

o May | o 2018

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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What the Tax Cuts and Jobs Act means for CRE

By Travis Gonzalez, Bisnow

When the Tax Cuts and Jobs Act was signed into law in December, commercial real estate professionals waited to see how it would impact the industry. Talks of eliminating long-standing tax incentives like 1031 exchanges and Low Income Housing Tax Credits sent rumbles of concern among property owners and developers.

Four months into 2018, it is business as usual, according to KeyBank Senior Vice President of Real Estate Capital Chris Terlizzi. Low Income Housing Credits and Historic Tax Credits are here to stay, as are 1031 exchanges — at least for like-kind exchanges of real estate assets.

“The only real big change here is in the depreciation schedules and the cost recovery area,” Terlizzi said. “Everything else has more or less stayed the same.”

But while the Tax Cuts and Jobs Act has not done much to alter the financial side of CRE, new rules when it comes to cost recovery could sway how industry professionals go about acquiring, selling and developing assets. Slight changes to the LIHTCs and Historic Tax Credits, as well as the lowering of the corporate tax rate, could also have an indirect effect on activity within affordable development.

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Why is Mixed-Use the Newest Gem in U.S. Development?

By Adam Robinson, National Real Estate Investor

Mixed-use developments are rapidly becoming one of the most popular product types in U.S. development.

Developers and investors alike are increasingly seeking out opportunities to integrate product types in order to achieve the ultimate goal of creating destinations that draw residents, tenants, visitors and patrons to engage, interact, live, shop, work and play.

U.S. construction boomed in 2017, reaching an all-time high of \$1.26 trillion in construction spending. Mixed-use developments made up a substantial portion of this spending.

The question is: why are we seeing such a rapid influx?

As one of the most active developers in San Diego with several mixed-use developments under construction, here are the top reasons mixed-use developments are on the rise.

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WASHINGTON MULTIFAMILY NEWS

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Behind Seattle's Amazon Tax: Seething Tensions, Livid Neighbors, and Rising Rents

By Karen Weise, Bloomberg

It was, as the local public radio station said, the day “Seattle Nice” died. On May 2, the residents of Seattle were hit with a one-two punch. For months, the city council had been debating a new tax on large employers to raise \$75 million for new affordable housing and services for the homeless, whose growing population had burst out of shelters and into tents around the city.

In the late morning, just before a council hearing, a columnist for the Seattle Times broke the news that Amazon.com Inc., the city’s largest employer, was playing hardball. The typically hermetic company said it paused expansion plans for buildings that would house about 7,000 employees pending the outcome of the upcoming tax vote.

Later that night, hundreds of residents packed a Methodist church in the gentrifying Ballard neighborhood, turning what was supposed to be a civil town hall discussion into a scrum that exposed deep division in the city.

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Demand Shines in Seattle

By Laura Calugar, Multi-Housing News

Seattle continues to be one of the strongest multifamily markets in the country, due to its substantial population growth and solid employment. Despite tapering over the past two years, the metro’s rent growth was still above the national average, due to high demand from healthy demographic trends and escalating household formation.

Downtown Seattle’s construction boom has served as a magnet for white-collar workers, while also motivating more companies to settle in the area. The metro added 45,700 jobs last year, buoyed by a thriving technology sector. Trade, transportation and utilities also grew, along with construction and business services. Expanding the city’s office pipeline...

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Rapidly Growing Seattle Constrains New Housing Through Widespread Single-Family Zoning

By Mike Rosenberg, Seattletimes.com

Today’s housing column focuses on a topic that sounds boring but is pivotal to understanding the local housing market: zoning. Specifically, how much of Seattle’s housing is traditional, suburban-style single-family homes, and how that has affected our growth and housing prices.

In Seattle, 69 percent of residential plots of land are occupied by single-family houses, according to Attom Data Solutions, which has an extensive nationwide property database and ran the numbers for me. That’s about average when looking at the 50 biggest cities in the country. But compared to other peer cities with expensive housing, Seattle generally devotes a lot more of its housing to single-family homes:

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Maple Crossing	4/30/2018	21900 SE Wax Road, Maple Valley, WA	172	1993	\$28,350,000	Avanath Capital
Rainier Pointe	4/26/2018	6643 20th Street East, Fife, WA	242	1989	\$39,500,000	Rise Properites
Medora	4/24/2018	6800 Roosevelt Way NE, Seattle, WA	79	2017	\$34,678,600	Private Investor

OREGON MULTIFAMILY NEWS

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Rockwood's Revitalization on the Horizon

By Josh Kulla, DJC Oregon

It's not often that a community has so many hopes wrapped up in a single project. But in the impoverished community of Rockwood, in east Multnomah County, ground is poised to be broken soon on a mixed-use development known as Rockwood Rising to reinvigorate an area known more for poverty and crime than for its diverse population and culture.

"Rockwood Rising is a project we've been working on for almost nine years," Gresham Redevelopment Commission Executive Director Josh Fuhrer said. "It's intended to create an economic engine in the heart of the neighborhood of Rockwood, and it's really a project that came about because of the deep community engagement we did trying to understand what the challenges were on a daily basis, what their aspirations were for themselves and their families."

Finally, there will be 108 new housing units – either studios, or one- or two-bedroom apartments. At least 20 percent of those units will be affordable and be made available to families making no more than 80 percent of the state's median household income.

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Two Properties Targeted for Possible Ballpark

By Chuck Slothower, DJC Oregon

A bid to bring Major League Baseball to Portland has gotten very serious, very quickly.

The Portland Diamond Project, a group led by former Nike executive Craig Cheek, has submitted formal offers on two large properties in Portland.

...The baseball boosters said they want to build multifamily units along with a ballpark. Both sites have "ample room for multifamily development, which can help alleviate Portland's housing crisis," Cheek stated in the news release. "We're planning to pave the way for 8,000 new workforce and market-rate apartments to create a vibrant, walkable community around the facility, wherever it ultimately lands."

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Ready to 'Curate' Part of Portland

By Josh Kulla, DJC Oregon

The Goodman family – specifically, its Downtown Development Group – is one of the most prominent names in Portland real estate. That's probably why the firm's 230 Ash mixed-use development in the Skidmore/Old Town Historic District of downtown Portland has garnered so much more attention than a typical six-story building.

"It's a really significant deal for us," Downtown Development Group co-President Greg Goodman said Monday. "We've owned that property for 30-something years, we've assimilated 11 other properties in the area, and this is something we think will be the next West End or Twelve W. So, we're going to go out of our way as we did in the West End to curate it and put local tenants in. It will represent Portland."

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Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Arborview	4/24/2018	2675 SE 162nd Ave, Portland, OR	70	1975	\$7,530,000	Private Investor
Center Square	4/10/2018	12310 SW Center Street, Beaverton, OR	62	1976	\$7,800,000	Trion Properties
Larch Townhomes*	4/10/2018	4795 SW Larch Drive, Beaverton, OR	20	1971	\$2,975,000	Private Investor

Summerfield Commercial represented the Buyer in this transaction