



BELLEVUE MULTIFAMILY MARKET

Downtown Talks Breakfast Panel
October 29, 2024
Kristina Garcia



FAIRLY BALANCED INVENTORY

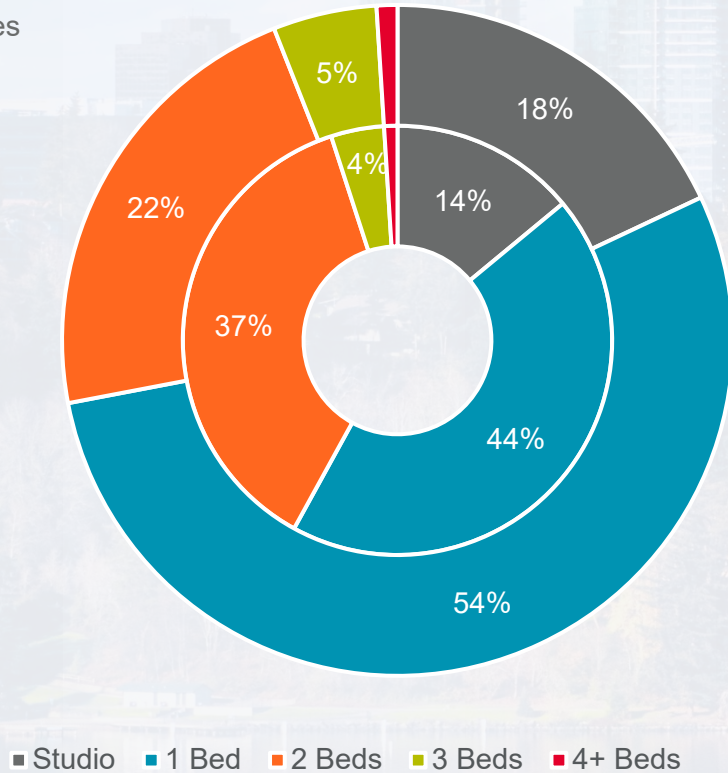
...BUT NEW PROPERTIES SKEW MORE TOWARDS SMALLER UNITS



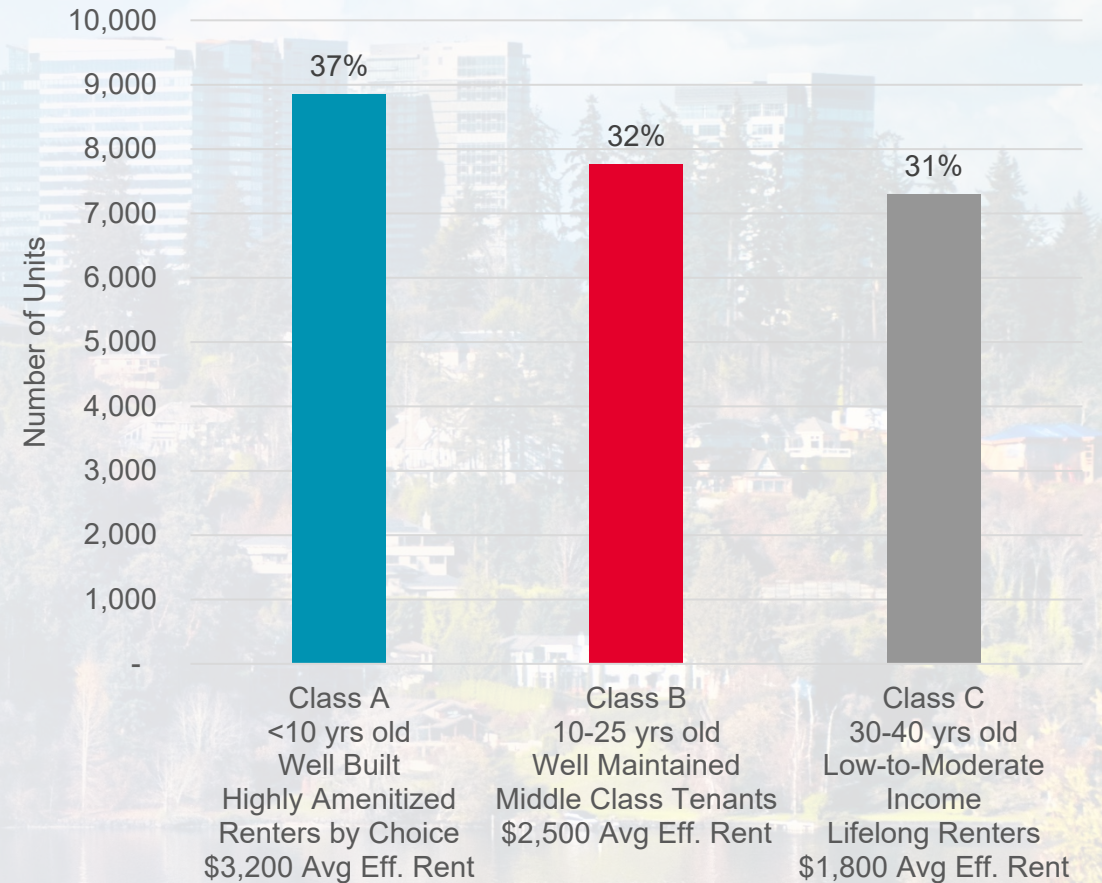
BELLEVUE APARTMENT INVENTORY BY BEDROOM TYPE

Outer ring:
MF deliveries
from 2019+

Inner Ring:
Current MF
Inventory



BELLEVUE APARTMENT INVENTORY BY BUILDING CLASS



Source: CoStar; Note: The Bellevue multifamily submarket is per CoStar's definition.

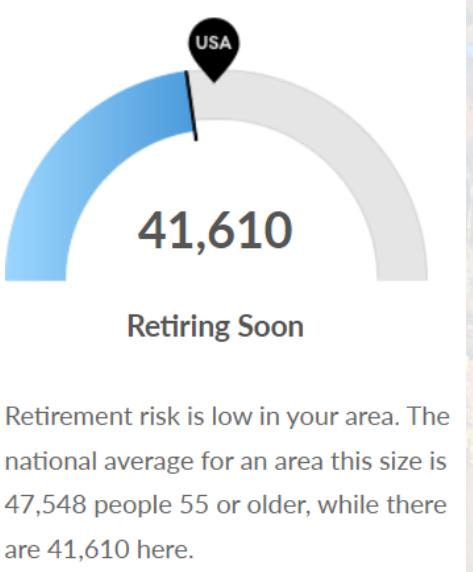
HOW DOES BELLEVUE COMPARE?

TOP 5 MARKET IN TERMS OF AVERAGE EFFECTIVE RENT PER SQUARE FOOT



Submarket	Effective Rent Per SF	12-Month Effective Rent Growth	Overall Vacancy Rate (incl. lease-ups)
Lake Union	\$ 3.63	2.8%	6.8%
Downtown Seattle	\$ 3.47	0.7%	11.0%
Northeast Seattle	\$ 3.25	2.0%	6.0%
Ballard	\$ 3.12	0.0%	6.8%
