

# The Seattle Apartment Market Report

Volume 7, Issue 1, December 2009

## Turning Point

It is more than likely that 2010 will mark the beginning of a new cycle for the Seattle-Bellevue-Everett MSA apartment market. The Seattle-Bellevue-Everett MSA (Metropolitan Statistical Area,) also known as the MD (Metropolitan Division,) includes King and Snohomish counties and will be referred to as the Seattle MSA for the remainder of this section. In 2009, rents declined by 10.3% and total demand for new apartment units was for 5,086 units. This was a significant increase over 2008's negative demand of 1,376 units. However, along with the increase in demand, we witnessed a significant increase in the supply of new units on top of an oversupply created in 2008. While vacancy rates sharply rose from 3.5% at year-end 2007 to 5.7% at mid-year 2009, they managed to hold steady until year's end.

For 2010, we have estimated annual demand for new apartment units in the Seattle MSA to be for approximately 5,250 units. Even with 2008-2009's oversupply, and the 4,000 (approximate) units coming online in 2010, we estimate that year-end vacancies will drop to 5.2%. The spike in vacancy mentioned above (2007-2009) was stifled in part by equally sharp rent cuts (-10.3% in 2009, not including concessions). We estimate positive, though marginal rent growth of 1.4% in 2010 and the first drop in vacancy since 2007. With these factors in mind, we can see that 2010 represents something of a turning point for the Seattle MSA apartment market.

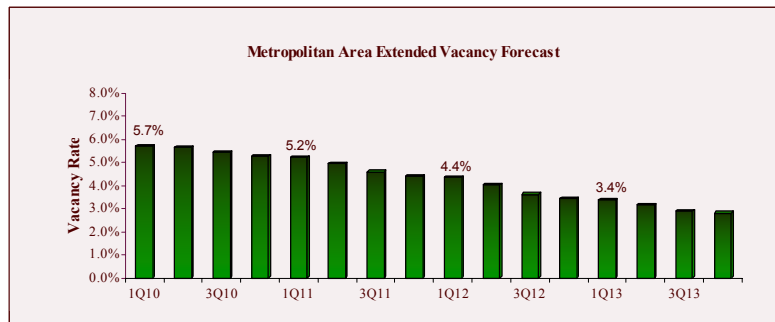
The poor market conditions that characterized the regional apartment market since the economic shift of late 2007 have resulted in tighter lending practices and rising equity requirements. Similar to the banks, private equity firms have become quite selective, with most looking to reduce the amount of risk in their portfolios during a time of market uncertainty. The tightening of the credit markets has been as significant to the Puget Sound apartment market as condominium conversions were in the past.

Looking at 2011, we see a progression of the story begun in 2010. The difficulty financing new apartment projects has led to a dwindling amount of

Seattle Metropolitan Vacancy History			
Submarket	Winter 2007	Winter 2008	Winter 2009
Seattle	2.6%	4.4%	4.9%
Eastside	4.2%	5.2%	5.0%
Southend	4.2%	6.3%	7.6%
Snohomish	4.0%	4.7%	6.0%
<b>Metro Total</b>	<b>3.5%</b>	<b>5.0%</b>	<b>5.7%</b>

Seattle Metropolitan Vacancy Forecast			
Submarket	Summer 2010	Winter 2011	Winter 2012
Seattle	4.5%	4.2%	3.4%
Eastside	4.9%	4.8%	3.6%
Southend	7.5%	7.3%	6.4%
Snohomish	5.5%	5.3%	4.7%
<b>Metro Total</b>	<b>5.4%</b>	<b>5.2%</b>	<b>4.4%</b>

supply in the pipeline. We estimate demand for new apartment units in 2011 to be for approximately 5,725 units, however, due to the conditions mentioned above, only 2,400 (approximate) new units will be completed that year. Given these factors, we estimate that rents will grow by 4.0% in 2011 and vacancies will drop to 4.4%; a clear indicator that the upward leg of a new cycle will have begun.



