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DOWNTOWN SEATTLE 2020

A GLOBAL CITY RISES AT THE DAWN OF A NEW DECADE

INTRODUCTION

As the fastest-growing large city in America, Seattle's booming and diversified economy have spurred unprecedented development and population growth with a clear urbanization trend. As 2020 looms on the horizon, will the City of Seattle witness the same trajectory over the next ten years? Only time will tell. This article studies some of the leading indicators affecting the current investment cycle in the region, draws parallels to Seattle's harbinger markets on the West Coast, like Vancouver B.C. and San Francisco, California, and offers some perspective of how the housing trends may unfold ahead.

GEOGRAPHY + ZONING

Unlike the ring road cities of China, or the sprawling metroplexes in Texas (where urban growth can be accommodated with hub-and-spoke interchanges to distant flatlands), Seattle's topography is as variable as it is beautiful. Numerous waterways, bridges, hills, and surrounding mountain ranges have forced a collection of regional neighborhoods to become their own urban centers—or "boomburbs,"—each a distinctive community paired with mostly single-family residential enclaves, where residents often face challenging commutes to urban job centers. There is also the overlay of the Growth Management Act, adopted in 1990, which encourages urban density in favor of conserving rural, farm, and forest lands.

Downtown Seattle and downtown Bellevue are both experiencing dramatic up-zoning as civic leaders trade the one commodity they have left to offer—height.

As such, the existing high-rise districts of downtown Seattle and downtown Bellevue are both experiencing dramatic up-zoning as civic leaders trade the one commodity they have left to offer—height. This bonus density is especially primed for high-rise apartments and condominiums, if residential developers are willing to contribute towards affordable housing benefits in accordance with city regulations.



The challenge remains that Seattle still has a very limited footprint, with virtually all buildable sites in current zones already snapped up. It's like an island, approximately 2.3 square miles and just slightly larger than its proxy in

downtown Vancouver, which offers a 20-year case study in successful planning and urban development. In 2006, Seattle city planners re-envisioned downtown Seattle's skyline after Vancouver's tall-and-slender zoning with thoughtful tower spacing, in a scheme known as the "One Center City Plan." This plan increased the height for tall-and-slender zoning and made development pencil on smaller sites, closer to the urban core, creating a catalyst for scores of new towers today and in the future. Interestingly, the entire City of Seattle is currently 38-percent less dense than the City of Vancouver today, but downtown Seattle is already 32-percent denser than its model city 150 miles north—and it's growing faster, too. Single-family zones make up 75 percent of Seattle's land mass, but non-urban neighborhoods received just five percent of the new housing supply since 2010. Unlike Vancouver, where local government has already rezoned many street fronts along major arterials for multi-family housing to frame single-family communities, Seattle's lawmakers have been slow to address the need to densify the single-family neighborhoods. Local voters, many of which don't prefer Seattle's rate of growth and rising property taxes, have been a major headwind in grander rezoning efforts, effectively forcing city planners to make high-rise zones, higher density, especially near transportation nodes. For its part, the City of Seattle did pass legislation on July 1, 2019 allowing greater opportunity for accessory dwelling units (ADUs), whereas boutique single-family homes can be built on an existing lot as detached from the main house. Basement units were also permitted. Even with this progress, the initiative was fiercely debated and regulated, underscoring the challenges associated with changing neighborhood environments.

MARKET FUNDAMENTALS

Seattle means business with more than 1.2 million employed in King County, and the economic region boasts a 3.4 percent unemployment rate with job growth trending at 2.8 percent year-over-year. The Gross Domestic Product (GDP)

of the Seattle metro area is \$356 billion—three-and-a-half times greater than the City of Vancouver. Seattle posts a local GDP per capita at \$86,889—the fourth-highest among the 40 largest metro areas in the U.S.

As the Information Technology (IT) center of the Pacific Northwest, sometimes referred to as the "Silicon Forest", Seattle and the Eastside dominate job growth in the region.

The five strongest economies in the U.S. are all tech-fueled (in order from first to fifth: San Jose, California; San Francisco, California; Austin, Texas; Seattle; and Denver, Colorado). As the Information Technology (IT) center of the Pacific Northwest, sometimes referred to as the "Silicon Forest", Seattle and the Eastside dominate job growth in the region. This is helping to draw 800 or more new residents to the metro area per week.



This growth has historically been led by Amazon's meteoric rise, which now has more than 53,500 local employees. The top-five ranked Fortune 500 company recently announced an additional 10,000 new hires in Seattle through 2020. With its global headquarters in downtown Seattle, Amazon will soon comprise 55,000–60,000 employees inside more than 50 buildings within walking distance of each other.