Bellevue	\$ 3.06	1.8%	6.5%
Central Seattle	\$ 3.02	-0.2%	8.1%
Kirkland	\$ 2.99	3.1%	8.2%
Redmond	\$ 2.85	0.3%	8.8%
Queen Anne	\$ 2.83	1.3%	7.5%
Shoreline	\$ 2.57	3.7%	8.5%
South Seattle	\$ 2.57	1.6%	7.5%
West Seattle	\$ 2.56	1.4%	6.1%
Issaquah	\$ 2.52	2.9%	4.7%
Bothell/Kenmore	\$ 2.51	2.0%	4.8%
North Seattle	\$ 2.43	0.8%	7.7%
Eastern King County	\$ 2.38	1.8%	5.4%
Renton/Tukwila	\$ 2.30	0.6%	5.3%
Lynnwood	\$ 2.28	1.2%	6.5%
Snohomish County	\$ 2.22	0.0%	7.1%
Kent	\$ 2.16	0.3%	7.9%
Everett	\$ 2.14	0.2%	6.2%
Burien/Des Moines/SeaTac	\$ 2.06	0.9%	6.3%
Federal Way	\$ 2.05	1.5%	6.9%
McChord	\$ 2.01	-0.8%	4.8%
Gig Harbor	\$ 1.99	4.5%	3.5%
Auburn	\$ 1.99	0.8%	4.9%
Tacoma	\$ 1.97	-0.2%	8.0%
Puyallup	\$ 1.90	1.3%	5.7%
Outlying Pierce County	\$ 1.88	4.1%	3.7%

\$172.3K
Avg. Earnings Per Job (2023)
 Regional average earnings per job are \$88.9K above the national average earnings of \$83.3K per job.



