LAKEWOOD MULTIFAMILY DEVELOPMENT

June 15, 2017

MARKET ANALYSIS: MULTI-FAMILY

+ 2.0% vacancy

+ 5.5% cap rates

+ average rent: $1/SF-$1.40/SF

+ age: 20-90 years

+ few units under construction

+ 306 units delivered since 2002

Recent News

Think Seattle Apartment Rents are Rising Fast? Check out What's Going on in Tacoma! – Puget Sound Business Journal

Security Properties Acquires $35M Seattle Asset – Multi-Housing News

Apartment Rental Rates in Tacoma-Lakewood Have Really Shot Up – CCIM Institute, Washington State Chapter

Tacoma Outpaces Seattle in Rent Hikes – The News Tribune

PROJECT SITE

+ 18,000 SF in Lakewood (150'x120')

+ 111th St and Kendrick St.

+ currently vacant

+ near major employers

+ located just 1,000' from Lakewood Station

+ MF3 zoning (54 DU/AC)

PROJECT POTENTIAL

OPPORTUNITIES	CHALLENGES
dynamic market +	+ zoning encourages larger, riskier development
infill, older submarket +	+ setbacks
existing infrastructure in place +	+ limited local retail
age of existing inventory +	+ irregular neighborhood shape
rapidly rising rental rates +	+ excessive parking requirements and no street parking in the city

TARGET DEMOGRAPHICS AND CONFIGURATION

ONE BEDROOM	TWO BEDROOM
single tenants and young couples +	+ two bedroom/two bathroom configuration to suit young professionals (JMOs, staff at local medical facilities)
rents attainable for 80% AMI renters +	
650 SF apartments are larger than much existing inventory +	+ rents are in line with other properties in the area, though they are older

CONCEPTUAL DESIGN – EARLY DESIGN

+ initial design featured fourplexes

+ parking located in the rear – parking requirements are higher for small buildings than large ones

+ densities achievable were not high enough to support the project

CONCEPTUAL DESIGN – CURRENT DESIGN

+ current design features two three story walk ups with parking located in the rear

+ we've experimented with the idea of mixed use development but will proceed as a residential only product

PROJECT POTENTIAL

2
BUILDINGS

$900
ONE BEDROOM RENT

$1100
TWO BEDROOM RENT

18
MULTI-FAMILY UNITS

95%
EXPECTED OCCUPANCY

$1.40
AVERAGE RENT/SF