



Rental Renaissance

Apartments are the key to the new urban lifestyle

By Renee Brincks

ONCE UPON A TIME the average middle-aged American's dream was a retirement home in Florida, Arizona or California, basking in the sun. Today, more and more baby boomers are moving from the homes in which they raised their kids to ... high-rise luxury apartments in urban centers such as downtown Bellevue, Washington.

Kemper Development Company's Two Lincoln Tower in Bellevue will welcome its first residents in 2017. The mixed-use project, part of the larger Lincoln Square Expansion, will house office spaces, retail shops and a 41-story high-rise apartment with a W Hotel occupying the first 13 floors.

Units at Two Lincoln Tower overlook downtown Bellevue, Lake Washington and the surrounding mountain ranges, and residents have access to a top floor terrace with water features, lush landscaping and private seating areas. In addition to a media room, conference room, game area, open-air fireside seating and covered barbecue stations, tenants share a community fitness center and private pet area.

Several penthouses and luxury apartments have already been leased, says Amy Hoffman of Indigo Real Estate Services, the company managing Two Lincoln Tower's residential floors.

Two Lincoln Tower overlooks Bellevue and the Seattle region, and residents enjoy nearby pedestrian areas.

"When you look at Seattle and Bellevue, as a whole, part of the success for new apart-



TOP (2), HAROLD JULIAN; BOTTOM RENDERING, NEOSCAPE

MICHAEL WALMSLEY (2)



● Southport on Lake Washington offers expansive views from its lakefront location—and the quiet of a courtyard.

ments comes from great growth in employment,” Hoffman explains, listing employers such as Amazon, Microsoft, Expedia and Boeing. “That growth brings a healthy tech sector, of course, whose members range in age from millennials to gen Xers and up. You also have interest from people who are downsizing, traveling or seeking second homes.”

Two Lincoln’s initial success reflects a nationwide boom in apartment development. No more are urban rental units the default “starter homes” for young workers. Today they often represent the preferred living choice for people of all ages.

When researchers from Harvard University’s Joint Center for Housing Studies released a survey of the American rental housing market in December 2015, the numbers were impressive: New multifamily housing is being built at the fastest pace in nearly 30 years. Vacancies are at their lowest point since 1985. The share of all U.S. households that rent—37 percent in 2015—is at its highest level since the mid-1960s.

With construction cranes and sleek new high-rise apartments shaping the skylines of many metropolitan areas, renters enjoy more options than ever. But, with average rents on the rise and competition for available units increasing, tenants and city officials

must navigate an ever-changing marketplace.

Many of the country’s strongest real estate investment markets are in the West, according to the Urban Land Institute (ULI). The nonprofit’s Emerging Trends in Real Estate 2016 report ranks Seattle, Denver, San Francisco and Portland as the leading rental development cities, followed by Los Angeles, San Jose and San Diego. Many of these metropolitan areas have strong job markets; as a consequence, they’re also experiencing a residential rental boom.



"In general, Western cities are doing very well. That is, in part, because of what we describe as 'the rise of the 18-hour city.' These are places where people live, work and play, all those activities in close proximity to each other," says ULI Senior Resident Fellow Ed McMahon.

The convenience of urban rental units appeals to a generation of young employees who prefer to walk or take public transportation to work. Because the average cost of vehicle ownership is between \$8,000 and \$11,000 annually, McMahon explains, car-free individuals can budget more money for housing and other pursuits by living near transit lines.

As jobs in thriving industries such as technology and health care draw young professionals to urban hubs such as Seattle and Portland, many also find that renting better suits the typical career trajectory.

"In past generations, you had one job for 40 years and then you retired and received a pension. Now,

with the job jumping, the freedom, the technology, the excitement ... young adults are a little more adventurous when they come out of college, because they want to be part of the startup glamour and the tech boom," says Lukas Krause, chief operating officer for Real Property Management, a national residential property management company based in Utah. "That has encouraged some people to bounce around and not commit to a mortgage, like they might have in the past."

