

○ August | ○ 2017

# SUMMERFIELD

## C O M M E R C I A L

SUMMERFIELD COMMERCIAL SPECIALIZES IN BROKERING THE ACQUISITION AND DISPOSITION OF MULTIFAMILY ASSETS IN THE PACIFIC NORTHWEST.

### MONTHLY NEWSLETTER

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### Apartment Industry Provides Congress with Housing Affordability Solutions

By Journal Staff, National Multifamily Housing Council

The apartment industry this week provided Congress with solutions to address housing affordability challenges confronting the nation. Submitting detailed proposals ahead of a Senate Finance Committee hearing, *America's Affordable Housing Crisis: Challenges and Solutions*, scheduled for August 1, NMHC/NAA called on Congress to expand housing tax incentives, fully fund housing programs and remove regulatory barriers.

NMHC/NAA recommended that policymakers take a three-pronged approach to meet housing affordability challenges, namely new development, preservation and rehabilitation. The industry called on Congress to pass legislation introduced by Senators Cantwell (D-WA) and Hatch (R-UT) that would expand the Low-Income Housing Tax Credit (LIHTC) by 50 percent and enable the program to serve families earning up to 80 percent of area median income, among other improvements. We also strongly favor legislation Senator Wyden (D-OR) introduced last year to establish a Middle-Income Housing Tax Credit (MIHTC). A complement of measures to expand and improve LIHTC, MIHTC is designed to benefit populations earning below 100 percent of area median income. NMHC/NAA worked with Senator Wyden on the MIHTC bill in 2016 and is looking forward to its reintroduction this Congress.

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### Vacancy Rates Were Mixed, But Market Remained Strong

By Journal Staff, National Multifamily Housing Council

The U.S. Census Bureau's apartment vacancy rate for all rental apartments (in buildings with 5 or more units) rose a surprising 120 basis points (bps) in the second quarter of 2017—and by 130 bps from the second quarter of 2016—to 9.0 percent. This marks the highest second quarter vacancy rate since 2013.

By contrast, MPF Research's national vacancy rate for investment-grade apartments dropped 60 bps to 3.8 percent in the second quarter, returning to the same level as a year earlier. This 60-basis-point drop in vacancy rates was spread uniformly across all U.S. regions, with rates in the Northeast, Midwest, South and West decreasing to 2.9 percent, 3.5 percent, 4.8 percent and 3.2 percent, respectively.

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# MULTIFAMILY NEWS

## WASHINGTON NEWS

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### Taller Buildings Weighted for Seattle's Uptown Neighborhood

By Daniel Beekman, Seattle Times

The Seattle City Council is considering an upzone of Uptown, with action expected as early as next month.

The legislation proposed by Mayor Ed Murray would allow developers to build higher in the neighborhood that wraps around Seattle Center and that is also known as Lower Queen Anne.

And it would activate a program requiring developers to help create affordable housing.

Across most of Uptown, maximum heights would increase slightly, by one or two stories.

In the heart of the neighborhood, for example — around Queen Anne Avenue North and Mercer Street — the jump would be from 40 to 65 feet.

In a triangle of land near South Lake Union, between Denny Way, Broad Street and Aurora Avenue North, maximum heights would increase more, from 85 to 160 feet.

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### Downtown Seattle Sets Construction Record with \$5B Worth of Homes, Hotels, and Offices

By Marc Stiles, Puget Sound Business Journal

An historic amount of construction is occurring in and around downtown Seattle, and new data released Thursday offer up eye-popping facts and figures. Consider this from the Downtown Seattle's Association's mid-year update:

- The \$5 billion in construction activity is a 40 percent increase over last year and more than triple the 2011 low point.
- There are 5 million square feet of office space being built. Over the next three years, developers will deliver as much new product as was built in the previous nine years.
- Residential projects represent two-thirds of the projects under construction downtown and in surrounding neighborhoods.

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### Seattle Is Nation's Second-Most Livable Big City

By Dees Stribling, Bisnow National

Seattle nearly topped the list of most livable big cities in America, according to a new report by WalletHub, coming in second behind only Virginia Beach, Virginia, and beating out Pittsburgh, San Diego, Colorado Springs and Austin.

...Seattle got to the No. 2 spot largely on the rank of its economy — the best in the nation for finding a top-quality job or running a top-quality business — and that the city was also top in education and health.

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## Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Helix and Ellipse	8/10/2017	4751 12th Ave NE, Seattle, WA	150	2007	\$54,250,000	PrivatePortfolio Group
Elan 41	7/27/2017	4100 SE Edmunds Street, Seattle, WA	78	2005	\$25,000,000	Jackson Square Properties
Harrison Apartments	7/27/2017	8311 83rd Court SW, Lakewood, WA	135	1992	\$20,500,000	The Neiders Company

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## OREGON NEWS

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### Strong Development Softens Demand in Portland

By Bogdan Odagescu, Multi-Housing  
News

Anchored by a diversifying economy and fueled by an expanding population, Portland's multifamily market remains strong despite its recent rent growth deceleration. Rents in the metro increased 2.3 percent year-over-year through May, a far cry from the January 2016 peak of 12.7 percent, as accelerated development in core submarkets has caught up with demand.

The metro is adding jobs across the board, with construction, financial activities and information recording the largest sector expansions. As the metro's economy continues to thrive and the area adds residents at double the national rate, there is no shortage of large development projects. The 600-key Hyatt Regency Convention Center hotel is expected to generate 950 hospitality jobs upon completion in 2018. Nike is continuing its headquarters expansion, with the sixth building at the Beaverton campus set to break ground this summer...

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### Portland Considers Affordable Housing Tax Breaks

By Chuck Slothower, DJC Oregon

The city of Portland is considering offering developers up to \$50 million in tax breaks to include affordable housing in their multifamily properties.

The tax breaks are targeted at the flood of projects that were submitted to the city's Bureau of Development Services ahead of the Feb. 1 effective date for inclusionary housing rules. Projects submitted before that date do not have to include affordably priced apartments.

This accumulation of projects submitted under the city's old rules means it could be two to three years before Portland sees any meaningful affordable housing supply.

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### Eleven West Tower Proposal Moves Forward

By Chuck Slothower, DJC Oregon

Gerding Edlen and Downtown Development Group's Eleven West skyscraper concept is taking shape as the project begins to enter the city's design review process.

The proposal calls for a 24-story tower reaching approximately 300 feet. It would have about 100,000 square feet of office space atop ground-floor retail, 222 market-rate apartments on floors eight to 24 and 260 underground parking spaces.

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## Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
The Habitat	8/14/2017	5739 SW Oleson Road, Portland, OR	85	1978	\$15,000,000	Pathfinder Partners
Jory Trail at the Grove	7/14/2017	8750 SW Ash Meadows Cricle, Wilsonville, OR	324	2012	\$74,750,000	LaSalle Investment Management
The Commons Apartments	6/30/2017	5800 NE Center Commons Way, Portland, OR	172	1999	\$13,789,034	Security Properties

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