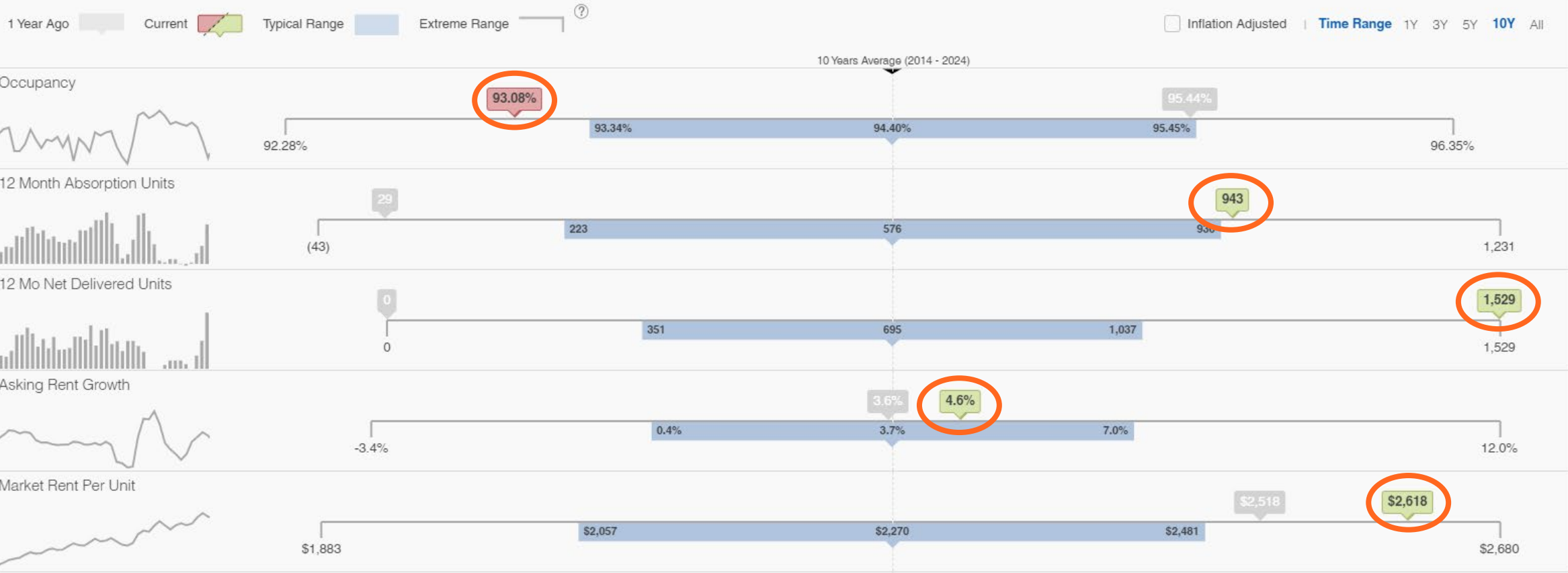
Source: CoStar, LightCast

SNAPSHOT IN TIME: THE SUPPLY BULGE

BELLEVUE IS ACTIVELY DIGESTING HISTORIC LEVELS OF NEW SUPPLY

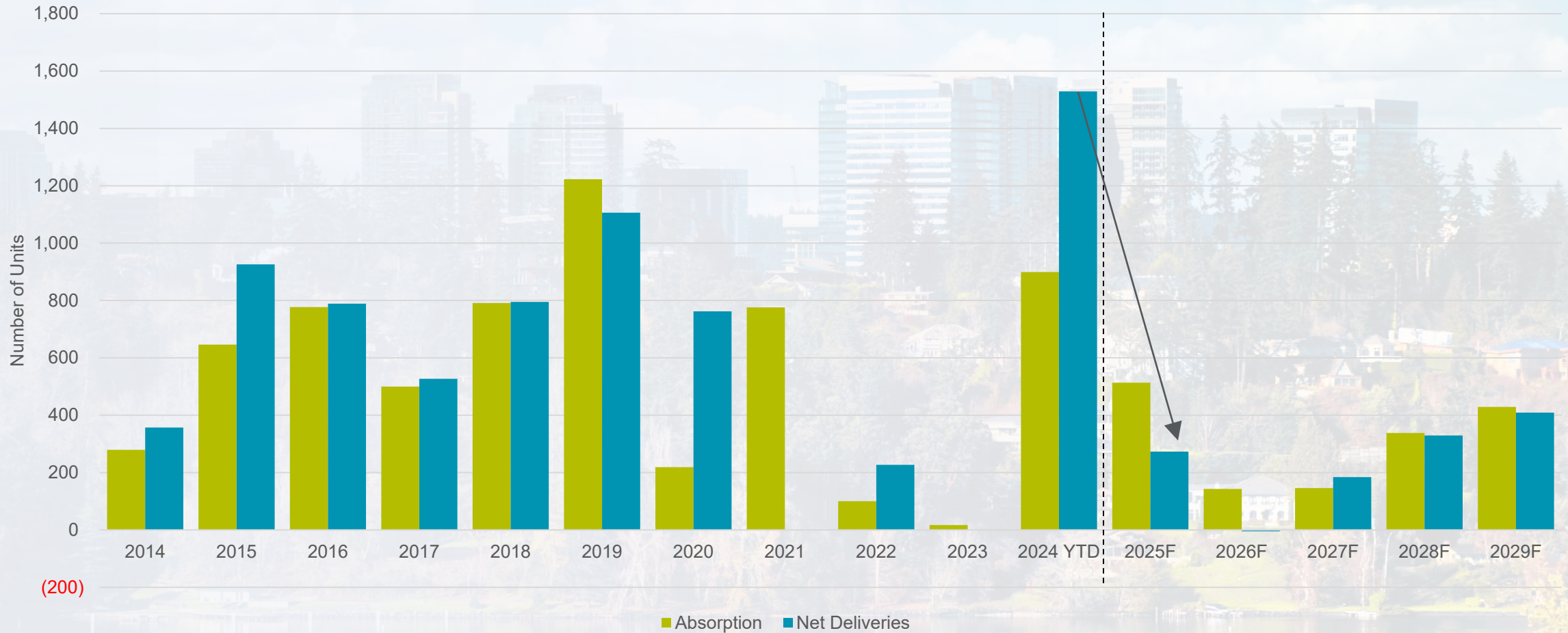


