

○ January | ○ 2017

SUMMERFIELD

C O M M E R C I A L

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

Monthly Newsletter

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7 Real Estate Investing Trends for 2017

By Larry Arth, Rental Housing Journal

I have held many discussions with investors, builders, buyers and sellers heading into 2017, and their consensus, as well as everything I have read, leads me to this conclusion:

Real estate investing over the next three years will bring slow and steady increases similar to what we saw in 2016.

Now you may be thinking we are navigating uncharted territories with all the changes happening in the political scene. You may see a mixed bag of information making it difficult to assess your investment strategy.

Many are asking, “Why do so many people have such a different perspective on what the market for real estate will look like?”

The reason is because real estate is a broad topic and no one answer can cover such a broad question. Just as a national weather forecast is not much help in your neighborhood, you also cannot give....

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Several Innings of Play Left in the Multifamily Market

By Grace Huebscher & Kristen Croxton, State Capital Partners, Brian Sykes, Capital One

The multifamily market has several good years left to go—that is the consensus view from investors, industry observers, and agency officials who participated in Capital One’s recent industry survey at the RealShare Apartments West conference in Los Angeles.

The optimistic picture emerging from the survey has some interesting nuances that could shape the way investors look at the market through 2018.

Perspectives on the Market’s Future are More Divided than Ever

Every year, we ask participants at a number of industry conferences whether they plan to be net buyers or sellers in the coming year. For the second year in a row, RealShare Apartments attendees were more than twice as likely to describe themselves as net sellers rather than buyers. That view is hardly surprising, supported as it is by the tremendous investor interest we’ve seen in multifamily over the last few years, and it is, of course, a main reason that cap rates are as low as they are.

Much more revealing, we feel, is the decline by eight percentage points, from 43 percent to 35 percent, of those who have adopted a neutral stance on the market’s future—who believe their buying and selling will essentially cancel each other out.

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Multifamily News

Washington News

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Seattle's Record Apartment Boom is Bread to Explode; What it Means for Rents

By Mike Rosenberg, Seattle Times

The apartment boom in Seattle has already reached historic heights — more units opened in each of the past four years than ever before.

Now, the real boom is about to begin.

Seattle is set to see almost 10,000 new market-rate apartments open in 2017, nearly twice as many as in any other year in the city's history.

With the construction surge set to continue through the rest of the decade, rent increases that have hit Seattle about as hard as any city in the country are forecast to be cut in half during 2017.

The magnitude of the construction is remarkable. The city is on pace to see more apartments built this decade than in the previous 50 years combined — and the vast majority of the new units haven't opened yet, according to the Dupre + Scott research firm.

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On the Block: Multifamily Market: It's Not Time to Panic but a Little Caution Probably Wouldn't Hurt

By Brian miller, Seattle DJC

"Fourth quarters are typically slow," says Tom Cain of Apartment Insights, but "this one is markedly so."

In his fourth-quarter report for Snohomish and King counties, released this week, Cain says he sees "a significant deterioration in a rental market that has been booming for the past five years."

He looks at properties with 50 units or more, and sees signs of a slowdown because the vacancy rate is climbing (from 3.99 to 4.67 percent) and rental incentives have more than doubled (from \$6 to \$14 per month). "The number of properties offering incentives surged from 12 percent to 20 percent."

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Seattle 1st in House Rental Rate Growth

By Journal Staff, Seattle DJC

Seattle has found its way to the top of another list of expensive real estate cities.

This one is from HomeUnion, an online real estate management firm, which released a list of the fastest-growing single-family rental markets.

Seattle saw same-house rent growth of 6.7 percent over the last year. Local renters can expect to pay an average of \$2,220 a month.

Seattle was followed on the list by Dallas (5.6 percent annual ... Continue reading [here](#)

Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Ballard Public Lofts	12/20/2016	6450 24th Avenue NW, Seattle, WA	99	2015	\$47,401,000	TA Associates Realty
Avalon Brandemoor	12/18/2016	3333 164th Street SW, Lynnwood, WA	506	2001	\$132,000,000	Greystar
Solara Apartments	12/15/2016	12736 Lake City Way NE, Seattle, WA	238	2001	\$65,200,000	Sares Regis Group

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Oregon News

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Zidell Yards Master Plan Unveiled

By Chuck Slothower, DJC Oregon

The Zidell family, in the wake of its decision to close Zidell Marine Corp.'s shipbuilding business, is unveiling plans to develop 5 million square feet of mixed-use space in the South Waterfront.