It should be noted that the relatively poor state of the single-family home market is continuing to affect the Seattle MSA apartment market. When the single-family market begins to recover, many of the would-be home sellers who had chosen to lease out their homes in the interim will again put their homes in the

for-sale market. Depending on the strength of the single-family market rebound, the effect could be a swift contraction in the supply of single-family rental homes which should precipitate a shift in demand for rental housing to apartments, ultimately influencing a sharp decline in apartment vacancy rates.  
~ Brian O'Connor, MAI

Seattle Metro Market Summary					
Sub Market	% Vacant	2 Year Demand	2 Year Supply	S/D Net	2 Yr. Vac. Rate
Eastside	5.0%	3,000	2,277	(723)	3.7%
Seattle	4.9%	5,283	3,330	(1,954)	3.5%
Southend	7.6%	2,085	1,282	(803)	6.5%
Snohomish	6.0%	1,211	383	(828)	4.6%
<b>Metro *</b>	<b>5.7%</b>	<b>11,580</b>	<b>7,272</b>	<b>(4,308)</b>	<b>4.4%</b>

\* Weighted Average

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The *Seattle Apartment Market Report* is a publication of the O'Connor Consulting Group, a Seattle-based real estate appraisal and consulting firm specializing in mixed-use multifamily and commercial property valuation and consultation.

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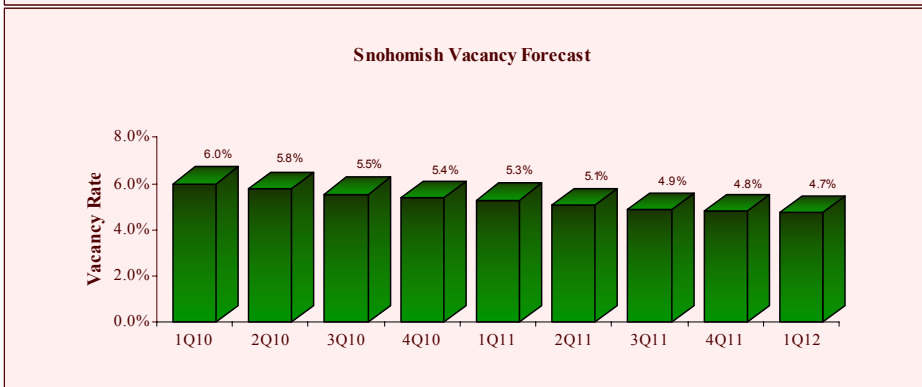
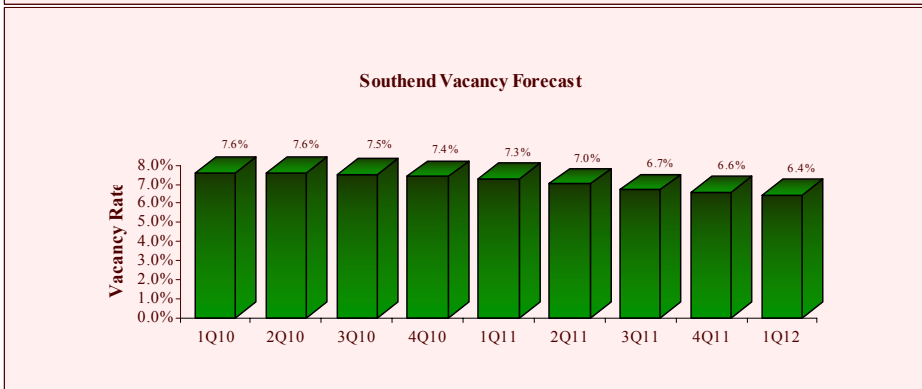
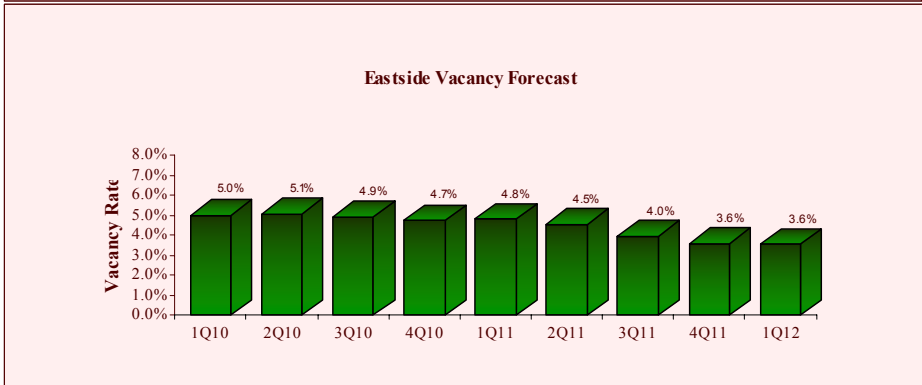
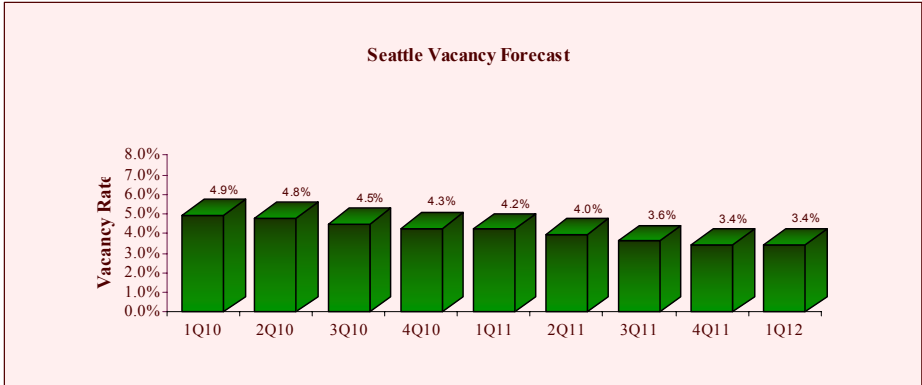
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## Vacancy Forecast