Other local companies headquartered in Seattle include Weyerhaeuser, Expedia, Nordstrom, Starbucks, F5 Networks, Zillow, and Zulily to name a few. Microsoft, headquartered in Redmond, Washington, will also have offices expanding to spaces in Seattle. Bay-Area-based tech titans like Apple, Facebook, Google, and Salesforce/Tableau are all installing substantial regional satellite offices in downtown Seattle grossing several million square feet. Collectively, the aforementioned companies already employ more than 100,000 staff in the city and are growing.

where at \$92.00 per square foot, it comprises almost half the cost of doing business, in addition to high local taxes. These many advantages will continue to draw expanding companies to Seattle rather than competing West Coast markets.

Seattle is the #1 “Best City for STEM Jobs”

STEM

Science. Technology. Engineering. Math.

It’s no wonder, as WalletHub® reports, Seattle is the #1 “Best City for STEM Jobs” and with ample employment, no state income tax, and relative affordability compared with other West Coast gateway cities. It’s simply easier for employers to recruit and retain talent within this specific urban context. Citywide, the tech talent pool spiked from 98,000 in 2011 to 157,000 in 2018 (a 60 percent increase) with most new residents choosing to locate near job centers to avoid commuting. A third of relocations are inbound from the Bay Area, which is conversely known for substantially higher costs of living and a state income tax, which can top 13 percent of annual gross income. The logic is also clear for Californians—move to Seattle and enjoy more discretionary income because the cost of living is approximately 23 percent less, according to NerdWallet’s calculation of the costs of housing, transportation, food, entertainment, healthcare, and schools, comparing San Francisco and Seattle. That outcome is observed by savvy corporate tenants, too, as tech companies enjoy relative affordability in Seattle as well. Despite Class A rents growing 65 percent since 2009 to an average of \$50.30 per square foot, leasing in downtown Seattle is still significantly less expensive than Manhattan, with office rents at \$83.28 per square foot; and in San Francisco,



POPULATION + HOUSING

The Seattle metro area enjoys robust employment growth that averages 50,000 new jobs per year, attracting both relocating residents and investors that want to rent homes to them. The tri-city area (Seattle/Tacoma/Bellevue) population grew from 3.45 million in 2010 to 3.93 million residents in 2018. During this time, King County added 90,000 housing units; but only 11,000 were deemed affordable to middle-income residents, which is why the share of residents commuting for 90 minutes or more each way increased by 70 percent in the past decade (Seattle is now the sixth most traffic-congested city in the U.S.).



Over the last decade, the City of Seattle’s population grew by 138,000 to 747,300 residents, but only 38,000 housing units were added, resulting in upward pressure on prices. King County witnessed a 56 percent increase in home prices since 2009—three times the national rate and at a clip seven times higher compared to median income growth.

Given that new residents tend to be younger (65 percent of residents are under the age of 35), most are seeking affordable rentals near job centers. The current decade will witness more than 27,000 new multi-family housing units in downtown Seattle delivered, with a whopping 93 percent of this new supply offered for rent and not for sale. A resulting supply and demand imbalance drove Seattle-area apartment rents up by more than 50 percent since 2010, with further rent growth forecast into 2020 and beyond, notwithstanding many new towers being built. After a record year of deliveries, more than 10,000 new apartments in the metro area filled up during the past 12 months at an effective vacancy rate of four to five percent (skewed by the delivery of large apartment towers). In fact, Seattle median rent at \$2,167 is now the fourth-highest in the U.S. behind San Jose, San Francisco, and San Diego, with premium apartments averaging between \$3.75 to \$4.50 per square foot per month, and in some cases, penthouse rentals upwards of \$20,000 per month.



The number of rentals operated by individual investors within condominium buildings is less than 50 percent as limited by developers, Home Owner's Associations, and restrictions for warrantable mortgages to be sold on secondary markets. Unlike Vancouver (and with effect in 2019, the states of California and Oregon), rent control is illegal in Washington state, having been banned by the State Legislature since 1981; so free markets dictate lease rates and rent growth. Meanwhile,

more than half of the 2,079 new construction condominium units across 15 new buildings that are currently offered for presale (with delivery scheduled between 2018 and 2023) have already found buyers, including an increasing volume of international investors.

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A relatively anemic volume of new, for-sale housing is being added to an urban core population of 88,000 residents, which has increased remarkably by 43 percent since 2010. While more condominium supply is in the pipeline, the cost of delivery is much higher with construction hard costs spiking six to ten percent per year (not to mention the risk of continuing tariff wars), so developers are now asking higher prices averaging \$1,400–\$1,500+ per square foot. If the market doesn't support the increasing asking prices, these units won't be built until presales warrant their construction, hence the market is somewhat protected from overbuilding. Resale demand for condominiums in downtown has been very consistent, averaging just over one sale per day since 2015, comparing the first three quarters of each calendar year. The median home prices paid have been rising by an average of 10.5 percent per year while the average price per square foot paid rose by 35 percent since 2015, for an average annual appreciation rate of 8.8 percent to approximately \$775 per square foot today. New construction product is typically commanding premiums of more than 30 percent when compared with resale product.