The massive redevelopment of the Zidells' South Waterfront properties would include 15 to 20 buildings at full build-out. The Zidells plan to construct 1.5 million square feet of offices, 250,000 square feet of retail, grocery and dining space, 2,600 residential units, 200 hotel rooms, 5,500 parking stalls and several parks and other public spaces.

The existing shipbuilding facility is slated to be refurbished and reused as retail space.

And, yes, there are plans for a grocery store, a longtime demand of South Waterfront residents who currently must leave the neighborhood to buy groceries.

Construction of the initial projects is slated to begin in late 2017.

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Portland Gains Inclusionary Housing Law

By Chuck Slothower, DJC Oregon

The Portland City Council voted unanimously Wednesday to enact an inclusionary housing ordinance that will force developers of sizable apartment projects to include affordable units or pay a hefty fee.

The ordinance will take effect on Feb. 1, 2017.

Portland is the first city in Oregon to pass such an ordinance. Until this year, state law pre-empted efforts to establish such policies.

Projects submitted before Feb. 1 will not be subject to the new rules, and developers have responded by rushing to submit applications for multifamily projects.

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Foreign Investor Buys One of Portland's Most Prominent New High-Rises

By Jon Bell, Portland Business Journal

Jeff Pickhardt and the others behind one of Portland's most-prominent new apartment buildings hadn't been looking to sell the Yard, the 21-story tower that's risen up at the east end of the Burnside Bridge.

But when one of the largest residential developers in Thailand came knocking with what was apparently an offer too good to refuse, Pickhardt couldn't resist.

"We were looking at it as a long-term hold," said Pickhardt, president of Hood River's Key Development, which spearheaded the development of Yard. "It turned out to be..."

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The Gables at Mountain Park	12/22/2016	2 Jefferson Parkway, Lake Oswego, OR	129	1989	\$29,075,000	LaSalle Investment Management
Sofi at Forest Heights	12/15/2016	1940 NE Miller Road, Portland, OR	160	2004	\$37,500,000	Pacific Urban Residential
Yard Apartments	12/14/2016	22 NE 2nd Avenue, Portland, OR	284	2016	\$126,600,000	Land & Houses

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Arizona News

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Year in Review: Apartments Booming, Offices Beginning to Grow

By Mike Sunnucks, Phoenix Business Journal

Real estate and housing markets continued to mostly see improvements in 2016. Tight lending and more cautious approach to offices and home builders still are the last vestiges from the Great Recession.

Though increasing interest rates and fewer infill locations offering bargain deals during and after the last recession could take the steam out of home sales, multifamily deals and new developments in popular in-town submarkets.

Apartments still booming

Roosevelt Row, Tempe, Old Town and south Scottsdale all continued to see new apartments get built or put into the development pipeline. The post recession wave of new multifamily developments didn't crest in 2016.

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2017 Predictions: Animal Spirits, Cooling Apartments and Other Forecasts for Phoenix Real Estate

By Mike Sunnucks, Phoenix Business Journal

What will happen in 2017 for the various sectors? Here's a few ideas....

Apartments cool a little: We've been saying for a while the wave of apartments sales, development and leasing has to be cresting. It hasn't.

But 2017 will see easing in sales and development here in Phoenix. Higher interest rates and developers looking at other uses for land will cut into the number of multifamily sales and new projects. There are also fewer distressed properties out there to be had and fewer prime infill spots.

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CityScape Apartments Sell for Record Price

By Mike Sunnucks, Phoenix Business Journal

The 224-unit CityScape Residences in downtown Phoenix have sold for \$75.25 million, according to real estate sources and the Business & Real Estate Weekly of Arizona.

The sale price translates to just under \$336,000 per unit. That's a record in the Phoenix market, according to BREW.

Invesco Real Estate bought the apartments from RED Development.

RED is the developer of CityScape's hotel, office and retail components.

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Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Laguna at Arrowhead Ranch	1/1/2017	20251 North 75th Ave, Glendale, AZ	160	1998	\$25,750,000	Rivendell Global
Solano Terrace	12/29/2016	4715 North Black Canyon Hwy, Phoenix, AZ	288	1983	\$19,000,000	Investment Concepts
Mirabelle/Lux	12/15/2016	3800 North El Mirage Road, Avondale, AZ	715	2009	\$42,500,000	Priderock Capital Partners

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