The graphs below illustrate our vacancy forecast for each of the four primary Puget Sound markets. *Please note that these graphs reflect physical vacancy, not economic vacancy.* Economic vacancies are typically one or two points above

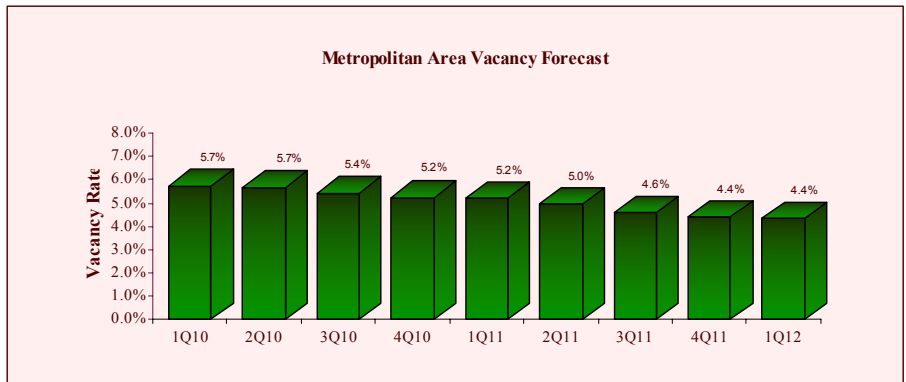
physical vacancies. Currently, we estimate that vacancies have peaked and downward pressure on vacancy rates will exist over the near term due to relatively low amounts of apartment product in the pipeline that should cause the market to tighten.



## Vacancy

Our December 2009 vacancy survey covered approximately 120,000 units. Overall, physical vacancy was estimated at 5.7% for the Metro region and is allocated among the primary markets and submarkets as shown below. Vacancy rates climbed over the past year from 5.0% at the end of 2008, however they have remained stable since our mid-year survey in July 2009.

One factor that significantly contributed to the recent rise in vacancy was the emergence of a sizeable single-family home and condo rental pool, sometimes referred to as the “shadow



market,” that resulted from the deterioration of the sales market. Presently, these effects are beginning to be offset from the lack of new apartment completions that are coming on to market. The effect has been a stabilization in apartment vacancies. Looking forwards, we anticipate apartment vacancy rates beginning to improve.

<b>SEATTLE</b>			
Submarket	Units	Vacancy	Percent
Ballard/Fremont	436	13	3.0%
Beacon Hill/Central District	499	27	5.4%
Capitol Hill/Eastlake	1,136	48	4.2%
Denny Regrade/Belltown	2,645	94	3.6%
Downtown/First Hill	2,789	132	4.7%
Greenlake/Greenwood	622	26	4.2%
Lake City	1,008	41	4.1%
Lake Forest Park	414	45	10.9%
Magnolia/Queen Anne	1,298	79	6.1%
Northgate	994	45	4.5%
Northwest Seattle/North City	1,787	106	5.9%
Rainier Valley/South Seattle	361	22	6.1%
University/Ravenna/Sandpoint	738	28	3.8%
West Seattle	1,474	90	6.1%
<b>Total</b>	<b>16,201</b>	<b>796</b>	<b>4.9%</b>