DEMOGRAPHIC TRENDS

Current residents of downtown Seattle skew younger, with a median age of 37, although there is a growing population

of move-down empty-nesters shedding larger single-family homes and choosing the lock-and-leave lifestyle of city living, often cashing out of home equity to buy a second home in a resort destination. More young families are remaining in the city with nearly 5,000 children in residence, doubling in the past decade, with school-aged children having increased by 133 percent, according to the Downtown Seattle Association. The resident population is 55 percent male and 45 percent female and predominately Caucasian, although Asian demographics are the second-largest group and the fastest-growing. Two-thirds of the residents are well-educated, earning a bachelor's degree or higher.



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Seattle median household incomes rose by \$33,300 to \$93,481 since 2010, the third-highest acceleration rate in the U.S., according to 2018 U.S. Census data. With an estimated six households moving to the city center each day since 2010, most development has focused on apartments. Today, 82 percent of the residents are renting in downtown Seattle, while just 18 percent of the housing comprises condominium ownership.

This balance is likely to shift toward ownership over the next decade, as newly-relocated renters seek to put down roots. Many will enjoy restricted stock units (RSUs) offered by their tech employers, which can vest, be cashed in, and provide for a down payment. RSUs are also being used by some lenders for income qualification. As their incomes rise, their accountants will advise them to explore purchasing

homes for mortgage interest deductions and to participate in the rapid equity gains of the city. With rising housing costs, however, homelessness has become an increasing issue in Seattle, and an unfortunate reality in most major West Coast urban centers. At approximately 6,000 chronically homeless in Seattle, the population is still significantly less than that of San Francisco and just a fraction of Los Angeles' epidemic. Given the public outcry, most feel the new Seattle City Council will be more aggressive in tackling this social challenge. Fortunately, the city coffers are gaining tens of millions of dollars raised through urban density bonuses, aiding development of affordable housing, while incremental tax revenues from the building boom bode well for expanded law enforcement and improved social programs in downtown Seattle.

NEW CONDOMINIUMS

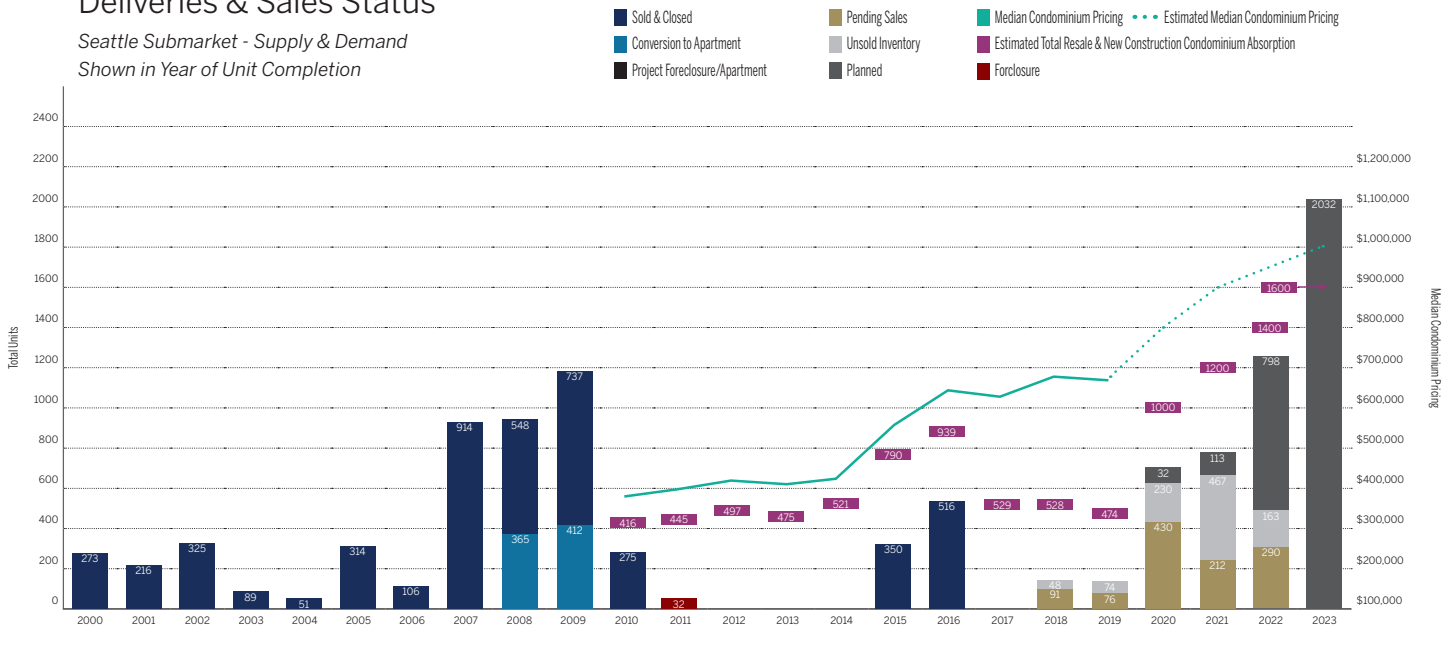
Condominium presales in the Seattle metro area are attractive because The Washington State Condominium Act limits the non-refundable deposit structure to only five percent earnest money as an escrow deposit (vs. 20–30 percent in Vancouver), and the developer cannot sue for specific performance. If the presale buyer elects to cancel the purchase at any time before closing, the only financial



exposure for the buyer is release of the earnest money deposit to the seller as liquidated damages. Likewise, if the developer fails to deliver the building as represented, the buyer may exit the presale and recover their deposit. To ensure accountability, the builder is unable to withdraw

