have been accompanied by unrelated national catastrophic events – the twin towers in 2001, the bank failures in 2008. What are the chances of another national unrelated event paralleling the current correction? "Practically nill," I used to think. "Coincidences," I used to feel confident saying.

These ten year cycles are part of the self-generating machine we call free enterprise. From a perspective of real estate, think of it this way. Rents, and hence values, rise to a point where tenants either cannot or will not pay them, so there needs to be a period of growth and regeneration on the income side of the economy, like a balloon growing and growing and growing until it finally bursts forth with dollar bills to flood the economy – engineers coming out of college will be finding jobs at say, \$150K instead of \$90K, and the minimum wage will double or triple itself, so that tenants can once again afford their rents; then vacancy percentages will begin to decrease and rents will begin to rise all over again, for another seven year period.

But I'll be hornswoggled if I can figure out what the connection is to these catastrophic events. It has to be just a series of very weird cosmic coincidences.

Or is it? Something else has a corresponding 10 year cycle that coincides with the cataclysmic events, 10.5 years to be exact – sunspots and solar flares, areas of intense magnetic activity on the sun's surface, basically nuclear explosions that send fiery clouds of radiation flaming out from the sun's surface at speeds up to 1,300 miles per second.

How weird do we want to get here? Try this. Google three words and see what comes up – Universe, Scientists, Consciousness.

## ***Podcasts—Insights with Bob and Mike***

Episode number one features Ewing Stringfellow, owner of the Queensborough Apartments on Queen Anne, that 147 unit highrise on the south slope.

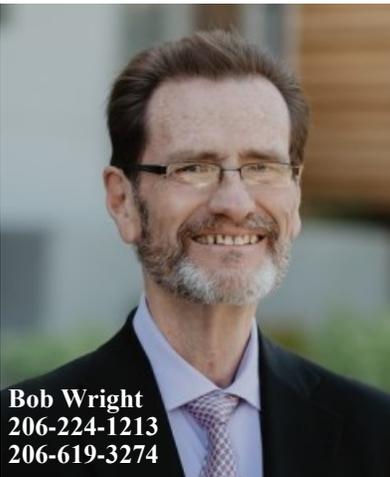
[Insights: Real Estate Success Stories Episode #1 Ewing Stringfellow](#)

Episode number two features Seattle attorney and Landlord advocate Chris Benis.

[Insights Episode #2 A Conversation with Seattle Attorney Chris Benis](#)

Episode number three is a conversation with American Commercial Mortgage CEO Al Williams on the state of multi-family lending during COVID19.

[Insights Episode #3 A Conversation with Al Williams](#)



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## ***Weird Real Estate Trivia***

***Can You Pass This Quiz? True/False. (Answers Page 5)***

- 1) Doorknobs made of brass and copper will kill the corona virus.
- 2) A 26 year old Montreal man traded a paper clip for a house.
- 3) The 4th richest man in the world still lives in the same house he bought back in 1958 for \$31,500 (His first house).
- 4) Real estate tycoon Leona Helmsley left her pet cat Trouble twelve and a half million dollars when she died.
- 5) Alaska is the northernmost, easternmost, and westernmost state in the United States.
- 6) The game of Monopoly was invented as a game for children by socialists to demonstrate the evils of Capitalism.
- 7) In the early 1900's people could order houses off the internet.

## ***Definition of Terms***

**Cap Rate (Capitalization Rate)**: Net Operating Income divided by Sales Price, in other words, the percentage return at the end of a one year period 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.

**Cash on Cash**: The first year cash flow as a percentage of the down payment, not to include tax savings. The difference between Cap Rate and Cash on Cash depends on the amount of debt that encumbers the property and its corresponding annual payment, principal and interest. If the property is purchased debt free then the Cash on Cash will equal the Cap Rate.

**Debt Coverage Ratio**: In simple terms, it's the amount of cash flow that covers the debt, expressed in decimals. As an example, if we've got an NOI of \$140,000 and an annual loan payment of \$100,000, that's a 1.40 debt coverage,  $140,000/100,000$ . It's an important ratio in the world of multi-family lending. Most lenders today, in underwriting a property, use a debt coverage ratio (DCR) of 1.20. So with this example we would divide \$140,000 by 1.20, which would give us \$116,667/yr, or \$9,722/mo, since we are dealing with monthly amounts. Then the lender just figures backwards, plugs in the payment amount of \$9,722, the interest rate, and the amortization period, and voila, we get the loan amount.

**Non-Recourse Loan**: This is a loan where you are not required to sign personally and do not have to place other real or personal assets at risk.

## ***Help is Available***

### **Paycheck Protection Plan**

Began April 3 – businesses and sole proprietorships can apply.