Key Performance Indicators



NEW DELIVERIES WILL WANE SHORTLY

PRECIPITOUS DROP IN NEW SUPPLY ADDED TO THE MARKET IN 2025

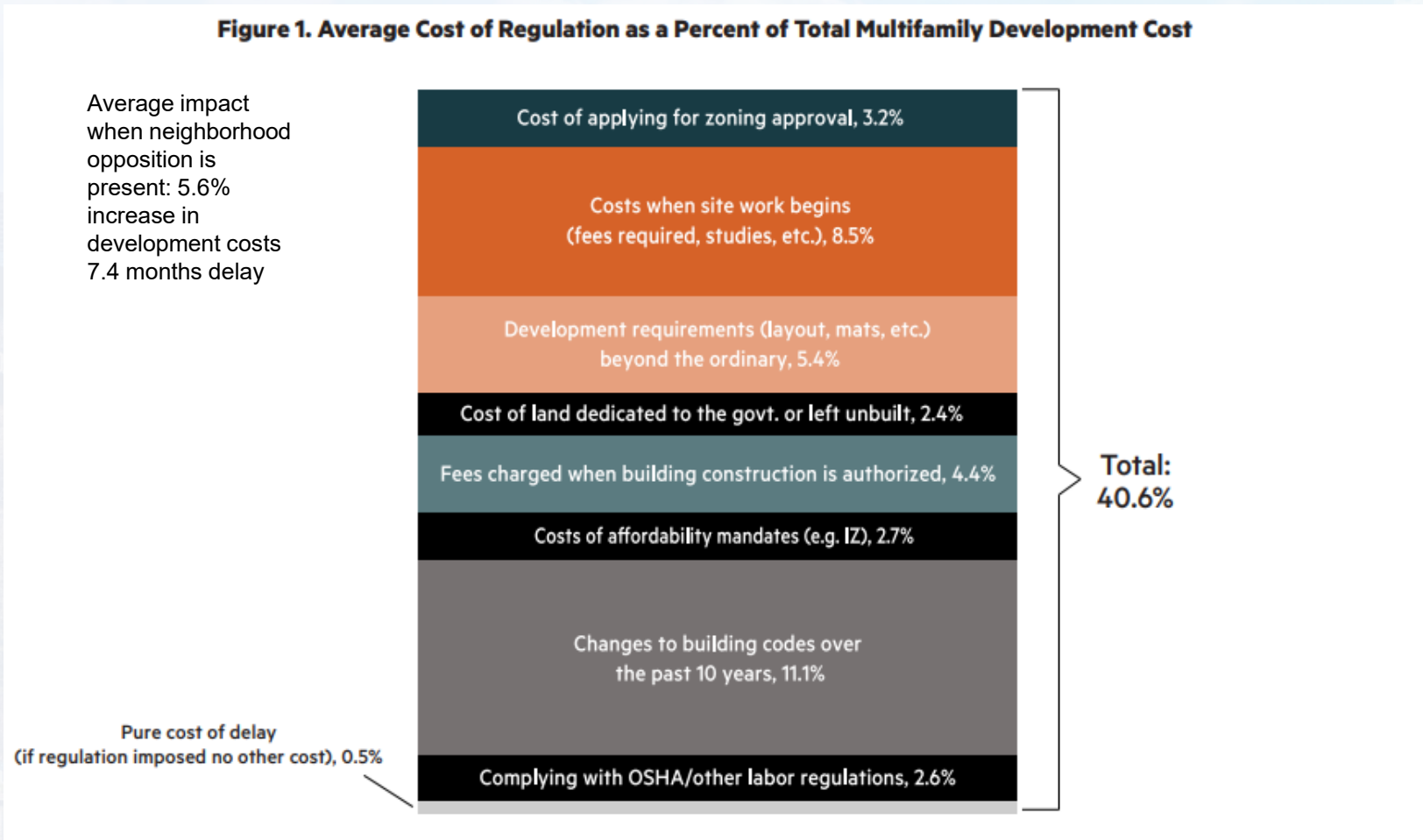


EFFECT OF REGULATION ON DEVELOPMENT

REGULATION ACCOUNTS FOR 40.6% OF TOTAL DEVELOPMENT COST ON AVERAGE



Figure 1. Average Cost of Regulation as a Percent of Total Multifamily Development Cost

