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SUMMERFIELD

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

MONTHLY NEWSLETTER

Summerfield Commercial
Newsletter is Provided By

Robert Parmar
Principal Broker of
Oregon

541-292-9977

rparmar@smfield.com

Ryan Kidwell
Managing Broker of
Washington

425-260-6286

rkidwell@smfield.com

Travis Gold
Marketing Director

206-960-6003

tgold@smfield.com

Nate Ward
Analyst

206-960-6024

nward@smfield.com

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Why Rents Are Actually Lowering in Some Big Cities

By Alan Greenblatt, Governing.com

When it comes to housing, New York, Portland, Ore., Seattle and Washington, D.C., all have something in common. Prices are actually starting to come down.

Many of the nation's hottest real estate markets, construction booms have brought a recent reduction in average monthly rents. Not by a ton -- and not enough to make any of these cities into bargains -- but enough to relieve at least some of the pressure on renters. It's simple economics. Increased supply is doing a better job of meeting demand. Last year, apartment construction reached a 30-year high, with much of the growth concentrated in major cities such as Dallas, Houston and New York. "We have seen an uptick in vacancy rates and that's having an effect on rents," says Michael Neal, an economist with the National Association of Home Builders.

Seattle's vacancy rate is now 5.4 percent, which is the highest it's been since 2010. Rents are going...

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Study: Building More Social Amenities Actually Makes An Apartment Building Less Valuable

By Jon Banister, Bisnow.com

Apartment buildings with more social amenities, such as pools, fitness centers and clubrooms, have sold for significantly less than those with fewer social amenities in a major U.S. market over the last five years, a new study shows.

Newmark Knight Frank studied all 124 apartment buildings that have delivered in the last three years and all 26 communities that have sold over the last five years in the D.C. Metro area and detailed the precise impact different levels of amenities and designs had on rent, lease-up pace and sale price.

The most striking conclusion, Newmark Knight Frank Senior Managing Director of Market Research Greg Leisch said, was that buildings with five or more social amenities sold for \$31,867 per unit less than projects with four or fewer social amenities. The most common social amenities it found were fitness centers, meeting and party rooms, pools, rooftop lounges, dog runs, fire pits and indoor and outdoor athletic courts.

The report concluded that apartments with fewer of these social amenities actually sold for an average of a 7.6% premium over those with more social amenities.

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WASHINGTON MULTIFAMILY NEWS

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Ryan Kidwell
Managing Broker of Washington

425-260-6286

rkidwell@smfield.com

Robert Parmar
Principal Broker of Oregon

541-292-9977

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206-960-6003

tgold@smfield.com

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206-960-6024

nward@smfield.com

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Tacoma's Rents Keep Going Up...And Up...And Up

By Debbie Cockrell, The News Tribune

Following up on Thursday's news that the median price of homes sold in March was just under \$350,000 in Pierce County, it's worth noting how much rents continue to rise in Tacoma and the area.

Most Pierce County and South King County markets have "posted outside gains," in a year over year comparison, according to a Marcus and Millichap commercial real estate research report released Wednesday.

The increases were led by North Tacoma, which at \$1,303 a month was up 12.2 percent annually, the report stated. Next came SeaTac/Burien, which increased 10.2 percent to \$1,313 a month.

A report by Apartment List shows Tacoma's median, two-bedroom rent at \$1,540, above a national average of \$1,170.

A third report found Tacoma was in the top 10 for fastest rising rents in smaller cities in the United States. The apartment search website RentCafe said in its March report that local rents increased "by a hefty 8.3 percent year over year, reaching \$1,209 a month."

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As New Apartments Flood The Market, Seattle Area Sees Smallest Spring Rent Hikes in a Decade

By Mike Rosenberg, Seattle Times

The slowdown in Seattle-area rent increases that began late last year has continued into the first part of 2018, as the crush of new apartments opening across the region catches up with demand in the fast-growing region.

When the last quarterly landlord survey was released, in January, it showed average rents across the region had dropped nearly \$50 from the prior quarter — the first significant rent decrease of the decade.