New Construction Condominium Deliveries & Sales Status

Seattle Submarket - Supply & Demand
Shown in Year of Unit Completion



Pictured Above: The Seattle new condominium pipeline was spurred on by the One Center City Plan, an up-zone that was confirmed in 2006 but just as the growth of new for-sale towers were picking up, the global credit crunch and the Great Recession occurred. By 2010 the median home prices and total absorption of new and resale condominiums were relatively flat as existing new supply sold over several years. There was no new construction of for-sale properties for several years. It wasn't until Insignia Condominiums and LUMA Condominiums were introduced in 2013 and 2014 before new supply was available for presale, which delivered in 2015 and 2016 before another dearth of inventory with no new condominium deliveries in 2017 and a slow return with the pipeline. Most developers simply preferred to build rental apartments vs. condominiums. An new cycle has begun with deliveries accelerating between 2020 and 2023. More than half of the active new listings are already presold.

these deposits towards construction costs, so 100 percent of the capital stack must be secured by the developer without any buyer proceeds. Compared with many markets, buyer presales help fund the project. Condominium presales in Washington are pricey and risky for developers and only typically occur when the markets are rising, meaning the homes are worth more at closing than when presold. This is why the substantial majority of developers have opted to build purpose-built apartments instead of condominiums for sale to ride the market growth. This also results in far fewer new condominiums being delivered to the city, which is why the rate of appreciation has grown by double-digits in recent years. In the 2015-2018 development cycle, it was common to see home values rise by 15–25 percent from initial presales to resales after closing. Demand is expected to increase substantially for new presale condominiums, as well as existing resale properties, on account that tens of thousands of well-qualified tech millennial workers are already living in pricey apartments downtown, and many will migrate to

ownership. From a macro perspective, Seattle has a long runway to catch up to more mature, global cities such as San Francisco and Vancouver.

When dividing median household incomes into the median condominium price in its peer cities, Seattle's ratio of home cost to annual income is just 4.9:1, whereas Vancouver is more than twice as challenged with a ratio of 10.8:1, and San Francisco is even further out of reach at 11.5:1. This dynamic stems from Seattle's rather high median household



income (\$93,481 per year) and for now, modestly priced condominiums. Citywide, the median price of a condominium in Seattle is just \$455,000 (\$592 per square foot) compared with Vancouver at US\$594,187 (US\$791 per square foot) and San Francisco at a whopping \$1,275,000 (\$1,149 per square foot). New construction in the urban core is certainly more costly, but still tracks at a fraction of the West Coast gateway cities. Premier Seattle high-rises are typically targeting \$1,300–\$1,600 per square foot on average, whereas a similar unit would command \$2,000–\$3,000 in San Francisco and similar value in Canadian dollars in downtown Vancouver.

OFFICE DEVELOPMENT

In a recent 2018 measurement, downtown Seattle witnessed \$4.8 billion of capital investment on new projects in the city center, an increase of 12 percent from 2017. Two-thirds of projects under construction are residential, and mostly all are apartments for rent. Between 2010 and 2018, more than 13 million square feet of office space was delivered; and by the 2019, an additional 6.4 million square feet were under construction, with yet another one million square feet in excavation and 6.7 million square feet in the pre-development process. As of July 2019, 49 tower cranes were deployed in Seattle, matching Los Angeles for the most in the nation at one time—and Seattle has more than 100 projects in the development pipeline. Since 2010, nearly half (49 percent) of the City of Seattle's total permit-declared project values were in the downtown core; and with this building boom,



Pictured Above: The City of Seattle is rebuilding Seattle's central waterfront. Once removal of the Alaskan Way Viaduct is complete, the City will construct a park promenade along the water, as well as a new surface street along Alaskan Way.

construction employment has grown by 32 percent since 2010. Retail businesses grew by 58 percent in the ten years spanning 2004–2015, introducing more services and attractions to the city center. Other major capital projects underway include the SR 99 deep bore tunnel, now complete at more than \$3.2 billion; the new Seattle waterfront revitalization project at over \$1 billion; the Washington State Convention Center Expansion at over \$1.8 billion; and the Seattle Center Arena costing over \$1 billion. With so many projects reshaping downtown Seattle, noted developers from Vancouver and China are making substantial investments in the region, bringing with them new, innovative designs, as well as a faithful following of international investors to the city.