Began April 10<sup>th</sup> – individual contractors and self-employed can apply.

Funds up to 8 weeks can be used for payroll costs, mortgages, rent, and utilities.

Fully forgiven if conditions are met (at least 75% being used for payroll. The benchmark is 2019 earnings. Apply through your local bank.

### **Economic Injury Disaster Loan**

Loan advance – applicable to business expenses, including mortgages interest, utilities, etc.

Up to \$10,000 forgivable, if conditions are met.

Check on its availability through the SBA website [www.sba.gov/](http://www.sba.gov/). The link at the top in the middle of the yellow ribbon, or just click here for the direct link. <https://covid19relief.sba.gov/#/>

Another good source of course is the Rental Housing Authority (RHAWA). <https://www.rhawa.org/>

## ***Who Said it First?***

If you owe the bank two million dollars you're in trouble; if you owe the bank two hundred million the bank is in trouble. **Donald Trump**

If you owe the bank a hundred dollars that's your problem; if you owe the bank a hundred million it's the bank's problem. **J. Paul Getty**

If you owe the treasury a hundred sesterces it's your problem; if you owe the treasury a million it's the treasury's problem. **Caesar Augustus**

## ***Opportunity Zones***

A capital gain can be deferred by investing in any of the identified Opportunity Zones. This means any gain on any item that realizes a profit upon resale:

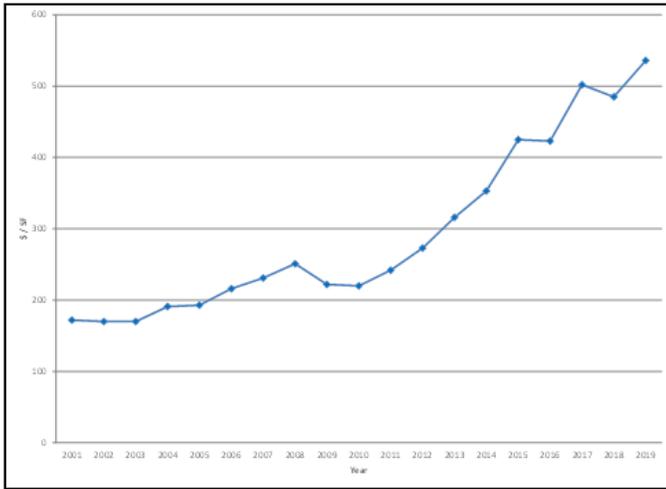
- Real estate
- Stocks
- Bonds
- Art
- Jewelry
- Baseball teams
- Antique Cars
- Etc, etc.

The gain must be invested within 180 days. If the gain is from a partnership, the partner can elect to start the 180-day clock on one of three dates:

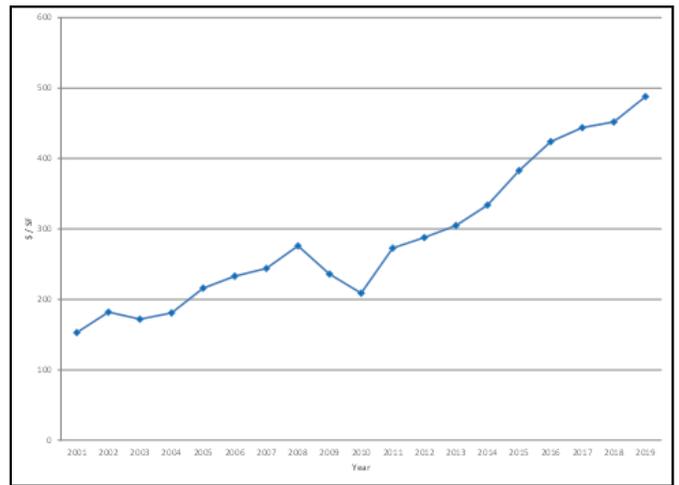
- The date the gain was realized.
- The last date of the partnership's tax year.
- The due date for the partnership's tax returns (typically March 15 of the following year).

The gain is deferred until December 31, 2026, at which time the tax would come due in April 2027, at the 2026 rate.