Now, the newest survey is out and it shows rents have started to tick up again as part of a seasonal pattern that happens in the springtime virtually every year. But the average rent...

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Chinese Investment in Seattle Commercial Real Estate Plummets 81 Percent

By Marc Stiles, Puget Sound Business Journal

Speculation that new Chinese government controls would limit investment in U.S. commercial real estate have been borne out, according to a new Cushman & Wakefield report.

Seattle deal volumes declined 23 percent in 2017 from the previous year, while acquisitions by Chinese investors fell 81 percent to \$78 million.

It's a vastly different story than 2015, when investors from China bought up \$1.17 billion worth of Puget Sound-area development sites, warehouses and office buildings, including Seattle's biggest office tower, Columbia Center, in a \$711 million deal.

In late 2016, China signaled it would clamp down on...

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Chambers Pointe	4/4/2018	9715 52nd Street West, University Place, WA	64	1970	\$8,000,000	The Bess Company Inc.
The Row	3/29/2018	25426 98th Avenue South, Kent, WA	247	1981	\$39,000,000	Gelt Inc.
West Ridge Park	3/22/2018	7901 Delridge Way SW, Seattle, WA	239	1990	\$72,450,000	Intercontinental Real Estate

OREGON MULTIFAMILY NEWS

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Travis Gold
Marketing Director

206-960-6003

tgold@smfield.com

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206-960-6024

nward@smfield.com

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Portland Multifamily Rent Growth Will Slow But Not Crash

By Dees Stribling, Bisnow

Portland multifamily has been booming in recent years, but it does not have the earmarks of unsustainable growth. Instead, there are signs of a more modest slowdown, especially in recent growth.

"Unless there's a black swan event, Portland should have sustainable growth," Investors Management Group Vice President Steve Morris said. "But due to regulations and population growth, I believe we'll revert to pre-2013 rent growth of 3% to 5% per year levels."

Owners will have to watch expenses closely, mainly water/sewer and maintenance, because those will grow regardless of how fast or slow rent increases, Morris said.

"The other cost will be loan rates. Last year, I underwrote at 4% and now am writing at 4.75%. Cap rates will track loan rates — both will go in the same direction — which will affect pricing," he said.

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Portland Leaders Seeking Housing Ahead of Light Rail Development

By Chuck Slothower, DJC Oregon

The city of Portland may order a housing development feasibility study along the route of a future MAX light-rail line in the southwest metro area.

City leaders are trying to get ahead of gentrification along the proposed route with a batch of affordable housing projects. On Wednesday, the City Council is scheduled to consider additional funding for Housing Development Center (HDC), a Portland nonprofit, to carry out the feasibility study.

HDC would evaluate up to eight sites along the Interstate 5 corridor in Southwest Portland, with one near each anticipated MAX station. The city has a minimum goal of 1,000 new affordable units along the light-rail corridor, and up to 2,300 if more funding can be secured.

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Portland Snags A Snazzy Ranking on Latest "Best Places to Live" List

By Andy Giegerich, Portland Business Journal

U.S. News & World Report has some nice things to say about Portland.

"Portland's population toes the line between an innocent playfulness and a shameless wild side," the publication writes in its "Best Places to Live in the USA" rankings, which places Portland in the No. 6 slot among the 125 rated cities.

"Naked bicycle rides, a fully costumed adult soapbox derby and Voodoo Doughnuts — a bakery that is known for making one-of-a-kind donuts — are a sampling of ways residents live up to the unofficial city motto: 'Keep Portland Weird.' Locals tend to be friendly and laid-back while maintaining a healthy work ethic.

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Center Square	4/10/2018	12310 SW Center Street, Beaverton, OR	62	1976	\$7,800,000	Trion Properties
Bridgetown Lofts	3/27/2018	1850 NW Front Avenue, Portland, OR	149	2017	\$55,000,000	Madison Park Financial
Springtree Apartments	3/14/2018	650 SE 162nd Avenue, Portland, OR	72	1968	\$4,300,000	Wishrock Investment Group