<b>SNOHOMISH COUNTY</b>			
Submarket	Units	Vacancy	Percent
Edmonds	918	56	6.1%
Everett	8,092	531	6.6%
Lynnwood/Shoreline	3,253	177	5.4%
Marysville	317	11	3.5%
Mill Creek/Canyon Park	1,722	98	5.7%
Monroe	248	5	2.0%
Mukilteo	1,300	61	4.7%
Mountlake Terrace	1,570	103	6.6%
<b>Total</b>	<b>17,420</b>	<b>1,042</b>	<b>6.0%</b>

<b>EASTSIDE</b>			
Submarket	Units	Vacancy	Percent
Suburban Bellevue	7,530	305	4.1%
Downtown Bellevue	1,452	55	3.8%
Bothell/Woodinville	3,239	181	5.6%
Issaquah	2,572	154	6.0%
Kirkland	3,108	174	5.6%
Mercer Island	649	30	4.6%
Redmond	3,668	210	5.7%
<b>Total</b>	<b>22,218</b>	<b>1,109</b>	<b>5.0%</b>

<b>PIERCE COUNTY</b>			
Submarket	Units	Vacancy	Percent
Fife/Milton	902	96	10.6%
Fircrest/University	2,555	405	15.9%
Gig Harbor	647	52	8.0%
Lakewood	2,487	342	13.8%
Puyallup/Sumner	4,061	377	9.3%
Tacoma	9,927	881	8.9%
<b>Total</b>	<b>20,579</b>	<b>2,153</b>	<b>10.5%</b>

<b>SOUTH END</b>			
Submarket	Units	Vacancy	Percent
Auburn	2,404	249	10.4%
Burien/Des Moines	2,584	171	6.6%
Enumclaw	135	9	6.7%
Federal Way	9,412	715	7.6%
Kent	9,944	696	7.0%
Renton/Maple Valley	9,561	701	7.3%
SeaTac/Tukwila	4,452	381	8.6%
<b>Total</b>	<b>38,492</b>	<b>2,922</b>	<b>7.6%</b>

<b>Vacancy Summary</b>			
County	Units	Survey	Weighted*
King and Snohomish	94,331	6.2%	5.7%
King	76,911	6.3%	5.7%
Snohomish	17,420	6.0%	6.0%
Pierce	20,579	10.5%	10.5%

\*Weighted by market size

## Employment Forecast

Precipitated by the collapse of the real estate bubble, the national economy has recently been in a state of recession. However, there are signs that national economic conditions have bottomed out and may begin to slowly improve.

As the effects of the recession continue to ripple through the region, many major employers remain greatly affected. Locally headquartered Washington Mutual became the largest bank failure in US history and was subsequently sold to JP Morgan/Chase, leading to 3,400 layoffs locally. In

addition, other major local employers have executed mass layoffs including Starbucks (~1,500), Boeing (~4,500), Weyerhaeuser (~1,500), and Microsoft (~3,500), although the specific number of how many of these layoffs are located locally is currently unclear.

Overall, the Metro area experienced a net loss of 77,100 jobs in all of 2009, which represents a -5.5% growth rate over year-end 2008 data. A decline in net jobs similar to this has not been experienced since the post 9/11 market of 2002. It is likely that 2009 bore the brunt of market correction with regard to Metro employment.

Local economists Dick Conway and Doug Pederson predict a marginal loss in employment in 2010 of -0.6%, but the beginning of a return to normalcy in 2011 with estimated employment growth of 1.8% that year. If these projections hold true, it would mean that we are possibly “over the hump” and are now building towards a generally positive economic climate.

It is worth noting that compared to the rest of the nation, the Seattle market is considered one of the healthier regions.

## Population Forecast

Our forecast of vacancy and rental changes are driven primarily by anticipated population growth in the region. The chart below displays the historical relationship between net migration and net employment growth in the Seattle metropolitan area.

As is evident in the chart below, net migration is heavily dependent upon net employment growth. Between the years 2001 and 2003, the Seattle metropolitan area lost 73,300 jobs. This led to a considerable decrease in the number of people relocating to the area.

