FOREWORD

Apartment development accelerated rapidly between 1997 and 2000 in the Tri-county market (King, Pierce and Snohomish counties). It looks like development peaked in 2000, when just over 6,000 units opened.

Last October we expected 4,019 units would open this year. It now appears 3,975 units will begin lease-up during 2002. All but 50 units of that total are already under construction, so only construction delays will reduce this year's total.

To put this development activity in perspective, developers opened an average of almost 12,000 units annually in the late 1980's. Then construction fell to an average annual 2,400 units between 1992 and 1997. Since then, development has averaged 4,750 units a year.

Forecast

Next year we expect 2,248 units to open in the Tri-county market. Developers plan to open an additional 4,683 units in 2004, but there's still time for more to be added to our list.

Last fall we were tracking 6,523 units developers expected to open in 2003. We indicated in our October report that since a lot of those developments had not yet begun construction, we expected many would delayed or stopped.

In the December issue of our *Apartment Advisor* we forecast a significant reduction in development due to a quickly deteriorating rental market. At that time, we estimated 6,000 units would open in 2002 and 2003, with most of them opening in 2002.

That does appear to be what is happening. Our current forecast shows 3,975 units scheduled to open this year, followed by 2,248 units in 2003. The two years total 6,223 units.

Developers

This edition of *The Apartment Development Report* tracks 160 developments and more than 70 developers. The ten most active developers should open 7,717 units in the five year period between 2001 and 2005.

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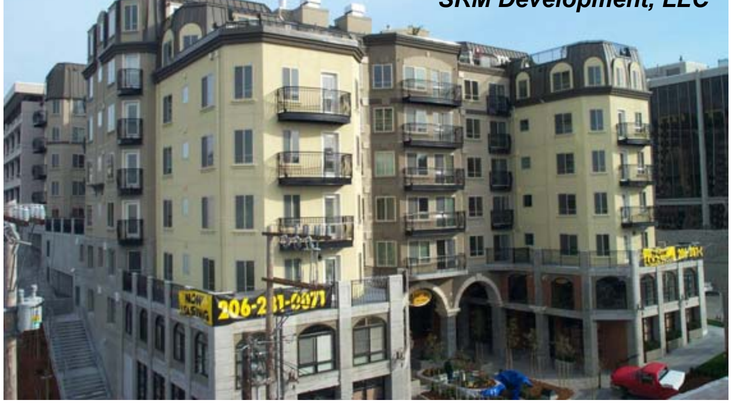

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What we do

Dupre + Scott provides research and consulting advice to private and public clients on apartment investment and housing market issues in the Puget Sound region.

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They include Avalon Bay Communities, Simpson Housing, SECO Development, Legacy Partners, Fortune Development, Mastro Properties, Lorig Associates, Rudeen Development, and Harbor Development.

The next ten most active plan to do about half the volume of the top ten group, adding another 3,190 units in the same period.

Goal of this report

This report is designed to help clients assess our construction forecast, and keep it up to date between our semi-annual updates.

Readers can compare the number of units actually under construction with those in the planning stages. You can use the list of developments we are tracking to monitor progress, change completion dates, or add and delete units or properties.

On-Line Service

Subscribers have access to our "On-Line Service" for *The Apartment Development Report.* You can download an "*e-book*" of the full report (excluding maps), to your computer or office network. The *e-book* ensures that the report is always available for reference, makes it easier to search for information, or print pages from the report.

In addition to having the report in electronic format, on-line subscribers can download *"Development File,"* an Excel spreadsheet containing the list of properties found for this report, their completion dates, units, location, and the developers involved.

Interpreting Trends

The next issue of *The Apartment Advisor* will be available in a few days. It is a detailed analysis of supply and demand trends, based on the research we did for this report and for our *Apartment Vacancy Report*. It includes a series of forecasts for the balance of this year as well as 2003 and 2004. As noted earlier in this Foreword, we report development plans in this report, and interpret them for the *Advisor*.

Data source

We continually collect information on development applications and permits from a variety of sources. Twice a year we update our construction forecast by calling all of the known active developers in the market.

We use the survey to eliminate developments planned as condominiums, update proposed unit counts and completion dates, and learn about new projects, often before developers make applications.

That's why some of the property names, addresses and developer information in the lists in this report are left blank. We do not report this information if there is no company available, or the data is confidential. We appreciate the support provided by developers who share their plans with us, and subscribers who make this research possible.

Feedback

Our goal is to provide you with the highest quality information and service in a timely manner. We hope this report is useful to you in understanding and anticipating our changing real estate market. Please give us you feedback. We look forward to your calls, e-mails, and faxes. ■

Thank you
For supporting this research,

Unit mix & size by area

(A sample from properties built between 1997 and 2001)

			Studio		1 BR		2 BR/1 BA		2 BR/2 BA		3 BR/2 BA		Other	
Area	Bldgs	Units	% of units	Avg NRSF	% of units	Avg NRSF	% of units	Avg NRSF	% of units	Avg NRSF	% of units	Avg NRSF	% of units	Avg NRSF
King	131	13,709	9%	515	34%	686	9%	863	35%	996	8%	9,223	4%	1,021
K-C	39	3,328	22%	515	44%	686	7%	863	20%	980	1%	9,223	7%	1,021
K-E	48	6,874	5%	516	30%	786	7%	967	42%	1,134	11%	44,578	4%	1,582
K-N	23	978	9%	489	45%	632	15%	832	25%	923	4%	6,931	3%	892
K-S	5	147			49%	665	30%	836	21%	996				
K-SE	16	2,382	3%	549	27%	777	14%	936	41%	1,063	14%	13,370	1%	1,708
Pierce	30	3,104	3%	535	19%	730	14%	908	44%	1,024	19%	25,669	1%	1,132
Sno.	37	5,719	1%	524	30%	737	14%	920	40%	1,051	14%	32,255	1%	1,535

Notes

Building and unit totals shown are based only on those buildings for which we had unit type data.
"Avg NRSF" = Average unit size (net rentable square feet), and is based on a simple average for each building.
Example: if property #1 had 100 studios averaging 600 nrsf and property #2 had 3 studios averaging 650 nrsf, the average shown would be 625 nrsf.
Other=Includes lofts, townhouses, penthouses and other units.