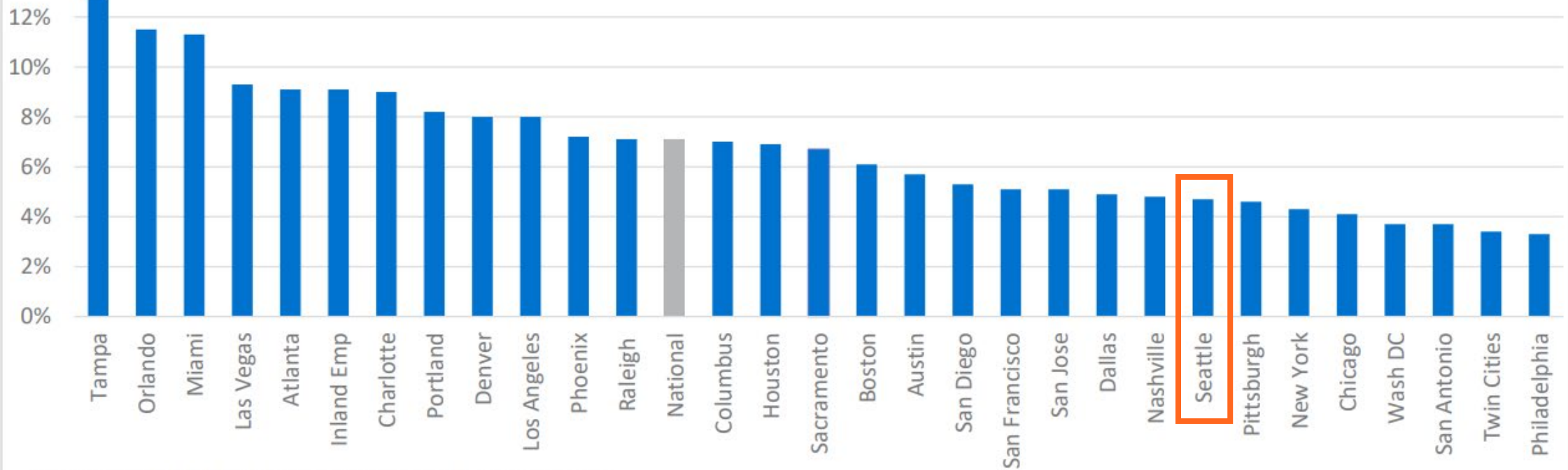


RISING COST OF OPERATING COMMUNITIES

SEATTLE REMAINS ON LOWER END OF OPEX INFLATION



Operating Expenses Growing the Most in Sun Belt Markets*



Source: Yardi Matrix; *year-over-year as of January 2024

BELLEVUE STILL ATTRACTIVE TO DEVELOP

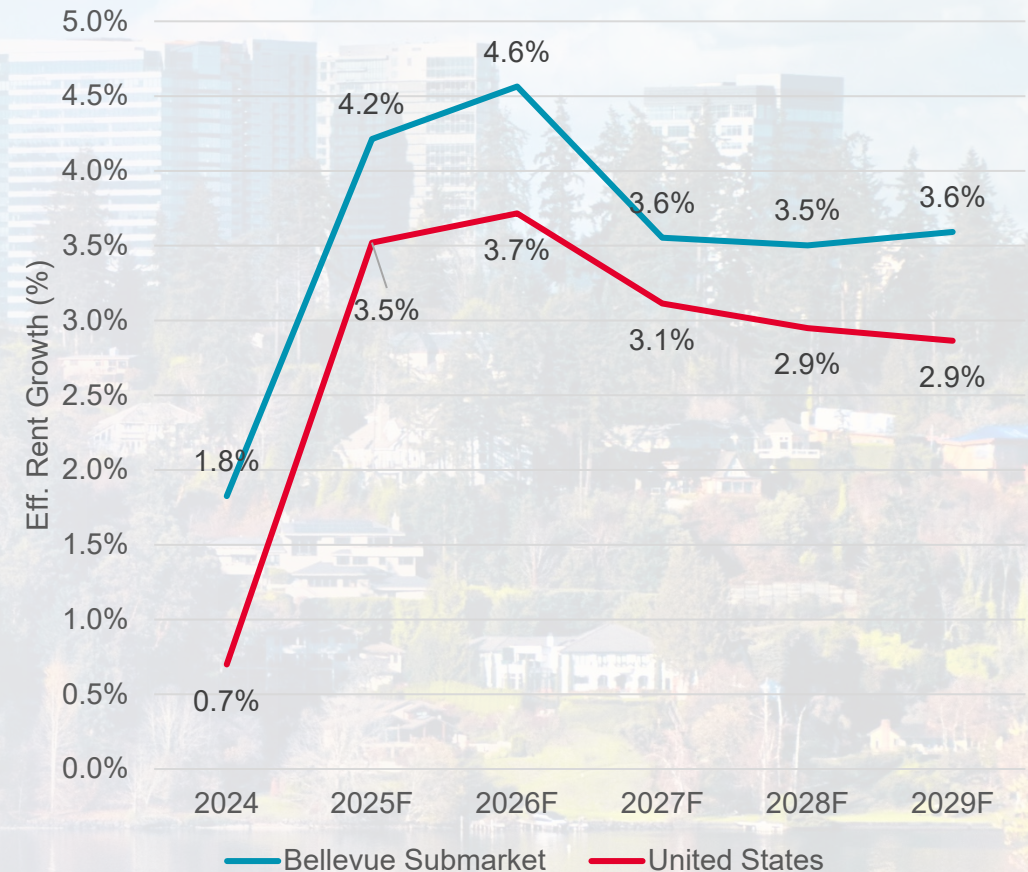
LOCAL DYNAMICS REMAIN A LONG-TERM DRIVER OF DEMAND



PRICE-TO-RENT RATIO PROMOTES RENTERSHIP

ZIP	Median House Value	Median Annual Rent	Price-to-Rent Ratio
98004 (Downtown)	\$1,862,200	\$31,116	60
98006	\$1,172,500	\$33,624	35
98008	\$1,053,500	\$28,956	36
98005	\$1,242,200	\$27,648	45
98007	\$865,300	\$26,676	32
Seattle MSA	\$874,950	\$24,864	35
National	\$420,400	\$24,600	17