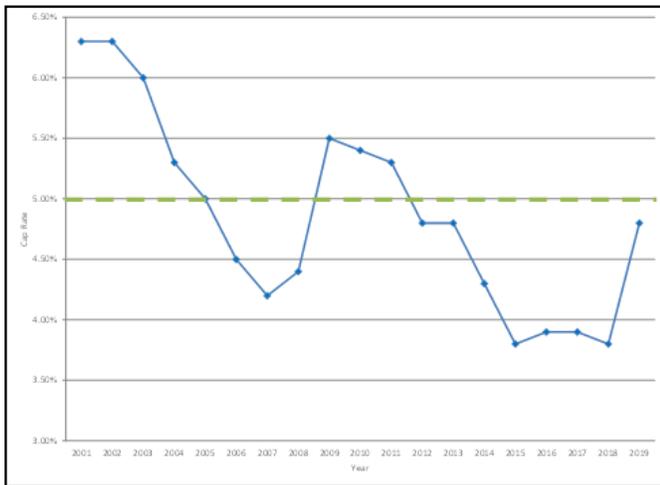
**Capitol Hill Values Price/SF 2001—2019**



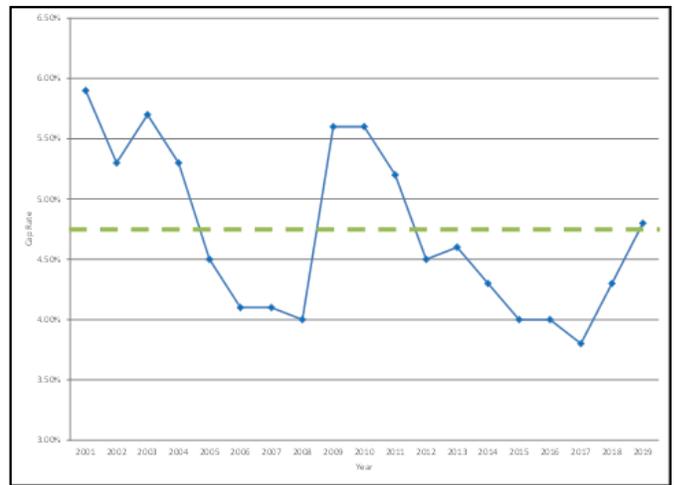
**Queen Anne Values Price/SF 2001—2019**



**Capitol Hill Cap Rates 2001—2019**



**Queen Anne Cap Rates 2001—2019**



***Unpriced vs Price***

This whole thing of taking properties out to market unpriced started back in 2008 when the banks collapsed and the buyers and sellers were at total odds with one another. Buyers wanted a new price level and sellers said no way. And this went on for close to a full year, and finally when both sides began to give a little those among us who were agents had no yardstick by which to measure values. Without comps how were we to advise? So we just took properties out unpriced and let the water find it's own level. And when the market began to stabilize some agents and sellers continued the practice, mostly with the larger properties. A mistake, my opinion, not to give a buyer a target, when you know what that target is. But now we may be back to that again. In 2008 the inner city only lost about 12% in value, as much as 25% in the outlying areas, then it zoomed right back up again.

***The Force Majeure Addendum***

The COVID 19 pandemic has given rise to a new addendum – the Force Majeure clause, a French word for “superior or irresistible force,” something that cannot be reasonably anticipated or controlled. I’m guessing it will soon become a part of boiler plate language. It allows first for an extension, then contract voiding if the sale cannot be “*timely closed by the Extended Closing Date.*” There is a clause in the existing boiler plate of the current CBA and NWMLS purchase and sale agreements that allows termination if something occurs that results in a liability to the Buyer in excess of 5% of the purchase price.

***Question***—why do agents and underwriters, even the sophisticated ones, figure vacancy on only rental income. If there’s no tenant then there’s no utility income for that non-tenant, right? Nor is there laundry income, right? Go figure.

## *Dino Apostolov*

(Condensed version of a reprint of an article in the September 1999 newsletter.)

The year was 1985. In a small city somewhere in Bulgaria a young man was arrested for the misdeed of speaking his mind. If his crime had been committed in another country on the other side of the world no one would have cared, other than to perhaps argue a different point of view. But then Dino Apostolov was not in the United States. He was in the Union of the Soviet Socialist Republic. He was jailed and sent to Siberia. The collapse of the USSR allowed Dino to board a plane for Cuba. He hid out for six hours in an airport bathroom when the plane stopped to refuel in Nova Scotia. Thinking he was safe he emerged and sat on a stool. Someone poured coffee. He wondered how he would pay for it. He never got a chance to worry about it. Two men in suits approached and grabbed his arm. "The plane is leaving," said one. "You must come now."

Two men in uniform must have recognized the indecision in his face. Stern faced, they grabbed his other arm and shoved him across a green line on the floor, and spoke to him in a language he didn't understand. The men in suits trying to force him back on the plane made no attempt to cross it. Finally someone came from the Nova Scotia side who could speak Russian. "Do you want political asylum?" the person asked.