Based on the April 1, 2009 population estimate, the Seattle metropolitan area experienced a net in-

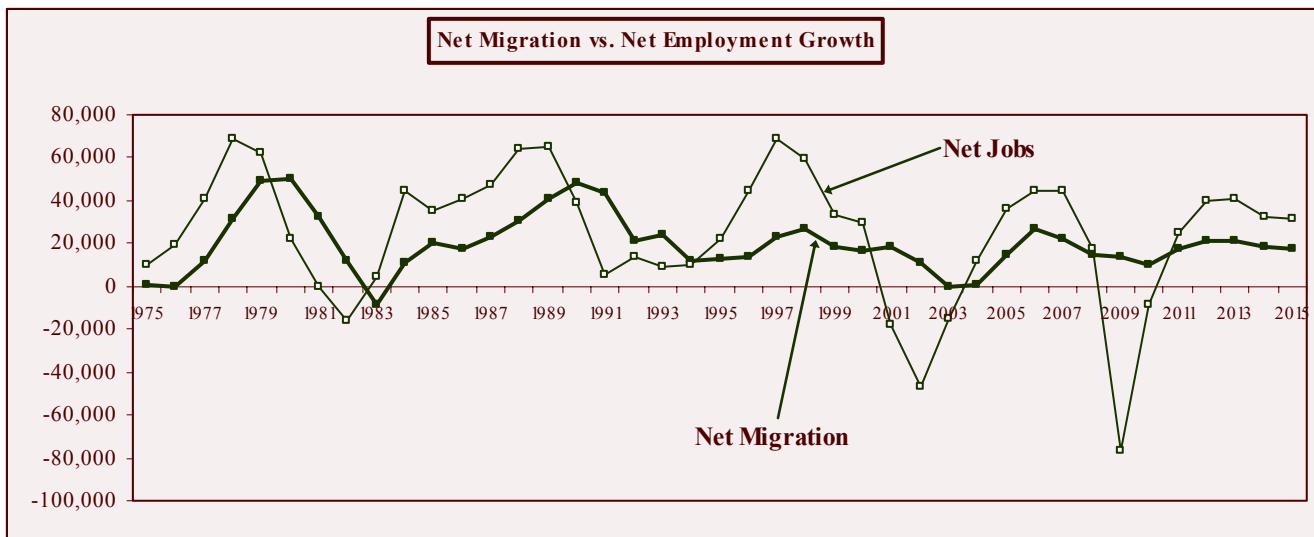
migration of approximately 14,046 people in 2009. Trending forward, we anticipate net migration to decline significantly as job losses continue, however, negative net migration is not anticipated.

As noted in the chart below, previous periods of significant job losses have resulted in substantial net out migration. However, the 2001-02 economic downturn did not follow this trend. While the “push” factor was clearly evident in Seattle’s poor job market, the “pull” factor from competing metropolitan areas was not strong enough to lure away large numbers of Seattle residents. To put it simply, local residents did and do not have a significantly better alternative to Seattle

to pull them towards.

We believe that the relationship between net migration and net employment growth has changed from previous years. Seattle area residents are less responsive to decreases in employment growth than they once were. This bodes well for the prospect of continued population growth in the Seattle metropolitan area.

As for the future, Seattle remains one of the healthier regional economies in the nation. Due to this factor, we believe net migration will follow similar patters as the recession of 2001 as significantly better alternatives to the Seattle region do not exist.



## Apartment Demand

The national recession, along with net negative employment growth in the region has contributed to decreasing levels of net migration. That said, net migration is still positive in 2009 on the whole, though significant drops are expected in the following two years.

In the second half of 2009, the Seattle metropolitan area reported a further drop in net employment. This is on top of the relatively weak job growth of 2008, which was only 42% of what it was in 2007.

Vacancy rates in the second half of 2009 remained flat at 5.7%. The recent rise in vacancy has been due in large part to the continued absorption of the previously mentioned shadow

## Absorption

In 2009, absorption rates in the Metro area, measured on a per-project basis, ranged from 9 to 32 units per month, with an average of 16 units per month. This does not include certain projects that we consider to be outliers. The Snohomish market had no new units completed through which to track absorption. Declining rents have contributed to the 2,772 units absorbed in 2009, most of which can be allocated to the Seattle sub-market.

## Supply Forecast

Our estimate of new multi-family supply is derived from a survey of all units currently in lease-up, projects under construction, and know projects in their pre-development stage. To gauge the number of units in the pipeline, we track all multifamily building permits, physically inspect the permitted sites, and reconfirm the number of units and the property type (apartment or condominium). This information was

market as well as the current trend of young renters to either moving back in with their parents or into roommate situations. We are estimating that approximately 40% of all new households are choosing apartment-style housing.