Krause has seen significant rental rate growth in Seattle and Portland recently, along with Denver and several Southern California cities. While young tech professionals with high salaries account for some of the increased demand, other dynamics influence the market. Millennials and generation Xers who watched their parents struggle with mortgage payments during the late-2009 housing crash and recession, for example, might consider renting a

Mountain Elegance

HOME FURNISHING & DESIGN



A full-line store overflowing with warmth and charm offering a complete collection of home furnishings. Complimentary design, full service and white glove delivery.

Stop by, meet the staff, and enjoy our 8,500 square foot store. Mountain Elegance offers accessories, living, dining, bedroom, outdoor furniture and mattresses.

We also offer full furnishing and design services in Suncadia and Tumble Creek from start to finish. Our talented design team can help you find your look, your style... your dream. View our two stagings in Suncadia and one in Tumble creek.



Open 6 days a week • 10am to 5pm • Closed Mondays
603 E. 1st Street, Cle Elum, WA 98922 • 509-674-0111 • www.MountainEleganceFurniture.com



COURTESY: SB ARCHITECTS

● San Francisco's Strata project includes amenities that encourage long-term residency.

more secure option. Stronger job prospects also play a role.

"During the last recession, new multi-family construction halted in some markets. And now, millennials are moving out of their parents' homes and becoming first-time renters. You're

seeing growth in some of these attractive cities, like Denver, Seattle and Portland, and supply is getting tighter," says Krause. "I think that's one of the biggest factors in rental rates going up. And that will continue, until supply catches up with demand."

The 2015 report from Harvard's Joint Center for Housing Studies notes that the millennial genera-

tion represented 11 percent of rental market growth between 2005 and 2015, while generation X renters fueled another 34 percent. The largest increase, however, came from households ages 50 and over—such as some of the clients moving to Bellevue's Two Lincoln Tower. This demographic segment accounted for 55 percent of rental growth during the past 10 years.

Some baby boomers, tired of cleaning empty rooms and caring for big yards, downsize once their kids leave for college. Changing views on retirement further affect housing decisions, adds McMahon.

"Unlike their parents' generation, who might have retired and moved to Florida, many of these baby boomers want to live near their kids. And their kids are mostly living in the cities," he says.

In some cases, empty nesters can afford upscale rental units that remain out of reach for young professionals. McMahon cites Denver's redeveloped

QUINTESSENTIAL KIRKLAND BRAND NEW APARTMENTS DOWNTOWN KIRKLAND

APARTMENTS NOW LEASING!



- 1 bedroom, 1 bedroom + den, and 2 bedrooms
- Controlled access entry
- Quartz slab countertops & stainless steel appliances
- Rooftop plaza with grilling and al fresco eating areas
- Pet friendly
- 24-hour fitness center
- Controlled access garage with ample parking
- Across from Peter Kirk Park and close to the Kirkland Waterfront
- Five minutes to Bellevue

capri
APARTMENTS

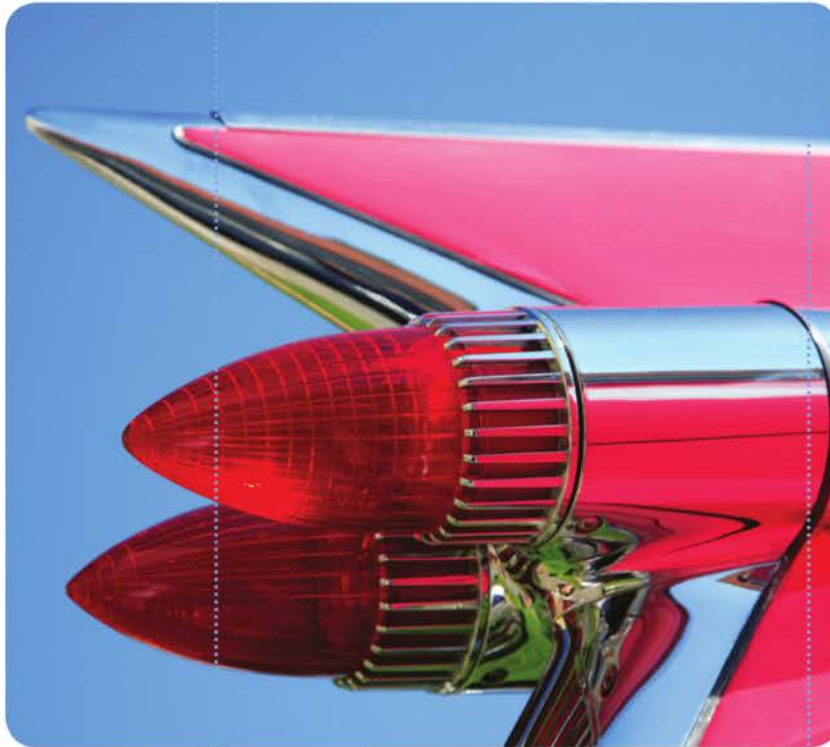
324 Central Way | Kirkland, WA 98033
Open Mon-Fri 9AM-7PM, Sat-Sun 9AM-6PM
425.822.2204

