

o June | 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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New Tariffs Set To Intensify Already Soaring Construction Prices, Have a Ripple Effect Across Real Estate Industry

By Champaign Williams, National Editor, Bisnow

Beginning Friday, the U.S. will impose tariffs on steel and aluminum imports from allies Canada, Mexico and the European Union. The news sent a ripple of shock through the stock market as investors sold shares of major industrial manufacturers due to heightened fears of a coming trade war.

Mexico is already talking about striking back with tariffs on American flat steel, lamps and fruit and European Union leaders claim they could slap tariffs on \$7.5B worth of U.S. exports in the coming weeks, the Wall Street Journal reports. The new tariffs were imposed at a time when the three trade partners were in talks to renegotiate the North American Free Trade Agreement, but experts posit that deal is less likely to occur now.

Levies on 25% of steel imports and 10% of aluminum imports could cause construction costs to rise modestly, particularly when it comes to the development of office and industrial high-rise assets, according to a CBRE report discussing the potential effects of President Donald Trump's proposed tariffs back in March.

Continue reading [here](#)

The Death Of The Small Apartment Building

By Justin Fox, Bloomberg

Developers in the U.S. built 358,000 units of new multifamily housing in 2017. That's less than half the number of single-family homes built last year, but the gap between the two has narrowed a lot over the past decade. And while the current pace of single-family housing construction is still way below its pre-housing-crash norm, those 358,000 multifamily units were the most built in a year since 1989.

This generally seems like a healthy development, given that household sizes in the U.S. have been shrinking and housing shortages are most acute in and around big cities where multifamily is often the only realistic option to meet demand. But here's another interesting bit of data from the annual Characteristics of New Housing data released by the Census Bureau last week: The new multifamily units that are going up are concentrated in bigger and bigger buildings.

The 187,000 units in buildings of 50 or more units completed in 2017 marked an all-time high — "all time" in this case going back to 1972. Meanwhile, there were only 27,000 apartments/condos/duplexes/whatever completed in buildings of two to nine units, down from a peak of 288,000 in 1973.

Continue reading [here](#)

WASHINGTON MULTIFAMILY NEWS

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Seattle Repeals Newly Passed Large-Employer Tax

By Dees Stribling, Bisnow National

Less than a month after a tax on large employers passed the Seattle City Council unanimously, the council repealed it by a 7-2 vote on Tuesday. The purpose of the tax would have been to raise almost \$50M a year for homeless services and affordable housing in the city.

The tax levied \$275/employee for companies located in Seattle that gross more than \$20M a year.

Even before it passed in mid-May, the tax was a lightning rod. Soon after the council passed it, businesses and other organizations began collecting signatures to put the tax to a vote on the November ballot. By early this month, it appeared that there would be enough signatures for a vote.

On Monday, Seattle Mayor Jenny Durkan and other members of the council issued a statement that said the tax would "lead to a prolonged, expensive political fight over the next five months," that it would do nothing to alleviate the city's homelessness crisis and that the tax was going to be repealed.

Continue reading [here](#)

Seattle 7th Most Costly Place to Build Worldwide

By Journal Staff, Seattle Daily Journal of Commerce

A new report by London-based Turner & Townsend ranks Seattle as the world's seventh most expensive city for construction.

The firm's International Construction Market Survey also lists Seattle as one of three "overheating" cities in a forecast of costs for 2019. The other two are San Francisco and Amsterdam.

Turner & Townsend rates markets as cold, lukewarm, warm, hot and overheating. Markets that are hot or overheating typically have high cost inflation because of intense competition for resources and labor.

Construction price inflation is estimated at 5 percent in both Seattle and San Francisco, matching 2017 levels, and the highest in the U.S. Amsterdam is expected to hit 4 percent.