The previously mentioned positive net migration, as well as declining rents, have resulted in a

relatively healthy estimate of annual demand (5,086 units). This demand estimate is a significant improvement over the estimated negative demand of 1,376 units in 2008. Looking forward, we anticipate similar demand levels in 2010 and 2011, followed by an increase in apartment demand in 2012, at an estimated annual demand figure of 7,062 units.

Metro Area Market Demand Summary			
	2007	2008	2009
Vacancy Rate	3.5%	5.0%	5.7%
Market Size	347,625	350,105	353,989
Occupied Units	335,560	332,540	333,742
Change in Occupied Units	2,021	-3,035	1,202
New Units Absorbed	2,537	1,659	3,884
<b>Total Demand</b>	<b>4,558</b>	<b>-1,376</b>	<b>5,086</b>

Multifamily Demand Forecast by Submarket (in Units)			
Submarket	2010	2011	2012
Seattle	2,624	2,214	2,966
Eastside	1,312	1,476	1,412
Southend	787	1,054	1,624
Snohomish	525	527	1,059
<b>Metro Total</b>	<b>5,248</b>	<b>5,272</b>	<b>7,062</b>

2009 Absorption Summary			
Submarket	Units Leased	Vacant Units Remaining	Average Absorption/Mo.
Seattle	1,590	1,472	15.7
Eastside	276	841	17.0
Southend	204	459	10.3
Snohomish	0	0	N/A
<b>Metro Total</b>	<b>2,070</b>	<b>2,772</b>	<b>16.3</b>

calculated for each of the four major markets within the Seattle metropolitan area.

As of year-end 2009, the Seattle metropolitan area had 2,629 vacant units in lease-up. The Eastside and Seattle markets are the leading contributors to this total, with 736 and 11,566 vacant new units respectively. The Eastside and Seattle markets have

the largest number of units under construction with 1,211 and 990 units respectively.

The entire Seattle metropolitan area has a total of 2,964 units under construction, resulting in a two year pipeline of 5,593 units.

Seattle Metro Supply Survey					
Sub Market	Jan-10 % Vacant	Average Absorption Complex/Mo.	Vacant In Lease-Up	Under Constr.	Total 2 Yr. Pipeline
Eastside	5.0%	17	736	1,211	1,947
Seattle	4.9%	15	1,566	990	2,556
Southend	7.6%	16	327	655	982
Snohomish	6.0%	N/A	0	108	108
<b>Metro *</b>	<b>5.7%</b>	<b>16</b>	<b>2,629</b>	<b>2,964</b>	<b>5,593</b>

\* Weighted Average

## Supply and Demand Summary

The table below illustrates the two year forecast of both apartment supply and apartment demand for each submarket of the Seattle metropolitan area. The supply estimates below include proposed projects that have not yet begun construction.

Most of the submarkets exhibited stable vacancy rates during the second half of 2009. The Seattle market exhibited a slight rise in vacancy rates, raising 0.2% from 4.7% in our mid-year survey to 4.9% at year-end. The Eastside remained constant at 5.0%. The Southend market experienced a very small change in vacancies, going from 7.5% to 7.6% in the second half of the year. Finally, Snohomish County experienced a marginal improvement in their vacancy rate, falling 0.3% from 6.3% mid-year to 6.0% in our year-end

survey.

As explained elsewhere in this newsletter, 2008 saw an explosion in the supply of single-family and condominium rentals as the sales market imploded. This phenomenon was especially acute in the Snohomish and Southend markets as these areas were particularly overbuilt during the real estate boom period.

Our forecast for the submarkets anticipates increasing undersupplies in each of the four submarkets. On balance, we are forecasting a 2-year undersupply in the region of around 4,300 units which should push vacancy rates to mid-4% by 2011.

We expect that region-wide vacancies will begin to trend lower in the

near future as 2009 appears to represent the peak in vacancy rates. Our 2009 annual demand estimate, based upon new household growth, is for 5,046 apartment units.

What some might consider a high demand estimate in a time of economic uncertainty is likely due to two factors: continued positive net migration (despite regional job loss) and steadily declining rents. It is also probable that as the sales market improves the current supply of single family home rentals will diminish, creating further demand for traditional apartment units. 2010 is shaping up to be the return of a more positive market for apartments.