CapriKirkland.com



ANOTHER CONTINENTAL PROPERTIES LLC COMMUNITY

It's not just stuff.
It's *your* stuff.



automobile
home
boat/yacht
recreational
vehicle
umbrella
liability
fine arts
jewelry
collections
wine cellars
and more

Your special acquisitions have their own special value, and we know it isn't just monetary. At Propel, we create customized plans to keep you and the things you treasure well-protected.

Get personal insurance with exceptionally personal service.


propel
INSURANCE
844 278 8458
propelinsurance.com

Union Station district, where new high-end apartments have proven popular with baby boomers. In the San Francisco Bay Area, where median home prices top \$1 million, ownership is out of reach for many residents. In response, the team behind San Francisco's Strata at Mission Bay outfitted the property's high-end apartments with resort-quality amenities and fixtures that provide a more refined experience for long-term renters.

The mixed-use Southport development, on Seattle's southern edge, offers a demonstration kitchen, convenient proximity to lakefront parkland, theater facilities and a residents' club and billiards room. Pets are welcome, and bike storage, free Wi-fi, and both theater and game rooms appeal to millennials.

At Portland's Yacht Harbor Club

LOCKING IN A LEASE

What is the secret to securing a lease in this competitive market? Lukas Krause of Real Property Management offers three important tips for those seeking a rental home, condominium or apartment.

→ As you explore options, consider your priorities. What is your budget? Do you want to live near the office? What school district fits your family's needs? Is public transit access important? "It's about knowing where you want to be, but also knowing what you can afford and what you want to get out of this home," Krause says.

→ When you attend open houses, bring your credit score, references and checkbook. "Because supply is so tight, you've got to be ready to put that deposit down right away," he explains.

→ Read and understand the deposit and lease terms before you sign. "If you put a deposit down and you'll only get 80 percent of that back, that is something you should be concerned about. Make sure you know what you're signing up for," Krause says. —R.B.

DROP YOUR ANCHOR!

YACHT HARBOR
APARTMENTS



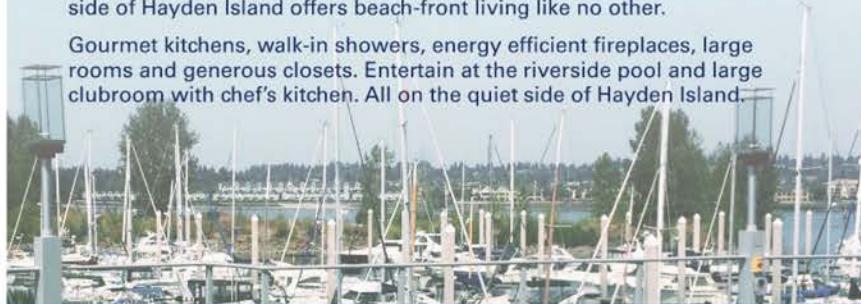
Condominium-level luxury finishes, spacious rooms with marina and river views

NOW LEASING!

Live at river's edge.

The brand new Yacht Harbor Club apartment community on the peaceful side of Hayden Island offers beach-front living like no other.

