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# SUMMERFIELD

C O M M E R C I A L

Summerfield Commercial specializes in the acquisition and disposition of multifamily assets in the Pacific Northwest.

## Monthly Newsletter

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### Deceleration in Multifamily Pricing Contributes to Slower Growth in Commercial Index

By Journal Staff, Rental Housing Journal

Multifamily was the slowest growing property type index in the first quarter of 2017, according to the CoStar Commercial Repeat Sales Indices.

The report says amid slower rent growth and heightened construction levels at the top end of the multifamily market, pricing in the Multifamily Index advanced 1.9% in the first quarter of 2017, a moderate deceleration from its quarterly average pace of 2.9% over 2015 and 2016, according to a release.

The U.S. Multifamily Index increased by 1.9% in the first quarter of 2017, the slowest rate among the major property types, although recent annual gains of 9.1% in the 12-month period ending in March 2017 are still healthy.

Meanwhile, the Prime Multifamily Metros Index growth decreased 0.3% in the first quarter of 2017, which held the annual gain for the 12-month period ending in March to just 4.7%, the weakest gain among all four prime metro property indices.

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### Garden Style Apartment Communities Outperform the Market

By Bendix Anderson, National Real Estate Investor

In garden apartment communities across the country, the average rents are rising quickly and occupancy rates are high.

“It’s a really attractive type of development to own and operate,” says Greg Willett, chief economist for MPF Research, a division of RealPage Inc.

But developers are building far fewer garden apartment complexes than they used to. The large sites used to build these low-density rental communities are getting harder to find. As a result, garden apartment complexes have relatively little competition in their price range. So even though they are often based in locations that are far from the walkable, urban neighborhoods where renters say they want to live, garden apartments communities are often fully occupied and are experiencing rent growth.

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# Multifamily News

## Washington News

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### Seattle's Banner Year

By Adina Marcu, Multi-Housing News

Seattle's vibrant economy has produced job growth in a broad range of sectors, supporting housing demand and kickstarting an apartment boom. Nearly 10,000 new units are planned to debut this year. Despite the surge in supply, affordability remains a concern, increasingly driving renters and investors out of the city's core and submarkets into the farflung suburbs.

Job growth isn't just in technology but in industries that are expanding to service and/or support the metro's main drivers. Trade, transportation and utilities (13,300 new jobs during the past year), hospitality, education and health services, and construction also grew at fairly robust levels. The prosperity starts with the metro's tech sector, though. Amazon, for example, is constructing a 306,000-square-foot office building in the Denny Triangle neighborhood.

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### Seattle Apartment Rent Growth Slows as Employment Growth Weakens a Bit

By Marc Stiles, Puget Sound Business Journal

Zillow is the latest company to report that the Seattle apartment rent hikes are slowing down, yet new job growth data indicate demand for housing could actually keep up with the huge number of new apartment units that developers are building.

Zillow on Thursday reported that the median rental rate in the Seattle area hit \$2,106 last month, up 6.7 percent over March 2016. From 2015 to 2016, rents increased 8 percent. This continues a trend of slackening rent growth that market observers have been talking about since the fall of 2015.

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### Seattle Rent Growth up 5.4% Annually

By Journal Staff, Seattle DJC

San Francisco-based Apartment List has issued a May report for this region that shows Bellevue tops the area for median rents, with \$2,650 for a two-bedroom unit and \$2,050 for a one-bedroom. Bellevue rent growth was 0.6 percent over March. Annually, rents were up 4 percent.

Seattle ranked second, with \$2,290 for a two-bedroom and \$1,690 for a one-bedroom. Monthly rent growth was 0.3 percent. Annual rent growth was 5.4 percent.

In the Puget Sound reading, the firm finds the highest rent growth — but lower median rents — in Kent, Lakewood, Renton and Everett.

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### Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Bordeaux Apartments	5/12/2017	16520 North Road, Bothell, WA	124	1989	\$26,000,000	Security Properties
Springline Apartments	5/11/2017	3220 California Ave SW, Seattle, WA	136	2016	\$57,250,000	Equity Residential
Somerset Apartments	4/17/2017	25220 109th Place SE, Kent, WA	329	1984	\$49,700,000	Goodman Real Estate

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# Multifamily News

## Oregon News

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### Portland-Area Apartment Market Softens

By Chuck Slothower, DJC Oregon

Vacancy rates for apartments in the Portland-metro area surged past 4 percent in February, and rents flattened as multifamily property owners and managers adjusted to a flood of units coming online.

Vacancies grew to 4.02 percent, up from 3.71 percent in fall 2016, according to Multifamily NW, a trade organization for the apartment industry.

The spring report, released Tuesday, adds to mounting evidence that the white-hot apartment market of 2015 and 2016 has cooled considerably. The report provides a snapshot of market conditions on Feb. 10, when Multifamily NW surveyed rental companies.

Rents rose 3 percent since fall 2016, according to the report. That's the lowest increase in the past two years, the organization reported. Some areas saw rents decline. Hillsboro experienced a 6 percent rent decrease, while Northwest ...

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### Portland Market Tough on New Buyers

By Journal Staff, DJC Seattle

The Portland housing market has become a tough place for first-time homebuyers.

Homes within a \$300,000 price range are quickly disappearing from the market, making starter homes unaffordable to middle-income families, The Oregonian/OregonLive reported. Data taken from housing website Zillow shows 61 percent of today's housing stock is within reach for median-income earners in the metro area. The current prices are close to ones seen during the housing bubble collapse in 2007-2008, according to the report.

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### Rental Housing Conflict Simmering

By Chuck Slothower, DJC Oregon

As a growing movement of tenants' rights advocates has won new protections for renters, Oregon's landlords are caught in the middle.

The city of Portland has enacted an emergency ordinance requiring landlords to pay relocation costs to tenants whom they evict without cause or issue a steep rent increase that forces them to move.

Statewide legislation has moved forward too. A bill under consideration in Salem would limit landlords' ability to evict tenants without cause statewide, and would also give local governments the ability to pass rent-control ordinances.

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### Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Fremont Apartments	5/3/2017	1430 NW Pettygrove Street, Portland, OR	150	2012	\$22,750,000	Lighthouse Partners
Oakbrook Inn Apartments	4/13/2017	3232 Felina Ave NE, Salem, OR	156	1997	\$13,450,000	Private Investor
11 Marche	4/12/2017	1115 SW Market Street, Portland, OR	62	2016	\$21,000,000	Private Investor

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