Seattle Metro Market Summary									
Sub Market	Market Size	% Vacant	No. Vacant	2 Year Demand	2 Year Supply	S/D Net	2 Yr. Mkt Size	2 Yr. Vac. Rate	Total Vacant
Eastside	62,273	5.0%	3,107	3,000	2,277	(723)	64,550	3.7%	2,384
Seattle	150,123	4.9%	7,376	5,283	3,330	(1,954)	153,453	3.5%	5,422
Southend	80,319	7.6%	6,096	2,085	1,282	(803)	81,601	6.5%	5,293
Snohomish	61,274	6.0%	3,664	1,211	383	(828)	61,657	4.6%	2,836
<b>Metro *</b>	<b>353,989</b>	<b>5.7%</b>	<b>20,243</b>	<b>11,580</b>	<b>7,272</b>	<b>(4,308)</b>	<b>361,261</b>	<b>4.4%</b>	<b>15,935</b>

\* Weighted Average

Seattle Metropolitan Apartment Market Data & Forecast											
Apartment Trend Analysis Seattle Metro Area, 2001-2009											
Population Estimates (1)			Employment (2)		Households (3)		Apartment Data				
Year	Total Persons	Percent Change	Total Jobs	Percent Change	Total Households	Percent Change	Total Units	Net New Absorp.	Apartments Under Construction	Year End Vacancy Rates	Average Rent Change
2001	2,376,912	1.4%	1,384,600	-1.3%	946,135	1.1%	336,389	(8,500)	7,229	6.9%	2.1%
2002	2,402,312	1.1%	1,337,400	-3.4%	952,049	0.6%	339,093	2,472	5,877	6.9%	-8.4%
2003	2,416,800	0.6%	1,322,100	-1.1%	958,569	0.7%	342,165	3,801	4,976	6.6%	0.1%
2004	2,433,100	0.7%	1,334,100	0.9%	971,170	1.3%	343,140	1,259	6,507	6.5%	1.9%
2005	2,464,100	1.3%	1,369,800	2.7%	988,721	1.8%	339,390	1,300	4,902	5.1%	2.0%
2006	2,507,100	1.7%	1,414,800	3.3%	1,005,252	1.7%	339,577	5,969	4,853	3.4%	13.0%
2007	2,547,600	1.6%	1,458,900	3.1%	1,018,803	1.3%	344,494	4,629	5,944	3.5%	8.5%
2008	2,580,800	1.3%	1,476,700	1.2%	1,031,418	1.2%	350,105	(1,376)	6,931	5.0%	1.4%
2009	2,613,600	1.3%	1,399,600	-5.2%	1,044,538	1.3%	353,989	5,086	2,856	5.7%	-10.3%
5 Yr. Avg.		1.4%		1.0%		1.5%		3,122	5,097	4.6%	2.9%
Apartment Demand Forecast Seattle Metro Area, 2010-2013											
Population Forecast			Employment Forecast		Household Forecast		Apartment Demand Forecast				
Year	Total Persons	Percent Change	Total Jobs	Percent Change	Total Households	Percent Change	Total Units	Total Demand	Units Under Const.	Vacancy Rates	Rent Change
2010	2,646,400	1.3%	1,391,202	-0.6%	1,055,522	1.1%	357,997	5,248	3,320	5.3%	1.4%
2011	2,673,860	1.0%	1,416,416	1.8%	1,069,647	1.3%	360,389	5,272	5,000	4.5%	4.0%
2012	2,709,172	1.3%	1,456,694	2.8%	1,085,029	1.4%	364,655	7,062	6,000	3.7%	5.4%
2013	2,747,625	1.4%	1,497,619	2.8%	1,100,415	1.4%	371,655	7,691	6,500	3.4%	4.9%
4 Yr. Avg.		1.3%		1.7%		1.3%		6,318	5,205	4.2%	3.9%

(1) Population as of April 1st.

(2) Excludes Military & Self-Employed

(3) Total households are estimates

(4) Historical Permits Include Condominiums, Source HUD

Metropolitan Area is King & Snohomish Counties

Sources: WA State Employment Security & WA State Office of Financial Management

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## Rental Rate Forecast

The two tables to the right illustrate the recent history and our forecast of changes in rental rates for each submarket of the Seattle metropolitan area. In 2007, rental rates rose aggressively as vacancy rates remained in the sub-4% range. As vacancy rates rose in 2008 rent growth effectively stopped. Vacancy continued to decline through 2009, which has led to aggressive rent cuts in most submarkets. Based upon our estimates of new apartment supply and demand, we estimate that rent growth will be nearly nil, or slightly positive, in 2010, and slowly begin to edge up in 2011 and 2012.