Pictured Above: The Overlook Walk will create an elevated public park and connection between the waterfront to Seattle's urban core. Slides and boulders provide a recreation area for families.

TRANSPORTATION

Seattle continues to take cues from Vancouver and San Francisco. With the foresight of growth and in anticipation of the 1986 World's Fair in Vancouver, British Columbia's provincial government embarked on what would become SkyTrain. Today, this light rapid transit system links dozens of regional communities with quick, convenient, mostly elevated light rail lines. Seattle had the same opportunity after its World's Fair in 1962, but ultimately, the federal funding packaged to voters known as "Thrust Forward" failed in the polls in 1968. By the early 1970's this earmarked investment instead went to Atlanta to fund the MARTA transportation system. Similarly, San Francisco's heavy-rail Bay Area Rapid Transit (BART) system connects East Bay bedroom communities and the San Francisco airport with the city. Seattle stands in contrast with no subway infrastructure and limited light rail

for a city of its size and prosperity. That's all about to change. In response to regional highway congestion increasing 95 percent between 2010 and 2015 (the average peak hour commuter spent 63 hours in traffic in 2014), Sound Transit 3 was approved by voters in 2016. The plan will add 62 miles of light rail to serve 37 additional stops for the regional system—a 116-mile transit network that will originate from an urban hub at King Street Station in downtown Seattle. This is a game changer for the region, as the residential and job centers of the Eastside will finally be connected to downtown Seattle by 2024, with the full plan implemented by 2040. Seattle leads the nation in metro ridership adoption, and for good reason—it was overdue. Other investments include the



recently completed SR 99 tunnel below downtown Seattle, a renovated Washington State Ferry Terminal, and the expansion of the Seattle Streetcar, linking independent routes in south downtown and Capitol Hill to South Lake Union. Sea-Tac International Airport remains the fastest-growing airport in the U.S., with Delta Air Lines recently announcing it as their global West Coast hub. Meanwhile, Seattle's own Alaska Airlines recently acquired Virgin America and now offers 1,200 daily flights serving more than 44 million passengers a year. There is also ongoing exploration of a Vancouver-Seattle-Portland high-speed train believed to add \$355 billion in economic growth for the Cascadia region. On the water, Seattle's cruise ship industry has grown by a factor of 34 since 1999—to 1.2 million passengers in 2019 with a new terminal announced for Pier 46 on Pioneer Square's waterfront (accommodating the world's largest ships and sparking a likely rezoning of the immediate neighborhood from industrial to residential/mixed-use).

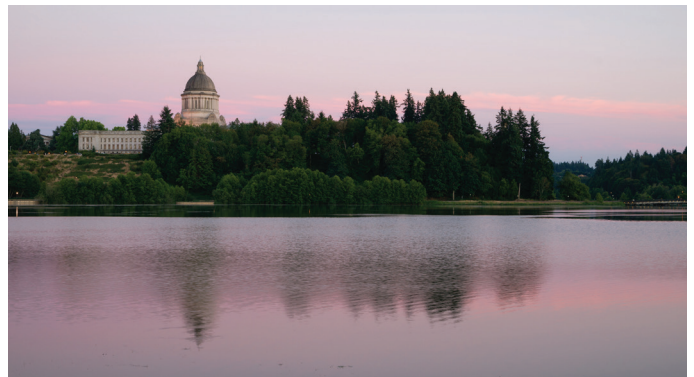
For downtown residents, new bike lanes, bike share, and an effective Uber/Lyft ecosystem has greatly reduced the dependency on driving altogether, much like Manhattan.

41% of center city
residents do not
have a car.



**Owning a car in downtown
Seattle is now more of an
option instead of a requirement.**

Owning a car in downtown Seattle is now more of an option instead of a requirement and most new condominiums are offered with parking as optional, with stalls priced from \$65,000 to more than \$100,000. According to the Downtown Seattle Association, 41 percent of center city residents do not have a vehicle, and only 10 percent have two vehicles. Many new condominium and apartment projects are being programmed with parking of 0.4 or fewer stalls per unit.



POLITICAL SECURITY

Seattle has attracted international investment and has become a preferred financial safe harbor for global wealth, given the stability of the local and state government. There is no income tax, no foreign buyer home tax or any limitations on international citizens' ownership of property. Simply put, the business rules and tax policies are clear and unlikely to change. On July 15, 2019, Washington Court of Appeals Judge James Verellen ruled against the 1985 state law that prohibited municipalities from enacting income taxes. He did so on