"Yes," said Dino. He was taken to Toronto and processed as a refugee, and given six months of protection by the Canadian government. He stayed for a time with distant relatives in Vancouver, then borrowed two hundred dollars and stole across the boarder. In Bellingham he bought a ticket and boarded a bus for San Francisco. It was eight at night when the bus arrived, and immigration was closed—so with what was left of his two hundred dollars he bought himself a meal and fell asleep in the restaurant bathroom. How long it was, exactly, that he had been in that bathroom he didn't know; he didn't have a watch. The restaurant was dark and the doors were locked. The only people to be seen were those at the bus station across the street. The only light was that cast by the blinking of a neon sign hanging in the window with the scripted letters CLOSED. It was just enough light to reveal a thing terrifying. Behind the counter was an open cash register. Dino began banging on the window, shouting to the people across the street at the bus station, making motions that he wanted out. Soon the police arrived and took him away in handcuffs. It was then that Dino learned the first lesson in the difference between the United States and Russia. The police released him, even though Dino admitted to the police that he was from Bulgaria and in the United States illegally. "We don't care," the police amazingly said. "That's not our department." They gave him back his personal effects and pointed him to immigration. But there was a long line, so he boarded a train that was close by, not knowing where he was going, or what he was going to do. The conductor threw him off in a city called San Mateo.

He walked aimlessly, without a coat, in cold that seemed worse than in Siberia. The daytime sun was warming him a bit. He eventually found a homeless line where people were waiting for Christmas dinner. He had forgotten. It was December 25th. He went back three times, stuffing food in every pocket, and found a warm place to sleep in the back of an open garage. Strangers left food at its entrance, like he was some sort of wounded animal in a cave. Then one day he heard the impossible, the voice of someone speaking Yugoslavian.

The man was a Bulgarian who owned a tavern nearby. He told Dino he would give him a weeks' worth of work and a place to stay. A gift from heaven. Dino took a two hour shower and slept for twenty more hours. In those ensuing seven days he made almost \$600. The Bulgarian also bought him clothes at a thrift store and took him to immigration and got him authorization papers. It was only a precursor to still more good fortune. The Bulgarian knew a man who owned a tile company who was looking for a good worker to train. So once more Dino went to work, this time learning a trade, and moved into a small \$300 a month apartment, barely bigger than a closet. A palace.

Working with Dino was a man who told him about a place called Seattle that had more jobs than people, and the cost of living was half that of San Francisco. Dino jumped at the opportunity—but the opportunity was nothing more than misfortune in disguise. Waiting for him in Seattle was disaster. The man was lazy, it turned out, and ended up spiraling into joblessness and destitution. Dino was trapped. The man knew the language; Dino did not. The man had a driver's license; Dino did not. The apartment was in the man's name, not Dino's. And one day the man packed up and left on an airplane, deserting Dino altogether. He did leave Dino the van, although with no gas in it, and with no money to buy gas. Dino parked it in a vacant lot behind Taco Time. He was able to stay there unnoticed for three days. In that three day period Dino was able to find a job. A painting contractor was the angel-from-heaven this time. Five dollars an hour, with a small up front advance. It was enough to buy gas. Now at least he could travel to and from work, parking again in the vacant lot at night. Soon he was making ten dollars an hour and had joined the union. Eventually he had enough money to move into a small apartment in West Seattle.

Dino Apostolov was on his way up again.

Or so he thought. Still prosperity, the great American Dream, was eluding him. There was a taillight out in the van and he was pulled over. He had no title, no driver's license, no insurance. And he learned what those funny looking pieces of paper were that had been littering his windshield, in writing he couldn't read. Dino was taken to jail and the van impounded. Unable to work, he lost his job with the contractor and lost his union status. When he finally got out he was back to square one, on the street again with no money, no job, no apartment, no car. His only possessions were the clothes on his back and a dog eared Russian-English dictionary stuffed in his back pocket. He slept nights in the bus station at Admiral and California, and used every available waking moment to study that dictionary. He noticed one day a man working at an apartment building close by, and went up and made motions with his hand that he was hungry and that he needed a job. The man was the owner of the building, it turned out, and put him to work painting and cleaning and put him in a vacant unit. "You can pay me when you find a job," the man said. "In the meantime you can clean and work around the building.

A day or two later the vacuum cleaner broker. Dino took it into a repair shop—and guess what—the owner was Bulgarian! He gave Dino a job. Now he had two jobs, and soon the apartment owner made him on site manager. Over the months Dino saved every penny. When he had five thousand dollars he opened his own vacuum repair shop. Everyone told him not to do it, that it was too risky, and that it was a terrible location. But Dino knew something the others didn't. He knew that Admiral Way was soon to be closed due to construction, and that all traffic was going to be diverted to Delridge, the street fronting his poorly located garage. By the time he opened for business cars were bumper to bumper in front of his shop.

