

○ February | ○ 2017

SUMMERFIELD

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Summerfield Commercial specializes in the acquisition and disposition of multifamily assets in Washington, Oregon, and Arizona.

Monthly Newsletter

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Commercial and Multifamily Construction Starts in 2016 Rise in Most of Top U.S. Metropolitan Areas

By Dodge Data & Analytics

Most of the leading U.S. metropolitan areas for commercial and multifamily construction starts showed substantial gains in 2016 compared to the previous year, according to Dodge Data & Analytics. However, New York NY, the top metropolitan market by dollar amount, pulled back 15% to \$29.8 billion following its 67% surge to \$35.2 billion in 2015. Eight of the next nine metropolitan areas in the top 10 were able to register double-digit gains during 2016. For the top 20 metropolitan areas, 16 were able to show double-digit gains compared to 2015. At the U.S. level, commercial and multifamily construction starts in 2016 were reported at \$186.3 billion, up 7% from 2015.

Rounding out the top five metropolitan areas in 2016, with their percent change from 2015, were the following – Los Angeles CA, \$9.8 billion, up 44%; Chicago IL, \$8.3 billion, up 34%; Washington DC, \$8.1 billion, up 35%; and Dallas-Ft. Worth TX, \$8.0 billion, up 16%. Metropolitan areas ranked 6 through 10 were – Miami FL, \$7.5 billion, up 14%; Boston MA, \$7.1 billion, up 50%; San Francisco CA, \$5.0 billion, up 96%; Atlanta GA, \$4.8 billion, up 60%; and Seattle WA, \$4.3 billion, down 4%.

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Why Student Housing Investments are Poised for Growth in 2017

By Tim Lee, Multi-Housing News

Niche investing in student housing may now be going mainstream. While student housing has traditionally been a niche alternative that few investors considered, many investors have been increasingly eyeing this asset class with new interest, and for good reason.

According to a report by Axiometrics, the student housing sector continues to demonstrate strong fundamentals, maintaining a national occupancy rate of above 95 percent and average annual rent growth of 2.3 percent. Pre-leasing activity is accelerating, indicating strong demand for student housing, especially for communities located within walking distance from a campus.

So what factors are driving the growth that we are currently seeing in the student housing market, and what do investors need to know about investing in this product type?

Here are three reasons why student housing is a sector to watch this year.

Strong Demographics - Today, more students than ever are pursuing higher education, and investors are taking note.

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Multifamily News

Washington News

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Tacoma Expected to See Big Boom in Apartments

By Kate Martin, Seattle DJC

While apartment construction is expected to slow nationwide, Tacoma is now considered a top-10 market nationwide for multifamily investment by federal mortgage lender Freddie Mac.

The lender predicts Tacoma will be third in the nation for income growth in 2017, at 5.8 percent. Coupled with a relatively low apartment vacancy rate this year of 3.2 percent, it makes Tacoma a hot commodity for those looking to invest in apartment construction.

Tacoma is topped only by Sacramento and Seattle in the Freddie Mac list of cities poised for income growth with low apartment vacancy rates. New York City, Oakland and San Francisco fell out of the top 10 list this year, perhaps because the rents and salaries have already risen so high, the lender said.

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Seattle's Nation-Leading Crane Count is Growing Again

By Jim Hammerand, Puget Sound Business Journal

Seattle's skyline again leads the nation in the latest survey of construction cranes in the central business district.

Seattle's tower crane count grew to 62 in the last half of 2016, up from 58 tallied by the Rider Levett Bucknall North American Crane Index earlier in the year and up from 60 at the end of 2015.

Most cities across the country have seen a decline in tower cranes as projects wrap up and construction slows.

Chicago ranked second on the index, with 56 cranes at work. Portland, Oregon, has 25 tower cranes in use near downtown.

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Planned 24-Story Tower Would Cater to Seniors

By Journal Staff, Seattle DJC

The team behind a 24-story tower proposed for First Hill will update a Seattle design review board on its latest plans this week.

Columbia Pacific Advisors wants to build a 243-unit residential project that would cater to seniors. The tower would have units for independent living, assisted living and memory care.

The half-block site is at 620 Terry Ave., between James and Cherry streets.

Ankrom Moisan Architects is the designer and Berger Partnership is the landscape architect.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Beaumont Grand	2/8/2017	8504 82nd Street SW, Lakewood, WA	267	1996	\$35,200,000	Security Properties
Radius Apartments	2/2/2017	400 Boren Ave North, Seattle, WA	282	2015	\$140,788,500	Kennedy Wilson
Union Bay Apartments	1/12/2017	526 Yale Ave North, Seattle, WA	73	1994	\$24,000,000	Champion Real Estate Company

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Oregon News

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Yardi Matrix: Stabilized Portland

By Yardi Matrix Staff

The “Silicon Forest“ still appeals to young professionals and continues to add jobs, especially in the booming business, education, health-care and tech sectors. But after more than a year of double-digit rent increases, growth is finally starting to slow down. Though multifamily demand remains elevated, fueled by a healthy job market and a constant influx of Millennials, increasing development and affordability issues have brought gains to a more sustainable level.