a technicality regarding the enacting law (the state constitutional requirement of a single purpose for any act of legislation). In the same ruling, Judge Verellen voided the graduated tax as a wealth tax prohibited by a 1933 state supreme court decision that requires taxes to be applied uniformly. The case, which originated with the measure's enactment by the Seattle City Council in July 2017, will now go to the Washington State Supreme Court. Since the ruling, a state legislative bill to formalize prohibition of an income tax is under draft. The continuing story of Seattle's income tax demonstrates the contrast between state and local policymaking in the United States versus such actions in other countries, where in some cases, they may proceed nearly instantly and without notice as a result of administrative action. This was the case with enactment of the foreign buyer tax in the B.C. Lower Mainland, which was an arbitrary decision of the Clarke government. Here again is another contrast as to enactment of provisions that distinguish foreign from domestic buyers: constitutional division of government in the U.S. assigns foreign policy, including policies concerning immigration, to the federal government rather than to the states. In any case, restrictions on where foreigners can buy and the subsequent taxes on their transactions are subject to review and consideration by multiple overlapping jurisdictions within the U.S. Changes come slowly, if at all.

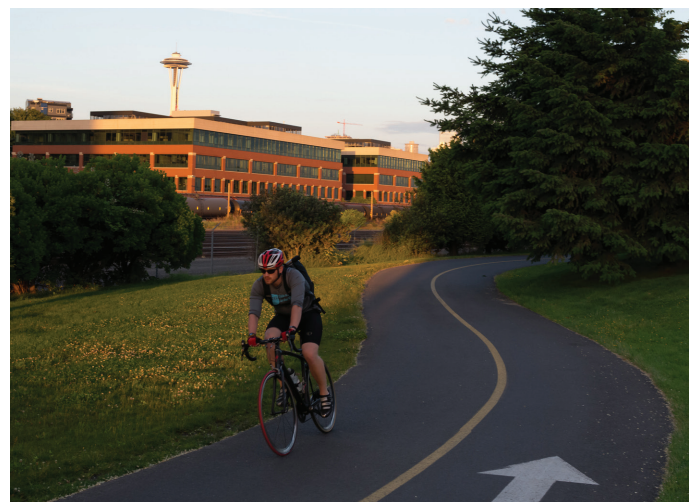
A SUPERIOR CLIMATE

Similar to Vancouver and San Francisco, Seattle rises along a picturesque bay, with its dramatic skyline surrounded by natural wonders. Yet Seattle is distinguished from these competing cities by proximity to freshwater lakes, and not one but two mountain ranges crowned by the majestic Mt. Rainer (14,411 feet).



**Despite its notorious drizzle,
Seattle enjoys 11 percent fewer
rainy days than Vancouver.**

Despite its notorious drizzle, Seattle enjoys 11 percent fewer rainy days than Vancouver. The dry summers are very similar, averaging a high of 72 degrees; and winters in Seattle are substantially warmer than those in Vancouver, with an average high of 47 degrees, well above freezing (snow is relatively rare in the lowlands surrounding Seattle). The Seattle area is considered a "low risk" for climate-oriented disasters, and the region is noted as being "highly-prepared" with an abundance of natural resources. This compares favorably to regions of Southern California, where drought, wildfires, and mudslides have become very common. Seattle is also ranked among the most "Environmentally Progressive Cities" in the U.S. according to PCMA.



OUTDOOR RECREATION

Seattle is second only to San Francisco for ranking the most-healthy city in the U.S., according to WalletHub® research. With clean air, natural beauty, open spaces, and backcountry to explore, Seattle is synonymous with the "work-hard, play-hard" mindset. The City of Seattle itself has more than 5,540 acres of parkland, and offers popular urban trails for jogging and biking. These include the South Lake Union Loop and the Burke-Gilman Trail, which is a 27-mile long pathway from Bothell on the Eastside to Golden Gardens beach on the Puget Sound. There are many waterfront promenades like Myrtle Edwards Park and Alki Beach granting access to Elliott Bay. Away from the shoreline, more than a dozen public and private golf courses are conveniently accessible

from downtown Seattle. Further onward, popular weekend excursions include trips to Victoria, B.C., three hours each way aboard the Victoria Clipper; or a quick flight to the San Juan Islands on Kenmore Air's famous seaplanes from South Lake Union, which takes just 45 minutes. In the summertime, both Lake Union and Lake Washington offer an abundance of water sports, and annual attractions, such as the Seafair celebration where the U.S. Navy Blue Angels perform each year. Wintertime is equally compelling with numerous regional ski destinations within an hour or two's drive from downtown Seattle. Many Seattle residents also frequent the sunnier destinations of Southern California, Arizona, Hawaii and Mexico as quick jaunts out of the winter gloom.