## Supreme Court Refuses to Hear Seattle Case

### [Seattle Landlord Lawsuit](#)

### ***Are Sales Still Happening?***

Yes. I just closed a charming little fourplex on Queen Anne. 3622 13th Ave W. \$1,525,000. April 15th. Lenders are still lending, although the restrictions are tighter, higher debt coverage ratios, 1.25 in most cases, 65% LTV instead of 75%, and it's mostly through Fannie and Freddie. The 65% LTV (loan to value) requires 12 months payment reserves; no reserves needed for 55% LTV.

### ***The Art of Negotiation***

A certain real estate tycoon who's done quite well for himself wrote an entire book on the subject, and for sure, President Trump probably knows more about it than just about anybody—but here are my thoughts on the matter, after having done it for 41 years myself. My thoughts—negotiation can all be summed up in Seven Rules:

1) Ask only one question at a time, especially if you're forced to negotiate by email, because what will happen is this – the answer will come one question at a time. You'll ask three questions but get one answer.

2) This one can't be done at the moment, for a while at least. But it's probably one of the most important, once things get back to normal. Always negotiate in person, face to face, never by email or text, unless you want a bad result. Always face to face. Why do you think corporate CEO's buy Cessna Citations? You think those are just multi-million dollar toys? Not a chance. They own them so that at a moment's notice they can hop in and close the deal face to face. It very well may make the difference between a billion dollar merger living or dying. You negotiate every day with your wife or husband, or your kids. What happens when you fight by text messaging? Have you ever done that?

3) Never finish a slow talker's question. Because the slow talker won't interrupt and correct you and you'll be in left field not realizing that the ball is being hit to right field.

4) Listen. That's the real art, the art of listening.

5) Never get angry. Passion is fine, but if you let it cross the boundary into anger you've lost the battle.

6) Focus. Keep the conversation on point.

7) Always be steering the conversation toward your desired result – which is bringing two minds together. Never mind what you want. When you get the result your clients want that's the win.

## Answers to Quiz

- 1) False. While it is true that brass and copper (as well as certain other metals) do act as natural disinfectants, human sweat forms a layer around the doorknob that prevents the necessary exchange of positive and negative charges that would otherwise kill a virus (Read it in Bob Hirshon's Science Update blog.). So don't be deceived. You still have to clean them!
- 2) True. In 2008 Kyle McDonald traded a paper clip for a doorknob, the doorknob for a Budweiser sign, the sign for a ski-doo, the ski-doo for a paid trip to BC, the trip for a truck, the truck for a recording contract, the contract for a year's rent, the free rent for an afternoon with Alice Cooper, the Cooper visit for a Kiss motorized snow globe, the snow globe for a paid role in a movie, and the movie role for the house. Hmmm. I think I might have kept the movie role.
- 3) True. You probably got this one right. Everyone knows that story.
- 4) False. It was a dog, not a cat. "Trouble" was a well loved White Maltese. You hear a lot of stories about the "Queen of Mean," but anyone who loves animals can't be all that bad.
- 5) True enough! Check it out on one of those stretched out global maps that shows Alaska from both sides.
- 6) True. Patented in 1904 by Elizabeth Maggie, a follower of Henry George, a socialist who believed all land should be owned by all people equally, Monopoly was originally called the Landlord's Game and was designed to demonstrate how property ownership enriched landlords and impoverished tenants.
- 7) False. The internet didn't exist back then. But you could order one out of the Sear's catalogue. Here's a picture out of one of those catalogues.



You still had to put it together. Sears supplied the plans and the materials, pre-cut and fitted.

### Extended "ALTA" Title Insurance?

Title Insurance – Difference between Standard and Extended

- ★ Issues disclosed by matters of a survey.
- ★ Parties in possession. (An example would be a billboard on the property or some other type of encroachment.)
- ★ Unrecorded mechanic's liens

### The CARES Act

Signed into law by President Trump March 7, 2020, the act gives aid to businesses of all types. A number of them apply specifically to apartment buildings, among them:

- ★ NOL (Net Operating Loss) Carry-Back—allows you to carry back losses created in 2020 up to five years to claim potential tax refunds.
- ★ NOL Carry-Forward—allows for carry-forward losses generated in 2018 to offset a full 100 percent of income.
- ★ Net Business Interest Deduction can now be taken up to 50% of taxable income for 2019 and 2020.
- ★ Tenant Improvements—Can be depreciated over 15yrs. years.

### The Next Time You Sell a Property

#### Do NOT choose an agent:

By the number he or she gives you for value. The last thing you want is the least capable agent trying to sell a building at the highest possible price.