Gourmet kitchens, walk-in showers, energy efficient fireplaces, large rooms and generous closets. Entertain at the riverside pool and large clubroom with chef's kitchen. All on the quiet side of Hayden Island.



www.YachtHarborClub.com • 503.206.5205 • 11505 NE Yacht Harbor Dr. Portland, Oregon

LIVE THE DREAM IN RED LODGE MONTANA



- Premier Golf Course Property
- Hunting, Fishing, Skiing, Rafting, Hiking, and Golf
- Spectacular Unobstructed View of the Beartooth Mountains
- Entry way to Yellowstone National Park
- For Sale By Owner
- 2,200 square foot split level home, 2 bedrooms plus 700 square foot master suite, 2 full baths, kitchen with stainless steel appliances (under 3 years old - gas) Maple cabinetry, granite counter tops, formal dining room, fireplace in lower level living room, maple hardwood floors.

See photos & more info at www.MovingToRedLodge.com

Or for additional info call 1-800-677-9776 ask for George,
\$389,000 • Turnkey: \$399,000 (excludes 4 personal furniture pieces and artwork)

REAL ESTATE

Apartments, on Hayden Island in the Columbia River, tenants can take advantage of concierge services, an event space with a professional-grade kitchen, free stand-up paddleboard use and a water-front pool with a swim-up bar. The island's mid-river location provides everything from fresh summer breezes to sandy beaches.

Portland Housing Bureau Director Kurt Creager estimates that luxury apartments account for 85 percent of the city's current residential construction. Thus, city administrators are using a combination of tax abatements, direct investments and other incentives to bring affordable units to market. Since the development of the popular Pearl Dis-

BY THE NUMBERS

42.6
MILLION

NUMBER OF AMERICAN RENTER HOUSEHOLDS IN 2015

\$34,000

MEDIAN ANNUAL HOUSEHOLD INCOME AMONG RENTER HOUSEHOLDS

\$934

MEDIAN MONTHLY RENT IN THE UNITED STATES

7.1
PERCENT

CURRENT RESIDENTIAL VACANCY RATE, LOWEST IN 30 YEARS

49 PERCENT

COST-BURDENED AMERICAN HOUSEHOLDS, OR THOSE SPENDING MORE THAN 30 PERCENT OF THEIR INCOME ON HOUSING

SOURCE: JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY

WORLD RANKED BROKER



Premier OR & WA Broker

Real Estate
EXPERT
with proven
RESULTS!



GET LISTED!
GET SOLD!

#1
Broker
Pacific NW

#18
Broker
in the USA

#59
Broker
in the WORLD!

RE/MAX equity group

Text/Call 360.607.4100 • 888.888.8284 • Terrie@TerrieCox.net

USA-RELOCATE.com

REAL ESTATE

trict, a mixed-income community in a formerly industrial neighborhood, Portland has prioritized what Creager calls “growth with grace.”

“We try to listen to the values and aspirations of the residents,” he says. “Obviously, this is a rapidly changing city. We want to recognize the people who built the city and its economic and racial diversity, and not grow in a manner that causes a loss of authenticity.”

In Portland, baby boomers eager to trade suburban living for a walkable urban lifestyle often compete for the same units that draw millennials who have deferred marriage, children and home ownership. Creager thinks thoughtful land-use planning and partnerships between nonprofit housing agencies and for-profit developers can generate more affordable units, providing well-priced rental housing for various demographic groups.

No single solution will eliminate affordability issues, says Ed McMahon of the Urban Land Institute, but he believes that diversifying new housing developments could benefit renters. He points to an abundance of large-lot single family housing in most major markets, and a lack of small-lot housing, attached housing, multifamily housing, cohousing and live-work units.

More such nontraditional housing would provide renters options for a wider range of budgets and lifestyles.

“In the past, ownership was viewed as a long-term investment. The recession changed that for many people. Today, many young adults view ownership as an impediment to their lifestyle, or something that ties them down,” McMahon says. “I think renting has simply become a lifestyle choice.” ▲

Renee Brincks is based in an apartment in San Francisco.

HOT STOVE SOCIETY, A YEAR ROUND COOKING SCHOOL OPERATED BY TOM DOUGLAS RESTAURANTS

A DELICIOUS Seattle EXPERIENCE

Enhance your stay in Seattle with a memory making cooking class at the Hot Stove Society, located at the Hotel Andra in the heart of downtown. Classes range from light hearted & sociable to skill building & challenging. For more info visit hotstovesociety.com

2000 FOURTH AVENUE, SEATTLE
HOTELANDRA.COM