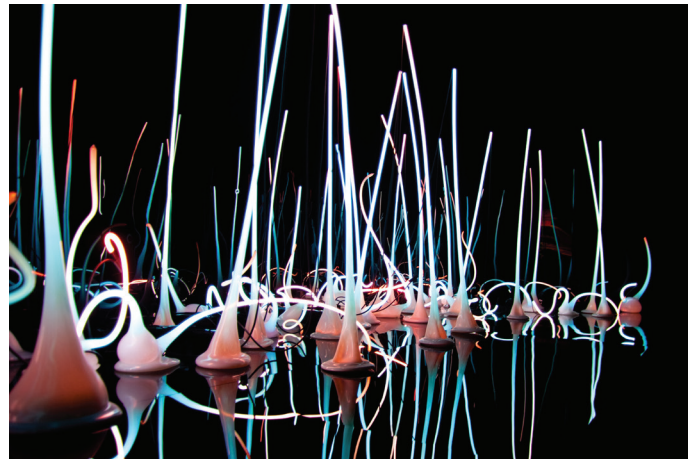
CONVENIENCE + WELLNESS

Ranked first in the nation by U.S. News & World Report in 2018 among the "Best Big Cities to Live In," Seattle boasts a relatively compact urban core, ranked eighth by WalkScore® in 2019 among the "Most Walkable Cities" in the U.S. With the residential renaissance over the past 20 years, downtown Seattle has transformed from a working city to a thriving 18-hour metropolis. There are dozens of residential conveniences such as urban grocers, pharmacies, and service providers, hundreds of acclaimed restaurants and bars, and an explosion of creative retail concepts thanks to the boom of high-rise development in the city and the need to fill retail requirements (vacancy rates are only 2.2 percent). Given the youthful population base, pristine environment, access to high quality, organic foods and eateries, and a plethora of recreational opportunities, Seattle is also second-ranked among the "Healthiest Places to Live," according to Wallet Hub®, and also scores well in their "Happiest Cities" index. The city is top-ranked in the U.S. for the share of adults who are physically active, and third nationally for running trails available. Downtown Seattle residents also benefit from renowned medical institutions nearby, including Virginia Mason Hospital, Swedish Hospital, Providence Regional Medical Center, the University of Washington Medical Cen-

ter, Seattle Children's Hospital, and Fred Hutchinson Cancer Research Center.

ARTS + CULTURE

As the most-educated big U.S. city where 8 in 10 newcomers have a college degree, Seattle's prosperity and giving spirit supports countless cultural projects. SMU DataArts consistently ranks Seattle among the top ten "Arts-Vibrant Large Communities" in the U.S. with metro populations over one million. The city has the most bookstores per capita and no surprise, the highest consumption of coffee, too, thanks to the hundreds of independent shops that thrive in Seattle's communities. For larger venues, the Seattle Opera and Pacific Northwest Ballet both perform at McCaw Hall and the Seattle Symphony performs at Beneroya Hall. Broadway plays frequent 5th Avenue Theater and the Paramount Theater with local acts and lectures as well. Other cultural venues include Seattle Art Museum, Museum



of Popular Culture, Chihuly Garden and Glass, Museum of Flight, Museum of History and Industry, and the Seattle Center, which was home to the 1962 World's Fair and famous for its iconic landmark, the Space Needle. Seattle also boasts five high-profile professional sports franchises including Seattle Seahawks (football) and Seattle Sounders (soccer) at CenturyLink Field, Seattle Mariners (baseball) at T-Mobile Park, and both the Seattle Storm (WNBA basketball) and a new expansion team for NHL hockey will play at the newly renovated

Seattle Center Arena when complete. Rumors persist that the NBA will one day also grant Seattle a professional basketball franchise to bring back the beloved SuperSonics.