By the number of transactions he or she has done.

By the reputation and size of the firm. Remember, the firm is only as good as the individual agent handling the account.

#### DO choose an agent:

Based on experience.

Based on his or her track record of service during and after the sale.

Based on the agent's willingness and ability to expose the property to the largest number of buyers. In this age of technology the internet equalizes the playing field.

### NDA's – Pros and Cons

Non-Disclosure Agreements can be a good thing. They can not only protect sensitive information but if handled properly can weed out the tire kickers. They also can hurt you, if not handled properly. More often than not, the young agents at the big firms are out after their best interests and not yours. They tend to use them as prospecting tools. In that case a Non Disclosure Agreement could act as barriers. How can you tell if your agent is working for you? Shop him or her. Get someone to act as a principle and watch what happens, watch how cooperative they are, and how quickly the information flows. Then get someone to act as an agent who has a client and see what happens. Does the information flow with the same fluidity? If it does you've got a good agent.

### COVID 19 IRS Extensions

Those filing for 2019 and those in 1031 tax deferred exchanges have been given extensions until July 15th, 2020 by the IRS.

### Using Exchange Money Effectively

You can use exchange money to do the fix-up on your up-leg property, if the fix-up portion stays with the facilitator and is funded as needed. But check with your facilitator. If you don't have a facilitator we would suggest Kelly Yates of Exchange Facilitators (206-250-6658, cell phone) [kelly@excfac.com](mailto:kelly@excfac.com). He's still doing exchanges on his own, from his new office by T-Mobile Park above the Pyramid Brewery. It's the coolest office I think I have ever seen.

### King County Tax Extension

Residential and commercial taxpayers who pay property taxes themselves, rather than through their mortgage lender, can delay payment until June 1, 2020 due to the COVID-19 (coronavirus) outbreak. Banks and other financial institutions that pay property taxes on behalf of their lending customers will still need to meet the original April 30 deadline. This does not apply to payments that come through lender impound accounts.

#### Capitol Hill Sales 2020

| Address                   | Units | Size  | Rent  | Rent/SF | Age  | Price/SF | Cap Rate | Price        | Date-of-Sale |
|---------------------------|-------|-------|-------|---------|------|----------|----------|--------------|--------------|
| 4215 E Lynn               | 5     | 1,292 | 0     | 0.00    | 1950 | 542      | 0.0%     | 3,500,000    | 1/15/2020    |
| 741 Harvard E             | 41    | 252   | 1,324 | 5.25    | 2017 | 930      | 4.6%     | 9,575,000    | 2/14/2020    |
| Gladstone 2038 Yale Ave E | 7     | 901   |       |         | 6303 | 571      |          | 3,600,000    | 3/25/2020    |
|                           | 18    | 815   | 1,324 | 5.25    |      | 681      | 4.6%     | \$ 5,558,333 |              |

#### Queen Anne Sales 2020

| Address         | Units | Size | Rent  | Rent/SF | Age  | Price/SF | Cap Rate | Price        | Date-of-Sale |
|-----------------|-------|------|-------|---------|------|----------|----------|--------------|--------------|
| 3811 13th Ave W | 6     | 635  | 985   | 1.55    | 1962 | 473      | 1.6%     | 1,800,000    | 3/16/2020    |
| 171 Boston St.  | 6     | 875  |       | 0.00    | 1947 | 381      | 4.4%     | 2,000,000    | 2/28/2020    |
| 3622 13th Ave W | 4     | 893  | 1,716 | 1.92    | 1968 | 427      | 4.0%     | 1,525,000    | 4/15/2020    |
| Average Overall | 5     | 801  | 1,351 | 1.16    |      | 427      | 3.3%     | \$ 1,775,000 |              |