BELLEVUE PROJECTED RENT GROWTH TO OUTPERFORM



A lower price-to-rent ratio indicates that buying is more favorable, while a higher ratio indicates that renting is more favorable:

- **Less than 15:** Buying is cheaper and more affordable than renting
- **16–20:** Renting is typically a better option than buying
- **More than 21:** Renting is a much better personal finance choice than buying

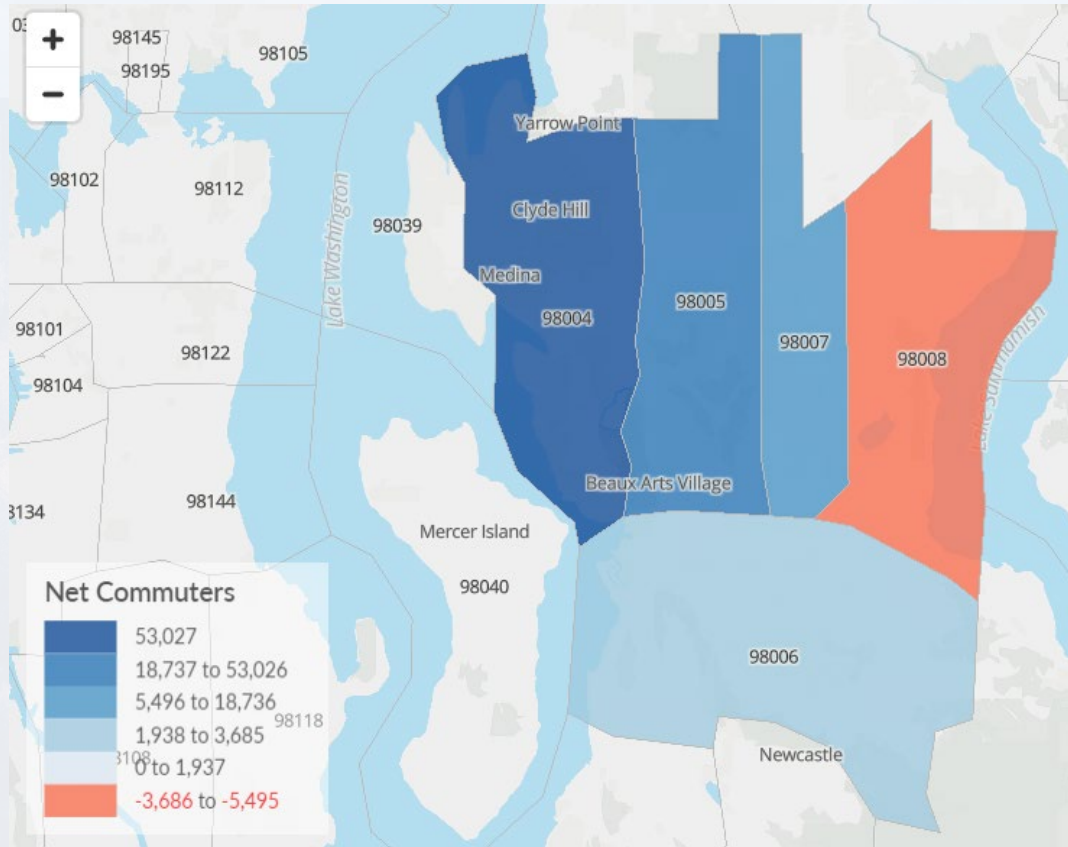
BELLEVUE COMMUTER TRENDS

DOWNTOWN BELLEVUE IS UNDENIABLY THE HEART OF THE SUBMARKET



98004 IS THE WINNER IN TERMS OF RESIDENT WORKERS

NET COMMUTERS: WHERE TALENT WORKS & LIVES



Where Talent Works

ZIP	2023 Employment
98004	74,652
98005	30,522
98006	21,538
98007	18,982
98008	9,283

Where Talent Lives

ZIP	2023 Workers
98004	21,625
98006	19,600
98007	13,486
98008	12,969
98005	11,785

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