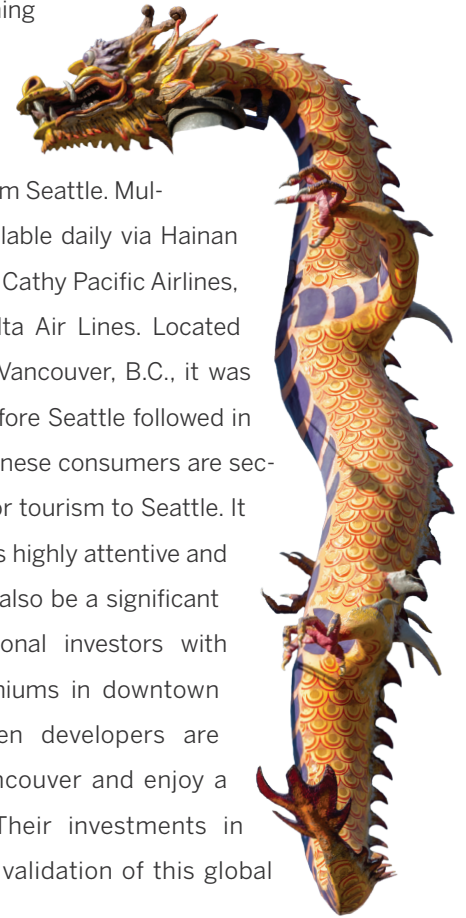
ASIAN DEMAND

As the closest mainland port to Asia, Seattle is greatly influenced by China's rise in the global economy and Washington remains the most trade-dependent state in the country. Awareness of Seattle's "brand" and interest by individual investors have grown substantially since the cultural awakening with the surprise Romance-Comedy box office hit across China, "Beijing Meets Seattle" (2013), which celebrated the new world life in Seattle. In 2014, the Obama Administration opened up the borders with a 10-year multi-entry visa for Chinese Nationals while student visas were extended from one year to five years. The University of Washington (UW) is ranked 14th on the Shanghai Ranking of World Universities. The only higher-ranked institutions on the West Coast are located in California—further away, more costly, and perhaps offering less potential for the "American Dream" given the cost of living and cultural differences when compared to Seattle. So, it's no surprise that the UW's foreign-born students are now 50-percent Chinese. Also popular are the H1-B and EB-5 visa programs offered by the U.S. Citizenship and Immigration Services (USCIS), which offer employment and residency programs for international citizens.

CONCLUSION

A new Seattle City Council takes office on January 1, 2020 and offers renewed optimism about the trajectory of Seattle after lessons learned during the past administration. The business community knows Seattle's growth can't survive on a "sugar high" from the most recent economic expansion. Employers and business generators like Amazon remind voters that companies have choices as well, so Seattle had better stay competitive. Meanwhile, an approaching U.S. Presidential election suggests interest rates will remain low and few if any substantive economic policies will be lobbied before the President is sworn in on January 20, 2021. And there is equal pressure on both sides of the U.S./China trade war, which will likely be resolved in the next year to the political benefit of the sitting U.S. President seeking reelection, with a compounding benefit for Washington state. Despite this being the longest U.S. economic expansion in history, it's clear from the record high stock market values that recession mongers may need to wait a little longer still. If there is a recession, Seattle will be "relatively insulated" due to the thriving tech sector, according to Todd Britsch of Metrostudy. From a basic supply and demand perspective, there is a confident view for at least the

The dramatic rise in Asian consumers has spawned an abundance of Asian grocery stores, English as Second Language Schools, regional publications in Mandarin, and the common adoption for local business to localize websites and seek Chinese sales staff. Beginning in 2008 with Hainan Airlines, Chinese carriers have increasingly offered direct flights to China from Seattle. Multiple flights are now available daily via Hainan Airlines, Xiamen Airlines, Cathy Pacific Airlines, and also U.S.-based Delta Air Lines. Located just 150 miles south of Vancouver, B.C., it was only a matter of time before Seattle followed in its path, as mainland Chinese consumers are second only to Canadians for tourism to Seattle. It stands to reason that this highly attentive and affluent audience would also be a significant percentage of international investors with active presale condominiums in downtown Seattle, especially when developers are based in China and Vancouver and enjoy a substantial following. Their investments in Seattle are just further validation of this global city on the rise.



next three years ahead because what is in development now is what will be delivered by 2022. Knowing that demand can rise quicker than supply in a high-rise format, the market fundamentals look strong for the short to mid-term. According to U.S. News & World Report, Washington is the nation's overall "Best State" for 2019, and downtown Seattle is the fastest-growing neighborhood in the state, and with millions of square feet of office in the pipeline, there are no signs of a slowdown for job growth. For a broader perspective, the Puget Sound Regional Council published VISION 2040, which was adopted in April 2008 and plotted strategies for distribution of an additional 1,712,000 people from 2000–2040 to the regional geographies in the central Puget Sound region. The five metropolitan cities of Bellevue, Bremerton, Everett, Seattle and Tacoma are slated for 32 percent of the growth, adding 550,000 to those city centers. Now that twenty years has passed at the halfway point, the City of Seattle has added approximately 200,000 new residents, or about 35 percent of all the growth charted for the target cities and an average rate of 240 people per week. Yet in a recent peak measurement between July 1, 2016 and July 1, 2017, the City of Seattle gained 17,500 new residents, or 1,458 people per week.

Clearly, Seattle is now out punching its weight in long term planning. With the urbanization of jobs, housing and lifestyle attractions, it is reasonable to assume Seattle and particularly downtown Seattle will receive an exponential share of the economic expansion and housing demand. Much like the zoning scenario, the market pressures in the Seattle metro area are unable to push out into the growth management boundaries and simply must push up like the residential and commercial towers that have come to personify the fastest-growing city in the U.S.



Pictured Above: A rendering of downtown Seattle's expected growth by 2023, the changing skyline is highlighted by both anticipated and new development projects.

Information was obtained from sources deemed reliable but cannot be guaranteed. Reader is encouraged to perform independent due-diligence before relying on content outlined herein. E&OE.

About Realogics Sotheby's International Realty (www.RSIR.com) — Realogics Sotheby's International Realty (RSIR) is a leading global sales and marketing brokerage firm in the Pacific Northwest. The boutique real estate firm of 240+ brokers service branches in downtown Seattle, Bainbridge Island, Kirkland, Issaquah, Madison Park and soon, downtown Bellevue. RSIR is also a leading project marketing specialist currently representing and advising on more than \$1.5 billion in new condominium developments planned throughout the Puget Sound region.

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