Continue reading [here](#)

Seattle Rent Growth, Once The Fastest In The Nation, Drops

By Shawna De La Rosa, Bisnow Seattle

Seattle's rent growth rate tumbled in 2018 after thousands of new units hit the market in 2017. In 2017, Seattle rent growth was ranked the highest in the country with a 5.2% year-over-year increase. In 2018, the price of rent has dropped by 0.9%. After being in the top 10 for rent growth in the previous three years, the city's rent growth rating dropped to 22, according to ApartmentList.com.

Though rent growth has dropped, the city's for-sale inventory is still tight and home prices remain the fastest-growing in the country.

Rent growth also slowed in Portland, Oregon, and Denver, both markets that also added new rental housing.

Continue reading [here](#)

Recent Transactions

Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Ventana Apartments	6/5/2018	1247 West Smith Street, Kent, WA	171	1968	\$18,850,000	Peak Capital Partners
Montair at Somerset Hill	5/24/2018	1704 Barnes Blvd SW, Tumwater, WA	396	1990	\$76,350,000	Blackstone Group
LIV Seattle	5/23/2018	4717 Brooklyn Ave NE, Seattle, WA	56	2015	\$36,195,000	Campus Advantage

OREGON MULTIFAMILY NEWS

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Portland's Housing Market is 'In a Good Place'

By Todd Prendergast, Portland Business Journal

Both sides of our newly formed company, Windermere Realty Trust, recently joined together to welcome 2018 with a meeting that was part motivational pep-talk and part economic forecast from Matthew Gardner, Windermere's chief economist.

Gardner believes we'll continue to see economic growth at the national level — though well below federal government predictions — along with more growth in home prices nationwide despite some structural forces that are limiting home sales. In the Portland-metro area, Gardner predicts increases in income, homeownership and home values throughout the rest of 2018. Tax reform concerns Gardner, however, because he believes it will negatively affect homeownership in a number of different ways.

Here is a sneak peek into more of what we learned from Gardner:

2018 U.S. Economic Forecast

When addressing the Gross Domestic Product, Gardner disagrees that the 5-6 percent growth predicted by Washington will occur. Instead, we'll grow at a more modest 2.5 percent. And while the unemployment rate will continue to drop as the country grows, it won't drop too much — it will be down to 3.9 percent by the end of 2018 — because many Americans are already working. We will however see incomes rise.

Continue reading [here](#)

Oregon Apartment Rents 'Out of Reach'

By Journal Staff, Seattle DJC

A new report says the average Oregon renter can no longer afford a one-bedroom apartment.

The National Low Income Housing Coalition's "Out of Reach" report shows a renter would have to earn \$36,161 a year to comfortably afford a typical one-bedroom rental in Oregon. The average renter household in the state makes \$36,096.

The Oregonian/OregonLive reports the study uses fair-market rents, which are determined by the U.S. Department of Housing and Urban Development to set local values for housing vouchers. It considers housing to be affordable when it consumes less than 30 percent of a household's income.

Continue reading [here](#)

Bend Population Nearly 100,000

By Josh Kulla, DJC Oregon

Fast-growing Bend, Oregon, is nearing 100,000 people.

A new estimate from the U.S. Census Bureau shows Bend's population increased 4.3 percent between July 1, 2016, and July 1, 2017, with 94,520 people now calling it home.

Damian Syrnyk is a senior planner in Bend's growth management department. He tells The Bulletin newspaper that the city is projected to have nearly 110,000 people by 2025.

Bend had only 20,000 residents in 1990.

Read original article [here](#)

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Apartment	Transaction Date	Address	Units	Built	Price	Buyer
Heatherbrae Commons	5/24/2018	10303 SE Bell Ave, Milwaukie, OR	174	1995	\$40,000,000	Blackstone Group
Uncommon Apartments	5/23/2018	1180 Patterson Street, Eugene, OR	120	2014	\$44,400,000	Campus Advantage
Arborview	4/24/2018	2675 SE 162nd Ave, Portland, OR	70	1975	\$7,530,000	Private Investor