| Capitol Hill Sales - 2019           |       |       |       |         |      |          |          |               |              |
|-------------------------------------|-------|-------|-------|---------|------|----------|----------|---------------|--------------|
| Address                             | Units | Size  | Rent  | Rent/SF | Age  | Price/SF | Cap Rate | Price         | Date-of-Sale |
| Yale Apartments 2234-2236 Yale E    | 8     | 1,144 | 2,383 | 2.08    | 1996 | 470      | 3.4%     | \$ 4,300,000  | 1/15/2019    |
| Price Manor 1210 E John St.         | 11    | 614   | 1,281 | 2.09    | 1958 | 614      | 3.7%     | \$ 3,050,000  | 1/16/2019    |
| Capitol Hill 8 418 12th Ave E       | 8     | 768   | 2,254 | 2.93    | 1968 | 620      | 4.4%     | \$ 3,810,000  | 1/15/2019    |
| Killarney 3008 Harvard Ave E        | 22    | 783   | 1,578 | 2.02    | 1926 | 382      | 4.5%     | \$ 6,575,000  | 1/31/2019    |
| Reverb 1023 E Alder                 | 85    | 587   | 1,825 | 3.11    | 216  | 622      | 4.2%     | \$ 31,000,000 | 2/13/2019    |
| Roanoke Terrace 2600 Eastlake Ave E | 16    | 970   | 1,487 | 1.53    | 1968 | 438      | 2.6%     | \$ 6,800,000  | 3/5/2019     |
| DeLaire 825-829 13th Ave            | 9     | 607   | 1,464 | 2.41    | 1908 | 568      | 3.5%     | \$ 3,100,000  | 6/12/2019    |
| LaVanch 956 10th Ave E              | 20    | 564   | 1,629 | 2.89    | 1930 | 607      | 3.9%     | \$ 6,850,000  | 7/9/2019     |
| Elizabeth 2220 Minoor Ave E         | 13    | 947   | 1,894 | 2.00    | 1966 | 452      | 3.7%     | \$ 6,850,000  | 8/26/2019    |
| Mulholland 507 Harvard Ave E        | 29    | 667   | 1,492 | 2.24    | 1926 | 484      | 3.6%     | \$ 9,350,000  | 8/30/2019    |
| Swansonia 1017 E Harrison           | 32    | 524   | 1,416 | 2.70    | 1925 | 643      | 3.6%     | \$ 10,775,000 | 9/25/2019    |
| Boston 100 E Boston                 | 12    | 604   | 1,524 | 2.52    | 1958 | 448      | 4.4%     | \$ 3,245,000  | 10/17/2019   |
| Roxborough 1720 E Denny Way         | 53    | 483   | 1,620 | 3.35    | 1920 | 483      | 4.1%     | \$ 17,400,000 | 11/15/2019   |
| Eleanor 1106 16th Ave               | 14    | 561   | 1,064 | 1.90    | 1956 | 395      | 2.8%     | \$ 31,000,000 | 12/2/2019    |
| Malden 612 Malden                   | 7     | 975   | 1,523 | 1.56    | 1907 | 326      | 2.3%     | \$ 2,225,000  | 12/6/2019    |
| Eastlake 2210 Eastlake Ave E        | 6     | 587   | 1,275 | 2.17    | 1960 | 681      | 2.1%     | \$ 2,400,000  | 12/18/2019   |
| The Bradbury 718 Cherry St.         | 30    | 474   | 1,332 | 2.81    | 1902 | 543      | 4.5%     | \$ 7,444,000  | 12/20/2019   |
| East Highlands 1903 E Highlands Dr  | 12    | 756   | 1,981 | 2.62    | 1928 | 617      | 4.6%     | \$ 5,600,000  | 12/20/2019   |
| Hardvard 1815 Harvard Ave           | 6     | 618   | 1,338 | 2.17    | 1900 | 481      | 3.2%     | \$ 1,782,500  | 12/31/2019   |
|                                     |       |       |       |         |      |          |          |               |              |
| Average                             | 21    | 696   | 1,598 | 2.37    |      | 520      | 3.6%     | \$ 8,608,237  |              |

| Capitol Hill Sales - 2019 - New Construction |       |      |       |         |      |          |          |                |              |
|--|-------|------|-------|---------|------|----------|----------|----------------|--------------|
| Address                                      | Units | Size | Rent  | Rent/SF | Age  | Price/SF | Cap Rate | Price          | Date-of-Sale |
| Footprint Cal Park 1806-1812 12th Ave        | 80    | 415  | 1,143 | 2.75    | 2014 | 449      | 5.2%     | \$ 14,500,000  | 1/24/2019    |
| Footprint Capitol Hill 422 11th Ave E        | 54    | 279  | 1,105 | 3.96    | 2014 | 611      | 4.9%     | \$ 9,200,000   | 1/24/2019    |
| Footpring Eastlake 2371 Eastlake Ave E       | 35    | 303  | 1,078 | 3.56    | 2014 | 443      | 4.8%     | \$ 4,700,000   | 1/24/2019    |
| Reverb 1023 E Alder                          | 85    | 587  | 1,825 | 3.11    | 2016 | 622      | 4.2%     | \$ 31,000,000  | 2/13/2019    |
| Pike Motorworks                              | 260   | 609  |       |         | 2015 | 612      |          | \$ 128,500,000 | 4/24/2019    |
| Harvard 741 Harvard Ave E                    | 41    | 252  | 1,324 | 5.25    | 2017 | 930      | 4.6%     | \$ 9,575,000   | 2/14/2020    |
| Lexington 1050 James St.                     | 75    | 747  |       |         | 2017 | 555      |          | \$ 31,106,652  | 12/23/2019   |
|  |       |      |       |         |      |          |          |                |              |
| Average                                      | 53    | 456  | 5     | 3.73    |      | 603      | 4.7%     | \$ 32,654,522  |              |