Portland’s healthy economy continues to attract investment as well as development, and a new wave of office construction is overtaking the central business district (CBD) and Northeast submarkets. Major companies such as Beaverton-based Nike and Under Armour are expanding, adding jobs and further boosting multifamily demand. The supply delivered in recent months has not been able to temper demand, and more than 24,000 units are still....

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Portland Tenant Relocation Ordinance Approved

By Chuck Slothower, DJC Oregon

Landlords of properties in Portland who evict their tenants without cause will be required to pay relocation expenses. Also, landlords must pay up if renters are forced to move because of a rent hike of 10 percent or more.

The rules come from an emergency ordinance passed by the Portland City Council on Thursday. They take effect immediately and last until Oct. 6, when the city’s declared housing emergency expires. The move puts Portland on the forefront of an increasingly vocal tenants’ rights movement in American cities where rents have grown sharply.

Portland’s new rules, which were pushed by newly-elected Commissioner Chloe Eudaly, require a landlord to pay...

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Seattle Developers Have Big Plan for Portland Site

By Brian Miller, DJC Seattle

Urban Renaissance Group and Security Properties announced the \$20 million acquisition of a Portland site for a mixed-use project to be called the Press Blocks.

Mithun will design a 23-story apartment tower with 337 units and 245 underground parking spaces; and a three-story mixed-use pavilion building with 41,000 square feet. The two garages will be connected by a tunnel. The site also has a streetcar station nearby.

The Press Blocks are slated for completion in 2020.

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Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Northwood Apartments	1/31/2017	8300 North Interstate Ave, Portland, OR	57	2015	\$14,000,000	Lighthouse Partners
The Gables at Mountain Park	12/22/2016	2 Jefferson Parkway, Lake Oswego, OR	129	1989	\$29,075,000	LaSalle Investment Management
Vector Apartments	12/15/2016	967 NE Orenco Station Loop, Hillsboro, OR	228	2016	\$62,000,000	Holland Partners

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Arizona News

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Yardi Matrix: Phoenix on Fire

By Yardi Matrix Staff

Phoenix tends to run hot and cold, and currently it's in hot mode. Arizona is among the top handful of U.S. states for economic and population growth, creating strong demand for multifamily. Units that were built before the last downturn are filled, and the next wave of development has started.

Employment gains are diversified, with education and health services, mining, logging and construction, and professional and business services leading the activity. Arizona's four largest health systems announced in December 2015 the opening of 8,500 new positions, planned to be filled in 2016. Additionally, a new State Farm campus in Tempe next to a Home Depot service center was completed last fall, and it continues to hire.

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Apartment Sales Hit Record \$4.97B in 2016

By Mike Sunnucks, Phoenix Business Journal

Sales of apartment complexes hit a record \$4.97 billion in 2016, according to new numbers from ABI Multifamily.

The 2016 sales volume was up from \$3.86 billion of multifamily sales in 2015, according to Thomas Brophy, ABI's research director.

Brophy said there were 376 total sales involving 47,233 total units sold in 2016.

The record sales volume included investors and landlords from California, the Pacific Northwest and Canada buying and selling properties. Some of that stems from investors finding cheaper deals in the Phoenix market than more expensive coastal big cities.

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Intel Investing \$7 Billion in Chandler Facility, Creating 3,000 high-wage jobs

By Hayley Ringle, Phoenix Business Journal

Intel Corp. announced plans today to invest more than \$7 billion to complete the most advanced semiconductor factory in the world in Chandler.

The completion of the high-volume factory, known as Fab 42, will take three to four years and create 3,000 high-tech, high-wage Intel jobs for process engineers, equipment technicians and facilities support engineers and technicians.

Fab 42 is expected to create more than 10,000 long-term jobs in Arizona combined with the indirect impact on businesses...

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Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Sterling on 28th	2/13/2017	11821 North 28th Drive, Phoenix, AZ	223	1980	\$14,350,000	Dalan Management
Sonora Canyon	2/1/2017	265 North Gilbert Road, Mesa, AZ	388	1985	\$40,700,000	LivCor
Argenta Apartments	1/27/2017	4104 East Broadway Rd, Mesa, AZ	395	1986	\$38,050,000	M&C Properties

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