Seattle Metropolitan Rental Rate History			
Submarket	2007	2008	2009
Seattle	7.6%	0.6%	-8.4%
Eastside	7.9%	0.8%	-13.1%
Southend	9.8%	4.8%	-10.0%
Snohomish	9.5%	-0.6%	-12.8%
<b>Metro Total*</b>	<b>8.5%</b>	<b>1.4%</b>	<b>-10.3%</b>

\*Weighted Average

Seattle Metropolitan Rental Rate Forecast			
Submarket	2010	2011	2012
Seattle	2.5%	5.0%	6.5%
Eastside	2.0%	5.0%	6.0%
Southend	-1.0%	1.5%	3.5%
Snohomish	1.5%	4.0%	4.5%
<b>Metro Total*</b>	<b>1.4%</b>	<b>4.0%</b>	<b>5.4%</b>

\*Weighted Average

## Conclusion

The year 2005 was considered the historic turnaround year for the apartment housing market in the Seattle metropolitan region and 2006 built upon that growth. For the second year in a row, the region had experienced positive employment growth following three years of employment losses. These employment gains stimulated increases in net migration and ultimately, apartment demand.

During 2006, the vacancy rate for the Seattle metropolitan region plummeted from 5.1% in 2005 to 3.4% by the end of 2006. The vacancy rate remained a very low 3.5% through 2007. During this period, single-family and condominium values were skyrocketing, forcing many new households into apartment housing due to affordability. Meanwhile a significant amount of apartment supply was being siphoned off by condominium converters rushing to get condominium product onto the market. Increased demand for apartment housing coupled with an erosion in apartment supply caused vacancy rates to remain in the mid-3% range and helped spur strong rental rate increases of 13% in 2006 and 8.5% in 2007.

In 2008 we saw vacancy rates experience a rapid rise of about 1.5% to end that year at 5.0%. Since that time they have continued to edge higher, to 5.7% at the end of 2009. The previously mentioned pool of single-family and condominium rentals, previously referred to as the "shadow market," has been a significant factor in the rise in

vacancies, however, it is not the only one.

Similar to a trend witnessed in the late 90's, we currently are experiencing substantial growth in the "roommate market." Young renters, who have a higher propensity to lose their jobs, are often moving back in with their parents, or finding roommates with which to share the cost of housing. This has caused a shift in the types of units that are being leased. Demand has greatly risen for two-bedroom apartments that allow for roommate-living and cheaper studios. At the same time, demand for one-bedroom apartments, and especially those with a den, has significantly declined. We believe that this trend that will slowly reverse itself as market conditions begin to improve. By 2011, we expect that two-bedroom apartments will once again be in relatively low demand, as compared to the normally more desirable one-bedroom and studio apartments.

With the decline of rents experienced in 2009, we have also witnessed a flight to quality as renters are moving from more rural submarkets to close-in locations. This has resulted in negative demand in some submarkets as renters seek out better product that is nearer to major centers of employment.

It is important to note that as the previous six months saw a stabilization in vacancy rates, we believe that we are at the top of the curve and vacancy rates should begin to decline in 2010 and reach

sub-5.0% levels by mid-2011.

When the single-family market begins to turn around, many of the would-be home sellers who had chosen to lease out their homes in the interim will again put their homes in the for-sale market. Depending on the strength of the single-family market rebound, the effect could be a swift contraction in the supply of single-family rental homes which should precipitate a shift in demand for rental housing to apartments, ultimately influencing a sharp decline in apartment vacancy rates.

The year 2009 was likely the peak with regard to net employment loss. We expect slightly positive employment growth 2010, a welcomed change for the region. We expect that net migration will be down in coming years, though remain positive over all. Through all of this, the Seattle metropolitan area remains one of the most economically healthy regions in the nation. Apartment demand in 2009 is significantly higher than in 2008, though supply will be keeping pace. The result is an improvement in vacancy through 2010, while demand finally begins outpace supply.

Naturally, the main factor that will influence future apartment market trends will be the state of the economy.





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