| Queen Anne Sales 2019         |       |       |       |         |      |          |          |               |              |
|-------------------------------|-------|-------|-------|---------|------|----------|----------|---------------|--------------|
| Address                       | Units | Size  | Rent  | Rent/SF | Age  | Price/SF | Cap Rate | Price         | Date-of-Sale |
| Bertona Steps 3402 14th Ave W | 8     | 905   | 2,343 | 2.59    | 2018 | 442      | 5.3%     | 3,200,000     | 1/25/2019    |
| Townview 1222 Taylor N        | 9     | 769   |       | 0.00    | 1959 | 449      | 4.4%     | 3,100,000     | 2/1/2019     |
| Fifth Avenue 1401 5th Ave N   | 29    | 756   | 2,035 | 2.69    | 1963 | 463      | 5.4%     | 10,145,000    | 3/15/2019    |
| The Hudson 2450 Aurora N      | 127   | 602   | 1,716 | 2.85    | 1987 | 507      | 4.1%     | 38,750,000    | 4/11/2019    |
| Aire 2572 Gilman Dr. W        | 68    | 768   |       | 0.00    | 1991 | 537      |          | 28,000,000    | 4/9/2019     |
| 419 Queen Anne Ave N          | 31    | 451   |       | 0.00    | 1912 | 530      |          | 7,395,000     | 5/1/2019     |
| Sherri Lee 2415 8th N         | 9     | 752   | 1,288 | 1.71    | 1962 | 355      | 3.4%     | 2,400,000     | 9/6/2019     |
| Aloha House 100 Aloha St.     | 48    | 658   | 1,385 | 2.10    | 1963 | 535      | 3.4%     | 16,900,000    | 10/17/2019   |
| Valley Terrace 215 Valley St. | 11    | 925   | 1,855 | 2.01    | 1967 | 467      | 3.4%     | 4,750,000     | 10/29/2019   |
| The Gilbert 1529 Queen Anne N | 61    | 979   | 2,692 | 2.75    | 2005 | 579      | 4.2%     | 30,600,000    | 12/12/2019   |
| The Mercer 105 Mercer St.     | 41    | 604   | 1,399 | 2.32    | 1929 | 477      | 3.9%     | 11,800,000    | 12/13/2019   |
| Atria Villa 1251 Taylor Ave N | 27    | 1,012 |       |         | 1978 | 447      |          | 12,215,000    | 12/19/2019   |
|                               |       |       |       |         |      |          |          |               |              |
| Average Overall               | 78    | 765   | 1,839 | 2.38    |      | 482      | 4.7%     | \$ 14,104,583 |              |

| Queen Anne Sales 2019 New Construction |       |      |       |         |      |          |          |              |              |
|--|-------|------|-------|---------|------|----------|----------|--------------|--------------|
| Address                                | Units | Size | Rent  | Rent/SF | Age  | Price/SF | Cap Rate | Price        | Date-of-Sale |
| Bertona Steps 3402 14th Ave W          | 8     | 905  | 2,343 | 2.59    | 2018 | 442      | 5.3%     | 3,200,000    | 1/25/2019    |
|  |       |      |       |         |      |          |          |              |              |
| Average Overall                        | 8     | 905  | 2,343 | 2.59    |      | 442      | 5.3%     | \$ 3,200,000 |              |

## The Seattle Apartment Investment Newsletter

**Bob Wright**



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*"I have known Bob for 25 years....He worked hard to find the perfect buyer for the property and went "above and beyond" to do so. Bob's efforts played a key role in our successful sale."* **Chris Benis, Attorney**

*I particularly appreciate Bob's attention to detail and his follow through in each phase of the transaction. This includes every detail..."* **Arne Yager, Professional Equity Ventures.**

*"...even after escrow Bob insured that I, as the seller, received all consideration and that all items that necessarily follow close were handled. I call that full service."* **Martin Halfhill, L&M Investment Co.**

*"Don and I just can't thank you enough for all the time and work you put in selling that building for us."* **Phyllis Lindquist.**

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**Call us if you'd like us to evaluate your property.**



**Front 9 & Cowen Park**  
Sold 11/1/2019 \$6,269,000



**The Windsor, 17 St. Helens Tacoma,**  
Sold 11/15/2019 \$4,700,000



**Queen Anne Fourplex**  
Sold 3/15/2020 \$1,525,000

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